

Prestige Consumer HEALTHCARE First Quarter FY 2020 Results August 1st, 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 position, 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; 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 August 1, 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

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Q1 FY 20 Performance Highlights

Revenue of \$232.2 million, flat vs PY on an organic basis⁽¹⁾

Consumption growth of over 2%⁽²⁾ led by core brand portfolio and international growth

EPS of \$0.65, down 4.4% vs Adjusted⁽³⁾ PY Q1, which included profit contribution from Household Cleaning Segment

Free Cash Flow⁽³⁾ of \$50.8 million used to pay down debt and repurchase shares

Solid Financial Performance in Q1 FY 20

Consistent Portfolio Performance

- Q1 Revenue of \$232.2 million, flat versus PY Q1 on an organic basis⁽¹⁾
 - Strong international segment growth led by Australia
 - Consumption growth⁽²⁾ in excess of 2% continues to meaningfully outpace revenue growth

Strong Earnings and FCF

- EPS of \$0.65, down 4.4% versus Adjusted⁽³⁾ PY Q1 which included profit contribution from Household Cleaning
- Gross Margin of 57.7% up 30 bps sequentially vs Q4 FY 19 and up 230 bps since Q1 FY 19
 - Consistent with 2H FY 19 Performance
- Continued solid Free Cash Flow⁽³⁾ of \$50.8 million

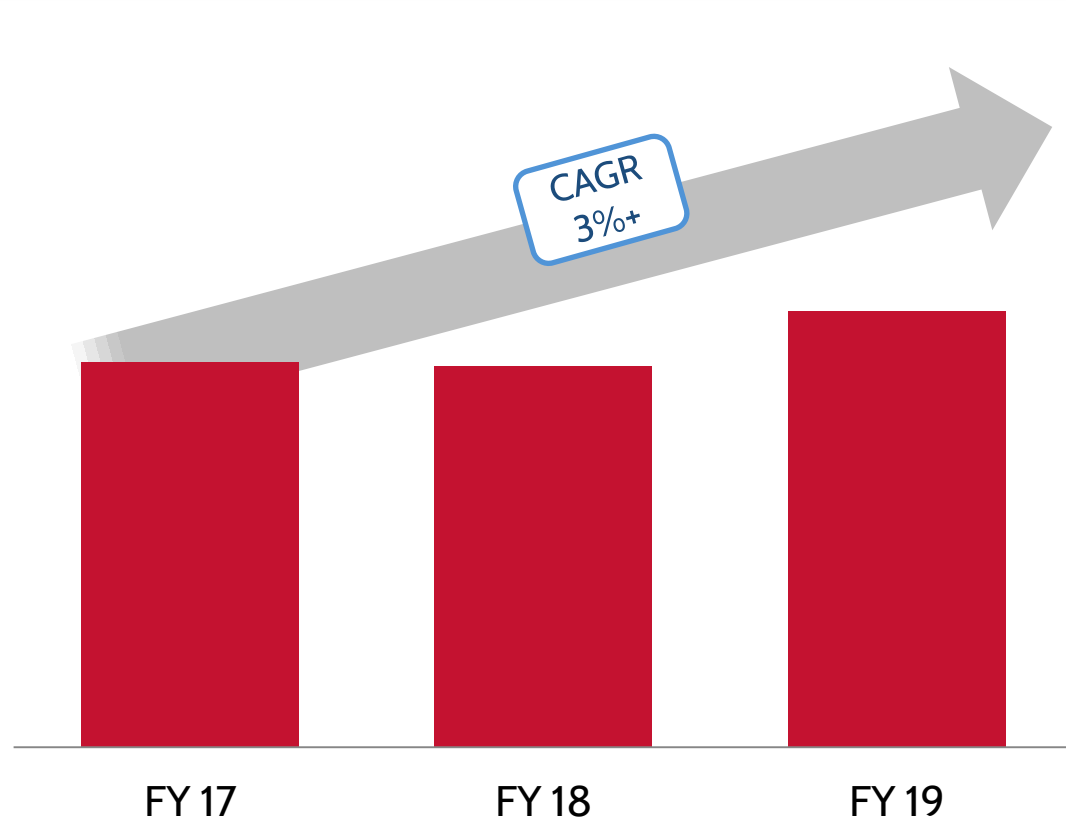
Capital Allocation

- Total debt paydown of \$20 million in the quarter
 - Continued debt paydown enables future capital allocation optionality
- ~\$30 million stock bought back in the quarter

Canada: Maintaining Strong Growth through Long-Term Brand Building and Category Leadership



