



Third Quarter Earnings Call

November 4, 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



Third Quarter Highlights



Improvement driven by strong merchandising, which was substantially higher year over year; synergy capture and other cost reductions also boosted results



Better margins drove ethanol processing results higher; offset by large non-cash mark-to-market charge



Sixth consecutive quarterly year-over-year improvement driven by better margin per ton, continued expense management and working capital discipline



Lower leasing income due to weaker lease rates and fewer cars in service; carload traffic continues to be lower than last year



Key Financial Data – Third Quarter 2020



\$ In millions except per share and ratio data	Q3 '20	Q3 '19	VPY	YTD '20	YTD '19	VPY
Sales and merchandising revenues	\$1,922.2	\$1,982.8	\$(60.6)	\$5,665.5	\$6,284.6	\$(619.1)
Gross profit	101.8	109.1	(7.3)	271.2	379.5	(108.3)
Operating and general expenses	98.2	107.1	(8.9)	293.4	327.4	(34.0)
Income (loss) before income taxes attributable to The Andersons, Inc.	(5.8)	(11.4)	5.6	(26.7)	10.0	(36.7)
Adjusted income (loss) before income taxes attributable to The Andersons, Inc.	(1.6)	(8.9)	7.3	(17.8)	27.3	(45.1)
Net income (loss) attributable to The Andersons, Inc.	(1.1)	(4.2)	3.1	(8.3)	11.7	(20.0)
Adjusted net income (loss) attributable to The Andersons, Inc.	(2.4)	(2.3)	(0.1)	(16.4)	24.7	(41.1)
Diluted earnings per share (EPS)	(0.03)	(0.13)	0.10	(0.25)	0.35	(0.60)
Adjusted diluted earnings per share (EPS)	(0.07)	(0.07)	—	(0.50)	0.74	(1.24)
Depreciation and amortization	47.3	34.3	13.0	141.2	98.4	42.8
EBITDA	55.3	35.1	20.2	131.9	151.7	(19.8)
Adjusted EBITDA attributable to The Andersons, Inc.	46.2	38.2	8.0	131.6	170.2	(38.6)
Effective tax rate	188.6%	55.1%	133.5%	38.9%	21.4%	17.5%
Adjusted effective tax rate	9.1%	55.1%	(46.0)%	7.7%	21.4%	(13.7)%
Long-term debt (including current maturities)				983.9	1,035.0	(51.1)
Long-term debt to adjusted EBITDA ratio (trailing 12 months)				4.74	4.36	0.38

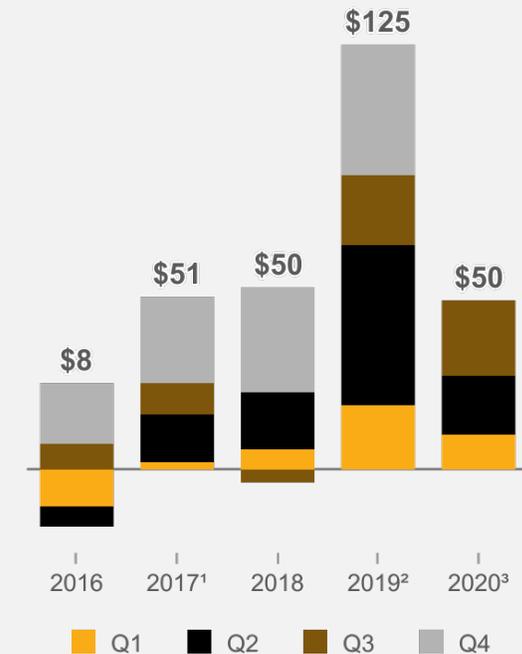
Trade

Q3 '20 Highlights

- Merchandising income improved substantially due to market volatility
- Income from grain assets was up slightly, with increased corn and bean sales offsetting lower wheat income
- Synergy capture and other cost-cutting efforts bolstered results

Unaudited in \$M	Q3 '20	Q3 '19	VPY	YTD '20	YTD '19	VPY
Revenues	\$1,432.9	\$1,515.1	\$(82.2)	\$4,162.1	\$4,753.4	\$(591.3)
Gross Profit	65.6	73.4	(7.8)	187.4	241.4	(54.0)
Pretax Income (loss)	5.9	(2.1)	8.0	(3.7)	2.6	(6.3)
Adjusted Pretax Income (loss)	6.9	0.4	6.5	(0.4)	20.0	(20.4)
EBITDA	21.4	18.2	3.2	46.5	68.9	(22.4)
Adjusted EBITDA	22.3	20.7	1.6	49.7	86.2	(36.5)

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.

³ Excludes acquisition costs of \$3.3.



Ethanol



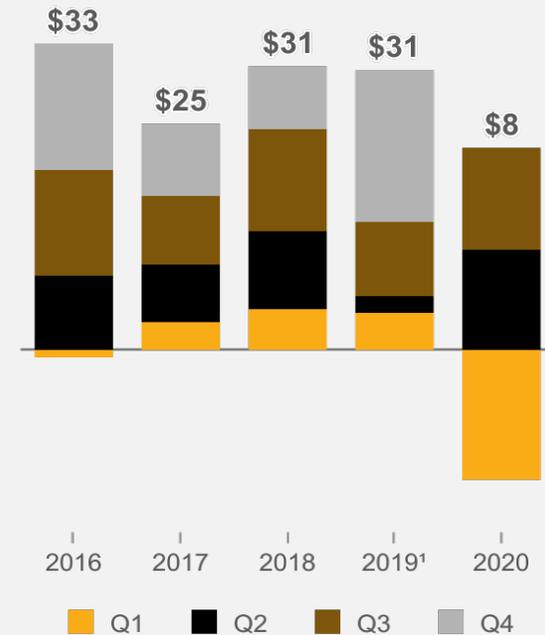
Q3 '20 Highlights

- Margin, production and yield improvements were offset by a large mark-to-market charge
- Third-party ethanol trading results climbed
- Industry supply and demand remained relatively balanced



Unaudited in \$M	Q3 '20	Q3 '19	VPY	YTD '20	YTD '19	VPY
Revenues	\$350.0	\$319.1	\$30.9	\$886.7	\$899.1	\$(12.4)
Gross Profit (Loss)	11.2	8.1	3.1	(20.8)	20.0	(40.8)
Pretax Income (Loss)	4.4	(0.6)	5.0	(42.5)	5.6	(48.1)
Pretax Income (Loss) Attributable to Noncontrolling Interest	3.3	(1.6)	4.9	(20.6)	(2.3)	(18.3)
Pretax Income Attributable to The Andersons, Inc.	1.1	1.1	—	(22.0)	7.8	(29.8)
EBITDA	24.4	3.4	21.0	17.2	11.4	5.8
EBITDA Attributable to The Andersons, Inc.	11.1	3.9	7.2	8.0	12.5	(4.5)

