



INVESTOR PRESENTATION

May 2020



Create Exceptional™

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

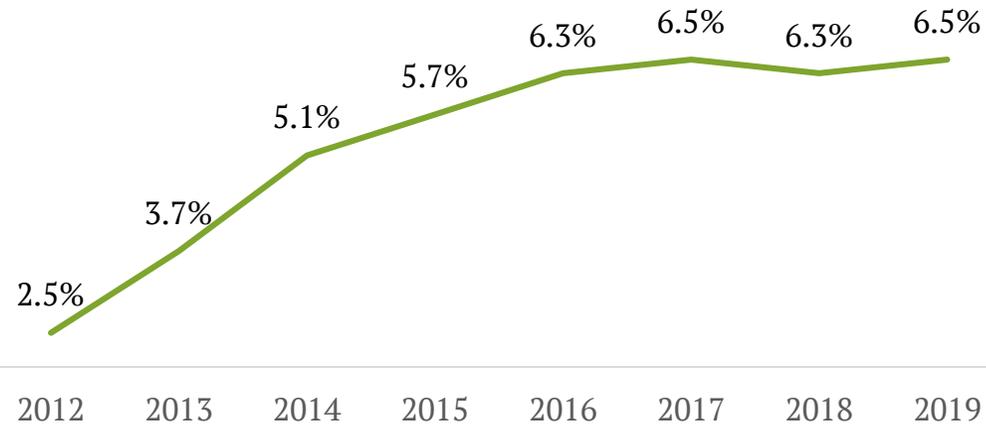
U.S. Spirits Market Share - Revenue



- 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

Fuel Ethanol

15.8 Billion¹

Market Leaders

- Poet
- ADM
- Green Plains

Industrial

375 Million²

Market Leaders

- GPC
- ADM
- MGP
- Equistar

Beverage GNS

74.2 Million³

Market Leaders

- GPC
- MGP
- ADM



STRONGLY POSITIONED TO SERVE GROWING MARKETS

- Plant based new product launches up 65% since 2012¹
 - Global sales of alternative meats expected to reach \$100B in the next decade²
 - 16% of U.S. consumers eat “meatless” once per week¹
 - Meat substitute products introduced in the U.S. have increased 84% since 2015¹
- 85% of consumers regard dietary fiber as a healthy component to their food³
 - Starches used for fiber are expected to grow in volume by a CAGR of 6.7% over the next 5 years⁴
- New product launches with non-GMO claims are up 10.2% since 2015¹

