



4th Quarter 2018 Earnings

Investor Presentation

February 27, 2019





DISCLAIMER

Forward Looking Statements

This investor presentation contains statements reflecting our views about the future performance of Hostess Brands, Inc. and its subsidiaries (referred to as "Hostess Brands" or the "Company") that constitute "forward-looking statements" that involve substantial risks and uncertainties. Forward-looking statements are generally identified through the inclusion of words such as "believes," "expects," "intends," "estimates," "projects," "anticipates," "will," "plan," "may," "should," or similar language. Statements addressing our future operating performance and statements addressing events and developments that we expect or anticipate will occur are also considered as forward-looking statements. All forward looking statements included herein are made only as of the date hereof. We undertake no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.

These statements inherently involve risks and uncertainties that could cause actual results to differ materially from those anticipated in such forward-looking statements. These risks and uncertainties include, but are not limited to; our ability to maintain, extend or expand our reputation and brand image; failing to protect our intellectual property rights; our ability to leverage our brand value to compete against lower-priced alternative brands; our ability to correctly predict, identify and interpret changes in consumer preferences and demand and offering new products to meet those changes; our ability to operate in a highly competitive industry; our ability to maintain or add additional shelf or retail space for our products; our ability to continue to produce and successfully market products with extended shelf life; our ability to successfully integrate, achieve expected synergies and manage our acquired businesses and brands; our ability to drive revenue growth in our key products or add products that are faster-growing and more profitable; volatility in commodity, energy, and other input prices and our ability to adjust our pricing to cover any increased costs; the availability and pricing of transportation to distribute our products; our dependence on our major customers; our geographic focus could make us particularly vulnerable to economic and other events and trends in North America; consolidation of retail customers; increased costs to comply with governmental regulation; general political, social and economic conditions; increased healthcare and labor costs; the fact that a portion of our workforce belongs to unions and strikes or work stoppages could cause our business to suffer; product liability claims, product recalls, or regulatory enforcement actions; unanticipated business disruptions; dependence on third parties for significant services; ability to achieve expected synergies and benefits and performance from strategic acquisitions; inability to identify or complete strategic acquisitions; our insurance not providing adequate levels of coverage against claims; failures, unavailability, or disruptions of our information technology systems; departure of key personnel or a highly skilled and diverse workforce; and our ability to finance our indebtedness on terms favorable to us; and other risks as set forth under the caption "Risk Factors" from time to time in our Securities and Exchange Commission filings.

Industry and Market Data

In this Investor Presentation, Hostess Brands relies on and refers to information and statistics regarding market shares in the sectors in which it competes and other industry data. Hostess Brands obtained this information and statistics from third-party sources, including reports by market research firms, such as Nielsen. Current and prior period market data presented herein reflects a restatement of Convenience Channel data executed by Nielsen during the quarter. Additionally, prior period Nielsen data was adjusted to exclude the Cloverhill® and Big Texas® brands in the periods they were not owned by Hostess. Hostess Brands has supplemented this information where necessary with information from discussions with Hostess customers and its own internal estimates, taking into account publicly available information about other industry participants and Hostess Brands' management's best view as to information that is not publicly available.

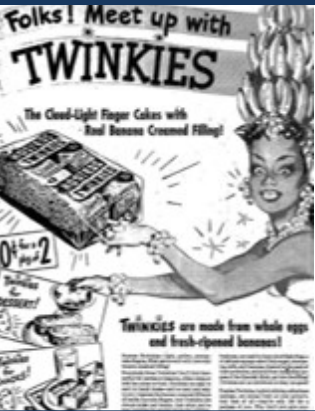
Use of Non-GAAP Financial Measures

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"), Adjusted EBITDA Margin, Adjusted Gross Profit, Adjusted Gross Margin, Adjusted Net Income and Adjusted Earnings per Share ("Adjusted EPS"). Adjusted EBITDA, Adjusted Gross Profit, Adjusted Net Income and Adjusted EPS exclude certain items included in the comparable GAAP financial measure. Adjusted EBITDA Margin represents Adjusted EBITDA divided by net revenues. Adjusted Gross Margin represents Adjusted Gross Profit divided by net revenues. 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 Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Gross Profit, Adjusted Gross Margin, Adjusted Net Income, Adjusted EPS, and other non-GAAP measures differently, and therefore Hostess Brands' non-GAAP measures may not be directly comparable to similarly titled measures of other companies. Totals in this Investor Presentation may not add up due to rounding.



