Andersons, Inc.
Form 10-Q
November 06, 2018

P1Y12200013400000400005700 0false--12-31Q320182018-09-300000821026Large Accelerated FilerAndersons, Inc.430000.480.4956300000063000000630000002943000029430000294300001704000005154000028690000.500.050.3332 0000821026 2018-01-01 2018-09-30 0000821026 2018-10-26 0000821026 2017-09-30 0000821026 2017-12-31 0000821026 2018-09-30 0000821026 2017-01-01 2017-09-30 0000821026 2018-07-01 2018-09-30 0000821026 2017-07-01 2017-09-30 0000821026 2016-12-31 0000821026 us-gaap:TreasuryStockMember 2018-01-01 2018-09-30 0000821026 us-gaap:RetainedEarningsMember 2017-01-01 2017-09-30 0000821026 us-gaap:NoncontrollingInterestMember 2017-01-01 2017-09-30 0000821026 us-gaap:AdditionalPaidInCapitalMember 2018-09-30 0000821026 us-gaap:AdditionalPaidInCapitalMember 2017-01-01 2017-09-30 0000821026 us-gaap:NoncontrollingInterestMember 2018-09-30 0000821026 us-gaap:AdditionalPaidInCapitalMember 2018-01-01 2018-09-30 0000821026 us-gaap:TreasuryStockMember 2017-12-31 0000821026 us-gaap:AdditionalPaidInCapitalMember 2017-12-31 0000821026 us-gaap:CommonStockMember 2017-09-30 0000821026 us-gaap:NoncontrollingInterestMember 2018-01-01 2018-09-30 0000821026 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2017-12-31 0000821026 us-gaap:TreasuryStockMember 2017-09-30 0000821026 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2017-09-30 0000821026 us-gaap:AdditionalPaidInCapitalMember 2016-12-31 0000821026 us-gaap:NoncontrollingInterestMember 2016-12-31 0000821026 us-gaap:RetainedEarningsMember 2018-01-01 2018-09-30 0000821026 us-gaap:RetainedEarningsMember 2018-09-30 0000821026 us-gaap:NoncontrollingInterestMember 2017-09-30 0000821026 us-gaap:CommonStockMember 2017-12-31 0000821026 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-01-01 2018-09-30 0000821026 us-gaap:AdditionalPaidInCapitalMember 2017-09-30 0000821026 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2017-01-01 2017-09-30 0000821026 us-gaap:CommonStockMember 2018-09-30 0000821026 us-gaap:RetainedEarningsMember 2016-12-31 0000821026 us-gaap:NoncontrollingInterestMember 2017-12-31 0000821026 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-09-30 0000821026 us-gaap:CommonStockMember 2016-12-31 0000821026 us-gaap:RetainedEarningsMember 2017-12-31 0000821026 us-gaap:TreasuryStockMember 2017-01-01 2017-09-30 0000821026 us-gaap:TreasuryStockMember 2018-09-30 0000821026 us-gaap:RetainedEarningsMember 2017-09-30 0000821026 us-gaap:TreasuryStockMember 2016-12-31 0000821026 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2016-12-31 0000821026 us-gaap:AccountingStandardsUpdate201409Member us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member us-gaap:PropertySubjectToOperatingLeaseMember 2018-01-01 0000821026 us-gaap:AccountingStandardsUpdate201409Member ande:AssetsNetMember us-gaap:PropertySubjectToOperatingLeaseMember 2018-01-01 0000821026 us-gaap:AccountingStandardsUpdate201409Member ande:FinancingObligationsMember us-gaap:PropertySubjectToOperatingLeaseMember 2018-01-01 0000821026 ande:GrainMember 2017-12-01 2017-12-31 0000821026 ande:RailMember 2018-07-01 2018-09-30 0000821026 ande:RailMember 2017-01-01 2017-09-30 0000821026 ande:GrainMember 2018-01-01 2018-06-30 0000821026 ande:RailMember 2018-01-01 2018-09-30 0000821026 ande:RailMember 2017-07-01 2017-09-30 0000821026 ande:RailMember 2018-06-01 2018-06-30 0000821026 ande:GrainMember 2017-01-01 2017-12-31 0000821026 ande:ElementLLCMember us-gaap:SubsidiariesMember us-gaap:LineOfCreditMember us-gaap:LineOfCreditMember 2018-09-30 0000821026 ande:AndersonsDenisonEthanolLlcMember us-gaap:LineOfCreditMember us-gaap:LineOfCreditMember 2018-09-30 0000821026 us-gaap:LineOfCreditMember us-gaap:LineOfCreditMember 2018-09-30 0000821026 ande:TheAndersonsRailcarLeasingCompanyLLCMember us-gaap:LineOfCreditMember us-gaap:LineOfCreditMember 2018-09-30 0000821026 ande:RecourseMember 2018-09-30 0000821026 ande:RecourseMember 2017-09-30 0000821026 ande:NonrecourseMember 2018-09-30 0000821026 ande:NonrecourseMember 2017-09-30 0000821026 ande:RecourseMember 2017-12-31 0000821026 ande:NonrecourseMember 2017-12-31 0000821026 us-gaap:CommodityContractMember 2018-09-30 0000821026 ande:CommodityDerivativeAssetsCurrentMember us-gaap:CommodityContractMember 2018-09-30 0000821026 ande:CommodityDerivativeAssetsNoncurrentMember us-gaap:CommodityContractMember 2018-09-30 0000821026 ande:CommodityDerivativeLiabilitiesNoncurrentMember us-gaap:CommodityContractMember 2018-09-30 0000821026 ande:CommodityDerivativeLiabilitiesCurrentMember us-gaap:CommodityContractMember 2018-09-30 0000821026 us-gaap:InterestRateContractMember us-gaap:DesignatedAsHedgingInstrumentMember 2018-01-01 2018-09-30 0000821026 us-gaap:InterestRateContractMember us-gaap:DesignatedAsHedgingInstrumentMember us-gaap:InterestExpenseMember 2018-01-01 2018-09-30 0000821026 us-gaap:InterestRateContractMember us-gaap:DesignatedAsHedgingInstrumentMember us-gaap:InterestExpenseMember 2018-07-01 2018-09-30 0000821026 us-gaap:InterestRateContractMember us-gaap:DesignatedAsHedgingInstrumentMember us-gaap:InterestExpenseMember 2017-07-01 2017-09-30 0000821026 us-gaap:InterestRateContractMember us-gaap:DesignatedAsHedgingInstrumentMember 2017-07-01 2017-09-30 0000821026 us-gaap:InterestRateContractMember us-gaap:DesignatedAsHedgingInstrumentMember 2018-07-01 2018-09-30 0000821026 us-gaap:InterestRateContractMember us-gaap:DesignatedAsHedgingInstrumentMember 2017-01-01 2017-09-30 0000821026 us-gaap:ForeignExchangeContractMember us-gaap:NondesignatedMember us-gaap:OtherIncomeMember 2017-01-01 2017-09-30 0000821026 us-gaap:ForeignExchangeContractMember us-gaap:NondesignatedMember us-gaap:OtherIncomeMember 2018-07-01 2018-09-30 0000821026 us-gaap:InterestRateContractMember us-gaap:NondesignatedMember us-gaap:InterestExpenseMember 2017-07-01 2017-09-30 0000821026 us-gaap:InterestRateContractMember us-gaap:NondesignatedMember us-gaap:InterestExpenseMember 2018-07-01 2018-09-30 0000821026 us-gaap:InterestRateContractMember us-gaap:NondesignatedMember us-gaap:InterestExpenseMember 2017-01-01 2017-09-30 0000821026 us-gaap:ForeignExchangeContractMember us-gaap:NondesignatedMember us-gaap:OtherIncomeMember 2017-07-01 2017-09-30 0000821026 us-gaap:InterestRateContractMember us-gaap:DesignatedAsHedgingInstrumentMember us-gaap:InterestExpenseMember 2017-01-01 2017-09-30 0000821026 us-gaap:InterestRateContractMember us-gaap:NondesignatedMember us-gaap:InterestExpenseMember 2018-01-01 2018-09-30 0000821026 us-gaap:ForeignExchangeContractMember us-gaap:NondesignatedMember us-gaap:OtherIncomeMember 2018-01-01 2018-09-30 0000821026 us-gaap:InterestRateContractMember us-gaap:CashFlowHedgingMember us-gaap:DesignatedAsHedgingInstrumentMember 2018-09-30 0000821026 ande:OatsMember us-gaap:ExchangeTradedMember 2017-09-30 0000821026 ande:CornMember ande:NonexchangeTradedMember 2017-09-30 0000821026 ande:OtherCommodityMember us-gaap:ExchangeTradedMember 2017-09-30 0000821026 ande:EthanolMember us-gaap:ExchangeTradedMember 2017-09-30 0000821026 ande:OtherCommodityMember ande:NonexchangeTradedMember 2017-09-30 0000821026 ande:OatsMember ande:NonexchangeTradedMember 2017-09-30 0000821026 us-gaap:ExchangeTradedMember 2017-09-30 0000821026 ande:SoybeansMember ande:NonexchangeTradedMember 2017-09-30 0000821026 ande:NonexchangeTradedMember 2017-09-30 0000821026 ande:WheatMember us-gaap:ExchangeTradedMember 2017-09-30 0000821026 ande:SoybeansMember us-gaap:ExchangeTradedMember 2017-09-30 0000821026 ande:CornOilMember ande:NonexchangeTradedMember 2017-09-30 0000821026 ande:EthanolMember ande:NonexchangeTradedMember 2017-09-30 0000821026 ande:CornMember us-gaap:ExchangeTradedMember 2017-09-30 0000821026 ande:WheatMember ande:NonexchangeTradedMember 2017-09-30 0000821026 ande:AccruedExpensesandOtherCurrentLiabilitiesMember us-gaap:ForeignExchangeContractMember us-gaap:NondesignatedMember 2017-09-30 0000821026 us-gaap:OtherNoncurrentLiabilitiesMember us-gaap:InterestRateContractMember us-gaap:NondesignatedMember 2018-09-30 0000821026 us-gaap:OtherNoncurrentLiabilitiesMember us-gaap:InterestRateContractMember us-gaap:NondesignatedMember 2017-12-31 0000821026 ande:AccruedExpensesandOtherCurrentLiabilitiesMember us-gaap:ForeignExchangeContractMember us-gaap:NondesignatedMember 2017-12-31 0000821026 ande:AccruedExpensesandOtherCurrentLiabilitiesMember us-gaap:ForeignExchangeContractMember us-gaap:NondesignatedMember 2018-09-30 0000821026 us-gaap:OtherAssetsMember us-gaap:InterestRateContractMember us-gaap:DesignatedAsHedgingInstrumentMember 2017-09-30 0000821026 us-gaap:OtherAssetsMember us-gaap:InterestRateContractMember us-gaap:DesignatedAsHedgingInstrumentMember 2017-12-31 0000821026 us-gaap:OtherAssetsMember us-gaap:InterestRateContractMember us-gaap:DesignatedAsHedgingInstrumentMember 2018-09-30 0000821026 us-gaap:OtherNoncurrentLiabilitiesMember us-gaap:InterestRateContractMember us-gaap:NondesignatedMember 2017-09-30 0000821026 ande:CommodityDerivativeAssetsCurrentMember us-gaap:CommodityContractMember

