



# TREEHOUSE FOODS INVESTOR DAY

DECEMBER 11, 2018

# SAFE HARBOR STATEMENT

From time to time, we and our representatives may provide information, whether orally or in writing, including certain statements in this Investor Day presentation 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 Report on Form 10-Q, our Annual Report on Form 10-K for the year ended December 31, 2017, and from time to time in our filings with the Securities and Exchange Commission.

# TODAY'S SPEAKERS



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## STEVE OAKLAND

*CEO & President*

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## MATTHEW FOULSTON

*EVP & Chief Financial Officer*

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## SHAY BRAUN

*Chief Operations Officer*

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## MOE ALKEMADE

*SVP & Chief Strategy Officer*

Mark Fleming

*Division President, Baked Goods*

Rob Hanlon

*Chief Information Officer*

Tom O'Neill

*EVP, General Counsel and Chief  
Administrative Officer*

Triona Schmelter

*Division President, Condiments & Meals*

Lee Wise

*VP, Treasurer*

# KEY TAKEAWAYS

## CUSTOMER CENTRIC STRATEGY

**SIGNIFICANT OPPORTUNITY TO CAPITALIZE ON PRIVATE LABEL GROWTH**

Unmatched scale  
Building capabilities  
Aligning with customers' private label growth aspirations

**SOLID TURNAROUND SUCCESS IN 2018**

TreeHouse 2020 (THS2020)  
Structure to Win  
IT capabilities

**AT A STRATEGIC INFLECTION POINT**

Pivot THS2020 efforts  
Smaller, leaner, higher margin, less levered organization  
Strengthen capabilities around commercial excellence

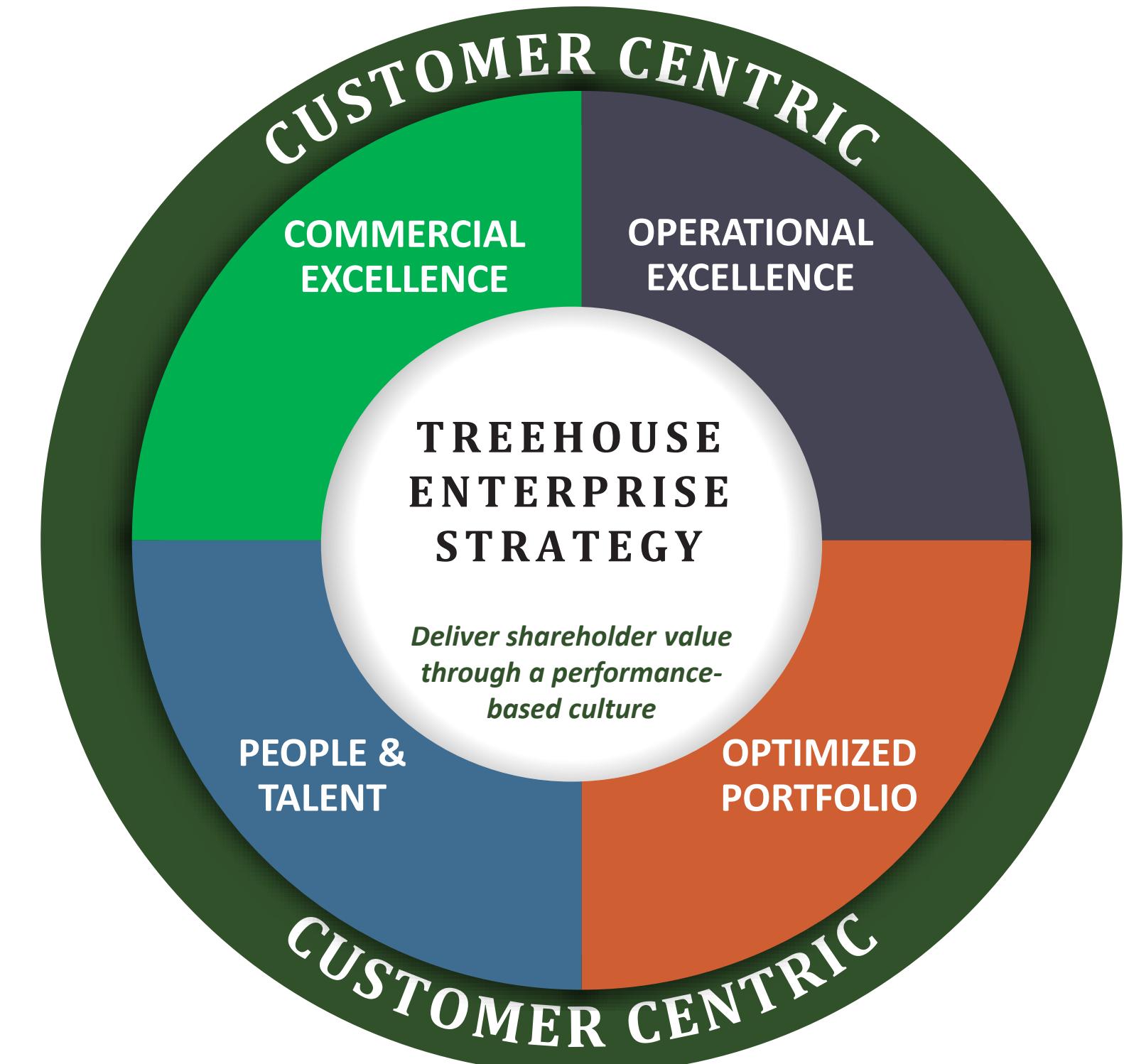
**INCREASE FOCUS ON GROWTH IN THE SECOND HALF OF 2019**

Preliminary 2019 sales guidance of \$5.45 to \$5.75B  
Preliminary 2019 EPS guidance of \$2.35 to \$2.75

**RETURN TREEHOUSE TO GROWTH OVER STRATEGIC TIMEFRAME**

1-2% organic growth  
EPS growth at or above 10%  
Relentless focus on organic growth and innovation  
Make smaller, bolt-on, synergistic acquisitions over time

# FOUR-POINT ENTERPRISE STRATEGY, WITH FINANCIAL AND CULTURAL COMPONENTS

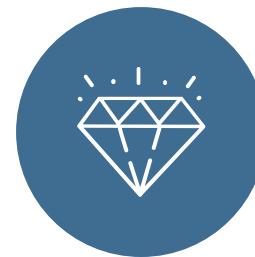


# WHY PRIVATE LABEL

## PRIVATE LABEL PROVIDES CONSUMERS



SUPERIOR VALUE



QUALITY



CHOICE



ACCESS TO CLEAN LABEL,  
ORGANIC AND LOCAL

## PRIVATE LABEL HELPS RETAILERS



UNIQUE  
“PROMISE”



DIFFERENTIATION



HIGHER MARGIN



DRIVE LOYALTY

# CUSTOMERS ARE COMMITTED TO THE GROWTH OF PRIVATE LABEL

“

Wal-Mart has increased its focus on private labels in an effort to boost quality and profit margins in the category, which is vital when competing with online retailers.

DOUG MCMILLON  
Walmart CEO  
Q1 2017



“

Customers love our brands better than the national brands and better than other private label offerings. We are especially focused on our top brands of Kroger, Private Selection and Simple Truth.

W. RODNEY MCMULLEN  
Chairman & CEO, Kroger  
June 2018



“

We pioneered a grocery model built around value, convenience, quality and selection and now Aldi is one of America's favorite and fastest growing retailers. We're growing at a time when other retailers are struggling.

JASON HART  
CEO, Aldi  
June 2017



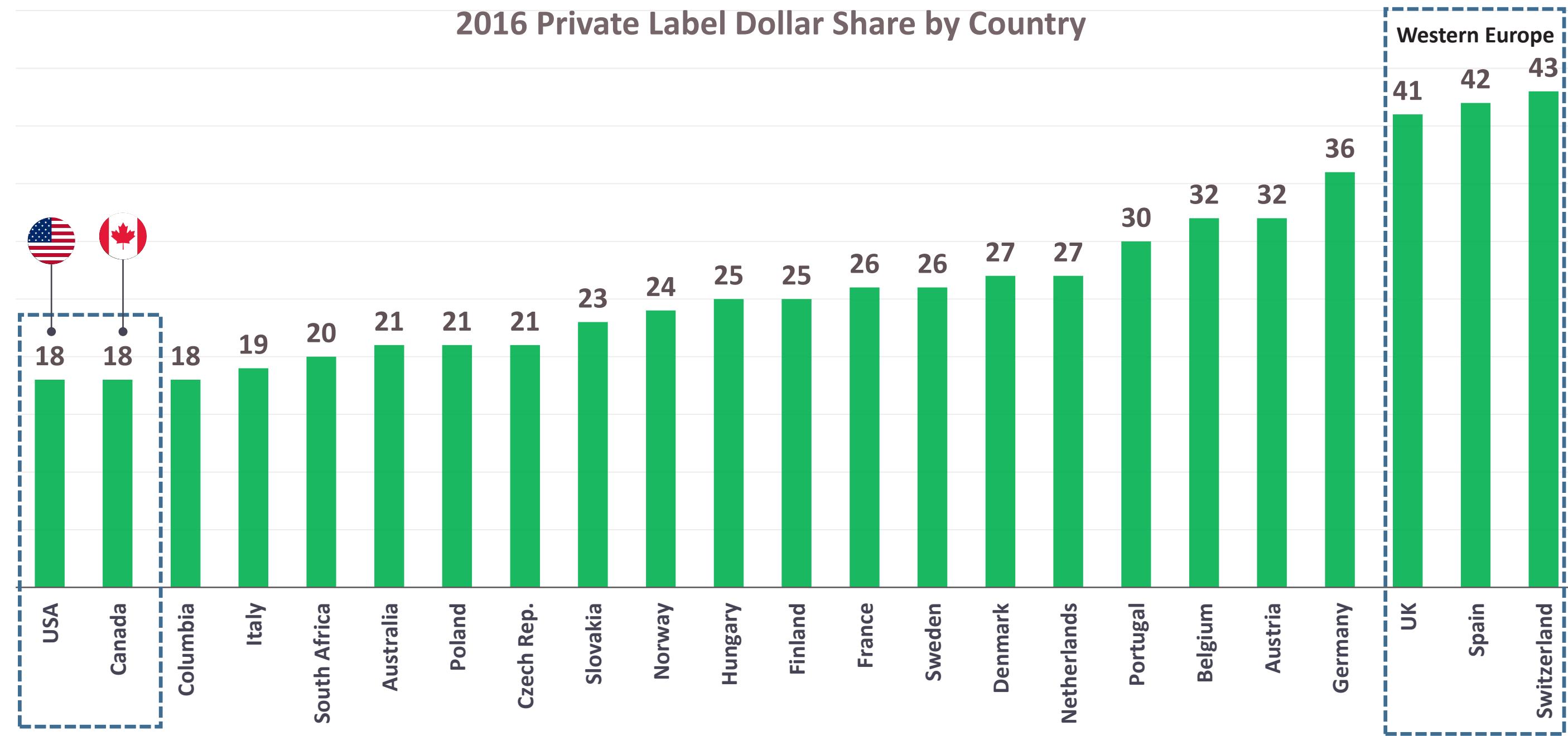
“

By 2020, we intend to have 50% of our own-brand sales coming from healthier products. We are the only retailer that dares to set a hard target of this kind.

