

**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 26, 2020

**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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, no par value	MGPI	NASDAQ Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

---

#### Item 7.01. Regulation FD Disclosure

On May 26, 2020, MGP Ingredients, Inc. (the "Company"), will make an investor presentation (the "Investor Presentation") to various investors. The 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.

#### Cautionary Note Regarding Forward-Looking Statements

This Current Report on Form 8-K, including the Investor Presentation, may contain statements that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements relate to expectations or forecasts for future events, including, without limitation, our future financial or business performance or strategies, results of operations or financial condition. 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. Accordingly, forward-looking statements should not be relied upon as representing our views as of any subsequent date, and we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws. Important factors that could cause actual results to differ materially from our expectations include, among others: (i) the unprecedented impact of COVID-19 pandemic on our business, customers, suppliers, employees, service providers, stockholders, investors and other stakeholders, (ii) disruptions in operations at our Atchison facility or our Indiana facility, (iii) the availability and cost of grain and flour, and fluctuations in energy costs, (iv) the effectiveness of our grain purchasing program to mitigate our exposure to commodity price fluctuations, (v) the effectiveness or execution of our strategic plan, (vi) potential adverse effects to operations and our system of internal controls related to the loss of key management personnel, (vii) the competitive environment and related market conditions, (viii) the ability to effectively pass raw material price increases on to customers, (ix) our ability to maintain compliance with all applicable loan agreement covenants, (x) our ability to realize operating efficiencies, (xi) actions of governments, including those taken in response to the COVID-19 pandemic and (xii) consumer tastes and preferences. For further information on these and other risks and uncertainties that may affect our business, see the risk factor above and the additional risk factors in Item 1A. Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2019.

#### Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1*	<a href="#">Investor Presentation</a>
104	The cover page from this Current Report on Form 8-K, formatted in iXBRL (Inline Extensible Business Reporting Language)

\* Filed herewith

**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 26, 2020

By: /s/ Brandon M. Gall

Brandon M. Gall, Vice President, Finance and Chief Financial Officer



# INVESTOR PRESENTATION

May 2020





# 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. 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.

These statements 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 or our Indiana facility, (ii) the availability and cost of grain and flour, 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) our ability to maintain compliance with all applicable loan agreement covenants, (ix) our ability to realize operating efficiencies, (x) actions of governments, and (xi) consumer tastes and preferences.

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 for the year ended December 31, 2019.

# A LEADING SUPPLIER OF PREMIUM DISTILLED SPIRITS AND SPECIALTY WHEAT PROTEINS AND STARCHES

2019 Sales of \$362.7MM



- Distillery Products
  - Leading supplier of premium bourbons, rye whiskeys, distilled gins, and vodkas
  - Largest U.S. supplier of rye whiskey
  - Largest U.S. supplier of distilled gin
- Ingredient Solutions
  - Largest U.S. supplier of specialty wheat proteins and starches

# UNIQUE CAPABILITIES AND CAPACITIES

## Atchison, KS Operations

- Company HQ
- Distillery
  - Gin
  - Grain Neutral Spirits/Vodka
  - Industrial alcohol
- Proteins & Starches
  - Specialty wheat protein
  - Specialty wheat starch
  - Commodity wheat protein
  - Commodity wheat starch
- Research & Development

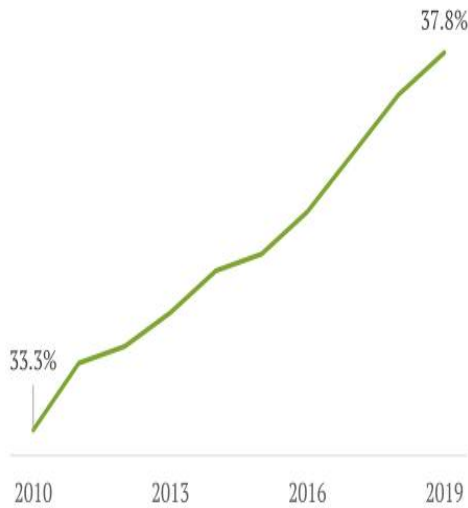
## Lawrenceburg, IN Operations

- Distillery
  - Top-5 American Whiskey producer
  - Largest supplier of rye whiskey
  - Bourbon
  - Gin
  - Grain Neutral Spirits/Vodka
- Warehouses
  - Whiskey aging capabilities
- Research & Development
  - Standard and custom mash bills
  - Blending capabilities

