



## **Barclays Global Consumer Staples Conference**

**September 4, 2019**

# JOSEPH E. SCALZO

PRESIDENT AND CHIEF EXECUTIVE OFFICER



# Today's Agenda

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## Speakers

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### **Joe Scalzo**

*Chief Executive Officer*

### **Todd Cunfer**

*Chief Financial Officer*

### **Andrew Lazar**

*Barclays Food Analyst*

## Discussion Topics

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- **SMPL Overview**
- **Introduction to Quest Nutrition**
- **Financial Highlights**
- **Q&A**

# Disclaimer

## **Forward Looking Statements**

Certain statements made in this presentation 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”, “intends” or other similar words, phrases or expressions. These forward-looking statements include statements regarding the potential acquisition of Quest (the “Quest Transaction”), future plans for the Company, the estimated or anticipated future results (including those of Quest) and benefits of the Company’s future plans and operations, future capital structure, 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, one or more of the closing conditions to the Quest Transaction, including regulatory approvals, not being satisfied or waived; the Quest Transaction not being completed in the timeframe expected by the Company or at all; delays or failures relating to the financing of the Quest transaction; unexpected costs, charges or expenses resulting from the proposed Quest Transaction; failure to realize the anticipated benefits of the proposed Quest Transaction; difficulties and delays in achieving the synergies and cost savings in connection with the Quest Transaction; changes in the business environment in which the Company operates including general financial, economic, capital market, regulatory and political conditions affecting the Company and 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 or Quest’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 presentation. 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 there from. 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 the Company’s non-GAAP measures to the most directly comparable GAAP measures are set forth in the quarterly earnings releases available on the Company’s website. 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. The estimated adjusted EBITDA is not reconciled to net income due to the difficulty in estimating all of the components to derive estimated future net income.

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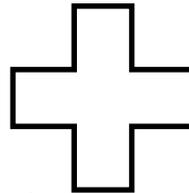
# the Simply Good: SMPL Began Trading July 13, 2017



Private and public company experience across multiple branded consumer products, food and nutrition categories

## CONYERS | PARK

Led by Jim Kilts and Dave West; strong track record of building and revitalizing brands



## GROWTH VISION:

Simply Good Foods aims to **lead the nutritious snacking** movement with **trusted brands** that offer a variety of convenient, innovative, great-tasting, better-for-you **snacks and meal replacements**

- A developer, marketer and seller of branded nutritional foods and snacking products
- Created by the combination of Conyers Park Acquisition Corp. and Atkins Nutritionals, Inc.
- Based in Denver, CO
- Publicly traded on NASDAQ under the symbol “SMPL”
- Experienced leadership team with broad CPG experience
- Small, innovative team utilizing out-sourced supply chain

## TRUSTED BRANDS

Premium-priced product offering  
Leading retail shelf position in HBA aisle



Simply  
Protein.

### Bars



### Snacks and Confectionery Products

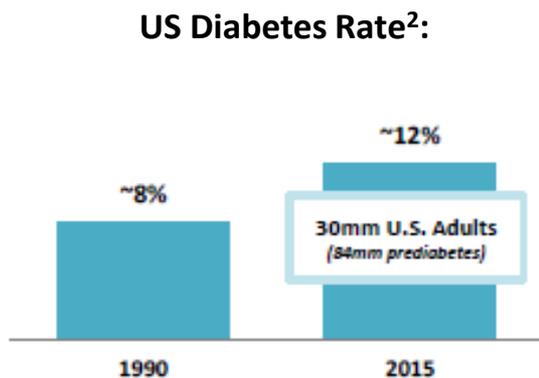
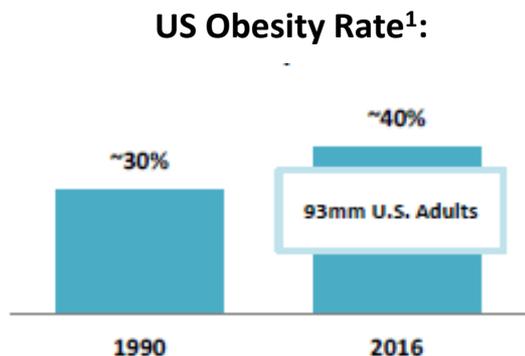


### RTD Shakes



# Our Business Aligns With Consumer Mega Trends of Snacking, Meal Replacement, Convenience and Health & Wellness

Health Concerns Continue to Grow...



