

December 3rd, 2020

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Long: WW International, Inc. (NYSE: WW)

Current Price: \$27.44 (11/20) | 1Y Target Price: \$41.00, 49% Return

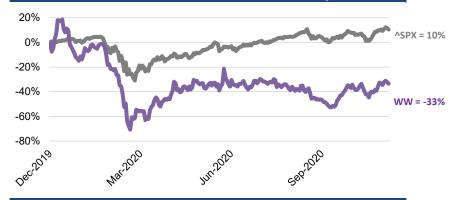
Overview



WW Is The Leading Commercial Health & Wellness Program For >50Y

- WW International, Inc. ("WW," fka Weight Watchers) owns and operates the world's leading commercial weight management program, the efficacy of which has been clinically tested and proven in numerous scientific studies and trials since its 1963 inception
- WW generates revenues through the sale of the following products and services:
 - Digital Subscriptions (50% of LTM Sales, 18% Growth): Web-based and mobile app solution (3.8mm subscribers)
 - Studio + Digital (36% of LTM Sales, -22% Growth): 30K weekly in-person workshops through commitment plans for monthly price (0.9mm subscribers)
 - In-Workshop Products (8% of LTM Sales, -20% Growth): Range of consumer products that complement the digital and studio programs (e.g. packaged foods)
 - Licensing & Franchise Royalties (6% of LTM Sales, -<u>5% Growth</u>): Co-branding and licensing trademarks to consumer products and services; studio franchising (<1% of sales)</p>
- In 2018, Weight Watchers changed its brand name to WW. The rebranding was part of an effort to pivot away from solely weight management and towards a more holistic approach to health & wellness

Indexed Stock Price Chart Vs. S&P | YTD



Trading & Operating Summary

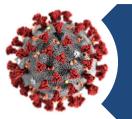
Share Price	\$27		
% of 52W High	56.9%		
Market Cap	\$1,784	FY'20 Revenue Growth	-3%
(+) Debt	\$1,701	FY'20 Gross Margin	57%
(-) Cash	\$204	FY'20 EBIT Margin	23%
TEV	\$3,280	FCF Yield (LTM)	5%
TEV / NTM EBITDA	9.2x	ROE (LTM)	16%
NTM P/E	12.6x		
Mkt Cap / NTM LFCF	13.2x		

Price Targets | Bull vs. Base vs. Bear Cases

Bull: \$55 (+100%); 10.5x EBITDA Base: \$41 (+49%); 9.5x EBITDA Bear: \$18 (-34%); 8.0x EBITDA

Source: Company materials and website; financials pulled from S&P Capital IQ as of 11/20/2020





Street Is Focused On Short-Term COVID-19 Impact Vs. Potential Long-Term Benefits Of "Peloton-izing"



Investment Thesis

Multiple Attractive Growth Avenues



Asymmetrical Risk / Reward Opportunity At 12x NTM P/E

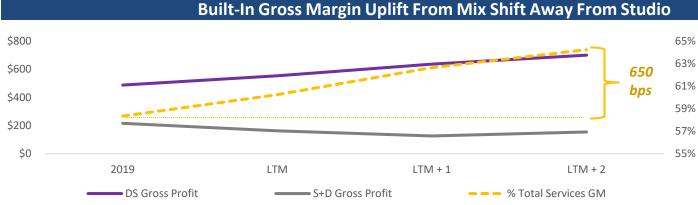


Investment Thesis #1

Street Is Focused On Short-Term COVID-19 Impact Vs. Potential Long-Term Benefits Of "Peloton-izing"

- The C19-driven shutdown of physical studios drove a Q2/Q3 revenue decline of 9.6% and 8.0%, respectively, stalling momentum following promising Q1 growth of 10.2%
- Behind the headline top-line declines, however, there are several green shoots that point to a significant undervaluation:
 - i. <u>Shift to Digital</u>: Digital sales have flourished during the pandemic (+21% in Q3). Given digital subscribers are twice as profitable as Studio (~80% vs. ~40% GM), Q3 Adj. EBITDA *increased* despite increased operating expenditures. Management has indicated this will be a *permanent shift* as less profitable B&M leases may not be renewed (confirmed by IR, with 21% of studio leases up for renewal in 2021). This increasingly capital light and high margin business model should also drive multiple expansion (not modeled)
 - ii. <u>Strong Retention Trends</u>: member retention is at an all-time high at >10mo (as of 3Q'20), suggesting recent tech & content investments have been well-received, and the business may not be reliant on physical studios for retention
 - iii. <u>WW Best Positioned To Benefit From C-19 Intensified Consumer Interest In Health & Wellness ("H&W")</u>: Of comparable programs, WW boasts the highest revenue, most affordable programs, most downloaded app, highest Instagram followers and engagement, #1 rank on US News Health, most scientific studies proving effectiveness, and largest ambassador social following, led by minority owner Oprah Winfrey ⁽¹⁾

The disconnect between fundamentals and stock performance has widened materially – total subscribers grew 5% y/y in Q3, yet the stock is down 23% YTD



- 65% Our base case shows
 - 460 bps of Total Services Gross Margin uplift over the next
 - **2yrs**, driven by built-in
 - ⁶ mix shift, as COVID
 - catalyzes a permanent shift away from B&M studios and towards an increasingly digital offering

Source: Company filings, transcripts; all growth rates y/y on a constant currency basis (1) See appendix for detailed competitor comparison & backup



Investment Thesis #2

Multiple Attractive Growth Avenues



Built-In Market Tailwinds Intensified By COVID-19	H&W sector growing at a 5.2% CAGR pre-pandemic, with the pandemic further catalyzing focus on health and in-home cooking ; 95% of Americans trying to lose weight do so without a commercial program, yet research shows those who use programs are more successful + 80% of US adults use or can imagine using a diet tracking app; >70% of adults, 33% of children are overweight (represents a ~3x increase vs. 50yrs ago)
Demographic Expansion	WW's current user base is 90% women in their 40s/50s ; recent re-branding and shift to digital presents a compelling opportunity to expand into a broader target demographic
International Expansion	WW is over-indexed to North America (~70% of Sales); Europe is under-penetrated, and the Company has negligible presence in EMs (APAC, Latin America, Africa) – this is a prime opportunity to utilize Oprah and sell to WW's bread-and-butter demographic (40s/50s Female) internationally
Product Go-To-Market Reimagination	Products have been historically mainly sold at B&M meetings, but each new digital subscriber represents a particularly attractive cross-selling opportunity given WW will have a strong understanding of their behavior and preferences (substantial recent investments into data and predictive analytics)
Partnerships	Potential to duplicate recent City of NY partnership (400k+ employees/retirees at a discounted rate). Untapped opportunity in healthcare, with obese employees costing employers an extra \$4.2k p/a in costs. Potential partnerships with fitness apps such as Peloton, integrations with connected devices, etc.
De-Levering Unlocks Capital Allocation Opportunities	Strong and improving FCF conversion (NWC benefit from deferred revenue, low and decreasing capex as WW continues to shift towards digital, increasing operating leverage) means WW de-levers from ~4x net leverage today to ~2.5x in our 2022 base case, unlocking equity accretive M&A / dividend / share repurchase opportunities

Source: market research per Jefferies; Company financials, KPIs and news per Company filings and transcripts



Investment Thesis #3

We believe that the distribution of outcomes has fatter tails but is positively skewed, creating an asymmetric return / risk profile

Bull Case (\$55, +100%)

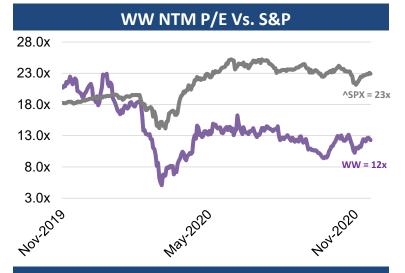
- Digital is growing at a 15% 2-year CAGR, driving a 600bps gross margin improvement within the services segment. Overall, WW adds ~\$130M in EBITDA in 2 years.
- We are not modeling in, but believe there is additional upside from incremental multiple expansion associated with top-line growth momentum (see exhibit on the lower-right)

Base Case (\$41, +49%)

The physical studio business declines another 20% between now and 2022, but WW right-sizes its unit count. Combined with a continued strong growth in digital service revenues (12.5% CAGR) over the same time period, this dynamic should drive 460bps of gross margin expansion. With operating costs growing at 3% a year, we expect WW to generate ~\$80M more in EBITDA in 2 years.

Bear Case (\$18, -34%)

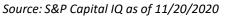
This scenario assumes that the decline in the physical studio business accelerates over the next two years (-13.5% CAGR) and that WW is unable to adjust its cost structure fast enough to accommodate this dynamic. EBITDA falls from \$350M (LTM) to \$320M in 2 years.



Multiple Expansion Potential Is Substantial

Health & Wellness								
	NTM	NTM	NTM					
Company Name	<u>EBITDAx</u>	<u>P/Ex</u>	<u>Rev. %</u>	<u>GM%</u>	EBITDA%	<u>ROC</u>		
H&W Median	10.0x	14.9x	10%	50%	14%	9%		
WW International	9.1x	12.3x	-2%	56%	24%	16%		
Subscription Based								
	NTM	NTM	NTM					
<u>Company Name</u>	<u>EBITDAx</u>	<u>P/Ex</u>	<u>Rev. %</u>	<u>GM%</u>	<u>EBITDA%</u>	ROC		
Subscription Median	39.2x	51.5x	22%	57%	16%	5%		
WW International	9.1x	12.3x	-2%	56%	24%	16%		
	If WW can execute on some of the aforementioned growth avenues, there is substantial potential for margin expansion given the							

margin expansion given the business's capital light SaaS revenue model and strong FCF generation





Valuation: Base Case Scenario

Price Target of \$41.00

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Base Case Scenario

	LTM	Model		
	Q3 2020	1	2	2-Yr CAGR
Revenue	1,387,280	1,396,546	1,445,990	
% Growth		0.7%	3.5%	2.1%
EBITDA	350,202	378,579	428,824	
% Margin	25.2%	27.1%	29.7%	
% Growth		8.1%	13.3%	10.7%
EBIT	234,579	291,349	337,971	
% Margin	16.9%	20.9%	23.4%	
% Growth		24.2%	16.0%	20.0%
Net Income	91,851	142,323	193,404	
FDSO	69,684	71,286	72,926	
% share growth		2.3%	2.3%	2.3%
EPS	\$ 1.32	\$ 2.00	\$ 2.65	
% Growth		51.5%	32.8%	41.8%
FCF	111,312	177,990	223,698	
Net Debt Net Debt / EBITDA	1,513,073 <i>4.3x</i>	1,335,083 <i>3.5x</i>	1,111,385 <i>2.6x</i>	

Valuation

Terminal TEV / EBITDA Multiple							
Terminal Value Less: Net Debt		4,073,828					
Value of Equity	(1,111,385) 2,962,443						
Ending Share Price				\$	40.62		
Ending Share Price	11.6x	10.8x	9.5x	\$	40.62		
	11.6x 30.8x	10.8x 20.3x	9.5x 15.3x	\$	40.62		

Source: LTM financials per S&P Captial IQ and Company filings as of 11/20/2020

WACC Components	
1Yr Beta	2.1
Risk-Free Rate	1.5%
Equity Risk Premium	5.5%
Cost of Equity	13.1%
Cost of Debt	5.78%
Tax Rate	23.0%
LT Equity Mix	65.0%
LT Debt Mix	35.0%
WACC	10.1%

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Terminal TEV / EBITDA Multiple	
Terminal Unlevered FCF	303,133
Terminal Growth Rate	2.0%
Discount Rate	10.1%
Yr-1 Value of Terminal FCF	3,754,607
Terminal EBITDA	394,915
Implied Terminal Multiple	9.5x

		Terminal Growth Rate								
		3.5%	3.0%	2.5%	2.0%	1.5%	1.0%	0.5%		
	7.0%	21.9x	19.2x	17.1x	15.4x	14.0x	12.8x	11.8x		
w	8.0%	17.1x	15.4x	14.0x	12.8x	11.8x	11.0x	10.2x		
Α	9.0%	14.0x	12.8x	11.8x	11.0x	10.2x	9.6x	9.0x		
С	10.0%	11.8x	11.0x	10.2x	9.6x	9.0x	8.5x	8.1x		
С	11.0%	10.2x	9.6x	9.0x	8.5x	8.1x	7.7x	7.3x		
	12.0%	9.0x	8.5x	8.1x	7.7x	7.3x	7.0x	6.7x		
	13.0%	8.1x	7.7x	7.3x	7.0x	6.7x	6.4x	6.1x		



Valuation Summary

Buy now for a 49% return in 1 year

	Bear Case	Base Case	Bull Case
Target Multiples			
TEV / EBITDA	8.0x	9.5x	10.5x
P/E	12.2x	15.3x	16.9x
FCF Yield	10.1%	7.6%	6.4%
Implied 1-Yr Price Target	\$18.00	\$41.00	\$55.00
Implied Upside/Downside	-34%	49%	100%
Weight (Probability in %)	15%	60%	25%

Probability-Weighted 1-Yr Price Target	\$ 41.00
Date	11/20/2020
Current Price	\$ 27.44
Probability Weighted Return	49%



Risks & Mitigants

Key Risks To The Investment Thesis

Live look at WW investors begging Oprah to stick around post 2025



Oprah Winfrey Reliance	• <u>Key Mitigant</u> : Oprah last year extended her partnership with WW through at least May 2025
Fad Risk & Seasonality	• <u>Key Mitigants</u> : 2018 rebranding towards a more holistic H&W brand mitigates fad risk & differentiates vs. fad diets; efficacy of program has been clinically tested and proven in numerous scientific studies (incl. NHS, CDC) and trials over last 50Y+
Brand Perception & Ability To Acquire New Customers	• <u>Key Mitigants</u> : COVID-19 presents a unique opportunity to "Peloton-ize" its offering and attract a younger demographic; international & partnerships opportunities are areas where they can continue capturing customers in their current target demographic
Changing Business Model	• <u>Key Mitigants</u> : retention is at an all-time high (>10mo) despite studios being closed; built-in margin expansion from optimizing studio footprint (190/900 lease renewals coming available in '21)



Primary Research

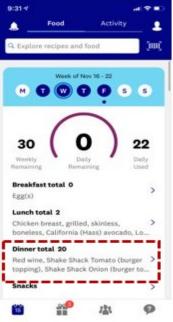
We Are Now WW Customers! (Quarantine Has Been Tough On The Waist-Line)

- ✓ We signed up for A WW Digital Membership (Free For First 30D)
 - WW App OS is impressive. Entering in meals / fitness is seamless, and the simple points system eliminates much of the friction associated with time-consuming diet tracking
 - 24/7 live chat with coaches is helpful, but we think personalization (e.g. personal coaches that understand your behavior and preferences), a key pillar of WW+, is a potential game-changer

✓ We spoke with Corey Kinger, VP of Investor Relations At WW International

- COVID has changed WW's thinking around physical footprint

 will always have, but will be smaller (only highest
 performers) and more flexible (e.g. month-to-month
 agreements with hotels)
- Many exciting growth opportunities (e.g. partnerships, international, demographic expansion) but technology investment & support infrastructure was step 1 (e.g. can now enter new markets digitally (i.e. do not have to expend upfront for numerous physical studios)
- My WW+ (launched this week) is the first step into machine learning and predictive analytics – hyper personalization. Big marketing push will come this winter in advance of January ("new year, new me")









Note: Adj. SG&A excludes marketing, D&A, and SBC

Source: Company filings and transcripts



ESG Considerations

WW Has Strong Principles That Could Be Attractive For ESG Mandates & Considerations

Environmental

- Low carbon footprint
- ✓ No environmental red flags found in our initial diligence

Social

- ✓ 50% female BoD; strong female contingency in mgmt. team, including CEO and CFO
- Some URM mgmt. and BoD representation, albeit room for improvement
- ✓ Points-based system is supported by scientific research (incl. NHS and CDC)
- Transition from "dieting" to more holistic health & wellness

Governance

- ✓ Mgmt. compensation structure appears reasonable
- ✓ Mgmt. team is relatively nascent but appears stable (CEO at WW since 2017, COO since 2012, and CFO since 2020); continuity benefits from Artal (ownership stake since 1999) and Oprah (7% stake, on the board since 2015) involvement
- ✓ No accounting, control, or material litigation red flags found in our initial diligence



- The compensation of named executive officers consists of base salary, annual cash bonuses, longterm equity incentive pay and standard benefits
- Annual cash bonuses are determined as a factor of Q1 revenue goals (33.3% weight) and operating income metrics (66.7% weight)

Name and Principal Position	Fiscal Year	Salary(1)	Bonus	Stock Awards ⁽²⁾	Option Awards	Non-Equity Incentive Plan Compensation ⁽³⁾	Change in Pension Value and Nonqualified Deferred Compensation Earnings ⁽⁴⁾	All Other Compensation	Total
Mindy Grossman President and Chief Executive Officer	2019 2018 2017	\$1,200,000 \$1,200,000 \$544,615	—	\$ 4,181,482 \$ 5,183,199 \$11,245,847	\$19,790,630	\$ 1,632,816 \$ 2,101,651 \$ 1,406,529	\$ 26,167 \$ 10,125 \$ 427	\$ 254,958 ⁽⁵⁾ \$ 303,160 \$ 384,235	\$ 7,295,423 \$ 8,798,135 \$33,372,283
Nicholas P. Hotchkin Chief Financial Officer, Operating Officer, North America and President, Emerging Markets	2019 2018 2017	\$ 603,129	\$126,321 ⁽⁶⁾ \$200,000	\$ 1,269,242 \$ 1,625,252 \$ 988,445		\$ 500,946 \$ 598,573 \$ 777,714	\$ 30,069 \$ 22,216 \$ 13,690	\$ 110,002	\$ 2,659,606 \$ 2,959,172 \$ 2,614,208
Stacey Mowbray ⁽⁸⁾ Former President, North America	2019 2018 2017	\$ 115,790 \$ 476,187 \$ 433,046	_	\$ 622,953 \$ 567,707	_	\$ 375,171 \$ 414,573	=	\$ 1,103,855 ⁽⁹⁾ \$ 71,632 \$ 44,720	\$ 1,219,645 \$ 1,545,943 \$ 1,460,046
Corinne Pollier (-Bousquet) ⁽¹⁰⁾ President, International	2019 2018 2017	\$ 444,490 \$ 454,974 \$ 423,826	_	\$ 476,427 \$ 603,796 \$ 521,252	Ξ	\$ 260,581 \$ 285,192 \$ 375,635	Ξ	\$ 46,948 ⁽¹¹⁾ \$ 47,095 \$ 42,126	\$ 1,228,446 \$ 1,391,057 \$ 1,362,839
Michael F. Colosi General Counsel and Secretary	2019 2018 2017	\$ 476,780 \$ 462,893 \$ 450,279	_	\$ 508,019 \$ 611,249 \$ 575,927	=	\$ 268,146 \$ 312,730 \$ 445,438	\$ 15,991 \$ 11,398 \$ 6,617	\$ 65,711 ⁽¹²⁾ \$ 71,342 \$ 61,258	\$ 1,334,647 \$ 1,469,612 \$ 1,539,519



Appendix: Ownership Summary & Insider Trading

Top 15 Holders

Artal Group S.A.	21.76%
BlackRock, Inc.	8.11%
Oprah Winfrey (Director)	7.08%
The Vanguard Group, Inc.	6.51%
Sessa Capital	3.74%
Stadium Capital Management, LLC	3.60%
ThornTree Capital Partners	2.53%
State Street Global Advisers, Inc.	2.08%
KKR Credit Advisors, LP	1.90%
Dimensional Fund Advisors L.P.	1.74%
Newsouth Capital Management, Inc.	1.15%
Northern Trust Global Investments	1.40%
Victory Capital Management Inc.	1.29%
Geode Capital Management, LLC	1.19%
Granite Investment Partners, LLC	1.13%
Total	65.20%

of Shares Price per Total \$ Name of Insider Date 1% Sold Share Amount 20-Nov-19 Corinne Polier (President of International) 9,364 \$ 41.00 383,924 8% Corinne Polier (President of International) 6,708 \$ 254,434 18-Nov-19 37.93 1% 19-Aug-19 Corinne Polier (President of International) 4,000 \$ 29.19 116,744 31-May-19 Micheal Colosi (General Counsel) 16,993 \$ 17.03 289,316 4% Micheal Colosi (General Counsel) 378,743 08-May-19 16.898 \$ 22.41 0% 29-Nov-18 Corinne Polier (President of International) 2,019 \$ 51.26 103,490 55,982 \$ 27.27 3% Total 1,526,651

Insider Buying (Open Market Acquisitions) - Last 2 Years

Insider Selling (Open Market Dispositions) - Last 2 Years

Date	Name of Insider	# of Shares	Ρ	rice per	Total \$
Date	Name of Insider	Bought		Share	Amount
01-Mar-19	Mindy Grossman (CEO)	12,000	\$	21.70	260,446
06-Nov-18	Mindy Grossman (CEO)	7,000	\$	50.10	350,707
Total		19,000	\$	32.17	611,153

