

**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): April 6, 2017

**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))
-

**Item 8.01. Other Events.**

On April 6, 2017, MGP Ingredients, Inc. (the "Company") will host an analyst day for institutional investors at its Lawrenceburg, Indiana facility. Management's presentation to investors ("Investor Presentation") includes information regarding the Company's financial performance and market opportunity. A copy of the Investor Presentation is attached hereto as Exhibit 99.1

The information contained in this Current Report on Form 8-K, including the Investor Presentation, shall not be deemed "filed" for purposes of the Securities Exchange Act of 1934, as amended.

This Form 8-K, including the Investor Presentation, may contain "forward-looking statements" within the meaning of the safe harbor provisions of the federal securities laws. These statements are based on the Company's expectations and involve risks and uncertainties that could cause our actual results to differ materially from those set forth in the statements. These risks are discussed in the Company's filings with the Securities and Exchange Commission ("SEC"), including an extensive discussion of these risks in the Company's Annual Report on Form 10-K for the year ended December 31, 2016. Such forward-looking statements speak only as of the date they are made, and the Company undertakes no obligation to update or revise any forward-looking statement. If the Company does update any forward-looking statement, no inference should be drawn that it will make additional updates with respect to that statement or any other forward-looking statements.

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

- (d) Exhibits
  - 99.1 Investor Presentation
-

**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: April 6, 2017

By: /s/ Thomas K. Pigott

Thomas K. Pigott, Vice President, Finance and Chief Financial Officer



ANALYST DAY 2017

LAWRENCEBURG, INDIANA

APRIL 6, 2017







## MGP ANALYST DAY AGENDA 2017

### MGP participants:

- **Gus Griffin**, President and CEO; **Tom Pigott**, Vice President of Finance and CFO; **Steve Glaser**, Vice President of Production and Engineering; **Andy Mansinne**, Vice President of Brands; **David Whitmer**, Corporate Director of Quality and Alcohol RD&I; **Mike Templin**, Lawrenceburg Distillery Plant Manager; and **Pam Soule**, Quality Assurance Lab Manager

### Schedule:

- 9:30 a.m. to 11:30 a.m.:
  - management presentations and webcast from Gus Griffin, Steve Glaser, Andy Mansinne and Tom Pigott
- 11:30 a.m. to 12:00:
  - box lunch and Q&A
- 12:00 p.m. to 1:15 p.m.:
  - Group A: tour of Lawrenceburg distillery
  - Group B: Barreling, product tasting and discussion
- 1:15 p.m. to 2:30 p.m.:
  - Reverse tour cycles

*A reminder: we ask your cooperation in not taking any photographs or videos in the facility for security reasons.*



## FORWARD LOOKING STATEMENTS

Certain of the comments made in this presentation and in the question and answer session that follows may contain forward-looking statements in relation to operations, financial condition and operating results of MGP Ingredients, Inc. and such statements involve a number of risks and uncertainties. All statements, other than statements of historical facts, 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. Forward-looking statements are usually identified by or 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.

These statements reflect management's views as of today and we do not undertake any obligation to update them. We wish to caution you that these statements are only estimates and that actual results may differ materially from those projected in the forward-looking statements. 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 grain purchasing program to mitigate our exposure to commodity price fluctuations, (iv) the effectiveness or execution of our 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, and (xv) consumer tastes and preferences.

Additional information concerning factors that could cause actual results to materially differ from those in the forward-looking statements is contained in Item 1A Risk Factors of our Annual Report on Form 10-K for the period ending December 31, 2016.



INVESTING FOR GROWTH  
IN PREMIUM SPIRITS  
AND SPECIALTY FOOD INGREDIENTS

APRIL, 2017





## UNIQUE CAPABILITIES & CAPACITIES

ATCHISON, KS  
PROTEIN & STARCH

- 17% of Net Sales
- 13% of Gross Profit
- Gross Profit +7%







## UNIQUE CAPABILITIES & CAPACITIES

ATCHISON, KS  
DISTILLERY

- Vodka
- Gin
- Industrial Alcohol





## UNIQUE CAPABILITIES & CAPACITIES

### LAWRENCEBURG, IN DISTILLERY

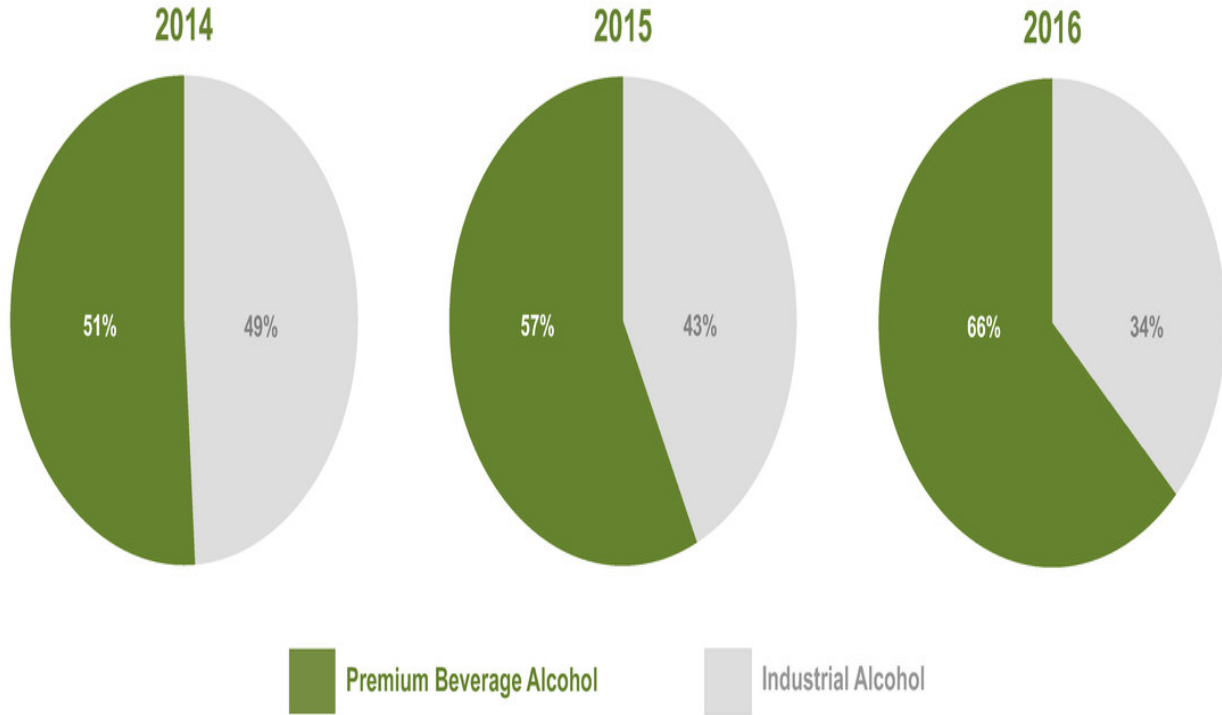
- Whiskey
- Vodka
- Gin





# MIGRATING TO PREMIUM BEVERAGE ALCOHOL

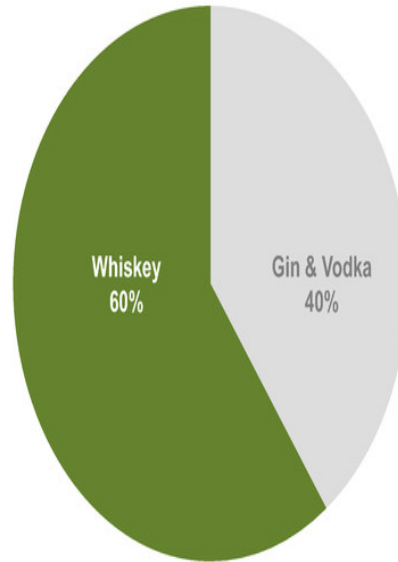
% of Total Food Grade Alcohol Net Sales





## PREMIUM BEVERAGE ALCOHOL BREAKOUT

2016 NET SALES = \$150M







## MACRO TRENDS IN PREMIUM BEVERAGE ALCOHOL

(U.S. DOMESTIC MARKET)

### · **Spirits gaining share**

Distilled spirits have gained share of total beverage alcohol for 7 straight years, now reaching 35.9%.

