

# First Quarter Earnings Call

*May 5, 2016*



# Forward Looking Statements & Non-GAAP 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, and additional factors that are described in the Company's publically-filed documents, including its '34 Act filings and the prospectuses prepared in connection with the Company's offerings.

Today's call includes financial information of which the Company's independent auditors have not completed their review. 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. Reconciliations of the non-GAAP to GAAP measures may be found within the financial tables of our earnings release. "Adjusted Pre-Tax Income Attributable to The Andersons" is our primary measure of period-over-period comparisons, and we believe it is a meaningful measure for investors to compare our results from period to period. We have excluded nonrecurring items and items that we believe are not representative of our ongoing operations when calculating this Adjusted Pre-Tax Income.

Pat Bowe

*Chief Executive Officer*

John Granato

*Chief Financial Officer*

Jim Burmeister

*Vice-President, Finance & Treasurer*



# Q1 Highlights

- Grain Group struggled due to carryover from poor 2016 crop production in the Eastern Corn Belt while affiliates hurt by DDGS
- Ethanol remained cash positive through quarter of seasonally low margins
- Plant Nutrient improved in Q1, overall volumes were up but margins were compressed
- Rail strategy of lease portfolio diversification continues to produce solid earnings
- Aggressive actions taken in Q1 to improve long-term performance
  - Completed sale of underperforming assets in Northwest Iowa
  - Launched \$10 million cost reduction



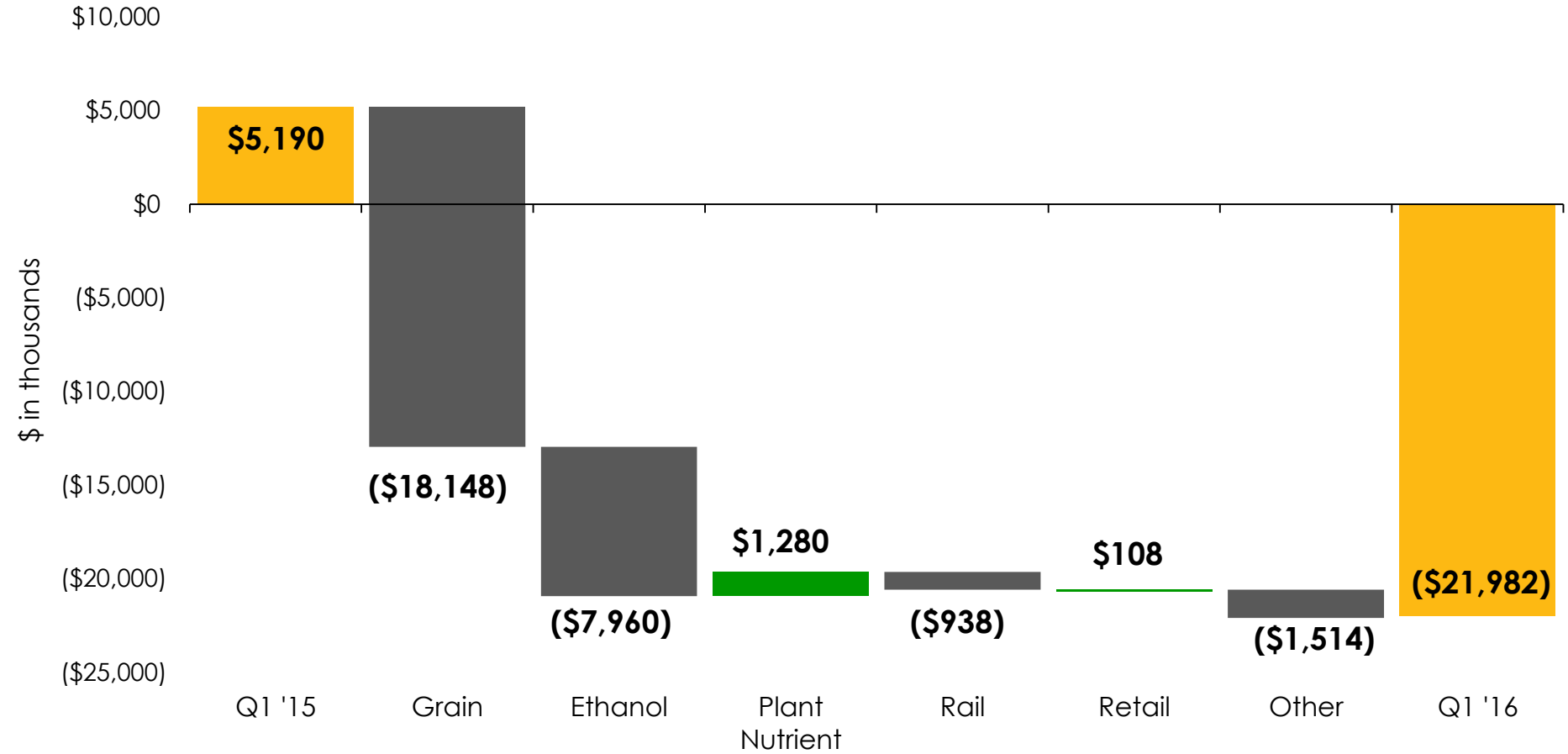


# Key Financial Data

<i>\$ in millions, except per share data</i>	<b>Q1 2016</b>	<b>Q1 2015</b>	<b>VPY</b>	<b>FY 2015</b>
Net Sales	<b>\$887.9</b>	\$918.2	(\$30.3)	\$4,198.5
Gross Profit	<b>\$67.8</b>	\$83.3	(\$15.5)	\$375.8
Operating and general expenses	<b>\$79.9</b>	\$78.6	\$1.3	\$338.1
Equity in earnings (loss) of affiliates	<b>(\$7.0)</b>	\$3.3	(\$10.3)	\$31.9
Pre-tax Income (loss)	<b>(\$22.9)</b>	\$5.0	(\$27.9)	(\$11.6)
Net income attributable to The Andersons	<b>(\$14.7)</b>	\$4.1	(\$18.8)	(\$13.1)
Adjusted net income attributable to The Andersons	-	-	-	\$41.2
Diluted earnings per share (EPS)	<b>(\$0.52)</b>	\$0.14	(\$0.66)	(\$0.46)
Adjusted EPS (diluted)	-	-	-	\$1.45
Depreciation and amortization	<b>\$20.9</b>	\$17.5	\$3.4	\$78.5
EBITDA	<b>\$6.0</b>	\$28.8	(\$22.8)	\$85.2
Corporate unallocated expenses	<b>\$10.9</b>	\$9.4	\$1.5	\$31.3
Long-term debt	<b>\$402.4</b>	\$323.3	\$79.1	\$436.2
Long-term debt-to-equity	<b>0.52</b>	0.41	0.11	0.55

