

**Herbalife Nutrition Ltd.**  
**Moderator: Eric Monroe**  
**October 29, 2019**  
**2:30 p.m. PT**

OPERATOR: This is Conference #2178226

Operator: Good afternoon, and thank you for joining the Third Quarter 2019 Earnings Conference Call for Herbalife Nutrition Ltd. On the call today is Michael Johnson, the company's Chairman and CEO, John DeSimone, the company's Co-President and Chief Strategic Officer, Dr. John Agwunobi, the company's Co-President and Chief Health and Nutrition Officer, and Alex Amezquita, the company's Senior Vice President of Finance, Strategy and Investor Relations, and Eric Monroe, the company's Director, Investor Relations. I would now like to turn the call over to Eric Monroe to read the company's safe harbor language.

Eric Monroe: Before we begin, as a reminder, during this conference call, we may make forward-looking statements within the meaning of the federal securities laws. These statements are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those discussed or anticipated.

For a complete discussion of risks associated with these forward-looking statements in our business, we encourage you to refer to today's earnings release and our SEC filings, including our most recent annual report on Form 10-K and quarterly report on Form 10-Q.

Our forward-looking statements are based upon information currently available to us. We do not undertake any obligation to update or release any revisions to any forward-looking statement or to report any future events or

circumstances or to reflect the occurrence of unanticipated events, except as required by law.

In addition, during this call, certain financial performance measures may be discussed that differ from comparable measures contained in our financial statements prepared in accordance with U.S. generally accepted accounting principles, referred to by the Securities and Exchange Commission as non-GAAP financial measures.

We believe that these non-GAAP financial measures assist management and investors in evaluating our performance and preparing period-to-period results of operations in a more meaningful and consistent manner as discussed in greater detail in the supplemental schedules to our earnings release.

A reconciliation of these non-GAAP measures to the most comparable GAAP financial measures is included in our earnings press release submitted to the SEC. These reconciliations, together with additional supplemental information, are also available at the Investor Relations section of our website, [herbalife.com](http://herbalife.com).

Additionally, when management makes reference to volumes during this conference call, they are referring to volume points. I will now turn the call over to our Chairman and CEO, Michael Johnson.

Michael Johnson: Good afternoon, everyone. Thank you for joining us for our third quarter 2019 conference call. As you saw in our press releases today, we have some great news to show this quarter, and I'd like to start by congratulating two great executives and two really good friends, John Agwunobi, who will step into the role of CEO of Herbalife Nutrition, and John DeSimone, who will be our next President effective March 30, 2020. The board and I are really confident that we have the right people and the right team in place to lead the company into the future.

With Dr. Agwunobi's unique qualification and John DeSimone's extensive experience, we are well positioned to keep our positive momentum going. But before I go into more detail about our transition plan, I'd like to provide a brief update on our record third quarter results.

Third quarter volume points were an all-time high for our company, and we reported year-over-year net sales growth in 7 of our top 10 countries. As we projected last quarter, the trends in our China business improved in the third quarter and our recovery in that market is on track.

The strategies in China we discussed in detail on last quarter's call are progressing, and we continue to expect further improving trends in the fourth quarter. John DeSimone will provide an update on some of our initiatives in China, along with commentary on the other regions later in the call.

We believe this is a great moment in the history of Herbalife. We're reporting a record quarter and we're announcing the next leaders who we know will drive our business forward. We take our corporate succession planning very seriously and review our plans every year.

Since I stepped back into the role of CEO earlier this year, we have thoughtfully and carefully taken our time to ensure the company is in the most capable hands as we approach our 40th anniversary. The Board of Directors and I have worked with and know John and John personally, and we are convinced that they are the right leaders at the right time for this job.

With an accomplished and unique background as a physician, public health official and business leader, John Agwunobi embodies our company's vision, values and nutrition philosophy. He has dedicated his life to improving people's health and has a unique understanding of the synergies in the intersection of public health and the private sector.

Since joining our company in 2016 as Chief Health and Nutrition Officer, John has been an integral part of our business, with an impressive list of accreditations, including an MD, MBA and MPH and a commitment to innovation. Quality and science-backed nutrition has played an important role in moving the company forward, building on our reputation as a premier global nutrition company. John's background has been and will continue to be a tremendous asset to our company.

