

Prestige Consumer HEALTHCARE Second Quarter FY 2020 Results October 31st, 2019



Safe Harbor Disclosure

This presentation contains certain “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995, such as statements regarding the Company’s expected financial performance, including revenues, organic growth, adjusted EPS, and adjusted free cash flow; the market share, expected growth and consumption trends for the Company’s brands; the expected cost of transition to a new logistics provider; the impact of brand-building and product innovation and the related impact on the Company’s revenues; the Company’s disciplined capital allocation; the Company’s use of cash to pay down debt; the Company’s international performance and the impact of retailer destocking. Words such as “trend,” “continue,” “will,” “expect,” “project,” “anticipate,” “likely,” “estimate,” “may,” “should,” “could,” “would,” and similar expressions identify forward-looking statements. Such forward-looking statements represent the Company’s expectations and beliefs and involve a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied by such forward-looking statements. These factors include, among others, general economic and business conditions, regulatory matters, competitive pressures, consumer trends, retail inventory management initiatives, supplier issues, the impact of the transition to a new third party logistics provider, unexpected costs or liabilities, and other risks set forth in Part I, Item 1A. Risk Factors in the Company’s Annual Report on Form 10-K for the year ended March 31, 2019. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date this presentation. Except to the extent required by applicable law, the Company undertakes no obligation to update any forward-looking statement contained in this presentation, whether as a result of new information, future events, or otherwise.

All adjusted GAAP numbers presented are footnoted and reconciled to their closest GAAP measurement in the attached reconciliation schedule or in our October 31, 2019 earnings release in the “About Non-GAAP Financial Measures” section.

Agenda for Today's Discussion

I. Performance Highlights

II. Financial Overview

III. FY 20 Outlook

I. Performance Highlights

Compound W
WART REMOVER

Fleet

Summer's Eve

Dramamine

DenTek

LUDEN'S

**LITTLE
REMEDIES**

Efferdent
ANTI-BACTERIAL DENTURE CLEANSER

**Clear
eyes**

BC

Goody's

Chloraseptic
FAST ACTING

Nix
PERMETHRIN

eat the foods you love!
beano

Hydralyte

MONISTAT

Gaviscon
and it's gone

Debrox

FESS

Solid Financial Performance in Q2 FY 20

Consistent Portfolio Performance

- Q2 Revenue of \$238.1 million, flat versus prior year on an organic basis ⁽¹⁾
 - Strong growth in international segment driven by Canada and Australia
 - Consumption growth⁽²⁾ of 2% continues to meaningfully outpace revenue growth

Strong Earnings and FCF

- Adjusted EPS⁽³⁾ of \$0.68, up 4.6% versus Adjusted⁽³⁾ prior year Q2
- Adjusted Gross Margin⁽³⁾ of 58.0% up ~60 bps since Q2 FY 19
- Continued solid Adjusted Free Cash Flow⁽³⁾ of \$47.2 million, up 7.0% versus Adjusted⁽³⁾ prior year Q2

Capital Allocation

- Completed \$50 million share buyback program with repurchase of \$21 million of shares in Q2
- Total debt paydown of \$26 million in the quarter, resulting in leverage ratio of 5.0x⁽⁴⁾
- Continued focus on de-leveraging in second half

Strong Financial Performance in First Half FY 20

Revenue of \$470.2 million, flat organically versus 1H FY 19⁽¹⁾; in-line with expectations

Consumption continues to meaningfully outpace revenue growth

Adjusted EPS of \$1.33⁽³⁾, flat versus prior year due to the Household Cleaning sale

Adjusted Free Cash Flow⁽³⁾ of \$98.0 million Enabling Efficient Capital Allocation

Reiterating full year outlook for Organic Revenue, Adjusted EPS⁽⁵⁾ and Free Cash Flow⁽⁶⁾

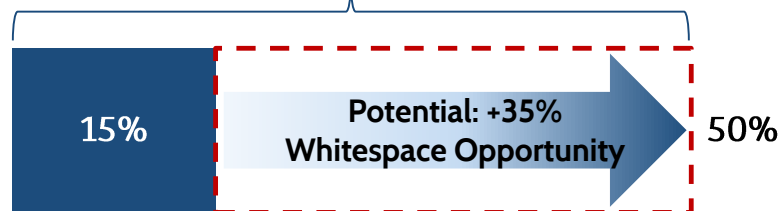
Summer's Eve: Positioned for Long-Term Growth

Category Leadership with Upside Opportunity



- Leading category position
- Focused on driving increased adoption
- Significant addressable market opportunity

50% of Women Willing to **Try** Feminine Hygiene Products



- % of Women Using Feminine Hygiene Products
- % Opportunity

*IRI MULO L52 week period ending 9/8/19.