¹Mintel

²CFRA from Sosland Publishing

³Foodinsight.org from Sosland Publishing

⁴QYResearch, 2019

STRATEGIC GROWTH PLAN

MAXIMIZE VALUE

CAPTURE VALUE SHARE

INVEST FOR GROWTH

OPERATIONAL EXCELLENCE



DRIVING SALES MIX UP THE PROFIT LADDER



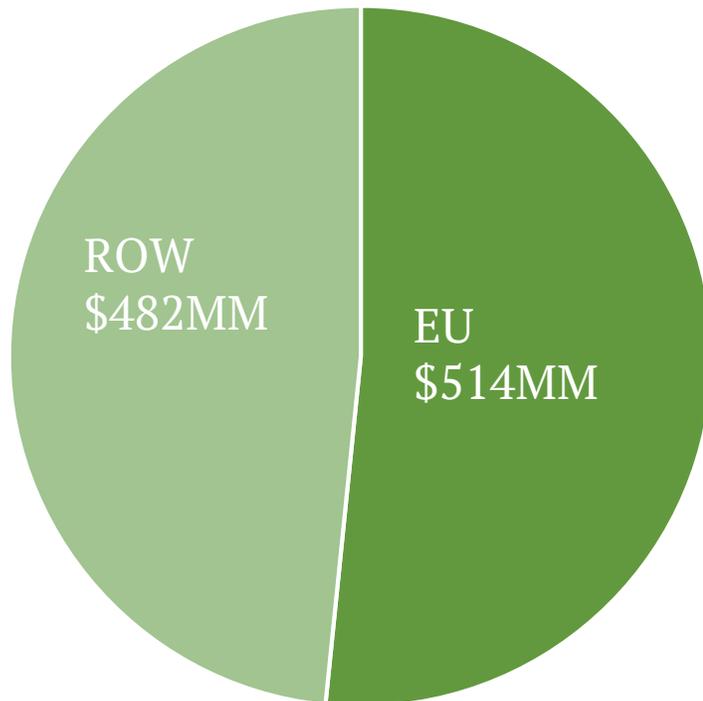
AGED WHISKEY CUSTOMER ECONOMICS BENEFITS

- 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

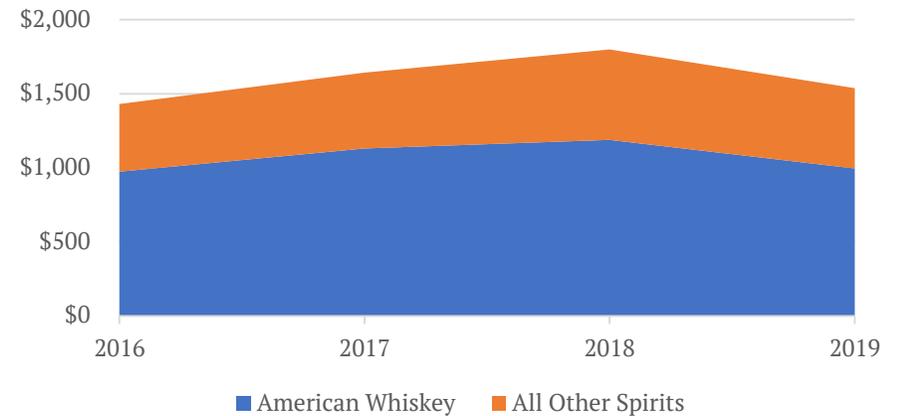
- The European Union is the top export market for American Whiskey

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)



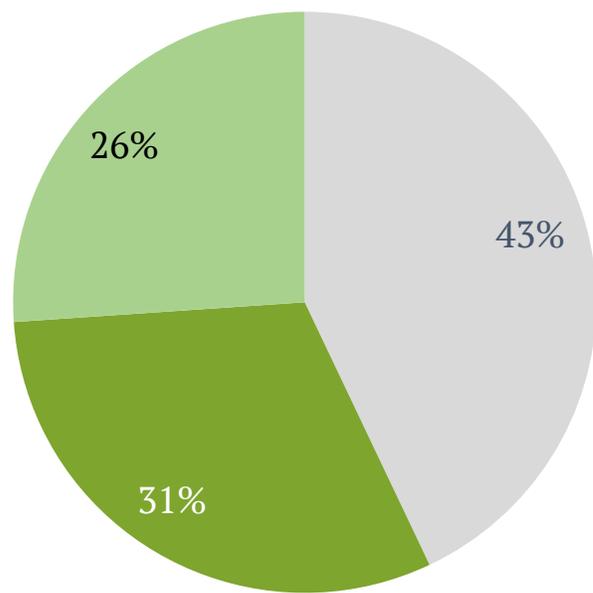
- Geographical expansion potential
 - American Whiskey SOM of Total Whiskey:
 - In U.S. 43%
 - ROW 14%

