

Lifeway®



Lifeway Foods, Inc.

September 2015

Forward Looking Statements

The following statements made in this presentation are “forward looking” and are made pursuant to the safe harbor provision of the Private Securities Litigation Reform Act of 1995: statements relating to (1) projected sales (including for individual segments, for specific product lines and for the company as a whole), profit margins, net income and earnings per share, (2) our growth strategy, including acquisitions and the integration of such acquisitions, (3) our branding initiatives (4) our integration, innovation and research and development plans, and (5) our cost-savings initiatives. These statements involve risks and uncertainties that may cause results to differ materially from those set forth in this presentation. Financial projections are based on a number of assumptions. Actual results could be materially different than projected if those assumptions are erroneous. Sales, operating income, net income and debt covenant compliance, financial performance and adjusted earnings per share can vary based on a variety of economic, governmental and competitive factors, which are identified in our filings with the Securities and Exchange Commission, including our Forms 10-K and 10-Q (which can be accessed on our website at www.lifeway.net or the website of the Securities and Exchange Commission at www.sec.gov). Our ability to profit from our branding initiatives depends on a number of factors including consumer acceptance of products. All forward looking statements in this presentation speak only as of the date of this presentation. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any such statements to reflect any change in our expectations with regard thereto or any changes in the events, conditions or circumstances on which any such statement is based. Certain non-GAAP financial measures contained in this presentation, including adjusted diluted earnings per share, free cash flow, consolidated adjusted operating income and consolidated adjusted net income, have been adjusted to eliminate the net expense or net gain related to certain items identified in our press releases.



Agenda

- Lifeway's Mission
- Recent Highlights
- 2015 & 2016 Outlook
- Lifeway's Product Portfolio
- Kefir, Health & Wellness Category Growth
- Lifeway's Growth Strategy



The Lifeway Mission

We're here to provide the best in probiotic and nutritious foods while keeping the world in a better place than we found it.



All-Natural & GMO Free Ingredients



Philanthropy



Environmental Responsibility



Farming Sustainability

Recent Highlights

Lifeway is the #1 Kefir brand in the Total US*

2014

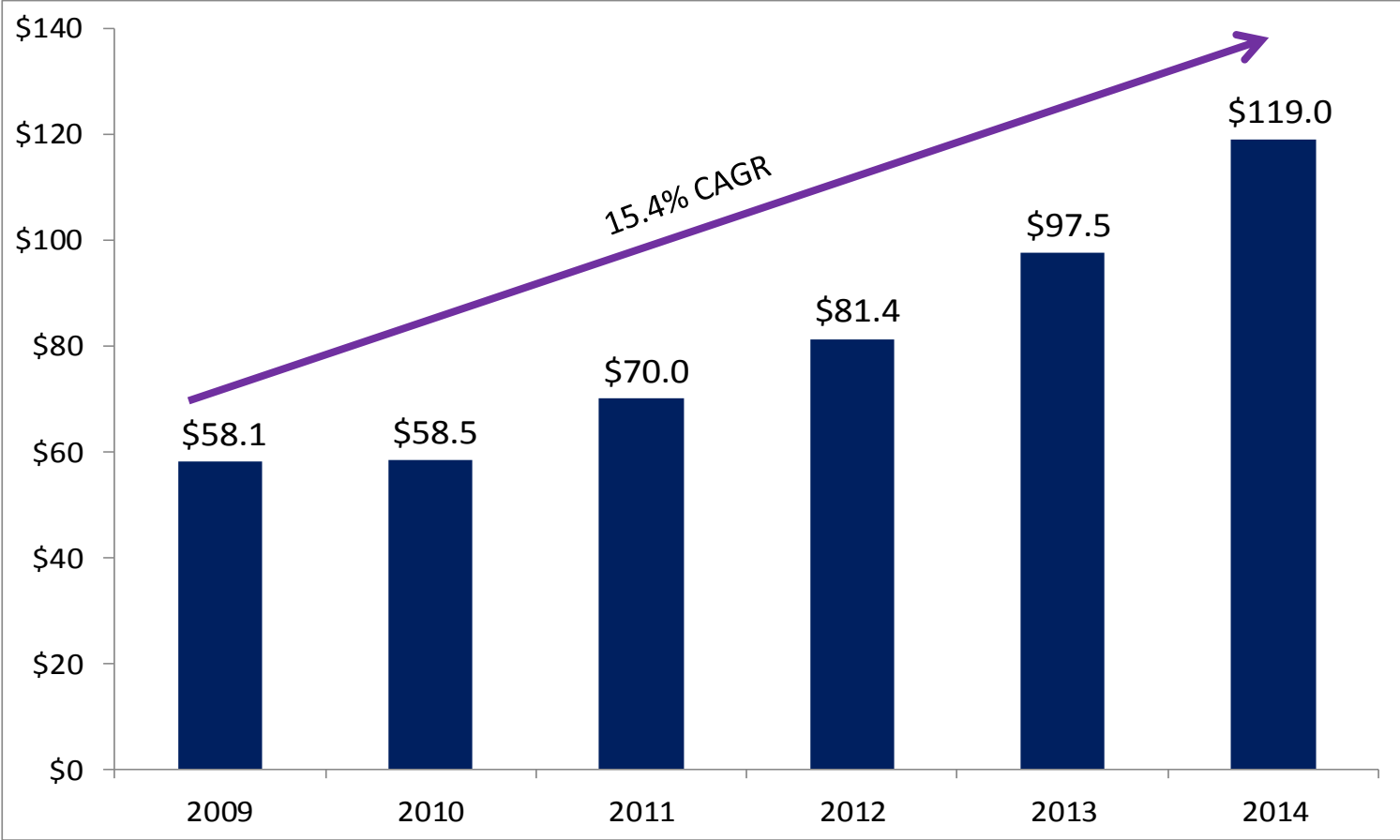
- Expanded its flagship line of probiotic kefir into Canada
- New Products Launched at Natural Products Expo West
 - Savory Lifeway Veggie Kefir
 - Lifeway Kefir with Oats
 - Lifeway Perfect 12 Kefir sweetened with stevia

