# Hain Celestial Reports Second Quarter Fiscal Year 2019 Financial Results

February 7, 2019

**Updates Fiscal Year 2019 Guidance**

LAKE SUCCESS, N.Y., Feb. 7, 2019 /PRNewswire/ -- The Hain Celestial Group, Inc. (Nasdaq: HAIN) ("Hain Celestial" or the "Company"), a leading organic and natural products company with operations in North America, Europe, Asia and the Middle East providing consumers with A Healthier Way of Life™, today reported financial results for the second quarter ended December 31, 2018. The results contained herein are presented with the Hain Pure Protein operating segment being treated as a discontinued operation given the Company's previously announced decision to divest the business.

"We are creating a new strategic direction to take Hain Celestial to the next level of performance," commented Mark L. Schiller, Hain Celestial's President and Chief Executive Officer. "Although we are not satisfied with our near-term performance, we are starting to see sequential improvement in our numbers and are working diligently to restore profitable growth in the United States, while continuing our profit momentum in the United Kingdom and Europe. My team and I have been in similar situations during our previous roles, which gives us confidence in our abilities to execute Hain Celestial's business transformation. We believe we have a core set of high margin brands, with mainstream potential, competing in fast-growing categories, and we plan to simplify our business in order to focus more resources towards these high potential opportunities to seek to deliver attractive returns to stockholders."

**FINANCIAL HIGHLIGHTS[1]**

**Summary of Second Quarter Results from Continuing Operations[2]**

- Net sales decreased 5% to $584.2 million compared to the prior year period, or a 4% decrease on a constant currency basis. When adjusted for Foreign Exchange and Acquisitions, Divestitures and certain other items, including the Project Terra Stock Keeping Unit ("SKU") rationalization[3], net sales would have decreased 1% compared to the prior year period.
- Gross margin of 19.6%, a 210 basis point decrease over the prior year period; adjusted gross margin of 20.3%, a 240 basis point decrease over the prior year period as a result of planned higher trade and promotional investments and increased freight and commodity costs in the United States.
- Operating loss of $15.4 million compared to operating income of $31.0 million in the prior year period; adjusted operating income of $29.9 million compared to $49.5 million in the prior year period.
- Net loss of $29.3 million compared to net income of $43.1 million in the prior year period; adjusted net income of $15.0 million compared to $33.6 million in prior year period.
- EBITDA of $19.2 million compared to $53.3 million in the prior year period; Adjusted EBITDA of $44.9 million compared to $67.7 million in the prior year period.
- Loss per diluted share of $0.28 compared to earnings per diluted share ("EPS") of $0.41 in the prior year period; adjusted EPS of $0.14 compared to $0.32 in the prior year period.

**SEGMENT HIGHLIGHTS FROM CONTINUING OPERATIONS**

**Hain Celestial United States**
Hain Celestial United States net sales in the second quarter decreased 4% over the prior year period to $259.2 million; when adjusted for Acquisitions, Divestitures and certain other items including the Project Terra SKU rationalization[3], net sales would have decreased 1%. The decline in the United States segment was primarily driven by declines in the Pantry and Better-For-You Baby platforms, partially offset by an increase in the Better-For-You Snack platform. United States net sales were also impacted by the previously disclosed strategic decision to no longer support certain lower margin SKUs. Segment operating income in the second quarter was $7.2 million, a 67% decrease from the prior year period, and adjusted operating income was $13.4 million, a 57% decrease over the prior year period, driven primarily by higher planned trade investments to drive future period growth and increased freight and commodity costs.

**Hain Celestial United Kingdom**
Hain Celestial United Kingdom net sales in the second quarter decreased 5% to $225.3 million over the prior year period, or 1% after adjusting for Foreign Exchange, Acquisitions and Divestitures and certain other items[3]. The results for the United Kingdom segment reflect an 8% decline in Hain Daniels, or a decline of 4% after adjusting for Foreign Exchange, Acquisitions and Divestitures and certain other items[3], primarily driven by declines from the New Covent Garden Soup Co.®, Hartley's® and Cully & Sully® brands, offset in part by growth in the Linda McCartney® and Sun-Pat® brands. The net sales decrease in the United Kingdom segment was partially offset by 2% growth from Tilda® while Ella's Kitchen® was relatively flat, or increased 6% and 3%, respectively, after adjusting for Foreign Exchange, Acquisitions and Divestitures and certain other items[3]. Segment operating income was $14.7 million, an 8% increase over the prior year period, and adjusted operating income was $18.1 million, an increase of 11% over the prior year period.

**Rest of World**
Rest of World net sales in the second quarter decreased 8% to $99.7 million over the prior year period, or 3% after adjusting for Foreign Exchange, Acquisitions and Divestitures and certain other items[3]. Net sales for Hain Celestial Canada decreased 12%, or 7% after adjusting for Foreign Exchange, Acquisitions and Divestitures and certain other items[3], primarily driven by declines from the

Europe's Best® and Dream® brands and private label sales, offset in part by growth from the Yves Veggie Cuisine®, Live Clean® and Tilda® brands. Net sales for Hain Celestial Europe were relatively flat, or increased 3% on a constant currency basis, primarily driven by strong performance from the Joya® brand and private label sales, offset in part by declines from the Danival®, Lima® and Dream® brands. Net sales for Hain Ventures, formerly known as Cultivate Ventures, decreased 17%, or 14% after adjusting for Foreign Exchange, Acquisitions and Divestitures and certain other items[3], primarily driven by declines from the Blueprint®, Westsoy®, SunSpire® and DeBoles® brands, offset in part by growth from the Health Valley® and Yves Veggie Cuisine® brands. Segment operating income in the second quarter was $8.4 million, a $2.2 million decrease over the prior year period. Adjusted operating income was $9.3 million, an 18% decrease over the prior year period.

