



TreeHouse

Third Quarter 2018 Results & Outlook

November 1, 2018



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 this 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.

TreeHouse



Welcome & Overview

Steve Oakland
CEO & President



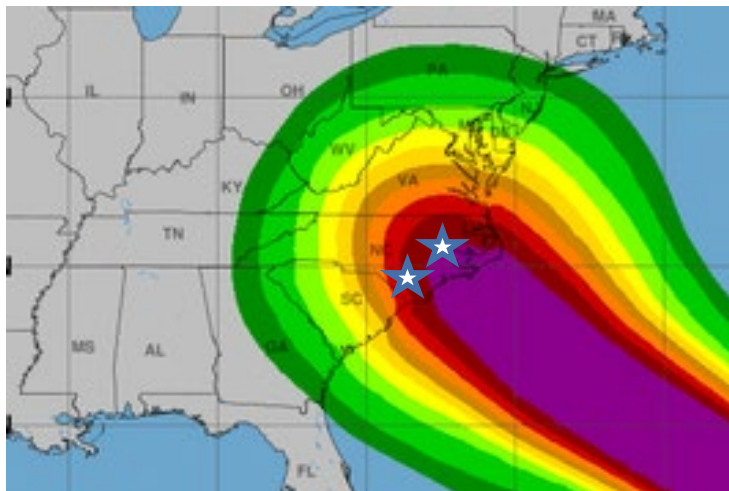
Continued Progress on Critical 2018 Deliverables

- ✓ Q3 adjusted EPS above guidance, despite unanticipated hurricane impact
 - ✓ Lower than expected tax rate benefit of \$0.04 (vs. Q3 guidance)
 - ✓ Sequential direct operating income margin improvement continues in Baked Goods, Condiments and Meals
 - ✓ Investor Day communication around strategy and preliminary 2019 outlook scheduled for December 11th in New York
 - ✓ TreeHouse Management Operating System (TMOS) rollouts continue
 - ✓ Plant closings, line shutdowns and warehouse consolidations tracking to plan
 - ✓ On track to be 100% SAP Order to Cash by year end
 - ✓ Structure to Win savings through Q3 exceed original full year target of \$30m
- FY 18 Guidance Refined
to \$2.05 - \$2.25**



Production and Crop Impact due to Hurricanes

Hurricane Florence



Hurricane Michael



Hurricane	Timing	Location	Description	# Shifts Lost
Florence	September	Robersonville	Temporary closure	15
		Faison	Temporary closure	16
		Pickle crop loss	Availability / cost	NA
		Warehouses (3)	Temporary closure	22
Michael	October	Dothan	Temporary closure	4
		Pickle crop loss	Availability / cost	NA



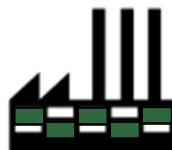
Restructuring and Cost Reduction Initiatives On Track

THS2020

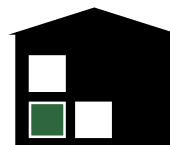
**SIMPLIFY THE
PORTFOLIO**



**OPTIMIZE THE
NETWORK**



**INCREASE
AGILITY IN
DELIVERY**



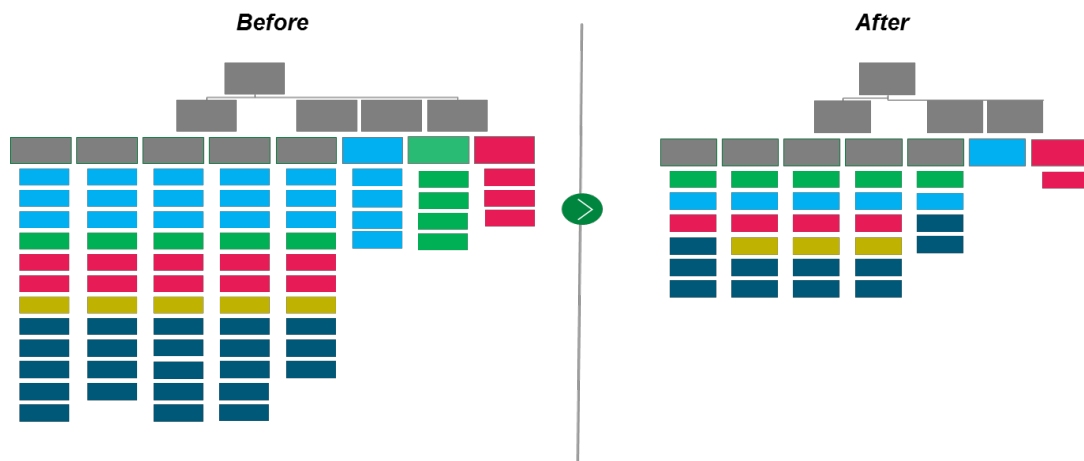
**BUILD
CONTINUOUS
IMPROVEMENT
CULTURE**



**LEVERAGE
SYSTEMS
ANALYTICS**



**Structure
to Win**





Financial Review & Outlook

Matthew Foulston

EVP & CFO



TreeHouse Q3 2018 Financial Performance

(\$ in millions)

