

BofA Securities 2021 Consumer and Retail Technology Conference

March 2021



Disclaimer

Central Garden & Pet Company (“we” or “Central”) emphasizes that certain statements about future results made in this presentation constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include projections. Forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditures, plans or intentions relating to acquisitions, our competitive strengths and weaknesses, our business strategy and the trends we anticipate in the industries in which we operate and other information that is not historical information. There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in this presentation, which are described in Central’s filings with the Securities and Exchange Commission. Central undertakes no obligation to publicly update these forward-looking statements to reflect new information, subsequent events or otherwise, except as required by law.

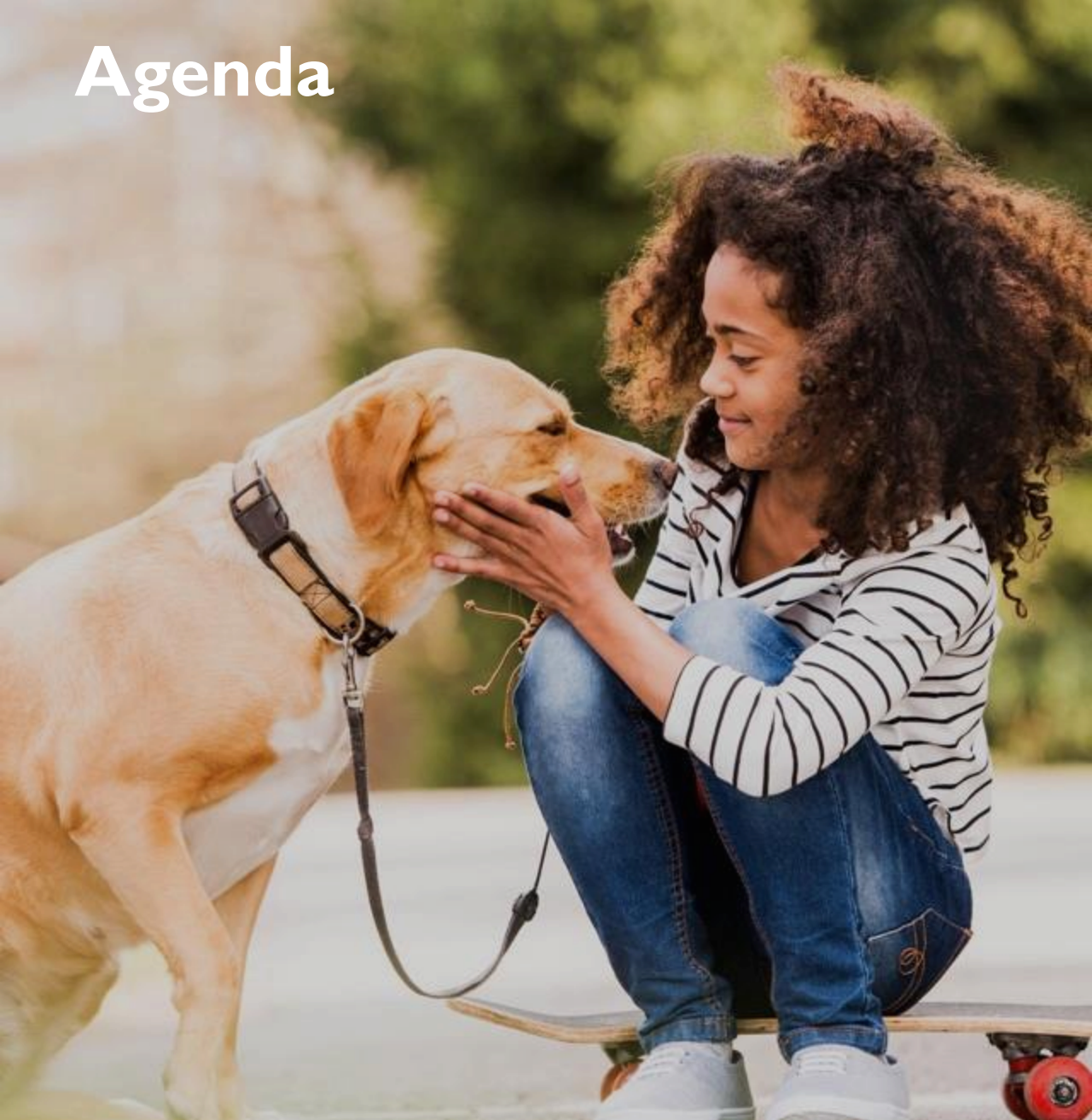
We report our financial results in accordance with accounting principles generally accepted in the United States (GAAP). However, to supplement the financial results prepared in accordance with GAAP, we use non-GAAP financial measures including EBITDA, Adjusted EBITDA, organic sales and non-GAAP operating income. Management believes these non-GAAP financial measures that exclude the impact of specific items (described in this presentation) may be useful to investors in their assessment of our ongoing operating performance and provide additional meaningful comparisons between current and historical results. For a reconciliation of GAAP to non-GAAP financial measures, please see the Appendix in this presentation.