Time-Tested Brand Building Playbook

Iconic & Creative Marketing

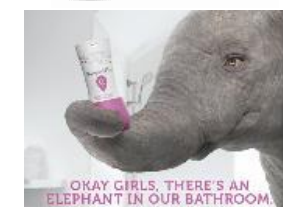
Influencer Marketing

Innovation

TV



YouTube

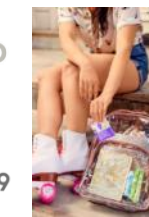


Sampling



BuzzFeed

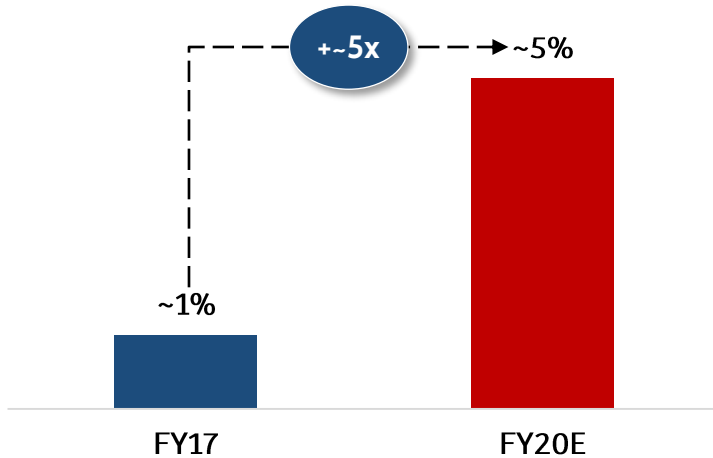
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Prestige is Well-Positioned for Continued Online Growth

E-Commerce as a % of Net Sales

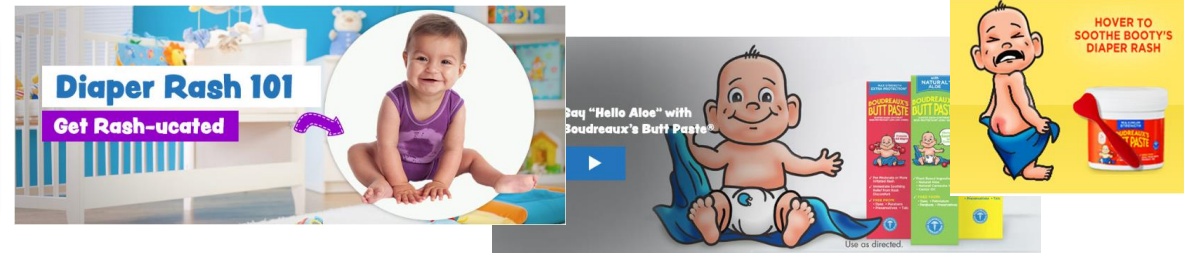
- Proactive investment in E-Commerce behind well positioned brands
- Early mover advantage in channel
- Resulting share many times above large brick & mortar competitors



Figures are approximate.

