

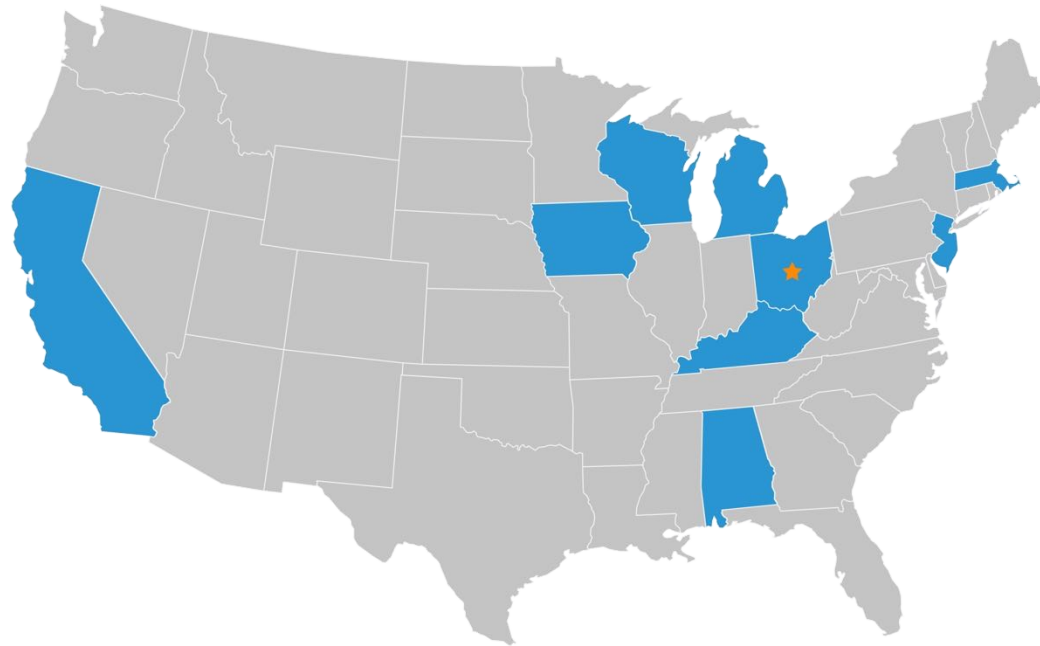
# Lancaster Colony Corporation



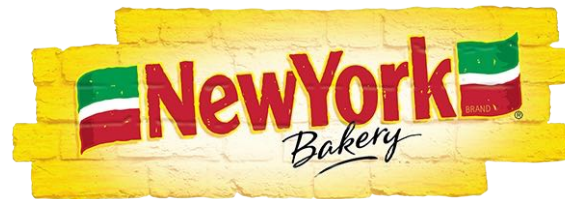
## Stephens Annual Investment Conference

November 16, 2023

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- Manufacturer and Marketer of Specialty Food Products
- Established in 1961
- Headquartered in Westerville, Ohio
- Fiscal 2023 Net Sales of \$1.8 Billion (primarily U.S.)
- 15 Production Facilities in Nine States
- Approximately 3,350 Employees



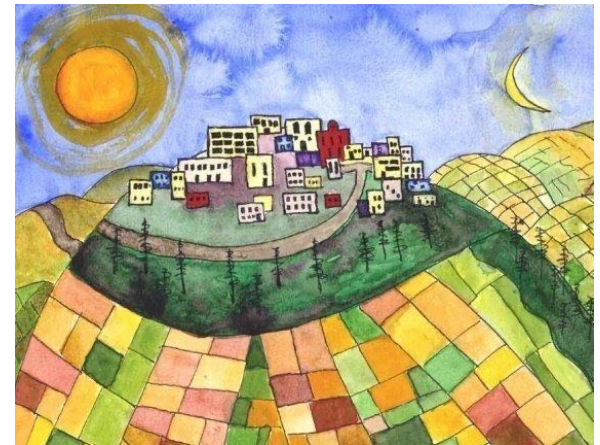
- Leading Market Share Positions in Retail Food Categories
- Supplier to 18 of the Top 30 National Restaurant Chains
- Growing and Consumer-Relevant Retail Licensing Program
- Long History of Sustained Organic Sales Growth
- Strong Cash Flows
- One of 13 U.S. Companies to have Increased Regular Cash Dividend for 60 Consecutive Years
- Focus turns to “Execute to Grow” Following Recent Significant Investments in Manufacturing and IT Infrastructure

## 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

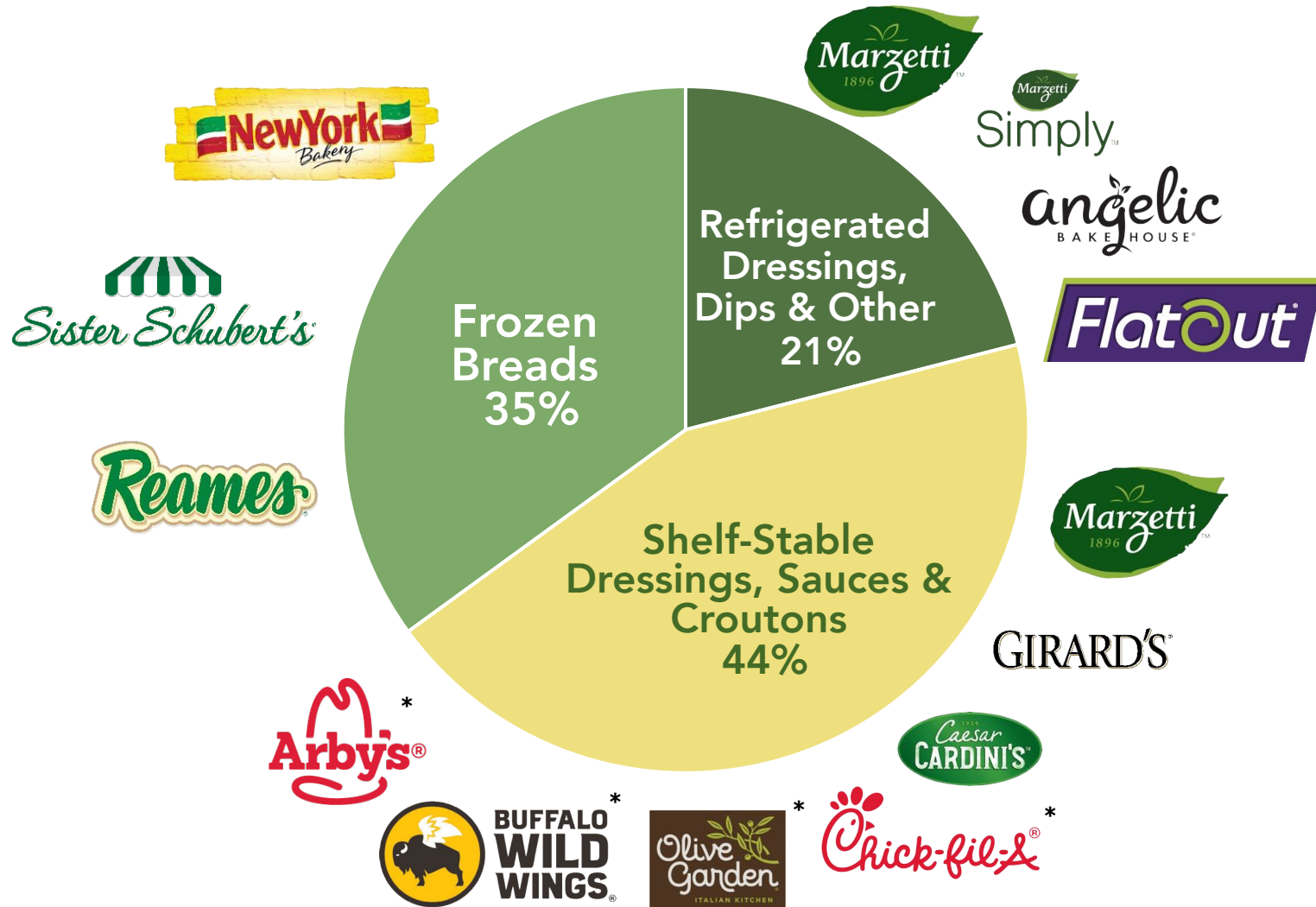
- Strategic Growth Initiatives
  - Accelerate Base Business Growth
  - Simplify Supply Chain
  - Expand Core with Retail Licensing Program and Focused M&A



## 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 (53% of Total Net Sales)



Based on reported net sales for the 12 months ending June 30, 2023.

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

## Foodservice Sales Mix (47% of Total Net Sales)

P7



Based on reported net sales for the 12 months ending June 30, 2023.

