



# EARNINGS PRESENTATION

Q3 2022

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Although we believe that the expectations reflected in any of our forward-looking statements are reasonable, actual results or outcomes could differ materially from those projected or assumed in any of our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and to inherent risks and uncertainties, many of which are beyond our control. Additionally, many of these risks and uncertainties are, and may continue to be, amplified by the COVID-19 pandemic. Important factors that could cause our actual results, performance and achievements, or industry results to differ materially from estimates or projections contained in or implied by our forward-looking statements include the following: the potential impacts of the COVID-19 pandemic and current global economic conditions, including inflation, on us; our members, customers, and supply chain; and the world economy; our ability to attract and retain Members; our relationship with, and our ability to influence the actions of, our Members; our noncompliance with, or improper action by our employees or Members in violation of, applicable U.S. and foreign laws, rules, and regulations; adverse publicity associated with our Company or the direct-selling industry, including our ability to comfort the marketplace and regulators regarding our compliance with applicable laws; changing consumer preferences and demands and evolving industry standards, including with respect to climate change, sustainability, and other environmental, social, and governance, or ESG, matters; the competitive nature of our business and industry; legal and regulatory matters, including regulatory actions concerning, or legal challenges to, our products or network marketing program and product liability claims; the Consent Order entered into with the FTC, the effects thereof and any failure to comply therewith; risks associated with operating internationally and in China; our ability to execute our growth and other strategic initiatives, including implementation of our transformation program and increased penetration of our existing markets; any material disruption to our business caused by natural disasters, other catastrophic events, acts of war or terrorism, including the war in Ukraine, cybersecurity incidents, pandemics, and/or other acts by third parties; our ability to adequately source ingredients, packaging materials, and other raw materials and manufacture and distribute our products; our reliance on our information technology infrastructure; noncompliance by us or our Members with any privacy laws, rules, or regulations or any security breach involving the misappropriation, loss, or other unauthorized use or disclosure of confidential information; contractual limitations on our ability to expand or change our direct-selling business model; the sufficiency of our trademarks and other intellectual property; product concentration; our reliance upon, or the loss or departure of any member of, our senior management team; restrictions imposed by covenants in the agreements governing our indebtedness; risks related to our convertible notes; changes in, and uncertainties relating to, the application of transfer pricing, income tax, customs duties, value-added taxes, and other tax laws, treaties, and regulations, or their interpretation; our incorporation under the laws of the Cayman Islands; and share price volatility related to, among other things, speculative trading and certain traders shorting our common shares.

Additional factors and uncertainties that could cause actual results or outcomes to differ materially from our forward-looking statements are set forth in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2022, filed with the Securities and Exchange Commission on August 2, 2022, including under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in our Condensed Consolidated Financial Statements and the related notes included therein and in Part I, Item 1A, Risk Factors, of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2021, filed with the Securities and Exchange Commission on October 31, 2022. In addition, historical, current, and forward-looking sustainability-related statements may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future.

Forward-looking statements made in this presentation speak only as of the date thereof. We do not undertake any obligation to update or release any revisions to any forward-looking statement or to report any events or circumstances after the date of this presentation or to reflect the occurrence of unanticipated events, except as required by law.

Non-GAAP Measures. This presentation includes non-GAAP financial measures, including Adjusted EBITDA, and Adjusted Diluted EPS, as well as financial information presented on a non-GAAP last twelve-month basis, which reflects unaudited trailing four quarter financial information. We believe that these non-GAAP measures and presentation, which are defined and discussed in greater detail and reconciled for historical periods elsewhere in this presentation, provide additional useful information to management and investors for assessing our financial performance and liquidity as well as other business trends. These non-GAAP measures and presentation do, however, have certain limitations and should not be considered as an alternative to or in isolation from information calculated in accordance with GAAP.

