



# 2016 Full Year and Fourth Quarter Earnings Call

*February 16, 2017*



**And**  
*Beyond*

# Forward Looking Statements & Non-GAAP 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, and additional factors that are described in the Company's publically-filed documents, including its '34 Act filings and the prospectuses prepared in connection with the Company's offerings.

This Presentation includes financial information of which the Company's independent auditors have not completed their review. 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 to 2015 results. We believe that the "Adjusted Pre-Tax Income Attributable to The Andersons" is a meaningful measure for investors to compare our results from period-to-period. Reconciliations of the 2015 non-GAAP to GAAP measures may be found within the tables of our earnings release.

# Speakers

**Pat Bowe**

*Chief Executive Officer*

**John Granato**

*Chief Financial Officer*

**Jim Burmeister**

*Vice President and Treasurer*

# 2016 Highlights

## Actions Taken to Manage Business Portfolio

- Exited underperforming assets in Iowa in Q2
- Consolidated Cob operations to optimize performance in Q4
- Announced closure of Retail Group

## Created Momentum in Cost Management

- Made significant strides towards a leaner company
- Streamlined non-retail workforce by nearly 10%... Surpassed \$10mm cost reduction goal a year early

## Invested in Performance Improvement in Core Businesses

- Focused on critical roles, processes and technology investments to support long term performance and growth

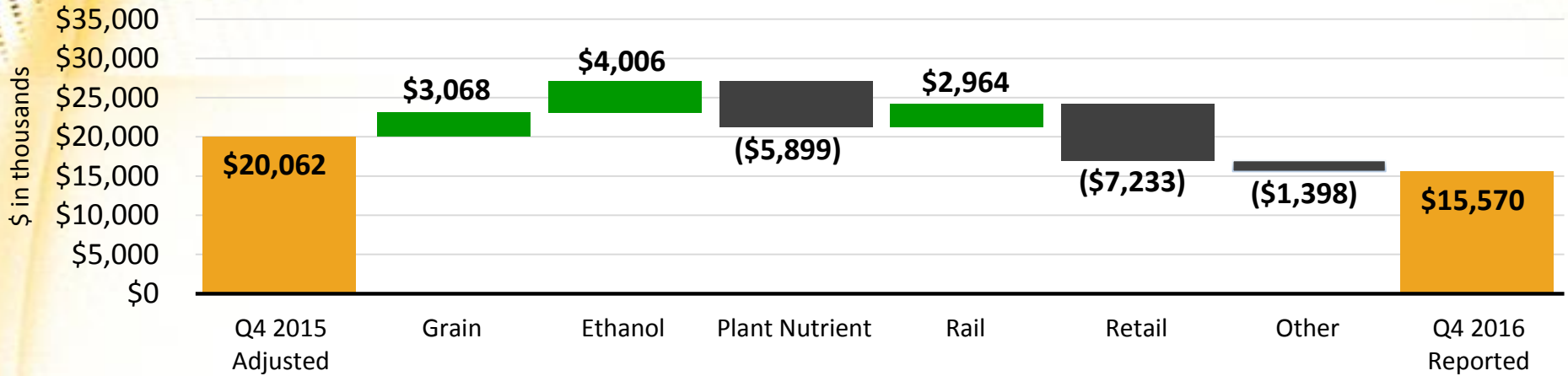
# Key Financial Data

## Q4 '15 & '16 and FY '15 & '16

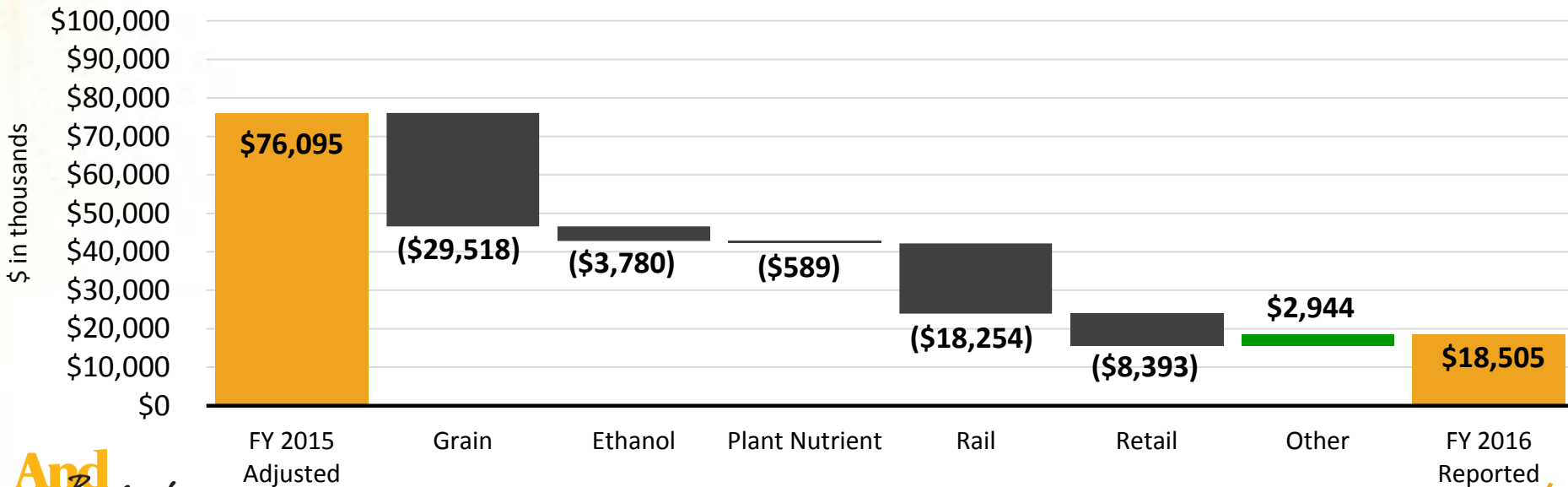
<i>unaudited</i> <i>\$ in millions, except per share data</i>	Q4 '16	Q4 '15	VPY	FY '16	FY '15	VPY
Net sales	\$1,113.1	\$1,183.5	(\$70.4)	\$3,924.8	\$4,198.5	(\$273.7)
Gross profit	\$103.7	\$99.2	\$4.5	\$345.5	\$375.8	(\$30.3)
Operating and general expenses	\$84.6	\$89.1	(\$4.5)	\$318.4	\$337.8	(\$19.4)
Equity in earnings of affiliates	\$5.9	\$8.6	(\$2.7)	\$9.7	\$31.9	(\$22.2)
Income (loss) before income taxes	\$16.7	(\$64.5)	\$81.2	\$21.4	(\$11.6)	\$33.0
Adjusted income before income taxes	\$16.7	\$20.1	(\$3.4)	\$21.4	\$76.1	(\$54.7)
Net income (loss) attributable to The Andersons, Inc.	\$10.1	(\$47.0)	\$57.1	\$11.6	(\$13.1)	\$24.7
Adjusted net income attributable to The Andersons, Inc.	\$10.1	\$5.0	\$5.1	\$11.6	\$41.2	(\$29.6)
Diluted earnings per share (EPS)	\$0.36	(\$1.68)	\$2.04	\$0.41	(\$0.46)	\$0.87
Adjusted diluted earnings per share (EPS)	\$0.36	\$0.18	\$0.18	\$0.41	\$1.45	(\$1.04)
Depreciation and amortization	\$22.1	\$20.8	\$1.3	\$84.3	\$78.5	\$5.8
EBITDA	\$40.7	(\$39.9)	\$80.6	\$123.9	\$85.2	\$38.7
Corporate unallocated expenses	\$8.7	\$58.8	(\$50.1)	\$28.3	\$82.7	(\$54.4)
Adj. Corporate unallocated expenses	\$8.7	\$7.3	\$1.4	\$28.3	\$31.3	(\$3.0)
Long-term debt				\$397.1	\$436.2	(\$39.1)
Long-term debt-to-equity ratio				0.50	0.56	(0.06)

