

Hn

Health &
Nutrition



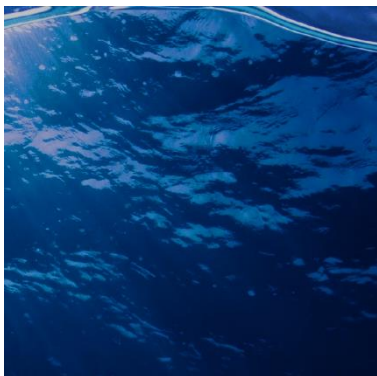
In

Industrial



Wt

Water
Treatment



Nasdaq: HWKN

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

Investor Presentation

January 2021



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 SNAPSHOT

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

- **Hawkins impacts millions of people daily across the U.S. We provide:**
 - 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



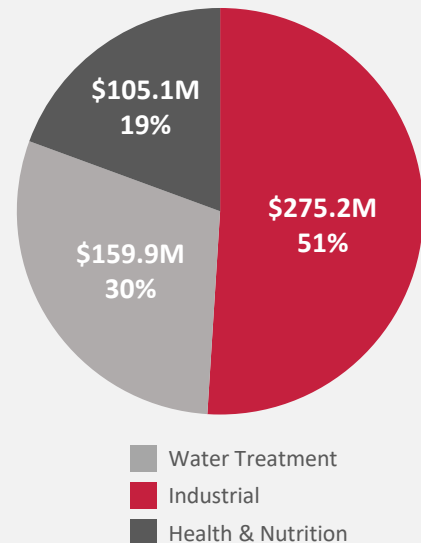
COMPANY SNAPSHOT

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



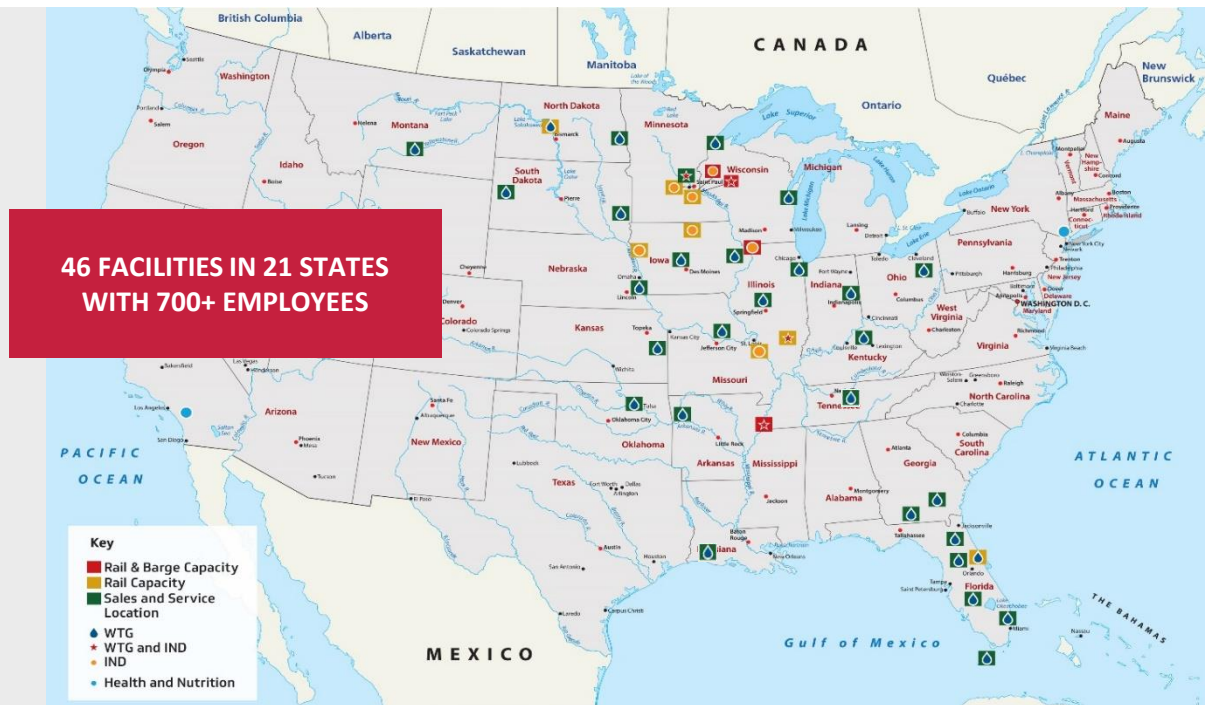


ACQUISITIONS IN LOUISIANA ADD TO WATER TREATMENT FOOTPRINT

- Hawkins acquired C&L Aqua Professionals, Inc. and LC Blending Inc. (together, “C&L Aqua”) on December 30, 2020
- C&L Aqua started business in 1996 and has a similar go-to-market strategy as Hawkins
- C&L Aqua expands our geographical footprint and filled a void in Louisiana
- Expanded product offerings will be available to their customers
- Former owner will continue to be involved in the business
- Acquisition expected to be accretive within six months from acquisition date



LOCATIONS





END MARKETS SERVED

Pharmaceutical

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

