

Lancaster Colony Corporation



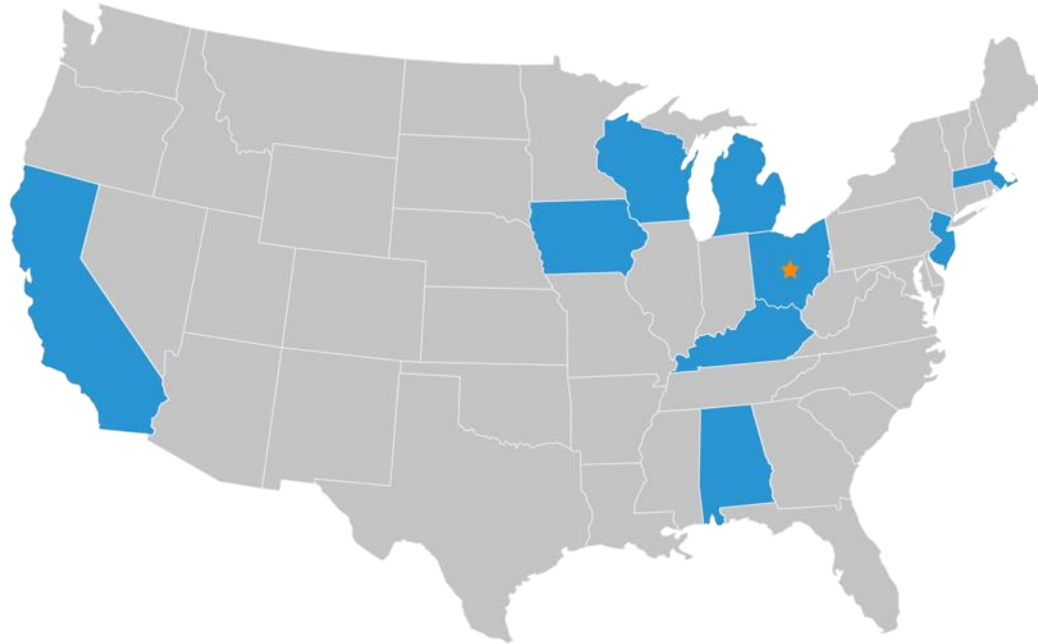
DA Davidson
4th Annual Consumer Conference
March 11, 2021



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About Lancaster Colony Corporation



- Manufacturer and Marketer of Specialty Food Products
- Established in 1961
- Headquartered in Westerville, Ohio
- FY20 Net Sales of \$1.3 Billion (primarily U.S.)
- 16 Production Facilities in Nine States
- Over 3,100 Employees

Company Highlights

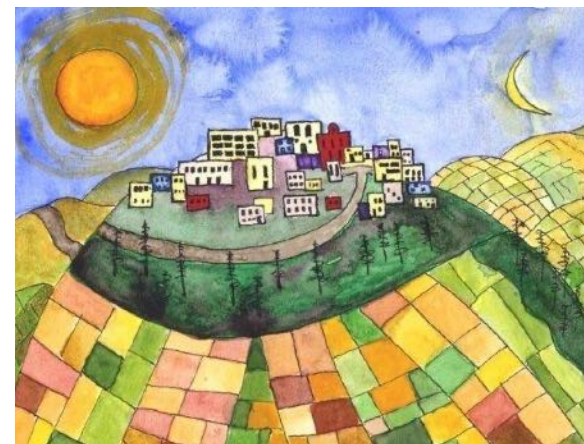


- Leading Market Share Positions in Retail Food Categories
- Supplier to 19 of the Top 30 National Restaurant Chains
- Long History of Sustained Organic Sales Growth
- Strong Cash Flows
- One of 13 U.S. Companies to have Increased Regular Cash Dividend for 58 Consecutive Years

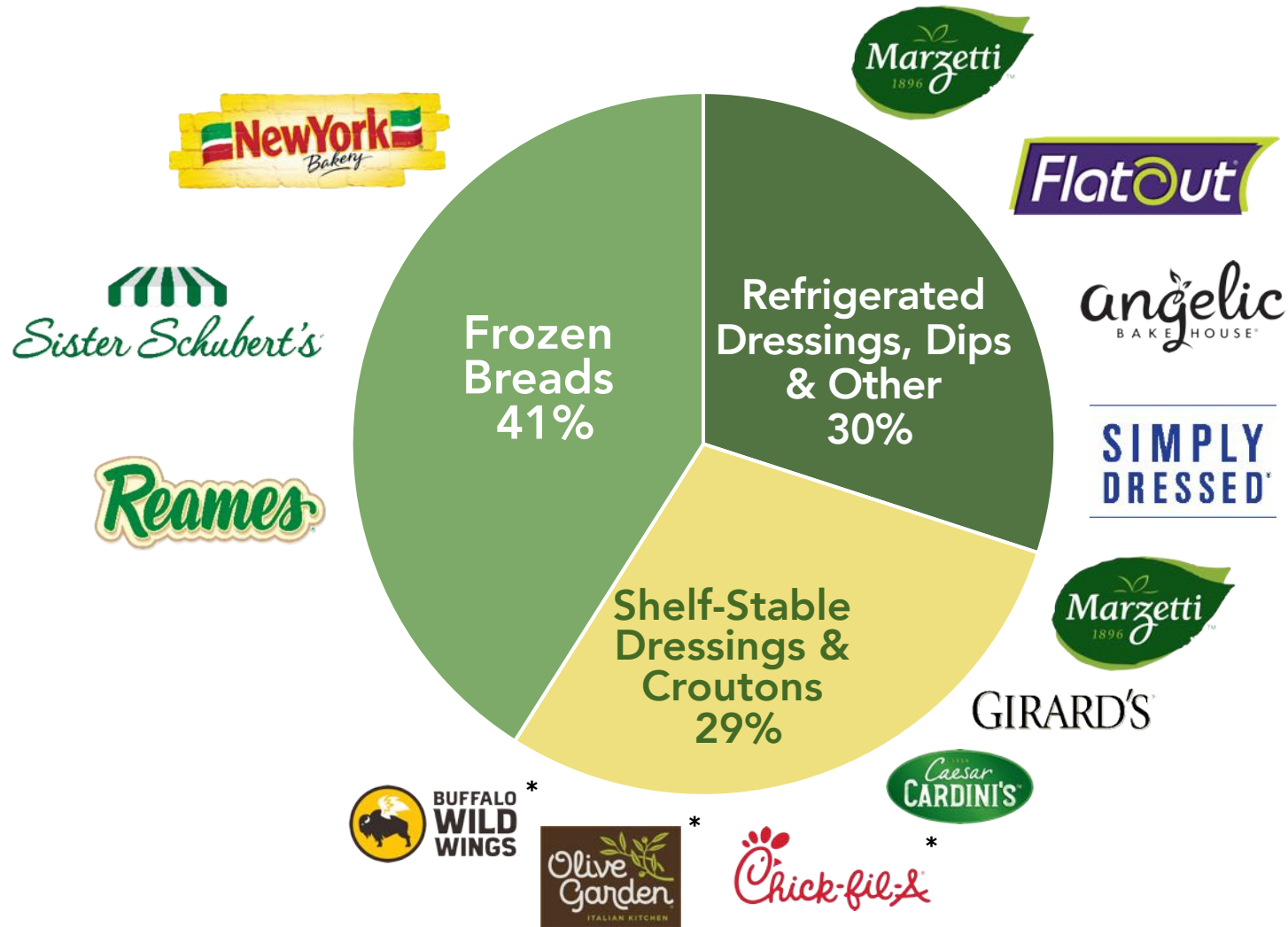
The Better Food Company ...

Our Journey

1. Defined Winning - Pursue Top Quartile Financial Performance
 - Grow Organic Sales Low- to Mid-Single Digit
 - Grow Operating Margins
2. Developed Strategy
 - Strategic Growth Initiatives
 - Accelerate Base Business Growth
 - Simplify Supply Chain
 - Expand Core with Focused M&A
3. Strengthened Organization
 - Top-Graded Talent
 - Investing in Plants to Drive Efficiency and Support Growth
 - Investing in IT Infrastructure to Improve Efficiency and Effectiveness
 - All Supported by a Transcendent Vision to be a Purpose-Driven Organization



Retail Sales Mix (54% of Total Net Sales)



Based on approximated net sales for the 12 months ending June 30, 2020. Calculation of Retail Sales at 54% of Total Net Sales excludes Foodservice sales attributed to temporary supply agreement resulting from the Nov '18 acquisition of Omni Baking.

* Products for these brands are produced and sold under exclusive licensing agreements.

Foodservice Sales Mix (46% of Total Net Sales)



Based on approximated net sales for the 12 months ending June 30, 2020. Excludes Foodservice sales attributed to temporary supply agreement resulting from the Nov '18 acquisition of Omni Baking.

