



INVESTOR PRESENTATION

September 2019



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An Innovator in
Health & Wellness

A Dynamic & Exciting New Brand



A Mission to Offer
the World Lifelong
Transformation
**One Healthy
Habit at a Time**





Proven Effectiveness

- Nearly **40 years** of research and experience
- Double-blind controlled clinical study demonstrates **enhanced efficacy of integrated coach model vs solo approach**
- **Substantial credibility** with U.S. doctors and medical community
- **Scientific Advisory Board helps guide** and advise development of programs

Solid Track Record in Health Innovation

Holistic approach to improving overall health and wellness

Coach and community support clinically demonstrated to **contribute meaningfully to success**

Empowering a new attitude towards food

WEIGHT LOSS IS A CATALYST FOR FURTHER CHANGE

An effective lifestyle solution for people for whom diets have previously failed



Lifelong transformation supported through the incorporation of **Healthy Habits**

Delivering on Our Promises

+55%

**Number of Active
Earning Coaches**

Q2 2018 – Q2 2019

+7%

**Net Sales Per Active
Earning Coach**

Q2 2018 – Q2 2019

Generating Exceptional Results

+60%

Revenue

Q2 2018 – Q2 2019

+60%

Operating Income

Q2 2018 – Q2 2019

+51%

Diluted EPS

Q2 2018 – Q2 2019

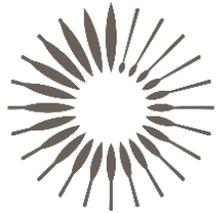


Now We are
Delivering on the
**Next Stage of Our
Growth Journey**



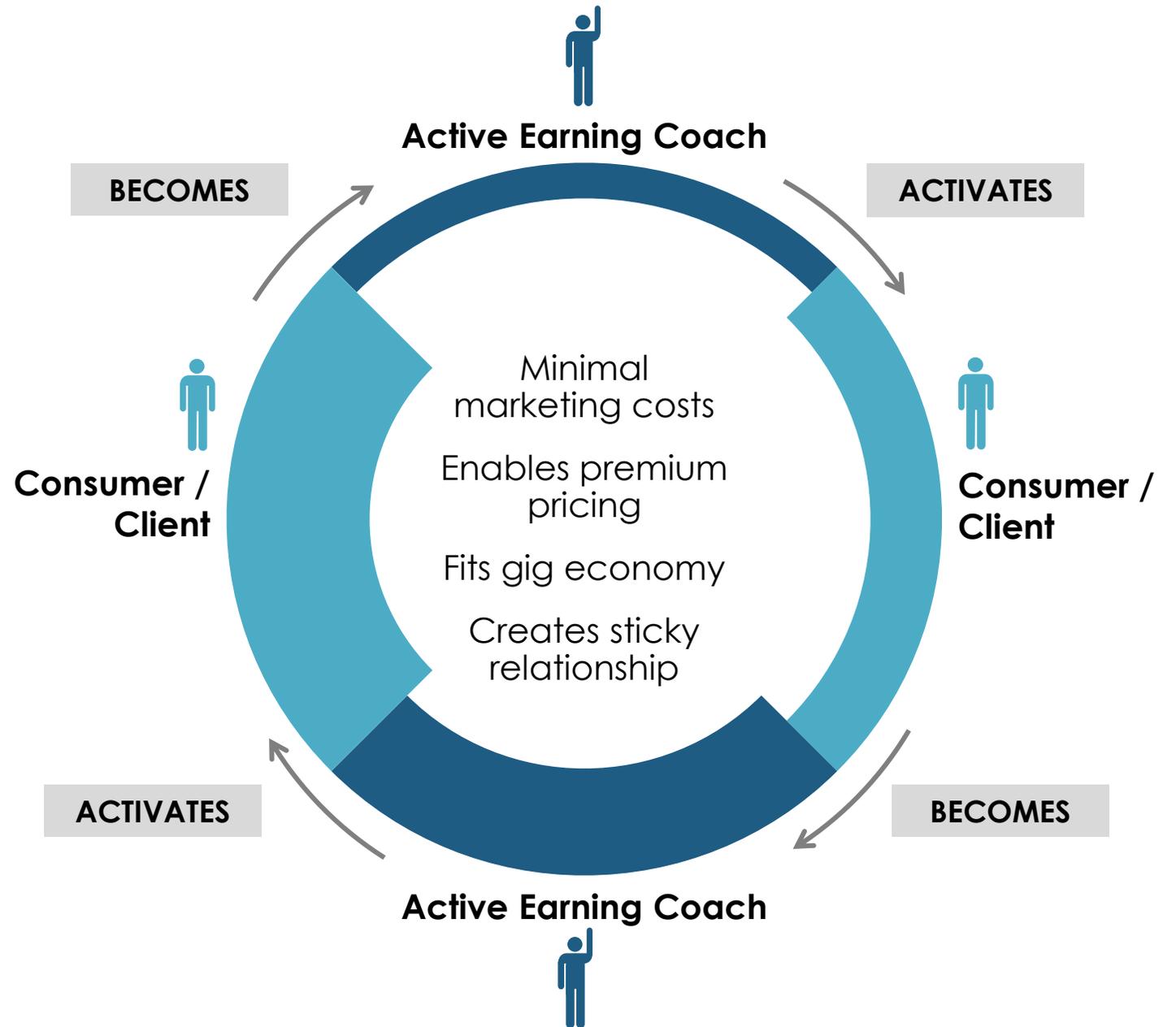
Fully Focused on Scaling Our Coach Model

