

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): February 2, 2016

**SPECTRUM BRANDS HOLDINGS, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation)

**001-34757**

(Commission File Number)

**27-2166630**

(IRS Employer Identification No.)

**3001 Deming Way**

**Middleton, Wisconsin 53562**

(Address of principal executive offices)

**(608) 275-3340**

(Registrant's telephone number, including area code)

**N/A**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions ( *see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## **Item 2.02 Results of Operations and Financial Condition.**

The following information, including the Exhibit 99.1 referenced in this Item 2.02 to the extent the Exhibit discusses financial results of Spectrum Brands Holdings, Inc. (the “Company” or “Spectrum Brands”) for the fiscal first quarter ended January 3, 2016 is being furnished pursuant to this Item 2.02 and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

On February 2, 2016, the Company issued a press release (the “Earnings Press Release”) discussing, among other things, its financial results for its fiscal first quarter ended January 3, 2016. A copy of the Earnings Press Release is furnished as Exhibit 99.1 to this report.

### **Forward Looking Information**

*Certain matters discussed in this news release and other oral and written statements by representatives of the Company regarding matters such as the Company’s ability to meet its expectations for its fiscal 2016 (including its ability to increase its net sales and adjusted EBITDA) may be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We have tried, whenever possible, to identify these statements by using words like “future,” “anticipate,” “intend,” “plan,” “estimate,” “believe,” “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) Spectrum Brands Holdings’ ability to manage and otherwise comply with its covenants with respect to its significant outstanding indebtedness, (2) our ability to integrate and realize synergies from our recent acquisition and any possible future acquisitions, (3) risks related to 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, (4) changes in consumer demand for the various types of products Spectrum Brands Holdings offers, (5) unfavorable developments in the global credit markets, (6) the impact of overall economic conditions on consumer spending, (7) fluctuations in commodities prices, the costs or availability of raw materials or terms and conditions available from suppliers, (8) changes in the general economic conditions in countries and regions where Spectrum Brands Holdings does business, such as stock market prices, interest rates, currency exchange rates, inflation and consumer spending, (9) Spectrum Brands Holdings’ ability to successfully implement manufacturing, distribution and other cost efficiencies and to continue to benefit from its cost-cutting initiatives, (10) Spectrum Brands Holdings’ ability to identify, develop and retain key employees, (11) unfavorable weather conditions and various other risks and uncertainties, including those discussed herein and those set forth in the securities filings of each of Spectrum Brands Holdings, Inc. and SB/RH Holdings, LLC, including each of their most recently filed Annual Reports on Form 10-K or Quarterly Reports on Form 10-Q.*

*Spectrum Brands Holdings 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 Holdings 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 Holdings 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 Holdings 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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**Item 9.01 Financial Statements and Exhibits.**

- (a) Not applicable.
- (b) Not applicable.
- (c) Not applicable.
- (d) Exhibits.

The following exhibits are being filed with this Current Report on Form 8-K.

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**Exhibit No.**

**Description**

99.1

Earnings Press Release, dated February 2, 2016

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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**SPECTRUM BRANDS HOLDINGS, INC.**

Date: February 2, 2016

By: /s/ Douglas L. Martin  
Printed Name: Douglas L. Martin  
Title: Executive Vice President and Chief Financial Officer

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**For Immediate Release**Investor/Media Contact: Dave Prichard  
608-278-6141**Spectrum Brands Holdings Reports Record Fiscal 2016 First Quarter Results**

- **14.1% reported sales growth and reported EPS of \$1.24**
- **6.3% organic sales growth, 17.8% adjusted EBITDA growth and solid margin expansion**
- **Net cash provided from operating activities after purchases of property, plant and equipment (free cash flow) expected to grow to approximately \$505-\$515 million versus \$454 million in fiscal 2015 and \$359 million in fiscal 2014**
- **Reaffirms outlook for 7<sup>th</sup> consecutive year of record performance in fiscal 2016**

Middleton, WI, February 2, 2016 – Spectrum Brands Holdings, Inc. (NYSE: SPB), a global consumer products company offering an expanding portfolio of leading brands providing superior value to consumers and customers every day, today reported record performance for the first quarter of fiscal 2016 ended January 3, 2016 and reiterated expectations for a seventh consecutive year of record results for fiscal 2016.

During January of 2016, Spectrum Brands' iconic Rayovac® brand began a year-long celebration of its 110<sup>th</sup> anniversary as a worldwide leader in battery power and innovation with a rich heritage of state-of-the-art products offering consumers more power for the money. Also in January, the Company's Baldwin Hardware brand turned "70 Years Bold," launching a celebration of the brand's rich history and milestone 70<sup>th</sup> anniversary throughout 2016.

