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): November 7, 2018

Hostess Brands, Inc.
(Exact name of registrant as specified in its charter)

Delaware	1-37540	47-4168492
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

1 East Armour Boulevard, Kansas City, Missouri	64111
(Address of principal executive offices)	(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 (§240.12b-2 of this chapter).

☐ 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 2.02 Results of Operations and Financial Condition.

On November 7, 2018, Hostess Brands, Inc. (the "Company") issued a press release announcing financial results for the third quarter ended September 30, 2018, a copy of which is attached as Exhibit 99.1.

The information in this Item 2.02 and Exhibit 99.1 attached hereto is being furnished and shall not be deemed “filed” for 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 incorporated by reference into any filing under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such filing.

Item 7.01 Regulation FD Disclosure

On November 7, 2018, the Company disseminated an investor presentation to be used in connection with the earnings call. A copy of the investor presentation is furnished as Exhibit 99.2 to this Current Report on Form 8-K.

The information furnished in this Item 7.01, and Exhibit 99.2 attached hereto is being furnished and shall not be deemed “filed” for 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 incorporated by reference into any filing under 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, although the Company reserves the right to discontinue that availability at any time.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description of Exhibits
99.1	Press Release dated November 7, 2018 announcing financial results for the third quarter ended September 30, 2018.
99.2	Investor Presentation of the Company dated November 7, 2018

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 thereto duly authorized.

HOSTESS BRANDS, INC.

Date: November 7, 2018	By:	/S/ Thomas Peterson
	Name:	Thomas Peterson
	Title:	Executive Vice President, Chief Financial Officer

Hostess Brands, Inc. Announces Third Quarter 2018 Financial Results

KANSAS CITY, MO, November 7, 2018 - Hostess Brands, Inc. (NASDAQ: TWNK, TWNKW) (the “Company”), today reported its financial results for the third quarter ended September 30, 2018.

Business Highlights[1]:

- Net revenue increased $18.7 million, or 9.7%, to $211.0 million, driven by $18.9 million from the business acquired in February 2018 (“the Cloverhill Business”).
- Point of sale increased 3.8%, of which 3.7% was from the Cloverhill Business.
- Market share was 18.9%, up 90 basis points, of which 70 basis points was from the Cloverhill Business.
- Net income was $11.2 million, compared to $16.1 million. Excluding the impact of the losses incurred as we transform and rebuild the Cloverhill Business, net income would have been $18.5 million. Diluted EPS was $0.08 per share, compared to $0.09 per share.
- Adjusted EPS was $0.10 per share, compared to $0.14 per share. Excluding the impact of the losses incurred as we transform and rebuild the Cloverhill Business, adjusted EPS would have been $0.13 per share.
- Adjusted EBITDA was $40.1 million, or 19.0% of net revenue, compared to $54.7 million or 28.4% of net revenue. Excluding the impact of losses incurred as we transform and rebuild the Cloverhill Business, Adjusted EBITDA would have been $44.9 million.
- Cash and cash equivalents were $127.4 million as of September 30, 2018 with a leverage ratio of 4.46x, both driven by year to date operating cash flows of $109.9 million.
- The Company expects continued growth above the Sweet Baked Goods (“SBG”) category average in 2018 and is updating the full year adjusted EBITDA outlook to $185 million to $190 million.

“The Hostess team continued to grow our point of sale ahead of the category and further expand our market share this quarter. We have seen very good point of sale growth within five of our six tracked channels as compared to the prior year. We are executing our proven and differentiated model that leverages our strong brands, consumer relevant innovation and collaborative customer partnerships to drive Hostess share growth and profitable category growth for our customers,” commented Andy Callahan, President and Chief Executive Officer of the Company.

“The transformation of the Cloverhill Business is progressing as originally projected and will be an important growth contributor in the future. Continued sales growth behind our launch of new Hostess®-branded breakfast products, the continued transformation of our Cloverhill Business, along with the successful sell-in of our multi-faceted pricing actions are expected to provide substantial revenue and profit growth. Moving into 2019, I am confident we have built a stronger foundation with a proven model to grow and create shareholder value,” concluded Andy Callahan.

Third Quarter 2018

Net revenue was $211.0 million, an increase of 9.7%, or $18.7 million, compared to $192.3 million. The acquisition of the Cloverhill Business, which was completed in the first quarter of 2018 to expand the breakfast portfolio and manufacturing capabilities, contributed $18.9 million of incremental net revenue. The Company launched Hostess®-branded Danishes and Jumbo Donettes® in September and expects to build off the early positive reception of the Hostess®-branded breakfast launch in 2019. Organic growth in the small format, grocery and dollar channels contributed to an increase in net revenue; however, this growth was largely offset by lower revenue in the mass retail channel.

---

[1] This press release contains certain non-GAAP financial measures, including adjusted gross profit, adjusted gross margin, adjusted earnings per share (“EPS”) and adjusted EBITDA. Please refer to the schedules in the press release for reconciliations of non-GAAP financial measures to the comparable GAAP measure. Unless otherwise stated, all comparisons of financial measures in this press release are to the third quarter of 2017. All measures of market performance contained in this press release, including point of sale and market share, include all Company branded products within the SBG category as reported by Nielsen but do not include other products sold outside of the SBG category. All market data in this press release refers to the 13-week period ended September 29, 2018 and the prior-year comparable period. The prior-year comparable period excludes the performance of the brands acquired with the Cloverhill Business. Current and prior period market data presented herein reflects a restatement made by Nielsen during the quarter to increase the number of stores used to calculate convenience channel point of sale results. The Cloverhill Business which the Company purchased includes the Cloverhill® and Big Texas® brands, as well as the breakfast manufacturing assets.

Gross profit was $60.4 million, or 28.6% of net revenue, compared to $78.4 million, or 40.8% of net revenue. Adjusted gross profit was $64.1 million, or 30.4% of net revenue, compared to $78.4 million or 40.8% of net revenue. The declines in adjusted gross profit and adjusted gross margin were primarily attributable to a shift in mix of revenue to include the recently acquired non-Hostess® branded products, which resulted in lower adjusted gross margin of 630 basis points. The Company has made significant progress to stabilize and improve the Cloverhill Business, including reducing waste and improving unplanned down-time. Efforts to transform the acquired business into a profitable operation by the end of 2018 are going well and remain on schedule. This transformation includes significant capital projects that are expected to be completed in the fourth quarter in order to improve the efficiency of the bakery operations. Also contributing to the overall lower adjusted gross margin this quarter were higher transportation costs and other inflationary pressures, which resulted in a 330 basis point decrease in adjusted gross margin. In response to these rising costs, in October 2018 the Company announced price increases and customer allowance adjustments that we believe will help offset inflation while maintaining the Company's growth potential.

