

Investor Presentation

January 2017



Certain information included in this presentation may constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally can be identified by use of phrases or terminology such as "intend" or other similar words or the negative of such terminology. Similarly, descriptions of Medifast's objectives, strategies, plans, goals or targets contained herein are also considered forward-looking statements. Medifast believes this presentation should be read in conjunction with all of its filings with the United States Securities and Exchange Commission and cautions its readers that these forward-looking statements are subject to certain events, risks, uncertainties, and other factors. Some of these factors include, among others, Medifast's inability to attract and retain independent Health Coaches and Members, stability in the pricing of print, TV and Direct Mail marketing initiatives affecting the cost to acquire customers, increases in competition, litigation, regulatory changes, and its planned growth into new domestic and international markets and new channels of distribution. Although Medifast believes that the expectations, statements, and assumptions reflected in these forward-looking statements are reasonable, it cautions readers to always consider all of the risk factors and any other cautionary statements carefully in evaluating each forward-looking statement in this presentation, as well as those set forth in its latest Annual Report on Form 10-K, and other filings filed with the United States Securities and Exchange Commission, including its current reports on Form 8-K.

Presenters



Daniel R. Chard

Chief Executive Officer



Timothy Robinson

Chief Financial Officer

Agenda

- 1 Company Highlights
- 2 Focus On Execution... Medifast Business Evolution
- 3 Weight Loss & Weight Maintenance Options for Success
- 4 Financial Highlights
- 5 Well Positioned for Future Growth



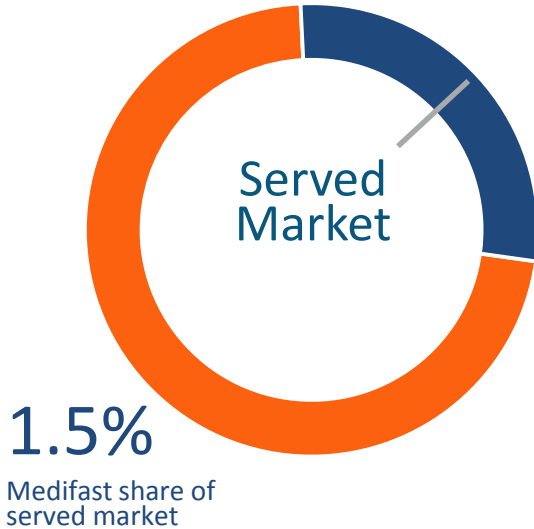
COMPANY HIGHLIGHTS

Over 35 years of **Empowering** people with the right opportunities to enjoy the healthy life they deserve

- ▶ Weight Management & Healthy Living Company
- ▶ Compelling Distribution Delivery Business Model
- ▶ Vertically Integrated Manufacturing
- ▶ In-house Innovation and Food Science
- ▶ Industry-Leading Margins
- ▶ Strong Balance Sheet
 - ▶ Share Repurchase Program
 - ▶ Quarterly Dividend of \$0.32 per share



- Large, addressable and growing market ✓
- Differentiated scientific approach to weight loss ✓
- Highly efficacious product portfolio validated by customer referrals ✓
- Network of Coach, Center and Physician distribution partners ✓
- Low cost vertically integrated business model with state-of-the-art manufacturing infrastructure ✓
- Highly variable cost base limiting downside ✓
- Strong balance sheet and consistent cash flow generation ✓
- Experienced management team ✓



