



Herbalife Nutrition CAGNY Presentation

February 2020



Disclaimer

This presentation contains "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements could include but are not limited to statements that identify uncertainties or trends or discuss the possible future effects of uncertainties or trends and statements regarding our future operations, financial condition and prospects. Although we believe that the expectations reflected in any of our forward-looking statements are reasonable, actual results 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, such as those disclosed or incorporated by reference in our filings with the Securities and Exchange Commission. Important factors that could cause our actual results, performance and achievements, or industry results to differ materially from estimates or projections contained in our forward-looking statements include, among others, the following:

- our relationship with, and our ability to influence the actions of, our Members;
- improper action by our employees or Members in violation of applicable law;
- adverse publicity associated with our products or network marketing organization, including our ability to comfort the marketplace and regulators regarding our compliance with applicable laws;
- changing consumer preferences and demands;
- the competitive nature of our business;
- regulatory matters governing our products, including potential governmental or regulatory actions concerning the safety or efficacy of our products and network marketing program, including the direct selling markets in which we operate;
- legal challenges to our network marketing program;
- the Consent Order entered into with the FTC, the effects thereof and any failure to comply therewith;
- risks associated with operating internationally and the effect of economic factors, including foreign exchange, inflation, disruptions or conflicts with our third-party importers, pricing and currency devaluation risks, especially in countries such as Venezuela;
- uncertainties relating to interpretation and enforcement of legislation in China governing direct selling and anti-pyramiding;
- our inability to obtain or maintain the necessary licenses for our direct selling business in China and elsewhere;
- adverse changes in the Chinese economy;
- our dependence on increased penetration of existing markets;
- any material disruption to our business caused by natural disasters, other catastrophic events, acts of war or terrorism, viral outbreaks and other similar epidemics or cybersecurity incidents;
- noncompliance by us or our Members with any privacy laws or any security breach by us or a third party involving the misappropriation, loss, or other unauthorized use or disclosure of confidential information;
- contractual limitations on our ability to expand our business;
- our reliance on our information technology infrastructure and outside manufacturers;
- the sufficiency of our trademarks and other intellectual property rights;
- product concentration;
- our reliance upon, or the loss or departure of any member of, our senior management team which could negatively impact our Member relations and operating results;
- U.S. and foreign laws and regulations applicable to our operations;
- uncertainties relating to the United Kingdom's vote to exit from the European Union;
- restrictions imposed by covenants in our existing indebtedness;
- risks related to the convertible notes;
- uncertainties relating to the application of transfer pricing, duties, value added taxes, and other tax regulations, and changes thereto;
- changes in tax laws, treaties or regulations, or their interpretation;
- taxation relating to our Members;
- product liability claims;
- our incorporation under the laws of the Cayman Islands;
- whether we will purchase any of our shares in the open markets or otherwise; and
- share price volatility related to, among other things, speculative trading and certain traders shorting our common shares.

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 hereof or to reflect the occurrence of unanticipated events.

Herbalife Nutrition Today

- Premier Global Nutrition Company
- Operations in **94 countries**
- Founded in **1980**
- Approximately **9,500 employees worldwide**
- Approximately **120 product** types and over **5,000 SKUs** worldwide
- **4 manufacturing facilities**, eight quality control labs, botanical extraction facility
- FY 2019 Net Sales of **\$4.9 billion**; EBITDA of \$681 million
- Returned approximately **\$5.1 billion** of capital to shareholders since 2007





and we're just getting started

Why Herbalife Nutrition?



**Growth
Company**



**Enormous Market
Opportunity**



**Competitive Advantage through
Distribution Channel**

**Product Portfolio Addressing
Global Consumer Trends**



**Geographic
Diversity**



Strong Cash Flow



Herbalife Nutrition:

Global network that provides customers with personalized nutrition solutions



Global Trends:

Obesity & Overweight

Fit & Active

Living Healthier

Herbalife Nutrition Products:

Weight Management



Sports Nutrition



Health & Wellness



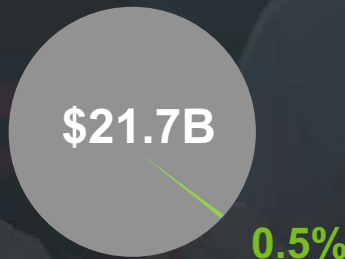
Attractive Industry and **Market Opportunity**