Today's Presenters

Niko Lahanas
CFO



Agenda



Company Overview

Investment Highlights

FY21 Outlook

Q&A

Appendix



Company Overview

Central Garden & Pet at a Glance

Market leader in the lawn & garden and pet industries

Leading portfolio of more than 65 high-quality brands

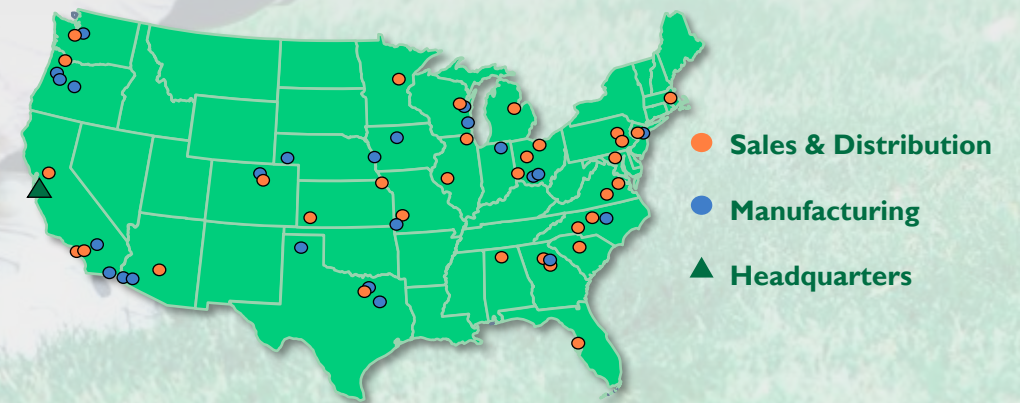
Net sales of \$2.7B in FY20, of which approx. 95% generated in the U.S.

Acquired over 50 companies in the last 25 years

FY20 Sales by Segment



Nationwide Presence





Central to Home Strategy

OUR PURPOSE

Nurture happy and healthy homes

OUR MISSION

Lead the future of the Garden and Pet industries...
one blade of grass and one wagging tail at a time

OUR STRATEGIC PILLARS



CONSUMER

Build and grow brands
Consumers love



CUSTOMER

Win with winning
Customers & Channels



CENTRAL

Fortify the
Central Portfolio



COST

Reduce Cost to improve
margins & fuel growth



CULTURE

Strengthen our entrepreneurial,
business-unit led growth Culture

COVID-19 Update

We remain vigilant in our efforts to operate and conduct business safely.

Our facilities have diligently maintained strict health and safety standards.

All our manufacturing facilities and distribution centers remain open and fully operational.

COVID-19 continues to accelerate the trends in pet and garden.



Investment Highlights

Investment Highlights

1 Garden & Pet are Highly Attractive, Resilient Growth Industries With Favorable Long-Term Trends

2 Central's Broad Portfolio of Brands Across Garden and Pet is Leading in the Industry

3 Competitive Advantages Driven by Retailer Relationships and Strong Distribution Networks

4 Ample Opportunity to Cut Costs and Invest in Capacity and Capabilities for Future Growth

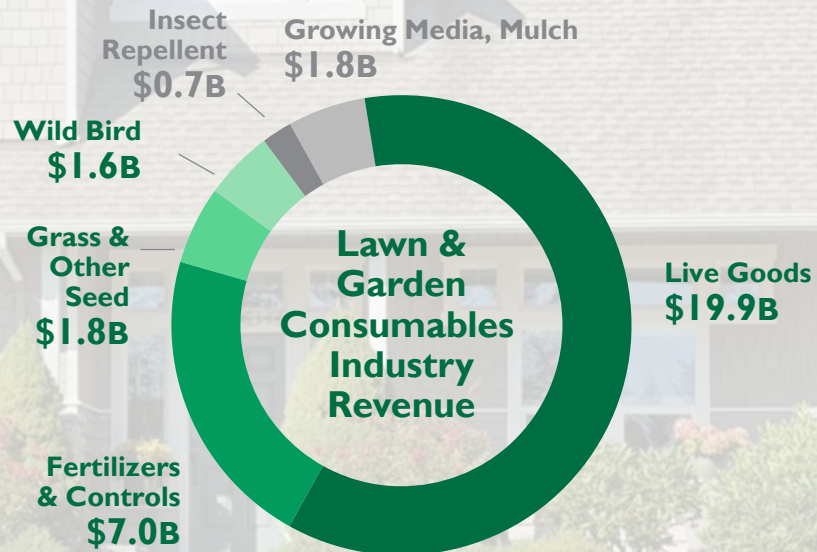
5 A Track Record of Building Value via Acquisitions

