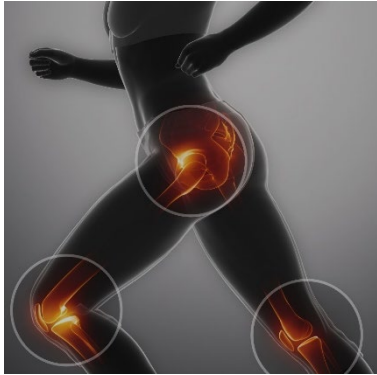


Hn

Health &
Nutrition



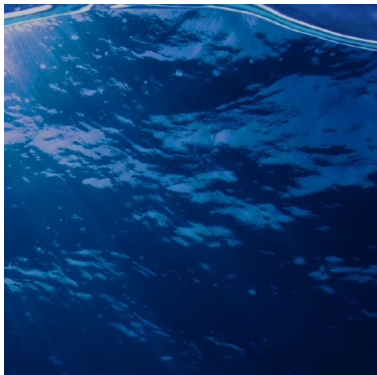
In

Industrial



Wt

Water
Treatment



Nasdaq: HWKN

**SOLID FOUNDATION
CRITICAL PRODUCTS AND SERVICES
DEMONSTRATED PERFORMANCE**

Investor Presentation

October-2020



FORWARD-LOOKING STATEMENTS

The information contained in this presentation includes “forward-looking statements” which reflect management’s expectations or belief as of the date of this presentation. Hawkins, Inc. cautions that actual future results could differ materially from the forward-looking statements in this presentation. Actual results may be affected by many important factors including risks and uncertainties identified in the section captioned Risk Factors in Item 1A of Hawkins, Inc.’s Annual Report on Form 10-K. Hawkins disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



Index

- **Overview**

- Locations / Capabilities and Products
- Business Strategy

- **Financials**

- **Reporting Segments**

- Industrial
- Water Treatment
- Health and Nutrition

- **Summary**





COVID-19 READINESS

**HAWKINS IS CONSIDERED PART OF
OUR COUNTRY'S ESSENTIAL CRITICAL
INFRASTRUCTURE WORKFORCE**

- **Hawkins impacts millions of people daily across the U.S.**
 - Providing the critical products needed to maintain safe drinking water
 - Ingredients essential for large-scale food, pharmaceutical and other health product manufacturing
 - Products needed to support our critical infrastructure
- **Employee and Customer safety is always a priority**
 - Hawkins strives to comply with all CDC requirements
 - Implemented additional processes and procedures to ensure safety
- **Redundant plant capabilities**
- **Increased inventory to meet customer needs**



SUSTAINABILITY

- Hawkins is committed to demonstrating environmental responsibility in our operations
- Nearly all the chemicals that we sell can be neutralized to a safe pH balance when necessary, reducing their impact on the environment
- Many of our products can be used to help our customers improve efficiencies, reduce emissions and improve their environmental footprint
- Hawkins Water Treatment Group supplies the products that keep water safe and clean for millions of people throughout the United States
- Core to our business is ensuring product quality, safety, and responsible distribution



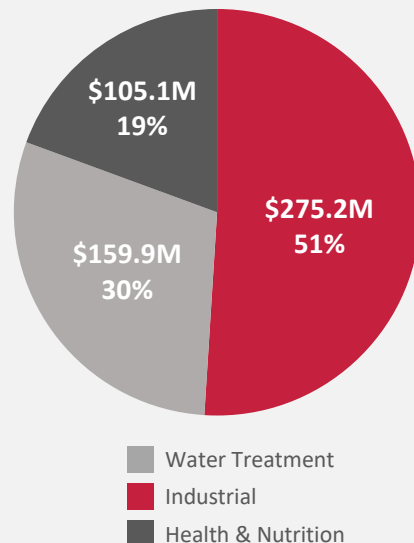
COMPANY SNAPSHOT

Hawkins' diversified market segments provide multiple avenues for sustainable and profitable growth and create synergies among the different segments.