# Pre-Tax Income

## Adjusted Pre-Tax Income Q4 '15 to Reported Q4 '16 Bridge Graph



## Adjusted Pre-Tax Income FY '15 to Reported FY '16 Bridge Graph



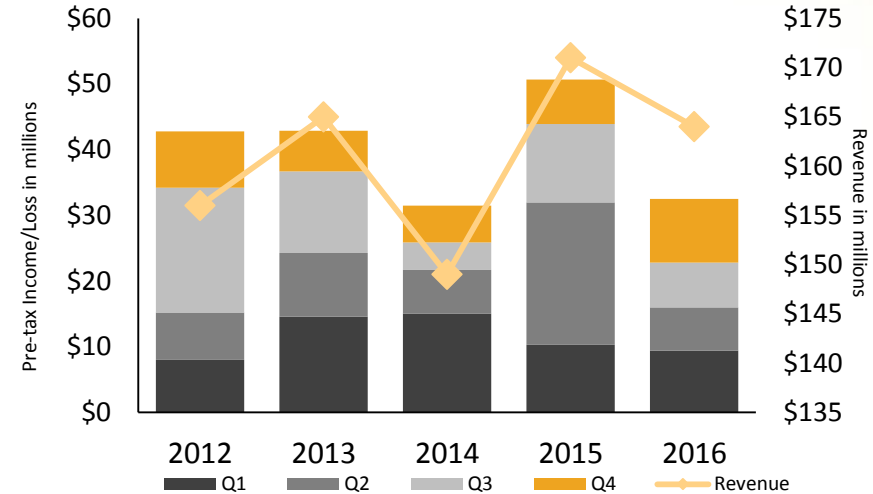




## Q4 '16 and FY Performance

- Lease income down year-over-year due to lower utilization rates
- Lower car sale income year-over-year
- Record railcar repair and fabrication results within Service & Other Income

## Five Year Performance



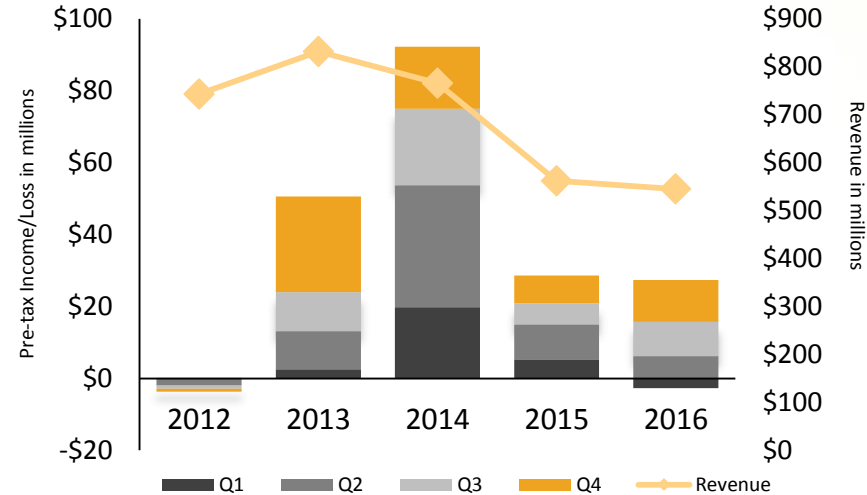
<i>\$ in millions, except margin</i>	<b>Q4 '16</b>	<b>Q4 '15</b>	<b>VPY</b>	<b>FY '16</b>	<b>FY '15</b>	<b>VPY</b>
Revenues	<b>\$45.5</b>	\$36.4	\$9.1	<b>\$163.7</b>	\$170.8	(\$7.1)
Gross Profit	<b>\$15.2</b>	\$14.6	\$0.6	<b>\$55.9</b>	\$67.7	(\$11.8)
Gross Profit Margin	<b>33.5%</b>	40.1%	(6.6%)	<b>34.1%</b>	39.6%	(5.5%)
Lease Income	<b>\$2.9</b>	\$4.5	(\$1.6)	<b>\$13.2</b>	\$31.5	(\$18.3)
Railcar Sales Income	<b>\$4.7</b>	\$0.8	\$3.9	<b>\$11.0</b>	\$13.3	(\$2.3)
Service & Other Income	<b>\$2.1</b>	\$1.5	\$0.6	<b>\$8.2</b>	\$5.9	\$2.3
Pre-tax Income	<b>\$9.7</b>	\$6.8	\$2.9	<b>\$32.4</b>	\$50.7	(\$18.3)



## Q4 '16 and FY Performance

- Margins improved year-over-year for the quarter and the year
  - + Lower corn and input costs supported margins
  - + Driving demand and export demands were both strong
  - Chinese tariffs and vomitoxin issues led to lower DDG prices
- Record annual production volume

## Five Year Performance



<i>\$ in millions</i>	<b>Q4 '16</b>	Q4 '15	VPY	<b>FY '16</b>	FY '15	VPY
Revenues	<b>\$147.9</b>	\$143.1	\$4.8	<b>\$544.6</b>	\$556.2	(\$11.6)
Equity Earnings of Affiliates	<b>\$8.5</b>	\$4.7	\$3.8	<b>\$18.5</b>	\$17.2	\$1.3
Consolidated Operations and Service Fees	<b>\$3.2</b>	\$3.0	\$0.2	<b>\$6.2</b>	\$11.3	(\$5.1)
Pre-tax Income	<b>\$11.7</b>	\$7.7	\$4.0	<b>\$24.7</b>	\$28.5	(\$3.8)

