



# First Quarter Earnings Call

May 5, 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.

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), pretax income (loss) attributable to the company, adjusted pretax income (loss) attributable to the company, adjusted net income attributable to the company, adjusted diluted earnings per share (or adjusted EPS), earnings before interest, taxes, depreciation and amortization (or EBITDA), adjusted EBITDA 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, income (loss) before income taxes, diluted earnings (loss) per share 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

---



**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



Strong merchandising results driven by increased demand and market volatility;  
Cost reductions benefited results



Rebounding margins led to higher ethanol results; Strong high-protein feed and other co-product values more than offset rising corn input costs



Best first quarter since 2008, driven by early spring demand and well-positioned inventory; Continued demand for specialty and turf products



Improved results supported by higher scrap prices and credit recoveries

# Key Financial Data – First Quarter 2021



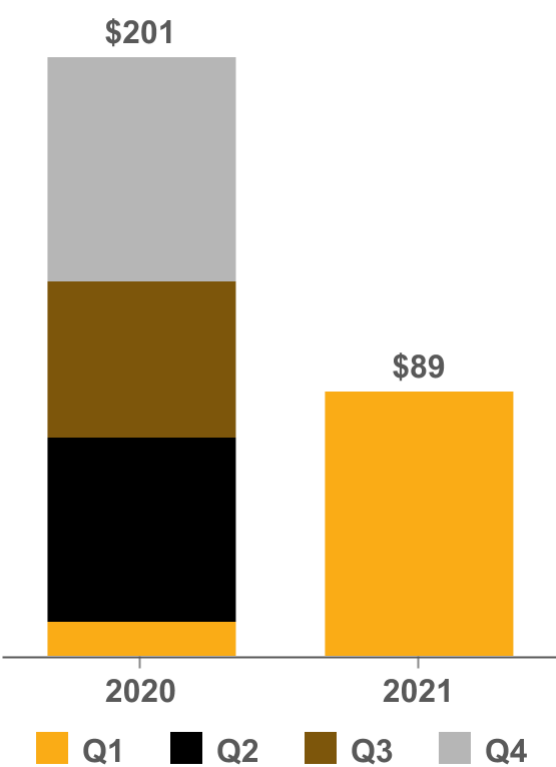
\$ In millions except per share and ratio data

	YTD '21	YTD '20	VPY
Sales and merchandising revenues	\$2,635.7	\$1,853.1	\$782.6
Gross profit	122.7	63.1	59.6
Operating, administrative and general expenses	99.9	105.1	(5.2)
Income (loss) before income taxes attributable to The Andersons, Inc.*	20.9	(39.1)	60.0
Adjusted income (loss) before income taxes attributable to The Andersons, Inc.*	21.3	(37.8)	59.1
Net income (loss) attributable to The Andersons, Inc.	15.1	(37.7)	52.8
Adjusted net income (loss) attributable to The Andersons, Inc.*	15.5	(43.2)	58.7
Diluted earnings (loss) per share (EPS)	0.45	(1.15)	1.60
Adjusted EPS*	0.46	(1.32)	1.78
Depreciation and amortization	47.5	46.9	0.6
EBITDA*	79.7	9.9	69.8
Adjusted EBITDA*	80.2	11.2	69.0
Effective tax rate	30.2%	2.8%	27.4%