DICK BOER  
Ahold Delhaize CEO  
Q2 2018



# EUROPEAN PRIVATE LABEL PENETRATION INDICATES UPSIDE OPPORTUNITY IN NORTH AMERICA



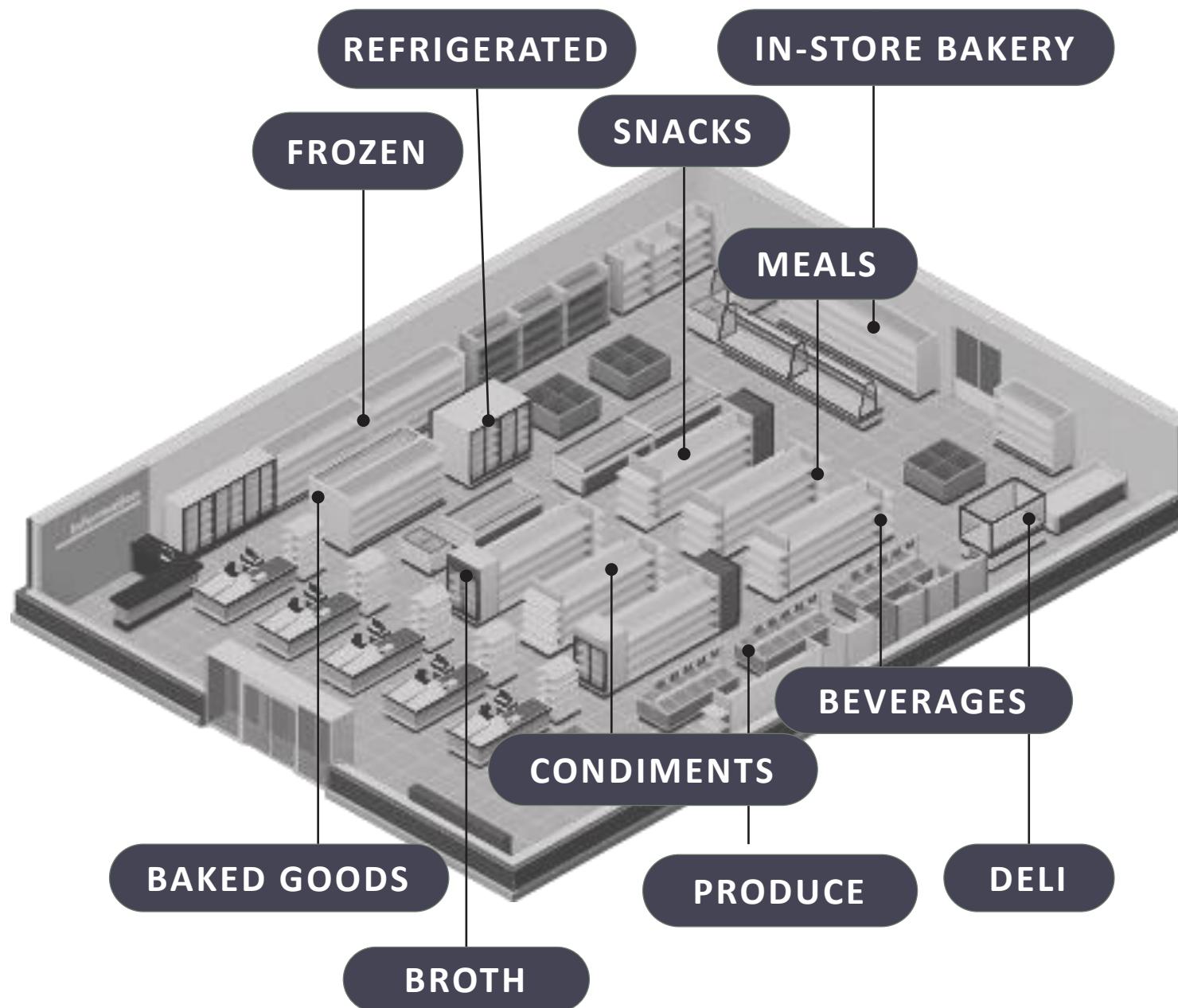
# WE HAVE AN UNMATCHED PORTFOLIO ACROSS 32 FOOD & BEVERAGE CATEGORIES

BAKED GOODS	BEVERAGES	CONDIMENTS	MEALS	SNACKS
Refrigerated Dough  	Creamers  	Pickles  	Pasta  	Snack Nuts  
Griddle  	Powdered Beverages  	Pourable Dressings  	Dry Dinners  	Trail Mix  
In-Store Bakery 	SS Beverages  	Preserves  	Boullion 	Bars  
Pita 	Liquid Beverages 	Tomato Sauces  	Hot Cereal  	
Pretzels  	Other Blends  	Spoonable Dressings 	RTE Cereal  	
Cookies	Broth  	Salsa  		
Crackers  	Tea 	Syrups		
Other		Cheese/Pudding		
		Sauces		

 Indicates an area where we are #1 in private label  
 Indicates Clean Label or Better-For-You Offerings

PRIVATE LABEL LEADERSHIP POSITIONS IN 22 CATEGORIES  
 CLEAN LABEL AND BETTER-FOR-YOU IN 26 CATEGORIES

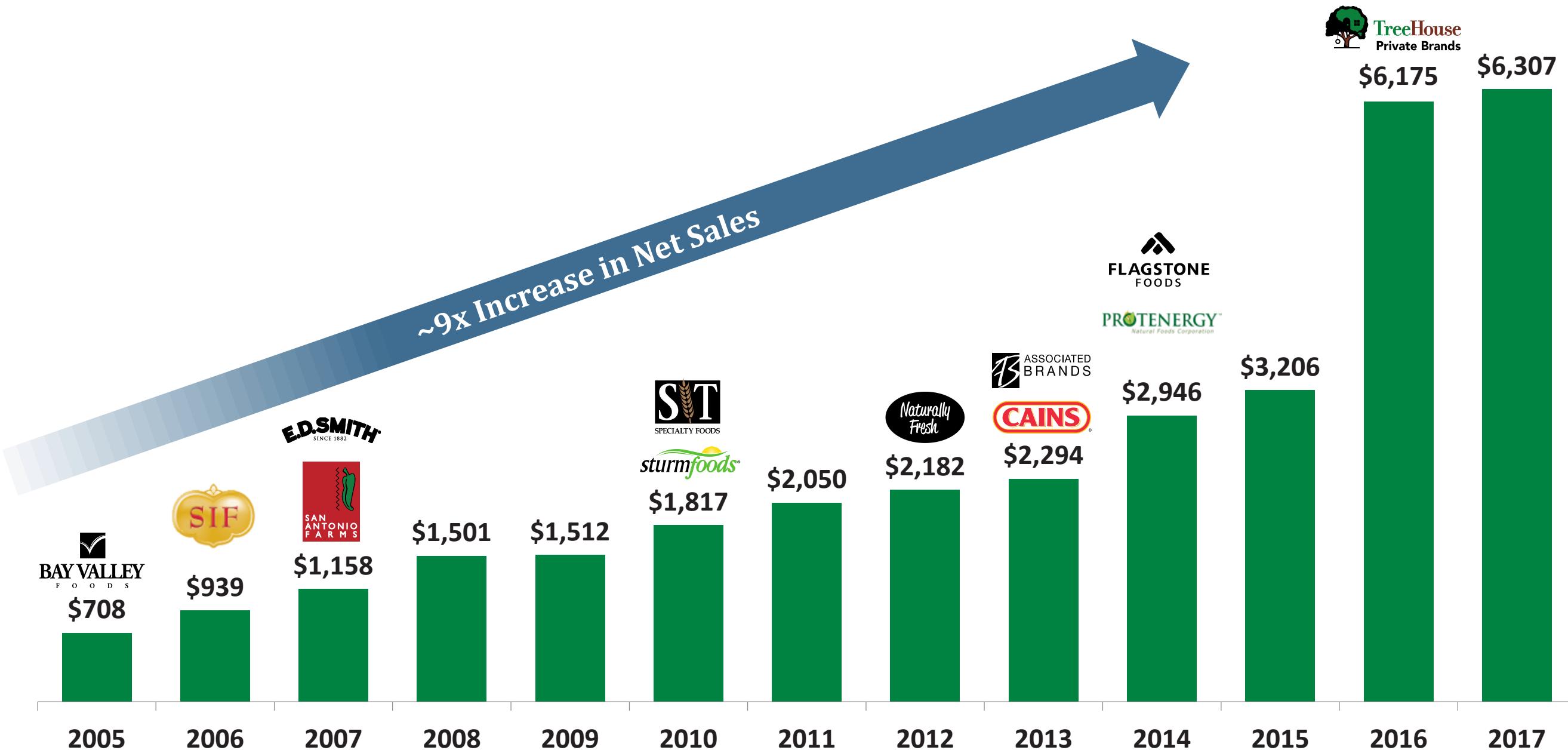
# WHERE WE ARE IN THE STORE



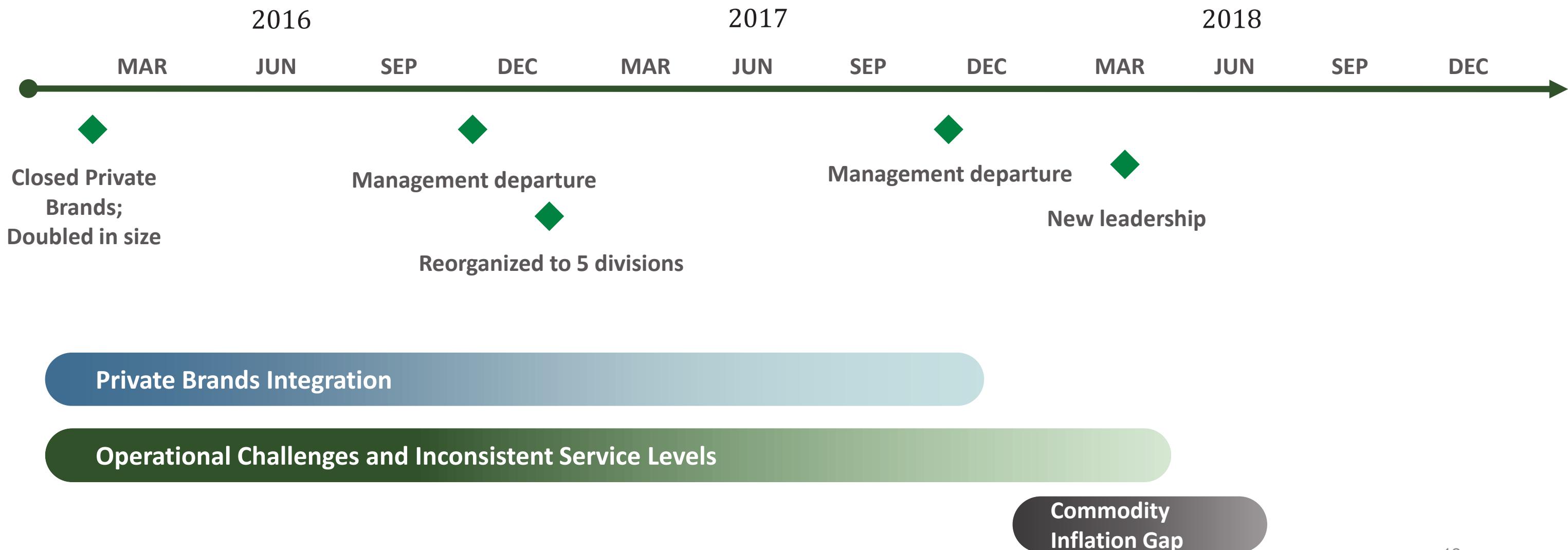
## ADDING CAPACITY

- Single serve coffee and tea
- Frozen waffles
- Snack bars
- Broth
- Ready-to-drink beverages