# Retail Segment Growth Initiatives

Initiative	Brand	Products	Initial Ship Date
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Licensing</p>			<p>Added Larger 24 oz. Chick-fil-A Sauce and new BBQ and Siracha Flavors</p> <p>National Launch March 2023</p> <p>Chick-fil-A Refrigerated Dressings National Launch May 2023</p>
			<p>Arby's Sauce and Horsey Sauce Launch Fall 2022</p>
			<p>Added Southwest Ranch Flavor to BWW Lineup March 2023</p>

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

# Retail Segment Growth Initiatives

Initiative	Brand	Products	Initial Ship Date
Licensing			<p>Added new Caesar flavor to Olive Garden Product Line March 2023</p>
Innovation & Renovation			<p>Introduced New Filled Bites Product Line Fall 2022</p>
			<p>Restaged Lineup of Marzetti Simply Refrigerated Dressings May 2023</p>

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

## Consumer-Relevant Retail Licensing Program



- Successfully developed exclusive licensing agreements through our proven culinary expertise, strong reputation and longstanding relationships in the foodservice channel combined with our demonstrated sales execution in the retail channel
- Per Circana scanner data\*, retail channel sales of our licensed Chick-fil-A sauces and dressings, Buffalo Wild Wings sauces, Olive Garden dressings, and Arby's sauces, combined, totaled \$418 Million for the 52-week period ended October 1, 2023
- Opportunities for continued growth through established and potential future agreements supported by our capacity expansion investments
- **Total addressable opportunity in shelf-stable dressings, sauces and condiments, per Circana scanner data\*, is nearly \$13 billion.**

*Dressings and Sauces for the brands noted above are produced and sold to the retail channel under exclusive licensing agreements with Lancaster Colony.*

*\* Circana Total U.S. Multi-Outlet data for the 52 weeks ended 10/1/2023.*

## FY24 Supply Chain Path Forward ... Execute to Grow

- Maintain continuous supply across the entire supply chain
- With successful implementation of new ERP system complete, shift to leveraging the system's capabilities
- With strategic manufacturing asset (Horse Cave dressing plant expansion) up and running, prioritize utilizing the asset to enable growth, improve service and reduce costs
- With supply chain stabilized, increase emphasis on value creation initiatives
- Continue to assess manufacturing and distribution models to cost-effectively serve our business partners



## Simplify Supply Chain and Reduce Costs

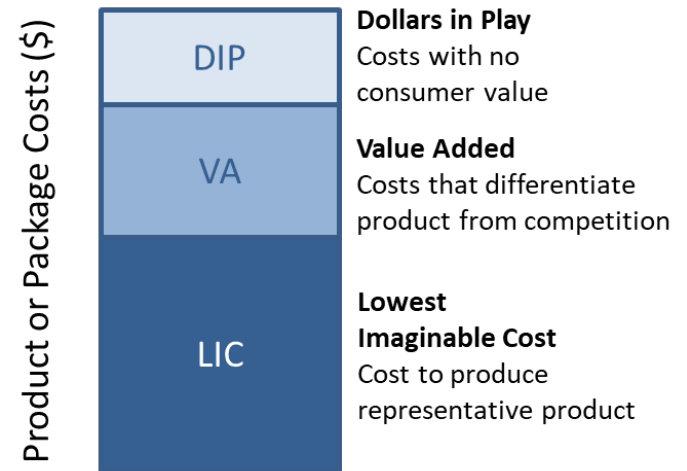
### Value Engineering (VE) to Help Offset Cost Inflation and Improve Profitability

*Identify opportunities to reduce product and packaging costs that consumer doesn't value*

- Lower-cost packaging materials
- Alternative/substitute ingredients
- Coordinated/cross-functional initiative among R&D, Marketing, Procurement, Manufacturing/Engineering and Finance



### VE Approach



## Simplify Supply Chain and Reduce Costs

### Strategic Procurement

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



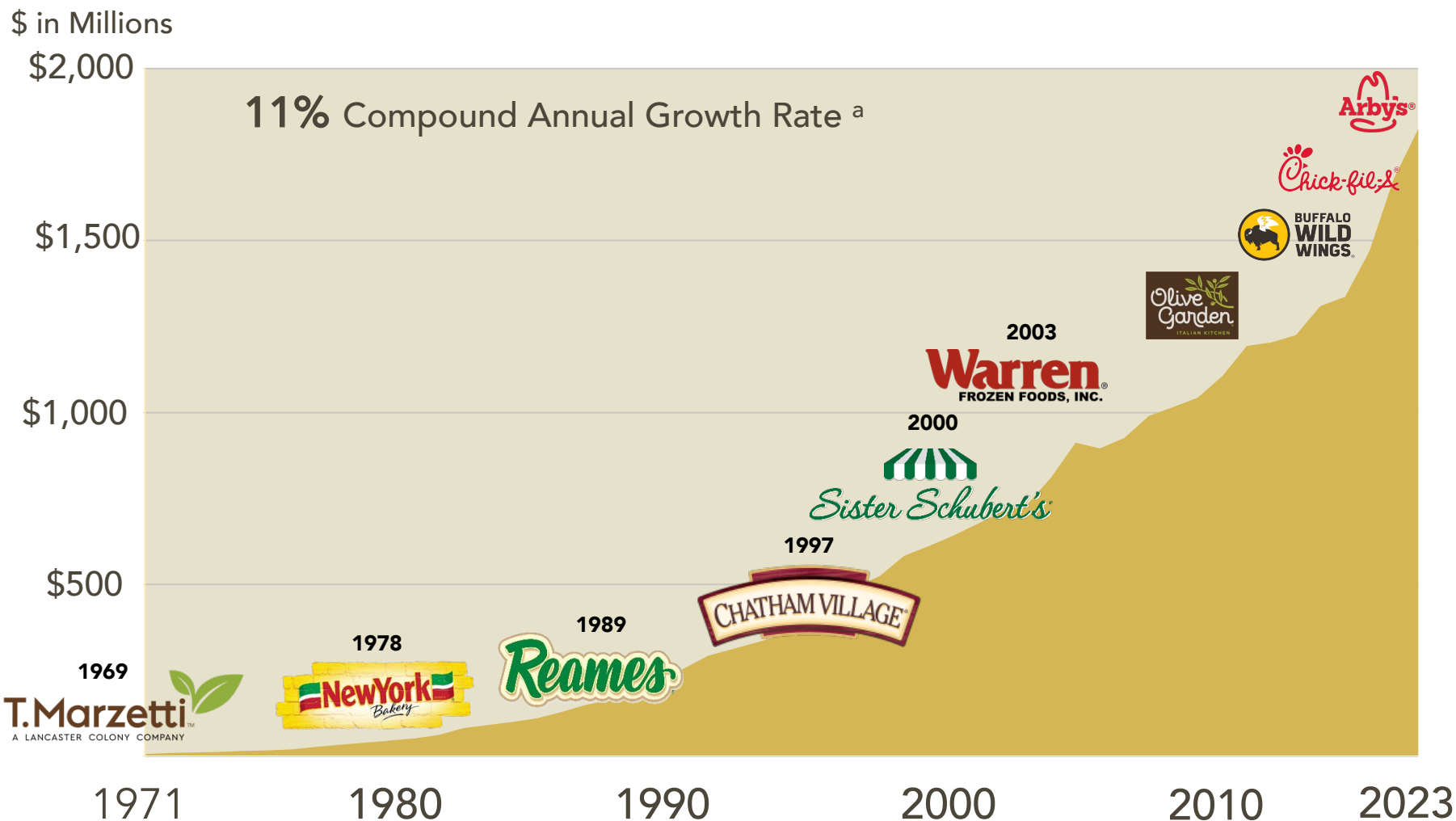
## Simplify Supply Chain and Reduce Costs

### Transportation and Warehousing Initiatives

- Installed New Transportation Management System
- Adopted One-Touch Strategy for Truckload Optimization
- Improved Carrier Management Through Data Analytics and Collaborative Engagement
- Optimized Mixing Center Operating Models



# Long History of Sustained Growth



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.

Dressings and/or sauces for Olive Garden, Buffalo Wild Wings, Chick-fil-A and Arby's are produced and sold to the retail channel under exclusive licensing agreements with Lancaster Colony.

<sup>a</sup> Compound Annual Growth Rate calculated from Fiscal 1972 through Fiscal 2023.



## Investing to Drive Efficiency and Support Growth

### Significant Capacity Expansion Project for Dressings and Sauces



- Added 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 of ~\$140 Million
- Substantially complete in March 2023 – Fully Operational

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

## FY24 Q1 Results vs. Prior Year

Three Months Ended September 30, 2023

(\$ in Millions, Except Per Share Values)

	Value	\$ Change	% Change
<b>Consolidated Net Sales</b>	<b>\$461.6</b>	<b>\$36.0</b>	<b>8.5%</b>
<b>Gross Profit</b>	<b>\$108.7</b>	<b>\$9.7</b>	<b>9.8%</b>
<b>SG&amp;A</b>	<b>\$51.9</b>	<b>\$2.2</b>	<b>4.4%</b>
<b>Operating Income</b>	<b>\$56.8</b>	<b>\$7.5</b>	<b>15.2%</b>
<b>Earnings Per Share (Diluted)</b>	<b>\$1.59</b>	<b>\$0.23</b>	<b>16.9%</b>

