



TreeHouse

# BARCLAYS GLOBAL CONSUMER STAPLES CONFERENCE

Steve Oakland, CEO & President  
Matthew Foulston, EVP & CFO

SEPTEMBER 4, 2019

# FORWARD LOOKING STATEMENTS

From time to time, we and our representatives may provide information, whether orally or in writing, including certain statements in this Quarterly Report on Form 10-Q, which are deemed to be “forward-looking” within the meaning of the Private Securities Litigation Reform Act of 1995 (the “Litigation Reform Act”). These forward-looking statements and other information are based on our beliefs as well as assumptions made by us using information currently available.

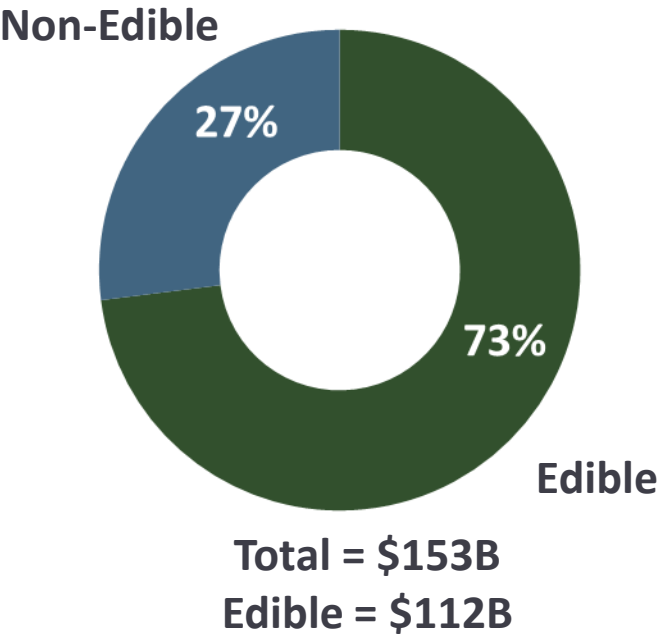
The words “anticipate,” “believe,” “estimate,” “project,” “expect,” “intend,” “plan,” “should,” and similar expressions, as they relate to us, are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to certain risks, uncertainties, and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected, or intended. We do not intend to update these forward-looking statements following the date of this report.

In accordance with the provisions of the Litigation Reform Act, we are making investors aware that such forward-looking statements, because they relate to future events, are by their very nature subject to many important factors that could cause actual results to differ materially from those contemplated by the forward-looking statements contained in this presentation and other public statements we make. Such factors include, but are not limited to: our level of indebtedness and related obligations; disruptions in the financial markets; interest rates; changes in foreign currency exchange rates; customer consolidation; raw material and commodity costs; competition; our ability to continue to make acquisitions in accordance with our business strategy; changes and developments affecting our industry, including consumer preferences; the outcome of litigation and regulatory proceedings to which we may be a party; product recalls; changes in laws and regulations applicable to us; disruptions in or failures of our information technology systems; and labor strikes or work stoppages; and other risks that are set forth in the Risk Factors section, the Legal Proceedings section, the Management’s Discussion and Analysis of Financial Condition and Results of Operations section, and other sections of our Quarterly Reports on Form 10-Q and our Annual Report on Form 10-K for the year ended December 31, 2018, and from time to time in our filings with the Securities and Exchange Commission.



# U.S. PRIVATE LABEL REPRESENTS A CONTINUED GROWTH OPPORTUNITY

2018 U.S. Private Label Market  
Size by Category

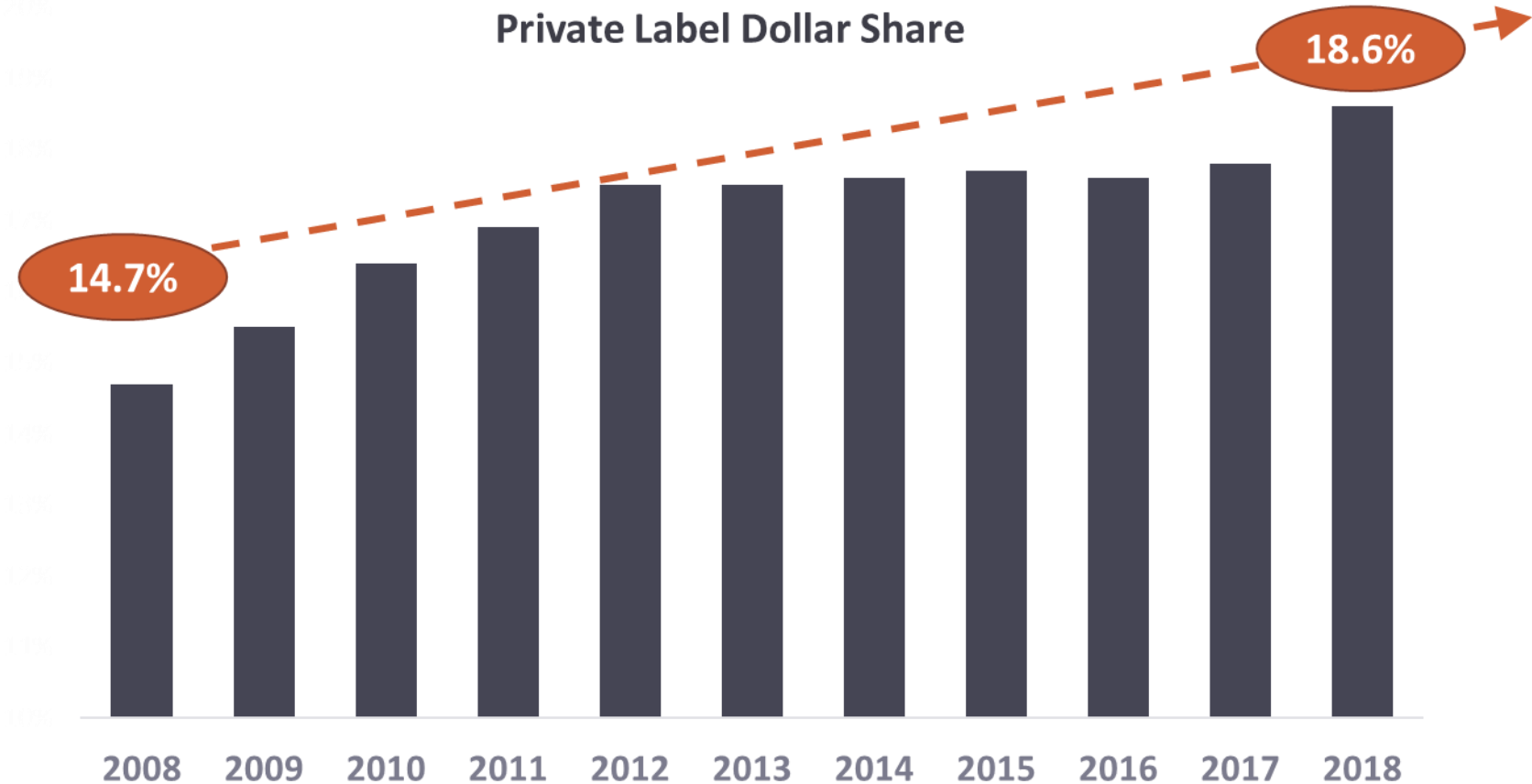


Source: Total US, IRI Mulo+C (Food, Drug, Mass, Club [ex Costco], Dollar, Military), UPC coded products