Sources: U.S. Census Data, CDC Data, IBIS World, MarketData



Total Market



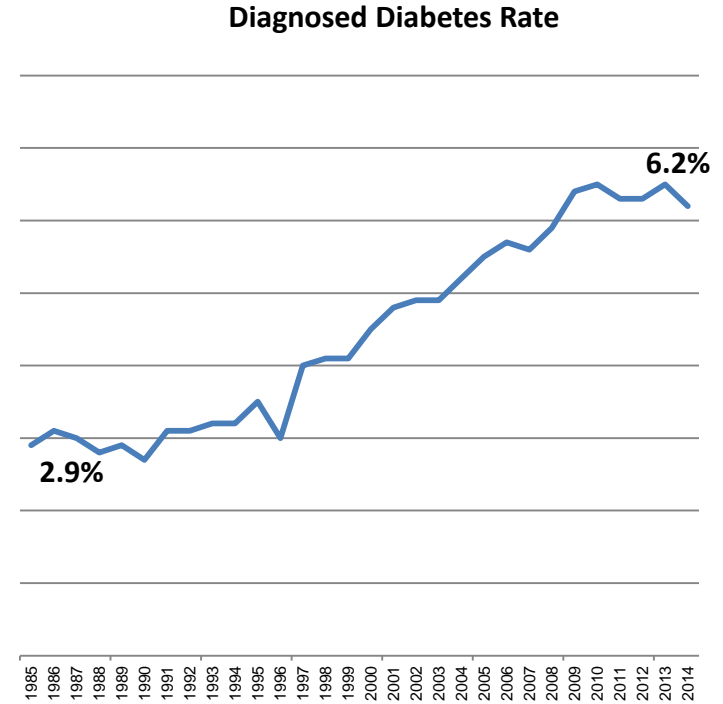
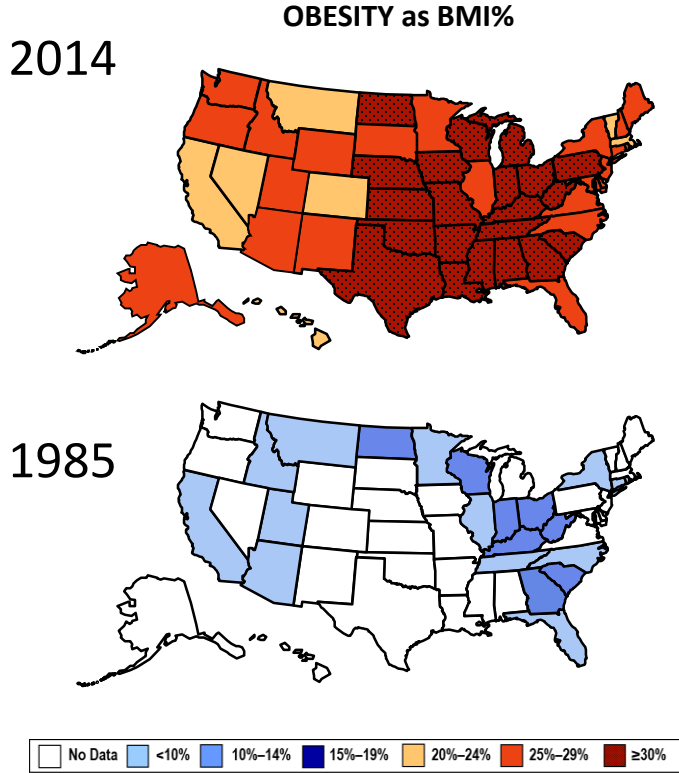
Served Market

- Diet Foods/Meals
- Weight Loss Centers
- Low Calories Programs
- Medical Plans & Surgery
- Books & Videos



Unserved Market

- Diet Soft Drinks
- Artificial Sweeteners
- Health Club Revenues



Sources: CDC Behavioral Risk Factor Surveillance System (1985 to 2014 comparison subject to methodology changes in 2011) and Diabetes Surveillance System (Age Adjusted Rates)



