

ANDERSONS INC
Form 8-K
November 04, 2004

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported)

November 3, 2004

THE ANDERSONS, INC.

(Exact name of registrant as specified in its charter)

OHIO
(State or other jurisdiction of
incorporation or organization)

34-1562374
(I.R.S. Employer
Identification No.)

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

43537
(Zip Code)

Registrant's telephone number, including area code (419) 893-5050

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Item 2.02:

The following press release was issued on November 3, 2004:

The Andersons, Inc.
480 W. Dussel Drive
Maumee, Ohio 43537

FOR IMMEDIATE RELEASE *AT THE COMPANY: Gary Smith (419) 891-6417*
WEDNESDAY, NOVEMBER 3, 2004

**THE ANDERSONS, INC. REPORTS RECORD 3RD QTR. EARNINGS
CITES GROWTH IN RAIL AND AGRICULTURE BUSINESSES
EPS of \$0.14 for quarter beats last year by \$0.47**

MAUMEE, OHIO, NOVEMBER 3, 2004 **The Andersons, Inc. (Nasdaq: ANDE)**, today announced that its net income and earnings per share in the most recent three-month period were the best third-quarter performance in the company's history. For the period, The Andersons achieved net income of \$1.0 million, or \$0.14 per diluted share, compared to the net loss of \$2.3 million, or \$0.33 per diluted share, that it experienced in the third quarter of 2003. Total revenues of \$251 million for the period were \$2 million below the third quarter of last year. For nine months to-date, the company's net income was \$10.9 million, or \$1.45 per diluted share, on revenues of \$902 million. In the first nine months of last year, The Andersons earned \$5.0 million, or \$0.68 per diluted share, on revenues of \$804 million.

The Agriculture Group achieved an operating income of \$0.3 million for the quarter. In the third quarter of 2003, the group incurred an operating loss of \$2.8 million. Revenues of \$169 million in this year's third quarter were \$9 million lower than a year ago. Third quarter revenues in the group's grain business were lower this year because of fewer bushels sold during the period. However, increased bushel receipts and higher average gross margins fueled gross profit growth and income improvement. The group's plant nutrient business also achieved gross profit and operating income improvement in the third quarter with increased fertilizer shipments and higher average gross margins. The Agriculture Group's operating income for the first nine months of 2004 amounted to \$9.7 million, an increase of \$5.6 million from the same period in 2003. Total revenues of \$622 million for the nine-month period were \$86 million higher than a year ago. At this time, the fall harvest is in full swing, and the USDA is predicting that U.S. farmers will realize record corn and soybean yields and production totals. The company also indicated that it is evaluating the possibility of investing in an ethanol production facility at one of several possible locations in its region.

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The Rail Group's July - September 2004 performance far outpaced its prior year results. Operating income of \$4.9 million in the third quarter this year was \$4.2 million higher than the same three-month period of 2003. Total revenues of \$19.4 million were \$10.1 million higher than last year. Continued improvement in lease rates during the period contributed to this strong performance as did a \$2.5 million year-to-year increase in gross profit on car sales. Through the first nine months of 2004, the group has achieved operating income of \$8.2 million on revenues of \$43.6 million. In the same period last year, income was \$2.4 million on \$26.3 million of revenues.

The Processing Group incurred an operating loss of \$1.9 million in the third quarter this year. This was \$0.7 million higher than the operating loss experienced in the same three-month period of 2003. Total revenues of \$20.8 million were \$2.7 million below last year. The third quarter is typically a loss period for this group's highly seasonal lawn fertilizer business. Through the first nine months of 2004, the group has achieved operating income of \$2.4 million on \$106 million of revenues. In the first nine months last year, the group had earned \$2.6 million, and revenues amounted to \$113 million. Although average gross margins have improved this year due to product mix improvements, volumes declined somewhat because of unfavorable weather patterns during the important lawn and garden season this spring. Noting recent escalation in some energy-related raw material costs, the company indicated that the Processing Group may also fall short of last year's better than normal fourth quarter volume and profitability levels.

