



# INVESTOR PRESENTATION

May 2019



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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 **OPTAVIA** 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. All of the forward-looking statements contained herein speak only as of the date of this presentation.



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

**+63%**

**Number of Active  
Earning Coaches**

Q1 2018 – Q1 2019

**+10%**

**Net Sales Per Active  
Earning Coach**

Q1 2018 – Q1 2019



# Generating Exceptional Results

+68%

**Revenue**

Q1 2018 – Q1 2019

+68%

**Operating Income**

Q1 2018 – Q1 2019

+68%

**Diluted EPS**

Q1 2018 – Q1 2019



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



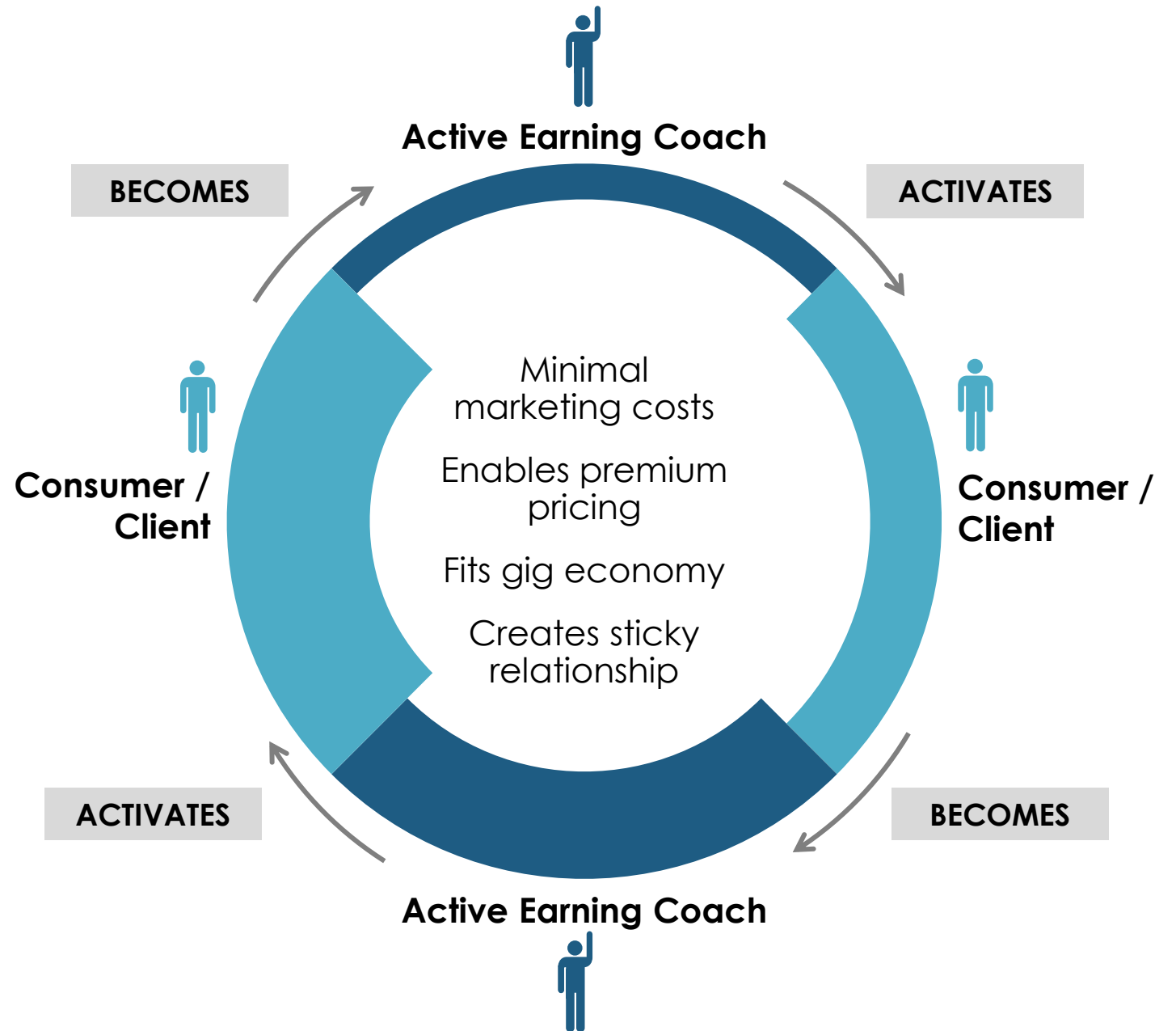
## Fully Focused on Scaling Our Coach Model

