



Scotts Miracle-Gro

Raymond James
43rd Annual Institutional
Investors Conference

MARCH 2022

Safe Harbor Disclosure

Statement under the Private Securities Litigation Act of 1995: Certain of the statements contained in this presentation, including, but not limited to, information regarding the future economic performance and financial condition of the Company, the plans and objectives of the Company's management, and the Company's assumptions regarding such performance and plans are forward-looking in nature. Actual results could differ materially from the forward-looking information in this presentation due to a variety of factors.

Scotts Miracle-Gro encourages investors to learn more about these risk factors. A detailed explanation of these factors is available in the Company's quarterly and annual reports filed with the Securities and Exchange Commission.

Why SMG? Off a stronger post-COVID base, opportunities remain to drive long-term growth and shareholder value

Five strategic pillars will drive our efforts in the years ahead

U.S. Core brands



Live Goods



E-Commerce



Hawthorne



Emerging Cannabis



Revised FY'22 outlook: Hawthorne trends are lagging expectations resulting in revised downward guidance for sales

Hawthorne sales: –15% to –25%

- Daily sales volume has remained steady since December, but expected seasonal improvement has not materialized as expected; difficult Q3 comps will pose continued headwind
- Consumables continue to outperform durable products, signaling continued engagement by growers but delayed investment in expansion and facility improvement

U.S. Consumer sales: -2% to +2%

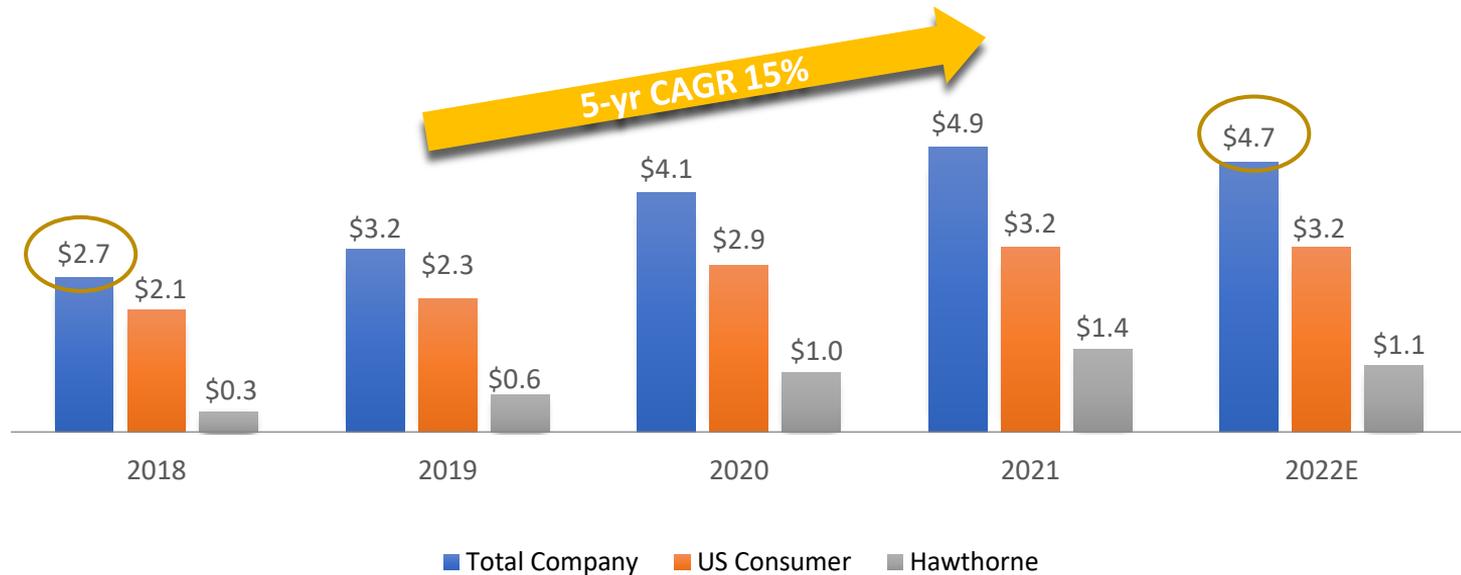
- POS volume continues to outpace expectations; retail inventory is well-positioned entering critical spring selling season
- Pricing actions expected to largely offset cost pressures

