

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 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): **May 4, 2016**

**MGP Ingredients, Inc.**

(Exact name of registrant as specified in its charter)

**KANSAS**  
(State or other jurisdiction  
of incorporation)

**0-17196**  
(Commission  
File Number)

**45-4082531**  
(IRS Employer  
Identification No.)

**Cray Business Plaza  
100 Commercial Street  
Box 130  
Atchison, Kansas 66002**  
(Address of principal executive offices) (Zip Code)

**(913) 367-1480**  
(Registrant's telephone number, including area code)

**Not Applicable**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02. Results of Operations and Financial Condition.**

On May 4, 2016, MGP Ingredients, Inc. (the "Company") issued a Press Release relating to financial results for the first quarter 2016, which ended March 31, 2016 (the "Press Release"). The Press Release is furnished herewith as Exhibit 99.1 and is incorporated herein by reference. The Press Release is furnished pursuant to Item 2.02, "Results of Operations and Financial Condition," Item 7.01, "Regulation FD Disclosure" and Item 9.01, "Financial Statements and Exhibits."

The information in Item 2.02 of this Current Report, including in Exhibit 99.1, is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. Such information shall not be deemed incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, except to the extent expressly incorporated by specific reference contained in such filing or document.

**Item 7.01. Regulation FD Disclosure.**

Attached as Exhibit 99.1, and incorporated into this Item 7.01 by reference, is the Press Release relating to the Company's financial results for the first quarter 2016, which ended March 31, 2016.

**Item 9.01. Financial Statements and Exhibits.**

(d) *Exhibits.*

**99.1\*** Press Release dated May 4, 2016 furnished solely for the purpose of incorporation by reference into Items 2.02, 7.01 and 9.01.

\*Filed herewith

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**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.

MGP INGREDIENTS, INC.

Date: May 4, 2016

By: /s/ Thomas K. Pigott  
Thomas K. Pigott, Vice President and Chief Financial Officer



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# NEWS RELEASE

## **MGP INGREDIENTS REPORTS STRONG FIRST QUARTER PROFITABILITY** *Operating Income Increases 55%*

**ATCHISON, Kan., May 4, 2016 - MGP Ingredients, Inc. (Nasdaq/MGPI)**, a leading supplier of premium distilled spirits and specialty wheat proteins and starches, today reported results for the first quarter ended March 31, 2016.

### 2016 first quarter highlights

- Net sales decreased 4.4% to \$76.8 million as increases in net sales of premium beverage alcohol were more than offset by decreases in net sales of lower margin products.
- Gross profit increased 27.3% to \$17.0 million.
- Gross margin improved 5.6 percentage points to 22.2%.
- Operating income increased 55.3% to \$10.7 million.
- Net income increased 39.2% to \$7.1 million.
- Earnings per share increased 46.4% to \$0.41.

“We are very pleased with the results for the quarter and our continued progress in implementing our long term strategic plan,” said Gus Griffin, president and CEO of MGP. “The increase in our operating income is evidence of that progress. While net sales declined due to softness in some of our lowest margin products, our focus on our highest margin products drove a significant increase in gross profit.”

### **Distillery Products Segment - First Quarter Gross Profit Rises 29%**

For the first quarter, net sales for the Distillery Products segment decreased 3.1% to \$63.8 million. Gross profit rose to \$14.9 million, or 23.3% of net segment sales, compared with \$11.5 million, or 17.4% of net segment sales in the first quarter of 2015. The improvement in gross profit was due to the continuing product sales mix shift to higher margin premium spirits, higher selling prices and lower input costs.

Griffin noted “We continue to enjoy very strong demand for our bourbon and rye whiskeys, reflecting the projected long term growth of that category. Net sales for our Distillery Products segment were down, primarily driven by a decline in our industrial alcohol business, the result of a very competitive market and a mild flu season. Despite that, our strong focus on our higher margin beverage alcohol products pushed segment gross profit up substantially. While we expect some volatility in our product mix, we believe the large shift this quarter is temporary and we remain pleased with the long term trend.”

### **Ingredient Solutions - First Quarter Gross Profit Increases 16%**

For the 2016 first quarter, net sales for the Ingredient Solutions segment decreased 10.7% to \$13.0 million. Gross profit increased to \$2.2 million, or 16.9% of net segment sales, compared with \$1.9 million, or 13.1% of net segment sales in the first quarter of 2015. The improvement in gross profit was due to the continuing sales mix shift to higher margin specialty products, higher selling prices and lower input costs.

Griffin added, "While net sales for our Ingredients Solutions segment were down, with exports hindered by the strong U.S. dollar, strong growth in our specialty protein products supported improved segment gross profit. We continued to be encouraged by our progress in positioning this segment to benefit from long term consumer trends."

