

EX-99.1 2 d431616dex991.htm PRESS RELEASE

Exhibit 99.1

**Press Release****CONTACT:**

Michael C. Massi  
Investor Relations  
Tel: (813) 313-1786  
[Investor.relations@cott.com](mailto:Investor.relations@cott.com)

**COTT REPORTS THIRD QUARTER 2012 RESULTS AND ANNOUNCES DECLARATION OF DIVIDEND**

(Unless stated otherwise, all information is in U.S. dollars and all third quarter 2012 comparisons are relative to the third quarter of 2011. Certain terms used in this press release are defined below.)

**TORONTO, ON and TAMPA, FL – November 1, 2012** – Cott Corporation (NYSE:COT; TSX:BCB) today announced its results for the third quarter ended September 29, 2012, as well as the declaration of a quarterly dividend of CAD\$0.06 per share on common shares, payable in cash on December 20, 2012 to shareowners of record at the close of business on December 4, 2012.

**Third Quarter 2012 Results**

- Revenue of \$584 million was lower by 5% (4% excluding the impact of foreign exchange) compared to \$611 million.
- Gross profit as a percentage of revenue increased 140 basis points to 12.5% compared to 11.1%.
- Net income and earnings per diluted share were \$15 million and \$0.15, respectively, compared to \$16 million and \$0.17, respectively.
- EBITDA increased 6% to \$55 million compared to \$52 million. Adjusted EBITDA increased 2% to \$56 million compared to \$55 million.
- Free cash flow was \$45 million from \$58 million of net cash provided by operating activities less \$13 million of capital expenditures.

Jerry Fowden, Cott's Chief Executive Officer, commented, "The third quarter saw an increase in Adjusted EBITDA and higher gross margin of 140 basis points. I'm pleased with our gross margin restoration strategy's progress and our consistent cash generation, which coupled with our view of the future, allows me to take pleasure in announcing a dividend to be paid later in 2012."

**THIRD QUARTER 2012 PERFORMANCE SUMMARY**

- Total filled beverage case volume in 8 oz. equivalent (excluding concentrate sales) was 225 million cases compared to 250 million cases. The volume decline was due primarily to our decision to exit certain low gross margin business in North America and the United Kingdom / Europe ("U.K.") as well as a general decline in the North American CSD and juice categories. Including concentrate sales, volume was 328 million cases compared to 332 million cases. Concentrate case sales grew 26% due primarily to increased volume from a new customer in South America and the timing of shipments to a customer in Asia.

**Press Release**

- Revenue was lower by 5% (4% excluding the impact of foreign exchange) to \$584 million. An overall increase in average price per case and favorable product mix in the U.K. was offset by lower volumes and a product mix shift into juice drinks and sports drinks from 100% shelf-stable juice in North America.
- Gross profit as a percentage of revenue increased 140 basis points to 12.5% compared to 11.1%. The margin improvement is due primarily to an increase in average price per case and our exit from certain low gross margin business.
- Selling, general and administrative (“SG&A”) expenses were \$44 million compared to \$38 million. The increase in SG&A expenses was driven primarily by higher employee-related costs compared to a lowering of the annual incentive and long-term incentive accruals in the prior year.
- Income before income taxes increased to \$17 million compared to \$13 million.
- EBITDA increased 6% to \$55 million compared to \$52 million. Adjusted EBITDA increased 2% to \$56 million compared to \$55 million.
- Free cash flow was \$45 million from \$58 million of net cash provided by operating activities less \$13 million of capital expenditures compared to \$56 million of free cash flow from \$64 million of net cash provided by operating activities less \$8 million of capital expenditures.

**THIRD QUARTER 2012 REPORTING SEGMENT HIGHLIGHTS**

- North America filled beverage case volume was 167 million cases compared to 188 million cases. Revenue was lower by 6% to \$439 million as an increase in average price per case was more than offset by our exit from certain low gross margin business alongside a general decline in the North American CSD and juice categories and a product mix shift into juice drinks and sports drinks from 100% shelf-stable juice.
- U.K. filled beverage case volume was 51 million cases compared to 53 million cases due primarily to our exit from certain low gross margin business. Revenue increased 1% (3% excluding the impact of foreign exchange) to \$126 million as a result of an increase in average price per case and positive product mix, including growth in the energy and sports drinks categories.

**Press Release**

- Mexico filled beverage case volume was 6 million cases compared to 9 million cases. Revenue was lower by 24% (16% excluding the impact of foreign exchange) to \$10 million due primarily to the loss of a regional brand license at the end of its term, partially offset by increased contract manufacturing volume.
- RCI concentrate volume was 78 million compared to 60 million. Revenue increased 55% to \$9 million due primarily to increased volume from a new customer in South America and the timing of shipments to a customer in Asia.

**Declaration of Dividend**

Cott announced today that it had declared a dividend of CAD\$0.06 per share on common shares. The dividend is payable in cash on December 20, 2012 to shareowners of record at the close of business on December 4, 2012.

Mr. Fowden continued, “We have a track record of strong cash generation for the past three years and this coupled with our increased confidence in our business model allow us to allocate some of our cash generation to shareholders in the form of a dividend. We believe this will be well received by our shareholders.”

Cott intends to pay a regular quarterly dividend on its common shares subject to, among other things, the best interests of its shareholders, Cott’s results of operations, cash balances and future cash requirements, financial condition, statutory regulations and covenants set forth in Cott’s asset-based credit lending facility and indentures governing the senior notes due in 2017 and senior notes due in 2018, as well as other factors that the Board of Directors may deem relevant from time to time.