### · **Premiumization**

Consumers are trading up across all categories, with high end and super premium brands outperforming their categories.

### · **Growth of American Whiskey Category**

Bourbon/Rye/Tennessee continues to outperform the overall distilled spirits industry.

- +6.8% volume
- +7.7% value

Note: Data sourced from Distilled Spirits Council





# BULL CASE FOR AMERICAN WHISKEY

5-Year CAGR is accelerating

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
2.5%	3.7%	5.1%	5.7%	6.3%

Note: Data sourced from Distilled Spirits Council





# BULL CASE FOR AMERICAN WHISKEY

. 5-Year CAGR is accelerating

. Historical Length of Trends in the U.S.

<u>9 LTR Case Volume (000s)</u>	<u>1970</u>	<u>2010</u>	<u>2016</u>
American Whiskey	35.6	15.3	21.8
Vodka	18.8	62.1	69.8
Tequila	0.4	11.6	15.9

Note: Data sourced from Distilled Spirits Council





## BULL CASE FOR AMERICAN WHISKEY

- . 5-Year CAGR is accelerating
- . Historical Length of Trends in the U.S.
- . Headroom

	<u>1970</u>	<u>2010</u>	<u>2016</u>
Volume	35.6	15.3	21.8
Per Capita Consumption	0.69	0.16	0.22
LDA Pop	122m	221m	233m
Share of TDS	22.8%	8.0%	9.9%

Note: Data is sourced from Distilled Spirits Council







## BULL CASE FOR AMERICAN WHISKEY

- . 5-Year CAGR is accelerating
- . Historical Length of Trends in the U.S.
- . Headroom
- . **Geographical Expansion Potential**
  - . American Whiskey SOM of Total Whiskey
    - . In US 35%
    - . ROW 11%
  - . Export volume +10.2% in 2016

Note: Data is sourced from Distilled Spirits Council





## CAPACITY SITUATION ASSESSMENT

### . Industry is Adding Capacity

- . Existing producers to support growth of existing brands
- . New producers to support growth of new brands

### . Customers Building Capacity

- . To expand their product offerings
- . To expand their marketing efforts
- . Understand and value our role

### Strengthening our Position

- . Scale – competitive pricing
- . Capacity – ability to support long-term growth
- . Capabilities – meet any customer needs
- . Partnership – our core business
- . Leveraging aged – retain and attract
- . Broad Base – fastest growing segments



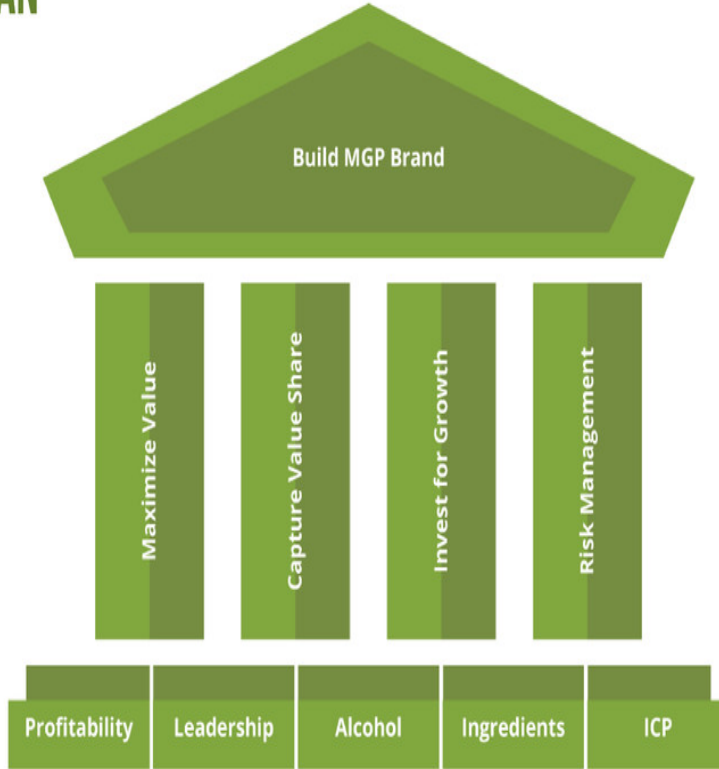


## OUR MISSION

**Secure our future by consistently delivering superior financial results by more fully participating in all levels of the alcohol and food ingredients segments for the betterment of our shareholders, employees, partners, consumers, and communities.**



# OUR STRATEGIC PLAN







## PROGRESS CONTINUES AGAINST ALL STRATEGIES

Strategy	2016 Accomplishments
Maximize Value	<ul style="list-style-type: none"><li>Continued to improve mix – Premium Beverage Alcohol</li></ul>
Capture Value Share	<ul style="list-style-type: none"><li>Launched Till American Wheat Vodka</li><li>Acquired George Remus Brand</li></ul>
Invest for Growth	<ul style="list-style-type: none"><li>Progressed \$29MM warehouse expansion</li><li>Added \$22.7MM of MGP premium whiskey inventory. YE balance of \$50.9MM at cost<ul style="list-style-type: none"><li>Support own brands</li><li>Strategic partnerships</li><li>Strengthen position – attract and retain</li><li>Sell on open market – potential value 3X</li></ul></li><li>Continued to strengthen team and board</li></ul>
Risk Management	<ul style="list-style-type: none"><li>Achieved “AA” rating from British Retail Consortium at both facilities</li><li>Evolved management of input costs</li><li>Implemented Enterprise Risk Management</li></ul>
Build our Brand	<ul style="list-style-type: none"><li>Celebrated 75<sup>th</sup> Anniversary – rang closing bell at NASDAQ</li><li>Initiated Earnings Calls</li><li>Honored by Kansas Department of Commerce</li></ul>



CREATING EXCELLENCE

APRIL, 2017





TWO  
WORLD-CLASS  
FACILITIES





## ATCHISON, KS

In 1941, Cloud L. Cray, Sr., founded Midwest Solvents Company to meet the wartime demands for industrial alcohol.

Today, MGP's integrated plant in Atchison, Kansas produces vodka, gin, and industrial grade alcohol, as well as specialty starch and protein food ingredients products.

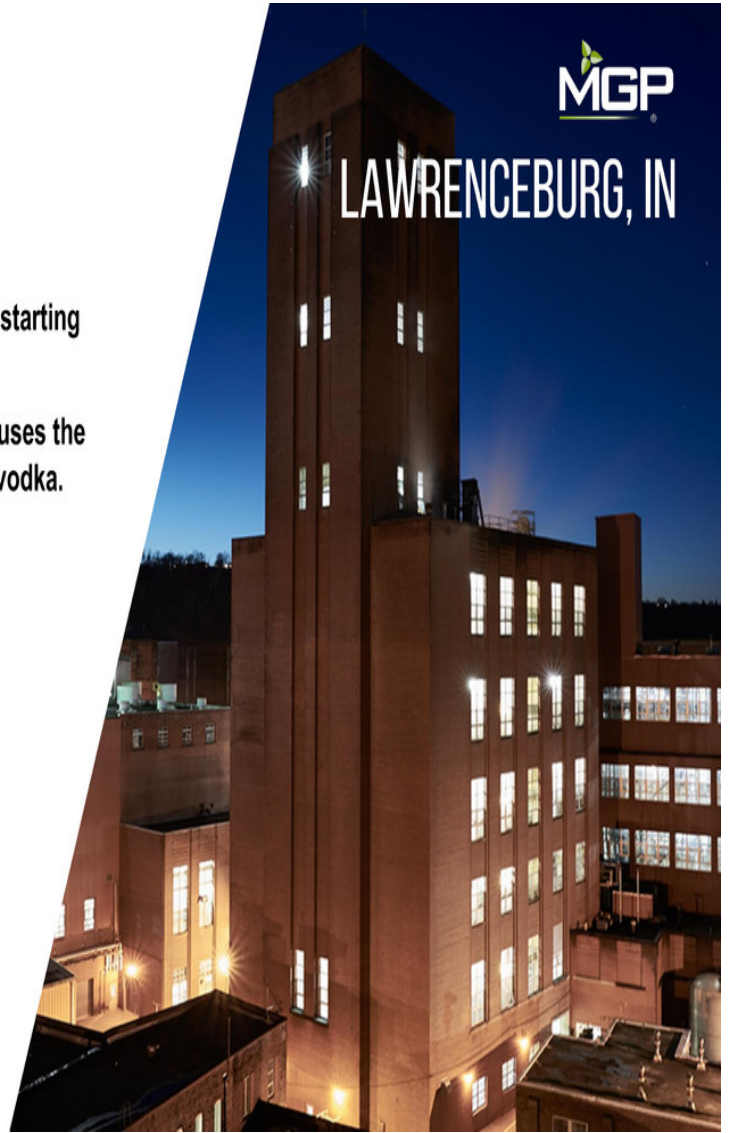




## LAWRENCEBURG, IN

MGP's distillery in Lawrenceburg, Indiana has a rich history starting in 1847 when it opened as the Rossville Union Distillery.

