



Energizer to Acquire Spectrum Brands' Global Battery and Portable Lighting Business

January 16, 2018



Safe Harbor Statement

Unless the context otherwise requires, references in this presentation to “Energizer,” “we,” “our,” and “the Company” refer to Energizer Holdings, Inc., and its subsidiaries. This presentation contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including without limitation, statements about the expected benefits of the proposed transaction, including, without limitation, future business, financial and operating results, the manner in which the proposed transaction is expected to be financed, and the anticipated timing of the completion of the proposed transaction. These forward-looking statements generally are identified by the words “will,” “opportunity,” “offers,” “expected,” “intends,” “anticipated” and similar words and expressions. Any statements that are not statements of historical fact should be considered to be forward-looking statements. Any such forward looking statements are made based on information currently known and are subject to various risks and uncertainties.

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Non-GAAP Financial Measures

Non-GAAP financial measures

While the Company reports financial results in accordance with accounting principles generally accepted in the U.S. (“GAAP”), this presentation includes non-GAAP measures, including, without limitation, free cash flow, EBITDA and Adjusted EBITDA. We believe these non-GAAP measures provide a meaningful comparison to the corresponding historical or future period, assist investors in performing their analysis, and provide investors with visibility into the underlying financial performance of the Company’s business. The Company believes that these non-GAAP measures are presented in such a way as to allow investors to more clearly understand the nature and amount of the adjustments to arrive at the non-GAAP measure. Investors should consider non-GAAP measures in addition to, not as a substitute for, or superior to, the comparable GAAP measures. Additionally, these non-GAAP measures may differ from similarly titled measures presented by other companies. We are unable to provide a reconciliation of non-GAAP measures of the acquired business due to the carve-out nature of the proposed transaction. A reconciliation of these non-GAAP measures for Energizer to the nearest comparable GAAP measure is available at the end of this presentation.

Spectrum Brands' Battery and Portable Lighting Business Represents a Compelling Opportunity

Spectrum Brands' portfolio complements Energizer's business

- Broadens product portfolio
- Expands global presence and international brand portfolio
- Amplifies both companies' strong innovation capabilities
- Positions us better to win in growing channels like eCommerce

