

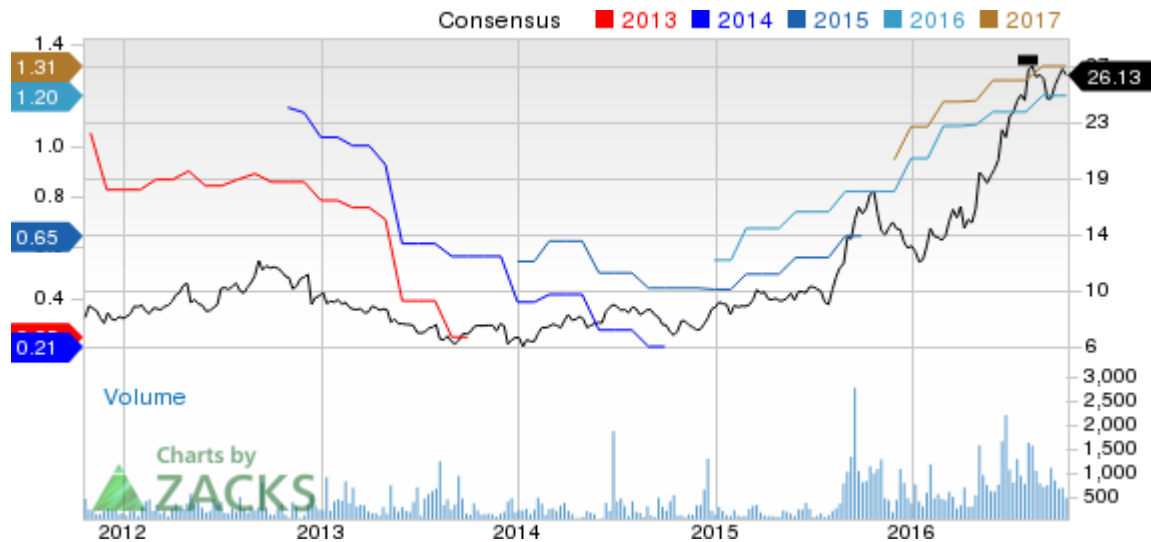
Central Garden & Pet on Growth Track: Should You Hold?



Zacks October 17, 2016

Investors want to load their portfolio with stocks boasting promising returns and a track record of better-than-expected results, and **Central Garden & Pet Company** CENT is one such pick satisfying these criteria. Notably, the stock yielded a substantial return of over 93% year to date, and has a long-term earnings growth rate of 10% with a VGM Score of "A". Moreover, its share price is currently hovering close to its 52-week high of \$27.89.

CENTRAL GARDEN Price and Consensus



Central Garden & Pet is revamping both its Pet and Garden segments to have a balanced approach that encompasses revenue growth as well as cost reduction. Also, the company intends to launch several products that would appeal to consumers, along with improving its customer service. Further, it is likely to gain market share in the home centers, mass market, grocery, specialty pet store and other independent channels.

Being the leading producer of garden and pet supplies products in the U.S. with a diversified portfolio of brands has helped Central Garden & Pet develop healthy commercial relationships with retail giants like Wal-Mart Stores Inc. WMT, The Home Depot, Inc. HD and Lowe's Companies, Inc. LOW. We believe this provides the company with significant opportunity to drive growth.

We also note that organic growth, value accretive acquisitions such as that of the pet bedding business, and divestment of non-strategic assets have been aiding Central Garden & Pet's performance. These initiatives have helped the company to post better-than-expected earnings for the eighth straight quarter, when it reported third-quarter fiscal 2016 results. Also, its top line surpassed the Zacks Consensus Estimate, thus marking the fifth successive quarter of revenue beat.

However, stiff competition and seasonality of the garden business, which is limited to the period between spring to summer, remain concerns for the company. Moreover, the decline in consumers' discretionary spending may also hurt results.