HOSTESS BRANDS – HIGHLIGHTS

ICONIC AMERICAN BRANDS DELIVERING NEW AND CLASSIC SWEET TREATS TO CUSTOMERS FOR GENERATIONS



KEY HIGHLIGHTS

LTM Net Sales:
\$850.4 million
 LTM Adj. EBITDA:
\$186.2 million
 Adj. EBITDA Margin:
21.9%
 Operating Cash Flow:
\$143.7 million

Product Portfolio with Numerous
Iconic Brands

18% Market Share and Growing
 in ~\$6.6 billion Sweet Baked Goods Category⁽¹⁾

Continuous Innovation to Drive Growth
 Growing Faster Than the SBG Category

Direct to Warehouse
 Centralized Manufacturing & Distribution Model Driving Industry Leading Profitability

Proven Platform
 with Multiple Avenues of Growth including:
 - Innovation
 - Adjacent Categories
 - Acquisitions

Note: Financial data are for the last twelve months ("LTM") ended December 31, 2018 as reported. Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures. See "Use of Non-GAAP Financial Measures" and the Appendix for an explanation of all non-GAAP financial measures and reconciliations to the comparable GAAP measures. Adjusted EBITDA Margin is calculated by dividing LTM Net Sales by LTM Adjusted EBITDA.

(1) Market Share for the Company within the Sweet Baked Goods ("SBG") category per Nielsen U.S. total universe, 52 weeks ending 12/29/2018. Market data presented herein reflects a restatement of Convenience Channel data executed by Nielsen during the quarter.



