



Smith & Wesson®

INVESTOR PRESENTATION

April 2015



WWW.SMITH-WESSON.COM

NASDAQ | SWHC

SAFE HARBOR

Certain statements contained in this presentation may be deemed to be forward-looking statements under federal securities laws, and the Company intends that such forward-looking statements be subject to the safe-harbor created thereby. Such forward-looking statements include but are not limited to statements regarding the Company's vision and mission; the Company's strategic corporate objectives and rules for success; the success and accretive impact of the Company's firearm accessories business; the Company's business plan and strategic roadmap; the demand for the Company's products and services; inventory growth and channel conditions in the Company's industry; the Company's new products and strategic product development; operational and financial benefits of vertical integration and timing and impact of investments in flexible production; returning value to the Company's stockholders; the Company's markets and opportunities for growth as well as market drivers; the Company's focus and strategies; anticipated revenue, GAAP and non-GAAP earnings per share, tax rate, share count and capital expenditures for the Company in future periods; and scalability and performance from the Company's ERP system. The Company cautions 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 the Company's products, the Company's growth opportunities, the ability of the Company to obtain operational enhancements, the success of new products, the potential for increased regulation of firearms and firearm-related products, and other risks detailed from time to time in the Company's reports filed with the SEC.

OUR VISION IS TO BE THE LEADING FIREARMS MANUFACTURER

“Our mission is to enable our employees to design, produce, and market high quality, innovative firearms that meet the needs and desires of our consumer and professional customers.”



PROUDLY MADE
IN THE USA



A U.S. MARKET LEADER IN FIREARMS SINCE 1852

- Massachusetts, Connecticut, Maine, Missouri
- Approximately 1,700 U.S. Employees
- Growing Market Share Within an Expanding Base of Consumers
- Healthy Balance Sheet
- Seasoned Management Team
- Two Divisions: Firearms Division
Accessories Division



CONSUMER MARKET

89% of Q3 FY15 Total Revenue

- Sport/Competition
- Personal Protection
- Hunting
- Concealed Carry

PROFESSIONAL MARKET

11% of Q3 FY15 Total Revenue

- Law Enforcement
- Military
- Government
- International

STRATEGIC CORPORATE OBJECTIVES



- 1 Protect and grow our core firearm business
- 2 Focus on profitable growth
- 3 Streamline and standardize our business operations
- 4 Emphasize customer satisfaction and loyalty
- 5 Pursue strategic relationships & acquisitions relating to our current business

RULES FOR SUCCESS

- Concentrate on firearm industry – stay focused, keep it simple
- Protect and sustain the iconic Smith & Wesson brand
- Be a consumer-centric, marketing-led company
 - Compliance: Fanatical pursuit of excellence
 - Brand/Product: Invest in our brands
 - Channel: U.S. sporting goods
 - Customer: Consumer
 - Assets: High utilization
- Launch new products strategically



Q3 Fiscal 2015 Highlights

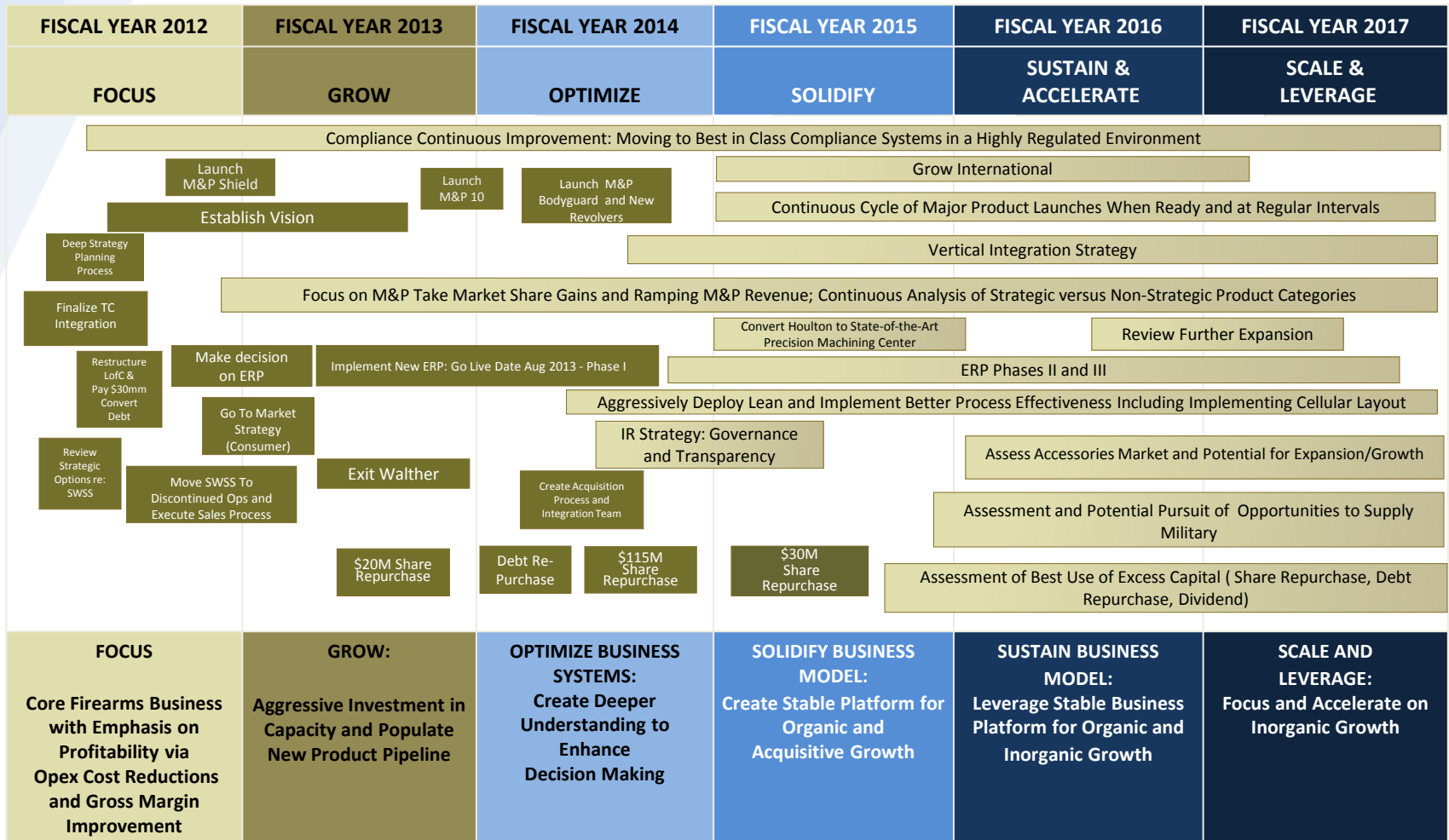
(January 31, 2015 – From Continuing Operations)

- Sales of \$130.6M: -10.5% Y/Y, results above guidance
- Long gun sales: MSRs drove most of sales decline
- Handgun sales slightly lower Y/Y at -6.8%
- Professional sales of \$14.1M
- Gross margin 33.6% vs. 40.2% Y/Y; non-GAAP gross margin 35%*
 - Reduced firearm manufacturing volumes, unfavorable product mix changes, increased promotions, and decreased fixed-cost absorption, partially offset by favorable spending relative to sales volumes. Amortization of BTI inventory step-up caused a 1.4 percentage point reduction in gross profit
- EPS from continuing operations
 - \$0.15 per diluted share vs. \$0.35 per diluted share Y/Y
- Non-GAAP EPS (no acquisition-related expenses)*
 - \$0.20 per diluted share vs. \$0.35 per diluted share Y/Y
- Adjusted EBITDAS*
 - \$28.7M or 22.0% of net sales vs. \$37.5M or 25.7% of net sales Y/Y
- Cash of \$59.0M

- Acquired Battenfeld Technologies, Inc. and established Accessories Division
 - Provides a broad, established platform for organic & inorganic growth in firearm accessories business
- New Products at SHOT® Show
 - M&P®, Smith & Wesson®, Performance Center®, and Thompson/Center™ firearm models
 - 38 new accessories products from Battenfeld Technologies
- Industry-wide channel inventory situation improved across most product categories



Business Plan Supported by Detailed Strategic Roadmap



A LEADING FIREARM PORTFOLIO



Smith & Wesson®

▪ For sport, recreation, protection, and professional use, you can feel confident standing behind 162 years of reliability and accuracy. Smith & Wesson® knows firearms and the world knows Smith & Wesson. Only the best will do.



▪ Designed to be the most accurate, reliable, and ergonomically superior, M&P® firearms are built to meet your demanding standards. Durable and comfortable, they are capable of handling as many rounds as you are.



