Spectrum Brands

Fiscal 2018 Fourth Quarter Earnings Call

November 19, 2018

Agenda

- **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

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 or at Spectrum Brands' website at 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

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

CEO Overview and Outlook

David Maura

Chairman and Chief Executive Officer

CEO Overview and Outlook

- In the past 6 months, my new team and I have worked tirelessly to evaluate each business unit and its long- and short-term value prospects, and have also reviewed and assessed each unit's senior management team, business strategy, and the available opportunities and challenges; I believe that with the operational changes and strategic transactions we are pursuing, we will stabilize our operating results in FY19 and prepare our Company for sustainable growth in FY20.
- Upon completion of our planned divestitures, we expect to apply the $2.9 billion+ in gross proceeds towards significant debt reduction, which will meaningfully delever our balance sheet. We ended FY18 at total leverage of 5.8 times and net leverage of 5.2 times. Once we close these transactions, we will delever to approximately 3.5 times, which will narrow our operating focus to Hardware & Home Improvement, Home & Garden, Pet and Appliances, and will allow us to restore our EBITDA growth at a faster pace. With a much stronger balance sheet and maintenance of a strong liquidity position, which was $1.3 billion at the end of FY18, we will have both the time and resources to reinvest strategically behind our four remaining businesses and to focus on products and markets that have the greatest growth potential.
- The issues impacting Q4 versus our expectations were largely one time in nature and in many cases were choices we made to accelerate our investment in the future success of the Company.
- For example, in Global Auto Care, we wrote off and liquidated excess and obsolete inventory to clean up its balance sheet and established reserves for a multi-year duty catch-up accrual. These actions prepared the Auto Care business for its sale to Energizer in a healthy state.
- In Home & Garden, we established an accrual for a legal claim, took lower vendor rebates and, similar to Auto Care, wrote off excess and obsolete inventory. Home & Garden was also impacted by unfavorable weather which curtailed this year's selling season. After our recent review for 2019, I am excited to see how Home & Garden performs over the next 12 months.
- In Pet, we experienced numerous one-time issues. We made significant investments associated with trade spend to support the relaunch of the rawhide and FURminator business lines, and we liquidated some of our excess and obsolete inventory position. For FY19 in Pet, we expect sales growth in the U.S. with meaningful new product launches and distribution gains. While we still have work to do in Europe, we expect solid performance from our Pet unit this year. The acquisitions of both GloFish and PetMatrix, including DreamBone®, continue to outperform our initial underwriting assumptions.
- HHI almost matched its year-ago earnings and is expected to have another solid year in FY19.
- Despite the noise of our Q4 performance, we made meaningful fundamental changes to our four remaining businesses, and we expect steadier performance during the course of FY19. Additionally, we are making significant investments in selling, marketing, advertising and R&D, which we expect will result in sustainable sales and cash flow growth in the future.

CEO Overview and Outlook

- We have identified the major headwinds facing each of our business units.
- Upon closing the pending transactions, our remaining businesses each have significant competitive strengths going forward:
  - In Home & Garden, we have the #1 and #2 brands in a business with strong margins, good innovation, great retailer relationships, and world-class manufacturing operations
  - In HHI, we have the #1 and #2 brands in residential security and builders' hardware, with solid growth and margins. HHI is a vertically integrated business with balanced customer and channel exposure
  - In Pet Care in the U.S., we have a business with recovering sales growth and strong margins and brands. In FY19 we are launching a strong pipeline of new, innovative products with enhanced distribution and in-store support, and we expect to gain more market share.
  - In Appliances, we have fantastic brands and a great free cash flow conversion business. With a renewed focus on innovation and marketing, and reinvesting behind the business, we believe we can stabilize and grow both our small appliances and personal care businesses again.
- During FY19 we will be making material investments in all four of our core business units. We will materially invest behind selling, marketing, advertising and R&D. This level of investment is included in our $560-$580 million adjusted EBITDA guidance for FY19. We expect to increase both the vitality and strength of our product offering and return our Company to a meaningful growth trajectory by FY20.

CEO Overview and Outlook

- In my new role over the last six months, I have seen the power and importance of promoting a culture that fosters inclusivity and the free flow of information and ideas.
- Hand-in-hand with my goal to change the culture and the focus of our Company, it has been a top priority of mine to upgrade the talent of the organization and eliminate duplication.
- For example, Randy Lewis has been promoted to Chief Operating Officer of Spectrum Brands, and he is our Company's strongest operator with deep knowledge of the business and culture.
- He has appointed new leaders in several of our major business lines.
- We have also introduced new incentive structures to promote an improved, longer-term and Company-wide ownership mentality on the part of our employees.

Financial and Business Unit Review

Doug Martin
Chief Financial Officer

Q4 Financial Review *(1/2)*

- Q4 reported net sales from continuing operations of $787.8 million were unchanged with last year; excluding unfavorable Fx of $3.1 million, organic net sales grew 0.4%
- Reported gross margin of 36.8% decreased 250 basis points from 39.3% last year primarily due to operating inefficiencies at the HHI Kansas and GAC Dayton facilities, higher input costs and unfavorable mix
- Reported SG&A expense of $225.5 million, or 28.6% of sales, compared to $210.1 million, or 26.7% of sales, last year primarily due to higher shipping cots, increased marketing investments, and transaction costs associated with the HRG merger on July 13
- Reported negative operating margin of (10.0)% compared to a margin of 5.8% last year predominantly driven by the write-off from the impairment of goodwill in Global Auto Care of $92.5 million
- Q4 reported diluted loss per share from continuing operations of $(3.00) decreased compared to a loss per share of ($1.01) last year primarily due to the write-off from impairment of Global Auto Care goodwill, HRG merger transactions costs, lower gross profit and higher distribution costs
- Spectrum adjusted EPS from continuing operations of $0.79 decreased 7.1% versus $0.85 last year primarily due to lower gross profit and higher distribution costs; we used a 24.5% blended annual rate for fiscal 2018 versus 35% last year due to changes in the U.S. corporate tax rate, and we will use an annual rate of 25% in fiscal 2019 which is a change and now includes estimated state taxes

