

# Q417 & FY17 FINANCIAL HIGHLIGHTS

February 15, 2018



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**Important information regarding forward-looking statements:** This presentation contains forward-looking statements within the meaning of federal and state securities laws that represent the company's current expectations and beliefs. All statements other than statements of historical fact are "forward-looking statements" and include, but are not limited to, statements of management's expectations regarding the company's performance, sales force and customer base, growth, initiatives and areas of focus, acquisitions, strategy and new product introductions; projections regarding revenue, earnings per share, foreign currency fluctuations, tax rates, and other financial items; statements of belief; and statements of assumptions underlying any of the foregoing. In some cases, you can identify these statements by forward-looking words such as "believe," "expect," "outlook," "project," "anticipate," "estimate," "intend," "plan," "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 following:

- adverse publicity related to the company's business, products, industry or any legal actions or complaints by the company's sales force or others;
- risk that direct selling laws and regulations in any of our markets, including the United States and Mainland China, may be modified, interpreted or enforced in a manner that results in negative changes to our business model or negatively impacts our revenue, sales force or business, including through the interruption of sales activities, loss of licenses, imposition of fines, or any other adverse actions or events;
- any failure of current or planned initiatives or products to generate interest among the company's sales force and customers and generate sponsoring and selling activities on a sustained basis;
- risk of foreign currency fluctuations and the currency translation impact on the company's business associated with these fluctuations;
- uncertainties regarding the future financial performance of the company's recent acquisitions;
- risks related to accurately predicting, delivering or maintaining sufficient quantities of products to support our planned initiatives or launch strategies, and increased risk of inventory write-offs if the company over-forecasts demand for a product or changes its planned initiatives or launch strategies;
- regulatory risks associated with the company's products, which could require the company to modify its claims or inhibit the company's ability to import or continue selling a product in a market if it is determined to be a medical device or if it is unable to register the product in a timely manner under applicable regulatory requirements;
- unpredictable economic conditions and events globally;
- uncertainties related to interpretation of, and forthcoming regulations under, the recently enacted U.S. tax reform legislation; the company's future tax-planning initiatives; any prospective or retrospective increases in duties on the company's products imported into the company's markets outside of the United States; and any adverse results of tax audits or unfavorable changes to tax laws in the company's various markets; and
- continued competitive pressures in the company's markets.

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 the company assumes no duty to update the forward-looking statements contained in this presentation to reflect any change except as required by law.

