

Prestige Consumer HEALTHCARE Third Quarter 2019 Results February 7th, 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

Compound W
WART REMOVER

Fleet

Summer's Eve

Dramamine

DenTek

LUDEN'S

**LITTLE
REMEDIES**

Efferdent
ANTI-BACTERIAL DENTURE CLEANSER

**Clear
eyes**

BC

Goody's

Chloraseptic
FAST ACTING

Nix
PERMETHRIN

eat the foods you love!
beano

Hydralyte

MONISTAT

Gaviscon
and it's gone

Debrox

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Q3 Results: Strong Profitability in Spite of Topline Headwinds

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

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

EPS of \$0.73, up 4.3% vs PY Adjusted EPS of \$0.70⁽³⁾

\$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⁽¹⁾
 - Consumption growth⁽²⁾ 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⁽³⁾
- 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⁽³⁾, resulting in leverage of 5.1x⁽⁴⁾

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⁽¹⁾

Solid consumption growth of 1.8%⁽²⁾ outpaced both category and private label growth

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

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

Total debt paydown of \$155 million

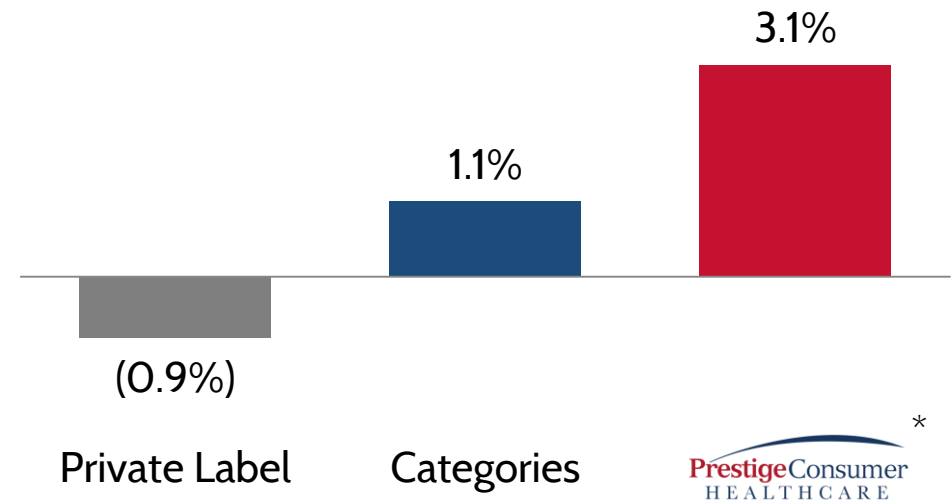
Portfolio Well Positioned for Future Growth Despite Macro Headwinds

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⁽²⁾



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

Nix



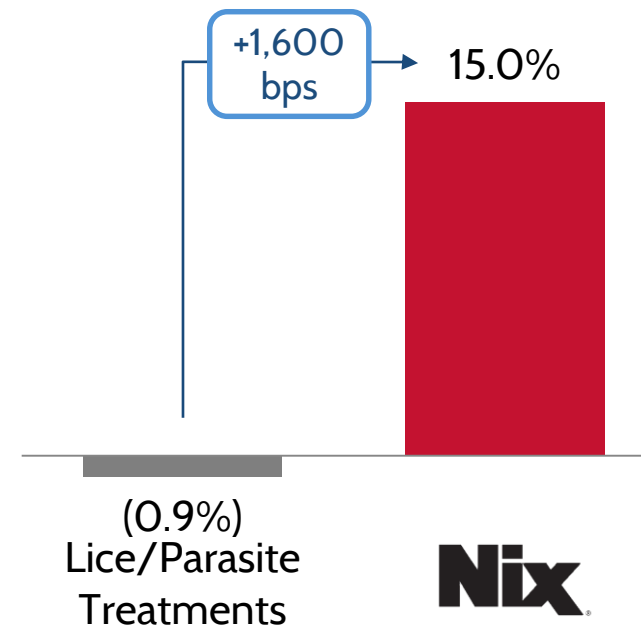
Differentiated Formulation and Superior Product

