



# Investor Presentation

January 2019

# Forward Looking Statements and Non-GAAP Measures

This presentation includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 as contained in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements in this presentation include, but are not limited to, statements regarding future plans and prospects, including statements about our financial position, financial targets, business strategy and store opening pipeline. Investors can identify these statements by the fact that they use words such as "continue", "expect", "may", "opportunity", "plan", "future", "ahead" and similar terms and phrases. The Company cannot assure investors that future developments affecting the Company will be those that it has anticipated.

Actual results may differ materially from those indicated by these forward looking statements due to risks relating to, among other things, our retail-based business model, general economic conditions and consumer spending, our concentration of stores in the Western United States, competition in the outdoor activities and sporting goods market, changes in consumer demands, our expansion into new markets and planned growth, current and future government regulations, risks related to our continued retention of our key management, our distribution center, quality or safety concerns about our merchandise, events that may affect our vendors, trade restrictions, and other factors that are set forth in our filings with the Securities and Exchange Commission (the "SEC"), including under the caption "Risk Factors" in our Annual Report on Form 10-K for the year ended February 3, 2018, which was filed with the SEC on March 29, 2018 and our other public filings made with the SEC and available at [www.sec.gov](http://www.sec.gov).

If one or more of these risks or uncertainties materialize, or if any of the Company's assumptions prove incorrect, the Company's actual results may vary in material respects from those projected in these forward-looking statements. Any forward-looking statement made by the Company in this release speaks only as of the date on which the Company makes it. Factors or events that could cause the Company's actual results to differ may emerge from time to time, and it is not possible for the Company to predict all of them. The Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by any applicable securities laws.

In this presentation, we refer to "Adjusted EBITDA" and "Adjusted EBITDA margin," which are not financial measures prepared in accordance with Generally Accepted Accounting Principles ("GAAP"). For a reconciliation of these measures to the most directly comparable GAAP financial measure, see the Appendix to this presentation.

As used herein, unless the context otherwise requires, references to "Sportsman's Warehouse," "we," "us," and "our" refer to Sportsman's Warehouse Holdings, Inc. and its subsidiaries.



# Sportsman's Warehouse Overview

- A one-stop shopping experience for all of your hunting, fishing, camping and outdoor adventures
- Passionate associates, highly knowledgeable about local market conditions
- Comprehensive, locally relevant product assortment and merchandising strategy
- Largest Omni-Channel firearm offering of any retailer
- Largest outdoor specialty store base in the Western US



## Key Facts

<b>Year Founded</b>	1986	<b>TTM Q3 2018<sup>(4)</sup>:</b>	
<b>Current Stores<sup>(1)</sup></b>	92	<b>Net Sales</b>	\$849.6 million
<b>States<sup>(1)</sup></b>	23	<b>Gross Profit</b>	\$285.1 million
<b>Average Store Size (sq. ft.)</b>	39,000	<b>Adjusted EBITDA<sup>(3)</sup></b>	\$69.5 million
<b>Avg. 4-Wall Adj. EBITDA Margin in Year 1<sup>(2)</sup></b>	11.9%	<b>Adjusted EBITDA Margin<sup>(3)</sup></b>	8.2%

(1) As of November 3, 2018

(2) As of November 3, 2018. Represents performance of 51 stores opened since 2010 that have been open for a full twelve months, excluding the 10 stores acquired in 2013. Four-wall Adjusted EBITDA means, for any period, a particular store's Adjusted EBITDA, excluding any allocations of corporate selling, general and administrative expenses allocated to that store. Four-wall Adjusted EBITDA margin means, for any period, a store's four-wall Adjusted EBITDA divided by that store's net sales.

(3) Adjusted EBITDA is calculated as net income plus interest expense, income tax expense, depreciation and amortization, stock-based compensation expense, pre-opening expenses and other gains, losses and expenses that we do not believe are indicative of our ongoing results. See Appendix for a reconciliation of Adjusted EBITDA to Net Income. Adjusted EBITDA margin means, for any period, Adjusted EBITDA divided by net sales.