- **30,600 active earning coaches** and growing rapidly
- **Personal, direct-service and sales strategy**, optimal for activating and supporting consumers
- **Attractive financial model**, with higher lifetime value and enhanced profitability
- **Leverages growing consumer demand** for personal advice, customized support and personalized recommendations



OPTAVIA®

Virtuous Circle for Growth

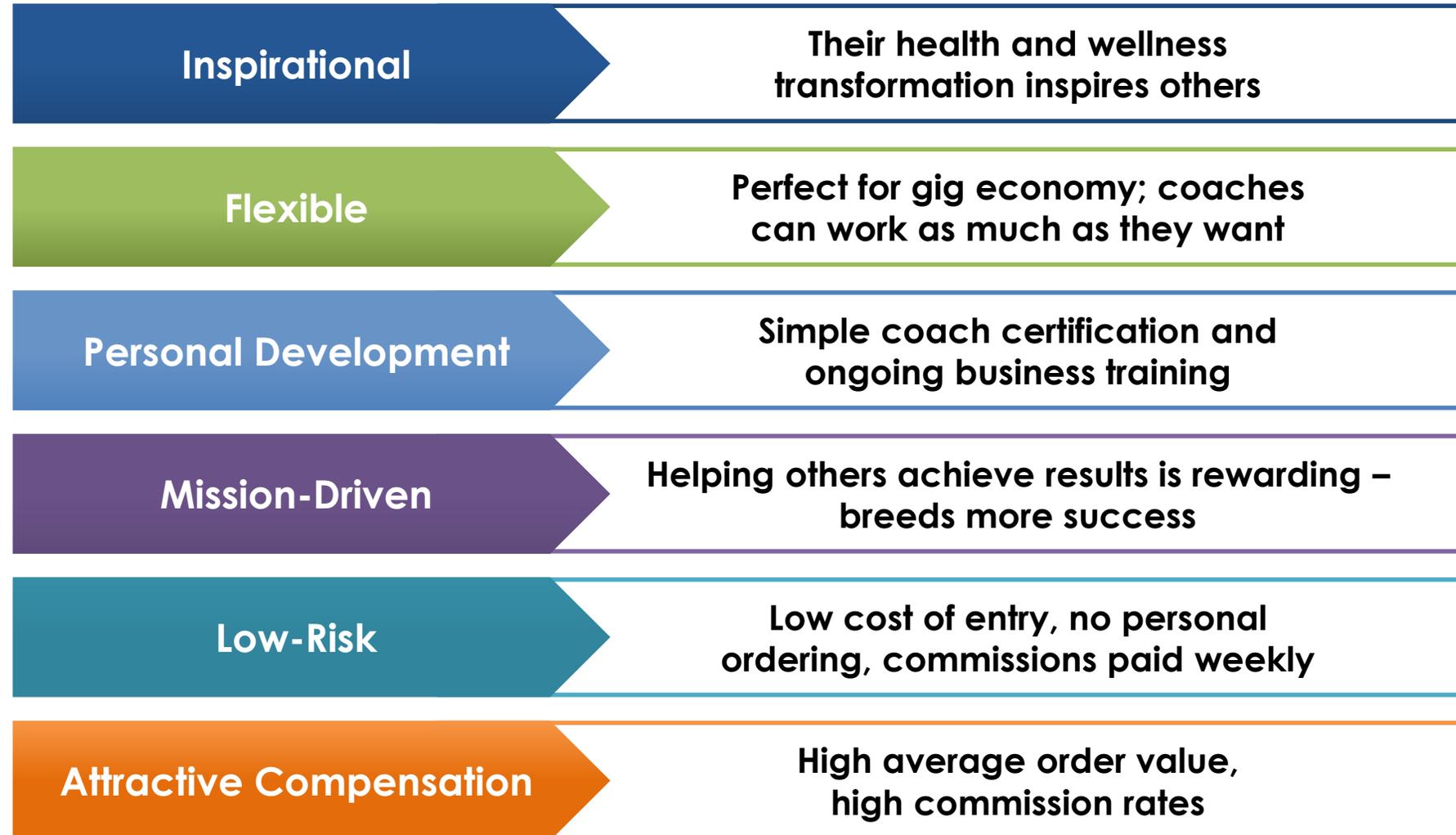




Optimal Balance Between Service and Sales

- Reflective of new economy (Uber, AirBnB etc.)
- All commission based on **product sales driven by coaching service**
- Not a wholesale model – coaches don't handle cash or retail products
- **90% of all OPTAVIA product sales go directly to clients** who are not coaches

A Compelling Career and Lifestyle Choice





Proven and Effective Products and Programs

- **Exclusive products** with flavors & variety for every taste
- **Scientifically developed**, supported by clinical studies, nutrient dense, portion controlled, nutritionally interchangeable and simple to use
- **Trustworthy** reputation built over time
- **Educational** element to ensure clients learn to make healthy meals themselves in addition to using Fuelings
- **Supports Healthy Habits** creation

A CLEAR PATH FOR **GROWTH**





Our Vision

Double the size of the business every 3-4 years by growing in the US and expanding into Asia Pacific

Large and Growing Market Opportunity



70%¹

Of U.S. adults are overweight or obese



5%/Year²

Growth projections through 2022 for U.S. weight loss products and services

\$194B³

U.S. Health & Wellness Market

\$17B²

U.S. Weight-Loss Market



International levels doubled from **30 years ago**⁴

Our Growth Strategy

DRAMATICALLY GROW OPTAVIA COACH COMMUNITY

1

**Accelerate
Coach Success**

2

**Utilize
Technology
to Optimize
Effectiveness**

3

**Drive Product
Innovation**

4

**Expand
Segments &
Geographies**

1

Accelerate Coach Success

- Capitalize on **OPTAVIA** Brand and compelling health and wellness message