Revised Non-GAAP Adjusted EPS¹ outlook of at least \$8.00

Live goods M&A activity postponed for balance of FY'22

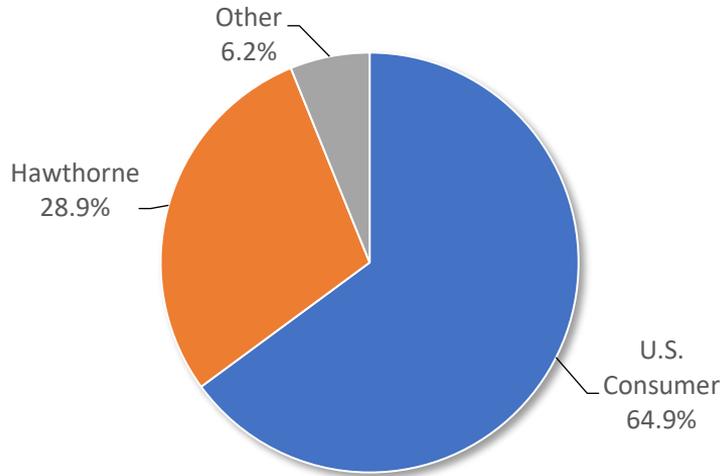
The base business has grown significantly over a 5-year period

Consolidated Net Sales (\$ in billions)

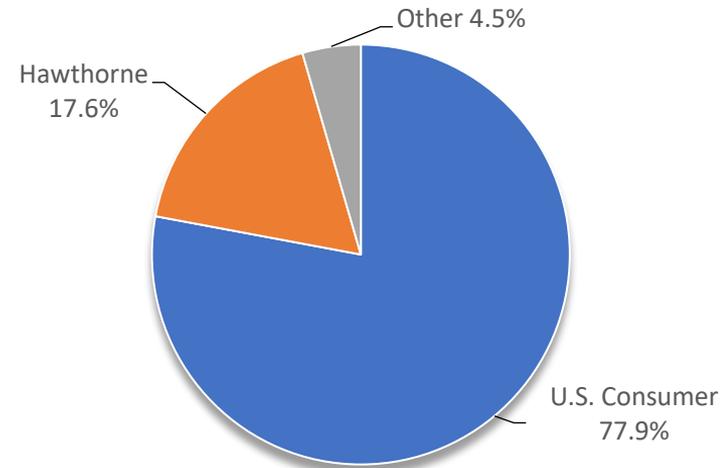


U.S. Consumer segment remains the earnings and cash flow engine of SMG, Hawthorne is driving growth

