



# First Quarter Earnings Call

May 4, 2022

# 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.

Today's call 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 adjusted pretax income (loss) from continuing operations, pretax income (loss) attributable to the company from continuing operations, adjusted pretax income (loss) attributable to the company from continuing operations, adjusted net income attributable to the company from continuing operations, adjusted diluted earnings per share (or adjusted EPS) from continuing operations, earnings before interest, taxes, depreciation and amortization (or EBITDA), EBITDA from continuing operations, adjusted EBITDA, adjusted EBITDA from continuing operations and cash from operations before changes in working capital provide additional information to investors and others about its operations, allowing an evaluation of underlying operating performance or liquidity, and better period-to-period comparability. These measures do not and should not be considered as alternatives to net income from continuing operations, income (loss) before income taxes from continuing operations, diluted earnings (loss) per share from continuing operations attributable to The Andersons, Inc. common shareholders or cash provided by (used in) operating activities as determined by generally accepted accounting principles. Reconciliations of the GAAP to non-GAAP measures may be found within the financial tables in the appendix.

# Speakers

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**Pat Bowe**

President and Chief Executive Officer

**Brian Valentine**

Executive Vice President and Chief Financial Officer

**Mike Hoelter**

Vice President, Corporate Controller and Investor Relations

# First Quarter Highlights



Managed through volatility and global disruptions; rising commodity prices with lower basis values created strong ownership positions



Seasonally low driving demand offset by continued strength in corn oil margins and merchandising activities



Continued solid fertilizer margins on higher prices, tight supplies, and well-positioned inventory

# Key Financial Data – First Quarter 2022

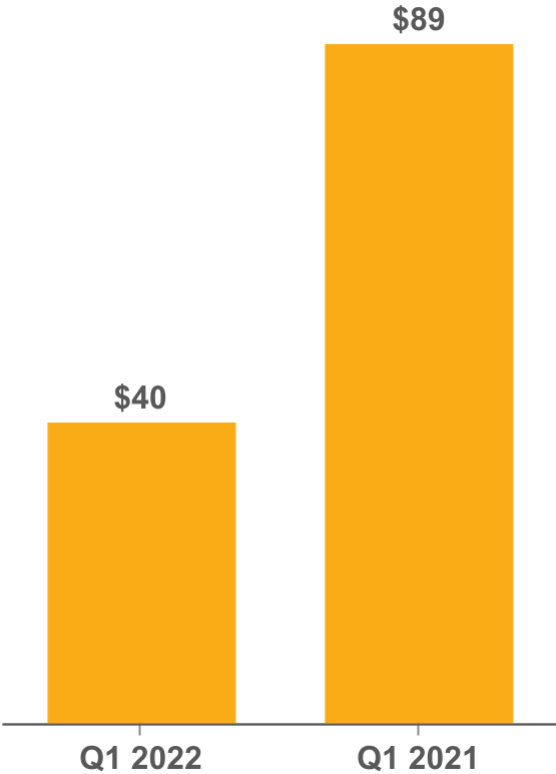


\$ In millions except per share and ratio data	YTD '22	YTD '21	VPY
Sales and merchandising revenues	\$3,978.0	\$2,594.7	\$1,383.3
Gross profit	119.5	113.4	6.1
Operating, administrative and general expenses	102.0	97.0	5.0
Income before income taxes attributable to The Andersons, Inc. <sup>1,2</sup>	10.2	16.0	(5.8)
Adjusted income before income taxes attributable to The Andersons, Inc. <sup>1,2</sup>	10.2	16.4	(6.2)
Net income attributable to The Andersons, Inc. <sup>1,2</sup>	6.1	11.6	(5.5)
Adjusted net income attributable to The Andersons, Inc. <sup>1,2</sup>	6.1	12.0	(5.9)
Diluted earnings per share (EPS) <sup>2</sup>	0.18	0.35	(0.17)
Adjusted EPS <sup>1,2</sup>	0.18	0.36	(0.18)
Depreciation and amortization <sup>2</sup>	34.4	38.6	(4.2)
EBITDA <sup>1,2</sup>	55.8	62.7	(6.9)
Adjusted EBITDA <sup>1,2</sup>	55.8	63.2	(7.4)
Effective tax rate <sup>2</sup>	38.7%	30.9%	7.8%

