

Andersons, Inc.
Form 10-Q
November 07, 2014
Table of Contents

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

FORM 10-Q

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

For the quarterly period ended September 30, 2014

.. 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.) |
| 480 W. Dussel Drive, Maumee, Ohio | 43537 |
| (Address of principal executive offices) | (Zip Code) |
| (419) 893-5050 | |
| (Telephone Number) | |

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

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

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

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

| | | | |
|-------------------------|-------------------------------------|---------------------------|----|
| Large accelerated filer | <input checked="" type="checkbox"/> | Accelerated Filer | .. |
| Non-accelerated filer | <input type="checkbox"/> | Smaller reporting company | .. |

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

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

The registrant had approximately 28.9 million common shares outstanding, no par value, at October 31, 2014.

Table of Contents

THE ANDERSONS, INC.
INDEX

| | Page No. |
|--|-----------|
| PART I. FINANCIAL INFORMATION | |
| <u>Item 1. Financial Statements (Unaudited)</u> | |
| <u>Condensed Consolidated Balance Sheets – September 30, 2014, December 31, 2013 and September 30, 2013</u> | <u>3</u> |
| <u>Condensed Consolidated Statements of Income – Three and nine months ended September 30, 2014 and 2013</u> | <u>5</u> |
| <u>Condensed Consolidated Statements of Comprehensive Income – Three and nine months ended September 30, 2014 and 2013</u> | <u>6</u> |
| <u>Condensed Consolidated Statements of Cash Flows – Nine months ended September 30, 2014 and 2013</u> | <u>7</u> |
| <u>Condensed Consolidated Statements of Equity – Nine months ended September 30, 2014 and 2013</u> | <u>9</u> |
| <u>Notes to Condensed Consolidated Financial Statements</u> | <u>10</u> |
| <u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u> | <u>28</u> |
| <u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u> | <u>41</u> |
| <u>Item 4. Controls and Procedures</u> | <u>41</u> |
| PART II. OTHER INFORMATION | |
| <u>Item 1. Legal Proceedings</u> | <u>42</u> |
| <u>Item 1A. Risk Factors</u> | <u>42</u> |
| <u>Item 6. Exhibits</u> | <u>42</u> |

Table of Contents

Part I. Financial Information

Item 1. Financial Statements

The Andersons, Inc.

Condensed Consolidated Balance Sheets
(Unaudited)(In thousands)

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|-----------------------|----------------------|-----------------------|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 326,946 | \$ 309,085 | \$ 134,441 |
| Restricted cash | 173 | 408 | 164 |
| Accounts receivable, net | 162,270 | 173,930 | 178,970 |
| Inventories (Note 2) | 396,464 | 614,923 | 429,017 |
| Commodity derivative assets – current | 126,396 | 71,319 | 105,390 |
| Deferred income taxes | 148 | 4,931 | 5,254 |
| Other current assets | 36,518 | 47,188 | 42,278 |
| Total current assets | 1,048,915 | 1,221,784 | 895,514 |
| Other assets: | | | |
| Commodity derivative assets – noncurrent | 2,383 | 246 | 5 |
| Goodwill | 58,554 | 58,554 | 58,554 |
| Other assets, net | 54,587 | 59,456 | 52,177 |
| Pension asset | 13,738 | 14,328 | — |
| Equity method investments | 257,166 | 291,109 | 262,643 |
| | 386,428 | 423,693 | 373,379 |
| Railcar assets leased to others, net (Note 3) | 245,849 | 240,621 | 233,024 |
| Property, plant and equipment, net (Note 3) | 401,800 | 387,458 | 380,374 |
| Total assets | \$ 2,082,992 | \$ 2,273,556 | \$ 1,882,291 |

