

**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):
October 22, 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 No.)

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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 per value per share	USNA	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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.

Item 2.02 Results of Operations and Financial Condition.

On October 22, 2019, USANA Health Sciences, Inc. (the “Company” or “USANA”) issued a press release announcing its financial results for the third quarter ended September 28, 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 October 22, 2019 (furnished herewith).
99.2	Management Commentary, Results and Outlook provided by USANA Health Sciences, Inc. dated October 22, 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: October 22, 2019

Exhibit Index

Exhibit No.	Description
<u>99.1</u>	<u>Press release issued by USANA Health Sciences, Inc. dated October 22, 2019 (furnished herewith).</u>
<u>99.2</u>	<u>Management Commentary, Results and Outlook provided by USANA Health Sciences, Inc. dated October 22, 2019 (furnished herewith).</u>

USANA Health Sciences Reports Third Quarter 2019 Results

- *Third quarter net sales of \$260.6 million*
- *Third quarter net earnings of \$24.2 million, or \$1.09 per diluted share*
- *Company narrows 2019 Net Sales and EPS outlook on updated FX outlook for the year*

SALT LAKE CITY--(BUSINESS WIRE)--October 22, 2019--USANA Health Sciences, Inc. (NYSE: USNA) today announced financial results for its fiscal third quarter ended September 28, 2019.

Financial Performance

Third quarter 2019 net sales were \$260.6 million, compared with \$296.8 million in the prior-year period, or a 12.2% decrease year-over-year. The strengthening of the U.S. dollar unfavorably impacted net sales by approximately \$6.0 million for the quarter. The Company previously estimated the impact from currency to be neutral for the second half of the year. The Company's total number of active Customers at the end of the third quarter was 558,000, compared to 615,000 in the prior-year period.

Third quarter net earnings were \$24.2 million, or \$1.09 per diluted share, compared with \$31.0 million, or \$1.24 per share during the prior-year period.

“Although we continue to face a challenging sales environment in China and other regions, we were pleased to see sales in several markets improve on a consecutive quarter basis,” said Kevin Guest, Chief Executive Officer. “We offered several incentives and promotions around the world during the quarter, which positively impacted customer growth and added approximately \$16 million to net sales. We also recognize, however, that we still have work to do in the Southeast Asia Pacific and Americas/Europe regions towards regaining sales momentum.”

Regional Results

Net sales in the Asia Pacific region decreased by 12.9% to \$208.6 million for the third quarter of 2019. On a constant currency-basis, net sales in the Asia Pacific region decreased 10.7% during the third quarter of 2019. The total number of active Customers in the Asia Pacific region decreased by 10.1% year-over-year. Within Asia Pacific, net sales:

- Decreased 18.6% in Greater China (down 16.4% on a constant currency basis);
- Decreased 7.6% in Southeast Asia Pacific (down 6.8% on a constant currency basis); and
- Increased 17.1% in North Asia (up 24.3% on a constant currency basis).

Active Customers decreased by 17.3% in Greater China and by 2.6% in Southeast Asia Pacific. In North Asia, Active customers increased by 28.2%.

Net sales in the Americas and Europe region decreased by 9% to \$52.0 million for the third quarter of 2019, primarily due to a 6.1% decrease in active Customers.

Mr. Guest continued, “In September, the Chinese government initiated a follow-up to the industry review they conducted during the first quarter of this year. We anticipated this 100-day follow-up review and will cooperate with the government throughout this process. To date, we have not experienced the negative media environment or restrictions on meetings that accompanied the government’s previous review.”

“As we conclude fiscal 2019, we will continue to utilize strategic incentive offerings to help generate sales and customer growth around the world, although not at the same level as those offered during the previous quarter. We remain optimistic in our long-term growth potential in China and our other regions around the world, and are committed to returning momentum to the business.”

Share Repurchase Program Update

During the quarter, the Company repurchased approximately 1.4 million shares of common stock for \$92.4 million and reported weighted average diluted shares of 22.2 million for the quarter. The Company continues to have a strong balance sheet with no debt and \$182.7 million in cash and cash equivalents. As of September 28, 2019, there was \$30.0 million remaining under the current share repurchase authorization.

Outlook

The Company updated its consolidated net sales and earnings per share outlook for fiscal year 2019 as follows:

- Consolidated net sales between \$1.030 billion and \$1.045 billion, previously between \$1.020 and \$1.060 billion; and
- Earnings per share between \$3.90 and \$4.05, previously between \$3.70 and \$4.10.

