



TreeHouse

# TREEHOUSE INVESTOR BREAKFAST MEETING

DECEMBER 10, 2019

# FORWARD LOOKING STATEMENTS

From time to time, we and our representatives may provide information, whether orally or in writing 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.





# TODAY'S SPEAKERS

**STEVE OAKLAND**

*CEO & President*

**BILL KELLEY**

*Interim Chief Financial Officer*

**SHAY BRAUN**

*SVP, Chief Operations Officer*

**DEAN GENERAL**

*SVP, Chief Commercial Officer*

**AMIT PHILIP**

*SVP, Chief Strategy Officer*

Moe Alkemade

*SVP, Division President, Beverages*

Mark Fleming

*SVP, Division President, Baked Goods*

Triona Schmelter

*SVP, Division President, Meal Solutions*

PI Aquino

*Investor Relations*

Tom O'Neill

*EVP, General Counsel, Chief Administrative Officer*

Lee Wise

*VP, Treasurer*

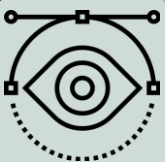


# DECEMBER 2018: A NEW TREEHOUSE



## 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

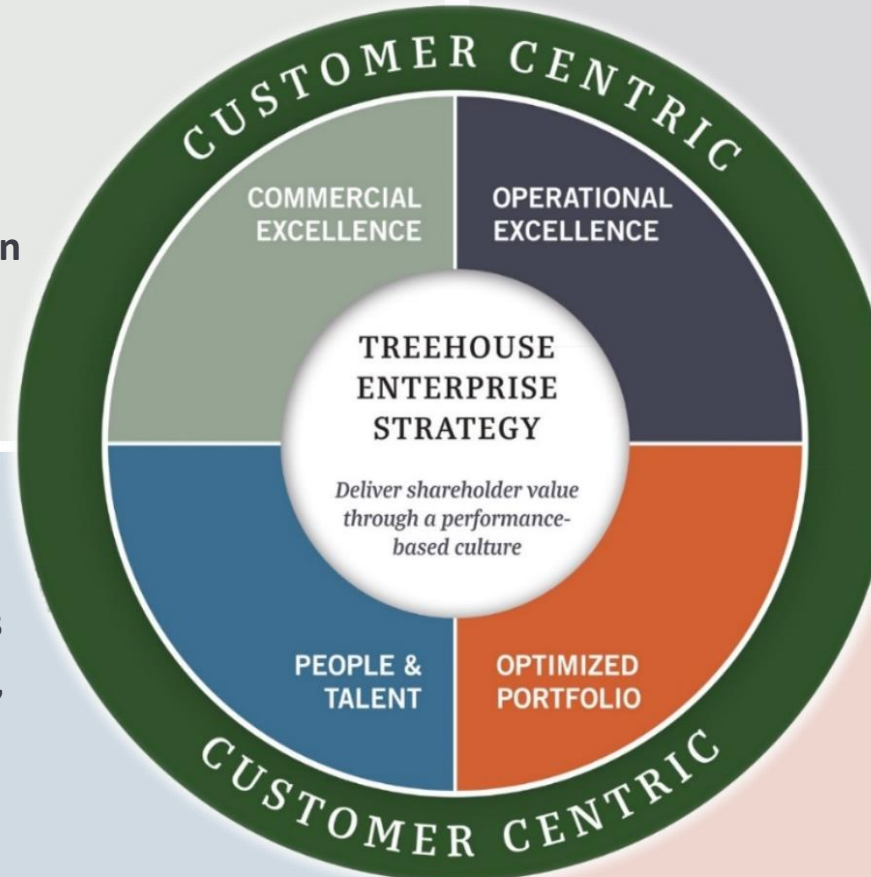




# OVER THE LAST 12 MONTHS, WE MADE SIGNIFICANT PROGRESS AROUND OUR CUSTOMER CENTRIC ENTERPRISE STRATEGY

- Designed, built, launched and supported a new Commercial Excellence Organization
- First commercial annual operating plan
- Revenue wins supporting our pivot to growth are materializing

- Launched Purpose, Vision & Mission
- Grassroots effort to define Our Values
- Deployed “Living the TreeHouse Way” values training across the organization



- 100% SAP Order-to-Cash
- Consolidated manufacturing and distribution systems
- Implementing TMOS and Lean
- Achieved highest service levels in >2 Years

- Completed the sale of the Snacks division to Atlas Holdings
- Continue to work through the sale of RTE cereal to Post
- Minor considerations remain







# TREEHOUSE VALUES VIDEO



# ESG INITIATIVES

The goal of ESG (Environmental – Social – Governance) practices is to ensure that our activities are both integrated into our business, and that they reinforce and fortify the strategic value of ESG efforts through the alignment with business needs, materiality issues, and stakeholder concerns



## Environmental

- Targeted **6% reduction in water intensity** and **9% reduction in energy intensity** (vs 2016 baseline)
- Increased **recycling** with a targeted 75% of facilities reaching **Zero-Waste-to-Landfill** status
- Enhanced **sustainable packaging & supply chain stewardship** through the Roundtable on Sustainable Palm Oil
- Integration of **sustainability initiatives and TMOS** (TreeHouse Management Operating Structure)



## Social

- **>40% reduction in safety and plant controllable incidents** in 2019
- Established **Supplier Social Responsibility Policy** for supplier employment practices, business practices, and environmental stewardship/sustainability practices
- Introduced new **Purpose – Vision – Mission** and rolled out **Our Values**



## Governance

- Recent **Board member additions** in Jean Spence and Jason Tyler
- Established **Board refreshment** process
- **Enhanced Board evaluation and development** process





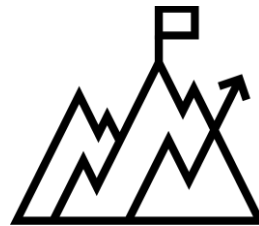
# STRATEGIC GROWTH GOALS 2020 - 2022

## REVENUE GROWTH



**1-2%**  
organic

## ADJUSTED EPS GROWTH



**$\geq 10\%$**

## CASH GENERATING CAPABILITY



**~\$300** million

# KEY TAKEAWAYS



**Private brands remains an attractive place to be in food & beverage**

**Sequential improvement coupled with macro tailwinds give us optimism for future growth**

**TreeHouse is stronger today due to our hard work around TreeHouse 2020 and Structure to Win**



**The Customer is at the center of everything we do**

**Our commitment to Operational Excellence has driven service to its highest levels in the last two years**

**The Commercial Excellence Organization has improved customer relationships and the TreeHouse Value Proposition is clear**

**We have simplified the organization through the Portfolio Optimization efforts outlined last year**

**We are committed to People & Talent and have established a set of values that have been embraced by the organization**



**There are near term growth opportunities we can unlock**

**We see accretive growth opportunities that can leverage our operational and commercial excellence capabilities**

**We must deliver consistent and sustainable growth to drive increased shareholder value**







TreeHouse

# TREEHOUSE 2020 AND OPERATIONAL EXCELLENCE

**SHAY BRAUN**

*SVP, Chief Operations Officer*



# INVESTMENTS IN TREEHOUSE 2020 & STRUCTURE TO WIN ENABLED SIMPLIFICATION, OPTIMIZATION, IMPROVEMENT AND TRANSFORMATION

## PROGRESS TO DATE

### SIMPLIFY THE PORTFOLIO



#### SKU REDUCTION & DIVESTITURES

↓11,000 SKUs (46%)

Sold McCann's  
Sold Snacks division  
RTE Cereal sale in process

### OPTIMIZE THE NETWORK



#### PLANT CLOSINGS

Exited 11 manufacturing facilities (includes Snacks division and RTE Cereal plants)

