

ANDERSONS INC
Form 10-Q
May 09, 2012
[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2012

.. **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)

Edgar Filing: ANDERSONS INC - Form 10-Q

OHIO
(State of incorporation

or organization)

34-1562374
(I.R.S. Employer

Identification No.)

480 W. Dussel Drive, Maumee, Ohio
(Address of principal executive offices)

(419) 893-5050

(Telephone Number)

43537
(Zip Code)

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

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

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

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

Large accelerated filer ☒

Accelerated Filer

☐

Non-accelerated filer ☐

Smaller reporting company

☐

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

The registrant had approximately 18.6 million common shares outstanding, no par value, at April 30, 2011.

Table of Contents

THE ANDERSONS, INC.

INDEX

	Page No.
PART I. FINANCIAL INFORMATION	
<u>Item 1. Financial Statements</u>	
<u>Condensed Consolidated Balance Sheets March 31, 2012 December 31, 2011 and March 31, 2011</u>	3
<u>Condensed Consolidated Statements of Income Three months ended March 31, 2012 and 2011</u>	5
<u>Condensed Consolidated Statements of Comprehensive Income Three months ended March 31, 2012 and 2011</u>	6
<u>Condensed Consolidated Statements of Cash Flows Three months ended March 31, 2012 and 2011</u>	7
<u>Condensed Consolidated Statements of Equity Three months ended March 31, 2012 and 2011</u>	8
<u>Notes to Condensed Consolidated Financial Statements</u>	9
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	22
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	31
<u>Item 4. Controls and Procedures</u>	31
PART II. OTHER INFORMATION	
<u>Item 1. Legal Proceedings</u>	32
<u>Item 1A. Risk Factors</u>	32
<u>Item 5. Other Information</u>	32
<u>Item 6. Exhibits</u>	33

Table of Contents**Part I. Financial Information****Item 1. Financial Statements****The Andersons, Inc.****Condensed Consolidated Balance Sheets****(Unaudited)(In thousands)**

	March 31, 2012	December 31, 2011	March 31, 2011
Assets			
Current assets:			
Cash and cash equivalents	\$ 31,874	\$ 20,390	\$ 22,320
Restricted cash	18,785	18,651	12,353
Accounts receivable, net	204,400	167,640	220,665
Inventories	787,646	760,459	775,017
Commodity derivative assets current	33,845	83,950	178,767
Deferred income taxes	23,062	21,483	18,578
Other current assets	62,577	34,649	46,721
Total current assets	1,162,189	1,107,222	1,274,421
Other assets:			
Commodity derivative assets noncurrent	1,189	2,289	12,996
Other assets, net	68,311	53,327	47,819
Equity method investments	190,460	199,061	173,977
	259,960	254,677	234,792
Railcar assets leased to others, net	215,023	197,137	169,189
Property, plant and equipment, net	187,584	175,087	150,262
Total assets	\$ 1,824,756	\$ 1,734,123	\$ 1,828,664

See Notes to Condensed Consolidated Financial Statements

Table of Contents**The Andersons, Inc.****Condensed Consolidated Balance Sheets (continued)****(Unaudited)(In thousands)**

	March 31, 2012	December 31, 2011	March 31, 2011
Liabilities and equity			
Current liabilities:			
Borrowings under short-term line of credit	\$ 365,000	\$ 71,500	\$ 460,000
Accounts payable for grain	115,236	391,905	90,442
Other accounts payable	173,254	142,762	145,685
Customer prepayments and deferred revenue	115,109	79,557	115,908
Commodity derivative liabilities current	34,113	15,874	67,869
Accrued expenses and other current liabilities	45,994	60,445	42,119
Current maturities of long-term debt	30,342	32,208	42,783
Total current liabilities	879,048	794,251	964,806
Other long-term liabilities	44,950	43,014	25,759
Commodity derivative liabilities noncurrent	2,352	1,519	110
Employee benefit plan obligations	53,080	52,972	29,946
Long-term debt, less current maturities	220,417	238,885	263,218
Deferred income taxes	68,051	64,640	63,727
Total liabilities	1,267,898	1,195,281	1,347,566
Commitments and contingencies (Note 11)			
Shareholders' equity:			
Common shares, without par value (42,000 shares authorized at 3/31/12, 12/31/11 and 3/31/11; 19,198 shares issued)	96	96	96
Preferred shares, without par value (1,000 shares authorized; none issued)			
Additional paid-in-capital	179,783	179,463	176,848
Treasury shares (570, 697 and 629 shares at 3/31/12, 12/31/11 and 3/31/11, respectively; at cost)	(12,700)	(14,997)	(12,118)
Accumulated other comprehensive loss	(42,625)	(43,090)	(28,518)
Retained earnings	418,136	402,523	331,540
Total shareholders' equity of The Andersons, Inc.	542,690	523,995	467,848
Noncontrolling interest	14,168	14,847	13,250
Total equity	556,858	538,842	481,098
Total liabilities and equity	\$ 1,824,756	\$ 1,734,123	\$ 1,828,664

See Notes to Condensed Consolidated Financial Statements

Table of Contents**The Andersons, Inc.****Condensed Consolidated Statements of Income****(Unaudited)(In thousands, except per share data)**

	Three months ended	
	March 31,	
	2012	2011
Sales and merchandising revenues	\$ 1,137,133	\$ 1,001,674
Cost of sales and merchandising revenues	1,051,263	922,989
Gross profit	85,870	78,685
Operating, administrative and general expenses	60,100	53,707
Interest expense	5,330	7,336
Other income:		
Equity in earnings of affiliates	4,283	7,246
Other income, net	3,246	2,306
Income before income taxes	27,969	27,194
Income tax provision	10,241	9,806
Net income	17,728	17,388
Net income (loss) attributable to the noncontrolling interest	(679)	122
Net income attributable to The Andersons, Inc.	\$ 18,407	\$ 17,266
Per common share:		
Basic earnings attributable to The Andersons, Inc. common shareholders	\$ 0.99	\$ 0.93
Diluted earnings attributable to The Andersons, Inc. common shareholders	\$ 0.98	\$ 0.93
Dividends paid	\$ 0.1500	\$ 0.1100

See Notes to Condensed Consolidated Financial Statements

Table of Contents

The Andersons, Inc.

Condensed Consolidated Statements of Comprehensive Income

(Unaudited)(In thousands)

	Three months ended	
	March 31,	
	2012	2011
Net income	\$ 17,728	\$ 17,388
Other comprehensive income, net of tax:		
Unrecognized actuarial loss and prior service cost (net of income tax of \$240 and \$111)	401	186
Cash flow hedge activity (net of income tax of \$38 and \$57)	64	95
Other comprehensive income	465	281
Comprehensive income	18,193	17,669
Comprehensive income (loss) attributable to the noncontrolling interest	(679)	122
Comprehensive income attributable to The Andersons, Inc.	\$ 18,872	\$ 17,547

See Notes to Condensed Consolidated Financial Statements

Table of Contents

The Andersons, Inc.

Condensed Consolidated Statements of Cash Flows

(Unaudited)(In thousands)

	Three months ended	
	March 31,	
	2012	2011
Operating Activities		
Net income	\$ 17,728	\$ 17,388
Adjustments to reconcile net income to cash used in operating activities:		
Depreciation and amortization	10,495	9,884
Bad debt expense	634	2,437
Cash distributions in excess of income of unconsolidated affiliates	8,602	1,372
Gains on sales of railcars and related leases	(6,294)	(4,766)
Deferred income taxes	(2,857)	