

# FIRST QUARTER EARNINGS CALL

May 3, 2023



# 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, weather, and regulatory conditions, competition, the ongoing economic impacts from the war in Ukraine, 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 pretax income attributable to the company from continuing operations, adjusted pretax income attributable to the company from continuing operations, adjusted net income attributable to the company from continuing operations, adjusted diluted earnings per share from continuing operations; earnings before interest, taxes, depreciation and amortization (or EBITDA); EBITDA from continuing operations; adjusted EBITDA from continuing operations; and cash from operations before working capital changes provide additional information to investors and others about its operations, allowing an evaluation of underlying operating performance and liquidity and better period-to-period comparability. The above measures are not and should not be considered as alternatives to net income from continuing operations; pretax income from continuing operations; income before income taxes from continuing operations; Net income attributable to The Andersons, Inc.; diluted earnings per share attributable to The Andersons, Inc. common shareholders from continuing operations; and cash provided by (used in) operating activities as determined by generally accepted accounting principles. Reconciliations of the GAAP to non-GAAP measures may be found within the financial tables in the appendix.

# SPEAKERS



**PAT BOWE**

President and Chief Executive Officer



**BRIAN VALENTINE**

Executive Vice President and Chief Financial Officer



**MIKE HOELTER**

Vice President, Corporate Controller and Investor Relations

# FIRST QUARTER HIGHLIGHTS

## TRADE

Strong year over year results across merchandising and asset locations

## RENEWABLES

Rebound in ethanol crush margins and growth in low CI renewable diesel feedstock business

## NUTRIENT & INDUSTRIAL

Results impacted by market-driven price decreases and delayed customer purchasing



# KEY FINANCIAL DATA – FIRST QUARTER 2023

\$ In millions except per share

	YTD '23	YTD '22
Sales and merchandising revenues	\$ 3,881	\$ 3,978
Gross profit	148	120
Pretax income (loss) from continuing operations	(65)	11
Pretax income (loss) from continuing operations attributable to ANDE <sup>1</sup>	(21)	10
Adjusted pretax income from continuing operations attributable to ANDE <sup>1</sup>	8	10
Net income (loss) from continuing operations attributable to ANDE <sup>1</sup>	(15)	6
Adjusted net income from continuing operations attributable to ANDE <sup>1</sup>	7	6
Diluted earnings (loss) per share from continuing operations (EPS)	(0.44)	0.18
Adjusted EPS from continuing operations (Adjusted EPS) <sup>1</sup>	0.20	0.18
EBITDA from continuing operations <sup>1</sup>	(16)	56
Adjusted EBITDA from continuing operations <sup>1</sup>	55	56

# CASH AND LIQUIDITY

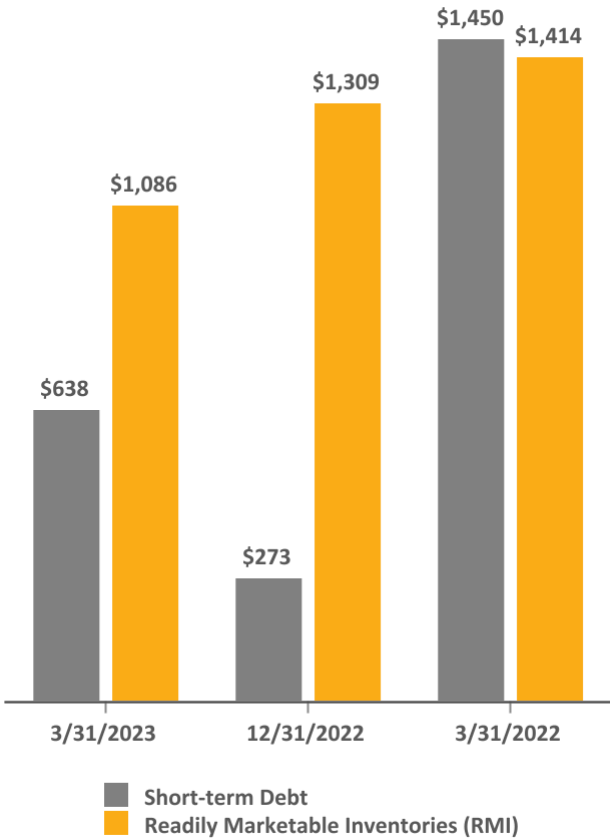
## HIGHLIGHTS

- Strong consistent operating cash flows in dynamic markets
- Readily marketable inventories (RMI) significantly exceeds short-term debt
- Short-term debt lower year over year from strategic working capital management