# STRONGLY POSITIONED IN GROWING MARKETS

- U.S. spirits continue to gain share of total beverage alcohol

U.S. Spirits Market Share - Revenue



- Total distilled spirits have experienced 10 straight years of market share gains in the U.S.

- 2019 volume up 3.3% to 239M cases
- 2019 revenues up 5.3% to \$29B

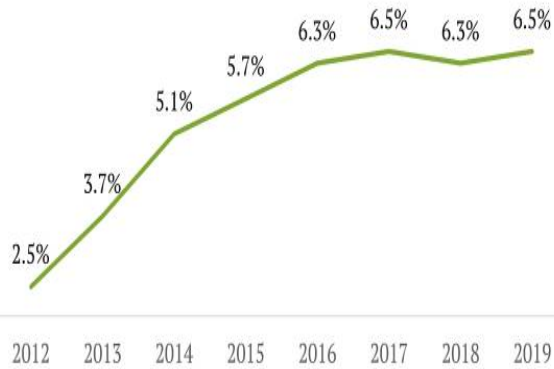
- Premiumization trends across categories continued to drive U.S. volume growth for high end and super premium brands in 2019

- Super Premium American Whiskey +22.2%
- Rye Whiskey +14.7%
- Super Premium Gin +31.7%



# BULL CASE FOR AMERICAN WHISKEY

- 5-year U.S. volume CAGR remains robust



- Growth of the American Whiskey category continues to outperform overall U.S. distilled spirits industry in 2019

- Volume up 8.4% to 26.6M cases
- Revenues up 10.8% to \$4.0B

- Historical length of trends in the U.S. indicates sustainable growth opportunities

	9-LTR Case Volume (millions)		
	<u>1970</u>	<u>2010</u>	<u>2019</u>
American Whiskey	35.6	15.3	26.6
Vodka	18.8	62.1	74.1
Tequila	0.4	11.6	20.1

- Significant headroom for additional American Whiskey growth in the U.S.

	<u>1970</u>	<u>2010</u>	<u>2019</u>
9-LTR Case Volume	35.6M	15.3M	26.6M
Per Capita Consumption	0.69	0.16	0.26
LDA Population	122M	221M	242M
Share of TDS	22.8%	8.0%	11.1%

# CAPACITY & CAPABILITY PROVIDE STRONG COMPETITIVE POSITION

- Scale provides competitive pricing
- Capacity supports long-term growth
- Capabilities to meet diverse customer needs
- Library of different mash bills and ages
- Broad base of premium beverage offerings
- Leveraging aged whiskey to retain and attract new customers
- Partnership approach to our core business



# INDUSTRIAL ALCOHOL MARKET DYNAMICS HAVE LED TO A VERY COMPETITIVE GNS MARKET



## STRONGLY POSITIONED TO SERVE GROWING MARKETS

- Plant based new product launches up 65% since 2012<sup>1</sup>
  - Global sales of alternative meats expected to reach \$100B in the next decade<sup>2</sup>
  - 16% of U.S. consumers eat “meatless” once per week<sup>1</sup>
  - Meat substitute products introduced in the U.S. have increased 84% since 2015<sup>1</sup>
- 85% of consumers regard dietary fiber as a healthy component to their food<sup>3</sup>
  - Starches used for fiber are expected to grow in volume by a CAGR of 6.7% over the next 5 years<sup>4</sup>
- New product launches with non-GMO claims are up 10.2% since 2015<sup>1</sup>

<sup>1</sup>Mintel<sup>2</sup>CFRA from Sosland Publishing<sup>3</sup>Foodinsight.org from Sosland Publishing<sup>4</sup>QYResearch, 2019

