

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 30, 2019

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 October 30, 2019, USANA Health Sciences, Inc. (the “Company” or “USANA”) issued a press release announcing its financial results for the first quarter ended March 30, 2019. 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 will 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

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release issued by USANA Health Sciences, Inc. dated April 30, 2019 (furnished herewith).
99.2	Management Commentary, Results and Outlook provided by USANA Health Sciences, Inc. dated April 30, 2019 (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 30, 2019

Exhibit Index

Exhibit No.

Description

99.1

Press release issued by USANA Health Sciences, Inc. dated April 30, 2019 (furnished herewith).

99.2

Management Commentary, Results and Outlook provided by USANA Health Sciences, Inc. dated April 30, 2019 (furnished herewith).

USANA Health Sciences Reports First Quarter 2019 Results

- *Results in-line with preliminary results provided on April 2, 2019*
- *First quarter net sales of \$273.0 million*
- *First quarter net earnings of \$24.2 million, or \$1.01 per share*
- *Company reiterates 2019 outlook provided in early April*
- *Share repurchase authorization increased to \$150 million*

SALT LAKE CITY--(BUSINESS WIRE)--April 30, 2019--USANA Health Sciences, Inc. (NYSE: USNA) today announced financial results for its fiscal first quarter ended March 30, 2019 that were in line with the preliminary results provided on April 2, 2019.

Financial Performance

First quarter 2019 net sales were \$273.0 million, compared with \$292.0 million in the prior-year period, or a 6.5% decrease year-over-year. The strengthening of the U.S. dollar unfavorably impacted net sales by \$13.3 million for the quarter. The Company's total number of active customers at the end of the first quarter was 586,000, compared to 585,000 in the prior-year period.

First quarter net earnings were \$24.2 million, or \$1.01 per diluted share, compared with \$28.9 million, or \$1.19 per share during the prior-year period.

“As we reported in early April, three factors unfavorably affected our sales results for the first quarter of 2019,” said Kevin Guest, Chief Executive Officer. “First, our 2019 operating plan contained very little promotional activity during the first quarter but calls for increasing promotional activity as the year progresses. This had a more significant impact on our global momentum than we anticipated, particularly during the seasonal slow-down that we experience each year in many of our markets during Chinese New Year. Second, the Chinese government’s 100-day review of the health product and direct selling industries that occurred during the quarter was accompanied by unexpected, persistent, negative media coverage about these industries in China. This media coverage affected our sales in China for the quarter. Finally, the unfavorable impact of a stronger U.S. dollar on net sales was also significant.”

Regional Results

Net sales in the Asia Pacific region decreased by 4.8% to \$220.9 million for the first quarter of 2019. On a constant currency-basis, net sales in the Asia Pacific region increased 0.3% during the first quarter of 2019. The total number of active customers in the Asia Pacific region increased by 2.9% year-over-year. Within Asia Pacific, net sales:

- Decreased 8.7% in Greater China;
- Decreased 3.0% in Southeast Asia Pacific; and
- Increased 22.9% in North Asia.

Active customers increased modestly by 1.8% and 0.7% in Southeast Asia Pacific and Greater China, respectively. Net sales growth in North Asia resulted from 27.3% growth in active customers in South Korea.

Net sales in the Americas and Europe region decreased by 13.0% to \$52.1 million for the first quarter of 2019, primarily due to an 8.6% decrease in active customers.

“Despite our softer than expected start to the year, we continue to believe that we can deliver growth in 2019,” added Mr. Guest. “Our promotional calendar kicked off during the second quarter and we remain confident that these promotions and initiatives will generate sales momentum during the year. Additionally, the 100-day review in China concluded in mid-April, and we expect to see a more typical operating environment in China going forward. Although it takes time to recapture momentum, we believe we will begin to do so during the second quarter and that our results will further accelerate during the second half of the year. We are confident in the strategies we have in place around the world and believe that 2019 will be another record year for USANA.”

