



# Third Quarter Earnings Call

November 2, 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 pretax income (loss) from continuing operations attributable to the company; adjusted pretax income (loss) from continuing operations attributable to the company; adjusted pretax income (loss) from continuing operations; adjusted net income from continuing operations attributable to the company; 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

# Third Quarter Highlights



Strong elevation margins and solid execution of merchandising opportunities drove outstanding third quarter earnings



Continued strength in corn oil values; Plant performance and margins contributed to year-over-year improvement



Solid fertilizer margins in core agricultural products; Lawn product results down on lower demand and inventory adjustments

# Key Financial Data – Third Quarter 2022



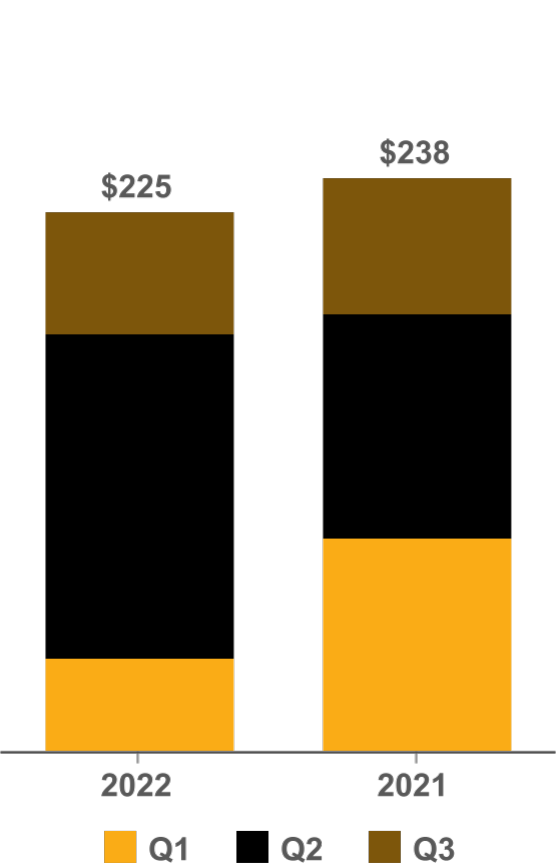
\$ In millions except per share and ratio data

	Q3 '22	Q3 '21	VPY	YTD '22	YTD '21	VPY
Sales and merchandising revenues	\$4,219.3	\$2,998.8	\$1,220.5	\$12,647.9	\$8,829.3	\$3,818.6
Gross profit	163.8	121.8	42.0	514.1	398.7	115.4
Operating, administrative and general expenses	115.5	110.3	5.2	330.1	312.8	17.3
Pretax income from continuing operations	34.7	16.3	18.4	163.5	84.1	79.4
Pretax income from continuing operations attributable to The Andersons, Inc. <sup>1</sup>	27.2	17.9	9.3	133.7	85.0	48.7
Adjusted pretax income from continuing operations attributable to The Andersons, Inc. <sup>1</sup>	27.2	6.3	20.9	134.3	74.1	60.2
Net income from continuing operations attributable to The Andersons, Inc.	17.4	13.9	3.5	104.0	66.9	37.1
Adjusted net income from continuing operations attributable to The Andersons, Inc. <sup>1</sup>	17.4	5.2	12.2	105.6	58.8	46.8
Diluted earnings per share from continuing operations (EPS)	0.50	0.41	0.09	3.02	1.99	1.03
Adjusted diluted earnings per share from continuing operations (Adjusted EPS) <sup>1</sup>	0.50	0.15	0.35	3.07	1.75	1.32
EBITDA from continuing operations <sup>1</sup>	83.0	67.9	15.1	307.5	233.4	74.1
Adjusted EBITDA from continuing operations <sup>1</sup>	83.0	56.3	26.7	308.2	222.5	85.7
Effective tax rate from continuing operations	28.3%	24.7%	3.6%	18.2%	21.5%	(3.3)%