(4) TTM as of November 3, 2018

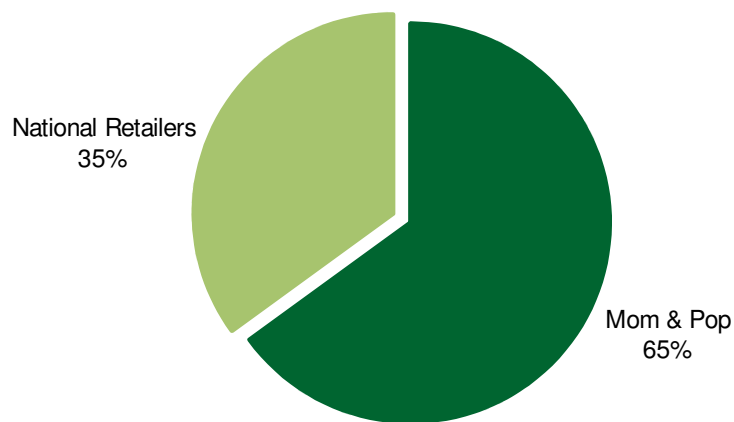


# Large, Growing and Highly-Fragmented Outdoor Sporting Goods Industry

- Industry size estimated to be in excess of **\$70 billion**
- Sportsman's Warehouse is one of a select number of pure play outdoor specialty retailers
- Mom & Pop retailers estimated to represent 65% of industry
- Participation rates are rising across many key demographics, especially among women

Source: Internal estimates

## Market Share – Retail Stores



- (1) 2016 U.S Fish and Wildlife national survey based on Americans aged 16 and older.  
(2) 2017 National Sporting Goods Association report based on period from 2013 to 2016.

## Increasing Participation

- Hunting and Firearms participation up 10%<sup>(2)</sup>
- Camping participation up 3%<sup>(2)</sup>
- Hiking participation up 9%<sup>(2)</sup>
- Wildlife relation recreation up 6%<sup>(1)</sup>
- Fishing participation up 9%<sup>(1)</sup>

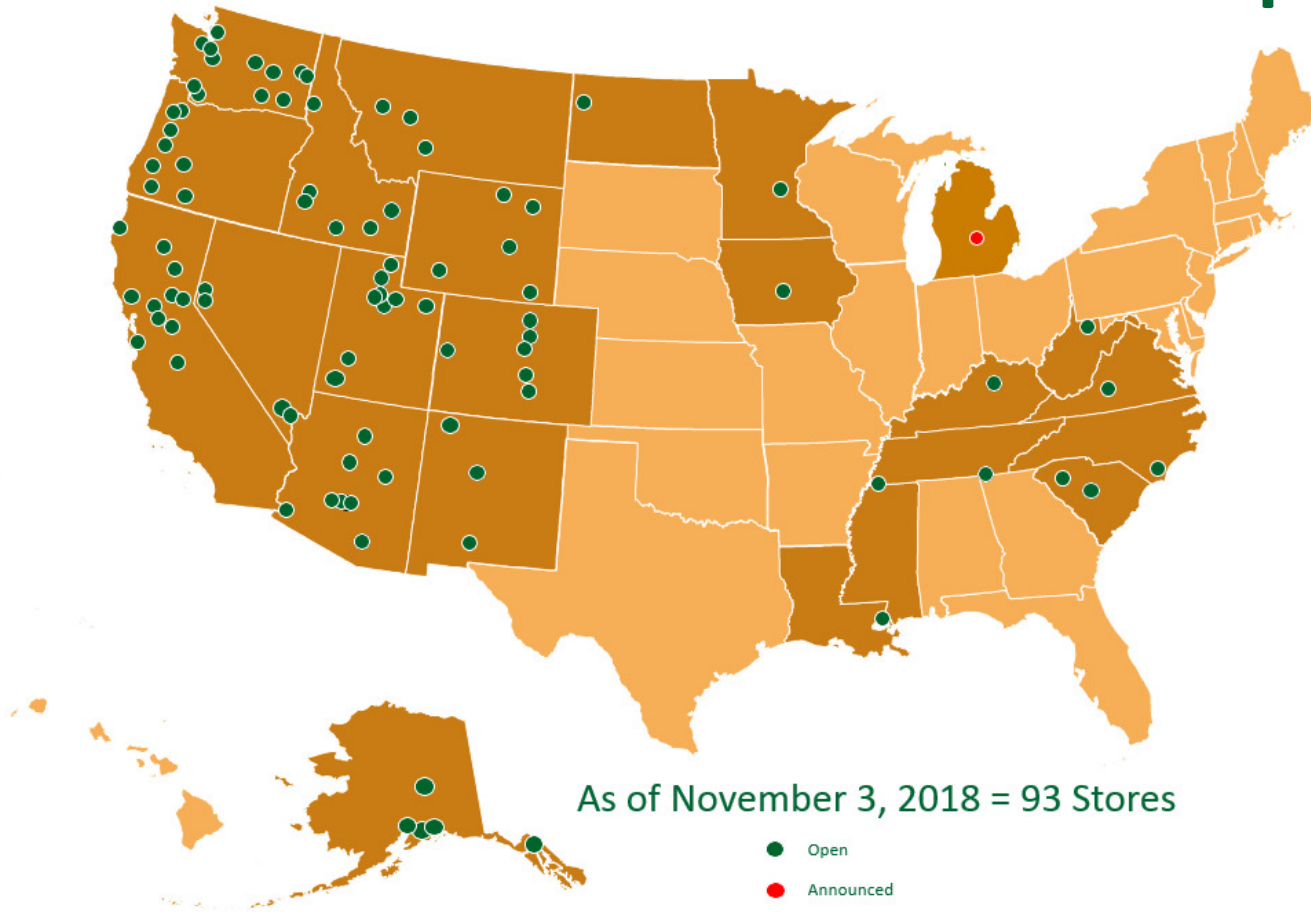
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# Investment Highlights