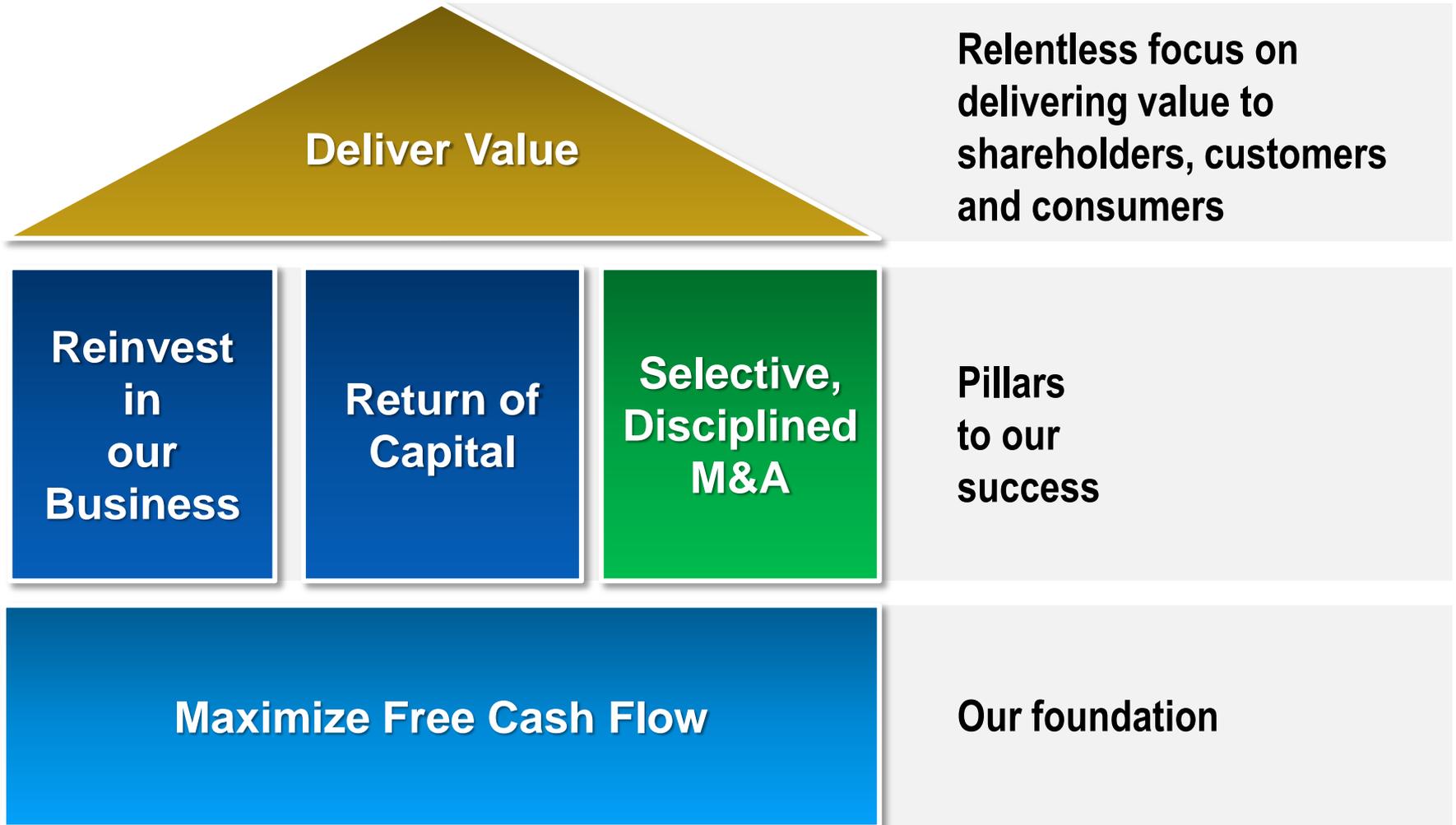
Operational Benefits

- Expanded manufacturing footprint
- Expanded R&D capabilities and technology platforms will accelerate innovation
- Joint supply chain will provide efficiencies and cost synergies
- Sharing of best practice approaches

Financial Benefits

- Cost synergies; enabling reinvestment in the business including innovation
- Immediate Adjusted EPS accretion
- Free cash flow growth through synergies
- Long-term shareholder value

Balanced Approach to Capital Allocation





Spectrum Brands' Business Meets Energizer's Strategic Acquisition Criteria

Spectrum Brands' Battery and Portable Lighting Business

- ✓ Branded household products
- ✓ Complementary business models due to technology and global distribution
- ✓ Leverages Energizer's core competencies
- ✓ Similar financial profile
- ✓ Customer, channel and geographic alignment
- ✓ Leverage existing global battery platform and integrated supply chain
- ✓ Ability to derive cost and operational synergies through scale, operations and enhanced distribution

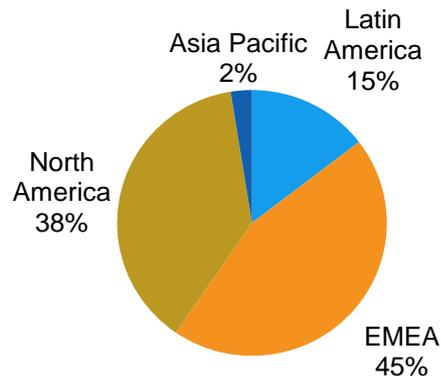
Spectrum Brands' Battery and Portable Lighting Overview

The acquisition of Spectrum's Battery and Portable Lighting business represents a highly strategic transaction for Energizer

Global Battery and Portable Lighting Overview

- Well diversified business that has experienced solid growth across Europe, North America, Latin America and Asia Pacific
- Net Sales and EBITDA of \$866mm and \$169mm, with ~3000 colleagues globally
- Includes the VARTA and Rayovac brands and a portfolio of household batteries that includes alkaline, carbon zinc, nickel metal hydride (NiMH) rechargeables and battery chargers
- A specialty portfolio including coin lithium, silver oxide and zinc air hearing aid batteries; which is Spectrum Batteries' fastest growing segment
- Lighting and portable power includes hand held flashlights and external power for electronic devices