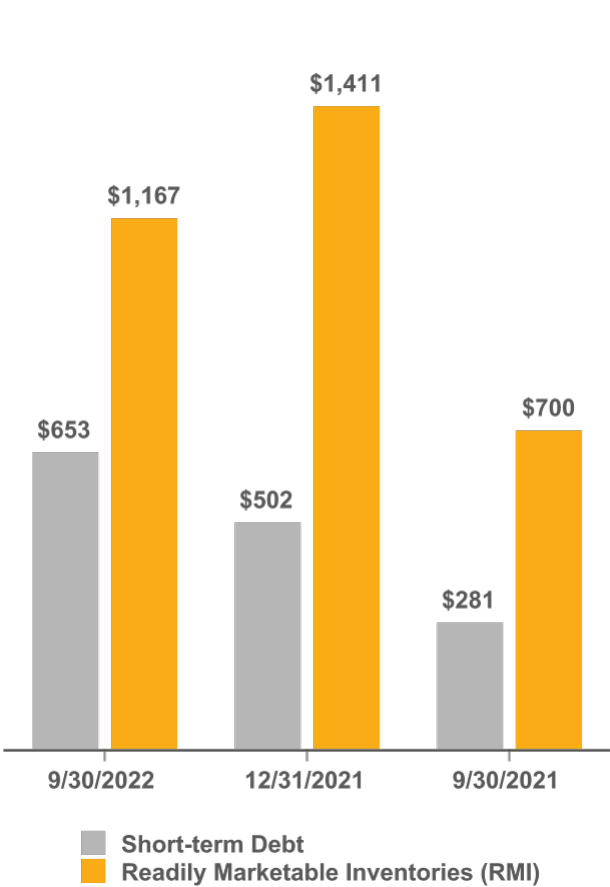
# Cash, Liquidity, and Long-term Debt



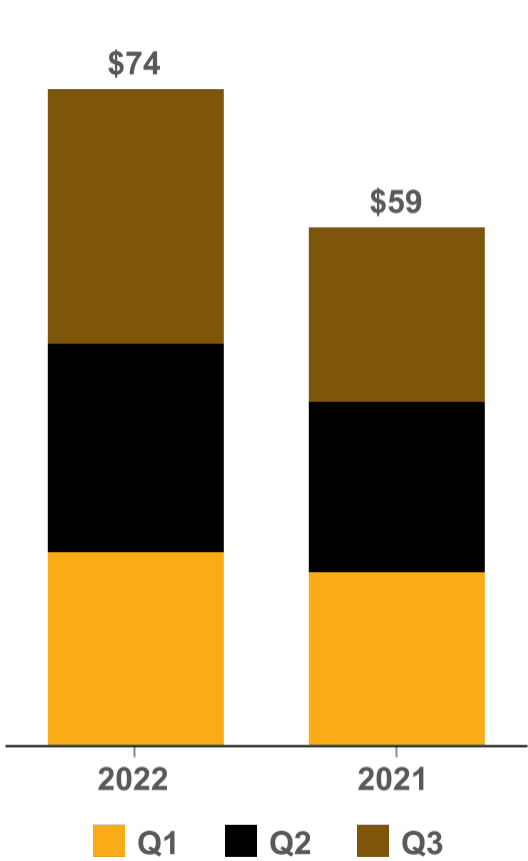
Cash from Operations Before Working Capital Changes<sup>1</sup>  
(in millions)



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.

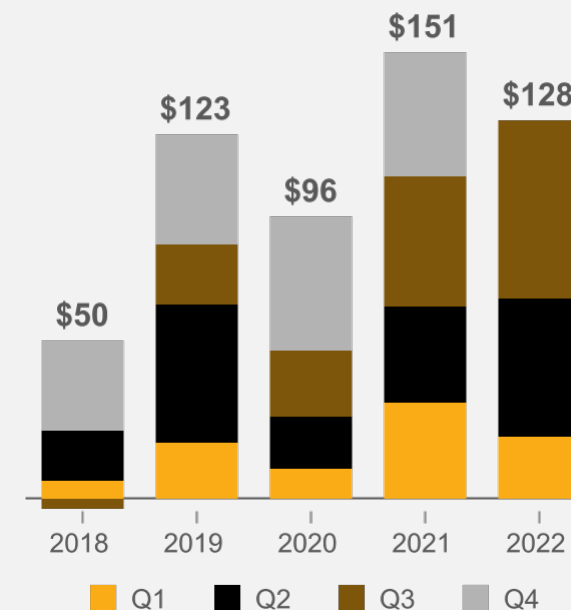
# Trade — Q3 '22 Highlights



- Merchandising income optimized from strong execution across our broad portfolio, including new business growth
- Grain assets realized strong elevation margins and space income
- Solid margins on well-positioned feed ingredients inventories