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

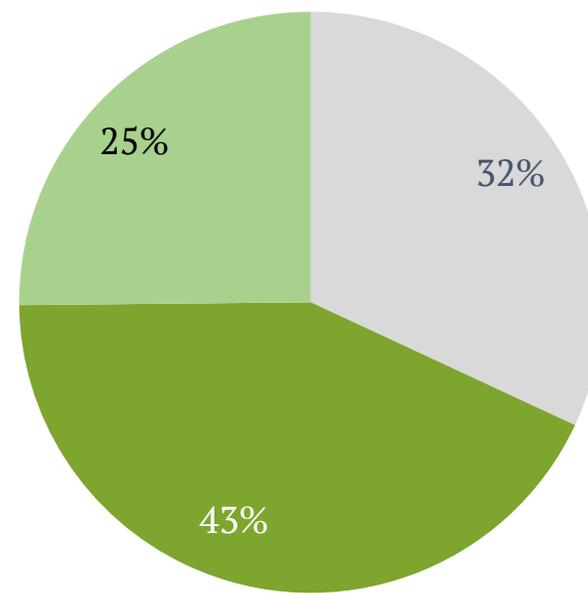
MIGRATING TO PREMIUM BEVERAGE ALCOHOL: FOCUS ON WHISKEY

% 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



TILL
American Wheat Vodka

80 | **40%**
PROOF | ALC/VOL

SRP: \$18.99



GREEN HAT
Distilled Gin

83 | **41.5%**
PROOF | ALC/VOL

SRP: \$29.99



TANNER'S CREEK
Blended Bourbon Whiskey

85 | **42.5%**
PROOF | ALC/VOL

SRP: \$34.99



EIGHT & SAND
Blended Bourbon Whiskey

88 | **44%**
PROOF | ALC/VOL

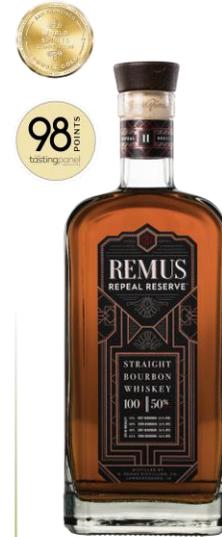
SRP: \$29.99



GEORGE REMUS
Straight Bourbon Whiskey

94 | **47%**
PROOF | ALC/VOL

SRP: \$39.99



REMUS
REPEAL RESERVE
Straight Bourbon Whiskey

100 | **50%**
PROOF | ALC/VOL

SRP: \$84.99



REMUS
VOLSTEAD RESERVE
Straight Bourbon Whiskey

100 | **50%**
PROOF | ALC/VOL

SRP: \$199.99



ROSSVILLE UNION
Master Crafted
