



SITEONE LANDSCAPE SUPPLY ANNOUNCES FIRST QUARTER 2018 EARNINGS

May 02, 2018

First Quarter 2018 Highlights (compared to First Quarter 2017)

- Net sales increased by 11% to \$371.4 million
- Organic Daily Sales increased by 3%
- Gross profit increased 8% to \$108.5 million; gross margin decreased 90 basis points to 29.2%
- Net loss of \$17.0 million, compared to a net loss of \$10.5 million in the prior-year period
- Adjusted EBITDA loss of \$5.1 million
- Successfully opened two distribution centers and launched our new e-Commerce platform pilot
- Completed the acquisitions of Pete Rose, Atlantic Irrigation, and Village Nurseries Landscape Centers

Post-Quarter Highlights:

- Completed the acquisition of Terrazzo & Stone Supply in April

ROSWELL, Ga.--(BUSINESS WIRE)-- SiteOne® Landscape Supply, Inc. (the "Company" or "SiteOne") (NYSE: SITE) announced earnings for its first quarter ended April 1, 2018 ("First Quarter 2018").

"Our first quarter results reflect a late start to the spring season this year which delayed business during our seasonally slowest and traditionally loss-making quarter," said Doug Black, SiteOne's Chairman and CEO. "The quarter also included the opening of our two strategic distribution centers in California and Pennsylvania, completing our major supply chain investments. Given these factors, we are pleased with our overall 11% net sales growth in the quarter and with the underlying market trends that we see developing for the year. We continue to expect good organic growth and EBITDA margin expansion in 2018 driven by our strong teams and by the execution of our commercial and operational initiatives. We are also off to a great start with four acquisitions year to date and a healthy level of activity to support more acquisitions during the remainder of the year."

First Quarter 2018 Results

Net sales for the First Quarter 2018 increased to \$371.4 million, or 11%, compared to \$335.0 million for the prior-year period. Organic Daily Sales increased 3% compared to the prior-year period driven by strength in our irrigation, hardscapes and ice melt product sales and positive pricing for the quarter. Partially offsetting the sales growth was the unfavorable weather patterns in March which negatively impacted nursery, fertilizer and control product sales. Acquisitions contributed approximately \$27.9 million in sales, or 8%, to overall growth for the quarter.

Gross profit increased to \$108.5 million, or 8%, compared to \$100.9 million for the prior-year period. Gross margin declined by 90 bps to 29.2% for the First Quarter 2018. The decline in gross margin was due to the rollout of the new distribution centers and the adoption of the new revenue standard which impacted the timing of revenue and expense recognition for our customer loyalty rewards program.

Selling, general and administrative expenses ("SG&A") in the First Quarter 2018 increased to \$131.7 million from \$113.7 million in the same period last year due to the additional contribution from acquisitions and continued investment in e-Commerce.

Net loss for the First Quarter 2018 was \$17.0 million, compared to a net loss of \$10.5 million during the same period in the prior year. The net loss for the quarter is attributable to the seasonality of the business as well as continued investments in the Company.

Adjusted EBITDA decreased to a loss of \$5.1 million for the First Quarter 2018, compared to Adjusted EBITDA of \$1.2 million for the prior-year period.

Outlook

For fiscal 2018, we continue to expect Adjusted EBITDA to be in the range of \$180 million to \$192 million.

Reconciliation for the forward-looking full-year 2018 Adjusted EBITDA outlook is not being provided, as the Company does not currently have sufficient data to accurately estimate the variables and individual adjustments for such reconciliation.

Conference Call Information

SiteOne management will host a conference call today, May 2, 2018, at 8 a.m. Eastern Time, to discuss the Company's financial results. The conference call may be accessed by dialing (877) 705-6003 (domestic) or (201) 493-6725 (international). A telephonic replay will be available approximately two hours after the call by dialing (844) 512-2921, or for international callers, (412) 317-6671. The passcode for the live call and the replay is 13678838. The replay will be available until 11:59 p.m. (ET) on May 16, 2018.

Interested investors and other parties can listen to a webcast of the live conference call by logging onto the Investor Relations section of the Company's website at <http://investors.siteone.com>. The online replay will be available for 30 days on the same website immediately following the call. A slide presentation highlighting the Company's results and key performance indicators will also be available on the Investor Relations section of the Company's website.

To learn more about SiteOne, please visit the company's website at <http://investors.siteone.com>.

About SiteOne Landscape Supply, Inc.

SiteOne Landscape Supply, Inc. is the largest and only national wholesale distributor of landscape supplies in the United States and has a growing presence in Canada. Its customers are primarily residential and commercial landscape professionals who specialize in the design, installation and maintenance of lawns, gardens, golf courses and other outdoor spaces.