2015

Lifeway's first-ever television commercial debuted in January on the 2015 Golden Globe Awards!



Lifeway Net Sales Growth



Strong Outlook for 2015 & 2016

- New Product Introductions
- Kefir shipping internationally
- Freezer section is a new location for Lifeway products = incremental net sales
- Increasing advertising spend to drive brand awareness

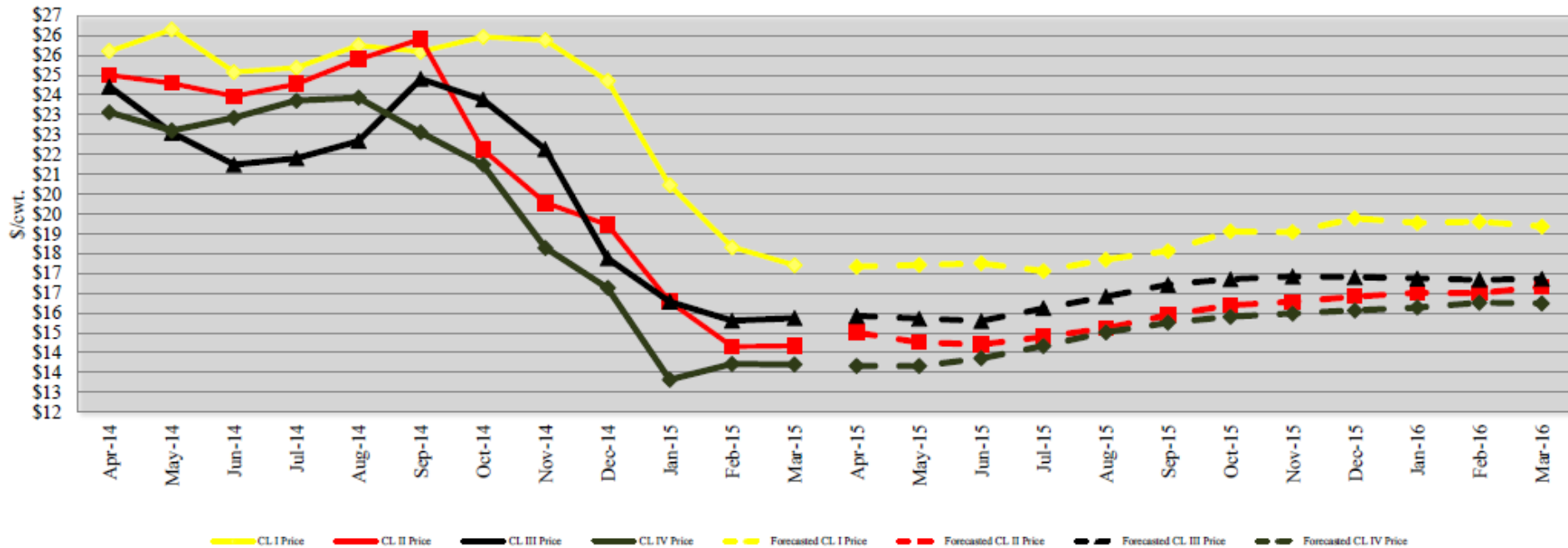
Current and Forecasted Milk Prices

COMMODITY, CLASS AND COMPONENT PRICE FORECAST*

Released: April 13, 2015

ACTUAL CLASS PRICES

PROJECTED CLASS PRICES



Lifeway Foods Products



Kefir

Organic
Kefir

Probugs

Frozen
Kefir

BioKefir

Cheese

Category Leader Positioned for Growth

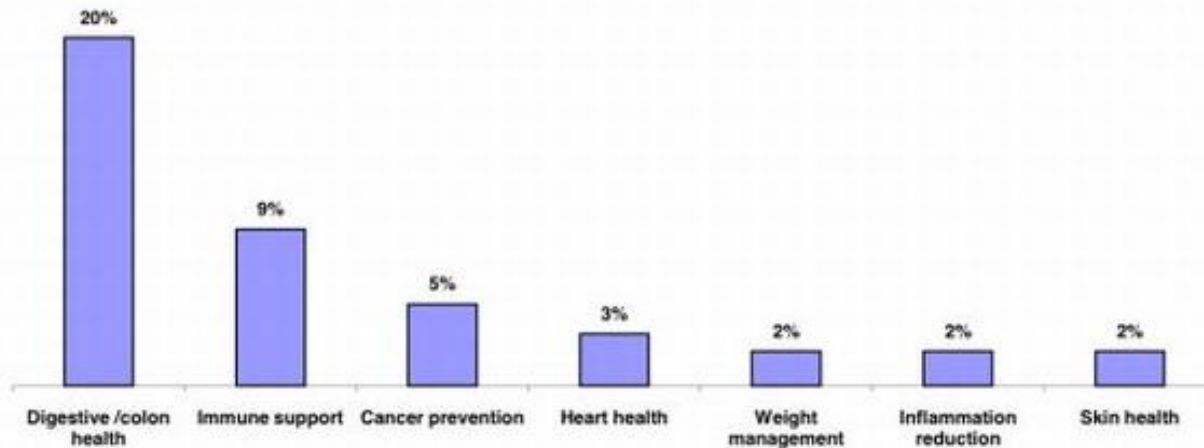
- **Lifeway Kefir is the number one Kefir brand in the Total US**
 - Lifeway leads in penetration of US households
 - Lifeway has the highest dollar buy rate
 - Lifeway has the most product trips with US households
- **Lifeway consumers are extremely loyal across the Total US**
 - 92% of Total US households Kefir dollars are spent on Lifeway
- **Lifeway Probugs has the highest basket ring among top Kefir products at the Total US level**

Trends in Healthy Living - Probiotics

Awareness of the term 'probiotics' has grown from a 9% in 2002 to 60% of American adults in 2009...

...yet only 17 percent of the U.S. population indicating they have used probiotic-enriched foods in the past 30 days*

Figure 1: % consumers associating the following benefits with probiotic use



Source: NMI's 2008 Health and Wellness Trends Database®

Trends in Healthy Living - Probiotics

- Probiotics can help combat stress, anxiety, and overall mood.
- Can help improve the moods of patients with chronic fatigue syndrome, as well as IBS.
- Medical professionals and researchers are devoting more attention to probiotics.
- Research now shows bacteria's role in the gut/brain connection.

9 REASONS TO DRINK KEFIR

PROBIOTICS
Probiotics are healthy, beneficial microorganisms such as bacteria or yeast that are found in the digestive tract.

IMMUNITY
The probiotics in kefir support a healthy gut, where 70-80% of the cells that make up the immune system are located.

HEALTHY WEIGHT
The protein in kefir increases satiety and reduces hunger cravings throughout the day.

SKIN
Kefir contains Alpha Hydroxy Acid (AHA) in the form of lactic acid, a popular skin care product ingredient.