- Loyal and engaged customer base
- Passionate and experienced Management team with proven track record
- Differentiated outdoor specialty retail experience
- Increasing market share in key categories
- Tier 1 omni-channel platform in place to maximize customer acquisition and retention
- Average double-digit four-wall adjusted EBITDA margins



# Sportsman's Warehouse National Footprint



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# Unique Brand Positioning



Independent

Area of Concentration	West	All	South	East	Midwest	All
US Stores <sup>(1)</sup>	93	87	82	67	35	NA
Western Penetration of Stores <sup>(1)</sup>	80	19	10	1	1	NA
Customer Draw	Convenience / Destination	Destination / Entertainment	Destination / Entertainment	Destination / Convenience	Destination / Convenience	Convenience
Box Size (sq. ft.)	15k-65k	35k-250k	27k-535k	21k-123k	50k	NA
Cost to Open New Units	Lower	Higher	Higher	NA	Higher	NA
Pricing Strategy	Everyday Low Prices	Competitive	Competitive	Competitive	Competitive	Varies



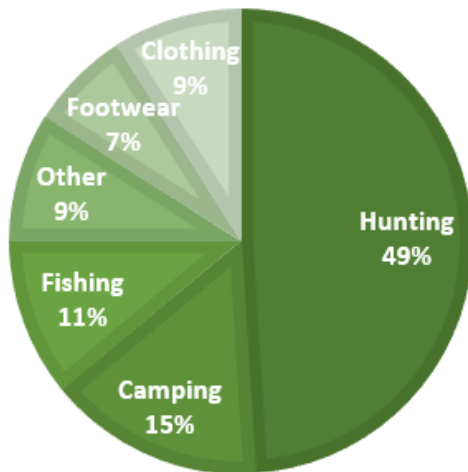
(1) Includes announced stores

Source: Company websites. Store counts updated as of November 3, 2018.

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# Assortment Strategy – Depth, Breadth & Brands

FY 2017 Product Breakdown (% of sales)



Note: Other includes optics, electronics, and accessories

FY 2017 Net Sales: \$809.7 million

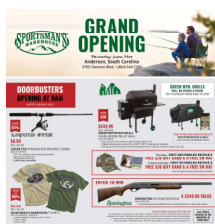




# Local Marketing Focus

## Effective “Localized” Advertising

### Regional inserts



### Billboards



- Marketing budget is ~1% of sales

## In-Store & Off-Site Events



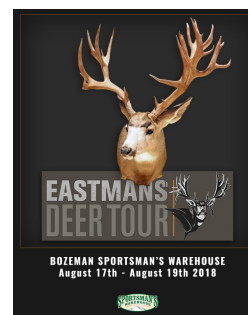
Ladies Night



- Hold ~3,000 events annually



## Grass Roots Campaigns



## Digital / Ecommerce Strategy



Social Post



- ~27.9 million total visitors to website during TTM Q3 2018

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# Differentiated Outdoor Specialty Retail Experience

- Conveniently located stores with easy-in, easy-out access
- Highly trained and passionate employees with experienced and “localized” knowledge
- Store layout is easy to navigate with wide aisles and clear signage
- Locally relevant features
- Touch & feel the latest equipment



# Omni-Channel Focused Marketing and Retail Strategy

## Omni-Channel Opportunity:

### ■ Omni-Channel Platform Investments

- SAP Hybris customer interface/front end launched as “Sportsmans.com” Q4 2018
- In stock inventory allocation and same day pickup launch expected Q2 2019
- Customer database foundation and personalized engagement expected Q3 2019
- Vendor direct assortment expansion - ~30% of firearms sold online.

