

## Scotts Miracle-Gro (SMG)

**\$58.35** (Stock Price as of 12/31/2025)

Price Target (6-12 Months): **\$62.00**

Long Term: 6-12 Months	<b>Zacks Recommendation:</b>	<b>Neutral</b>
	(Since: 09/19/25)	
	Prior Recommendation:	Outperform
Short Term: 1-3 Months	<b>Zacks Rank: (1-5)</b>	<b>3-Hold</b>
	Zacks Style Scores:	VGM: A
	Value: A	Growth: A   Momentum: D

### Summary

Earnings estimates for Scotts Miracle-Gro for the fiscal first quarter have been going down over the past month. The company's strategic moves, such as a modern supply chain and cost-saving initiatives, provide optimistic expectations for its long-term prospects by driving margin expansion. Scotts Miracle-Gro's ability to generate strong cash flows also facilitated the reduction of its debt levels and improved leverage, improving its flexibility. The U.S. consumer segment continues to benefit from its newer marketing methods and impressive growth in point-of-sale (POS) units. Headwinds in the Hawthorne segment are expected to weigh on the company till divestiture is completed. It focuses on restructuring initiatives as higher costs and reduced prices continue to hurt margins.

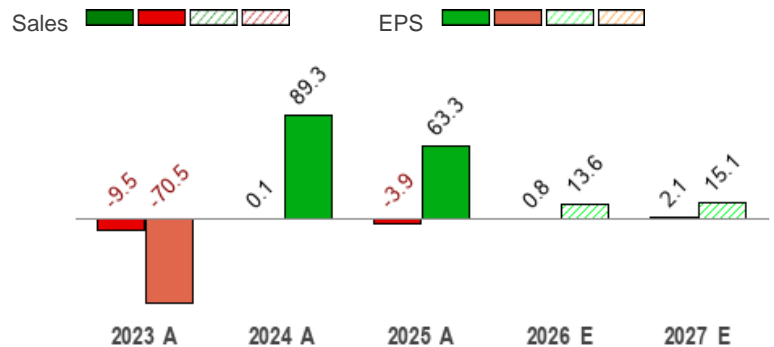
### Price, Consensus & Surprise<sup>(1)</sup>



### Data Overview

52 Week High-Low	\$79.12 - \$45.61
20 Day Average Volume (sh)	771,880
Market Cap	\$3.3 B
YTD Price Change	-13.0%
Beta	1.97
Dividend / Div Yld	\$2.64 / 4.5%
Industry	<a href="#">Agriculture - Operations</a>
Zacks Industry Rank	Bottom 6% (228 out of 243)

### Sales and EPS Growth Rates (Y/Y %)<sup>(1)</sup>



Last EPS Surprise	-4.3%
Last Sales Surprise	-2.8%
EPS F1 Est- 4 week change	0.0%
Expected Report Date	01/28/2026
Earnings ESP	0.0%

### Sales Estimates (millions of \$)<sup>(1)</sup>

	Q1	Q2	Q3	Q4	Annual*
2027	372 E	1,433 E	1,315 E	398 E	3,510 E
2026	360 E	1,405 E	1,284 E	390 E	3,439 E
2025	417 A	1,421 A	1,188 A	387 A	3,413 A

### EPS Estimates<sup>(1)</sup>

	Q1	Q2	Q3	Q4	Annual*
2027	-0.84 E	4.09 E	3.26 E	-1.62 E	4.89 E
2026	-1.05 E	3.89 E	3.13 E	-1.73 E	4.25 E
2025	-0.89 A	3.98 A	2.59 A	-1.96 A	3.74 A

\*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 12/31/2025.

(2) The report's text and the price target are as of 12/23/2025.

## Overview

Based in Marysville, OH, The Scotts Miracle-Gro Company is a leading producer and marketer of branded garden and consumer lawn products. The company makes, markets and sells garden and lawn products in various categories, including Lawn Care, Gardening and Landscape, Hydroponics, Controls and Marketing Agreement.