Unaudited in \$M	Q3 '22	Q3 '21	VPY	YTD '22	YTD '21	VPY
Revenues	<b>\$3,240.5</b>	\$2,242.1	\$998.4	<b>\$9,423.0</b>	\$6,522.5	\$2,900.5
Gross Profit	<b>124.4</b>	98.2	26.2	<b>294.0</b>	248.6	45.4
Pretax Income	<b>40.7</b>	42.0	(1.3)	<b>68.0</b>	69.6	(1.6)
Adjusted Pretax Income*	<b>40.7</b>	27.6	13.1	<b>68.7</b>	56.0	12.7
EBITDA*	<b>60.5</b>	58.3	2.2	<b>127.2</b>	122.7	4.5
Adjusted EBITDA*	<b>60.5</b>	43.9	16.6	<b>127.9</b>	109.1	18.8

Adjusted EBITDA\* (\$M)



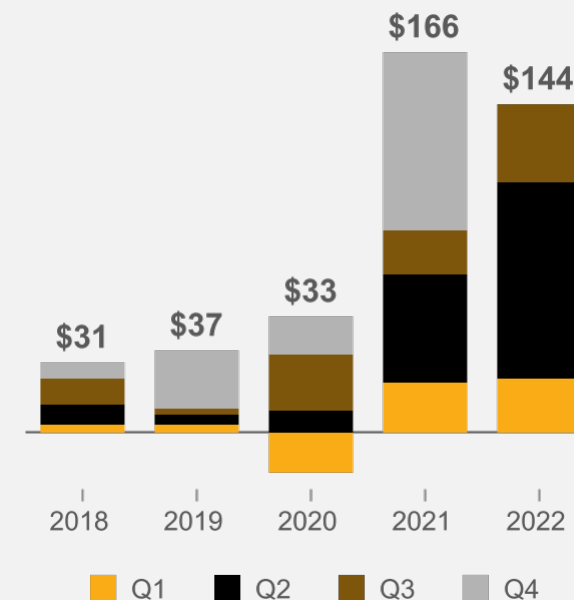
# Renewables — Q3 '22 Highlights



- Continued high co-product values and merchandising results
- Ethanol margin and yield improvement from Q3 2021
- Renewable diesel feedstock merchandising continues to grow

Unaudited in \$M	Q3 '22	Q3 '21	VPY	YTD '22	YTD '21	VPY
Revenues	\$814.9	\$614.6	\$200.3	\$2,380.7	\$1,674.1	\$706.6
Gross Profit	24.7	5.8	18.9	99.8	49.0	50.8
Pretax Income	15.9	(5.2)	21.1	89.6	22.0	67.6
Pretax Income (Loss) Attributable to The Andersons, Inc.*	8.4	(3.6)	12.0	59.8	22.8	37.0
EBITDA*	34.0	19.2	14.8	144.0	88.4	55.6

Adjusted EBITDA\* (\$M)





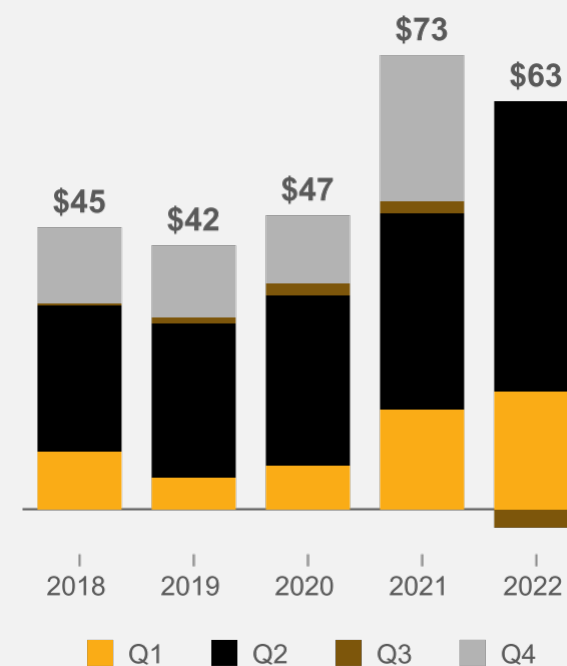
# Plant Nutrient — Q3 '22 Highlights



- Strong core wholesale nutrient and farm center performance as higher margins offset lower volumes
- Lawn products negatively impacted by lower demand and inventory challenges