**Fiscal 2016 First Quarter Highlights:**

- **Net sales of \$1.22 billion in the first quarter of fiscal 2016 increased 14.1 percent compared to \$1.07 billion last year. Excluding the negative impact of \$61.4 million of foreign exchange and sales from recent acquisitions of \$144.9 million, organic sales increased 6.3 percent from the prior year.**
- **Net income of \$73.6 million and diluted earnings per share of \$1.24 in the first quarter of fiscal 2016 compared to net income of \$49.8 million and diluted earnings per share of \$0.94 in fiscal 2015.**
- **Adjusted diluted earnings per share, a non-GAAP measure, of \$1.01 in the first quarter of fiscal 2016 decreased compared to \$1.07 last year predominantly due to the impact of higher interest expense and common shares outstanding and the seasonality of the Global Auto Care business acquired in May 2015. See Table 4 for a reconciliation to GAAP earnings per share.**

- **Adjusted EBITDA, a non-GAAP measure, of \$207.1 million in the first quarter of fiscal 2016 increased 17.8 percent compared to \$175.8 million in fiscal 2015. Excluding the negative impact of foreign exchange of \$33.3 million, as well as acquisition EBITDA of \$29.5 million, organic adjusted EBITDA of \$210.9 million increased 20.0 percent versus the prior year's quarter. See Table 5 for a reconciliation to GAAP net income.**
- **Adjusted EBITDA margin, a non-GAAP measure, in the first quarter of fiscal 2016 improved to 17.0 percent compared to 16.5 percent in the year-ago quarter primarily due to improved mix, operating expense leverage and acquisitions. See Table 5 for a reconciliation to GAAP net income.**
- **In January 2016 the Board of Directors of Spectrum Brands approved a 15.2 percent increase in the quarterly common stock dividend rate to \$0.38, effective with the March 2016 payment.**
- **Fiscal 2016 net cash provided from operating activities after purchases of property, plant and equipment (free cash flow, a non-GAAP measure) is expected to grow to approximately \$505-\$515 million versus \$454 million in fiscal 2015 and \$359 million in fiscal 2014. See Table 6 for a reconciliation to Forecasted GAAP Cash Flow from Operating Activities.**

“Our solid first quarter performance is an excellent start to achieving a 7<sup>th</sup> consecutive year of record performance in fiscal 2016,” said Andreas Rouvé, Chief Executive Officer of Spectrum Brands Holdings.

“Highlights included record Home and Garden and HHI results, and strong performances from our global battery and legacy Pet businesses, and, regionally, in the U.S. as well as in Europe and Latin America on a currency neutral basis in the face of expected and significant foreign currency headwinds,” Mr. Rouvé said. “We are especially pleased with the improved performances of our North American battery and legacy Pet businesses which were challenged in fiscal 2015.

“Our organic net sales growth of 6.3% was broad-based, reflecting contributions from virtually all businesses globally,” Mr. Rouvé said. “Organic adjusted EBITDA grew at a faster rate as every business improved. Higher margins benefited from the leverage of our fixed global infrastructure and shared services platform, and from another quarter of solid cost improvement savings.

“New product introductions also contributed as we work to step up our vitality rate in fiscal 2016 and beyond and selectively invest more behind some of our key brands,” Mr. Rouvé said. “The integration of Global Auto Care continues on a fast and smooth timetable with expected synergies being realized.

“Looking to the rest of the year, we continue to expect healthy top and bottom-line growth from a mix of new products, new customers, distribution and market share gains, increased cross-selling, geographic expansion and continuous improvement savings along with expense controls,” he said. “As in recent years, the second half of our fiscal year should again be larger than the first half, given the seasonal nature of some of our businesses.

“We are managing the business for long-term, sustainable organic growth and therefore are selectively increasing our spending on growth initiatives,” Mr. Rouvé said. “We are making good progress in implementing our Spectrum First organic growth accelerators.”

## **Fiscal 2016 First Quarter Consolidated Financial Results**

Net sales of \$1.22 billion in the first quarter of fiscal 2016 increased 14.1 percent compared to \$1.07 billion in fiscal 2015. Excluding the negative impact of \$61.4 million of foreign exchange, as well as acquisition sales of \$144.9 million, organic sales increased 6.3 percent.

Gross profit and gross profit margin in the first quarter of fiscal 2016 were \$440.7 million and 36.2 percent, respectively, compared to \$370.2 million and 34.7 percent, respectively, last year. The gross profit margin percentage increase was primarily due to the impact of acquisitions and improved mix, partially offset by the negative impact of foreign exchange.

Operating expenses of \$298.2 million in the first quarter of fiscal 2016 compared to \$254.6 million in the prior year. The increase was predominantly due to acquisitions and higher stock-based compensation expense.

The Company reported GAAP net income of \$73.6 million, or \$1.24 diluted income per share, in the first quarter of fiscal 2016 on average diluted shares and common stock equivalents outstanding of 59.2 million. In the first quarter of fiscal 2015, GAAP net income was \$49.8 million, or \$0.94 diluted income per share, on average diluted shares and common stock equivalents outstanding of 53.1 million. Adjusted for certain items in both fiscal years, which are presented in Table 4 of this press release and which management believes are not indicative of the Company’s ongoing normalized operations, the Company generated adjusted diluted earnings per share, a non-GAAP measure, of \$1.01 in the first quarter of fiscal 2016, a decrease of 5.6 percent compared to \$1.07 in fiscal 2015 primarily due to higher interest expense and common shares outstanding.

