

AG GROWTH INTERNATIONAL ANNOUNCES AGREEMENT TO ACQUIRE VICWEST'S WESTEEL DIVISION

Nov 11, 2014

Ag Growth International Announces Agreement to Acquire Vicwest's Westeel Division for \$210 Million and \$90 Million Bought Deal Financing

HIGHLY STRATEGIC ACQUISITION OF A CANADIAN LEADER WITH A GROWING GLOBAL PLATFORM IN GRAIN STORAGE AND HANDLING PRODUCTS

WINNIPEG, MB, November 11, 2014 – Ag Growth International Inc. (TSX: AFN) ("AGI" or the "Company") announced today that AGI, Vicwest Inc. (TSX: VIC) ("Vicwest") and Kingspan Group plc ("Kingspan") have entered into an arrangement agreement (the "Arrangement Agreement") pursuant to which, in accordance with a court approved plan of arrangement (the "Arrangement"), Kingspan (through an acquisition company) will acquire all of the issued and outstanding shares of Vicwest and AGI (through an acquisition company) will acquire substantially all of the assets of Vicwest's Westeel Division ("Westeel") (AGI's acquisition of the Westeel assets, the "Transaction"). AGI's management will host a conference call at **8:30 a.m. (ET) on Tuesday, November 11, 2014** to discuss the Company's third quarter financial results and the Transaction. Details of the call can be found at the end of this release.

Headquartered in Winnipeg, Manitoba, Westeel is a leading provider of grain storage solutions in Western Canada offering a wide range of on-farm and commercial products for the agricultural industry. Westeel also has a growing international platform focused on complementary geographies and offering highly engineered crop storage and handling solutions. For the year ending December 31, 2014, Westeel is expected to generate Adjusted EBITDA^[1] of approximately \$20.0 million. The estimated Adjusted EBITDA reflects earnings of the Westeel business (before any costs associated with Vicwest's corporate support functions that will not be transferred to AGI as part of the Transaction) less incremental corporate support costs AGI estimates will be required post-closing.

The aggregate purchase price for the Transaction is \$221.5 million in cash, which reflects an enterprise value for Westeel of approximately \$210 million and \$11.5 million attributed to certain assets that will be acquired by AGI at closing, including net cash and working capital adjustments and the facility in Regina, Saskatchewan that is currently for sale.

"AGI's vision is to become the global market leader in grain handling, storage and conditioning solutions. Today's acquisition will add an iconic Canadian brand of grain storage to AGI's already impressive stable of leading manufacturers of grain handling and conditioning equipment, including Westfield, Hi Roller, Tramco

and Batco," said Gary Anderson, President and Chief Executive Officer of AGI. "Westeel provides a complementary product offering to expand our growth platform within North America and around the world. Combined we create a Canadian-based agricultural champion, providing an expanded North American platform to leverage globally while in turn reducing our overall risk profile to emerging market development," he added.

Transaction Highlights

Management believes the Transaction enhances AGI's competitive position as a manufacturer of portable and stationary grain handling, storage and conditioning equipment and provides the following benefits to AGI:

- A strategic acquisition of Canada's leading brand in grain storage will complement AGI's position as a leader in North American grain handling and storage solutions
- The combination of AGI and Westeel provides the scale to compete against large, global peers
 - Pro forma annual revenue increase of approximately 44% to \$580 million for the 12-month period ended September 30, 2014
 - The combined company's product catalogue, depth of management expertise and geographic footprint materially enhances AGI's ability to serve a broad customer base and provide complete solutions across North American and international markets
 - Westeel's global focus on Europe, Middle East / North Africa, and India complements AGI's focus on Eastern Europe, Latin America and Southeast Asia / Australia
- Westeel is highly complementary to AGI's existing product catalogue
 - Westeel offers products that are not currently part of AGI's catalogue, including smoothwall bins, hopper cones and commercial hopper-bottom bins, which expand AGI's seed and fertilizer catalogue
 - The combination of AGI's grain handling products and Westeel's grain storage solutions creates a comprehensive product catalogue capable of delivering complete solutions to the agriculture industry
- Diversification of customers, products and geography
 - Westeel's Canadian presence balances AGI's strength in the U.S. and other international markets
 - Pro forma the Transaction 38% of 2013 revenue was generated in Canada as compared to 21% for AGI standalone and 40% was generated in the U.S. as compared to 53% for AGI standalone. Additionally, pro forma the Transaction, 22% of 2013 revenue was generated outside of North America.
- Significant SG&A, sales and manufacturing synergies
 - Estimated near-term synergies of \$5 million per annum

- Transaction generates significant and immediate accretion on the basis of funds from operations^[2] per common share and earnings per common share for AGI shareholders, before synergies
 - Westeel's cash flow generation lowers AGI's payout ratio and provides additional support to AGI's dividend

Transaction Financing

In conjunction with the Transaction and for the purposes of partially funding the purchase price, AGI is pleased to announce that it has entered into an agreement with a syndicate of underwriters bookrun by TD Securities Inc. (the "Underwriters"), pursuant to which AGI will issue on a "bought deal" basis 967,000 subscription receipts (the "Subscription Receipts") at a price of \$46.55 per Subscription Receipt and \$45,000,000 aggregate principal amount of 5.25% extendible convertible unsecured subordinated debentures (the "Debentures") at a price of \$1,000 per Debenture for aggregate gross proceeds of \$90,013,850 (collectively, the "Offering").