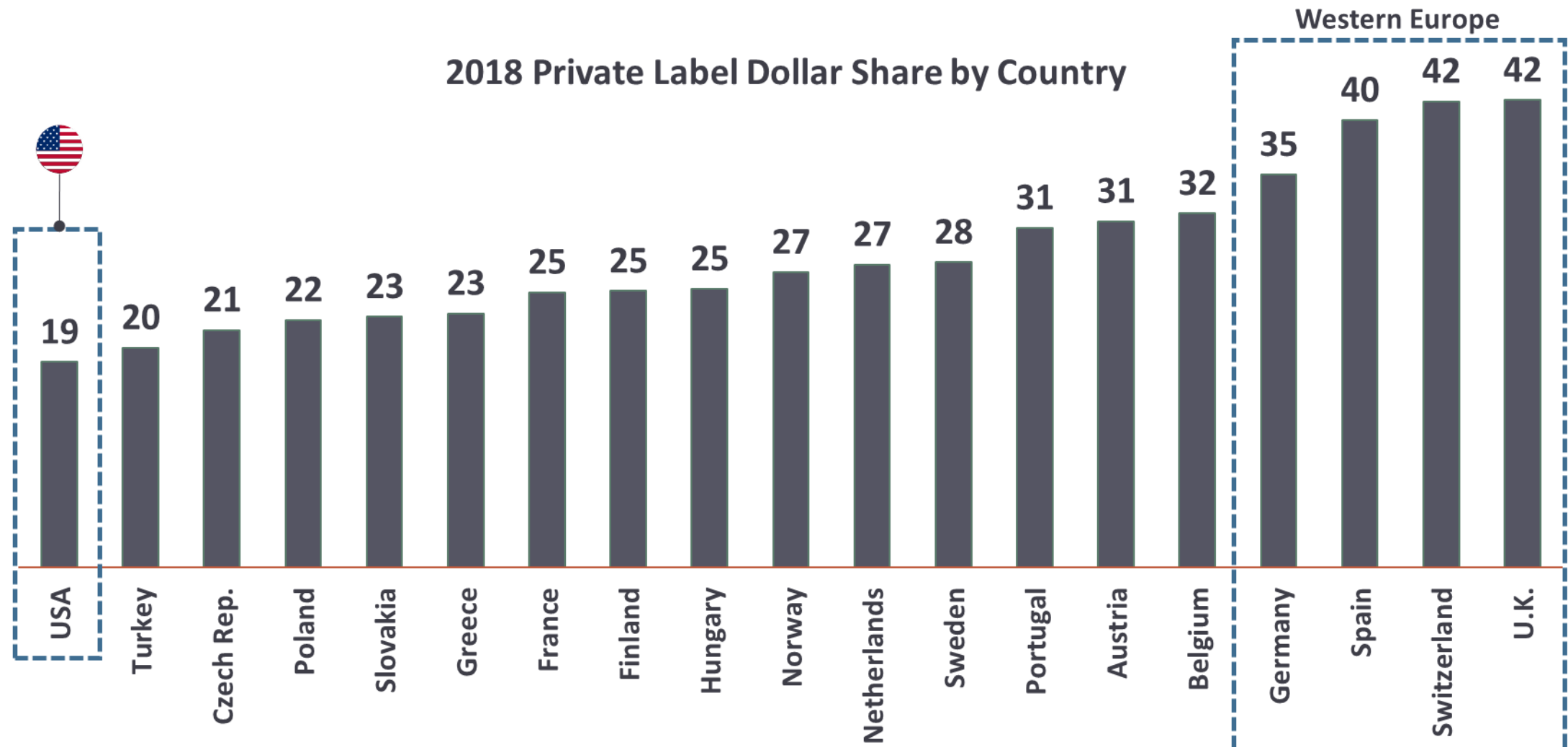
TreeHouse

Private Label Dollar Share



Source: MULO+C IRI, Consumer Edge. Excludes commodity categories such as dairy and bread.

# EUROPEAN PRIVATE LABEL PENETRATION INDICATES UPSIDE OPPORTUNITY



Source: PLMA 2019 Playbook (Nielsen)



# PRIVATE LABEL MARKET DRIVERS

## DEMOGRAPHICS

- Millennials are the largest population with expected growth through 2036
- Millennials are more inclined to purchase private label than any demographic
- Millennials are driving the growth of newer, smaller, more premium brands

## RETAIL LANDSCAPE

- Competition continues to intensify
- Ongoing margin pressure
- New entrants and formats
- E-commerce

## ECONOMY

- Consumer confidence on the rise?