Three Business Segments:



FISCAL 2020 REVENUE BY SEGMENT





AMERICAN DEVELOPMENT CORPORATION ACQUISITION ADDS TO WATER TREATMENT FOOTPRINT

- Hawkins acquired American Development Corporation of Tennessee (ADC) on July 28, 2020
- ADC started business in 1996 and has a similar go-to-market strategy as Hawkins
- ADC Water Treatment acquisition expands our geographical footprint and filled a void in the South
- Expanded product offerings will be available
- Former owner will continue to be involved in the business
- Acquisition is accretive in Q2, FY2021





LOCATIONS

**44 FACILITIES IN 20 STATES
WITH 680+ EMPLOYEES**

- Key**
- Rail & Barge Capacity
 - Rail Capacity
 - Sales and Service Location
 - ◆ WTG
 - ◆ WTG and IND
 - ◆ IND
 - ◆ Health and Nutrition





END MARKETS SERVED

Pharmaceutical

- Sugars
- Excipients
- Phosphates
- Cleaners, Acid, Alkaline

Food and Beverage

- Preservatives
- Dairy Processing Aids
- Acidulants
- Brewery Additives
- Ingredients

Water Usage

- Wastewater
- Drinking water
- Pools
- Bioaugmentation

Industrial / Manufacturing

- Mining and Oil Fields
- Metal salts
- Cleaners and Acids
- Plating additives

Agriculture

- Fertilizers
- Barn water treatment
- Crop preservation

Health and Nutrition

- Vitamins
- Amino acids
- Minerals
- Botanicals
- Joint products
- Sweeteners
- Excipients

Other Markets

- Custom blending
- Toll manufacturing
- Customer formulations



SIGNIFICANT PRODUCTS

- Acetic acid
- Ammonia and Aqua Ammonia
- Bleach
- Calcium chloride
- Caustic Potash (Potassium Hydroxide)
- Caustic Soda (Sodium Hydroxide)
- Chlorine gas
- Ferric Chloride

- Formic acid
- Hydrochloric acid
- Nitric acid
- Phosphoric acid
- Propionic acid
- Propylene Glycol
- Sulfuric acid
- Urea
- Food Additives and Preservatives
- Brewery line

- Flocculants
- Coagulants
- Precipitants
- Antifoams
- Fluoridation
- Equipment
- Agricultural Fertilizers and Adjuvants
- Amino acids
- Minerals
- Oils
- and many more...



BUSINESS STRATEGY

- **Expand our specialty and value-added services**
 - Customer formulation
 - Technical and quality
 - Sales
- **Bolster and improve our extensive supplier base**
- **Add new Water Treatment facilities annually**
- **Invest in higher margin / growth production capabilities**
- **Foster strong people culture**
 - Hire and develop employees
 - Safe and ethical
 - Continuous improvement

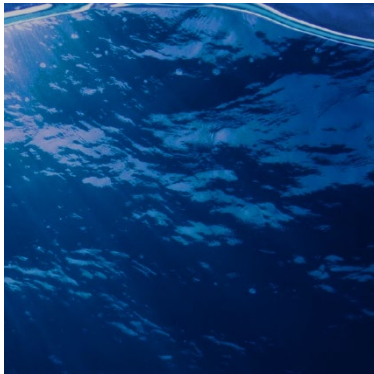
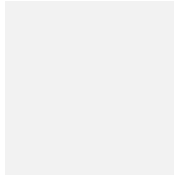
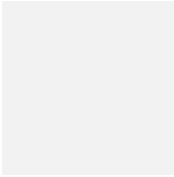
ACQUISITIONS

INTRODUCE NEW PRODUCTS
& PRODUCT LINES

EXPAND CURRENT MARKETS
& GROW NEW MARKETS

CONTINUE TO ADD
DISTRIBUTION PARTNERS

MAINTAIN CURRENT CUSTOMER /
SUPPLY RELATIONSHIPS



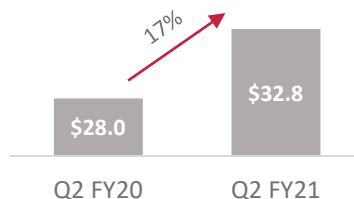


FISCAL 2021 QUARTER 2 FINANCIALS

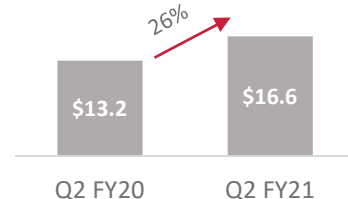
TENTH CONSECUTIVE QUARTER OF YEAR-OVER-YEAR OPERATING INCOME GROWTH

- Revenue growth of 5.5% to \$147.8M
- Record second quarter diluted earnings per share (EPS) of \$1.15, 32% higher than PY
- Debt leverage ratio of 1x