Share Repurchase Program Update

During the quarter, the Company repurchased 283,595 shares of common stock for \$30.0 million and ended with weighted average diluted shares outstanding of 23.9 million. The Company continues to have a strong balance sheet with no debt, \$225.0 million in cash and cash equivalents, and \$26.9 million invested in short-term securities. As of March 30, 2019, there was \$40.2 million remaining under the current share repurchase authorization. The Company's Board of Directors has authorized up to \$150 million in share repurchase authorization, which is inclusive of the \$40.2 million currently authorized. Repurchases may be made from time to time, in the open market, through block trades or otherwise, subject to applicable rules of the Securities and Exchange Commission. The number of shares to be purchased and the timing of purchases will be based on market conditions, the level of cash balances, general business opportunities, and other factors.

Outlook

The Company reiterated the following consolidated net sales and earnings per share outlook for fiscal year 2019:

- Consolidated net sales between \$1.21 billion and \$1.26 billion, representing growth between 1.7% and 5.9% (or growth of 3.6% to 7.9% in constant currency);
- Earnings per share between \$5.00 and \$5.35.

The Company's outlook for the year reflects:

- An estimated operating margin of between 14.3% and 14.7%;
 - An effective tax rate of approximately 34%;
 - An annualized diluted share count of approximately 23.7 million, which does not reflect future share repurchases; and
 - An unfavorable impact of approximately \$23 million related to a stronger U.S. dollar.
-

Chief Financial Officer Doug Hekking commented, “We remain confident in the underlying strength of our business around the world and the strategies in place to generate growth as the year progresses. While our operating margin may be modestly impacted in the short-term, I expect it to remain in line with our long-term strategy, which is intended to drive long-term sustainable growth in active customers.”

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 and certain conduct and policies at BabyCare, including BabyCare’s expense reimbursement policies. The Audit Committee of the Company’s 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’s internal investigation is substantially complete, however, the Company continues to cooperate with the Securities and Exchange Commission and the United States Department of Justice. The Company cannot currently predict the duration, scope, or result of the investigation.

Non-GAAP Financial Measures

The Company prepares its financial statements using U.S. generally accepted accounting principles (“GAAP”). 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 that we believe 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, May 1, 2019 at 11:00 AM 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, Indonesia, Germany, Spain, Romania, and Italy. 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: regulatory risk in China following the Chinese government’s 100-day review of the health product and direct selling industries; continued negative media coverage in China following the Chinese government’s 100-day review of these industries; global economic conditions generally; reliance upon our network of independent Associates; risk associated with governmental regulation of our products, manufacturing and marketing activities; adverse publicity risks globally; 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. The forward-looking statements in this press release set forth our beliefs as of the date hereof. We do not undertake any obligation to update any forward-looking statement after the date hereof or to conform such statements to actual results or changes in the Company’s expectations, except as required by law.

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

	Quarter Ended	
	31-Mar-18	30-Mar-19
Net sales	\$ 291,998	\$ 272,990
Cost of sales	49,375	45,901
Gross profit	242,623	227,089
Operating expenses		
Associate incentives	129,362	122,530
Selling, general and administrative	70,132	69,555
Earnings from operations	43,129	35,004
Other income (expense)	862	1,290
Earnings before income taxes	43,991	36,294
Income taxes	15,045	12,122
NET EARNINGS	\$ 28,946	\$ 24,172
Earnings per share - diluted	\$ 1.19	\$ 1.01
Weighted average shares outstanding - diluted	24,273	23,927

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

	As of	As of
	29-Dec-18	30-Mar-19
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 214,326	\$ 225,041
Securities held-to-maturity, net	63,539	26,854
Inventories	81,948	86,465
Prepaid expenses and other current assets	32,522	31,819
Total current assets	392,335	370,179
Property and equipment, net	92,025	91,994
Goodwill	16,815	17,073
Intangible assets, net	31,811	32,227
Deferred income taxes	3,348	3,249
Other assets	18,129	36,861
Total assets	\$ 554,463	\$ 551,583
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 9,947	\$ 11,700
Other current liabilities	138,739	118,292
Total current liabilities	148,686	129,992
Deferred income taxes	13,367	17,507
Other long-term liabilities	1,264	12,867
Stockholders' equity	391,146	391,217
Total liabilities and stockholders' equity	\$ 554,463	\$ 551,583

USANA Health Sciences, Inc.