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



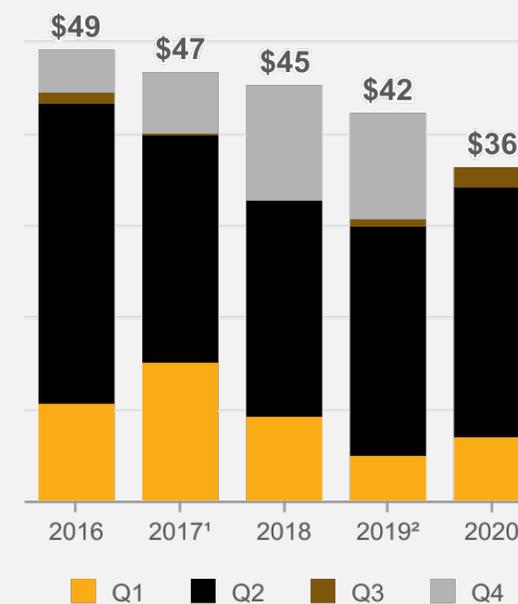
Q3 '20 Highlights

- Pretax loss lower by \$2 million year over year; sixth consecutive year over year quarterly improvement
- Margin per ton improved slightly on similar volumes
- Operating and interest expenses were lower



Unaudited in \$M	Q3 '20	Q3 '19	VPY	YTD '20	YTD '19	VPY
Revenues	\$102.7	\$109.4	\$(6.7)	\$507.4	\$508.5	\$(1.1)
Gross Profit	16.5	15.9	0.6	75.6	75.6	—
Pretax Income	(5.4)	(7.4)	2.0	12.8	4.5	8.3
Adjusted Pretax Income	(5.4)	(7.4)	2.0	12.8	4.5	8.3
EBITDA	2.2	0.9	1.3	36.4	30.8	5.6
Adjusted EBITDA	2.2	0.9	1.3	36.4	30.8	5.6

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.

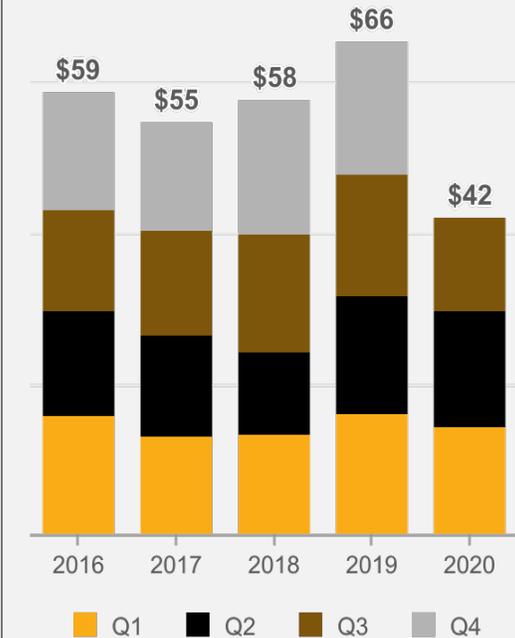
Rail Group

Q3 '20 Highlights

- Lease income lower due to weaker lease rates, fewer cars on lease and lower utilization
- Repair results down on lower revenues and margins
- Rail carload traffic continues to be lower year over year

Unaudited in \$M	Q3 '20	Q3 '19	VPY	YTD '20	YTD '19	VPY
Revenues	\$36.6	\$39.1	\$(2.5)	\$109.2	\$123.5	\$(14.3)
Gross Profit	8.6	11.8	(3.2)	29.0	42.5	(13.5)
Lease Income	—	2.0	(2.0)	2.8	8.0	(5.2)
Railcar Sales Income (loss)	(0.3)	0.1	(0.4)	0.1	1.1	(1.0)
Service and Other Income	0.2	1.0	(0.8)	0.6	1.5	(0.9)
Pretax Income	(0.1)	3.1	(3.2)	3.5	10.6	(7.1)
EBITDA	12.5	16.1	(3.6)	42.2	48.1	(5.9)

EBITDA (\$M)



2020 and Early 2021 Outlook



Merchandising opportunities continue to be good, but expect it will be difficult to offset the loss of storage income due to lack of carry in the corn and bean markets



Nearby crush margins expected to remain profitable, while deferred margins are negative; the business continues to develop and sell high-protein feed products



The business expects its best year full-year results in several years and modest improvement in 2021 as farmers' income and balance sheets improve



Lower lease rates and cars in service expected to impact income for the remainder of 2020 and throughout most of 2021





Q&A Session





Thank you for joining us.

**Our next earnings call is scheduled
for Wednesday, February 17, 2021
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 Harvest