2017-12-31 0000821026 ande:CommodityDerivativeLiabilitiesNoncurrentMember
us-gaap:CommodityContractMember 2017-12-31 0000821026 ande:CommodityDerivativeAssetsNoncurrentMember
us-gaap:CommodityContractMember 2017-12-31 0000821026 us-gaap:CommodityContractMember 2017-12-31
0000821026 ande:CommodityDerivativeLiabilitiesCurrentMember us-gaap:CommodityContractMember 2017-12-31
0000821026 ande:WheatMember us-gaap:ExchangeTradedMember 2017-12-31 0000821026 ande:OatsMember
us-gaap:ExchangeTradedMember 2017-12-31 0000821026 ande:CornMember ande:NonexchangeTradedMember
2017-12-31 0000821026 ande:OatsMember ande:NonexchangeTradedMember 2017-12-31 0000821026
ande:EthanolMember us-gaap:ExchangeTradedMember 2017-12-31 0000821026 ande:CornOilMember
ande:NonexchangeTradedMember 2017-12-31 0000821026 ande:CornMember us-gaap:ExchangeTradedMember
2017-12-31 0000821026 ande:NonexchangeTradedMember 2017-12-31 0000821026 ande:WheatMember
ande:NonexchangeTradedMember 2017-12-31 0000821026 ande:OtherCommodityMember
ande:NonexchangeTradedMember 2017-12-31 0000821026 ande:SoybeansMember us-gaap:ExchangeTradedMember
2017-12-31 0000821026 ande:OtherCommodityMember us-gaap:ExchangeTradedMember 2017-12-31 0000821026
ande:SoybeansMember ande:NonexchangeTradedMember 2017-12-31 0000821026 ande:EthanolMember
ande:NonexchangeTradedMember 2017-12-31 0000821026 us-gaap:ExchangeTradedMember 2017-12-31
0000821026 us-gaap:CommodityContractMember 2017-09-30 0000821026
ande:CommodityDerivativeLiabilitiesNoncurrentMember us-gaap:CommodityContractMember 2017-09-30
0000821026 ande:CommodityDerivativeLiabilitiesCurrentMember us-gaap:CommodityContractMember 2017-09-30
0000821026 ande:CommodityDerivativeAssetsNoncurrentMember us-gaap:CommodityContractMember 2017-09-30
0000821026 ande:CommodityDerivativeAssetsCurrentMember us-gaap:CommodityContractMember 2017-09-30
0000821026 ande:SoybeansMember ande:NonexchangeTradedMember 2018-09-30 0000821026
ande:NonexchangeTradedMember 2018-09-30 0000821026 ande:WheatMember ande:NonexchangeTradedMember
2018-09-30 0000821026 ande:WheatMember us-gaap:ExchangeTradedMember 2018-09-30 0000821026
ande:OatsMember ande:NonexchangeTradedMember 2018-09-30 0000821026 ande:OtherCommodityMember
ande:NonexchangeTradedMember 2018-09-30 0000821026 ande:CornMember ande:NonexchangeTradedMember
2018-09-30 0000821026 ande:OatsMember us-gaap:ExchangeTradedMember 2018-09-30 0000821026
ande:EthanolMember ande:NonexchangeTradedMember 2018-09-30 0000821026 us-gaap:ExchangeTradedMember
2018-09-30 0000821026 ande:CornMember us-gaap:ExchangeTradedMember 2018-09-30 0000821026
ande:CornOilMember ande:NonexchangeTradedMember 2018-09-30 0000821026 ande:SoybeansMember
us-gaap:ExchangeTradedMember 2018-09-30 0000821026 ande:EthanolMember us-gaap:ExchangeTradedMember
2018-09-30 0000821026 us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2018-01-01 2018-09-30
0000821026 us-gaap:PensionPlansDefinedBenefitMember 2018-01-01 2018-09-30 0000821026
us-gaap:CommodityMember ande:CostofSalesandMerchandisingRevenuesMember 2018-07-01 2018-09-30
0000821026 us-gaap:CommodityMember ande:CostofSalesandMerchandisingRevenuesMember 2018-01-01
2018-09-30 0000821026 us-gaap:CommodityMember ande:CostofSalesandMerchandisingRevenuesMember
2017-07-01 2017-09-30 0000821026 us-gaap:CommodityMember
ande:CostofSalesandMerchandisingRevenuesMember 2017-01-01 2017-09-30 0000821026
us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2018-07-01 2018-09-30 0000821026
us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2017-07-01 2017-09-30 0000821026
us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2017-01-01 2017-09-30 0000821026
us-gaap:PensionPlansDefinedBenefitMember 2017-01-01 2017-09-30 0000821026
us-gaap:PensionPlansDefinedBenefitMember 2018-07-01 2018-09-30 0000821026
us-gaap:PensionPlansDefinedBenefitMember 2017-07-01 2017-09-30 0000821026
us-gaap:AccountingStandardsUpdate201602Member 2018-07-01 2018-09-30 0000821026
us-gaap:AccountingStandardsUpdate201602Member 2018-01-01 2018-09-30 0000821026
us-gaap:AccountingStandardsUpdate201409Member 2018-07-01 2018-09-30 0000821026
ande:AccountingStandardsUpdate201712Member 2018-01-01 2018-09-30 0000821026
ande:AccountingStandardsUpdate201712Member 2018-07-01 2018-09-30 0000821026
us-gaap:AccountingStandardsUpdate201409Member 2018-01-01 2018-09-30 0000821026
ande:BaseNutrientsMember ande:GrainMember 2018-01-01 2018-09-30 0000821026 ande:BaseNutrientsMember
2018-01-01 2018-09-30 0000821026 ande:ServiceMember ande:RailMember 2018-01-01 2018-09-30 0000821026

ande:ServiceMember ande:EthanolMember 2018-01-01 2018-09-30 0000821026 ande:ServiceMember 2018-01-01 2018-09-30 0000821026 ande:CoproductsMember ande:EthanolMember 2018-01-01 2018-09-30 0000821026 ande:BaseNutrientsMember ande:RailMember 2018-01-01 2018-09-30 0000821026 ande:SpecialtyNutrientsMember ande:RailMember 2018-01-01 2018-09-30 0000821026 ande:BaseNutrientsMember ande:EthanolMember 2018-01-01 2018-09-30 0000821026 ande:PlantNutrientMember 2018-01-01 2018-09-30 0000821026 ande:EthanolMember 2018-01-01 2018-09-30 0000821026 ande:ServiceMember ande:GrainMember 2018-01-01 2018-09-30 0000821026 ande:CoproductsMember ande:PlantNutrientMember 2018-01-01 2018-09-30 0000821026 ande:BaseNutrientsMember ande:PlantNutrientMember 2018-01-01 2018-09-30 0000821026 ande:CoproductsMember ande:GrainMember 2018-01-01 2018-09-30 0000821026 ande:SpecialtyNutrientsMember 2018-01-01 2018-09-30 0000821026 ande:OtherProductsMember ande:RailMember 2018-01-01 2018-09-30 0000821026 ande:ServiceMember ande:PlantNutrientMember 2018-01-01 2018-09-30 0000821026 ande:CoproductsMember ande:RailMember 2018-01-01 2018-09-30 0000821026 ande:GrainMember 2018-01-01 2018-09-30 0000821026 ande:OtherProductsMember ande:EthanolMember 2018-01-01 2018-09-30 0000821026 ande:OtherProductsMember ande:GrainMember 2018-01-01 2018-09-30 0000821026 ande:CoproductsMember 2018-01-01 2018-09-30 0000821026 ande:OtherProductsMember 2018-01-01 2018-09-30 0000821026 ande:SpecialtyNutrientsMember ande:PlantNutrientMember 2018-01-01 2018-09-30 0000821026 ande:OtherProductsMember ande:PlantNutrientMember 2018-01-01 2018-09-30 0000821026 ande:SpecialtyNutrientsMember ande:GrainMember 2018-01-01 2018-09-30 0000821026 ande:SpecialtyNutrientsMember ande:EthanolMember 2018-01-01 2018-09-30 0000821026 2018-06-30 0000821026 2018-01-01 0000821026 2018-03-31 0000821026 ande:ServiceMember us-gaap:MinimumMember us-gaap:TransferredAtPointInTimeMember 2018-01-01 2018-09-30 0000821026 ande:ServiceMember us-gaap:TransferredOverTimeMember 2018-07-01 2018-09-30 0000821026 ande:ServiceMember us-gaap:MaximumMember us-gaap:TransferredAtPointInTimeMember 2018-01-01 2018-09-30 0000821026 us-gaap:AccountingStandardsUpdate201409Member us-gaap:AssetsTotalMember us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member 2018-01-01 2018-09-30 0000821026 us-gaap:AccountingStandardsUpdate201409Member us-gaap:CalculatedUnderRevenueGuidanceInEffectBeforeTopic606Member 2018-07-01 2018-09-30 0000821026 ande:SpecialtyNutrientsMember us-gaap:MaximumMember us-gaap:TransferredAtPointInTimeMember 2018-01-01 2018-09-30 0000821026 ande:CoproductsMember us-gaap:MinimumMember us-gaap:TransferredAtPointInTimeMember 2018-01-01 2018-09-30 0000821026 us-gaap:AccountingStandardsUpdate201409Member us-gaap:CalculatedUnderRevenueGuidanceInEffectBeforeTopic606Member 2018-01-01 2018-09-30 0000821026 ande:ServiceMember us-gaap:TransferredOverTimeMember 2018-01-01 2018-09-30 0000821026 us-gaap:AccountingStandardsUpdate201409Member us-gaap:LiabilitiesTotalMember us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member 2018-01-01 2018-09-30 0000821026 ande:CoproductsMember us-gaap:MaximumMember us-gaap:TransferredAtPointInTimeMember 2018-01-01 2018-09-30 0000821026 ande:SpecialtyNutrientsMember us-gaap:MinimumMember us-gaap:TransferredAtPointInTimeMember 2018-01-01 2018-09-30 0000821026 us-gaap:AccountingStandardsUpdate201409Member us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member 2018-09-30 0000821026 us-gaap:CalculatedUnderRevenueGuidanceInEffectBeforeTopic606Member 2018-09-30 0000821026 us-gaap:AccountingStandardsUpdate201409Member us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member 2018-01-01 2018-09-30 0000821026 us-gaap:CalculatedUnderRevenueGuidanceInEffectBeforeTopic606Member 2018-01-01 2018-09-30 0000821026 us-gaap:CalculatedUnderRevenueGuidanceInEffectBeforeTopic606Member 2018-07-01 2018-09-30 0000821026 us-gaap:AccountingStandardsUpdate201409Member us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member 2018-07-01 2018-09-30 0000821026 ande:ServiceMember ande:EthanolMember 2018-07-01 2018-09-30 0000821026 ande:BaseNutrientsMember 2018-07-01 2018-09-30 0000821026 ande:BaseNutrientsMember ande:EthanolMember 2018-07-01 2018-09-30 0000821026 ande:SpecialtyNutrientsMember ande:RailMember 2018-07-01 2018-09-30 0000821026 ande:SpecialtyNutrientsMember ande:PlantNutrientMember 2018-07-01 2018-09-30 0000821026