Straight Rye Whiskey

94 | **47%**
PROOF | ALC/VOL

SRP: \$39.99

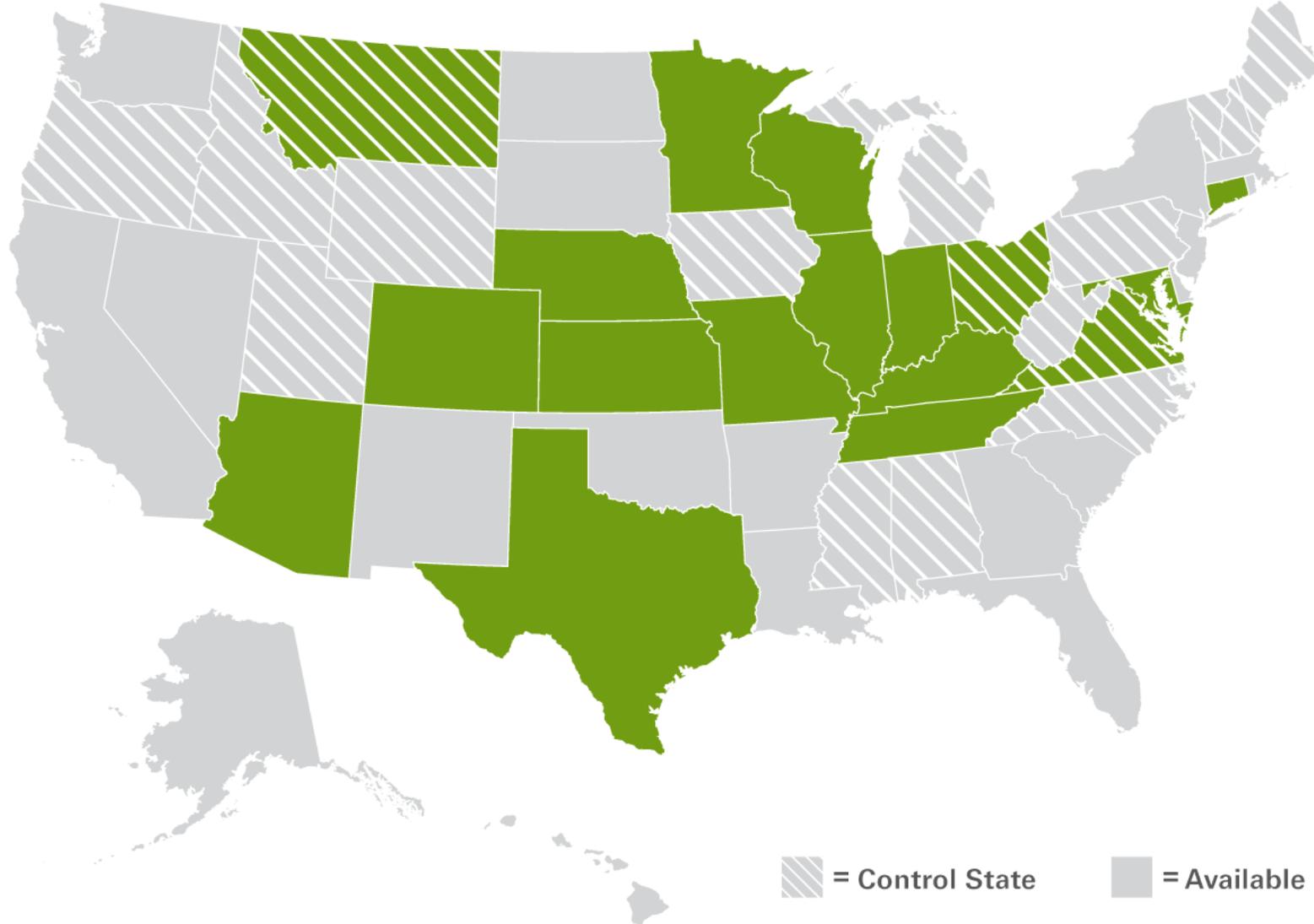


ROSSVILLE UNION
Barrel Proof
Straight Rye Whiskey

112.6 | **56.3**
PROOF | ALC/VOL

SRP: \$69.99

NARROW AND DEEP MARKET EXPANSION STRATEGY





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)

	<u>\$MM</u>	<u>Fav / (Unfav) vs Prior Year</u>	
		<u>\$MM</u>	<u>%</u>
Distillery Products	\$80.0	\$5.4	7.3%
Ingredient Solutions	<u>19.1</u>	<u>4.6</u>	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)

		<u>Fav / (Unfav) vs Prior Year</u>	
	<u>\$MM</u>	<u>\$MM</u>	<u>%</u>
Brown Goods	\$29.1	\$4.2	17.1%
White Goods	<u>16.9</u>	<u>(0.3)</u>	(1.6)
Premium Beverage Alcohol	46.0	4.0	9.4
Industrial Alcohol	<u>21.6</u>	<u>1.2</u>	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	<u>3.9</u>	<u>0.4</u>	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)

