

**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):
February 4, 2020

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 February 4, 2020, USANA Health Sciences, Inc. (the “Company” or “USANA”) issued a press release announcing its financial results for the fourth quarter and full-year ended December 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

Exhibit No.	Description
99.1	Press release issued by USANA Health Sciences, Inc. dated February 4, 2020 (furnished herewith).
99.2	Management Commentary, Results and Outlook provided by USANA Health Sciences, Inc. dated February 4, 2020 (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: February 4, 2020

Exhibit Index

Exhibit No.	Description
<u>99.1</u>	<u>Press release issued by USANA Health Sciences, Inc. dated February 4, 2020 (furnished herewith).</u>
<u>99.2</u>	<u>Management Commentary, Results and Outlook provided by USANA Health Sciences, Inc. dated February 4, 2020 (furnished herewith).</u>

USANA Health Sciences Reports Fourth Quarter and Full-Year 2019 Results

- *Fourth quarter net sales of \$271.3 million*
- *Fourth quarter net earnings of \$30.8 million, or \$1.41 per share*
- *Fiscal year net sales of \$1.061 billion*
- *Fiscal year net earnings of \$100.5 million, or \$4.41 per share*
- *Company provides 2020 Outlook for Net Sales between \$1.03 billion and \$1.13 billion and EPS between \$4.10 and \$4.90*

SALT LAKE CITY--(BUSINESS WIRE)--February 4, 2020--USANA Health Sciences, Inc. (NYSE: USNA) today announced financial results for its fiscal fourth quarter and full-year ended December 28, 2019.

Financial Performance

Fourth quarter 2019 net sales were \$271.3 million, compared with \$299.0 million in the prior-year period. The strengthening of the U.S. dollar negatively impacted net sales by \$2.9 million for the quarter. The Company's total number of active Customers at the end of the fourth quarter was 586,000, compared to 616,000 in the prior-year period. On a sequential quarter basis, net sales increased 4.1%, while active Customers increased 5.0% during the fourth quarter of 2019.

Fourth quarter net earnings were \$30.8 million, or \$1.41 per diluted share, compared with net earnings of \$32.3 million, or \$1.32 per share during the prior-year period. Weighted average diluted shares outstanding were 21.8 million for the fourth quarter of 2019, compared with diluted shares of 24.5 million in the prior-year period.

“Our fourth quarter results were stronger than expected and allowed us to finish the year strong,” said Kevin Guest, Chief Executive Officer. “Our performance was driven by a better-than-expected response to promotions we offered during the quarter, as well as improved general momentum in many of our markets around the world, including China.

“As we begin fiscal 2020, we believe our business is positioned to deliver solid operating results. However, we acknowledge the evolving situation in China, where our customers, employees, and China’s health officials are responding to the spread of the coronavirus. While the Chinese New Year holiday typically affects our first quarter results, we expect an additional negative impact this year as a result of the coronavirus and the related impact on our business and consumer spending in China. Notwithstanding the expected impact to our near-term results, we remain confident in our China business and our long-term opportunity in this important market.”

Regional Results

Net sales in the Asia Pacific region for the fourth quarter of 2019 were \$217.3 million as compared to \$243.3 million during the fourth quarter of the prior year. The total number of active customers in the Asia Pacific region was 459,000, compared to 487,000 in the prior-year period. Within Asia Pacific, net sales:

- Decreased 21.4% in Greater China (down 20.2% on a constant currency basis);
- Increased 42.2% in North Asia (up 48.0% on a constant currency basis); and
- Increased 2.8% in Southeast Asia Pacific (up 2.4% on a constant currency basis).

Active Customers decreased by 13.2% in Greater China (up 6.2% sequentially) and were essentially flat in Southeast Asia Pacific. In North Asia, Active customers increased by 43.6%. On a sequential quarter basis, net sales in the Asia Pacific region increased 4.2% while active Customers increased 5.5% during the fourth quarter of 2019.

Mr. Guest continued, “During the fourth quarter, our South Korea business continued to deliver strong sales and customer growth for our North Asia region. We also saw improvement in our Southeast Asia Pacific and Greater China regions, where sales and customer counts increased sequentially.”

Net sales in the Americas and Europe region for the fourth quarter were \$54.0 million as compared to \$55.8 million for the prior-year period. The total number of active customers in the Americas and Europe region was 127,000, compared to 129,000 in the prior-year period.

Fiscal 2019 Results

Net sales for fiscal 2019 totaled \$1.061 billion, compared with \$1.189 billion in 2018. The strengthening of the U.S. dollar negatively impacted net sales by approximately \$34.5 million for the full year. On a constant currency basis, net sales decreased by 7.9% during fiscal 2019.

