

Scotts Miracle-Gro

William Blair

45th Annual Growth Stock Conference

June 5, 2025



Safe Harbor Disclosure

Statements contained in this presentation 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.

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 presentation is readily available in the Company's publicly filed annual, quarterly and other reports. The Company disclaims any obligation to update developments of these factors or to announce publicly any revision to any of the forward-looking statements contained in this presentation, or to make updates to reflect future events or developments.

This presentation contains certain non-GAAP financial measures. For a reconciliation of GAAP to non-GAAP financial measures, please see the Reconciliation of Non-GAAP Financial Measures in the Appendix of this presentation or in our most recent Form 10-K and Form 10-Q.

ScottsMiracle-Gro We're in the business of growing great things.

World's largest marketer of branded consumer products for Lawn & Garden care	<ul style="list-style-type: none"> FY24 Net Sales \$3.6B (~85% U.S.) FY24 Adjusted EBITDA \$510.1M FY24 Free Cash Flow \$583.5M Dividend Yield ~4%
Most recognized brands in the L&G industry	   
Exclusive marketing agent for the Consumer Roundup business	<ul style="list-style-type: none"> New Formula launched in FY23: Roundup Dual Action 
FY27 Strategic Focus Areas	<ul style="list-style-type: none"> Deliver sustainable net sales growth Be the lowest cost manufacturer of high-performance products Expand gross margin back to pre-Covid levels Further strengthen the balance sheet and return to balanced capital allocation

Leading product portfolio supported by unique advertising and promotions






Contact: investor.scotts.com
NYSE: **SMG**

Our Mission

ScottsMiracle-Gro is committed to helping consumers around the world by providing them with innovative solutions to create beautiful and healthy lawns and gardens. We will be responsible stewards of our planet. We will provide a dynamic workplace for our associates to succeed and grow their careers. In return, we will be rewarded with an improved market presence and profitable growth that enhances shareholder value.

Today's speakers



Mark Scheiwer
Chief Financial Officer

“

My passion for growing our company and driving value is rooted in my own lawn and gardening experiences. I'm an avid consumer and can personally attest that ScottsMiracle-Gro has the best brands in the business.

”



Nate Baxter
President and Chief Operating Officer

“

I started as a consumer of our products and remain so today. I've experienced first-hand their efficacy, quality and value. I know the heritage and history. This further galvanizes my commitment to grow our company and deliver for those who want the very best garden and lawn care solutions.

”

WHY SMG?

A strong long-term opportunity

- Iconic American company and market-leading brands spanning 150+ years
- Preferred experiential category with >55% of American households enjoying the benefits of gardening
- GDP+ growth potential across Core and Omnichannel
- Meaningful margin expansion with volume and cost-outs
- Focused, high-return investments in industry-leading innovation
- Disciplined capital allocation with leverage declining on strong free cash flow



Scotts Miracle-Gro

SMG has built the leading and most recognizable family of brands in consumer Lawn & Garden through both organic growth and strategic investments

Lawns

FERTILIZERS, GRASS
SEED, SPREADERS



Gardens

PLANT FOOD &
LIVE GOODS



50% ownership in joint venture
with Alabama Farmers
Cooperative, Inc.

