



P.O. Box 30029
 Regina, SK CANADA S4N 7K9 Phone: (306) 525-4490
 www.agtfoods.com Fax: (306) 525-4463

FOR IMMEDIATE RELEASE
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SYMBOL: TSX: AGT

AGT Food and Ingredients Inc. Announces Fourth Quarter and Full Year 2017 Results

REGINA, MAR 20, 2018 – AGT Food and Ingredients Inc. (TSX:AGT) ("AGT" or the "Company") has announced its financial results for the twelve months ended December 31, 2017.

Highlights for 2017 and the period include:

- **Issued \$190.0 million** in unsecured preferred securities with Fairfax Financial Holdings Limited ("Fairfax"), with a 99 year term and interest at 5.375%.
- **Entered into a Terminal Services Agreement** with Fibreco Export Inc. ("Fibreco") announced in December 2017, with 20 year term.
- **Adjusted EBITDA*** was \$15.6 million for the three months ended December 31, 2017 compared to \$10.1 million for the three months ended September 30, 2017.
- **Net Debt*** decreased to \$473.3 million at December 31, 2017, compared to \$538.7 million at December 31, 2016.
- **Food ingredients and packaged foods** contributed to 50.8% of Adjusted EBITDA* for the year ended December 31, 2017 compared to 29.6% for the year ended December 31, 2016.
- **Pulse and grain processing gross profit** improved to \$37.27 per mt for the three months ended December 31, 2017 compared to \$26.92 per mt for the three months ended September 30, 2017.
- **Adjusted net earnings per share*** was \$0.15 (\$0.15 fully diluted) for the year ended December 31, 2017 compared to adjusted net earnings* per share of \$1.98 (\$1.96 fully diluted) for the year ended December 31, 2016.
- **Awarded** Protein Innovation Cluster grant in February 2018 by the Canadian Government.
- **Dividend** of \$0.15 per share for the quarter (\$0.60 per share on an annualized basis).

"2017 was a challenging year for our business. Markets have continued to demonstrate uncertainty while adjusting to current conditions of oversupply, tariffs and duties and import volumes. We continue to believe in the long-term strength of our business and see these earnings constraints as cyclical and temporary. These conditions have impacted our business generally with lower volumes and revenues, as well as the impact of evolving duty structures and non-tariff barriers on pulses to India on earnings. Even under these conditions, our pulse and grain processing segment has seen modest improvement, with increased margins from conditions earlier in the year. The bulk handling and distribution export business is being impacted the most by market conditions; however, our pulse and grain segment and food ingredients and packaged foods segment are showing signs of margin recovery and stability, demonstrating the long-term benefit of our diversification initiatives. We believe that the challenges of the past quarters will begin to ease as the effects of governmental interventions and market corrections subside and markets find their new balance as a new crop season begins, with India's current harvest and the upcoming Turkish harvest in May 2018. While AGT



cannot control the timing of a market recovery, we expect a gradual recovery, with respect to volumes and prices and with them margins and earnings, to continue over the coming periods through 2018 with North American harvest and into 2019,” said Mr. Murad Al-Katib, President and CEO of AGT.

“There has been a lot of media coverage regarding the tariff situation in India and its impact on AGT. Global pulses markets may again find a balance as oversupply conditions subside and clarity on government actions on tariffs is found. From AGT’s perspective, we are dealing with these conditions by effectively managing our production, inventories and purchases, finding opportunities in the market while focusing on our balance sheet and improving our operating liquidity. A continued focus on the expansion of our food ingredient and packaged foods business and the ramp up of our bulk handling business, with the newly signed agreement with Fibreco for Vancouver terminal access that we expect to be operational in 2019 and 2020, will be focal points for our strategy as we prepare for the expected normalization of pulse and grain markets. The recent extension and amendment of our syndicated credit facility to 2020 and the Fairfax preferred security transaction gives us the balance sheet stability to capitalize on opportunities as the industry resets,” added Mr. Al-Katib.

“There are opportunities in AGT’s business, and to support our long-term growth, we have recently announced and completed other initiatives to remove impediments for strategic investors in our business, including our partnership with Fairfax. We believe demand fundamentals in our business to be unchanged and we continue to focus on our tier-one strategy to be efficient in managing our business, safeguarding capital and remaining in a competitive position to ensure we have the ability to be among the first to respond when the market calls for more pulses, staple foods and grains. Our strategies are in place to maximize what we believe to be the fundamental earnings power of our business, and we look forward to opportunities ahead as markets normalize in volumes, prices and product flows to positively impact AGT’s business,” said Mr. Hüseyin Arslan, Executive Chairman of the Board of Directors of AGT.

The financial statements and notes thereto for the twelve months ended December 31, 2017, as well as the related management’s discussion and analysis, have been filed under AGT’s profile on www.sedar.com and have been posted on AGT’s website at www.agtfoods.com. All amounts are reported in Canadian dollars.

AGT is also pleased to announce a cash dividend for the quarter ending March 31, 2018 of \$0.15 per common share. The dividend will be payable on April 12, 2018 to shareholders of record on April 2, 2018. This dividend is an eligible dividend for Canadian income tax purposes. AGT’s current annualized cash dividend rate is approximately \$0.60 per share.

