

Central Garden & Pet Forecasts Slight Rise in Q3 Profits

Central Garden & Pet Co. of Walnut Creek, Calif., expects to earn \$15.6 million on sales of \$493 million for its third quarter ended June 28, compared to income of \$15.5 million on sales of \$467 million in the year-ago, the company reported in preliminary results released Aug. 6.

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Central Garden & Pet Co. of Walnut Creek, Calif., expects to earn \$15.6 million on sales of \$493 million for its third quarter ended June 28, compared to income of \$15.5 million on sales of \$467 million in the year-ago, the company reported in preliminary results released Aug. 6. The company also said it expects to be late filing its third-quarter results as its audit committee reviews issues raised in an employee's letter from. The company requested a 5-day extension from its Aug. 7 filing date from the Securities and Exchange Commission.

Garden product sales for the quarter increased 12 percent to \$253 million, with sales of its branded products up 18 percent to \$217 million and sales of other manufacturers' products down, as planned, 15 percent to \$36 million. Operating income for the garden segment slipped 22 percent to \$12.6 million.

Pet product sales for the quarter were \$239 million, unchanged from the prior year, and operating income for the unit increased 9 percent to \$32.7 million. Sales of its branded pet products slipped 2 percent to \$201 million, with sales of other manufacturers' products increased 10 percent to \$38 million.

"Progress continues to be made despite the challenging cost environment and retailer inventory reduction initiatives," said William Brown, chairman and CEO of Central. "Our primary focus remains to obtain additional price increases, lower operating costs and reduce working capital."

Year-to-date, Central posted a net loss of \$253 million on sales of \$1.29 billion, compared to net income of \$34 million on sales of \$1.27 billion in the year-ago period. Earlier this year, Central took a \$400 million pre-tax charge related to goodwill impairment as a result of changes in accounting standards.