

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

---

**FORM 8-K**

---

**CURRENT REPORT**  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934  
Date of Report (Date of earliest event reported): April 18, 2017

---

**Hostess Brands, Inc.**

(Exact name of registrant as specified in its charter)

---

**Delaware**  
(State or other jurisdiction  
of incorporation)

**1-37540**  
(Commission  
File Number)

**47-4168492**  
(I.R.S. Employer  
Identification No.)

**1 East Armour Boulevard, Kansas City, Missouri**  
(Address of principal executive offices)

**64111**  
(Zip Code)

**(816) 701-4600**  
(Registrant's telephone number, including area code)

**Not applicable**  
(Former name or former address, if changed since last report)

---

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934

Emerging growth company.

---

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

---

## Item 7.01 Regulation FD Disclosure

On April 18, 2017, Hostess Brands, Inc. (the “Company”) issued an investor presentation that will be used by the Company in making presentations to certain investors. A copy of the investor presentation is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

The information furnished in this Item 7.01, including Exhibit 99.1, is being furnished and shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed to be incorporated by reference into any registration statement filed pursuant to the Securities Act of 1933, as amended, except as may be expressly set forth by specific reference in such filing.

The Company expressly disclaims any obligation to update or revise any of the information contained in the investor presentation.

The investor presentation is available on the Company’s website located at [www.hostessbrands.com](http://www.hostessbrands.com), although the Company reserves the right to discontinue that availability at any time.

## Forward Looking Statements

This Current Report on Form 8-K contains statements reflecting our views about our future performance that constitute “forward-looking statements” within the meaning of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, that involve substantial risks and uncertainties. Statements that constitute forward-looking statements are generally identified through the inclusion of words such as “believes,” “expects,” “intends,” “estimates,” “projects,” “anticipates,” “will,” “plan,” “may,” “should,” or similar language. Statements addressing our future operating performance and statements addressing events and developments that we expect or anticipate will occur are also considered as forward-looking statements. All forward-looking statements included herein are made only as of the date hereof. These statements inherently involve risks and uncertainties that could cause actual results to differ materially from those anticipated in such forward-looking statements. It is routine for the Company’s internal projections and expectations to change throughout the year, and any forward-looking statements based upon these projections or expectations may change prior to the end of the next quarter or year. Readers are cautioned not to place undue reliance on any such forward-looking statements. The Company undertakes no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.

## Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description of Exhibits
99.1	Investor Presentation of the Company dated April 18, 2017.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HOSTESS BRANDS, INC.

Date: April 18, 2017

By: /s/ Thomas Peterson

Name: Thomas Peterson

Title: Executive Vice President, Chief Financial Officer

---

**Exhibit List**

Exhibit No.	Description of Exhibits
99.1	Investor Presentation of the Company dated April 18, 2017.



**THE  
ORIGINAL.**

**HOSTESS BRANDS**

April 2017



# DISCLAIMERS

## Forward Looking Statements

This investor presentation contains statements reflecting our views about our future performance that constitute "forward-looking statements" that involve substantial risks and uncertainties. Forward-looking statements are generally identified through the inclusion of words such as "believes," "expects," "intends," "estimates," "projects," "anticipates," "will," "plan," "may," "should," or similar language. Statements addressing our future operating performance and statements addressing events and developments that we expect or anticipate will occur are also considered as forward-looking statements. All forward looking statements included herein are made only as of the date hereof. Hostess undertakes no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.

These statements inherently involve risks and uncertainties that could cause actual results to differ materially from those anticipated in such forward-looking statements. These risks and uncertainties include, but are not limited to, maintaining, extending and expanding our reputation and brand image; protecting our intellectual property rights; leveraging our brand value to compete against lower-priced alternative brands; correctly predicting, identifying and interpreting changes in consumer preferences and demand and offering new products to meet those changes; operating in a highly competitive industry; our continued ability to produce and successfully market products with extended shelf life; our ability to drive revenue growth in our key products or add products that are faster-growing and more profitable; volatility in commodity, energy, and other input prices; our dependence on our major customers; our geographic focus could make us particularly vulnerable to economic and other events and trends in North America; increased costs in order to comply with governmental regulation; general political, social and economic conditions; a portion of our workforce belongs to unions and strikes or work stoppages could cause our business to suffer; product liability claims, product recalls, or regulatory enforcement actions; unanticipated business disruptions; dependence on third parties for significant services; our insurance may not provide adequate levels of coverage against claims; failures, unavailability, or disruptions of our information technology systems; our ability to achieve expected synergies and benefits and performance from our strategic acquisitions; dependence on key personnel or a highly skilled and diverse workforce; and our ability to finance our indebtedness on terms favorable to us; and other risks as set forth under the caption "Risk Factors" in the preliminary prospectus supplement and accompanying prospectus and from time to time in our Securities and Exchange Commission filings.

## Industry and Market Data

In this Investor Presentation, Hostess relies on and refers to information and statistics regarding market shares in the sectors in which it competes and other industry data. Hostess obtained this information and statistics from third-party sources, including reports by market research firms, such as Nielsen. Hostess has supplemented this information where necessary with information from discussions with Hostess customers and its own internal estimates, taking into account publicly available information about other industry participants and Hostess' management's best view as to information that is not publicly available. Hostess has transitioned to a new Nielsen database for Market Share and Industry Data. All prior periods have been restated utilizing the updated database.

## Pro Forma Combined Financial Information

Hostess Brands, Inc. acquired a controlling interest in Hostess on November 4, 2016 (the "Business Combination"). Unless otherwise noted, financial information for 2016 is presented on a pro forma combined basis given effect to the Business Combination as if it occurred on January 1, 2016.