6 Consistent Track Record of Strong Growth and Financial Performance

7 Experienced and Passionate Leadership and a Strong BU-Led Growth Culture

Garden is an Attractive Industry

Central plays in ~\$30B of \$33B Lawn & Garden Consumables Industry



Strong industry trends: sustainability, homesteading and eCommerce

Seasonal business

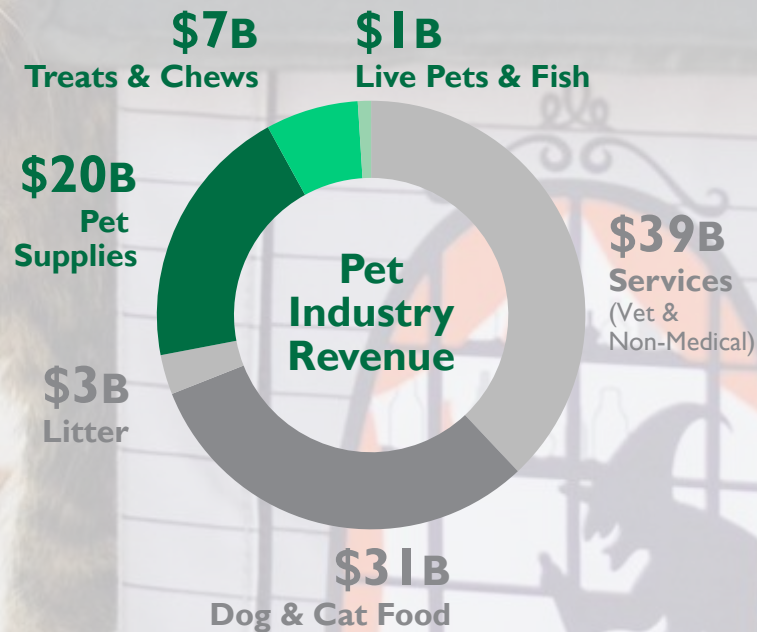
Dominated by home centers and mass merchandisers

Underpenetrated in eCommerce, but accelerating

Central one of a few large players in a concentrated industry

Pet is a Dynamic Growth Industry

Central plays in ~\$28B of \$101B Pet industry



Strong industry trends: humanization, health & wellness, eCommerce and convenience

Household penetration of 90%

Fragmented competitive set across categories

Broad distribution across retail channels

Growing eCommerce channel, accelerated by COVID-19

Leading Brands Across Attractive Segments



#2 in Pet Supplies



#1 in Pet Bird



#1 in Small Animal



#1 in Suet



#2 in Aquatics



#2 in Dog Toys



#2 in Dog Pads



#3 in Reptile



#3 in Calming Products

#2 in Lawn & Garden Consumables



#1 in Wild Bird



#2 in Grass Seed



#2 in Fertilizer



#3 in Controls



Professional



#1 in Farm Insect Control



#1 in Municipal Mosquito Control

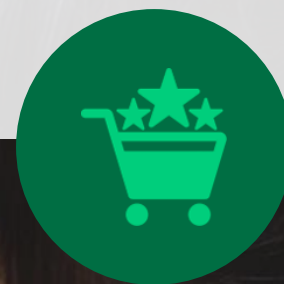
Source: Nielsen, Amazon data L52W ending 9/5/20, Segment ranking includes Central brands and private label partnerships

Central is a Leader in the Pet Segment

Net Sales of
\$1.6B
in FY20



Consumer &
professional
businesses with
leading brands



~65% Branded
~20% Distribution
~15% Private Label



Outstanding FY20 performance
in COVID-19 challenged environment

+13%
Net Sales

+26%
EBIT

+37%
eCommerce

Central is a Leader in the Garden Segment

Net Sales of
\$1.1B
in FY20



>70%
Sales from
Top 3 customers



~60% Brands
~20% Distribution
~20% Private Label



Outstanding FY20 performance
in **COVID**-challenged environment

+14%
Net Sales

+30%
EBIT

+192%
eCommerce

Long-standing, Deep Relationships With Our Retail Partners



- 40 years of outstanding partnerships with top tier retailers
- Strong joint business planning
- Private label producer for many retailers in key categories
- Emerging eCommerce leadership

Generating Fuel for Growth



Scaling
Procurement



Investing in
Efficient Capacity



Optimizing
G&A

Innovation Expands our Industry Leadership



Clean & Cozy
Extreme Odor Bedding

+50%

Share gain in
Paper Bedding⁽¹⁾



Bone Broth
Dog Bones

+\$10MM

Sales in
year one



**Food From
the Wild**

+2.6pp

Share gain in Small Animal
Food at launch customers⁽²⁾



(1) L4W ending 10/10/20 at Nielsen + Amazon combined for Kaytee Clean & Cozy + Clean Comfort as % of Paper Bedding (2) L13W ending 10/31/20 at Petco + Amazon combined, Small Animal Food