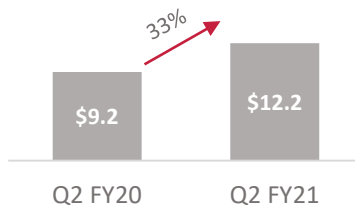
GROSS PROFIT (\$ MM)



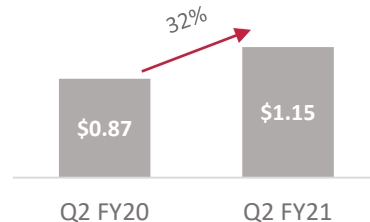
OPERATING INCOME (\$ MM)



NET INCOME (\$ MM)



DILUTED EPS



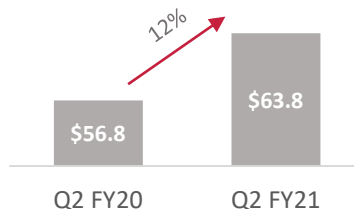


FISCAL 2021 QUARTER 2 YEAR-TO-DATE FINANCIALS

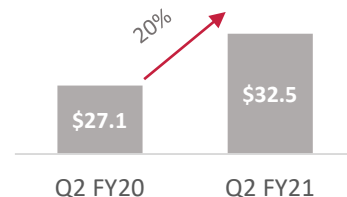
DOUBLE-DIGIT YEAR-OVER-YEAR PROFIT GROWTH

- Revenue growth of 1.3% to \$291.0M
- Net income and EPS both up 26% over the prior year

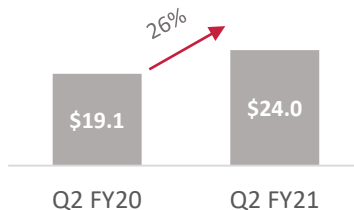
GROSS PROFIT (\$ MM)



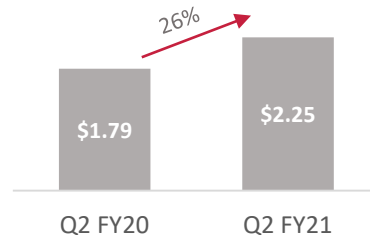
OPERATING INCOME (\$ MM)



NET INCOME (\$ MM)



DILUTED EPS



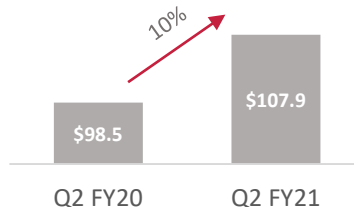


FISCAL 2021 QUARTER 2 TRAILING 12 MONTHS

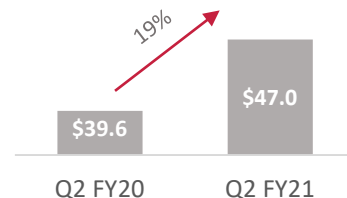
**TRAILING 12-MONTH EPS
AT \$3.14**

- Record trailing twelve-month EPS
- EBITDA at \$72.2M, a 13% increase over the prior 12-month period

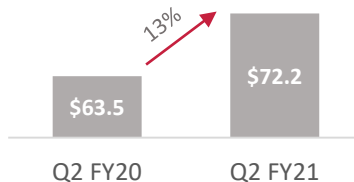
GROSS PROFIT (\$ MM)



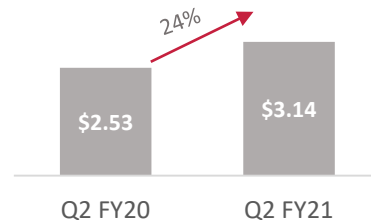
OPERATING INCOME (\$ MM)



EBITDA (\$ MM)



DILUTED EPS





FISCAL 2016-2020 FINANCIALS (IN MILLIONS)

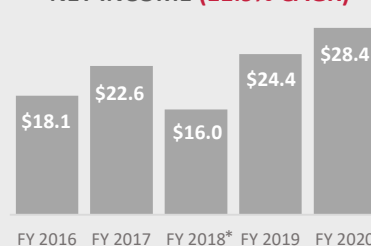
SALES
(6.9% CAGR)



GROSS PROFIT (5.9% CAGR)