Advertising, selling, general and administrative (“SG&A”) expenses were $30.6 million, or 14.5% of net revenue, compared to $31.0 million, or 16.1% of net revenue. The decrease was attributable primarily to lower expenses related to corporate incentives, partially offset by an increase in retail display deployment to support revenue growth.

The Company's effective tax rate decreased from 39.0% to 18.9%, primarily as a result of the lower federal statutory rate enacted by the legislation commonly referred to as the Tax Cuts and Jobs Act (“Tax Reform”) as well as a $2.2 million charge in the third quarter of 2017 to reflect a change in state tax law.

Net income was $11.2 million, compared to $16.1 million. Net income attributed to Class A was $7.9 million, or $0.08 per diluted share, compared to $9.5 million, or $0.09 per diluted share.

Adjusted EPS was $0.10, compared to $0.14 per diluted share. Adjusted EBITDA was $40.1 million, or 19.0% of net revenue, compared to $54.7 million, or 28.4% of net revenue. The decreases in adjusted EPS and adjusted EBITDA were primarily attributable to higher costs as the Company transforms the Cloverhill Business and higher transportation costs and other inflationary pressures.

Cash from operations for the nine months ended September 30, 2018 was $109.9 million compared to $117.8 million for the same period last year. The decrease was attributable to lower net income from operations offset by lower tax payments and the timing of vendor payments and customer receipts.

Sweet Baked Goods Segment: Net revenue was $201.7 million, an increase of $19.7 million, or 10.8%, compared to $182.0 million. The revenue increase was driven by the Cloverhill Business and strong organic growth within the small format, grocery and dollar channels partially offset by lower revenue in the mass retail channel.

Gross profit was $58.9 million, or 29.2% of net revenue, compared to $76.3 million, or 41.9% of net revenue. The decline was primarily attributable to the addition of revenue from the Cloverhill Business at negative margins as well as higher transportation costs and other inflationary pressures.

In-Store Bakery Segment: Net revenue was $9.3 million, a decrease of $1.0 million, or 9.3%, compared to $10.2 million. The decrease in net revenue was attributable to a shift in product mix. Gross profit was $1.5 million, or 16.1% of net revenue, compared to gross profit of $2.1 million, or 20.3% of net revenue. The decrease in gross margin was primarily attributable to a shift in product and channel mix and higher transportation costs.

Outlook

For full year 2018, the Company has narrowed the expected adjusted EPS range to $0.52 to $0.55 and lowered the expected adjusted EBITDA to $185 million to $190 million. See the schedules in this press release for additional guidance and a reconciliation of anticipated 2018 adjusted EBITDA to anticipated net income of $83 million to $87 million for 2018.

Conference Call and Webcast

The Company will host a conference call and webcast with an accompanying presentation today, November 7, 2018 at 4:30 p.m. EDT to discuss the results for the third quarter. Investors interested in participating in the live call can dial 877-270-2148 from the U.S. and 412-902-6510 internationally. A telephone replay will be available approximately two hours after the call concludes through Wednesday, November 21, 2018, by dialing 844-512-2921 from the U.S., or 412-317-6671 from international locations, and entering confirmation code 13684410. The simultaneous, live webcast and presentation will be available on the Investor Relations section of the Company's website at www.hostessbrands.com. The webcast will be archived for 30 days.

About Hostess Brands, Inc.

Hostess® is the second leading brand by market share within the SBG category. The brand's history dates back to 1919, when the Hostess® CupCake was introduced to the public, followed by Twinkies® in 1930. Today, the Company produces a variety of new and classic treats including Ding Dongs®, Ho Hos®, Donettes®, Hostess Bakery Petites® and Fruit Pies, in addition to Twinkies® and CupCakes. For more information about Hostess® products and Hostess Brands, please visit hostesscakes.com. Follow Hostess on Twitter: @Hostess_Snacks; on Facebook: facebook.com/Hostess; on Instagram: Hostess_Snacks; and on Pinterest: pinterest.com/hostesscakes.

The Company has two reportable segments: SBG and In-Store Bakery. The SBG segment consists of sweet baked goods that are sold under the Hostess® and Dolly Madison® brands, Hostess® branded bread and buns and frozen retail products. Sweet baked goods sold through the Cloverhill Business are also included in the SBG segment. The In-Store Bakery segment consists of Superior® and Hostess® branded products sold through the in-store bakery section of grocery and club stores. Prior to the fourth quarter of 2017, the Company had two operating segments: SBG and Other. The analysis above reflects the new segment presentation for both the current and comparative periods.

Forward-Looking Statements

This press release contains statements reflecting the Company's views about its future performance that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended, 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 the Company's future operating performance and statements addressing events and developments that the Company expects or anticipates will occur are also considered as forward-looking statements. All forward-looking statements included herein are made only as of the date hereof. The Company 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 the Company's reputation and brand image; protecting intellectual property rights; leveraging the Company's 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; the ability to maintain or add additional shelf or retail space for the Company's products; the continued ability to produce and successfully market products with extended shelf life; the ability to drive revenue growth in key products or add products that are faster-growing and more profitable; volatility in commodity, energy, and other input prices and the ability to adjust pricing to cover increased costs; dependence on major customers; geographic focus could make the Company 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 the workforce belongs to unions and strikes or work stoppages could cause the business to suffer; product liability claims, product recalls, or regulatory enforcement actions; unanticipated business disruptions; dependence on third parties for significant services; insurance may not provide adequate levels of coverage against claims; failures, unavailability, or disruptions of the Company's information technology systems; the Company's ability to achieve expected synergies and benefits and performance from the Company's strategic acquisitions; dependence on key personnel or a highly skilled and diverse workforce; and the Company's ability to finance indebtedness on terms favorable to the Company; and other risks as set forth from time to time in the Company's Securities and Exchange Commission filings.

