

# Lancaster Colony Corporation



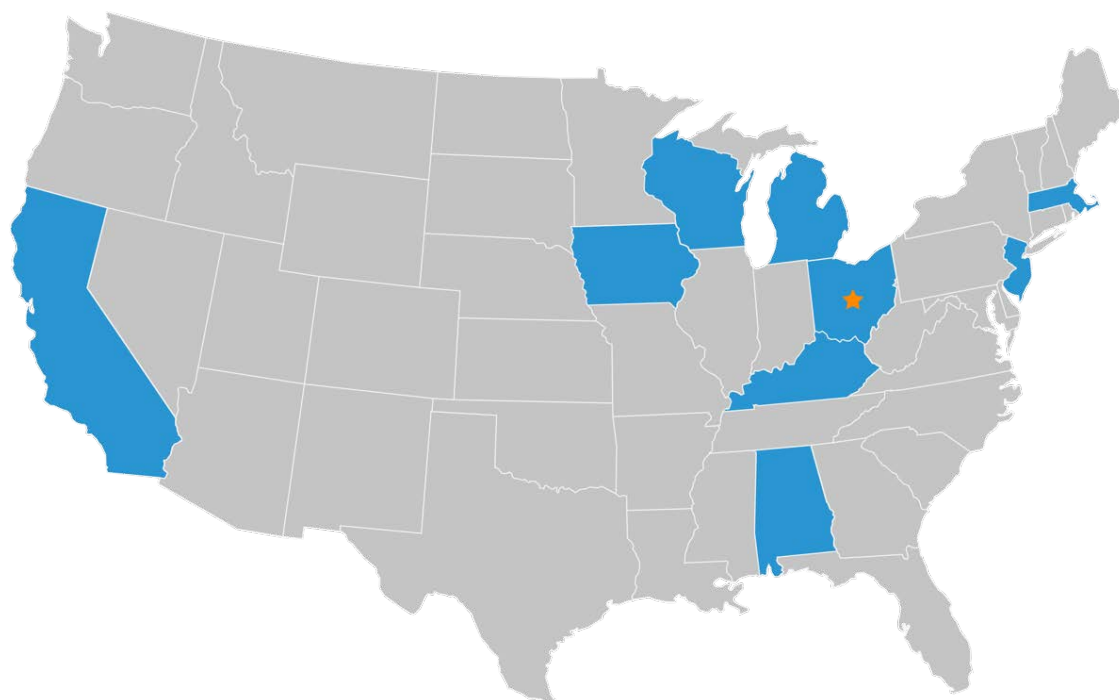
March 22, 2022

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This presentation was prepared by Lancaster Colony Corporation for information purposes only and is not an offer or solicitation with respect to the purchase or sale of Company securities. We desire to take advantage of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995 (the “PSLRA”). Any statements concerning the Company’s future performance included in this presentation or made orally to the recipients of this presentation are “forward-looking statements” within the meaning of the PSLRA and other applicable securities laws. Such statements can be identified by the use of the forward-looking words “anticipate,” “estimate,” “project,” “believe,” “intend,” “plan,” “expect,” “hope” or similar words. These statements discuss future expectations; contain projections regarding future developments, operations or financial conditions; or state other forward-looking information. Such statements are based upon assumptions and assessments made by us in light of our experience and perception of historical trends, current conditions, expected future developments and other factors we believe to be appropriate. These forward-looking statements involve various important risks, uncertainties and other factors that could cause our actual results to differ materially from those expressed in the forward-looking statements. Actual results may differ as a result of factors over which we have no, or limited, control. Management believes these forward-looking statements to be reasonable; however, you should not place undue reliance on such statements that are based on current expectations. For example, fluctuations in the market price of material or freight costs or general economic conditions for domestic consumers, over which we have no control, may significantly influence our financial results. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update such forward-looking statements. More detailed statements regarding significant events that could affect our financial results are included in our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q as filed with the Securities and Exchange Commission and available at [www.lancastercolony.com](http://www.lancastercolony.com).

# About Lancaster Colony Corporation

P3



- Manufacturer and Marketer of Specialty Food Products
- Established in 1961
- Headquartered in Westerville, Ohio
- FY21 Net Sales of \$1.5 Billion (primarily U.S.)
- 15 Production Facilities in Nine States
- Approximately 3,200 Employees



- Leading Market Share Positions in Retail Food Categories
- Supplier to 18 of the Top 30 National Restaurant Chains
- Growing and Consumer-Relevant Retail Licensing Program
- Long History of Sustained Organic Sales Growth
- Strong Cash Flows
- One of 13 U.S. Companies to have Increased Regular Cash Dividend for 59 Consecutive Years



# In 2016, We Defined Our "Better Food Company" Strategy

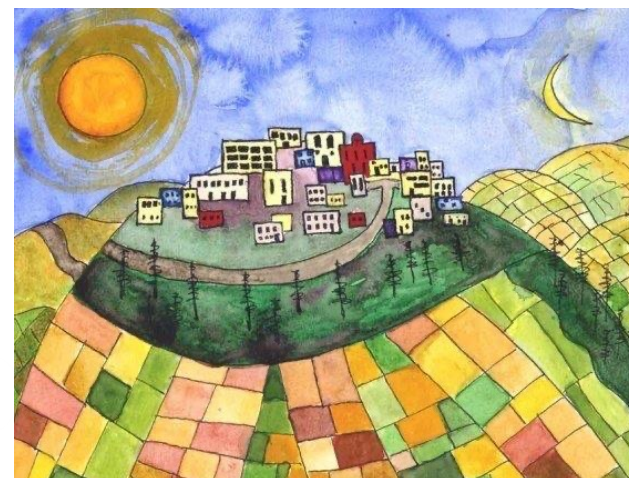
P5

## 1. Defined Winning - Pursue Top Quartile Financial Performance

- Grow Organic Sales Volumes Low- to Mid-Single Digit (pounds shipped basis)
- Grow Operating Margins

## 2. Developed Strategy

- Strategic Growth Initiatives
  - Accelerate Base Business Growth
  - Simplify Supply Chain
  - Expand Core with Retail Licensing Program and Focused M&A

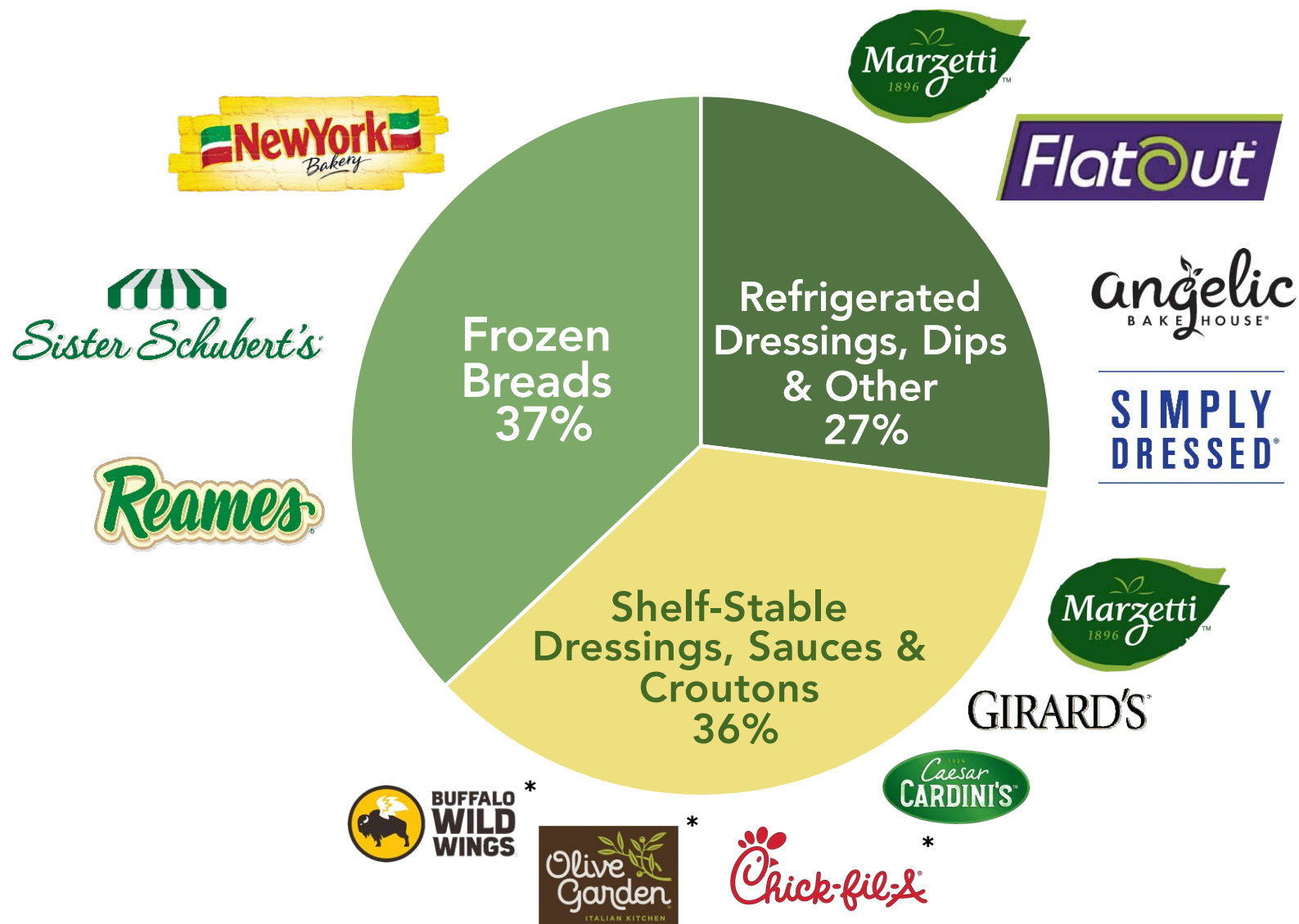


## 3. Strengthened Organization

- 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 (57% of Total Net Sales)

P6



Based on approximated net sales for the 12 months ending June 30, 2021. Calculation of Retail Sales at 57% of Total Net Sales excludes Foodservice sales attributed to a temporary supply agreement resulting from the November 2018 acquisition of Omni Baking that was terminated effective October 31, 2020.

