



**FOURTH QUARTER FISCAL YEAR 2018 EARNINGS  
CONFERENCE CALL & WEBCAST PRESENTATION**

**October 24, 2018**

# DISCLAIMER

## **Forward Looking Statements**

This presentation contains certain statements made herein that are not historical facts but are forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. Forward-looking statements generally are accompanied by or include words such as “will”, “expect”, “aspire”, “outlook” or other similar words, phrases or expressions. These forward-looking statements include statements regarding future plans for the Company, the estimated or anticipated future results and benefits of the Company’s future plans and operations, future opportunities for the Company, and other statements that are not historical facts. These statements are based on the current expectations of the Company’s management and are not predictions of actual performance. These statements are subject to a number of risks and uncertainties and the Company’s business and actual results may differ materially. These risks and uncertainties include, but are not limited to, changes in the business environment in which the Company operates including general financial, economic, regulatory and political conditions affecting the industry in which the Company operates; changes in consumer preferences and purchasing habits; the impact of the Tax Act on the Company’s business; changes in taxes, tariffs, duties, governmental laws and regulations; the availability of or competition for other brands, assets or other opportunities for investment by the Company or to expand the Company’s business; competitive product and pricing activity; difficulties of managing growth profitably; the loss of one or more members of the Company’s management team; and other risk factors described from time to time in the Company’s Form 10-K, Form 10-Q, and Form 8-K reports (including all amendments to those reports) filed with the U.S. Securities and Exchange Commission from time to time. In addition, forward-looking statements provide the Company’s expectations, plans or forecasts of future events and views as of the date of this communication. Except as required by law, the Company undertakes no obligation to update such statements to reflect events or circumstances arising after such date, and cautions investors not to place undue reliance on any such forward-looking statements. These forward-looking statements should not be relied upon as representing the Company’s assessments as of any date subsequent to the date of this communication.

## **Non-GAAP Financial Measures**

This presentation includes certain financial measures not presented in accordance with generally accepted accounting principles (“GAAP”) including, but not limited to, Adjusted EBITDA and certain ratios and other metrics derived therefrom. These non-GAAP financial measures are not measures of financial performance in accordance with GAAP and may exclude items that are significant in understanding and assessing financial results. Therefore, these measures should not be considered in isolation or as an alternative to net income, cash flows from operations or other measures of profitability, liquidity or performance under GAAP. You should be aware that the presentation of these measures may not be comparable to similarly-titled measures used by other companies. Reconciliations of these non-GAAP measures to the most directly comparable GAAP measures are set forth in the Press Release dated October 24, 2018. We believe (i) these non-GAAP measures of financial results provide useful information to management and investors regarding certain financial and business trends relating to the financial condition and results of operations of Atkins Nutritionals, Inc. (“Atkins”) to date; and (ii) that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends in and in comparing financial measures with other similar companies, many of which present similar non-GAAP financial measures to investors. These non-GAAP financial measures are subject to inherent limitations as they reflect the exercise of judgments by management about which expense and income are excluded or included in determining these non-GAAP financial measures.

## **Third Party Marks**

All rights in third party marks are owned by third parties and such marks and related marks are used herein merely for information purposes. The parties claim no rights in or to such marks and related marks, nor any endorsement or approval or any message herein by such third parties.

# TODAY'S SPEAKERS AND AGENDA

---

## Speakers

Mark Pogharian

*VP, Investor Relations*

Joe Scalzo

*Chief Executive Officer*

Todd Cunfer

*Chief Financial Officer*

## Agenda

- Introduction
- Full Year and Fourth Quarter 2018 Highlights
- Business Update
- Financial Summary
- Q&A

