



FlowersFoods

FIRST QUARTER 2020 REVIEW

MAY 14, 2020

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

Statements contained in this presentation that are not historical facts are forward-looking statements. Forward-looking statements relate to current expectations regarding our future financial condition, performance and results of operations and the ultimate impact of the novel strain of coronavirus (COVID-19) pandemic on our business, results of operations and financial condition, planned capital expenditures, long-term objectives of management, supply and demand, pricing trends and market forces, and integration plans and expected benefits of transactions and are often identified by the use of words and phrases such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "plan," "predict," "project," "should," "will," "would," "is likely to," "is expected to" or "will continue," or the negative of these terms or other comparable terminology. All forward-looking statements are subject to risks and uncertainties that could cause actual results to differ from those projected. Other factors that may cause actual results to differ from the forward-looking statements contained in this release and that may affect the company's prospects in general include, but are not limited to, (a) the ultimate impact of the COVID-19 outbreak and measures taken in response thereto on our business, results of operations and financial condition, which are highly uncertain and are difficult to predict, (b) general economic and business conditions and the competitive conditions in the baked foods industry, including promotional and price competition, (c) changes in consumer demand for our products, including changes in consumer behavior, trends and preferences, including health and whole grain trends, and the movement toward more inexpensive store-branded products, (d) the success of productivity improvements and new product introductions, (e) a significant reduction in business with any of our major customers including a reduction from adverse developments in any of our customer's business, (f) fluctuations in commodity pricing, (g) energy and raw material costs and availability and hedging and counterparty risk, (h) our ability to fully integrate recent acquisitions into our business, (i) our ability to achieve cash flow from capital expenditures and acquisitions and the availability of new acquisitions that build shareholder value, (j) our ability to successfully implement our business strategies, including those strategies the company has initiated under Project Centennial, which may involve, among other things, the integration of recent acquisitions or the acquisition or disposition of assets at presently targeted values, the deployment of new systems and technology and an enhanced organizational structure, (k) consolidation within the baking industry and related industries, (l) disruptions in our direct-store delivery system, including litigation or an adverse ruling from a court or regulatory or government body that could affect the independent contractor classification of our independent distributors, (m) increasing legal complexity and legal proceedings that we are or may become subject to, (n) product recalls or safety concerns related to our products, and (o) the failure of our information technology systems to perform adequately, including any interruptions, intrusions or security breaches of such systems. The foregoing list of important factors does not include all such factors, nor necessarily present them in order of importance. In addition, you should consult other public disclosures made by the company, including the risk factors included in our most recently filed Annual Report on Form 10-K and Quarterly Reports on Form 10-Q filed with the Securities and Exchange Commission ("SEC") and disclosures made in other filings with the SEC and company press releases, for other factors that may cause actual results to differ materially from those projected by the company. We caution you not to place undue reliance on forward-looking statements, as they speak only as of the date made and are inherently uncertain. The company undertakes no obligation to publicly revise or update such statements, except as required by law.

KEY MESSAGES

- COVID-19-related priorities
 - Maintaining safety of employees
 - Meeting obligation as key part of nation's food supply
 - Supporting the communities we serve
- Achieved record sales and adjusted earnings
- Second consecutive quarter of adjusted EBITDA margin improvement
- Expanded market share
- Reiterated full-year sales and earnings guidance

Q1 2020 FINANCIAL REVIEW

NET SALES **\$1,349.4B** +6.8% v PY

- Price/Mix +6.2%; Volume +0.6%
- The COVID-19 pandemic drove growth in branded retail offset by declines in non-retail

CASH FLOWS

- Cash from Ops = \$106.2 million
- Capex = \$21.7 million
- Dividends = \$40.3 million
- \$203.8M increase in net borrowings driven by \$200M related to COVID-19

NET INCOME **\$(5.8)M** v \$65.9M PY

ADJ. EBITDA¹ **\$163.3M** +19.0% v PY

- Adj. EBITDA was 12.1% of sales, up 120 bps
- Adj. EBITDA increased primarily due to favorable price/mix, lower ingredient and packaging costs, and lower stales, offset partially by higher distributor distribution fees and workforce-related costs