Boudreaux's Case Study: Comprehensive & Evolving E-Commerce Strategy

Consumer Education



Expanded Purchase Opportunities



Proven Results



II. Financial Overview

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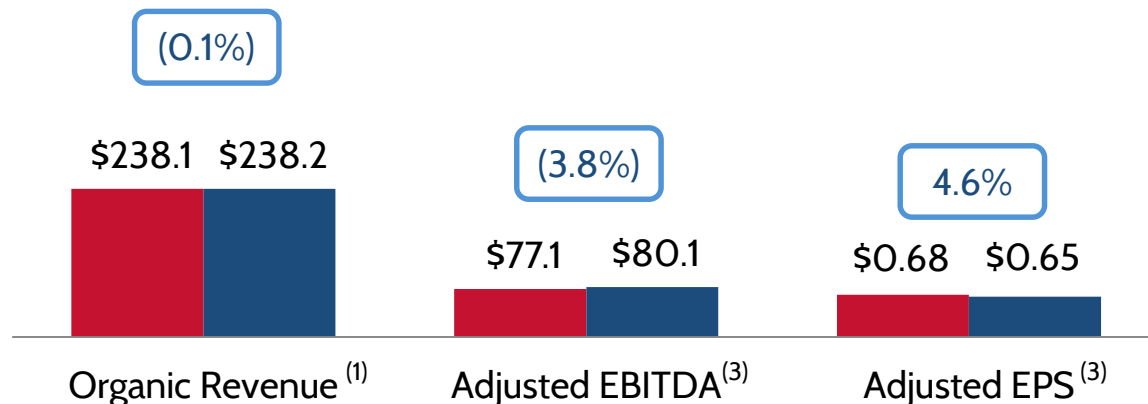
Key Financial Results for Second Quarter & 1H FY 20 Performance

■ Overall financial performance as expected in the quarter:

- Q2 Revenue of \$238.1 million, flat organically⁽¹⁾ vs prior year
- Q2 Adjusted EBITDA⁽³⁾ of \$77.1 million
- Q2 Adjusted EPS⁽³⁾ of \$0.68, an increase of 4.6% vs prior year, and YTD FY 20 Adjusted EPS⁽³⁾ of \$1.33

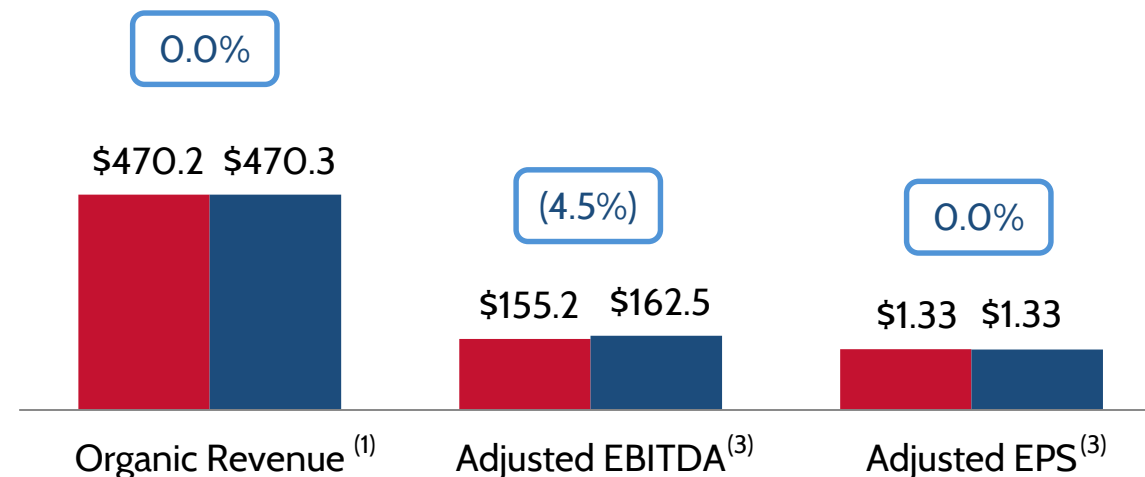
Q2 FY 20

■ Q2 FY 20 ■ Q2 FY 19



YTD FY 20

■ YTD FY 20 ■ YTD FY 19



Dollar values in millions, except per share data.