## \$ in Millions

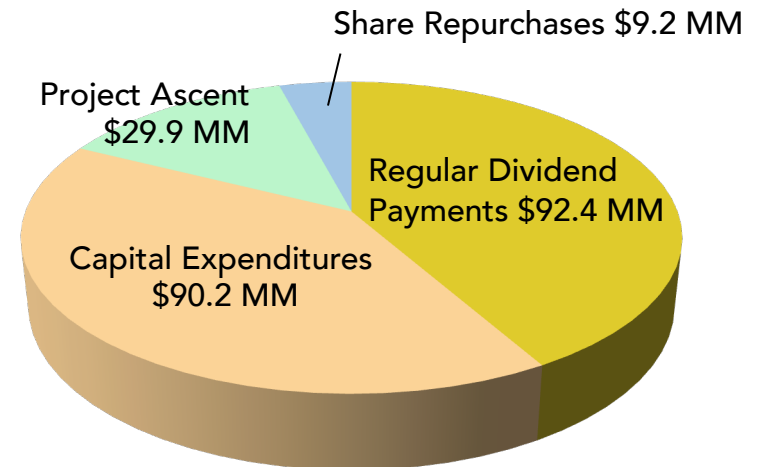
	June 30			Sep 30
	2021	2022	2023	2023
<b>Cash and Equivalents</b>	\$188	\$60	\$88	<b>\$74</b>
<b>Total Debt</b>	\$0	\$0	\$0	<b>\$0</b>

- Debt Free
- Credit Revolver of \$150 Million, Expandable up to \$225 Million
- Recent Investments in Capacity Expansion Projects and ERP System (Project Ascent) to Support Continued Growth ... Capital Expenditures for Fiscal Years 2022 and 2023, Combined, Totaled \$222 Million, with an Additional \$69 Million Invested in Project Ascent over the same Two-Year Period

## Cash Priorities

- Invest in Existing Business
  - Fiscal 2024 capital expenditures estimated at \$70 to \$80 Million
- Good-Fitting Acquisitions
- Regular Dividends
  - 60 consecutive years of regular cash dividend increases
- Opportunistic Share Repurchases

## Fiscal 2023 – Major Cash Uses



## **Appendix A**

# Supplemental Financial Information

# Results of Consolidated Operations – Most Recent Fiscal Quarter

A1

	Three Months Ended September 30,		Change	
	2023	2022		
<b>(Dollars in thousands, except per share data)</b>				
Net Sales	\$ 461,572	\$ 425,537	\$ 36,035	8.5 %
Cost of Sales	352,850	326,482	26,368	8.1 %
Gross Profit	108,722	99,055	9,667	9.8 %
Gross Margin	23.6 %	23.3 %		
Selling, General and Administrative Expenses	51,947	49,757	2,190	4.4 %
Operating Income	56,775	49,298	7,477	15.2 %
Operating Margin	12.3 %	11.6 %		
Other, Net	857	(270)	1,127	417.4 %
Income Before Income Taxes	57,632	49,028	8,604	17.5 %
Taxes Based on Income	13,681	11,436	2,245	19.6 %
Effective Tax Rate	23.7 %	23.3 %		
Net Income	\$ 43,951	\$ 37,592	\$ 6,359	16.9 %
Diluted Net Income Per Common Share	\$ 1.59	\$ 1.36	\$ 0.23	16.9 %

# Financial Performance – Fiscal Year Ended June 30, 2023

A2

## \$ in Millions

(Except Per Share Values)

## Fiscal 2023 Results vs. Prior Year

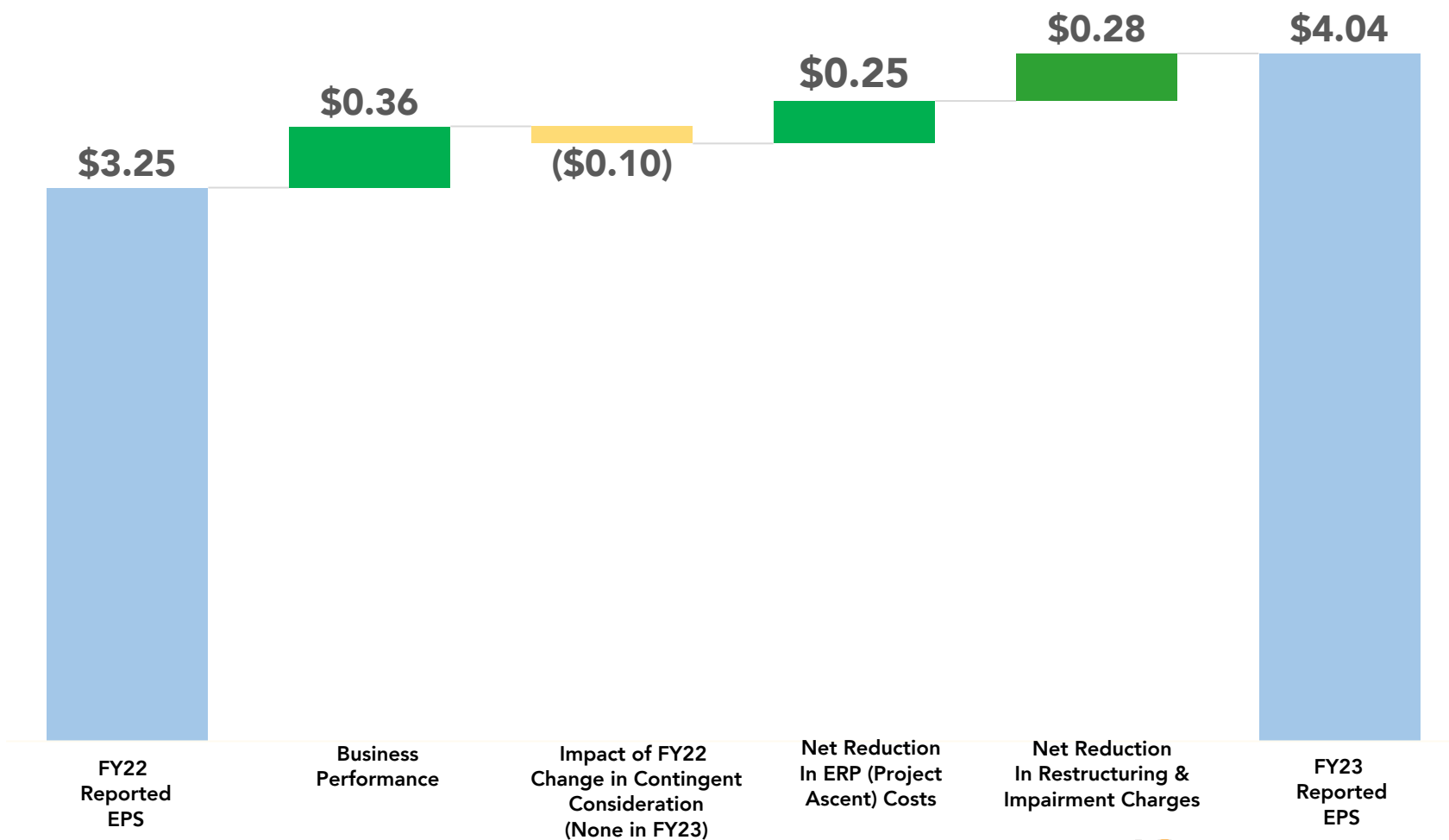
(Twelve Months Ended June 30, 2023)

	Value	\$ Change	% Change
<b>Consolidated Net Sales</b>	\$1,822.5	\$146.1	8.7%
<b>Gross Profit</b>	\$388.6	\$32.8	9.2%
<b>SG&amp;A</b>	\$222.1	\$10.0	4.7%
<b>Restructuring and Impairment Charges *</b>	\$25.0	(\$10.2)	Not Calculated
<b>Change in Contingent Consideration *</b>	\$0.0	\$3.5	Not Calculated
<b>Operating Income</b>	\$141.5	\$29.6	26.4%
<b>Earnings Per Share (Diluted)</b>	\$4.04	\$0.79	24.3%

\* In the prior-year period (Twelve Months Ended June 30, 2022), Restructuring and Impairment Charges reduced Operating Income and Earnings Per Share (Diluted) by \$35.2 MM and \$0.98, respectively, partially offset by a Change in Contingent Consideration that increased Operating Income and Earnings Per Share (Diluted) by \$3.5 MM and \$0.10, respectively.

# Summarized Earnings Per Share Waterfall – Fiscal Year 2022 to 2023 A3

Twelve Months Ended June 30, 2022 to Twelve Months Ended June 30, 2023  
(Diluted Earnings Per Share)



# Results of Consolidated Operations – Most Recent Fiscal Year Periods A4

## RESULTS OF CONSOLIDATED OPERATIONS

(Dollars in thousands, except per share data)	Years Ended June 30,			Change			
	2023	2022	2021	2023 vs. 2022		2022 vs. 2021	
Net Sales	\$ 1,822,527	\$ 1,676,390	\$ 1,467,067	\$ 146,137	9 %	\$ 209,323	14 %
Cost of Sales	1,433,959	1,320,671	1,080,344	113,288	9 %	240,327	22 %
Gross Profit	388,568	355,719	386,723	32,849	9 %	(31,004)	(8)%
Gross Margin	21.3 %	21.2 %	26.4 %				
Selling, General and Administrative Expenses	222,091	212,098	205,363	9,993	5 %	6,735	3 %
Change in Contingent Consideration	—	(3,470)	(5,687)	3,470	(100)%	2,217	(39)%
Restructuring and Impairment Charges	24,969	35,180	1,195	(10,211)	(29)%	33,985	N/M
Operating Income	141,508	111,911	185,852	29,597	26 %	(73,941)	(40)%
Operating Margin	7.8 %	6.7 %	12.7 %				
Other, Net	1,789	477	(107)	1,312	275 %	584	546 %
Income Before Income Taxes	143,297	112,388	185,745	30,909	28 %	(73,357)	(39)%
Taxes Based on Income	32,011	22,802	43,413	9,209	40 %	(20,611)	(47)%
Effective Tax Rate	22.3 %	20.3 %	23.4 %				
Net Income	\$ 111,286	\$ 89,586	\$ 142,332	\$ 21,700	24 %	\$ (52,746)	(37)%
Diluted Net Income Per Common Share	\$ 4.04	\$ 3.25	\$ 5.16	\$ 0.79	24 %	\$ (1.91)	(37)%