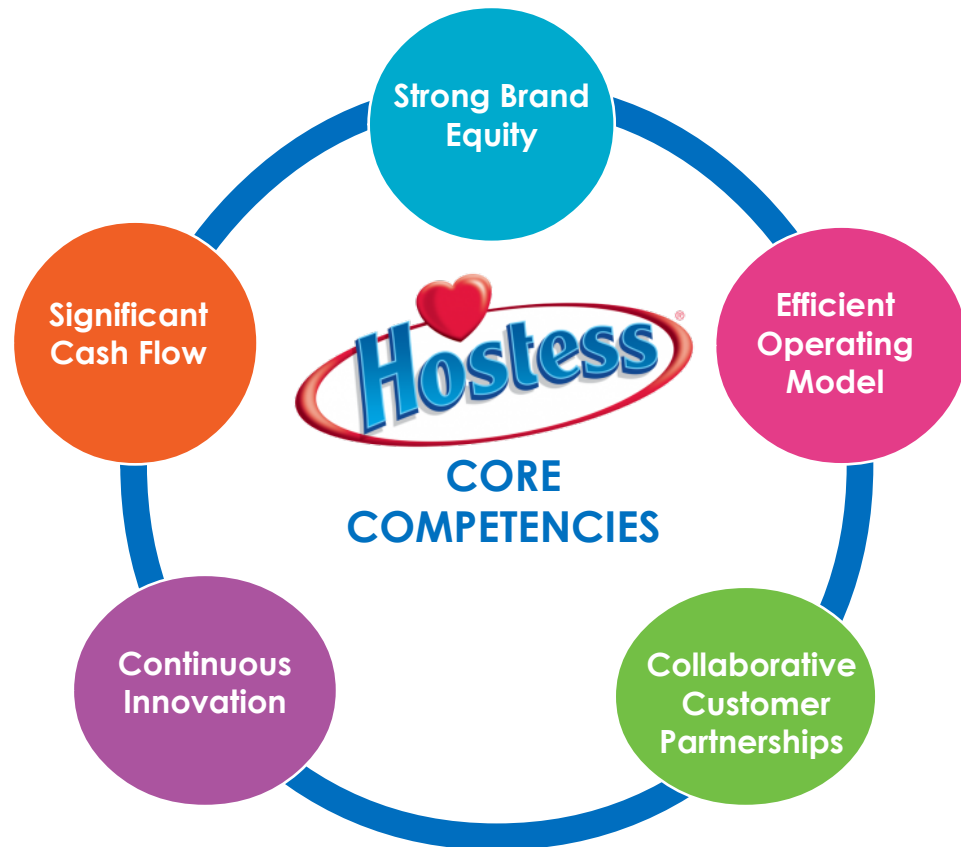
PROFITABLE GROWTH

UTILIZING OUR CORE COMPETENCIES

Delighting consumers and building iconic brands supported by our core competencies to drive profitable growth

Our Growth Strategy

- Strengthening our core Hostess brand and expanding into adjacent categories through innovation and strong partnerships with our customers
- Leveraging our highly efficient and profitable business model
- Managing our capital structure including reinvesting in the business, deleveraging and pursuing strategic acquisitions