# Cash, Liquidity, and Long-term Debt



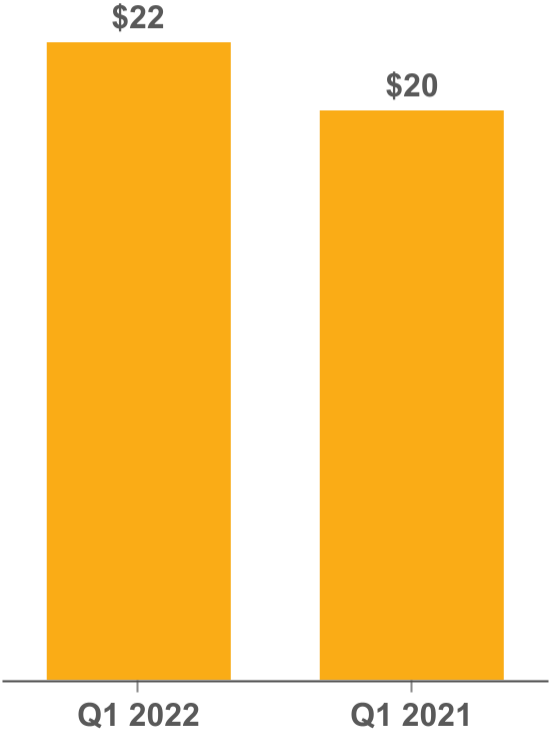
Cash from Operations Before Working Capital Changes<sup>1</sup>  
(in millions)



Short-term Debt vs. RMI  
(in millions)



Capital Spending<sup>2</sup>  
(in millions)



Total Long-term Debt  
(in millions)



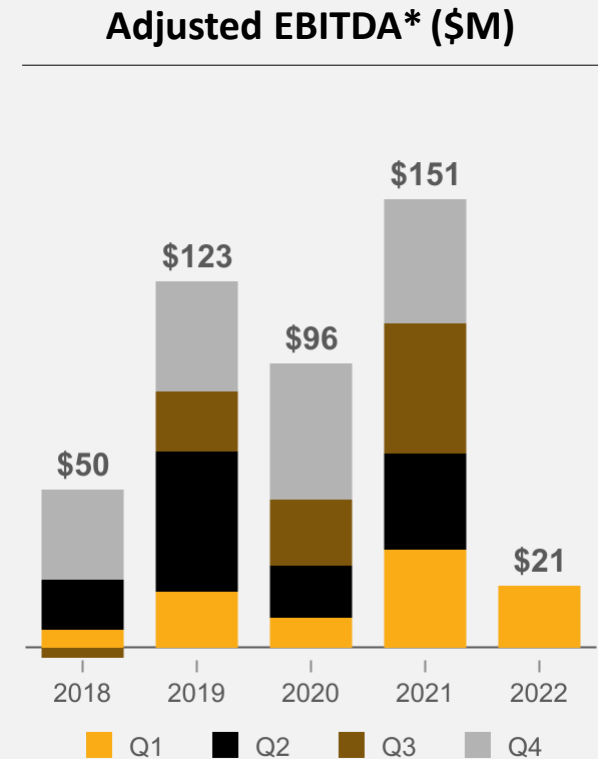
<sup>1</sup> Non-GAAP financial measure; see appendix for reconciliations. <sup>2</sup> Measure derived from purchases of PPE, capitalized software and investments from continuing operations of the company

# Trade — Q1 '22 Highlights



- Significant increase in commodity prices, driving corn and bean basis to depreciate dramatically
- Lower basis allowed for new ownership at favorable values; good physical wheat positions
- Propane business down \$4.3 million, as prior year benefited from frigid weather in central U.S.

Unaudited in \$M	YTD '22	YTD '21	VPY
Revenues	<b>\$3,084.7</b>	\$1,982.5	\$1,102.2
Gross Profit	<b>67.6</b>	72.6	(5.0)
Pretax Income (loss)	<b>3.7</b>	13.9	(10.2)
Adjusted Pretax Income (loss)*	<b>3.7</b>	14.3	(10.6)
EBITDA*	<b>20.8</b>	32.0	(11.2)
Adjusted EBITDA*	<b>20.8</b>	32.5	(11.7)