Investing Behind Winning Innovation

Pennington Lawn Booster

+\$10MM

Sales in year one



Marketing Campaign

+130%

Conversion rate

+145%

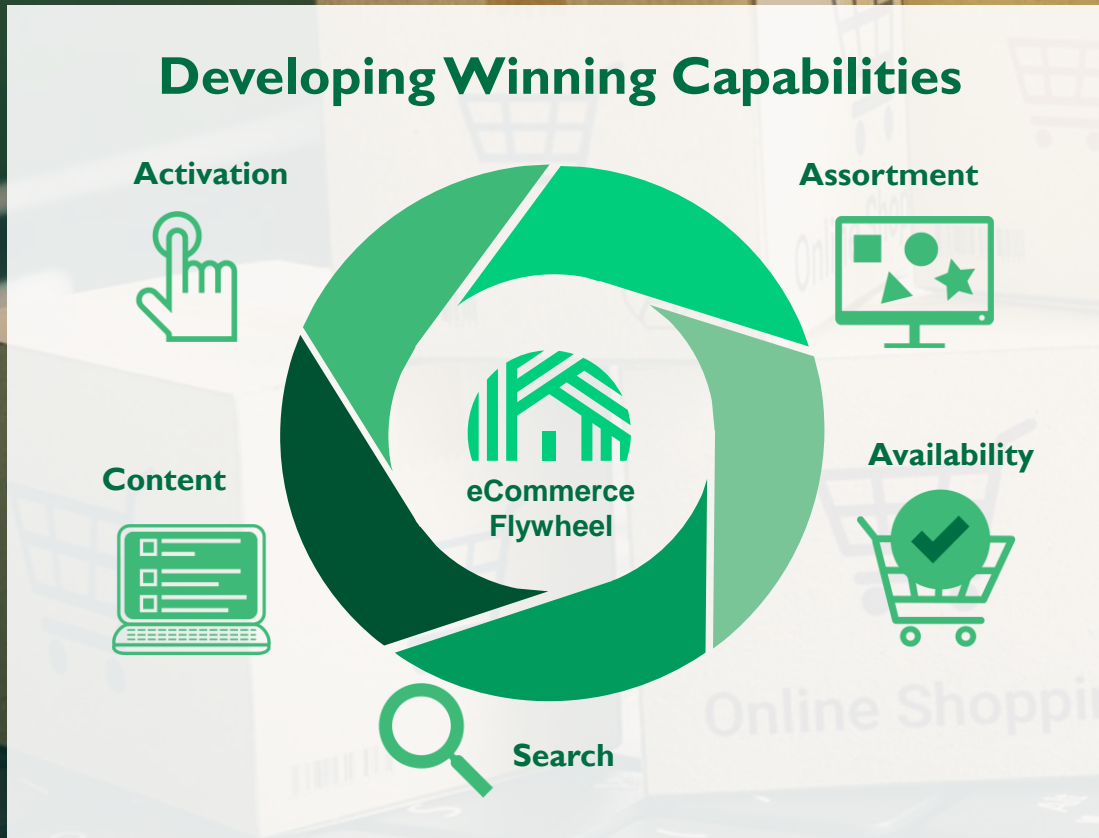
Page views

56%

Of engagement from women



Build a Leading eCommerce Platform



\$209MM
FY20 eCommerce Sales

+55%
FY20 Sales growth

~20%
Of business in Pet,
3% in Garden

amazon
chewy
Top 10
Customers for Central

History of Growth through M&A

50
Acquisitions over the last 25 years

Logos included in the collage:

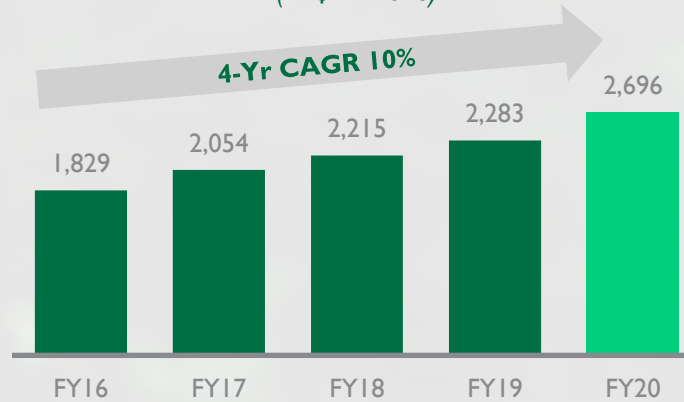
- AMDRO
- IRONITE
- Nylabone CHEWS BEST
- GREEN GARDEN
- ARDEN COMPANIES
- four paws
- KAYTEE
- PET ins
- PENNINGTON THE GRASS SEED PEOPLE
- ESU ENERGY SAVERS UNLIMITED
- K&H PET PRODUCTS
- envincio
- EARTH JUICE
- KENT MARINE
- CS WILD BIRD SPECIALTY PRODUCTS
- GENERAL PET SUPPLY
- Sevin GARDEN TECH BUG KILLER
- DMC Dallas Manufacturing Company
- Segrest Farms
- HOPEWELL Nursery
- Farnam
- DoMyOwn.com
- GRANT'S KILLS ANTS
- AQUEON it's all about the fish.
- NEW ENGLAND potttery AMERICA'S PLANTER RESOURCE
- Interpet
- Bell NURSERY

