



# EARNINGS PRESENTATION

Q2 2022

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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 February 23, 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.

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Non-GAAP Measures. This presentation includes non-GAAP financial measures, including Adjusted EBITDA, Adjusted Diluted EPS and Adjusted Operating Cash Flow, 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.

# Q2 2022

## Business Update

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**John Agwunobi**  
Chairman and CEO



## **KEY HIGHLIGHTS**

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- Herbalife Nutrition exceeds Q2 expectations for Net Sales, Adj.<sup>1</sup> EBITDA and Adj. <sup>1</sup> EPS
- Business trends and KPIs have stabilized compared to April levels
- Although New Member activity stabilized compared to April, keen focus on improving metric
- Pricing actions in most markets in mid-June largely drove Q2 top-line outperformance
- Q3 initiation of guidance includes impact from pull-forward of net sales into Q2
- Reaffirming FY 2022 guidance for Volume, Net Sales and Adj. EBITDA. Adj. EPS range lower by \$0.25, primarily due to unfavorable currency movement
- Launching Herbalife One – the cornerstone of Herbalife Nutrition’s new digital platform

**Q2 2022 RESULTS – FINANCIAL HIGHLIGHTS**

**Q2 2022  
Performance  
Exceeded  
Expectations**

**Net Sales**

**(10.3%)**

vs Q2 2021

**+12.3%**

vs Q2 2019

- Net Sales results above top end of guidance range
- Net Sales growth of 12.3% vs. last pre-pandemic Q2