**Hain Pure Protein Discontinued Operations**

As previously disclosed on May 5, 2018, the results of operations, financial position and cash flows related to the operations of the Hain Pure Protein business segment have been moved to discontinued operations in the current and prior periods. The Company continues to make substantial progress and expect to complete the divestiture of the Hain Pure Protein operating segment in the coming months. Net sales for Hain Pure Protein in the second quarter were $147.2 million, a decrease of 7% compared to the prior year period. Segment operating loss in the second quarter was $59.6 million and included a $54.9 million pre-tax non-cash impairment charge.

**Fiscal Year 2019 Guidance**

The Company updated its annual guidance for continuing operations for fiscal year 2019:

- Total net sales of $2.320 billion to $2.350 billion, a decrease of approximately 4% to 6% as compared to fiscal year 2018.
- Adjusted EBITDA of $185 million to $200 million, a decrease of approximately 22% to 28% as compared to fiscal year 2018.
- Adjusted EPS of $0.60 to $0.70, a decrease of approximately 40% to 48% as compared to fiscal year 2018.

Guidance, where adjusted, is provided on a non-GAAP basis and excludes acquisition-related expenses; integration charges; restructuring charges, start-up costs, consulting fees and other costs associated with Project Terra; costs associated with the CEO Succession Agreement; unrealized net foreign currency gains or losses, accounting review and remediation costs and other non-recurring items that may be incurred during the Company's fiscal year 2019, which the Company will continue to identify as it reports its future financial results. Guidance also excludes the impact of any future acquisitions and divestitures.

The Company cannot reconcile its expected Adjusted EBITDA to net income or adjusted earnings per diluted share to earnings per diluted share under "Fiscal Year 2019 Guidance" without unreasonable effort because certain items that impact net income and other reconciling metrics are out of the Company's control and/or cannot be reasonably predicted at this time.

[1] This press release includes certain non-GAAP financial measures, which are intended to supplement, not substitute for, comparable GAAP financial measures. Reconciliations of non-GAAP financial measures to GAAP financial measures are provided herein in the tables "Reconciliation of GAAP Results to Non-GAAP Measures."

[2] Unless otherwise noted all results included in this press release are from continuing operations.

[3] Refer to "Net Sales Growth at Constant Currency and Adjusted for Acquisitions, Divestitures and Other" provided herein.

**QTD TABLE Q2 FY19**

| (unaudited and dollars in thousands) | United States | United Kingdom | Rest of World | Corporate/ Other | Total |
|---|---|---|---|---|---|
| **NET SALES** | | | | | |
| Net sales - Three months ended 12/31/18 | $ 259,155 | $ 225,338 | $ 99,663 | $ - | $ 584,156 |
| Net sales - Three months ended 12/31/17 | $ 270,303 | $ 238,201 | $ 107,728 | $ - | $ 616,232 |
| % change - FY'19 net sales vs. FY'18 net sales | (4.1)% | (5.4)% | (7.5)% | | (5.2)% |
| **OPERATING INCOME/(LOSS)** | | | | | |
| Three months ended 12/31/18 | | | | | |
| Operating income (loss) | $ 7,180 | $ 14,655 | $ 8,374 | $ (45,596) | $ (15,387) |
| Non-GAAP adjustments (1) | 6,257 | 3,429 | 953 | 34,624 | 45,263 |
| Adjusted operating income | $ 13,437 | $ 18,084 | $ 9,327 | $ (10,972) | $ 29,876 |
| Operating income (loss) margin | 2.8% | 6.5% | 8.4% | | (2.6)% |
| Adjusted operating income margin | 5.2% | 8.0% | 9.4% | | 5.1% |
| Three months ended 12/31/17 | | | | | |
| Operating income | $ 21,861 | $ 13,598 | $ 10,535 | $ (15,029) | $ 30,965 |
| Non-GAAP adjustments (1) | 9,109 | 2,740 | 866 | 5,791 | 18,506 |
| Adjusted operating income | $ 30,970 | $ 16,338 | $ 11,401 | $ (9,238) | $ 49,471 |
| Operating income margin | 8.1% | 5.7% | 9.8% | | 5.0% |
| Adjusted operating income margin | 11.5% | 6.9% | 10.6% | | 8.0% |

**YTD TABLE Q2 FY19**

| (unaudited and dollars in thousands) | United States | United Kingdom | Rest of World | Corporate/ Other | Total |
|---|---|---|---|---|---|
| **NET SALES** | | | | | |
| Net sales - Six months ended 12/31/18 | $ 503,140 | $ 443,915 | $ 197,934 | $ - | $ 1,144,989 |
| Net sales - Six months ended 12/31/17 | $ 533,962 | $ 460,646 | $ 210,843 | $ - | $ 1,205,451 |
| % change - FY'19 net sales vs. FY'18 net sales | (5.8)% | (3.6)% | (6.1)% | | (5.0)% |
| **OPERATING INCOME/(LOSS)** | | | | | |
| Six months ended 12/31/18 | | | | | |
| Operating income (loss) | $ 9,350 | $ 18,675 | $ 16,210 | $ (83,726) | $ (39,491) |
| Non-GAAP adjustments (1) | 11,737 | 10,074 | 2,299 | 66,120 | 90,230 |
| Adjusted operating income | $ 21,087 | $ 28,749 | $ 18,509 | $ (17,606) | $ 50,739 |
| Operating income (loss) margin | 1.9% | 4.2% | 8.2% | | (3.4)% |
| Adjusted operating income margin | 4.2% | 6.5% | 9.4% | | 4.4% |
| Six months ended 12/31/17 | | | | | |
| Operating income | $ 42,722 | $ 23,199 | $ 19,532 | $ (25,247) | $ 60,206 |
| Non-GAAP adjustments (1) | 11,392 | 6,075 | 866 | 7,047 | 25,380 |
| Adjusted operating income | $ 54,114 | $ 29,274 | $ 20,398 | $ (18,200) | $ 85,586 |
| Operating income margin | 8.0% | 5.0% | 9.3% | | 5.0% |
| Adjusted operating income margin | 10.1% | 6.4% | 9.7% | | 7.1% |

*(1) See accompanying table of "Reconciliation of GAAP Results to Non-GAAP Measures"*

**Webcast Presentation**

Hain Celestial will host a conference call and webcast today at 8:30 AM Eastern Time to discuss its results and business outlook. Additionally, the Company is scheduled to host an Investor Day on Wednesday, February 27, 2019. These events will be webcast, and any accompanying presentation will be available under the Investor Relations section of the Company's website at www.hain.com.