Unaudited in \$M	Q3 '22	Q3 '21	VPY	YTD '22	YTD '21	VPY
Revenues	\$163.9	\$142.1	\$21.8	\$844.2	\$632.7	\$211.5
Gross Profit	14.7	17.9	(3.2)	120.4	101.1	19.3
Pretax Income	(11.6)	(5.8)	(5.8)	37.4	26.7	10.7
EBITDA*	(3.1)	1.8	(4.9)	62.5	49.4	13.1

Adjusted EBITDA\* (\$M)



# Outlook



Well-positioned to capture value and growth across our diverse portfolio in commodity markets with expected ongoing strong fundamentals



Our plants are geographically advantaged despite weakening forward ethanol crush margins; Co-product values expected to remain high



Strong farm income and fall conditions expected to support fall application rates and 2023 purchase decisions; Expect lawn products demand to remain pressured



# Q&A Session



Thank you for joining us.  
Our next earnings call is scheduled for  
February 15, 2023,  
at 11 a.m. EST.



# Appendix

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

(unaudited)



	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
(in thousands, except per share data)				
Net income from continuing operations	\$ 24,880	\$ 12,290	\$ 133,784	\$ 66,069
Net income (loss) attributable to noncontrolling interests	7,524	(1,602)	29,827	(822)
Net income from continuing operations attributable to The Andersons, Inc.	17,356	13,892	103,957	66,891
Adjustments:				
Gain on sale of frac sand assets	—	—	(3,762)	—
Impairment on equity method and cost method investments	—	2,784	4,455	2,784
Gain on sale of a business	—	(14,619)	—	(14,619)
Transaction related stock compensation	—	243	—	1,000
Income tax impact of adjustments <sup>1</sup>	—	2,898	940	2,709
Total adjusting items, net of tax	—	(8,694)	1,633	(8,126)
Adjusted net income from continuing operations attributable to The Andersons, Inc.	\$ 17,356	\$ 5,198	\$ 105,590	\$ 58,765
Diluted earnings per share from continuing operations attributable to The Andersons, Inc. common shareholders	\$ 0.50	\$ 0.41	\$ 3.02	\$ 1.99
Impact on diluted earnings (loss) per share from continuing operations	\$ —	\$ (0.26)	\$ 0.05	\$ (0.24)
Adjusted diluted earnings per share from continuing operations	\$ 0.50	\$ 0.15	\$ 3.07	\$ 1.75

<sup>1</sup> The income tax impact of adjustments is taken at the statutory tax rate of 25% with the exception of the impairment on the equity method investment of \$4.5 million for the nine months ended September 30, 2022 which had no income tax impact.

# Non-GAAP Reconciliation — Quarter to Date Segment Data



(unaudited)

(in thousands)

## Three months ended September 30, 2022

	Trade	Renewables	Plant Nutrient	Other	Total
Sales and merchandising revenues	\$ 3,240,526	\$ 814,923	\$ 163,876	\$ —	\$ 4,219,325
Gross profit	124,368	24,677	14,720	—	163,765
Operating, administrative and general expenses	73,347	7,053	25,427	9,712	115,539
Other income (loss), net	(262)	832	1,018	(794)	794
<b>Income (loss) before income taxes from continuing operations</b>	<b>40,658</b>	<b>15,901</b>	<b>(11,609)</b>	<b>(10,231)</b>	<b>34,719</b>
Income attributable to the noncontrolling interests	—	7,524	—	—	7,524
<b>Income (loss) before income taxes from continuing operations attributable to The Andersons, Inc. (a)</b>	<b>\$ 40,658</b>	<b>\$ 8,377</b>	<b>\$ (11,609)</b>	<b>\$ (10,231)</b>	<b>\$ 27,195</b>