**Adjusted<sup>1</sup> EBITDA**

**\$195M**

Q2 2022

**14.0%**

Q2 2022 Margin

- Executing on expense management initiatives

**Adjusted<sup>1</sup> EPS**

**\$0.96**

Q2 2022

**\$30M**

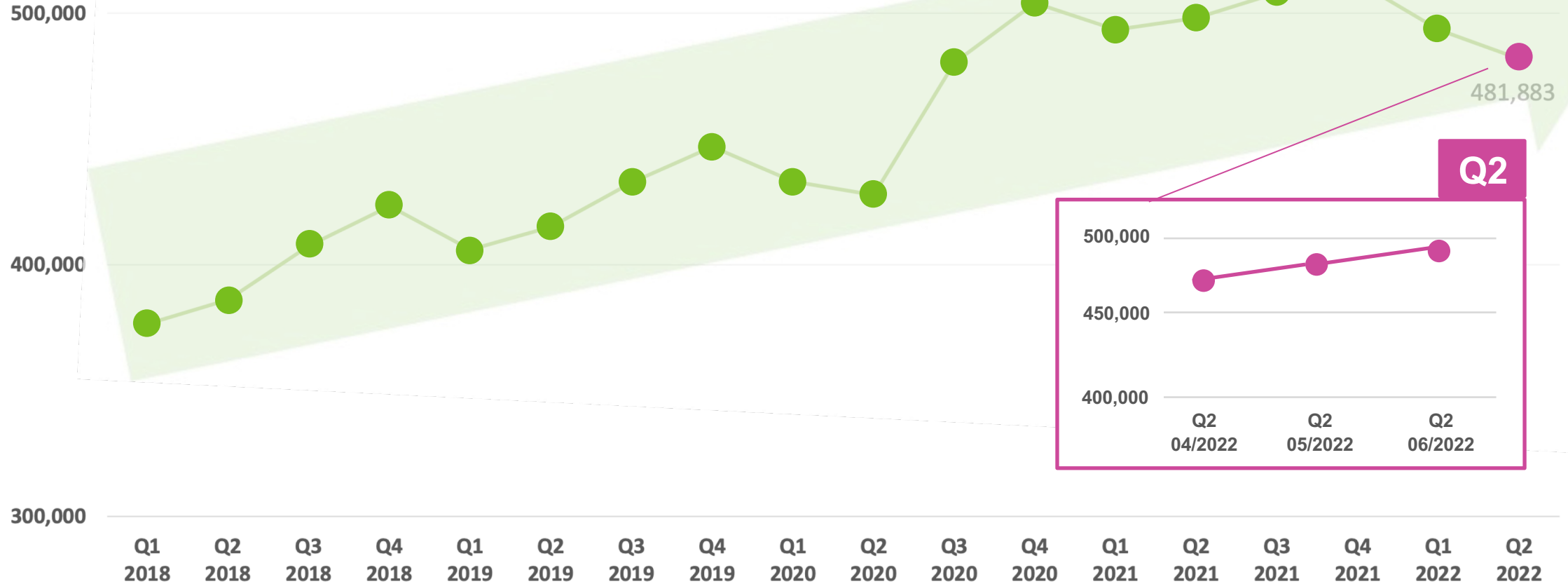
Q2 2022 Share Repurchase

- Shift in geo mix and one-time items increasing tax rate
- \$30M in share buyback while staying cash prudent given macro backdrop

“KPIs have stabilized...”

**ACTIVE SALES LEADERS HAVE SHOWN IMPROVEMENT COMPARED TO APRIL LEVELS**

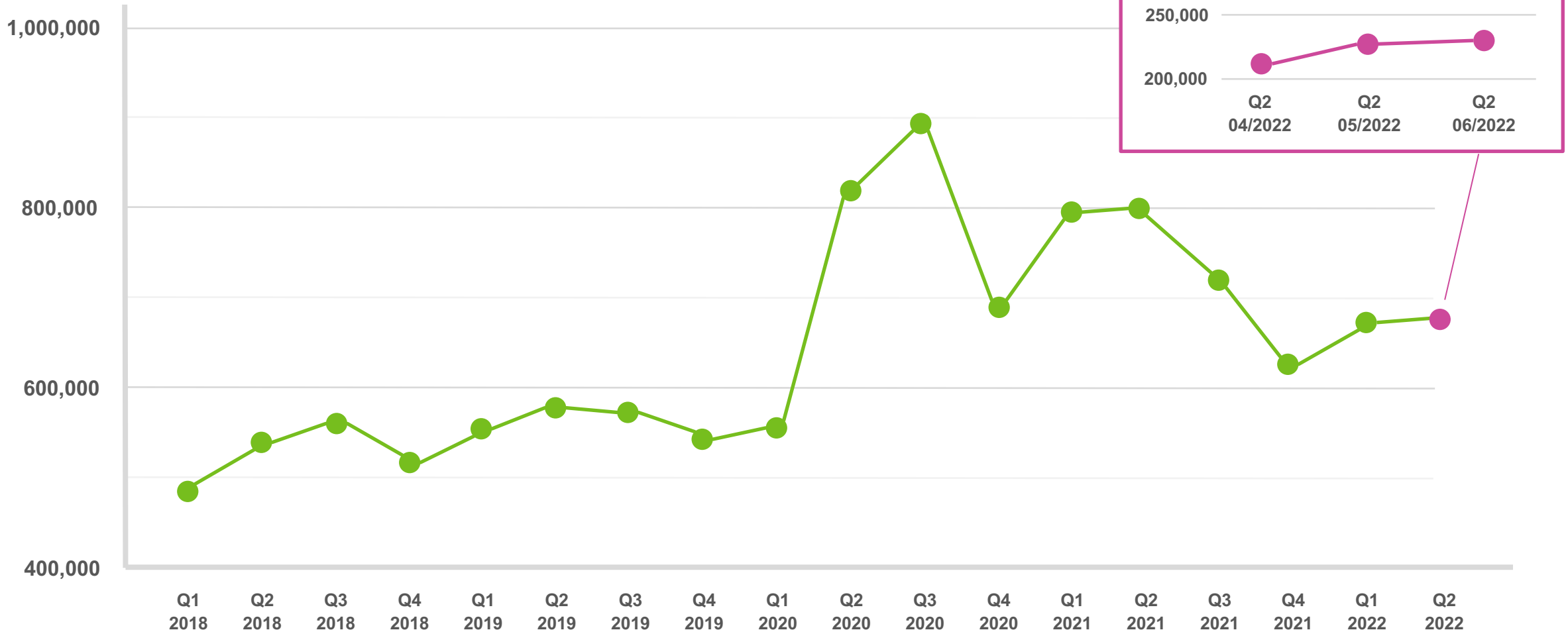
Active Sales Leaders



...but focused on New DS and PCs”