As a result of a number of known and unknown risks and uncertainties, the Company's actual results or performance may be materially different from those expressed or implied by these forward-looking statements. Risks and uncertainties are identified and discussed in Item 1A-Risk Factors in the Company's Annual Report on Form 10-K for 2017 and its subsequent Securities and Exchange Commission filings. All subsequent written or oral forward-looking statements attributable to us or persons acting on the Company's behalf are expressly qualified in their entirety by these risk factors. The Company undertakes no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.

HOSTESS BRANDS, INC.

CONSOLIDATED BALANCE SHEETS

(Unaudited, amounts in thousands, except shares and per share data)

	September 30, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 127,396	$ 135,701
Accounts receivable, net	107,464	101,012
Inventories	37,076	34,345
Prepaids and other current assets	11,960	7,970
Total current assets	283,896	279,028
Property and equipment, net	207,319	174,121
Intangible assets, net	1,905,105	1,923,088
Goodwill	578,345	579,446
Other assets, net	18,960	10,592
Total assets	$ 2,993,625	$ 2,966,275
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Long-term debt and capital lease obligation payable within one year	$ 11,268	$ 11,268
Tax receivable agreement payments payable within one year	700	14,200
Accounts payable	74,243	49,992
Customer trade allowances	37,717	40,511
Accrued expenses and other current liabilities	9,518	11,880
Total current liabilities	133,446	127,851
Long-term debt and capital lease obligation	979,532	987,920
Tax receivable agreement	68,584	110,160
Deferred tax liability	276,535	267,771
Total liabilities	1,458,097	1,493,702
Class A common stock, $0.0001 par value, 200,000,000 shares authorized, 99,919,503 and 99,791,245 shares issued and outstanding at September 30, 2018 and December 31, 2017, respectively	10	10
Class B common stock, $0.0001 par value, 50,000,000 shares authorized, 30,255,184 and 30,319,564 shares issued and outstanding at September 30, 2018 and December 31, 2017, respectively	3	3
Additional paid in capital	924,481	920,723
Accumulated other comprehensive income	4,433	1,318
Retained earnings	259,534	208,279
Stockholders' equity	1,188,461	1,130,333
Non-controlling interest	347,067	342,240
Total liabilities and stockholders' equity	$ 2,993,625	$ 2,966,275

HOSTESS BRANDS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited, amounts in thousands, except shares and per share data)

	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Net revenue	$ 210,982	$ 192,250	$ 635,574	$ 579,967
Cost of goods sold	150,604	113,885	437,098	333,861
Gross profit	60,378	78,365	198,476	246,106
Operating costs and expenses:				
Advertising and marketing	9,563	8,871	27,371	24,304
Selling expense	7,467	7,606	22,606	24,418
General and administrative	13,569	14,494	39,315	43,416
Amortization of customer relationships	5,994	5,994	17,983	17,860
Tax receivable agreement liability remeasurement	—	1,589	(1,752)	1,589
Impairment of property and equipment	—	1,003	1,417	1,003
Related party expenses	92	92	276	284
Business combination transaction costs	—	—	47	—
Total operating costs and expenses	36,685	39,649	107,263	112,874
Operating income	23,693	38,716	91,213	133,232
Other expense (income):				
Interest expense, net	9,974	9,966	29,063	29,831
Gain on buyout of tax receivable agreement	—	—	(12,372)	—
Other expense (income)	(36)	2,304	133	3,257
Total other expense	9,938	12,270	16,824	33,088
Income before income taxes	13,755	26,446	74,389	100,144
Income tax expense	2,603	10,316	9,315	31,608
Net income	11,152	16,130	65,074	68,536
Less: Net income attributable to the non-controlling interest	3,211	6,581	14,010	24,325
Net income attributable to Class A stockholders	$ 7,941	$ 9,549	$ 51,064	$ 44,211
Earnings per Class A share:				
Basic	$ 0.08	$ 0.10	$ 0.51	$ 0.45
Diluted	$ 0.08	$ 0.09	$ 0.49	$ 0.42
Weighted-average Class A shares outstanding:				
Basic	99,958,244	99,557,183	99,931,167	98,920,808
Diluted	102,963,080	105,418,566	104,299,251	105,840,673

Results of Operations by Segment	Three Months Ended		Nine Months Ended	
(In thousands)	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Net Revenue				
Sweet baked goods	$ 201,693	$ 182,009	$ 605,223	$ 548,498
In-Store Bakery	9,289	10,241	30,351	31,469
	$ 210,982	$ 192,250	$ 635,574	$ 579,967
Gross Profit				
Sweet baked goods	$ 58,886	$ 76,291	$ 192,683	$ 238,559
In-Store Bakery	1,492	2,074	5,793	7,547
	$ 60,378	$ 78,365	$ 198,476	$ 246,106

HOSTESS BRANDS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, amounts in thousands)

	Nine Months Ended	
	September 30, 2018	**September 30, 2017**
Operating activities		
Net income	$ 65,074	$ 68,536
Depreciation and amortization	31,370	28,576
Impairment of property and equipment	1,417	1,003
Debt premium amortization	(810)	(647)
Tax receivable agreement remeasurement and gain on buyout	(14,124)	1,589
Share-based compensation	4,237	7,990
Non-cash gain on debt modification	—	1,729
Loss (gain) on sale/abandonment of property and equipment	1	(10)
Deferred taxes	7,929	19,993
Change in operating assets and liabilities:		
Accounts receivable	(5,451)	(11,496)
Inventories	4,670	(3,368)
Prepaids and other current assets	(2,407)	(1,950)
Accounts payable and accrued expenses	20,759	7,369
Customer trade allowances	(2,794)	(1,541)
Net cash provided by operating activities	109,871	117,773
Investing activities		
Purchases of property and equipment	(32,886)	(22,755)
Acquisition of business	(23,910)	—
Proceeds from sale of assets	—	85
Acquisition and development of software assets	(2,480)	(1,728)
Net cash used in investing activities	(59,276)	(24,398)
Financing activities		
Repayments of long-term debt and capital lease obligation	(7,578)	(5,103)
Debt fees	—	(1,017)
Distributions to non-controlling interest	(9,533)	(12,940)
Tax payments related to issuance of shares to employees	(436)	—
Payments on tax receivable agreement	(41,353)	—
Proceeds from the exercise of warrants	—	1
Net cash used in financing activities	(58,900)	(19,059)
Net increase (decrease) in cash and cash equivalents	(8,305)	74,316
Cash and cash equivalents at beginning of period	135,701	26,855
Cash and cash equivalents at end of period	$ 127,396	$ 101,171
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the period for:		
Interest	$ 30,972	$ 35,085
Taxes paid	$ 4,092	$ 12,902
Supplemental disclosure of non-cash investing:		
Change in accrued capital expenditures	$ (59)	$ 932

HOSTESS BRANDS, INC.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

Adjusted gross profit, adjusted gross margin, adjusted EBITDA and adjusted EPS are non-GAAP financial measures commonly used in the Company's industry and should not be construed as an alternative to gross profit, net income or earnings per share as indicators of operating performance or as alternatives to cash provided by operating activities as a measure of liquidity (each as determined in accordance with GAAP). These measures may not be comparable to similarly titled measures reported by other companies. The Company has included these measures because it believes the measures provide management and investors with additional information to measure the Company's performance and liquidity, estimate the Company's value and evaluate the Company's ability to service debt.

