

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):
April 24, 2018

USANA HEALTH SCIENCES, INC.

(Exact name of registrant as specified in its charter)

Utah
(State or other jurisdiction of incorporation)

001-35024
(Commission File No.)

87-0500306
(IRS Employer Identification
Number)

3838 West Parkway Boulevard
Salt Lake City, Utah 84120
(Address of principal executive offices, Zip Code)
Registrant's telephone number, including area code: (801) 954-7100

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
 - Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).
 - If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.
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Item 2.02 Results of Operations and Financial Condition.

On April 24, 2018, USANA Health Sciences, Inc. (the “Company” or “USANA”) issued a press release announcing its financial results for the first quarter ended March 31, 2018. The release also announced that the Company will post a document titled “Management Commentary, Results and Outlook” on the Company’s website and that executives of the company would hold a conference call with investors, to be broadcast over the World Wide Web and by telephone and provided access information, date and time for the conference call. The Company noted that the call will consist of brief remarks by the Company’s management team, before moving directly into questions and answers. A copy of the press release, and the Management Commentary, Results and Outlook, are furnished herewith as Exhibits to this Current Report on Form 8-K and are incorporated herein by reference. These documents will be posted on the Company’s corporate website, www.usana.com.

The information in this Current Report is being furnished and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in this Current Report shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended. The furnishing of the information in this Current Report is not intended to, and does not, constitute a representation that such furnishing is required by Regulation FD or that the information this Current Report contains is material investor information that is not otherwise publicly available.

Item 7.01 Regulation FD Disclosure

The information disclosed above under Item 2.02, as well as the exhibits attached under Item 9.01 below are incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

| Exhibit No. | Description |
|--------------------|---|
| 99.1 | Press release issued by USANA Health Sciences, Inc. dated April 24, 2018 (furnished herewith). |
| 99.2 | Management Commentary, Results and Outlook provided by USANA Health Sciences, Inc. dated April 24, 2018 (furnished herewith). |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

USANA HEALTH SCIENCES, INC.

By: /s/ G. Douglas Hekking

G. Douglas Hekking, Chief Financial Officer

Date: April 24, 2018

Exhibit Index

| Exhibit No. | Description |
|--------------------|--|
| <u>99.1</u> | <u>Press release issued by USANA Health Sciences, Inc. dated April 24, 2018 (furnished herewith).</u> |
| <u>99.2</u> | <u>Management Commentary, Results and Outlook provided by USANA Health Sciences, Inc. dated April 24, 2018 (furnished herewith).</u> |

USANA Health Sciences Reports Record First Quarter 2018 Net Sales and Increases 2018 Outlook

- ***Record first quarter net sales of \$292.0 million, an increase of 14.4% year-over-year***
- ***First quarter diluted earnings per share increased 38.4% to \$1.19 per share***

SALT LAKE CITY--(BUSINESS WIRE)--April 24, 2018--USANA Health Sciences, Inc. (NYSE: USNA) today announced financial results for its fiscal first quarter ended March 31, 2018.

Financial Performance

For the first quarter of 2018, net sales were \$292.0 million compared with \$255.3 million in the prior-year period, or a 14.4% increase year-over-year. Favorable currency exchange rates positively impacted net sales by \$16.4 million for the quarter. Targeted product promotions offered by the Company during the quarter contributed approximately \$11 million to net sales and the Company's launch of its new skincare line, Celavive, also contributed approximately \$9 million in incremental sales for the quarter. The Company's total number of active Customers increased 1.9% year-over-year to 585,000.

The Company reported net earnings for the first quarter of \$28.9 million, compared with net earnings of \$21.4 million reported in the prior-year period. Earnings per diluted share increased to \$1.19 per diluted share, an increase of 38.4% on a year-over-year basis. The increase in net earnings was due primarily to higher net sales, lower relative operating expenses and a lower effective tax rate of 34.2% compared to 36% during the prior year period. Costs related to China and the Company's internal investigation into its China operations were nominal during the first quarter of 2018 as compared to approximately \$2.4 million, after tax, during the prior year period.