It was purchased by MGP in 2011 for \$13.3MM. Today, MGP uses the facility to produce world-class bourbon, whiskeys, gin, and vodka.





## OPERATING EXCELLENCE

- Flexibility to produce in small or large quantities
- Work with high-rye mash bills. Rye is difficult to process
- Significant production, barreling and storage capacity and capability
- Decades of experience in product innovation/R&D, quality, engineering, production and supply chain/logistics





## OPERATING EXCELLENCE

- Production of broad array of spirits
- Vodkas and gins from corn, wheat, high/low proof gin, non-GMO
- Twelve listed whiskey mash bills
- Develop wide variety of custom mash bills to meet customer needs







## MANUFACTURING EXCELLENCE

- MGP sources the highest quality grains available in the market
- MGP's know-how in sourcing and grain processing goes back to its origins
- MGP handles multiple grains, including corn, barley, rye, wheat, and milo/sorghum







## MANUFACTURING EXCELLENCE

- Deep fermentation and distillation knowledge with microbiologists and master distillers on staff
- Expertise in hard-to-handle high rye mash bills
- Highest quality water from Greater Miami aquifer





## MANUFACTURING EXCELLENCE

- Flexible manufacturing
- Lawrenceburg distillery state-of-the-art feed dryer installed 2015
- Efficient and consistent
- Well-trained and dedicated staff





## ||||| HIGHLY CUSTOMIZABLE

- Highly customizable whiskeys, gins, vodkas
- Small and/or large runs
- Short lead-time







## BLENDING EXPERTISE, RESEARCH & DEVELOPMENT

- Strong RD&I team
- Expert master blenders
- Expertise in vodka, gin, whiskey, bourbons
- Specialized in mash bill and blend development
- State-of-the-art labs





## HIGHEST FOOD SAFETY STANDARDS

- MGP has been BRC Certified every year since 2011
- For both sites, MGP has received an AA rating. The highest possible score
- BRC is part of the Global Food Safety Initiative (GFSI) to assure safe food around the world

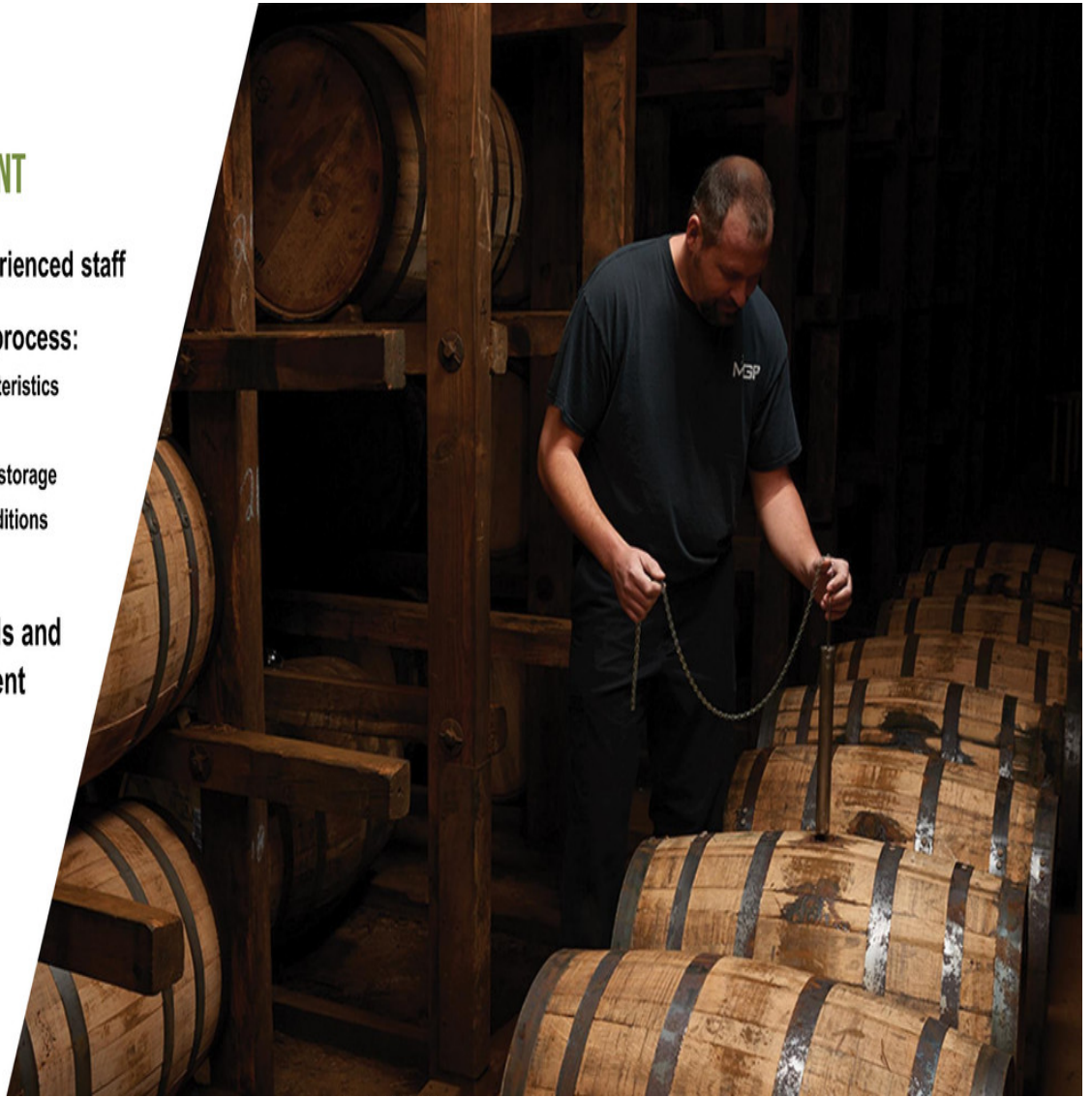
BRC GLOBAL STANDARDS   
THE WORLDWIDE STANDARDS OF CHOICE





## BARREL MANAGEMENT

- Highly-regarded, experienced staff
- Heavy R&D on aging process:
  - Wood types/characteristics
  - Charring
  - Building types and storage
  - Environmental conditions
  - Chemistry
- Best-in-class controls and inventory management (SAP)







## STORAGE

- As part of MGP's invest-to-grow strategy, we launched a \$29 million investment in a 20-acre campus adjoining the company's current facility to refurbish existing warehouse buildings and construct new warehouses
- More than doubling barrel storage capacity
- Warehouse expansion program is nearing final stages





## OUR PEOPLE ARE THE KEY TO MGP'S SUCCESS

- MGP's deep bench of experienced and talented people
- We continue to attract the best new talent
- Ours is a culture of collaboration and excellence
- People are the key to "Building our Legacy"

