



Third Quarter Fiscal Year 2019 Earnings Conference Call & Webcast Presentation

July 2, 2019

Disclaimer

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TODAY'S SPEAKERS AND AGENDA

Speakers

Mark Pogharian
VP, Investor Relations

Joe Scalzo
Chief Executive Officer

Todd Cunfer
Chief Financial Officer

Agenda

- Introduction
- Third Quarter 2019 Highlights
- Business Update
- Financial Summary
- Q&A

JOSEPH E. SCALZO

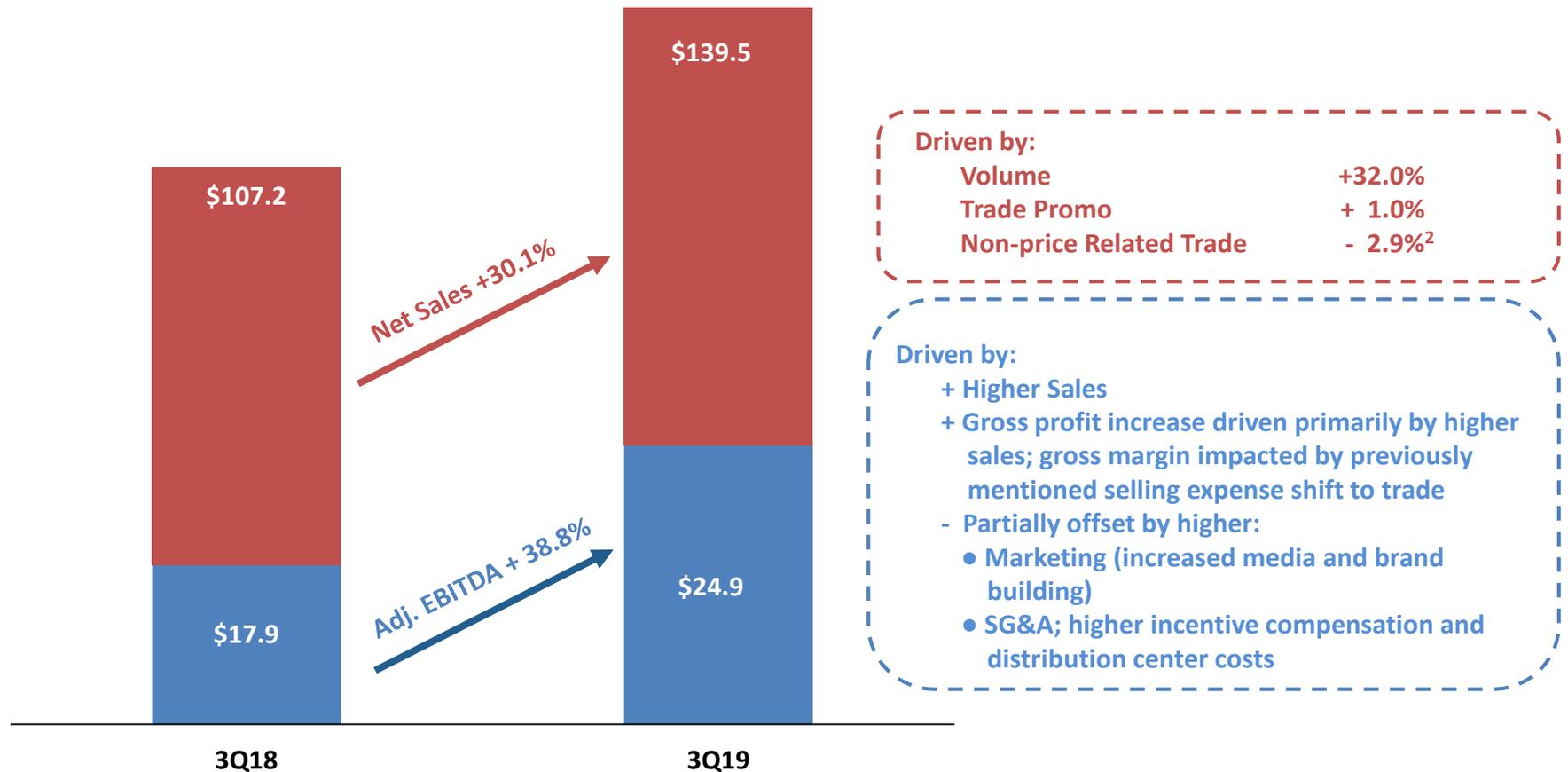
PRESIDENT AND CHIEF EXECUTIVE OFFICER

3rd QUARTER FISCAL 2019 HIGHLIGHTS

- Delivered strong financial results, exceeded our expectation
- Atkins marketplace performance continued to be robust with retail takeaway up 19.5%, versus year ago comp of +9.8%
- E-commerce business strong, in-line with our expectations
- Nutritional snacking category growth continues to outpace most legacy center-of-store categories
 - Household penetration ~50% indicating long runway for growth