Weight Management



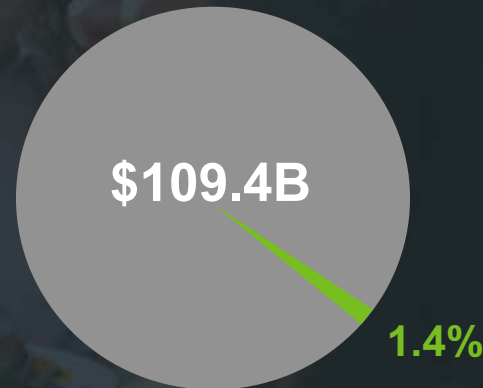
5-Yr Fwd CAGR: 5.2%

Sports Nutrition



5-Yr Fwd CAGR: 8.0%

Health & Wellness



5-Yr Fwd CAGR: 4.9%

Herbalife Nutrition Market Share

Source: Euromonitor 2019

1. Weight Management includes: Meal Replacement, Slimming Teas, Supplemental Nutrition Drinks, and Weight Loss Supplements
2. Health and Wellness includes: Vitamins and Dietary Supplements
3. Sports Nutrition includes: Sports Nutrition
4. CAGR Projections

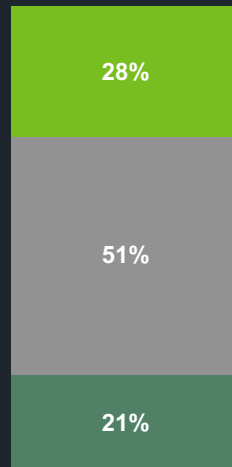
Consumer Profile

Opportunity to expand product portfolio to better align with consumer profile

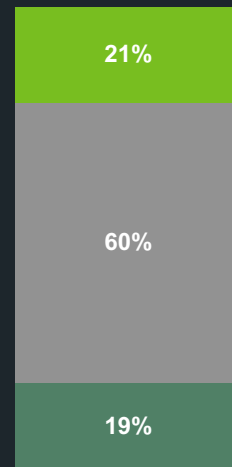
Source: Internal Study Conducted In 2015, Conducted in China, Korea, Taiwan, India, Indonesia, Italy, Mexico, Brazil, Colombia and Russia

Herbalife Nutrition Internal Sales Data

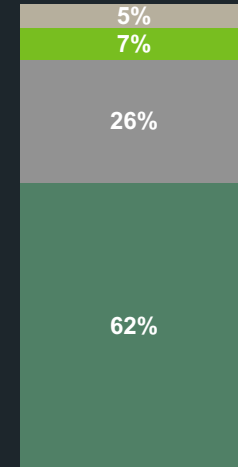
1. Industry Users



2. Herbalife Nutrition Users



3. Herbalife Nutrition Sales (2019)



■ Weight Management

■ Sports Nutrition & Fitness

■ Health & Wellness

■ Misc

Value of Distribution Channel

1. Frequent interaction
2. Results
3. Personal connection with customer
4. Hyper-localization
5. Brick and mortar fosters community



Nutrition Clubs Around the World

Approximate number of Nutrition Clubs
in major cities:

Iztapalapa, Mexico City: 750

Sao Paulo, Brazil: 400

Seoul, South Korea: 250

Shenzhen, China: 250

Tangerang, Indonesia: 250

Los Angeles, CA: 250

Chennai, India: 200

St. Petersburg, Russia: 100

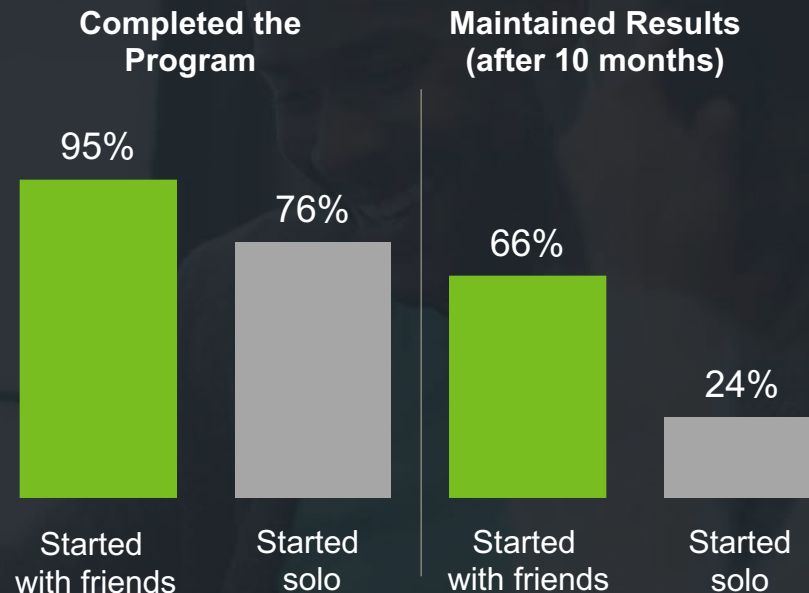


Strength of Social Support

- 70% agree a strong support system is critical to achieving diet goals

Source: Mintel Diet Trends September 2016

University of Pennsylvania Study



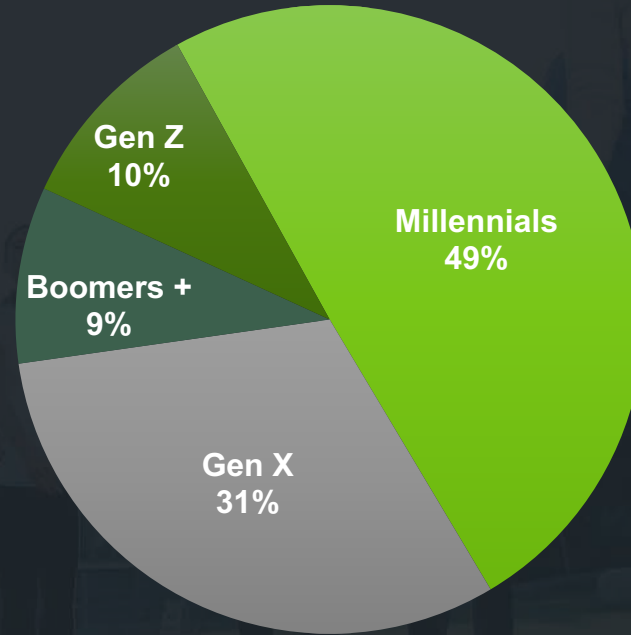
3X Success

Participants who started a weight loss program with a group after 10 months
Source: University of Pennsylvania study

Herbalife Nutrition New Distributors & Preferred Members

Attractive Demographic

59% of new Distributors
and Preferred Members
are **Gen Z / Millennials**



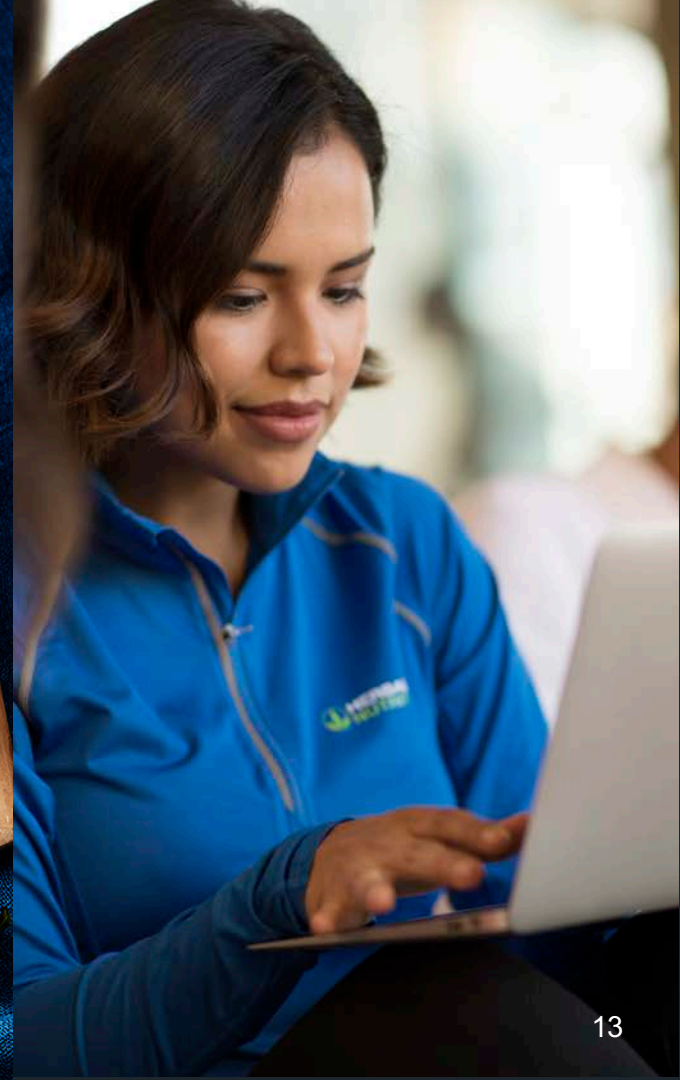
■ Millennials ■ Gen X ■ Boomers + ■ Gen Z