DIGESTION
The live and active probiotic cultures like those found in kefir may help support digestion.

PROTEIN
An 8 oz serving of Lifeway lowfat kefir contains 11 grams of natural protein.

LACTOSE DIGESTION
Kefir's probiotic cultures break down milk sugars, which supports lactose digestion.

MOOD
Kefir is loaded with tryptophan, the amino acid that helps raise the levels of serotonin in your brain.

BONE DENSITY
A serving of Lifeway kefir provides roughly one third of your daily calcium needs.

Lifeway
Lifeway kefir is a tart and tangy cultured milk smoothie that is high in protein, calcium and vitamin D. Thanks to our exclusive blend of kefir grains, each cup of kefir contains 12 live and active cultures and seven to 10 billion beneficial probiotic strains. The list of health benefits associated with probiotics grows consistently; here are our top nine reasons to enjoy Lifeway kefir.

Growth Strategy

- Expand distribution to additional outlets
 - Significant opportunity for retail and brand growth
- Grow number of SKUs available at existing outlets
- Continue innovative new product development
 - Frozen Kefir
 - Flavors
 - Kid-friendly ProBugs
 - Product Extensions
- Increase consumer understanding of health benefits
- Continue strategic acquisitions

Growth Strategy – Lifeway Wisconsin

- 170,000-square-foot plant
- Start of kefir production began in August 2015
- More than quintuple the combined manufacturing capacity of Lifeway's three existing facilities
- Wisconsin facility is producing Lifeway's top-selling products, taking advantage of both the large space and new high-speed manufacturing equipment to meet the demand.



Distribution Opportunities

*Broad and growing distribution across grocery, natural, mass,
Convenience, and foodservice channels*

Expanding number of stores per chain



Distribution Opportunities

- CVS – Featuring new 16oz size now in 200+ stores, with another 50-100 due by December
- Target – Expansion of 16oz into over 1700 stores
- Walmart – National with ProBugs and Protein
- Wakefern – Accepting ProBugs in all 225+ stores
- Expansion of Club Channel
 - Costco Texas bringing on ProBugs
 - All BJ's outlets carrying 8oz variety packs
- Stater Brothers in California – New distribution for Lifeway (150+ stores)
- Schools and Universities
 - Stratford Schools (14 Charter Schools in Northern California)
 - Ball State University

Distribution Opportunities: International Expansion

- Global Probiotic Market will grow to \$45 billion by 2018
 - Europe accounts for 42% of that market



- Lifeway Launches in 1,000+ Stores Nationwide across Canada (July 2014)