# Q4 Takeaways



**Growth strategy execution**  
(Platforms, Products, Programs)



**Strong fourth-quarter results**  
(Both Customer and Sales Leader Growth)

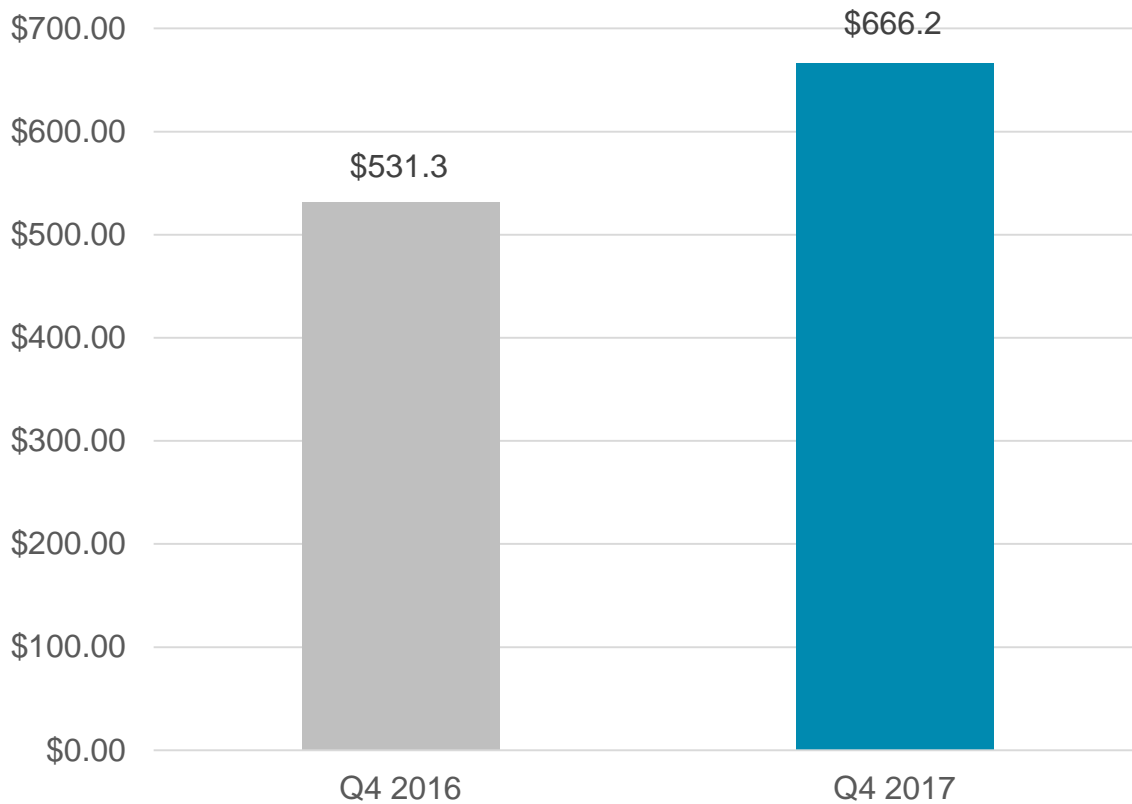


**ageLOC LumiSpa Preview**  
(Benefitted Q4 Revenue)



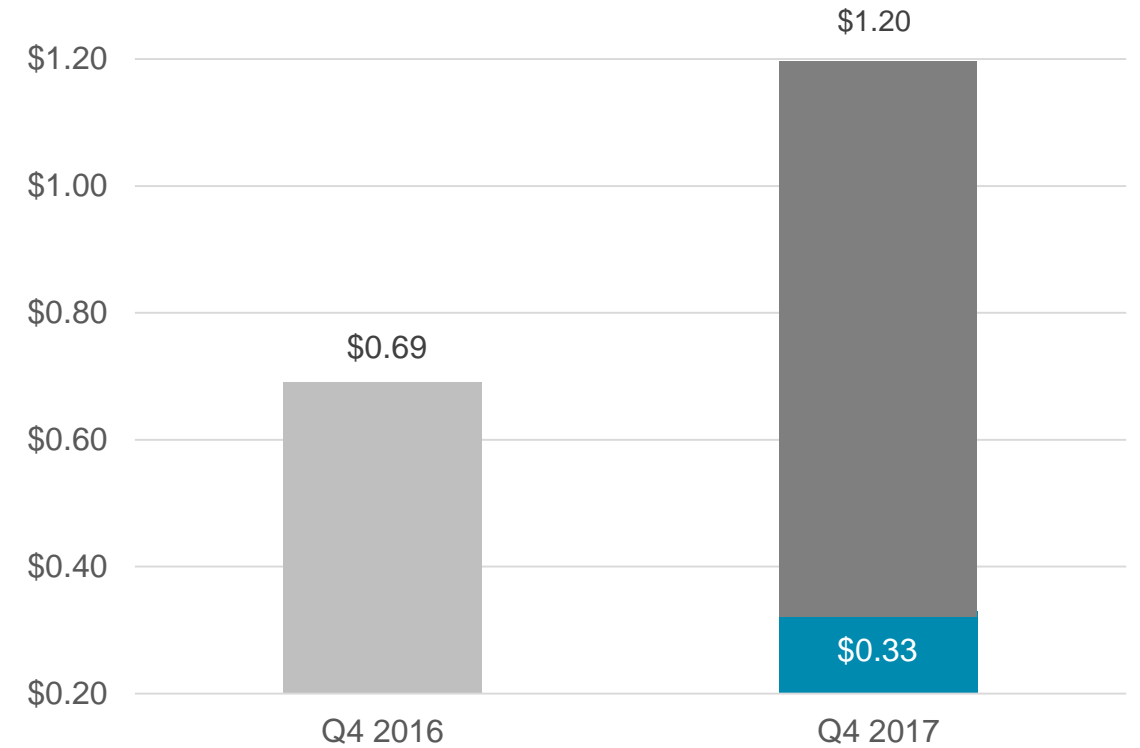
# Q4 Results

## Revenue (M)



\$666.2 million, up 25.4%, positively impacted by the ageLOC LumiSpa introduction and approx. 3% by foreign currency fluctuations.

## EPS



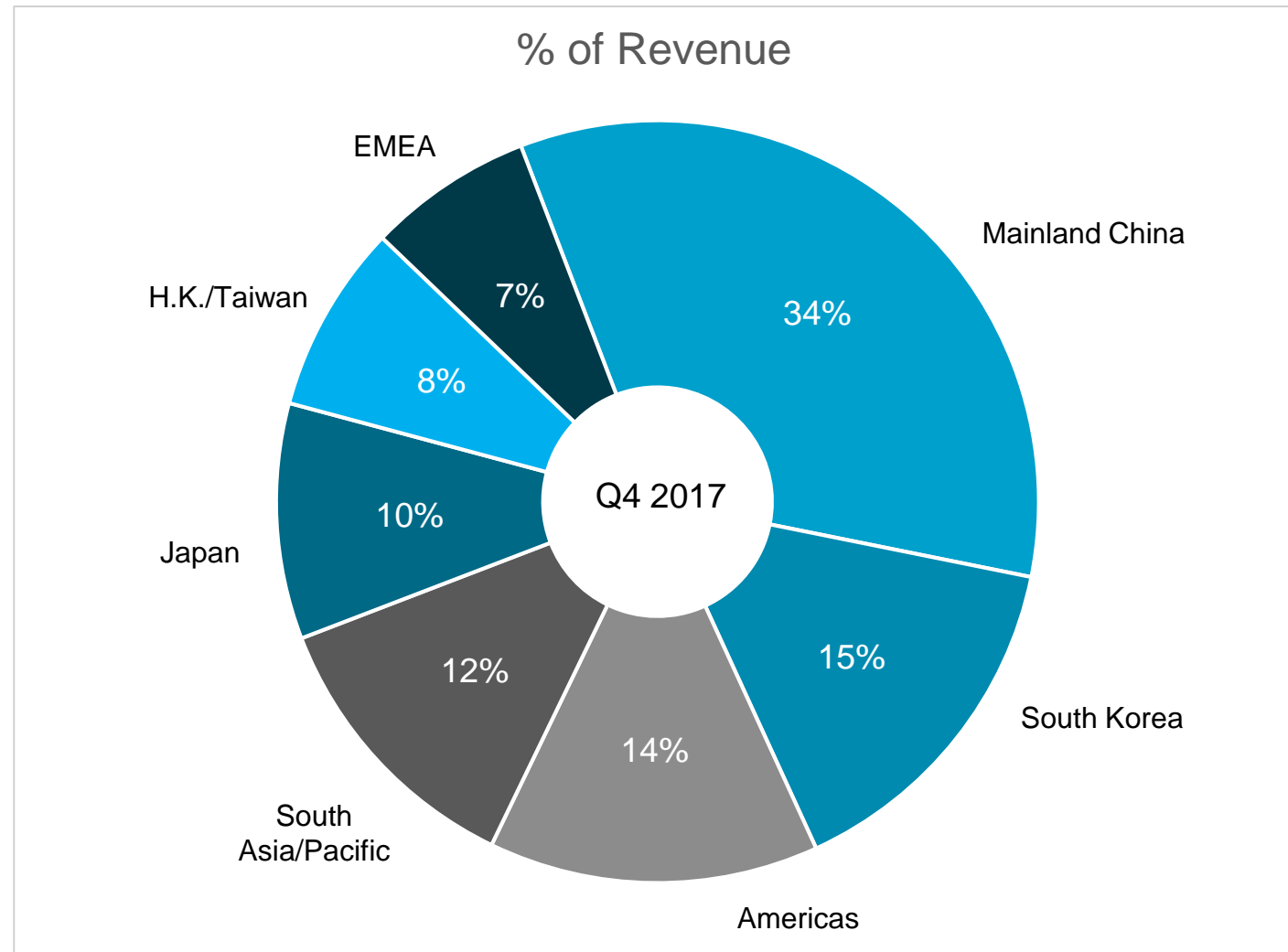
\$0.33 (or \$1.20 when excluding the impact of U.S. tax reform) compared to \$0.69 (which includes \$0.10 tax charge) in Q4 2016