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

## Foodservice Sales Mix (43% of Total Net Sales)

P7



Based on approximated net sales for the 12 months ending June 30, 2021. Excludes Foodservice sales attributed to a temporary supply agreement resulting from the November 2018 acquisition of Omni Baking that was terminated effective October 31, 2020.

# Retail Segment Growth Initiatives

P8

Initiative	Brand/(Retailer)	Products	Initial Ship Date
Innovation/Renovation		  	Fall 2021
		 	3-Cheese Bread Sticks July 2019 Jalapeno & Cheddar Bread Sticks September 2021
		     	Simply Plant Based Salad Dressings and Dips Spring 2022 Regional Launch
Licensing	 *		April 2021 (National Distribution) April 2022 (Pilot Test for BBQ Flavor)
	 *	       	March 2020 (New Nashville Hot Flavor Introduced March 2022)
Channel Expansion	     	 *    *	Expanding Assortment in Club and Securing New Distribution in Dollar and Value (all Ongoing)

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



## Chick-fil-A Retail Channel Distribution Overview

Wave One

Florida Pilot Test  
March 2020 Start

Wave Two

Initial Shipments  
Late Oct 2020

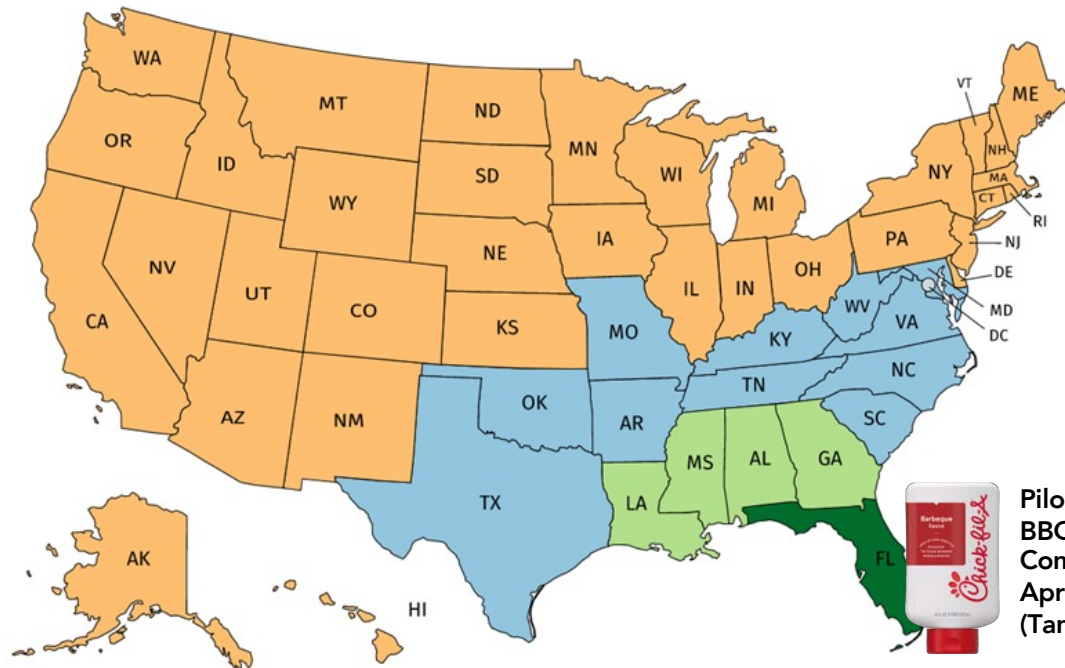
Wave Three

Initial Shipments  
Feb 2021

Wave Four

Initial Shipments  
Late April 2021

Sales at Retail Totaled \$121.3 MM for the 52 weeks ending 12/26/21  
(Source: IRI, Total U.S. Multi-Outlet)



Pilot Test For  
BBQ Flavor  
Commences  
April 2022  
(Tampa/Orlando)

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

Total U.S. Multi-Outlet ACV Weighted Distribution (excluding convenience stores) was 86.0% for the 13 weeks ended 12/26/21 per IRI.

# Strategic Growth Initiatives

P10

## Simplify Supply Chain Lean Six Sigma Program

- 14 waves of Green Belts trained
- > 100 Green Belt graduates to date
- Monthly calls with Directors to review progress and share best practices
- Training program has achieved cost savings of >\$4MM annually



## Six Sigma for Scientists

- New training and statistical tools for the RDQ team
- Regression analysis, hypothesis testing, graphical analysis tools, etc.
- Using production data to refine and optimize product specifications



## Simplify Supply Chain

### Strategic Procurement

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



## Simplify Supply Chain

### Transportation and Warehousing Initiatives

- Transportation Management System
- Expanded Base of Dedicated Carriers
- Lane and Truckload Optimization
- Mixing Centers
- Added New Columbus-Based Warehouse Location and Pursuing Other Initiatives to Reduce Material Handling Costs, Decrease Third-Party Warehouse Needs and Improve Inventory Management

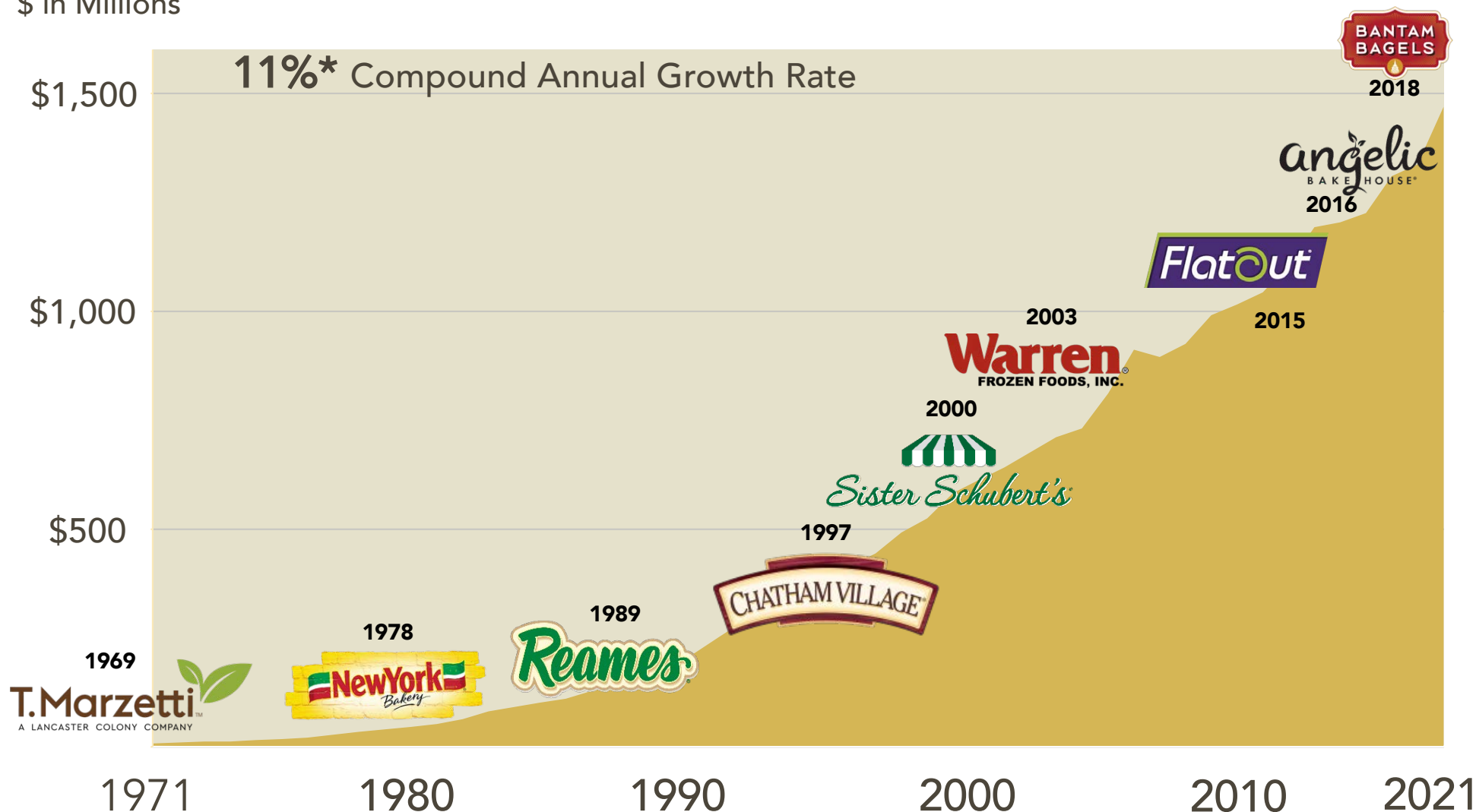




# Successful Track Record of Growth through Acquisitions

P13

\$ 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 2021.

