



## **C O R R E C T I O N -- The Hain Celestial Group, Inc.**

September 1, 2005

In the news release, The Hain Celestial Group Announces Fiscal Year and Fourth Quarter 2005 Results, issued earlier today by The Hain Celestial Group, Inc. over PR Newswire, we are advised by the company that the third subheadline, should read "Fiscal Year 2006 Guidance Issued Revenues \$650 Million to \$670 Million Earnings Per Share \$0.98 to \$1.05" rather than "Fiscal Year 2006 Guidance Issued Revenues \$650 Million to \$665 Million Earnings Per Share \$0.95 to \$1.05" as originally issued inadvertently. Also the first paragraph under the "Fiscal Year 2006 Outlook" heading, should read "guidance of \$650 million to \$670 million in sales and earnings of \$0.98 to \$1.05 per share" rather than "guidance of \$650 million to \$665 million in sales and earnings of \$0.95 to \$1.05 per share"

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The Hain Celestial Group Announces Fiscal Year and Fourth Quarter 2005 Results

MELVILLE, N.Y., Sept. 1 /PRNewswire-FirstCall/ -- The Hain Celestial Group, Inc. (Nasdaq: HAIN - News), a leading natural and organic food and personal care products company, today reported results for the fiscal year and fourth quarter ended June 30, 2005. Net sales for fiscal year 2005 reached a record \$620.0 million, a 14% increase over prior year sales of \$544.1 million. GAAP net income for fiscal year 2005 was \$0.59 per share including previously announced charges of \$0.30 per share. Net income for the fiscal year excluding the stock keeping unit ("SKU") rationalization and stock compensation charges increased 23% to \$33.1 million, or \$0.89 per share, versus the prior year earnings of \$27 million, or \$0.74 per share. For the fourth quarter, the Company reported net sales of \$151.3 million, a 10.2% increase compared with \$137.4 million in the prior year period. Fourth quarter GAAP net income, including charges of \$0.27 per share, resulted in GAAP earnings of (\$0.07) per share, with net income excluding charges at \$0.20 per share compared to \$0.14 in the prior year period.

(Logo: <http://www.newscom.com/cgi-bin/prnh/20050324/NYTH131> )

"In fiscal 2005 we were able to continue to grow our business by leveraging our strengths to meet growing consumer demand for natural and organic products. Strong execution of our business strategy and sales and marketing programs increased sales by 14% and increased our net income per share, excluding charges, by 20% for the year. We are particularly proud to have accomplished this in an operating environment of warehouse consolidations and inventory reductions by our primary distributors, coupled with rising input costs for the natural and organic ingredients used in our products and soaring fuel and transportation costs," said Irwin D. Simon, President and Chief Executive Officer of Hain Celestial.

The Company's fourth quarter sales growth was achieved primarily through increased brand sales across all major sales channels from Terra Chips® (+25%); Garden of Eatin'® (+23%); Earth's Best® (+61%); Imagine® Soups (+13%); Arrowhead Mills® (+7.3%); DeBoles® (+16%) and JASON® (+9%). The Company's European sales increased 20%. Strong sales in these key brands were partially offset by the elimination of CarbFit®, which experienced strong sales during the prior year before the decline in consumer demand for low carbohydrate products.

As previously announced, under the SKU rationalization program, the Company expects to eliminate over the next 12 to 18 months approximately 500 SKUs with estimated annual sales of \$15 million. It is anticipated that the elimination of these SKUs will realize future cost savings of approximately \$2 million annually, while providing an increase in gross margin by 0.50%. During the fourth quarter the Company recorded its previously announced \$11 million SKU rationalization charge effectively bringing the total charge for the entire fiscal year 2005 to \$12.2 million.

Also impacting the fourth quarter was the previously announced stock compensation charge of \$3.9 million resulting from the acceleration of the vesting of employee stock options. This action was taken by the Company's Board of Directors in order to provide an incentive to employees in view of the uncertainty of future equity-based compensation with the implementation of Financial Accounting Standards Board Statement No. 123®, "Share-Based Payments." The \$3.9 million non-cash charge provided a disproportionately low tax benefit of only \$0.6 million and, therefore, had a significant impact on GAAP earnings and the Company's tax rate.

The Company reported that its gross margin on sales after adjusting for the SKU rationalization program was 27.2% for the fourth quarter compared to 27.3% in the prior year quarter. Mr. Simon commented, "There is room to improve our gross margin results in the future as we work on various cost-saving program initiatives to further this goal. We expect a 0.50% improvement from our SKU rationalization program, and we continue to press for production efficiencies at both our owned manufacturing facilities and at co-packer facilities. It is important to note that in light of increasing costs we have been successful in maintaining our margins over these periods and reducing our SG&A as a percentage of sales."