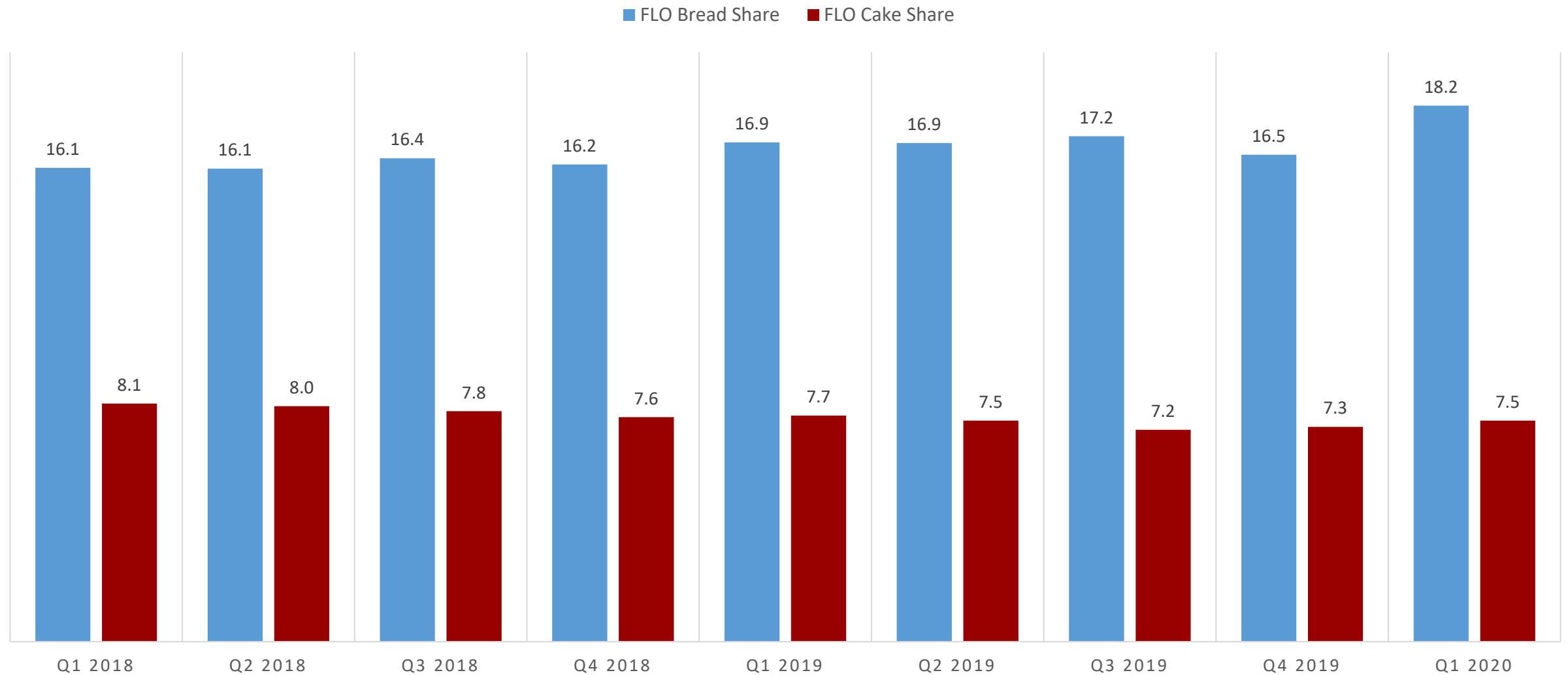
GAAP DILUTED EPS **\$(0.03)** -\$0.34 v PY

ADJ. DILUTED EPS² **\$0.41** +\$0.09 v PY

- GAAP EPS decreased primarily due to a \$0.41 non-cash charge related to pension plan termination
- Adj. EPS increased primarily due to higher sales and improved price/mix related to COVID-19

