# First Quarter Fiscal 2019 Business Review & Outlook

November 8, 2018

# Safe Harbor Statement

**Safe Harbor Statement**

Certain statements contained in this presentation release constitute "forward-looking statements" within the meaning of federal securities laws, including the Private Securities Litigation Reform Act of 1995. Forward-looking statements are predictions based on expectations and projections about future events and are not statements of historical fact. You can identify forward-looking statements by the use of forward-looking terminology such as "plan", "continue", "expect", "anticipate", "intend", "predict", "project", "estimate", "likely", "believe", "might", "seek", "may", "will", "remain", "potential", "can", "should", "could", "future" and similar expressions, or the negative of those expressions, or similar words or phrases that are predictions of or indicate future events or trends and that do not relate solely to historical matters. You can also identify forward-looking statements by discussions of the Company's Project Terra strategic initiatives, the Company's potential divestiture of its Hain Pure Protein business, the Company's Guidance for Fiscal Year 2019 and our future performance and results of operations. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, levels of activity, performance or achievements of the Company, or industry results, to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements, and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods that may be incorrect or imprecise and may not be able to be realized. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all). Such factors, include, among others, the Company's beliefs or expectations relating to the impact of competitive products, changes to the competitive environment, changes to consumer preferences, our ability to manage our supply chain effectively, changes in raw materials, freight, commodity costs and fuel, consolidation of customers, reliance on independent distributors, general economic and financial market conditions, risks associated with our international sales and operations, our ability to execute and realize cost savings initiatives, including, but not limited to, cost reduction initiatives under Project Terra and SKU rationalization plans, our ability to identify and complete acquisitions or divestitures and integrate acquisitions, the availability of organic and natural ingredients, the reputation of our brands and the other risks detailed from time-to-time in the Company's reports filed with the United States Securities and Exchange Commission, including the Annual Report on Form 10-K for the fiscal year ended June 30, 2018, and our quarterly reports. As a result of the foregoing and other factors, the Company cannot provide any assurance regarding future results, levels of activity and achievements of the Company, and neither the Company nor any person assumes responsibility for the accuracy and completeness of these statements. All forward-looking statements contained herein apply as of the date hereof or as of the date they were made and, except as required by applicable law, the Company disclaims any obligation to publicly update or revise any forward-looking statement to reflects changes in underlying assumptions or factors of new methods, future events or other changes.

**Non-GAAP Financial Measures**

This presentation and the accompanying tables include non-GAAP financial measures, including net sales adjusted for the impact of foreign currency, acquisitions and divestitures and certain other items, including SKU rationalization, as applicable in each case, adjusted operating income, adjusted gross margin, adjusted earnings per diluted share, EBITDA, adjusted EBITDA and operating free cash flow. The reconciliations of these non-GAAP financial measures to the comparable GAAP financial measures are presented in the tables "Reconciliation of GAAP Results to Non-GAAP Measures" for the three months ended September 30, 2018 and 2017 in the Appendix. Management believes that the non-GAAP financial measures presented provide useful additional information to investors about current trends in the Company's operations and are useful for period-over-period comparisons of operations. These non-GAAP financial measures should not be considered in isolation or as a substitute for the comparable GAAP measures. In addition, these non-GAAP measures may not be the same as similar measures provided by other companies due to potential differences in methods of calculation and items being excluded. They should be read only in connection with the Company's Consolidated Statements of Income presented in accordance with GAAP.

The Company defines EBITDA as net income from continuing operations (a GAAP measure) before income taxes, net interest expense, depreciation and amortization, equity in net income of equity method investees, stock based compensation expense and unrealized currency gains. Adjusted EBITDA is defined as EBITDA before acquisition-related expenses, including integration and restructuring charges, and other non-recurring items. The Company's management believes that these presentations provide useful information to management, analysts and investors regarding certain additional financial and business trends relating to its results of operations and financial condition. In addition, management uses these measures for reviewing the financial results of the Company as well as a component of performance-based executive compensation.

Numbers in this presentation may not sum due to rounding.

# Today's Agenda

| | | |
|---|---|---|
| I. | Opening Remarks | Mark L. Schiller |
| II. | Q1 2019 Financial Results | James M. Langrock |
| III. | U.S. Review | Gary W. Tickle |
| IV. | Project Terra & FY 2019 Guidance | James M. Langrock |
| V. | Q & A | |

## Opening Remarks

## Mark L. Schiller

President and Chief Executive Officer

# Q1 2019 Financial Results

## James Langrock

Executive Vice President and Chief Financial Officer

# Q1 2019 Consolidated Financial Results

| | 2019 Q1 | 2018 Q1 | YoY Change% |
|---|---|---|---|
| Net Sales | $ 560.8 | $ 589.2 | -4.8% |
| Adjusted Net Sales | | | -1.8% |
| Gross Profit | $ 99.6 | $ 123.4 | -19.3% |
| Gross Margin% | 17.8% | 20.9% | (318)bp |
| Adjusted Gross Profit | $ 106.5 | $ 126.8 | -16.0% |
| Adjusted Gross Margin% | 19.0% | 21.5% | (253)bp |
| Adjusted EBITDA | $ 34.1 | $ 53.5 | -36.3% |
| Adjusted EPS | $ 0.09 | $ 0.20 | -55.0% |

- Net sales of $560.8 million, a 4.8% decrease compared to $589.2 million last year; when adjusted for foreign exchange and acquisitions, divestitures, and certain other items, including the SKU rationalization, net sales would have decreased 1.8%
- Gross profit of $99.6 million or 17.8% as a percentage of net sales; Adjusted gross profit of $106.5 million or 19.0% as a percentage of net sales, driven by planned higher trade and promotional investments in the United States, production issues within our Personal Care platform in the United States, and increased freight and commodity costs, partially offset by Project Terra savings.
- EBITDA loss of $5.9M; Adjusted EBITDA of $34.1M
- Reported EPS loss of $0.22; Adjusted EPS of $0.09