“We are off to a solid start to the year as we continue to see strong momentum in most of our regions around the world,” said Kevin Guest, Chief Executive Officer. “The highlight of the quarter was our successful launch of the Celavive skincare line. We launched Celavive in every market except China, where we anticipate launching in the fourth quarter. The initial results from this launch show strong customer demand for this product line around the world. We also offered a targeted product promotion in China that benefited sales for the quarter.”

Weighted average diluted shares outstanding were 24.3 million for the first quarter of 2018, compared with diluted shares of 25.0 million in the prior-year period. The Company repurchased approximately 39,000 shares during the quarter for a total investment of \$2.9 million, and ended the quarter with \$266.2 million in cash and cash equivalents and no debt. As of March 31, 2018, there was \$47.1 million remaining under the current share repurchase authorization.

Regional Results

Net sales in the Asia Pacific region increased by 19.0% to \$232.1 million for the first quarter of 2018. Within Asia Pacific, net sales:

- Increased 19.8% in Greater China;
- Increased 39.6% in North Asia; and
- Increased 11.6% in the Southeast Asia Pacific region.

Sales growth in Greater China was primarily driven by a 4.9% increase in active Customers in Mainland China, while sales growth in North Asia resulted from 17.9% active Customer growth in South Korea. Sales growth in Southeast Asia Pacific was driven by 27.3% active Customer growth in Malaysia and 18.2% active Customer growth in Singapore. The total number of active Customers in the Asia Pacific region increased by 5.7% year-over-year.

Net sales in the Americas and Europe region for the first quarter of 2018 decreased by 0.6% to \$59.9 million, and active Customers in this region declined 8.6%.

“Each of our Asia Pacific regions reported double-digit sales growth in the first quarter,” continued Mr. Guest. “We’re pleased not only with our continued growth in China, but also with the double-digit sales growth we reported in several other markets, including South Korea, Malaysia, Australia and Singapore. In the Americas and Europe region, net sales decreased on a year-over basis, but increased sequentially. Active Customer growth continues to be a challenge for us in this region and a major focus of our team. Several of our 2018 growth strategies are intended to help generate customer growth in this region, including the opening of four new European markets in mid-June. Although we are forecasting sales to be relatively modest in these markets initially, we believe that the excitement of entering these new markets will help generate momentum within the overall region and, most importantly, we’re pleased to be able to offer USANA products to more families across the globe.”

Outlook

The Company is updating its consolidated net sales and earnings per share outlook for 2018 as follows:

- Consolidated net sales between \$1.13 and \$1.17 billion, previously between \$1.11 and \$1.16 billion; and
- Earnings per share between \$4.25 and \$4.55, previously between \$4.05 and \$4.45.

The Company’s outlook reflects:

- A positive impact from more favorable currency exchange rates of approximately \$45 million for the full-year;
- An estimated operating margin of between 13% and 14% for the year;
- An effective tax rate of approximately 34% for the year; and
- An annualized diluted share count of approximately 24.3 million.

Chief Financial Officer Doug Hekking commented, “Our results for the first quarter reflect the strength of USANA’s business. We generated record net sales for the quarter with the Celavive launch and other promotional activity contributing to the topline performance. In addition, topline results were positively impacted by favorable currency exchange rates. Earnings from operations for the quarter benefited from a delay in planned investments that will be implemented during the remainder of 2018. We continue to believe that we are well positioned to leverage the meaningful investments we have made in our business over the last several years and expect to deliver a higher operating margin. We are raising our outlook for 2018 to reflect our first quarter results and the momentum we are seeing in the business.”

China Preferred Customers

The Company has had a long-standing Preferred Customer program in China but, due to certain attributes of that program, had historically reported China Preferred Customers as Associates. The Company began reporting China Preferred Customers as Preferred Customers with its results for the fourth quarter of 2017.

Internal Investigation of China Operations

As the Company first disclosed in February 2017, it is voluntarily conducting an internal investigation of its China operations, BabyCare Ltd. The investigation focuses on compliance with the Foreign Corrupt Practices Act ("FCPA") and certain conduct and policies at BabyCare, including BabyCare's expense reimbursement policies. The Audit Committee of the Board of Directors has assumed direct responsibility for reviewing these matters and has hired experienced counsel to conduct the investigation. While the Company does not believe that the subject amounts are quantitatively material or will materially affect its financial statements, it cannot currently predict the outcome of the investigation on its business, results of operations or financial condition. The Company has voluntarily contacted the Securities and Exchange Commission and the United States Department of Justice to advise both agencies that an internal investigation is underway and intends to provide additional information to both agencies as the investigation progresses. The Company cannot currently predict the duration, scope, or result of the investigation.