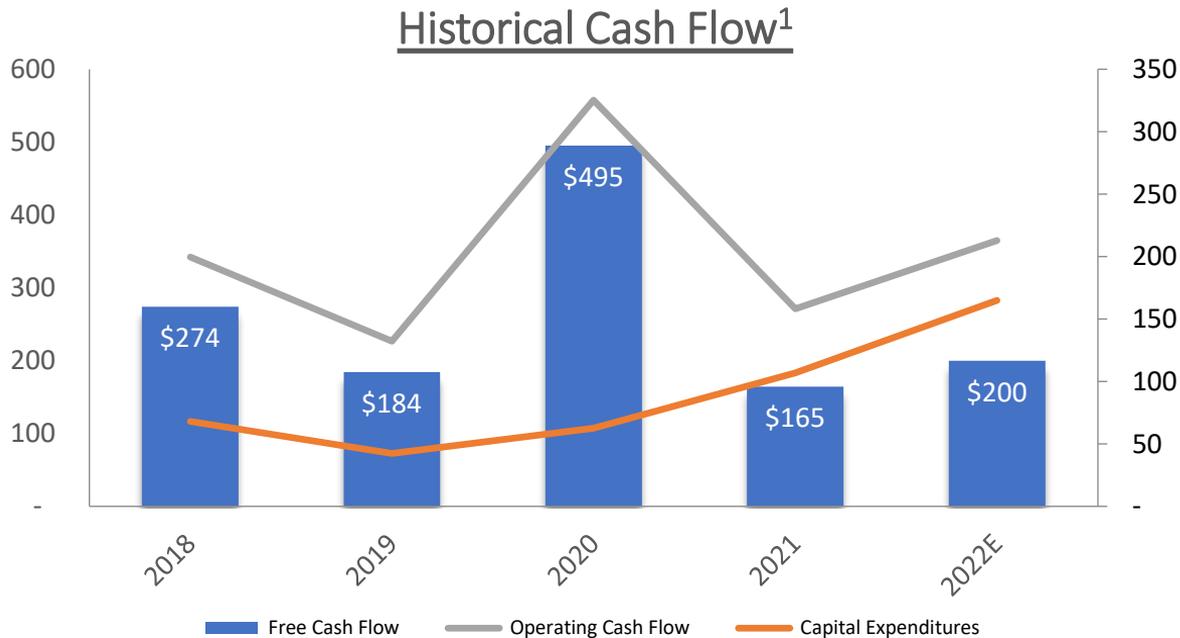
FY 2021 Revenue % by Segment



FY 2021 Profit % by Segment



Investments in CapEx have been required to keep pace with growth, temporarily impacting free cash flow



Fiscal Year	CapEx \$
2018	\$68
2019	\$42
2020	\$63
2021	\$107
2022E	\$165

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Long-term opportunities are significant throughout SMG as demographic and social trends favor our portfolio

The U.S. Consumer segment remains poised for growth in a post-COVID environment

U.S. Core brands



Live Goods



E-Commerce



Deliverables:

- Sustained 2 to 4% growth
- Improved operating leverage
- Re-focus on free cash flow



U.S. Consumer

Our long-time competitive advantages remain relevant as the lawn and garden industry continue to evolve

Industry-Leading Brands



Brands foster unrivaled consumer relationships

In-Store Execution



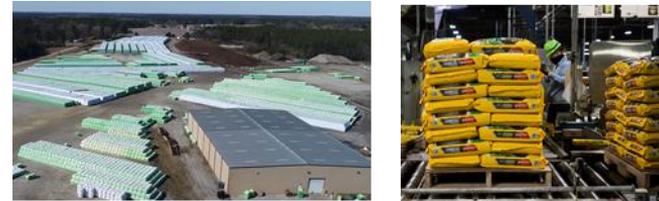
In-store sales associates enhance consumer engagement and provide critical support to retailers

Unrivaled Innovation



Consumer-based innovation delivers innovation to drive profitable growth

Supply Chain

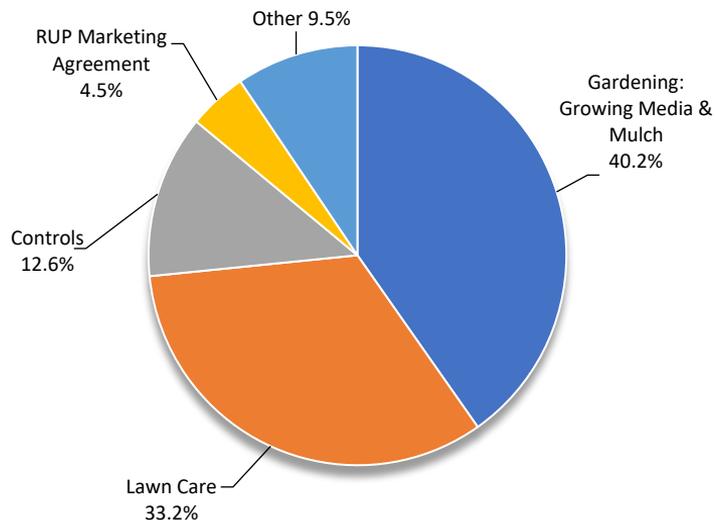


Our supply chain provides best-in-class service to retailers and is now being leveraged to improve direct-to-consumer efforts

US Consumer

Gardening products have become the largest component of the U.S. Consumer segment and is growing at a faster rate

FY 2021 Sales % by Category



U.S. Consumer

The largest generation is fueling the housing market and are highly engaged in the category and SMG brands