The Retail Group's sales of \$41.1 million in the third quarter were 1.9 percent below the same three-month period in 2003. Food-related product categories continued to achieve growth vs. prior-year levels, but home center products, especially lawn and garden categories, were down. In addition, labor and utility costs were higher than a year ago. As a result, the group's operating loss widened from \$0.1 million in 2003, to \$0.2 million in the third quarter this year. Through the first nine months of the year, the group has earned operating income of \$1.2 million, or \$0.4 million less than it did during the same period of 2003. Total revenues for the Retail Group year-to-date through September are \$130 million, 1.4 percent above last year.

The third quarter has traditionally been a loss period because of the seasonality in several of our businesses, so achieving net income in excess of a million dollars in the third quarter this year is gratifying, said President and Chief Executive Officer Mike Anderson. During the quarter, when we saw that the Rail and Agriculture businesses were exceeding our performance expectations, we revised our full-year earnings per diluted share guidance upward. Now in the first week of November, the harvest is progressing well, fall fertilizer sales look promising, and the rail business remains strong. Although lawn fertilizer raw material costs have escalated and retail sales remain soft, I believe that the \$1.80 to \$2.05 full-year earnings guidance we issued in September is still appropriate.

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The company will host a webcast on Thursday, November 4, 2004 at 11:00 A.M. EST, to discuss its third quarter performance and full-year outlook. This can be accessed under the heading **Financial Information** on its website at www.andersonsinc.com or at www.firstcallevents.com/service/ajwz410288278gf12.html.

The Andersons, Inc. is a diversified company with interests in the grain and plant nutrient sectors of U.S. agriculture, as well as in railcar marketing, industrial materials formulation, turf products production, and general merchandise retailing. Founded in Maumee, Ohio, in 1947, the company presently has operations in seven U.S. states plus rail equipment leasing interests in Canada and Mexico. Total revenues in 2003 exceeded \$1.2 billion.

This release contains forward-looking statements. These statements involve risks and uncertainties that could cause actual results to differ materially. Without limitation, these risks include economic, weather and regulatory conditions, competition, and the risk factors set forth from time to time in the company's filings with the Securities and Exchange Commission.

The Andersons, Inc. is located on the Internet at www.andersonsinc.com

FINANCIAL TABLES FOLLOW . . .

Table of Contents**The Andersons, Inc.****Consolidated Statements of Income
(Unaudited)**

| | Three Months ended September 30 | | Nine months ended September 30 | |
|---|--|-------------|---|-------------|
| | 2004 | 2003 | 2004 | 2003 |
| (in thousands, except for per share amounts) | | | | |
| Sales and merchandising revenues | \$250,682 | \$253,027 | \$901,631 | \$803,828 |
| Cost of sales and merchandising revenues | 209,942 | 222,789 | 768,761 | 692,978 |
| Gross profit | 40,740 | 30,238 | 132,870 | 110,850 |
| Operating, administrative and general expenses | 38,801 | 33,748 | 111,680 | 101,055 |
| Interest expense | 2,470 | 1,603 | 7,874 | 6,119 |
| Other income | 1,892 | 1,519 | 4,122 | 3,816 |
| Income before income taxes | 1,361 | (3,594) | 17,438 | 7,492 |
| Income taxes | 313 | (1,246) | 6,574 | 2,528 |
| Net income | \$ 1,048 | \$ (2,348) | \$ 10,864 | \$ 4,964 |
| Per common share: | | | | |
| Basic earnings | \$ 0.14 | \$ (0.33) | \$ 1.50 | \$ 0.70 |
| Diluted earnings | \$ 0.14 | \$ (0.33) | \$ 1.45 | \$ 0.68 |
| Dividends paid | \$ 0.075 | \$ 0.070 | \$ 0.225 | \$ 0.210 |
| Weighted average shares outstanding-basic | 7,240 | 7,106 | 7,231 | 7,139 |
| Weighted average shares outstanding-diluted | 7,473 | 7,106 | 7,474 | 7,311 |