Non-GAAP Financial Measures

Constant currency net sales, earnings, EPS and other currency-related financial information (collectively, "Financial Results") are non-GAAP financial measures that remove the impact of fluctuations in foreign-currency exchange rates and help facilitate period-to-period comparisons of the Company's Financial Results and thus provide investors an additional perspective on trends and underlying business results. Constant currency Financial Results are calculated by translating the current period's Financial Results at the same average exchange rates in effect during the applicable prior-year period and then comparing this amount to the prior-year period's Financial Results.

Conference Call

The Company has posted the “Management Commentary, Results and Outlook” document on the Company’s website (<http://ir.usana.com>) under the “Investor Relations” section of the site. USANA will hold a conference call and webcast to discuss today’s announcement with investors on Wednesday, April 25, 2018 at 11:00 a.m. Eastern Time. **Investors may listen to the call by accessing USANA’s website at <http://ir.usana.com>.** The call will consist of brief opening remarks by the Company’s management team, before moving directly into questions and answers.

About USANA

USANA develops and manufactures high-quality nutritional supplements, healthy foods and personal care products that are sold directly to Associates and Preferred Customers throughout the United States, Canada, Australia, New Zealand, Hong Kong, China, Japan, Taiwan, South Korea, Singapore, Mexico, Malaysia, the Philippines, the Netherlands, the United Kingdom, Thailand, France, Belgium, Colombia and Indonesia. More information on USANA can be found at www.usana.com.

Safe Harbor

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act. Our actual results could differ materially from those projected in these forward-looking statements, which involve a number of risks and uncertainties, including global economic conditions generally, reliance upon our network of independent Associates, the governmental regulation of our products, manufacturing and marketing risks, adverse publicity risks, risks associated with our international expansion and operations, and risks associated with the internal investigation into BabyCare’s operations. The contents of this release should be considered in conjunction with the risk factors, warnings, and cautionary statements that are contained in our most recent filings with the Securities and Exchange Commission.

USANA Health Sciences, Inc.
Consolidated Statements of Operations
(In thousands, except per share data)
(Unaudited)

| | Quarter Ended | |
|---|------------------|------------------|
| | 1-Apr-17 | 31-Mar-18 |
| Net sales | \$ 255,323 | \$ 291,998 |
| Cost of sales | 42,654 | 49,375 |
| Gross profit | 212,669 | 242,623 |
| Operating expenses | | |
| Associate incentives | 115,781 | 129,362 |
| Selling, general and administrative | 64,001 | 70,132 |
| Earnings from operations | 32,887 | 43,129 |
| Other income (expense) | 482 | 862 |
| Earnings before income taxes | 33,369 | 43,991 |
| Income taxes | 12,011 | 15,045 |
| NET EARNINGS | \$ 21,358 | \$ 28,946 |
| Earnings per share - diluted | \$ 0.86 | \$ 1.19 |
| Weighted average shares outstanding - diluted | 24,976 | 24,273 |

USANA Health Sciences, Inc.
Consolidated Balance Sheets
(In thousands)
(Unaudited)

| | As of | As of |
|---|-------------------|-------------------|
| | 30-Dec-17 | 31-Mar-18 |
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 247,131 | \$ 266,197 |
| Inventories | 62,918 | 68,128 |
| Prepaid expenses and other current assets | 30,110 | 31,801 |
| Total current assets | 340,159 | 366,126 |
| Property and equipment, net | 102,847 | 101,357 |
| Goodwill | 17,417 | 17,797 |
| Intangible assets, net | 35,154 | 35,969 |
| Deferred income taxes | 2,859 | 3,098 |
| Other assets | 20,833 | 21,598 |
| Total assets | \$ 519,269 | \$ 545,945 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current Liabilities | | |
| Accounts payable | \$ 11,787 | \$ 12,681 |
| Other current liabilities | 129,396 | 113,687 |
| Total current liabilities | 141,183 | 126,368 |
| Deferred income taxes | 13,730 | 17,475 |
| Other long-term liabilities | 1,146 | 1,124 |
| Stockholders' equity | 363,210 | 400,978 |
| Total liabilities and stockholders' equity | \$ 519,269 | \$ 545,945 |

USANA Health Sciences, Inc.