The company's products are marketed under some of the most recognized brand names in North America, like Scotts and Turf Builder lawn and grass seed products, LiquaFeed and Osmocote gardening and landscape products.

In the U.K., some of its major brands are Miracle-Gro plant fertilizers, EverGreen lawn fertilizers, Weedol and Pathclear herbicides and Levington gardening and landscape products.

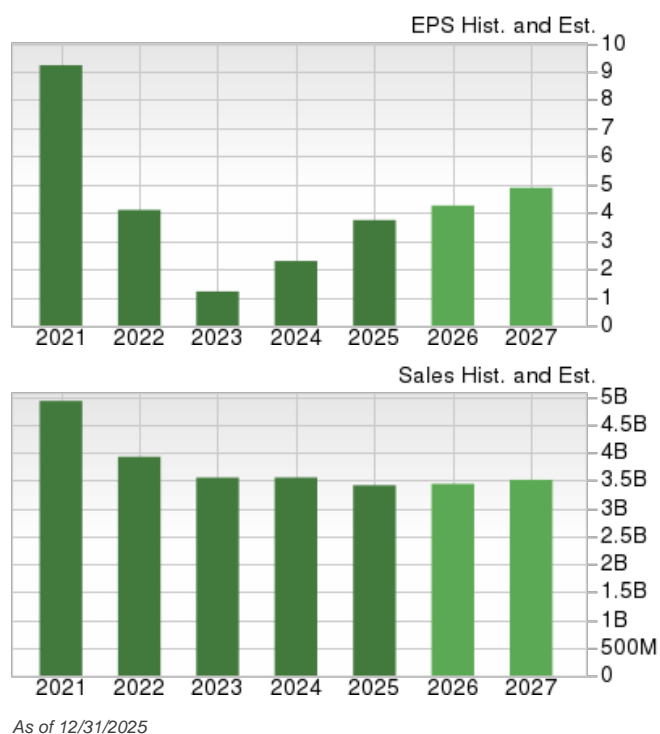
Scotts Miracle-Gro's operations are mainly focused on three reportable business segments — U.S. Consumer, Hawthorne and Other.

**U.S. Consumer (88% of fiscal 2025 sales)** – The division consists of the consumer garden and lawn business located in the United States. The lawn care products include lawn fertilizers, grass seed products, along with lawn-related pest, weed and disease control products. The landscape and gardening category enables consumers to grow vegetable and flower gardens and beautify their landscapes. It includes a complete array of water-soluble plant foods.

**Hawthorne (5%)** – The segment consists of urban, indoor and hydroponic gardening businesses. The hydroponic category enables consumers to grow flowers, plants, as well as vegetables in an urban and indoor environment using very little or no soil.

**Other (7%)** – This division consists of consumer lawn and garden businesses in regions other than the United States, and the products are sold to commercial nurseries, greenhouses and other professional customers.

In June 2018, the company's Hawthorne division acquired all the assets along with certain liabilities of Sunlight Supply, Inc. and subsidiaries. Notably, Sunlight Supply is the largest distributor of hydroponic products in the United States. The buyout strengthens the Scotts Miracle-Gro's Hawthorne segment.



---

## Reasons To Buy:

- ▲ Scotts Miracle-Gro is likely to benefit from the continued strength of its U.S. Consumer segment and ongoing cost-saving initiatives. The company remains focused on bringing new products to market and expanding its presence in the lawn and garden category. The shift toward higher-margin branded products from low-margin commodities is further strengthening profitability. Also, it is likely to gain from legally authorized cannabis production as the cannabis industry grows in the United States and Canada. The Hawthorne-related cannabis exposure is also set for divestiture, making the portfolio more focused.
- ▲ In the last reported quarter, the U.S. Consumer segment delivered 3% year-over-year sales growth, along with POS sales in the U.S. Consumer business, which grew at a double-digit rate, indicating higher consumer engagement and stronger-than-expected early-season demand. This POS strength helps the company sustain momentum in fiscal 2026.
- ▲ Scotts Miracle-Gro is focused on enhancing margins, cash flows and reinforcing the balance sheet to foster sustainable shareholder value creation. The underlying supply chain transformation and automation yielded substantial cost savings, which contributed to a reduction in selling, general and administrative expenses relative to sales. It expects \$150 million of supply chain cost savings over three years and another \$30 million in savings and corporate functions, with about \$100 million of that achieved in fiscal 2025.
- ▲ At the end of the fourth quarter of fiscal 2025, the company's long-term debt was \$2,049.2 million, down 6% from the prior-year quarter. It reduced its total debt by \$150 million on a year-over-year basis by the fourth quarter of 2025. The company's lowered leverage of 4.1x compared with 4.86x in the previous year quarter has increased financial flexibility. It is securing a new credit facility on improved terms.