Adjusted EBITDA, a non-GAAP measure, of \$207.1 million in the first quarter of fiscal 2016 increased 17.8 percent compared to \$175.8 million in fiscal 2015. Excluding the negative impact of \$33.3 million of foreign exchange, as well as acquisition-related EBITDA of \$29.5 million, organic adjusted EBITDA of \$210.9 increased 20.0 percent versus the first quarter of 2016. All of the Company’s businesses delivered improved adjusted EBITDA on a constant currency basis. Adjusted EBITDA margin of 17.0 percent increased from 16.5 percent last year. See Table 5 for a reconciliation to GAAP net income.

## Fiscal 2016 First Quarter Segment Level Data

### Global Batteries & Appliances

The Global Batteries & Appliances segment reported fiscal 2016 first quarter net sales of \$611.3 million versus \$636.5 million in the year-ago quarter. Excluding the negative impact of \$52.8 million of foreign exchange, fiscal 2016 first quarter net sales increased 4.3 percent. On a constant currency basis, higher net sales for the battery and personal care categories more than offset lower small appliance category revenues.

Global battery net sales of \$252.6 million in the first quarter of fiscal 2016 increased 5.2 percent compared to \$240.2 million in the first quarter of fiscal 2015. Excluding negative foreign exchange impacts of \$23.5 million, fiscal 2016 first quarter net sales improved 14.9 percent. Double-digit growth in North American battery net sales was driven by new alkaline business at certain retailers and the timing of holiday shipments. In Europe, VARTA® battery net sales growth was primarily attributable to alkaline holiday promotions. Latin American battery revenues increased on a constant currency basis as a result of solid growth across the region.

Net sales for the global personal care product category of \$168.8 million in the first quarter of fiscal 2016 compared to \$172.5 million last year. Excluding negative foreign exchange impacts of \$16.0 million, fiscal 2016 first quarter net sales increased 7.1 percent. The improvement was attributable to new retail customers and the timing of holiday shipments in North America and growth on a currency neutral basis in Europe and Latin America from a combination of promotions and new customers in hair care, hair removal and grooming.

Net sales of \$189.9 million in the global small appliances product category in the first quarter of fiscal 2016 compared to \$223.8 million in the year-ago quarter. Excluding negative foreign exchange impacts of \$13.3 million, fiscal 2016 first quarter net sales decreased 9.2 percent. The decline was primarily attributable to competitor discounting and softer category performance in North America, partially offset by increases on a constant currency basis in Europe and Latin America from innovation and new listings.

Global Batteries & Appliances reported segment net income was \$87.7 million versus \$88.2 million in the prior year. Adjusted EBITDA of \$105.5 million in the first quarter of fiscal 2016 compared to \$112.1 million in the year-ago quarter. Excluding negative foreign exchange impacts of \$31.4 million, organic adjusted EBITDA in the first quarter of fiscal 2016 grew 22.1 percent versus the prior year. Adjusted EBITDA margin of 17.3 percent compared to 17.6 percent last year. See Table 5 for a reconciliation to GAAP net income.



## **Hardware & Home Improvement**

The Hardware & Home Improvement (HHI) segment delivered record first quarter results. Net sales of \$282.7 million in the first quarter of fiscal 2016 increased 4.2 percent compared to \$271.2 million in the prior year's quarter. The improvement was driven by growth in U.S. residential security and plumbing categories. The planned exit of unprofitable businesses and expiration of a customer tolling agreement adversely impacted sales growth by 3.3 percent. Excluding the negative impact of foreign exchange of \$4.7 million, net sales increased 6.0 percent in the first quarter of fiscal 2016.

Segment reported net income of \$41.4 million in the first quarter of fiscal 2016 compared to \$38.5 million in the prior year's first quarter. Adjusted EBITDA of \$53.7 million, a record first quarter level, increased 3.5 percent versus \$51.9 million last year. Adjusted EBITDA margin of 19.0 percent compared to 19.1 percent in the prior year. See Table 5 for a reconciliation to GAAP net income.

## **Global Pet Supplies**

The Global Pet Supplies segment reported net sales of \$203.4 million in the first quarter of fiscal 2016 compared to \$120.6 million last year. The increase was driven primarily by acquisition-related revenues of \$71.2 million. Excluding the negative impact of foreign exchange of \$3.9 million, as well as acquisition revenues, fiscal 2016 first quarter net sales of \$136.1 million improved 12.9 percent compared to the prior year. The increase was predominantly attributable to North American aquatics category growth, stronger rawhide and stain and odor product category results, and the timing of holiday shipments.

Segment reported net income was \$16.0 million in the first quarter of fiscal 2016 versus \$2.7 million in the first quarter of fiscal 2015. First quarter adjusted EBITDA of \$29.2 million compared to \$13.0 million in fiscal 2015 due to acquisitions and improved North American legacy business results. Adjusted EBITDA margin increased 360 basis points to 14.4% compared to 10.8% in the prior year. See Table 5 for a reconciliation to GAAP net income.

## **Home and Garden**

The Home and Garden segment reported record first quarter results. Fiscal 2016 first quarter net sales of \$47.7 million increased 20.8 percent compared to \$39.5 million in last year's first quarter. Strong growth in the lawn and garden controls category was driven by warm weather which extended the outdoor season. Household controls and repellent category revenues also increased.

