

SMALL TALK: 4/19/2016

HAIN CELESTIAL

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Rocky Mt Chapter BI



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DISCLAIMER

- All stock References are meant to be used for EDUCATIONAL purpose!
- No recommendation for purchase or sale is intended or implied.
- Please perform your own due diligence.

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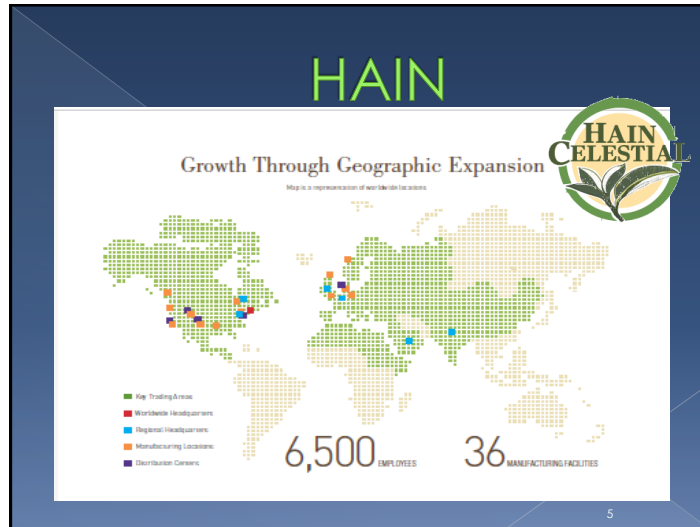
Hain

- "The Hain Celestial Group is a leading organic and natural products company with operations in North America, Europe and India.
- Hain Celestial participates in many natural categories with well-known brands.
- Mission: Leading marketer, manufacturer and seller of organic and natural, better-for-you products.
- Committed to growing sustainably while continuing to implement environmentally sound business practices & manufacturing processes."

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HAIN PRODUCTS





- ## WORLD WIDE HQ Lake Success, NY
- Hain US: Lake Success, NY
 - Hain Celestial Europe: Belgium
 - Hain Pure Protein Corp.: New Oxford, PA
 - Hain Celestial India:
 - Tilda International DMCC: UAR
 - Hain Celestial UK: UK
 - Hain Celestial Canada: Toronto, ON
 - **36 manufacturing locations worldwide**
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- ## 5 Operating Segments
- U.S.
 - United Kingdom
 - Canada
 - Europe
 - Hain Pure Protein
-
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HAIN's FOUNDER/CEO

Irwin Simon: has held this position since 1993

- His Goal = Bring health & wellness-oriented food, beverages & personnel care products to everyone
- Company began in 1993 (Delaware) as 21st Century Food Products
- Celestial & Hain merged 2000

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HAIN COMPETITORS

Campbell Soup Co.	PepsiCo
White Wave Foods	Unilever
General Mills	Procter & Gamble
J.M. Smuckers	Johnson & Johnson
Kellogg	Colgate-Palmolive
Kraft Heinz Co.	
Nestle S.A.	

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STRENGTHS

- World presence: increased population interested in these food products
- Strong brand names: Celestial Teas, Terra Chips, Ella's Kitchen.
- Capitalize on yrs. of experience with managing organic & natural supply chain
- Research Division: Interested in improvement

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HAIN: RESEARCH

- Consider research and development of new products to be a significant part of our overall philosophy. Have a team of professional product developers, including microbiologists, nutritionists, food scientists, chefs & chemists. They work to develop products to meet changing consumer needs. The research and development staff incorporates product ideas from all areas of our business in order to formulate new products.

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RESEARCH PROGRAM

- "In addition to developing new products, the research & development staff routinely reformulates & improves existing products based on advances in ingredients, packaging & technology, & conducts value engineering to maintain competitive price points. HAIN incurred approximately \$10.3 million in company-sponsored research & development activities in 2015, \$10.0 million in 2014 and \$7.5 million in 2013."

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ADDITIONAL STRENGTH

- Company has engaged consulting firm to find additional efficiencies in procurement & trade spending, & focus on re-inventing saving in brand names
- Voluntary recall = quality safety matters!

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WEAKNESS

- Availability of organic products
- Dependent on CEO & Management team for new ideas & growth
- Integration of new companies

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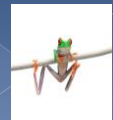
OPPORTUNITIES

- Growing population
- Seems to acquire companies with a good fit to company
- Sponsorship programs to create brand awareness
- Expand into new countries

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THREATS

- Market very competitive
- Cost inflation
- Customer preference can be difficult to predict
- Outbreak of disease = Avian disease
- Climate change
- Regulations & Exchange rates



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GROWTH STRATEGY

ACQUISITIONS:

- Hain Pure Protein & Empire Kosher
- Orchard House Foods Limited (\$60M in annual sales 12/2015)
- Mona group (7/2015)
- EK Holdings (3/2015)
- Tilda (1/2014)

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ACQUISITIONS

We completed three strategic acquisitions in fiscal year 2015.

live clean Belvedere International, a leader in Canada in health and beauty care products including the Live Clean® brand.