ICONIC BRANDS

DELIVERING NEW AND CLASSIC SWEET TREATS

85+
YEARS OLD

50+
YEARS OLD

<50
YEARS OLD

**BRANDS SINCE
RELAUNCH**

CupCakes

Twinkies

DING DONGS

snoballs

SUZY Q'S

HoHos

donettes

Fruit Pie

DOLLY
DOLLY MADISON BAKERY

**Jumbo
Honey
Bun**

**mini
muffins**

Coffee Cakes

Zingers

**BAKERY
PETITES**
SECURITY SMALL BATCH TREATS

Brownies

**BIG
TEXAS**

CLOVERHILL
BAKERY

**Cinnamon
Roll**

**SUPERIOR
ON MAIN**

Danish

90%+ Hostess® Brand Awareness

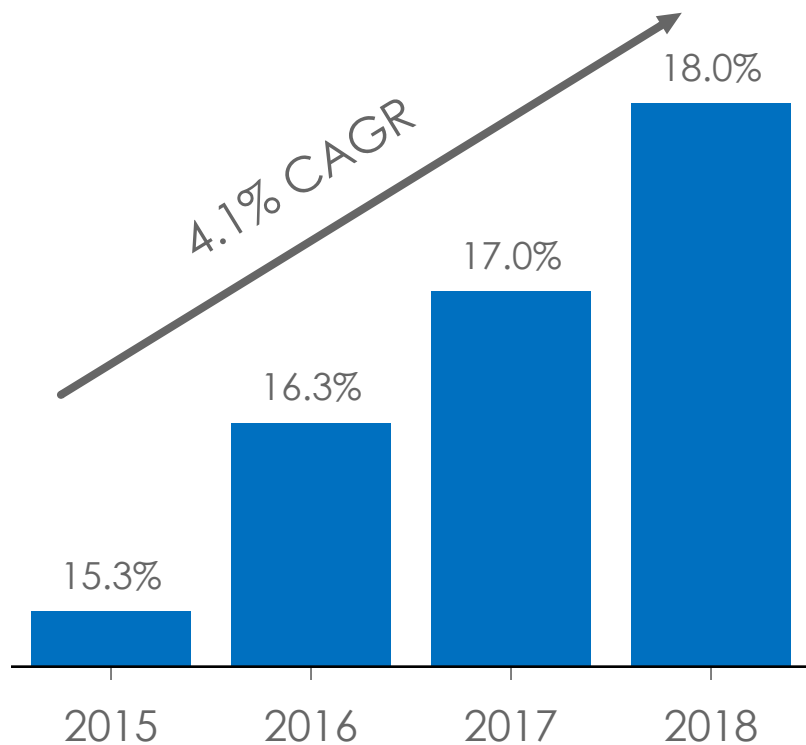


Source: Harmon Atchison, Awareness, Use and Status Perception Study, 12/8/14

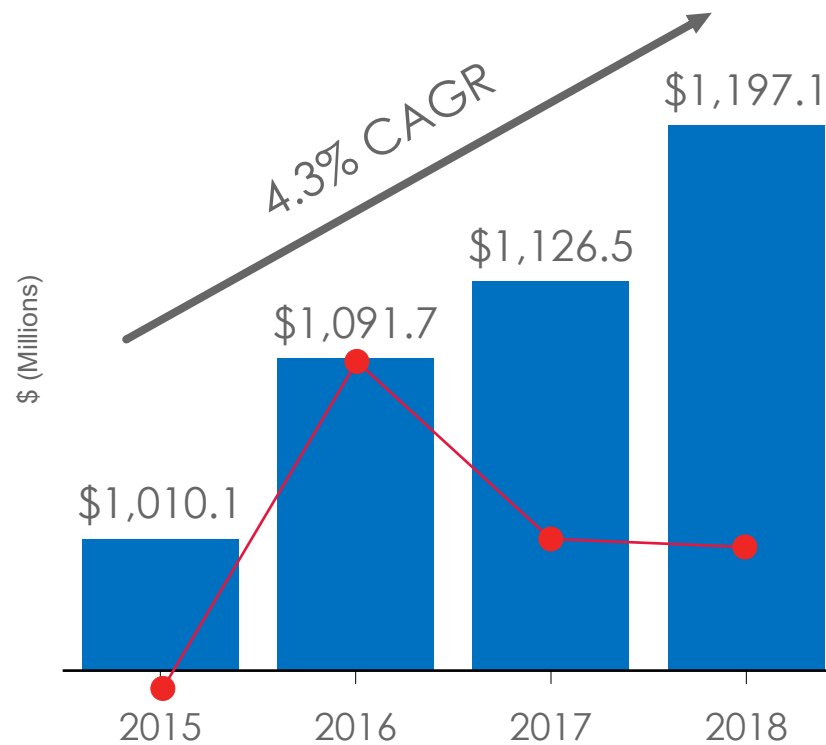


STRONG MARKET POSITION AND GROWING IN THE SBG CATEGORY

Market Share



Point-of-Sale



—●— SBG Category POS

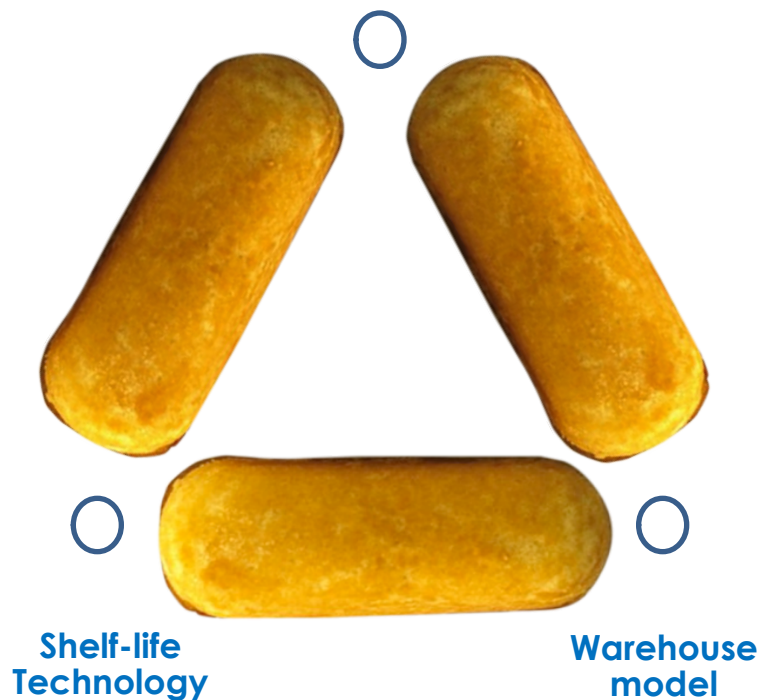
* Source: Nielsen, Total Nielsen Universe for the SBG Category and the Company within the SBG Category. Point of Sale and Market Share, 52 weeks ending 1/2/16, 12/31/16, 12/30/17 & 12/29/2018. Current and prior period market data presented herein reflects a restatement of Convenience Channel data executed by Nielsen during the quarter. Additionally, prior period Nielsen data was adjusted to exclude the Cloverhill® and Big Texas® brands in the periods they were not owned by Hostess.