# Q4 Revenue Performance

## Highlights

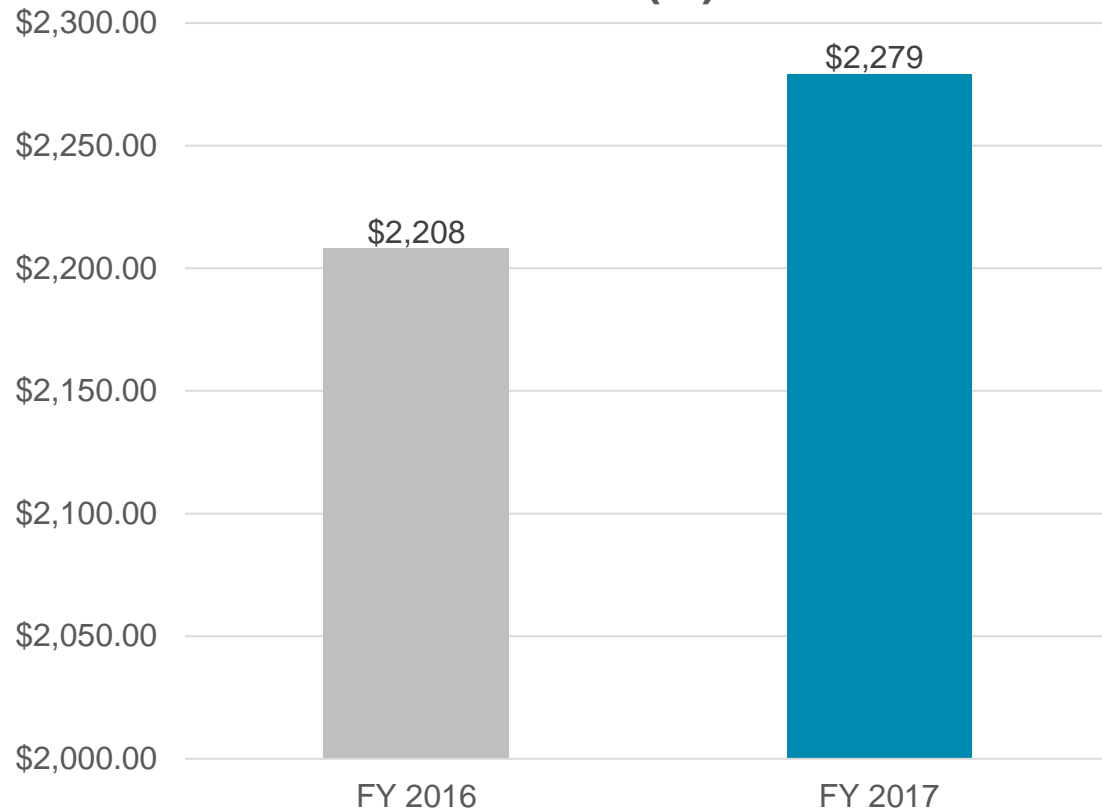
- Growth in Mainland China, Americas
- ageLOC LumiSpa preview
- Growth in EMEA and S. Asia/Pacific

Market	Revenue (M)	% Change
Mainland China	\$222.3	59.8%
South Korea	\$103.1	4.8%
Americas	\$95.4	33.1%
South Asia/Pacific	\$83.3	18.9%
Japan	\$67.6	(1.5%)
H.K./Taiwan	\$46.6	7.4%
EMEA	\$47.8	19.3%
<b>Total</b>	<b>\$666.2</b>	<b>25.4%</b>



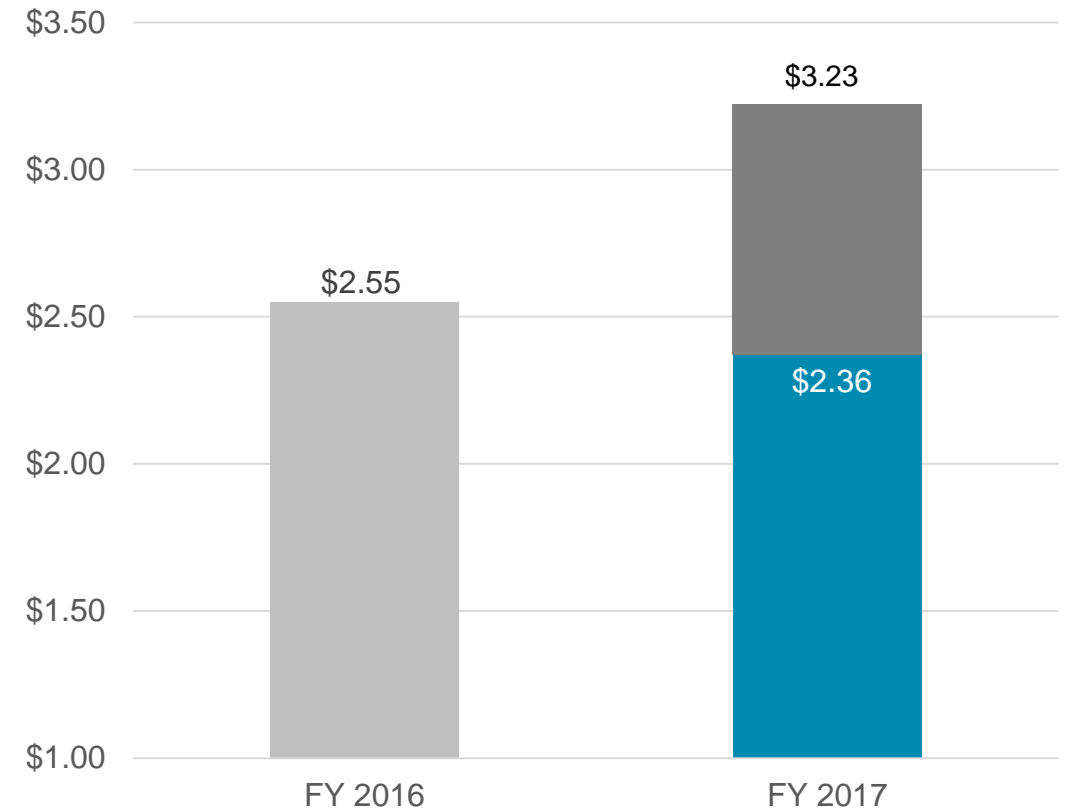
# FY 2017 Results

## Revenue (M)



\$2.279 billion, up 3%. 2017 results were negatively impacted less than (1%) by foreign currency fluctuations.