NET INCOME (11.9% CAGR)



DILUTED EPS (11.5% CAGR)



OPERATING CASH FLOW
(12.9% CAGR)

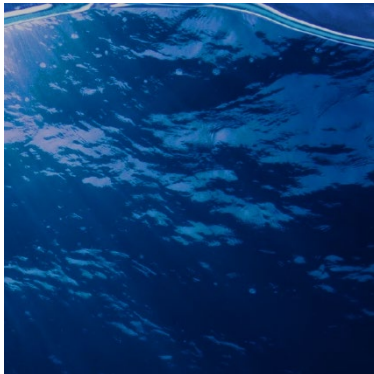
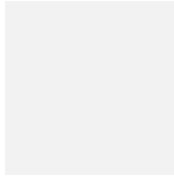
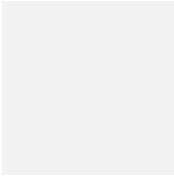


DIVIDEND PAID PER SHARE
(Dollars) (4.3% CAGR)



*Adjusted for goodwill impairment change of \$39.1 million (\$3.68 per diluted share) related to our Health & Nutrition segment and a one-time tax benefit of \$13.9 million (\$1.31 per diluted share)

** FY19 changed to quarterly dividends, FY19 annualized quarterly dividend would have equated to \$.90



A photograph of an industrial chemical processing facility. The scene features large stainless steel tanks, complex piping systems, and a multi-level metal walkway with stairs. The lighting is industrial, with bright overhead lights and some shadows. The overall tone is professional and technical.

In

Industrial

The Industrial Group formulates, manufactures, and distributes specialty and industrial chemicals.

Hawkins also provides custom toll blending and product development services for our customers.





In

Industrial



FOCUS AREAS

Typical end markets:

- Industrial Manufacturers
- Food Processors
- Pharmaceutical
- Oil Fields
- Surface Finishers
- Agricultural Operations

Market Focus Areas:

- Food Ingredients
- Pharmaceutical
- Oil and Gas
- Chemical Processing
- Agricultural
- Electronics
- Plating
- Energy

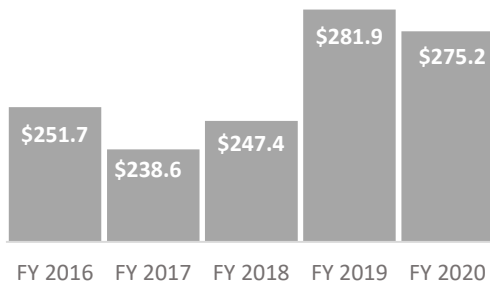
In

Industrial



FINANCIALS

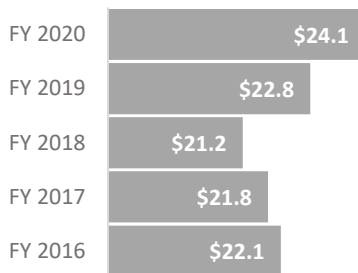
SALES (2.3% CAGR)



GROSS PROFIT (0.6% CAGR)

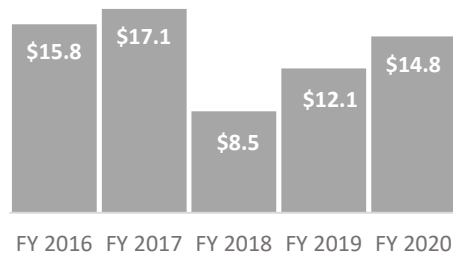


SG&A (2.2% CAGR)



OPERATING INCOME

(-1.6% CAGR)





In

Industrial



DIFFERENTIATORS

- Technical Knowledge – 80+ Years of experience
- Geographic Distribution – Multiple manufacturing facilities with extensive storage capacity
- Custom Solutions, Toll Blending, Large and Diverse Product Lines
- Packaging to Fit Customers' Needs:
 - Bulk, Drums, Totes, Custom Packaging
- Services Include:
 - Contract Manufacturing and Packaging
 - Regulatory and Safety Assistance
 - Inventory Management
 - Remote Tank Monitoring
 - Technical and Engineering Support



The Water Treatment Group specializes in providing chemicals, equipment, and solutions for potable water, municipal and industrial wastewater, agricultural water, and industrial process water.

Our salesperson/route driver is a trained technician who can deliver our products and diagnose our customers' water treatment needs.

