

2016 | ANNUAL REPORT



FINANCIAL HIGHLIGHTS

OPERATING RESULTS (IN THOUSANDS)

2016

2015

% Change

Sales and merchandising revenues	\$3,924,790	\$4,198,495	(6.5%)
Gross profit	345,506	375,838	(8.1%)
Equity in earnings of affiliates	9,721	31,924	(69.5%)
Other income, net	14,775	46,472	(68.2%)
Net income (loss)	14,470	(11,322)	227.8%
Net income (loss) attributable to The Andersons, Inc.	11,594	(13,067)	188.7%

FINANCIAL POSITION (IN THOUSANDS)

Total assets	2,232,849	2,359,101	(5.4%)
Working capital	258,350	241,485	7.0%
Long-term debt	397,065	436,208	(9.0%)
Total equity	790,697	783,739	0.9%

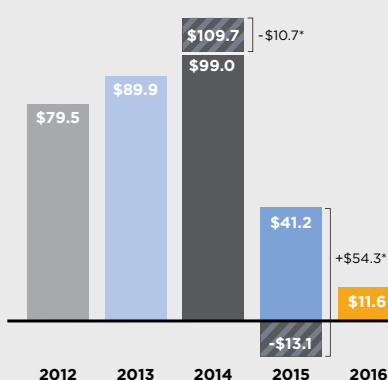
PER SHARE DATA

Net income (loss) —basic	0.41	(0.46)	189.1%
Net income (loss) —diluted	0.41	(0.46)	189.1%
Dividends declared	0.625	0.575	8.7%
Year-end market value	44.70	31.63	41.3%

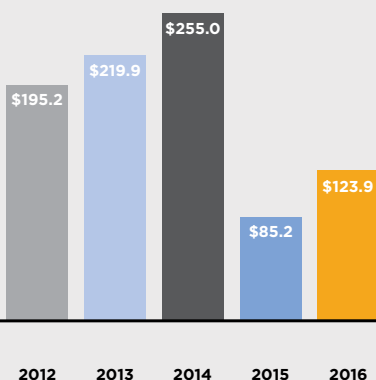
RATIOS AND OTHER DATA

Net income (loss) attributable to The Andersons, Inc. return on beginning equity attributable to The Andersons, Inc.	1.5%	(1.6%)	193.8%
Adjusted net income attributable to The Andersons, Inc. return on beginning equity attributable to The Andersons, Inc.*	1.5%	5.0%	(70.0%)
Funded long-term debt to equity	0.5-to-1	0.6-to-1	(9.8%)
Weighted average shares outstanding (basic) (in thousands)	28,193	28,288	(0.3%)
Effective tax rate	32.3%	2.1%	1438.1%

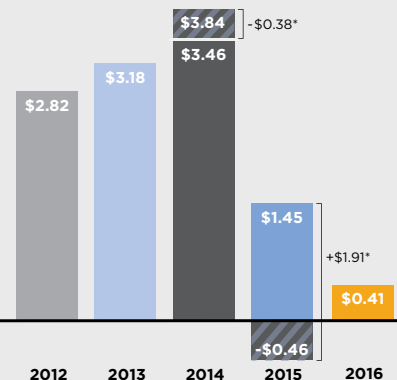
Net Income (Loss) Attributable to The Andersons, Inc.*
(Dollars in Millions)



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.



Dear Shareholders and Friends,

The past 12 months, and my first full year as CEO, have been filled with significant challenges, changes and preparations for a brighter future. In total, while we improved over 2015's results, our performance was mixed and below our long-term expectations. The Rail and Ethanol groups each had a good year in spite of some difficult market conditions. Meanwhile, the Grain and Plant Nutrient groups continued to face lower margins that traced back to the difficult 2015 planting season and harvest in the Eastern Corn Belt. Finally, after much consideration and a persistent history of losses, in January we made the difficult decision to close our Retail business.

We reported 2016 GAAP net income attributable to The Andersons, Inc. of \$11.6 million dollars or \$0.41 per diluted share. Those results included asset impairment charges in our Retail and Plant Nutrient businesses of \$0.20 per diluted share. Our 2016 Earnings Before Interest Taxes, Depreciation & Amortization (EBITDA) was \$123.9 million.

The Rail Group posted another solid year despite declining market conditions. Our fleet utilization and renewal rates both declined, putting pressure on margins. We had fewer solid opportunities to sell or finance railcars than in 2015. Our railcar repair and fabrication businesses were bright spots, as higher sales volumes and improved productivity led to record results.

The Ethanol Group also performed well, even as its income from the sale of distiller's dried grains (DDGS) was negatively impacted by Chinese tariffs and substandard eastern U.S. grain quality due to the presence of vomitoxin later in the year. Ethanol margins were very tight to begin the year, but improved steadily. The Group benefited from lower corn prices, strong ethanol demand, and a fairly robust export market, while making significant gains in productivity. The Group is eagerly anticipating the completion of

its project to double production capacity at its Albion, Michigan, facility in the second quarter to take advantage of good corn supply and strong local demand.

The Grain Group began to rebound from the effects of the poor 2015 harvest in the last few months of 2016. The smaller 2015 Eastern Corn Belt harvest reduced space income possibilities through much of 2016. The substantially better 2016 harvest allowed us to buy new crop grain at more normal basis levels. The Group also began to benefit from its IT infrastructure upgrade as it was able to automate some functions that had previously been completed manually. The Group acquired additional specialty grain assets in Saskatchewan, Canada, as it continues to expand its food grade grain offerings. Finally, the Group's results from its investment in Lansing Trade Group also suffered from difficult results in the Chinese DDGS market and the same generally muted grain market conditions.