Rated Good-to-Excellent

November 1, 2020

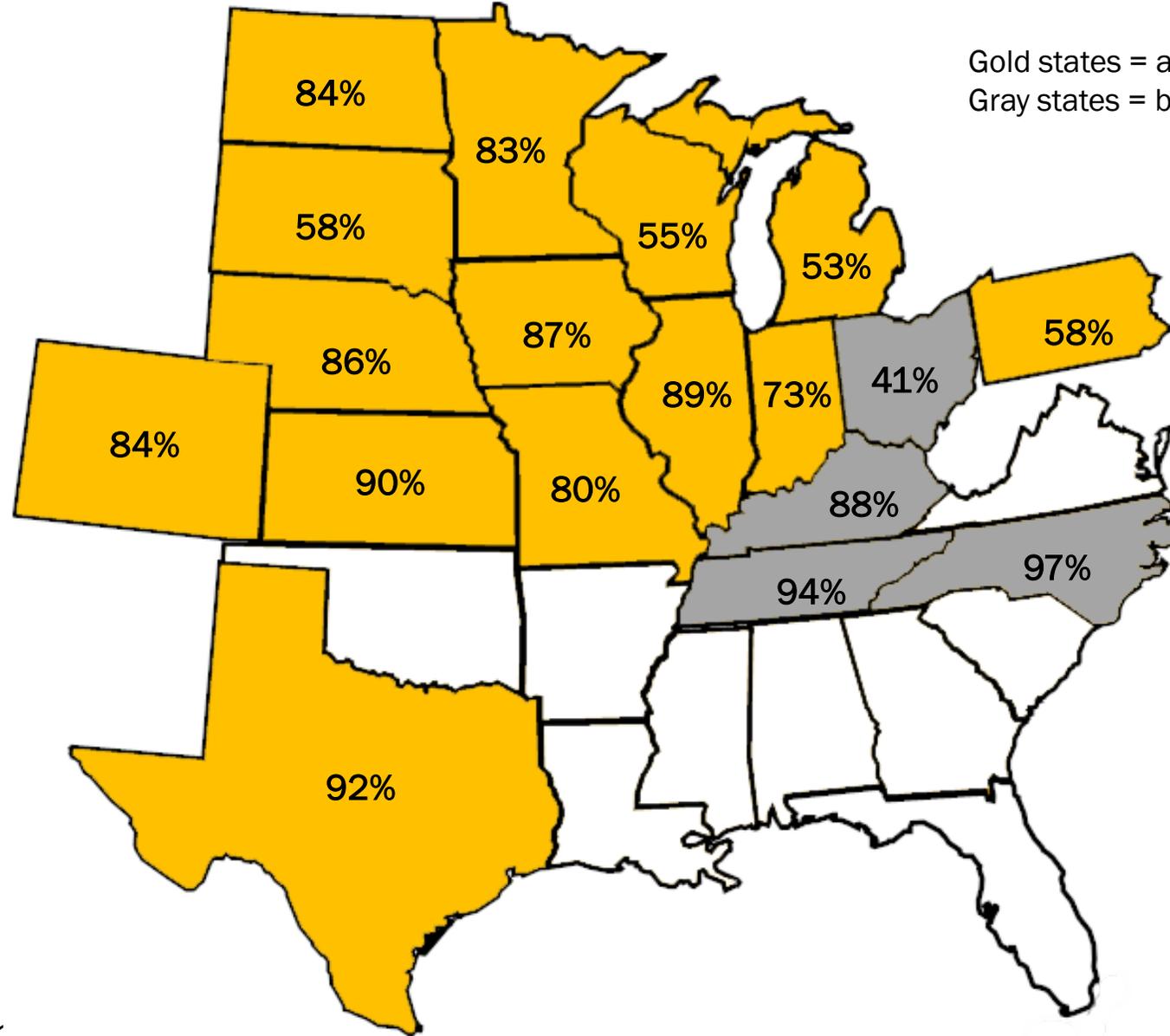
82%

October 25, 2020

72%

November 1, 2019

49%



Gold states = ahead of 2019 harvest
Gray states = behind 2019 harvest



U.S. Soybeans Harvest



Rated Good-to-Excellent

November 1, 2020

87%

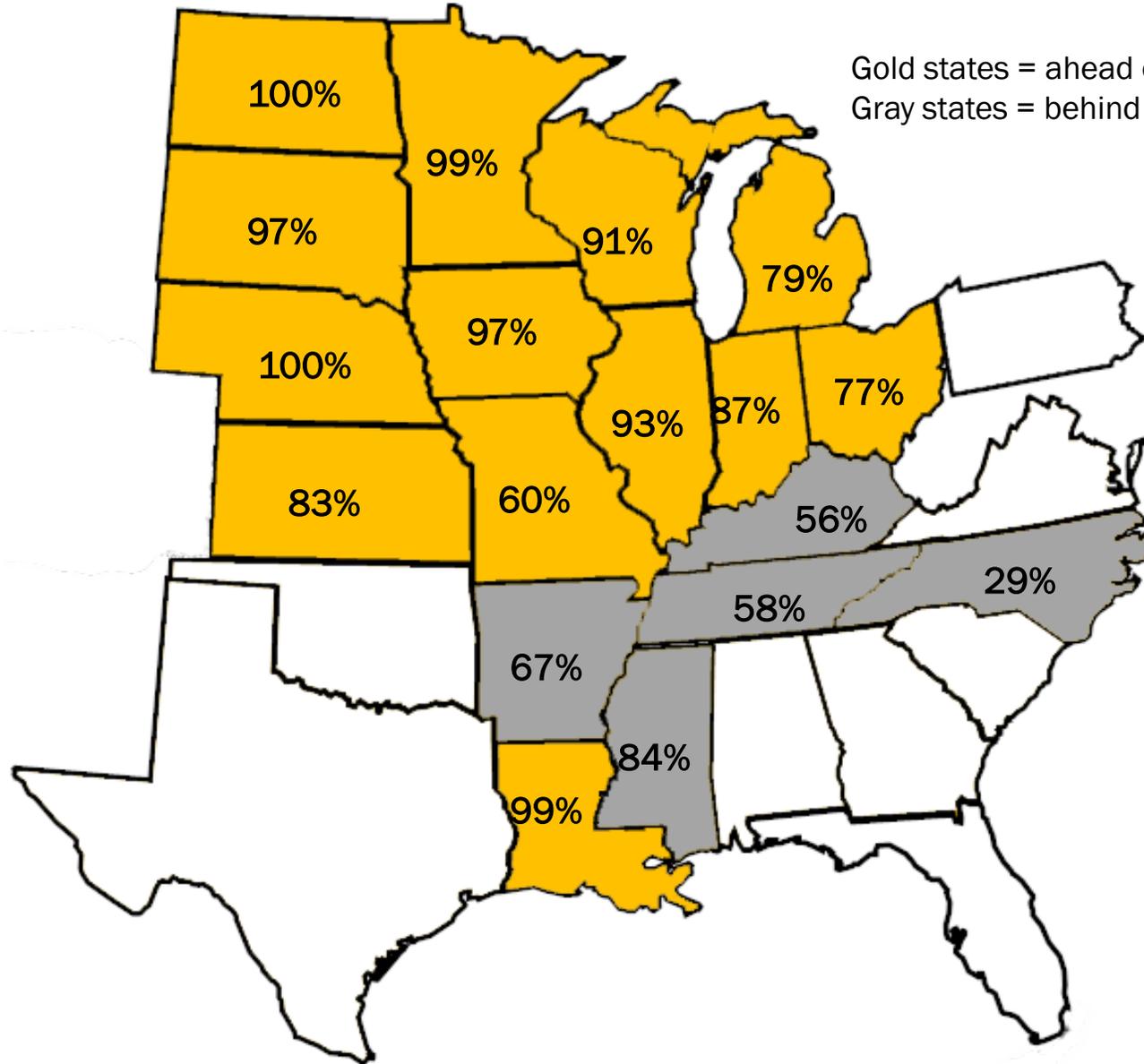
October 25, 2020

83%

November 1, 2019

71%

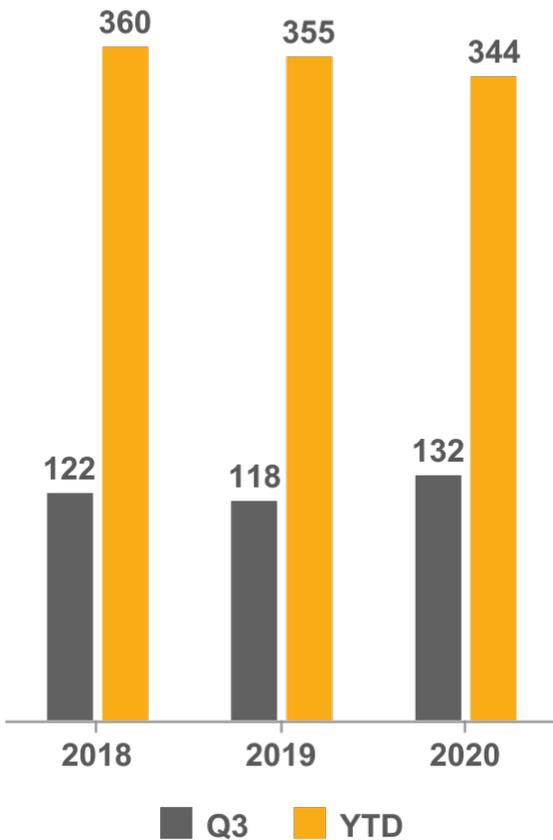
Gold states = ahead of 2019 condition
Gray states = behind 2019 condition