Since 1980

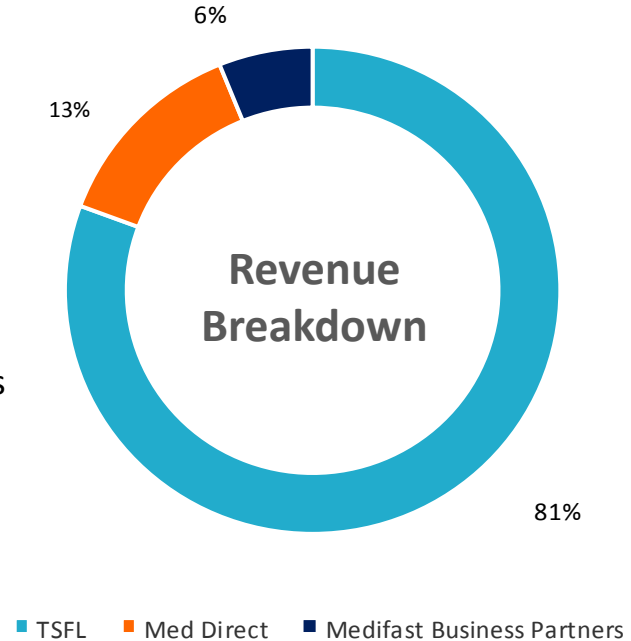
Over **1,000,000** Customers

Over **20,000** Doctors have recommended
Medifast products & programs

Take Shape For Life 12,800 Independent Health Coaches

Medifast Direct Direct Response and E-commerce

Medifast Business Partners Franchise Weight Control Centers
Doctors
Wholesale Accounts



Note: For the nine months ended September 30, 2016



FOCUS ON EXECUTION...
MEDIFAST BUSINESS
EVOLUTION



1

DELIVERED ON STRATEGIC PLAN

- ▶ Initiated Channel differentiation and exclusivity to enable new strategies
- ▶ Strengthened Coach network
- ▶ Direct response analytics, test & measure capabilities

2

MAINTAINED PROFIT FOCUS

- ▶ Financial Discipline in all areas of the company to drive overall performance
- ▶ Continued to improve Supply Chain efficiencies while developing a new line of Optavia products in 2016.

3

CREATED VALUE

- ▶ Maintained strong balance sheet and cash flows
- ▶ Initiated quarterly dividend in 4Q15 and increased it by 28% in 4Q16
- ▶ Drove significant share price appreciation

2011

2012

2013

2014

2015

2016

Beyond

▶ **Focus on MWCC Growth**

- Corporate: + 48 Centers
- Franchise: + 14 Centers

▶ **“One Medifast” Strategy**

- Internally created shared service model and technology platform to support all channels with independent strategies
- Standardized products, offers, pricing and systems
- Externally introduced opportunity for e-commerce customer to choose a sales channel for support

One Medifast “blurred” the lines of differentiation

▶ **MWCC Center Transition**

- Corporate: -87 Centers
 - Sold: 41 Centers
 - Closed: 46 Centers
- Franchise: +38 Centers

▶ **Product Launches**

- Largest new product introduction year in 2014
- Entered new categories, including healthy living

▶ **Cost base reductions**

- Supply Chain Enhancements
- Expense Reductions

Heightened focus on sustainable profitability

▶ **Complement of Products & Brands for Effective Distribution Delivery**

- Redefined brand, product & price strategy
- Tested products beyond weight loss

▶ **Restructured Executive team to create focus future growth path**

▶ **OPTAVIA™**

- Introduced a new, exclusive lifestyle brand for Take Shape For Life division

▶ **Industry Expertise including Dan Chard, CEO effective 10/3/16**

- Seasoned executive who possesses extensive direct selling industry and consumer products experience

Defining Path to Growth



WEIGHT LOSS & WEIGHT MAINTENANCE OPTIONS FOR SUCCESS

Unique Direct Selling Model

- ▶ **12,800** independent health coaches
- ▶ **81%** of total revenue
- ▶ Healthy lifestyle focus
- ▶ **92%** of orders go directly to clients, and **8%** for coach's own use
- ▶ Coaches do not purchase at a discount
- ▶ Coaches do not hold inventory
- ▶ All commissions based on product sales
- ▶ Attractive business opportunity