Cash from Operations Before Working Capital Changes<sup>1</sup>  
(in millions)

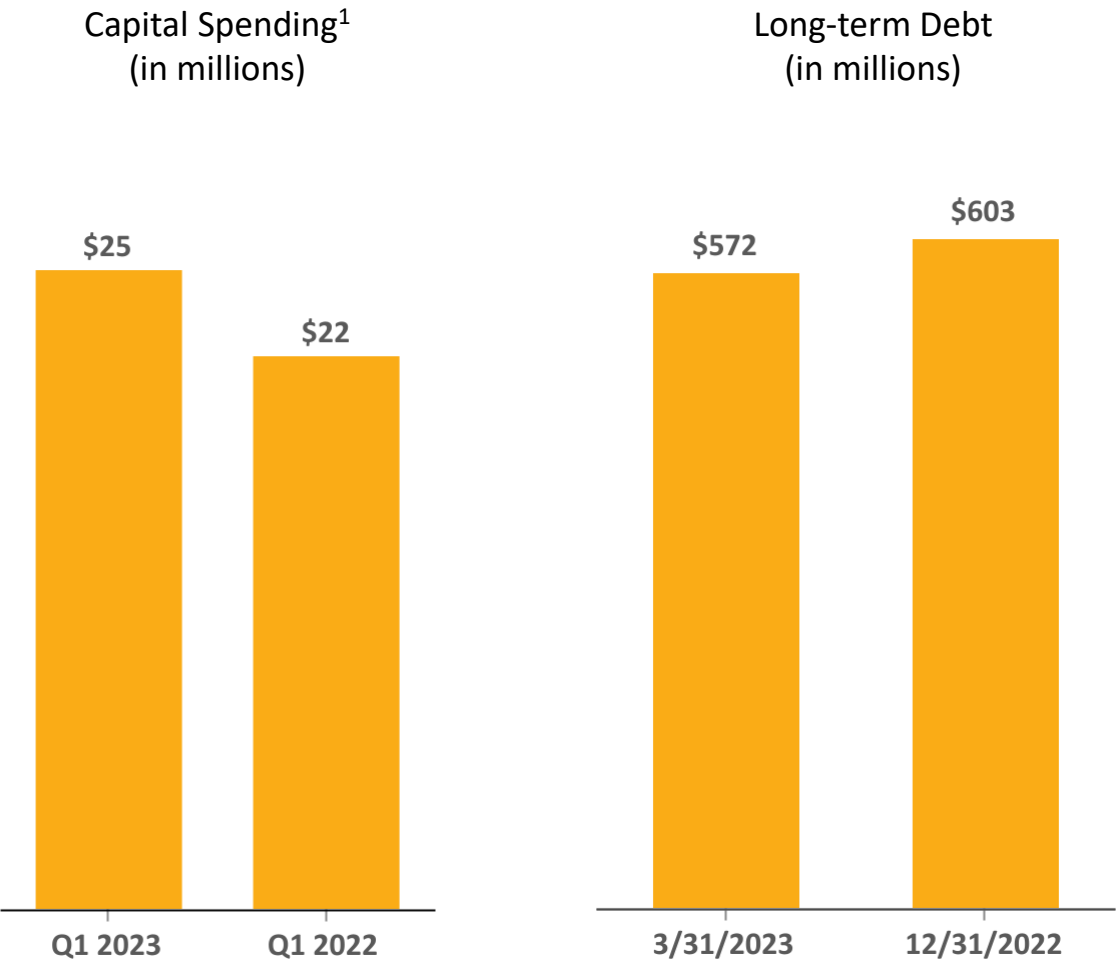


Short-term Debt vs. RMI  
(in millions)



<sup>1</sup> Non-GAAP financial measure; see appendix for reconciliations.