Segment first quarter reported net income was \$3.3 million versus \$0.9 million a year ago. Record first quarter adjusted EBITDA of \$7.1 million increased 18.3 percent versus \$6.0 million a year ago. The adjusted EBITDA margin of 14.9 percent fell 30 basis points from 15.2 percent last year due to revenue driving investments in the quarter. See Table 5 for a reconciliation to GAAP net income.

## **Global Auto Care**

The Global Auto Care (GAC) segment reported net sales of \$73.7 million, adjusted net income of \$8.8 million and adjusted EBITDA of \$19.2 million in the first quarter of fiscal 2016. U.S. appearance, performance and refrigerant category consumption was strong, helped by unseasonably warm weather. Armor All® experienced especially solid point-of-sale at key U.S. customers. Adjusted EBITDA margin was 26.1 percent. See Table 5 for a reconciliation to GAAP net income.

## **Liquidity and Debt**

Spectrum Brands completed its fiscal 2016 first quarter with a solid liquidity position, including a cash balance of approximately \$162 million and approximately \$245 million available, net of letters of credit, on its \$500 million Cash Flow Revolver.

As of the end of the quarter, the Company had approximately \$4,198 million of debt outstanding, excluding discounts and deferred financing fees, consisting of \$230 million outstanding on its Cash Flow Revolver, a series of secured Term Loans in the aggregate amount of \$1,524 million, \$520 million of 6.375% senior unsecured notes, \$570 million of 6.625% senior unsecured notes, \$250 million of 6.125% senior unsecured notes, \$1 billion of 5.75% senior unsecured notes, and approximately \$104 million of capital leases and other obligations.

## **Fiscal 2016 Outlook**

Spectrum Brands expects fiscal 2016 net sales, as reported, to increase in the high-single digit range compared to fiscal 2015 reported net sales of \$4.69 billion, including the positive impacts of the acquisitions of the European pet food business on December 31, 2014, Salix Animal Health on January 16, 2015 and Armored Auto Group on May 21, 2015, along with an anticipated negative impact from foreign exchange of approximately 200 to 220 basis points based on current spot rates.

Fiscal 2016 free cash flow is projected to be approximately \$505-\$515 million compared to \$454 million in fiscal 2015. See Table 6 for a reconciliation to Forecasted GAAP Cash Flow from Operating Activities. Capital expenditures, which were \$89.1 million in fiscal 2015, are expected to be in the range of \$110 million to \$120 million. These incremental investments include the impact of full-year expenditures supporting recent acquisitions, a major aerosol capacity expansion, and support of technology and innovation.

## Conference Call/Webcast Scheduled for 9:00 A.M. Eastern Time Today

Spectrum Brands will host an earnings conference call and webcast at 9:00 a.m. Eastern Time today, February 2. To access the live conference call, U.S. participants may call 877-556-5260 and international participants may call 973-532-4903. The conference ID number is 18638399. A live webcast and related presentation slides will be available by visiting the Event Calendar page in the Investor Relations section of Spectrum Brands' website at [www.spectrumbrands.com](http://www.spectrumbrands.com).

A replay of the live webcast also will be accessible through the Event Calendar page in the Investor Relations section of the Company's website. A telephone replay of the conference call will be available through Tuesday, February 16. To access this replay, participants may call 855-859-2056 and use the same conference ID number.

### **About Spectrum Brands Holdings, Inc.**

*Spectrum Brands Holdings, a member of the Russell 2000 Index, is a global and diversified consumer products company and a leading supplier of consumer batteries, 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, personal insect repellents, and auto care products. Helping to meet the needs of consumers worldwide, our Company offers a broad portfolio of market-leading, well-known and widely trusted brands including Rayovac®, VARTA®, Kwikset®, Weiser®, Baldwin®, National Hardware®, Pfister®, Remington®, George Foreman®, Black + Decker®, Tetra®, Marineland®, Nature's Miracle®, Dingo®, 8-in-1®, FURminator®, IAMS®, Eukanuba®, Healthy-Hide®, Digest-eeze™, Littermaid®, Spectracide®, Cutter®, Repel®, Hot Shot®, Black Flag®, Liquid Fence®, Armor All®, STP® and A/C PRO®. Spectrum Brands' products are sold by the world's top 25 retailers and are available in more than one million stores in approximately 160 countries. Spectrum Brands Holdings generated net sales of approximately \$4.69 billion in fiscal 2015. For more information, visit [www.spectrumbrands.com](http://www.spectrumbrands.com).*