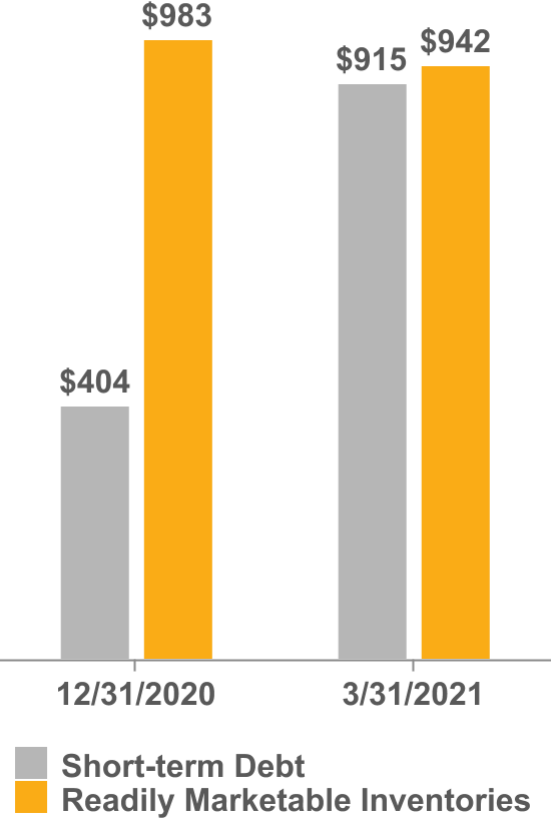
# Cash, Liquidity, and Long-term Debt



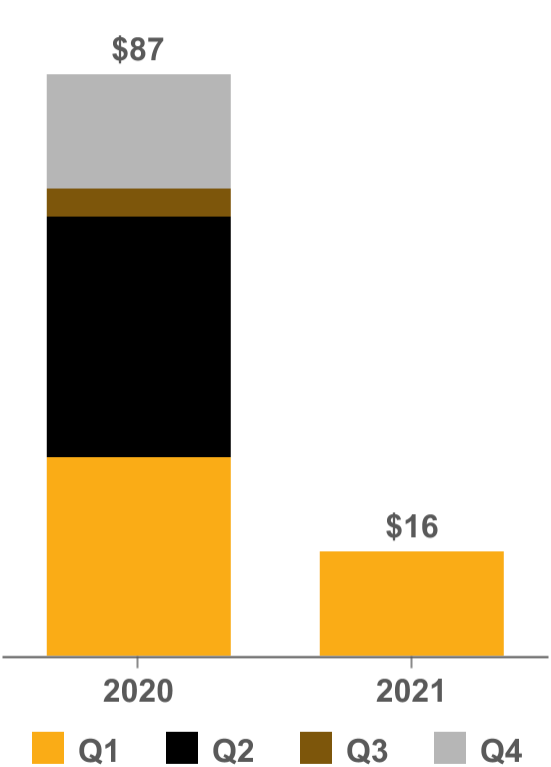
Cash from Operations Before Working Capital Changes\*  
(in millions)



Short-term Debt vs. RMI  
(in millions)



Net Capital Spending  
(in millions)



Total Long-term Debt  
(in millions)



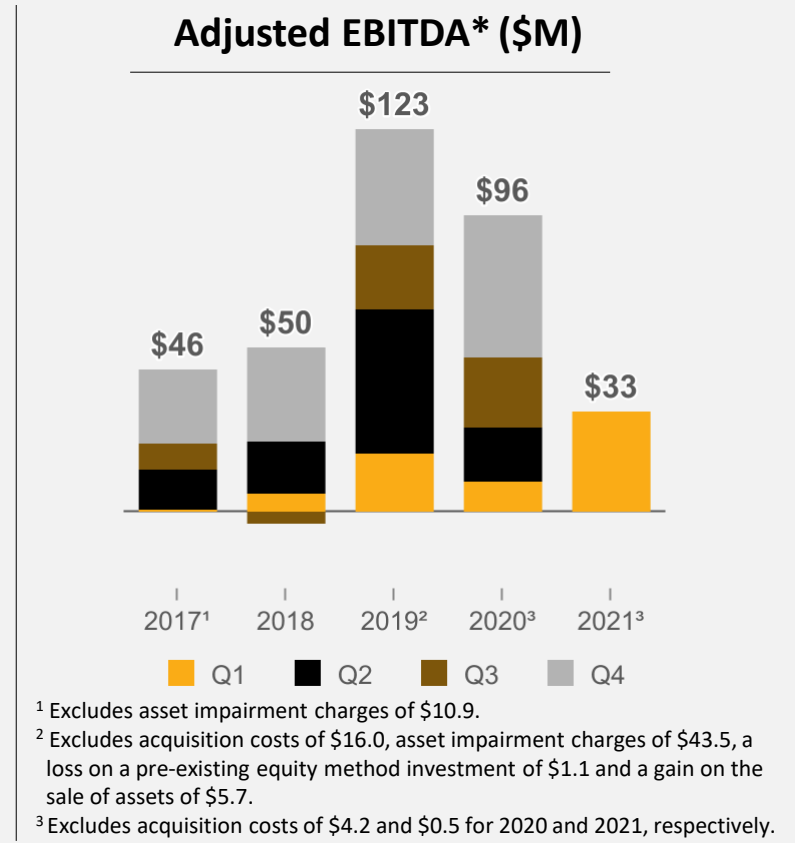
\* Non-GAAP financial measure; see appendix for reconciliations.