## Use of Non-GAAP Financial Measures

This Investor Presentation includes non-GAAP financial measures, including earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), Adjusted EBITDA Margin, Adjusted Gross Profit, Adjusted Gross Profit Margin, Free Cash Flow and Free Cash Flow Conversion. In this Investor Presentation, Adjusted EBITDA and Adjusted Gross Profit exclude certain add-backs. Adjusted EBITDA Margin represents Adjusted EBITDA divided by net revenues. Adjusted Gross Profit Margin represents Adjusted Gross Profit divided by net revenues. Free Cash Flow is defined as Adjusted EBITDA minus capital expenditures, and Free Cash Flow conversion is defined as Free Cash Flow divided by Adjusted EBITDA. You can find the reconciliation of these measures to the nearest comparable GAAP measures in the Appendix. Hostess believes that these non-GAAP measures of financial results provide useful information to management and investors regarding certain financial and business trends relating to Hostess' financial condition and results of operations. Hostess' management uses these non-GAAP measures to compare Hostess' performance to that of prior periods for trend analyses, for purposes of determining management incentive compensation, and for budgeting and planning purposes. These measures are used in monthly financial reports prepared for management and Hostess' board of directors. Hostess believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends. Management of Hostess does not consider these non-GAAP measures in isolation or as an alternative to financial measures determined in accordance with GAAP. Other companies may calculate Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Gross Profit, Adjusted Gross Profit Margin, Free Cash Flow, Free Cash Flow Conversion and other non-GAAP measures differently, and therefore Hostess' Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Gross Profit, Adjusted Gross Profit Margin, Free Cash Flow, Free Cash Flow Conversion and other non-GAAP measures may not be directly comparable to similarly titled measures of other companies.

Totals in this Investor Presentation may not add up due to rounding.



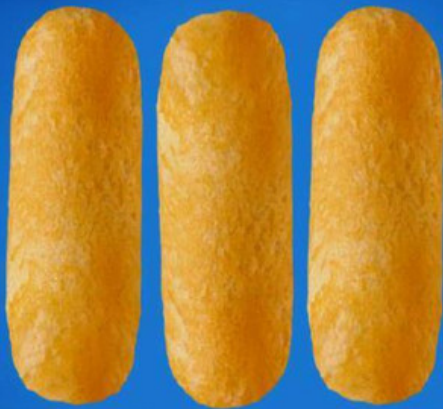
# AGENDA

- ① COMPANY OVERVIEW
- ② INVESTMENT HIGHLIGHTS
- ③ GROWTH DRIVERS
- ④ FINANCIAL OVERVIEW

APPENDIX







days  
left

#twinkies  
#firstbatch

THE  
SWEETEST  
COMEBACK  
IN THE HISTORY OF  
EVER.™



1

## COMPANY OVERVIEW



# HOSTESS BRANDS AT A GLANCE

Iconic American brand delivering new and classic sweet treats to our customers for generations



CupCakes  
HoHos  
donettes  
DING DONGS  
Twinkies



## KEY HIGHLIGHTS

2016 Net Sales<sup>(1)(2)</sup>:  
**\$728m**

2016 Adj. EBITDA<sup>(1)(3)</sup>:  
**\$215m**

% Adj. EBITDA  
margin<sup>(3)</sup>: **30%**

Product portfolio with  
numerous **iconic  
brands**

**#2 market  
position**  
in \$6.5bn Sweet Baked  
Goods category

**Modern and  
efficient** national  
manufacturing system

**Direct to  
Warehouse**  
distribution model  
driving industry  
leading profitability

**Proven  
platform**  
with multiple avenues  
of growth

Source: Nielsen U.S. total universe, 52 weeks ending 2/25/17.

(1) Does not include Superior pre-acquisition sales and Adjusted EBITDA results of \$13.8m and \$2.0m, respectively.

(2) Financial results for 2016 are presented on a pro forma combined basis. See "Pro Forma Combined Financial Information."

(3) See "Use of Non-GAAP Financial Measures" and the Appendix for an explanation of all non-GAAP measures and reconciliations to the comparable GAAP measures.



# BUSINESS TRANSFORMATION



## Established a best-in-class financial position

Strong sales growth trajectory

Industry-leading Adj. EBITDA margins of ~30%<sup>(1)</sup>

Significant Adj. EBITDA to Free Cash Flow Conversion<sup>(2)</sup>

Clean balance sheet – No legacy issues

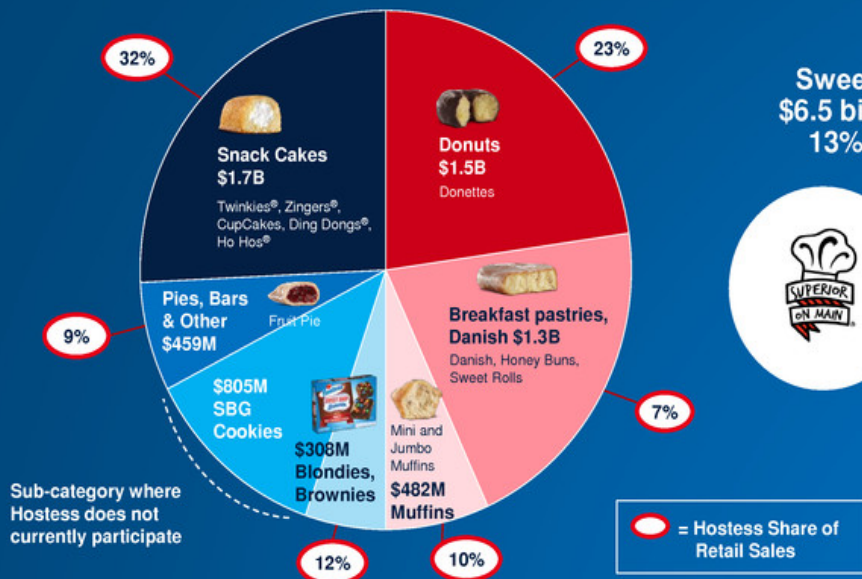
Note: See "Use of Non-GAAP Financial Measures" and the Appendix for an explanation of all non-GAAP measures and reconciliations to the comparable GAAP measures.