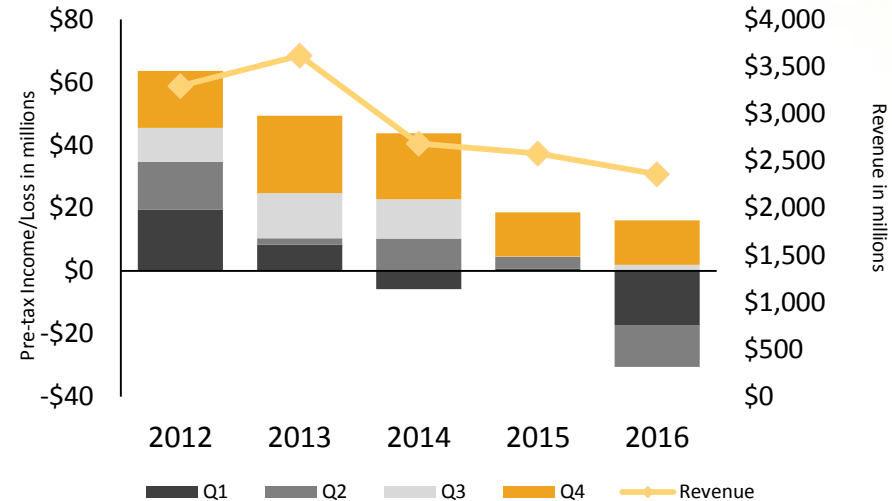




## Q4' 16 and FY Performance

- Improved crop production in the Eastern Corn Belt
  - + Return to normal yields in most of the East
  - + Space income opportunities improved
  - Drying income below average
- Base Grain Q4 pre-tax income improved \$9.6 million from previous year
- Affiliates incurred \$3.0 million pre-tax loss on low elevation margins and tough Chinese DDG trading

## Adjusted Five Year Performance



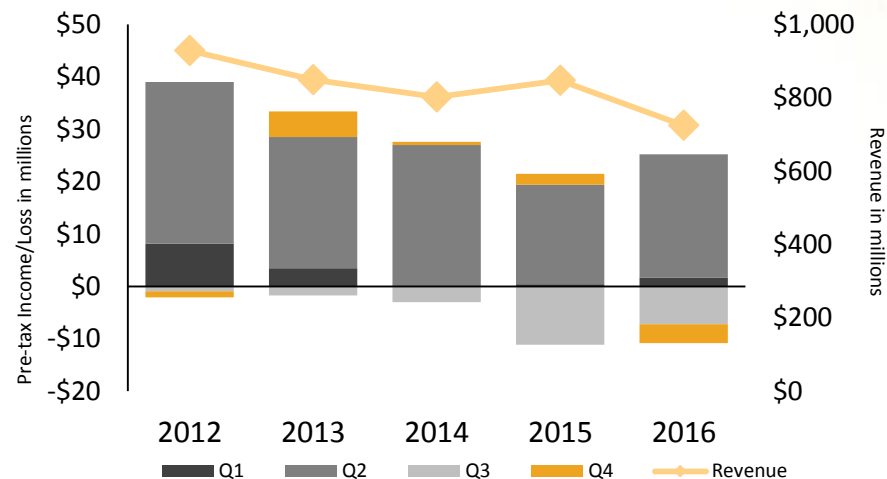
<i>\$ in millions, except margin</i>	<i>Q4 '16</i>	<i>Q4 '15</i>	<i>VPY</i>	<i>FY '16</i>	<i>FY '15</i>	<i>VPY</i>
<u>Base Grain</u>						
Revenues	<b>\$745.2</b>	\$778.3	(\$33.1)	<b>\$2,357.2</b>	\$2,483.6	(\$126.4)
Gross Profit	<b>\$43.9</b>	\$39.0	\$4.9	<b>\$108.1</b>	\$123.6	(\$15.5)
Adj. Pre-tax Income	<b>\$15.9</b>	\$6.2	\$9.7	<b>(\$5.7)</b>	\$0.6	(\$6.3)
Affiliates Pre-tax Income	<b>(\$3.0)</b>	\$3.6	(\$6.6)	<b>(\$10.0)</b>	\$13.3	(\$23.3)
Group Adj. Pre-tax Income	<b>\$12.9</b>	\$9.8	\$3.1	<b>(\$15.7)</b>	\$13.9	(\$29.6)
Group Reported Pre-tax Income	<b>\$12.9</b>	(\$13.5)	\$26.4	<b>(\$15.7)</b>	(\$9.4)	(\$6.3)



## Q4 '16 and FY Performance

- Volumes rose in the quarter but fell from the previous year, caused by producer and distributor reluctance to buy due to:
  - Falling price environment
  - Lower net farm income
- Full supply pipeline compressed margins
- Lawn business had a record year, earning pre-tax income of \$8.9 million

## Adjusted Five Year Performance



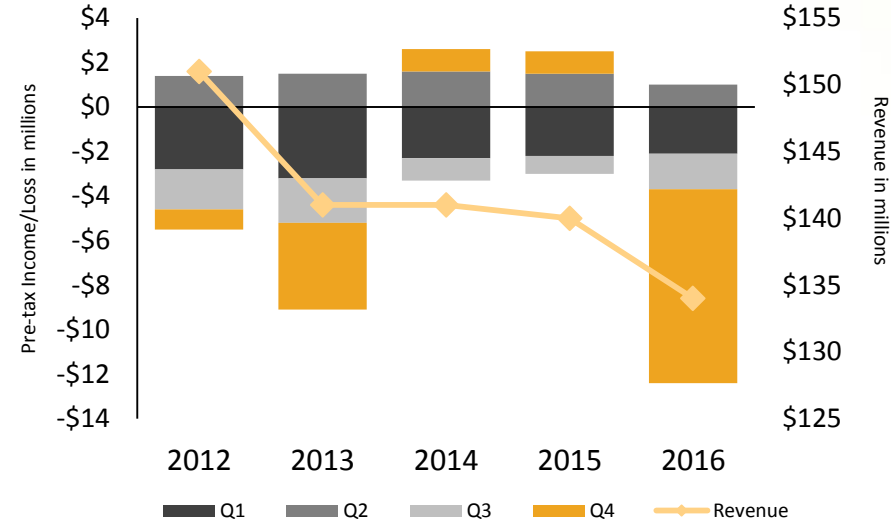
<i>tons in thousands</i>	<b>Q4 '16</b>	<b>Q4 '15</b>	<b>VPY</b>	<b>FY '16</b>	<b>FY '15</b>	<b>VPY</b>
Basic Nutrient Tons	<b>266</b>	278	(12)	<b>1,246</b>	1,234	12
Specialty Nutrient Tons	<b>86</b>	104	(18)	<b>491</b>	398	93
Other (Farm Centers, Lawn, Cob) Tons	<b>156</b>	161	(5)	<b>554</b>	604	(50)
<i>\$ in millions, except margin</i>						
Revenue	<b>\$136.4</b>	\$187.9	(\$51.5)	<b>\$725.2</b>	\$848.3	(\$123.1)
Gross Profit	<b>\$26.5</b>	\$28.6	(\$2.1)	<b>\$122.1</b>	\$119.5	\$2.6
Gross Profit Margin	<b>19.4%</b>	15.2%	4.2%	<b>16.8%</b>	14.1%	2.7%
Group Adj. Pre-tax Income	<b>(\$3.8)</b>	\$2.1	(\$5.9)	<b>\$14.2</b>	\$14.8	(\$0.6)
Group Reported Pre-tax Income	<b>(\$3.8)</b>	(\$8.1)	\$4.3	<b>\$14.2</b>	\$0.1	\$14.1



