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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): February 7, 2019

**PRESTIGE CONSUMER HEALTHCARE INC.**  
(Exact Name of Registrant as Specified in Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

001-32433

(Commission File Number)

20-1297589

(IRS Employer Identification No.)

660 White Plains Road, Tarrytown, New York 10591  
(Address of Principal Executive Offices) (Zip Code)

(914) 524-6800

(Registrant's telephone number, including area code)

(Former Name or Former Address, if Changed Since Last Report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 2.02 Results of Operations and Financial Condition.**

On February 7, 2019, Prestige Consumer Healthcare Inc. (the “Company”) announced financial results for the fiscal quarter and nine months ended December 31, 2018. A copy of the press release announcing the Company’s earnings results for the fiscal quarter and nine months ended December 31, 2018 is attached hereto as Exhibit 99.1 and incorporated herein by reference.

**Item 7.01 Regulation FD Disclosure.**

On February 7, 2019, representatives of the Company began making presentations to investors regarding the Company’s financial results for the quarter and nine month period ended December 31, 2018 using slides attached to this Current Report on Form 8-K as Exhibit 99.2 (the “Investor Presentation”) and incorporated herein by reference. The Company expects to use the Investor Presentation, in whole or in part, and possibly with modifications, in connection with presentations to investors, analysts and others during the fiscal year ended March 31, 2019.

By filing this Current Report on Form 8-K and furnishing the information contained herein, the Company makes no admission as to the materiality of any information in this report that is required to be disclosed solely by reason of Regulation FD.

The information contained in the Investor Presentation is summary information that is intended to be considered in the context of the Company’s Securities and Exchange Commission (“SEC”) filings and other public announcements that the Company may make, by press release or otherwise, from time to time. The Company undertakes no duty or obligation to publicly update or revise the information contained in this report, although it may do so from time to time as its management believes is warranted. Any such updating may be made through the filing of other reports or documents with the SEC, through press releases or through other public disclosure.

The information presented in Items 2.02 and 7.01 of this Current Report on Form 8-K and Exhibits 99.1 and 99.2 shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, unless the Company specifically states that the information is to be considered “filed” under the Exchange Act or specifically incorporates it by reference into a filing under the Securities Act of 1933, as amended, or the Exchange Act.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

See Exhibit Index immediately following the signature page.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: February 7, 2019

PRESTIGE CONSUMER HEALTHCARE INC.

By: /s/ Christine Sacco  
Christine Sacco  
Chief Financial Officer

EXHIBIT INDEX

Exhibit	Description
99.1	<a href="#">Press Release dated February 7, 2019 announcing the Company's financial results for the fiscal quarter and nine months ended December 31, 2018 (furnished only).</a>
99.2	<a href="#">Investor Presentation in use beginning February 7, 2019 (furnished only).</a>

**Prestige Consumer Healthcare Inc. Reports Fiscal 2019 Third Quarter Results**

- Revenue was \$241.4 Million in Q3 Fiscal 2019 as Previously Announced
- GAAP Diluted EPS of \$0.73 in Q3
- Reduced Debt by \$55 Million in Q3 and \$155 Million Year-to-Date From Cash Generation and Divestiture Proceeds

TARRYTOWN, N.Y.--(GLOBE NEWSWIRE)--February 7, 2019-- Prestige Consumer Healthcare Inc. (NYSE:PBH) today reported financial results for its third quarter and nine months ended December 31, 2018.

"In Q3 our business generated solid earnings and cash flow, which was enabled by both our sales diversity across retail channels and continued brand success across our portfolio driven by our long-term brand-building efforts. These portfolio attributes helped offset the previously announced retailer inventory reductions in Q3, and we expect these drivers of long-term value to continue in our coming fiscal year," said Ron Lombardi, Chief Executive Officer of Prestige Consumer Healthcare.

**Third Fiscal Quarter Ended December 31, 2018**

Reported revenues in the third quarter of fiscal 2019 decreased 10.8% to \$241.4 million, compared to \$270.6 million in the third quarter of fiscal 2018. Revenues decreased 3.1% on an organic basis which excludes the impact related to the divested Household Cleaning segment and foreign currency. The decrease in organic revenues for the quarter was primarily driven by inventory reductions at certain key retailers.

Reported gross profit margin in the third quarter fiscal 2019 was 57.7%, compared to 54.6% for the third quarter of fiscal 2018. The improvement versus the prior year was driven primarily by the divestiture of the Household Cleaning segment and the change in revenue recognition and the timing of related expenses.

Reported net income for the third quarter of fiscal 2019 totaled \$38.2 million versus the prior year comparable quarter's net income of \$314.8 million, or \$37.3 million in the prior year comparable quarter on a non-GAAP adjusted basis. The prior year period reported results included a benefit from income tax adjustments related to the domestic Tax Cuts and Jobs Act. Diluted earnings per share were \$0.73 for the third quarter of fiscal 2019 compared to \$5.88 reported for the third quarter of fiscal 2018, or \$0.70 in the prior year comparable period on a non-GAAP adjusted basis.

Adjustments to net income in the third quarter of fiscal 2018 included integration, transition, purchase accounting, legal and various other costs associated with acquisitions and divestitures, and the related income tax effects of the adjustments as well as income tax adjustments related to the domestic Tax Cuts and Jobs Act.

**Nine Months Fiscal 2019 Ended December 31, 2018**

Reported revenues for the first nine months of fiscal 2019 decreased 6.4% to \$734.8 million compared to \$785.2 million in the first nine months of fiscal 2018. Revenues for the first nine months of fiscal 2019 were driven by continued positive consumption levels across the Company's core brands, offset by the divestiture of the Household Cleaning segment in the second quarter of fiscal 2019. Organic revenue decreased 0.8% for the first nine months as consumption gains were offset by inventory reductions at certain key retailers, changes in accounting policies around revenue recognition and the timing of related expenses, and the transition of new packaging for the Company's BC and Goody's brands.

Reported gross profit margin in the first nine months of fiscal 2019 was 56.8%, compared to 55.4% for the first nine months of fiscal 2018. The gross profit margin improvement versus the same period in the previous year was driven by the positive impact of the divestiture of the Household Cleaning segment, partially offset by the change in accounting policies around revenue recognition and the timing of related expenses, as well as by the expected BC and Goody's packaging restage.

Reported net income for the first nine months of fiscal 2019 totaled \$103.5 million versus the prior year comparable period net income of \$379.3 million, with the prior year period including a benefit from income tax adjustments related to the domestic Tax Cuts and Jobs Act. Diluted earnings per share were \$1.97 for the first nine months of fiscal 2019 compared to \$7.08 per share in the prior year comparable period. Non-GAAP adjusted net income for the first nine months of fiscal 2019 was \$108.1 million, an increase over the prior year period's adjusted net income of \$105.3 million. Non-GAAP adjusted earnings per share were \$2.06 per share for the first nine months of fiscal 2019 compared to \$1.97 per share in the first nine months of fiscal 2018.

Adjustments to net income in the first nine months of fiscal 2019 and fiscal 2018 include integration, transition, purchase accounting, legal and various other costs associated with acquisitions and divestitures, and the related income tax effects of the adjustments. Adjustments to net income in the first nine months of fiscal 2019 also include accelerated amortization of debt origination costs and a gain on divestiture. Adjustments to net income in the first nine months of fiscal 2018 also included income tax adjustments related to the domestic Tax Cuts and Jobs Act.

### **Free Cash Flow and Balance Sheet**

The Company's net cash provided by operating activities for the third fiscal quarter and nine months of 2019 were \$43.3 million and \$138.4 million, respectively, compared to \$47.1 million and \$155.7 million during the same periods a year earlier.

Non-GAAP adjusted free cash flow for the third fiscal quarter of 2019 was \$57.2 million, compared to \$44.8 million in the prior year comparable quarter. Non-GAAP adjusted free cash flow for the first nine months of fiscal 2019 was \$154.9 million, compared to \$156.2 million in the prior year comparable quarter. The change in cash flow fiscal year to date was primarily driven by the divestiture of the Company's Household Cleaning segment.

The Company's net debt position as of December 31, 2018 was approximately \$1.8 billion. At December 31, 2018, the Company's covenant-defined leverage ratio was approximately 5.1x. The Company reduced debt by \$155 million in the first

nine months of fiscal 2019 through a combination of cash generation and approximately \$50 million from Household Cleaning segment divestiture proceeds.

