

# 2014

Annual Report



**And**  
*Beyond*

# FINANCIAL HIGHLIGHTS

## OPERATING RESULTS

	2014	2013	% Change
Sales and merchandising revenues	\$4,540,071	\$5,604,574	(19.0%)
Gross profit	397,139	365,225	8.7%
Equity in earnings of affiliates	96,523	68,705	40.5%
Other income, net	31,125	14,876	109.2%
Net income	122,645	95,702	28.2%
Net income attributable to The Andersons, Inc.	109,726	89,939	22.0%

## FINANCIAL POSITION

	2014	2013	% Change
Total assets	2,364,692	2,273,556	4.3%
Working capital	226,741	229,451	(1.2%)
Long-term debt	298,638	371,150	(19.5%)
Long-term debt, non-recourse	--	4,063	(100.0%)
Total equity	824,049	724,421	14.4%

## PER SHARE DATA

	2014	2013	% Change
Net income—basic	3.85	3.20	20.3%
Net income—diluted	3.84	3.18	20.8%
Dividends declared	0.47	0.43	9.3%
Year-end market value	53.14	59.45	(10.6%)

## RATIOS AND OTHER DATA

	2014	2013	% Change
Net income attributable to The Andersons, Inc. return on beginning equity attributable to The Andersons, Inc.	15.6%	15.1%	3.3%
Adjusted net income attributable to The Andersons, Inc. return on beginning equity attributable to The Andersons, Inc.*	14.1%	15.1%	(6.6%)
Funded long-term debt to equity	0.4-to-1	0.5-to-1	(20.0%)
Weighted average shares outstanding (basic)	28,367	27,986	1.4%
Effective tax rate	33.4%	36.0%	(7.2%)

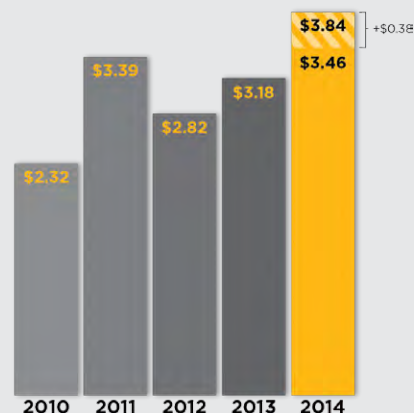
**Net Income Attributable to The Andersons, Inc.**  
(Dollars in Millions)



**EBIDTA**  
(Dollars in Millions)



**Earnings Per Share—Diluted\***  
(In Dollars)



\*Adjusted net income excludes \$11.7 million (\$0.38 per share) one-time gain from the partial redemption of the Lansing Trade Group in 2014



# Dear Shareholders and Friends,

We are pleased with our record performance in 2014. The fact that we have achieved such strong results, in spite of a difficult year for our grain operations business, highlights the strength of our diversification strategy and business model, and the dedication of our team.

Volatility is a reality in the markets we serve, especially in the agriculture arena, and we have managed this terrain from the perspective that the whole is greater than the sum of its parts. We have lower earnings volatility as a Company than our businesses have individually. As each of our businesses navigate through their various cycles, our overall portfolio has produced relatively stable earnings and consistent cash flows.

It is this mix that enabled us to produce our second consecutive year of record results. Led by exceptionally strong performance of our ethanol business in a very supportive market, diluted earnings per share was \$3.84. Even after excluding the one-time pre-tax gain of \$17.1 million from the partial redemption of our investment in Lansing Trade Group, our full year adjusted results of \$3.46 per share were the highest in the Company's history on sales of \$4.5 billion. The Company will continue to report adjusted earnings in the future. During the past five years we have consistently generated returns on equity greater than 15 percent, and grown our earnings per share at a compounded annual growth rate (CAGR) of about 20 percent. In 2014, we also recorded our best Earnings Before Interest Taxes, Depreciation & Amortization (EBITDA) of \$255 million.

A variety of factors impacted our results in 2014. We leveraged an exceptionally strong ethanol market while simultaneously setting records for ethanol yields, corn oil yields, E-85 sales and ethanol production. While the market conditions are likely not repeatable, we believe the Ethanol Group will continue to benefit from ongoing operational and capital improvements. Our grain operations continued to struggle to meet our expectations in 2014 and our team is determined to make progress to improve performance, especially in our Western locations, however, we recognize it may take some time. Grain Group results were also negatively impacted by a harvest that did not materialize as expected in a number of states in which we do business.