Table of Contents

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

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|--|-----------------------|----------------------|-----------------------|
| Liabilities and equity | | | |
| Current liabilities: | | | |
| Short-term debt | \$451 | \$— | \$— |
| Accounts payable for grain | 222,178 | 592,183 | 241,575 |
| Other accounts payable | 165,133 | 154,599 | 200,664 |
| Customer prepayments and deferred revenue | 27,246 | 59,304 | 23,974 |
| Commodity derivative liabilities – current | 229,265 | 63,954 | 88,234 |
| Accrued expenses and other current liabilities | 70,598 | 70,295 | 63,900 |
| Current maturities of long-term debt (Note 10) | 76,757 | 51,998 | 44,232 |
| Total current liabilities | 791,628 | 992,333 | 662,579 |
| Other long-term liabilities | 13,902 | 15,386 | 17,129 |
| Commodity derivative liabilities – noncurrent | 26,203 | 6,644 | 9,636 |
| Employee benefit plan obligations | 39,606 | 39,477 | 49,768 |
| Long-term debt, less current maturities (Note 10) | 289,448 | 375,213 | 381,018 |
| Deferred income taxes | 120,628 | 120,082 | 91,869 |
| Total liabilities | 1,281,415 | 1,549,135 | 1,211,999 |
| Commitments and contingencies (Note 11) | | | |
| Shareholders' equity: | | | |
| Common shares, without par value (42,000 shares authorized; 28,797 shares issued) | 96 | 96 | 96 |
| Preferred shares, without par value (1,000 shares authorized; none issued) | — | — | — |
| Additional paid-in-capital | 190,617 | 184,380 | 183,273 |
| Treasury shares, at cost (373, 607 and 685 shares at 9/30/14, 12/31/13 and 9/30/13, respectively) | (8,762) | (10,222) | (11,327) |
| Accumulated other comprehensive loss | (27,971) | (21,181) | (41,586) |
| Retained earnings | 622,722 | 548,401 | 520,848 |
| Total shareholders' equity of The Andersons, Inc. | 776,702 | 701,474 | 651,304 |
| Noncontrolling interests | 24,875 | 22,947 | 18,988 |
| Total equity | 801,577 | 724,421 | 670,292 |
| Total liabilities and equity | \$2,082,992 | \$2,273,556 | \$1,882,291 |
| 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 | | Nine months ended | |
|--|--------------------|-------------|-------------------|-------------|
| | September 30, | | September 30, | |
| | 2014 | 2013 | 2014 | 2013 |
| Sales and merchandising revenues | \$952,927 | \$1,181,374 | \$3,268,303 | \$4,020,308 |
| Cost of sales and merchandising revenues | 868,009 | 1,108,228 | 2,985,115 | 3,764,660 |
| Gross profit | 84,918 | 73,146 | 283,188 | 255,648 |
| Operating, administrative and general expenses | 76,737 | 69,193 | 223,997 | 192,665 |
| Interest expense | 4,253 | 5,348 | 16,401 | 16,607 |
| Other income: | | | | |
| Equity in earnings of affiliates, net | 23,917 | 22,177 | 76,631 | 39,991 |
| Other income, net | 1,685 | 7,605 | 25,094 | 11,623 |
| Income before income taxes | 29,530 | 28,387 | 144,515 | 97,990 |
| Income tax provision | 10,251 | 10,348 | 49,837 | 36,907 |
| Net income | 19,279 | 18,039 | 94,678 | 61,083 |
| Net income attributable to the noncontrolling interests | 2,454 | 878 | 10,844 | 1,805 |
| Net income attributable to The Andersons, Inc. | \$16,825 | \$17,161 | \$83,834 | \$59,278 |
| Per common share: | | | | |
| Basic earnings attributable to The Andersons, Inc. common shareholders | \$0.59 | \$0.61 | \$2.95 | \$2.11 |
| Diluted earnings attributable to The Andersons, Inc. common shareholders | \$0.59 | \$0.61 | \$2.95 | \$2.10 |
| Dividends paid | \$0.1100 | \$0.1067 | \$0.3300 | \$0.3200 |
| 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 September 30, | | Nine months ended September 30, | |
|---|-------------------------------------|----------|------------------------------------|----------|
| | 2014 | 2013 | 2014 | 2013 |
| Net income | \$19,279 | \$18,039 | \$94,678 | \$61,083 |
| Other comprehensive (loss) income, net of tax: | | | | |
| (Decrease) increase in estimated fair value of investment in debt securities (net of income tax of (\$736), \$0, (\$4,044) and \$187) | (1,214 |) — | (6,676 |) 303 |
| Change in unrecognized actuarial loss and prior service cost (net of income tax of \$113, \$232, (\$196) and \$1,157 - Note 14) | 187 | 383 | (324 |) 3,296 |
| Cash flow hedge activity (net of income tax of \$48, \$33, \$127 and \$195) | 79 | 56 | 210 | 194 |
| Other comprehensive (loss) income | (948 |) 439 | (6,790 |) 3,793 |
| Comprehensive income | 18,331 | 18,478 | 87,888 | 64,876 |
| Comprehensive income attributable to the noncontrolling interests | 2,454 | 878 | 10,844 | 1,805 |
| Comprehensive income attributable to The Andersons, Inc. | \$15,877 | \$17,600 | \$77,044 | \$63,071 |
| 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, | |
|--|------------------------------------|------------|
| | 2014 | 2013 |
| Operating Activities | | |
| Net income | \$94,678 | \$61,083 |
| Adjustments to reconcile net income to cash used in operating activities: | | |
| Depreciation and amortization | 44,307 | 41,635 |
| Bad debt expense | 198 | 700 |
| Cash distributions in excess of (less than) income of unconsolidated affiliates, net of noncontrolling interests | 8,643 | (22,334) |
| Gain on sale of investments in affiliates | (17,055) | —) |
| Gains on sales of railcars and related leases | (14,666) | (17,376) |
| Excess tax benefit from share-based payment arrangement | (1,770) | (602) |
| Deferred income taxes | 9,441 | 24,185 |
| Stock-based compensation expense | 7,542 | 2,337 |
| Other | (446) | (149) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 10,161 | 29,468 |
| Inventories | 218,460 | 348,172 |
| Commodity derivatives | 127,655 | 63,074 |
| Other assets | 11,755 | (263) |
| Accounts payable for grain | (370,005) | (341,078) |
| Other accounts payable and accrued expenses | (26,624) | (59,891) |
| Net cash provided by operating activities | 102,274 | 128,961 |
| Investing Activities | | |
| Acquisition of businesses, net of cash acquired | — | (11,148) |
| Purchases of railcars | (39,294) | (71,554) |
| Proceeds from sale of railcars | 30,894 | 87,620 |
| Purchases of property, plant and equipment | (39,624) | (31,355) |
| Proceeds from sale of property, plant and equipment | 1,043 | 351 |
| Proceeds from returns of investments in affiliates, net of noncontrolling interests | 35,920 | — |
| Investments in affiliates | (238) | (49,249) |
| Cash distributions to noncontrolling interests | (1,494) | —) |
| Change in restricted cash | 235 | 233 |
| Net cash used in investing activities | (12,558) | (75,102) |
| Financing Activities | | |
| Net change in short-term borrowings | — | (24,219) |
| Proceeds from issuance of long-term debt | 1,787 | 53,794 |
| Payments of long-term debt | (64,442) | (80,473) |
| Proceeds from sale of treasury shares to employees and directors | 1,564 | 1,687 |
| Payments of debt issuance costs | (3,175) | (46) |
| Dividends paid | (9,359) | (8,981) |
| Excess tax benefit from share-based payment arrangement | 1,770 | 602 |
| Net cash used in financing activities | (71,855) | (57,636) |
| Increase (decrease) in cash and cash equivalents | 17,861 | (3,777) |
| Cash and cash equivalents at beginning of period | 309,085 | 138,218 |