ande:SpecialtyNutrientsMember ande:EthanolMember 2018-07-01 2018-09-30 0000821026
ande:SpecialtyNutrientsMember ande:GrainMember 2018-07-01 2018-09-30 0000821026 ande:ServiceMember
ande:RailMember 2018-07-01 2018-09-30 0000821026 ande:OtherProductsMember ande:GrainMember 2018-07-01
2018-09-30 0000821026 ande:ServiceMember ande:PlantNutrientMember 2018-07-01 2018-09-30 0000821026
ande:SpecialtyNutrientsMember 2018-07-01 2018-09-30 0000821026 ande:BaseNutrientsMember
ande:GrainMember 2018-07-01 2018-09-30 0000821026 ande:EthanolMember 2018-07-01 2018-09-30 0000821026
ande:CoproductsMember 2018-07-01 2018-09-30 0000821026 ande:BaseNutrientsMember
ande:PlantNutrientMember 2018-07-01 2018-09-30 0000821026 ande:OtherProductsMember 2018-07-01 2018-09-30
0000821026 ande:CoproductsMember ande:PlantNutrientMember 2018-07-01 2018-09-30 0000821026
ande:OtherProductsMember ande:PlantNutrientMember 2018-07-01 2018-09-30 0000821026 ande:ServiceMember
2018-07-01 2018-09-30 0000821026 ande:GrainMember 2018-07-01 2018-09-30 0000821026
ande:CoproductsMember ande:EthanolMember 2018-07-01 2018-09-30 0000821026 ande:CoproductsMember
ande:RailMember 2018-07-01 2018-09-30 0000821026 ande:PlantNutrientMember 2018-07-01 2018-09-30
0000821026 ande:ServiceMember ande:GrainMember 2018-07-01 2018-09-30 0000821026
ande:BaseNutrientsMember ande:RailMember 2018-07-01 2018-09-30 0000821026 ande:CoproductsMember
ande:GrainMember 2018-07-01 2018-09-30 0000821026 ande:OtherProductsMember ande:EthanolMember
2018-07-01 2018-09-30 0000821026 ande:OtherProductsMember ande:RailMember 2018-07-01 2018-09-30
0000821026 2017-01-01 2017-12-31 0000821026
us-gaap:AccumulatedNetGainLossFromDesignatedOrQualifyingCashFlowHedgesMember 2018-06-30 0000821026
us-gaap:AccumulatedTranslationAdjustmentMember 2017-12-31 0000821026
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2018-07-01 2018-09-30 0000821026
us-gaap:AccumulatedTranslationAdjustmentMember 2018-09-30 0000821026
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2018-06-30 0000821026
us-gaap:AccumulatedNetGainLossFromDesignatedOrQualifyingCashFlowHedgesMember 2018-01-01 2018-09-30
0000821026 us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2018-01-01 2018-09-30 0000821026
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2018-06-30 0000821026
us-gaap:AccumulatedNetGainLossFromDesignatedOrQualifyingCashFlowHedgesMember 2018-07-01 2018-09-30
0000821026 us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2018-01-01 2018-09-30 0000821026
us-gaap:AccumulatedTranslationAdjustmentMember 2018-01-01 2018-09-30 0000821026
us-gaap:AccumulatedTranslationAdjustmentMember 2018-06-30 0000821026
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2018-07-01 2018-09-30 0000821026
us-gaap:AccumulatedTranslationAdjustmentMember 2018-07-01 2018-09-30 0000821026
us-gaap:AccumulatedNetGainLossFromDesignatedOrQualifyingCashFlowHedgesMember 2018-09-30 0000821026
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2017-12-31 0000821026
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2018-09-30 0000821026
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2018-09-30 0000821026
us-gaap:AccumulatedNetGainLossFromDesignatedOrQualifyingCashFlowHedgesMember 2017-12-31 0000821026
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2017-12-31 0000821026
us-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentNetPriorServiceCostCreditMember 2018-01-01 2018-09-30
0000821026 us-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember
us-gaap:AccumulatedNetGainLossFromDesignatedOrQualifyingCashFlowHedgesMember 2018-01-01 2018-09-30
0000821026 us-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember
us-gaap:AccumulatedNetGainLossFromDesignatedOrQualifyingCashFlowHedgesMember 2018-07-01 2018-09-30
0000821026 us-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentNetPriorServiceCostCreditMember 2018-07-01 2018-09-30
0000821026 us-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember 2018-07-01
2018-09-30 0000821026 us-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember
2018-01-01 2018-09-30 0000821026 us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2017-06-30
0000821026 us-gaap:AccumulatedTranslationAdjustmentMember 2017-07-01 2017-09-30 0000821026
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2017-06-30 0000821026 2017-06-30 0000821026

us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2017-01-01 2017-09-30 0000821026
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2017-01-01 2017-09-30 0000821026
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2017-07-01 2017-09-30 0000821026
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2017-09-30 0000821026
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2016-12-31 0000821026
us-gaap:AccumulatedTranslationAdjustmentMember 2017-01-01 2017-09-30 0000821026
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2016-12-31 0000821026
us-gaap:AccumulatedTranslationAdjustmentMember 2017-09-30 0000821026
us-gaap:AccumulatedTranslationAdjustmentMember 2016-12-31 0000821026
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2017-09-30 0000821026
us-gaap:AccumulatedTranslationAdjustmentMember 2017-06-30 0000821026
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2017-07-01 2017-09-30 0000821026
us-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentNetPriorServiceCostCreditMember 2017-01-01 2017-09-30
0000821026 us-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentNetPriorServiceCostCreditMember 2017-07-01 2017-09-30
0000821026 us-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember 2017-07-01
2017-09-30 0000821026 us-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember
2017-01-01 2017-09-30 0000821026 us-gaap:FairValueInputsLevel2Member
us-gaap:FairValueMeasurementsRecurringMember 2018-09-30 0000821026 us-gaap:FairValueInputsLevel1Member
us-gaap:FairValueMeasurementsRecurringMember 2018-09-30 0000821026 us-gaap:FairValueInputsLevel3Member
us-gaap:FairValueMeasurementsRecurringMember 2018-09-30 0000821026
us-gaap:FairValueMeasurementsRecurringMember 2018-09-30 0000821026 us-gaap:FairValueInputsLevel3Member
us-gaap:FairValueMeasurementsRecurringMember 2017-12-31 0000821026 us-gaap:FairValueInputsLevel1Member
us-gaap:FairValueMeasurementsRecurringMember 2017-12-31 0000821026 us-gaap:FairValueInputsLevel2Member
us-gaap:FairValueMeasurementsRecurringMember 2017-12-31 0000821026
us-gaap:FairValueMeasurementsRecurringMember 2017-12-31 0000821026
us-gaap:PropertyPlantAndEquipmentMember us-gaap:FairValueInputsLevel3Member
us-gaap:MarketApproachValuationTechniqueMember 2017-12-31 0000821026
us-gaap:ConvertiblePreferredStockMember us-gaap:FairValueInputsLevel3Member
us-gaap:CostApproachValuationTechniqueMember 2017-12-31 0000821026
us-gaap:ConvertiblePreferredStockMember us-gaap:FairValueInputsLevel3Member 2017-04-01 2017-06-30
0000821026 us-gaap:ConvertiblePreferredStockMember us-gaap:FairValueInputsLevel3Member 2017-09-30
0000821026 us-gaap:ConvertiblePreferredStockMember us-gaap:FairValueInputsLevel3Member 2018-09-30
0000821026 us-gaap:ConvertiblePreferredStockMember us-gaap:FairValueInputsLevel3Member 2018-01-01
2018-03-31 0000821026 us-gaap:ConvertiblePreferredStockMember us-gaap:FairValueInputsLevel3Member
2016-12-31 0000821026 us-gaap:ConvertiblePreferredStockMember us-gaap:FairValueInputsLevel3Member
2018-07-01 2018-09-30 0000821026 us-gaap:ConvertiblePreferredStockMember
us-gaap:FairValueInputsLevel3Member 2017-12-31 0000821026 us-gaap:ConvertiblePreferredStockMember
us-gaap:FairValueInputsLevel3Member 2018-04-01 2018-06-30 0000821026
us-gaap:ConvertiblePreferredStockMember us-gaap:FairValueInputsLevel3Member 2017-06-30 0000821026
us-gaap:ConvertiblePreferredStockMember us-gaap:FairValueInputsLevel3Member 2017-07-01 2017-09-30
0000821026 us-gaap:ConvertiblePreferredStockMember us-gaap:FairValueInputsLevel3Member 2018-06-30
0000821026 us-gaap:ConvertiblePreferredStockMember us-gaap:FairValueInputsLevel3Member 2017-01-01
2017-03-31 0000821026 us-gaap:ConvertiblePreferredStockMember us-gaap:FairValueInputsLevel3Member
2018-03-31 0000821026 us-gaap:ConvertiblePreferredStockMember us-gaap:FairValueInputsLevel3Member
2017-03-31 0000821026 us-gaap:ConvertiblePreferredStockMember us-gaap:FairValueInputsLevel3Member
us-gaap:CostApproachValuationTechniqueMember 2018-09-30 0000821026 us-gaap:FairValueInputsLevel2Member
us-gaap:FairValueMeasurementsRecurringMember 2017-09-30 0000821026
us-gaap:FairValueMeasurementsRecurringMember 2017-09-30 0000821026 us-gaap:FairValueInputsLevel3Member
us-gaap:FairValueMeasurementsRecurringMember 2017-09-30 0000821026 us-gaap:FairValueInputsLevel1Member

us-gaap:FairValueMeasurementsRecurringMember 2017-09-30 0000821026
us-gaap:ConvertiblePreferredStockMember us-gaap:FairValueInputsLevel3Member
us-gaap:CostApproachValuationTechniqueMember 2017-09-30 0000821026
ande:AndersonsAlbionEthanolLlcMember 2017-09-30 0000821026 ande:LansingTradeGroupLlcMember 2017-12-31
0000821026 ande:AndersonsClymersEthanolLlcMember 2018-09-30 0000821026
ande:AndersonsMarathonEthanolLlcMember 2017-12-31 0000821026 ande:ThompsonsLimitedMember 2017-09-30
0000821026 ande:AndersonsAlbionEthanolLlcMember 2018-09-30 0000821026
ande:AndersonsAlbionEthanolLlcMember 2017-12-31 0000821026 ande:OtherEntityMember 2017-12-31
0000821026 ande:AndersonsMarathonEthanolLlcMember 2018-09-30 0000821026
ande:LansingTradeGroupLlcMember 2017-09-30 0000821026 ande:AndersonsClymersEthanolLlcMember
2017-12-31 0000821026 ande:AndersonsClymersEthanolLlcMember 2017-09-30 0000821026
ande:ThompsonsLimitedMember 2018-09-30 0000821026 ande:OtherEntityMember 2017-09-30 0000821026
ande:AndersonsMarathonEthanolLlcMember 2017-09-30 0000821026 ande:ThompsonsLimitedMember 2017-12-31
0000821026 ande:LansingTradeGroupLlcMember 2018-09-30 0000821026 ande:OtherEntityMember 2018-09-30
0000821026 ande:AndersonsClymersEthanolLlcMember 2018-07-01 2018-09-30 0000821026
ande:AndersonsClymersEthanolLlcMember 2017-01-01 2017-09-30 0000821026 ande:OtherEntityMember
2018-01-01 2018-09-30 0000821026 ande:OtherEntityMember 2017-01-01 2017-09-30 0000821026
ande:ThompsonsLimitedMember 2018-07-01 2018-09-30 0000821026 ande:OtherEntityMember 2018-07-01
2018-09-30 0000821026 ande:AndersonsMarathonEthanolLlcMember 2017-07-01 2017-09-30 0000821026
ande:AndersonsMarathonEthanolLlcMember 2017-01-01 2017-09-30 0000821026 ande:ThompsonsLimitedMember
2017-07-01 2017-09-30 0000821026 ande:AndersonsAlbionEthanolLlcMember 2018-01-01 2018-09-30 0000821026
ande:ThompsonsLimitedMember 2017-01-01 2017-09-30 0000821026 ande:AndersonsAlbionEthanolLlcMember
2017-01-01 2017-09-30 0000821026 ande:AndersonsClymersEthanolLlcMember 2018-01-01 2018-09-30
0000821026 ande:ThompsonsLimitedMember 2018-01-01 2018-09-30 0000821026
ande:AndersonsMarathonEthanolLlcMember 2018-01-01 2018-09-30 0000821026
ande:AndersonsAlbionEthanolLlcMember 2017-07-01 2017-09-30 0000821026 ande:LansingTradeGroupLlcMember
2017-07-01 2017-09-30 0000821026 ande:LansingTradeGroupLlcMember 2017-01-01 2017-09-30 0000821026
ande:LansingTradeGroupLlcMember 2018-07-01 2018-09-30 0000821026
ande:AndersonsClymersEthanolLlcMember 2017-07-01 2017-09-30 0000821026
ande:LansingTradeGroupLlcMember 2018-01-01 2018-09-30 0000821026 ande:AndersonsAlbionEthanolLlcMember
2018-07-01 2018-09-30 0000821026 ande:OtherEntityMember 2017-07-01 2017-09-30 0000821026
ande:AndersonsMarathonEthanolLlcMember 2018-07-01 2018-09-30 0000821026 us-gaap:SubsidiariesMember
ande:ElementLLCMember 2018-03-02 0000821026 us-gaap:MaximumMember ande:OtherEntityMember
2018-09-30 0000821026 us-gaap:MinimumMember ande:OtherEntityMember 2018-09-30 0000821026
us-gaap:CorporateNonSegmentMember 2017-01-01 2017-09-30 0000821026 us-gaap:OperatingSegmentsMember
ande:PlantNutrientMember 2018-01-01 2018-09-30 0000821026 us-gaap:OperatingSegmentsMember
ande:PlantNutrientMember 2018-07-01 2018-09-30 0000821026 us-gaap:OperatingSegmentsMember
ande:EthanolMember 2017-01-01 2017-09-30 0000821026 us-gaap:OperatingSegmentsMember ande:RailMember
2018-07-01 2018-09-30 0000821026 us-gaap:CorporateNonSegmentMember 2017-07-01 2017-09-30 0000821026
us-gaap:OperatingSegmentsMember ande:RailMember 2017-01-01 2017-09-30 0000821026
us-gaap:ReportableLegalEntitiesMember 2018-07-01 2018-09-30 0000821026 us-gaap:OperatingSegmentsMember
ande:GrainMember 2017-07-01 2017-09-30 0000821026 us-gaap:OperatingSegmentsMember ande:GrainMember
2018-07-01 2018-09-30 0000821026 us-gaap:OperatingSegmentsMember ande:RailMember 2018-01-01 2018-09-30
0000821026 us-gaap:OperatingSegmentsMember ande:EthanolMember 2018-01-01 2018-09-30 0000821026
us-gaap:OperatingSegmentsMember ande:GrainMember 2017-01-01 2017-09-30 0000821026
us-gaap:ReportableLegalEntitiesMember 2017-01-01 2017-09-30 0000821026 us-gaap:OperatingSegmentsMember
ande:RailMember 2017-07-01 2017-09-30 0000821026 us-gaap:OperatingSegmentsMember
ande:PlantNutrientMember 2017-07-01 2017-09-30 0000821026 us-gaap:ReportableLegalEntitiesMember
2018-01-01 2018-09-30 0000821026 us-gaap:OperatingSegmentsMember ande:EthanolMember 2017-07-01
2017-09-30 0000821026 us-gaap:CorporateNonSegmentMember 2018-07-01 2018-09-30 0000821026
us-gaap:OperatingSegmentsMember ande:PlantNutrientMember 2017-01-01 2017-09-30 0000821026