Scotts Miracle-Gro should benefit from its cost-saving initiatives. It is also likely to gain from the cannabis production. U.S. Consumer segment benefits from robust POS growth.

---

## Reasons To Sell:

- ▼ Scotts Miracle-Gro continues to face persistent headwinds in the Hawthorne segment, which is now planned to be sold off as part of the company's portfolio restructuring strategy. Net sales in the segment declined 38% year over year in the fiscal fourth quarter to around \$49.9 million, reflecting continued weakness in the hydroponic market. The ongoing oversupply of cannabis has pressured pricing and volumes, and although savings from Project Springboard have helped partially offset the decline. Until the planned divestiture is completed, this segment continues to weigh on overall revenue growth and margins.
- ▼ Higher commodity costs are also a concern. The company is expected to face headwinds from elevated commodity costs over the near term and witnessed a year-over-year increase in costs in the most recent quarter. This is likely to exert some pressure on margins. Deflation in resins and key inputs did not materialize as was expected. Freight and packaging costs continue to pressure margins.
- ▼ Cost and operating inefficiencies continued to hurt the company's financials in the fiscal fourth quarter. These factors, coupled with price reductions, are expected to weigh on consolidated margins in fiscal 2025. The company is still on its path of carrying out restructuring initiatives to reach its full potential. As the initiatives are expected to take multiple years to benefit the company, it remains exposed to execution risk.

Scotts Miracle-Gro faces challenges, including a decline in net sales in the Hawthorne segment, pressure from oversupply and high costs.

## Last Earnings Report

### Scotts Miracle-Gro's Q4 Earnings and Revenues Miss Estimates

Scotts Miracle-Gro reported a fourth-quarter fiscal 2025 (ended Sept. 30, 2025) loss of \$151.8 million or \$2.63 per share compared with a loss of \$244 million or \$4.29 per share in the year-ago quarter.

Barring one-time items, adjusted loss was \$1.96 per share, narrower than \$2.31 a year ago. The figure was wider than the Zacks Consensus Estimate of a loss of \$1.88.

Net sales decreased around 6.6% year over year to \$387.4 million and missed the consensus mark of \$398.6 million.

### Segment Highlights

In the fiscal fourth quarter, net sales in the U.S. Consumer division were up 0.5% year over year to \$311.2 million. It missed our estimate of \$360 million. The segment delivered a loss of \$65.5 million, up 21% year over year.

Net sales in the Hawthorne segment tumbled 38% year over year to \$49.9 million in the reported quarter. The figure beat our estimate of \$27 million.

Net sales in the other segment increased 7% year over year to \$26.3 million. The figure topped our estimate of \$5.3 million. The segment reported a loss of \$9.8 million, down 20% year over year.

### Financials

At the end of the quarter, the company had cash and cash equivalents of \$36.6 million, down from \$71.6 million a year ago. Long-term debt was \$2,049.2 million, down around 5.7% year over year.

### Outlook

The company provided its full-year fiscal 2026 outlook. Key projections include low single-digit growth in U.S. Consumer net sales. The adjusted gross margin is expected to be at least 32%, with adjusted EBITDA anticipated to grow in the mid-single digits. Adjusted earnings per share are projected to be between \$4.15-\$4.35, and free cash flow is estimated at approximately \$275 million.

