

# The Andersons

Divestiture Announcement

August 17, 2021

# Safe Harbor and Non-GAAP Financial Measures



Certain information discussed today constitutes forward-looking statements. Actual results could differ materially from those presented in the forward-looking statements as a result of many factors including general economic conditions, weather, competitive conditions in the Company's industries, both in the U.S. and internationally, the COVID-19 pandemic, and additional factors that are described in the Company's publicly-filed documents, including its '34 Act filings and the prospectuses prepared in connection with the Company's offerings.

This presentation includes financial information which the Company's independent auditors have not completely reviewed. Although the Company believes that the assumptions upon which the financial information and its forward-looking statements are based are reasonable, it can give no assurances that these assumptions will prove to be accurate.

This presentation and today's prepared remarks contain non-GAAP financial measures. The Company believes that Earnings before interest, taxes, depreciation and amortization ("EBITDA") and adjusted EBITDA provide additional information to investors and others about its operations, allowing an evaluation of underlying operating performance and better period-to-period comparability. These measures do not and should not be considered as alternatives to net income or income before income taxes as determined by generally accepted accounting principles. Reconciliations of the GAAP to non-GAAP measures may be found within the financial tables of this presentation.

# Transaction Enhances Business Portfolio



## TRANSACTION OVERVIEW

Assets Sold	<ul style="list-style-type: none"><li>• Diversified fleet of ~22,000 railcars, locomotives and barges serving a broad customer base</li></ul>
Selling Price <sup>1</sup>	<ul style="list-style-type: none"><li>• ~\$550 million cash</li></ul>
Valuation	<ul style="list-style-type: none"><li>• ~10.2x TTM Adjusted EBITDA<sup>2</sup></li></ul>
Closing Date	<ul style="list-style-type: none"><li>• Transaction closed August 16, 2021</li></ul>
Use of Cash	<ul style="list-style-type: none"><li>• Pay down debt; achieve long-term debt-to-adjusted EBITDA of less than 2.5x</li><li>• Redeploy capital in a manner that will enhance shareholder returns</li></ul>
Remaining Assets Held for Sale	<ul style="list-style-type: none"><li>• Network of 29 facilities strategically located throughout the United States</li></ul>

# The Andersons at a Glance



Pro Forma Excluding Rail Segment

Founded	Listed (NASDAQ)	Headquarters	Market Cap	Employees <sup>1</sup>	Locations <sup>1</sup>	Revenue <sup>2</sup>	Adjusted EBITDA <sup>2,3</sup>
1947	1996, ANDE	Maumee, OH	~\$1B	~2,400	~120	\$10.2B	\$285M

## Three Operating Segments



### Trade

- Purchase and merchandise grain, provide value-added risk management services to growers and customers
- Operate a broad network of storage and handling
- Merchandise a broad array of food and feed ingredients and specialty grains
- Provide logistics and transload services for grain and energy products

**78 Facilities**  
~30M Metric Tons Traded



### Ethanol

- Refine corn into ethanol and other high-value products
- Partner with Marathon Petroleum, the nation's largest ethanol blender
- Own the state-of-the-art biorefinery, ELEMENT, LLC
- Supply corn oil and other low-carbon feedstocks to the renewable diesel industry

**5 Facilities**  
~470M Gallons Produced



### Plant Nutrient

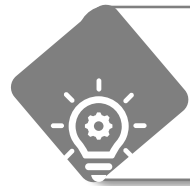
- Supply primary nutrients; strong warehouse and farm center network in Eastern Corn Belt
- Manufacture engineered granular products for lawn and other diverse markets
- Manufacture and distribute specialty liquid ag and industrial products

**37 Facilities**  
~2.3M Tons Sold

**Our Vision: To be the Most Nimble and Innovative North American Ag Supply Chain Company**



# Transaction Well-Aligned with Strategic Goals



## Strategic Goals

- ✓ Drive margin expansion and reduce capital intensity
- ✓ Increase focus on innovating and developing new products and services
- ✓ Grow profitably and leverage emerging market opportunities
- ✓ Reduce debt to achieve target long-term debt-to-adjusted EBITDA ratio of <2.5x



## Transaction Benefits

- ✓ Enhances business portfolio and increases focus on growth in core grain and fertilizer businesses
- ✓ Increases financial flexibility, enabling investment in future strategic growth opportunities
- ✓ Advances vision of being the most nimble and innovative ag supply chain company in North America
- ✓ Enables further debt reduction to increase balance sheet flexibility