# WE HAVE GROWN TO BE THE LARGEST PRIVATE LABEL FOOD & BEVERAGE MANUFACTURER IN NORTH AMERICA



# FOLLOWING THE PRIVATE BRANDS ACQUISITION, WE FACED MULTIPLE CHALLENGES



# FOUNDATION INVESTMENTS THROUGH TREEHOUSE 2020

ANNOUNCED AUGUST 2017

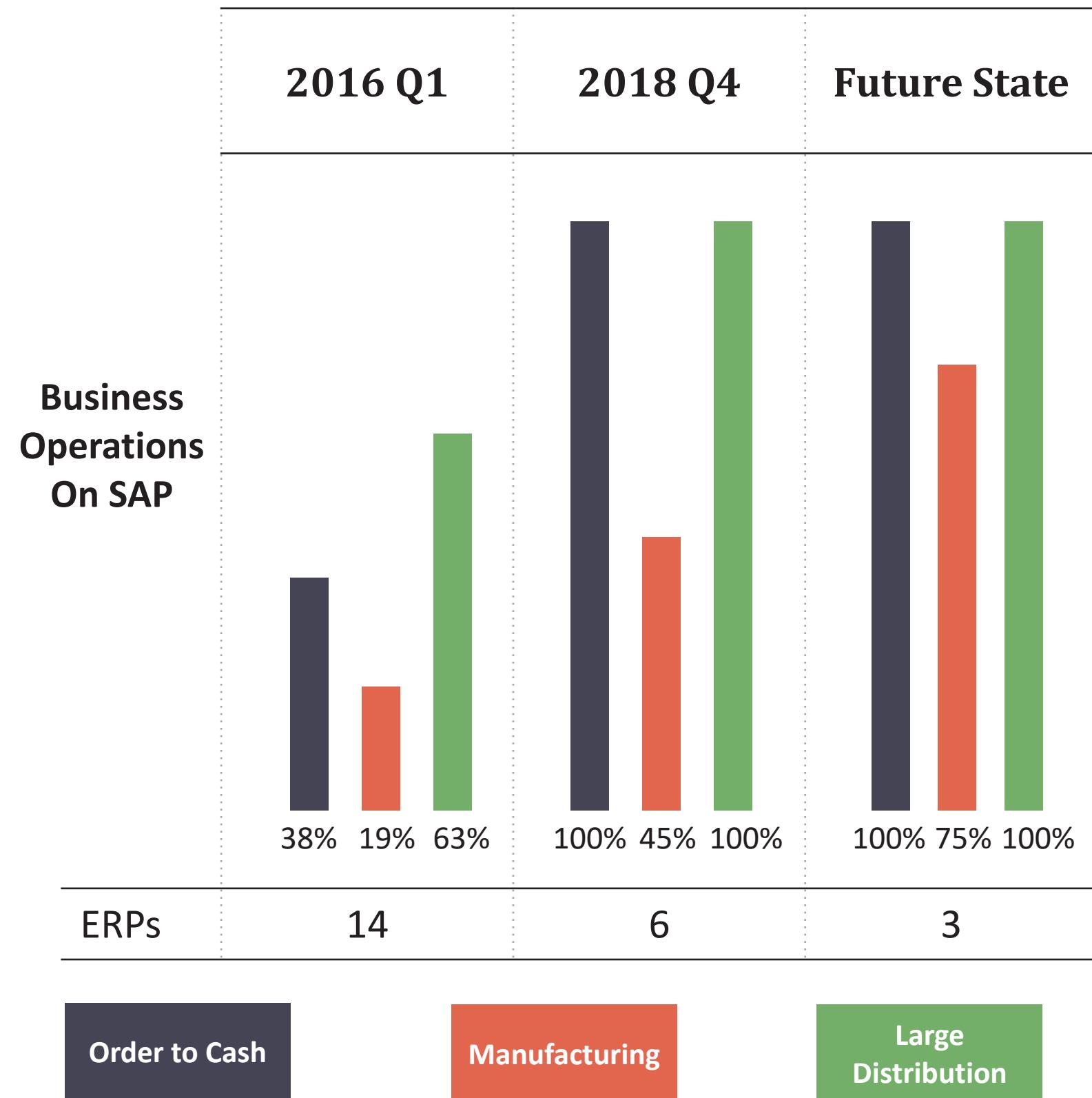
## PROGRESS TO DATE

SIMPLIFY THE PORTFOLIO	OPTIMIZE THE NETWORK	INCREASE AGILITY IN DELIVERY	BUILD CONTINUOUS IMPROVEMENT CULTURE	SYSTEMS SIMPLIFICATION
				
<b>SKU REDUCTION</b> 27% of SKUs Sold McCann's	<b>PLANT CLOSINGS</b> Ayer, MA Azusa, CA Ripon, WI Delta, BC Brooklyn Park, MN Plymouth, IN Dothan, AL (partial)  Announced/Ongoing Battle Creek, MI Visalia, CA	<b>WAREHOUSE CONSOLIDATION</b> Down 10% by YE18	<b>TMOS</b> ( <i>TreeHouse Management Operating Structure</i> ) 14 plants by YE18 All plants by YE20  Dedicated Continuous Improvement Group	<b>IT PLATFORMS</b> 100% Order-to-Cash by YE18 2016: 13 mfg ERPs 2018: 6 mfg ERPs

# INFORMATION TECHNOLOGY CAPABILITIES ARE IMPROVING RAPIDLY

## IMPROVEMENTS AND BENEFITS

- Customer service
- Forecasting
- Inventory management
- Data visibility
- Shortened financial close from 14 days to 7
- More timely, better informed decision making