Net earnings for 2019 totaled \$100.5 million, or \$4.41 per diluted share, compared with \$126.2 million, or \$5.12 per diluted share in the prior year. Weighted average diluted shares outstanding were 22.8 million for the full-year 2019, compared with diluted shares of 24.6 million in the prior-year.

During the year, the Company repurchased approximately 2.0 million shares of common stock for \$150.0 million. The Company ended the year with no debt and \$234.8 million in cash and cash equivalents. As of December 28, 2019, there was \$30.0 million remaining under the current share repurchase authorization.

Mr. Guest added, “Despite the challenges we faced in 2019, we executed several meaningful initiatives that generated momentum in the business and aligned operating expenses with sales results. Several of these initiatives improved the speed, convenience, and overall experience of doing business with USANA, and help position the Company for future growth.

“In 2020, we will continue to focus on growing our customer base by executing our customer experience strategy. Under this strategy, we will continue to (i) emphasize product and technology innovation; (ii) launch new products and incentive offerings; (iii) evolve from an Associate focused business to an overall customer focused business; (iv) expand our in-house manufacturing capability to include additional product categories; and (v) pursue strategic collaborations or acquisitions to grow our business. We are confident in our long-term growth potential in China and our other regions around the world and remain committed to generating growth and delivering shareholder value.”

Outlook

The Company is providing the following consolidated net sales and earnings per share outlook for fiscal year 2020:

- Consolidated net sales between \$1.03 billion and \$1.13 billion; and
- Earnings per share between \$4.10 and \$4.90.

The Company's outlook for the year reflects:

- Fiscal 2020 is a 53-week year and includes one additional week of sales compared to fiscal 2019. Prior to fiscal 2020, the last 53-week year was in fiscal 2014. The Company estimates this additional week will contribute about 1.8% to net sales growth.
- An estimated operating margin of between 12.6% and 13.9%;
- An effective tax rate of 33%;
- An annualized diluted share count of 21.8 million; and
- No meaningful year-over-year impact on net sales related to changes in foreign currency exchange rates.

Chief Financial Officer Doug Hekking commented, "In 2019, our management team responded quickly to market challenges, realigned spending, and improved operating margins during the second half of the year. This effort also included strategic product and incentive offerings, which helped improve sales and customer results and allowed us to deliver fourth-quarter results that exceeded our expectations.

"Given the current uncertainty surrounding the outbreak of, and response to, the coronavirus in China as well as the lack of visibility due to the Chinese New Year, the financial impact of these events on our business and operating results is difficult to estimate at this time, but are expected to meaningfully affect our first quarter and full year 2020 results. Consequently, our initial outlook for fiscal 2020 reflects a wider than typical range for top- and bottom-line performance. As events unfold, we will be transparent with all of our stakeholders on any impact to our business and operating results and will update our outlook for fiscal 2020 when we can reasonably estimate the impact of these events."

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, February 5, 2020 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 in connection with the Chinese government's continued review of the health products and direct selling industries; regulatory risk in the United States in connection with the direct selling business model; the impact to our business in China from the outbreak of and response to the coronavirus; potential negative effects of material breaches of our information technology systems to the extent we experience a material breach; material failures of our information technology systems; global economic conditions generally; reliance upon our network of independent Associates; risk associated with governmental regulation of our products, manufacturing and direct selling business model; 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 Earnings
(In thousands, except per share data)
(Unaudited)

	Twelve Months			
	Quarter Ended		Ended	
	28-Dec-19	29-Dec-18	28-Dec-19	29-Dec-18
Net sales	\$ 271,298	\$ 299,023	\$1,060,902	\$1,189,248
Cost of sales	47,289	49,467	187,503	200,710
Gross profit	<u>224,009</u>	<u>249,556</u>	<u>873,399</u>	<u>988,538</u>
Operating expenses				
Associate incentives	114,378	132,710	459,478	525,126
Selling, general and administrative	65,060	68,278	267,731	275,059
Earnings from operations	44,571	48,568	146,190	188,353
Other income (expense)	1,231	895	4,306	3,157
Earnings before income taxes	<u>45,802</u>	<u>49,463</u>	<u>150,496</u>	<u>191,510</u>
Income taxes	15,048	17,132	49,970	65,286
NET EARNINGS	<u>\$ 30,754</u>	<u>\$ 32,331</u>	<u>\$ 100,526</u>	<u>\$ 126,224</u>
Earnings per share - diluted	\$ 1.41	\$ 1.32	\$ 4.41	\$ 5.12
Weighted average shares outstanding - diluted	21,751	24,455	22,818	24,642