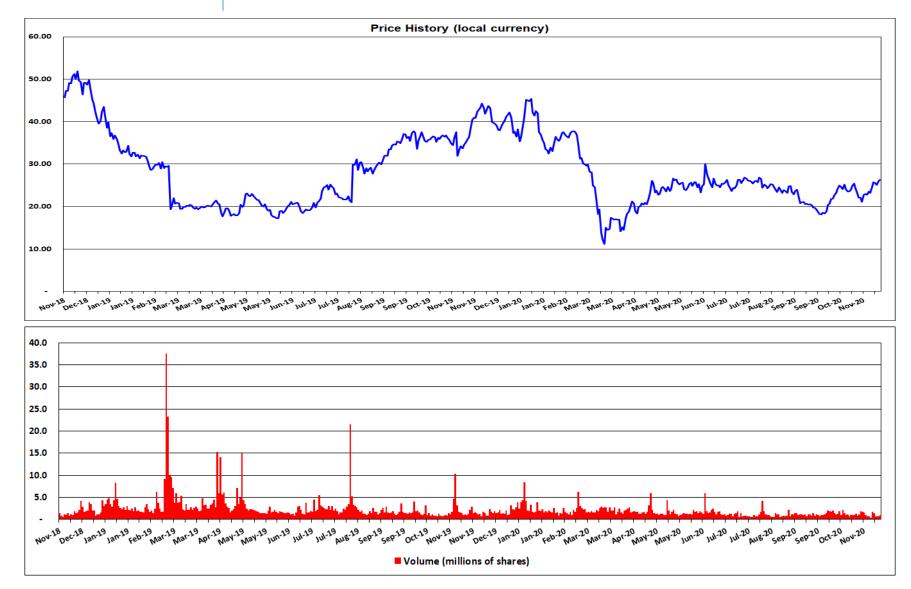
Insider Ownership

Total	29.95%
Others Directors & Management	0.60%
Nicholas Hotchkin (COO)	0.21%
Mindy Grossman (CEO)	0.30%
Oprah Winfrey (Director)	7.08%
Artal Group S.A.	21.76%

Source: S&P Capital IQ as of 11/20/2020

Appendix: Two-Year Share Price & Volume History

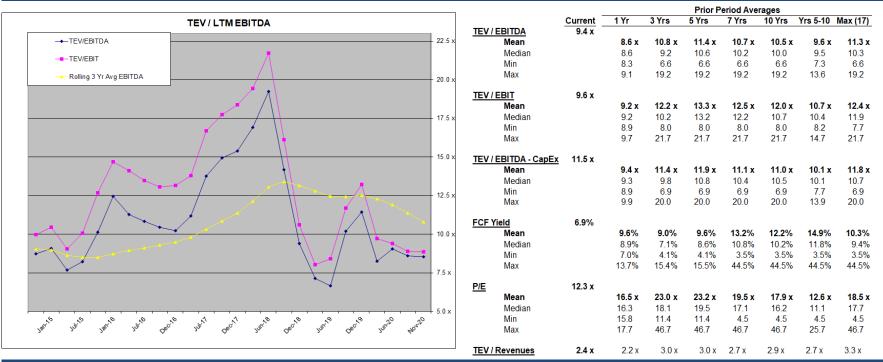




Source: S&P Capital IQ as of 11/20/2020



Historical Multiples Are Near 5Yr Lows



Comparable Companies

			TEV/		LTM	Net Debt/										
		Mkt	LTM	LTM	FCF	LTM	ROI	С			EBITDA	Margins			3 Year	CAGRs
Ticker	Name	Сар	EBITDA	P/E	Yield	EBITDA	3Yr Avg	LTM	-3	-2	-1	0	LTM	_TM/4 Yr Avg	Revenues	EBITDA
Health &	Wellness Comps															
MED	Medifast, Inc.	\$2,096	15.7 x	29.4 x	6.7%	-1.3 x	176%	n/a	15.6%	16.0%	15.3%	14.0%	14.7%	-3.3%	37.5%	42.3%
HLF	Herbalife Nutrition Ltd.	\$5,857	9.7 x	18.7 x	9.7%	2.1 x	84%	71%	12.6%	17.1%	16.7%	14.7%	14.3%	-6.6%	2.8%	10.5%
SMPL	The Simply Good Foods Company	\$2,259	18.2 x	35.5 x	2.5%	3.5 x	157%	111%	17.6%	17.6%	18.6%	18.8%	18.8%	3.5%	27.3%	30.0%
TVTY	Tivity Health, Inc.	\$798	7.8 x	19.9 x	17.5%	4.3 x	371%	193%	22.3%	24.0%	24.4%	20.8%	20.4%	-10.7%	31.2%	27.3%
USNA	USANA Health Sciences, Inc.	\$1,587	6.8 x	15.0 x	9.4%	-1.3 x	119%	112%	16.8%	15.7%	18.5%	16.6%	17.9%	5.9%	1.8%	5.2%
	Mean	\$2,519	11.6 x	23.7 x	9.2%	1.5 x	181%	122%	17.0%	18.1%	18.7%	17.0%	17.2%	-2.2%	20.1%	23.1%
	Median	\$2,096	9.7 x	19.9 x	9.4%	2.1 x	157%	112%	16.8%	17.1%	18.5%	16.6%	17.9%	-3.3%	27.3%	27.3%
	inoutan	42,000	011 A	1010 A	0.470	2.1 A	131 /	.12./0	10.070		101070	10.070		-0.07	2.1.570	211070
ww	WW International, Inc.	\$1,933	9.4 x	12.3 x	6.9%	3.9 x	152%	140%	22.9%	27.0%	30.5%	25.7%	25.2%	-4.8%	6.7%	14.2%

Source: S&P Capital IQ as of 11/20/2020



Recent transactions suggest that providers of nutritional/weight loss programs and products sold for 2x Revenue or 14.5x EBITDA, on average

(\$ in Millions)

				Aggregate	LTM Mu	ultiples
Date (1)	Target	Buyer	Target Description	Consideration (2)	Revenues	EBITDA
11/7/2019	Quest Nutrition	Simply Good Foods Company	Provider of nutritional products	\$1,000.0	2.9 x	20.0 x
10/7/2019	Popsugar	Group Nine Media	Lifestyle media company; monthly subscription business	\$300.0	3.0 x	n/a
10/1/2019	Refinery29	TPG Capital, VICE Media	Lyfestyle media company targeting young women.	\$400.0	4.0 x	n/a
12/10/2018	Nutrisystem, Inc.	Tivity Health, Inc.	Provider of nutritional products and structured weight loss program (Nutrisystem)	\$1,297.6	1.9 x	14.7 x
10/11/2018	Slim-Fast Foods Co.	Glanbia plc	Provider of nutritional products and structured weight loss program (Slim-Fast)	\$350.0	1.7 x	14.6 x
4/11/2017	Atkins Nutritionals, Inc.	Conyers Park Acquisition Corp.	Provider of nutritional products and structured weight loss program (Dr. Atkins Diet)	\$856.0	2.0 x	11.6 x

Notes:

(1) Date of announcement

(2) Aggregate Consideration equals Equity Consideration plus Net Debt assumed

Source: S&P Capital IQ, SDR Ventures Health & Wellness M&A Reports



Program Comp

Appendix: Competitor Program Comparison

Of comparable programs, WW boasts the highest revenue, most affordable programs, most downloaded app, highest Instagram followers and engagement, #1 rank on US News Health, most scientific studies proving effectiveness, and largest ambassador social following, led by minority owner Oprah Winfrey

	The second secon	Jenny Craig	Noom	Nutrisystem	Optavia	Herbalife
Characteristics	Leading commercial weight loss program with numerous scientific studies Build own meal	- 5 pre-packaged meals per day	Behavioral focused program to changed habits Foods are alocated colors to identify go-tos	- Prepackaged food delivered to home, with consumption every 2-3 hours - Focus on low-flycemic carbs and high in protein	 Prepackaged food providing clients with 80% of daily caloric intake Support provided by coaches 	- Shake mix powder, Formula 1 - Consumption 1-2/day, at home/nutrition clubs
Price per month	- \$14.50 Digital - \$31.15 Workshop + Digital - \$57.10 Personal Coaching + Digital	- \$450+	- \$59 monthly auto-recurring	- \$246 Basic - \$300 Uniquely Yours - \$364 Uniquely Yours Ultimately	- \$415 5&1 Plan - \$408 4&2&1 Plan - \$333 3&3 Plan	- \$42.85 Formula 1 Shake Mix - Daily consumption at club shake \$5- \$8
	- Workshop - Digital coaching - Connect (social media platform within app)	- Coach - Community blog	- Coach	- Weight loss counselors	- Coach & community support	Community at nutrition clubs Distributors
Need to cook	.*.		× .	x	x	×
Арр		×.	*	*	×	×
Rank on US News Health	#1 best commercial diet plan	#2 best commercial diet plan	N/A	#6 best commercial diet plan	#10 best commercial diet plan	N/A
Review on US News Health	3.9	35	N/A	3	2.6	N/A
Weight loss per week	Up to 2lbs/week	1-2lbs per week	1-2lbs per week	1-2lbs per week	12lbs in 12 weeks	1-2lbs per week
Avg customer gender	Female	Female	Female	Female	Female	N/A
Avg customer age	40-50	40-50	18-60 (40-60 = 24%)	44-55	30-50	N/A
Annual revenue in NA (SM)	\$980	\$400 *(company total)	\$237	\$500	\$688	\$633* (assuming weight loss mix)

Source: Jefferies equity research



Basio Data				Capital Struct	ure- 9/28/20				ptions			Bear Case Pro	jections			
Ticker	ww		Size	Rate	Rate info	Paydown?	Maturity	Size (000)	Strike		12/31/19	1	2	3	4	5
NOLs (\$M)	\$0.0	Cash:	\$204.4	0.10%				3,700	\$21.77	Revenue	\$1,387	\$1,358	\$1,358	\$1,352	\$1,356	\$1,363
FY Model?		Revolver	\$0.0	4.04%	L + 225bps	~	2022	1	999.00	Growth		-2.1%	0.0%	-0.4%	0.3%	0.6%
LTM for Model		Term Loan	\$1,271.3	6.54%	L + 475bps	÷	2024	- i	999.00	PF Growth		52.170	0.036	-0.439	0.376	0.07
Basic Shares			\$300.9							PP Growin						
	69,684			8.63%	Fixed	N	2025		999.00		200	204	202	242	244	-
Gross PP&E	\$364.7	Capital Leases	\$145.3	6.90%	Fixed	Y	2021		999.00	EBITDA	350	324	323	313	311	319
US Co.? (Y or N)	Y						I	1	999.00	Margin	25.2%	23.0%	23.8%	23.1%	23.0%	23.4%
							I	1	999.00	Growth		-7.6%	-0.3%	-3.0%	-0.5%	2.6%
							I	1	999.00							
								1	999.00	Total CpEx		68	71	72	72	73
			Operating	History			Mor	deling Projection	6	% EBITDA		21.0%	22.0%	23.0%	23.0%	23.0%
						-								-	_	
		2016-2019	2014-2019	2012-2019	2012-2016		Yr 1 - 5	Yr 1 - 5	Yr 1 - 5	Net NCWC	-69	-68	-75	-74	-75	-75
		Actual	Actual	Actual	Actual	-	Worse	Anchor	Better	% Rev	-5.0%	-5.0%	-5.5%	-5.5%	-5.5%	-5.6%
Revenue CAGR		6.7%	-0.9%	-3.7%	-10.8%		-0.4%	2.5%	3.6%							
Average EBITDA Margin		26.5%	25.5%	26.7%	26.0%		23.4%	31.0%	33.9%	ROIC		103.7%	99.6%	91.0%	85.7%	83.1%
Average CapEx/EBITDA		12.6%	13.2%	13.1%	13.6%		22.4%	15.9%	15.9%							
Average NNCWC/Revenue		-7.7%	-8.9%	-9.2%	-10.2%		-5.4%	-6.4%	-7.0%	Net Debt	1,368	1,397	1,264	1,140	1,012	871
Average ROIC		145.4%	138.3%	190.9%	214.2%		92.6%	139.0%	151.6%	ND/EBITDA	3.900x	4.315x	3.917x	3.643x	3.240x	2.726)
Average Net Debt/EBITDA		4.8x	5.5x	5.2x	5.9x		3.6x	2.4x	2.0x							
EBITDA CAGR		10.9%	-0.3%	-6.1%	-17.0%		-1.8%	8.8%	12.3%	Tax Rate		23.0%	23.0%	23.0%	23.0%	23.0%
		19.2 /	0.270	0.170			1.4.1	0.010				2.6%	2.5%	2.5%	2.5%	2.5%
										Share Growth		2.0%	2.0%	2.0%	2.0%	2.6%
			Histor	ioal Operating D	ata							Base Case Pro	jections			
	12/29/2012	12/28/2013	1/3/2015	1/2/2016	12/31/2016	12/30/2017	12/29/2018	12/28/2019	LTM 09/20		12/31/19	1	2	3	4	5
Revenue	\$1,839	\$1,724	\$1,480	\$1,164	\$1,165	\$1,307	\$1,514	\$1,413	\$1,387	Revenue	\$1,387	\$1,397	\$1,446	\$1,499	\$1,534	\$1,573
Growth		-6.3%	-14.2%	-21.3%	0.0%	12.2%	15.9%	-6.7%		Growth		0.7%	3.5%	3.7%	2.4%	2.6%
PF Growth		-6.2%	-14.2%	-16.3%	1.4%	12.1%	14.7%	-5.0%		Growin		0.776	3.076	2.7 %	2.470	2.0%
PP Growin		-0.270	19.270	-10.376	1.478	12.1%	14.779	10.016								
EBITDA	563	518	369	253	267	353	462	363	350	EBITDA	350	379	429	472	504	533
Margin	30.6%	30.0%	24.9%	21.8%	22.9%	27.0%	30.5%	25.7%	25.2%	Margin	25.2%	27.1%	29.7%	31.6%	32.9%	33.9%
Growth		-8.1%	-28.8%	-31.3%	5.2%	32.4%	30.9%	-21.4%		Growth		0.1%	13.3%	10.2%	0.7%	6.7%
Total CpEx	79	62	52	37	35	41	57	49	62	Total CpEx		66	71	73	76	80
% of EBITDA	14.0%	11.9%	14.2%	14.7%	13.0%	11.6%	12.3%	13.4%	17.7%	% EBITDA		17.6%	10.5%	15.5%	15.0%	16.0%
Net NGWC	(194)	(169)	(185)	(115)	(96)	(111)	(101)	(106)	(69)	Net NCWC	-69	-84	-94	-97	-100	-102
% of Rev	-10.5%	-9.8%	-12.5%	-9.9%	-8.2%	-8.5%	-6.6%	-7.5%	-5.0%	% Rev	-5.0%	-6.0%	-0.5%	-0.5%	-6.5%	-6.6%
76 07 HEV	-10.5%	-2.070	-12.5%	-3.376	-0.270	-0.576	-0.070	-7.270	-5.076	20 ACV	70.079	-0.0%	-0.076	-0.076	-0.079	-0.0%
	104.00	070.00	455.54		405.35	100.10	463.00/	440.00				105.55	120.20	442.00	4.42.00	440.70
ROIC	421.0%	276.8%	165.5%	82.6%	125.3%	152.1%	163.8%	140.2%	118.4%	ROIC		126.6%	138.3%	143.6%	143.9%	142.3%
Net Debt	2,350	2,221	2,099	2,012	1,926	1,752	1,511	1,415	1,368	Net Debt	1,368	1,335	1,111	966	966	966
ND/EBITDA	4.2 x	4.3 x	5.7 x	7.9 x	7.2 x	6.0 x	3.3 x	3.9 x	3.9 x	ND/EBITDA	3.900x	3.627x	2.692x	2.045x	1.017x	1.013
Tax Rate										Tax Rate		23.0%	23.0%	23.0%	23.0%	23.0%
Share Growth										Share Growth		2.3%	2.3%	2.3%	2.3%	2.3%
										-						
			Exit Mult	iples & Discoun	t Hate							Bull Case Proj				
											12/31/19	1	2	3	4	5
	Forecast			Implied	LTM Mutiples (2 Exit				Revenue	\$1,387	\$1,431	\$1,496	\$1,557	\$1,604	\$1,656
	Exit	-	TEV/EBITDA							Growth		3.2%	4.5%	4.0%	3.0%	3.2%
	TEV/EBITDA		-CapEx	TEV/EBIT	FCF Yield	TEV/Rev	P/E									
Case A	7.00x		9.1 X	9.7 x	10.3%	1.6 x	10.9 x									
Case B	8.50x		10.0 x	10.3 x	8.4%	2.9 x	12.5 x			EBITDA	350	396	479	553	587	624
	9.50x		11.2 x	11.3 x	7.3%	3.6 x	14.1 X				25.2%	27.7%	32.0%	35.6%	30.0%	37.7%
Case C	0.0UX		11.2.X	11.3 X	1.076	3.0 X	14.1 X			Margin	26.279					
										Growth		13.1%	21.0%	15.4%	6.2%	6.3%
Discount Rate	15.0%															
Minimum Cash	\$0.00									Total CpEx		69	79	86	88	94
										% EBITDA		17.6%	10.5%	15.5%	15.0%	15.0%
			Historia	al Average Mult	iples											
										Net NCWC	-69	-100	-105	-109	-112	-116
										% Rev	-5.0%	-7.0%	-7.0%	-7.0%	-7.0%	-7.0%
	TEV /		TEV/EBITDA													
	EBITDA		-CapEx	TEV/EBIT	FCF Yield	TEV/Rev	P/E			ROIC		137.9%	152.9%	160.5%	155.7%	151.0%
Current	9.1 x	-	11.1 x	9.3 x	7.3%	2.3 x	11.6 x					1000				101.07
										Net Debt	1,368	1 305	1,051	906	906	906
3 Yr Avg	10.7 x		11.3 x	12.2 X	9.0%	3.0 x	23.0 x			Net Debt		1,305				
5 Yr Avg	11.4 x		11.8 x	13.3 x	9.6%	3.0 x	23.2 x			ND/EBITDA	3.906x	3.290x	2.190x	1.039x	1.643x	1.452)
7 Yr Avg	10.6 x		11.0 x	12.5 X	13.2%	2.7 X	19.5 x									
10 Yr Avg	10.5 x		11.0 x	12.0 x	12.2%	2.9 X	17.9 x			Tax Rate		22.0%	22.0%	22.0%	22.0%	22.0%
Max (17Yr) Avg	11.3 x		11.7 x	12.4 X	10.3%	3.3 x	18.5 x			Share Growth		2.1%	2.1%	2.1%	2.1%	2.1%
														1.2		

