



The Hain Celestial Group Announces Record Sales and Earnings

02/02/2006

Net Income Increases 19% to \$12.7 Million

Sales Increase 10% to \$186.2 Million

Earnings Per Share at \$0.33 Versus \$0.29

MELVILLE, N.Y., Feb. 2 /PRNewswire-FirstCall/ -- The Hain Celestial Group, Inc. (Nasdaq: HAIN), a leading natural and organic food and personal care products company, today reported results for the second quarter ended December 31, 2005. Hain Celestial reported second quarter record sales of \$186.2 million, a 10% increase over the prior year's \$169.8 million. Net income reached \$12.7 million, a second quarter record, an increase of 19% from the prior year's \$10.7 million. Diluted earnings for the second quarter this year were a record \$0.33 per share as compared to \$0.29 in the prior year's second quarter.

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

"I am proud of our team as we accomplished record sales and profits with significant improvement in operating margins and our cash conversion," said Irwin D. Simon, President and Chief Executive Officer. "We saw strength in each of our Grocery, Tea and Personal Care lines in both sales and consumption driven by Earth's Best(R), Imagine(R) soups, Garden of Eatin'(R), Terra(R), Rice Dream(R), WestSoy(R), Ethnic Gourmet(R), Celestial Seasonings(R), Jason(R) and Zia Natural Skincare(R). We are also excited by the progress we are making on the operating front with enhanced margins despite increased input costs. Our sales and earnings continue to grow, driven by strong top line growth, improved margins and focused working capital management."

The Company's gross profit for the second quarter was 32.3% versus 31.4% in the prior year period before consolidation of the Company's lower margin Hain Pure Protein joint venture, which reduced gross profit by 1.1%. Operating income grew 20.3% to \$21.7 million versus \$18.1 million in the period while selling, general and administrative expenses decreased as a percentage of sales to 19.6% versus the prior year's 20.7%.

Interest expense in the quarter was \$0.4 million higher than in the prior year's quarter with the increase coming from increased market rates and from higher borrowings for acquisitions. There were no foreign exchange gains or losses in the second quarter while the Company benefited from foreign exchange gains of \$0.6 million in the prior year's quarter. These items negatively impacted earnings by \$0.02 per share in the second quarter when compared to the prior year.

The Company's average diluted shares outstanding during the second quarter were 38.4 million, an increase of 1.2 million shares or 3%, over the prior year's quarter. This increase in shares was caused by the issuance of shares in the acquisition of Spectrum Organic Products, Inc., the establishment of the alliance with Yeo Hiap Seng Limited and incremental equivalent shares included in the computation due to the higher market price of the Company's stock. The higher share count reduced earnings by \$0.01 per share in the second quarter when compared to the prior year.

The Company's balance sheet remains strong with \$142.3 million in working capital and a current ratio of 2.5 to 1 at the end of the second quarter. Debt as a percentage of equity was 19% with total equity at \$578 million. The Company's operating free cash flow (defined as cash provided by operating activities less capital expenditures) increased by 79% to \$23.9 million for the trailing 12 months ended December 31, 2005 versus \$13.3 million for the same period of the prior year. The cash conversion cycle improved to 67 days this period versus 82 days in the prior year period.

Mr. Simon concluded, "The stellar results that the Company achieved over the past two years are a testament to the excellence of our people, our strong brands and our positioning within a clear growth category. Our focus and long-term strategy allow us to make the right decisions for our business today and tomorrow. We are committed to growing our brand equity through targeted new product introductions and realizing new distribution opportunities while continuing to strengthen our management team. Hain Celestial will continue to be the leader as the world moves toward A Healthy Way of Life(TM)."