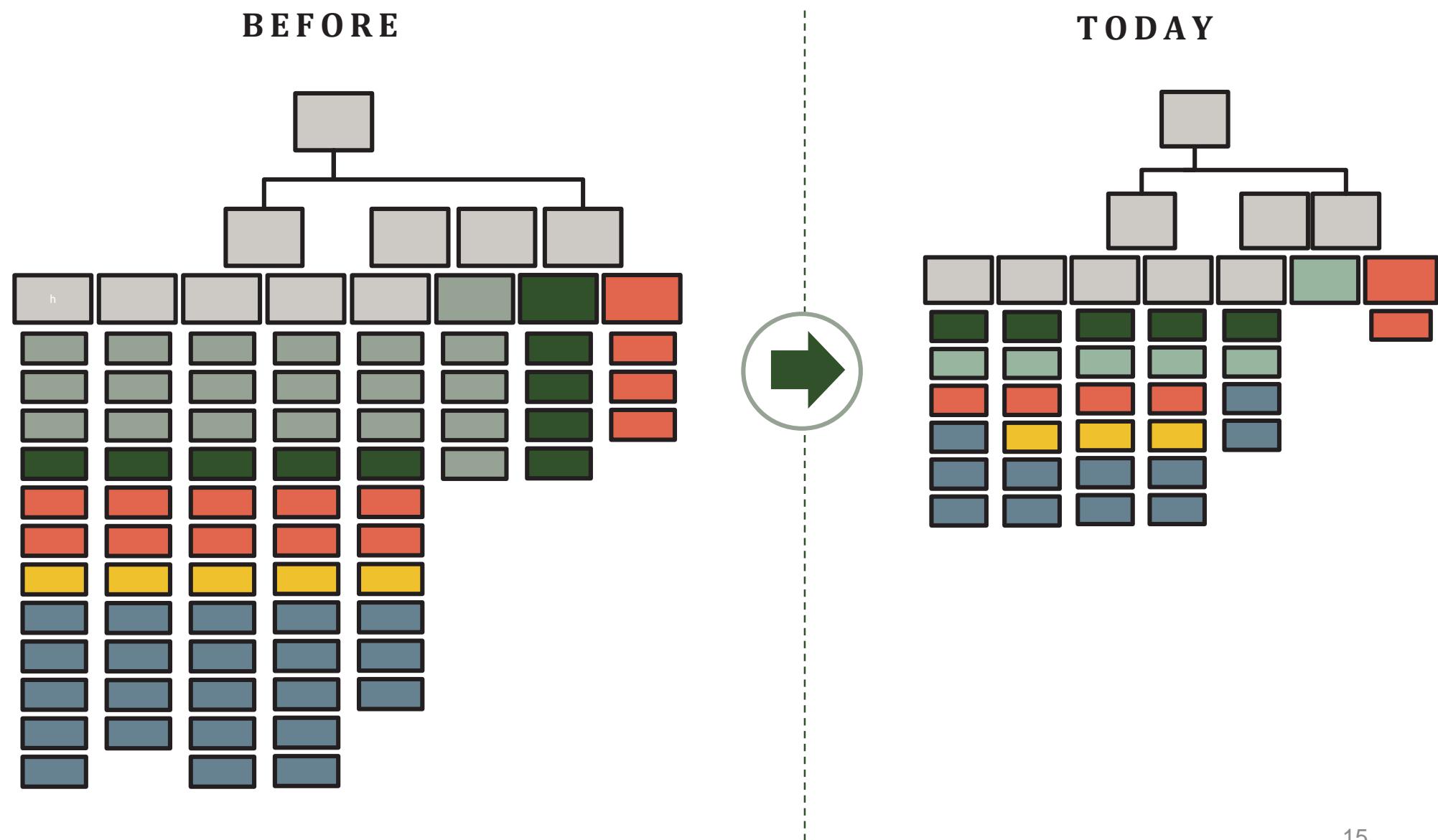


# STRUCTURE TO WIN HAS SIGNIFICANTLY STREAMLINED OUR ORGANIZATION

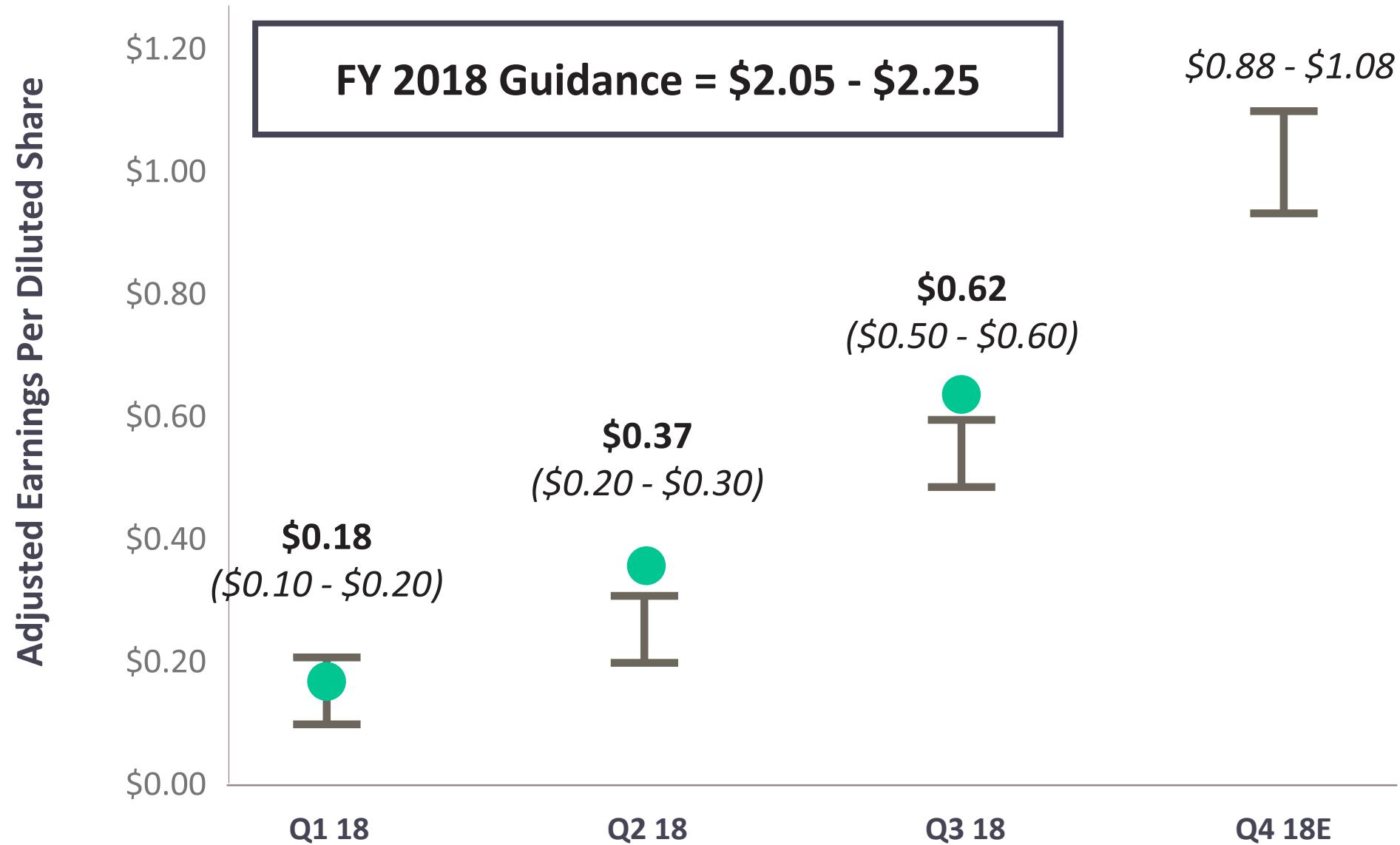
Announced SG&A  
restructuring Feb 2018

Original goal was  
\$30m in FY 18 and  
\$55m run rate

We expect to achieve  
>\$55m in Structure to Win  
savings in 2018



# DELIVERING ON COMMITMENTS



*Adjusted earnings per diluted share is a non-GAAP measure. A reconciliation to the most comparable GAAP measure is provided in the Appendix.*

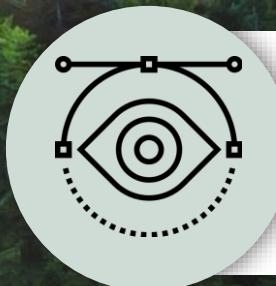
# A NEW TREEHOUSE

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## **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

