



Smith & Wesson Holding Corporation Updates Financial Expectations

January 4, 2016

- Increasing Guidance for Third Quarter and Full 2016 Fiscal Year Net Sales and Earnings Per Share

SPRINGFIELD, Mass., Jan. 4, 2016 /PRNewswire/ -- **Smith & Wesson Holding Corporation (NASDAQ Global Select: SWHC)**, a leader in firearm manufacturing and design, today announced that it is updating expectations for its third quarter and full 2016 fiscal year, which will end on April 30, 2016. The company indicated that the sell-through rate of its products at distribution has been stronger than originally anticipated, resulting in reduced distributor inventories of its firearms. The company added that Adjusted National Instant Criminal Background Check System (NICS) data for the month of December, which serves as an indicator of consumer purchases, reflected strong growth versus December 2014.

Financial Outlook

SMITH & WESSON HOLDING CORPORATION NET SALES AND EARNINGS PER SHARE GUIDANCE, INCLUDING GAAP TO NON-GAAP RECONCILIATION (Unaudited)

	Range for the Three Months Ending January 31, 2016		Range for the Year Ending April 30, 2016	
	\$ 175,000	\$ 180,000	\$ 650,000	\$ 660,000
Net sales (in thousands)				
GAAP earnings per share - diluted	\$ 0.36	\$ 0.38	\$ 1.21	\$ 1.26
Amortization of acquired intangible assets	0.05	0.05	0.19	0.19
Debt extinguishment costs	—	—	0.03	0.03
Bond premium paid	—	—	0.05	0.05
Insurance recovery costs	—	—	(0.03)	(0.03)
Tax effect of non-GAAP adjustments	(0.02)	(0.02)	(0.09)	(0.09)
Non-GAAP earnings per share - diluted	\$ 0.39	\$ 0.41	\$ 1.36	\$ 1.41

Reconciliation of U.S. GAAP to Non-GAAP Financial Measures

In this press release, certain non-GAAP financial measures, including "non-GAAP earnings per share" are presented. From time-to-time, the company considers and uses these supplemental measures of operating performance in order to provide the reader with an improved understanding of underlying performance trends. The company believes it is useful for itself and the reader to review, as applicable, both (1) GAAP measures that include (i) amortization of acquired intangible assets, (ii) insurance recovery costs, (iii) bond premium, (iv) debt extinguishment costs, (v) the tax effect of non-GAAP adjustments; and (2) the non-GAAP measures that exclude such information. The company presents these non-GAAP measures because it considers them an important supplemental measure of its performance. The company's definition of these adjusted financial measures may differ from similarly named measures used by others. The company believes these measures facilitate operating performance comparisons from period to period by eliminating potential differences caused by the existence and timing of certain expense items that would not otherwise be apparent on a GAAP basis. These non-GAAP measures have limitations as an analytical tool and should not be considered in isolation or as a substitute for the company's GAAP measures. The principal limitations of these measures are that they do not reflect the company's actual expenses and may thus have the effect of inflating its financial measures on a GAAP basis.

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 firearms division brands include Smith & Wesson®, M&P®, and Thompson/Center Arms™. As a leading provider of shooting, reloading, gunsmithing, and gun cleaning supplies, the company's accessories division produces innovative, high-quality products under several brands, including Caldwell® Shooting Supplies, Wheeler® Engineering, Tipton® Gun Cleaning Supplies, Frankford Arsenal® Reloading Tools, Lockdown® Vault Accessories, and Hooyman® Premium Tree Saws. Smith & Wesson facilities are located in Massachusetts, Maine, Connecticut, and Missouri. For more information on Smith & Wesson, call (800) 331-0852 or log on to www.smith-wesson.com.

Safe Harbor Statement

Certain statements contained in this press release may be deemed to be forward-looking statements under federal securities laws, and we intend that such forward-looking statements be subject to the safe-harbor created thereby. Such forward-looking statements include statements that the sell-through rate of its products at distribution has been stronger than originally anticipated, resulting in reduced distributor inventories of its firearms; that NICS data serves as an indicator of consumer purchases; and regarding our expectations for net sales, GAAP earnings per diluted share, and non-GAAP earnings per diluted share for the third quarter of fiscal 2016 and for fiscal 2016. We caution that these statements are qualified by important factors that could cause actual results to differ materially from those reflected by such forward-looking statements. Such factors include the demand for our products; the costs and ultimate conclusion of certain legal matters; the state of the U.S. economy in general and the firearm industry in particular; general economic conditions and consumer spending patterns; the potential for increased regulation of firearms and firearm-related products; speculation surrounding fears of terrorism and crime; our growth opportunities; our anticipated growth; our ability to increase demand for our products in various markets, including consumer, law enforcement, and military channels, domestically and internationally; the position of our hunting products in the consumer discretionary marketplace and distribution channel; our penetration rates in new and existing markets; our strategies; our

ability to introduce new products; the success of new products; our ability to expand our markets; our ability to integrate acquired businesses in a successful manner; the general growth of our firearm accessories business; the potential for cancellation of orders from our backlog; and other risks detailed from time to time in our reports filed with the SEC, including our Annual Report on Form 10-K for the fiscal year ended April 30, 2015.

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