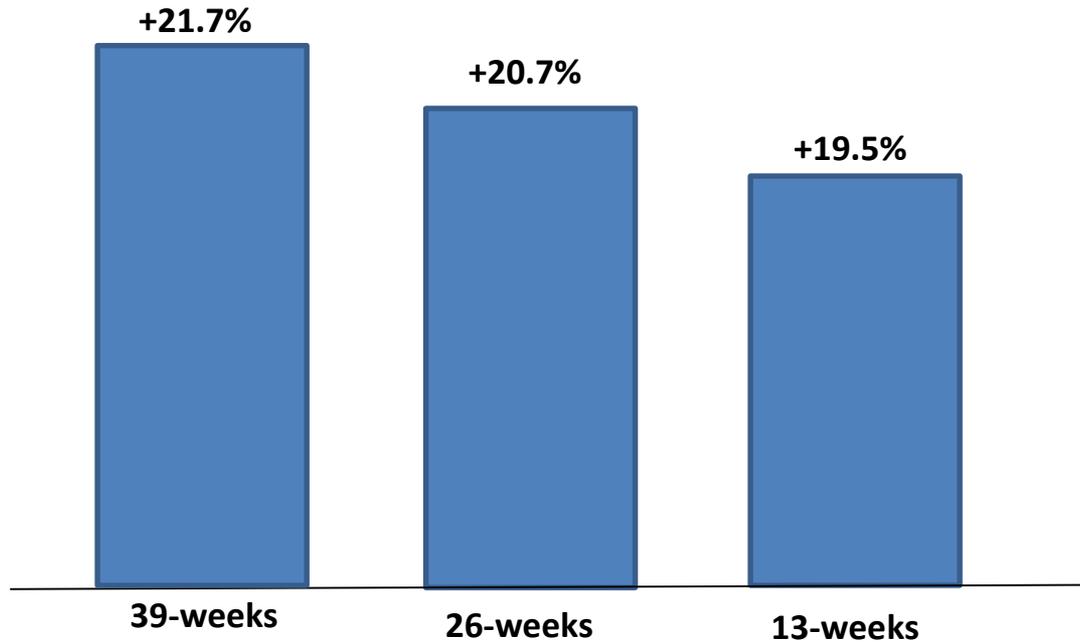
3rd QUARTER HIGHLIGHTS: REVENUE & PROFIT GROWTH