Solid Top-line Performance*



Market
Leading
Brands



Iconic
Marketing



New
Product
Innovation



*organic growth; in constant CAD and excludes divestitures and Fleet acquisition

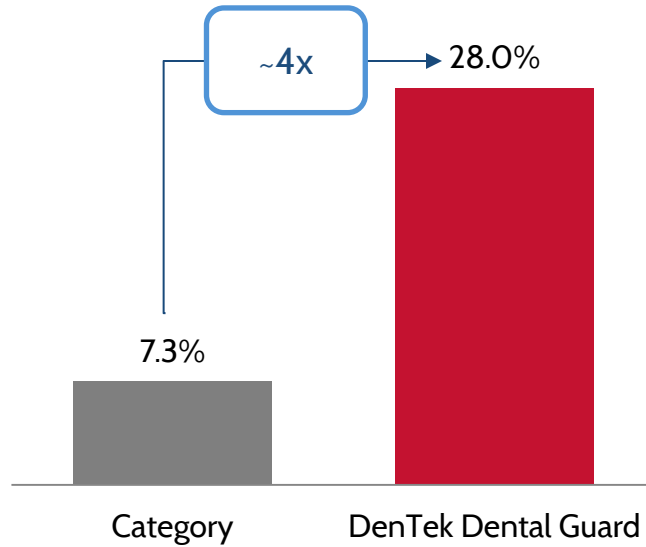
DenTek: Executing on Brand Building Playbook



DenTek Guards Momentum

- Recent innovation driving strong performance at key retailers

FY 20 YTD Consumption Growth⁽²⁾



#1 OTC Dental Guard Brand

Partnering with Key Retailers



Co-developing merchandising strategies to drive category growth



Optimal product mix at key retailers



Educating retailers and collaborating across the fragmented peg set

Key "Peg Set" Partner

Investing For Growth

- Continued Marketing Support



- New Product Innovation



Category Leading Growth

II. Financial Overview

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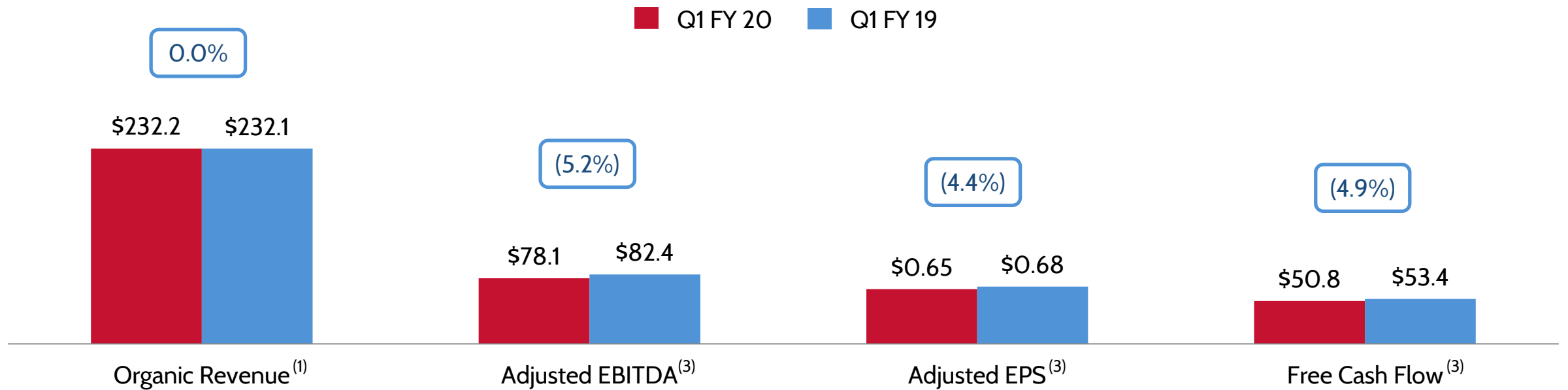
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Key Financial Results for First Quarter Performance

- Overall financial performance in-line with expectations in the quarter vs PY Q1 which included Household Cleaning:

- Revenue of \$232.2 million, flat vs PY on an organic basis⁽¹⁾
- EPS of \$0.65, down 4.4% vs Adjusted⁽³⁾ PY
- Free Cash Flow⁽³⁾ decrease of 4.9% to \$50.8 million



Dollar values in millions, except per share data.