Hain Pure Protein Corporation with its FreeBird® and Plainville Farms® brands, a leading antibiotic-free and organic poultry company with a full range of fresh and frozen chicken and turkey products in the United States.

EK Holdings, Inc. with its Empire® Kosher and Kosher Valley® brands, a leading antibiotic-free and organic kosher poultry company in the United States.







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NET SALES DATA

Record Net Sales in All Quarters
(\$ in millions)

Quarter	Net Sales (\$ million)
Q1	\$631.3*
Q2	\$696.4**
Q3	\$662.7
Q4	\$698.1

Worldwide Net Sales
\$2.7 billion

Region	Percentage	Net Sales (\$ billion)
United Kingdom	27%	\$738.0
Hain Pure Protein	14%	\$358.6
United States	51%	\$1,367.4
Rest of World (Canada and Europe)	8%	\$226.5

*Net sales reduced by \$11.4 million for net better voluntary recall and plant based beverage withdrawal
**Net sales reduced by \$2.3 million for net better voluntary recall

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HAIN: 5 YR CUMULATIVE TR

Performance Graph

The following graph compares the performance of our common stock to the S&P 500 Index and to the S&P Packaged Foods and Meats Index (in which we are included) for the period from June 30, 2010 through June 30, 2015. The comparison assumes \$100 invested on June 30, 2010.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among The Hain Celestial Group, Inc., the S&P 500 Index, and the S&P Packaged Foods & Meats Index

* \$100 invested on 6/30/10 in stock or index, including reinvestment of dividends. Fiscal year ending June 30.

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HAIN

- Our operating free cash flow was \$134.3 million for the fiscal year ended June 30, 2015, a decrease of \$8.9 million from the fiscal year ending June 30, 2014. The decrease in operating free cash flow primarily resulted from \$34.3 million in pre-tax charges due to the voluntary nut butter recall.

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FATORS AFFECTING COMPANY

- Recall of Almond Butter = salmonella
- Rice Milling Fire = Tilda milling facility

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QUESTIONS/ COMMENT

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BETTER INVESTINGSM
SSG PLUS

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FUTURE SALES GROWTH

- 8.6% = Analyst Composite Estimate (ACE) from SSG
- 8.7% = ('16) & 7.5% ('17) Yahoo
- 11.0% = Value Line
- 14.0% = Morningstar
- 24.2% = Historic 5 yr. sales

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FUTURE EARNINGS GROWTH

- 8.6% = Same as ACE earnings growth rate
- 11.0% = Yahoo 5 yr. est
- 11.6% = Morningstar (2017 est)
- 13.4% = 3 yr. SSG
- 14.0% = (VL 2018-2020), also ACE 2 yr. est.

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ESTIMATED HIGH/P/E

- 22.8 = Current P/E
- 26.2 = Avg P/E ratio
((avg high + avg low)/2)
- 30.6 = 5 yr. avg with highest P/E removed
- 33.0 = 5 yr. average high P/E

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ESTIMATED LOW P/E

- 17.9 = Removed highest P/E from last 5 yrs.
- 19.4 = 5 yr. Avg Low P/E
- 26.2 = Avg P/E ratio
((avg high + avg low)/2)

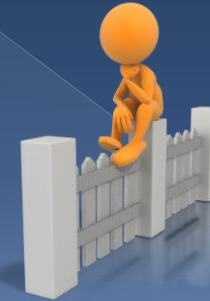
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LOW PRICE NEXT 5 YRS.

- \$xx.xx = Forecast Low Price from tonight's polls
- \$24.40 = Avg Low Price in Past 5 yrs.
- \$32.60 = Recent Market Low Price (2014)
- \$33.10 = 52 Week Low Stock Price
- \$40.80 = Low Stock Price 2015

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BUY or NOT to BUY???



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THINKING POINTS

- Does a Company in this sector fit in your Portfolio?
- Does the Size fit a need in your Portfolio?
- Will the products be in demand in the next 5-10 years?
- Does it have a growth Plan?

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THOUGHT FOR EVENING!

"Never invest in any idea you can't illustrate with a crayon!"
(Peter Lynch)

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