---

# **JOSEPH E. SCALZO**

---

**PRESIDENT AND CHIEF EXECUTIVE OFFICER**

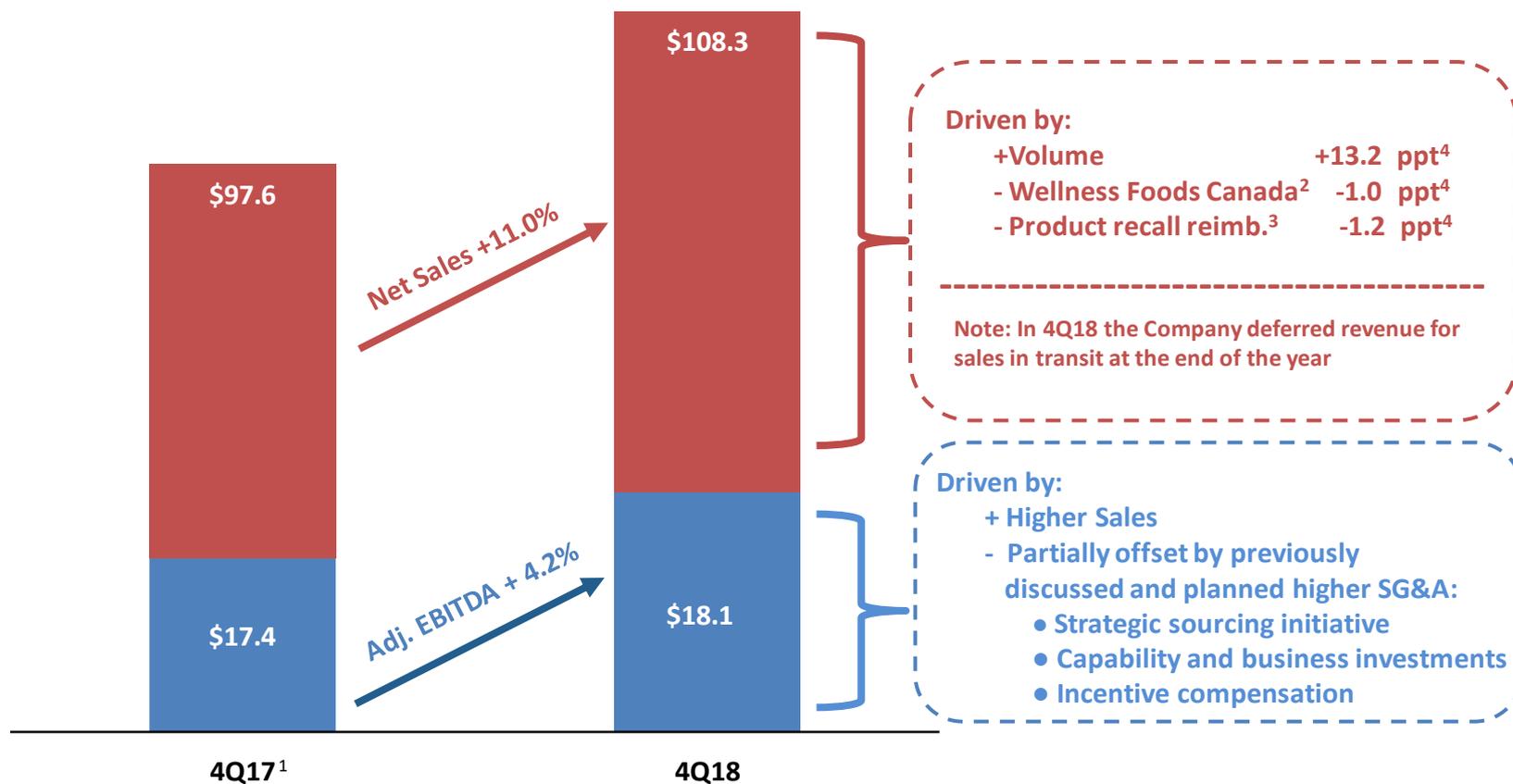
# FISCAL 2018 HIGHLIGHTS

---

- Delivered strong financial results with full year net sales growth exceeding our long-term target
- Executed on our strategy of targeting and reaching lifestyle-orientated consumers
- Point of sale growth of 10.1% resulting in 10 consecutive years of U.S. snacking point of sales growth
- Gross margin expansion provided flexibility to invest in our business and key capabilities while delivering pro forma combined Adjusted EBITDA growth of 8.4%

