

# Second Quarter 2019 Results

August 6, 2019



# Forward Looking Statements



*Some of the statements made in this press release are “forward-looking” and are made pursuant to the safe harbor provision of the Private Securities Litigation Reform Act of 1995, including statements relating to: (1) our financial forecast, including projected sales (including specific product lines and the Company as a whole), total volume, price realization, profit margins, net income, earnings per share and free cash flow, (2) the Company’s regional and national branding and marketing initiatives, (3) the Company’s innovation, research and development plans and its ability to successfully launch new products or brands, (4) commodity prices and other inputs and the Company’s ability to forecast or predict commodity prices, milk production and milk exports, (5) the Company’s enterprise-wide cost productivity plan and other cost-savings initiatives, including plant closures and route reductions, and its ability to achieve expected savings, (6) planned capital expenditures, (7) the status of the Company’s litigation matters, (8) the Company’s plans related to its capital structure, (9) the Company’s dividend policy, (10) possible repurchases of shares of the Company’s common stock, (11) potential acquisitions, and (12) the Company’s exploration of strategic alternatives and any potential results thereof. These statements involve risks and uncertainties that may cause results to differ materially from those set forth in this press release, including the risks disclosed by the Company in its filings with the Securities and Exchange Commission. Financial projections are based on a number of assumptions. Actual results could be materially different than projected if those assumptions are erroneous. The cost and supply of commodities and other raw materials are determined by market forces over which the Company has limited or no control. Sales, operating income, net income, debt covenant compliance, financial performance and earnings per share can vary based on a variety of economic, governmental and competitive factors, which are identified in the Company’s filings with the Securities and Exchange Commission, including the Company’s most recent Forms 10-K and 10-Q. The Company’s ability to profit from its branding and marketing initiatives depends on a number of factors including consumer acceptance of its products. The declaration and payment of cash dividends under the Company’s dividend policy remains at the sole discretion of the Board of Directors and will depend upon its financial results, cash requirements, future prospects, restrictions in its credit agreements and debt covenant compliance, applicable law and other factors that may be deemed relevant by the Board. All forward-looking statements in this press release speak only as of the date of this press release. There are no assurances that the Company’s exploration of strategic alternatives will result in a transaction or other strategic change or outcome. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any such statements to reflect any change in its expectations with regard thereto or any changes in the events, conditions or circumstances on which any such statement is based except as required by law.*



President & CEO Eric Beringause





# Financial Results

# Q2 2019 Results



- Adjusted results improved quarter-over-quarter
  - Steady improvement since Q4 2018
- Lower volume YoY reflects volume pressure including certain customer volume losses and an accelerating category decline
- Higher YoY dairy commodity inflation

	Q2 '19	\$B/(W) vs. Q1 '19	\$B/(W) vs. Q2 '18
<b>Adj. Operating Loss*</b>	(27)	9	(62)
<b>Adj. Loss from continuing operations*</b>	(33)	5	(47)
<b>Adj. EPS*</b>	(\$0.36)	\$0.05	(0.52)

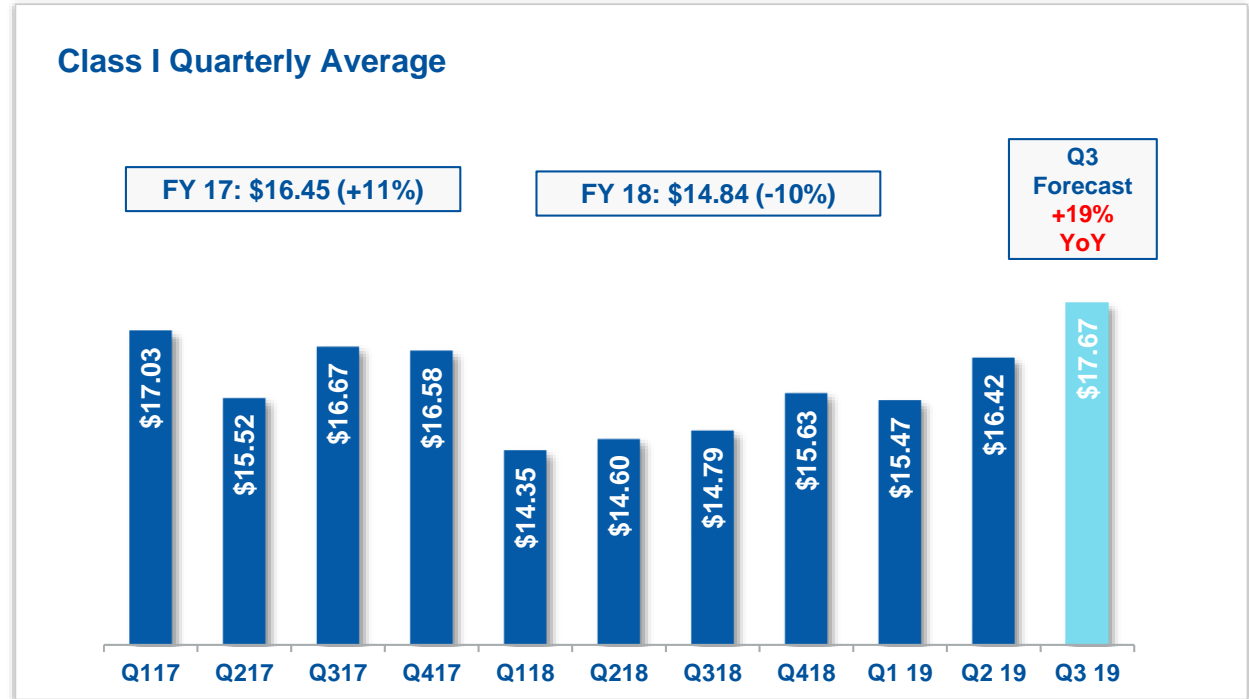
\*See tables in the earnings release for computation and reconciliations of these Non-GAAP measures