## **Segment Review**

*North American OTC Healthcare:* Segment revenues totaled \$216.8 million for the third quarter of fiscal 2019, compared to the prior year comparable quarter's revenues of \$225.7 million. The third quarter fiscal 2019 revenue decline was largely attributable to inventory reductions at certain key retailers.

For the first nine months of the current fiscal year, reported revenues for the North American OTC segment were \$647.5 million compared to \$656.8 million in the prior year comparable period. The first nine months of 2019 were favorably impacted by increased consumption among the majority of core OTC brands, but offset by inventory reductions at certain key retailers, the impacts of a change in accounting policies surrounding revenue recognition and the launch of new BC and Goody's packaging.

*International OTC Healthcare:* Segment fiscal third quarter 2019 revenues totaled \$24.6 million, compared to \$25.7 million reported in the prior year comparable period. Revenues versus the prior year were impacted by unfavorable foreign currency as well as differences in the timing of distributor orders and shipments. Excluding foreign currency effects, International OTC Healthcare revenue for fiscal third quarter 2019 was approximately flat versus prior year.

For the first nine months of the current fiscal year reported revenues for the International OTC Healthcare segment were \$67.4 million versus the prior year comparable period's revenues of \$67.6 million attributable to unfavorable foreign currency exchange rates. Excluding foreign currency effects, International OTC Healthcare experienced revenue growth for the first nine months versus the prior year comparable period.

*Household Cleaning:* As previously announced, the Company sold its Household Cleaning segment on July 2, 2018 and used net proceeds from the divestiture to pay down debt. For the first quarter of fiscal 2019, the Household Cleaning segment generated \$19.8 million in revenues with no reported revenue in the second or third fiscal quarters of 2019.

## **Commentary and Outlook for Fiscal 2019**

Ron Lombardi, CEO, stated, "We executed against our long-term three-pillar strategy in the third quarter which drove continued strong free cash flow generation from our stable financial profile and allowed us to reduce debt by \$55 million in the third quarter and \$155 million in the first nine months of the fiscal year. Our results positively benefitted from our long-term brand-building efforts against our leading brands as well as our sales diversity across retail channels, which helped blunt the impact of inventory reductions at certain key retailers late in the quarter. Furthermore, our diversified portfolio of brands helped offset challenging incidence levels which were below our long-term expectations in certain categories."

"We are reaffirming our recently updated fiscal 2019 outlook for revenue, profitability and cash flow. Our consumer healthcare platform includes a strong and diverse portfolio of brands well positioned for continued long-term growth. We

remain focused on the execution of our strategy of brand-building, maintaining a strong financial profile and efficient and disciplined capital allocation and plan to continue using this approach to drive shareholder value over time," he concluded.

	<b><u>Fiscal 2019 Full-Year Outlook</u></b>
Revenue	\$970 to \$975 million
Organic Growth Percentage*	Flat to 0.5%
Adjusted E.P.S.*	\$2.75 to \$2.78
Adjusted Free Cash Flow*	\$200 million or more

#### **Fiscal Q3 Conference Call, Accompanying Slide Presentation and Replay**

The Company will host a conference call to review its third quarter results today, February 7, 2019 at 8:30 a.m. ET. The toll-free dial-in numbers are 844-233-9440 within North America and 574-990-1016 outside of North America. The conference ID number is 9491727. The Company provides a live Internet webcast, a slide presentation to accompany the call, as well as an archived replay, all of which can be accessed from the Investor Relations page of the Company's website at [www.prestigeconsumerhealthcare.com](http://www.prestigeconsumerhealthcare.com). The slide presentation can be accessed just before the call from the Investor Relations page of the website by clicking on Webcasts and Presentations.

Telephonic replays will be available for two weeks following the completion of the call and can be accessed at 855-859-2056 within North America and at 404-537-3406 from outside North America. The conference ID is 9491727.

#### **Non-GAAP and Other Financial Information**

In addition to financial results reported in accordance with generally accepted accounting principles (GAAP), we have provided certain non-GAAP financial information in this release to aid investors in understanding the Company's performance. Each non-GAAP financial measure is defined and reconciled to its most closely related GAAP financial measure in the "About Non-GAAP Financial Measures" section at the end of this earnings release.

#### **Note Regarding Forward-Looking Statements**

This news release contains "forward-looking statements" within the meaning of the federal securities laws that are intended to qualify for the Safe Harbor from liability established by the Private Securities Litigation Reform Act of 1995. "Forward-looking statements" generally can be identified by the use of forward-looking terminology such as "assumptions," "target," "guidance," "strategy," "outlook," "plans," "projection," "focus," "may," "will," "would," "expect," "intend," "estimate," "anticipate," "believe", "potential," or "continue" (or the negative or other derivatives of each of these terms) or similar terminology. The "forward-looking statements" include, without limitation, statements regarding the Company's expectations regarding future operating results including revenues, earnings per share and free cash flow, the Company's focus on brand-building, maintaining a strong financial profile and disciplined capital allocation, the Company's ability to increase shareholder value and the Company's ability to position itself for long-term success and growth. These statements are based on management's estimates and assumptions with respect to future events and financial performance and are believed to be reasonable, though are inherently uncertain and difficult to predict. Actual results could differ materially from those expected as a result of a variety of factors, including the impact of the Company's advertising and promotional and new product development initiatives, customer inventory management initiatives, general economic and business conditions, fluctuating foreign exchange rates, consumer trends, competitive pressures, and the ability of the Company's third party manufacturers



and logistics providers and suppliers to meet demand for its products and to reduce costs. A discussion of other factors that could cause results to vary is included in the Company's Annual Report on Form 10-K for the year ended March 31, 2018 and other periodic reports filed with the Securities and Exchange Commission.

**About Prestige Consumer Healthcare Inc.**

The Company markets and distributes brand name over-the-counter healthcare products throughout the U.S. and Canada, Australia, and in certain other international markets. The Company's brands include Monistat® and Summer's Eve® women's health products, BC® and Goody's® pain relievers, Clear Eyes® eye care products, DenTek® specialty oral care products, Dramamine® motion sickness treatments, Fleet® enemas and glycerin suppositories, Chloraseptic® sore throat treatments, Compound W® wart treatments, Little Remedies® pediatric over-the-counter products, The Doctor's® NightGuard® dental protector, Efferdent® denture care products, Luden's® throat drops, Debrox® earwax remover, Gaviscon® antacid in Canada, and Hydralyte® rehydration products and the Fess® line of nasal and sinus care products in Australia. Visit the Company's website at [www.prestigeconsumerhealthcare.com](http://www.prestigeconsumerhealthcare.com).

*\* See the "About Non-GAAP Financial Measures" section of this report for further presentation information.*

**Prestige Consumer Healthcare Inc.**  
**Condensed Consolidated Statements of Income and Comprehensive Income**  
*(Unaudited)*

<i>(In thousands, except per share data)</i>	Three Months Ended December 31,		Nine Months Ended December 31,	
	2018	2017	2018	2017
<b>Revenues</b>				
Net sales	\$ 241,411	\$ 270,522	\$ 734,719	\$ 784,939
Other revenues	3	93	32	275
Total revenues	241,414	270,615	734,751	785,214
<b>Cost of Sales</b>				
Cost of sales excluding depreciation	100,997	121,730	313,713	346,067
Cost of sales depreciation	1,182	1,211	3,708	3,899
Cost of sales	102,179	122,941	317,421	349,966
Gross profit	139,235	147,674	417,330	435,248
<b>Operating Expenses</b>				
Advertising and promotion	34,504	35,835	108,657	111,967
General and administrative	20,485	20,820	68,460	63,229
Depreciation and amortization	6,705	7,129	20,545	21,482
Gain on divestiture	—	—	(1,284)	—
Total operating expenses	61,694	63,784	196,378	196,678
Operating income	77,541	83,890	220,952	238,570
<b>Other (income) expense</b>				
Interest income	(39)	(119)	(172)	(273)
Interest expense	26,366	25,983	79,509	79,314
Other expense (income), net	218	387	640	(119)
Total other expense	26,545	26,251	79,977	78,922
Income before income taxes	50,996	57,639	140,975	159,648
Provision (benefit) for income taxes	12,829	(257,154)	37,501	(219,609)
Net income	\$ 38,167	\$ 314,793	\$ 103,474	\$ 379,257
<b>Earnings per share:</b>				
Basic	\$ 0.74	\$ 5.93	\$ 1.99	\$ 7.14
Diluted	\$ 0.73	\$ 5.88	\$ 1.97	\$ 7.08
<b>Weighted average shares outstanding:</b>				
Basic	51,881	53,129	52,119	53,089
Diluted	52,202	53,543	52,431	53,531
<b>Comprehensive income, net of tax:</b>				
Currency translation adjustments	(2,020)	4,492	(7,139)	8,327
Unrecognized net gain on pension plans	—	—	—	1
Total other comprehensive (loss) income	(2,020)	4,492	(7,139)	8,328
Comprehensive income	\$ 36,147	\$ 319,285	\$ 96,335	\$ 387,585