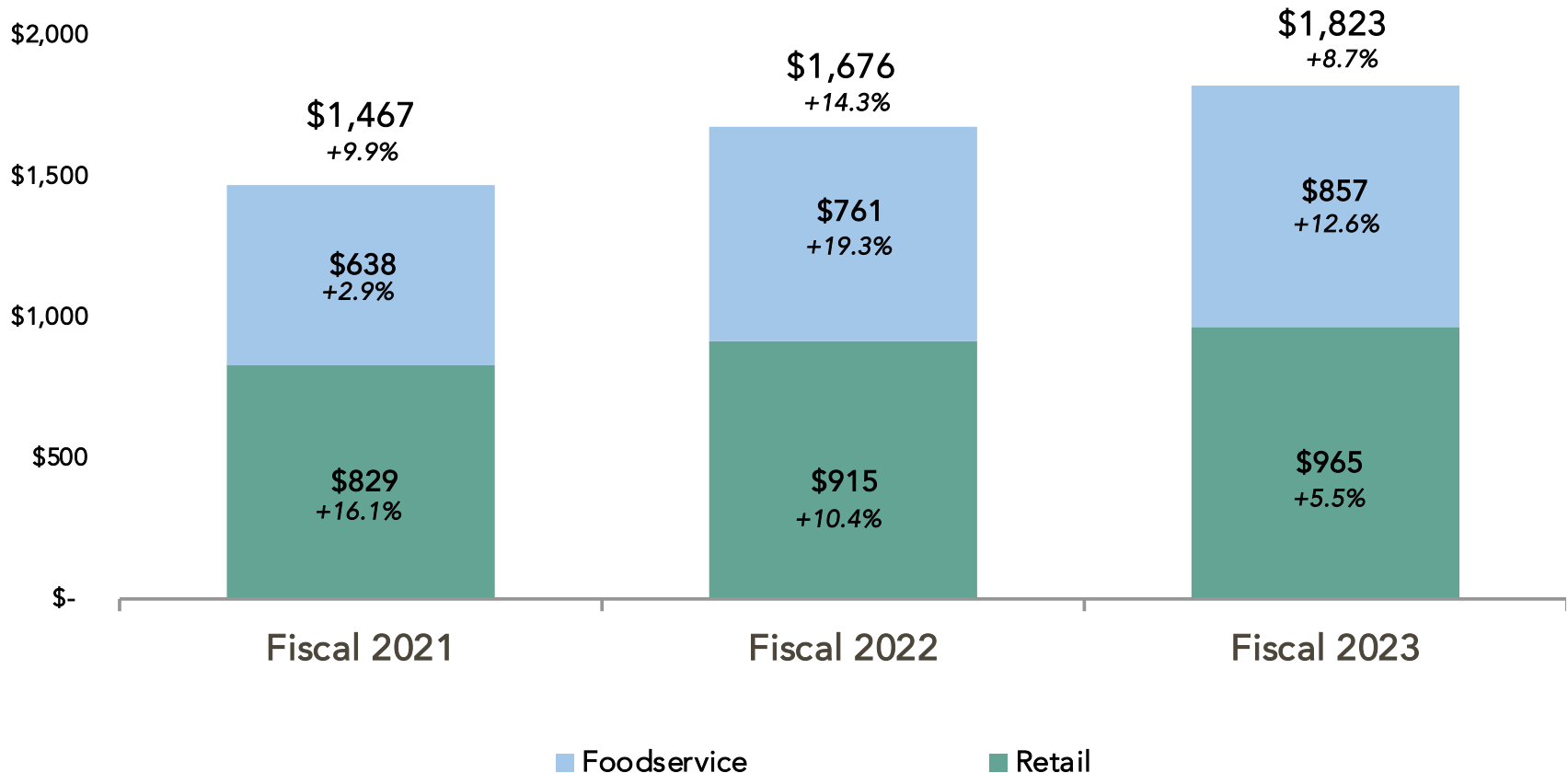
# Fiscal 23 and 22 Sales Gains Driven by Pricing Actions Taken to Offset Inflation A5

## Fiscal 21 Sales Impacted by COVID-19 Demand Shifts

### Fiscal Year Net Sales Results

Fiscal Years Ended June 30

\$ 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.

## Fiscal 23 EBITDA Improves With Pricing Actions Taken to Offset Inflation

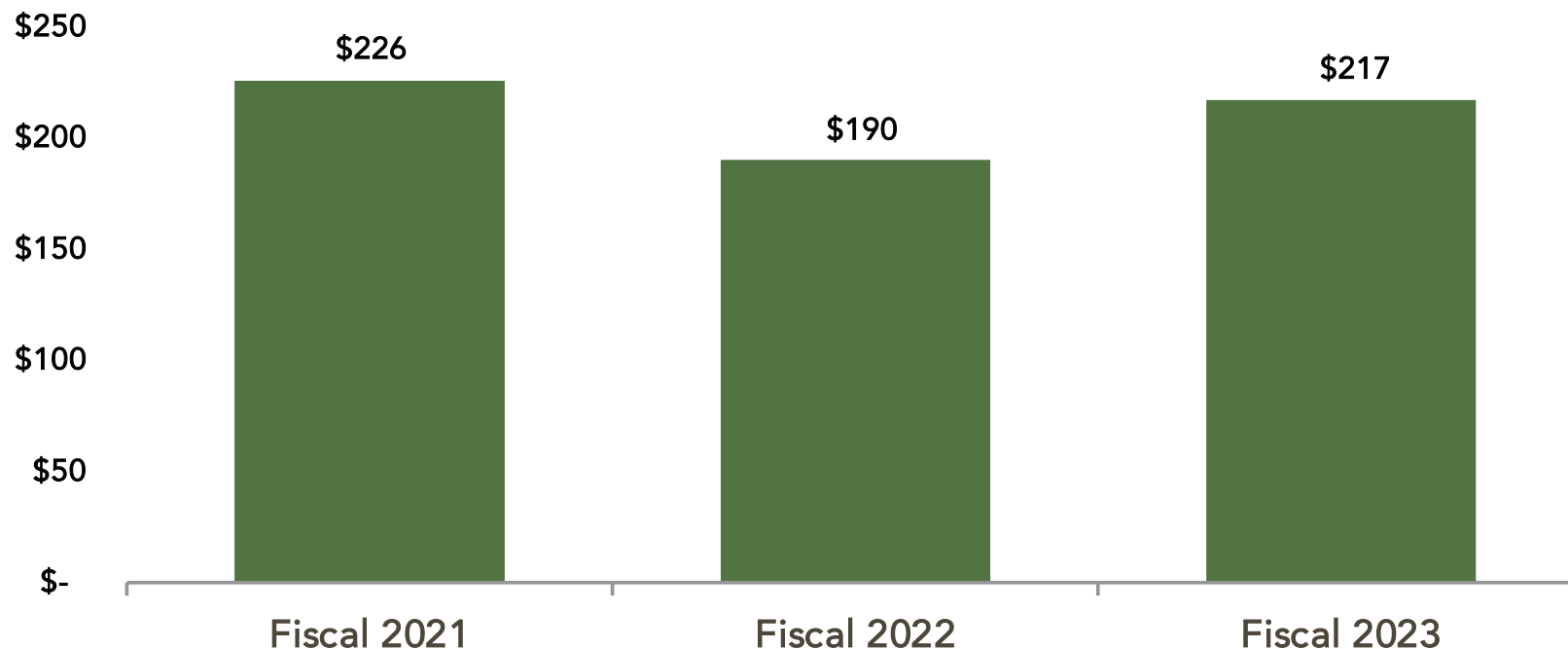
A6

Fiscal 22 Impacted by Inflationary Costs, Supply Chain Disruptions and Other COVID-19 Factors

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

Fiscal Years Ended June 30

\$ in Millions



\*\* Expenditures  
for Project Ascent

\$37.9 MM

\$39.3 MM

\$29.9 MM

\* Calculation of EBITDA values excludes non-cash change in contingent consideration and restructuring and impairment charges. See Appendix page A4 for additional details.