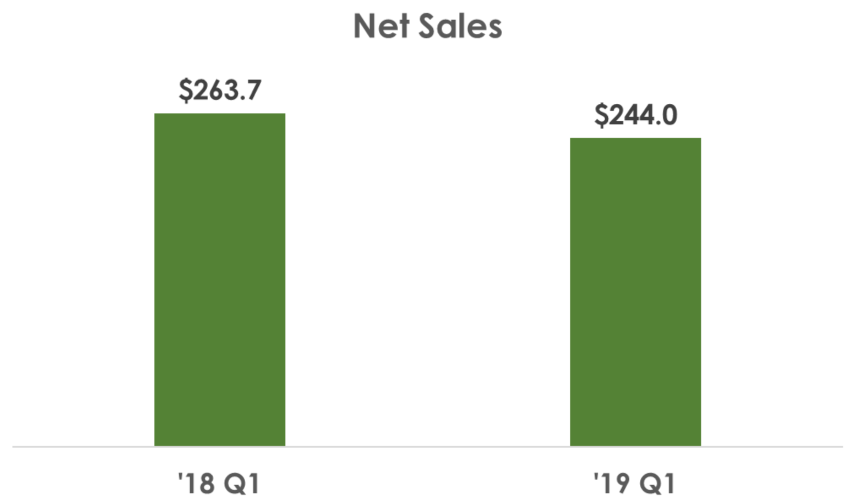
$ in millions

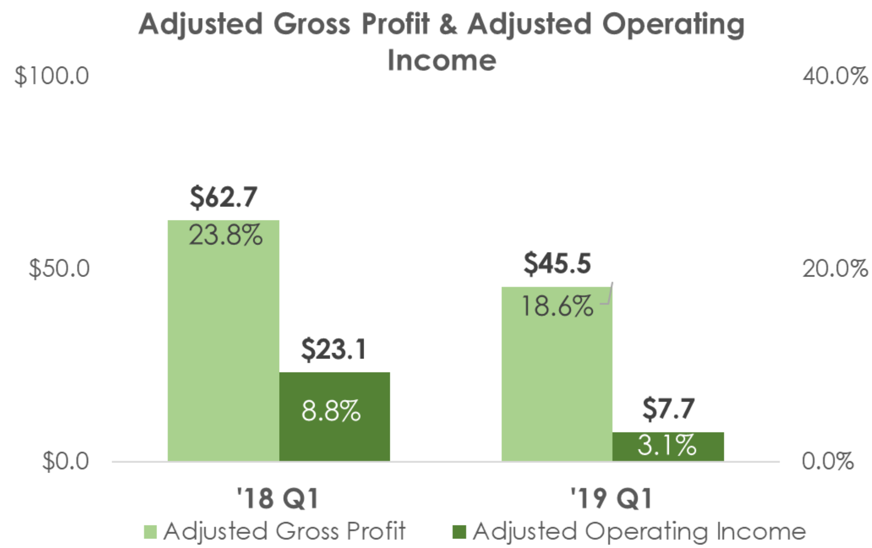
# Q1 2019 Net Sales Growth Reconciliation

| | As Reported | FX Effect | Acquisitions | Divestures | Castle Contract Termination | 2017 Project Terra SKU Rat | 2018 Project Terra SKU Rat | Adjusted Growth |
|---|---|---|---|---|---|---|---|---|
| US | -7.5% | -- | -- | -- | -- | 0.8% | 2.7% | -3.9% |
| UK | -1.7% | 0.6% | -1.1% | -- | 2.7% | -- | -- | 0.4% |
| Rest of World | -4.7% | 2.2% | -- | -- | -- | -- | 1.1% | -1.5% |
| **Hain ex HPP** | **-4.8%** | **0.6%** | **-0.4%** | **--** | **1.0%** | **0.4%** | **1.4%** | **-1.8%** |

- **U.S.** - Declines of Sensible Portions®, Spectrum Organics®, Alba Botanica®, and SKUs outside of Top 500 including SKU rationalization, were partially offset by growth in Avalon Organics®, Terra®, and MaraNatha® brands
- **U.K.** - Declines driven by Hain Daniels, primarily due to New Covenant Garden Soup Co.®, Johnson's Juice Co.®, and Yorkshire Provender® brands, partially offset by Linda McCartney's® and Hartley's® as well as the Tilda® and Ella's Kitchen® brands
- **Rest of World** – Growth driven in Europe by Joya®, Natumi®, offset in part by declines from the Lima® and Danival® brands, and growth in Canada driven by Yves Veggie Cuisine®, and Live Clean® brands, offset by declines in Europe's Best® brand, Tilda® brand and private label sales

# Q1 2019 U.S. Segment Results



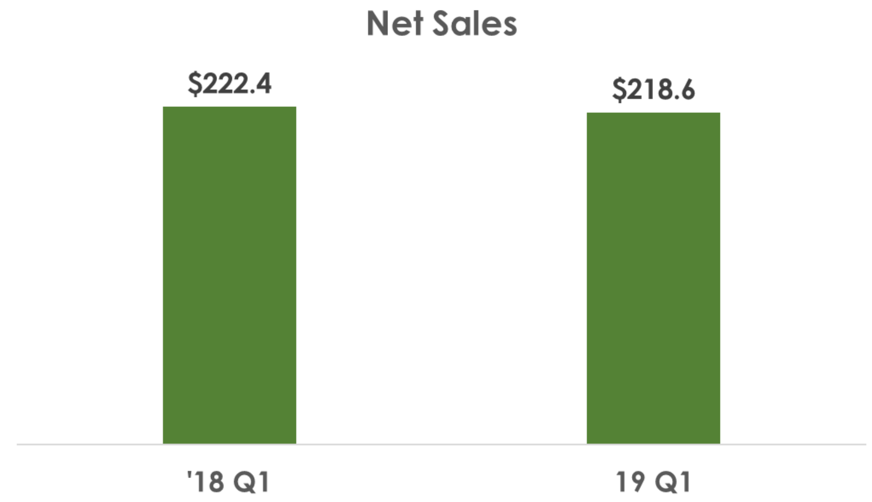



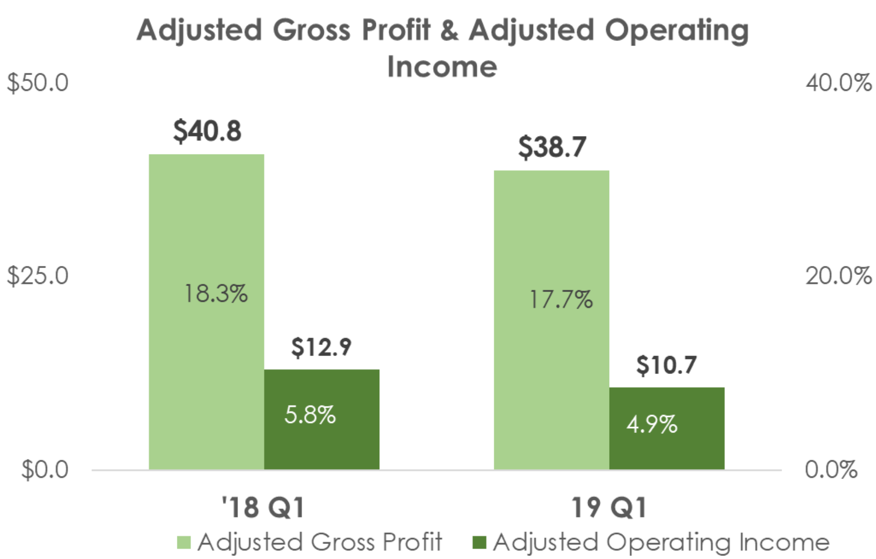

- Net sales were down 8%, driven by declines of Sensible Portions®, Spectrum Organics®, Alba Botanica®, and SKU rationalization. When adjusted for acquisitions, divestitures, and certain other items, including the SKU rationalization, net sales would have decreased 4%.

