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ANDERSONS INC  
Form 8-K  
April 29, 2003

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) April 28, 2003

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

Item 12:

The following press release was issued on April 28, 2003:

FOR IMMEDIATE RELEASE AT THE COMPANY: GARY SMITH (419) 891-6417  
MONDAY, APRIL 28, 2003

THE ANDERSONS, INC. REPORTS FIRST QUARTER EARNINGS

NET INCOME OF \$0.4 MILLION CONSISTENT WITH EARLIER PROJECTIONS

EPS OF \$0.05 FOR PERIOD VS. \$0.22 LAST YEAR

MAUMEE, OHIO, APRIL 28, 2003 -- THE ANDERSONS, INC. (NASDAQ: ANDE), today reported first quarter net income of \$0.4 million, or \$0.05 per diluted share. In the same three-month period of 2002, the company earned \$1.6 million, or \$0.22 per diluted share. Total revenues of \$237.9 million for the period were 11 percent higher than the first quarter of 2002.

The company's Agriculture Group achieved an operating income of \$0.3 million for the quarter, \$2.2 million lower than the \$2.5 million it realized in the first quarter of 2002. Revenues of \$149.2 million for the quarter were 11 percent higher than 2002's first quarter total of \$134.8 million. Plant nutrient sales volumes were higher, and average fertilizer margins rose slightly in spite of an increase in natural gas and nitrogen prices during January and February. These improvements were more than offset, however, by the continued reduction in grain storage income that had been anticipated. World grain stocks, especially corn, have declined significantly during the past two years, and the U.S. has borne a disproportionate share, about half, of this reduction. As a result, earnings

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from the group's elevators have declined. During the quarter, the group completed a previously announced transaction in which it acquired a minority interest in LGC Grain Company.

The first quarter is always an important period for the company's Processing Group as major retailers throughout the country gear up for the spring lawn and garden season and golf course superintendents work to get their greens, tees and fairways in prime condition following the winter. In the January - March period this year, the group achieved an operating income of \$3.7 million. This was \$1.3 million, or 54 percent, above its 2002 first quarter performance. Total revenues increased by \$11.4 million from the \$41.0 million generated in the first quarter of 2002 to \$52.4 million this year. While product and customer mix shifts caused average gross margins to decline slightly, the volume of turf-care products sold during this three-month period was 24 percent higher than a year ago. Performance of the group's other businesses, the manufacture of cob-based chemical

and feed ingredient carriers, animal bedding and litter products, was commensurate with year-earlier results.

Revenues and operating income of the company's Rail Group were relatively unchanged from the first three months of 2002. This year Rail's first quarter income amounted to \$0.3 million on revenues of \$4.4 million. In the corresponding period of 2002, income was \$0.4 million on revenues of \$4.2 million. The group's marketing unit continued to acquire railcars during the quarter and now controls a fleet of more than 5,700 railcars and 51 locomotives. The utilization rate of this fleet also improved from a year ago. Although the group benefited from a short-term car leasing opportunity early last year which was not repeated in the first quarter of 2003, this year-to-year decline was mostly offset by sales growth from a new line of railcar discharge gates.

The Retail Group experienced an 8 percent reduction in same-store sales for the quarter with revenues of \$31.9 million this year vs. \$34.8 million a year ago. Easter occurred in the first quarter last year, but fell in the second quarter in 2003. This and new competition in some markets explains some of the year-to-year first quarter sales decline. Colder weather experienced during the late winter months this year and economic uncertainty related to the situation in Iraq also seem to have caused retail consumers to curtail their spending. Because of the reduction in total sales, the group's operating loss for the first quarter increased from \$1.7 million in 2002 to \$2.6 million this year. Although total expenses grew slightly from a year ago, this was offset by favorable inventory performance and an improvement in average gross margins made possible in part by the recent addition of a meat market in three of the group's six stores.

"Our first quarter earnings were right in line with our expectations," said President and Chief Executive Officer Mike Anderson. "For some time now, I've been describing the factors underlying a decline in grain space income. As it turned out, our grain business did even better this quarter than I had anticipated. While sales in our retail stores were clearly affected by economic conditions during the first quarter, our lawn business continued to show solid improvement."

Anderson also stated "Based on our results so far and recognizing that we still have three-quarters of the year to go, our previous earnings projections of \$1.15 to \$1.30 per share for the full year still seem appropriate. This would be in line with historical averages and assumes, including a whole host of factors, that planting and growing conditions for eastern corn belt farmers this year fall somewhere within the 'normal' range."

The company will host a webcast on Tuesday, April 29, 2003 at 11:00 A.M. EST, to discuss its first-quarter performance and full-year outlook. The webcast can be

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accessed under "Financial Information" on its website at [www.andersonsinc.com](http://www.andersonsinc.com) or at [www.firstcallevnts.com/service/ajwz378674470gf12.html](http://www.firstcallevnts.com/service/ajwz378674470gf12.html).