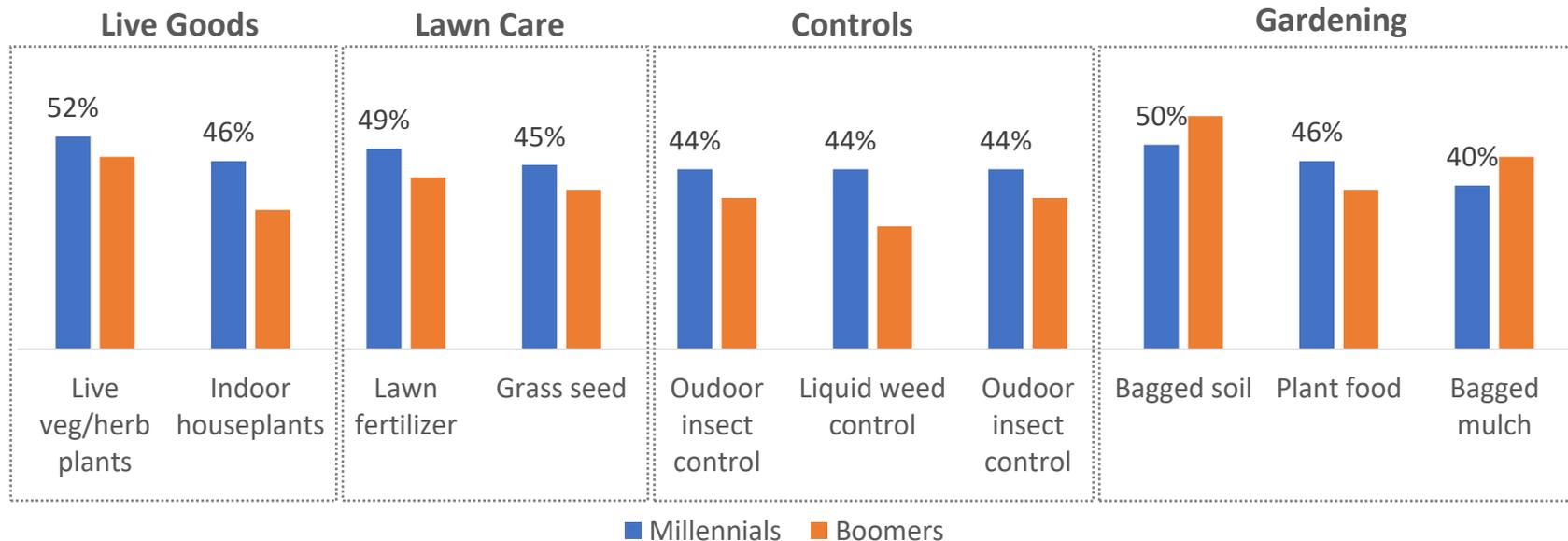
Key trends

- Millennials made up the largest segment of home buyers in 2021; yet only 50% of the group are homeowners today leaving a runway for future growth
- Once becoming homeowners, Millennials are participating in L&G at higher rates than older generations across many categories
- Millennials have stronger trust in SMG brands than competitors in the category



Millennial homeowners are highly engaged in the L&G category, and in most cases participate at higher rates than older Boomers

2021 Household Purchase Incidence (Among Single-Family Homeowners)



U.S. Consumer

E-Commerce has finally (and permanently) emerged as a significant opportunity to drive growth

Disruptive products and brands



3-year CAGR

- Sales generated at retailer and owned digital properties has increased 51%
- BOPIS sales up 72%
- Ship-to-home sales up 88%

Long-term opportunities are significant throughout SMG as demographic and social trends favor our portfolio

Deliverables:

- First-mover benefits in fast-growing categories
- Expanded market leadership
- Improved operating leverage