# Pre-Tax Income

Pre-Tax Income Q1 2015 to Q1 2016 Bridge Graph

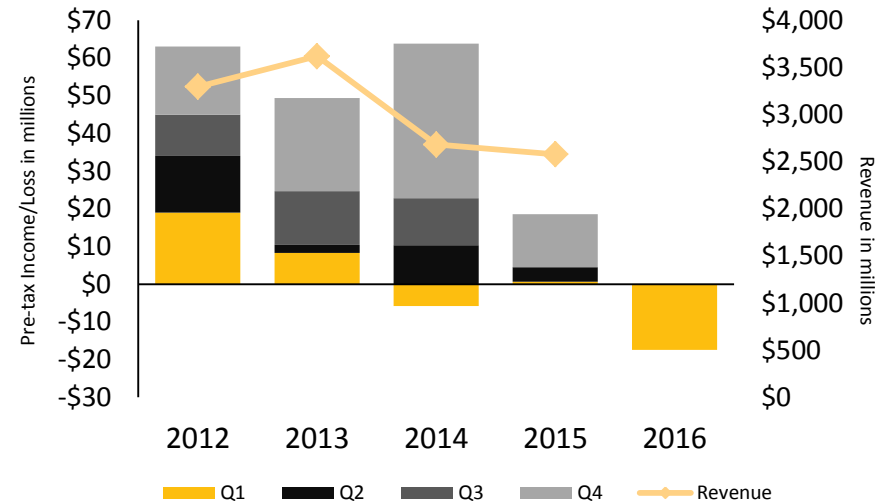




## Q1 Performance

- Lack of basis appreciation in quarter contributed to \$10 million reduction in space income for base grain
- Chinese anti-dumping and countervailing duties significantly impacted DDGS trading for Lansing Trade Group
- Exited underperforming assets in Iowa
- Construction of new space in Tennessee is on track to be completed for fall harvest

## Adjusted Five Year Performance



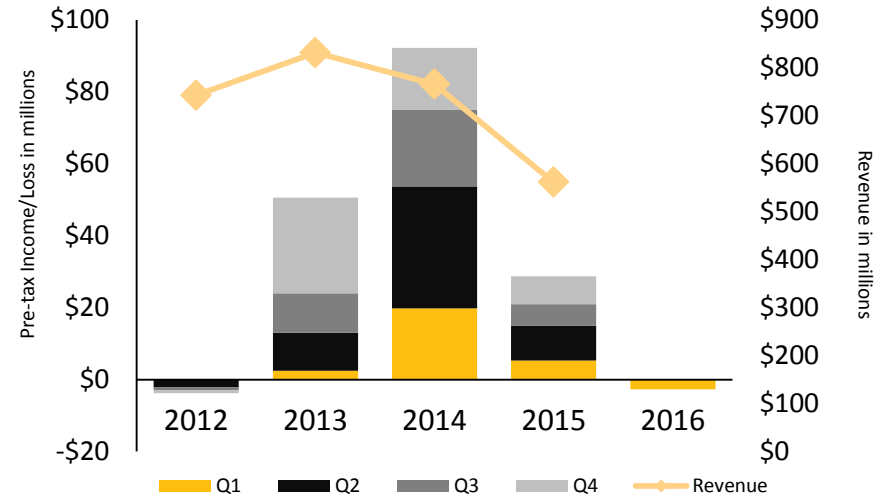
<i>\$ in millions, except margin</i>	Q1 '16	Q1 '15	VPY	FY '15
<u>Base Grain</u>				
Revenues	<b>\$538.8</b>	\$558.7	(\$19.9)	\$2,483.6
Gross Profit	<b>\$13.0</b>	\$27.1	(\$14.1)	\$119.0
Gross Profit Margin	<b>3.0%</b>	5.1%	(2.1%)	4.8%
Pre-tax Income	<b>(\$13.3)</b>	(\$0.5)	(\$12.8)	(\$45.8)
Adj. Pre-Tax Income	—	—	—	\$0.6
Affiliates Pre-Tax Income	<b>(\$4.1)</b>	\$1.2	(\$5.3)	\$13.3
Group Pre-tax Income	<b>(\$17.4)</b>	\$0.7	(\$18.1)	(\$9.4)
Group Adjusted Pre-tax Income	—	—	—	\$13.9



## Q1 Performance

- Group remained cash positive through challenging quarter
- Headwind from higher-than-normal corn basis in Eastern Corn Belt
- High industry supply during seasonally slow demand quarter impacted margins
- Albion expansion has begun and is on schedule

## Five Year Performance



<i>\$ in millions</i>	<b>Q1 '16</b>	<b>Q1 '15</b>	<b>VPY</b>		<b>FY '15</b>
Revenue	<b>\$114.7</b>	\$132.8	(\$18.1)	(13.6%)	\$556.2
Equity Earnings of Affiliates	<b>(\$3.2)</b>	\$1.7	(\$4.9)	(288%)	\$17.2
Consolidated Operations and Service Fees	<b>\$1.1</b>	\$4.5	(\$3.4)	(75.6%)	\$11.3
Pre-tax Income	<b>(\$2.7)</b>	\$5.3	(\$8.0)	(152%)	\$28.5