The Andersons, Inc. is a respected leader and dominant regional player in grain merchandising and agricultural nutrients distribution. Its strong position in these

businesses has allowed the company to diversify into the production of turf care products, rail equipment leasing, and general merchandise retailing. The company has been in operation since 1947.

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](http://www.andersonsinc.com)

### FINANCIAL TABLES FOLLOW...

#### THE ANDERSONS, INC.

#### Consolidated Statements of Operations

|  | THREE MONTHS ENDED<br>MARCH 31 |               |
|--|--------------------------------|---------------|
| (in thousands, except for per share amounts)   | 2003<br>-----                  | 2002<br>----- |
| Sales and merchandising revenues               | \$237,939                      | \$214,831     |
| Cost of sales and merchandising revenues       | 204,054                        | 178,811       |
|  | -----                          | -----         |
| Gross profit                                   | 33,885                         | 36,020        |
| Operating, administrative and general expenses | 32,087                         | 31,787        |
| Interest expense                               | 2,303                          | 2,713         |
| Other income                                   | 1,101                          | 792           |
|  | -----                          | -----         |
| Income before income taxes                     | 596                            | 2,312         |
| Income taxes                                   | 207                            | 703           |
|  | -----                          | -----         |
| Net income                                     | \$ 389                         | \$ 1,609      |
|  | =====                          | =====         |
| Per common share:                              |                                |               |
| Basic earnings                                 | \$ 0.05                        | \$ 0.22       |
|  | =====                          | =====         |
| Diluted earnings                               | \$ 0.05                        | \$ 0.22       |
|  | =====                          | =====         |
| Dividends paid                                 | \$ 0.070                       | \$ 0.065      |
|  | =====                          | =====         |
| Weighted average shares outstanding-basic      | 7,179                          | 7,288         |
|  | =====                          | =====         |
| Weighted average shares outstanding-diluted    | 7,344                          | 7,393         |
|  | =====                          | =====         |

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SEGMENT DATA

| QUARTER ENDED MARCH 31, 2003     | AGRICULTURE | PROCESSING | RAIL     | RETAIL     |
|----------------------------------|-------------|------------|----------|------------|
|                                  | -----       | -----      | -----    | -----      |
| Revenues from external customers | \$ 149,193  | \$ 52,420  | \$ 4,382 | \$ 31,944  |
| Other income                     | 543         | 203        | 50       | 138        |
|                                  | -----       | -----      | -----    | -----      |
|                                  | \$ 149,736  | \$ 52,623  | \$ 4,432 | \$ 32,082  |
|                                  | =====       | =====      | =====    | =====      |
| Operating income (loss)          | \$ 293      | \$ 3,739   | \$ 304   | \$ (2,623) |
| QUARTER ENDED MARCH 31, 2002     |             |            |          |            |
| Revenues from external customers | \$ 134,840  | \$ 40,981  | \$ 4,160 | \$ 34,850  |
| Other income                     | 267         | 123        | 3        | 119        |
|                                  | -----       | -----      | -----    | -----      |
|                                  | \$ 135,107  | \$ 41,104  | \$ 4,163 | \$ 34,969  |
|                                  | =====       | =====      | =====    | =====      |
| Operating income (loss)          | \$ 2,524    | \$ 2,418   | \$ 380   | \$ (1,739) |

THE ANDERSONS, INC.

CONSOLIDATED BALANCE SHEETS  
(UNAUDITED)

| (in thousands)  | MARCH 31<br>2003 | DECEMBER 31<br>2002 |
|---|------------------|---------------------|
|   | -----            | -----               |
| Assets  |                  |                     |
| Current assets:   |                  |                     |
| Cash and cash equivalents                                   | \$ 7,038         | \$ 6,095            |
| Accounts receivable (net) and margin deposits               | 79,057           | 59,800              |
| Inventories   | 248,454          | 256,275             |
| Other current assets  | 19,660           | 15,716              |
|   | -----            | -----               |
| Total current assets  | 354,209          | 337,886             |
| Other assets  | 13,568           | 12,591              |
| Railcar assets leased to others (net)                       | 29,783           | 26,399              |
| Property, plant and equipment (net)                         | 92,557           | 92,939              |
|   | -----            | -----               |
|   | \$ 490,117       | \$ 469,815          |
|   | =====            | =====               |
| Liabilities and shareholders' equity                        |                  |                     |
| Current liabilities:  |                  |                     |
| Notes payable   | \$ 118,200       | \$ 70,000           |
| Other current liabilities                                   | 159,123          | 187,056             |
|   | -----            | -----               |
| Total current liabilities                                   | 277,323          | 257,056             |
| Deferred items, long-term liabilities and minority interest | 23,618           | 23,647              |

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|                      |            |            |
|----------------------|------------|------------|
| Long-term debt       | 84,481     | 84,272     |
| Shareholders' equity | 104,695    | 104,840    |
|                      | -----      | -----      |
|                      | \$ 490,117 | \$ 469,815 |
|                      | =====      | =====      |

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: April 29, 2003

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