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PRESENTATION

Andrew Lazar - *Barclays Bank PLC, Research Division - MD & Senior Research Analyst*

All right everybody if we could just find our seats, we'll kick off our next presentation. Good afternoon. Thanks for joining us for a fireside chat with The Simply Good Foods Company. We are very excited to have Simply here with us for the first time. In a packaged food environment where growth is scarce, simply put, pun intended, company has delivered 5 consecutive quarters of double-digit retail takeaway growth, 11 consecutive quarters of point-of-sale growth, and a 13-year CAGR for the Atkins Brand of 13%. More recently, the company made waves with its announced acquisition of Quest, a complementary, fast growth asset in the active nutrition space. So lots to talk about, as Simply starts the next chapter of its growth story, and with us today to discuss all this are Joe Scalzo, President and CEO; and Todd Cunfer, CFO. Joe has a few slides to present to the group, and then we'll sit down for some questions.

Gentlemen, thank you for being here, and I hand it over to you, Joe.

Joseph E. Scalzo - *The Simply Good Foods Company - CEO, President & Director*

Thank you, Andrew. Good afternoon, everyone. It's great to be here and you stole all my thunder, Andrew. So I'll provide a brief overview of The Simply Good Foods Company for those of you that aren't familiar with our story. I'll introduce you to our recently announced acquisition of Quest Nutrition, and I'll close with some brief financial highlights, and then Todd and I will sit down with Andrew and we'll chat. So I've been the CEO of Simply Good now for 6 years and its predecessor obviously, Atkins Nutrition.

I joined the company because I love the category that the brand was in, and I thought Atkins was a very unique branded property. I also believe that the brand was too narrowly positioned, when I first joined the company and that the prospect for growth of the brand was to expand the brand to a broader audience of low carb lifestyle consumers.

In the summer of 2016, we met with Conyers Park. It's founder, Jim Kilts and my former boss at The Gillette Company.

After a number of conversations, it was clear that Conyers shared our beliefs about Atkins, and were enthusiastic about our growth strategy for the brand. And in 2017, yes, it took a year to close the deal. We completed the merger with Conyers Park, and we began trading publicly. And with that merger -- I am fortunate to lead an incredibly experienced management team, you can see based upon the companies on the slide, their experiences, and I'm very fortunate to have a Board of Directors that would rival any large-cap CPG company.

So who is Simply Good? Well, our growth vision for Simply is to build a leader in the nutritious snacking category and we would -- we are doing that by 2 key strategies: first, grow our core business by evolving Atkins brand into a low-carb lifestyle snacking and meal-replacement brand; and then second, use M&A to assemble a portfolio of brands in the space.

We are small company, we have about 150 employees and we're based in Denver, Colorado. We see our core competencies as operating an outsourced supply chain, consumer marketing, product development, and managing retailer relationships. Our key brand Atkins offers -- by the way, if you have not tried our products, try them, they are simply delicious, pun intended. Delicious products across multiple forms, bars, shakes and confections, and we actually have a small frozen meal business, which we license to Bellisio Foods.

So let me talk a little bit about our first strategy on organic growth. For the past 11 years, Atkins growth has benefited from some powerful consumer megatrends, because one of the reasons I like the business when I was doing my diligence. Those trends include the rise in snacking, the rise in meal replacement, convenience, on the go, and then general health and wellness.

In the area of health and wellness, the benefits of Atkins low-carb lifestyle directly addresses what are America's 2 largest epidemics, obesity and diabetes. And just to frame that for you, half of American adults in the United States are obese, and nearly the same number are prediabetic or diabetic. Most of those things can be traced to the overconsumption of carbohydrates which started in the mid-1980s.

