

Edgar Filing: Andersons, Inc. - Form 10-Q

Andersons, Inc.
Form 10-Q
May 10, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2016

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number 000-20557

THE ANDERSONS, INC.
(Exact name of the registrant as specified in its charter)

OHIO 34-1562374
(State of incorporation (I.R.S. Employer or organization) Identification No.)
480 W. Dussel Drive, Maumee, Ohio 43537
(Address of principal executive offices) (Zip Code)
(419) 893-5050
(Telephone Number)

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated Filer
Non-accelerated filer Smaller reporting company

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The registrant had approximately 28.2 million common shares outstanding, no par value, at May 10, 2016.

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Part I. Financial Information

Item 1. Financial Statements

The Andersons, Inc.

Condensed Consolidated Balance Sheets

(Unaudited)(In thousands)

	March 31, 2016	December 31, 2015	March 31, 2015
Assets			
Current assets:			
Cash and cash equivalents	\$46,301	\$ 63,750	\$54,461
Restricted cash	718	451	685
Accounts receivable, net	207,740	170,912	209,928
Inventories (Note 2)	703,452	747,399	743,957
Commodity derivative assets – current (Note 5)	61,316	49,826	86,824
Deferred income taxes	—	6,772	12,878
Other current assets	76,575	90,412	65,017
Total current assets	1,096,102	1,129,522	1,173,750
Other assets:			
Commodity derivative assets – noncurrent (Note 5)	371	412	243
Goodwill	63,934	63,934	72,365
Other intangible assets, net	117,023	120,240	76,557
Other assets, net	5,803	9,515	31,301
Equity method investments	236,083	242,107	222,082
	423,214	436,208	402,548
Rail Group assets leased to others, net (Note 3)	337,661	338,111	313,095
Property, plant and equipment, net (Note 3)	462,661	455,260	398,234
Total assets	\$2,319,638	\$ 2,359,101	\$2,287,627

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The Andersons, Inc.

Condensed Consolidated Balance Sheets (continued)

(Unaudited)(In thousands)

	March 31, 2016	December 31, 2015	March 31, 2015
Liabilities and equity			
Current liabilities:			
Short-term debt (Note 4)	\$274,002	\$ 16,990	\$311,660
Trade and other payables	367,338	668,788	370,377
Customer prepayments and deferred revenue	100,384	66,762	130,254
Commodity derivative liabilities – current (Note 5)	33,394	37,387	55,401
Accrued expenses and other current liabilities	65,129	70,324	64,065
Current maturities of long-term debt (Note 4)	54,044	27,786	19,037
Total current liabilities	894,291	888,037	950,794
Other long-term liabilities	27,463	18,176	14,871
Commodity derivative liabilities – noncurrent (Note 5)	874	1,063	2,084
Employee benefit plan obligations	46,151	45,805	59,557
Long-term debt, less current maturities (Note 4)	402,360	436,208	323,258
Deferred income taxes	179,780	186,073	139,145
Total liabilities	1,550,919	1,575,362	1,489,709
Commitments and contingencies (Note 13)			
Shareholders' equity:			
Common shares, without par value (63,000 shares authorized; 29,430, 29,353 and 29,430 shares issued at 3/31/16, 12/31/15 and 3/31/15, respectively)	96	96	96
Preferred shares, without par value (1,000 shares authorized; none issued)	—	—	—
Additional paid-in-capital	217,050	222,848	223,179
Treasury shares, at cost (1,185, 1,397 and 859 shares at 3/31/16, 12/31/15 and 3/31/15, respectively)	(44,774)	(52,902)	(32,551)
Accumulated other comprehensive loss	(18,327)	(20,939)	(58,130)
Retained earnings	596,115	615,151	644,530
Total shareholders' equity of The Andersons, Inc.	750,160	764,254	777,124
Noncontrolling interests	18,559	19,485	20,794
Total equity	768,719	783,739	797,918
Total liabilities and equity	\$2,319,638	\$2,359,101	\$2,287,627
See Notes to Condensed Consolidated Financial Statements			

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

	Three months ended March 31,	
	2016	2015
Sales and merchandising revenues	\$887,879	\$918,225
Cost of sales and merchandising revenues	820,124	834,912
Gross profit	67,755	83,313
Operating, administrative and general expenses	79,881	78,604
Interest expense	7,051	6,039
Other income (loss):		
Equity in earnings (loss) of affiliates, net	(6,977)	3,261
Other income (loss), net	3,246	3,107
Income (loss) before income taxes	(22,908)	5,038
Income tax provision (benefit)	(7,286)	1,093
Net income (loss)	(15,622)	3,945
Net income (loss) attributable to the noncontrolling interests	(926)	(152)
Net income (loss) attributable to The Andersons, Inc.	\$(14,696)	\$4,097
Per common share:		
Basic earnings (loss) attributable to The Andersons, Inc. common shareholders	\$(0.52)	\$0.14
Diluted earnings (loss) attributable to The Andersons, Inc. common shareholders	\$(0.52)	\$0.14
Dividends declared	\$0.155	\$0.14
See Notes to Condensed Consolidated Financial Statements		

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The Andersons, Inc.