COST EFFICIENT OPERATING BUSINESS MODEL

ENABLED BY WAREHOUSE DISTRIBUTION AND EFFICIENT SUPPLY CHAIN

Hostess Brands



Our Business Model Generates Differentiation within Baking

- Expanded distribution reach
- Compelling retailer economics
- Fast & scalable in-store merchandising capabilities
- Close partnerships with third party distributors

Established a best-in-class financial position

Strong
Adj. EBITDA margins

Significant
Adj. EBITDA
to free
cash flow conversion⁽¹⁾

(1) Defined as (Adj. EBITDA – Capex) / Adj. EBITDA.



COLLABORATIVE PARTNERSHIPS

WITH CUSTOMERS & RETAILERS ACROSS VARIOUS CHANNELS
FOR SHARED GROWTH AND PROFIT



DOLLAR GENERAL





LEADER OF INNOVATION

WILLINGNESS TO REVITALIZE AND DISRUPT UNDERINVESTED CATEGORIES

Innovation within the Core

Launch new flavors of iconic products to leverage the brand's power and expand the core



Innovation Attracting New Consumers

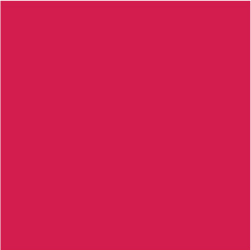
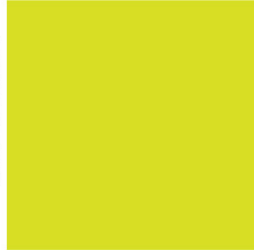
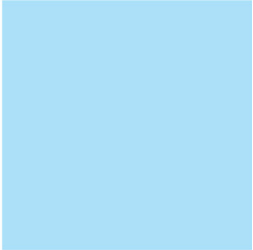


Attract new consumers with premium innovation such as the Hostess Bakery Petites® premium snacking platform made with no artificial flavors or colors or high fructose corn syrup

Innovation in Adjacencies

Expand the Hostess® brands into new consumer segments to drive incremental growth





FULL YEAR 2018 HIGHLIGHTS





FULL YEAR 2018 HIGHLIGHTS

CONTINUED GROWTH AHEAD OF SBG CATEGORY

- Point-of-sale increased 6.3% and market share grew 107 bps to 18.0% for the year*
- Revenue growth of 9.6% for full year 2018 driven by Cloverhill acquisition with flat organic net revenue
- Completed acquisition of **Cloverhill Business** and implemented significant operating improvements and the repatriation of co-packed breakfast items, with a clear path to strong EBITDA gains in 2019
- Launched new innovation including Hostess®-branded Breakfast and Peanut Butter products
- Executed our multi-faceted price increase with our customers to partially offset continued industry inflation
- Generated significant operating cash flow of \$143.7 million



* Point of sale and market share data for the 52 weeks ended 12/29/2018 as compared to the comparable period in the prior year. Current and prior period market data presented herein reflects a restatement of Convenience Channel data executed by Nielsen during the quarter. Additionally, prior period Nielsen data was adjusted to exclude the Cloverhill® and Big Texas® brands in the periods they were not owned.