# Q3 2022

## CEO Transition

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**Michael O. Johnson**

Chairman and Interim CEO



# Q3 2022

## Business and Financial Update

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**Alex Amezquita**  
CFO





## **KEY TAKEAWAYS**

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- 1. Herbalife Nutrition reports Q3 volume points in-line with guidance; however, unfavorable FX and geographic mix resulted in net sales below expectations**
- 2. Expense management contributed to Q3 Adjusted<sup>1</sup> EBITDA above the high end of guidance and Adjusted<sup>1</sup> EPS near the high-end of guidance**
- 3. Observed a softening of sales trends through Q3 as macroeconomic backdrop / demand elasticity impacted purchasing behavior**
- 4. Hyper focus on improving distributor metrics with action items underway including several near-term promotions**
- 5. Ongoing focus on investment areas like Herbalife One that will position Herbalife Nutrition for future growth**
- 6. Given the dynamic macroeconomic conditions and increased volatility in the marketplace, the Company is withdrawing FY 2022 guidance**

## Q3 2022 RESULTS – FINANCIAL HIGHLIGHTS

**Q3 2022 Net Sales  
Below Expectations,  
while Delivering on  
Adjusted<sup>1</sup> EBITDA  
and Adjusted<sup>1</sup> EPS**

**(9.5%)**

vs Q3 2021

**600bps**

Currency headwind  
vs Q3 2021

- Volume Points at guidance midpoint, but Net Sales results below guidance range due to geographic mix and FX

Adjusted<sup>1</sup> EBITDA

**\$183M**

Q3 2022

**14.1%**

Q3 2022 Adj<sup>1</sup>  
EBITDA Margin

- Execution of expense management initiatives drives adjusted<sup>1</sup> EBITDA to upper end of guidance range