THOMPSON/CENTER
America's Master Gunmaker®

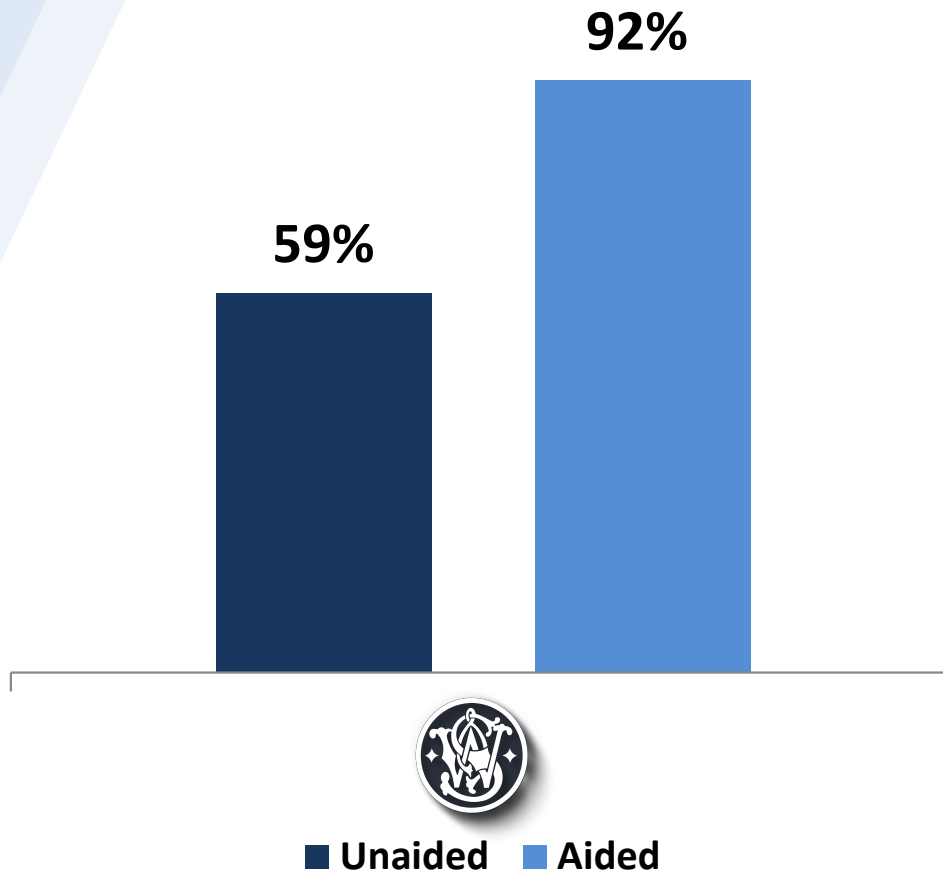
▪ For hunting and shooting enthusiasts passionate about firearms. Since 1967, Thompson/Center Arms™ has been synonymous with firearms that stand up in the toughest situations and perform when it counts.



Performance Center® models offer sophisticated shooters limited run, uniquely designed, special-featured firearms under the Smith & Wesson® and M&P® brands.

THE #1 FIREARM BRAND IN AMERICA

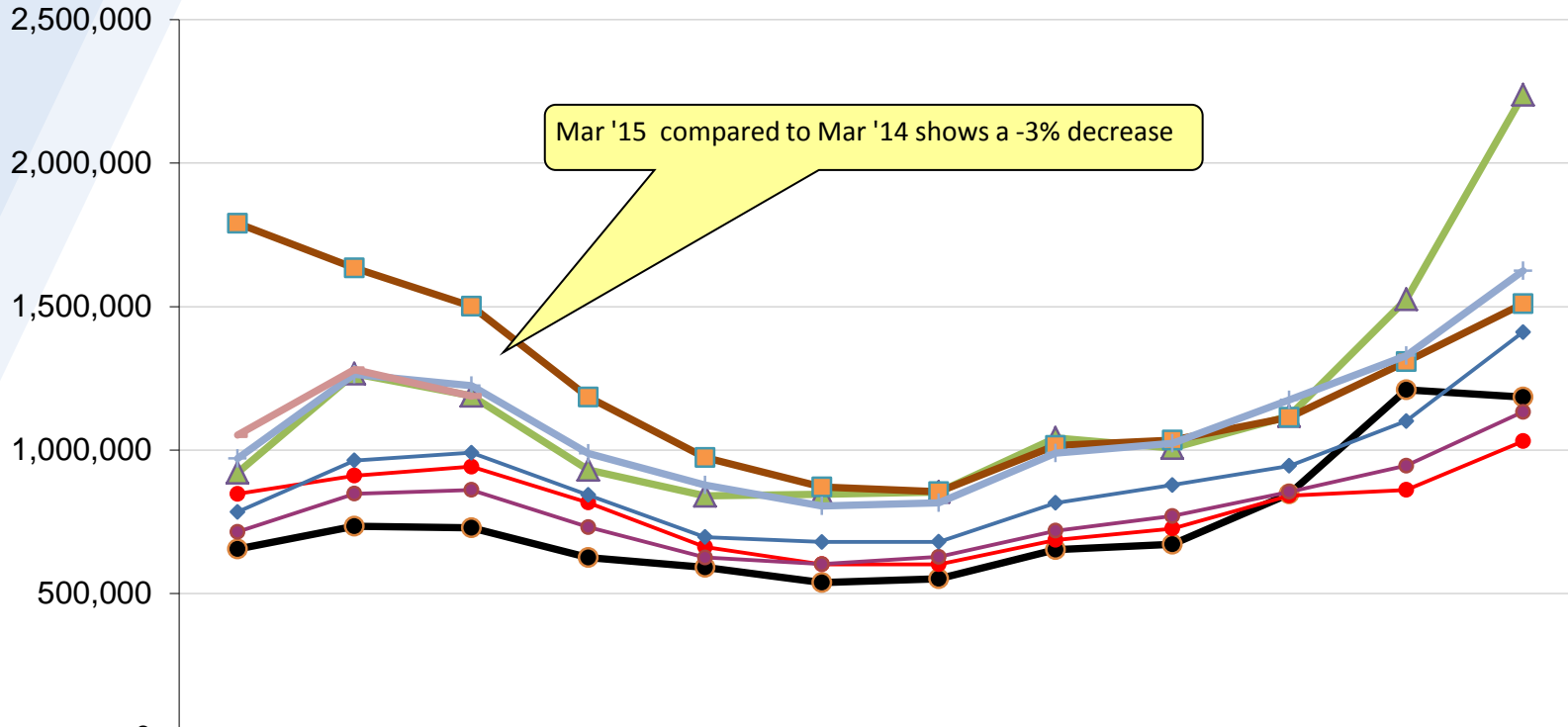
Smith & Wesson



- Leads all firearm manufacturers in total brand awareness
- Leads in critical attribute ratings: Reliability, durability, and accuracy
- Most owned and considered revolver brand in the market: 1 of every 2 revolvers owned is a Smith & Wesson
- Endorser brand to M&P

ADJUSTED NICS MARCH 2015

HANDGUNS +.2% LONG GUNS -7.6% (Y/Y)



