



Voortman Acquisition

December 2, 2019



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Industry and Market Data

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Use of Non-GAAP Financial Measures

This Investor Presentation includes non-GAAP financial measures, including earnings before interest, taxes, depreciation, amortization and other adjustments to eliminate the impact of certain items that we do not consider indicative of our ongoing performance (“Adjusted EBITDA”) and Adjusted Earnings per Share (“Adjusted EPS”), collectively referred to as “Non-GAAP Financial Measures”. These non-GAAP Financial Measures exclude certain items included in the comparable GAAP financial measure. Hostess Brands believes that these Non-GAAP Financial Measures provide useful information to management and investors regarding certain financial and business trends relating to Hostess Brands’ financial condition and results of operations. Hostess Brands’ management uses these Non-GAAP Financial Measures to compare Hostess Brands’ performance to that of prior periods for trend analysis, for purposes of determining management incentive compensation, and for budgeting and planning purposes. Hostess Brands believes that the use of these Non-GAAP Financial Measures provides an additional tool for investors to use in evaluating ongoing operating results and trends. Management of Hostess Brands does not consider these Non-GAAP Financial Measures in isolation or as an alternative to financial measures determined in accordance with GAAP. Other companies may calculate non-GAAP measures differently, and therefore Hostess Brands’ Non-GAAP Measures may not be directly comparable to similarly titled measures of other companies. The Company does not provide a reconciliation of the forward-looking information to the most directly comparable GAAP measures because of the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliations. Totals in this Investor Presentation may not add up due to rounding.

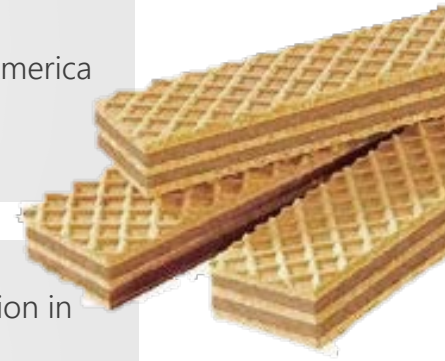
Voortman Provides New Platform for Growth in Adjacent Category

Leveraging Hostess Core Competencies



Expands Hostess' Snacking Portfolio

- Provides entry into attractive, **adjacent wafer and sugar-free cookie categories** with market-leading positions and better-for-you characteristics
- **Fastest growing** independent sweet snacking brand of scale in North America
- #1 Crème Wafer and #1 Sugar-Free Cookie



Meaningful Growth Opportunities

- Leverages **Hostess model and unlocks** meaningful distribution expansion in key growth channels utilizing our proven expertise
- Point of Sale **CAGR of 5.1%** over past 3 years, ahead of the overall 1.8% growth of the Cookie Category

Compelling Financial Benefits

- Acquisition expected to be **accretive** to gross margins, EBITDA margins and EPS with strong future growth potential
- Target **leverage ratio expected to be maintained** in 3.5x – 4.5x range and expectation to deleverage quickly



Voortman Acquisition a Catalyst for Growth

Aligns with Hostess' Existing Pillars for Growth



Grow the Core

- Adds an adjacent category with differentiated wafer and cookie offerings at scale
- Voortman brand has been growing at 5.1% CAGR over last 3 years