Food and Beverage

- Preservatives
- Dairy Processing Aids
- Acidulants
- Brewery Products
- 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 Products

- Flocculants
- Coagulants
- Precipitants
- Antifoams
- Fluoridation
- Equipment
- Agricultural Fertilizers and Adjuvants
- Amino acids
- Minerals
- Oils
- and thousands 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

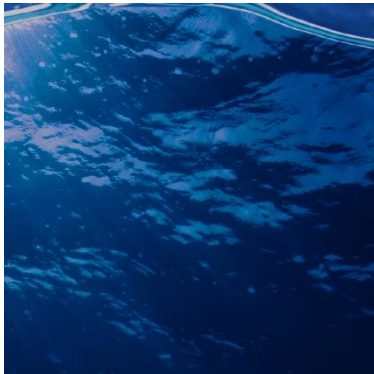
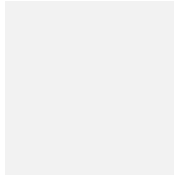
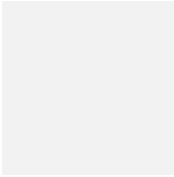
ACQUISITIONS

INTRODUCE NEW PRODUCTS
& PRODUCT LINES

EXPAND CURRENT MARKETS
& GROW NEW MARKETS

CONTINUE TO ADD
DISTRIBUTION PARTNERS

MAINTAIN CURRENT CUSTOMER /
SUPPLY RELATIONSHIPS



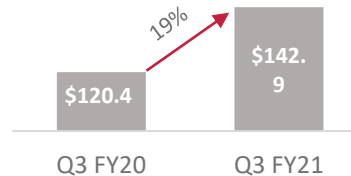


FISCAL 2021 QUARTER 3 FINANCIALS

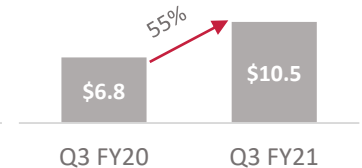
11TH CONSECUTIVE QUARTER OF YEAR-OVER-YEAR OPERATING INCOME GROWTH

- Record third quarter revenue of \$142.9M, growth of 19% over the prior year
- Record third quarter gross profit of \$28.2M, a 31% increase over the prior year
- Diluted Earnings Per Share (EPS) of \$0.75, 74% higher than the prior year

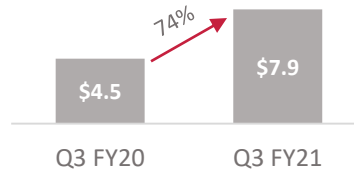
REVENUE (\$ Million)



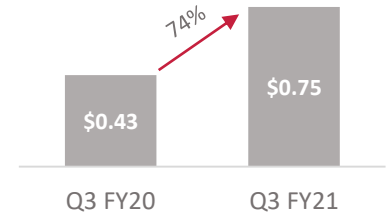
OPERATING INCOME (\$ Million)



NET INCOME (\$ Million)