Retail Segment Growth Initiatives

Initiative	Brand	Products	Initial Ship Date
Innovation/Renovation			February 2020
			Cheese Sticks July 2019 Cheese Crisps Feb 2020
			August 2019
Licensing	 *		March 2020 (Regional Pilot Test)
	 *		March 2020
	 *		February 2020
Channel Expansion (Dollar, Value, Drug)	 *		February 2020

* Products for these brands are produced and sold under exclusive licensing agreements.

Retail Segment Growth Initiatives

Chick-fil-A Retail Channel Distribution Overview

Wave One

Florida Pilot Test
March 2020 Start

Wave Two

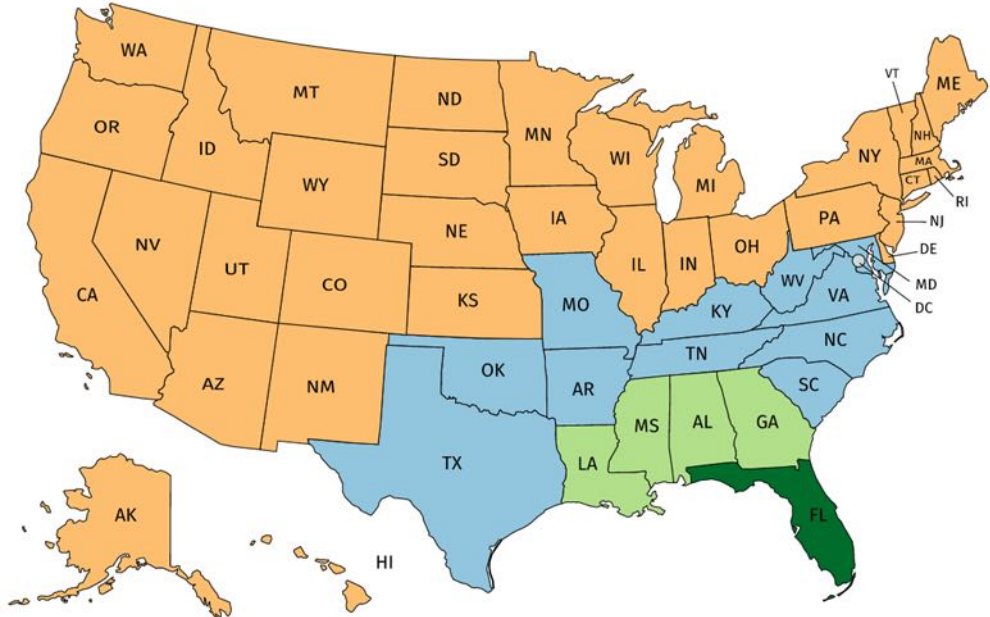
Initial Shipments
Late Oct 2020

Wave Three

Initial Shipments
Feb 2021

Wave Four

Shipments Starting
FY21 Q4 (QE Jun)



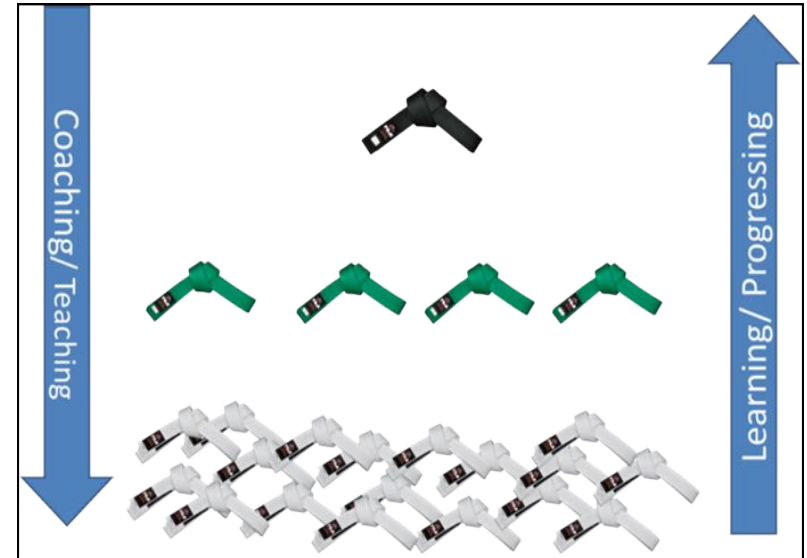
Chick-fil-A products are produced and sold to the retail channel under an exclusive licensing agreement with Lancaster Colony.

Strategic Growth Initiatives

Simplify Supply Chain

Lean Six Sigma

- 12 waves of Green Belts trained
- 3rd Class of Black Belts trained in May
- > 90 Green Belt graduates to date
- Training program has saved >\$4MM annually
- Classes transitioned to online during Covid-19 pandemic
- Expanded access to statistical tools throughout organization



Material Yield Improvement and Control

- Delivering record levels of waste reduction
- Many projects delivering better than expected savings
- Evolving into digital recordkeeping



Strategic Growth Initiatives

Simplify Supply Chain

Strategic Procurement

- Should-Cost Modeling
- More Extensive Competitive Bidding
- Strategic Supplier Selection
- Extending Payment Terms



Strategic Growth Initiatives

Simplify Supply Chain

Transportation Initiatives

- Transportation Management System
- Expanded Base of Dedicated Carriers
- Lane and Truckload Optimization
- Mixing Centers
- Other Initiatives Underway

Project T²



Strategic Growth Initiatives

Focused M&A

- Angelic Bakehouse (Nov '16)



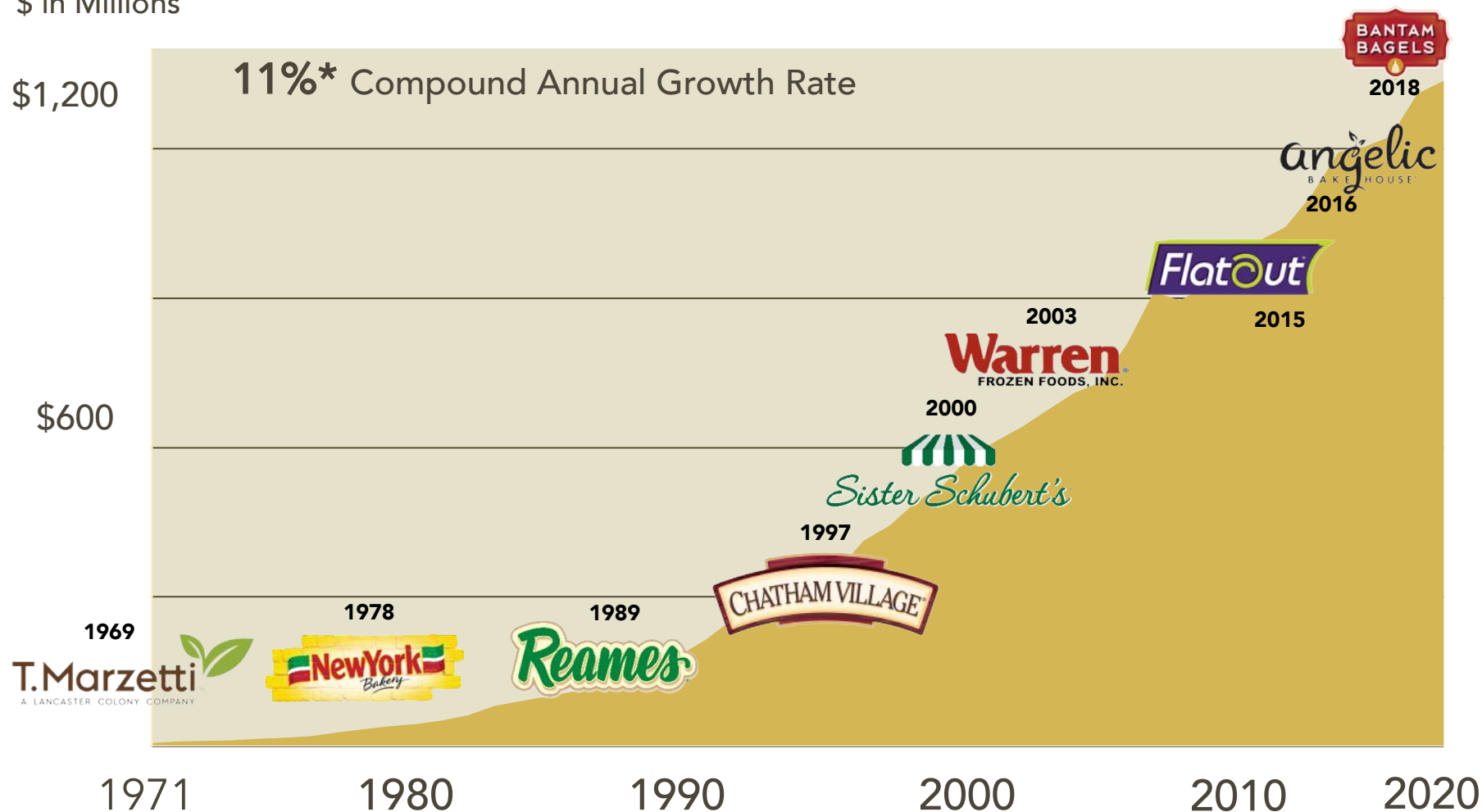
- Bantam Bagels (Oct '18)



- Omni Baking (Nov '18)

Successful Track Record of Growth through Acquisitions

\$ in Millions



Net sales information is presented as originally reported in Lancaster Colony's Annual Report for the fiscal years ending June 30. Therefore, certain years may not reflect adjustments for subsequent accounting changes.

