



## Hain Celestial Reports Second Quarter Fiscal Year 2020 Financial Results

02/06/2020

### Transformational Strategic Plan Continues to Progress Narrows and Reaffirms Fiscal Year 2020 Guidance

LAKE SUCCESS, N.Y., Feb. 6, 2020 /PRNewswire/ -- The Hain Celestial Group, Inc. (Nasdaq: HAIN) ("Hain Celestial" or the "Company"), a leading organic and natural products company with operations in North America, Europe, Asia and the Middle East providing consumers with A Healthier Way of Life™, today reported financial results for the second quarter ended December 31, 2019. The results contained herein are presented with the Hain Pure Protein and Tilda operating segments being treated as discontinued operations.



Mark L. Schiller, Hain Celestial's President and Chief Executive Officer, commented, "Our team continues to execute on our transformational strategic plan, as we demonstrate another quarter of operational and financial improvement on a year-over-year basis. We have made significant progress in a very short period of time. We are delivering on the commitments we communicated to further simplify the portfolio and organization, strengthen our core capabilities, expand our margins and cash flow as well as reinvigorate profitable sales growth in a core set of high potential brands. We remain committed to delivering strong, consistent results for all our stakeholders."

#### FINANCIAL HIGHLIGHTS<sup>1</sup>

##### Summary of Second Quarter Results from Continuing Operations<sup>2</sup>

- Net sales of \$506.8 million decreased 5% on an as reported and constant currency basis compared to the prior year period.
- When adjusted for Foreign Exchange, Divestitures and Stock Keeping Unit ("SKU") rationalization<sup>3</sup>, net sales decreased 1% compared to the prior year period.
- Gross margin of 20.8%, a 180 basis point increase from the prior year period.
- Adjusted gross margin of 22.0%, a 220 basis point increase from the prior year period.
- Operating income of \$9.2 million compared to an operating loss of \$20.9 million in the prior year period.
- Adjusted operating income of \$29.5 million compared to \$24.4 million in the prior year period.
- Net income of \$1.9 million compared to a net loss of \$31.8 million in the prior year period.
- Adjusted net income of \$17.6 million compared to \$13.0 million in prior year period.
- EBITDA of \$24.9 million compared to \$12.2 million in the prior year period.
- EBITDA margin of 4.9%, a 260 basis point improvement from the prior year period.
- Adjusted EBITDA of \$45.0 million compared to \$37.9 million in the prior year period.
- Adjusted EBITDA margin of 8.9%, a 180 basis point increase compared to the prior year period.
- Earnings per diluted share ("EPS") of \$0.02 compared to a loss of \$0.31 per share in the prior year period.
- Adjusted EPS of \$0.17 compared to \$0.12 in the prior year period.

<sup>1</sup> This press release includes certain non-GAAP financial measures, which are intended to supplement, not substitute for, comparable GAAP financial measures. Reconciliations of non-GAAP financial measures to GAAP financial measures are provided herein in the tables "Reconciliation of GAAP Results to Non-GAAP Measures."

<sup>2</sup> Unless otherwise noted all results included in this press release are from continuing operations.

<sup>3</sup> Refer to "Net Sales Growth at Constant Currency" and "Adjusted for Divestitures and SKU Rationalization" provided herein.

#### SEGMENT HIGHLIGHTS FROM CONTINUING OPERATIONS

Historically, the Company had three reportable segments: United States, United Kingdom and Rest of World. Effective July 1, 2019, the Company reassessed its segment reporting structure, pursuant to which the Company's Canada and Hain Ventures operating segments, which were included within the Rest of World reportable segment, were moved to the United States reportable segment and renamed the North America segment. Additionally, the Europe operating segment, which was included in the Rest of World reportable segment, was combined with the United Kingdom reportable segment and renamed the International reportable segment. Accordingly, the Company now operates under two reportable segments: North America and International. Prior period segment information included herein has been adjusted to reflect the Company's new reporting structure.

##### North America

North America net sales in the second quarter were \$280.7 million, a decrease of 8% compared to the prior year period. When adjusted for Divestitures and SKU rationalization<sup>3</sup>, net sales decreased 2% from the prior year period.