- 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⁽²⁾



Total Points of Distribution More Than Doubled Since 2013

Expected Long-Term Outperformance

Compound W: Innovation and New Products Expand Leading Position



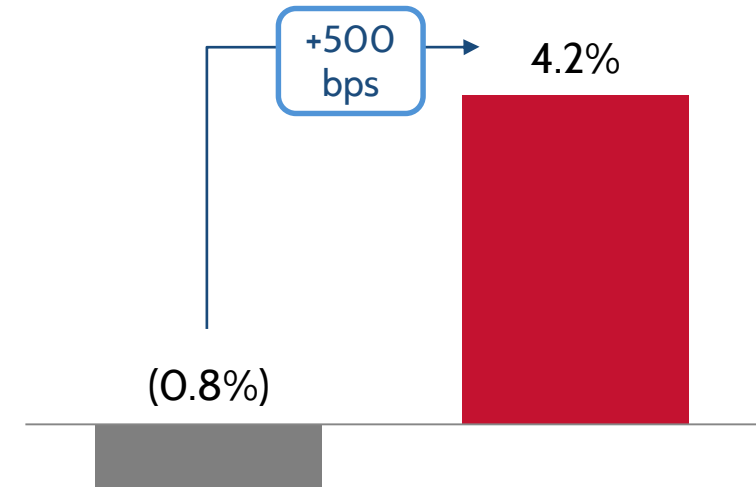
Innovative and Superior Product

- 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⁽²⁾



Wart Removers



Significant Runway for Future Growth

II. Financial Overview

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

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

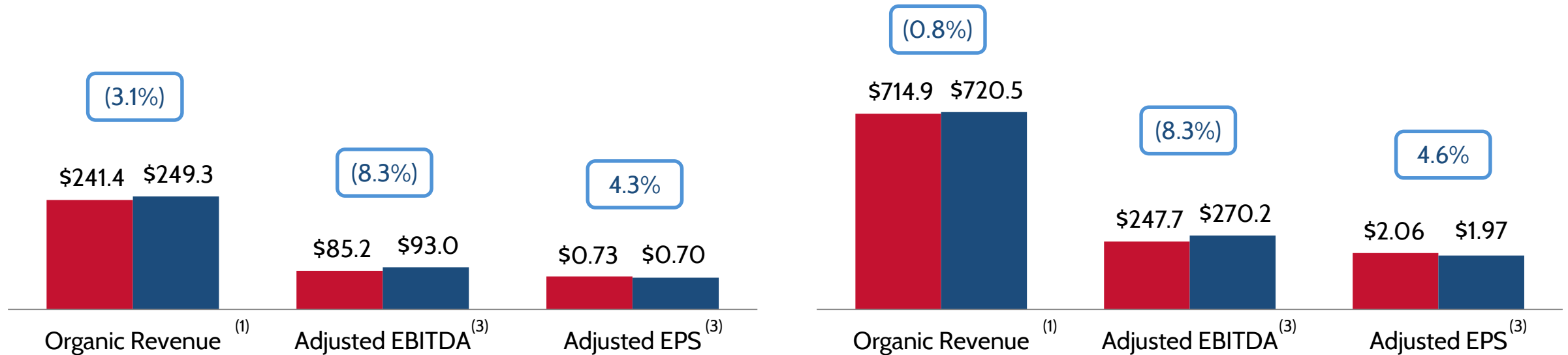
- Q3 Revenue of \$241.4 million, an organic⁽¹⁾ decrease of (3.1%) vs prior year
- Q3 Adjusted EBITDA⁽³⁾ of \$85.2 million; up 100 bps as a percentage of revenue vs prior year
- Q3 EPS of \$0.73, an increase of 4.3% vs prior year Adjusted EPS⁽³⁾ of \$0.70, YTD 2019 Adjusted EPS⁽³⁾ of \$2.06, up 4.6% vs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

Q3 FY 19

YTD Q3 FY 19

■ Q3 FY 19 ■ Q3 FY 18

■ YTD Q3 FY 19 ■ YTD Q3 FY 18



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%)
Adjusted Gross Margin⁽³⁾	139.2	147.7	(5.7%)	417.5	439.0	(4.9%)
% Margin	57.7%	54.6%		56.8%	55.9%	
Adjusted A&P⁽³⁾	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⁽³⁾	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⁽³⁾	\$ 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⁽³⁾	\$ 0.73	\$ 0.70	4.3%	\$ 2.06	\$ 1.97	4.6%
Adjusted EBITDA⁽³⁾	\$ 85.2	\$ 93.0	(8.3%)	\$ 247.7	\$ 270.2	(8.3%)
% Margin	35.3%	34.3%		33.7%	34.4%	

