



Spectrum Brands Holdings to Reaffirm Fiscal 2020 Guidance at CAGNY Conference

02/19/20

MIDDLETON, Wis.--(BUSINESS WIRE)--Feb. 19, 2020-- Spectrum Brands Holdings, Inc. (NYSE: SPB; "Spectrum Brands" or the "Company"), a leading global branded consumer products company focused on driving innovation and providing exceptional customer service, announced it will reaffirm fiscal 2020 guidance today at the 2020 Consumer Analyst Group of New York (CAGNY) Conference.

Spectrum Brands continues to expect low single-digit reported net sales growth in fiscal 2020, with foreign exchange rates expected to have a slightly negative impact based upon current rates. We continue to expect fiscal 2020 adjusted EBITDA to be between \$570 to \$590 million, and adjusted free cash flow to be between \$240 million and \$260 million.

Going forward, the Company plans to generally only discuss its guidance metrics at its quarterly earnings calls. This is an update to the Company's disclosure policy, which we may evaluate and amend from time to time.

FORECASTED ADJUSTED EBITDA

The following is a reconciliation of forecasted net income to adjusted EBITDA for the year ending September 30, 2020

(in millions)	F2020
Net income	\$ 53 - 93
Income tax expense	13 - 23
Interest expense	140 - 150
Depreciation and amortization	145 - 150
EBITDA	366 - 401
Share and incentive based compensation	55 - 60
Transaction related charges	12
Restructuring and related charges	65 - 75
Loss on assets held for sale	33
Write-off from impairment of intangible assets	24
Adjusted EBITDA	\$ 570 - 590

FORECASTED ADJUSTED FREE CASH FLOW

The following is a reconciliation of forecasted net cash flow from operating activities to adjusted free cash flow for the year ending September 30, 2020

(in millions)	F2020
Net cash flow from operating activities	\$ 290 - 310
Purchases of property, plant and equipment	(90) - (100)
Divestiture related separation costs and taxes	40 - 50
Adjusted free cash flow	\$ 240 - 260

About Spectrum Brands Holdings, Inc.

Spectrum Brands Holdings, a member of the Russell 1000 Index, is a leading supplier of residential locksets, residential builders' hardware, plumbing, shaving and grooming products, personal care products, small household appliances, specialty pet supplies, lawn and garden and home pest control products, and personal insect repellents. Helping to meet the needs of consumers worldwide, Spectrum Brands offers a broad portfolio of market-leading, well-known and widely trusted brands including Kwikset®, Weiser®, Baldwin®, National Hardware®, Pfister®, Remington®, George Foreman®, Russell Hobbs®, Black+Decker®, Tetra®, Marineland®, Nature's Miracle®, Dingo®, 8-in-1®, FURminator®, IAMS® and Eukanuba® (Europe only), Digest-eze™, Healthy-Hide®, Littermaid®, Spectracide®, Cutter®, Repel®, Hot Shot®, Black Flag® and Liquid Fence®. For more information, please visit www.spectrumbrands.com.

Non-GAAP Measurements

Management believes that certain non-GAAP financial measures may be useful in providing additional meaningful comparisons between current results and results in prior periods. Management believes that organic net sales provide for a more complete understanding of underlying business trends of regional and segment performance by excluding the impact of currency exchange rate fluctuations and the impact of acquisitions. In addition, within this release, including the supplemental information attached hereto, reference is made to adjusted diluted EPS, adjusted earnings before interest, taxes, depreciation and amortization (EBITDA), and adjusted EBITDA margin. Adjusted EBITDA is a metric used by management to evaluate segment performance and frequently used by the financial community which provides insight into an organization's operating trends and facilitates comparisons between peer companies, since interest, taxes, depreciation and amortization can differ greatly between organizations as a result of differing capital structures and tax strategies. Adjusted EBITDA also is one of the measures used for determining compliance with the Company's debt covenants. Adjusted EBITDA excludes certain items that are unusual in nature or not comparable from period to period. Adjusted EBITDA margin reflects adjusted EBITDA as a percentage of net sales of the Company. The Company's management uses adjusted diluted EPS as one means of analyzing the Company's current and future financial performance and identifying trends in its financial condition and results of operations. Management believes that adjusted diluted EPS is a useful measure for providing further insight into our operating performance because it eliminates the effects of certain items that are not comparable from one period to the next. An income tax adjustment is included in adjusted diluted EPS to exclude the impact of the valuation allowance against deferred taxes and other tax-related items in order to reflect a normalized ongoing effective tax rate. Adjusted free cash flow provides useful information to investors regarding our ability to generate cash from business operations that is available for acquisitions and other investments, service of debt principal, dividends and share repurchases and to meet working capital requirements. Our definition of adjusted free cash flow takes into consideration capital investments required to maintain operations of our businesses and execute our strategy. The Company provides this information to investors to assist in comparisons of past, present and future operating results and to assist in highlighting the results of on-going operations. While the Company's management believes that non-GAAP measurements are useful supplemental information, such adjusted results are not intended to replace the Company's GAAP financial results and should be read in conjunction with those GAAP results. Other Supplemental Information has been provided to demonstrate reconciliation of non-GAAP measurements discussed above to most relevant GAAP financial measurements.