Revenue by Geography



Product Overview

Category	Household Batteries	Specialty w/ Hearing Aid	Lights & Other
FY17A Sales (% of Sales)	\$599mm 69%	\$195mm 23%	\$72mm 8%
Key Products			 

Key Brand Overview

Brand		
Geography	<ul style="list-style-type: none"> • Primarily U.S. 	<ul style="list-style-type: none"> • Primarily Europe and Latin America
Key Products		



Acquisition Enhances Our Multi-Brand Strategy to Appeal to More Consumers Globally



	RAYOVAC	EVEREADY	VARTA	Energizer
Brand Vision	Deliver the best batteries at the best value	The smart, trusted choice for families everywhere, inspiring peace of mind as it lights, protects, entertains and cares for their everyday moments.	Deliver the best batteries at the best value	The Energizer® brand challenges and redefines where energy, technology and freedom meet to provide powerful, innovative solutions for consumers to do, enjoy and accomplish more than they ever expected.
Brand Attributes	Performance Reliability Cost Competitiveness	Trustworthy Timeless Practical Warm	Performance Reliability Cost Competitiveness	Progressive Insightful Dynamic Witty
Products	Batteries: Alkaline, carbon zinc, NiMH rechargeable, hearing aid, other specialty & Portable power and Lights	Batteries: Alkaline, Carbon Zinc Lights	Batteries: Alkaline, lithium, carbon zinc, NiMH rechargeable, hearing aid, other specialty & Portable power and Lights	Batteries: Alkaline, lithium, NiMH rechargeable, specialty (hearing aid & other) Battery chargers Lights

New Combined Business

The new combined business will have a broad portfolio of brands and products, expanded global presence and manufacturing footprint

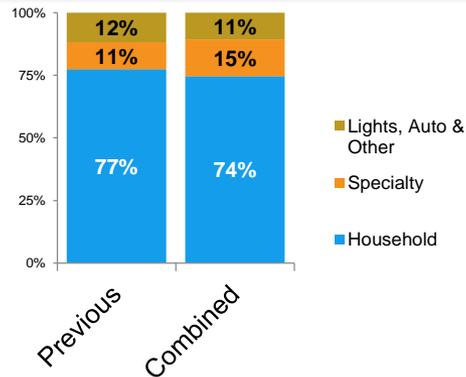
Product Portfolio

Energizer



VARTA

RAYOVAC



Global Reach



Expand presence in a number of attractive international markets

Battery Manufacturing Footprint



Financials FY17

	Previous ¹	Combined ²
Net Revenue	\$1,756	~\$2,600
Free Cash Flow	\$199	>\$300

Source: Internal Energizer sales and Spectrum sales

¹See Non-GAAP reconciliation

²Pro Forma, includes \$80-100mm net synergies

Transaction Highlights

TOPIC	DETAILS
Purchase Price	<ul style="list-style-type: none"> \$2.0 billion
Overview	<ul style="list-style-type: none"> Represents 7.5x¹ FY2017A EBITDA, net of tax benefits, synergies, and one-time costs to achieve Spectrum Brands' Battery and Portable Lighting had net sales of \$866mm and EBITDA of \$169mm in FY2017A
Value Creation	<ul style="list-style-type: none"> Modest Adjusted EPS accretion² in Year 1 and 30+% including run-rate net synergies Incremental free cash flow in excess of \$100mm¹ per year Highly synergistic transaction with run-rate synergies estimated at \$80-100mm
Source of Financing	<ul style="list-style-type: none"> Transaction funded by cash on hand and committed debt financing, expected to consist of new term loan and senior notes Expected pro forma leverage ratio of approximately 5.0x³ FY2018E Adjusted EBITDA Strong free cash flow will allow rapid deleveraging <ul style="list-style-type: none"> Energizer expected to delever to approximately 3.0x by the third full year Energizer to maintain dividend at current levels
Timing	<ul style="list-style-type: none"> Timing of close subject to customary conditions and regulatory approvals, expected to occur prior to the end of calendar 2018