We believe that the high level of service provided by these individuals allows us to serve as the trusted water treatment expert for the municipalities and other customers that we serve.



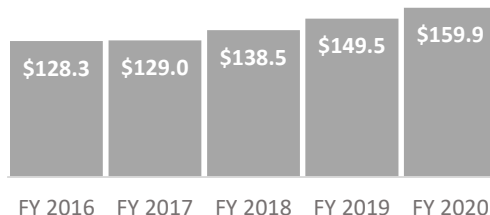


DIFFERENTIATORS

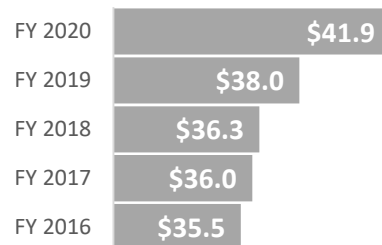
- **Large Geographic Territory**
 - Locations in 31 Cities in 18 States
- **Full Line Product Offering**
 - Chemistries and Equipment
- **Route Sales/Service Business Model**
 - Technical Application Specialists

GROUP FINANCIALS (MILLIONS)

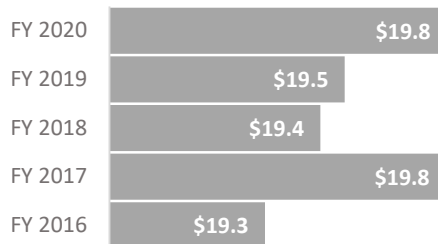
SALES (5.7% CAGR)



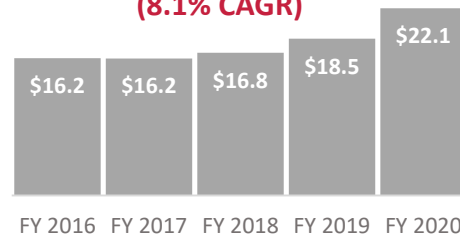
GROSS PROFIT (4.3% CAGR)



SG&A (0.7% CAGR)



OPERATING INCOME (8.1% CAGR)





FOCUS AREAS

- Municipal Drinking Water
- Municipal Wastewater
- Municipal Swimming Pools
- Industrial Wastewater
- Industrial Process Water
- Heating / Boiler
- Cooling Systems / Cooling Towers
- Breweries / Wineries
- Agricultural Water Treatment
- Poultry
- Swine
- Dairy
- Citrus Groves
- Farm Crops

A dark silhouette of a female athlete in a running pose, with glowing orange and yellow highlights on the hip, knee, and ankle joints, suggesting movement and health. The background is a dark gradient.

Hn

Health &
Nutrition

The Health & Nutrition Group provides a broad spectrum of high-quality ingredients that support dietary supplements, functional food and beverage, pharmaceutical and pet food products.

The Health & Nutrition Group is represented by a team of professionals trained to sell all product categories, to fully support product development on specific raw material requirements and applications.



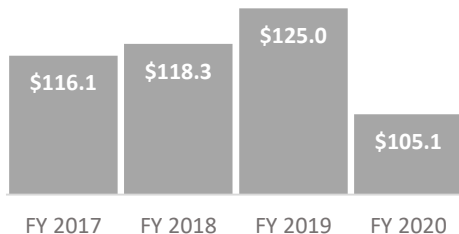
PRODUCT CATEGORIES

This Group's product line includes:

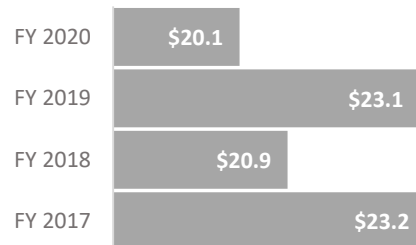
- Energy, Immunity, and Cognition ingredients
- Amino acids
- Antioxidants
- Botanicals
- Enzymes
- Green foods
- Minerals
- Oils / Oil Powders
- Fibers
- Probiotics
- Plant Proteins
- Vitamins

GROUP FINANCIALS (MILLIONS) – FIRST FULL FY 2017

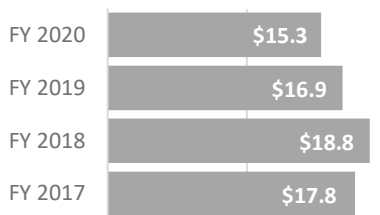
SALES (-3.3% CAGR)



