



**FIRST QUARTER FISCAL YEAR 2019 EARNINGS  
CONFERENCE CALL & WEBCAST PRESENTATION**

**January 3, 2019**

# 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 Company’s ability to maintain adequate product inventory levels to timely supply customer orders; 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 January 3, 2019. 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.

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# TODAY'S SPEAKERS AND AGENDA

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## Speakers

Mark Pogharian

*VP, Investor Relations*

Joe Scalzo

*Chief Executive Officer*

Todd Cunfer

*Chief Financial Officer*

## Agenda

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

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# **JOSEPH E. SCALZO**

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**PRESIDENT AND CHIEF EXECUTIVE OFFICER**

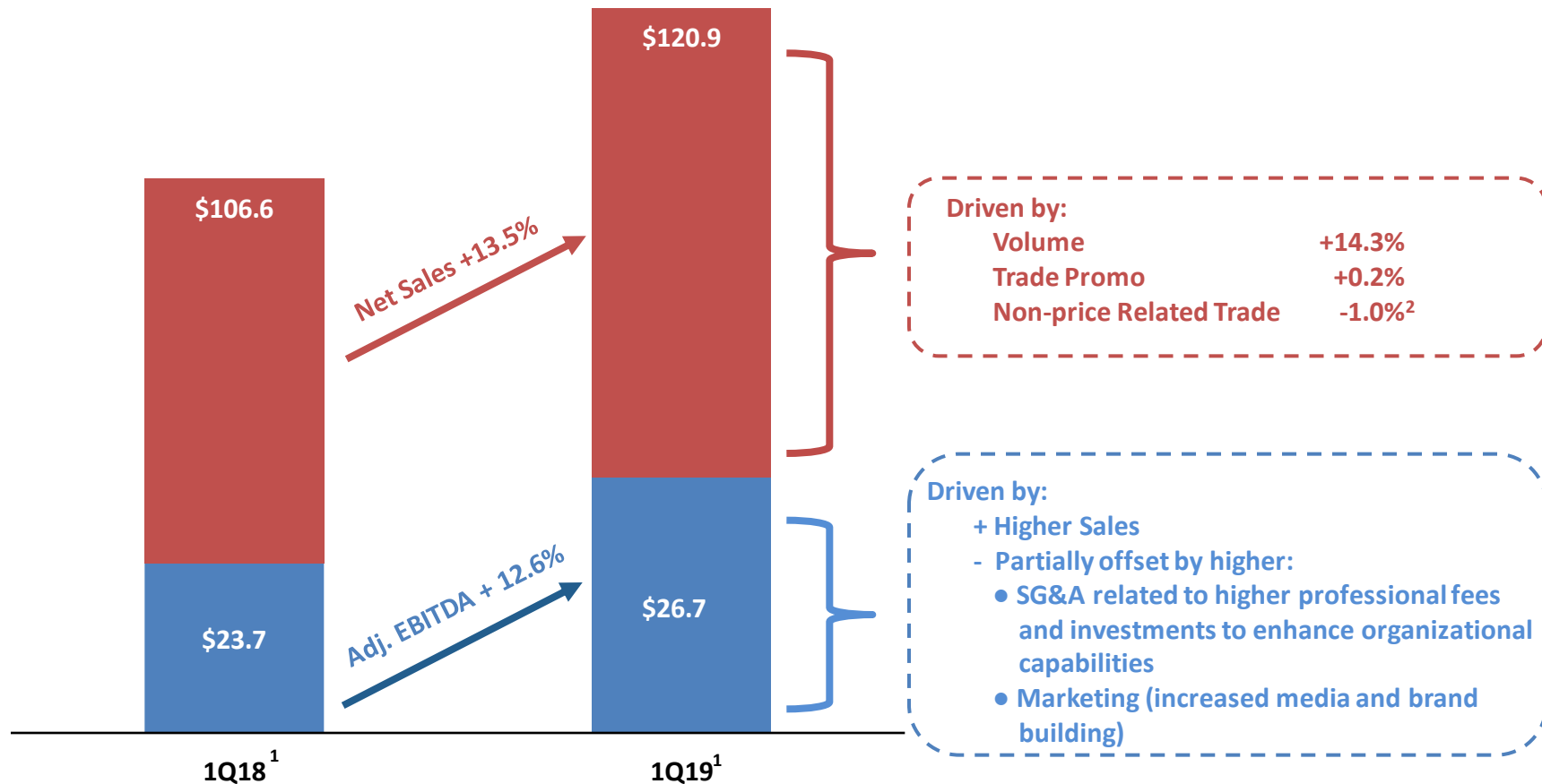
# 1<sup>st</sup> QUARTER FISCAL 2019 HIGHLIGHTS