Adjusted Gross Profit and Adjusted Gross Margin

Gross profit and gross margin are adjusted to exclude certain items that affect comparability. The adjustments are itemized below.You are encouraged to evaluate these adjustments and the reason the Company considers them appropriate for supplemental analysis. In evaluating adjusted gross profit and adjusted gross margin, you should be aware that in the future the Company may incur expenses that are the same as or similar to some of the adjustments set forth below. The presentation of adjusted gross profit and adjusted cross margin should not be construed as an inference that future results will be unaffected by unusual or recurring items.

Adjusted EBITDA

The Company defines adjusted EBITDA as net income adjusted to exclude (i) interest expense, net, (ii) depreciation and amortization and (iii) income taxes, as further adjusted to eliminate the impact of certain items that the Company does not consider indicative of its ongoing operating performance. These further adjustments are itemized below. You are encouraged to evaluate these adjustments and the reasons the Company considers them appropriate for supplemental analysis. In evaluating adjusted EBITDA, you should be aware that in the future the Company may incur expenses that are the same as or similar to some of the adjustments set forth below. The Company's presentation of adjusted EBITDA should not be construed as an inference that its future results will be unaffected by unusual or non-recurring items.

Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of the Company's results as reported under GAAP. For example, adjusted EBITDA:

- does not reflect the Company's capital expenditures, future requirements for capital expenditures or contractual commitments;
- does not reflect changes in, or cash requirements for, the Company's working capital needs;
- does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on the Company's debt; and
- does not reflect payments related to income taxes, the Tax Receivable Agreement or distributions to the non-controlling interest to reimburse its tax liability.

Adjusted EPS

Net income attributed to Class A stockholders is adjusted to exclude certain items that affect comparability, then divided by weighted average diluted Class A shares outstanding to determine adjusted EPS. The adjustments are itemized below. You are encouraged to evaluate these adjustments and the reasons the Company considers them appropriate for supplemental analysis. In evaluating adjusted EPS, you should be aware that in the future the Company may incur expenses that are the same as or similar to some of the adjustments set forth below. The presentation of adjusted EPS should not be construed as an inference that future results will be unaffected by unusual or recurring items.

HOSTESS BRANDS, INC.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(Unaudited, amounts in thousands, except shares and per share data)

	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Reconciliation of Adjusted Gross Profit				
Gross profit	$ 60,378	$ 78,365	$ 198,476	$ 246,106
Non-GAAP adjustments:				
Acquisition and integration costs	3,512	—	5,376	—
Special employee incentive compensation	214	—	1,766	—
Adjusted gross profit	$ 64,104	$ 78,365	$ 205,618	$ 246,106
Adjusted gross margin as a percentage of net revenue	30.4%	40.8%	32.4%	42.4%
Reconciliation of Adjusted EBITDA				
Net income	$ 11,152	$ 16,130	$ 65,074	$ 68,536
Non-GAAP adjustments:				
Income tax provision	2,603	10,316	9,315	31,608
Interest expense, net	9,974	9,966	29,063	29,831
Depreciation and amortization	10,723	9,722	31,370	28,576
Share-based compensation	1,516	3,630	4,237	7,990
Tax Receivable Agreement remeasurement and gain on buyout	—	1,589	(14,124)	1,589
Impairment of property and equipment	—	1,003	1,417	1,003
Special employee incentive compensation	690	—	2,275	—
Acquisition and integration costs	3,512	—	5,376	—
Other i.	(36)	2,304	760	3,257
Adjusted EBITDA	$ 40,134	$ 54,660	$ 134,763	$ 172,390
Reconciliation of Adjusted EPS				
Net income attributed to Class A stockholders	$ 7,941	$ 9,549	$ 51,064	$ 44,211
Non-GAAP adjustments:				
Tax Receivable Agreement remeasurement and gain on buyout	—	1,589	(14,124)	1,589
Remeasurement of deferred taxes	—	2,238	(4,995)	2,238
Impairment of property and equipment	—	1,003	1,417	1,003
Special employee incentive compensation	690	—	2,275	—
Acquisition and integration costs	3,512	—	5,376	—
Gain on debt modification	—	2,122	—	1,948
Tax impact of adjustments	(897)	(1,251)	167	(1,201)
Non-controlling interest allocation of adjustments	(977)	(731)	(2,108)	(690)
Adjusted Net income attributed to Class A stockholders	$ 10,269	$ 14,519	$ 39,072	$ 49,098
Weighted average Class A shares outstanding-diluted	102,963,080	105,418,566	104,299,251	105,840,673
Adjusted EPS	$ 0.10	$ 0.14	$ 0.37	$ 0.46

i. For the three and nine months ended September 30, 2018, other expenses included transaction and other non-operating professional fees. For the three and nine months ended September 30, 2017, other expense primarily included professional fees incurred related to the secondary public offering of common stock and the registration of certain privately held warrants offset by a gain recognized related to the modification of long-term debt.

HOSTESS BRANDS, INC.