Our Metrics Accelerated Over the Last Five Years



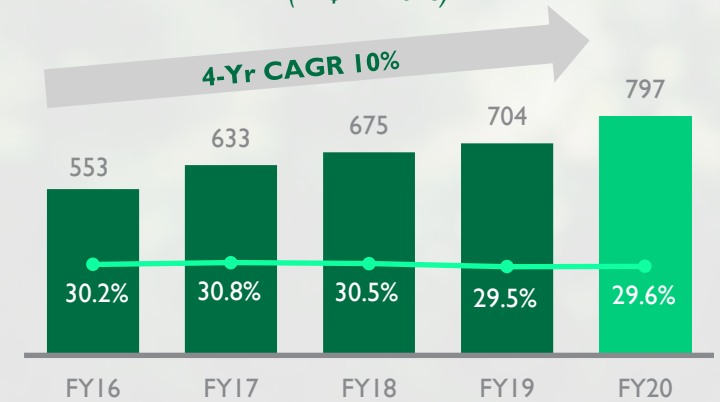
Net Sales

(in \$ millions)



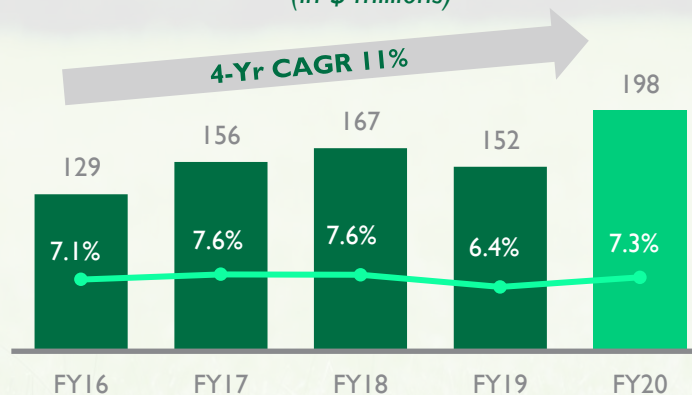
Gross Profit & Margin

(in \$ millions)



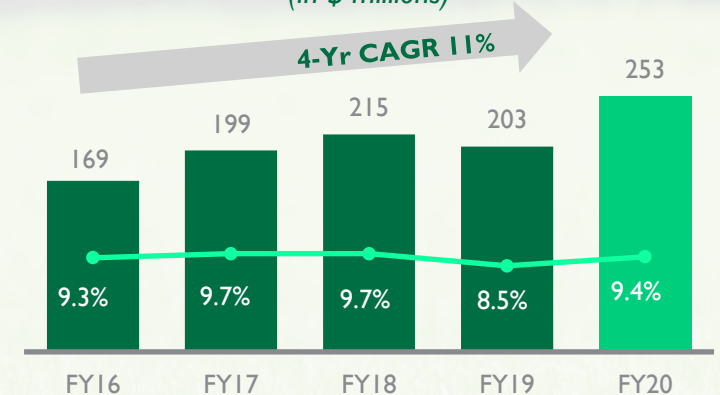
Operating Income & Margin

(in \$ millions)



EBITDA & Margin⁽¹⁾

(in \$ millions)

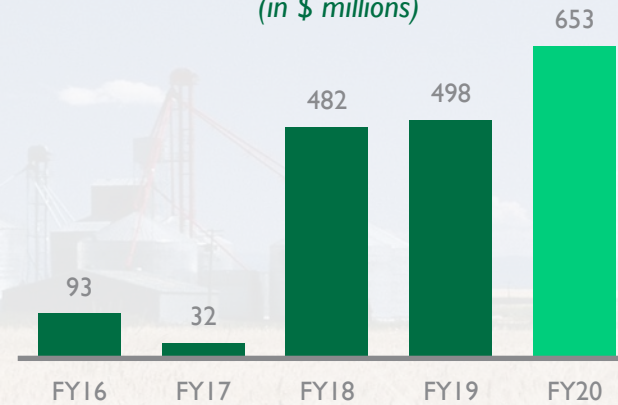


(1) See non-GAAP reconciliations in the Appendix.