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

| | | |
|--|-----------|-----------|
| Cash and cash equivalents at end of period | \$326,946 | \$134,441 |
|--|-----------|-----------|

7

Table of Contents

| | Nine months ended September 30, | |
|---|------------------------------------|----------|
| | 2014 | 2013 |
| Supplemental disclosure of cash flow information | | |
| Capital project costs incurred but not yet paid | \$5,502 | \$5,477 |
| Purchase of capitalized software through seller-financing | \$5,055 | \$10,477 |
| See Notes to Condensed Consolidated Financial Statements | | |

8

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 Loss | Retained Earnings | Noncontrolling Interests | Total |
|--|------------------|----------------------------------|--------------------|---|----------------------|-----------------------------|-----------|
| Balance at December 31, 2012 | \$96 | \$181,627 | \$(12,559) | \$ (45,379) | \$470,628 | \$ 17,032 | \$611,445 |
| Net income | | | | | 59,278 | 1,805 | 61,083 |
| Other comprehensive income | | | | 3,793 | | | 3,793 |
| Proceeds received from minority investor | | | | | | 151 | 151 |
| Stock awards, stock option exercises and other shares issued to employees and directors, net of income tax of \$1,201 (147 shares) | | 1,591 | 1,232 | | | | 2,823 |
| Dividends declared (\$0.3200 per common share) | | | | | (9,003) | | (9,003) |
| Performance share unit dividend equivalents | | 55 | | | (55) | | — |
| Balance at September 30, 2013 | \$96 | \$183,273 | \$(11,327) | \$ (41,586) | \$520,848 | \$ 18,988 | \$670,292 |
| Balance at December 31, 2013 | \$96 | \$184,380 | \$(10,222) | \$ (21,181) | \$548,401 | \$ 22,947 | \$724,421 |
| Net income | | | | | 83,834 | 10,844 | 94,678 |
| Other comprehensive loss | | | | (6,790) | | | (6,790) |
| Cash distributions to noncontrolling interest | | | | | | (8,916) | (8,916) |
| Stock awards, stock option exercises and other | | 6,161 | 1,460 | | | | 7,621 |

| | | | | | | | | |
|---|------|-----------|----------|--------|-----------|---|-----------|-----------|
| shares issued to employees and directors, net of income tax of \$1,542 (220 shares) | | | | | | | | |
| Payment of cash in lieu for stock split (187 shares) | (58 |) | | | | | (58 |) |
| Dividends declared (\$0.3300 per common share) | | | | (9,379 |) | | (9,379 |) |
| Performance share unit dividend equivalents | 134 | | | (134 |) | | — | |
| Balance at September 30, 2014 | \$96 | \$190,617 | \$(8,762 |) | \$(27,971 |) | \$622,722 | \$24,875 |
| | | | | | | | | \$801,577 |

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"). 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 recurring items, considered necessary for 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, 2014.

We have reclassified certain prior-period amounts to conform to the current-period presentation.

The Condensed Consolidated Balance Sheet data at December 31, 2013 was derived from audited Consolidated Financial Statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America. A Condensed Consolidated Balance Sheet as of September 30, 2013 has been included as the Company operates in several seasonal industries.

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, 2013 (the "2013 Form 10-K").

New Accounting Standard

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards No. 2014-09, Revenue From Contracts With Customers. The core principle of the new revenue model 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 standard is effective for annual and interim periods beginning after December 15, 2016. The Company is currently assessing the impact this standard will have on its Consolidated Financial Statements and disclosures.

2. Inventories

Major classes of inventories are as follows:

| (in thousands) | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|-----------------------|----------------------|-----------------------|
| Grain | \$227,014 | \$432,893 | \$264,104 |
| Ethanol and by-products | 9,696 | 14,453 | 11,178 |
| Agricultural fertilizer and supplies | 90,907 | 100,593 | 94,035 |
| Lawn and garden fertilizer and corncob products | 37,666 | 39,960 | 29,364 |
| Retail merchandise | 25,647 | 22,505 | 25,716 |
| Railcar repair parts | 5,336 | 4,312 | 4,421 |
| Other | 198 | 207 | 199 |
| | \$396,464 | \$614,923 | \$429,017 |

Inventories on the Condensed Consolidated Balance Sheets at September 30, 2014, December 31, 2013 and September 30, 2013 do not include 2.0 million, 13.3 million and 4.7 million bushels of grain, respectively, held in storage for others. 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 does not anticipate material losses on any

deficiencies.