- Leverage new, exclusive products based on company's proven science and clinical credibility
- Deliver on easy to share story about a complex lifestyle issue
- Teach a simple growth model
- Streamline the coach experience

2

**Utilize
Technology
to Optimize
Effectiveness**

- Accelerate our repeatable business rhythm
- Mobile app-based platform
- Improve use of data analytics
- Streamline processes
- Connectivity powering customer acquisition and insight
- Cloud based to enable rapid expansion
- Improve coach efficiency

SCALABLE TO SUPPORT EXPANSION & GROWTH

3

Drive Product Innovation

Growth into Adjacent Healthy Habits



Nutrition



Hydration



Sleep



Movement



Aging

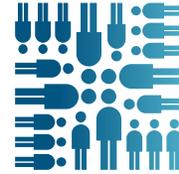
4

Expand Segments & Geographies

U.S. Opportunities



Regional
Underrepresented markets



Generational
Target younger demographics



Diversity
Outreach to important communities



Lifestyle
Serve clients in different stages of optimal wellbeing

4

Expand Segments & Geographies

International Opportunities

- Claiming our share of \$790B¹ global health & wellness market
- Launched in Hong Kong, Singapore gateway markets in July, 2019
- Building global presence of successful optimal weight loss plans
- Strong response to product testing in-market
- Actively engaging U.S. coach base now as rollout begins

Significant Potential in International Markets

Methodical approach to expansion in global markets

- Drive pre-market activity in U.S.
- Scale to achieve profitability in newly opened markets
- Provide springboard for further expansion
- Fund expansion without negatively impacting existing operating margin

Medifast has **larger U.S. Revenue base** than many U.S.-Based peers, but no international presence today

Global Direct Selling Market*

Largest Markets		Fastest Growing (3-yr. CAGR)	
U.S.	\$35B	Argentina	37.0%
China	\$34B	Indonesia	14.3%
Korea	\$17B	Ecuador	8.9%
Germany	\$17B	Philippines	7.7%
Japan	\$15B	China	7.7%