## Q4 '16 and FY Performance

- Announced exit from retail business
  - Plan to close the remaining four stores in Q2 2017
- Took \$6.5 million pre-tax charge for impairment of long-lived assets
- Q4 results also included \$1.4 million in closing costs for the Sylvania food store

## Five Year Performance



<i>\$ in millions</i>	<b>Q4 '16</b>	<b>Q4 '15</b>	<b>VPY</b>	<b>FY '16</b>	<b>FY '15</b>	<b>VPY</b>
Revenues	<b>\$38.1</b>	\$37.9	\$0.2	<b>\$134.2</b>	\$139.5	(\$5.3)
Pre-tax Income	<b>(\$6.2)</b>	\$1.0	(\$7.2)	<b>(\$8.8)</b>	(\$0.5)	(\$8.3)

# 2017 Outlook



- Continue to focus on enhancing portfolio performance, managing costs and improving margins

Rail



- Beginning to see signs of a modest recovery as we approach mid-year

Ethanol



- Margins look to be soft in first half but comparable to 2016 overall
- Working through vomitoxin-impacted corn from 2016
- Looking forward to the opening of new Albion capacity

Grain



- High beginning stocks should lead to improved space income
- Current soil conditions and early planting intentions are positives



- Expect improved market conditions, forecasted planting acres should increase nutrient sales
- Anticipate positive lift from higher-margin specialty nutrients



# Q&A

**And**  
*Beyond*





*Thank you for joining us.  
Our next earnings call is scheduled for  
Thursday, May 4 at 11:00 a.m.*

