



Second Quarter Earnings Call

August 5, 2020



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, adjusted pretax income attributable to the company, adjusted net income attributable to the company, adjusted diluted EPS, EBITDA, adjusted EBITDA attributable to the company and adjusted effective tax rate provide additional information to investors and others about its operations, allowing an evaluation of underlying operating performance and better period-to-period comparability. These measures do not and should not be considered as alternatives to net income or income before income taxes as determined by generally accepted accounting principles. Reconciliations of the GAAP to non-GAAP measures may be found within the financial tables of our earnings release.





Pat Bowe

President and Chief Executive Officer

Brian Valentine

Executive Vice President and Chief Financial Officer


John Kraus


Director, Investor Relations




Q2 '20 Highlights



 Merchandising business remained strong; a difficult quarter was driven by continuing demand weakness and a small 2019 crop in the East

 Recorded a profit attributable to the company despite lower margins; timely completion of maintenance shutdowns allowed restarts as margins improved

 Pretax earnings increased more than 20 percent due to improved nutrient and services demand and lower operating costs

 Base leasing and service and other income were consistent year over year despite weak rail market; no income from car sales



Company Announces New Business Structure



Combined Trade and Ethanol Groups

- Bill Krueger to lead; expanded role for Jim Pirolli
- Consolidates grain origination, coproduct trading, risk management, logistics and arbitrage
- Enables end-to-end management of food, feed and fuel supply chains
- Expected to result in cost synergies

Combined Plant Nutrient and Rail Groups

- Joe McNeely to lead
- Cost savings is a primary driver
- Opportunity to review back office functions for synergies

Realigned Groups to Better Serve Customers, Leverage Knowledge Base and Reduce Costs Across the Company



Key Financial Data – Second Quarter 2020



\$ In millions except per share data, long-term debt-to-equity	Q2 '20	Q2 '19	VPY	YTD '20	YTD '19	VPY
Sales and merchandising revenues	\$1,890.2	\$2,325.0	(\$434.8)	\$3,743.3	\$4,301.8	(\$558.5)
Gross profit	106.3	160.7	(54.4)	169.4	270.4	(101.0)
Operating and general expenses	90.1	106.9	(16.8)	195.2	220.3	(25.1)
Equity in earnings (loss) of affiliates	0.1	(0.2)	0.3	0.2	1.4	(1.2)
Income (loss) before income taxes	7.8	40.4	(32.6)	(44.7)	20.8	(65.5)
Adjusted income (loss) before income taxes attributable to The Andersons, Inc.	21.6	44.1	(22.5)	(16.2)	36.2	(52.4)
Net income (loss) attributable to The Andersons, Inc.	30.4	29.9	0.5	(7.2)	15.9	(23.1)
Adjusted net income (loss) attributable to The Andersons, Inc.	29.3	32.3	(3.0)	(14.0)	27.0	(41.0)
Diluted earnings per share (EPS)	0.92	0.91	0.01	(0.22)	0.48	(0.70)
Adjusted diluted earnings per share (EPS)	0.88	0.98	(0.10)	(0.43)	0.81	(1.24)
Depreciation and amortization	47.0	30.3	16.7	93.9	64.1	29.8
EBITDA	66.7	86.4	(19.7)	76.6	116.6	(40.0)
Adjusted EBITDA attributable to The Andersons, Inc.	70.7	90.1	(19.4)	85.4	132.0	(46.6)
Effective tax rate	(155.8%)	27.2%	(183.0%)	30.5%	26.7%	3.8%
Adjusted effective tax rate	(108.3%)	27.2%	(135.5%)	7.5%	26.7%	(19.2%)
Long-term debt (including current maturities)				\$1,044.5	\$1,073.7	(\$29.2)
Long-term debt to adjusted EBITDA ratio (trailing 12 months)				5.12	4.83	0.29

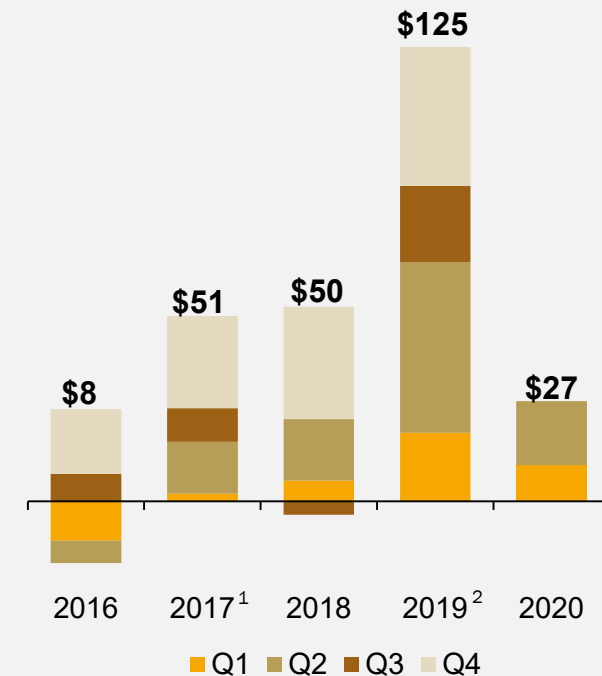
Trade Group

Q2 '20 Highlights

- Merchandising business performed well overall
- Grain margins from elevator assets declined on significantly lower corn and wheat basis appreciation
- Group is benefiting from cost reduction efforts