AGI has granted the Underwriters an over-allotment option to purchase from treasury up to an additional 145,050 Subscription Receipts and up to an additional \$6,750,000 aggregate principal amount of Debentures, on the same terms and conditions as the Offering, exercisable in whole or in part at any time for a period up to 30 days following the closing of the Offering, to cover over-allotments.

Each Subscription Receipt represents the right of the holder to receive, upon closing of the Transaction, without payment of additional consideration, one common share ("Common Share") of AGI plus an amount equal to the amount per Common Share of any dividends declared for which record dates have occurred during the period from closing of the Offering to the date immediately preceding the closing date of the Transaction. The proceeds from the offering of the Subscription Receipts, less 50% of the commission payable to the Underwriters, will be deposited in escrow pending the closing of the Transaction. If the Transaction closes on or before April 30, 2015, the escrowed proceeds from the offering of Subscription Receipts will be released to AGI and used to finance, in part, the Transaction. If the Transaction does not close by April 30, 2015, the Arrangement Agreement is terminated at any earlier time, or AGI advises TD Securities Inc. or announces to the public that it does not intend to proceed with the Transaction (the occurrence of any such event being a "Termination Event"), holders of the Subscription Receipts will be refunded the purchase price of their Subscription Receipts and will also receive a pro rata share of the interest earned on the escrowed proceeds, and the Subscription Receipts will be cancelled.

The Debentures will mature on December 31, 2019; provided that if a Termination Event occurs and the Transaction does not close, the maturity date will be April 30, 2015. The Debentures will have an interest rate of 5.25% per annum, payable semi-annually in arrears on the last day of June and December in each year commencing June 30, 2015. The Debentures will be convertible at the holder's option at any time prior to the close of business on the earlier of the business day immediately preceding the maturity date and the date

specified by AGI for redemption of the Debentures into fully paid and non-assessable Common Shares of AGI at a conversion price of \$65.57 per Common Share of AGI, being a conversion rate of approximately 15.2509 Common Shares of AGI for each \$1,000 principal amount of Debentures.

A preliminary short form prospectus qualifying the distribution of the Subscription Receipts and Debentures will be filed with the securities regulatory authorities in each of the provinces of Canada (other than Quebec). Closing of the Offering is expected to occur on or about December 1, 2014. The Offering is subject to normal regulatory approvals, including approval of the Toronto Stock Exchange.

The remainder of the purchase price of the Transaction will be funded by AGI through expanded credit facilities that have been fully committed by TD Bank. Concurrently with the announcement of the Transaction, AGI accepted a commitment letter from TD Bank for secured credit facilities in an aggregate amount sufficient to fund the balance of the purchase price and provide for general corporate purposes (collectively, the "Credit Facilities"). TD Bank, in its capacity as lead arranger, sole bookrunner and underwriter of the Credit Facilities, intends to syndicate the Credit Facilities to other financial institutions prior to the closing of the Transaction.

This press release is not an offer of Subscription Receipts or Debentures for sale in the United States. The Subscription Receipts and Debentures may not be offered or sold in the United States absent registration under the U.S. Securities Act of 1933, as amended, or an exemption from such registration. The Company has not registered and will not register the Subscription Receipts or Debentures under the U.S. Securities Act of 1933, as amended. The Company does not intend to engage in a public offering of Subscription Receipts or Debentures in the United States. This press release shall not constitute an offer to nor shall there be any sale of the Subscription Receipts or Debentures in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Additional Details on the Arrangement Agreement

Completion of the Arrangement is subject to a number of customary conditions for a transaction of this nature, including, but not limited to, the approval of at least 66 $\frac{2}{3}$ % of the votes cast in person or by proxy at a special meeting of Vicwest's shareholders to be held to consider the Arrangement, as well as court and regulatory approvals.

Holders of approximately 15.6% of outstanding Vicwest common shares, including all of Vicwest's directors and officers, have signed voting support agreements pursuant to which they have agreed, among other things, to vote their common shares in favour of the Arrangement.

Subject to receipt of all required approvals and satisfaction of conditions in the Arrangement Agreement, closing is expected to occur in Q1 2015.

The completion of both proposed transactions under the Arrangement, the sale of Vicwest and the sale of the Westeel division to AGI, are inter-conditional.

AGI's Advisors

TD Securities is acting as exclusive financial advisor to AGI on the Transaction. AGI's legal advisor is Burnet, Duckworth and Palmer LLP and its auditors are Ernst and Young LLP.

Conference Call

Management will host a conference call at 8:30am (ET) on Tuesday, November 11, 2014 to review the Company's third quarter results and discuss the Transaction. Persons who wish to participate can access the call using the following numbers: 416-340-2216 or 1-866-225-0198. A presentation outlining the Transaction will be available on AGI's website at www.aggrowth.com.

The conference call will be webcast at: [Q3 Financial Results and Westeel Transaction](#).

A replay of the conference call will be available until November 24, 2014. Those who wish to access the replay may use the following numbers: 905-694-9451 or 1-800-408-3053 (passcode: 9819564).

Company Profile

Ag Growth International Inc. is a leading manufacturer of portable and stationary grain handling, storage and conditioning equipment, including augers, belt conveyors, grain storage bins, grain handling accessories, grain aeration equipment and grain drying systems. AGI has eleven manufacturing facilities in Canada, the United States, the United Kingdom and Finland, and distributes its products globally.

For More Information Contact:

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