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WW International, Inc.																			Base (Case Ass	umptions
						Fiscal Year	Ended Decer	mber 31.						9 Months	Ended.	LTM			Model Year,		
(in € thousands)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	9/30/2019	9/30/2020	9/30/2020	1	2	3	4	5
Service Business																					
Digital Subscription Revenues % growth % constant currency growth % CAGR (2007 - 2019)	151,625 13.1%	185,806 22.5%	195,985 5.5%	238,756 21.8%	399,495 07.3%	504,338 26.2%	509,135 1.0% 0.9%	437,385 -14.1% -13.8%	349,557 -20.1% -14.9%	343,789 -1.7% -0.7%	416,722 21.2% 20.7%	567,767 38.2% 34.9%	609,996 7.4% 9.6%	459,764	541,197 17.7% 17.8%	691,429	795,143 15.0%	874,658 10.0%	944,630 8.0%	996,585 5.5%	1,051,397 5.5%
Gross Profit % margin											0	454,214 80.0%	487,997 80.0%			553,143 80.0%	636,115 <i>80.0</i> %	699,726 80.0%	755,704 80.0%	797,268 80.0%	841,118 80.0%
Studio Fees + Digital Fees % growth % constant currency growth % CAGR (2007 - 2019)	880,724 -2.5%	908,084 3.1%	817,523 -10.0%	819,646 0.3%	990,296 20.8%	934,933 -5.0%	851,626 -8.9% -8.8%	744,560 -12.0% -12.0%	587,801 -21.1% -16.3%	605,332 3.0% 4.5%	664,957 9.8% 9.8%	705,429 6.1% 5.3%	597,270 -15.3% -14.0%	458,771	358,767 -21.8% -21.5%	497,266	422,575 -15.0%	401,542 -5.0%	389,496 -3.0%	377,811 -3.0%	366,477 -3.0%
Gross Profit % margin												310,505 44.0%	216,362 36.2%			163,041 32.8%	126,803 30.0%	128,494 32.0%	128,534 33.0%	128,456 34.0%	124,602 34.0%
Service Revenue % growth % constant currency growth % CAGR (2007 - 2019)	1,032,349 2.0%	1,093,890 6.0%	1,013,508 -7.3%	1,058,402 4.4%	1,389,791 31.3%	1,439,271 3.6%	1,360,761 -5.5% -5.4%	1,181,945 -13.1% -13.0%	937,368 -20.7% -15.8%	949,121 1.3% 2.5%	1,081,679 14.0% 13.7%	1,273,196 17.7% 16.7%	1,207,266 -5.2% -3.5%	918,535	899,964 -2.0% -1.8%	1,188,695	1,217,819 2.5%	1,276,200 4.8%	1,334,126 4.5%	1,374,396 3.0%	1,417,874 3.2%
Cost of Services					_	559,325	558,451	535,320	477,926	468,761	486,293	508,477	502,907	373,452	343,056	472,511	454,902	447,980	449,888	448,672	452,154
Gross Profit % gross margin						879,946 61.1%	802,310 59.0%	645,625 54.7%	459,442 49.0%	480,360 50.6%	595,386 55.0%	764,719 60.1%	704,359 58.3%	545,083 59.3%	556,908 <i>61.9</i> %	716,184 60.2%	762,918 62.6%	828,220 64.9%	884,238 66.3%	925,724 67.4%	965,720 68.1%
Product Sales and Oth	er																				
In-Workshop Product Sales % growth % CAGR (2007 - 2019)	337,659 -8. 4%	339,775 0.6%	292,085 -14.0%	304,951 4.4%	334,303 9.6%	294,758 -11.8%	211,963 -28.1%	169,101 -20.2%	127,291 -24.7%	125,508 -1.4%	137,855 9.8%	148,856 8. <i>0</i> %	118,493 -20.4%								
Licensing, Royalties and Other % growth % CAGR (2007 - 2019)	97,159 -0.9%	102,147 5.1%	93,319 -8.6%	88,674 -5.0%	108,400 22.2%	105,403 -2.8%	151,399 43.6%	128,870 -14.9%	99,760 -22.6%	90,273 -9.5%	87,377 -3.2%	92,069 5.4%	87,578 -4.9%								
Product Sales and Other % growth % constant currency growth % CAGR (2007 - 2019)	434,818	441,922 1.0%	385,405 -12.8%	393,635 2.1%	442,703 12.5%	400,161 -9.0%	363,362 -9.2% -9.2%	297,971 -18.0% -18.5%	227,051 -23.8% -18.2%	215,781 -5.0% -3.2%	225,232 4.4% 4.7%	240,925 7.0% 5.3%	205,071 -14.5% -12.8%	162,219	154,733 -4.6% -4.5%	198,585	178,727 -10.0%	169,790 -5. <i>0</i> %	164,696 -3.0%	159,756 -3.0%	154,963 -3.0%
Cost of Services Gross Profit % gross margin					-	186,289 213,872 53.4%	164,560 198,802 54.7%	142,045 155,926 52.3%	112,406 114,645 50.5%	110,640 105,141 48.7%	127,969 97,263 43.2%	139,234 101,691 42.2%	123,748 82,323 39.9%	95,771 66,448 <i>41.0</i> %	115,882 38,851 25.1%	143,859 54,726 27.0%	49,150 27.5%	46,692 27.5%	45,292 27.5%	43,933 27.5%	42,615 27.5%
Consolidated	1,467,167		1,398,913	1,452,037	1,832,494	1,839,432	1,724,123	1,479,916	1,164,419	1,164,902	1,306,911	1,514,121	1,413,337	1,080,754	1,054,697	1,387,280	1,396,546	1,445,990	1,498,823	1,534,152	1,572,837
% growth % constant currency growth % CAGR (2007 - 2019)	0.4%	4.7%	-8.9%	3.8%	26.2%	0.4%	-6.3% -6.2%	-14.2% -14.2%	-21.3% -16.3%	0.0% 1.4%	12.2%	15.9% 14.7%	-6.7% -5.0%	[-2.4% -2.2%		0.7%	3.5%	3.7%	2.4%	2.5%
Cost of Services Gross Profit % gross margin	813,936 55.5%	834,977 54.4%	727,974 52.0%	790,630 54.4%	1,058,505 57.8%	745,614 1,093,818 59.5%	723,011 1,001,112 58.1%	677,365 802,551 54.2%	590,332 574,087 40.3%	579,401 585,501 50.3%	614,262 692,649 53.0%	647,711 866,410 57.2%	626,655 786,682 55.7%	469,223 611,531 50.0%	458,938 595,759 50.5%	616,370 770,910 55.0%	812,067 58.1%	874,912 60.5%	929,529 62.0%	969,657 63.2%	1,008,335 64.1%
Marketing Expenses % of sales % growth % CAGR (2007 - 2019)	205,336 14.0% 1.4%	227,437 14.8% 10.8%	200,479 14.3% -11.9%	217,120 15.0% 8.3%	302,923 16.5% 39.5%	353,673 19.2% 10.8%	295,628 17.1% -16.4%	262,258 17.7% -11.3%	201,021 17.3% -23.3%	194,398 16.7% -3.3%	200,797 15.4% 3.3%	225,319 14.9% 12.7%	243,998 17.3% 7.8%	200,543 18.6%	198,090 18.8% -1.2%	241,545 17.4%	248,864 17.8% 3.0%	255,940 17.7% 2.8%	262,294 17.5% 2.5%	266,942 17.4% 1.8%	272,730 17.3% 2.2%
SG&A (excl. D&A and SBC) % of sales % growth % CAGR (2007 - 2019)	140,484 9.6% 2.1%	145,232 0.5% 3.4%	132,077 0.4% -0.1%	140,882 9.7% 6.7%	164,367 9.0% 16.7%	176,785 9.0% 7.0%	187,896 10.9% 6.3%	171,907 11.0% -8.5%	120,180 10.3% -30.1%	125,016 10.7% 4.0%	139,283 10.7% 11.4%	178,318 11.8% 28.0%	179,893 12.7% 0.0%	133,543 12.4%	132,813 12.0% -0.5%	179,163 12.0%	184,623 13.2% 3.0%	190,148 13.2% 3.0%	194,847 13.0% 2.5%	198,673 13.0% 2.0%	202,739 12.0% 2.0%
Adjusted EBITDA	468,116 31.9% -2.1%	462,308 30.1% -1.2%	395,418 28.3% -14.5%	432,628 29.8% 9.4%	591,215 32.3% 36.7%	563,360 30.6% -4.7%	517,588 30.0% -8.1%	368,386 24.9% -28.8%	252,886 21.7% -31.4%	266,087 22.8% 5.2%	352,569 27.0% 32.5%	461,773 30.5% 31.0%	362,791 25.7% -21.4%	277,445 25.7%	264,856 25.1% -4.5%	350,202 25.2%	378,579 27.1% 8.1%	428,824 29.7% 13.3%	472,389 31.5% 10.2%	504,042 32.9% 6.7%	532,866 33.9% 5.7%

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WW International, Inc. Bear Case Assumptions																					
						Fiscal Yea	r Ended Dece	mber 31.						9 Months	Ended.	LTM			Model Year.		
(In € thousands)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	9/30/2019	9/30/2020	9/30/2020	1	2	3	4	5
Service Business																					
Digital Subscription Revenues % growth % constant currency growth % CAGR (2007 - 2019)	151,625 13.1%	185,806 22.5%	195,985 5.5%	238,756 21.8%	399,495 07.3%	504,338 26.2%	509,135 1.0% 0.9%	437,385 -14.1% -13.8%	349,567 -20.1% -14.9%	343,789 -1.7% -0.7%	416,722 21.2% 20.7%	567,767 36.2% 34.9%	609,996 7.4% 9.6%	459,764	541,197 17.7% 17.8%	691,429	746,743 8.0%	805,483 8.0%	846,807 5.0%	876,445 3.5%	907,121 3.5%
Gross Profit % margin											C	454,214 80.0%	487,997 80.0%			553,143 80.0%	582,460 78.0%	620,992 77.0%	643,573 76.0%	657,334 75.0%	680,341 75.0%
Studio Fees + Digital Fees % growth % constant currency growth % CAGR (2007 - 2019)	880,724 -2.5%	908,084 3.1%	817,523 -10.0%	819,646 0.3%	990,296 20.8%	934,933 -5.0%	851,626 -8.9% -8.8%	744,560 -12.0% -12.0%	587,801 -21.1% -16.3%	605,332 3.0% 4.5%	664,957 9.8% 9.8%	705,429 0.1% 5.3%	597,270 -15.3% -14.0%	458,771	358,767 -21.8% -21.5%	497,266	422,676 -15.0%	371,955 -12.0%	334,759 -10.0%	318,021 -5.0%	302,120 -5.0%
Gross Profit % margin												310,505 44.0%	216,362 36.2%			163,041 32.8%	122,576 29.0%	100,428 27.0%	83,690 25.0%	79,505 25.0%	75,530 25.0%
Service Revenue % growth % constant currency growth % CAGR (2007 - 2019)	1,032,349	1,093,890 6.0%	1,013,508 -7.3%	1,058,402 4.4%	1,389,791 37.3%	1,439,271 3.6%	1,360,761 -5.5% -5.4%	1,181,945 -13,1% -13,0%	937,368 -20.7% -15.8%	949,121 1.3% 2.5%	1,081,679 14.0% 13.7%	1,273,196 17.7% 16.7%	1,207,266 -5.2% -3.5%	918,535	899,964 -2.0% -1.8%	1,188,695	1,169,419 -1.0%	1,178,438 0.8%	1,181,566 0.3%	1,194,467 1.1%	1,209,241 7.2%
Cost of Services Gross Profit % gross margin					-	559,325 879,946 <i>61.1%</i>	558,451 802,310 59.0%	535,320 646,625 54.7%	477,926 459,442 40.0%	468,761 480,360 50.6%	486,293 595,386 55.0%	508,477 764,719 60.1%	502,907 704,359 58.3%	373,452 545,083 59.3%	343,056 556,908 61.9%	472,511 716,184 00.2%	464,384 705,036 60.3%	457,018 721,420 <i>61.2%</i>	454,303 727,263 01.0%	457,627 736,839 61.7%	453,371 755,871 62.5%
Product Sales and Oth	er																				
In-Workshop Product Sales % growth % CAGR (2007 - 2019)	337,659 -8. 4%	339,775 0.0%	292,086 -14.0%	304,961 4.4%	334,303 9.6%	294,758 -11.8%	211,963 -28.1%	169,101 -20.2%	127,291 -24.7%	125,508 -1.4%	137,855 9.8%	148,856 8.0%	118,493 -20.4%								
Licensing, Royalties and Other % growth % CAGR (2007 - 2019)	97,159 -0.9%	102,147 5.1%	93,319 -8.0%	88,674 -5. <i>0%</i>	108,400 22.2%	105,403 -2.8%	151,399 43.0%	128,870 -14.9%	99,760 -22.0%	90,273 -9.5%	87,377 -3.2%	92,069 5.4%	87,578 -4.9%								
Product Sales and Other % growth % constant currency growth % CAGR (2007 - 2019)	434,818	441,922 1.0%	385,405 -12.8%	393,635 2.1%	442,703 12.5%	400,161 -9.6%	363,362 -9.2% -9.2%	297,971 -18.0% -18.5%	227,051 -23.8% -18.2%	215,781 -5.0% -3.2%	225,232 4.4% 4.7%	240,925 7. <i>0</i> % 5.3%	206,071 -14.5% -12.8%	162,219	154,733 -4.0% -4.5%	198,585	188,656 -5. <i>0</i> %	179,223 -5.0%	170,262 -5.0%	161,749 -5.0%	153,661 -5.0%
Cost of Services Gross Profit % gross margin					-	186,289 213,872 53.4%	164,560 198,802 54.7%	142,045 155,926 52.3%	112,406 114,645 50.5%	110,640 105,141 48.7%	127,969 97,263 43.2%	139,234 101,691 42.2%	123,748 82,323 30.0%	95,771 66,448 <i>41.0</i> %	115,882 38,851 25.1%	143,859 54,726 27.0%	51,880 27.5%	46,598 26.0%	42,565 25.0%	40,437 25.0%	38,415 25.0%
Consolidated																					
Total Revenue % growth % constant currency growth % CAGR (2007 - 2019)	0.4%	1,535,812 4.7%	1,398,913 -8.9%	1,452,037 3.8%	1,832,494 26.2%	1,839,432 0.4%	1,724,123 -6.3% -6.2%	1,479,916 -14.2% -14.2%	1,164,419 -21.3% -16.3%	1,164,902 0.0% 1.4%	1,306,911 12.2% 12.1%	1,514,121 15.9% 14.7%	1,413,337 -6.7% -5.0%	1,080,754	1,054,697 -2.4% -2.2%	1,387,280	1,358,075 -2.1%	1,357,661 0.0%	1,351,828 -0.4%	1,356,215 0.3%	1,362,902 0.5%
Cost of Services Gross Profit	813,936	834,977	727,974	790,630	1,058,505	745,614	723,011	677,365	590,332 574,087	579,401 585,501	614,262 692,649	647,711 866,410	626,655	469,223	458,938	616,370	756,916	768,018	769,829	777,276	794.286
% gross margin	55.5%	54.4%	52.0%	54.4%	57.8%	50.5%	58.1%	54.2%	40.3%	50.3%	53.0%	57.2%	55.7%	50.0%	50.5%	55.0%	55.7%	50.0%	50.9%	57.3%	58.3%
Marketing Expenses % of sales % growth % CAGR (2007 - 2019)	205,336 14.0% 1.4%	227,437 14.8% 10.8%	200,479 14.3% -11.9%	217,120 15.0% 8.3%	302,923 16.5% 39.5%	353,673 19.2% 10.8%	295,628 17.1% -10.4%	262,258 17.7% -11.3%	201,021 17.3% -23.3%	194,398 16.7% -3.3%	200,797 15.4% 3.3%	226,319 14.9% 12.7%	243,998 17.3% 7.8%	200,543 18.6%	198,090 18.8% -1.2%	241,545 17.4%	248,528 18.3% 2.9%	255,240 18.8% 2.7%	262,255 19.4% 2.7%	267,174 19.7% 1.9%	272,580 20.0% 2.0%
SG&A (excl. D&A and SBC) % of seles % growth % CACR (2007 - 2019)	140,484 9.0% 2.1%	145,232 9.5% 3.4%	132,077 9.4% -9.1%	140,882 9.7% 0.7%	164,367 9.0% 10.7%	176,785 9.6% 7.6%	187,896 10.9% 0.3%	171,907 11.0% -8.5%	120,180 10.3% -30.1%	125,016 10.7% 4.0%	139,283 10.7% 11.4%	178,318 11.8% 28.0%	179,893 12.7% 0.9%	133,543 12.4%	132,813 12.0% -0.5%	179,163 12.9%	184,698 13.6% 3.1%	190,073 14.0% 2.9%	194,663 14.4% 2.4%	198,686 14.7% 2.1%	202,391 14.9% 1.9%
Adjusted EBITDA % of sales % growth % CAGR (2007 - 2019)	468,116 31.9% -2.1%	462,308 30.1% -1.2%	395,418 28.3% -14.5%	432,628 29.8% 9.4%	591,215 32.3% 38.7%	563,360 30.6% -4.7%	517,588 30.0% -8.1%	368,386 24.9% -28.8%	252,886 21.7% -31.4%	266,087 22.8% 5.2%	352,569 27.0% 32.5%	461,773 30.5% 31.0%	362,791 25.7% -21.4%	277,445 25.7%	264,856 25.1% -4.5%	350,202 25.2%	323,690 23.8% -7.8%	322,705 23.8% -0.3%	312,911 23.1% -3.0%	311,416 23.0% -0.5%	319,314 23.4% 2.5%

WW International, Inc.																			Bull (Case Ass	sumptions
						Fiscal Yea	r Ended Dece	mber 31,						9 Months	Ended,	LTM			Model Year,		
<u>(in € thousands)</u>	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	9/30/2019	9/30/2020	9/30/2020	1	2	3	4	5
Service Business																					
Digital Subscription Revenues % growth % constant currency growth % CAGR (2007 - 2019)	151,625 13.1%	185,806 22.5%	195,985 5.5%	238,756 21.8%	399,495 67.3%	504,338 26.2%	509,135 1.0% 0.9%	437,385 -14.1% -13.8%	349,567 -20.1% -14.9%	343,789 -1.7% -0.7%	416,722 21.2% 20.7%	567,767 30.2% 34.9%	609,996 7.4% 9.6%	459,764	541,197 17.7% 17.8%	691,429	795,143 15.0%	914,415 15.0%	1,024,145 12.0%	1,085,593 6.0%	1,150,729 6.0%
Gross Profit % margin											[454,214 80.0%	487,997 80.0%			553,143 80.0%	636,115 <i>80.0%</i>	731,532 80.0%	819,316 <i>80.0</i> %	868,475 80.0%	920,583 80.0%
Studio Fees + Digital Fees % growth % constant currency growth % CAGR (2007 - 2019)	880,724 -2.5%	908,084 3.1%	817,523 -10.0%	819,646 0.3%	990,296 20.8%	934,933 -5.0%	851,626 -8.9% -8.8%	744,560 -12.0% -12.0%	587,801 -21.1% -16.3%	605,332 3.0% 4.5%	664,957 0.8% 0.8%	705,429 6.1% 5.3%	597,270 -15.3% -14.0%	458,771	358,767 -21.8% -21.5%	497,266	447,539 -10.0%	402,785 -10.0%	362,507 -10.0%	353,444 -2.5%	344,608 -2.5%
Gross Profit % margin												310,505 44.0%	216,362 30.2%			163,041 32.8%	138,737 31.0%	140,975 35.0%	137,753 38.0%	134,309 38.0%	130,951 38.0%
Service Revenue % growth % constant currency growth % CAGR (2007 - 2019)	1,032,349	1,093,890 0.0%	1,013,508 -7.3%	1,058,402 4.4%	1,389,791 37.3%	1,439,271 3.0%	1,360,761 -5.5% -5.4%	1,181,945 -13.1% -13.0%	937,368 -20.7% -15.8%	949,121 1.3% 2.5%	1,081,679 14.0% 13.7%	1,273,196 17.7% 10.7%	1,207,266 -5.2% -3.5%	918,535	899,964 -2.0% -1.8%	1,188,695	1,242,683 4.5%	1,317,200 6.0%	1,386,652 5.3%	1,439,038 3. <i>8</i> %	1,495,337 3.0%
Cost of Services					-	559,325	558,451	535,320	477,926	468,761	486,293	508,477	502,907	373,452	343,056	472,511					
Gross Profit % gross margin						879,946 61.1%	802,310 50.0%	646,625 54.7%	459,442 40.0%	480,360 50.6%	595,386 55.0%	764,719 60.1%	704,359 58.3%	545,083 50.3%	556,908 61.9%	716,184 60.2%	774,852 62.4%	872,507 66.2%	957,068 69.0%	1,002,783 69.7%	1,051,534 70.3%
Product Sales and Oth	ner																				
In-Workshop Product Sales % growth % CAGR (2007 - 2019)	337,659 -8. 4%	339,775 0.0%	292,086 -14.0%	304,961 4.4%	334,303 9.6%	294,758 -11.8%	211,963 -28.1%	169,101 -20.2%	127,291 -24.7%	125,508 -1.4%	137,855 9.8%	148,856 8.0%	118,493 -20.4%								
Licensing, Royalties and Other % growth % CAGR (2007 - 2019)	97,159 -0.9%	102,147 5.1%	93,319 -8.0%	88,674 -5.0%	108,400 22.2%	105,403 -2.8%	151,399 43.0%	128,870 -14.9%	99,760 -22.0%	90,273 -9.5%	87,377 -3.2%	92,069 5.4%	87,578 -4.9%								
Product Sales and Other % growth % constant currency growth % CAGR (2007 - 2019)	434,818	441,922 1.6%	385,405 -12.8%	393,635 2.1%	442,703 12.5%	400,161 -9.6%	363,362 -9.2% -9.2%	297,971 -18.0% -18.5%	227,051 -23.8% -18.2%	215,781 -5.0% -3.2%	225,232 4.4% 4.7%	240,925 7. <i>0</i> % 5.3%	206,071 -14.5% -12.8%	162,219	154,733 -4.0% -4.5%	198,585	188,656 -5. <i>0</i> %	179,223 -5.0%	170,262 -5.0%	165,154 -3.0%	160,199 -3.0%
Cost of Services Gross Profit % gross margin					_	186,289 213,872 53.4%	164,560 198,802 54.7%	142,045 155,926 52.3%	112,405 114,645 50.5%	110,640 105,141 48.7%	127,969 97,263 43.2%	139,234 101,691 42.2%	123,748 82,323 30.0%	95,771 66,448 41.0%	115,882 38,851 25.1%	143,859 54,726 27.6%	54,710 29.0%	52,871 29.5%	51,079 30.0%	49,545 30.0%	48,060 30.0%
Consolidated																					
Total Revenue % growsh % constant currency growsh % CAGR (2007 - 2019)	1,467,167 0.4%	1,535,812 4.7%	1,398,913 -8.9%	1,452,037 3.8%	1,832,494 26.2%	1,839,432 0.4%	1,724,123 -6.3% -6.2%	1,479,916 -14.2% -14.2%	1,164,419 -21.3% -16.3%	1,164,902 0.0% 1.4%	1,306,911 12.2% 12.1%	1,514,121 15.9% 14.7%	1,413,337 -6.7% -5.0%	1,080,754	1,054,697 -2.4% -2.2%	1,387,280	1,431,339 3.2%	1,496,423 4.5%	1,556,913 4.0%	1,604,192 3. <i>0</i> %	1,655,536 3.2%
Cost of Services						745,614	723,011	677,365	590,332	579,401	614,262	647,711	626,655	469,223	458,938	616,370					
Gross Profit % gross margin	813,936 55.5%	834,977 54.4%	727,974 52.0%	790,630 54.4%	1,058,505 57.8%	1,093,818 59.5%	1,001,112 58.1%	802,551 54.2%	574,087 49.3%	585,501 50.3%	692,649 53.0%	866,410 57.2%	786,682 55.7%	611,531 50.0%	595,759 50.5%	770,910 55.6%	829,562 58.0%	925,378 61.8%	1,008,147 64.8%	1,052,330 65.6%	1,099,594 66.4%
Marketing Expenses	205,336	227,437	200,479	217,120	302,923	353,673	295,628	262,258	201,021	194,398	200,797	226,319	243,998	200,543	198,090	241,545	249,053	256,487	261,561	267,098	273,164
% of sales % growth	14.0%	14.8% 10.8%	14.3% -11.9%	15.0% 8.3%	10.5% 39.5%	10.2% 10.8%	17.1% -10.4%	17.7% -11.3%	17.3% -23.3%	10.7% -3.3%	15.4% 3.3%	14.9% 12.7%	17.3% 7.8%	18.6%	18.8% -1.2%	17.4%	17.4% 3.1%	17.1%	10.8%	2.1%	2.3%
% CAGR (2007 - 2019)	1.4%				02.076				20.076	,							2.776				
SG&A (excl. D&A and SBC) % of sales	140,484 9.6%	145,232 9.5%	132,077 9.4%	140,882 9.7%	164,367 9.0%	176,785	187,896 10.9%	171,907 11.0%	120,180 10.3%	125,016 10,7%	139,283 10.7%	178,318 11.8%	179,893 12.7%	133,543 12.4%	132,813 12.0%	179,163 12.9%	184,643	190,046 12.7%	193,836	198,118 12.4%	202,307
% growth	¥.V%	3.4%	-0.1%	0.7%	10.7%	7.0%	0.3%	-8.5%	-30.1%	4.0%	11.4%	28.0%	0.9%	12.4%	-0.5%	12.276	3.1%	2.9%	2.0%	2.2%	2.1%

Kenan-Flagler Business School HALLENGE The University of North Carolina

ALPHA

% CAGR (2007 - 2019)	2.1%																				
Adjusted EBITDA	468,116	462.308	395,418	432,628	591,215	563,360	517,588	368,386	252.886	266.087	352,569	461,773	362,791	277,445	264.856	350.202	395,866	478,845	552,750	587,114	624,124
% of sales	31.9%	30.1%	28.3%	29.8%	32.3%	30.6%	30.0%	24.9%	21.7%	22.8%	27.0%	30.5%	25.7%	25.7%		25.2%	27.7%	32.0%	35.5%	36.6%	37.7%
% growth		-1.2%	-14.5%	9.4%	36.7%	-4.7%	-8.1%	-28.8%	-31.4%	5.2%	32.5%	31.0%	-21.4%		-4.5%		13.0%	21.0%	15.4%	6.2%	6.3%
% CAGR (2007 - 2019)	-2.1%																				,



WW International, Inc.