**And**  
*Beyond*



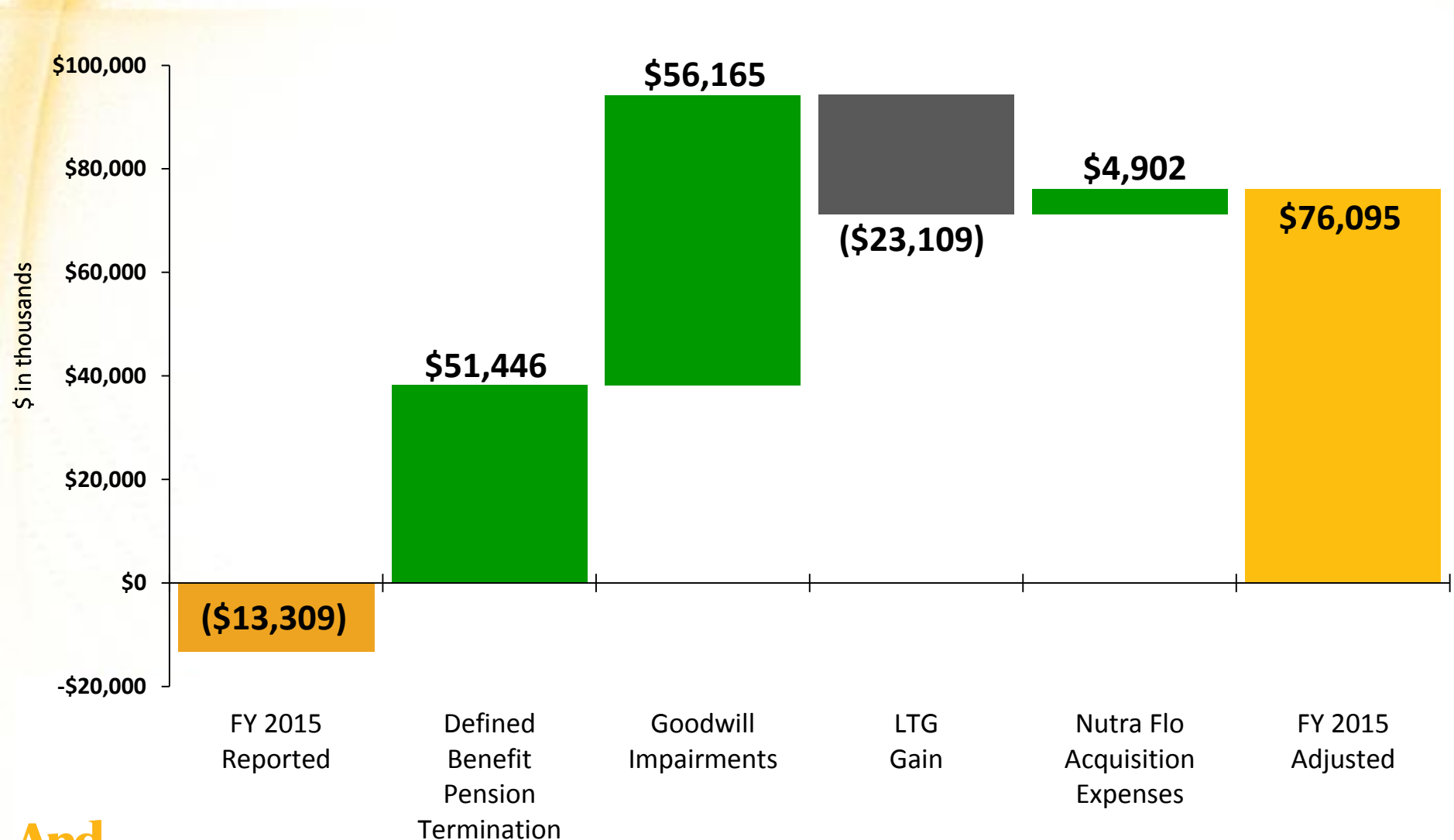


# Appendix

**And**  
*Beyond*

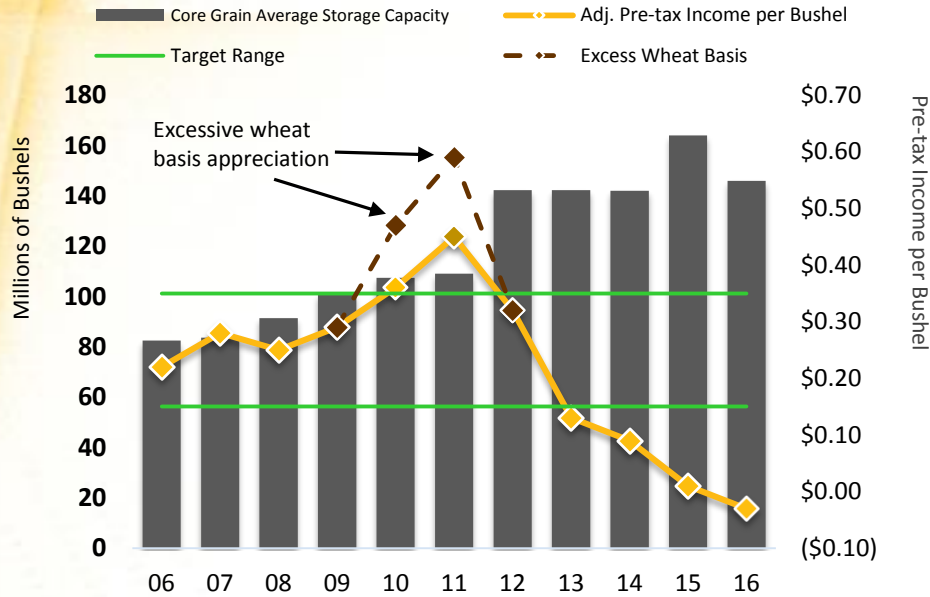
# Non GAAP Measures

## Reconciliation of FY '15 Pre-Tax Income to Adjusted Pre-Tax Income

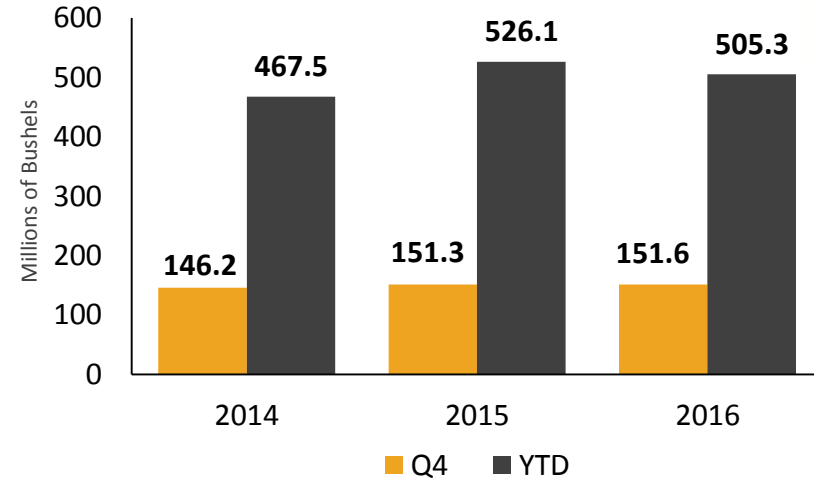




## Grain Storage Capacity



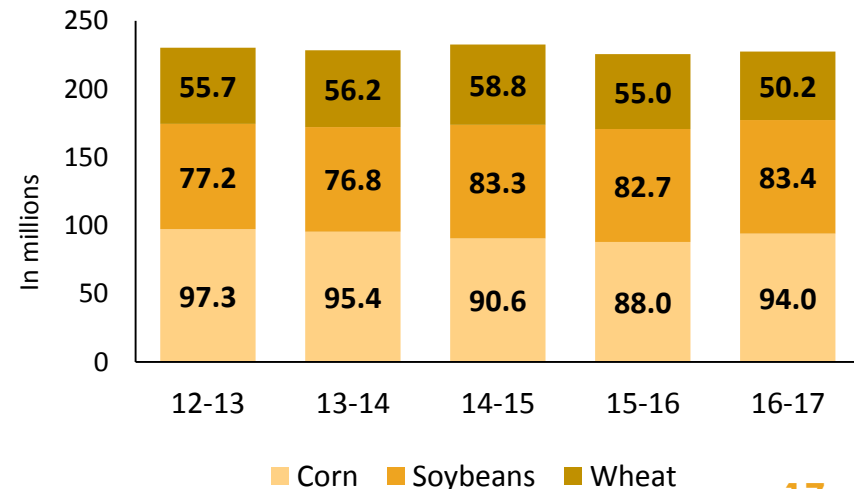
## Bushels Sold



## Grain Inventory

In millions	Q4 '14	Q4 '15	Q4 '16
Bushels owned	109.5	116.4	<b>107.5</b>
Bushels stored for others	3.1	3.4	<b>0.9</b>
<b>Total bushel inventory</b>	<b>112.6</b>	<b>119.8</b>	<b>108.4</b>