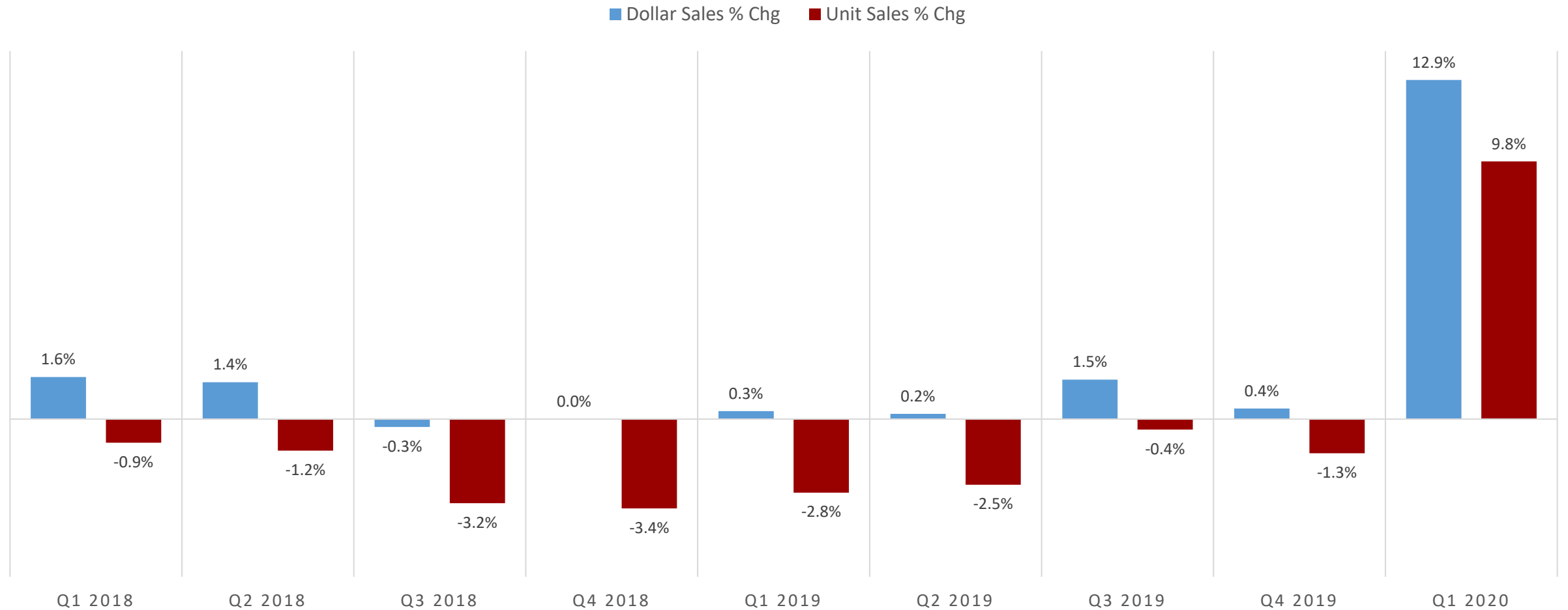


FLOWERS' MARKET SHARE



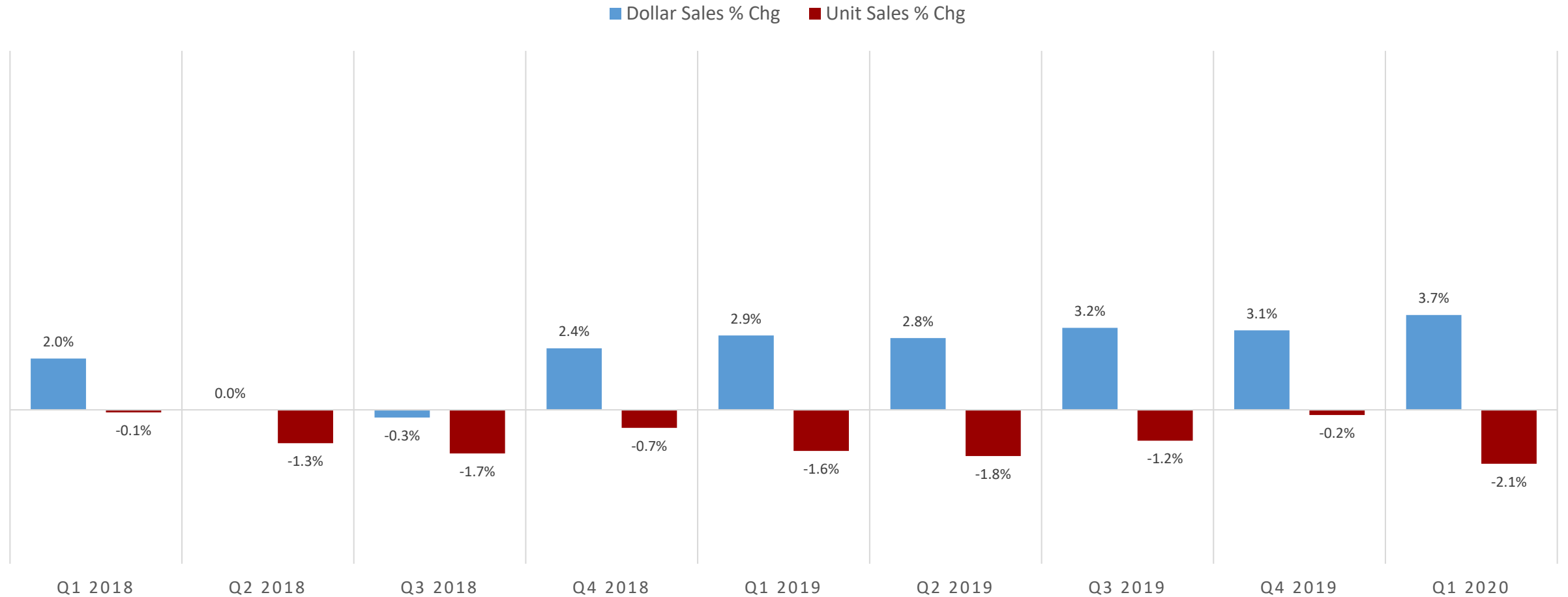
CATEGORY REVIEW

FRESH PACKAGED BREADS



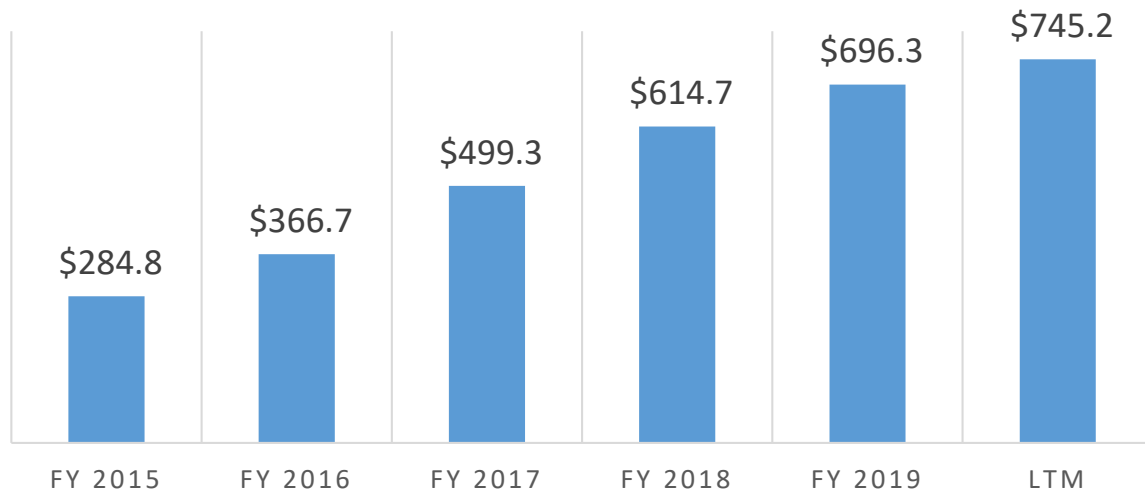
CATEGORY REVIEW

COMMERCIAL CAKE

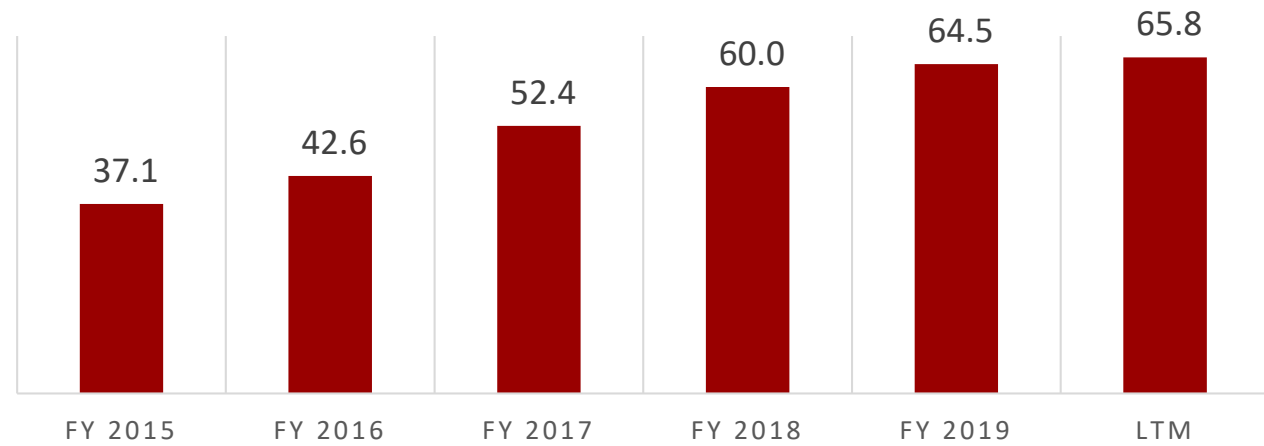