Segment gross profit in the second quarter was \$65.0 million, a 13% increase from the prior year period. Adjusted gross profit was \$69.4 million, an increase of 14% from the prior year period. Gross margin was 23.1%, a 430 basis point increase from the prior year period and adjusted gross margin was 24.7%, a 480 basis point increase from the prior year.

Segment operating income in the second quarter was \$20.1 million, a 110% increase from the prior year period. Adjusted operating income was \$25.0 million, a 51% increase from the prior year period.

Segment EBITDA in the second quarter was \$23.4 million, a 47% increase from the prior year period. Adjusted EBITDA was \$30.1 million, a 41% increase from the prior year period. As a percent of sales on a constant currency basis, North America adjusted EBITDA margin was 10.7%, a 370 basis point increase from the prior year period.



The Company provides net sales adjusted for constant currency, divestitures, and certain other items including SKU rationalization, as applicable in each case, to understand the growth rate of net sales excluding the impact of such items. The Company's management believes net sales adjusted for such items is useful to investors because it enables them to better understand the growth of our business from period-to-period.

The Company defines EBITDA as net income (loss) from continuing operations (a GAAP measure) before income taxes, net interest expense, depreciation and amortization, equity in net loss of equity-method investees, stock-based compensation, net, stock-based compensation expense in connection with the Company's Former CEO succession plan, long-lived asset and intangible impairments and unrealized currency gains and losses. The Company defines segment EBITDA as operating income (a GAAP measure) before depreciation and amortization, stock-based compensation, net and long-lived asset impairments. Adjusted EBITDA is defined as EBITDA before divestiture related expenses, including integration and restructuring charges, and other adjustments. The Company's management believes that these presentations provide useful information to management, analysts and investors regarding certain additional financial and business trends relating to its results of operations and financial condition. In addition, management uses these measures for reviewing the financial results of the Company as well as a component of performance-based executive compensation.

For the three and six months ended December 31, 2019 and 2018, EBITDA and Adjusted EBITDA from continuing operations was calculated as follows:

	<u>Three Months Ended December 31,</u>		<u>Six Months Ended December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(unaudited and in thousands)			
Net loss	\$ (964)	\$ (66,501)	\$ (107,985)	\$ (103,926)
Net loss from discontinued operations	(2,816)	(34,714)	(104,884)	(49,052)
Net income (loss) from continuing operations	\$ 1,852	\$ (31,787)	\$ (3,101)	\$ (54,874)
Provision (benefit) for income taxes	1,020	5,097	489	(4,869)
Interest expense, net	4,000	4,884	8,552	8,688
Depreciation and amortization	13,219	12,205	27,142	25,065
Equity in net loss of equity-method investees	338	11	655	186
Stock-based compensation, net	3,083	1,776	5,820	1,562
Stock-based compensation expense in connection with Chief Executive Officer Succession Agreement	-	117	-	429
Long-lived asset and intangibles impairment	1,889	19,473	1,889	23,709
Unrealized currency (gains) losses	(485)	439	1,199	1,029
<b>EBITDA</b>	<u>\$ 24,916</u>	<u>\$ 12,215</u>	<u>\$ 42,645</u>	<u>\$ 925</u>
Productivity and transformation costs	12,260	9,872	26,435	20,205
Chief Executive Officer Succession Plan expense, net	-	10,031	-	29,272
Proceeds from insurance claim	-	-	(2,562)	-
Accounting review and remediation costs, net of insurance proceeds	-	920	-	4,334
SKU rationalization	3,927	1,530	3,916	1,530
Loss on sale of business	1,783	-	1,783	-
Plant closure related costs	1,522	1,490	2,354	3,319
Warehouse/manufacturing facility start-up costs	639	1,708	2,518	6,307
Litigation and related expenses	-	122	48	691
<b>Adjusted EBITDA</b>	<u>\$ 45,047</u>	<u>\$ 37,888</u>	<u>\$ 77,137</u>	<u>\$ 66,583</u>

**THE HAIN CELESTIAL GROUP, INC.**  
**Net Sales, Gross Profit and Operating Income (Loss) by Segment**  
(unaudited and in thousands)