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

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

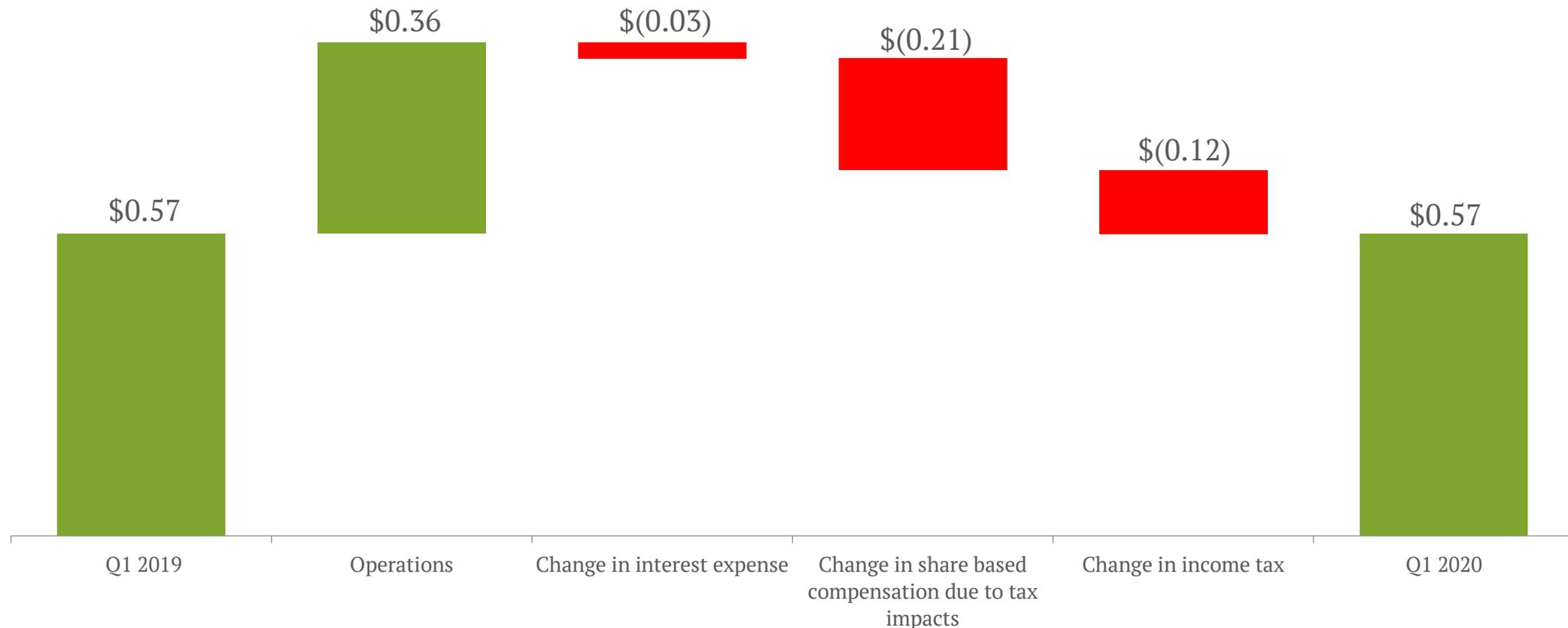
Operating Income Drivers

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

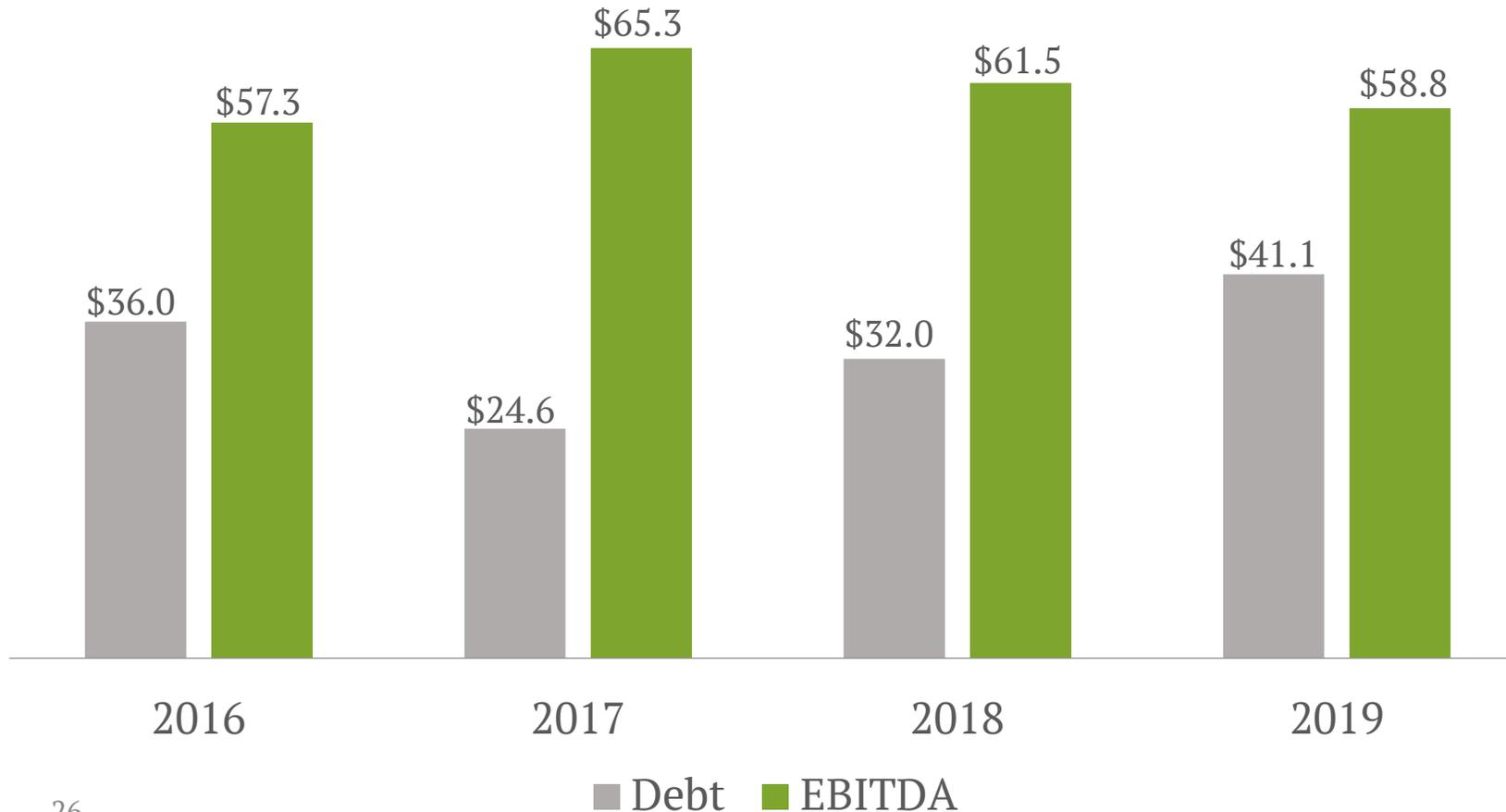
EXCELLENT ACCESS TO CAPITAL

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	<u>\$ 58,814</u>	<u>\$ 61,510</u>	<u>\$ 65,250</u>	<u>\$ 57,264</u>
 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