



Q1 2019 Results

May 2, 2019

Forward-looking Statements

This presentation includes “forward-looking statements,” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including, in particular, any statements about the Company’s plans, strategies and prospects. The Company generally uses the words “may,” “will,” “could,” “expect,” “anticipate,” “believe,” “estimate,” “plan,” “intend” and similar expressions in this presentation to identify forward-looking statements. The Company bases these forward-looking statements on its current views with respect to future events and financial performance. Actual results could differ materially from those projected in the forward-looking statements. These forward-looking statements are subject to risks, uncertainties and assumptions, including, among other things: competition from other weight management and wellness industry participants or the development of more effective or more favorably perceived weight management methods; the Company’s ability to continue to develop new, innovative services and products and enhance its existing services and products or the failure of its services, products or brands to continue to appeal to the market, or the Company’s ability to successfully expand into new channels of distribution or respond to consumer trends; the ability to successfully implement new strategic initiatives; the effectiveness of the Company’s advertising and marketing programs, including the strength of its social media presence; the impact on the Company’s reputation of actions taken by its franchisees, licensees, suppliers and other partners; the impact of the Company’s substantial amount of debt and its debt service obligations and debt covenants; the ability to generate sufficient cash to service the Company’s debt and satisfy its other liquidity requirements; uncertainties regarding the satisfactory operation of the Company’s technology or systems; the impact of security breaches or privacy concerns; the recognition of asset impairment charges; the loss of key personnel, strategic partners or consultants or failure to effectively manage and motivate the Company’s workforce; the inability to renew certain of the Company’s licenses, or the inability to do so on terms that are favorable to the Company; the expiration or early termination by the Company of leases; risks and uncertainties associated with the Company’s international operations, including regulatory, economic, political and social risks and foreign currency risks; uncertainties related to a downturn in general economic conditions or consumer confidence; the Company’s ability to successfully make acquisitions or enter into joint ventures, including its ability to successfully integrate, operate or realize the anticipated benefits of such businesses; the seasonal nature of the Company’s business; the impact of events that discourage or impede people from gathering with others or accessing resources; the Company’s ability to enforce its intellectual property rights both domestically and internationally, as well as the impact of its involvement in any claims related to intellectual property rights; the outcomes of litigation or regulatory actions; the impact of existing and future laws and regulations; the Company’s failure to maintain effective internal control over financial reporting; the possibility that the interests of Artal Group S.A., the largest holder of the Company’s common stock and a shareholder with significant influence over the Company, will conflict with the Company’s interests or the interests of other holders of the Company’s common stock; the impact that the sale of substantial amounts of the Company’s common stock by existing large shareholders, or the perception that such sales could occur, could have on the market price of the Company’s common stock; and other risks and uncertainties, including those detailed from time to time in the Company’s periodic reports filed with the Securities and Exchange Commission. You should not put undue reliance on any forward-looking statements. You should understand that many important factors, including those discussed herein, could cause the Company’s results to differ materially from those expressed or suggested in any forward-looking statement. Except as required by law, the Company does not undertake any obligation to update or revise these forward-looking statements to reflect new information or events or circumstances that occur after the date of this presentation or to reflect the occurrence of unanticipated events or otherwise. Readers are advised to review the Company’s filings with the United States Securities and Exchange Commission (which are available on the SEC’s EDGAR database at www.sec.gov and via the Company’s website at corporate.ww.com).