## In-store pickup:

- In-store delivery option permits customers to order an item directly to a Sportsman’s store, free of shipping charges
- Generates incremental foot traffic and sales upon pickup



# Customer Engagement and Acquisition

## Loyalty Program:

- Allows customers to earn points towards a Sportsman's Warehouse gift card with every purchase
- > 1.8 million members
- Generates ~46% of revenue
- 2x spend over non-members
- Exclusive events and sales for loyalty members



# Management Team

Name	Position	Years at Sportsman's Warehouse	Background
<b>Jon Barker</b>	President, Chief Executive Officer	2	<ul style="list-style-type: none"> <li>Held various leadership position with several high profile retail companies including Walmart, Hayneedle.com and Cornerstone Brands.</li> </ul>
<b>Kevan Talbot</b>	Chief Financial Officer	16	<ul style="list-style-type: none"> <li>Served as the Controller and Vice President of Finance for Sportsman's prior to CFO</li> <li>Began career in audit and business advisory at Arthur Andersen LLP and is a CPA</li> <li>Holds a Bachelor of Science degree and a Master of Accountancy degree from Brigham Young University</li> </ul>
<b>Jeremy Sage</b>	Senior Vice President, Stores	17	<ul style="list-style-type: none"> <li>Joined Sportsman's Warehouse as a Store Manager and also worked as a District Manager before assuming the Senior Vice President role</li> </ul>
<b>Larry Knight</b>	Senior Vice President, Merchandising	21	<ul style="list-style-type: none"> <li>Has worked in the sporting goods industry for over 30 years, including various positions at Sportsman's Warehouse before assuming the Senior Vice President role</li> <li>Holds a Bachelor of Science degree in Business Administration from Southern Utah University</li> </ul>
<b>Steve Stoner</b>	Senior Vice President, Human Resources	1	<ul style="list-style-type: none"> <li>Highly accomplished HR leader with over 20 years of experience at organizations including Best Buy, Home Depot, General Parts and Giant Good</li> <li>Holds a Bachelor of Science degree in Business Administration</li> <li>U.S Army Veteran</li> </ul>
<b>Mike Van Orden</b>	Chief Technology Officer	17	<ul style="list-style-type: none"> <li>Has worked in information technology for over 30 years</li> <li>Holds a Bachelor of Science degree in Business Management from the University of Utah</li> </ul>
<b>Jared Tanner</b>	Vice President, Marketing and eCommerce	1	<ul style="list-style-type: none"> <li>Has worked in the digital and traditional marketing field for over 20 years</li> <li>Holds a bachelor's degree from Brigham Young University and master's degree from Northwestern University</li> </ul>
<b>Matthew French</b>	Vice President, Compliance	21	<ul style="list-style-type: none"> <li>Has worked in the sporting goods industry for over 30 years, including various positions at Sportsman's Warehouse involving management of the hunting department</li> <li>Holds Bachelor of Science degree in Economics from Montana State University</li> </ul>
<b>Travis Mann</b>	Vice President, Field Merchandising	18	<ul style="list-style-type: none"> <li>Joined Sportsman's Warehouse as a Hunting Manager and also worked as a store manager</li> <li>Most recently served as District Manager before assuming Vice President role</li> </ul>



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# Financial Highlights

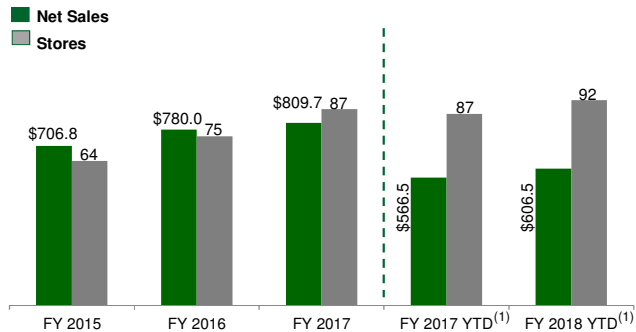


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# Historical Financial Overview