# STRATEGIC GROWTH PLAN

MAXIMIZE VALUE

CAPTURE VALUE SHARE

INVEST FOR GROWTH

OPERATIONAL EXCELLENCE



# DRIVING SALES MIX UP THE PROFIT LADDER



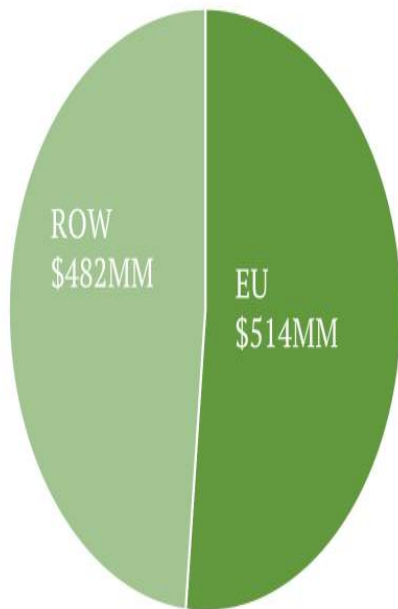
## AGED WHISKEY CUSTOMER ECONOMICS BENEFITS

- Shortens timeline to cash flow
- Reduces working capital investment
- No need to build additional distillation capacity or warehouses
- Enables M&A-related growth and brand expansion
- MGP provides a reliable long-term supply chain solution

# AMERICAN WHISKEY ACCOUNTS FOR 65 PERCENT OF ALL U.S. SPIRITS EXPORTS

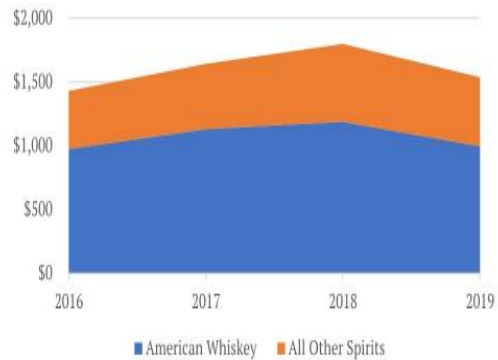
- The European Union is the top export market for American Whiskey

Total American Whiskey Exports (\$996MM)



- American Whiskey is underdeveloped outside the U.S. Despite current tariffs, exports will be a key driver of long-term growth

Global U.S. Spirits and American Whiskey Exports (\$MM)



- Geographical expansion potential
  - American Whiskey SOM of Total Whiskey:
    - In U.S. 43%
    - ROW 14%

Note: Data sourced from Distilled Spirits Council, USITC Dataweb and Impact

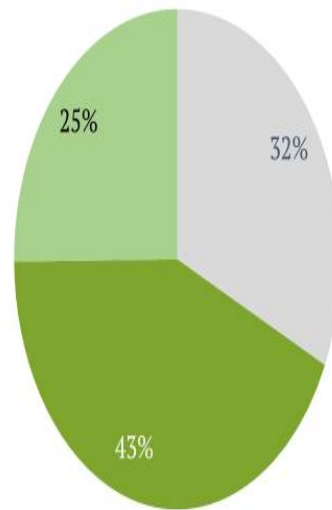
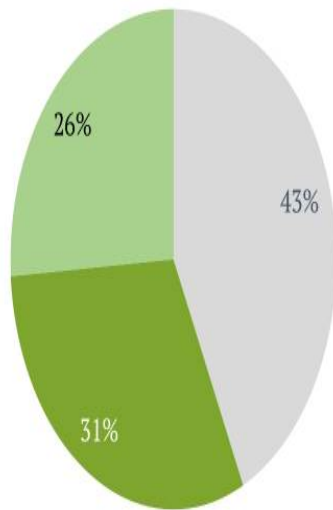