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

	As of	As of
	28-Dec-19	29-Dec-18
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 234,830	\$ 214,326
Securities held-to-maturity, net	-	63,539
Inventories	68,905	81,948
Prepaid expenses and other current assets	25,544	32,522
Total current assets	<u>329,279</u>	<u>392,335</u>
Property and equipment, net	95,233	92,025
Goodwill	16,636	16,815
Intangible assets, net	29,840	31,811
Deferred income taxes	3,090	3,348
Other assets	42,856	18,129
Total assets	<u>\$ 516,934</u>	<u>\$ 554,463</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Accounts payable	\$ 12,525	\$ 9,947
Other current liabilities	123,573	138,739
Total current liabilities	<u>136,098</u>	<u>148,686</u>
Deferred income taxes	10,282	13,367
Other long-term liabilities	18,842	1,264
Stockholders' equity	351,712	391,146
Total liabilities and stockholders' equity	<u>\$ 516,934</u>	<u>\$ 554,463</u>

USANA Health Sciences, Inc.

Sales by Region

(unaudited)

(in thousands)

Quarter Ended

	28-Dec-19		29-Dec-18		Change from prior year		Currency impact on sales	% change excluding currency impact
Asia Pacific								
Greater China	\$131,949	48.6%	\$167,813	56.1%	\$ (35,864)	(21.4%)	\$ (2,048)	(20.2%)
Southeast Asia Pacific	57,283	21.1%	55,700	18.6%	1,583	2.8%	224	2.4%
North Asia	28,085	10.4%	19,751	6.6%	8,334	42.2%	(1,148)	48.0%
Asia Pacific Total	217,317	80.1%	243,264	81.3%	(25,947)	(10.7%)	(2,972)	(9.4%)
Americas and Europe	53,981	19.9%	55,759	18.7%	(1,778)	(3.2%)	111	(3.4%)
	<u>\$271,298</u>	<u>100.0%</u>	<u>\$299,023</u>	<u>100.0%</u>	<u>\$ (27,725)</u>	<u>(9.3%)</u>	<u>\$ (2,861)</u>	<u>(8.3%)</u>

Active Associates by Region⁽¹⁾

(unaudited)

	As of			
	28-Dec-19		29-Dec-18	
Asia Pacific				
Greater China	100,000	34.4%	114,000	37.7%
Southeast Asia Pacific	87,000	29.9%	93,000	30.8%
North Asia	38,000	13.0%	27,000	9.0%
Asia Pacific Total	225,000	77.3%	234,000	77.5%
Americas and Europe	66,000	22.7%	68,000	22.5%
	<u>291,000</u>	<u>100.0%</u>	<u>302,000</u>	<u>100.0%</u>

Active Preferred Customers by Region⁽²⁾

(unaudited)

	As of			
	28-Dec-19		29-Dec-18	
Asia Pacific				
Greater China	190,000	64.4%	220,000	70.1%
Southeast Asia Pacific	26,000	8.8%	21,000	6.7%
North Asia	18,000	6.1%	12,000	3.8%
Asia Pacific Total	234,000	79.3%	253,000	80.6%
Americas and Europe	61,000	20.7%	61,000	19.4%
	<u>295,000</u>	<u>100.0%</u>	<u>314,000</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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**USANA Health Sciences, Inc.*****Q4 and Full-Year 2019 Management Commentary, Results and Outlook***

- *Fourth quarter net sales of \$271.3 million*
- *Fourth quarter net earnings of \$30.8 million, or \$1.41 per share*
- *Fiscal year net sales of \$1.061 billion*
- *Fiscal year net earnings of \$100.5 million, or \$4.41 per share*
- *Company provides 2020 Outlook for Net Sales between \$1.03 billion and \$1.13 billion and EPS between \$4.10 and \$4.90*

February 4, 2020**Overview**

USANA generated better than expected operating results in the fourth quarter of 2019, which included sequential quarter growth in net sales and active Customers of 4.1% and 5.0%, respectively. The introduction of new products at our China National Sales meeting and a follow-on product promotion highlighting these products gave our China market a boost during the quarter. In our other markets around the world, we offered attractive consumer based product promotions focused on Celavive, our skin and personal care line. Additionally, fourth-quarter sales in essentially all of our markets benefited from a business promotion we introduced during the third quarter of 2019. Collectively, these promotions as well as our efforts to better align spending with sales levels drove the better than expected fourth quarter results.