10

Table of Contents

3. Property, Plant and Equipment

The components of property, plant and equipment are as follows:

| (in thousands) | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|-----------------------|----------------------|-----------------------|
| Land | \$22,415 | \$21,801 | \$23,348 |
| Land improvements and leasehold improvements | 68,976 | 67,153 | 67,262 |
| Buildings and storage facilities | 238,664 | 231,976 | 224,913 |
| Machinery and equipment | 320,648 | 308,215 | 299,874 |
| Software | 55,791 | 13,351 | 13,558 |
| Construction in progress | 28,260 | 48,135 | 54,713 |
| | 734,754 | 690,631 | 683,668 |
| Less: accumulated depreciation and amortization | 332,954 | 303,173 | 303,294 |
| | \$401,800 | \$387,458 | \$380,374 |

Depreciation expense on property, plant and equipment amounted to \$31.6 million, \$37.5 million and \$27.9 million for the year-to-date periods ended September 30, 2014, December 31, 2013, and September 30, 2013, respectively.

In December 2013, the Company recorded charges totaling \$4.4 million for asset impairment, primarily due to the write down of asset values in Retail. 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, which were not material, as Level 3 in the fair value hierarchy.

Railcar assets leased to others

The components of Railcar assets leased to others are as follows:

| (in thousands) | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---------------------------------|-----------------------|----------------------|-----------------------|
| Railcar assets leased to others | \$330,318 | \$317,750 | \$309,360 |
| Less: accumulated depreciation | 84,469 | 77,129 | 76,336 |
| | \$245,849 | \$240,621 | \$233,024 |

Depreciation expense on railcar assets leased to others amounted to \$10.5 million, \$14.7 million and \$11.1 million for the year-to-date periods ended September 30, 2014, December 31, 2013 and September 30, 2013, respectively.

4. 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. The exchange traded contracts are primarily via the regulated Chicago Mercantile Exchange ("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.

All of 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 same method it uses to value its grain inventory. 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-

Table of Contents

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 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 Company nets, by counterparty, its futures and over-the-counter positions against the cash collateral provided or received. 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, 2014, December 31, 2013 and September 30, 2013, 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, 2014 | | December 31, 2013 | | September 30, 2013 | |
|----------------------------|-------------------------------|-----------------------------------|-------------------------------|-----------------------------------|-------------------------------|-----------------------------------|
| | Net derivative asset position | Net derivative liability position | Net derivative asset position | Net derivative liability position | Net derivative asset position | Net derivative liability position |
| (in thousands) | | | | | | |
| Collateral paid (received) | \$(79,711) | \$— | \$15,480 | \$— | \$27,101 | \$— |
| Fair value of derivatives | 147,983 | — | 31,055 | — | 38,352 | — |
| Balance at end of period | \$68,272 | \$— | \$46,535 | \$— | \$65,453 | \$— |

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

| | September 30, 2014 | | | | |
|----------------------------------|---------------------------------------|--|--|---|--------------|
| | Commodity derivative assets - current | Commodity derivative assets - noncurrent | Commodity derivative liabilities - current | Commodity derivative liabilities - noncurrent | Total |
| (in thousands) | | | | | |
| Commodity derivative assets | \$212,760 | \$2,383 | \$2,897 | \$196 | \$218,236 |
| Commodity derivative liabilities | (6,653) | — | (232,162) | (26,399) | (265,214) |
| Cash collateral | (79,711) | — | — | — | (79,711) |
| Balance sheet line item totals | \$126,396 | \$2,383 | \$(229,265) | \$(26,203) | \$(126,689) |

| | December 31, 2013 | | | | |
|----------------|---------------------------------------|-------------------------------|------------------------------------|------------------------------------|-------|
| | Commodity derivative assets - current | Commodity derivative assets - | Commodity derivative liabilities - | Commodity derivative liabilities - | Total |
| (in thousands) | | | | | |

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

| | | noncurrent | current | noncurrent | |
|----------------------------------|----------|------------|-----------|------------|-----------|
| Commodity derivative assets | \$69,289 | \$246 | \$1,286 | \$49 | \$70,870 |
| Commodity derivative liabilities | (13,450 |) — | (65,240 |) (6,693 |) (85,383 |
| Cash collateral | 15,480 | — | — | — | 15,480 |
| Balance sheet line item totals | \$71,319 | \$246 | \$(63,954 |) \$(6,644 |) \$967 |

12

Table of Contents

| (in thousands) | September 30, 2013 | | | | Total |
|----------------------------------|---------------------------------------|--|--|---|-----------|
| | Commodity derivative assets - current | Commodity derivative assets - noncurrent | Commodity derivative liabilities - current | Commodity derivative liabilities - noncurrent | |
| Commodity derivative assets | \$89,540 | \$5 | \$2,933 | \$41 | \$92,519 |
| Commodity derivative liabilities | (11,251) | — | (91,167) | (9,677) | (112,095) |
| Cash collateral | 27,101 | — | — | — | 27,101 |
| Balance sheet line item totals | \$105,390 | \$5 | \$(88,234) | \$(9,636) | \$7,525 |

The gains included in the Company's Condensed Consolidated Statements of Income and the line items in which they are located for the three and nine months ended September 30, 2014 and 2013 are as follows:

| (in thousands) | Three months ended | | Nine months ended | |
|---|--------------------|----------|--------------------|----------|
| | September 30, 2014 | 2013 | September 30, 2014 | 2013 |
| Gains on commodity derivatives included in sales and merchandising revenues | \$86,558 | \$30,894 | \$106,389 | \$99,896 |

