ScottsMiracle-Gro Provides Update to Full-Year Financial Guidance; Outlines Strategic Priorities During Investor Day Event

April 8, 2021

Company increases Fiscal 2021 outlook for sales and adjusted earnings per share

MARYSVILLE, Ohio, April 08, 2021 (GLOBE NEWSWIRE) -- The Scotts Miracle-Gro Company (NYSE: SMG) today announced it now expects its U.S. Consumer segment to report sales growth in a range of 4 to 6 percent for fiscal 2021 – up from a previous range of flat to minus 5 percent. It expects the Hawthorne segment to perform on the high-end of its sales growth guidance range of 20 to 30 percent. As a result, company-wide sales growth is now expected in a range of 8 to 12 percent, an increase from its previous range of 1 to 6 percent.

During its virtual Investor and Analyst Day event, the Company also said consumer purchases of its core lawn and garden products at its largest retail partners were up more than 20 percent year-over-year entering April.

The Company now expects adjusted non-GAAP earnings per share – which excludes impairment, restructuring and other one-time items – in a range of $8.60 to $9.00 per share, compared with a previous range of $8.00 to $8.40 per share. Free cash flow – defined as operating cash flow minus capital expenditures – is now expected to be approximately $250 million, compared with a previous estimate of $325 million. The decline is due primarily to an expected increase in capital expenditures for the year ending September 30, which is needed due to the accelerated pace of growth over the past several years.

“By the end of this year, we expect the U.S. Consumer segment will have grown more than 35 percent over the past three years. We never envisioned that,” chairman and CEO Jim Hagedorn said during the event. “At Hawthorne, our organic growth over this same period has more than doubled the size of that business. This level of growth requires us to look harder at what’s required to meet the future needs of the enterprise.”

As a result, Hagedorn said the company expects to double the amount of capital expenditures this year to a range of $125 to $150 million and said it is possible a similar investment may be required in fiscal 2022 as well.

During the meeting, Hagedorn said he believes sustainable double-digit growth in the Hawthorne segment remains achievable, and that the U.S. Consumer segment can continue to grow in a range of 2 to 4 percent in a post-COVID environment.

“I believe ScottsMiracle-Gro is better positioned than it’s been in at least a decade for growth to be the primary driver of shareholder value,” Hagedorn said. “We see demographic and other societal trends as a friend of the core lawn and garden category for years to come. At Hawthorne, the potential for sustainable double-digit growth in the coming years is real. So is the opportunity for continued long-term value creation.

“In terms of overall use of capital, in addition to ramping up our capital spend in the near-term, we will allocate more dollars toward acquisitions for both the U.S. Consumer and Hawthorne segments. But even if we execute against everything in the current pipeline, we still have plenty of financial capacity.”

About ScottsMiracle-Gro
With approximately $4.1 billion in sales, the Company is one of the world's largest marketers of branded consumer products for lawn and garden care. The Company's brands are among the most recognized in the industry. The Company's Scotts®, Miracle-Gro® and Ortho® brands are market-leading in their categories. The Company’s wholly-owned subsidiary, The Hawthorne Gardening Company, is a leading provider of nutrients, lighting and other materials used in the indoor and hydroponic growing segment. For additional information, visit us at www.scottsmiraclegro.com.

Cautionary Note Regarding Forward-Looking Statements
Statements contained in this press release, other than statements of historical fact, which address activities, events and developments that the Company expects or anticipates will or may occur in the future, 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 statements” within the meaning of the U.S. federal securities laws that are subject to risks and uncertainties. These forward-looking statements generally can be identified as statements that include phrases such as “guidance,” “outlook,” “projected,” “believe,” “target,” “predict,” “estimate,” “forecast,” “strategy,” “may,” “goal,” “expect,” “anticipate,” “intend,” “plan,” “foresee,” “likely,” “will,” “should” or other similar words or phrases. Actual results could differ materially from the forward-looking information in this release due to a variety of factors, including, but not limited to:

- The ongoing COVID-19 pandemic could have a material adverse effect on the Company’s business, results of operation, financial condition and/or cash flows;
- Compliance with environmental and other public health regulations or changes in such regulations or regulatory enforcement priorities could increase the Company’s costs of doing business or limit the Company’s ability to market all of its products;
- Damage to the Company’s reputation or the reputation of its products or products it markets on behalf of third parties could have an adverse effect on its business;
- The highly competitive nature of the Company’s markets could adversely affect its ability to maintain or grow revenues;
- If the Company is unable to effectively execute its e-commerce business, its reputation and operating results may be harmed;
- Because of the concentration of the Company’s sales to a small number of retail customers, the loss of one or more of, or

significant reduction in orders from, its top customers could adversely affect the Company's financial results;
- Climate change and unfavorable weather conditions could adversely impact financial results;
- Certain of the Company's products may be purchased for use in new or emerging industries or segments and/or be subject to varying, inconsistent, and rapidly changing laws, regulations, administrative practices, enforcement approaches, judicial interpretations and consumer perceptions;
- The Company's operations may be impaired if its information technology systems fail to perform adequately or if it is the subject of a data breach or cyber-attack;
- The Company may not be able to adequately protect its intellectual property and other proprietary rights that are material to the Company's business;
- In the event the Third Restated Marketing Agreement for consumer Roundup products terminates, or Monsanto's consumer Roundup business materially declines the Company would lose a substantial source of future earnings and overhead expense absorption;
- Hagedorn Partnership, L.P. beneficially owns approximately 26% of the Company's common shares and can significantly influence decisions that require the approval of shareholders;
- Acquisitions, other strategic alliances and investments could result in operating difficulties, dilution and other harmful consequences that may adversely impact the Company's business and results of operations.

Additional detailed information concerning a number of the important factors that could cause actual results to differ materially from the forward-looking information contained in this release is readily available in the Company's publicly filed quarterly, annual and other reports. The Company disclaims any obligation to update developments of these risk factors or to announce publicly any revision to any of the forward-looking statements contained in this release, or to make corrections to reflect future events or developments.

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