Spectrum Brands

FY18 Financial Review *2/2*

- Spectrum reported interest expense from continuing operations of $163.0 million in fiscal 2018 increased $2.1 million from $160.9 million last year
- Spectrum cash interest payments, including discontinued operations, of $208.4 million in FY18 were $25.3 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 in FY18 of $49.6 million increased compared to $37.5 million in 2017 primarily due to non-repeating refunds received in FY17 and the timing of other worldwide tax payments
- Spectrum depreciation, amortization and share-based compensation from continuing operations of $141.1 million decreased from $179.3 million last year due to significantly lower share-based compensation
- Spectrum cash payments for acquisition & integration and restructuring & related charges for FY18, including discontinued operations, were $79.4 million and $98.5 million, respectively, versus $22.3 million and $44.3 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 and HRG merger costs

Global Auto Care

- Q4 reported net sales of $103.1 million increased 0.5% versus last year, driven by growth in performance chemicals and refrigerants; excluding unfavorable Fx of $0.6 million, organic net sales grew 1.1%
- Reported adjusted EBITDA of $14.6 million decreased 55.1% with a reported margin decline of 1,750 basis points driven by Dayton operating inefficiencies, higher input costs, increased distribution costs, excess and obsolete inventory liquidation mix, a multi-year duty catch-up accrual, and higher marketing investments to continue support of the GAC brands
- We have made significant progress fixing the Dayton facility, improving the quality of inventory on hand, and preparing for a successful FY19
- Announced on November 14, 2018 that our Company had entered into a definitive agreement to sell our GAC business to Energizer Holdings, Inc. in a transaction valued at $1.25 billion.
- The transaction is subject to customary closing conditions, including regulatory approvals, and is expected to close in the second fiscal quarter of 2019; the $1.25 billion transaction value is comprised of $937.5 million of cash and $312.5 million of Energizer Holdings equity

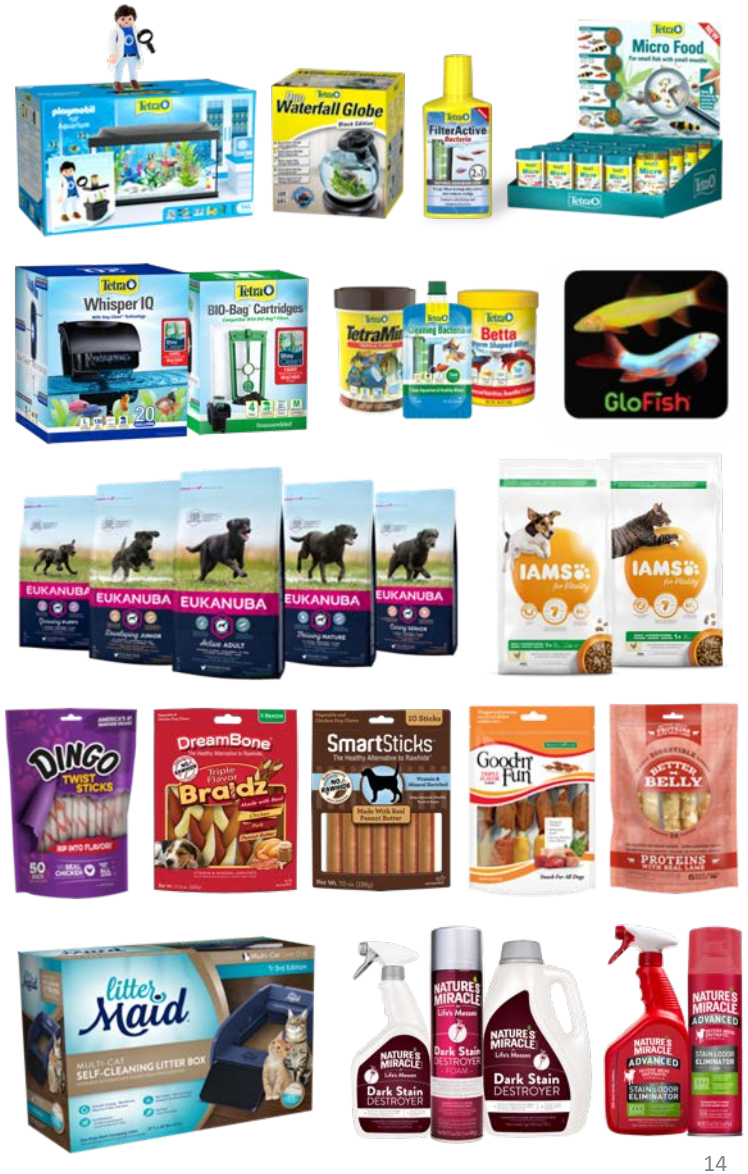
Hardware & Home Improvement

- Q4 reported net sales of $360.9 million increased 3.4% versus last year due to continued strong demand in residential security, plumbing and builders' hardware in the U.S., along with a modest tailwind in shipments from the reduction of the Kansas distribution center customer order backlog which returned to normal historical levels by the end of Q4
- Excluding unfavorable Fx of $1.6 million, organic net sales grew 3.9%
- Reported adjusted EBITDA of $75.2 million fell 1.6% with a margin decline of 110 basis points due to higher input costs primarily for zinc, copper and steel as well as increased freight costs
- New product introductions continued at a steady pace in Q4, and the current focus at the Kansas facility is further improvement in labor efficiency
- HHI plans top- and bottom-line growth in FY19 highlighted by continued, underlying market growth, a steady stream of new product launches especially in the fast-growing electronic security category and e-commerce, and pricing actions