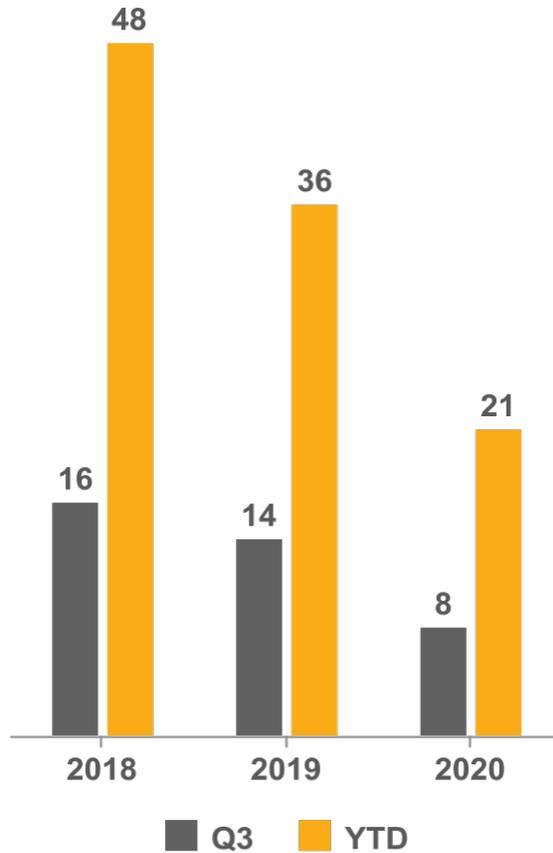
Ethanol Group Production



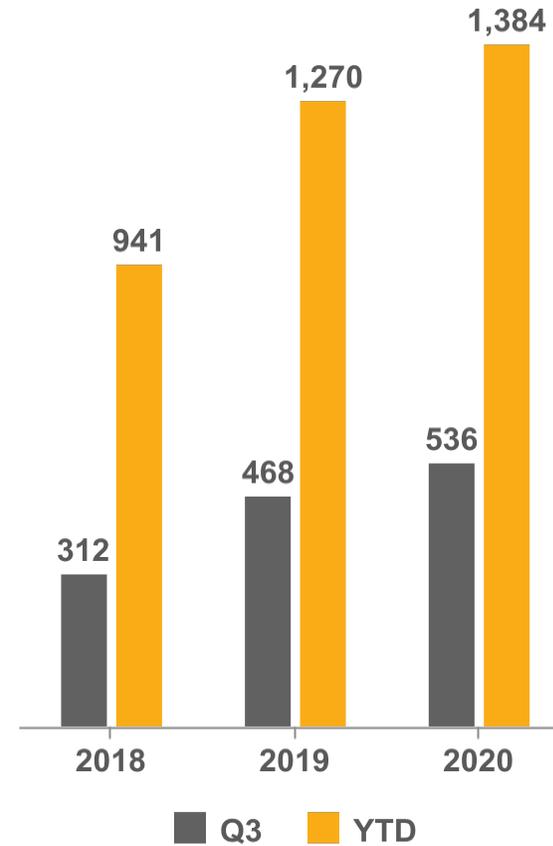
Ethanol Gallons Produced
in millions



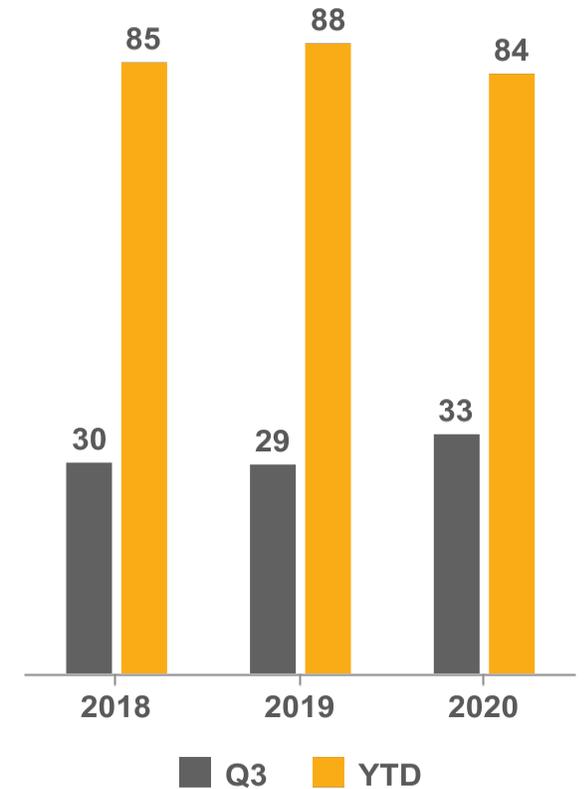
E-85 Gallons Shipped