DILUTED EPS



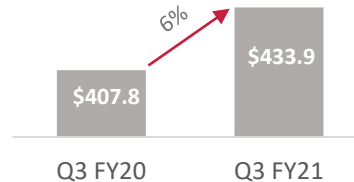


FISCAL 2021 QUARTER 3 YEAR-TO-DATE FINANCIALS

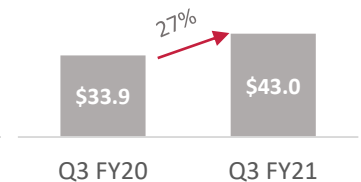
DOUBLE-DIGIT YEAR-OVER-YEAR PROFIT GROWTH

- Revenue growth of 6% to \$433.9M
- Record YTD gross profit of \$92.0M, up 18%
- Net income and diluted EPS up 35% over the prior year

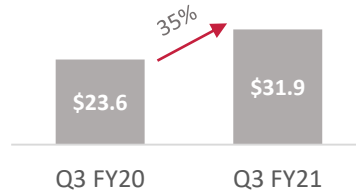
REVENUE (\$ Million)



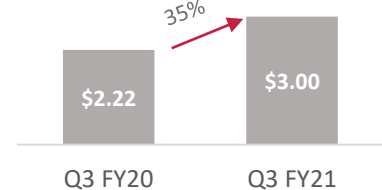
OPERATING INCOME (\$ Million)



NET INCOME (\$ Million)



DILUTED EPS



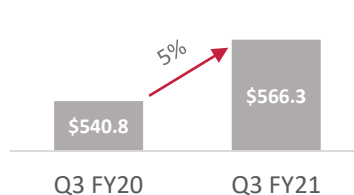


FISCAL 2021 QUARTER 3 TRAILING 12 MONTHS

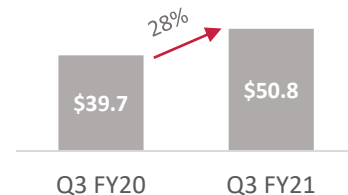
TRAILING 12-MONTH EPS OF \$3.46

- Record trailing 12-month revenue of \$566.3M
- Record trailing 12-month diluted EPS
- EBITDA of \$77.0M, a 20% increase over the trailing 12-month period

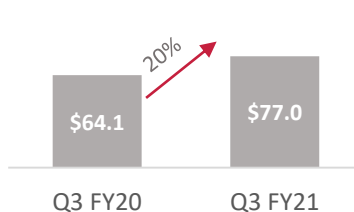
REVENUE (\$ Million)



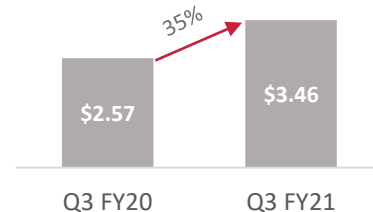
OPERATING INCOME (\$ Million)



EBITDA (\$ Million)



DILUTED EPS



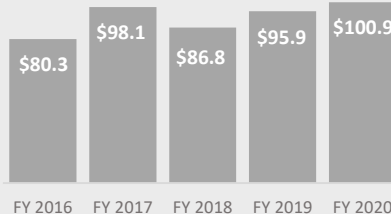


FISCAL 2016-2020 FINANCIALS (IN MILLIONS)

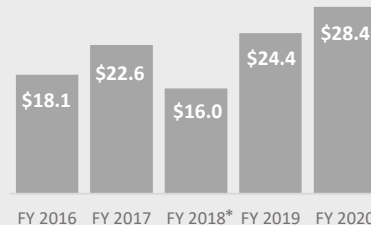
SALES
(6.9% CAGR)



GROSS PROFIT (5.9% CAGR)



NET INCOME (11.9% CAGR)



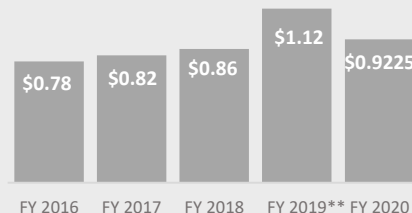
DILUTED EPS (11.5% CAGR)