- Herbalife Nutrition Internal Data, FY 2019, WW excluding China

Key Growth Strategies

Further enhancing our
Distributor Difference
through:

1. Product Expansion
2. Technology Innovation



A background image showing various Herbalife products and fresh food. In the center is a white jar of 'Formula 1 Healthy Meal'. To its left is a glass of a light-colored shake with a purple and white striped straw. In the foreground, there's another jar of 'cookies 'n' cream galletas con crema' next to another glass of a similar shake. To the right, there's a bowl of green apples and a cluster of red cherry tomatoes. The entire scene is set on a light-colored surface.

Products

Product Portfolio Strategy:

New product launches addressing global consumer trends



PDM
Select



F1
Select



BCAA



Enhanced Protein
Powder



F1 Arroz
Con Leche



Active Fiber
Manzana



Shake Booster
New Mom



High Protein
Iced Coffee

Choice:
Clean Label / Non-GMO

Sports Nutrition

Localized Offerings

Expand Dayparts /
Fill Portfolio Gaps



Tri Blend
Select



F1 Clean Label
Reformulations



Achieve Bar



F1 Summer
Berries



F1
Kulfi



F1
Matcha



F1
Nutri Soup



F1 Evening
Shake

Expansion of H24 Sports Nutrition Line

FY 2018 vs. 2017 volume point growth


+18.0%

FY 2019 vs. 2018 volume point growth

+15.6%



Herbalife Nutrition Worldwide Internal Data, Herbalife24 Line

A man and a woman are sitting at a table outdoors, smiling and looking at a smartphone held by the man. The woman is pointing at the screen. They are both wearing casual clothing. The background is a blurred outdoor setting with buildings.

Technology

Technology Enables **High-Touch** through **High-Tech**

Technology Strategy



Distributor Scalability



Increase Distributor-to-Customer Connectivity



Enhance Customer Experience

Significant investment in front-end technology

Tools launched in 2019:



HN MyClub



ENGAGE



China

Financial Update

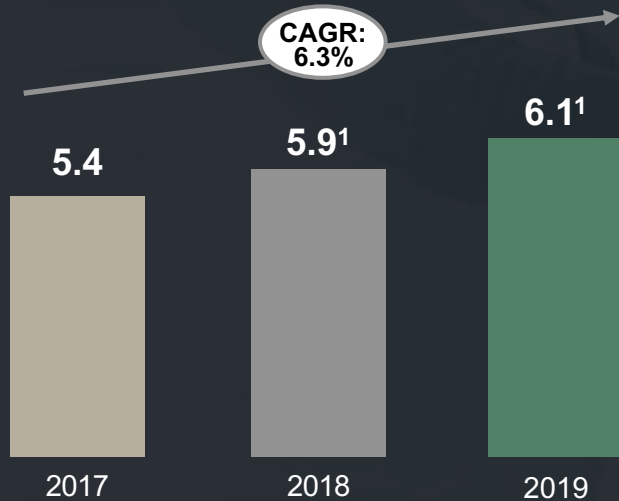
- Historical Performance
- Attractive Cash Flow
- Strong Record of Returning Cash to Shareholders
- \$1.5B Buyback Program