**About The Hain Celestial Group, Inc.**

The Hain Celestial Group (Nasdaq: HAIN), headquartered in Lake Success, NY, is a leading organic and natural products company with operations in North America, Europe, Asia and the Middle East. Hain Celestial participates in many natural categories with well-known brands that include Almond Dream®, Arrowhead Mills®, Bearitos®, Better Bean®, BluePrint®, Casbah®, Celestial Seasonings®, Clarks™, Coconut Dream®, Cully & Sully®, Danival®, DeBoles®, Earth's Best®, Ella's Kitchen®,Europe's Best®, Farmhouse Fare™, Frank Cooper's®, Gale's®, Garden of Eatin'®, GG UniqueFiber™, Hain Pure Foods®, Hartley's®, Health Valley®, Imagine™, Johnson's Juice Co.™, Joya®, Lima®, Linda McCartney® (under license), MaraNatha®, Mary Berry (under license), Natumi®, New Covent Garden Soup Co.®, Orchard House®, Rice Dream®, Robertson's®, Rudi's Gluten-Free Bakery™, Rudi's Organic Bakery®, Sensible Portions®, Spectrum® Organics, Soy Dream®, Sun-Pat®, Sunripe®, SunSpire®, Terra®, The Greek Gods®, Tilda®, Walnut Acres®, WestSoy®, Yorkshire Provender®, Yves Veggie Cuisine® and William's™. The Company's personal care products are marketed under the Alba Botanica®, Avalon Organics®, Earth's Best®, JASON®, Live Clean® and Queen Helene® brands.

**Safe Harbor Statement**

Certain statements contained in this press release constitute "forward-looking statements" within the meaning of federal securities laws, including the Private Securities Litigation Reform Act of 1995. Forward-looking statements are predictions based on expectations and projections about future events and are not statements of historical fact. You can identify forward-looking statements by the use of forward-looking terminology such as "plan", "continue", "expect", "anticipate", "intend", "predict", "project", "estimate", "likely", "believe", "might", "seek", "may", "will", "remain", "potential", "can", "should", "could", "future" and similar expressions, or the negative of those expressions, or similar words or phrases that are predictions of or indicate future events or trends and that do not relate solely to historical matters. You can also identify forward-looking statements by discussions of the Company's strategic initiatives, including Project Terra, the Company's potential divestiture of its Hain Pure Protein business, the Company's Guidance for Fiscal Year 2019 and our future performance and results of operations.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, levels of activity, performance or achievements of the Company, or industry results, to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements, and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods that may be incorrect or imprecise and may not be able to be realized. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all). Such factors, include, among others, the Company's beliefs or expectations relating to the impact of competitive products, changes to the competitive environment, changes to consumer preferences, our ability to manage our supply chain effectively, changes in raw materials, freight, commodity costs and fuel, consolidation of customers, reliance on independent distributors, general economic and financial market conditions, risks associated with our international sales and operations, our ability to execute and realize cost savings initiatives, including, but not limited to, cost reduction initiatives under Project Terra and SKU rationalization plans, our ability to identify and complete acquisitions or divestitures and integrate acquisitions, the availability of organic and natural ingredients, the reputation of our brands and the other risks detailed from time-to-time in the Company's reports filed with the United States Securities and Exchange Commission, including the Annual Report on Form 10-K for the fiscal year ended June 30, 2018, and our quarterly reports. As a result of the foregoing and other factors, the Company cannot provide any assurance regarding future results, levels of activity and achievements of the Company, and neither the Company nor any person assumes responsibility for the accuracy and completeness of these statements. All forward-looking statements contained herein apply as of the date hereof or as of the date they were made and, except as required by applicable law, the Company disclaims any obligation to publicly update or revise any forward-looking statement to reflects changes in underlying assumptions or factors of new methods, future events or other changes.

**Non-GAAP Financial Measures**

This press release and the accompanying tables include non-GAAP financial measures, including net sales adjusted for the impact of Foreign Exchange, Acquisitions and Divestitures and certain other items, including SKU rationalization, as applicable in each case, adjusted operating income, adjusted gross margin, adjusted net income, adjusted earnings per diluted share, EBITDA, Adjusted EBITDA and operating free cash flow. The reconciliations of these non-GAAP financial measures to the comparable GAAP financial measures are presented in the tables "Reconciliation of GAAP Results to Non-GAAP Measures" for the three and six months ended December 31, 2018 and 2017 and in the paragraphs below. Management believes that the non-GAAP financial measures presented provide useful additional information to investors about current trends in the Company's operations and are useful for period-over-period comparisons of operations. These non-GAAP financial measures should not be considered in isolation or as a substitute for the comparable GAAP measures. In addition, these non-GAAP measures may not be the same as similar measures provided by other companies due to potential differences in methods of calculation and items being excluded. They should be read only in connection with the Company's Consolidated Statements of Operations presented in accordance with GAAP.

The Company defines Operating Free Cash Flow as cash provided by or used in operating activities from continuing operations (a GAAP measure) less capital expenditures. The Company views Operating Free Cash Flow as an important measure because it is one factor in evaluating the amount of cash available for discretionary investments.