### INCREASE AGILITY IN DELIVERY



#### WAREHOUSE CONSOLIDATION

Reduced ship points by 38% to ~80 locations

### BUILD CONTINUOUS IMPROVEMENT CULTURE



#### TMOS / LEAN (*TreeHouse Management Operating Structure*)

30 TMOS sites by YE19  
All plants by YE20

Lean Manufacturing launched in 18 locations

Dedicated Continuous Improvement Group

### SYSTEMS SIMPLIFICATION



#### IT PLATFORMS

Full implementation of SAP Order-to-Cash

Accelerated SAP Manufacturing Timeline

2016: 13 mfg ERPs  
2019: 3 mfg ERPs

Implemented SAP Central Finance

### STRUCTURE TO WIN + FINANCE TRANSFORMATION



#### ADMINISTRATIVE COST REDUCTION

Cumulative 2 year SG&A reduction of nearly \$100 m or ~20%

Consolidate administrative footprint; established new Shared Services function

Aligned division support structure



# FOSTERING A HIGH PERFORMANCE CULTURE OF CONTINUOUS IMPROVEMENT



**PEOPLE**



**SAFETY**



**QUALITY**



**SERVICE**



**WINNING  
MINDSETS**



**INCREASE  
PRODUCTIVITY**



**CONTROL  
COST**

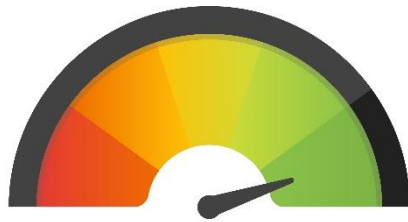


**ELIMINATE  
WASTE**

# SIGNIFICANT ONE YEAR IMPROVEMENTS



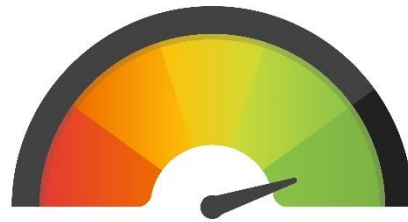
## PEOPLE



**Percent of  
Employees  
Working > 60  
hrs/wk  
↓ 100 bps**



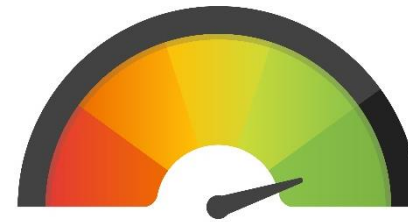
## SAFETY



**Safety Incidents  
42% reduction**



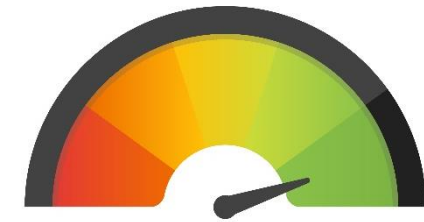
## QUALITY



**Plant Controllable  
Incidents  
43% reduction**



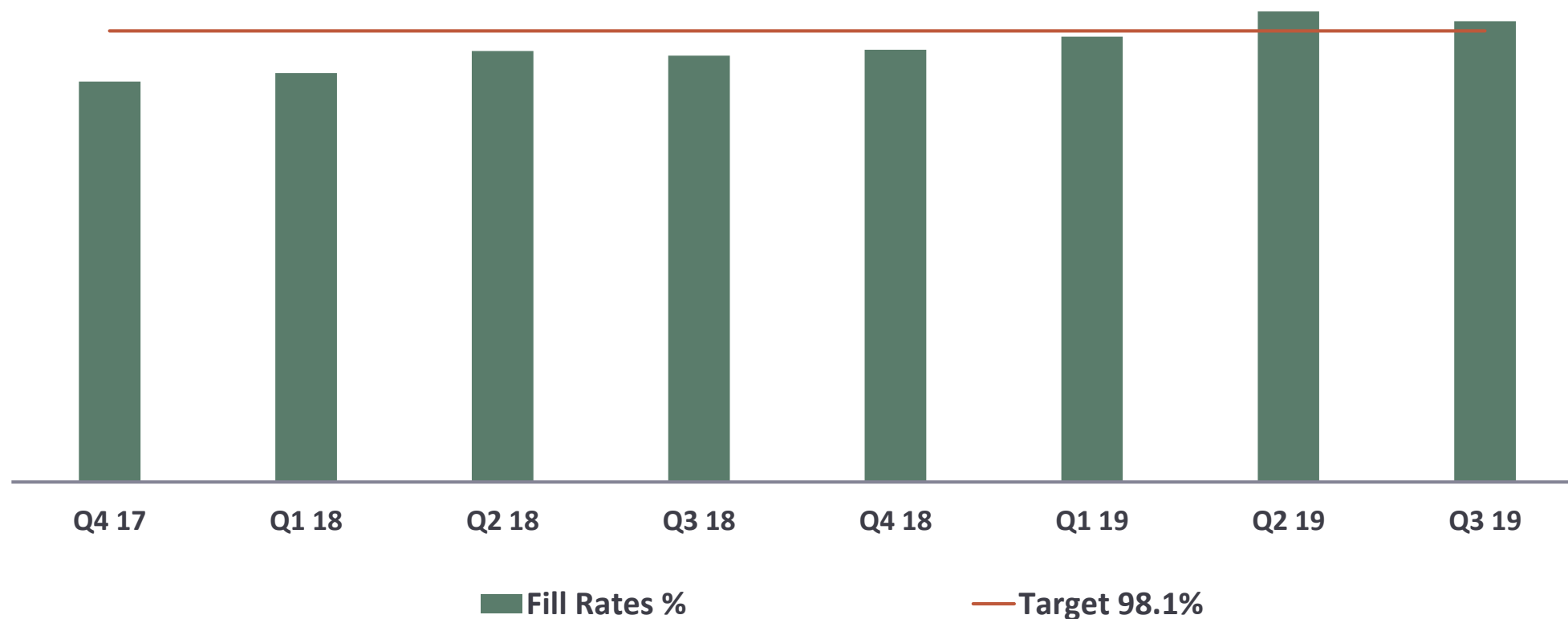
## SERVICE



**Service Levels  
98.5%**

# SERVICE LEVEL IMPROVEMENT OF >300 BPS OVER 2 YEARS IS A DIRECT RESULT OF OUR FOCUS ON OPERATIONAL EXCELLENCE

Service Remains at Highest Levels in >2 Years

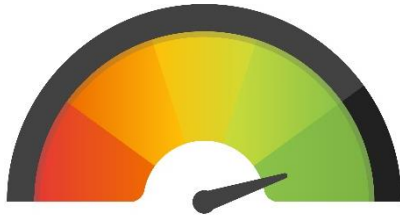




# FOSTERING A HIGH PERFORMANCE CULTURE OF CONTINUOUS IMPROVEMENT



## WINNING MINDSETS



30 TMOS sites  
complete

18 Lean  
manufacturing  
locations launched



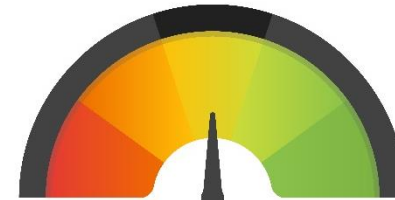
## INCREASE PRODUCTIVITY



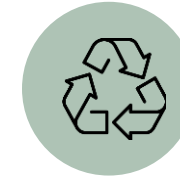
7% improvement  
in pounds  
produced per labor  
hour



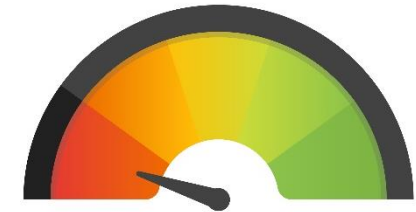
## CONTROL COST



Ongoing supply chain  
alignment to account  
for greater  
efficiencies and  
variable volume



## ELIMINATE WASTE



Launched  
War on Waste



# WAR ON WASTE IS DELIVERING TANGIBLE RESULTS

## EXAMPLES



- Ingredient and manufacturing yield losses
- Line change-over time and product loss
- Over-fill / over-pack