	<u>North America</u>	<u>International</u>	<u>Corporate/Other</u>	<u>Total</u>
<b>Net Sales</b>				
Net sales - Three months ended 12/31/19	\$ 280,693	\$ 226,091	\$ -	\$ 506,784
Net sales - Three months ended 12/31/18	\$ 305,574	\$ 227,992	\$ -	\$ 533,566
% change - FY'20 net sales vs. FY'19 net sales	(8.1)%	(0.8)%		(5.0)%
<b>Gross Profit</b>				
<u>Three months ended 12/31/19</u>				
Gross profit	\$ 64,969	\$ 40,638	\$ -	\$ 105,607
Non-GAAP adjustments <sup>(1)</sup>	4,439	1,590	-	6,029
Adjusted gross profit	\$ 69,408	\$ 42,228	\$ -	\$ 111,636
Gross margin	23.1%	18.0%		20.8%
Adjusted gross margin	24.7%	18.7%		22.0%
<u>Three months ended 12/31/18</u>				
Gross profit	\$ 57,410	\$ 43,941	\$ -	\$ 101,351
Non-GAAP adjustments <sup>(1)</sup>	3,470	824	-	4,294
Adjusted gross profit	\$ 60,880	\$ 44,765	\$ -	\$ 105,645
Gross margin	18.8%	19.3%		19.0%
Adjusted gross margin	19.9%	19.6%		19.8%
<b>Operating income (loss)</b>				
<u>Three months ended 12/31/19</u>				
Operating income (loss)	\$ 20,062	\$ 12,899	\$ (23,770)	\$ 9,191
Non-GAAP adjustments <sup>(1)</sup>	4,965	3,647	11,729	20,341
Adjusted operating income (loss)	\$ 25,027	\$ 16,546	\$ (12,041)	\$ 29,532
Operating income margin	7.1%	5.7%		1.8%
Adjusted operating income margin	8.9%	7.3%		5.8%
<u>Three months ended 12/31/18</u>				
Operating income (loss)	\$ 9,563	\$ 15,153	\$ (45,596)	\$ (20,880)
Non-GAAP adjustments <sup>(1)</sup>	6,995	3,644	34,624	45,263
Adjusted operating income (loss)	\$ 16,558	\$ 18,797	\$ (10,972)	\$ 24,383
Operating income (loss) margin	3.1%	6.6%		(3.9)%
Adjusted operating income margin	5.4%	8.2%		4.6%

(1) See accompanying table of "Reconciliation of GAAP Results to Non-GAAP Measures"

**THE HAIN CELESTIAL GROUP, INC.**  
**Net Sales, Gross Profit and Operating Income (Loss) by Segment**  
(unaudited and in thousands)

	<u>North America</u>	<u>International</u>	<u>Corporate/Other</u>	<u>Total</u>
<b>Net Sales</b>				
Net sales - Six months ended 12/31/19	\$ 552,394	\$ 436,466	\$ -	\$ 988,860
Net sales - Six months ended 12/31/18	\$ 596,765	\$ 455,279	\$ -	\$ 1,052,044
% change - FY'20 net sales vs. FY'19 net sales	(7.4)%	(4.1)%		(6.0)%

**Gross Profit**Six months ended 12/31/19

Gross profit	\$ 127,330	\$ 76,108	\$ -	\$ 203,438
Non-GAAP adjustments <sup>(1)</sup>	6,164	2,666	-	8,830
Adjusted gross profit	<u>\$ 133,494</u>	<u>\$ 78,774</u>	<u>\$ -</u>	<u>\$ 212,268</u>
Gross margin	23.1%	17.4%		20.6%
Adjusted gross margin	24.2%	18.0%		21.5%

Six months ended 12/31/18

Gross profit	\$ 107,034	\$ 83,225	\$ -	\$ 190,259
Non-GAAP adjustments <sup>(1)</sup>	8,799	2,357	-	11,156
Adjusted gross profit	<u>\$ 115,833</u>	<u>\$ 85,582</u>	<u>\$ -</u>	<u>\$ 201,415</u>
Gross margin	17.9%	18.3%		18.1%
Adjusted gross margin	19.4%	18.8%		19.1%