	Q3 2018	Q3 2017	Change B/(W)	
			\$	%
Net Sales	\$ 1,394.0	\$ 1,548.8	\$ (154.8)	(10.0) %
Division Direct Operating Income (DOI)	154.7	166.9	(12.2)	(7.3)
Division DOI Margin	11.1 %	10.8 %	NA	0.3 pts
Items Affecting Comparability ¹	(40.3)	(21.5)	(18.8)	(87.4)
Corporate Unallocated	(83.5)	(87.8)	4.3	4.9
Total Corporate Unallocated Expense	(123.8)	(109.3)	(14.5)	(13.3) %
Net Income	5.4	28.8	(23.4)	(81.3) %
Adjusted EBIT ²	69.6	76.3	(6.7)	(8.8)
Adjusted EBIT Margin	5.0 %	4.9 %	NA	0.1 pts
Adjusted EBITDAS ²	132.5	148.0	(15.5)	(10.5)
Adjusted EBITDAS Margin	9.5 %	9.6 %	NA	(0.1) pts
GAAP Diluted EPS	\$ 0.10	\$ 0.50	\$ (0.40)	(80.0) %
Adjusted Diluted EPS ²	\$ 0.62	\$ 0.67	\$ (0.05)	(7.5) %

¹ Total includes amounts recorded in the net sales, COGS and operating expense lines of the Condensed Consolidated Statement of Operations related to restructuring programs; product recall reimbursement; acquisition, integration, divestiture and related costs; and plant restoration.

² A reconciliation of Adjusted EBIT, Adjusted EBITDAS, Adjusted Net Income and Adjusted Diluted EPS to the most comparable GAAP measure is provided in the Appendix.



Q3 Net Sales Decline of 7.5%, Largely Driven by Volume Loss in Snacks and Meals

	Percentage Change in Net Sales vs. Prior Year					
	<u>Baked Goods</u>	<u>Beverages</u>	<u>Condiments</u>	<u>Meals</u>	<u>Snacks</u>	<u>THS</u>
SKU Rationalization	(2.1) %	(1.6) %	(4.8) %	(2.0) %	(1.0) %	(2.3) %
Vol / Mix (excl. SKU Rationalization)	(5.3)	(1.4)	(2.7)	(11.0)	(22.8)	(8.9)
Pricing	2.4	(0.5)	3.1	3.0	0.2	1.7
Product Recalls	-	-	-	-	-	(0.1)
Divestitures	-	-	-	(0.9)	-	(0.2)
Currency	<u>(0.2)</u>	<u>-</u>	<u>(0.6)</u>	<u>-</u>	<u>-</u>	<u>(0.2)</u>
Total	<u>(5.2) %</u>	<u>(3.5) %</u>	<u>(5.0) %</u>	<u>(10.9) %</u>	<u>(23.6) %</u>	<u>(10.0) %</u>
Excluding SKU Rationalization and Divestitures						(7.5) %



Q3 Adjusted EPS of \$0.62; DOI Decline Largely Offset by Structure to Win Initiative