GROWING SALES AND MARKET SHARE IN 2018

ACROSS MULTIPLE CHANNELS

POS Change

5.2%

5.8%

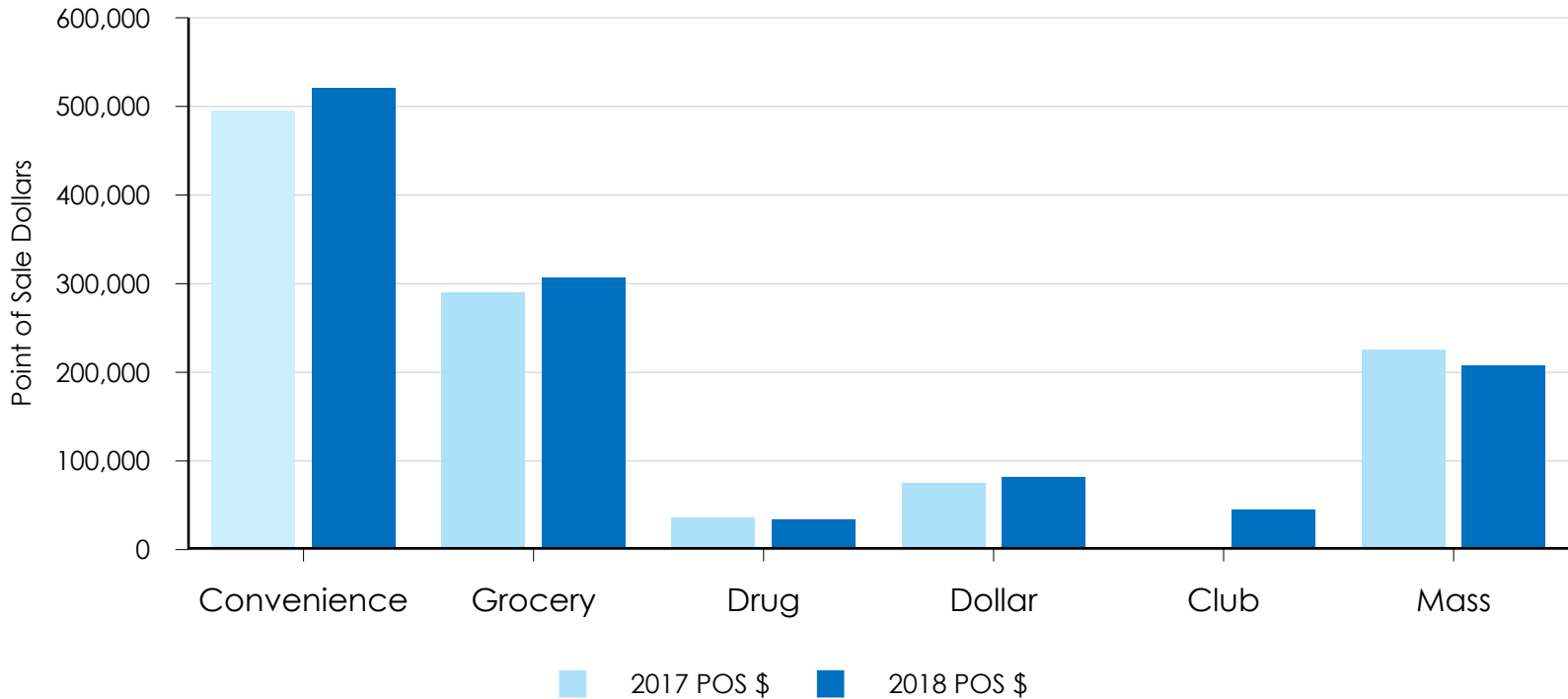
(4.9)%

8.2%

1,392.6%

(8.2)%

(in '000s)



Market Share

22.9%

13.3%

43.6%

22.2%

15.4%

15.9%

Market Share Change

1.6%

0.6%

0.0%

(0.2)%

14.3%

(1.2)%

* Point of sale and market share data for the 52 weeks ended 12/29/2018 as compared to the comparable period in the prior year. Current and prior period market data presented herein reflects a restatement of Convenience Channel data executed by Nielsen during the quarter. Additionally, prior period Nielsen data was adjusted to exclude the Cloverhill® and Big Texas® brands in the periods they were not owned by Hostess.