# MIGRATING TO PREMIUM BEVERAGE ALCOHOL: FOCUS ON WHISKEY

% of Total Food Grade Alcohol Sales

2015

2019



Brown Goods Premium Beverage Alcohol

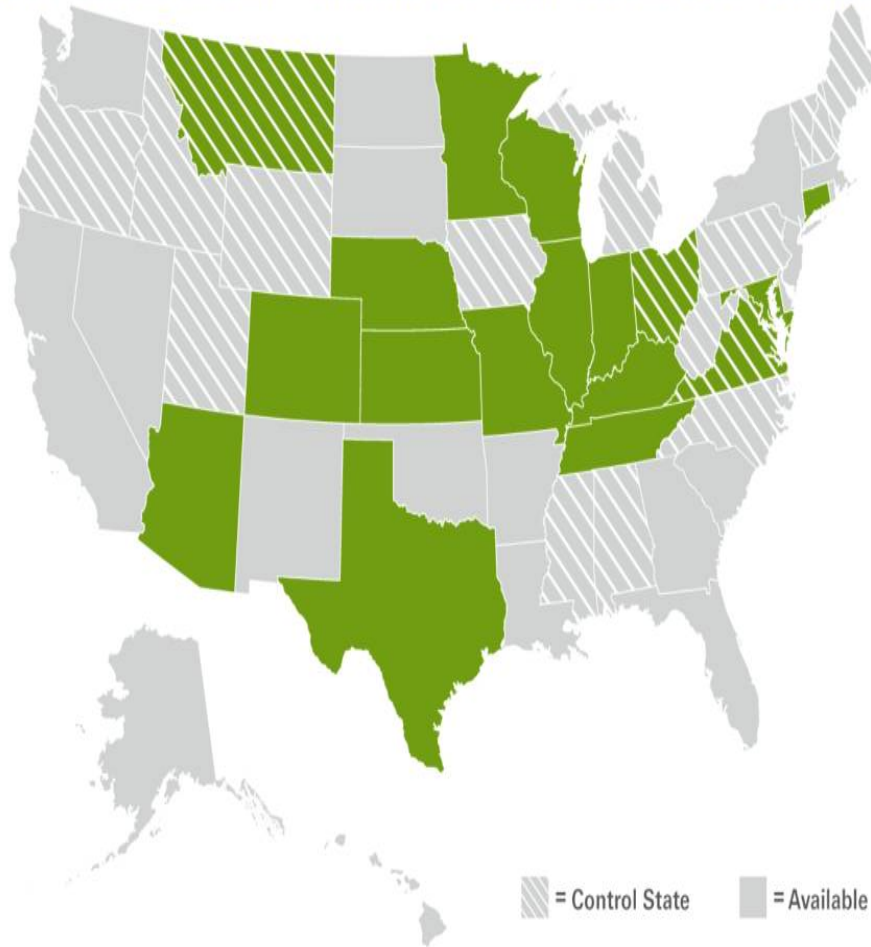
White Goods Premium Beverage Alcohol

Industrial Alcohol

# PORTFOLIO OF AWARD-WINNING BRANDS

<p><b>TILL</b> American Wheat Vodka</p> <p>80 PROOF   40% ALC/VOL</p> <p>SRP: \$18.99</p>	<p><b>GREEN HAT</b> Distilled Gin</p> <p>83 PROOF   41.5% ALC/VOL</p> <p>SRP: \$29.99</p>	<p><b>TANNER'S CREEK</b> Blended Bourbon Whiskey</p> <p>85 PROOF   42.5% ALC/VOL</p> <p>SRP: \$34.99</p>	<p><b>EIGHT &amp; SAND</b> Blended Bourbon Whiskey</p> <p>88 PROOF   44% ALC/VOL</p> <p>SRP: \$29.99</p>	<p><b>GEORGE REMUS</b> Straight Bourbon Whiskey</p> <p>94 PROOF   47% ALC/VOL</p> <p>SRP: \$39.99</p>	<p><b>REMUS REPEAL RESERVE</b> Straight Bourbon Whiskey</p> <p>100 PROOF   50% ALC/VOL</p> <p>SRP: \$64.99</p>	<p><b>REMUS VOLSTEAD RESERVE</b> Straight Bourbon Whiskey</p> <p>100 PROOF   50% ALC/VOL</p> <p>SRP: \$199.99</p>	<p><b>ROSSVILLE UNION</b> Master Crafted Straight Rye Whiskey</p> <p>94 PROOF   47% ALC/VOL</p> <p>SRP: \$39.99</p>	<p><b>ROSSVILLE UNION</b> Barrel Proof Straight Rye Whiskey</p> <p>112.6 PROOF   56.3 ALC/VOL</p> <p>SRP: \$69.99</p>
---	---	--	--	---	--	---	---	---