The Company had the following volume of commodity derivative contracts outstanding (on a gross basis) at September 30, 2014, December 31, 2013 and September 30, 2013:

| Commodity | September 30, 2014 | | | |
|----------------------|----------------------------------|----------------------------------|---------------------------------|-------------------------------|
| | Number of bushels (in thousands) | Number of gallons (in thousands) | Number of pounds (in thousands) | Number of tons (in thousands) |
| Non-exchange traded: | | | | |
| Corn | 293,592 | — | — | — |
| Soybeans | 68,486 | — | — | — |
| Wheat | 11,370 | — | — | — |
| Oats | 26,687 | — | — | — |
| Ethanol | — | 209,264 | — | — |
| Corn oil | — | — | 68,799 | — |
| Other | 140 | — | — | 115 |
| Subtotal | 400,275 | 209,264 | 68,799 | 115 |
| Exchange traded: | | | | |
| Corn | 117,175 | — | — | — |
| Soybeans | 34,760 | — | — | — |
| Wheat | 35,635 | — | — | — |
| Oats | 9,195 | — | — | — |
| Ethanol | — | 104,286 | — | — |
| Other | — | — | 5,400 | 11 |
| Subtotal | 196,765 | 104,286 | 5,400 | 11 |
| Total | 597,040 | 313,550 | 74,199 | 126 |

Table of Contents

| Commodity | December 31, 2013 | | | |
|----------------------|-------------------------------------|-------------------------------------|------------------------------------|----------------------------------|
| | Number of bushels (in thousands) | Number of gallons (in thousands) | Number of pounds (in thousands) | Number of tons (in thousands) |
| Non-exchange traded: | | | | |
| Corn | 185,978 | — | — | — |
| Soybeans | 18,047 | — | — | — |
| Wheat | 11,485 | — | — | — |
| Oats | 27,939 | — | — | — |
| Ethanol | — | 179,212 | — | — |
| Corn oil | — | — | 25,911 | — |
| Other | 81 | — | — | 89 |
| Subtotal | 243,530 | 179,212 | 25,911 | 89 |
| Exchange traded: | | | | |
| Corn | 124,420 | — | — | — |
| Soybeans | 11,030 | — | — | — |
| Wheat | 23,980 | — | — | — |
| Oats | 6,820 | — | — | — |
| Ethanol | — | 21,630 | — | — |
| Subtotal | 166,250 | 21,630 | — | — |
| Total | 409,780 | 200,842 | 25,911 | 89 |

| Commodity | September 30, 2013 | | | |
|----------------------|-------------------------------------|-------------------------------------|------------------------------------|----------------------------------|
| | Number of bushels (in thousands) | Number of gallons (in thousands) | Number of pounds (in thousands) | Number of tons (in thousands) |
| Non-exchange traded: | | | | |
| Corn | 214,500 | — | — | — |
| Soybeans | 46,325 | — | — | — |
| Wheat | 8,450 | — | — | — |
| Oats | 14,555 | — | — | — |
| Ethanol | — | 144,339 | — | — |
| Corn oil | — | — | 12,921 | — |
| Other | 255 | — | — | 88 |
| Subtotal | 284,085 | 144,339 | 12,921 | 88 |
| Exchange traded: | | | | |
| Corn | 92,120 | — | — | — |
| Soybeans | 19,110 | — | — | — |
| Wheat | 30,725 | — | — | — |
| Oats | 3,890 | — | — | — |
| Ethanol | — | 15,540 | — | — |
| Other | — | — | — | 1 |
| Subtotal | 145,845 | 15,540 | — | 1 |
| Total | 429,930 | 159,879 | 12,921 | 89 |

Table of Contents

5. Earnings Per Share

Unvested share-based payment awards that contain non-forfeitable rights to dividends are participating securities and are included in the computation of earnings per share pursuant to the two-class method. The two-class method of computing earnings per share is an earnings allocation formula that determines earnings per share for common stock and any participating securities according to dividends declared (whether paid or unpaid) and participation rights in undistributed earnings. The Company's nonvested restricted stock is considered a participating security since the share-based awards contain a non-forfeitable right to dividends irrespective of whether the awards ultimately vest.

| (in thousands, except per common share data) | Three months ended | | Nine months ended | |
|--|--------------------|----------|-------------------|----------|
| | September 30, | | September 30, | |
| | 2014 | 2013 | 2014 | 2013 |
| Net income attributable to The Andersons, Inc. | \$16,825 | \$17,161 | \$83,834 | \$59,278 |
| Less: Distributed and undistributed earnings allocated to nonvested restricted stock | 93 | 56 | 443 | 210 |
| Earnings available to common shareholders | \$16,732 | \$17,105 | \$83,391 | \$59,068 |
| Earnings per share – basic: | | | | |
| Weighted average shares outstanding – basic | 28,260 | 28,009 | 28,222 | 27,972 |
| Earnings per common share – basic | \$0.59 | \$0.61 | \$2.95 | \$2.11 |
| Earnings per share – diluted: | | | | |
| Weighted average shares outstanding – basic | 28,260 | 28,009 | 28,222 | 27,972 |
| Effect of dilutive awards | 40 | 225 | 46 | 188 |
| Weighted average shares outstanding – diluted | 28,300 | 28,234 | 28,268 | 28,160 |
| Earnings per common share – diluted | \$0.59 | \$0.61 | \$2.95 | \$2.10 |

There were no antidilutive stock-based awards outstanding at September 30, 2014 or 2013.