Sales by Region

(unaudited)

(in thousands)

	Quarter Ended							
	31-Mar-18		30-Mar-19		Change from prior year		Currency impact on sales	% change excluding currency impact
Asia Pacific								
Greater China	\$ 157,808	54.0%	\$ 144,153	52.8%	\$ (13,655)	(8.7%)	\$ (8,252)	(3.4%)
Southeast Asia Pacific	56,228	19.3%	54,515	20.0%	(1,713)	(3.0%)	(2,566)	1.5%
North Asia	18,084	6.2%	22,228	8.1%	4,144	22.9%	(1,074)	28.9%
Asia Pacific Total	<u>232,120</u>	<u>79.5%</u>	<u>220,896</u>	<u>80.9%</u>	<u>(11,224)</u>	<u>(4.8%)</u>	<u>(11,892)</u>	<u>0.3%</u>
Americas and Europe	59,878	20.5%	52,094	19.1%	(7,784)	(13.0%)	(1,412)	(10.6%)
	<u>\$ 291,998</u>	<u>100.0%</u>	<u>\$ 272,990</u>	<u>100.0%</u>	<u>\$ (19,008)</u>	<u>(6.5%)</u>	<u>\$ (13,304)</u>	<u>(2.0%)</u>

Active Associates by Region⁽¹⁾

(unaudited)

	As of			
	31-Mar-18		30-Mar-19	
Asia Pacific				
Greater China	108,000	37.5%	109,000	36.9%
Southeast Asia Pacific	88,000	30.6%	90,000	30.5%
North Asia	24,000	8.3%	31,000	10.5%
Asia Pacific Total	<u>220,000</u>	<u>76.4%</u>	<u>230,000</u>	<u>78.0%</u>
Americas and Europe	68,000	23.6%	65,000	22.0%
	<u>288,000</u>	<u>100.0%</u>	<u>295,000</u>	<u>100.0%</u>

Active Preferred Customers by Region⁽²⁾

(unaudited)

	As of			
	31-Mar-18		30-Mar-19	
Asia Pacific				
Greater China	194,000	65.3%	195,000	67.0%
Southeast Asia Pacific	21,000	7.1%	21,000	7.2%
North Asia	11,000	3.7%	13,000	4.5%
Asia Pacific Total	<u>226,000</u>	<u>76.1%</u>	<u>229,000</u>	<u>78.7%</u>
Americas and Europe	71,000	23.9%	62,000	21.3%
	<u>297,000</u>	<u>100.0%</u>	<u>291,000</u>	<u>100.0%</u>

(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:

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Dan Macuga

Public Relations

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**USANA Health Sciences, Inc.*****Q1 2019 Management Commentary, Results and Outlook***

- *Results in-line with preliminary results provided on April 2, 2019*
- *First quarter net sales of \$273.0 million*
- *First quarter net earnings of \$24.2 million, or \$1.01 per share*
- *Company reiterates 2019 outlook provided in early April*
- *Share repurchase authorization increased to \$150 million*

April 30, 2019**Overview**

USANA's sales performance for the first quarter of 2019 was in line with the preliminary results provided on April 2, 2019. Three factors negatively affected sales for the quarter: (i) the lack of promotional activity around the world; (ii) negative media in China associated with the Chinese government's 100-day review of the health products and direct sales industries; and (iii) an unfavorable foreign-currency impact of \$13.3 million related to a stronger U.S. dollar.

