ScottsMiracle-Gro

Raymond James Global Growth Conference

MARCH 4, 2019

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.

Scotts Miracle-Gro: An Overview

- Clear leader in the North American consumer lawn and garden industry
- Core business offers stable and predictable consumer engagement
- High potential prospects in indoor/hydroponic growing through Hawthorne
- Strong and reliable cash flow generation
- Average executive tenure: 20+ years

Our long-term financial targets are designed to produce consistent shareholder returns

2-4% Sales
Stable core and higher growth hydroponics

4-6% Operating Income
Hawthorne margin benefits, SG&A control

8-10% EPS
Share buybacks enhance EPS growth

10-12% Shareholder Return
EPS + dividend drives returns in rational market

Successful implementation of ‘Project Catalyst’ will position SMG to continue driving shareholder value

Project Catalyst

Optimize strategic advantages

- Leverage competitive strengths
- Optimize stable core business
- Focus on high margins and strong cash flow

Catalyze Hawthorne

- Leverage premium Hawthorne brands
- Focus on innovation
- Drive growth in current and new markets
- Capture synergies

Build for the future

- Drive cash flow and de-lever
- Return to shareholder friendly actions
- Develop next generation of leaders
- Leverage technology to exploit consumer trends

Key themes in 2019: Hawthorne recovery, innovation in U.S. segment, reducing leverage

- Hawthorne expects return to growth in 2019
- New products from Miracle-Gro and Ortho driving retailer engagement
- Cash flow is No. 1 performance metric for SMG, with a bias to reduce leverage

Hawthorne 2019 recovery remains strong; continued confidence in near-term outlook

Current Highlights

- Sales improved 10+% in January/February for U.S. hydroponics
- Q2 sales expected to be positive
- $35 million in synergies from Sunlight transaction remain on track
- Full-year target: $60mm segment profit

A bullish outlook on long-term Hawthorne prospects

Our viewpoint:

- Major new adult-use markets likely to emerge over next two years
- Consumer consumption poised to continue growing high-single digits
- Hawthorne outpacing competitors
- Operating margins should scale with growth

Hawthorne's focus: Build competitive advantages to serve a quickly evolving market

OUR GOALS:

Products that serve all market segments

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

Unmatched technical expertise

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

Leadership in a quickly evolving industry

- Solution selling that benefits retailers / end users
- Supply chain that is evolving with marketplace
- Engaged in impactful government dialogue

Lawn & Garden activity remains stable and popular with consumers

<u>Key trends</u>

- Destination category for home center/hardware channels of retail
- Consumer activity remains steady/predictable year-over-year
- Edible gardening continues to outpace economic growth
- Mature lawn care category is stable, provides strong cash flow generation

Retailers are highly engaged at the launch of the 2019 lawn and garden season

These five retail partners constitute roughly 80% of U.S. Consumer sales

High engagement

- First-half sales increase for U.S. Consumer segment could approach +$100mm (incld. Roundup shipments)
- Consumer POS growth anticipated at 4-5% on like-for-like products
- May/June comps are extremely difficult; much of first half benefit expected to be offset in second half