Global Pet Supplies

- Q4 reported net sales of $212.1 million fell 2.3% primarily as a result of lower U.S. aquatics revenues largely driven by prior-year business exits at a major retailer and in Europe due to a temporary customer order backlog from the consolidation of European distribution centers that also negatively impacted branded dog and cat food sales
  - Sales decrease also due to a decline in European pet food sales of $4.0 million from the planned exit of a customer tolling agreement which negatively impacted segment sales by about 1.8%
  - Largely offsetting the revenue decline was a strong increase in U.S. companion animal sales, primarily dog chews and treats
  - Excluding unfavorable Fx of $0.9 million, organic net sales decreased 1.9%
- Reported adjusted EBITDA decreased 27.3% to $32.0 million with a 520 basis point reported margin decline driven primarily by lower volumes, volume-related unfavorable manufacturing variances, European DC operating inefficiencies and unfavorable mix; excluding unfavorable Fx of $0.5 million, organic adjusted EBITDA fell 26.1%
- In FY19, Pet expects a solid performance in its largest region, the U.S., as it works to improve the profitability of its European operations



Home and Garden

- Q4 reported net sales of $111.7 million decreased 6.2% driven by lower-than-expected volume due to retailers' early exiting of the category and the lack of repellent and insecticide demand relating to the timing of hurricanes in the prior year, unfavorable promotional timing against a strong 2017, related unfavorable manufacturing variances as production volumes were reduced, lower vendor rebates, and a legal reserve for an emerging claims issue, partially offset by solid growth in household control category sales,

- Adjusted EBITDA of $19.8 million decreased 38.5% and reported margin of 17.7% fell 930 basis points

- Declines resulted from lower volumes, unfavorable product mix and continued input cost inflation

- Home and Garden expects to deliver sales and adjusted EBITDA growth in FY19 from new business, improved mix and strong continuous improvement savings

Spectrum Brands

Financial Review

- Strong $1.3 billion liquidity position at the end of FY18
- $777 million available on our $800 million Cash Flow Revolver, a cash balance of $553 million and debt outstanding of $4.8 billion
- Total leverage was approximately 5.8 times at the end of FY18, slightly lower than 6.1 times at the end of FY17 primarily as a result of the redemption of $864.4 million of HRG 7.875% senior notes in January 2018 prior to the merger with Spectrum Brands
- FY18 capital expenditures including discontinued operations of $103.0 million compared to $115.0 million last year.

FY19 Guidance

- Reported net sales from continuing operations expected to grow meaningfully in FY19 driven by innovation, increased marketing investments, pricing actions, including tariff-related increases, and market share gains
- The Fx impact on net sales is expected to be modestly negative based on current rates
- We expect FY19 adjusted EBITDA from continuing operations to be in the $560-$580 million range as we stabilize operations and increase revenue-generating investments in an inflationary environment, including the anticipated impact of tariffs and input cost increases, partially offset by pricing actions
- Given the uncertain timing and use of divestiture proceeds, particularly as it relates to interest expense, we are not providing adjusted free cash flow guidance for FY19 at this time
- For adjusted earnings, we now use a tax rate of 25%, including state taxes, versus a blended rate of 24.5% in FY18 and 35% in prior years

Spectrum Brands

Pfister
PROSENSE
litter Maid
TAT INSECTICIDES
8in1
FORTIS PURO DESIGN ITALIANO
LIQUID FENCE
HOT SHOT
Spectracide
BLACK FLAG
REPEL
Tetra
Kwikset
Garden Safe
NATURE'S MIRACLE
WEISER
MARINELAND
Instant Ocean
STANLEY
GloFish Experience the Glo!
FURminator
A/C PRO
Wild Harvest
EZSET
DINGO
Cutter
Jungle
Perfect Coat Every Dog Has Its Perfect Style
IAMS
Excel
BALDWIN
SmartBones
DreamBone
Tell Manufacturing, Inc.
STP
Digesteeze
ARMORALL
EUKANUBA
FreshResults
Balanced-By-Nature ecotrition
National Hardware
FANAL
Healthy Hide
BIRDOLA PRODUCTS Wildlife feeding specialists

