



Second Quarter Fiscal Year 2019 Earnings Conference Call & Webcast Presentation

April 4, 2019

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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
- Second Quarter 2019 Highlights
- Business Update
- Financial Summary
- Q&A

JOSEPH E. SCALZO

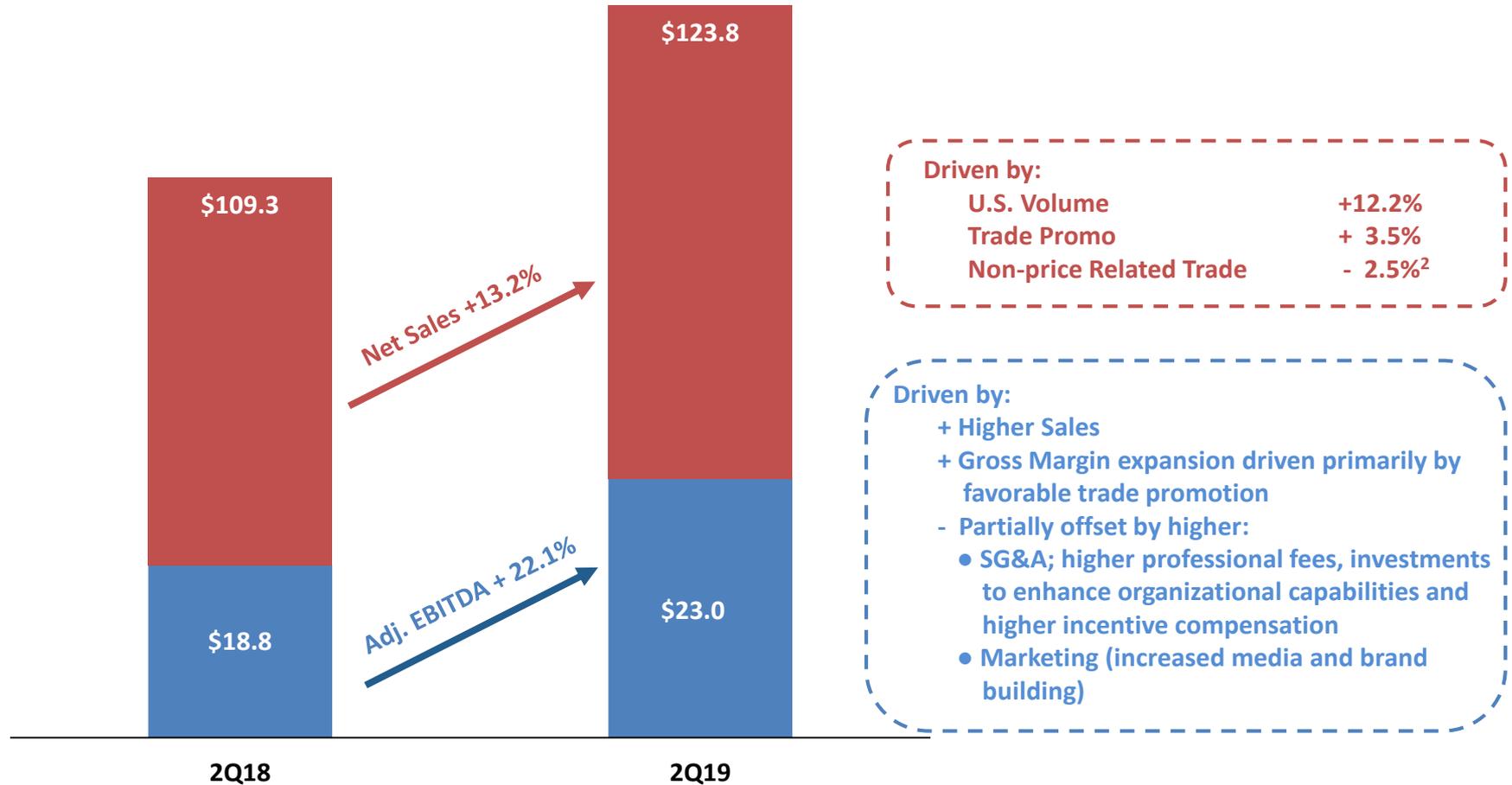
PRESIDENT AND CHIEF EXECUTIVE OFFICER

2nd QUARTER FISCAL 2019 HIGHLIGHTS

- Delivered solid financial results, exceeded our expectation
- Marketplace performance continued to be strong
