

Ag Growth International Inc

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Ag Growth returns to profitability in Q4

Ag Growth International (AGI)(TSE:AFN) said Wednesday it returned to profitability during its fourth quarter, largely on the strong activity of its North American distribution network.

For the three months ended December 31, the maker of agriculture-related products posted net income of \$3.3 million, or \$0.26 per share, up from a net loss of \$379,000, or \$0.03 loss per share, a year ago.

Total revenues rose 36 percent to \$67.0 million, from \$49.4 million in the same period a year ago.

According to Thomson Reuters, analysts had expected \$0.15 per share in fourth quarter profits, on \$53.3 million in sales.

AGI president and CEO, Gary Anderson said: "We are very pleased with our fourth quarter results.

"Strong preseason sales of portable equipment in both Canada and the U.S. provide an indication that our dealer network is looking to 2012 with optimism.

"Strong demand for commercial equipment continued into the fourth quarter and as result we achieved record domestic commercial sales in 2011.

"The positive results from Q4 were not enough, however, to offset the negative impacts of foreign exchange, poor regional conditions at Mepu and the start-up issues at Twister experienced throughout the year.

"Entering 2012 we believe the challenges at Mepu and Twister have largely been resolved.

"Conditions in Mepu's regional market in northern Europe appear to have normalized due largely to a favourable 2011 harvest.

"Interest in our storage bin product line remains strong both domestically and overseas and management retains a very positive outlook for contributions from this plant in 2012, although targeted gross margins may not be immediately achieved.

"We enter 2012 on a positive footing and look forward to the upcoming year with excitement on a number of fronts."

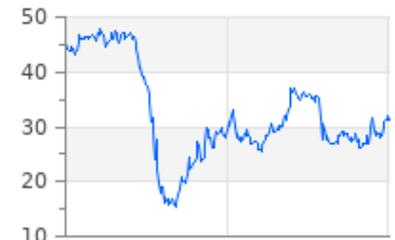
AGI said the U.S. Department of Agriculture is forecasting that U.S. farmers will plant 94 million acres of corn in 2012, the highest levels since 1944. It expects the large grain volumes to benefit all of its businesses.

For the fourth quarter, the company said its increased sales were a direct result

Price: 31.84

Market Cap: \$595.82 m

1 Year Share Price Graph



December 2019 June 2020 November 20

Share Information

Code: AFN

Listing: TSX

52 week High Low
48.07 15

Sector: Agribusiness

Website: www.aggrowth.com

Company Synopsis:

Ag Growth International is a manufacturer of portable and stationary grain handling, conditioning and storage equipment including augers, portable belt conveyors, enclosed belt conveyors, aeration equipment, grain storage bins, temporary on-farm and commercial storage, numerous other grain handling accessories, and livestock related products including fencing equipment, livestock gates, feeders and stock tanks.

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of higher demand for its portable grain handling equipment, as its dealer network replenished inventory. Higher commercial handling equipment domestically, and higher storage bin sales internationally also bolstered results.

Gross profit margins for the quarter shed 300 basis points to 33 percent, from 36 percent a year ago.

For the full year fiscal 2011, the company posted a 20 percent decline in profits, to \$24.5 million, or \$1.95 per share. Revenues, however, rose 15 percent to \$301.0 million.

In other news, the company said its board of directors approved an 18 percent increase to its monthly dividend in November 2010. The new \$0.20 per share dividend will be payable on April 30.

In Toronto, shares of the Winnipeg, Manitoba-based company rose 4.5 percent to \$36, as of 1:11 pm EDT.

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