OPERATING CASH FLOW
(12.9% CAGR)

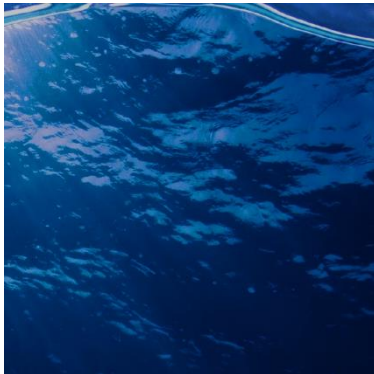
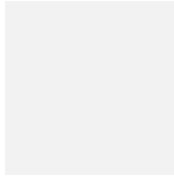
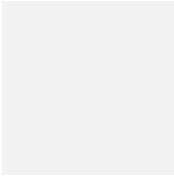


DIVIDEND PAID PER SHARE
(Dollars) (4.3% CAGR)



*Adjusted to exclude 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 \$0.90



A photograph of an industrial chemical processing facility. The scene features large stainless steel tanks, complex piping systems, and a metal staircase leading to an elevated platform. The lighting is industrial, with bright overhead lights. The overall tone is professional and technical.

In

Industrial

Our 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

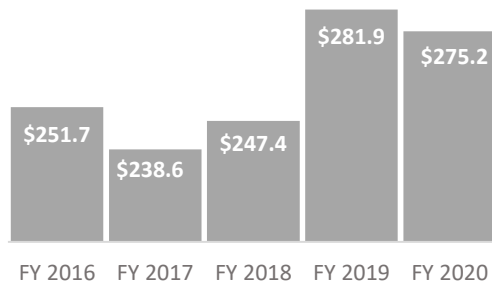
In

Industrial



INDUSTRIAL FINANCIALS (IN MILLIONS)

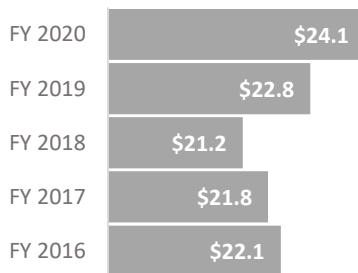
SALES (2.3% CAGR)



GROSS PROFIT (0.6% CAGR)



SG&A (2.2% CAGR)



OPERATING INCOME (-1.6% CAGR)





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



Our 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.



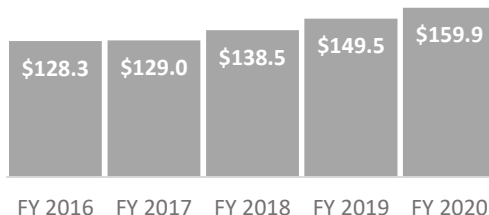


DIFFERENTIATORS

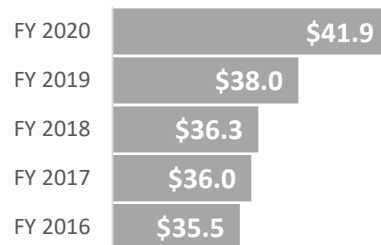
- **Large Geographic Territory**
 - Locations in 33 Cities in 21 States
- **Full Line Product Offering**
 - Chemistries and Equipment
- **Route Sales/Service Business Model**
 - Technical Application Specialists

WATER TREATMENT FINANCIALS (IN MILLIONS)

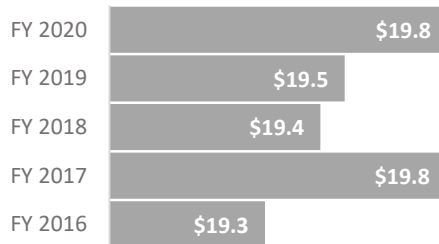
SALES (5.7% CAGR)



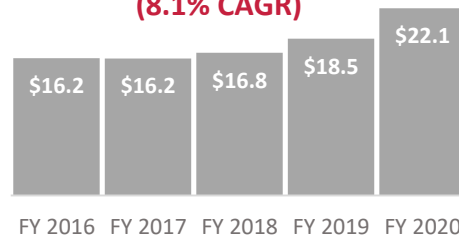
GROSS PROFIT (4.3% CAGR)



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 her joints (hips, knees, and ankles).