## **Non-GAAP Measurements**

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. Excluding the impact of currency exchange rate fluctuations may provide additional meaningful information about underlying business trends. In addition, within this release, including the tables attached hereto, reference is made to adjusted diluted earnings per share and adjusted earnings before interest, taxes, depreciation and amortization (EBITDA). See attached Table 4, "Reconciliation of GAAP Diluted Income Per Share to Adjusted Diluted Earnings Per Share," for a complete reconciliation of diluted earnings per share on a GAAP basis to adjusted diluted earnings per share, and see attached Table 5, "Reconciliation of GAAP Net Income (Loss) to Adjusted EBITDA," for a reconciliation of GAAP Net Income (Loss) to adjusted EBITDA for the three months ended January 3, 2016 versus the three months ended December 28, 2014. See attached Table 6, "Reconciliation of Forecasted Cash Flow from Operating Activities to Forecasted Free Cash Flow," for a reconciliation of Net Cash provided from Operating Activities to Free Cash Flow for the twelve months ending September 30, 2016. Adjusted EBITDA is a metric used by management 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 can be a useful measure of a company's ability to service debt and is one of the measures used for determining the Company's debt covenant compliance. Adjusted EBITDA excludes certain items that are unusual in nature or not comparable from period to period. In addition, the Company's management uses adjusted diluted earnings per share 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 earnings per share 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. The Company's management believes that free cash flow is useful to both management and investors in their analysis of the Company's ability to service and repay its debt and meet its working capital requirements. Free cash flow should not be considered in isolation or as a substitute for pretax income (loss), net income (loss), cash provided by (used in) operating activities or other statement of operations or cash flow statement data prepared in accordance with GAAP or as a measure of profitability or liquidity. In addition, the calculation of free cash flow does not reflect cash used to service debt and therefore, does not reflect funds available for investment or discretionary uses. 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.

## **Forward-Looking Statements**

*Certain matters discussed in this news release and other oral and written statements by representatives of the Company regarding matters such as the Company's ability to meet its expectations for its fiscal 2016 (including its ability to increase its net sales and adjusted EBITDA) may be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We have tried, whenever possible, to identify these statements by using words like "future," "anticipate," "intend," "plan," "estimate," "believe," "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) Spectrum Brands Holdings' ability to manage and otherwise comply with its covenants with respect to its significant outstanding indebtedness, (2) our ability to integrate and realize synergies from our recent acquisitions and any possible future acquisitions, (3) risks related to 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, (4) changes in consumer demand for the various types of products Spectrum Brands Holdings offers, (5) unfavorable developments in the global credit markets, (6) the impact of overall economic conditions on consumer spending, (7) fluctuations in commodities prices, the costs or availability of raw materials or terms and conditions available from suppliers, (8) changes in the general economic conditions in countries and regions where Spectrum Brands Holdings does business, such as stock market prices, interest rates, currency exchange rates, inflation and consumer spending, (9) Spectrum Brands Holdings' ability to successfully implement manufacturing, distribution and other cost efficiencies and to continue to benefit from its cost-cutting initiatives, (10) Spectrum Brands Holdings' ability to identify, develop and retain key employees, (11) unfavorable weather conditions and various other risks and uncertainties, including those discussed herein and those set forth in the securities filings of each of Spectrum Brands Holdings, Inc. and SB/RH Holdings, LLC, including each of their most recently filed Annual Reports on Form 10-K or Quarterly Reports on Form 10-Q.*

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**Table 1**  
**SPECTRUM BRANDS HOLDINGS, INC.**  
**Condensed Consolidated Statements of Operations**  
**For the three month periods ended January 3, 2016 and December 28, 2014**  
**(unaudited)**

| <b>(in million, except per share amounts)</b>       | <b>Three Month Period Ended</b> |                          |              |
|---|---------------------------------|--------------------------|--------------|
|   | <b>January 3, 2016</b>          | <b>December 28, 2014</b> | <b>INC %</b> |
| Net sales   | \$ 1,218.8                      | \$ 1,067.8               | 14.1%        |
| Cost of goods sold                                  | 778.0                           | 697.4                    |              |
| Restructuring and related charges                   | 0.1                             | 0.2                      |              |
| Gross profit  | 440.7                           | 370.2                    | 19.0%        |
| Operating expenses                                  |                                 |                          |              |
| Selling   | 187.1                           | 159.8                    |              |
| General and administrative                          | 86.3                            | 68.3                     |              |
| Research and development                            | 13.8                            | 11.2                     |              |
| Acquisition and integration related charges         | 9.9                             | 8.1                      |              |
| Restructuring and related charges                   | 1.1                             | 7.2                      |              |
| Total operating expenses                            | 298.2                           | 254.6                    |              |
| Operating income                                    | 142.5                           | 115.6                    |              |
| Interest expense                                    | 58.4                            | 44.4                     |              |
| Other non-operating expense, net                    | 3.5                             | 0.7                      |              |
| Income from operations before income taxes          | 80.6                            | 70.5                     |              |
| Income tax expense                                  | 6.9                             | 20.5                     |              |
| Net income  | 73.7                            | 50.0                     |              |
| Net income attributable to non-controlling interest | 0.1                             | 0.2                      |              |
| Net income attributable to controlling interest     | \$ 73.6                         | \$ 49.8                  |              |
| <b>Earnings Per Share</b>                           |                                 |                          |              |
| Basic earnings per share                            | \$ 1.24                         | \$ 0.94                  |              |
| Diluted earnings per share                          | \$ 1.24                         | \$ 0.94                  |              |
| Dividends per share                                 | \$ 0.33                         | \$ 0.30                  |              |
| Weighted Average Shares Outstanding                 |                                 |                          |              |
| Basic   | 59.2                            | 52.8                     |              |
| Diluted   | 59.2                            | 53.1                     |              |