# 4<sup>th</sup> QUARTER HIGHLIGHTS: REVENUE & PROFIT GROWTH

## Business Momentum Continues



<sup>1</sup> Pro forma combined amounts; bars/graphs not to scale

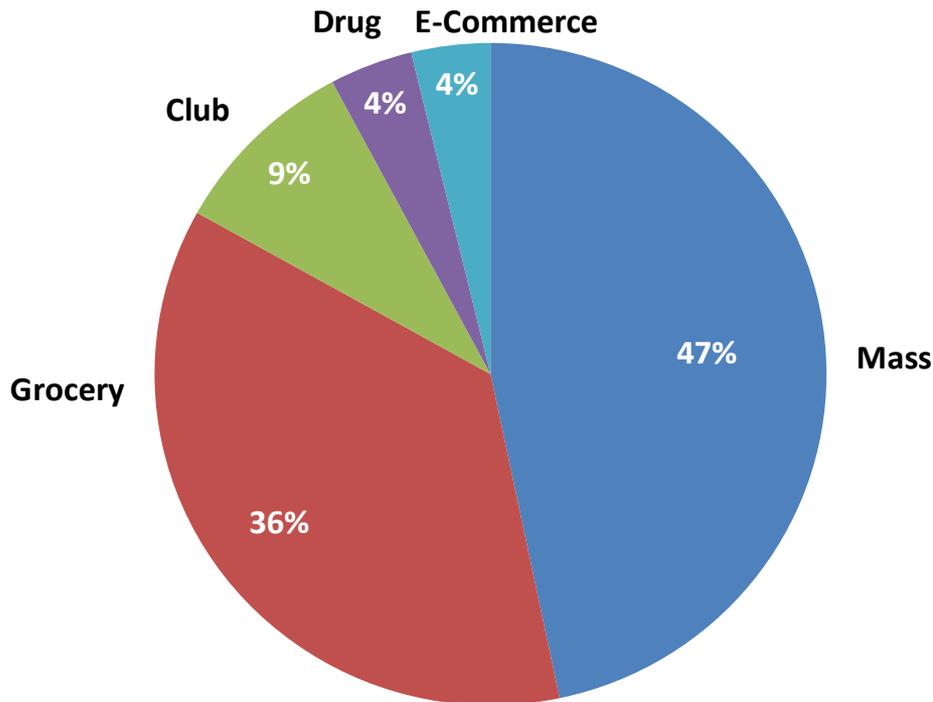
<sup>2</sup> As part of the integration, 4 months of net sales were recorded in 4Q17. The 1.0 ppt impact is the net difference of 3 months versus 4 months of sales.

<sup>3</sup> In 4Q17 the company received proceeds related to a product recall reimbursement