**NEW DS AND PCs HAVE SHOWN IMPROVEMENT COMPARED TO APRIL LEVELS**

New Distributors and Preferred Customers



**Q2**

# Positive Impacts Observed From April 2022 U.S. Event Attendance

## IN PERSON EVENTS DRIVING ENGAGEMENT

### Activity Rates

In Person Attendee vs Non-attendee

**+8 p.p.\***



Category	Improvement
Activity Rates (In Person Attendee vs Non-attendee)	+8 p.p.*

### Productivity

In Person Attendee vs Non-attendee

**+10%\***



Category	Improvement
Productivity (In Person Attendee vs Non-attendee)	+10%*

\*Improvement in May and June performance of those who attended April event in-person vs. non-attendees. Analysis based on a sample of similarly-matched distributors in both groups by volume and marketing plan level.



**Q2 REGIONAL SCORECARD**

	<b>Net Sales</b> <u>YoY%</u>	<b>Local Currency</b> <b>Net Sales</b> <u>YoY%</u>	<b>Net Sales</b> <u>% vs Q2 2019</u>
<b>APAC</b>	<b>+15%</b>	<b>+21%</b>	<b>+50%</b>
<b>NAM</b>	<b>(16%)</b>	<b>(16%)</b>	<b>+23%</b>
<b>EMEA</b>	<b>(21%)</b>	<b>(10%)</b>	<b>+10%</b>
<b>China</b>	<b>(41%)</b>	<b>(40%)</b>	<b>(45%)</b>
<b>Mexico</b>	<b>+4%</b>	<b>+4%</b>	<b>+2%</b>
<b>SAMCAM</b>	<b>(6%)</b>	<b>(3%)</b>	<b>(10%)</b>

**Q3 and FY 2022 GUIDANCE**

	<b>Three-Month Ending</b>		<b>Twelve-Month Ending</b>	
	<b>09/30/2022</b>		<b>12/31/2022</b>	
	Low	High	Low	High
Volume point growth vs 2021	<b>(14.0%)</b>	<b>(8.0%)</b>	<b>(12.5%)</b>	<b>(6.5%)</b>
Net sales growth vs 2021	<b>(9.0%)</b>	<b>(3.0%)</b>	<b>(10.0%)</b>	<b>(4.0%)</b>
Adjusted diluted EPS	<b>\$0.70</b>	<b>\$0.95</b>	<b>\$3.25</b>	<b>\$3.75</b>
Adjusted EBITDA (\$ millions)	<b>\$160</b>	<b>\$180</b>	<b>\$680</b>	<b>\$740</b>
CAP Ex (\$ millions)	<b>-</b>	<b>-</b>	<b>\$175</b>	<b>\$225</b>