Your Health Coach, Habits of Health, **OPTAVIA™** Community, and Fuelings



Your Health Coach



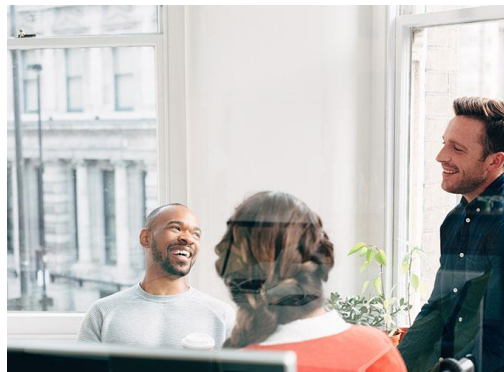
Habits of Health



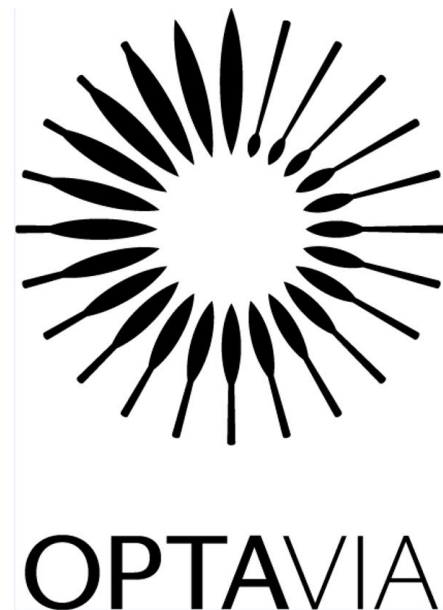
OPTAVIA™ Community



Fuelings



- ▶ **Launch – Convention July 2016**
- ▶ **Brand Introduction – July 2016 → July 2017**
- ▶ **Fully exclusive lifestyle brand and product offering** that is only available to our Take Shape For Life family of Health Coaches and clients
- ▶ Well positioned for growth across the U.S. and opportunity for future international expansion



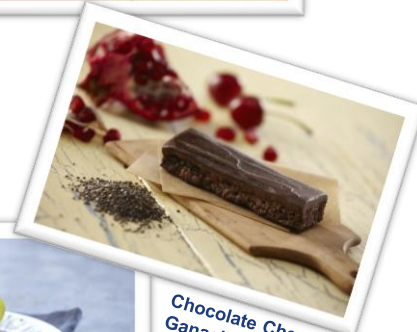
▶ 13 new innovative OPTAVIA™ Fuelings

Each product contains:

- ▶ No colors, flavors, sweeteners, or preservatives from artificial sources
 - ▶ No genetically engineered ingredients
 - ▶ A minimum of 250 million CFU of GanedenBC30® probiotic cultures per Fueling to help support your digestive and immune health
 - ▶ 25 Vitamins and minerals
 - ▶ Premium ingredients from all over the world including Morocco, Bolivia, Indonesia and the Philippines
- ▶ **Provide the same scientifically proven nutritional profile as our existing portfolio of products**




Wild Blueberry
Almond Hot Cereal



Chocolate Cherry
Ganache Bar



Chia Bliss Smoothie



LEAD
from the
FUTURE.
ACT
now.

NATIONAL CONVENTION
2016



OPTAVIA™

We are on a mission to create a revolution in health and wellbeing.
We have already transformed the lives of thousands.