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- Delivered solid financial results
- Marketplace performance continued to be strong
- Broad based growth across all forms (Bars, RTD/Shakes, Confections) and retail channels
- Attained some additional manufacturing capacity but expect that service issues could still persist
- While early, encouraged by momentum entering the fiscal 2<sup>nd</sup> quarter

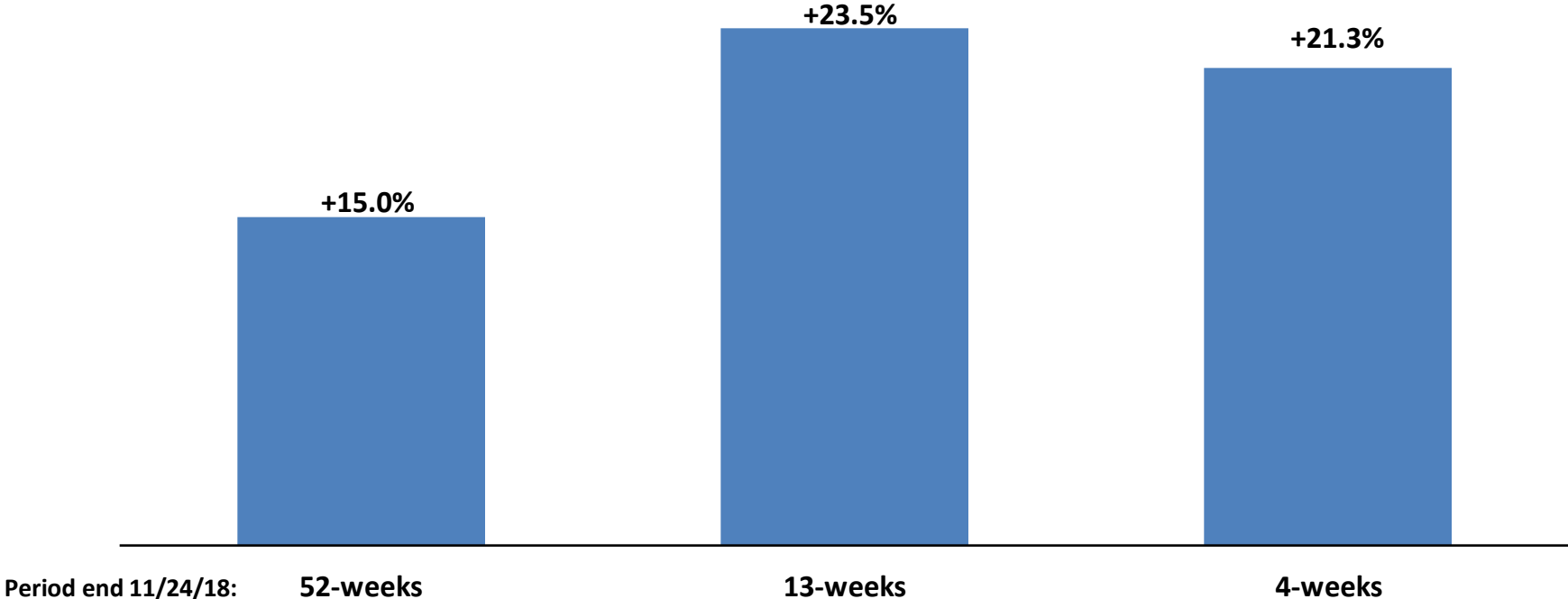
# 1<sup>st</sup> QUARTER HIGHLIGHTS: REVENUE & PROFIT GROWTH