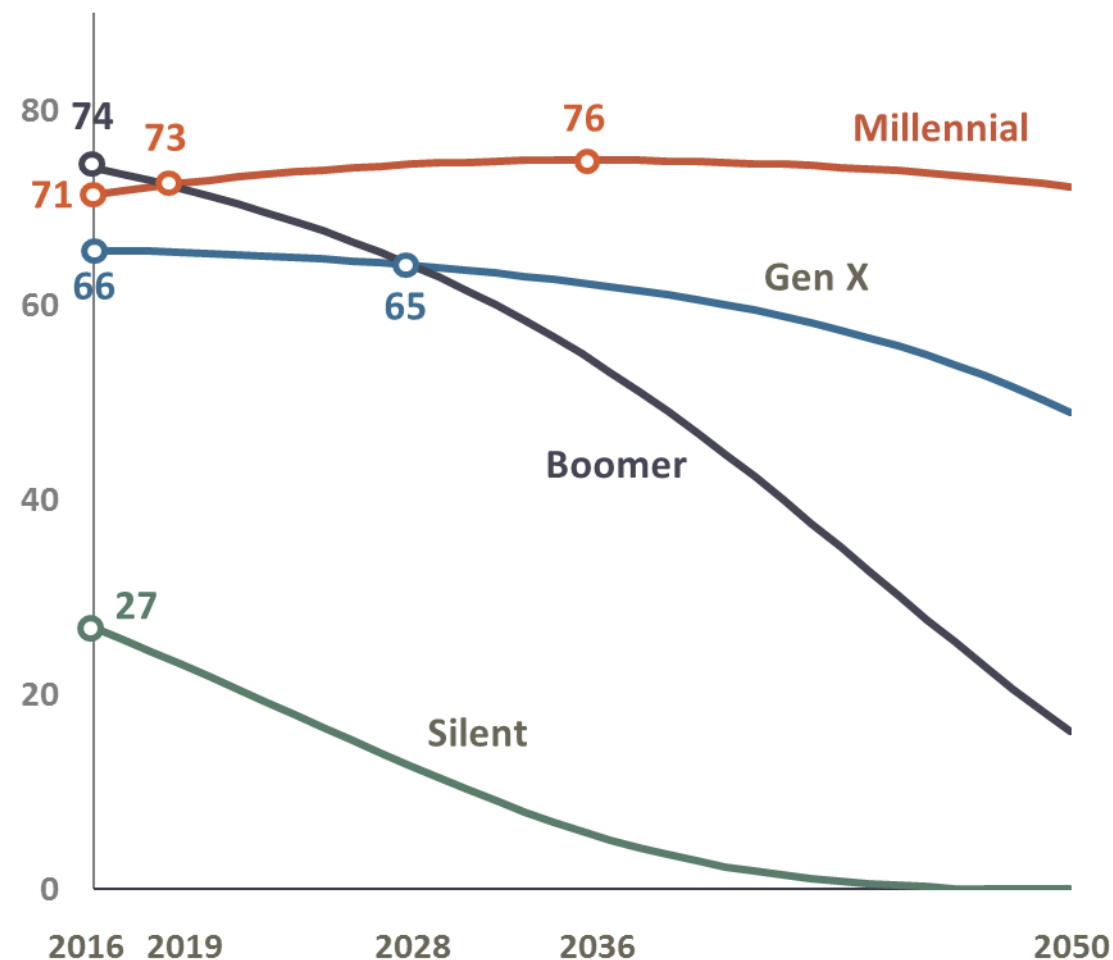
OR

- Is a recession imminent?

**PRIVATE LABEL IS KEY TO RETAILERS' SUCCESS**

**THIS YEAR, THE  
POPULATION OF  
MILLENNIALS  
SURPASSED  
BABY BOOMERS.  
GROWTH  
CONTINUES  
THROUGH 2036.**

**Projected U.S. Population by Generation**  
(in millions)







# PRIVATE LABEL OFFERS MEANINGFUL ECONOMIC VALUE FOR FOOD RETAILERS



Source: William Blair

# PRIVATE LABEL CAN MEET RETAILERS' GOALS AND IS AN INCREASINGLY IMPORTANT PART OF THEIR STRATEGY

|   |                                    | Hard<br>discounter | Value | Traditional<br>grocer | Club Store | Specialty/<br>Premium | E-commerce |
|---|------------------------------------|--------------------|-------|-----------------------|------------|-----------------------|------------|
|    | Drive loyalty and<br>store traffic |                    | ✓     | ✓                     | ✓          | ✓                     |            |
|    | Value                              | ✓                  | ✓     | ✓                     | ✓          | ✓                     | ✓          |
|    | Higher profit margin               | ✓                  | ✓     | ✓                     | ✓          | ✓                     | ✓          |
|  | Experience                         |                    |       |                       |            | ✓                     | ✓          |



# PRIVATE LABEL PERFORMS WELL DURING RECESSIONARY PERIODS

Annual Percentage Change in Private Label Value Market Share



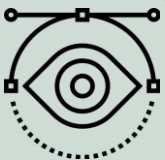
 Recessionary Period

# A NEW TREEHOUSE



## PURPOSE

Make high quality food and beverages affordable to all



## VISION

Be the undisputed solutions leader for custom brands



## MISSION

Create value as our customers' preferred manufacturing and distribution partner providing thought leadership, superior innovation and a relentless focus on execution



# THE JOURNEY TO GROWTH

## Operational Excellence Is Delivering Improved Service Levels



## We Made Material Progress in Q2

- ✓ Announced Snacks and RTE cereal divestitures make up the majority of **Portfolio Optimization** initiatives
- ✓ Launched **Commercial Excellence** Organization
- ✓ Successfully shared Our Values across the **People & Talent** of our organization



## Execution

- Stabilized the business and improved service levels
- Simplified the portfolio
- Designed and launched the organization with shared purpose, vision and mission

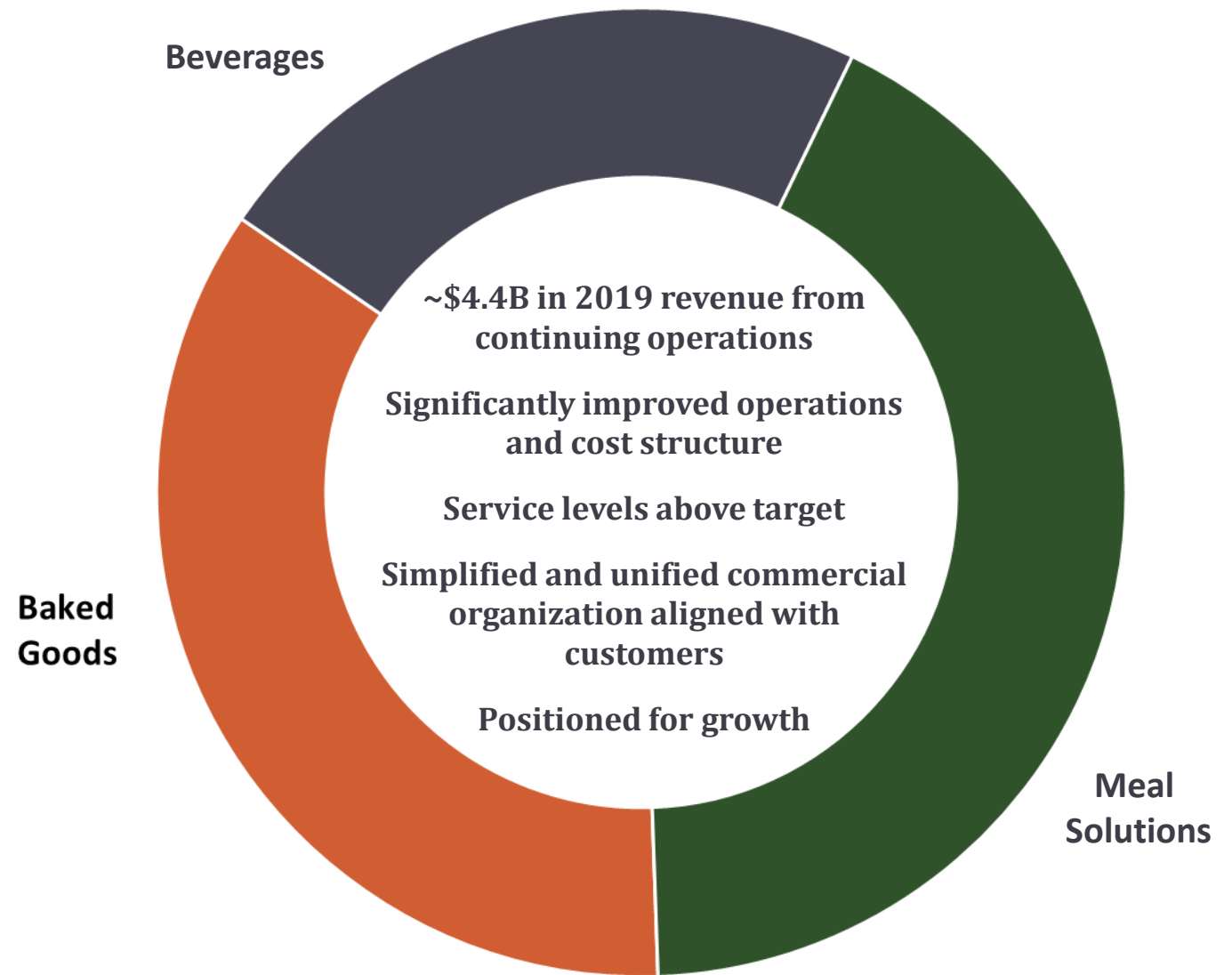
## Ready for Growth

Last 24 months

Q2 2019

Looking Ahead

**PORTFOLIO  
OPTIMIZATION  
WORK HAS  
RESULTED IN A  
MORE  
STREAMLINED  
AND FOCUSED  
TREEHOUSE**



# OUR PORTFOLIO IS UNMATCHED ACROSS THE PRIVATE LABEL INDUSTRY

| BAKED GOODS        |     |          |     |
|--------------------|-----|----------|-----|
| Refrigerated Dough | 🏆 🌿 | Cookies  | 🌿   |
| Griddle            | 🏆 🌿 | Bars     | 🏆 🌿 |
| In-Store Bakery    | 🌿   | Crackers | 🏆 🌿 |
| Pita               | 🌿   | Other    |     |
| Pretzels           | 🏆 🌿 |          |     |