John started his career as a pediatrician before moving into public service, first as the Secretary of Health for the state of Florida and then as Assistant Secretary of Health for the U.S. Department of Health and Human Services where he oversaw the Centers for Disease Control, National Institutes of Health, and the FDA, among others.

He entered the corporate sector in a big way, overseeing the U.S. health and wellness division of the largest retailer in the world, Walmart. His responsibilities encompassed all pharmacy operations, including 4,000 retail pharmacies, as well as 2,500 optical centers in high-wear manufacturing labs, and more than 100 in-store medical clinics.

He also provided insights and advice that informed Walmart's position on health reform, public health advocacy, nutrition, employee wellness, and emergency response.

Here at Herbalife, John has collaborated with our distributors and their customers to ensure we are continually innovating in the areas of product development, technology, and sales. He has a deep and personal understanding of the opportunity we have to positively impact the health and wellness of our communities on a global scale, through our proven products and distributor network.

We have a unique opportunity here at Herbalife Nutrition, where we have two extremely talented individuals who are committed to the continued success of the company.

So today, we're also excited to announce that John DeSimone, Co-President and Chief Strategic Officer, will become President next March. John is a proven leader with an extraordinarily deep knowledge of our business, having spent more than a decade in leadership positions at Herbalife Nutrition.

In each of his 12 years with us, he has been responsible for the strategic function of our company and has played an integral role in our strategic direction. Specifically, John has been extensively involved in critical infrastructure strategies, including technology and seed to feed, bringing

approximately 65 percent of all product manufacturing in-house and ensuring the highest product quality standards.

He was also integral in working with our distributors to enhance the economical sustainability of their business, helping to improve our supervisor profitability and record high distributor retention rates.

For the 8.5 years he served as CFO, he is responsible for all financial departments, including accounting, tax, treasury, investor relations, and for the company's business strategy around the world, during which the company doubled in size. We are fortunate to have John serve as our President, partnering with the leadership team to continue to drive our strategy, execute our long-term growth plans, and help further our mission.

John Agwunobi and John DeSimone are an extraordinary team, a team built to lead our company into the future. For distributors, employees, and shareholders, this is really great news.

John, John and I will work closely together to ensure a seamless transition. As I said earlier, I know them both personally and I'm looking forward to the visionary leadership they'll bring to Herbalife Nutrition in the years to come.

These are truly exciting times at Herbalife Nutrition. My passion for our mission is stronger than ever. I'm looking forward to staying actively involved as Chairman of the Board and being part of all the great things that will come in our 40th year and beyond. Now let me hand over the call to our next CEO, Dr. John Agwunobi.

John Agwunobi: Thank you, Michael. On behalf of the entire Herbalife Nutrition community, I want to thank Michael for his vision, his leadership, and his dedication to our company. I look forward to continuing to work closely with him as I prepare for my new role.

In my current role as Co-President and Chief Health and Nutrition Officer, I've had the honor of working with an incredible team of trusted, proven executives, and I look forward to their continued leadership throughout this transition.

Together, we have developed key strategic initiatives in product, technology, and in finding ways to strengthen our distributor difference. These initiatives have helped to lay a solid foundation on which to grow the business for years to come.

Our business is strong, and our future is bright, and I look forward to continuing our positive trajectory for the benefits of our distributors and their customers, for all our employees and our shareholders.

Since I joined the company at the beginning of 2016, I've had the opportunity to spend time with distributors around the world and to learn firsthand how dedicated and passionate they are about our company and our mission to improve people's lives.

During my transition to CEO, I plan on continuing to learn from those talented distributor leaders all around the world. Last but certainly not least, I'm thankful to be continuing my close working relationship with John DeSimone in his new role as President. We've collaborated side-by-side as co-presidents for almost 2 years.

And besides being one of the smartest people I know, he's also been a trusted adviser and friend. I've learned so much from him. Our collective goal will be to provide strong visionary leadership to keep the positive momentum in our business going. And speaking of John DeSimone, I would now like to turn the call over to him.

**John DeSimone:** I want to start by thanking Michael for his leadership over the past 16-plus years. As we all know, Herbalife Nutrition would not be the company it is today without him, and we are honored he's staying on as Chairman of the Board. And I further believe this tremendous company is just getting started.