(1) See Appendix for an explanation of all non-GAAP measures and a reconciliation to the most comparable GAAP measures. Based on EBITDA margins of a group of selected competitors per company filings and FactSet data as of 4/7/2017.

(2) Defined as (Adj. EBITDA – Capex) / Adj. EBITDA. Capex includes maintenance capex and expansion capex.



# STRONG MARKET POSITION IN KEY SEGMENTS



Sweet Baked Goods ("SBG") – \$6.5 billion of retail sales in 2016, 13% increase since relaunch



Recent acquisition of Superior opens the door to the growing \$8.2bn In-Store Bakery ("ISB") channel

Source: Nielsen U.S. total universe, 52 weeks ending 2/25/17. Nielsen Perishable Group, In-Store Bakery, 52 Weeks ending 12/31/16.  
 Note: Hostess data does not include Superior. The Company has transitioned to a new Nielsen database for Market Share and Industry Data, all prior periods have been restated utilizing the updated database.  
 Sweet Baked Goods category includes items determined to be 'Commercial Sweet Baked Goods' (items wrapped for individual sale); All Fresh Bakery products are excluded from the scope; Sunbelt Granola Bars are the only Granola Bars included – because they are a part of McKee's total SBG business and targeted for sale with SBG items. Only SBG Cookies or non-traditional aisle-cookies included (e.g., Nutty Fudge Bars, Oatmeal Cream Sandwiches, Whoopie Pies).

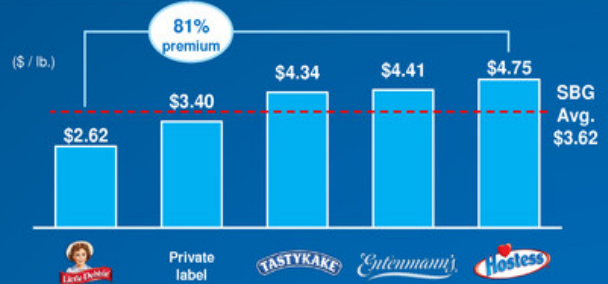


# BRAND STRENGTH DRIVING GROWTH AND CATEGORY

## Special emotional relationship with consumers

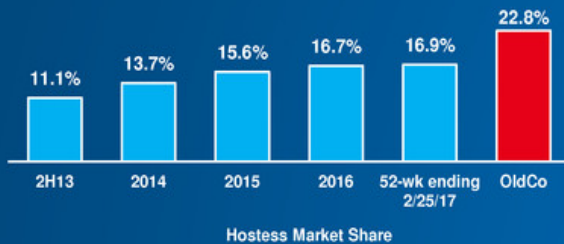


## Selling at a premium price point to the competition<sup>(1)</sup>



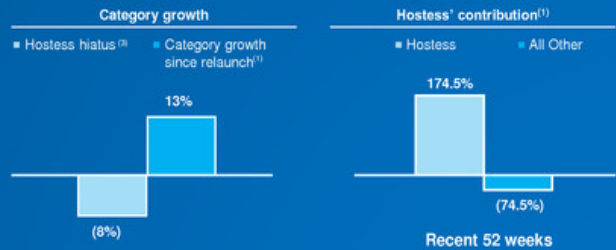
## Significant runway for further growth<sup>(2)</sup>

Despite two years of rapid gains, a ~6% gap remains to OldCo



## Driving category growth

Hostess has contributed over 100% of SBG's recent 52 week category growth



Note: Market share based on retail sales dollars. Hostess data does not include Superior. The Company has transitioned to a new Nielsen database for Market Share and Industry Data, all prior periods have been restated utilizing the updated database.

(1) Nielsen U.S. total universe, 52 weeks ending 2/25/2017.

(2) Hostess market share, Total Nielsen Universe, Nielsen U.S. 12 weeks ending 10/13/2012 (we refer to the 12-week period prior to the shutdown of the legacy Hostess business as "OldCo"), 24 weeks ending 1/4/2014, 52 weeks ending 1/3/2015, 1/2/2016, 12/31/2016, and 52 weeks ending 2/25/2017.

(3) Nielsen U.S. total universe, 12 weeks ending 10/13/2012 compared to 12 weeks ending 1/26/2013.



2

# KEY INVESTMENT HIGHLIGHTS



# KEY INVESTMENT HIGHLIGHTS

Hostess is a \$1.1bn brand at Retail with significant upside potential

Iconic American brand synonymous with snacking

Innovation engine across product lines

DTW distribution driving margins and channel penetration

Experienced management team that will continue to deliver

Source: Nielsen U.S. total universe, 52 weeks ending 2/25/17.



## ICONIC BRAND SYNONYMOUS WITH SNACKING

Delivering New and Classic Sweet Treats



## EMOTIONAL BRAND CONNECTION

U.S. consumers share a special emotional relationship with the 96 year old Hostess, a brand that defines the rapidly growing “Indulgent Snacking” trend





# INNOVATION ENGINE ACROSS PRODUCT LINES

Successes in 2016

The Return of Suzy Q



Brownie Innovation



Twinkies Innovation



New & Improved Whole Grain  
Mini Muffins



Premium Seasonal



E-Commerce



Note: M&M's is a registered trademarks of Mars, Incorporated. Ghostbusters is a registered trademark of Columbia Pictures Industries, Inc.