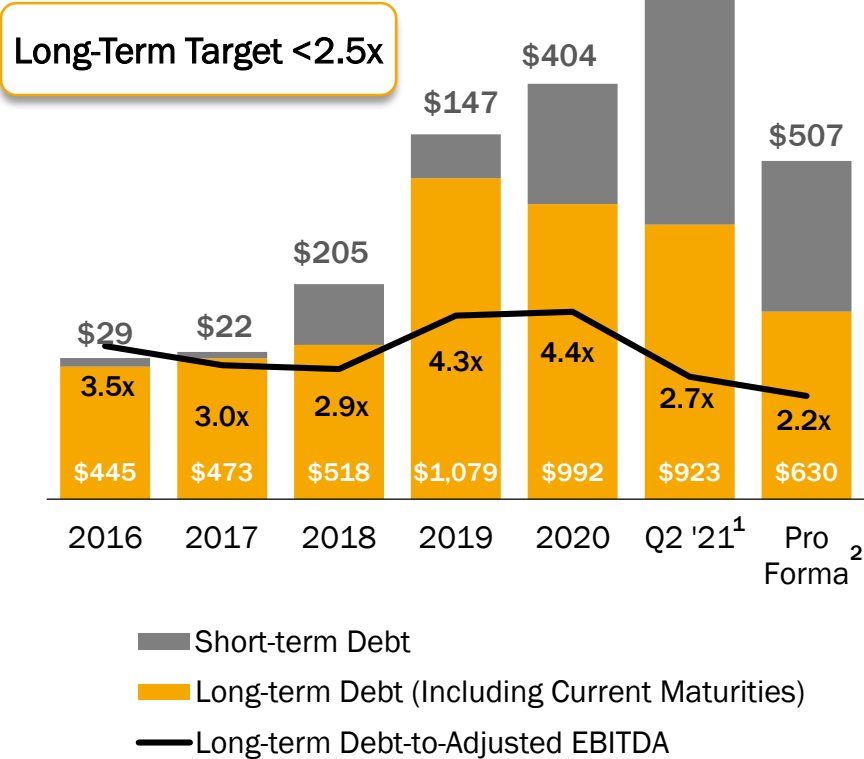
**Significant Progress Toward Optimizing the Portfolio for Continued Growth**



# Strengthens Balance Sheet and Financial Flexibility



## Long-term Debt-to-Adjusted EBITDA (\$M)



## LEVERAGE RATIO

- Achieves debt reduction target of \$200 to \$250M ahead of 2023 goal
- Enhances flexibility as we pursue growth and return of capital to shareholders, all with the aim of creating value

## CAPITAL ALLOCATION FRAMEWORK

- Maintain long-term debt leverage ratio less than 2.5x
- Pursue opportunistic acquisitions, through bolt-on acquisition targets and strategic opportunities
- Return cash to shareholders through continued dividends and potential share repurchase programs

Maintain Lower Debt and Focus on Growth and Returning Cash to Shareholders

# Financial Milestones – Updated from 2020 Investor Day



	Adjusted EBITDA <sup>1</sup> (\$M)					
	2016	2017	2018	2019	2020	TTM 2021 <sup>2</sup>
Trade	\$7	\$46	\$50	\$124	\$95	\$133
Ethanol	\$37	\$30	\$31	\$37	\$33	\$109
Plant Nutrient	\$49	\$47	\$45	\$42	\$47	\$61
Rail	\$59	\$55	\$58	\$66	\$56	\$58
Total Company	\$127	\$157	\$178	\$254	\$226	\$343

## Milestones

- ✓ Exceeded adjusted EBITDA target
- ✓ Reduce long-term debt by an additional \$200M to \$250M by year-end 2023
- ✓ Reduce long-term debt-to-EBITDA ratio to less than 2.5x by year-end 2023
  - Continue disciplined approach to capital deployment
  - Work steadily toward ROIC target of 200 bps above WACC