Mar '15 compared to Mar '14 shows a -3% decrease

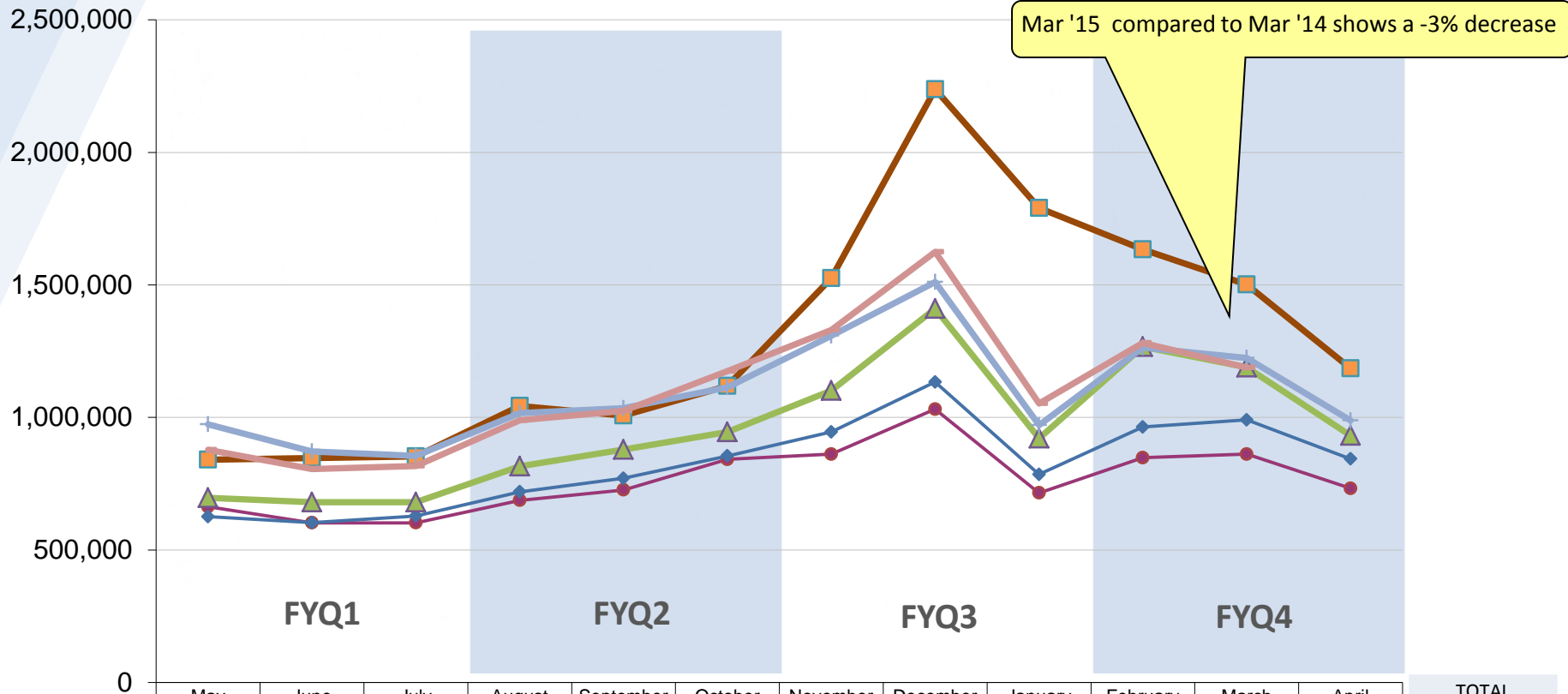
	January	February	March	April	May	June	July	August	September	October	November	December
● CY'08	655,143	735,314	728,992	625,494	591,123	538,963	551,314	653,380	672,421	847,531	1,210,04	1,184,246
● CY'09	847,808	911,043	942,288	817,118	662,956	602,191	602,353	687,252	726,572	841,631	861,575	1,031,344
● CY'10	715,309	848,036	861,408	731,955	625,763	602,908	628,125	718,971	770,310	854,563	945,463	1,133,371
● CY'11	784,856	963,746	990,840	843,484	696,947	679,840	680,258	815,858	878,345	945,088	1,101,07	1,410,937
● CY'12	920,840	1,266,344	1,189,152	931,660	840,412	846,437	853,355	1,042,924	1,007,259	1,118,994	1,525,177	2,237,731
● CY'13	1,790,154	1,634,309	1,501,730	1,185,231	974,457	872,025	855,259	1,016,559	1,034,701	1,113,818	1,308,100	1,510,529
● CY'14	970,510	1,264,010	1,224,705	988,726	877,655	805,571	816,588	989,337	1,024,272	1,174,797	1,329,688	1,624,524
● CY'15	1,052,441	1,280,825	1,187,823									

TOTAL
8,993,964
9,534,131
9,436,182
10,791,275
13,780,285
14,796,872
13,090,383
3,521,089



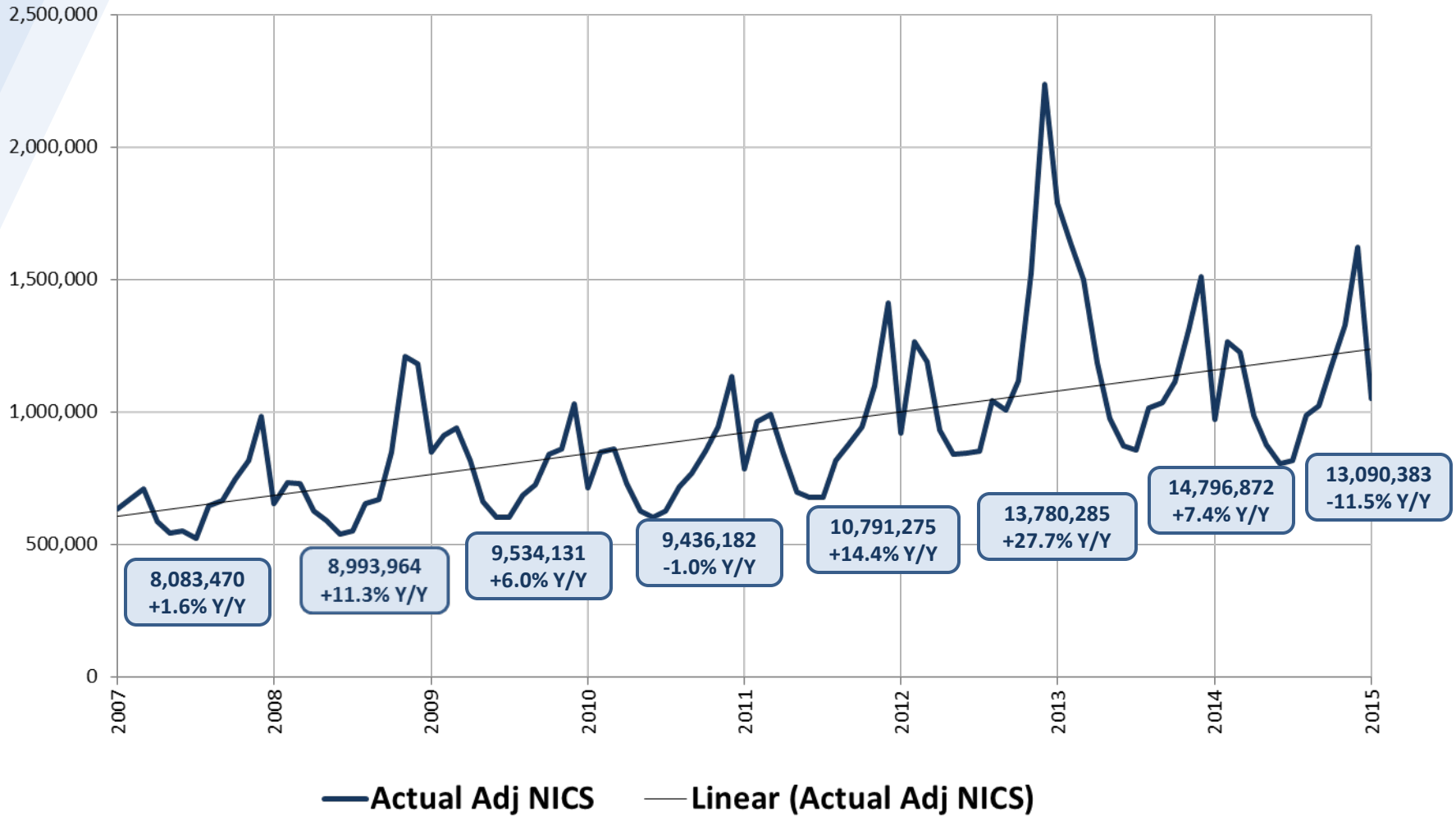
Source: NSSF. The NSSF adjusts FBI NICS data to eliminate background checks associated with permit applications and checks on active CCW permit databases. NSSF adjusted NICS data provides a more accurate picture of market conditions.

ADJUSTED NICS MARCH 2015



	May	June	July	August	September	October	November	December	January	February	March	April	TOTAL
FY'10	662,956	602,191	602,353	687,252	726,572	841,631	861,575	1,031,344	715,309	848,036	861,408	731,955	9,172,582
FY'11	625,763	602,908	628,125	718,971	770,310	854,563	945,463	1,133,371	784,856	963,746	990,840	843,484	9,862,400
FY'12	696,947	679,840	680,258	815,858	878,345	945,088	1,101,076	1,410,937	920,840	1,266,344	1,189,152	931,660	11,516,345
FY'13	840,412	846,437	853,355	1,042,924	1,007,259	1,118,994	1,525,177	2,237,731	1,790,154	1,634,309	1,501,730	1,185,231	15,583,713
FY'14	974,457	872,025	855,259	1,016,559	1,034,701	1,113,818	1,308,100	1,510,529	970,510	1,264,010	1,224,705	988,726	13,133,399
FY'15	877,655	805,571	816,588	989,337	1,024,272	1,174,797	1,329,688	1,624,524	1,052,441	1,280,825	1,187,823		12,163,521