# NARROW AND DEEP MARKET EXPANSION STRATEGY





INVEST FOR GROWTH

---



## STRONG BALANCE SHEET AND CASH FLOWS PROVIDE INVESTMENT FOR GROWTH

- Evaluating M&A opportunities
  - Maintaining a broad offering of aging whiskey inventory
  - Supporting new distillate growth with adequate barrel warehouse capacity
  - Enhancing production capabilities
  - Attracting, developing and retaining talent
-

## A CULTURE OF CONTINUOUS IMPROVEMENT

- Improving throughput while maintaining consistency of high quality products
- Managing commodity cost risks
  - Formula-driven pricing
  - Locking in margins
  - Passing through significant swings in cost
- Implementing new safety initiative – Safety Up
- BRC audit Grade AA ratings (highest rating) at all facilities
- Ongoing sustainability efforts
  - 100% of electricity sourced from renewable wind energy
  - Elimination of all single use plastics and styrofoam
- MGP University: Developing the talent to support our growth



# Q1 2020 FINANCIAL RESULTS



# Q1 SALES WERE UP 11.2% WITH BOTH SEGMENTS REPORTING GROWTH

## Consolidated Sales

(quarter ended 3/31/20)

	Fav / (Unfav) vs Prior Year		
	\$MM	\$MM	%
Distillery Products	\$80.0	\$5.4	7.3%
Ingredient Solutions	19.1	4.6	31.4%
MGP Ingredients	\$99.1	10.0	11.2%

## Key Drivers

- Distillery Products growth primarily due to increased sales of brown goods within premium beverage alcohol
- Ingredient Solutions improvement due to optimized sales and production toward our highest margin products

# DOUBLE-DIGIT SALES PERCENTAGE GROWTH OF NEW DISTILLATE AND AGED WHISKEY DROVE STRONG BROWN GOODS RESULTS

## Distillery Products Sales

(quarter ended 3/31/20)

		Fav / (Unfav) vs Prior Year	
	\$MM	\$MM	%
Brown Goods	\$29.1	\$4.2	17.1%
White Goods	16.9	(0.3)	(1.6)
Premium Beverage Alcohol	46.0	4.0	9.4
Industrial Alcohol	21.6	1.2	5.7
Food Grade Alcohol	67.6	5.1	8.2
Fuel Grade Alcohol	1.5	0.0	1.4
Distillers Feed	7.0	(0.1)	(1.5)
Warehouse Services	3.9	0.4	10.5
Total Distillery Products	\$80.0	\$5.4	7.3%