- Broad based growth across all forms (Bars, RTD/Shakes, Confections) and retail channels
- Reduced frequency of promotions on bar products resulted in net price realization; enabled improvement of retail inventory levels to near normal levels
- Fiscal 3rd quarter off to a good start, encouraged by momentum as we enter the second half of the year

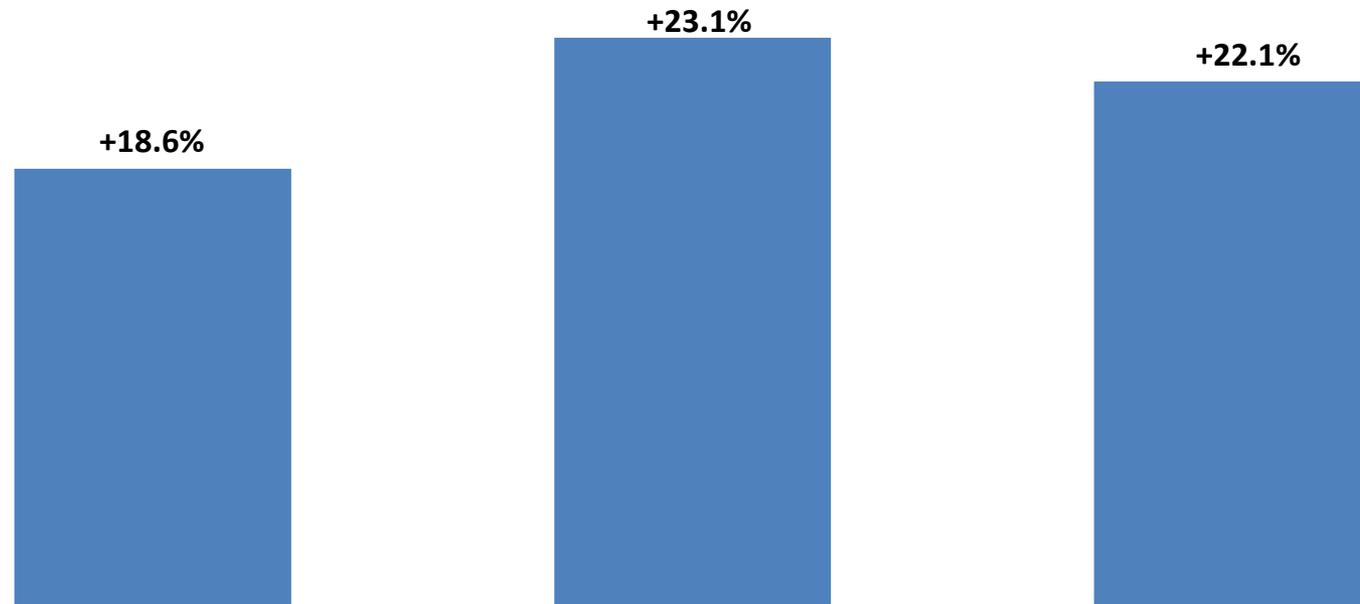
2nd QUARTER HIGHLIGHTS: REVENUE & PROFIT GROWTH

Business Momentum Continues



CONSUMPTION GROWTH REMAINS STRONG

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



Period end 2/24/19:

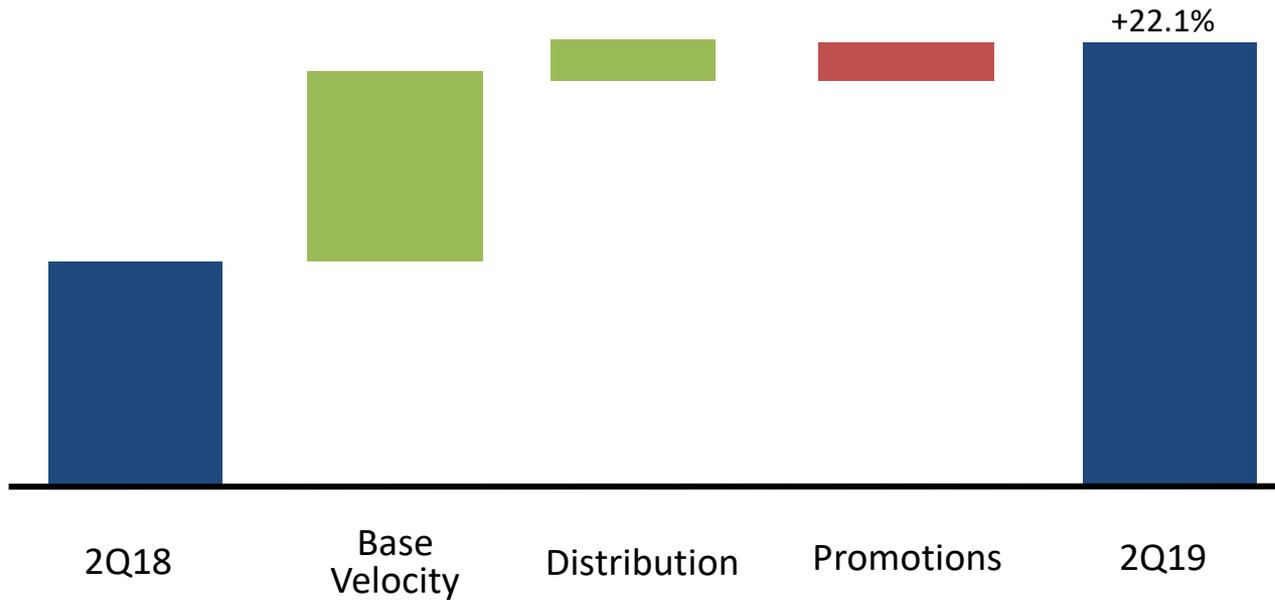
52-weeks

26-weeks

13-weeks

BASE VELOCITY GROWTH

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

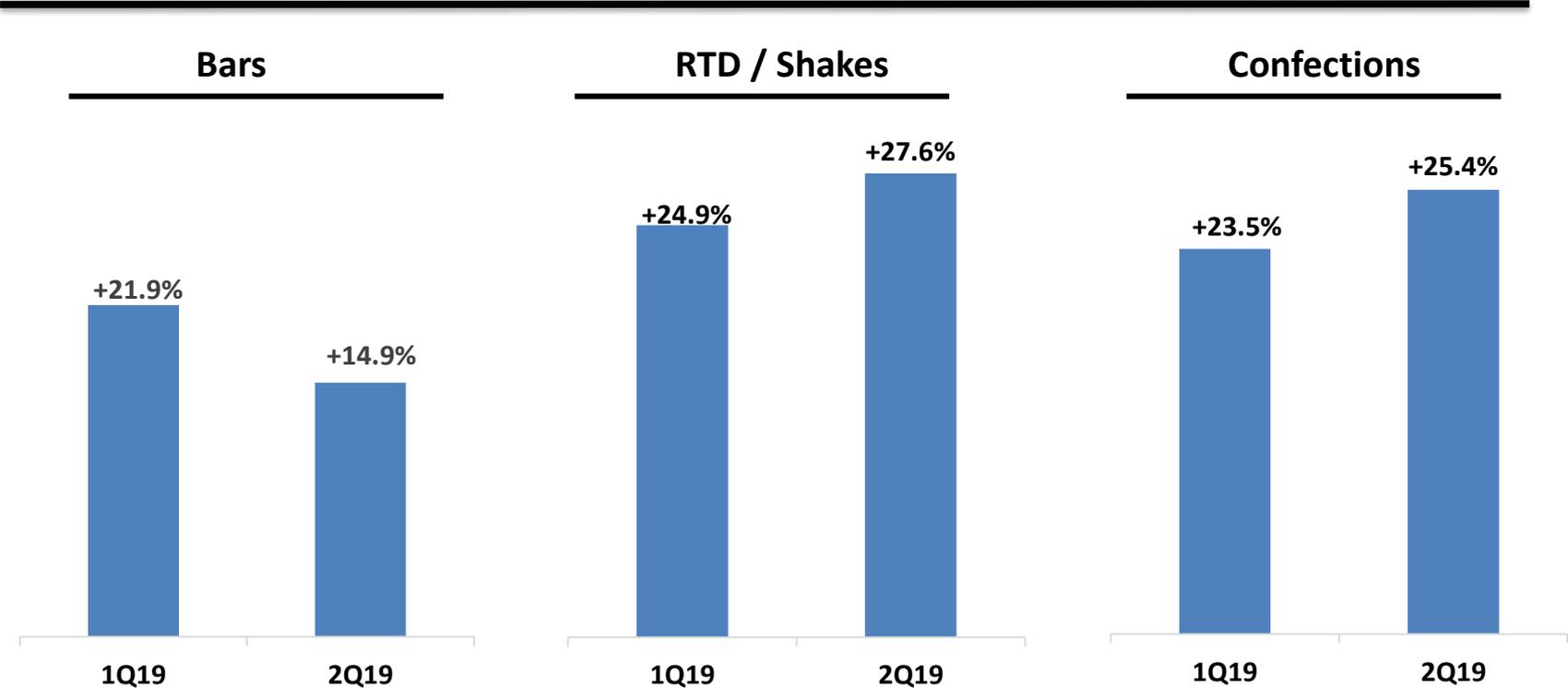


RETAIL TAKEAWAY BY FORM

Growth across all forms relatively in-line with estimates:

- Solid performance across all forms as marketing strategy focuses on communicating nutritional benefits of the Atkins brand
- Bars performance impacted by strategic choice of reduced frequency of promotions versus the prior year

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

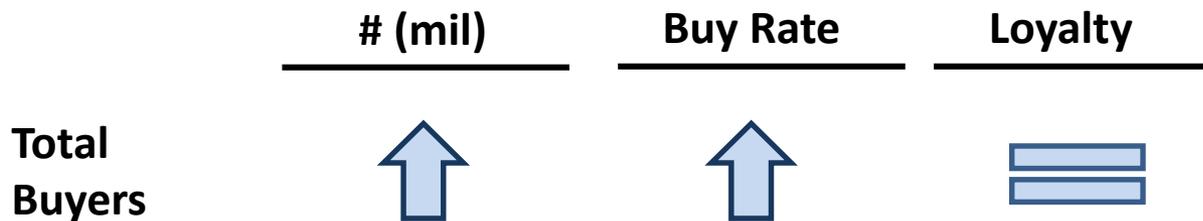


NEW AD COPY ON AIR JANUARY 2019

- New ad copy tested well, early marketplace results encouraging
- Advertising investments driving new buyers to the brand



Driving New Buyers and Consumption in F1Q19 & F2Q19



SOLID PIPELINE OF NEW PRODUCTS

Annual new product launches provide variety to current consumers and helps introduce the brand and nutritional philosophy to new buyers

- Distribution of fiscal 2019 innovation building as planned



FIRST HALF OF FISCAL 2019 OFF TO A SOLID START

- A solid start to the year with net sales growth exceeding our long-term target, although challenging comps over the remainder of the year

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

	Q1	Q2	Q3	Q4
2019	+23.5%	+22.1%	March off to a good start	TBD
2018	+5.5%	+4.7%	+9.8%	+19.5%