The Company’s outlook for the year reflects:

- An estimated operating margin of between 12.7% and 12.9%;
- An effective tax rate of approximately 33.5%;
- An annualized diluted share count of approximately 22.8 million; and
- An unfavorable impact on net sales of approximately \$39 million related to a stronger U.S. dollar, which was previously estimated at \$25 million.

Chief Financial Officer Doug Hekking commented, “During the third quarter, we generated improved operating margins when compared to the first half of 2019. Although sales from promotional activity contributed to this improvement during the quarter, our efforts to align our cost structure with sales performance also contributed to improved sequential results. We plan to continue making necessary investments to execute our long-term growth strategies, generate momentum in each of our regions, and return to operating margins in line with historical results.”

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, October 23, 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)

	<u>Quarter Ended</u>		<u>Nine Months Ended</u>	
	<u>29-Sep-18</u>	<u>28-Sep-19</u>	<u>29-Sep-18</u>	<u>28-Sep-19</u>
Net sales	\$ 296,767	\$ 260,598	\$ 890,225	\$ 789,604
Cost of sales	<u>51,877</u>	<u>47,819</u>	<u>151,243</u>	<u>140,214</u>
Gross profit	244,890	212,779	738,982	649,390
Operating expenses				
Associate incentives	130,264	111,059	392,416	345,100
Selling, general and administrative	<u>69,112</u>	<u>66,262</u>	<u>206,781</u>	<u>202,671</u>
Earnings from operations	45,514	35,458	139,785	101,619
Other income (expense)	<u>1,012</u>	<u>430</u>	<u>2,262</u>	<u>3,075</u>
Earnings before income taxes	46,526	35,888	142,047	104,694
Income taxes	<u>15,486</u>	<u>11,666</u>	<u>48,154</u>	<u>34,922</u>
NET EARNINGS	<u>\$ 31,040</u>	<u>\$ 24,222</u>	<u>\$ 93,893</u>	<u>\$ 69,772</u>
Earnings per share - diluted	\$ 1.24	\$ 1.09	\$ 3.80	\$ 3.01
Weighted average shares outstanding - diluted	25,001	22,223	24,705	23,173

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

	<u>As of</u>	<u>As of</u>
	<u>29-Dec-18</u>	<u>28-Sep-19</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 214,326	\$ 182,748
Securities held-to-maturity, net	63,539	-
Inventories	81,948	76,141
Prepaid expenses and other current assets	<u>32,522</u>	<u>24,089</u>
Total current assets	392,335	282,978
Property and equipment, net	92,025	91,515
Goodwill	16,815	16,456
Intangible assets, net	31,811	29,667
Deferred income taxes	3,348	5,267
Other assets	<u>18,129</u>	<u>37,158</u>
Total assets	<u>\$ 554,463</u>	<u>\$ 463,041</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 9,947	\$ 8,605
Other current liabilities	<u>138,739</u>	<u>121,041</u>
Total current liabilities	148,686	129,646
Deferred income taxes	13,367	5,433
Other long-term liabilities	1,264	13,676
Stockholders' equity	<u>391,146</u>	<u>314,286</u>
Total liabilities and stockholders' equity	<u>\$ 554,463</u>	<u>\$ 463,041</u>

USANA Health Sciences, Inc.

Sales by Region

(unaudited)
(in thousands)

Quarter Ended

	<u>29-Sep-18</u>		<u>28-Sep-19</u>		<u>Change from prior year</u>	<u>Currency impact on sales</u>	<u>% change excluding currency impact</u>
Asia Pacific							
Greater China	\$160,932	54.2%	\$130,947	50.3%	\$ (29,985)	(18.6%)	\$ (3,647) (16.4%)
Southeast Asia Pacific	58,770	19.8%	54,327	20.8%	(4,443)	(7.6%)	(428) (6.8%)
North Asia	19,899	6.7%	23,299	8.9%	3,400	17.1%	(1,435) 24.3%
Asia Pacific Total	<u>239,601</u>	<u>80.7%</u>	<u>208,573</u>	<u>80.0%</u>	<u>(31,028)</u>	<u>(12.9%)</u>	<u>(5,510)</u> (10.7%)
Americas and Europe	<u>57,166</u>	<u>19.3%</u>	<u>52,025</u>	<u>20.0%</u>	<u>(5,141)</u>	<u>(9.0%)</u>	<u>(450)</u> (8.2%)
	<u>\$296,767</u>	<u>100.0%</u>	<u>\$260,598</u>	<u>100.0%</u>	<u>\$ (36,169)</u>	<u>(12.2%)</u>	<u>\$ (5,960)</u> (10.2%)