# Trade — Q1 '21 Highlights



- Merchandising income improved substantially due to strong demand and market volatility
- Merchandising margins replacing and exceeding traditional storage income
- Synergy capture and other cost-cutting efforts bolstered results

Unaudited in \$M	YTD '21	YTD '20	VPY
Revenues	\$1,982.5	\$1,378.0	\$604.5
Gross Profit	72.6	62.5	10.1
Pretax Income (loss)	13.9	(10.0)	23.9
Adjusted Pretax Income (loss)*	14.3	(8.7)	23.0
EBITDA*	32.0	8.5	23.5
Adjusted EBITDA*	32.5	9.9	22.6

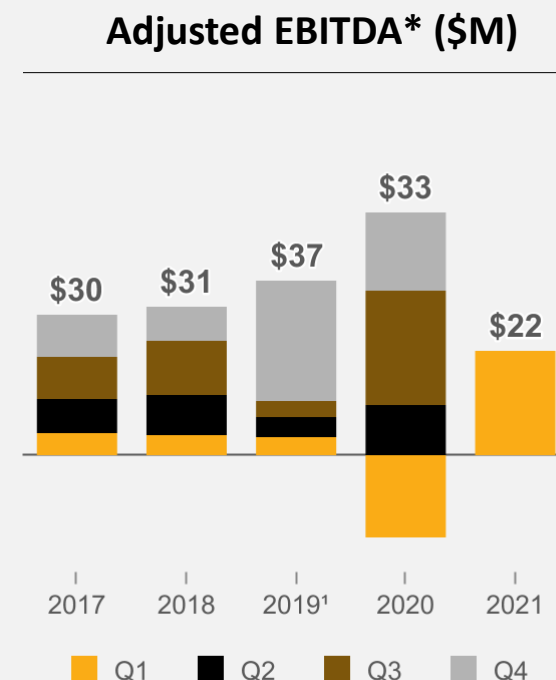


# Ethanol — Q1 '21 Highlights



- Driving demand returning, margins rebounding
- Co-product values, including high-protein feed, DDGs, and corn oil were significantly higher
- Ethanol and veg oil trading results remain very strong

Unaudited in \$M	YTD '21	YTD '20	VPY
Revenues	\$443.0	\$313.0	\$130.0
Gross Profit (Loss)	8.5	(29.4)	37.9
Pretax Income (Loss)	1.1	(37.4)	38.5
Pretax Income (Loss) Attributable to Noncontrolling Interest	(1.8)	(13.4)	11.6
Pretax Income Attributable to The Andersons, Inc.*	2.9	(24.0)	26.9
EBITDA*	22.0	(17.5)	39.5
Adjusted EBITDA*	22.0	(17.5)	39.5



<sup>1</sup> Excludes pretax gain on pre-existing investments in three former entities of \$36.3 and acquisition costs of \$1.3.



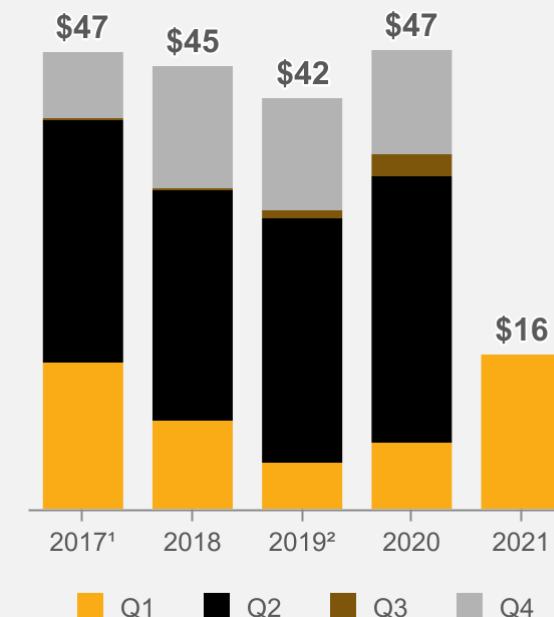
# Plant Nutrient — Q1 '21 Highlights



- Strong demand with well-positioned inventory led to best first quarter since 2008
- Robust sales across broad portfolio of products
- Improved volume and margins in Engineered Granules and Specialty Liquids

Unaudited in \$M	YTD '21	YTD '20	VPY
Revenues	\$169.3	\$124.9	\$44.4
Gross Profit	32.4	20.4	12.0
Pretax Income	8.5	(1.2)	9.7
Adjusted Pretax Income*	8.5	(1.2)	9.7
EBITDA*	16.0	6.9	9.1
Adjusted EBITDA*	16.0	6.9	9.1

Adjusted EBITDA\* (\$M)



<sup>1</sup> Excludes goodwill impairment charges of \$59.1.