GROWING MEDIA:
SOILS & MULCH



Controls

CONTROLS:
WEED, INSECT, RODENT

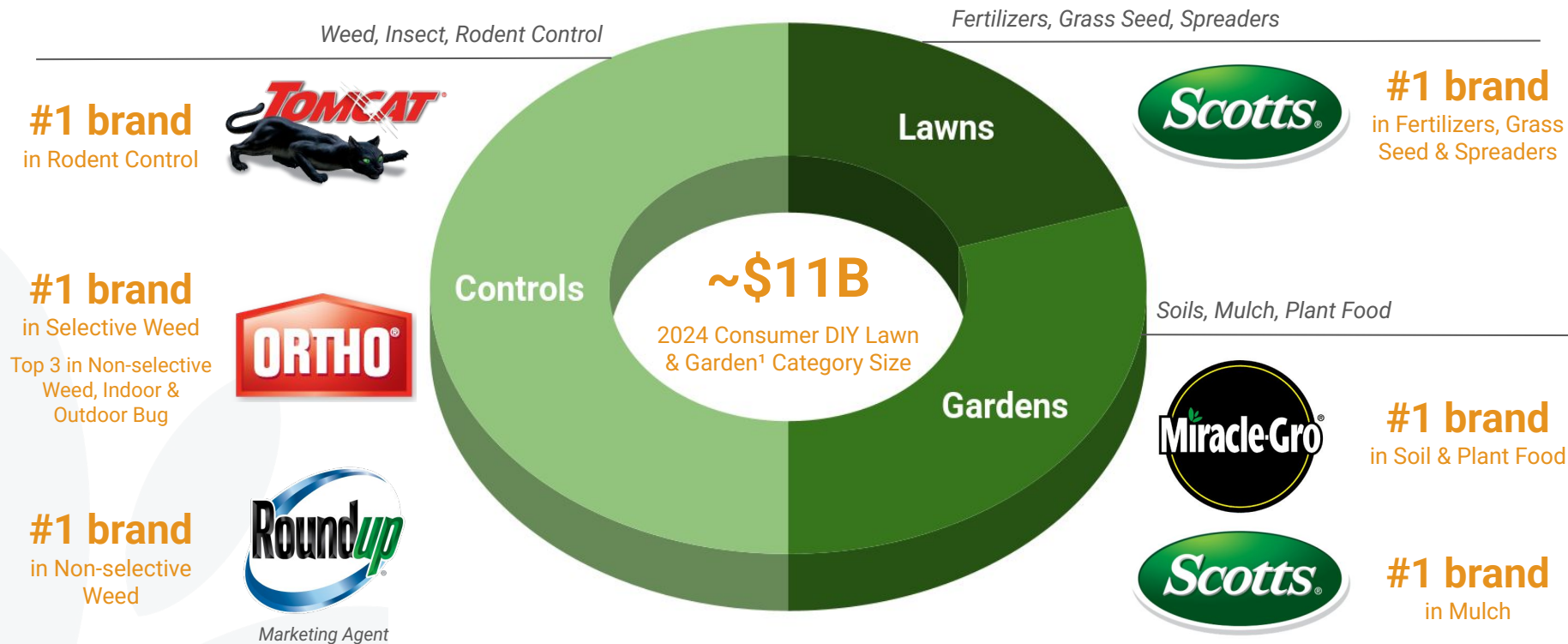


Marketing Agent



INDUSTRY OVERVIEW: CATEGORY SIZE

Our brand portfolio has leading positions across multiple subcategories in the roughly \$11 billion Consumer DIY Lawn & Garden industry



Source: Yipit and internal data. Includes retailers HD, LO, WM, Ace, Amz, Menards, Costco, Sam's, TSC, Target, Meijer, Dollar General for FY2024

¹Includes Lawns, Gardens and Controls POS dollars. Excludes categories that SMG doesn't participate in.

Lawn & Garden is an attractive, mature and stable industry with a healthy consumer base that has favorable long-term trends

A strong majority of consumers view Lawn Care (73%) and Garden Care (73%) as necessities, followed closely by Indoor Plant Care (64%) and Insect/Rodent Control (64%)

Significant percentages plan to do more DIY for Lawn Care (26%), Garden Care (23%), and Insect/Rodent Control (21%), with a smaller but positive shift for Indoor Plant Care (11%)

“Our customer, from a broad basis, is one of the strongest in the economy. The average income is \$110,000. 80% of our customers own their homes...that \$100,000-plus customer is, by far, in the best shape in the economy.”

- Ted Decker, Chairman, President and CEO of Home Depot
1Q25 Earnings Call

“As we look at the historic demand drivers of our business, they still remain positive...home price appreciation, aging housing stock, personal disposable income is now growing faster than inflation. And overall, we see rising real income and lower debt. Overall, our consumer is in great shape.”

- Marvin Ellison, Chairman, President and CEO of Lowe's
1Q25 Earnings Call

LEADING CAPABILITIES: SUMMARY

SMG has built core competitive advantages that we will continue to invest behind to support our leading position in Lawn & Garden

Brands/Marketing

Industry-leading share positions in categories with low private label exposure



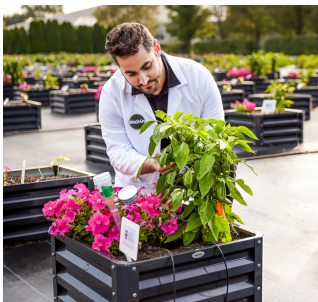
Marketing Agent



50% ownership in joint venture with Alabama Farmers Cooperative, Inc.