While we are confident in our strategy and our initiatives to target Atkins to a more lifestyle-oriented consumer, the impact of our initiatives and our 2-year growth rate, frankly, has surprised all of us at Simply Good. Perhaps we shouldn't have been surprised given the brand's history of which Andrew alluded to. Since 2008, Atkins has enjoyed 11 consecutive years of retail takeaway growth and that at a compound annual growth rate of 14%. How is that possible? Well, first the, the brand is uniquely identified with low carb, low sugar, protein-rich nutrition, particularly effective in weight management. The weight management benefit is highly relevant to 2/3 of adults seeking -- with 2/3 of adults seeking it when they are choosing better few snacks. Second, there is a deep and broad scientific evidence about the benefits of controlling carbohydrates and sugars with over 120 independent, peer-reviewed clinical studies supporting the benefits. That scientific consensus has brought the issue of carbs and sugar consumption to the forefront of what constitutes good nutrition. That is a dramatic change since I became CEO, and certainly a dramatic change over the last decade.

And lastly, we have identified and are successfully recruiting the lifestyle consumer that we affectionately call self-directed low-carbers. There are 33 million of them, or about 4x the number of program dieters that we were exclusively targeting prior to 2016. And I would note that we grew the business from 2008 to 2016 at the same rate that we've been growing it over the past 11 years. Our marketing initiatives like our clean bar label, use of Rob Lowe as our first celebrity -- lifestyle celebrity, new products, refreshed packaging have been successful in recruiting new lifestyle consumers and growing our business.

In fiscal 2019, Atkins exceeded $600 million in retail sales in traditional channels alone that is 11 years of compound double-digit growth rate. Our growth in 2019 will be among our strongest, and investors have rewarded us with an initial IPO up nearly 3x in 2 years.

With that as a background on Simply Good, let me tell you about our August 21st announcement to acquire Quest Nutrition. Now I have to admit one of the most consistent questions we received from investors over the past 2 years is what's taking you so long as a well up to find your first deal? I guess, in hindsight, the answer was we were waiting for Quest nutrition.

In a sea of products in nutritious snacking, Quest is uniquely and compellingly a consumer brand. It was at the very top of our M&A list. Founded in 2010 by Ron and Shannon Pena as a protein bar for active adults, this brand has evolved into an active lifestyle brand, promising to support its consumers on their personal quest by offering them the freedom to eat the delicious snacks they crave without compromising taste or their health. This promise has enabled Quest to expand successfully into multiple snacking segments that include protein bars, protein cookies and chips, and even frozen pizza. It's not just a protein bar, it's a lifestyle snacking brand. Quest target audience is enviable. They are young, educated, urban and physically active. Its customer base is balanced with no one customer larger than 15% of sales. The company is based in El Segundo, California and has about 140 employees. And like Atkins, it has enjoyed impressive growth over the last 2 years.

So let me tell you why we love this brand. First, it's scaled lifestyle consumer brand and not a product. And like Atkins, it's backed by underlying nutritional philosophy supported by science; second, it's consistent with our growth vision for Simply Good to be a leader in the fast-growing nutritious snacking category, and it's a perfect portfolio complement to Atkins. While the nutritional profiles of these 2 brands are very similar, the target audiences are incredibly complementary. Atkins appeals to a 35 and older crowd with a weight management halo. Quest is distinctively below 35 with an active lifestyle appeal; third, we operate overlapping, outsourced supply chains that offer the opportunity of synergy of scale; fourth, like Atkins, Quest is still in the early innings of growing brand awareness, consideration and trial. So we think there is significant runway ahead for growing trial and loyalty, and that's an area that plays to the strength of Simply Good; fifth, on the customer front, its strength is our presence in health and beauty aisle, and its balance customer mix diversifies Simply Good's overreliance on mass merchants. And lastly, it bolsters our organization by providing complementary capability in a number of key areas by adding to our bench strength and by providing synergies from duplicate corporate functions. We see Quest as an opportunity for both growth and cost. On growth, we plan to use Atkins capabilities and broad media reach -- broad reach media to accelerate its household penetration. We plan to tap Quest small format retail and broaden distributions -- we tap quest small format retail capabilities to broaden distribution of Atkins in SimplyProtein. And then conversely, tap Atkins food drug mass capability to accelerate Quest in those channels. We'll combine the R&D and e-commerce capabilities of both organizations to improve innovation and grow our joint business online. Of note, Quest is the largest selling bar on Amazon. And Amazon is Quest's largest single customer. So lots for us to learn. On cost, our plan is to merge our overlapping supply chains, leverage our increased scale, lower costs in procurement, distribution and freight, and consolidate overlapping corporate functions and integrate Simply Good into Quest recently implemented ERP. By the way, that avoids our cost as we are about to implement our own ERP solution.