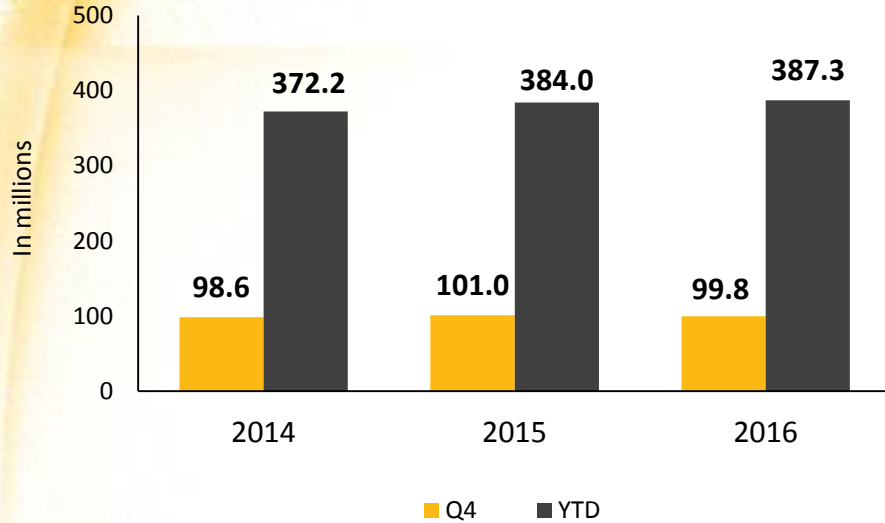
## U.S. Planted Acres



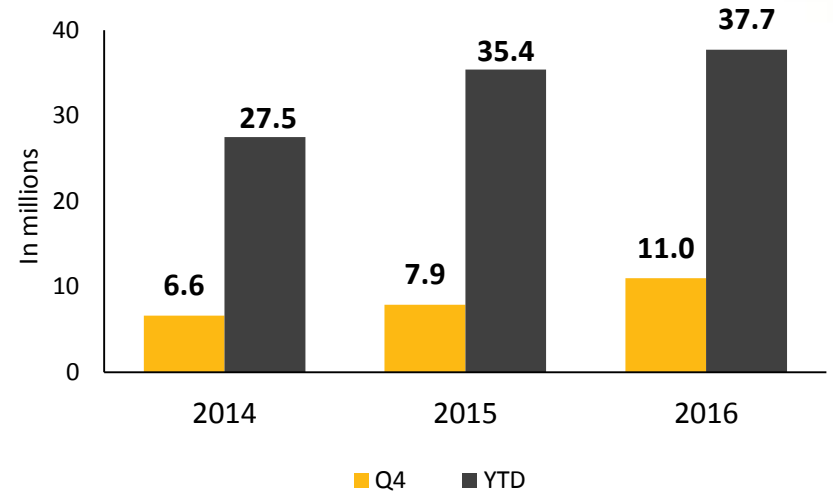
# Ethanol Group Production



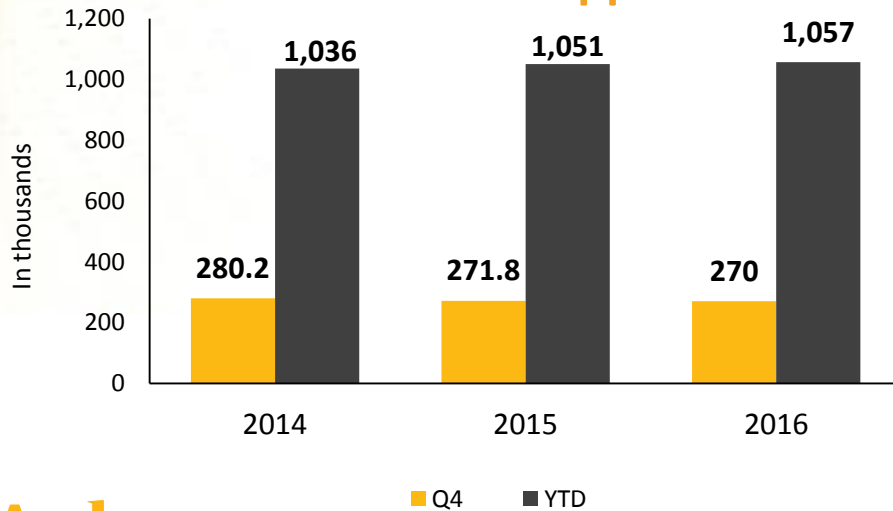
### Ethanol Gallons Produced



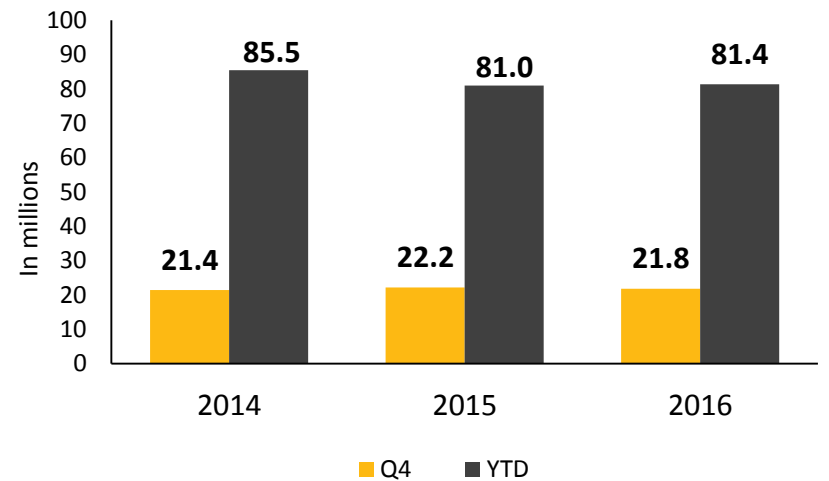
### E-85 Gallons Shipped



### DDG Tons Shipped



### Corn Oil Pounds Shipped



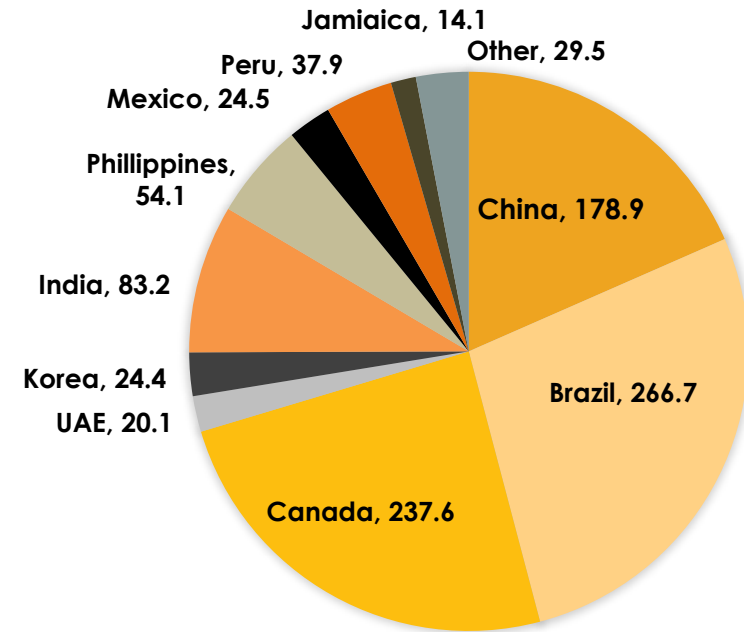
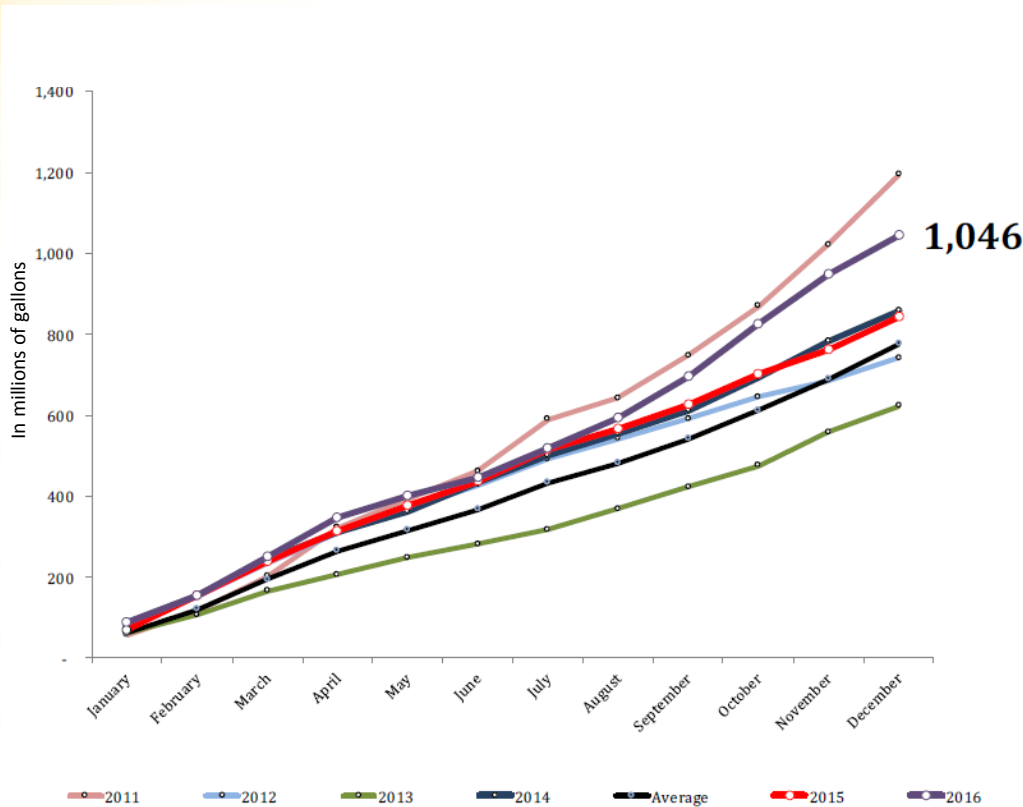
# US Ethanol Exports