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Health &
Nutrition

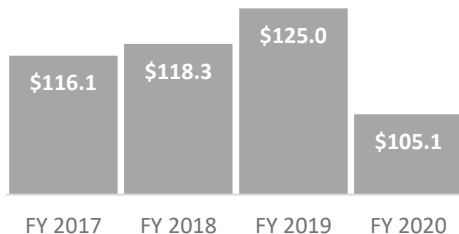
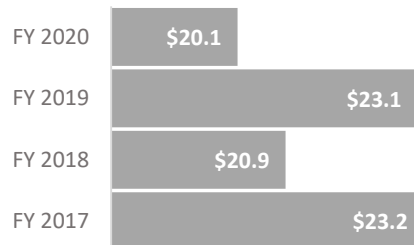
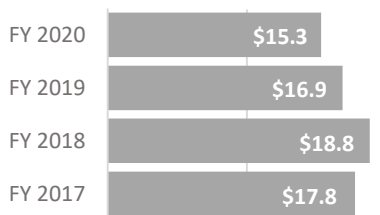
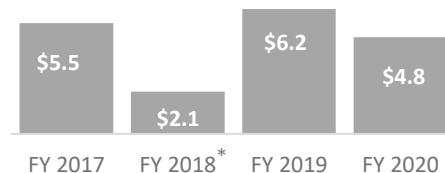
Our Health & Nutrition Group provides a broad spectrum of high-quality ingredients that support dietary supplements, functional food and beverage, pharmaceutical and pet food products.

Our 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

- Energy, Immunity, and Cognition Ingredients
- Amino Acids
- Antioxidants
- Botanicals
- Enzymes
- Green Foods
- Minerals
- Oils / Oil Powders
- Fibers
- Probiotics
- Plant Proteins
- Vitamins

HEALTH AND NUTRITION FINANCIALS (IN MILLIONS)**SALES (-3.3% CAGR)****GROSS PROFIT (-4.7% CAGR)****SG&A (-4.8% CAGR)****OPERATING INCOME
(-4.5% CAGR)**

*Fiscal 2018 excludes goodwill impairment of \$39.1 M

DIFFERENTIATORS

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

- Robust product portfolio
- Represents key brand manufacturers that offer science-based, clinically studied products
- Provides value-added services, including dry blending and granulation, 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

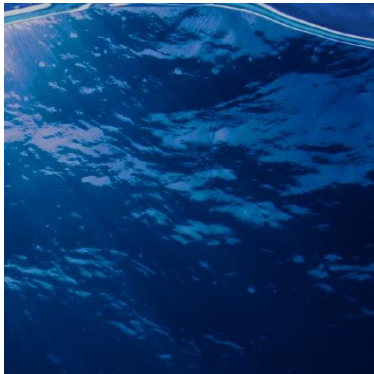
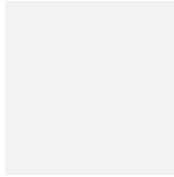
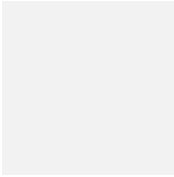