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

## Fiscal Year EBITDA Calculation Details

A7

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

	Fiscal Years Ending June 30,		
	<u>2021</u>	<u>2022</u>	<u>2023</u>
Income Before Income Taxes **	\$186	\$112	\$140
Depreciation and Amortization	\$45	\$46	\$51
Change in Contingent Consideration	(\$6)	(\$3)	\$0
Restructuring and Impairment Charges	<u>\$1</u>	<u>\$35</u>	<u>\$25</u>
<b>EBITDA *</b>	\$226	\$190	\$217

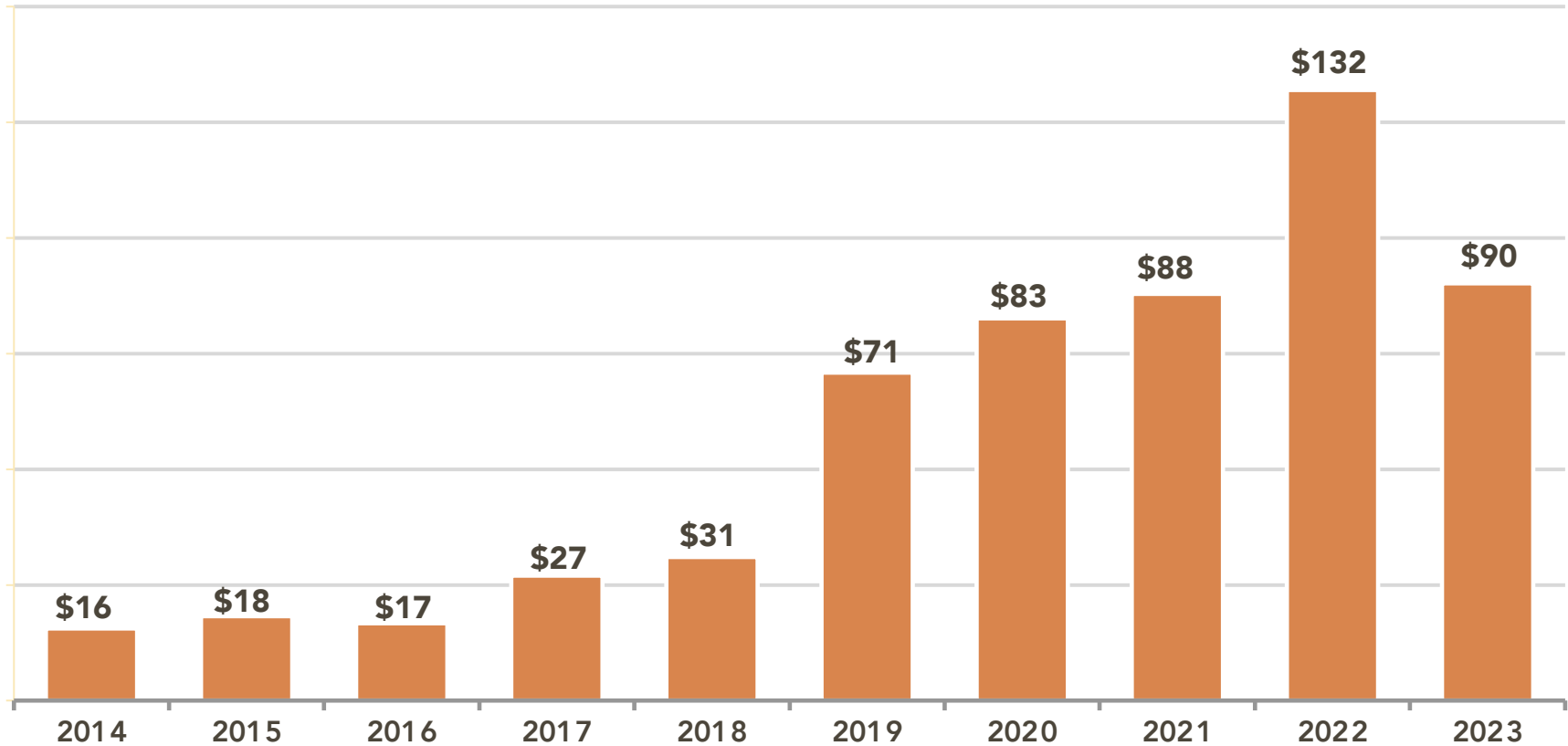
\* As presented above, the EBITDA value calculation reflects adjustments to exclude Change in Contingent Consideration (a non-cash item) and Restructuring and Impairment Charges.

\*\* Excludes interest income

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

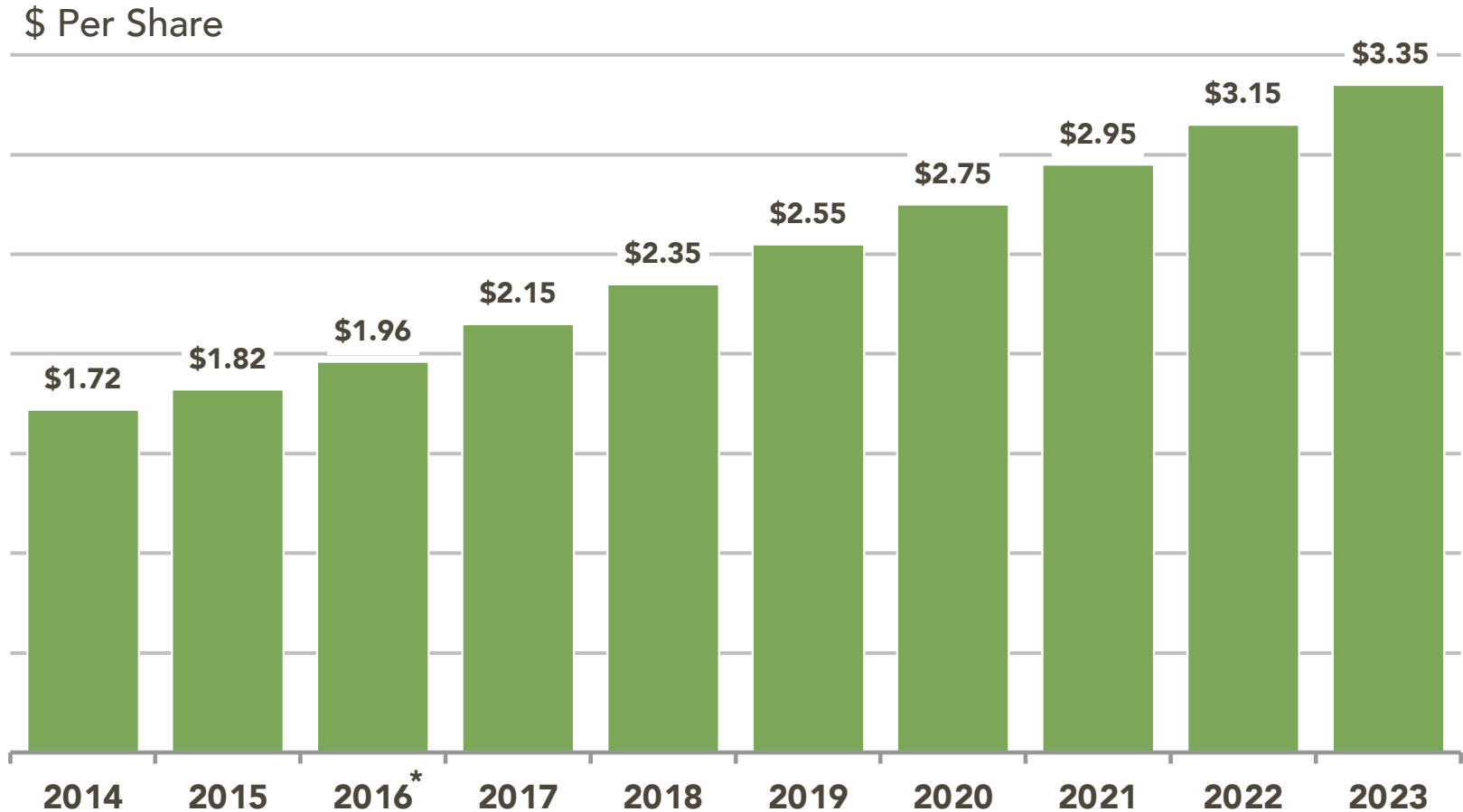
# Capital Expenditure History

\$ in Millions



Fiscal years ended June 30.

# Regular Cash Dividends Per Share



Regular cash dividends for the fiscal years ended June 30.

\* Excludes special cash dividend of \$5.00 per share paid in FY16.