For the three and six months ended December 31, 2018 and 2017, Operating Free Cash Flow from continuing operations was calculated as follows:

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | 12/31/2018 | 12/31/2017 | 12/31/2018 | 12/31/2017 |
| | (unaudited and dollars in thousands) | | | |
| Cash flow provided by (used in) operating activities - continuing operations | $ 17,240 | $ 29,472 | $ (1,013) | $ 28,390 |
| Purchases of property, plant and equipment | (18,992) | (13,451) | (41,539) | (24,685) |
| Operating Free Cash Flow - continuing operations | $ (1,752) | $ 16,021 | $ (42,552) | $ 3,705 |

The Company's Operating Free Cash Flow from continuing operations was negative $1.8 million for the three months ended December 31, 2018, a decrease of $17.8 million from the three months ended December 31, 2017. The Company's Operating Free Cash Flow from continuing operations was negative $42.6 million for the six months ended December 31, 2018, a decrease of $46.3 million from the six months ended December 31, 2017. This decrease resulted primarily from a decrease in net loss adjusted for non-cash charges and increased capital expenditures in the current year, offset in part by cash provided by working capital accounts.

The Company believes presenting net sales at constant currency provides useful information to investors because it provides transparency to underlying performance in the Company's consolidated net sales by excluding the effect that foreign currency exchange rate fluctuations have on period-to-period comparability given the volatility in foreign currency exchange markets. To present this information for historical periods, current period net sales for entities reporting in currencies other than the U.S. dollar are translated into U.S. dollars at the average monthly exchange rates in effect during the corresponding period of the prior fiscal year, rather than at the actual average monthly exchange rate in effect during the current period of the current fiscal year. As a result, the foreign currency impact is equal to the current year results in local currencies multiplied by the change in average foreign currency exchange rate between the current fiscal period and the corresponding period of the prior fiscal year.

The Company provides net sales adjusted for constant currency, acquisitions and divestitures, and certain other items including SKU rationalization, as applicable in each case, to understand the growth rate of net sales excluding the impact of such items. The Company's management believes net sales adjusted for such items is useful to investors because it enables them to better understand the growth of our business from period-to-period.

The Company defines EBITDA as net (loss) income from continuing operations (a GAAP measure) before income taxes, net interest expense, depreciation and amortization, equity in net loss (income) of equity-method investees, stock-based compensation expense in connection with the Succession Plan, long-lived asset and intangible impairments and unrealized currency gains and losses. Adjusted EBITDA is defined as EBITDA before acquisition-related expenses, including integration and restructuring charges, and other non-recurring items. The Company's management believes that these presentations provide useful information to management, analysts and investors regarding certain additional financial and business trends relating to its results of operations and financial condition. In addition, management uses these measures for reviewing the financial results of the Company as well as a component of performance-based executive compensation.

For the three and six months ended December 31, 2018 and 2017, EBITDA and Adjusted EBITDA from continuing operations was calculated as follows:

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | 12/31/2018 | 12/31/2017 | 12/31/2018 | 12/31/2017 |
| | (unaudited and dollars in thousands) | | | |
| Net (loss) income | $ (66,501) | $ 47,103 | $ (103,926) | $ 66,949 |
| Net (loss) income from discontinued operations | (37,223) | 3,973 | (51,547) | 5,206 |
| Net (loss) income from continuing operations | $ (29,278) | $ 43,130 | $ (52,379) | $ 61,743 |
| Provision (benefit) for income taxes | 4,690 | (17,690) | (4,793) | (10,206) |
| Interest expense, net | 8,247 | 5,817 | 15,416 | 11,426 |
| Depreciation and amortization | 13,722 | 14,919 | 28,106 | 30,066 |
| Equity in net loss (income) of equity-method investees | 11 | (194) | 186 | (205) |
| Stock-based compensation expense | 1,774 | 4,158 | 1,565 | 7,322 |
| Stock-based compensation expense in connection with Chief Executive Officer Succession Agreement | 117 | - | 429 | - |
| Long-lived asset and intangibles impairment | 19,473 | 3,449 | 23,709 | 3,449 |
| Unrealized currency losses/(gains) | 439 | (286) | 1,029 | (3,705) |
| **EBITDA** | $ 19,195 | $ 53,303 | $ 13,268 | $ 99,890 |

| | | | | |
|---|---|---|---|---|
| Project Terra costs and other | 9,872 | 4,069 | 20,205 | 8,919 |
| Chief Executive Officer Succession Plan expense, net | 10,031 | - | 29,272 | - |
| Accounting review and remediation costs, net of insurance proceeds | 920 | 4,451 | 4,334 | 3,093 |
| Warehouse/manufacturing facility start-up costs | 1,708 | 418 | 6,307 | 1,155 |
| Plant closure related costs | 1,490 | 700 | 3,319 | 700 |
| SKU rationalization | 1,530 | - | 1,530 | - |
| Litigation and related expenses | 122 | - | 691 | - |
| Losses on terminated chilled desserts contract | - | 2,143 | - | 3,615 |
| Co-packer disruption | - | 1,567 | - | 2,740 |
| Regulated packaging change | - | 1,007 | - | 1,007 |
| **Adjusted EBITDA** | $ 44,868 | $ 67,658 | $ 78,926 | $ 121,119 |