For nearly 2 years, I've had the pleasure of working alongside John as co-president. And in that time, not only have we become friends, but I've learned he's a visionary, whose experience and purpose is perfect for leading Herbalife Nutrition into the future. I'm looking forward to continuing to work with him to grow our incredible Nutrition business.

With the passion of our dedicated and talented employees and distributors, we have a great future ahead and I am happy to be part of these exciting times at Herbalife Nutrition.

Turning now to the third quarter, where we achieved an all-time record high volume point result, we continued to benefit from the geographic diversity we highlighted on our last quarter's call as the record results were achieved despite volume in China continuing to be impacted by the 100-day review.

Excluding China, volume points grew 5.2 percent in the quarter, net sales grew 6.1 percent and constant currency net sales grew by 8.3 percent. The 2-year stack volume point trend improved in 5 of 6 regions during the quarter.

In China, we saw material improvement in Q3 volume trends compared to the first half of the year. During the last 3 months, we announced our partnership with Tencent, which will help us significantly improve our digital capabilities with a focus on enabling our distributors to service more customers and sell more products.

Through this partnership, we recently launched a personal e-store for our service providers and sales reps on October 12, with expanded features for our e-commerce solution, including Instant Pay, automated product portfolio recommendations, as well as live chat. As you can tell, we are very excited about the future of this initiative, the next phase of which will be launched in the first half of 2020.

We also continue to leverage our China growth and impact investment program on strategic initiatives for long-term growth, including the partnership with the International Champions Cup soccer tournament, which was widely publicized in China and broadcast on CCTV during the quarter.

We will continue our strategic investments in the fourth quarter with a 25-city popup experience center along with the brand campaign, including outdoor and online video ads.

Moving to other key markets. The U.S. business had another strong quarter with year-over-year volume point growth of 7 percent, an acceleration in the year-over-year trend compared to Q2.

Growth in the U.S. continues to be supported by product line expansion and development of enhanced technology tools to support our distributors' businesses and optimize their customers' experiences.

Turning to Mexico, where volume points were down 7 percent in the quarter, but local currency net sales were down only 1.5 percent. This slight decline in local currency trends is off a difficult comp from Q3 last year, which had 13 percent local currency net sales growth.

The Asia Pacific region reported a 17 percent year-over-year increase in volume points. The region has set a new all-time record high in volume points. The broad-based growth in the region was led by India, Indonesia, Vietnam and South Korea, all of which grew by more than 20 percent year-over-year.

India volume increased by 27 percent during the quarter, and we added a record approximately 71,000 new preferred members. Indonesia volume was up 24 percent, Vietnam increased 31 percent, and Korea was up 20 percent. The comps for APAC continue to get more difficult in the fourth quarter as we lap 30 percent year-over-year growth from Q4 2018.

Looking at South and Central America, volume points declined 6 percent, which was a meaningful improvement from the 10 percent decline in Q2. The sequential improvement in trends was driven by Brazil, which we expect to continue to improve over the next couple of quarters.

Turning to EMEA, the region continued its pattern of consistent growth, which now totals 38 consecutive quarters, increasing 4 percent during the quarter. 8 of the top 12 countries in EMEA grew in Q3 2019 versus Q3 2018.

And despite a slowdown in the growth rate from last quarter, the 2-year stacked growth rate accelerated during the quarter. Volume point increases for the quarter were broad-based and led by South Africa, Spain, the Russian-

speaking markets, and Israel. I will now turn the call over to Alex to provide an update on the financials.

Alexander Amezquita: Thank you, John. Volume points for the third quarter were approximately \$1.5 billion, and as we previously stated, this was a new record high for the company.

Due to the strengthening U.S. dollar, foreign currency exchange rates continue to be a headwind. Third quarter net sales of \$1.2 billion increased slightly by 0.1 percent on a reported basis compared to the third quarter in 2018.

Adjusting for foreign exchange impact, net sales for the third quarter increased 2.4 percent over the same period in 2018. As John said earlier, excluding China, local currency net sales grew 8.3 percent in the quarter.