Spectrum Brands

Appendix

CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share amounts)	Three Month Periods Ended Sept. 30, 2018	Three Month Periods Ended Sept. 30, 2017	Year Ended Sept. 30, 2018	Year Ended Sept. 30, 2017
Net sales	$ 787.8	$ 787.8	$ 3,145.9	$ 3,009.5
Investment income	—	—	—	1.1
Revenue	787.8	787.8	3,145.9	3,010.6
Cost of goods sold	495.0	476.2	1,979.5	1,815.4
Restructuring and related charges	2.9	1.7	12.8	18.1
Gross profit	289.9	309.9	1,153.6	1,177.1
Selling	128.5	119.9	492.3	473.8
General and administrative	97.0	90.2	323.9	318.9
Research and development	7.2	6.3	28.3	27.2
Acquisition and integration related charges	2.3	4.0	14.3	15.6
Restructuring and related charges	20.9	27.4	80.0	42.3
Write-off from impairment of goodwill	92.5	—	92.5	—
Write-off from impairment of intangible assets	20.3	16.3	20.3	16.3
Total operating expenses	368.7	264.1	1,051.6	894.1
Operating (loss) income	(78.8)	45.8	102.0	283.0
Interest expense	58.0	77.5	264.6	309.9
Other non-operating (income) expense, net	(1.7)	2.5	(6.3)	4.2
Loss from continuing operations before income taxes	(135.1)	(34.2)	(156.3)	(31.1)
Income tax expense (benefit)	16.6	(11.0)	(460.7)	38.1
Net income (loss) from continuing operations	(151.7)	(23.2)	304.4	(69.2)
Income from discontinued operations, net of tax	35.5	47.2	567.6	342.4
Net (loss) income	(116.2)	24.0	872.0	273.2
Net (loss) income attributable to non-controlling interest	(0.4)	50.2	103.7	167.2
Net (loss) income attributable to controlling interest	$ (115.8)	$ (26.2)	$ 768.3	$ 106.0
Amounts attributable to controlling interest				
controlling interest	$ (150.3)	$ (32.5)	$ 230.1	$ (121.1)
controlling interest	34.5	6.3	538.2	227.1
Net income attributable to controlling interest	$ (115.8)	$ (26.2)	$ 768.3	$ 106.0
Earnings Per Share				
Basic earnings per share from continuing operations	$ (3.00)	$ (1.01)	$ 6.23	$ (3.75)
Basic earnings per share from discontinued operations	0.69	0.20	14.56	7.04
Basic earnings per share	$ (2.31)	$ (0.81)	$ 20.79	$ 3.29
Diluted earnings per share from continuing operations	$ (3.00)	$ (1.01)	$ 6.21	$ (3.75)
Diluted earnings per share from discontinued operations	0.69	0.20	14.53	7.04
Diluted earnings per share	$ (2.31)	$ (0.81)	$ 20.74	$ 3.29
Weighted Average Shares Outstanding				
Basic	50.0	32.3	36.9	32.2
Diluted	50.0	32.3	37.0	32.2

SPECTRUM BRANDS HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOW

(in millions)	Sept. 30, 2018	Sept. 30, 2017
Cash flows from operating activities		
Net income	$ 872.0	$ 273.2
Income from discontinued operations, net of tax	567.6	342.4
Net income (loss) from continuing operations	304.4	(69.2)
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	131.7	132.2
Share based compensation	11.8	52.9
Write-off from impairment of goodwill	92.5	—
Write-off from impairment of intangible assets	20.3	16.3
Purchase accounting inventory adjustment	0.8	3.3
Pet safety recall inventory write-off	4.1	15.0
Amortization of debt issuance costs and debt discount	19.6	17.3
Write-off of unamortized discount and debt issuance costs	—	2.5
Dividends from subsidiaries classified as discontinued operations	3.1	12.2
Deferred tax (benefit) expense	(539.0)	21.9
Net changes in operating assets and liabilities	24.6	(49.3)
Net cash provided by operating activities from continuing operations	73.9	155.1
Net cash provided by operating activities from discontinued operations	269.2	685.0
Net cash provided by operating activities	343.1	840.1
Cash flows from investing activities		
Purchases of property, plant and equipment	(64.7)	(77.8)
Proceeds from sales of property, plant and equipment	2.8	3.9
Business acquisitions, net of cash acquired	—	(304.7)
Proceeds from sale of HRG Insurance Operations	1,546.8	—
Net asset-based loan repayments	—	30.9
Other investing activities, net	(0.5)	(1.5)
Net cash provided (used) by investing activities from continuing operations	1,484.4	(349.2)
Net cash used by investing activities from discontinued operations	(211.6)	(1,253.2)
Net cash provided (used) by investing activities	1,272.8	(1,602.4)
Cash flows from financing activities		
Proceeds from issuance of debt	19.6	315.6
Payment of debt	(1,066.0)	(251.9)
Payment of debt issuance costs	(0.4)	(7.0)
Purchase of subsidiary stock, net	(288.0)	(265.0)
Dividends paid to shareholders	(22.4)	—
Dividends paid by subsidiary to non-controlling interest	(28.6)	(39.9)
Share based award tax withholding payments, net of proceeds upon vesting	(24.3)	(40.8)
Other financing activities, net	20.7	6.5
Net cash used by financing activities from continuing operations	(1,389.4)	(282.5)
Net cash provided by financing activities from discontinued operations	100.6	865.5
Net cash (used) provided by financing activities	(1,288.8)	583.0
Effect of exchange rate changes on cash and cash equivalents on Venezuela devaluation	—	(0.4)
Effect of exchange rate changes on cash and cash equivalents	(7.0)	3.1
Net change in cash and cash equivalents	320.1	(176.6)
Net change in cash and cash equivalents in discontinued operations	37.7	18.5
Net change in cash and cash equivalents in continuing operations	282.4	(195.1)
Cash and cash equivalents, beginning of period	270.1	465.2
Cash and cash equivalents, end of period	$ 552.5	$ 270.1