## PROGRAM



- Q3 19: Launched “War on Waste” Competition among all plants
- Relentless focus on lean behavior:
  - Eliminate all sources of waste (in/out of standards)
  - Plant rankings published monthly
  - Rewards for greatest improvement

## RESULTS



- 63% of plants (25 of 40 locations) delivered improvement vs. baseline in first 3 months
- >10ppt reduction in most recent month results
- Sustainable reduced waste levels built into 2020 standard costs







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# FINANCE TRANSFORMATION & INTEGRATED BUSINESS PLANNING

**BILL KELLEY**

*Interim Chief Financial Officer*



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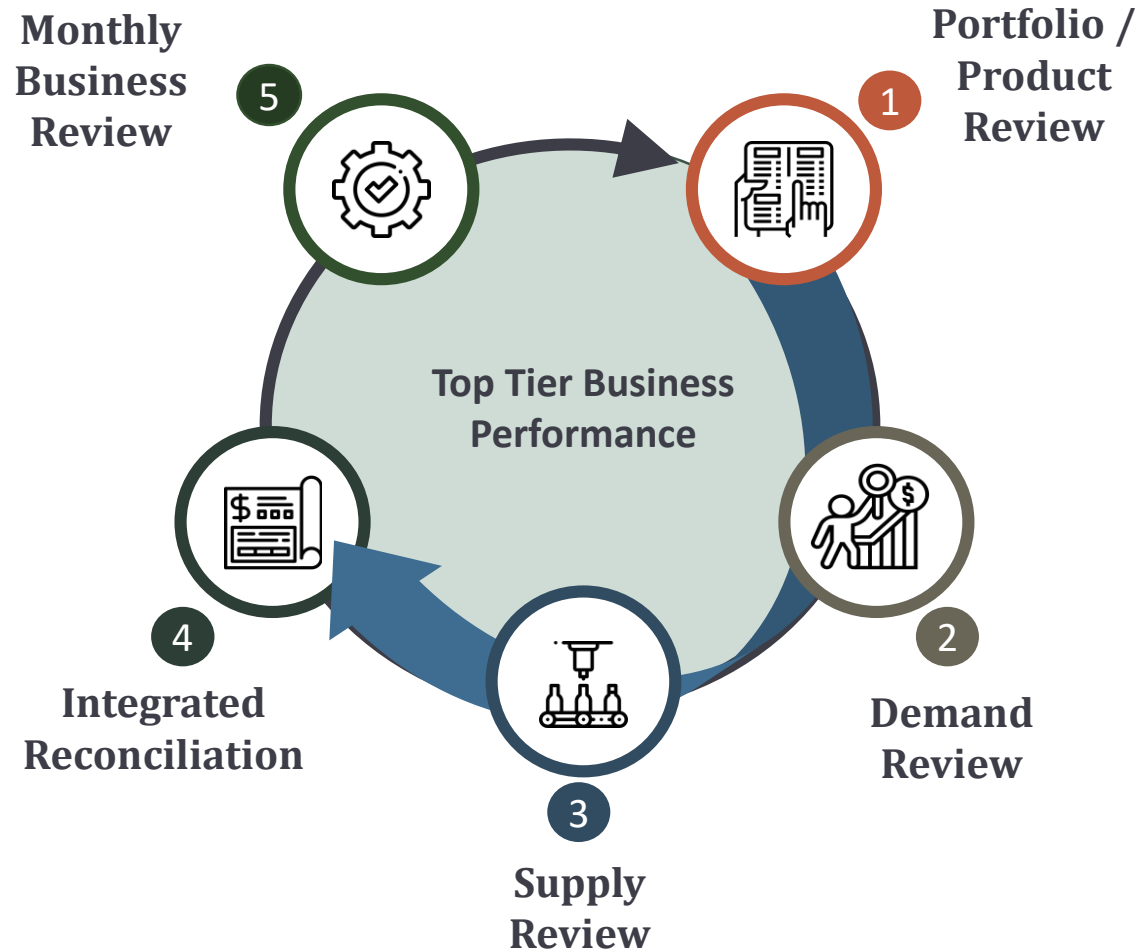
Aligned division support structure



# FINANCE TRANSFORMATION

	 Plant Operations Accounting	 Financial Shared Services	 Corporate, Division & Supply Chain Finance	 Executive Leadership
PREVIOUSLY	Inconsistent processes and insufficient reporting capabilities using multiple ERPs	Multiple office locations with incongruent processes using multiple ERP systems	Quick turnaround for data analysis and review further hampered by multiple reporting systems	Less visibility and delayed actuals impair ability to make decisions to change course & improve financials
TODAY	Standardized processes and improved reporting capabilities on common SAP platform	A single location with standardized processes using a centralized financial hub	More accurate, consistent, and faster reporting leads to more informed forecasts, enhanced financial analysis, & improved profitability decisions	Quicker results and more visibility leads to key decisions that could change business trajectory

# INTEGRATED BUSINESS PLANNING (IBP): CONNECTING OPERATIONAL AND COMMERCIAL EXCELLENCE



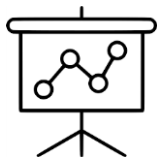
- Greater Business Discipline
- Regular and Routine
- Focused On What's Changed
- Decision Oriented
- Enable Speed and Accuracy
- Longer Term Horizon



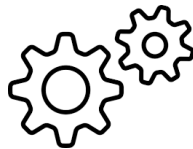
# INTEGRATED BUSINESS PLANNING ENGAGES THE ENTIRE ORGANIZATION AND BUILDS CROSS-FUNCTIONAL INTERACTION