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



- ERP Initiative

## Aligned Compensation Incentives with Sales Growth, Operating Income Growth and Shareholder Returns

### Investing in Plants to Drive Efficiency and Support Growth

#### Significant Capacity Expansion Project for Dressings and Sauces



\*



\*



\*

- Adds 192,000 square feet to existing facility in Horse Cave, 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 ~\$100 Million to be spent in Fiscal 2022
- Target completion date in First Half of Fiscal 2023

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

## Building a Solid Foundation for ESG Disclosure and Performance

Materiality assessment, disclosure frameworks, ESG ratings & disclosure best practices



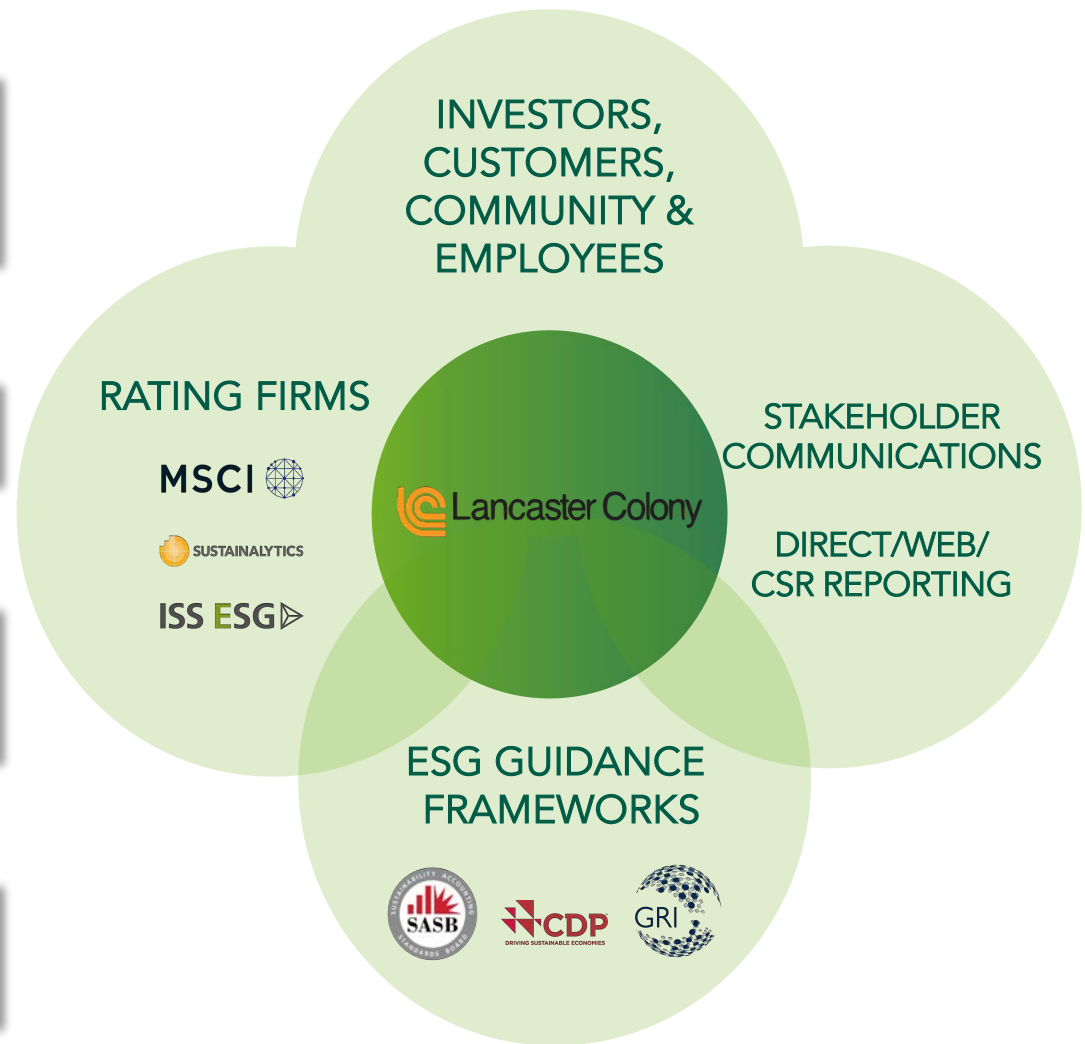
Executing repeatable disclosure strategy



Working to align Corporate efforts to the ESG Ecosystem



Benchmark peer performance, ratings, and survey feedback to prioritize future efforts





## Published First Corporate Sustainability Report in Jan. 2022 –

ESG Rating Scores Improved to Top Quartile in Packaged Foods Industry (per Sustainalytics)



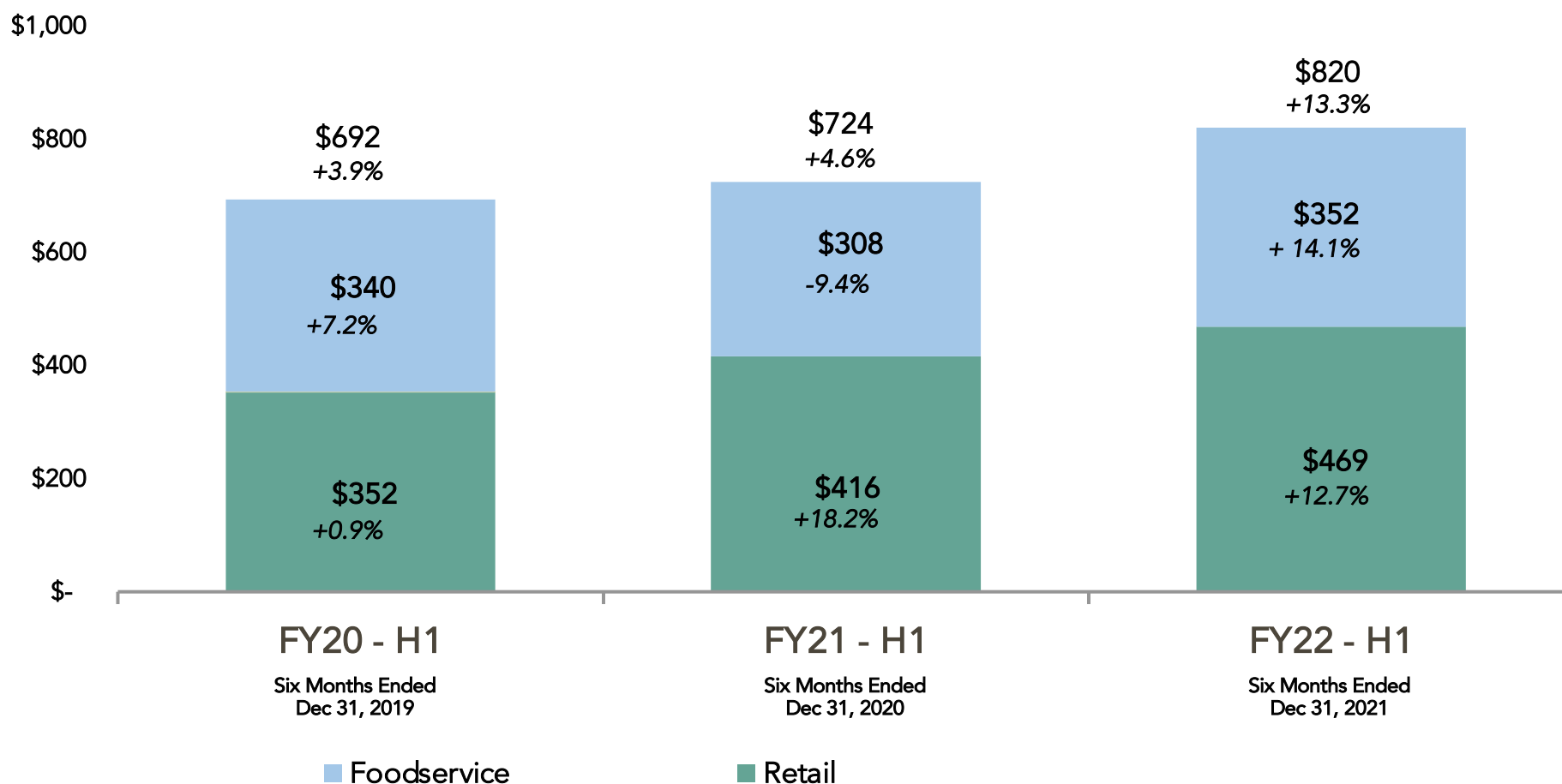
# Strong Growth in Retail Foodservice Demand Impacted by COVID-19

P18

## Net Sales Results

Fiscal First Half – Six Month Periods Ended December 31

\$ in Millions



Note: Totals and year-over-year percentage changes presented above are based on unrounded dollar values.  
Totals may not foot and percentage values may not recalculate based on the rounded dollar values shown above.