Innovation will be key to 2019 results in key product categories

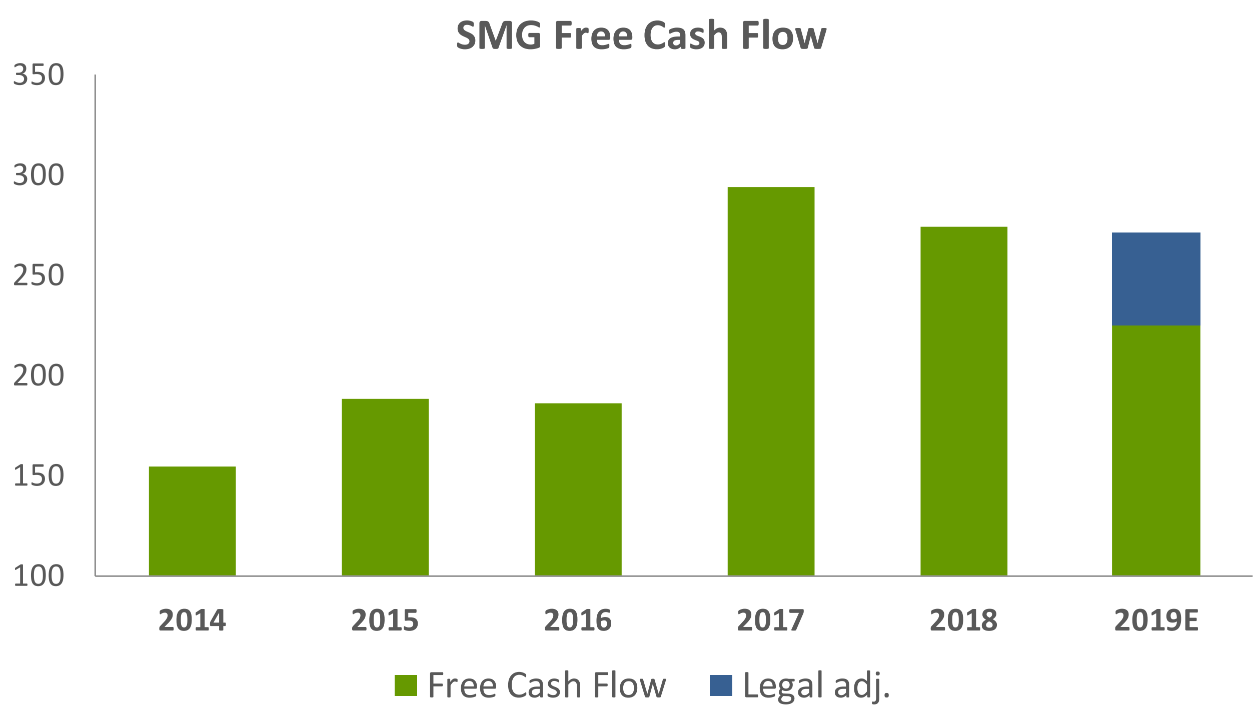
Keeping the consumer engaged

- **Ortho GroundClear** is our first OMRI-listed product for non-selective weed control
- **Scotts Turf Builder Triple Action** provides better performance with less work for the consumer
- **Miracle-Gro Performance Organics** provides comparable results vs. synthetic products

Fiscal 2019 guidance re-affirmed

Financial Summary (excludes the impact of non-recurring items)	**Guidance**	**2018 Actual**
Net Sales	+10% - 11%	+1%
Gross Margin Rate	Flat	(360)bps
SG&A (including media & amortization)	+5% - 6%	(2)%
Non-GAAP Operating Margin (**EBIT**)	13% - 14%	13.2%
Non-GAAP Non-Operating Other (Income) / Expense	$(10)M	$(10)M
Equity (Income) / Loss	$(5)M	$(5)M
Interest	$100 - 110M	$86M
Tax Rate	25.0%	24.5%
Shares	56.5M	57.1M
EPS	**$4.10 - $4.30**	**$3.71**

Free cash flow remains our No. 1 metric with bias toward de-levering balance sheet



SMG defines free cash flow as operating cash flow minus capital expenditures
* Legal settlements accrued in fiscal 2018

Understanding 2019

- Impacted by payout of $40-50 million for legal settlements*
- Working capital improvements of $15-20 million expected in U.S. Consumer segment
- Goal: Return leverage ratio to 3.5 in FY 2020
- Optionality with TruGreen could lead to divestiture in 2019

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ScottsMiracle-Gro: Appealing for both the near- and long-term investors

<u>What we expect</u>

- Strong recovery for Hawthorne in 2019; long-term growth/margin improvement
- Steady performance from U.S. Consumer segment
- Continued focus on cash flow productivity
- Near-term de-levering efforts allow the future return of cash to shareholders

THE Scotts Miracle-Gro COMPANY

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 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 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 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 measure that is not calculated in accordance with GAAP and is utilized by management in evaluating the performance of the business, engaging in financial and operational planning, the determination of incentive compensation, and by investors and analysts in evaluating performance of the business:

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 its outlook for fiscal 2019 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. Additionally, 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

	Year Ended September 30,				
	2018	2017	2016	2015	2014
	(In millions, except per share data)				
Net cash provided by operating activities (GAAP)	$ 342.5	$ 363.2	$ 244.0	$ 250.1	$ 242.0
Investments in property, plant and equipment	(68.2)	(69.6)	(58.3)	(61.7)	(87.6)
Free cash flow (Non-GAAP)	$ 274.3	$ 293.6	$ 185.7	$ 188.4	$ 154.4

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