in millions



DDG Tons Sold
in thousands



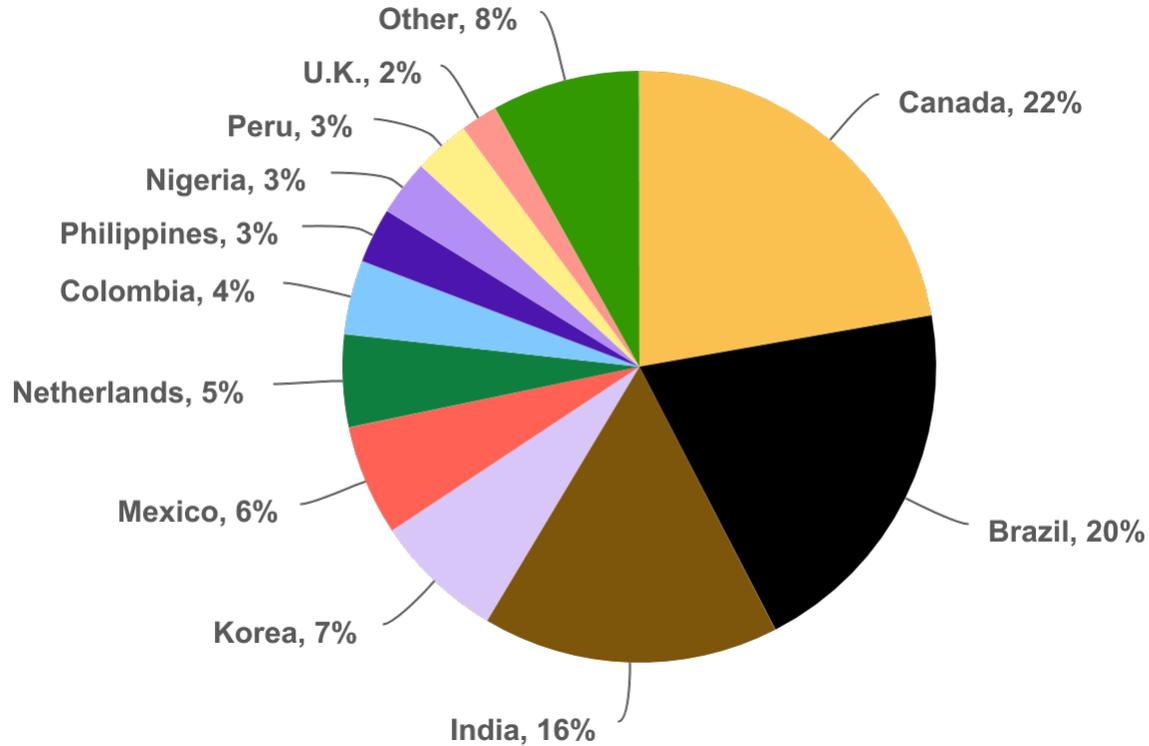
Corn Oil Pounds Sold
in millions



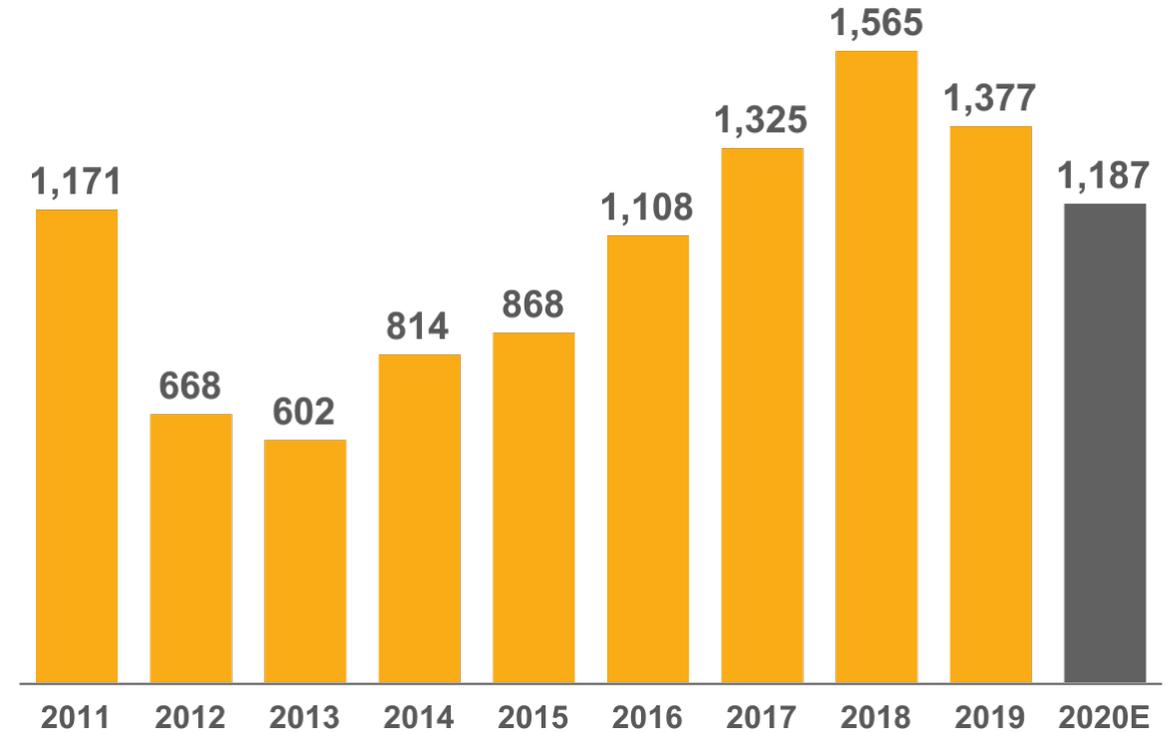
U.S. Ethanol Exports



Through August 2020 (MGY)