# FOUR-POINT ENTERPRISE STRATEGY, WITH FINANCIAL AND CULTURAL COMPONENTS



# THE WAY FORWARD

## CUSTOMER CENTRIC CULTURE



### OPERATIONAL EXCELLENCE

#### DELIVER THE BENEFITS OF SCALE

Pivot THS2020 to more rapid payback projects

From plant closures to accelerated TMOS rollout

Manufacturing, logistics and distribution excellence



### COMMERCIAL EXCELLENCE / PEOPLE & TALENT

#### FOCUS ON THE CUSTOMER

4 divisions

Best in class go-to-market capability

Optimize administrative footprint

Further SG&A reductions



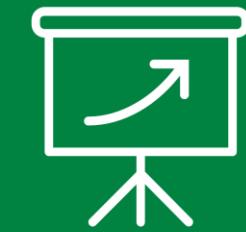
### OPTIMIZED PORTFOLIO

#### IMPROVE THE PROFILE OF THE PORTFOLIO

Strategic review of Snacks

Evaluate additional divestitures of up to \$300m in revenue

Provides ~ 200 bp EBITDA margin improvement with negligible EPS reduction



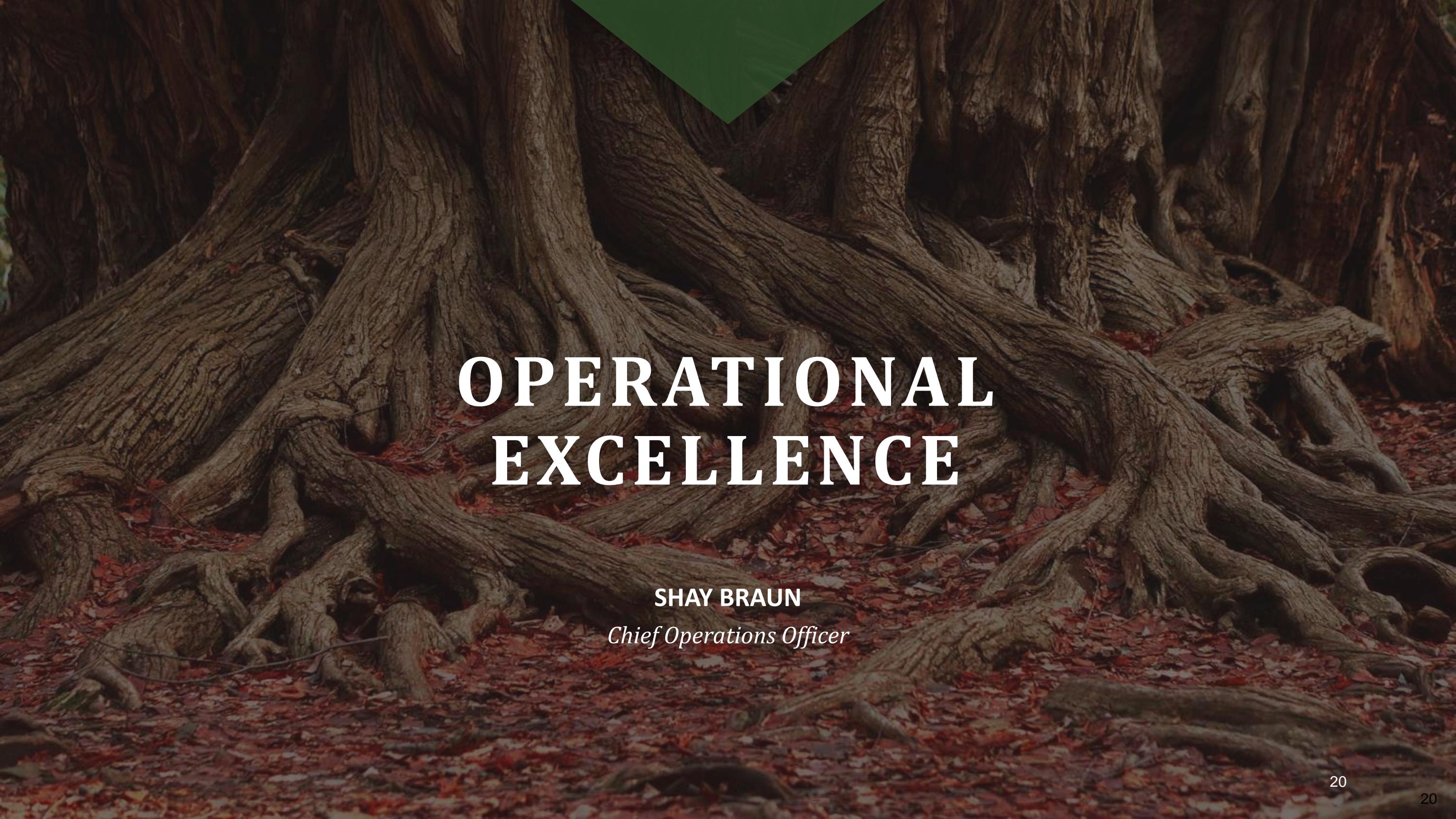
### REVENUE & EARNINGS GROWTH

#### RETURN TREHOUSE TO GROWTH

1-2% revenue growth post 2019

>10% EPS growth

Smaller bolt-on synergistic acquisitions over time

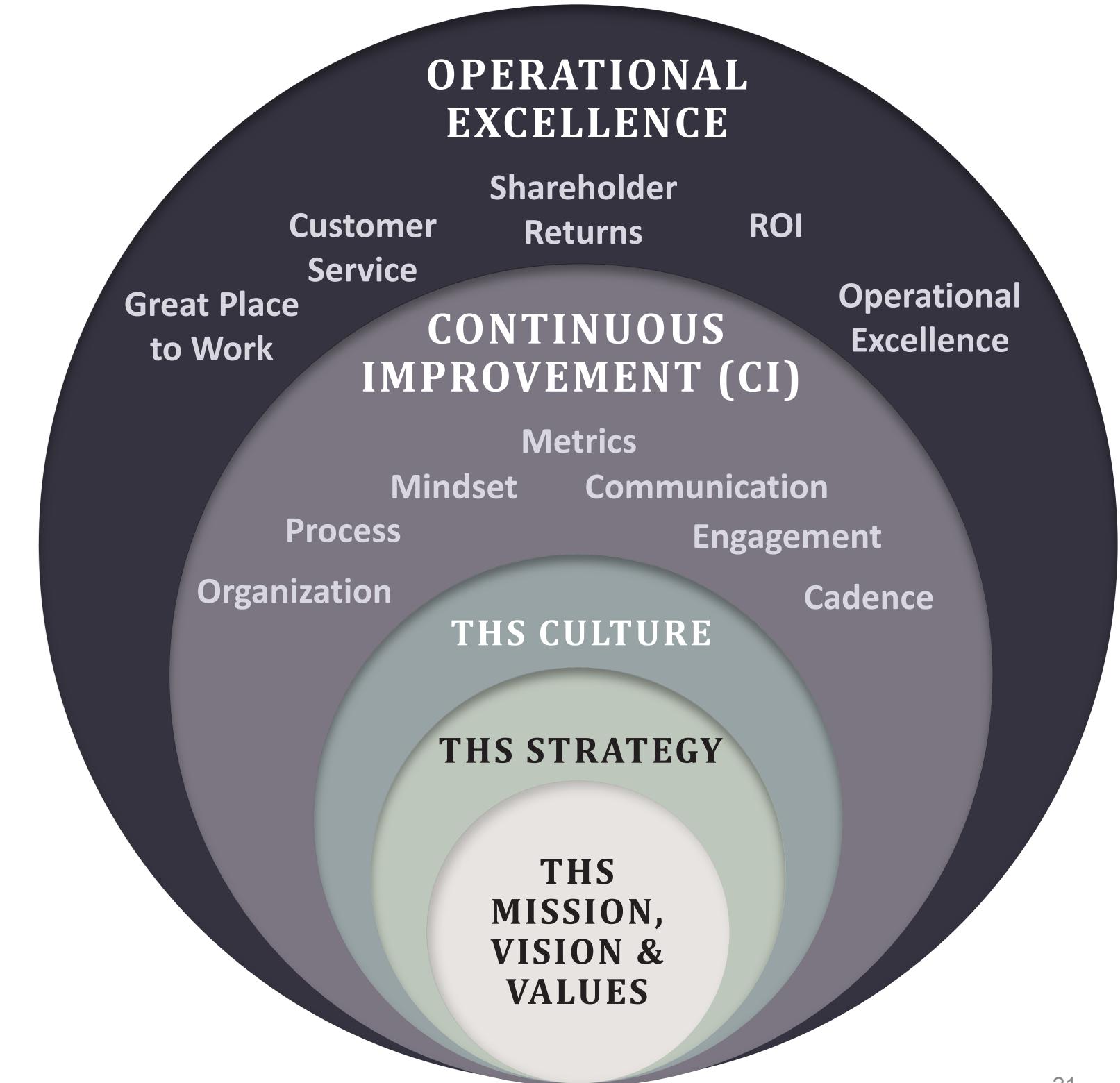


# OPERATIONAL EXCELLENCE

SHAY BRAUN

*Chief Operations Officer*

# CONTINUOUS IMPROVEMENT IS INTEGRAL TO THE SUPPLY CHAIN



# FOSTERING A HIGH PERFORMANCE CULTURE OF CONTINUOUS IMPROVEMENT



## PEOPLE

Engage  
Educate  
Enable



## SAFETY

Target zero injuries  
Trusted by consumers



## QUALITY

Consistency  
Delight consumers



## SERVICE

On time & in full on  
the original order  
Distribution excellence



## WINNING MINDSETS

High performance  
Zero based



## ELIMINATE WASTE

All waste is  
compressible



## CREATE VALUE

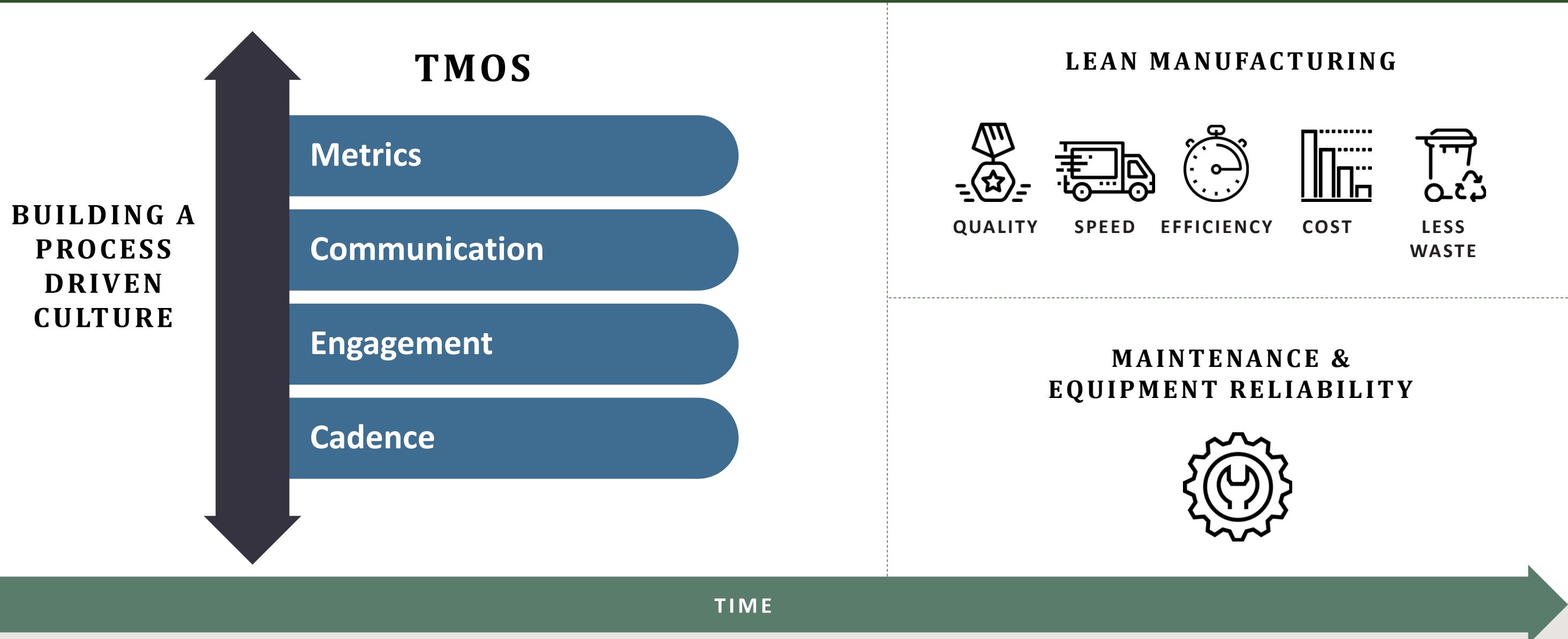
Build capacity for  
growth



## CONTROL COST

Maintain discipline

# MANUFACTURING IS ON A CONTINUOUS IMPROVEMENT JOURNEY



# TMOS IS DRIVING SUPERIOR RESULTS

## IMPLEMENTATION SUMMARY

	2018 GOAL	COMPLETE BY YE18
# Sites Full TMOS	12	14

## COST SAVINGS INITIATIVES\*

2018E	14 TMOS	32 NON-TMOS
Better than Budget	72%	41%

## PLANT PERFORMANCE SUMMARY

METRICS	COMPLETED TMOS SITES
Safety	Improved ~11% vs. PY
Quality	50% improvement vs. PY
Service	Improved to 98%
Cost	~5% better than budget

# PIVOT FROM PLANT CLOSURE FOCUS TO ACCELERATED TMOS ROLL-OUT

WORKSTREAM	PLANT/LINE NETWORK OPTIMIZATION	TMOS FULL IMPLEMENTATION
<b>Payback timeframe</b>	<b>2-3 years</b>	<b><math>\leq</math>1 year</b>
To date	6 closures	14 plants
YE19	2 closures (Visalia, Battle Creek)	29 plants
YE20	46 plants	All N. America plants

WE REMAIN COMMITTED TO 300 BPS OF MARGIN IMPROVEMENT THROUGH 2020  
GIVEN CONSTANT VOLUME, PRICE & MIX

# SUSTAINING A CONTINUOUS IMPROVEMENT CULTURE TAKES RESULTS, REPLICATION AND CELEBRATION



A dense forest of tall, dark evergreen trees. Sunlight filters through the canopy in bright, golden rays, creating a dramatic play of light and shadow. The trees are tightly packed, their dark green needles contrasting with the bright light.

VIDEO



# COMMERCIAL EXCELLENCE

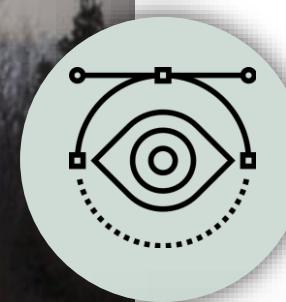
MOE ALKEMADE  
*SVP & Chief Strategy Officer*

# A NEW TREEHOUSE



## PURPOSE

Make high quality food and beverages affordable to all



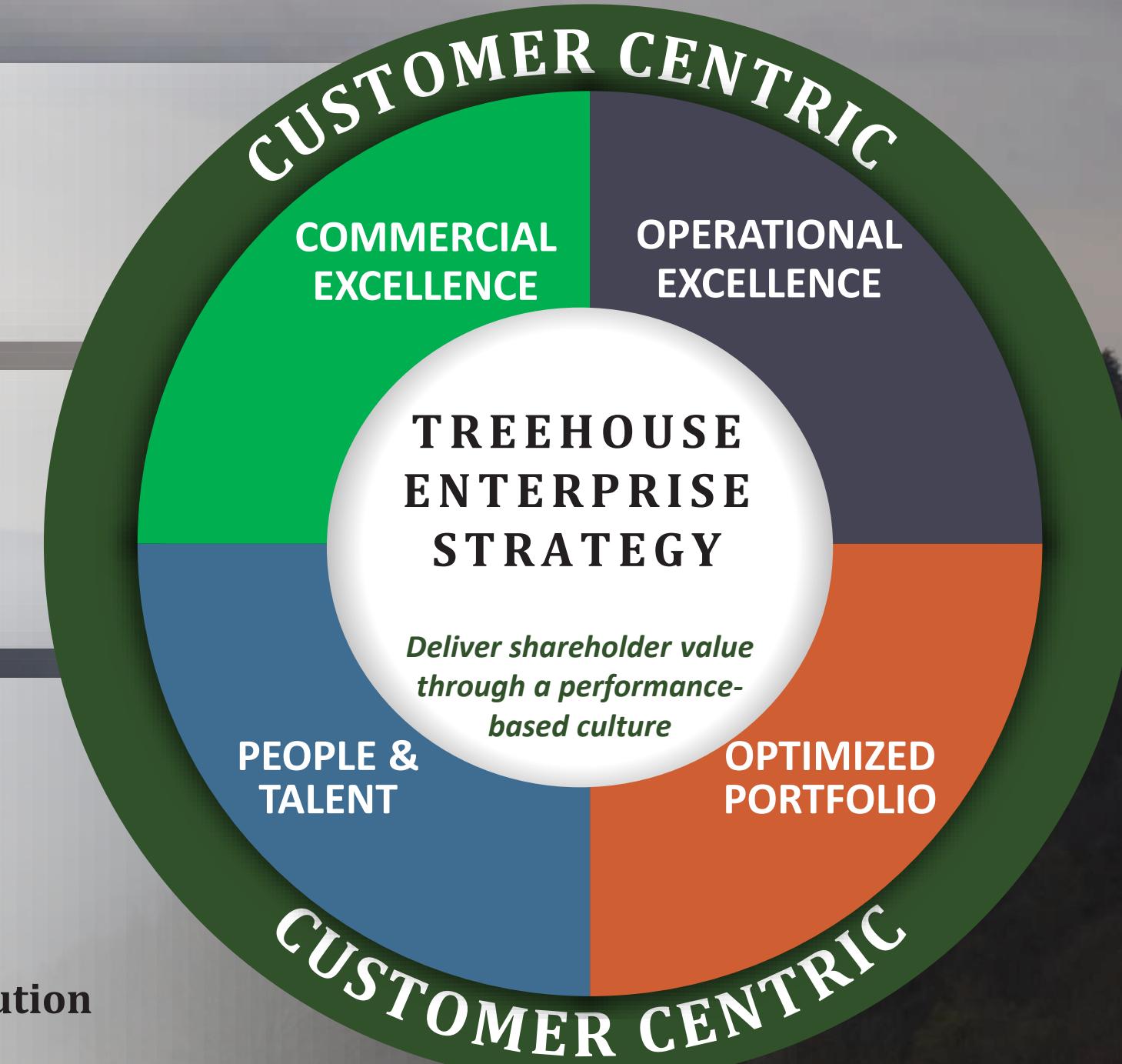
## VISION

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



# WHAT IT MEANS TO BE A SOLUTIONS PROVIDER



## UNDERSTAND OUR CUSTOMERS' NEEDS

Consumer dynamics  
Shopper Demographics  
Understand the channel



## EXECUTION

Commercialization  
Customer service  
Supply chain solutions



## QUALITY AND SAFETY

Certifications  
Verifications  
Monitoring  
Documentation



## COMPETITIVE COSTS

Scale  
Transparency



## INNOVATION

Organic  
Better-for-you  
Clean label  
Premium  
Packaging  
Flavors

# PRIVATE BRANDS CONTINUE TO EVOLVE

## CUSTOMERS' PRIVATE BRANDS MODELS

### VALUE-BASED PRIVATE BRANDS

Profit driver  
Consumer compares prices on shelf  
Basic items and formats

Price

Customer Service

### EMERGING PRIVATE BRANDS STRATEGY

Variable development by category  
Occasional price tiers  
Retailer incentives may be mixed

Price

Category Management

Customer Service

### EXPERIENCE-BASED PRIVATE BRANDS

Differentiator for retailers  
Consumer is engaged store-wide  
Innovative and differentiated products