Non-GAAP Financial Measures

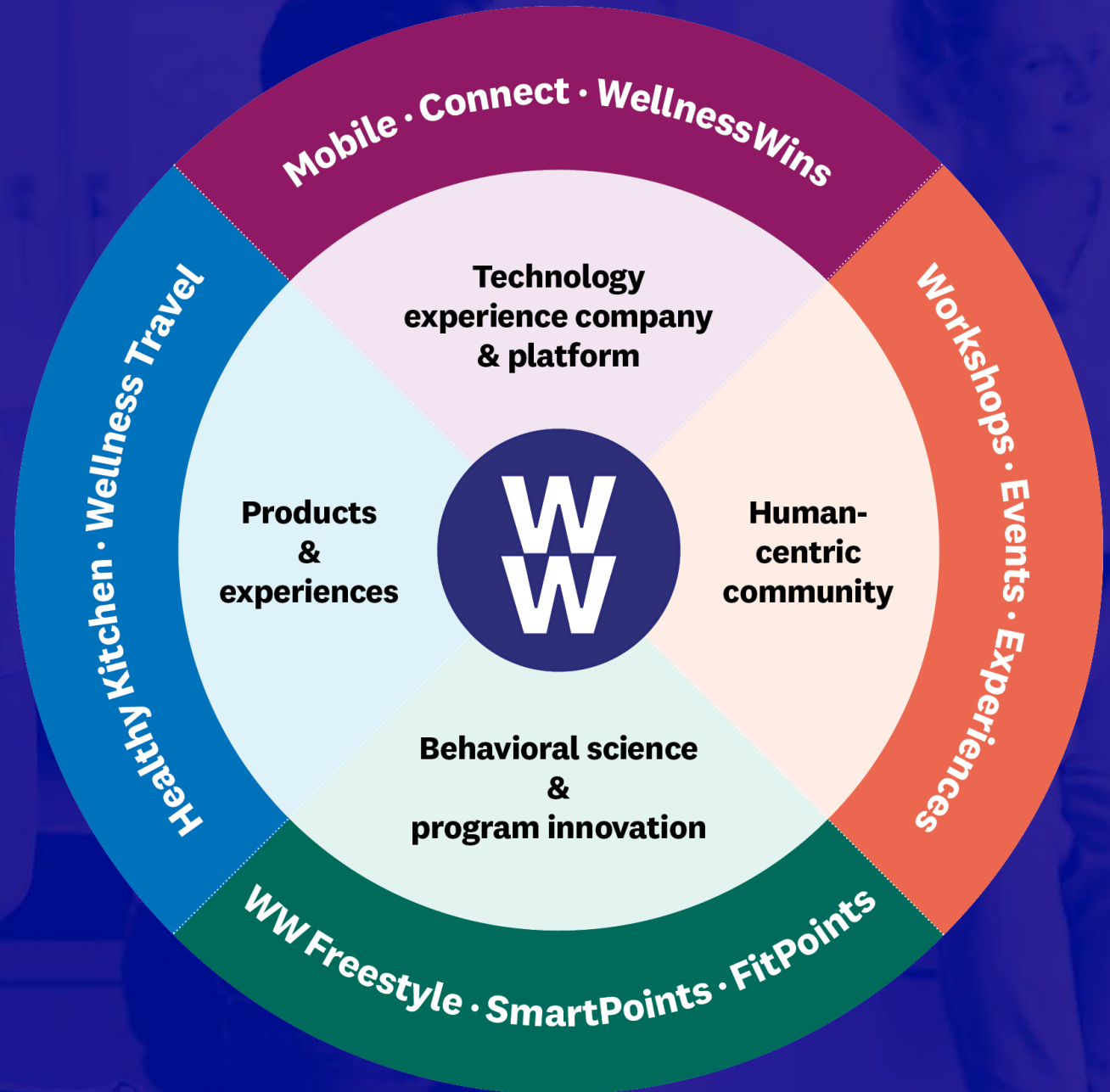
This presentation includes certain financial results on a constant currency basis in addition to results presented in accordance with accounting principles generally accepted in the United States (“GAAP”). Constant currency information compares results between periods as if exchange rates had remained constant period-over-period. In this presentation, the Company calculates constant currency by calculating current-year results using prior-year foreign currency exchange rates. See Appendix for reconciliations. Management believes these non-GAAP financial measures provide useful supplemental information for its and investors’ evaluation of the Company’s business performance and are useful for period-over-period comparisons of the performance of the Company’s business. While management believes that these non-GAAP financial measures are useful in evaluating the Company’s business, this information should be considered as supplemental in nature and should not be considered in isolation or as a substitute for the related financial information prepared in accordance with GAAP. In addition, these non-GAAP financial measures may not be the same as similarly entitled measures reported by other companies.

Trademarks

The following terms used in this presentation are our trademarks: Weight Watchers, Wellness that Works., WW Freestyle, WellnessWins, SmartPoints, FitPoints and the WW logo.



Who we are



Q1 2019 Financial Summary

Subscribers

End of period subscribers of **4.6 million**, up **1%** year-over-year

Revenue

Revenue of **\$363 million** down **11%**, or **9%** on constant currency basis¹, year-over-year

Gross Margin

Gross margin percentage of **55.3%**, compared to **54.1%** in Q1 2018

Operating Margin

Operating income margin of **6.0%**, compared to **15.2%** in Q1 2018

EPS

EPS of **(\$0.16)** versus **\$0.56** in Q1 2018

Cash Balance

Cash balance of **\$193 million** as of March 30, 2019

¹See non-GAAP reconciliation in Appendix.

