



# Second Quarter Fiscal Year 2020 Earnings Call

February 6, 2020

# Safe Harbor Statement



## Safe Harbor Statement

Certain statements contained in this presentation constitute “forward-looking statements” within the meaning of federal securities laws, including the Private Securities Litigation Reform Act of 1995. Forward-looking statements are predictions based on expectations and projections about future events and are not statements of historical fact. You can identify forward-looking statements by the use of forward-looking terminology such as “plan”, “continue”, “expect”, “anticipate”, “intend”, “predict”, “project”, “estimate”, “likely”, “believe”, “might”, “seek”, “may”, “will”, “remain”, “potential”, “can”, “should”, “could”, “future” and similar expressions, or the negative of those expressions, or similar words or phrases that are predictions of or indicate future events or trends and that do not relate solely to historical matters. You can also identify forward-looking statements by discussions of the Company’s strategic initiatives, including productivity and transformation, the Company’s Guidance for Fiscal Year 2020 and our future performance and results of operations.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, levels of activity, performance or achievements of the Company, or industry results, to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements, and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods that may be incorrect or imprecise and may not be able to be realized. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all). Such factors include, among others, the impact of competitive products and changes to the competitive environment, changes to consumer preferences, the United Kingdom’s exit from the European Union, consolidation of customers or the loss of a significant customer, reliance on independent distributors, general economic and financial market conditions, risks associated with our international sales and operations, our ability to manage our supply chain effectively, volatility in the cost of commodities, ingredients, freight and fuel, our ability to execute and realize cost savings initiatives, including SKU rationalization plans, the impact of our debt and our credit agreements on our financial condition and our business, our ability to manage our financial reporting and internal control system processes, potential liabilities due to legal claims, government investigations and other regulatory enforcement actions, costs incurred due to pending and future litigation, potential liability, including in connection with indemnification obligations to our current and former officers and members of our Board of Directors that may not be covered by insurance, potential liability if our products cause illness or physical harm, impairments in the carrying value of goodwill or other intangible assets, our ability to consummate divestitures, our ability to integrate past acquisitions, the availability of organic ingredients, disruption of operations at our manufacturing facilities, loss of one or more independent co-packers, disruption of our transportation systems, risks relating to the protection of intellectual property, the risk of liabilities and claims with respect to environmental matters, the reputation of our brands, our reliance on independent certification for a number of our products, and other risks detailed from time-to-time in the Company’s reports filed with the United States Securities and Exchange Commission, including our most recent Annual Report on Form 10-K and our subsequent reports on Forms 10-Q and 8-K. As a result of the foregoing and other factors, the Company cannot provide any assurance regarding future results, levels of activity and achievements of the Company, and neither the Company nor any person assumes responsibility for the accuracy and completeness of these statements. All forward-looking statements contained herein apply as of the date hereof or as of the date they were made and, except as required by applicable law, the Company disclaims any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors of new methods, future events or other changes.

## Non-GAAP Financial Measures

This presentation and the accompanying appendix include non-GAAP financial measures, including adjusted net sales growth, adjusted gross profit, adjusted gross margin, adjusted earnings per diluted share, free cash flow, EBITDA, and adjusted EBITDA. The reconciliations of these non-GAAP financial measures to the comparable GAAP financial measures are included in this presentation and the appendix to this presentation. Management believes that the non-GAAP financial measures presented provide useful additional information to investors about current trends in the Company’s operations and are useful for period-over-period comparisons of operations. These non-GAAP financial measures should not be considered in isolation or as a substitute for the comparable GAAP measures. In addition, these non-GAAP measures may not be the same as similar measures provided by other companies due to potential differences in methods of calculation and items being excluded. They should be read only in connection with our financial results that are presented in accordance with GAAP.