FY 20 Second Quarter Consolidated Financial Summary

3 Months Ended

6 Months Ended

Comments

| | Q2 FY 20 | Q2 FY 19 | % Chg | Q2 FY 20 | Q2 FY 19 | % Chg |
|--|----------------|----------------|---------------|-----------------|-----------------|----------------|
| Total Revenue | \$ 238.1 | \$ 239.4 | (0.5%) | \$ 470.2 | \$ 493.3 | (4.7%) |
| Adjusted Gross Margin⁽³⁾ | 138.2 | 137.5 | 0.5% | 272.2 | 278.3 | (2.2%) |
| <i>% Margin</i> | 58.0% | 57.4% | | 57.9% | 56.4% | |
| A&P | 38.7 | 37.1 | 4.4% | 73.5 | 74.2 | (0.9%) |
| <i>% Total Revenue</i> | 16.2% | 15.5% | | 15.6% | 15.0% | |
| Adjusted G&A⁽³⁾ | 22.5 | 21.2 | 6.3% | 44.2 | 43.7 | 1.2% |
| <i>% Total Revenue</i> | 9.5% | 8.9% | | 9.4% | 8.9% | |
| D&A (ex. COGS D&A) | 6.2 | 6.8 | (7.9%) | 12.3 | 13.8 | (11.2%) |
| <i>% Total Revenue</i> | 2.6% | 2.8% | | 2.6% | 2.8% | |
| Adjusted Operating Income⁽³⁾ | \$ 70.8 | \$ 72.4 | (2.4%) | \$ 142.2 | \$ 146.6 | (3.0%) |
| <i>% Margin</i> | 29.7% | 30.3% | | 30.2% | 29.7% | |
| Adjusted Earnings Per Share⁽³⁾ | \$ 0.68 | \$ 0.65 | 4.6% | \$ 1.33 | \$ 1.33 | - |
| Adjusted EBITDA⁽³⁾ | \$ 77.1 | \$ 80.1 | (3.8%) | \$ 155.2 | \$ 162.5 | (4.5%) |
| <i>% Margin</i> | 32.4% | 33.5% | | 33.0% | 32.9% | |

- Organic revenue growth approximately flat vs prior year⁽¹⁾
 - Continued destocking at retailers impacting shipments despite strong consumption
- Adjusted Gross Margin⁽³⁾ of 58.0% in Q2, up ~60 bps vs prior year
- A&P was 16.2% of Revenue in Q2, as expected
- Adjusted EBITDA⁽³⁾ percent of Revenue of 33.0% YTD in-line with expectations and prior year

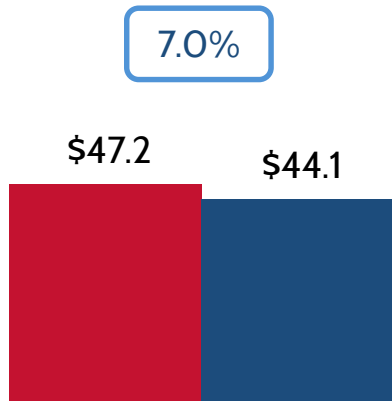
Dollar values in millions, except per share data.

Industry Leading Free Cash Flow Trends

Adjusted Free Cash Flow⁽³⁾

Q2 FY 20

■ Q2 FY 20 ■ Q2 FY 19



Adjusted Free Cash Flow⁽³⁾

1H FY 20

■ 1H FY 20 ■ 1H FY 19



Adjusted Free Cash Flow⁽³⁾

Comments

- Net Debt⁽³⁾ at September 30 of \$1.7 billion; leverage ratio of 5.0x⁽⁴⁾ at end of Q2
 - Target leverage ratio⁽⁴⁾ of 4.7x if remaining year free cash flow is used for debt paydown
- Completed \$50 million opportunistic share repurchase program in Q2
- \$46 million debt paydown YTD
- Commenced transition to new third party logistics provider, still estimate ~\$10 million of non-recurring transition costs for the year

Dollar values in millions.

III. FY 20 Outlook



FY 20 Full Year Organic Outlook Unchanged

Top Line Trends

- Continue to gain market share with consumers and grow categories for retailers
- Prestige's portfolio of need-based brands continues to be well positioned for long-term growth, despite continued inventory reduction at retail
- Expect continued strong international performance

Revenue

- Reported Revenue of \$947 to \$957 million, Organic Revenue⁽¹⁾ expected to be approximately flat
 - Reported Revenue forecast reflects latest currency estimates
 - Expect consumption growth in excess of shipment growth
 - Expect continued retailer de-stocking, particularly in the drug channel

EPS

- Adjusted EPS approximately flat (\$2.76 to \$2.83)⁽⁵⁾

Free Cash Flow & Allocation

- Adjusted Free Cash Flow⁽⁶⁾ of \$200 million or more
- Continue to execute disciplined capital allocation strategy
- Target Leverage Ratio⁽⁴⁾ of 4.7x by fiscal year end