Product Portfolio



Demand



Supply



Finance

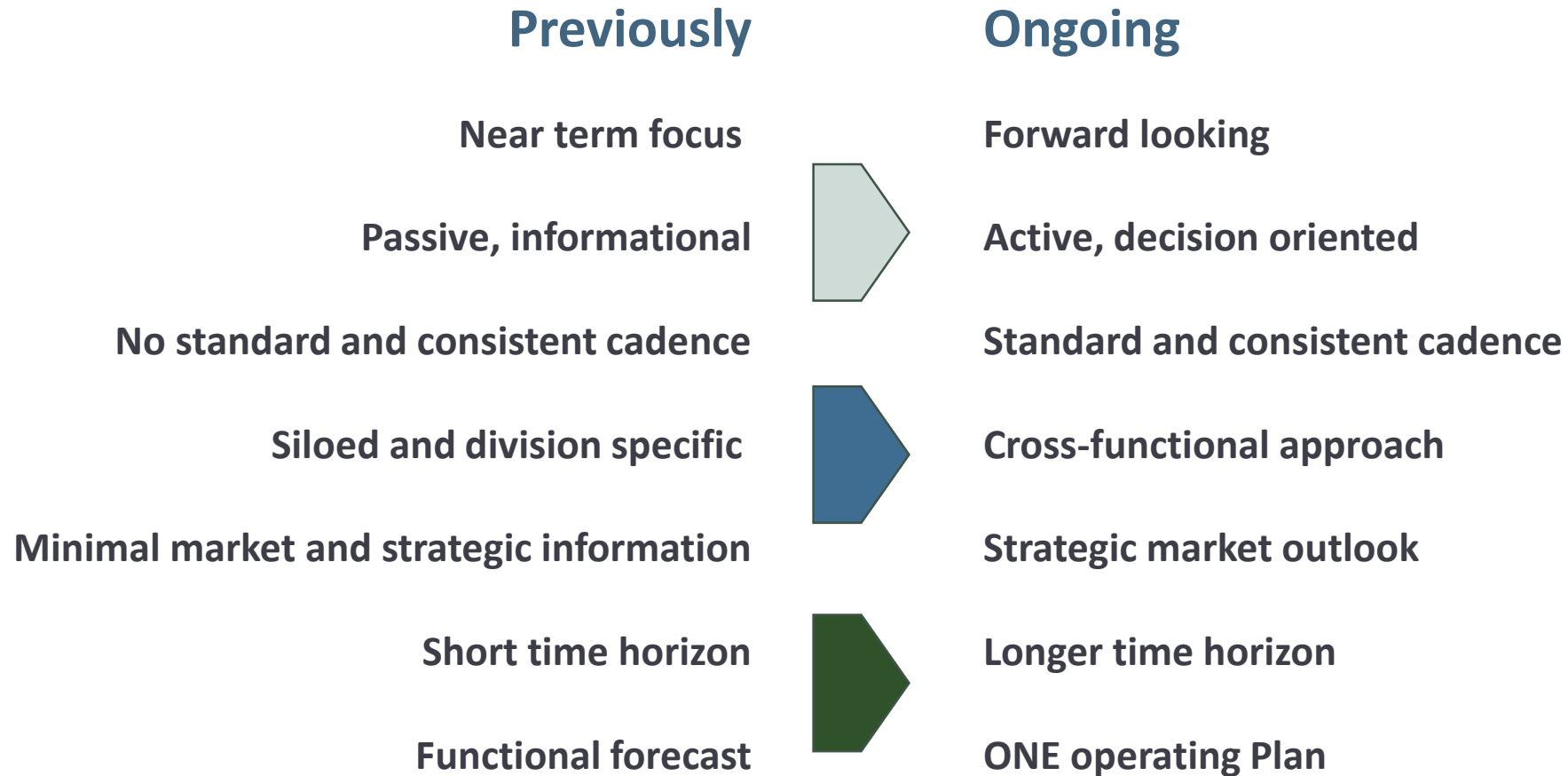


Support



Strategy	Category Insights	Purchasing	Corporate	Human Resources
Technical Support	Customer & Channel	Suppliers	Performance	Administration
Engineering	Shopper Solutions	Materials	Management	Customer Service
Innovation		Manufacturing	Data Analytics	Order Management
		Distribution		Technology

# INTEGRATED BUSINESS PLANNING: IMPROVING HOW WE MANAGE AND PLAN THE BUSINESS





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# COMMERCIAL EXCELLENCE

**DEAN GENERAL**

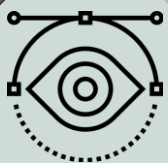
*SVP, Chief Commercial Officer*

# A NEW TREEHOUSE



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Make high quality food and beverages affordable to all



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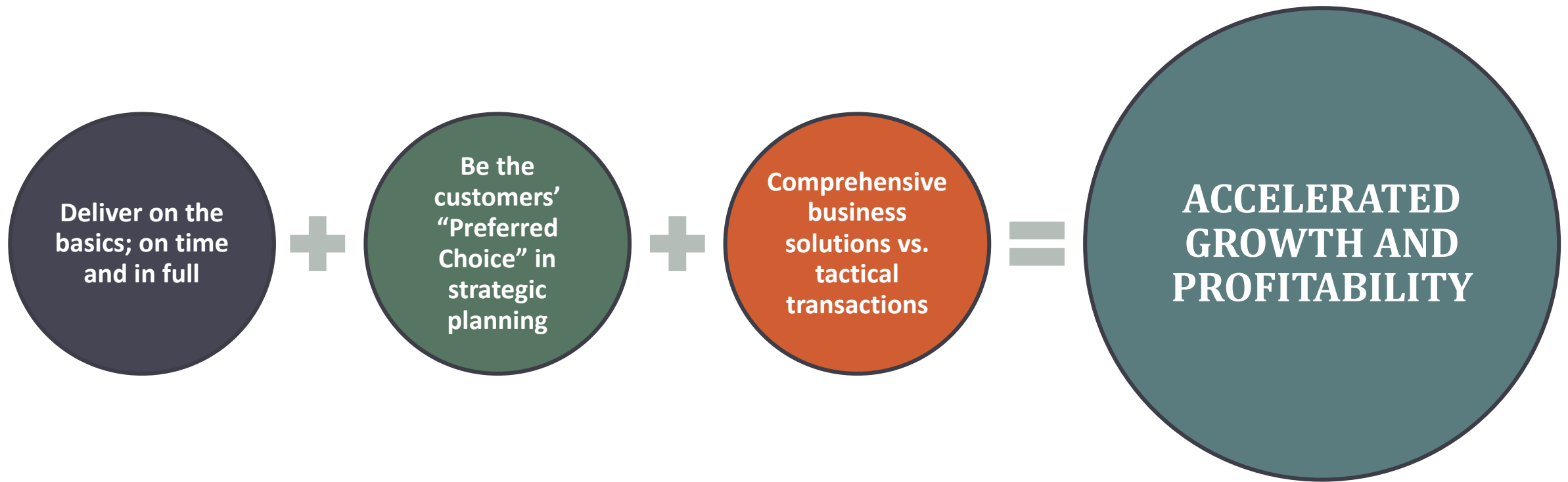
## MISSION

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





# COMMERCIAL EXCELLENCE CAN DRIVE ACCELERATED GROWTH AND PROFITABILITY



# ELIMINATING COMPLEXITY FOR OUR STRATEGIC CUSTOMER BASE

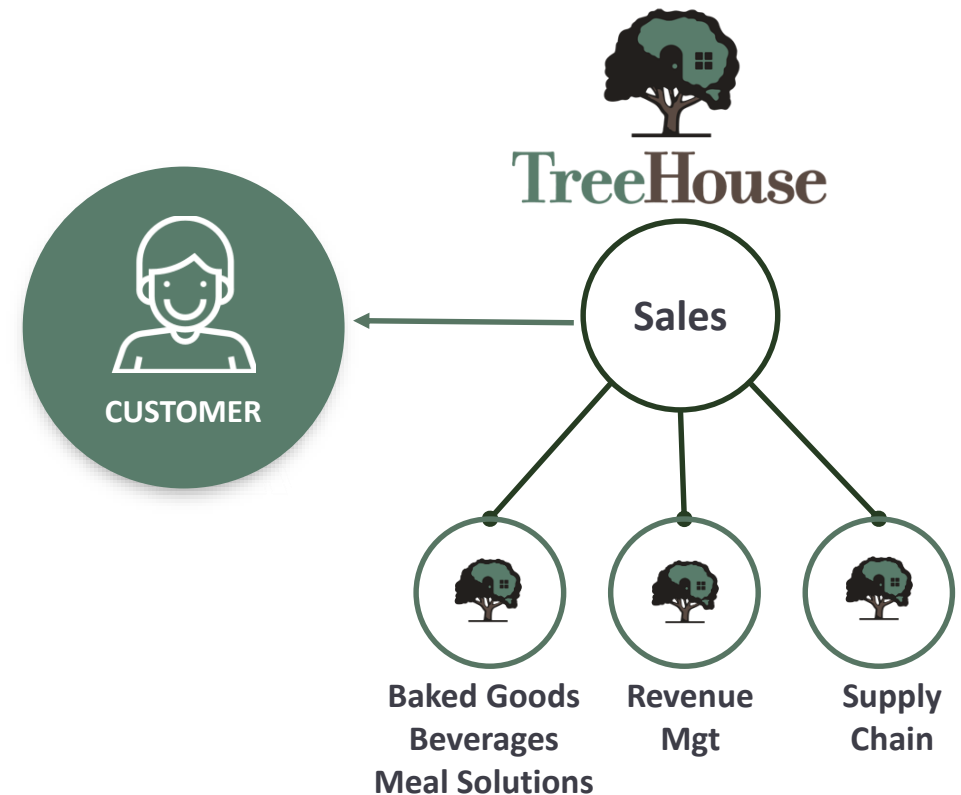
## THS PAST:

Approached the Customer as  
5 Divisions Plus Strategic Sales Lead

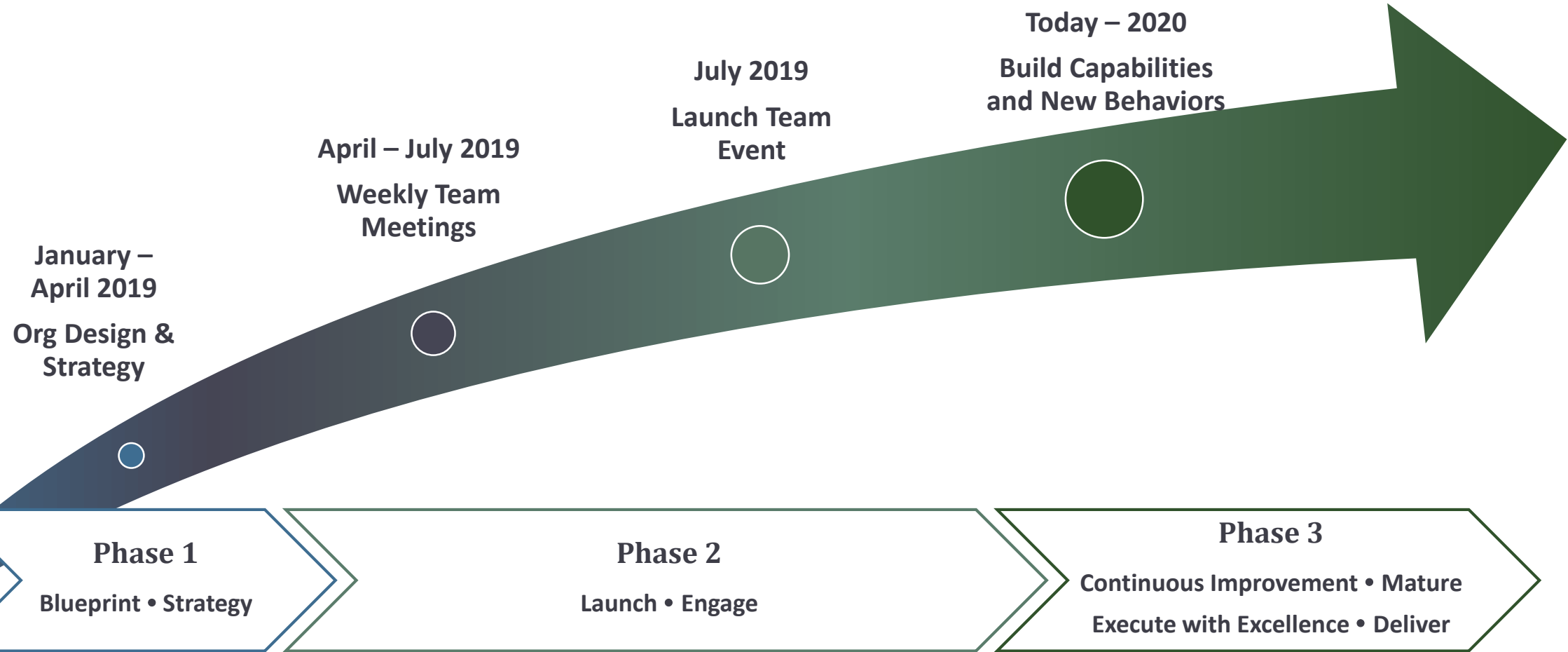


## THS CURRENT:

One Face to Each Customer With Clearly  
Aligned Resources and Ownership

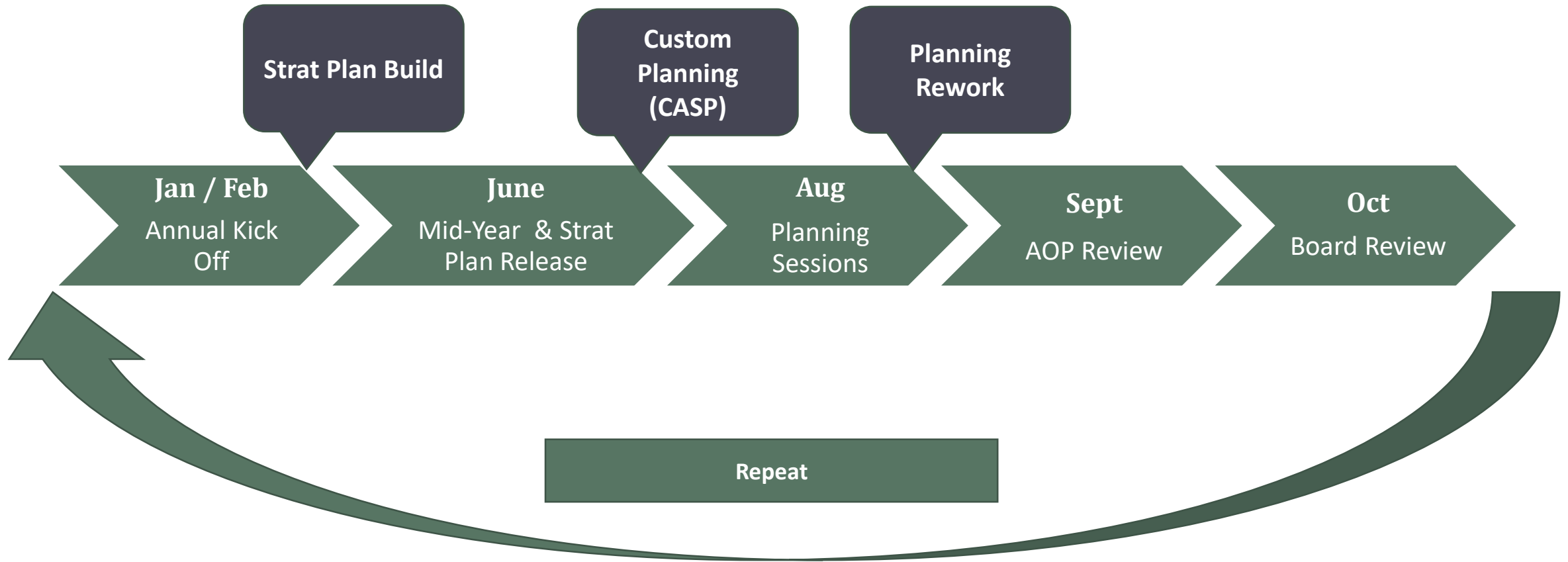


# THE COMMERCIAL EXCELLENCE JOURNEY





# CUSTOMER ANNUAL OPERATING PLAN FORWARD LOOKING COMMERCIAL PLANNING



# INTEGRATED BUSINESS PLANNING (IBP)



# TREEHOUSE COMMERCIAL VALUE PROPOSITION



***What are we  
selling at  
THS?***

Proactively sell and  
defend bid opportunities

Drive insights  
to actions with our  
customers

Communicate the  
value/efficiency of our  
network

Leverage our operational  
capabilities

TreeHouse is uniquely equipped to provide strategic thought leadership, network scale advantage and customizable product offerings, to create strategic growth plans with customers in unparalleled ways!







TreeHouse

# CORPORATE STRATEGY

**AMIT PHILIP**

*SVP, Chief Strategy Officer*



# AS WE EXECUTE WITH EXCELLENCE AGAINST OUR STRATEGIC PILLARS, THE VIRTUOUS CYCLE OF OUR OPERATING MODEL IS KICKING IN

TreeHouse Strategic Framework



TreeHouse Operating Model



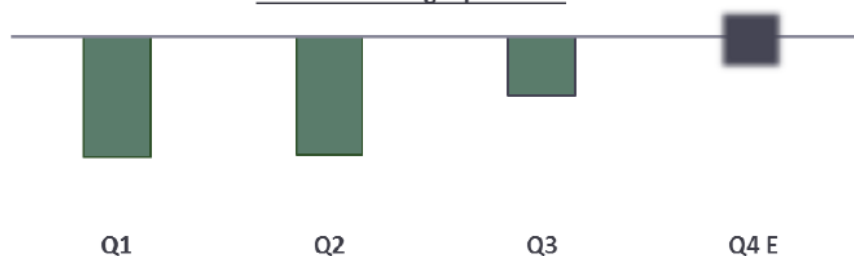
# THE COMBINATION OF SEQUENTIAL IMPROVEMENT AND MACRO TAILWINDS GIVES US OPTIMISM FOR THE FUTURE

## Sequential Improvement

+

## Macro Tailwinds

Year-Over-Year Volume Growth  
From Continuing Operations



<sup>1</sup> Percentage change in pounds shipped for continuing operations, excluding SKU rationalization and divestitures

### DEMOGRAPHICS

The Millennial &  
Gen Z Opportunity

### RETAIL LANDSCAPE

Resurgence in Brick  
& Mortar Trips,  
\$/Buyer

### ECONOMY

Recession  
Imminent?