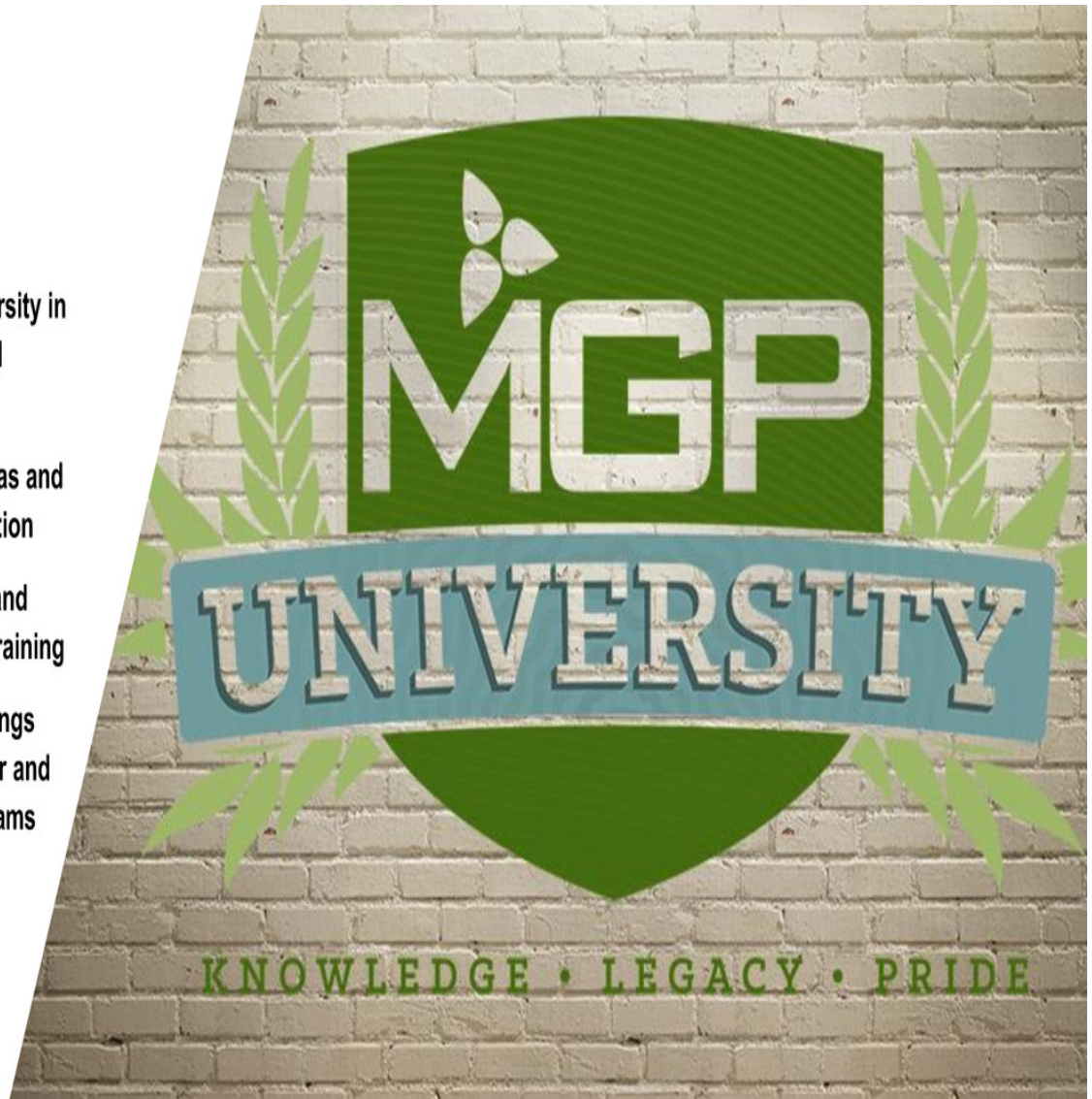






## |||| MGP UNIVERSITY

- Launched MGP University in 2015, with a dedicated university director
- MGPU impacts all areas and levels of the organization
- Provides knowledge and wisdom vs. discrete training
- Among MGPU's offerings are the Master Distiller and Master Blender programs





## MAKE IT A WORLD-CLASS POUR

- Whiskey Advocate's 2015 Distiller of the Year



- 2015/2016 San Francisco World Spirits Competition:

- Seven Double Gold
- Ten Gold
- 22 Silver
- Eight Bronze





## MAKE IT A WORLD-CLASS POUR

- The sum total of MGP's capabilities and expertise combine with the best quality materials and facilities to produce spirits of the highest quality







CAPTURING VALUE SHARE THROUGH  
BEVERAGE BRANDS

APRIL, 2017





## OUR CORPORATE MISSION

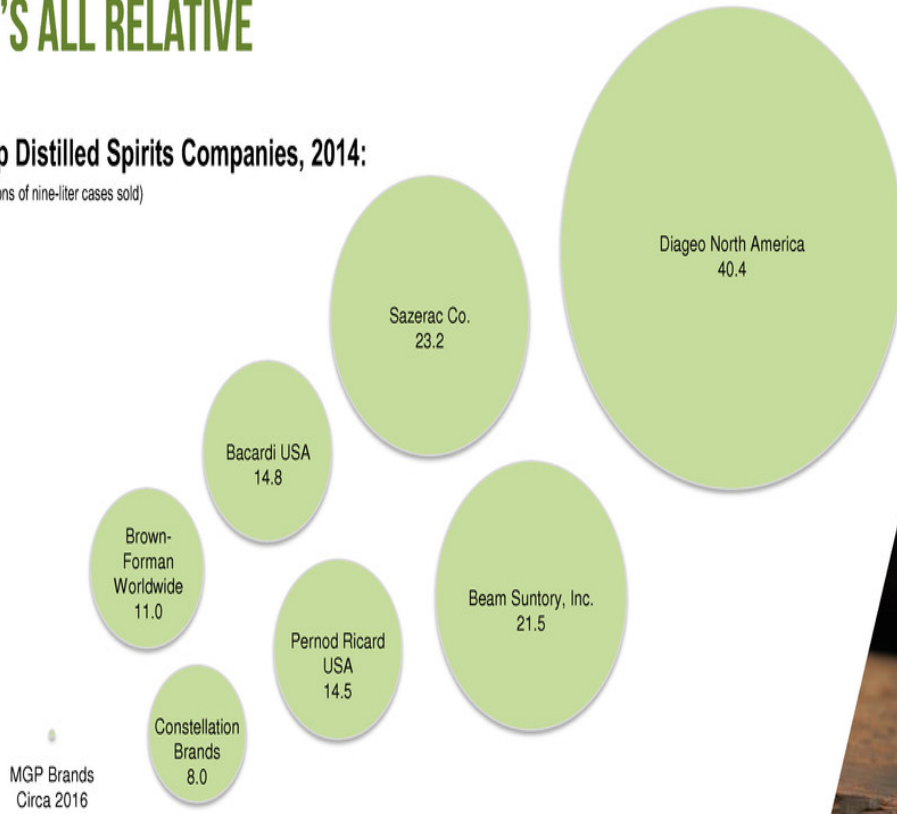
Secure our future by consistently delivering superior financial results by ***more fully participating in all levels*** of the alcohol and food ingredients segments for the betterment of our shareholders, employees, partners, consumers, and communities.



# IT'S ALL RELATIVE

## Top Distilled Spirits Companies, 2014:

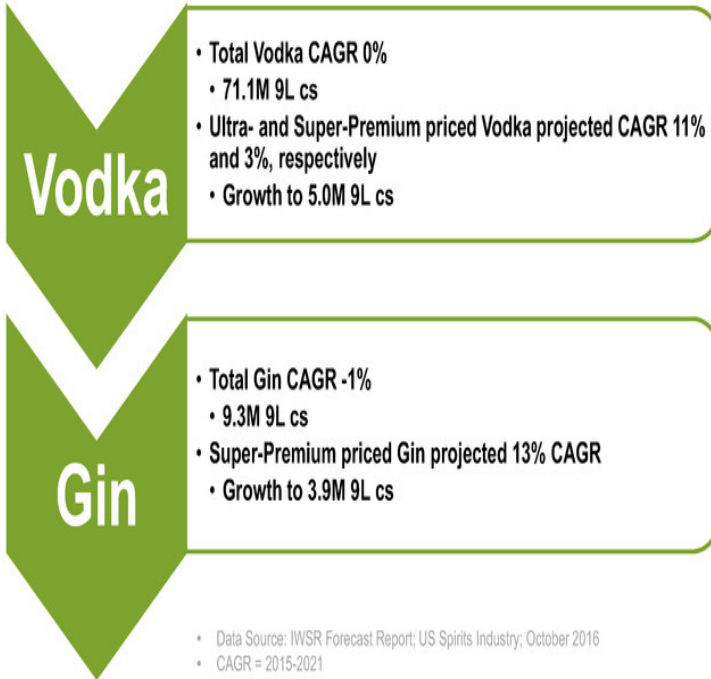
(millions of nine-liter cases sold)