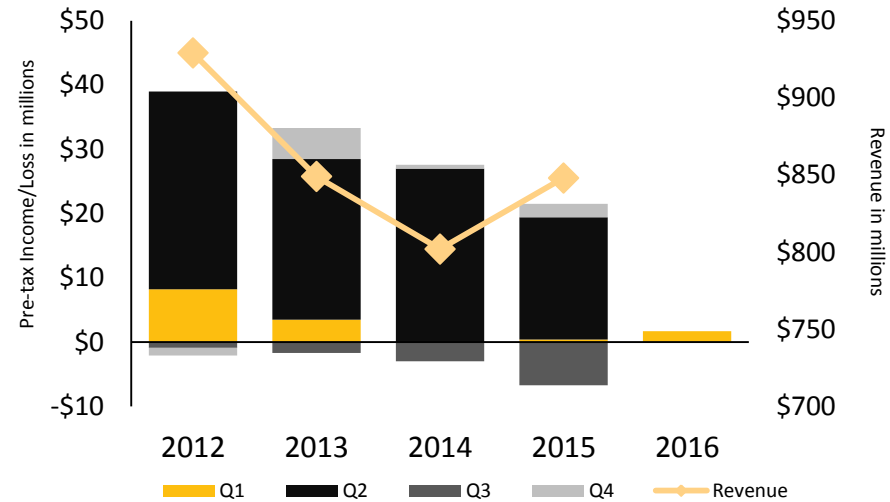




## Q1 Performance

- Basic nutrients volume had slow start in Q1 due to falling nutrient prices, but ended higher than Q1 '15
- Majority of the Specialty tons increase was due to Nutra-Flo sales
- Lawn sales strong in the quarter, partially offset by lower Cob volume

## Adjusted Five Year Performance



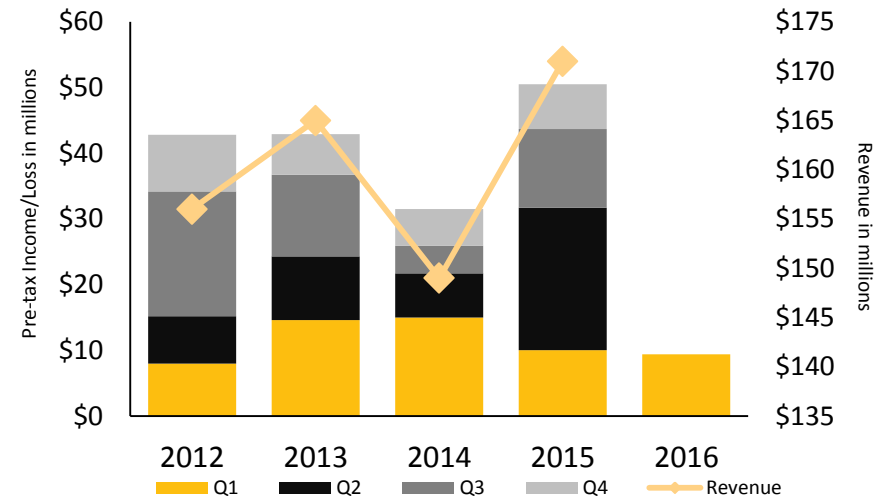
<i>\$ in millions except margin</i>	<b>Q1 '16</b>	<b>Q1 '15</b>	<b>VPY</b>		<b>FY '15</b>
Revenue	<b>\$167.0</b>	\$154.0	\$13.0	8.4%	\$848.3
Basic Nutrient Tons	<b>212</b>	179	33	18.4%	1,234
Specialty Nutrient Tons	<b>119</b>	88	31	35.2%	398
Other (Lawn, Cob) Tons	<b>129</b>	126	3	2.4%	603
Gross Profit	<b>\$26.7</b>	\$22.0	\$4.7	21.4%	\$119.5
Gross Profit Margin	<b>16.0%</b>	14.3%	1.7%		14.1%
Pre-tax Income	<b>\$1.7</b>	\$0.4	\$1.3	325.0%	\$0.1



## Q1 Performance

- Diverse portfolio and even spread of lease renewals sustaining utilization rates
- Lease rates were stable while cost of sales were higher due to increased depreciation
- Lower railcar sales in quarter due to timing
- Growth in repair revenue and earnings
- Redeemed investment in short-line

## Five Year Performance



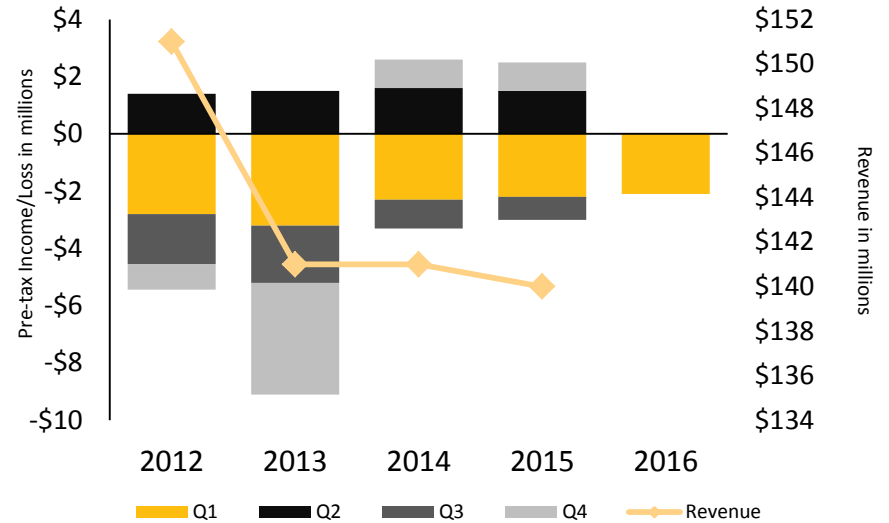
<i>\$ in millions, except margin</i>	<b>Q1 '16</b>	<b>Q1 '15</b>	<b>VPY</b>	<b>FY '15</b>
Revenue	<b>\$39.6</b>	\$44.2	(\$4.6)	\$170.8
Gross Profit	<b>\$14.5</b>	\$17.3	(\$2.8)	\$67.7
Gross Profit Margin	<b>36.8%</b>	39.2%	(2.4%)	39.6%
Lease Income	<b>\$4.4</b>	\$5.0	(\$0.6)	\$31.5
Railcar Sales Income	<b>\$2.4</b>	\$4.5	(\$2.1)	\$13.3
Service & Other	<b>\$2.6</b>	\$0.8	\$1.8	\$5.9
Pre-tax Income	<b>\$9.4</b>	\$10.3	(\$0.9)	\$50.7