Sales by Region

(unaudited)
(in thousands)

Quarter Ended

| | 1-Apr-17 | | 31-Mar-18 | | Change from prior year | | Currency impact on sales | % change excluding currency impact |
|------------------------|-----------------|--------|------------------|--------|-------------------------------|--------|---------------------------------|---|
| | | | | | | | | |
| Asia Pacific | | | | | | | | |
| Greater China | \$ 131,738 | 51.6% | \$ 157,808 | 54.0% | \$ 26,070 | 19.8% | \$ 11,129 | 11.3% |
| Southeast Asia Pacific | 50,406 | 19.7% | 56,228 | 19.3% | 5,822 | 11.6% | 2,244 | 7.1% |
| North Asia | 12,956 | 5.1% | 18,084 | 6.2% | 5,128 | 39.6% | 1,209 | 30.2% |
| Asia Pacific Total | 195,100 | 76.4% | 232,120 | 79.5% | 37,020 | 19.0% | 14,582 | 11.5% |
| Americas and Europe | 60,223 | 23.6% | 59,878 | 20.5% | (345) | (0.6%) | 1,807 | (3.6%) |
| | \$ 255,323 | 100.0% | \$ 291,998 | 100.0% | \$ 36,675 | 14.4% | \$ 16,389 | 7.9% |

Active Associates by Region ⁽¹⁾

(unaudited)

| | As of | | | |
|------------------------|-----------------|--------|------------------|--------|
| | 1-Apr-17 | | 31-Mar-18 | |
| Asia Pacific | | | | |
| Greater China | 107,000 | 37.7% | 108,000 | 37.5% |
| Southeast Asia Pacific | 88,000 | 31.0% | 88,000 | 30.6% |
| North Asia | 19,000 | 6.7% | 24,000 | 8.3% |
| Asia Pacific Total | 214,000 | 75.4% | 220,000 | 76.4% |
| Americas and Europe | 70,000 | 24.6% | 68,000 | 23.6% |
| | 284,000 | 100.0% | 288,000 | 100.0% |

Active Preferred Customers by Region ⁽²⁾

(unaudited)

| | As of | | | |
|------------------------|-----------------|--------|------------------|--------|
| | 1-Apr-17 | | 31-Mar-18 | |
| Asia Pacific | | | | |
| Greater China | 183,000 | 63.1% | 194,000 | 65.3% |
| Southeast Asia Pacific | 14,000 | 4.8% | 21,000 | 7.1% |
| North Asia | 11,000 | 3.8% | 11,000 | 3.7% |
| Asia Pacific Total | 208,000 | 71.7% | 226,000 | 76.1% |
| Americas and Europe | 82,000 | 28.3% | 71,000 | 23.9% |
| | 290,000 | 100.0% | 297,000 | 100.0% |

(1) Associates are independent distributors of our products who also purchase our products for their personal use. We only count as active those Associates who have purchased from us any time during the most recent three-month period, either for personal use or resale.

(2) Preferred Customers purchase our products strictly for their personal use and are not permitted to resell or to distribute the products. We only count as active those Preferred Customers who have purchased from us any time during the most recent three-month period. China utilizes a Preferred Customer program that has been implemented specifically for that market.

CONTACT:

USANA Health Sciences, Inc.

Investors contact:

Patrique Richards, 801-954-7961

Investor Relations

investor.relations@us.usana.com

or

Media contact:

Dan Macuga, 801-954-7280

Public Relations

**USANA Health Sciences, Inc.****Q1 2018 Management Commentary, Results and Outlook**

- *Record first quarter net sales of \$292.0 million, an increase of 14.4% year-over-year*
- *First quarter net earnings of \$28.9 million, or \$1.19 earnings per share*
- *Company increases 2018 outlook*

April 24, 2018

Overview

The first quarter of 2018 was a solid start to what we expect to be another exceptional year for USANA. We reported record quarterly sales and strong bottom-line results. Accordingly, we are updating our 2018 outlook to reflect our first quarter results and the momentum we continue to see in the business around the world. Notably, several items positively impacted the quarter, which are addressed below.