Note: data is sourced from 2015 Impact Databank



## GROWTH IS IN SUPER-PREMIUM +





## GROWTH IS IN SUPER-PREMIUM +

### Bourbon

- Total U.S. Whiskey CAGR 3%
- 31.3M 9L cs
- Ultra- and Super-Premium priced U.S. Whiskey projected CAGR 12% and 10%, respectively
- Growth to 1.9M 9L cs

### Rye

- Leverage market share leadership through MGP-owned brand(s)

- Data Source: IWSR Forecast Report; US Spirits Industry; October 2016
- CAGR = 2015-2021







## CRAFT ATTITUDE WITH CORPORATE RESOURCES





## APPROACH TO OUR MARKETS: MUTUALLY BENEFICIAL RELATIONSHIPS

- MGP is an influencer
- MGP Brands provide above average margin contribution
- Distributor open to planning and managing the business the “MGP Way”:
  - Transparent planning and account selection
  - Account sold tracking
  - Granular performance analysis





||||| TILL AMERICAN WHEAT VODKA

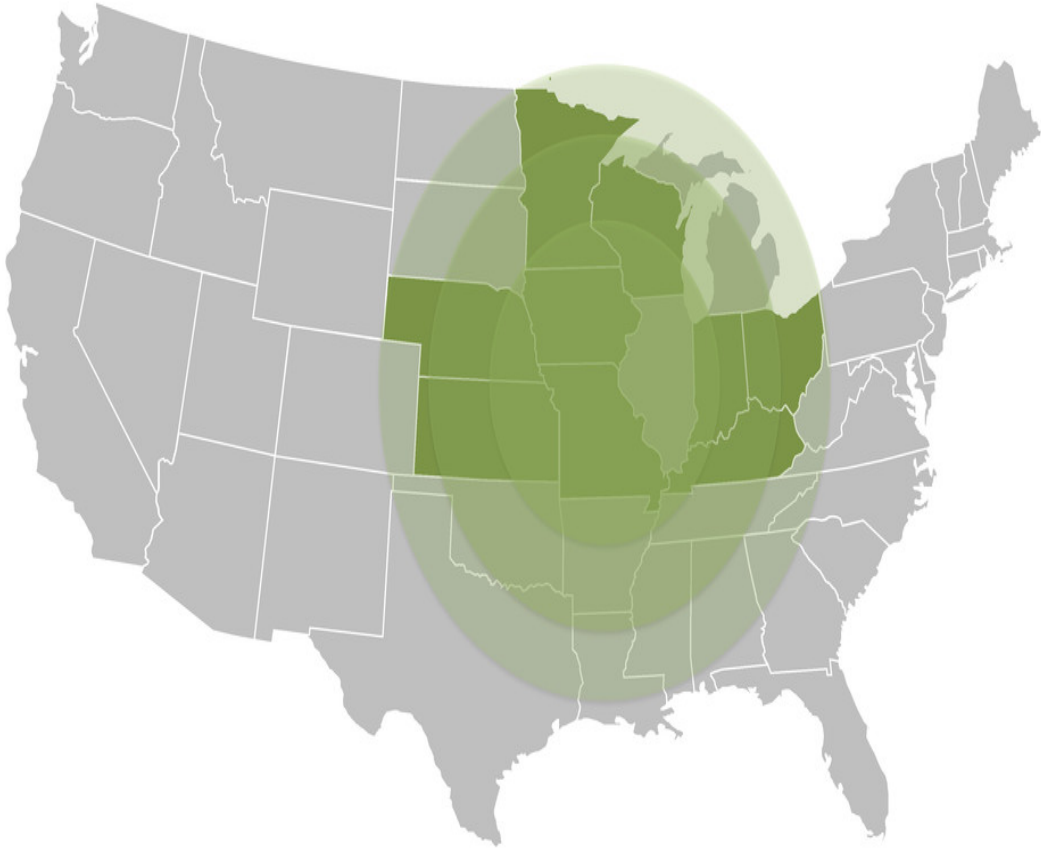


**Video**  
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MARKET FOCUS





# TILL ACCOLADES & AWARDS: DELIVERING ON TASTE & QUALITY EXPECTATIONS





## TILL'S NEW BOTTLE DESIGN: EVOCATIVE IMAGERY AT WORK

Bottle shape similar to other high-end vodkas; communicates quality and premium price.

Frosted bottle similar to Ultra Premium Imports conveys upscale and refreshing image.

Stylized wheat field is attractive and communicates ingredients as well as farm/local, while being modern.

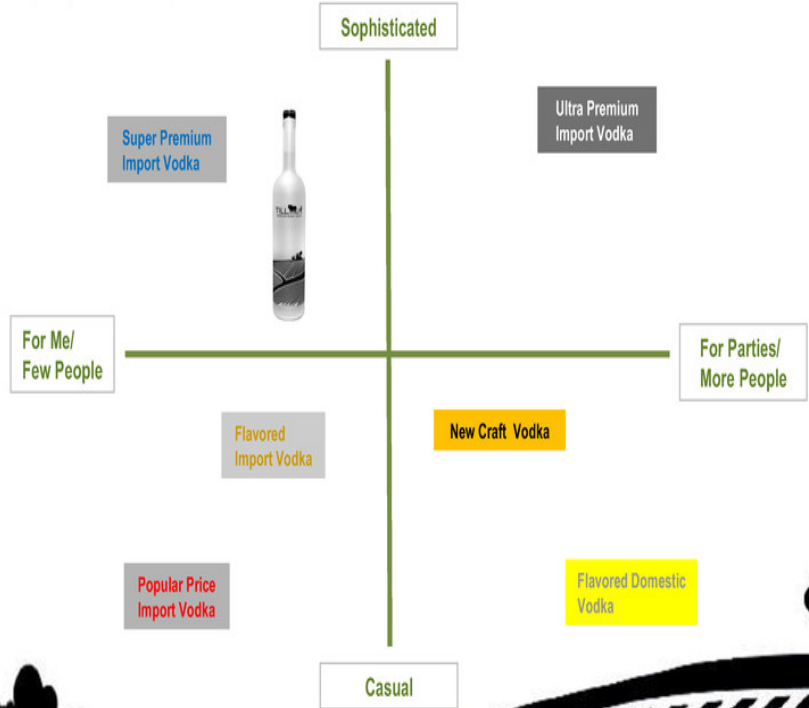
Black and white visuals seen as simple, clean and sophisticated