PILLARS FOR 2019

DRIVING PROFITABLE GROWTH

Grow the Core

Grow Through Innovation

Improve Through Agility & Efficiency

Cultivate Talent and Capabilities

Leverage Strong Cash Flow



INVESTING FOR GROWTH

Accelerating Growth in the Breakfast and Value Brand Segments

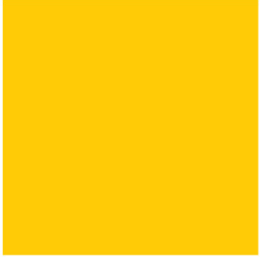
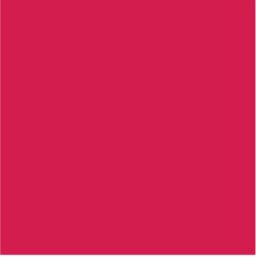
- Hostess' "Fair Share" development in Breakfast presents an incremental POS opportunity of over ~\$100 million enabled by strategic acquisition of Cloverhill
- Expanding distribution of value brands (Cloverhill, Big Texas and Dolly)

Transformation Improving Capabilities and Driving Efficiencies

- Cloverhill Acquisition - During 2018 integrated systems and installed capital to improve efficiency and quality. Additional operational efficiencies expected as we continue to improve operations throughout 2019.
- Investing in talent and insights to build fully integrated market analytics, innovation and marketing functions
- Executing operational efficiencies to improve profitability
- Enhancing and expanding partnerships and merchandising relationships

Expected to Generate Highly Accretive Revenue and EBITDA

- Utilize strong cash flow to reinvest in the business, deleverage and pursue strategic acquisitions



FINANCIAL RESULTS



CONSOLIDATED FINANCIAL RESULTS

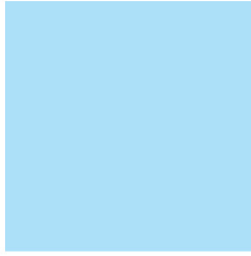
	Quarter Ended		Year Ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
(\$ in millions, except per share data)				
Net Revenue	\$ 214.8	\$ 196.2	\$ 850.4	\$ 776.2
Adjusted Gross Profit	\$ 73.8	\$ 80.8	\$ 279.4	\$ 326.9
Adjusted Gross Margin	34.3%	41.2%	32.9%	42.1%
Adjusted EBITDA	\$ 51.4	\$ 57.8	\$ 186.2	\$ 230.2
Adjusted EPS	\$ 0.17	\$ 0.17	\$ 0.54	\$ 0.63

- Net Revenue increase for the fourth quarter was driven by recently acquired breakfast brands and products (\$20.0 million) and a slight decline in organic net revenue driven by the mass retail channel offset by net revenue growth across various other channels.
- Adjusted gross margin decline for the fourth quarter is primarily the result of the negative margins of the Cloverhill Business (390 bps) and rising inflation (320 bps), both of which are being mitigated by current actions. Significant capital improvements completed in the fourth quarter of 2018 are expected to increase efficiency and profitability in 2019. We are also actively addressing inflation through a multi-faceted approach including price increases which have been sold-in and generally become impactful in Q1 2019.

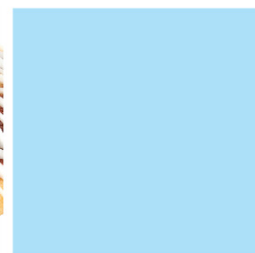


FULL-YEAR 2019 GUIDANCE

	2019 Guidance
(\$ in millions, except ratio, per share data and tax rate)	
Net Revenue	Growth well above the SBG Category
Adjusted EBITDA	\$200 - \$210
Adjusted EPS	\$0.57 - \$0.62
Leverage Ratio	3.5x - 3.7x
Cash Flow from Operations	\$150 - \$160
Capital Expenditures	\$30 - \$35
Effective Tax Rate	21% - 22%