*Compound Annual Growth Rate calculated from fiscal year 1972 through fiscal year 2020.

Strengthened Organization

Strengthened Leadership Team

- Supply Chain
- R&D and Quality
- Retail
- Foodservice
- Information Technology
- Finance



Established Transformation Program Office

- ERP Initiative

Aligned Compensation Incentives with Sales and Operating Income Growth

Strengthened Organization

Investing in Plants to Drive Efficiency and Support Growth

Dressing Plant Capacity Expansion Project



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- Adds 192,000 square feet to existing facility in Hart County, KY
- Provides increased processing, warehousing and utilities to expand production capacity and support continued growth of our dressing and sauce products in both the Retail and Foodservice segments
- Total capital expenditure estimated at ~\$130 Million, with an estimated ~\$30 Million to be spent in Fiscal 2021 and most of the remaining amount spent in Fiscal 2022
- Target completion date in Q1 of Fiscal 2023

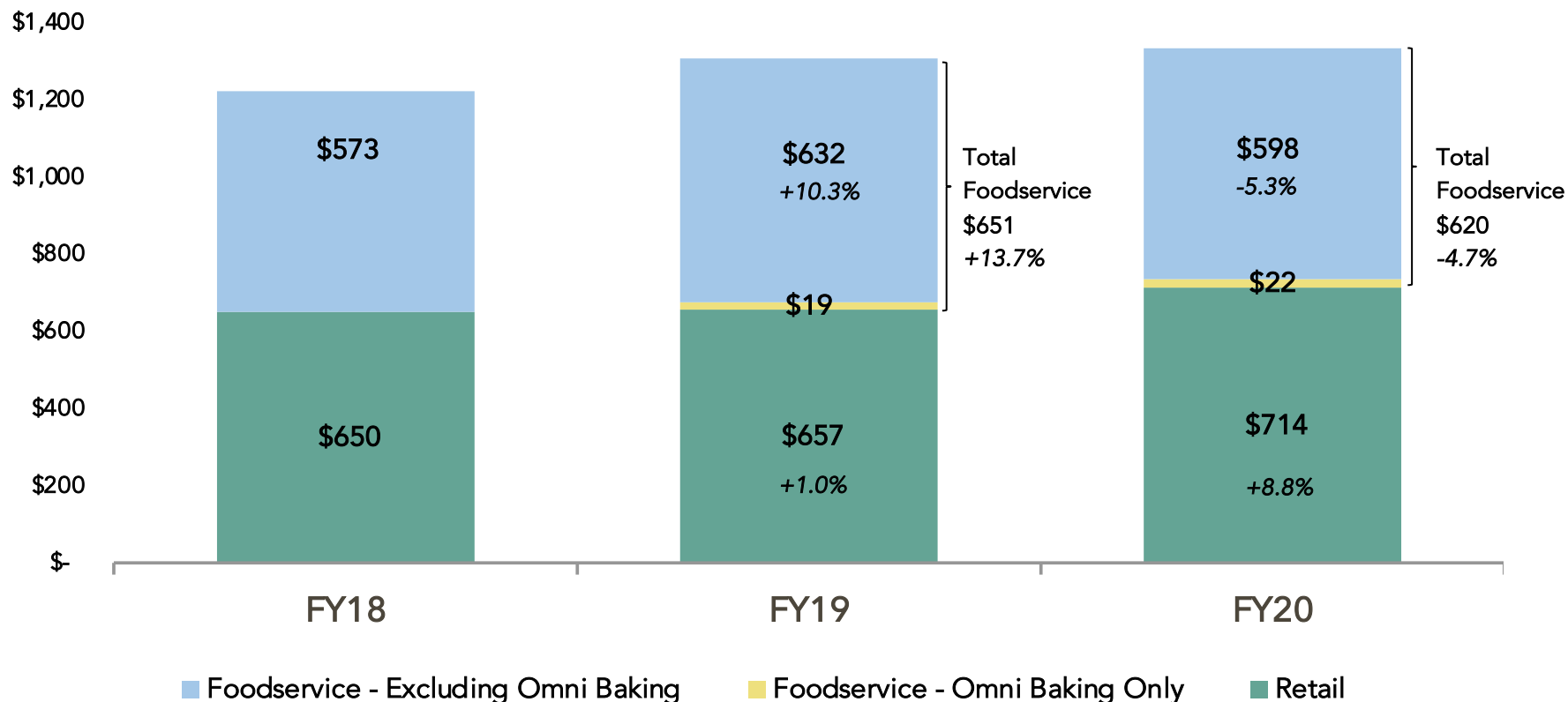
** Products for these brands are produced and sold under exclusive licensing agreements.*

Net Sales Summary

Fiscal Years Ended June 30, 2018 through June 30, 2020

\$ in Millions

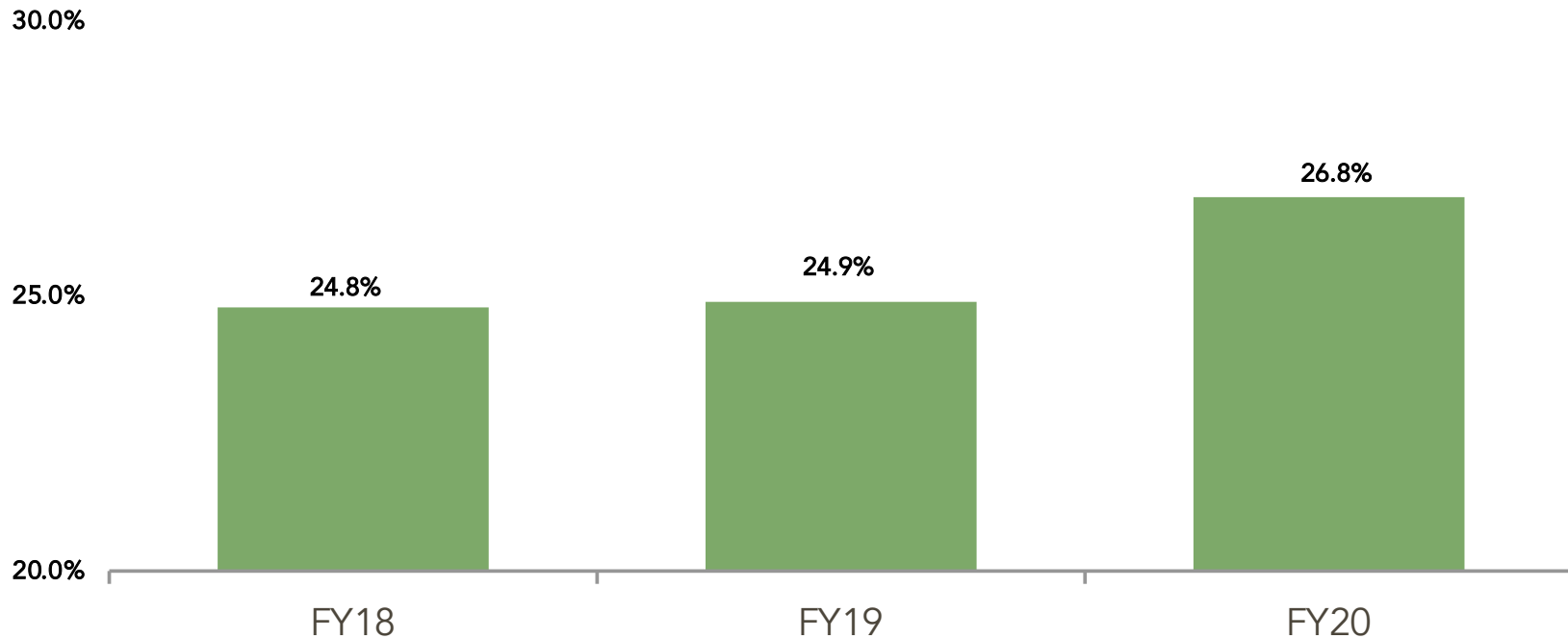
Consolidated Net Sales	\$1,223	\$1,308 +6.9%	\$1,334 +2.0%
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Gross Margin

Consolidated Gross Margin

Fiscal Years Ended June 30, 2018 through June 30, 2020
(Gross Profit as a Percent of Net Sales)