# DTW DISTRIBUTION DRIVING MARGINS AND CHANNEL PENETRATION

Competitively advantaged business model

Expanded  
distribution reach

Enhanced in-store  
merchandising capabilities

**Warehouse  
model**

Compelling  
retailer economics

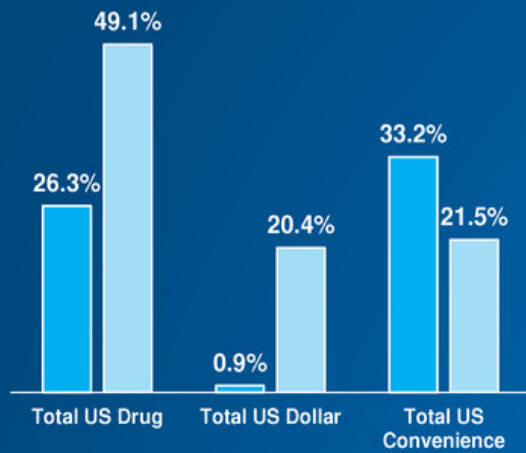
Close partnerships  
with third party distributors



# DTW DISTRIBUTION DRIVING MARGINS AND CHANNEL PENETRATION

Clear road to capitalizing on channel opportunity

Hostess Share of Retail Sales – Small Formats

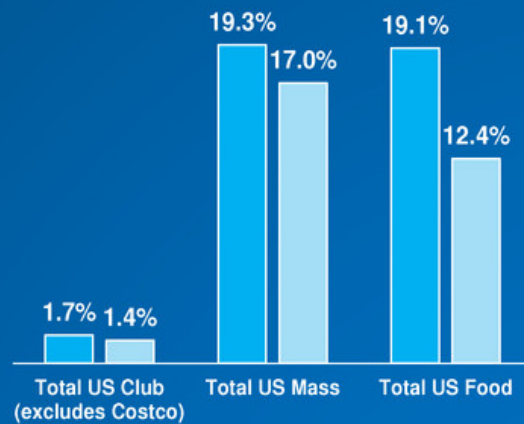


**\$93M**

**\$320M**

**\$2.3B**

Hostess Share of Retail Sales – Large Formats



**\$262M**

**\$1.2B**

**\$2.3B**

○ Total Category Size    ■ OldCo    ■ 2016

Source: Hostess market share, Total Nielsen Universe, Nielsen U.S. 12 weeks ending 10/13/2012 ("OldCo") compared to 52 weeks ending 2/25/2017. Market share based on retail sales dollars. The Company has transitioned to a new Nielsen database for Market Share and Industry Data, all prior periods have been restated utilizing the updated database. Club does not include Costco, only Sam's and BJ's.



# EXPERIENCED SENIOR LEADERSHIP



**Dean Metropoulos**  
Executive Chairman



**Bill Toler**  
President & CEO



**Tom Peterson**  
EVP & CFO



**Michael Cramer**  
EVP & Chief Administrative Officer



**Andrew Jacobs**  
SVP & Chief Customer Officer



**Stuart Wilcox**  
SVP & COO



**Burke Raine**  
SVP & CMO



**Jolyn Sebree**  
SVP, General Counsel & Corporate Secretary



# THE SULTAN OF SWEET

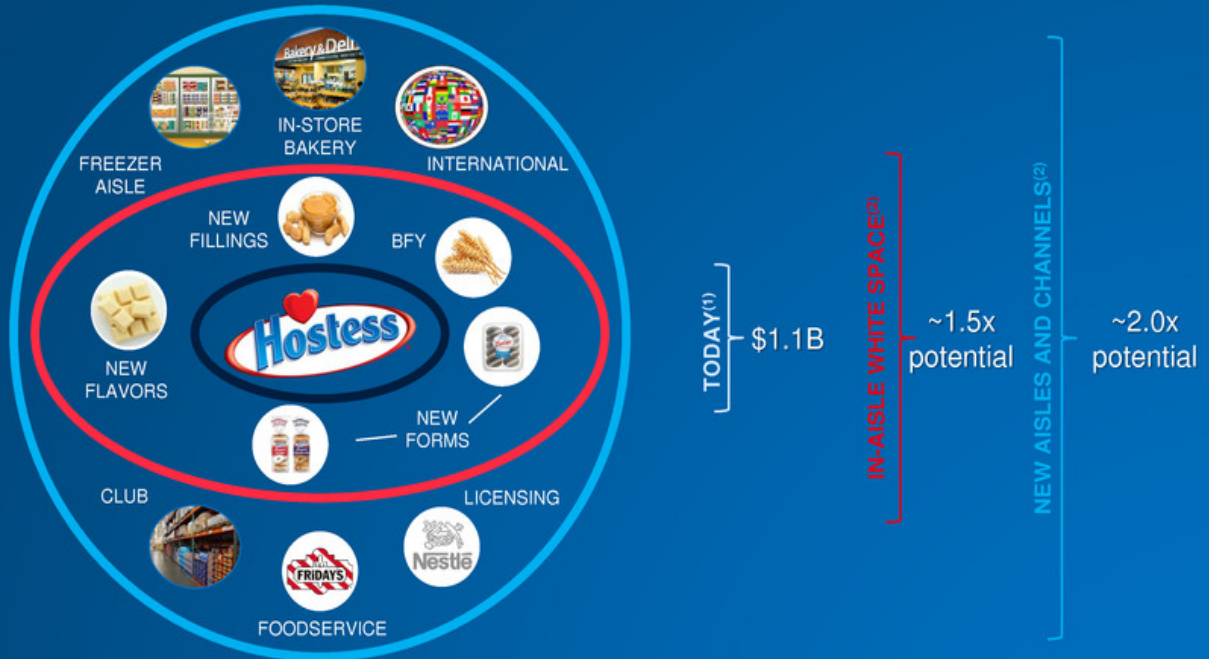


3

## GROWTH DRIVERS



# HOSTESS HAS SIGNIFICANT ROOM FOR GROWTH



(1) Current sales, AC Nielsen total universe, 52 weeks ending 2/25/17.  
 (2) Estimated based on assumptions of reasonable share gains against market size in new snack categories.