Adjusted<sup>1</sup> EPS

**\$0.91**

Q3 2022

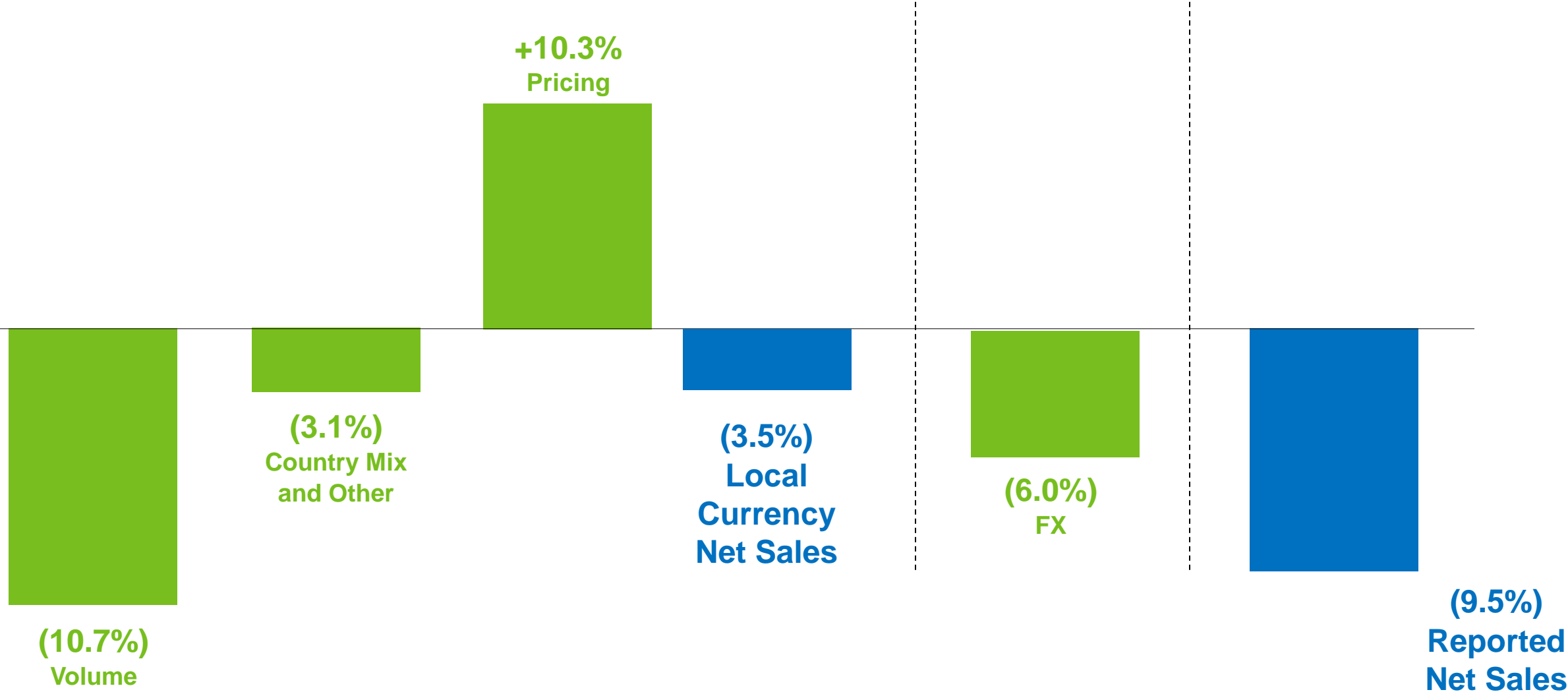
**\$50M**

Q3 Debt  
Paydown

- Adj<sup>1</sup> EPS was negatively impacted by a y/y currency headwind of approximately \$0.18
- At end of Q3, leverage ratio of 3.5x gross debt to adj<sup>1</sup> EBITDA

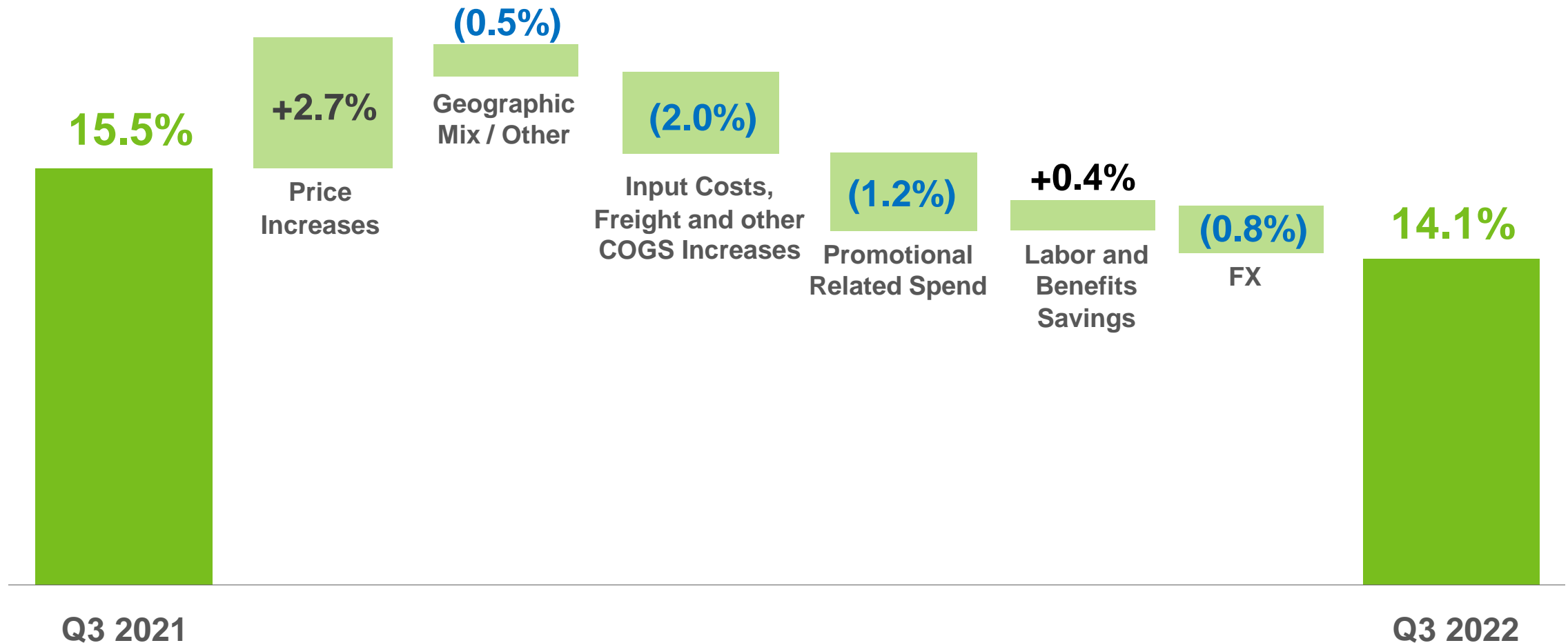
# Q3 Drivers of Net Sales Change (% Change vs Prior Year)

## NET SALES BRIDGE



**ADJUSTED<sup>1</sup> EBITDA MARGIN BRIDGE**

**Q3 Drivers of Adjusted<sup>1</sup> EBITDA  
Margin Change  
(% Change vs Prior Year)**



<sup>1</sup> Non-GAAP Measure. Please see appendix for reconciliation to nearest comparable GAAP measure