us-gaap:OperatingSegmentsMember ande:EthanolMember 2018-07-01 2018-09-30 0000821026
us-gaap:OperatingSegmentsMember ande:GrainMember 2018-01-01 2018-09-30 0000821026
us-gaap:ReportableLegalEntitiesMember 2017-07-01 2017-09-30 0000821026
us-gaap:CorporateNonSegmentMember 2018-01-01 2018-09-30 0000821026 us-gaap:OperatingSegmentsMember
ande:RailMember 2018-09-30 0000821026 us-gaap:OperatingSegmentsMember ande:RailMember 2017-12-31
0000821026 us-gaap:CorporateNonSegmentMember 2017-09-30 0000821026
us-gaap:CorporateNonSegmentMember 2017-12-31 0000821026 us-gaap:OperatingSegmentsMember
ande:PlantNutrientMember 2018-09-30 0000821026 us-gaap:OperatingSegmentsMember ande:EthanolMember
2018-09-30 0000821026 us-gaap:OperatingSegmentsMember ande:EthanolMember 2017-12-31 0000821026
us-gaap:OperatingSegmentsMember ande:EthanolMember 2017-09-30 0000821026
us-gaap:OperatingSegmentsMember ande:RailMember 2017-09-30 0000821026 us-gaap:OperatingSegmentsMember
ande:GrainMember 2018-09-30 0000821026 us-gaap:OperatingSegmentsMember ande:GrainMember 2017-09-30
0000821026 us-gaap:OperatingSegmentsMember ande:GrainMember 2017-12-31 0000821026
us-gaap:OperatingSegmentsMember ande:PlantNutrientMember 2017-12-31 0000821026
us-gaap:CorporateNonSegmentMember 2018-09-30 0000821026 us-gaap:OperatingSegmentsMember
ande:PlantNutrientMember 2017-09-30 0000821026 us-gaap:MaterialReconcilingItemsMember 2017-01-01
2017-09-30 0000821026 us-gaap:MaterialReconcilingItemsMember ande:GrainMember 2018-01-01 2018-09-30
0000821026 us-gaap:MaterialReconcilingItemsMember ande:PlantNutrientMember 2017-07-01 2017-09-30
0000821026 us-gaap:MaterialReconcilingItemsMember ande:GrainMember 2018-07-01 2018-09-30 0000821026
us-gaap:MaterialReconcilingItemsMember 2018-07-01 2018-09-30 0000821026
us-gaap:MaterialReconcilingItemsMember 2018-01-01 2018-09-30 0000821026
us-gaap:MaterialReconcilingItemsMember ande:RailMember 2018-01-01 2018-09-30 0000821026
us-gaap:MaterialReconcilingItemsMember ande:PlantNutrientMember 2018-07-01 2018-09-30 0000821026
us-gaap:MaterialReconcilingItemsMember ande:GrainMember 2017-07-01 2017-09-30 0000821026
us-gaap:MaterialReconcilingItemsMember 2017-07-01 2017-09-30 0000821026
us-gaap:MaterialReconcilingItemsMember ande:PlantNutrientMember 2018-01-01 2018-09-30 0000821026
us-gaap:MaterialReconcilingItemsMember ande:PlantNutrientMember 2017-01-01 2017-09-30 0000821026
us-gaap:MaterialReconcilingItemsMember ande:GrainMember 2017-01-01 2017-09-30 0000821026
us-gaap:MaterialReconcilingItemsMember ande:RailMember 2018-07-01 2018-09-30 0000821026
us-gaap:MaterialReconcilingItemsMember ande:RailMember 2017-01-01 2017-09-30 0000821026
us-gaap:MaterialReconcilingItemsMember ande:RailMember 2017-07-01 2017-09-30 0000821026
us-gaap:OtherNoncurrentLiabilitiesMember ande:BuildtoSuitLeaseMember 2017-12-31 0000821026
us-gaap:OtherCurrentLiabilitiesMember ande:BuildtoSuitLeaseMember 2017-12-31 0000821026
us-gaap:OtherNoncurrentLiabilitiesMember ande:BuildtoSuitLeaseMember 2017-09-30 0000821026
ande:BuildtoSuitLeaseMember 2015-08-01 2015-08-31 0000821026 ande:LegalClaim2015Member
ande:PlantNutrientMember 2017-09-30 0000821026 us-gaap:CapitalAdditionsMember 2018-09-30 0000821026
us-gaap:OtherCurrentLiabilitiesMember ande:BuildtoSuitLeaseMember 2018-09-30 0000821026
us-gaap:OtherNoncurrentLiabilitiesMember ande:BuildtoSuitLeaseMember 2018-09-30 0000821026
us-gaap:OtherCurrentLiabilitiesMember ande:BuildtoSuitLeaseMember 2017-09-30 0000821026
us-gaap:DisposalGroupDisposedOfBySaleNotDiscontinuedOperationsMember ande:FarmCenterMember stpr:FL
2017-09-30 0000821026 us-gaap:DisposalGroupDisposedOfBySaleNotDiscontinuedOperationsMember
ande:ComoLocationMember 2018-09-30 0000821026
us-gaap:DisposalGroupDisposedOfBySaleNotDiscontinuedOperationsMember us-gaap:RetailSiteMember
2017-07-01 2017-09-30 0000821026 us-gaap:DisposalGroupDisposedOfBySaleNotDiscontinuedOperationsMember
ande:FarmCenterMember stpr:FL 2018-03-31 2018-03-31 0000821026
us-gaap:DisposalGroupDisposedOfBySaleNotDiscontinuedOperationsMember ande:GrainElevatorsMember
ande:HumboldtKentonandDyerTennesseeMember 2018-06-30 0000821026
us-gaap:DisposalGroupDisposedOfBySaleNotDiscontinuedOperationsMember us-gaap:RetailSiteMember
2017-09-30 0000821026 us-gaap:DisposalGroupHeldforsaleNotDiscontinuedOperationsMember
ande:GrainGroupMember stpr:TN 2017-12-31 0000821026
us-gaap:DisposalGroupHeldforsaleNotDiscontinuedOperationsMember ande:RetailStoreMember 2018-09-30

0000821026 us-gaap:DisposalGroupHeldforsaleNotDiscontinuedOperationsMember 2018-09-30 0000821026 us-gaap:DisposalGroupHeldforsaleNotDiscontinuedOperationsMember 2017-12-31 0000821026 us-gaap:DisposalGroupHeldforsaleNotDiscontinuedOperationsMember ande:PlantNutrientGroupMember 2017-12-31 0000821026 us-gaap:DisposalGroupHeldforsaleNotDiscontinuedOperationsMember ande:RetailStoreMember 2017-12-31 0000821026 us-gaap:PropertySubjectToOperatingLeaseMember 2018-09-30 0000821026 us-gaap:DisposalGroupHeldforsaleNotDiscontinuedOperationsMember ande:PlantNutrientGroupMember 2018-09-30 0000821026 ande:LansingTradeGroupLlcMember 2018-09-30 0000821026 ande:LansingTradeGroupLlcMember us-gaap:ScenarioForecastMember us-gaap:SubsequentEventMember 2019-01-31 0000821026 ande:LansingTradeGroupLlcMember us-gaap:ScenarioForecastMember us-gaap:SubsequentEventMember 2019-01-01 2019-01-31 0000821026 ande:ThompsonsLimitedMember ande:LansingTradeGroupLlcMember us-gaap:ScenarioForecastMember us-gaap:SubsequentEventMember 2019-01-31 0000821026 ande:LansingTradeGroupLlcMember ande:LansingTradeGroupLlcMember us-gaap:ScenarioForecastMember us-gaap:SubsequentEventMember 2019-01-31 xbrli:shares utreg:lb iso4217:USD utreg:bu ande:derivative utreg:T iso4217:USD xbrli:shares utreg:gal ande:segment xbrli:pure ande:location ande:security
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

ý **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended September 30, 2018
¨ **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 or organization)	**(I.R.S. Employer Identification No.)**

1947 Briarfield Boulevard, 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 ý 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 ý 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,” “smaller reporting company,” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	ý	Accelerated Filer	¨
Non-accelerated filer	¨	Smaller reporting company	¨
Emerging growth company	¨		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨

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

The registrant had approximately 28.3 million common shares outstanding, no par value, at October 26, 2018.