Our global strategy in 2020 remains focused on advancing and executing our customer experience strategy, which touches many areas of the business. While we believe that our business is positioned to deliver solid operating results in 2020, we acknowledge the situation in China related to the spread of the coronavirus and expect a negative impact to our operating results due to this dynamic, as more fully explained below. Notwithstanding the impact to our near-term results, we expect our business to accelerate as the year progresses and remain confident in our long-term growth potential in China and our other regions around the world.

Q4 2019 Results

Fourth quarter 2019 net sales were \$271.3 million, compared with \$299.0 million in the prior-year period. The strengthening of the U.S. dollar negatively impacted net sales by \$2.9 million for the quarter. The Company's total number of active Customers at the end of the fourth quarter was 586,000, compared to 616,000 in the prior-year period. On a sequential quarter basis, net sales increased 4.1%, while active Customers increased 5.0% during the fourth quarter of 2019.

Fourth quarter net earnings were \$30.8 million, or \$1.41 per diluted share, compared with net earnings of \$32.3 million, or \$1.32 per share during the prior-year period. Weighted average diluted shares outstanding were 21.8 million for the fourth quarter of 2019, compared with diluted shares of 24.5 million in the prior-year period.

Quarterly Income Statement Discussion

Gross margins decreased 90 basis points from the prior year to 82.6% of net sales. This decrease can be attributed primarily to: (i) unfavorable currency exchange rates, (ii) lower sales in China, which has better overall gross margins compared to other markets, (iii) product promotions offered during the quarter, and (iv) leverage lost on fixed period costs due to lower year-over-year net sales.

Associate Incentives decreased 220 basis points from the prior year to 42.2% 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 decreased \$3.2 million compared to the prior year. In relative terms, SG&A expense increased 120 basis points from the prior year to 24% of net sales, due to lower year-over-year net sales.

The effective tax rate improved to 32.9% compared to 34.6% in the prior year quarter. This improvement is due primarily to favorable movements in foreign tax credits and tax return true-up adjustments.

Inventory decreased to \$68.9 million, compared to \$81.9 million in the prior year. The decrease in inventories is mostly due to: (i) sales promotions offered during the quarter, and (ii) an effort to better align inventory levels with our sales performance.

Regional Financial Results

Asia Pacific Region: Q4 2019 Net sales of \$217.3 million; 80.1% of Consolidated Net Sales

Net sales in the Asia Pacific region for the fourth quarter of 2019 were \$217.3 million, compared to \$243.3 million during the fourth quarter of the prior year. The total number of active customers in the Asia Pacific region was 459,000, compared to 487,000 in the prior-year period. On a sequential quarter basis, net sales in the Asia Pacific region increased 4.2% while active Customers increased 5.5% during the fourth quarter of 2019.

Greater China: Net sales in Greater China decreased 21.4% year-over-year. The number of active customers in the Greater China region decreased 13.2% year-over-year. In mainland China, local currency sales decreased 21.6% while the number of active customers decreased 14.5%. On a sequential quarter basis, however, net sales improved and we believe that this is a good indication that consumer sentiment is improving. Although we expect a negative impact on our first quarter results and have limited visibility of the longer-term impact from the coronavirus, we remain optimistic about our growth potential in China during 2020.

North Asia: Net sales in North Asia increased 42.2% year-over-year. This growth was driven by 48.6% active customer growth in South Korea, where local currency net sales increased by 51.1% year-over-year.

Southeast Asia Pacific: Net sales in the Southeast Asia Pacific region increased 2.8% year-over-year, while the number of active customers in this region decreased 0.9% year-over-year. The increase in net sales was driven by sales growth in each market, with the exception of Australia and New Zealand. The Philippines and Malaysia were the primary growth contributors with local currency sales increasing 4.1% and 8.7%, respectively.

Americas and Europe Region: Q4 2019 Net Sales of \$54.0 million, 19.9% of Consolidated Net Sales

In the Americas and Europe region, net sales decreased 3.2%, due largely to sales declines in the U.S. and Canada. The number of active customers in the region decreased 1.6%.

Fiscal 2019 Results

Net sales for fiscal 2019 totaled \$1.061 billion, compared with \$1.189 billion in 2018. The strengthening of the U.S. dollar negatively impacted net sales by approximately \$34.5 million for the full year. On a constant currency basis, net sales decreased by 7.9% during fiscal 2019.

Net earnings for 2019 totaled \$100.5 million, or \$4.41 per diluted share, compared with \$126.2 million, or \$5.12 per diluted share in the prior year. Weighted average diluted shares outstanding were 22.8 million for the full-year 2019, compared with diluted shares of 24.6 million in the prior-year.