...Consensus Building on Nutrition

*The New York Times*

A Call for a Low Carb Diet That Embraces Fat

**BJSM**  
The Journal of Sport & Exercise Medicine

Sugar and Carbs, Not Physical Inactivity, Behind Surge in Obesity

THE WALL STREET JOURNAL

FDA Seeks to Redefine "Healthy"

**theguardian**

Sugar is Now Enemy Number One in the Western Diet

# Our Strategy Is Resonating With Consumers

## Atkins Brand Foundation

- Strong consumer brand that stands for low carb, minimal sugar, protein rich nutrition for people seeking weight management benefits
- 11 years of consecutive retail takeaway growth driven by growing household penetration
- Early innings of expanding target to include lifestyle oriented low carb consumers (4x opportunity)
- *Atkins* positioned as a lifestyle better-for-you snacking brand with compelling underlying nutrition philosophy
- Over 100 independent, peer reviewed clinical studies on benefits of an Atkins lifestyle

## Recent Strategic Initiatives Contributing to Acceleration

### Marketing Campaign



### Clean Label: Fewer and Recognizable Ingredients

Contains less than 1% Juice

Nutrition Facts	
Serving Size 1 Bottle (16.9 FL OZ)	
Servings Per Container 4	
Amount Per Serving	
Calories 90	
% Daily Value*	
Total Fat	0g 0%
Cholesterol	5mg 2%
Sodium	40mg 2%
Potassium	90mg 3%
Total Carbohydrate	2g 1%
Protein	20g 40%
Calcium	10%

Not a significant source of calories from fat, saturated fat, trans fat, dietary fiber, sugars, vitamin A, vitamin C and iron.

\*Percent Daily Values are based on a 2,000 calorie diet.

INGREDIENTS: WATER, WHEY PROTEIN ISOLATE, NATURAL FLAVOR, FRUIT AND VEGETABLE JUICE (COLOR), SUCRALOSE, PHOSPHORIC ACID, CITRIC ACID. 1213 01  
CONTAINS MILK.