\$ millions, except per share



# Class I Raw Milk Inflation

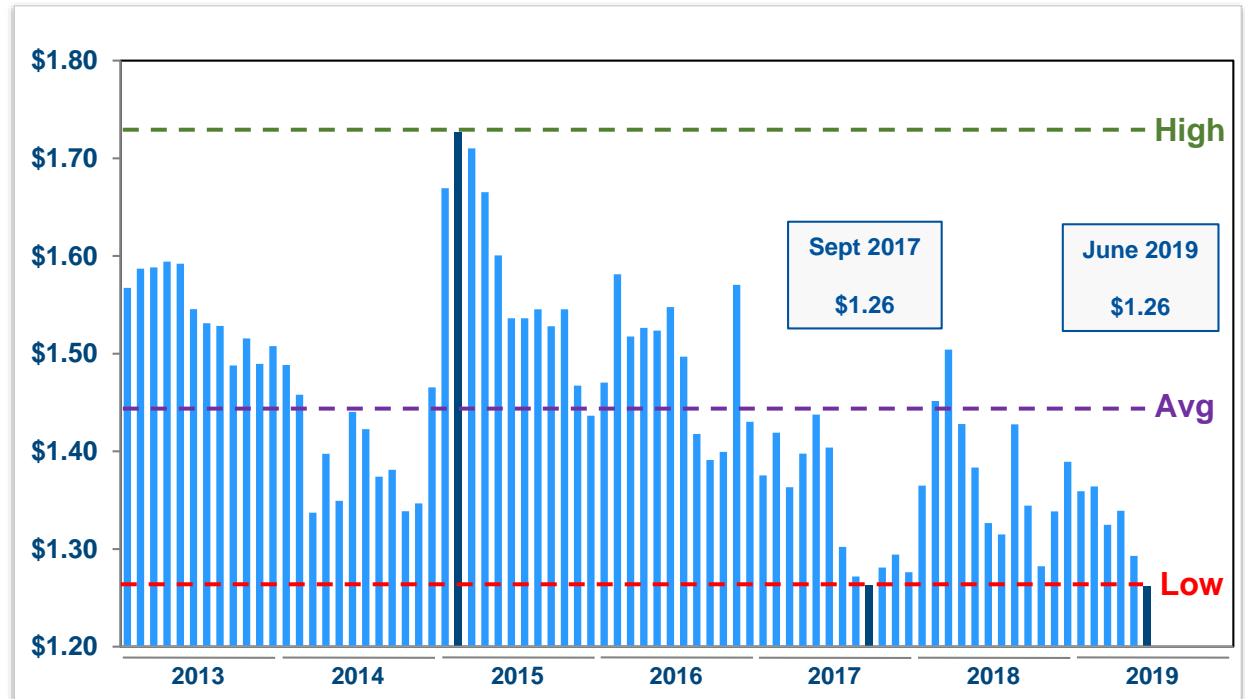
- Q2 up 12% YoY; up 6% sequentially
- Q3 forecasted to be up 8% sequentially; up 19% YoY
- Expect Class I raw milk inflation to increase through the balance of the year



Prices for Class I Raw Milk reflected in \$ per hundredweight (per cwt)

# Retailer Private Label Margin-Over-Milk

- Retailers continue to invest in private label milk to drive foot traffic
- Retailer margin-over-milk has contracted to historic lows
- Unsustainable retailer margins; expected to alleviate over time



Source: IRI, USDA Class I mover converted at 11.6 gallons per cwt

# Q2 2019 Adjusted P&L\*



- Sequential improvement in results; down YoY
- Q2 gross profit primarily impacted by lower volume, deleverage impact and dairy commodity inflation
- Selling & Distribution improvement driven primarily by lower marketing spend
- YoY increase in G&A driven by professional services

<i>\$ millions, except EPS</i>	Q2 '19	\$B/(W) vs. Q1 '19	\$B/(W) vs. Q2 '18
<b>Adjusted Gross Profit</b>	<b>\$378</b>	<b>\$5</b>	<b>(\$54)</b>
Selling & Distribution	(336)	5	2
G&A**	(69)	0	(9)
Total Adjusted Operating Costs	(406)	4	(8)
<b>Adjusted Operating Loss</b>	<b>(27)</b>	<b>9</b>	<b>(62)</b>
Adjusted EBITDA	5	8	(64)
Interest Expense	<b>(16)</b>	<b>(1)</b>	<b>(2)</b>
Taxes @ 26.5%	12	(2)	17
<b>Adjusted Diluted EPS</b>	<b>(\$0.36)</b>	<b>\$0.05</b>	<b>(\$0.52)</b>

\*See tables in the earnings release for computation and reconciliations of these non-GAAP measures

\*\*Includes adjusted amortization of intangibles

\$ millions, except per share



# Revolving Borrowings

- Increased borrowing base availability to \$265 million from \$175 million
- Reduced Outstanding Revolving Facility Borrowings by \$27 million since March 31

\$ in millions	Mar 31, 2019	June 30, 2019
Outstanding Revolving Facility Borrowings	\$313	\$286

# Q&A