The cannabis market provides opportunities in new and existing channels

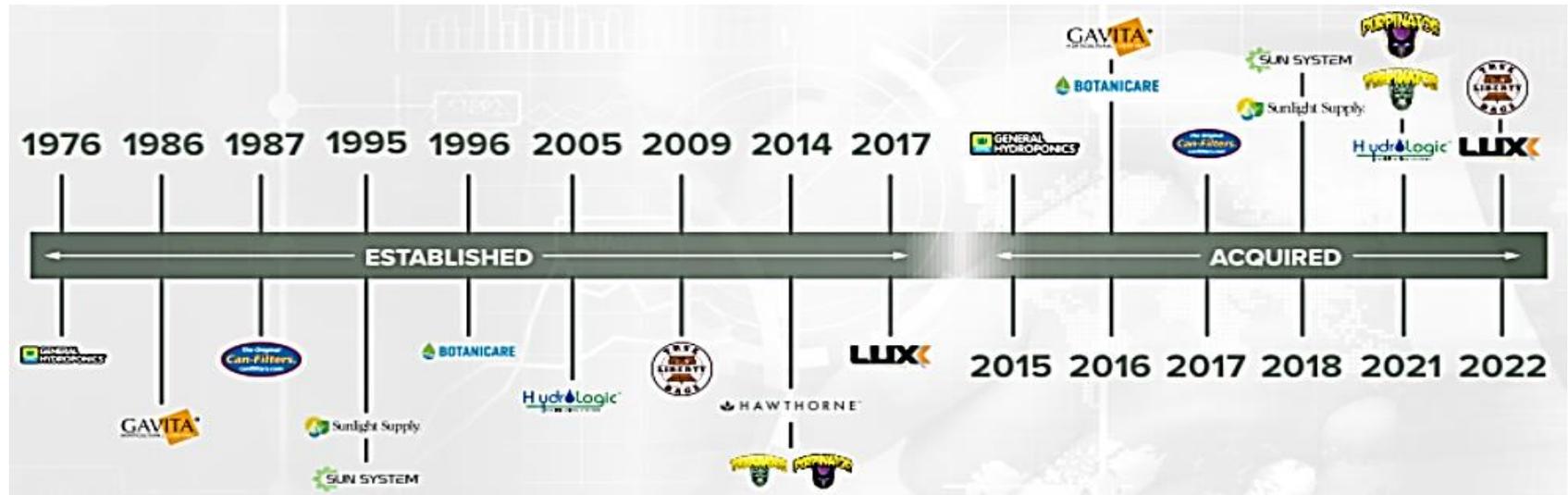
Hawthorne



Emerging Cannabis

THE  HAWTHORNE COLLECTIVE™

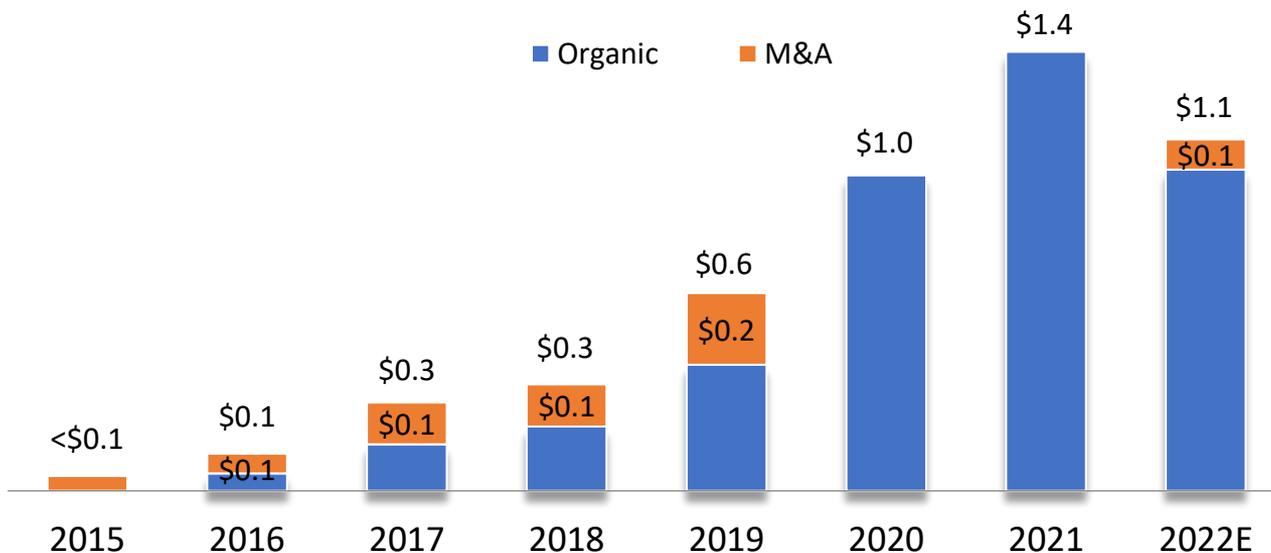
Hawthorne has assembled a portfolio of industry-leading products to service an expanding market