Strong Cash Flow and Leverage Metrics

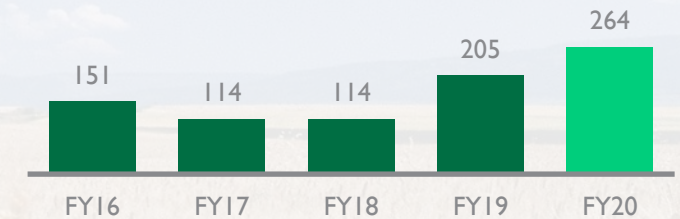
Cash & Cash Equivalents

(in \$ millions)



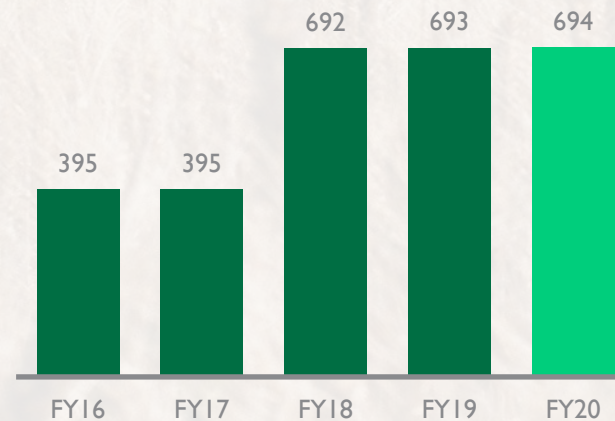
Cash Flow from Operations

(in \$ millions)

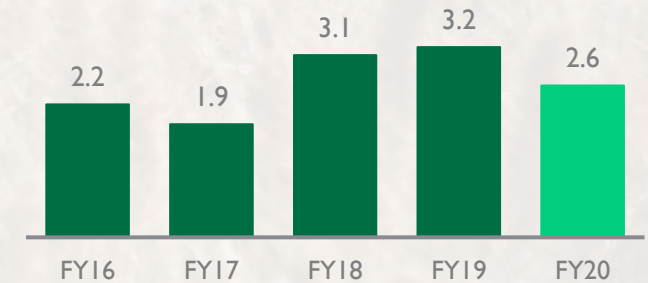


Long-Term Debt

(in \$ millions)



Total Leverage⁽¹⁾

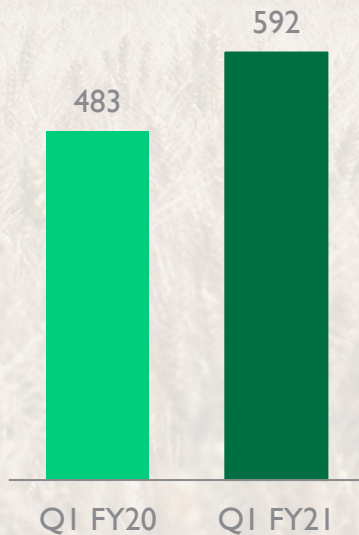


(1) See non-GAAP reconciliations in the Appendix. Calculated as total debt excluding lease divided by Adj. EBITDA.

Continued Strong Performance in Q1 FY21

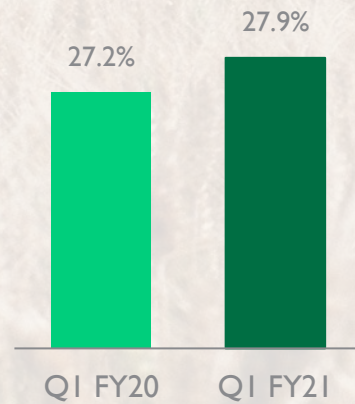
Net Sales (in \$ millions)

+23%



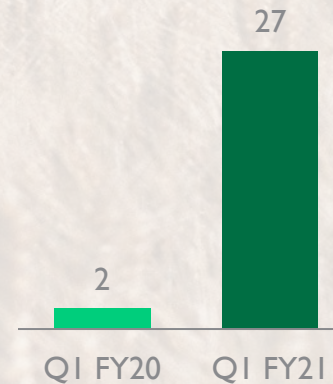
Gross Profit (as a percentage of Net Sales)

+70bps



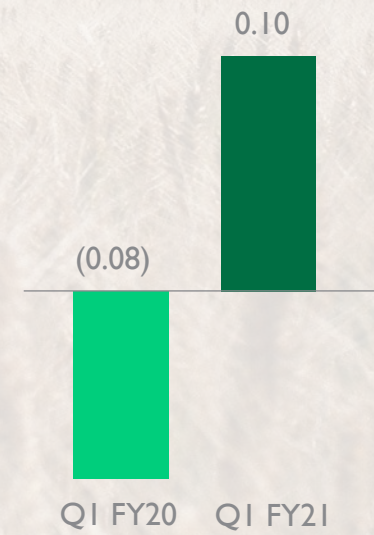
Operating Income (in \$ millions)