# CAPITAL SPENDING AND LONG-TERM DEBT



## HIGHLIGHTS

- Capital investment as expected
- Strong and flexible balance sheet
- Continued focus on managing long-term debt-to-EBITDA ratio below 2.5x

<sup>1</sup> Measure derived from purchases of PPE, capitalized software, and investments from continuing operations of the company

# TRADE — Q1 '23 HIGHLIGHTS

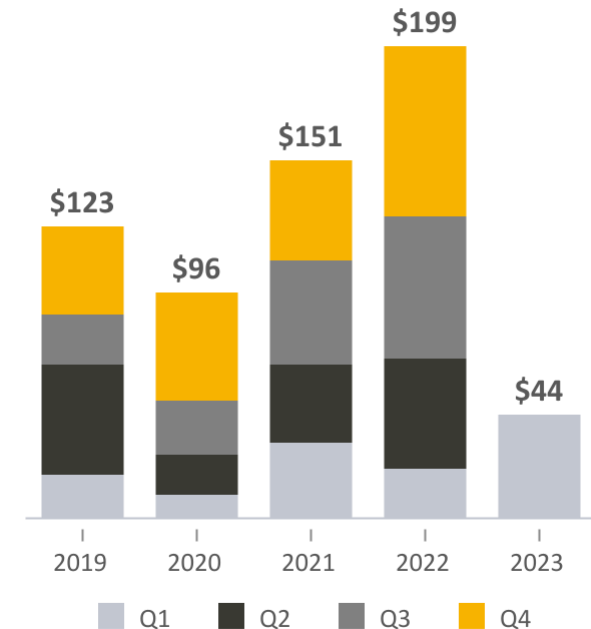
Strong merchandising income through execution across broad portfolio  
Solid results from grain assets, including improvement in wheat income  
Premium ingredients, including acquisition, contributing to earnings



Unaudited in \$M

	YTD '23	YTD '22
Revenues	\$ 2,878	\$ 3,085
Gross profit	117	68
Pretax income	39	4
Adjusted pretax income	24	4
EBITDA <sup>1</sup>	60	21
Adjusted EBITDA <sup>1</sup>	44	21

Adjusted EBITDA<sup>1</sup> (\$M)





# RENEWABLES — Q1 '23 HIGHLIGHTS

Ethanol crush margins rallied late in the quarter

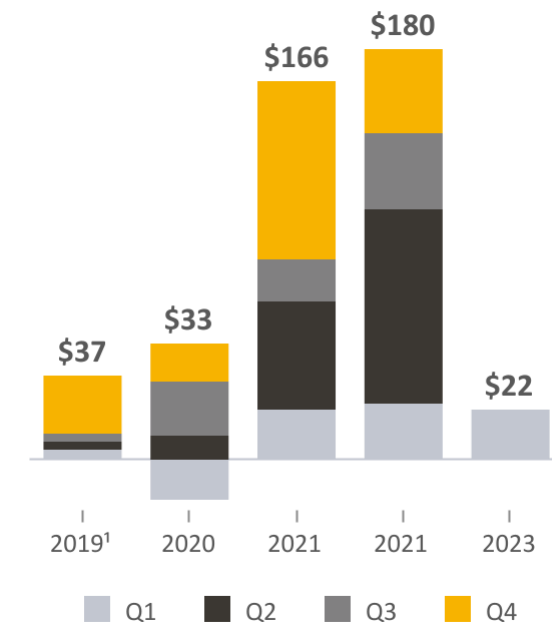
Continued strength in co-product values; RD feedstock growth continues