- Adjusted gross margin declined 520 bps YoY, driven by higher planned trade investments, higher logistics and input costs, as well as production challenges primarily within Pure Personal Care, and supply chain challenges, partially offset by Project Terra savings

$ in millions

# Q1 2019 U.K. Segment Results

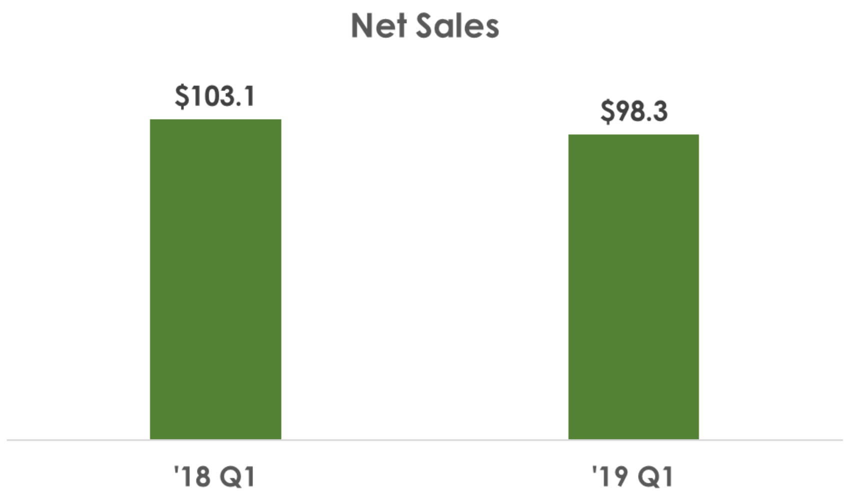


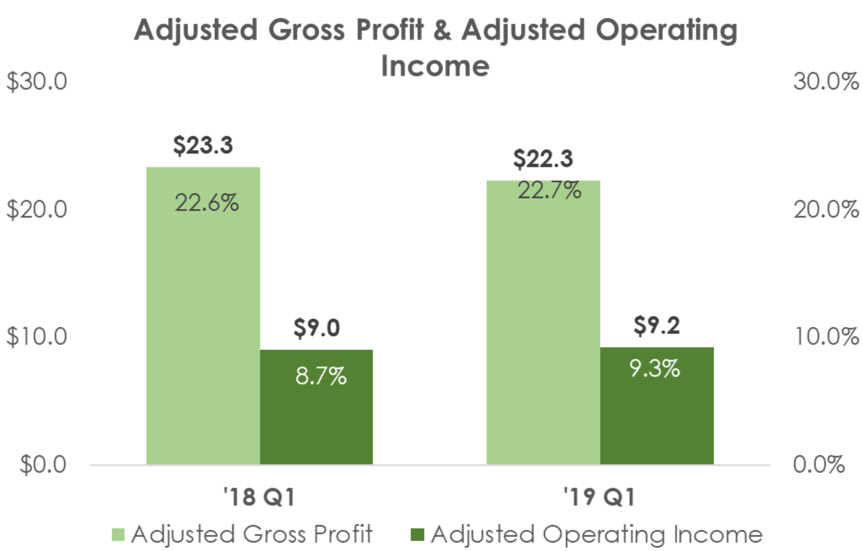




- Net sales decline of 2%, or relatively flat on an adjusted basis
- Declines driven by Hain Daniels, primarily due to New Covenant Garden Soup Co.®, Johnson's Juice Co.®, and Yorkshire Provender® brands, partially offset by Linda McCartney's® and Hartley's® as well as the Tilda® and Ella's Kitchen® brands
- Adjusted gross margin declined by 60 bps as a result of commodity inflation and freight, partially offset by Project Terra cost savings

$ in millions

# Q1 2019 ROW Segment Results



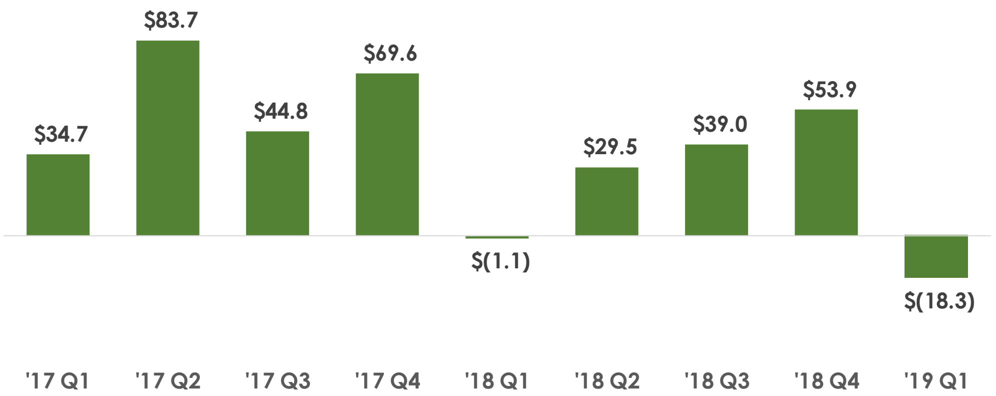




- Net sales decline of 5%, or a decline of 2% on an adjusted basis
- Growth in Europe driven by Joya®, Natumi®, offset in part by declines from the Lima® and Danival® brands
- Growth in Canada driven by Yves Veggie Cuisine®, and Live Clean® brands, offset by declines in Europe's Best® brand, Tilda® brand and private label sales
- Declines in Hain Ventures (formerly Cultivate Ventures) were off of a small base
- Adjusted gross margin was flat and adjusted operating income increased by 60 bps