ADJUSTED NICS UP AVG. 7.0% ANNUALLY OVER 8 YEARS*



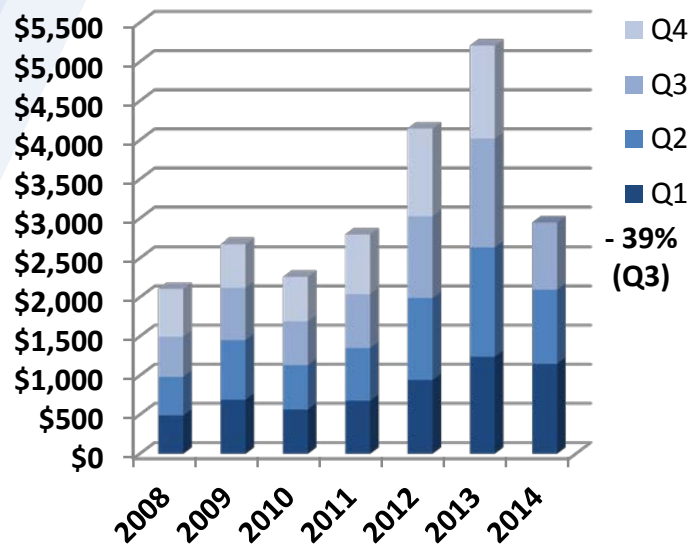
*CY07 – CY15

Source: National Shooting Sports Foundation (NSSF)

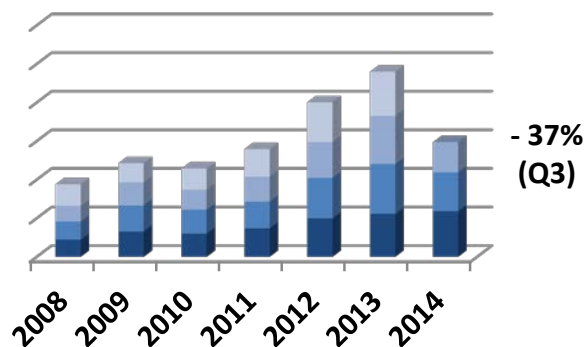
INDUSTRY SHIPMENTS OF HANDGUNS AND LONG GUNS

Total Handguns & Long Guns

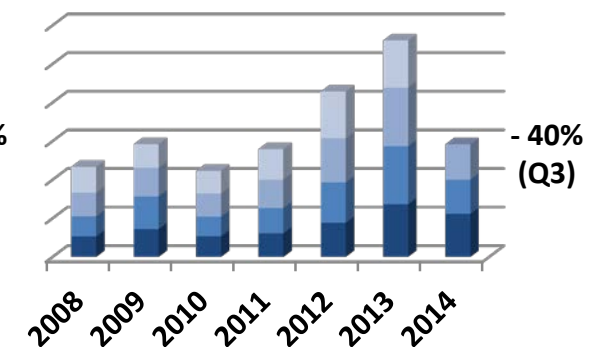
(in Millions)



Total Handguns



Total Long Guns*



Source: Federal Excise Tax collections on manufacturing sales value as translated to sales by National Shooting Sports Foundation.

*Long guns include all rifles, shotguns, and muzzle loaders.

OPPORTUNITY TO INCREASE PISTOL SALES TO FURTHER ALIGN WITH MARKET

U.S. Consumer Handgun Market	CY 2010	CY 2013
Pistols to Revolvers Ratio	4.0 : 1	5.9 : 1

Smith & Wesson Handgun Unit Sales	FY 2010	FY 2014
Pistols to Revolvers Ratio	1.4 : 1	4.1 : 1

Note: Excludes former Walther sales

Source: 2013 Interim BATF and U.S. Int'l. Trade Commission, includes manufacture plus imports, excludes exports; Smith & Wesson management estimates.

KEY MARKET DRIVERS

"Who's buying?"



■ New Shooters

- Of those who have been sport shooting in 2012, 20% were new to shooting within the past 5 years¹. That included 11% who just began shooting in 2012

■ Repeat Customers

- 90% of 10,511 respondents who own a handgun own multiple firearms²
- 8.1 = The average number of handguns owned by those respondents²
- Nearly 25% of first-time buyers bought at least one more firearm within the first year after their first purchase³

KEY MARKET DRIVERS



■ What Are The Top Reasons For Gun Ownership? ¹

1. Personal Safety/ Protection 60%
2. Hunting 36%
3. Recreation/ Sport 13%
4. Target Shooting 8%

■ Personal Protection ²

- Home protection and personal protection are top drivers for first time and existing owners of handguns
- Concealed carry and state legislative trends: Illinois became 50th state to issue concealed carry permits

■ Sport and Target Shooters ³

- Over 17% or 41M adults participated in any type of target or sport shooting in 2012, an increase from the 15% participation rate in 2009
- Customer-centric: Users' needs drive new product features

NEW TARGET/SPORT SHOOTERS

Less than 5 years experience



- Younger
 - 18-34 year old age group makes up about two-thirds of new shooters¹
- Sport Shooting More Often
 - First-time buyers are active, 60% shooting once or more a month²
- Increasingly Urban/Suburban
 - 47% of new shooters are urban / suburban versus rural consumers¹
- Women Increasingly Represented
 - Women represent 37% of new shooters versus 22% of established shooters¹

ROBUST RESEARCH

NEW

DEFINED CONSUMER PROFILES

EXPERIENCED



- Process: In-depth S&W attitude, usage, and segmentation studies
 - Systematic & quantitative review to track industry brands and consumer shifts
 - In-depth multi-city focus groups to gain deeper understanding of consumer needs
 - In-field research with consumers using our products as well as competitive products
- Yield: Proprietary info and deep understanding of our targeted consumer segments
 - Average number and type of firearms owned
 - Income, gender, brand perceptions, needs, wants, and desires
- Result: Superior knowledge of where to play in market and how to win with the consumer

CONNECTING WITH NEW WOMEN SHOOTERS



- Lead sponsor of NRA Women's Network and "Love at First Shot"
- Television and digital marketing geared toward women
- Equipping NRA certified women instructors – Eyes & Ears
- Products designed with the needs of women shooters in mind

STRATEGIC PRODUCT DEVELOPMENT

Market research drives product development

- Concepts market-tested with firearm owners & purchase intenders
- Results benchmarked against database of prior concepts/sales
- Leading concepts financially modeled as key component of overall business case
- Further consumer studies conducted to finalize most desired designs/features



NEW FOR SHOT2015

Expanded M&P Pistol Line and Added Hunting Options
From T/C and Performance Center by Smith & Wesson

M&P Firearms

- M&P9 and M&P45 Threaded Barrel Kits
- M&P Shield™ with Green Crimson Trace® Laser



NEW FOR SHOT2015

Expanded M&P Pistol Line and Added Hunting Options
From T/C and Performance Center by Smith & Wesson

M&P Firearms

- M&P9 and M&P40 Pistols with Flat Dark Earth Frame or Carbon Fiber Finish



- Model 642 with LaserMax™



- Performance Center Model 460XVR™ Bone Collector®



NEW FOR SHOT2015

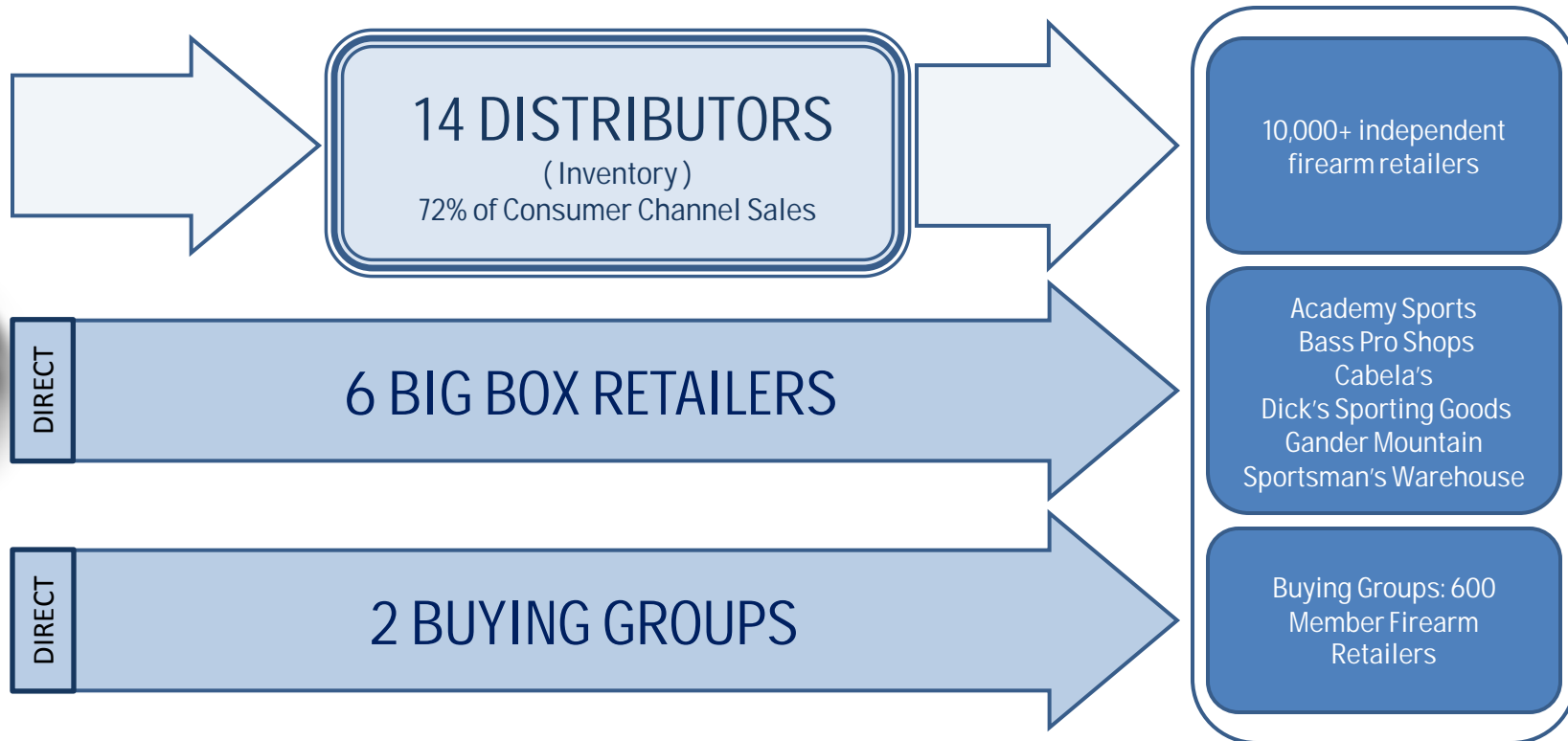
Expanded M&P Pistol Line and Added Hunting Options
From T/C and Performance Center by Smith & Wesson