**Table 2**  
**SPECTRUM BRANDS HOLDINGS, INC.**  
**Consolidated Statements of Cash Flows**  
**For the three month periods ended January 3, 2016 and December 28, 2014**  
**(Unaudited)**

| <b>(in millions)</b>  | <b>Three Month Period Ended</b> |                          |
|---|---------------------------------|--------------------------|
|   | <b>January 3, 2016</b>          | <b>December 28, 2014</b> |
| <b>Cash flows from operating activities</b>                                     |                                 |                          |
| Net income  | \$ 73.7                         | \$ 50.0                  |
| Adjustments to reconcile net income to net cash used by operating activities:   |                                 |                          |
| Amortization of intangible assets   | 23.6                            | 20.5                     |
| Depreciation  | 23.0                            | 18.4                     |
| Share based compensation  | 10.1                            | 5.6                      |
| Non-cash inventory adjustment from acquisitions                                 | —                               | 0.8                      |
| Non-cash restructuring and related charges                                      | (0.8)                           | 4.2                      |
| Amortization of debt issuance costs   | 2.1                             | 2.5                      |
| Non-cash debt accretion   | 0.3                             | —                        |
| Deferred tax expense  | (9.7)                           | 1.7                      |
| Net changes in operating assets and liabilities, net of effects of acquisitions | (345.8)                         | (250.3)                  |
| Net cash used by operating activities   | (223.5)                         | (146.6)                  |
| <b>Cash flows from investing activities</b>                                     |                                 |                          |
| Purchases of property, plant and equipment                                      | (17.4)                          | (14.2)                   |
| Business acquisitions, net of cash acquired                                     | —                               | (29.2)                   |
| Proceeds from sales of property, plant and equipment                            | 0.1                             | 1.1                      |
| Other investing activities  | —                               | (0.9)                    |
| Net cash used by investing activities   | (17.3)                          | (43.2)                   |
| <b>Cash flows from financing activities</b>                                     |                                 |                          |
| Proceeds from issuance of long-term debt  | 230.0                           | 443.9                    |
| Payment of long-term debt   | (5.9)                           | (1.8)                    |
| Payment of debt issuance costs  | (1.1)                           | (6.1)                    |
| Payment of cash dividends   | (19.5)                          | (15.9)                   |
| Treasury stock purchases  | (40.2)                          | (8.5)                    |
| Share based tax withholding payments, net of proceeds upon vesting              | (5.3)                           | (1.7)                    |
| Net cash provided by financing activities                                       | 158.0                           | 409.9                    |
| Effect of exchange rate changes on cash and cash equivalents                    | (3.1)                           | (6.3)                    |
| Net decrease in cash and cash equivalents                                       | (85.9)                          | 213.8                    |
| Cash and cash equivalents, beginning of period                                  | 247.9                           | 194.6                    |
| Cash and cash equivalents, end of period  | 162.0                           | 408.4                    |

**Table 3**  
**SPECTRUM BRANDS HOLDINGS, INC.**  
**Supplemental Financial Data**

As of and for the three month periods ended January 3, 2016 and December 28, 2014  
(Unaudited)

| <b>Supplemental Financial Data (in millions)</b>        | <b>Three Month Period Ended</b> |                          |
|---|---------------------------------|--------------------------|
|   | <b>January 3, 2016</b>          | <b>December 28, 2014</b> |
| Cash and cash equivalents                               | \$ 162.0                        | \$ 408.4                 |
| Trade receivables, net                                  | \$ 513.8                        | \$ 489.7                 |
| Days Sales Outstanding <sup>(a)</sup>                   | 40.9                            | 41.1                     |
| Inventory   | \$ 867.7                        | \$ 701.9                 |
| Inventory Turnover <sup>(b)</sup>                       | 3.9                             | 4.0                      |
| Total debt  | \$ 4,127.7                      | \$ 3,360.5               |
|   |                                 |                          |
| <b>Supplemental Segment Sales (in millions)</b>         | <b>Three Month Period Ended</b> |                          |
|   | <b>January 3, 2016</b>          | <b>December 28, 2014</b> |
| Global Batteries & Appliances                           | \$ 611.3                        | \$ 636.5                 |
| Hardware & Home Improvement                             | 282.7                           | 271.2                    |
| Global Pet Supplies                                     | 203.4                           | 120.6                    |
| Home and Garden   | 47.7                            | 39.5                     |
| Global Auto Care  | 73.7                            | -                        |
| Total segment sales                                     | \$ 1,218.8                      | \$ 1,067.8               |
|   |                                 |                          |
| <b>Supplemental Segment Profitability (in millions)</b> | <b>Three Month Period Ended</b> |                          |
|   | <b>January 3, 2016</b>          | <b>December 28, 2014</b> |
| Global Batteries & Appliances                           | \$ 90.4                         | \$ 96.6                  |
| Hardware & Home Improvement                             | 44.2                            | 38.9                     |
| Global Pet Supplies                                     | 18.8                            | 5.6                      |
| Home and Garden   | 3.6                             | 2.8                      |
| Global Auto Care  | 14.1                            | -                        |
| Total segment profit                                    | 171.1                           | 143.9                    |
| Corporate   | 17.5                            | 12.8                     |
| Acquisition and integration related charges             | 9.9                             | 8.1                      |
| Restructuring and related charges                       | 1.2                             | 7.4                      |
| Interest expense  | 58.4                            | 44.4                     |
| Other non-operating expense, net                        | 3.5                             | 0.7                      |
| Income from operations before income taxes              | \$ 80.6                         | \$ 70.5                  |

(a) Reflects actual days sales outstanding at end of period.