2019 Key Priorities & Initiatives

Focused on recruitment, retention, and elevating the brand

Marketing Execution & Strategy

Studio Strategy & Future Experience

2020 Innovation

Personalization

Global Community Activation



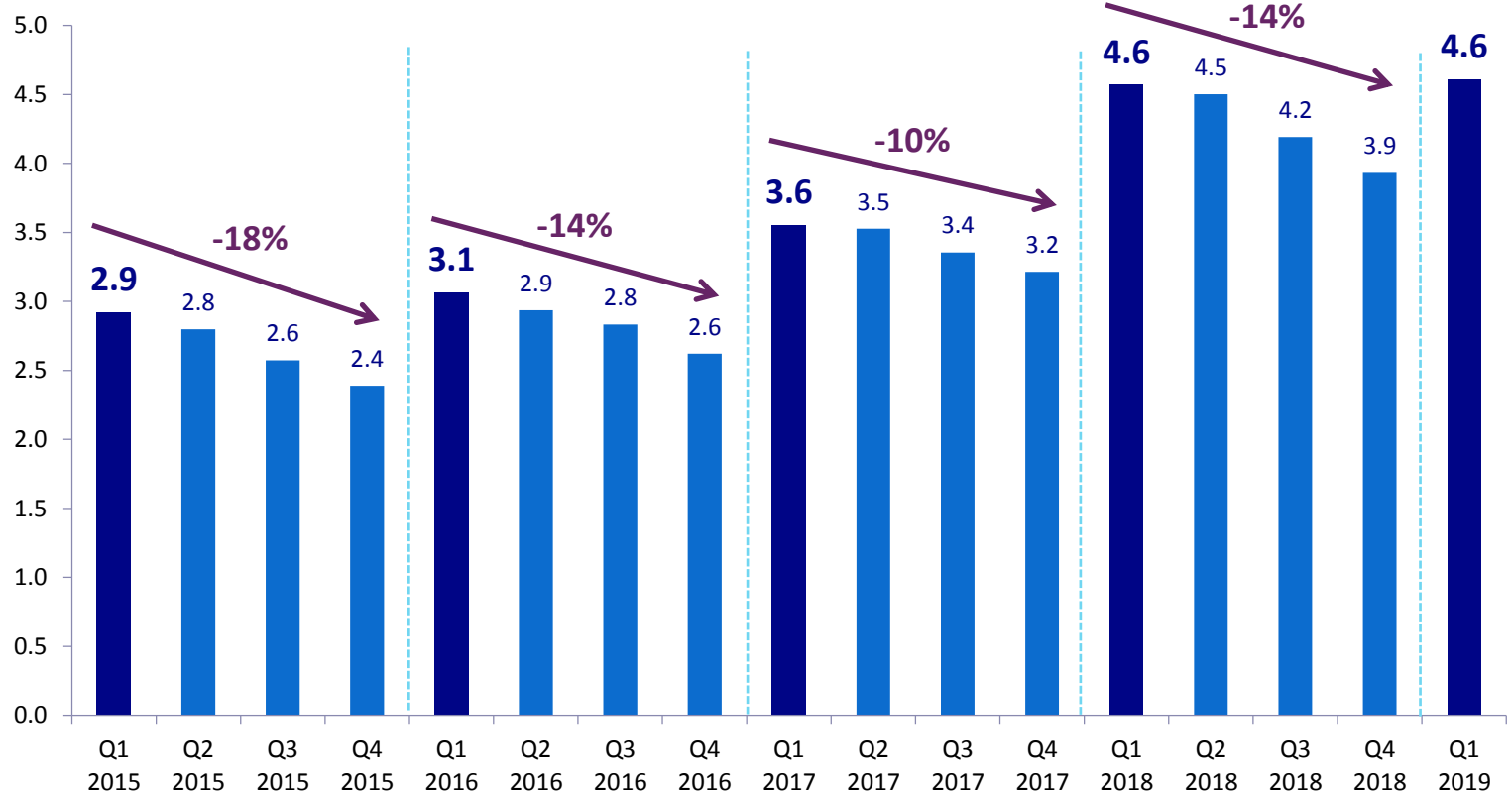
Subscriber Seasonality

Predictable seasonal subscriber trends

~40% of annual member recruitments occur in Q1

Annually, Q1 peak and Q4 trough

**End of Period Subscribers
In millions**



Capital Structure

Strong liquidity position

As of March 30, 2019:

Cash balance of \$193M

Scheduled 2019 debt payments over \$100M

- \$77M principal term loan + quarterly interest
- \$26M interest on notes

Flexibility to prepay term loan at any time

Flexible, covenant-lite debt structure

\$1.44B outstanding on term loan¹

LIBOR +475 bps

Due November 2024

No restrictive leverage covenants; potential Excess Cash Flow (ECF) sweep upon consolidated first lien net debt leverage ratio >3.0x for fiscal year

\$300M notes¹

8.625%

December 2025 maturity

No leverage maintenance covenants

\$150M revolving credit facility, undrawn¹

LIBOR +275 bps

November 2022 maturity

Consolidated first lien net debt leverage ratio springing covenant of 4.25x; only if more than 33.3% of facility is drawn (guaranteed minimum access of \$50M)

¹ As of March 30, 2019. Debt reflects par principal of loans and notes.

Appendix

Non-GAAP Reconciliation

Revenues – Constant Currency (in thousands)

				<u>Q1 2019 Variance</u>		
	<u>Q1 2019</u>		<u>Q1 2018</u>	<u>2019</u>	<u>2019</u>	
	<u>Currency</u>	<u>Constant</u>		<u>vs</u>	<u>Constant</u>	
	<u>Adjustment</u>	<u>Currency</u>	<u>GAAP</u>	<u>2018</u>	<u>Currency</u>	
				<u>vs</u>	<u>vs</u>	
				<u>2018</u>	<u>2018</u>	
Consolidated Company Revenues	\$ 363,164	\$ 10,186	\$ 373,350	\$ 408,223	(11.0%)	(8.5%)

Note: Totals may not sum due to rounding.





**Wellness
that Works.**