Thompson/Center Arms

- T/C Encore® Pro Hunter™ Complete Pistol and Rifle Systems



THREE WAYS TO U.S. SPORTING GOODS MARKET

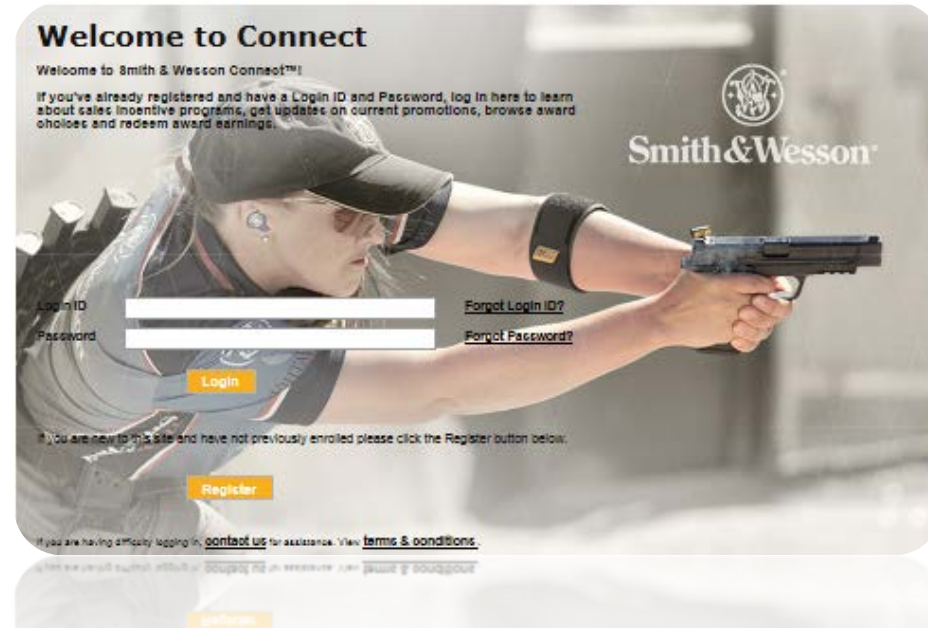


Diverse path to market = Enhanced insight into retail environment

ACTIVE RETAIL ENGAGEMENT PROGRAM



- Retail associate incentive rewards program
- Two-way dialogue opportunity with retail associates
- Ability to quickly assess market conditions through surveys, and communicate key product initiatives
- Key element in go-to-market strategy



- Intuitive graphic interface, easy to use & register sales
- Points never expire and are transportable
- Extensive catalog of products & experiences, including select Smith & Wesson, M&P, and T/C firearms

PROFESSIONAL MARKET

Demands Highest Standards for Performance



- Law Enforcement / Federal Government
 - Focus: Top-tier agencies in high-volume NICS states
 - LA County Sheriff, Fresno County Sheriff's Office, Texas DPS
- International
 - Focus: Large agency opportunities
 - Belgium, Australia, Canada, Puerto Rico
- U.S. Army Modular Handgun (9mm) Replacement
 - Awaiting RFP and potential 4th industry day
 - M&P pistols strongly positioned to compete



SMART INVESTMENTS IN FLEXIBLE PRODUCTION

- Strategic investment in basic capacity and in tooling for production flexibility
- Selective outsourcing of parts production to better meet market demand and optimize internal capacity
- Conversion of Houlton, ME operation into a dedicated precision machining center
- Fiscal Year 2015 CapEx Estimate: \$34.0 M

Houlton, ME
High Volume CNC



Springfield, MA
Corporate HQ
Primary Manufacturing



Deep River, CT
Plastic Injection Molding



VERTICAL INTEGRATION

Deep River Plastics

MAY 2014

Asset purchase of key polymer supplier for \$24 M in cash delivers in-house custom plastic injection molding, rapid prototyping, and tooling

150,000 leased square feet
45 injection molding machines
Full tool-building capabilities



Operational Benefits:

- Integrates a key manufacturing process
- Increases flexibility
- Lowers production costs
- Reduces risk within supply chain
- Enhances new product development

Financial Benefits:

- Accretive in fiscal 2015
- Positive impact on gross margin in Q3 FY15
- Planned payback: 4-5 years

Battenfeld® Technologies, Inc.

- Acquisition: December 2014
- Industry-leading provider of hunting and shooting accessories
- Provides a broad, established platform for Smith & Wesson's Firearm Accessories business
- Expected to be accretive to Smith & Wesson gross margins and cash generated in FY16, which begins May 1, 2015
- All cash deal – App. \$130.5M
- SHOT2015: 38 new products on display