## EPS



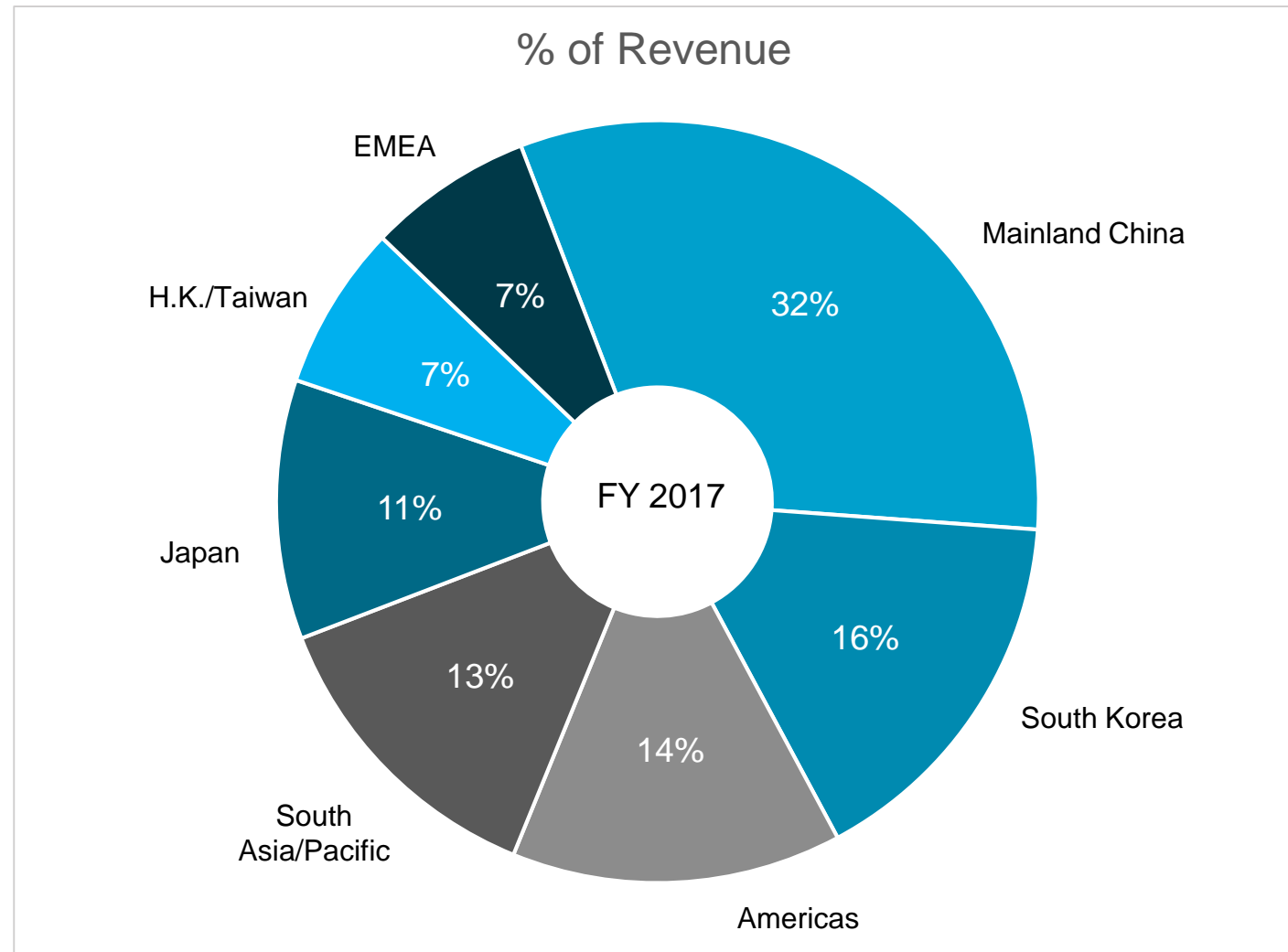
\$2.36 or \$3.23 when excluding the impact of tax reform compared to \$2.55 (including a \$0.36 Japan customs charge) in 2016.

# FY 2017 Revenue Performance

## Highlights

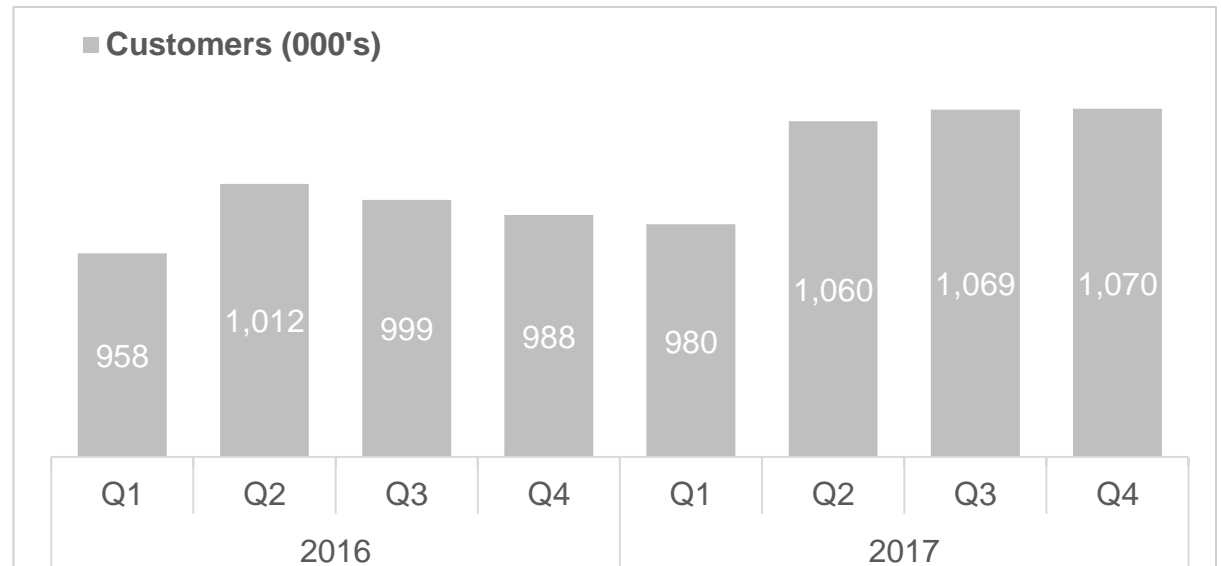
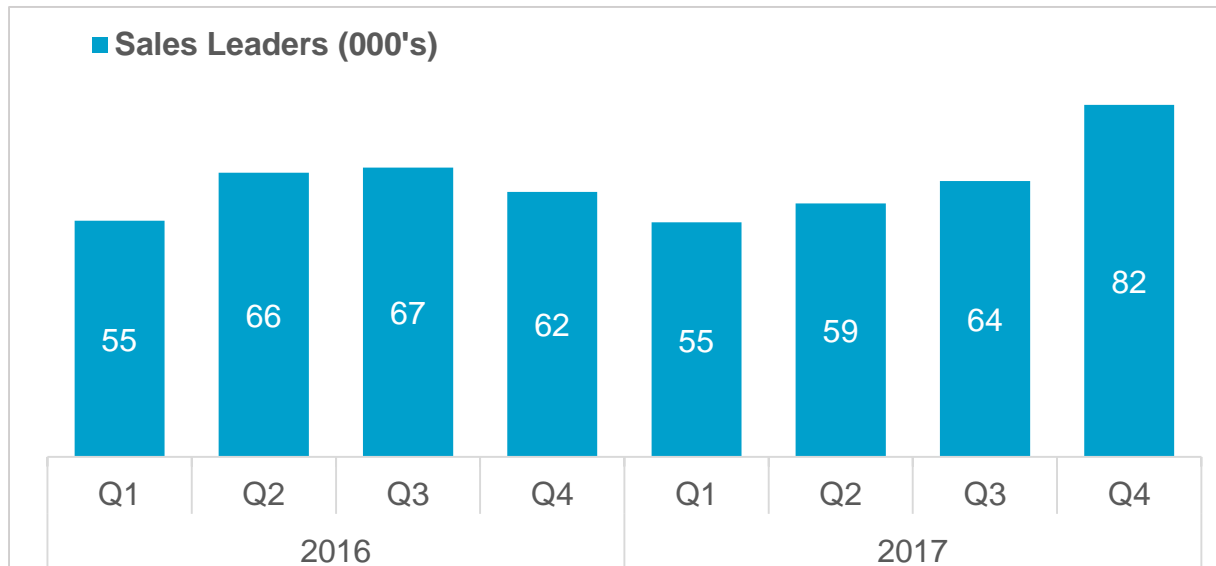
- Growth in China, America and EMEA
- Strong response from ageLOC LumiSpa preview
- Social selling contributed to customer and business growth
- Challenges in Korea and Japan