Unaudited in \$M	Q2 '20	Q2 '19	VPY	YTD '20	YTD '19	VPY
Revenues	\$1,351.2	\$1,700.5	(\$349.3)	\$2,729.2	\$3,238.3	(\$509.1)
Gross Profit	\$59.4	\$100.7	(\$41.3)	\$121.8	\$168.1	(\$46.3)
Pretax Income (loss)	\$0.4	\$22.6	(\$22.2)	(\$9.6)	\$4.7	(\$14.3)
Adjusted Pretax Income (loss)	\$1.4	\$25.8	(\$24.4)	(\$7.2)	\$19.5	(\$26.7)
EBITDA	\$16.5	\$43.6	(\$27.1)	\$25.1	\$50.7	(\$25.6)
Adjusted EBITDA	\$17.5	\$46.8	(\$29.3)	\$27.4	\$65.5	(\$38.1)

Adjusted EBITDA (\$M)



¹ Excludes asset impairment charges of \$10.9.

² Excludes acquisition costs of \$16.0, asset impairment charges of \$43.5, a loss on a pre-existing equity method investment of \$1.1 and a gain on the sale of assets of \$5.7.



Ethanol Group



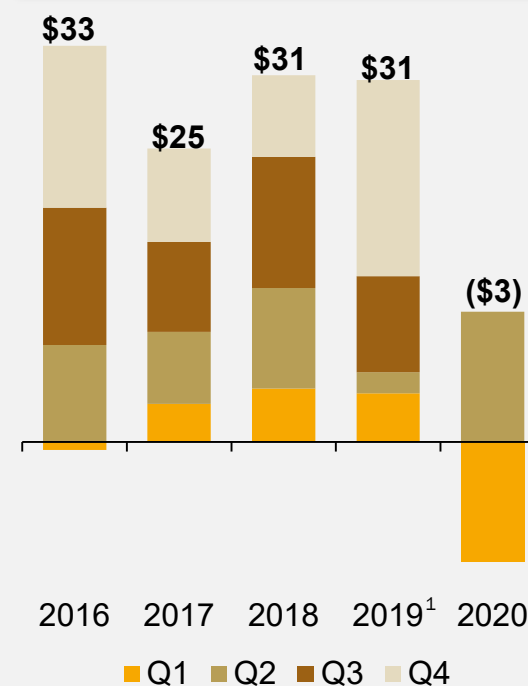
Q2 '20 Highlights

- Group recorded a small profit attributable to the company as margins surged at the end of the quarter
- Timely, extended maintenance shutdowns were conducted during demand slowdown
- Group produced at 50 percent of total capacity in response to margin environment



Unaudited in \$M	Q2 '20	Q2 '19	VPY	YTD '20	YTD '19	VPY
Revenues	\$223.7	\$310.9	(\$87.2)	\$536.8	\$580.0	(\$43.2)
Gross Profit (Loss)	(\$2.6)	\$6.5	(\$9.1)	(\$32.0)	\$11.9	(\$43.9)
Pretax Income (Loss)	(\$9.5)	\$3.3	(\$12.8)	(\$47.0)	\$6.1	(\$53.1)
Pretax Income (Loss) Attributable to Noncontrolling Interest	(\$10.4)	(\$0.5)	(\$9.9)	(\$23.9)	(\$0.6)	(\$23.3)
Pretax Income Attributable to The Andersons, Inc.	\$0.9	\$3.7	(\$2.8)	(\$23.1)	\$6.7	(\$29.8)
EBITDA	\$10.3	\$4.0	\$6.3	(\$7.2)	\$8.0	(\$15.2)
EBITDA Attributable to The Andersons, Inc.	\$11.0	\$4.5	\$6.5	(\$3.1)	\$8.6	(\$11.7)

Adj. EBITDA Attributable to The Andersons, Inc. (\$M)



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

Plant Nutrient Group



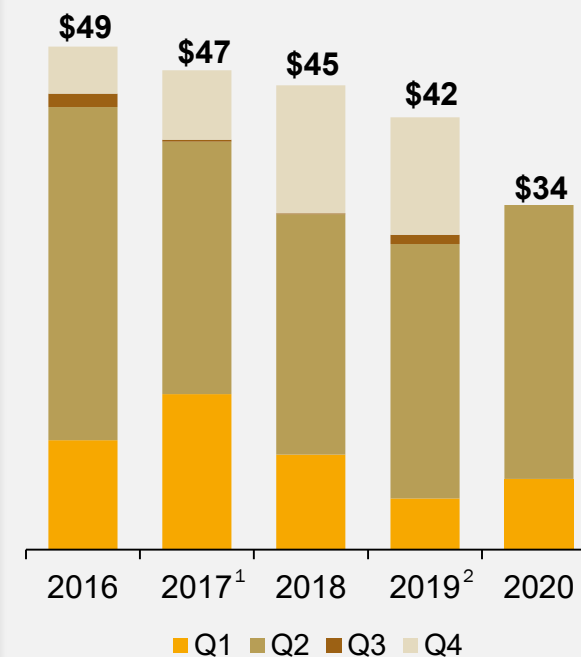
Q2 '20 Highlights

- Group pretax income improved by 22 percent year over year and for fifth consecutive quarter
- Strong planting season drove Ag Supply Chain volumes and services higher
- Group continued to drive operating expenses lower



Unaudited in \$M	Q2 '20	Q2 '19	VPY	YTD '20	YTD '19	VPY
Revenues	\$279.8	\$270.6	\$9.2	\$404.7	\$399.1	\$5.6
Gross Profit	\$38.8	\$38.8	\$ -	\$59.1	\$59.7	(\$0.6)
Pretax Income	\$19.4	\$15.9	\$3.5	\$18.2	\$12.0	\$6.2
Adjusted Pretax Income	\$19.4	\$15.9	\$3.5	\$18.2	\$12.0	\$6.2
EBITDA	\$27.2	\$24.9	\$2.3	\$34.2	\$29.9	\$4.3
Adjusted EBITDA	\$27.2	\$24.9	\$2.3	\$34.2	\$29.9	\$4.3

Adjusted EBITDA (\$M)



¹ Excludes goodwill impairment charges of \$59.1.