Innovation

Key contributor to future sales growth



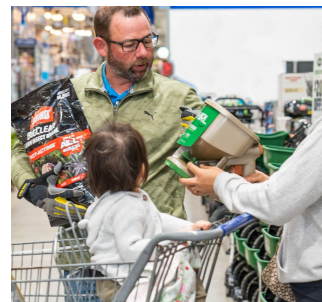
Supply Chain

~90% of COGS is sourced domestically



Sales

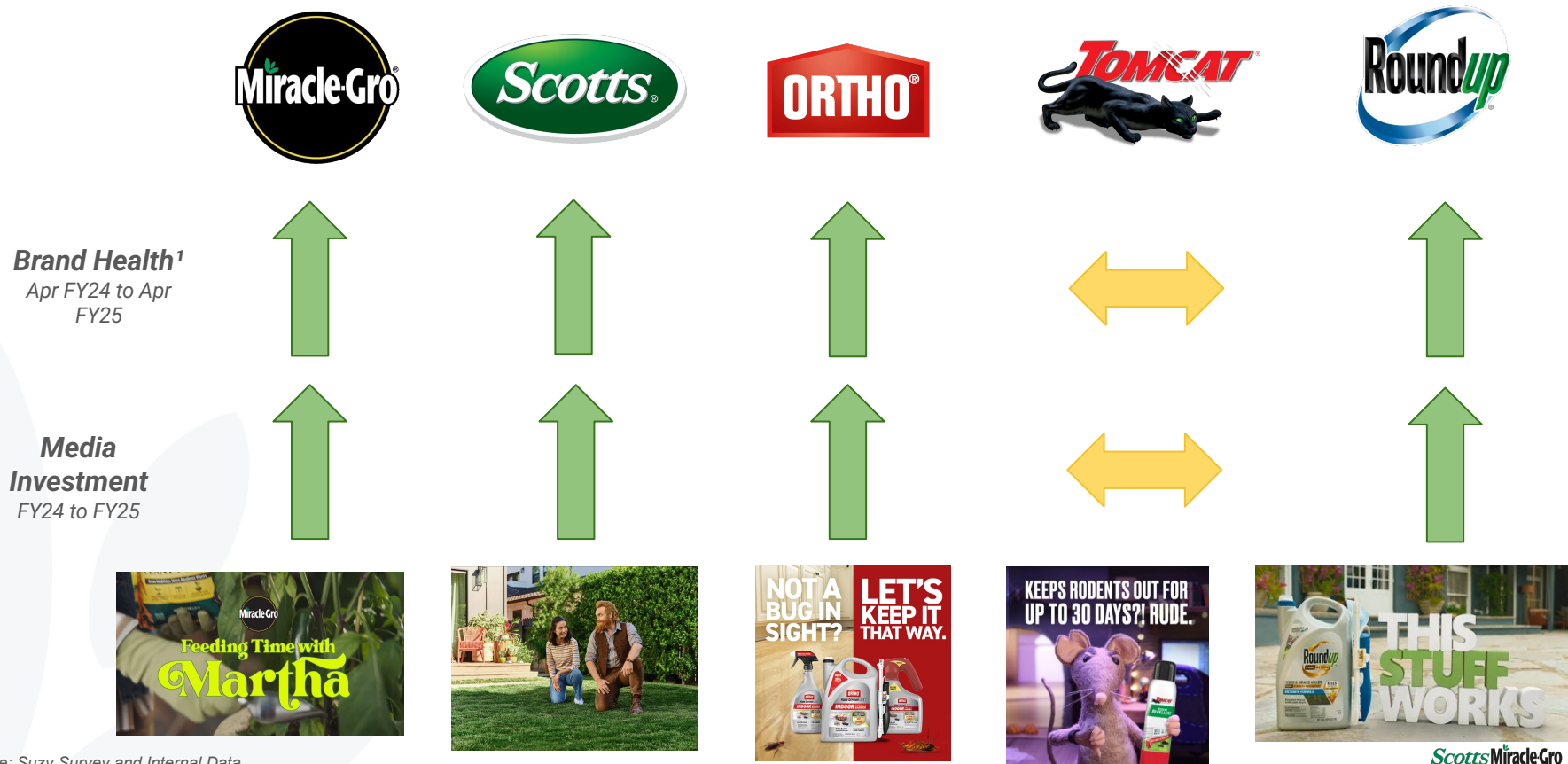
Above-average growth through Omnichannel



Scott's Miracle-Gro

LEADING CAPABILITIES: BRANDS & MARKETING

Market-leading consumer brands coupled with engaging advertising from our iconic brand ambassadors, Martha Stewart and “Scott for Scotts,” propel our growth



LEADING CAPABILITIES: RESEARCH & DEVELOPMENT AND INNOVATION

SMG's research & development and innovation capabilities allow us to nimbly adapt our Lawn & Garden solutions as consumer preferences evolve