Hereditum®
PROBIOTICS

PANMOL®



pomma+
Pomegranate Extract





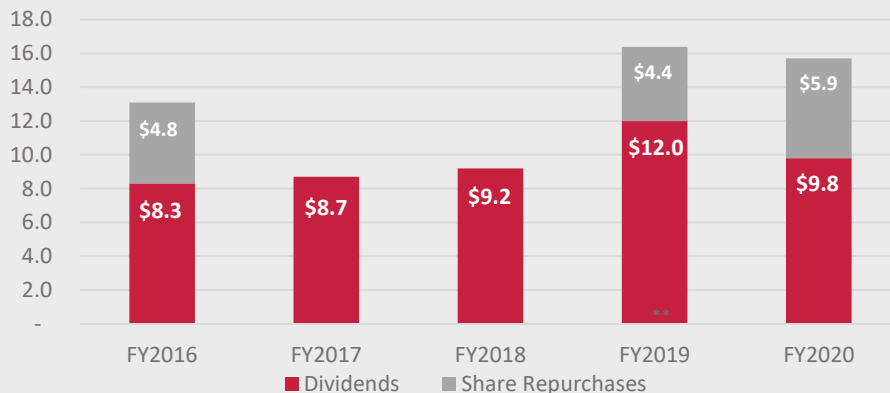
PEOPLE & CULTURE MATTER

- **Strong Supplier Relationships**
 - Strong partnerships with key suppliers including caustic soda, hydrochloric acid, phosphates and specialty products
- **Tenured Employees**
 - Average tenure 7 years
 - 700+ 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

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

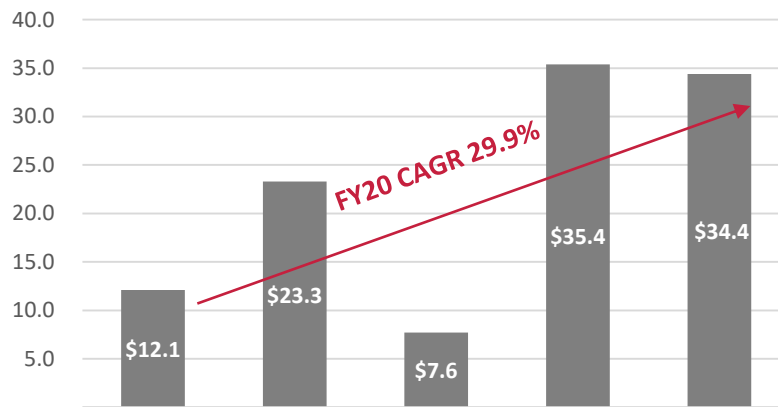
*FY19 changed to quarterly dividends, FY19 annualized quarterly dividend would have equated to \$0.90

**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
- Repurchase shares to offset dilution
- Opportunistic acquisitions

FREE CASH FLOW (IN MILLIONS)



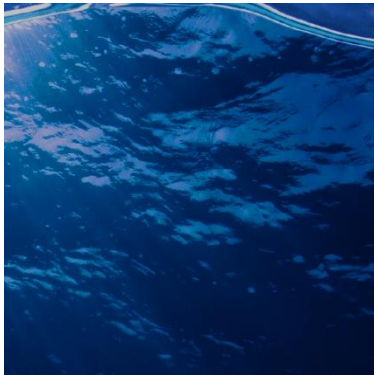
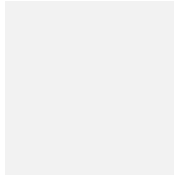
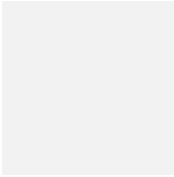
	FY2016	FY2017	FY2018	FY2019	FY2020
Operating Cash Flow:	\$36.3	\$44.9	\$27.3	\$48.0	\$58.9
Capital Expenditures:	(\$24.2)	(\$21.6)	(\$19.7)	(\$12.6)	(\$24.5)



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**



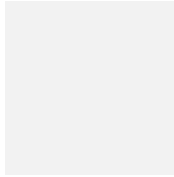
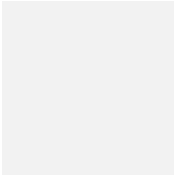




NON-GAAP MEASURES

Adjusted EBITDA (in thousands)	Trailing 12 Months Ended	
	December 27, 2020	December 29, 2019
Net income (loss) (GAAP)	\$ 36,662	\$ 27,375
Interest expense	1,599	2,822
Income tax expense (benefit)	13,303	10,092
Amortization of intangibles	5,505	5,074
Depreciation expense	16,633	16,465
Non-cash compensation expense	2,746	2,266
Non-recurring acquisition expense	508	--
Adjusted EBITDA	\$ 76,956	\$ 64,094

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**