<sup>4</sup> Percentage point of growth

# GROWTH ACROSS ALL MAJOR CHANNELS

## Fiscal 2018 Atkins U.S. Snacking Gross Sales By Channel



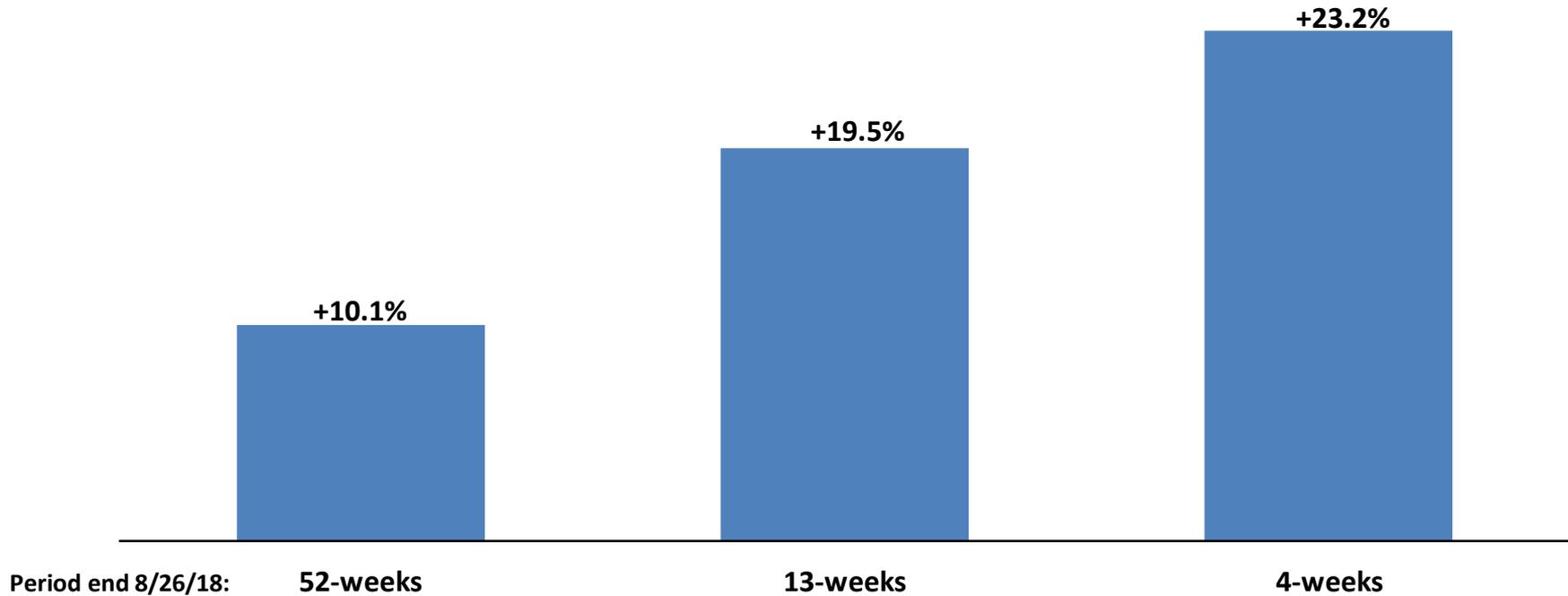
## Gross Sales Commentary

- Sales growth across all major channels in 4Q18 and for the full-year
- E-commerce gross sales up +63% in Fiscal 2018

# RETAIL TAKEAWAY MOMENTUM

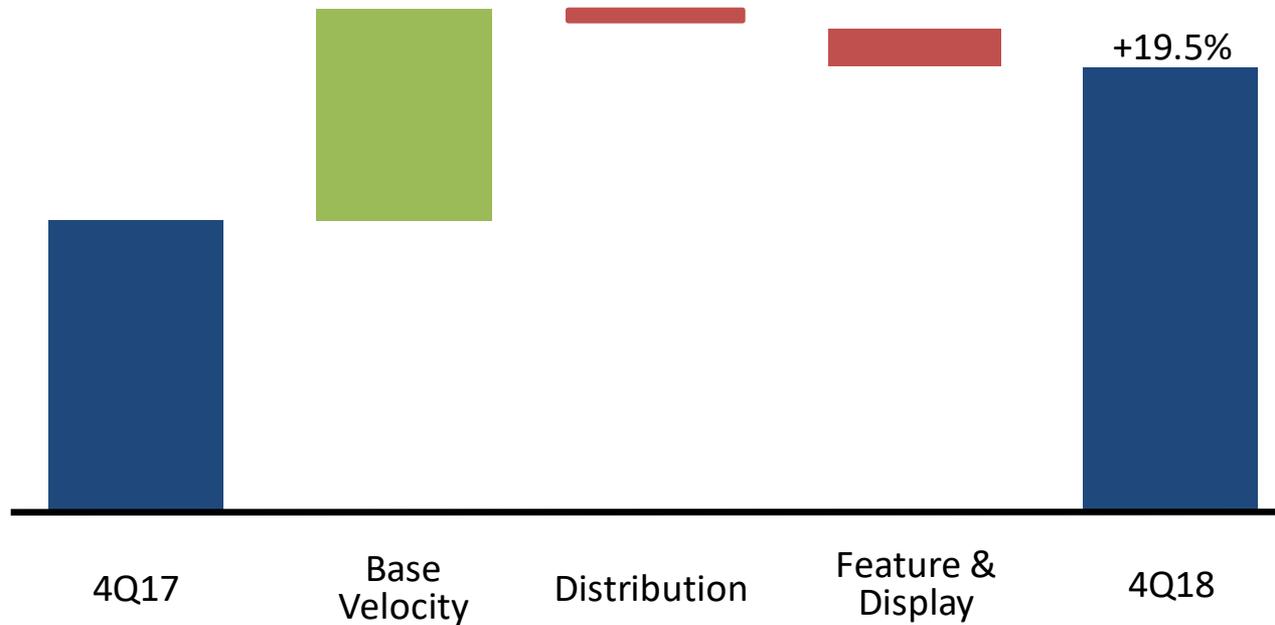
*Sequentially greater across all periods*

