

## Fiscal 2018 Third Quarter Earnings Call

July 26, 2018

# Agenda

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- **Introduction**

Dave Prichard  
Vice President, Investor Relations

- **CEO Overview and Outlook**

David Maura  
Chairman and Chief Executive Officer

- **Financial and  
Business Unit Review**

Doug Martin  
Chief Financial Officer

- **Q&A**

David Maura  
Doug Martin

# Forward-Looking Statements

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Certain matters discussed in this presentation, with the exception of historical matters, may be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, regarding our business strategy, future operations, financial condition, estimated revenues, projected costs, projected synergies, prospects, plans and objectives of management, as well as information concerning expected actions of third parties, are forward-looking statements. 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 presentation. Important factors that could cause our actual results to differ materially from those expressed or implied herein include, without limitation: our ability to manage and otherwise comply with our covenants with respect to our significant outstanding indebtedness or maintain our credit ratings; changes and developments in external competitive market factors, such as introduction of new product features or technological developments; development of new competitors or competitive brands or competitive promotional activity or spending or industry consolidation; the cost and effect of unanticipated legal, tax or regulatory proceedings or new accounting policies, laws or regulations (including environmental, public health and consumer protection regulations); seasonality of our products and changes in consumer demand for the various types of products we offer resulting in the loss of, or a significant reduction in, sales to significant retail customers; our ability to develop and successfully introduce new products, protect our intellectual property and avoid infringing the intellectual property of third parties; public perception regarding the safety of our products, including the potential for environmental liabilities, product liability claims, litigation and other claims; unfavorable developments in the global credit markets; the impact of overall economic conditions, terrorist attacks, acts of war or other unrest in international markets on consumer spending; fluctuations in commodities prices, supply shortages, the costs or availability of raw materials or terms and conditions available from suppliers; changes in the general economic conditions in countries and regions where we do business, such as stock market prices, interest rates, currency exchange rates, inflation and consumer spending; our ability to successfully implement manufacturing, distribution and other cost efficiencies and to continue to benefit from our cost-cutting initiatives; the impact of expenses resulting from the implementation of new business strategies, divestitures or restructuring activities; our ability to integrate, and to realize synergies from acquisitions; our ability to identify, develop and retain key employees; unfavorable weather conditions or climate change and various other risks and uncertainties, including those discussed herein and those set forth in our filings with the Securities and Exchange Commission (“SEC”).

We also caution the reader that undue reliance should not be placed on any forward-looking statements, which speak only as of the date of this presentation. We undertake no duty or responsibility to update any of these forward-looking statements to reflect events or circumstances after the date of this presentation or to reflect actual outcomes. Additional factors that may affect future results and conditions are described in our filings with the SEC, which are available at the SEC’s web site at [www.sec.gov](http://www.sec.gov) or at Spectrum Brands’ website at [www.spectrumbrands.com](http://www.spectrumbrands.com).

The information contained in this presentation is summary information that is intended to be considered in the context of our SEC filings, and other public announcements that we may make, by press release or otherwise, from time to time. In addition, information related to past performance, while helpful as an evaluative tool, is not necessarily indicative of future results, the achievement of which cannot be assured. You should not view our past performance, or information about the market, as indicative of our future results. Further, performance information respecting investment returns on portfolio transactions is not directly equivalent to returns on an investment in our common stock.

# Reconciliation of Non-GAAP Financial Measurements

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Management believes that certain non-GAAP financial measures may be useful in certain instances to provide additional meaningful comparisons between current results and results in prior operating periods. Within this presentation, including the tables that follow, reference is made to organic net sales, adjusted diluted earnings per share (EPS), adjusted earnings before interest, taxes, depreciation and amortization (EBITDA), adjusted EBITDA margin, and adjusted free cash flow.

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 fluctuations and the impact of acquisitions (when applicable) when there is no comparable sales in the prior period. Organic growth is calculated by comparing organic net sales to net sales in the prior year. The effect of changes in currency exchange rates is determined by translating the period's net sales using the currency exchange rates that were in effect during the prior comparative period. Management uses adjusted diluted EPS as 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. For the three-month period ended December 31, 2017, the normalized ongoing effective tax rate was updated to 24.5% to reflect a lower effective tax rate from 35% in the three-month period ended January 1, 2017 due to changes in the enacted corporate tax rate in the U.S. 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, because interest, taxes, depreciation and amortization can differ greatly between organizations as a result of differing capital structures and tax strategies. Adjusted EBITDA can also be a useful measure for determining Spectrum Brands' debt covenant compliance. 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. Adjusted free cash flow is useful to both management and investors in their analysis of Spectrum Brands' ability to service and repay its debt and meet its working capital requirements. In addition, the calculation of adjusted free cash flow does not reflect cash used to service debt and therefore, does not reflect funds available for investment or discretionary uses.

Spectrum Brands 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 Spectrum Brands' management believes that non-GAAP measurements are useful supplemental information, such adjusted results are not intended to replace the Spectrum Brands' GAAP financial results and should be read in conjunction with those GAAP results. Supplemental tables have been provided within this presentation to demonstrate reconciliation of non-GAAP measurements discussed in the most relevant GAAP financial measurements.

All GAAP reconciliations are available at [www.spectrumbrands.com](http://www.spectrumbrands.com)



## CEO Overview and Outlook

David Maura  
Chairman and Chief Executive Officer

## CEO Overview and Outlook

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- Q3 results show that the leadership changes and focus on restoring the ownership and accountability culture of our Company are already beginning to read through to significantly more positive results; we are delivering on the positive momentum and growth we promised you in the second half of FY18
- Have returned to a positive trajectory as we move through this transformational year that will ultimately result in a less leveraged, more focused company with four core operating units, greater growth potential and a higher margin structure
- Q3 continuing operations results rebounded strongly from Q2 with increased net sales and adjusted EBITDA vs. last year, and we achieved significant, encouraging progress against operating inefficiencies at our greenfield sites for HHI in Kansas and GAC in Ohio
- Highest quarterly organic sales growth rate – 7.3% – in many years in Q3, also our largest fiscal quarter, was led by double-digit growth in our HHI and GAC businesses and a strong top line in Home & Garden driven by solid market demand, new product introductions across the portfolio, strong e-commerce growth, and markedly reduced customer order backlogs at the Kansas and Dayton facilities
- Adjusted EBITDA of \$206 million grew nearly 4 percent even as we continue to be impacted by increased commodity input and freight costs, unfavorable product mix and higher operating costs even as we continue to improve the efficiency of the Kansas and Ohio facilities, confirming our new approach to culture and efficiency is working
- We are reiterating FY18 adjusted EBITDA guidance for continuing operations of \$600-\$617 million and our adjusted free cash flow guidance of \$485-\$505 million
- Pet Q3 results impacted by short-term, start-up issues with European aquatics and pet food DC consolidation that are now largely behind us, and we expect to ship the temporary order backlog as we return to efficient operations in Q4