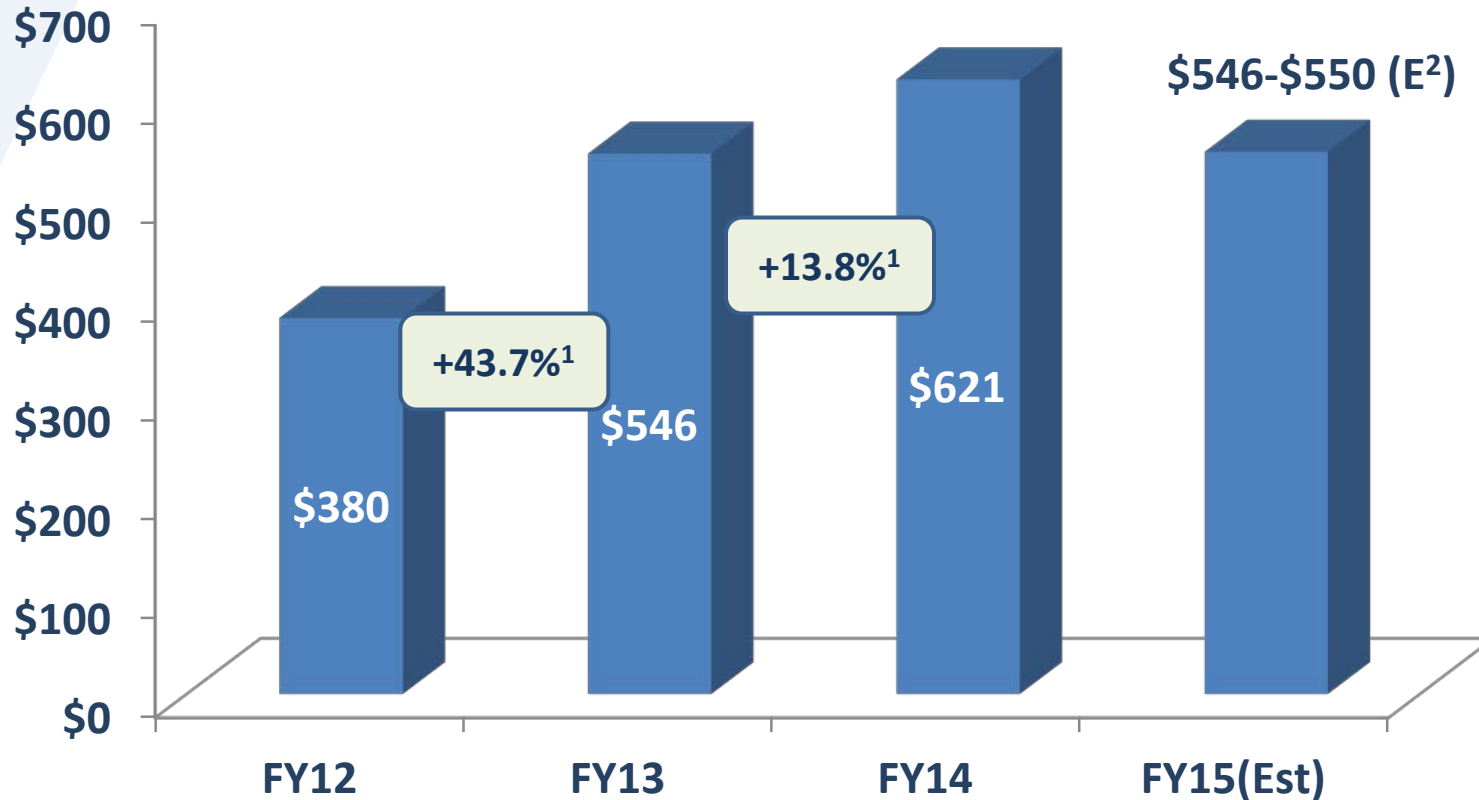


FINANCIAL REVIEW



REVENUE - ANNUAL

U.S.\$ Millions – Continuing Operations

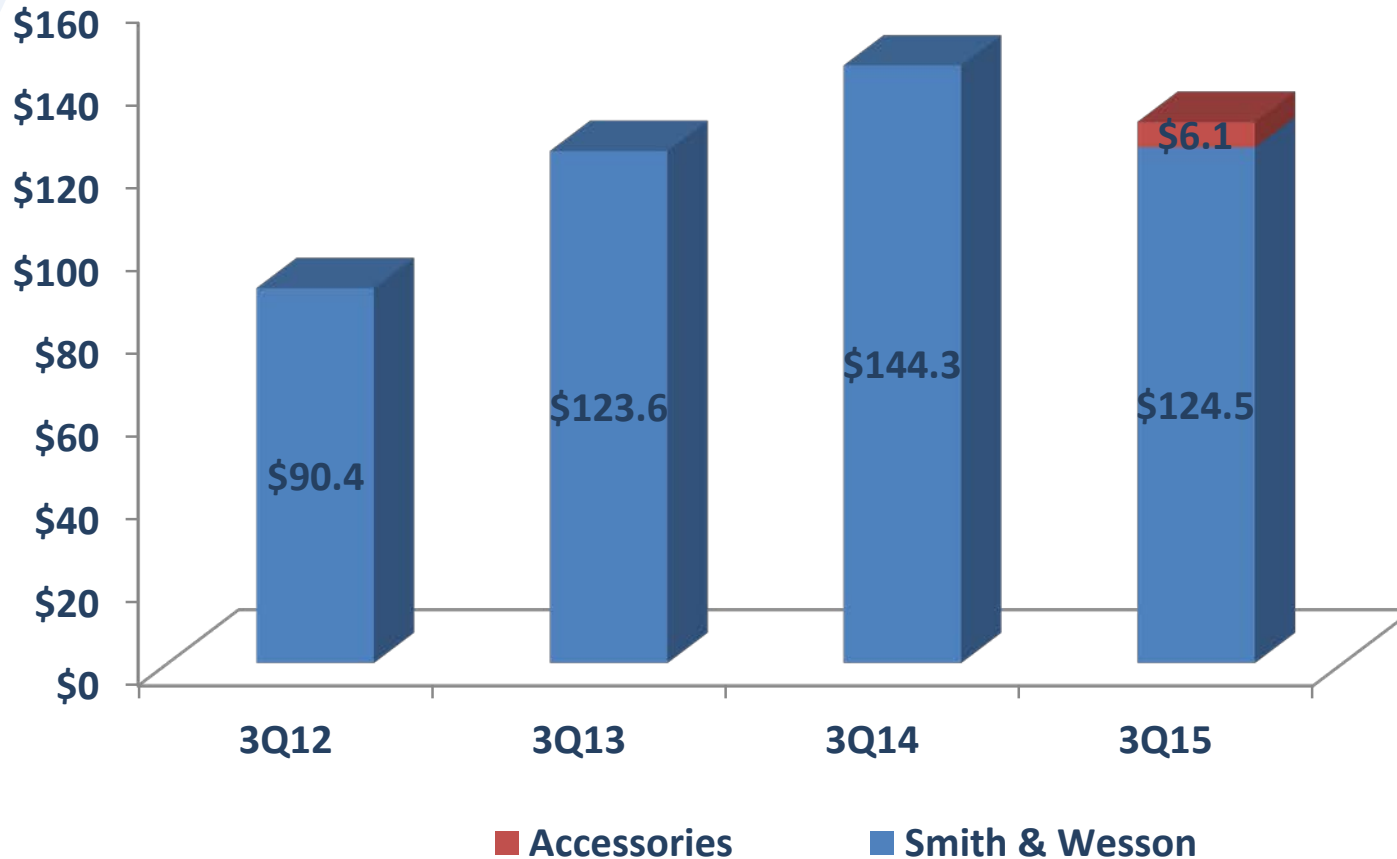


(1) Note: Excludes prior year Walther sales – an agreement which ended in Fiscal 2013

(2) Note: FY2015 estimates provided April 15, 2015

REVENUE - QUARTERLY

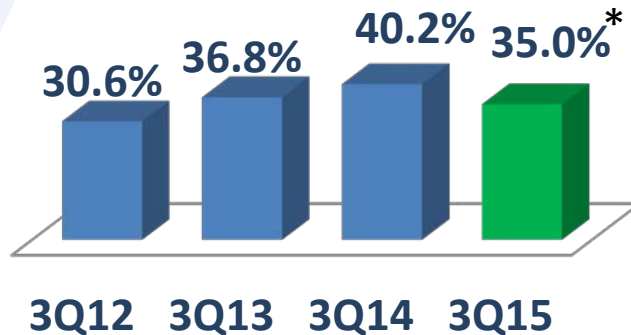
U.S.\$ Millions – Continuing Operations



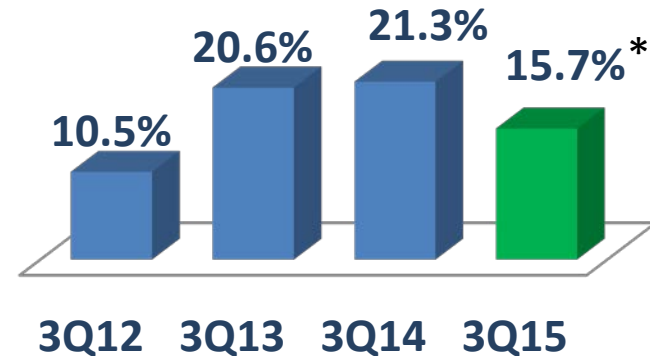
Note: Excludes Walther sales – an agreement which ended in Fiscal 2013

MARGINS - QUARTERLY

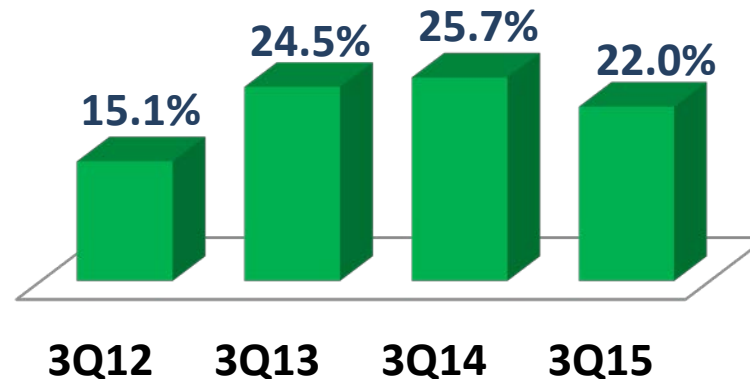
GROSS MARGIN



OPERATING PROFIT MARGIN



ADJUSTED EBITDAS MARGIN

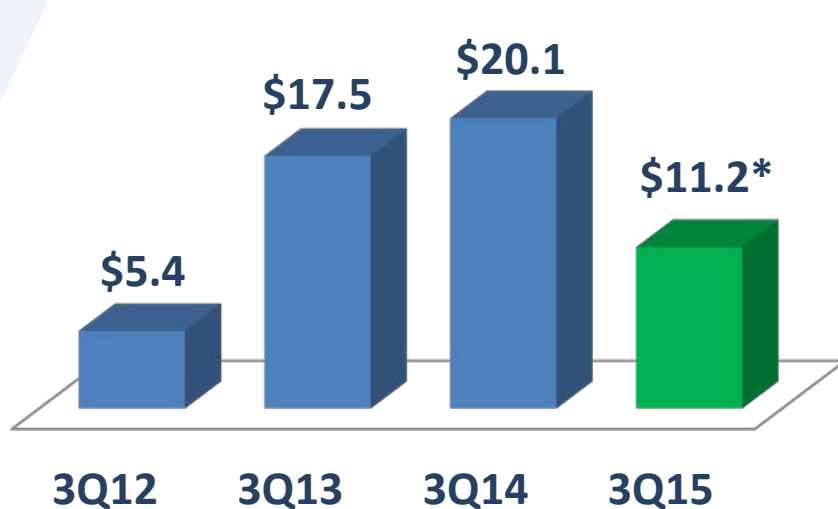


*3Q15 Represents non-GAAP (no acquisition-related costs): See Appendices for GAAP to non-GAAP reconciliations.