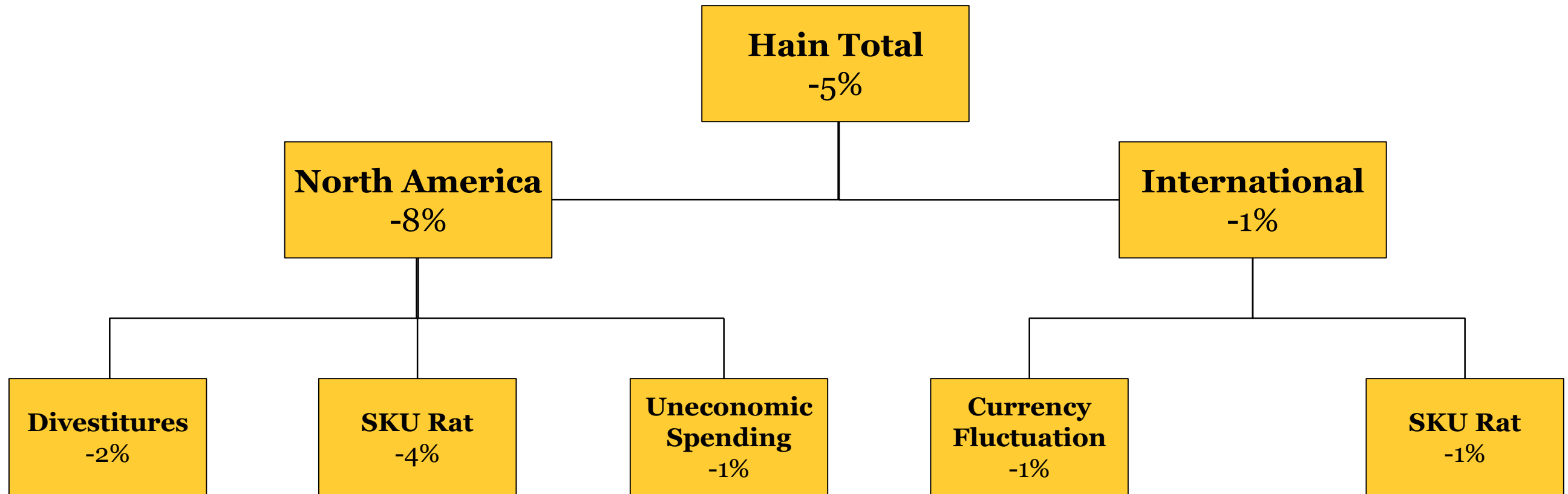
# Q2 2020 Consolidated Financial Results



\$ in millions other than per share amounts

	Q2 2020		Q2 2019	YoY % Change	
	As Reported	Constant Currency		As Reported	Constant Currency
Net Sales	\$ 506.8	\$ 508.8	\$ 533.6	-5.0%	-4.6%
Adjusted Decline				-0.8%	
Gross Profit	105.6	106.1	101.4	4.2%	4.7%
Gross Margin %	20.8%	20.9%	19.0%		
Adjusted Gross Profit	111.6	112.1	105.6	5.7%	6.1%
Adjusted Gross Margin %	22.0%	22.0%	19.8%		
Adjusted EBITDA	45.0	45.3	37.9	18.9%	19.6%
Adjusted EPS	\$ 0.17	\$ 0.17	\$ 0.12	41.7%	41.7%

# Q2 2020 Topline Decomposition



# Fiscal 2020 Guidance vs. 2019 Performance



	FY '19 Reported	Previous FY '20 Guidance Reported      Constant Currency		New FY '20 Guidance Reported      Constant Currency	
<b>Adjusted EBITDA</b>	\$165 MM	\$168 - \$192 M	\$173 - \$198 M	\$177 - \$192 M	\$179 - \$194 M
<b>Adjusted EPS</b>	\$0.60	\$0.59 - \$0.72	\$0.62 - \$0.75	\$0.62 - \$0.72	\$0.64 - \$0.74

Note: See appendix for reconciliation of Adjusted EBITDA to Net Income and Adjusted EPS to Earnings Per Diluted Share for fiscal 2019. For fiscal year 2020 the Company cannot reconcile its expected Adjusted EBITDA to Net Income or Adjusted Earnings Per Diluted Share to Earnings Per Diluted Share without unreasonable effort because certain items that impact Net Income and other reconciling metrics are out of the Company's control and/or cannot be reasonably predicted at this time.