Grow through Innovation

- Strong, incremental innovation platform to develop into the future

Improve through Agility & Efficiency

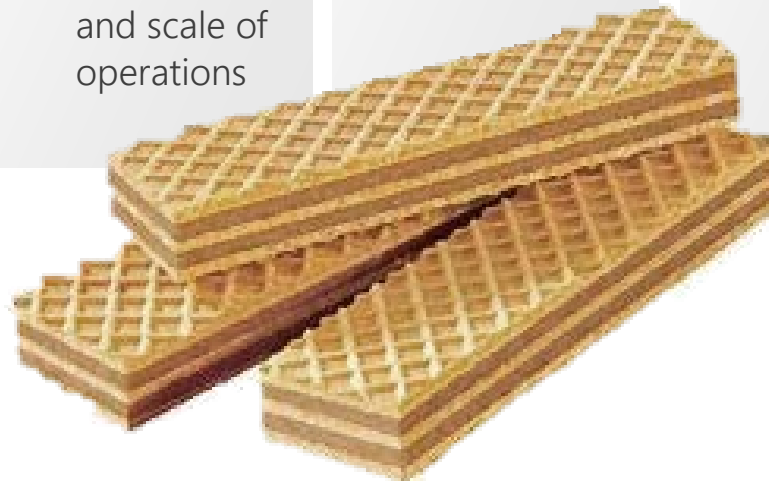
- Leverages Hostess' broad-based ACV distribution to drive improved performance
- Creates additional capabilities and scale of operations

Cultivate Talent & Capabilities

- Addition of talent and expertise to complement the existing Hostess team

Leverage Strong Cash Flow

- Efficient use of capital with high expected returns
- Operations provide additional future cash flow once fully integrated



Transaction Creates Significant Value

Meaningfully accretive with strong growth opportunities



Summary

- Hostess will acquire Voortman, a leading manufacturer of wafers as well as sugar-free and specialty cookies, for CAD \$425 million (~USD \$320 million) in cash, subject to a customary working capital adjustment
- Represents a post-synergy 9.1x EBITDA multiple transaction price (2020 estimated EBITDA + run-rate synergy estimate = \$35 million)

Expected Financial Impact

- Net revenue of approximately \$90 million in 2020¹
- Adjusted EBITDA of approximately \$20 million in 2020 and \$40-\$50 million by 2022¹
- Annual run-rate synergies of at least \$15 million within 12-18 months
- Mid-single digit adjusted EPS accretion in 2020 and double-digit accretion thereafter¹

Capital Structure

- Funding with existing cash and proceeds from \$140 million incremental term loan
- Post-synergy pro forma leverage expected to be 4.5x, with expectation to be around 4.0x by end of 2020¹

Conditions and Timing

- Expect to close in early January 2020
- Subject to customary closing conditions