## Exports tracking to last year's levels



### Cumulative US ethanol exports

### 2016 ethanol exports by destination (million gallons)

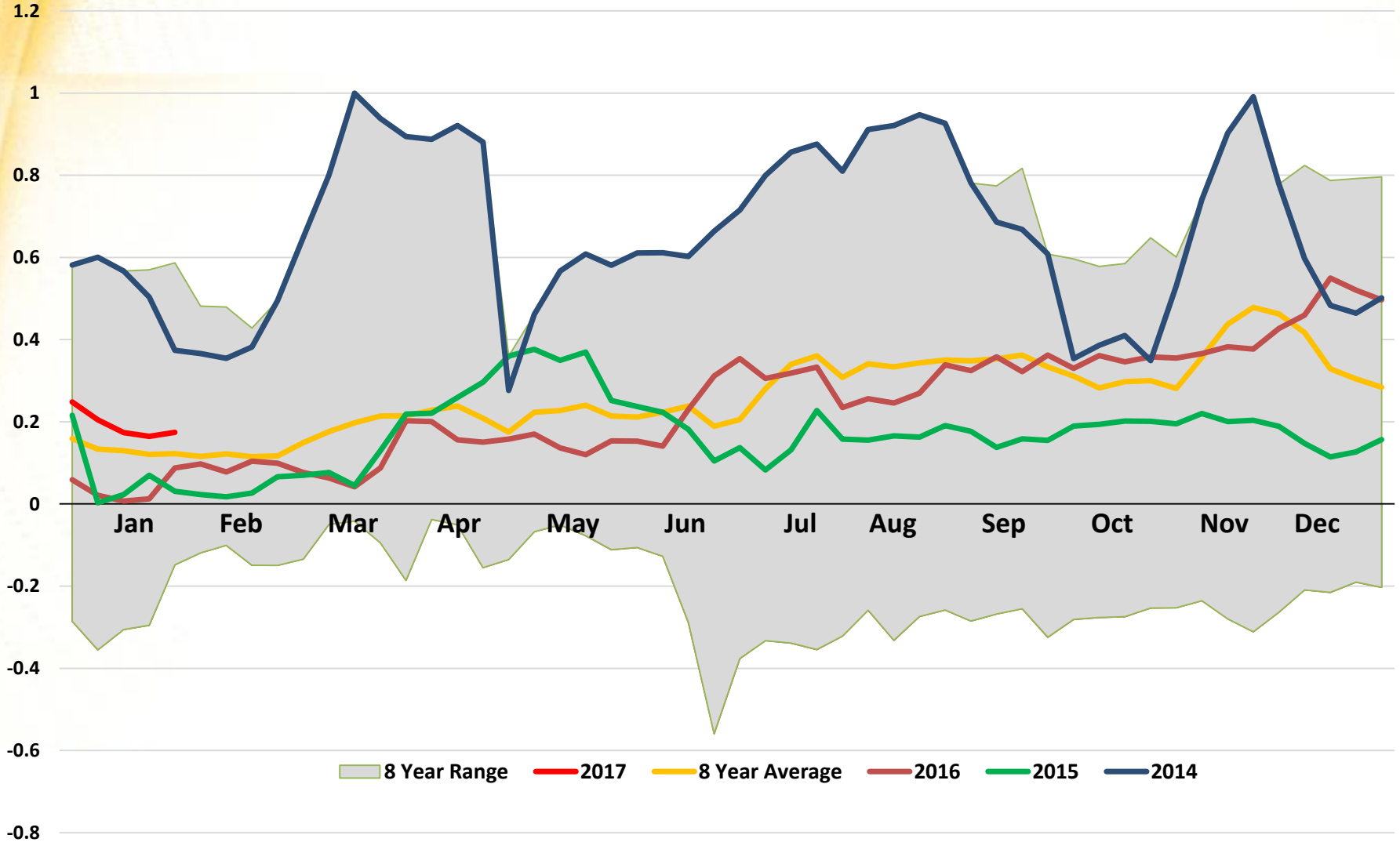


2016 gross exports highest in 4 years at over 1 billion gallons



# Ethanol Group

## 8 year corn vs. ethanol margins



Sources: NYMEX Chicago Ethanol (Platts) Futures Electronic (Front Month); CBOT Corn Futures Electronic (Front Month); Est industry 2.8 gal / bushel

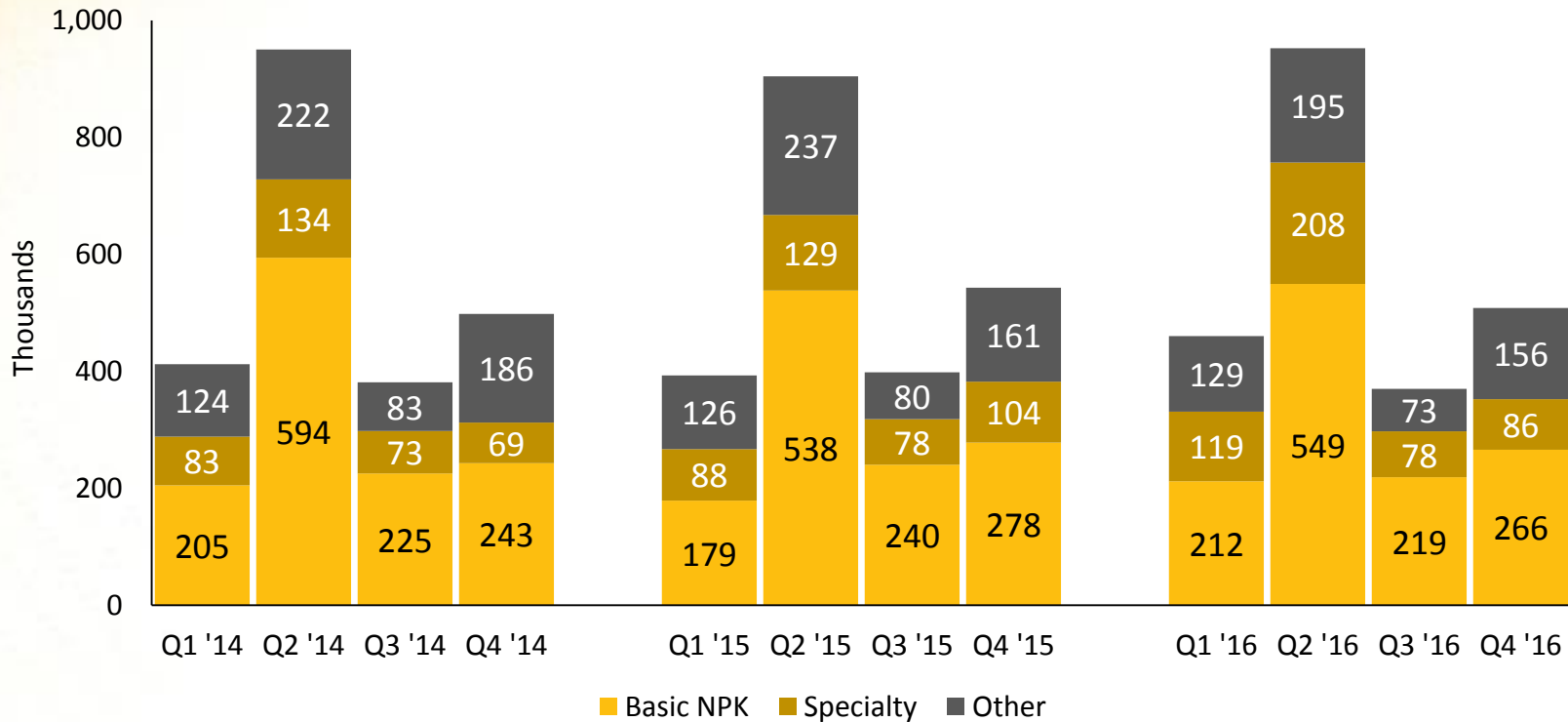


# Plant Nutrient Group

## Tons Sold



### Historical seasonality (tons sold)



**Committed to Growth of Specialty Nutrients**

**Basic NPK** = nitrogen, phosphorous, potassium  
**Specialty** = value added nutrients, low-salt liquid starter fertilizers, micro-nutrients  
**Other** = other farm centers, lawn, cob