In summary, we believe these plans will increase shareholder value with this deal. With a purchase price net of tax benefits of $870 million, assuming $20 million in run rate synergies, this transaction represents a 12.4 multiple on calendar year 2019 adjusted EBITDA.

We are confident our long-term financial algorithm is achievable with this combination and most importantly, it offers us more avenues to drive growth in the future. With $20 million in run rate synergies captured over the next 3 years, Quest's adjusted EBITDA margins should be relatively aligned with those of Simply Good. Such that we expect adjusted EBITDA growth to exceed net sales growth. And finally, we believe the asset-light model of the combined company and strong free cash flow will enable a quick delevering of our balance sheet. With that, my remarks are concluded and I guess I'll come over and we'll chat with Andrew. Thank you.

QUESTIONS AND ANSWERS

Andrew Lazar - *Barclays Bank PLC, Research Division - MD & Senior Research Analyst*

Perfect. Thanks for that, Joe and very helpful background for those in the room that are not as familiar with Simply Good Foods. So maybe we start in this way. Setting aside currently -- just the currently or recently announced Quest acquisition, Simply is currently really a, sort of, one brand or a single brand business. I think some still think of Atkins as more of a diet brand, but recent results I think, could cause many to seriously question that assertion. Maybe you can discuss a little bit, what you see around investor misperceptions regarding the Atkins brand? It seems the company is taking much more of a packaged goods approach as opposed to a sort of diet program one?

Joseph E. Scalzo - *The Simply Good Foods Company - CEO, President & Director*

Yes. Great insight, and if you have not been paying attention to our business in 2016, we kind of shift strategy away from using classic, what I would call, diet marketing tools and shifted to a much more consumer packaged goods model, and we've seen the impact of that in our business. The interesting thing is even prior to 2016 and targeting programmatic weight loss consumers, the consumers actually behaved like a CPG consumer in that a diet program with episodic deprivation, right? You're on it for 13 weeks, you're off and then you go back and do your own thing. Well in our business, even though we're recruiting those people into the franchise, they showed us multiple years of consumer loyalty. In fact, first year, buying about 40 products, second year, buying over 100, and they would stick with the franchise year after year after year. And obviously, you're not dieting for 3 years. So we are -- I understand the potential for confusion. This is a classic consumer packaged goods brand, there's a difference between dieting and managing your weight, dieting 6% of adults in the United States, they are -- say they are dieting. Managing your weights is about 2/3 of adults in the United States. So we have a weight management benefit that's pretty ubiquitous when it comes to snacking.

Andrew Lazar - *Barclays Bank PLC, Research Division - MD & Senior Research Analyst*

When we think about the Atkins brand, who are the core consumers today? And maybe more importantly, prospective consumers of tomorrow?

Joseph E. Scalzo - *The Simply Good Foods Company - CEO, President & Director*

Yes. The consumer that we've been targeting for the last 2 years, we call self-directed low-carbers, interested in weight management, but looking to do nutrition their own way, and that's our core target, and we've done a nice job over the last few years recruiting those into the business. Our secondary target remains those who need a more programmatic solution, and we target both of those groups. The nice thing, our growth in penetration has been from both groups. So we've seen continued uptake of the programmatic weight loss people, and we have all the tools for them to use online, but significant growth in lifestyle consumers.