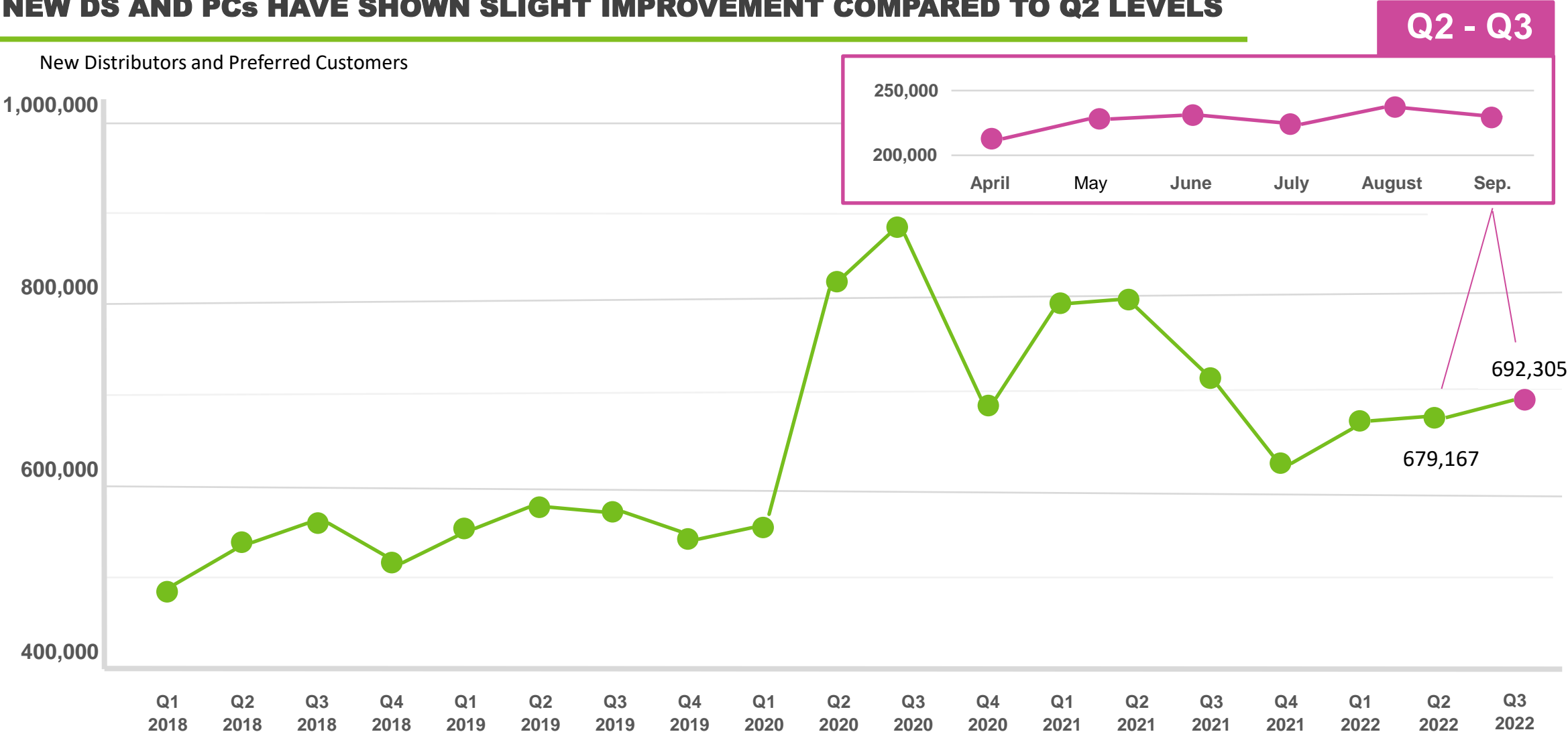


ACTIVE SALES LEADERS HAVE SHOWN STABILITY COMPARED TO Q2 LEVELS

Active Sales Leaders



NEW DS AND PCs HAVE SHOWN SLIGHT IMPROVEMENT COMPARED TO Q2 LEVELS



## **Q3 REGIONAL SCORECARD**

	<b>Net Sales</b> YoY%	<b>Local Currency</b> <b>Net Sales</b> YoY%
<b>APAC</b>	<b>+10%</b>	<b>+17%</b>
<b>NAM</b>	<b>(11%)</b>	<b>(10%)</b>
<b>EMEA</b>	<b>(23%)</b>	<b>(9%)</b>
<b>LATAM*</b>	<b>(9%)</b>	<b>(7%)</b>
<b>China</b>	<b>(28%)</b>	<b>(24%)</b>

\*

During the third quarter of 2022, the Company combined its Mexico and South and Central America regions into one geographic region now named Latin America. Historical information has been reclassified to conform with the current period geographic presentation.

