

September 15, 2021



# Herbalife Nutrition Executive Team Shares Growth Strategies at 2021 Virtual Investor Day

LOS ANGELES--(BUSINESS WIRE)-- Herbalife Nutrition, a premier global nutrition company, today hosted a virtual investor day with presentations on the Company's growth outlook, and its long-term strategy. In addition to presentations from the Company's CEO, president and CFO, investors sat in on a fireside chat with other members of management, moderated by Jefferies Managing Director Stephanie Wissink. Highlights can be found in this release and a replay of the day's events along with a copy of the materials referenced will be available on September 15, 2021 on the Company's investor relations page at <https://ir.herbalife.com>.

This press release features multimedia. View the full release here: <https://www.businesswire.com/news/home/20210915005405/en/>

"With a renewed focus on driving shareholder value, our long-term strategy will open up a whole new chapter of growth," said John Agwunobi, Chairman and CEO of Herbalife Nutrition.

Agwunobi kicked off the day with an overview of the Company's strategy, long-term growth outlook, and focus on maximizing shareholder value. Then, the Company's President, John DeSimone detailed a number of key strategic objectives.

"Over the past four quarters, the U.S. generated approximately 3.4 million new customers, and we believe there is a huge opportunity to drive top-line growth by improving customer activity and retention rates by focusing on key strategies including new product innovation, nutrition club expansion, digital transformation, and efforts to enhance trust in our brand," said DeSimone.

- **Local Product Innovation** expands the Company's commitment to quality and product choice with a greater focus on local market product development. The Company's investment in science, manufacturing and improved speed to market has reduced the launch times for some new products by 22%.

Expanded local product development will enable the Company to develop products that resonate with local target audiences. The Company also expects to launch a vegan line next year as well as other clean label options.

- **Nutrition Club Expansion** is an important area of global growth for the Company. Nutrition Clubs, which are brick-and-mortar locations owned and operated by distributors, are rapidly expanding in number around the world.
  - The clubs create a sense of community and offer a location to consume products

and experience the value that our distributor coaches create. Currently, there are approximately 11,000 locations in the U.S. and more than 72,000 globally.

- In the U.S., single servings prepared at clubs represented approximately 33% of total U.S. sales in Q2 2021.
- **Digital Transformation.** The Company is investing significantly to provide distributors with knowledge, insights, and technology to help them be more efficient and more effective, grow their businesses and better connect with their customers. These technology investments will be designed to use data-driven capabilities to enable distributors to cross-sell and upsell in an intelligent way, while leveraging analytics and AI.
  - In the U.S., the Company captures virtually all customer transactions and currently has detailed information on more than 58.9 million customer transactions from the last four quarters. The Company plans to extend similar data gathering programs globally in order to better predict customer behaviors, which in turn will help improve customer experience, customer activity and retention.
- **Enhanced Trust in the Brand** is another important strategic focus as the Company focuses on further strengthening its reputation, respect and credibility in society.
  - A strategic refresh of the Company's brand reflecting the unique value proposition that the Company and its distributors present will be introduced at its large global distributor event in 2022
  - The Company's Environmental, Social, and Governance (ESG) strategy elevates its position as a leader in nutrition and in providing economic opportunities to expand the Company's commitment and impact related to important global issues.
  - A presentation highlighted the Company's effort to further strengthen its relationship with "Gen Z" and "Millennial" entrepreneurs. During the second quarter of 2021, two-thirds of our new distributors and preferred customers were GenZ or Millennials.

Executive presentations wrapped up with a financial presentation by Chief Financial Officer Alex Amezcua that included among other things insight into historical performance, global trends supporting organic net sales growth, and capital allocation.

The presentation explained why the Company expects long-term organic annual net sales growth in the mid to high-single digit range, believes annual adjusted EBITDA growth in the high-single digit range is achievable, and believes adjusted earnings per share growth is on track to be in the double-digit range. It is important to note that the growth rate estimates for net sales, adjusted EBITDA and adjusted diluted EPS assume a constant currency environment.

"Consumer demand for our nutrition products has created momentum in our business that puts us in a position of strength for long-term growth. This opportunity is reflected in our long-term growth algorithm which we believe presents an attractive investment opportunity for investors," said Amezcua.

The Company's capital allocation policy has enabled it to service its debt, invest for the future and return approximately \$5.6 billion dollars over the past 10 years.

The event concluded with a financial update and a live Q&A session with the Company's CEO, President and CFO. During the Q&A session, management confirmed that as part of its ongoing share repurchase program, the Company expects to repurchase more than \$200 million in shares in the third and fourth quarters, and that during the third quarter, approximately \$76.6 million in shares had been repurchased thus far.

