LANDEC

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Landec's Lifecore Invests in CDMO Capabilities to Support Expansion into New Drug Applications

Landec Raises Fiscal Year 2017 Capital Spend Guidance from $25 million to approximately $30 million

MENLO PARK, Calif., Oct. 12, 2016 (GLOBE NEWSWIRE) -- Landec Corporation (NASDAQ:LNDC), a leading innovator of diversified health and wellness solutions within the packaged food and biomaterial markets, announced that it will be making another substantial capital investment in its Lifecore Biomedical subsidiary to further enhance Lifecore's growth strategy as a contract development and manufacturing organization (CDMO). This investment will be specifically targeted to expanding aseptic filling and other diverse capabilities that can better attract and serve its pharmaceutical market opportunities. The Company projects it will spend an incremental $4-5 million in fiscal year 2017 on this new investment, with a potential future investment of up to $12 million, contingent upon specific milestones and ROI targets being reached. This is the type of investment the Company envisioned when it entered into its new $150 million syndicated credit agreement on September 23, 2016.

Lifecore's growth strategy is focused on expanding its position as a CDMO, as evidenced by recent investments that have provided enhanced capabilities in formulation, filling, and finished packaging. This investment will broaden its capabilities in filling and packaging configurations to accommodate the requirements of current and prospective customers.

Molly Hemmeter, Landec's President and CEO stated, "Based on active development projects that have met significant milestone thresholds, we have determined it is time to initiate a targeted investment that will prepare Lifecore's manufacturing capability to deliver on the anticipated growth of its long term plan. We are pleased that Lifecore's CDMO business model is evolving beyond premium sodium hyaluronate (HA) applications to include both drugs and medical devices and that this investment can enable Lifecore to develop new and expanded partnerships."

Larry Hiebert, Lifecore's President added, "Each partnership in the CDMO market will follow a progressive course of product development and then process development, which is intended to lead to commercial finished products that are private labeled in a syringe or vial configuration. Lifecore's business model provides for partner funded development services in the early phases with the objective of entering into commercial supply agreements. This capital investment is specifically designed to align Lifecore's overall capabilities with market expectations of the partners, from both a technical competency and capacity perspective. As part of the terms of these new opportunities Lifecore will be bound by strict confidentiality restrictions in its early phases, and therefore, there will be limitations on disclosures of partner identification, products, regulatory status, and market opportunity until partner approval."

Ms. Hemmeter continued, "In the year before we acquired Lifecore its revenues were $20.3 million and its EBITDA was $2.8 million. Since our acquisition in April 2010, Lifecore has grown revenues at a compounded annual growth rate of 16% to $50.5 million in fiscal year 2016 and it has grown its EBITDA an even more impressive 34% over that same time period to $16.6 million in fiscal year 2016, resulting in EBITDA margins expanding from 14% to 33% over the last six years."

"This investment further solidifies and expands Lifecore's growth plan over the next several years to an average annual revenue growth rate of 10-15%. As mentioned in our release on September 27, 2016, we have recently completed a new $150 million syndicated credit facility with JPMorgan Chase, BMO Harris Bank, and City National Bank, a subsidiary of Royal Bank of Canada. This new debt facility will be used primarily to build our pipeline of internal innovation projects at both Lifecore and our packaged fresh vegetables business at Apio. We believe this expansion into new aseptic filling capabilities at Lifecore will deliver high returns and solidify our ability to achieve our future growth plans," concluded Ms. Hemmeter.

About Landec Corporation

Landec Corporation (NASDAQ:LNDC) is a leading innovator of diversified health and wellness solutions within the packaged food and biomaterial markets. Apio, Landec's food business, is the leader in branded, packaged fresh vegetables in North America, utilizing its proprietary BreatheWay® packaging technology to naturally extend the shelf life of fresh produce. Apio combines this technology with the capabilities of a large national fresh produce supplier to offer healthy fresh vegetable products under the Eat Smart® brand to consumers through club and retail grocery stores. Lifecore Biomedical, Landec's biomaterial business, is a fully integrated Contract Development and Manufacturing Organization (CDMO) that offers expertise and capabilities in fermentation, specialty formulation, aseptic filling and final packaging for FDA regulated medical devices and drugs to customers for applications in a wide array of markets including Ophthalmic, Orthopedic and Oncology. For more information about the company, visit Landec's website at www.landec.com.

Important Cautions Regarding Forward-Looking Statements

Except for the historical information contained herein, the matters discussed in this news release are forward-looking statements that involve certain risks and uncertainties that could cause actual results to differ materially, including such factors among others, as the timing and expenses associated with operations, the ability to achieve acceptance of the Company's new products in the market place, weather conditions that can affect the supply and price of produce, the amount and timing of research and development funding and license fees from the Company's collaborative partners, the timing of regulatory approvals, the mix between domestic and international sales, and the risk factors listed in the Company's Form 10-K for the fiscal year ended May 29, 2016 (See item 1A: Risk Factors) which may be updated in Part II, Item 1A Risk Factors in the Company's Quarterly Reports on Form 10-Q. As a result of these and other factors, the Company expects to continue to experience significant fluctuations in quarterly operating results and there can be no assurance that the Company will remain consistently profitable. The Company undertakes no obligation to update or revise any forward-looking statements whether as a result of new developments or otherwise.

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