Table of Contents

THE ANDERSONS, INC.
INDEX

Table of Contents

Part I. Financial Information

Item 1. Financial Statements

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

	September 30, 2018	December 31, 2017	September 30, 2017
Assets			
Current assets:			
Cash and cash equivalents	**$16,820**	$34,919	$24,478
Accounts receivable, net	**206,380**	183,238	196,192
Inventories (Note 2)	**490,331**	648,703	475,602
Commodity derivative assets – current (Note 5)	**76,861**	30,702	45,202
Other current assets	**58,374**	63,790	53,958
Assets held for sale	**29,527**	37,859	8,383
Total current assets	**878,293**	999,211	803,815
Other assets:			
Commodity derivative assets – noncurrent (Note 5)	**766**	310	245
Goodwill	**6,024**	6,024	23,105
Other intangible assets, net	**100,730**	112,893	113,371
Other assets, net	**26,174**	12,557	11,852
Equity method investments	**240,350**	223,239	215,031
	374,044	355,023	363,604
Rail Group assets leased to others, net (Note 3)	**464,776**	423,443	377,393
Property, plant and equipment, net (Note 3)	**434,505**	384,677	419,348
Total assets	**$2,151,618**	$2,162,354	$1,964,160

Table of Contents

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

	September 30, 2018	December 31, 2017	September 30, 2017
Liabilities and equity			
Current liabilities:			
Short-term debt (Note 4)	**$132,000**	$22,000	$19,000
Trade and other payables	**344,406**	503,571	381,359
Customer prepayments and deferred revenue	**38,242**	59,710	29,520
Commodity derivative liabilities – current (Note 5)	**91,403**	29,651	38,578
Accrued expenses and other current liabilities	**68,925**	69,579	67,064
Current maturities of long-term debt (Note 4)	**15,677**	54,205	53,972
Total current liabilities	**690,653**	738,716	589,493
Other long-term liabilities	**30,615**	33,129	34,407
Commodity derivative liabilities – noncurrent (Note 5)	**2,548**	825	902
Employee benefit plan obligations	**25,356**	26,716	36,356
Long-term debt, less current maturities (Note 4)	**437,280**	418,339	371,315
Deferred income taxes	**122,523**	121,730	181,876
Total liabilities	**1,308,975**	1,339,455	1,214,349
Commitments and contingencies (Note 14)			
Shareholders' equity:			
Common shares, without par value (63,000 shares authorized; 29,430 shares issued at 9/30/2018, 12/31/17 and 9/30/2017)	**96**	96	96
Preferred shares, without par value (1,000 shares authorized; none issued)	**—**	—	—
Additional paid-in-capital	**222,368**	224,622	223,814
Treasury shares, at cost (929, 1,063 and 1,079 shares at 9/30/2018, 12/31/17 and 9/30/2017, respectively)	**(35,039)**	(40,312)	(40,905)
Accumulated other comprehensive loss	**(4,364)**	(2,700)	(9,682)
Retained earnings	**628,676**	633,496	568,438
Total shareholders' equity of The Andersons, Inc.	**811,737**	815,202	741,761
Noncontrolling interests	**30,906**	7,697	8,050
Total equity	**842,643**	822,899	749,811
Total liabilities and equity	**$2,151,618**	$2,162,354	$1,964,160

See Notes to Condensed Consolidated Financial Statements

Table of Contents

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

	Three months ended September 30,		Nine months ended September 30,	
	2018	**2017**	**2018**	**2017**
Sales and merchandising revenues	**$685,579**	$836,595	**$2,232,720**	$2,682,273
Cost of sales and merchandising revenues	**631,715**	766,924	**2,024,677**	2,448,310
Gross profit	**53,864**	69,671	**208,043**	233,963
Operating, administrative and general expenses	**65,986**	68,153	**190,096**	219,242
Asset impairment	**—**	—	**6,272**	—
Goodwill impairment	**—**	—	**—**	42,000
Interest expense	**5,176**	5,384	**20,000**	17,472
Other income:				
Equity in earnings (loss) of affiliates, net	**7,225**	3,586	**20,601**	8,093
Other income, net	**6,434**	5,285	**10,949**	17,028
Income (loss) before income taxes	**(3,639)**	5,005	**23,225**	(19,630)
Income tax provision (benefit)	**(1,764)**	2,389	**5,668**	7,505
Net income (loss)	**(1,875)**	2,616	**17,557**	(27,135)
Net income (loss) attributable to the noncontrolling interests	**223**	83	**(175)**	73
Net income (loss) attributable to The Andersons, Inc.	**$(2,098)**	$2,533	**$17,732**	$(27,208)
Per common share:				
Basic earnings (loss) attributable to The Andersons, Inc. common shareholders	**$(0.07)**	$0.09	**$0.63**	$(0.96)
Diluted earnings (loss) attributable to The Andersons, Inc. common shareholders	**$(0.07)**	$0.09	**$0.62**	$(0.96)
Dividends declared	**$0.165**	$0.160	**$0.495**	$0.480

See Notes to Condensed Consolidated Financial Statements

Table of Contents

The Andersons, Inc.
Condensed Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)(In thousands)

	Three months ended September 30,		Nine months ended September 30,	
	2018	**2017**	**2018**	**2017**
Net income (loss)	**$(1,875)**	$2,616	**$17,557**	$(27,135)
Other comprehensive income (loss), net of tax:				
Change in fair value of convertible preferred securities (net of income tax of $0, $134, $0 and $134)	**—**	211	**(87)**	211
Change in unrecognized actuarial loss and prior service cost (net of income tax of $(38), $(64), $(139) and $(699))	**(129)**	(101)	**(467)**	(1,099)
Cash flow hedge activity (net of income tax of $40, $0, $56 and $0)	**119**	—	**170**	—
Foreign currency translation adjustments (net of income tax of $0, $0, $0 and $0)	**993**	2,201	**(1,280)**	3,674
Other comprehensive income (loss)	**983**	2,311	**(1,664)**	2,786
Comprehensive income (loss)	**(892)**	4,927	**15,893**	(24,349)
Comprehensive income (loss) attributable to the noncontrolling interests	**223**	83	**(175)**	73
Comprehensive income (loss) attributable to The Andersons, Inc.	**$(1,115)**	$4,844	**$16,068**	$(24,422)

See Notes to Condensed Consolidated Financial Statements

Table of Contents

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

	Nine months ended September 30,	
	2018	**2017**
Operating Activities		
Net income (loss)	**$17,557**	$(27,135)
Adjustments to reconcile net income (loss) to cash used in operating activities:		
Depreciation and amortization	**67,960**	64,546
Bad debt expense (recovery)	**(436)**	1,076
Equity in (earnings) losses of affiliates, net of dividends	**(18,390)**	(2,168)
Gains on sale of Rail Group assets and related leases	**(5,911)**	(7,642)
Gain on sale of assets	**(4,181)**	(11,443)
Stock-based compensation expense	**4,898**	4,550
Goodwill impairment	**—**	42,000
Asset impairment	**6,272**	—
Other	**(2,626)**	(610)
Changes in operating assets and liabilities:		
Accounts receivable	**(20,853)**	(334)
Inventories	**156,375**	200,667
Commodity derivatives	**18,080**	16,073
Other assets	**127**	10,422
Payables and other accrued expenses	**(190,042)**	(229,268)
Net cash provided by (used in) operating activities	**28,830**	60,734
Investing Activities		
Acquisition of business, net of cash acquired	**—**	(3,507)
Purchases of Rail Group assets	**(108,054)**	(77,513)
Proceeds from sale of Rail Group assets	**47,644**	18,368
Purchases of property, plant and equipment and capitalized software	**(86,694)**	(26,705)
Proceeds from sale of assets	**42,307**	26,601
Proceeds from returns of investments in affiliates	**—**	1,339
Purchase of investments	**(11,086)**	(4,929)
Other	**—**	1,470
Net cash provided by (used in) investing activities	**(115,883)**	(64,876)
Financing Activities		
Net change in short-term borrowings	**110,000**	(11,059)
Proceeds from issuance of long-term debt	**57,000**	35,175
Proceeds from long-term financing arrangement	**—**	12,195
Payments of long-term debt	**(112,995)**	(54,326)
Proceeds from noncontrolling interest owner	**31,115**	—
Proceeds from sale of treasury shares to employees and directors	**—**	450
Payments of debt issuance costs	**(1,446)**	(2,024)
Dividends paid	**(13,976)**	(13,485)
Other	**(744)**	(936)
Net cash provided by (used in) financing activities	**68,954**	(34,010)
Decrease in cash and cash equivalents	**(18,099)**	(38,152)
Cash and cash equivalents at beginning of period	**34,919**	62,630
Cash and cash equivalents at end of period	**$16,820**	$24,478

See Notes to Condensed Consolidated Financial Statements

Table of Contents

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 Income (Loss)	Retained Earnings	Noncontrolling Interests	Total
Balance at December 31, 2016	$ 96	$ 222,910	$ (45,383)	$ (12,468)	$ 609,206	$ 16,336	$ 790,697
Net income (loss)					(27,208)	73	(27,135)
Other comprehensive income (loss)				2,786			2,786
Other change in noncontrolling interest						(8,359)	(8,359)
Stock awards, stock option exercises and other shares issued to employees and directors, net of income tax of $(323) (122 shares)		899	4,426				5,325
Dividends declared ($0.48 per common share)					(13,503)		(13,503)
Restricted share award dividend equivalents		5	52		(57)		—
Balance at September 30, 2017	$ 96	$ 223,814	$ (40,905)	$ (9,682)	$ 568,438	$ 8,050	$ 749,811
Balance at December 31, 2017	$ 96	$ 224,622	$ (40,312)	$ (2,700)	$ 633,496	$ 7,697	$ 822,899
Net income (loss)					**17,732**	**(175)**	**17,557**
Other comprehensive income (loss)				**(1,664)**			**(1,664)**
Cash received from (paid to) noncontrolling interest		**(2,268)**				**23,384**	**21,116**
Adoption of accounting standard, net of income tax of $2,869					**(8,441)**		**(8,441)**
Stock awards, stock option exercises and other shares issued to employees and directors, net of income tax of $(0) (134 shares)		**14**	**5,153**				**5,167**
Dividends declared ($0.495 per common share)					**(13,991)**		**(13,991)**
Restricted share award dividend equivalents			**120**		**(120)**		**—**
Balance at September 30, 2018	**$ 96**	**$ 222,368**	**$ (35,039)**	**$ (4,364)**	**$ 628,676**	**$ 30,906**	**$ 842,643**

See Notes to Condensed Consolidated Financial Statements

Table of Contents

The Andersons, Inc.
Notes to Condensed Consolidated Financial Statements
(unaudited)

1. Basis of Presentation and Consolidation

These Condensed Consolidated Financial Statements include the accounts of The Andersons, Inc. and its wholly owned and controlled subsidiaries (the “Company”). All intercompany accounts and transactions are eliminated in consolidation.

Investments in unconsolidated entities in which the Company has significant influence, but not control, are accounted for using the equity method of accounting.

In the opinion of management, all adjustments consisting of normal and recurring items considered necessary for the fair presentation of the results of operations, financial position, and cash flows for the periods indicated have been made. The results in these Condensed Consolidated Financial Statements are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2018. An unaudited Condensed Consolidated Balance Sheet as of September 30, 2017 has been included as the Company operates in several seasonal industries.

The Condensed Consolidated Balance Sheet data at December 31, 2017 was derived from the audited Consolidated Financial Statements but does not include all disclosures required by accounting principles generally accepted in the United States of America. The accompanying unaudited Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and notes thereto included in The Andersons, Inc. Annual Report on Form 10-K for the year ended December 31, 2017 (the “2017 Form 10-K”).

New Accounting Standards

Derivatives and Hedging

In August 2017, the FASB issued ASU 2017-12 Targeted Improvements to Accounting for Hedging Activities. This standard simplifies the recognition and presentation of changes in the fair value of hedging instruments and, among other things, eliminates the requirement to separately measure and record hedge ineffectiveness. The Company early adopted ASU 2017-12 during the current year noting the effects of this standard on our condensed consolidated financial statements were not material. There was no transition impact.

Revenue Recognition

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (ASC 606). The FASB issued subsequent amendments to the initial guidance in August 2015, March 2016, April 2016, May 2016, and December 2016 within ASU 2015-14, ASU 2016-08, ASU 2016-10 ASU 2016-12 and ASU 2016-20, respectively. The core principle of the new revenue standard is that an entity recognizes revenue from the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company adopted the standard in the current year using the modified retrospective method. As a result of the adoption we recognized a cumulative catch-up transition adjustment in beginning retained earnings at January 1, 2018 for non-recourse financing transactions that were open as of December 31, 2017. This resulted in a $25.6 million increase in Rail Group net assets, $34.0 million increase in financing liabilities and deferred tax liabilities and $8.4 million decrease to retained earnings. See Note 7 for further detail.