- Our signature brands have led the market since 1976
- Opened the world's 1st and largest cannabis-specific R&D facility (Kelowna, B.C.)
- Conducting hemp research at R&D Field Station in Oregon

Long term sales trends are strong despite occasional choppiness as the industry evolves

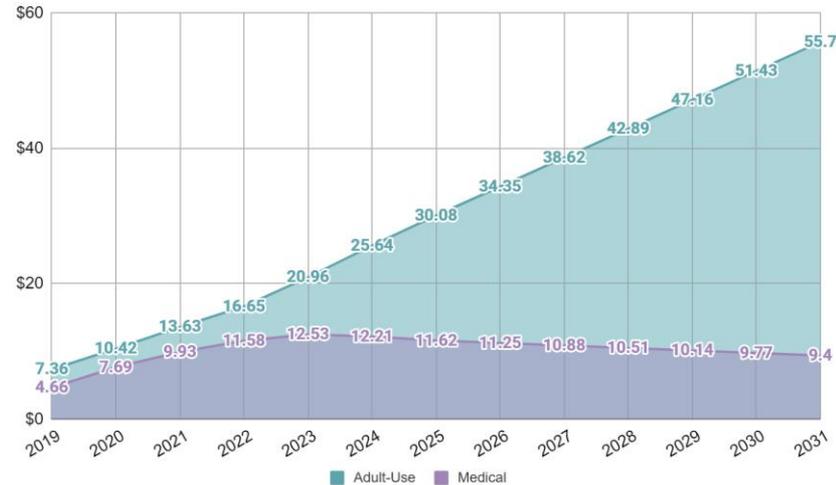
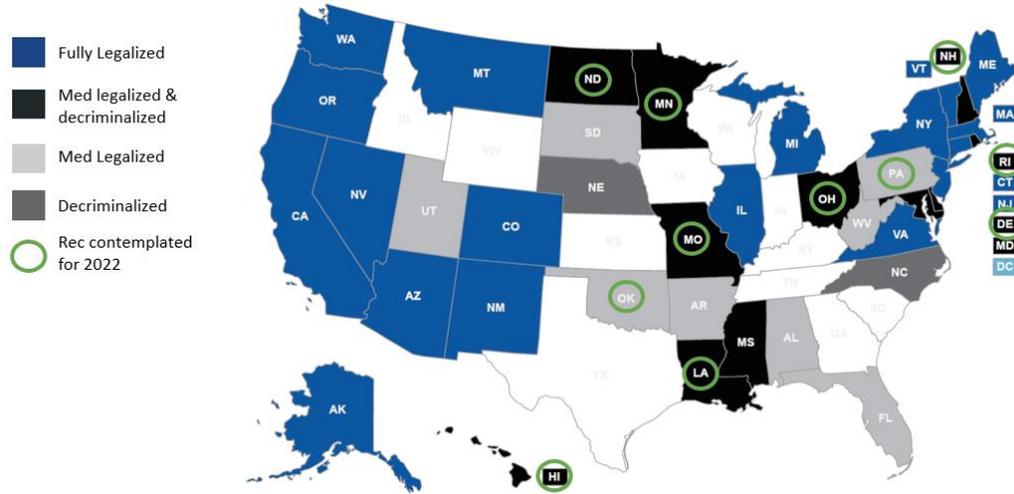
Hawthorne Net Sales (\$ in billions)



During 2021, the Company changed its internal organization structure such that AeroGrow is now managed by and reported within the U.S. Consumer segment. AeroGrow was previously managed by and reported within the Hawthorne segment. Fiscal 2020 and 2019 have been reclassified to conform with the new organization structure. Years prior to 2019 have not been adjusted.