| BEVERAGES          |     |
|--------------------|-----|
| Creamers           | 🏆 🌿 |
| Powdered Beverages | 🏆 🌿 |
| SS Beverages       | 🏆 🌿 |
| Liquid Beverages   | 🌿   |
| Broth              | 🏆 🌿 |
| Tea                | 🌿   |
| Other Blends       | 🌿   |

| MEAL SOLUTIONS      |     |                |     |
|---------------------|-----|----------------|-----|
| Pickles             | 🏆 🌿 | Pasta          | 🏆 🌿 |
| Pourable Dressings  | 🏆 🌿 | Dry Dinners    | 🏆 🌿 |
| Preserves           | 🏆 🌿 | Boullion       | 🏆   |
| Tomato Sauces       | 🌿   | Hot Cereal     | 🏆 🌿 |
| Spoonable Dressings | 🌿   | Syrups         | 🌿   |
| Salsa               | 🏆 🌿 | Cheese/Pudding |     |
| Sauces              | 🌿   |                |     |

🏆 Indicates an area where we are #1 in private label

🌿 Indicates clean label or better-for-you offerings

WE BELIEVE WE HAVE PRIVATE LABEL LEADERSHIP POSITIONS IN 17 OF 29 CATEGORIES  
WE OFFER CLEAN LABEL AND BETTER-FOR-YOU IN 26 OF 29 CATEGORIES



# BROAD RANGE OF FOOD AND BEVERAGE OFFERINGS FOR ALL EATING OCCASIONS

## MORNING



Spice up breakfast eggs with our **picante sauce**.

Top our **waffles** with one of our **fruit sauces** for a breakfast your customers will love!

Our **steel-cut oats** make a hearty breakfast!



**Cheese sauce** and **salsa** are great additions to any omelet.



You can do amazing things with our **grits**!

Add one of our **organic smoothies** to your menu!



Serve our **single-serve coffees** all day!



Pair our **artisan breads** with any entrée.



We offer a selection of **tea** you can serve all day!



## NOON



Our wide selection of **salad dressings** will make salads taste great!



Mix up one of our **tasty puddings**!



We have an offering of **cookies** to please everyone.

Our **pasta** and **cheese sauce** combine in creamy mac 'n cheese!



Serve a delicious slice of our **cake**!

## EVENING



Brush our **sauc**es on wings and much more, then add one of our **dressings** or **dips** for fantastic appetizers!

We have **artisan breads** for any sandwich.

Our **BBQ sauce** and **pickles** are natural companions!



A great sandwich needs a **great pickle**!



**Peppers** make a sandwich great!



**Salsas** and **peppers** make great sides!



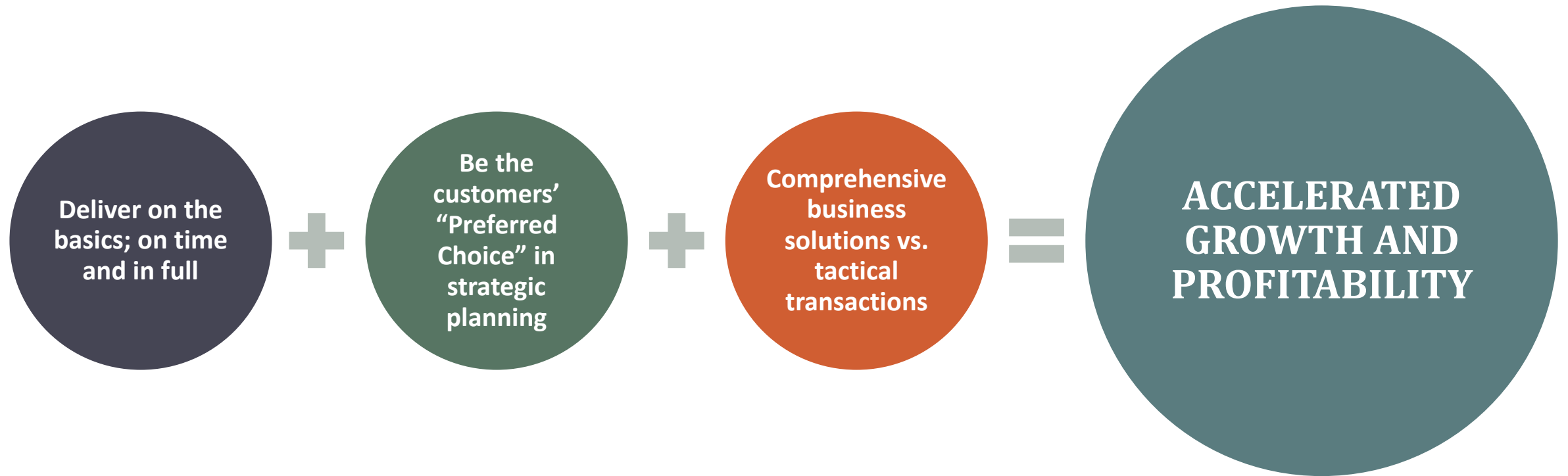
Add our sweet, delicious **cocoas** and **cappuccinos** to any meal!