✓ **Achieved**

Meaningful progress

**Exceeded Earnings and Debt Reduction Target**

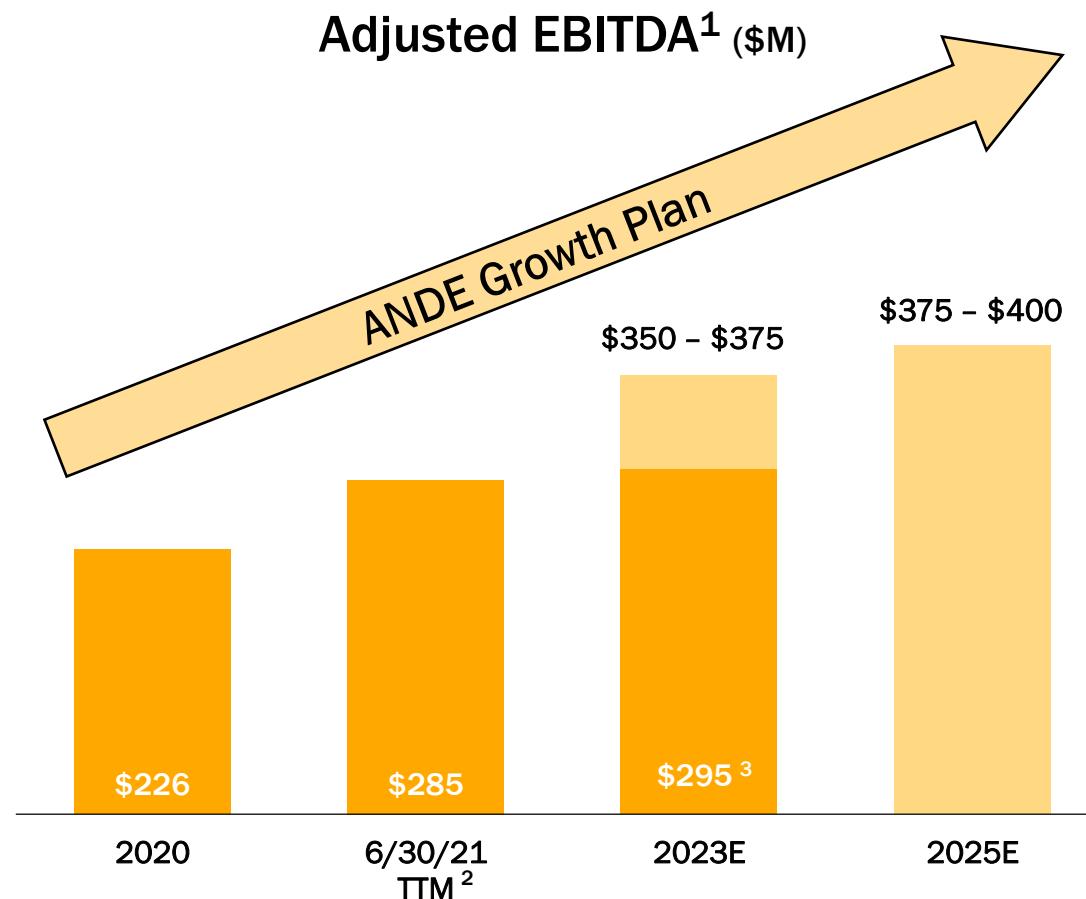


# EBITDA Milestones



## Opportunities for Growth

- Core grain and fertilizer business growth
- Bolt-on acquisitions
- Innovation within trending areas:
  - ✓ Sustainability, traceability, and organic ag
  - ✓ Carbon-reduction opportunities across our businesses
  - ✓ Renewable diesel feedstocks
  - ✓ Organic fertilizers
  - ✓ Plant-based protein feedstocks



## Financial Flexibility for Growth in Core Verticals

# Why Invest in The Andersons



1

Increasing global demand provides opportunities to grow core grain and fertilizer businesses

2

Innovation to drive growth in sustainable ag

3

Track record of strong execution in volatile markets with experienced trading, logistics and operations teams

4

Disciplined capital allocation strategy, flexible balance sheet

# Appendix

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# Non-GAAP Reconciliation (EBITDA and Adjusted EBITDA)



(in thousands)	2016	2017	2018	2019	2020	2021 <sup>1</sup>	Pro Forma <sup>1</sup>
Net income (loss)	\$ 14,470	\$ 42,609	\$ 41,225	\$ 15,060	\$ (14,215)	\$ 76,250	\$ 76,250
Interest expense	21,119	21,567	27,848	59,691	51,275	50,484	50,484
Income tax provision (benefit)	6,911	(63,134)	11,931	13,051	(10,259)	19,792	19,792
Depreciation & amortization	84,325	86,412	90,297	146,166	188,638	189,894	189,894
Earnings before interest, taxes, depreciation and amortization (EBITDA)	126,825	87,454	171,301	233,968	215,439	336,420	336,420
Adjusting items to EBITDA:							
Goodwill impairment	-	59,081	-	-	-	-	-
Asset impairment including equity method investments	-	10,913	-	46,178	-	-	-
Acquisition costs	-	-	6,514	8,007	-	-	-
Transaction related stock compensation	-	-	-	9,337	4,206	2,615	2,615
Gain on pre-existing equity method investments, net	-	-	-	(35,214)	-	-	-
Gain on sales of assets	-	-	-	(8,646)	-	-	-
Severance costs	-	-	-	-	6,091	3,750	3,750
Removal of Rail segment EBITDA	-	-	-	-	-	-	(58,071)
Adjusted EBITDA	\$ 126,825	\$ 157,448	\$ 177,815	\$ 253,630	\$ 225,736	\$ 342,782	\$ 284,714