## Q1 Performance

- Early Easter offset lower sales of outerwear and snow removal items due to mild winter

## Five Year Performance



<i>\$ in millions</i>	<b>Q1 '16</b>	<b>Q1 '15</b>	<b>VPY</b>		<b>FY '15</b>
Revenue	<b>\$27.8</b>	\$28.6	(\$0.8)	(2.8%)	\$139.5
Pre-tax Income	<b>(\$2.1)</b>	(\$2.2)	\$0.1		(\$0.5)



## ANDE Corporate

- Launched initiative to reduce annual run rate costs by at least \$10 million over the next two years



## Grain Group

- Impact from poor Eastern Corn Belt crop is expected to continue until fall harvest
- Increasing carryout in U.S. grain supply chain can provide upside in the fourth quarter and next year



## Ethanol Group

- Margins improving as we enter summer driving season
- Stable U.S. export volumes are being supported by surge in exports to China, should support pricing in low gas price environment



## Plant Nutrient Group

- High corn acres should support strong basic nutrient sales
- Specialty Products are off to good start in second quarter



## Rail Group

- Softness in railcar traffic is expected to put some pressure on utilization and lease rates





# Q&A





*Thank you for joining us.  
Our next earnings call is scheduled for  
Thursday, August 4<sup>th</sup> at 11:00 a.m.*





# Appendix



# Definitions

**EBITDA:** Earnings before interest, taxes, depreciation, and amortization, is a non-GAAP measure. It is one of the measures the company uses to evaluate liquidity and leverage.

**Base Grain:** Grain operations owned and operated by The Andersons (does not include affiliates).

**Ethanol Margin Hedging:** From time-to-time we establish hedge positions with futures and derivative contracts that lock in prices for purchases of corn and sales of ethanol, as well as purchases of natural gas with the intent of securing portions our future sales margins.

**LT Debt to Capital:** Ratio of long-term debt (including current maturities) to total capital defined as LT debt plus total equity.

**Bushels Shipped:** Includes shipments from our facilities, farm-to-market(F2M) and origination services for corn, soybeans, wheat, and oats.

**F2M:** Bushels that The Andersons, Inc. purchases from the farm and are delivered directly to an Andersons' customer. The bushels are never delivered to an Andersons' facility.

**Bushels Owned:** Bushels delivered to an Andersons' elevator or storage facility rented by The Andersons, Inc. where title to the grain is transferred to The Andersons, Inc.

**Bushels Stored for Others:** The bushels are stored by The Andersons, Inc. for the owner of the grain for which a storage fee is charged the bushels' owner.

**Railcar Fleet Utilization:** Percentage of railcars and locomotives in leased service.

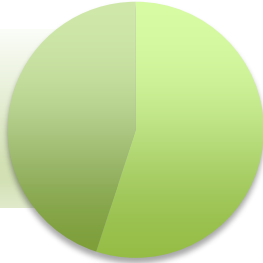
**CAGR:** Compounded annual growth rate.