+\$25MM



Diluted EPS (in \$)

+\$0.18



Long-Term Algorithm for Profitable Growth

Organic Net Sales

Growth Outlook:

Low Single Digit

Grow at or above category average

Drivers:

Strengthened capabilities and increased investment in marketing and sales

EBIT

Growth Outlook:

Mid Single Digit

Grow faster than Net Sales

Drivers:

Operating leverage and cost controls

EPS

Growth Outlook:







Mid-High Single Digit






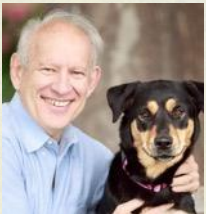
Grow faster than EBIT

Driver:

Financial leverage

Strong & Experienced Leadership Team

						
	Tim Cofer CEO	Niko Lahanas CFO	John Hanson President, Pet Consumer Products	J.D. Walker President, Garden Consumer Products	Glen Axelrod Senior Vice President, Dog & Cat Brands	Dan Pennington Senior Vice President, Wild Bird, Chemicals & Fertilizers
Consumer	30 years	14 years	29 years	39 years	25 years	42 years
Central	1 year	14 years	1 year	10 years	23 years	42 years

						
	Ken Elsbury Senior Vice President, Central Life Sciences	Mike McGoohan Senior Vice President, Marketing & Strategy	Marilyn Leahy Senior Vice President, Human Resources	Jon Balousek President, Corporate Development	Chris Walter Senior Vice President & Chief Information Officer	George Yuhas General Counsel & Secretary
Consumer	25 years	17 years	25 years	26 years	23 years	10 years
Central	New	New	9 years	New	15 years	10 years

Combination of Deep Central Experience and Relevant Consumer Industry Experience





FY21 Outlook

FY21 Outlook

Continued Business Momentum in Q1 FY21

- Strong POS across both pet and garden
- Executing well online and in store

Investing for Growth

- Expanding long-term capacity to meet increased demand
- Investing in capabilities and demand creation

Challenges and Uncertainty Around COVID-19 Remain

- Uncertainty around COVID-19 and continued pressures on supply chain
- Inflationary costs across freight, commodities and labor

Confirming FY21 EPS of \$1.90 or Higher

- Translates to FY21 adjusted EPS of \$2.09 or higher
- Better visibility to impact of acquisitions at our Q2 FY21 earnings call



Q&A



Appendix

Notes & Disclosures

Use of Non-GAAP Financial Measures

We report our financial results in accordance with accounting principles generally accepted in the United States (GAAP). However, to supplement the financial results prepared in accordance with GAAP, we use non-GAAP financial measures including EBITDA, Adjusted EBITDA, organic sales, non-GAAP operating income and non-GAAP net income and diluted net income per share. Management believes these non-GAAP financial measures that exclude the impact of specific items (described on the next slide) may be useful to investors in their assessment of our ongoing operating performance and provide additional meaningful comparisons between current and historical results.

The reconciliations of these non-GAAP measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are shown in the tables below. We believe that the non-GAAP financial measures provide useful information to investors and other users of our financial statements, by allowing for greater transparency in the review of our financial and operating performance. Management also uses these non-GAAP financial measures in making financial, operating and planning decisions and in evaluating our performance, and we believe these measures similarly may be useful to investors in evaluating our financial and operating performance and the trends in our business from management's point of view. While our management believes that non-GAAP measurements are useful supplemental information, such adjusted results are not intended to replace our GAAP financial results and should be read in conjunction with those GAAP results.

We have not provided a reconciliation of forward-looking non-GAAP guidance measures to the corresponding GAAP measures, because such reconciliation cannot be done without unreasonable efforts due to the potential significant variability and limited visibility of the excluded items discussed below.

Notes & Disclosures

EBITDA: Defined by us as income before income tax, net other expense, net interest expense and depreciation and amortization (or operating income plus depreciation and amortization expense). Other companies may calculate EBITDA differently and it may not be comparable.

Organic net sales: A non-GAAP measure that excludes the impact of businesses purchased or exited in the prior 12 months, because we believe it permits investors to better understand the performance of our historical business without the impact of recent acquisitions or dispositions.

Non-GAAP financial measures reflect adjustments based on the following items:

Incremental expenses from note redemption and issuance: We have excluded the expense related to the issuance of \$500 million aggregate principal amount of 4.125% senior notes due October 2030 and redemption of our \$400 million 6.125% senior notes due November 2023 as it represents an infrequent transaction that occurs in limited circumstances that impacts the comparability between operating periods. We believe the adjustment of this expense supplements the GAAP information with a measure that may be used to assess the sustainability of our operating performance.

