



FY 2018 Third Quarter Earnings Supplemental Information

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Third Quarter Highlights

□ Third Quarter

- Sales of \$581 million
- Fully-diluted earnings per share of \$0.94
- Adjusted fully-diluted* earnings per share of \$0.13
- Free Cash Flow* of \$205 million
- Reduced debt by \$108M

□ Updates FY18 Guidance

- Adjusted tax rate of ~22%
- Free Cash Flow* of \$175 – 185 million

□ Reaffirms FY18 Guidance

- Sales of \$2.24- \$2.26 billion
- Interest expense of ~\$50 million
- Adjusted earnings per share* of \$0.50 - \$0.60
- Capital expenditures of ~\$65 million

* Non-GAAP financial measure. See reconciliation table for details.

Outdoor Products

	Third Quarter		
(\$ millions)	FY18	FY17	YoY Change
Sales	\$295	\$293	0.7%
Gross Profit	\$74	\$71	4.2%

Third Quarter Highlights

- Sales increase driven by:
 - Increased sales in sports protection business, partially offset by decreases in our hunting and shooting accessories business
- Gross profit increase driven by:
 - Favorable pricing
 - Product mix



Shooting Sports

	Third Quarter		
(\$ millions)	FY18	FY17	YoY Change
Sales	\$286	\$361	(20.6)%
Gross Profit	\$52	\$98	(46.7)%

Third Quarter Highlights

- Sales decrease caused by:
 - Lower demand across most product lanes, mainly centerfire and rimfire ammunition
- Gross profit decrease caused by:
 - Increased promotional activity
 - Lower volume
 - Unfavorable product mix



FEDERAL
PREMIUM
AMMUNITION



□ Third quarter versus prior-year quarter

- Operating expenses were \$107 million. Adjusted operating expenses* were \$103 million flat with prior-year quarter. Cost reduction actions in current year were offset by the absence of a bonus accrual reversal, which occurred in the prior-year period
- Tax rate was (725.3) percent. Adjusted tax rate* was 25.9 percent, compared to 33.6 percent, primarily driven by a more favorable true-up of the prior-year return, partially offset by a lower domestic manufacturing deduction and higher non-deductible expenses
- Interest expense was approximately \$12 million compared to \$11 million in the prior year, due to a higher borrowing rate in current period, partially offset by a lower average debt balance

* Non-GAAP financial measure. See reconciliation table for details.

FY 2018 Outlook

	Current FY 2018 Guidance	Prior FY 2018 Guidance
Sales	\$2.24 – \$2.26 billion	\$2.24 – \$2.26 billion
Interest expense*	~\$50 million	~\$50 million
Tax Rate	~22%	~25%
Adjusted Earnings per Share**	\$0.50 – \$0.60	\$0.50 – \$0.60
Capital Expenditures	~\$65 million	~\$65 million
Free Cash Flow***	\$175 - \$185 million	\$155 - \$175 million

* Includes amortization of financing costs

** Excludes impact of goodwill and intangible impairment, CEO transition costs, contingent consideration revaluation and acquisition transition/transaction expense. See reconciliation table for details

*** Non-GAAP financial measure. See reconciliation table for details

Appendix

- Reconciliation to GAAP Measures

Non-GAAP Financial Measures

Gross Profit, Operating Profit, and Earnings Per Share

The adjusted gross profit, operating expenses, operating profit (adjusted EBIT), adjusted tax rate, and adjusted earnings per share (adjusted EPS) presented below are non-GAAP financial measures. Vista Outdoor defines these measures as gross profit, operating profit (EBIT), tax rate, and EPS excluding, where applicable, the impact of costs incurred for contingent consideration, transaction costs, CEO/CFO transition costs, goodwill and intangible asset impairment, transition costs, tax reform, and reorganization. Vista Outdoor management is presenting these measures so a reader may compare gross profit, EBIT, tax rate, and EPS excluding these items, as the measures provide investors with an important perspective on the operating results of the company. Vista Outdoor management uses this measurement internally to assess business performance, and Vista Outdoor's definition may differ from those used by other companies.