RECONCILIATION OF ADJUSTED EBITDA AND OTHER GUIDANCE

For the year ended December 31, 2018

(Unaudited)

Reconciliation of 2018 adjusted EBITDA guidance to net income presents inherent difficulty in forecasting certain amounts that are necessary for a full reconciliation to net income. The Company's outlook for 2018 adjusted EBITDA is based on the same methodology used to present adjusted EBITDA for completed periods. Discrete tax items and gains on the remeasurement and buyout of the Tax Receivable Agreement incurred through September 30, 2018 are included in the full-year estimate of net income. However, the amounts, if any, of potential future non-recurring items that are excluded from adjusted EBITDA are highly uncertain and incapable of estimation, and have not been included in the table below. Such non-recurring items may include non-cash expenses for earn out liabilities, the impact to net income resulting from Tax Receivable Agreement transactions, and/or other items. As such items are excluded from adjusted EBITDA, the occurrence and magnitude thereof, while impacting net income and the reconciliation of adjusted EBITDA to net income, would have no impact on adjusted EBITDA for 2018. In addition, the below reconciliation assumes that the overall capital structure of the Company and effective income tax rates are consistent with the structure at September 30, 2018. Changes to these assumptions could significantly impact net income for 2018, and accordingly, the reconciliation of adjusted EBITDA to net income, but not adjusted EBITDA itself. For additional information regarding adjusted EBITDA, refer to the related explanations presented above under “Reconciliation of Non-GAAP Financial Measures”.

	Estimated Year Ended December 31, 2018
Amounts in millions, except shares and per share data	
Net income attributed to common stockholders	$64 - $67
Net income attributed to the non-controlling interest	19 - 20
Net income	83 - 87
Non-GAAP adjustments:	
Income tax provision	17 - 18
Discrete tax items occurring in Q1 and Q2	(3) - (3)
Tax receivable agreement remeasurement and gain on buyout occurring in Q1 and Q2	(14) - (14)
Interest expense, net	39 - 39
Depreciation and amortization	42 - 42
Share-based compensation	6 - 6
Other expenses	15 - 15
Adjusted EBITDA	$185 - $190
Earnings per Class A share:	
Basic	$0.64 - $0.67
Diluted	$0.62 - $0.65
Adjusted	$0.52 - $0.55
Weighted-average shares outstanding:	
Basic	99,924,924
Diluted	103,175,921
Cash provided by operations	$140 - $145
Net increase in cash and cash equivalents	$0 - $5
Capital expenditures	$50 - $60
Expected effective tax rate giving effect to the non-controlling interest	20% - 21%
Expected statutory corporate federal and state income tax rate applied to income attributed to Class A stockholders	27% - 28%
Payments related to the Company's current federal and state income tax liabilities	$4 - $5
Distributions to holders of the non-controlling interest to cover income tax payments	$9 - $10
2018 payments to the selling equity holders of Hostess Holdings related to 2017 activity under the terms of the tax receivable agreement	$8 - $9

HOSTESS BRANDS, INC.

LEVERAGE RATIO

(Unaudited)

Leverage Ratio (amounts in millions, except ratio)	**Twelve Months Ended September 30, 2018**	**Estimated Year Ended December 31, 2018**
Long-term debt and capital lease obligations, including current maturities	$ 991	$988 - $988
Less: Unamortized debt premium and issuance costs	(4)	(4) - (4)
Term loan debt	987	984 - 984
Less: cash and cash equivalents	(127)	(135) - (140)
Net term loan debt	$ 860	$849 - $844
Adjusted EBITDA	$ 193	$185 - $190
Leverage ratio	4.46	4.60 - 4.50

Reconciliation of Adjusted EBITDA Used in Leverage Ratio (amounts in thousands)	**Three Months Ended December 31, 2017**	**Plus: Nine Months Ended September 30, 2018**	**Twelve Months Ended September 30, 2018**
Net income	$ 189,574	$ 65,074	$ 254,648
Non-GAAP adjustments:			
Income tax provision (benefit)	(98,812)	9,315	(89,497)
Interest expense, net	9,517	29,063	38,580
Depreciation and amortization	9,594	31,370	40,964
Share-based compensation	(576)	4,237	3,661
Tax receivable agreement remeasurement and gain on buyout	(51,812)	(14,124)	(65,936)
Acquisition and integration costs	—	5,376	5,376
Loss on debt modification	432	—	432
Impairment of property and equipment	—	1,417	1,417
Recovery on sale/abandonment of property and equipment and bakery shutdown costs	(144)	—	(144)
Special employee incentive compensation	—	2,275	2,275
Other expense	51	760	811
Adjusted EBITDA	$ 57,824	$ 134,763	$ 192,587

3rd Quarter 2018 Earnings

Investor Presentation
November 7, 2018

DISCLAIMER

Forward Looking Statements

This investor presentation contains statements reflecting our views about the future performance of Hostess Brands, Inc. and its subsidiaries (referred to as "Hostess Brands" or the "Company") 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. We undertake 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: our ability to maintain, extend or expand our reputation and brand image; failing to protect our intellectual property rights; our ability to leverage our brand value to compete against lower-priced alternative brands; our ability to correctly predict, identify and interpret changes in consumer preferences and demand and offering new products to meet those changes; our ability to operate in a highly competitive industry; our ability to maintain or add additional shelf or retail space for our products; our ability to continue to produce and successfully market products with extended shelf life; our ability to successfully integrate, achieve expected synergies and manage our acquired businesses and brands; 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 and our ability to adjust our pricing to cover any increased costs; the availability and pricing of transportation to distribute our products; our dependence on our major customers; our geographic focus could make us particularly vulnerable to economic and other events and trends in North America; consolidation of retail customers; increased costs to comply with governmental regulation; general political, social and economic conditions; increased healthcare and labor costs; the fact that 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; ability to achieve expected synergies and benefits and performance from strategic acquisitions; inability to identify or complete strategic acquisitions; our insurance not providing adequate levels of coverage against claims; failures, unavailability, or disruptions of our information technology systems; departure of 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" from time to time in our Securities and Exchange Commission filings.

Industry and Market Data

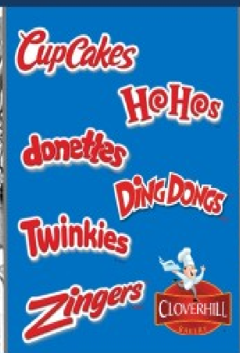
In this Investor Presentation, Hostess Brands relies on and refers to information and statistics regarding market shares in the sectors in which it competes and other industry data. Hostess Brands obtained this information and statistics from third-party sources, including reports by market research firms, such as Nielsen. Current and prior period market data presented herein reflects a restatement made by Nielsen during the quarter to increase the number of stores used to calculate convenience channel point of sale results. Additionally, prior period Nielsen data was adjusted to exclude the Cloverhill® and Big Texas® brands in the periods they were not owned by Hostess. Hostess Brands 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 Brands' management's best view as to information that is not publicly available.

