



Prestige Brands

Company Overview & Financial Review

Matt Mannelly, CEO & President

Ron Lombardi, CFO

Morgan Stanley Global Consumer Conference

November 19, 2013

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 about the Company’s growth strategies, investments in advertising and promotion, competitive position and strategies, product development and acquisitions, leverage, capital expenditures, creation of shareholder value, successful integration of acquired brands, debt reduction, growth and future financial performance. Words such as “continue,” “will,” “believe,” “intend,” “expect,” “anticipate,” “plan,” “potential,” “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, the failure to successfully integrate the Care Pharma business or other future acquisitions, the failure to successfully commercialize new and enhanced products, the Company’s inability to rapidly deleverage, the effectiveness of the Company’s advertising and promotions investments, the severity of the cold/cough season, the effectiveness of the Company’s marketing and distribution infrastructure, 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, 2013 and Part II, Item 1A in the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2013. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. Except to the extent required by applicable securities laws, the Company undertakes no obligation to update any forward-looking statement contained herein, whether as a result of new information, future events, or otherwise.

Agenda for Today's Discussion

- 1. Company Overview**
- 2. Q2 FY2014: Performance Highlights**
- 3. Q2 FY2014: Financial Overview**
- 4. FY2014 Outlook and The Road Ahead**

- ... engages **PRINCIPALLY** in the marketing, sale and distribution of over-the-counter (OTC) healthcare products in North America and internationally
- ... is the **ONLY** independent publicly-traded OTC company in the United States
- ... Is a **PREEMINENT** brand building and sales company
- ... is a **UNIQUE** consolidation platform in the attractive Consumer Health industry
- ... has **PROVEN** competency in sourcing and executing accretive M&A transactions
- ... has **INDUSTRY LEADING** EBITDA margins, EBITDA per employee and free cash flow conversion metrics

Our Corporate Mission

To be the Best Mid-Sized, Public Company in the Consumer Health Care Market

The following principles guide us in this endeavor:

- **DELIVER** outstanding shareholder value through superior growth in sales, profits, and cash flow
- **CREATE** innovative products that exceed our consumers' expectations
- **ENGAGE** in true partnerships with our suppliers and customers
- **BUILD** a company culture founded on leadership, trust, change and execution

Prestige Brands: Delivering Value Now and Into the Future Through a Proven Shareholder Value Creation Framework



- A&P Driven Growth for Core OTC Brands
- Investment in Multi-Year New Product Development Pipeline
- Select investment in Other Brands

- High Conversion of EBITDA to Free Cash Flow
- Free Cash Flow Used for Rapid Debt Pay Down
- Significant Tax Shield Incremental to Free Cash Flow Generation

- Proven M&A Competency
- Rapid Integration Expertise
- Demonstrated Value Creation Formula

NEW Leadership Culture

PrestigeBrands Leaders Exhibit the Following Key Attributes:

Leadership



Trust



Change



Execution



Effectively Rally Resources Towards an End Goal

NEW Emphasis on Brand Building

Focus on Core OTC Brands

PrestigeBrands

BC *Goody's*

Little Remedies® 

Dramamine®

Compound W®
WART REMOVER

Uncommonly GOOD!
LUDEN'S

Pharmacist #1 recommended
Chloraseptic

Debrox®

GAVISCON

The Doctor's®

Clear eyes

Efferdent
ANTI-BACTERIAL DENTURE CLEANSER

Pedia Care

beano®

Core OTC Brands Represent ~70% of FY '13 Revenues

NEW and Expanded Focus on Strategic OTC Category Platforms

EXPANDED

Cough & Cold



NEW

GI



NEW

Analgesics



EXPANDED

Eye & Ear Care



Dermatologicals



EXPANDED

Oral Care



NEW

Sleep Aids



NEW Emphasis on Brand Building: Innovation

Innovative New Products to Drive Organic Growth

- Strong commitment to consumer research
- Development and utilization of internal and external resources
- Establish 3-year new product pipeline
- Introduce 3-5 significant new products per year