## CEO Overview and Outlook

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- Strong progress in Q3 in correcting operational inefficiencies at our HHI Kansas and GAC Dayton facilities
- Highlights of solid progress at HHI Kansas site include:
  - Order backlog reduced by about \$20 million, which was essentially all of the increased backlog created in March, and achieved highest network shipments in the history of HHI in Q3 through the single DC model versus HHI’s historical 2 DC model
  - Management team strengthened, process improvement teams continued to drive cycle time down, and broad improvements helped to expand shipping capacity
- Combination of strengthened leadership team, better trained and more experienced workforce, and new automated picking equipment to improve product selection speed and accuracy will enable the Kansas DC to continue to work down its order backlog to an optimum level by calendar year-end while continuing to improve customer service levels
- Highlights of impressive improvement at GAC Dayton site include:
  - New leadership team made a number of short-term, tactical fixes in Q3 with the clear focus on servicing the customer
  - \$9 million order backlog from March was shipped and Q3 ended with modest, normal backlog and meaningful improvement in on-time shipping rates; employees did excellent job of “shipping the season” given solid market demand during peak season
- More significant improvements, especially in manufacturing, scheduled after seasonal demand winds down this fall, and we believe Dayton will operate much more efficiently and at a lower cost per unit by the start of 2019’s spring season demand; I am extremely excited about the future prospects for our Auto Care unit

## CEO Overview and Outlook

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- Our tax-free merger with HRG Group was completed on July 13, resulting in a more widely distributed shareholder base, meaningfully increased trading liquidity and an independent governance structure, while bringing us significant tax attributes
- We remain on track to close the sale of our Global Battery and Lighting business to Energizer Holdings for \$2 billion in cash by the end of calendar 2018
- We remain in active discussions to divest, and continue to market, our Personal Care and Small Appliances businesses
- We intend to use the significant net proceeds from these divestitures to reduce debt, repurchase shares, and increase investment in organic growth initiatives and bolt-on acquisitions in our four remaining businesses
- We have much to be excited about and I continue to believe that one year from now Spectrum Brands will be in its best position ever during my nearly 10-year tenure with our Company
- We will significantly strengthen our balance sheet from our fiscal 2018 free cash flow and proceeds from asset sales in the second half of calendar 2018
- With the resolution of the HRG Group ownership structure, we are on the way to building a smarter, stronger and more focused Spectrum Brands for the future





## Financial and Business Unit Review

Doug Martin  
Chief Financial Officer

## Q3 Financial Review (1/2)

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- Q3 reported net sales increased 9.6% vs. last year; excluding favorable Fx of \$4.9 million and acquisition sales of \$14.5 million, organic net sales grew 7.3%, our best quarterly result in many years
  - HHI and GAC delivered double-digit growth driven by solid market demand and tailwinds from reduced order backlogs, while Home & Garden reported solid growth as favorable weather finally broke in the later part of the quarter
- Reported gross margin of 37.5% increased 40 basis points from 37.1% last year primarily due to lower year-over-year supply chain restructuring costs
- Reported SG&A expense of \$198.6 million, or 21.0% of sales, compared to \$197.2 million, or 22.9% of sales, last year primarily due to spending discipline and leverage from strong sales growth
- Reported operating margin of 13.4% increased 170 basis points versus 11.7% last year largely driven by higher gross profit
- Q3 reported diluted EPS from continuing operations of \$11.51 increased compared to a loss per share of (\$0.51) last year primarily due to the release of HRG valuation allowances
- Spectrum adjusted EPS from continuing operations of \$1.76 increased 23.9% compared to \$1.42 last year primarily due to higher sales volumes and changes in the U.S. corporate tax rate; we are using a 24.5% blended annual rate for fiscal 2018 versus 35% last year due to changes in the U.S. corporate tax rate

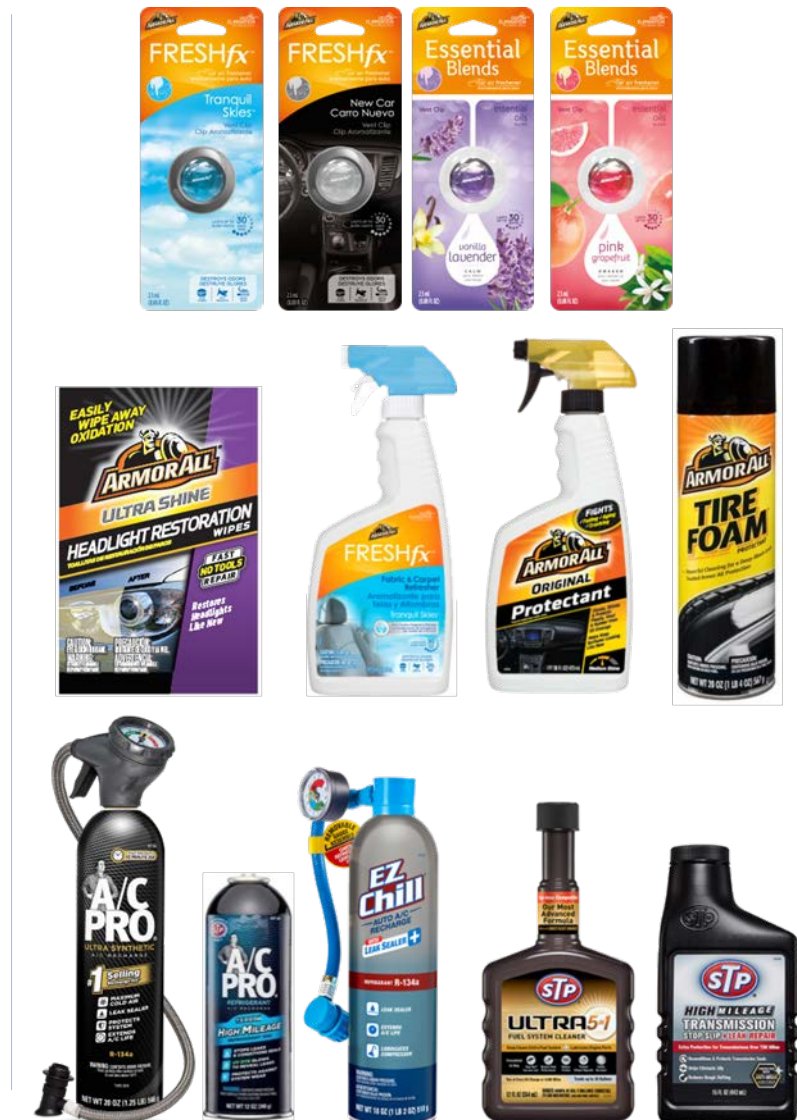
## Q3 Financial Review (2/2)

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- Spectrum Q3 reported interest expense from continuing operations of \$43.6 million increased \$3.8 million from \$39.8 million last year
- Spectrum cash interest payments of \$60.3 million in Q3 were \$18.7 million higher than last year driven by the timing of payments on the Euro-denominated notes as well as higher debt and Libor rates
- Spectrum cash taxes of \$7.9 million decreased compared to \$9.7 million in 2017
- Spectrum depreciation, amortization and share-based compensation from continuing operations of \$37.1 million was equivalent to last year
- Spectrum Q3 cash payments for acquisition & integration and restructuring & related charges were \$23.1 million and \$27.5 million, respectively, versus \$3 million and \$12.7 million, respectively, last year
  - Restructuring charge increases were primarily the result of operating inefficiencies in the HHI Kansas and GAC Dayton consolidation projects
  - Higher acquisition cash costs related to our battery and appliances divestiture processes