# CONSUMERS SEE TILL AS SOPHISTICATED

Source: 1/17 Vodka Exploratory and Till Focus Groups







# CONSUMERS WILLING TO PAY FULL PRICE FOR TILL

Source: 1/17 Vodka Exploratory and Till Focus Groups

## Retail Price Spectrum



Popular Price  
Import Vodka

Domestic Craft  
Vodka

Super Premium  
Import Vodka

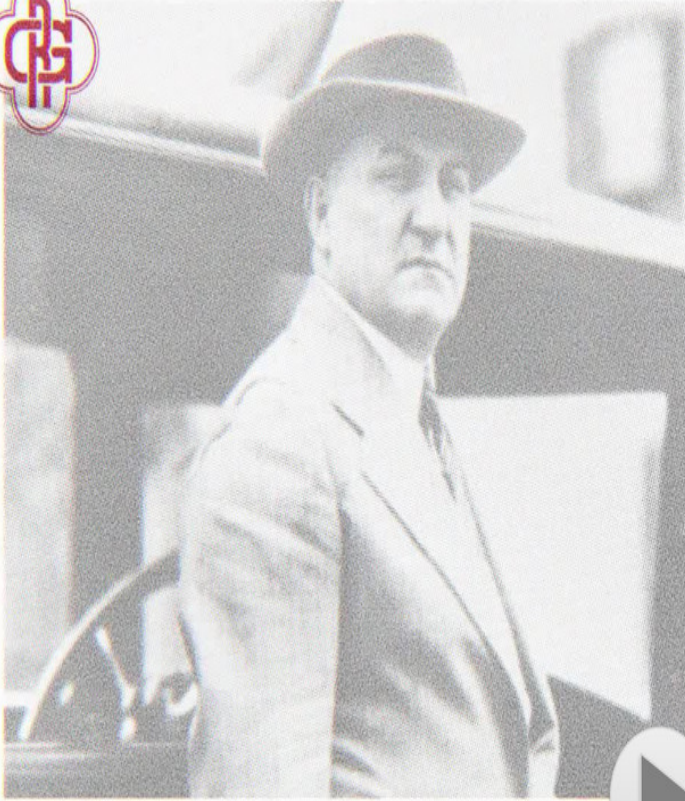


Ultra Premium  
Import Vodka

TILL  
AMERICAN WHEAT VODKA



GEORGE REMUS BOURBON



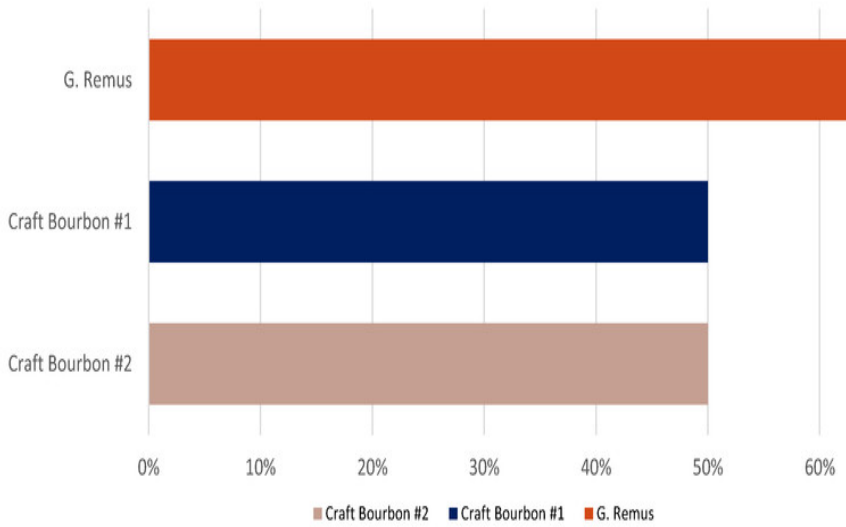
**Video**  
(will not play in PDF)



## REMUS IS A COMPELLING CONCEPT

George Remus is seen as more unique compared to leading craft bourbon brands

Top 2 Box Uniqueness – Total Sample



Source: 2/17 Bourbon/Rye Exploratory Focus Groups

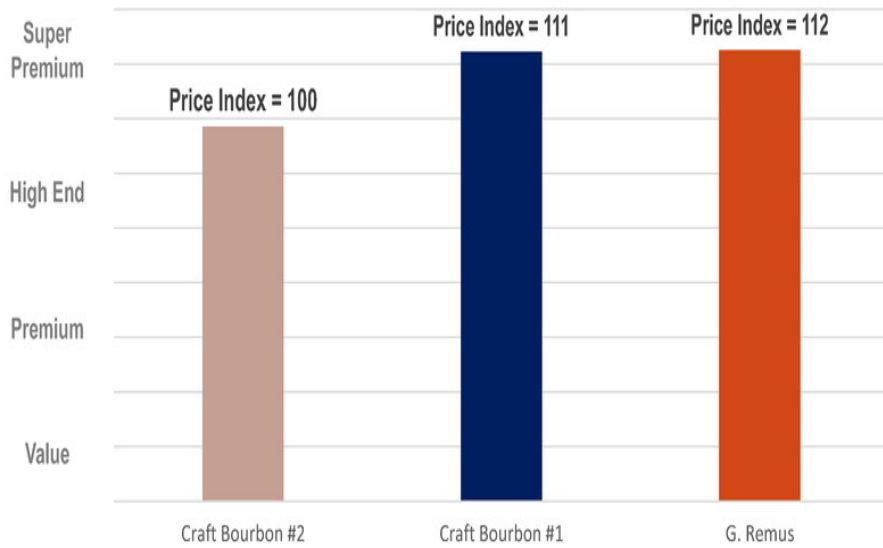






# REMUS COMMANDS SUPER-PREMIUM PRICING

### Price comparison among competition



Source: 2/17 Bourbon/Rye Exploratory Focus Groups





## CHANGES TO BRAND SINCE ACQUISITION

- Prohibition-style tax stamp
- Custom bottle
- Unique paper stock
- Enhanced artwork

Proprietary Blend of Bourbons





||||| A PEEK INTO THE FUTURE



## ||||| NEXT STEPS ON TILL & REMUS

- Steadily expand distribution platform for Till and George Remus
- Add key resources (people, A&P, distribution relationships)
- Engage in brand marketing and activations







## **FUTURE BRANDS DEVELOPMENT**

- **Identify and/or create well-positioned brands that fit MGP criteria:**
  - MGP makes the product [vodka, gin, corn, bourbon and rye whiskey]
  - Super to Ultra premium positioning and price point
  - Regional business with growth opportunities
  - Brand positioning does not conflict with existing major customers
- **Line Extensions**
- **Ultra Premium Bourbons and Whiskeys**
- **New Concepts**
- **Limited Releases**





2016 RESULTS & OUTLOOK

APRIL, 2017



## STRATEGIC SHIFT AWAY FROM INDUSTRIAL TO HIGHER VALUE PRODUCTS LED TO A SALES DECLINE OF 2.9%

### NET SALES

YEAR ENDED 12/31/2016

	Fav / (Unfav) vs Prior Year		
	<u>\$MM</u>	<u>\$MM</u>	<u>%</u>
Distillery Products	\$265.2	\$(5.0)	(1.8)%
Ingredient Solutions	<u>53.0</u>	<u>(4.4)</u>	<u>(7.6)%</u>
<b>MGP Ingredients</b>	<b>\$318.3</b>	<b>\$(9.3)</b>	<b>(2.9)%</b>

### KEY DRIVERS

- Distillery products decline primarily driven by reduced sales of lower margin industrial alcohol
- Ingredient solutions decline due to lower volume and pricing



## DISTILLERY NET SALES MIX SHIFTED TO HIGHER VALUE PREMIUM BEVERAGE ALCOHOL

### NET SALES

YEAR ENDED 12/31/2016

	Fav / (Unfav) vs Prior Year		
	\$MM	\$MM	%
Premium Beverage Alcohol	\$150.4	\$19.0	14.5%
Industrial Alcohol	77.3	(21.6)	(21.9)
Food Grade Alcohol	\$227.7	\$(2.6)	(1.1)
Fuel Grade Alcohol	7.4	-	0.1
Distillers Feed	21.8	(4.4)	(16.8)
Warehouse Services	8.4	2.0	31.6
<b>Total Distillery Products</b>	<b>\$265.2</b>	<b>\$(5.0)</b>	<b>(1.8)%</b>