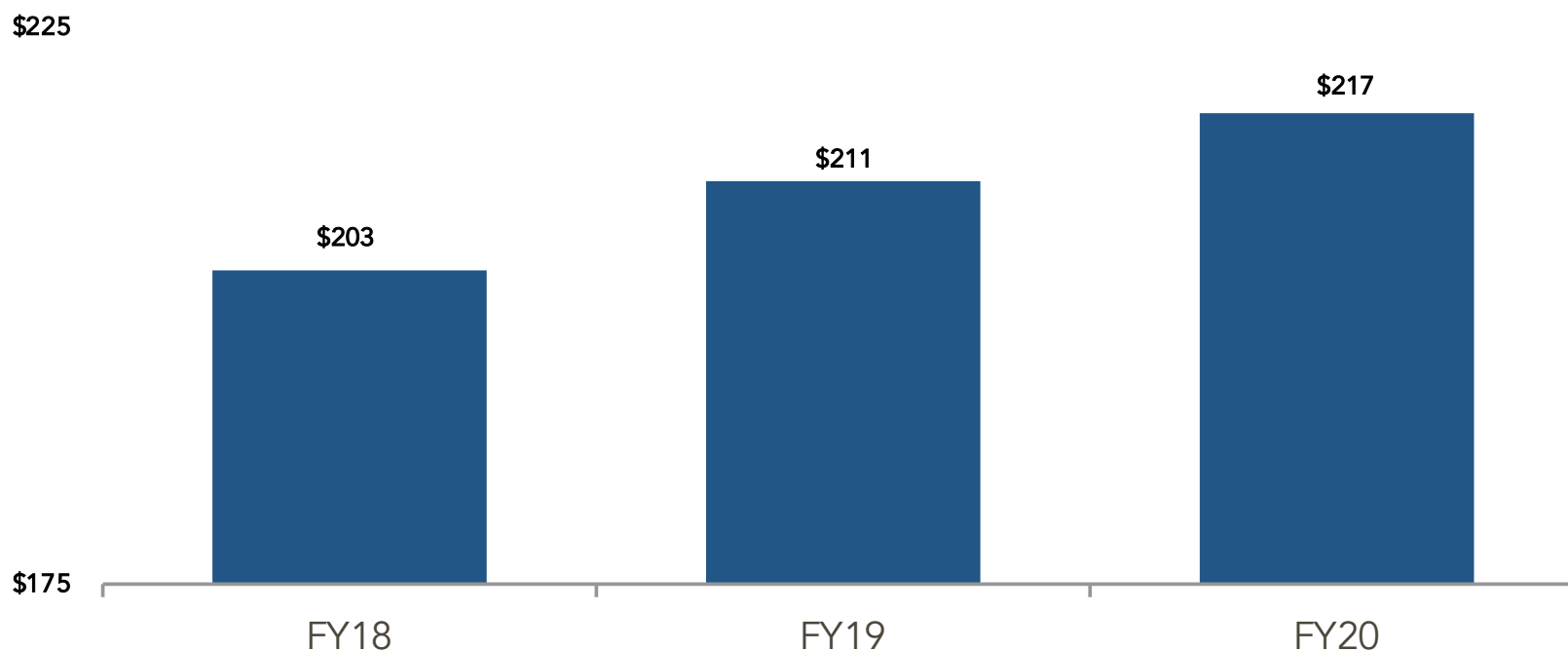


EBITDA

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)*

Fiscal Years Ended June 30, 2018 through June 30, 2020

\$ in Millions



* Calculation of EBITDA values presented above exclude non-cash change in contingent consideration.
See Appendix A for additional details.

Strong Balance Sheet

\$ in Millions

	June 30			Dec 31
	2018	2019	2020	2020
Cash and Equivalents	\$206	\$196	\$198	\$216
Total Debt	\$0	\$0	\$0	\$0

- Debt Free
- Credit Revolver of \$150 Million, Expandable up to \$225 Million

Fiscal 2021 – Second Quarter Financial Performance

\$ in Millions

(Except Per Share Values)

FY21 Q2 Results vs. Prior Year

(Three Months Ended December 31, 2020)

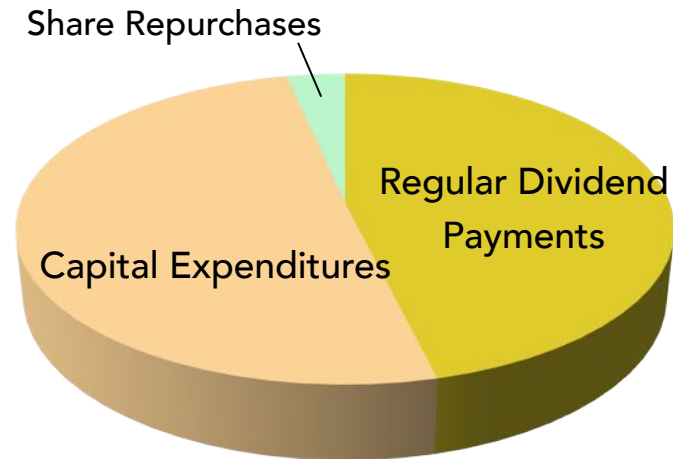
	Value	\$ Change	% Change	Comments
Consolidated Net Sales	\$375.0	\$19.9	6%	Strong growth in Retail segment of 20%. Foodservice segment sales declined 10%. Retail growth driven by impacts of COVID-19 and organic growth from licensed products and frozen bread products.
Gross Profit	\$106.8	\$7.0	7%	Benefit of strong Retail sales growth and reduced Retail trade spending partially offset by higher manufacturing costs, including those directly attributed to impacts of COVID-19, and higher commodity and freight costs.
SG&A	\$48.2	\$2.5	5%	Expenditures for ERP and related initiatives increased \$3.6MM partially offset by a lower level of consumer spending.
Operating Income	\$58.6	\$4.5	8%	Strong Retail sales growth and resulting heavier Retail sales mix partially offset by higher manufacturing costs, including those directly attributed to COVID-19, along with increased commodity and freight costs.
Earnings Per Share (Diluted)	\$1.62	\$0.04	3%	Reflects higher Operating Income partially offset by an increase in the Effective Tax Rate and reduced interest income on cash holdings due to lower interest rates.

Investing to Grow While Returning Cash to Shareholders

FY20 – Major Cash Uses

Cash Priorities

- Invest in Existing Business
 - FY21 capital expenditures estimated at \$105 to \$125 Million
- Good-Fitting Acquisitions
- Regular Dividends
 - Quarterly cash dividend paid on December 31, 2020 was increased 7% to \$0.75 per common share, marking 58 consecutive years of increasing regular cash dividends
- Opportunistic Share Repurchases and Special Dividends



Appendix A

Financial Information

EBITDA Calculation Details

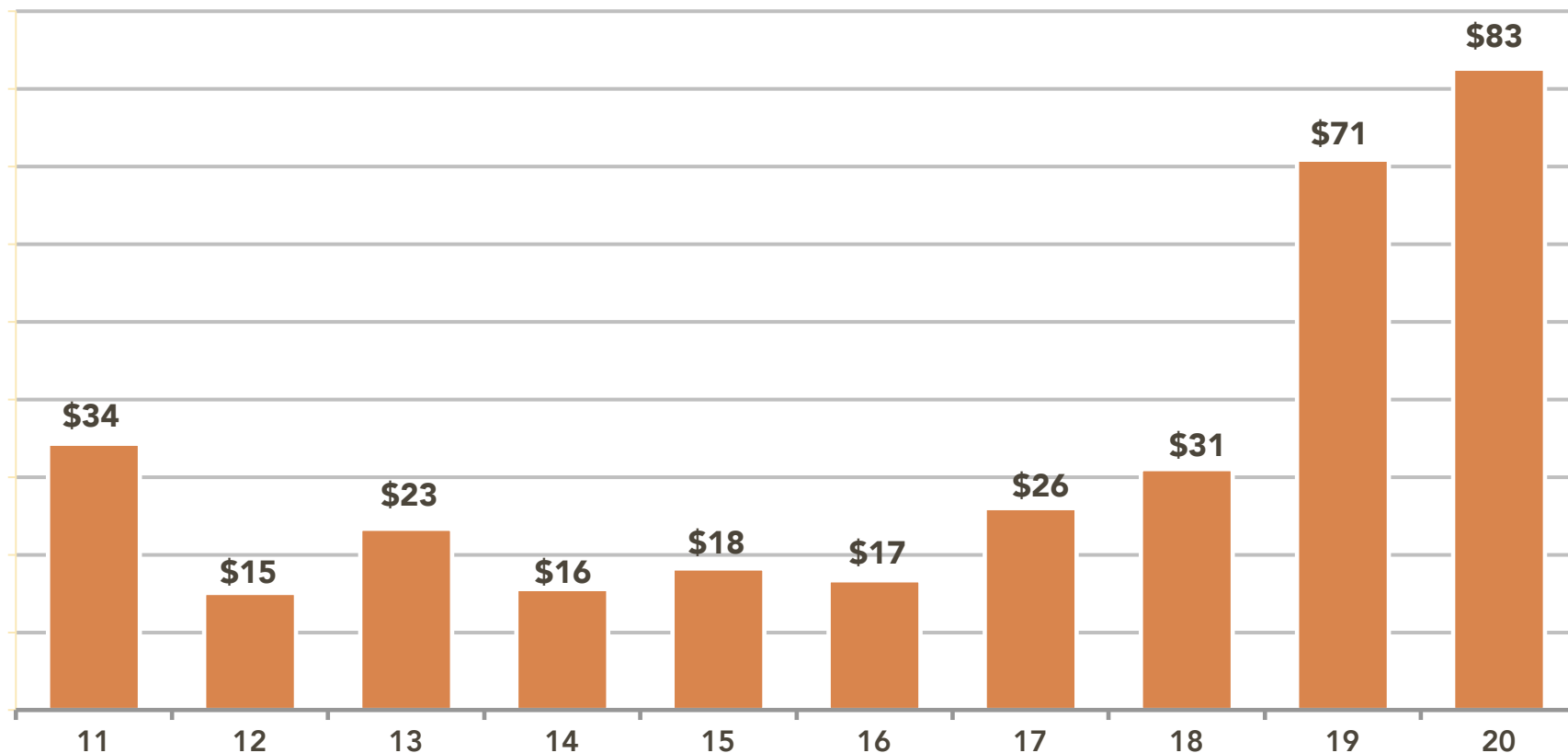
Calculation of Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) * (\$ in Millions)