¹ Assumes an early January 2020 close

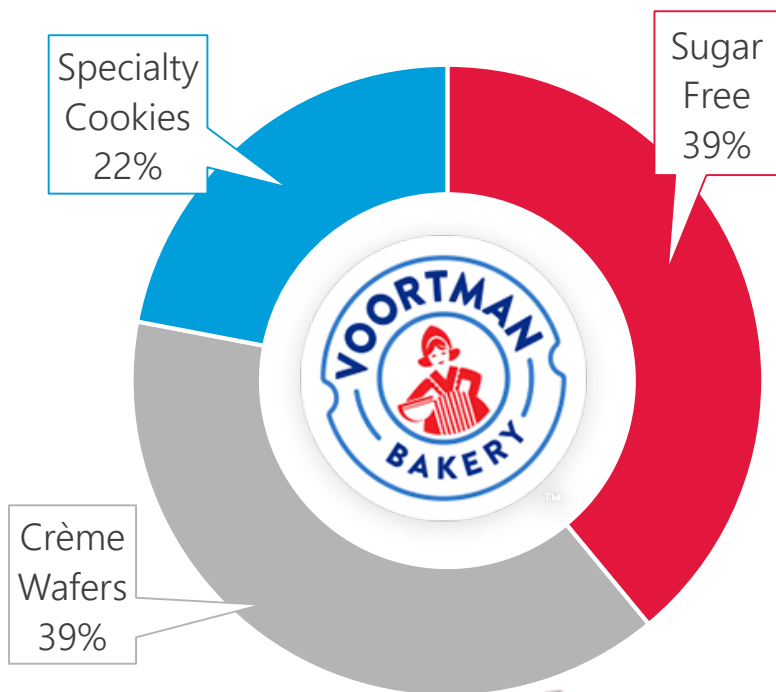
Voortman Overview

Began in 1951 in Ontario, Canada

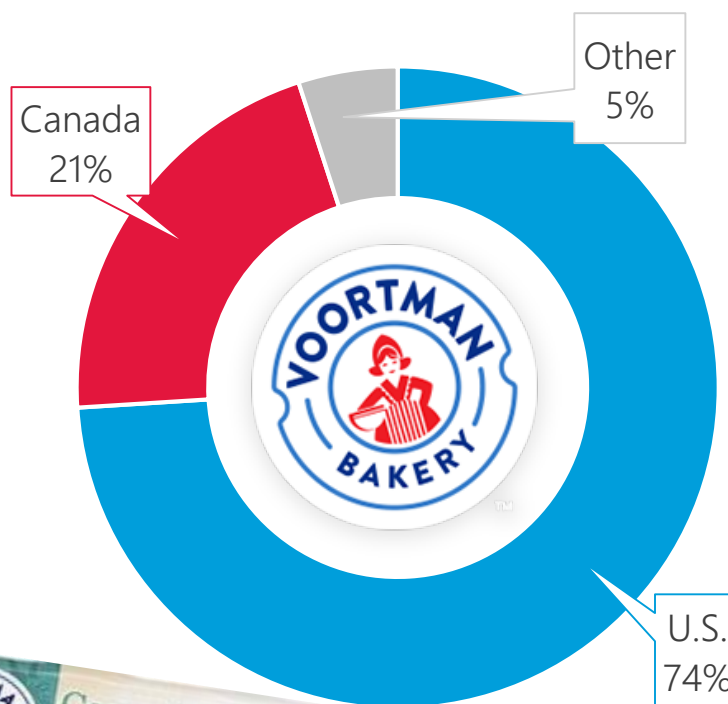


Breakdown of 2018 Revenue

Product Overview



Geographic Overview

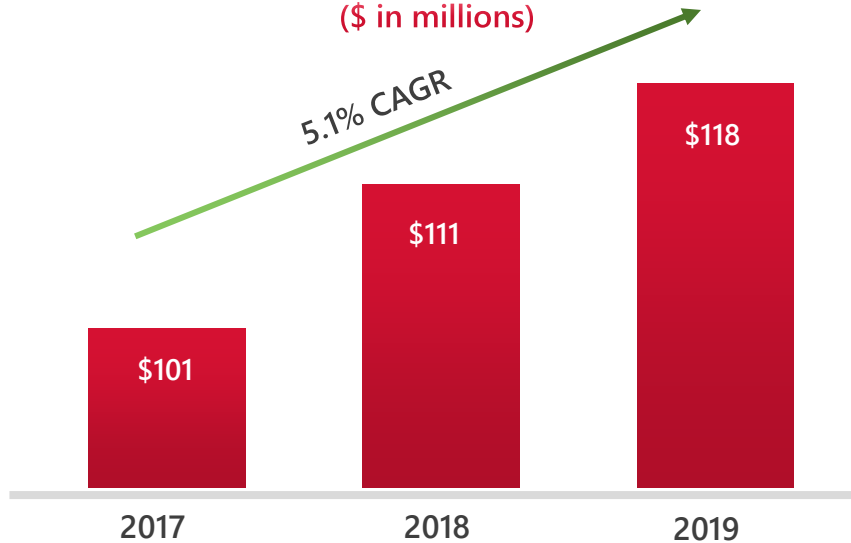


Strong Growth Ahead of the Category

Dominant market share in both Sugar Free Cookies and Wafers



Voortman Point-of-Sale (\$ in millions)