SPECTRUM BRANDS HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions)	2018	2017
Assets		
Cash and cash equivalents	$ 552.5	$ 270.1
Trade receivables, net	254.2	266.0
Other receivables	35.7	19.7
Inventories	503.4	496.3
Prepaid expenses and other current assets	54.7	54.8
Current assets of business held for sale	1,958.2	28,929.2
Total current assets	3,358.7	30,036.1
Property, plant and equipment, net	494.9	503.9
Deferred charges and other	184.0	43.7
Goodwill	2,178.5	2,277.1
Intangible assets, net	1,531.6	1,612.0
Noncurrent assets of business held for sale	—	1,376.9
Total assets	$ 7,747.7	$ 35,849.7
Liabilities and Shareholders' Equity		
Current portion of long-term debt	$ 21.2	$ 161.4
Accounts payable	436.1	373.1
Accrued wages and salaries	45.7	55.4
Accrued interest	65.0	78.0
Other current liabilities	125.3	125.8
Current liabilities of business held for sale	656.9	26,851.3
Total current liabilities	1,350.2	27,645.0
Long-term debt, net of current portion	4,651.3	5,543.7
Deferred income taxes	35.0	493.2
Other long-term liabilities	121.6	64.8
Noncurrent liabilities of business held for sale	—	156.1
Total liabilities	6,158.1	33,902.8
Shareholders' equity	1,581.3	758.0
Noncontrolling interest	8.3	1,188.9
Total equity	1,589.6	1,946.9
Total liabilities and equity	$ 7,747.7	$ 35,849.7

SPECTRUM BRANDS HOLDINGS, INC.
RECONCILIATION OF GAAP DILUTED EARNINGS PER SHARE TO ADJUSTED DILUTED EARNINGS PER SHARE

	Three Month Period Ended Sept. 30, 2018			Three Month Period Ended Sept. 30, 2017		
	Cont. Ops	Disc. Ops	Total	Cont. Ops	Disc. Ops	Total
Diluted earnings per share, as reported	$ (3.00)	$ 0.69	$ (2.31)	$ (1.01)	$ 0.20	$ (0.81)
Adjustments:						
HRG Merger share exchange proforma adjustment	0.17	(0.03)	0.14	0.58	0.45	1.03
Acquisition and integration related charges	0.04	0.53	0.57	0.07	0.03	0.10
Restructuring and related charges	0.44	—	0.44	0.52	0.01	0.53
Purchase accounting inventory adjustment	—	—	—	0.04	—	0.04
Pet safety recall	0.05	—	0.05	0.19	—	0.19
Write off from impairment of goodwill	1.73	—	1.73	—	—	—
Write off from impairment of intangible assets	0.38	—	0.38	0.29	—	0.29
HRG merger related transaction costs	0.44	—	0.44	0.06	—	0.06
Non-recurring HRG net operating costs	0.11	—	0.11	0.08	—	0.08
Salus	—	—	—	(0.02)	—	(0.02)
Interest cost on HRG debt	0.36	—	0.36	0.68	—	0.68
Other	0.02	—	0.02	0.01	—	0.01
Income tax adjustment	0.05	(0.08)	(0.42)	(0.64)	(0.44)	(1.08)
Total Adjustments	3.79	0.42	3.82	1.86	0.05	1.91
Diluted earnings per share, as adjusted	$ 0.79	$ 1.11	$ 1.51	$ 0.85	$ 0.25	$ 1.10

	Year Ended Sept. 30, 2018			Year Ended Sept. 30, 2017		
	Cont. Ops	Disc. Ops	Total	Cont. Ops	Disc. Ops	Total
Diluted earnings per share, as reported	$ 6.21	$ 14.53	$ 20.74	$ (3.75)	$ 7.04	$ 3.29
Adjustments:						
HRG Merger share exchange proforma adjustment	(0.61)	(4.15)	(4.76)	2.52	(1.77)	0.75
Acquisition and integration related charges	0.26	1.43	1.69	0.28	0.09	0.37
Restructuring and related charges	1.71	0.03	1.74	1.07	0.04	1.11
Debt refinancing costs	—	—	—	0.15	—	0.15
Purchase accounting inventory adjustment	0.02	—	0.02	0.06	—	0.06
Pet safety recall	0.35	—	0.35	0.63	—	0.63
Write off from impairment of goodwill	1.71	—	1.71	—	—	—
Write off from impairment of intangible assets	0.37	—	0.37	0.29	—	0.29
HRG merger related transaction costs	0.85	—	0.85	0.14	—	0.14
Non-recurring HRG net operating costs	0.35	—	0.35	0.67	—	0.67
Salus	0.02	—	0.02	0.07	—	0.07
Interest cost on HRG debt	1.88	—	1.88	2.63	—	2.63
Other	0.08	—	0.08	0.01	—	0.01
Income tax adjustment	(9.66)	(2.65)	(12.31)	(1.23)	(0.72)	(1.95)
Total Adjustments	(2.67)	(5.34)	(8.01)	7.29	(2.36)	4.93
Diluted earnings per share, as adjusted	$ 3.54	$ 9.19	$ 12.73	$ 3.54	$ 4.68	$ 8.22