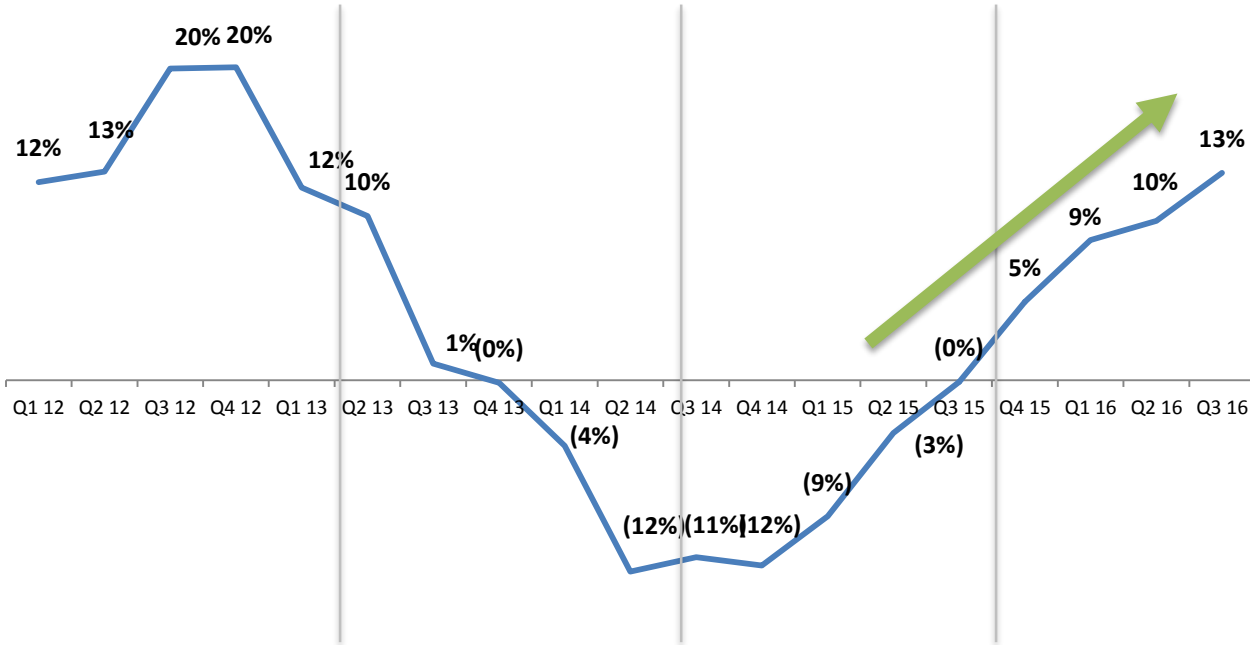
Take Shape
For Life.®



Convention 2016
*largest event in the
company's history -
with more than 3,400
registered attendees,
>20% growth y/y*

Seventh consecutive quarter of improvement in revenue trend y/y

Net Sales Y/Y%



- ▶ Executed on key Initiatives
 - Focus on New Coach Sponsorship - Each One Reach One
 - Unified & Simplified Training and Tools
 - Leadership Development – Helping leaders achieve more success
 - Price and Program differentiation. Strengthening the Coach value proposition.

- ▶ Leading indicators show continued strengthening of Coach network
 - New Coach Sponsorship
 - Coach Activity Rates
 - New Clients

"I really feel like the me I'm supposed to be. If I can do it, anyone can!"

- Brooke
Marketing Consultant
Johnston, IA



Find Your Plan

Medifast is doctor developed with easy, convenient weight-loss plans. Our wide variety of delicious, nutritionally balanced meals have the protein you need to help you feel full while you lose weight and burn fat away.

Select a plan and get started for as low as \$149!*

Go!

Our **easy-to-follow** program that delivers **fast results** for busy people

Flex

Our **most flexible** meal plan that delivers **steady, gradual weight loss**.



- ▶ Direct Response Business Model
- ▶ **13%** of Revenue
- ▶ E-commerce Platform
- ▶ Self-Directed Program
- ▶ Driven by Advertising/Promotion
- ▶ Continuity Options for the Customer and Incentives to Stay on Plan



- ▶ Local Centers for 1-to-1 Counseling
- ▶ Supervised Medifast Programs
- ▶ Onsite Product Purchasing
- ▶ **55** Franchise Centers in the U.S.
- ▶ **6%** of Total Revenue

As of 9/30/2016


















- ▶ **Align the organization around top priorities tied to revenue and profit generation objectives**
- ▶ **Leverage the knowledge gained from previous efforts in Mexico with Medix and in Sports Nutrition in the Collegiate markets to enable future growth in new markets.**