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

Rail Group



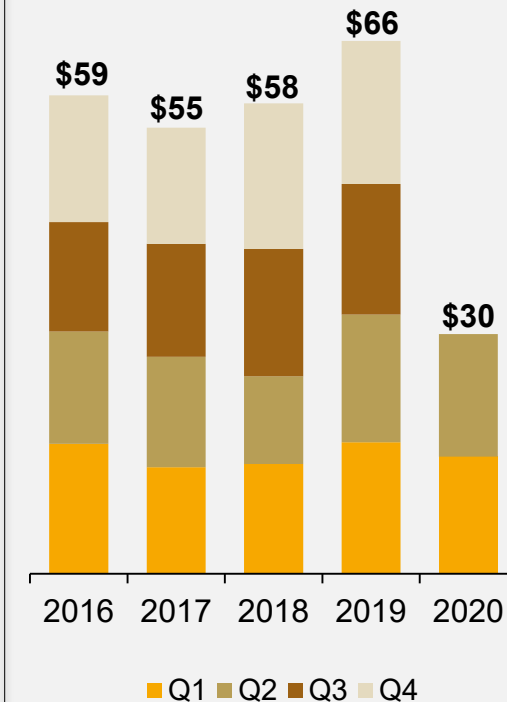
Q2 '20 Highlights

- Lease income steady despite weaker lease rates, fewer cars on lease
- Income from car sales was negligible; secondary market softer year over year
- Diligently managing costs and credit exposures



Unaudited in \$M	Q2 '20	Q2 '19	VPY	YTD '20	YTD '19	VPY
Revenues	\$35.4	\$43.0	(\$7.6)	\$72.6	\$84.4	(\$11.8)
Gross Profit	\$10.7	\$14.8	(\$4.1)	\$20.4	\$30.7	\$(10.3)
Lease Income	\$2.6	\$2.6	\$ -	\$2.8	\$5.9	(\$3.1)
Railcar Sales Income (loss)	\$ -	\$0.5	(\$0.5)	\$0.4	\$1.1	(\$0.7)
Service and Other Income	\$ -	\$0.1	(\$0.1)	\$0.4	\$0.5	(\$0.1)
Pretax Income	\$2.6	\$3.2	(\$0.6)	\$3.6	\$7.5	(\$3.9)
EBITDA	\$15.3	\$15.8	(\$0.5)	\$29.7	\$32.0	(\$2.3)

EBITDA (\$M)



2020 Outlook



The group anticipates a strong finish to the year from a large harvest and continued strong merchandising earnings



The newly aligned management structure and efficient plant operations should allow for enhanced performance



An early and large crop could set up our ag supply chain business for a normal fall season; low corn prices could remain a headwind



Second half results likely to be lower than first half results; demand for railcars and repair services likely to continue to be challenged well into 2021





Q&A Session





**Thank you for joining us.
Our next earnings call is scheduled
for Wednesday, November 4, 2020
at 11 a.m. ET**





Appendix



Definitions



EBITDA: Earnings before interest, taxes, depreciation and amortization; a non-GAAP measure. A primary measure of period-over-period comparisons, and we believe they are meaningful measures for investors to compare our results from period to period.

Railcar Fleet Utilization: Percentage of railcars in leased service divided by total railcars controlled by the company

Ag Supply Chain: Primary nutrients sold by wholesale fertilizer distribution centers and farm centers

Specialty Liquids: Manufactured products intended for agricultural and industrial uses

Engineered Granules: Granular products for turf and agricultural uses, contract manufacturing and cob products



U.S. Corn Condition



Rated Good-to-Excellent

Gold states = ahead of or equal to 2019 condition
Gray states = behind 2019 condition