SPECTRUM BRANDS HOLDINGS, INC.
ACQUISITION AND INTEGRATION RELATED CHARGES

(in millions)	Three Month Period Ended Sept. 30, 2018 Cont. Ops	Three Month Period Ended Sept. 30, 2018 Disc. Ops	Three Month Period Ended Sept. 30, 2018 Total	Three Month Period Ended Sept. 30, 2017 Cont. Ops	Three Month Period Ended Sept. 30, 2017 Disc. Ops	Three Month Period Ended Sept. 30, 2017 Total
HHI Business	$ 0.4	$ —	$ 0.4	$ (0.1)	$ 0.3	$ 0.2
PetMatrix	0.4	—	0.4	2.5	—	2.5
Armored AutoGroup	0.3	—	0.3	0.2	—	0.2
Glofish	0.1	—	0.1	0.9	—	0.9
Other	1.1	28.1	29.2	0.5	1.6	2.1
Total acquisition and integration related charges	$ 2.3	$ 28.1	$ 30.4	$ 4.0	$ 1.9	$ 5.9

(in millions)	Year Ended Sept. 30, 2018 Cont. Ops	Year Ended Sept. 30, 2018 Disc. Ops	Year Ended Sept. 30, 2018 Total	Year Ended Sept. 30, 2017 Cont. Ops	Year Ended Sept. 30, 2017 Disc. Ops	Year Ended Sept. 30, 2017 Total
HHI Business	$ 6.0	$ —	$ 6.0	$ 5.6	$ 0.3	$ 5.9
PetMatrix	4.9	—	4.9	4.5	—	4.5
Armored AutoGroup	0.9	—	0.9	2.3	0.9	3.2
Glofish	0.2	—	0.2	1.0	—	1.0
Other	2.3	77.5	79.8	2.2	4.1	6.3
Total acquisition and integration related charges	$ 14.3	$ 77.5	$ 91.8	$ 15.6	$ 5.3	$ 20.9

SPECTRUM BRANDS HOLDINGS, INC.
RESTRUCTURING AND RELATED CHARGES

(in millions)	Three Month Period Ended Sept. 30, 2018 Cont. Ops	Three Month Period Ended Sept. 30, 2018 Disc. Ops	Three Month Period Ended Sept. 30, 2018 Total	Three Month Period Ended Sept. 30, 2017 Cont. Ops	Three Month Period Ended Sept. 30, 2017 Disc. Ops	Three Month Period Ended Sept. 30, 2017 Total
HHI distribution center consolidation	$ 11.6	$ —	$ 11.6	$ 18.4	$ —	$ 18.4
GAC business rationalization initiative	3.6	—	3.6	4.4	—	4.4
PET rightsizing initiative	5.1	—	5.1	5.4	—	5.4
Other restructuring activities	3.5	0.2	3.7	0.9	0.7	1.6
Total restructuring and related charges	$ 23.8	$ 0.2	$ 24.0	$ 29.1	$ 0.7	$ 29.8

(in millions)	Year Ended Sept. 30, 2018 Cont. Ops	Year Ended Sept. 30, 2018 Disc. Ops	Year Ended Sept. 30, 2018 Total	Year Ended Sept. 30, 2017 Cont. Ops	Year Ended Sept. 30, 2017 Disc. Ops	Year Ended Sept. 30, 2017 Total
HHI distribution center consolidation	$ 52.0	$ —	$ 52.0	$ 27.4	$ —	$ 27.4
GAC business rationalization initiative	17.1	—	17.1	24.2	—	24.2
PET rightsizing initiative	12.1	—	12.1	8.2	—	8.2
Other restructuring activities	11.6	1.6	13.2	0.6	2.1	2.7
Total restructuring and related charges	$ 92.8	$ 1.6	$ 94.4	$ 60.4	$ 2.1	$ 62.5

SPECTRUM BRANDS HOLDINGS, INC.
NET SALES SUMMARY

(in millions, except %)	Three Month Periods Ended Sept. 30, 2018	Three Month Periods Ended Sept. 30, 2017	Variance		Year Ended Sept. 30, 2018	Year Ended Sept. 30, 2017	Variance	
HHI	$ 360.9	$ 348.9	12.0	3.4%	$ 1,377.7	$ 1,276.1	101.6	8.0%
PET	212.1	217.2	(5.1)	(2.3%)	820.5	793.2	27.3	3.4%
H&G	111.7	119.1	(7.4)	(6.2%)	482.2	493.3	(11.1)	(2.3%)
GAC	103.1	102.6	0.5	0.5%	465.5	446.9	18.6	4.2%
Total	$ 787.8	$ 787.8	0.0	0.0%	$ 3,145.9	$ 3,009.5	136.4	4.5%

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

Three month periods ended (in millions, except %)	Sept. 30, 2018 Net Sales	Sept. 30, 2018 Effect of Changes in Currency	Sept. 30, 2018 Net Sales Excluding Effect of Changes in	Sept. 30, 2018 Effect of Acquisitions	Sept. 30, 2018 Organic Net Sales	Net Sales Sept. 30, 2017	Variance	
HHI	$ 360.9	$ 1.6	$ 362.5	$ —	$ 362.5	$ 348.9	$ 13.6	3.9%
PET	212.1	0.9	213.0	—	213.0	217.2	(4.2)	(1.9%)
H&G	111.7	—	111.7	—	111.7	119.1	(7.4)	(6.2%)
GAC	103.1	0.6	103.7	—	103.7	102.6	1.1	1.1%
Total	$ 787.8	$ 3.1	$ 790.9	$ —	$ 790.9	$ 787.8	3.1	0.4%