~15% of our annual sales are generated from innovation launched in the trailing 3 years


~\$35 million of annual R&D spend supports an innovation pipeline that is highly focused on consumer insights



3-5 Yrs


Differentiated
Organic
Fertilizer


Indoor
Plant Care
Innovations


Regional Climate
Focused


Small Forms
Innovation


Recyclable /
Reusable
Packaging


Traps
(Indoor &
Outdoor)


Innovative
Applicator

5+ Yrs


Integrated Tech



Enhanced
Genetics


Compostable
Packaging


Automatic
Applications


Next Gen/Alt
Active Ingredients/
Safeners


Biologicals


Carbon
focused
solutions

LEADING CAPABILITIES: SUPPLY CHAIN

Our unmatched supply chain consistently delivers cost savings while providing best-in-class service to retailers and exceptional omnichannel support for consumers

Historically, delivered average
net supply chain savings of

~1% of total COGS

“

Our supply chain team is doing an outstanding job **delivering on cost savings initiatives...\$75 million of cost savings [in FY25].** And we have **another \$75 million to go over '26 & '27.**

- Mark Scheiwer, CFO
2Q25 Earnings Call

”

“

You'll **see more coming out of us in supply chain.** That \$30 million, Jim asked for, I would say the bulk of it probably comes out of supply chain, but it's all going to be **based on a foundation of investing in technology**

- Nate Baxter, President & COO
1Q25 Earnings Call

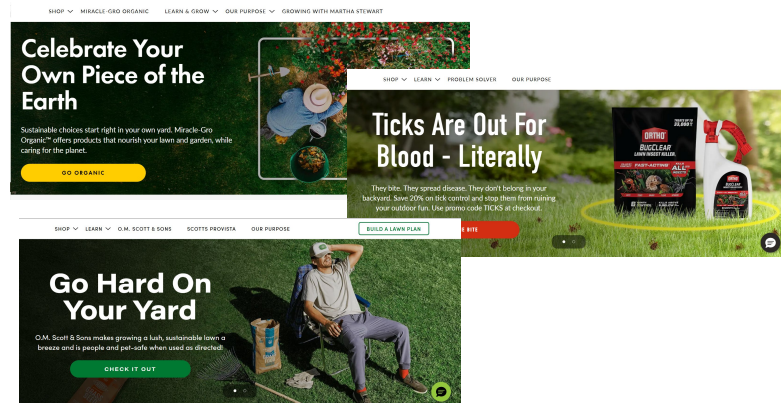
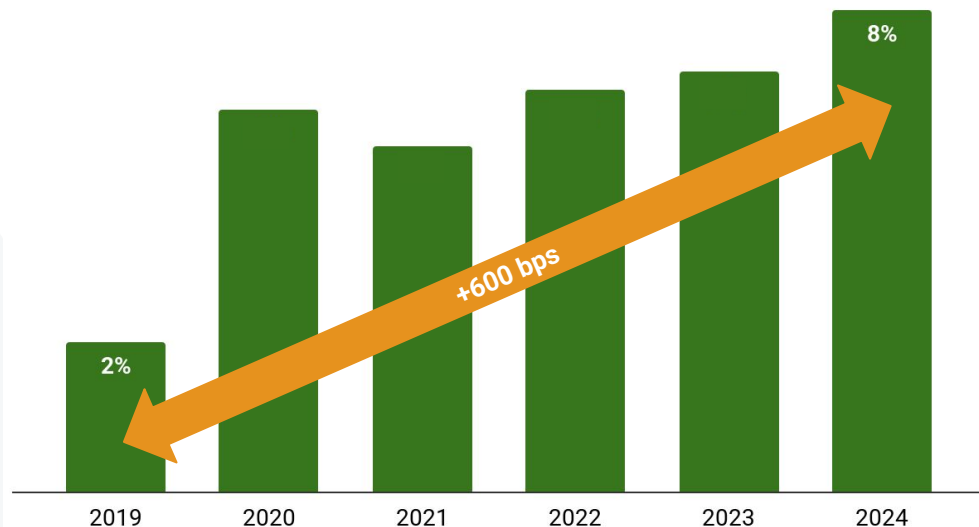
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LEADING CAPABILITIES: SALES & CHANNEL SUPPORT

We will continue to support our brick & mortar channels while also growing our e-commerce¹ footprint, a key pillar of our growth story