QeA

Appendix

- (1) Organic Revenue is a Non-GAAP financial measure and is reconciled to the most closely related GAAP financial measure in the attached Reconciliation Schedules and / or our earnings release in the “About Non-GAAP Financial Measures” section.
- (2) Total company consumption is based on domestic IRI multi-outlet + C-Store retail sales for the period ending 9-7-19, direct point of sale consumption for certain untracked channels in North America for leading retailers, Australia consumption based on IMS data, and other international net revenues as a proxy for consumption.
- (3) Adjusted Gross Margin, Adjusted G&A, EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Operating Income, Adjusted Net Income, Adjusted EPS, Free Cash Flow, Adjusted Free Cash Flow and Net Debt are Non-GAAP financial measures and are reconciled to their most closely related GAAP financial measures in the attached Reconciliation Schedules and / or in our earnings release in the “About Non-GAAP Financial Measures” section.
- (4) Leverage ratio reflects net debt / covenant defined EBITDA.
- (5) Adjusted EPS for FY 20 is a projected Non-GAAP financial measure, is reconciled to projected GAAP EPS in the attached Reconciliation Schedules and / or in our earnings release in the “About Non-GAAP Financial Measures” section and is calculated based on projected GAAP EPS plus adjustments relating to the integration of our new logistics provider.
- (6) Adjusted Free Cash Flow for FY 20 is a projected Non-GAAP financial measure, is reconciled to projected GAAP Net Cash Provided by Operating Activities in the attached Reconciliation Schedules and / or in our earnings release in the “About Non-GAAP Financial Measures” section and is calculated based on projected Net Cash Provided by Operating Activities less projected capital expenditures plus payments associated with the integration of our new logistics provider.

Reconciliation Schedules

Organic Revenue Growth

| | Three Months Ended Sept. 30, | | Six Months Ended Sept. 30, | |
|---|------------------------------|------------|----------------------------|-------------|
| | 2019 | 2018 | 2019 | 2018 |
| <i>(In Thousands)</i> | | | | |
| GAAP Total Revenues | \$ 238,069 | \$ 239,357 | \$ 470,223 | \$ 493,337 |
| Revenue Growth | <u>(0.5%)</u> | | <u>(4.7%)</u> | |
| <u>Adjustments:</u> | | | | |
| Revenue associated with divestiture | - | - | - | (19,811) |
| Allocated costs that remain after divestiture | - | - | - | (659) |
| Impact of foreign currency exchange rates | - | (1,155) | - | (2,557) |
| Total Adjustments | \$ - | \$ (1,155) | \$ - | \$ (23,027) |
| Non-GAAP Organic Revenues | \$ 238,069 | \$ 238,202 | \$ 470,223 | \$ 470,310 |
| Non-GAAP Organic Revenues Growth | <u>(0.1%)</u> | | <u>- %</u> | |

Reconciliation Schedules (Continued)

Adjusted Gross Margin

| | Three Months Ended Sept. 30, | | Six Months Ended Sept. 30, | |
|---|------------------------------|------------|----------------------------|------------|
| | 2019 | 2018 | 2019 | 2018 |
| <i>(In Thousands)</i> | | | | |
| GAAP Total Revenues | \$ 238,069 | \$ 239,357 | \$ 470,223 | \$ 493,337 |
| GAAP Gross Profit | \$ 136,751 | \$ 137,472 | \$ 270,818 | \$ 278,095 |
| GAAP Gross Profit as a Percentage of GAAP Total Revenue | 57.4% | 57.4% | 57.6% | 56.4% |
| Adjustments: | | | | |
| Transition and other costs associated with new warehouse and divestiture ^(a) | 1,407 | - | 1,407 | 170 |
| Total adjustments | 1,407 | - | 1,407 | 170 |
| Non-GAAP Adjusted Gross Margin | \$ 138,158 | \$ 137,472 | \$ 272,225 | \$ 278,265 |
| Non-GAAP Adjusted Gross Margin as a Percentage of GAAP Total Revenues | 58.0% | 57.4% | 57.9% | 56.4% |

- a) Items related to new warehouse represent costs to transition to the new warehouse and duplicate costs incurred during the transition. Items related to divestiture represent costs related to divesting of assets sold.