(b) Reflects cost of sales (excluding restructuring and related charges) during the last twelve months divided by average inventory during the period.



**Table 4**  
**SPECTRUM BRANDS HOLDINGS, INC.**  
**Reconciliation of GAAP Diluted Income Per Share to Adjusted Diluted Earnings Per Share**  
**For the three month periods ended January 3, 2016 and December 28, 2014**  
**(Unaudited)**

|   | <b>THREE MONTH PERIOD ENDED</b> |                          |
|---|---------------------------------|--------------------------|
|   | <b>January 3, 2016</b>          | <b>December 28, 2014</b> |
| Diluted income per share, as reported       | \$ 1.24                         | \$ 0.94                  |
| Adjustments, net of tax:                    |                                 |                          |
| Acquisition and integration related charges | 0.11 <sup>(a)</sup>             | 0.10 <sup>(b)</sup>      |
| Restructuring and related charges           | 0.01 <sup>(c)</sup>             | 0.09 <sup>(c)</sup>      |
| Income taxes                                | (0.35) <sup>(d)</sup>           | (0.08) <sup>(d)</sup>    |
| Purchase accounting inventory adjustment    | —                               | 0.01 <sup>(e)</sup>      |
| Other                                       | —                               | 0.01 <sup>(f)</sup>      |
|   | <u>(0.23)</u>                   | <u>0.13</u>              |
| Diluted income per share, as adjusted       | <u>\$ 1.01</u>                  | <u>\$ 1.07</u>           |

(a) For the three month period ended January 3, 2016, reflects \$6.4 million, net of tax, of acquisition and integration related charges, as follows: (i) \$2.9 million related to the integration of Armored AutoGroup ("AAG"); (ii) \$1.9 million related to the integration of the HHI Business; (iii) \$1.6 million related primarily to the integration of the European pet food business acquired from Procter & Gamble consisting of the IAMS and Eukanuba brands ("European IAMS and Eukanuba"), Salix and Tell Manufacturing ("Tell").

(b) For the three month period ended December 28, 2014, reflects \$5.3 million, net of tax, of acquisition and integration related charges, as follows: (i) \$2.1 million related to the integration of the HHI Business; (ii) \$0.6 million related to the integration of the Liquid Fence Company; (iii) \$0.3 million related to the acquisition of Tell; and (iv) \$2.3 million related to other acquisition and integration activity.

(c) For the three month periods ended January 3, 2016 and December 28, 2014, reflects \$0.7 million and \$4.8 million, net of tax, respectively, of restructuring and related charges primarily related to the Global Expense Rationalization Initiatives announced in fiscal 2013 and HHI Business Rationalization Initiatives announced in fiscal 2014.

(d) Reflects adjustments to income tax expense to exclude the impact of adjusting 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 periods ended January 3, 2016 and December 28, 2014, the adjustment was \$(21.3) million and \$(4.2) million, respectively.

(e) For the three month period ended December 28, 2014, reflects a \$0.5 million, net of tax, non-cash increase to cost of goods sold related to inventory fair value adjustments in conjunction with the acquisition of Tell.

(f) For the three month period ended December 28, 2014, reflects adjustments of \$0.7 million, net of tax, for costs related to a key executive onboarding and the accelerated amortization of stock compensation related to a retention agreement entered into with another key executive.

**Table 5**  
**SPECTRUM BRANDS HOLDINGS, INC.**  
**Reconciliation of GAAP Net Income (Loss) to Adjusted EBITDA**  
**For the three month periods ended January 3, 2016 and December 28, 2014**  
**(unaudited)**