Source: EIA, 10/30/20



Source: ProExporter Network, 10/19/20

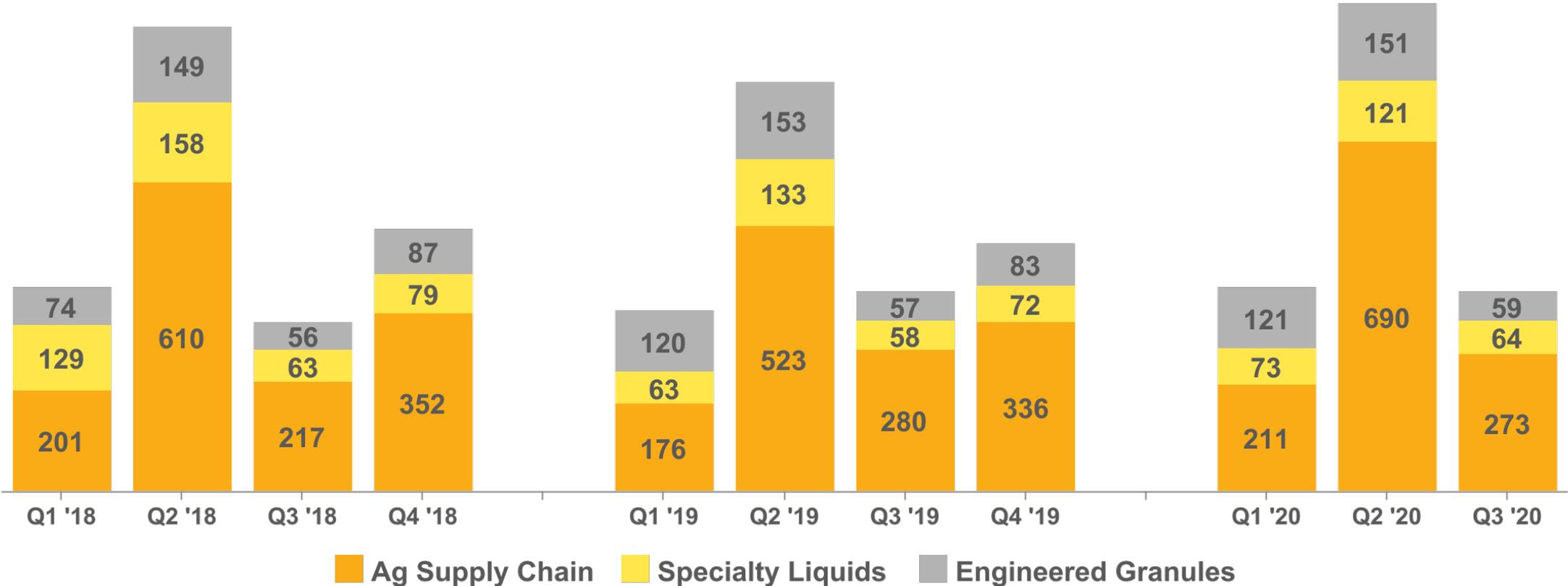
2020 Exports Expected to Be Lower Due to COVID-19 Demand Destruction



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

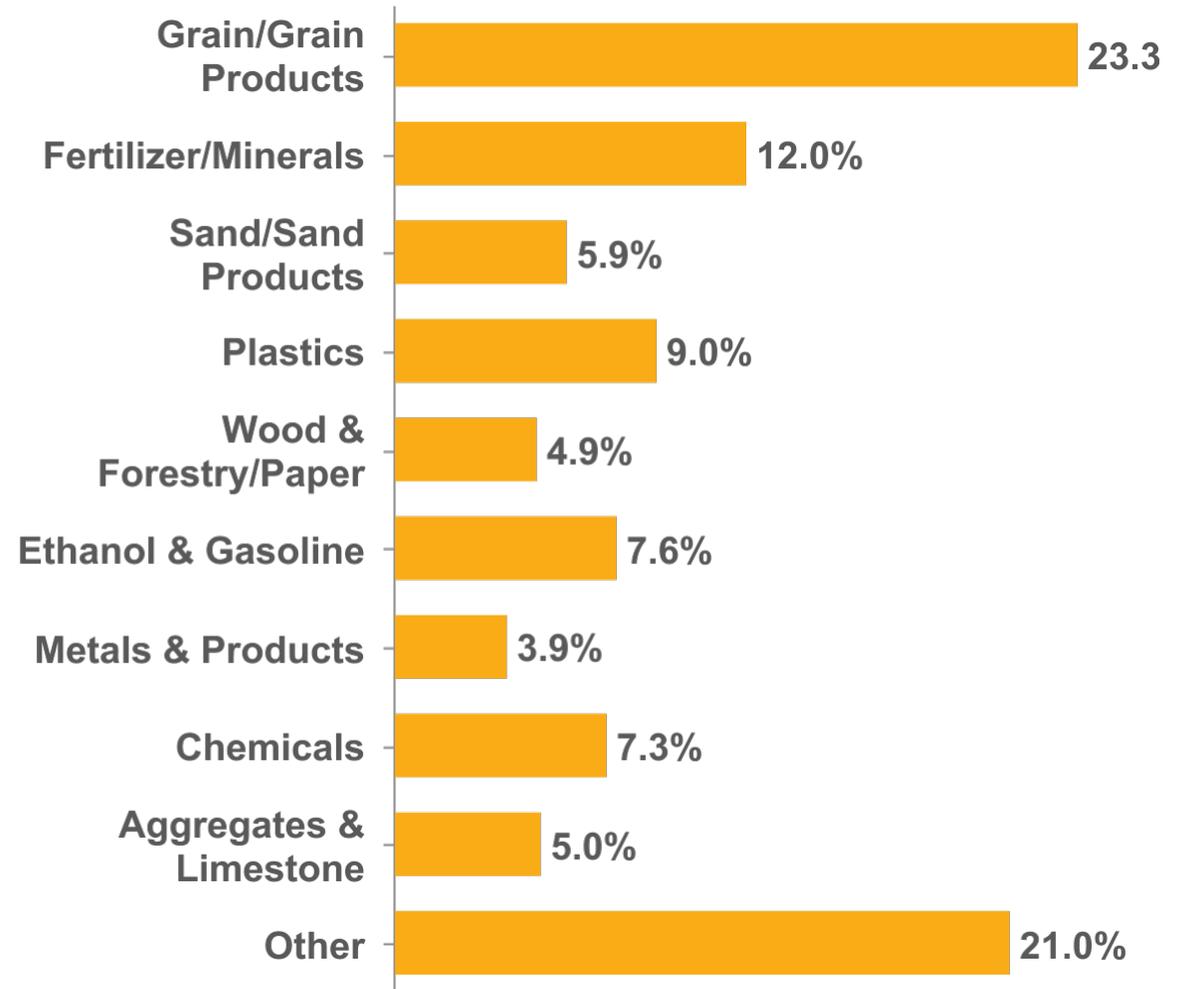
88.3% Average Utilization Rate¹

20,415 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	Q3 2020
Average # of Railcars YTD	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 YTD	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	\$0.1
Services & Other Income	\$8.2	\$4.9	\$6.9	\$2.5	\$0.6

Total Rail

\$ in millions	FY 2016	FY 2017	FY 2018	FY 2019	YTD 2020
Revenue	\$163.7	\$172.1	\$174.2	\$166.9	\$109.2
Gross Profit	\$55.9	\$52.5	\$54.8	\$57.1	\$29.0
Gross Profit %	34.1 %	30.5 %	31.5 %	34.2 %	26.6 %
Pretax Income	\$32.4	\$24.8	\$17.4	\$15.1	\$3.5



Non-GAAP Reconciliation



Adjusted net income (loss) attributable to The Andersons, Inc.