Base Case Valuation

		Fis	cal Year End	ed		9 Months E	nded Sep			Mo	del Year End	ed,	
	1/2/2016	12/31/2016	12/30/2017	12/29/2018	12/28/2019	9/28/2019	9/26/2020	9/26/2020	9/27/2021	9/27/2022	9/27/2023	9/26/2024	9/27/2025
Revenues	1,164,419	1,164,902	1,306,911	1,514,121	1,413,337	1,080,754	1,054,697	1,387,280	1,396,546	1,445,990	1,498,823	1,534,152	1,572,83
% growth		0.0%	12.2%	15.9%	-6.7%		-2.4%		0.7%	3.5%	3.7%	2.4%	2.5
Adjusted EBITDA	253,334	266,550	352,941	462,152	363,174	277,937	264,923	350,159	378,579	428,824	472,389	504,042	532,86
% margin	21.8%	22.9%	27.0%	30.5%	25.7%	25.7%	25.1%		27.1%	29.7%	31.5%	32.9%	33.9
Depreciation and Amortization	(53,171)	(52,633)	(50,880)	(44,061)	(45,017)	(33,543)	(37,402)	(48,876)	(56,836)	(59,729)	(62,944)	(66,325)	(70,00
Amortization of Deferred Financing Costs	(6,886)	(6,116)	(6,112)	(8,539)	(9,318)	(6,876)	(6,614)	(9,056)	(9,787)	(9,787)	(9,787)		
SBC	(24,771)	(6,527)	(14,949)	(20,188)	(20,471)	(14,927)	(48,680)	(54,224)	(20,608)	(21,337)	(22,117)	(22,638)	(23,20
Other Expense	(2,027)	(1,524)	(472)	(2,578)	(1,758)	(2,201)	(230)	213					
Loss (Gain) on Brazil Acquisition Loss (Gain) on Early Extinsguishment of Debt	11,428	-	(8,969)		-	-	-	1					
Goodwill Impairment	11,420		(13,323)				(3,665)	(3,665)					
Minority Interest	(282)	(257)	(13,323)	(198)	(214)	(278)	(3,000)	28					
EBIT	177,623	199,493	258,061	386,588	286,396	220,112	168,295	234,579	291,349	337,971	377,541	415,078	439,65
Net Interest Expense	(121,843)	(115,160)	(112,784)	(142,346)	(135,267)	(103,045)	(92,281)	(124,503)	(106,513)	(86,796)	(74,469)	(69,456)	(69,45
EBT	55,780	84,333	145,277	244,242	151,129	117,067	76,014	110,076	184,836	251,174	303,072	345,623	370,20
Taxes	(22,835)	(16,634)	18,237	(20,493)	(31,513)	(26,834)	(13,546)	(18,225)	(42,512)	(57,770)	(69,707)	(79,493)	(85,14
% Tax Rate	40.9%	19.7%	-12.0%	8.4%	20.9%	22.0%	17.8%	10.0%	23.0%	23.0%	23.0%	23.0%	23.0
Net Income	32,945	67,699	163,514	223,749	119,616	90,233	62,468	91,851	142,323	193,404	233,366	266,129	285,05
Ending Adjusted NCWC	(114,964)	(95,920)	(111,338)	(100,637)	(105,696)	(113,251)	(69,106)	(69,106)	(83,793)	(93,989)	(97,423)	(99,720)	(102,234
% of Revenue	-9.9%	-8.2%	-8.5%	-0.0%	-7.5%			-5.0%	-0.0%	-0.5%	-0.5%	-0.5%	-0.5
ROIC	83%	125%	152%	164%	140%				127%	138%	144%	144%	142
Cash Flow:													
Net Income	32,945	67,699	163,514	223,749	119,616			91,851	142,323	193,404	233,366	266,129	285,05
Depreciation & Amortization	60,057	58,749	56,992	52,600	54,335			57,932	66,623	69,516	72,731	66,325	70,00
SBC	24,771	6,527	14,949	20,188	20,471			54,224	20,608	21,337	22,117	22,638	23,20
Change in NCWC	(69,906)	(19,044)	15,418	(10,701)	5,059			(44,145)	14,687	10,197	3,434	2,298	2,51
Total CapEx NOL Utilization (Creation)	(37,195)	(34,632)	(40,791)	(56,858)	(48,563)			(48,550)	(66,251)	(70,756)	(73,220)	(75,608)	(79,93
Cash Flow to Paydown Debt	10,672	79,299	210,082	228,978	150,918			111,312	177,990	223,698	258,427	281,783	300,84
Required Debt Amortization:													
Revolver													
Term Loan									-	-		-	-
Notes									-	-	-	-	-
Capital Leases									-				-
Total Debt Amortization									-	-	-	-	
Cash Flow After Scheduled Debt Amortization									177,990	223,698	258,427	281,783	300,84



Appendix: Valuation Model – Base Case Valuation Cont.

ternational, Inc.			Base Case Val
		Deter America	
		Return Summary	
		Year 0	1 2 3 4 5
	Dividends		
	Regular dividend to Equity Additional dividend to Equity		
	Total Dividends		
	Value of Dividend in Year 5		160,440 347,505 322,624
	FV Dividends		830,569
	Terminal Value @ Less Total Debt less Excess Cash Value of Equity Method Investments (Current B	8.5 x Book Value)	4,529,361 (966,085)
	Total Value of Equity		4,393,845
	Basic Shares % Growth	69,684	71,286 72,926 74,603 76,319 78,074 2.3% 2.3% 2.3% 2.3% 2.3%
	Option Dilution Ending F/D Shares		
	Ending Share Price	\$ 56.28	"Fair" Price at Various Exit Multiples
	Discount Rate Today's Date Model End Date	15% 11/20/2020 9/27/2025	6.5 x 7.5 x 8.5 x 9.5 x 10.5 x \$ 21.64 \$ 25.11 \$ 28.57 \$ 32.04 \$ 35.51
			Other Implied Multiples @ Exit
	"Fair" Price	\$28.57	TEV/EBITD A - Capex TEV / EBIT FCF Yield TEV / Rev P / E
	F/D Shares Today	69,684	10.0 x 10.3 x 8.4% 2.9 x 12.5 x
	CEV Today LTM Net Debt	1,991,194 1,513,073	Other Implied Multiples @ LTM
	Current TEV at "Fair Price"	3,504,267	TEV/EBITD A - Capex TEV / EBIT FCF Yield TEV / Rev P / E
	LTM TEV / EBITDA	10.0 x	11.6 x 14.9 x 5.6% 2.5 x 21.7 x



WW International, Inc.

Bear Case Valuation

Revenues 's growth 1,164,419 1,164,429 1,164,421 1,413,337 1,080,754 1,054,075 1,357,261 1,357,261 1,357,261 1,358,075 1,357,261 1,358,075 1,357,261 1,358,075 1,357,151 2,358,1 3,358,1			Fis	cal Year End	ed		9 Months E	nded Sep			Mo	del Year End	led,	
Signorth 0.04 12.24 15.89 4.7.4 2.464 2.15 0.05 4.454 5.2 Adjusted EBTDA Strangin 23.34 266.50 352,841 42.152 352,714 277,537 264.933 350,159 322,869 322.76 312.811 311.41 Strangin 22.64 27.69 30.89 327.357 264.93 350,159 322.86 322.76 312.811 311.41 Depreciation and Amoritation Description Costs (3.377) (2.62.83) (0.388) (0.4001) (4.507) (2.638) (2.777) (7.779) (2.034) (2.034) (2.034) (2.034) (2.034) (2.034) (2.034) (2.047) (2.58) (2.031) (2.034) (2.048) (2.041) (2.046) (2.041) (2.057) (2.041) (2.042) (2.143) (2.042) (2.143) (2.042) (2.143) (2.042) (2.143) (2.041) (2.143) (2.143) (2.143) (2.143) (2.143) (2.143) (2.143) (2.143) (2.143)		1/2/2016	12/31/2016	12/30/2017	12/29/2018	12/28/2019	9/28/2019	9/26/2020	9/26/2020	9/27/2021	9/27/2022	9/27/2023	9/26/2024	9/27/2025
Adjusted EBTDA Starsgin 233,34 265,59 522,841 422,152 363,174 277,937 264,923 300,159 323,859 322,75 312,111 311,411 Starsgin 21,84 22,84 22,04 320,019 323,859 322,75 312,111 311,411 Starsgin 22,84 22,84 22,84 22,94 <td< td=""><td></td><td>1,164,419</td><td>1,164,902</td><td>1,306,911</td><td>1,514,121</td><td>1,413,337</td><td>1,080,754</td><td>1,054,697</td><td>1,387,280</td><td>1,358,075</td><td>1,357,661</td><td>1,351,828</td><td>1,356,215</td><td>1,362,90</td></td<>		1,164,419	1,164,902	1,306,911	1,514,121	1,413,337	1,080,754	1,054,697	1,387,280	1,358,075	1,357,661	1,351,828	1,356,215	1,362,90
% margin 21.8% 22.8% 22.9%	h		0.0%	12.2%	15.9%	-6.7%		-2.4%		-2.1%	0.0%	-0.4%	0.3%	0.5
Depreciation and Amortization Amortization Sec (53, 171) (53, 523) (52, 833) (53, 863) (53, 812) (51, 810) (44, 261) (44, 261) (45, 617) (52, 77) (53, 724) (52, 77) (52, 833) (52, 77) (52, 833) (52, 77) (52, 833) (52, 77) (52, 833) (52, 77) (52, 77) (52, 77) (52, 77) (78) (52, 78) (52, 78)	DA	253,334	266,550	352,941	462,152	363,174	277,937	264,923	350,159	323,690	322,705	312,911	311,416	319,31
Amortazion of Deferred Francing Costs (6,886) (6,116) (6,112) (6,276) (6,276) (6,276) (6,277) (6,277) (6,277) (6,277) (6,277) (6,277) (6,277) (6,277) (6,277) (6,277) (6,277) (6,277) (6,277) (6,277) (6,277) (6,277) (6,277) (6,278) (7,277) (6,277) (7,277) (6,277) (7,277) (6,277) (7,277) (6,278) (7,277) (6,278) (7,277) (6,278) (7,277) (6,278) (7,277) (6,278) (7,277) (6,278) (7,277) (7,273) (7,273) (7,273) (7,273) (7,273) (7,273) (7,273) (7,273) (7,273) (7,273) (7,273) (7,273) (7,273)	n	21.8%	22.9%	27.0%	30.5%	25.7%	25.7%	25.1%		23.8%	23.8%	23.1%	23.0%	23.4
SBC (24.771) (6.827) (14,440) (20.186) (20.471) (14.820) (22.001) (230) (213) Loss (Gan) on Brazil Acquistion 1.14.26 (8.806) 1.758) (2.201) (230) 213 Loss (Gan) on Brazil Acquistion 1.14.26 (8.806) 1.14.26 (8.806) 1.14.26 (8.806) 1.14.26 (8.806) 1.14.26 (8.806) 1.14.26 (8.806) 1.14.26 (8.806) 1.14.26 (8.806) 1.14.26 (8.806) (105.826) 234.579 28.800 238.801 208.112 (106.285) (8.801) (106.285) (8.801) (106.285) (8.801) (106.285) (8.801) (106.285) (108.281) (10.1706) 128.379 128.379 128.379 128.379 128.379 128.379 128.379 128.379 128.379 128.371 128.379 128.379 128.379 128.379 128.379 128.379 128.379 128.379 128.379 128.379 128.379 128.379 128.379 128.371 124.470 115.00				(50,880)										(67,78
Other Expanse (2.027) (1.524) (47.22) (2.578) (1.758) (2.201) (2.00) 213 Loss (Gan) on Early Extinguishment of Debt 11.426 (8.809) - <	f Deferred Financing Costs			(6,112)	(8,539)	(9,318)		(6,614)		(9,787)	(9,787)	(9,787)		-
Loss (Gain) on Brazil Acquisition Loss (Gain) On Loss (Gain) (Ga		(24,771)		(14,949)	(20,188)	(20,471)		(48,680)	(54,224)	(20,040)	(20,034)	(19,948)	(20,013)	(20,11
Loss (Gani) on Early Extraguishment of Debt (14,284) (15,0890)		(2,027)	(1,524)	(472)	(2,578)	(1,758)	(2,201)	(230)	213					
Goodwillingamment .			-		-	-	-	-	-					
Mnorty Inferest (252) (257) (175) (198) (214) (278) (37) 28 EBIT 177,623 199,493 258,061 386,588 288,368 220,112 168,295 224,579 228,004 223,520 224,579 Net Interest Expense (121,433) (115,100) (112,744) (142,344) (115,129) (110,076 (108,525) (93,801) (85,412) (77,162) EBT 55,780 84,333 145,277 244,242 151,129 117,067 76,014 110,076 128,379 139,719 135,684 149,385 Nates (22,835) (16,634) 112,275 62,493 (31,513) (20,834) (118,256) (22,637) (22,136) (31,207) (24,38) (31,207) (24,38) (31,207) (24,38) (31,207) (24,38) (31,207) (24,38) (31,207) (24,38) (31,207) (24,38) (31,207) (24,38) (31,207) (24,38) (31,207) (24,38) (31,207) (24,38) <td< td=""><td></td><td>11,426</td><td>-</td><td>(8,969)</td><td>-</td><td>-</td><td>-</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></td<>		11,426	-	(8,969)	-	-	-							
EBIT 177,623 189,483 258,081 386,588 288,380 220,112 168,285 234,579 238,804 233,820 221,006 223,530 Net Interest Expense (121,443) (115,160) (112,744) (142,401) (108,045) (123,045) (108,525) (234,579 238,904 233,820 221,006 223,530 (108,525) (234,579 108,550) (23,150) (23,150) (23,151) (23,151) (23,151) (23,153) (2														
Net Interest Expense (121,843) (115,160) (112,724) (142,346) (136,045) (124,503) (108,525) (83,01) (88,412) (77,151) EBT 55,760 84,333 145,277 244,242 151,129 117,067 76,014 110,076 128,379 139,719 135,684 149,385 Taxes (22,353) (16,054) 182,227 (20,494) (31,613) (20,834) (13,546) (132,27) (24,476 115,026 22,096 17,296 128,379 139,719 135,684 149,385 Net Income 32,045 67,699 163,514 223,749 119,616 90,233 62,468 91,851 98,852 107,584 104,476 115,026 St Greenue -2.0% -5.2% -5.5% -4.0% -7.5% -5.0% -5.0% -5.5% -5.5% -5.5% -5.5% -5.5% -5.5% -5.5% -5.5% -5.5% -5.5% -5.5% -5.5% -5.5% -5.5% -5.5% -5.5% -5.5%	st													
EBT 55780 84.333 145.277 244.242 151,129 117.067 76.014 110.076 123.379 139.719 135.684 149.38 Taxes (22.836) (16.634) 18.237 (20.493) (31.513) (20.834) (13.255) (29.527) (32.135) (31.207) (34.38) Net Income 32.945 67.899 163.514 223.749 119.616 90.233 62.468 91.851 98.852 107.584 104.476 115.02 Ending Adjusted NCWC (114.984) (96.522) (111.338) (10.0377) (106.689) (113.251) (69.106) (67.904) (74.671) (74.351)		177,623	199,493	258,061	386,588	286,396	220,112	168,295	234,579	236,904	233,520	221,096	226,536	231,4
Taxes (22,835) (10,634) 18,237 (20,433) (31,513) (20,834) (13,546) (19,225) (29,527) (32,135) (31,207) (34,35) Net Income 32,945 67,699 183,514 223,749 119,016 90,233 62,488 91,851 98,852 107,584 104,478 115,02 Not Revenue -0.29% -5.5%	Expense	(121,843)	(115,160)	(112,784)	(142,346)	(135,267)	(103,045)	(92,281)	(124,503)	(108,525)	(93,801)	(85,412)	(77,155)	(68,3
% Tax Rate 40.9% 19.7% -12.0% 8.4% 20.9% 17.8% 10.0% 23.0%		55,780	84,333	145,277	244,242	151,129	117,067	76,014	110,076	128,379	139,719	135,684	149,382	163,0
Net Income 32,245 67,899 183,514 223,749 119,816 90,233 62,468 91,851 98,852 107,584 104,476 115,027 Ending Adjusted NCWC (114,964) (96,920) (111,338) (100,637) (106,696) (113,251) (90,106) (67,904) (74,671) (74,351) (74,558) ROIC 83% 125% 152% 164% 140% 104% 100% 91% 858 Cash Flow: Net Income 32,245 67,699 163,514 223,749 118,016 91,851 98,852 107,584 104,476 115,027 164% 104% 100% 91% 867 Cash Flow: Net Income 32,245 67,699 163,514 223,749 118,016 91,851 98,852 107,584 104,476 115,027 SBC 24,771 65,279 54,335 57,932 66,746 66,746 91,943 20,014 Chall CapEx (99,908) (19,044) 15,418 (10,701) <td></td> <td>(22,835)</td> <td>(16,634)</td> <td>18,237</td> <td>(20,493)</td> <td>(31,513)</td> <td>(26,834)</td> <td>(13,546)</td> <td>(18,225)</td> <td>(29,527)</td> <td>(32,135)</td> <td>(31,207)</td> <td>(34,358)</td> <td>(37,5</td>		(22,835)	(16,634)	18,237	(20,493)	(31,513)	(26,834)	(13,546)	(18,225)	(29,527)	(32,135)	(31,207)	(34,358)	(37,5
Ending Adjusted NCWC (114,964) (96,920) (111,338) (100,837) (105,096) (113,251) (69,106) (67,004) (74,871) (74,351) (74,	Rate	40.9%	19.7%	-12.0%	8.4%	20.9%	22.0%	17.8%	10.0%	23.0%	23.0%	23.0%	23.0%	23.
% of Revenue -9.9% -8.2% -8.5% -5.0%		32,945	67,699	163,514	223,749	119,616	90,233	62,468	91,851	98,852	107,584	104,476	115,024	125,5
sk of Revenue -9.0% -8.2% -8.5% -6.0% -7.5% -5.0% -5.0% -5.5%		(114,964)	(95,920)	(111,338)	(100,637)	(105,696)	(113,251)	(69,106)	(69,106)	(67,904)	(74,671)	(74,351)	(74,592)	(74,9
Cash Flow: Net Income 32,945 67,899 183,514 223,749 119,616 91,851 98,852 107,584 104,476 115,02 Depreciation & Amortization 60,057 58,749 56,992 52,600 54,335 57,932 66,746 69,151 71,867 64,863 SBC 24,771 6,527 14,449 20,188 20,471 54,224 20,040 20,034 19,948 20,017 Change in NCWC (89,906) (19,044) 15,418 (10,701) 5,059 (44,145) (1,202) 6,768 (321) 24 NoL Utilization (Creation) <td></td> <td>-9.9%</td> <td>-8.2%</td> <td>-8.5%</td> <td>-0.0%</td> <td>-7.5%</td> <td></td> <td></td> <td>-5.0%</td> <td>-5.0%</td> <td>-5.5%</td> <td>-5.5%</td> <td>-5.5%</td> <td>-5.</td>		-9.9%	-8.2%	-8.5%	-0.0%	-7.5%			-5.0%	-5.0%	-5.5%	-5.5%	-5.5%	-5.
Net Income 32,945 67,699 163,514 223,749 119,616 91,851 98,852 107,584 104,476 115,02 Depreciation & Amortization 60,057 58,749 56,092 52,000 54,335 57,932 66,746 69,161 71,867 64,66 SBC 24,771 6,527 14,949 20,188 20,471 54,224 20,040 20,034 19,948 20,017 Change in NCWC (69,906) (19,044) 15,418 (10,701) 5,059 (44,145) (1,202) 6,768 (321) 24 Total CapEx (37,195) (34,832) (40,791) (56,858) (48,563) (67,975) (70,995) (71,990) (71,62) NOL Utilization (Creation) - <td< td=""><td></td><td>83%</td><td>125%</td><td>152%</td><td>164%</td><td>140%</td><td></td><td></td><td></td><td>104%</td><td>100%</td><td>91%</td><td>86%</td><td>8</td></td<>		83%	125%	152%	164%	140%				104%	100%	91%	86%	8
Depreciation & Amortization 60,057 58,749 56,992 52,800 54,335 57,832 66,746 69,151 71,867 64,865 SBC 24,771 6,527 14,649 20,188 20,471 54,224 20,040 20,034 19,948 20,010 Charge in NCWC (69,906) (19,044) 15,418 (10,701) 5,059 (44,145) (1,202) 6,768 (321) 24 Total CapEx (37,195) (34,632) (40,791) (56,858) (48,560) (67,975) (70,995) (71,909) (71,620 NOL Utilization (Creation) - <td></td>														
SBC 24,771 6,527 14,949 20,188 20,471 54,224 20,040 20,034 19,948 20,010 Change in NCWC (69,906) (19,044) 15,418 (10,701) 5,059 (44,145) (1,202) 6,768 (321) 24 Total CapEx (37,195) (34,632) (40,791) (56,858) (48,650) (67,975) (70,995) (71,969) (71,62) NOL Utilization (Creation) -		32,945	67,699	163,514	223,749	119,616			91,851	98,852	107,584	104,476	115,024	125,5
Change in NCWC (89,908) (19,044) 15,418 (10,701) 5,059 (44,145) (1,202) 6,788 (321) 24 Total CapEx (37,195) (34,632) (40,791) (56,858) (48,563) (46,550) (67,975) (70,995) (71,969) (71,62) NOL Utilization (Creation) -	Amortization		58,749	56,992	52,600	54,335				66,746	69,151	71,867	64,867	67,7
Total CapEx (37,195) (34,832) (40,791) (56,858) (48,563) (48,560) (67,975) (70,995) (71,999) (71,929)		24,771		14,949	20,188	20,471				20,040	20,034	19,948	20,013	20,1
NOL Utilization (Creation) 10,672 79,299 210,082 228,978 150,918 111,312 116,461 132,541 124,001 128,513 Required Debt Amortization: Revolver -	WC	(69,906)								(1,202)	6,768	(321)	241	3
Cash Flow to Paydown Debt 10,672 79,299 210,082 228,978 150,918 111,312 116,461 132,541 124,001 128,515 Required Debt Amortization: -		(37,195)	(34,632)	(40,791)	(56,858)	(48,563)			(48,550)	(67,975)	(70,995)	(71,969)	(71,626)	(73,4
Required Debt Amortization: -	n (Creation)	-		-	-	-			-	-	-	-	-	-
Revolver - - - - Term Loan - - - - Notes - - - - Capital Leases - - - - Total Debt Amortization - - - -	Paydown Debt	10,672	79,299	210,082	228,978	150,918			111,312	116,461	132,541	124,001	128,519	140,3
Term Loan - - - - Notes - - - - Capital Leases - - - - Total Debt Amortization - - - -	Amortization:													
Term Loan - - - - Notes - - - - Capital Leases - - - - Total Debt Amortization - - - -										-				
Capital Leases										-				
Total Debt Amortization										-	-	-	-	-
Total Debt Amortization	ies									-				
										-	-	-	-	-
	er Scheduled Debt Amortization									116.461	132.541	124.001	128,519	140,3