The Results: Industry Leading EBITDA Margins⁽¹⁾



Source: Capital IQ

(1) For the latest twelve month period

The Results: Highest EBITDA Per Employee of any Major HPC Company



Dollar values in thousands

Source: Capital IQ for latest twelve month period

The Results: Industry Leading Free Cash Flow Conversion⁽¹⁾⁽²⁾

- Minimal CapEx (<2.0% Revenue)
- Significant Tax Attributes
- Low Cash Tax Rate



Source: Capital IQ

(1) For the latest twelve month period

(2) Free Cash Flow Conversion is a non GAAP financial measure and is defined as Operating Cash Flow less Capital Expenditures over Net Income

The Results: Superior Shareholder Returns

 Stock Price up \$25.97
 Market Cap up ~\$1,350 MM
 +4.6x Returns of the S&P 500



Source: Capital IQ for the period since new management (9/3/2009 – 11/8/2013)



Q2 FY2014: Performance Highlights

Second Quarter Highlights

▪ Strong financial performance: +11.9% Adjusted E.P.S. growth

- Adjusted E.P.S.⁽¹⁾ of \$0.47, up 11.9% versus prior year corresponding quarter
- Continued deleveraging based on strong Cash Flow from Operations of \$32.8⁽³⁾ million; leverage ratio⁽²⁾ reduced to 4.02x
- Q2 consolidated net revenue of \$168.4 million up 5.0% excluding Phazyme divestiture, up 4.1% versus the prior year, and up 1.6% excluding the impact of Care acquisition and Phazyme divestiture
- Gross Margin consistent with prior year at 56.8%

▪ Continued investment in brand building

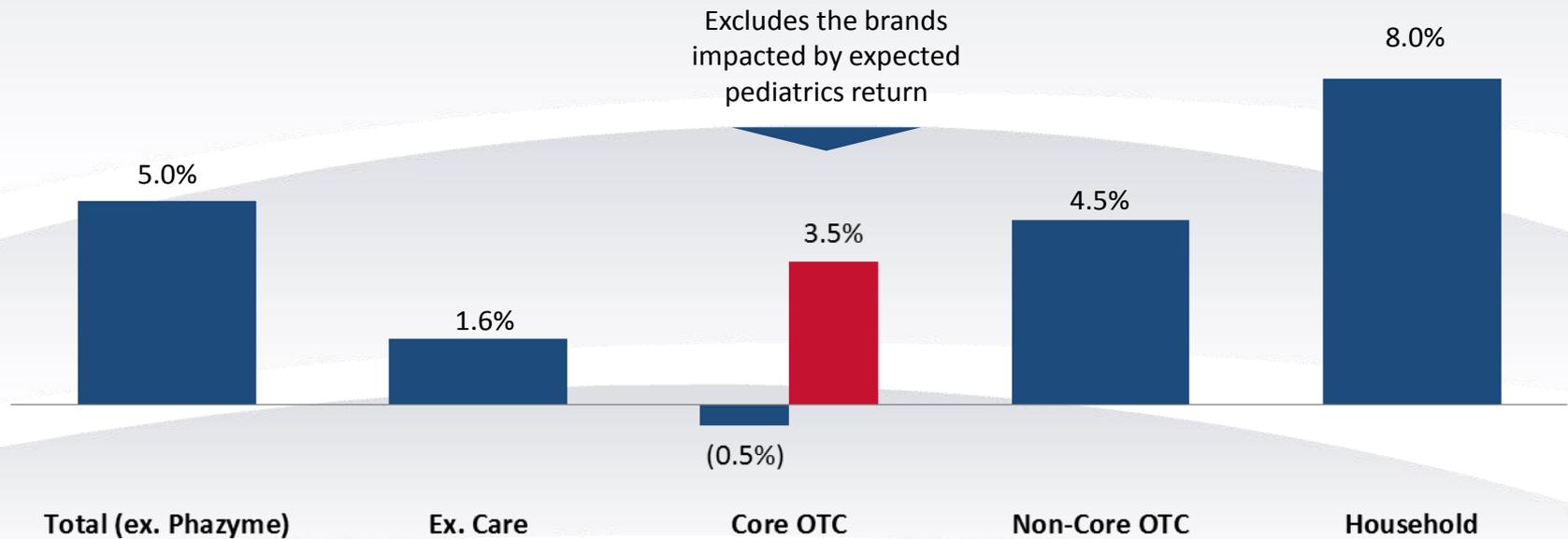
- Core OTC net revenue growth of 3.5%, excluding the brands impacted by the return of recalled competitive pediatrics products
- A&P spending increased 10.8% versus the prior year due to investments behind core OTC brands, new product development and continued support behind the pediatric brands in response to returning competitive brands
- Expanded advertising campaigns for BC, Goody's and Clear Eyes