# US Corn Planting Progress

Actual percentages completed by state

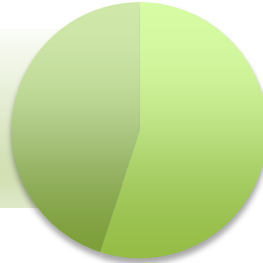
May 1, 2016

**45%**



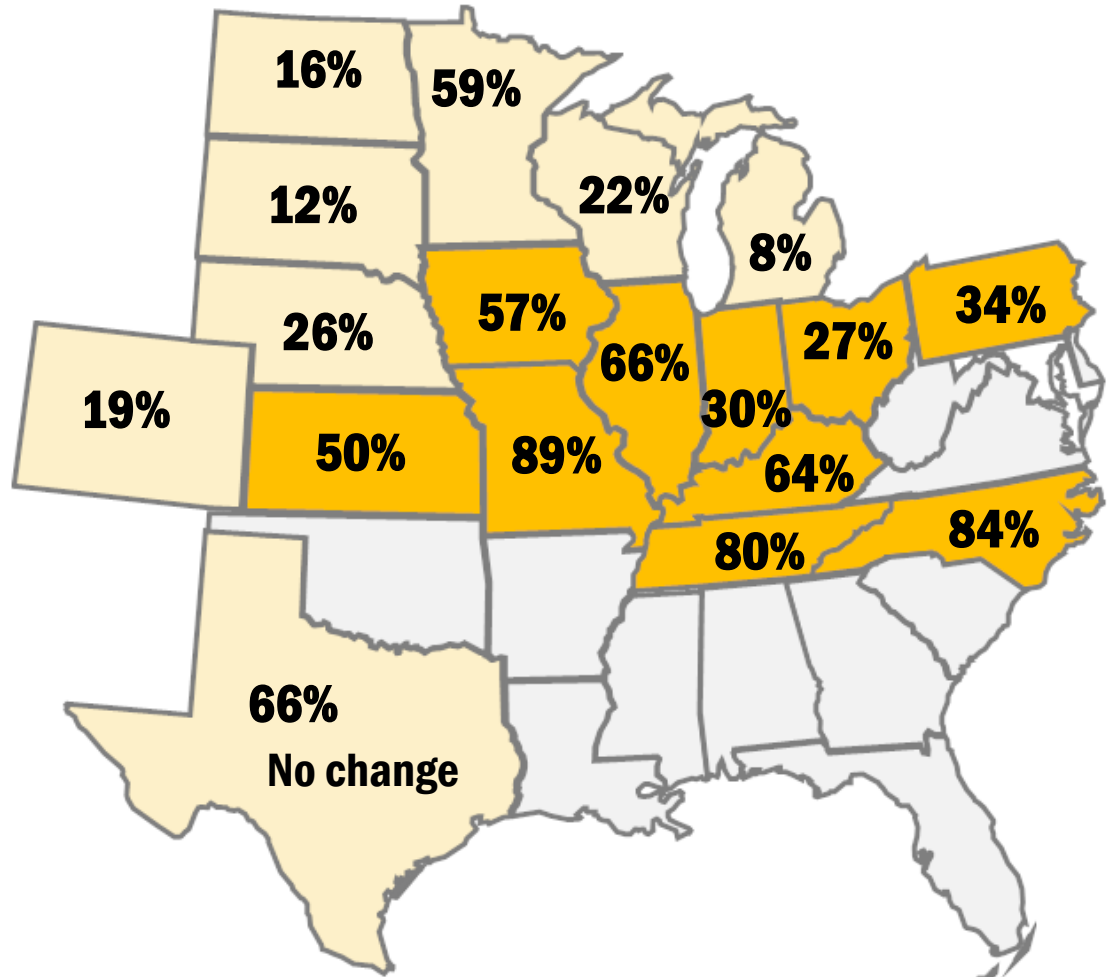
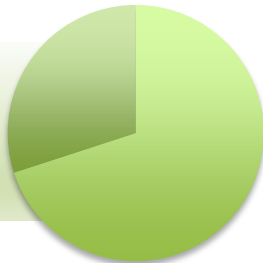
May 1, 2015

**45%**



Five-Year Average

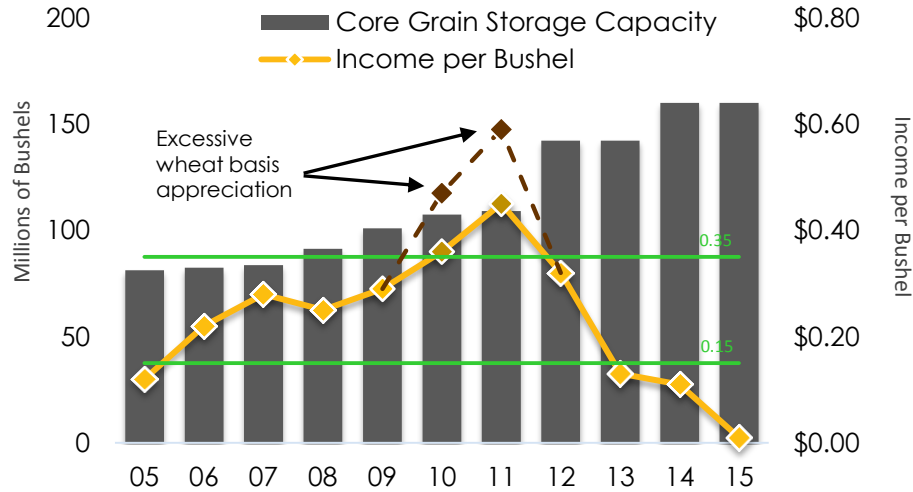
**30%**



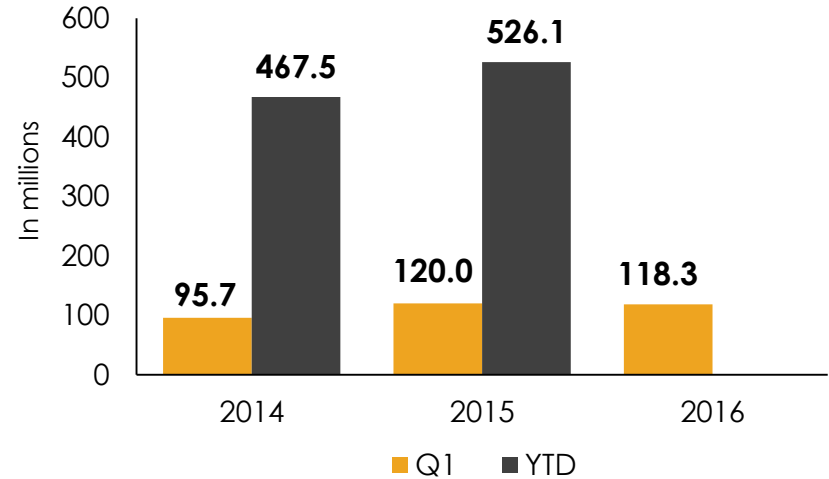




## Grain Storage Capacity



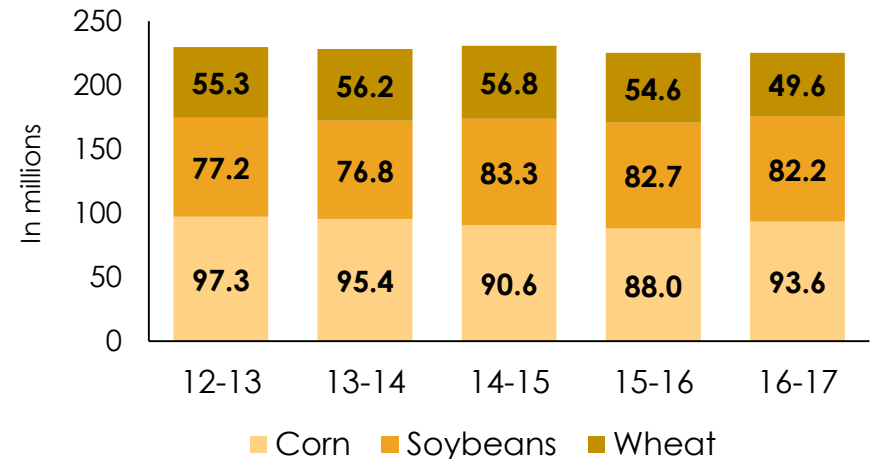
## Bushels Sold



## Grain Inventory

In millions	Q1 '14	Q1 '15	Q1 '16
Bushels owned	83.9	99.8	<b>101.4</b>
Bushels stored for others	5.6	1.8	<b>2.8</b>
Total bushel inventory	89.4	101.6	<b>104.2</b>