Forward-Looking Statements

This release contains "forward-looking statements" within the meaning of the Federal Private Securities Litigation Reform Act of 1995. Forward-looking statements may include, but are not limited to, statements relating to our 2018 Adjusted EBITDA outlook. Some of the forward-looking statements can be identified by the use of terms such as "may," "intend," "might," "will," "should," "could," "would," "expect," "believe," "estimate," "anticipate," "predict," "project," "potential," or the negative of these terms, and similar expressions. You should be aware that these forward-looking statements are subject to risks and uncertainties that are beyond our control. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which it is

Assets				April 1, 2018				December 31, 2017
Current assets:								
Cash and cash equivalents				\$	31.7			\$ 16.7
Accounts receivable, net of allowance for doubtful accounts of \$5.8 and \$4.7, respectively					233.0			219.9
Inventory, net					464.3			338.3
Income tax receivable					13.9			2.7
Prepaid expenses and other current assets					28.4			24.3
Total current assets					771.3			601.9
Property and equipment, net					79.2			75.5
Goodwill					122.2			106.5
Intangible assets, net					127.7			112.8
Other assets					18.2			14.0
Total assets				\$	1,118.6			\$ 910.7
Liabilities and Equity								
Current liabilities:								
Accounts payable				\$	236.8			\$ 124.1
Current portion of capital leases					5.1			4.9
Accrued compensation					27.8			40.1
Long term debt, current portion					3.5			3.5
Accrued liabilities					37.7			33.2
Total current liabilities					310.9			205.8
Other long-term liabilities					12.5			16.8
Capital leases, less current portion					8.9			6.8
Deferred tax liabilities					12.5			8.4
Long-term debt, less current portion					572.7			460.1
Total liabilities					917.5			697.9
Commitments and contingencies								
Stockholders' equity:								
Common stock, par value \$0.01; 1,000,000,000 shares authorized; 40,170,993 and 39,977,181 shares issued, and 40,150,082 and 39,956,270 shares outstanding at April 1, 2018 and December 31, 2017, respectively					0.4			0.4
Additional paid-in capital					230.8			227.8

Accumulated deficit				(30.8)			(15.1)
Accumulated other comprehensive income (loss)				0.7			(0.3)
Total equity				201.1			212.8
Total liabilities and equity				<u>\$ 1,118.6</u>		<u>\$</u>	<u>910.7</u>

SiteOne Landscape Supply, Inc.

Consolidated Statements of Operations

(In millions, except share and per share data)

					Three Months Ended			
					April 1, 2018		April 2, 2017	
Net sales				\$	371.4		\$	335.0
Cost of goods sold					262.9			234.1
Gross profit					108.5			100.9
Selling, general and administrative expenses					131.7			113.7
Other income					2.6			0.9
Operating loss					(20.6)			(11.9)
Interest and other non-operating expenses, net					6.6			6.2
Net loss before taxes					(27.2)			(18.1)
Income tax benefit					(10.2)			(7.6)
Net loss					<u>(17.0)</u>			<u>(10.5)</u>
Net loss per common share:								
Basic				\$	(0.43)		\$	(0.26)
Diluted				\$	(0.43)		\$	(0.26)
Weighted average number of common shares outstanding:								
Basic					40,071,233			39,618,997
Diluted					40,071,233			39,618,997

(In millions)

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Net Cash Provided By Financing Activities			\$	111.2			\$	113.3
Effect of exchange rate on cash				(0.1)				—
Net Change In Cash				15.0				(0.4)
Cash and cash equivalents:								
Beginning				16.7				16.3
Ending			\$	31.7			\$	15.9
Supplemental Disclosures of Cash Flow Information:								
Cash paid during the year for interest				5.8				5.4
Cash paid during the year for income taxes				0.1				0.4
Supplemental Disclosures of Noncash Investing and Financing Information:								
Acquisition of property and equipment through capital leases				3.2				1.2

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Adjusted EBITDA Reconciliation

(In millions, unaudited)

	2018		2017			
	Qtr 1		Qtr 4		Qtr 3	Qtr 2
Net income (loss)	\$ (17.0)		\$ 4.0		\$ 16.9	\$ 44.2
Income tax (benefit) expense	(10.2)		(11.4)		10.7	26.3
Interest expense, net	6.6		6.2		6.2	6.6
Depreciation and amortization	11.7		11.4		11.1	10.8
EBITDA	(8.9)		10.2		44.9	87.9
Stock-based compensation ^(a)	2.1		1.4		1.5	1.6
(Gain) loss on sale of assets ^(b)	(0.1)		0.4		—	0.1
Advisory fees ^(c)	—		—		—	—
Financing fees ^(d)	—		0.2		0.4	1.1
Rebranding, acquisitions and	1.8		3.1		1.6	1.6

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