#### **Other**

Corporate selling, general and administrative expenses were \$6.3 million for the first quarter 2016 compared to \$6.5 million in the first quarter 2015, primarily due to decreases in incentive compensation, partially offset by increases in personnel, legal, and other costs.

MGP received joint venture equity method investment earnings of \$0.5 million in the first quarter 2016 from its ICP joint venture, which produces high quality food grade alcohol, chemical intermediates and fuel. ICP joint venture income was \$0.8 million below the prior year as ICP faced less favorable market conditions.

Earnings per share were \$0.41 for the first quarter 2016, compared with \$0.28 for the first quarter 2015. Strong results from operations, lower shares outstanding and a lower tax rate were partially offset by reduced income from ICP and higher interest expense.

#### **2016 and Long Term Guidance**

MGP is providing revised guidance for 2016 and beyond. The 2016 net sales percentage growth projection has been revised downward to reflect the impact that the first quarter sales decline of lower margin products has on the full year. Other elements of the guidance including the operating income growth are unchanged.

- Operating income is expected to increase by a compound annual growth rate in the ten to fifteen percent range over the next three years.
- 2016 net sales percentage growth is expected to be in the mid-single digits.
- 2016 gross margin gains are expected to be moderate following strong 2015 improvement.
- 2016 effective tax rate is forecast to be 35% and shares outstanding are expected to be approximately 16.7 million, reflecting the benefit of the 2015 share repurchase.
- Due to challenging and volatile conditions in the fuel ethanol market, ICP's 2015 level of profitability may not be sustainable in 2016.

#### **Conclusion**

"The momentum established in 2015 has continued into the first quarter of 2016," concluded Griffin. "Our strategy of maximizing the value of our production is clearly producing results, and will continue over the long term. Our launch of Till American Wheat Vodka demonstrates further progress in the implementation of our strategy to capture value share. We made strong progress against our barrel warehouse expansion plan, and increased our MGP-owned barreled whiskey inventory by \$5.5 million this quarter, as we continue to invest for growth."

#### **Annual Meeting**

The company's annual meeting of shareholders is scheduled for May 19 at 10 a.m. in the Atchison Event Center located at 710 S. 9th Street, Atchison, Kansas.

### **About MGP Ingredients, Inc.**

MGP is a leading producer and supplier of premium distilled spirits and specialty wheat proteins and starches. Distilled spirits include premium bourbon and rye whiskeys, gins and vodkas, which are carefully crafted through a combination of art and science and backed by over 150 years of experience. The company's proteins and starches are created in the same manner and provide a host of functional, nutritional and sensory benefits for a wide range of food products. MGP additionally is a top producer of high quality industrial alcohol for use in both food and non-food applications. The company is headquartered in Atchison, Kansas, where distilled alcohol products and food ingredients are produced. Premium spirits are also distilled and matured at the company facility in Lawrenceburg, Indiana. For more information, visit [mgpingredients.com](http://mgpingredients.com).

### **Cautionary Note Regarding Forward-Looking Statements**

This news release contains forward-looking statements as well as historical information. All statements, other than statements of historical facts, included in this news release regarding the prospects of our industry and our prospects, plans, financial position, business strategy, guidance on growth in operating income, revenue, gross margin, and future effective tax rate may constitute forward-looking statements. In addition, forward-looking statements are usually identified by or are associated with such words as "intend," "plan," "believe," "estimate," "expect," "anticipate," "hopeful," "should," "may," "will," "could," "encouraged," "opportunities," "potential" and/or the negatives or variations of these terms or similar terminology. They reflect management's current beliefs and estimates of future economic circumstances, industry conditions, Company performance, and Company financial results and are not guarantees of future performance. All such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others: (i) disruptions in operations at our Atchison facility, Indiana facility, or at the Illinois Corn Processing, LLC ("ICP") facility, (ii) the availability and cost of grain, flour, and barrels, and fluctuations in energy costs, (iii) the effectiveness of our corn purchasing program to mitigate our exposure to commodity price fluctuations, (iv) the effectiveness or execution of our five-year strategic plan, (v) potential adverse effects to operations and our system of internal controls related to the loss of key management personnel, (vi) the competitive environment and related market conditions, (vii) the ability to effectively pass raw material price increases on to customers, (viii) the positive or adverse impact to our earnings as a result of the ownership of our equity method investment in ICP and the volatility of its operating results, (ix) ICP's access to capital, (x) our limited influence over the ICP joint venture operating decisions, strategies, financial or other decisions (including investments, capital spending and distributions), (xi) our ability to source product from the ICP joint venture or unaffiliated third parties, (xii) our ability to maintain compliance with all applicable loan agreement covenants, (xiii) our ability to realize operating efficiencies, (xiv) actions of governments, (xv) consumer tastes and preferences, and (xvi) the volatility in our earnings resulting from the timing differences between a business interruption and a potential insurance recovery. For further information on these and other risks and uncertainties that may affect our business, including risks specific to our Distillery Products and Ingredient Solutions segments, see *Item 1A. Risk Factors* of our Annual Report on Form 10-K/A for the year ended December 31, 2015.