# Fiscal 2020 Cadence: 1H vs. 2H



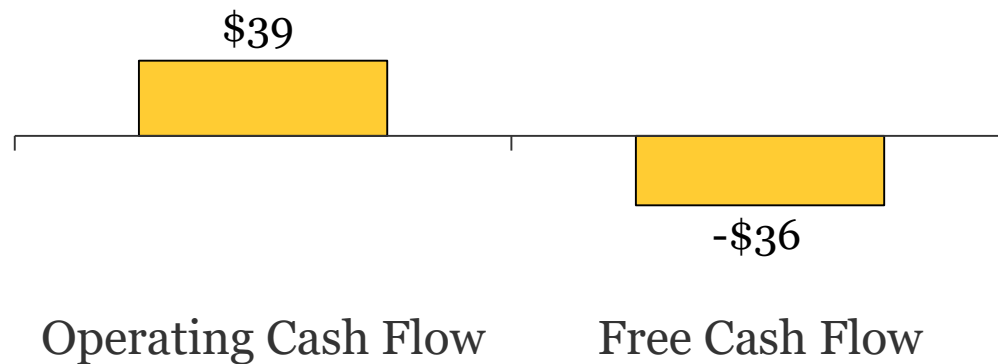
	2H19	1H20	2H20
Top Line Growth			
Adjusted Gross Margin			
Adjusted EBITDA Margin			

# Cash and Capital: Significant Cash Generation



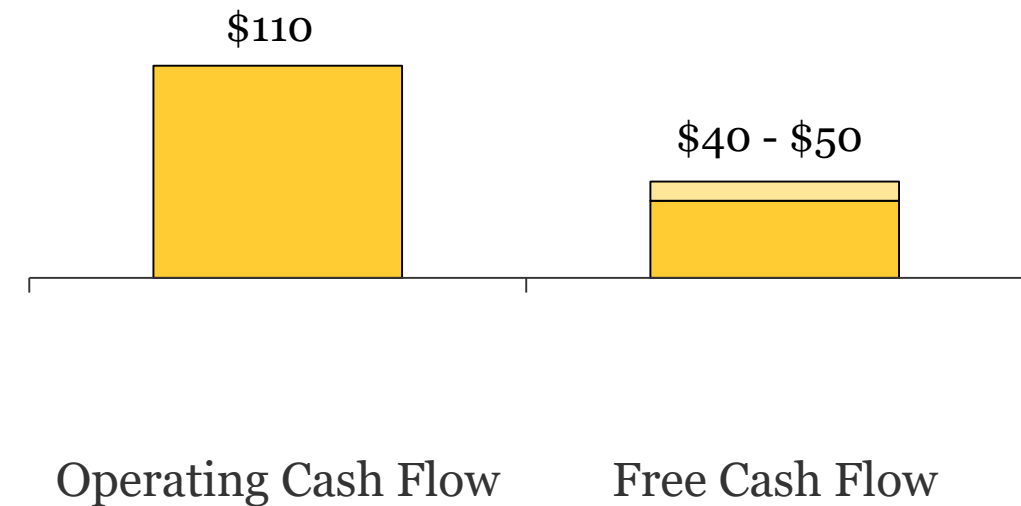
## Fiscal Year 2019

\$MM



## FY 2020 Guidance

\$MM



***15 Day reduction in cash conversion cycle***

***\$75 - \$85MM Year-over-Year improvement in free cash flow***



**APPENDIX**



# Reconciliation of GAAP Results to Non-GAAP Measures



**THE HAIN CELESTIAL GROUP, INC.**  
**Reconciliation of GAAP Results to Non-GAAP Measures**  
(unaudited and in thousands, except per share amounts)

