



## Nu Skin And Ping An ZQ China Growth Opportunity Ltd. Settle Convertible Note

February 28, 2018

As disclosed in a Form 8-K filed on Feb. 28, 2018, Nu Skin announced that it will settle its conversion obligation with respect to \$210 million of convertible 4.75 percent senior notes issued to Ping An ZQ China Growth Opportunity Limited (Ping An ZQ). Nu Skin will settle the convertible notes by delivering shares of the company's Class A Common Stock to Ping An ZQ on Feb. 28, 2018, with a \$210 million cash settlement expected to occur in the second quarter. In connection with the conversion, Ping An ZQ offered to accept either 1) the shares issuable upon conversion of the notes or, 2) a new convertible note in an amount equal to the value of the shares that would have been issued. Nu Skin elected to settle with shares in accordance with the terms of the original agreement.

"We have been fortunate to have Ping An ZQ as a strategic investor in our business," said Ritch Wood, chief executive officer. "We had previously communicated to their representatives our intention to redeem the convertible notes when our stock reached \$83.70 per share, the price at which we could demand redemption of the notes. Ping An ZQ elected to convert the notes at this time. This conversion will prevent further dilution of our stock and reduce our interest expense going forward. All but approximately 266,000 of the shares to be issued to settle the notes were already included in our fully-diluted outstanding share count for the fourth quarter of 2017. In addition, we believe Ping An ZQ's interest in rolling over a portion of the settlement amount into a new convertible note demonstrates their continued confidence in our business."

The company also announced that Simon Shen, a director of Ping An ZQ, will remain as a member of Nu Skin's Board of Directors, and will continue working with Nu Skin to expand the company's business in China and create shareholder value.

"Our strategic investment in Nu Skin has produced great results for all shareholders," said Shen. "I look forward to continuing my service as a director on the board. I am confident in the direction of the company and I believe that Nu Skin has a bright future, both in China and around the world."

As of Feb. 28, 2018, Nu Skin has \$10.6 million in unamortized debt discount related to the convertible notes. The unamortized debt discount is comprised of the remaining debt issuance costs and remaining amount allocated to the conversion option. As a result of the conversion of the convertible notes, Nu Skin will recognize a non-cash charge for the \$10.6 million in unamortized debt discount as part of its first-quarter results. This charge was not reflected in the company's previously announced 2018 first-quarter or full-year guidance, and will negatively impact these results by an estimated \$0.16. Additional information relating to these securities can be found in a current report on Form 8-K that has been filed with the U.S. Securities and Exchange Commission.

**Important Information Regarding Forward-Looking Statements:** *This press release contains 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 represent the Company's current expectations and beliefs. All statements other than statements of historical fact are "forward-looking statements" for purposes of federal and state securities laws and include, but are not limited to, statements regarding our expectations concerning the settlement of the convertible notes and its timing; the conversion's impact on our dilution, interest expense and 2018 results; Mr. Shen's continuation on the board of directors; and the company's future performance. In some cases, you can identify these statements by forward-looking words such as "believe," "expect," "project," "anticipate," "estimate," "intend," "plan," "targets," "likely," "will," "would," "could," "may," "might," the negative of these words and other similar words. The forward-looking statements and related assumptions involve risks and uncertainties that could cause actual results and outcomes to differ materially from any forward-looking statements or views expressed herein. These risks and uncertainties include, but are not limited to, the company's ability to complete the cash settlement, the company's future financial results and outstanding shares; and Mr. Shen's or our board of directors' preference with respects to Mr. Shen remaining on our board. The company's financial performance and the forward-looking statements contained herein are further qualified by a detailed discussion of associated risks set forth in the documents filed by the company with the Securities and Exchange Commission. The forward-looking statements set forth the company's beliefs as of the date that such information was first provided and we assume no duty to update the forward-looking statements contained in this release to reflect any change except as required by law.*