# Global Auto Care

- Record quarterly reported net sales in Q3 of \$175.2 million increased 12.5% driven by solid growth in refrigerants and performance chemicals along with a tailwind from reducing the customer order backlog at the Dayton facility
- Reported adjusted EBITDA of \$50.1 million was slightly below \$50.7 million last year while margins declined 390 basis points driven by operating inefficiencies at Dayton, inflationary pressures (especially refrigerants), increased distribution costs, and higher Project Alpha marketing investments
- GAC is benefiting in FY18 from its Armor All Ultra Shine Wash and Wax Wipes which were successfully launched in 2017 and strong market acceptance of a new line of Armor All automotive air fresheners



## Hardware & Home Improvement

- Record quarterly reported net sales in Q3 of \$372.4 million increased 14.7% due to continued strong demand in residential security and plumbing and a tailwind in shipments through a significant reduction of the Kansas distribution center customer order backlog; excluding favorable Fx of \$1.3 million, organic net sales grew 14.3%
- Record quarterly reported adjusted EBITDA of \$73.9 million increased a strong 18.8% with a margin improvement of 60 basis points; excluding favorable Fx of \$1.8 million, organic adjusted EBITDA grew 15.9%
- Q3 profitability continued to be pressured by higher commodity costs for zinc, copper and steel as well as increased freight costs
- New product introductions across security, plumbing and builders' hardware continued at a steady pace in Q3 with more innovation scheduled in Q4



# Global Pet Supplies

- Q3 reported net sales grew 2.5% driven by \$14.5 million of acquisition sales; organic net sales fell 6.7% excluding acquisition revenues and favorable Fx of \$2.9 million
  - About \$6 million of orders in-house were unable to be shipped at quarter-end due to the consolidation of European distribution centers that began in April and is now back to normal operating rhythm
  - Sales also negatively impacted by a decline in European pet food sales of \$5.2 million from the planned exit of a customer tolling agreement as well as lost U.S. rawhide distribution of about \$6 million from the recall initiated in June 2017 which has now been fully annualized
- Adjusted EBITDA fell 3.3% with a 110 basis point margin decline driven primarily by unfavorable mix and lower volumes; excluding unfavorable Fx of \$0.6 million and acquisition EBITDA of \$5.6 million, organic adjusted EBITDA declined 17.2%
- Pet continues to introduce innovation across its food, grooming, health aids and rawhide chews categories with further expansion of Nature's Miracle into non-pet channels, another one of our Project Alpha initiatives this year
- Negative impact of European pet food customer tolling agreement exit estimated at \$24 million in FY18



# Home and Garden

- Q3 reported net sales of \$203.2 million improved 5.6% driven by strong growth in both the outdoor and household control categories
- Adjusted EBITDA of \$57 million decreased 4.2% and reported margin of 28.1% fell 280 basis points
- Declines resulted from unfavorable product mix and input cost inflation primarily in oil, corrugate and steel
- Home and Garden expects to deliver another solid Q4, as it did in 2017, given distribution and market share gains and an outstanding retail service team
  - Trends to date in July are encouraging
- Home and Garden provided important support to GAC in Q3 by producing certain Armor All liquids at its St. Louis manufacturing facility



## Financial Review

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- Ample liquidity position at the end of Q3 FY18
- \$234 million available on our \$800 million Cash Flow Revolver, a cash balance of \$815 million and debt outstanding of \$5.4 billion
- Our peak working capital borrowing season is now behind us and we expect to pay down the revolver through FY18 year-end
- Q3 capital expenditures including discontinued operations of \$27.8 million were essentially similar to \$26.8 million last year



## FY18 Guidance

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- Reported net sales from continuing operations expected to grow above category rates for most categories, including the anticipated modest positive impacts from Fx based on current rates
- Spectrum adjusted free cash flow expected to be between \$485-\$505 million; the following estimated ranges include discontinued operations:
  - Full-year Spectrum interest expense expected to be between \$215-\$225 million, including approximately \$10 million of non-cash items with Spectrum cash interest payments expected to be between \$200-\$210 million
  - Spectrum D&A now expected to be between \$215-\$225 million, including approximately \$20 million for amortization of stock-based compensation
  - For adjusted earnings, we now use a blended rate of 24.5% versus 35% in prior years
  - Spectrum cash taxes now expected to be approximately \$40-\$50 million without the impact of any dispositions; we do not anticipate being a significant U.S. federal cash taxpayer during FY18 as net operating loss carryforwards continue to be used
  - Spectrum cash payments for acquisition & integration and restructuring & related charges now expected to be between \$105-\$115 million
  - Spectrum capital expenditures now expected to be between \$100-\$110 million

# Spectrum Brands



# Spectrum Brands

## Appendix

**SPECTRUM BRANDS HOLDINGS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME (unaudited)**

| (in millions, except per share amounts)                      | Three Month Periods Ended |               | Nine Month Periods Ended |               |
|--|---------------------------|---------------|--------------------------|---------------|
|  | June 30, 2018             | June 30, 2017 | June 30, 2018            | June 30, 2017 |
| Net sales  | \$ 945.5                  | \$ 862.9      | \$ 2,358.1               | \$ 2,221.6    |
| Investment income  | —                         | 0.1           | —                        | 1.1           |
| Revenue  | 945.5                     | 863.0         | 2,358.1                  | 2,222.7       |
| Cost of goods sold   | 586.0                     | 531.5         | 1,484.5                  | 1,339.2       |
| Restructuring and related charges                            | 4.9                       | 11.2          | 9.9                      | 16.4          |
| Gross profit   | 354.6                     | 320.3         | 863.7                    | 867.1         |
| Selling  | 123.9                     | 127.9         | 363.8                    | 353.9         |
| General and administrative                                   | 74.7                      | 69.3          | 226.9                    | 228.6         |
| Research and development                                     | 6.9                       | 7.2           | 21.1                     | 20.9          |
| Acquisition and integration related charges                  | 2.3                       | 5.2           | 12.0                     | 11.6          |
| Restructuring and related charges                            | 20.5                      | 10.0          | 59.1                     | 14.9          |
| Total operating expenses                                     | 228.3                     | 219.6         | 682.9                    | 629.9         |
| Operating income   | 126.3                     | 100.7         | 180.8                    | 237.2         |
| Interest expense   | 63.5                      | 76.1          | 206.6                    | 232.4         |
| Other non-operating (income) expense, net                    | (2.3)                     | 1.3           | (4.6)                    | 1.7           |
| Income (loss) from continuing operations before income taxes | 65.1                      | 23.3          | (21.2)                   | 3.1           |
| Income tax (benefit) expense                                 | (337.8)                   | 19.5          | (464.9)                  | 49.1          |
| Net income (loss) from continuing operations                 | 402.9                     | 3.8           | 443.7                    | (46.0)        |
| Income from discontinued operations - FGL, net of tax        | 5.9                       | 7.7           | 465.9                    | 195.4         |
| (Loss) income from discontinued operations - GBA, net of tax | (9.5)                     | 28.3          | 32.0                     | 99.8          |
| Net income   | 399.3                     | 39.8          | 941.6                    | 249.2         |
| Net income attributable to non-controlling interest          | 22.0                      | 37.7          | 93.9                     | 117.0         |
| Net income attributable to controlling interest              | \$ 377.3                  | \$ 2.1        | \$ 847.7                 | \$ 132.2      |
| <b>Amounts attributable to controlling interest</b>          |                           |               |                          |               |
| controlling interest   | \$ 377.4                  | \$ (16.6)     | \$ 368.1                 | \$ (88.6)     |
| controlling interest   | (0.1)                     | 18.7          | 479.6                    | 220.8         |
| Net income attributable to controlling interest              | \$ 377.3                  | \$ 2.1        | \$ 847.7                 | \$ 132.2      |
| <b>Earnings Per Share</b>                                    |                           |               |                          |               |
| Basic earnings per share from continuing operations          | \$ 11.52                  | \$ (0.51)     | \$ 11.31                 | \$ (2.75)     |
| Basic earnings per share from discontinued operations        | —                         | 0.57          | 14.74                    | 6.85          |
| Basic earnings per share                                     | \$ 11.52                  | \$ 0.06       | \$ 26.05                 | \$ 4.10       |
| Diluted earnings per share from continuing operations        | \$ 11.51                  | \$ (0.51)     | \$ 11.26                 | \$ (2.75)     |
| Diluted earnings per share from discontinued operations      | —                         | 0.57          | 14.67                    | 6.85          |
| Diluted earnings per share                                   | \$ 11.51                  | \$ 0.06       | \$ 25.93                 | \$ 4.10       |
| <b>Weighted Average Shares Outstanding</b>                   |                           |               |                          |               |
| Basic  | 32.7                      | 32.3          | 32.5                     | 32.2          |
| Diluted  | 32.8                      | 32.3          | 32.7                     | 32.2          |