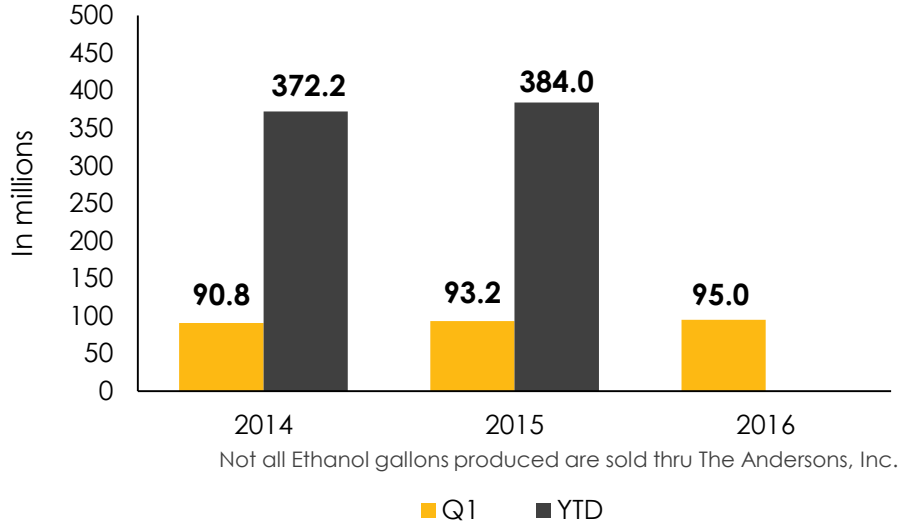
## U.S. Planted Acres



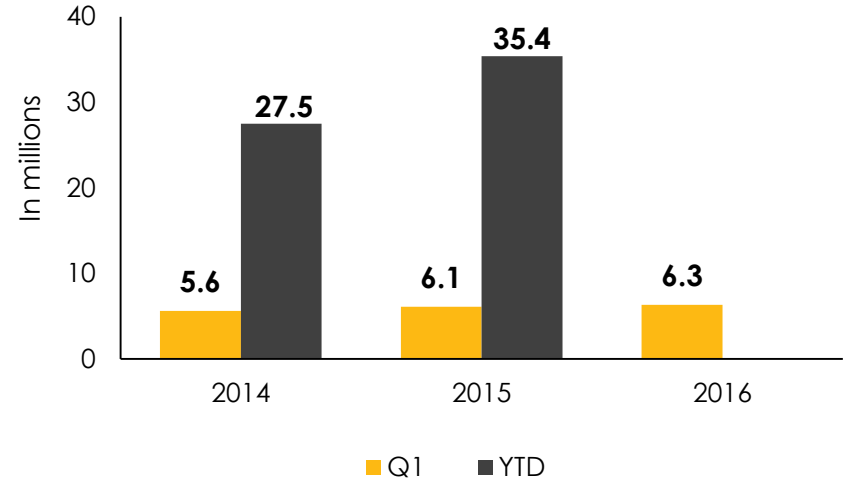




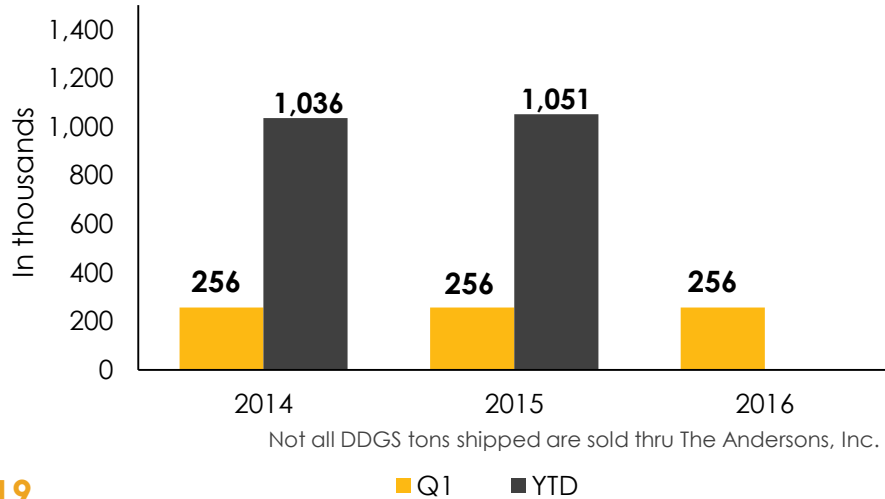
## Ethanol Gallons Produced



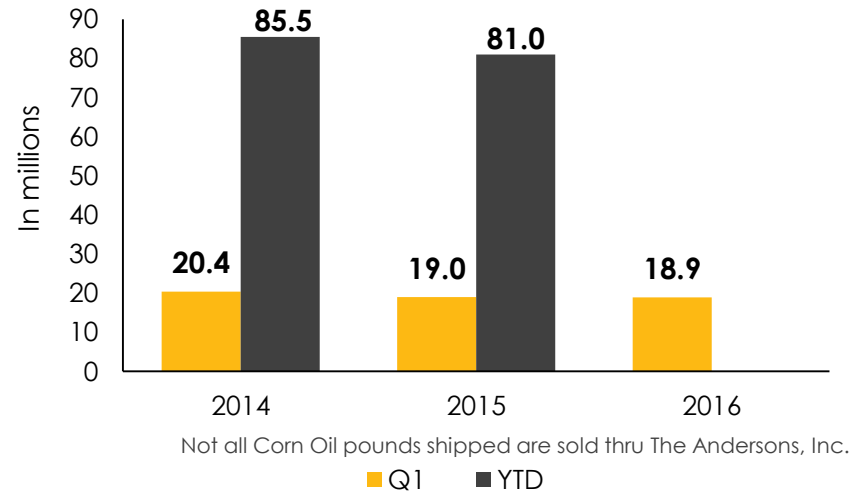
## E-85 Gallons Shipped



## DDGS Tons Shipped

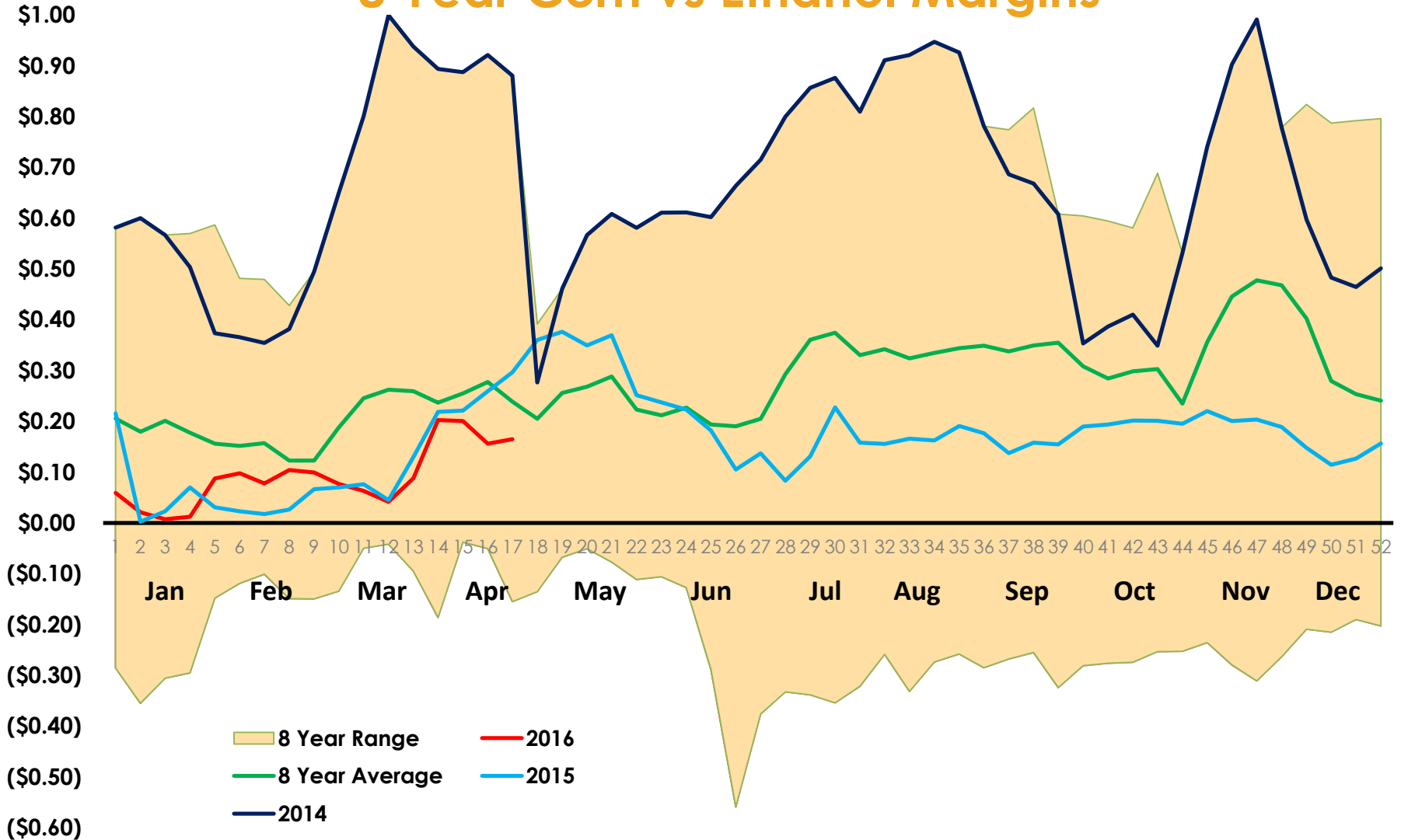


## Corn Oil Pounds Shipped





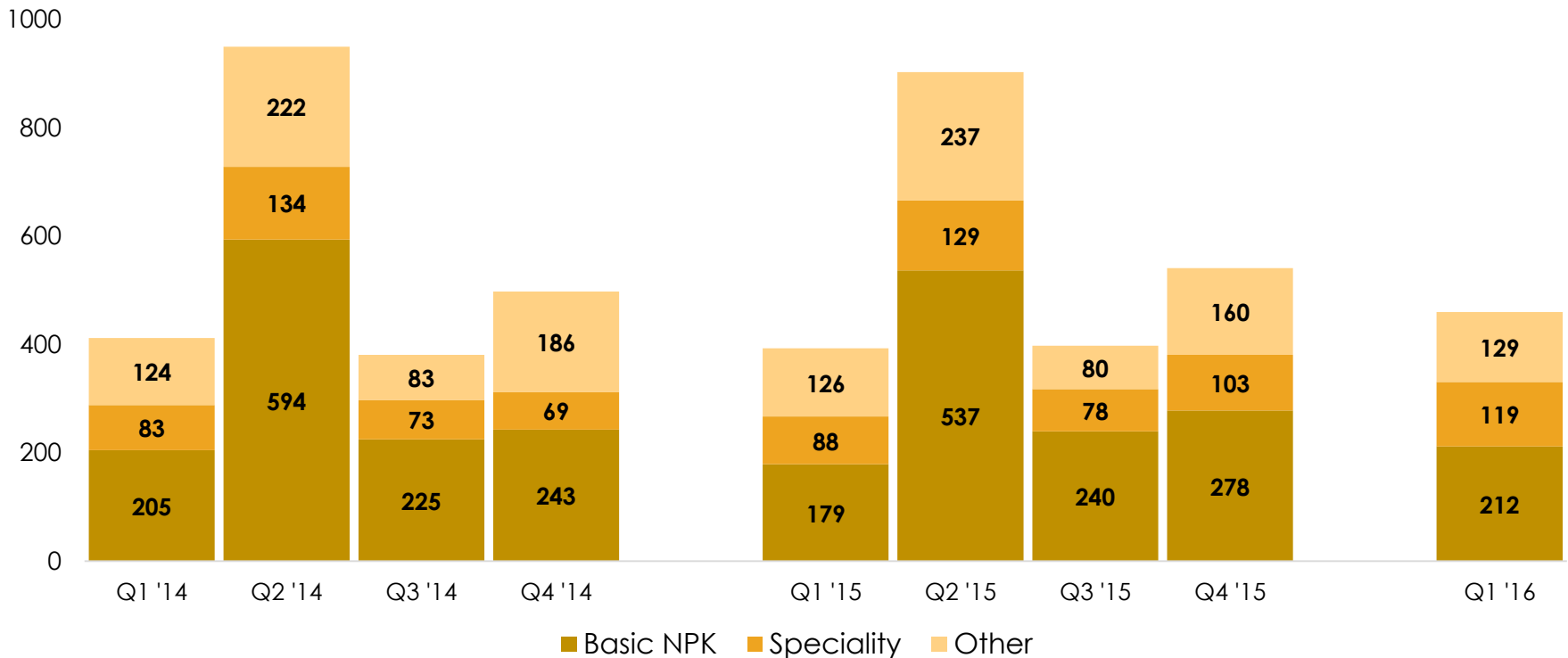
## 8 Year Corn vs Ethanol Margins



Sources: NYMEX Chicago Ethanol (Platts) Futures Electronic (Front Month); CBOT Corn Futures Electronic (Front Month); Est industry 2.8 gal / bushel



## Plant Nutrient Fertilizer Tons



Basic NPK = nitrogen, phosphorous, potassium

Specialty = value added nutrients, low-salt liquid starter fertilizers, micro-nutrients

Other = other farm centers, lawn, cob



## Lease Income

\$ in millions	Q1 '14	Q2 '14	Q3 '14	Q4 '14	Q1 '15	Q2 '15	Q3 '15	Q4 '15	Q1 '16
Average # of Assets	22,295	22,148	22,066	22,285	22,789	22,972	23,301	22,916	23,026