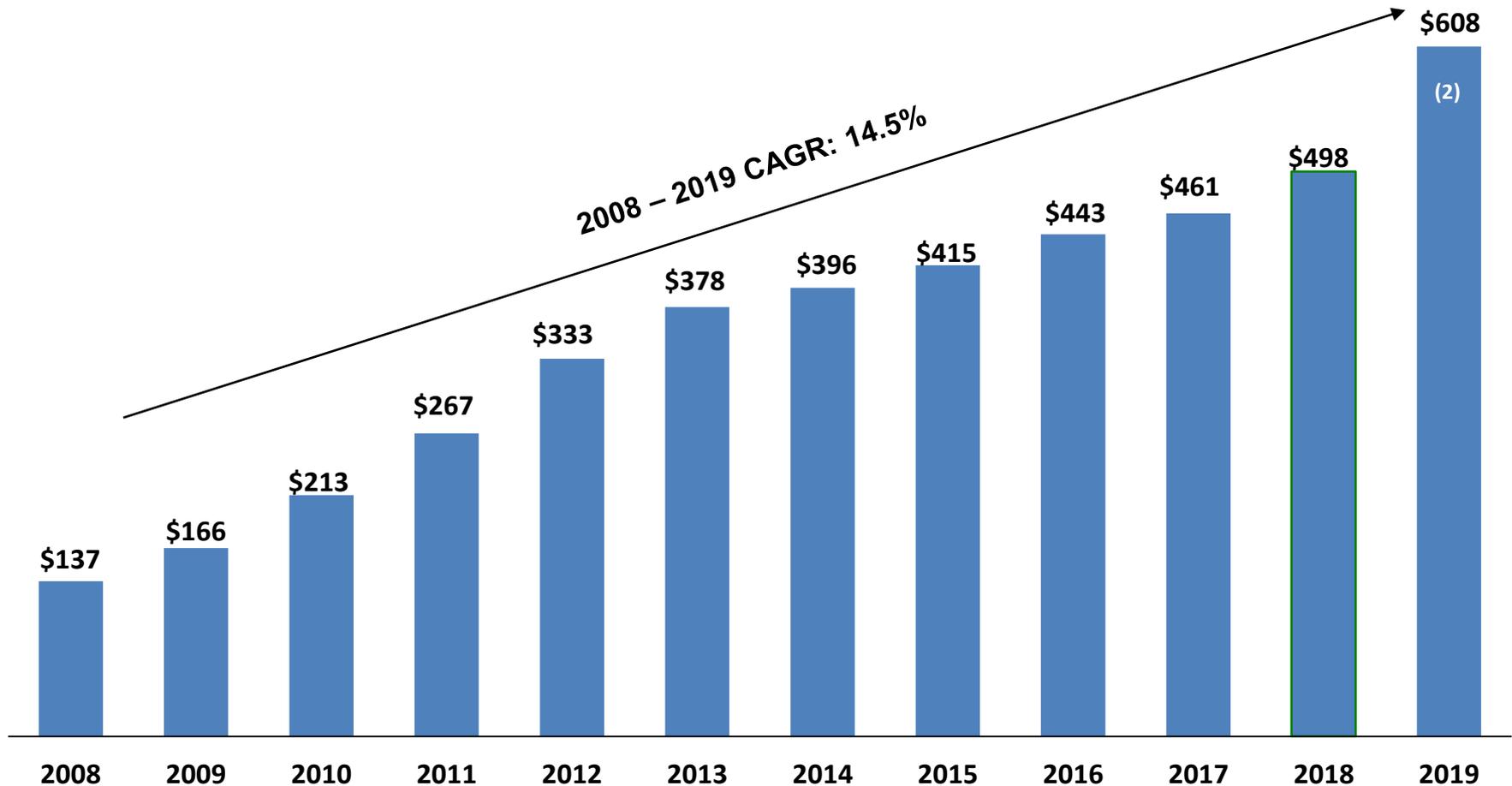
### Improved and Refreshed Packaging



### New Products

# Continuous Point-of-Sales Growth

Atkins U.S. Snacking Point-of-Sale Data<sup>(1)</sup>



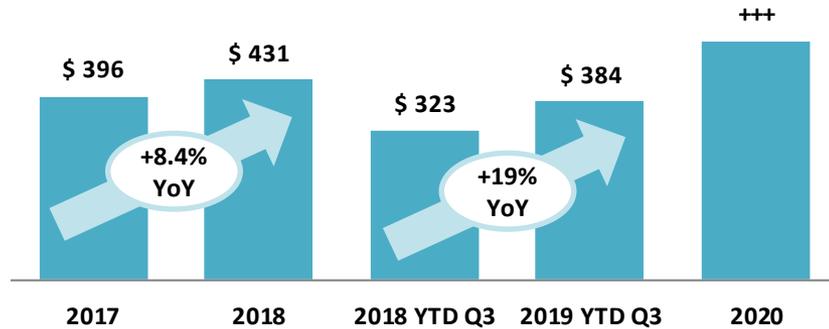
Source: Nielsen FDMx and Retail Link for years 2008 – 2011. Total U.S. Multi-Outlet IRI, excluding frozen meals, for 2012 onwards.

(1) Calendar years ending December for 2008 – 2013 and fiscal years ending August for 2014 – 2018.