## **Appendix B**

# **Retail Brand Market Share and Related Information**

# Portfolio of Strong Brands and Licensing Relationships

(Retailer Sales and Market Share Data per Circana\*)

B1

## Marzetti®

### Ref. Dressing

\$ Sales: 122.4MM

\$ Share: 24.1%

### Dips

\$ Sales: 142.9MM

\$ Share: 78.9%



## Sister Schubert's®

\$ Sales: 160.0MM

\$ Share: 53.2%



## Licensed Brands ^

### Olive Garden SM

\$ Sales: 134.7MM

\$ Share: 6.3%



### Chick-fil-A®

\$ Sales: 154.9MM

\$ Share: 14.7% (Prep/Finishing Sauce Subcategory)



## New York Brand® Bakery

\$ Sales: 323.4MM

\$ Share: 42.3%



## Croutons (all brands)

\$ Sales: 96.1MM

\$ Share: 33.7%



## BWW®

\$ Sales: 83.4MM

\$ Share: 7.9% (Prep/Finishing Sauce Subcategory)



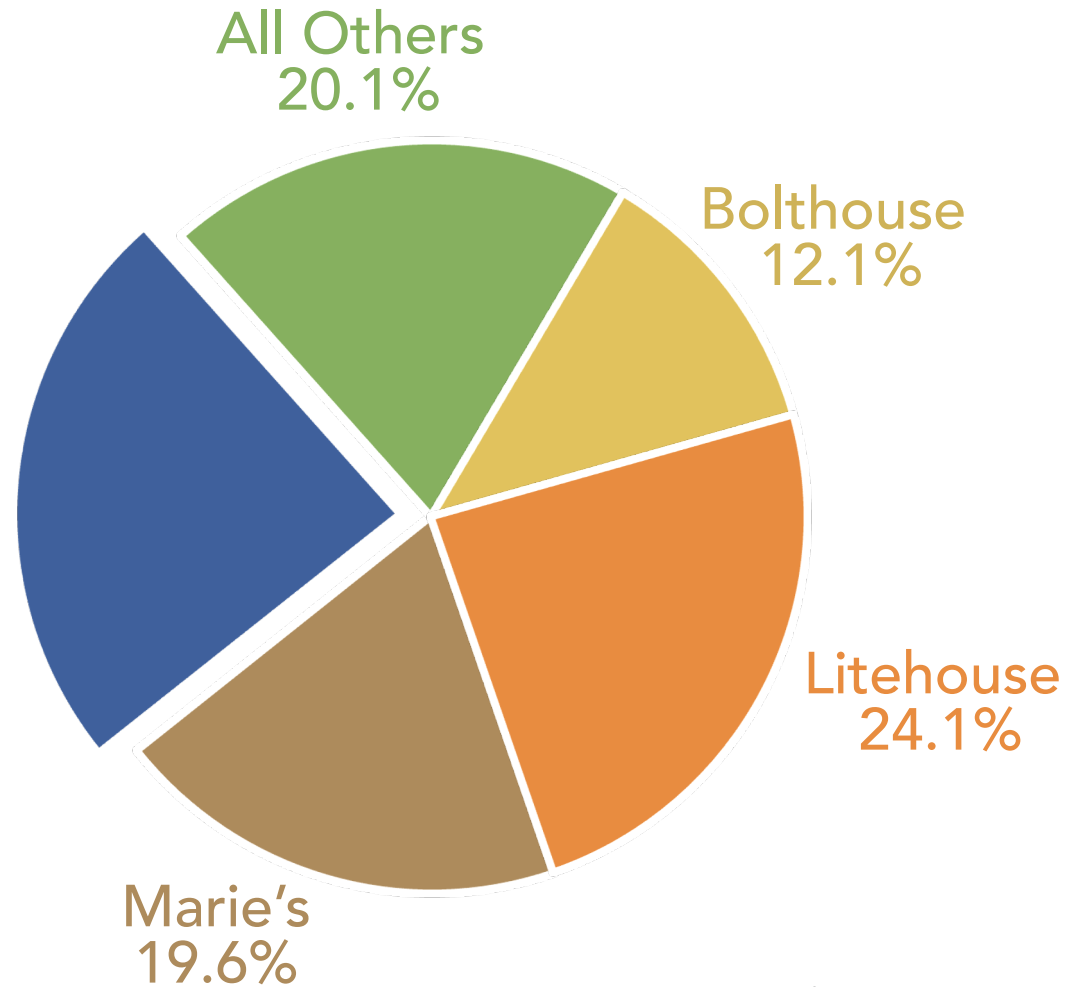
\*Retailer sales and market share data for the 52 weeks ended 7/2/23. Source: Circana, Total U.S. Multi-Outlet