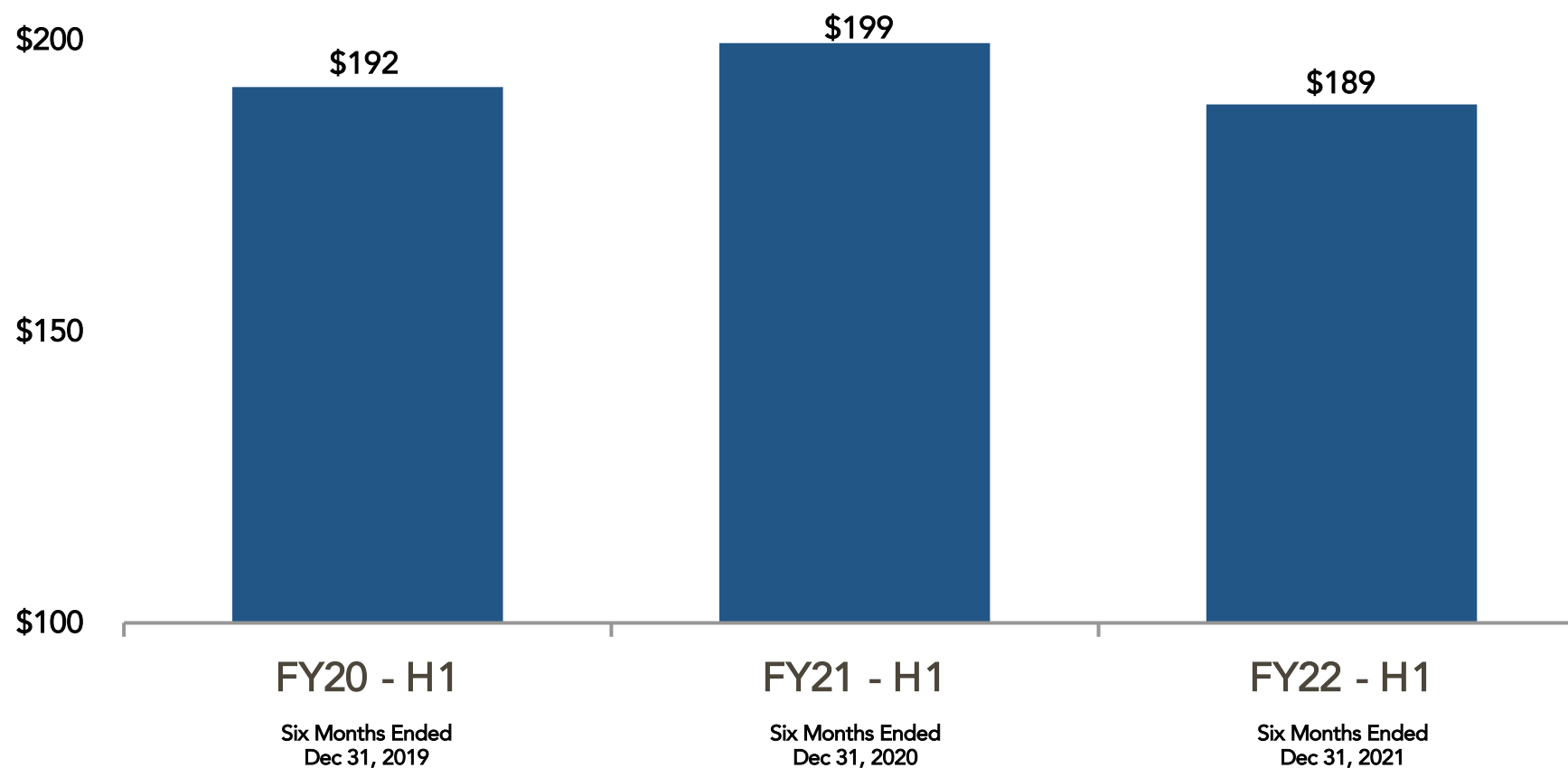
# FY22 First Half Gross Profit Impacted by Inflationary Costs, Supply Chain Disruptions and Other COVID-19 Factors

P19

## Gross Profit Results

Fiscal First Half – Six Month Periods Ended December 31

\$ in Millions



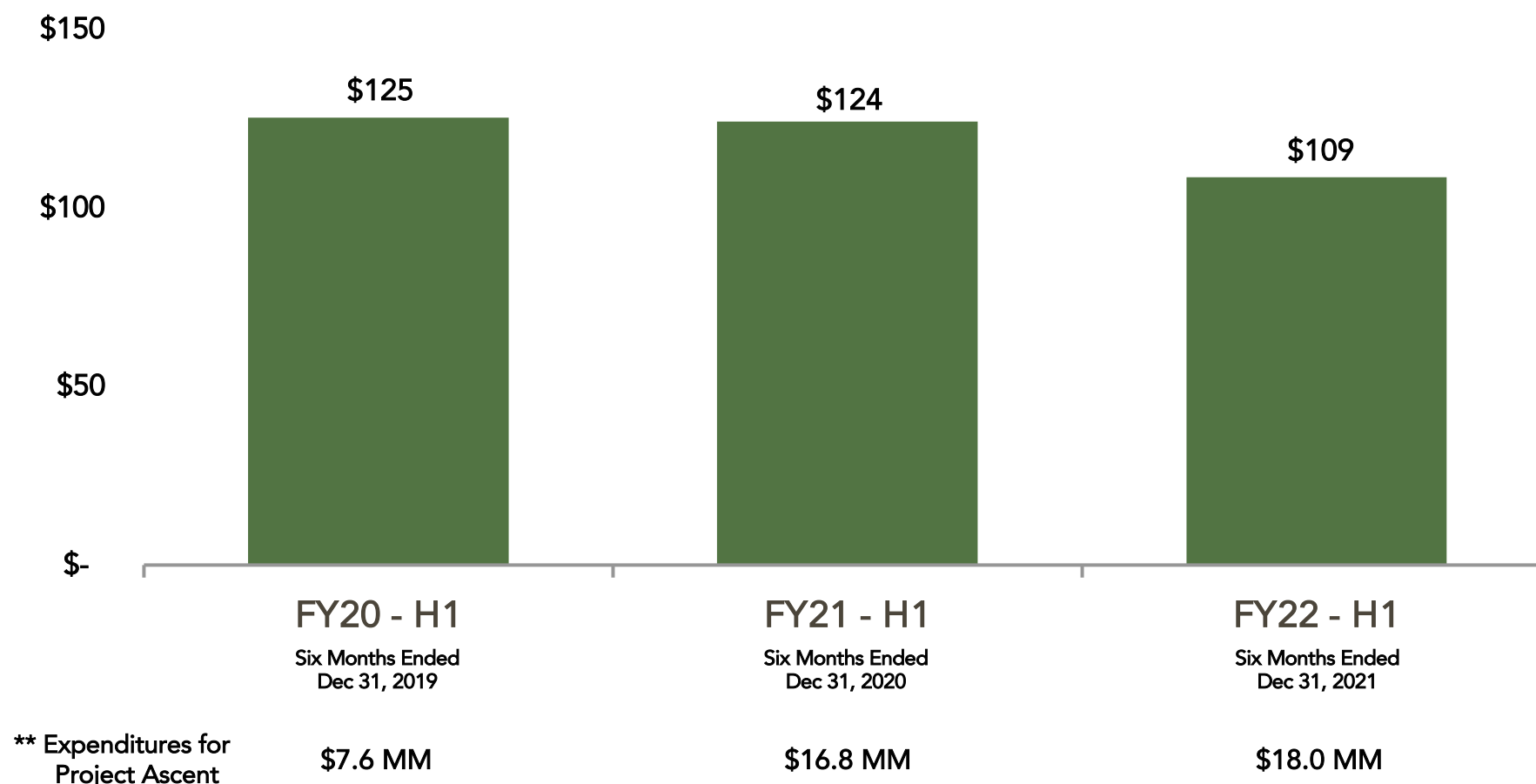
# FY22 First Half EBITDA Impacted by Inflationary Costs, Supply Chain Disruptions and Other COVID-19 Factors

P20

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

Fiscal First Half – Six Month Periods Ended December 31

\$ in Millions



• Calculation of EBITDA values exclude non-cash change in contingent consideration and also exclude restructuring and impairment charges. Please refer to Appendix A for detailed calculation.

\*\* EBITDA totals include the impact of expenditures for Project Ascent, our ERP initiative, as noted.



## Strong Balance Sheet

P21

**\$ in Millions**

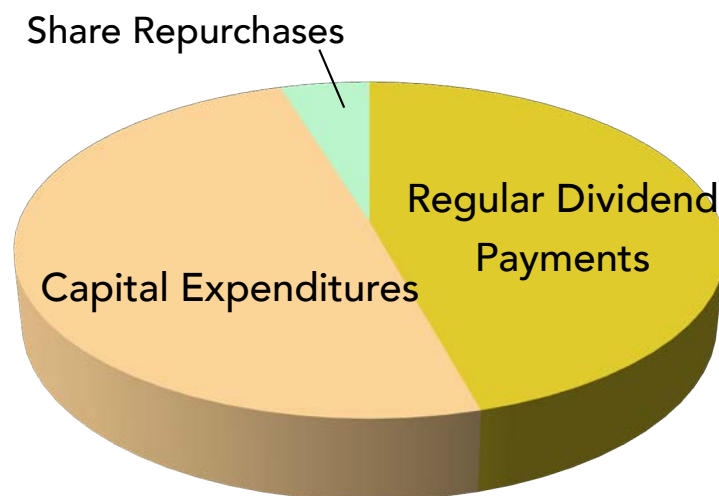
	June 30			Dec 31
	2019	2020	2021	2021
<b>Cash and Equivalents</b>	\$196	\$198	\$188	<b>\$114</b>
<b>Total Debt</b>	\$0	\$0	\$0	<b>\$0</b>

- Debt Free
- Credit Revolver of \$150 Million, Expandable up to \$225 Million
- Investments in Capacity Expansion Projects and ERP System to Support Continued Growth

## FY21 – Major Cash Uses

### Cash Priorities

- Invest in Existing Business
  - FY22 capital expenditures estimated at \$170 to \$190 Million (including ~\$100 Million for significant capacity expansion project)
- Good-Fitting Acquisitions
- Regular Dividends
  - Quarterly cash dividend paid on December 31, 2021 was increased 7% to \$0.80 per common share, marking 59 consecutive years of regular cash dividend increases
- Opportunistic Share Repurchases