E-commerce¹ Penetration of POS Dollars²



¹E-commerce is defined as retail.com, Amazon and SMG direct sites

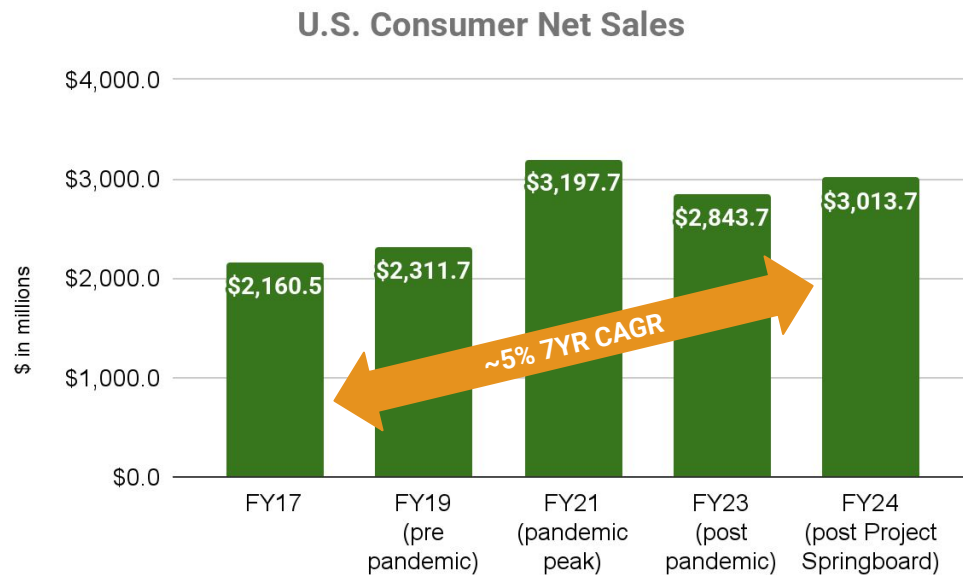
²POS dollars include all of SMG's customer POS



Remainder of Fiscal 2025

Continuing to drive top- and bottom-line growth and making sizeable progress rightsizing our balance sheet

The investments we have made in our brands have driven topline growth for U.S. Consumer on average of ~5% since FY17 with more expected as we progress toward our mid-term goals



Reaffirms FY25 U.S. Consumer net sales of low single-digits¹ growth

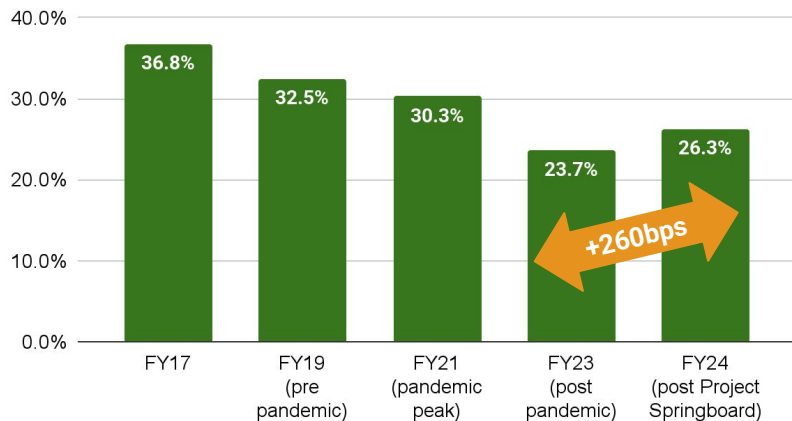


¹Net sales guidance is excluding impact of non-repeat sales from FY24 for AeroGarden and other bulk raw material sales.
Low single-digit growth to occur over the course of our Q3 and Q4.

FINANCIAL PERFORMANCE: TOTAL COMPANY

We are committed to returning total company adjusted gross margins back to pre-pandemic levels and generating continued adjusted EBITDA growth in an effort to achieve our mid-term goals