## Three months ended September 30, 2021

Sales and merchandising revenues	\$ 2,242,131	\$ 614,637	\$ 142,056	\$ —	\$ 2,998,824
Gross profit	98,196	5,751	17,888	—	121,835
Operating, administrative and general expenses	67,590	10,014	22,883	9,788	110,275
Other income (loss), net	16,886	683	309	(4,072)	13,806
<b>Income (loss) before income taxes from continuing operations</b>	<b>41,999</b>	<b>(5,238)</b>	<b>(5,832)</b>	<b>(14,612)</b>	<b>16,317</b>
Income (loss) attributable to the noncontrolling interests	—	(1,602)	—	—	(1,602)
<b>Income (loss) before income taxes from continuing operations attributable to The Andersons, Inc. (a)</b>	<b>41,999</b>	<b>(3,636)</b>	<b>(5,832)</b>	<b>(14,612)</b>	<b>17,919</b>
Adjustments to income (loss) before income taxes from continuing operations (b)	(14,376)	—	—	2,784	(11,592)
<b>Adjusted income (loss) before income taxes from continuing operations attributable to The Andersons, Inc. (a)</b>	<b>\$ 27,623</b>	<b>\$ (3,636)</b>	<b>\$ (5,832)</b>	<b>\$ (11,828)</b>	<b>\$ 6,327</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 Segment Data



(unaudited)

(in thousands)

## Nine months ended September 30, 2022

	Trade	Renewables	Plant Nutrient	Other	Total
Sales and merchandising revenues	\$ 9,422,974	\$ 2,380,721	\$ 844,201	\$ —	\$ 12,647,896
Gross profit	293,981	99,756	120,404	—	514,141
Operating, administrative and general expenses	195,867	23,533	80,343	30,342	330,085
Other income (loss), net	7,745	19,750	2,688	(2,401)	27,782
Income (loss) before income taxes from continuing operations	67,993	89,639	37,445	(31,598)	163,479
Income attributable to the noncontrolling interests	—	29,827	—	—	29,827
Income (loss) before income taxes from continuing operations attributable to The Andersons, Inc. (a)	\$ 67,993	\$ 59,812	\$ 37,445	\$ (31,598)	\$ 133,652
Adjustments to income (loss) before income taxes from continuing operations (b)	693	—	—	—	693
Adjusted income (loss) before income taxes from continuing operations attributable to The Andersons, Inc. (a)	\$ 68,686	\$ 59,812	\$ 37,445	\$ (31,598)	\$ 134,345

## Nine months ended September 30, 2021

Sales and merchandising revenues	\$ 6,522,508	\$ 1,674,123	\$ 632,717	\$ —	\$ 8,829,348
Gross profit	248,584	48,950	101,149	—	398,683
Operating, administrative and general expenses	186,035	23,247	72,850	30,701	312,833
Other income (loss), net	24,439	2,048	1,745	(3,489)	24,743
Income (loss) before income taxes from continuing operations	69,631	21,999	26,686	(34,182)	84,134
Income (loss) attributable to the noncontrolling interests	—	(822)	—	—	(822)
Income (loss) before income taxes from continuing operations attributable to The Andersons, Inc. (a)	69,631	22,821	26,686	(34,182)	84,956
Adjustments to income (loss) before income taxes from continuing operations (b)	(13,619)	—	—	2,784	(10,835)
Adjusted income (loss) before income taxes from continuing operations attributable to The Andersons, Inc. (a)	\$ 56,012	\$ 22,821	\$ 26,686	\$ (31,398)	\$ 74,121

(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 — Quarter 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 September 30, 2022</b>								
Net Income (Loss)	\$ 40,658	\$ 15,901	\$ (11,609)	\$ (20,070)	\$ 24,880	\$ 19,392	\$ 44,272	
Interest expense (income)	10,782	2,555	1,920	(275)	14,982	—	14,982	
Income tax provision	—	—	—	9,839	9,839	5,826	15,665	
Depreciation and amortization	9,011	15,501	6,626	2,184	33,322	—	33,322	
<b>EBITDA</b>	<b>\$ 60,451</b>	<b>\$ 33,957</b>	<b>\$ (3,063)</b>	<b>\$ (8,322)</b>	<b>\$ 83,023</b>	<b>\$ 25,218</b>	<b>\$ 108,241</b>	
<b>Three months ended September 30, 2021</b>								
Net Income (Loss)	\$ 41,999	\$ (5,238)	\$ (5,832)	\$ (18,639)	\$ 12,290	\$ 1,846	\$ 14,136	
Interest expense (income)	5,243	1,658	1,146	752	8,799	2,139	10,938	
Income tax provision (benefit)	—	—	—	4,027	4,027	(2,777)	1,250	
Depreciation and amortization	11,037	22,811	6,508	2,455	42,811	4,172	46,983	
<b>EBITDA</b>	<b>58,279</b>	<b>19,231</b>	<b>1,822</b>	<b>(11,405)</b>	<b>67,927</b>	<b>5,380</b>	<b>73,307</b>	
Adjusting items impacting EBITDA:								
Gain on sale of a business	(14,619)	—	—	—	(14,619)	—	(14,619)	
Transaction related stock compensation	243	—	—	—	243	—	243	
Impairment on equity method and cost	—	—	—	2,784	2,784	—	2,784	
Total adjusting items	(14,376)	—	—	2,784	(11,592)	—	(11,592)	
<b>Adjusted EBITDA</b>	<b>\$ 43,903</b>	<b>\$ 19,231</b>	<b>\$ 1,822</b>	<b>\$ (8,621)</b>	<b>\$ 56,335</b>	<b>\$ 5,380</b>	<b>\$ 61,715</b>	