FY 20 First Quarter Consolidated Financial Summary

3 Months Ended

	Q1 FY 20	Q1 FY 19	% Chg
Total Revenue	\$ 232.2	\$ 254.0	(8.6%)
Adjusted Gross Margin⁽³⁾	134.1	140.8	(4.8%)
% Margin	57.7%	55.4%	
A&P	34.8	37.1	(6.3%)
% Total Revenue	15.0%	14.6%	
G&A	21.7	22.5	(3.6%)
% Total Revenue	9.3%	8.9%	
D&A (ex. COGS D&A)	6.1	7.1	(14.3%)
% Total Revenue	2.6%	2.8%	
Adjusted Operating Income⁽³⁾	\$ 71.5	\$ 74.1	(3.5%)
% Margin	30.8%	29.2%	
Adjusted Earnings Per Share⁽³⁾	\$ 0.65	\$ 0.68	(4.4%)
Adjusted EBITDA⁽³⁾	\$ 78.1	\$ 82.4	(5.2%)
% Margin	33.6%	32.4%	

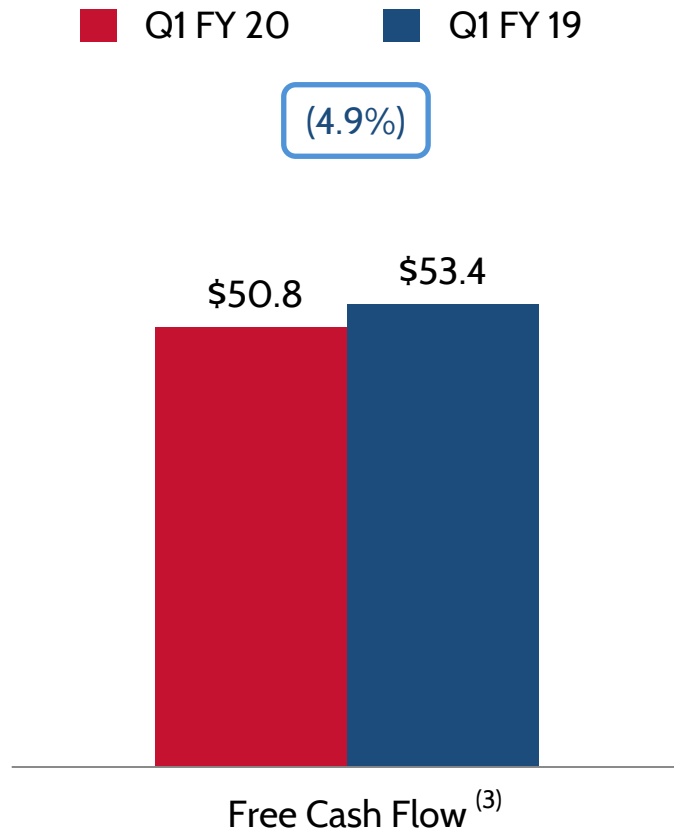
Dollar values in millions, except per share data.

Comments

- Organic Revenue⁽¹⁾ flat vs PY
 - Increased consumption among majority of Core OTC brands and strong International growth
 - Offset by retailer inventory reduction
- Gross Margin of 57.7%, up 230 bps vs PY
 - Consistent with Q4 performance
- A&P of 15.0% of Revenue, as expected
- G&A dollars down slightly in Q1 vs PY
- EPS down 4.4% from Adjusted⁽³⁾ Q1 FY 19

Industry Leading Free Cash Flow Trends

Free Cash Flow



Dollar values in millions.

Comments

- Q1 Free Cash Flow ⁽³⁾ of \$50.8 million, down 4.9% vs PY
 - PY included Household Cleaning Segment
- Net Debt at June 30 of \$1.8 billion⁽³⁾; leverage ratio⁽⁴⁾ of 5.0x at end of Q1
- \$20 million debt paydown in Q1
- \$28.8 million opportunistic share repurchases in Q1
 - Remainder of \$50 million authorized share repurchase program completed in July
- Planned transition to new third-party logistics provider over balance of FY 2020
 - \$10 million in estimated one-time transition cost

III. FY 20 Outlook

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Reaffirming FY 20 Full Year Outlook: Staying the Strategic Course to Create Value

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 macro headwinds at retail

Revenue

- Reported Revenue of \$951 to \$961 million, Organic Revenue expected to be approximately flat
 - 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⁾
 - Expected EPS growth concentrated in 2H FY 20

Free Cash Flow & Allocation

- Adjusted Free Cash Flow of \$200 million⁽⁶⁾ or more
- Continue to execute disciplined capital allocation strategy

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 6-16-19, 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, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Operating Income, Adjusted Net Income, Adjusted EPS, 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 Jun. 30,	
	2019	2018
<i>(In Thousands)</i>		
GAAP Total Revenues	\$ 232,154	\$ 253,980
Revenue Growth	<u>(8.6%)</u>	
<u>Adjustments:</u>		
Revenues associated with divestiture	-	(19,811)
Allocated costs that remain after divestiture	-	(659)
Impact of foreign currency exchange rates	-	(1,402)
Total adjustments	-	(21,872)
Non-GAAP Organic Revenues	\$ 232,154	\$ 232,108
Non-GAAP Organic Revenue Growth	<u>- %</u>	