*Per IRI; percent change versus year ago period

- Strategy of targeting and reaching lifestyle-orientated consumers continues to work
- We are confident in our ability to outperform our growth algorithm for the year driven by the effectiveness of our marketing, our improved supply position and our ability to invest in proven growth initiatives

FINANCIAL OVERVIEW

TODD CUNFER

CHIEF FINANCIAL OFFICER

2Q19 - SOLID SALES GROWTH & MARGIN EXPANSION

Fiscal 2nd Quarter 2019 vs. Year Ago Period

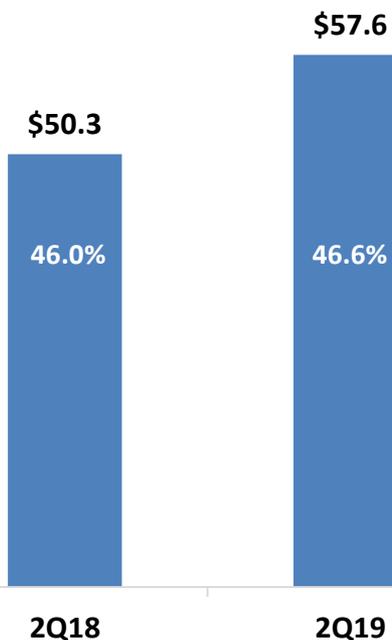
Net Sales⁽¹⁾

13.2% Year-Over-Year
Growth



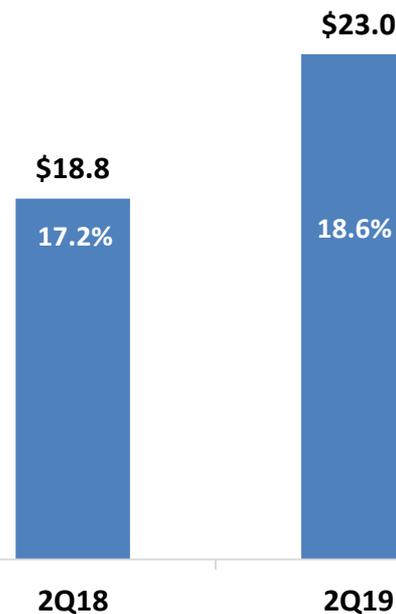
Gross Profit (and % Margin)⁽¹⁾

14.7% Year-Over-Year
Growth

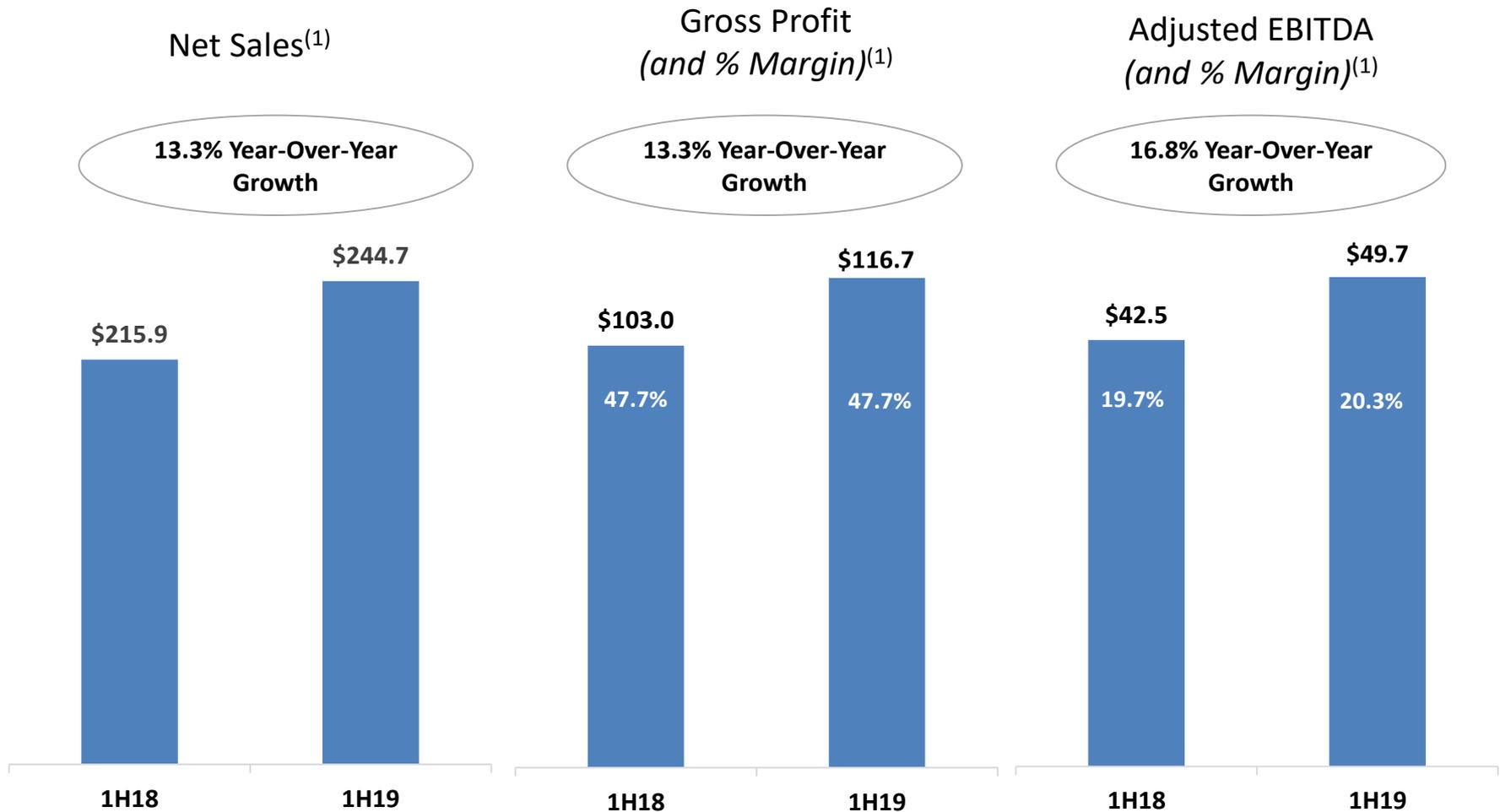


Adjusted EBITDA (and % Margin)⁽¹⁾

22.1% Year-Over-Year
Growth



YTD 2019 RESULTS STRONG ACROSS KEY METRICS



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 \$21.8 million and net cash provided by financing activities \$86.2 million
- As of February 23, 2019, the Company has cash of \$218.9 million and a \$197.5 million term loan (Libor +350 bps), resulting in a net cash position of \$21.5 million.
- The Company also has a \$75.0 million revolving line of credit currently not utilized

SUMMARY

- Strong first half of the year and entering Q3 with momentum and improved supply chain position
- Full Year 2019 Outlook Updated:
 - ❑ Given year-to-date marketplace and financial results we're more optimistic than last quarter in our ability to exceed our long-term net sales target of 4% to 6%
 - ❑ Anticipate full-year net sales and adjusted EBITDA growth to both increase double digits on a percentage basis versus last year
 - Full year outlook reflects:
 - Significantly more challenging POS comps in the second half of the year
 - Lower levels of bar promotions versus the prior year as we manage bar demand within our available supply
 - Incremental strategic investments in marketing and brand building initiatives that should continue to drive growth over the long term
 - Second half of year impacts:
 - Anticipate solid sales growth in second half of the year with shipments outpacing consumption as we enter Q3 with lower levels of inventory versus the prior year
 - As previously discussed, sales in transit and a 53rd week a benefit in Q4
- Executing against our strategy and delivering on our financial objectives with flexibility to invest in the business as a path to increasing shareholder value over the long term

Q&A