Hawthorne Gardening Company

Roughly 75% of Americans live in states where cannabis use is legal in some form with significant growth still on the horizon



- The legal market is projected to be \$65B by 2031; a 7% 10-year CAGR*

*Based on BDSA market forecasts

Long-term opportunities to drive growth and enhance value remain strong as U.S. cannabis market continues to evolve

OUR PLANS:



Products that serve all market segments

- Commercial growers are the No. 1 target
- At-home growers represent less than 10% of market
- Breadth of portfolio appeals to both

Investing for long-term growth and success

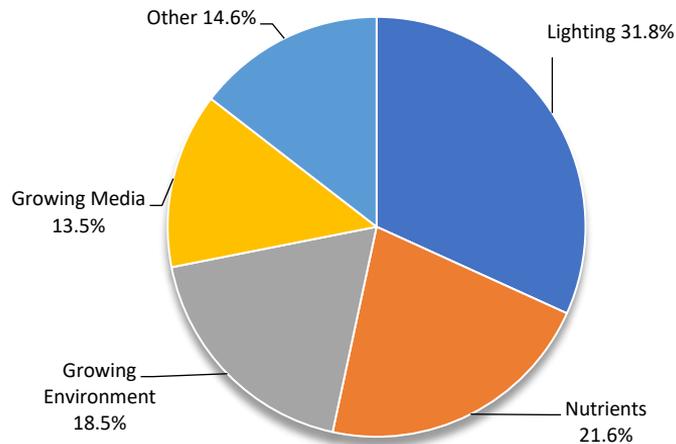
- Significant investment in R&D at four separate sites
- Supply chain that is evolving with marketplace
- Engaged in impactful government dialogue

Unmatched technical expertise

- Decades of expertise in supporting specialty crops
- Deep understanding of indoor growing environment
- Industry's best technically trained sales team

A diverse product portfolio and focus on technical selling creates a 1-stop solution for commercial growers

FY 2021 Sales % by Category



- Holistic room design
- Airflow mapping
- Odor mitigation
- Integrated lighting plans
- Vertical racking
- Rebate services

ScottsMiracle-Gro: A strong long-term opportunity

Why SMG

- Lawn & Garden poised to benefit from favorable long-term demographic trends
- Favorable long-term trends regarding cannabis have Hawthorne well-positioned
- A disciplined focus on capital deployment
- Long-term commitment to margin improvement in both major segments
- Focus on a cash flow improvement as CapEx investment cycle subsides



Appendix



Reconciliation of Non-GAAP Financial Measures

Use of Non-GAAP Measures

To supplement the financial measures prepared in accordance with U.S. generally accepted accounting principles (“GAAP”), the Company uses non-GAAP financial measures. The reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are shown in the tables below. These non-GAAP financial measures should not be considered in isolation from, or as a substitute for or superior to, financial measures reported in accordance with GAAP. Moreover, these non-GAAP financial measures have limitations in that they do not reflect all the items associated with the operations of the business as determined in accordance with GAAP. Other companies may calculate similarly titled non-GAAP financial measures differently than the Company, limiting the usefulness of those measures for comparative purposes.

In addition to GAAP measures, management uses these non-GAAP financial measures to evaluate the Company’s performance, engage in financial and operational planning and determine incentive compensation because it believes that these non-GAAP financial measures provide additional perspective on and, in some circumstances are more closely correlated to, the performance of the Company’s underlying, ongoing business.

Management believes that these non-GAAP financial measures are useful to investors in their assessment of operating performance and the valuation of the Company. In addition, these non-GAAP financial measures address questions routinely received from analysts and investors and, in order to ensure that all investors have access to the same data, we have determined that it is appropriate to make this data available to all investors. Non-GAAP financial measures exclude the impact of certain items (as further described below) and provide supplemental information regarding operating performance. By disclosing these non-GAAP financial measures, management intends to provide investors with a supplemental comparison of operating results and trends for the periods presented. Management believes these non-GAAP financial measures are also useful to investors as such measures allow investors to evaluate performance using the same metrics that management uses to evaluate past performance and prospects for future performance. Management views free cash flow as an important measure because it is one factor used in determining the amount of cash available for dividends and discretionary investment.