SPECTRUM BRANDS HOLDINGS, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (unaudited)

| (in millions)   | Nine Month Periods Ended |               |
|---|--------------------------|---------------|
|   | June 30, 2018            | June 30, 2017 |
| <b>Cash flows from operating activities</b>                                 |                          |               |
| Net income  | \$ 941.6                 | \$ 249.2      |
| Income from discontinued operations, net of tax                             | 497.9                    | 295.2         |
| Net income from continuing operations                                       | 443.7                    | (46.0)        |
| Adjustments to reconcile net income to net cash from operating activities:  |                          |               |
| Depreciation and amortization   | 99.4                     | 94.3          |
| Share based compensation  | 6.4                      | 28.5          |
| Amortization of debt issuance costs and debt discount                       | 16.3                     | 13.2          |
| Write-off of una amortized discount and debt issuance costs                 | (0.6)                    | 2.5           |
| Purchase accounting inventory adjustment                                    | 0.8                      | 0.8           |
| Pet safety recall inventory write-off                                       | 3.6                      | 13.0          |
| Dividends from subsidiaries classified as discontinued operations           | 3.1                      | 9.3           |
| Deferred tax (benefit) expense  | (497.9)                  | 17.4          |
| Net changes in operating assets and liabilities                             | (226.0)                  | (211.4)       |
| Net cash used by operating activities from continuing operations            | (151.2)                  | (78.4)        |
| Net cash provided by operating activities from discontinued operations      | 94.8                     | 308.5         |
| Net cash (used) provided by operating activities                            | (56.4)                   | 230.1         |
| <b>Cash flows from investing activities</b>                                 |                          |               |
| Purchases of property, plant and equipment                                  | (49.2)                   | (51.1)        |
| Proceeds from sales of property, plant and equipment                        | 2.8                      | 3.6           |
| Business acquisitions, net of cash acquired                                 | —                        | (304.7)       |
| Proceeds from sale of insurance operations                                  | 1,546.8                  | —             |
| Net asset-based loan repayments   | —                        | 29.8          |
| Other investing activities, net   | (0.4)                    | (1.2)         |
| Net cash provided (used) by investing activities from continuing operations | 1,500.0                  | (323.6)       |
| Net cash used by investing activities from discontinued operations          | (201.8)                  | (991.3)       |
| Net cash provided (used) by investing activities                            | 1,298.2                  | (1,314.9)     |
| <b>Cash flows from financing activities</b>                                 |                          |               |
| Proceeds from issuance of debt  | 555.3                    | 606.9         |
| Payment of debt   | (1,007.6)                | (244.7)       |
| Payment of debt issuance costs  | (0.4)                    | (7.0)         |
| Purchase of subsidiary stock, net   | (288.0)                  | (165.9)       |
| Purchase of non-controlling interest  | —                        | (12.6)        |
| Dividend paid by subsidiary to non-controlling interest                     | (28.4)                   | (30.3)        |
| Share based award tax withholding payments, net of proceeds upon vesting    | (24.3)                   | (40.7)        |
| Other financing activities, net   | 20.7                     | 5.5           |
| Net cash (used) provided by financing activities from continuing operations | (772.7)                  | 111.2         |
| Net cash provided by financing activities from discontinued operations      | 116.2                    | 701.9         |
| Net cash (used) provided by financing activities                            | (656.5)                  | 813.1         |
| Effect of exchange rate changes on cash and cash equivalents                | (3.1)                    | (1.5)         |
| Net change in cash and cash equivalents                                     | 582.2                    | (273.2)       |
| Net change in cash and cash equivalents in discontinued operations          | 37.7                     | (74.2)        |
| Net change in cash and cash equivalents in continuing operations            | 544.5                    | (199.0)       |
| Cash and cash equivalents, beginning of period                              | 270.1                    | 465.2         |
| Cash and cash equivalents, end of period                                    | \$ 814.6                 | \$ 266.2      |

**SPECTRUM BRANDS HOLDINGS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (unaudited)**

| <b>(in millions)</b>                             | <b>June 30, 2018</b> | <b>September 30, 2017</b> |
|--|----------------------|---------------------------|
| <b>Assets</b>                                    |                      |                           |
| Cash and cash equivalents                        | \$ 814.6             | \$ 270.1                  |
| Trade receivables, net                           | 384.2                | 266.0                     |
| Other receivables                                | 38.1                 | 19.7                      |
| Inventories                                      | 546.7                | 496.3                     |
| Prepaid expenses and other current assets        | 69.1                 | 54.8                      |
| Current assets of business held for sale         | 1,910.5              | 28,929.2                  |
| Total current assets                             | 3,763.2              | 30,036.1                  |
| Property, plant and equipment, net               | 497.4                | 503.9                     |
| Deferred charges and other                       | 418.0                | 43.7                      |
| Goodwill   | 2,269.4              | 2,277.1                   |
| Intangible assets, net                           | 1,564.8              | 1,612.0                   |
| Noncurrent assets of business held for sale      | —                    | 1,376.9                   |
| Total assets                                     | <u>\$ 8,512.8</u>    | <u>\$ 35,849.7</u>        |
| <b>Liabilities and Shareholders' Equity</b>      |                      |                           |
| Current portion of long-term debt                | \$ 70.8              | \$ 161.4                  |
| Accounts payable                                 | 348.3                | 373.1                     |
| Accrued wages and salaries                       | 49.6                 | 55.4                      |
| Accrued interest                                 | 75.7                 | 78.0                      |
| Other current liabilities                        | 130.6                | 125.8                     |
| Current liabilities of business held for sale    | 525.3                | 26,851.3                  |
| Total current liabilities                        | 1,200.3              | 27,645.0                  |
| Long-term debt, net of current portion           | 5,189.4              | 5,543.7                   |
| Deferred income taxes                            | 314.2                | 493.2                     |
| Other long-term liabilities                      | 119.1                | 64.8                      |
| Noncurrent liabilities of business held for sale | —                    | 156.1                     |
| Total liabilities                                | 6,823.0              | 33,902.8                  |
| Shareholders' equity                             | 1,052.4              | 758.0                     |
| Noncontrolling interest                          | 637.4                | 1,188.9                   |
| Total equity                                     | 1,689.8              | 1,946.9                   |
| Total liabilities and equity                     | <u>\$ 8,512.8</u>    | <u>\$ 35,849.7</u>        |

SPECTRUM BRANDS HOLDINGS, INC.