Loss on the sale of a business: We have excluded the impact from the sale of our Breeder's Choice business unit as it represents an infrequent transaction that occurs in limited circumstances that impacts the comparability between operating periods. We believe that the adjustment of these charges supplements the GAAP information with a measure that can be used to assess the sustainability of our operating performance.

Tax impact: adjustment represents the impact of the tax effect of the pre-tax non-GAAP adjustments excluded from non-GAAP net income. The tax impact of the non-GAAP adjustments is calculated based on the consolidated effective tax rate on a GAAP basis, applied to the non-GAAP adjustments, unless the underlying item has a materially different tax treatment.

GAAP to Non-GAAP Reconciliation
for the Fiscal Quarter Ended
(in \$ thousands, except for per share amounts)

	26-Dec-20	28-Dec-19
Net Income & Diluted Net Income Per Share Reconciliation		
GAAP net income (loss) attributable to Central Garden & Pet Company	5,613	(4,417)
Incremental expenses from note redemption and issuance	9,952	-
Loss on sale of business	2,611	-
Tax effect of incremental expenses and loss on sale	(2,470)	-
Non-GAAP net income attributable to Central Garden & Pet Company	15,706	(4,417)
GAAP diluted net income per share	0.10	(0.08)
Non-GAAP diluted net income per share	0.29	(0.08)
Shares used in GAAP and non-GAAP diluted net earnings per share calculation	54,686	54,755

GAAP to Non-GAAP Reconciliation
for the Fiscal Quarter ended December 26, 2020
(in \$ millions)

	Consolidated		Pet Segment		Garden Segment	
	% Change		% Change		% Change	
Organic Net Sales Reconciliation						
Reported net sales Q1 FY21 (GAAP)	592.2		436.4		155.8	
Reported net sales Q1 FY20 (GAAP)	482.8		366.6		116.2	
Increase in net sales	109.4	22.7%	69.8	19.0%	39.6	34.1%
Effect of acquisitions and divestitures on increase in net sales	1.6		1.9		(0.3)	
Increase in organic net sales	111.0	23.0%	71.7	19.6%	39.3	33.8%

GAAP to Non-GAAP Reconciliation
for the First Fiscal Quarter FY21 and FY20
(in \$ thousands)

	LTM Q1 FY21	LTM Q1 FY20
EBITDA Reconciliation		
Net income attributable to Central Garden & Pet Company	130,706	86,566
Income tax expense (benefit)	35,327	24,603
Other (income) expense	3,803	(740)
Interest expense, net	52,121	33,620
Net income (loss) attributable to non-controlling interest	995	(97)
Depreciation & Amortization	55,134	51,616
EBITDA	278,086	195,568
Stock-based compensation	19,499	15,982
Previously held investment interest fair value remeasurement	0	(3,215)
Loss on sale of business	2,611	0
Intangible asset impairment	0	2,540
Adjusted EBITDA	300,196	210,875

GAAP to Non-GAAP Reconciliation

(in \$ thousands)

	FY20	FY19	FY18	FY17	FY16
EBITDA Reconciliation					
Net income attributable to Central Garden & Pet Company	120,676	92,786	123,594	78,828	44,514
Income tax expense (benefit)	32,218	26,604	3,305	46,699	24,053
Other (income) expense	4,250	(243)	3,860	1,621	17,013
Interest expense, net	39,989	33,060	36,051	28,062	42,707
Net income (loss) attributable to non-controlling interest	844	(139)	526	902	1,071
Depreciation & Amortization	55,359	50,828	47,199	42,719	40,001
EBITDA	253,336	202,896	214,535	198,831	169,359
Stock-based compensation	18,982	14,662	11,602	11,115	8,356
Previously held investment interest fair value remeasurement	0	(3,215)	0	0	0
Gain on sale of plant assets	0	0	0	(2,050)	(2,363)
Intangible asset impairment	0	2,540	0	0	1,828
Adjusted EBITDA	272,318	216,883	226,137	207,896	177,180

About Central Garden & Pet

Central Garden & Pet (NASDAQ: CENT, CENTA) understands that home is central to life and has proudly nurtured happy and healthy homes for over 40 years. With 2020 net sales of \$2.7 billion, Central is on a mission to lead the future of the pet and garden industries. The Company's innovative and trusted products are dedicated to help lawns grow greener, gardens bloom bigger, pets live healthier and communities grow stronger. Central is home to a leading portfolio of more than 65 high-quality brands including Pennington, Nylabone, Kaytee, Amdro and Aqueon, strong manufacturing and distribution capabilities and a passionate, entrepreneurial growth culture. Central Garden & Pet is based in Walnut Creek, California and has over 6,300 employees across North America and Europe. For additional information about Central, please visit the Company's website at www.central.com.



CENTRAL

GARDEN & PET

Please reach out to us with any comments or questions:

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