Andrew Lazar - *Barclays Bank PLC, Research Division - MD & Senior Research Analyst*

If we think about the drivers of the acceleration in sales growth this past year, was sales growth supported by increased consumption in existing users, or through bringing in new consumers to the brand as you were talking about before.

Todd E. Cunfer - *The Simply Good Foods Company - CFO*

Yes. So I will take that one. It is both. So with the main, it's all coming from base velocity, right? So it is not coming -- distributions they're relatively flat, promotions because of our capacity issues, we had actually pulled back on promotions this year, so they been down over the last 52 weeks. So it's really -- it's more buyers coming to the brand and it's the buy rates, so they're actually buying more products. So again all -- close to 20% POS growth we've had this year is literally all from base velocity.

Andrew Lazar - *Barclays Bank PLC, Research Division - MD & Senior Research Analyst*

I think in the past you've said, consumption actually increases in year 2 for new consumers. Is that holding up with the everyday lifestyle users? And does that provide runway for growth in fiscal '20? And I guess what the customer retention rate in year 2? I'm really just trying to get a sense of, sort of, loyalty of new users?

Joseph E. Scalzo - *The Simply Good Foods Company - CEO, President & Director*

Yes. I mean, sure, yes -- Amazingly consistent, this has been the real jewel of the business, when I -- when we are able to bring your consumer in, they stay around in year 2 in the same percentages. And they buy about the same amount of product. So year 1 consumer buying between 35 and 40 servings of our products. We hold onto somewhere between 2/3, the 70% of them in year 2, where they buy closer to a 100%. And the big change, the big surprise in our numbers in 2019, we brought in a significant amount of new buyers into a franchise by targeting these lifestyle consumers. Typically, you would expect with that number of new buyers, you're going to see buy rate be a little bit lower, new people coming in, buy less than your established base. We actually saw an increase in buy rate, which is, in fact, had a big impact on our total growth in our business.

Andrew Lazar - *Barclays Bank PLC, Research Division - MD & Senior Research Analyst*

Maybe you can discuss consumer demographics a little bit more. It's about a 108 million consumers really who are trying to lose weight, 21 million I think use branded programs, 77 million are self-directed. I guess you are gaining share in both consumer sets? And maybe you can get into a little bit about what your share is right now of self-directed dieters? And how that compares to may be where that was in -- couple of years ago?

Joseph E. Scalzo - *The Simply Good Foods Company - CEO, President & Director*

Yes. When we started this we had about a 40% share of the 8 million low-carb program dieters. So these are people that needed solution, want to use all the tools, tell them what to eat, follow a meal plan. And we had target those from 2008 to 2016, we had about 40% share of them, the self-directed low carbers about 33 million, again weight is important, but they're going to do it their own way, right? They are going to figure out their own approach in nutrition. So for them, we arm them with tools of how to think about it i.e. it's not the quantity of food, it's the composition of food, and we've grown them well over the last 2 years. I don't actually have the penetration number, these were just wrapping up our year, but we started at about a 10 share, and I know we have stepped that up pretty significantly over the last year.

Andrew Lazar - *Barclays Bank PLC, Research Division - MD & Senior Research Analyst*

With the sort of growth that Simply has put up, I mean, it only natural, right? For investors to sort of question the durability of that growth rate. Understanding there is a law of large numbers involved here. Maybe what is some of the other initiatives underway that can yield some additional growth? Underpenetrated channels, outlets et cetera? And I ask because maybe distribution rate has declined modestly recently. Velocity has improved to the point where you can expand distribution into sort of a single-ball offerings and things of that nature?