Fiscal Year 2005 Highlights

The Company highlighted several of its accomplishments during fiscal year 2005:

-- Implemented price increases effective July 1, 2004 and June 1, 2005; -- Introduced innovative new and improved products across multiple key categories in the natural foods sector; -- Launched brand extensions with Earth's Best Sesame Street Healthy Habits for Life products and Earth's Best Baby Body Care by JASON; -- Integrated Fiscal Year 2004 acquisitions of Natumi®, Ethnic Gourmet®, Rosetto® and JASON, establishing platforms for growth in European non-dairy beverages and North American frozen foods and personal care categories; -- Expanded premium skincare line through the acquisition of Zia® Natural Skincare; -- Implemented SKU rationalization program to streamline the business and focus on key growth opportunities; -- Established Free Operating Cash Flow Measurements, which resulted in a 17-day reduction to the Cash Conversion Cycle for the

fourth quarter to 69 days from 86 days in the prior year period; and -- Implemented Sarbanes-Oxley Section 404 Compliance. Fiscal Year 2006 Outlook

The Company announced its fiscal year 2006 guidance of \$650 million to \$665 million in sales and earnings of \$0.95 to \$1.05 per share.

"As we enter fiscal year 2006, in addition to the benefit of the recent acquisition of Zia Natural Skincare to our personal care products portfolio, we have already put in place several exciting initiatives, including a license agreement for our Rice Dream® and Soy Dream® refrigerated non-dairy beverages with Stremicks Heritage Foods to broaden and increase our distribution; a joint venture in the fast growing refrigerated poultry category with antibiotic- and hormone-free Raised Right® chicken; an alliance with Yeo Hiap Seng Limited to pursue joint interests in food marketing and product development; and the pending acquisition of Spectrum Organic Products, Inc., a leader in the fast growing healthy oils category." Mr. Simon concluded, "We have the right management team in place to position Hain Celestial to capitalize on growth opportunities through our superior brands, effective sales and marketing programs as well as the continued increasing demand for natural and organic products. We are all focused on executing our strategy to benefit shareholders, customers, consumers and employees."

#### Webcast

Hain Celestial will host a conference call and live webcast at 8:30 AM Eastern Time to review its fiscal year and fourth quarter 2005 results via the Hain Celestial corporate website, <http://www.hain-celestial.com>, under Investor Relations and thereafter through Audio Archives on the website.

#### The Hain Celestial Group

The Hain Celestial Group (Nasdaq: HAIN - News), headquartered in Melville, NY, is a leading natural and organic food and personal care products company in North America and Europe. Hain Celestial participates in almost all natural food categories with well-known brands that include Celestial Seasonings®, Terra Chips®, Garden of Eatin'®, Health Valley®, WestSoy®, Earth's Best®, Arrowhead Mills®, Hain Pure Foods®, Raised Right®, Hollywood®, Walnut Acres Organic®, Imagine Foods®, Rice Dream®, Soy Dream®, Rosetto®, Ethnic Gourmet®, Yves Veggies Cuisine®, Lima®, Biomarche®, Grains Noirs®, Natumi®, JASON® and Zia® Natural Skincare. For more information, visit <http://www.hain-celestial.com>.

#### Safe Harbor Statement

This press release contains forward-looking statements within and constitutes a "Safe Harbor" statement under the Private Securities Litigation Act of 1995. Except for the historical information contained herein, the matters discussed in this press release are forward-looking statements that involve known and unknown risks and uncertainties, which could cause our actual results to differ materially from those described in the forward-looking statements. These risks include but are not limited to general economic and business conditions; the ability to implement business and acquisition strategies, integrate acquisitions, and obtain financing for general corporate purposes; competition, retention of key personnel and compliance with government regulations and other risks detailed from time-to-time in the Company's reports filed with the Securities and Exchange Commission, including the report on Form 10-K for the fiscal year ended June 30, 2004. The forward-looking statements made in this press release are current as of the date of this press release, and the Company does not undertake any obligation to update forward-looking statements.