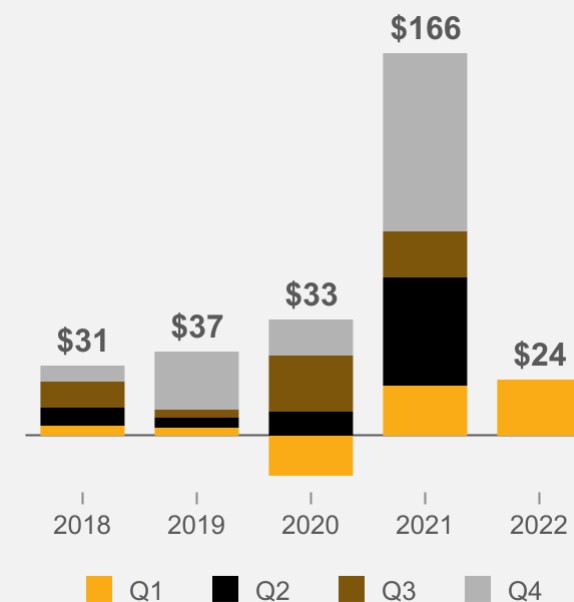
# Renewables — Q1 '22 Highlights



- Ethanol crush margin improvement from Q1 2021
- Strong renewable diesel feedstock results and continued high co-product values
- Mark-to-market losses of \$8.3 million, most of which is expected to reverse in Q2

Unaudited in \$M	YTD '22	YTD '21	VPY
Revenues	\$683.2	\$443.0	\$240.2
Gross Profit (Loss)	15.2	8.5	6.7
Pretax Income (Loss)	6.0	1.1	4.9
Pretax Income (Loss) Attributable to Noncontrolling Interest	0.4	(1.8)	2.2
Pretax Income Attributable to The Andersons, Inc.*	5.5	2.9	2.6
EBITDA*	24.4	22.0	2.4

Adjusted EBITDA\* (\$M)



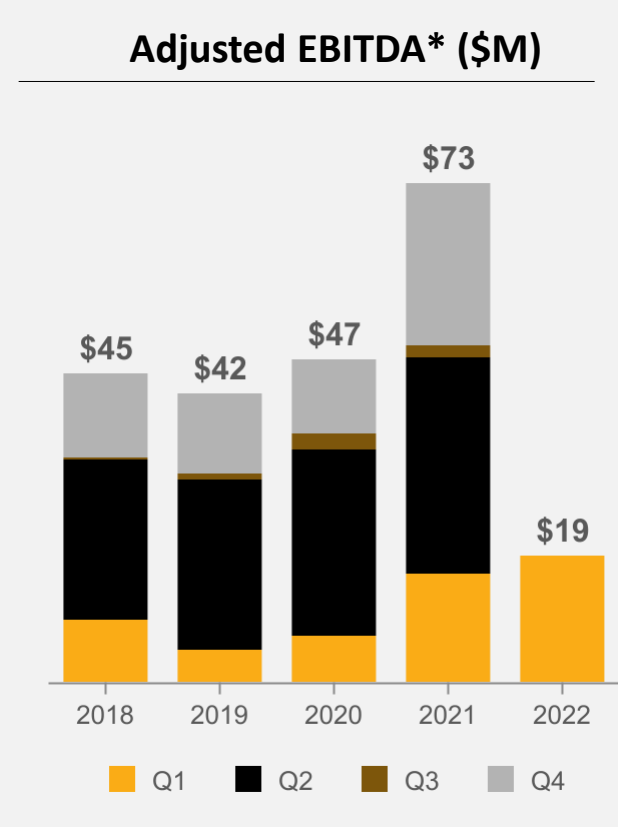


# Plant Nutrient — Q1 '22 Highlights



- Strong execution and well-positioned inventory drove record results
- Ag supply chain and specialty liquids businesses improved on higher margins
- Manufactured products continue to be impacted by inflation of raw materials and labor constraints

Unaudited in \$M	YTD '22	YTD '21	VPY
Revenues	\$210.0	\$169.3	\$40.7
Gross Profit	36.7	32.4	4.3
Pretax Income	10.7	8.5	2.2
EBITDA*	18.8	16.0	2.8



# 2022 Outlook



Well-positioned to capture strong grain elevation margins and growth across our diverse portfolio in commodity markets in a supply-constrained environment