Beginning \$ on BS	\$240.6	\$237.5	\$242.1	\$245.8	\$297.7	\$313.1	\$330.8	\$347.1	\$338.1
Average % Utilization	88.4%	89.3%	89.9%	90.3%	91.8%	93.5%	91.6%	92.7%	91.5%
Lease Income	\$4.2	\$3.7	\$1.8	\$3.9	\$5.0	\$15.6	\$6.4	\$4.5	\$4.3

## Remarketing Income

\$ in millions	Q1 '14	Q2 '14	Q3 '14	Q4 '14	Q1 '15	Q2 '15	Q3 '15	Q4 '15	Q1 '16
Asset Sale Income	\$10.8	\$2.5	\$1.4	\$1.2	\$4.5	\$4.7	\$3.2	\$0.8	\$2.4

## Service & Other Income

\$ in millions	Q1 '14	Q2 '14	Q3 '14	Q4 '14	Q1 '15	Q2 '15	Q3 '15	Q4 '15	Q1 '16
Pre-Tax Income	\$0	\$0.5	\$1.0	\$0.5	\$0.8	\$1.4	\$2.3	\$1.5	\$2.7

## Total Rail Income

\$ in millions	Q1 '14	Q2 '14	Q3 '14	Q4 '14	Q1 '15	Q2 '15	Q3 '15	Q4 '15	Q1 '16
Revenue	\$52.3	\$33.4	\$32.0	\$31.2	\$44.2	\$45.5	\$44.8	\$36.4	\$39.6
Gross Profit	\$21.9	\$13.9	\$10.8	\$13.2	\$17.3	\$18.2	\$17.5	\$14.6	\$14.6
Gross Profit Margin	41.9%	41.6%	33.8%	42.2%	39.2%	40.1%	39.1%	40.1%	36.8%
Pre-tax Income	\$15.0	\$6.7	\$4.2	\$5.6	\$10.3	\$21.7	\$23.2	\$6.8	\$9.4