**FY Quarter Ending** **9/30/2025**

Earnings Reporting Date	Nov 05, 2025
Sales Surprise	-2.80%
EPS Surprise	-4.26%
Quarterly EPS	-1.96
Annual EPS (TTM)	3.72

## Valuation

Scotts Miracle-Gro's shares are down 7.5% over the trailing 12-month period. Over the past year, the Zacks Fertilizers industry and the Zacks Basic Materials sector are up 2.2% and 2.2%.

The S&P 500 index is up 16.7% in the past year.

The stock is currently trading at 13.46X forward 12-month earnings, which compares to 12.29X for the Zacks sub-industry, 16.36X for the Zacks sector and 23.27X for the S&P 500 index.

Over the past five years, the stock has traded as high as 41.33X and as low as 9.36X, with a 5-year median of 18.29X.

Our Neutral recommendation indicates that the stock will perform in line the market. Our \$62 price target reflects 14.1X forward 12-month earnings per share.

The table below shows a summary valuation data for SMG:

Valuation Multiples - SMG					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	13.46	12.29	16.36	23.27
	5-Year High	41.33	17.41	20.29	23.78
	5-Year Low	9.36	10.83	16.1	15.73
	5-Year Median	18.29	14.15	17.99	21.22
EV/EBITDA TTM	Current	10.8	5.62	34.36	18.56
	5-Year High	31.06	12.58	45.14	22.37
	5-Year Low	10.02	5.42	33.37	13.85
	5-Year Median	15.23	7.66	39.85	17.94
P/B TTM	Current	NA	0.91	16.64	8.48
	5-Year High	81.28	1.75	21.22	9.15
	5-Year Low	NA	0.84	11.88	6.59
	5-Year Median	13.52	1.3	15.17	8.04

As of 12/22/2025

Source: Zacks Investment Research

## Industry Analysis<sup>(1)</sup> Zacks Industry Rank: Bottom 6% (228 out of 243)



## Top Peers<sup>(1)</sup>

Company (Ticker)	Rec	Rank
Cronos Group Inc. (CRON)	Outperform	1
Aurora Cannabis Inc. (ACB)	Neutral	3
Central Garden & Pet... (CENT)	Neutral	3
Canopy Growth Corpor... (CGC)	Neutral	3
Intrepid Potash, Inc (IPI)	Neutral	2
Reckitt Benckiser Gr... (RBGLY)	Neutral	2
Spectrum Brands Hold... (SPB)	Neutral	3
Sociedad Quimica y M... (SQM)	Neutral	3