**Operating income (loss)**Six months ended 12/31/19

Operating income (loss)	\$ 35,194	\$ 22,006	\$ (45,554)	\$ 11,646
Non-GAAP adjustments <sup>(1)</sup>	8,861	5,991	19,951	34,803
Adjusted operating income (loss)	<u>\$ 44,055</u>	<u>\$ 27,997</u>	<u>\$ (25,603)</u>	<u>\$ 46,449</u>
Operating income margin	6.4%	5.0%		1.2%
Adjusted operating income margin	8.0%	6.4%		4.7%

Six months ended 12/31/18

Operating income (loss)	\$ 14,069	\$ 20,813	\$ (83,726)	\$ (48,844)
Non-GAAP adjustments <sup>(1)</sup>	13,821	10,290	66,119	90,230
Adjusted operating income (loss)	<u>\$ 27,890</u>	<u>\$ 31,103</u>	<u>\$ (17,607)</u>	<u>\$ 41,386</u>
Operating income (loss) margin	2.4%	4.6%		(4.6)%
Adjusted operating income margin	4.7%	6.8%		3.9%

(1) See accompanying table of "Reconciliation of GAAP Results to Non-GAAP Measures"

**THE HAIN CELESTIAL GROUP, INC.**  
**Consolidated Balance Sheets**  
(unaudited and in thousands)

	<u>December 31,</u> <u>2019</u>	<u>June 30,</u> <u>2019</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 37,024	\$ 31,017
Accounts receivable, net	206,583	209,990
Inventories	283,127	299,341
Prepaid expenses and other current assets	50,019	51,391
Current assets of discontinued operations	-	110,048
Total current assets	576,753	701,787
Property, plant and equipment, net	298,558	287,845
Goodwill	879,705	875,881
Trademarks and other intangible assets, net	378,796	380,286
Investments and joint ventures	18,990	18,890
Operating lease right of use assets	83,845	-
Other assets	48,298	58,764
Noncurrent assets of discontinued operations	-	259,167
Total assets	<u>\$ 2,284,945</u>	<u>\$ 2,582,620</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 187,376	\$ 219,957
Accrued expenses and other current liabilities	123,272	114,265
Current portion of long-term debt	1,387	17,232
Current liabilities of discontinued operations	-	31,703
Total current liabilities	312,035	383,157
Long-term debt, less current portion	324,864	613,537
Deferred income taxes	35,012	34,757
Operating lease liabilities, noncurrent portion	76,726	-
Other noncurrent liabilities	15,225	14,489
Noncurrent liabilities of discontinued operations	-	17,361
Total liabilities	763,862	1,063,301
Stockholders' equity:		
Common stock	1,091	1,088
Additional paid-in capital	1,164,618	1,158,257
Retained earnings	586,593	695,017
Accumulated other comprehensive loss	(120,197)	(225,004)
	1,632,105	1,629,358
Treasury stock	(111,022)	(110,039)
Total stockholders' equity	1,521,083	1,519,319
Total liabilities and stockholders' equity	<u>\$ 2,284,945</u>	<u>\$ 2,582,620</u>

**THE HAIN CELESTIAL GROUP, INC.**  
**Consolidated Statements of Operations**  
(unaudited and in thousands, except per share amounts)

	<u>Three Months Ended December 31,</u>		<u>Six Months Ended December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Net sales	\$ 506,784	\$ 533,566	\$ 988,860	\$ 1,052,044
Cost of sales	401,177	432,215	785,422	861,785
Gross profit	105,607	101,351	203,438	190,259
Selling, general and administrative expenses	79,078	78,496	159,758	154,473
Amortization of acquired intangibles	3,189	3,322	6,272	6,681
Productivity and transformation costs	12,260	9,872	26,435	20,205
Chief Executive Officer Succession Plan expense, net	-	10,148	-	29,701
Proceeds from insurance claim	-	-	(2,562)	-
Accounting review and remediation costs, net of insurance proceeds	-	920	-	4,334