▪ Care Pharma integration proceeding well; performance in line with expectations

Notes:

- (1) This non-GAAP financial measure is reconciled to its most closely related GAAP financial measure in our earnings release in the "About Non-GAAP Financial Measures" section. Adjusted E.P.S. is also reconciled to reported E.P.S. on slide 17.
- (2) Leverage ratio reflects net debt / covenant defined EBITDA.
- (3) Cash flow from operations is reconciled to reported Net Income on slide 24.

Q2: Revenue Growth Across the Portfolio



Driving Goody's Headache Relief Shot Through New Integrated Marketing Vehicles

Goody's Headache Relief Shot 500



Dale Jr "Fastest Fan" contest



National Media

Sampling

National Media

Social investment



Signage

Retail

PR

Website

C-Stores: A Strengthening Platform For PBH Brands

PBH Brands in C-Stores



Our January 2012 acquisition gave us a strong entry into the growing C-Store channel, a universe of 147K stores in the U.S.



Among those brands are BC® & Goody's® Headache Powders, the leading powdered pain relievers sold in C-Stores throughout the South.



This created a platform for other PBH brands to enter this channel with appropriate size and dosage forms.



Southern C-Stores became our launch pad to expand distribution for other PBH products



The five Core OTC brands in C-Store grew almost 20% in Q2 vs. the prior year

C-Store Customers



Prestige Brands Growth On-The-Go

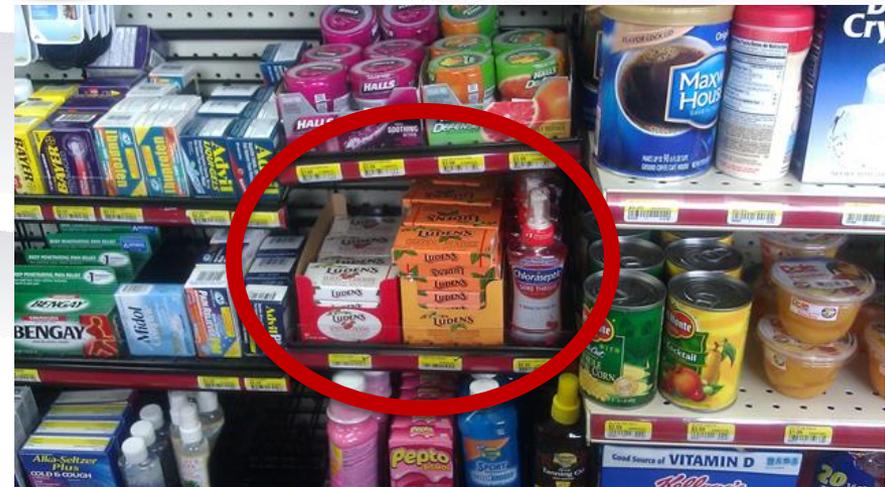
At Airport News Stands

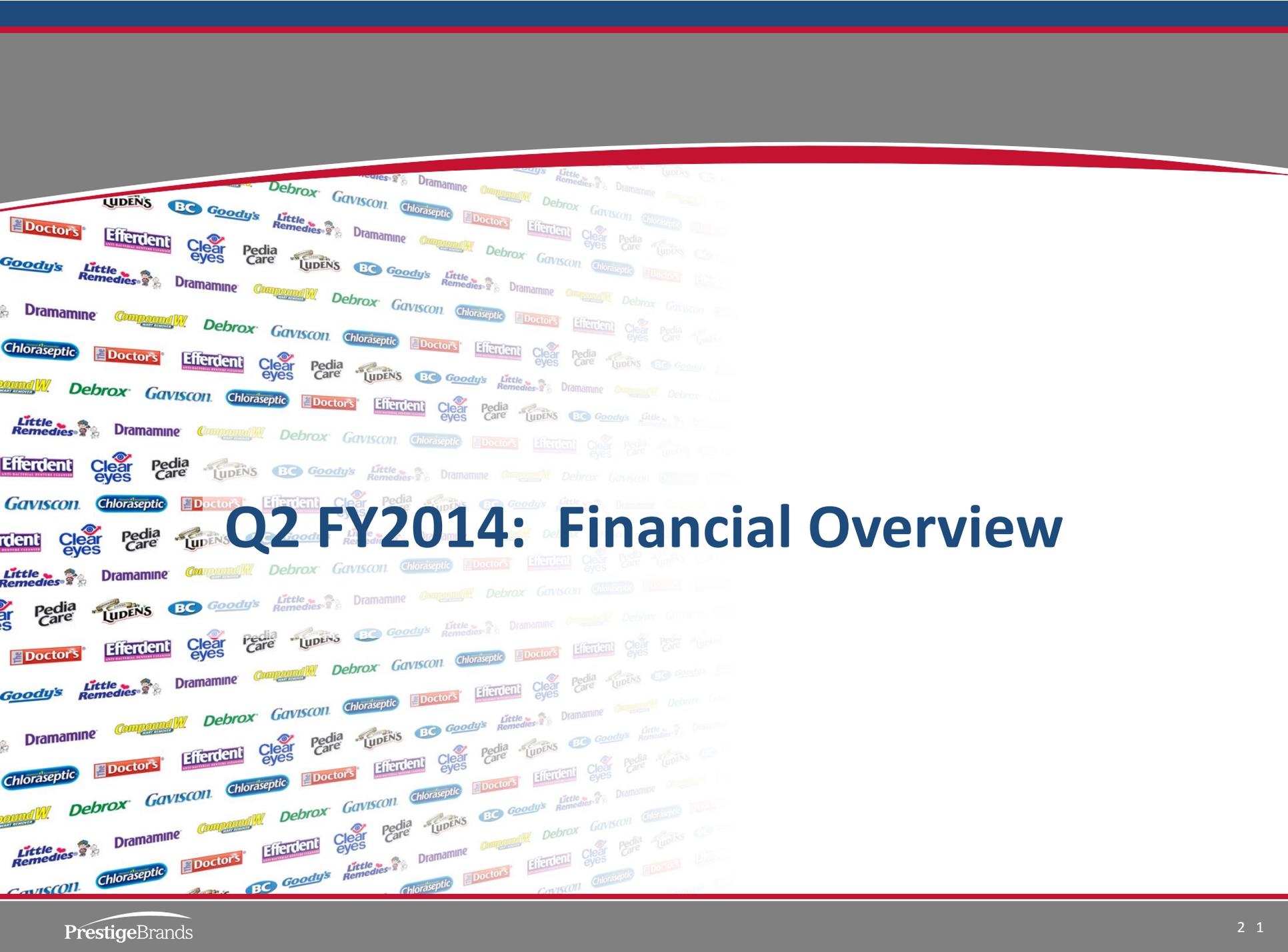


At Gas Stations and C-Stores



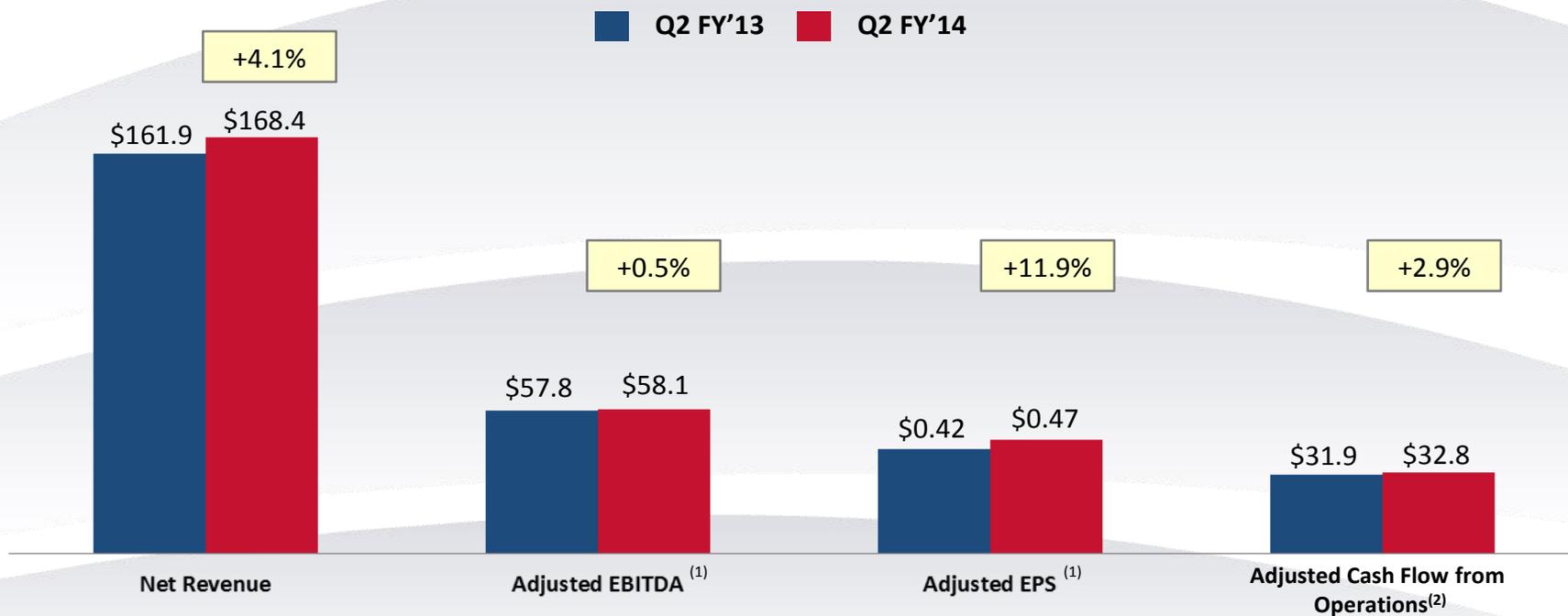
At Major Convenience Retailers





Q2 FY2014: Financial Overview

Summary Financial Performance



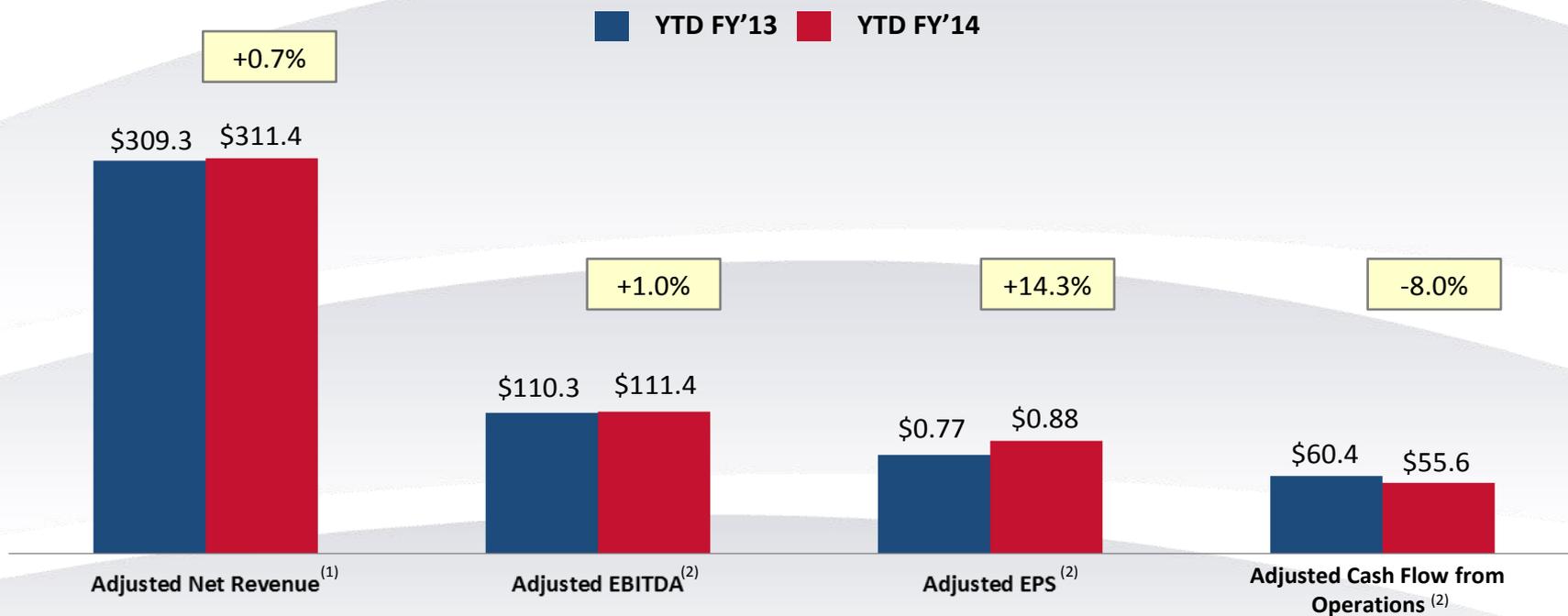
Dollar values in millions, except per share data