The Plant Nutrient Group faced very significant challenges in 2016. Sales and margins both fell throughout the year as market oversupply, declining prices and low net farm income caused many customers to delay or forgo normal purchases. On a more positive note, the Group's lawn business achieved record income performance.

After years of unprofitable operation, and despite concerted efforts to reinvent the business, we made the difficult decision to close the Retail business after 65 years in operation. The stores have often been quite literally the public face of the company in the Maumee, Toledo and Columbus communities, and I would like to take this opportunity to thank the more than 1,000 dedicated employees who have served our stakeholders so well for so long, and our thousands of valued and loyal customers.

In 2016, we also sold or closed a number of underperforming assets or businesses, began a Company-wide cost savings and productivity initiative, markedly improved our safety performance, and opened a new headquarters building.

In addition to announcing the closure of the Retail business, we have rationalized some assets and businesses since this time last year. We sold underperforming grain and agronomy assets in Iowa in the second quarter. We also closed an unprofitable cob production facility in Illinois in the fourth quarter and consolidated our cob operations into one location.

Earlier this year we announced plans to achieve \$10 million in permanent run rate savings by the end of 2017. We are pleased to report that we met that goal a year early and recently announced our intention to double those savings by the end of 2018. Some of the savings will be offset by one-time charges for impaired assets and employee severance.

We renewed our focus on personal safety in 2016 with gratifying results. Recordable injuries declined 32 percent, and lost time injuries were reduced by 42 percent. In addition, we began implementing a behavior-based safety program throughout the Company. Safety is constantly our focus.

After 36 years working in what had become an outdated space, about 550 employees moved into our new corporate headquarters – which is featured on the cover – in September. The building houses the administrative and leadership teams of our four main business groups and our corporate personnel under one roof. The project was completed on time, on budget and with no recordable injuries. It was designed to allow for growth and incorporates many state-of-the-art office concepts that will improve productivity, enhance employees' work experience and help attract the next generation of employees to The Andersons.

Our IT infrastructure upgrades are continuing, with current implementation focused on the Plant Nutrient Group. The upgrades already in place have increased productivity, accuracy and the connection between employees, customers and information, which we expect to accelerate as the project continues.

We expect our 2017 financial and operating performance to improve significantly over 2016 results.

- Our Grain Group should continue to reap the positive effects of a better 2016 harvest, especially if it is followed by a comparable 2017 season.
- Historically high grain stocks should stimulate continued improvement in grain margins and more selling by growers, who may be better equipped to purchase more Plant Nutrient products than in 2016.
- The Ethanol Group expects a somewhat improved year, marked by continuing strong export demand, steady driving demand and increased capacity at Albion.
- The Rail Group is beginning to see signs of higher railcar loadings, which should stimulate more demand later in the year.
- We will all continue to keenly focus on managing our asset portfolio, controlling costs and improving efficiency throughout the Company.

We remain confident in our future earning potential and thus recently raised our quarterly dividend from 15 1/2 cents to 16 cents per share, an increase of three percent. Our balance sheet remains strong, and our overall financial position remains solid.

August will mark our 70th anniversary as a company. We are justifiably proud of our historical accomplishments, but our focus must be on the road ahead. We have weathered difficult challenges this past year and are confident about a future filled with promise, growth opportunities, and the blessings that come with hard work.



Pat Bowe,
President & CEO



The
Andersons®



GRAIN



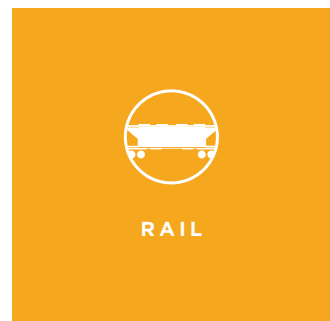
ETHANOL



PLANT NUTRIENT



RAIL



RETAIL



CORPORATE INFORMATION

BOARD OF DIRECTORS

Gerard M. Anderson⁽³⁾
Chairman & 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⁽²⁾⁽⁴⁾
Senior Vice President, General
Counsel & Secretary
The Sherwin-Williams Company

Robert J. King, Jr.⁽²⁾⁽³⁾
Senior Advisor
F.N.B. Corporation

Ross W. Manire⁽¹⁾⁽³⁾
Chairman & Chief Executive Officer
ExteNet Systems, Inc.

Donald L. Mennel⁽¹⁾⁽⁴⁾⁽⁵⁾
Chairman
The Mennel Milling Company

Patrick S. Mullin⁽¹⁾⁽⁴⁾
Retired Managing Partner
Northeast Ohio Practice
Deloitte & Touche LLP

John T. Stout, Jr.⁽²⁾⁽³⁾
Chairman & Chief Executive Officer
Plaza Belmont Management Group, LLC

Jacqueline F. Woods⁽¹⁾⁽²⁾
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

Mike Irmen
President, Ethanol Group

Corey Jorgenson
President, Grain 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.
1947 Briarfield Boulevard
Maumee, OH 43537
419-893-5050
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
28.2 million shares outstanding, as of December 31, 2016.

Stock Purchase and Dividend Reinvestment
Computershare BYDSSM 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 BYDSSM 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 CentreTM portal:
www.computershare.com/investor

Form 10-K
Additional copies of The Andersons' 2016 Form 10-K, filed on March 1, 2017 with the SEC, are available to shareholders and interested individuals without charge by writing or calling Investor Relations.

Investor Relations
John Kraus
Director, Investor Relations
419-891-6544
john_kraus@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, 1947 Briarfield Boulevard Maumee, OH 43537 at 8:00 a.m. on May 12, 2017.



GRAIN



ETHANOL



PLANT NUTRIENT



RAIL



RETAIL



The Andersons, Inc.
1947 Briarfield Boulevard
Maumee, Ohio 43537

www.andersonsinc.com