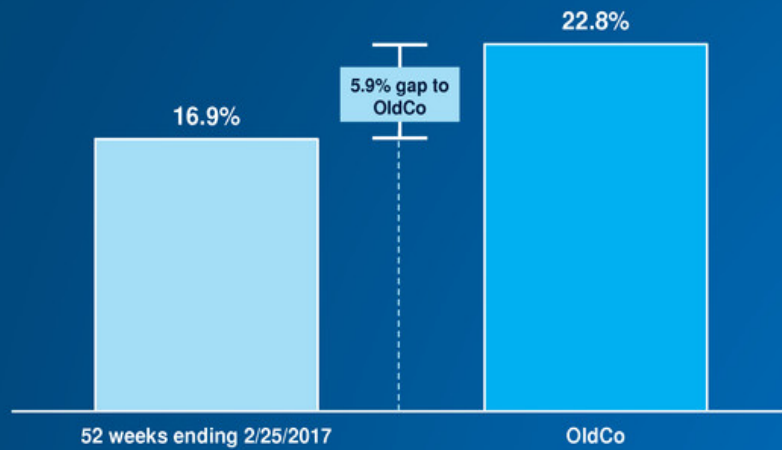


# FURTHER STRENGTHEN THE CORE BUSINESS

## Hostess Still Has Significant Headroom For Growth and Share Gains



Hostess \$ share of SBG category<sup>(1)</sup>



### Significant Upside Remains

- ✓ Distribution expansion (more items in more stores)
- ✓ Custom SKUs
- ✓ Seasonal flavors
- ✓ Display execution
- ✓ Portfolio optimization
- ✓ eCommerce

Notes: Hostess data does not include Superior. The Company has transitioned to a new Nielsen database for Market Share and Industry Data, all prior periods have been restated utilizing the updated database.

(1) Hostess market share, Total Nielsen Universe, Nielsen U.S. 12 weeks ending 10/13/2012 ("OldCo") compared to 52 weeks ending 2/25/2017. Market share based on retail sales dollars.



# INNOVATION & LINE EXTENSIONS

Launching in 2017

Cinnamon Sugar Crunch Donettes



White Fudge



Twinkies Innovation



Peanut Butter



Apple Streusel



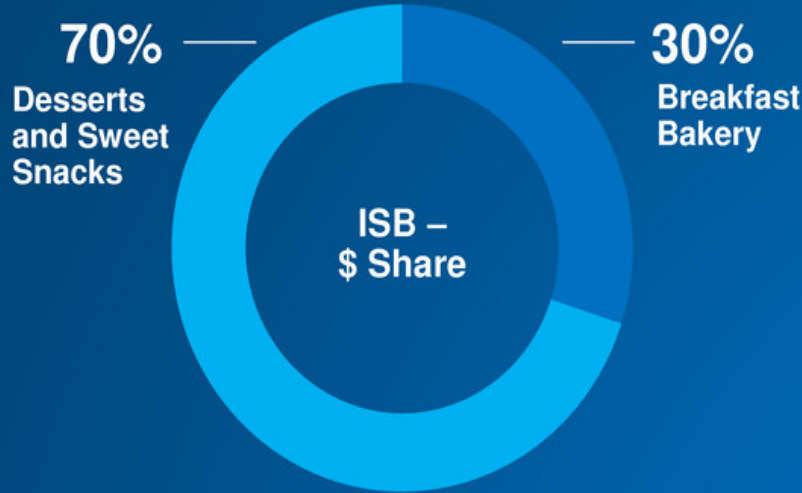
Cupcake Expansion





# WHITESPACE OPPORTUNITY

In-Store Bakery (sweets) is a \$8.2 billion category



Source: Nielsen Perishable Group, In-Store Bakery, 52 Weeks ending 12/31/16.  
Note: Total In-Store Bakery was \$11.6 Billion for 52 weeks ending 12/31/16.