Notes:

(1) These non-GAAP financial measures are reconciled to their most closely related GAAP financial measures in our earnings release in the "About Non-GAAP Financial Measures" section.

(2) Adjusted cash flow from operations is a non-GAAP financial measure and is reconciled to reported cash flow from operations on slide 23.

YTD Consolidated Financial Summary



Dollar values in millions, except per share data

Notes:

(1) Reported net revenue for Q1 FY'13 was \$147.0 million. Adjusted net revenue for Q1 FY'13 was \$147.4 million and excludes transition related costs of ~\$400k.

(2) These non-GAAP financial measures are reconciled to their most closely related GAAP financial measures in our Earnings Release in the "about Non-GAAP Financial Measures" section.

Strong Cash Flow from Operations

Cash Flow

	<u>Q2 FY'14</u>	<u>Q2 FY'13</u>	<u>YTD FY'14</u>	<u>YTD FY'13</u>
Net Income - As Reported	\$ 32.8	\$ 19.2	\$ 53.5	\$ 33.9
Depreciation & Amortization	3.3	3.3	6.6	6.6
Other Non-Cash Operating Items	0.4	8.9	9.6	18.3
Working Capital - TSA Timing Impact	-	(13.8)	-	-
Working Capital	(3.7)	14.3	(14.1)	1.6
Adjusted Cash Flow from Operations	<u>\$ 32.8</u>	<u>\$ 31.9</u>	<u>\$ 55.6</u>	<u>\$ 60.4</u>

Comments

Debt Profile & Financial Compliance:

- Total Net Debt at 9/30/13 of \$958 million comprised of:
 - Cash on hand of \$26.8 million
 - \$438 million of term loan
 - \$500 million of bonds
 - \$47 million of revolver
- Leverage ratio⁽¹⁾ of 4.02x down, from ~5.25x immediately following GSK acquisition
- Continue to expect full year cash flow of \$125 million