Adjusted GeA

| | Three Months Ended Sept. 30, | | Six Months Ended Sept. 30, | |
|--|------------------------------|-----------|----------------------------|-----------|
| | 2019 | 2018 | 2019 | 2018 |
| <i>(In Thousands)</i> | | | | |
| GAAP General and Administrative Expense | \$ 22,514 | \$ 24,034 | \$ 44,220 | \$ 47,975 |
| GAAP General and Administrative Expense as a Percentage of GAAP Total Revenue | 9.5% | 10.0% | 9.4% | 9.7% |
| Adjustments: | | | | |
| Transition and other costs associated with divestiture ^(a) | - | 2,850 | - | 4,272 |
| Total adjustments | - | 2,850 | - | 4,272 |
| Non-GAAP Adjusted General and Administrative Expense | \$ 22,514 | \$ 21,184 | \$ 44,220 | \$ 43,703 |
| Non-GAAP Adjusted General and Administrative Expense Percentage as a Percentage of GAAP Total Revenues | 9.5% | 8.9% | 9.4% | 8.9% |

- a) Items related to divestiture represent costs related to divesting of assets sold including (but not limited to), costs to exit or convert contractual obligations, severance and consulting costs; and certain costs related to the consummation of the divestiture process such as insurance costs, legal and other related professional fees.

Reconciliation Schedules (Continued)

Adjusted EBITDA

| | Three Months Ended Sept. 30, | | Six Months Ended Sept. 30, | |
|---|------------------------------|------------------|----------------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| <i>(In Thousands)</i> | | | | |
| GAAP Net Income | \$ 33,252 | \$ 30,841 | \$ 67,177 | \$ 65,307 |
| Interest expense, net | 24,477 | 27,070 | 49,497 | 53,010 |
| Provision for income taxes | 10,760 | 12,678 | 22,885 | 24,672 |
| Depreciation and amortization | 7,222 | 7,994 | 14,283 | 16,366 |
| Non-GAAP EBITDA | <u>75,711</u> | <u>78,583</u> | <u>153,842</u> | <u>159,355</u> |
| Non-GAAP EBITDA Margin | <u>31.8%</u> | <u>32.8%</u> | <u>32.7%</u> | <u>32.3%</u> |
| Adjustments: | | | | |
| Transition and other costs associated with new warehouse and divestiture in Cost of Goods Sold ^(a) | 1,407 | - | 1,407 | 170 |
| Transition and other costs associated with divestiture in General and Administrative Expense ^(b) | - | 2,850 | - | 4,272 |
| Gain on divestiture | - | (1,284) | - | (1,284) |
| Total adjustments | <u>1,407</u> | <u>1,566</u> | <u>1,407</u> | <u>3,158</u> |
| Non-GAAP Adjusted EBITDA | <u>\$ 77,118</u> | <u>\$ 80,149</u> | <u>\$ 155,249</u> | <u>\$ 162,513</u> |
| Non-GAAP Adjusted EBITDA Margin | <u>32.4%</u> | <u>33.5%</u> | <u>33.0%</u> | <u>32.9%</u> |

- a) Items related to new warehouse represent costs to transition to the new warehouse and duplicate costs incurred during the transition. Items related to divestiture represent costs related to divesting of assets sold.
- b) Items related to divestiture represent costs related to divesting of assets sold including (but not limited to), costs to exit or convert contractual obligations, severance and consulting costs; and certain costs related to the consummation of the divestiture process such as insurance costs, legal and other related professional fees.

Reconciliation Schedules (Continued)

Adjusted Net Income and Adjusted EPS

| | Three Months Ended Sept. 30, | | | | Six Months Ended Sept. 30, | | | |
|---|------------------------------|----------------|------------------|----------------|----------------------------|----------------|------------------|----------------|
| | 2019 | | 2018 | | 2019 | | 2018 | |
| | Net Income | EPS | Net Income | EPS | Net Income | EPS | Net Income | EPS |
| <i>(In Thousands, except per share data)</i> | | | | | | | | |
| GAAP Net Income | \$ 33,252 | \$ 0.65 | \$ 30,841 | \$ 0.59 | \$ 67,177 | \$ 1.31 | \$ 65,307 | \$ 1.24 |
| Adjustments: | | | | | | | | |
| Transition and other costs associated with new warehouse and divestiture in Cost of Goods Sold ^(a) | 1,407 | 0.03 | - | - | 1,407 | 0.03 | 170 | - |
| Transition and other costs associated with divestiture in General and Administrative Expense ^(b) | - | - | 2,850 | 0.05 | - | - | 4,272 | 0.08 |
| Gain on divestiture | - | - | (1,284) | (0.02) | - | - | (1,284) | (0.02) |
| Accelerated amortization of debt origination costs | - | - | 706 | 0.01 | - | - | 706 | 0.01 |
| Tax impact of adjustments ^(c) | (344) | (0.01) | 824 | 0.02 | (344) | (0.01) | 420 | 0.01 |
| Normalized tax rate adjustment ^(d) | - | - | 222 | - | - | - | 415 | 0.01 |
| Total Adjustments | 1,063 | 0.02 | 3,318 | 0.06 | 1,063 | 0.02 | 4,699 | 0.09 |
| Non-GAAP Adjusted Net Income and Adjusted EPS | \$ 34,315 | \$ 0.68 | \$ 34,159 | \$ 0.65 | \$ 68,240 | \$ 1.33 | \$ 70,006 | \$ 1.33 |