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, 2014 and 2013:

| (in thousands) | Pension Benefits | | | |
|--------------------------------|--------------------|----------|-------------------|----------|
| | Three months ended | | Nine months ended | |
| | September 30, | | September 30, | |
| | 2014 | 2013 | 2014 | 2013 |
| Service cost | \$45 | \$— | \$135 | \$— |
| Interest cost | 1,193 | 1,057 | 3,580 | 3,171 |
| Expected return on plan assets | (1,903) | (1,751) | (5,711) | (5,254) |
| Recognized net actuarial loss | 234 | 382 | 701 | 1,147 |
| Benefit income | \$(431) | \$(312) | \$(1,295) | \$(936) |

| (in thousands) | Postretirement Benefits | | | |
|------------------------------------|-------------------------|--------|-------------------|---------|
| | Three months ended | | Nine months ended | |
| | September 30, | | September 30, | |
| | 2014 | 2013 | 2014 | 2013 |
| Service cost | \$173 | \$210 | \$516 | \$631 |
| Interest cost | 377 | 342 | 1,133 | 1,025 |
| Amortization of prior service cost | (136) | (136) | (408) | (408) |
| Recognized net actuarial loss | 203 | 368 | 609 | 1,105 |
| Benefit cost | \$617 | \$784 | \$1,850 | \$2,353 |

Table of Contents

7. Segment Information

The Company's operations include six reportable business segments that are distinguished primarily on the basis of products and services offered. The Grain business includes grain merchandising, the operation of terminal grain elevator facilities and the investments in Lansing Trade Group, LLC ("LTG") and the Thompsons Limited joint ventures. The Ethanol business purchases and sells ethanol and also manages the ethanol production facilities organized as limited liability companies, one is consolidated and three are investments accounted for under the equity method. There are various service contracts for these investments. Rail operations include the leasing, marketing and fleet management of railcars and other assets, railcar repair and metal fabrication. The Plant Nutrient business manufactures and distributes agricultural inputs, primarily fertilizer, to dealers and farmers. Turf & Specialty operations include the production and distribution of turf care and corncob-based products. The Retail business operates large retail stores, a specialty food market, a distribution center and a lawn and garden equipment sales and service facility. Included in "Other" are the corporate level amounts not attributable to an operating segment. The segment information below includes the allocation of expenses shared by one or more operating segments. Although management believes such allocations are reasonable, the operating information does not necessarily reflect how such data might appear if the segments were operated as separate businesses. Inter-segment sales are made at prices comparable to normal, unaffiliated customer sales.

| (in thousands) | Three months ended | | Nine months ended | |
|----------------------------------|--------------------|-------------|-------------------|-------------|
| | September 30, | | September 30, | |
| | 2014 | 2013 | 2014 | 2013 |
| Revenues from external customers | | | | |
| Grain | \$575,354 | \$765,833 | \$1,814,517 | \$2,493,678 |
| Ethanol | 179,405 | 213,384 | 594,613 | 634,933 |
| Plant Nutrient | 110,809 | 95,681 | 530,334 | 537,922 |
| Rail | 32,022 | 47,523 | 117,733 | 132,488 |
| Turf & Specialty | 22,631 | 27,624 | 109,269 | 117,955 |
| Retail | 32,706 | 31,329 | 101,837 | 103,332 |
| Total | \$952,927 | \$1,181,374 | \$3,268,303 | \$4,020,308 |

| (in thousands) | Three months ended | | Nine months ended | |
|---------------------|--------------------|---------|-------------------|----------|
| | September 30, | | September 30, | |
| | 2014 | 2013 | 2014 | 2013 |
| Inter-segment sales | | | | |
| Grain | \$894 | \$— | \$4,256 | \$333 |
| Plant Nutrient | 3,401 | 4,243 | 12,929 | 15,955 |
| Rail | 109 | 109 | 327 | 318 |
| Turf & Specialty | 392 | 516 | 2,033 | 1,869 |
| Total | \$4,796 | \$4,868 | \$19,545 | \$18,475 |

| (in thousands) | Three months ended | | Nine months ended | |
|---------------------------|--------------------|---------|-------------------|---------|
| | September 30, | | September 30, | |
| | 2014 | 2013 | 2014 | 2013 |
| Interest expense (income) | | | | |
| Grain | \$1,723 | \$1,391 | \$7,203 | \$7,714 |
| Ethanol | 77 | 289 | 253 | 895 |
| Plant Nutrient | 1,017 | 746 | 2,748 | 2,461 |
| Rail | 1,821 | 1,220 | 5,381 | 4,162 |
| Turf & Specialty | 338 | 203 | 1,178 | 951 |
| Retail | 182 | 152 | 516 | 519 |

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

| | | | | | |
|-------|---------|---------|----------|----------|---|
| Other | (905 |) 1,347 | (878 |) (95 |) |
| Total | \$4,253 | \$5,348 | \$16,401 | \$16,607 | |

16

Table of Contents

| (in thousands) | Three months ended | | Nine months ended | |
|---------------------------------------|--------------------|----------|-------------------|----------|
| | September 30, | | September 30, | |
| | 2014 | 2013 | 2014 | 2013 |
| Equity in earnings of affiliates, net | | | | |
| Grain | \$10,190 | \$12,003 | \$20,541 | \$24,940 |
| Ethanol | 13,727 | 10,174 | 56,090 | 15,051 |
| Total | \$23,917 | \$22,177 | \$76,631 | \$39,991 |

| (in thousands) | Three months ended | | Nine months ended | |
|-----------------------------|--------------------|---------|-------------------|----------|
| | September 30, | | September 30, | |
| | 2014 | 2013 | 2014 | 2013 |
| Other income (expense), net | | | | |
| Grain (a) | \$(2,354) | \$1,216 | \$16,967 | \$1,438 |
| Ethanol | 71 | 35 | 201 | 465 |
| Plant Nutrient | 2,617 | 320 | 3,193 | 459 |
| Rail | 792 | 5,031 | 2,289 | 6,679 |
| Turf & Specialty | 244 | 135 | 1,018 | 585 |
| Retail | 418 | 102 | 720 | 316 |
| Other | (103) | 766 | 706 | 1,681 |
| Total | \$1,685 | \$7,605 | \$25,094 | \$11,623 |