#1 Market Share

in Wafer and Sugar Free
Cookie Segments and Growing

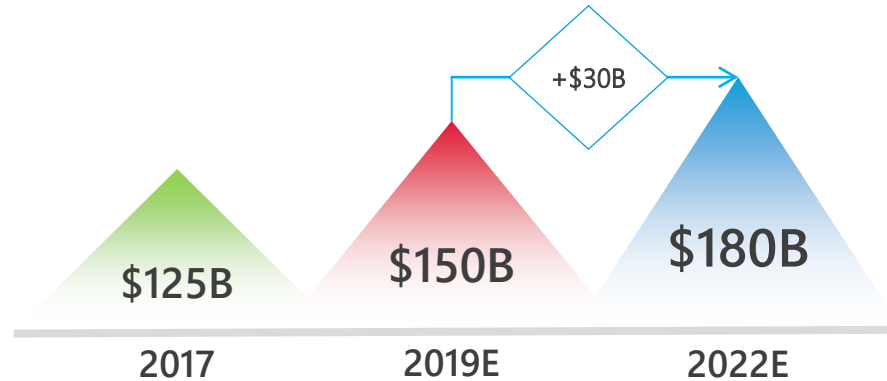


Voortman Competes in a Growing Market with Upside Potential



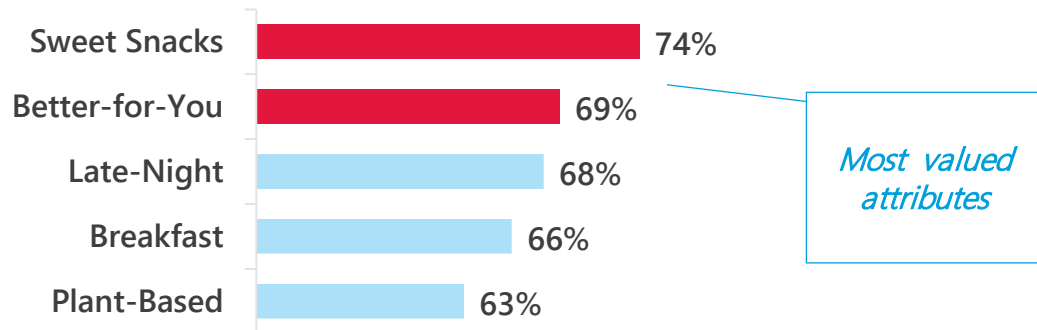
Voortman is part of large growing addressable snacking market

Snacking Market Growth¹



Consumer tailwinds on sweetness and better for you characteristics

Consumer Preference for Types of Snacks²



Sources:

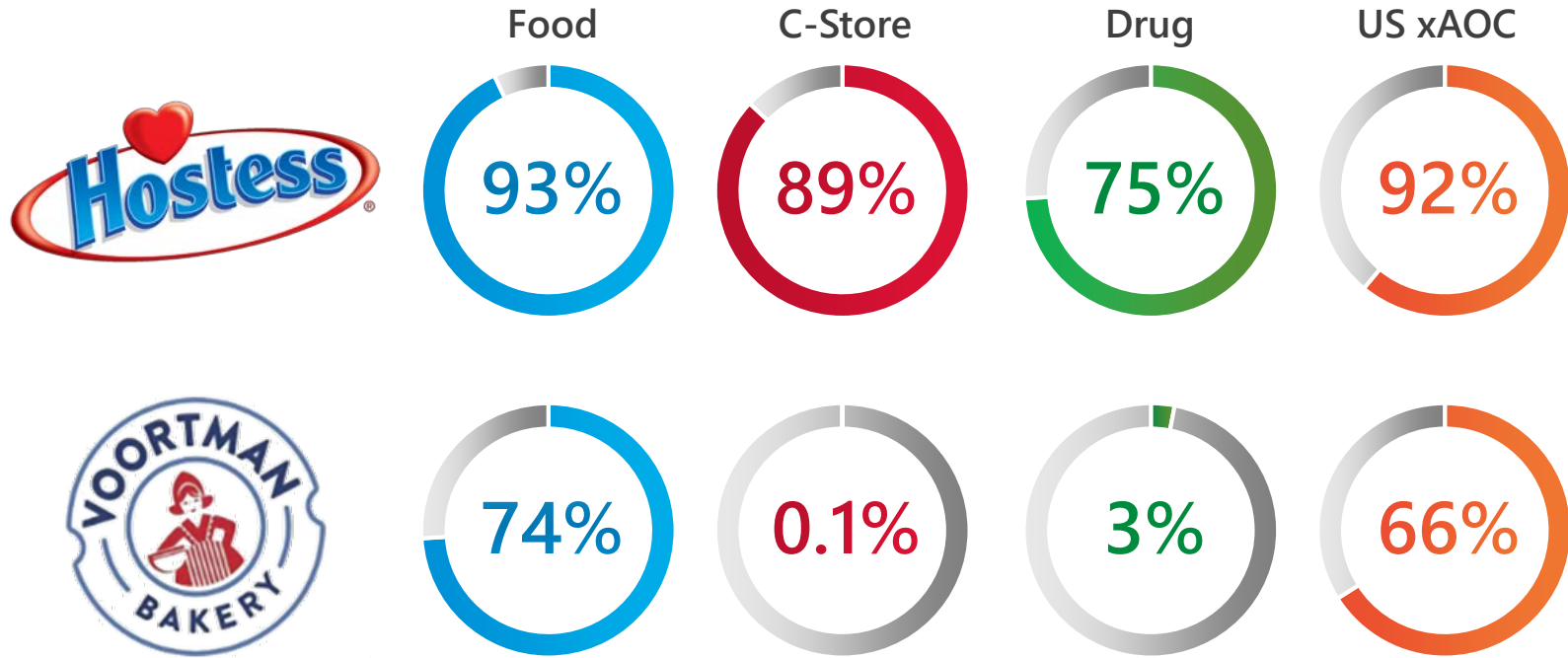
(1) IRI Actuals Total US -Multi Outlet + Conv Calendar; Mintel Forecast Total US -Multi Outlet + Conv Calendar

(2) Mintel/Lightspeed Snack Motivations and Attitudes, Jan 2019;

Broad Reach Leads to High Growth Opportunity

Potential to leverage Hostess' broad channel distribution to amplify Voortman growth

% ACV Distribution By Channel



Scale Merchandising Expertise Fuels Growth



Voortman Historical Merchandising



Ability to expand merchandising efficiently at scale

Hostess Merchandising Execution at Scale



Seasonal programming correlates well with how Hostess goes to market to drive incremental sales

Expands Manufacturing Capabilities



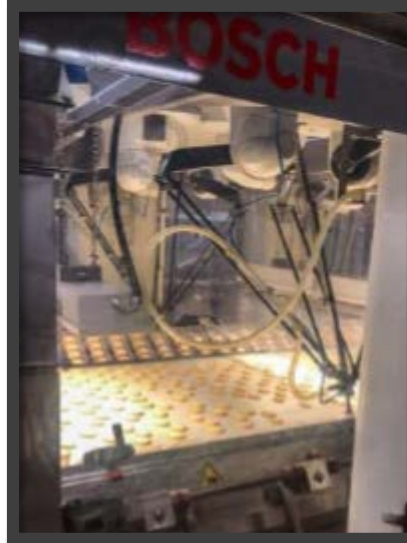
Well-invested and efficient manufacturing facility

~250k Sq. footage
175K production, 75k warehouse

11 lines

7 cookie and 3 wafer lines currently, with an additional wafer line currently being commissioned

28 Truck Bays





Compelling Strategic and Financial Benefits of Voortman Acquisition

1

Diversifies and Expands Product Offerings and Manufacturing Capabilities in Attractive, Adjacent Category

2

Leverages Hostess' Broad Customer Reach and Lean and Agile Business Model

3

Significant Cost Synergy Opportunities

4

Compelling Financial Benefits

