



## **Smith & Wesson® Announces Vertical Integration of Precision Plastic Molding Supplier**

March 24, 2014

### **- Transaction Expected to Be Accretive to Smith & Wesson Gross Margins and Earnings - Closing Expected in May 2014**

SPRINGFIELD, Mass., March 24, 2014 /PRNewswire/ -- **Smith & Wesson Holding Corporation (NASDAQ Global Select: SWHC)**, a leader in firearm manufacturing and design, today announced that it has signed a definitive agreement pursuant to which Deep River Plastics, LLC ("Deep River Plastics"), a newly formed, wholly owned subsidiary of Smith & Wesson, will purchase substantially all of the net assets of Tri Town Precision Plastics, Inc. ("TTPP"), a provider of custom injection molding services, rapid prototyping, and tooling, and a key polymer supplier to Smith & Wesson. The transaction is expected to close around May 5, 2014, subject to certain conditions.

TTPP has been a long-standing supplier of polymer frames and related components for a large number of Smith & Wesson firearms, including nearly all of its popular M&P models. As a result, approximately two-thirds of TTPP's recent revenues have been generated by sales to Smith & Wesson. Other industries that TTPP serves include the medical, general industrial, aerospace, communications, automotive, and defense industries.

James Debney, President and Chief Executive Officer of Smith & Wesson, said, "We are pleased about today's announcement, which supports our strategic focus on our M&P firearm business and is highly beneficial to our company in several ways. Polymer injection molding represents a significant element of our production process. Acquiring this capability allows us to vertically integrate a key component of our manufacturing operations with increased flexibility, and is expected to thereby lower our production costs and reduce risk within our supply chain. In addition, we believe that the acquired technology will play an important role in enhancing our new product development process by providing our team with internal access to the tools and processes that will allow them to more quickly and efficiently explore, develop, and test new product concepts."

Jeffrey D. Buchanan, Executive Vice President and Chief Financial Officer of Smith & Wesson, stated, "We are analyzing this asset purchase as similar to a capital expenditure, and it is expected to be accretive in our fiscal 2015 with a positive impact on gross margin of 70 to 90 basis points and an increase in earnings of approximately \$0.04 to \$0.05 per fully diluted share, resulting in a planned payback of approximately four to five years. The incremental sales to non-Smith & Wesson customers in fiscal 2015 are expected to be minimal, representing approximately \$7 million to \$9 million. As a result of our strong balance sheet, we intend to complete the asset purchase with cash on hand."

The agreement provides for Deep River Plastics to acquire substantially all of the net assets of TTPP for approximately \$23 million in cash. The company operates a state-of-the-art operation in 95,000 square feet of manufacturing space that incorporates 45 injection molding machines and complete tool-building capabilities.

#### **About Smith & Wesson**

Smith & Wesson Holding Corporation (NASDAQ Global Select: SWHC) is a U.S.-based leader in firearm manufacturing and design, delivering a broad portfolio of quality firearms, related products, and training to the global military, law enforcement, and consumer markets. The company's brands include Smith & Wesson®, M&P® and Thompson/Center Arms™. Smith & Wesson facilities are located in Massachusetts and Maine. For more information on Smith & Wesson, call (800) 331-0852 or log on to [www.smith-wesson.com](http://www.smith-wesson.com).

#### **Safe Harbor Statement**

This press release contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, which provides a "safe harbor" for such statements in certain circumstances. The forward-looking statements include statements or expectations regarding the terms and timing of the final acquisition of the net assets of TTPP; our belief that this acquisition supports our strategic focus on our M&P firearm business and is highly beneficial to our company in several ways; our expectation that the acquisition of this capability will allow us to vertically integrate a key component of our manufacturing operations with increased flexibility and will lower our production costs and reduce risk within our supply chain; our belief that the acquired technology will play an important role in enhancing our new product development process by providing our team with internal access to the tools and processes that will allow them to more quickly and efficiently explore, develop, and test new product concepts; our expectation that this acquisition will be accretive in fiscal 2015 with a positive impact on gross margin and an increase on earnings, resulting in a planned payback of approximately four to five years; our expectation that incremental sales to non-Smith & Wesson customers in fiscal 2015 will be minimal; and our intention to complete the asset purchase with cash on hand. These statements are based on current expectations, estimates, projections, beliefs, and assumptions of our management. Such statements involve significant risks and uncertainties. Actual events or results could differ materially from those discussed in the forward-looking statements as a result of various factors, including, but not limited to, difficulties in integration of TTPP operations; loss of key personnel; loss of other customers; and other factors discussed in greater detail in our filings with the Securities and Exchange Commission (SEC). You are cautioned not to place undue reliance on such statements and to consult our SEC filings for additional risks and uncertainties that may apply to our business and the ownership of our securities. Our forward-looking statements are presented as of the date made, and we disclaim any duty to update such statements unless required by law to do so.

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