We reported net income of approximately \$81.5 million or \$0.58 per diluted share. Adjusted earnings per share of \$0.73 included expenses related to the China growth program of approximately \$5.8 million or \$0.03 per share. This result was above the high end of our guidance range of \$0.70 for the third quarter.

The impact of currency fluctuations represented a year-over-year headwind of approximately \$0.09 on results for the third quarter. Reported gross margin for the third quarter of 80.4 percent decreased by approximately 200 basis points compared to the prior year period.

The decrease was primarily driven by the unfavorable impact of foreign currency fluctuations, country mix, and the incremental tariff in Mexico, partially offset by the favorable impact of price increases. Note that the incremental but now discontinued tariff in Mexico will no longer be a drag on our gross profit beginning in the fourth quarter.

Third quarter 2019 reported and adjusted SG&A as a percentage of net sales were 40.2 percent and 38.5 percent, respectively. Excluding China member payments, adjusted SG&A as a percentage of net sales was 28.9 percent, approximately 20 basis points favorable to the third quarter 2018.

Our third quarter reported effective tax rate was approximately 28.1 percent, and our adjusted effective tax rate was 24.5 percent, which was lower than our expectations, primarily due to the favorable impact of country mix on our full year effective tax rate expectations magnified due to the year-to-date true-up within the quarter.

Now let me share updated guidance for 2019. Worldwide volume point guidance for 2019 has been updated to a range of 2.1 percent to 3.4 percent growth.

Net sales guidance for the full year has also been updated, and we are now expecting a range of down 1.2 percent to up 0.1 percent. This range is reflective of the volume point adjustments in country mix as well as approximately 330 basis points headwind from foreign currency fluctuation.

Full year reported diluted EPS is now estimated to be in the range of \$2.20 to \$2.40, and adjusted diluted EPS guidance is expected to be in the range of \$2.56 to \$2.76. Full year reported and adjusted diluted EPS include a currency headwind of approximately \$0.33 versus prior year, excluding the impact of Venezuela. Our effective tax rate guidance decreased to 30.6 percent to 33.6 percent on a reported basis and to 27 percent to 30 percent on an adjusted basis.

For the fourth quarter 2019, we estimate volume point growth in a range of 0.1 percent to 5.6 percent. Net sales are expected to be in the range of down 0.9 percent to up 4.6 percent, which includes approximately 140 basis points of currency headwind versus the prior year.

Fourth quarter reported diluted EPS is estimated to be in the range of \$0.41 to \$0.61 and adjusted diluted EPS to be in the range of \$0.48 to \$0.68. Reported and adjusted diluted EPS include a projected currency headwind of \$0.04 compared to the fourth quarter of 2018.

Moving ahead to our initial guidance for the full year 2020. Worldwide volume points are estimated to grow between 1 percent and 7 percent, with worldwide net sales of 1 percent to 7 percent on a reported basis, which includes approximately 250 basis points of headwind due to currency.

Constant currency net sales are expected to be in the range of 3.5 percent to 9.5 percent growth.

Full year 2020 guidance for reported diluted EPS is in a range of \$2.35 to \$2.85, with adjusted diluted EPS in the range of \$2.55 to \$3.05. Reported and adjusted diluted EPS include a projected currency headwind of \$0.15 compared to 2019.

Adjusted EPS guidance on a constant currency basis is in a range of \$2.70 to \$3.20. EPS guidance excludes the impact of any future expenses related to the China growth program, share repurchases, and excess tax benefits from equity exercises.

During the third quarter, we paid off \$675 million of debt from our convertible notes in cash and are now below our target leverage ratio of approximately 3x gross debt-to-EBITDA.

Separately, S&P Global Ratings raised its issuer credit rating on Herbalife Nutrition to BB- from B+ and assigned a stable outlook. We currently have \$715 million of cash on hand and \$1.5 billion in our share repurchase authorization. This concludes our prepared remarks. Operator, please open up the line for questions.

Operator: Yes, sir. If you would like to ask a question at this time, please press star then the number one on your telephone keypad. Again, that's star one. And our first question comes from Doug Lane of Lane Research.

Douglas Lane: Yes, hi. Good afternoon, everybody, and congrats, Dr. A and John on your new positions.

Male: Thanks, Doug.