Historical Performance

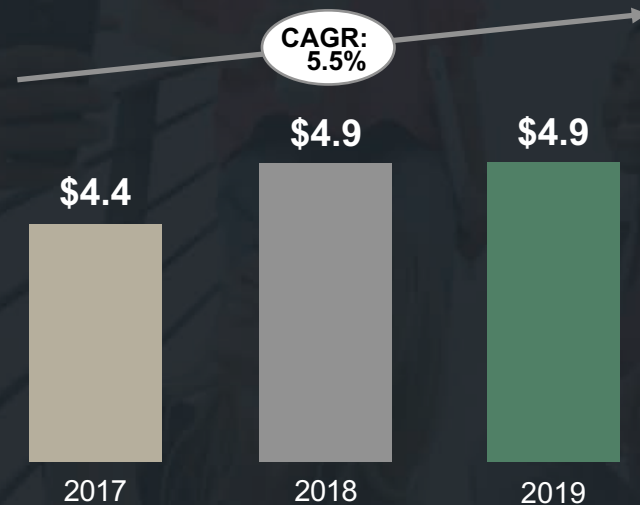
Volume*

(in Billions)



Net Sales

(in Billions)

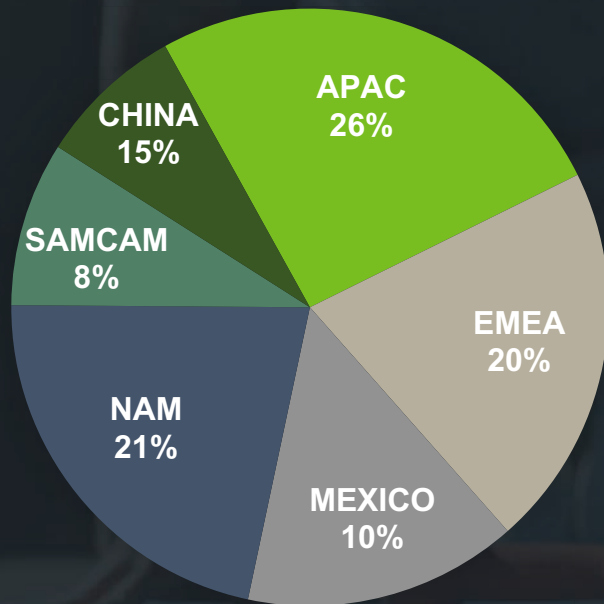


Source: Herbalife Nutrition Internal Sales Data

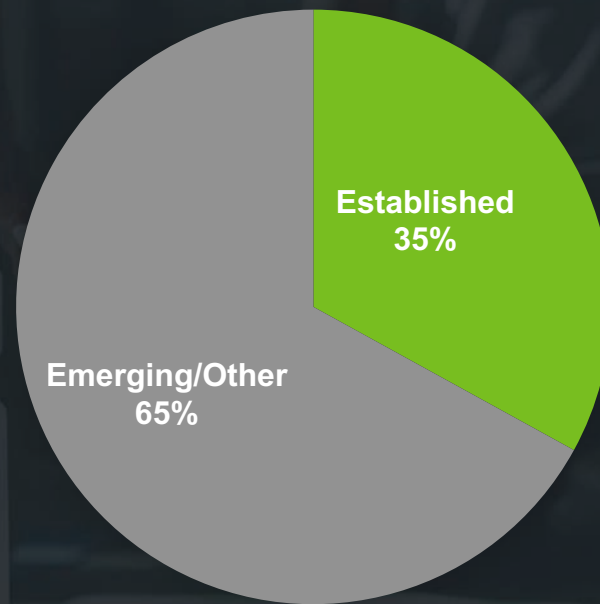
* Volume = Volume Points

¹ During 2018, the Company adjusted volume points values for certain products in North America and South & Central America