Appendix: Valuation Model – Bear Case Valuation Cont.

ernational, Inc.		Bear Case V
·	Defense Comm	
	Return Summ	му
	Year 0	1 2 3 4 5
	Dividends	
	Regular dividend to Equity	
	Additional dividend to Equity	<u> </u>
	Total Dividends	· · · · ·
	Value of Dividend in Year 5	
	FV Dividends	
	Terminal Value @ 7.0 x	2,235,201
	Less Total Debt less Excess Cash	(871,176
	Value of Equity Method Investments (Current Book Value)	
	Total Value of Equity	1,364,029
	Basic Shares 69,684	71,428 73,211 75,042 76,918 78,841
	% Growth	2.5% 2.5% 2.5% 2.5% 2.5%
	Option Dilution	
	Ending F/D Shares	78,84
	Ending Share Price \$ 17.30	"Fair" Price at Various Exit Multiples
	Discount Rate 15%	5.0 x 6.0 x 7.0 x 8.0 x 9.0 x
	Today's Date 11/20/2020 Model End Date 9/27/2025	\$ 4.67 \$ 6.73 \$ 8.78 \$ 10.84 \$ 12.90
		Other Implied Multiples @ Exit
	"Fair" Price \$8.78	TEV/EBITD TEV/EBIT FCF Yield TEV/Rev P/E
	F/D Shares Today 09,684	9.1 x 9.7 x 10.3% 1.6 x 10.9 x
	CEV Today 612,139	
	LTM Net Debt 1,513,073	Other Implied Multiples @ LTM
	Current TEV at "Fair Price" 2,125,212	TEV/EBITD TEV / EBIT FCF Yield TEV / Rev P / E A - Capex
	LTM TEV / EBITDA 6.1 x	7.0 x 9.1 x 18.2% 1.5 x 6.7 x



WW International, Inc.

Bull Case Valuation

		Fis	cal Year End	led		9 Months E	nded Sep			Mo	del Year End	led,	
	1/2/2016	12/31/2016	12/30/2017	12/29/2018	12/28/2019	9/28/2019	9/26/2020	9/26/2020	9/27/2021	9/27/2022	9/27/2023	9/26/2024	9/27/2025
Revenues	1,164,419	1,164,902	1,306,911	1,514,121	1,413,337	1,080,754	1,054,697	1,387,280	1,431,339	1,496,423	1,556,913	1,604,192	1,655,53
% growth		0.0%	12.2%	15.9%	-6.7%		-2.4%		3.2%	4.5%	4.0%	3.0%	3.2
Adjusted EBITDA	253,334	266,550	352,941	462,152	363,174	277,937	264,923	350,159	395,866	478,845	552,750	587,114	624,12
% margin	21.8%	22.9%	27.0%	30.5%	25.7%	25.7%	25.1%		27.7%	32.0%	35.5%	36.6%	37.7
Depreciation and Amortization	(53,171)	(52,633)	(50,880)	(44,061)	(45,017)	(33,543)	(37,402)	(48,876)	(57,052)	(60,967)	(65,812)	(71,056)	(76,60
Amortization of Deferred Financing Costs	(6,886)	(6,116)	(6,112)	(8,539)	(9,318)	(6,876)	(6,614)	(9,056)	(9,787)	(9,787)	(9,787)	-	-
SBC	(24,771)	(6,527)	(14,949)	(20,188)	(20,471)	(14,927)	(48,680)	(54,224)	(21,121)	(22,082)	(22,974)	(23,672)	(24,42
Other Expense	(2,027)	(1,524)	(472)	(2,578)	(1,758)	(2,201)	(230)	213					
Loss (Gain) on Brazil Acquisition	-	-	-	-	-	-	-	-					
Loss (Gain) on Early Extinsguishment of Debt	11,426	-	(8,969)	-	-	-	-	-					
Goodwill Impairment	-	-	(13,323)	-	-	-	(3,665)	(3,665)					
Minority Interest	(282)	(257)	(175)	(198)	(214)	(278)	(37)	28					
EBIT	177,623	199,493	258,061	386,588	286,396	220,112	168,295	234,579	307,906	386,010	454,176	492,387	523,08
Net Interest Expense	(121,843)	(115,160)	(112,784)	(142,346)	(135,267)	(103,045)	(92,281)	(124,503)	(105,544)	(83,866)	(70,546)	(65,533)	(65,53
EBT	55,780	84,333	145,277	244,242	151,129	117,067	76,014	110,076	202,362	302,143	383,630	426,853	457,58
Taxes	(22,835)	(16,634)	18,237	(20,493)	(31,513)	(26,834)	(13,546)	(18,225)	(44,520)	(66,472)	(84,399)	(93,908)	(100,66
% Tax Rate	40.9%	10.7%	-12.0%	8.4%	20.9%	22.9%	17.8%	10.0%	22.0%	22.0%	22.0%	22.0%	22.0
Net Income	32,945	67,699	163,514	223,749	119,616	90,233	62,468	91,851	157,842	235,672	299,232	332,946	356,8
Ending Adjusted NCWC	(114,964)	(95,920)	(111,338)	(100,637)	(105,696)	(113,251)	(69,106)	(69,106)	(100,194)	(104,750)	(108,984)	(112,293)	(115,88
% of Revenue	-9.9%	-8.2%	-8.5%	-0.0%	-7.5%			-5.0%	-7.0%	-7.0%	-7.0%	-7.0%	-7.0
ROIC	83%	125%	152%	164%	140%				138%	153%	161%	156%	15
Cash Flow:													
Net Income	32,945	67,699	163,514	223,749	119,616			91,851	157,842	235,672	299,232	332,946	356,8
Depreciation & Amortization	60,057	58,749	56,992	52,600	54,335			57,932	66,839	70,754	75,599	71,056	76,6
SBC	24,771	6,527	14,949	20,188	20,471			54,224	21,121	22,082	22,974	23,672	24,42
Change in NCWC	(69,906)	(19,044)	15,418	(10,701)	5,059			(44,145)	31,088	4,556	4,234	3,309	3,50
Total CapEx	(37,195)	(34,632)	(40,791)	(56,858)	(48,563)			(48,550)	(69,277)	(79,009)	(85,676)	(88,067)	(93,6
NOL Utilization (Creation)		-	-	-	-				-	-	-	-	-
Cash Flow to Paydown Debt	10,672	79,299	210,082	228,978	150,918			111,312	207,614	254,054	316,363	342,916	367,9
Required Debt Amortization:													
Revolver									-	-	-	-	-
Term Loan									-			-	-
Notes									-				-
Capital Leases									-		-		-
Total Debt Amortization									-	-	-	-	-
Cash Flow After Scheduled Dabt Assertion									207.044	254.054	246 262	242.040	207.0
Cash Flow After Scheduled Debt Amortization									207,614	254,054	316,363	342,916	367,9



Appendix: Valuation Model – Bull Case Valuation Cont.

WW International, Inc.						Bull	Case Valuat
		Return Summary					
	Yes	ar O	1	2	3	4	5
	Dividends Regular dividend to Equity			-	-	-	-
	Additional dividend to Equity Total Dividends			-	171,063	342,916 342,916	367,905
	Value of Dividend in Year 5				242,606	422,896	394,534
	FV Dividends						1,060,036
	Terminal Value @ Less Total Debt less Excess Cash Value of Equity Method Investments (Current Book Va	9.5 x				I	5,929,178 (906,106)
	Total Value of Equity						6,083,108
	Basic Shares % Growth	69,684	71,147	72,641	74,168 2.1%	75,724 2.1%	77,314 2.1%
	Option Dilution Ending F/D Shares						77,314
	Ending Share Price	\$ 78.68		"Fair" Price	at Various Ex	cit Multiples	
	Discount Rate	15%	7.5 x	8.5 x	9.5 x	10.5 x	11.5 x
	Today's Date Model End Date	11/20/2020 9/27/2025	\$ 31.75	\$ 35.85	\$ 39.95	\$ 44.05	\$ 48.15
				Other Imp	plied Multiple	s@Exit	
	"Fair" Price	\$39.95	TEV/EBITD A - Capex	TEV / EBIT	FCF Yield	TEV / Rev	P/E
	F/D Shares Today	69,684	11.2 x	11.3 x	7.3%	3.6 x	14.1 x
	CEV Today LTM Net Debt	2,783,837 1,513,073		Other Imp	lied Multiple	s@LTM	
	Current TEV at "Fair Price"	4,296,910	TEV/EBITD A - Capex	TEV / EBIT		TEV / Rev	P/E
	LTM TEV / EBITDA	12.3 x	14.2 x	18.3 x	4.0%	3.1 x	30.3 x



Appendix: Valuation Model – DCF Model Base Case

WW International, Inc.

DCF Model - Base Case

		FIS	cal Year End	ed		9 Months E	nded Sep				Model Ye	ar Ended,		
	1/2/2016	12/31/2016	12/30/2017	12/29/2018	12/28/2019	9/28/2019	9/26/2020	9/26/2020	9/27/2021	9/27/2022	9/27/2023	9/26/2024	9/27/2025	Terminal
Revenues % growth	1,164,419	1,164,902 0.0%	1,306,911 12.2%	1,514,121 15.9%	1,413,337 -6.7%	1,080,754	1,054,697 -2.4%	1,387,280	1,396,546 0.7%	1,445,990 3.5%	1,498,823 3.7%	1,534,152 2.4%	1,572,837 2.8% [1,612,158 2.5%
Adjusted EBITDA % margin	253,334 21.8%	266,550 22.9%	352,941 27.0%	462,152 30.5%	363,174 25.7%	277,937 25.7%	264,923 25.1%	350,159	378,579	428,824 29.7%	472,389 31.5%	504,042 32.9%	532,866 33.9%	546,188 33.9%
Depreciation and Amortization	(53,171)	(52,633)	(50,880)	(44,061)	(45,017)	(33,543)	(37,402)	(48,876)	(56,836)	(59,729)	(62,944)	(66,325)	(70,001)	(73,939)
Amortization of Deferred Financing Costs	(6,886)	(6,116)	(6,112)	(8,539)	(9,318)	(6,876)	(6,614)	(9,056)	(9,787)	(9,787)	(9,787)			
SBC	(24,771)	(6,527)	(14,949)	(20,188)	(20,471)	(14,927)	(48,680)	(54,224)	(20,608)	(21,337)	(22,117)	(22,638)	(23,209)	(23,789)
Other Expense	(2,027)	(1,524)	(472)	(2,578)	(1,758)	(2,201)	(230)	213						
Loss (Gain) on Brazil Acquisition	-	-	-	-	-	-	-	-						
Loss (Gain) on Early Extinsguishment of Debt	11,426	-	(8,969)	-	-	-	-	-						
Goodwill Impairment	-	-	(13,323)	-	-	-	(3,665)	(3,665)						
Minority Interest	(282)	(257)	(175)	(198)	(214)	(278)	(37)	28						
EBIT	177,623	199,493	258,061	386,588	286,396	220,112	168,295	234,579	311,956	359,308	399,658	437,717	462,865	472,249
Net Interest Expense	(121,843)	(115,160)	(112,784)	(142,346)	(135,267)	(103,045)	(92,281)	(124,503)	-	-	-	-	-	-
EBT	55,780	84,333	145,277	244,242	151,129	117,067	76,014	110,076	311,956	359,308	399,658	437,717	462,865	472,249
Taxes	(22,835)	(16,634)	18,237	(20,493)	(31,513)	(26,834)	(13,546)	(18,225)	(71,750)	(82,641)	(91,921)	(100,675)	(106,459)	(108,617)
% Tax Rate	40.9%	19.7%	-12.6%	5.4%	20.9%	22.9%	17.0%	10.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%
Net income	32,945	67,699	163,514	223,749	119,616	90,233	62,468	91,851	240,206	276,667	307,736	337,042	356,406	363,632
Ending Adjusted NCWC	(114,964)	(95,920)	(111,338)	(100,637)	(105,696)	(113,251)	(69,106)	(69,106)	(83,793)	(93,989)	(97,423)	(99,720)	(102,234)	(104,790)
% of Revenue	-9.9%	-0.2%	-0.5%	-5.5%	-7.5%			-5.0%	-5.0%	-0.5%	-0.6%	-0.6%	-0.6%	-0.5%
ROIC	83%	125%	152%	164%	140%				127%	138%	144%	144%	142%	137%
Cash Flow:														
Net Income	32,945	67,699	163,514	223,749	119,616			91,851	240,205	276,667	307,736	337,042	356,406	363,632
Depreciation & Amortization	60,057	58,749	56,992	52,600	54,335			57,932	66,623	69,516	72,731	66,325	70,001	73,939
SBC	24,771	6,527	14,949	20,188	20,471			54,224	20,608	21,337	22,117	22,638	23,209	23,789
Change in NCWC	(69,906)	(19,044)	15,418	(10,701)	5,059			(44,145)	14,687	10,197	3,434	2,296	2,515	2,556
Total CapEx	(37,195)	(34,632)	(40,791)	(56,858)	(48,563)			(48,550)	(66,251)	(70,756)	(73,220)	(75,606)	(79,930)	(81,928)
NOL Utilization (Creation)	-	-	-	-	-			-	-	-	-	-	-	-
Unlevered Free Cash Flow	10,672	79,299	210,082	228,978	150,918			111,312	275,873	306,961	332,798	352,695	372,201	381,987
Year 5 Value of Unlevered Free Cash Flow									517,427	500,640	471,982	434,957	399,141	



Appendix: Valuation Model – DCF Model Base Case Cont.

DCF Model - Base Case

Year 5 Value of Year 1-5 Unlevered FCF Year 5 Value of Terminal Unlevered FCF	Year	0			1	2	-		
						4	3	4	5
Year 5 Value of Terminal Unlevered FCF									2,324,147
								-	4,774,843
Total Value of Unlevered FCF at Year 5									7,098,990
Dilution-Adjusted Value of Unlevered FCF at Year 5									6,336,047
Present Value of Unlevered FCF									3,217,106
Current Net Debt									1,513,073
Present Equity Value									1,704,033
Basic Shares		69,684			71,286	72,926	74,603	76,319	78,074
% Growth					2.3%	2.3%	2.3%	2.3%	2.3%
Option Dilution									-
Ending F/D Shares								-	78,074
Implied Share Price	\$21.83						Terminal Gr	owth Rate	
Discount Rate	15%				3.5%	3.0%	2.5%	2.0%	1.5%
Today's Date	11/20/2020			8.0%	16.1 x	14.4 x	13.0 x	11.9 X	10.9 x
Model End Date	9/27/2025		Market Discount	9.0% 10.0%	13.2 x 11.2 x	12.0 x 10.3 x	11.0 x 9.6 x	10.2 x 8.9 x	9.4 x 8.3 x
			Rate	11.0%	11.4 X	10.0 X	9.0 X	7.9 X	0.3 X



Appendix: Valuation Model – LBO Model Base Case

WW International, Inc.

LBO Model - Base Case

																	_
	Consideration Paid									Source	s & Uses						
		Price	FD shares	Amount		Average LIBC	NP.			1.75%				Multiple of	Cumulative		
An	chor Case Fair Price- 11/22/20	\$ 28.57	TO SHOLES			Average close				1.7076				LTM	Multiple of	% of	
	M Adj. Purchase Price - 09/26/20	\$ 27.98	69,684	1,949,726		Sources:				Spread	% of Par	Rate			LTM EBITDA	Total	
				.,,		Revolver				5.00%	100.00%	6.75%	1.250.000	3.6 x	3.6 x	36%	
Tra	ansaction Costs:	% of Par				Senior Notes				5.80%	98.00%	7.55%	0	0.0 x	3.6 x	0%	
	volver	0.50%		6,250		Term B Notes				5.25%	98.00%	7.00%	900.000	2.6 x	6.1 x	26%	
	nior Notes	1.00%		0		Senior Sub N	otes			10.00%	98.00%	11.75%	0	0.0 x	6.1 x	0%	
Ter	rm B	1.50%		13,500		1/2 PIK Subo	rdinated Notes			4.30%	98.00%	6.05%	0	0.0 x	6.1 x	0%	
Se	nior Sub Notes	2.25%		0		Economic De	velopment Loan	5				3.00%	0	0.0 x	6.1 x	0%	
1/2	PIK Subordinated Notes	2.75%		0		Capital Lease	Obilgations					9.00%	0	0.0 x	6.1 x	0%	
Ot	her Transaction Costs	1.50%	of equity	29,246		Total Debt							2,150,000	6.1 x		61%	
Tot	tal Transaction Costs			48,996		Debt Discoun	t						(18,000)				
			TEV / LTM			Equity Capital							1,379,795		_	39%	
	t Debt Refinanced:		EBITDA			Total Source	5						3,511,795			100%	
Tot	tal Debt	1,717,470	4.9 x														
Ot		0	0.0 x			Uses:											
	cess Cash (Total - \$0M)	(204,397)	-0.6 x				ise Price @ \$27	.98 per share					1,949,726			56%	
Ne	t Debt Refinanced	1,513,073	4.3 x			Net Debt Refi							1,513,073			43%	
						Transaction C	osts						48,996		-	1%	
To	tal Purchase Price	3,511,795	10.0 x			Total Uses							3,511,795	10.0 x		100%	
				Fis	cal Year End	led		9 Months E	nded Sep		_		Mod	del Year End	ed,		
			1/2/2016	12/31/2016	12/30/2017	12/29/2018	12/28/2019	9/28/2019	9/26/2020	9/26/2020	_	9/27/2021	9/27/2022	9/27/2023	9/26/2024	9/27/2025	
Re	venues		1,164,419	1,164,902	1,306,911	1,514,121	1,413,337	1,080,754	1,054,697	1,387,280		1,396,546	1,445,990	1,498,823	1,534,152	1,572,837	
	% growth			0.0%	12.2%	15.9%	-6.7%		-2.4%			0.7%	3.5%	3.7%	2.4%	2.5%	
0.4	justed EBITDA		253,334	266.550	352.941	462,152	363,174	277,937	264,923	350,159		378,579	428,824	472,389	504.042	532,866	
Au	% margin		235,534 21.8%	200,330	27.0%	30.5%	25.7%	211,551 25.7%	264,525	330,133		27.1%	420,024	412,303	32.9%	33.9%	
	-																
	Depreciation and Amortization		(53,171)	(52,633)	(50,880)	(44,061)	(45,017)	(33,543)	(37,402)	(48,876)		(56,836)	(59,729)	(62,944)	(66,325)	(70,001)	
	Amortization of Deferred Financing Costs		(6,886)	(6,116)	(6,112)		(9,318)	(6,876)	(6,614)	(9,056)		(2,469)	(2,469)	(2,469)	(2,469)	(2,469)	
	SBC		(24,771)	(6,527)	(14,949)	(20,188)	(20,471)	(14,927)	(48,680)	(54,224)		(20,608)	(21,337)	(22,117)	(22,638)	(23,209)	
	Other Expense		(2,027)	(1,524)	(472)	(2,578)	(1,758)	(2,201)	(230)	213							
	Loss (Gain) on Brazil Acquisition		-	-	-	-	-	-	-	-							
	Loss (Gain) on Early Extinsguishment of Debt		11,426	-	(8,969)	-	-	-	-	-							
	Goodwill Impairment		-	-	(13,323)	-	-	-	(3,665)	(3,665)							
EB	Minority Interest		(282)	(257) 199,493	(175) 258,061	(198) 386,588	(214) 286,396	(278) 220,112	(37) 168,295	234,579	-	298,667	345,289	384,859	412,610	437,188	
			-														
	Net Interest Expense		(121,843)	(115,160)	(112,784)	(142,346)	(135,267)	(103,045)	(92,281)	(124,503)		(142,345)	(130,958)	(117,031)	(100,733)	(82,151)	
EB	т		55,780	84,333	145,277	244,242	151,129	117,067	76,014	110,076	_	156,322	214,332	267,828	311,877	355,037	
	Taxes		(22,835)	(16,634)	18,237	(20,493)	(31,513)	(26,834)	(13,546)	(18,225)		(35,954)	(49,296)	(61,601)	(71,732)	(81,658)	
	% Tax Rate		40.9%	19.7%	-12.0%	8.4%	20.9%	22.9%	17.8%	10.0%		23.0%	23.0%	23.0%	23.0%	23.0%	
											-						
Ne	t Income		32,945	67,699	163,514	223,749	119,616	90,233	62,468	91,851	-	120,368	165,035	206,228	240,145	273,378	
En	ding Adjusted NCWC		(114,964)	(95,920)	(111,338)	(100,637)	(105,696)	(113,251)	(69,106)	(69,106)		(83,793)	(93,989)	(97,423)	(99,720)	(102,234)	
	% of Revenue		-0.0%	-8.2%	-8.5%	-0.0%	-7.5%			-5.0%		-0.0%	-0.5%	-0.5%	-0.5%	-0.5%	
	sh Flow:																
	Net Income		32,945	67,699	163,514	223,749	119,616			91,851		120,368	165,035	206,228	240,145	273,378	
	Depreciation & Amortization SBC		60,057 24,771	58,749 6,527	56,992 14,949	52,600 20,188	54,335 20,471			57,932 54,224		59,305 20,608	62,198 21,337	65,412 22,117	68,794 22,638	72,469 23,209	
	Change in NCWC		(69,906)	(19,044)	15,418	(10,701)	5,059			(44, 145)		14,687	10,197	3,434	2,038	2,515	
	Total CapEx		(37,195)	(34,632)	(40,791)	(56,858)	(48,563)			(48,550)		(66,251)	(70,756)	(73,220)	(75,606)	(79,930)	
	NOL Utilization (Creation)						-				_	-		-		-	
Ca	sh Flow to Paydown Debt		10,672	79,299	210,082	228,978	150,918			111,312		148,716	188,011	223,971	258,267	291,642	



Appendix: Valuation Model – LBO Model Base Case Cont.