**Prestige Consumer Healthcare Inc.**  
**Condensed Consolidated Balance Sheets**  
*(Unaudited)*

<i>(In thousands)</i>	December 31, 2018	March 31, 2018
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 24,672	\$ 32,548
Accounts receivable, net of allowance of \$13,444 and \$12,734, respectively	140,584	140,881
Inventories	120,368	118,547
Prepaid expenses and other current assets	7,553	11,501
Total current assets	293,177	303,477
Property, plant and equipment, net	51,567	52,552
Goodwill	611,956	620,098
Intangible assets, net	2,707,825	2,780,916
Other long-term assets	3,557	3,569
Total Assets	\$ 3,668,082	\$ 3,760,612
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities		
Accounts payable	\$ 48,988	\$ 61,390
Accrued interest payable	13,646	9,708
Other accrued liabilities	66,182	52,101
Total current liabilities	128,816	123,199
Long-term debt, net	1,842,288	1,992,952
Deferred income tax liabilities	443,587	442,518
Other long-term liabilities	20,271	23,333
Total Liabilities	2,434,962	2,582,002
<b>Stockholders' Equity</b>		
Preferred stock - \$0.01 par value		
Authorized - 5,000 shares		
Issued and outstanding - None	—	—
Common stock - \$0.01 par value		
Authorized - 250,000 shares		
Issued - 53,670 shares at December 31, 2018 and 53,396 shares at March 31, 2018	536	534
Additional paid-in capital	477,872	468,783
Treasury stock, at cost - 1,871 shares at December 31, 2018 and 353 shares at March 31, 2018	(59,928)	(7,669)
Accumulated other comprehensive loss, net of tax	(26,454)	(19,315)
Retained earnings	841,094	736,277
Total Stockholders' Equity	1,233,120	1,178,610
Total Liabilities and Stockholders' Equity	\$ 3,668,082	\$ 3,760,612

**Prestige Consumer Healthcare Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
*(Unaudited)*

<i>(In thousands)</i>	Nine Months Ended December 31,	
	2018	2017
<b>Operating Activities</b>		
Net income	\$ 103,474	\$ 379,257
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	24,253	25,381
Gain on divestiture	(1,284)	—
Loss on disposal of property and equipment	197	1,510
Deferred income taxes	3,309	(256,850)
Amortization of debt origination costs	4,543	4,746
Excess tax benefits from share-based awards	—	470
Stock-based compensation costs	6,160	6,912
Write-off of indemnification asset	—	704
Lease termination costs	—	214
Other	247	—
Changes in operating assets and liabilities:		
Accounts receivable	5,398	(14,073)
Inventories	(11,081)	1,167
Prepaid expenses and other current assets	4,073	18,935
Accounts payable	(12,787)	(11,036)
Accrued liabilities	13,260	(1,033)
Pension and deferred compensation contribution	—	(329)
Other	(1,325)	(303)
Net cash provided by operating activities	138,437	155,672
<b>Investing Activities</b>		
Purchases of property, plant and equipment	(7,139)	(9,656)
Acquisition of Fleet escrow receipt	—	970
Proceeds from divestiture	65,912	—
Net cash provided by (used in) investing activities	58,773	(8,686)
<b>Financing Activities</b>		
Term loan repayments	(155,000)	(125,000)
Borrowings under revolving credit agreement	45,000	20,000
Repayments under revolving credit agreement	(45,000)	(40,000)
Proceeds from exercise of stock options	2,931	1,466
Fair value of shares surrendered as payment of tax withholding	(2,281)	(1,075)
Repurchase of common stock	(49,978)	—
Net cash used in financing activities	(204,328)	(144,609)
Effects of exchange rate changes on cash and cash equivalents	(758)	1,144
(Decrease) increase in cash and cash equivalents	(7,876)	3,521
Cash and cash equivalents - beginning of period	32,548	41,855
Cash and cash equivalents - end of period	\$ 24,672	\$ 45,376
Interest paid	\$ 69,955	\$ 73,779
Income taxes paid	\$ 19,070	\$ 16,861

**Prestige Consumer Healthcare Inc.**  
**Condensed Consolidated Statements of Income**  
**Business Segments**  
*(Unaudited)*

**Three Months Ended December 31, 2018**

<i>(In thousands)</i>	North American OTC Healthcare	International OTC Healthcare	Household Cleaning	Consolidated
Total segment revenues*	\$ 216,776	\$ 24,638	\$ —	\$ 241,414
Cost of sales	91,594	10,585	—	102,179
Gross profit	125,182	14,053	—	139,235
Advertising and promotion	30,316	4,188	—	34,504
Contribution margin	<u>\$ 94,866</u>	<u>\$ 9,865</u>	<u>\$ —</u>	<u>104,731</u>
Other operating expenses				27,190
Operating income				77,541
Other expense				26,545
Income before income taxes				50,996
Provision for income taxes				12,829
Net income				<u>\$ 38,167</u>

\* Intersegment revenues of \$1.3 million were eliminated from the North American OTC Healthcare segment.

**Nine Months Ended December 31, 2018**

<i>(In thousands)</i>	North American OTC Healthcare	International OTC Healthcare	Household Cleaning	Consolidated
Total segment revenues*	\$ 647,501	\$ 67,439	\$ 19,811	\$ 734,751
Cost of sales	272,754	28,079	16,588	317,421
Gross profit	374,747	39,360	3,223	417,330
Advertising and promotion	96,899	11,328	430	108,657
Contribution margin	<u>\$ 277,848</u>	<u>\$ 28,032</u>	<u>\$ 2,793</u>	<u>308,673</u>
Other operating expenses				87,721
Operating income				220,952
Other expense				79,977
Income before income taxes				140,975
Provision for income taxes				37,501
Net income				<u>\$ 103,474</u>

\* Intersegment revenues of \$5.6 million were eliminated from the North American OTC Healthcare segment.

**Three Months Ended December 31, 2017**

<i>(In thousands)</i>	North American OTC Healthcare	International OTC Healthcare	Household Cleaning	Consolidated
Total segment revenues*	\$ 225,695	\$ 25,717	\$ 19,203	\$ 270,615
Cost of sales	95,164	10,511	17,266	122,941
Gross profit	130,531	15,206	1,937	147,674
Advertising and promotion	30,794	4,544	497	35,835
Contribution margin	<u>\$ 99,737</u>	<u>\$ 10,662</u>	<u>\$ 1,440</u>	111,839
Other operating expenses				27,949
Operating income				83,890
Other expense				26,251
Income before income taxes				57,639
Benefit for income taxes				(257,154)
Net income				<u>\$ 314,793</u>

\* Intersegment revenues of \$1.9 million were eliminated from the North American OTC Healthcare segment.

**Nine Months Ended December 31, 2017**

<i>(In thousands)</i>	North American OTC Healthcare	International OTC Healthcare	Household Cleaning	Consolidated
Total segment revenues*	\$ 656,812	\$ 67,572	\$ 60,830	\$ 785,214
Cost of sales	268,849	29,757	51,360	349,966
Gross profit	387,963	37,815	9,470	435,248
Advertising and promotion	98,666	11,827	1,474	111,967
Contribution margin	<u>\$ 289,297</u>	<u>\$ 25,988</u>	<u>\$ 7,996</u>	323,281
Other operating expenses				84,711
Operating income				238,570
Other expense				78,922
Income before income taxes				159,648
Benefit for income taxes				(219,609)
Net income				<u>\$ 379,257</u>

\* Intersegment revenues of \$5.6 million were eliminated from the North American OTC Healthcare segment.