RECONCILIATION OF GAAP DILUTED EARNINGS PER SHARE TO ADJUSTED DILUTED EARNINGS PER SHARE

|   | Three Month Period Ended June 30, 2018 |           |          | Three Month Period Ended June 30, 2017 |           |         |
|---|--|-----------|----------|--|-----------|---------|
|   | Cont. Ops                              | Disc. Ops | Total    | Cont. Ops                              | Disc. Ops | Total   |
| Diluted earnings per share, as reported       | \$ 11.51                               | \$ —      | \$ 11.51 | \$ (0.51)                              | \$ 0.57   | \$ 0.06 |
| Adjustments:                                  |  |           |          |  |           |         |
| HRG Merger share exchange proforma adjustment | (4.02)                                 | (0.07)    | (4.09)   | 0.58                                   | (0.05)    | 0.53    |
| Acquisition and integration related charges   | 0.04                                   | 0.45      | 0.49     | 0.09                                   | 0.01      | 0.10    |
| Restructuring and related charges             | 0.47                                   | 0.01      | 0.48     | 0.37                                   | —         | 0.37    |
| Debt refinancing costs                        | —                                      | —         | —        | 0.02                                   | —         | 0.02    |
| Purchase accounting inventory adjustment      | —                                      | —         | —        | 0.01                                   | —         | 0.01    |
| Pet safety recall                             | 0.10                                   | —         | 0.10     | 0.44                                   | —         | 0.44    |
| HRG merger related transaction costs          | 0.06                                   | —         | 0.06     | 0.03                                   | —         | 0.03    |
| Non-recurring HRG net operating costs         | 0.03                                   | —         | 0.03     | 0.15                                   | —         | 0.15    |
| Salus   | —                                      | —         | —        | 0.01                                   | —         | 0.01    |
| HRG interest expense                          | 0.37                                   | —         | 0.37     | 0.64                                   | —         | 0.64    |
| Other   | 0.06                                   | —         | 0.06     | —                                      | —         | —       |
| Income tax adjustment                         | (6.86)                                 | (0.20)    | (7.06)   | (0.41)                                 | 0.04      | (0.37)  |
| Total Adjustments                             | (9.75)                                 | 0.19      | (9.56)   | 1.93                                   | —         | 1.93    |
| Diluted earnings per share, as adjusted       | \$ 1.76                                | \$ 0.19   | \$ 1.95  | \$ 1.42                                | \$ 0.57   | \$ 1.99 |

|   | Nine Month Period Ended June 30, 2018 |           |          | Nine Month Period Ended June 30, 2017 |           |         |
|---|---------------------------------------|-----------|----------|---------------------------------------|-----------|---------|
|   | Cont. Ops                             | Disc. Ops | Total    | Cont. Ops                             | Disc. Ops | Total   |
| Diluted earnings per share, as reported       | \$ 11.26                              | \$ 14.67  | \$ 25.93 | \$ (2.75)                             | \$ 6.85   | \$ 4.10 |
| Adjustments:                                  |                                       |           |          |                                       |           |         |
| HRG Merger share exchange proforma adjustment | (3.19)                                | (5.71)    | (8.90)   | 1.94                                  | (2.24)    | (0.30)  |
| Acquisition and integration related charges   | 0.22                                  | 0.90      | 1.12     | 0.20                                  | 0.06      | 0.26    |
| Restructuring and related charges             | 1.25                                  | 0.03      | 1.28     | 0.55                                  | 0.02      | 0.57    |
| Debt refinancing costs                        | —                                     | —         | —        | 0.15                                  | —         | 0.15    |
| Purchase accounting inventory adjustment      | 0.02                                  | —         | 0.02     | 0.01                                  | —         | 0.01    |
| Pet safety recall                             | 0.30                                  | —         | 0.30     | 0.44                                  | —         | 0.44    |
| HRG merger related transaction costs          | 0.40                                  | —         | 0.40     | 0.07                                  | —         | 0.07    |
| Non-recurring HRG net operating costs         | 0.24                                  | —         | 0.24     | 0.59                                  | —         | 0.59    |
| Salus   | 0.02                                  | —         | 0.02     | 0.09                                  | —         | 0.09    |
| HRG interest expense                          | 1.50                                  | —         | 1.50     | 1.95                                  | —         | 1.95    |
| Other   | 0.06                                  | —         | 0.06     | —                                     | —         | —       |
| Income tax adjustment                         | (9.36)                                | (2.38)    | (11.74)  | (0.57)                                | (0.27)    | (0.84)  |
| Total Adjustments                             | (8.54)                                | (7.16)    | (15.70)  | 5.42                                  | (2.43)    | 2.99    |
| Diluted earnings per share, as adjusted       | \$ 2.72                               | \$ 7.51   | \$ 10.23 | \$ 2.67                               | \$ 4.42   | \$ 7.09 |

**SPECTRUM BRANDS HOLDINGS, INC.**  
**ACQUISITION AND INTEGRATION RELATED CHARGES**

| <b>(in millions)</b>                                     | <b>Three Month Periods Ended June 30, 2018</b> |                  |                | <b>Three Month Periods Ended June 30, 2017</b> |                  |               |
|--|--|------------------|----------------|--|------------------|---------------|
|  | <b>Cont. Ops</b>                               | <b>Disc. Ops</b> | <b>Total</b>   | <b>Cont. Ops</b>                               | <b>Disc. Ops</b> | <b>Total</b>  |
| HHI Business   | \$ 0.9   | \$ —             | \$ 0.9         | \$ 1.8   | \$ —             | \$ 1.8        |
| PetMatrix  | 0.8  | —                | 0.8            | 1.7  | —                | 1.7           |
| Armored AutoGroup  | —  | —                | —              | 0.3  | 0.3              | 0.6           |
| Other  | 0.6  | 24.3             | 24.9           | 1.4  | 0.3              | 1.7           |
| <b>Total acquisition and integration related charges</b> | <b>\$ 2.3</b>                                  | <b>\$ 24.3</b>   | <b>\$ 26.6</b> | <b>\$ 5.2</b>                                  | <b>\$ 0.6</b>    | <b>\$ 5.8</b> |

| <b>(in millions)</b>                                     | <b>Nine Month Periods Ended June 30, 2018</b> |                  |                | <b>Nine Month Periods Ended June 30, 2017</b> |                  |                |
|--|---|------------------|----------------|---|------------------|----------------|
|  | <b>Cont. Ops</b>                              | <b>Disc. Ops</b> | <b>Total</b>   | <b>Cont. Ops</b>                              | <b>Disc. Ops</b> | <b>Total</b>   |
| HHI Business   | \$ 5.5  | \$ —             | \$ 5.5         | \$ 5.7  | \$ —             | \$ 5.7         |
| PetMatrix  | 4.5   | —                | 4.5            | 2.0   | —                | 2.0            |
| Armored AutoGroup  | 0.6   | —                | 0.6            | 2.1   | 0.9              | 3.0            |
| Other  | 1.4   | 49.4             | 50.8           | 1.8   | 2.5              | 4.3            |
| <b>Total acquisition and integration related charges</b> | <b>\$ 12.0</b>                                | <b>\$ 49.4</b>   | <b>\$ 61.4</b> | <b>\$ 11.6</b>                                | <b>\$ 3.4</b>    | <b>\$ 15.0</b> |