Todd E. Cunfer - *The Simply Good Foods Company - CFO*

Yes. So just to hit on the distribution, the slight decline, so with our capacity constraints, we actually actively eliminated some kind of B&C SKUs just to free up capacity for our better-selling products, so that's why you're seeing a little bit of dip there. But there's certainly some white space and small formats C-store. We are doing exceptionally well in e-commerce, but we're really underpenetrated there and one of the reasons why we are so excited about this Quest deal is, they have an amazing small format in e-commerce team, not that we have a great e-commerce team as well, but they have a really strong team, and almost 20% of their sales are in e-commerce. But really at the end of the day, the biggest driver is this category is still very, very underpenetrated. Most categories that you probably been listening to this week are 90%, 95% household penetration, this whole category is only about 50%, 55%. So there's just a lot more buyers come into this category. We think we will have some significant headwinds and tailwinds over the next several years.

Joseph E. Scalzo - *The Simply Good Foods Company - CEO, President & Director*

Yes. The single biggest correlation to our growth rate since 2008 has been a number of buyers coming to the brand. So we significantly increased penetration of the brand, but it's still, as is the category relatively nascent. They're significant upsides, so we have found shifting our mix to online, television, media has increased the efficiency of our marketing mix from the sales standpoint, as well as the ability to bring in new buyers. So we've leaned on that significantly. When I came to the business in 2013, we spent 0 dollars on television media, we will be over $25 million in 2019, and we've not seen the efficacy of those curves diminish at all. So I think as we brought people in, the efficiency of television continues to be strong, and just to give you a sense of the size of the strength, dollar spent in media is generating over $5 in sales for our business. So we're top tier performance from a TV media standpoint.

Andrew Lazar - *Barclays Bank PLC, Research Division - MD & Senior Research Analyst*

Few quarters ago, as you mentioned, Simply had to slow growth a bit, just given frankly supply constraints. Can you discuss may be your supply capacity in bars currently? Are you now in a place you can keep up with the strong consumption growth? And are you operating with short-term incremental capacity? Or have you renegotiated your capacity agreements with your co-manufacturers?

Todd E. Cunfer - *The Simply Good Foods Company - CFO*

Yes. Great question. So we are really in good shape right now. So what we did really to get out of our issues, back in Q1 was quite literally called in some favors for short-term basis from some co-mans. I mentioned we cut back, we actually eliminated a few items to free up some capacity and then on the bar side, we literally eliminated all bar promotions for about 6 months. So that allowed us to get back in shape, while we got more capacity on a long-term basis in-house. So we're in really good shape now. We feel really good about overcapacity situation.

Joseph E. Scalzo - *The Simply Good Foods Company - CEO, President & Director*

With the caveat that if point of sale, it goes to plus 30% of plus 40%, we won't have enough product.

Andrew Lazar - *Barclays Bank PLC, Research Division - MD & Senior Research Analyst*

Yes. High-quality.

Todd E. Cunfer - *The Simply Good Foods Company - CFO*

High-quality.

Joseph E. Scalzo - *The Simply Good Foods Company - CEO, President & Director*

High-quality broad based. A problem nonetheless.

Andrew Lazar - *Barclays Bank PLC, Research Division - MD & Senior Research Analyst*

In a typical year inventory is built in the first quarter, reduced as the year moves on, maybe you can discuss the phasing of the inventory as it went through in fiscal '19, potential benefit may be reported sales in the second half of the year. And do you expect to get back to more of a normal phasing in fiscal '20?

Todd E. Cunfer - *The Simply Good Foods Company - CFO*

Sure, so what historically has happened with our business is we build inventory at the end of Q1 and in Q2, we have August fiscal year-end. So for the big post holidays, a resolution time period where there is a lot of promotional activity. So we are building inventory during that period, and then we kind of after Q2, we, kind of, inventory kind of falls out. What happened because of our capacity issues is we never really built that inventory in the first half of the year and that -- and conversely, we didn't have to take that inventory out in the second half of the year. I think what you're going to see this year is somewhere in the middle between the those two. We probably won't -- we'll build more inventory in the first half than we did this past year, but probably not as much as we have in the past. I think we've learned -- quite frankly, by accident is promotions aren't as important in our category, our base velocities are really that strong. We'll do some more promotions here because our capacity helps in FY '20, but it will probably be somewhere in the middle. A little bit of a build, lot less of a takeout.