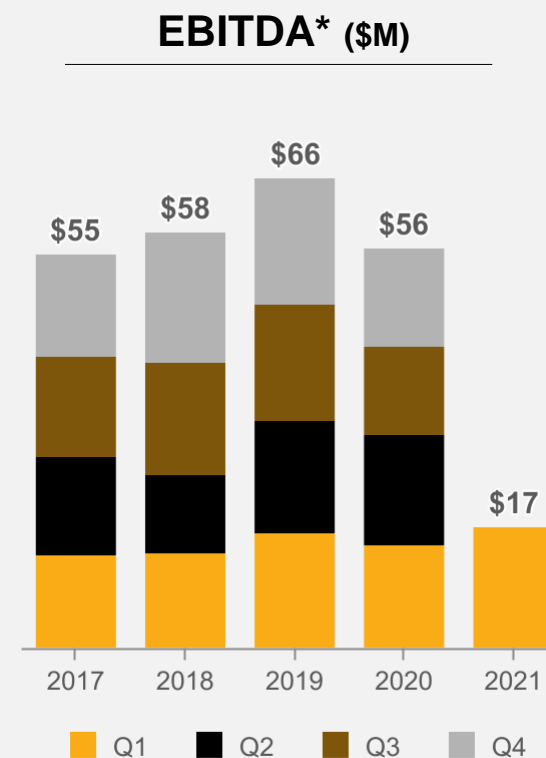
<sup>2</sup> Excludes asset impairment charges of \$2.2 and gain on the sale of a farm center for \$2.9.

# Rail — Q1 '21 Highlights



- Improved results from higher scrap prices and credit recoveries
- Signs of rail traffic improvement but lease rates remained below long-term averages

Unaudited in \$M	YTD '21	YTD '20	VPY
Revenues	<b>\$41.0</b>	\$37.1	\$3.9
Gross Profit	<b>9.3</b>	9.7	(0.4)
Pretax Income	<b>4.9</b>	1.0	3.9
EBITDA*	<b>17.0</b>	14.4	2.6



# 2021 Outlook



Merchandising opportunities are expected to remain strong with volatility, high producer selling, and export demand



Positive outlook on expected higher driving demand and anticipated ethanol margin improvement; Co-product margins expected to remain strong



Business fundamentals expected to remain solid, with strong demand anticipated across our product lines



Anticipate consistent cash flow generation with a slow recovery



# Q&A Session



Thank you for joining us.  
Our next earnings call is scheduled for  
Wednesday, August 4, 2021  
at 11 a.m. EDT



# Appendix

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

(unaudited)



	Three months ended March 31,	
	2021	2020
(in thousands, except per share data)		
Net income (loss) attributable to The Andersons, Inc.	\$ 15,107	\$ (37,662)
Items impacting other income, net of tax:		
Transaction related stock compensation	483	1,331
Income tax impact of adjustments (a)	(121)	(6,910)
Total adjusting items, net of tax	362	(5,579)
<b>Adjusted net income (loss) attributable to The Andersons, Inc.</b>	<b>\$ 15,469</b>	<b>\$ (43,241)</b>
<b>Diluted earnings (loss) attributable to The Andersons, Inc. common shareholders</b>	<b>\$ 0.45</b>	<b>\$ (1.15)</b>
Impact on diluted earnings (loss) per share	\$ 0.01	\$ (0.17)
<b>Adjusted diluted earnings (loss) per share</b>	<b>\$ 0.46</b>	<b>\$ (1.32)</b>

(a) Income tax adjustments include \$6.6 million due to CARES Act benefits and certain discrete items in the prior year.

# Non-GAAP Reconciliation — Year to Date Segment Data



(unaudited)

(in thousands)

## Three months ended March 31, 2021

	Trade	Ethanol	Plant Nutrient	Rail	Other	Total
Sales and merchandising revenues	\$ 1,982,508	\$ 442,959	\$ 169,252	\$ 41,010	\$ —	\$ 2,635,729
Gross profit	72,557	8,483	32,401	9,271	—	122,712
Operating, administrative and general expenses	56,931	6,656	23,399	2,874	10,012	99,872
Other income (loss), net	3,486	1,327	587	1,674	468	7,542
Income (loss) before income taxes	13,855	1,081	8,523	4,891	(9,343)	19,007
Loss attributable to the noncontrolling interests	—	(1,845)	—	—	—	(1,845)
Income (loss) before income taxes attributable to The Andersons, Inc. (a)	13,855	2,926	8,523	4,891	(9,343)	20,852
Adjustments to income (loss) before income taxes (b)	483	—	—	—	—	483
Adjusted income (loss) before income taxes attributable to The Andersons, Inc. (a)	\$ 14,338	\$ 2,926	\$ 8,523	\$ 4,891	\$ (9,343)	\$ 21,335