Douglas Lane: Just starting on the outlook here, the volume point number in the third quarter, the outlook for the fourth quarter next year is spot on.

I mean, you mentioned China is improving, is a little bit better than I thought and the U.S. continues to show upside. But on the EPS line, it seems to be a

little bit softer than I may expected. So I was just wondering how much of that is currency versus are the spending initiatives that are going to be impacting margins going forward?

Alexander Amezquita: Hi, Doug, thanks for the question. So the \$0.13 of adjusted EPS beat, about \$0.06 of that is rolling through to our full year, the balance of it is really being impacted by currency and country mix. That's making up the lion's share of the 2019.

And as we go through into 2020, 2020 is again being impacted by currency pretty significantly. About (\$0.15) of currency headwind is anticipated for 2020. So again, we're in the sort of the same story that we've been now for some time. The strong dollar continues to get stronger and that's having a material impact on the EPS guidance.

Douglas Lane: So then just very high level, other than the Mexican VAT anniversary, there's no real bubbles going through the P&L as far as spending initiatives are concerned?

Alexander Amezquita: No. And if you look at our operating margin on a constant currency basis, 2019 is going to be flat to 2018, 2020 will be flat to 2019. So there isn't anything material to our operating margin, and in fact, some of the - you referenced the China marketing plan change - we're absorbing that and we're managing those expenses within the normal course.

Douglas Lane: OK, that's helpful. And then sort of sticking on spending but looking at the CapEx number, coming out of the year a lot lower than you were going into the year. I think you were coming in, looking for CapEx in the \$135 million to \$175 million range and you'll be below that.

And in your initial 2020 outlook, it's \$130 million to \$170 million, so back to another big number. I just wanted to know, is this -- it sounds like from the outside that you have a list of projects that you're wanting to get to and you're just not getting to them. Is that the way to look at it? Or what's really going on with CapEx?

Alexander Amezquita: Yes, I'd say 2019 was really a year of focus, so we began the year, as you know, with our normal benchmark. We typically, for preliminary guidance, guide to about 3 percent of our net sales.

And then as the year progresses and as priorities change and as the landscape change, we may focus our spend around that number. So this year was really a focused effort on a smaller number of high priority projects where we really had to use our resources to concentrate on those.

As we look to 2020, again, we go back to that placeholder number. And as the year progresses, we'll refine that as bandwidth as we unfold.

Douglas Lane: OK, thanks Alex.

Alexander Amezquita: And I should mention, you may have noticed just generally that our 10-Q is not yet available. I just wanted to make everyone aware that EDGAR is experiencing technical difficulties, which is causing our ability and some other filers to make submissions. So we're working with EDGAR to get that 10-Q filed as timely as possible, but it may not show up until tomorrow morning, provided EDGAR can work through their issues. So, just a general FYI.

Operator: Thank you. Our next question comes from Karru Martinson of Jefferies.

Karru Martinson: Good morning -- good afternoon, sorry. In terms of the improvement in China that we saw, how are you guys progressing on building out the pipeline of customers? I mean, with the 100-day slowdown, you kind of lost, I think, two cohorts essentially.

John DeSimone: Yes. So this is John. I'll take that question. When you look at new reps, which I think is the pipeline that you're talking about, that's what was lost during the 100-day campaign.

We saw a sequential improvement -- meaningful sequential improvement -- versus the trend from last year. But it's a long-term game. We are happy with the trends we're seeing in China. We expect that Q4's volume point trends will improve on Q3 and it will actually grow in Q1.

As you know, there was a lot of other initiatives in China that we announced. There was the Tencent platform, and the Tencent platform, which provides any e-commerce channel basically, through WeChat, for our sales reps and service providers to sell to their customers and that's a big deal, and that expands the product portfolio.

And we announced 23 kickoff meetings in December, which we expect to have higher attendance by meaningful -- a meaningful amount of additional attendees versus last year.

We have a 25-city popup going out. Think of it as almost like a Nutrition Club experience although it's not a Nutrition Club, but there's the 25-city popup experience going out in the fourth quarter. So I expect you'll see positive trends, versus where we are today, continue into the future.

Karru Martinson: OK. And the Tencent partnership, I realize this is very early since you launched the e-store and the WeChat initiative. What has been the initial feedback from your reps out in the field?