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

# Refrigerated Dressing Market Share

B2

**Marzetti**  
**24.1%**

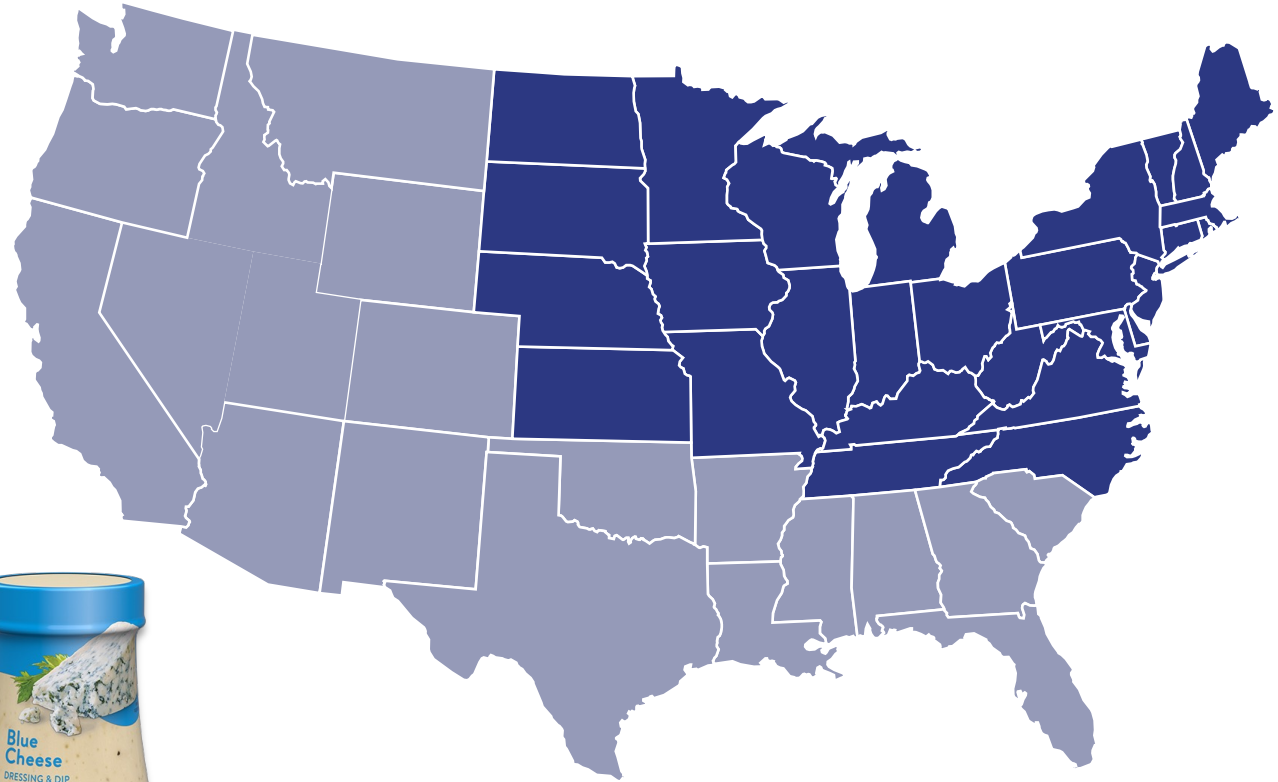


Total Category Sales: \$508.9 MM

# Marzetti Refrigerated Dressing Distribution

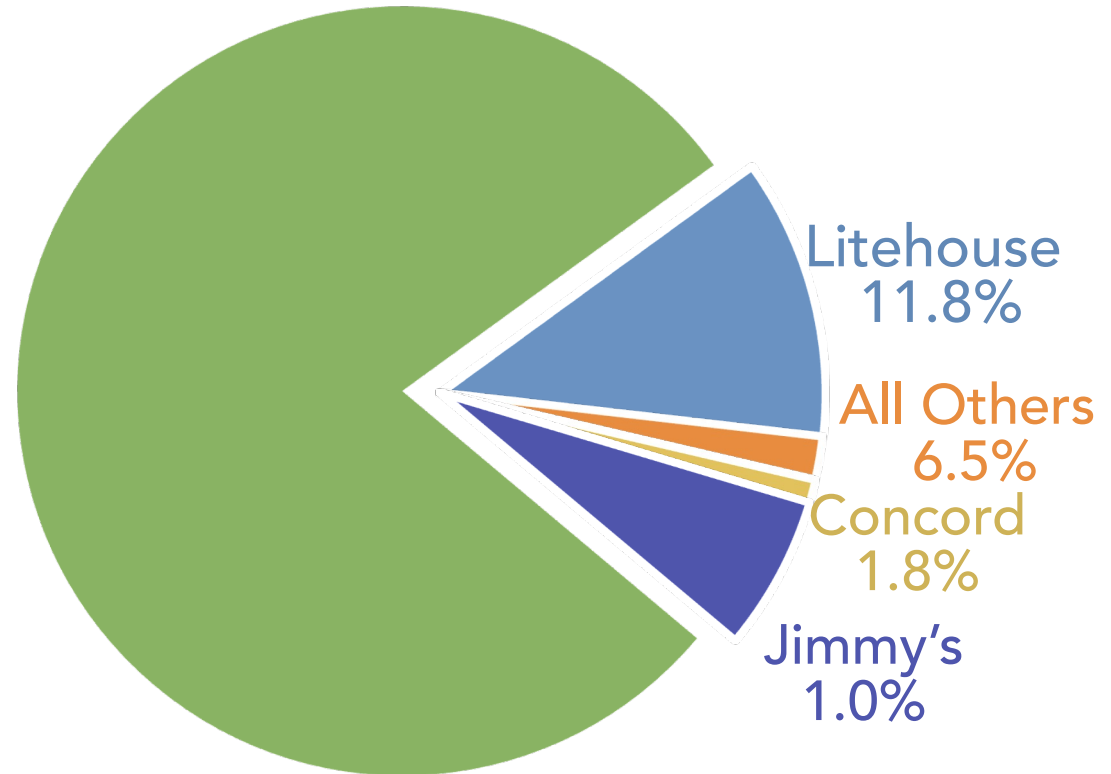
## ACV Distribution

- 41 - 70%
- 71 - 90%



Total U.S. Multi-Outlet  
66.3% ACV Weighted Distribution

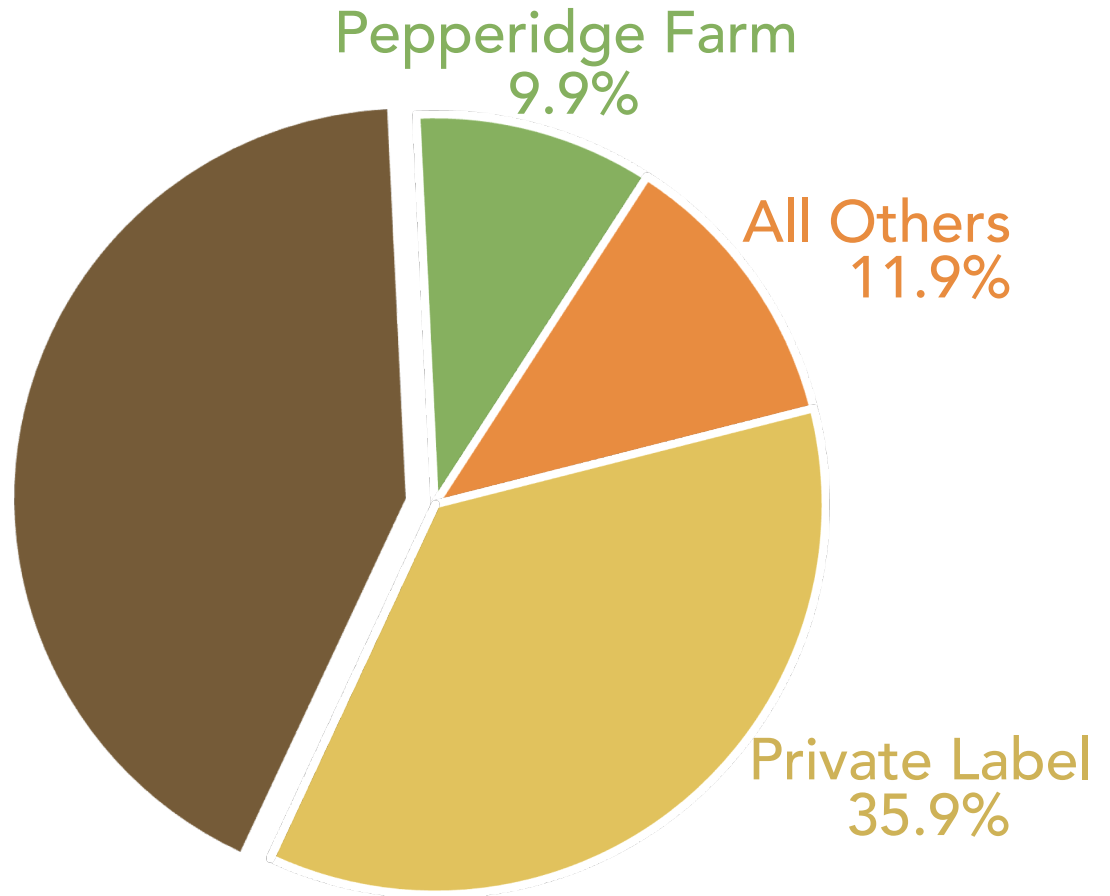
**Marzetti**  
**78.9%**



Total Category Sales: \$181.1 MM



**New York Bakery**  
**42.3%**

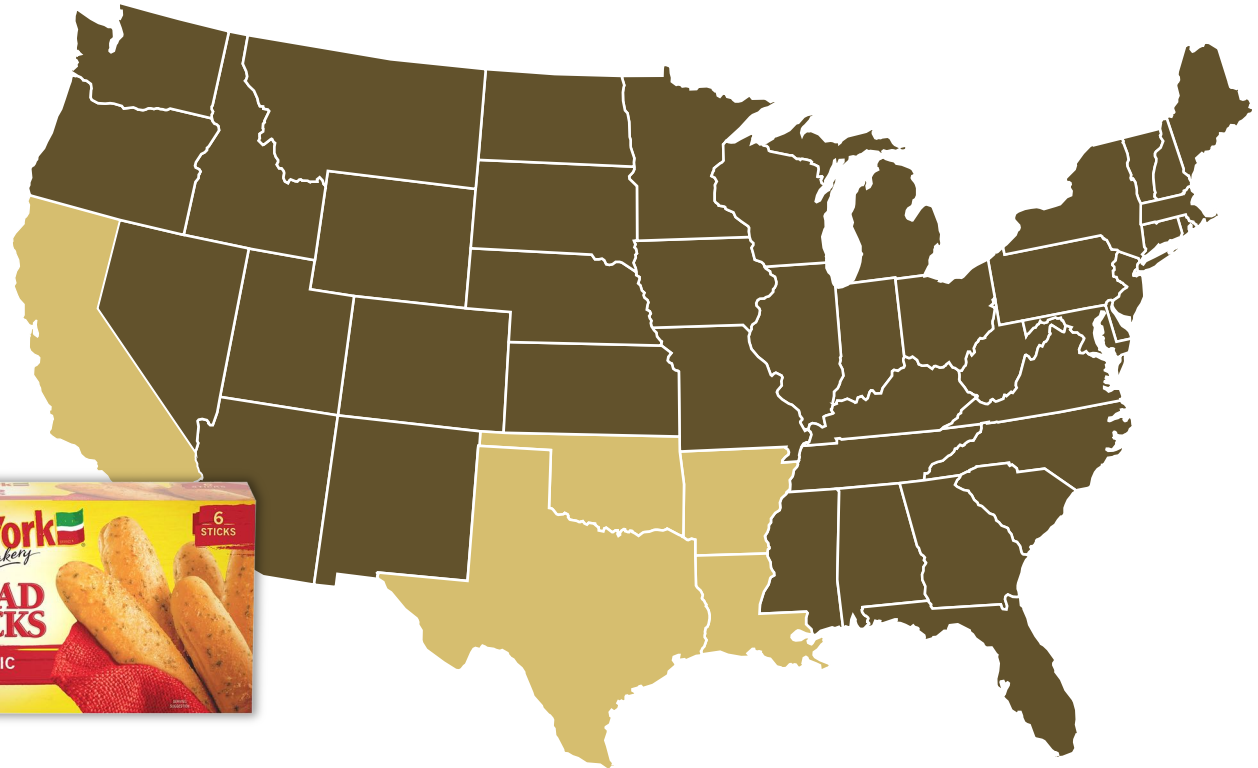


Total Category Sales: \$765.1 MM

# New York Bakery Frozen Garlic Bread Distribution

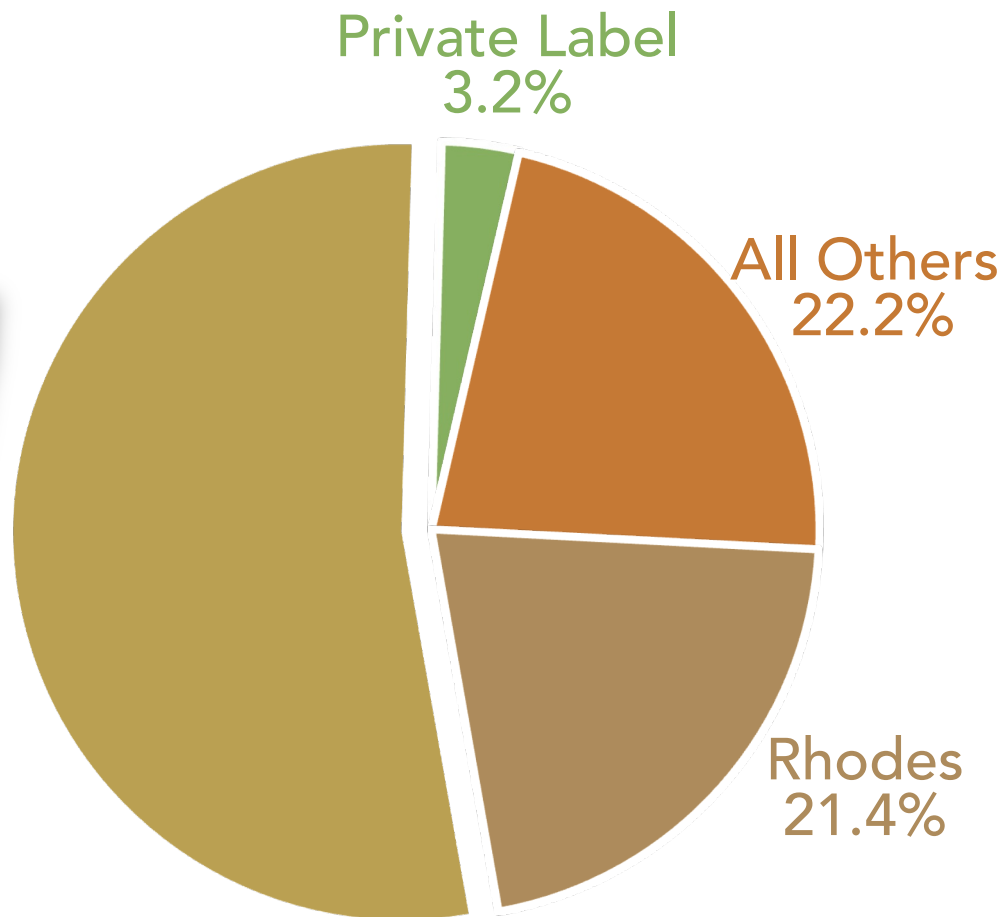
## ACV Distribution

- 70 - 89
- 90 - 100%



Total U.S. Multi-Outlet  
89.8% ACV Weighted Distribution

## Sister Schubert's 53.2%



Total Category Sales: \$300.4 MM



# Crouton Market Share

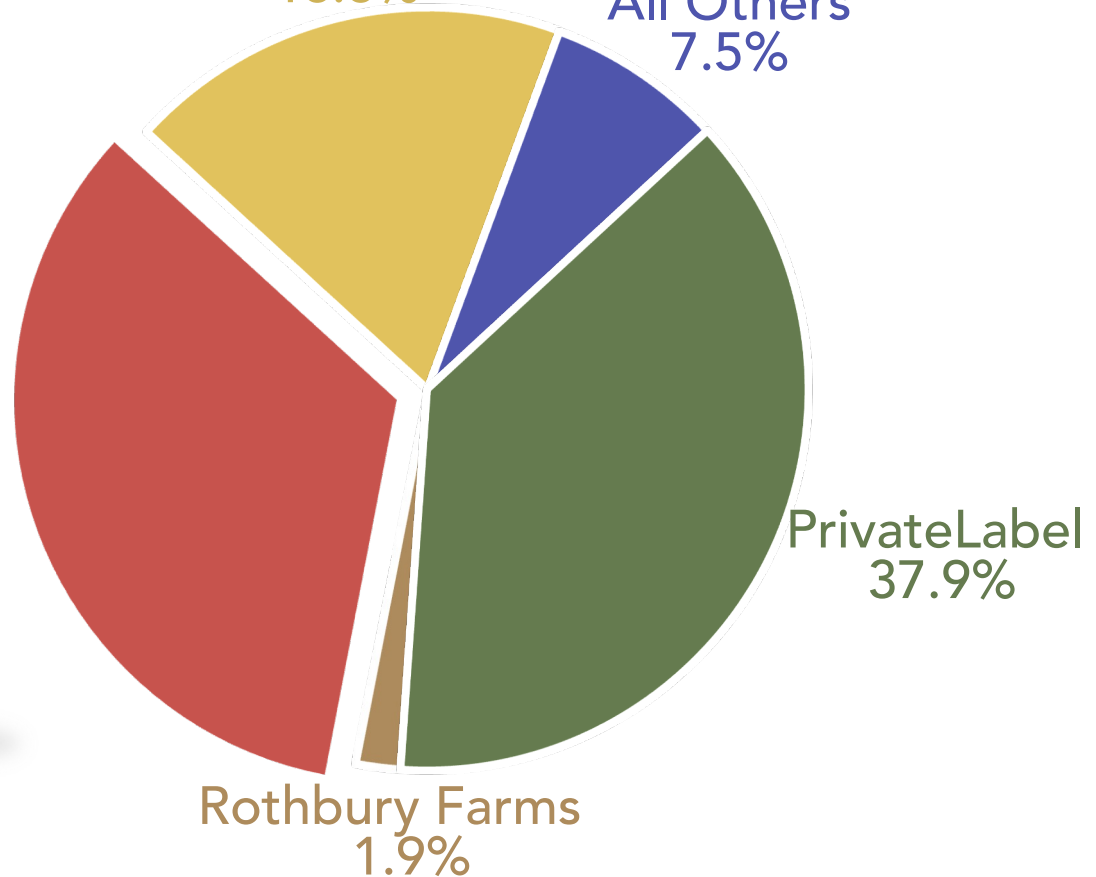
B10

**Marzetti, Cardini's,  
New York Bakery,  
Chatham Village  
33.7%**



Mrs. Cubbison's /  
Fresh Gourmet  
18.8%

All Others  
7.5%



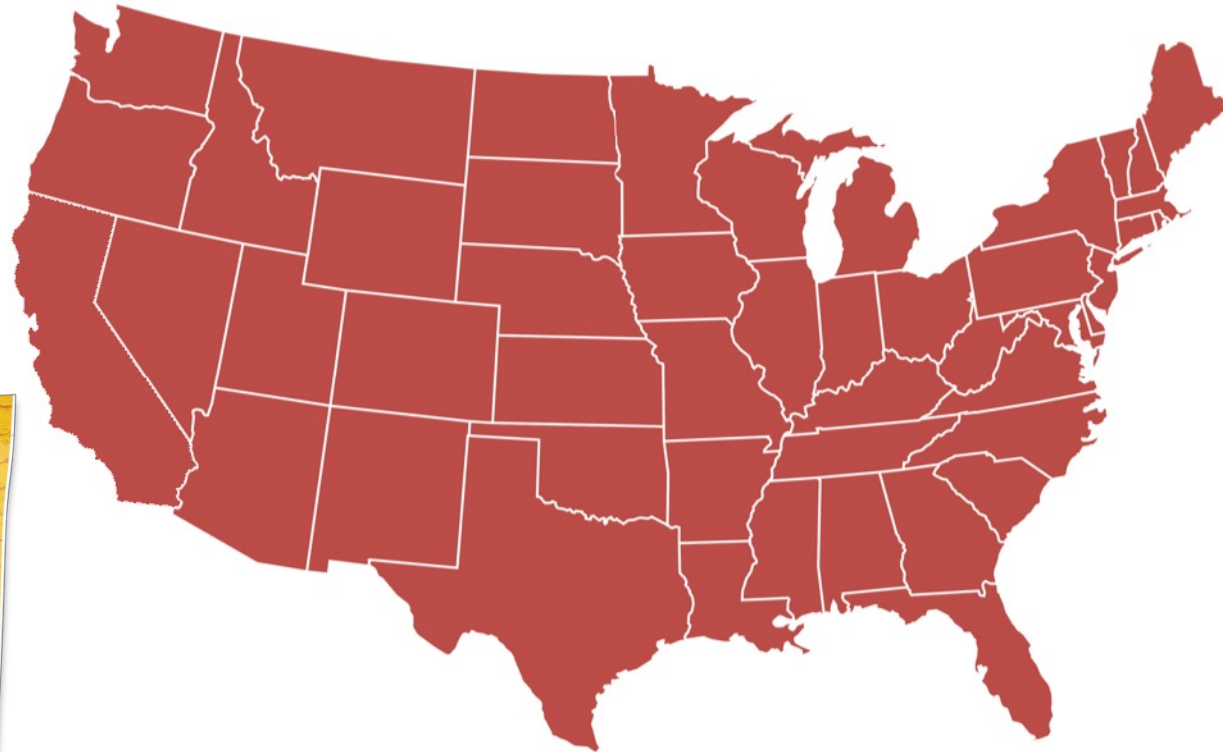
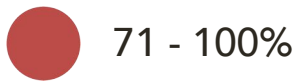
Rothbury Farms  
1.9%

Total Category Sales: \$284.8 MM

# New York Bakery Crouton Distribution

B11

## ACV Distribution



Total U.S. Multi-Outlet  
83.1% ACV Weighted Distribution