# **Appendix A**

## Financial Information

# Results of Consolidated Operations – Most Recent Periods

A1

## RESULTS OF CONSOLIDATED OPERATIONS

(Dollars in thousands,  
except per share data)

	Three Months Ended December 31,				Six Months Ended December 31,			
	2021	2020	Change		2021	2020	Change	
Net Sales	\$ 428,427	\$ 375,015	\$ 53,412	14 %	\$ 820,483	\$ 724,252	\$ 96,231	13 %
Cost of Sales	331,825	268,170	63,655	24 %	631,514	524,753	106,761	20 %
Gross Profit	96,602	106,845	(10,243)	(10)%	188,969	199,499	(10,530)	(5)%
Gross Margin	22.5 %	28.5 %			23.0 %	27.5 %		
Selling, General and Administrative Expenses	51,538	48,247	3,291	7 %	103,394	96,445	6,949	7 %
Change in Contingent Consideration	(2,170)	—	(2,170)	N/M	(2,170)	(5,687)	3,517	(62)%
Restructuring and Impairment Charges	1,928	—	1,928	N/M	1,928	1,195	733	61 %
Operating Income	45,306	58,598	(13,292)	(23)%	85,817	107,546	(21,729)	(20)%
Operating Margin	10.6 %	15.6 %			10.5 %	14.8 %		
Other, Net	111	(27)	138	511 %	131	(23)	154	670 %
Income Before Income Taxes	45,417	58,571	(13,154)	(22)%	85,948	107,523	(21,575)	(20)%
Taxes Based on Income	11,047	13,941	(2,894)	(21)%	20,923	25,814	(4,891)	(19)%
Effective Tax Rate	24.3 %	23.8 %			24.3 %	24.0 %		
Net Income	\$ 34,370	\$ 44,630	\$ (10,260)	(23)%	\$ 65,025	\$ 81,709	\$ (16,684)	(20)%
Diluted Net Income Per Common Share	\$ 1.25	\$ 1.62	\$ (0.37)	(23)%	\$ 2.36	\$ 2.96	\$ (0.60)	(20)%

## EBITDA Calculation Details

A2

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

	Six Months Ended December 31,		
	<u>2019</u>	<u>2020</u>	<u>2021</u>
Income Before Income Taxes **	\$106	\$107	\$86
Depreciation and Amortization	\$18	\$21	\$23
Change in Contingent Consideration	\$0	(\$6)	(\$2)
Restructuring and Impairment Charges	<u>\$1</u>	<u>\$1</u>	<u>\$2</u>
<b>EBITDA *</b>	\$125	\$124	\$109

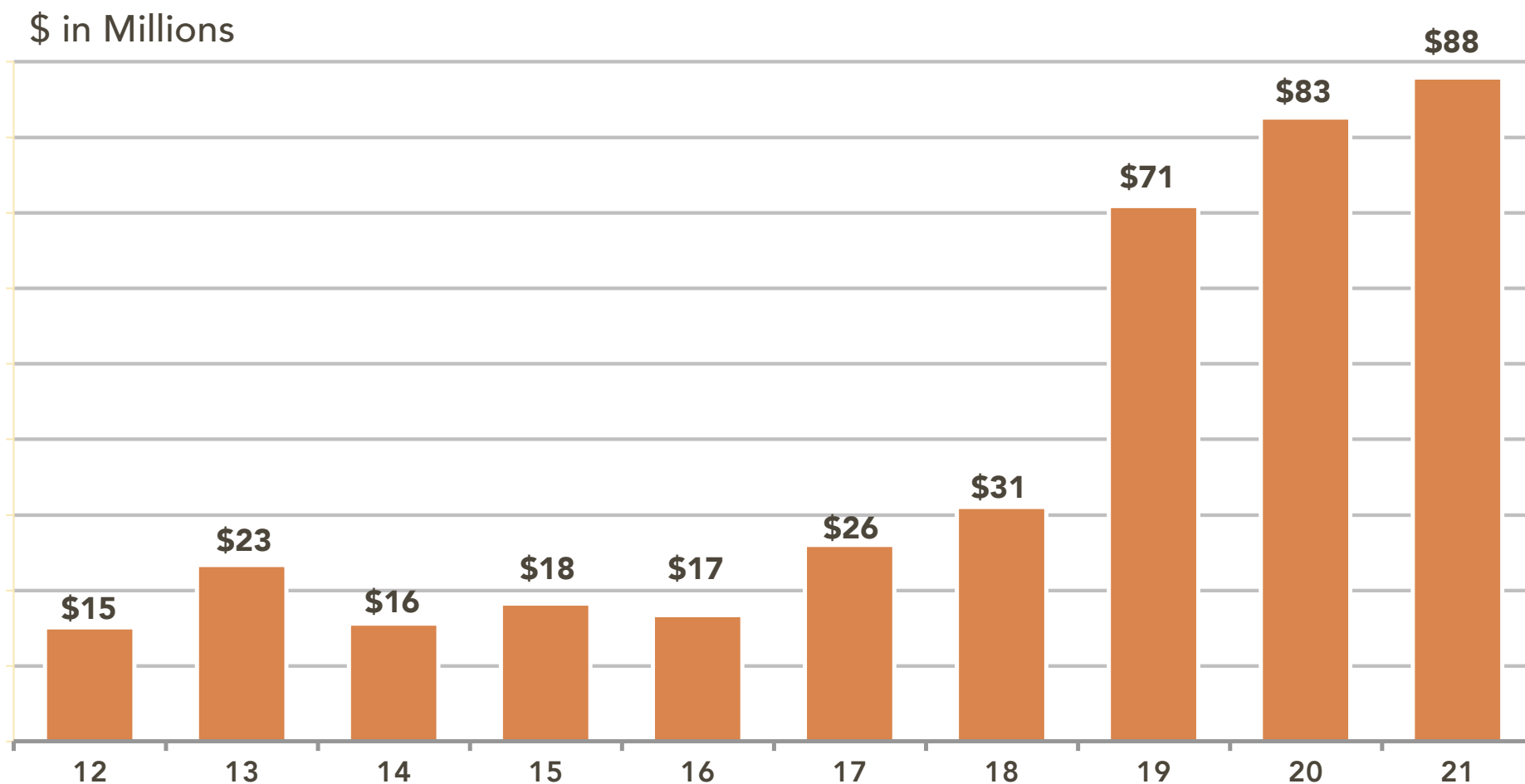
\* As presented above, the EBITDA value calculation reflects adjustments to exclude Change in Contingent Consideration (a non-cash item) and Restructuring and Impairment Charges.

\*\* Excludes interest income

Note: EBITDA value may not foot to sum of line items listed due to rounding.

# Capital Expenditure History

A3



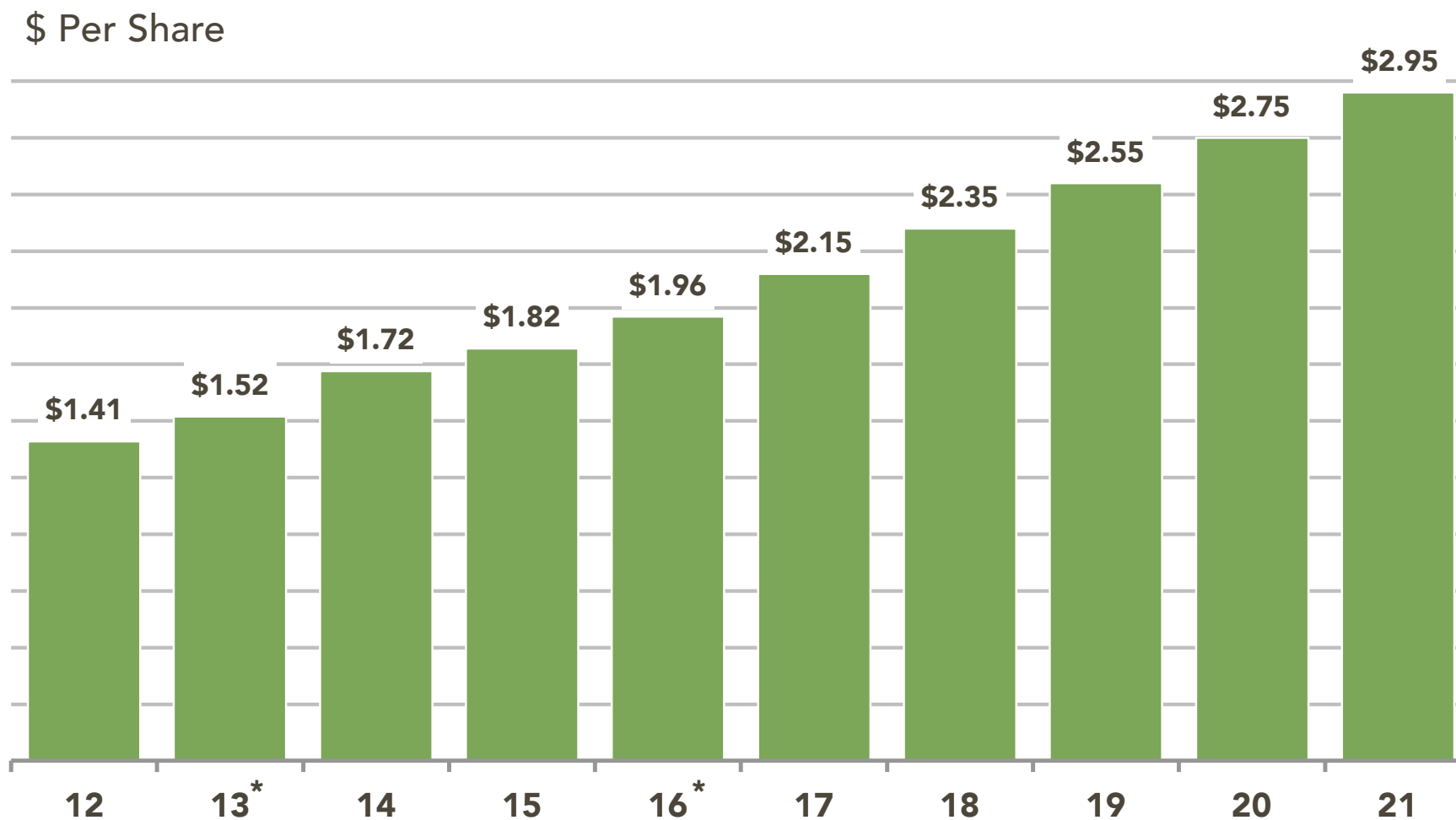
Fiscal years ended June 30.