Price

Category Management

Customer Service

Innovation

## HOW WE RESOURCE

# WE NEED TO UNDERSTAND OUR CUSTOMERS' EVOLVING CHALLENGES



E-commerce

Urbanization

Income  
polarization

Health and  
wellness

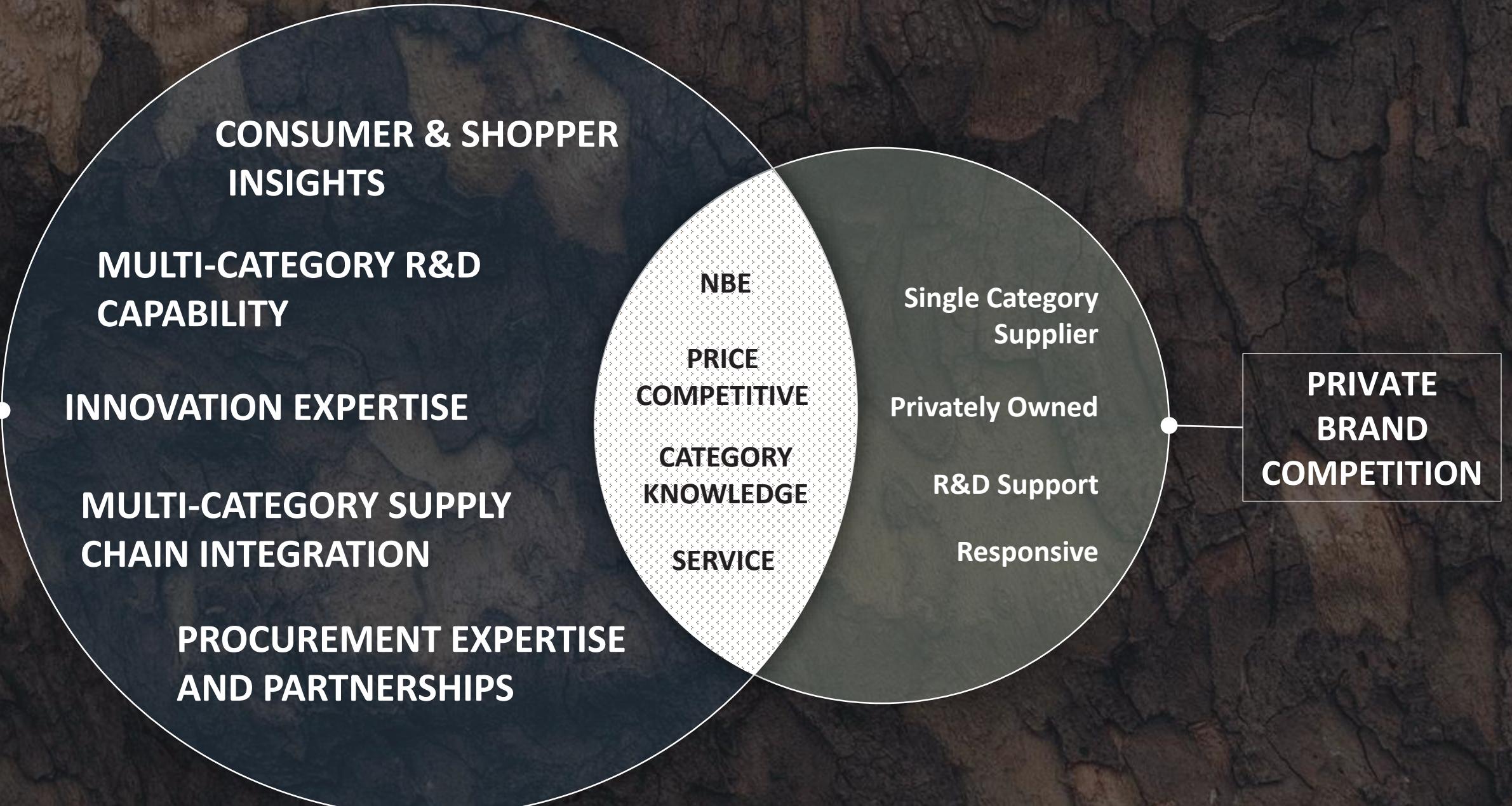


Today's Retail  
Challenges

In-store  
experience  
and  
customization

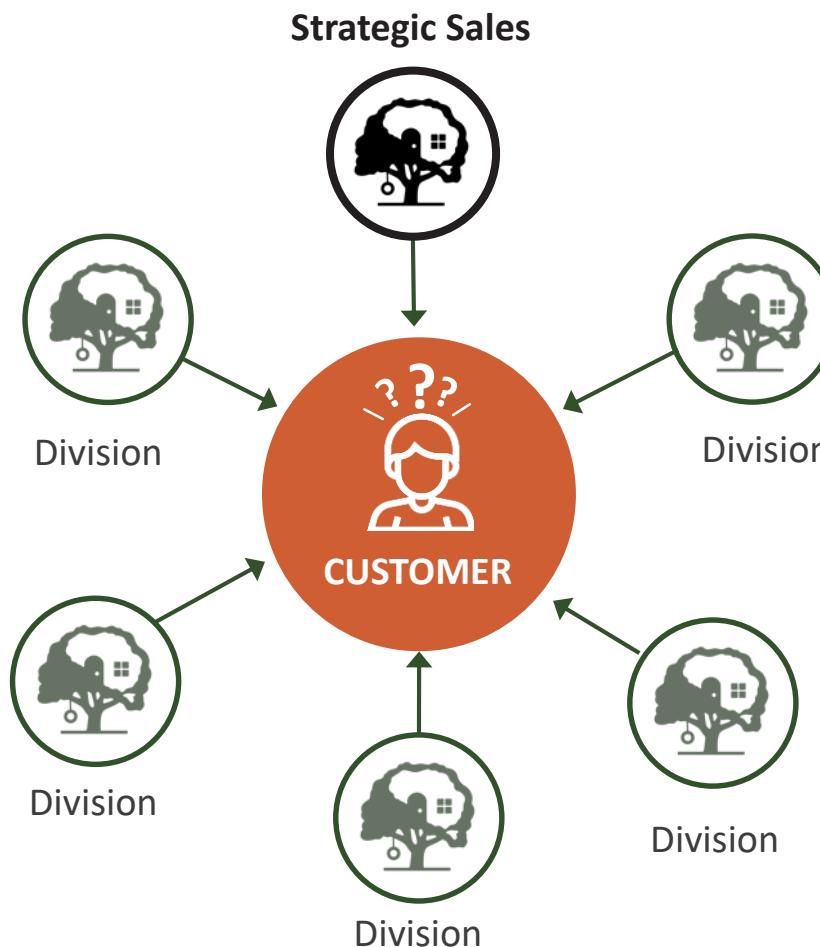
Perimeter  
execution

# HOW WE LEVERAGE SCALE

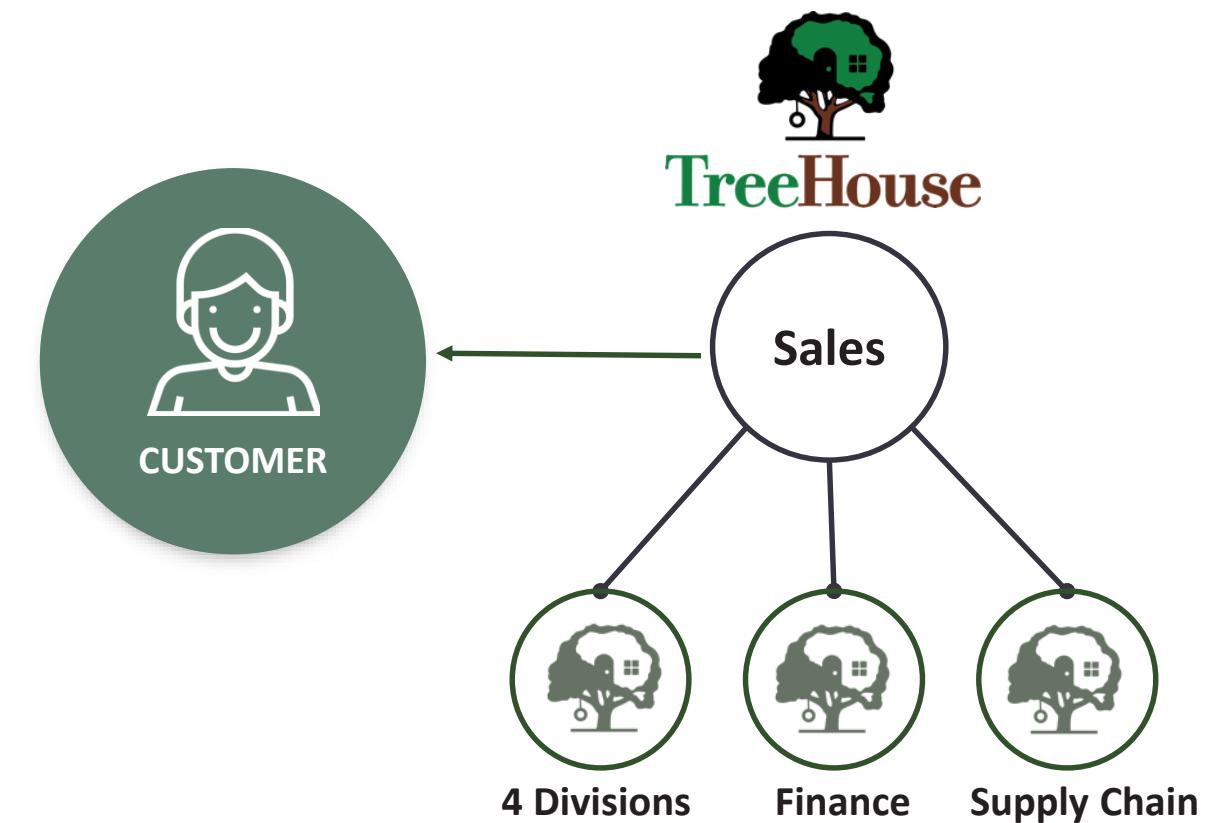


# OPTIMIZING THE GO-TO-MARKET PLATFORM

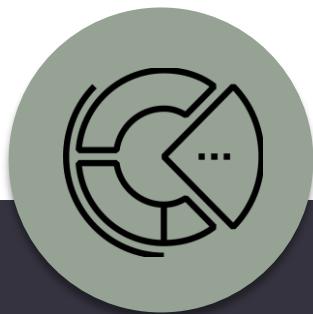
Approached the Customer as  
5 Divisions Plus Strategic Sales Lead