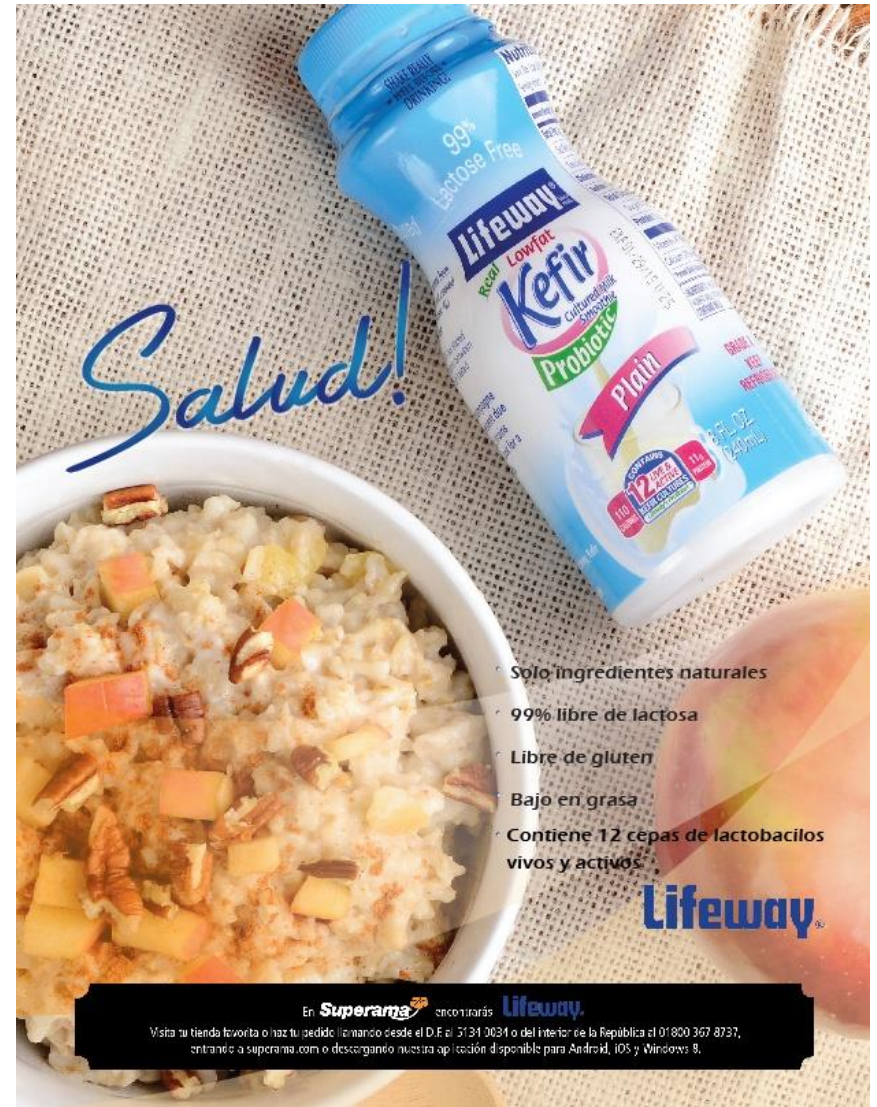


- Distribution of Lifeway Frozen Kefir begins in the UK (May 2013)
 - Currently available in Harvey Nichols and Whole Foods in London



Distribution Opportunities: International Expansion

- Lifeway's drinkable kefir launches in Mexico (June 2015)
 - Currently available at Costco and Walmart stores



- Solo ingredientes naturales
- 99% libre de lactosa
- Libre de gluten
- Bajo en grasa
- Contiene 12 cepas de lactobacilos vivos y activos

Lifeway

En **Superama** encontrarás **Lifeway**.

Visita tu tienda favorita o haz tu pedido en línea desde el D.F. al 5134 0034 o del interior de la República al 01 800 367 8737, entrando a superama.com o descargando nuestra aplicación disponible para Android, iOS y Windows 8.

Lifeway Frozen Kefir

- Tart & tangy, similar to California style “fro-yo”
- Positioned in freezer section, a new location
 - Opportunity for significant incremental sales
- Lifeway Frozen kefir has 14.4% dollar share of the Frozen Yogurt/Frozen Kefir category, moving to #2 in the category



New Frozen Kefir Retail Concept

Argo Tea and Lifeway Culture Shoppe partnership



New Frozen Kefir Retail Concept



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- Lifeway Culture Shoppe and Freshii partnership
- Fresh, fast, nutritious foods concept rapidly increasing store count, including Target locations
- Available in 24 shops now, 40 in coming months and national expansion possible in fall
- Expanding soft serve kefir audience and introducing Lifeway products to Freshii customers



New Frozen Kefir Retail Concept



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- New kiosk concept in PRIDE filling stations throughout Chicagoland



PRIDE of Geneva location

Co-branding Starfruit and Lifeway



- Starfruit Kefir Truck serves tart and tangy frozen kefir on the go
- Available in many creamy flavors topped with fresh fruit, nuts or candy





fueled by Lifeway kefir

FROZEN KEFIR	\$4	TOPPINGS	\$1
		granola	
original	blood orange	blueberry	
		chocolate chips	
PROBUGS			
FROZEN KEFIR	\$2		
goo-berry pie		orange creamy crawler	
		strawnana split	

New Product Innovation



Lifeway ProBugs Bites
 Tiny freeze-dried kefir melts that quickly dissolve in baby's mouth for safe and easy self-feeding



Organic ProBugs Green Kefir



Organic ProBugs Pretty Plain
 ProBugs are one of the top selling items at Whole Foods in the category

Lifeway Veggie Kefir
 Savory new beverage delivers a full serving of vegetables



Lifeway Kefir with Oats

Lifeway Perfect 12 Kefir
 Sweetened with stevia



New Product Innovation



Lifeway Protein Kefir

- 20g of protein packed in each serving
- Protein-plus-probiotic powerhouse
- Continues to provide the immunity-enhancing benefits of probiotics
- A creamy and refreshing way to recover after a tough sweat session at the gym, or as an anytime drink that tastes great and helps curb unhealthy snacking.
- Global demand for protein is at an all time high - US sales of protein labeled food rose almost \$8 billion last year, 50% gain over the last 4 years.