Long-lived asset and intangibles impairment	1,889	19,473	1,889	23,709
Operating income (loss)	9,191	(20,880)	11,646	(48,844)
Interest and other financing expense, net	4,737	5,428	11,031	9,742
Other expense, net	1,244	371	2,572	971
Income (loss) from continuing operations before income taxes and equity in net loss of equity-method investees	3,210	(26,679)	(1,957)	(59,557)
Provision (benefit) for income taxes	1,020	5,097	489	(4,869)
Equity in net loss of equity-method investees	338	11	655	186
Net income (loss) from continuing operations	\$ 1,852	\$ (31,787)	\$ (3,101)	\$ (54,874)
Net loss from discontinued operations, net of tax	(2,816)	(34,714)	(104,884)	(49,052)
Net loss	\$ (964)	\$ (66,501)	\$ (107,985)	\$ (103,926)

Net income (loss) per common share:

Basic net income (loss) per common share from continuing operations	\$ 0.02	\$ (0.31)	\$ (0.03)	\$ (0.53)
Basic net loss per common share from discontinued operations	(0.03)	(0.33)	(1.01)	(0.47)
Basic net loss per common share	\$ (0.01)	\$ (0.64)	\$ (1.04)	\$ (1.00)

Diluted net income (loss) per common share from continuing operations	\$ 0.02	\$ (0.31)	\$ (0.03)	\$ (0.53)
Diluted net loss per common share from discontinued operations	(0.03)	(0.33)	(1.01)	(0.47)
Diluted net loss per common share	\$ (0.01)	\$ (0.64)	\$ (1.04)	\$ (1.00)

Shares used in the calculation of net income (loss) per common share:

Basic	104,318	104,056	104,272	104,009
Diluted	104,619	104,056	104,272	104,009

**THE HAIN CELESTIAL GROUP, INC.**  
**Consolidated Statements of Cash Flows**  
(unaudited and in thousands)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2019	2018	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net loss	\$ (964)	\$ (66,501)	\$ (107,985)	\$ (103,926)
Net loss from discontinued operations	(2,816)	(34,714)	(104,884)	(49,052)
Net income (loss) from continuing operations	1,852	(31,787)	(3,101)	(54,874)
Adjustments to reconcile net income (loss) from continuing operations to net cash provided by (used in) operating activities from continuing operations:				
Depreciation and amortization	13,219	12,205	27,142	25,065
Deferred income taxes	(751)	(9,448)	(5,155)	(22,666)
Chief Executive Officer Succession Plan expense, net	-	10,031	-	29,272
Equity in net loss of equity-method investees	338	11	655	186
Stock-based compensation, net	3,083	1,893	5,820	1,991
Long-lived asset and intangibles impairment	1,889	19,473	1,889	23,709
Other non-cash items, net	897	444	2,661	1,285
Increase (decrease) in cash attributable to changes in operating assets and liabilities:				
Accounts receivable	8,393	5,774	7,540	9,540
Inventories	14,896	12,892	9,389	(5,748)
Other current assets	(12,328)	(1,531)	1,895	(1,528)
Other assets and liabilities	(1,386)	4,626	(1,242)	4,594
Accounts payable and accrued expenses	(9,373)	(5,017)	(30,345)	(10,830)
Net cash provided by (used in) operating activities - continuing operations	20,729	19,566	17,148	(4)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchases of property and equipment	(16,173)	(18,737)	(29,337)	(40,998)
Proceeds from sale of businesses and other	13,120	4,515	13,120	3,863
Net cash used in investing activities - continuing operations	(3,053)	(14,222)	(16,217)	(37,135)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Borrowings under bank revolving credit facility	67,000	80,000	147,000	150,000
Repayments under bank revolving credit facility	(67,000)	(77,646)	(245,500)	(137,646)
Repayments under term loan	-	(3,750)	(206,250)	(7,500)
(Funding of) proceeds from discontinued operations entities	(2,266)	16,661	309,929	13,550
(Repayments) borrowings of other debt, net	(510)	175	(501)	(601)
Shares withheld for payment of employee payroll taxes	(672)	(1,943)	(984)	(2,922)
Net cash (used in) provided by financing activities - continuing operations	(3,448)	13,497	3,694	14,881
Effect of exchange rate changes on cash - continuing operations	2,274	(822)	1,382	(1,492)
<b>CASH FLOWS FROM DISCONTINUED OPERATIONS</b>				
Cash provided by (used in) operating activities	2,339	11,728	(5,687)	(2,859)
Cash (used in) provided by investing activities	(4,605)	(1,551)	301,815	(3,472)
Cash provided by (used in) financing activities	2,266	(9,965)	(304,100)	(4,417)
Effect of exchange rate changes on cash - discontinued operations	-	(87)	(537)	(477)
Net cash flows provided by (used in) discontinued operations	-	125	(8,509)	(11,225)
Net increase (decrease) in cash and cash equivalents	16,502	18,144	(2,502)	(34,975)
Cash and cash equivalents at beginning of period	20,522	59,899	39,526	113,018
Cash and cash equivalents and restricted cash at end of period	\$ 37,024	\$ 78,043	\$ 37,024	\$ 78,043
Less: cash and cash equivalents of discontinued operations	-	(17,098)	-	(17,098)
Cash and cash equivalents and restricted cash of continuing operations at end of period	\$ 37,024	\$ 60,945	\$ 37,024	\$ 60,945