**Adjusted EPS
Q3 18 vs. Q3 17**



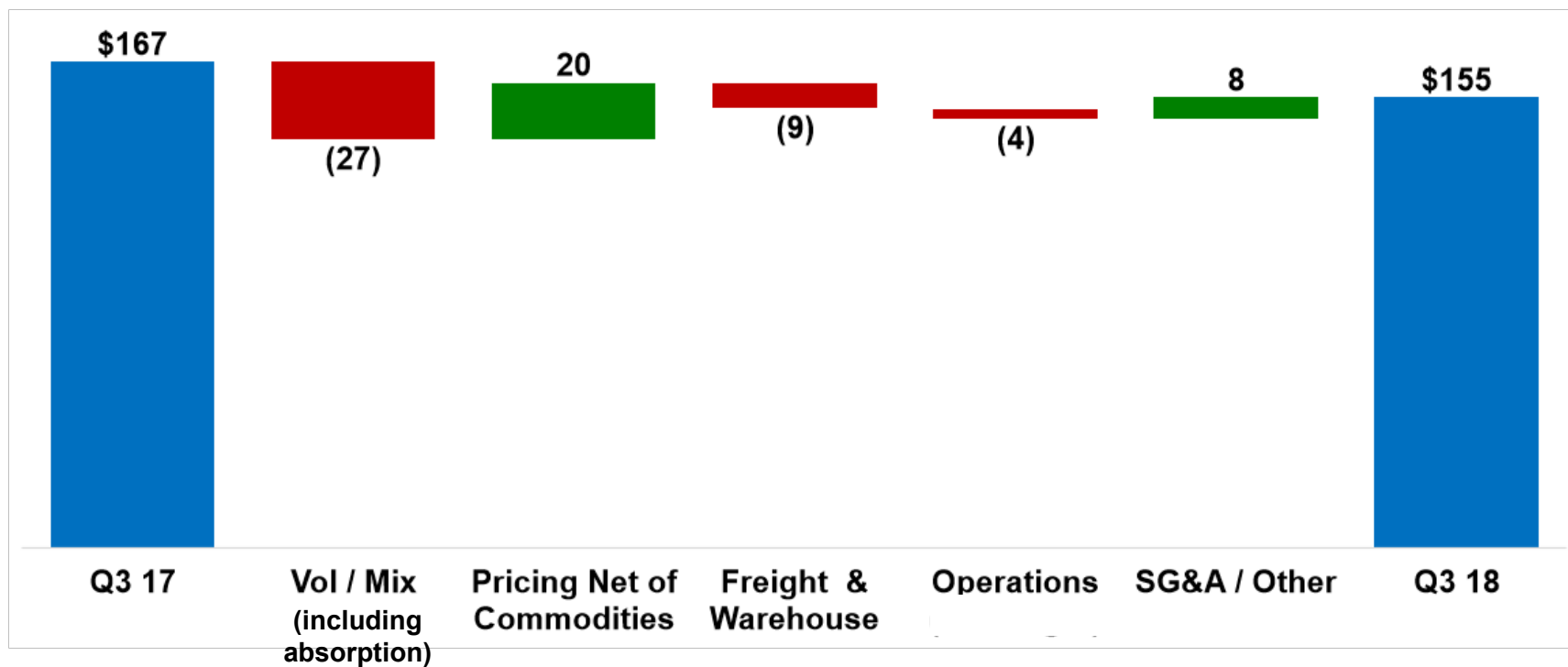
Key Drivers










Q3 2018 Division DOI Drivers vs. Prior Year

\$ in millions



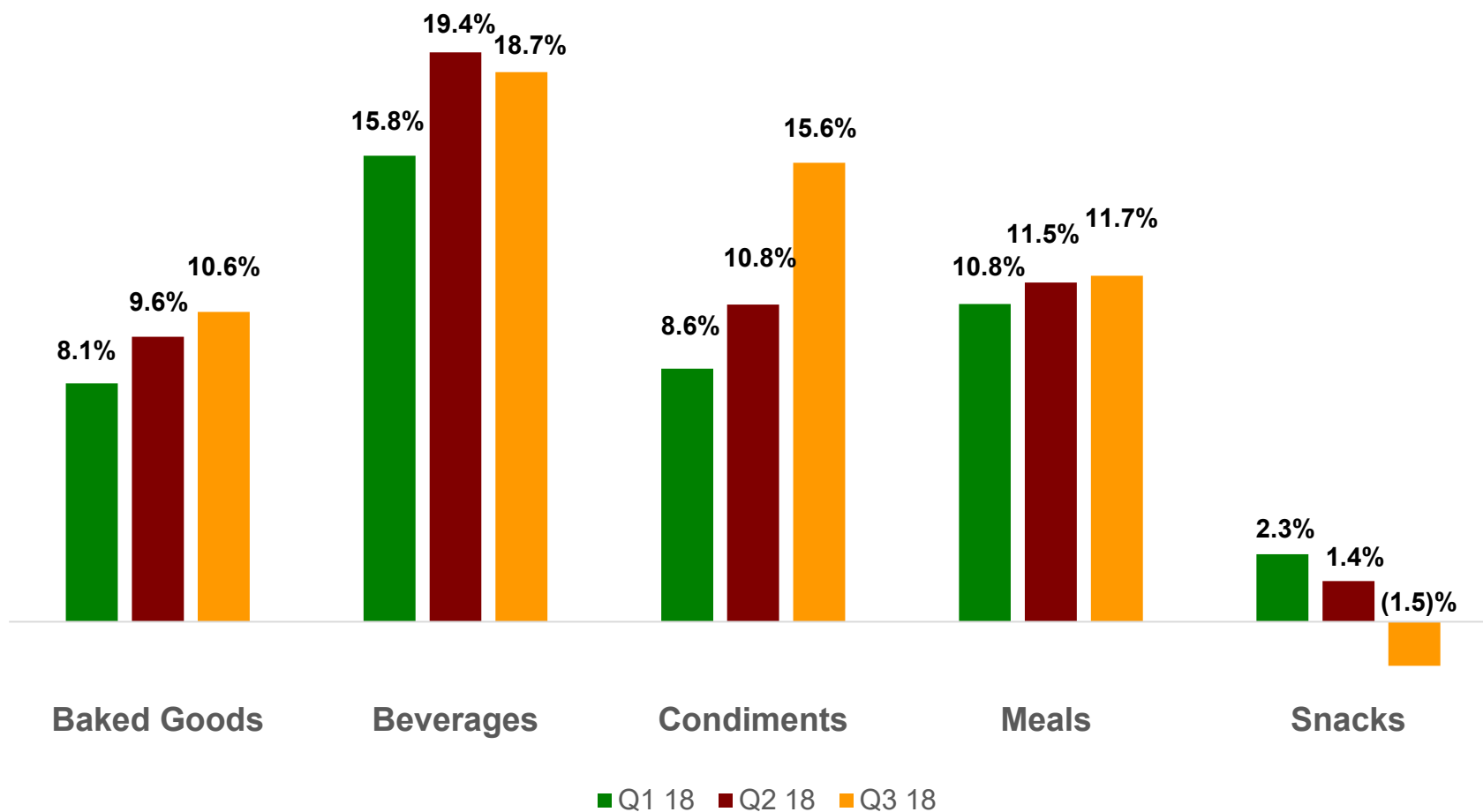


Q3 18 Division DOI vs. Prior Year

	<u>Vol / Mix</u>	<u>Pricing, Net of Comm and Freight</u>	<u>Ops</u>	<u>SG&A / Other</u>	<u>\$m Chg vs. Q3 17</u>
 Baked Goods	--	=	--	=	\$ (11.7)
 Beverages	-	=	--	=	(7.6)
 Condiments	=	++	+	++	15.0
 Meals	---	+	+	=	(2.3)
 Snacks	---	=	=	+	(5.6)