- ▶ **Deliver sustained value through our brand experience**
- ▶ **Enable digital as a growth driver**
- ▶ **Develop existing markets and prepare for expansion**
- ▶ **Explore new growth initiatives and exploiting proven 'winners'**



- ▶ **Focus on proven, efficient methods of acquiring customers**
- ▶ **Maintain strong average order value and retention metrics**
- ▶ **Capitalize on the launch of new programs – Medifast Flex and Medifast Go**
- ▶ **Launch new e-commerce platform to improve the customer experience**
- ▶ **Leverage direct marketing and direct response expertise across the company**
- ▶ **Expand on our digital strategy as a growth Driver**

Name	Title	Years of Experience	Previous Experience
Michael C. MacDonald	Executive Chairman of the Board of Directors	40+	 
Daniel R. Chard	Chief Executive Officer	25+	  
Timothy G. Robinson	Chief Financial Officer	25+	 
Brian Kagen	Executive Vice President & Chief Marketing Officer	20+	
Bill Baker	EVP Information Technology	20+	  
Mona Ameli	President of Take Shape for Life	20+	   
<i>Recent Addition to Leadership Team:</i>			
Jeremy Redd	VP of Take Shape for Life Sales & Field Development	15+	 



FINANCIAL OVERVIEW

Positive Momentum in 2016

3Q16 Financial Highlights

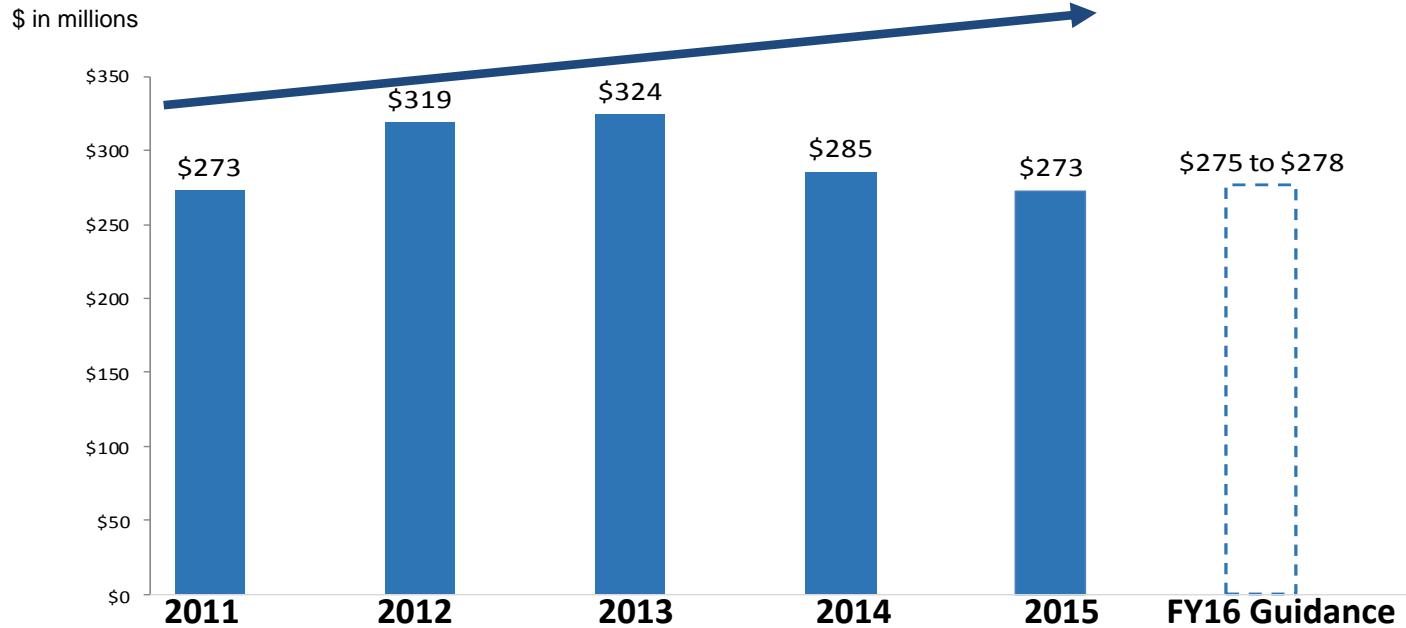
- ✓ Revenue of \$68.6 million exceeding prior guidance of \$64 million to \$67 million