Our 2019 operating plan contained very little promotional activity around the world during the first quarter, but the plan does include increasing promotional activity as the year progresses. This is the case because we align our annual operating plan and promotional calendar to offer additional promotions and incentives at strategic times throughout the year to drive momentum. While we felt the plan as a whole was well developed, the lack of promotional activity during the first quarter was a miscalculation on our part and had a more significant impact on our worldwide momentum than we anticipated. This was particularly true during the seasonal slow-down that we experience each year in many of our markets during Chinese New Year. By comparison, we had a variety of promotions during the first quarter of 2018, including (i) the launch of Celavive in every market except China; and (ii) product promotions in China during and following Chinese New Year.

Our promotional calendar has now kicked off and promotional activity is occurring around the world. For example, we held our annual Asia Pacific Convention in Singapore during the week of April 20th where we had a sold-out event and introduced three new USANA products; EstroPro, Whitening Toothpaste, and Oral Probiotic. These new products were well received by our Associates and the limited supply was sold out at the event. Additionally, we are introducing several new initiatives in the United States during 2019, some of which will begin in the second quarter and others will commence later in the year. We are offering these initiatives on a trial basis to determine whether to offer them in our other markets. These efforts are intended to improve our customer experience and simplify (and expand) our incentive offering to our sales force. We are optimistic that these incentives will help us generate sales and customer growth in the United States and potentially other markets in the future. Finally, we will begin offering promotions again in China later in the second quarter and throughout the remainder of the year. We paused promotions in this market during the first quarter due to the 100-day review by the Chinese government. Although it takes time to regain momentum, we are confident that the promotions and initiatives we have planned for the year will generate sales and momentum, particularly during the second half of the year.

The second factor that affected sales during the quarter was a result of the Chinese government's 100-day review of the health product and direct selling industries. While these types of reviews are not uncommon for our industry and others in China, we did not anticipate the significant volume of negative media coverage in China about health products and direct selling during the 100-day review. This media coverage slowed the productivity of our Associates, generated skepticism amongst customers and potential customers, all of which ultimately affected sales in China for the quarter. The 100-day review officially concluded in mid-April, and we expect to see a more typical operating environment in China going forward. We believe that we will begin to see progress during the second quarter and that our results in China will continue to accelerate during the second half of the year.

Notwithstanding the factors described above, we are confident that our strategies, plans and promotions for 2019 will drive sales and generate momentum. Accordingly, we continue to expect year-over-year net sales and earnings growth for the full year.

Q1 2019 Results

First quarter 2019 net sales were \$273.0 million, compared with \$292.0 million in the prior-year period, or a 6.5% decrease year-over-year. The strengthening of the U.S. dollar unfavorably impacted net sales by \$13.3 million for the quarter. The Company's total number of active customers at the end of the first quarter was 586,000, compared to 585,000 in the prior-year period.

First quarter net earnings were \$24.2 million, or \$1.01 per diluted share, compared with \$28.9 million, or \$1.19 per share during the prior-year period.

Share Repurchase Program Update

During the quarter, the Company repurchased 283,595 shares of common stock for \$30.0 million and ended with weighted average diluted shares outstanding of 23.9 million. The Company continues to have a strong balance sheet with no debt, \$225.0 million in cash and cash equivalents, and \$26.9 million invested in short-term securities. As of March 30, 2019, there was \$40.2 million remaining under the current share repurchase authorization. The Company's Board of Directors has authorized up to \$150 million in share repurchase authorization, which is inclusive of the \$40.2 million currently authorized. Repurchases may be made from time to time, in the open market, through block trades or otherwise, subject to applicable rules of the Securities and Exchange Commission. The number of shares to be purchased and the timing of purchases will be based on market conditions, the level of cash balances, general business opportunities, and other factors.

Quarterly Income Statement Discussion

Gross margins were essentially flat during the quarter, up 10 basis points from the prior year to 83.2% of net sales.

Associate Incentives increased 60 basis points from the prior year to 44.9% of net sales. The relative increase in Associate Incentives can be attributed to a typical pattern of modestly higher commissions and bonuses in periods of softer sales performance.