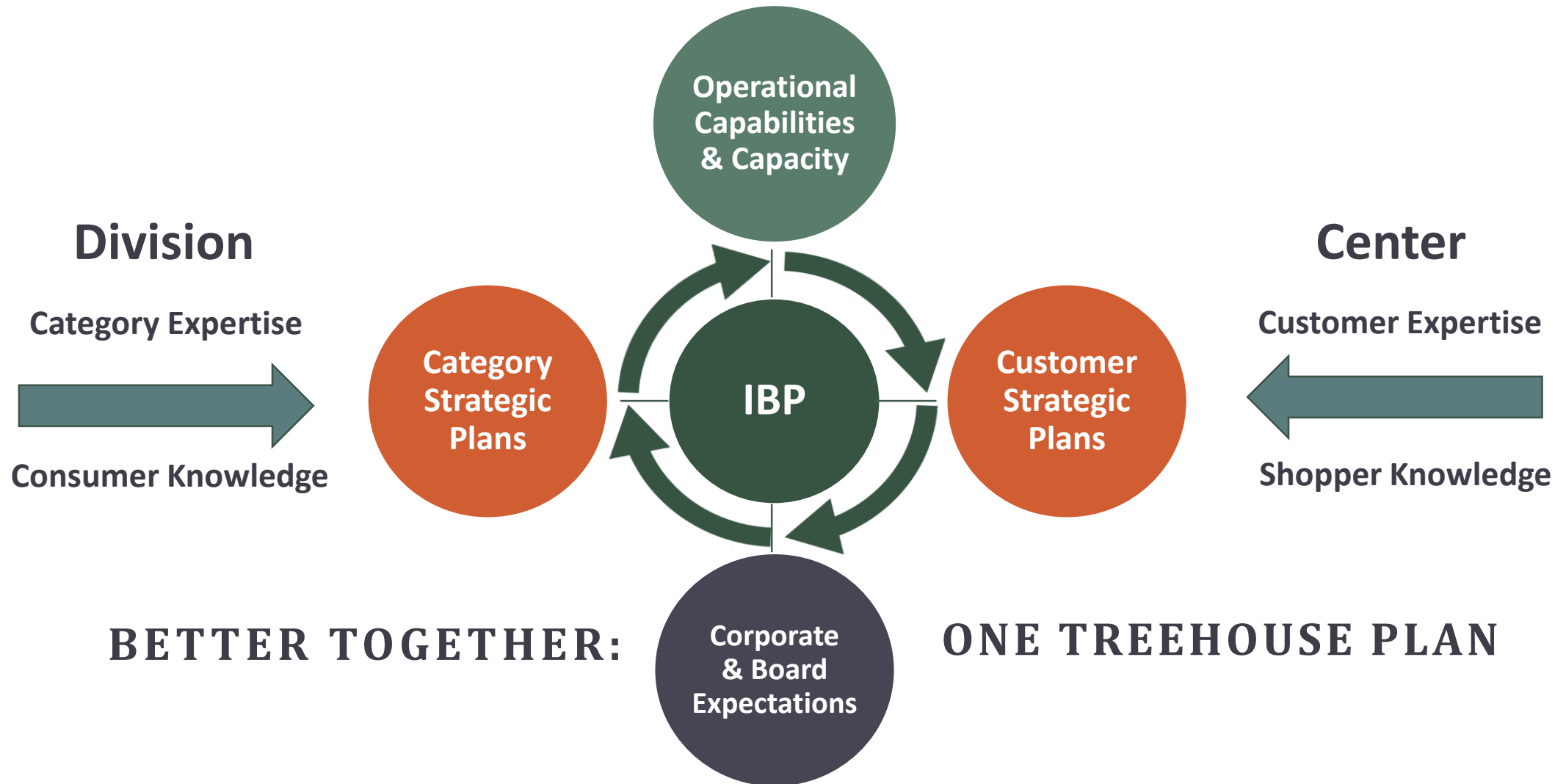
Dip, top or add our **cheese sauce** to an entrée or appetizer.



# COMMERCIAL EXCELLENCE CAN DRIVE ACCELERATED GROWTH AND PROFITABILITY



# INTEGRATED BUSINESS PLANNING (IBP)



# ~\$3B READY-TO-DRINK COFFEE CATEGORY REPRESENTS A SIGNIFICANT OPPORTUNITY

Est. RTD Coffee Category

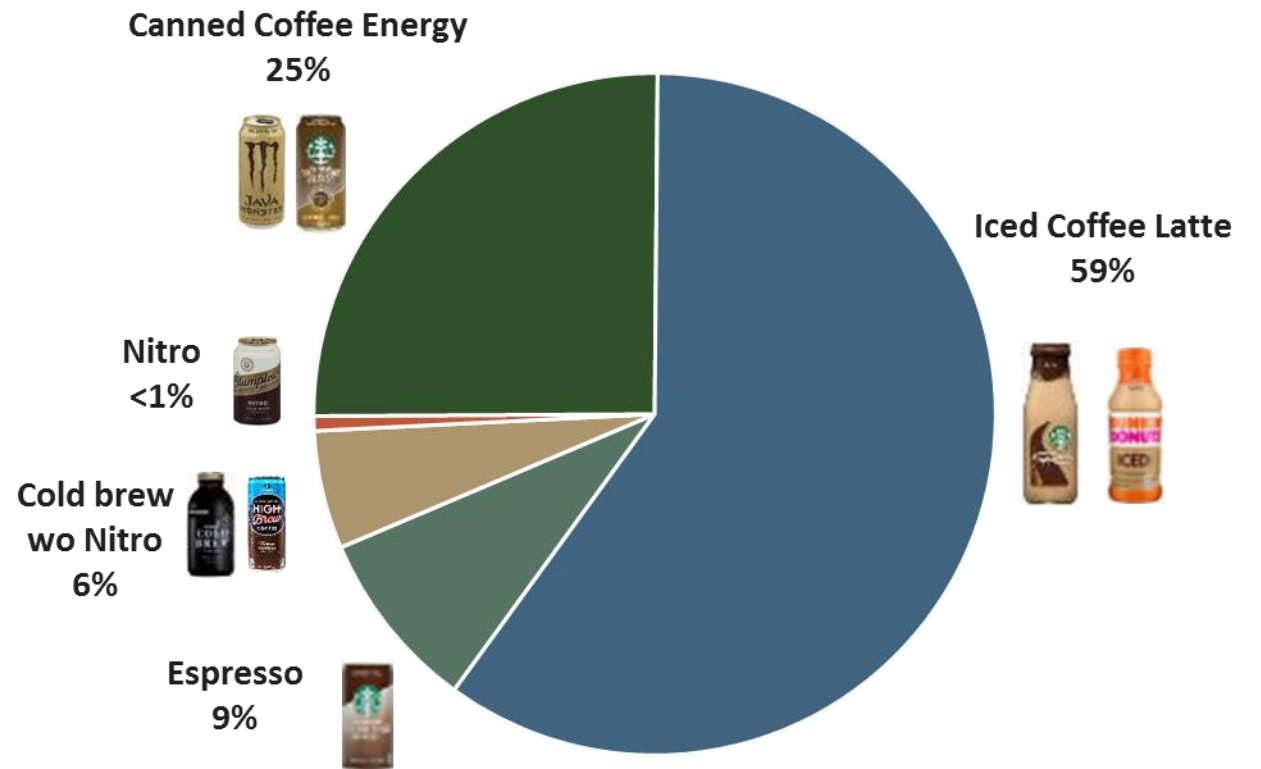
**~\$3B** P52W  
Including C-Store

Growing at

**9%** Versus  
YA

ONLY  
**1.8%**  
PRIVATE LABEL

## Sub-category Dollar Sales



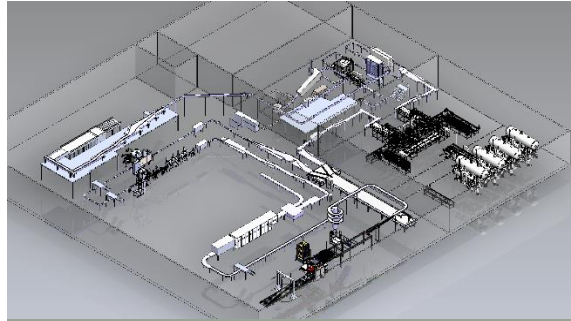
Source: IRI Total US - Multi Outlet - Latest 52 Weeks ending 08-18-19