- ✓ Earnings per diluted share from continuing operations was \$0.51 which was above expectations of \$0.43 to \$0.46

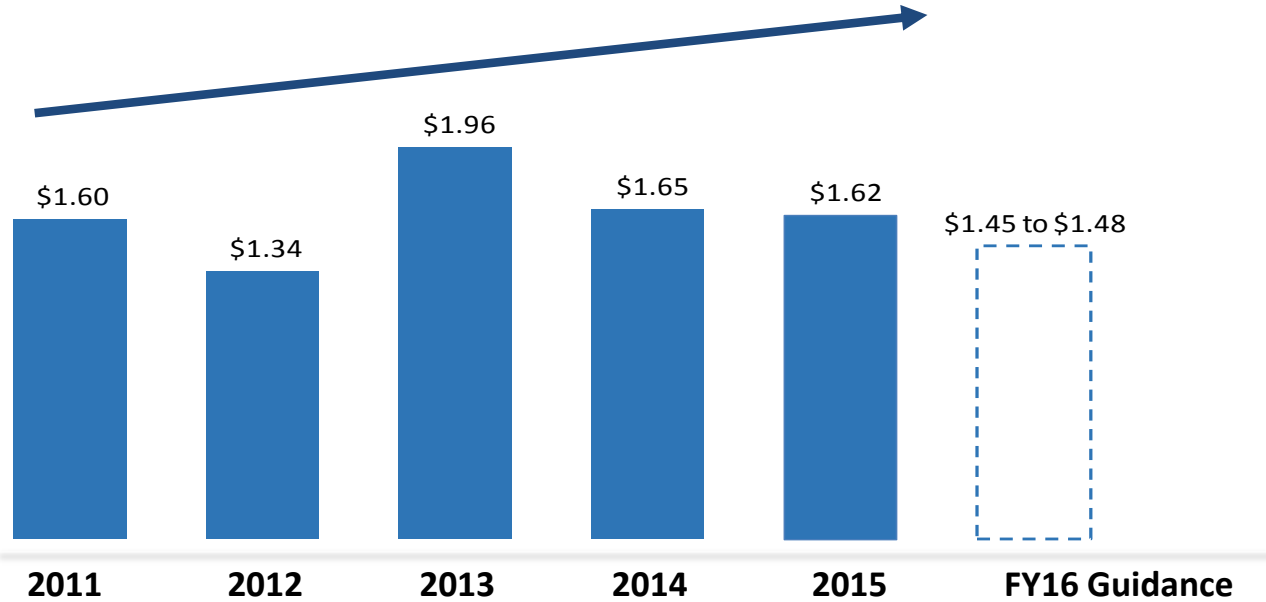
- ✓ 2016 annual guidance: narrowed revenue guidance to \$275 million to \$278 million, raised earnings per share to \$1.45 - \$1.48 from \$1.38 - \$1.43 and adjusted earnings per share to \$1.86 - \$1.89 from \$1.79 - \$1.84

- ✓ Expect annual savings of \$2.2 million associated with corporate restructuring