John DeSimone: Well, anecdotally, of course, it's very positive. We launched October 12 so let's level-set that this is really early. But I think importantly, it solves a few issues. One of the issues is the ability for sales reps, customers to order directly from the company, which over time, makes the company and the distributors less reliant on meetings. Another thing is it opens product portfolio up beyond some direct selling products.

There's also a component called Instapay that goes along with that, where sales reps can get paid instantly on transactions that their customers order directly from the company. So it's more income into their pockets immediately, so that's another big deal. So anecdotally, the feedback has been very positive. From a data standpoint, it's early.

Karru Martinson: OK. And just lastly, a housekeeping item. There's about \$5 million of tariffs in the inventory from the Mexico that roll off. Is there going to be any kind of a drag in the fourth quarter that we should see from that?

Alexander Amezquita: No, those incremental tariffs in Mexico are now rolled out of inventory, so there should be no impact to Q4.

Karru Martinson: Thank you very much guys, I appreciate it.

Operator: As a reminder, if you would like to ask a question, it's star one on your telephone keypad. Again, that's star one. And your next question comes from Beth Kite from Citi Research.

Beth Kite: Hi, everyone, and congratulations, Dr. Agwunobi. I'm so happy for you and to John as well on the new appointment.

John DeSimone: Thanks, Beth.

John Agwunobi: Thank you, Beth.

Beth Kite: Absolutely. I'd like to start, if we could, on local currency sales growth for 2020 and just thinking about the different drivers. To the extent you can, as I think about elements like growth in your sports and fitness line, traditional product innovation, as I understand it, a lot of better technology for both distributors and customers in the regions.

Momentum in certain markets, knowing, as John, you alluded to that some comps are going to get pretty tough in markets like India and Indonesia but are great, and pricing.

And maybe there are others, but can you just sort of help us suss-out because thinking about the midpoint, I think, is around 6.5 percent for 2020. What would sort of get you right in that midpoint? And then sort of what might pull you to the higher end of the range or result in a number at the lower end of the range?

Alexander Amezquita: Right. So the midpoint of our volume guidance is about 4 percent, which translates to a midpoint of our net sales guidance of about, on a constant currency basis, about 6.5 percent.

So there is going to be, just, based on mix and volume mix, there's going to be an increase to our constant currency net sales from just sheer volume mix.

And that primary -- the leverage from that primarily comes from China just outpacing the growth of the rest of the portfolio.

Obviously, in 2019, China is coming off of a lower base, so as we go into 2020, we would anticipate the growth in China probably exceeding, as we continue this recovery, exceeding the rest of the portfolio. So, that constant currency net sales leverage will come from that effect.

And then the currency headwind that we're anticipating is about 250 basis points. So we get to net sales performance about the same as where we are on volume growth. Pricing is factored in there. Generally pricing, for the most part, is about 2 percent of benefit that we're getting quarter-after-quarter, year-over-year. But the currency headwinds have far outpaced those pricing benefits.

Beth Kite: Perfect. And actually speaking of China then if we could -- that's really helpful though it's impact for next year sales growth. Two questions there, one, can you help us understand where we are in sort the ramp into a traditional scenario of sales meetings in the country?

And also, can you refresh us on where we stand in terms of the money you have that you haven't yet used of the China grant program? I think it got a little bit more again this quarter. So just curious, sort of as you end '19 and your plans for 2020, how and when and how much money you might be using there?

John DeSimone: Sure. I'll take the question on meetings and the quantity of attendees relative to last year. October was actually around 60 percent of last year, which is actually a little less than we were in July on the last call.

But October was the national holiday for the 70th anniversary of the Republic and so they're very cautious in that meeting. So, we'll see how November goes. But the performance, our performance in the quarter was not based on an acceleration of meetings beyond what we announced on the last quarter's call.

Alexander Amezquita: And on the China growth fund, we were -- you're correct. We did receive an additional \$6 million of grants in the past quarter so that gives us, in terms of funds remaining, about \$110 million remaining. We spent just under \$6 million this quarter and we'll continue to spend those funds as we move on here on technology branding, all the same things that we've articulated before.

John DeSimone: But I think you'll see a ramp-up next year versus what we spent this year, a meaningful ramp-up.

