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Lancaster Colony Corp. (LANC)

Q4 2019 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good morning. My name is Jason and I will be your conference call facilitator today. At this time, I would like to welcome everyone to the Lancaster Colony Corporation Fiscal Year 2019 Fourth Quarter Conference Call. Conducting today's call will be Dave Ciesinski, President and CEO; and Tom Pigott, CFO.

All lines have been placed on mute to prevent any background noise. After the speakers have completed their prepared remarks, there will be a question-and-answer period. [Operator Instructions] Thank you. And now to begin the conference call, here is Dale Ganobsik, Vice President of Investor Relations and Treasurer for Lancaster Colony Corporation.

Dale N. Ganobsik
Vice President-Investor Relations & Treasurer, Lancaster Colony Corp.

Thank you, Jason. Good morning, everyone, and thank you for joining us today for Lancaster Colony's fiscal year 2019 fourth quarter conference call. Let me begin by reminding everyone that our discussion this morning may include forward-looking statements which are subject to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements are subject to a number of risks and uncertainties that could cause actual results to differ materially, and the company undertakes no obligation to update these statements based upon subsequent events. A detailed discussion of these risks and uncertainties is contained in the company's filings with the SEC.

Also note that the audio replay of this call will be archived and available at the company's website, lancastercolony.com, later this afternoon.

With that said, I'll now turn the call over to Lancaster Colony's President and CEO, Dave Ciesinski. Dave?

David A. Ciesinski

President, Chief Executive Officer & Director, Lancaster Colony Corp.

Thanks, Dale, and good morning. It's a pleasure to be with you here today as we review our fourth quarter results for fiscal year 2019. Tom and I will provide comments on the quarter, the full year and the fiscal year 2020 outlook. Following that, we'll be happy to respond to any of your questions.

For the quarter, consolidated net sales increased 5% to a fourth quarter record $323.7 million versus $308.2 million last year. Excluding net sales attributed to Bantam Bagels and Omni Baking Company, both of which were acquired during our fiscal second quarter, consolidated net sales increased 1.3%.

Retail net sales declined 1.4% to $154.5 million. Excluding the incremental contribution from Bantam Bagels, Retail net sales declined 2.2% as gains in frozen dinner rolls, shelf-stable dressings and sauces, and improved net price realization were offset by declines in flatbread wraps, refrigerated dips and the impact of our decision to selectively exit some low margin private label business.

Foodservice net sales grew 11.7% to $169.1 million. Excluding the impact from Bantam Bagels and Omni Baking, Foodservice net sales increased 4.8%. The segment's 4.8% gain in organic net sales follows the strong growth of 11.6% achieved in last year's fourth quarter. Higher Foodservice sales resulted from volume gain throughout the segment, including national chain restaurant accounts, branded products and frozen pasta products.

Consolidated gross profit improved $2 million to $78.2 million driven by increased sales volumes in Foodservice, Lean Six Sigma program cost savings in transportation, manufacturing and procurement, and improved net price realization in Retail. Gross profit was unfavorably impacted by costs attributed to the Omni Baking operations in addition to investments to support expanding retail distribution of Bantam Bagels. Consolidated gross profit decreased 50 basis points from 24.7% to 24.2% driven by approximately 200 basis points of headwind from the two recently acquired businesses.

Fourth quarter SG&A expenses increased $7 million to $1.8 million, including $1.8 million in spending for our ERP initiative. Other items that led to the higher SG&A expenses included increased investments in supply chain and IT capabilities, incremental cost attributed to Bantam Bagels and one-time startup costs for our newly opened innovation center. The reported change in contingent consideration for our fourth quarter includes the favorable impact of a $7.4 million non-cash reduction for Angelic Bakehouse.

In the period, we also incurred a restructuring and impairment charge of $1.6 million as a result of our decision to close our frozen bread facility in Saraland, Alabama. Production at the facility ceased in mid-July and was subsequently moved to other facilities within the company's manufacturing network.

Our fiscal fourth quarter consolidated operating income was $43.3 million, essentially flat versus prior year. Specific to the Retail segment, operating income increased $2.4 million to $32.3 million including the favorable impact of the non-cash change in contingent consideration for Angelic Bakehouse.

Retail segment operating income was adversely impacted by higher levels of trade spending due to the resumption of promotions on New York Bakery, expanding retail distribution for Bantam Bagels, the lower sales volumes and aforementioned costs for the Omni Baking operations.