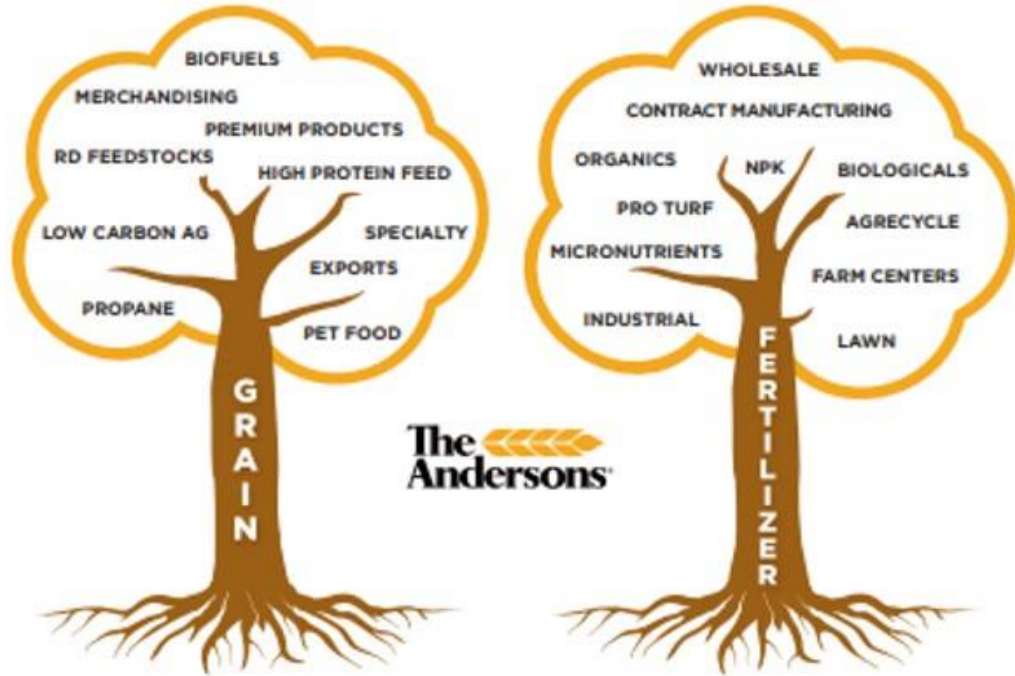


Continue to build renewable diesel feedstock business; expect rebounding crush margins with increased exports and driving demand



Anticipate solid margin opportunities with continued limited fertilizer supply and well-positioned inventory through the spring application season

# Strategy for Growth



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

Innovation to drive growth in sustainable ag

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

Disciplined capital allocation strategy, strong and flexible balance sheet

## STRATEGIC GROWTH IN CORE GRAIN AND FERTILIZER VERTICALS

- Fixed-asset light in areas of Carbon, International Ag Supply, Propane, Proteins, and M&A
- Premium products focused on food and feed, considering evolving trends of food sustainability factors
- Biofuels, including renewable diesel feedstocks and plant efficiency
- Organic and disciplined M&A growth in fertilizers



# Q&A Session



Thank you for joining us.  
Our next earnings call is scheduled for  
August 3, 2022,  
at 11 a.m. EDT.



# Appendix

# Non-GAAP Reconciliation — Adjusted net income (loss) attributable to The Andersons, Inc.

(unaudited)



	Three months ended March 31,	
	2022	2021
(in thousands, except per share data)		
Net income from continuing operations	\$ 6,504	\$ 9,755
Net income (loss) attributable to noncontrolling interests	447	(1,845)
Net income from continuing operations attributable to The Andersons, Inc.	6,057	11,600
Adjustments:		
Transaction related stock compensation	—	483
Income tax impact of adjustments	—	(121)
Total adjusting items, net of tax	—	362
Adjusted net income from continuing operations attributable to The Andersons, Inc.	\$ 6,057	\$ 11,962
Diluted earnings from continuing operations attributable to The Andersons, Inc. common shareholders	\$ 0.18	\$ 0.35
Impact on diluted earnings per share from continuing operations	\$ —	\$ 0.01
Adjusted diluted earnings from continuing operations per share	\$ 0.18	\$ 0.36

# Non-GAAP Reconciliation — Year to Date Segment Data



(unaudited)

(in thousands)

## Three months ended March 31, 2022

	Trade	Renewables	Plant Nutrient	Other	Total
Sales and merchandising revenues	\$ 3,084,681	\$ 683,231	\$ 210,042	\$ —	\$ 3,977,954
Gross profit	67,619	15,191	36,725	—	119,535
Operating, administrative and general expenses	59,543	7,890	25,325	9,229	101,987
Other income (loss), net	4,024	428	804	(1,094)	4,162
<b>Income (loss) before income taxes from continuing operations</b>	<b>3,669</b>	<b>5,962</b>	<b>10,743</b>	<b>(9,767)</b>	<b>10,607</b>
Income attributable to the noncontrolling interests	—	447	—	—	447
<b>Income (loss) before income taxes from continuing operations attributable to The Andersons, Inc. (a)</b>	<b>\$ 3,669</b>	<b>\$ 5,515</b>	<b>\$ 10,743</b>	<b>\$ (9,767)</b>	<b>\$ 10,160</b>