PROFITABILITY - QUARTERLY

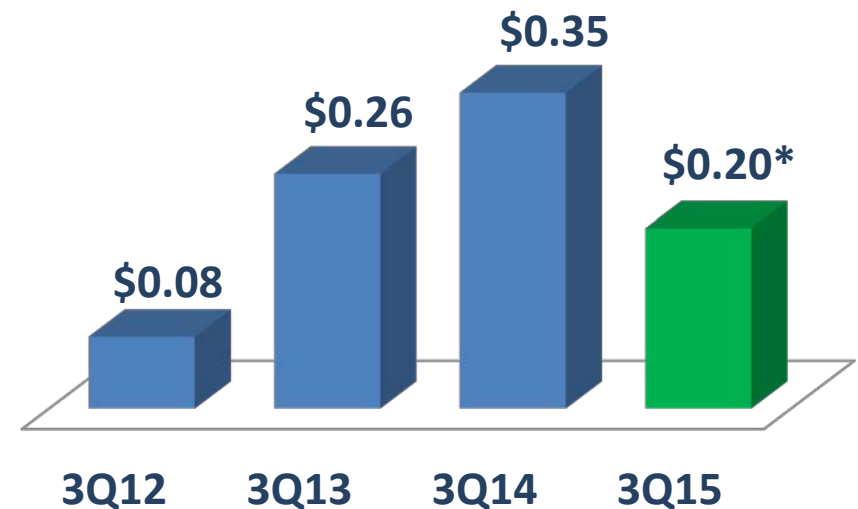
NET INCOME

(Continuing Operations, U.S.\$ Millions)



EARNINGS PER DILUTED SHARE

(Continuing Operations)



*3Q15 Represents non-GAAP (no acquisition-related costs): See Appendices for GAAP to non-GAAP reconciliations.

BALANCE SHEET & CASH FLOW

CONDENSED BALANCE SHEET

	(U.S.\$ Thousands)	
	Jan 31, 2015	April 30, 2014
<i>Cash</i>	\$ 59,010	\$ 68,860
<i>AR</i>	61,030	55,890
<i>Inventory</i>	97,021	86,742
<i>Other current assets</i>	25,880	27,679
<i>Total current assets</i>	<u>242,941</u>	<u>239,171</u>
<i>Long-term assets</i>	304,276	142,332
<i>Total assets</i>	<u>\$ 547,217</u>	<u>\$ 381,503</u>
<i>Current liabilities</i>	\$ 59,200	\$ 92,543
<i>Other non-current</i>	43,440	22,137
<i>Notes payable</i>	275,000	100,000
<i>Total liabilities</i>	377,640	214,680
<i>Total equity</i>	169,577	166,823
<i>Total liabilities & equity</i>	<u>\$ 547,217</u>	<u>\$ 381,503</u>

CONDENSED CASH FLOWS

	(U.S.\$ Thousands)	
	Jan 31, 2015	Jan 31, 2014
<i>Net cash provided by operating activities</i>	\$ 33,375	\$ 29,566
<i>Net cash used in investing activities</i>	(138,737)	(21,896)
<i>Net cash used in financing activities</i>	99,999	(15,304)
<i>Net increase/(decrease) in cash</i>	<u>\$ (5,363)</u>	<u>\$ (7,634)</u>
<i>Net cash provided by operating activities</i>	\$ 33,375	\$ 29,566
<i>CAPEX, including machine deposits</i>	(2,933)	(22,001)
<i>Free cash flow</i>	<u>\$ 30,442</u>	<u>\$ 7,565</u>

- July 2014 - Company issued \$75 million of 5.000% Senior Notes due 2018
- Exercised option to expand \$75M credit facility to \$125M
- Borrowed \$100M toward BTI acquisition in December 2014

FINANCIAL GUIDANCE

Fiscal Year Ending: April 30 – From continuing operations

FISCAL FOURTH QUARTER 2015	Estimate
Revenue	\$175M to \$179M
GAAP Earnings Per Share	\$0.34 to \$0.36
Non-GAAP Earnings Per Share*	\$0.39 to \$0.41
FISCAL YEAR 2015	Estimate
Revenue	\$546M to \$550M
GAAP Earnings Per Share	\$0.84 to \$0.86
Non-GAAP Earnings Per Share*	\$0.96 to \$0.98
Tax Rate	37%
Share Count	55.2M

Note: Guidance for revenue, GAAP earnings per share and non-GAAP earnings per share reflects information as of April 15, 2015. Guidance for tax rate and share count reflects information as of March 3, 2015. The Company is not updating any of this guidance to the present date nor does its inclusion constitute a reiteration or modification of this information.

*See Appendices for GAAP to non-GAAP reconciliations.

INVESTMENT SUMMARY



- Leading position in the U.S. firearm market
- Iconic brand with customer driven product portfolio
- Focus strategically on new product opportunities
- Pure play strategy on growing market size & market share gains
- Strong financial performance: Profitable Growth
 - Long-term target of quarterly gross margins in the range of 37% - 41%
 - Margins vary among quarters due to absorption impacts of seasonality, factory shutdowns, and holidays
 - Long-term Adjusted EBITDAS target above 20%
- Focus on operating efficiencies & targeted vertical integration
- New SAP ERP system, driving scalability & improved performance



INVESTOR RELATIONS

Elizabeth Sharp

Vice President

Smith & Wesson

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Springfield, MA 01104

Phone: 413 747 6284

Email: [Isharp@smith-wesson.com](mailto:isharp@smith-wesson.com)

WWW.SMITH-WESSON.COM

APPENDICES



EXPERIENCED LEADERSHIP

JAMES DEBNEY
PRESIDENT &
CHIEF EXECUTIVE OFFICER



20+ years:
multinational
consumer and
business-to-business
environments,
including President of
Presto Products Co., a
\$500 million business
unit of Alcoa
Consumer Products

JEFFREY D. BUCHANAN
EXECUTIVE VICE PRESIDENT &
CHIEF FINANCIAL OFFICER



25+ years: public
and private company
experience in
financial
management and
law; CFO for publicly
traded, global
manufacturing
company; law firm
partner; public
company board
member

MARKET PARTICIPANTS

Listed Alphabetically

SEMI AUTOMATIC PISTOLS	RIMFIRE SEMI AUTOMATIC PISTOLS	REVOLVERS	CENTERFIRE MSR	RIMFIRE MSR	BOLT ACTION	BLACK POWDER RIFLES
Smith & Wesson	Smith & Wesson	Smith & Wesson	Smith & Wesson	Smith & Wesson	Smith & Wesson	Smith & Wesson
Beretta	Ruger	Ruger	Colt	Colt	Browning	CVA
Glock	Sig Sauer	Taurus	DPMS/Bushmaster	Mossberg	Marlin	Traditions
H&K	Walther		Rock River	Ruger	Remington	
Kimber			Sig Sauer	Sig Sauer	Ruger	
Ruger					Savage Arms	
Sig Sauer					Weatherby	
Springfield					Winchester	

INDUSTRY INDICATORS

- NICS _____ WWW.FBI.GOV
 - NICS background checks are conducted at the point of sale, tracked by the FBI, and reported monthly. NSSF adjusts the total to eliminate permit-related checks and other “noise”
- ADJUSTED NICS _____ WWW.NSSF.ORG
 - Adjusted NICS serves as a proxy for consumer sales since Smith & Wesson sells only to federally licensed firearm dealers who must, by law, conduct a background check for every firearm they sell
 - Applies to retail stores, gun shows, anywhere an FFL sells a firearm
- FET Data _____ WWW.TTB.GOV
 - Firearms and Ammunition Excise Tax Collections
 - Alcohol and Tobacco Tax and Trade Bureau
 - NSSF translates into manufacturer’s sales
 - Lagging data

GAAP to NON-GAAP RECONCILIATION

In this investor presentation, certain non-GAAP financial measures, including “non-GAAP earnings per share” and “Adjusted EBITDAS” as well as gross margin, operating expenses, operating income, and earnings per share from continuing operations excluding certain costs, expenses, and tax effects are or may be presented. From time-to-time, we consider and use these supplemental measures of operating performance in order to provide the reader with an improved understanding of underlying performance trends. We believe it is useful for us and the reader to review, as applicable, both (1) GAAP measures that include (i) fair value inventory step-up and backlog expense, (ii) amortization of acquired intangible assets, (iii) acquisition-related costs, (iv) debt extinguishment costs, (v) the tax effect of non-GAAP adjustments, (vi) interest expense, (vii) income taxes, (viii) depreciation and amortization, (ix) stock-based compensation expense, and (x) DOJ and SEC costs, and (2) the non-GAAP measures that exclude such information. We present these non-GAAP measures because we consider them an important supplemental measure of our performance. Our definition of these adjusted financial measures may differ from similarly named measures used by others. We believe 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 our GAAP measures. The principal limitations of these measures are that they do not reflect our actual expenses and may thus have the effect of inflating our financial measures on a GAAP basis.