**SPECTRUM BRANDS HOLDINGS, INC.**  
**RESTRUCTURING AND RELATED CHARGES**

| <b>(in millions)</b>                           | <b>Three Month Periods Ended June 30, 2018</b> |                  |                | <b>Three Month Periods Ended June 30, 2017</b> |                  |                |
|--|--|------------------|----------------|--|------------------|----------------|
|  | <b>Cont. Ops</b>                               | <b>Disc. Ops</b> | <b>Total</b>   | <b>Cont. Ops</b>                               | <b>Disc. Ops</b> | <b>Total</b>   |
| HHI distribution center consolidation          | \$ 11.6  | \$ —             | \$ 11.6        | \$ 9.0   | \$ —             | \$ 9.0         |
| GAC business rationalization initiative        | 6.3  | —                | 6.3            | 12.8   | —                | 12.8           |
| PET rightsizing initiative                     | 3.1  | —                | 3.1            | 2.2  | —                | 2.2            |
| Other restructuring activities                 | 4.4  | 0.4              | 4.8            | (2.8)  | —                | (2.8)          |
| <b>Total restructuring and related charges</b> | <b>\$ 25.4</b>                                 | <b>\$ 0.4</b>    | <b>\$ 25.8</b> | <b>\$ 21.2</b>                                 | <b>\$ —</b>      | <b>\$ 21.2</b> |

| <b>(in millions)</b>                           | <b>Nine Month Periods Ended June 30, 2018</b> |                  |                | <b>Nine Month Periods Ended June 30, 2017</b> |                  |                |
|--|---|------------------|----------------|---|------------------|----------------|
|  | <b>Cont. Ops</b>                              | <b>Disc. Ops</b> | <b>Total</b>   | <b>Cont. Ops</b>                              | <b>Disc. Ops</b> | <b>Total</b>   |
| HHI distribution center consolidation          | \$ 40.4                                       | \$ —             | \$ 40.4        | \$ 9.1  | \$ —             | \$ 9.1         |
| GAC business rationalization initiative        | 13.5  | —                | 13.5           | 19.8  | —                | 19.8           |
| PET rightsizing initiative                     | 7.1   | —                | 7.1            | 2.8   | —                | 2.8            |
| Other restructuring activities                 | 8.0   | 1.4              | 9.4            | (0.4)   | 1.4              | 1.0            |
| <b>Total restructuring and related charges</b> | <b>\$ 69.0</b>                                | <b>\$ 1.4</b>    | <b>\$ 70.4</b> | <b>\$ 31.3</b>                                | <b>\$ 1.4</b>    | <b>\$ 32.7</b> |



**SPECTRUM BRANDS HOLDINGS, INC.**  
**NET SALES SUMMARY**

| (in millions, except %) | Three Month Periods Ended |                 |          |       | Nine Month Periods Ended |                   |          |        |
|-------------------------|---------------------------|-----------------|----------|-------|--------------------------|-------------------|----------|--------|
|                         | June 30, 2018             | June 30, 2017   | Variance |       | June 30, 2018            | June 30, 2017     | Variance |        |
| HHI                     | \$ 372.4                  | \$ 324.7        | 47.7     | 14.7% | \$ 1,016.8               | \$ 927.2          | 89.6     | 9.7%   |
| PET                     | 194.7                     | 190.0           | 4.7      | 2.5%  | 608.3                    | 576.0             | 32.3     | 5.6%   |
| H&G                     | 203.2                     | 192.4           | 10.8     | 5.6%  | 370.6                    | 374.2             | (3.6)    | (1.0%) |
| GAC                     | 175.2                     | 155.8           | 19.4     | 12.5% | 362.4                    | 344.2             | 18.2     | 5.3%   |
| Total                   | <u>\$ 945.5</u>           | <u>\$ 862.9</u> | 82.6     | 9.6%  | <u>\$ 2,358.1</u>        | <u>\$ 2,221.6</u> | 136.5    | 6.1%   |

**SPECTRUM BRANDS HOLDINGS, INC.**  
**RECONCILIATION OF GAAP NET SALES TO ORGANIC NET SALES**

| Three month periods ended<br>(in millions, except %) | June 30, 2018   |                                  |   |                        |                      |                 | Net Sales<br>June 30, 2017 |        | Variance |  |
|--|-----------------|----------------------------------|---|------------------------|----------------------|-----------------|----------------------------|--------|----------|--|
|  | Net Sales       | Effect of Changes in<br>Currency | Net Sales Excluding<br>Effect of Changes in | Effect of Acquisitions | Organic<br>Net Sales |                 |                            |        |          |  |
| HHI  | 372.4           | (1.3)                            | 371.1                                       | —                      | 371.1                | 324.7           | 46.4                       | 14.3%  |          |  |
| PET  | 194.7           | (2.9)                            | 191.8                                       | (14.5)                 | 177.3                | 190.0           | (12.7)                     | (6.7%) |          |  |
| H&G  | 203.2           | —                                | 203.2                                       | —                      | 203.2                | 192.4           | 10.8                       | 5.6%   |          |  |
| GAC  | 175.2           | (0.7)                            | 174.5                                       | —                      | 174.5                | 155.8           | 18.7                       | 12.0%  |          |  |
| Total  | <u>\$ 945.5</u> | <u>\$ (4.9)</u>                  | <u>\$ 940.6</u>                             | <u>\$ (14.5)</u>       | <u>\$ 926.1</u>      | <u>\$ 862.9</u> | 63.2                       | 7.3%   |          |  |

| Nine month periods ended<br>(in millions, except %) | June 30, 2018     |                                  |   |                        |                      |                   | Net Sales<br>June 30, 2017 |        | Variance |  |
|---|-------------------|----------------------------------|---|------------------------|----------------------|-------------------|----------------------------|--------|----------|--|
|   | Net Sales         | Effect of Changes in<br>Currency | Net Sales Excluding<br>Effect of Changes in | Effect of Acquisitions | Organic<br>Net Sales |                   |                            |        |          |  |
| HHI   | 1,016.8           | (5.9)                            | 1,010.9                                     | —                      | 1,010.9              | 927.2             | 83.7                       | 9.0%   |          |  |
| PET   | 608.3             | (16.3)                           | 592.0                                       | (64.5)                 | 527.5                | 576.0             | (48.5)                     | (8.4%) |          |  |
| H&G   | 370.6             | —                                | 370.6                                       | —                      | 370.6                | 374.2             | (3.6)                      | (1.0%) |          |  |
| GAC   | 362.4             | (2.6)                            | 359.8                                       | —                      | 359.8                | 344.2             | 15.6                       | 4.5%   |          |  |
| Total   | <u>\$ 2,358.1</u> | <u>\$ (24.8)</u>                 | <u>\$ 2,333.3</u>                           | <u>\$ (64.5)</u>       | <u>\$ 2,268.8</u>    | <u>\$ 2,221.6</u> | 47.2                       | 2.1%   |          |  |