Use of Non-GAAP Financial Measures

This Investor Presentation includes non-GAAP financial measures, including earnings before interest, taxes, depreciation, amortization and other adjustments to eliminate the impact of certain items that we do not consider indicative of our ongoing performance ("Adjusted EBITDA"), Adjusted EBITDA Margin, Adjusted Gross Profit, Adjusted Gross Margin, and Adjusted Earnings per Share ("Adjusted EPS"). Adjusted EBITDA, Adjusted Gross Profit, and Adjusted EPS exclude certain items included in the comparable GAAP financial measure. Adjusted EBITDA Margin represents Adjusted EBITDA divided by net revenues. Adjusted Gross Margin represents Adjusted Gross Profit divided by net revenues. Hostess Brands believes that these non-GAAP financial measures provide useful information to management and investors regarding certain financial and business trends relating to Hostess Brands' financial condition and results of operations. Hostess Brands' management uses these non-GAAP financial measures to compare Hostess Brands' performance to that of prior periods for trend analyses, for purposes of determining management incentive compensation, and for budgeting and planning purposes. Hostess Brands 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 Brands does not consider these non-GAAP financial 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 Margin, Adjusted EPS, and other non-GAAP measures differently, and therefore Hostess Brands' 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.

HOSTESS BRANDS – HIGHLIGHTS

ICONIC AMERICAN BRANDS DELIVERING NEW AND CLASSIC SWEET TREATS TO CUSTOMERS FOR GENERATIONS




KEY HIGHLIGHTS

LTM Net Sales: **$832m** LTM Adj. EBITDA: **$193m** Adj. EBITDA Margin: **23.2%**	Product Portfolio with Numerous **Iconic Brands**	**19% Market Share and Growing** in ~$6.7bn Sweet Baked Goods Category(1)	**Continuous Innovation to Drive Growth** Growing Faster Than the SBG Category	**Direct to Warehouse** Centralized Manufacturing & Distribution Model Driving Industry Leading Profitability	**Proven Platform** with Multiple Avenues of Growth including: - Innovation - Adjacent Categories - Acquisitions

Note: Financial data are for the last twelve months ("LTM") ended September 30, 2018 as reported. Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures. See "Use of Non-GAAP Financial Measures" and the Appendix for an explanation of all non-GAAP financial measures and reconciliations to the comparable GAAP measures. Adjusted EBITDA Margin is calculated by dividing LTM Net Sales by LTM Adjusted EBITDA.

(1) Market Share for the Company within the Sweet Baked Goods ("SBG")category per Nielsen U.S. total universe, 52 weeks ending 9/29/2018.

CORE COMPETENCIES

HOSTESS BRANDS CORE COMPETENCIES

WHAT DIFFERENTIATES US . . .

ICONIC BRANDS

DELIVERING NEW AND CLASSIC SWEET TREATS

85+ YEARS OLD

CupCakes
Twinkies

50+ YEARS OLD

Ding Dongs
HoHos
donettes
snoballs
Fruit Pie
Suzy Q's

<50 YEARS OLD

Zingers
Jumbo Honey Bun
mini muffins
Coffee Cakes

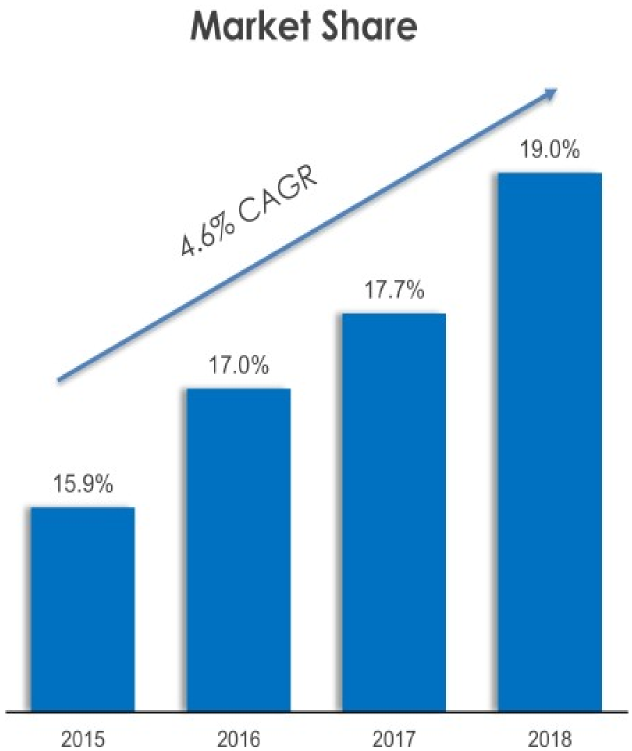
BRANDS SINCE RELAUNCH

Hostess Bakery Petites
Cinnamon Roll
Brownies
Big Texas
Superior on Main
Cloverhill Bakery
Danish

90%+ Hostess® Brand Awareness

Source: Harmon Atchison, Awareness, Use and Status Perception Study, 12/8/14

STRONG MARKET POSITION
AND GROWING IN THE SBG CATEGORY

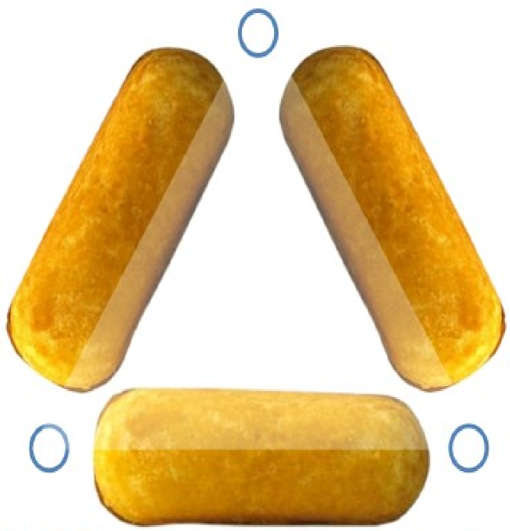


* Source: Nielsen, Total Nielsen Universe for the SBG Category and the Company within the SBG Category. Point of Sale and Market Share, 52 weeks ending 10/4/15, 10/1/16, 9/30/17 & 9/29/2018. Current and prior period market data presented herein reflects a restatement made by Nielsen during the quarter to increase the number of stores used to calculate convenience channel point of sale results. Additionally, prior period Nielsen data was adjusted to exclude the Cloverhill® and Big Texas® brands in the periods they were not owned by Hostess.