Reconciliation of Non-GAAP Financial Measures

Definitions of Non-GAAP Financial Measures

The reconciliations of non-GAAP disclosure items include the following financial measures that are not calculated in accordance with GAAP and are utilized by management in evaluating the performance of the business, engaging in financial and operational planning, determining incentive compensation and determining the amount of cash available for dividends and discretionary investments, and by investors and analysts in evaluating performance of the business:

Adjusted income (loss) per common share: Diluted net income (loss) per common share excluding impairment, restructuring and other charges / recoveries and costs related to refinancing, each net of tax.

Free Cash flow: Net cash provided by (used in) operating activities reduced by investments in property, plant and equipment.

Adjusted net income (loss) attributable to controlling interest from continuing operations: Net income (loss) attributable to controlling interest, excluding impairment, restructuring and other charges / recoveries, cost related to refinancing, other non-operating income / expense and discontinued operations, each net of tax.

Forward Looking Non-GAAP Measures

In this presentation, the Company presents its outlook for fiscal 2022 non-GAAP adjusted EPS. The Company does not provide a GAAP EPS outlook, which is the most directly comparable GAAP measure to non-GAAP adjusted EPS, because changes in the items that the Company excludes from GAAP EPS to calculate non-GAAP adjusted EPS, described above, can be dependent on future events that are less capable of being controlled or reliably predicted by management and are not part of the Company's routine operating activities. Additional, due to their unpredictability, management does not forecast the excluded items for internal use and therefore cannot create or rely on a GAAP EPS outlook without unreasonable efforts. The timing and amount of any of the excluded items could significantly impact the Company's GAAP EPS. As a result, the Company does not provide a reconciliation of guidance for non-GAAP adjusted EPS to GAAP EPS, in reliance on the unreasonable efforts exception provided under item 10(e)(1)(i)(B) of Regulation S-K.

Reconciliation of Non-GAAP Financial Measures

Free Cash Flow:	Year Ended September 30,			
	2021	2020	2019	2018
	(In millions, except per share data)			
Net cash provided by operating activities (GAAP)	\$271.5	\$558.0	\$226.8	\$342.5
Investments in property, plant and equipment	(106.9)	(62.7)	(42.4)	(68.2)
Free cash flow (Non-GAAP)	\$164.6	\$495.3	\$184.4	\$274.3

Adjusted income (loss) per common share:	Year Ended September 30,			
	2021	2020	2019	2018
Diluted income per share from continuing operations (GAAP)	\$9.03	\$6.78	\$7.77	\$2.23
Impairment, restructuring and other charges	0.51	0.30	0.24	2.68
Cost related to refinancing	-	0.27	-	-
Other non-operating (income) expense, net	(0.22)	0.01	(4.62)	0.20
Adjustment to income tax expense (benefit) from continuing operations	(0.09)	(0.12)	1.09	(1.41)
Adjusted diluted income per common share from continuing operations (Non-GAAP)	\$9.23	\$7.24	\$4.47	\$3.71

The sum of the components may not equal the total due to rounding

Reconciliation of Non-GAAP Financial Measures

Adjusted Income:

(In millions)

	Year Ended September 30,			
	2021	2020	2019	2018
Net income attributable to controlling interest (GAAP)	\$512.5	\$387.4	\$460.7	\$63.7
(Income) loss from discontinued operations, net of tax	3.9	(1.7)	(23.5)	63.9
Impairment, restructuring and other charges	29.0	16.8	13.3	152.8
Cost related to refinancing	-	15.1	-	-
Other non-operating (income) expense, net	-12.6	0.8	-260.2	11.7
Adjustment to income tax expense (benefit) from continuing operations	(5.1)	(6.7)	61.50	(80.5)
Adjusted net income attributable to controlling interest from continuing operations (Non-GAAP)	\$527.7	\$411.7	\$251.8	\$211.6

The sum of the components may not equal the total due to rounding