- **27,200 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

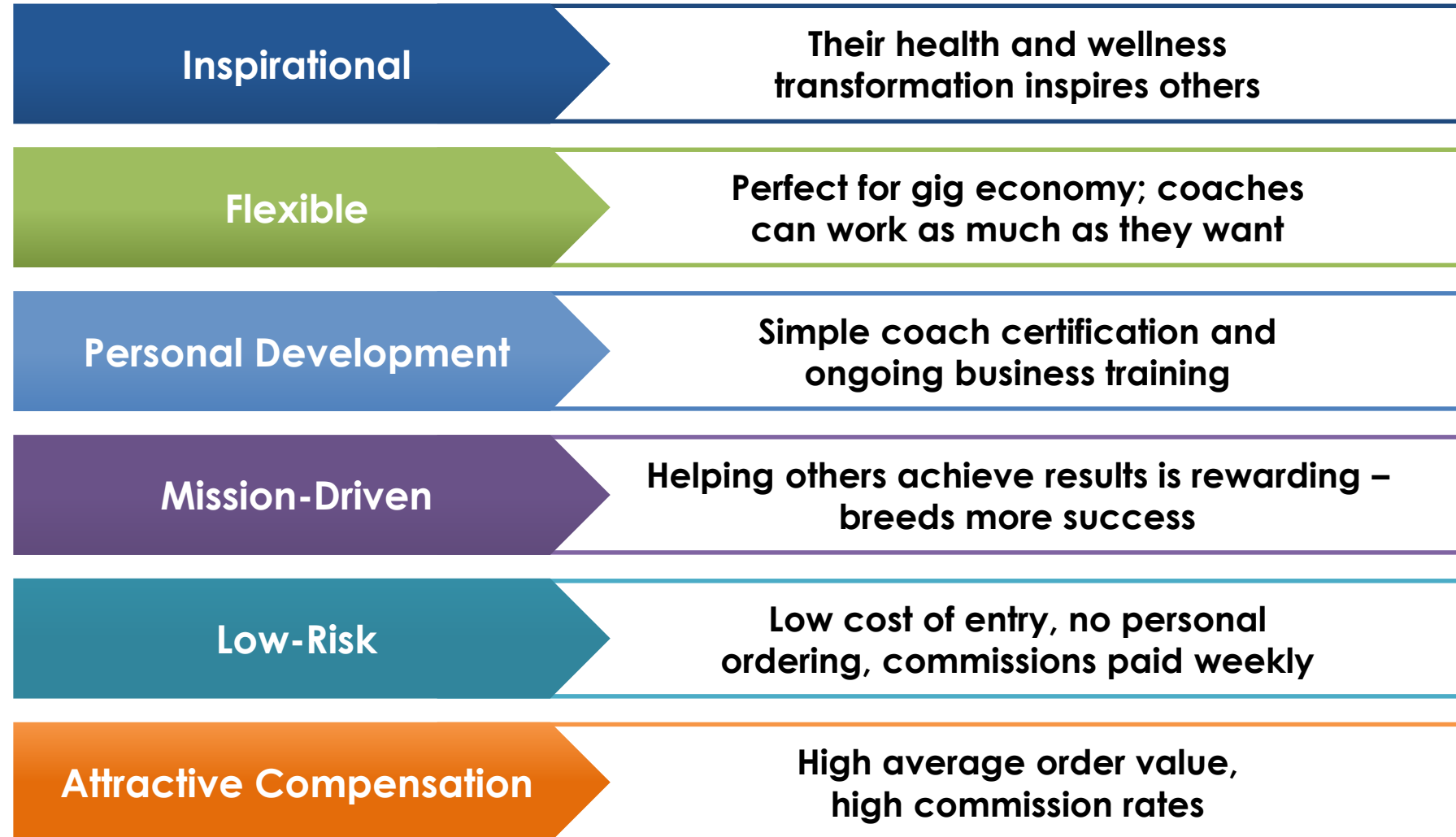




## Optimal Balance Between Service and Sales

- 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

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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%<sup>1</sup>