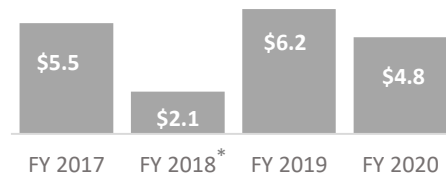
GROSS PROFIT (-4.7% CAGR)



SG&A (-4.8% CAGR)



OPERATING INCOME (-4.5% CAGR)



*Fiscal 2018 Adjusted for goodwill impairment of \$39.1 M



DIFFERENTIATORS

Health & Nutrition is positioned as a one-stop ingredient solutions provider to its customers and is highly regarded as a brand and leader in the health and nutrition industry.

- Robust product portfolio
- Represent key BRAND manufacturers that offer science based clinically studied products
- Provide value-added services, including dry blending and granulations, quality control and compliance, and innovative solutions with an exceptional level of customer service

Hn

Health &
Nutrition



KEY BRANDS



nippi



Stevia FSE™
natural sweetener
Unique Enzyme-Treated Organic Stevia Extract

Lipofoods

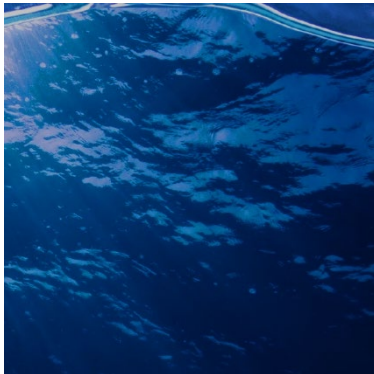
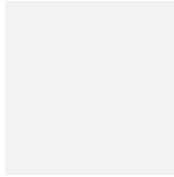
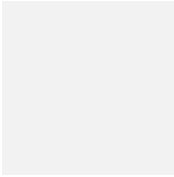


Hereditum®
PROBIOTICS

PANMOL®



pomma+
Pomegranate Extract





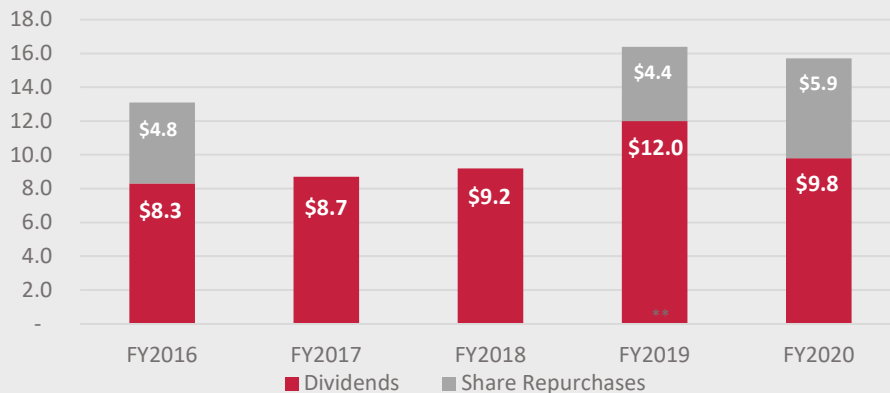
PEOPLE & CULTURE MATTER

- **Strong Supplier Relationships**
 - Strong partnerships with key suppliers including caustic soda, hydrochloric acid, phosphates and specialty products
- **Tenured Employees**
 - Average tenure 7 years
 - 680+ employees
 - Median employee pay \$91k and CEO pay ratio of 20:1
 - Average Hawkins Executive tenure - 15 years
- **Long-Term Customers**
 - Strong, long-term relationships
 - Deliveries 365 days/year
- **Local Community Involvement**
- **COVID-19 Donations**
 - Products for production of sanitizers
 - Bleach to local municipalities
 - Dollars to food shelves and front-line workers



SHAREHOLDER RETURN

HAWKINS DIVIDENDS & SHARE REPURCHASES (IN MILLIONS)



	FY2016	FY2017	FY2018	FY2019	FY2020
Dividends per Share:	\$0.78	\$0.82	\$0.86	\$1.12	\$0.9225