## Sources of Income

- Generate lease income from long-lived assets
- Maximize value by remarketing assets opportunistically
- Provide repair services embedded in leases and to third parties

### Lease Income

\$ in millions	2011	2012	2013	2014	2015
Average # of Assets	22,265	23,019	22,990	22,199	23,017
Beginning \$ on BS	\$168.5	\$197.1	\$228.3	\$240.6	\$297.7
Average % Utilization	84.6%	84.6%	86.1%	89.5%	92.4%
Lease Income	(\$1.8)	\$13.4	\$18.9	\$13.6	\$31.5

### Remarketing Income

\$ in millions	2011	2012	2013	2014	2015
Asset Sale Income	\$8.4	\$23.7	\$19.4	\$15.8	\$13.3

### Service & Other Income

\$ in millions	2011	2012	2013	2014	2015
Rail Services & Other	\$3.2	\$5.7	\$4.5	\$2.0	\$5.9

### Total Rail Income

\$ in millions	2011	2012	2013	2014	2015
Revenue	\$107.4	\$156.4	\$164.8	\$149.0	\$170.8
Gross Profit	\$24.8	\$56.7	\$58.9	\$59.8	\$67.7
Gross Profit %	23.1%	36.3%	35.7%	40.1%	39.6%
Pre-tax Income	\$9.8	\$42.8	\$42.8	\$31.4	\$50.7