Beth Kite: Perfect, thanks. And then I guess my final a couple of questions are related. And I know we can't (do the key appreciate the) understanding there, given regarding the issue with EDGAR. But are anything about FCPA that you can share with us that is in the Q. And then, Alex, I also noted that you cited the cash balance.

Obviously, that was also with this quarterly report. So is there anything to (explore there) in terms of you got this new cash flow. Might you be able to do any buybacks in the fourth quarter or is that likely a 2020 event for a resumption of buybacks?

Alexander Amezquita: Well, those are related. So first, I will say, in the disclosure, and I know you don't have the 10-Q, but there has been no material change to our FCPA disclosure other than the fact that we indicated that we're continuing discussions with the regulatory bodies.

So when you get that, check that but that will be the delta between this quarter and last quarter. And as a result, that really doesn't change position that we are in today than where we were 3 months ago with respect to buyback activity.

Beth Kite: Perfect, all right. Thank you all so much.

Operator: And our next question comes from Stephanie Wissink of Jefferies.

Sebastian Barbero: Hi, it's Sebastian Barbero for Steph. Just a couple of questions. One on Mexico. Anything to call out here? How do you see the market moving in the next 3 to 6 months?

John DeSimone: Yes, it's a good question. Obviously, the comps get pretty difficult in Mexico. Actually, the 2-year stack improved in Q3 versus Q2. Mexico, as a reminder, in Q2 last year was up 4 percent and Q3, was up 9 percent.

Both Q2 and Q3 this year was down 7 percent. The down 7 percent is really driven by just less new -- it's new engagement, lower engagement activity that we just have to fix, and we've got a lot of different initiatives in Q4 and seeing slight improvement already.

So I think you'll see some sequential improvement in Q4 over where we are in Q3. I know there's a lot of excitement at the Extravanzas we saw a lot people in two different Extravanzas in Mexico. I think the motion, the engagement at the leadership levels is strong as I've seen in a long time. So, I expect that we can build off of that.

Sebastian Barbero: Got it, thanks. And one more on North America, growth is still very strong even against some strong comps. How do you see this as sustainable?

John DeSimone: Well, look, I think Nutrition Clubs are doing really well in the U.S. PCs is doing really well. Both are expanding. So, it's not just the financial metrics, the non-financial metrics are strong. It's built around sustainability.

So I suspect that the U.S. we'll continue to see strong numbers for the future, at least that's our expectation. We had record meeting attendance at Extravanza and in various LDWs. And so, the movement of the marketing plan is strong. It's almost -- it might be record-setting, it was last I looked at it. So, all signs still point to sustainable growth in the U.S.

Sebastian Barbero: Got it, thank you.

Operator: And we have no further questions at this time. I would now like to turn the call back to Michael Johnson for closing remarks.

Michael Johnson: Thanks, everybody. I appreciate you being on the call, for my, it's my penultimate investor call. It's really interesting to be in the seat where I am. When I came back, I labeled 3Ss as my goals. To get the company get sales

up, get succession done. For checkbox one, we're doing pretty well this quarter.

We've got more room to grow there. We absolutely know it. The 100-day issue in China hamstrung us a bit for the year, the amount and the impact that it had on operating income this year was pretty severe.

We have significant trade headwinds and trade winds, headwinds in currency, but we're finding a way to work our way out of both of those scenarios, very strong. So sales are up check.

Succession.; I don't think as a team, we could have done any better. John Agwunobi and John Desimone, frankly, are our dream team inside this company. The Board knows it, our distributors know it, the employees know it, too. So I think as an investor, and I'm a significant investor in this company, I couldn't be more pleased to introduce these two gentlemen to you today as the next generation of Herbalife.

Next year, we celebrate 40 years in Herbalife. Mark Hughes founded this company with a distributor-first philosophy and mentality. The success of this company is because we have embraced that, expanded it, and we will continue to do so.

So my hats off, congratulations, gentlemen, to you. Congratulations to all of us as shareholders because we have a great succession plan moving forward. So thank you all very much. Thanks for being on the call with us. We'll see you next quarter.

Operator: Ladies and gentlemen, this does conclude today's conference call. You may now disconnect. Thank you for your participation.

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