# 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>Nine months ended September 30, 2022</b>							
Net Income (Loss)	\$ 67,993	\$ 89,639	\$ 37,445	\$ (61,293)	\$ 133,784	\$ 18,099	\$ 151,883
Interest expense (income)	32,269	6,334	5,304	(1,145)	42,762	—	42,762
Income tax provision	—	—	—	29,695	29,695	9,169	38,864
Depreciation and amortization	26,899	48,015	19,800	6,552	101,266	—	101,266
<b>EBITDA</b>	<b>127,161</b>	<b>143,988</b>	<b>62,549</b>	<b>(26,191)</b>	<b>307,507</b>	<b>27,268</b>	<b>334,775</b>
Adjusting items impacting EBITDA:							
Gain on sale of frac sand assets	(3,762)	—	—	—	(3,762)	—	(3,762)
Impairment on equity method and cost method investments	4,455	—	—	—	4,455	—	4,455
Total adjusting items	693	—	—	—	693	—	693
<b>Adjusted EBITDA</b>	<b>\$ 127,854</b>	<b>\$ 143,988</b>	<b>\$ 62,549</b>	<b>\$ (26,191)</b>	<b>\$ 308,200</b>	<b>\$ 27,268</b>	<b>\$ 335,468</b>
<b>Nine months ended September 30, 2021</b>							
Net Income (Loss)	\$ 69,631	\$ 21,999	\$ 26,686	\$ (52,247)	\$ 66,069	\$ 7,453	\$ 73,522
Interest expense (income)	19,746	5,752	3,358	(8)	28,848	8,714	37,562
Income tax provision (benefit)	—	—	—	18,065	18,065	(428)	17,637
Depreciation and amortization	33,317	60,608	19,345	7,107	120,377	21,760	142,137
<b>EBITDA</b>	<b>122,694</b>	<b>88,359</b>	<b>49,389</b>	<b>(27,083)</b>	<b>233,359</b>	<b>37,499</b>	<b>270,858</b>
Adjusting items impacting EBITDA:							
Gain on sale of a business	(14,619)	—	—	—	(14,619)	—	(14,619)
Transaction related stock compensation	1,000	—	—	—	1,000	—	1,000
Impairment on equity method and cost method investments	—	—	—	2,784	2,784	—	2,784
Total adjusting items	(13,619)	—	—	2,784	(10,835)	—	(10,835)
<b>Adjusted EBITDA</b>	<b>\$ 109,075</b>	<b>\$ 88,359</b>	<b>\$ 49,389</b>	<b>\$ (24,299)</b>	<b>\$ 222,524</b>	<b>\$ 37,499</b>	<b>\$ 260,023</b>

# Non-GAAP Reconciliation — Trailing Twelve Months of EBITDA and Adjusted EBITDA from Continuing Operations

(unaudited)