Reconciliation Schedules Cont'd

Adjusted Gross Margin

	Three Months Ended Jun. 30,	
	2019	2018
<i>(In Thousands)</i>		
GAAP Total Revenues	\$ 232,154	\$ 253,980
GAAP Gross Profit	\$ 134,067	\$ 140,623
GAAP Gross Profit as a Percentage of GAAP Total Revenue	57.7%	55.4%
<u>Adjustments:</u>		
Transition and other costs associated with divestiture	-	170
Total adjustments	-	170
Non-GAAP Adjusted Gross Margin	\$ 134,067	\$ 140,793
Non-GAAP Adjusted Gross Margin as a Percentage of GAAP Total Revenues	57.7%	55.4%

Adjusted Ge/A

	Three Months Ended Jun. 30,	
	2019	2018
<i>(In Thousands)</i>		
GAAP General and Administrative Expense	\$ 21,706	\$ 23,941
GAAP General and Administrative Expense as a Percentage of GAAP Total Revenue	9.3%	9.4%
<u>Adjustments:</u>		
Transition and other costs associated with divestiture	-	1,422
Total adjustments	-	1,422
Non-GAAP Adjusted General and Administrative Expense	\$ 21,706	\$ 22,519
Non-GAAP Adjusted General and Administrative Expense Percentage as a Percentage of GAAP Total Revenues	9.3%	8.9%

Reconciliation Schedules Cont'd

Adjusted EBITDA

	Three Months Ended Jun. 30,	
	2019	2018
<i>(In Thousands)</i>		
GAAP Net Income	\$ 33,925	\$ 34,466
Interest expense, net	25,020	25,940
Provision for income taxes	12,125	11,994
Depreciation and amortization	7,061	8,372
Non-GAAP EBITDA	<u>78,131</u>	<u>80,772</u>
Non-GAAP EBITDA Margin	<u>33.7%</u>	<u>31.8%</u>
<i>Adjustments:</i>		
Transition and other costs associated with divestiture in Cost of Goods Sold	-	170
Transition and other costs associated with divestiture in General and Administrative Expense	-	1,422
Total adjustments	-	1,592
Non-GAAP Adjusted EBITDA	<u>\$ 78,131</u>	<u>\$ 82,364</u>
Non-GAAP Adjusted EBITDA Margin	<u>33.7%</u>	<u>32.4%</u>

Adjusted Net Income and Adjusted EPS

	Three Months Ended Jun. 30,			
	2019		2018	
	Net Income	EPS	Net Income	EPS
<i>(In Thousands, except per share data)</i>				
GAAP Net Income	\$ 33,925	\$ 0.65	\$ 34,466	\$ 0.65
<i>Adjustments:</i>				
Transition and other costs associated with divestiture in Cost of Goods Sold	-	-	170	-
Transition and other costs associated with divestiture in General and Administrative Expense	-	-	1,422	0.03
Tax impact of adjustments	-	-	(404)	-
Normalized tax rate adjustment	-	-	193	-
Total Adjustments	-	-	1,381	0.03
Non-GAAP Adjusted Net Income and Adjusted EPS	<u>\$ 33,925</u>	<u>\$ 0.65</u>	<u>\$ 35,847</u>	<u>\$ 0.68</u>

Reconciliation Schedules Cont'd

Adjusted Free Cash Flow

	Three Months Ended Jun. 30,	
	2019	2018
<i>(In Thousands)</i>		
GAAP Net Income	\$ 33,925	\$ 34,466
<u>Adjustments:</u>		
Adjustments to reconcile net income to net cash provided by operating activities as shown in the Statement of Cash Flows	14,857	17,705
Changes in operating assets and liabilities as shown in the Statement of Cash Flows	3,995	3,681
Total Adjustments	18,852	21,386
GAAP Net cash provided by operating activities	52,777	55,852
Purchase of property and equipment	(1,956)	(2,469)
Non-GAAP Free Cash Flow	50,821	53,383
Transition and other payments associated with divestiture	-	189
Non-GAAP Adjusted Free Cash Flow	\$ 50,821	\$ 53,572

Reconciliation Schedules Cont'd

Projected Adjusted Free Cash Flow

	<u>2020 Projected Free Cash Flow</u>
<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
Non-GAAP Adjusted Free Cash Flow	<u>\$ 200</u>

Projected Adjusted EPS

	<u>Low</u>	<u>High</u>
Projected FY'20 GAAP EPS	\$ 2.61	\$ 2.68
<u>Adjustments:</u>		
Integration of new logistics provider	0.15	0.15
Total Adjustments	0.15	0.15
Projected Non-GAAP Adjusted EPS	<u>\$ 2.76</u>	<u>\$ 2.83</u>