One Face to Each Customer With Clearly  
Aligned Resources and Ownership



# OUR GO-TO-MARKET PLATFORM WILL LEAD US TO STRONGER, MORE VALUABLE PARTNERSHIPS



## GROW SHARE

*Capturing additional distribution where we have a right to win*



## GROW THE CATEGORY

*Creating successful products that lead to organic growth and stable margins*



## INNOVATION AND ADJACENCIES

*Lead the development of private brands into new categories and formats*



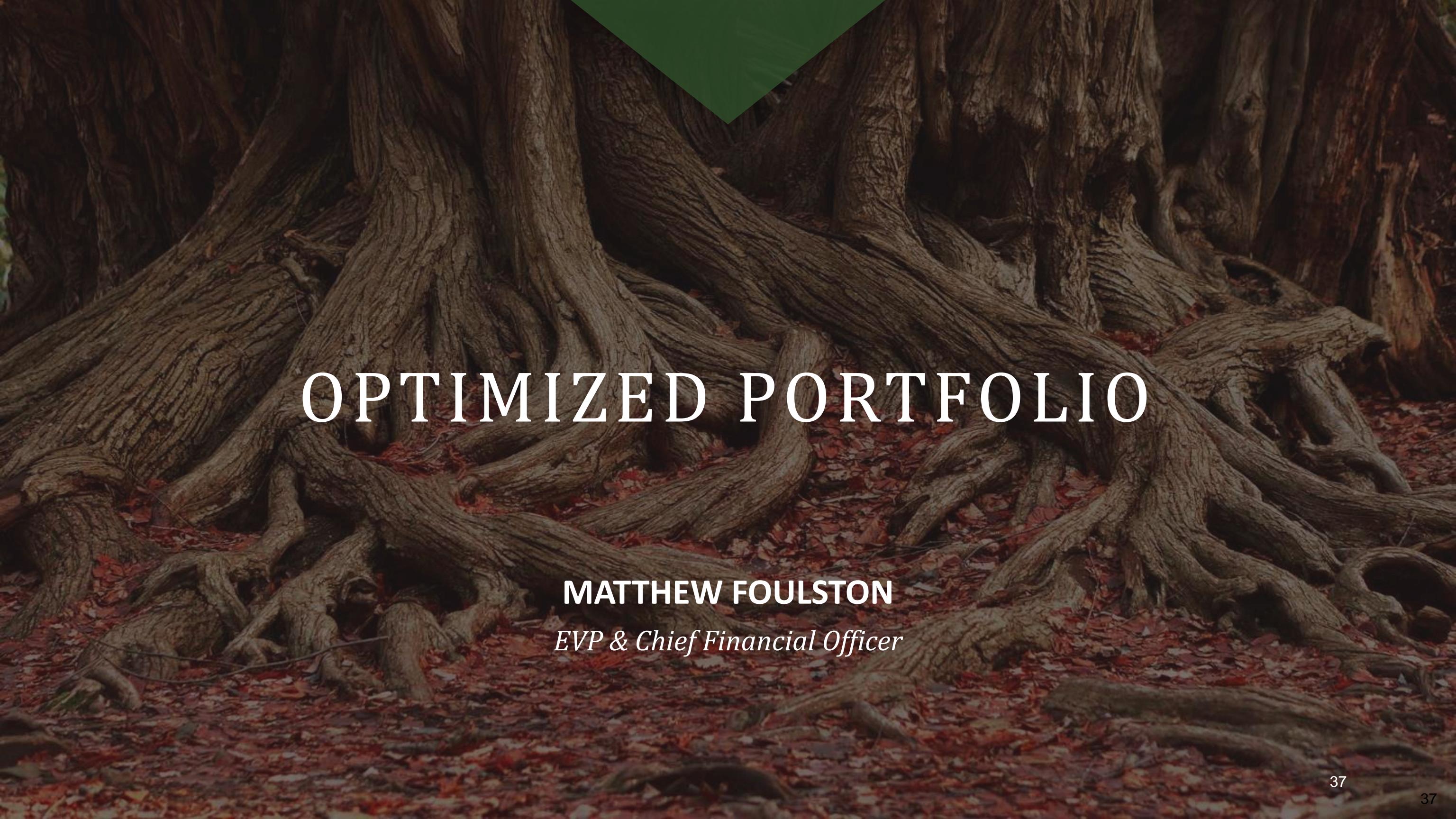
# COMMERCIAL AND OPERATIONAL EXCELLENCE ALIGNS ALL OF OUR PEOPLE AND CULTURE

PERFORMANCE  
BASED CULTURE

Aligned  
incentives

Clear decision  
ownership

Strong  
operating  
principles



# OPTIMIZED PORTFOLIO

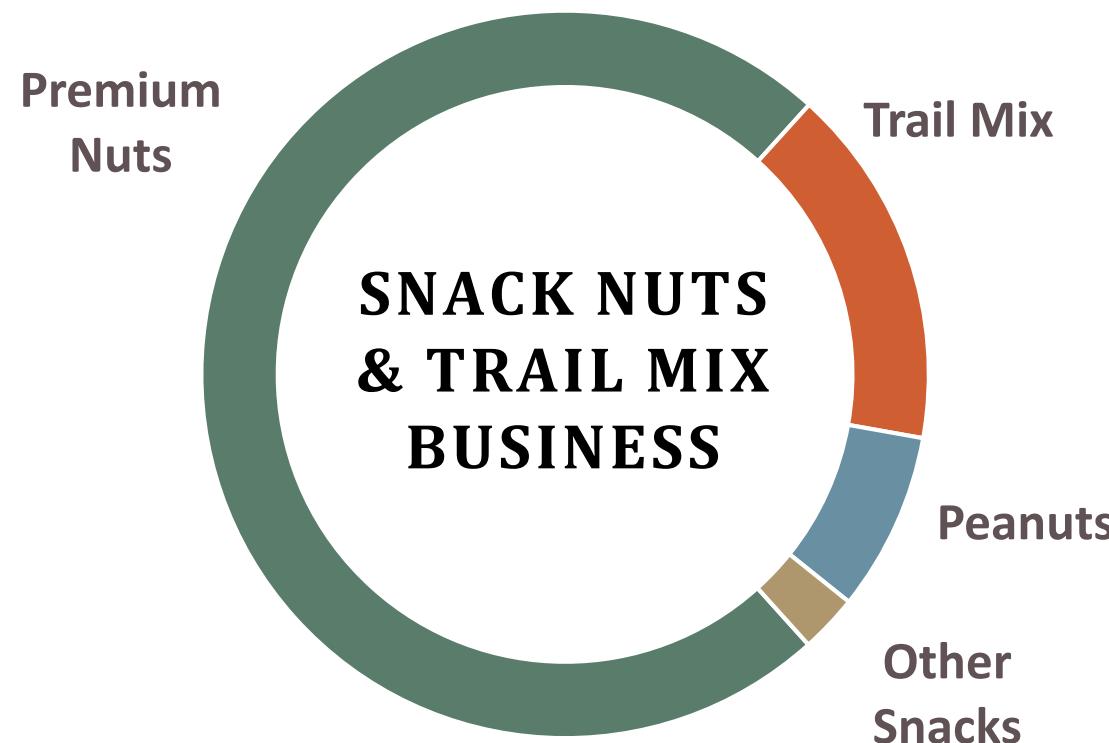
**MATTHEW FOULSTON**

*EVP & Chief Financial Officer*

# EXAMINING AND RESHAPING OUR PORTFOLIO



# STRATEGIC REVIEW OF SNACK NUTS & TRAIL MIX



*\* Does not include bars*

## OVERVIEW

**#1**  
share in private label  
snack nuts and trail  
mix segments

**~\$1B**  
2018E net sales

**4**  
strategically located  
manufacturing  
plants with broad  
capabilities

**~4%**  
2017-2022 U.S.  
private label nut  
and trail mix  
forecasted CAGR

**~1,200**  
dedicated employees

**25**  
customers  
account for 95%  
of the revenue



# SNACKS DIVISION

## NEW LEADERSHIP TEAM

**PRESIDENT**

**SVP, GENERAL  
MANAGER**

**VP, SALES**

**VP, OPERATIONS**

**VP, FINANCE**

# ILLUSTRATIVE 2018 FINANCIALS

*Excluding snack nuts & trail mix and ~\$300m of additional divestitures*

	FY 18E	STRATEGIC CONSIDERATIONS	ILLUSTRATIVE 2018
Sales	\$ 5,800	— \$ (1,300) —	~ \$ 4,500
Adj EBITDA Margin	8 – 9%	— + 200 bps —	~ 10 – 11%
Adj EPS (midpoint)	\$ 2.15	— \$ (0.09) —	~ \$ 2.06

*Considers divestiture impact only and does not include THS2020 margin improvement initiatives underway*

- A smaller business at \$4.5B
- Substantially improved margin structure
- Negligible EPS impact
- Provides material opportunity to de-lever
- Baseline for organic and acquisitive growth
- Allows us to focus our resources on fewer, better margin expansion efforts

WE WILL CONTINUE TO BE NORTH AMERICA'S PREEMINENT  
PRIVATE LABEL FOOD & BEVERAGE COMPANY

# GUIDANCE

	2018	PRELIMINARY 2019
<b>Revenue</b>	~ \$ 5.8 B	\$ 5.45 - \$ 5.75 B
<b>Diluted EPS</b>	\$ 2.05 - \$ 2.25	\$ 2.35 - \$ 2.75
On 11/26/18, the IRS issued proposed regulations intended to clarify various aspects of the 2017 tax reform act. The impact of such has not been incorporated into the 2019 guidance.		

We expect the first half to be down as we lap some volume losses and reshape the portfolio. We anticipate new business wins to be reflected in the back half of the year.

The timing of closure for any potential asset divestitures is uncertain, so the guidance assumes a full year baseline. While potential asset sales will have a top line impact, the bottom line impact should not be material.

# 2019 PUTS & TAKES

## HEADWINDS

**Volume loss wrap in H1 19  
and plant absorption**

**Freight, packaging and  
commodity inflation**

**Investments for growth**

## TAILWINDS

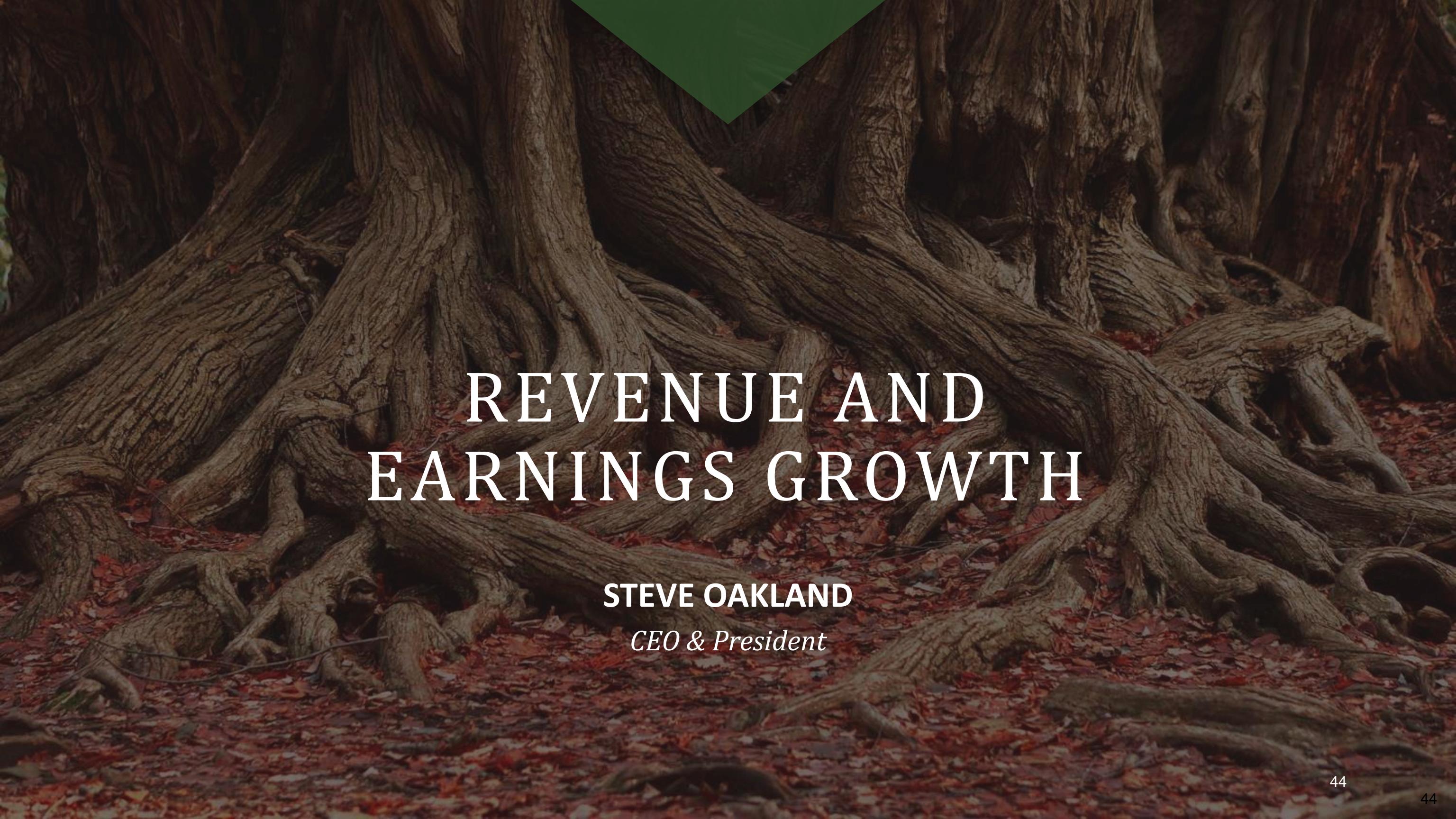
**THS 2020 and  
manufacturing savings**