**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

Detail of Adjustments:

	Three Months Ended December 31, 2019		Three Months Ended December 31, 2018	
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		<u>12,260</u>		<u>9,872</u>
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		-		10,148
Accounting review and remediation costs, net of insurance proceeds		-		920
Accounting review and remediation costs, net of insurance proceeds		-		920
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>

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

(b) Interest and other expense, net includes interest and other financing expenses, net and other expense, net.

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

	Six Months Ended December 31,							
	2019 GAAP	Adjustments	2019 Adjusted	2018 GAAP	Adjustments	2018 Adjusted		
Net sales	\$	988,860	\$	988,860	\$	1,052,044	\$	1,052,044
Cost of sales		785,422	(8,830)	776,592		861,785	(11,156)	850,629
Gross profit		203,438	8,830	212,268		190,259	11,156	201,415
Operating expenses (a)		167,919	(2,100)	165,819		184,863	(24,834)	160,029
Productivity and transformation costs		26,435	(26,435)	-		20,205	(20,205)	-
Chief Executive Officer Succession Plan expense, net		-	-	-		29,701	(29,701)	-
Proceeds from insurance claim		(2,562)	2,562	-		-	-	-
Accounting review and remediation costs, net of insurance proceeds		-	-	-		4,334	(4,334)	-
Operating income (loss)		11,646	34,803	46,449		(48,844)	90,230	41,386
Interest and other expense (income), net (b)		13,603	(3,957)	9,646		10,713	(1,029)	9,684
Provision (benefit) for income taxes		489	9,689	10,178		(4,869)	14,401	9,532
Net (loss) income from continuing operations		(3,101)	29,071	25,970		(54,874)	76,858	21,984
Net (loss) income from discontinued operations, net of tax		(104,884)	104,884	-		(49,052)	49,052	-
Net (loss) income		(107,985)	133,955	25,970		(103,926)	125,910	21,984
Diluted net (loss) income per common share from continuing operations		(0.03)	0.28	0.25		(0.53)	0.74	0.21
Diluted net (loss) income per common share from discontinued operations		(1.01)	1.01	-		(0.47)	0.47	-
Diluted net (loss) income per common share		(1.04)	1.28	0.25		(1.00)	1.21	0.21

Detail of Adjustments:

	Six Months Ended December 31, 2019		Six Months Ended December 31, 2018	
SKU rationalization	\$	3,916	\$	1,530
Plant closure related costs		2,559		3,319
Warehouse/manufacturing facility start-up costs		2,355		6,307
Cost of sales		<u>8,830</u>		<u>11,156</u>
Gross profit		<u>8,830</u>		<u>11,156</u>
Intangibles impairment		1,889		17,900
Warehouse/manufacturing facility start-up costs		163		-
Litigation and related expenses		48		691
Long-lived asset impairment charge associated with plant closure		-		5,809
Plant closure related costs		-		434
Operating expenses (a)		<u>2,100</u>		<u>24,834</u>
Productivity and transformation costs		<u>26,435</u>		<u>20,205</u>
Productivity and transformation costs		<u>26,435</u>		<u>20,205</u>