In the Foodservice segment, operating income increased $2.4 million to $18.4 million as the segment benefited from higher sales volumes and cost savings generated by our Lean Six Sigma program, partially offset by incremental cost attributed to Omni Baking.

Net income for the fourth quarter totaled $33 million or $1.20 per diluted share compared to $32.4 million or $1.18 per diluted share last year. In the current year quarter, the change in contingent consideration for Angelic Bakehouse increased net income by $5.7 million or $0.27 per diluted share while spend for the ERP initiative decreased net income by $1.4 million or $0.05 per diluted share. And the restructuring and impairment charge in the closure of Saraland reduced net income by $1.3 million or $0.05 per diluted share.

Turning our attention to retail sell-through data from IRI for the 13 weeks ending June 30, 2019, we are able to grow consumption in four out of our six categories and increased our share position in two out of the six.

For the full year, consolidated net income increased 6.9% to a fiscal year record $1.31 billion versus $1.22 billion last year. Excluding net sales attributed to the acquisition of Bantam Bagels and Omni Baking, consolidated net sales increased 4.5%.

FY 2019 consolidated gross profit increased $22.7 million or 7.5% to $326.2 million driven by the increased sales volumes in Foodservice, cost savings from our Lean Six Sigma program and improved net price realization. Gross profit was unfavorably impacted by incremental costs for the Omni Baking operations, investments to support expanding retail distribution of Bantam Bagels and higher warehousing cost.

For the year, consolidated gross margin increased 10 basis points from 24.8% to 24.9% in spite of roughly 100 basis points of headwind due to the two recently acquired businesses.

SG&A expenses increased $19.9 million to $149.8 million driven by increased investments in IT capabilities, business initiatives to support future growth, including our ERP initiative, and the impact of our two acquisitions and severance costs. The change in contingent consideration for the fiscal year includes the favorable impact of a $17.1 million non-cash reduction for Angelic Bakehouse.

The resulting consolidated operating income for the fiscal year was $190.9 million, an increase of $19.4 million over the prior year level.

Fiscal year 2019 net income totaled $150.5 million or $5.46 per diluted share compared to the prior year amount of $135.3 million or $4.92 per diluted share last year. In the current year, the change in contingent consideration for Angelic increased net income by $13.1 million or $0.48 per diluted share while the spending for the ERP initiative decreased net income by $1.4 million or $0.05 per diluted share and the restructuring and impairment charge reduced net income by $1.3 million or $0.05 per diluted share.

Before I turn it over to Tom, I would like to offer some strategic context on fiscal year 2019. In the aggregate, we were pleased to report record net sales for fiscal year 2019, driven by strong organic performance in our Foodservice segment.

Our supply chain team completed another successful year of reducing cost and improving operational efficiencies. Specific examples included numerous end-of-line automation projects, the launch of our new transportation management system, improved material yield and process controls, and tactical procurement initiatives, including should-cost modeling and more extensive competitive bidding. The recent closure of one of our frozen bread facilities will also result in a better optimized manufacturing footprint going forward.

While the financial results for our Retail segment did not meet our expectations this past year, I am confident that the new leadership we now have in place and other strategic initiatives completed in fiscal year 2019, including our new innovation center, will position the Retail segment for improved performance going forward.

In fiscal year 2019, we completed two acquisitions that will play an important role in our company going forward. The first was the acquisition of the assets of Omni Baking, a co-packer for our New York Texas Toast business that supplies roughly half our volume. As you might recall, this particular co-packer experienced supply disruptions in fiscal year 2018 that significantly impacted our business.

In fiscal year 2019, we bought the factory from the owner and folded it into our network. During the last two quarters, our capable supply chain team has been implementing upgrades and automation at the factory that will help ensure that it will remain a source of reliable and scalable supply for many years to come.

In Q4 fiscal year 2019 alone, we experienced roughly $3.5 million of incremental expenses or headwind tied to Omni. For the full year, it resulted in approximately $5 million of incremental expenses. Suffice it to say, we are working in earnest to get this behind us and expect it to improve in the second half of fiscal year 2020.