August 2, 2020

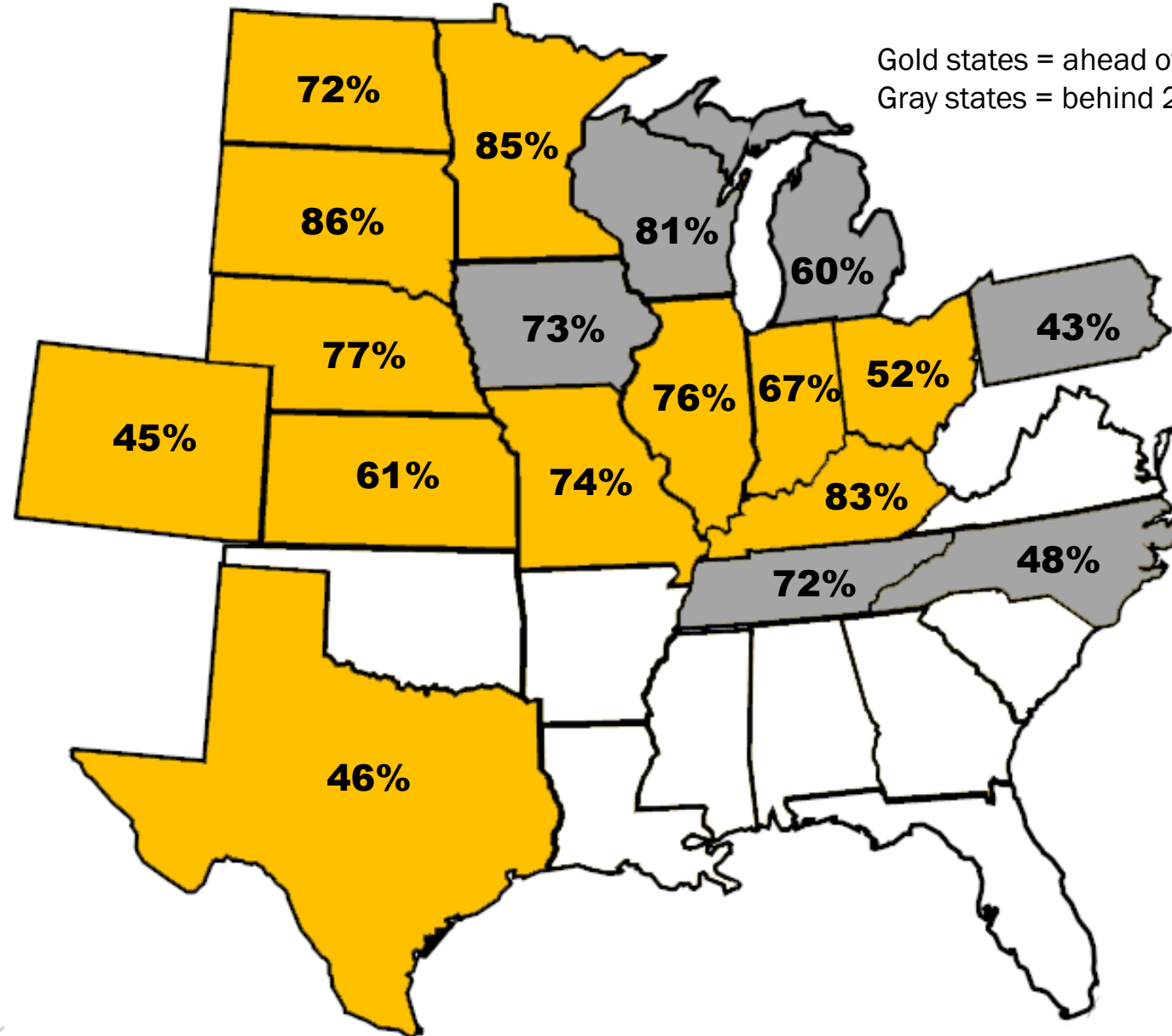
72%

July 26, 2020

72%

August 5, 2019

57%



U.S. Soybeans Condition



Rated Good-to-Excellent

August 2, 2020

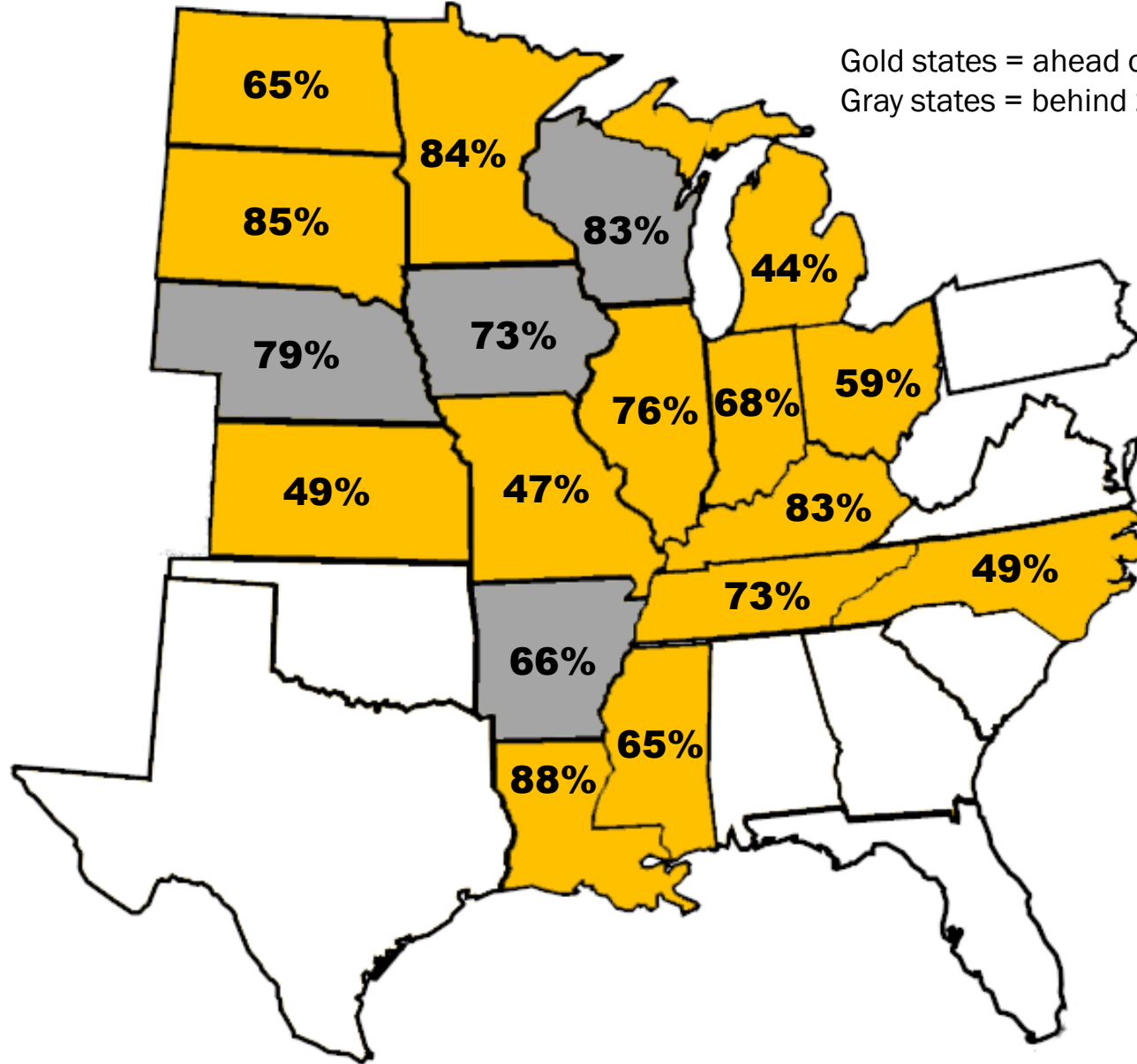
73%

July 26, 2020