## SALES GROWTH OF 31.4% REPRESENTS FOURTEENTH CONSECUTIVE QUARTER OF YOY SALES INCREASES

### Ingredient Solutions Sales

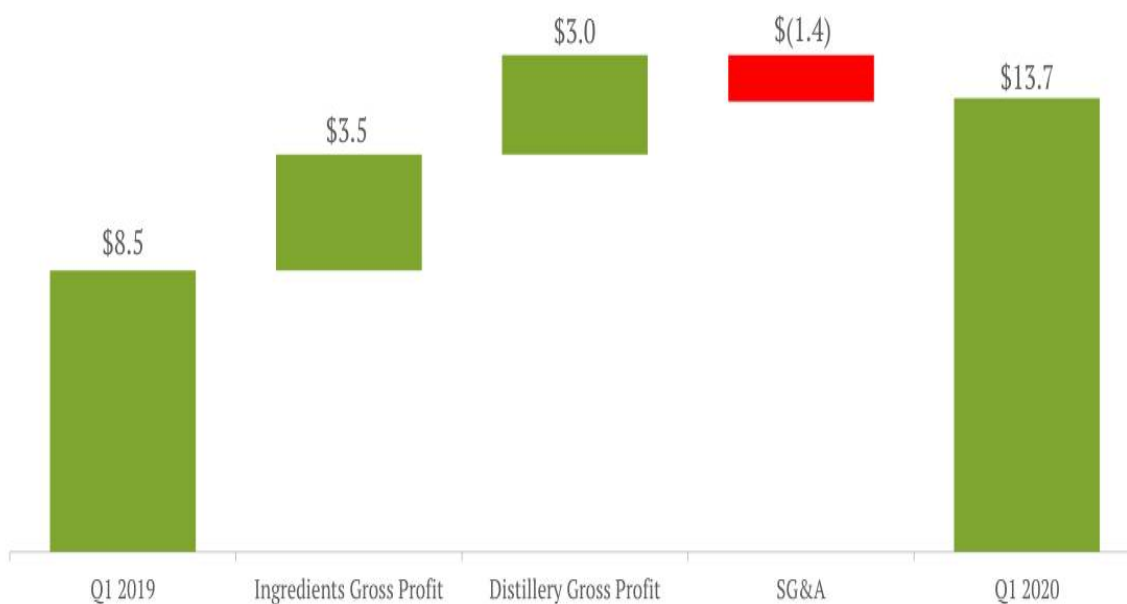
(quarter ended 3/31/20)

		Fav / (Unfav) vs Prior Year	
	<u>\$MM</u>	<u>\$MM</u>	<u>%</u>
Specialty wheat starches	\$10.2	\$3.3	48.4%
Specialty wheat proteins	6.4	1.9	43.3
Commodity wheat starches	1.9	(0.4)	(17.0)
Commodity wheat proteins	<u>0.6</u>	<u>(0.3)</u>	<u>(33.0)</u>
<b>Total Ingredient Solutions</b>	<b>19.1</b>	<b>4.6</b>	<b>31.4%</b>

# OPERATING INCOME UP 61% DUE TO STRONG DISTILLERY PRODUCTS AND INGREDIENT SOLUTIONS PERFORMANCE

## Operating Income Drivers

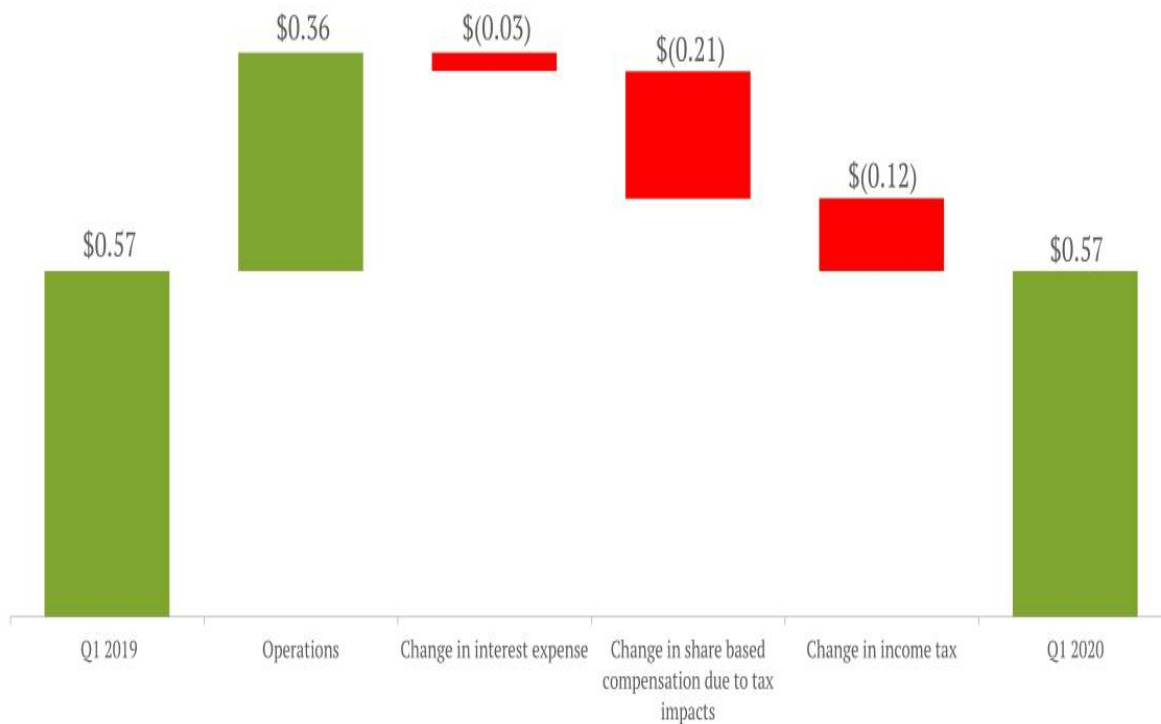
First Quarter 2019-20 (\$MM)