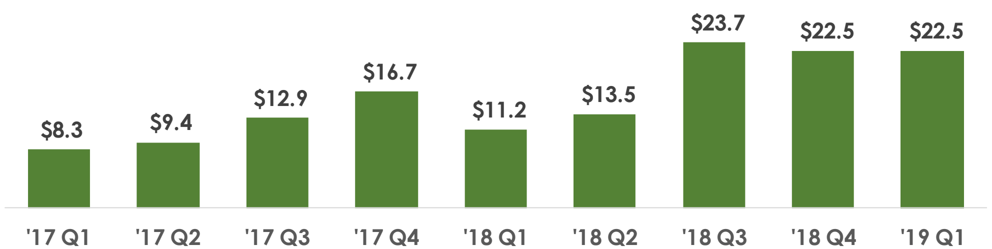
$ in millions

# Cash Flow

Operating Cash Flow




Capital Expenditures



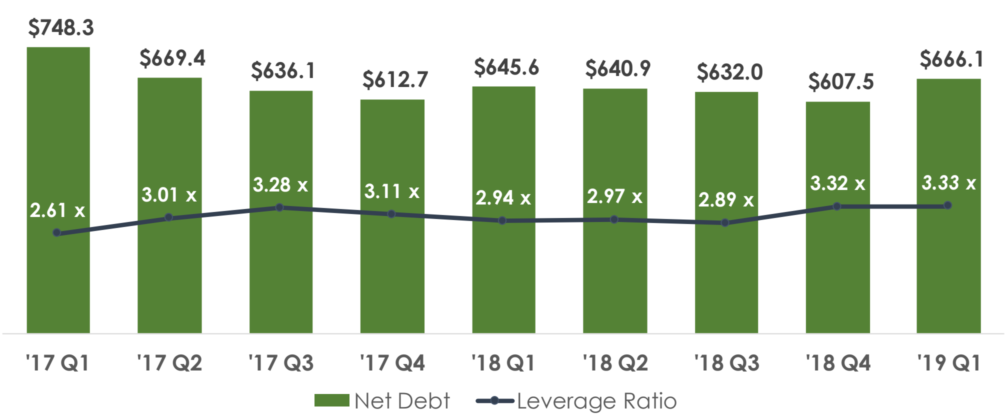

- Operating cash flow was negative $18.3 million for Q1 2019
- Capital expenditures were $22.5 million for Q1 2019
- Operating free cash flow was negative $40.8 million for Q1 2019
- For FY 2019, we anticipate cash flow from operations of $100 million to $150 million
  - $35 million of CEO Succession and $40 million in costs to implement Project Terra
- We expect capital expenditures to be approximately $80 million to $100 million in FY 2019
  - Capital expenditures ~$30 million higher due to investments in high growth businesses, e.g. Personal Care and soup manufacturing consolidation in the UK

$ in millions; Operating cash flow and capital expenditures on this slide exclude contribution from HPP

# Balance Sheet

## Cash


## Net Debt




- Cash balance of $56 million
- Net debt was $666 million
- Leverage ratio increased to 3.33x at the end of Q1 2019 from 3.32x at the end of Q4 2018



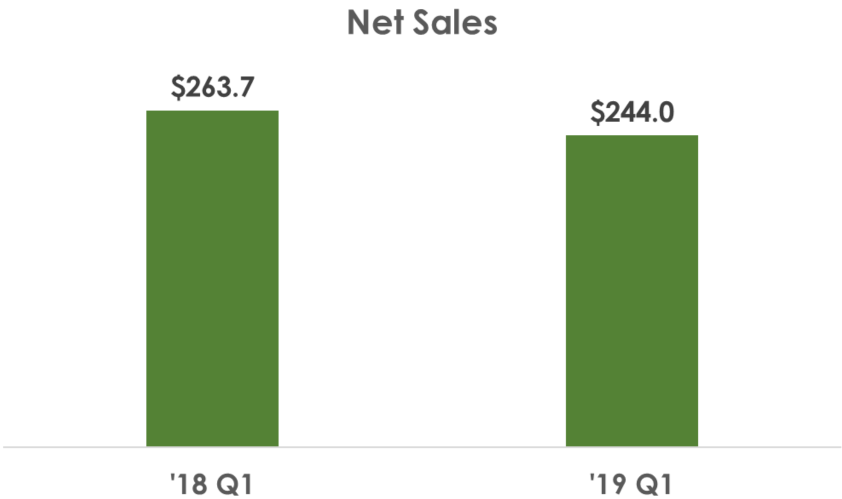
$ in millions; Cash and net debt figures on this slide exclude contribution from HPP

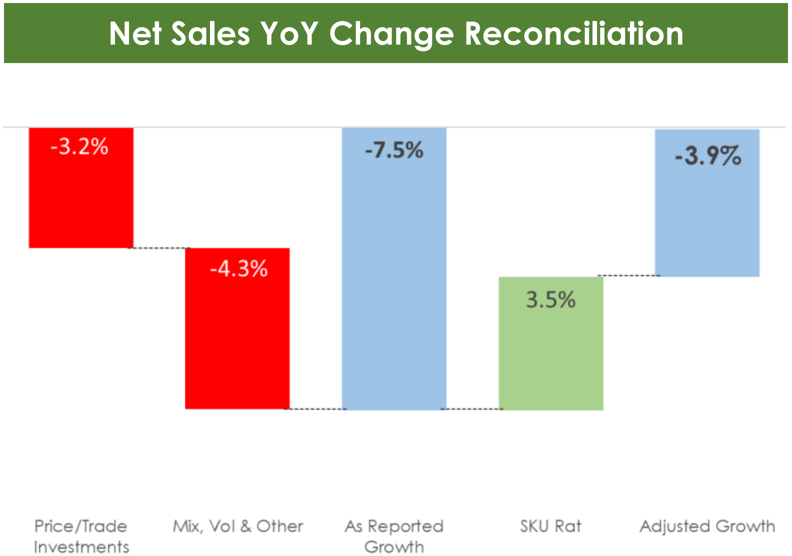
# U.S. Review

## Gary Tickle

CEO, Hain Celestial North America

# U.S. Segment – Net Sales Trend




- 1Q19 U.S. net sales decreased 7.5%; when adjusted for acquisitions, divestitures, and certain other items, including the SKU rationalization, net sales would have decreased 3.9%

- Volume impacted by Pure Personal Care growth in spite of production challenges, Terra® and MaraNatha®, offset by Spectrum Organics® declines on coconut oil category weakness and Sensible Portions® lapping lost distribution

$ in millions

# U.S. Segment: Outlook for FY 2019

- Net sales performance reflected two specific challenges late in the quarter and we believe they are short-term nature. Our team acted swiftly to mitigate the situation and we expect these to be fully behind us as we exit the second quarter.

- Looking forward to the balance of FY 2019, we recognize we are in the process of rebuilding a business to return to growth and continue to be encouraged by the momentum we are seeing in key brands.