## Business Momentum Continues



# RETAIL TAKEAWAY MOMENTUM

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

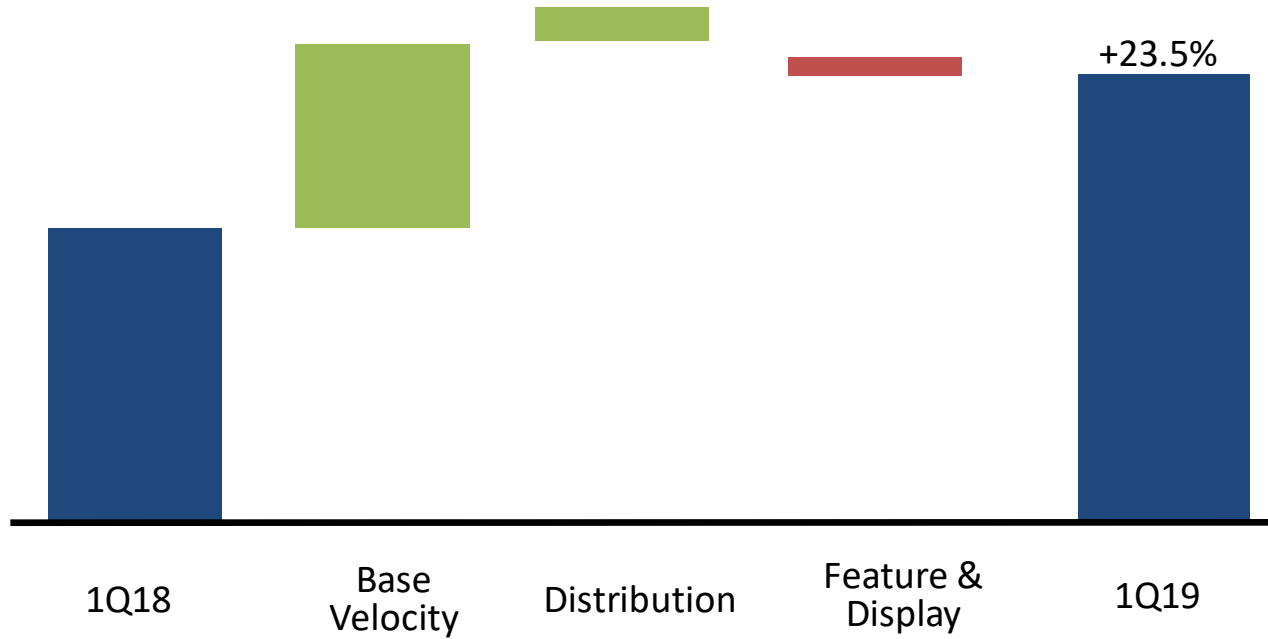


Period end 11/24/18:

Note: Bars/graphs not to scale

# BASE VELOCITY GROWTH...

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

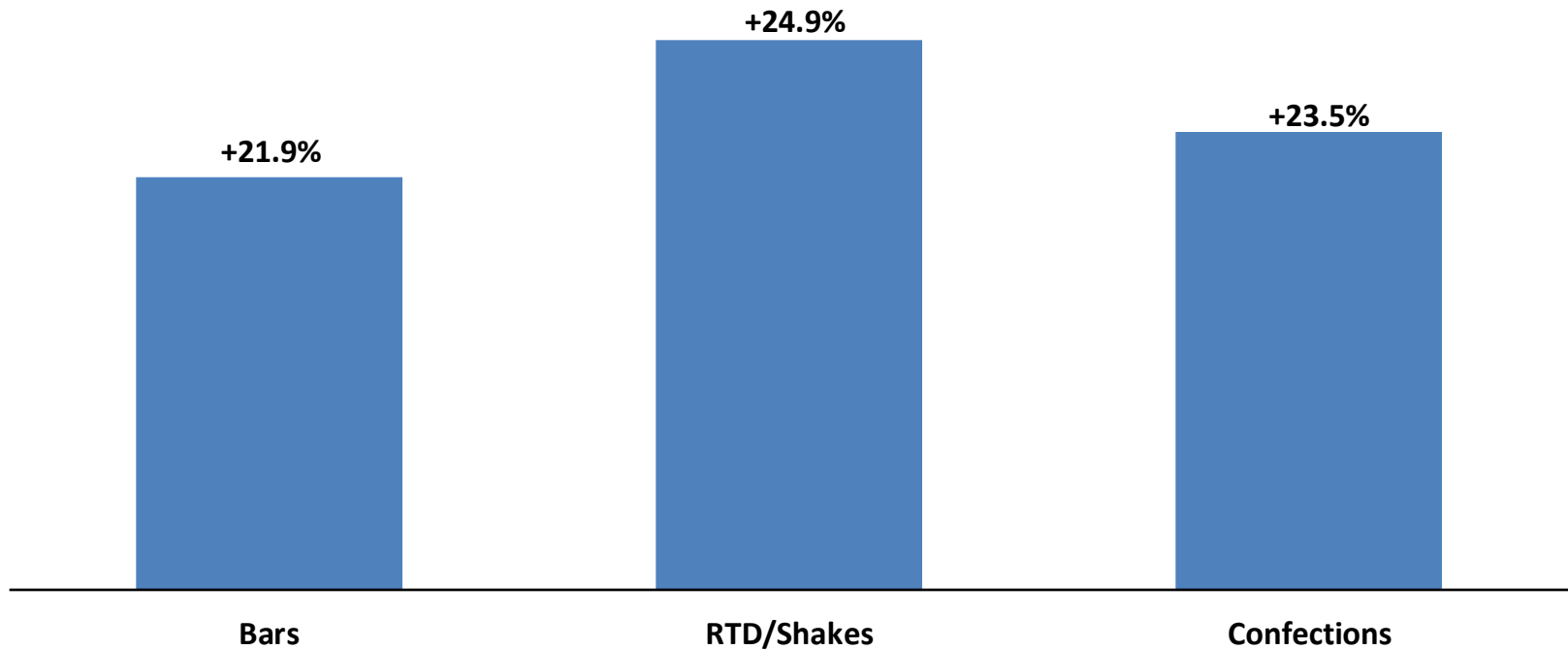




# RETAIL TAKEAWAY BY FORM

*Strong growth across all forms*

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



Bars

RTD/Shakes

Confections

# COMMITTED TO OUR STRATEGY IN FISCAL 2019

**ENGAGED WITH BRAND SPOKESPERSON,  
NEW AD COPY COMPLETE**



- Committed to annual advertising and marketing increase in-line with net sales growth
- New “Choose Wisely” campaign
- Redesigned website (desktop and mobile)
- Re-energized social media

## NEW PRODUCTS



- A strong pipeline, over the near and long term, of new products
- Opportunity to increase distribution
- Brings the right level of variety and news to the Atkins brand and category

# 2019 OFF TO A SOLID START

- A solid start to the year with net sales growth exceeding our long-term target
- Strategy of targeting and reaching lifestyle-orientated consumers continues to work
- Point of sale growth continues to be strong; challenging comps in the second half of the year:

	Total Atkins U.S. Snacking Point of Sale Data*				
	Q1	Q2	Q3	Q4	Full Year
2019	+23.5%	December off to a good start	TBD	TBD	TBD
2018	+5.5%	+4.7%	+9.8%	+19.5%	+10.1%

\*Per IRI; percent change versus year ago period

# FINANCIAL OVERVIEW

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**TODD CUNFER**

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**CHIEF FINANCIAL OFFICER**

# NET SALES vs. POINT OF SALES GROWTH

	Net Sales YoY Drivers 1Q19
Volume growth	+14.3%
Trade promo	+0.2%
Non-price related trade	-1.0%
Net sales growth	+13.5%