Additionally, management provided the following volume points by region for the third quarter-to-date through August 31 during the Q&A session:

### REGIONAL VOLUME POINT METRICS

#### Third Quarter-to-Date Through August 31

Region	2021 (mil)	2020 (mil)	% Change
North America	298.0	349.7	-14.8%
Asia-Pacific	325.3	293.2	10.9%
EMEA	258.1	285.1	-9.5%
China	62.9	97.6	-35.6%
Mexico	144.4	159.3	-9.4%
South and Central America	82.4	98.4	-16.3%
<b>Worldwide</b>	<b>1,171.1</b>	<b>1,283.3</b>	<b>-8.7%</b>

#### Year-to-Date Through August 31

Region	2021 (mil)	2020 (mil)	% Change
North America	1,269.3	1,198.1	5.9%
Asia-Pacific	1,305.3	1,055.6	23.7%
EMEA	1,127.8	1,028.5	9.7%
China	270.4	366.9	-26.3%
Mexico	576.9	582.6	-1.0%
South and Central America	332.3	334.1	-0.5%
<b>Worldwide</b>	<b>4,882.0</b>	<b>4,565.8</b>	<b>6.9%</b>

Trends through the first part of September have been consistent with that seen in the first two months of the quarter.

The Company's third quarter ending September 30, 2021 is still ongoing and although the interim third quarter results and updated third quarter and full year 2021 guidance discussed herein, during the Company's investor day presentation earlier today and in the Company's press release dated September 13, 2021 reflect some interim third quarter information, the Company has not begun the quarter-end process of compiling, analyzing and finalizing the full results for the quarter. The Company's independent registered public accounting firm has not reviewed any of the interim third quarter information. As such, there can be no assurance that reported results will be in the ranges specified. The Company expects to report its final results for the third quarter of 2021 on November 2, 2021.

### **About Herbalife Nutrition Ltd.**

Herbalife Nutrition (NYSE: HLF) is a global company that has been changing people's lives with great nutrition products and a business opportunity for its independent distributors since 1980. The Company offers high-quality, science-backed products, sold in over 90 countries by entrepreneurial distributors who provide one-on-one coaching and a supportive community that inspires their customers to embrace a healthier, more active lifestyle. Through the Company's global campaign to eradicate hunger, Herbalife Nutrition is also committed to bringing nutrition and education to communities around the world.

### **Forward-Looking Statements**

*This release contains "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. 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, many of which are beyond our control. Additionally, many of these risks and uncertainties are, and may continue to be, amplified by the COVID-19 pandemic. Important factors that could cause our actual results, performance and achievements, or industry results to differ materially from estimates or projections contained in or implied by our forward-looking statements include the following:*

- *the potential impacts of the COVID-19 pandemic on us; our Members, customers, and supply chain; and the world economy;*
- *our ability to attract and retain Members;*
- *our relationship with, and our ability to influence the actions of, our Members;*
- *our noncompliance with, or improper action by our employees or Members in violation of, applicable U.S. and foreign laws, rules, and regulations;*
- *adverse publicity associated with our Company or the direct-selling industry, 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 and industry;*
- *legal and regulatory matters, including regulatory actions concerning, or legal challenges to, our products or network marketing program and product liability claims;*

- *the Consent Order entered into with the FTC, the effects thereof and any failure to comply therewith;*
- *risks associated with operating internationally and in China;*
- *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, cybersecurity incidents, pandemics and/or other acts by third parties;*
- *noncompliance by us or our Members with any privacy laws, rules, or regulations or any security breach involving the misappropriation, loss, or other unauthorized use or disclosure of confidential information;*
- *contractual limitations on our ability to expand or change our direct-selling business model;*
- *our reliance on our information technology infrastructure and manufacturing facilities and those of our outside manufacturers;*
- *the sufficiency of our trademarks and other intellectual property;*
- *product concentration;*
- *our reliance upon, or the loss or departure of any member of, our senior management team;*
- *restrictions imposed by covenants in the agreements governing our indebtedness;*
- *risks related to our convertible notes;*
- *changes in, and uncertainties relating to, the application of transfer pricing, customs duties, value added taxes, and other tax laws, treaties, and regulations, or their interpretation;*
- *our incorporation under the laws of the Cayman Islands; 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.*

#### **Non-GAAP Measures**

*The Company has included in this release adjusted diluted EPS and adjusted EBITDA, performance measures that the Securities and Exchange Commission defines as “non-GAAP financial measures.” Management believes that such non-GAAP financial measures, which exclude the impact of certain unusual or non-recurring items, when read in conjunction with the Company’s reported results, calculated in accordance with GAAP, can provide useful supplemental information for investors because they facilitate a period to period comparative assessment of the Company’s operating performance relative to its performance based on reported results under GAAP, while isolating the effects of some items that vary from period to period without any correlation to core operating performance and eliminate certain charges that management believes do not reflect the Company’s operations and underlying operational performance. The Company’s definition and calculation of adjusted diluted earnings per share and adjusted EBITDA may not be comparable to similarly titled measures used by other companies because other companies may not calculate them in the same manner as the Company does and should not be viewed in isolation from nor as alternatives to diluted EPS or net income calculated in accordance with GAAP.*

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