ORGANICS GENERATING GROWTH

TOTAL ORGANIC FRESH PACKAGED BREADS



FLO DOLLAR SHARE OF TOTAL ORGANICS

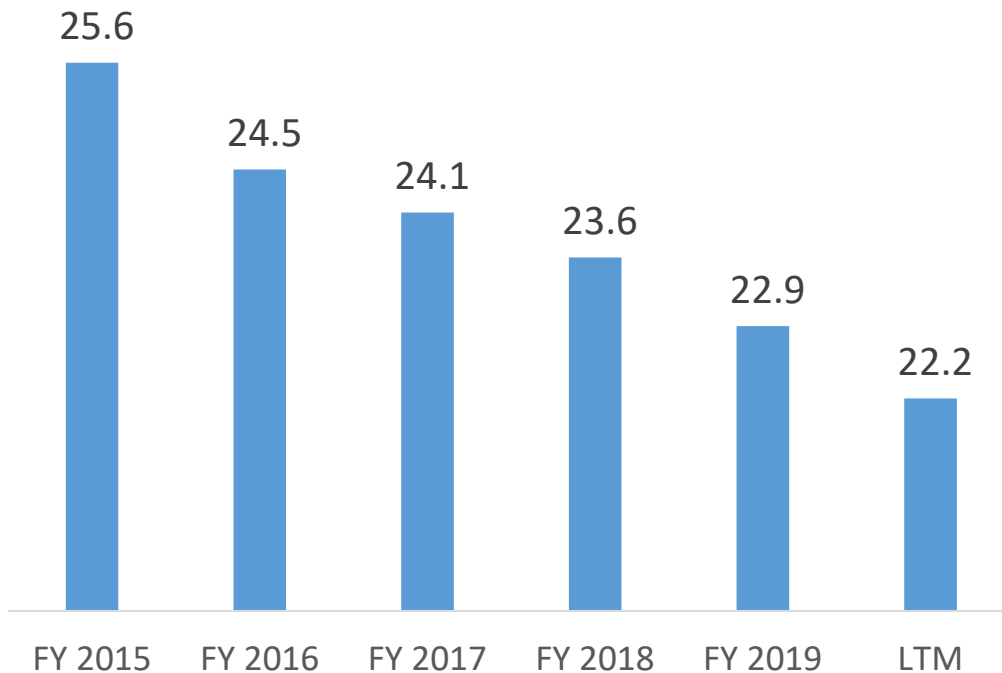


DKB IS DRIVING FLOWERS' MARKET SHARE GAINS IN THE KEY GROWTH SEGMENT OF THE CATEGORY