Delivering Sequential DOI Margin Progress Across Most Divisions

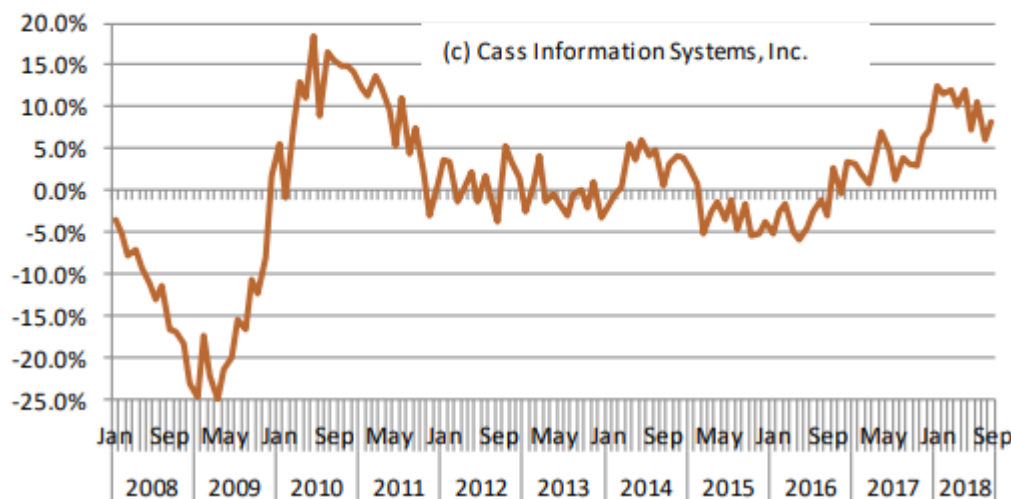




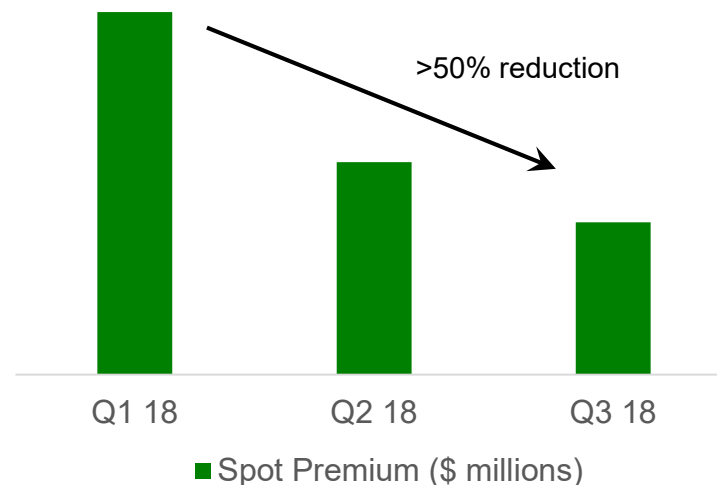
Freight Continues to be a Headwind; We Have Made Meaningful Progress To Reducing Spot Premiums

Cass Freight Index™ - Shipments

YOY Percentage Change



Spot Premium

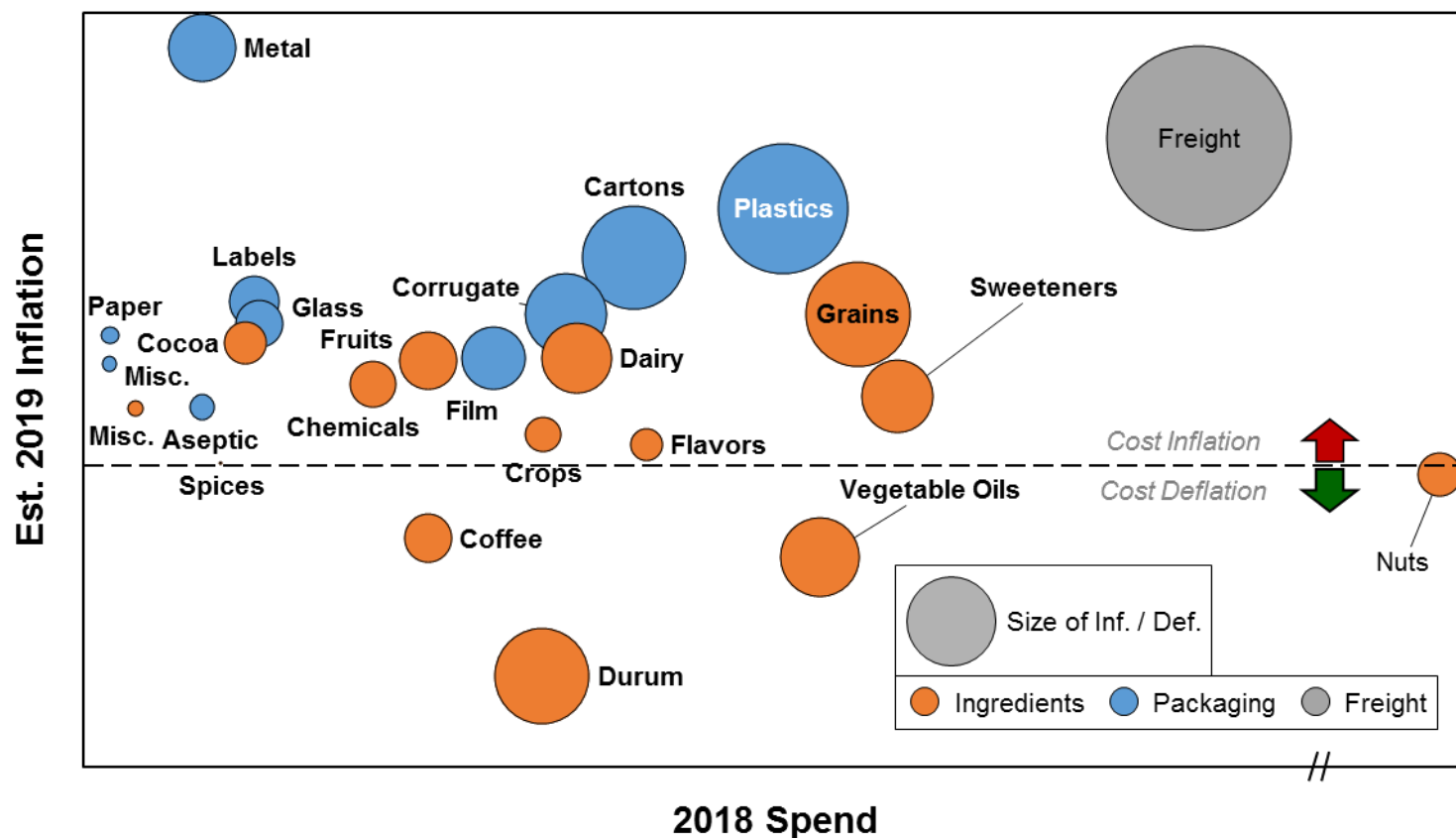


- **Functionalized manufacturing**
- **Stabilized manufacturing and shipping schedules**
- **Established multiple primary carriers**
- **Completed carrier RFP**