¹Includes \$80-100mm net synergies

²Excluding acquisition and integration costs

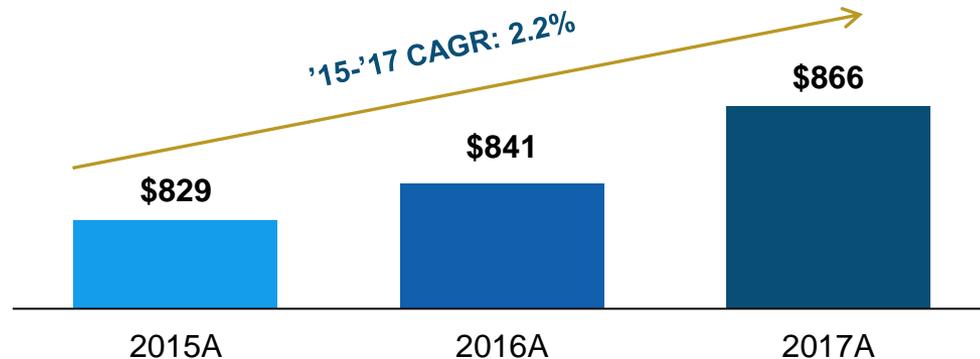
³Exclusive of expected synergies

Spectrum Brands' Battery and Portable Lighting Overview

Historical Net Sales Performance

\$ in millions

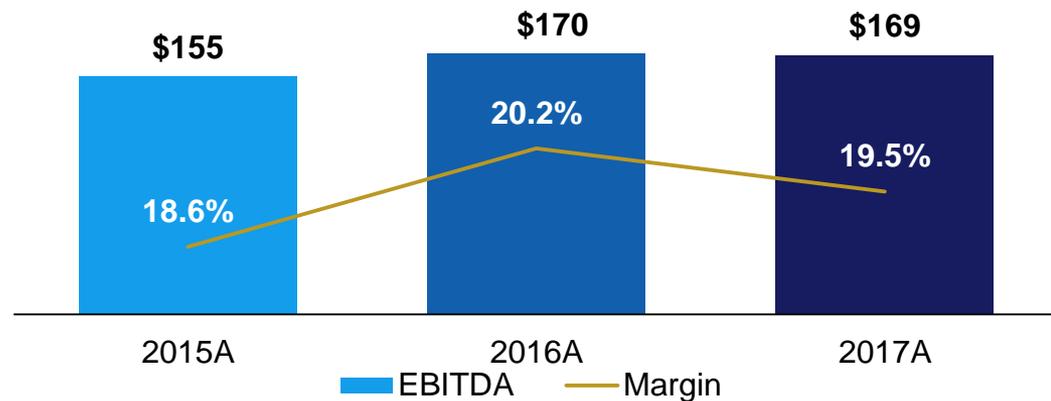
Net Sales growth driven by visibility gains in the U.S. and strong performance in Europe