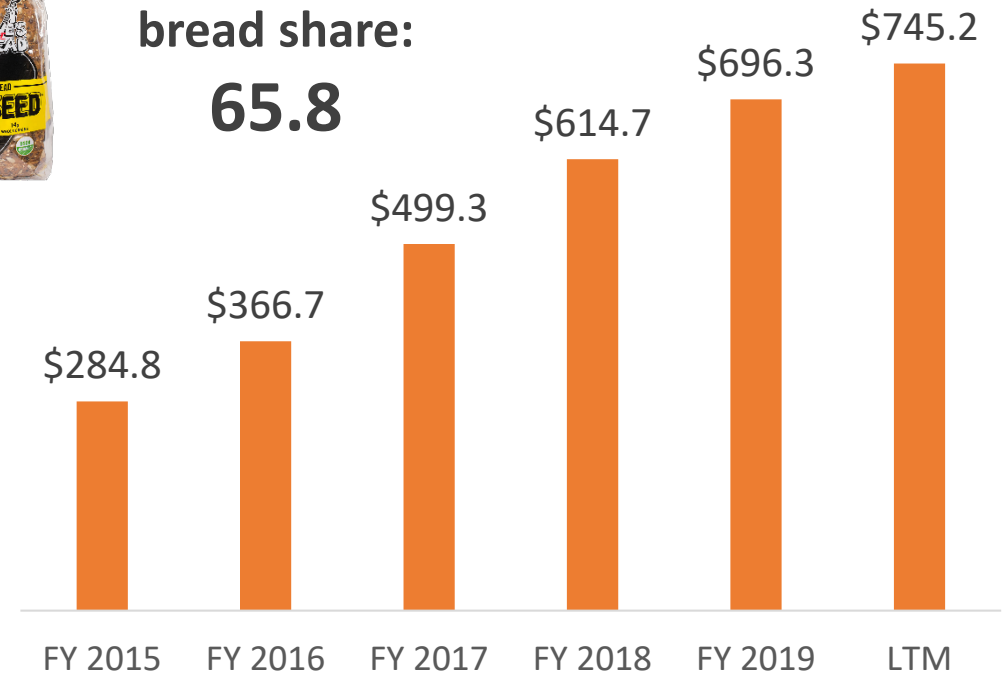
DIFFERENTIATED PRODUCTS GAINING SHARE

Fresh Packaged Breads Store Brand Share



Organic Fresh Packaged Bread Market

Flowers organic bread share: **65.8**



FY 2020 GUIDANCE (PROVIDED MAY 13, 2020)