Of U.S. adults are overweight or obese



5%/Year<sup>2</sup>

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

\$194B<sup>3</sup>

U.S. Health & Wellness Market

\$17B<sup>2</sup>

U.S. Weight-Loss Market



International levels doubled from **30 years ago**<sup>4</sup>

# 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

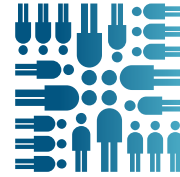
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## Expand Segments & Geographies

## 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 \$790B<sup>1</sup> global health & wellness market
- Launching in Hong Kong, Singapore gateway markets by June 30, 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.	<b>\$35B</b>	Argentina	<b>37.0%</b>
China	<b>\$34B</b>	Indonesia	<b>14.3%</b>
Korea	<b>\$17B</b>	Ecuador	<b>8.9%</b>
Germany	<b>\$17B</b>	Philippines	<b>7.7%</b>
Japan	<b>\$15B</b>	China	<b>7.7%</b>

**PARTICULARLY STRONG GROWTH POTENTIAL IN ASIA PACIFIC**

# STRONG FINANCIAL PERFORMANCE





OPTAVIA®

## A Resilient Business Model

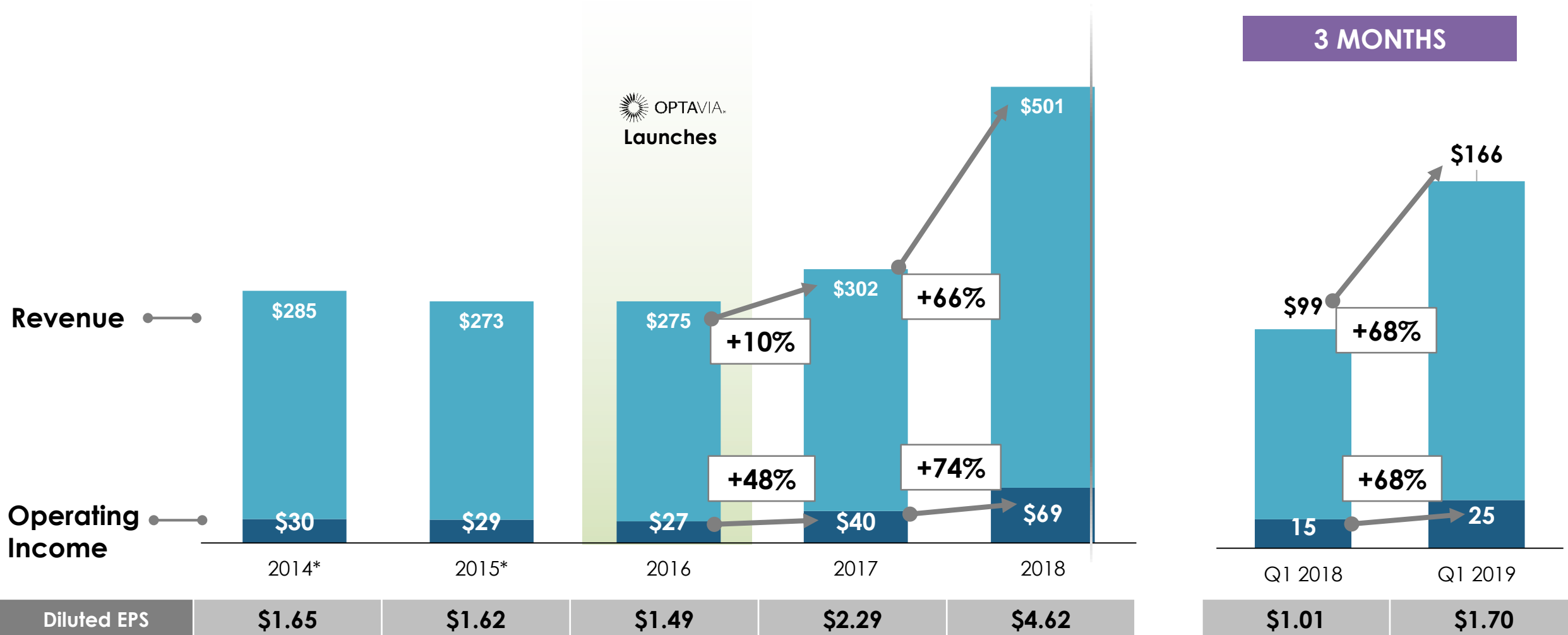
- Efficient **direct-to-consumer** business
- Consistent patterns create **strong forward visibility**
- High percentage of clients on continuity shipments (**≈ 85% of orders**)
- **High lifetime value**
- **Variable cost model**