Active Associates by Region⁽¹⁾

(unaudited)

	<u>As of</u>			
	<u>29-Sep-18</u>		<u>28-Sep-19</u>	
Asia Pacific				
Greater China	111,000	36.8%	99,000	35.0%
Southeast Asia Pacific	95,000	31.4%	88,000	31.1%
North Asia	28,000	9.3%	34,000	12.0%
Asia Pacific Total	<u>234,000</u>	<u>77.5%</u>	<u>221,000</u>	<u>78.1%</u>
Americas and Europe	<u>68,000</u>	<u>22.5%</u>	<u>62,000</u>	<u>21.9%</u>
	<u>302,000</u>	<u>100.0%</u>	<u>283,000</u>	<u>100.0%</u>

Active Preferred Customers by Region⁽²⁾

(unaudited)

	<u>As of</u>			
	<u>29-Sep-18</u>		<u>28-Sep-19</u>	
Asia Pacific				
Greater China	219,000	70.0%	174,000	63.3%
Southeast Asia Pacific	20,000	6.4%	24,000	8.7%
North Asia	11,000	3.5%	16,000	5.8%
Asia Pacific Total	<u>250,000</u>	<u>79.9%</u>	<u>214,000</u>	<u>77.8%</u>
Americas and Europe	<u>63,000</u>	<u>20.1%</u>	<u>61,000</u>	<u>22.2%</u>
	<u>313,000</u>	<u>100.0%</u>	<u>275,000</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.

Contacts

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Media contact:
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(801) 954-7280



USANA Health Sciences, Inc.

Q3 2019 Management Commentary, Results and Outlook

- *Third quarter net sales of \$260.6 million*
- *Third quarter net earnings of \$24.2 million, or \$1.09 per diluted share*
- *Company narrows 2019 Net Sales and EPS outlook on updated FX outlook for the year*

October 22, 2019

Overview

The third quarter of 2019 was a successful quarter for USANA on several fronts. First, we held our Annual Global Convention in Salt Lake City, where several new products and business incentives were launched and well received. Additionally, we have seen positive results around the world from product promotions and sales incentives that were offered during the quarter. We estimate that these promotions and incentives contributed approximately \$16 million in sales to the quarter. Although net sales were down on a year-over-year basis, the foregoing efforts helped us generate modest growth in both net sales and active Customers on a sequential quarter basis.

Currency continued to have an impact on our year-over-year results. We previously expected currency to be neutral in the back-half of the year, but the U.S. dollar continued to strengthen and negatively impacted third quarter net sales by approximately \$6 million. Further, we now expect currency exchange rates to continue to negatively impact sales in the fourth quarter by an additional \$8 million.

Regionally, we are continuing to promote the various initiatives we launched in the U.S. and other markets, on a trial basis, to address the sales decline in the Americas and Europe region. At our Annual Global Convention, we introduced additional promotions, which are also intended to generate customer growth. We have also added executive talent to the Americas and Europe region, with our recent hire of Jeannie Price as executive vice president of sales for the Americas and Europe region. Jeannie is a seasoned direct selling executive with more than 26 years of leadership experience. She will focus on executing the strategies we have in place and implementing additional initiatives to generate positive results in this region.

While sales in our Asia Pacific Region declined year-over-year, we have seen positive results in certain markets in our North Asia and South East Asia Pacific regions, with South Korea continuing to generate double-digit sales and customer growth. Although we continue to experience a challenging consumer environment in China, we were pleased to see a strong customer response to a product promotion and sales incentive that we offered in China during the third quarter. The results generated by these incentives indicate to us that we have the right strategies in place to return China to growth as consumer sentiment improves over time. Accordingly, we are actively monitoring consumer sentiment toward health products in China, and plan to offer strategically designed and timed promotions to generate momentum in this key market. We are also hosting our annual China national sales meeting in November, which will once again be attended by nearly ten thousand Associates in Macau. This event is intended to generate excitement and momentum in China and will offer our Associates a preview of our plans for China in 2020.

In September, the Chinese government initiated a follow-up to the review conducted during the first quarter of this year. We anticipated this 100-day follow-up review and will cooperate with any requests from the Chinese government throughout this process. To date, we have not experienced the negative media environment or restrictions on meetings that accompanied the government's previous review.

Finally, while we continue working to align spending with sales performance and expectations, we will continue making the necessary investments to execute our long-term growth strategies. The introduction of new products and regular promotions are part of our 2019 strategy and demonstrate our commitment to generating momentum and driving long-term growth in the business across all of our markets. During the fourth quarter, we will continue to utilize strategic promotional offerings to help generate sales and customer growth around the world, although not at the same level as those offered during the third quarter.