Demonstrating our continued commitment to diversified growth, we acquired Auburn Bean & Grain, which added six grain and four agronomy locations throughout Central Michigan. In addition to providing increased storage capacity and volume for both our grain and nutrient businesses, the acquisition represents a nice geographic fit between our Ohio and Michigan assets



BY  
the  
NUMBERS

\$3.84

Diluted Earnings Per Share

\$109.7

Net Income (Millions)

20%  
CAGR

\$255.0

Best EBITDA (Millions)

“As each of our businesses navigate through their various cycles, our overall portfolio has produced relatively stable earnings and consistent cash flows.”

and our Thompsons joint venture in Ontario, Canada. It was already additive to 2014 income.

Overall, the macro trends affecting our agriculture businesses have not changed. Expanding world population, growing global demand for protein and strong North American crop production continue to require the types of products and services we provide. We love being close to the farmers and finding new ways to meet their needs. By leveraging our deep operational expertise and our enduring, mutually beneficial relationships with our customers, we look to the future from a position of strength.

We have a strong foundation in the ethanol business and believe in its long-term viability as a solid earnings performer. Our investments are structured with strong partners, which provide good, consistent demand for ethanol production and excellent inputs to manage the business. We also benefit vertically as our grain business sources corn and merchandises Distillers Dried Grains (DDG) on behalf of the ethanol entities. Though exposed to volatile commodity market swings that do not necessarily move in sync, the business has good base earnings with upside potential. We remain convinced that base societal demands for octane and renewable energy will provide long-term opportunities in the ethanol industry.

An extension of our agricultural roots, our rail business is a core element of the supply chain of our own businesses as well as those of our customers. With a diversified transportation asset portfolio that now includes barges, the Rail Group is pursuing a broader approach to its transportation solutions. We will continue to build on our traditional equipment leasing business and opportunistically grow the Rail Group's asset portfolio.

As 2015 commences, we are continuing to move through the early stages of a multiyear effort to deploy our new SAP based Company-wide information technology (ERP) system. Improving our connection between employees, customers and information will strengthen our position as a leader in market information and serve as an enabler for future growth.

We see solid fundamentals supporting our core businesses going into 2015, but results will likely be below our record of 2014. Planted acres are estimated to be similar to 2014, creating a good base for our Grain Group and a good environment for our Plant Nutrient Group as well. While we expect to be adjusting to much lower oil prices and do not foresee average margins for the Ethanol Group reaching 2014 levels, we have reason to believe margins will be buoyed by higher gasoline demand, strong DDG demand and an ample corn supply. We expect our rail business to

see higher utilization rates and improved financial results. The combination of the Plant Nutrient and Turf & Specialty groups will provide long-term benefits through additional growth opportunities, enhanced profitability and, most importantly, enhanced customer service.

Our strong balance sheet and confidence in our earnings capacity going forward led us to increase our 2015 first quarter dividend approximately 27 percent to 14 cents per share. Additionally, as announced in December 2014, we will opportunistically buy back up to \$50 million in The Andersons stock. With a consistent upward 10-year trendline for EBITDA and a 5-year upward trendline for operating income, we believe our financial position remains solid.

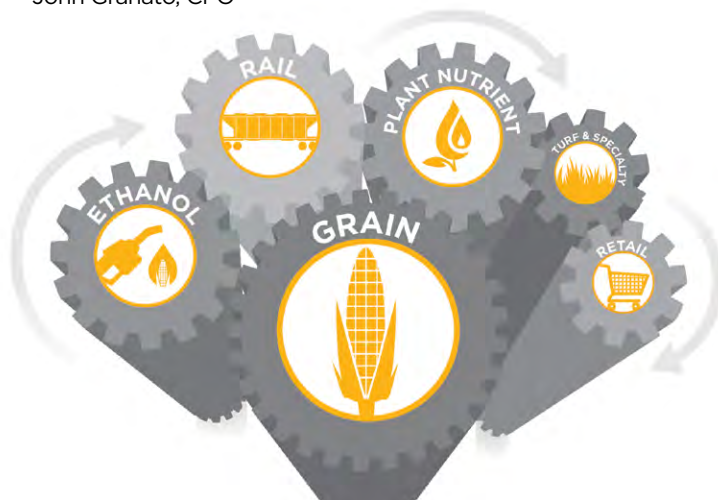
Foundationally, our Company is strong. We remain true to the core values that have provided us nearly seven decades of prosperity. At the same time we are adapting our core competencies and market expertise to address the ever changing dynamics of our industries. We know the volatility of the commodity markets isn't going away. With a solid strategy set in motion by resilient, resourceful and innovative folks, we are formidable today "And Beyond."