Inflationary Trend Continues Primarily in Freight and Packaging

Total THS Commodity Inflation by Category: 2018-2019 Estimated

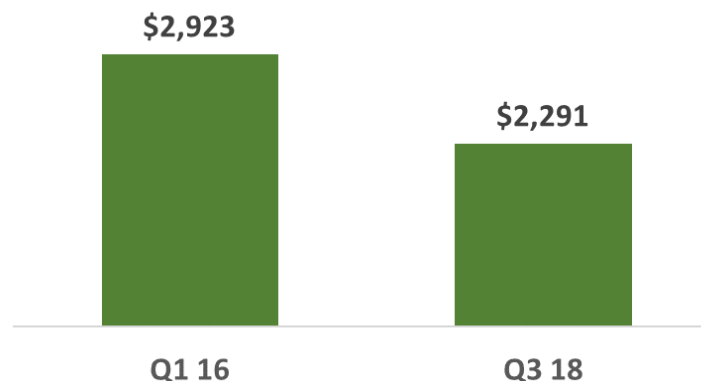




Ongoing Focus on Generating Cash

- We continue to make solid progress improving our net debt position – down \$632m since the Private Brands acquisition
- Debt reduction includes the buyback of ~\$200m of Notes (primarily 6% notes)

Net Debt \$ millions



- Net working capital has improved \$126m since year end
- Working capital remains an ongoing opportunity

Working Capital \$ millions

	Q4 17	Q3 18	B/(W)
Accounts Receivable ¹	\$ (381)	\$ (286)	\$ 95
Inventory	(918)	(999)	(81)
Accounts Payable	451	563	112
Working Capital	\$ (848)	\$ (722)	\$ 126

¹ Q4 2017 A/R balance adjusted to reclassify certain customer receivables to liabilities related to trade promotional activity due to adoption of the new revenue recognition standard. Adjustment made only for comparative purposes within this presentation.



Tighten FY 18 Guidance Range to \$2.05 - \$2.25

2018 Outlook vs. August 2018 Earnings Call

H2 Volume softness (including hurricane impact)	---
Pricing / commodities and freight	=
Pricing / Canadian tariffs	=
Hurricane impact on operations and crop sourcing	-
Pecatonica re-start costs	-
Structure to Win	++
THS2020	+
Interest and taxes	+
2018 EPS Guidance Range	\$2.05 - \$2.25



Q4 18 Adjusted EPS Guidance of \$0.88 - \$1.08

Headwinds

- Continued volume softness
- Hurricane impact on operations and crop sourcing
- Pecatonica re-start

