

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

	December 31, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 22,593	\$ 34,919
Accounts receivable, less allowance for doubtful accounts of \$8,325 in 2018; \$9,156 in 2017	207,285	183,238
Inventories (Note 2)	690,804	648,703
Commodity derivative assets – current (Note 6)	51,421	30,702
Other current assets	50,703	63,790
Assets held for sale	392	37,859
Total current assets	1,023,198	999,211
Other assets:		
Commodity derivative assets – noncurrent (Note 6)	480	310
Goodwill (Note 4)	6,024	6,024
Other intangible assets, net (Note 4)	99,138	112,893
Equity method investments	242,326	223,239
Other assets	22,341	12,557
	370,309	355,023
Rail Group assets leased to others, net (Note 3)	521,785	423,443
Property, plant and equipment, net (Note 3)	476,711	384,677
Total assets	\$ 2,392,003	\$ 2,162,354

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

	Year ended December 31,		
	2018	2017	2016
Sales and merchandising revenues	\$ 3,045,382	\$ 3,686,345	\$ 3,924,790
Cost of sales and merchandising revenues	2,743,377	3,367,546	3,579,284
Gross profit	302,005	318,799	345,506
Operating, administrative and general expenses	257,872	286,993	316,093
Asset impairment	6,272	10,913	9,107
Goodwill impairment	—	59,081	—
Interest expense	27,848	21,567	21,119
Other income:			
Equity in earnings of affiliates, net	27,141	16,723	9,721
Other income, net	16,002	22,507	12,473
Income (loss) before income taxes	53,156	(20,525)	21,381
Income tax provision (benefit)	11,931	(63,134)	6,911
Net income (loss)	41,225	42,609	14,470
Net income (loss) attributable to the noncontrolling interests	(259)	98	2,876
Net income (loss) attributable to The Andersons, Inc.	\$ 41,484	\$ 42,511	\$ 11,594
Per common share:			
Basic earnings (loss) attributable to The Andersons, Inc. common shareholders	\$ 1.47	\$ 1.51	\$ 0.41
Diluted earnings (loss) attributable to The Andersons, Inc. common shareholders	\$ 1.46	\$ 1.50	\$ 0.41
Dividends declared	\$ 0.6650	\$ 0.6450	\$ 0.6250

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,		
	2018	2017	2016
Operating Activities			
Net income (loss)	\$ 41,225	\$ 42,609	14,470
Adjustments to reconcile net income (loss) to cash provided by (used in) operating activities:			
Depreciation and amortization	90,297	86,412	84,325
Bad debt expense	542	3,000	1,191
Equity in (earnings) losses of affiliates, net of dividends	(23,167)	(10,494)	14,766
Gain on sale of assets	(5,218)	(14,401)	(667)
Gains on sales of Rail Group assets and related leases	(9,558)	(10,990)	(11,019)
Deferred income taxes	11,018	(63,234)	6,030
Stock based compensation expense	6,624	6,097	6,987
Goodwill impairment	—	59,081	—
Asset impairment	6,272	10,913	9,107
Other	(1,451)	(55)	(2,070)
Changes in operating assets and liabilities:			
Accounts receivable	(24,788)	9,781	(26,429)
Inventories	(44,060)	16,141	28,165
Commodity derivatives	(16,610)	20,285	(9,990)
Accounts payable and accrued expenses	(69,935)	(74,237)	(94,688)
Other assets	3,290	(5,623)	19,407
Net cash provided by (used in) operating activities	(35,519)	75,285	39,585
Investing Activities			
Acquisition of businesses, net of cash acquired	(2,248)	(3,507)	—
Purchases of Rail Group assets	(167,005)	(143,020)	(85,268)
Proceeds from sale of Rail Group assets	79,439	36,896	56,689
Purchases of property, plant and equipment and capitalized software	(142,579)	(34,602)	(77,740)
Proceeds from sale of assets and businesses	47,486	33,879	69,904
Proceeds from returns of investments in affiliates	—	1,069	9,186
Purchase of investments	(1,086)	(5,679)	(2,523)
Other	—	1,470	1,534
Net cash provided by (used in) investing activities	(185,993)	(113,494)	(28,218)
Financing Activities			
Net change in short-term borrowings	183,000	(8,059)	14,000
Proceeds from issuance of long-term debt	132,000	85,175	81,760
Payments of long-term debt	(121,090)	(57,189)	(97,606)
Proceeds from long-term financing arrangements	—	12,195	14,027
Proceeds from (distributions to) noncontrolling interest owner	46,736	(377)	(5,853)
Payments of debt issuance costs	(1,446)	(2,024)	(323)
Acquisition of noncontrolling interest	(10,000)	—	—
Dividends paid	(18,639)	(18,152)	(17,362)
Other	(1,375)	(1,071)	(1,130)
Net cash provided by (used in) financing activities	209,186	10,498	(12,487)
Increase (decrease) in cash and cash equivalents	(12,326)	(27,711)	(1,120)
Cash and cash equivalents at beginning of year	34,919	62,630	63,750
Cash and cash equivalents at end of year	\$ 22,593	\$ 34,919	\$ 62,630

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