With gratitude for your continued support,

Mike Anderson, CEO

Hal Reed, COO

John Granato, CFO



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Gerard M. Anderson**<sup>(3)</sup>  
Chairman, President & CEO  
DTE Energy

**Michael J. Anderson**  
Chairman & CEO  
The Andersons, Inc.

**Catherine M. Kilbane**<sup>(1)(2)</sup>  
Senior Vice President, General Counsel &  
Secretary  
The Sherwin-Williams Company

**Robert J. King, Jr.**<sup>(2)(3)</sup>  
Senior Advisor  
F.N.B. Corporation

**Ross W. Manire**<sup>(1)(3)</sup>  
Chairman & CEO  
ExteNet Systems, Inc.

**Donald L. Mennel**<sup>(1)(4)</sup>  
Chairman  
The Mennel Milling Company

**Patrick S. Mullin**<sup>(1)(4)</sup>  
Retired Managing Partner  
Northeast Ohio Practice  
Deloitte & Touche LLP

**John T. Stout, Jr.**<sup>(2)(3)</sup>  
Chairman & CEO  
Plaza Belmont Management Group, LLC

**Jacqueline F. Woods**<sup>(1)(2)(4)</sup>  
Retired President  
AT&T Ohio

(1) Audit Committee  
(2) Compensation/Leadership Development  
Committee  
(3) Finance Committee  
(4) Governance/Nominating Committee

## CORPORATE OFFICERS

**Denny Addis**  
President, Grain Group

**Dan Anderson**  
President, Retail Group

**Mike Anderson**  
Chairman & CEO

**Naran Burchinow**  
VP, General Counsel & Secretary

**Jim Burmeister**  
VP, Finance & Treasurer

**Art DePompei**  
VP, Human Resources

**John Granato**  
CFO

**Neill McKinstry**  
President, Ethanol Group

**Hal Reed**  
COO

**Anne Rex**  
VP, Corporate Controller

**Rasesh Shah**  
President, Rail Group

**Tamara Sparks**  
VP, Corporate Relations & Business  
Analysis

**Tom Waggoner**  
VP, Marketing & Operations Services

**Bill Wolf**  
President, Plant Nutrient Group

## INVESTOR INFORMATION

**Corporate Offices**  
The Andersons, Inc.  
480 West Dussel Drive  
Maumee, OH 43537  
419-893-5050  
[www.andersonsinc.com](http://www.andersonsinc.com)

**NASDAQ Symbol**  
The Andersons, Inc. common shares are  
traded on the Nasdaq National Market  
tier of The Nasdaq Stock Market under  
the symbol ANDE.

**Common Stock**  
28.8 million shares outstanding, as  
adjusted for the 3-for-2 stock split  
(as of 2/17/15)

**Stock Purchase and Dividend  
Reinvestment**  
Computershare BYDS<sup>SM</sup> is a direct stock  
purchase program that provides an  
alternative to traditional methods of  
buying, holding and selling shares in The  
Andersons, Inc. Through Computershare  
BYDS<sup>SM</sup> you can purchase and sell The  
Andersons shares directly, rather than  
dealing with a broker. Call 312-360-5260  
for more information on the program.

**Transfer Agent & Registrar**  
Computershare Investor Services, LLC  
P.O. Box 43078  
Providence, RI 02940-3078  
312-360-5260  
Toll-free within the U.S. & Canada:  
877-373-6374  
Investor Centre<sup>TM</sup> portal:  
[www.computershare.com/investor](http://www.computershare.com/investor)

**Form 10-K**  
Additional copies of The Andersons'  
2014 Form 10-K, filed on March 2,  
2015 with the SEC, are available to  
shareholders and interested individuals  
without charge by writing or calling  
Investor Relations.

**Investor Relations**  
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**Independent Registered Public  
Accounting Firm**  
PricewaterhouseCoopers, LLP  
Toledo, OH

**Annual Meeting**  
The annual shareholders' meeting of  
The Andersons, Inc. will be held at The  
Andersons' Headquarters,  
480 West Dussel Drive  
Maumee, OH 43537  
at 8:00 a.m. on May 8, 2015.



The Andersons, Inc. • 480 West Dussel Drive • Maumee, Ohio 43537  
[www.andersonsinc.com](http://www.andersonsinc.com)