## Three months ended March 31, 2020

Sales and merchandising revenues	\$ 1,378,040	\$ 313,039	\$ 124,913	\$ 37,113	\$ —	\$ 1,853,105
Gross profit	62,466	(29,399)	20,364	9,699	—	63,130
Operating, administrative and general expenses	68,155	6,115	19,741	5,259	5,790	105,060
Other income (loss), net	2,765	446	(30)	1,050	582	4,813
Income (loss) before income taxes	(9,983)	(37,425)	(1,192)	1,007	(4,982)	(52,575)
Loss attributable to the noncontrolling interests	—	(13,449)	—	—	—	(13,449)
Income (loss) before income taxes attributable to The Andersons, Inc. (a)	(9,983)	(23,976)	(1,192)	1,007	(4,982)	(39,126)
Adjustments to income (loss) before income taxes (b)	1,331	—	—	—	—	1,331
Adjusted income (loss) before income taxes attributable to The Andersons, Inc. (a)	\$ (8,652)	\$ (23,976)	\$ (1,192)	\$ 1,007	\$ (4,982)	\$ (37,795)

(a) Income (loss) 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) 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)

	Trade	Ethanol	Plant Nutrient	Rail	Other	Total
<b>Three months ended March 31, 2021</b>						
Net Income (Loss)	\$ 13,855	\$ 1,081	\$ 8,523	\$ 4,891	\$ (15,088)	\$ 13,262
Interest expense (income)	7,051	2,073	1,066	3,180	(201)	13,169
Income tax provision (benefit)	—	—	—	—	5,745	5,745
Depreciation and amortization	11,125	18,814	6,381	8,887	2,297	47,504
<b>EBITDA</b>	<b>32,031</b>	<b>21,968</b>	<b>15,970</b>	<b>16,958</b>	<b>(7,247)</b>	<b>79,680</b>
Adjusting items impacting EBITDA:						
Transaction related stock compensation	483	—	—	—	—	483
Total adjusting items	483	—	—	—	—	483
<b>Adjusted EBITDA</b>	<b>\$ 32,514</b>	<b>\$ 21,968</b>	<b>\$ 15,970</b>	<b>\$ 16,958</b>	<b>\$ (7,247)</b>	<b>\$ 80,163</b>
<b>Three months ended March 31, 2020</b>						
Net Income (Loss)	\$ (9,983)	\$ (37,425)	\$ (1,192)	\$ 1,007	\$ (3,518)	\$ (51,111)
Interest expense (income)	7,188	2,357	1,785	4,483	(226)	15,587
Income tax provision (benefit)	—	—	—	—	(1,464)	(1,464)
Depreciation and amortization	11,344	17,551	6,341	8,919	2,743	46,898
<b>EBITDA</b>	<b>8,549</b>	<b>(17,517)</b>	<b>6,934</b>	<b>14,409</b>	<b>(2,465)</b>	<b>9,910</b>
Adjusting items impacting EBITDA:						
Transaction related stock compensation	1,331	—	—	—	—	1,331
Total adjusting items	1,331	—	—	—	—	1,331
<b>Adjusted EBITDA</b>	<b>\$ 9,880</b>	<b>\$ (17,517)</b>	<b>\$ 6,934</b>	<b>\$ 14,409</b>	<b>\$ (2,465)</b>	<b>\$ 11,241</b>

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



(unaudited)

	Three months ended March 31,	
	2021	2020
(in thousands, except per share data)		
Cash provided by (used in) operating activities	\$ (445,727)	\$ (228,430)
Changes in operating assets and liabilities		
Accounts receivable	(33,476)	(11,737)
Inventories	5,007	122,323
Commodity derivatives	(53,295)	1,231
Other assets	16,740	(10,887)
Payables and accrued expenses	(441,921)	(362,609)
<b>Total changes to operating assets and liabilities</b>	<b>(506,945)</b>	<b>(261,679)</b>
Less: changes in CARES Act tax refund receivable	27,697	(21,547)
<b>Cash from operations before working capital changes</b>	<b>\$ 88,915</b>	<b>\$ 11,702</b>