GAAP earnings include impairment on ELEMENT assets

Unaudited in \$M

	YTD '23	YTD '22
Revenues	\$ 840	\$ 683
Gross Profit	16	15
Pretax Income (loss)	(83)	6
Pretax income (Loss) attributable to ANDE <sup>1</sup>	(38)	6
Adjusted pretax income attributable to ANDE <sup>1</sup>	6	6
EBITDA <sup>1</sup>	(65)	24
Adjusted EBITDA <sup>1</sup>	22	24

Adjusted EBITDA<sup>1</sup> (\$M)



# NUTRIENT & INDUSTRIAL — Q1 '23 HIGHLIGHTS

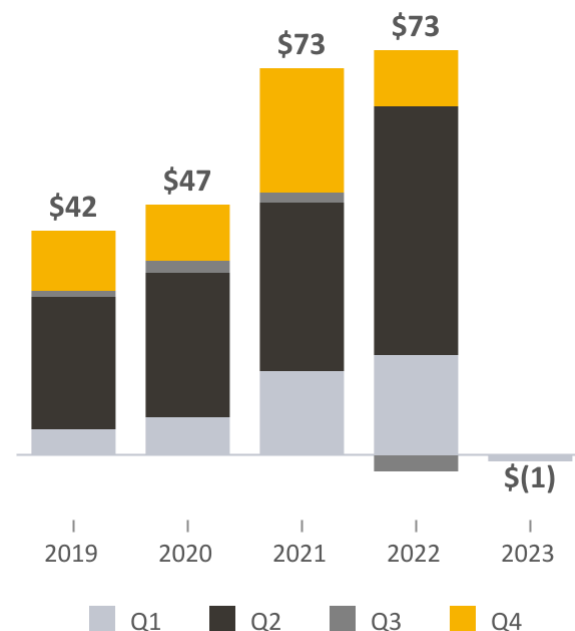
Fertilizer prices have declined dramatically; results include inventory valuation adjustments

Soft year-over-year demand as customers were slow to purchase

Unaudited in \$M

	YTD '23	YTD '22
Revenues	\$ 164	\$ 210
Gross profit	15	37
Pretax income (loss)	(10)	11
EBITDA <sup>1</sup>	(1)	19

Adjusted EBITDA<sup>1</sup> (\$M)



# 2023 OUTLOOK

## TRADE

Well-positioned to capture value and growth in grain markets with potential for shifting fundamentals

## RENEWABLES

Expect continuation of very strong ethanol crush margins; anticipate expansion of renewable diesel feedstock business

## NUTRIENT & INDUSTRIAL

Expect improved volumes on increased corn acres; market pricing improved but anticipated to stay below prior year

# Q&A SESSION





Thank you for joining us.  
Our next earnings call is scheduled for  
August 2, 2023 at 11 a.m. EDT





# APPENDIX



# NON-GAAP RECONCILIATION — Adjusted net income (loss) from continuing operations attributable to The Andersons, Inc.

(unaudited)

(in thousands, except per share data)

Net income (loss) from continuing operations

Net income (loss) attributable to noncontrolling interests

Net income (loss) from continuing operations attributable to The Andersons, Inc.

Adjustments:

Transaction related compensation

Insurance proceeds and receivables

Asset Impairment

Income tax impact of adjustments<sup>1</sup>

Total adjusting items, net of tax

Adjusted net income from continuing operations attributable to The Andersons, Inc.

Diluted earnings (loss) per share from continuing operations attributable to The Andersons, Inc. common shareholders

Impact on diluted earnings (loss) per share from continuing operations

Adjusted diluted earnings per share from continuing operations

Three months ended March 31,	
2023	2022
\$ (59,117)	\$ 6,504
(44,367)	447
(14,750)	6,057
1,668	—
(17,390)	—
44,450	—
(7,182)	—
21,546	—
\$ 6,796	\$ 6,057
\$ (0.44)	\$ 0.18
\$ 0.64	\$ —
\$ 0.20	\$ 0.18

<sup>1</sup> The income tax impact of adjustments is taken at the statutory tax rate of 25%.