Note: Amounts may not add due to rounding.

- a) Items related to new warehouse represent costs to transition to the new warehouse and duplicate costs incurred during the transition. Items related to divestiture represent costs related to divesting of assets sold.
- b) Items related to divestiture represent costs related to divesting of assets sold including (but not limited to), costs to exit or convert contractual obligations, severance and consulting costs; and certain costs related to the consummation of the divestiture process such as insurance costs, legal and other related professional fees.
- c) The income tax adjustments are determined using applicable rates in the taxing jurisdictions in which the above adjustments relate and includes both current and deferred income tax expense (benefit) based on the specific nature of the specific Non-GAAP performance measure.
- d) Income tax adjustment to adjust for discrete income tax items.

Reconciliation Schedules (Continued)

Adjusted Free Cash Flow

| | Three Months Ended Sept. 30, | | Six Months Ended Sept. 30, | |
|--|------------------------------|-----------|----------------------------|-----------|
| | 2019 | 2018 | 2019 | 2018 |
| <i>(In Thousands)</i> | | | | |
| GAAP Net Income | \$ 33,252 | \$ 30,841 | \$ 67,177 | \$ 65,307 |
| Adjustments: | | | | |
| Adjustments to reconcile net income to net cash provided by operating activities as shown in the Statement of Cash Flows | 14,039 | 5,349 | 28,896 | 23,054 |
| Changes in operating assets and liabilities as shown in the Statement of Cash Flows | 2,932 | 3,065 | 6,927 | 6,746 |
| Total Adjustments | 16,971 | 8,414 | 35,823 | 29,800 |
| GAAP Net cash provided by operating activities | 50,223 | 39,255 | 103,000 | 95,107 |
| Purchase of property and equipment | (3,866) | (2,605) | (5,822) | (5,074) |
| Non-GAAP Free Cash Flow | 46,357 | 36,650 | 97,178 | 90,033 |
| Transition and other payments associated with new warehouse and divestiture ^(a) | 810 | 7,429 | 810 | 7,618 |
| Non-GAAP Adjusted Free Cash Flow | \$ 47,167 | \$ 44,079 | \$ 97,988 | \$ 97,651 |

a) Payments related to new warehouse represent costs to transition to the new warehouse and duplicate costs incurred during the transition. Payments related to divestiture represent costs related to divesting of assets sold, including (but not limited to) costs to exit or convert contractual obligations, severance and consulting costs; and certain costs related to the consummation of the divestiture process such as legal and other related professional fees.

Reconciliation Schedules (Continued)

Projected EPS

| | 2020 Projected EPS | |
|--|--------------------|---------|
| | Low | High |
| Projected FY'20 GAAP EPS | \$ 2.61 | \$ 2.68 |
| Adjustments: | | |
| Integration of new logistics provider ^(a) | 0.15 | 0.15 |
| Total Adjustments | 0.15 | 0.15 |
| Projected Non-GAAP Adjusted EPS | \$ 2.76 | \$ 2.83 |

a) Represents costs to integrate our new logistics provider into our operations.

Projected Free Cash Flow

| | 2020 Projected Free Cash Flow |
|--|--|
| <i>(In millions)</i> | |
| Projected FY'20 GAAP Net Cash provided by operating activities | \$ 205 |
| Additions to property and equipment for cash | (15) |
| Projected Non-GAAP Free Cash Flow | 190 |
| Payments associated with integration of new logistics provider | 10 |
| Projected Non-GAAP Adjusted Free Cash Flow | \$ 200 |