# Herbalife One will be an integrated platform enabling seamless delivery of digital solutions



# Q2 2022

## Financial Performance and Outlook

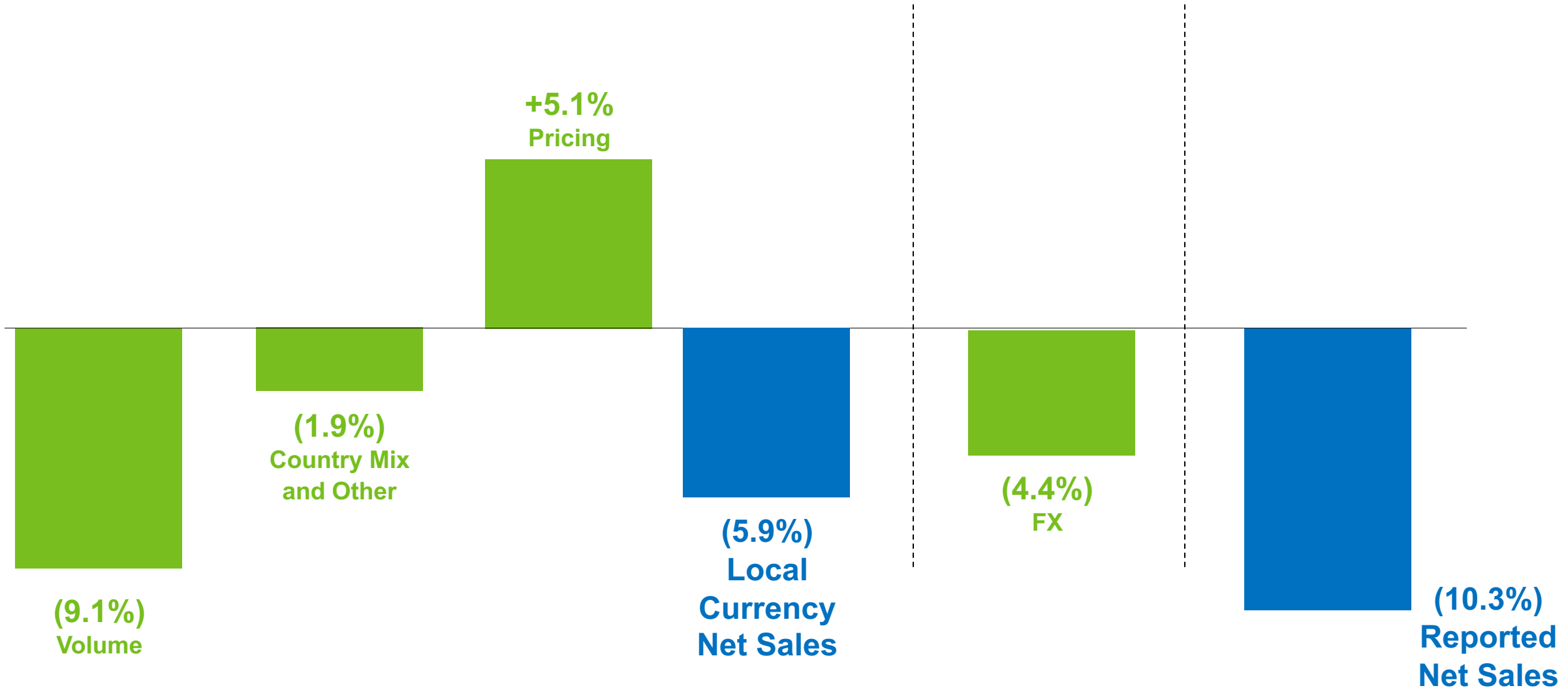
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**Alex Amezquita**  
CFO