In Q2 fiscal year 2019, we also completed the acquisition of Bantam Bagels, a fast-growing [ph] manufacturer of bakery (00:12:26) items that are sold in both Retail and Foodservice that will provide us with access to a large and fast-growing frozen breakfast category. While Bantam is driving very strong top line growth, in Q4, we sustained an operating loss of approximately $1.5 million as we invested in the future of the business. We expect this drag on operating income to continue until we move them to a new automated line that is underway and planned to be complete around the end of calendar year 2019. Although these two acquisitions are creating short-term dilution on our business, we believe both will serve as important cornerstones for our long-term growth.

Lastly, in Q4 fiscal year 2019, we also formally commenced work on our ERP initiative, [ph] Project Ascent (00:13:16), which will enable us to replace our current ERP system that was installed in 1995. During the period, we put in place a top caliber implementation team led by Liam Durbin, our new CIO; and Doug Fell, our former CFO. We also conducted RFIs and RFPs, selected a software package, in this case SAP, and selected a top tier system integrator. This project will not only help drive savings, but also help ensure that we have a systems background that is reliable and scalable for many years to come. In Q4, we incurred $1.8 million of expenses on [ph] Project Ascent. We expect Project Ascent (00:13:56), which is ramping up now, to last approximately two years. We will be providing you with a more complete overview of the project including cost benefits and timing during our Q1 fiscal year 2020 call in the fall.

And with that, I'd like to turn it over to Tom.

Thomas K. Pigott

Vice President, Chief Financial Officer and Assistant Secretary, Lancaster Colony Corp.

Thank you, Dave, and good morning. I'm going to highlight the cash flow performance of the company and touch on a few other items. The fiscal year 2019 operating cash flow of $198 million was a $37 million or 23% increase versus the prior year. The increase was driven by the higher net income, a benefit in deferred taxes and year-over-year favorable change in working capital. These items were partially offset by the reduction in the fair value of the contingent consideration liability, which was a non-cash favorable adjustment included in net income.

In regards to working capital, we continue to make improvements in this area. The company reduced accounts receivable days and inventory days on hand while increasing accounts payable days. These activities drove a seven-day improvement in the cash conversion cycle during the fourth quarter versus the prior year.

Now turning to uses of cash. In 2019, property additions totaled $71 million. The increase in capital expenditures included an expansion project to support the growth of our frozen dinner roll products at the Horse Cave, Kentucky facility. This project will be completed in fiscal 2020. In addition, we completed the construction of a dedicated R&D center that will benefit both segments. We also invested in capacity and productivity projects at other facilities to support growth and margin improvement.

Turning to M&A, the company invested $55 million in completing the two acquisitions that Dave mentioned. In October, the company purchased the assets of Bantam Bagels for $33 million. In November, the company purchased the assets of Omni Baking Company, a longtime supplier of products to our frozen garlic bread operations for $22 million.

The last main use of cash was dividends. Company continued its long history of dividend increases, increasing the dividend by 8.5% in fiscal 2019 and returning $70 million of cash to shareholders. The resulting balance sheet remains very strong with zero debt and $196 million of cash on the balance sheet. Going forward, the company will continue to invest to support growth in the Foodservice segment and invest in productivity projects that drive strong returns.

2020 capital expenditures are expected to remain elevated at the $80 million to $100 million level. This includes $33 million for the completion of the expansion project at our frozen dinner roll facility in Horse Cave, Kentucky. We are also investing to add capacity for our recently acquired Bantam Bagels business to support further growth and to support further growth in the Foodservice dressing category. In addition, we recently completed the purchase of the Omni Baking land and building for $11 million. This property was previously leased.

Last, our effective tax rate for the fourth quarter was 24% and 23% for the year. Looking forward at this time, we estimate our effective tax rate for fiscal year 2020 to be 24%.

Thank you. And I'll now turn the call back over to Dave for his concluding comments.

David A. Ciesinski

President, Chief Executive Officer & Director, Lancaster Colony Corp.

Thanks, Tom. Providing some context, three years ago, we launched our Better Food Company growth plan which consists of three simple pillars. One, accelerate base business growth; two, simplify our supply chain to reduce costs and grow our margins; and three, identify and execute complementary M&A to grow our core. During the last several years, we focused on implementing the growth plan and harvesting the results. Looking ahead, we intend to remain true to our strategy, which we believe is appropriate, achievable, and will better position us to deliver top quartile performance.