	Fiscal Years Ended June 30,		
	<u>2018</u>	<u>2019</u>	<u>2020</u>
Income Before Income Taxes	\$174.203	\$195.542	\$179.077
Depreciation and Amortization	\$26.896	\$31.848	\$37.963
Change in Contingent Consideration	<u>\$2.052</u>	<u>(\$16.180)</u>	<u>\$0.257</u>
EBITDA *	\$203.151	\$211.210	\$217.297

* As presented above, the EBITDA value calculation reflects an adjustment to exclude the Change in Contingent Consideration impact (a non-cash item).

Capital Expenditure History

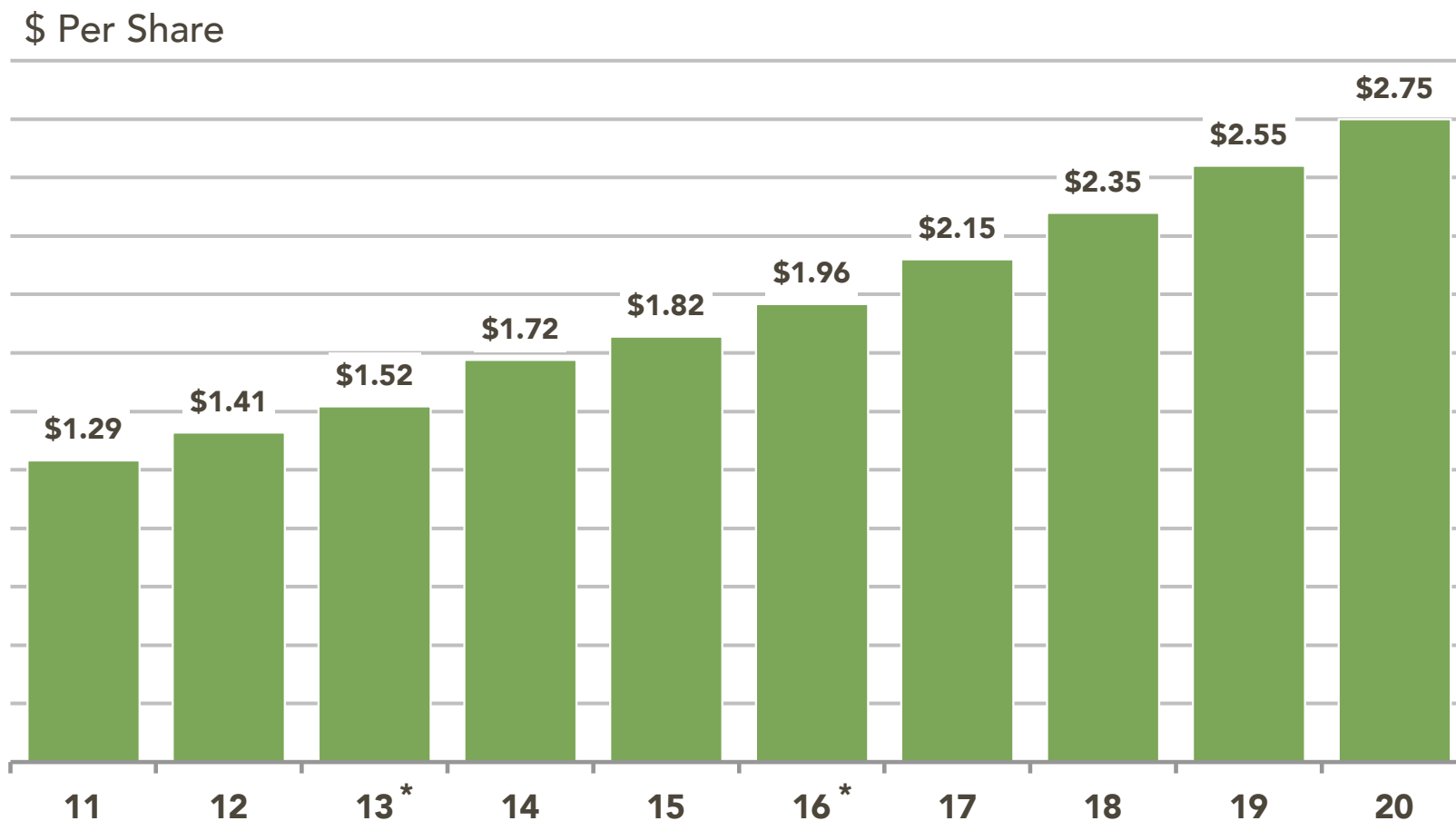
\$ in Millions



Fiscal years ended June 30.

Note: Capital Expenditure values noted above represent only those expenditures attributed to the company's Retail and Foodservice operations (Corporate expenditures and discontinued operations are excluded).

Regular Cash Dividends Per Share



Regular cash dividends for the fiscal years ended June 30.

* Excludes special cash dividends of \$5.00 per share paid in FY13 and \$5.00 per share paid in FY16.

Appendix B

Retail Brand Market Share and Related Information

Portfolio of Strong Brands (Sales and Market Share Data per IRI*)

Marzetti®

Ref. Dressing

\$ Sales: 64.6MM

\$ Share: 14.6%

Dips

\$ Sales: 122.6MM

\$ Share: 81.5%



(Excludes Simply Dressed®)