### About Non-GAAP Financial Measures

In addition to financial results reported in accordance with GAAP, we disclose certain Non-GAAP financial measures ("NGFMs"), including, but not limited to, Non-GAAP Organic Revenues, Non-GAAP Organic Revenue Growth Percentage, Non-GAAP Adjusted Gross Margin, Non-GAAP Adjusted Gross Margin Percentage, Non-GAAP Adjusted Advertising and Promotion Expense, Non-GAAP Adjusted Advertising and Promotion Expense Percentage, Non-GAAP Adjusted General and Administrative Expense, Non-GAAP Adjusted General and Administrative Expense Percentage, Non-GAAP EBITDA, Non-GAAP EBITDA Margin, Non-GAAP Adjusted EBITDA, Non-GAAP Adjusted EBITDA Margin, Non-GAAP Adjusted Net Income, Non-GAAP Adjusted EPS, Non-GAAP Free Cash Flow, Non-GAAP Adjusted Free Cash Flow and Net Debt. We use these NGFMs internally, along with GAAP information, in evaluating our operating performance and in making financial and operational decisions. We believe that the presentation of these NGFMs provides investors with greater transparency, and provides a more complete understanding of our business than could be obtained absent these disclosures, because the supplemental data relating to our financial condition and results of operations provides additional ways to view our operation when considered with both our GAAP results and the reconciliations below. In addition, we believe that the presentation of each of these NGFMs is useful to investors for period-to-period comparisons of results in assessing shareholder value, and we use these NGFMs internally to evaluate the performance of our personnel and also to evaluate our operating performance and compare our performance to that of our competitors.

These NGFMs are not in accordance with GAAP, should not be considered as a measure of profitability or liquidity, and may not be directly comparable to similarly titled NGFMs reported by other companies. These NGFMs have limitations and they should not be considered in isolation from or as an alternative to their most closely related GAAP measures reconciled below. Investors should not rely on any single financial measure when evaluating our business. We recommend investors review the GAAP financial measures included in this earnings release. When viewed in conjunction with our GAAP results and the reconciliations below, we believe these NGFMs provide greater transparency and a more complete understanding of factors affecting our business than GAAP measures alone.

### NGFMs Defined

We define our NGFMs presented herein as follows:

- *Non-GAAP Organic Revenues*: GAAP Total Revenues excluding revenues associated with divestiture, allocated cost that remain after divestiture and impact of foreign currency exchange rates in the periods presented.
- *Non-GAAP Organic Revenue Growth Percentage*: Calculated as the change in Non-GAAP Organic Revenues from prior year divided by prior year Non-GAAP Organic Revenues.
- *Non-GAAP Adjusted Gross Margin*: GAAP Gross Profit minus certain integration, transition, acquisition and divestiture-related costs.
- *Non-GAAP Adjusted Gross Margin Percentage*: Calculated as Non-GAAP Adjusted Gross Margin divided by GAAP Total Revenues.
- *Non-GAAP Adjusted Advertising and Promotion Expense*: GAAP Advertising and Promotion expenses minus certain integration, transition, and acquisition-related costs.
- *Non-GAAP Adjusted Advertising and Promotion Expense Percentage*: Calculated as Non-GAAP Adjusted Advertising and Promotion expense divided by GAAP Total Revenues.
- *Non-GAAP Adjusted General and Administrative Expense*: GAAP General and Administrative expenses minus certain integration, transition, acquisition and divestiture-related costs.
- *Non-GAAP Adjusted General and Administrative Expense Percentage*: Calculated as Non-GAAP Adjusted General and Administrative expense divided by GAAP Total Revenues.
- *Non-GAAP EBITDA*: GAAP Net Income (Loss) less net interest expense (income), income taxes provision (benefit), and depreciation and amortization.
- *Non-GAAP EBITDA Margin*: Calculated as Non-GAAP EBITDA divided by GAAP Total Revenues.
- *Non-GAAP Adjusted EBITDA*: Non-GAAP EBITDA less certain integration, transition, acquisition and divestiture-related costs and gain on divestiture.
- *Non-GAAP Adjusted EBITDA Margin*: Calculated as Non-GAAP Adjusted EBITDA divided by GAAP Total Revenues.
- *Non-GAAP Adjusted Net Income*: GAAP Net Income (Loss) before certain integration, transition, acquisition and divestiture-related costs, gain on divestiture, accelerated amortization of debt origination costs, applicable tax impact associated with these items and normalized tax rate adjustment.
- *Non-GAAP Adjusted EPS*: Calculated as Non-GAAP Adjusted Net Income, divided by the weighted average number of common and potential common shares outstanding during the period.
- *Non-GAAP Free Cash Flow*: GAAP Net cash provided by operating activities less cash paid for capital expenditures.
- *Non-GAAP Adjusted Free Cash Flow*: Non-GAAP Free Cash Flow plus cash payments made for integration and transition costs associated with acquisition and divestiture.

- *Net Debt*: Calculated as total principal amount of debt outstanding (\$1,858,000 at December 31, 2018) less cash and cash equivalents (\$24,672 at December 31, 2018). Amounts in thousands.

The following tables set forth the reconciliations of each of our NGFMs to their most directly comparable financial measures presented in accordance with GAAP.

**Reconciliation of GAAP Total Revenues to Non-GAAP Organic Revenues and related Non-GAAP Organic Revenue Growth percentage:**

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2018	2017	2018	2017
<i>(In thousands)</i>				
GAAP Total Revenues	\$ 241,414	\$ 270,615	\$ 734,751	\$ 785,214
Revenue Growth	(10.8)%		(6.4)%	
<u>Adjustments:</u>				
Revenues associated with divestiture	—	(19,203)	(19,811)	(60,830)
Allocated costs that remain after divestiture		(700)		(2,100)
Impact of foreign currency exchange rates		(1,456)		(1,773)
Total adjustments	—	(21,359)	(19,811)	(64,703)
Non-GAAP Organic Revenues	\$ 241,414	\$ 249,256	\$ 714,940	\$ 720,511
Non-GAAP Organic Revenue Growth	(3.1)%		(0.8)%	

**Reconciliation of GAAP Gross Profit to Non-GAAP Adjusted Gross Margin and related Non-GAAP Adjusted Gross Margin percentage:**

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2018	2017	2018	2017
<i>(In thousands)</i>				
GAAP Total Revenues	\$ 241,414	\$ 270,615	\$ 734,751	\$ 785,214
GAAP Gross Profit	\$ 139,235	\$ 147,674	\$ 417,330	\$ 435,248
GAAP Gross Profit as a Percentage of GAAP Total Revenue	57.7%	54.6%	56.8%	55.4%
<u>Adjustments:</u>				
Integration, transition and other costs associated with divestiture and acquisition <sup>(1)</sup>	—	—	170	3,719
Total adjustments	—	—	170	3,719
Non-GAAP Adjusted Gross Margin	\$ 139,235	\$ 147,674	\$ 417,500	\$ 438,967
Non-GAAP Adjusted Gross Margin as a Percentage of GAAP Total Revenues	57.7%	54.6%	56.8%	55.9%

(1) Items related to divestiture and acquisition represent costs related to divesting of assets sold and integrating recently acquired business, including (but not limited to) costs to exit or convert contractual obligations, severance, information system conversion and consulting costs.



**Reconciliation of GAAP Advertising and Promotion Expense and related GAAP Advertising and Promotion Expense percentage to Non-GAAP Adjusted Advertising and Promotion Expense and related Non-GAAP Adjusted Advertising and Promotion Expense percentage:**

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2018	2017	2018	2017
<i>(In thousands)</i>				
GAAP Advertising and Promotion Expense	\$ 34,504	\$ 35,835	\$ 108,657	\$ 111,967
GAAP Advertising and Promotion Expense as a Percentage of GAAP Total Revenue	14.3%	13.2%	14.8%	14.3%
<b>Adjustments:</b>				
Integration, transition and other costs associated with acquisition <sup>(1)</sup>	—	—	—	(192)
Total adjustments	—	—	—	(192)
Non-GAAP Adjusted Advertising and Promotion Expense	\$ 34,504	\$ 35,835	\$ 108,657	\$ 112,159
Non-GAAP Adjusted Advertising and Promotion Expense as a Percentage of GAAP Total Revenues	14.3%	13.2%	14.8%	14.3%

(1) Acquisition related items represent costs related to integrating the advertising agencies of the recently acquired business.

**Reconciliation of GAAP General and Administrative Expense and related GAAP General and Administrative Expense percentage to Non-GAAP Adjusted General and Administrative Expense and related Non-GAAP Adjusted General and Administrative Expense percentage:**

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2018	2017	2018	2017
<i>(In thousands)</i>				
GAAP General and Administrative Expense <sup>(1)</sup>	\$ 20,485	\$ 20,820	\$ 68,460	\$ 63,229
GAAP General and Administrative Expense as a Percentage of GAAP Total Revenue	8.5%	7.7%	9.3%	8.1%
<b>Adjustments:</b>				
Integration, transition and other costs associated with divestiture and acquisition <sup>(2)</sup>	—	405	4,272	1,877
Tax adjustment associated with acquisition	—	704	—	704
Total adjustments	—	1,109	4,272	2,581
Non-GAAP Adjusted General and Administrative Expense	\$ 20,485	\$ 19,711	\$ 64,188	\$ 60,648
Non-GAAP Adjusted General and Administrative Expense Percentage as a Percentage of GAAP Total Revenues	8.5%	7.3%	8.7%	7.7%

(1) Certain immaterial amounts have been reclassified out of general and administrative expense into other expense for 2017.