REVENUE CHG⁽¹⁾ *+2.0% to +4.0%*

GAAP EPS *\$0.57 to \$0.65*

ADJ. EPS⁽²⁾ *\$1.00 to \$1.08*

(1) Week 53 expected to contribute approx. 1.5% of overall sales growth.

(2) Adjusted for matters affecting comparability. See non-GAAP reconciliations at the end of this slide presentation.

OTHER

Depreciation & amortization \$140 to \$145 million

Other pension expense Approx. \$2 million

Net interest expense \$8 to \$10 million

Effective tax rate Approx. 24%

Diluted shares outstanding Approx. 212.5 million

Capital expenditures \$95 to \$105 million

LONG-TERM GOALS

- Deliver organic sales growth above category averages
- Pursue accretive M&A opportunities
- Target long-term sales growth of 2% to 4%
- Execute on initiatives to realize 250 bps of EBITDA margin expansion
- Achieve long-term diluted EPS CAGR of 8%-10%
- Dividend yield of 2%+

Taking Decisive Action to Reduce Costs, Drive Growth, and Create Shareholder Value

INFORMATION REGARDING NON-GAAP FINANCIAL MEASURES

The company prepares its consolidated financial statements in accordance with U.S. Generally Accepted Accounting Principles (GAAP). However, from time to time, the company may present in its public statements, press releases and SEC filings, non-GAAP financial measures such as, EBITDA, adjusted EBITDA, adjusted EBIT, EBITDA margin, adjusted EBITDA margin, adjusted net income, adjusted operating income, adjusted EPS, adjusted income tax expense, adjusted selling, distribution and administrative expenses (SD&A), gross margin excluding depreciation and amortization and the ratio of net debt to adjusted EBITDA. The reconciliations attached provide reconciliations of the non-GAAP measures used in this presentation or release to the most comparable GAAP financial measure. The company's definitions of these non-GAAP measures may differ from similarly titled measures used by others. These non-GAAP measures should be considered supplemental to, and not a substitute for, financial information prepared in accordance with GAAP. The company defines EBITDA earnings before interest, taxes, depreciation and amortization. The company believes that EBITDA is a useful tool for managing the operations of its business and is an indicator of the company's ability to incur and service indebtedness and generate free cash flow. EBITDA is used as the primary performance measure in the company's 2014 Omnibus Equity and Incentive Compensation Plan. Furthermore, pursuant to the terms of our credit facility, EBITDA is used to determine the company's compliance with certain financial covenants. The company also believes that EBITDA measures are commonly reported and widely used by investors and other interested parties as measures of a company's operating performance and debt servicing ability because EBITDA measures assist in comparing performance on a consistent basis without regard to depreciation or amortization, which can vary significantly depending upon accounting methods and non-operating factors (such as historical cost). EBITDA is also a widely-accepted financial indicator of a company's ability to incur and service indebtedness. EBITDA should not be considered an alternative to (a) income from operations or net income (loss) as a measure of operating performance; (b) cash flows provided by operating, investing and financing activities (as determined in accordance with GAAP) as a measure of the company's ability to meet its cash needs; or (c) any other indicator of performance or liquidity that has been determined in accordance with GAAP. The company defines adjusted EBITDA, adjusted EBIT, EBITDA margin, adjusted EBITDA margin, adjusted net income, adjusted operating income, adjusted EPS, adjusted income tax expense, adjusted SD&A, respectively, excluding the impact of asset impairment charges, Project Centennial consulting costs, lease terminations and legal settlements, acquisition-related costs, and pension plan settlements. Adjusted income tax expense also excludes the impact of tax reform. The company believes that these measures, when considered together with its GAAP financial results, provides management and investors with a more complete understanding of its business operating results, including underlying trends, by excluding the effects of certain charges. Net debt to EBITDA is used as a measure of financial leverage employed by the company. Gross margin excluding depreciation and amortization is used as a performance measure to provide additional transparent information regarding our results of operations on a consolidated and segment basis. Changes in depreciation and amortization are separately discussed and include depreciation and amortization for materials, supplies, labor and other production costs and operating activities. Presentation of gross margin includes depreciation and amortization in the materials, supplies, labor and other production costs according to GAAP. Our method of presenting gross margin excludes the depreciation and amortization components, as discussed above. The reconciliations attached provide reconciliations of the non-GAAP measures used in this presentation or release to the most comparable GAAP financial measure.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

Flowers Foods, Inc.