## **CAPITAL ALLOCATION KEY MESSAGES**

### Capital Allocation Strategy:

- 1) Debt Service
- 2) Internal Investments
- 3) External Investments
- 4) Return Cash to Shareholders

## **Long-Term Capital Allocation Strategy Unchanged**

- Gross Leverage was 3.5x at the end of third quarter, above our target of 3.0x
- Strategically reduced debt levels by \$50 million during the third quarter
- Reallocating \$50 million of cash from share repurchase to debt reduction in Q4

## **Operating Cash Flow Generation Remains Strong**

- Financial profile remains strong

## **Q&A**

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## **APPENDIX**

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# HERBALIFE NUTRITION

## Q3 EARNINGS CALL

### Reported Net Income to Adjusted EBITDA Bridge

	Three Months Ended		Nine Months Ended	
	9/30/2022	9/30/2021	9/30/2022	9/30/2021
	(in millions)			
Net income, as reported	\$ 82.2	\$ 117.4	\$ 266.9	\$ 409.0
Interest Expense, net	34.5	37.7	95.9	112.0
Income Taxes	30.7	34.3	93.5	104.2
Depreciation and amortization	28.6	26.6	87.2	80.1
EBITDA	\$ 176.0	\$ 216.0	\$ 543.5	\$ 705.3
Net expenses related to COVID-19 pandemic	0.5	2.5	3.8	11.8
Expenses related to transformation program	2.9	3.9	7.7	7.6
Russia-Ukraine conflict charges	0.1	-	5.5	-
Loss on extinguishment of debt	-	-	-	24.6
Non-income tax items, net	-	-	-	(7.4)
Digital technology program costs	3.3	-	3.3	-
Adjusted EBITDA	\$ 182.8	\$ 222.4	\$ 563.8	\$ 741.9

## Reported Net Income to Credit Agreement Adjusted EBITDA Bridge

	Twelve Months Ending September 2022	
Net Income, as reported	\$	305.1
Interest Expense, net		132.6
Income Taxes		102.9
Depreciation & Amortization		114.7
<b>EBITDA</b>	<b>\$</b>	<b>655.3</b>
Interest income		5.5
Inventory write-down		41.1
Share-based compensation		49.3
Net expenses related to COVID-19 pandemic		5.9
Expenses related to transformation program		13.0
Russia-Ukraine conflict charges		5.5
Digital technology program costs		3.3
Legal accrual related to lawsuit		12.5
Other expenses <sup>1</sup>		8.8
<b>Credit Agreement Adjusted EBITDA</b>	<b>\$</b>	<b>800.2</b>

<sup>1</sup> Other expenses include certain non-cash items such as bad debt expense, unrealized foreign currency gains and losses, and other gains and losses

## Reported EPS to Adjusted EPS Bridge

	Three Months Ended		Nine Months Ended	
	9/30/2022	9/30/2021	9/30/2022	9/30/2021
	(per share)			
Diluted earnings per share, as reported	\$ 0.83	\$ 1.09	\$ 2.68	\$ 3.73
Non-cash interest expense and amortization of non-cash issuance costs	-	0.06	-	0.16
Debt issuance costs related to the senior secured credit facility amendment	-	0.01	-	0.02
Net expenses related to COVID-19 pandemic	0.01	0.02	0.04	0.11
Expenses related to transformation program	0.03	0.04	0.08	0.07
Russia-Ukraine conflict charges	-	-	0.06	-
Loss on extinguishment of debt	-	-	-	0.22
Non-income tax items, net	-	-	-	(0.07)
Digital technology program costs	0.03	-	0.03	-
Income tax adjustments for above items	0.01	-	(0.01)	(0.06)
Adjusted diluted earnings per share	\$ 0.91	\$ 1.21	\$ 2.87	\$ 4.18

Note: Amounts may not total due to rounding.