Year ended (in millions, except %)	Sept. 30, 2018 Net Sales	Sept. 30, 2018 Effect of Changes in Currency	Sept. 30, 2018 Net Sales Excluding Effect of Changes in	Sept. 30, 2018 Effect of Acquisitions	Sept. 30, 2018 Organic Net Sales	Net Sales Sept. 30, 2017	Variance	
HHI	$ 1,377.7	$ (4.3)	$ 1,373.4	$ —	$ 1,373.4	$ 1,276.1	$ 97.3	7.6%
PET	820.5	(15.4)	805.1	(64.5)	740.6	793.2	(52.6)	(6.6%)
H&G	482.2	—	482.2	—	482.2	493.3	(11.1)	(2.3%)
GAC	465.5	(2.0)	463.5	—	463.5	446.9	16.6	3.7%
Total	$ 3,145.9	$ (21.7)	$ 3,124.2	$ (64.5)	$ 3,059.7	$ 3,009.5	50.2	1.7%

SPECTRUM BRANDS HOLDINGS, INC.

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

Three month period ended Sept. 30, 2018 (in millions, except %)	HHI	PET	H&G	GAC	Corporate	Consolidated
Net income (loss) from continuing operations	$ 54.1	$ (7.6)	$ 14.5	$ (86.3)	$ (126.4)	$ (151.7)
Income tax benefit	—	—	—	—	16.6	16.6
Interest expense	—	—	—	—	58.0	58.0
Depreciation and amortization	8.6	10.6	4.8	4.2	4.1	32.3
EBITDA	62.7	3.0	19.3	(82.1)	(47.7)	(44.8)
Share based compensation	—	—	—	—	5.4	5.4
Acquisition and integration related charges	0.5	1.0	—	0.4	0.4	2.3
Restructuring and related charges	12.0	5.1	0.5	3.8	2.5	23.9
Write-off from impairment of intangible assets	—	20.3	—	—	—	20.3
Write-off from impairment of goodwill	—	—	—	92.5	—	92.5
Pet safety recall	—	2.6	—	—	—	2.6
Spectrum merger related transaction charges	—	—	—	—	23.8	23.8
Non-recurring HRG operating costs and interest income	—	—	—	—	7.0	7.0
Salus	—	—	—	—	(0.1)	(0.1)
Other	—	—	—	—	1.2	1.2
Adjusted EBITDA	$ 75.2	$ 32.0	$ 19.8	$ 14.6	$ (7.5)	$ 134.1
Net Sales	$ 360.9	$ 212.1	$ 111.7	$ 103.1	$ —	$ 787.8
Adjusted EBITDA Margin	20.8%	15.1%	17.7%	14.2%	—	17.0%

Three month period ended Sept. 30, 2017 (in millions, except %)	HHI	PET	H&G	GAC	Corporate	Consolidated
Net income (loss) from continuing operations	$ 47.3	$ (5.3)	$ 26.0	$ 20.7	$ (111.9)	$ (23.2)
Income tax expense	—	—	—	—	(11.0)	(11.0)
Interest expense	—	—	—	—	77.5	77.5
Depreciation and amortization	10.3	11.5	5.2	7.2	3.7	37.9
EBITDA	57.6	6.2	31.2	27.9	(41.7)	81.2
Share based compensation	—	—	—	—	24.4	24.4
Acquisition and integration related charges	(0.1)	3.7	—	0.2	0.2	4.0
Restructuring and related charges	18.9	5.4	—	4.4	0.4	29.1
Write-off from impairment of intangible assets	—	15.3	1.0	—	—	16.3
Inventory acquisition step-up	—	2.5	—	—	—	2.5
Pet safety recall	—	10.9	—	—	—	10.9
Venezuela devaluation	—	—	—	—	0.4	0.4
Spectrum merger related transaction charges	—	—	—	—	3.4	3.4
Non-recurring HRG operating costs and interest income	—	—	—	—	3.3	3.3
Salus	—	—	—	—	(1.0)	(1.0)
Adjusted EBITDA	$ 76.4	$ 44.0	$ 32.2	$ 32.5	$ (10.6)	$ 174.5
Net Sales	$ 348.9	$ 217.2	$ 119.1	$ 102.6	$ —	$ 787.8
Adjusted EBITDA Margin	21.9%	20.3%	27.0%	31.7%	—	22.2%

Organic Adjusted EBITDA (in millions, except %)	HHI	PET	H&G	GAC	Corporate	Consolidated
Adjusted EBITDA - three month period ended Sept. 30, 2018	$ 75.2	$ 32.0	$ 19.8	$ 14.6	$ (7.5)	$ 134.1
Effect of change in foreign currency	(2.2)	0.5	(0.1)	0.4	(0.6)	(2.0)
Net EBITDA excluding effect of changes in currency	73.0	32.5	19.7	15.0	(8.1)	132.1
Effect of acquisitions	—	—	—	—	—	—
Organic Adjusted EBITDA	73.0	32.5	19.7	15.0	(8.1)	132.1
Adjusted EBITDA - three month period ended Sept. 30, 2017	76.4	44.0	32.2	32.5	(10.6)	174.5
Increase (Decrease) in Organic Adjusted EBITDA	$ (3.4)	$ (11.5)	$ (12.5)	$ (17.5)	$ 2.5	$ (42.4)
Increase (Decrease) in Organic Adjusted EBITDA (%)	(4.5%)	(26.1%)	(38.8%)	(53.8%)	23.6%	(24.3%)

SPECTRUM BRANDS HOLDINGS, INC.