First, we successfully launched our new skincare line, Celavive®, in every market with the exception of China. This launch contributed approximately \$9 million in incremental sales to the quarter. Although sales of Celavive have begun to normalize following the initial spike after the product launch, we continue to expect our skincare line to grow steadily throughout the year to reach approximately 10% of net sales by the end of 2018. We continue to believe that Celavive® is an opportunity to acquire a new customer demographic.

Second, we offered a targeted product promotion in China during the quarter that was successful in generating additional product demand amongst customers. This promotion incorporated many of our Sense products and, as a result, helped us manage inventory levels of Sense as we prepare for our upcoming launch of Celavive® in China. This promotion contributed approximately \$11 million to net sales during the quarter. While we plan to offer additional promotions throughout 2018, these promotions are not expected to contribute the same magnitude of incremental sales.

Finally, favorable currency exchange rates positively impacted net sales by \$16.4 million for the quarter.

Q1 2018 Results

USANA reported first quarter net sales of \$292.0 million, the highest quarterly sales in the Company's history. Net sales increased 14.4% when compared to the \$255.3 million reported in the prior-year period. The Company's total number of active Customers increased 1.9% year-over-year to 585,000.

The Company reported net earnings for the first quarter of \$28.9 million, or \$1.19 per share, compared with net earnings of \$21.4 million, or \$0.86 per diluted share during the prior-year period. In addition to strong top line growth, lower relative operating expenses and a lower effective tax rate contributed to the growth in net earnings and earnings per share. Costs related to China and the Company's internal investigation into its China operations were nominal during the first quarter of 2018.

Weighted average basic and diluted shares outstanding were 24.3 million for the first quarter of 2018, compared with diluted shares of 25.0 million in the prior-year period. The Company repurchased approximately 39,000 shares during the quarter for a total investment of \$2.9 million, and ended the quarter with \$266.2 million in cash and cash equivalents and no debt. As of March 31, 2018, there was \$47.1 million remaining under the current share repurchase authorization.

Quarterly Income Statement Discussion

Gross margins decreased 20 basis points from the prior year to 83.1% of net sales. The decrease in gross margins was primarily driven by product promotions and sales of our new Celavive product line. A weaker U.S. dollar and lower relative freight costs positively contributed to gross margins during the quarter.

Associate Incentives decreased 100 basis points from the prior year to 44.3% of net sales during the quarter. The decrease in Associate Incentives was can be attributed to sales from our new Celavive product line, which there is a lower incentive payout on, and the product promotion in China.

Selling, general and administrative expense decreased 110 basis points from the prior year to 24.0% of net sales. Selling, general and administrative expense increased \$6.1 million during the first quarter of 2018, or 9.6%. The improvement in relative selling, general and administrative expense can be attributed to costs associated with China and the Company's previously disclosed internal investigation in China that totaled approximately \$3.7 million in the prior-year period. As previously noted, these costs were nominal in the current year quarter.

The effective tax rate improved to 34.2% compared to 36.0% in the prior year quarter. Higher non-deductible expenses in the first quarter of 2017 contributed to the year-over-year improvement in the effective tax rate. Note that the tax rate on a year-over-year basis is not and will not be comparable during 2018, because of the significant changes related to U.S. tax reform.

Regional Financial Results

Asia Pacific Region: Q1 2018 Net sales of \$232.1 million; 79.5% of Consolidated Net Sales

Net Sales in the Asia Pacific region increased 19.0% year-over-year. The number of active Customers in the region increased by 5.7% year-over-year.

Greater China: Net sales in Greater China increased 19.8% year-over-year. The number of active Customers in the Greater China region increased 4.1% year-over-year. In mainland China, local currency sales increased 12.5% while the number of active Customers increased 4.9%. During the quarter, we offered a targeted product promotion in mainland China that contributed approximately \$11 million to net sales.