Marzetti® Simply Dressed®

\$ Sales: 39.2MM

\$ Share: 8.9%



Olive GardenSM

\$ Sales: 100.7MM

\$ Share: 5.1%



New York Brand® Bakery

\$ Sales: 233.4MM

\$ Share: 39.0%



Sister Schubert's®

\$ Sales: 129.3MM

\$ Share: 52.7%



Flatout®

\$ Sales: 38.2MM

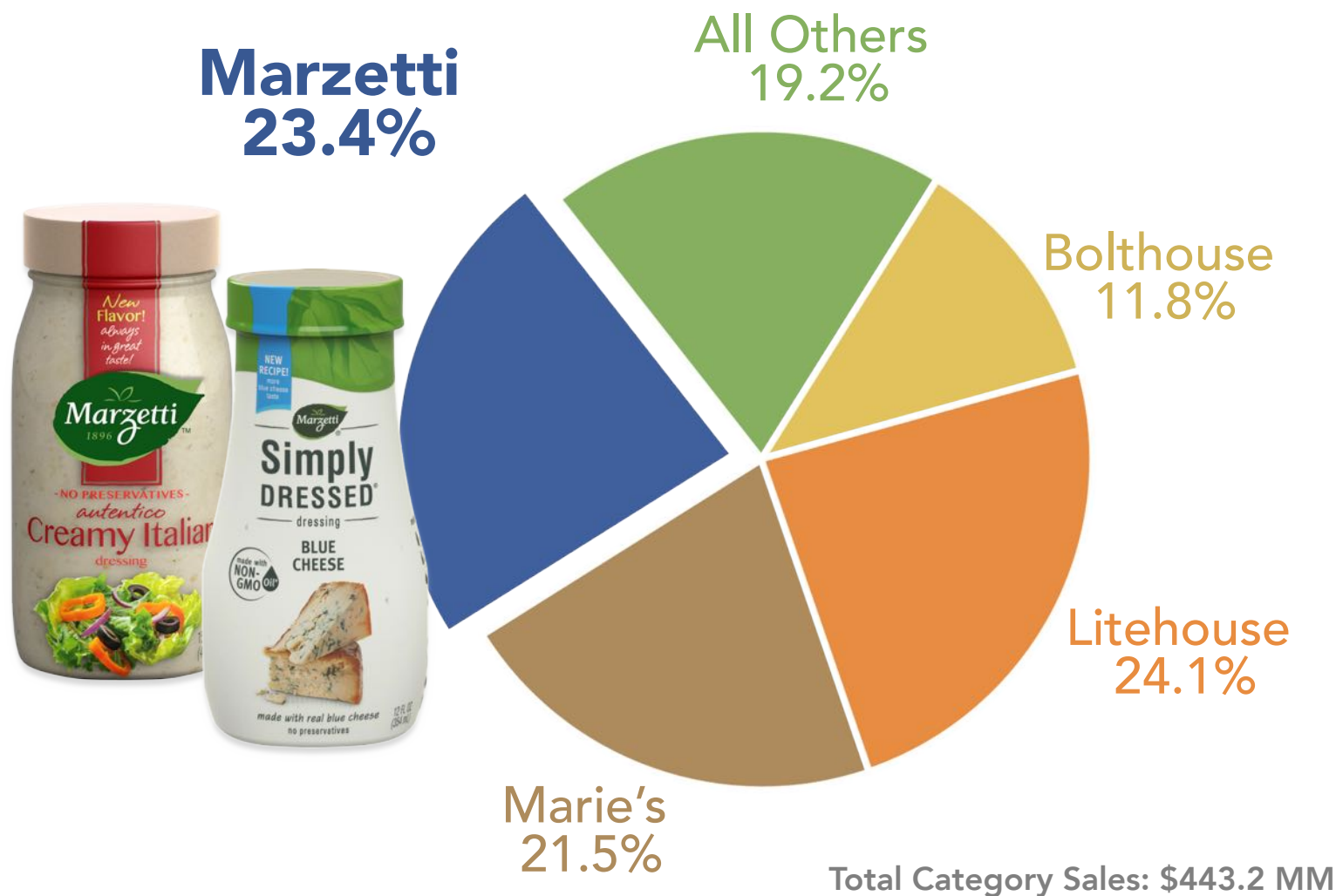
\$ Share: 12.6%



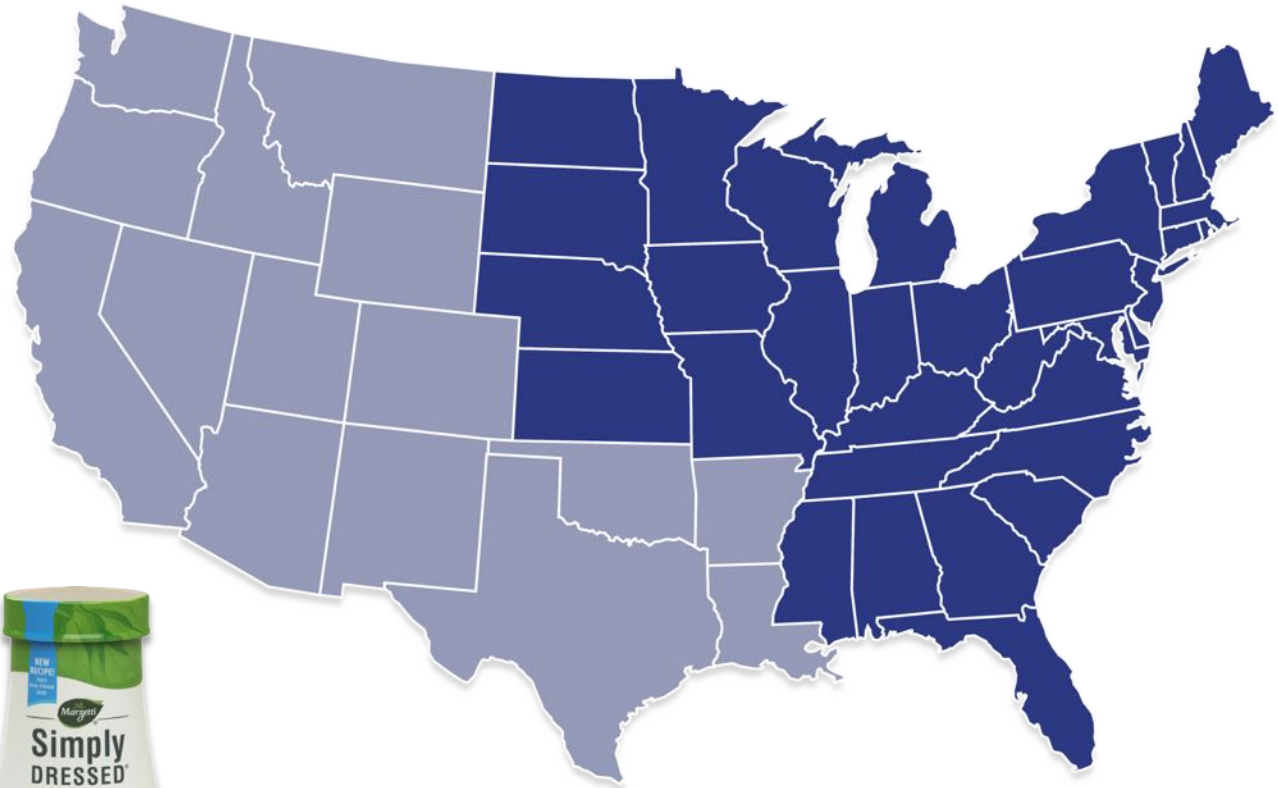
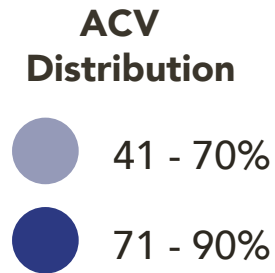
*Retailer sales and market share data for the 52 weeks ended 6/28/20. Source: IRI, Total U.S. Multi-Outlet

Note: Olive GardenSM dressings are produced and sold to retailers under a licensing agreement with Darden Restaurants.

Refrigerated Dressing Market Share



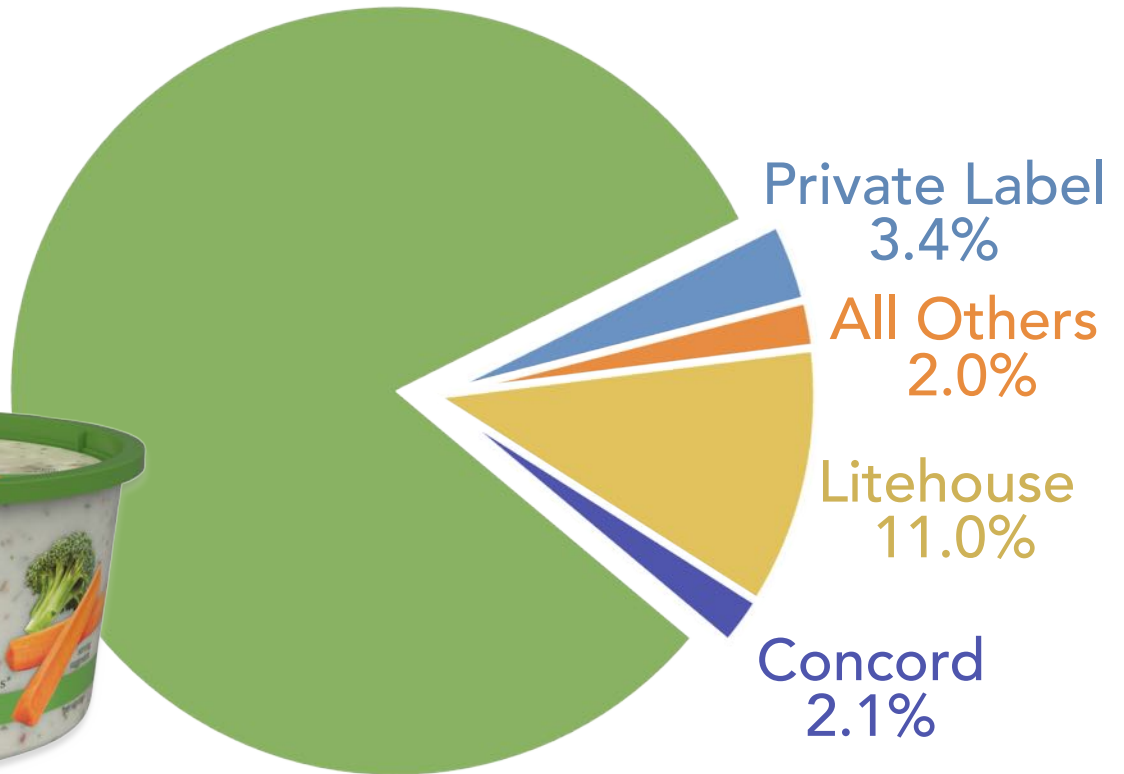
Marzetti Refrigerated Dressing Distribution