## Industry Comparison<sup>(1)</sup> Industry: Agriculture - Operations

	SMG	X Industry	S&P 500	CENT	SPB	SQM
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	A	-	-	A	A	D
Market Cap	3.35 B	82.83 M	39.51 B	2.01 B	1.39 B	19.70 B
# of Analysts	5	2	22	4	4	4
Dividend Yield	4.57%	0.00%	1.42%	0.00%	3.16%	0.18%
Value Score	A	-	-	A	A	D
Cash/Price	0.01	0.22	0.04	0.44	0.09	0.07
EV/EBITDA	12.68	2.92	14.63	6.33	8.29	22.50
PEG Ratio	1.16	2.18	2.21	NA	NA	NA
Price/Book (P/B)	NA	0.96	3.34	1.28	0.75	3.56
Price/Cash Flow (P/CF)	11.44	6.78	15.24	7.69	5.91	28.35
P/E (F1)	13.73	16.34	20.05	11.66	13.45	31.39
Price/Sales (P/S)	0.98	0.56	3.14	0.64	0.49	4.55
Earnings Yield	7.36%	4.21%	4.94%	8.58%	7.43%	3.19%
Debt/Equity	-5.73	0.19	0.57	0.75	0.29	0.68
Cash Flow (\$/share)	5.10	0.11	8.98	4.18	10.00	2.43
Growth Score	A	-	-	A	A	C
Hist. EPS Growth (3-5 yrs)	-30.67%	-1.92%	8.21%	1.78%	-0.40%	12.12%
Proj. EPS Growth (F1/F0)	13.64%	0.00%	0.00%	1.47%	-18.60%	-8.71%
Curr. Cash Flow Growth	38.57%	-7.01%	7.00%	5.66%	5.55%	-65.56%
Hist. Cash Flow Growth (3-5 yrs)	-10.27%	4.12%	7.48%	7.78%	-5.96%	20.04%
Current Ratio	1.27	1.40	1.18	3.67	2.26	2.82
Debt/Capital	NA%	15.73%	38.15%	42.92%	22.56%	40.48%
Net Margin	4.26%	-2.51%	12.77%	5.20%	3.56%	12.12%
Return on Equity	-67.74%	-1.20%	17.03%	11.17%	7.29%	9.79%
Sales/Assets	1.09	0.47	0.53	0.87	0.80	0.37
Proj. Sales Growth (F1/F0)	0.80%	0.00%	5.85%	0.90%	0.70%	-2.60%
Momentum Score	D	-	-	B	D	F
Daily Price Chg	1.11%	0.00%	-0.74%	-0.40%	-0.62%	-0.26%
1 Week Price Chg	-1.24%	-1.24%	-0.20%	2.09%	0.54%	4.19%
4 Week Price Chg	3.20%	-4.28%	0.98%	-5.16%	0.91%	9.10%
12 Week Price Chg	-1.15%	-4.79%	2.71%	5.62%	13.18%	54.47%
52 Week Price Chg	-12.04%	-42.28%	17.25%	-17.14%	-30.08%	89.22%
20 Day Average Volume	771,880	44,774	2,520,743	73,247	272,882	1,140,755
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.00%	0.00%	0.00%	2.88%	-0.15%	-0.79%
(F1) EPS Est 12 week change	0.06%	-6.09%	0.69%	2.37%	-1.67%	-6.59%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.00%	-35.19%	-13.46%	-1.85%

## Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

### Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

### Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

### Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	A
Growth Score	A
Momentum Score	D
VGM Score	A

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

## Disclosures

**This report contains independent commentary to be used for informational purposes only. The analysts contributing to this report do not hold any shares of this stock. The analysts contributing to this report do not serve on the board of the company that issued this stock. The EPS and revenue forecasts are the Zacks Consensus estimates, unless otherwise indicated in the report's first-page footnote.** Additionally, the analysts contributing to this report certify that the views expressed herein accurately reflect the analysts' personal views as to the subject securities and issuers. ZIR certifies that no part of the analysts' compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst in the report.

Additional information on the securities mentioned in this report is available upon request. This report is based on data obtained from sources we believe to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. Any opinions expressed herein are subject to change.

ZIR is not an investment advisor and the report should not be construed as advice designed to meet the particular investment needs of any investor. Prior to making any investment decision, you are advised to consult with your broker, investment advisor, or other appropriate tax or financial professional to determine the suitability of any investment. This report and others like it are published regularly and not in response to episodic market activity or events affecting the securities industry.

This report is not to be construed as an offer or the solicitation of an offer to buy or sell the securities herein mentioned. ZIR or its officers, employees or customers may have a position long or short in the securities mentioned and buy or sell the securities from time to time. ZIR is not a broker-dealer. ZIR may enter into arms-length agreements with broker-dealers to provide this research to their clients. Zacks and its staff are not involved in investment banking activities for the stock issuer covered in this report.

ZIR uses the following rating system for the securities it covers. **Outperform-** ZIR expects that the subject company will outperform the broader U.S. equities markets over the next six to twelve months. **Neutral-** ZIR expects that the company will perform in line with the broader U.S. equities markets over the next six to twelve months. **Underperform-** ZIR expects the company will underperform the broader U.S. equities markets over the next six to twelve months.

No part of this report can be reprinted, republished or transmitted electronically without the prior written authorization of ZIR.