(in thousands, except per share data)	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Net income (loss) attributable to The Andersons, Inc.	\$ (1,058)	\$ (4,237)	\$ (8,281)	\$ 11,658
Items impacting other income, net of tax:				
One time acquisition costs	—	(23)	—	5,849
Transaction related stock compensation	912	2,577	3,260	7,339
Asset impairment	—	—	—	3,081
Loss from remeasurement of equity method investments	—	—	—	1,073
Severance costs	3,222	—	5,563	—
Income tax impact of adjustments (a)	(5,511)	(638)	(16,962)	(4,335)
Total adjusting items, net of tax	(1,377)	1,916	(8,139)	13,007
Adjusted net income (loss) attributable to The Andersons, Inc.	\$ (2,435)	\$ (2,321)	\$ (16,420)	\$ 24,665
Diluted earnings (loss) attributable to The Andersons, Inc. common shareholders	\$ (0.03)	\$ (0.13)	\$ (0.25)	\$ 0.35
Impact on diluted earnings (loss) per share	\$ (0.04)	\$ 0.06	\$ (0.25)	\$ 0.39
Adjusted diluted earnings (loss) per share	\$ (0.07)	\$ (0.07)	\$ (0.50)	\$ 0.74

(a) Income tax adjustments include \$(4.5) million and \$(14.8) million due to CARES Act benefits and certain discrete items in the current quarter and year to date.

Non-GAAP Reconciliation



Quarter to Date EBITDA and Adjusted EBITDA

(in thousands)	Trade	Ethanol	Plant Nutrient	Rail	Other	Total
Three months ended September 30, 2020						
Net Income (Loss)	\$ 5,941	\$ 4,421	\$ (5,387)	\$ (139)	\$ (2,621)	\$ 2,215
Interest expense (income)	4,380	1,651	1,287	3,716	(465)	10,569
Income tax provision (benefit)	—	—	—	—	(4,714)	(4,714)
Depreciation and amortization	11,079	18,282	6,316	8,882	2,710	47,269
Earnings before interest, taxes, depreciation and amortization (EBITDA)	21,400	24,354	2,216	12,459	(5,090)	55,339
Total EBITDA impact of non-controlling interests	—	13,250	—	—	—	13,250
EBITDA Attributable to The Andersons, Inc.	21,400	11,104	2,216	12,459	(5,090)	42,089
Adjusting items impacting EBITDA:						
Transaction related stock compensation	912	—	—	—	—	912
Severance Costs	—	—	—	—	3,222	3,222
Total adjusting items	912	—	—	—	3,222	4,134
Adjusted EBITDA Attributable to The Andersons, Inc.	\$ 22,312	\$ 11,104	\$ 2,216	\$ 12,459	\$ (1,868)	\$ 46,223
Three months ended September 30, 2019						
Net Income (Loss)	\$ (2,122)	\$ (563)	\$ (7,440)	\$ 3,137	\$ 1,118	\$ (5,870)
Interest expense (income)	7,788	291	1,831	4,211	(146)	13,975
Income tax provision (benefit)	—	—	—	—	(7,212)	(7,212)
Depreciation and amortization	12,487	3,716	6,485	8,713	2,849	34,250
Earnings before interest, taxes, depreciation and amortization (EBITDA)	18,153	3,444	876	16,061	(3,391)	35,143
Total EBITDA impact of non-controlling interests	—	(483)	—	—	—	(483)
EBITDA Attributable to The Andersons, Inc.	18,153	3,927	876	16,061	(3,391)	35,626
Adjusting items impacting EBITDA:						
One time acquisition costs	(23)	—	—	—	—	(23)
Transaction related stock compensation	2,577	—	—	—	—	2,577
Total adjusting items	2,554	—	—	—	—	2,554
Adjusted EBITDA Attributable to The Andersons, Inc.	\$ 20,707	\$ 3,927	\$ 876	\$ 16,061	\$ (3,391)	\$ 38,180

Non-GAAP Reconciliation



Year to Date EBITDA and Adjusted EBITDA

(in thousands)

Nine months ended September 30, 2020

	Trade	Ethanol	Plant Nutrient	Rail	Other	Total
Net Income (Loss)	\$ (3,650)	\$ (42,543)	\$ 12,828	\$ 3,474	\$ 1,027	\$ (28,864)
Interest expense (income)	16,624	5,908	4,535	12,032	(1,116)	37,983
Income tax provision (benefit)	—	—	—	—	(18,378)	(18,378)
Depreciation and amortization	33,478	53,786	19,021	26,670	8,212	141,167
Earnings before interest, taxes, depreciation and amortization (EBITDA)	46,452	17,151	36,384	42,176	(10,255)	131,908
Total EBITDA impact of non-controlling interests	—	9,130	—	—	—	9,130
EBITDA Attributable to The Andersons, Inc.	46,452	8,021	36,384	42,176	(10,255)	122,778
Adjusting items impacting EBITDA:						
Transaction related stock compensation	3,260	—	—	—	—	3,260
Severance Costs	—	—	—	—	5,563	5,563
Total adjusting items	3,260	—	—	—	5,563	8,823
Adjusted EBITDA Attributable to The Andersons, Inc.	\$ 49,712	\$ 8,021	\$ 36,384	\$ 42,176	\$ (4,692)	\$ 131,601