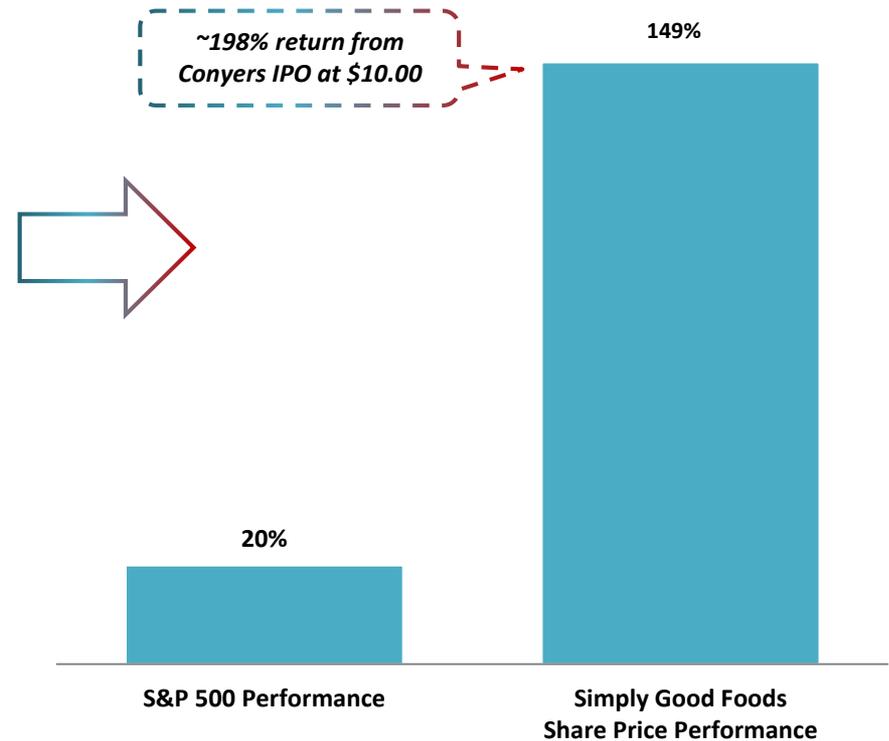
(2) Fiscal Year-to-Date IRI POS data thru August 25, 2019

# Our Value Creation Track Record

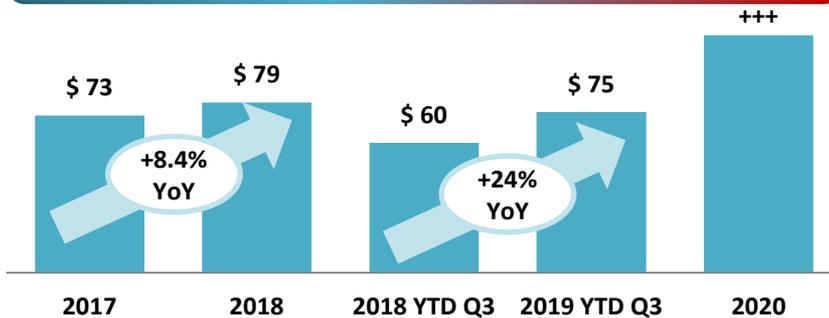
## Net Sales (\$mm)