Note: Capital Expenditure values noted above represent only those expenditures attributed to the company's Retail and Foodservice operations.



## Regular Cash Dividends Per Share

A4



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 and Licensing Relationships

(Sales and Market Share Data per IRI\*)

B1

## Marzetti®

### Ref. Dressing

\$ Sales: 69.9MM

\$ Share: 14.1%

### Dips

\$ Sales: 132.9MM

\$ Share: 82.0%



(Excludes Simply Dressed and Simply 60)

## Marzetti® Simply Dressed®

\$ Sales: 41.7MM

\$ Share: 8.4%



## Olive Garden SM ^

\$ Sales: 133.6MM

\$ Share: 6.4%



## New York Brand® Bakery

\$ Sales: 260.4MM

\$ Share: 41.2%



## Sister Schubert's®

\$ Sales: 137.4MM

\$ Share: 51.6%



## Chick-fil-A® ^

\$ Sales: 62.7MM

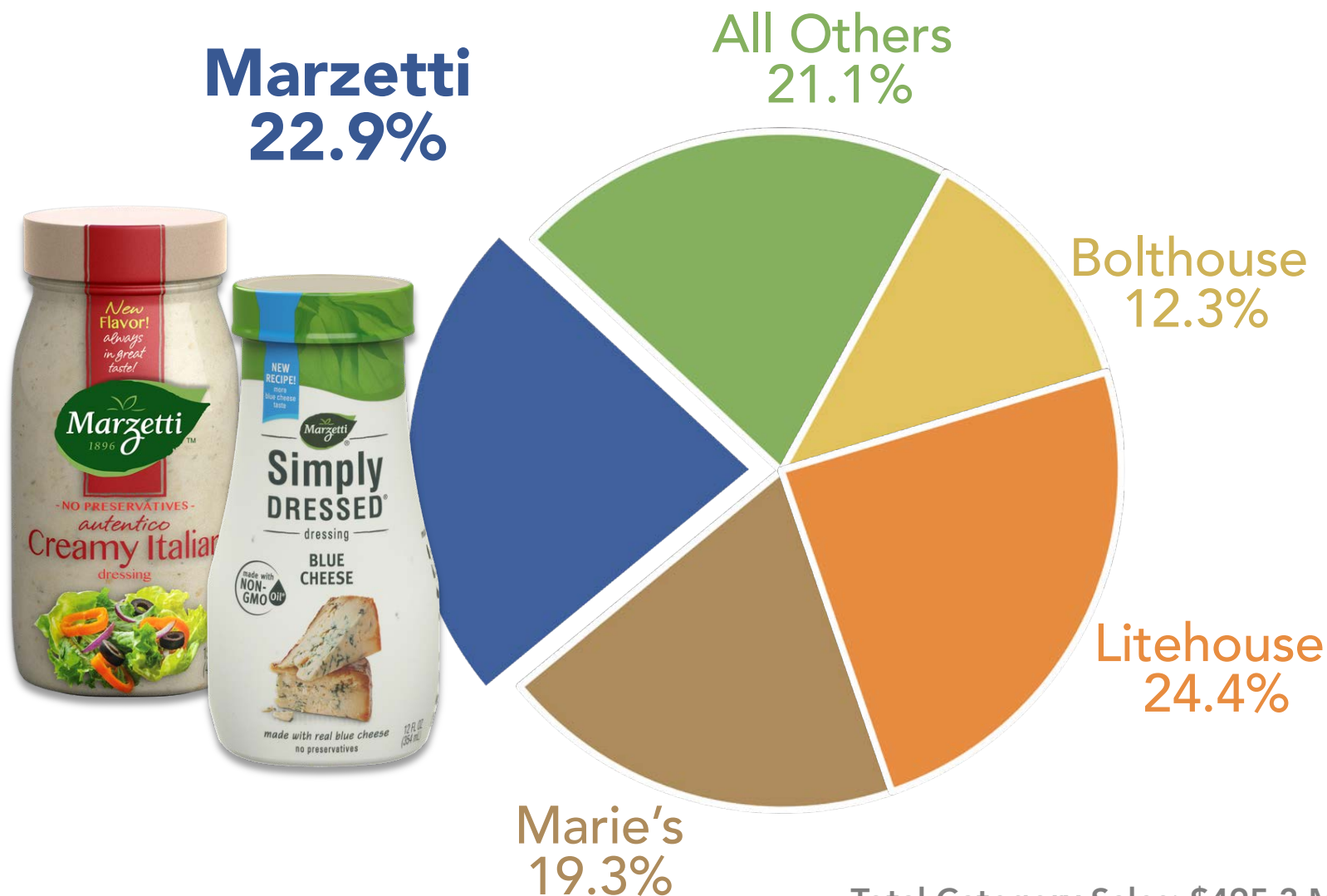


\*Retailer sales and market share data for the 52 weeks ended 6/27/21. Source: IRI, Total U.S. Multi-Outlet