PARTICULARLY STRONG GROWTH POTENTIAL IN ASIA PACIFIC

STRONG FINANCIAL PERFORMANCE





OPTAVIA®

A Resilient Business Model

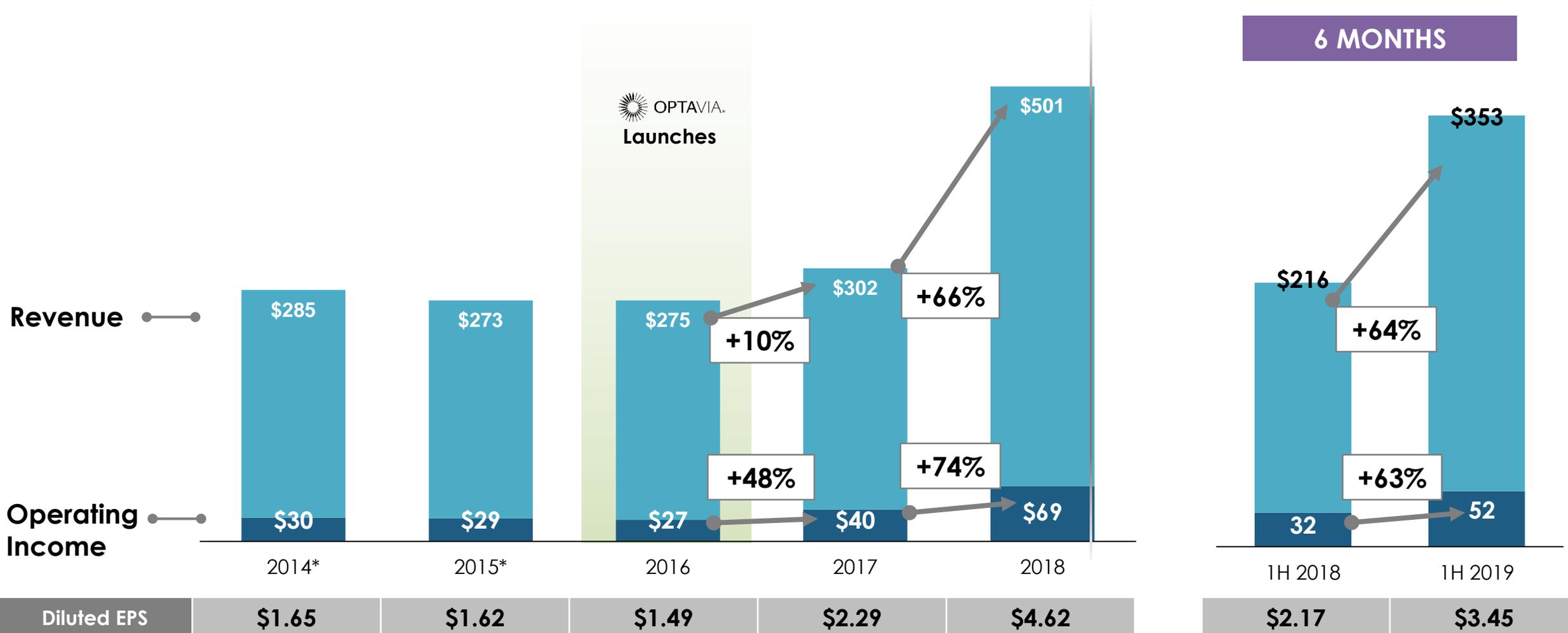
- Efficient **direct-to-consumer** business
- Consistent patterns create **strong forward visibility**
- High percentage of clients on continuity shipments (**≈ 85% of orders**)
- **High lifetime value**
- **Variable cost model**