WW International, Inc.

LBO Model - Base Case



				Base Case Fa	air Price as o	11/22/20		
		\$24.00	\$25.50	\$27.00	\$28.50	\$30.00	\$31.50	\$33.00
	6.5 x	17%	15%	13%	12%	10%	9%	7%
	7.0 x	20%	18%	16%	14%	12%	11%	9%
	7.5 x	22%	20%	18%	16%	14%	13%	11%
	8.0 x	24%	22%	20%	18%	16%	15%	13%
Exit Multile	8.5 x	26%	24%	22%	20%	18%	16%	15%
	9.0 x	28%	25%	23%	21%	20%	18%	17%
	9.5 x	30%	27%	25%	23%	21%	20%	18%
	10.0 x	31%	29%	27%	25%	23%	21%	20%
	10.5 x	33%	30%	28%	26%	24%	23%	21%

	Debt Summary					
Required Debt Amortization:						
Revolver	Required Amortization	-	-	-	-	-
Senior Notes	10.0% per year	-	-	-	-	-
Term B Notes	1.0% per year	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)
Senior Sub Notes			-	-	-	-
1/2 PIK Subordinated Notes		-	-	-	-	-
Economic Development Loans			-	-	-	-
Capital Lease Obligations		-	-	-	-	-
Total Debt Amortization		(9,000)	(9,000)	(9,000)	(9,000)	(9,000)
Cash Flow After Scheduled Debt Amortization		139,716	179,011	214,971	249,267	282,642
Ending Debt	Pro Forma					
Revolver	1,250,000	1,110,284	931,273	716,302	467,034	184,393
Senior Notes		-	-	-	-	-
Term B Notes	900,000	891,000	882,000	873,000	864,000	855,000
Senior Sub Notes		-	-	-	-	-
Total Debt	2,150,000	2,001,284	1,813,273	1,589,302	1,331,034	1,039,393
Minimum Cash Balance		-	-	-	-	-
Ending Net Debt	2,150,000	2,001,284	1,813,273	1,589,302	1,331,034	1,039,393
Coverage Ratios						
Senior Debt / EBITDA	6.1 x	5.3 x	4.2 x	3.4 x	2.6 X	
Net Debt / EBITDA	6.1 x	5.3 x	4.2 x	3.4 x		
EBITDA / Interest		2.7 x	3.3 x	4.0 x	5.0 x	6.5 x
Fixed Charge Coverage ((EBITDA - CapEx - Schedule Amort) / Interest)		2.1 x	2.7 x	3.3 x	4.2 X	5.4 x



Appendix: Valuation Model – Model Horizon Analysis

WW International, Inc.

Model Horizon Analysis

				Bear Case						Base Case						Bull Case		
		9/27/2021	9/27/2022	9/27/2023	9/26/2024	9/27/2025		9/27/2021	9/27/2022	9/27/2023	9/26/2024	9/27/2025		9/27/2021	9/27/2022	9/27/2023	9/26/2024	9/27/2025
EBITDA		323,690	322,705	312,911	311,416	319,314		378,579	428,824	472,389	504,042	532,866		395,866	478,845	552,750	587,114	624,124
FCF		116,461	132,541	124,001	128,519	140,375		177,990	223,698	258,427	281,783	300,849		207,614	254,054	316,363	342,916	367,905
Net debt		1,396,612	1,264,071	1,140,070	1,011,551	871,176		1,335,083	1,111,385	966,085	966,085	966,085		1,305,459	1,051,408	906,106	906,106	906,106
FDSO		71,426	73,211	75,042	76,918	78,841		71,286	72,928	74,603	76,319	78,074		71,147	72,641	74,166	75,724	77,314
Net Income		98,852	107,584	104,476	115,024	125,552		142,323	193,404	233,366	266,129	285,054		157,842	235,672	299,232	332,946	356,891
Terminal Year Assumption	2						2						2					
Terminal EBITDA Multiple	8.0 x						9.5 x						10.5 x					
Terminal Value			2,581,639	-	-	-			4,073,828	-	-	-			5,027,871	-	-	-
Less Net Debt Equity Value			(1,264,071) 1,317,567	-	-	-			(1,111,385) 2,962,443	-	-	-			(1,051,408) 3,976,485	-	-	
Total Value of Equity			1,317,567						2,962,443		-				3,976,465			-
Ending Share Price		-	\$ 18.00	-	-	-		-	\$ 40.62	-	-	-			\$ 54.74	-	-	-
P/E FCF Yield		-	12.2 x 10.1%	-		-		-	15.3 x 7.6%		-			-	16.9 x 6.4%		-	-
		-	10.170	-	-	-		-	1.070	-	-	-		-	0.470	-	-	-
Model End Date Today's Date	9/27/2022 11/20/2020						9/27/2022 11/20/2020						9/27/2022 11/20/2020					
Today's Price % Upside (Downside)	\$ 27.44 -34.4%						\$ 27.44 48.0%						\$ 27.44 99.5%					



Appendix: Valuation Model – Probability Weighted Returns

WW International, Inc.

Today's Date 11/20/2020 Today's Share Price \$27.44 Probability Model End Operating Probability Implied % Weighted Case in % Upside Price Price Scenario 1 \$18.00 Bear 20% \$3.60 Scenario 6 \$40.62 Base 60% \$24.37 Bull 20% \$54.74 \$10.95 \$38.92 41.8% Scenario 2 Bear 15% \$18.00 \$2.70 Scenario 7 Base 60% \$40.62 \$24.37 25% \$54.74 \$13.69 Bull \$40.76 48.5% Bear Scenario 3 25% \$18.00 \$4.50 Scenario 8 Base 60% \$40.62 \$24.37 Bull 15% \$54.74 \$8.21 \$37.08 35.1% Scenario 4 Bear 20% \$18.00 \$3.60 Scenario 9 Base 65% \$40.62 \$26.40 Bull 15% \$54.74 \$8.21 \$38.22 39.3% Scenario 5 Bear 15% \$18.00 \$2.70 Scenario 10 Base 65% \$40.62 \$26.40 Bull 20% \$54.74 \$10.95 \$40.05 46.0%

Probability Implied % Operating Probability Fair Price Weighted in % Upside Case by Case Fair Price \$18.00 Bear 10% \$1.80 Base 70% \$40.62 \$28.44 Bull 20% \$10.95 \$54.74 \$41.18 50.1% Bear 20% \$18.00 \$3.60 Base 70% \$40.62 \$28.44 10% \$5.47 Bull \$54.74 \$37.51 36.7% Bear 20% \$18.00 \$3.60 55% \$22.34 Base \$40.62 Bull 25% \$54.74 \$13.69 \$39.63 44.4% Bear 25% \$18.00 \$4.50 Base 50% \$40.62 \$20.31 Bull 25% \$13.69 \$54.74 \$38.50 40.3% Bear 33% \$18.00 \$6.00 Base 33% \$40.62 \$13.54 Bull 33% \$54.74 \$18.25 \$37.79 37.7%

Probability Weighted Returns



Q3 2020 Results

October 29, 2020

Wellness that Works."

1

Forward-looking Statements

This presentation includes "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, including, in particular, any statements about the Company's plans, strategies and prospects and the impact of the COVID-19 virus. The Company generally uses the words "may," "will," "could," "expect," "anticipate," "believe," "estimate," "plan," "intend," "aim" and similar expressions in this presentation to identify forward-looking statements. The Company bases these forward-looking statements on its current views with respect to future events and financial performance. Actual results could differ materially from those projected in the forward-looking statements. These forward-looking statements are subject to risks. uncertainties and assumptions, including, among other things: the impact of the global outbreak of the COVID-19 virus on the Company's business and liquidity and on the business environment and markets in which the Company operates; competition from other weight management and wellness industry participants or the development of more effective or more favorably perceived weight management methods; the Company's ability to continue to develop new, innovative services and products and enhance its existing services and products or the failure of its services, products or brands to continue to appeal to the market, or the Company's ability to successfully expand into new channels of distribution or respond to consumer trends; the ability to successfully implement new strategic initiatives, including the Company's strategic digital transformation; the effectiveness of the Company's advertising and marketing programs, including the strength of its social media presence; the impact on the Company's reputation of actions taken by its franchisees, licensees, suppliers and other partners; the impact of the Company's substantial amount of debt, debt service obligations and debt covenants, and the Company's exposure to variable rate indebtedness; the ability to generate sufficient cash to service the Company's debt and satisfy its other liquidity requirements; uncertainties regarding the satisfactory operation of the Company's technology or systems; the impact of data security breaches or privacy concerns, including the costs of compliance with evolving privacy laws and regulations; the recognition of asset impairment charges; the loss of key personnel, strategic partners or consultants or failure to effectively manage and motivate the Company's workforce; the inability to renew certain of the Company's licenses, or the inability to do so on terms that are favorable to the Company; the expiration or early termination by the Company of leases; risks and uncertainties associated with the Company's international operations, including regulatory, economic, political, social, intellectual property and foreign currency risks; uncertainties related to a downturn in general economic conditions or consumer confidence; the Company's ability to successfully make acquisitions or enter into joint ventures, including its ability to successfully integrate, operate or realize the anticipated benefits of such businesses; the seasonal nature of the Company's business; the impact of events that discourage or impede people from gathering with others or accessing resources; the Company's ability to enforce its intellectual property rights both domestically and internationally, as well as the impact of its involvement in any claims related to intellectual property rights; the outcomes of litigation or regulatory actions; the impact of existing and future laws and regulations; the Company's failure to maintain effective internal control over financial reporting; the possibility that the interests of Artal Group S.A., the largest holder of the Company's common stock and a shareholder with significant influence over the Company, will conflict with the Company's interests or the interests of other holders of the Company's common stock; the impact that the sale of substantial amounts of the Company's common stock by existing large shareholders, or the perception that such sales could occur, could have on the market price of the Company's common stock; and other risks and uncertainties, including those detailed from time to time in the Company's periodic reports filed with the Securities and Exchange Commission. You should not put undue reliance on any forward-looking statements. You should understand that many important factors, including those discussed herein, could cause the Company's results to differ materially from those expressed or suggested in any forward-looking statement. Except as required by law, the Company does not undertake any obligation to update or revise these forward-looking statements to reflect new information or events or circumstances that occur after the date of this presentation or to reflect the occurrence of unanticipated events or otherwise. Readers are advised to review the Company's filings with the United States Securities and Exchange Commission (which are available on the SEC's EDGAR database at www.sec.gov and via the Company's website at corporate.ww.com).

Non-GAAP Financial Measures

This presentation includes certain financial results not presented in accordance with accounting principles generally accepted in the United States ("GAAP") including, but not limited to, gross profit, gross profit margin, operating income, operating income margin and selling, general and administrative expenses. In addition, it includes certain financial results on a constant currency basis in addition to GAAP results. Constant currency information compares results between periods as if exchange rates had remained constant period-over-period. In this presentation, the Company calculates constant currency by calculating current-year results using prior-year foreign currency exchange rates. See Appendix for reconciliations. Management believes these non-GAAP financial measures provide useful supplemental information for its and investors' evaluation of the Company's business performance and are useful for period-over-period comparisons of the performance of the Company's business. While management believes that these non-GAAP financial measures are useful in evaluating the Company's business, this information should be considered as supplemental in nature and should not be considered in isolation or as a substitute for the related financial information prepared in accordance with GAAP. In addition, these non-GAAP financial measures may not be the same as similarly entitled measures reported by other companies.

Trademarks

The following terms used in this presentation are our trademarks: Weight Watchers, Wellness that Works and the WW logo.

Who we are

We are a global wellness company powered by the world's leading commercial weight management program



Q3 2020 Financial Summary

Subscribers	End of period subscribers of 4.7 million, up 5% year-over-year
Revenue	Revenue of \$320.7 million down 8%, or 9% on constant currency basis ¹ , year- over-year
Gross Margin	Gross Margin of 59.3%; excluding one-time charges, Q3 2020 adjusted gross margin increased year-over-year to 59.6% ¹
Operating Income	Operating Income of \$92.6 million; excluding one-time charges, Q3 2020 adjusted operating income of \$94.9 million ¹ in-line with Q3 2019 levels
EPS	EPS of \$0.78 versus \$0.68 in Q3 2019; Q3 2020 EPS included \$0.09 in one-time benefits
Cash Balance	Cash balance of \$204.4 million



Subscriber Seasonality

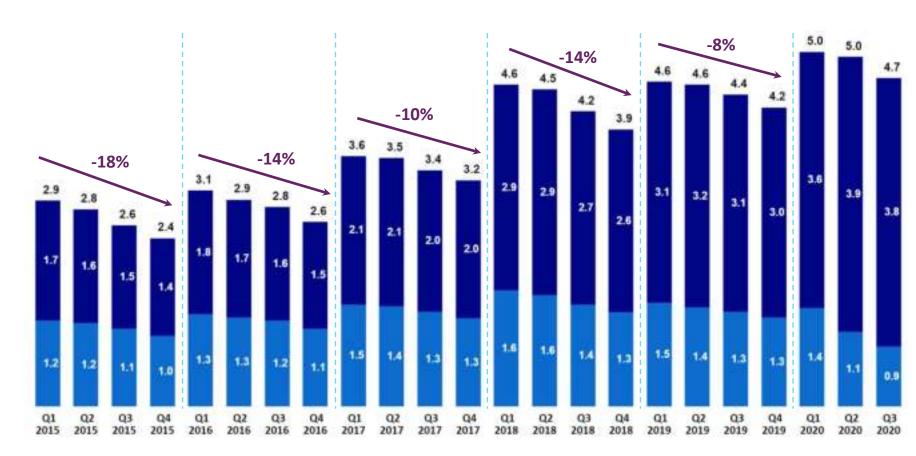
Seasonal subscriber trends with annual Q1 peak and Q4 trough

~40% of annual member recruitments typically occur in Q1

In Q3 over 80% of our members were Digital Subscribers (in M)

End of Period Digital Subscribers

End of Period Studio + Digital Subscribers





2020 Key Priorities

Focused on maximizing our core business while also innovating for future growth



Continued focus on recruitment, retention, and elevating the brand



Capital Structure

Strong liquidity position

As of September 26, 2020:

Cash balance of \$204.4M

Scheduled 2020 debt and interest payments

- \$96M principal term loan + interest
- \$26M interest on notes

Flexibility to prepay term loan at any time

Flexible, covenant-lite debt structure

\$1.25B outstanding on term loan¹

LIBOR +475 bps

Due November 2024

Covenant-lite structure; potential Excess Cash Flow (ECF) sweep upon consolidated first lien leverage ratio >3.0x for fiscal year

\$300M notes¹

8.625%

December 2025 maturity

No leverage maintenance covenants

\$175M revolving credit facility, undrawn

LIBOR +225 bps¹

November 2022 maturity

Consolidated first lien leverage ratio springing covenant of 4.5x from Q2 - Q4 2020, 5.0x from Q1 - Q4 2021, 4.5x for Q1 2022, and 3.75x post Q1 2022 (guaranteed minimum access of \$58M)



Appendix



Non-GAAP Reconciliation

Revenues - Constant Currency (in thousands)

								Q3 2020	Variance 2020
		Q	3 2020			(Q3 2019	2020	Constant Currency
	GAAP		urrency justment		Constant Currency	_	GAAP	vs 2019	vs 2019
Consolidated Company Revenues	\$ 320,699	s	(4,829)	s	315,870	s	348,567	(8.0%)	(9.4%)

Gross Profit and Operating Income (in thousands)

														Q3 2020 Variance				
					Q3 2020					Q3 2019			2020	2020 Censta	Convency 2020			
	GAAP		Adjustional		Adjusted	Currency Adjustment		Constant Currency		Adjusted Constant Currency		GAAP		2020 79 2019	Adjusted vs 2019	2020 ** 2019	Adjusted vs 2019	
Selected Financial Data Gross Profit Grozz Margiw	\$	190.096 50.3%	\$	1,062 ^m	\$ 191,158 59.6%	\$	(3.149)	\$	186.947 59.2%	5	188,009 59,5%	\$	194,769 55,9%	(2.4%)	(1.9%)	(4.0%)	(3.5%)	
Setting, General and Administrative Expenses	\$	59,192	\$	(1,189) 🕮	\$ 58,003	5	(486)	\$	58,705	5	57,517	\$	63,713	(7.1%)	(9.0%)	(7.9%)	(9.7%)	
Operating Income Operating Income Margin	\$	92,642 28,9%	\$	2.251 ^(III)	\$ 94,893 29,0%	5	(1,896)	5	90,746 _28.7%	\$	92_997 29.4%	5	94.729 27.2%	(2.2%)	0.2%	(4.2%)	(1.8%)	

Note. Totals may not sum due to rounding.

(0) Excludes \$1,062 of charges associated with the Company's previously disclosed 2020 organizational restructuring plan.

III Excludes \$1,189 of charges associated with the Company's previously disclosed 2020 organizational restructuring plan.

(ii) Excludes the \$1,052 and \$1,189 of charges associated with the Company's perviously disclosed 2020 organizational restricturing plan recorded to cost of services and selling, general and administrative expenses, respectively.

rar till hälsosamma vanor genom hela livet. För individen, familjen, samhället, världen – för alla. We inspireren gezonde gewoontes voor het echte leven. Voor mensen, gezin - voor iedereen. We inspire healthy habits for real life. For people, families, communities, the world—for everyone. Wir inspirieren zu gesunden Gewohnheiten fürs echte Leb Menschen – für jedermann, weltweit. Nous inspirons des habitudes saines pour la vraie vie. Pour les personnes, les families, les communautés, le monde – pour tous. Inspirar vels para a vida real. Para às pessoas, as familias, as comunidades, o mundo — para todos. Vi inspirerar till hälsosamma vanor genom hela livet. För individen, familjen, samh o inspireren gezonde gewoontes voor het echte leven. Voor mensen, gezinnen, community's, de wereld - voor iedereen. We inspire healthy habits for real life. For people, fam id—for everyone. Wir inspirieren zu gesunden Gewohnheiten fürs echte Leben. Für Familien, für Communities, für alle Menschen – für jedermann, weltweit. Nous inspirons de habitudes saines pour la vraie vie. Pour les personnes, les familles, les communautés, le monde – pour tous. Inspiramos hábitos saudáveis para a vida real. Para as pessoas, a io — para todos. Vi inspirerar til hälsosamma vanor genom hela livet. För individen, familjen, samhället, världen – för alla. We inspireren gezonde gewoontes voor het echte en, community's, de wereld - voor iedereen. Wir inspirieren zu gesunden Gewoontes voor het echte en, community's, de wereld - voor iedereen. We inspirere healthy habits for real life. For people, families, communities, the world—for everyone. Wir inspireren zu gesunden Gewoontes voor het echte eben. Für Familien, für Communities, für alle Menschen – für jedermann, weltweit. Nous inspirons des habitudes saines pour la vraie vie. Pour les personnes, les familles, les community's, de wereld - voor iedereen. We inspireren zu gesunden Ge - pour tous. Inspiramos hábitos saudáveis para a vida real. Para as pessoas, as familias, as comunidades, o mund

Llife. For people, families, communities, the world it. Nous inspirons des habitudes saines pour la illas, as comunidades, o mundo — para todos. Vi hte leven. Voor mensen, gezinnen, community's, den Gewohnheiten fürs echte Leben. Für Familien, t families, les communautés, le monde – pour tous, inspiramos



Für Familien, für Communities, für alle Mensche tous. Inspiramos häbitos saudāveis para a vide samhället, världen – för alla. We inspireren gezon families, communities, the world—for everyone. V des habitudes saines pour la vraie vie. Pour les comunidades, o mundo — para todos. Vi inspir

illa. We inspireren gezonde gewoontes voor het echte leven. Voor mensen, gezinnen, healthy habits for real life. For people, families, communities, the world—for everyone, Wir inspirieren zu gesunden Gewohnheiten fürs echte Leben. Für Familien, für Comm ermann, weltweit. Nous inspirons des habitudes saines pour la vraie vie. Pour les personnes, les familles, les communautés, le monde – pour tous. Inspiramos hál ara as pessoas, as famílias, as comunidades, o mundo — para todos. Vi inspirerar till hálsosamma vanor genom hela livet. För individen, familien, samhället, världen – e gewoontes voor het echte leven. Voor mensen, gezinnen, community's, de wereld - voor iedereen. We inspire healthy habits for real life. For people, families, communities everyone. Wir inspirieren zu gesunden Gewohnheiten fürs echte Leben. Für Familien, für Communities, für alle Menschen - für jedermann, weltweit. Nous inspirons des habi es personnes, les familles, les communautés, le monde – pour tous. Inspiramos hábitos saudáveis para a vida real. Para as pessoas, as familias, as comunidades, o m anor genom hela livet. För individen, familjen, samhället, världen – för alla. We inspireren gezonde gewoontes voor het echte leven. Voor mensen, gezinnen, com inspire healthy habits for real life. For people, families, communities, the world—for everyone. Wir inspirieren zu gesunden Gewohnheiten fürs echte Leben. Für i e Menschen – für jedermann, waltweit. **Nous inspirons des habitudes saines pour la vraie vie.** Pour les personnes, les familles, le s saudáveis para a vida real. Para as pessoas, as familias: as comunidades, o mundo - para todos. Vi inspirorar till hälsosamma vanor genom hela livet. För indiv Liz. We inspireren gezonde gewoontes voor het echte leven. Voor mensen, gezinnen, community's, de wereld - voor iedereen. We inspire healthy habits for real life. F world--for everyone. Wir inspirieren zu gesunden Gewohnheiten fürs echte Leben. Für Familien, für Communities, für alle Menschen - für jedermann, weltweit. Not undo — para todos: Vi inspirerar till hälsosamma vanor genom hela livet. För individen, familjen; samhället, världen – för alla. We inspireren gezonde gewoontes en, community's, de wereld - voor iedereen. We inspire healthy habits for real life. For people, families, communities, the world—for everyone. Wir inspirieren zu nheiten fürs ochte Loben. Für Familien, für Communities, für alle Menschen – für jedermann, weltweit: Nous inspirons des habitudes saines pour la vraie vie. Pour les person

Call Participants

EXECUTIVES

Amy K. O'keefe Chief Financial Officer

Corey Kinger Vice President of Investor Relations

Mindy F. Grossman President, CEO & Director

Nicholas P. Hotchkin Chief Operating Officer

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Presentation

Operator

Good day, and welcome to the WW International Third Quarter 2020 Earnings Conference Call. [Operator Instructions] Please note this event is being recorded.