Business Momentum Continues



CONSUMPTION GROWTH HAS BEEN CONSISTENT

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

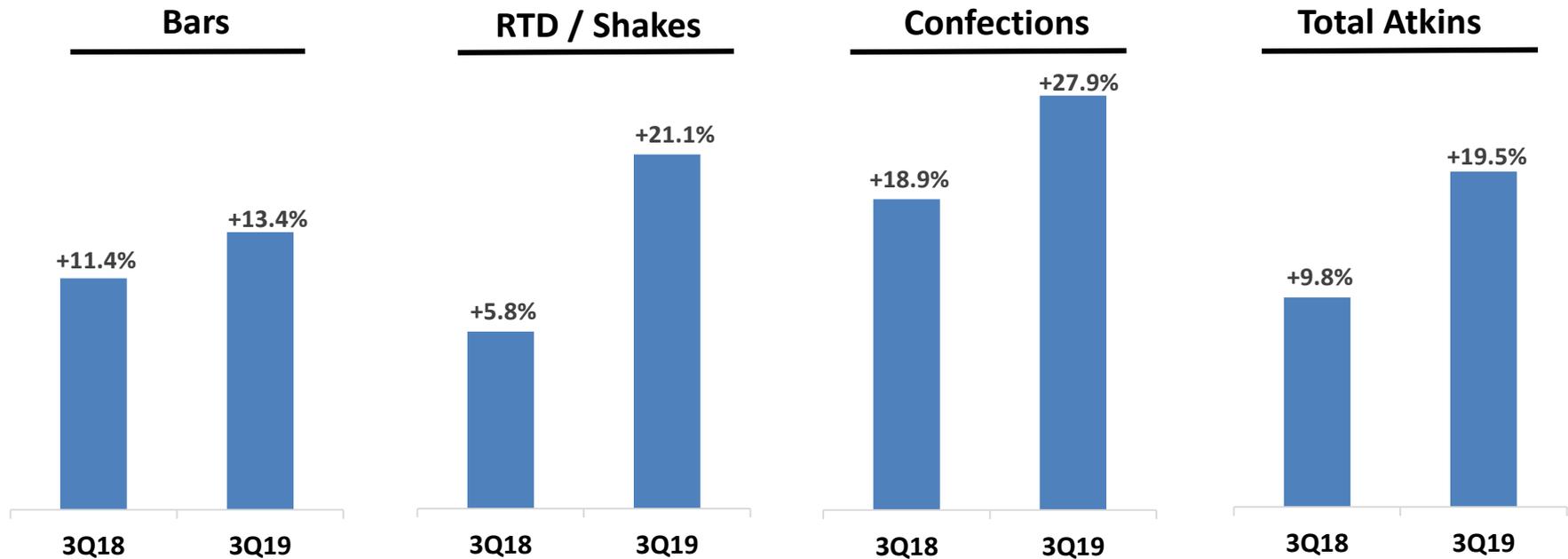


Period end 5/26/19:

RETAIL TAKEAWAY BY FORM

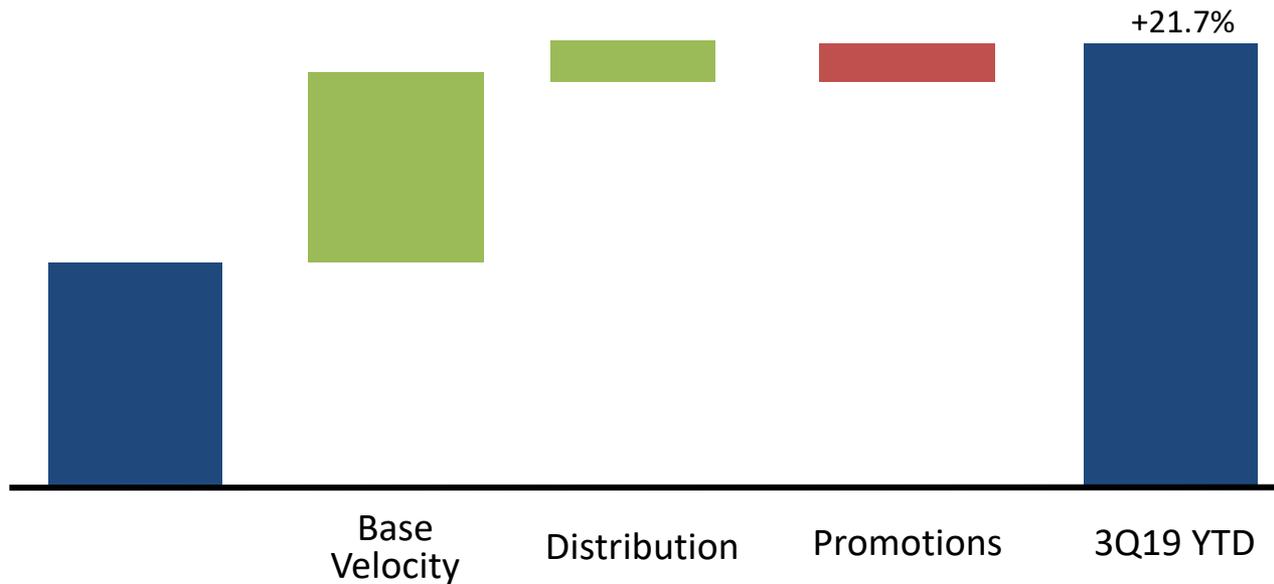
Solid performance across all forms driven by marketing strategy that focuses on communicating nutritional benefits of the *Atkins* branded products

Atkins U.S. Point of Sale Data by Form
% Change vs. Year Ago



BASE VELOCITY GROWTH

Atkins Year-to-Date U.S. Snacking Point of Sale Drivers of Growth



NEW AD COPY DELIVERING

- New ad copy delivering desired results and resonating with consumers



Driving New Buyers and Consumption in throughout fiscal 2019

(mil)