Andrew Lazar - *Barclays Bank PLC, Research Division - MD & Senior Research Analyst*

Advertising expense remains above 7% of sales, standing near the top of the packaged food group. You touched on this a little bit, but maybe you can discuss the characteristics of the business that allow it to benefit, right, from this higher than average -- group advertising expense?

Joseph E. Scalzo - *The Simply Good Foods Company - CEO, President & Director*

Yes, interesting in combination our customers spend and our consumer spend is about.

Todd E. Cunfer - *The Simply Good Foods Company - CFO*

It came close to the same number.

Joseph E. Scalzo - *The Simply Good Foods Company - CEO, President & Director*

So we are spending about 20%. So relative to peer group, we actually spend a little less. We just allocate it differently based on the return on investment. And so we -- each year, we take a look at what kind of return did we get for all the various activities that we do and then we reallocate based upon that. And so far, we've leaned into television media, and the returns continue to be robust. There are some tools that you can use to look at kind of what full potential looks like? And in the 4 years, we've been doing this full potential keeps growing $5 million a year as we add spending. So you can expect us to continue to make investments if the return is there, and we think somewhere around 10% is about there -- as of sale.

Todd E. Cunfer - *The Simply Good Foods Company - CFO*

We are around 10% or 11% right now.

Joseph E. Scalzo - *The Simply Good Foods Company - CEO, President & Director*

Is about right, but frankly if that return show we could -- should just continue to invest, we continue to invest because it has been a big driver of our business.

Todd E. Cunfer - *The Simply Good Foods Company - CFO*

It's been a very conscious choice for us to invest more heavily in marketing, it's not we feel like we have to, it just has made sense, the returns are there, we could have obviously, dropped a lot more EBITDA to the bottom line, but we are in for the long run here, and it was a very conscious choice to put more into market.

Andrew Lazar - *Barclays Bank PLC, Research Division - MD & Senior Research Analyst*

With the accelerated rate of revenue growth for the business and growth in base velocity, volume velocity. Do you expect to see an increase in shelf space at this point for the Atkins brand in fiscal '20? And is there certain channel where this kind of shift could be more pronounced?

Joseph E. Scalzo - *The Simply Good Foods Company - CEO, President & Director*

Yes. I'm really excited about closing the deal because of -- with the Quest -- small format capabilities of Quest exceed ours, so I'm really excited about the ability to get there, have their sales team get our products into their bag, they've done a really nice job in C-store up and down the street business. They are really good in specialty channels. So I think -- I envision some expansion in the small format. Larger format, Atkins, we're siting somewhere around 40 items on average on the shelf with about 93%, 94% penetration. Ultimately, I think this year, we saw, call it, for the fiscal year about 3% growth. I continue -- I think we'll continue to see modest growth given our velocity gains, but I don't think it's a big -- I don't think we are going to see a 10% pop in new item distribution given the size of the shelf that we already have.

Andrew Lazar - *Barclays Bank PLC, Research Division - MD & Senior Research Analyst*

The SimplyProtein brand was launched in U.S. recently, I guess, could you discuss your expectations for the brand in terms of distribution, contribution to sales growth going forward? And does the brand align to gain distribution in channels that Atkins is currently not in or is it about reaching a different consumer sort of need and desire?

Joseph E. Scalzo - *The Simply Good Foods Company - CEO, President & Director*

Yes. This was a learning lap for us. We bought number 5 Canadian bar -- bar to the United States, kind of repositioned it, improved the product and we started expanding in the fall of last year. And frankly, it has been slower build than what we anticipated. We will close the year somewhere around call it 15% to 20% ACV. But it's been more difficult than what we anticipated. Where it is, velocities are good, but for us this is going to be more of an incubation to see how we can grow this brand over time. We made a conscious decision, as you can imagine, we weren't going to blow up our P&L to overinvest, to get the 50% ACV, right. You can drive penetration quick with customers, if you invest massively behind it. The approach we took is, let's get it in decent ACV, let us spend close to the shelves, see if we get the velocities and then determine what we want to do after that. But I'd say, this will be an important year for us, will be a 20% to 25% ACV to see how it turns and see what we've got. It's -- by the way, if you have not tried the products, the crispy bars are lights-out delicious. Think rice crispy bar with no sugar.