**Atkins U.S. Snacking Point of Sale Data**  
**% Change vs. Year Ago**



# BASE VELOCITY GROWTH...

Atkins U.S. Snacking Point of Sale Drivers of Growth



# ...AS OUR MESSAGE RESONATES WITH THE 32 MILLION SELF DIRECTED LOW CARB CONSUMER...

<u>Segment</u>	<u>Approach</u>	<u>Historically Targeted by Atkins?</u>	<u>Atkins Buyer?</u>	
<p>Currently Trying to Lose Weight:</p> <p>108 million Consumers</p>	<p><b>Branded Program:</b></p> <p>~21 million consumers (19% of total)</p>	✓	✓	<p><b>Historical Target</b></p> <ul style="list-style-type: none"> <li>• 8 million consumers open to low carb</li> <li>• ~28% market share (~ 3 million consumers)</li> </ul> <p><b>New / Incremental Target</b></p> <ul style="list-style-type: none"> <li>• ~32 million consumers open to low carb</li> <li>• ~10% market share...Fiscal '18 &amp; '19 strategy to increase Atkins penetration</li> </ul> <p><b>Opportunity to expand target audience by 4x</b></p>
	<p><b>Self Directed:</b></p> <p>~77 million consumers (71% of total)</p>	✗	✓	
	<p><b>Other:</b></p> <p>~11 million consumers (10% of total)</p>	✗	✗	

## ...and a campaign not focused on weight loss:

- “Don’t have to be doing Atkins to get the benefit of Atkins”
- Emphasis on “Hidden Sugars”
- Pick your bar or shake and go for “The Atkins Effect”

# BUILDING ON OUR STRATEGY IN FISCAL 2019

## INTEGRATED MARKETING & INNOVATION



- Advertising and marketing increase in-line with net sales growth
- Redesigned website (desktop and mobile)
- Re-energized social media
- Pipeline of new products with a balance between forms, segments, and brands

# FINANCIAL OVERVIEW

---

**TODD CUNFER**

---

**CHIEF FINANCIAL OFFICER**

# CHANGE IN NET SALES

## Net Sales YoY Drivers

	4Q18	FY18
Volume growth	13.2 ppt	8.3 ppt
Wellness Foods Canada	-1.0 ppt	0.9 ppt
Product recall reimbursement	-1.2 ppt	-0.3 ppt
Net sales growth	+11.0%	+8.9%

Sales in transit impact on net sales

8.1 ppt

2.0 ppt

IRI retail takeaway/ point-of-sales growth  
(Percent increase versus last year)