In fiscal year 2020, Retail sales will benefit from new product introductions planned throughout the year, including our New York Bakery 3-Cheese Cheese Sticks and Sister Schubert's sweet rolls in a variety of new flavors, including Pumpkin Spice and Lemon Blueberry. Our Marzetti refrigerated lineup will also be reformulated to offer new, great-tasting dips with shorter and cleaner ingredient panels.

We also anticipate continued growth from shelf-stable dressings and sauces sold under license agreements, in addition to incremental sales from the Bantam Bagel (sic) [Bantam Bagels] (00:18:41) acquisitions.

In the Foodservice segment, we will maintain our focus on strengthening customer relationships through our culinary expertise in the preparation of custom-formulated dressings and dipping sauces, frozen breads and rolls, and frozen pasta while leveraging the added benefits of our new innovation center.

Based on our current assessment following a year in which overall commodity costs were generally flat, we anticipate an uptick in commodity costs for fiscal year 2020, with the back half of the fiscal year expected to be more inflationary than the front. Pricing initiatives, in addition to ongoing savings from our Lean Six Sigma program and other cost-out projects planned by our supply chain team, will help offset these costs.

In the coming year, we will also continue to invest in our business for long-term growth through key capacity projects, as Tom outlined.

That concludes our prepared remarks for the day, and we'd be happy to answer any of your questions. Jason?

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Your first question comes from the line of Jason Rodgers from Great Lakes Review. Please go ahead.

Jason A. Rodgers
Analyst, Great Lakes Review
Q

Yes. I just wanted to talk more about the Retail sales, if you're seeing any changes in competition recently in the four out of six categories that you didn't gain, if you're at least holding share there.

David A. Ciesinski
President, Chief Executive Officer & Director, Lancaster Colony Corp.
A

Yeah. I can answer that for you, so, sort of walk through, we picked up share in two out of the six. In three of the six, we remained flat. And in one of the categories, principally flatbread and wraps, we lost share and we're just now slightly below another competitor in the category. The category in the latest 13 weeks was down 6.4%. We were down more than that. In the latest 52 weeks, it was down 15.2% and, again, we're down more than that.

And what's essentially driving this is something that we've seen now several different times over the last, call it, three or four years. This is a product that ordinarily is merchandised in the deli section of the grocery store and we had one big retailer in particular that moved that product from the deli to a commercial bread. And in so doing, it had a pretty significant impact on our business in particular.

Again, we've seen this in the past. We were able to recover. That seems to be the single largest driver in this particular period, and we're working to address that as well. We have a range of innovation that we're bringing to the marketplace that we think will strengthen it. In addition, we're going back to the retailer, and we're emphasizing the point that this move is obviously not only impacting us, but is impacting the category and their business as well.

Jason A. Rodgers
Analyst, Great Lakes Review
Q

And then on the cost side and you've got some costs that look like they're ongoing for Omni as well as Bantam Bagels, although Bantam looks like they'll be pretty much over with from what you said by the end of the calendar year. I wonder if you could just help us as far as expenses that you expect going forward both with the ERP system as well as Omni.

David A. Ciesinski
President, Chief Executive Officer & Director, Lancaster Colony Corp.

A

Okay. So, first, I'll hit the Bantam. As we pointed out, the product continues to grow very rapidly both in Retail and Foodservice. We're very satisfied with the team and the results. The manufacturing process right now is quite manual. We're in the process of implementing a high-speed automated line that we anticipate will be complete around the end of this calendar year which will significantly improve the margins on the business and set it up for potentially long-term and profitable growth.

As it pertains to Omni, I think you've probably heard this story during my comments that it was a co-packer supply and roughly half of the volume net of supply disruption in 2018. We bought the business in 2019. Since we've taken the business over and folded it into our network, what we've been doing are several things. One, we have been periodically shutting down the factory as we've been making repairs throughout the factory, floors, pumps, all sorts of things like that. And then when you shut down the factory, it's creating temporary overhead reverse absorption, if you will, on the business that's creating a headwind.

What we're also doing when we're shutting down that factory is we're in the process of automating various processes and bringing it more in line with our other owned bakery so that the two will be operating much more similarly. Again, the largest of these supply chain initiatives on this thing, we expect to be – on this particular factory, we expect to be done on or around the end of this calendar year.

In the most recent period, Omni cost us, I think I mentioned in my comments, about $3.5 million of headwind. For the full year, it was $5 million of headwind. And we expect it to remain probably in that low- to mid-single-digit million dollar range for the next two quarters until we get on the other side of this thing.