(2) Items related to divestiture and acquisition represent costs related to divesting of assets sold and integrating recently acquired business including (but not limited to), costs to exit or convert contractual obligations, severance, information system conversion and consulting costs; and certain costs related to the consummation of the acquisition and divestiture processes such as insurance costs, legal and other acquisition related professional fees.

**Reconciliation of GAAP Net Income to Non-GAAP EBITDA and related Non-GAAP EBITDA Margin, Non-GAAP Adjusted EBITDA and related Non-GAAP Adjusted EBITDA Margin:**

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2018	2017	2018	2017
<i>(In thousands)</i>				
GAAP Net Income	\$ 38,167	\$ 314,793	\$ 103,474	\$ 379,257
Interest expense, net	26,327	25,864	79,337	79,041
Provision for income taxes	12,829	(257,154)	37,501	(219,609)
Depreciation and amortization	7,887	8,340	24,253	25,381
Non-GAAP EBITDA	85,210	91,843	244,565	264,070
Non-GAAP EBITDA Margin	35.3%	33.9%	33.3%	33.6%
<b>Adjustments:</b>				
Integration, transition and other costs associated with divestiture and acquisition in Cost of Goods Sold <sup>(1)</sup>	—	—	170	3,719
Integration, transition and other costs associated with acquisition in Advertising and Promotion Expense <sup>(1)</sup>	—	—	—	(192)
Integration, transition and other costs associated with divestiture and acquisition in General and Administrative Expense <sup>(1)</sup>	—	405	4,272	1,877
Tax adjustment associated with acquisition	—	704	—	704
Gain on divestiture	—	—	(1,284)	—
Total adjustments	—	1,109	3,158	6,108
Non-GAAP Adjusted EBITDA	\$ 85,210	\$ 92,952	\$ 247,723	\$ 270,178
Non-GAAP Adjusted EBITDA Margin	35.3%	34.3%	33.7%	34.4%

(1) Items related to divestiture and acquisition represent costs related to divesting of assets sold and integrating recently acquired business including (but not limited to), costs to exit or convert contractual obligations, severance, information system conversion and consulting costs; and certain costs related to the consummation of the acquisition and divestiture processes such as insurance costs, legal and other acquisition related professional fees.

**Reconciliation of GAAP Net Income to Non-GAAP Adjusted Net Income and related Non-GAAP Adjusted Earnings Per Share:**

	Three Months Ended December 31,				Nine Months Ended December 31,			
	2018	2018 Adjusted EPS	2017	2017 Adjusted EPS	2018	2018 Adjusted EPS	2017	2017 Adjusted EPS
<i>(In thousands, except per share data)</i>								
GAAP Net Income	\$ 38,167	\$ 0.73	\$ 314,793	\$ 5.88	\$ 103,474	\$ 1.97	\$ 379,257	\$ 7.08
<b>Adjustments:</b>								
Integration, transition and other costs associated with divestiture and acquisition in Cost of Goods Sold <sup>(1)</sup>	—	—	—	—	170	—	3,719	0.07
Integration, transition and other costs associated with acquisition in Advertising and Promotion Expense <sup>(1)</sup>	—	—	—	—	—	—	(192)	—
Integration, transition and other costs associated with divestiture and acquisition in General and Administrative Expense <sup>(1)</sup>	—	—	405	0.01	4,272	0.08	1,877	0.04
Tax adjustment associated with acquisition in General and Administrative Expense	—	—	704	0.01	—	—	704	0.01
Gain on divestiture	—	—	—	—	(1,284)	(0.02)	—	—
Accelerated amortization of debt origination costs	—	—	—	—	706	0.01	—	—
Tax impact of adjustments <sup>(2)</sup>	—	—	(405)	(0.01)	420	0.01	(2,230)	(0.04)
Normalized tax rate adjustment <sup>(3)</sup>	—	—	(278,192)	(5.19)	415	0.01	(277,880)	(5.19)
Total adjustments	—	—	(277,488)	(5.18)	4,699	0.09	(274,002)	(5.11)
Non-GAAP Adjusted Net Income and Adjusted EPS	\$ 38,167	\$ 0.73	\$ 37,305	\$ 0.70	\$ 108,173	\$ 2.06	\$ 105,255	\$ 1.97

(1) Items related to divestiture and acquisition represent costs related to divesting of assets sold and integrating recently acquired business including (but not limited to), costs to exit or convert contractual obligations, severance, information system conversion and consulting costs; and certain costs related to the consummation of the acquisition and divestiture processes such as insurance costs, legal and other acquisition related professional fees.

(2) The income tax adjustments are determined using applicable rates in the taxing jurisdictions in which the above adjustments relate and includes both current and deferred income tax expense (benefit) based on the specific nature of the specific Non-GAAP performance measure.

(3) Income tax adjustment to adjust for discrete income tax items.

**Reconciliation of GAAP Net Income to Non-GAAP Free Cash Flow and Non-GAAP Adjusted Free Cash Flow:**

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2018	2017	2018	2017
<i>(In thousands)</i>				
GAAP Net Income	\$ 38,167	\$ 314,793	\$ 103,474	\$ 379,257
<b>Adjustments:</b>				
Adjustments to reconcile net income to net cash provided by operating activities as shown in the Statement of Cash Flows	14,371	(260,426)	37,425	(216,913)
Changes in operating assets and liabilities as shown in the Statement of Cash Flows	(9,208)	(7,235)	(2,462)	(6,672)
Total adjustments	5,163	(267,661)	34,963	(223,585)
GAAP Net cash provided by operating activities	43,330	47,132	138,437	155,672
Purchases of property and equipment	(2,065)	(4,871)	(7,139)	(9,656)
Non-GAAP Free Cash Flow	41,265	42,261	131,298	146,016
Integration, transition and other payments associated with divestiture and acquisition <sup>(1)</sup>	3,284	2,535	10,902	10,137
Additional income tax payments associated with divestiture	12,656	—	12,656	—
Non-GAAP Adjusted Free Cash Flow	\$ 57,205	\$ 44,796	\$ 154,856	\$ 156,153

(1) Payments related to divestiture and acquisition represent costs related to divesting of assets sold and integrating recently acquired business including (but not limited to), costs to exit or convert contractual obligations, severance, information system conversion and consulting costs; and certain costs related to the consummation of the acquisition and divestiture processes such as insurance costs, legal and other acquisition related professional fees.

**Outlook for Fiscal Year 2019:**
**Reconciliation of Projected GAAP EPS to Projected Non-GAAP Adjusted EPS:**

	2019 Projected EPS	
	Low	High
Projected FY'19 GAAP EPS	\$ 2.66	\$ 2.69
<b>Adjustments:</b>		
Sale of Household Cleaning business <sup>(1)</sup>	0.07	0.07
Tax adjustment	0.02	0.02
Total Adjustments	0.09	0.09
Projected Non-GAAP Adjusted EPS	\$ 2.75	\$ 2.78

(1) Represents costs related to the sale of our Household Cleaning business including (but not limited to) costs to exit or convert contractual obligations, severance, consulting costs and certain costs related to the consummation of the divestiture process such as legal and other divestiture related professional fees, net of taxes, partly offset by the gain on sale of our Household Cleaning business.

**Reconciliation of Projected GAAP Net cash provided by operating activities to Projected Non-GAAP Adjusted Free Cash Flow:**

	2019 Projected Free Cash Flow	
	Low	High
<i>(In millions)</i>		
Projected FY'19 GAAP Net cash provided by operating activities	\$ 189	\$ 189
Additions to property and equipment for cash	(13)	(13)
Projected Non-GAAP Free Cash Flow	176	176
Payments associated with divestiture <sup>(1)</sup>	24	24
Projected Non-GAAP Adjusted Free Cash Flow	\$ 200	\$ 200

(1) Divestiture related items represent costs related to divesting of business sold including (but not limited to) taxes, costs to exit or convert contractual obligations, severance, consulting costs and certain costs related to the consummation of the divestiture process such as legal and other divestiture related professional fees.