Andrew Lazar - *Barclays Bank PLC, Research Division - MD & Senior Research Analyst*

May be we pivot a little bit to recently announced acquisition of Quest. With this acquisition, right, Simply is firmly rooted in the sort of nutrition bar active nutrition space becoming nearly $1 billion pure play basically. Meanwhile, Simply has also -- has a significant opportunity to boost the margins of Quest, as you noted. Can you tell us a bit about how you see this active nutrition space evolving over the next maybe 5 or 10 years in terms of growth rate? And with Atkins and Quest combined, do you feel that you fully address this market? Or maybe are there some other assets out there that I guess, of size that can be complementary down the line? And I mean at what level you're comfortable stretching the balance sheet for M&A? You haven't gotten this one.

Joseph E. Scalzo - *The Simply Good Foods Company - CEO, President & Director*

We haven't closed this one yet and you're asking about the next one. Okay. So -- look, I think category reminds me of yogurt 20 years ago in United States, relatively underpenetrated, just a few brands. The upside potential of the category, household penetration, call it in the high '40s, low '50s that's going to double over the next decade or so. So lots of upside growth. I think as part of that, you're going to see brand shakeout happen, you're going to see less brands representing more of the share over time. I like the portfolio that we've got. I think the 2 brands, as I said in my opening comments, I shared supply chain with the brands, I share selling organization, and the brands are completely different in size, right? So different target audience, different benefit collection. So I like our growth prospects and our ability to grow those 2 brands. I don't think we're finished, we'll be off the shelf for call it off -- out of the deal business for 18 to 24 months to get this thing integrated. When we're done, we'll have a scalable platform, with the combined companies, and you should expect us to be back looking at other assets over time.

Andrew Lazar - *Barclays Bank PLC, Research Division - MD & Senior Research Analyst*

Perhaps you can provide a little bit of detail on Quest core bar offering. I think bars are going about 15% over the last 52 weeks, sales are up 20% in the latest 12 weeks or so, so it's been accelerating more recently. And while difficult to parse through, I guess, how much of the growth would you ascribe to sort of a repeat purchase versus new distribution on Quest?

Todd E. Cunfer - *The Simply Good Foods Company - CFO*

Yes. Good question, because this was one of the things that where -- as we went through due diligence, we like the POS growth, we weren't sure how healthy and sustainable that POS growth was. So good news is, it's almost all based of the velocity. Very little distribution gains over the last 52 weeks. So it's coming from there, really strong marketing campaigns they're are doing. And the other thing they've started doing is going from, primarily, a singles business to a multi pack. So they're generating more servings, and it's something again, just in their infancy, but we will do a lot more of that once we got our hands on this brand. So -- but the bar business is really, really healthy. Really excited about that.

Joseph E. Scalzo - *The Simply Good Foods Company - CEO, President & Director*

It's very common in these -- in this category with the businesses that you see all white space, all growth coming from white space, and the minute you start lapping the white space, the velocities are flat, the business is flat, we did not see this with this business. So this is a 10-year-old business, they've had significant growth in core velocity on core items driven by the marketing, which is pretty rare and pretty impressive.

Andrew Lazar - *Barclays Bank PLC, Research Division - MD & Senior Research Analyst*

I've got a few more to go, but I thought it might make sense with the few minutes left, just to pause for a minute, just to see if there are any burning questions out in the audience, we're happy to take them, don't be shy, put your hand up. Way back, do we have one over there, all right, perfect.