# Attractive Financial Model

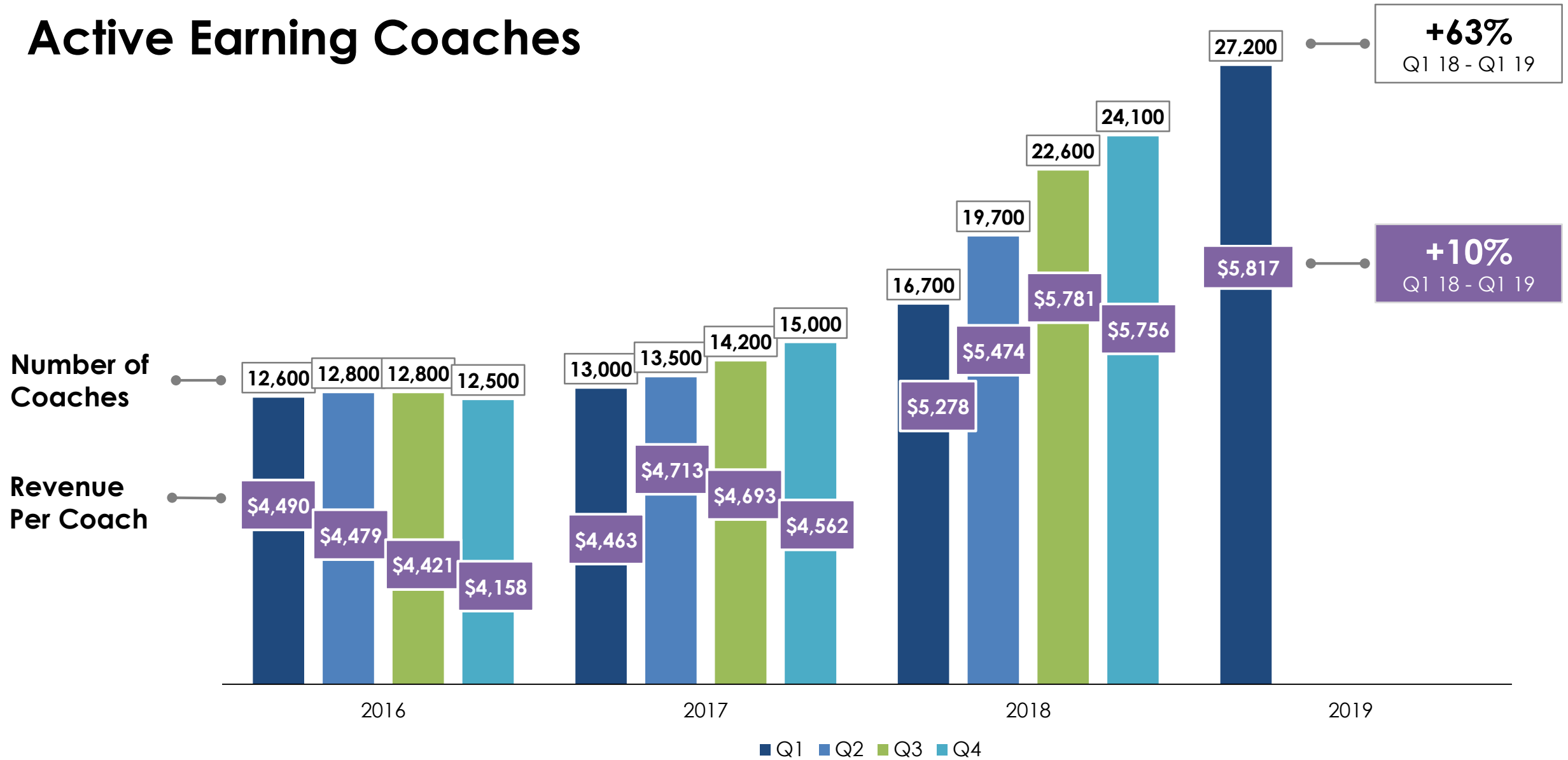
	FISCAL 2014 <sup>1</sup>	FISCAL 2015 <sup>1</sup>	FISCAL 2016	FISCAL 2017	FISCAL 2018	LONG-TERM TARGET
<b>YTY % Growth</b>						
Revenue	(12%)	(4%)	1%	10%	66%	25%
<b>% of Revenue</b>						
Gross Profit	73.3%	73.8%	74.9%	75.5%	75.8%	76.0%
Commissions	30.0%	30.6%	33.7%	35.6%	39.6%	43.0%
Other SG&A	32.7%	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)