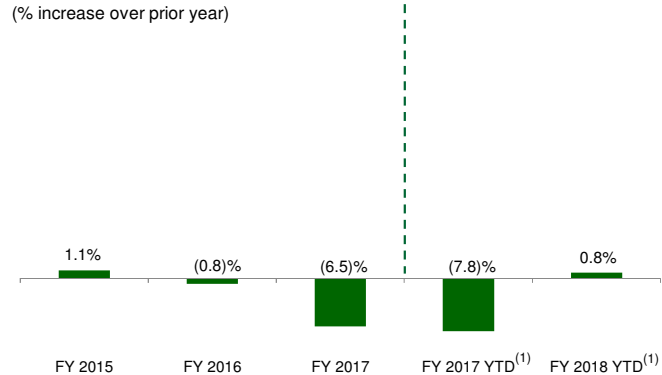
## Net Sales & Store Count

(Net sales are in in \$millions)



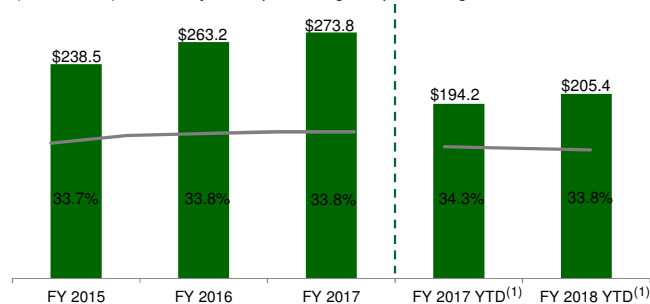
## Same Store Sales<sup>(2)</sup>

(% increase over prior year)



## Gross Profit

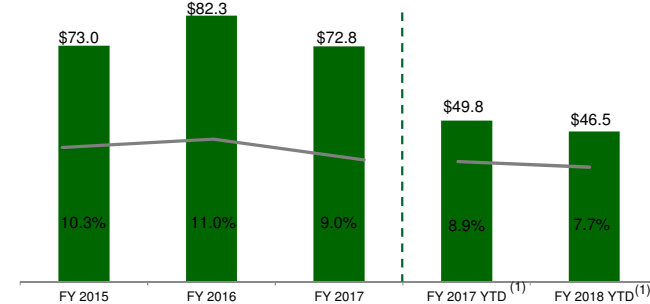
(\$ in millions) Note: Gray line represents gross profit margin



Note: FY 2012 and FY 2017 reflects 53 weeks of operations.  
 Decrease in FY 2018 YTD gross profit margin can be attributed to increased freight charges and a product mix shift  
 Decrease in FY 2018 YTD adjusted EBITDA can be attributed to minimum wage increase impacts and the investment in e-commerce

## Adjusted EBITDA<sup>(3)</sup>

(\$ in millions) Note: Gray line represents adjusted EBITDA margin



- (1) YTD indicates the 39 weeks ended November 3, 2018 and October 28, 2017  
 (2) Net sales from a store are included in same store sales on the first day of the 13<sup>th</sup> full month following the store's opening or acquisition by us. For fiscal years consisting 53 weeks, we exclude net sales during the 53<sup>rd</sup> week from our calculation of same store sales. The figures shown represent growth over the corresponding period in the prior fiscal year. Starting in FY 2017 e-commerce sales are included in the same store sales calculation.  
 (3) Adjusted EBITDA is calculated as net income plus interest expense, income tax expense, depreciation and amortization, stock-based compensation expense, pre-opening expenses and other gains, losses and expenses that we do not believe are indicative of our ongoing results. See Appendix for a reconciliation of Adjusted EBITDA to Net Income. Adjusted EBITDA margin means, for any period, Adjusted EBITDA divided by net sales.



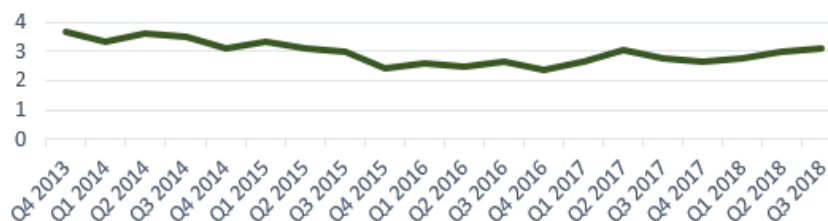
# Capitalization and Capital Expenditures