(a) Increase in the nine months ended balances is related to gain on LTG partial share redemption. See Note 8. Related Party Transactions for details of the LTG gain in the first quarter of 2014.

| (in thousands) | Three months ended | | Nine months ended | |
|-----------------------------------|--------------------|----------|-------------------|----------|
| | September 30, | | September 30, | |
| | 2014 | 2013 | 2014 | 2013 |
| Income (loss) before income taxes | | | | |
| Grain | \$12,449 | \$14,323 | \$34,110 | \$24,675 |
| Ethanol | 21,253 | 10,904 | 74,981 | 23,984 |
| Plant Nutrient | (129) | (1,643) | 23,464 | 21,035 |
| Rail | 4,160 | 12,360 | 25,889 | 36,614 |
| Turf & Specialty | (2,885) | (83) | 488 | 6,113 |
| Retail | (968) | (2,043) | (1,666) | (3,673) |
| Other | (6,804) | (6,309) | (23,595) | (12,563) |
| Noncontrolling interests | 2,454 | 878 | 10,844 | 1,805 |
| Total | \$29,530 | \$28,387 | \$144,515 | \$97,990 |

| (in thousands) | September 30, | December 31, | September 30, |
|---------------------|---------------|--------------|---------------|
| | 2014 | 2013 | 2013 |
| Identifiable assets | | | |
| Grain | \$713,352 | \$921,914 | \$784,869 |
| Ethanol | 257,194 | 229,797 | 207,530 |
| Plant Nutrient | 252,675 | 268,238 | 258,772 |
| Rail | 316,851 | 312,654 | 294,528 |
| Turf & Specialty | 84,212 | 89,939 | 71,600 |
| Retail | 46,108 | 44,910 | 51,465 |
| Other | 412,600 | 406,104 | 213,527 |
| Total | \$2,082,992 | \$2,273,556 | \$1,882,291 |

Table of Contents

8. Related Party Transactions

Equity Method Investments

The Company, directly or indirectly, holds investments in companies that are accounted for under the equity method. The Company's equity in these entities is presented at cost plus its accumulated proportional share of income or loss, less any distributions it has received.

On January 22, 2014, the Company entered into an agreement with LTG for a partial redemption of the Company's investment in LTG for \$60 million. At the time of redemption, the Company's interest in LTG reduced from approximately 47.5 percent to approximately 39.2 percent on a fully diluted basis. A portion of the proceeds (\$28.5 million) was considered a distribution of earnings and reduced the Company's cost basis in LTG. The difference between the remaining proceeds of \$31.5 million and the new cost basis of the shares sold, net of deal costs, resulted in a book gain of \$17.1 million (\$10.7 million after tax). This gain was recorded in Other income, net for the nine months ended September 30, 2014.

In July 2013, the Company, along with Lansing Trade Group, LLC, established joint ventures that acquired 100% of the stock of Thompsons Limited, including its investment in the related U.S. operating company, for a purchase price of \$152 million, which included an adjustment for excess working capital. The purchase price included \$48 million in cash paid by the Company, \$40 million in cash paid by LTG, and \$64 million of third-party debt at Thompsons Limited. As part of the purchase, LTG also contributed a Canadian branch of its business to Thompsons Limited. Each Company owns 50% of the investment. Thompsons Limited is a grain and food-grade bean handler and agronomy input provider, headquartered in Blenheim, Ontario, and operates 12 locations across Ontario and Minnesota. All major operating decisions of these joint ventures are made by their Board of Directors; the Company does not have a majority of the board seats. Due to these factors, the Company does not have control over these joint ventures and accounts for these investments under the equity method of accounting.

The following table presents the Company's investment balance in each of its equity method investees by entity:

| (in thousands) | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|--|--------------------|-------------------|--------------------|
| The Andersons Albion Ethanol LLC (a) | \$33,465 | \$40,194 | \$35,643 |
| The Andersons Clymers Ethanol LLC (a) | 51,692 | 44,418 | 37,695 |
| The Andersons Marathon Ethanol LLC (a) | 42,416 | 46,811 | 37,844 |
| Lansing Trade Group, LLC (b) | 72,560 | 106,028 | 100,071 |
| Thompsons Limited (c) | 53,125 | 49,833 | 47,477 |
| Other | 3,908 | 3,825 | 3,913 |
| Total | \$257,166 | \$291,109 | \$262,643 |

(a) LLCs investment balances are reduced by cash distributions made during 2014

(b) The decrease in LTG investment balance is driven by the sale of a portion of the Company's interest in LTG during the first quarter of 2014

(c) Thompsons Limited and related U.S. operating company held by joint ventures

The Company holds a majority interest (66%) in The Andersons Ethanol Investment LLC ("TAEI"). This consolidated entity holds a 50% interest in The Andersons Marathon Ethanol LLC ("TAME"). The noncontrolling interest in TAEI is attributed 34% of the gains and losses of TAME recorded by the Company in its equity in earnings of affiliates.