## Lease Income

\$ in millions	Q1 '14	Q2 '14	Q3 '14	Q4 '14	Q1 '15	Q2 '15	Q3 '15	Q4 '15	Q1 '16	Q2 '16	Q3 '16	Q4 '16
Average # of Assets	22,295	22,148	22,066	22,285	22,879	22,972	23,301	22,916	23,026	23,242	23,185	22,935
Beginning \$ on BS	\$240.6	\$237.5	\$242.1	\$245.8	\$297.7	\$313.1	\$330.8	\$347.1	\$338.1	\$334.7	\$340.1	\$334.4
Average % Utilization	88.4%	89.3%	89.9%	90.3%	91.8%	93.5%	91.6%	92.7%	91.5%	88.6%	86.2%	84.8%
Lease Income	\$4.2	\$3.7	\$1.8	\$3.9	\$5.0	\$15.6	\$6.4	\$4.5	\$4.3	\$2.7	\$3.4	\$2.9

## Remarketing Income

\$ in millions	Q1 '14	Q2 '14	Q3 '14	Q4 '14	Q1 '15	Q2 '15	Q3 '15	Q4 '15	Q1 '16	Q2 '16	Q3 '16	Q4 '16
Asset Sale Income	\$10.8	\$2.5	\$1.4	\$1.2	\$4.5	\$4.7	\$3.2	\$0.8	\$2.4	\$2.3	\$1.6	\$4.7

## Service & Other Income

\$ in millions	Q1 '14	Q2 '14	Q3 '14	Q4 '14	Q1 '15	Q2 '15	Q3 '15	Q4 '15	Q1 '16	Q2 '16	Q3 '16	Q4 '16
Pre-tax Income	\$0	\$0.5	\$1.0	\$0.5	\$0.8	\$1.4	\$2.3	\$1.5	\$2.7	\$1.6	\$1.7	\$2.1

## Total Rail Income

\$ in millions	Q1 '14	Q2 '14	Q3 '14	Q4 '14	Q1 '15	Q2 '15	Q3 '15	Q4 '15	Q1 '16	Q2 '16	Q3 '16	Q4 '16
Revenue	\$52.3	\$33.4	\$32.0	\$31.2	\$44.2	\$45.5	\$44.8	\$36.4	\$39.6	\$40.3	\$38.2	\$45.5
Gross Profit	\$21.9	\$13.9	\$10.8	\$13.2	\$17.3	\$18.2	\$17.5	\$14.6	\$14.6	\$13.6	\$12.5	\$15.2
Gross Profit Margin	41.9%	41.6%	33.8%	42.2%	39.2%	40.1%	39.1%	40.1%	36.8%	33.7%	32.7%	33.5%
Pre-tax Income	\$15.0	\$6.7	\$4.2	\$5.6	\$10.3	\$21.7	\$11.9	\$6.8	\$9.4	\$6.6	\$6.8	\$9.7



## Lease Income

\$ in millions	2012	2013	2014	2015	2016
Average # of Assets	23,019	22,990	22,199	23,017	23,057
Beginning \$ on BS	\$197.1	\$228.3	\$240.6	\$297.7	\$338.1
Average % Utilization	84.6%	86.1%	89.5%	92.4%	87.8%
Lease Income	\$13.4	\$18.9	\$13.6	\$31.5	\$13.2

## Remarketing Income

\$ in millions	2012	2013	2014	2015	2016
Asset Sale Income	\$23.7	\$19.4	\$15.8	\$13.3	\$11.0

## Service & Other Income

\$ in millions	2012	2013	2014	2015	2016
Rail Services & Other	\$5.7	\$4.5	\$2.0	\$5.9	\$8.2

## Total Rail Income

\$ in millions	2012	2013	2014	2015	2016
Revenue	\$156.4	\$164.8	\$149.0	\$170.8	\$163.7
Gross Profit	\$56.7	\$58.9	\$59.8	\$67.7	\$55.9
Gross Profit %	36.3%	35.7%	40.1%	39.6%	34.1%
Pre-tax Income	\$42.8	\$42.8	\$31.4	\$50.7	\$32.4

## Sources of Income

- Generates lease income from long-lived assets
- Maximizes value by remarketing assets opportunistically
- Provides repair services embedded in leases and to third parties

# Retail Business

- Announced plans to exit retail business and close remaining four stores in second quarter 2017.
- Reported a \$6.5 million asset impairment charge in Q4 '16...expect to record pre-tax charges in range of \$9 to \$14 million in first half of 2017.
- Anticipate that the full carrying value of the inventory may not be recoverable during the stores liquidation.
  - Inventory and other assets value of \$21.0 million as of Dec. 31, 2016
  - Long-lived assets value of \$9.8 million as of Dec. 31, 2016

# Definitions

**EBITDA:** Earnings before interest, taxes, depreciation and amortization, is a non-GAAP measure. It is one of the measures the company uses to evaluate liquidity and leverage

**Base Grain:** Grain operations owned and operated by The Andersons (does not include affiliates)

**Ethanol Margin Hedging:** From time-to-time we establish hedge positions with futures and derivative contracts that lock in prices for purchases of corn and sales of ethanol, as well as purchases of natural gas with the intent of securing portions our future sales margins

**Grain Bushels Shipped:** Includes shipments from our facilities, farm-to-market (F2M) and origination services for corn, soybeans, wheat and oats

**F2M:** Bushels that The Andersons purchases from the farm and are delivered directly to an Andersons customer. The bushels are never delivered to an Andersons facility

**Bushels Owned:** Bushels delivered to an Andersons elevator or storage facility rented by The Andersons where title to the grain is transferred to The Andersons

**Bushels Stored for Others:** Bushels stored by The Andersons for the owner of the grain for which the company charges a storage fee

**Railcar Fleet Utilization:** Percentage of railcars in leased service / total railcars controlled by company

**Basic NPK Nutrients:** Nitrogen, Phosphorous, potassium

**Specialty Nutrients:** Value added nutrients, low-salt liquid starter fertilizers, micro-nutrients

**Other Nutrient Group:** Other Farm Center fertilizers, Lawn fertilizers, Corn-cob tons