## Capitalization

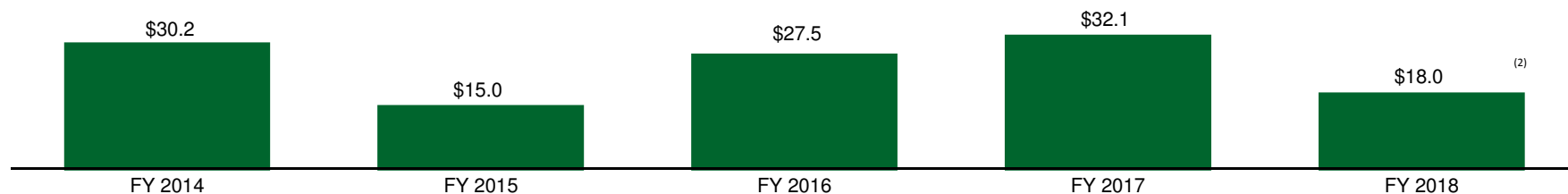
Q3 2018

Leverage Ratio

(\$ in millions)	11/3/2018	xAdj. EBITDA <sup>(1)</sup>
Cash	\$1.9	
ABL working capital facility	\$181.6	2.6x
Term loan	\$38.0	0.55x
<b>Total Debt</b>	<b>\$219.6</b>	<b>3.16x</b>



## Capital Expenditures



(1) Based on TTM Adj. EBITDA of \$69.5 million. Total debt ratio may differ from the sum of the components due to rounding.  
 (2) Projected capital expenditures as of Q3 2018  
 (3) As of November 3, 2018

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# Appendix



# Reconciliation of net income to adjusted EBITDA

	Fiscal Year Ended			Thirty-Nine Weeks Ended		Thirteen Weeks Ended
	February 1, 2018	January 28, 2017	January 30, 2016	November 3, 2018	October 28, 2017	November 3, 2018
	(dollars in thousands)					
Net income	\$ 17,742	\$ 29,669	\$ 27,771	\$ 13,121	\$ 11,855	\$ 12,398
Interest expense	13,738	13,402	14,156	10,524	10,081	2,633
Income tax expense	15,088	17,616	17,385	3,406	8,053	2,480
Depreciation and amortization	17,706	13,974	11,569	13,600	12,906	4,438
Stock-based compensation expense (1)	2,294	3,186	2,257	1,349	1,437	366
Pre-opening expenses (2)	3,971	4,264	3,159	1,831	3,691	320
Professional Fees (3)	1,744	—	—	—	1,744	—
Asset Write-off (4)	516	—	—	—	—	—
Secondary offering expenses (5)	—	143	727	—	—	—
Litigation accrual (6)	—	—	(4,000)	—	—	—
CEO Retirement (7)	—	—	—	2,647	—	—
Adjusted EBITDA	<u>\$ 72,799</u>	<u>\$ 82,254</u>	<u>\$ 73,024</u>	<u>\$ 46,478</u>	<u>\$ 49,767</u>	<u>\$ 22,635</u>
Adjusted EBITDA margin	9.0%	11.0%	10.0%	7.7%	8.9%	10.1%

Note: See footnote explanations on next slide



## Reconciliation of net income to adjusted EBITDA(cont.)

- (1) Stock-based compensation expense represents non-cash expenses related to equity instruments granted to employees under our 2013 Performance Incentive Plan and Employee Stock Purchase Plan.
- (2) Pre-opening expenses include expenses incurred in the preparation and opening of a new store location, such as payroll, travel and supplies, but do not include the cost of the initial inventory or capital expenditures required to open a location.
- (3) Professional and other fees incurred in connection with the evaluation of a strategic acquisition.
- (4) We identified certain assets relating to our e-commerce platform that were no longer planned to be placed into service. These assets were expensed through selling, general, and administrative expenses during fiscal year 2017.
- (5) We incurred certain costs related to secondary offerings of our common stock by affiliates of Seidler Equity Partners III, L.P. on September 15, 2015 and April 18, 2016. These costs were expensed as incurred.
- (6) In fiscal year 2014, we accrued \$4.0 million for a pending litigation matter in which a jury trial assessed damages against us. In fiscal year 2015, a court reversed the damages assessed against us and granted a motion for judgment as a matter of law in our favor. As a result of that judgment, in fiscal year 2015, we reversed our previous accrual of \$4.0 million. On December 21, 2017, after appeal of the judgment in our favor, the appeals court ruled there to be no judgment against us.
- (7) Payroll and stock compensation expenses incurred in conjunction with the retirement of our former CEO.