I would like now to turn the conference over to Corey Kinger, Investor Relations. Please go ahead.

Corey Kinger

Vice President of Investor Relations

Thank you, everyone, for joining us today for WW International's Third Quarter 2020 Conference Call. At about 4:00 p.m. Eastern Time today, we issued a press release reporting our third quarter 2020 results. The purpose of this call is to provide investors with some further details regarding the company's financial results as well as to provide a general update on the company's progress. The press release is available on the company's corporate website located at corporate.ww.com.

Supplemental investor materials are also available on the company's corporate website in the Investors section under Presentations & Events. Reconciliations of non-GAAP measures disclosed on this conference call to the most directly comparable GAAP financial measures are also available as part of the press release.

Before we begin, let me remind everyone that this call will contain forward-looking statements. Investors should be aware that any forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from those discussed here today. These risk factors are explained in detail in the company's filings with the Securities and Exchange Commission. Please refer to these filings for a more detailed discussion of forward-looking statements and the risks and uncertainties of such statements.

All forward-looking statements are made as of today, and except as required by law, the company undertakes no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

Joining today's call are Mindy Grossman, President and CEO; Nick Hotchkin, COO; and Amy O'keefe, CFO. I will now turn the call over to Mindy.

Mindy F. Grossman

President, CEO & Director

Thank you, Corey. Good afternoon, everyone. Thank you for joining our call today. Our accomplishments throughout 2020 as we continued to navigate through an unprecedented environment has been a testament to the strength and resilience of our brand and business model, our ability to be agile and innovate and the exceptional work of our talented and passionate WW teams around the globe.

This was further demonstrated in our Q3 results despite the negative impact of COVID on our studio revenue. We grew digital subscribers by 23% with strong growth in every geographic market. This accelerated digital growth enabled us to achieve year-on-year comparable operating income levels and EPS growth.

This performance highlights our leadership position as the most effective and trusted partner in weight loss and wellness, our high-margin digital business model, a great degree of flexibility in our cost structure and our uniquely talented WW team.

WW is a technology company, having offered digital solutions to our members for nearly 2 decades. Today, our digital platform, powered by our unique app delivers a truly differentiated tech-enabled member experience. It is the foundation for all that we do in delivering a robust and impactful wellness experience to members globally.

All of WW's 4.7 million members utilize our digital platforms, with over 80% of our members being digital-only and 20% having both digital and workshop, whether virtual or physical access. As a direct-to-consumer digital subscription business, we are constantly innovating on behalf of our members' needs with constant new releases in our app that are informed by data from our members' interactions, which gives us the ability to iterate, improve and personalize the WW experience in real time.

COVID did not slow down our WW transformation. In fact, it has accelerated our strategies. When we identified the critical need to find a virtual solution for our global workshops, we executed that shift in 6 days. The investments that we have made in our technology platforms and our talent across the company enabled us to be nimble and agile and ensured that we were supporting our members with what is so important to them, community, which is more critical now than ever and is also a key lever for both member acquisition and retention.

It also enabled us to reduce our studio footprint, including the associated costs and focus on what we believe will be a different workshop experience of the future. We launched e-commerce in our app mid-March, which was already planned pre-COVID. Given the studio closures, where most of our product sales took place, we were able to partially offset the impact and have seen sales through our e-commerce channel grow 300% in Q3.

Member penetration grew in the triple digits and repeat purchases grew in the double digits. We also continued to accelerate the transformation of our WW Health Solutions business and we reimagined events and experiences for a virtual world. Most important, we continued to innovate and expand our reach. In addition to reaching our WW members, we intend for WW to be the healthy living brand of choice for everyone.

We are greatly expanding our consumer products portfolio for both e-commerce and other distribution partners as we position the WW marketplace for exponential growth in the future. As you recall, we are building out a robust marketplace across Healthy Eats, Healthy Kitchen and Healthy Lifestyle, which will include a range of products, including WW branded products, such as our new grab-and-go coffee, cobranded products, such as our New WW by Dash line, and a variety of curated products that are relevant to our members.

We are advancing our efforts through integrations with other leading technology platforms. Our collaboration with Amazon, with their launch of Amazon Halo provides consumers with the latest in health and wellness technology, demonstrating our shared commitment to offering consumers science-backed cutting-edge tools. We recently announced our collaboration with Zoom, becoming their health partner for the launch of OnZoom, an online events platform as well as Zapps, an in-app marketplace, which is coming soon. These new experiences will bring the WW brand to life in new ways to millions of Zoom users with helpful and engaging content and reminders to build healthy habits.

I'm pleased with all of these advancements as we continue to broaden our exposure to new and different audiences. We're also on track to deliver new and exciting WW innovations in Q4. We will be building on the success of myWW with our newest and most comprehensive innovation outside of a food innovation with the launch of myWW Plus. This is the first time we have a significantly new tech-driven program innovation focused on all of our pillars that we know have a measurable impact on weight loss and wellness success.

Nutrition, fitness, mindset and sleep will be more personalized, backed by AI and machine learning. The app will provide more insights, features, tools and value-added content, all informed by consumer demand. MyWW Plus will be rolling out to all members globally in November and will be the centerpiece of our winter marketing recruitment campaign, which I will speak to later.

In addition to our new program innovation, we are also innovating across all of our membership tiers, and we are launching a totally new membership tier, which will allow us to reach new audiences. Digital membership will be enhanced by the launch of myWW Plus and will continue to be the core foundation of all membership tiers.

Coming in December, in the U.S. and the U.K., we will be introducing a mid-tier entirely new experience called Digital 360. In prior calls, you may have heard me refer to this as virtual coach-led communities. Digital 360 builds on the learnings and success of Oprah's 2020 vision tour and is a premium coaching experience with always on accountability through live and on-demand content, a new generation of coaches relevant to millennials and who are experts at digitally delivering engaging and inspiring content rooted in nutritional and behavior change science.

Digital 360 will build community in new ways for a new audience. We see this as an opportunity to both attract new members and give our digital members the opportunity to upgrade to a more immersive experience. This will be rolled out to all markets in spring 2021.

Digital Plus Unlimited workshops will replace our Digital Plus studio tier. Building on the success of our virtual workshops, we will now be able to diversify our workshop offerings beyond the limitations of a geographic location. Members will still have the option of a physical workshop, but they will now also be able to choose unlimited virtual workshops with the optionality to choose a coach cohort, a lifestyle, a group of similar interest or a time of day that's best for them.

For example, we've already started a black women's virtual group with over 200 attendees per workshop and are building on the learnings of these workshops to create additional cohort groups, such as Spanishspeaking groups and life stage cohorts that meets members' unique needs. Launching in winter, the revamped Digital Plus Unlimited workshops offering will provide WW members who want the workshop experience with more flexibility and convenience than ever before.

And to further deepen our personal interaction with our members who want additional guidance and support, later in 2021, we will be relaunching our personal coaching platform, which will deliver enhanced one-on-one virtual access to a WW Coach with a more customized and personalized plan and support.

Nick will provide further detail on our plans for growth across these offerings. As you can see, we have been agile, innovative and are positioning WW for the long-term building on our platform as a technology experience that delivers human impact.

Next, I would like to officially welcome Amy O'keefe to WW as our new CFO. Amy has more than 25 years of financial expertise joining WW after 3 years as CFO of Drive DeVilbiss Healthcare. Her proven track record of driving business growth, while maximizing profitability makes her uniquely qualified to join our team, and we're excited that she is on board.

With that, I'll turn the call over to Amy to discuss the Q3 results.

Amy K. O'keefe

Chief Financial Officer

Thank you, Mindy. I first want to say how happy I am to be joining the WW team. In my first month at WW, I've been incredibly impressed by the talent of the team, the passion, commitment and energy that they have for each other, the company, its mission and its members.

Before discussing Q3 performance, I would like to tell you more about what drew me to WW and my perspectives on the company's accomplishments in this extraordinary year. I began to engage with WW early in 2020, myWW had just launched, Oprah's 2020 vision tour was well underway, and the winter season was off to a strong start. I, like many of you, listened intently to the February earnings call, learn more about the incredible member response to myWW, the strength of the marketing program, the enthusiasm found on tour and the strong recruitment momentum across all global markets.

All of this was extremely attractive, as was the high gross margin and cash generation of a direct-toconsumer subscription model. Then as the COVID-19 situation unfolded over the next several months, I was able to watch the company perform and respond in a time of crisis. As a WW member myself, I knew WW was well positioned with technology to be responsive in a remote environment. But I was extremely impressed to see how quickly the company responded by launching virtual workshops to address members' needs and end the second quarter with a record number of digital subscribers. And of course, as a CFO, I was pleased to know that the company immediately took a hard look at its fixed costs and took actions. In short order, the company put a plan in place to reduce its 2020 cost plan by \$100 million, reduced the real estate footprint and rationalized headcount. Flexibility and cost discipline will continue to be key in our business planning going forward as we aim to transition to even more of a variable cost model.

Turning to Q3 performance. We ended the quarter with 4.7 million subscribers, up 5% year-over-year and a record level for the end of Q3. Member recruitment trends for digital continue to be strong through the third quarter, driven by continued nimbleness in our marketing strategies as we adapted well to ongoing shifts in the consumer mindset and demonstrated how WW not only delivers weight loss, but is part of a holistic approach to bettering health.

We ended the quarter with 3.8 million digital subscribers globally, up 23% year-over-year. In Q3, nearly 90% of member sign-ups chose our digital membership, up from approximately 70% in 2019. As we expected, workshop subscribers or studio plus digital were down 36% year-over-year to 850,000 due to significantly lower member sign-ups as a result of the pandemic.

As discussed previously, we anticipate that this overall trend will continue to pressure our workshops business going forward as in-person gatherings remain limited. We are rightsizing the cost structure of our workshop business in response to this trend, while ensuring a high-quality member experience via virtual workshops. Member retention continues to be very strong at an all-time high of over 10 months.

Revenues were down 8% -- or 9% year-over-year on a constant currency basis to \$321 million. Digital revenues were up 21% year-over-year on a constant currency basis. Consistent with the outlook provided in August, the strength was offset by the anticipated declines in workshop fees and overall product sales as a result of COVID pressures. A year ago, digital subscription revenues were roughly the same size as our studio plus digital fees. Fast forward to Q3 2020, digital subscription revenues are now 2x studio and are growing in each of our geographic markets.

Adjusted gross margin of approximately 60% in the quarter was up over 350 basis points year-over-year. We are intensely focused on rightsizing our cost structure for the new operating environment and shifting to a more variable model. This strong cost focus, combined with the mix shift to our high-margin digital subscription business, where digital gross margins were over 80% in Q3, provide a solid foundation for expanding gross margins over the long term.

In Q3, we delivered adjusted operating income of \$95 million, matching the year-ago quarter operating income despite lower revenue, demonstrating the impact of our high-margin subscription model. Our GAAP EPS in Q3 was \$0.78 compared to \$0.68 in the prior quarter. Q3 2020 EPS was positively impacted by \$0.09 in onetime items.

The unusually low tax rate of 13.6% in the quarter was due to a catch-up benefit from the updated regulations around GILTI, permitting companies to elect to exclude foreign income already subject to a high effective tax rate. This reversal benefited EPS by \$0.11 per share. In addition, EPS included a \$0.02 per share negative impact from our organizational restructuring.

While we have confidence in our plans, given the continued macro uncertainty, we are not providing subscriber revenue or EPS guidance at this time, but we would like to provide you with a few directional assumptions for your modeling. On the top line, we expect the overall trend that we saw in Q3 to continue in Q4, with strong growth in digital, offset by declines in studio-related revenues. As usual, our Q4 gross margin will be impacted by program launch costs and training.

A reminder that fiscal 2020 includes a 53rd week, which bridges the last week of December 2020 and ends on January 2, 2021. Due to the heavy marketing activity during that week, we expect Q4 marketing spend to be approximately \$15 million higher in Q4 versus the prior year quarter.

We continue to take swift and deliberate cost actions, and we are on track for the \$100 million cost savings plan that we announced in Q1. As a result, we are increasing the estimated expense of our previously disclosed cost savings initiatives to \$22.5 million, up from a \$14 million estimate previously

provided, driven by strategic cost reductions to our global studio operations to adjust to anticipated consumer demand.

Full year interest expense is expected to be approximately \$120 million. We continue to expect our full year 2020 GAAP tax rate to be approximately 20%, which implies an approximate 26% tax rate before restructuring charges in Q4. While we are not providing guidance on 2021 at this time, our intent for the upcoming winter season is to maximize recruitment opportunities across all membership types.

We expect the subscriber mix shift and declines in studio subscribers will result in an approximately \$50 million full year revenue headwind in 2021. In addition, a reminder that Q1 2020 also had a \$16 million revenue benefit from Oprah's 2020 vision tour, which was fully offset by tour-related expenses.

WW is a highly cash-generative business with strong liquidity. We have a covenant-light debt structure and our term loan and bond maturity dates are not until November 2024 and December 2025, respectively. Our cash balance at the end of Q3 was \$204 million, and our revolver was undrawn. We ended the quarter with a 3.7x net debt to adjusted EBITDAS ratio or 2.8x levered on a first lien debt basis. Reducing our leverage continues to be our overall capital structure priority.

In addition to investing in technology and digital product resources and talent, we will continue to evaluate potential tuck-in acquisitions of technology companies. In addition, we are seeing good opportunities for acquiring franchise territories. Just this week, we acquired the Arizona franchise and are in discussions with several other franchisees.

In summary, we believe we are focused on the right initiatives and areas of growth to fuel long-term profitability.

I will now turn the call over to Nick to talk about these areas of growth.

Nicholas P. Hotchkin

Chief Operating Officer

Thank you, Amy. I can speak for everyone at WW, when I say we are thrilled to have you on board. As COO, I am focused on the global performance with coordination, collaboration and execution across all markets as well as cultivating growth vehicles such as WW Health Solutions and the e-commerce.

Looking to winter, we are building on the success of our proven myWW food program, making it more personalized across the key pillars of nutrition, activity, mindset and sleep. In support of the new myWW Plus program, a most comprehensive nonfood innovation to date, we will be launching a deeply enriching, more interactive and personalized end-to-end app experience for all members.

In addition to featuring an all-new personal assessment, which will match members to the food plan and the membership type right for them, myWW Plus will deliver personalized content along their journey, powered by a smart personalization platform that uses machine learning and AI to identify the preferences of each unique member. So the more you engage with the content and features, the more myWW Plus will deliver the meal planning and recipe recommendations that are relevant to you.

This capability is an important breakthrough in personalizing our program leveraging predictive analytics. We believe myWW Plus will help members be even more successful because we will know them better and inspire healthy habits across all pillars of weight loss and wellness.

In addition to the new personalized assessment, myWW Plus' new features will include a new personalized My Day dashboard in the app, improved goal setting and progress reports and other innovative new features.

WW is the leader in clinically proven sustainable weight loss and management due to our unparalleled expertise in behavioral science. Our science team, led by Dr. Gary Foster, was deeply engaged in every aspect of the development of myWW Plus from the questions in the personal assessment to each app feature focusing on the behavior change techniques and strategies that are proven to keep members motivated and engaged and successful on their wellness journey.

As Mindy mentioned, this winter, we will have a comprehensive relaunch of our Digital Plus studio business, which will be called Digital Plus Unlimited workshops. While we will continue to offer in-person WW workshops in our studios, virtual workshops expand our workshop offerings beyond the limitations of studio geography offering more flexibility than ever before.

In the U.S., live face-to-face virtual workshops will be held 16 hours a day, 7 days a week with multiple sessions occurring simultaneously at peak times, led by a selection of coaches who are especially talented and trained to deliver an engaging virtual workshop experience. These virtual workshops have proven to be especially fun and engaging and are driving word-of-mouth endorsement by our members and that's why we are relaunching workshops globally this winter, focusing on convenience and believe this will position us to maximize this vertical in 2021 and beyond.

We continue to manage our studio real estate footprint prudently. To illustrate, at year-end, in the U.S., we expect to have approximately 650 WW branded studio locations, with that footprint augmented by approximately 250 hotel locations, which are proving to be a great new venue for our workshops. This highly flexible footprint of studios and studio apps will be within a 30-minute drive of 80% of our members.

As a reminder, at the start of the year, we had approximately 800 studios, plus 2,300 third-party workshop locations. Importantly, we are continuing to meet our members' needs, while significantly reducing our real estate footprint.

To make our real estate even more flexible, we continue to explore partnership opportunities. In this winter, we will be piloting WW wellness hubs at 6 CVS retail stores where consumers can learn more about WW and members can drop by for wellness check-ins and one-on-one coaching sessions. This real estate strategy helps us nimbly manage our cost structure. And in addition, virtual workshops have a margin profile that far exceeds the in-person studio model.

As Mindy mentioned, in December, we will also introduce an all-new membership tier, Digital 360, which will feature an on-demand, always-on experience through a coach, content and community-centric experience delivering what they want, when they want it.

Digital 360 members will have access to exclusive in-app coaching and premium content hubs designed specifically for millennials. This more modern experience for a new and younger audience, separate from our existing membership tiers, is being created by the same WW team that produced our highly successful Oprah's 2020 Vision tour and our virtual tour experience.

In addition to unique live and on-demand content from each coach, there will be additional exclusive premium content for this new membership tier, which will include a wide variety of motivational and inspirational stories, podcasts, video series and unique events.

In December, we will introduce this new tier in the U.S. and the U.K., with plans for a full launch globally in spring 2021. We view Digital 360 as an opportunity to upsell current digital members as well as reach new audiences.

Looking to 2021, we have confidence in our differentiated program, marketing, technology and growth drivers. In addition to member recruitment and retention, we are also focused on realizing growth opportunities in areas such as WW Health Solutions and e-commerce.

In our WW Health Solutions business, we are seeing strong engagement among our clients and member retention is at an all-time high. We recently partnered with CVS to add WW to its point solutions management platform making it easier for employers and plan sponsors that use CVS Caremark for pharmacy benefits management to offer WW to employees.

In addition, we're announcing that Welltok, who has relationships with the nation's leading payers, employers and health systems, is adding WW to their connect ecosystem, which allows their clients to conveniently select from a curated list of programs and resources. Our goal is to be the best digital health solution for organizations to help that populations lose weight, stay healthy and prevent chronic conditions. Today, Health Solutions contributes approximately \$50 million in annual revenue, but the opportunity is much greater. Looking to 2021, we will start building momentum through initiatives, including aggregator or channel partnerships, targeting midsized employers and physician referral and expect strong revenue growth in 2021 with accelerated growth potential in 2022 and the years ahead.

Consumer products represents a significant growth opportunity for WW. The advancements our team has made to enhance our commerce experience have been exceptional and our strategy is working. And while early, we are seeing strong signs of sustainable long-term growth. Recall, we only added WW Shop in the app in March, and while already 10% of our members are discovering and buying WW products in the app, we clearly have great growth opportunities, both in 2021 and in the longer term in consumer products. I'm excited by the opportunities in front of WW and believe we are focused on the right initiatives to fuel our long-term growth.

With that, I will turn it back over to Mindy.

Mindy F. Grossman

President, CEO & Director

Thanks, Nick. I would like to now provide some commentary on our winter launch and marketing plans, share details of the newly launched healthy living coalition and reinforce our priorities for 2020 and beyond.