# WHITESPACE

Frozen Aisle



Schools



Club Channel



Licensing

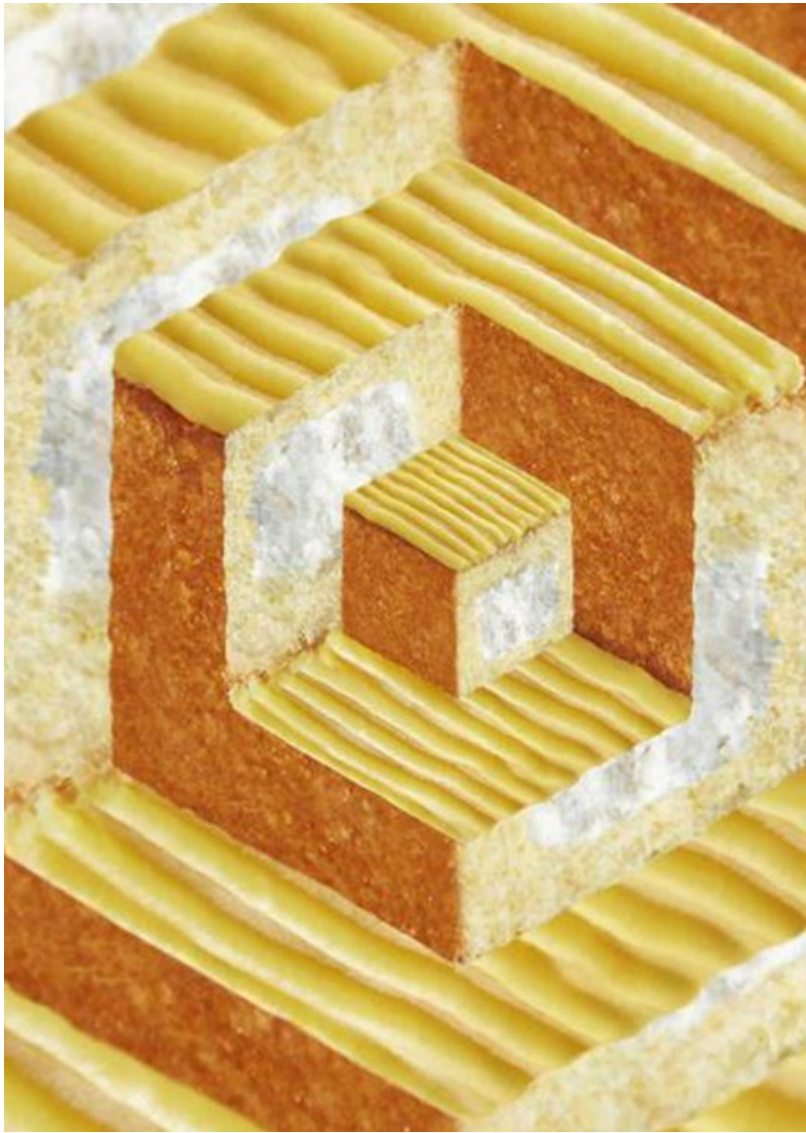


Canada



Foodservice





4

## FINANCIAL OVERVIEW

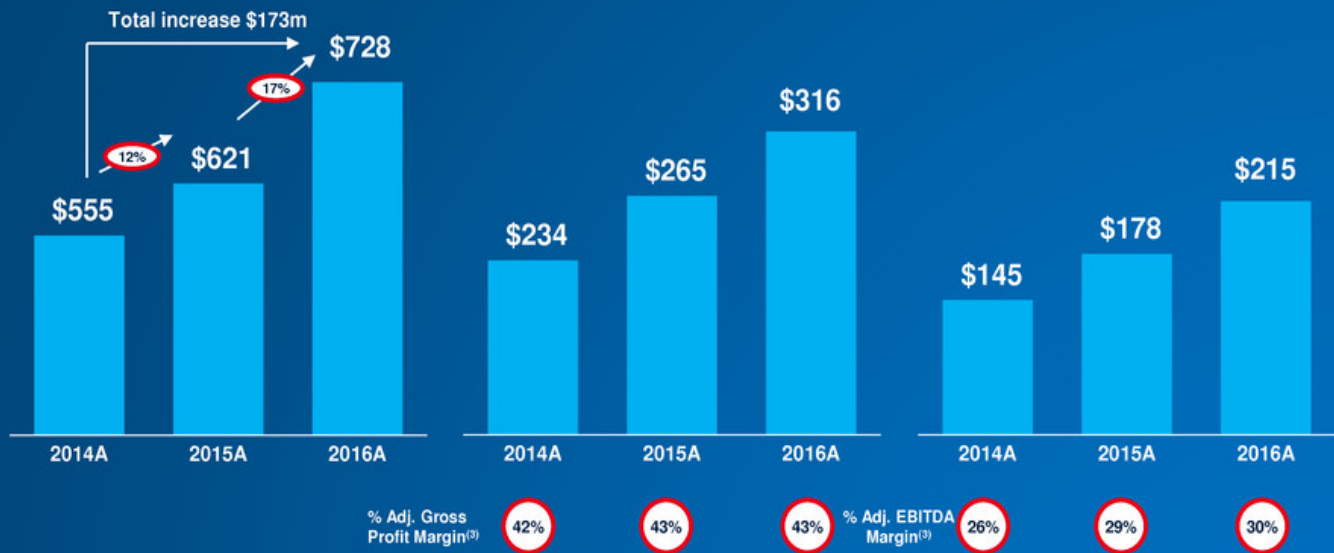


# SIGNIFICANT GROWTH SINCE RE-LAUNCH WITH MEANINGFUL UPSIDE POTENTIAL

**Net Revenue<sup>(1)(2)</sup>**  
(\$ in millions)

**Adjusted Gross Profit<sup>(1)(2)(3)</sup>**  
(\$ in millions)

**Adjusted EBITDA<sup>(1)(2)(3)</sup>**  
(\$ in millions)



(1) Does not include Superior pre-acquisition 2016 sales of \$13.8m, adj. gross profit of \$3.5m, and adj. EBITDA of \$2.0m.  
 (2) Financial results for 2016 are presented on a pro forma combined basis. See "Pro Forma Combined Financial Information."  
 (3) See "Use of Non-GAAP Financial Measures" and the Appendix for an explanation of all non-GAAP measures and reconciliations to the comparable GAAP measures.



# ATTRACTIVE MARGINS RELATIVE TO PEERS

Hostess' competitively advantaged business model contributes to its best in class financial position

Approximately 30% FY2016  
Adjusted EBITDA Margins<sup>(1)</sup>

84% FY2016  
Free Cash Flow Conversion<sup>(1)/(2)</sup>

## STRONG MARGIN PROFILE

Established margin structure driven by...

The health of the  
SBG category

Hostess is a leading brand  
sold at a premium price

Highly efficient  
operating model

Notes:

FCF conversion defined as (Adj. EBITDA-Capex) / Adj. EBITDA is a non-GAAP metric.

(1) See "Use of Non-GAAP Financial Measures" and the Appendix for an explanation of all non-GAAP measures and reconciliations to the comparable GAAP measures.

(2) Represents FY2016 Hostess FCF Conversion; Adj. EBITDA – \$215.3 million, Capex \$35.1 million; Hostess FY2016 FCF Conversion of 83.7%.



# EFFICIENT AND SCALABLE MANUFACTURING FOOTPRINT WITH DIRECT-TO-WAREHOUSE DISTRIBUTION

● 3 SBG baking facilities   ● 2 ISB<sup>(1)</sup> baking facilities   ■ 3 Distribution centers (third-party)   ★ Headquarters



- ✓ Highly efficient production system
- ✓ Investments made in state of the art manufacturing technology and automated packaging on certain high volume production lines
- ✓ Enhanced merchandising capabilities
- ✓ Expansion of core distribution and channel penetration
- ✓ Improved inventory management

~\$160 million of capital invested in operations and systems <sup>(2)</sup>

(1) ISB consists of Superior, which we purchased in May 2016, and which manufactures and distributes eclairs, madeleines, brownies, and iced cookies in the ISB section of grocery and club retailers.  
(2) From 2013 acquisition through December 31, 2016.