Attractive Financial Model

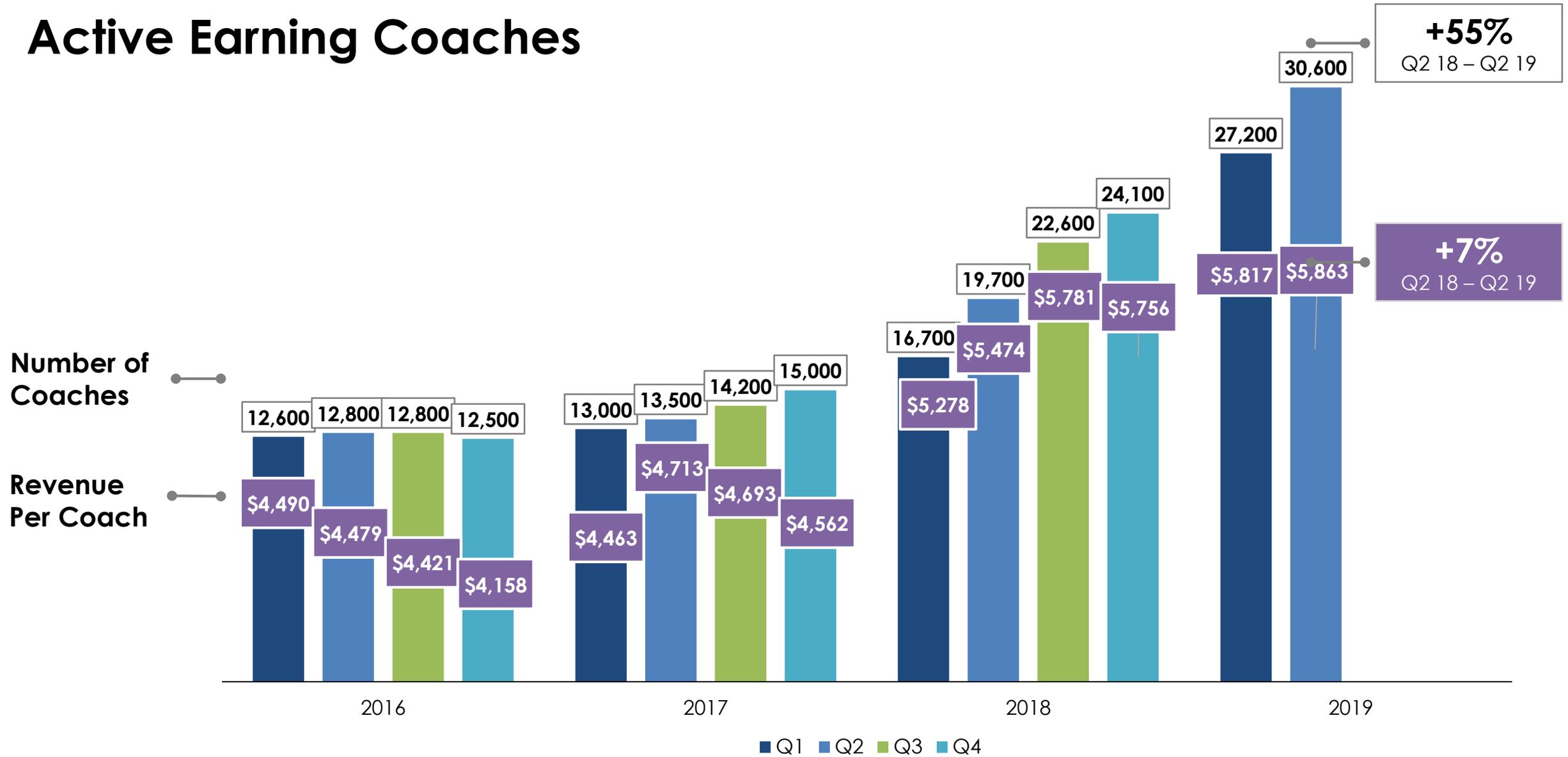
	FISCAL 2014 ¹	FISCAL 2015 ¹	FISCAL 2016	FISCAL 2017	FISCAL 2018	LONG-TERM TARGET
YTY % Growth						
Revenue	(12%)	(4%)	1%	10%	66%	25%
% of Revenue						
Gross Profit	73.3%	73.8%	74.9%	75.5%	75.8%	76.0%
Commissions	30.0%	30.6%	33.7%	35.6%	39.6%	43.0%
Other SG&A	32.7%	32.7%	31.4%	26.8%	22.4%	18.0%
Operating Expenses	62.7%	63.3%	65.1%	62.4%	62.0%	61.0%
Operating Income	10.6%	10.5%	9.8%	13.1%	13.8%	15.0%+

OPTAVIA Driving Transformational Growth

(\$ Millions, Except Per Share Data)