COST EFFECTIVE, ADVANTAGED BUSINESS MODEL

ENABLED BY WAREHOUSE DISTRIBUTION AND EFFICIENT SUPPLY CHAIN

Hostess Brands



Shelf-life Technology

Warehouse model

Our Business Model Generates Disruption within the Supply Chain

- Expanded distribution reach
- Compelling retailer economics
- Fast & scalable in-store merchandising capabilities
- Close partnerships with third party distributors

Established a best-in-class financial position

Leading Adj. EBITDA margins	Significant Adj. EBITDA to free cash flow conversion[1]

(1) Defined as (Adj. EBITDA – Capex) / Adj. EBITDA.

COLLABORATIVE PARTNERSHIPS

WITH CUSTOMERS & RETAILERS ACROSS VARIOUS CHANNELS FOR SHARED GROWTH AND PROFIT

LEADER OF INNOVATION

WILLINGNESS TO REVITALIZE AND DISRUPT UNDERINVESTED CATEGORIES

Innovation within the Core

Launch new flavors of iconic products to leverage the brand's power and expand the core

Innovation Attracting New Consumers

Attract new consumers with premium innovation such as the Hostess Bakery Petites® premium snacking platform made with no artificial flavors or colors or high fructose corn syrup

Innovation in Adjacencies

Expand the Hostess® brands into new consumer segments to drive incremental growth


Hostess
THIRD QUARTER HIGHLIGHTS

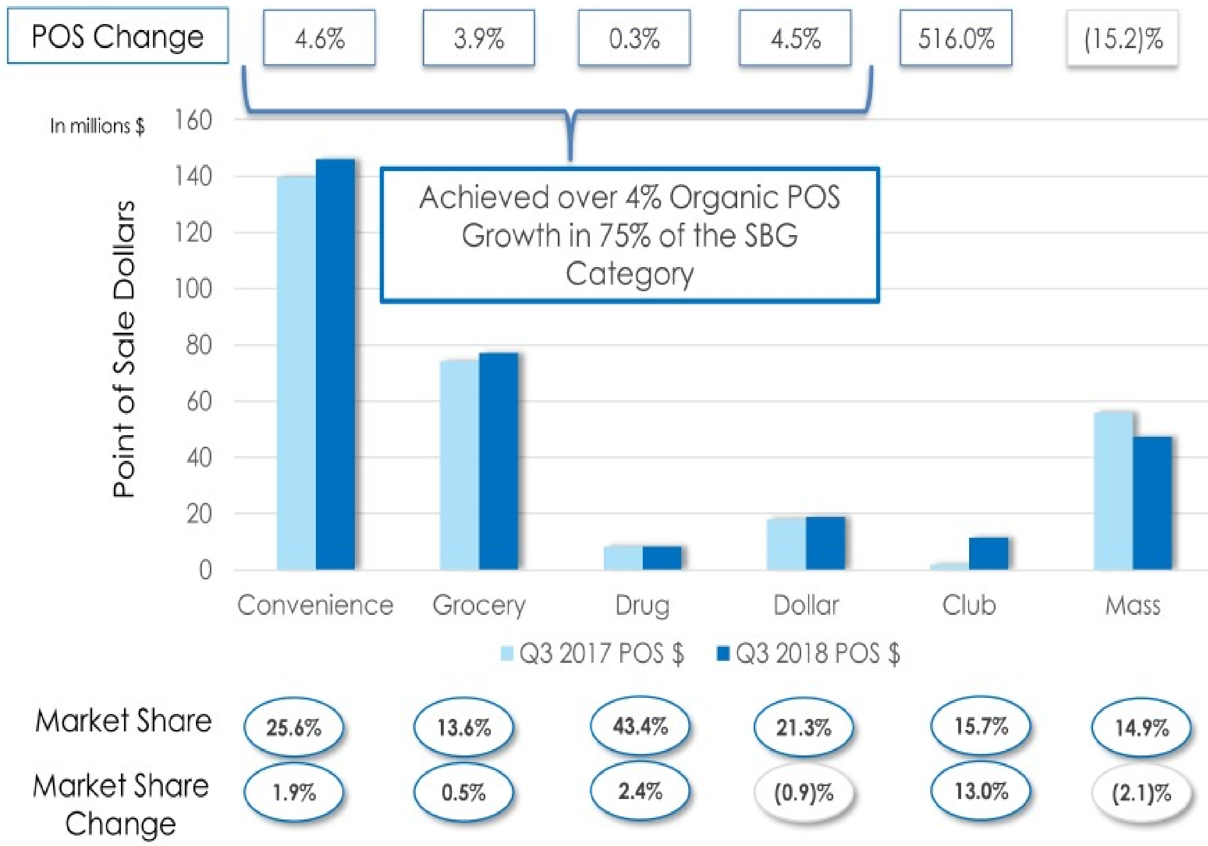
Q3 2018 HIGHLIGHTS
CONTINUED GROWTH AHEAD OF SBG CATEGORY

- **Point-of-sale increased 3.8%** and **market share grew 90 bps to 18.9%***
- **Revenue growth of 9.7%** driven by acquisition and organic growth across small-format and grocery channels offset by lower revenue within the mass channel
- Sequentially **improved display space** and units sold in mass channel
- **Launched new innovation** - Hostess®-branded Breakfast Danishes and Jumbo Donettes® during Q3 and Totally Nutty™ in Q4
- Completed market analytics, developed go-to-market strategy and socialized our **multi-faceted approach to recover inflation** with our customers to achieve meaningful margin improvement going forward

* Point of sale and market share data for the 13 weeks ended 9/29/18 as compared to the comparable period in the prior year. Current and prior period market data presented herein reflects a restatement made by Nielsen during the quarter to increase the number of stores used to calculate convenience channel point of sale results. Additionally, prior period Nielsen data was adjusted to exclude the Cloverhill® and Big Texas® brands in the periods they were not owned by Hostess.