## SPECTRUM BRANDS HOLDINGS, INC.

## RECONCILIATION OF GAAP NET INCOME TO ADJUSTED EBITDA, ADJUSTED EBITDA MARGIN, ORGANIC ADJUSTED EBITDA

| <b>Three month period ended June 30, 2018 (in millions, except %)</b> | <b>HHI</b> | <b>PET</b> | <b>H&amp;G</b> | <b>GAC</b> | <b>Corporate</b> | <b>Consolidated</b> |
|---|------------|------------|----------------|------------|------------------|---------------------|
| Net income from continuing operations                                 | \$ 52.1    | \$ 14.4    | \$ 52.2        | \$ 38.2    | \$ 246.0         | \$ 402.9            |
| Income tax benefit  | —          | —          | —              | —          | (337.8)          | (337.8)             |
| Interest expense  | —          | —          | —              | —          | 63.5             | 63.5                |
| Depreciation and amortization   | 8.9        | 10.6       | 4.7            | 4.3        | 3.7              | 32.2                |
| EBITDA  | 61.0       | 25.0       | 56.9           | 42.5       | (24.6)           | 160.8               |
| Share based compensation  | —          | —          | —              | —          | 5.3              | 5.3                 |
| Acquisition and integration related charges                           | 0.9        | 1.1        | —              | —          | 0.3              | 2.3                 |
| Restructuring and related charges                                     | 12.0       | 3.7        | 0.1            | 7.6        | 2.0              | 25.4                |
| Pet safety recall   | —          | 5.1        | —              | —          | —                | 5.1                 |
| HRG merger related transaction charges                                | —          | —          | —              | —          | 3.1              | 3.1                 |
| Non-recurring HRG operating costs and interest income                 | —          | —          | —              | —          | 1.2              | 1.2                 |
| Salus   | —          | —          | —              | —          | (0.1)            | (0.1)               |
| Other   | —          | —          | —              | —          | 3.3              | 3.3                 |
| Adjusted EBITDA   | \$ 73.9    | \$ 34.9    | \$ 57.0        | \$ 50.1    | \$ (9.5)         | \$ 206.4            |
| Net Sales   | 372.4      | 194.7      | 203.2          | 175.2      | —                | 945.5               |
| Adjusted EBITDA Margin  | 19.8%      | 17.9%      | 28.1%          | 28.6%      | —                | 21.8%               |
| <b>Three month period ended June 30, 2017 (in millions, except %)</b> | <b>HHI</b> | <b>PET</b> | <b>H&amp;G</b> | <b>GAC</b> | <b>Corporate</b> | <b>Consolidated</b> |
| Net income from continuing operations                                 | \$ 44.4    | \$ (5.4)   | \$ 55.3        | \$ 32.5    | \$ (123.0)       | \$ 3.8              |
| Income tax expense  | —          | —          | —              | —          | 19.5             | 19.5                |
| Interest expense  | —          | —          | —              | —          | 76.1             | 76.1                |
| Depreciation and amortization   | 9.8        | 10.8       | 4.2            | 5.1        | 3.0              | 32.9                |
| EBITDA  | 54.2       | 5.4        | 59.5           | 37.6       | (24.4)           | 132.3               |
| Share based compensation  | —          | —          | —              | —          | 5.0              | 5.0                 |
| Acquisition and integration related charges                           | 1.8        | 3.0        | —              | 0.3        | 0.1              | 5.2                 |
| Restructuring and related charges                                     | 6.2        | 2.0        | —              | 12.8       | 0.2              | 21.2                |
| Inventory acquisition step-up   | —          | 0.8        | —              | —          | —                | 0.8                 |
| Pet safety recall   | —          | 24.9       | —              | —          | —                | 24.9                |
| HRG merger related transaction charges                                | —          | —          | —              | —          | 1.4              | 1.4                 |
| Non-recurring HRG operating costs and interest income                 | —          | —          | —              | —          | 7.8              | 7.8                 |
| Salus   | —          | —          | —              | —          | 0.7              | 0.7                 |
| Adjusted EBITDA   | \$ 62.2    | \$ 36.1    | \$ 59.5        | \$ 50.7    | \$ (9.2)         | \$ 199.3            |
| Net Sales   | 324.7      | 190.0      | 192.4          | 155.8      | —                | 862.9               |
| Adjusted EBITDA Margin  | 19.2%      | 19.0%      | 30.9%          | 32.5%      | —                | 23.1%               |
| <b>Organic Adjusted EBITDA (in millions, except %)</b>                | <b>HHI</b> | <b>PET</b> | <b>H&amp;G</b> | <b>GAC</b> | <b>Corporate</b> | <b>Consolidated</b> |
| Adjusted EBITDA - three month period ended July 1, 2018               | \$ 73.9    | \$ 34.9    | \$ 57.0        | \$ 50.1    | \$ (9.5)         | \$ 206.4            |
| Effect of change in foreign currency                                  | (1.8)      | 0.6        | —              | 0.5        | 0.3              | (0.4)               |
| Net EBITDA Excluding Effect of Changes in Currency                    | 72.1       | 35.5       | 57.0           | 50.6       | (9.2)            | 206.0               |
| Effect of acquisitions  | —          | (5.6)      | —              | —          | —                | (5.6)               |
| Organic Adjusted EBITDA   | 72.1       | 29.9       | 57.0           | 50.6       | (9.2)            | 200.4               |
| Adjusted EBITDA - three month period ended July 2, 2017               | 62.2       | 36.1       | 59.5           | 50.7       | (9.2)            | 199.3               |
| Increase (Decrease) in Organic Adjusted EBITDA                        | \$ 9.9     | \$ (6.2)   | \$ (2.5)       | \$ (0.1)   | \$ —             | \$ 1.1              |
| Increase (Decrease) in Organic Adjusted EBITDA (%)                    | 15.9%      | (17.2%)    | (4.2%)         | (0.2%)     | 0.0%             | 0.6%                |