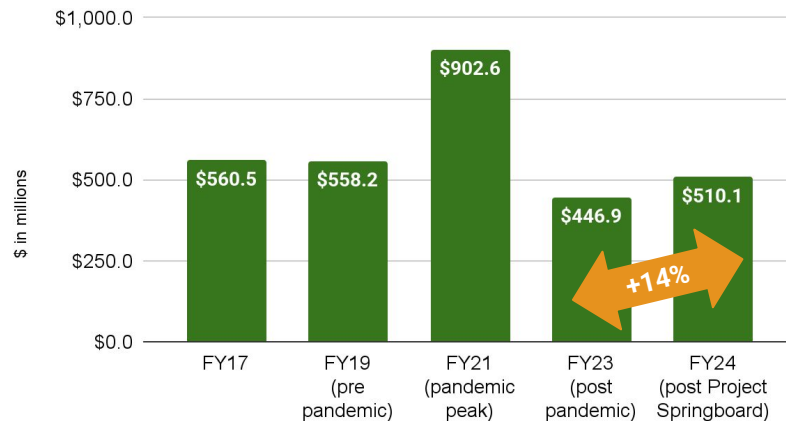
Total Company Adjusted Gross Margin



Reaffirms FY25 adjusted gross margin of approximately 30%

~370 bps improvement y/y

Total Company Adjusted EBITDA



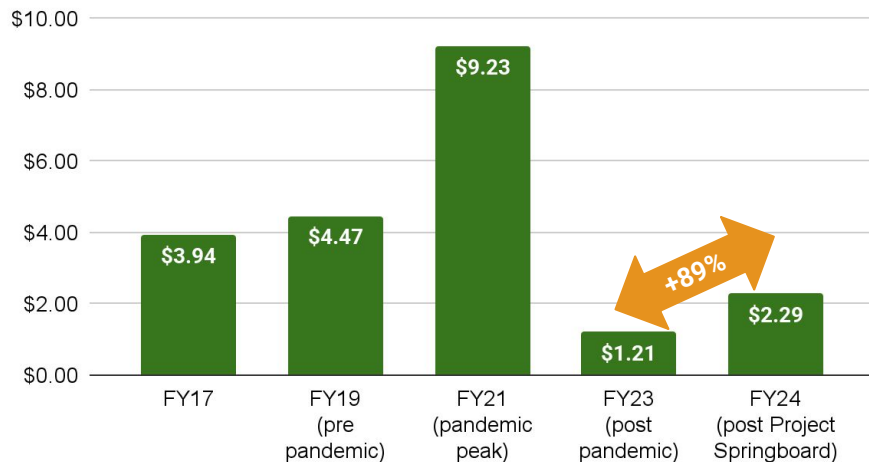
Reaffirms FY25 adjusted EBITDA guidance of \$570 million to \$590 million

~12% to ~16% increase y/y

FINANCIAL PERFORMANCE: TOTAL COMPANY

The Company is on track to deliver strong earnings per share growth and consistent and stable free cash flow along with lower leverage to support future shareholder-friendly actions

Total Company Adjusted EPS

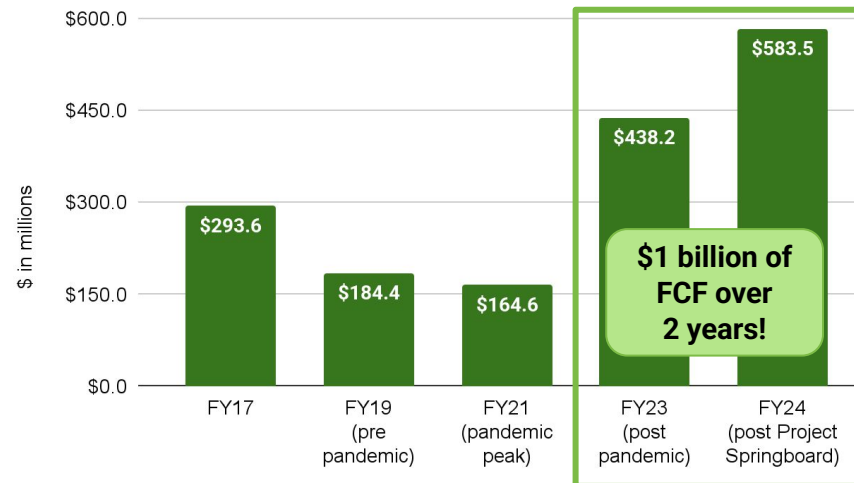


Expects FY25 adjusted EPS to be at least \$3.50

a \$1.21 or 53% increase vs prior year

Note: the Company did not previously provide adjusted EPS guidance

Total Company Free Cash Flow



Reaffirms FY25 Free Cash Flow guidance of \$250 million

Leverage is on track to the low 4's by year-end

We are transforming our business by investing in our competitive advantages and evolving into a consumer marketing powerhouse to propel our growth and maintain cost advantages





Thank You

Appendix

Financial objectives for fiscal 2025 are on track

Invest Behind Our Brands

- Maintain and build upon the additional listings and gains achieved in FY24 to drive low single-digit organic sales growth in FY25
- Additional \$30 million investment into our own consumer advertising, brand support and ecommerce activities to drive long-term brand health
- Introduce new innovation in Miracle-Gro Organic, O.M. Scott & Sons lawn care, and Controls