	Three Months Ended December 31,					
	2019 GAAP	Adjustments	2019 Adjusted	2018 GAAP	Adjustments	2018 Adjusted
Net sales	\$ 506,784	-	\$ 506,784	\$ 533,566	-	\$ 533,566
Cost of sales	401,177	(6,029)	395,148	432,215	(4,294)	427,921
Gross profit	105,607	6,029	111,636	101,351	4,294	105,645
Operating expenses (a)	84,156	(2,052)	82,104	101,291	(20,029)	81,262
Productivity and transformation costs	12,260	(12,260)	-	9,872	(9,872)	-
Chief Executive Officer Succession Plan expense, net	-	-	-	10,148	(10,148)	-
Accounting review and remediation costs, net of insurance proceeds	-	-	-	920	(920)	-
Operating income (loss)	9,191	20,341	29,532	(20,880)	45,263	24,383
Interest and other expense (income), net (b)	5,981	(1,298)	4,683	5,799	(439)	5,360
Provision (benefit) for income taxes	1,020	5,889	6,909	5,097	934	6,031
Net income (loss) from continuing operations	1,852	15,750	17,602	(31,787)	44,768	12,981
Net (loss) income from discontinued operations, net of tax	(2,816)	2,816	-	(34,714)	34,714	-
Net (loss) income	(964)	18,566	17,602	(66,501)	79,482	12,981
Diluted net income (loss) per common share from continuing operations	0.02	0.15	0.17	(0.31)	0.43	0.12
Diluted net (loss) income per common share from discontinued operations	(0.03)	0.03	-	(0.33)	0.33	-
Diluted net (loss) income per common share	(0.01)	0.18	0.17	(0.64)	0.76	0.12

<sup>(a)</sup> Operating expenses include amortization of acquired intangibles, selling, general, and administrative expenses and long-lived asset and intangibles impairment.

<sup>(b)</sup> Interest and other expense, net includes interest and other financing expenses, net and other expense, net.

# Reconciliation of GAAP Results to Non-GAAP Measures (cont.)



\$ in thousands

Detail of Adjustments:

	<b>Three Months Ended December 31, 2019</b>	<b>Three Months Ended December 31, 2018</b>
SKU rationalization	\$ 3,927	\$ 1,530
Plant closure related costs	1,626	1,056
Warehouse/manufacturing facility start-up costs	476	1,708
Cost of sales	<u>6,029</u>	<u>4,294</u>
Gross profit	<u>6,029</u>	<u>4,294</u>
Intangibles impairment	1,889	17,900
Warehouse/manufacturing facility start-up costs	163	-
Litigation and related expenses	-	122
Long-lived asset impairment charge associated with plant closure	-	1,573
Plant closure related costs	-	434
Operating expenses (a)	<u>2,052</u>	<u>20,029</u>
Productivity and transformation costs	12,260	9,872
Productivity and transformation costs	<u>12,260</u>	<u>9,872</u>
Chief Executive Officer Succession Plan expense, net	-	10,148
Chief Executive Officer Succession Plan expense, net	<u>-</u>	<u>10,148</u>
Accounting review and remediation costs, net of insurance proceeds	-	920
Accounting review and remediation costs, net of insurance proceeds	<u>-</u>	<u>920</u>
Operating income (loss)	<u>20,341</u>	<u>45,263</u>
Unrealized currency (gains) losses	(485)	439
Loss on sale of business	1,783	-
Interest and other expense (income), net (b)	<u>1,298</u>	<u>439</u>
Income tax related adjustments	(5,889)	(934)
Provision (benefit) for income taxes	<u>(5,889)</u>	<u>(934)</u>
Net income (loss) from continuing operations	<u>\$ 15,750</u>	<u>\$ 44,768</u>

<sup>(a)</sup> Operating expenses include amortization of acquired intangibles, selling, general, and administrative expenses and long-lived asset and intangibles impairment.

<sup>(b)</sup> Interest and other expense, net includes interest and other financing expenses, net and other expense, net.