**THE HAIN CELESTIAL GROUP, INC.**
**Consolidated Balance Sheets**
(in thousands)

| | December 31, 2018 | June 30, 2018 |
|---|---|---|
| **ASSETS** | (unaudited) | |
| Current assets: | | |
| Cash and cash equivalents | $ 38,158 | $ 106,557 |
| Restricted cash | 34,304 | - |
| Accounts receivable, net | 240,520 | 252,708 |
| Inventories | 402,724 | 391,525 |
| Prepaid expenses and other current assets | 56,393 | 59,946 |
| Current assets of discontinued operations | 179,327 | 240,851 |
| Total current assets | 951,426 | 1,051,587 |
| Property, plant and equipment, net | 320,036 | 310,172 |
| Goodwill | 1,008,787 | 1,024,136 |
| Trademarks and other intangible assets, net | 473,534 | 510,387 |
| Investments and joint ventures | 19,318 | 20,725 |
| Other assets | 30,390 | 29,667 |
| Total assets | $ 2,803,491 | $ 2,946,674 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 209,869 | $ 229,993 |
| Accrued expenses and other current liabilities | 159,588 | 116,001 |
| Current portion of long-term debt | 35,566 | 26,605 |
| Current liabilities of discontinued operations | 34,306 | 49,846 |
| Total current liabilities | 439,329 | 422,445 |
| Long-term debt, less current portion | 692,128 | 687,501 |
| Deferred income taxes | 65,245 | 86,909 |
| Other noncurrent liabilities | 15,846 | 12,770 |
| Total liabilities | 1,212,548 | 1,209,625 |
| Stockholders' equity: | | |
| Common stock | 1,087 | 1,084 |
| Additional paid-in capital | 1,150,239 | 1,148,196 |
| Retained earnings | 774,405 | 878,516 |
| Accumulated other comprehensive loss | (225,359) | (184,240) |
| | 1,700,372 | 1,843,556 |
| Treasury stock | (109,429) | (106,507) |
| Total stockholders' equity | 1,590,943 | 1,737,049 |
| Total liabilities and stockholders' equity | $ 2,803,491 | $ 2,946,674 |

**THE HAIN CELESTIAL GROUP, INC.**
**Consolidated Statements of Operations**
(unaudited and in thousands, except per share amounts)

| | Three Months Ended December 31, | | Six Months Ended December 31, | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| Net sales | $ 584,156 | $ 616,232 | $ 1,144,989 | $ 1,205,451 |
| Cost of sales | 469,883 | 482,282 | 931,122 | 948,113 |
| Gross profit | 114,273 | 133,950 | 213,867 | 257,338 |
| Selling, general and administrative expenses | 85,387 | 86,444 | 167,644 | 172,525 |
| Amortization of acquired intangibles | 3,860 | 4,572 | 7,765 | 9,146 |
| Project Terra costs and other | 9,872 | 4,069 | 20,205 | 8,919 |
| Chief Executive Officer Succession Plan expense, net | 10,148 | - | 29,701 | - |
| Accounting review and remediation costs, net of insurance proceeds | 920 | 4,451 | 4,334 | 3,093 |
| Long-lived asset and intangibles impairment | 19,473 | 3,449 | 23,709 | 3,449 |
| Operating (loss) income | (15,387) | 30,965 | (39,491) | 60,206 |
| Interest and other financing expense, net | 8,817 | 6,479 | 16,522 | 12,761 |
| Other expense/(income), net | 373 | (760) | 973 | (3,887) |
| (Loss) income from continuing operations before income taxes and equity in net loss (income) of equity-method investees | (24,577) | 25,246 | (56,986) | 51,332 |
| Provision (benefit) for income taxes | 4,690 | (17,690) | (4,793) | (10,206) |
| Equity in net loss (income) of equity-method investees | 11 | (194) | 186 | (205) |
| Net (loss) income from continuing operations | $ (29,278) | $ 43,130 | $ (52,379) | $ 61,743 |
| Net (loss) income from discontinued operations, net of tax | (37,223) | 3,973 | (51,547) | 5,206 |
| Net (loss) income | $ (66,501) | $ 47,103 | $ (103,926) | $ 66,949 |
| Net (loss) income per common share: | | | | |
| Basic net (loss) income per common share from continuing operations | $ (0.28) | $ 0.42 | $ (0.50) | $ 0.59 |
| Basic net (loss) income per common share from discontinued operations | (0.36) | 0.04 | (0.50) | 0.05 |
| Basic net (loss) income per common share | $ (0.64) | $ 0.45 | $ (1.00) | $ 0.65 |
| Diluted net (loss) income per common share from continuing operations | $ (0.28) | $ 0.41 | $ (0.50) | $ 0.59 |

| | | | | |
|---|---|---|---|---|
| Diluted net (loss) income per common share from discontinued operations | (0.36) | 0.04 | (0.50) | 0.05 |
| Diluted net (loss) income per common share | $ (0.64) | $ 0.45 | $ (1.00) | $ 0.64 |
| | | | | |
| Shares used in the calculation of net (loss) income per common share: | | | | |
| Basic | 104,056 | 103,837 | 104,009 | 103,773 |
| Diluted | 104,056 | 104,440 | 104,009 | 104,379 |