### REVENUE GROWTH



1-2%  
organic

### ADJUSTED EPS GROWTH



≥10%

### CASH GENERATING CAPABILITY



~\$300 million

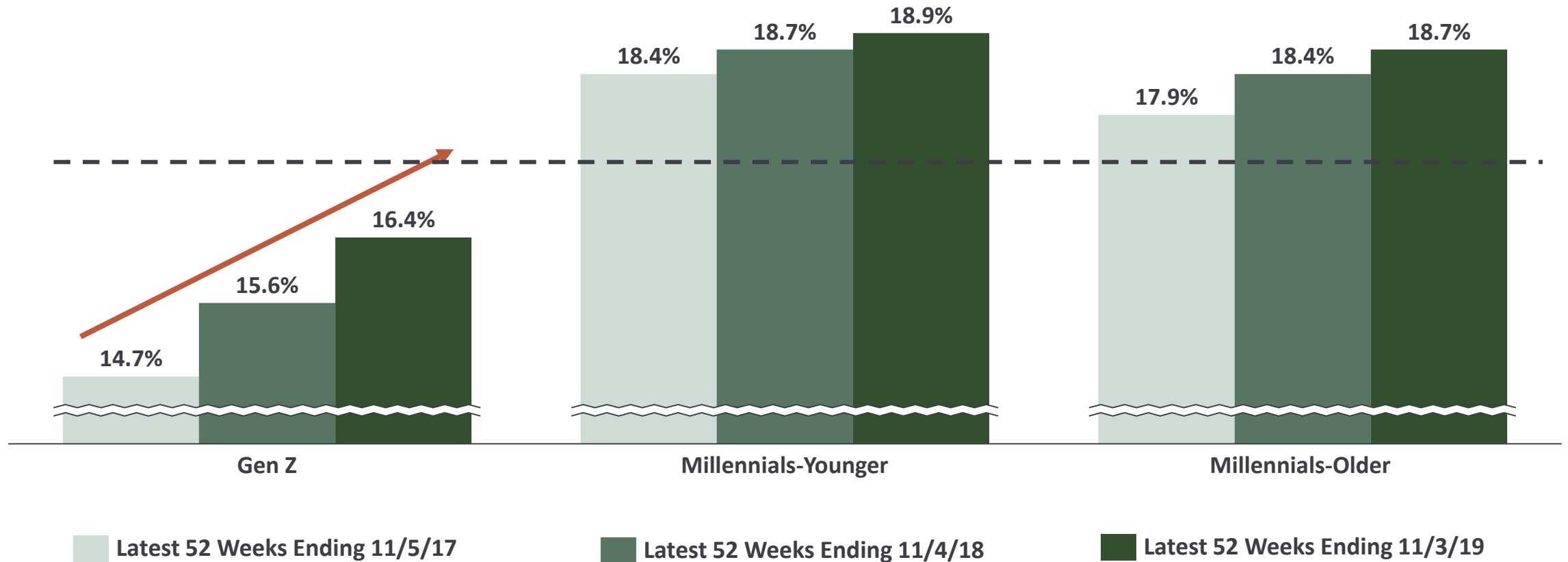


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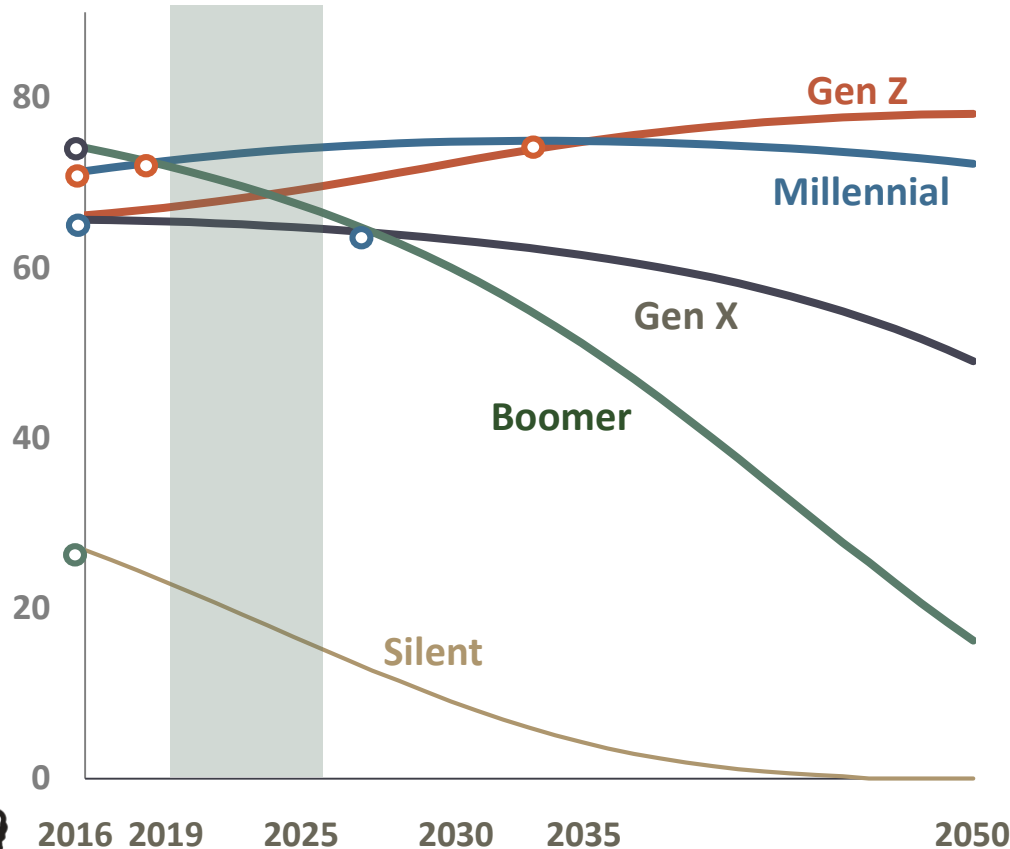
# WHILE MILLENNIALS ARE DRIVING PRIVATE BRAND PENETRATION, GEN Z TREND SUGGESTS MEANINGFUL UPSIDE OPPORTUNITY

All Outlet PL Dollar Share by Generation



# UNIQUE OPPORTUNITY FOR RETAILERS TO BUILD STORE BRAND IMAGE AS BOTH MILLENNIAL/GEN Z POPULATION AND PRIVATE BRAND PURCHASES GROW

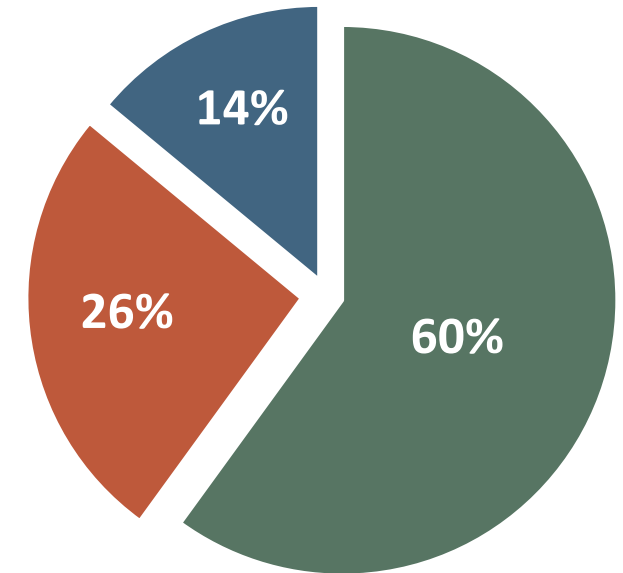
Largest Populations in 2025 will be Millennials and Gen Z