# Reconciliation of GAAP Results to Non-GAAP Measures (cont.)



**THE HAIN CELESTIAL GROUP, INC.**  
**EBITDA and ADJUSTED EBITDA**  
(unaudited and in thousands)

	<b>Three Months Ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
	(unaudited and in thousands)	
Net loss	\$ (964)	\$ (66,501)
Net loss from discontinued operations	(2,816)	(34,714)
Net income (loss) from continuing operations	\$ 1,852	\$ (31,787)
Provision (benefit) for income taxes	1,020	5,097
Interest expense, net	4,000	4,884
Depreciation and amortization	13,219	12,205
Equity in net loss of equity-method investees	338	11
Stock-based compensation, net	3,083	1,776
Stock-based compensation expense in connection with Chief Executive Officer Succession Agreement	-	117
Long-lived asset and intangibles impairment	1,889	19,473
Unrealized currency (gains) losses	(485)	439
<b>EBITDA</b>	<b>\$ 24,916</b>	<b>\$ 12,215</b>
Productivity and transformation costs	12,260	9,872
Chief Executive Officer Succession Plan expense, net	-	10,031
Proceeds from insurance claim	-	-
Accounting review and remediation costs, net of insurance proceeds	-	920
SKU rationalization	3,927	1,530
Loss on sale of business	1,783	-
Plant closure related costs	1,522	1,490
Warehouse/manufacturing facility start-up costs	639	1,708
Litigation and related expenses	-	122
<b>Adjusted EBITDA</b>	<b>\$ 45,047</b>	<b>\$ 37,888</b>

# Reconciliation of GAAP Results to Non-GAAP Measures (cont.)



**THE HAIN CELESTIAL GROUP, INC.**  
**Reconciliation of GAAP Results to Non-GAAP Measures**  
(unaudited and in thousands, except per share amounts)

**Twelve Months Ended June 30, 2019**

	<b>GAAP</b>	<b>Adjustments</b>	<b>Non-GAAP</b>	<b>Less: Tilda</b>	<b>Adjusted</b>
Net sales	\$ 2,302,468	\$ -	\$ 2,302,468	\$ (197,863)	\$ 2,104,605
Cost of sales	1,857,255	(37,623)	1,819,632	(148,423)	1,671,209
Gross profit	445,213	37,623	482,836	(49,440)	433,397
Operating expenses (a)	389,962	(37,316)	352,646	(29,108)	323,537
Project Terra costs and other	40,107	(40,107)	-	-	-
Chief Executive Officer Succession Plan expense, net	30,156	(30,156)	-	-	-
Proceeds from insurance claims	(4,460)	4,460	-	-	-
Accounting review and remediation costs, net of insurance proceeds	4,334	(4,334)	-	-	-
Goodwill impairment	-	-	-	-	-
Operating (loss) income	(14,886)	145,076	130,190	(20,331)	109,858
Interest and other expense (income), net (b)	37,100	(1,669)	35,431	(13,589)	21,842
(Benefit) provision for income taxes	(2,697)	28,116	25,419	(153)	25,267
Net (loss) income from continuing operations	(49,945)	118,628	68,683	(6,590)	62,094
Net (loss) income from discontinued operations, net of tax	(133,369)	133,369	-	-	-
Net (loss) income	(183,314)	251,997	68,683	(6,590)	62,094
Diluted net (loss) income per common share from continuing operations	(0.48)	1.14	0.66	(0.06)	0.60
Diluted net (loss) income per common share from discontinued operations	(1.28)	1.28	-	-	-
Diluted net (loss) income per common share	(1.76)	2.42	0.66	(0.06)	0.60

<sup>(a)</sup> Operating expenses include amortization of acquired intangibles, selling, general, and administrative expenses and long-lived asset and intangible impairment.

<sup>(b)</sup> Interest and other expenses (income), net include interest and other financing expenses, net and other (income)/expense, net.