Reconciliation of GAAP to Non-GAAP Measures

(000's omitted, except per share data)

	Reconciliation of (Loss) Earnings per Share to Adjusted Earnings per Share	
	For the 16 Week Period Ended	For the 16 Week Period Ended
	April 18, 2020	April 20, 2019
Net (loss) income per diluted common share	\$ (0.03)	\$ 0.31
Recovery on inferior ingredients	-	NM
Restructuring and related impairment charges	-	NM
Project Centennial consulting costs	0.01	-
Legal settlements	0.01	NM
Executive retirement agreement	-	NM
Canyon acquisition costs	-	NM
Pension plan settlement and curtailment loss	0.41	-
Other pension plan termination costs	NM	-
Adjusted net income per diluted common share	<u>\$ 0.41</u>	<u>\$ 0.32</u>

NM - not meaningful.

Certain amounts may not add due to rounding.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

Flowers Foods, Inc.
Reconciliation of GAAP to Non-GAAP Measures

(000's omitted, except per share data)

	Reconciliation of Gross Margin	
	For the 16 Week Period Ended	For the 16 Week Period Ended
	April 18, 2020	April 20, 2019
Sales	\$ 1,349,444	\$ 1,263,895
Materials, supplies, labor and other production costs (exclusive of depreciation and amortization)	670,873	652,141
Gross Margin excluding depreciation and amortization	678,571	611,754
Less depreciation and amortization for production activities	24,258	24,978
Gross Margin	<u>\$ 654,313</u>	<u>\$ 586,776</u>
Depreciation and amortization for production activities	\$ 24,258	\$ 24,978
Depreciation and amortization for selling, distribution and administrative activities	20,405	19,841
Total depreciation and amortization	<u>\$ 44,663</u>	<u>\$ 44,819</u>

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

Flowers Foods, Inc.
Reconciliation of GAAP to Non-GAAP Measures

(000's omitted)

Reconciliation of Selling, Distribution and
Administrative Expenses to Adjusted
SD&A

	For the 16 Week Period Ended <u>April 18, 2020</u>	For the 16 Week Period Ended <u>April 20, 2019</u>
Selling, distribution and administrative expenses	\$ 522,035	\$ 476,049
<i>Less:</i>		
Project Centennial consulting costs	3,392	-
Legal settlements	3,220	150
Executive retirement agreement	-	1,331
Acquisition-related costs	-	22
Other pension plan termination costs	133	-
Adjusted selling, distribution and administrative expenses	<u>\$ 515,290</u>	<u>\$ 474,546</u>
Sales	\$ 1,349,444	\$ 1,263,895
Adjusted SD&A as a percent of sales	<u>38.2%</u>	<u>37.5%</u>

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

Flowers Foods, Inc.

Reconciliation of GAAP to Non-GAAP Measures

(000's omitted, except per share data)

	Reconciliation of Net (Loss) Income to EBITDA and Adjusted EBITDA	
	For the 16 Week Period Ended	For the 16 Week Period Ended
	April 18, 2020	April 20, 2019
Net (loss) income	\$ (5,772)	\$ 65,866
Income tax (benefit) expense	(2,019)	20,199
Interest expense, net	3,314	3,824
Depreciation and amortization	44,663	44,819
EBITDA	40,186	134,708
Other pension cost	143	692
Pension plan settlement and curtailment loss	116,207	-
Other pension plan termination costs	133	-
Recovery on inferior ingredients	-	(413)
Restructuring and related impairment charges	-	718
Project Centennial consulting costs	3,392	-
Legal settlements	3,220	150
Executive retirement agreement	-	1,331
Canyon acquisition costs	-	22
Adjusted EBITDA	\$ 163,281	\$ 137,208
Sales	\$ 1,349,444	\$ 1,263,895
Adjusted EBITDA margin	12.1%	10.9%

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

Flowers Foods, Inc.		
Reconciliation of GAAP to Non-GAAP Measures		
(000's omitted, except per share data)		
	Reconciliation of Income Tax (Benefit) Expense to Adjusted Income Tax Expense	
	For the 16 Week Period Ended April 18, 2020	For the 16 Week Period Ended April 20, 2019
Income tax (benefit) expense	\$ (2,019)	\$ 20,199
Tax impact of:		
Recovery on inferior ingredients	-	(104)
Restructuring and related impairment charges	-	181
Project Centennial consulting costs	848	-
Legal settlements	805	38
Executive retirement agreement	-	336
Canyon acquisition costs	-	6
Pension plan settlement and curtailment loss	29,052	-
Other pension plan termination costs	33	-
Adjusted income tax expense	<u>\$ 28,719</u>	<u>\$ 20,656</u>

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

Flowers Foods, Inc.