# SUSTAINABILITY OF MARGINS



Premium pricing supported by superior penny profits for retailers



Well invested manufacturing capabilities to leverage



Fully built out SG&A and distribution with no legacy costs



# STRONG CASH FLOW ENABLES MULTIPLE VALUE CREATION OPPORTUNITIES

**84% FY2016  
Free Cash Flow  
Conversion<sup>(1)</sup>**

## Cash available for:

(after tax related obligations)

Future  
M&A

Debt  
paydown

Innovation &  
incremental  
brand  
investment

Investment in  
manufacturing  
capabilities

Notes: FCF conversion defined as (Adj. EBITDA-Capex) / Adj. EBITDA is a non-GAAP metric. See "Use of Non-GAAP Financial Measures" and the Appendix for an explanation of all non-GAAP measures and reconciliations to the comparable GAAP measures. Financial results for 2016 are presented on a pro forma combined basis. See "Pro Forma Combined Financial Information."

(1) Represents FY2016 Hostess FCF Conversion; Adj. EBITDA – \$215.3 million, Capex \$35.1 million; Hostess FY2016 FCF Conversion of 83.7%.





# CONCLUDING REMARKS

Differentiated Business Model  
Drives Continued Growth

Hostess is well positioned for future growth...

Warehouse distribution  
unique in SBG category

Supports strength of  
innovation pipeline and  
speed-to-market

Compelling opportunity for  
continued market share  
and volume gains across  
distribution channels





# APPENDIX



# HOSTESS NON-GAAP RECONCILIATIONS

## Adjusted EBITDA

\$ in millions	Successor 4-Nov-16 to 31-Dec-16	Predecessor 1-Jan-16 to 31-Dec-16	Pro Forma Combined, Year Ended 31-Dec-16	Year Ended 31-Dec-15	Year Ended 31-Dec-14
Net income (loss)	(\$8.5)	\$60.4	\$82.4	\$88.8	\$81.5
Plus non-GAAP adjustments:					
Income tax provision	(7.8)	0.4	32.9	–	–
Interest expense, net	6.6	60.4	51.4	50.0	37.4
(Gain) loss on debt extinguishment <sup>(1)</sup>	(0.8)	–	(0.8)	25.9	–
Depreciation and amortization	5.8	10.3	36.5	9.8	7.1
Executive chairman agreement termination and execution <sup>(2)</sup>	26.7	–	–	–	–
Unit-based compensation	–	3.9	–	1.4	0.4
Other (income) expense <sup>(3)</sup>	0.8	1.6	2.4	(8.7)	0.6
Business combination transaction costs <sup>(4)</sup>	–	31.8	0.6	–	–
Impairment of property and equipment <sup>(5)</sup>	–	7.3	7.3	2.7	13.2
Loss on sale/abandonment of property and equipment and bakery shutdown costs <sup>(6)</sup>	–	2.6	2.6	4.2	5.2
Inventory fair value adjustment <sup>(7)</sup>	8.9	–	–	–	–
Special employee incentive compensation <sup>(8)</sup>	–	4.7	–	3.9	–
<b>Adjusted EBITDA</b>	<b>\$31.9</b>	<b>\$183.4</b>	<b>\$215.3</b>	<b>\$177.9</b>	<b>\$145.3</b>
<b>Net Revenue</b>	<b>\$112.0</b>	<b>\$615.6</b>	<b>\$727.6</b>	<b>\$620.8</b>	<b>\$554.7</b>
<b>EBITDA Margin (Adjusted EBITDA divided by Net Revenue)</b>	<b>28.5%</b>	<b>29.8%</b>	<b>29.6%</b>	<b>28.7%</b>	<b>26.2%</b>
<b>Capital Expenditures</b>	<b>\$6.5</b>	<b>\$28.6</b>	<b>\$35.1</b>	<b>\$25.1</b>	<b>\$51.1</b>
<b>FCF Conversion (Adjusted EBITDA – Capital Expenditures divided by Adjusted EBITDA)</b>	<b>79.6%</b>	<b>84.4%</b>	<b>83.7%</b>	<b>85.9%</b>	<b>64.9%</b>

Footnotes on following page.



# HOSTESS NON-GAAP RECONCILIATIONS

## Adjusted EBITDA

### Footnotes from prior page:

- (1) For the Successor period November 4, 2016 through December 31, 2016 and pro forma combined year ended December 31, 2016, we recorded a gain on extinguishment of Former First Lien of \$0.8 million, which consisted of penalties of \$3.0 million, the write-off of deferred financing costs of \$0.2 million net of debt premium write-offs of approximately \$4.0 million. For the year ended December 31, 2015 (Predecessor), we recorded a loss on extinguishment related to our 2013 Term Loan of \$25.9 million, which consisted of prepayment penalties of \$9.9 million and write-off of deferred financing costs of \$16.0 million.
- (2) For the Successor period November 4, 2016 through December 31, 2016, we expensed \$26.7 million related to stock awarded to Mr. Metropoulos as required under his new employment arrangements.
- (3) For the Successor period November 4, 2016 through December 31, 2016, we recorded expenses of \$0.8 million which primarily consisted of legal and professional fees and other post-Business Combination costs such as fees related to securities filings. For the Predecessor period from January 1, 2016 through November 3, 2016, other expense consisted of transaction costs attributable the pursuit of a potential acquisition that has since been abandoned, offset partially by a gain from the settlement of the Grain Craft peanut recall matter of approximately \$0.8 million. For the year ended December 31, 2015, other income consisted of \$12.0 million of proceeds from the sale of foreign trademark rights and certain "know how" in certain countries in the Middle East, partially offset by \$3.3 million for professional service fees related to the pursuit of a potential sale transactions. For the year ended, December 31, 2014, other expense was \$0.6 million.
- (4) For the Predecessor period from January 1, 2016 through November 3, 2016, business combination transaction costs consisted primarily of professional and legal costs.
- (5) For the period January 1, 2016 through November 3, 2016, and for the pro forma combined year ended December 31, 2016, we closed multiple production lines at the Indianapolis, Indiana bakery and transitioned production to other facilities resulting in a loss of \$7.3 million.
- (6) For the period January 1, 2016 through November 3, 2016, and for the pro forma combined year ended December 31, 2016, we incurred a loss on a sale/abandonment of property and bakery shutdown costs of \$0.3 million, primarily due to utilities, insurance, taxes and maintenance expenses related to the Schiller Park, Illinois bakery. In addition, we incurred losses of approximately \$2.6 million related to equipment that we no longer intended to use or had idled.
- (7) For the Successor period November 4, 2016 through December 31, 2016, we re-measured inventory at fair value at the Closing Date, resulting in additional non-cash cost of goods sold of \$8.9 million.
- (8) For the Predecessor period January 1, 2016 through November 3, 2016, a special bonus payment of \$2.5 million and \$2.2 million was paid to employees at the bakery facilities and corporate employees, respectively, as compensation for their efforts in the Business Combination. For the year ended December 31, 2015, a special bonus payment of \$2.6 million and \$1.3 million was paid to employees at the bakery facilities and corporate employees, respectively, as compensation for their efforts in the recapitalization of the Company.