# Lancaster Colony Is The Leader Amongst Our Peers In The Retail Channel For Both Dollar Sales Growth and Unit Sales Growth Per Circana \*

B12

Compound Annual Growth Rates - Calendar Year 2019 to 2022		
	Dollar Sales CAGR	Unit Sales CAGR
<b>LANCASTER COLONY</b>	<b>14.5%</b>	<b>8.8%</b>
Peer A	9.7%	2.2%
Peer B	9.5%	2.0%
Peer C	7.9%	-1.8%
Peer D	7.3%	0.2%
Peer E	6.6%	-0.1%
Peer F	4.1%	-1.1%
Peer G	2.7%	-3.4%

Compound Annual Growth Rates - Calendar Year 2020 to 2022		
	Dollar Sales CAGR	Unit Sales CAGR
<b>LANCASTER COLONY</b>	<b>12.2%</b>	<b>5.4%</b>
Peer B	8.5%	-1.2%
Peer C	5.1%	-6.0%
Peer A	4.4%	-3.2%
Peer E	2.7%	-5.9%
Peer F	1.1%	-4.5%
Peer D	-1.1%	-6.5%
Peer G	-5.5%	-12.1%

\*Source: Circana, Total U.S. – All Outlets for the calendar year periods noted. Dollar sales and unit sales used for this analysis are as provided by Circana for the noted companies' branded items (excludes private label items) with no adjustments for the impact of acquisitions or divestitures.

Note - Peer companies used for this evaluation, with an enterprise value ranging from about \$2.5 Billion to \$25 Billion as of February 2023, were (in alphabetical order of company name): B&G Foods, Inc.; Campbell Soup Company; J&J Snack Foods Corp.; McCormick & Company, Inc.; Post Holdings, Inc.; The Hain Celestial Group, Inc.; and The JM Smucker Company.





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