Geographic Diversity



■ APAC ■ EMEA ■ MEXICO
■ NAM ■ SAMCAM ■ CHINA



■ Established ■ Emerging/Other

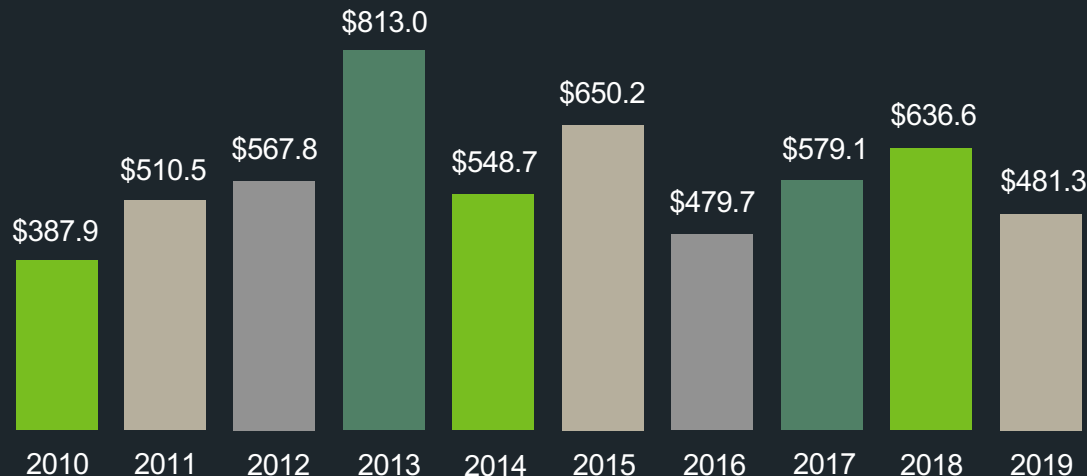
Net Sales as of FY 2019

Source: Internal Herbalife Nutrition Data

Established market definition: <https://www.msci.com/market-classification>

Powerful Cash Flow **Generation**

10-Year Adjusted¹ Operating Cash Flow (in Millions)



(2010-2019) 10-Year Cumulative
Adjusted¹ Operating Cash Flow:

\$6,338.0m

1. Non-GAAP Financial Measure. See the appendix of this presentation for a definition thereof and a reconciliation thereof to the most comparable GAAP measure.

Source: Internal Herbalife Nutrition Data

From 2010 – 2019: 80% of Uses of Cash returned value to shareholders

Capital Allocation Policy - **Disciplined** Approach

Debt Service



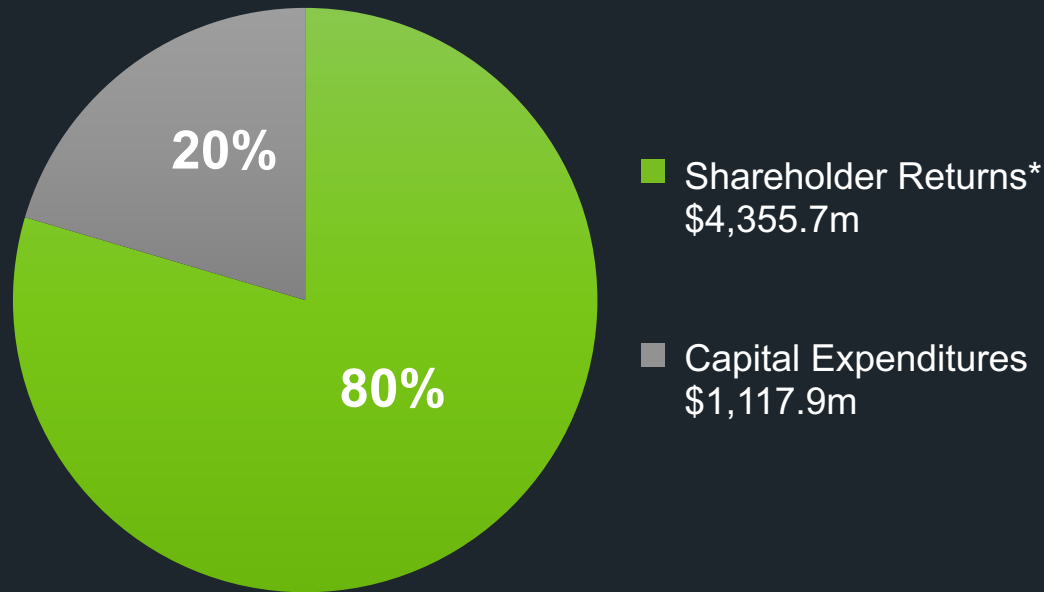
Internal Investments



External Investments



Return Cash to Shareholders



10-year cumulative uses of
cash (2010-2019) \$5,489.8m

Source: Internal Herbalife Nutrition Data

* Shareholder returns include share repurchases: \$3,927.9m and dividends: \$427.8m

