

# 2015

ANNUAL REPORT



And  
*Beyond*

# FINANCIAL HIGHLIGHTS

## OPERATING RESULTS (in thousands)

	2015	2014	% Change
Sales and merchandising revenues	\$4,198,495	\$4,540,071	(7.5%)
Gross profit	375,838	397,139	(5.4%)
Equity in earnings of affiliates	31,924	96,523	(66.9%)
Other income, net	46,472	31,125	49.3%
Net income (loss)	(11,322)	122,645	(109.2%)
Net income (loss) attributable to The Andersons, Inc.	(13,067)	109,726	(111.9%)

## FINANCIAL POSITION (in thousands)

Total assets	2,359,101	2,364,692	(0.2%)
Working capital	241,485	226,741	6.5%
Long-term debt	436,208	298,638	46.1%
Total equity	783,739	824,049	(4.9%)

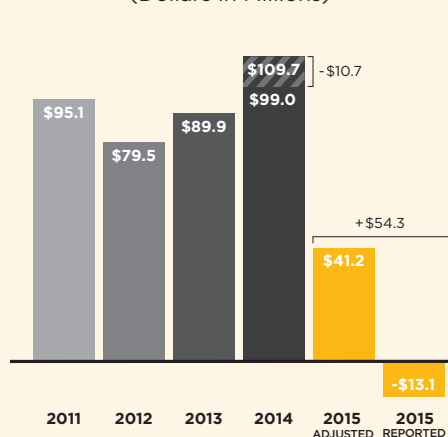
## PER SHARE DATA

Net income (loss) —basic	(0.46)	3.85	(111.9%)
Net income (loss) —diluted	(0.46)	3.84	(112.0%)
Dividends declared	0.575	0.470	22.3%
Year-end market value	31.63	53.14	(40.5%)

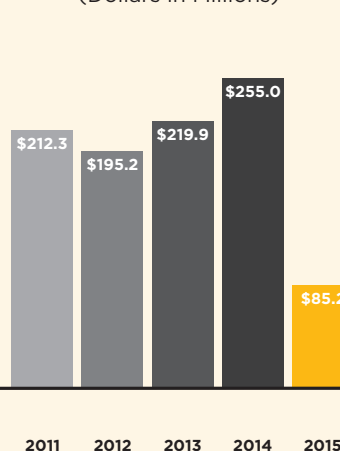
## RATIOS AND OTHER DATA

Net income (loss) attributable to The Andersons, Inc. return on beginning equity attributable to The Andersons, Inc.	(1.6%)	15.6%	(110.3%)
Adjusted net income attributable to The Andersons, Inc. return on beginning equity attributable to The Andersons, Inc.*	5.0%	14.1%	(64.5%)
Funded long-term debt to equity	0.6-to-1	0.4-to-1	53.0%
Weighted average shares outstanding (basic) (in thousands)	28,288	28,367	(0.3%)
Effective tax rate	2.1%	33.4%	(93.7%)

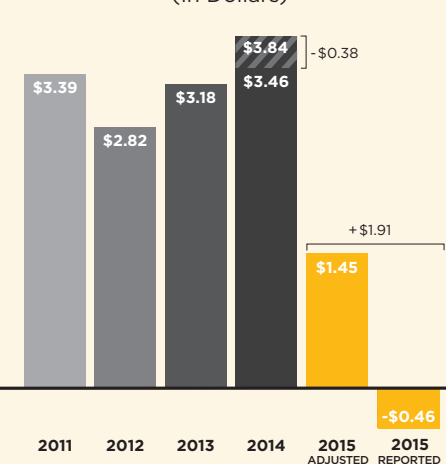
**Net Income (Loss) Attributable to The Andersons, Inc.\***  
(Dollars in Millions)



**EBITDA**  
(Dollars in Millions)



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



\* Adjusted net income for 2015 excludes one-time after-tax losses of \$34.8 million, \$31.9 million and \$1.9 million in goodwill impairments, pension settlement charges, and one-time acquisition costs, respectively and a \$14.3 million after-tax gain on the partial redemption of our Lansing Trade Group investment. Adjusted net income for 2014 excludes a \$10.7 million gain from the partial redemption of the Lansing Trade Group.