# STATE OF THE ART READY-TO-DRINK CAPABILITIES ACROSS MULTIPLE FORMATS



## AGILE INNOVATION AND R&D CAPABILITIES

- ✓ Equal-to or better-than national brand with expertise on “clean” ingredients
- ✓ Technical expertise from benchtop through manufacturing
- ✓ Scalable sample capability



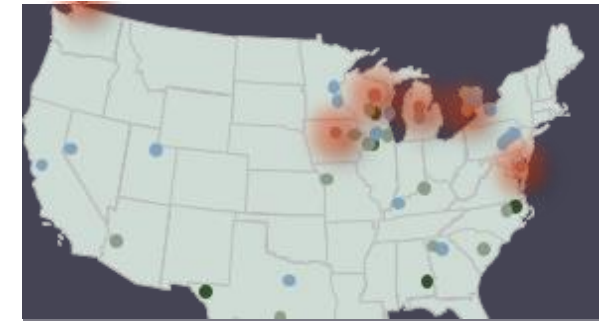
## HIGH SPEED PRODUCTION AND PACKAGING FLEXIBILITY

- ✓ Glass bottles
- ✓ Aluminum cans
- ✓ Nitro cold brew
- ✓ Wide range of sizes and pack configurations



## BEST-IN-CLASS WATER IMMERSION ROTARY RETORT

- ✓ Specific for beverage product types
- ✓ Flood system and rotation reduces heat impact to finished product
- ✓ More gentle and consistent overall cook process



## ESTABLISHED SUPPLY CHAIN NETWORK

- ✓ Leverage THS manufacturing and distribution network
- ✓ Ensure quality and supply by utilizing existing, qualified vendors and ingredients across the other beverage categories





# SUMMARY



**Private label is large and growing**

**Underlying demographic and retail landscape support continued growth of private label**

**Private label has historically benefited from accelerated growth during economic recessions**



**TreeHouse is stronger today due to Operational Excellence progress**

**Service levels are the highest in the last two years**

**Our portfolio and capabilities are unmatched across the private label industry**



**THS2020 and Lean initiatives will continue to strengthen our organization and embed a continuous improvement mindset**

**The launch of our Commercial Organization continues our efforts to build customer connections and accelerate growth**

**We remain committed to People & Talent in order to drive the organization forward**







TreeHouse

**MATTHEW FOULSTON**

**EVP & CHIEF FINANCIAL OFFICER**

# STRATEGIC GROWTH GOALS BEYOND 2019

## REVENUE GROWTH



**1-2%**  
organic

## ADJUSTED EPS GROWTH



**$\geq 10\%$**

## CASH GENERATING CAPABILITY



**~\$300** million



# 2019 GUIDANCE FROM CONTINUING OPERATIONS

|                               | FY 2019 Guidance from Continuing Operations |
|-------------------------------|---|
| Net Sales                     | \$ 4.29 - \$ 4.49 b                         |
| Adjusted EBIT                 | \$ 275 - \$ 300 m                           |
| Adjusted EBIT Margin          | 6.4 % - 6.7 %                               |
| Depreciation and Amortization | \$ 200 - \$ 210 m                           |
| Net Interest Expense          | \$ 103 - \$ 108 m                           |
| Tax Rate                      | 22 % - 23 %                                 |
| Adjusted Diluted EPS          | \$ 2.33 - \$2.63                            |
| Capital Expenditures          | ~ \$170 m                                   |
| Free Cash Flow <sup>1</sup>   | \$ 160 - \$190 m                            |

|  | Q3 19 Guidance from Continuing Operations |
|--|---|
| Net Sales                              | \$ 1.04 - \$1.14 b                        |
| Net Interest Expense                   | \$ 25 - \$27 m                            |
| Tax Rate                               | 23 - 24 %                                 |
| Diluted EPS from continuing operations | \$ 0.52 - \$0.62                          |

<sup>1</sup> Free cash flow is defined as operating cash flow less capital expenditures.

# FY19 GUIDANCE FROM CONTINUING OPERATIONS DEMONSTRATES MEANINGFUL MARGIN EXPANSION

|                   | FY 2019 Guidance<br>from Continuing<br>Operations<br>(midpoint) | Impact of Snacks<br>and RTE<br>divestitures |
|-------------------|---|---|
| Sales             | \$4,390 m   | (\$900) m                                   |
| Adj EBIT          | 288   |   |
| Adj EBIT margin   | 6.55 %  | 125 bps                                     |
| Adj EBITDA        | 493   |   |
| Adj EBITDA margin | 11.22 %   | 174 bps                                     |
| Adj EPS           | \$2.48  | \$0.13                                      |

- Smaller, higher margin business
- Net \$0.13 EPS accretion
- Provides ability to de-lever
- New baseline for organic and acquisitive growth
- Allows us to focus our resources on fewer, better margin expansion efforts





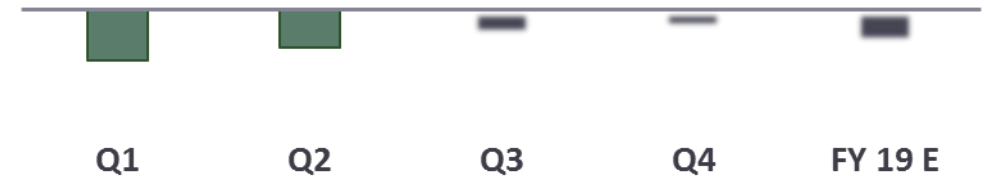
# SLIGHT GROWTH IN Q4 19 DRIVEN BY BEVERAGE GROWTH AND BETTER RELATIVE PERFORMANCE IN BAKED GOODS AND MEAL SOLUTIONS