## Relative Performance<sup>1</sup>



## Adjusted EBITDA (\$mm)

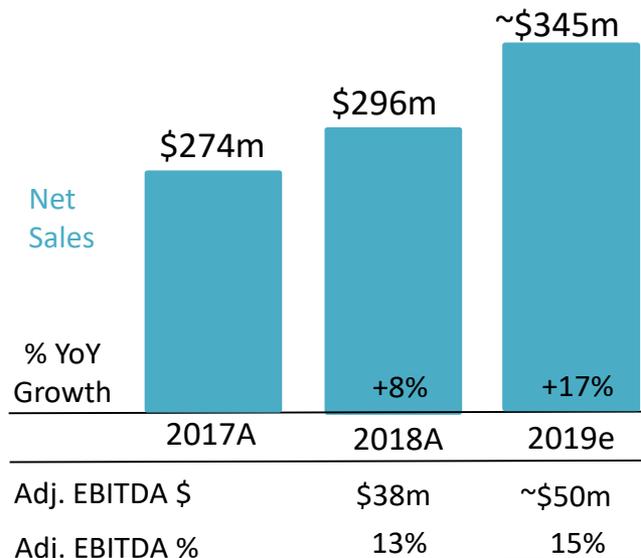


# QUEST : A Unique and Fast-Growing Active Nutrition Brand

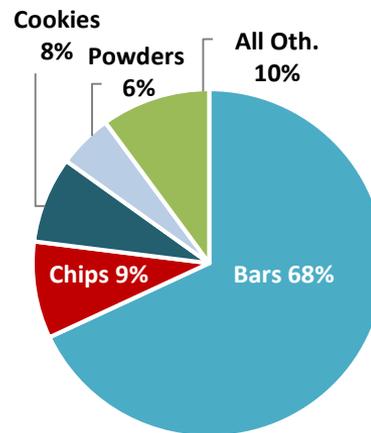
## Quest Overview

- In 2010, Ron and Shannon Penna create the first Quest Protein Bar which became available in stores in 2012
- Quest is a healthy lifestyle food brand with a mission of making foods people crave **work for them, not against them**
- **Diverse array of product offerings** spanning protein bars, pizzas, chips, cookies & powders
- **Quest consumers are young, active, health-seeking, affluent and loyal**
  - Large, active social media eco-system is foundational to the brand
- Based in El Segundo, CA with ~140 employees

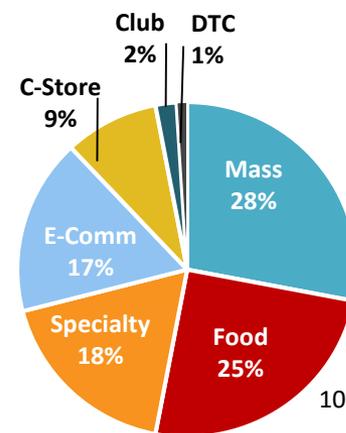
## Financial Summary



### Product



### Channels



# Four Reasons Why We Really Like the Business

1



**Branded Portfolio**



- Creates an **attractive branded portfolio** in the large and fast growing nutritious snacking category
- Quest is a **strong lifestyle consumer brand** with broad snacking products and a compelling underlying nutritional philosophy

2

**Scale Synergies  
+  
Complementary  
Consumers**

- Overlapping outsourced supply chains offering synergies of scale
- Quest has a loyal, growing consumer group that is highly complementary to Atkins with significant **opportunity to accelerate household penetration**

3

**Broader Availability  
Across Channels**

- **Increases our presence in HBA aisle**
- **Diversifies our customer and channel mix** while adding capability in small format retail and e-commerce to build distribution for Atkins and Simply Protein

4

**Bolsters  
Organization**

- Strengthens organization capability and **captures synergies from duplicative corporate functions**

# Quest Offers Compelling Growth and Cost Opportunities

## *Selling & Marketing*

- Utilize Simply Good Foods strengths in broad reach media, celebrity and PR to accelerate awareness, consideration and trial of *Quest* products
- Leverage Quest's small format retail and e-commerce capabilities to build distribution *for Atkins and Simply Protein*

## *Innovation & Supply Chain*

- Accelerate new product innovation and on-line sales by leveraging the strengths of both the combined R&D and e-commerce teams
- Merge parallel outsourced supply chains to realize significant cost synergies

## *SG&A Efficiencies*

- Consolidate overlapping support functions
- Integrate SMPL onto Quest's scalable cloud-based ERP platform

## *Increasing Shareholder Value*

- Enterprise value of \$870 million net of tax benefit (\$1.0 billion cash purchase price)
- Represents transaction multiple of 12.4<sup>1</sup>x EBITDA, including ~\$20 million in synergies

# Go-Forward Financial Profile

**QUEST**<sup>1</sup>  
NUTRITION®  
FY 2019E

the **Simply Good**<sup>2</sup>  
FOODS COMPANY™  
LTM (May-2019)

## Long-Term Growth Algorithm

Revenue	~\$345mm	\$492mm	 Sustainable + 4% - 6% annual growth with more growth avenues
Revenue Growth	~17%	17%	
Adj. EBITDA	~\$50mm <i>(~\$70 with run-rate synergies)</i>	\$93mm <sup>3</sup>	 Long-term EBITDA growth slightly ahead of sales growth
Adj. EBITDA Margin	~15% <i>(20% with synergies)</i>	19%	
Capex	\$1mm	\$2mm	 Asset-light, low capex business model

<sup>1</sup> Management estimates for 12 months ended 12/31/19

<sup>2</sup> Reported financials for 12 months ended 5/25/19

<sup>3</sup> Reconciliation of the Company's non-GAAP measures to the most directly comparable GAAP measures are set forth in the quarterly earnings releases available on the Company's website."

# Q&A