Buy Rate

Loyalty

Total Buyers



NEW PRODUCTS PERFORMING WELL

- Distribution / ACV in-line with our target
- Retail velocity slightly better than planned



DELIVERING ON OUR COMMITMENTS

- On pace for another strong year, with net sales growth exceeding our long-term target, although challenging comps in Q4

Total Atkins U.S. Snacking Point of Sale Data*

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>June*</u>	<u>July</u>	<u>Aug.</u>	<u>Q4</u>
2019	+23.5%	+22.1%	+19.5%	+16.2%	TBD	TBD	TBD
2018	+5.5%	+4.7%	+9.8%	+16.6%	+18.6%	+22.6%	+19.8%

Per IRI; percent change versus year ago period

*4-weeks ended 6/24/18 and 6/23/19

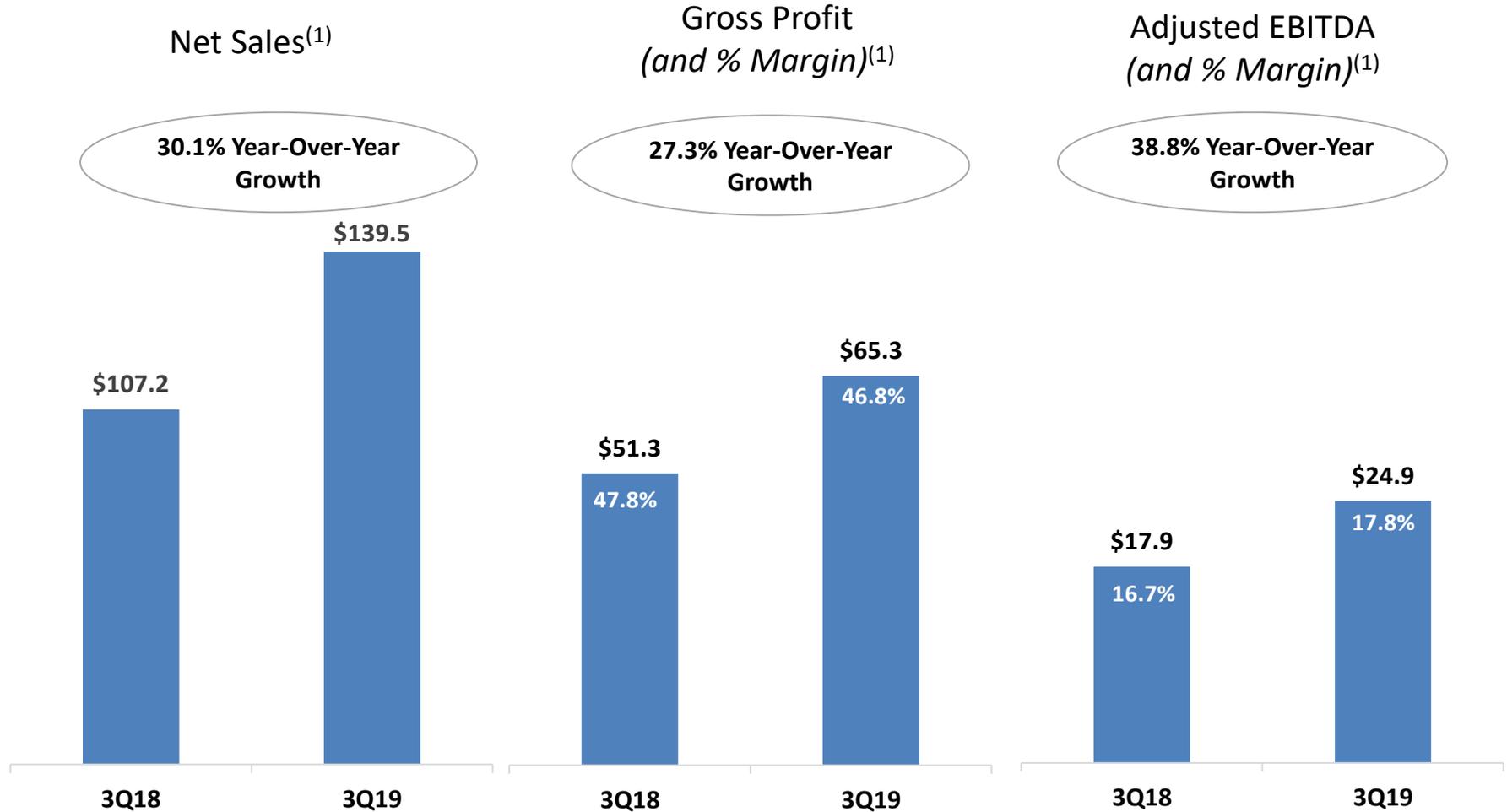
- Advertising is working as “low carb, low sugar” nutrition messaging is resonating with consumers
- Confident in our ability to deliver double-digit sales and EBITDA growth in 2019, while positioning the business to deliver solid growth in 2020 and over our strategic planning cycle