72%

August 5, 2019

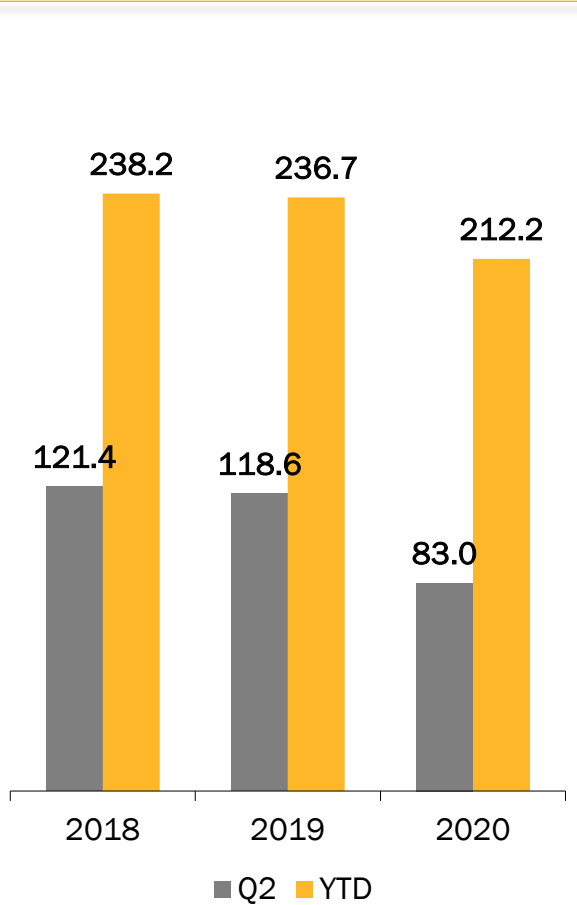
54%



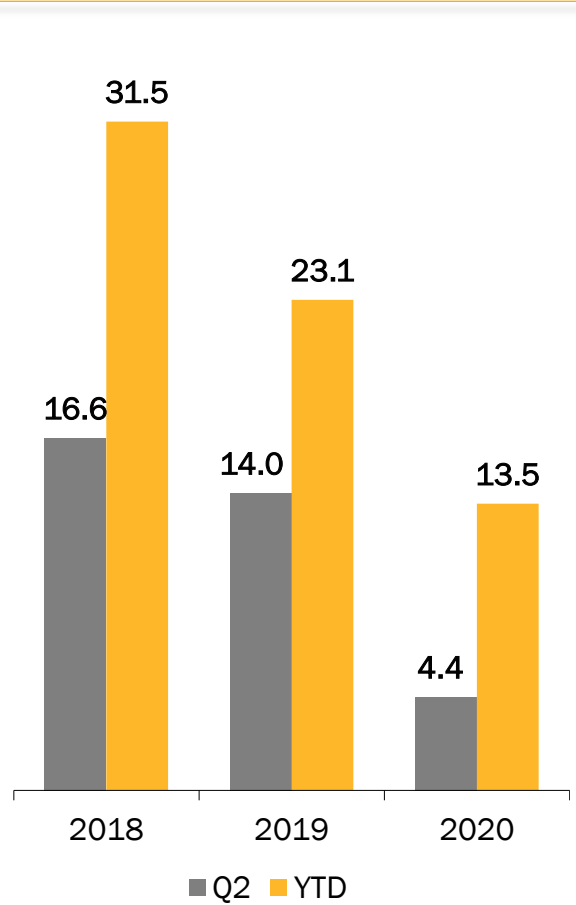
Ethanol Group Production



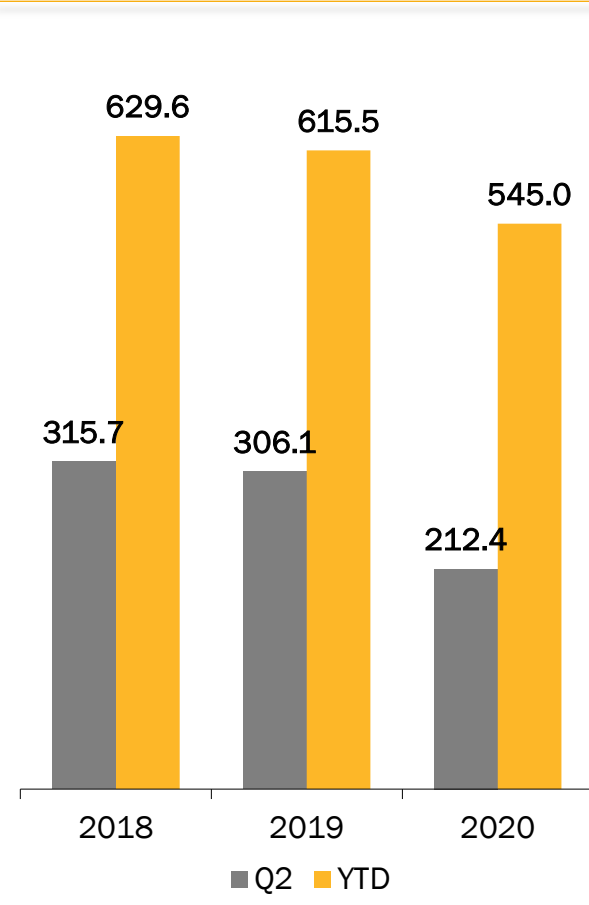
Ethanol Gallons Produced
in millions