Reconciliation of GAAP to Non-GAAP Measures

(000's omitted, except per share data)

	Reconciliation of Net (Loss) Income to Adjusted Net Income	
	For the 16 Week Period Ended	For the 16 Week Period Ended
	April 18, 2020	April 20, 2019
Net (loss) income	\$ (5,772)	\$ 65,866
Recovery on inferior ingredients	-	(309)
Restructuring and related impairment charges	-	537
Project Centennial consulting costs	2,544	-
Legal settlements	2,415	112
Executive retirement agreement	-	995
Canyon acquisition costs	-	16
Pension plan settlement and curtailment loss	87,155	-
Other pension plan termination costs	100	-
Adjusted net income	<u>\$ 86,442</u>	<u>\$ 67,217</u>

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

Flowers Foods, Inc.
Reconciliation of GAAP to Non-GAAP Measures

	Reconciliation of Earnings per Share - Full Year Fiscal 2020 Guidance	
	Range Estimate	
Net income per diluted common share	\$ 0.57	to \$ 0.65
Project Centennial consulting costs	0.01	0.01
Legal settlements	0.01	0.01
Pension plan settlement loss	0.41	0.41
Other pension plan termination costs	NM	NM
Adjusted net income per diluted common share	<u>\$ 1.00</u>	to <u>\$ 1.08</u>

NM - not meaningful.

Certain amounts may not add due to rounding.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

Flowers Foods, Inc.
Reconciliation of GAAP to Non-GAAP Measures
(000's omitted)

Reconciliation of Net Income to EBITDA and Adjusted EBITDA

	For the 12 Week Period Ended <u>July 13, 2019</u>	For the 12 Week Period Ended <u>October 5, 2019</u>	For the 12 Week Period Ended <u>December 28, 2019</u>	For the 16 Week Period Ended <u>April 18, 2020</u>	Trailing 52 Week Period Ended <u>April 18, 2020</u>
Net income (loss)	\$ 53,095	\$ 43,358	\$ 2,219	\$ (5,772)	\$ 92,900
Income tax expense (benefit)	15,951	12,442	(1,047)	(2,019)	25,327
Interest expense, net	2,769	2,334	2,170	3,314	10,587
Depreciation and amortization	33,329	33,196	32,884	44,663	144,072
EBITDA	<u>105,144</u>	<u>91,330</u>	<u>36,226</u>	<u>40,186</u>	<u>272,886</u>
Other pension cost	519	518	519	143	1,699
Project Centennial consulting costs	-	-	784	3,392	4,176
Restructuring and related impairment charges	2,047	3,277	17,482	-	22,806
Other pension plan termination costs	-	-	-	133	133
Pension plan settlement and curtailment loss	-	-	-	116,207	116,207
Legal settlements (recovery)	(1,286)	-	29,150	3,220	31,084
Executive retirement agreement	(568)	-	-	-	(568)
Loss on inferior ingredients	-	-	376	-	376
Adjusted EBITDA	<u>\$ 105,856</u>	<u>\$ 95,125</u>	<u>\$ 84,537</u>	<u>\$ 163,281</u>	<u>\$ 448,799</u>

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

Flowers Foods, Inc.
Reconciliation of GAAP to Non-GAAP Measures

(000's omitted)

Reconciliation of Debt to Net Debt and Calculation of Net
Debt to Trailing Twelve Month Adjusted EBITDA Ratio

	<u>As of</u> <u>April 18, 2020</u>
Current maturities of long-term debt	\$ 1,245
Long-term debt	1,069,352
Total debt	1,070,597
Less: Cash and cash equivalents	252,683
Net Debt	<u>\$ 817,914</u>
Adjusted EBITDA for the Trailing Twelve Months Ended April 18, 2020	<u>\$ 448,799</u>
Ratio of Net Debt to Trailing Twelve Month Adjusted EBITDA	<u>1.8</u>