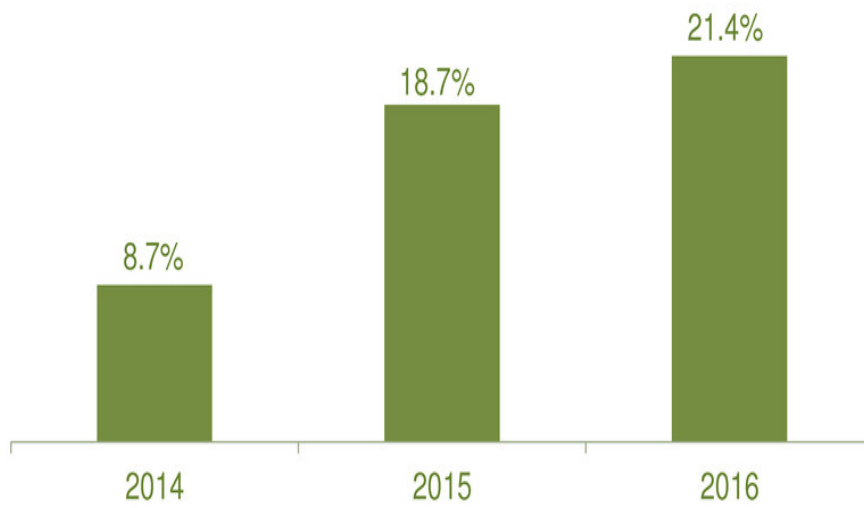
# MAXIMIZING VALUE: DRIVING SALES MIX UP THE MARGIN LADDER





**MIX SHIFT IS DRIVING MARGIN GROWTH  
IN DISTILLERY PRODUCTS**

**GROSS PROFIT MARGINS**  
DISTILLERY PRODUCTS





# AGED SALES AND BRANDED PLATFORM WILL DRIVE FUTURE GROSS MARGIN EXPANSION

## STAGES OF MARGIN EXPANSION DISTILLERY PRODUCTS

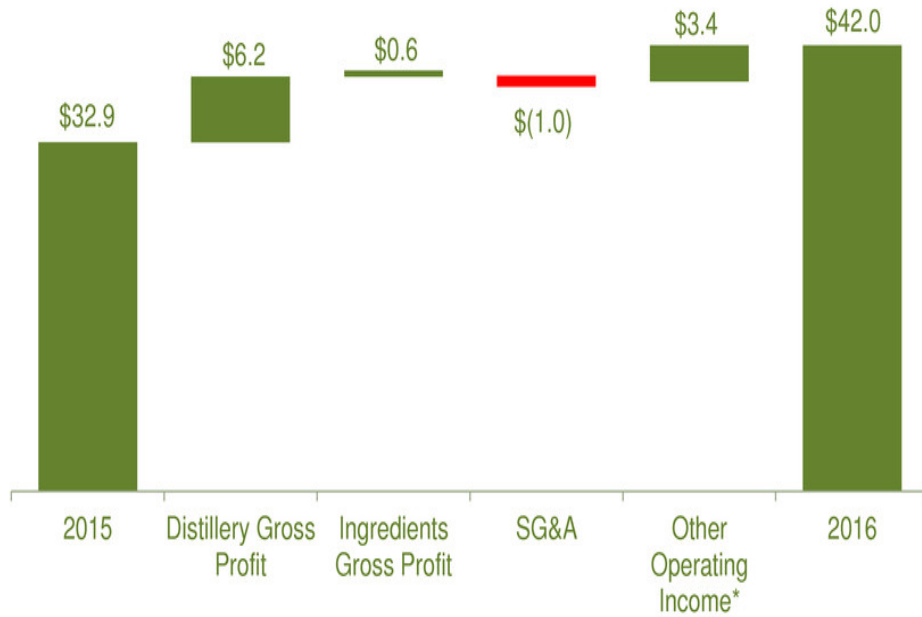




# DISTILLERY GROSS PROFIT KEY DRIVER OF MGP'S OPERATING INCOME GROWTH

## OPERATING INCOME DRIVERS

2015 TO 2016 - \$MM



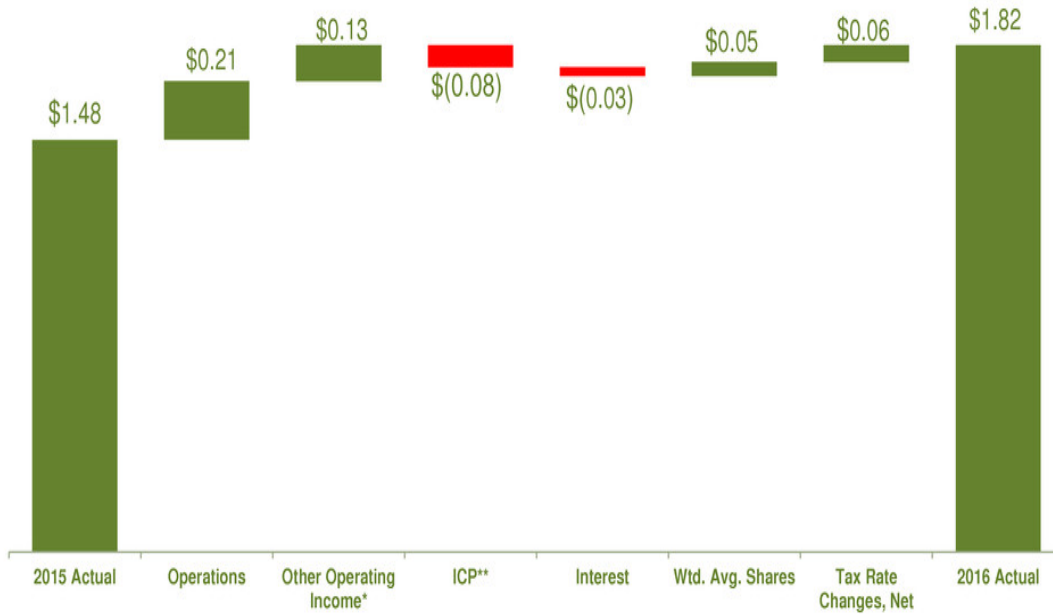
\* Other operating income includes legal settlement and sale of corporate asset.  
Note: Totals in presentation may not foot due to rounding.





# MPG'S 2016 EPS GROWTH WAS PRIMARILY DRIVEN BY OPERATIONS

## EARNINGS PER SHARE DRIVERS 2015 TO 2016



\* Other Operating Income includes legal settlement and sale of corporate asset.

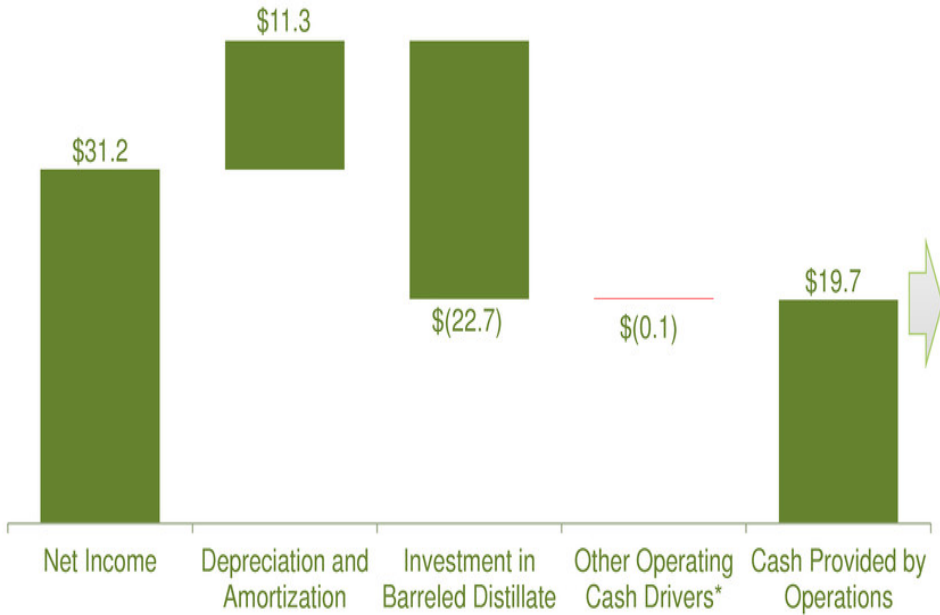
\*\* See appendix for background on MGP's equity method investment in ICP.

Note: changes are net of tax based on the effective tax rate for each base year, excluding the change in valuation allowance.



# OPERATING CASH FUNDED MGP'S INVESTING ACTIVITIES

## CASH FLOW DRIVERS YEAR ENDED 2016 – \$MM



## INVESTING ACTIVITIES

<u>Source / (Use)</u>	<u>Amount</u>
PP&E additions	\$(17.9)
Acquisition of George Remus	(1.6)
Divestiture of DMI	0.4
Other investing activities*	<u>1.4</u>
<b>Net Cash Used in Investing Activities</b>	<b><u>\$(17.7)</u></b>
<b>Remaining Cash Flow</b>	<b>\$2.0</b>

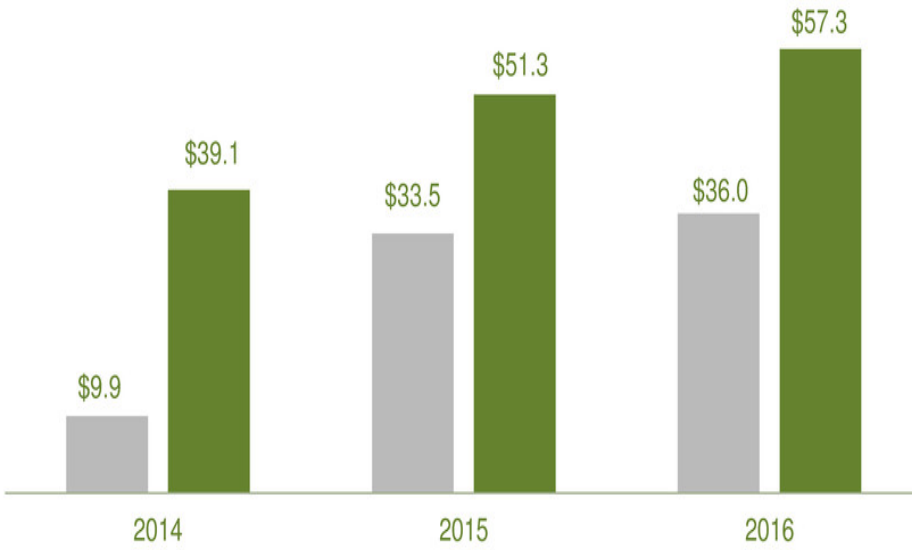
\* See appendix for detail.