TODD CUNFER

CHIEF FINANCIAL OFFICER

3Q19 - SOLID SALES AND PROFIT GROWTH

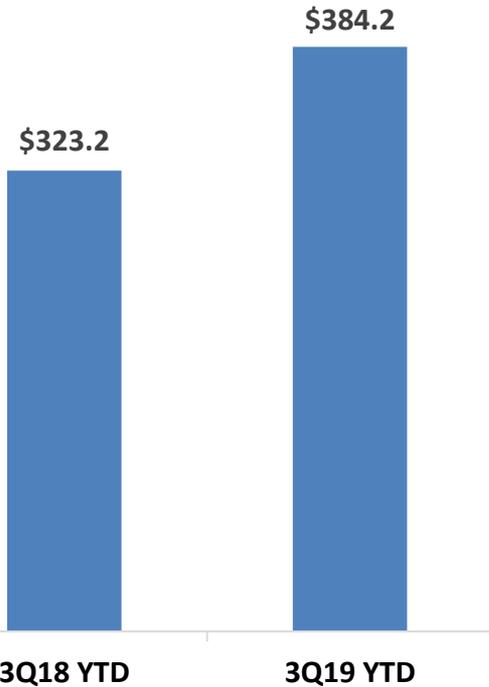
Fiscal 3rd Quarter 2019 vs. Year Ago Period



YTD 2019 RESULTS STRONG ACROSS KEY METRICS

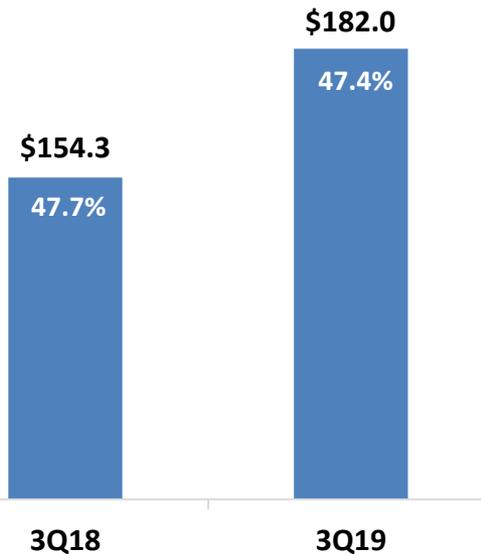
Net Sales⁽¹⁾

18.9% Year-Over-Year Growth



Gross Profit (and % Margin)⁽¹⁾

18.0% Year-Over-Year Growth



Adjusted EBITDA (and % Margin)⁽¹⁾

23.3% Year-Over-Year Growth



BALANCE SHEET & CASH FLOW HIGHLIGHTS

- Solid balance sheet and cash flow provides financial flexibility to support future growth; both organic and M&A
- Year-to-date cash generated by operating activities \$52.6 million and net cash provided by financing activities \$84.3 million
- Company has repurchased \$1.7 million in common stock against the \$50 million authorization announced last year
- As of May 25, 2019, the Company had cash of \$247.6 million and a \$197.0 million term loan (Libor +350 bps), resulting in a net cash position of \$50.6 million.

SUMMARY

- Full Year 2019 Outlook:
 - ❑ Anticipate full-year net sales and adjusted EBITDA growth to be similar to the year-to-date percentage increase
 - ❑ Full year outlook reflects:
 - Significantly more challenging POS comps in 4Q19 and expectation that retail takeaway will sequentially slow
 - Incremental strategic investments in marketing that should continue to drive buyer growth
 - Anticipate solid sales growth in 4Q19 with shipments outpacing consumption due to the previously discussed sales in transit and 53rd week
- Confident in our long-term opportunities and ability to deliver solid growth in 2020
- Executing against our strategy and delivering on our financial objectives with flexibility to invest in the business as a path to increasing shareholder value

Q&A