Efficient Capital Structure

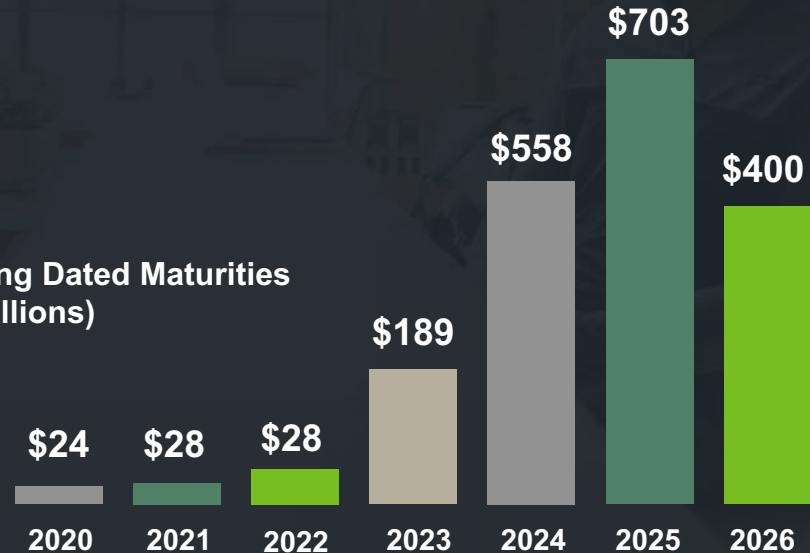
Current \$1.5 Billion,
5-Year Share Repurchase Program

Leverage Profile

- Cash: \$839.4m
- Debt: \$1,803.0m
- Net Debt¹: \$963.6m
- FY 2019 EBITDA (Rep.): \$681.5m
- FY 2019 Bank Adj.² EBITDA: \$839.2m
- Net Debt / Bank Adj.² EBITDA: 1.1x
- Gross Debt / Bank Adj.² EBITDA: 2.1x

**Target leverage ratio of approximately
3x Gross Debt / EBITDA**

Long Dated Maturities (Millions)



Note: As of Q4 2019

1. Non-GAAP Financial Measure. Calculated by total debt less cash.

2. Non-GAAP Financial Measure. See the appendix of this presentation for a definition thereof and a reconciliation thereof to the most comparable GAAP measure.

Source: Internal Herbalife Nutrition Data

Key Takeaways

- Growth Company
- Enormous Market Opportunity
- Distribution channel is our unique competitive advantage
- Product offerings align with global trends
- Geographic Diversity
- Strong and reliable cash flow with demonstrated discipline to return excess cash to shareholders

Growth company well positioned in the global trends of nutrition and health & wellness