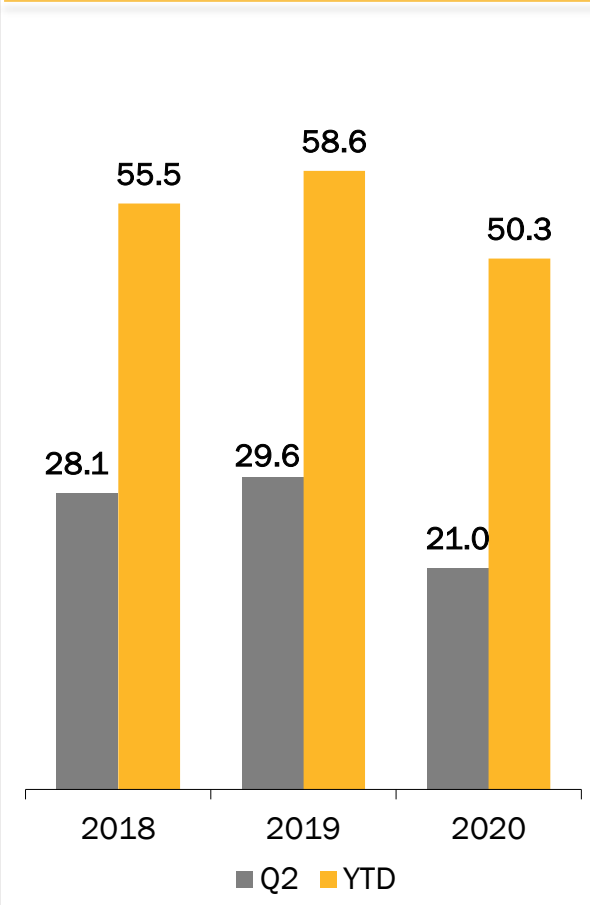
E-85 Gallons Shipped
in millions



DDG Tons Sold
in thousands



Corn Oil Pounds Sold
in millions



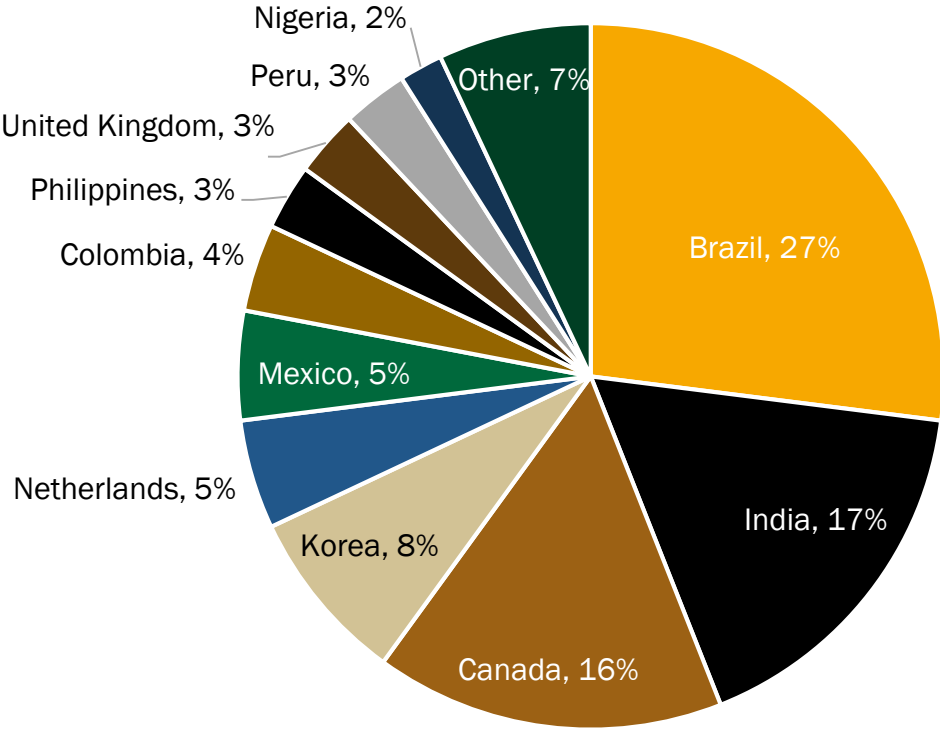
Charts include activity at nonconsolidated ethanol plants