Dollar values in millions

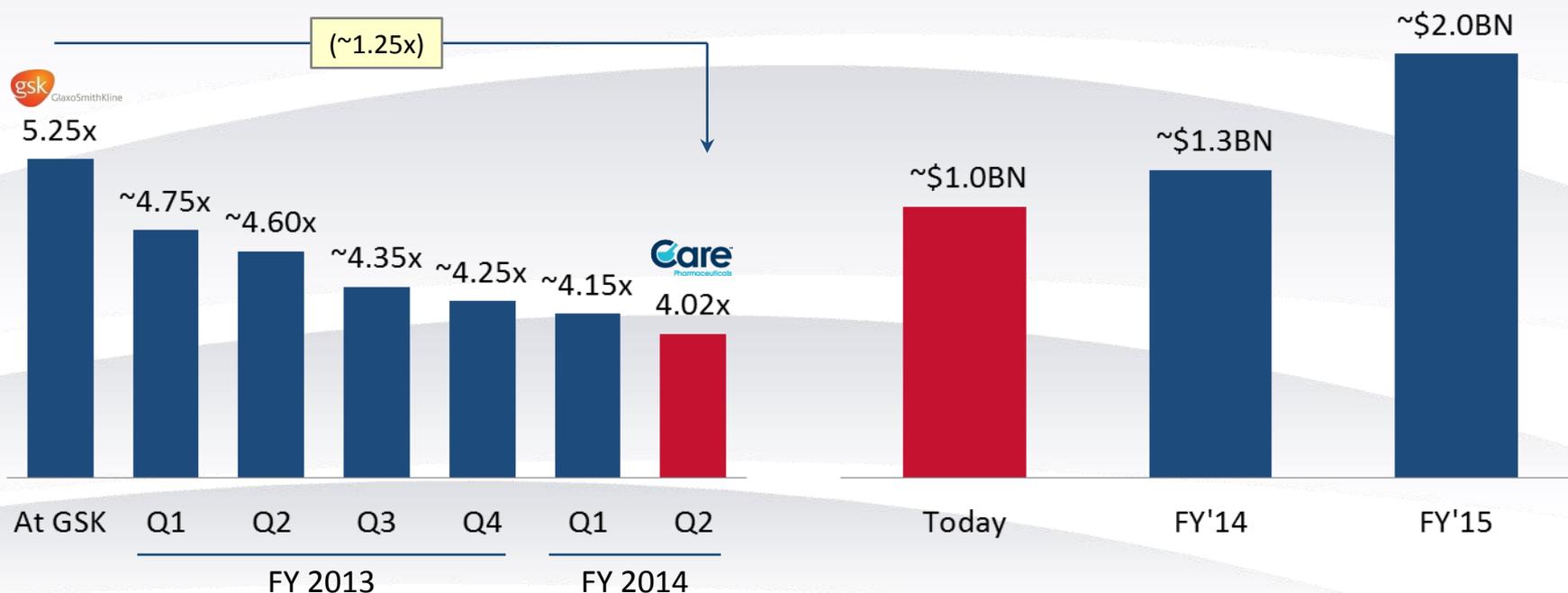
Note:

(1) Leverage ratio reflects net debt / covenant defined EBITDA.

Rapid Deleveraging Provides for Significant M&A Capacity

Leverage Ratio⁽¹⁾

Illustrative Financial Capacity⁽²⁾



Dollar values in millions, unless otherwise noted

Notes:

(1) Leverage ratio reflects net debt / covenant defined EBITDA

(2) Illustrative M&A capacity is based on a transaction profile similar to the GSK acquisition and bank defined leverage of ~5.25x

FY2014 Outlook and Road Ahead

Outlook for FY'2014 and Beyond

FY 14 Focus Remains Intact

- Stay the course in a transitional marketplace
 - Continue brand building investment in Core OTC portfolio
 - Continue to support new product launches through advertising and merchandising
 - New ad campaigns for Goody's, Gaviscon, PediaCare, and Beano beginning in Q2
 - Continue to invest in new product development
- Complete integration of Care Pharma business
 - Focus on developing an organic and M&A platform for long-term growth in Australasia
 - Leverage Care Pharma business across Prestige distributor network
 - Integrate and synergize Care Pharma into existing new product development process

Q3/Q4 Considerations: Remain Cautious for Second-Half

- Soft retail and foot traffic and stated retailer inventory reductions
- Seasonal cough/cold incidences off to slow start (11%)
- Returning competitive brands increased marketing support for upcoming season
- Potential revenue shift from Q3 to Q4 based on order patterns
- Continued strong Prestige A&P support behind new products and core brands

FY 14 Outlook

- Remain confident in adjusted E.P.S. estimate of \$1.65
- Continue to expect \$125 million of full year cash flow
- Stay the strategic course: Invest in Core OTC growth; continue to deliver cash flow to de-lever, remain aggressive and disciplined in M&A market

Our **CONFIDENCE** for Long-Term E.P.S. Guidance

Core OTC Growth
Exceeding
Industry Average

+

Free
Cash Flow
Generation

+

Proven
and Repeatable
M&A Strategy

10%+ Long-Term
E.P.S. Target
With Upside
Potential

Prestige: The Road to a Billion and Beyond

- World Class Organization Driven by an Enduring Culture
- Preeminent Brand Building and Sales Company
- Highly Attractive Operating Model
- Proven and Repeatable M&A Strategy



Prestige Brands