Condensed Consolidated Statements of Comprehensive Income (Loss)

(Unaudited)(In thousands)

	Three months ended March 31,	
	2016	2015
Net income (loss)	\$(15,622)	\$3,945
Other comprehensive income (loss), net of tax:		
Recognition of gain on sale of debt securities (net of income tax of \$74 and \$0)	(126)	—
Change in unrecognized actuarial loss and prior service cost (net of income tax of \$(10) and \$(236) - Note 8)	173	390
Foreign currency translation adjustments (net of income tax of \$0 and \$(613))	2,505	(3,983)
Cash flow hedge activity (net of income tax of \$(35) and \$(35))	60	58
Other comprehensive income (loss)	2,612	(3,535)
Comprehensive income (loss)	(13,010)	410
Comprehensive income (loss) attributable to the noncontrolling interests	(926)	(152)
Comprehensive income (loss) attributable to The Andersons, Inc.	\$(12,084)	\$562
See Notes to Condensed Consolidated Financial Statements		

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The Andersons, Inc.

Condensed Consolidated Statements of Cash Flows

(Unaudited)(In thousands)

	Three months ended	
	March 31,	
	2016	2015
Operating Activities		
Net income (loss)	\$(15,622)	\$3,945
Adjustments to reconcile net income to cash used in operating activities:		
Depreciation and amortization	20,902	17,523
Bad debt expense	424	188
Equity in earnings of affiliates, net of dividends	7,033	1,404
Gain on sale of investments	(685)	—
Gains on sales of Rail Group assets and related leases	(2,443)	(4,522)
Excess tax benefit from share-based payment arrangement	—	(224)
Deferred income taxes	(988)	(3,446)
Stock-based compensation expense	1,473	736
Other	(20)	890
Changes in operating assets and liabilities:		
Accounts receivable	(37,474)	(28,366)
Inventories	43,947	51,698
Commodity derivatives	(15,630)	(3,696)
Other assets	1,526	(4,042)
Trade and other payables	(270,296)	(318,747)
Net cash provided by (used in) operating activities	(267,853)	(286,659)
Investing Activities		
Purchases of Rail Group assets	(7,340)	(23,455)
Proceeds from sale of Rail Group assets	4,967	12,851
Purchases of property, plant and equipment	(12,305)	(6,742)
Proceeds from sale of property, plant and equipment	206	80
Proceeds from sale of investments	15,013	—
Investments in affiliates	(22)	—
Change in restricted cash	(269)	(256)
Net cash provided by (used in) investing activities	250	(17,522)
Financing Activities		
Net change in short-term borrowings	258,000	308,500
Proceeds from issuance of long-term debt	76,908	30,799
Payments of long-term debt	(80,399)	(63,466)
Purchase of treasury stock	—	(27,783)
Proceeds from sale of treasury shares to employees and directors	1,275	403
Payments of debt issuance costs	(299)	(107)
Dividends paid	(4,338)	(4,059)
Excess tax benefit from share-based payment arrangement	—	224
Other	(993)	(573)
Net cash provided by (used in) financing activities	250,154	243,938
Decrease in cash and cash equivalents	(17,449)	(60,243)
Cash and cash equivalents at beginning of period	63,750	114,704
Cash and cash equivalents at end of period	\$46,301	\$54,461

See Notes to Condensed Consolidated Financial Statements

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The Andersons, Inc.

Condensed Consolidated Statements of Equity

(Unaudited)(In thousands, except per share data)

	Common Shares	Additional Paid-in Capital	Treasury Shares	Accumulated Other Comprehensive Loss	Retained Earnings	Noncontrolling Interests	Total
Balance at December 31, 2014	\$ 96	\$ 222,789	\$(9,743)	\$ (54,595)	\$ 644,556	\$ 20,946	\$ 824,049
Net income					4,097	(152)	3,945
Other comprehensive loss							