**Initial pricing acceptance  
from customers is  
encouraging**

**Material SG&A reduction**

**Creamer business normalized**

**WE WILL INCREASE OUR FOCUS ON GROWTH IN THE SECOND HALF OF 2019**



# REVENUE AND EARNINGS GROWTH

STEVE OAKLAND

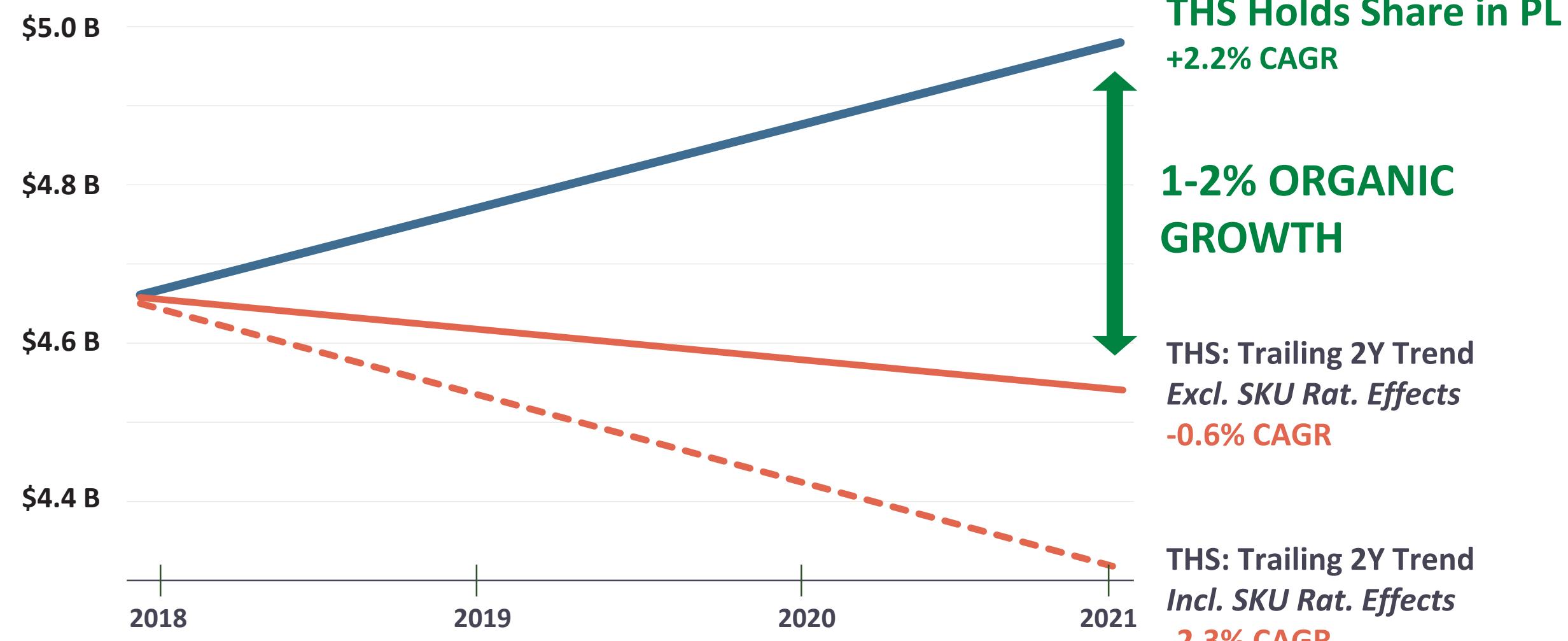
*CEO & President*

# THE PATH TO 1-2% ORGANIC GROWTH POST 2019

## THS Net Sales Scenarios

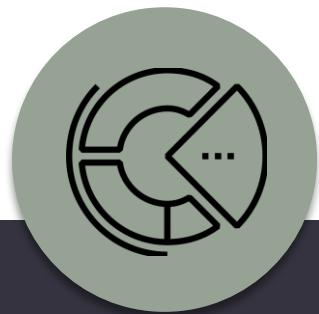
Excluding Snack Nuts / Trail Mix

(Extrapolated Based on Current 2Y CAGR, Excludes SIF)



Note: Retail CAGR uses IRI universe, with panel data for major untracked customers (Costco, Aldi, TJ), L52 as of Q3 2018.  
Hold share case assumes 2018-2019 % change is annualized. Certain small or newly-defined category growth rates unknown.

# WE MUST RE-IGNITE TOP LINE GROWTH



## GROW SHARE

*Capturing additional distribution where we have a right to win*



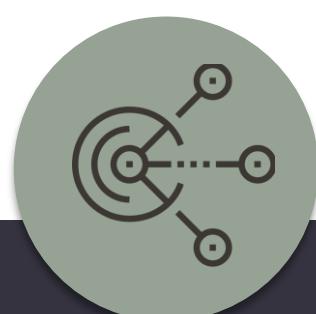
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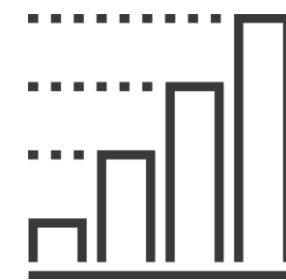
## ACQUIRE

*Bolt-on, smaller, synergistic, margin accretive acquisitions over time*

~\$ 1B PROFITABLE REVENUE OPPORTUNITY

# OUR STRATEGIC GROWTH GOALS BEYOND 2019

## REVENUE GROWTH



**1-2%**  
organic

## EPS GROWTH



**≥10%**

## CASH GENERATING CAPABILITY



**~\$300 million**

# CHANGE IS NECESSARY

## OUR PAST

## OUR FUTURE

Prioritize growth over margin

Be deliberate about what we sell and who we sell to

Roots in national brand equivalent (NBE)

Focus on innovation, differentiation and premium/clean label

Acquired new categories and platforms

Bolt on acquisitions: synergistic, smaller, higher margin/growth

Maintain entrepreneurship, operate independently

Selected divestitures

5 divisions

4 divisions

Individual businesses

Operational and commercial excellence

Decentralized operations

Centralized manufacturing, sales and shared services

Lacked consistent operating practices

100% THS Management Operating System (TMOS)

Limited data availability

Consistent data, enterprise-wide view

Less than 40% SAP Order to Cash

100% SAP Order to Cash today

13 ERP systems

3 ERP systems



Q&A

# A NEW TREEHOUSE



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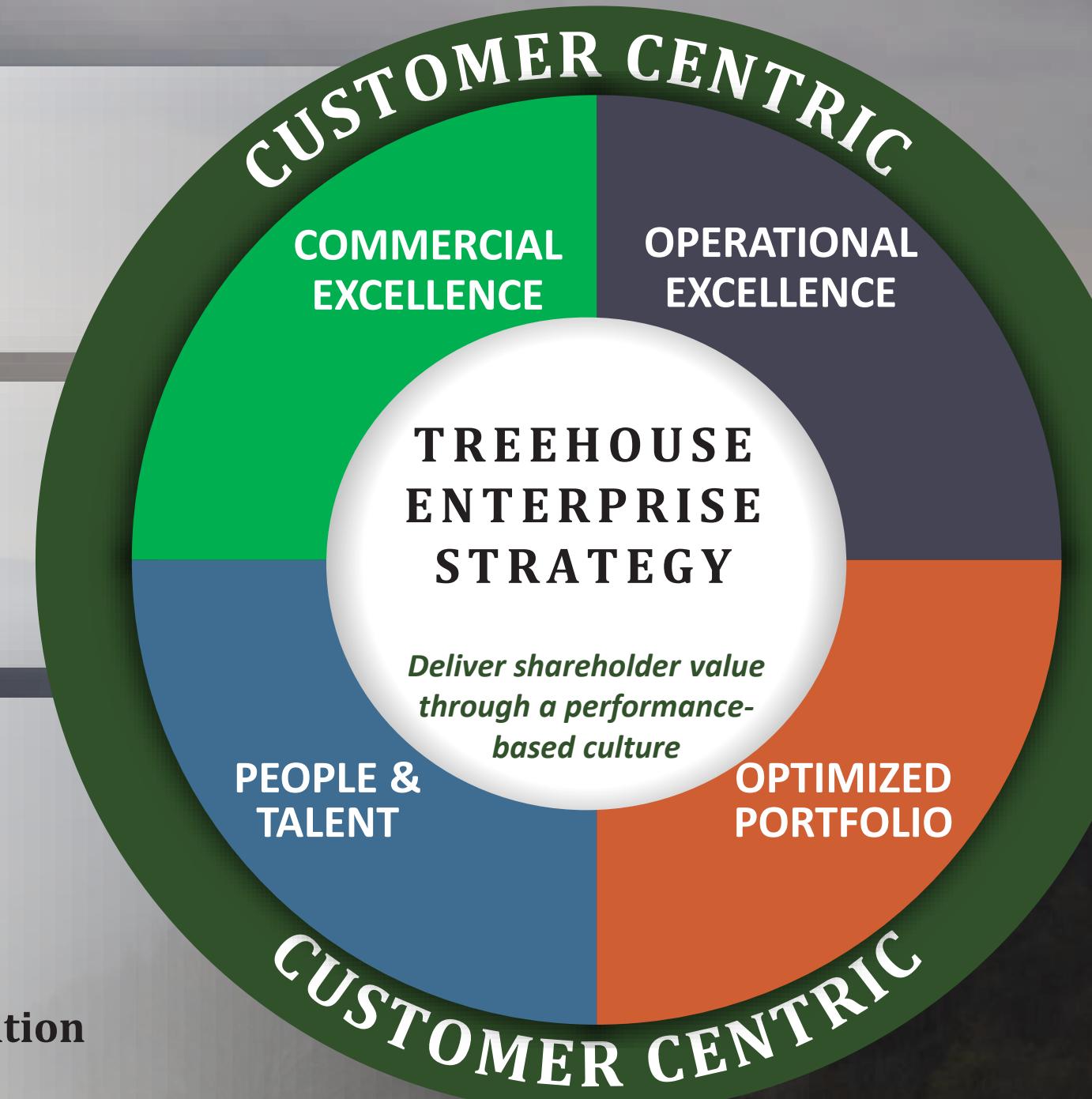
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Unmatched scale  
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Aligning with customers' private label growth aspirations

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Strengthen capabilities around commercial excellence

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**RETURN TREEHOUSE TO GROWTH OVER STRATEGIC TIMEFRAME**

1-2% organic growth  
EPS growth at or above 10%  
Relentless focus on organic growth and innovation  
Make smaller, bolt-on, synergistic acquisitions over time



# APPENDIX

**TREEHOUSE FOODS, INC.**  
**RECONCILIATION OF DILUTED EPS TO ADJUSTED DILUTED EPS**

	<b>Three Months Ended</b>		
	<b>March 31, 2018</b>	<b>June 30, 2018</b>	<b>September 30, 2018</b>
	<b>(unaudited)</b>		
Diluted (loss) earnings per share per GAAP	\$ (0.60)	\$ (0.36)	\$ 0.10
Restructuring programs	0.68	0.89	0.80
CEO transition costs	0.23	—	—
Mark-to-market adjustments	0.10	(0.13)	(0.07)
Foreign currency (gain) loss on re-measurement of intercompany notes	0.03	0.03	(0.02)
Acquisition, integration, divestiture, and related costs	—	0.02	(0.17)
Debt amendment and repurchase activity	—	0.09	0.03
Tax indemnification	—	0.02	0.12
Plant restoration	—	—	0.08
Taxes on adjusting items	(0.26)	(0.19)	(0.25)
Adjusted diluted EPS	<b>\$ 0.18</b>	<b>\$ 0.37</b>	<b>\$ 0.62</b>