# Prestige Consumer HEALTHCARE

## Third Quarter 2019 Results

February 7<sup>th</sup>, 2019



## Safe Harbor Disclosure

This presentation contains certain “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995, such as statements regarding the Company’s expected financial performance, including revenue growth, organic growth, adjusted EPS, and adjusted free cash flow; the Company’s ability to de-lever; the availability of M&A opportunities; the market position and consumption trends for the Company’s brands; and the Company’s focus on brand-building. Words such as “trend,” “continue,” “will,” “expect,” “project,” “anticipate,” “likely,” “estimate,” “may,” “should,” “could,” “would,” and similar expressions identify forward-looking statements. Such forward-looking statements represent the Company’s expectations and beliefs and involve a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied by such forward-looking statements. These factors include, among others, general economic and business conditions, regulatory matters, competitive pressures, supplier issues, disruptions to distribution, retailer inventory reductions, unexpected costs or liabilities, and other risks set forth in Part I, Item 1A. Risk Factors in the Company’s Annual Report on Form 10-K for the year ended March 31, 2018. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date this presentation. Except to the extent required by applicable law, the Company undertakes no obligation to update any forward-looking statement contained in this presentation, whether as a result of new information, future events, or otherwise.

All adjusted GAAP numbers presented are footnoted and reconciled to their closest GAAP measurement in the attached reconciliation schedules or in our February 7, 2019 earnings release in the “About Non-GAAP Financial Measures” section.

# Agenda for Today's Discussion

I. Performance Highlights

II. Financial Overview

III. FY 19 Outlook and the Road Ahead

# I. Performance Highlights





## Q3 Results: Strong Profitability in Spite of Topline Headwinds

Continued year-over-year consumption<sup>(2)</sup> in excess of shipment growth; Retailer inventory reductions negatively impacted shipments

Gross Margin up 310 bps us PY and up 30 bps sequentially us Q2 FY19

EPS of \$0.73, up 4.3% us PY Adjusted EPS of \$0.70<sup>(3)</sup>

\$55 million in debt reduction enables future capital allocation optionality

## Q3 FY 19 Performance Highlights

### Consistent Portfolio Performance

- Q3 Revenue of \$241.4 million, (3.1%) versus PY on an organic basis<sup>(1)</sup>
  - Consumption growth<sup>(2)</sup> continues to meaningfully outpace shipments
- Revenue impacted by key retailers accelerating de-stocking efforts, as well as other macro headwinds
  - Incidence rates across cough/cold and lice categories have been seasonally light
  - Foreign currency fluctuations negatively impacted topline

### Strong Earnings and FCF

- EPS of \$0.73, up 4.3% versus PY Adjusted EPS<sup>(3)</sup>
- Gross Margin of 57.7%, up 310 bps versus PY and 30 bps sequentially vs Q2 FY19
  - BC/Goody's packaging launch is largely complete
- Continued solid Adjusted Free Cash Flow of \$57.2 million<sup>(3)</sup>, resulting in leverage of 5.1x<sup>(4)</sup>

### Capital Allocation

- Total debt paydown of \$55 million in the quarter
  - Continued debt paydown enables future capital allocation optionality

## Strong Financial Performance in YTD Q3 FY 19

Revenue of \$734.8 million, (0.8%) vs prior year on an organic basis<sup>(1)</sup>

Solid consumption growth of 1.8%<sup>(2)</sup> outpaced both category and private label growth

Adjusted Gross Margin of 56.8%<sup>(3)</sup>, up 90 bps vs YTD Q3 FY 18; freight and warehouse expenses have returned to normalized levels

Adjusted EPS of \$2.06<sup>(3)</sup>, up 4.6% versus YTD Q3 FY 18

Total debt paydown of \$155 million

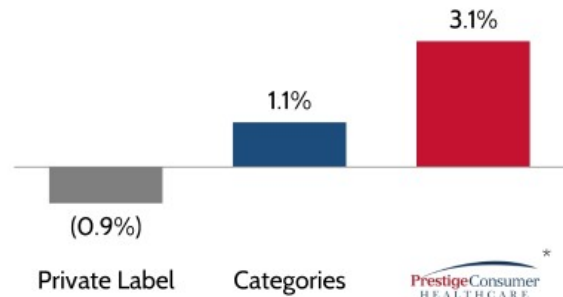
# Portfolio Well Positioned for Future Growth Despite Macro Headwinds

## Superior Brand Portfolio

- Despite retailer de-stocking, our portfolio continues to outpace both the category and private label within the channel
- Well-positioned portfolio of brands with long-standing brand heritage and need-based incidence drivers
- Portfolio anchored by 5 power core brands representing approximately 50% of sales
- #1 brands represent approximately two thirds of sales

## Continued Outperformance

### Fiscal YTD Consumption YoY Growth Ex-Drug<sup>(2)</sup>



## Together, Brand-Building and Category Leadership will Continue to Drive Growth

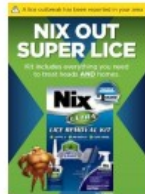
Source: IRI MULO Data - C-Store retail dollar sales for Fiscal 2019 YTD ended 12/30/18. Categories include those pertaining to PBH's domestic power core and core brands  
\* Prestige is adjusted to include certain e-commerce and club shipment data

# Nix: Leading the Category Through Sustained Marketing Investment and Innovation



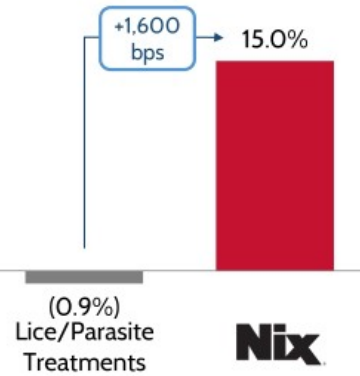
## Differentiated Formulation and Superior Product

- Differentiated new products have driven superior performance against the category and competitors
- 'Super Lice' positioning better positions products with retailers
- Grow awareness with parents and school nurses via efficient TV and digital marketing campaigns



## Exceptional Long-Term Growth

### 3-Yr Consumption CAGR<sup>(2)</sup>



Total Points of Distribution More Than Doubled Since 2013

Expected Long-Term Outperformance

# Compound W: Innovation and New Products Expand Leading Position



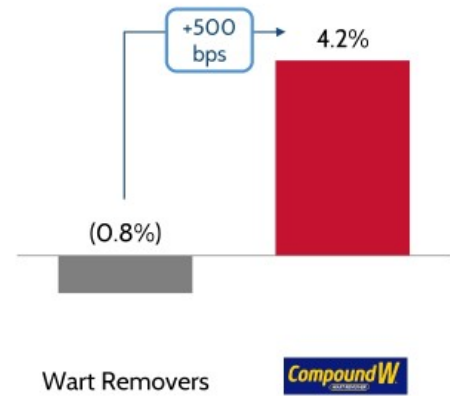
## Innovative and Superior Product

- Innovation and incremental SKUs have driven superior performance
  - New Nitrofreeze product is one of the most effective OTC products on the market
  - Launched Kids SKU in March 2018
- Have expanded #1 market share by 6 pts over last three years



## Exceptional Long-Term Growth

### 3-Yr Consumption CAGR<sup>(2)</sup>



Significant Runway for Future Growth

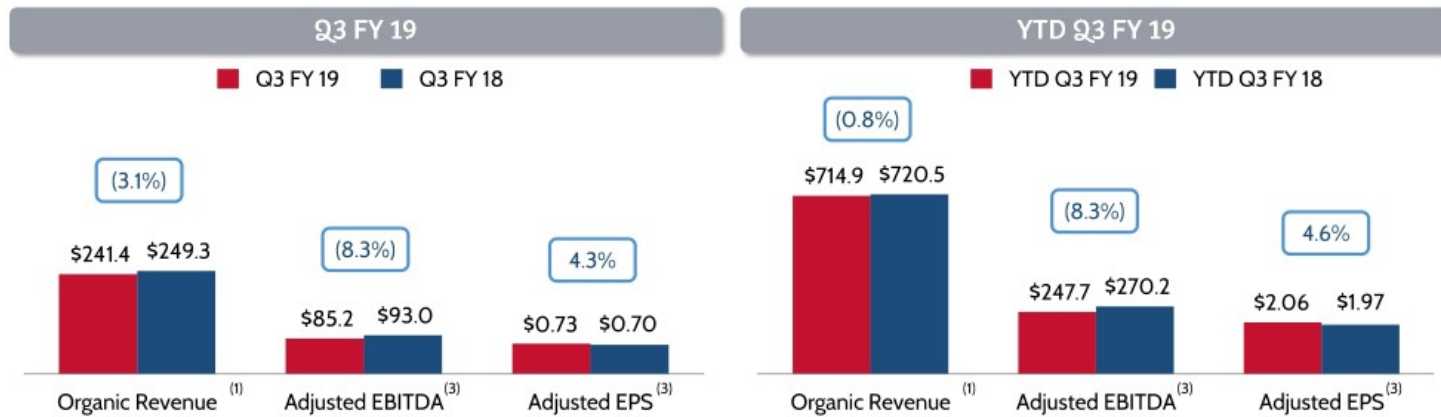
## II. Financial Overview



# Key Financial Results for Third Quarter & YTD Q3 FY 19 Performance

■ Solid profit performance in Q3 and YTD Q3 FY 19:

- Q3 Revenue of \$241.4 million, an organic<sup>(1)</sup> decrease of (3.1%) vs prior year
- Q3 Adjusted EBITDA<sup>(3)</sup> of \$85.2 million; up 100 bps as a percentage of revenue vs prior year
- Q3 EPS of \$0.73, an increase of 4.3% vs prior year Adjusted EPS<sup>(3)</sup> of \$0.70, YTD 2019 Adjusted EPS<sup>(3)</sup> of \$2.06, up 4.6% vs prior year



Dollar values in millions, except per share data.



# FY 19 Third Quarter Consolidated Financial Summary

	3 Months Ended			9 Months Ended			Comments
	Q3 FY 19	Q3 FY 18	% Chg	Q3 FY 19	Q3 FY 18	% Chg	
Total Revenue	\$ 241.4	\$ 270.6	(10.8%)	\$ 734.8	\$ 785.2	(6.4%)	<ul style="list-style-type: none"> <li>■ Organic Revenue<sup>(1)</sup> decline of (3.1%) vs. PY Q3                             <ul style="list-style-type: none"> <li>- Impacted by elevated levels of retailer inventory reductions</li> </ul> </li> <li>■ Adjusted Gross Margin<sup>(3)</sup> of 57.7% in Q3, up 310 bps vs prior year                             <ul style="list-style-type: none"> <li>- BC/Goody's packaging launch is largely complete</li> <li>- Freight and warehouse costs have returned to normalized levels</li> </ul> </li> <li>■ Adjusted EPS<sup>(3)</sup> of \$0.73 in Q3, up 4.3% vs PY Q3</li> <li>■ Adjusted EBITDA<sup>(3)</sup> margin of 35.3% in Q3, up vs PY Q3 as anticipated</li> </ul>
Adjusted Gross Margin <sup>(3)</sup>	139.2	147.7	(5.7%)	417.5	439.0	(4.9%)	
% Margin	57.7%	54.6%		56.8%	55.9%		
Adjusted A&P <sup>(3)</sup>	34.5	35.8	(3.7%)	108.7	112.2	(3.1%)	
% Total Revenue	14.3%	13.2%		14.8%	14.3%		
Adjusted G&A <sup>(3)</sup>	20.5	19.7	3.9%	64.2	60.6	5.8%	
% Total Revenue	8.5%	7.3%		8.7%	7.7%		
D&A (ex. COGS D&A)	6.7	7.1	(5.9%)	20.5	21.5	(4.4%)	
% Total Revenue	2.8%	2.6%		2.8%	2.7%		
Adjusted Operating Income <sup>(3)</sup>	\$ 77.5	\$ 85.0	(8.8%)	\$ 224.1	\$ 244.7	(8.4%)	
% Margin	32.1%	31.4%		30.5%	31.2%		
Adjusted Earnings Per Share <sup>(3)</sup>	\$ 0.73	\$ 0.70	4.3%	\$ 2.06	\$ 1.97	4.6%	
Adjusted EBITDA <sup>(3)</sup>	\$ 85.2	\$ 93.0	(8.3%)	\$ 247.7	\$ 270.2	(8.3%)	
% Margin	35.3%	34.3%		33.7%	34.4%		

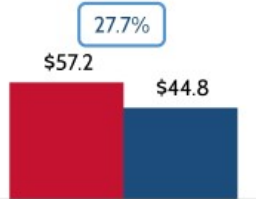
Dollar values in millions, except per share data.

# Industry Leading Free Cash Flow Trends

## Free Cash Flow

### Q3 FY 19

■ Q3 FY 19 ■ Q3 FY 18



Adjusted Free Cash Flow <sup>(3)</sup>

Dollar values in millions.

### YTD Q3 FY 19

■ YTD Q3 FY 19 ■ YTD Q3 FY 18



Adjusted Free Cash Flow <sup>(3)</sup>

## Comments

- Q3 Adjusted Free Cash Flow<sup>(3)</sup> of \$57.2 million, up 27.7% vs prior year
  - YTD FY19 impacted by sale of Household
- Net Debt<sup>(3)</sup> at December 31 of \$1.8 billion; leverage ratio<sup>(4)</sup> of 5.1x at end of Q3
- \$55 million debt paydown in Q3, YTD FY19 debt paydown of \$155 million

### III. FY 19 Outlook and the Road Ahead



# FY 19 Full Year Outlook

## Top Line Trends

## Revenue Outlook

## Adjusted EPS<sup>(5)</sup> Outlook

## Adjusted Free Cash Flow<sup>(6)</sup> Outlook

- Solid consumption performance across our portfolio; continue to win share versus categories and private label
- Continue to gain market share with consumers and grow categories with retailers
- Prestige's portfolio of leading brands well positioned for long-term growth despite macro headwinds at certain retailers

- Revenue outlook of \$970 to \$975 million
  - Organic growth of flat to +0.5%
  - Expect consumption growth in excess of shipment growth of 100 to 200 basis points

- Adjusted EPS of +7% to +8% (\$2.75 to \$2.78)<sup>(5)</sup>

- Adjusted Free Cash Flow of \$200 million or more<sup>(6)</sup>

Dollar values in millions, except per share data.

Third Quarter FY 19 Results

PrestigeConsumer  
HEALTHCARE 16



QeA

Third Quarter FY 18 Results

PrestigeBrands 17

# Appendix

- (1) Organic Revenue is a Non-GAAP financial measure and is reconciled to the most closely related GAAP financial measure in the attached Reconciliation Schedules and / or our earnings release in the "About Non-GAAP Financial Measures" section.
- (2) Total company consumption is based on domestic IRI multi-outlet + C-Store retail dollar sales for the nine month period ending 12-30-18 retail dollar sales for Amazon and Costco untracked channels, net revenues as a proxy for consumption for certain other untracked channels, international consumption which includes Canadian consumption for leading retailers, Australia consumption for leading brands, and other international net revenues as a proxy for consumption.
- (3) Adjusted Gross Margin, Adjusted A&P, Adjusted G&A, Adjusted EBITDA, Adjusted Operating Income, Adjusted Net Income, Adjusted EPS, Adjusted Free Cash Flow and Net Debt are Non-GAAP financial measures and are reconciled to their most closely related GAAP financial measures in the attached Reconciliation Schedules and / or in our earnings release in the "About Non-GAAP Financial Measures" section.
- (4) Leverage ratio reflects net debt / covenant defined EBITDA.
- (5) Adjusted EPS for FY 19 is a projected Non-GAAP financial measure, is reconciled to projected GAAP EPS in the attached Reconciliation Schedules and / or in our earnings release in the "About Non-GAAP Financial Measures" section and is calculated based on projected GAAP EPS plus adjustments relating to the sale of our Household cleaning business and related taxes.
- (6) Adjusted Free Cash Flow for FY 19 is a projected Non-GAAP financial measure, is reconciled to projected GAAP Net Cash Provided by Operating Activities in the attached Reconciliation Schedules and / or in our earnings release in the "About Non-GAAP Financial Measures" section and is calculated based on projected Net Cash Provided by Operating Activities less projected capital expenditures plus payments associated with divestitures less tax effect of payments associated with divestitures.