+19.5%

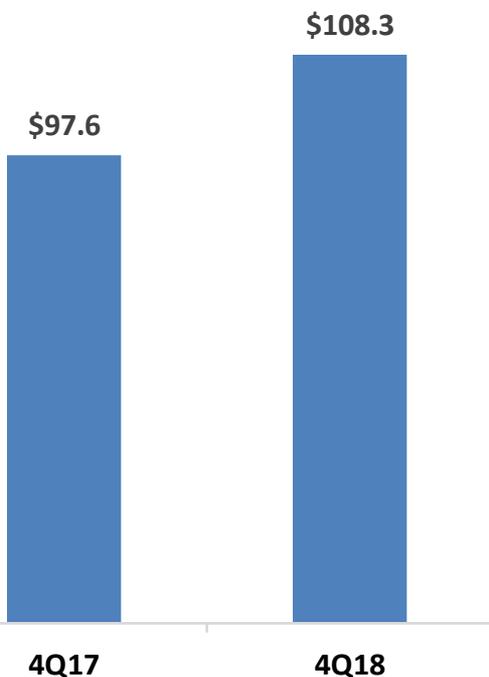
+10.1%

# STRONG SALES GROWTH & GROSS MARGIN EXPANSION

## Fiscal 4<sup>th</sup> Quarter 2018 vs. Year Ago Period

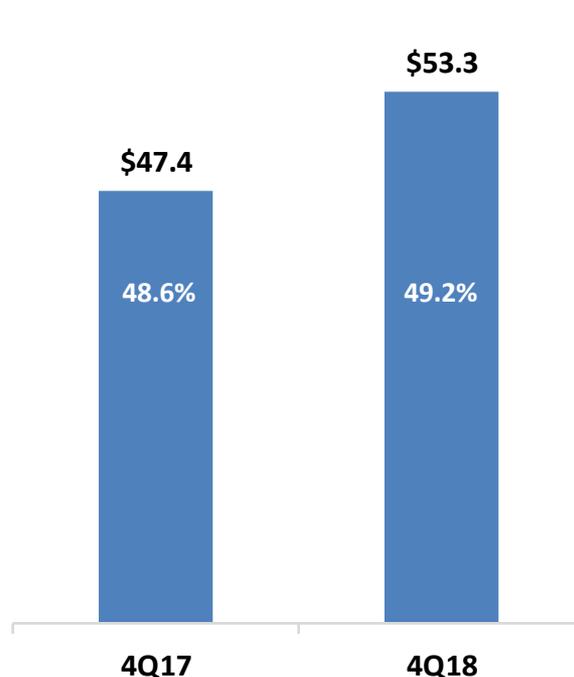
Net Sales<sup>(1)</sup>

11.0% Year-Over-Year Growth



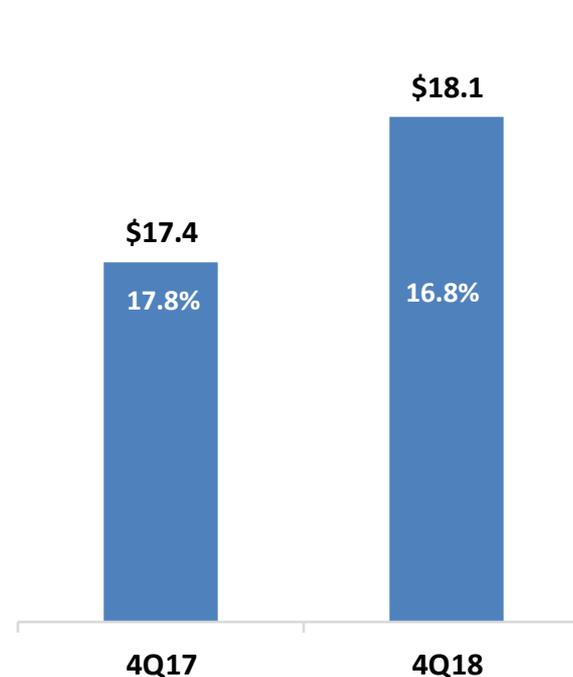
Gross Profit  
(and % Margin)<sup>(1)</sup>