Chief Executive Officer Succession Plan expense, net	-	29,701
Chief Executive Officer Succession Plan expense, net	-	29,701
Proceeds from insurance claim	(2,562)	-
Proceeds from insurance claim	(2,562)	-
Accounting review and remediation costs, net of insurance proceeds	-	4,334
Accounting review and remediation costs, net of insurance proceeds	-	4,334
Operating income (loss)	34,803	90,230
Loss on sale of business	1,783	-
Unrealized currency losses	1,199	1,029
Deferred financing cost write-off	975	-
Interest and other expense (income), net (b)	3,957	1,029
Income tax related adjustments	(9,689)	(14,401)
Provision (benefit) for income taxes	(9,689)	(14,401)
Net (loss) income from continuing operations	\$ 29,071	\$ 76,858

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

(b) Interest and other expense, net includes interest and other financing expenses, net and other expense, net.

**THE HAIN CELESTIAL GROUP, INC.**  
**Net Sales Growth at Constant Currency**  
(unaudited and in thousands)

	<u>Hain Consolidated</u>	<u>North America</u>	<u>International</u>
Net sales - Three months ended 12/31/19	\$ 506,784	\$ 280,693	\$ 226,091
Impact of foreign currency exchange	2,012	(69)	2,081
Net sales on a constant currency basis - Three months ended 12/31/19	<u>\$ 508,796</u>	<u>\$ 280,624</u>	<u>\$ 228,172</u>
Net sales - Three months ended 12/31/18	\$ 533,566	\$ 305,574	\$ 227,992
Net sales (decline) growth on a constant currency basis	(4.6)%	(8.2)%	0.1%
	<u>Hain Consolidated</u>	<u>North America</u>	<u>International</u>
Net sales - Six months ended 12/31/19	\$ 988,860	\$ 552,394	\$ 436,466
Impact of foreign currency exchange	13,706	287	13,419
Net sales on a constant currency basis - Six months ended 12/31/19	<u>\$ 1,002,566</u>	<u>\$ 552,681</u>	<u>\$ 449,885</u>
Net sales - Six months ended 12/31/18	\$ 1,052,044	\$ 596,765	\$ 455,279
Net sales decline on a constant currency basis	(4.7)%	(7.4)%	(1.2)%

**Net Sales Growth at Constant Currency and Adjusted for Divestitures and SKU Rationalization**

	<u>Hain Consolidated</u>	<u>North America</u>	<u>International</u>
Net sales on a constant currency basis - Three months ended 12/31/19	\$ 508,796	\$ 280,624	\$ 228,172
Net sales - Three months ended 12/31/18	\$ 533,566	\$ 305,574	\$ 227,992
Divestitures	(7,024)	(7,024)	-
SKU rationalization	(13,811)	(12,239)	(1,572)
Net sales on a constant currency basis adjusted for divestitures and SKU rationalization - Three months ended 12/31/18	<u>\$ 512,731</u>	<u>\$ 286,311</u>	<u>\$ 226,420</u>
Net sales (decline) growth on a constant currency basis adjusted for divestitures and SKU rationalization	(0.8)%	(2.0)%	0.8%
	<u>Hain Consolidated</u>	<u>North America</u>	<u>International</u>
Net sales on a constant currency basis - Six months ended 12/31/19	\$ 1,002,566	\$ 552,681	\$ 449,885
Net sales - Six months ended 12/31/18	\$ 1,052,044	\$ 596,765	\$ 455,279
Divestitures	(8,955)	(8,955)	-
SKU rationalization	(33,281)	(26,028)	(7,253)
Net sales on a constant currency basis adjusted for divestitures and SKU rationalization - Six months ended 12/31/18	<u>\$ 1,009,808</u>	<u>\$ 561,782</u>	<u>\$ 448,026</u>
Net sales (decline) growth on a constant currency basis adjusted for divestitures and SKU rationalization	(0.7)%	(1.6)%	0.4%