CEO Pat Bowe and Chairman Mike Anderson rang the opening bell of the NASDAQ on February 24, 2016, in celebration of the Company's 20th year as a publicly traded company.

# Dear Shareholders and Friends,

The Company's 68th year was one that was filled with challenges and change. Our business groups had mixed results. The Rail Group delivered record performance and the Ethanol Group generated good earnings in the face of a tough market. However, our Grain and Plant Nutrient groups struggled with execution and difficult weather conditions. The Company also saw significant change as we executed our largest acquisition in the spring and named a new CEO toward the end of the year.

The outlook for 2015 in our shareholder letter last year indicated strong earnings potential for the year but we cautioned that results would most likely be below our record of 2014. We expected pressure from lower oil prices to challenge our ethanol business, and they did. What we didn't expect was the deluge of rain that occurred during the planting season in the majority of the Eastern Corn Belt, negatively affecting fertilizer application rates and subsequent yields.

Challenging results in our Grain and Plant Nutrient groups were partially offset by record results in our Rail Group and a strong performance from our Ethanol Group, despite sharply lower oil prices. On a GAAP basis, we reported a net loss of \$13.1 million dollars or a loss of \$0.46 per diluted share. After taking into consideration certain adjusting items which included a charge associated with the termination of our defined benefit pension plan, charges for the partial write-off of goodwill, charges associated with the Nutra-Flo business (Kay Flo Industries) acquisition, and a gain on the partial redemption of our Lansing Trade Group investment, our adjusted results were net income of \$41.2 million, or \$1.45 per diluted share. Our 2015 Earnings Before Interest Taxes, Depreciation & Amortization (EBITDA) was \$85.2 million.

While we are disappointed in the Company's 2015 results, we are confident in the ability of our portfolio of businesses to navigate tough market conditions. Collectively our portfolio helps us to withstand the volatility in our industries better than the businesses would be able to individually.

The Rail Group is well positioned to work through the current softening of rail shipments. The Ethanol Group continues to deliver record production output from its facilities. The doubling of the capacity at The Andersons Albion Ethanol LLC in April 2017 will enable the group to leverage Albion's attractive market for supply of corn as well as demand for ethanol in Michigan.

Given a normal weather year, the Company fully expects the base business in the Plant Nutrient Group to return to historical levels of profitability. The acquisition of the Nutra-Flo business this past May will enable us to expand our wholesale and specialty fertilizer business. Nutra-Flo gives us access to expand our sales with hundreds of agribusinesses throughout the Western Corn Belt. As these products are used more heavily during the planting season, we'd expect to begin seeing benefits of this acquisition in the second quarter of 2016.

The Grain Group continues to face significant challenges both in market conditions and execution. Lower grain market prices during and since harvest caught many farmers by surprise and reduced their willingness to sell grain forward. Acquired in 2012, the group's western assets continued to underperform last year. Looking forward, we anticipate space income opportunities to return as we build carry-out stocks over the longer term.

Excluding the pension settlement, the Company reduced its unallocated corporate overhead cost by \$3.2 million between 2014 and 2015. We will continue to see expenses related to our IT infrastructure upgrades which are geared toward improving our connection between employees, customers and information to maximize the efficiency of enterprise resource planning and support future growth. Additionally, we announced in early January two senior leadership retirements, positions we will not be replacing. We will continue to work toward a lean organization and reducing costs to improve our performance at all points in the market cycle and in all economic environments.