GAAP to NON-GAAP RECONCILIATION

RECONCILIATION OF GAAP FINANCIAL MEASURES TO NON-GAAP FINANCIAL MEASURES (Dollars in thousands, except per share data) (Unaudited)

	For the Three Months Ended January 31,				For the Nine Months Ended January 31,			
	2015		2014		2015		2014	
	\$	% of Sales	\$	% of Sales	\$	% of Sales	\$	% of Sales
GAAP gross profit	\$ 43,824	33.6%	\$ 58,651	40.2%	\$ 127,782	34.5%	\$ 189,361	41.5%
Fair value inventory step-up and backlog expense	1,865	1.4%	—	0.0%	1,983	0.5%	—	0.0%
Non-GAAP gross profit	<u>\$ 45,689</u>	<u>35.0%</u>	<u>\$ 58,651</u>	<u>40.2%</u>	<u>\$ 129,765</u>	<u>35.0%</u>	<u>\$ 189,361</u>	<u>41.5%</u>
GAAP operating expenses	\$ 28,125	21.5%	\$ 27,531	18.9%	\$ 75,479	20.4%	\$ 81,453	17.9%
Amortization of acquired intangible assets	(1,327)	-1.0%	—	0.0%	(1,424)	-0.4%	—	0.0%
Acquisition-related costs	(1,584)	-1.2%	—	0.0%	(2,042)	-0.6%	—	0.0%
Debt extinguishment costs	—	0.0%	—	0.0%	—	0.0%	(5,080)	-1.1%
Non-GAAP operating expenses	<u>\$ 25,214</u>	<u>19.3%</u>	<u>\$ 27,531</u>	<u>18.9%</u>	<u>\$ 72,013</u>	<u>19.4%</u>	<u>\$ 76,373</u>	<u>16.7%</u>
GAAP operating income from continuing operations	\$ 15,699	12.0%	\$ 31,120	21.3%	\$ 52,303	14.1%	\$ 107,908	23.7%
Fair value inventory step-up and backlog expense	1,865	1.4%	—	0.0%	1,983	0.5%	—	0.0%
Amortization of acquired intangible assets	1,327	1.0%	—	0.0%	1,424	0.4%	—	0.0%
Acquisition-related costs	1,584	1.2%	—	0.0%	2,042	0.6%	—	0.0%
Debt extinguishment costs	—	0.0%	—	0.0%	—	0.0%	5,080	1.1%
Non-GAAP operating income from continuing operations	<u>\$ 20,475</u>	<u>15.7%</u>	<u>\$ 31,120</u>	<u>21.3%</u>	<u>\$ 57,752</u>	<u>15.6%</u>	<u>\$ 112,988</u>	<u>24.8%</u>
GAAP income from continuing operations	\$ 8,178	6.3%	\$ 20,057	13.7%	\$ 27,885	7.5%	\$ 63,728	14.0%
Fair value inventory step-up and backlog expense	1,865	1.4%	—	0.0%	1,983	0.5%	—	0.0%
Amortization of acquired intangible assets	1,327	1.0%	—	0.0%	1,424	0.4%	—	0.0%
Acquisition-related costs	1,584	1.2%	—	0.0%	2,042	0.6%	—	0.0%
Debt extinguishment costs	—	0.0%	—	0.0%	—	0.0%	5,080	1.1%
Tax effect of non-GAAP adjustments	(1,767)	-1.4%	—	0.0%	(2,016)	-0.5%	(1,880)	-0.4%
Non-GAAP income from continuing operations	<u>\$ 11,187</u>	<u>8.6%</u>	<u>\$ 20,057</u>	<u>13.7%</u>	<u>\$ 31,318</u>	<u>8.4%</u>	<u>\$ 66,928</u>	<u>14.7%</u>
GAAP income from continuing operations per share - diluted	\$ 0.15		\$ 0.35		\$ 0.50		\$ 1.03	
Fair value inventory step-up and backlog expense	0.03		—		0.04		—	
Amortization of acquired intangible assets	0.02		—		0.03		—	
Acquisition-related costs	0.03		—		0.04		—	
Debt extinguishment costs	—		—		—		0.08	
Tax effect of non-GAAP adjustments	(0.03)		—		(0.04)		(0.03)	
Non-GAAP income from continuing operations per share - diluted	<u>\$ 0.20</u>		<u>\$ 0.35</u>		<u>\$ 0.57</u>		<u>\$ 1.08</u>	

GAAP to NON-GAAP RECONCILIATION

RECONCILIATION OF GAAP INCOME FROM OPERATIONS TO ADJUSTED EBITDAS (In thousands) (Unaudited)

	For the Three Months Ended January 31, 2015			For the Three Months Ended January 31, 2014		
	Firearm	Discontinued	Total	Continuing	Discontinued	Total
Income/(loss) from operations	\$ 8,178	\$ (57)	\$ 8,121	\$ 20,057	\$ 728	\$ 20,785
Interest expense	3,192	—	3,192	1,771	—	1,771
Income tax expense/(benefit)	4,585	(31)	4,554	9,319	(803)	8,516
Depreciation and amortization	7,819	—	7,819	4,673	—	4,673
Stock-based compensation expense	1,448	—	1,448	1,877	—	1,877
Acquisition-related costs	1,584	—	1,584	—	—	—
Fair value inventory step-up and backlog expense	1,865	—	1,865	—	—	—
DOJ/SEC costs	13	—	13	(237)	—	(237)
Adjusted EBITDAS	<u>\$ 28,684</u>	<u>\$ (88)</u>	<u>\$ 28,596</u>	<u>\$ 37,460</u>	<u>\$ (75)</u>	<u>\$ 37,385</u>

	For the Nine Months Ended January 31, 2015			For the Nine Months Ended January 31, 2014		
	Firearm	Discontinued	Total	Continuing	Discontinued	Total
Income/(loss) from operations	\$ 27,885	\$ (160)	\$ 27,725	\$ 63,728	\$ 521	\$ 64,249
Interest expense	8,090	—	8,090	10,490	—	10,490
Income tax expense/(benefit)	16,611	(85)	16,526	33,868	(870)	32,998
Depreciation and amortization	20,139	—	20,139	14,363	—	14,363
Stock-based compensation expense	4,248	—	4,248	6,651	—	6,651
Acquisition-related costs	2,042	—	2,042	—	—	—
Fair value inventory step-up and backlog expense	1,983	—	1,983	—	—	—
DOJ/SEC costs	708	—	708	445	—	445
Adjusted EBITDAS	<u>\$ 81,706</u>	<u>\$ (245)</u>	<u>\$ 81,461</u>	<u>\$ 129,545</u>	<u>\$ (349)</u>	<u>\$ 129,196</u>

GAAP to NON-GAAP RECONCILIATION

SMITH & WESSON HOLDING CORPORATION AND SUBSIDIARIES
RECONCILIATION OF EXPECTED GAAP EARNINGS PER SHARE FROM CONTINUING OPERATIONS TO EXPECTED NON-GAAP EARNINGS PER SHARE FROM
CONTINUING OPERATIONS
(Unaudited)

	Range for the Three Months Ended April 30, 2015		Range for the Year Ended April 30, 2015	
GAAP income from continuing operations per share - diluted	\$ 0.34	\$ 0.36	\$ 0.84	\$ 0.86
Fair value inventory step-up and backlog expense	0.04	0.04	0.08	0.08
Amortization of acquired intangible assets	0.04	0.04	0.07	0.07
Acquisition-related costs	—	—	0.04	0.04
Tax effect of non-GAAP adjustments	(0.03)	(0.03)	(0.07)	(0.07)
Non-GAAP income from continuing operations per share - diluted	<u>\$ 0.39</u>	<u>\$ 0.41</u>	<u>\$ 0.96</u>	<u>\$ 0.98</u>



THANK YOU