New Product Innovation

The success of Lowfat Watermelon Kefir introduced in June has prompted a decision to rotate seasonal flavors on an ongoing basis throughout the year.



New Product Innovation

- Probiotic Pills / Supplements
- Estimated \$3.1 billion in sales for probiotic supplements and products by 2020.
- Great alternative to kefir for those who are vegan, traveling, or have dietary / dairy restrictions.



“Sales of probiotic supplements and products are growing like the contents of a petri dish someone forgot to refrigerate overnight”

Marketing Lifeway with Social Media

- Social Media = Customer service, Community building, New product information, Contests and sweepstakes & company initiatives
- Growing social media presence through:

twitter
~98,000 Followers

facebook
~505,000 Likes/Fans

Pinterest



Lifeway Kefir

January 28 at 2:22pm · 🌐

Probiotics aren't just good for your belly, they're good for your skin, too!
<http://bit.ly/1zAw1Df> #AndMe



Like · Comment · Share · 🍷 150 🗨 5 ➦ 33

Marketing Lifeway with Social Media

- Launch of new website in 2015
- 15% increase in traffic
- Optimized path to purchase with new couponing and store locator system
- Social media site integration and ad campaigns focused on consumer connections

select your country 4

Lifeway®

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What Is Kefir? Products Recipes About Lifeway Blog Where To Buy

Learn how Lifeway Kefir is good for more than just you.

GET THE FULL STORY

The Many Faces of Lifeway Kefir

Find your flavor. Unlock your health.

KEFIR ORGANIC KEFIR PROBUGS FROZEN KEFIR BIOKEFIR CHEESE

What is Kefir?