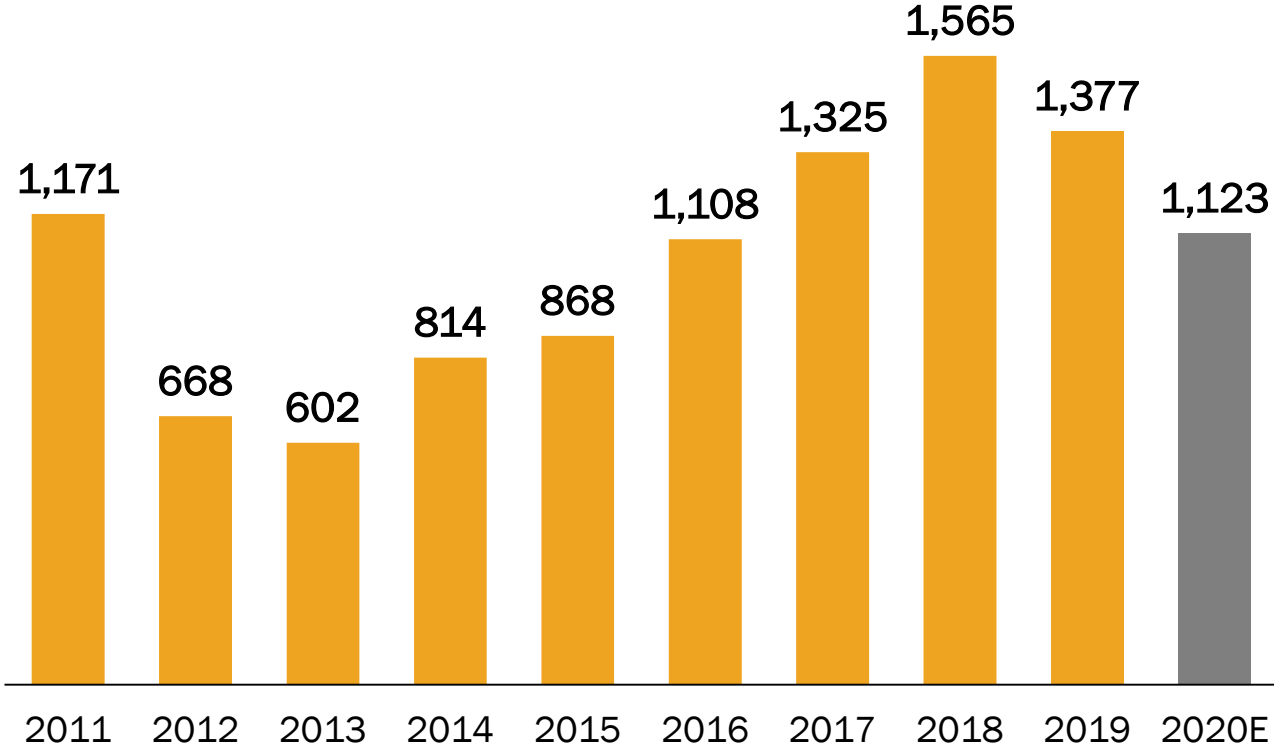
2019 Exports Decline Due to Loss of China Demand



U.S. Ethanol Exports (MGY)



Source: EIA, 7/31/20



Source: Pro Exporter Network, 7/16/20

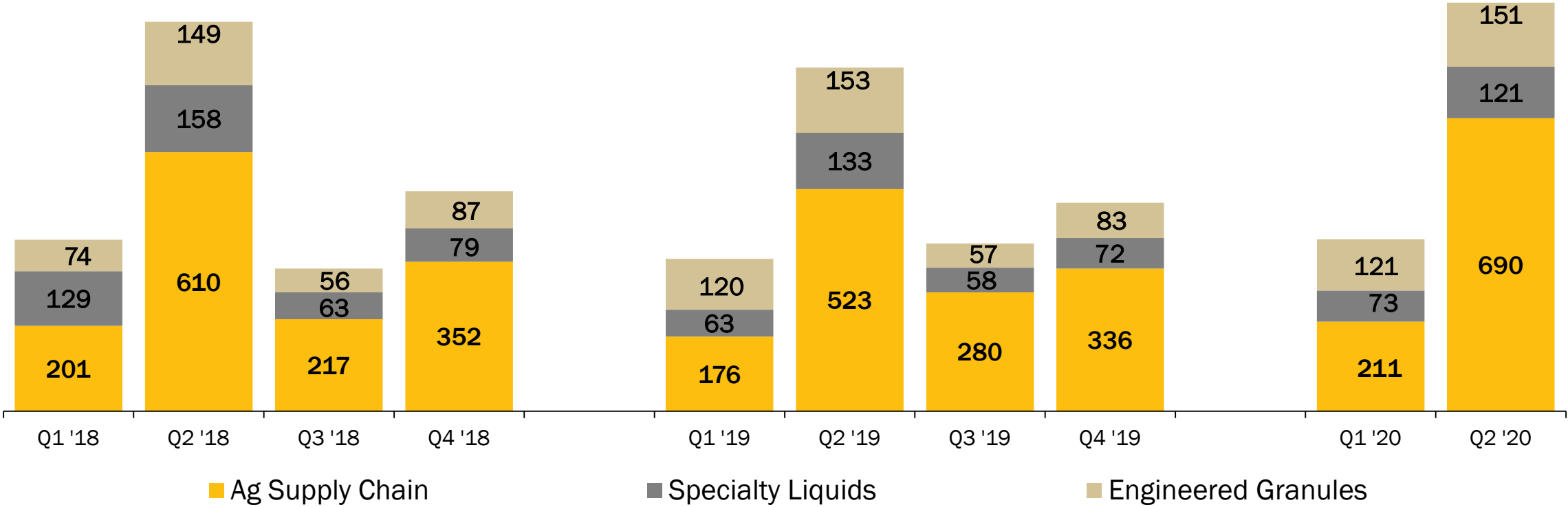
2020 Exports Expected to Be Lower Due to COVID-19 Demand Destruction