**THE HAIN CELESTIAL GROUP, INC.**
**Consolidated Statements of Cash Flows**
(unaudited and in thousands)

| | Three Months Ended December 31, | | Six Months Ended December 31, | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Net (loss) income | $ (66,501) | $ 47,103 | $ (103,926) | $ 66,949 |
| Net (loss) income from discontinued operations | (37,223) | 3,973 | (51,547) | 5,206 |
| Net (loss) income from continuing operations | (29,278) | 43,130 | (52,379) | 61,743 |
| Adjustments to reconcile net (loss) income from continuing operations to net cash provided by (used in) operating activities from continuing operations: | | | | |
| Depreciation and amortization | 13,722 | 14,919 | 28,106 | 30,065 |
| Deferred income taxes | (9,514) | (28,171) | (22,790) | (28,808) |
| Equity in net loss (income) of equity-method investees | 11 | (194) | 186 | (205) |
| Chief Executive Officer Succession Plan expense, net | 10,031 | - | 29,272 | - |
| Stock-based compensation, net | 1,891 | 4,158 | 1,994 | 7,322 |
| Long-lived asset and intangibles impairment | 19,473 | 3,449 | 23,709 | 3,449 |
| Other non-cash items, net | 444 | 1,299 | 1,285 | (1,760) |
| Increase (decrease) in cash attributable to changes in operating assets and liabilities: | | | | |
| Accounts receivable | 2,226 | 2,023 | 6,583 | (16,077) |
| Inventories | 6,675 | (34,945) | (17,472) | (63,131) |
| Other current assets | (3,123) | 5,133 | (1,765) | (3,889) |
| Other assets and liabilities | 4,635 | 5,312 | 4,616 | 5,259 |
| Accounts payable and accrued expenses | 47 | 13,359 | (2,358) | 34,422 |
| Net cash provided by (used in) operating activities - continuing operations | 17,240 | 29,472 | (1,013) | 28,390 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchases of property and equipment | (18,992) | (13,451) | (41,539) | (24,685) |
| Acquisitions of businesses, net | - | (13,064) | - | (13,064) |
| Other | 4,515 | - | 3,863 | - |
| Net cash used in investing activities - continuing operations | (14,477) | (26,515) | (37,676) | (37,749) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Borrowings under bank revolving credit facility | 80,000 | 15,000 | 150,000 | 35,000 |
| Repayments under bank revolving credit facility | (77,647) | (20,000) | (137,646) | (35,000) |
| Repayments under term loan | (3,750) | - | (7,500) | - |
| Funding of discontinued operations entities | 11,159 | 7,511 | (3,996) | (12,758) |
| Borrowings of other debt, net | 6,918 | 5,675 | 8,627 | 13,912 |
| Shares withheld for payment of employee payroll taxes | (1,943) | (4,588) | (2,922) | (6,685) |
| Net cash provided by (used in) financing activities - continuing operations | 14,737 | 3,598 | 6,563 | (5,531) |
| Effect of exchange rate changes on cash | (909) | 706 | (1,969) | 3,765 |
| CASH FLOWS FROM DISCONTINUED OPERATIONS | | | | |
| Cash provided by (used in) operating activities | 14,055 | 15,392 | (1,850) | (2,964) |
| Cash used in investing activities | (1,296) | (2,662) | (2,931) | (6,342) |
| Cash (used in) provided by financing activities | (11,206) | (7,562) | 3,901 | 12,655 |
| Net cash flows provided by (used in) discontinued operations | 1,553 | 5,168 | (880) | 3,349 |
| Net increase (decrease) in cash and cash equivalents and restricted cash | 18,144 | 12,429 | (34,975) | (7,776) |
| Cash and cash equivalents at beginning of period | 59,899 | 126,787 | 113,018 | 146,992 |
| Cash and cash equivalents and restricted cash at end of period | $ 78,043 | $ 139,216 | $ 78,043 | $ 139,216 |
| Less: cash and cash equivalents of discontinued operations | (5,581) | (13,285) | (5,581) | (13,285) |
| Cash and cash equivalents and restricted cash of continuing operations at end of period | $ 72,462 | $ 125,931 | $ 72,462 | $ 125,931 |

**THE HAIN CELESTIAL GROUP, INC.**
**Reconciliation of GAAP Results to Non-GAAP Measures**
(unaudited and in thousands, except per share amounts)

| | Three Months Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2018 GAAP | Adjustments | 2018 Adjusted | 2017 GAAP | Adjustments | 2017 Adjusted |
| Net sales | $ 584,156 | - | $ 584,156 | $ 616,232 | - | $ 616,232 |
| Cost of sales | 469,883 | (4,294) | 465,589 | 482,282 | (5,835) | 476,447 |
| Gross profit | 114,273 | 4,294 | 118,567 | 133,950 | 5,835 | 139,785 |
| Operating expenses (a) | 108,720 | (20,029) | 88,691 | 94,465 | (4,151) | 90,314 |
| Project Terra costs and other | 9,872 | (9,872) | - | 4,069 | (4,069) | - |
| Chief Executive Officer Succession Plan expense, net | 10,148 | (10,148) | - | - | - | - |
| Accounting review and remediation costs, net of insurance proceeds | 920 | (920) | - | 4,451 | (4,451) | - |
| Operating (loss) income | (15,387) | 45,263 | 29,876 | 30,965 | 18,506 | 49,471 |
| Interest and other expense (income), net (b) | 9,190 | (439) | 8,751 | 5,719 | 286 | 6,005 |
| Provision (benefit) for income taxes | 4,690 | 1,462 | 6,152 | (17,690) | 27,751 | 10,061 |
| Net (loss) income from continuing operations | (29,278) | 44,240 | 14,962 | 43,130 | (9,531) | 33,599 |
| Net (loss) income from discontinued operations, net of tax | (37,223) | 37,223 | - | 3,973 | (3,973) | - |
| Net (loss) income | (66,501) | 81,463 | 14,962 | 47,103 | (13,504) | 33,599 |
| | | | | | | |
| Diluted net (loss) income per common share from continuing operations | (0.28) | 0.43 | 0.14 | 0.41 | (0.09) | 0.32 |
| Diluted net (loss) income per common share from discontinued operations | (0.36) | 0.36 | - | 0.04 | (0.04) | - |
| Diluted net (loss) income per common share | (0.64) | 0.78 | 0.14 | 0.45 | (0.13) | 0.32 |