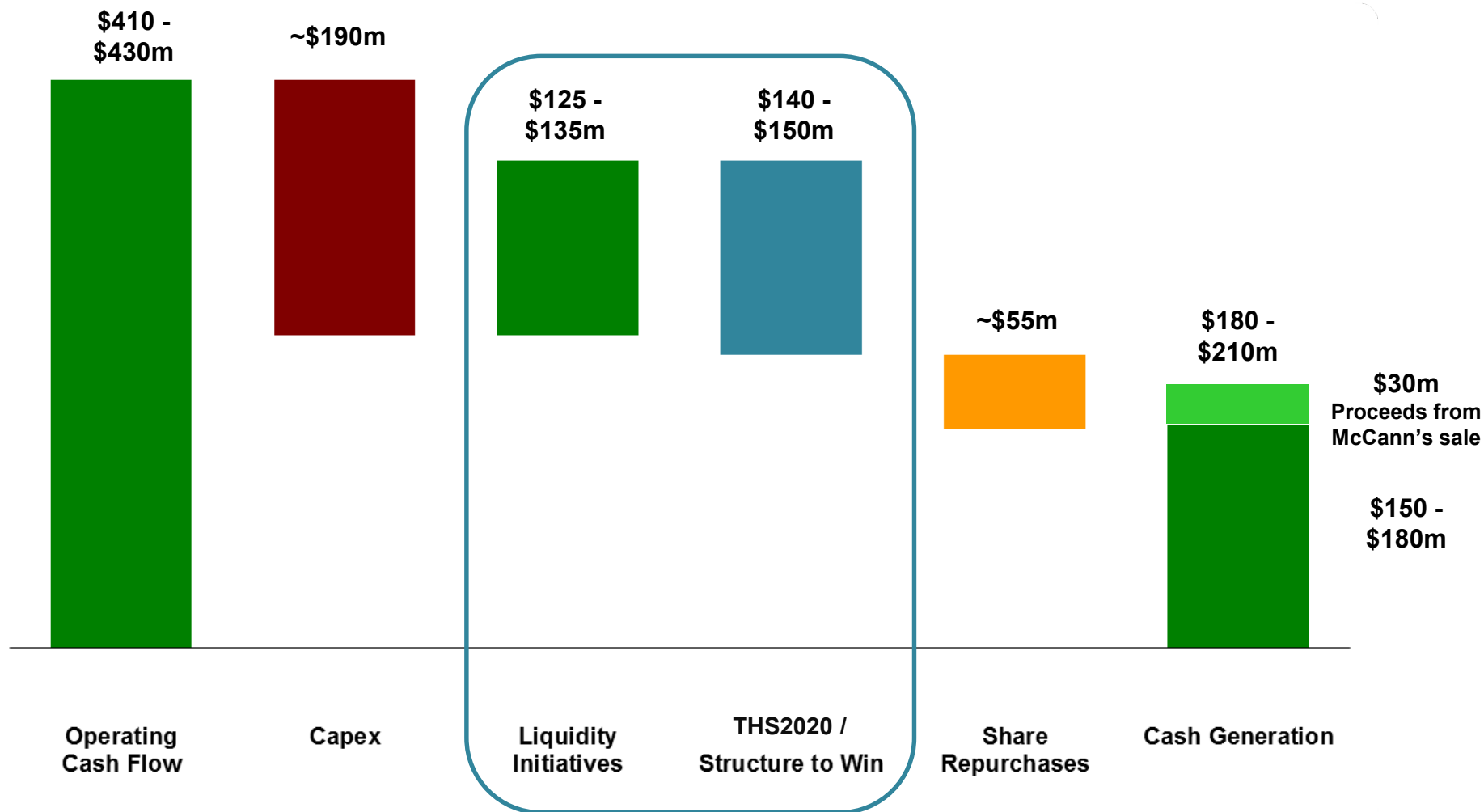
Tailwinds

- Pricing realization for CAD tariffs
- Structure to Win and TreeHouse 2020 continue to deliver

	Q4 18 Guidance
Net Sales	\$1.40 - \$1.53b
Interest Expense, Net	\$27 - \$28m
Tax Rate	~22 - 24%
EPS	\$0.88 - \$1.08

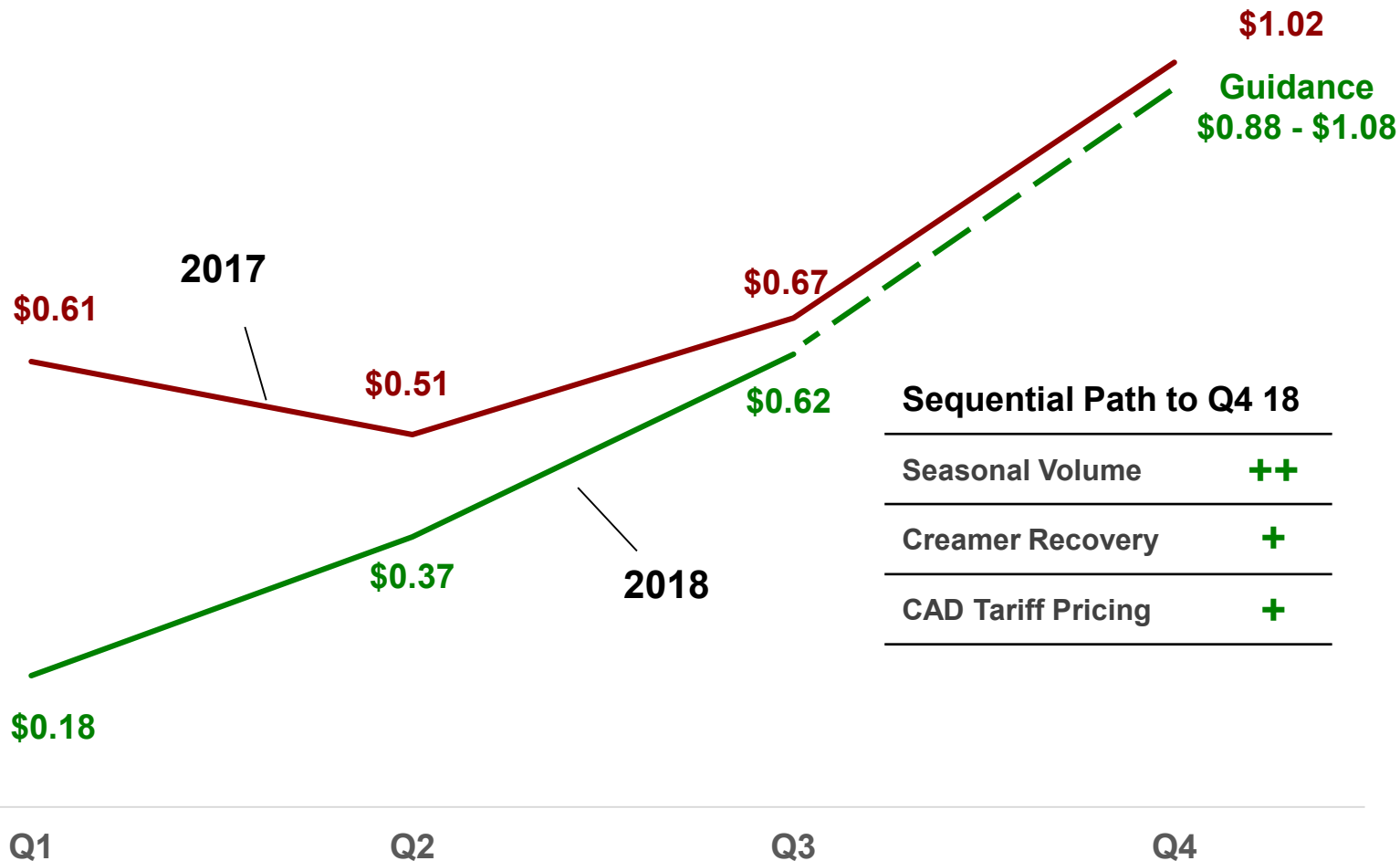


Cash Generation Forecast Raised by \$30m; Liquidity Initiatives Close to Fully Funding Restructuring Charges in 2018