- Organic Revenue⁽¹⁾ decline of (3.1%) vs. PY Q3
 - Impacted by elevated levels of retailer inventory reductions
- Adjusted Gross Margin⁽³⁾ of 57.7% in Q3, up 310 bps vs prior year
 - BC/Goody's packaging launch is largely complete
 - Freight and warehouse costs have returned to normalized levels
- Adjusted EPS⁽³⁾ of \$0.73 in Q3, up 4.3% vs PY Q3
- Adjusted EBITDA⁽³⁾ margin of 35.3% in Q3, up vs PY Q3 as anticipated

Dollar values in millions, except per share data.

Industry Leading Free Cash Flow Trends

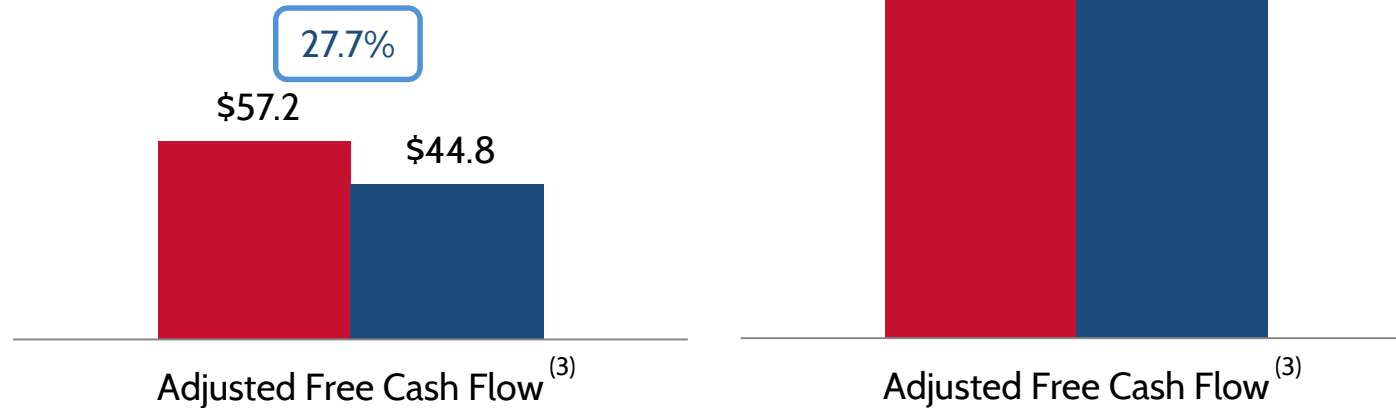
Free Cash Flow

Q3 FY 19

■ Q3 FY 19 ■ Q3 FY 18

YTD Q3 FY 19

■ YTD Q3 FY 19 ■ YTD Q3 FY 18



Dollar values in millions.

Comments

- Q3 Adjusted Free Cash Flow⁽³⁾ of \$57.2 million, up 27.7% vs prior year
 - YTD FY19 impacted by sale of Household
- Net Debt⁽³⁾ at December 31 of \$1.8 billion; leverage ratio⁽⁴⁾ 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

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FY 19 Full Year Outlook

Top Line Trends

- 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

- 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⁽⁵⁾ Outlook

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

Adjusted Free Cash Flow⁽⁶⁾ Outlook

- Adjusted Free Cash Flow of \$200 million or more⁽⁶⁾

Dollar values in millions, except per share data.

QeA

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

	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
Revenue Growth	<u>(10.8%)</u>		<u>(6.4%)</u>	
<u>Adjustments:</u>				
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	<u>\$ 241,414</u>	<u>\$ 249,256</u>	<u>\$ 714,940</u>	<u>\$ 720,511</u>
Non-GAAP Organic Revenue Growth	<u>(3.1%)</u>		<u>(0.8%)</u>	

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%
<u>Adjustments:</u>				
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%
Adjustments:				
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
Adjustments:								
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)
Non-GAAP Adjusted Net Income and Adjusted EPS	\$ 38,167	\$ 0.73	\$ 37,305	\$ 0.70	\$ 108,173	\$ 2.06	\$ 105,255	\$ 1.97

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
<u>Adjustments:</u>		
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