Detail of Adjustments:

| | Three Months Ended December 31, 2018 | Three Months Ended December 31, 2017 |
|---|---|---|
| Warehouse/manufacturing facility start-up costs | $ 1,708 | $ 418 |
| Plant closure related costs | 1,056 | 700 |
| SKU rationalization | 1,530 | - |

| | | |
|---|---|---|
| Losses on terminated chilled desserts contract | - | 2,143 |
| Co-packer disruption | - | 1,567 |
| Regulated packaging change | - | 1,007 |
| Cost of sales | 4,294 | 5,835 |
| Gross profit | 4,294 | 5,835 |
| Intangibles impairment | 17,900 | - |
| Long-lived asset impairment charge associated with plant closure | 1,573 | 3,449 |
| Litigation and related expenses | 122 | - |
| Plant closure related costs | 434 | - |
| Stock-based compensation acceleration associated with Board of Directors | - | 702 |
| Operating expenses (a) | 20,029 | 4,151 |
| Project Terra costs and other | 9,872 | 4,069 |
| Project Terra costs and other | 9,872 | 4,069 |
| Chief Executive Officer Succession Plan expense, net | 10,148 | - |
| Chief Executive Officer Succession Plan expense, net | 10,148 | - |
| Accounting review and remediation costs, net of insurance proceeds | 920 | 4,451 |
| Accounting review and remediation costs, net of insurance proceeds | 920 | 4,451 |
| Operating income | 45,263 | 18,506 |
| Unrealized currency losses/(gains) | 439 | (286) |
| Interest and other expense (income), net (b) | 439 | (286) |
| Income tax related adjustments | (1,462) | (27,751) |
| Benefit for income taxes | (1,462) | (27,751) |
| Net income (loss) from continuing operations | $ 44,240 | $ (9,531) |

(a)Operating expenses include amortization of acquired intangibles, selling, general, and administrative expenses and long-lived asset and intangibles impairment.
(b)Interest and other expenses (income), net include interest and other financing expenses, net and other (income)/expense, net.

**THE HAIN CELESTIAL GROUP, INC.**
**Reconciliation of GAAP Results to Non-GAAP Measures**
(unaudited and in thousands, except per share amounts)

| | Six Months Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2018 GAAP | Adjustments | 2018 Adjusted | 2017 GAAP | Adjustments | 2017 Adjusted |
| Net sales | $ 1,144,989 | - | $ 1,144,989 | $ 1,205,451 | - | $ 1,205,451 |
| Cost of sales | 931,122 | (11,156) | 919,966 | 948,113 | (9,217) | 938,896 |
| Gross profit | 213,867 | 11,156 | 225,023 | 257,338 | 9,217 | 266,555 |
| Operating expenses (a) | 199,118 | (24,834) | 174,284 | 185,120 | (4,151) | 180,969 |
| Project Terra costs and other | 20,205 | (20,205) | - | 8,919 | (8,919) | - |
| Chief Executive Officer Succession Plan expense, net | 29,701 | (29,701) | - | - | - | - |
| Accounting review and remediation costs, net of insurance proceeds | 4,334 | (4,334) | - | 3,093 | (3,093) | - |
| Operating (loss) income | (39,491) | 90,230 | 50,739 | 60,206 | 25,380 | 85,586 |
| Interest and other expense (income), net (b) | 17,495 | (1,029) | 16,466 | 8,874 | 3,705 | 12,579 |
| (Benefit) provision for income taxes | (4,793) | 14,241 | 9,448 | (10,206) | 28,442 | 18,236 |
| Net (loss) income from continuing operations | (52,379) | 77,018 | 24,639 | 61,743 | (6,767) | 54,976 |
| Net (loss) income from discontinued operations, net of tax | (51,547) | 51,547 | - | 5,206 | (5,206) | - |
| Net (loss) income | (103,926) | 128,565 | 24,639 | 66,949 | (11,973) | 54,976 |
| Diluted net (loss) income per common share from continuing operations | (0.50) | 0.74 | 0.24 | 0.59 | (0.06) | 0.53 |
| Diluted net (loss) income per common share from discontinued operations | (0.50) | 0.50 | - | 0.05 | (0.05) | - |
| Diluted net (loss) income per common share | (1.00) | 1.24 | 0.24 | 0.64 | (0.11) | 0.53 |

Detail of Adjustments:

| | Six Months Ended December 31, 2018 | Six Months Ended December 31, 2017 |
|---|---|---|
| Warehouse/manufacturing facility start-up costs | $ 6,307 | $ 1,155 |
| Plant closure related costs | 3,319 | 700 |
| SKU rationalization | 1,530 | - |
| Losses on terminated chilled desserts contract | - | 3,615 |
| Co-packer disruption | - | 2,740 |
| Regulated packaging change | - | 1,007 |
| Cost of sales | 11,156 | 9,217 |
| Gross profit | 11,156 | 9,217 |
| Intangibles impairment | 17,900 | - |
| Long-lived asset impairment charge associated with plant closure | 5,809 | 3,449 |
| Litigation and related expenses | 691 | - |
| Plant closure related costs | 434 | - |
| Stock-based compensation acceleration associated with Board of Directors | - | 702 |
| Operating expenses (a) | 24,834 | 4,151 |
| Project Terra costs and other | 20,205 | 8,919 |
| Project Terra costs and other | 20,205 | 8,919 |
| Chief Executive Officer Succession Plan expense, net | 29,701 | - |
| Chief Executive Officer Succession Plan expense, net | 29,701 | - |
| Accounting review and remediation costs, net of insurance proceeds | 4,334 | 3,093 |

| | | |
|---|---|---|
| Accounting review and remediation costs, net of insurance proceeds | 4,334 | 3,093 |
| Operating income | 90,230 | 25,380 |
| Unrealized currency losses/(gains) | 1,029 | (3,705) |
| Interest and other expense (income), net (b) | 1,029 | (3,705) |
| Income tax related adjustments | (14,241) | (28,442) |
| Benefit for income taxes | (14,241) | (28,442) |
| Net income (loss) from continuing operations | $ 77,018 | $ (6,767) |

(a) Operating expenses include amortization of acquired intangibles, selling, general, and administrative expenses and long-lived asset and intangibles impairment.
(b) Interest and other expenses (income), net include interest and other financing expenses, net and other (income)/expense, net.