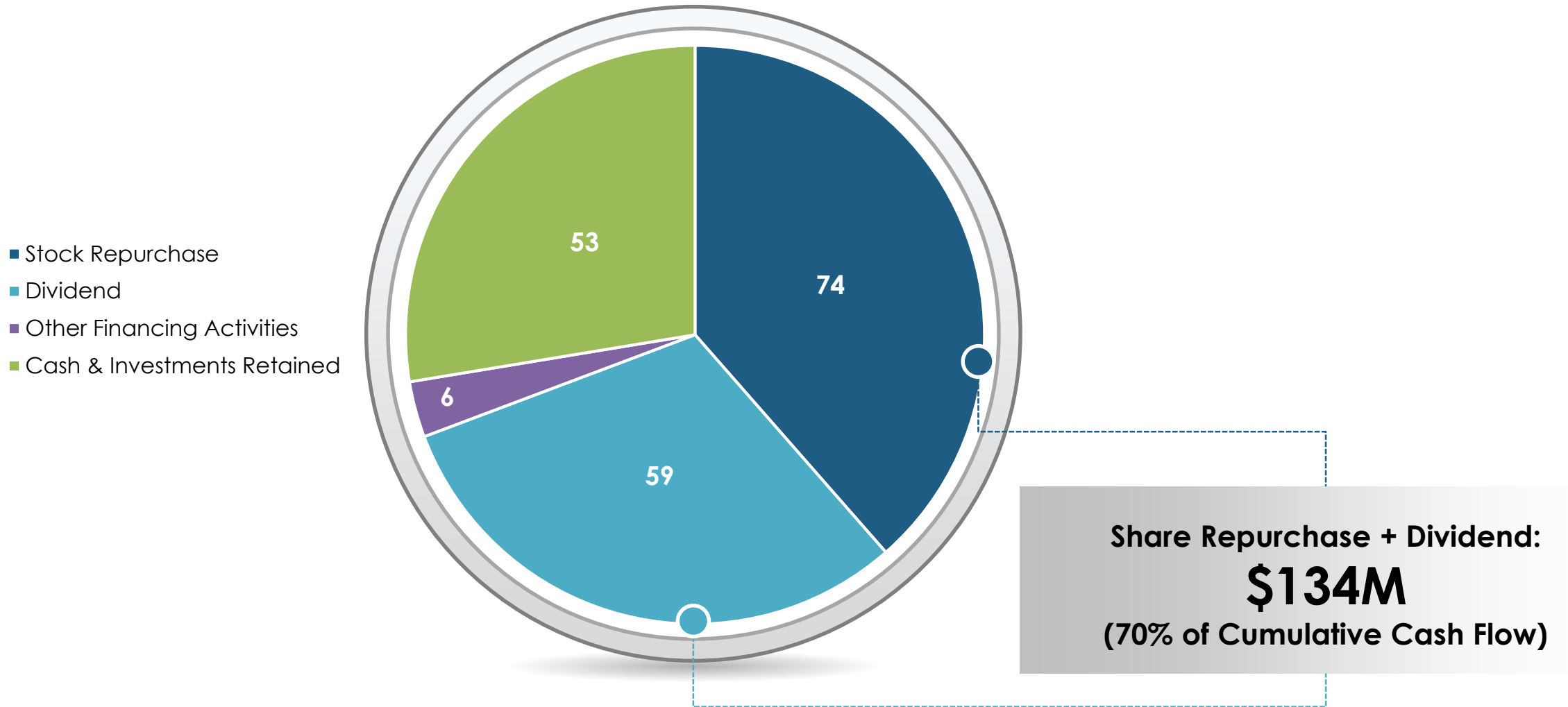
# Active Earning Coaches



# Capital Allocation Strategy

(\$ Millions)

2014 – Q1 2019



# Strong Balance Sheet Facilitating Growth

**CASH & INVESTMENTS**

**\$120M**

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**DEBT-FREE**

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**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

**Q2**     **\$180.0M to \$185.0M**

**FY**     **\$720.0M to \$740.0M**

## DILUTED EPS

**\$1.67 to \$1.72**

**\$6.70 to \$6.90**

# 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**