# Reconciliation of GAAP Results to Non-GAAP Measures (cont.)



\$ in thousands

Detail of Adjustments:

Warehouse/manufacturing facility start-up costs	
SKU rationalization	
Plant closure related costs	
	Cost of sales
	Gross profit
Stock-based compensation acceleration	
Long-lived asset impairment charge associated with plant closure	
Intangibles impairment	
Litigation and related expenses	
Plant closure related costs	
	Operating expenses (a)
Project Terra costs and other	
	Project Terra costs and other
Chief Executive Officer Succession Plan expense, net	
	Chief Executive Officer Succession Plan expense, net
Proceeds from insurance claims	
	Proceeds from insurance claims
Accounting review and remediation costs, net of insurance proceeds	
	Accounting review and remediation costs, net of insurance proceeds
	Operating (loss) income
Unrealized currency gains	
Realized currency loss on repayment of international loans	
Gain on sale of business	
Deferred financing cost write-off	
	Interest and other expense (income), net (b)
Income tax related adjustments	
	(Benefit) provision for income taxes
	Net (loss) income from continuing operations

**Twelve Months Ended**

**June 30, 2019**

\$	17,636
	12,381
	7,606
	<u>37,623</u>
	<u>37,623</u>
	1,458
	15,819
	17,900
	1,517
	622
	<u>37,316</u>
	<u>40,107</u>
	<u>40,107</u>
	<u>30,156</u>
	<u>30,156</u>
	<u>(4,460)</u>
	<u>(4,460)</u>
	<u>4,334</u>
	<u>4,334</u>
	<u>145,076</u>
	(850)
	2,706
	(534)
	347
	<u>1,669</u>
	<u>(28,116)</u>
	<u>(28,116)</u>
\$	<u>118,628</u>

<sup>(a)</sup> Operating expenses include amortization of acquired intangibles, selling, general, and administrative expenses and long-lived asset and intangible impairment.

<sup>(b)</sup> Interest and other expenses (income), net include interest and other financing expenses, net and other (income)/expense, net.

# Reconciliation of GAAP Results to Non-GAAP Measures (cont.)



**THE HAIN CELESTIAL GROUP, INC.**  
**EBITDA AND ADJUSTED EBITDA**  
(unaudited and in thousands)

	<b>Twelve Months Ended June 30, 2019</b>
Net (loss) income	\$ (183,314)
Net loss from discontinued operations	(133,369)
Net (loss) income from continuing operations	\$ (49,945)
(Benefit) provision for income taxes	(2,697)
Interest expense, net	32,970
Depreciation and amortization	56,914
Equity in net loss (income) of equity-method investees	655
Stock-based compensation, net	9,503
Stock-based compensation expense in connection with Chief Executive Officer Succession Agreement	429
Long-lived asset and intangibles impairment	33,719
Unrealized currency (gains)/losses	(850)
<b>EBITDA</b>	<b>\$ 80,698</b>
Project Terra costs and other	39,958
Chief Executive Officer Succession Plan expense, net	29,727
Proceeds from insurance claims	(4,460)
Accounting review and remediation costs, net of insurance proceeds	4,334
Warehouse/manufacturing facility start-up costs	17,636
SKU rationalization	12,381
Plant closure related costs	7,457
Realized currency loss on repayment of international loans	2,706
Litigation and related expenses	1,517
Gain on sale of business	(534)
<b>Adjusted EBITDA</b>	<b>\$ 191,420</b>
Less: Tilda	(26,307)
<b>Adjusted EBITDA excluding Tilda</b>	<b>\$ 165,113</b>

# Operating Free Cash Flow



**THE HAIN CELESTIAL GROUP, INC.**  
**OPERATING FREE CASH FLOW**  
(unaudited and in thousands)

**Twelve Months Ended June 30, 2019:**

	<u>Consolidated</u>	<u>Less: Tilda</u>	<u>Adjusted</u>
Cash flow provided by operating activities - continuing operations	\$ 49,519	\$ 10,186	\$ 39,333
Purchases of property, plant and equipment	<u>(77,128)</u>	<u>(1,336)</u>	<u>(75,792)</u>
Operating Free Cash Flow - continuing operations	<u>\$ (27,609)</u>	<u>\$ 8,850</u>	<u>\$ (36,459)</u>