Quarter ended December 31, 2017:							
	Gross Profit	Operating Expenses	Operating Profit	Income Tax	Income Tax Rate	Net Income	EPS
As reported	\$ 126,105	\$ 107,099	\$ 19,006	\$ (47,231)	(725.3)%	\$ 53,743	\$ 0.94
Contingent consideration	—	(843)	843	285		558	0.01
Transaction costs	—	(597)	597	202		395	0.01
CEO/CFO transition costs	—	(763)	763	71		692	0.01
Tax reform	—	—	—	48,800		(48,800)	(0.85)
Reorganization	—	(1,651)	1,651	558		1,093	0.02
As adjusted	\$ 126,105	\$ 103,245	\$ 22,860	\$ 2,685	25.9%	\$ 7,681	\$ 0.13
Quarter ended January 1, 2017:							
	Gross Profit	Operating Expenses	Operating Profit	Income Tax	Income Tax Rate	Net Income	EPS
As reported	\$ 168,606	\$ 553,262	\$ (384,656)	\$ (17,548)	4.4%	\$ (377,659)	\$ (6.44)
Goodwill and intangibles impairment	—	(449,199)	449,199	35,670		413,529	7.05
Contingent consideration	—	(843)	843	320		523	0.01
Transaction and transition costs	—	(16)	16	6		10	—
As adjusted	\$ 168,606	\$ 103,204	\$ 65,402	\$ 18,448	33.6%	\$ 36,403	\$ 0.62

See press release for additional descriptions of adjustments shown above.
EPS amounts may not foot due to rounding

Non-GAAP Financial Measures

Free Cash Flow

Free cash flow is defined as cash provided by (used for) operating activities less capital expenditures and excluding transaction, transition, contingent consideration, CEO/CFO transition, reorganization, and acquisition claim settlement costs net of taxes incurred to date. Vista Outdoor management believes free cash flow provides investors with an important perspective on the cash available for debt repayment, share repurchases and acquisitions after making the capital investments required to support ongoing business operations. Vista Outdoor management uses free cash flow internally to assess both business performance and overall liquidity.

(in thousands)	Nine months ended December 31, 2017	Nine months ended January 1, 2017	Projected year ending March 31, 2018
Cash provided by operating activities	\$ 243,107	\$ 57,891	\$235,017–\$245,017
Capital expenditures	(43,561)	(49,302)	~(65,000)
Contingent consideration	3,371	—	3,371
Acquisition claim settlement gain	—	(30,027)	—
CEO/CFO transition costs paid to date	(119)	—	(119)
Reorganization	1,084	—	1,084
Transaction costs paid to date	647	3,670	647
Free cash flow	\$ 204,529	\$ (17,768)	\$175,000–\$185,000

See press release for additional descriptions of adjustments shown above.

Non-GAAP Financial Measures

Adjusted Earnings Per Share – Guidance Reconciliation Table

The projected adjusted earnings per share (EPS), excluding the impact of costs incurred to date for current and possible transactions, changes in value of future payments of goodwill and intangibles impairment, CEO/CFO transition costs, reorganization, contingent consideration, pension curtailment, and tax reform costs is a non-GAAP financial measure that Vista Outdoor defines as EPS excluding the impact of these items. Vista Outdoor management is presenting this measure so a reader may compare EPS, excluding these items, as this measure provides investors with an important perspective on the operating results of the company. Vista Outdoor management uses this measurement internally to assess business performance, and Vista Outdoor's definition may differ from those used by other companies.

Current FY18 Full-Year Adjusted EPS Guidance		
	Low	High
EPS guidance including goodwill and intangibles impairment, CEO/CFO transition costs, reorganization, contingent consideration, transaction costs, pension curtailment, and tax reform costs incurred to date.	\$ (1.00)	\$ (0.90)
Goodwill and intangibles impairment	2.26	2.26
CEO/CFO transition costs and reorganization	0.13	0.13
Contingent consideration and transaction costs	0.02	0.02
Pension curtailment	(0.06)	(0.06)
Tax reform	(0.85)	(0.85)
Adjusted EPS guidance	<u>\$ 0.50</u>	<u>\$ 0.60</u>

See press release for additional descriptions of adjustments shown above.