2.1%

DIVIDEND
YIELD

35

CONSECUTIVE
YEARS OF
CASH
DIVIDENDS

4.3%

FY20
DIVIDEND
CAGR

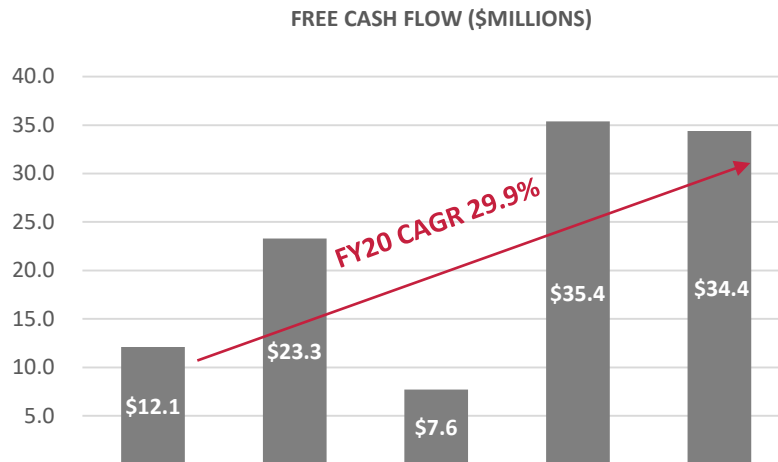
*FY19 changed to quarterly dividends, FY19 annualized quarterly dividend would have equated to \$0.90

**Share repurchases are to offset dilution. FY17 and FY18, there were no share repurchases as focus was to pay down debt after the Health and Nutrition acquisition



CAPITAL ALLOCATION

- Invest in the business
- Issue Dividends
- Manage Debt – not to exceed 3.0x leverage
- Repurchase shares to offset dilution
- Opportunistic Acquisitions



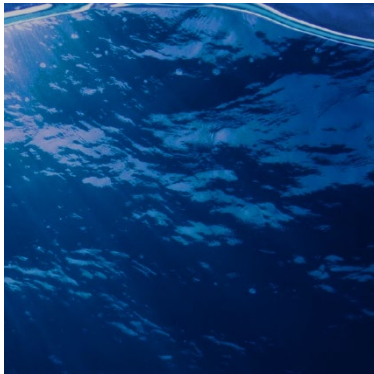
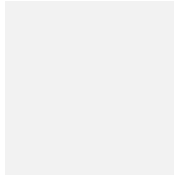
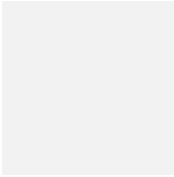
	FY2016	FY2017	FY2018	FY2019	FY2020
Operating Cash Flow:	\$36.6	\$44.9	\$27.3	\$48.0	\$58.9
Capital Expenditures:	(\$24.2)	(\$21.6)	(\$19.7)	(\$12.6)	(\$24.5)



BUSINESS STRATEGY

- **Expand our specialty and value-added services**
 - Customer formulation
 - Technical and quality
 - Sales
- **Add new Water Treatment facilities annually**
- **Bolster and improve our extensive supplier base**
- **Invest in higher margin / growth production capabilities**
- **Foster strong people culture**
- **Grow earnings**



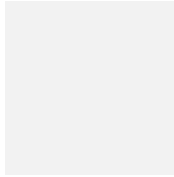
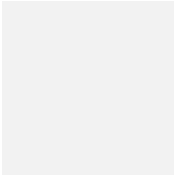




NON-GAAP MEASURES

Adjusted EBITDA (in thousands)	Trailing 12 Months Ended	
	September 27, 2020	September 28, 2019
Net income (loss) (GAAP)	\$ 33,288	\$ 26,959
Interest expense	1,801	3,046
Income tax expense (benefit)	12,415	9,783
Amortization of intangibles	5,252	5,180
Depreciation expense	16,657	16,310
Non-cash compensation expense	2,509	2,178
Non-recurring acquisition expense	256	--
Non-recurring debt financing cost	--	92
Adjusted EBITDA	\$ 72,186	\$ 63,548

FY2018 Adjusted Net Income (in thousands, except share and per share data)	Net (loss) Income	Diluted (loss) earnings per share
As Reported (GAAP)	\$ (9,177)	\$ (0.86)
Revaluation of net deferred tax liabilities	(13,943)	(1.31)
Goodwill impairment	39,116	3.68
As Adjusted	\$ 15,996	\$ 1.50



**Celebrating
80+ Years of Serving
Our Customers**