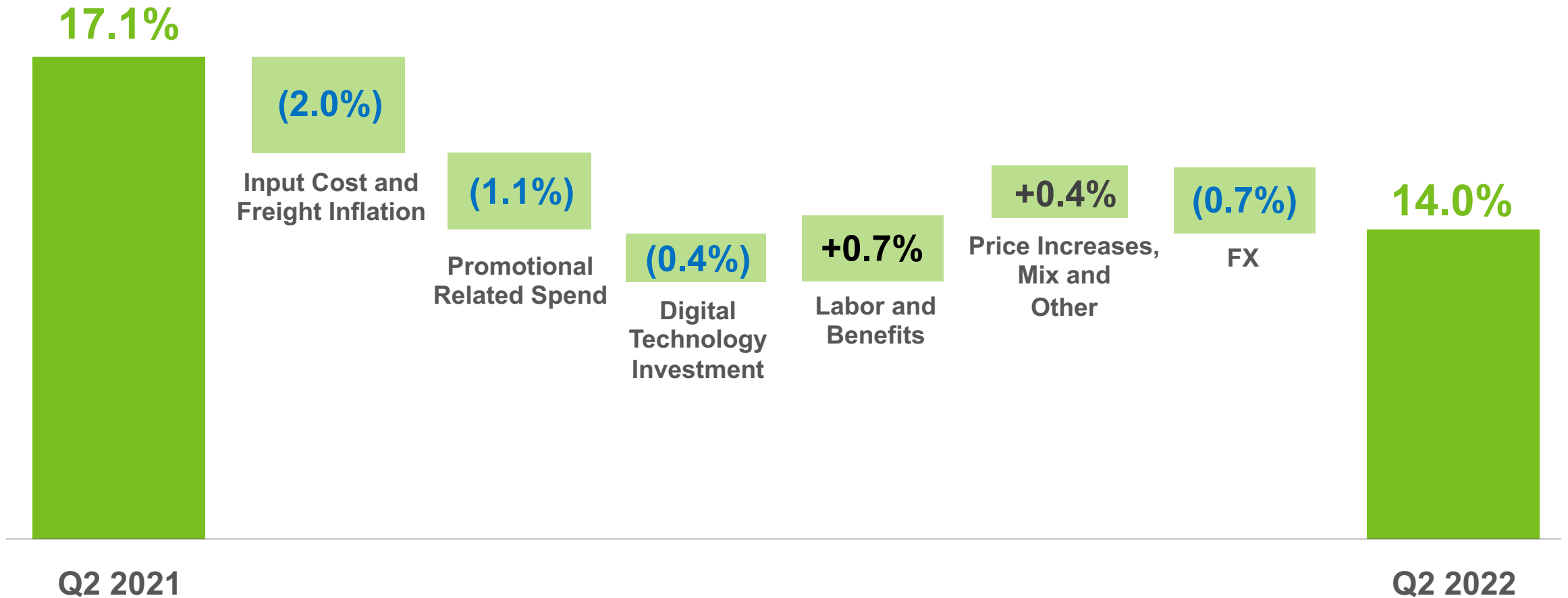
# Q2 Drivers of Net Sales Change (% Change vs Prior Year)