**Adjusted EBITDA Growth at Constant Currency**

	<u>Hain Consolidated</u>	<u>North America</u>	<u>International</u>
Adjusted EBITDA - Three months ended 12/31/19	\$ 45,047	\$ 30,141	\$ 25,148
Impact of foreign currency exchange	264	(11)	276
Adjusted EBITDA on a constant currency basis - Three months ended 12/31/19	<u>\$ 45,311</u>	<u>\$ 30,130</u>	<u>\$ 25,424</u>
Net sales on a constant currency basis - Three months ended 12/31/19	\$ 508,796	\$ 280,624	\$ 228,172
Adjusted EBITDA growth on a constant currency basis	8.9%	10.7%	11.1%
	<u>Hain Consolidated</u>	<u>North America</u>	<u>International</u>
Adjusted EBITDA - Six months ended 12/31/19	\$ 77,137	\$ 54,180	\$ 44,859
Impact of foreign currency exchange	1,335	24	1,312
Adjusted EBITDA on a constant currency basis - Six months ended 12/31/19	<u>\$ 78,472</u>	<u>\$ 54,204</u>	<u>\$ 46,171</u>
Net sales on a constant currency basis - Six months ended 12/31/19	\$ 1,002,566	\$ 552,681	\$ 449,885
Adjusted EBITDA growth on a constant currency basis	7.8%	9.8%	10.3%

**Segment EBITDA and Adjusted EBITDA**  
**Three Months Ended**  
(unaudited and in thousands)

**North America**

	<b>December 31, 2019</b>	<b>December 31, 2018</b>
Operating Income	\$ 20,062	\$ 9,563
Depreciation and amortization	4,201	4,269
Long-lived asset impairment	-	1,510
Other	(838)	610
<b>EBITDA</b>	<b>\$ 23,425</b>	<b>\$ 15,952</b>
Productivity and transformation costs	332	2,017
SKU rationalization	3,927	1,530
Loss on sale of business	1,783	-
Warehouse/manufacturing facility start-up costs	639	1,708
Plant closure related costs	35	231
<b>Adjusted EBITDA</b>	<b>\$ 30,141</b>	<b>\$ 21,438</b>

**International**

	<b>December 31, 2019</b>	<b>December 31, 2018</b>
Operating Income	\$ 12,899	\$ 15,153
Depreciation and amortization	8,339	7,502
Long-lived asset impairment	-	62
Other	367	95
<b>EBITDA</b>	<b>\$ 21,605</b>	<b>\$ 22,812</b>
Productivity and transformation costs	2,056	2,349
Plant closure related costs	1,487	1,232
<b>Adjusted EBITDA</b>	<b>\$ 25,148</b>	<b>\$ 26,393</b>

**THE HAIN CELESTIAL GROUP, INC.**  
**Segment EBITDA and Adjusted EBITDA**  
**Six Months Ended**  
(unaudited and in thousands)

**North America**

	<b>December 31, 2019</b>	<b>December 31, 2018</b>
Operating Income	\$ 35,194	\$ 14,069
Depreciation and amortization	8,549	8,544
Long-lived asset impairment	-	1,503
Other	(173)	565
<b>EBITDA</b>	<b>\$ 43,570</b>	<b>\$ 24,681</b>
Productivity and transformation costs	2,500	3,521
SKU rationalization	3,737	1,530
Warehouse/manufacturing facility start-up costs	2,518	6,307
Loss on sale of business	1,783	-
Plant closure related costs	72	960
<b>Adjusted EBITDA</b>	<b>\$ 54,180</b>	<b>\$ 36,999</b>

**International**

	<b>December 31, 2019</b>	<b>December 31, 2018</b>
Operating Income	\$ 22,006	\$ 20,813
Depreciation and amortization	16,265	15,674
Long-lived asset impairment	-	4,305
Other	799	26
<b>EBITDA</b>	<b>\$ 39,070</b>	<b>\$ 40,818</b>
Productivity and transformation costs	3,328	3,202
Plant closure related costs	2,282	2,331
SKU rationalization	179	-
Litigation and related expenses	-	19
<b>Adjusted EBITDA</b>	<b>\$ 44,859</b>	<b>\$ 46,370</b>

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Katie Turner , ICR , 646-277-1228