Market	Revenue (M)	% Change
Mainland China	\$716.9	17%
South Korea	\$361.7	(13%)
Americas	\$317.3	15%
South Asia/Pacific	\$299.9	1%
Japan	\$256.0	(8%)
H.K./Taiwan	\$166.6	(9%)
EMEA	\$16.2	9%
<b>Total</b>	<b>\$2,279.1</b>	<b>3.2%</b>



# Sales Force Performance

Market	Q4 2017		Q4 2016		YOY % Change	
	Customers	Sales Leaders	Customers	Sales Leaders	Customers	Sales Leaders
Mainland China	193,000	40,600	175,000	22,000	10%	85%
South Korea	173,000	8,400	192,000	9,600	(10%)	(13%)
Americas	222,000	8,000	166,000	6,700	34%	19%
South Asia/Pacific	144,000	8,900	116,000	7,600	24%	17%
Japan	132,000	6,600	137,000	6,700	(4%)	(2%)
Hong Kong/Taiwan	71,000	4,700	73,000	4,600	(3%)	2%
EMEA	135,000	4,700	129,000	4,400	5%	7%
<b>Total</b>	<b>1,070,000</b>	<b>81,900</b>	<b>998,000</b>	<b>61,600</b>	<b>8%</b>	<b>33%</b>





# Mainland China

## Q4 Highlights

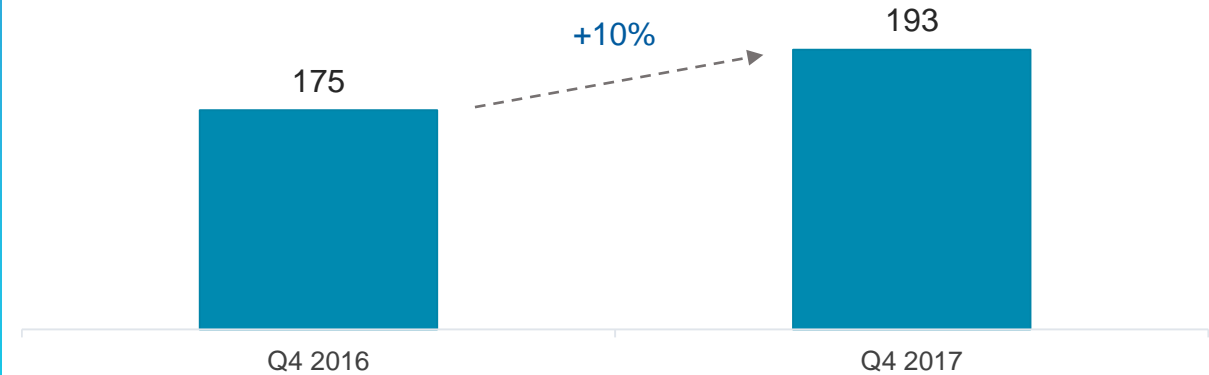
Steady improvement in customer base

YOY Sales Leader growth

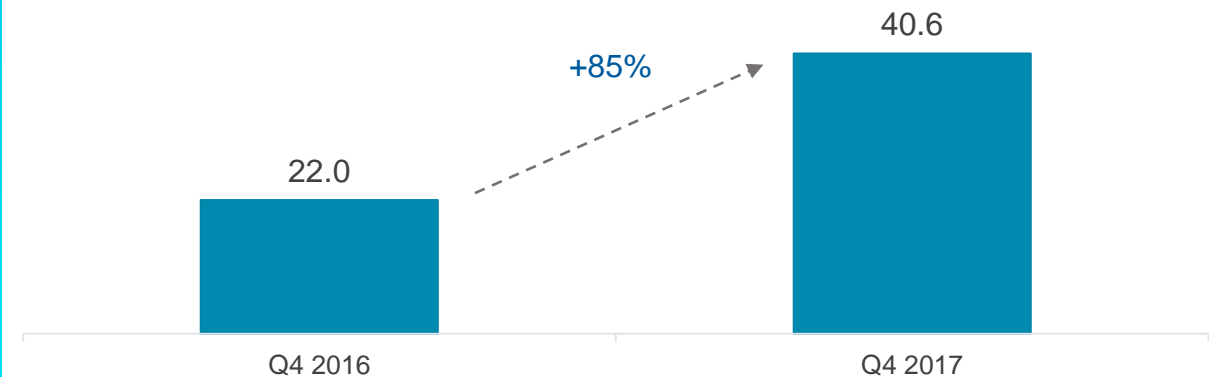
Good response to business incentives

Successful ageLOC LumiSpa preview, generating strong Sales Leader growth

Mainland China Customers (000's)



Mainland China Sales Leaders (000's)