Plant Nutrient Tons Sold



Historical Seasonality in Volume (000's)



Committed to Growth of Value-added Nutrients



Rail Group Fleet



Key Metrics

~24,000 Railcars

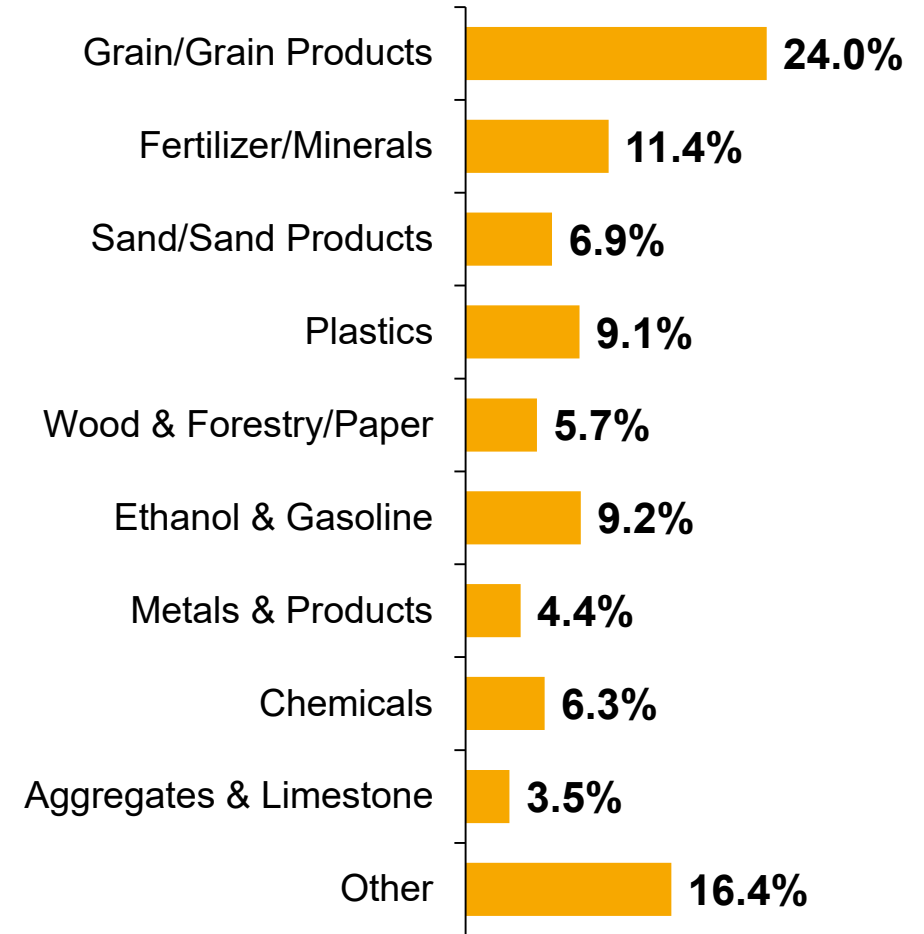
88.3% Average Utilization Rate¹

~21,100 Cars on Lease²

28 Railcar Repair Facilities²

~150 Commodities Handled

Railcar Fleet by Commodity²



Rail Group Earning Power



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

\$ in millions	YE 2016	YE 2017	YE 2018	YE 2019	YTD 2020
Average # of Railcars	23,057	23,314	22,899	24,250	24,353
Beg. \$ on Bal. Sheet	\$338.1	\$327.2	\$423.4	\$521.8	\$584.3
Average % Utilization	87.8%	85.0%	90.8%	92.4%	88.3%

Income

\$ in millions	FY 2016	FY 2017	FY 2018	FY 2019	YTD 2020
Lease Income	\$13.2	\$8.9	\$8.1	\$9.1	\$2.8
Railcar Sale Income	\$11.0	\$11.0	\$2.4	\$3.5	\$0.4
Services & Other Income	\$8.2	\$4.9	\$6.9	\$2.5	\$0.4

Total Rail

\$ in millions	FY 2016	FY 2017	FY 2018	FY 2019	YTD 2020
Revenue	\$163.7	\$172.1	\$174.2	\$166.9	\$72.6
Gross Profit	\$55.9	\$52.5	\$54.8	\$57.1	\$20.4
Gross Profit %	34.1%	30.5%	31.5%	34.3%	28.1%
Pretax Income	\$32.4	\$24.8	\$17.4	\$15.1	\$3.6