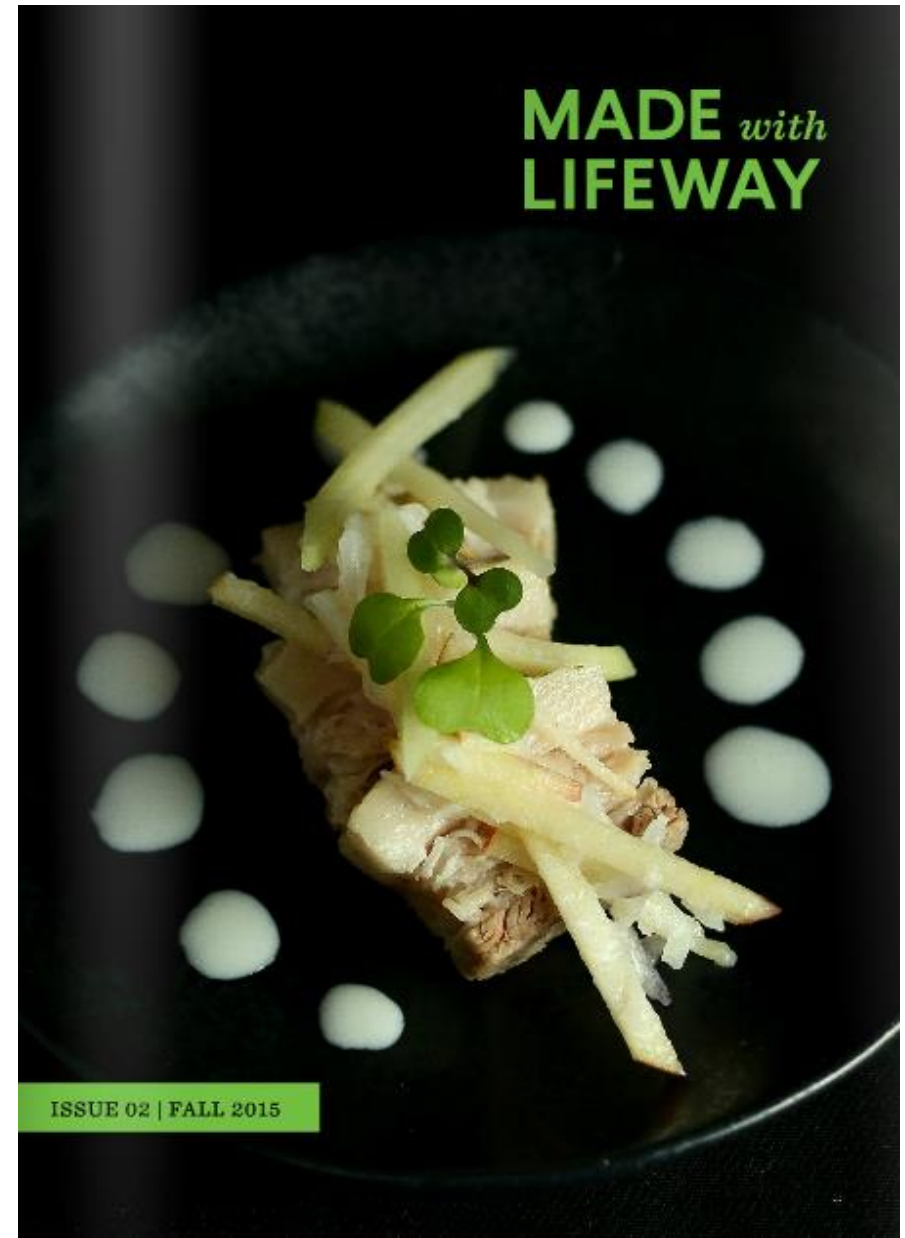
Lifeway Recipe Development

Lifeway Kefir is the ultimate secret ingredient that every chef needs in their kitchen. Our plain, unsweetened kefir options can fill a wide variety of culinary roles, both sweet and savory. Our flavored varieties are perfect in pancakes, smoothies, desserts and so much more.



Lifeway Recipe Development

- Made with Lifeway – Issue 02
- Available at James Beard Taste America
- Highlights versatility of kefir
- Collaboration with celeb chefs
- Major social media/site traffic driver



Recent Marketing Events



- Earthfest-Boston, MA
- LA Marathon , CA
- Bay to Breakers, San Francisco, CA
- United Run for the Zoo, Chicago, IL
- Aids Walk, Boston, MA
- Spring Awakening, Chicago, IL
- Wanderlust -VT, CO, CA
- Chicago Women's Half Marathon, Chicago
- Late Ride, Chicago
- Chicago Cubs Kids Run the Bases at Wrigley
- Pitchfork Music Festival
- Lollapalooza
- Chicago Marathon
- Taste of Tennis

Lifeway Yoga Fest in the Hamptons



Serving post yoga smoothies with chef Seamus Mullen at Gurney's Montauk Resort



Chicago's Lollapalooza



Lifeway owns the popular Kidzapalooza space with title sponsorship, sampling, art mural and other festival integration activities

Taste of Tennis New York City

Chic influencer event sponsorship and
Celebrity athlete outreach



Tennis Star Feliciano Lopez with new
Protein Kefir at Celebrity Chef Challenge

Recent Marketing Events



Lifeway's Partnership with the James Beard Foundation

- National Sponsor for the 3rd annual Taste America®: "Local Flavor from Coast To Coast" National Epicurean Tour
- As part of the program's 2015 itinerary, a line-up of world-class chefs will demo custom recipes using Lifeway Kefir products at local Sur La Table® locations in select Taste America cities.

Investment Summary

- Innovative, driven, and socially responsible brand redefining the yogurt and dairy category
- Well-positioned to continue to increase market share in the growing health and wellness space
 - Further retail distribution throughout Europe and Canada
- Investments in marketing & advertising to further increase brand awareness
- New product introductions to lead to incremental sales growth

Lifeway is Poised for a Strong 2015 and Beyond

Recent Accolades

**CHICAGO
BUSINESS JOURNAL**

“Lifeway Foods is ready to make a big national marketing statement” – *December 2014*

“This Family Business Begun in a Basement Has Gone Big Time” – *January 2015*

Entrepreneur

FORTUNE

CEO Julie Smolyansky named on Fortune Magazine’s “40 under 40 List” and as one of the “55 Most Influential Women on Twitter” – *October 2014*

“CEO of Lifeway talks about philanthropy, work-life balance, and a very personal ad campaign” – *October 2014*

FAST COMPANY

Thank You

For more information please visit
Lifeway's website at: www.lifeway.net

Edward Smolyansky
Chief Financial Officer, Lifeway
P: 847.915.0118

Katie Turner
Managing Director, ICR
P: 646.277.1228