HERBALIFE
NUTRITION

Herbalife Ltd.
Non-GAAP Reconciliation: Reported Net Income to Adjusted Operating Cash Flow (Levered)
(Dollars in Millions)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Reported Net Income	\$ 311.0	\$ 296.6	\$ 213.9	\$ 260.0	\$ 339.1	\$ 308.7	\$ 527.5	\$ 464.0	\$ 415.0	\$ 292.9
Expenses related to regulatory inquiries ⁽¹⁾	34.1	9.4	9.0	10.8	14.2	9.4	-	-	-	-
FTC Consent Order implementation	-	-	11.7	7.1	-	-	-	-	-	-
Expenses incurred responding to attacks on the Company's business model	-	-	3.8	9.1	13.8	16.6	24.5	-	-	-
China Grant Income	(22.5)	(21.2)	(36.2)	(24.4)	(4.6)	-	-	-	-	-
Income related to finalization of insurance recoveries	(5.9)	-	-	-	-	-	-	-	-	-
Regulatory Settlements	-	-	-	133.0	-	-	-	-	-	-
Debt issuance costs related to the senior secured credit facility amendment	0.9	-	-	-	-	-	-	-	-	-
Expenses incurred for the recovery of re-audit expenses	-	-	-	2.6	1.3	0.4	15.6	-	-	-
Arbitration award related to the re-audit	-	-	-	(25.8)	-	-	-	-	-	-
Manufacturing Equipment Recovery	-	-	-	-	(2.0)	-	-	-	-	-
Legal Settlement Reserve	-	-	-	-	(1.2)	10.9	-	-	-	-
Adjusted Net Income (Cash Impact)	\$ 317.6	\$ 284.8	\$ 202.2	\$ 372.4	\$ 360.6	\$ 346.0	\$ 567.6	\$ 464.0	\$ 415.0	\$ 292.9
Adjustments to reconcile net income to net cash provided by operating activities:										
Depreciation and amortization	97.7	100.4	99.8	98.3	98.0	93.2	84.7	74.4	71.9	68.6
Excess tax benefits from share-based payment arrangements	-	-	-	-	-	(10.4)	(15.6)	(29.7)	(26.2)	(8.9)
Share-based compensation expenses	38.6	35.5	42.1	40.2	44.9	45.7	29.5	27.9	24.1	23.0
Non-cash interest expense	43.7	63.8	60.2	55.7	56.2	43.5	2.6	1.8	1.9	0.5
Deferred income taxes	15.4	(8.1)	97.8	(36.4)	(38.2)	(84.8)	(24.9)	(7.8)	(21.3)	(33.3)
Inventory write-downs	19.1	17.4	20.7	15.8	25.3	24.5	29.8	11.4	-	-
Foreign exchange transaction loss	2.1	8.0	2.4	3.7	26.6	(6.2)	5.8	2.1	9.4	(7.1)
Foreign exchange loss and other changes relating to Venezuela	-	-	-	-	-	227.8	15.1	-	-	15.1
Loss on extinguishment of debt	-	48.5	-	-	-	-	-	-	-	-
Other	(7.9)	7.1	1.9	(11.7)	10.8	6.1	0.6	0.7	2.2	2.5
Changes in operating assets and liabilities:										
Receivables	(14.4)	2.8	(22.2)	-	(6.2)	6.0	9.2	(28.2)	(9.7)	(7.6)
Inventories	(68.6)	(83.3)	37.9	(71.6)	(30.5)	(99.4)	(54.8)	(93.6)	(84.9)	(31.5)
Prepaid expenses and other current assets	28.3	(5.1)	38.3	0.8	19.8	(34.9)	(9.4)	0.2	3.2	10.3
Accounts payable	0.1	21.7	(5.0)	(1.3)	6.0	(5.2)	10.8	17.0	15.4	6.7
Royalty overrides	11.5	22.8	6.0	20.9	21.6	6.7	28.8	41.9	44.0	15.7
Other current liabilities	(5.5)	106.8	(17.1)	12.4	73.5	21.1	134.8	85.2	75.8	41.0
Other	(13.6)	13.5	14.1	(19.5)	(18.2)	(31.0)	(1.6)	0.5	(10.3)	-
Adjusted Net Cash Provided by Operating Activities	\$ 464.1	\$ 636.8	\$ 579.1	\$ 479.7	\$ 650.2	\$ 548.7	\$ 813.0	\$ 567.8	\$ 510.5	\$ 387.9

⁽¹⁾ \$40.0m of legal accrual relating to the SEC and DOJ investigations is not included in the adjustments to net income as the amount is not paid as of December 31, 2019

Herbalife Nutrition Ltd.
Credit Agreement Reconciliation of Presentation Amounts to Reported Amount per US GAAP
(Dollars in Millions)

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	YTD December 2019
EBITDA					
Net Income	\$ 96.3	\$ 76.5	\$ 81.5	\$ 56.7	\$ 311.0
Interest expense, net	36.1	36.3	31.6	28.4	132.4
Taxes	39.1	46.2	31.8	23.3	140.4
Depreciation & Amortization	24.4	24.6	24.4	24.3	97.7
EBITDA	\$ 195.9	\$ 183.6	\$ 169.3	\$ 132.7	\$ 681.5
Interest income	6.3	6.1	5.1	3.1	20.6
EBITDA, including interest income	\$ 202.2	\$ 189.7	\$ 174.4	\$ 135.8	\$ 702.1
Expenses related to regulatory inquiries	14.5	17.7	1.9	41.4	75.5
Contingent value rights revaluation	(8.5)	(5.9)	(1.3)	-	(15.7)
Inventory write-down	5.3	6.4	6.2	1.2	19.1
Share-based compensation	10.6	9.9	9.2	8.9	38.6
Income related to finalization of insurance recoveries	(6.0)	-	-	-	(6.0)
Mexico VAT assessment	-	-	19.0	-	19.0
Other expenses ¹	6.2	1.7	(1.5)	0.2	6.6
Credit Agreement Adjusted EBITDA	\$ 224.3	\$ 219.5	\$ 207.9	\$ 187.5	\$ 839.2

EBITDA represents net income plus net interest expense, income taxes and depreciation and amortization. Credit Agreement Adjusted EBITDA represents EBITDA plus certain items permitted under our Senior Credit Facility.

¹ Other expenses include certain severance, non-cash bad debt expense, unrealized foreign currency gains and losses, and other non-cash items