Leasing

In February 2016, the FASB issued ASU No. 2016-02, Leases (ASC 842). The FASB issued subsequent amendments to the initial guidance in July 2018 with ASU 2018-10 and in August 2018 with ASU 2018-11. ASC 842 supersedes the current accounting for leases. The new standard, while retaining two distinct types of leases, finance and operating, (i) requires lessees to record a right of use asset and a related liability for the rights and obligations associated with a lease, regardless of lease classification, and recognize lease expense in a manner similar to current accounting, (ii) eliminates current real estate specific lease provisions, (iii) modifies the lease classification criteria and (iv) aligns many of the underlying lessor model principles with those in the new revenue standard. ASC 842 is effective for fiscal years beginning after December 15, 2018, and interim periods within. Early adoption is permitted, however the Company does not plan to early adopt. The new standard is effective for the Company beginning January 1, 2019 and must be adopted using either the modified retrospective approach, which requires application of the new guidance at the beginning of the earliest comparative period presented or the optional alternative approach, which requires application of the new guidance at the beginning of the standard’s effective date.

The Company expects this standard to have the effect of bringing certain off balance-sheet rail assets onto the balance sheet along with a corresponding liability for the associated obligations. Additionally, we have other arrangements currently classified as operating leases which will be recorded as a right of use asset and corresponding liability on the balance sheet. We are currently evaluating the impact these changes will have on the Consolidated Financial Statements.

Other applicable standards

In August 2018, the FASB issued ASU No. 2018-15, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract. This ASU reduces the complexity of accounting for costs of implementing a cloud computing service arrangement. This standard aligns the accounting for implementation costs of hosting arrangements, regardless of whether they convey a license to the hosted software. The guidance is effective for fiscal years beginning after December 15, 2020. The Company does not expect this standard to have a material impact on its Consolidated Financial Statements and disclosures.

In August 2018, the FASB issued ASU No. 2018-14, Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans. This standard modified the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. The standard is effective for fiscal years ending after December 15, 2020. and early adoption is permitted. The Company is currently evaluating when to adopt this standard but has not done so in the current period.

In August 2018, the FASB issued ASU No. 2018-13 Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement which removes and modifies some existing disclosure requirements and adds others. The ASU is effective for all entities for fiscal years beginning after December 15, 2019, including interim periods therein. Early adoption is permitted for any eliminated or modified disclosures upon issuance of this ASU. is currently evaluating when to adopt this standard but has not done so in the current period.

In February 2018, the FASB issued ASU 2018-02, Income Statement-Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income, which allows companies to reclassify stranded income tax effects resulting from the Tax Cuts and Jobs Act from accumulated other comprehensive income to retained earnings in their consolidated financial statements. This guidance is effective for fiscal years beginning after December 15, 2018. We have evaluated the impact of this new standard on our consolidated financial statements noting it is not material. Early adoption is permitted, but the Company has not chosen to do so at this time.

In May 2017, the FASB issued ASU 2017-09 Compensation-Stock Compensation (Topic 718): Scope of Modification Accounting. Under this standard, if the vesting conditions, fair value, and classification of the awards are the same immediately before and after the modification an entity would not apply modification accounting. The FASB then issued ASU 2018-07 which expands the scope to include share-based payment transactions for acquiring goods and services from nonemployees. The Company has adopted these standards during the year, noting no impact as the Company has not made any modifications to our stock compensation awards.

In March 2017, the FASB issued ASU 2017-07 Compensation-Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost. This standard requires that the service cost component be reported in the same line item as other compensation costs arising from services rendered by the employees during the period. The other components of net benefit costs should be presented in the income statement separately from the service cost component and outside of income from operations if that subtotal is presented. The Company has adopted this standard in the current year using the retrospective approach and prior periods have been recast to reflect this change, noting the amounts are immaterial.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. This standard clarifies how companies present and classify certain cash receipts and payments in the statement of cash flows. The Company has adopted this standard in the current year noting the impact is immaterial.

In June 2016, the FASB issued ASU 2016-13, Measurement of Credit Losses on Financial Instruments. This update changes the accounting for credit losses on loans and held-to-maturity debt securities and requires a current expected credit loss (CECL) approach to determine the allowance for credit losses. This includes allowances for trade receivables. The Company has not historically incurred significant credit losses and does not currently anticipate circumstances that would lead to a CECL approach differing from the Company's existing allowance estimates in a material way. The guidance is effective for fiscal years beginning after December 15, 2019 with a cumulative-effect adjustment to retained earnings as of the beginning of the year of adoption. Early adoption is permitted, but the Company does not plan to do so.

In January 2016, the FASB issued ASU 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities. The FASB issued subsequent amendments to the initial guidance in February 2018 and March 2018 within ASU 2018-03 and ASU 2018-04, respectively. This standard provides guidance for the recognition, measurement, presentation, and disclosure of financial instruments. The Company has adopted this standard in the current year noting the impact is immaterial.

2. Inventories

Major classes of inventories are as follows:

(in thousands)	**September 30, 2018**	**December 31, 2017**	**September 30, 2017**
Grain	**$ 324,232**	$ 505,217	$ 342,837
Ethanol and co-products	**15,419**	11,003	12,502
Plant nutrients and cob products	**145,363**	126,962	114,131
Retail merchandise	**—**	—	718
Railcar repair parts	**5,317**	5,521	5,414
	$ 490,331	$ 648,703	$ 475,602

Inventories on the Condensed Consolidated Balance Sheets at December 31, 2017 and September 30, 2017 do not include 1.0 million and 1.0 million bushels of grain, respectively, held in storage for others. Inventories held in storage for others was di minims as of September 30, 2018. The Company does not have title to the grain and is only liable for any deficiencies in grade or shortage of quantity that may arise during the storage period. Management has not experienced historical losses on any deficiencies and does not anticipate material losses in the future.

3. Property, Plant and Equipment

The components of Property, plant and equipment, net are as follows:

(in thousands)	**September 30, 2018**	**December 31, 2017**	**September 30, 2017**
Land	**$ 29,545**	$ 22,388	$ 23,342
Land improvements and leasehold improvements	**68,859**	69,127	71,559
Buildings and storage facilities	**282,826**	284,820	298,951
Machinery and equipment	**380,109**	373,127	384,422
Construction in progress	**65,539**	7,502	7,703
	826,878	756,964	785,977
Less: accumulated depreciation	**392,373**	372,287	366,629
	$ 434,505	$ 384,677	$ 419,348

Capitalized interest totaled $0.9 million for the nine months ended September 30, 2018.

Depreciation expense on property, plant and equipment was $34.7 million and $36.0 million for the nine months ended September 30, 2018 and 2017, respectively. Additionally, depreciation expense on property, plant and equipment was $11.5 million and $11.9 million for the three months ended September 30, 2018 and 2017, respectively.

In June 2018, the Company recorded charges totaling $1.6 million for impairment of property, plant and equipment in the Grain segment related to assets that were reclassified as assets held for sale at June 30, 2018 and were sold in the third quarter. In December 2017, the Company recorded charges totaling $10.9 million for impairment of property, plant and equipment in the Grain segment, of which $5.6 million relates to assets that are deemed held and used and $5.3 million related to assets that have been reclassified as assets held for sale at December 31, 2017. The Company wrote down the value of these assets to the extent their carrying amounts exceeded fair value. The Company classified the significant assumptions used to determine the fair value of the impaired assets as Level 3 inputs in the fair value hierarchy.

Table of Contents

Rail Group Assets

The components of Rail Group assets leased to others are as follows:

(in thousands)	September 30, 2018	December 31, 2017	September 30, 2017
Rail Group assets leased to others	**$ 576,622**	$ 531,391	$ 484,214
Less: accumulated depreciation	**111,846**	107,948	106,821
	$ 464,776	$ 423,443	$ 377,393

Depreciation expense on Rail Group assets leased to others amounted to $18.4 million and $14.9 million for the nine months ended September 30, 2018 and 2017, respectively. Additionally, depreciation expense on Rail Group assets leased to others amounted to $6.1 million and $5.2 million for the three months ended September 30, 2018 and 2017, respectively.

In June 2018, the Company recorded charges totaling $4.7 million related to Rail Group assets leased to others that have been reclassified as assets held for sale at June 30, 2018. The Company classified the significant assumptions used to determine the fair value of the impaired assets as Level 3 inputs in the fair value hierarchy.

4. Debt

The Company has a line of credit agreement with a syndicate of banks. The agreement provides for a credit facility of $800 million. During the third quarter, the Andersons Railcar Leasing Company LLC amended and restated their revolving asset based loan agreement, increasing the credit facility to $200.0 million. Total borrowing capacity for the Company under all lines of credit is currently at $1,085.0 million, including subsidiary debt that is non-recourse to the Company of $15.0 million for The Andersons Denison Ethanol LLC ("TADE"), $70.0 million for ELEMENT LLC and $200.0 million for The Andersons Railcar Leasing Company LLC. At September 30, 2018, the Company had a total of $823.1 million available for borrowing under its lines of credit. The Company's borrowing capacity is reduced by a combination of outstanding borrowings and letters of credit. The Company was in compliance with all financial covenants as of September 30, 2018.

The Company’s short-term and long-term debt at September 30, 2018, December 31, 2017 and September 30, 2017 consisted of the following:

(in thousands)	September 30, 2018	December 31, 2017	September 30, 2017
Short-term Debt – Non-Recourse	**$ —**	$ —	$ —
Short-term Debt – Recourse	**132,000**	22,000	19,000
Total Short-term Debt	**$ 132,000**	$ 22,000	$ 19,000
Current Maturities of Long-term Debt – Non-Recourse	**$ 3,772**	$ —	$ —
Current Maturities of Long-term Debt – Recourse	**11,905**	54,205	53,972
Total Current Maturities of Long-term Debt	**$ 15,677**	$ 54,205	$ 53,972
Long-term Debt, Less: Current Maturities – Non-Recourse	**$ 77,114**	$ —	$ —
Long-term Debt, Less: Current Maturities – Recourse	**360,166**	418,339	371,315
Total Long-term Debt, Less: Current Maturities	**$ 437,280**	$ 418,339	$ 371,315

5. Derivatives

The Company’s operating results are affected by changes to commodity prices. The Grain and Ethanol businesses have established “unhedged” position limits (the amount of a commodity, either owned or contracted for, that does not have an offsetting derivative contract to lock in the price). To reduce the exposure to market price risk on commodities owned and forward grain and ethanol purchase and sale contracts, the Company enters into exchange traded commodity futures and options contracts and over-the-counter forward and option contracts with various counterparties. These contracts are primarily traded via the regulated CME. The Company’s forward purchase and sales contracts are for physical delivery of the commodity in a future period. Contracts to purchase commodities from producers generally relate to the current or future crop years for delivery periods quoted by regulated commodity exchanges. Contracts for the sale of commodities to processors or other commercial consumers generally do not extend beyond one year.

Table of Contents

All these contracts meet the definition of derivatives. While the Company considers its commodity contracts to be effective economic hedges, the Company does not designate or account for its commodity contracts as hedges as defined under current accounting standards. The Company accounts for its commodity derivatives at estimated fair value. The estimated fair value of the commodity derivative contracts that require the receipt or posting of cash collateral is recorded on a net basis (offset against cash collateral posted or received, also known as margin deposits) within commodity derivative assets or liabilities. Management determines fair value based on exchange-quoted prices and in the case of its forward purchase and sale contracts, estimated fair value is adjusted for differences in local markets and non-performance risk. For contracts for which physical delivery occurs, balance sheet classification is based on estimated delivery date. For futures, options and over-the-counter contracts in which physical delivery is not expected to occur but, rather, the contract is expected to be net settled, the Company classifies these contracts as current or noncurrent assets or liabilities, as appropriate, based on the Company's expectations as to when such contracts will be settled.