YEAR-OVER-YEAR TOTAL VOLUME GROWTH <sup>1</sup>  
FROM CONTINUING OPERATIONS



<sup>1</sup> Excludes SKU rationalization and divestitures

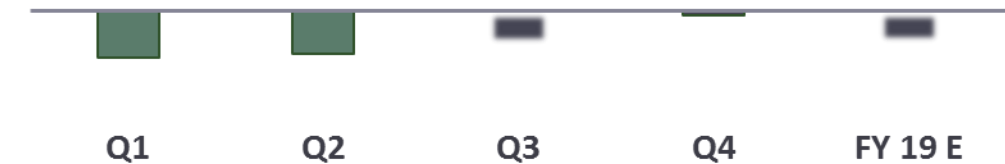
Baked Goods <sup>1</sup>



Beverages <sup>1</sup>

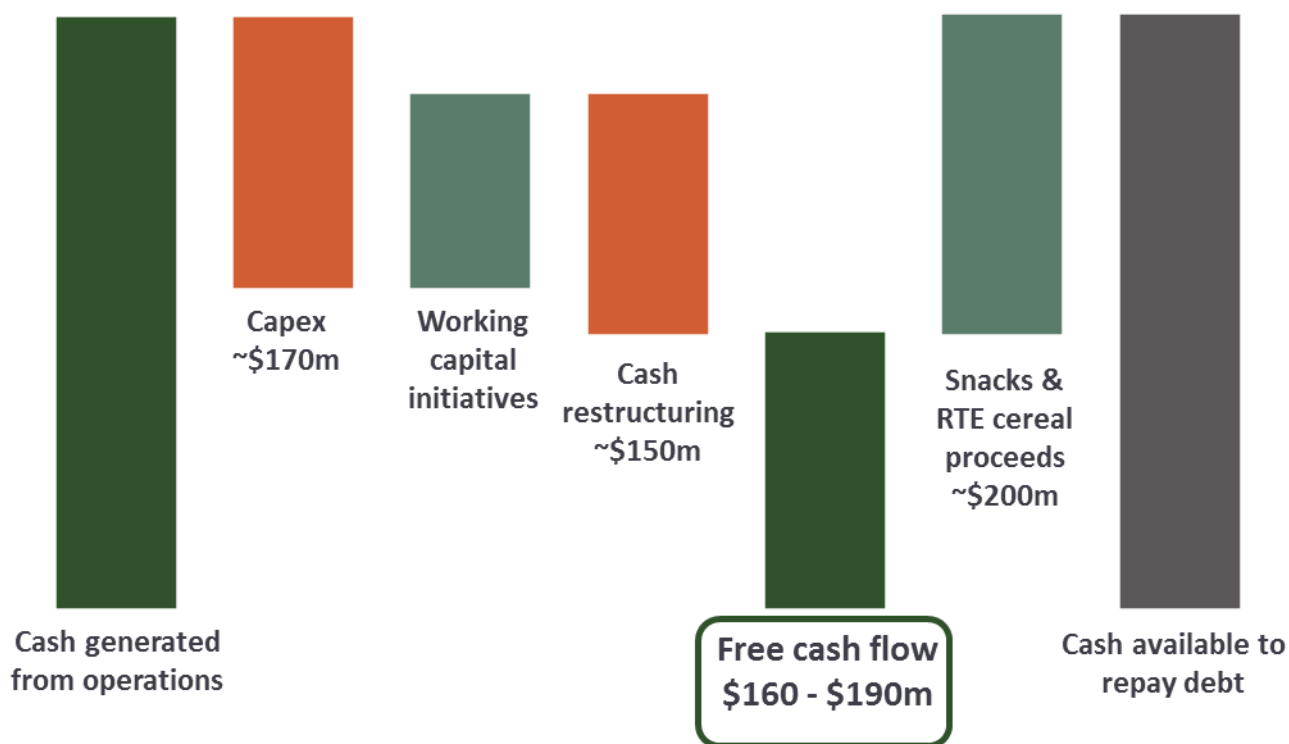


Meal Solutions <sup>1</sup>

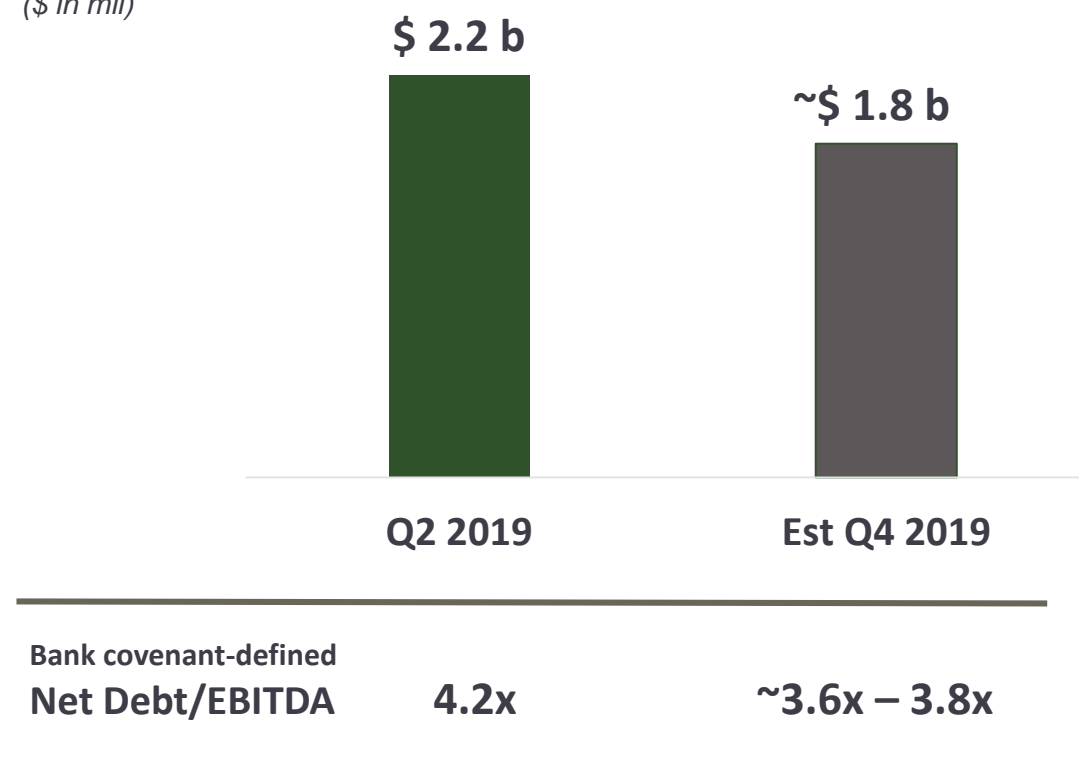


# 2019 FREE CASH FLOW IS EXPECTED TO REDUCE NET DEBT BY ~\$400M BY YEAR END

## 2019 Cash Flow Outlook



## Net Debt <sup>1</sup> (\$ in mil)



<sup>1</sup> Net debt is defined as total outstanding debt excluding deferred financing costs less cash and cash equivalents. For Q2 2019, total outstanding debt was \$2,265.5m, deferred financing costs were \$20.3m and cash and cash equivalents totaled \$63.7m.