## NET SALES BRIDGE

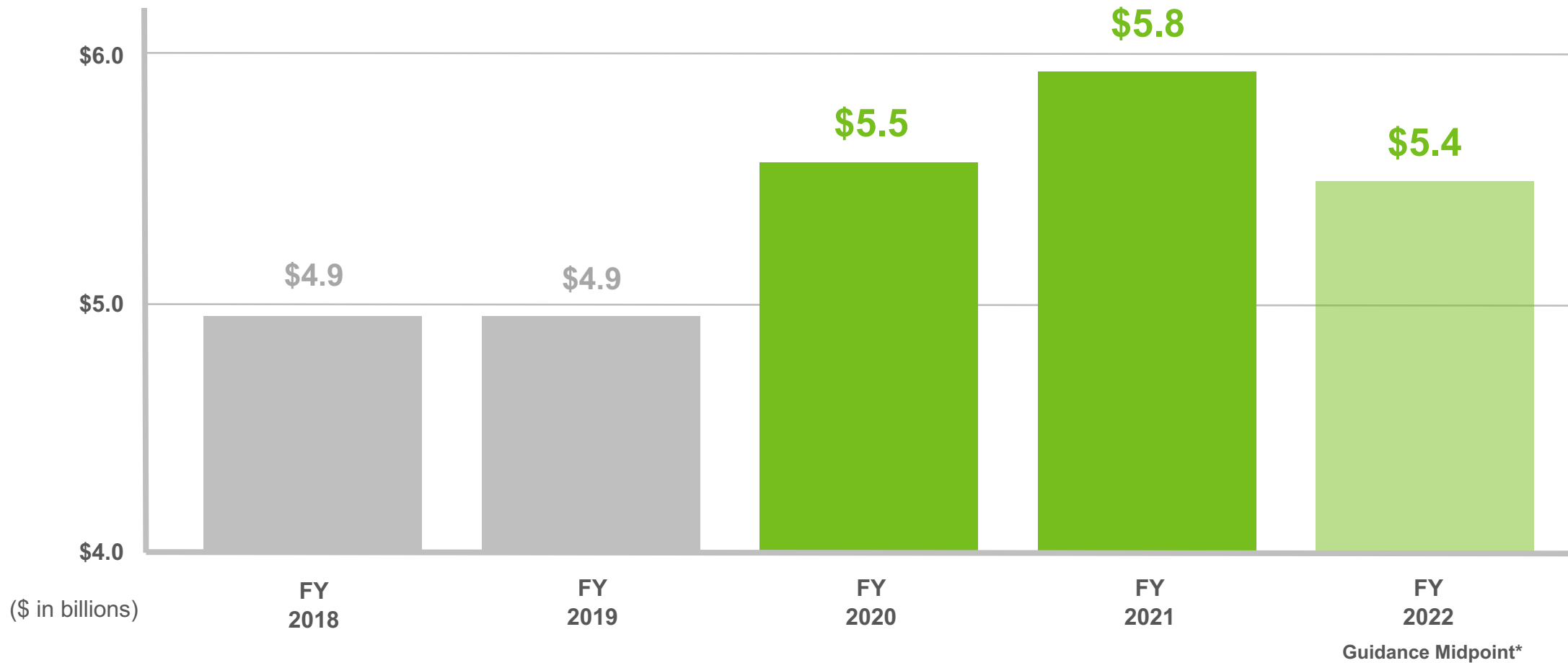


# Q2 Drivers of EBITDA Margin Change (% Change vs Prior Year)

## EBITDA MARGIN BRIDGE



**FINANCIAL UPDATE – HISTORIC NET SALES**



\*Figure based on guidance provided August 2, 2022.

## **CAPITAL ALLOCATION KEY MESSAGES**

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

- **Gross Leverage was 3.4x at the end of second quarter, above our target of 3.0x**
- **Reallocating \$50 million of cash from share repurchase to debt reduction in Q3**
- **We will resume the consistency in our share repurchase program in Q4**

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

- **2H 2022 operating cash flow forecast projected to be higher than 2H 2021**



## Q&A

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## **APPENDIX**

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**Reported Net Income to Adjusted EBITDA Bridge**

	Three Months Ended		Six Months Ended	
	6/30/22	6/30/21	6/30/22	6/30/21
	(in millions)			
Net income, as reported	\$ 86.5	\$ 144.2	\$ 184.7	\$ 291.6
Interest Expense, net	31.7	36.8	61.4	74.3
Income Taxes	37.6	32.3	62.8	69.9
Depreciation and amortization	29.4	27.1	58.6	53.5
<b>EBITDA</b>	<b>\$ 185.2</b>	<b>\$ 240.4</b>	<b>\$ 367.5</b>	<b>\$ 489.3</b>
Net expenses related to COVID-19 pandemic	1.6	4.5	3.3	9.3
Expenses related to transformation program	3.2	3.7	4.8	3.7
Russia-Ukraine conflict charges	5.4	-	5.4	-
Loss on extinguishment of debt	-	24.6	-	24.6
Non-income tax items, net	-	(7.4)	-	(7.4)
<b>Adjusted EBITDA</b>	<b>\$ 195.4</b>	<b>\$ 265.8</b>	<b>\$ 381.0</b>	<b>\$ 519.5</b>

**Reported EPS to Adjusted EPS Bridge**

	Three Months Ended		Six Months Ended	
	6/30/22	6/30/21	6/30/22	6/30/21
	(per share)			
Diluted earnings per share, as reported	\$ 0.88	\$ 1.31	\$ 1.84	\$ 2.63
Non-cash interest expense and amortization of non-cash issuance costs	-	0.05	-	0.10
Debt issuance costs related to the senior secured credit facility amendment	-	-	-	0.01
Net expenses related to COVID-19 pandemic	0.02	0.04	0.03	0.08
Expenses related to transformation program	0.03	0.03	0.05	0.03
Russia-Ukraine conflict charges	0.05	-	0.05	-
Loss on extinguishment of debt	-	0.22	-	0.22
Non-income tax items, net	-	(0.07)	-	(0.07)
Income tax adjustments for above items	(0.02)	(0.04)	(0.02)	(0.05)
Adjusted diluted earnings per adjusted share	\$ 0.96	\$ 1.55	\$ 1.96	\$ 2.97