Toward the end of last year, Mike announced he would be stepping down as CEO and passing the reins to me. Mike continues to serve as Chairman of the Board. Each passing day only confirms my decision to join this outstanding organization and intensifies my gratitude that I was asked to serve as CEO. This is a great company with employees who are dedicated to living out The Andersons' Mission Statement. I am thankful to Mike for his service to this fine organization and his dedication to leading it for the past 16 years, and his assistance in making a smooth executive leadership transition. I have a strong and deep respect for the remarkable family legacy that precedes me, and I do not take that responsibility lightly. I am, of course, taking this opportunity to consider how we can do some things differently to improve the performance of our Company. I see many opportunities for us to change in order to better serve our customers, improve processes, improve safety, enhance accountability, lower costs, and become an even higher performing organization. We are talking a lot about productivity, efficiency and accountability. And as I've told our employees, these aren't just words to me, they are a rallying cry for better performance.

“We are confident in the ability of our portfolio of businesses to navigate tough market conditions.”

Many of the challenges we faced this past year will continue into 2016. As a result, we have moderate expectations for at least the first half of the year. Again, with normal weather patterns, we expect fertilizer application rates and associated sales to rebound and provide opportunity for both our plant nutrient and base grain businesses during the next harvest cycle. We expect rail to manage utilization and lease rates in the face of potentially lower shipping volumes and car loads, while ethanol continues to manage through a low-margin environment. Our workforce is inspired to do better and to attack these challenges to make our Company more productive and profitable.

We continue to be confident in our future earning potential and raised our quarterly dividend for this year by 11 percent from 14 cents to 15 1/2 cents per share. Our balance sheet remains strong and our overall financial position remains solid.

We are confident in our businesses' long-term capabilities to generate the levels of earnings that our investors have come to expect. Our employees understand the challenges ahead of them. They are embracing change and are looking for new, better ways of doing what we do every day. We remain true to the core values that have provided us nearly seven decades of great success. We will continue to invest in our growth and capitalize on the macro trends of an expanding world population, increasing global demand for protein, interest in transparent supply chains of where and how our food is grown, and increasing North American crop production, which continues to drive strong demand for our products and services.

In February we celebrated 20 years as a publicly traded company. We appreciate your continued support.



Pat Bowe,  
President & CEO



Mike Anderson,  
Chairman of the Board

# MIKE'S LEGACY AS CEO



## GROWTH THROUGH THE YEARS

1999-2015

213%

GRAIN BUSHEL SHIPPED

320%

REVENUE

982%

TOTAL STOCK RETURN

16%

ANNUALIZED RETURN

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

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

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

**Patrick E. Bowe**  
President & Chief Executive Officer  
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 & Chief Executive Officer  
ExteNet Systems, Inc.

**Donald L. Mennel**<sup>(1)(4)(5)</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 & Chief Executive Officer  
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
- (5) Lead Independent Director

## CORPORATE OFFICERS

**Dan Anderson**  
President, Retail Group

**Val Blanchett**  
VP, Human Resources

**Pat Bowe**  
President & Chief Executive Officer

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

**Jim Burmeister**  
VP, Finance & Treasurer

**John Granato**  
Chief Financial Officer

**Corey Jorgenson**  
President, Grain Group

**Neill McKinstry**  
President, Ethanol Group

**Anne Rex**  
VP, Corporate Controller

**Rasesh Shah**  
President, Rail Group

**Tamara Sparks**  
VP, Financial Planning & Analysis

**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**  
28.0 million shares outstanding, as of  
December 31, 2015.

**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' 2015  
Form 10-K, filed on Feb. 29, 2016 with the SEC,  
are available to shareholders and interested  
individuals without charge by writing or calling  
Investor Relations.

**Investor Relations**  
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[jim\\_burmeister@andersonsinc.com](mailto:jim_burmeister@andersonsinc.com)

**Independent Registered Public  
Accounting Firm**  
Deloitte & Touche LLP  
Cleveland, 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 13, 2016.





The Andersons, Inc. | 480 West Dussel Drive | Maumee, Ohio 43537

[www.andersonsinc.com](http://www.andersonsinc.com)