# Americas

## Q4 Highlights

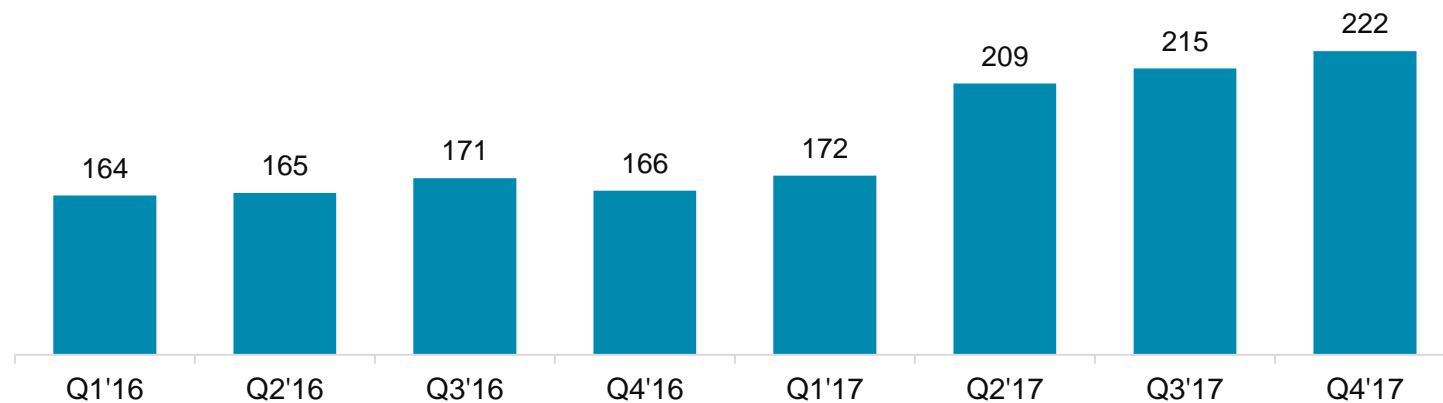
Social selling continues to drive growth

Revenue increased YOY

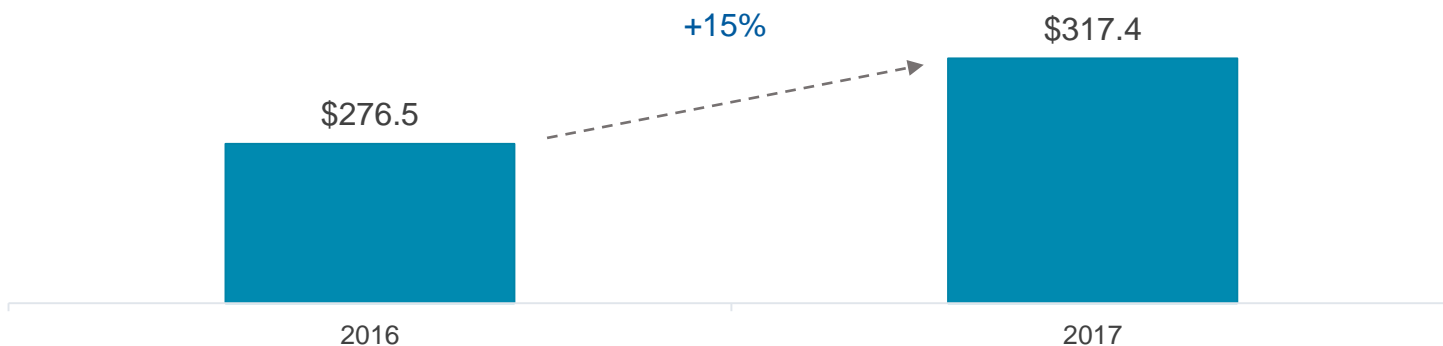
Strong growth in Latin America

Successful ageLOC LumiSpa preview

Americas Customers (000's)



YOY Revenue (000's)



# South Asia / Pacific

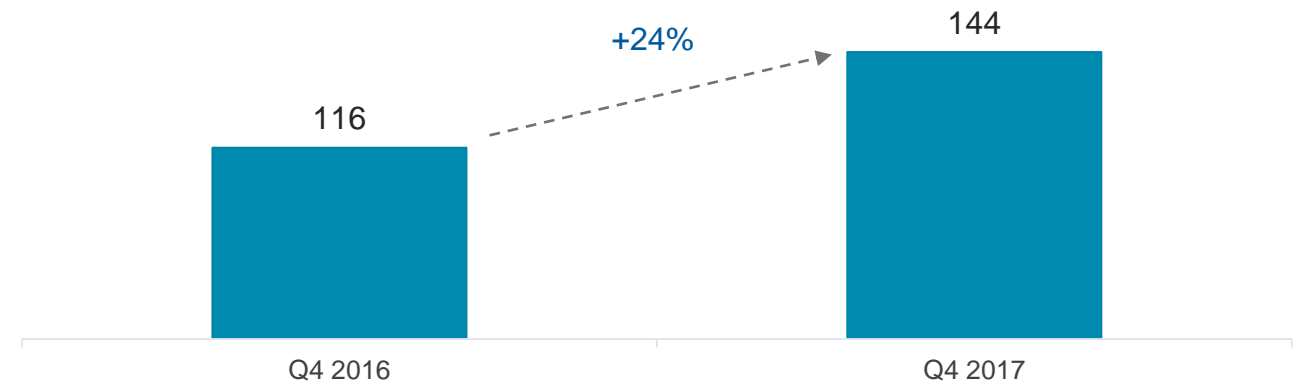
## Q4 Highlights

Strong social selling, particularly in Philippines, Indonesia and Vietnam

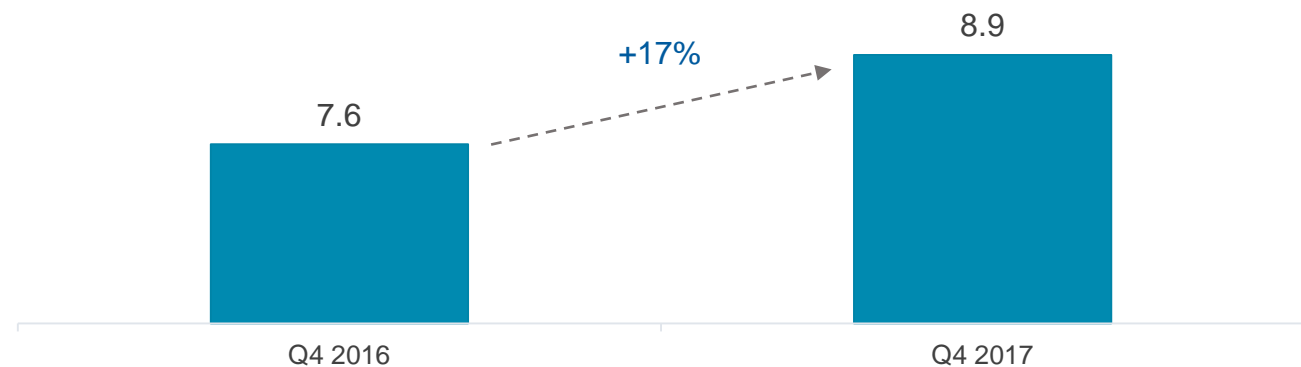
Successful preview of ageLOC LumiSpa

Pacific becomes first market to introduce sales compensation program - Velocity

South Asia/Pacific Customers (000's)