- We are gaining new distribution wins and have visibility into growth from expanded distribution of 7 of our key brands across several retailers for the second half of 2019.
  - Regained Sensible Portions® significant expanded distribution
    - New item in front of store in over 1,400 stores, first shipping in December
    - New item in core snack set with over 4,400 points of distribution, first shipping in January
  - Expanded distribution of Terra® in late second quarter
  - Expanded distribution of Earth's Best® in second half

# Project Terra & FY 2019 Guidance

## James Langrock

Executive Vice President and Chief Financial Officer

# Key Elements of Project Terra FY 2019 Program

## Supported Initiatives

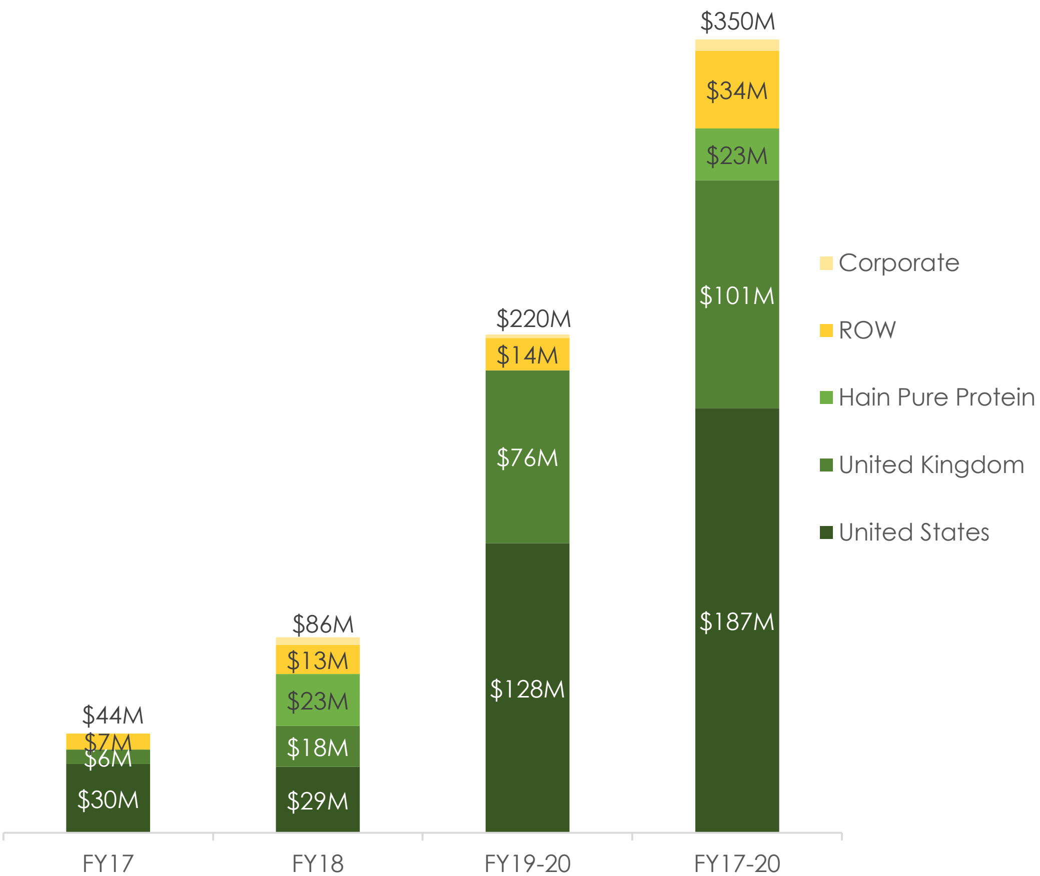
| Area | Workstream | FY 2019 Earnings Impact | | | |
|---|---|---|---|---|---|
| | | Q1 | Q2 | Q3 | Q4 |
| **Commercial** | Product portfolio optimization (SKU Rationalization) | | | | |
| | Trade spend optimization (account hierarchy, event ROI) | | | | |
| **COGS** | Ingredient sourcing and co-manufacturer negotiations | | | | |
| | Plant efficiency improvement program | | | | |
| | Freight price equalization for delivered shipments | | | | |
| | Sales operations planning (S&OP) / D&W network optimization | | | | |
| **Indirect** | Marketing spend optimization | | | | |
| | Procurement of third-party services (benefits, temp. labor, etc.) | | | | |
| | Indirect cost optimization | | | | |
| | | 1st Half | | 2nd Half | |
| | **Total Impact EBITDA, $M** | $30-40M | | $60-75M | |