12.4% Year-Over-Year Growth



Adjusted EBITDA  
(and % Margin)<sup>(1)</sup>

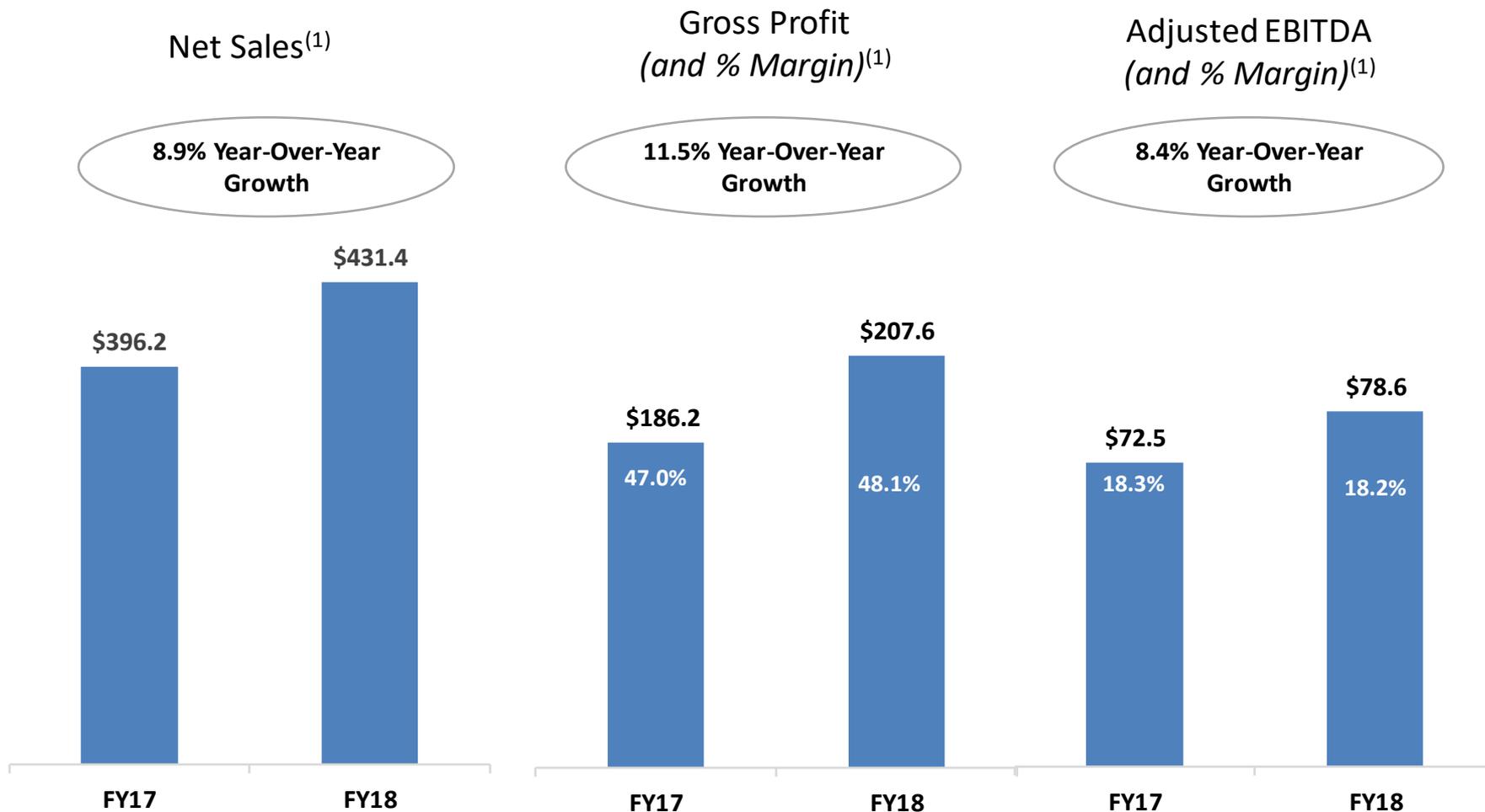
4.2% Year-Over-Year Growth



(1) Dollars in millions. Unaudited financial information for the 13-weeks ended August 25, 2018 and unaudited pro forma combined financial information for the 13-weeks ended August 26, 2017. The pro forma combined financial statements provide results as if the Business Combination had been completed as of the beginning of fiscal 2017. All financial measures related to fiscal 2017 discussed today are on a pro forma combined basis. See the corresponding earnings release dated October 24, 2018 for a reconciliation to GAAP financials.

Bars/graphs not to scale

# A SUCCESSFUL YEAR ACROSS KEY METRICS



(1) Dollars in millions. Audited financial information for the 52-weeks ended August 25, 2018 and unaudited pro forma combined financial information for the 52-weeks ended August 26, 2017. The pro forma combined financial statements provide results as if the Business Combination had been completed as of the beginning of fiscal 2017. All financial measures related to fiscal 2017 discussed today are on a pro forma combined basis. See the corresponding earnings release dated October 24, 2018 for a reconciliation to GAAP financials.  
*Bars/graphs not to scale*

# BALANCE SHEET HIGHLIGHTS

---

- As of August 25, 2018, the Company has cash of \$112 million and a \$198.5 million term loan (Libor +350 bps), resulting in a Net Debt to Adjusted EBITDA ratio for the LTM of ~1.1-times
- The Company also has a \$75.0 million revolving line of credit not currently being utilized
- Cash conversion of warrants of \$113.5 million, nearly doubling our yearend cash balance
- Solid balance sheet and cash flow provides financial flexibility to support future growth; both organic and M&A

# SUMMARY

---

- We are confident in our ability to execute to capture growth opportunities in fiscal 2019
- Full Year 2019 Outlook:
  - ❑ Net sales expected to be slightly higher than the long-term target of 4% to 6%
  - ❑ Reflects anticipated solid volume growth in the first-half, moderating in the second-half of the fiscal year 2019
    - Supply issues due to recent accelerated point of sales growth
    - Sales in transit a benefit, partially offset by the timing of promotional shipments into August
    - Includes slight benefit of a 53<sup>rd</sup> week
  - ❑ Adjusted EBITDA anticipated to increase at a slightly higher rate than net sales
    - Uncertainty around inflation in the second-half of the year
- Excited about our near and long-term organic prospects

---

# Q&A