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

Year Ended Sept. 30, 2018 (in millions, except %)	HHI	PET	H&G	GAC	Corporate	Consolidated
Net income (loss) from continuing operations	$ 155.9	$ 35.0	$ 87.9	$ (29.0)	$ 54.6	$ 304.4
Income tax benefit	—	—	—	—	(460.7)	(460.7)
Interest expense	—	—	—	—	264.6	264.6
Depreciation and amortization	40.0	42.3	18.8	16.3	14.3	131.7
EBITDA	195.9	77.3	106.7	(12.7)	(127.2)	240.0
Share based compensation	—	—	—	—	11.8	11.8
Acquisition and integration related charges	6.0	6.2	—	1.0	1.1	14.3
Restructuring and related charges	52.8	13.2	0.8	18.5	7.5	92.8
Write-off from impairment of intangible assets	—	20.3	—	—	—	20.3
Write-off from impairment of goodwill	—	—	—	92.5	—	92.5
Inventory acquisition step-up	—	0.8	—	—	—	0.8
Pet safety recall	—	18.9	—	—	—	18.9
Spectrum merger related transaction charges	—	—	—	—	45.9	45.9
Non-recurring HRG operating costs and interest income	—	—	—	—	18.9	18.9
Salus	—	—	—	—	1.1	1.1
Other	—	—	—	—	4.6	4.6
Adjusted EBITDA	$ 254.7	$ 136.7	$ 107.5	$ 99.3	$ (36.3)	$ 561.9
Net Sales	$ 1,377.7	$ 820.5	$ 482.2	$ 465.5	$ —	$ 3,145.9
Adjusted EBITDA Margin	18.5%	16.7%	22.3%	21.3%	—	17.9%

Year Ended Sept. 30, 2017 (in millions, except %)	HHI	PET	H&G	GAC	Corporate	Consolidated
Net income (loss) from continuing operations	$ 184.0	$ 28.8	$ 114.4	$ 100.8	$ (497.2)	$ (69.2)
Income tax expense	—	—	—	—	38.1	38.1
Interest expense	—	—	—	—	309.9	309.9
Depreciation and amortization	38.3	43.1	17.6	21.1	12.1	132.2
EBITDA	222.3	71.9	132.0	121.9	(137.1)	411.0
Share based compensation	—	—	—	—	52.9	52.9
Acquisition and integration related charges	5.5	7.3	—	2.3	0.5	15.6
Restructuring and related charges	26.6	9.1	—	24.2	0.5	60.4
Write-off from impairment of intangible assets	—	15.3	1.0	—	—	16.3
Inventory acquisition step-up	—	3.3	—	—	—	3.3
Pet safety recall	—	35.8	—	—	—	35.8
Venezuela devaluation	—	—	—	—	0.4	0.4
Spectrum merger related transaction charges	—	—	—	—	7.6	7.6
Non-recurring HRG operating costs and interest income	—	—	—	—	31.9	31.9
Salus	—	—	—	—	4.0	4.0
Adjusted EBITDA	$ 254.4	$ 142.7	$ 133.0	$ 148.4	$ (39.3)	$ 639.2
Net Sales	$ 1,276.1	$ 793.2	$ 493.3	$ 446.9	$ —	$ 3,009.5
Adjusted EBITDA Margin	19.9%	18.0%	27.0%	33.2%	—	21.2%

Organic Adjusted EBITDA (in millions, except %)	HHI	PET	H&G	GAC	Corporate	Consolidated
Adjusted EBITDA - year ended Sept. 30, 2018	$ 254.7	$ 136.7	$ 107.5	$ 99.3	$ (36.3)	$ 561.9
Effect of change in foreign currency	(2.0)	—	(0.1)	0.5	0.5	(1.1)
Net EBITDA excluding effect of changes in currency	252.7	136.7	107.4	99.8	(35.8)	560.8
Effect of acquisitions	—	(22.8)	—	—	—	(22.8)
Organic Adjusted EBITDA	252.7	113.9	107.4	99.8	(35.8)	538.0
Adjusted EBITDA - year ended Sept. 30, 2017	254.4	142.7	133.0	148.4	(39.3)	639.2
Increase (Decrease) in Organic Adjusted EBITDA	$ (1.7)	$ (28.8)	$ (25.6)	$ (48.6)	$ 3.5	$ (101.2)
Increase (Decrease) in Organic Adjusted EBITDA (%)	(0.7%)	(20.2%)	(19.2%)	(32.7%)	(8.9%)	(15.8%)

SPECTRUM BRANDS HOLDINGS, INC.

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

	Sept. 30, 2018			Sept. 30, 2017		
(in millions)	**Cont. Ops**	**Disc. Ops**	**Total**	**Cont. Ops**	**Disc. Ops**	**Total**
Net cash flow from operating activities	$ 74	$ 269	$ 343	$ 155	$ 685	$ 840
Operating cash flow provided by HRG discontinued operations	—	(97)	(97)	—	(361)	(361)
Operating cash flow used by HRG corp & other operations	138	—	138	186	—	186
GBA divestiture transaction costs	—	49	49	—	—	—
HRG merger transaction costs	39	—	39	—	—	—
Cash interest charges related to refinancing	—	—	—	5	—	5
Stanley settlement payment	—	—	—	23	—	23
Rawhide recall	17	—	17	9	—	9
Purchases of property, plant and equipment	(65)	(38)	(103)	(78)	(37)	(115)
Adjusted free cash flow	$ 203	$ 183	$ 386	$ 300	$ 287	$ 587