IRI retail takeaway / point-of-sales (POS) growth:  
13-weeks ended 11/24/18 (Percent increase versus last year)

+23.5%

4-weeks ended 12/16/18 (Percent increase versus last year)

+21.4%

- Net Sales / Volume growth off to a solid start
- As anticipated, POS outpaced net sales growth

# SOLID SALES & EBITDA GROWTH TO START THE YEAR

## Fiscal 1<sup>st</sup> Quarter 2019 vs. Year Ago Period

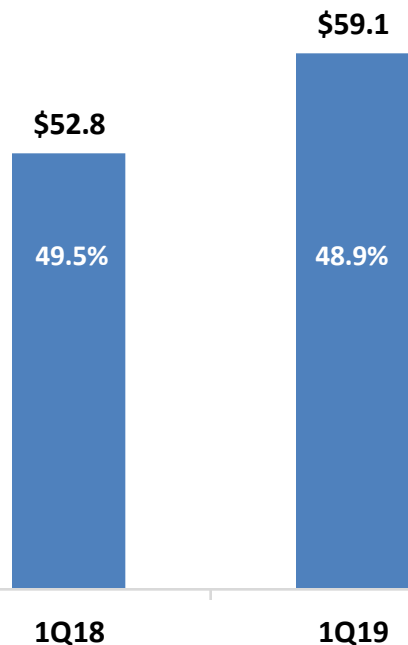
Net Sales<sup>(1)</sup>

13.5% Year-Over-Year Growth



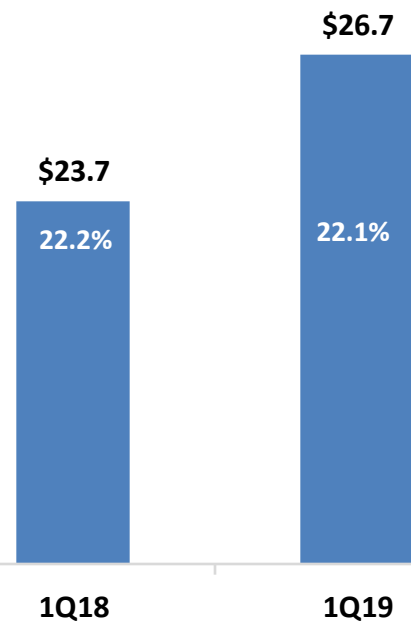
Gross Profit  
(and % Margin)<sup>(1)</sup>

12.0% Year-Over-Year Growth



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

12.6% Year-Over-Year Growth



# BALANCE SHEET & CASH FLOW HIGHLIGHTS

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- As of November 24, 2018, the Company has cash of \$210.8 million and a \$198.0 million term loan (Libor +350 bps), resulting in a net cash position of \$12.8 million.
- On November 16<sup>th</sup> the Company filed an 8-K stating that it agreed to a termination price for the Tax Receivable Agreement (TRA) with Roark Capital for \$26.5 million. This agreement resulted in a gain of \$1.5 million on the TRA.
- On November 13<sup>th</sup> the Company announced a \$50 million share repurchase program. To date, no purchases have been made against the authorization. The Company remains focused on organic growth and value enhancing M&A opportunities and intends to continue to prioritize use of its cash for these purposes.
- Solid balance sheet and cash flow provides financial flexibility to support future growth; both organic and M&A

# SUMMARY

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- Good start to the year giving us confidence in our ability to execute and capture the growth opportunities in fiscal 2019
- Full Year 2019 Outlook Updated:
  - ❑ Net sales expected to exceed our 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
    - While improving, we still anticipate select supply issues given continued strong point of sales growth
    - Includes benefit of a 53<sup>rd</sup> week and previously mentioned revenue recognition
  - ❑ Adjusted EBITDA anticipated to increase at a slightly higher rate than net sales
    - Uncertainty around inflation in the second-half of the year
- We believe we are well positioned to deliver on our financial objectives with financial flexibility to evaluate and consider M&A opportunities



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# Q&A