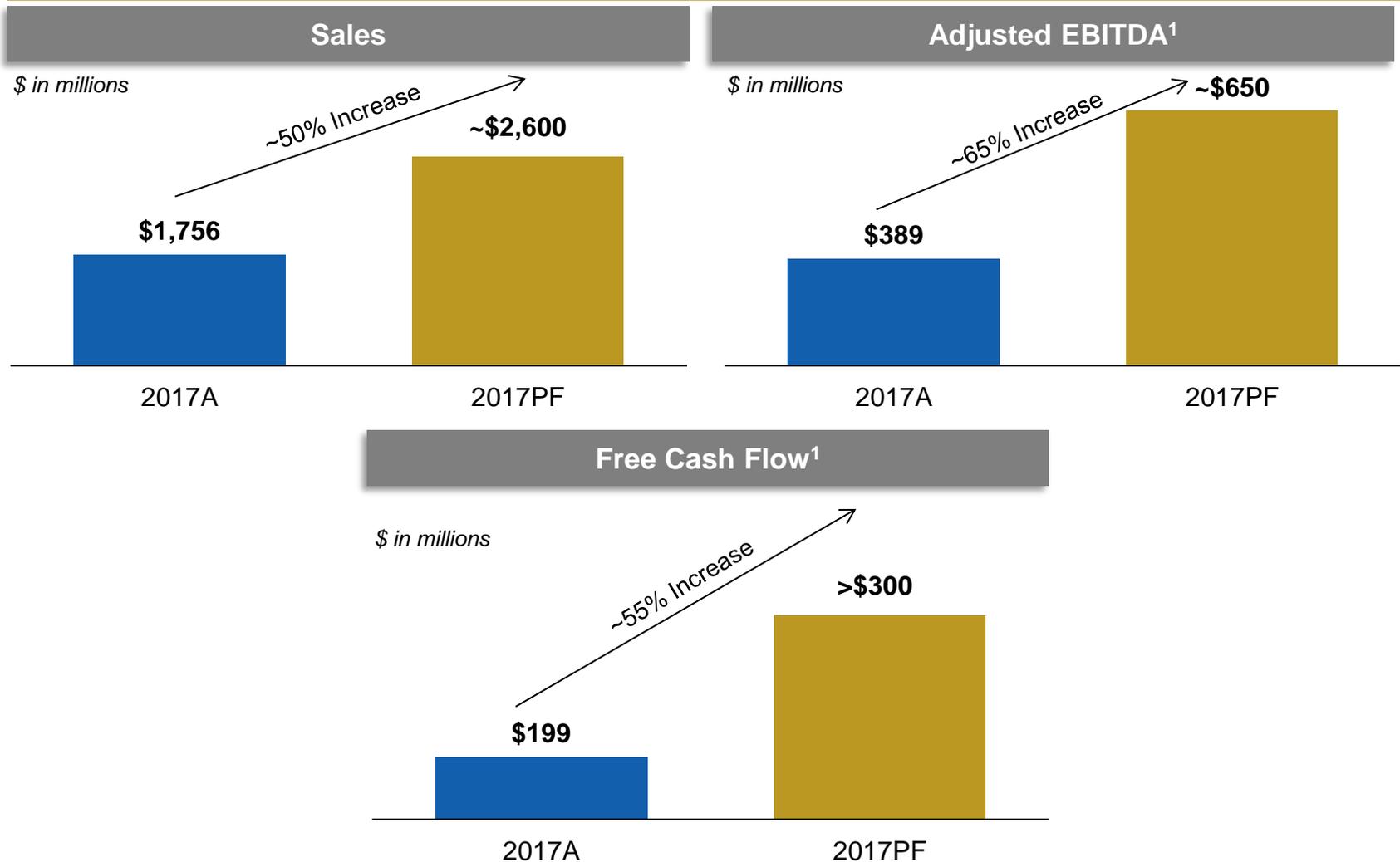
Historical EBITDA Performance

\$ in millions

EBITDA margins driven by consistent top-line performance and an organizational focus on cost improvements



Pro-Forma Combined Financials

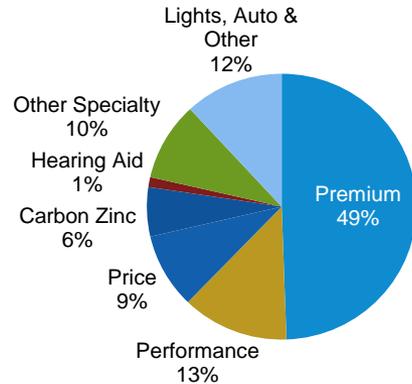


Note: Pro Forma Adjusted EBITDA and FCF include \$80-100mm of net synergies
¹See Non-GAAP reconciliation