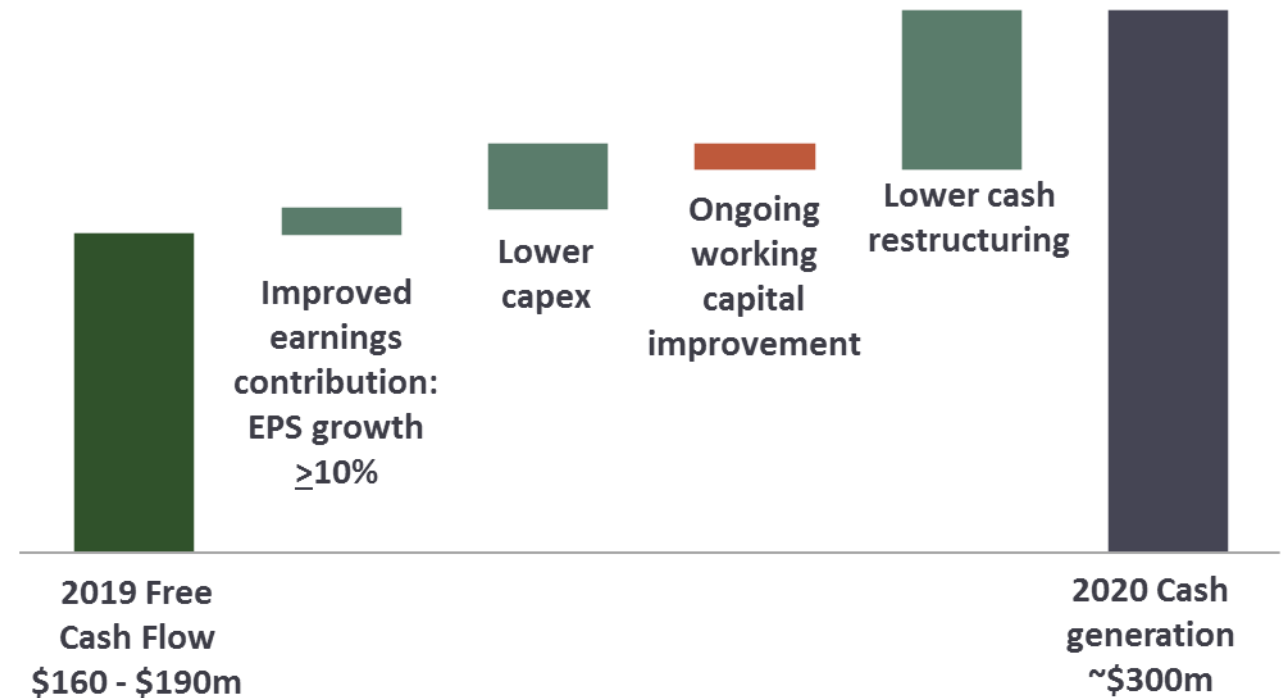


# ~\$300M IN CASH GENERATION IN 2020 EXPECTED TO BE DRIVEN BY LOWER RESTRUCTURING AND CAPEX, IMPROVED EARNINGS AND ONGOING WORKING CAPITAL IMPROVEMENT

## 2020 Working Assumptions

- Earnings per share growth  $\geq 10\%$
- Significantly lower capex, includes final year of THS 2020 related spending
- Further working capital improvements, primarily inventory
- Significantly lower cash restructuring charges
- 2020 will be the final year of THS2020 spending

## Bridge to 2020 Cash Flow



# KEY TAKEAWAYS



**2019 adjusted EPS guidance from continuing operations of \$2.33 - \$2.63 and \$0.52 - \$0.62 in Q3 (Unchanged from Q2 earnings call)**

**Pivot to slight volume growth in Q4 2019, driven by Beverages and sequential improvement in Baked Goods and Meal Solutions**



**Strategic growth algorithm beyond 2019:**

**1-2% organic growth**

**≥10% EPS growth**

**~\$300m in cash generation**



**Smaller, more focused organization with improved margin structure**

**Strong underlying cash generating capability**

**The near-term priority for cash usage is debt reduction**



# COMPARISON OF ADJUSTED INFORMATION TO GAAP INFORMATION

The Company has included in this release measures of financial performance that are not defined by GAAP (“Non-GAAP”). A Non-GAAP financial measure is a numerical measure of financial performance that excludes or includes amounts so as to be different than the most directly comparable measure calculated and presented in accordance with GAAP in the Company’s Condensed Consolidated Balance Sheets, Condensed Consolidated Statements of Operations, Condensed Consolidated Statements of Comprehensive Income, and the Condensed Consolidated Statements of Cash Flows. The Company believes these measures provide useful information to the users of the financial statements as we also have included these measures in other communications and publications.

For each of these Non-GAAP financial measures, the Company provides a reconciliation between the most directly comparable GAAP measure and the Non-GAAP measure and, an explanation of why management believes the Non-GAAP measure provides useful information to financial statement users, and any additional purposes for which management uses the Non-GAAP measure. This Non-GAAP financial information is provided as additional information for the financial statement users and is not in accordance with, or an alternative to, GAAP. These Non-GAAP measures may be different from similar measures used by other companies. Given the inherent uncertainty regarding adjusted items in any future period, a reconciliation of forward-looking financial measures to the most directly comparable GAAP measure is not feasible.

## ***Adjusted Earnings Per Diluted Share, Adjusting for Certain Items Affecting Comparability***

Adjusted earnings per diluted share (“Adjusted Diluted EPS”) reflects adjustments to GAAP loss per diluted share to identify items that, in management’s judgment, significantly affect the assessment of earnings results between periods. This information is provided in order to allow investors to make meaningful comparisons of the Company’s earnings performance between periods and to view the Company’s business from the same perspective as Company management. This measure is also used as a component of the Board of Director’s measurement of the Company’s performance for incentive compensation purposes. As the Company cannot predict the timing and amount of charges that include, but are not limited to, items such as acquisition, integration, divestiture, and related costs, mark-to-market adjustments on derivative contracts, and foreign currency exchange impact on the re-measurement of intercompany notes, management does not consider these costs when evaluating the Company’s performance, when making decisions regarding the allocation of resources, in determining incentive compensation, or in determining earnings estimates.

## ***Adjusted Net Income, Adjusted EBIT, and Adjusted EBITDAS, Adjusted net income margin, Adjusted EBIT margin and Adjusted EBITDAS margin, Adjusting for Certain Items Affecting Comparability***

Adjusted net income represents GAAP net loss as reported in the Condensed Consolidated Statements of Operations adjusted for items that, in management’s judgment, significantly affect the assessment of earnings results between periods as outlined in the adjusted diluted EPS section above. This information is provided in order to allow investors to make meaningful comparisons of the Company’s earnings performance between periods and to view the Company’s business from the same perspective as Company management. This measure is also used as a component of the Board of Director’s measurement of the Company’s performance for incentive compensation purposes and is the basis of calculating the adjusted diluted EPS metric outlined above. Adjusted EBIT represents adjusted net income before interest expense, interest income, and income tax expense. Adjusted EBITDAS represents adjusted EBIT before depreciation expense, amortization expense, and non-cash stock-based compensation expense. Adjusted EBIT and adjusted EBITDAS are performance measures commonly used by management to assess operating performance, and the Company believes they are commonly reported and widely used by investors and other interested parties as a measure of a company’s operating performance between periods. Adjusted net income margin, adjusted EBIT margin and adjusted EBITDAS margin are calculated as the respective metric defined above as a percentage of net sales as reported in the Condensed Consolidated Statements of Operations adjusted for items that, in management’s judgment, significantly affect the assessment of earnings results between periods as outlined in the adjusted diluted EPS section above.

## ***Free Cash Flow and Net Debt***

In addition to measuring the Company’s cash flow generation and usage based upon the operating, investing, and financing classifications included in the Condensed Consolidated Statements of Cash Flows, we also measure free cash flow which represents net cash provided by operating activities less capital expenditures. The Company believes free cash flow is an important measure of operating performance because it provides management and investors a measure of cash generated from operations that is available for mandatory payment obligations and investment opportunities such as funding acquisitions, repaying debt, and repurchasing our common stock. The Company uses a metric of Net Debt to measure our levered position at any specific point in time. Net Debt is defined as total outstanding debt excluding deferred financing fees, less cash and cash equivalents.