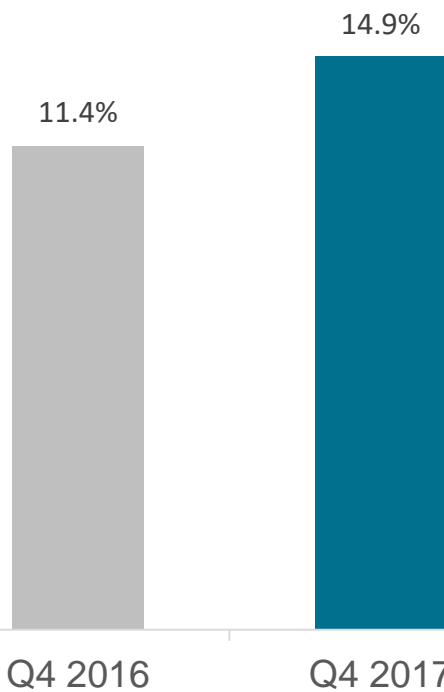


South Asia/Pacific Sales Leaders (000's)



# Operational Performance

**Operating Margin**



**Gross Margin**



**Selling Expense**

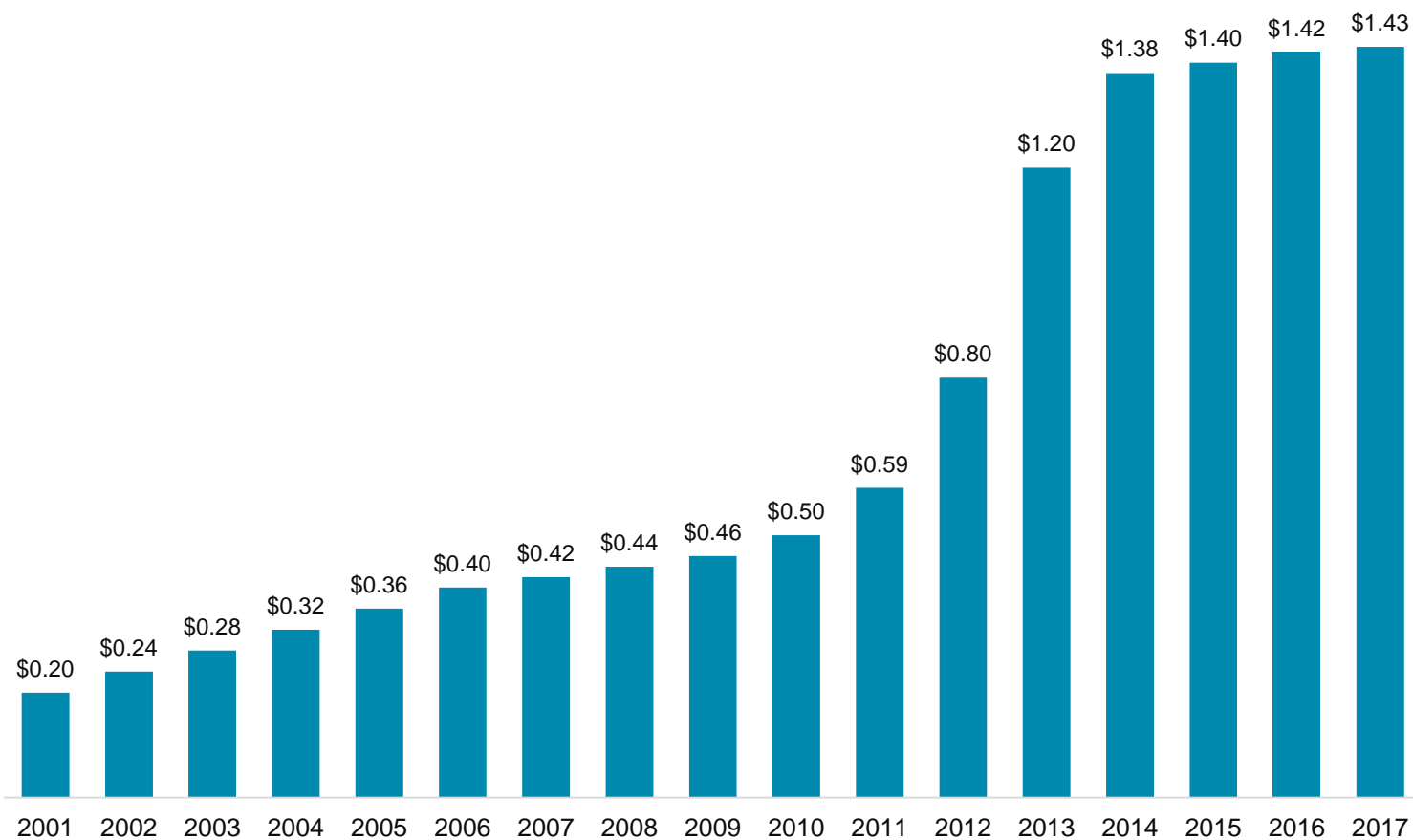


**G&A Expense**



# Shareholder Value

## Annual Dividend



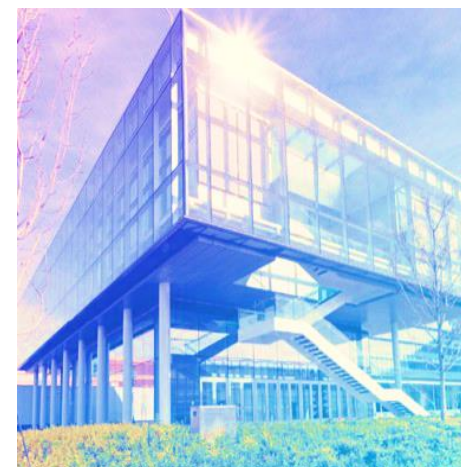
## Cash Usage

### Q4 Dividend Payment

- \$19.0 million

### Q4 Stock Repurchases

- \$23.9 million
- \$128 million remaining in authorization



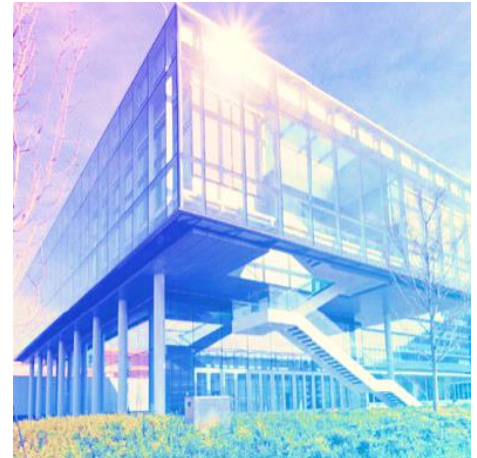
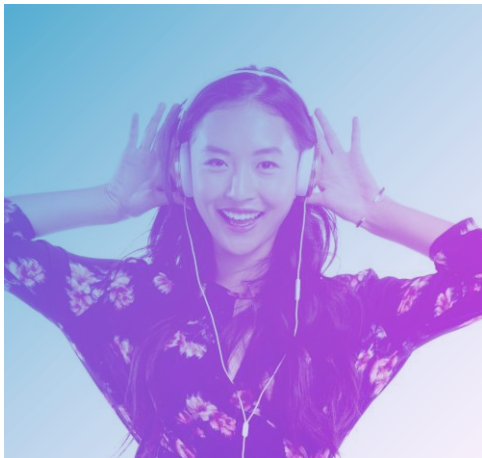


# Tax Cuts and Jobs Act

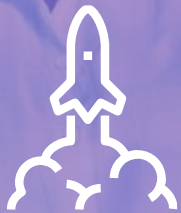
## Highlights

During Q4 we had a non-cash \$47.7 million write-down of net deferred tax assets that was inclusive of 3 items:

- \$52.0 million write-down against our foreign tax credit carryforward
- \$7.3 million charge related to a tax on permanently reinvested foreign earnings that have not been repatriated to the U.S
- \$11.6 million benefit related to the write-off and remeasurement of U.S. net deferred tax liabilities at the lower statutory rate



# Our GROW strategy



## PLATFORMS

Empowering platforms to leverage social selling



## PRODUCTS

Demonstrable products ideal for social selling



## PROGRAMS

Enhanced programs to optimize sales performance

# 2018 Outlook

Q1 Revenue:	\$550 to \$570 million (10-14% growth) and includes a 4 to 5% favorable foreign currency impact
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Q1 EPS:	\$0.65 to \$0.70
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Full-Year Revenue:	\$2.44 billion to \$2.49 billion (7-9% growth) includes a 1 to 2% favorable foreign currency impact