Selling, General and Administrative Expense increased 150 basis points from the prior year to 25.5% of net sales. The relative increase in SG&A expense is attributed, in great part, to the lower sales as compared to the prior year period. In absolute terms, SG&A expense declined \$577,000 during the current-year quarter.

The effective tax rate improved to 33.4% compared to 34.2% in the prior year quarter. This small improvement is due primarily to recognition of tax benefits from equity award exercises that occurred in the first quarter.

Inventory. The increase in inventories is concentrated primarily in China and is the result of lower than expected sales and the build-up in inventory to support an idle production period due to planned facility maintenance.

Regional Financial Results

Asia Pacific Region: Q1 2019 Net sales of \$220.9 million; 80.9% of Consolidated Net Sales

Net Sales in the Asia Pacific region decreased 4.8% year-over-year (increase of 0.3% on a constant currency basis). The number of active Customers in the region increased by 2.9% year-over-year.

Greater China: Net sales in Greater China decreased 8.7% year-over-year, or a 3.4% decline on a constant-currency basis. The number of active Customers in the Greater China region increased 0.7% year-over-year. In mainland China, local currency sales decreased 3.9% while the number of active Customers increased 0.7%.

Southeast Asia Pacific: Net sales in the Southeast Asia Pacific region decreased 3.0% year-over-year. On a constant-currency basis, the Southeast Asia Pacific region increased 1.5% during the quarter. The number of active Customers in the Southeast Asia Pacific increased 1.8% compared to the prior-year period. The increase in net sales on a constant-currency basis was driven primarily by results in Thailand, Philippines and New Zealand, where local currency sales increased 25.8%, 20.6%, and 4.3%, respectively.

North Asia: Net sales in North Asia increased 22.9% year-over-year, or an increase of 28.9% on a constant-currency basis. This growth was driven by 27.3% active Customer growth in South Korea, where local currency net sales increased by 30.3% year-over-year.

Americas and Europe Region: Q1 2019 Net Sales of \$52.1 million, 19.1% of Consolidated Net Sales

In the Americas and Europe region, net sales decreased 13.0%, while the number of active Customers decreased 8.6%. We are introducing several new, trial initiatives in the United States beginning in the second quarter. These efforts are intended to improve our customer experience and simplify our incentive offering to our sales force. We are optimistic that these incentives will help us generate sales and customer growth in the United States.

Outlook

The Company reiterated the following consolidated net sales and earnings per share outlook for fiscal year 2019:

- Consolidated net sales between \$1.21 billion and \$1.26 billion, representing growth between 1.7% and 5.9% (or growth of 3.6% to 7.9% in constant currency);
- Earnings per share between \$5.00 and \$5.35.

The Company's outlook for the year reflects:

- An estimated operating margin of between 14.3% and 14.7%;
- An effective tax rate of approximately 34%;
- An annualized diluted share count of approximately 23.7 million, which does not reflect future share repurchases; and
- An unfavorable impact of approximately \$23 million related to a stronger U.S. dollar.

Our 2019 strategic initiatives and operating plan remain unchanged and include (i) enhancing technology and the USANA customer experience; (ii) continued product innovation; (iii) growing our existing markets; and (iv) pursuing business development opportunities. We believe that these initiatives are still appropriate and, in combination with a few additional market specific promotions, will generate momentum and drive sales. We are confident that 2019 will be another growth year for USANA.

Kevin Guest
CEO

Douglas Hekking
CFO

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: regulatory risk in China following the Chinese government's 100-day review of the health product and direct selling industries; continued negative media coverage in China following the Chinese government's 100-day review of these industries; global economic conditions generally; reliance upon our network of independent Associates; risk associated with governmental regulation of our products, manufacturing and marketing activities; adverse publicity risks globally; 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. The forward-looking statements in this press release set forth our beliefs as of the date hereof. We do not undertake any obligation to update any forward-looking statement after the date hereof or to conform such statements to actual results or changes in the Company's expectations, except as required by law.

Non-GAAP Financial Measures

The Company prepares its financial statements using U.S. generally accepted accounting principles ("GAAP"). 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 that we believe 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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