It is clear that the world needs WW more than ever. We have been living in a COVID world where we are constantly reminded that health needs to be our #1 priority. The CDC recently officially confirmed what we have known, that obesity worsens outcomes for COVID-19. In their statement, the CDC highlights that being active and eating a healthy diet can support optimal immune function and help prevent or manage chronic diseases that worsen outcomes from COVID-19. The days of wellness being considered a luxury are over. Wellness is a necessity. The global pandemic has elevated the critical need for the democratization and accessibility of wellness for all.

People are going through a radical reappraisal of how they live, how they work and what they value and want in their life. It is critical that we support, motivate, educate, inspire and meet our members where they are on their wellness journeys.

Consumers want to be healthier, and they're looking for a trusted partner with credible science, a community of support and the tools and techniques that will help them to build a foundation of structure that is livable and sustainable.

The launch of myWW Plus will provide consumers with all of this and more. We will launch a multi-platform campaign focusing on this new experience and highlighting a diverse range of consumers and creative assets that will engage and attract existing, lapsed and new audiences.

Our winter marketing will feature Oprah Winfrey, who is the ultimate motivator and a great cast of member ambassadors, all who have had great success on WW. We will also be including Ciara, our newest ambassador, who has embraced the WW program and lifestyle. Ciara is a GRAMMY award-winning multiplatinum singer and songwriter who made her debut as a WW ambassador in late September following the birth of her third child. Ciara will share her wellness journey as a new mother of 3 to help educate others on how to care for themselves and inspire them to live a healthier lifestyle. The winter campaign will launch on December 26, and we are excited to bring myWW to the world. At WW, we believe that healthy living is a human right and that everyone deserves access to basic nutrition. Our global promise is to help those in need and continue our commitment to democratize wellness, but we also recognize the power of collective impact. And on October 16, we announced the Healthy Living Coalition, an alliance for action and solutions focused on improving food systems and helping close nutrition gaps that disproportionately impact underserved communities.

We launched with 18 powerful private and nonprofit sector partners, including JPMorgan Chase, Bank of America, Beyond Meat, Bright Health, Panera Bread, the Vitamin Shoppe, Oak View Group, the American Diabetes Foundation and Feeding America amongst other purpose-driven organizations. We aim to activate

100 new corporate voices and resources in the first year towards shared solutions and goals that tackle this crisis.

These private and nonprofit sector leaders alongside experts and voices from business, science and local communities will join forces to drive progress under the United Nations Sustainable Development Goals with a particular focus on its goal of 0 hunger and good food for all. Last year, an estimated 25.9% of the global population experienced moderate-to-severe food insecurity and the current crisis will only exacerbate this further.

We look forward to galvanizing this powerful group to collectively impact the health trajectory of the world and deliver on our mission to inspire healthy habits for all, for people, family, communities, the world, for everyone.

At WW, we have built a smart, personalized wellness and weight loss platform that provides our members the content, coaching, community, core program and commerce needed to build healthy habits for life. Our app delivers immersive tools and experiences that create engagement and success for members.

Our science works, and our brand is trusted more than ever at a time when trust is a critical factor in consumer choice. Community continues to be the cornerstone of WW, and we are providing even more opportunities for people to find and engage with the communities that are right for them and connect with others striving for the same goal.

Coaching will be available across all platforms in new ways with a diverse group of motivators and educators providing a level of support that's right for you, and our program will be personalized and delivered through individualized content.

Both our direct-to-consumer and our WW Health Solutions business, which gives us access to employers, providers, physicians and payers, give us a significant opportunity to grow our base. And our expanded marketplace will provide a curated assortment of food, kitchen and lifestyle products that can help everyone build and sustain healthy habits. We have invested in our transformation to truly become a technology experience company with a human approach built on the power of community to help consumers achieve their wellness and weight loss goals.

Our high-margin digital subscription business model, flexibility in our cost structure, growing retention and engagement, multiple paths to growth, and a highly talented team are cornerstones of WW, and we have the right strategies in place to maximize our opportunity. With that, I will now take your questions.

Question and Answer

Operator

[Operator Instructions] Our first question comes from Lauren Cassel with Morgan Stanley.

Lauren Elizabeth Cassel

Morgan Stanley, Research Division

Lots of exciting innovation to come over the next few months, which should add tremendous value to subscribers. I guess how are you thinking about changing, if at all, the pricing architecture of the different subscription tiers and the reworked studio offering? And then specifically, where do you see the pricing of the Digital 360 offering in the U.S.?

And then one for Nick, the real estate update was really helpful. How should we think about what the footprint looks like 1 year from now? Is it 650 the right number of branded studios? Or do you think there's further room for consolidation there?

Mindy F. Grossman

President, CEO & Director

Okay. To your point, we are excited about the myWW launch really as the marketing vehicle to bring people into the right membership tier for them. So I think the way you can think about Digital 360 and we're finalizing all pricing testing right now, it will sit as a mid-tier in between our digital and our unlimited workshops and digital business, but we're finalizing exactly, but that's how you can think about it. And then when we relaunch the one-on-one coaching platform in 2021, that will be at a high-tier because it's very high-touch, one-on-one individual coaches.

Nicholas P. Hotchkin

Chief Operating Officer

And look, on the studio footprint side, you see us aggressively managing the cost structure of that business. So entering winter with 900 locations in the United States, 650 branded studios and 250 hotels, which I think are great new avenue for us, not -- least with social distancing, we can have more people attend in a hotel setting. That total 900, probably down about 70% of locations in the U.S. where we started the year.

You asked about 2021 footprint, we have roughly 190 lease renewals in 2021. So we have lots of flexibility to continue to manage our cost structure and continue to meet members where they are, serving 80% of the United States population with this much reduced studio footprint and obviously, supplemented by virtual workshops available like never before. More convenience, more flexibility, 16 hours a day, 7 days a week, so people can attend virtual workshops, too.

Operator

Our next question comes from Steph Wissink with Jefferies.

Stephanie Marie Schiller Wissink

Jefferies LLC, Research Division

Mindy, the first question for you is just on the test of Digital 360, what are some of the things that you've learned as you've tinkered with that experience?

And then Amy, a question for you. I just want to go back to your prepared remarks on marketing expense for the fourth quarter. I know you talked about the 53rd week specifically, but how should we think about the baseline marketing investment, just given what Mindy has shared about some of the plans?

Mindy F. Grossman President, CEO & Director

Sure. What we've really found with Digital 360, and I would say it's built for millennials by millennials, right? And the core attributes of the program are really coaching, content and community, but in a 24x7, always-on-demand platform. And we've seen really high engagement. And this is a new suite of coaches, all of whom are very geared towards a digital content on-demand platform and who have their own social and digital followings to engage, recruit and certainly retain members.

Members will have the opportunity, though, to engage with multiple coaches. We have coaches who are in fitness, in nutrition, in mindset and meditation. So there's really an opportunity to be able to really have that on-demand personal capability.

And in addition, the myWW Plus platform, which is the basis of all our platforms, has a very high level of personalization with the utilization of AI to really make the experience for you. So the combination of that, to us, is exciting in the Digital 360 platform and that, combined with our new virtual platform allows us to really reach new audiences.

Amy K. O'keefe

Chief Financial Officer

As it relates to week 53 marketing, as I mentioned in my comments, it's an unusually heavy week of marketing. And so we wanted to make sure that you were able to adjust your modeling accordingly. In my view, the underlyings then, excluding the impact of week 53, will be about flat to Q4 of 2019.

Operator

Our next question comes from Jason English with Goldman Sachs.

Jason M. English

Goldman Sachs Group, Inc., Research Division

So a couple of quick questions. First, on the meeting subscriber. Not surprisingly, we're seeing a continued drop-off of subscribers given the situation out there. I'm curious what percentage of those who fall out of the program are picking you back up on the digital-only offering?

Nicholas P. Hotchkin

Chief Operating Officer

Jason, this is Nick. Yes, look, we don't really see much switching. I mean the offerings are different. And those people that like that immersive WW coaching experience and workshops tend to stick with it. So really, no more than usual. I would say that what's driving the digital growth is people choosing WW Digital and our award-winning Webby winning app. So the number of people who are transferring from studio to digital is a very small proportion of the folks choosing WW Digital.

Mindy F. Grossman

President, CEO & Director

The one thing we have seen, and I think why we have our retention still at an all-time high, is because we have a great degree certainly of our studio members now in the virtual workshops. But what the big opportunity is, is to really relaunch our all-access workshops and build new cohort frameworks that aren't restricted by geography. So we're able to really bring lifestyle cohorts, coach cohorts and others together. And in the initial test of that, we've had really great response and feedback.

Nicholas P. Hotchkin

Chief Operating Officer

Terrific opportunities to win back those workshop members, absolutely.

Jason M. English

Goldman Sachs Group, Inc., Research Division

Okay. I think you guys have a lot of different programs coming to market. I guess back to the question, an earlier question that came out earlier about pricing architecture. You mentioned you're launching Digital

360 somewhere in the middle of where the others are. And I think to my ears, correct if I'm wrong, you're going to kind of have like a 4-tier offering, digital, digital 360, meeting plus digital and personal coach, correct me if I'm wrong on that. But as you launch more premium, I guess, are you contemplating pushing down the digital access or the digital-only price point? Any changes to be mindful of on those components?

Mindy F. Grossman

President, CEO & Director

Yes. What we're seeing is if you just think of the value that we have added into our digital platform in the last 2 years and now with the launch of myWW Plus being extremely personalized and immersive, we really feel the value is certainly there. And what's interesting, I think you know, we had mentioned that for the first time, we had offered free trial in the app. And I think the reason we are converting at a very high rate is people are recognizing the value of what we're providing them.

Jason M. English

Goldman Sachs Group, Inc., Research Division

What are they trading up to? Sorry. And what percentage of those people who are taking the free trial are actually converting into a paid subscriber?

Nicholas P. Hotchkin

Chief Operating Officer

In any given week, close to 60%.

Jason M. English

Goldman Sachs Group, Inc., Research Division

Well, that's great.

Mindy F. Grossman

President, CEO & Director

Yes. And I think a lot of it is giving people the opportunity to really experience us as to who we are today and what we have to offer, and I think that's really been an asset.

Operator

Our next question comes from Brian Nagel with Oppenheimer.

Brian William Nagel

Oppenheimer & Co. Inc., Research Division

Congratulations on all the initiatives. So I had a couple of questions. I mean first, a short-term one that's something more strategic. The short term, and I think I asked something that's similar last quarter as well. But as you look at your numbers, and particularly, the impressive growth in the digital subscriptions you saw here in the third quarter, is there a way to parse out if the COVID crisis is affecting those numbers in any way? Or is there some type of COVID factor?

And then the second question I have, just with respect to the new initiatives, in particular, that Digital 360. As you think about now and as you've done your initial testing, recognizing it's early, but is this -- do you think this will be more of a tool to allow you to really cater to a larger consumer -- a larger TAM, a new customer? Or is it more -- is there a piece of it that's going to allow you to really further do it to your existing customers and maybe help on the retention side?

Nicholas P. Hotchkin

Chief Operating Officer

Brian, look, on the impressive digital growth, I think it's sustainable based on the best tech and digital product experience and the wonderful features in our app that we've had. And so with what we're launching in winter, this wonderful new myWW, more personalized approach with innovative features, I think our growth will be driven by what we do and the features we add and the digital experience we

provide. Now look, certainly, people in a COVID world need health and wellness more than ever. But I think our growth has been propelled by the wonderful product we're providing.

Mindy F. Grossman

President, CEO & Director

Yes. And what we are also seeing of that digital membership growth, we're seeing a skew to younger audience. So we're already seeing that in the digital growth. And to the question on the 360, we see 2 opportunities. We definitely see an opportunity for new customer acquisition, particularly around a younger cohort, but we absolutely see the opportunity for a digital member to be able to upgrade to a more immersive experience that gives them a different level of accountability. And we will be marketing that and giving the ability for our digital members to have an experience to be able to get them to upgrade. So 2 different opportunities.

Operator

Our next question comes from Linda Bolton-Weiser with D.A. Davidson.

Linda Ann Bolton-Weiser

D.A. Davidson & Co., Research Division

Kind of a question on the numbers. Last quarter, there was a fairly big gap between digital subscriber growth of 23% and revenue -- digital revenue growth of 15%. Fairly big gap there. That gap is still there, but it's more narrow this quarter with 23% digital sub growth and digital revenues up 20%, 21%. Can you explain why that gap has narrowed? And is the difference because of promotions that you're using? But can you just kind of explain why those numbers come out the way they are?

Nicholas P. Hotchkin

Chief Operating Officer

Yes. Look, we're focused on using the right pricing and promotions, absolutely. And I was pleased with our price realization, particularly on the digital side during Q3. So I think it's just really continued strong performance driven by the strong app and effective marketing.

Linda Ann Bolton-Weiser

D.A. Davidson & Co., Research Division

And then can I just ask, with people staying at home where there's been trends with more cooking at home, do you think that, that is benefiting your weight loss program versus other programs that involve sale of food?

Mindy F. Grossman

President, CEO & Director

Well, look, we have one of the #1 engaging aspects that our members are loving in our app, our extensive food recipe and database. And actually, we implemented within the app, the ability to search across any kind of dietary food, and it will create the recipes for you. It will create more. And both tracking, fitness and overall engagement is very, very high.

So we do see that people are looking at us for those cooking tips. We also see it with our Instagram live cooking classes and things like that. What we're excited about is one of the new customized parts of myWW Plus takes that even further and actually will personalize your meal planning, your recipes and based on what you even have at home.

Nicholas P. Hotchkin

Chief Operating Officer

Yes. If I could just -- coming back to a little bit more detail on your initial question. Look, digital retention is fantastic. It's easily as good as studio retention, so the fact that people join us on digital and they're staying for more than 10 months. Then the beauty of the flywheel of a subscription business, in Q3, we

got all the revenue -- a full quarter's of revenue from the people that joined us in Q2. So that's part of the dynamic also.

Operator

Our next question comes from Edward Yruma with KeyBanc Capital Markets.

Kaseylyn O'Brien

KeyBanc Capital Markets Inc., Research Division

This is Kasey O'Brien on for Ed. Historically, digital has had very high contribution margins, approaching, I believe, 50%. How will the new AI-powered offering in the more premium virtual coaching program compare?

Mindy F. Grossman

President, CEO & Director

Well, myWW Plus is the program that is integrated into the core digital program of everything we do. So that's not really about margin. That's about experience. Our digital margins, obviously, are very, very high and will continue to be. So actually, Digital 360 being primarily digital is also high margin. And now with the addition of unlimited workshop with a significant portion of that being virtual, which also has higher margins, we think the blended opportunity to continue to drive higher margins over the coming months, years, et cetera, is certainly significant.

Operator

Our next question comes from Michael Lasser with UBS.

Michael Schwartz

UBS Investment Bank, Research Division

This is Michael Schwartz on for Michael Lasser. Question is, when will studio subscribers in North America stabilize? Do you think it can happen without changes in the underlying virus backdrop?

Mindy F. Grossman

President, CEO & Director

So the way I'd like to kind of express that is we are looking at the entire Digital Plus Unlimited workshop cohort as one, okay? We, as Nick said, are going to be very, very diligent in what that footprint will look like, certainly putting safety and security of all our members first. But making sure we not only give them an option, but that virtual option is for new members, too, who want to come in and have an experience.

The second thing is we will continue to look at other options for where we would have those face-to-face workshop experiences where we don't have the overhead costs. As Nick mentioned, we'll be taking a hard look at that going into 2021. So we're looking at it as a more holistic workshop member strategy going forward.

Nicholas P. Hotchkin

Chief Operating Officer

I think that's right. Look, if you look at our '20 performance, on the heels of a wonderful launch of myWW, well, the business was firing on all cylinders, including studio doing really nicely until COVID struck. So obviously, that's a factor as we look into Q4 and Q1. But I think you see in the Q3 results, kind of with 80% of our subscribers being fully digital and that product having an 80%-plus gross margin and growing nicely, that's where the value creation for the company is, in the fast-growing, high-margin digital subscription business. And of course, we'll look to maximize opportunities for our workshop members, too.

Michael Schwartz

UBS Investment Bank, Research Division

And as a quick follow-up. Under your expectation of a continuation of top line trends into the fourth quarter, is it realistic to expect gross profit dollars to stabilize?

Amy K. O'keefe

Chief Financial Officer

Looking into Q4, as I mentioned in my comments, we expect the revenue trends for both digital and studio to remain about the same. From a margin perspective, we do tend to invest a bit more in product launches and training in Q4. So I would expect sequential margin from Q3 to Q4 to be down slightly.

Operator

Our next question comes from Olivia Tong with Bank of America.

Olivia Tong

BofA Merrill Lynch, Research Division

What's your -- these new programs sound really interesting. So I just wanted to understand your view on the margin profile as you build out this middle-tier virtual coaching and then the top tier, the oneon-one because obviously, there's some incremental expenditure with that as well. So if studio is like 40 and digital 80, is 360, like 60 and one-on-one is above the 80? Or just if you could help us out -- help us understand the margin profile of the new program.

Nicholas P. Hotchkin

Chief Operating Officer

Yes. Look, I think it's a good question. And obviously, we'll look forward to launching the products in the winter and seeing the uptake. But yes, look, with a digital subscription margin of over 80%, and actually, I'd say a studio margin of historically 40%, less today, that's why we're moving hard to aggressively rightsize the cost side. But clearly, what we're launching virtual workshops and Digital 360 are digital-first products. And so you can expect those margins to be more akin to a digital subscription margin. Obviously, it's a rich content community and coach-led experience. So I'd expect the margins of those businesses to be in the middle, but probably closer to digital than studio because of the characteristics of the digital products.

Olivia Tong

BofA Merrill Lynch, Research Division

Got it. And then Amy, nice to meet you, first. I want to understand sort of your approach on guidance going forward. You said that because of the macro conditions and what have you, that there is no guidance right now. So is it more a function of as long as COVID is here, you're probably not going to guide for the full year because of the lack of visibility? Or is it something else?

And then you, obviously, despite the lack of guide, did give a lot of color into Q4, which would suggest a fairly sizable downshift in EPS given that 53rd week of spending. But as you think about the go forward, just kind of curious if there's anything else that we need to be mindful of, sort of thinking about fiscal '21 as you obviously have a lot of new programs, too.

Amy K. O'keefe

Chief Financial Officer

Understood. As it relates to guidance, in this period of uncertainty, I think it was prudent for the company to withhold guidance. We continued that practice for Q4. We'll certainly reevaluate it at year end on the February call. We're headed into the winter marketing season. We're headed into a very active subscriber period. And so we'll definitely revisit as we get through quarter 4. On your -- I think you had a -- I had a hard time hearing you. I think you had a week 53 question. Could you repeat that, please?

Olivia Tong

BofA Merrill Lynch, Research Division

Sure. So just trying to understand the -- because you gave a fair number of pieces on Q4, which would seem to suggest that there's a fairly sizable downshift in EPS for Q4. So first, I just wanted to confirm that the main piece of that, obviously, is that incremental spending as we sort of look through Q4. You said

sales kind of plus or minus about similar to -- similar on a year-over-year basis to Q3. Gross margin is obviously benefiting quite nicely from the mix shift, but the marketing is the offset and then tax rate goes up pretty dramatically, too. So I just want to make sure that I understood all those pieces because it does seem to project a fairly big downshift...

Amy K. O'keefe

Chief Financial Officer

So let's walk through that and then Nick can weigh in here as well. So just to clarify, there will be an incremental \$15 million of marketing as it relates to week 53. We just want to make sure everybody gets that right. But there's also an incremental week of revenue. And so the net -- so the intention was not to guide down \$15 million because of incremental marketing spend, just to be clear. We expect for the net EPS impact of week 53 to be approximately \$0.03. And so that's not a change. It's just a clarification and a reminder is how I look at that. I mean, Nick, do you have anything else to add?

Nicholas P. Hotchkin

Chief Operating Officer

No, I think that's absolutely right. I mean it implies week 53 driving up to \$20 million of revenue. We just want to make sure folks have week 53 contemplated in their models. Certainly not a downshift in performance expected...

Amy K. O'keefe

Chief Financial Officer

No, that first week of winter is a very big recruitment week.

Nicholas P. Hotchkin

Chief Operating Officer

Yes. And then actually, look, obviously, you've seen strong trends in our Q3. We've seen those trends continue through October also, strong continued digital momentum and continued studio recruitment weakness, as we expected, but exactly as we've guided to in our outlook. But October was a strong start to Q4.

Amy K. O'keefe

Chief Financial Officer

Right. And obviously, very optimistic about our new launches in the fourth quarter.

Operator

Our final question comes from Alex Fuhrman with Craig-Hallum.

Alex Joseph Fuhrman

Craig-Hallum Capital Group LLC, Research Division

Great. One thing I wanted to ask about is, just looking at your results for the digital plus studio offering, it looks like it was down more or less uniformly in all of the geographies you report. I'm curious, since you have such a big presence all over the world, have you seen that appetite to get back into your studios has been different in any of your different countries? Anything major to call out there?

Mindy F. Grossman

President, CEO & Director

Nothing dramatic. I think, obviously, different markets were able to be open at different time and to now the point different markets are closing, right? So I think it's been pretty consistent. And I think it's more about the ability to even go back because someone is not necessarily going to sign up for a studio experience that they can't physically go to. That's different than our existing members who feel that at least having the virtual experience for them keeps them continue to be motivated.

Operator

This concludes our question-and-answer session. I would like to turn the conference back over to Mindy Grossman, CEO, for any closing remarks.

Mindy F. Grossman

President, CEO & Director

Great. So first, I want to once again thank our talented and passionate teams around the globe for their exceptional work during this time. We continue to accelerate our strategy, enabling us to create a truly differentiated technology-fueled human-centric member experience. We continue to maximize our high-margin digital business subscription model, be agile and flexible in our cost structure, focus on growing retention and engagement and developing new paths for growth. We're very excited about our new launches and plans for the winter season, and we actually really look forward to sharing more over the next months. So thanks, everyone, for joining us today.

Operator

The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.