As part of the marketing agreements with the unconsolidated ethanol LLCs, the Company guarantees payment by the customer for distillers dried grains ("DDG") sales where the Company has identified the buyer, which would be the Company's maximum exposure. In September 2014, it was determined that a customer's contracts were in default due to DDG import issues in China and the Company recorded a guarantee liability of \$3.3 million within the Grain Group. As the Company has not experienced historical losses and the remaining DDG receivable balances greater than 30 days past due is immaterial, the fair values of the related guarantees are inconsequential at September 30, 2014, December 31, 2013, and September 30, 2013. See Note 8 in the Company's 2013 Form 10-K for an additional description of the marketing agreements.

Table of Contents

The following table summarizes income earned from the Company's equity method investments by entity:

| (in thousands) | % ownership at September 30, 2014 | Three months ended September 30, | | Nine months ended September 30, | |
|------------------------------------|---|-------------------------------------|----------|------------------------------------|----------|
| | | 2014 | 2013 | 2014 | 2013 |
| The Andersons Albion Ethanol LLC | 53% | \$4,566 | \$3,711 | \$16,165 | \$5,627 |
| The Andersons Clymers Ethanol LLC | 38% | 4,564 | 3,437 | 16,819 | 4,576 |
| The Andersons Marathon Ethanol LLC | 50% | 4,596 | 3,026 | 23,106 | 4,848 |
| Lansing Trade Group, LLC | 40% (a) | 10,016 | 12,391 | 17,130 | 25,255 |
| Thompsons Limited (b) | 50% | 68 | (722) | 3,154 | (722) |
| Other | 5%-23% | 107 | 334 | 257 | 407 |
| Total | | \$23,917 | \$22,177 | \$76,631 | \$39,991 |

(a) This does not consider restricted management units which once vested will reduce the ownership percentage by approximately 1.5%

(b) Thompsons Limited and related U.S. operating company held by joint ventures

Total distributions received from unconsolidated affiliates, excluding proceeds on sale of investments of affiliates, were \$31.0 million and \$96.9 million for the three and nine months ended September 30, 2014.

In the third quarter of 2013, LTG qualified as a significant subsidiary of the Company under the income test. The following table presents the required summarized unaudited financial information of this investment for the three and nine months ended September 30, 2014 and 2013:

| (in thousands) | Three months ended September 30, | | Nine months ended September 30, | |
|--------------------------------|-------------------------------------|-------------|------------------------------------|-------------|
| | 2014 | 2013 | 2014 | 2013 |
| Sales | \$1,840,847 | \$2,206,433 | \$6,202,432 | \$6,828,076 |
| Gross profit | 65,994 | 64,095 | 142,263 | 143,608 |
| Income before income taxes | 28,509 | 27,321 | 51,875 | 54,122 |
| Net income | 25,634 | 25,496 | 44,149 | 52,490 |
| Net income attributable to LTG | 24,976 | 25,211 | 41,580 | 51,823 |

Investment in Debt Securities

The Company owns 100% of the cumulative convertible preferred shares of Iowa Northern Railway Corporation ("IANR"), which operates a short-line railroad in Iowa. As a result of this investment, the Company has a 49.9% voting interest in IANR, with the remaining 50.1% voting interest held by the common shareholders. The preferred shares have certain rights associated with them, including voting, dividends, liquidation preference, redemption and conversion rights. Dividends accrue to the Company at a rate of 14% annually whether or not declared by IANR and are cumulative in nature. The Company can convert its preferred shares into common shares of IANR at any time, but the shares cannot be redeemed until May 2015. This investment is accounted for as "available-for-sale" debt securities in accordance with ASC 320 and is carried at estimated fair value in "Other noncurrent assets" on the Company's Condensed Consolidated Balance Sheet. The estimated fair value of the Company's investment in IANR as of September 30, 2014 was \$15.0 million. See Footnote 9 for additional discussion on the change in the investment value.

Based on the Company's assessment, IANR is considered a variable interest entity ("VIE"). Since the Company does not possess the power to direct the activities of the VIE that most significantly impact the entity's economic performance, it is not considered to be the primary beneficiary of IANR and therefore does not consolidate IANR. The decisions that most significantly impact the economic performance of IANR are made by IANR's Board of Directors. The Board of Directors has five directors; two directors from the Company, two directors from the common shareholders and one independent director who is elected by unanimous decision of the other four directors. The vote of four of the five directors is required for all key decisions.

The Company's current maximum exposure to loss related to IANR is \$22.0 million, which represents the Company's investment at fair value plus unpaid accrued dividends to date of \$7.0 million. The Company does not have any

obligations or commitments to provide additional financial support to IANR.

19

Table of Contents

Related Party Transactions

In the ordinary course of business, the Company will enter into related party transactions with each of the investments described above, along with other related parties. The following table sets forth the related party transactions entered into for the time periods presented:

| (in thousands) | Three months ended | | Nine months ended | |
|---|--------------------|-----------|-------------------|-----------|
| | September 30, | | September 30, | |
| | 2014 | 2013 | 2014 | 2013 |
| Sales revenues | \$247,451 | \$316,154 | \$766,553 | \$985,618 |
| Service fee revenues (a) | 5,732 | 5,746 | 17,573 | 17,360 |
| Purchases of product | 140,843 | 190,009 | 465,459 | 535,068 |
| Lease income (b) | 1,426 | 1,590 | 4,686 | 4,661 |
| Labor and benefits reimbursement (c) | 2,804 | 2,682 | 8,603 | 7,948 |
| Other expenses (d) | 301 | 325 | 1,025 | 1,078 |
| Accounts receivable at September 30 (e) | 21,407 | 19,736 | | |