Realized and unrealized gains and losses in the value of commodity contracts (whether due to changes in commodity prices, changes in performance or credit risk, or due to sale, maturity or extinguishment of the commodity contract) and grain inventories are included in cost of sales and merchandising revenues.

Generally accepted accounting principles permit a party to a master netting arrangement to offset fair value amounts recognized for derivative instruments against the right to reclaim cash collateral or obligation to return cash collateral under the same master netting arrangement. The Company has master netting arrangements for its exchange traded futures and options contracts and certain over-the-counter contracts. When the Company enters into a future, option or an over-the-counter contract, an initial margin deposit may be required by the counterparty. The amount of the margin deposit varies by commodity. If the market price of a future, option or an over-the-counter contract moves in a direction that is adverse to the Company's position, an additional margin deposit, called a maintenance margin, is required. The margin deposit assets and liabilities are included in short-term commodity derivative assets or liabilities, as appropriate, in the Condensed Consolidated Balance Sheets.
The following table presents at September 30, 2018, December 31, 2017 and September 30, 2017, a summary of the estimated fair value of the Company's commodity derivative instruments that require cash collateral and the associated cash posted/received as collateral. The net asset or liability positions of these derivatives (net of their cash collateral) are determined on a counterparty-by-counterparty basis and are included within current or noncurrent commodity derivative assets (or liabilities) on the Condensed Consolidated Balance Sheets:

	September 30, 2018		**December 31, 2017**		**September 30, 2017**	
(in thousands)	**Net derivative asset position**	**Net derivative liability position**	**Net derivative asset position**	**Net derivative liability position**	**Net derivative asset position**	**Net derivative liability position**
Collateral paid (received)	**$14,942**	**$ —**	$1,351	$ —	$27,737	$ —
Fair value of derivatives	**36,653**	**—**	17,252	—	(999)	—
Balance at end of period	**$51,595**	**$ —**	$18,603	$ —	$26,738	$ —

The following table presents, on a gross basis, current and noncurrent commodity derivative assets and liabilities:

	September 30, 2018				
(in thousands)	**Commodity Derivative Assets - Current**	**Commodity Derivative Assets - Noncurrent**	**Commodity Derivative Liabilities - Current**	**Commodity Derivative Liabilities - Noncurrent**	**Total**
Commodity derivative assets	**$69,957**	**$ 767**	**$731**	**$38**	**$71,493**
Commodity derivative liabilities	**(8,038)**	**(1)**	**(92,134)**	**(2,586)**	**(102,759)**
Cash collateral	**14,942**	**—**	**—**	**—**	**14,942**
Balance sheet line item totals	**$76,861**	**$ 766**	**$(91,403)**	**$(2,548)**	**$(16,324)**

13

Table of Contents

	December 31, 2017				
(in thousands)	Commodity Derivative Assets - Current	Commodity Derivative Assets - Noncurrent	Commodity Derivative Liabilities - Current	Commodity Derivative Liabilities - Noncurrent	Total
Commodity derivative assets	$36,929	$ 311	$489	$ 1	$37,730
Commodity derivative liabilities	(7,578)	(1)	(30,140)	(826)	(38,545)
Cash collateral	1,351	—	—	—	1,351
Balance sheet line item totals	$30,702	$ 310	$(29,651)	$ (825)	$536

	September 30, 2017				
(in thousands)	Commodity Derivative Assets - Current	Commodity Derivative Assets - Noncurrent	Commodity Derivative Liabilities - Current	Commodity Derivative Liabilities - Noncurrent	Total
Commodity derivative assets	$33,804	$ 288	$676	$ 74	$34,842
Commodity derivative liabilities	(16,339)	(43)	(39,254)	(976)	(56,612)
Cash collateral	27,737	—	—	—	27,737
Balance sheet line item totals	$45,202	$ 245	$(38,578)	$ (902)	$5,967

The net pre-tax gains and losses on commodity derivatives not designated as hedging instruments included in the Company's Condensed Consolidated Statements of Operations and the line items in which they are located for the three and nine months ended September 30, 2018 and 2017 are as follows:

	Three months ended September 30,		Nine months ended September 30,	
(in thousands)	2018	2017	2018	2017
Gains (losses) on commodity derivatives included in cost of sales and merchandising revenues	**$(51,059)**	$(690)	**$(30,451)**	$(15,538)

The Company had the following volume of commodity derivative contracts outstanding (on a gross basis) at September 30, 2018, December 31, 2017 and September 30, 2017:

	September 30, 2018			
Commodity (in thousands)	Number of Bushels	Number of Gallons	Number of Pounds	Number of Tons
Non-exchange traded:				
Corn	**277,774**	**—**	**—**	**—**
Soybeans	**45,755**	**—**	**—**	**—**
Wheat	**7,948**	**—**	**—**	**—**
Oats	**31,155**	**—**	**—**	**—**
Ethanol	**—**	**230,813**		**—**
Corn oil	**—**	**—**	**2,560**	**—**
Other	**—**	**1,000**	**—**	**115**
Subtotal	**362,632**	**231,813**	**2,560**	**115**
Exchange traded:				
Corn	**123,250**	**—**	**—**	**—**
Soybeans	**31,855**	**—**	**—**	**—**
Wheat	**44,130**	**—**	**—**	**—**
Oats	**1,005**	**—**	**—**	**—**
Ethanol	**—**	**92,274**	**—**	**—**
Subtotal	**200,240**	**92,274**	**—**	**—**
Total	**562,872**	**324,087**	**2,560**	**115**

14

Table of Contents

	December 31, 2017			
Commodity (in thousands)	Number of Bushels	Number of Gallons	Number of Pounds	Number of Tons
Non-exchange traded:				
Corn	218,391			—
Soybeans	18,127	—	—	—
Wheat	14,577	—	—	—
Oats	25,953	—	—	—
Ethanol	—	197,607	—	—
Corn oil	—	—	6,074	—
Other	47	—	—	97
Subtotal	277,095	197,607	6,074	97
Exchange traded:				
Corn	82,835	—	—	—
Soybeans	37,170	—	—	—
Wheat	65,640	—	—	—
Oats	1,345	—	—	—
Ethanol	—	39,438	—	—
Other	—	840	—	—
Subtotal	186,990	40,278	—	—
Total	464,085	237,885	6,074	97

	September 30, 2017			
Commodity (in thousands)	Number of Bushels	Number of Gallons	Number of Pounds	Number of Tons
Non-exchange traded:				
Corn	222,287	—	—	—
Soybeans	44,463	—	—	—
Wheat	8,598	—	—	—
Oats	36,451	—	—	—
Ethanol	—	201,521		—
Corn oil	—	—	5,782	—
Other	51	—		110
Subtotal	311,850	201,521	5,782	110
Exchange traded:				
Corn	113,990	—	—	—
Soybeans	45,220	—	—	—
Wheat	61,795	—	—	—
Oats	895	—	—	—
Ethanol	—	22,890	—	—
Other	—	840	—	—
Subtotal	221,900	23,730	—	—
Total	533,750	225,251	5,782	110

Interest Rate and Other Derivatives

The Company’s objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish these objectives, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a

15

counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.
At September 30, 2018, December 31, 2017 and September 30, 2017, the Company had recorded the following amounts for the fair value of the Company's other derivatives:

(in thousands)	September 30, 2018	December 31, 2017	September 30, 2017
Derivatives not designated as hedging instruments			
Interest rate contracts included in Other long-term assets (Other long-term liabilities)	**$ 193**	$ (1,244)	$ (1,929)
Foreign currency contracts included in Other current assets (Accrued expenses and other current liabilities)	**(737)**	426	1,605
Derivatives designated as hedging instruments			
Interest rate contract included in Other assets	**227**	—	—

The recording of derivatives gains and losses and the financial statement line in which they are located are as follows:

	Three months ended September 30,		Nine months ended September 30,	
(in thousands)	2018	2017	2018	2017
Derivatives not designated as hedging instruments				
Interest rate derivative gains (losses) included in Interest income (expense)	**$521**	$229	**$1,662**	$601
Foreign currency derivative gains (losses) included in Other income, net	**372**	950	**(1,163)**	1,717
Derivatives designated as hedging instruments				
Interest rate derivative gains (losses) included in OCI	**159**	—	**226**	—
Interest rate derivatives gains (losses) included in Interest income (expense)	**54**	—	**126**	—

As of September 30, 2018, the Company had one outstanding interest rate derivative, with a notional amount of $40 million and a maturity date of March 2021, that was designated as a cash flow hedge of interest rate risk. The gain or loss on the derivative is recorded in Accumulated Other Comprehensive Income and subsequently reclassified into interest expense in the same periods during which the hedged transaction affects earnings. Amounts reported in accumulated other comprehensive income related to derivatives will be reclassified to interest expense as interest payments are made on the Company’s variable-rate debt.

6. Employee Benefit Plans

The following are components of the net periodic benefit cost for the pension and postretirement benefit plans maintained by the Company for the three and nine months ended September 30, 2018 and 2017:

	Pension Benefits			
(in thousands)	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Interest cost	**$33**	$38	**$98**	$116
Recognized net actuarial loss	**61**	63	**183**	189
Benefit cost	**$94**	$101	**$281**	$305

Table of Contents

(in thousands)	Postretirement Benefits Three months ended September 30,		Nine months ended September 30,	
	2018	**2017**	**2018**	**2017**
Service cost	**$81**	$81	**$243**	$310
Interest cost	**188**	202	**565**	784
Amortization of prior service cost	**(227)**	(228)	**(683)**	(228)
Benefit cost	**$42**	$55	**$125**	$866

7. Revenue

Many of the Company's revenues are generated from contracts that are outside the scope of ASC 606 and thus are accounted for under other accounting standards. Specifically, many of the Company's Grain and Ethanol sales contracts are derivatives under ASC 815, *Derivatives and Hedging* and the Rail Group's leasing revenue is accounted for under ASC 840, *Leases*. The breakdown of revenues between ASC 606 and other standards is as follows:

(in thousands)	Three months ended September 30, 2018	Nine months ended September 30, 2018
Revenues under ASC 606	**$156,394**	**$706,927**
Revenues under ASC 840	**25,853**	**78,110**
Revenues under ASC 815	**503,332**	**1,447,683**
Total Revenues	**$685,579**	**$2,232,720**

The remainder of this note applies only to those revenues that are accounted for under ASC 606.

Disaggregation of revenue

The following tables disaggregate revenues under ASC 606 by major product/service line:

	Three months ended September 30, 2018				
(in thousands)	**Grain**	**Ethanol**	**Plant Nutrient**	**Rail**	**Total**
Specialty nutrients	**$—**	**$—**	**$36,856**	**$—**	**$36,856**
Primary nutrients	**—**	**—**	**60,460**	**—**	**60,460**
Services	**3,052**	**2,713**	**877**	**8,925**	**15,567**
Co-products	**—**	**29,282**	**—**	**—**	**29,282**
Other	**245**	**—**	**5,996**	**7,988**	**14,229**
Total	**$3,297**	**$31,995**	**$104,189**	**$16,913**	**$156,394**

For the three months ended September 30, 2018, approximately 10% of revenues accounted for under ASC 606 are recorded over time which primarily relates to service revenues noted above.