**Total U.S. Multi-Outlet
71.8% ACV Weighted Distribution**

Produce Dip Market Share

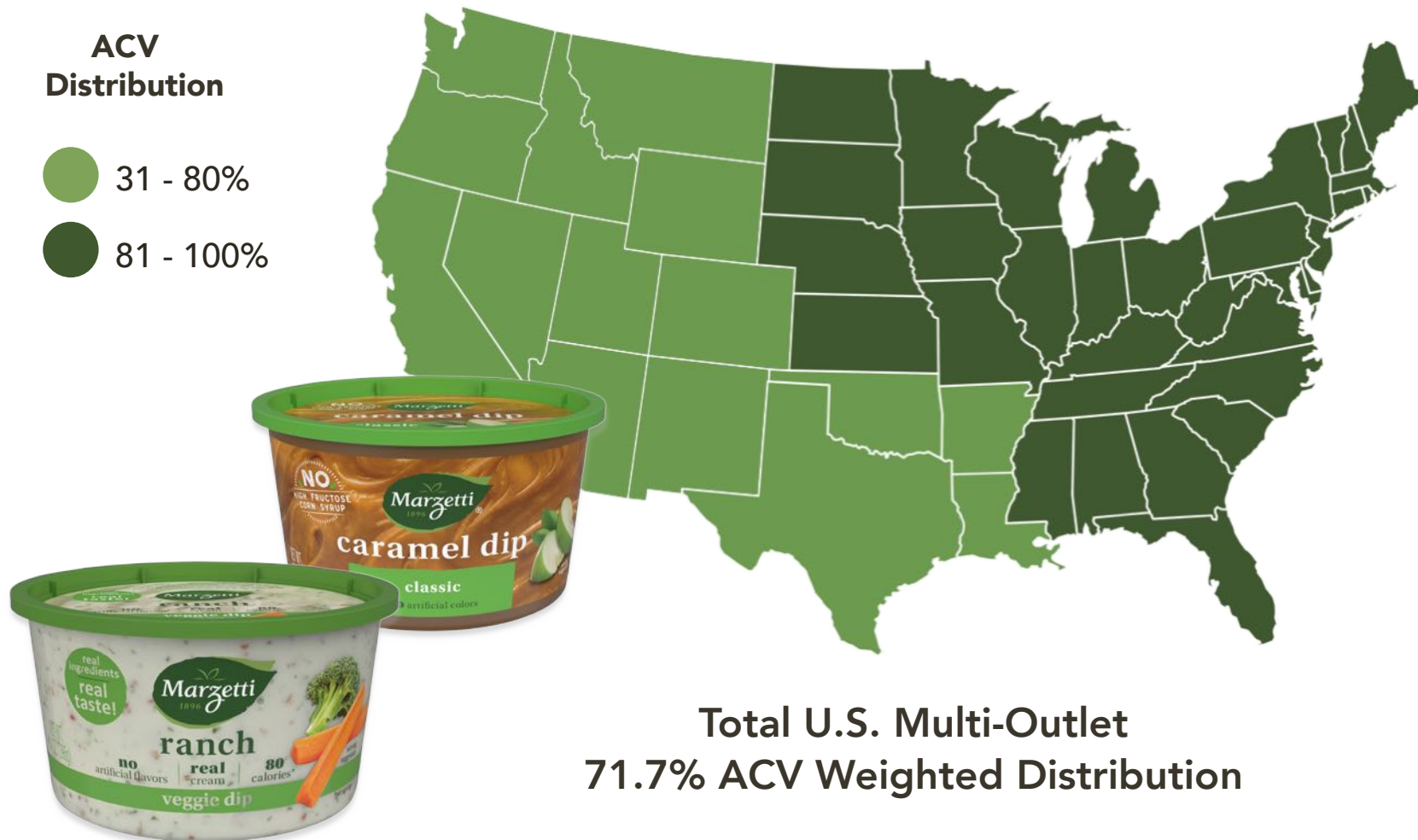
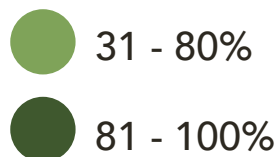
Marzetti
81.5%