THE HAIN CELESTIAL GROUP, INC.  
Consolidated Balance Sheets  
(In thousands)

	June 30, 2005	June 30, 2004
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$23,319	\$27,489
Trade receivables, net	66,489	69,392
Inventories	76,497	86,873
Recoverable income taxes	2,460	-
Deferred income taxes	5,786	3,111
Other current assets	20,729	11,449
Total current assets	195,280	198,314
Property, plant and equipment, net	88,204	87,002
Goodwill, net	354,519	333,218
Trademarks and other intangible assets, net	57,324	55,793
Other assets	11,374	9,904
Total assets	\$706,701	\$684,231
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$65,487	\$59,031
Income taxes payable	1,139	2,489
Current portion of long-term debt	3,257	6,845
Total current liabilities	69,883	68,365

Deferred income taxes	16,723	14,807
Long-term debt, less current portion	91,805	104,294
Total liabilities	178,411	187,466
Stockholders' equity:		
Common stock	375	371
Additional paid-in capital	404,517	394,740
Deferred compensation	(1,872)	(2,809)
Retained earnings	127,967	106,097
Treasury stock	(12,745)	(9,285)
Foreign currency translation adjustment	10,048	7,651
Total stockholders' equity	528,290	496,765
Total liabilities and stockholders' equity	\$706,701	\$684,231

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

	Three Months Ended		Fiscal Year Ended	
	June 30,		June 30,	
	2005	2004	2005	2004
	(Unaudited)			
Net sales	\$151,349	\$137,351	\$619,967	\$544,058
Cost of Sales	118,066	99,894	449,010	383,794
Gross profit	33,283	37,457	170,957	160,264
SG&A expenses	31,759	28,748	128,119	114,014
Non-cash compensation	3,912	245	4,650	372
Operating income	(2,388)	8,464	38,188	45,878
Interest expense and other expenses	1,287	417	3,677	2,490
Income before income taxes	(3,675)	8,047	34,511	43,388
Income tax provision	(987)	2,967	12,641	16,380
Net income	\$(2,688)	\$5,080	\$21,870	\$27,008
Basic per share amounts	\$(0.07)	\$0.14	\$0.60	\$0.77
Diluted per share amounts	\$(0.07)	\$0.14	\$0.59	\$0.74
Weighted average common shares outstanding:				
Basic	36,524	36,267	36,407	35,274
Diluted	37,240	36,937	37,153	36,308

THE HAIN CELESTIAL GROUP, INC.  
Consolidated Statements of Operations With Adjustments  
Reconciliation of GAAP Results to Non-GAAP Presentation  
(in thousands, except per share amounts)

Three Months Ended June 30,			
2005 GAAP	Adjustments	2005 Adjusted	2004

## (Unaudited)

Net sales	\$151,349		\$151,349	\$137,351
Cost of Sales	118,066	\$(7,826) (a)	110,240	99,894
Gross profit	33,283	(7,826)	41,109	37,457
SG&A expenses	31,759	(3,117) (b)	28,642	28,748
Non-cash compensation	3,912	(3,912)	-	245
Operating income	(2,388)	(14,855)	12,467	8,464
Interest expense and other expenses	1,287		1,287	417
Income before income taxes	(3,675)	(14,855)	11,180	8,047
Income tax provision	(987)	4,800 (c)	3,813	2,967
Net income	\$(2,688)	\$(10,055)	\$7,367	\$5,080
Basic per share amounts	\$(0.07)	\$(0.28)	\$0.20	\$0.14
Diluted per share amounts	\$(0.07)	\$(0.27)	\$0.20	\$0.14
Weighted average common shares outstanding:				
Basic	36,524	36,524	36,524	36,267
Diluted	37,240	37,240	37,240	36,937

## Fiscal Year Ended June 30,

	2005	Adjustments	2005 Adjusted	2004
		(Unaudited)		
Net sales	\$619,967		\$619,967	\$544,058
Cost of Sales	449,010	\$(9,026) (a)	439,984	383,794
Gross profit	170,957	(9,026)	179,983	160,264
SG&A expenses	128,119	(3,117) (b)	125,002	114,014
Non-cash compensation	4,650	(4,650)	-	372
Operating income	38,188	(16,793)	54,981	45,878
Interest expense and other expenses	3,677		3,677	2,490
Income before income taxes	34,511	(16,793)	51,304	43,388
Income tax provision	12,641	5,547 (c)	18,188	16,380
Net income	\$21,870	\$(11,246)	\$33,116	\$27,008
Basic per share amounts	\$0.60	\$(0.31)	\$0.91	\$0.77
Diluted per share amounts	\$0.59	\$(0.30)	\$0.89	\$0.74
Weighted average common shares outstanding:				
Basic	36,407	36,407	36,407	35,274
Diluted	37,153	37,153	37,153	36,308

(a) The adjustments of \$7,826 (fourth quarter) and \$9,026 (full year) represent SKU rationalization charges included in cost of sales.

(b) The adjustments of \$3,117 (fourth quarter and full year) represent SKU rationalization charges included in SG&A expenses.

(c) The adjustments to taxes consist of \$4,196 (fourth quarter) and

\$4,656 (full year) related to the SKU rationalization charge;  
\$604 (fourth quarter) and \$891 (full year) related to non-cash  
compensation.

----- Source: The Hain Celestial Group, Inc.