## SPECTRUM BRANDS HOLDINGS, INC.

## RECONCILIATION OF GAAP NET INCOME TO ADJUSTED EBITDA, ADJUSTED EBITDA MARGIN, ORGANIC ADJUSTED EBITDA

| <b>Nine month period ended June 30, 2018 (in millions, except %)</b> | <b>HHI</b> | <b>PET</b> | <b>H&amp;G</b> | <b>GAC</b> | <b>Corporate</b> | <b>Consolidated</b> |
|--|------------|------------|----------------|------------|------------------|---------------------|
| Net income from continuing operations                                | \$ 101.8   | \$ 42.5    | \$ 73.4        | \$ 57.3    | \$ 168.7         | \$ 443.7            |
| Income tax benefit   | —          | —          | —              | —          | (464.9)          | (464.9)             |
| Interest expense   | —          | —          | —              | —          | 206.6            | 206.6               |
| Depreciation and amortization  | 31.4       | 31.7       | 14.0           | 12.1       | 10.2             | 99.4                |
| EBITDA   | 133.2      | 74.2       | 87.4           | 69.4       | (79.4)           | 284.8               |
| Share based compensation   | —          | —          | —              | —          | 6.4              | 6.4                 |
| Acquisition and integration related charges                          | 5.5        | 5.2        | —              | 0.6        | 0.7              | 12.0                |
| Restructuring and related charges                                    | 40.8       | 8.1        | 0.3            | 14.7       | 5.1              | 69.0                |
| Inventory acquisition step-up  | —          | 0.8        | —              | —          | —                | 0.8                 |
| Pet safety recall  | —          | 16.3       | —              | —          | —                | 16.3                |
| HRG merger related transaction charges                               | —          | —          | —              | —          | 22.0             | 22.0                |
| Non-recurring HRG operating costs and interest income                | —          | —          | —              | —          | 11.9             | 11.9                |
| Salus  | —          | —          | —              | —          | 1.2              | 1.2                 |
| Other  | —          | —          | —              | —          | 3.3              | 3.3                 |
| Adjusted EBITDA  | \$ 179.5   | \$ 104.6   | \$ 87.7        | \$ 84.7    | \$ (28.8)        | \$ 427.7            |
| Net Sales  | 1,016.8    | 608.3      | 370.6          | 362.4      | —                | 2,358.1             |
| Adjusted EBITDA Margin   | 17.7%      | 17.2%      | 23.7%          | 23.4%      | —                | 18.1%               |
| <b>Nine month period ended June 30, 2017 (in millions, except %)</b> | <b>HHI</b> | <b>PET</b> | <b>H&amp;G</b> | <b>GAC</b> | <b>Corporate</b> | <b>Consolidated</b> |
| Net income from continuing operations                                | \$ 136.7   | \$ 34.1    | \$ 88.4        | \$ 80.1    | \$ (385.3)       | \$ (46.0)           |
| Income tax expense   | —          | —          | —              | —          | 49.1             | 49.1                |
| Interest expense   | —          | —          | —              | —          | 232.4            | 232.4               |
| Depreciation and amortization  | 28.0       | 31.6       | 12.4           | 13.9       | 8.4              | 94.3                |
| EBITDA   | 164.7      | 65.7       | 100.8          | 94.0       | (95.4)           | 329.8               |
| Share based compensation   | —          | —          | —              | —          | 28.5             | 28.5                |
| Acquisition and integration related charges                          | 5.6        | 3.6        | —              | 2.1        | 0.3              | 11.6                |
| Restructuring and related charges                                    | 7.7        | 3.7        | —              | 19.8       | 0.1              | 31.3                |
| Inventory acquisition step-up  | —          | 0.8        | —              | —          | —                | 0.8                 |
| Pet safety recall  | —          | 24.9       | —              | —          | —                | 24.9                |
| HRG merger related transaction charges                               | —          | —          | —              | —          | 4.2              | 4.2                 |
| Non-recurring HRG operating costs and interest income                | —          | —          | —              | —          | 28.6             | 28.6                |
| Salus  | —          | —          | —              | —          | 5.0              | 5.0                 |
| Adjusted EBITDA  | \$ 178.0   | \$ 98.7    | \$ 100.8       | \$ 115.9   | \$ (28.7)        | \$ 464.7            |
| Net Sales  | 927.2      | 576.0      | 374.2          | 344.2      | —                | 2,221.6             |
| Adjusted EBITDA Margin   | 19.2%      | 17.1%      | 26.9%          | 33.7%      | —                | 20.9%               |
| <b>Organic Adjusted EBITDA (in millions, except %)</b>               | <b>HHI</b> | <b>PET</b> | <b>H&amp;G</b> | <b>GAC</b> | <b>Corporate</b> | <b>Consolidated</b> |
| Adjusted EBITDA - nine month period ended July 1, 2018               | \$ 179.5   | \$ 104.6   | \$ 87.7        | \$ 84.7    | \$ (28.8)        | \$ 427.7            |
| Effect of change in foreign currency                                 | 0.2        | (0.5)      | —              | 0.1        | 1.0              | 0.8                 |
| Net EBITDA Excluding Effect of Changes in Currency                   | 179.7      | 104.1      | 87.7           | 84.8       | (27.8)           | 428.5               |
| Effect of acquisitions   | —          | (22.8)     | —              | —          | —                | (22.8)              |
| Organic Adjusted EBITDA  | 179.7      | 81.3       | 87.7           | 84.8       | (27.8)           | 405.7               |
| Adjusted EBITDA - six month period ended July 2, 2017                | 178.0      | 98.7       | 100.8          | 115.9      | (28.7)           | 464.7               |
| Increase (Decrease) in Organic Adjusted EBITDA                       | \$ 1.7     | \$ (17.4)  | \$ (13.1)      | \$ (31.1)  | \$ 0.9           | \$ (59.0)           |
| Increase (Decrease) in Organic Adjusted EBITDA (%)                   | 1.0%       | (17.6%)    | (13.0%)        | (26.8%)    | (3.1%)           | (12.7%)             |

**SPECTRUM BRANDS HOLDINGS, INC.**  
**RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA**

| <b>(in millions)</b>                        | <b>Cont. Ops</b>    | <b>Disc Ops</b>     | <b>Total</b>        |
|---|---------------------|---------------------|---------------------|
| Net income                                  | \$ 207 - 221        | \$ 78 - 86          | \$ 285 - 307        |
| Income tax (benefit) expense                | (78) - (75)         | (7) - (5)           | (85) - (80)         |
| Interest expense                            | 161 - 167           | 54 - 58             | 215 - 225           |
| Depreciation and amortization               | 122 - 127           | 73 - 78             | 195 - 205           |
| EBITDA                                      | 418 - 435           | 201 - 211           | 619 - 646           |
| Share based compensation                    | 18                  | 2                   | 20                  |
| Acquisition and integration related charges | 14 - 15             | 59 - 61             | 73 - 76             |
| Restructuring and related charges           | 88 - 90             | 2                   | 90 - 92             |
| Inventory acquisition step-up               | 1                   | —                   | 1                   |
| Pet safety recall                           | 16 - 18             | —                   | 16 - 18             |
| Other                                       | 41 - 43             | —                   | 41 - 43             |
| Adjusted EBITDA                             | <u>\$ 600 - 617</u> | <u>\$ 265 - 275</u> | <u>\$ 865 - 892</u> |

**SPECTRUM BRANDS HOLDINGS, INC.**

**RECONCILIATION OF GAAP CASH FLOW FROM OPERATING ACTIVITIES TO FORECASTED ADJUSTED FREE CASH FLOW**

| <b>(in millions)</b>                         | <b>September 30, 2018</b> | <b>September 30, 2017</b> |
|--|---------------------------|---------------------------|
| Net cash flow from operating activities      | \$ 495 - 520              | \$ 665                    |
| GBA divestiture transaction costs            | 40 - 45                   | —                         |
| HRG merger transaction costs                 | 35 - 40                   | —                         |
| Cash interest charges related to refinancing | —                         | 5                         |
| Stanley settlement payment                   | —                         | 23                        |
| Rawhide recall                               | 10 - 15                   | 9                         |
| Purchases of property, plant and equipment   | (100) - (110)             | (115)                     |
| Adjusted free cash flow                      | <u>\$ 485 - 505</u>       | <u>\$ 587</u>             |