Table of Contents**The Andersons, Inc.****Consolidated Balance Sheets
(Unaudited)**

| (in thousands) | September 30 2004 | December 31 2003 | September 30 2003 |
|--|------------------------------|-----------------------------|------------------------------|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 8,138 | \$ 6,444 | \$ 3,964 |
| Restricted cash | 1,730 | | |
| Accounts receivable (net) and margin deposits | 63,520 | 68,546 | 71,092 |
| Inventories | 204,485 | 259,755 | 184,049 |
| Other current assets | 21,404 | 22,234 | 16,794 |
| | <hr/> | <hr/> | <hr/> |
| Total current assets | 299,277 | 356,979 | 275,899 |
| Other assets | 20,662 | 13,702 | 14,915 |
| Railcar assets leased to others (net) | 100,259 | 29,489 | 26,979 |
| Property, plant and equipment (net) | 93,933 | 92,449 | 91,716 |
| | <hr/> | <hr/> | <hr/> |
| | \$514,131 | \$492,619 | \$409,509 |
| | <hr/> | <hr/> | <hr/> |
| Liabilities and shareholders' equity | | | |
| Current liabilities: | | | |
| Notes payable | \$ 10,600 | \$ 48,000 | \$ 80,000 |
| Other current liabilities | 191,046 | 219,447 | 113,273 |
| | <hr/> | <hr/> | <hr/> |
| Total current liabilities | 201,646 | 267,447 | 193,273 |
| Deferred items and other long-term liabilities | 30,907 | 27,254 | 24,105 |
| Long-term debt non-recourse | 67,121 | | |
| Long-term debt | 88,877 | 82,127 | 83,241 |
| Shareholders' equity | 125,580 | 115,791 | 108,890 |
| | <hr/> | <hr/> | <hr/> |
| | \$514,131 | \$492,619 | \$409,509 |
| | <hr/> | <hr/> | <hr/> |

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| | Agriculture | Rail | Processing | Retail | Other | Total |
|---|-------------|-----------|------------|-----------|---------|------------|
| Quarter ended September 30, 2004 | | | | | | |
| Revenues from external customers | \$ 169,395 | \$ 19,385 | \$ 20,819 | \$ 41,083 | \$ | \$ 250,682 |
| Gross Profit | 15,448 | 9,464 | 4,162 | 11,666 | | 40,740 |
| Other income | 1,114 | 183 | 314 | 131 | 150 | 1,892 |
| Operating income (loss) | 269 | 4,866 | (1,859) | (232) | (1,683) | 1,361 |
| Quarter ended September 30, 2003 | | | | | | |
| Revenues from external customers | 178,377 | 9,252 | 23,522 | 41,876 | | 253,027 |
| Gross Profit | 11,413 | 3,087 | 4,411 | 11,327 | | 30,238 |
| Other income | 647 | 128 | 464 | 156 | 124 | 1,519 |
| Operating income (loss) | (2,828) | 693 | (1,139) | (65) | (255) | (3,594) |
| Nine months ended September 30, 2004 | | | | | | |
| Revenues from external customers | 621,796 | 43,598 | 106,076 | 130,161 | | 901,631 |
| Gross Profit | 56,355 | 21,398 | 17,527 | 37,590 | | 132,870 |
| Other income | 2,411 | 336 | 453 | 541 | 381 | 4,122 |
| Operating income (loss) | 9,680 | 8,207 | 2,371 | 1,157 | (3,977) | 17,438 |
| Nine months ended September 30, 2003 | | | | | | |
| Revenues from external customers | 536,044 | 26,315 | 113,072 | 128,397 | | 803,828 |
| Gross Profit | 48,138 | 8,587 | 18,051 | 36,074 | | 110,850 |
| Other income | 1,705 | 213 | 782 | 689 | 427 | 3,816 |
| Operating income (loss) | 4,034 | 2,373 | 2,567 | 1,574 | (3,056) | 7,492 |

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

The Andersons, Inc.

Date: November 3, 2004

By: /s/Michael J. Anderson
Michael J. Anderson
President and Chief Executive Officer