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

# Refrigerated Dressing Market Share

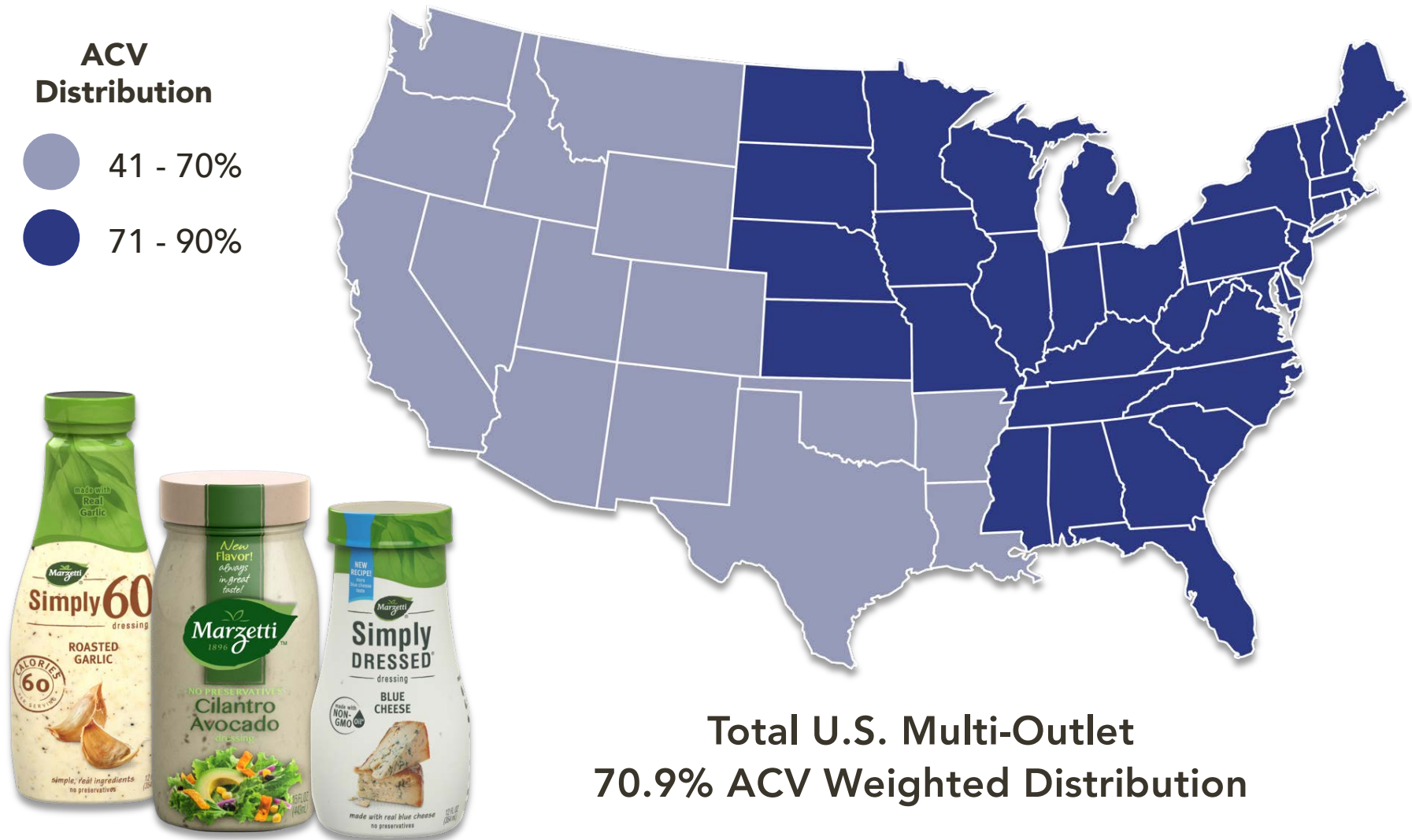
B2



Total Category Sales: \$495.2 MM

# Marzetti Refrigerated Dressing Distribution

B3

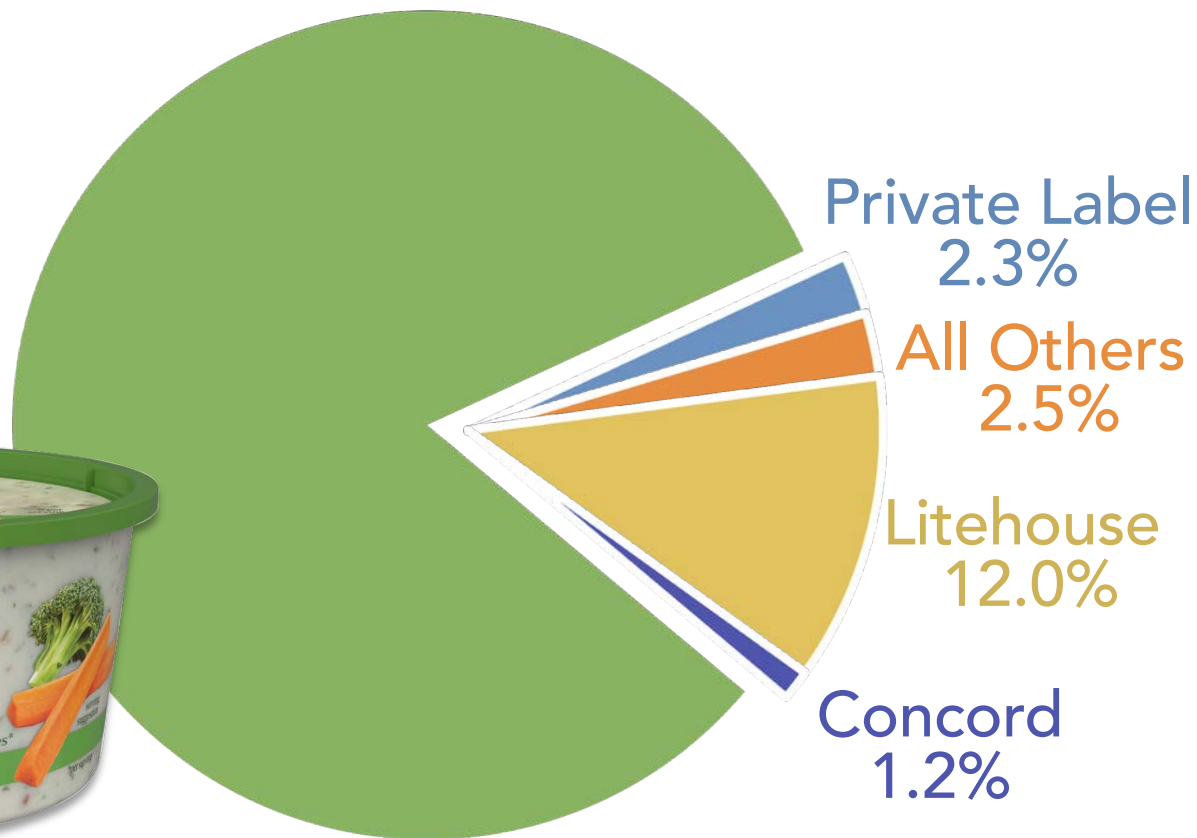


52 weeks ending 6/27/21, Source: IRI, Total U.S. Multi-Outlet

# Produce Dip Market Share

B4

**Marzetti**  
**82.0%**



Total Category Sales: \$162.0 MM



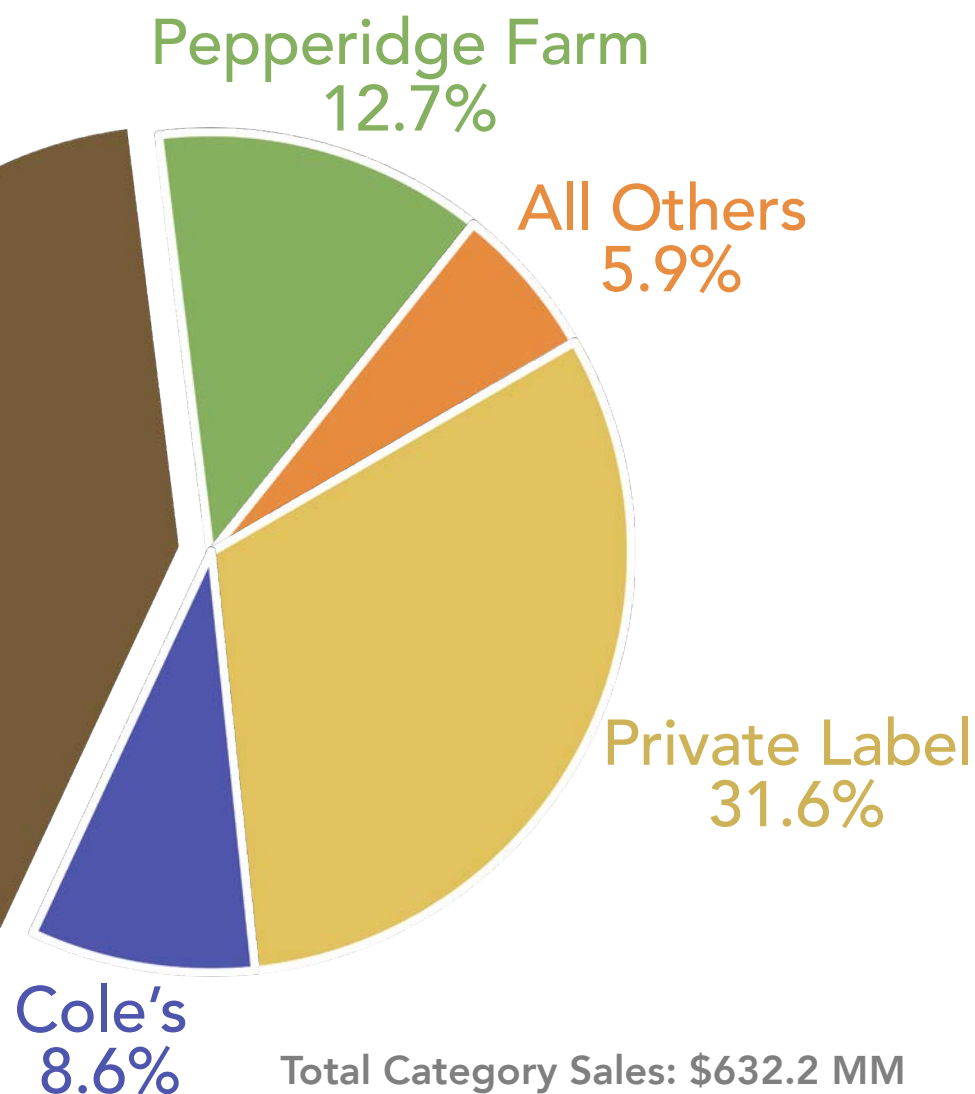
**B5**



# Frozen Garlic Bread Market Share

B6

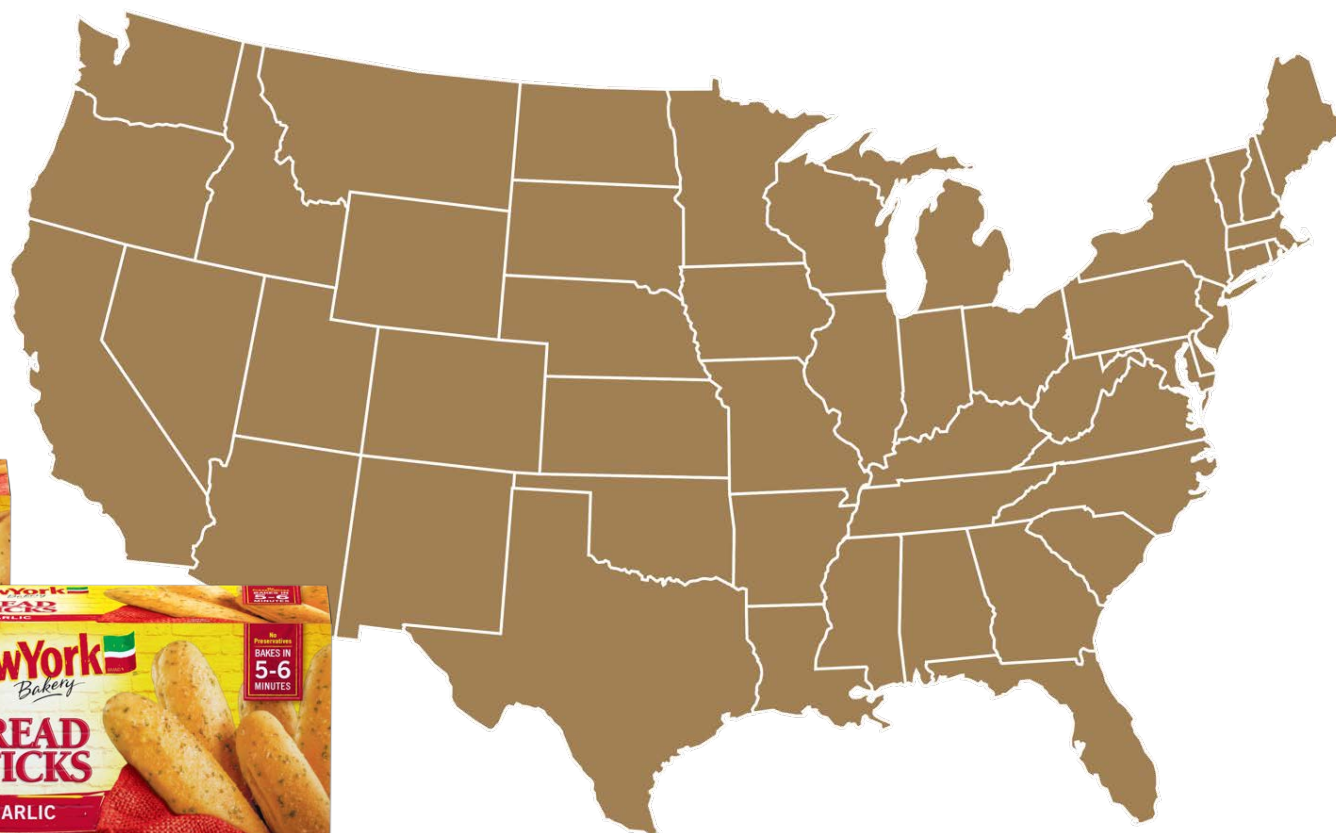
**New York Bakery**  
**41.2%**



# New York Bakery Frozen Garlic Bread Distribution

B7

## ACV Distribution



Total U.S. Multi-Outlet  
92.8% ACV Weighted Distribution

## Frozen Roll Market Share

B8

