



## Did 2013 End Well for Ag Growth?

### Description

On Wednesday, farm equipment manufacturer **Ag Growth International** ([TSX:AFN](#)) announced results for the fourth quarter of 2013, and the numbers show that the company's recovery is well on track. Adjusted EBITDA nearly tripled year-over-year and beat street estimates. Ag Growth also made a net profit of \$0.5 million, compared to a \$3.4 million loss in the fourth quarter of 2012. The company maintained its monthly dividend of \$0.20 per share, which gives the stock a yield of over 5%.

The results cap off a very good year for Ag Growth, one that started with significant headwinds from the 2012 U.S. drought. But 2013 turned out to be a record year for crop production in North America, increasing demand for Ag Growth's grain handling equipment. The company's backlog is at record levels as it enters 2014.

Also of particular note is the company's international expansion, which has been somewhat of a struggle in years past. But international sales grew 29% in 2013, and now represent 26% of total revenue, a big increase from 2010, when international sales represented only 15% of revenue. Ag Growth remains very confident in international sales growth, noting that the offshore order book is significantly higher than at this time in 2013.

### Is Ukraine something to worry about?

The most recent developments related to Ag Growth are the political events in Ukraine. The company derives 16% of its revenue from Russia, Ukraine and Kazakhstan, with the "significant majority" of these sales being in Ukraine. The company says that it has remained in constant contact with customers in the country, and does not expect any decline in business from the events. But the situation in Ukraine is constantly changing, and very unpredictable, so time will tell if that turns out to be the case.

### Foolish bottom line

Ag Growth has certainly had a good year, and that is reflected in the stock price, which is up 35% over the past 52 weeks. Strong international growth and a record North American harvest were the main factors.

Ag Growth's share price movement may mean the best time to buy the stock has passed. But another Winnipeg-based agriculture equipment manufacturer, **Vicwest** (TSX:VIC) has not had as much recent success. Its stock has gone down nearly 20% over the last 52 weeks, and may be a better way to bet on agriculture equipment than Ag Growth.

But for now, Ag Growth's investors are happy to have owned the shares. If the company continues to deliver, then that will remain the case.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. TSX:AFN (Ag Growth International)

## Category

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