Jason A. Rodgers
Analyst, Great Lakes Review

Q

And then the ERP ongoing expenses there?

David A. Ciesinski
President, Chief Executive Officer & Director, Lancaster Colony Corp.

A

Yeah. So as of right now, we mentioned in the most recent period we had essentially $1.8 million of expenses tied to ERP. We have stood out the team. We've engaged our system integrator. We've selected our package. I would expect the spend on ERP for the period to be – also for this upcoming quarter, Q1 of fiscal year 2020 to be in the low- to mid-single million dollar range. And then we will be coming back to you with a more complete overview when we report our results Q1.

Jason A. Rodgers
Analyst, Great Lakes Review

Q

Okay. Thank you.

David A. Ciesinski
President, Chief Executive Officer & Director, Lancaster Colony Corp.

A

Yes. Thank you.

Operator: [Operator Instructions] Your next question comes from the line of Frank Camma from Sidoti. Your line is open.

Frank Camma
Analyst, Sidoti & Co. LLC
Q

Good morning, guys. Thanks for taking the questions.

Thomas K. Pigott
Vice President, Chief Financial Officer and Assistant Secretary, Lancaster Colony Corp.
A

Good morning, Frank.

David A. Ciesinski
President, Chief Executive Officer & Director, Lancaster Colony Corp.
A

Good morning, Frank.

Frank Camma
Analyst, Sidoti & Co. LLC
Q

My first question is just if we could revisit Angelic and obviously you never want to go back and write down the contingent since that means you didn't hit the targets you wanted to. Can you talk about how the acquisition missed your targets? Was it a category issue? Was it specific to the company? Can you talk a little bit about that, just so we understand how that unraveled?

David A. Ciesinski
President, Chief Executive Officer & Director, Lancaster Colony Corp.
A

Sure. Sure. I guess I would ascribe it to a couple of things. One is the [indiscernible] (00:25:51) the grocery store is probably a little bit tougher category we've learned. And I would also point to the Flatout acquisition as a case in point in that. I would say that's a contributor.

The other thing that really has probably resulted in the biggest impact in the write-down is we had a pretty significant piece of the business that was tied to private label when we acquired the business. And we made a decision to begin to wean ourselves on that private label as we have worked to ramp up our branded business in loaf bread, but also our branded business in wraps and crust and other products. And essentially what's happened as we have taken out the private label pounds, it's made that factory run less efficiently.

So the other parts of the business tend to be growing, but not as rapidly as we want. So our expectation on this is not that the game is over. It's just taking us longer to get this business where we wanted to go. And as you can appreciate, Frank, with the mark-to-markets on an earn out that's relatively short duration, you just have to square right into it and let the accounting numbers tumble where they fall.

Frank Camma
Analyst, Sidoti & Co. LLC
Q

Sure. Sure. I get it. I missed the number [indiscernible] (00:27:07), but did you say on the capital expenditures, could you just repeat that number for 2020? Is it...

David A. Ciesinski
President, Chief Executive Officer & Director, Lancaster Colony Corp.
A

I think we said in the $80 million to $100 million range.

Frank Camma
Analyst, Sidoti & Co. LLC
Q

$80 million – okay. So it's actually more than what I had.

David A. Ciesinski
President, Chief Executive Officer & Director, Lancaster Colony Corp.
A

Yes.

Frank Camma
Analyst, Sidoti & Co. LLC
Q

And that's the continued build out of the plant is the bulk of that.

David A. Ciesinski
President, Chief Executive Officer & Director, Lancaster Colony Corp.
A

Yeah. We can give you...

[indiscernible] (00:27:31)

Thomas K. Pigott
Vice President, Chief Financial Officer and Assistant Secretary, Lancaster Colony Corp.
A

Frank, there are three things. One is the continued on the Horse Cave frozen dinner roll. That's $33 million. We're also investing in Bantam, as Dave highlighted. That's another big investment. And then we've got another project to continue to support the growth of Foodservice in the dressings category that's coming. And then last, we invested $11 million to buy the Omni building and the land and that was a property that was previously leased. So those are the big drivers of the spend.