Southeast Asia Pacific: Net sales in the Southeast Asia Pacific region increased 11.6% year-over-year. The number of active Customers in the Southeast Asia Pacific increased 6.9% compared to the prior-year period. The increase in net sales was driven primarily by results in Malaysia, Australia and Singapore, where local currency sales increased 19.6%, 12.6%, and 11.8% respectively.

North Asia: Net sales in North Asia increased 39.6% year-over-year. This growth was driven by 17.9% active Customer growth in South Korea, where local currency net sales increased by 31.8% year-over-year.

Americas and Europe Region: Q1 2018 Net Sales of \$59.9 million, 20.5% of Consolidated Net Sales

In the Americas and Europe region, net sales decreased 0.6%, while the number of active Customers decreased 8.6%. We continue to work on initiatives to improve results in this important region and expect several of our 2018 growth initiatives to have a positive impact, including our opening of four new European markets in mid-June.

Outlook

The Company is updating its consolidated net sales and earnings per share outlook for 2018:

- Consolidated net sales between \$1.13 and \$1.17 billion, previously between \$1.11 and \$1.16 billion; and
- Earnings per share of between \$4.25 and \$4.55, previously between \$4.05 and \$4.45.

The Company's outlook reflects:

- Favorable currency exchange rates, which are now expected to contribute approximately \$45 million for the full-year;
- An estimated operating margin of between 13% and 14% for the year;
- An effective tax rate of 34% for the year; and
- An annualized diluted share count of approximately 24.3 million.

Looking forward, we will open four new European markets; Germany, Spain, Italy, and Romania, in mid-June. Each of these markets will be supported by our European regional headquarters in Paris, France, which presents an efficient opportunity for USANA to expand its consumer base throughout Europe. Notably, USANA has already made products available for purchase to Preferred Customers on a not-for-resale basis in these markets. Although we are forecasting sales to be relatively modest in these markets initially, we believe that the excitement of entering these new markets will help generate momentum within the Americas and Europe region and, more importantly, we are pleased to be able to offer USANA products to more families across the globe.

We also plan to roll out our new WeChat platform in China during the second quarter. WeChat is a Chinese multi-purpose messaging and social media app that is widely thought of as China's "app for everything" because of its wide range of functionality. This new platform will make it easier for customers in China to do business as they will be able to introduce USANA to new customers, complete sales of products and enroll new Customers. This new platform demonstrates our commitment to making business convenient for our independent Associates.

We expect 2018 to be another record year for USANA. Our main objective continues to be growing our worldwide customer base as we remain focused on improving the health and lives of individuals and families around the world. Our 2018 strategic initiatives continue to be (i) growing our Preferred Customer business around the world; (ii) introducing a robust social sharing platform, (iii) pursuing additional product and technology innovation, and (iv) continuing to improve our IT infrastructure creating a better overall customer experience for our Associates and Preferred Customers. We are encouraged by the current momentum and are confident that these initiatives will continue to strengthen the business as we move into the next growth phase of USANA.

Kevin Guest
CEO

Douglas Hekking
CFO

China Preferred Customers

The Company has had a long-standing Preferred Customer program in China but, due to certain attributes of that program, has historically reported China Preferred Customers as Associates. Beginning with the results for the fourth quarter of 2017, the Company is reporting China Preferred Customers as Preferred Customers.

Forward-Looking Statements

This document contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act. Our actual results could differ materially from those projected in these forward-looking statements, which involve a number of risks and uncertainties, including global economic conditions generally, reliance upon our network of independent Associates, the governmental regulation of our products, manufacturing and marketing risks, adverse publicity risks, risks associated with our international expansion and operations, and risks associated with the internal investigation into BabyCare's operations. The contents of this document should be considered in conjunction with the risk factors, warnings, and cautionary statements that are contained in our most recent filings with the Securities and Exchange Commission.

Non-GAAP Financial Measures

Constant currency net sales, earnings, EPS and other currency-related financial information (collectively, "Financial Results") are non-GAAP financial measures that remove the impact of fluctuations in foreign-currency exchange rates and help facilitate period-to-period comparisons of the Company's Financial Results and thus provide investors an additional perspective on trends and underlying business results. Constant currency Financial Results are calculated by translating the current period's Financial Results at the same average exchange rates in effect during the applicable prior-year period and then comparing this amount to the prior-year period's Financial Results.

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