| <b>Three month period ended January 3, 2016<br/>(in millions)</b> | <b>Global<br/>Batteries &amp;<br/>Appliances</b> | <b>Hardware &amp;<br/>Home<br/>Improvement</b> | <b>Global<br/>Pet<br/>Supplies</b> | <b>Home &amp;<br/>Garden</b> | <b>Global<br/>Auto<br/>Care</b> | <b>Corporate /<br/>Unallocated<br/>Items</b> | <b>Consolidated</b> |
|---|--|--|------------------------------------|------------------------------|---------------------------------|--|---------------------|
| Net income (loss)   | \$ 87.7  | \$ 41.4  | \$ 16.0                            | \$ 3.3                       | \$ 8.8                          | \$ (83.5)                                    | \$ 73.7             |
| Income tax expense <sup>(a)</sup>                                 | —  | —  | —                                  | —                            | —                               | 6.9  | 6.9                 |
| Interest expense <sup>(a)</sup>                                   | —  | —  | —                                  | —                            | —                               | 58.4   | 58.4                |
| Depreciation and amortization                                     | 17.3   | 9.3  | 10.7                               | 3.4                          | 5.9                             | —  | 46.6                |
| EBITDA  | 105.0  | 50.7   | 26.7                               | 6.7                          | 14.7                            | (18.2)                                       | 185.6               |
| Stock based compensation expense                                  | —  | —  | —                                  | —                            | —                               | 10.1   | 10.1                |
| Acquisition and integration related charges                       | 0.3  | 2.9  | 1.8                                | 0.2                          | 4.5                             | 0.2  | 9.9                 |
| Restructuring and related charges                                 | 0.2  | 0.1  | 0.7                                | 0.2                          | —                               | —  | 1.2                 |
| Purchase accounting fair value adjustment                         | —  | —  | —                                  | —                            | —                               | —  | —                   |
| Other <sup>(b)</sup>  | —  | —  | —                                  | —                            | —                               | 0.3  | 0.3                 |
| Adjusted EBITDA   | <u>\$ 105.5</u>                                  | <u>\$ 53.7</u>                                 | <u>\$ 29.2</u>                     | <u>\$ 7.1</u>                | <u>\$ 19.2</u>                  | <u>\$ (7.6)</u>                              | <u>\$ 207.1</u>     |
| Adjusted EBITDA Margin <sup>(c)</sup>                             | <u>17.3%</u>                                     | <u>19.0%</u>                                   | <u>14.4%</u>                       | <u>14.9%</u>                 | <u>26.1%</u>                    | <u>—</u>                                     | <u>17.0%</u>        |

  

| <b>Three month period ended December 28, 2014<br/>(in millions)</b> | <b>Global<br/>Batteries &amp;<br/>Appliances</b> | <b>Hardware &amp;<br/>Home<br/>Improvement</b> | <b>Global<br/>Pet<br/>Supplies</b> | <b>Home &amp;<br/>Garden</b> | <b>Global<br/>Auto<br/>Care</b> | <b>Corporate /<br/>Unallocated<br/>Items</b> | <b>Consolidated</b> |
|---|--|--|------------------------------------|------------------------------|---------------------------------|--|---------------------|
| Net income (loss)   | \$ 88.2  | \$ 38.5  | \$ 2.7                             | \$ 0.9                       | \$ —                            | \$ (80.3)                                    | \$ 50.0             |
| Income tax expense <sup>(a)</sup>                                   | —  | —  | —                                  | —                            | —                               | 20.5   | 20.5                |
| Interest expense <sup>(a)</sup>                                     | —  | —  | —                                  | —                            | —                               | 44.4   | 44.4                |
| Depreciation and amortization                                       | 17.5   | 10.6   | 7.8                                | 3.2                          | —                               | —  | 39.1                |
| EBITDA  | 105.7  | 49.1   | 10.5                               | 4.1                          | —                               | (15.4)                                       | 154.0               |
| Stock based compensation expense                                    | —  | —  | —                                  | —                            | —                               | 5.4  | 5.4                 |
| Acquisition and integration related charges                         | 1.6  | 1.8  | 0.4                                | 1.9                          | —                               | 2.4  | 8.1                 |
| Restructuring and related charges                                   | 4.8  | 0.2  | 2.1                                | —                            | —                               | 0.3  | 7.4                 |
| Other <sup>(b)</sup>  | —  | 0.8  | —                                  | —                            | —                               | 0.1  | 0.9                 |
| Adjusted EBITDA   | <u>\$ 112.1</u>                                  | <u>\$ 51.9</u>                                 | <u>\$ 13.0</u>                     | <u>\$ 6.0</u>                | <u>\$ —</u>                     | <u>\$ (7.2)</u>                              | <u>\$ 175.8</u>     |
| Adjusted EBITDA Margin <sup>(c)</sup>                               | <u>17.6%</u>                                     | <u>19.1%</u>                                   | <u>10.8%</u>                       | <u>15.2%</u>                 | <u>—</u>                        | <u>—</u>                                     | <u>16.5%</u>        |

(a) Company policy is to record income tax expense and interest expense on a consolidated basis. Accordingly, such amounts are not reflected in the results of the operating segments and are presented within 'Corporate/Unallocated' Items.

(b) Other relates to onboarding costs for a key executive and costs associated with a transition agreement with another key executive.

(c) Adjusted EBITDA Margin is determined by dividing the Adjusted EBITDA by their respective net sales.

**Table 6**  
**SPECTRUM BRANDS HOLDINGS, INC.**  
**Reconciliation of Forecasted Adjusted Cash Flow from Operating Activities to Forecasted Adjusted Free Cash Flow**  
**For the year ending September 30, 2016**  
**(Unaudited)**

| <b>Forecasted range (in millions)</b>                    | <b>F2016</b>      |
|--|-------------------|
| Net Cash provided from Operating Activities, as adjusted | \$ 615-635        |
| Purchases of property, plant and equipment               | (110) - (120)     |
| Adjusted Free cash flow                                  | <u>\$ 505-515</u> |