Drive Margin Recovery

- \$150 million of supply chain cost savings over 3 years; approximately half to be achieved in FY25 inclusive of material cost deflation and fixed cost leverage
- Limited exposure to tariffs; high visibility of FY25 input costs with commodity spend ~80% locked as of end of 2Q25
- Non-GAAP adjusted gross margin rate near 30 percent in FY25; targeting mid-30 percents by FY27

Strengthen Balance Sheet

- Expect \$250 million of free cash flow, ~17% higher than the pre-Covid average
- Strategic utilization of our accounts receivable sale facility
- Maintain quarterly dividend with remainder of free cash flow targeted to debt paydown
- Leverage ratio in low 4's by end of FY25; below 3.5x by end of FY27 positioning us for more balanced capital allocation thereafter

TOTAL COMPANY: FISCAL 2025 GUIDANCE UPDATE

The Company is reaffirming its FY25 guidance for U.S. Consumer net sales, adjusted gross margin rate, and adjusted EBITDA. Adjusted EPS is expected to be at least \$3.50/share.

Non-GAAP Measures	Previous Guidance	Updated Guidance
U.S. Consumer Net Sales	Low single-digit growth ¹	No change
Adjusted Gross Margin Rate	~30%	No change
SG&A % of Net Sales	~17%	No change
Other Expense	~\$10 million increase	~\$5 million increase
Interest Expense	~\$15 million to \$20 million decrease	~\$30 million decrease
Adjusted Effective Tax Rate	27% - 29%	No change
Adjusted EBITDA	\$570 million to \$590 million (Depreciation, Amortization, and Share-Based Compensation Adjustments flat to prior year in total)	No change (Depreciation, Amortization, and Share-Based Compensation Adjustments ~\$15 million decrease)
Diluted Share Count	~2 million shares	~1 million shares
Free Cash Flow	~\$250 million	No change
Capital Expenditures	~\$100 million	No change
Adjusted EPS	No guidance	At least \$3.50/share (+53% vs. prior year)

¹Net sales guidance is excluding impact of non-repeat sales from FY24 for AeroGarden and other bulk raw material sales.
Low single-digit growth to occur over the course of our Q3 and Q4.



Reconciliation of Non-GAAP Financial Measures

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 above. 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, determine incentive compensation and monitor compliance with the financial covenants contained in the Company's borrowing agreements 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, management has 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:

- Adjusted gross margin: Gross margin excluding impairment, restructuring and other charges / recoveries.
- Adjusted income (loss) from operations: Income (loss) from operations excluding impairment, restructuring and other charges / recoveries
- Adjusted diluted net income (loss) per common share: Diluted net income (loss) per common share excluding impairment, restructuring and other charges / recoveries, costs related to refinancing and certain other non-operating income / expense items, each net of tax.
- Adjusted net income (loss) attributable to controlling interest: Net income (loss) attributable to controlling interest excluding impairment, restructuring and other charges / recoveries, costs related to refinancing, discontinued operations and certain other non-operating income / expense items, each net of tax.
- Adjusted EBITDA: Net income (loss) before interest, taxes, depreciation and amortization as well as certain other items such as the impact of the cumulative effect of changes in accounting, costs associated with debt refinancing and other non-recurring or non-cash items affecting net income (loss). A form of Adjusted EBITDA is used in agreements governing the Company's outstanding indebtedness for debt covenant compliance purposes. Adjusted EBITDA as used in those agreements includes additional adjustments to the Adjusted EBITDA presented in the reconciliations above which may decrease or increase Adjusted EBITDA for purposes of the Company's financial covenants.
- Free cash flow: Net cash provided by (used in) operating activities reduced by investments in property, plant and equipment.

Forward Looking Non-GAAP Measures

In this presentation, the Company presents certain forward-looking non-GAAP measures. The Company does not provide outlook on a GAAP basis because changes in the items that the Company excludes from GAAP to calculate the comparable non-GAAP measure, 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. Additionally, due to their unpredictability, management does not forecast many of the excluded items for internal use and therefore cannot create or rely on a GAAP outlook without unreasonable efforts. The occurrence, timing and amount of any of the items excluded from GAAP to calculate non-GAAP could significantly impact the Company's GAAP results. As a result, the Company does not provide a reconciliation of forward-looking non-GAAP measures to GAAP measures, 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

Reconciliation of Non-GAAP Measures

(In millions, except per share data)

(Unaudited)