APPENDIX





NON-GAAP RECONCILIATIONS

ADJUSTED GROSS PROFIT AND GROSS MARGIN

(\$ in millions)	Three Months Ended 12/31/18	Three Months Ended 12/31/17	Twelve Months Ended 12/31/18	Twelve Months Ended 12/31/17
Net revenue	\$ 214.8	\$ 196.2	\$ 850.4	\$ 776.2
Cost of goods sold	146.0	115.4	583.1	449.3
Gross profit	\$ 68.8	\$ 80.8	\$ 267.3	\$ 326.9
<i>Gross margin</i>	32.0%	41.2%	31.4%	42.1%
Non-GAAP adjustments:				
Acquisition and integration costs	4.8	—	10.1	—
Special employee incentive compensation	0.2	—	2.0	—
Adjusted gross profit	\$ 73.8	\$ 80.8	\$ 279.4	\$ 326.9
<i>Adjusted gross margin</i>	34.4%	41.2%	32.9%	42.1%



NON-GAAP RECONCILIATIONS

ADJUSTED EBITDA

\$ in millions	Three Months Ended 12/31/18	Three Months Ended 12/31/17	Year Ended 12/31/18	Year Ended 12/31/17
Net income	\$ 16.4	\$ 189.6	\$ 81.4	\$ 258.1
Non-GAAP adjustments:				
Income tax provision	3.6	(98.8)	13.0	(67.2)
Interest expense, net	10.3	9.5	39.4	39.2
Depreciation and amortization	10.0	9.6	41.4	38.2
Share-based compensation	1.4	(0.6)	5.6	7.4
Tax Receivable Agreement remeasurement and gain on buyout	(0.1)	(51.8)	(14.2)	(50.2)
Impairment of property and equipment, intangible assets and goodwill	3.3	—	4.7	1.0
Special employee incentive compensation	1.2	—	3.4	—
Acquisition and integration costs	5.1	—	10.4	—
Loss (gain) on debt modification	—	0.4	—	2.6
Loss (gain) on sale/abandonment of property and equipment and bakery	0.2	(0.1)	0.3	(0.1)
Other	—	—	0.8	1.4
Adjusted EBITDA	\$ 51.4	\$ 57.8	\$ 186.2	\$ 230.4



NON-GAAP RECONCILIATIONS

ADJUSTED NET INCOME ATTRIBUTABLE TO CLASS A STOCKHOLDERS AND ADJUSTED EPS

(in millions except share and per share data)	Three Months Ended 12/31/18	Three Months Ended 12/31/17	Twelve Months Ended 12/31/18	Twelve Months Ended 12/31/17
Net income attributed to Class A stockholders	\$ 11.8	\$ 179.7	\$ 62.9	\$ 223.9
Non-GAAP adjustments:				
Tax Receivable Agreement remeasurement and gain on buyout	(0.1)	(51.8)	(14.2)	(50.2)
Remeasurement of deferred taxes	(0.4)	(110.4)	(5.4)	(108.6)
Impairment of property and equipment, intangible assets and goodwill	3.3	—	4.7	1.0
Special employee incentive compensation	1.2	—	3.4	—
Acquisition and integration costs	5.1	—	10.4	—
Loss (gain) on debt modification	—	0.4	—	2.6
Loss (gain) on sale/abandonment of property and equipment and bakery shutdown costs (recoveries)	0.3	(0.1)	0.3	(0.1)
Tax impact of adjustments	(2.2)	(0.1)	(2.0)	(0.7)
Non-controlling interest allocation of adjustments	(2.2)	(0.1)	(4.3)	(1.1)
Adjusted net income attributed to Class A stockholders	\$ 16.8	\$ 17.6	\$ 55.8	\$ 66.8
Weighted average Class A shares outstanding-diluted	100,113,695	103,389,524	103,098,394	105,307,293
Adjusted EPS	\$ 0.17	\$ 0.17	\$ 0.54	\$ 0.63