

**The Andersons, Inc.**  
**Consolidated Balance Sheets**  
**(In thousands)**

December 31,  
2017                  December 31,  
2016

<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 34,919	\$ 62,630	
Restricted cash	—	471	
Accounts receivable, less allowance for doubtful accounts of \$9,156 in 2017; \$7,706 in 2016	183,238	194,698	
Inventories (Note 2)	648,703	682,747	
Commodity derivative assets – current (Note 6)	30,702	45,447	
Other current assets	63,790	72,133	
Assets held for sale	37,859	—	
Total current assets	999,211	1,058,126	
Other assets:			
Commodity derivative assets – noncurrent (Note 6)	310	100	
Goodwill (Note 4)	6,024	63,934	
Other intangible assets, net (Note 4)	112,893	106,100	
Other assets	12,557	10,411	
Equity method investments	223,239	216,931	
	355,023	397,476	
Rail Group assets leased to others, net (Note 3)	423,443	327,195	
Property, plant and equipment, net (Note 3)	384,677	450,052	
Total assets	\$ 2,162,354	\$ 2,232,849	
<b>Liabilities and equity</b>			
Current liabilities:			
Short-term debt (Note 5)	\$ 22,000	\$ 29,000	
Trade and other payables	503,571	581,826	
Customer prepayments and deferred revenue	59,710	48,590	
Commodity derivative liabilities – current (Note 6)	29,651	23,167	
Accrued expenses and other current liabilities	69,579	69,648	
Current maturities of long-term debt (Note 5)	54,205	47,545	
Total current liabilities	738,716	799,776	
Other long-term liabilities	33,129	27,833	
Commodity derivative liabilities – noncurrent (Note 6)	825	339	
Employee benefit plan obligations (Note 7)	26,716	35,026	
Long-term debt, less current maturities (Note 5)	418,339	397,065	
Deferred income taxes (Note 8)	121,730	182,113	
Total liabilities	1,339,455	1,442,152	
Commitments and contingencies (Note 14)			
Shareholders' equity:			
Common shares, without par value (63,000 shares authorized; 29,430 shares issued in 2017 and 2016)	96	96	
Preferred shares, without par value (1,000 shares authorized; none issued)	—	—	
Additional paid-in-capital	224,622	222,910	

**The Andersons, Inc.**  
**Consolidated Statements of Operations**  
(In thousands, except per share data)

	Year ended December 31,		
	2017	2016	2015
Sales and merchandising revenues	\$ 3,686,345	\$ 3,924,790	\$ 4,198,495
Cost of sales and merchandising revenues	<b>3,367,546</b>	3,579,284	3,822,657
Gross profit	<b>318,799</b>	345,506	375,838
Operating, administrative and general expenses	<b>287,930</b>	318,395	337,829
Pension settlement	—	—	51,446
Asset impairment	<b>10,913</b>	9,107	285
Goodwill impairment	<b>59,081</b>	—	56,166
Interest expense	<b>21,567</b>	21,119	20,072
Other income:			
Equity in earnings of affiliates, net	<b>16,723</b>	9,721	31,924
Other income, net	<b>23,444</b>	14,775	46,472
Income (loss) before income taxes	<b>(20,525)</b>	21,381	(11,564)
Income tax provision (benefit)	<b>(63,134)</b>	6,911	(242)
Net income (loss)	<b>42,609</b>	14,470	(11,322)
Net income attributable to the noncontrolling interests	<b>98</b>	2,876	1,745
Net income (loss) attributable to The Andersons, Inc.	<b>\$ 42,511</b>	\$ 11,594	\$ (13,067)
<b>Per common share:</b>			
Basic earnings (loss) attributable to The Andersons, Inc. common shareholders	<b>\$ 1.51</b>	\$ 0.41	\$ (0.46)
Diluted earnings (loss) attributable to The Andersons, Inc. common shareholders	<b>\$ 1.50</b>	\$ 0.41	\$ (0.46)
Dividends declared	<b>\$ 0.6450</b>	\$ 0.6250	\$ 0.5750

The Notes to Consolidated Financial Statements are an integral part of these statements.

**The Andersons, Inc.**  
**Consolidated Statements of Cash Flows**  
**(In thousands)**

	Year ended December 31,		
	2017	2016	2015
<b>Operating Activities</b>			
Net income (loss)	\$ 42,609	\$ 14,470	(11,322)
Adjustments to reconcile net income (loss) to cash provided by (used in) operating activities:			
Depreciation and amortization	86,412	84,325	78,456
Bad debt expense	3,000	1,191	3,302
Equity in (earnings) losses of affiliates, net of dividends	(10,494)	14,766	(677)
Gain on sale of assets	(14,401)	(667)	(20,802)
Gains on sales of Rail Group assets and related leases	(10,990)	(11,019)	(13,281)
Deferred income taxes	(63,234)	6,030	27,279
Stock based compensation expense	6,097	6,987	1,899
Pension settlement charge, net of cash contributed	—	—	48,344
Goodwill impairment	59,081	—	56,166
Asset impairment charge	10,913	9,107	285
Other	(55)	(2,070)	(1,439)
Changes in operating assets and liabilities:			
Accounts receivable	9,781	(26,429)	45,058
Inventories	16,141	28,165	73,350
Commodity derivatives	20,285	(9,990)	14,098
Other assets	(5,623)	19,407	(26,315)
Accounts payable and accrued expenses	(74,237)	(94,688)	(120,267)
Net cash provided by (used in) operating activities	<u>75,285</u>	<u>39,585</u>	<u>154,134</u>
<b>Investing Activities</b>			
Acquisition of businesses, net of cash acquired	(3,507)	—	(128,549)
Purchases of Rail Group assets	(143,020)	(85,268)	(115,032)
Proceeds from sale of Rail Group assets	36,896	56,689	76,625
Purchases of property, plant and equipment and capitalized software	(34,602)	(77,740)	(72,469)
Proceeds from sale of assets	33,879	69,904	284
Proceeds from returns of investments in affiliates	1,069	9,186	1,620
Purchase of investments	(5,679)	(2,523)	(938)
Other	1,470	1,534	(21)
Net cash provided by (used in) investing activities	<u>(113,494)</u>	<u>(28,218)</u>	<u>(238,480)</u>
<b>Financing Activities</b>			
Net change in short-term borrowings	(8,059)	14,000	15,000
Proceeds from issuance of long-term debt	85,175	81,760	181,767
Payments of long-term debt	(57,189)	(97,606)	(92,474)
Proceeds from long-term financing arrangements	12,195	14,027	—
Distributions to noncontrolling interest owner	(377)	(5,853)	(3,206)
Payments of debt issuance costs	(2,024)	(323)	(296)
Purchases of treasury stock	—	—	(49,089)
Dividends paid	(18,152)	(17,362)	(15,921)
Other	(1,071)	(1,130)	(2,389)
Net cash provided by (used in) financing activities	<u>10,498</u>	<u>(12,487)</u>	<u>33,392</u>
Increase (decrease) in cash and cash equivalents	(27,711)	(1,120)	(50,954)
Cash and cash equivalents at beginning of year	62,630	63,750	114,704
Cash and cash equivalents at end of year	<u>\$ 34,919</u>	<u>\$ 62,630</u>	<u>\$ 63,750</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.