Fiscal Year 2006 Outlook

The Company updated its annual guidance for fiscal year 2006, adjusted only to reflect the recently completed acquisition of Spectrum Organic Products on December 16, 2005. The Company expects full fiscal year 2006 sales of \$670 million to \$690 million and earnings of \$0.98 to \$1.05 per share, as it integrates Spectrum into its operations during the second half of its fiscal year. The Company anticipates that Spectrum will be accretive to earnings beginning in fiscal year 2007, with a neutral impact on earnings for the remainder of this fiscal year as a result of higher interest costs and increased shares issued in connection with the acquisition which will offset Spectrum's otherwise positive contribution to operating income.

Webcast and Upcoming Events

Hain Celestial will host a conference call and live webcast at 4:15 PM Eastern Standard Time today to review its second quarter 2006 results via the Hain Celestial corporate website, www.hain-celestial.com. On February 16, 2006 the Company is scheduled to present at the JP Morgan Small Cap Conference, and on March 16, 2006 the Company is scheduled to present at the Bank of America Consumer Conference. These presentations, as well as the Company's earnings conference call, will be available under the Investor Relations section of the Company's website.

The Hain Celestial Group

The Hain Celestial Group (Nasdaq: HAIN), 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(R), Terra Chips(R), Garden of Eatin'(R), Health Valley(R), WestSoy(R), Earth's Best(R), Arrowhead Mills(R), DeBoles(R), Hain Pure Foods(R), Raised Right(TM), Hollywood(R), Spectrum Naturals(R), Spectrum Essentials(R), Walnut Acres Organic(TM), Imagine Foods(R), Rice Dream(R), Soy Dream(R), Rosetto(R), Ethnic Gourmet(R), Yves Veggie Cuisine(R), Lima(R), Biomarche(TM), Grains Noirs(R), Natumi(R), JASON(R) and Zia(R) Natural Skincare. For more information, visit 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; 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, 2005. 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)

	December 31, 2005	June 30, 2005
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 17,359	\$ 24,139
Trade receivables, net	85,798	67,148
Inventories	104,743	76,497
Recoverable income taxes	2,590	2,575
Deferred income taxes	5,671	5,671
Other current assets	18,605	18,164
Total current assets	234,766	194,194
Property, plant and equipment, net	97,507	88,204
Goodwill, net	393,837	350,833
Trademarks and other intangible assets, net	61,399	61,010
Other assets	12,193	12,895
Total assets	\$799,702	\$707,136
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 79,421	\$ 65,922
Income taxes payable	9,009	1,139
Current portion of long-term debt	4,016	2,791
Total current liabilities	92,446	69,852
Deferred income taxes	16,723	16,723
Long-term debt, less current portion	108,184	92,271
Minority interest	4,790	-
Total liabilities	222,143	178,846
Stockholders' equity:		
Common stock	390	375
Additional paid-in capital	429,773	402,645
Retained earnings	147,999	127,967
Treasury stock	(12,745)	(12,745)
Foreign currency translation adjustment	12,142	10,048
Total stockholders' equity	577,559	528,290
Total liabilities and stockholders' equity	\$799,702	\$707,136

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

	Three Months Ended		Six Months Ended	
	December 31,		December 31,	
	2005	2004	2005	2004
	(Unaudited)		(Unaudited)	
Net sales	\$186,227	\$169,753	\$347,324	\$307,357
Cost of Sales	128,061	116,522	243,309	215,151
Gross profit	58,166	53,231	104,015	92,206
SG&A expenses	36,445	35,173	69,540	63,358
Operating income	21,721	18,058	34,475	28,848
Interest expense and other expenses	1,309	553	2,177	1,208
Income before income taxes	20,412	17,505	32,298	27,640
Income tax provision	7,743	6,827	12,266	10,780
Net income	\$ 12,669	\$ 10,678	\$ 20,032	\$ 16,860
Basic per share amounts	\$ 0.34	\$ 0.29	\$ 0.54	\$ 0.46
Diluted per share amounts	\$ 0.33	\$ 0.29	\$ 0.53	\$ 0.46
Weighted average common shares outstanding:				
Basic	37,165	36,390	36,900	36,332
Diluted	38,434	37,207	37,997	37,031

SOURCE The Hain Celestial Group, Inc.
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