2018 Adjusted EPS Delivery Demonstrates Progress Throughout this Transition Year





Key Takeaways

Q3 2018 earnings results above our expectations

- EPS of \$0.62 was above guidance. Lower SG&A offset DOI weakness
- Division DOI margins improved sequentially in Baked Goods, Condiments and Meals
- Revenue slightly softer than expected, down 7.5% ex-SKU rationalization and McCann's

TreeHouse 2020 and Structure to Win 2018 initiatives remain on track

- TMOS and centralized manufacturing continuing to make progress and noticeable improvements
- All plant closures on track
- Structure to Win savings through Q3 exceeded original full year target of \$30m

Q4 guidance of \$0.88 - \$1.08

- Continued soft volume outlook
- Pricing fully covers Canadian tariffs
- Hurricane-related headwinds will carry into Q4
- SG&A improvements will continue

FY 2018 guidance narrowed to \$2.05 - \$2.25 Underlying cash flow remains strong

- 2018 guidance range narrowed to \$2.05 - \$2.25
- Investor Day scheduled for December 11 in New York to address strategy and preliminary 2019 outlook



CEO Closing Thoughts

We are better positioned today to take advantage of the underlying growth in private label

Customer service and order fulfillment rates have improved meaningfully

TreeHouse 2020 and Structure to Win are making us a better, leaner organization

We expect to share thoughts on our strategy to deliver shareholder value on December 11th



Appendix



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 Non-GAAP measure and the most directly comparable GAAP measure, 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 Fully Diluted Share, Adjusting for Certain Items Affecting Comparability

Adjusted earnings per fully diluted share ("Adjusted Diluted EPS") reflects adjustments to GAAP income (loss) per fully 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. The reconciliation of adjusted diluted EPS, excluding certain items affecting comparability, to the relevant GAAP measure of diluted EPS as presented in the Condensed Consolidated Statements of Operations, is presented below.

Adjusted Net Income, Adjusted EBIT, and Adjusted EBITDAS, Adjusting for Certain Items Affecting Comparability

Adjusted net income represents GAAP net (loss) income 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. A full reconciliation between the relevant GAAP measure of reported net (loss) income for the three and nine month periods ended September 30, 2018 and 2017 calculated according to GAAP, adjusted net income, adjusted EBIT, and adjusted EBITDAS is presented in the below tables.

Free Cash Flow

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. A reconciliation between the relevant GAAP measure of cash provided by operating activities for the nine months ended September 30, 2018 and 2017 calculated according to GAAP and free cash flow is presented in the tables below.



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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	(unaudited)		(unaudited)	
Diluted earnings (loss) per share per GAAP	\$ 0.10	\$ 0.50	\$ (0.87)	\$ 0.40
Restructuring programs	0.80	0.35	2.37	0.68
CEO transition costs	—	—	0.23	—
Mark-to-market adjustments	(0.07)	(0.03)	(0.10)	0.01
Foreign currency (gain) loss on re-measurement of intercompany notes	(0.02)	(0.07)	0.03	(0.13)
Product recall reimbursement	—	(0.06)	—	(0.15)
Acquisition, integration, divestiture, and related costs	(0.17)	0.07	(0.15)	1.71
Debt amendment and repurchase activity	0.03	—	0.12	—
Tax indemnification	0.12	—	0.14	—
Plant restoration	0.08	—	0.08	—
Taxes on adjusting items	(0.25)	(0.09)	(0.69)	(0.73)
Dilutive impact of shares ¹	—	—	0.01	—
Adjusted diluted EPS	\$ 0.62	\$ 0.67	\$ 1.17	\$ 1.79

¹ As reported results for the nine months ended September 30, 2018 reflect a loss; therefore, all equity awards were considered non-dilutive and excluded from the EPS calculation. Adjusted amounts, however, reflect net income and equity awards are considered dilutive. Accordingly, an adjustment is required to reflect total dilutive shares of 56.8 million compared to basic shares of 56.4 million.



TREEHOUSE FOODS, INC.

RECONCILIATION OF NET LOSS EARNINGS (LOSS) TO ADJUSTED NET INCOME, ADJUSTED EBIT, AND ADJUSTED EBITDAS

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2018	2017	2018	2017
		(unaudited in millions)			
Net earnings (loss) per GAAP		\$ 5.4	\$ 28.8	\$ (48.8)	\$ 22.8
Restructuring programs	(1)	45.5	20.7	134.7	39.5
CEO transition costs	(2)	—	—	13.0	—
Mark-to-market adjustments	(3)	(3.8)	(1.9)	(5.8)	0.6
Foreign currency (gain) loss on re-measurement of intercompany notes	(4)	(1.4)	(4.2)	1.9	(7.6)
Product recall reimbursement	(5)	—	(3.2)	—	(8.4)
Acquisition, integration, divestiture, and related costs	(6)	(9.9)	3.8	(8.9)	98.5
Debt amendment and repurchase activity	(7)	1.8	—	6.8	—
Tax indemnification	(8)	6.7	—	7.9	—
Plant restoration	(9)	4.7	—	4.7	—
Less: Taxes on adjusting items		(13.9)	(5.1)	(39.3)	(42.0)
Adjusted net income		35.1	38.9	66.2	103.4
Interest expense		27.1	31.4	85.2	92.9
Interest income		(1.3)	(0.4)	(3.8)	(3.5)
Income tax (benefit) expense		(5.2)	1.3	(21.1)	(9.0)
Add: Taxes on adjusting items		13.9	5.1	39.3	42.0
Adjusted EBIT		69.6	76.3	165.8	225.8
Depreciation and amortization	(10)	58.0	65.1	174.5	199.6
Stock-based compensation expense	(11)	4.9	6.6	18.0	25.2
Adjusted EBITDAS		\$ 132.5	\$ 148.0	\$ 358.3	\$ 450.6



TREEHOUSE FOODS, INC.