Unidentified Analyst

Can you talk about your exposure to Walmart following your transaction and any color you might have on the relationship, right now?

Joseph E. Scalzo - *The Simply Good Foods Company - CEO, President & Director*

We love Walmart, our largest customer, somewhere around 35% of our sales, as I mentioned, by the way just want to point out in 2008, they were 75% of our sales. So we've done a nice job as a team over the last 10 years to diversify our customer mix, and this will further that. Quest is a very balanced brand, as I mentioned, their one customer, actually the customer is Amazon is more than 15% of the business. So we'll be able to diversify. Obviously, it's -- from a portfolio standpoint less risk for us and diversify our customer mix over time. That was one of things, we liked about the deal.

Andrew Lazar - *Barclays Bank PLC, Research Division - MD & Senior Research Analyst*

I think nearly 30% of Quest sales come from adjacencies, chips, cookies, frozen pizza. I guess how do you view the brand's ability to travel? And more so, I guess, how you anticipate working to ensure there isn't any sort of core brand dilution or risk to the core bar?

Joseph E. Scalzo - *The Simply Good Foods Company - CEO, President & Director*

Yes. great, really great question. The thing that we...

Andrew Lazar - *Barclays Bank PLC, Research Division - MD & Senior Research Analyst*

And some of that early on at Atkins as well.

Joseph E. Scalzo - *The Simply Good Foods Company - CEO, President & Director*

Yes, yes. So really important, the category that we're in, there are lots of products not very many brands and one of the things that you -- one of the good signals that you can -- one of the good things to look at as you look for a brand is it, does it transcend a product, and Quest is a brand that has been able to transcend product. Atkins is another one, right? We are bars, we have shakes, we have confections.

We even launched a very successful meal business. You see that same profile with Quest and the reason it works is their promise transcends the product, right? It's just not a nut bar, it's not just a high carbs -- a high carb baked bar, right? And you see those brands and they're boxed into a specific product. This is a brand, it's a strong consumer brand, it's got legs. That said, we're a big believer in -- stay close to your own knitting. So we like the HABA aisle, we like the scale that it gives us, we like the scale in our supply chain. We believe the growth prospects is to continue to innovate in that aisle, and they continue to introduce the brand to more consumers. And you should expect us to stay closer to that knitting over the next few years.

Andrew Lazar - *Barclays Bank PLC, Research Division - MD & Senior Research Analyst*

I think we've got time for one more. As part of the transaction, I think you've got it to $20 million in synergies, sizable figure, given the EBITDA that the brand generates, while still early, maybe you can speak to some of the key buckets where this gets generated from on the synergy capture?

Visibility to achieving them. I know it's over a multiyear period, but also any commentary on the cadence of expecting those synergies to flow through?

Todd E. Cunfer - *The Simply Good Foods Company - CFO*

Sure. I mean, first of all, I'd like to say is really important comment here, we view this, this acquisition is a growth play, it is not a cost play. So yes, the call for $20 million in synergies are important, talk about that a second. But we are buying this business because we love the management team, we love the products, we think together with this going to be really tremendous business. So we are -- first and foremost, it's a growth play. The $20 million of synergies, we have tremendous visibility to it. So a lot of it is back-office duplicative corporate overhead, I would say. And then from supply chain side, clearly, we see opportunities, cost savings from ingredients, we have a distribution network where their warehouse is literally down the street from ours. We use the same third-party freight operators. So there's tremendous synergies there, but we are -- we did a ton of due diligence on the synergies and we feel really, really good about it.

Andrew Lazar - *Barclays Bank PLC, Research Division - MD & Senior Research Analyst*

All right. I think we are going to have to cut it off there. Please join me in thanking Joe and Todd and Simply Good Foods for being here today.

Joseph E. Scalzo - *The Simply Good Foods Company - CEO, President & Director*

Thank you.

Todd E. Cunfer - *The Simply Good Foods Company - CFO*

Thank you.