# Reconciliation Schedules

## Organic Revenue

<i>(In Thousands)</i>	Three Months Ended Dec. 31,		Nine Months Ended Dec. 31,	
	2018	2017	2018	2017
GAAP Total Revenues	\$ 241,414	\$ 270,615	\$ 734,751	\$ 785,214
Revenue Growth	(10.8%)		(6.4%)	
Adjustments:				
Revenue associated with divestiture	-	(19,203)	(19,811)	(60,830)
Allocated costs that remain after divestiture	-	(700)	-	(2,100)
Impact of foreign currency exchange rates	-	(1,456)	-	(1,773)
Total Adjustments	-	(21,359)	(19,811)	(64,703)
Non-GAAP Organic Revenues	\$ 241,414	\$ 249,256	\$ 714,940	\$ 720,511
Non-GAAP Organic Revenue Growth	(3.1%)		(0.8%)	

# Reconciliation Schedules Cont'd

## Adjusted Gross Margin

	Three Months Ended Dec. 31,		Nine Months Ended Dec. 31,	
	2018	2017	2018	2017
<i>(In Thousands)</i>				
GAAP Total Revenues	\$ 241,414	\$ 270,615	\$ 734,751	\$ 785,214
GAAP Gross Profit	\$ 139,235	\$ 147,674	\$ 417,330	\$ 435,248
GAAP Gross Profit as a Percentage of GAAP Total Revenue	57.7%	54.6%	56.8%	55.4%
Adjustments:				
Integration, transition and other costs associated with divestiture and acquisition	-	-	170	3,719
Total adjustments	-	-	170	3,719
Non-GAAP Adjusted Gross Margin	\$ 139,235	\$ 147,674	\$ 417,500	\$ 438,967
Non-GAAP Adjusted Gross Margin as a Percentage of GAAP Total Revenues	57.7%	54.6%	56.8%	55.9%

## Adjusted Advertising & Promotion Expense

	Three Months Ended Dec. 31,		Nine Months Ended Dec. 31,	
	2018	2017	2018	2017
<i>(In Thousands)</i>				
GAAP Advertising and Promotion Expense	\$ 34,504	\$ 35,835	\$ 108,657	\$ 111,967
GAAP Advertising and Promotion Expense as a Percentage of GAAP Total Revenue	14.3%	13.2%	14.8%	14.3%
Adjustments:				
Integration, transition and other costs associated with acquisition	-	-	-	(192)
Total adjustments	-	-	-	(192)
Non-GAAP Adjusted Advertising and Promotion Expense	\$ 34,504	\$ 35,835	\$ 108,657	\$ 112,159
Non-GAAP Adjusted Advertising and Promotion Expense as a Percentage of GAAP Total Revenues	14.3%	13.2%	14.8%	14.3%



## Reconciliation Schedules Cont'd

### Adjusted GeA

	Three Months Ended Dec. 31,		Nine Months Ended Dec. 31,	
	2018	2017	2018	2017
<i>(In Thousands)</i>				
GAAP General and Administrative Expense	\$ 20,485	\$ 20,820	\$ 68,460	\$ 63,229
GAAP General and Administrative Expense as a Percentage of GAAP Total Revenue	8.5%	7.7%	9.3%	8.1%
<b>Adjustments:</b>				
Integration, transition and other costs associated with divestiture and acquisition	-	405	4,272	1,877
Tax adjustment associated with acquisition	-	704	-	704
Total adjustments	-	1,109	4,272	2,581
Non-GAAP Adjusted General and Administrative Expense	\$ 20,485	\$ 19,711	\$ 64,188	\$ 60,648
Non-GAAP Adjusted General and Administrative Expense Percentage as a Percentage of GAAP Total Revenues	8.5%	7.3%	8.7%	7.7%

# Reconciliation Schedules Cont'd

## Adjusted EBITDA

	Three Months Ended Dec. 31.		Nine Months Ended Dec. 31.	
	2018	2017	2018	2017
<i>(In Thousands)</i>				
GAAP Net Income	\$ 38,167	\$ 314,793	\$ 103,474	\$ 379,257
Interest expense, net	26,327	25,864	79,337	79,041
Provision for income taxes	12,829	(257,154)	37,501	(219,609)
Depreciation and amortization	7,887	8,340	24,253	25,381
Non-GAAP EBITDA	85,210	91,843	244,565	264,070
Non-GAAP EBITDA Margin	35.3%	33.9%	33.3%	33.6%
<b>Adjustments:</b>				
Integration, transition and other costs associated with divestiture and acquisition in Cost of Goods Sold	-	-	170	3,719
Integration, transition and other costs associated with acquisition in Advertising and Promotion Expense	-	-	-	(192)
Integration, transition and other costs associated with divestiture and acquisition in General and Administrative Expense	-	405	4,272	1,877
Tax adjustment associated with acquisitions	-	704	-	704
Gain on divestiture	-	-	(1,284)	-
Total adjustments	-	1,109	3,158	6,108
Non-GAAP Adjusted EBITDA	\$ 85,210	\$ 92,952	\$ 247,723	\$ 270,178
Non-GAAP Adjusted EBITDA Margin	35.3%	34.3%	33.7%	34.4%

# Reconciliation Schedules Cont'd

## Adjusted Net Income and Adjusted EPS

	Three Months Ended Dec. 31,				Nine Months Ended Dec. 31,			
	2018		2017		2018		2017	
	Net Income	EPS	Net Income	EPS	Net Income	EPS	Net Income	EPS
<i>(In Thousands, except per share data)</i>								
GAAP Net Income	\$ 38,167	\$ 0.73	\$ 314,793	\$ 5.88	\$ 103,474	\$ 1.97	\$ 379,257	\$ 7.08
<b>Adjustments:</b>								
Integration, transition and other costs associated with divestiture and acquisition in Cost of Goods Sold	-	-	-	-	170	-	3,719	0.07
Integration, transition and other costs associated with acquisition in Advertising and Promotion Expense	-	-	-	-	-	-	(192)	-
Integration, transition and other costs associated with divestiture and acquisition in General and Administrative Expense	-	-	405	0.01	4,272	0.08	1,877	0.04
Tax adjustment associated with acquisitions in General and Administrative Expense	-	-	704	0.01	-	-	704	0.01
Gain on divestiture	-	-	-	-	(1,284)	(0.02)	-	-
Accelerated amortization of debt origination costs	-	-	-	-	706	0.01	-	-
Tax impact of adjustments	-	-	(405)	(0.01)	420	0.01	(2,230)	(0.04)
Normalized tax rate adjustment	-	-	(278,192)	(5.19)	415	0.01	(277,880)	(5.19)
Total Adjustments	-	-	(277,488)	(5.18)	4,699	0.09	(274,002)	(5.11)
<b>Non-GAAP Adjusted Net Income and Adjusted EPS</b>	<b>\$ 38,167</b>	<b>\$ 0.73</b>	<b>\$ 37,305</b>	<b>\$ 0.70</b>	<b>\$ 108,173</b>	<b>\$ 2.06</b>	<b>\$ 105,255</b>	<b>\$ 1.97</b>

# Reconciliation Schedules Cont'd

## Adjusted Free Cash Flow

	Three Months Ended Dec. 31,		Nine Months Ended Dec. 31,	
	2018	2017	2018	2017
<i>(In Thousands)</i>				
GAAP Net Income	\$ 38,167	\$ 314,793	\$ 103,474	\$ 379,257
Adjustments:				
Adjustments to reconcile net income to net cash provided by operating activities as shown in the Statement of Cash Flows	14,371	(260,426)	37,425	(216,913)
Changes in operating assets and liabilities as shown in the Statement of Cash Flows	(9,208)	(7,235)	(2,462)	(6,672)
Total Adjustments	5,163	(267,661)	34,963	(223,585)
GAAP Net cash provided by operating activities	43,330	47,132	138,437	155,672
Purchases of property and equipment	(2,065)	(4,871)	(7,139)	(9,656)
Non-GAAP Free Cash Flow	41,265	42,261	131,298	146,016
Integration, transition and other payments associated with divestiture and acquisition	3,284	2,535	10,902	10,137
Additional income tax payments associated with divestiture	12,656	-	12,656	-
Non-GAAP Adjusted Free Cash Flow	\$ 57,205	\$ 44,796	\$ 154,856	\$ 156,153

# Reconciliation Schedules Cont'd

## Projected EPS

	2019 Projected EPS	
	Low	High
Projected FY'19 GAAP EPS	\$ 2.66	\$ 2.69
Adjustments:		
Sale of Household Cleaning Business	0.07	0.07
Tax adjustment	0.02	0.02
Total Adjustments	0.09	0.09
Projected Non-GAAP Adjusted EPS	\$ 2.75	\$ 2.78

## Projected Free Cash Flow

	2019 Projected Free Cash Flow
<i>(In millions)</i>	
Projected FY'19 GAAP Net Cash provided by operating activities	\$ 189
Additions to property and equipment for cash	(13)
Projected Non-GAAP Free Cash Flow	176
Payments associated with divestiture	24
Projected Non-GAAP Adjusted Free Cash Flow	\$ 200