### **For More Information**

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**MGP INGREDIENTS, INC.**  
**EARNINGS PER SHARE ROLLFORWARD**

**Change in basic and diluted earnings per share**

	<b>Basic and Diluted EPS</b>	<b>Change</b>	
Basic and diluted earnings per share for the quarter ended March 31, 2015	\$ 0.28		
Change in operations <sup>(a)</sup>	0.14	50.0	pp <sup>(b)</sup>
Change in equity method investments <sup>(a)</sup>	(0.03)	(10.7)	pp
Change in interest expense <sup>(a)</sup>	(0.01)	(3.6)	pp
Change in weighted average shares outstanding <sup>(c)</sup>	0.02	7.1	pp
Change in effective tax rate	0.01	3.6	pp
Basic and diluted earnings per share for the quarter ended March 31, 2016	<b>\$ 0.41</b>	<b>46.4 %</b>	

<sup>(a)</sup> Changes are net of tax based on the effective tax rate for each base year.

<sup>(b)</sup> Percentage points ("pp").

<sup>(c)</sup> Weighted average shares outstanding change primarily due to the vesting of employee restricted stock units, the granting of Common Stock to directors, the purchase of vested stock by the Company from employees to pay withholding taxes, and repurchases by the Company of Common Stock.

**MGP INGREDIENTS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)**

	Quarter Ended	
	March 31, 2016	March 31, 2015
Sales	\$ 77,191	\$ 84,864
Less: excise taxes	356	4,451
Net sales	76,835	80,413
Cost of sales	59,789	67,025
<b>Gross profit</b>	<b>17,046</b>	<b>13,388</b>
Selling, general and administrative expenses	6,321	6,480
<b>Operating income</b>	<b>10,725</b>	<b>6,908</b>
Equity method investment earnings (Note 2)	517	1,352
Interest expense, net	(311)	(131)
<b>Income before income taxes</b>	<b>10,931</b>	<b>8,129</b>
Income tax expense	3,872	3,059
<b>Net income</b>	<b>7,059</b>	<b>5,070</b>
Other comprehensive loss, net of tax	(17)	(72)
<b>Comprehensive income</b>	<b>\$ 7,042</b>	<b>\$ 4,998</b>
<b>Basic and diluted earnings per share<sup>(a)</sup></b>	<b>\$ 0.41</b>	<b>\$ 0.28</b>
<b>Dividends and dividend equivalents per common share</b>	<b>\$ 0.08</b>	<b>\$ 0.06</b>

<sup>(a)</sup> Share information:

	Quarter Ended	
	March 31, 2016	March 31, 2015
Basic weighted average common shares	16,607,074	17,395,659
Incremental shares from potential dilutive securities	—	713
Diluted weighted average common shares	16,607,074	17,396,372



**MGP INGREDIENTS, INC.**  
**CONSOLIDATED BALANCE SHEET (UNAUDITED)**

(Dollars in thousands)	March 31, 2016	December 31, 2015	(Dollars in thousands)	March 31, 2016	December 31, 2015
<b>ASSETS</b>			<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Assets:			Current Liabilities:		
Cash and cash equivalents	\$ —	\$ 747	Current maturities of long-term debt	\$ 5,997	\$ 3,345
Receivables	31,204	30,670	Accounts payable	16,740	20,940
Inventory	68,383	58,701	Accounts payable to affiliate, net	2,302	2,291
Prepaid expenses	1,351	1,062	Accrued expenses	7,335	10,400
			Income taxes payable	4,797	685
			Other current liabilities		
<b>Total Current Assets</b>	<b>100,938</b>	91,180	<b>Total Current Liabilities</b>	<b>37,171</b>	37,661
			Other Liabilities:		
			Long-term debt, less current maturities	19,239	7,579
			Revolving credit facility	12,208	22,536
Property and equipment	233,002	229,914	Deferred credit	3,228	3,402
Less accumulated depreciation and amortization	(149,585)	(146,360)	Accrued retirement, health and life insurance benefits	4,085	4,136
<b>Net Property, Plant and Equipment</b>	<b>83,417</b>	83,554	Deferred income taxes	2,135	2,757
Equity method investments	15,780	18,563	Other non current liabilities	80	79
Other assets	972	1,013	<b>Total Liabilities</b>	<b>78,146</b>	78,150
			Stockholders' equity	122,961	116,160
<b>TOTAL ASSETS</b>	<b>\$ 201,107</b>	\$ 194,310	<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 201,107</b>	\$ 194,310