	Nine months ended September 30, 2018				
(in thousands)	**Grain**	**Ethanol**	**Plant Nutrient**	**Rail**	**Total**
Specialty nutrients	**$—**	**$—**	**$206,215**	**$—**	**$206,215**
Primary nutrients	**—**	**—**	**313,967**	**—**	**313,967**
Service	**10,851**	**8,018**	**3,498**	**26,350**	**48,717**
Co-products	**—**	**88,390**	**—**	**—**	**88,390**
Other	**747**	**—**	**19,231**	**29,660**	**49,638**
Total	**$11,598**	**$96,408**	**$542,911**	**$56,010**	**$706,927**

For the nine months ended September 30, 2018, approximately 7% of revenues accounted for under ASC 606 are recorded over time which primarily relates to service revenues noted above.

Table of Contents

Specialty and primary nutrients

The Company sells several different types of specialty nutrient products, including: low-salt liquid starter fertilizers, micro-nutrients and other specialty lawn products. These products can be sold through the wholesale distribution channels as well as directly to end users at the farm center locations. Similarly, the Company sells several different types of primary nutrient products, including nitrogen, phosphorus and potassium. These products may be purchased and re-sold as is or sold as finished goods resulting from a blending and manufacturing process. The contracts associated with specialty and primary nutrients generally have just a single performance obligation, as the Company has elected the accounting policy to consider shipping and handling costs as fulfillment costs. Revenue is recognized when control of the product has passed to the customer. Payment terms generally range from 0 - 30 days.

Service

Service revenues primarily relate to the railcar repair business. The Company owns several railcar repair shops which repair railcars through specific contracts with customers or by operating as an agent for a particular railroad to repair cars that are on its rail line per Association of American Railroads (“AAR”) standards. These contracts contain a single performance obligation which is to complete the requested and/or required repairs on the railcars. As the customer simultaneously receives and consumes the benefit of the repair work we perform, revenue for these contracts is recognized over time. The Company uses an input-based measure of progress using costs incurred to total expected costs as that is the measure that most faithfully depicts our progress towards satisfying our performance obligation. Upon completion of the work, the invoice is sent to the customer, with payment terms that generally range from 0 - 30 days.

Co-products

In addition to the ethanol sales contracts that are considered derivative instruments, the Ethanol Group sells several other co-products that remain subject to ASC 606, including E-85, DDGs, syrups and renewable identification numbers (“RINs”). RINs are credits for compliance with the Environmental Protection Agency's Renewable Fuel Standard program and are created by renewable fuel producers. Contracts for these co-products generally have a single performance obligation, as the Company has elected the accounting policy to consider shipping and handling costs as fulfillment costs. Revenue is recognized when control of the product has passed to the customer which follows shipping terms on the contract. Payment terms generally range from 5 - 15 days.

Contract balances

The opening and closing balances of the Company’s contract liabilities are as follows:

(in thousands)	**Contract liabilities**
Balance at January 1, 2018	**$25,520**
Balance at March 31, 2018	**67,715**
Balance at June 30, 2018	**10,047**
Balance at September 30, 2018	**29,836**

The difference between the opening and closing balances of the Company’s contract liabilities primarily results from the timing difference between the Company’s performance and the customer’s payment. Contract liabilities relate to the Plant Nutrient business for payments received in advance of fulfilling our performance obligations under our customer contracts. Due to seasonality of this business, contract liabilities were built up in the first quarter. In the second quarter, the change in liabilities is due to revenue recognized in the current period relating to the liability. This liability then increased in the third quarter primarily as a result of payments received in advance of fulfilling our performance obligations under our customer contracts in preparation for early spring.

Table of Contents

Impact of New Revenue Guidance on Financial Statement Line Items

The following table compares the reported condensed consolidated balance sheet, as of September 30, 2018, to the pro forma amounts had the previous guidance been in effect:

	Balance Sheet September 30, 2018		
(in thousands)	**As Reported**	**ASC 606 Impact**	**Pro forma as if the previous accounting guidance was in effect**
Cash and cash equivalents and restricted cash	**$16,820**	$—	$16,820
Accounts receivable, net	**206,380**	—	206,380
Inventories	**490,331**	178	490,509
Commodity derivative assets - current	**76,861**	—	76,861
Other current assets	**87,901**	(268)	87,633
Other noncurrent assets	**374,044**	—	374,044
Rail Group assets leased to others, net	**464,776**	(23,337)	441,439
Property, plant and equipment, net	**434,505**	—	434,505
Total assets	**2,151,618**	(23,427)	2,128,191
Short-term debt and current maturities of long-term debt	**147,677**	(3,772)	143,905
Trade and other payables and accrued expenses and other current liabilities	**413,331**	—	413,331
Commodity derivative liabilities - current	**91,403**	—	91,403
Customer prepayments and deferred revenue	**38,242**	—	38,242
Commodity derivative liabilities - noncurrent and Other long-term liabilities	**33,163**	—	33,163
Employee benefit plan obligations	**25,356**	—	25,356
Long-term debt, less current maturities	**437,280**	(31,018)	406,262
Deferred income taxes	**122,523**	2,869	125,392
Total liabilities	**1,308,975**	(31,921)	1,277,054
Retained earnings	**628,676**	8,494	637,170
Common shares, additional paid-in-capital, treasury shares, accumulated other comprehensive loss and noncontrolling interests	**213,967**	—	213,967
Total equity	**842,643**	8,494	851,137
Total liabilities and equity	**$2,151,618**	$(23,427)	$2,128,191

Total reported assets were $23.4 million greater than on the pro forma balance sheet, which assumes the previous guidance remained in effect as of September 30, 2018. This was largely due to the Rail Group assets that were recorded on the balance sheet on January 1, 2018 as part of the cumulative catch-up adjustment upon the adoption of ASC 606.

Total reported liabilities were $31.9 million greater than on the pro forma balance sheet, which assumes the previous guidance remained in effect as of September 30, 2018. This was largely due to the financing obligation and deferred taxes related to the Rail Group assets that were recorded on the balance sheet on January 1, 2018 as part of the cumulative catch-up adjustment upon the adoption of ASC 606.

Table of Contents

The following table compares the reported condensed statement of operations for the three and nine months ended September 30, 2018, to the pro forma amounts had the previous guidance been in effect:

	Statement of Operations		
	Three months ended September 30, 2018		
(in thousands)	**As Reported**	**ASC 606 Impact**	**Pro forma as if the previous accounting guidance was in effect**
Sales and merchandising revenues	**$685,579**	$173,183	$858,762
Cost of sales and merchandising revenues	**631,715**	173,706	805,421
Gross profit	**53,864**	(523)	53,341
Operating, administrative and general expenses	**65,986**	—	65,986
Asset impairment	**—**	—	—
Interest expense	**5,176**	(387)	4,789
Other income:			
Equity in earnings of affiliates, net	**7,225**	—	7,225
Other income, net	**6,434**	—	6,434
Income (loss) before income taxes	**(3,639)**	(136)	(3,775)
Income tax provision	**(1,764)**	(34)	(1,798)
Net income (loss)	**(1,875)**	(102)	(1,977)
Net income attributable to the noncontrolling interests	**223**	—	223
Net income (loss) attributable to The Andersons, Inc.	**$(2,098)**	$(102)	$(2,200)

	Statement of Operations		
	Nine months ended September 30, 2018		
(in thousands)	**As Reported**	**ASC 606 Impact**	**Pro forma as if the previous accounting guidance was in effect**
Sales and merchandising revenues	**$2,232,720**	$522,648	$2,755,368
Cost of sales and merchandising revenues	**2,024,677**	524,121	2,548,798
Gross profit	**208,043**	(1,473)	206,570
Operating, administrative and general expenses	**190,096**	—	190,096
Asset impairment	**6,272**	—	6,272
Interest expense	**20,000**	(1,185)	18,815
Other income:			
Equity in earnings of affiliates, net	**20,601**	—	20,601
Other income, net	**10,949**	—	10,949
Income (loss) before income taxes	**23,225**	(288)	22,937
Income tax provision	**5,668**	(72)	5,596
Net income (loss)	**17,557**	(216)	17,341
Net income attributable to the noncontrolling interests	**(175)**	—	(175)
Net income (loss) attributable to The Andersons, Inc.	**$17,732**	$(216)	$17,516

The following summarizes the significant changes on the Company’s condensed consolidated statement of operations for the three and nine months ended September 30, 2018 due to the adoption of ASC 606 on January 1, 2018 compared to the results that would have been reported if the Company had continued to recognize revenues under ASC 605:

- While grain origination agreements, and their related sales contracts, will be accounted for under ASC 815, we are still required to evaluate the principal versus agent guidance in ASC 606 to determine whether realized gains or losses should be presented on a gross or net basis in the consolidated statements of operations upon physical settlement. The

20

Table of Contents

Company has determined that it is the agent in certain origination arrangements within our Grain Group and therefore realized gains or losses will be presented under ASC 606. Since these transactions are now being recorded on a net basis, revenues and related cost of sales would have been $170.4 million and $515.4 million higher under the previous guidance for the three and nine months ended September 30, 2018, respectively.

- ASC 606 requires certain Rail Group assets and related financing obligations to be recorded on the balance sheet as these transactions no longer qualify as sales as a result of the existence of repurchase options within the sales contracts. The result of this change primarily impacts geography within the income statement, as lease expense to the financial institution is replaced with a combination of depreciation and interest expense.

The net impact of accounting for revenue under the new guidance had an immaterial impact on net income (loss) and no impact on the Company's earnings per common share for the three and nine months ended September 30, 2018. The adoption of ASC 606 had an immaterial on the Company’s cash flows from operations. The aforementioned impacts resulted in offsetting shifts in cash flows throughout net income and various changes in working capital balances.

Transaction Price Allocated to Future Performance Obligations

ASC 606 requires that the Company disclose the aggregate amount of transaction price that is allocated to performance obligations that have not yet been satisfied at period end. The guidance provides certain practical expedients that limit this requirement. The Company has various contracts that meet the following practical expedients provided by ASC 606:

- The performance obligation is part of a contract that has an original expected duration of one year or less.
- The variable consideration is allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied promise to transfer a distinct good or service that forms part of a single performance obligation in accordance with ASC 606-10-25-14(b), for which the criteria in ASC 606-10-32-40 have been met.

Contract costs

The company has elected to apply the practical expedient and accordingly recognizes the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets that the Company otherwise would have recognized is one year or less. These costs are included in Operating, administrative and general expenses.

Significant judgments

In making its determination of standalone selling price, the Company maximizes its use of observable inputs. Standalone selling price, once established, is then used to allocate total consideration proportionally to the various performance obligations, if applicable, within a contract.

To estimate variable consideration, the Company applies both the “expected value” method and “most likely amount” method based on the form of variable consideration, according to which method would provide the best prediction. The expected value method involves a probability-weighted determination of the expected amount, whereas the most likely amount method identifies the single most likely outcome in a range of possible amounts. However, once a method has been applied to one form of variable consideration, it is applied consistently throughout the contract term. The primary types of variable consideration present in the Company’s contracts are product returns, volume rebates and the CPI index. The overall impact of this variable consideration is not material.

Practical expedients

The Company has elected to apply the following practical expedients provided by ASC 606:

- Future performance obligations - see discussion above.
- Contract costs - see discussion above.
- Shipping and handling activities - see discussion above.
- Sales tax presentation - the Company has elected to exclude from the transaction price all sales taxes that are assessed by a governmental authority that are imposed on and concurrent with a specific revenue-producing transaction and collected by the Company from a customer.
- Modified retrospective approach - see discussion in Note 1 regarding adoption elections.

21

Table of Contents

8. Income Taxes

On a quarterly basis, the Company estimates the effective tax rate expected to be applicable for the full year and makes changes if necessary based on new information or events. The estimated annual effective tax rate is forecast based on actual historical information and forward-looking estimates and is used to provide for income taxes in interim reporting periods. The Company also recognizes the tax impact of certain unusual or infrequently occurring items, such as the effects of changes in tax laws or rates and impacts from settlements with tax authorities, discretely in the quarter in which they occur.