Partial benefit achieved

Full benefit achieved

Expected Project Terra FY 2019 EBITDA Impact: $90 – 115 million

# Project Terra – Results & Targets by Segment



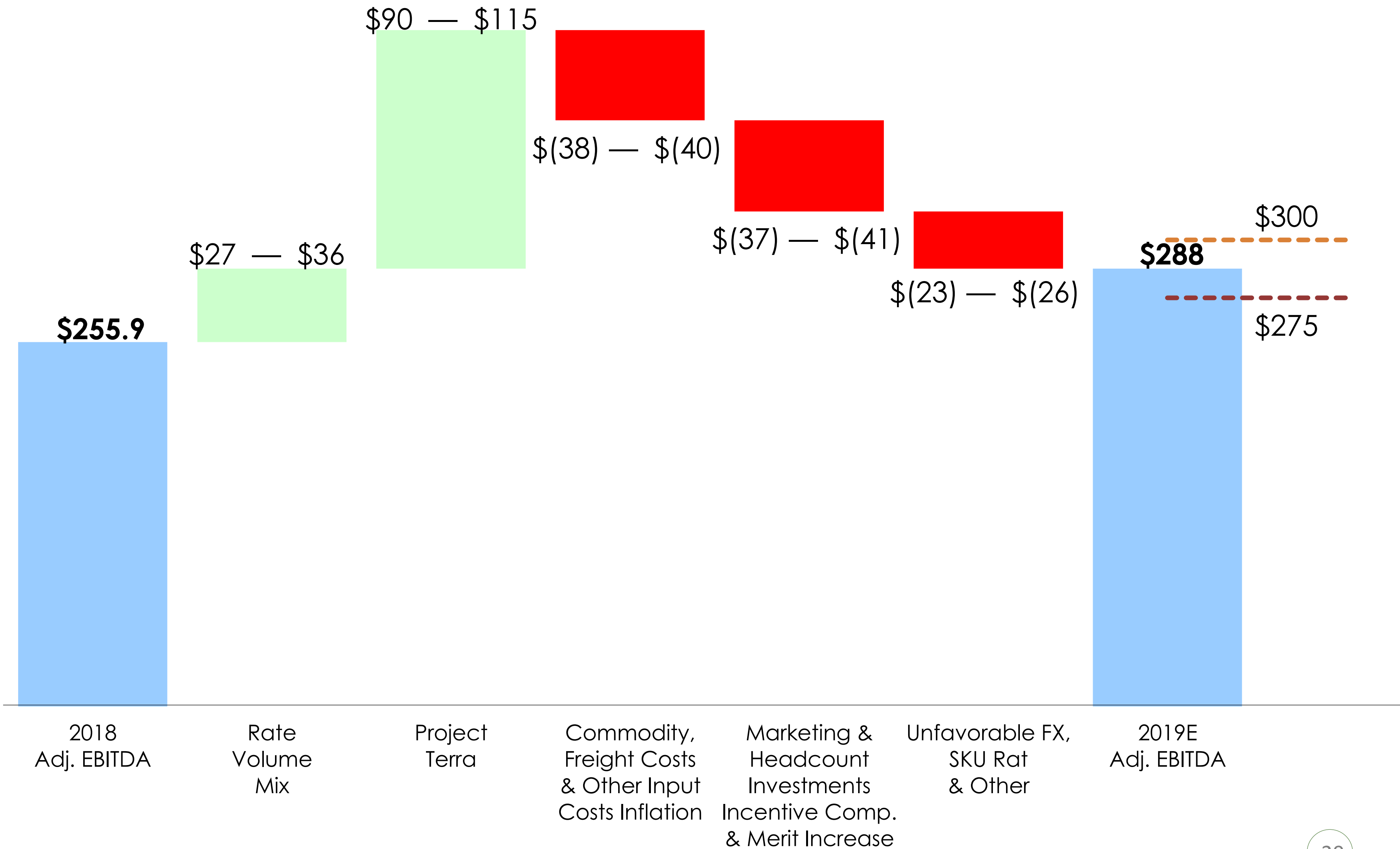

- Conducting a detailed portfolio review to optimize the business, drive efficiency and even further reduce costs
- For FY 2019, we expect to achieve $90 million to $115 million in cost savings which will build sequentially throughout the year
- Achieved $16 million of Project Terra savings in Q1 2019
- We expect to see a significant improvement in our gross-to-net realization during the second half of the year

# FY 2019 Guidance

| | 2019 Guidance* | | Comments |
|---|---|---|---|
| | Low | High | |
| **Net Sales ($M)** | $ 2,500 | $ 2,560 | ~2% to 4% increase vs. prior year<br>~3% to 5% increase vs. prior year at constant currency |
| **Adjusted EBITDA ($M)** | $ 275 | $ 300 | ~7% to ~17% increase vs. prior year |
| **Adjusted EPS** | $ 1.21 | $ 1.38 | Assumed tax rate of 27% to 28%<br>Estimated interest and other expenses of ~$30 million<br>Estimated depreciation, amortization and stock-based compensation expense of ~$75 million |

*Guidance is based on results for continuing operations and is provided on a Non-GAAP basis. Net sales guidance is not adjusted for acquisitions, divestitures, and certain other items, including the SKU rationalization.

# FY 2019 Consolidated Adjusted EBITDA Bridge



# Appendix & Reconciliation

# Net Sales and Operating Income by Segment

| (unaudited and dollars in thousands) | United States | United Kingdom | Rest of World | Corporate/ Other | Total |
|---|---|---|---|---|---|
| **NET SALES** | | | | | |
| Net sales - Three months ended 9/30/18 | $ 243,985 | $ 218,577 | $ 98,271 | $ - | $ 560,833 |
| Net sales - Three months ended 9/30/17 | $ 263,659 | $ 222,445 | $ 103,115 | $ - | $ 589,219 |
| % change - FY'19 net sales vs. FY'18 net sales | (7.5)% | (1.7)% | (4.7)% | | (4.8)% |
| | | | | | |
| **OPERATING INCOME/(LOSS)** | | | | | |
| Three months ended 9/30/18 | | | | | |
| Operating income (loss) | $ 2,170 | $ 4,020 | $ 7,836 | $ (38,130) | $ (24,104) |
| Non-GAAP adjustments (1) | 5,480 | 6,646 | 1,346 | 31,495 | 44,967 |
| Adjusted operating income | $ 7,650 | $ 10,666 | $ 9,182 | $ (6,635) | $ 20,863 |
| Operating income margin | 0.9% | 1.8% | 8.0% | | (4.3)% |
| Adjusted operating income margin | 3.1% | 4.9% | 9.3% | | 3.7% |
| | | | | | |
| Three months ended 9/30/17 | | | | | |
| Operating income | $ 20,861 | $ 9,601 | $ 8,997 | $ (10,218) | $ 29,241 |
| Non-GAAP adjustments (1) | 2,283 | 3,335 | - | 1,256 | 6,874 |
| Adjusted operating income | $ 23,144 | $ 12,936 | $ 8,997 | $ (8,962) | $ 36,115 |
| Operating income margin | 7.9% | 4.3% | 8.7% | | 5.0% |
| Adjusted operating income margin | 8.8% | 5.8% | 8.7% | | 6.1% |

(1) See accompanying table of "Reconciliation of GAAP Results to Non-GAAP Measures"

# Operating Cash Flow

| | Three Months Ended | | | |
|---|---|---|---|---|
| | 9/30/18 | | 9/30/17 | |
| | (unaudited and dollars in thousands) | | | |
| Cash flow provided by operating activities - continuing operations | $ | (18,252) | $ | (1,080) |
| Purchases of property, plant and equipment | | (22,547) | | (11,233) |
| Operating Free Cash Flow - continuing operations | $ | (40,799) | $ | (12,313) |

# EBITDA and Adjusted EBITDA Reconciliation

| | Three Months Ended | |
|---|---|---|
| | 9/30/2018 | 9/30/2017 |
| | (unaudited and dollars in thousands) | |
| Net (loss) income | $ (37,425) | $ 19,846 |
| Net (loss) income from discontinued operations | (14,324) | 1,233 |
| Net (loss) income from continuing operations | $ (23,101) | $ 18,613 |
| | | |
| (Benefit) provision for income taxes | (9,483) | 7,484 |
| Interest expense, net | 7,169 | 5,609 |
| Depreciation and amortization | 14,384 | 15,147 |
| Equity in net loss (income) of equity-method investees | 175 | (11) |
| Stock-based compensation (benefit) expense | (209) | 3,164 |
| Stock-based compensation expense in connection with Chief Executive Officer Succession Agreement | 312 | - |
| Long-lived asset impairment | 4,236 | - |
| Unrealized currency losses/(gains) | 590 | (3,419) |
| **EBITDA** | $ (5,927) | $ 46,587 |
| | | |
| Project Terra costs and other | 10,333 | 4,850 |
| Chief Executive Officer Succession Plan expense, net | 19,241 | - |
| Accounting review and remediation costs, net of insurance proceeds | 3,414 | (1,358) |
| Losses on terminated chilled desserts contract | - | 1,472 |
| Warehouse/manufacturing facility start-up costs | 4,599 | 737 |
| Co-packer disruption | - | 1,173 |
| Plant closure related costs | 1,828 | - |
| Litigation and related expenses | 569 | - |
| **Adjusted EBITDA** | $ 34,057 | $ 53,461 |