Population in millions. U.S. Census Bureau projections, Pew Research Center generation definitions

Most Millennial & Gen Z are Agnostic Between National Brands & Private Brands

- 60% Use both Name Brands and Private Brands / Price Brands equally
- 26% Use Name Brands the most
- 14% Use mostly Private Brands / Price Brands

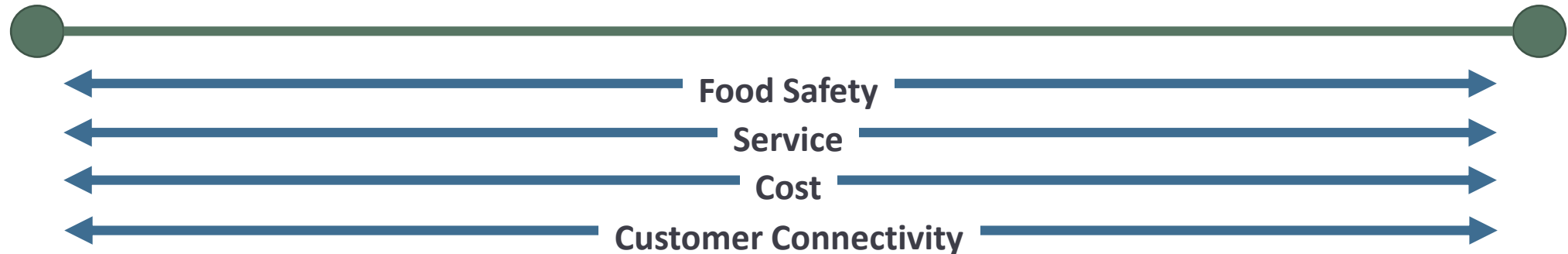


Gen Z / Millennials Brand Study (daVinci Payments, Nov 2018). The Branding of Private Label (Cadent Consulting, 2018)

# TREEHOUSE IS WELL POSITIONED TO SERVE CUSTOMERS ACROSS THE SPECTRUM OF VALUE TO PREMIUM PRIVATE BRANDS

Value  
Private  
Brands

Premium  
Private  
Brands



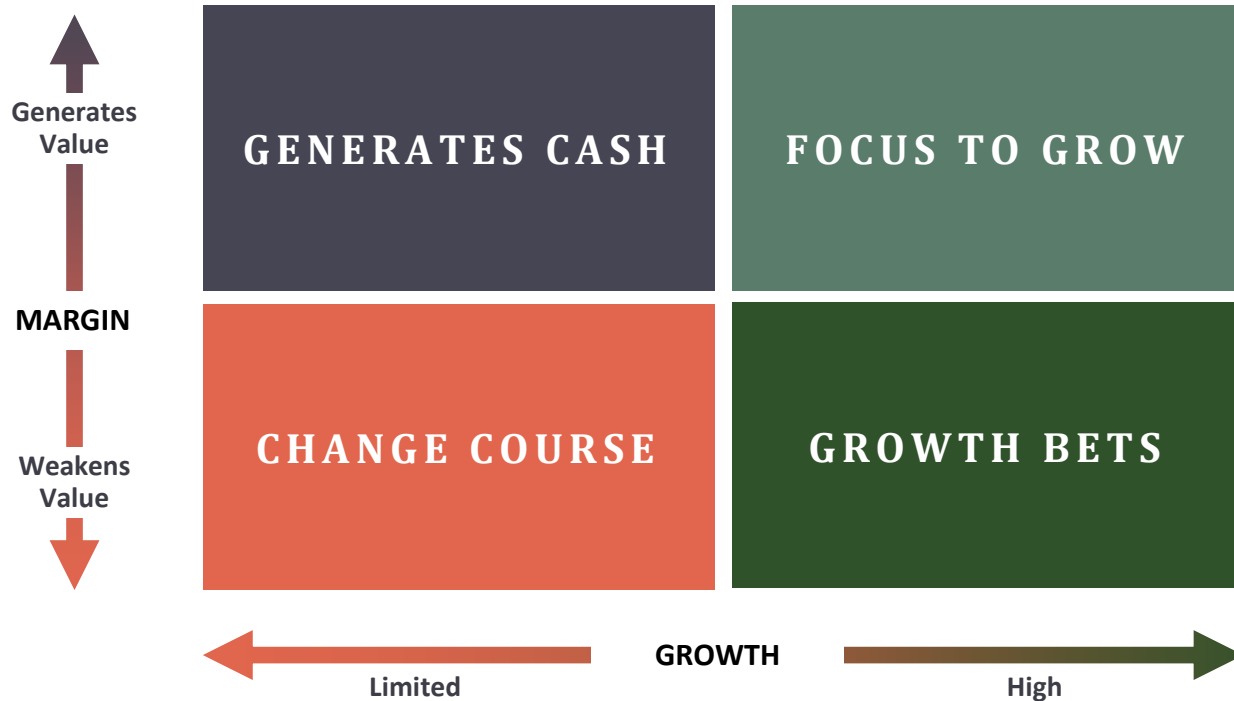
- ✓ R&D – Value Engineering
- ✓ R&D – Optimized Formulations
- ✓ Packaging Engineering Standardization
- ✓ Supply Chain – Make to Order
- ✓ Supply Chain – Direct Ship

- ✓ R&D – Premium Formulations
- ✓ R&D – Sensory
- ✓ Packaging Engineering Innovation
- ✓ Innovation – Concept / Pipeline Devpmt
- ✓ Shopper Insights & Analytics

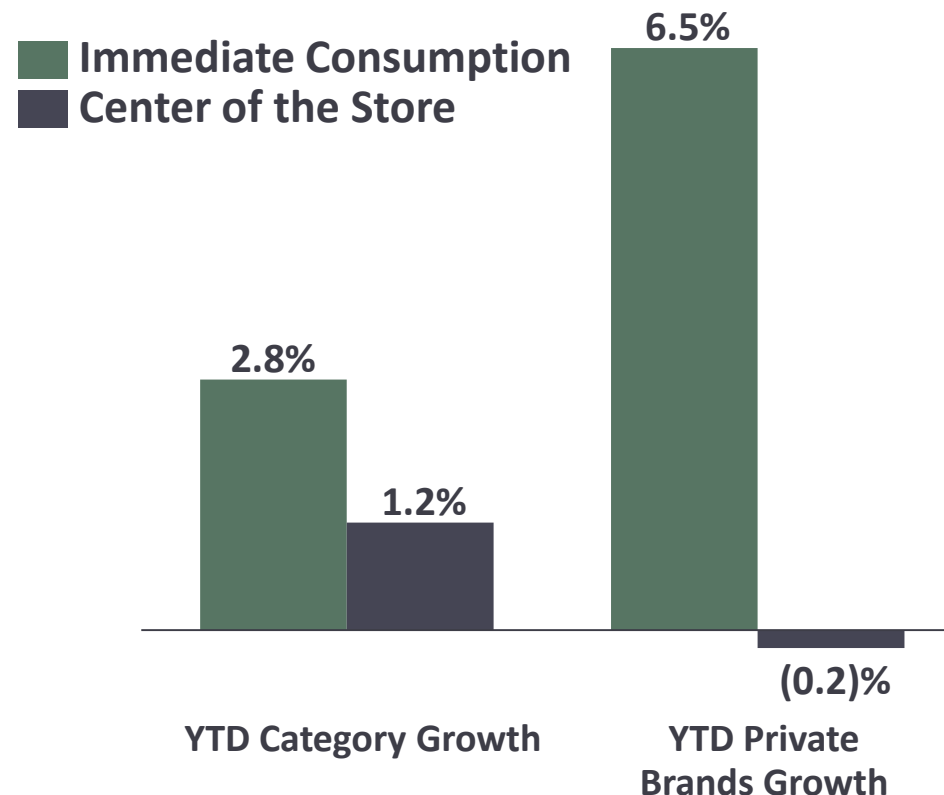


# NEAR TERM OPPORTUNITY TO UNLOCK GROWTH POTENTIAL OF IMMEDIATE CONSUMPTION CATEGORIES AND MARGIN EXPANSION OPPORTUNITY FOR CENTER OF THE STORE CATEGORIES