## MGP'S BALANCE SHEET IS STRONG

### DEBT TO EBITDA – \$MM

■ Debt ■ EBITDA



2016 YE Debt to EBITDA Ratio of .63

\$51.6MM Available on Credit Facility at 12/31/16

Note: See Appendix for GAAP to Non GAAP Reconciliation



## MGP WILL INVEST TO GROW WHILE RETURNING FUNDS TO SHAREHOLDERS

### USES OF CASH

- . **Working capital**
  - . Continue to build whiskey inventory
  
- . **Capital expenditures**
  - . Complete \$29MM warehouse expansion
  - . Invest in capabilities
  
- . **Acquisitions**
  - . May be used to accelerate expansion into brands
  - . Key criteria established
    - . Super premium brands
    - . Product MGP can produce
    - . Strong financial returns
  
- . **Return funds to shareholders**





## GUIDANCE

MGP is reconfirming the following guidance for fiscal 2017 and beyond:

- Operating income is expected to grow between 10% and 15% annually from 2016 through 2018. This guidance excludes a favorable litigation settlement and asset sale gain recorded in the third quarter of 2016.
- Recognizing the difficulty of projecting three years in the future, our conservative estimate of growth in operating income in 2019 is 15% to 20% as sales of aged whiskey inventory becomes a more significant factor.
- Modest growth is expected in net sales in 2017, subject to some volatility as the company continues to shift sales from industrial to premium beverage alcohol.
- 2017 gross margins are expected to continue to grow versus 2016.
- 2017 effective tax rate is forecast to be 31%, and shares outstanding are expected to be approximately 16.8 million at year end.
- 2017 profitability for ICP remains exposed to the challenging and volatile conditions in the fuel ethanol industry.

A close-up photograph of a dark, textured wooden surface. A circular hole is visible, containing a smooth, light-brown, oval-shaped object, possibly a piece of wood or a nut. The lighting is dramatic, highlighting the textures and the hole.

## ||| SUMMARY

- Long term strategy in place
- Well positioned against macro trends
- Great capabilities
- Making necessary investments to deliver long term shareholder return
- Strong results



## APPENDIX

- . U.S. spirits market volume trends
- . Industrial alcohol market dynamics background information
- . ICP background information
- . GAAP to Non GAAP reconciliations
- . Cash flow details



## U.S. SPIRITS MARKET

### U.S. Spirits Market 9-Liter Cases (000s)

	2016 Volume	% Change
Total Distilled Spirits (TDS)	220,349	+2.4%
Total Whiskey	61,816	+4.1%
American Whiskey (Bourbon/Rye/Tennessee)	21,753	+6.8%
• Super Premium	2,061	+11.8%
• Rye	775	+15.5%
• < 2.5m Cases*	11,540	+8.0%
Vodka	69,782	+2.4%
• Super Premium	6,306	+13.4%
Gin	9,932	+7%
• Super Premium	143	+11.7%

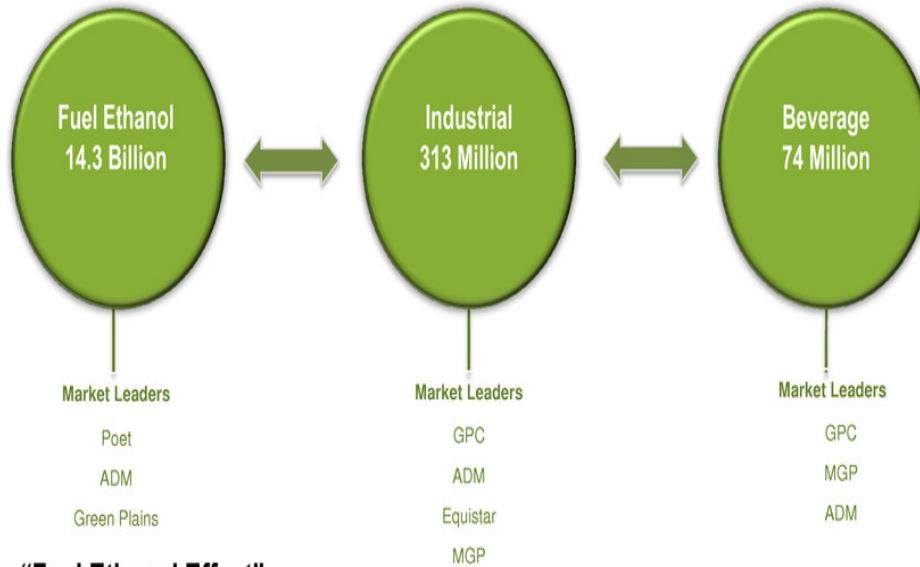
Note: Data is sourced from Distilled Spirits Council  
\*Data is sourced from Impact





## INDUSTRIAL ALCOHOL MARKET DYNAMICS

Volume flows between markets when ethanol margins are compressed



### The “Fuel Ethanol Effect”

As fuel ethanol prices come down and crush margins turn lower or negative, producers are forced to “go idle” or enter the Industrial or Beverage markets to maintain margins. This in turn depresses pricing and overall margins of the industrial alcohol market due to market oversupply.



## ICP BACKGROUND

- . Illinois Corn Processing, LLC (“ICP”) produces high quality food grade alcohol, chemical intermediates and fuel
- . ICP’s production facility is located in Pekin, Illinois
- . MGP owns 30% of ICP, and the income from the joint venture is reported in Equity method investment earnings, and ICP’s summary financial information is provided in Note 3 of the 10K. This ownership position makes ICP a related party to MGP
- . MGP also purchases product from ICP to support it’s industrial alcohol customers and beverage alcohol production. These purchases are also provided in Note 3 of the 10K
- . When these products purchased from ICP are then sold, the amount in cost of goods sold is noted on the Consolidated Statement of Income combined with other related party sales (DMI)
- . The amount of purchases from ICP can depend on MGP’s industrial customer demand, beverage alcohol production needs and production capacity planning



## RECONCILIATION OF GAAP TO NON GAAP

### Reconciliation of GAAP to Non GAAP Measures

EBITDA

(Dollars in Thousands)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net Income	\$ 31,184	\$ 26,191	\$ 23,675
Interest	1,294	534	816
Taxes	13,533	12,227	2,265
Depreciation / Amortization	<u>11,253</u>	<u>12,382</u>	<u>12,325</u>
EBITDA	\$ 57,264	\$ 51,334	\$ 39,081
Total Debt (See Note 5 of 10K)	\$ 36,001	\$ 33,460	\$ 9,899
Debt to EBITDA	0.63	0.65	0.25



## CASH FLOW DETAILS

	<b>Year to Date Ended</b>	
	<b>December 31, 2016</b>	
	Dollars in Thousands	
<b>Other operating cash drivers</b>		
Gain on property insurance recoveries	\$	(230)
Loss (gain) on sale of assets		(872)
Share-based compensation		2,402
Excess tax benefits		-
Equity method investment earnings		(4,036)
Distribution received from equity method investee		3,300
Deferred income taxes, including change in valuation allowance		681
Changes in working capital items:		
Receivables, net		4,585
Inventory, net of assets acquired in acquisition, excluding barreled distillate		2,557
Prepaid expenses		(622)
Refundable income taxes		(3,390)
Accounts payable		(3,178)
Accounts payable to affiliate, net		1,058
Accrued expenses		(1,407)
Deferred credits		(424)
Accrued retirement health and life insurance benefits		(477)
Other, net		-
<b>Total</b>	<b>\$</b>	<b>(53)</b>
<b>Other investing activities</b>		
Proceeds from property insurance recoveries	\$	230
Proceeds from sale of property and other		1,209
<b>Total</b>	<b>\$</b>	<b>1,439</b>



