



## ScottsMiracle-Gro Sells 30% Ownership Stake in TruGreen; Proceeds Focused on Reducing Debt

March 20, 2019

### Company expects debt-to-EBITDA ratio to fall below 4.0 times by end of FY 2019

MARYSVILLE, Ohio, March 20, 2019 (GLOBE NEWSWIRE) -- The Scotts Miracle-Gro Company (NYSE: SMG), the world's leading marketer of branded consumer lawn and garden as well as hydroponic growing products, today announced it has sold its approximate 30 percent stake in TruGreen to the majority owner in a transaction in which ScottsMiracle-Gro received approximately \$234 million.

In 2016, the Company contributed its wholly owned subsidiary, Scotts LawnService, into a joint venture with TruGreen, creating the largest do-it-for-me lawn service company in America. Seventy percent of the joint venture was owned by the private equity firm Clayton Dublier & Rice, its co-investors and TruGreen management, with the balance owned by ScottsMiracle-Gro.

In addition to the sale, ScottsMiracle-Gro also received cash proceeds of another \$18.4 million in connection with the assignment to a third party of debt of the joint venture held by the Company. The combined proceeds, approximately \$120 to 140 million on an after-tax basis, will immediately be applied to reduce the Company's indebtedness.

Upon the creation of the joint venture, ScottsMiracle-Gro received an approximate \$200 million tax deferred dividend. In 2017, it received another tax-deferred dividend of approximately \$90 million. Those two payments were essentially equal to the initial valuation placed on Scotts LawnService when the joint venture was established.

"Shareholder value was clearly maximized by the creation of this JV and now our divestiture of this investment," said Randy Coleman, chief financial officer. "Using these proceeds to reduce our debt should allow us to lower our debt-to-EBITDA ratio below 4.0 by the end of fiscal 2019 and to 3.5 times debt-to-EBITDA by the end of 2020. At that level, management would once again begin to explore options to proactively return more cash to shareholders."

#### About ScottsMiracle-Gro

With approximately \$2.6 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, as is the consumer Roundup® brand, which is marketed in the U.S. and certain other countries by Scotts and owned by Monsanto. We maintain a minority interest in Bonnie Plants®, the largest marketer of edible gardening plants in retail channels. The Company's wholly-owned subsidiary, The Hawthorne Gardening Company, is a leading provider of nutrients, lighting and other materials used in the hydroponic growing segment. For additional information, visit us at [www.scottsmiraclegro.com](http://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:

- Compliance with environmental and other public health regulations 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;
- 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 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 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 expenses absorption;
- Hagedorn Partnership, L.P. beneficially owns approximately 27% 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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Scotts Miracle-Gro Company