# HOSTESS NON-GAAP RECONCILIATIONS

## Adjusted Gross Profit

\$ in millions	Successor 4-Nov-16 to 31-Dec-16	Predecessor 1-Jan-16 to 31-Dec-16	Pro Forma Combined, Year Ended 31-Dec-16	Year Ended 31-Dec-15	Year Ended 31-Dec-14
Net revenue	\$112.0	\$615.6	\$727.6	\$620.8	\$554.7
Cost of goods sold	73.3	346.9	411.6	356.0	320.8
Special employee incentive compensation	–	2.2	–	2.6	–
<b>Gross Profit – US GAAP</b>	<b>\$38.7</b>	<b>\$266.5</b>	<b>\$316.0</b>	<b>\$262.2</b>	<b>\$233.9</b>
Add back:					
Special employee incentive compensation <sup>(1)</sup>	–	\$2.2	–	\$2.6	–
Inventory fair value adjustment <sup>(2)</sup>	\$8.9	–	–	–	–
<b>Adjusted Gross Profit</b>	<b>\$47.6</b>	<b>\$268.7</b>	<b>\$316.0</b>	<b>\$264.9</b>	<b>\$233.9</b>
<b>Gross Margin – GAAP</b>	<b>34.6%</b>	<b>43.3%</b>	<b>43.4%</b>	<b>42.2%</b>	<b>42.2%</b>
<b>Adjusted Gross Margin</b>	<b>42.5%</b>	<b>43.7%</b>	<b>43.4%</b>	<b>42.7%</b>	<b>42.2%</b>

(1) For the Predecessor period January 1, 2016 through November 3, 2016, a special bonus payment of \$2.2 million was paid to employees at the bakery facilities as compensation for their efforts in the Business Combination. For the year ended December 31, 2015, a special bonus payment of \$2.6 million was paid to employees at the bakery facilities as compensation for their efforts in the recapitalization of Hostess.

(2) For the Successor period November 4, 2016 through December 31, 2016, the Company re-measured inventory at fair value at the Business Combination date, resulting in additional non-cash cost of goods sold of \$8.9 million.



# WARRANT IMPACT ON EQUITY

## Overview

- There are currently **37.5m public warrants** and **19.0m private warrants** outstanding.
- Each warrant is convertible into half a share at a strike price of \$5.75 (effective strike price of \$11.50 per share).
- Public warrants can be called for redemption for \$0.01 per warrant when Hostess' share price meets or exceeds \$24.00<sup>(2)</sup>
- Dilutive impact of warrants is accounted for using the treasury stock method.
- Metropoulos may be granted additional shares contingent on achieving certain EBITDA targets for the years ended December 31, 2017 and December 31, 2018. These shares are not included in these calculations.<sup>(3)</sup>

## Treasury stock method

(in millions other than per share data)

Shares issued	
Warrants outstanding (public + private)	56.5
(x) Shares issued per warrant	0.5
<b>Illustrative shares issued</b>	<b>28.3</b>

### Shares repurchased

Illustrative shares issued	28.3
(x) Strike price per share	\$11.50
<b>Illustrative proceeds from warrant exercise</b>	<b>\$324.9</b>
(+) Current share price <sup>(1)</sup>	\$15.68
<b>Illustrative shares repurchased</b>	<b>20.7</b>

### Net shares issued

Illustrative shares issued	28.3
(-) Illustrative shares repurchased	20.7
<b>Illustrative net shares issued</b>	<b>7.5</b>

## Impact on equity value

(in millions other than per share data)

Diluted shares outstanding	
Class A shares outstanding	99.3
Class B shares outstanding	31.1
(+) Illustrative new shares issued	7.5
<b>Diluted shares outstanding</b>	<b>137.9</b>

### Equity value calculation

Diluted shares outstanding	137.9
(x) Current share price <sup>(1)</sup>	\$15.68
<b>Hostess equity value</b>	<b>\$2,162.6</b>

### Impact on earnings per share

Class A shares outstanding	99.3
(+) Illustrative new shares issued	7.5
<b>Share count for EPS calculations</b>	<b>106.8</b>

Note: All dilution and repurchase information is for illustration only. Actual could differ from illustration.

(1) Share price as of 4/13/2017.

(2) For any 20 trading days within a 30 trading day period ending on the third business day before the Company sends the notice of redemption to the warrant holders.

(3) Metropoulos may be granted up to 8.25m shares pursuant to certain earn-out agreements entered into in connection with the Business Combination. No amounts were accrued for these earn-outs as of December 31, 2016, as management determined that it was not probable the applicable thresholds would be met.



# GLOSSARY

Term	Definition
BFY	Better-for-you
ISB	In-store bakery
SBG	Sweet baked goods
SKU	Stock keeping unit