Total Category Sales: \$150.4 MM

Marzetti Dip Distribution

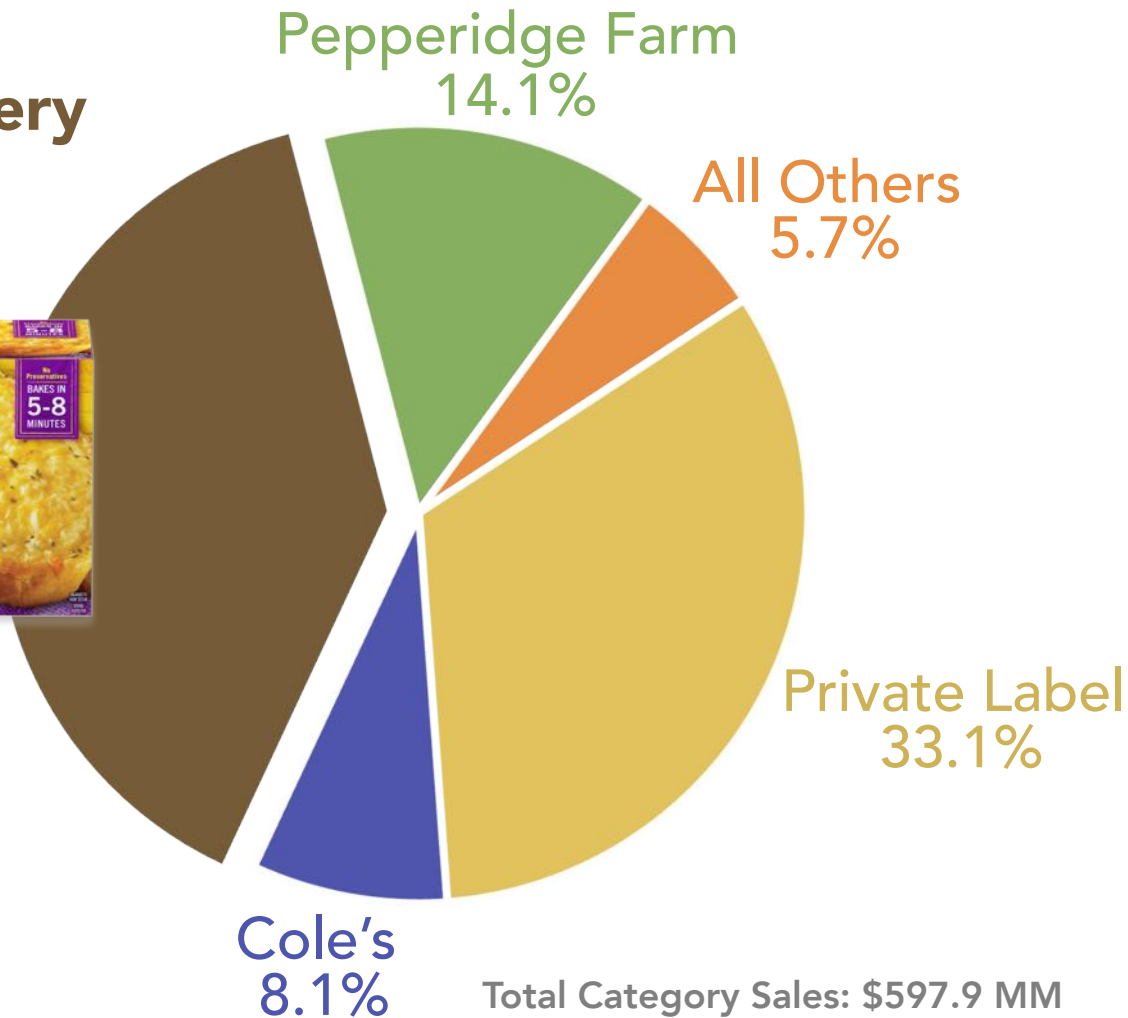
ACV Distribution



Total U.S. Multi-Outlet
71.7% ACV Weighted Distribution

Frozen Garlic Bread Market Share

New York Bakery
39.0%



New York Bakery Frozen Garlic Bread Distribution

ACV Distribution

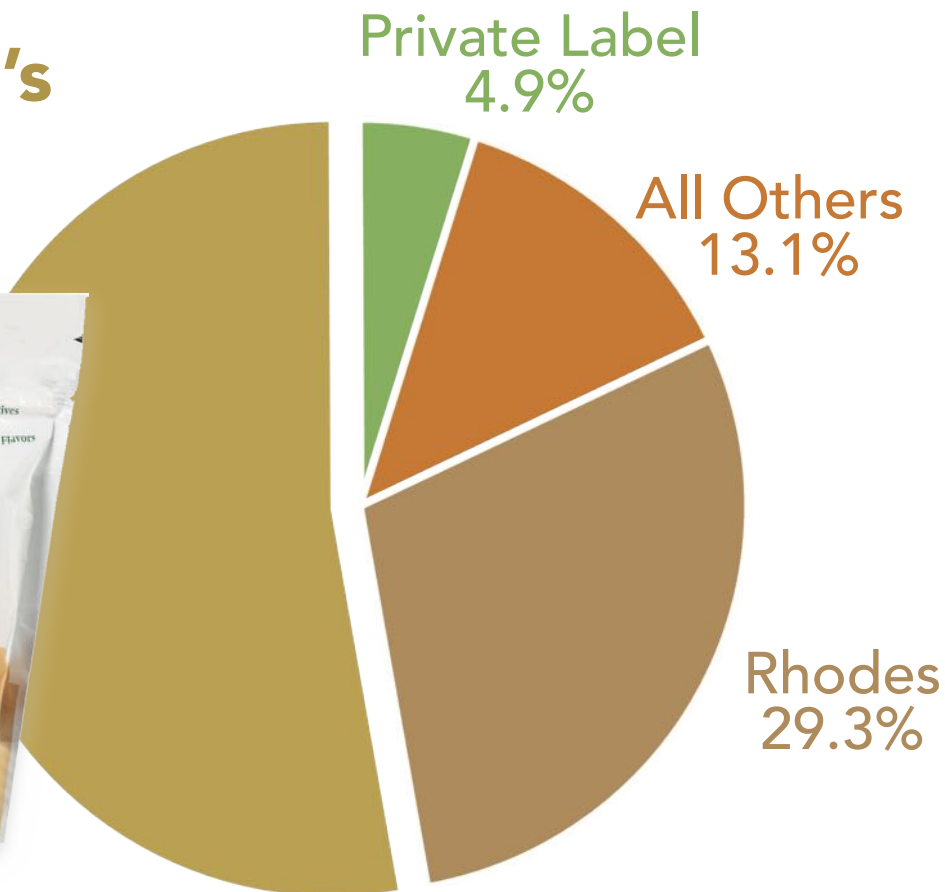
● 90 - 100%



Total U.S. Multi-Outlet
93.8% ACV Weighted Distribution

Frozen Roll Market Share

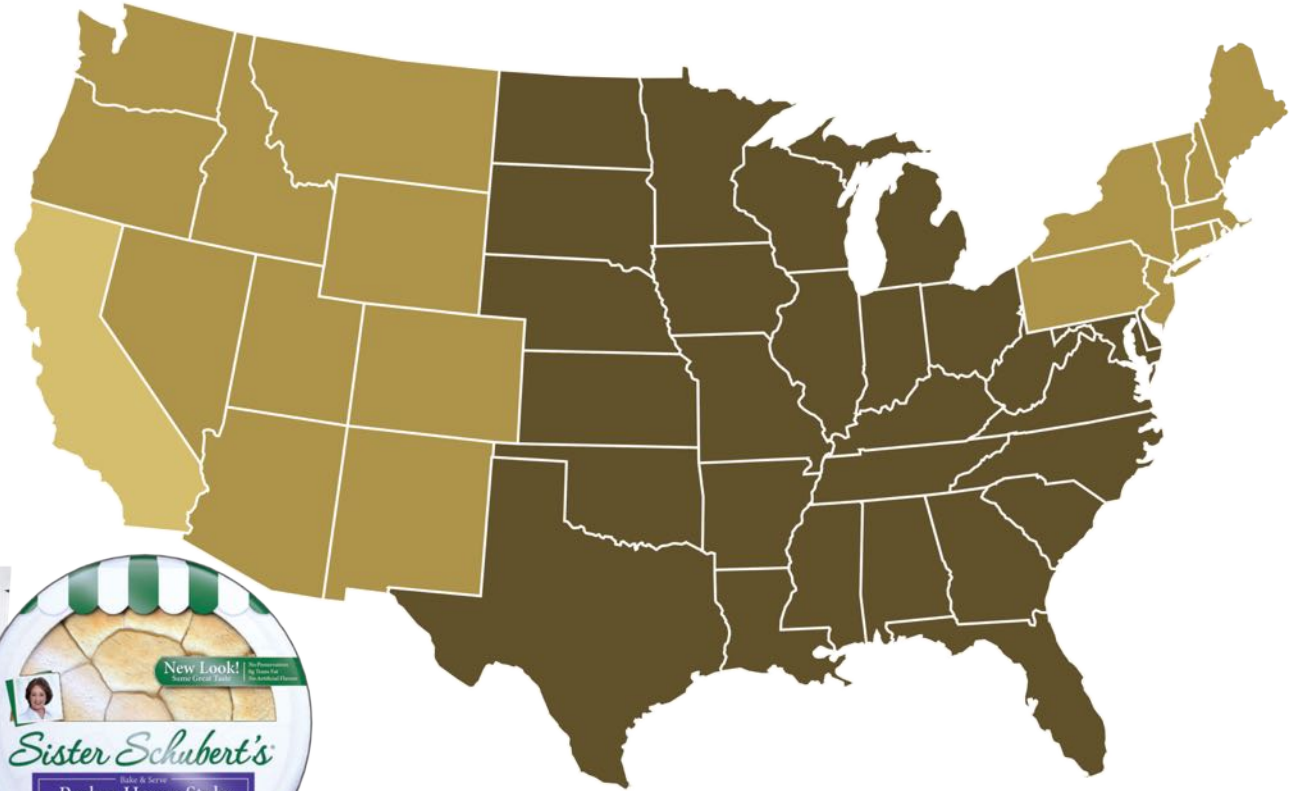
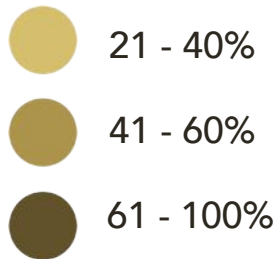
Sister Schubert's
52.7%



Total Category Sales: \$245.4 MM

Sister Schubert's Distribution

ACV Distribution



**Total U.S. Multi-Outlet
77.3% ACV Weighted Distribution**

Crouton Market Share

**Marzetti, Cardini's,
New York Bakery,
Chatham Village
35.2%**



**Mrs. Cubbison's /
Fresh Gourmet
19.4%**

**All Others
6.3%**

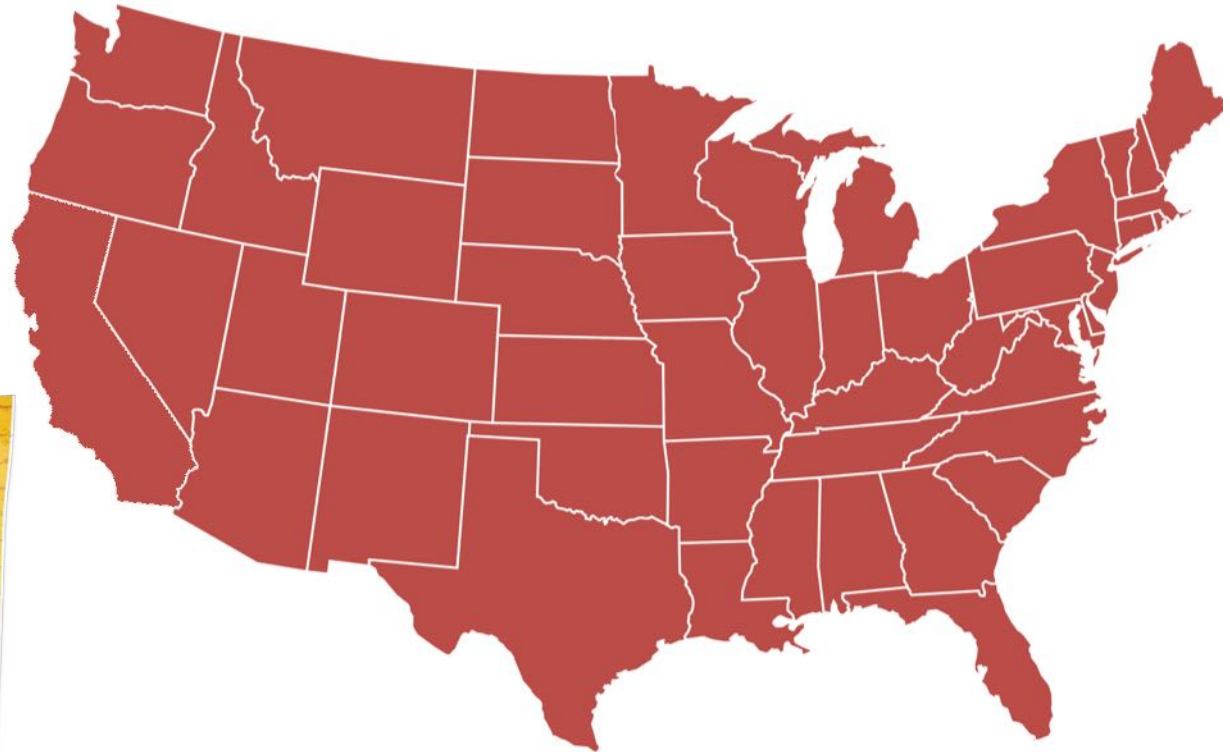
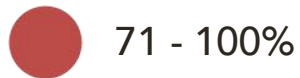
**Private Label
33.8%**

**Rothbury Farms
5.3%**

Total Category Sales: \$232.0 MM

New York Bakery Crouton Distribution

ACV Distribution



Total U.S. Multi-Outlet
84.4% ACV Weighted Distribution