Forward-Looking Statements

This document contains, and certain oral and written statements made by our representatives from time to time may contain, forward-looking statements, including, without limitation, statements made under "Fiscal 2020 Outlook for Continuing Operations", statements regarding our Global Productivity Improvement Plan and other statements regarding the Company's ability to meet its expectations for its fiscal 2020. We have tried, whenever possible, to identify these statements by using words like "future," "anticipate", "intend," "plan," "estimate," "believe," "belief," "expect," "project," "forecast," "could," "would," "should," "will," "may," and similar expressions of future intent or the negative of such terms. These statements are subject to a number of risks and uncertainties that could cause results to differ materially from those anticipated as of the date of this release. Actual results may differ materially as a result of (1) the impact of our indebtedness on our business, financial condition and results of operations; (2) the impact of restrictions in our debt instruments on our ability to operate our business, finance our capital needs or pursue or expand business strategies; (3) any failure to comply with financial covenants and other provisions and restrictions of our debt instruments; (4) the effects of general economic conditions, including the impact of, and changes, to tariffs and trade policies, inflation, recession or fears of a recession, depression or fears of a depression, labor costs and stock market volatility or monetary or fiscal policies in the countries where we do business; (5) the impact of fluctuations in commodity prices, costs or availability of raw materials or terms and conditions available from suppliers, including suppliers' willingness to advance credit; (6) interest rate and exchange rate fluctuations; (7) the loss of significant reduction in, or dependence upon, sales to any significant retail customer(s); (8) competitive promotional activity or spending by competitors, or price reductions by competitors; (9) the introduction of new product features or technological developments by competitors and/or the development of new competitors or competitive brands; (10) the impact of actions taken by significant stockholders; (11) changes in consumer spending preferences and demand for our products; (12) our ability to develop

and successfully introduce new products, protect our intellectual property and avoid infringing the intellectual property of third parties; (13) our ability to successfully identify, implement, achieve and sustain productivity improvements (including our Global Productivity Improvement Plan), cost efficiencies (including at our manufacturing and distribution operations), and cost savings; (14) the seasonal nature of sales of certain of our products; (15) the effects of climate change and unusual weather activity; (16) the cost and effect of unanticipated legal, tax or regulatory proceedings or new laws or regulations (including environmental, public health and consumer protection regulations); (17) our discretion to conduct, suspend or discontinue our share repurchase program (including our discretion to conduct purchases, if any, in a variety of manners such as open-market purchases or privately negotiated transactions); (18) public perception regarding the safety of products that we manufacture and sell, including the potential for environmental liabilities, product liability claims, litigation and other claims related to products manufactured by us and third parties; (19) the impact of existing, pending or threatened litigation, regulation or other requirements or operating standards applicable to our business; (20) the impact of cybersecurity breaches or our actual or perceived failure to protect company and personal data; (21) changes in accounting policies applicable to our business; (22) our ability to utilize net operating loss carry-forwards to offset tax liabilities from future taxable income; (23) the impact of expenses resulting from the implementation of new business strategies, divestitures or current and proposed restructuring activities; (24) our ability to successfully implement further acquisitions or dispositions and the impact of any such transactions on our financial performance; (25) the unanticipated loss of key members of senior management and the transition of new members of our management teams to their new roles; (26) the effects of political or economic conditions, terrorist attacks, acts of war, natural disasters, public health concerns (including the impact of COVID-19) or other unrest in international markets; and (27) the other risk factors set forth in the securities filings of Spectrum Brands Holdings, Inc., including the most recently filed Annual Report on Form 10-K and subsequent Quarterly Report(s) on Form 10-Q.

Spectrum Brands also cautions the reader that its estimates of trends, market share, retail consumption of its products and reasons for changes in such consumption are based solely on limited data available to Spectrum Brands and management's reasonable assumptions about market conditions, and consequently may be inaccurate, or may not reflect significant segments of the retail market. Spectrum Brands also cautions the reader that undue reliance should not be placed on any forward-looking statements, which speak only as of the date of this release. Spectrum Brands undertakes no duty or responsibility to update any of these forward-looking statements to reflect events or circumstances after the date of this report or to reflect actual outcomes.

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