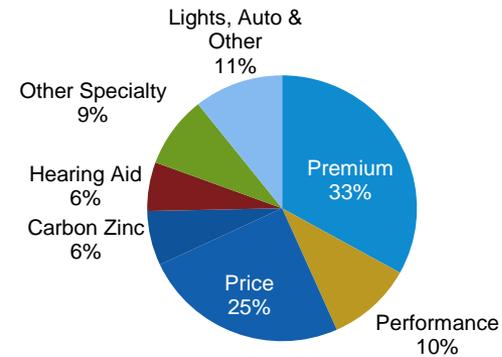
Energizer Pro-Forma Business Mix

FY2017 Energizer Net Sales by Product

Status Quo

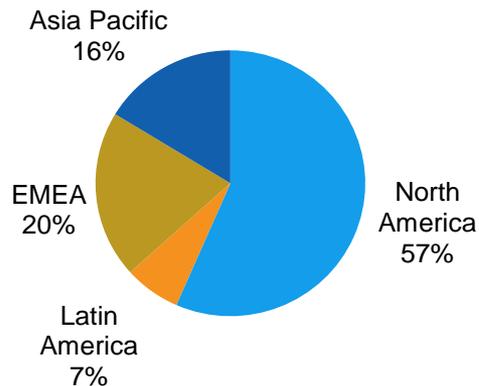


Pro Forma

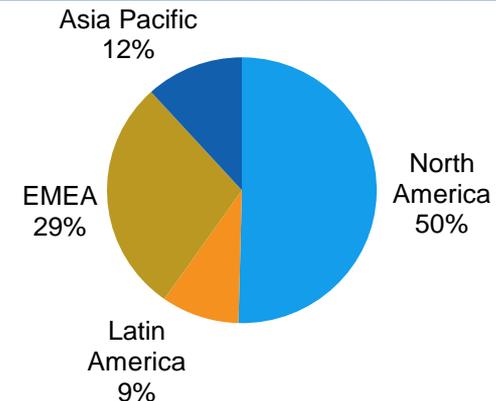


FY2017 Energizer Net Sales by Geography

Status Quo



Pro Forma



- Barclays and J.P. Morgan are expected to provide Energizer with a fully debt financed commitment in support of the transaction
 - Initial financing commitment contemplates a pro forma FY2018E First Lien and Total leverage of 2.7x¹ and 4.9x¹, respectively, consisting of:
 - \$400mm Revolving Credit Facility
 - \$1,640mm Term Loan B
 - \$720mm Unsecured Bridge Loan
 - Total length of commitment will be 18 months
 - Post-announcement of the M&A transaction, a portion of the commitment will be syndicated to additional underwriters
- Ultimate financing package upon M&A closing is expected to be comprised of:
 - \$400mm Revolving Credit Facility
 - Up to 2.75x First Lien leverage in (or ~\$1,640mm) in Term Loan B
 - Remainder of new financing (or ~\$720mm) in Senior Notes
 - Rollover of Energizer's existing 5.50% Senior Notes due in 2025
- Financing proceeds will be used for the purchase price of Spectrum Brands' battery and portable lighting business, to refinance Energizer's existing Credit Facility, and for transaction fees and expenses

¹Includes 50% of expected net synergies

- **We expect to file for regulatory clearance in the necessary jurisdictions, including the U.S.**
- **Subject to these regulatory approvals, we expect to be able to complete the transaction by the end of calendar 2018.**

Strategic Merits of Transaction



**Increases Presence
in International Markets**

Energizer will benefit from presence in higher growth Latin America and enhanced scale in European markets



**Benefit from Complementary
Businesses**

Expanded brands and product portfolio to meet more customer and consumer needs



**Enhances R&D Capabilities
and Resources**

Accelerates innovation and enable the introduction of more World's First products



Creates Operational Benefits

Leverage existing asset base and eliminate redundancies to address rising costs to compete in category



**Enhances Ability To
Compete In Growing
Channels**

Brands and products to compete in growing channels like eCommerce



Q&A





APPENDIX





Energizer FY 2017 Non-GAAP Reconciliations

EBITDA and Adjusted EBITDA. EBITDA is defined as earnings from continuing operations before income tax expense, interest and depreciation and amortization. Adjusted EBITDA further excludes the impact of the costs related to acquisition and integration costs, the spin, gain on sale of real estate and share-based payments.

Free Cash Flow. Free Cash Flow is defined as net cash provided by operating activities reduced by capital expenditures, net of the proceeds from asset sales.

Net earnings	\$ 201.5
Income tax provision	71.8
Earnings before income taxes	<u>\$ 273.3</u>
Interest Expense	53.1
Depreciation & amortization	50.2
EBITDA	\$ 376.6
Adjustments:	
Acquisition and integration costs	8.4
Spin restructuring	(3.8)
Gain on sale of real estate	(16.9)
Share based payments	24.3
Adjusted EBITDA	\$ 388.6

Net cash from operating activities	\$ 197.2
Capital expenditures	(25.2)
Proceeds from sale of assets	27.2
Free Cash Flow	\$ 199.2

All numbers are mm