A conference call to discuss Fourth Quarter and Full Year 2017 results is scheduled for Wednesday, March 21, 2018 at 8:30 a.m. Eastern time. To join the conference, please dial 1-800-319-4610 (toll free from Canada & the U.S.) or +1-604-638-5340 (from outside Canada & the U.S.).

A recording of the call will be available at www.agtfoods.com on Wednesday, March 21, 2018. A telephone replay will also be available until midnight Eastern time, Wednesday, April 18, 2018. To access the replay,



please call 1-800-319-6413 (toll free from Canada & the U.S.) or +1-604-638-9010 (from outside Canada & the U.S.). When prompted, enter the code 2056, followed by the number sign (#).

AGT Food and Ingredients Inc. Profile

AGT Food and Ingredients Inc. (AGT) is a processor of value-added pulses, staple foods and ingredients for export and domestic markets as well as a supplier of retail packaged and canned foods to retail and food service sectors. Through its offices and processing facilities located in some of the best agricultural growing regions in Canada, the U.S., Turkey, China, Australia and South Africa, merchandising and sales offices in the U.K., the Netherlands, Spain, Switzerland and India and origination offices in Russia, AGT produces a full range of pulses and specialty crops including lentils, peas, chickpeas, beans and canary seed as well as food ingredients such as pulse flours, proteins, starches and fibres. Through its subsidiaries in Turkey, the Arbel Group, AGT also produces staple foods such as Arbella Pasta, rice, and milled wheat products, including bulgur and semolina.

Cautionary Statements

Certain statements in this press release are forward-looking statements. In particular, this press release contains forward looking statements with respect to, among other things, production levels, inventory levels, crop quality, crop quantity, crop supply, consumer markets, export markets, volumes, yields, margins, earnings, crop expectations, crop deliveries, prospects, long-term profitability, market normalization, market recovery, demand fundamentals and the expected benefits of AGT's logistics and production facilities in response to the foregoing. The reader is cautioned that assumptions used in the preparation of such information, although considered reasonable by AGT at the time of preparation, may prove to be incorrect. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of AGT (including its operating subsidiaries) to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and uncertainties include, among others, the actual results of harvests, fluctuations in the price of lentils and other crops, failure of plant, equipment or processes to operate as anticipated, accidents or labour disputes, risks relating to the integration of acquisitions or to international operations, as well as those factors referred to in the section entitled "Risk Factors" in the Annual Information Form of AGT which is available on SEDAR at www.sedar.com, and which should be reviewed in conjunction with this document. Although AGT has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. AGT expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws.



Non-IFRS Financial Measures

AGT provides some non-IFRS measures as supplementary information that management believes may be useful to investors to explain AGT's financial results. These non-IFRS measures include Adjusted Gross Profit (gross profit plus depreciation in cost of sales), Adjusted EBITDA* (earnings before finance expense, income taxes, depreciation and amortization, restructuring costs and any effects of non-cash, non-recurring and other costs and foreign exchange adjustment), Adjusted Net Earnings*, Adjusted Basic Net Earnings Per Share* and Adjusted Diluted Net Earnings Per Share* (earnings before any effects of non-cash, non-recurring and other costs, restructuring costs and foreign exchange adjustments), Net Debt* (bank indebtedness, short term financing and long term debt less cash) and Net Working Capital* (current assets less current liabilities). Adjusted Net Earnings*, Adjusted Basic Net Earnings Per Share* and Adjusted Diluted Net Earnings Per Share* do not include the tax effect of non-cash, non-recurring and other costs and foreign exchange. Management believes that Adjusted EBITDA*, Adjusted Net Earnings*, Adjusted Basic Net Earnings Per Share* and Adjusted Diluted Earnings Per Share, Net Debt* and Net Working Capital* are important indicators of AGT's ability to generate liquidity through operating cash flow to fund future working capital needs, service outstanding debt and fund future capital expenditures and uses the metric for this purpose. The exclusion of non-cash and foreign exchange adjustments eliminates the non-cash impact on Adjusted EBITDA*, Adjusted Net Earnings*, Adjusted Basic Net Earnings Per Share* and Adjusted Diluted Earnings Per Share*. Adjusted EBITDA* and Adjusted Net Earnings*, Adjusted Basic Net Earnings Per Share*, Adjusted Diluted Net Earnings Per Share*, Net Debt* and Net Working Capital* are also used by investors and analysts for the purpose of valuing AGT. The intent of these measures is to provide additional useful information to investors and analysts and the measure does not have any standardized meaning under IFRS. Adjusted Gross Profit*, Adjusted EBITDA* and Adjusted Net Earnings*, Adjusted Basic Net Earnings Per Share*, Adjusted Diluted Net Earnings Per Share*, Net Debt* and Net Working Capital* should therefore not be considered in isolation or used as a substitute for measures of performance prepared in accordance with IFRS. For a reconciliation of net earnings (loss) determined in accordance with IFRS to Adjusted EBITDA*, Adjusted Net Earnings* and Adjusted Basic Net Earnings Per Share* and Adjusted Diluted Earnings Per Share*, see the table on page 48 in the related management's discussion and analysis for the three and twelve months ended December 31, 2017.

For further information:

Investor Relations

Omer Al-Katib

(306) 525-4490

ir@agtfoods.com