**Sister Schubert's**  
**51.6%**



Private Label  
4.3%

All Others  
16.4%

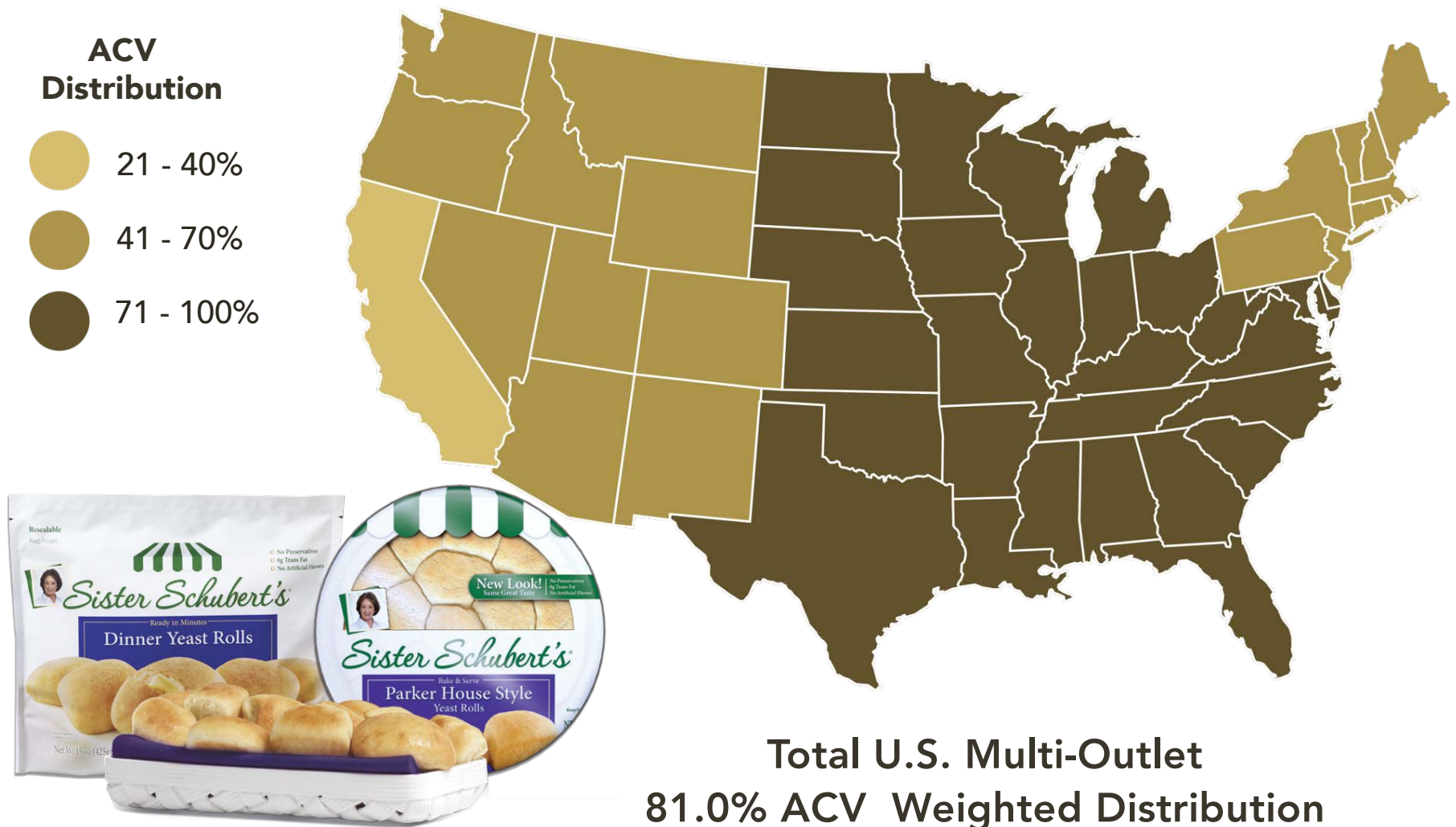
Rhodes  
27.7%

Total Category Sales: \$266.3 MM



# Sister Schubert's Distribution

B9



# Crouton Market Share

B10

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



**Mrs. Cubbison's /  
Fresh Gourmet**  
**23.9%**

**All Others**  
**2.3%**

**Private Label**  
**34.2%**

**Rothbury Farms**  
**4.4%**

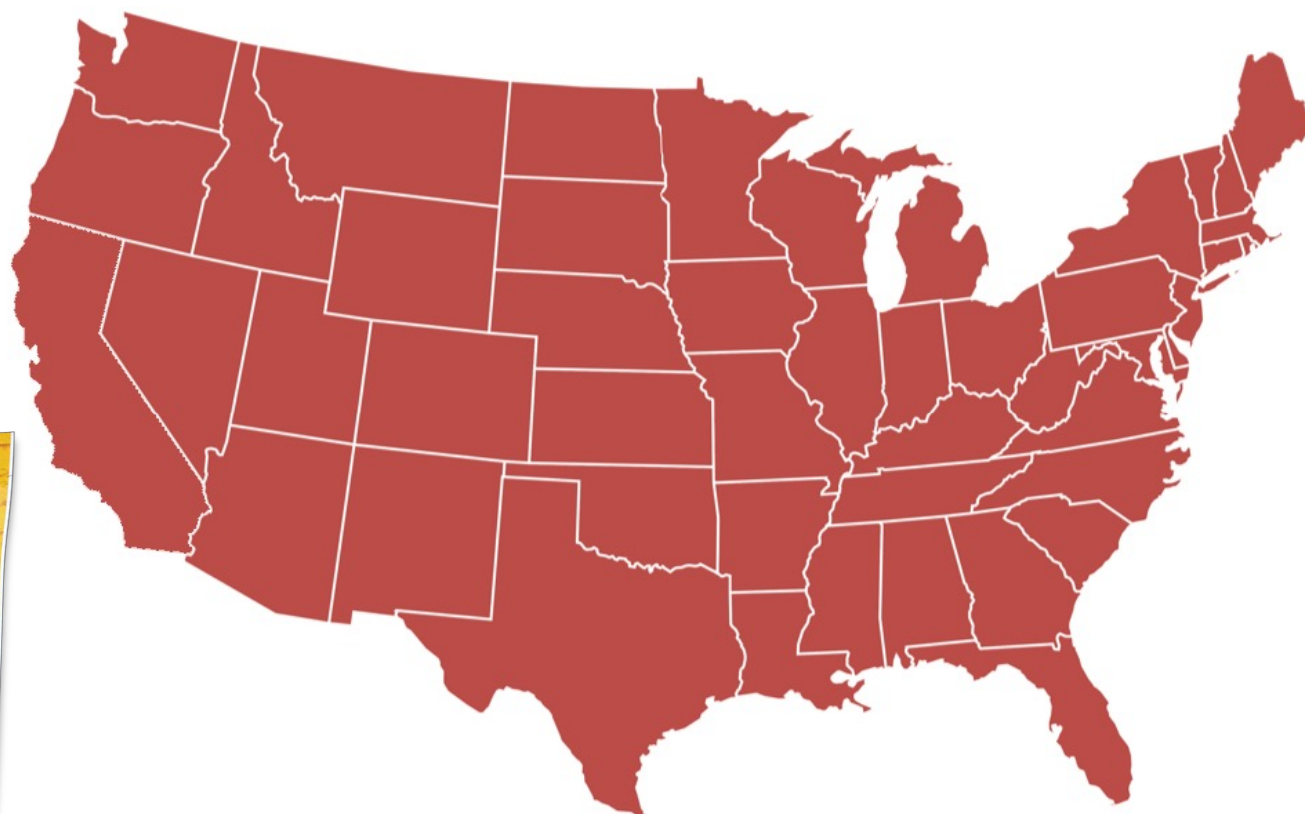
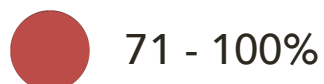
Total Category Sales: \$260.6 MM



# New York Bakery Crouton Distribution

B11

## ACV Distribution



Total U.S. Multi-Outlet  
86.1% ACV Weighted Distribution



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[www.lancastercolony.com](http://www.lancastercolony.com)