## Portfolio Analysis



## TreeHouse Categories POS Performance

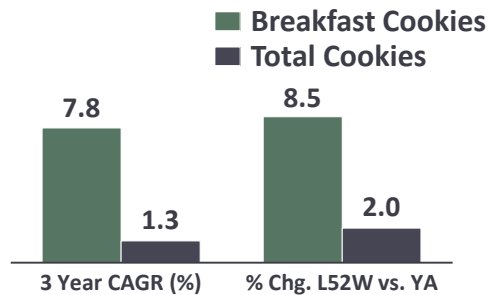


# WE HAVE NEAR IN GROWTH OPPORTUNITIES WITHIN NATURAL ADJACENCIES AND CONSUMER OCCASIONS

## Cookies

### Breakfast Cookies

Dollar Sales Growth

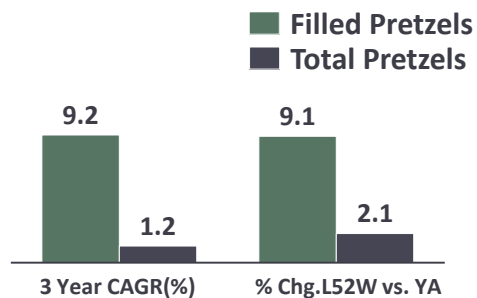


Breakfast Segment has consistently outpaced the Category with little private brand penetration

## Pretzel

### Filled Pretzels

Dollar Sales Growth

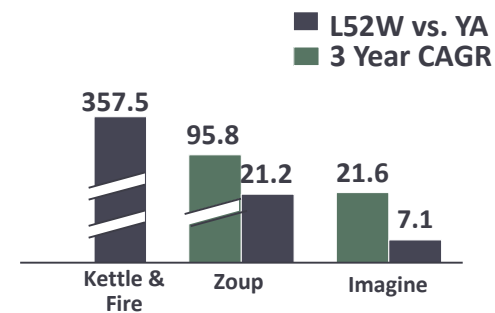


Private brands are well represented in Filled Pretzels with 73% share

## Broth

### Protein-rich “Sipping” Bone Broths

Dollar Sales Growth

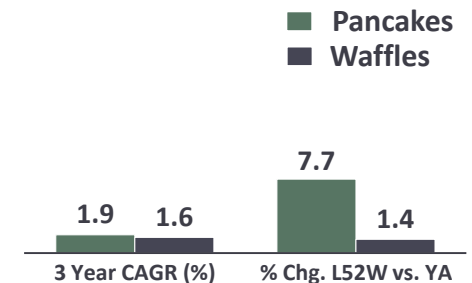


On-trend brands are driving category to new growth verticals currently not penetrated by private brands

## Frozen Griddle

### Pancakes

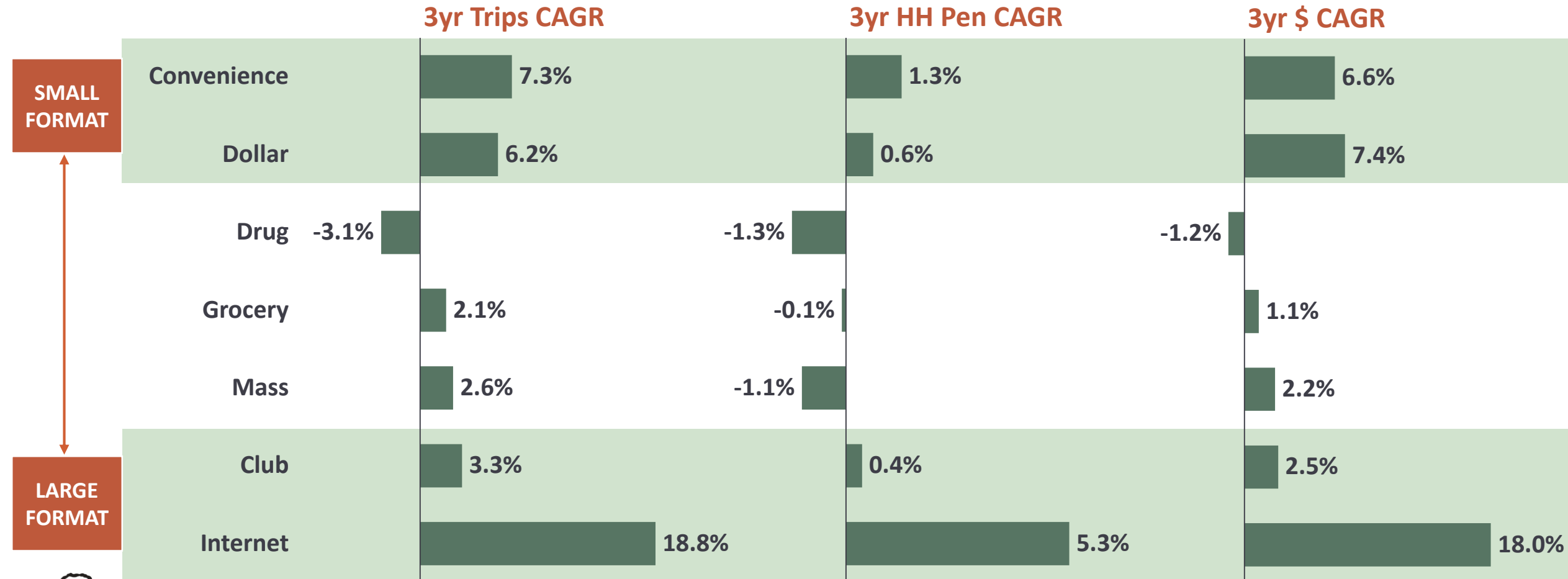
Dollar Sales Growth



Growth across traditional flavors (e.g., Regular, Brown Sugar Cinnamon, Chocolate Chip) in medium pack sizes



# MEANINGFUL OPPORTUNITIES EXIST TO EXPAND OUR EXISTING PORTFOLIO INTO FASTER GROWING CHANNELS



# TREEHOUSE: A UNIQUE PARTNER FOCUSED ON ENABLING CUSTOMERS TO CAPTURE THE PRIVATE BRAND OPPORTUNITY

Private Brand Remains an Attractive Growth Segment –  
Sequential Improvement and Macro Tailwinds are Reasons for Optimism

Positioning Ourselves to Expand Our Presence in Growing Channels

Attractive Growth Opportunities in Immediate Consumption, Natural  
Adjacencies and Consumer Occasions

Significant Progress made across Operational Excellence and Commercial  
Excellence Position Us to Deliver Virtuous Growth Cycle





# OUR EFFORTS HAVE STABILIZED THE FOUNDATION AND POSITIONED US FOR GROWTH GOING FORWARD

Stabilize the Foundation

Position for Growth

Pivot to Growth



The image features a dense, out-of-focus background of bright green oak leaves. The leaves have characteristic lobed shapes and are illuminated by natural light, creating a soft, bokeh effect. Overlaid on this background is the text 'Q&A' in a large, dark blue, serif font. The ampersand is a decorative, green-colored flourish. The text is centered horizontally and partially obscures some of the leaves.

Q&A