## Three months ended March 31, 2021

Sales and merchandising revenues	\$ 1,982,508	\$ 442,959	\$ 169,252	\$ —	\$ 2,594,719
Gross profit	72,557	8,483	32,401	—	113,441
Operating, administrative and general expenses	56,931	6,656	23,399	10,012	96,998
Other income (loss), net	3,486	1,327	587	468	5,868
<b>Income (loss) before income taxes from continuing operations</b>	<b>13,855</b>	<b>1,081</b>	<b>8,523</b>	<b>(9,343)</b>	<b>14,116</b>
Loss attributable to the noncontrolling interests	—	(1,845)	—	—	(1,845)
<b>Income (loss) before income taxes from continuing operations attributable to The Andersons, Inc. (a)</b>	<b>13,855</b>	<b>2,926</b>	<b>8,523</b>	<b>(9,343)</b>	<b>15,961</b>
Adjustments to income (loss) before income taxes from continuing operations (b)	483	—	—	—	483
<b>Adjusted income (loss) before income taxes from continuing operations attributable to The Andersons, Inc. (a)</b>	<b>\$ 14,338</b>	<b>\$ 2,926</b>	<b>\$ 8,523</b>	<b>\$ (9,343)</b>	<b>\$ 16,444</b>

(a) Income (loss) from continuing operations before income taxes attributable to The Andersons, Inc. for each operating segment is defined as net sales and merchandising revenues plus identifiable other income less all identifiable operating expenses, including interest expense for carrying working capital and long-term assets and is reported net of the noncontrolling interest share of income.

(b) Additional information on the individual adjustments that are included in the adjustments to income (loss) from continuing operations before income taxes can be found in the Reconciliation to EBITDA and Adjusted EBITDA table.



# Non-GAAP Reconciliation — Year to Date EBITDA and Adjusted EBITDA



(unaudited)

(in thousands)	Continuing Operations					Discontinued Operations		Total Company
	Trade	Renewables	Plant Nutrient	Other	Total	Rail		
<b>Three months ended March 31, 2022</b>								
Net Income (Loss)	\$ 3,669	\$ 5,962	\$ 10,743	\$ (13,870)	\$ 6,504	\$ (554)	\$ 5,950	
Interest expense (income)	8,187	1,767	1,461	(556)	10,859	—	10,859	
Income tax provision	—	—	—	4,103	4,103	1,292	5,395	
Depreciation and amortization	8,974	16,639	6,579	2,185	34,377	—	34,377	
<b>EBITDA</b>	<b>\$ 20,830</b>	<b>\$ 24,368</b>	<b>\$ 18,783</b>	<b>\$ (8,138)</b>	<b>\$ 55,843</b>	<b>\$ 738</b>	<b>\$ 56,581</b>	
<b>Three months ended March 31, 2021</b>								
Net Income (Loss)	\$ 13,855	\$ 1,081	\$ 8,523	\$ (13,704)	\$ 9,755	\$ 3,507	\$ 13,262	
Interest expense (income)	7,051	2,073	1,066	(201)	9,989	3,180	13,169	
Income tax provision	—	—	—	4,361	4,361	1,384	5,745	
Depreciation and amortization	11,125	18,814	6,381	2,297	38,617	8,887	47,504	
<b>EBITDA</b>	<b>32,031</b>	<b>21,968</b>	<b>15,970</b>	<b>(7,247)</b>	<b>62,722</b>	<b>16,958</b>	<b>79,680</b>	
Adjusting items impacting EBITDA:								
Transaction related stock compensation	483	—	—	—	483	—	483	
Total adjusting items	483	—	—	—	483	—	483	
<b>Adjusted EBITDA</b>	<b>\$ 32,514</b>	<b>\$ 21,968</b>	<b>\$ 15,970</b>	<b>\$ (7,247)</b>	<b>\$ 63,205</b>	<b>\$ 16,958</b>	<b>\$ 80,163</b>	

# Non-GAAP Reconciliation — Cash from Operations Before Working Capital Changes



(unaudited)

	Three months ended March 31,	
	2022	2021
(in thousands, except per share data)		
Cash provided by (used in) operating activities	\$ (1,074,998)	\$ (445,727)
Changes in operating assets and liabilities		
Accounts receivable	(215,012)	(33,476)
Inventories	(136,820)	5,007
Commodity derivatives	(277,761)	(53,295)
Other assets	(38,810)	16,740
Payables and accrued expenses	(446,096)	(441,921)
<b>Total changes to operating assets and liabilities</b>	<b>(1,114,499)</b>	<b>(506,945)</b>
Adjusting items impacting cash from operations before working capital changes:		
Changes in CARES Act tax refund receivable	—	27,697
<b>Cash from operations before working capital changes</b>	<b>\$ 39,501</b>	<b>\$ 88,915</b>