Year Ended September 30,

	2024		2023		2021		2019		2017	
	Gross margin	Gross margin as a % of sales	Gross margin	Gross margin as a % of sales	Gross margin	Gross margin as a % of sales	Gross margin	Gross margin as a % of sales	Gross margin	Gross margin as a % of sales
As reported (GAAP)	\$ 850.5	23.9%	\$ 657.3	18.5%	\$ 1,469.0	29.8%	\$ 1,019.6	32.3%	\$ 972.6	36.8%
Impairment, restructuring and other	83.5		185.6		24.7		5.9		0.0	
Adjusted (Non-GAAP)	<u>\$ 933.9</u>	26.3%	<u>\$ 842.9</u>	23.7%	<u>\$ 1,493.7</u>	30.3%	<u>\$ 1,025.5</u>	32.5%	<u>\$ 972.6</u>	36.8%

Year Ended September 30,

	2024		2023		2021		2019		2017	
	Net income (loss)	Diluted net income (loss) per common share	Net income (loss)	Diluted net income (loss) per common share	Net income attributable to controlling interest	Diluted net income (loss) per common share	Net income attributable to controlling interest	Diluted net income (loss) per common share	Net income attributable to controlling interest	Diluted net income (loss) per common share
As reported (GAAP)	\$ (34.9)	\$ (0.61)	\$ (380.1)	\$ (6.79)	\$ 512.5	\$ 9.03	\$ 460.7	\$ 7.77	\$ 218.3	\$ 3.29
Discontinued operations	0.0	0.00	0.0	0.00	3.9	0.00	(23.5)	0.00	(20.5)	0.00
Impairment, restructuring and other	166.9	2.89	448.1	7.95	20.9	0.37	10.2	0.18	27.0	0.45
Other non-operating	0.0	0.00	0.0	0.00	(9.6)	(0.17)	(195.6)	(3.47)	12.1	0.20
Adjusted (Non-GAAP)	<u>\$ 132.0</u>	<u>\$ 2.29</u>	<u>\$ 68.1</u>	<u>\$ 1.21</u>	<u>\$ 527.7</u>	<u>\$ 9.23</u>	<u>\$ 251.8</u>	<u>\$ 4.47</u>	<u>\$ 236.9</u>	<u>\$ 3.94</u>

Reconciliation of Non-GAAP Financial Measures

Calculation of Adjusted EBITDA:

(In millions)

	Year Ended September 30,				
	2024	2023	2021	2019	2017
Net income (loss) (GAAP)	\$ (34.9)	\$ (380.1)	\$ 513.4	\$ 460.2	\$ 218.8
Income tax expense (benefit) from continuing operations	11.3	(73.2)	159.8	144.9	116.6
Income tax expense (benefit) from discontinued operations	0.0	0.0	(8.4)	11.7	11.9
Loss on contingent consideration from discontinued operations	0.0	0.0	12.2	0.0	0.0
Gain on sale / contribution of business	0.0	0.0	0.0	0.0	(31.7)
Interest expense	158.8	178.1	78.9	101.8	76.6
Depreciation	64.9	67.3	62.9	55.9	55.1
Amortization	15.7	25.2	30.9	33.4	25.0
Impairment, restructuring and other charges from continuing operations	146.3	466.0	29.0	13.3	43.5
Impairment, restructuring and other charges (recoveries) from discontinued operations	0.0	0.0	0.0	(35.8)	15.9
Equity in loss of unconsolidated affiliates	68.1	101.1	0.0	0.0	0.0
Other non-operating income, net	0.0	0.0	(12.6)	(260.2)	0.0
Interest income	(0.5)	(6.4)	(4.1)	(8.6)	0.0
Expense on certain leases	0.0	0.0	0.0	3.2	3.6
Share-based compensation expense	80.4	68.9	40.6	38.4	25.2
Adjusted EBITDA (Non-GAAP)	<u>\$ 510.1</u>	<u>\$ 446.9</u>	<u>\$ 902.6</u>	<u>\$ 558.2</u>	<u>\$ 560.5</u>

Reconciliation of Non-GAAP Financial Measures

Calculation of Free Cash Flow:

(in millions)

	Year Ended September 30,				
	2024	2023	2021	2019	2017
Net cash provided by operating activities (GAAP)	\$ 667.5	\$ 531.0	\$ 271.5	\$ 226.8	\$ 363.2
Investments in property, plant and equipment	(84.0)	(92.8)	(106.9)	(42.4)	(69.6)
Free cash flow (Non-GAAP)	<u>\$ 583.5</u>	<u>\$ 438.2</u>	<u>\$ 164.6</u>	<u>\$ 184.4</u>	<u>\$ 293.6</u>