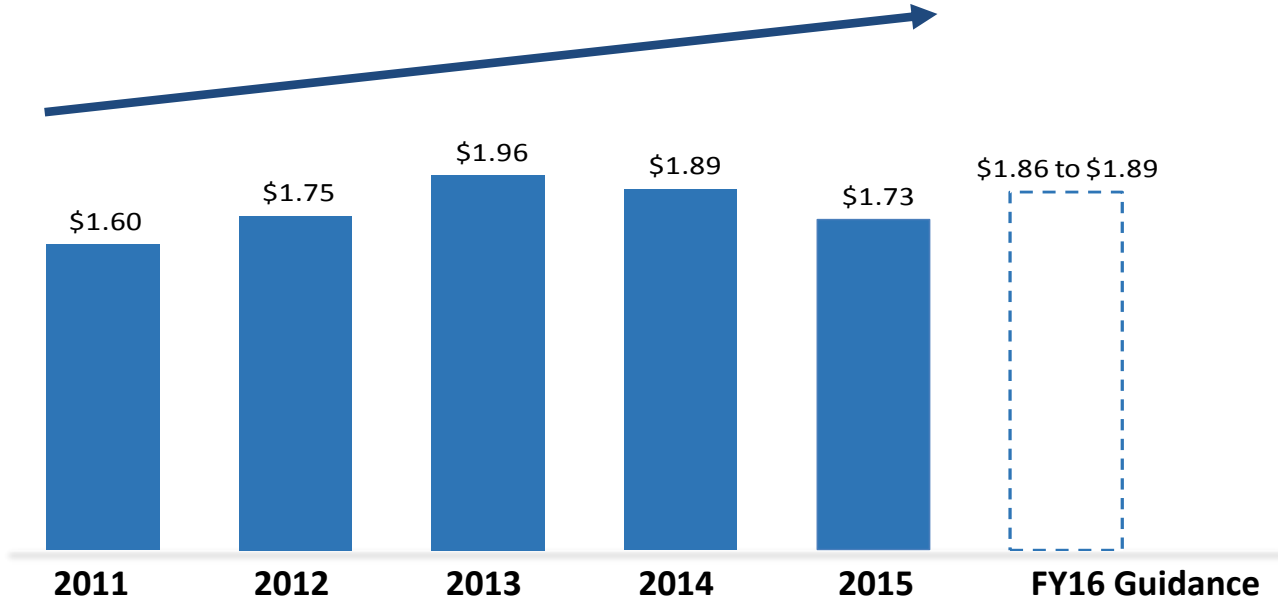
- Revenue from continuing operations
- 2016 guidance for Non-GAAP EPS excludes \$1.2 million of first-quarter 2016 restructuring costs, associated with separation payments for several senior executives and excludes a \$6.1 million charge for the asset abandonment that occurred in 2Q16
- Restructuring excludes \$1.2 million of anticipated restructuring costs associated with separation agreements for several senior executives realized in 1Q16



- Revenue from continuing operations.



- EPS from continuing operations.



- EPS from continuing operations.
- 2012 Non-GAAP EPS excludes two non-recurring items, including a FTC settlement recorded in the second quarter and a sales tax accrual in the fourth quarter. Reported EPS \$1.34.
- 2014 Non-GAAP EPS excludes the net of tax items of \$1.3 million accrual for franchise loan default guaranteed by Medifast and the \$1.8 million in extraordinary legal and advisory expenses resulting from 13D filings. Reported EPS \$1.65.
- 2015 Non-GAAP EPS excludes \$1.4 million in extraordinary legal and advisory expenses resulting from 13D filings. Reported EPS \$1.62
- 2016 guidance for Non-GAAP EPS excludes \$1.2 million of restructuring costs associated with separation agreements with several senior executives and a \$6.1 million noncash asset impairment expense



- ▶ **\$82.1M** Cash & Investments
- ▶ No Long-Term Debt
- ▶ Low Working Capital Levels
- ▶ Minimal CAPEX Requirements
- ▶ Strong Free Cash Flows
- ▶ Existing Stock Repurchase Program
- ▶ **Increased Quarterly Cash Dividend 28%** to \$0.32 per share

Large, addressable and growing market



Differentiated scientific approach to weight loss



Highly efficacious product portfolio validated by customer referrals



Network of Coach, Center and Physician distribution partners



Low cost vertically integrated business model with state-of-the-art manufacturing infrastructure



Highly variable cost base limiting downside



Strong balance sheet and consistent cash flow generation



Experienced management team



Your Optimal Health™ Journey begins here.