Nine months ended September 30, 2019

Net Income (Loss)	\$ 2,610	\$ 5,562	\$ 4,534	\$ 10,629	\$ (13,942)	\$ 9,393
Interest expense (income)	28,740	(1,232)	6,478	12,071	(444)	45,613
Income tax provision (benefit)	—	—	—	—	(1,657)	(1,657)
Depreciation and amortization	37,523	7,094	19,778	25,377	8,624	98,396
Earnings before interest, taxes, depreciation and amortization (EBITDA)	68,873	11,424	30,790	48,077	(7,419)	151,745
Total EBITDA impact of non-controlling interests	—	(1,073)	—	—	—	(1,073)
EBITDA Attributable to The Andersons, Inc.	68,873	12,497	30,790	48,077	(7,419)	152,818
Adjusting items impacting EBITDA:						
One time acquisition costs	5,849	—	—	—	—	5,849
Transaction related stock compensation	7,339	—	—	—	—	7,339
Asset impairment	3,081	—	—	—	—	3,081
(Gain) Loss on pre-existing equity method investment	1,073	—	—	—	—	1,073
Total adjusting items	17,342	—	—	—	—	17,342
Adjusted EBITDA Attributable to The Andersons, Inc.	\$ 86,215	\$ 12,497	\$ 30,790	\$ 48,077	\$ (7,419)	\$ 170,160

Non-GAAP Reconciliation



Quarter to Date Segment Data

(in thousands)

Three months ended September 30, 2020

	Trade	Ethanol	Plant Nutrient	Rail	Other	Total
Sales and merchandising revenues	\$ 1,432,922	\$ 349,957	\$ 102,707	\$ 36,647	\$ —	\$ 1,922,233
Gross profit	65,572	11,169	16,496	8,598	—	101,835
Equity in earnings (losses) of affiliates, net	20	—	—	—	—	20
Other income (loss), net	3,114	553	579	588	(400)	4,434
Income (loss) before income taxes	5,941	4,421	(5,387)	(139)	(7,335)	(2,499)
Income attributable to the noncontrolling interests	—	3,273	—	—	—	3,273
Income (loss) before income taxes attributable to The Andersons, Inc. (a)	5,941	1,148	(5,387)	(139)	(7,335)	(5,772)
Adjustments to income (loss) before income taxes (b)	912	—	—	—	3,222	4,134
Adjusted income (loss) before income taxes attributable to The Andersons, Inc. (a)	\$ 6,853	\$ 1,148	\$ (5,387)	\$ (139)	\$ (4,113)	\$ (1,638)

Three months ended September 30, 2019

Sales and merchandising revenues	\$ 1,515,107	\$ 319,105	\$ 109,446	\$ 39,097	\$ —	\$ 1,982,755
Gross profit	73,379	8,083	15,851	11,828	—	109,141
Equity in earnings (losses) of affiliates, net	(98)	(3,630)	—	—	—	(3,728)
Other income (loss), net	876	417	510	854	(59)	2,598
Income (loss) before income taxes	(2,122)	(563)	(7,440)	3,137	(6,094)	(13,082)
Loss attributable to the noncontrolling interests	—	(1,633)	—	—	—	(1,633)
Income (loss) before income taxes attributable to The Andersons, Inc. (a)	(2,122)	1,070	(7,440)	3,137	(6,094)	(11,449)
Adjustments to income (loss) before income taxes (b)	2,554	—	—	—	—	2,554
Adjusted income (loss) before income taxes attributable to The Andersons, Inc. (a)	\$ 432	\$ 1,070	\$ (7,440)	\$ 3,137	\$ (6,094)	\$ (8,895)

(a) Income (loss) before income taxes attributable to The Andersons, Inc. for each operating segment is defined as net sales and merchandising revenues plus identifiable other income less all identifiable operating expenses, including interest expense for carrying working capital and long-term assets and is reported net of the noncontrolling interest share of income.

(b) Additional information on the individual adjustments that are included in the adjustments to income (loss) before income taxes can be found in the Reconciliation to EBITDA and Adjusted EBITDA table.

Non-GAAP Reconciliation



Year to Date Segment Data

(in thousands)

Nine months ended September 30, 2020

	Trade	Ethanol	Plant Nutrient	Rail	Other	Total
Sales and merchandising revenues	\$ 4,162,130	\$ 886,742	\$ 507,445	\$ 109,202	\$ —	\$ 5,665,519
Gross profit	187,420	(20,829)	75,625	29,015	—	271,231
Equity in earnings (losses) of affiliates, net	228	—	—	—	—	228
Other income (loss), net	6,865	1,465	935	2,543	889	12,697
Income (loss) before income taxes	(3,650)	(42,543)	12,828	3,474	(17,351)	(47,242)
Loss attributable to the noncontrolling interests	—	(20,583)	—	—	—	(20,583)
Income (loss) before income taxes attributable to The Andersons, Inc. (a)	(3,650)	(21,960)	12,828	3,474	(17,351)	(26,659)
Adjustments to income (loss) before income taxes (b)	3,260	—	—	—	5,563	8,823
Adjusted income (loss) before income taxes attributable to The Andersons, Inc. (a)	\$ (390)	\$ (21,960)	\$ 12,828	\$ 3,474	\$ (11,788)	\$ (17,836)

Nine months ended September 30, 2019

Sales and merchandising revenues	\$ 4,753,375	\$ 899,137	\$ 508,548	\$ 123,528	\$ —	\$ 6,284,588
Gross profit	241,444	19,973	75,583	42,533	—	379,533
Equity in earnings (losses) of affiliates, net	(1,843)	(524)	—	—	—	(2,367)
Other income (loss), net	(1,705)	(696)	(1,647)	(1,392)	(1,209)	(6,649)
Income (loss) before income taxes	2,610	5,562	4,534	10,629	(15,599)	7,736
Loss attributable to the noncontrolling interests	—	(2,265)	—	—	—	(2,265)
Income (loss) before income taxes attributable to The Andersons, Inc. (a)	2,610	7,827	4,534	10,629	(15,599)	10,001
Adjustments to income (loss) before income taxes (b)	17,342	—	—	—	—	17,342
Adjusted income (loss) before income taxes attributable to The Andersons, Inc. (a)	\$ 19,952	\$ 7,827	\$ 4,534	\$ 10,629	\$ (15,599)	\$ 27,343

(a) Income (loss) before income taxes attributable to The Andersons, Inc. for each operating segment is defined as net sales and merchandising revenues plus identifiable other income less all identifiable operating expenses, including interest expense for carrying working capital and long-term assets and is reported net of the noncontrolling interest share of income.

(b) Additional information on the individual adjustments that are included in the adjustments to income (loss) before income taxes can be found in the Reconciliation to EBITDA and Adjusted EBITDA table.