# NON-GAAP RECONCILIATION — Year to Date Segment Data

(unaudited)

(in thousands)

## Three months ended March 31, 2023

	Trade	Renewables	Nutrient & Industrial	Other	Total
Sales and merchandising revenues	\$ 2,877,780	\$ 839,516	\$ 163,942	\$ —	\$ 3,881,238
Gross profit	117,178	15,803	15,030	—	148,011
Operating, administrative and general expenses	71,980	8,904	24,132	12,219	117,235
Other income, net	5,983	841	846	334	8,004
Income (loss) before income taxes from continuing operations	39,364	(82,513)	(10,438)	(11,414)	(65,001)
Loss attributable to the noncontrolling interests	—	(44,367)	—	—	(44,367)
Income (loss) before income taxes from continuing operations attributable to The Andersons, Inc. <sup>1</sup>	39,364	(38,146)	(10,438)	(11,414)	(20,634)
Adjustments to income (loss) before income taxes from continuing operations <sup>2</sup>	(15,722)	44,450	—	—	28,728
Adjusted income (loss) before income taxes from continuing operations attributable to The Andersons, Inc. <sup>1</sup>	\$ 23,642	\$ 6,304	\$ (10,438)	\$ (11,414)	\$ 8,094

## Three months ended March 31, 2022

Sales and merchandising revenues	\$ 3,084,681	\$ 683,231	\$ 210,042	\$ —	\$ 3,977,954
Gross profit	67,619	15,191	36,725	—	119,535
Operating, administrative and general expenses	59,543	7,890	25,325	9,229	101,987
Other income (loss), net	3,780	428	804	(1,094)	3,918
Income (loss) before income taxes from continuing operations	3,669	5,962	10,743	(9,767)	10,607
Income attributable to the noncontrolling interests	—	447	—	—	447
Income (loss) before income taxes from continuing operations attributable to The Andersons, Inc. <sup>1</sup>	\$ 3,669	\$ 5,515	\$ 10,743	\$ (9,767)	\$ 10,160

<sup>1</sup> Income (loss) from continuing operations 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.

<sup>2</sup> Additional information on the individual adjustments that are included in the adjustments to income (loss) from continuing operations before income taxes can be found in the Reconciliation to EBITDA and Adjusted EBITDA table.

# NON-GAAP RECONCILIATION — Year to Date EBITDA and Adjusted EBITDA

(unaudited)

(in thousands)

## Three months ended March 31, 2023

	TRADE	RENEWABLES	NUTRIENT & INDUSTRIAL	OTHER	TOTAL
Net income (loss) <sup>1</sup>	\$ 39,364	\$ (82,513)	\$ (10,438)	\$ (5,530)	\$ (59,117)
Interest expense (income)	11,817	3,097	2,182	(471)	16,625
Income tax benefit	—	—	—	(5,884)	(5,884)
Depreciation and amortization	8,645	14,472	6,957	2,146	32,220
EBITDA <sup>1</sup>	59,826	(64,944)	(1,299)	(9,739)	(16,156)
Adjusting items impacting EBITDA:					
Transaction related compensation	1,668	—	—	—	1,668
Insurance proceeds & receivables	(17,390)	—	—	—	(17,390)
Asset Impairment	—	87,156	—	—	87,156
Total adjusting items	(15,722)	87,156	—	—	71,434
Adjusted EBITDA <sup>1</sup>	\$ 44,104	\$ 22,212	\$ (1,299)	\$ (9,739)	\$ 55,278

## Three months ended March 31, 2022

Net income (loss) from continuing operations	\$ 3,669	\$ 5,962	\$ 10,743	\$ (13,870)	\$ 6,504
Interest expense (income)	8,187	1,767	1,461	(556)	10,859
Income tax provision	—	—	—	4,103	4,103
Depreciation and amortization	8,974	16,639	6,579	2,185	34,377
EBITDA from continuing operations	\$ 20,830	\$ 24,368	\$ 18,783	\$ (8,138)	\$ 55,843

<sup>1</sup> Amounts for the three months ended March 31, 2023, contain no activity from discontinued operations. As such, references to EBITDA and EBITDA from continuing operations, as well as, Adjusted EBITDA and Adjusted EBITDA from continuing operations will yield the same results for the three months ended March 31, 2023.