(in thousands)	Three Months Ended,			Twelve months ended	
	December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022	September 30, 2022
Net income from continuing operations	\$ 65,473	\$ 6,504	\$ 102,400	\$ 24,880	\$ 199,257
Interest expense	8,444	10,859	16,921	14,982	51,206
Tax provision	11,163	4,103	15,753	9,839	40,858
Depreciation and amortization	36,797	34,377	33,567	33,322	138,063
<b>EBITDA from continuing operations</b>	<b>121,877</b>	<b>55,843</b>	<b>168,641</b>	<b>83,023</b>	<b>429,384</b>
Adjusting items impacting EBITDA from continuing operations:					
Transaction related stock compensation	274	—	—	—	274
Asset impairment including equity method investments	8,321	—	4,455	—	12,776
Gain on sale of frac sand assets	—	—	(3,762)	—	(3,762)
Total adjusting items	8,595	—	693	—	9,288
<b>Adjusted EBITDA from continuing operations</b>	<b>\$ 130,472</b>	<b>\$ 55,843</b>	<b>\$ 169,334</b>	<b>\$ 83,023</b>	<b>\$ 438,672</b>

	Three Months Ended,			Twelve months ended	
	December 31, 2020	March 31, 2021	June 30, 2021	September 30, 2021	September 30, 2021
Net income from continuing operations	\$ 15,917	\$ 9,755	\$ 44,024	\$ 12,290	\$ 81,986
Interest expense	7,833	9,989	10,060	8,799	36,681
Tax provision (benefit)	7,718	4,361	9,677	4,027	25,783
Depreciation and amortization	38,568	38,617	38,949	42,811	158,945
<b>EBITDA from continuing operations</b>	<b>70,036</b>	<b>62,722</b>	<b>102,710</b>	<b>67,927</b>	<b>303,395</b>
Adjusting items impacting EBITDA from continuing operations:					
Transaction related stock compensation	946	483	274	243	1,946
Gain on sale of a business	—	—	—	(14,619)	(14,619)
Severance costs	528	—	—	—	528
Total adjusting items	1,474	483	274	(11,592)	(9,361)
<b>Adjusted EBITDA from continuing operations</b>	<b>\$ 71,510</b>	<b>\$ 63,205</b>	<b>\$ 102,984</b>	<b>\$ 56,335</b>	<b>\$ 294,034</b>

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



(unaudited)

	Three months ended		Nine months ended	
	2022	2021	2022	2021
(in thousands, except per share data)				
Cash provided by (used in) operating activities	\$ 568,429	\$ 364,561	\$ (153,370)	\$ 119,067
Changes in operating assets and liabilities				
Accounts receivable	148,330	(31,564)	(140,866)	(89,902)
Inventories	50,169	(123,641)	236,854	266,865
Commodity derivatives	84,189	91,950	(104,901)	(158,741)
Other current and non-current assets	(3,106)	(38,925)	2,000	(3,357)
Payables and other current and non-current liabilities	238,184	506,224	(371,219)	(10,659)
<b>Total changes to operating assets and liabilities</b>	<b>517,766</b>	<b>404,044</b>	<b>(378,132)</b>	<b>4,206</b>
Adjusting items impacting cash from operations before working capital changes:				
Changes in CARES Act tax refund receivable <sup>1</sup>	—	—	—	27,697
Changes in deferred income taxes as a result of the Rail leasing sale <sup>2</sup>	—	95,097	—	95,097
<b>Cash from operations before working capital changes</b>	<b>\$ 50,663</b>	<b>\$ 55,614</b>	<b>\$ 224,762</b>	<b>\$ 237,655</b>

<sup>1</sup> In 2020, the Company recorded a tax receivable of \$37.6 million related to the CARES Act within working capital, with a corresponding impact to deferred taxes and net income. The purpose for presenting this significant unusual item as an adjustment to cash from operations before working capital changes was to show the tax refund in the year that the cash was received. As the working capital accounts are excluded in the cash from operations before working capital changes calculation, the impact of the CARES Act to deferred taxes and net income would have made it appear that cash of \$37.6 million was received in 2020 when it was still to be collected. In view of that, we removed the \$37.6 million CARES Act tax refund receivable from our 2020 non-GAAP total and included \$27.7 million of cash tax refunds in 2021, the year the cash was received. The remaining \$9.9 million of the CARES Act tax receivable remains outstanding as of September 30, 2022.

<sup>2</sup> As a result of the Rail Leasing sale in the third quarter of the prior year, the Company reclassified a large portion of its deferred tax balance related to the accelerated depreciation of railcar assets to a tax payable. As the tax payable account resides within the "Payables and other current and non-current liabilities" it is removed in the Cash from operations before working capital calculation. Therefore, the change in the deferred balance related to the Rail Leasing sale must also be removed from the calculation to normalize the metric.