**THE HAIN CELESTIAL GROUP, INC.**
**Net Sales Growth at Constant Currency**
(unaudited and in thousands)

| | Hain Consolidated | United Kingdom | Rest of World |
|---|---|---|---|
| Net sales - Three months ended 12/31/18 | $ 584,156 | $ 225,338 | $ 99,663 |
| Impact of foreign currency exchange | 10,193 | 7,141 | 3,052 |
| Net sales on a constant currency basis - Three months ended 12/31/18 | $ 594,349 | $ 232,479 | $ 102,715 |
| Net sales - Three months ended 12/31/17 | $ 616,232 | $ 238,201 | $ 107,728 |
| Net sales growth on a constant currency basis | (3.6)% | (2.4)% | (4.7)% |

| | Hain Consolidated | United Kingdom | Rest of World |
|---|---|---|---|
| Net sales - Six months ended 12/31/18 | $ 1,144,989 | $ 443,915 | $ 197,934 |
| Impact of foreign currency exchange | 13,793 | 8,519 | 5,275 |
| Net sales on a constant currency basis - Six months ended 12/31/18 | $ 1,158,782 | $ 452,434 | $ 203,209 |
| Net sales - Six months ended 12/31/17 | $ 1,205,451 | $ 460,646 | $ 210,843 |
| Net sales growth on a constant currency basis | (3.9)% | (1.8)% | (3.6)% |

**Net Sales Growth at Constant Currency and Adjusted for Acquisitions, Divestitures and Other**

| | Hain Consolidated | United States | United Kingdom | Rest of World |
|---|---|---|---|---|
| Net sales on a constant currency basis - Three months ended 12/31/18 | $ 594,349 | $ 259,155 | $ 232,479 | $ 102,715 |
| Net sales - Three months ended 12/31/17 | $ 616,232 | $ 270,303 | $ 238,201 | $ 107,728 |
| Acquisitions | 1,774 | - | 1,774 | - |
| Castle contract termination | (4,381) | - | (4,381) | - |
| Project Terra SKU rationalization | (11,051) | (9,708) | - | (1,343) |
| Net sales on a constant currency basis adjusted for acquisitions, divestitures and other - Three months ended 12/31/17 | $ 602,574 | $ 260,595 | $ 235,594 | $ 106,385 |
| Net sales growth on a constant currency basis adjusted for acquisitions, divestitures and other | (1.4)% | (0.6)% | (1.3)% | (3.4)% |

| | Tilda | Hain Daniels | Ella's Kitchen | Hain Celestial Europe | Hain Celestial Canada | Hain Ventures |
|---|---|---|---|---|---|---|
| Net sales growth - Three months ended 12/31/18 | 2.1% | (8.1)% | (0.2)% | (0.4)% | (12.3)% | (16.8)% |
| Impact of foreign currency exchange | 3.6% | 2.8% | 3.1% | 3.2% | 3.5% | 0.0% |
| Impact of acquisitions | 0.0% | (1.0)% | 0.0% | 0.0% | 0.0% | 0.0% |
| Impact of castle contract termination | 0.0% | 2.5% | 0.0% | 0.0% | 0.0% | 0.0% |
| Impact of Project Terra SKU rationalization | 0.0% | 0.0% | 0.0% | 0.0% | 1.8% | 2.8% |
| Net sales on a constant currency basis adjusted for acquisitions, divestitures and other - Three months ended 12/31/18 | 5.7% | (3.8)% | 2.9% | 2.8% | (7.0)% | (14.0)% |

| | Hain Consolidated | United States | United Kingdom | Rest of World |
|---|---|---|---|---|
| Net sales on a constant currency basis - Six months ended 12/31/18 | $ 1,158,782 | $ 503,140 | $ 452,434 | $ 203,209 |
| Net sales - Six months ended 12/31/17 | $ 1,205,451 | $ 533,962 | $ 460,646 | $ 210,843 |
| Acquisitions | 4,335 | - | 4,335 | - |
| Castle contract termination | (10,323) | - | (10,323) | - |
| Project Terra SKU rationalization | (21,889) | (19,414) | - | (2,475) |
| Net sales on a constant currency basis adjusted for acquisitions, divestitures and other - Six months ended 12/31/17 | $ 1,177,574 | $ 514,548 | $ 454,658 | $ 208,368 |
| Net sales growth on a constant currency basis adjusted for acquisitions, divestitures and other | (1.6)% | (2.2)% | (0.5)% | (2.5)% |

| | Tilda | Hain Daniels | Ella's Kitchen | Hain Celestial Europe | Hain Celestial Canada | Hain Ventures |
|---|---|---|---|---|---|---|
| Net sales growth - Six months ended 12/31/18 | 2.8% | (6.3)% | 4.0% | (0.2)% | (8.9)% | (17.2)% |
| Impact of foreign currency exchange | 2.5% | 1.7% | 1.8% | 2.2% | 3.8% | 0.0% |
| Impact of acquisitions | 0.0% | (1.2)% | 0.0% | 0.0% | 0.0% | 0.0% |
| Impact of castle contract termination | 0.0% | 3.1% | 0.0% | 0.0% | 0.0% | 0.0% |
| Impact of Project Terra SKU rationalization | 0.0% | 0.0% | 0.0% | 0.0% | 1.5% | 2.9% |
| Net sales on a constant currency basis adjusted for acquisitions, divestitures and other - Six months ended 12/31/18 | 5.3% | (2.7)% | 5.8% | 2.0% | (3.6)% | (14.3)% |

SOURCE The Hain Celestial Group, Inc.

James Langrock / Katie Turner, The Hain Celestial Group, Inc., 516-587-5000