Frank Camma
Analyst, Sidoti & Co. LLC
Q

Okay. Okay. So going on to the Foodservice since it was a big year for that both organically and in total, how do you comp against that? What are some of the things because you actually spoke about specific Retail initiatives that are underway, new products? Can you talk a little bit more about the Foodservice since that theoretically could be more challenged? I'm just thinking about sort of the economy. If the economy were to weaken, your customers could weaken there, right, theoretically? There would be more discussion, right? So could you talk a little bit about that?

David A. Ciesinski
President, Chief Executive Officer & Director, Lancaster Colony Corp.
A

Yeah. Absolutely. I'm glad you asked. Suffice it to say, that team just had a tremendous year, and it seems to be firing on all cylinders. Our large national account business is strong. We continue to add new customers and new business to existing customers. And we also have started to make measurable headway into the branded segment where we're selling into colleges and universities and healthcare. So we feel really bullish about the disposition of the business.

As we look forward, what I would expect out of that business, I would probably peg in the mid- to low-mid-single digits because of the magnitude of the comps.

Frank Camma
Analyst, Sidoti & Co. LLC

Q

Right.

David A. Ciesinski
President, Chief Executive Officer & Director, Lancaster Colony Corp.

A

As you think about the economy, this is probably one of the few pieces of our business that's exposed. And ordinarily, what I've seen, Frank, in this case is if you look at sort of overall restaurant sales trends, and I wouldn't necessarily just look at traffic, I would look at sales trends that includes both the rent and the traffic, we ordinarily will perform a couple of hundred basis points or so better than the segment has. And this is just me looking back at data from Technomic and sort of juxtaposing that against our longer term trends.

So if you look at the most recent news, indications are that the economy may be tightening up and slowing down. If you look at the most recent restaurant data from a number of our customers, they seem to be hanging in there.

Frank Camma
Analyst, Sidoti & Co. LLC

Q

Right.

David A. Ciesinski
President, Chief Executive Officer & Director, Lancaster Colony Corp.

A

So as far as our business, I like how we're positioned. I think it's going to continue to perform strong. And I would point to the fact that they've also been a net beneficiary of a range of our Six Sigma projects.

Frank Camma
Analyst, Sidoti & Co. LLC

Q

Okay.

David A. Ciesinski
President, Chief Executive Officer & Director, Lancaster Colony Corp.

A

So look, what we're doing there, a fair amount of the automation that's underway from case packing, palletizing and conveying where we're taking manual labor out at the end of our lines is helping that part of our business. So it's very good business.

Frank Camma
Analyst, Sidoti & Co. LLC

Q

Great. And the last one for me and then I'll hop off is on the commodity costs, since you call them out. Is there any specific commodities we should look out for whether it's eggs or soybeans, or what in particular is concerning you right now because you did make a comment on that?

David A. Ciesinski
President, Chief Executive Officer & Director, Lancaster Colony Corp.

A

It's broad based really. As we look across the range of things, beans obviously and a lot of the core commodities seem to be favorable now, we're hedged. But what we're doing is, is we're looking farther out over the next 12 months, what we're seeing is 2% to 3% inflation that seems to be almost across the board which parenthetically makes it a little bit harder to go out and have price increase discussions.

Frank Camma
Analyst, Sidoti & Co. LLC

Q

Right.

David A. Ciesinski
President, Chief Executive Officer & Director, Lancaster Colony Corp.

A

It's a little easier if you have a couple of items that are popping...

Frank Camma
Analyst, Sidoti & Co. LLC

Q

Right.

David A. Ciesinski
President, Chief Executive Officer & Director, Lancaster Colony Corp.

A

...that just doesn't seem to be the case for us.

Frank Camma
Analyst, Sidoti & Co. LLC

Q

Okay. Great. Thanks, guys.

Thomas K. Pigott
Vice President, Chief Financial Officer and Assistant Secretary, Lancaster Colony Corp.

A

Thank you, Frank.

David A. Ciesinski
President, Chief Executive Officer & Director, Lancaster Colony Corp.

A

Thank you, Frank.

Operator: [Operator Instructions] If there are no further questions, we will now turn the call back to Mr. Ciesinski for his concluding comments.

David A. Ciesinski
President, Chief Executive Officer & Director, Lancaster Colony Corp.

Thank you, Jason, and thank you for those on the call. We look forward to updating you later in the fall with our Q1 results. Have a great day.

Operator: That concludes today's conference call. You may now disconnect.