Q3 2019 Results

Third quarter 2019 net sales were \$260.6 million, compared with \$296.8 million in the prior-year period, or a 12.2% decrease year-over-year. The strengthening of the U.S. dollar unfavorably impacted net sales by approximately \$6.0 million for the quarter. The Company previously estimated the impact from currency to be neutral for the second half of the year. The Company's total number of active Customers at the end of the third quarter was 558,000, compared to 615,000 in the prior-year period.

Third quarter net earnings were \$24.2 million, or \$1.09 per diluted share, compared with \$31.0 million, or \$1.24 per share during the prior-year period.

Share Repurchase Program Update

The Company repurchased approximately 1.4 million shares of common stock for \$92.4 million and reported weighted average diluted shares of 22.2 million for the quarter. The Company continues to have a strong balance sheet with no debt and \$182.7 million in cash and cash equivalents. As of September 28, 2019, there was \$30.0 million remaining under the current share repurchase authorization.

Quarterly Income Statement Discussion

Gross margins decreased 80 basis points from the prior year to 81.7% of net sales This decrease can be attributed primarily to: (i) product promotions offered during the quarter, (ii) unfavorable currency exchange rates, (iii) leverage lost on fixed period costs due to lower net sales, and (iv) lower sales in China, which has better overall gross margins compared to other markets.

Associate Incentives decreased 130 basis points from the prior year to 42.6% of net sales The decrease in Associate Incentives can primarily be attributed to lower sales in markets where Associate incentives run at a higher rate compared to other markets.

Selling, General and Administrative Expense were up 210 basis points from the prior year to 25.4% of net sales This increase in relative SG&A expense is largely due to lower year-over-year sales. In absolute terms, SG&A expense decreased \$2.6 million compared to the prior year.

The effective tax rate improved to 32.5% compared to 33.3% in the prior year quarter. This improvement is due primarily to favorable movements in foreign tax credits and tax return true-up adjustments.

Regional Financial Results

Asia Pacific Region: Q3 2019 Net sales of \$208.6 million; 80.0% of Consolidated Net Sales

Net Sales in the Asia Pacific region decreased 12.9% year-over-year (a decrease of 10.7% on a constant currency basis). The number of active Customers in the region decreased by 10.1% year-over-year.

Greater China: Net sales in Greater China decreased 18.6% year-over-year, or a 16.4% decline on a constant-currency basis. The number of active Customers in the Greater China region decreased 17.3% year-over-year. In mainland China, local currency sales decreased 17.8% while the number of active Customers decreased 18.9%.

Southeast Asia Pacific: Net sales in the Southeast Asia Pacific region decreased 7.6% year-over-year. On a constant-currency basis, this region decreased 6.8% during the quarter. The number of active Customers in Southeast Asia Pacific decreased 2.6% compared to the prior-year period. The decrease in net sales on a constant-currency basis was driven primarily by results in Australia, New Zealand, and Singapore.

North Asia: Net sales in North Asia increased 17.1% year-over-year, or an increase of 24.3% on a constant-currency basis. This growth was driven by 29.7% active Customer growth in South Korea, where local currency net sales increased by 26.4% year-over-year.

Americas and Europe Region: Q3 2019 Net Sales of \$52.0 million, 20.0% of Consolidated Net Sales

In the Americas and Europe region, net sales decreased 9.0%, while the number of active Customers decreased 6.1%. During 2019, we have introduced a variety of new initiatives on a trial basis in the U.S. These initiatives, which are designed to generate customer growth, have been introduced incrementally and we expect that it will take time for our sales force to fully adopt these initiatives. We have now introduced similar trial initiatives in various other markets in the Americas and Europe region.

Outlook

We have narrowed our consolidated net sales and earnings per share outlook for fiscal year 2019 as follows:

- Consolidated net sales between \$1.030 billion and \$1.045 billion, previously between \$1.020 and \$1.060 billion; and
- Earnings per share between \$3.90 and \$4.05, previously between \$3.70 and \$4.10.

Our outlook for the full year reflects:

- An estimated operating margin of between 12.7% and 12.9%;
- An effective tax rate of approximately 33.5%;
- An annualized diluted share count of approximately 22.8 million; and
- An unfavorable impact on net sales of approximately \$39 million related to a stronger U.S. dollar, which was previously estimated at \$25 million.

Our growth strategies 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. During the fourth quarter, we will also continue to utilize strategic promotional offerings to help generate customer growth around the world.

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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