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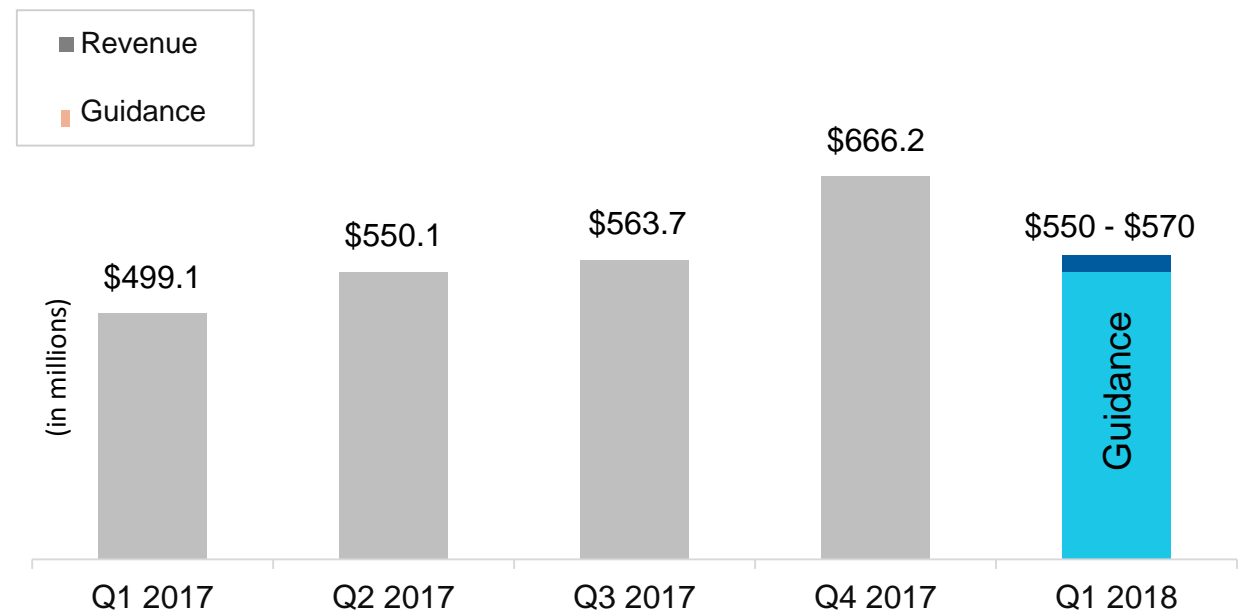
Full-Year EPS:	\$3.45 to \$3.65
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Gross Margin:	77% to 78% (Impacted by acquisitions)
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Selling Expense:	41% to 42%
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Operating Margin:	12.0 to 12.4%
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Tax Rate:	34% to 35% (Excluding discrete items)
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# Q4 and FY Reconciliation Table

Q4 2017 summary results reflecting the impact of the Tax Act			
	Including (GAAP)	Excluding	
Revenues	\$666.2	\$666.2	\$ -
Operating Income	\$99.1	\$99.1	\$ -
Other Income/(Expense)	(\$.5)	(\$.5)	\$-
Provision for income taxes	\$80.4	\$32.7	\$47.7
Foreign tax credit	\$52.0		
Tax on foreign earnings	\$7.3		
Remeasurement of liabilities	(\$11.6)		
Net (loss) income	\$18.2	\$65.9	\$47.7
Effective tax rate	81.5%	33.1%	
Diluted EPS	\$0.33	\$1.20	\$0.87
Diluted Shares Outstanding	55,053	55,053	

FY 2017 summary results reflecting the impact of the Tax Act			
	Including (GAAP)	Excluding	
Revenues	\$2,279.1	\$2,279.1	\$-
Operating Income	\$274.4	\$274.4	\$-
Other Income/(Expense)	(\$8.9)	(\$8.9)	\$-
Provision for income taxes	\$136.1	\$88.4	\$47.7
Foreign tax credit	\$52.0		
Tax on foreign earnings	\$7.3		
Remeasurement of liabilities	(\$11.6)		
Net income	\$129.4	\$177.1	\$47.7
Effective tax rate	51.3%	33.3%	
Diluted EPS	\$2.36	\$3.23	\$0.87
Diluted Shares Outstanding	54,852	54,852	



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For a replay of today's Q4 2017 earnings call please visit [ir.nuskin.com](http://ir.nuskin.com)