# GAAP to Non-GAAP Reconciliation

**THE HAIN CELESTIAL GROUP, INC.**
**Reconciliation of GAAP Results to Non-GAAP Measures**
(unaudited and in thousands, except per share amounts)

| | Three Months Ended September 30, | | | | | |
|---|---|---|---|---|---|---|
| | **2018 GAAP** | **Adjustments** | **2018 Adjusted** | **2017 GAAP** | **Adjustments** | **2017 Adjusted** |
| Net sales | $ 560,833 | - | $ 560,833 | $ 589,219 | $ - | $ 589,219 |
| Cost of sales | 461,239 | (6,862) | 454,377 | 465,831 | (3,382) | 462,449 |
| Gross profit | 99,594 | 6,862 | 106,456 | 123,388 | 3,382 | 126,770 |
| Operating expenses (a) | 90,398 | (4,805) | 85,593 | 90,655 | - | 90,655 |
| Project Terra costs and other | 10,333 | (10,333) | - | 4,850 | (4,850) | - |
| Accounting review and remediation costs, net of insurance proceeds | 3,414 | (3,414) | - | (1,358) | 1,358 | - |
| Chief Executive Officer Succession Plan expense, net | 19,553 | (19,553) | - | - | - | - |
| Operating (loss) income | (24,104) | 44,967 | 20,863 | 29,241 | 6,874 | 36,115 |
| Interest and other expense (income), net (b) | 8,305 | (590) | 7,715 | 3,155 | 3,419 | 6,574 |
| (Benefit) provision for income taxes | (9,483) | 12,779 | 3,296 | 7,484 | 691 | 8,175 |
| Net (loss) income from continuing operations | (23,101) | 32,778 | 9,677 | 18,613 | 2,764 | 21,377 |
| Net (loss) income from discontinued operations, net of tax | (14,324) | 14,324 | - | 1,233 | (1,233) | - |
| Net (loss) income | (37,425) | 47,102 | 9,677 | 19,846 | 1,531 | 21,377 |
| Diluted net (loss) income per common share from continuing operations | (0.22) | 0.32 | 0.09 | 0.18 | 0.03 | 0.20 |
| Diluted net (loss) income per common share from discontinued operations | (0.14) | 0.14 | - | 0.01 | (0.01) | - |
| Diluted net (loss) income per common share | (0.36) | 0.45 | 0.09 | 0.19 | 0.01 | 0.20 |

# GAAP to Non-GAAP Reconciliation (cont.)

Details of Adjustments:

| | Three Months Ended September 30, 2018 | Three Months Ended September 30, 2017 |
|---|---|---|
| Warehouse/manufacturing facility start-up costs | $ 4,599 | $ 737 |
| Plant closure related costs | 2,263 | - |
| Losses on terminated chilled desserts contract | - | 1,472 |
| Co-packer disruption | - | 1,173 |
| Cost of sales | 6,862 | 3,382 |
| Gross profit | 6,862 | 3,382 |
| Long-lived asset impairment charge associated with plant closure | 4,236 | - |
| Litigation and related expenses | 569 | - |
| Operating expenses (a) | 4,805 | - |
| Project Terra costs and other | 10,333 | 4,850 |
| Project Terra costs and other | 10,333 | 4,850 |
| Accounting review and remediation costs, net of insurance proceeds | 3,414 | (1,358) |
| Accounting review and remediation costs, net of insurance proceeds | 3,414 | (1,358) |
| Chief Executive Officer Succession Plan expense, net | 19,553 | - |
| Chief Executive Officer Succession Plan expense, net | 19,553 | - |
| Operating income | 44,967 | 6,874 |
| Unrealized currency losses (gains) | 590 | (3,419) |
| Interest and other expense (income), net (b) | 590 | (3,419) |
| Income tax related adjustments | (12,779) | (691) |
| Benefit for income taxes | (12,779) | (691) |
| Net income from continuing operations | $ 32,778 | $ 2,764 |



(a) Operating expenses include amortization of acquired intangibles, selling, general, and administrative expenses and long-lived asset impairment.

(b) Interest and other expenses (income), net include interest and other financing expenses, net and other (income)/expense, net.

# Historical GAAP to Non-GAAP Reconciliation (cont.)

**THE HAIN CELESTIAL GROUP, INC.**
**Reconciliation of GAAP Results to Non-GAAP Measures**
(unaudited and in thousands, except per share amounts)

| | Three Months Ended | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | September 30, 2017 | | | December 31, 2017 | | | March 31, 2018 | | | June 30, 2018 | | |
| | GAAP | Adjustments | Adjusted | GAAP | Adjustments | Adjusted | GAAP | Adjustments | Adjusted | GAAP | Adjustments | Adjusted |
| Net sales | $ 589,219 | - | $ 589,219 | $ 616,232 | $ - | $ 616,232 | $ 632,720 | $ - | $ 632,720 | $ 619,598 | $ - | $ 619,598 |
| Cost of sales | 465,831 | (3,382) | 462,449 | 482,282 | (5,832) | 476,450 | 499,707 | (12,640) | 487,067 | 494,501 | (5,346) | 489,155 |
| Gross profit | 123,388 | 3,382 | 126,770 | 133,950 | 5,832 | 139,782 | 133,013 | 12,640 | 145,653 | 125,097 | 5,346 | 130,443 |
| Operating expenses (a) | 90,655 | - | 90,655 | 94,465 | (4,151) | 90,314 | 95,615 | (5,971) | 89,644 | 90,931 | (4,969) | 85,962 |
| Project Terra costs and other | 4,850 | (4,850) | - | 4,069 | (4,069) | - | 4,831 | (4,831) | - | 6,999 | (6,999) | - |
| Accounting review and remediation costs, net of insurance proceeds | (1,358) | 1,358 | - | 4,451 | (4,451) | - | 3,313 | (3,313) | - | 2,887 | (2,887) | - |
| Goodwill impairment | - | - | - | - | - | - | - | - | - | 7,700 | (7,700) | - |
| Operating income | 29,241 | 6,874 | 36,115 | 30,965 | 18,503 | 49,468 | 29,254 | 26,755 | 56,009 | 16,580 | 27,901 | 44,481 |
| Interest and other expense (income), net (b) | 3,155 | 3,419 | 6,574 | 5,719 | 286 | 6,005 | 5,222 | 1,465 | 6,687 | 10,742 | (3,143) | 7,599 |
| Provision (benefit) for income taxes | 7,484 | 691 | 8,175 | (17,690) | 27,751 | 10,061 | (1,310) | 11,946 | 10,636 | 10,629 | (1,255) | 9,374 |
| Net income (loss) from continuing operations | 18,613 | 2,764 | 21,377 | 43,130 | (9,534) | 33,596 | 25,241 | 13,344 | 38,585 | (4,556) | 32,299 | 27,743 |
| Net income (loss) from discontinued operations, net of tax | 1,233 | (1,233) | - | 3,973 | (3,973) | - | (12,555) | 12,555 | - | (65,385) | 65,385 | - |
| Net income (loss) | 19,846 | 1,531 | 21,377 | 47,103 | (13,507) | 33,596 | 12,686 | 25,899 | 38,585 | (69,941) | 97,684 | 27,743 |
| | - | - | - | | | | | | | | | |
| Diluted net income (loss) per common share from continuing operations | 0.18 | 0.03 | 0.20 | 0.41 | (0.09) | 0.32 | 0.24 | 0.13 | 0.37 | (0.04) | 0.31 | 0.27 |
| Diluted net income (loss) per common share from discontinued operations | 0.01 | (0.01) | - | 0.04 | (0.04) | - | (0.12) | 0.12 | - | (0.63) | 0.63 | - |
| Diluted net income (loss) per common share | 0.19 | 0.01 | 0.20 | 0.45 | (0.13) | 0.32 | 0.12 | 0.25 | 0.37 | (0.67) | 0.94 | 0.27 |