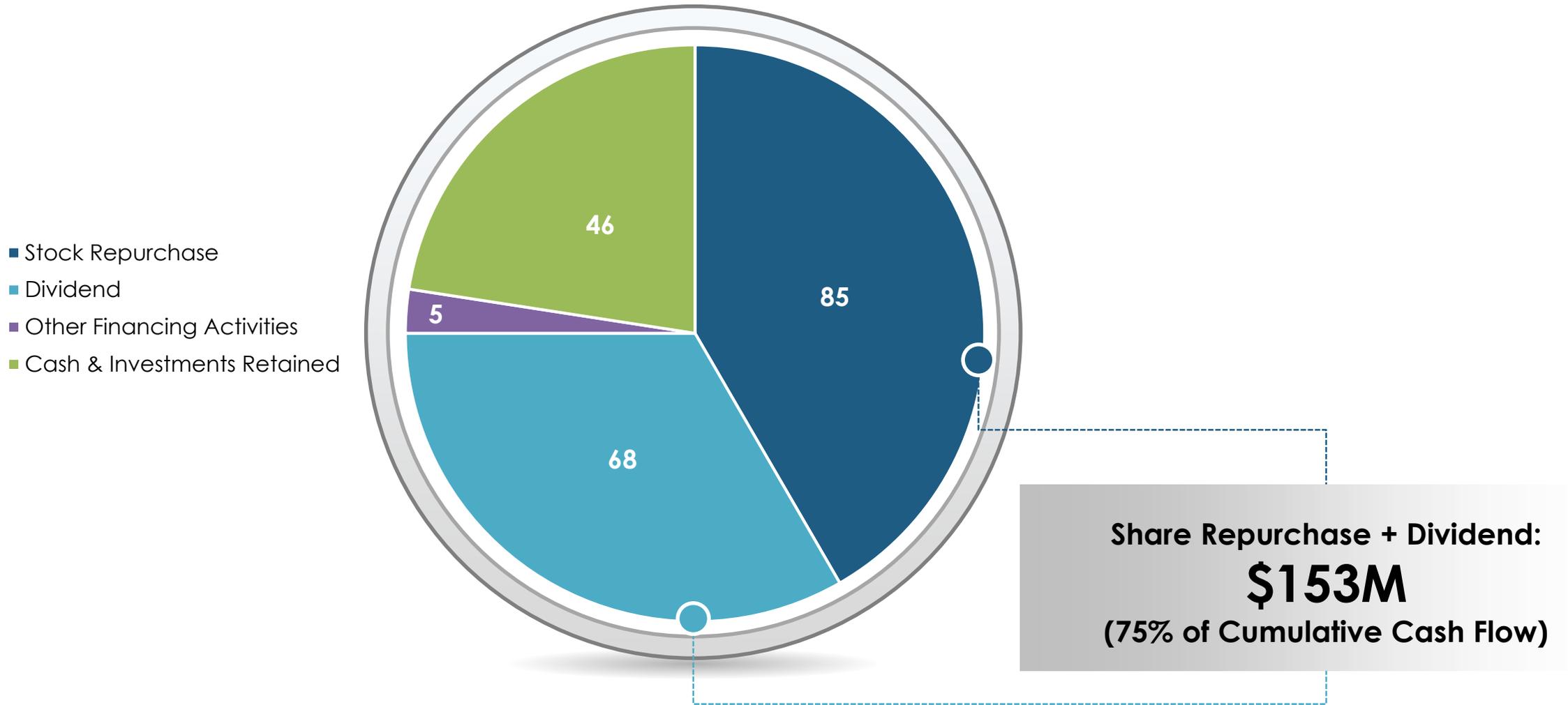
Active Earning Coaches



Capital Allocation Strategy

(\$ Millions)

2014 – Q2 2019



- Stock Repurchase
- Dividend
- Other Financing Activities
- Cash & Investments Retained

Strong Balance Sheet Facilitating Growth

CASH & INVESTMENTS

\$114M

DEBT-FREE

QUARTERLY DIVIDEND

\$0.75

- Financial capacity to handle any CAPEX requirements
- Strong cash flow
- Active share repurchase program
- Raised quarterly dividend every year since initiation in 2015 (\$0.25 in Dec 15 to \$0.75 in Dec 18)

2019 Outlook

REVENUE

Q3 **\$190.0M to \$195.0M**

FY **\$730.0M to \$750.0M**

DILUTED EPS

\$1.30 to \$1.35

\$6.75 to \$6.95

Note: Guidance provided August 1, 2019

SUMMARY



Investment Thesis Summary



Health & wellness innovator with differentiated, science-based products and programs



Large and growing market opportunity addressing a global need



Scalable coach-based distribution model



Ideally positioned for growth acceleration in U.S. and internationally



Attractive, highly predictable business model



Significant cash flow, and strong balance sheet



Attractive capital allocation strategy



Demonstrated record of success

