ScottsMiracle-Gro Increases Fiscal 2021 Guidance Led by Continued Strength in Both U.S. Consumer and Hawthorne Segments

June 1, 2021

- *Company-wide sales growth now expected in range of 17 to 19 percent*
- *Adjusted non-GAAP EPS expected in a range of $9.00 to $9.30*
- *Consumer purchases of lawn and garden products up 10% year-to-date entering June*

MARYSVILLE, Ohio, June 01, 2021 (GLOBE NEWSWIRE) -- The Scotts Miracle-Gro Company (NYSE: SMG), the world's leading marketer of branded consumer lawn and garden as well as indoor and hydroponic growing products, today announced increased sales and earnings guidance for fiscal 2021 based on the continued strength of both its U.S. Consumer and Hawthorne segments.

For the fiscal year ending September 30, 2021, ScottsMiracle-Gro now expects company-wide sales growth of 17 to 19 percent. The revision is due mainly to stronger growth in the U.S. Consumer segment, where the Company now expects sales growth of 7 to 9 percent, compared with its previous range of 4 to 6 percent. Hawthorne sales also continue to exceed expectations as the Company now expects sales growth of 40 to 45 percent for the full year, compared with previous guidance of 30 to 40 percent growth.

As a result, adjusted non-GAAP earnings are expected to be in a range of $9.00 to $9.30 per share. This compares to the previous guidance of $8.60 to $9.00 per share. Adjusted non-GAAP results exclude impairment, restructuring and other one-time expenses.

"The level of engagement we're seeing in our U.S. Consumer segment continues to exceed expectations with consumer purchases up 10 percent entering June," said Jim Hagedorn, chairman and chief executive officer. "Consumer purchases, in units, are up more than 20 percent year-to-date as retailers have resumed a higher level of promotional activity compared with last season. While consumer purchases declined in dollars during May, as we expected, it was still the third highest on record for a single month, surpassed only by what we experienced last May and this April. In fact, so far this season we have experienced four weeks in which consumer purchases exceeded $160 million. Prior to last year, we had never recorded a single week of consumer purchases at that level.

"Gardening activity continues to be the largest driver of growth with strong consumer engagement in all parts of the United States and in all retail channels. We also continue to see year-over-year improvement in both our lawns and pest control categories. The investments we've made to retain the new consumers who entered the category last season are working, which gives us confidence to continue to invest throughout the balance of fiscal 2021 with a goal of once again bringing these new gardeners back to the category next season.

"We also intend to increase our investment behind the Hawthorne business for the balance of the year as sales and operating margin continue to exceed our expectations. Sales volume at Hawthorne continues to improve even in the face of difficult year-over-year comparisons as we not only benefit from the growth of the overall marketplace, but also from the unique competitive advantages we have worked so hard to establish."

As a result of the increased investment in both segments, the Company said it expects SG&A for the full year to be flat to slightly higher than a year ago. The full-year guidance for gross margin rate is unchanged with an expected decline of 175 to 225 basis points.

"While commodity prices remain sharply higher than a year ago, we remain focused on ensuring the pricing that will take effect in August will offset commodity pressures as we prepare for next season," said Cory Miller, senior vice president and interim chief financial officer. "We remain prepared to be more aggressive on our pricing decisions, if needed, to stay ahead of those costs."

Management will provide more commentary about its expected results at 9:40 a.m. Eastern Time tomorrow, June 2, 2021, during a virtual presentation as part of the William Blair & Co. 41st Annual Growth Stock Conference. The discussion will be available on the Company's investor relations website at http://investor.scotts.com.

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;
- If the Company underestimates or overestimates demand for its products and does not maintain appropriate inventory levels, its net sales and/or working capital could be negatively impacted;
- 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 25% 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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