FOOTNOTES FOR RECONCILIATION OF NET EARNINGS (LOSS) TO ADJUSTED NET INCOME, ADJUSTED EBIT, AND ADJUSTED EBITDAS

			Three Months Ended		Nine Months Ended	
			September 30,		September 30,	
			2018		2017	
Location in Condensed Consolidated Statements of Operations			(unaudited in millions)			
(1)	Restructuring programs	Other operating expense, net	\$ 37.3	\$ 10.5	\$ 112.6	\$ 26.0
		Cost of sales	7.2	10.2	18.8	13.5
		General and administrative	1.0	—	3.3	—
(2)	CEO transition costs	General and administrative	—	—	13.0	—
(3)	Mark-to-market adjustments	Other expense (income), net	(3.8)	(1.9)	(5.8)	0.6
(4)	Foreign currency (gain) loss on re-measurement of intercompany notes	Loss (income) on foreign currency exchange	(1.4)	(4.2)	1.9	(7.6)
(5)	Product recall reimbursement	Net sales	—	(1.7)	—	(5.5)
		Cost of sales	—	(1.5)	—	(2.9)
(6)	Acquisition, integration, divestiture, and related costs	General and administrative	4.1	3.4	4.8	12.7
		Other operating expense, net	(14.0)	0.6	(13.7)	85.8
		Other expense (income), net	—	(0.2)	—	—
(7)	Debt amendment and repurchase activity	General and administrative	—	—	0.2	—
		Other (income) expense, net	1.1	—	4.2	—
		Interest expense	0.7	—	2.4	—
(8)	Tax indemnification	Other (income) expense, net	6.7	—	7.9	—
(9)	Plant restoration	Cost of sales	4.7	—	4.7	—
(10)	Accelerated depreciation	Cost of sales	5.8	9.1	15.9	13.3
		General and administrative	1.0	—	3.3	0.3
(11)	Stock-based compensation expense included as an adjusting item	General and administrative	0.1	—	10.2	—



RECONCILIATION OF ITEMS IMPACTING COMPARABILITY INCLUDED IN CORPORATE UNALLOCATED EXPENSE

	Location in Condensed Consolidated Statements of Operations	Three Months Ended September 30,		Nine Months Ended September 30,	
		2018	2017	2018	2017
		(unaudited in millions)		(unaudited in millions)	
Restructuring programs	Other operating expense, net	\$ 37.3	\$ 10.5	\$ 112.6	\$ 26.0
	Cost of sales	7.2	10.2	18.8	13.5
	General and administrative	1.0	—	3.3	—
CEO transition costs	General and administrative	—	—	13.0	—
Product recall reimbursement	Net sales	—	(1.7)	—	(5.5)
	Cost of sales	—	(1.5)	—	(2.9)
Acquisition, integration, divestiture, and related costs	General and administrative	4.1	3.4	4.8	12.7
	Other operating expense, net	(14.0)	0.6	(13.7)	85.8
Debt amendment and repurchase activity	General and administrative	—	—	0.2	—
Plant restoration	Cost of sales	4.7	—	4.7	—
		<u>\$ 40.3</u>	<u>\$ 21.5</u>	<u>\$ 143.7</u>	<u>\$ 129.6</u>



TREEHOUSE FOODS, INC.

RECONCILIATION OF SEGMENT AND UNALLOCATED CORPORATE COSTS TO OPERATING INCOME

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	(In millions)		(In millions)	
Net sales to external customers:				
Baked Goods	\$ 332.8	\$ 351.2	\$ 997.9	\$ 1,016.6
Beverages	236.3	244.9	721.8	759.1
Condiments	317.1	333.8	968.4	988.8
Meals	253.7	284.6	777.2	897.0
Snacks	254.1	332.6	865.7	940.2
Unallocated	—	1.7	—	5.5
Total	<u>\$ 1,394.0</u>	<u>\$ 1,548.8</u>	<u>\$ 4,331.0</u>	<u>\$ 4,607.2</u>
Direct operating income:				
Baked Goods	\$ 35.2	\$ 46.9	\$ 94.0	\$ 121.3
Beverages	44.1	51.7	129.3	170.7
Condiments	49.4	34.4	112.7	102.2
Meals	29.8	32.1	88.1	99.9
Snacks	(3.8)	1.8	7.2	24.4
Total	<u>154.7</u>	<u>166.9</u>	<u>431.3</u>	<u>518.5</u>
Unallocated selling, general, and administrative expenses	(64.2)	(66.0)	(219.4)	(228.1)
Unallocated cost of sales	(14.9)	(5.2)	(22.7)	3.2
Unallocated corporate expense and other	(44.7)	(38.1)	(163.8)	(192.5)
Operating income	<u>\$ 30.9</u>	<u>\$ 57.6</u>	<u>\$ 25.4</u>	<u>\$ 101.1</u>



TREEHOUSE FOODS, INC.
NET DEBT RECONCILIATION

<u>Condensed Consolidated Balance Sheet</u>	<u>September 30, 2018</u>	<u>March 31, 2016</u>
	(unaudited in millions)	
Current portion of long-term debt	\$ 10.4	\$ 41.6
Long-term debt	2,333.1	2,942.3
(Less) Cash and cash equivalents	(52.8)	(61.1)
Net debt	<u>\$ 2,290.7</u>	<u>\$ 2,922.8</u>