# EPS REFLECTS STRONG OPERATIONS PARTIALLY OFFSET BY INCOME TAX

## Earnings Per Share Drivers

First Quarter 2019-20



Note: Totals in presentation may not foot due to rounding

## EXCELLENT ACCESS TO CAPITAL

Credit agreement provides greater access to capital, improved flexibility and reduced rate risk

- Agreement highlights as of 2/26/2020:
  - \$300 million revolving credit facility with a syndicate of lenders led by Wells Fargo
  - \$100 million accordion option subject to lender approval
  - \$20 million term loan with Prudential Capital at 3.53% fixed rate, maturing 2027
  - \$20 million term loan with Prudential Capital at 3.80% fixed rate, maturing 2029

# BALANCE SHEET REMAINS STRONG

Debt to EBITDA (\$MM)



- 2019 YE Debt to EBITDA ratio of 0.7
- \$300.0MM Credit Facility at 2/14/2020

## CAPITAL ALLOCATION PRIORITIES

### Acquisitions

- May be used to accelerate expansion into brands or other strategic initiatives
- Key criteria for potential acquisitions:
  - Enhance position in growing markets
  - Strong financial returns

### Working capital

- Continue to maintain a broad offering of aging whiskey inventory

### Capital expenditures

- Invest in capabilities
- Warehouse expansion to support customer new distillate growth

### Return funds to shareholders

- Quarterly dividend of \$0.12 per share



## WHY INVEST

- Proven success of implementing long-term strategy to maximize growth and expand margins
- Well positioned against favorable macro trends with a strong, competitive position
- Continued sales of aged whiskey to provide sales growth and margin expansion opportunities
- Enhancing focus on development of branded platform
- Strong cash flow generation capabilities allow for additional investments to deliver long-term shareholder value

# APPENDIX





# U.S. SPIRITS MARKET

	9-Liter Cases (000s)	
	2019 Volume	% Change
Total Distilled Spirits (TDS)	238,701	+3.3%
Total Whiskey	69,289	+4.8%
American Whiskey (Bourbon/Rye/Tennessee)	26,569	+8.4%
Super Premium	3,481	+22.2%
Rye	~1,200	+14.7%
Vodka	74,148	+2.3%
Super Premium	5,126	-7.0%
Gin	9,758	0.0%
Super Premium	241	+31.7%



# RECONCILIATION OF GAAP TO NON-GAAP

## Reconciliation of GAAP to Non GAAP Measures

EBITDA

(Dollars in Thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Net Income	\$ 38,793	\$ 37,284	\$ 41,823	\$ 31,184
Interest	1,305	1,168	1,184	1,294
Taxes	7,144	11,696	10,935	13,533
Depreciation / Amortization	11,572	11,362	11,308	11,253
EBITDA	\$ 58,814	\$ 61,510	\$ 65,250	\$ 57,264
Total Debt (See Note 5 of 10-K)	\$ 41,060	\$ 32,014	\$ 24,554	\$ 36,001
Debt to EBITDA	0.70	0.52	0.38	0.63