During the year, the Company repurchased 2.0 million shares of common stock for \$150.0 million. The Company ended the year with no debt and \$234.8 million in cash and cash equivalents. As of December 28, 2019, there was \$30.0 million remaining under the current share repurchase authorization.

Outlook and 2020 Operating Strategy

The Company is introducing the following consolidated net sales and earnings per share outlook for fiscal year 2020:

- Consolidated net sales between \$1.03 billion and \$1.13 billion; and
- Earnings per share between \$4.10 and \$4.90.

The Company's outlook for the year reflects:

- Fiscal 2020 is a 53-week year and includes one additional week of sales compared to fiscal 2019. Prior to fiscal 2020, the last 53-week year was in fiscal 2014. The Company estimates this additional week will contribute about 1.8% to net sales growth.
- An estimated operating margin of between 12.6% and 13.9%.
- An effective tax rate of approximately 33%.
- An annualized diluted share count of 21.8 million.
- No meaningful year-over-year impact on net sales related to changes in foreign currency exchange rates.

Our initial outlook for fiscal 2020 reflects a wider than typical range for top- and bottom-line performance given our lack of visibility at this time into the China market due to the extension of the Chinese New Year and the outbreak of the coronavirus. We are closely monitoring the coronavirus situation and the potential impact on our employees, customers, and overall business in China. However, the extension to the Chinese New Year holiday has limited our visibility into how (i) the coronavirus outbreak is currently affecting customer behavior in China, and (ii) customer behavior will respond following the end of the holiday period. For instance, on January 27, China extended the holiday to February 2, with some individual provinces extending the holiday period beyond Feb 2. We have extended the holiday for our China employees to February 10th. While the Chinese New Year holiday itself typically results in a softer sales environment for the duration of the holiday, we now expect a larger-than-typical impact on our first quarter and full year 2020 as a result of the coronavirus outbreak. We are committed to providing transparency on the impact to our business and operating results and will update our outlook for fiscal 2020 as we better understand the impact. Notwithstanding the expected impact to our near-term results, we remain confident in our China business and our long-term opportunity in this important market.

In 2020, we will continue to focus on growing our customer base by executing our customer experience strategy. Under this strategy, we will continue to (i) emphasize product and technology innovation; (ii) launch new products and incentive offerings; (iii) evolve from an Associate focused business to an overall customer focused business; (iv) expand our in-house manufacturing capability to include additional product categories; and (v) pursue strategic collaborations or acquisitions to grow our business.

Customer Experience and Technology Enhancements

To continue enhancing our overall customer experience, we will continue to improve the speed, convenience, and ease in which customers do business with USANA. In 2020, we will continue to improve our mobile platform, offer more payment options to meet the demands of customers across the globe, facilitate quick and simple product education, capture important feedback, and make it easier for customers to share their experience with friends and family. We will also continue to improve our customer shopping experience in China and look to introduce a cross border e-commerce sales platform in China.

Product Innovation

We plan to broaden our product offering worldwide in 2020, especially in China. Our science team has developed new products and upgrades to existing products that will be introduced throughout the year. These new products are intended to be customer focused, demonstrable, and easily sharable.

We will also begin manufacturing USANA's food products in-house in our all-new facility located adjacent to our current facility in Salt Lake City. We expect this facility to be operational as early as the second quarter. Additionally, we expect to begin bringing production of our Celavive products in-house in 2020. These vertical integration efforts will provide us with several advantages, efficiencies, and gross margin contribution over third-party manufacturing.

Existing Market Growth

We will continue to focus on generating growth in each of our existing markets during 2020. To do this, we will focus on customer acquisition through a combination of incentive offerings, new customer-centric product offerings, and a new customer loyalty program. Additionally, we will continue to offer market specific promotions that target and address the needs of different customer demographics within individual markets.

In addition to the organic growth strategies outlined above, we continue to evaluate business development and acquisition opportunities to strengthen, diversify and grow our worldwide business. Areas of opportunity we will continue to evaluate include (i) overall nutrition; (ii) further vertical integration; (iii) additional category expansion; and (iv) geographic expansion.

We are confident that the combination of these strategic initiatives will contribute to the strength of the business and position us to grow our business worldwide.

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 in connection with the Chinese government's continued review of the health products and direct selling industries; regulatory risk in the United States in connection with the direct selling business model; the impact to our business in China from the outbreak of and response to the coronavirus; potential negative effects of material breaches of our information technology systems to the extent we experience a material breach; material failures of our information technology systems; global economic conditions generally; reliance upon our network of independent Associates; risk associated with governmental regulation of our products, manufacturing and direct selling business model; 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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