# NON-GAAP RECONCILIATION — Cash from Operations Before Working Capital Changes

(unaudited)

(in thousands, except per share data)	Three months ended March 31,	
	2023	2022
Cash used in operating activities	\$ (333,535)	\$ (1,074,998)
Changes in operating assets and liabilities		
Accounts receivable	125,113	(215,012)
Inventories	178,010	(136,820)
Commodity derivatives	83,148	(277,761)
Other current and non-current assets	(17,543)	(38,810)
Payables and other current and non-current liabilities	(760,292)	(446,096)
Total changes to operating assets and liabilities	(391,564)	(1,114,499)
Adjusting items impacting cash from operations before working capital changes:		
Less: Damaged inventory insurance proceeds and receivables	(17,390)	—
Cash from operations before working capital changes	<u>\$ 40,639</u>	<u>\$ 39,501</u>



# NON-GAAP RECONCILIATION – Trade Adjusted EBITDA

(unaudited)

(in thousands)	Twelve months ended December 31,				Three months ended March 31,
	2019	2020	2021	2022	2023
Net income (loss) <sup>1</sup>	\$ (17,328)	\$ 24,687	\$ 87,946	\$ 95,225	\$ 39,364
Interest expense	34,843	21,974	23,688	42,551	11,817
Depreciation & amortization	50,973	44,627	44,335	35,953	8,645
Earnings before interest, taxes, depreciation and amortization (EBITDA)	68,488	91,288	155,969	173,729	59,826
Adjusting items to EBITDA:					
Insurance proceeds and receivables	—	—	—	—	(17,390)
Acquisition Costs	6,682	—	—	—	—
Transaction related to stock compensation	9,337	4,206	1,274	—	1,668
Asset impairment including equity method investments	43,501	—	8,321	13,455	—
Loss on pre-existing equity method investments	1,073	—	—	—	—
Inventory damage	—	—	—	15,993	—
Gain on sale of assets	(5,702)	—	(14,619)	(3,762)	—
Adjusted EBITDA	\$ 123,379	\$ 95,494	\$ 150,945	\$ 199,415	\$ 44,104

# NON-GAAP RECONCILIATION – Renewables Adjusted EBITDA

(unaudited)

(in thousands)	Twelve months ended December 31,				Three months ended March 31,
	2019	2020	2021	2022	2023
Net income (loss) <sup>1</sup>	\$ 47,660	\$ (47,338)	\$ 81,205	\$ 108,221	\$ (82,513)
Interest expense	943	7,461	7,602	8,775	3,097
Depreciation & amortization	23,727	73,224	77,542	63,458	14,472
Earnings before interest, taxes, depreciation and amortization (EBITDA)	72,330	33,347	166,349	180,454	\$ (64,944)
Adjusting items to EBITDA:					
Acquisition Costs	1,325	—	—	—	—
Gain on pre-existing equity method investments	(36,287)	—	—	—	—
Asset Impairment	—	—	—	—	87,156
Adjusted EBITDA	37,368	33,347	166,349	180,454	\$ 22,212

# NON-GAAP RECONCILIATION – Nutrient & Industrial Adjusted EBITDA

(unaudited)

(in thousands)	Twelve months ended December 31,				Three months ended March 31,
	2019	2020	2021	2022	2023
Net income (loss) <sup>1</sup>	\$ 9,159	\$ 16,015	\$ 42,615	\$ 39,162	\$ (10,438)
Interest expense	7,954	5,805	4,355	7,298	2,182
Depreciation & amortization	25,985	25,407	25,957	26,634	6,957
Earnings before interest, taxes, depreciation and amortization (EBITDA)	43,098	47,227	72,927	73,094	(1,299)
Adjusting items to EBITDA:					
Asset Impairment	2,175	—	—	—	—
Gain on sale of assets	(2,944)	—	—	—	—
Adjusted EBITDA	\$ 42,329	\$ 47,227	\$ 72,927	\$ 73,094	\$ (1,299)