



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

**FOR IMMEDIATE RELEASE**  
**NOVEMBER 6, 2017**

**SYMBOL: TSX: AGT**

### **AGT Food and Ingredients Inc. Announces Third Quarter 2017 Results**

**REGINA, NOV 6, 2017** – AGT Food and Ingredients Inc. (TSX:AGT) ("AGT" or the "Company") has announced its financial results for the three and nine months ended September 30, 2017.

Results for the quarter include:

- **Issued \$190.0 million** in unsecured preferred securities with Fairfax Financial Holdings Limited ("Fairfax"), 99 year term and interest at 5.375%
- **Net Debt\*** decreased to \$386.3 million at September 30, 2017, compared to \$543.7 million at June 30, 2017 and compared to \$538.7 million when compared to December 31, 2016.
- **Consolidated revenue** for the nine months ended September 30, 2017 was \$1.3 billion and was consistent with the nine months ended September 30, 2016.
- **Adjusted Gross Profit\*** for the three month period ended September 30, 2017 decreased to \$29.4 million compared to \$47.0 million for the three months ended September 30, 2016.
- **Adjusted EBITDA\*** for the three months ended September 30, 2017 decreased to \$10.1 million compared to \$27.4 million for the three months ended September 30, 2016.
- **Food ingredients and packaged foods** contributed to 53.2% of Adjusted EBITDA\* for the nine months ended September 30, 2017 compared to 31.8% for the nine months ended September 30, 2016.
- **Food ingredients and packaged foods** metric tonnes ("mt") invoiced for the nine months ended September 30, 2017 were 234,173 mt, an increase of 18.6% compared to the nine months ended September 30, 2016.
- **Net working capital\*** was \$353.0 million at September 30, 2017, a decrease from \$361.4 million at June 30, 2017 and a decrease from \$388.3 million at September 30, 2016.
- **Net working capital\* as a percentage of trailing twelve-month revenue** improved to 17.84% at September 30, 2017 compared to 20.43% at September 30, 2016.
- **Adjusted net loss per share\*** was \$0.06 (\$0.06 fully diluted) for the three months ended September 30, 2017 compared to adjusted net earnings\* per share of \$0.50 (\$0.50 fully diluted) for the three months ended September 30, 2016.
- **Dividend** of \$0.15 per share for the quarter (\$0.60 per share on an annualized basis).

"Our business continued to be impacted by market conditions noted in the recent quarters, impacting our volumes and margins, particularly in our core pulses segment. Markets have been impacted by low prices and by oversupply in our core segment, with India and Turkey working through their own local production before moving to new crop harvested products from Canada and other origins. The quality of new crop products is good and these stocks will be important once traditional buying patterns re-commence in the



import markets. Our food ingredients and packaged foods segment continued to perform well, accounting for the majority of our third quarter earnings. Diversification into other segments was a deliberate strategy by management in order to balance the potential cyclical commodity effects of traditional pulse markets. Human and pet food manufacturers and global retailers are affected by different market dynamics than traditional pulse markets. Until market conditions normalize, we are focused on costs and efficiencies in our current production systems. While earnings have been constrained, our business remains very liquid, and we believe in the long-term profitability of our diversified product offerings, global origins and logistics solutions for our global clients. The recent Fairfax financing has allowed us to reduce our net debt by 29%,” said Mr. Murad Al-Katib, President and CEO of AGT.

“Regarding issues in India, such as fumigation, AGT is closely monitoring the developments and progress by the Government of Canada with the Government of India. We support the position of the pulse industry in its belief that it has a long-term future in supplying pulses to India and to all pulse importing markets. In the case of India, we believe the science and systems-based approach proposed by Canada is the correct path to a long-term solution while recognizing India’s needs for food security, a healthy agricultural production sector and an ability to provide nutritious, well-priced food and agri-food products for their populations. Population growth and rising incomes, we believe, will ensure that India remains a growing global pulses market,” added Mr. Al-Katib.

“Our business has many origins and market dynamics. We believe that AGT has positioned itself well in periods where market conditions are affected by these dynamics. We have made strategic investments in infrastructure, processing, transportation and market development that we believe will allow AGT to move through these challenges and create new market opportunities as markets normalize to traditional product flows. We are pleased with the contributions of our food ingredients and packaged foods business units to generate earnings while the market oversupply resolves itself in the coming quarters,” said Mr. Huseyin Arslan, Executive Chairman of the Board of Directors of AGT.

The financial statements and notes thereto for the three and nine months ended September 30, 2017, as well as the related management’s discussion and analysis, have been filed under AGT’s profile on [www.sedar.com](http://www.sedar.com) and have been posted on AGT’s website at [www.agtfoods.com](http://www.agtfoods.com). All amounts are reported in Canadian dollars.

A conference call to discuss Third Quarter 2017 results is scheduled for Monday, November 6, 2017 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](http://www.agtfoods.com) on Monday, November 6, 2017. A telephone replay will also be available until midnight Eastern time, Monday, November 27, 2017. 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 1765, 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, crop quality, crop quantity, crop supply, consumer markets, export markets, volumes, yields, margins, crop expectations, crop deliveries, prospects, long-term profitability, market normalization, 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](http://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 47 in the related management's discussion and analysis for the three and nine months ended September 30, 2017.

### **For further information:**

**Investor Relations**

**Omer Al-Katib**

**(306) 244-1318**

**ir@agtfoods.com**