# Historical GAAP to Non-GAAP Reconciliation (cont.)

Detail of Adjustments:

| | Three Months Ended September 30, 2017 | Three Months Ended December 31, 2017 | Three Months Ended March 31, 2018 | Three Months Ended June 30, 2018 |
|---|---|---|---|---|
| Warehouse/manufacturing facility start-up costs | $ 737 | $ 418 | $ - | $ 3,024 |
| 2018 Project Terra SKU rationalization | - | - | 4,913 | - |
| Plant closure related costs | - | 697 | 3,246 | 2,015 |
| Recall and other related costs | - | - | 273 | 307 |
| Machine break-down costs | - | - | 317 | - |
| Losses on terminated chilled desserts contract | 1,472 | 2,143 | 2,939 | - |
| Co-packer disruption | 1,173 | 1,567 | 952 | - |
| Regulated packaging change | - | 1,007 | - | - |
| Cost of sales | 3,382 | 5,832 | 12,640 | 5,346 |
| Gross profit | 3,382 | 5,832 | 12,640 | 5,346 |
| Long-lived asset impairment charge associated with plant closure | - | 3,451 | 4,839 | 111 |
| Intangibles impairment | - | - | - | 5,632 |
| Accelerated depreciation on software disposal | - | - | - | 461 |
| Litigation and related expenses | - | - | 235 | 780 |
| Warehouse/manufacturing facility start-up costs | - | - | - | 188 |
| Stock-based compensation expense in connection with Chief Executive Officer succession agreement | - | - | - | (2,203) |
| Toys "R" Us bad debt | - | - | 897 | - |
| Stock-based compensation acceleration associated with Board of Directors | - | 700 | - | - |
| Operating expenses (a) | - | 4,151 | 5,971 | 4,969 |
| Project Terra costs and other | 4,850 | 4,069 | 4,831 | 6,999 |
| Project Terra costs and other | 4,850 | 4,069 | 4,831 | 6,999 |
| Accounting review and remediation costs, net of insurance proceeds | (1,358) | 4,451 | 3,313 | 2,887 |
| Accounting review and remediation costs, net of insurance proceeds | (1,358) | 4,451 | 3,313 | 2,887 |
| Goodwill impairment | - | - | - | 7,700 |
| Goodwill impairment | - | - | - | 7,700 |
| Operating income | 6,874 | 18,503 | 26,755 | 27,901 |
| Unrealized currency (gains) losses | (3,419) | (286) | (1,465) | 3,143 |
| Interest and other (income) expense, net (b) | (3,419) | (286) | (1,465) | 3,143 |
| Income tax related adjustments | (691) | (27,751) | (11,946) | 1,255 |
| (Benefit) provision for income taxes | (691) | (27,751) | (11,946) | 1,255 |
| Net income (loss) from continuing operations | $ 2,764 | $ (9,534) | $ 13,344 | $ 32,299 |



(a) Operating expenses include amortization of acquired intangibles, selling, general, and administrative expenses and long-lived asset and intangible impairment.
(b) Interest and other expenses (income), net include interest and other financing expenses, net and other (income)/expense, net.

# Net Sales and Adjusted Net Sales Growth

**THE HAIN CELESTIAL GROUP, INC.**
**Net Sales Growth at Constant Currency**
(unaudited and in thousands)

| | Hain Consolidated | United Kingdom | Rest of World |
|---|---|---|---|
| Net sales - Three months ended 9/30/18 | $ 560,833 | $ 218,577 | $ 98,271 |
| Impact of foreign currency exchange | 3,600 | 1,377 | 2,223 |
| Net sales on a constant currency basis - Three months ended 9/30/18 | $ 564,433 | $ 219,954 | $ 100,494 |
| Net sales - Three months ended 9/30/17 | $ 589,219 | $ 222,445 | $ 103,115 |
| Net sales growth on a constant currency basis | (4.2)% | (1.1)% | (2.5)% |

**Net Sales Growth at Constant Currency and Adjusted for Acquisitions, Divestitures and Other**

| | Hain Consolidated | United States | United Kingdom | Rest of World |
|---|---|---|---|---|
| Net sales on a constant currency basis - Three months ended 9/30/18 | $ 564,433 | $ 243,985 | $ 219,954 | $ 100,494 |
| Net sales - Three months ended 9/30/17 | $ 589,219 | $ 263,659 | $ 222,445 | $ 103,115 |
| Acquisitions | 2,561 | - | 2,561 | - |
| Castle contract termination | (5,942) | - | (5,942) | - |
| 2017 Project Terra SKU rationalization | (2,223) | (2,223) | - | - |
| 2018 Project Terra SKU rationalization | (8,615) | (7,483) | - | (1,132) |
| Net sales on a constant currency basis adjusted for acquisitions, divestitures and other - Three months ended 9/30/17 | $ 575,000 | $ 253,953 | $ 219,064 | $ 101,983 |
| Net sales growth on a constant currency basis adjusted for acquisitions, divestitures and other | (1.8)% | (3.9)% | 0.4% | (1.5)% |

| | Tilda | Hain Daniels | Ella's Kitchen | Hain Celestial Europe | Hain Celestial Canada | Hain Ventures |
|---|---|---|---|---|---|---|
| Net sales growth - Three months ended 9/30/18 | 3.7% | (4.4)% | 8.0% | (0.0)% | (5.4)% | (17.7)% |
| Impact of foreign currency exchange | 1.2% | 0.5% | 0.5% | 1.1% | 4.0% | 0.0% |
| Impact of acquisitions | 0.0% | (1.5)% | 0.0% | 0.0% | 0.0% | 0.0% |
| Impact of castle contract termination | 0.0% | 3.6% | 0.0% | 0.0% | 0.0% | 0.0% |
| Impact of 2018 Project Terra SKU rationalization | 0.0% | 0.0% | 0.0% | 0.0% | 1.2% | 3.8% |
| Net sales on a constant currency basis adjusted for acquisitions, divestitures and other - Three months ended 9/30/18 | 4.9% | (1.9)% | 8.6% | 1.1% | (0.2)% | (13.9)% |