GROWING SALES AND MARKET SHARE

ACROSS MULTIPLE CHANNELS



* Point of sale and market share data for the 13 weeks ended 9/29/18 as compared to the comparable period in the prior year. Current and prior period market data presented herein reflects a restatement made by Nielsen during the quarter to increase the number of stores used to calculate convenience channel point of sale results. Additionally, prior period Nielsen data was adjusted to exclude the Cloverhill® and Big Texas® brands in the periods they were not owned by Hostess.

BUILDING A SOLID FOUNDATION
FOR PROFITABLE GROWTH

We are building a strong foundation for future growth by developing and enhancing our:

- Customer Relationships
- Pricing Capabilities
- Innovation Platforms
- Consumer, Customer and Market Insights
- Team

Priorities

- Strengthen the Profitability of the Core
  - Adjust pricing & merchandising programs
  - Execute distribution & manufacturing opportunities
- Accelerate Growth
  - Drive innovation agenda – including the expansion of the Breakfast Platform
- Effectively Manage Capital Structure
  - Execute strategic acquisitions

TRANSFORMATIVE GROWTH

BREAKFAST EXPANSION

Accelerating Growth in the Breakfast Segment

- Hostess' "Fair Share" development presents an incremental POS opportunity of over a ~$100 million
- Launch of Hostess® breakfast products have strong customer acceptance
- Accelerating Cloverhill® and Big Texas® brands

Transformation Improving Capabilities and Driving Efficiencies

- Capital installation on-schedule for Q4 2018
- Operational effectiveness improved and impacting profitability

Long-Term – Expected to Generate Highly Accretive Revenue and EBITDA

Q3 2018
FINANCIAL RESULTS

CONSOLIDATED FINANCIAL RESULTS

($ in millions, except per share data)	Q3 2018	Q3 2017
Net Revenue	$211.0	$192.3
Adjusted Gross Profit	$64.1	$78.4
Adjusted Gross Margin	30.4%	40.8%
Adjusted EBITDA	$40.1	$54.7
Adjusted EPS	$0.10	$0.14

- Net Revenue increase was driven by recently acquired breakfast brands and products ($18.9M) and organic growth across various channels, offset by a decline within the mass retail channel.
- Adjusted gross margin decline is primarily the result of the negative margins of the Cloverhill Business (630 bps) and rising inflation (330 bps), both of which are being mitigated by current actions. Cloverhill is in the process of being transformed through the launch of Hostess-branded products, capital investments and operational improvements. We are actively addressing inflation through a multi-faceted approach including price increases which will begin going into effect in December 2018.

Note: Adjusted Gross Profit, Adjusted Gross Margin, Adjusted EBITDA and Adjusted EPS are non-GAAP financial measures. See "Use of Non-GAAP Financial Measures" and the Appendix for an explanation of all non-GAAP financial measures and reconciliations to the comparable GAAP measures.

FULL-YEAR 2018 OUTLOOK
UPDATED GUIDANCE

($ in millions, except ratio and per share data)	Q2 Guidance	Q3 Guidance
Adjusted EBITDA	$190 – $200	$185 - $190
Net Income	$73 – $81	$83 - $87
Adjusted EPS	$0.52 – $0.58	$0.52 - $0.55
Cash Flow from Operations	$145 – $150	$140 – $145
Capital Expenditures	$50 – $60	$50 – $60
Leverage Ratio	4.20x – 4.45x	4.50x – 4.60x
Effective Tax Rate	20% – 21%	20% – 21%

Note: Adjusted EBITDA and Adjusted EPS are non-GAAP financial measures. See "Use of Non-GAAP Financial Measures" and the Appendix for an explanation of all non-GAAP financial measures. Reconciliations to the comparable GAAP measures are included in Exhibit 99.1 to the current report on Form 8-K filed with the Securities and Exchange Commission on November 7, 2018.

Appendix

NON-GAAP RECONCILIATIONS
ADJUSTED EBITDA

$ in millions	Three Months Ended 9/30/18	Twelve Months Ended 9/30/18	Three Months Ended 9/30/17
Net income (loss)	$11.2	$254.7	$16.1
Non-GAAP adjustments:			
Income tax provision	2.6	(89.5)	10.3
Interest expense, net	10.0	38.6	10.0
Depreciation and amortization	10.7	40.9	9.7
Share-based compensation	1.5	3.7	3.6
Tax receivable agreement remeasurement and gain on buyout	–	(65.9)	1.6
Acquisition and integration costs	3.5	5.4	–
Loss on debt modification	–	0.4	–
Impairment of property and equipment	–	1.4	1.0
Recovery on sale/abandonment of property and equipment and bakery shutdown costs	–	(0.2)	–
Special employee incentive compensation	0.7	2.3	–
Other	(0.1)	0.8	2.4
Adjusted EBITDA	**$40.1**	**$192.6**	**$54.7**

NON-GAAP RECONCILIATIONS
ADJUSTED GROSS PROFIT AND GROSS MARGIN

($ in millions)	Three Months Ended 9/30/18	Three Months Ended 9/30/17
Net revenue	**$211.0**	**$192.3**
Cost of goods sold	150.6	113.9
Gross profit	**$60.4**	**$78.4**
Gross margin	*28.6%*	*40.8%*
Non-GAAP adjustments:		
Acquisition and integration costs	3.5	–
Special employee incentive compensation	0.2	–
Adjusted gross profit	**$64.1**	**$78.4**
Adjusted gross margin	*30.4%*	*40.8%*

NON-GAAP RECONCILIATIONS
ADJUSTED NET INCOME ATTRIBUTABLE TO CLASS A STOCKHOLDERS AND ADJUSTED EPS

(in millions except share and per share data)	Three Months Ended 9/30/18	Three Months Ended 9/30/17
Net income attributed to Class A stockholders	$7.9	$9.5
Non-GAAP adjustments:		
Tax receivable agreement remeasurement and gain on buyout	–	1.6
Remeasurement of deferred taxes	–	2.2
Impairment of property and equipment	–	1.0
Special employee incentive compensation	0.7	–
Acquisition and integration costs	3.5	–
Gain on debt modification	–	2.1
Tax impact of adjustments	(0.9)	(1.2)
Non-controlling interest allocation of adjustments	(0.9)	(0.7)
Adjusted net income attributed to Class A stockholders	**$10.3**	**$14.5**
Weighted average Class A shares outstanding-diluted	102,963,080	105,418,566
Adjusted EPS	**$0.10**	**$0.14**