**Third Quarter Results Conference Call**

Cott Corporation will host a conference call today, November 1, 2012, at 10:00 a.m. EDT, to discuss third quarter results, which can be accessed as follows:

North America: (877) 407-8031

International: (201) 689-8031

A live audio webcast will be available through Cott’s website at <http://www.cott.com>. The earnings conference call will be recorded and archived for playback on the investor relations section of the website for a period of two weeks following the event.



## Press Release

### About Cott Corporation

Cott is one of the world's largest producers of beverages on behalf of retailers, brand owners and distributors. Cott produces multiple types of beverages in a variety of packaging formats and sizes, including carbonated soft drinks, 100% shelf stable juice and juice-based products, clear, still and sparkling flavored waters, energy products, new age beverages, and ready-to-drink teas, as well as alcoholic beverages for brand owners. Cott's large manufacturing footprint, substantial research and development capability and high-level of quality and customer service enables Cott to offer its customers a strong value-added proposition of low cost, high quality products. With approximately 4,000 employees, Cott operates manufacturing facilities in the United States, Canada, the United Kingdom and Mexico. Cott also develops and manufactures beverage concentrates which it exports to over 50 countries around the world.

### Defined Terms

Certain defined terms used in this press release include the following. "GAAP" means U.S. generally accepted accounting principles. "EBITDA" means GAAP earnings (loss) before interest, taxes, depreciation and amortization. "Adjusted EBITDA" means GAAP earnings (loss) before interest, taxes, depreciation and amortization, excluding purchase accounting adjustments, integration expenses, restructuring and asset impairments. "Free cash flow" means GAAP net cash provided by operating activities less capital expenditures. See the accompanying reconciliation of Cott's EBITDA and Adjusted EBITDA to its GAAP net income, and Cott's free cash flow to its GAAP net cash provided by operating activities, as well as the "Non-GAAP Measures" paragraph below.

### Non-GAAP Measures

To supplement its reporting of financial measures determined in accordance with GAAP, Cott utilizes certain non-GAAP financial measures. Cott excludes from GAAP revenue the impact of foreign exchange to separate the impact of currency exchange rate changes from Cott's results of operations. Cott utilizes EBITDA and Adjusted EBITDA to separate the impact of certain items from the underlying business. Because Cott uses these adjusted financial results in the management of its business, management believes this supplemental information is useful to investors for their independent evaluation and understanding of Cott's underlying business performance and the performance of its management. Additionally, Cott supplements its reporting of net cash provided by operating activities determined in accordance with GAAP by excluding capital expenditures, which management believes provides useful information to investors about the amount of cash generated by the business that, after the acquisition of property and equipment, can be used for strategic opportunities, including investing in our business, making strategic acquisitions, and strengthening the balance sheet. The non-GAAP financial measures described above are in addition to, and not meant to be considered superior to, or a substitute for, Cott's financial statements prepared in accordance with GAAP. In addition, the non-GAAP financial measures included in this earnings announcement reflect management's judgment of particular items, and may be different from, and therefore may not be comparable to, similarly titled measures reported by other companies.



## Press Release

### Safe Harbor Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 conveying management's expectations as to the future based on plans, estimates and projections at the time Cott makes the statements. Forward-looking statements involve inherent risks and uncertainties and Cott cautions you that a number of important factors could cause actual results to differ materially from those contained in any such forward-looking statement. The forward-looking statements contained in this press release include, but are not limited to, statements related to the declaration of future dividends, the amount of shares that may be repurchased under the share repurchase program, future financial operating results and related matters. The forward-looking statements are based on assumptions regarding management's current plans and estimates. Management believes these assumptions to be reasonable but there is no assurance that they will prove to be accurate.

Factors that could cause actual results to differ materially from those described in this press release include, among others: Cott's ability to compete successfully; changes in consumer tastes and preferences for existing products and Cott's ability to develop and timely launch new products that appeal to such changing consumer tastes and preferences; a loss of or reduction in business with key customers, particularly Walmart; fluctuations in commodity prices and Cott's ability to pass on increased costs to its customers, and the impact of those increased prices on Cott's volumes; Cott's ability to manage its operations successfully; currency fluctuations that adversely affect the exchange between the U.S. dollar and the pound sterling, the Euro, the Canadian dollar, the Mexican peso and other currencies; Cott's ability to maintain favorable arrangements and relationships with its suppliers; Cott's ability to realize the expected benefits of the Cliffstar acquisition because of integration difficulties and other challenges; risks associated with the asset purchase agreement entered into in connection with the Cliffstar acquisition; the significant amount of Cott's outstanding debt and Cott's ability to meet its obligations under its debt agreements; Cott's ability to maintain compliance with the covenants and conditions under its debt agreements; fluctuations in interest rates; credit rating changes; the impact of global financial events on Cott's financial results; Cott's ability to fully realize the expected cost savings and/or operating efficiencies from its restructuring activities; any disruption to production at Cott's beverage concentrates or other manufacturing facilities; Cott's ability to protect its intellectual property; compliance with product health and safety standards; liability for injury or illness caused by the consumption of contaminated products; liability and damage to Cott's reputation as a result of litigation or legal proceedings; changes in the legal and regulatory environment in which Cott operates; the impact of proposed taxes on soda and other sugary drinks; enforcement of compliance with the Ontario Environmental Protection Act; unseasonably cold or wet weather, which could reduce the demand for Cott's beverages; the impact of national, regional and global events, including those of a political, economic, business and competitive nature; Cott's ability to recruit, retain, and integrate new management and a new management structure; Cott's exposure to intangible asset risk; Cott's ability to renew its collective bargaining agreements on satisfactory terms; disruptions in Cott's information systems; compliance with product health and safety standards; the volatility of Cott's stock price; and Cott's ability to maintain compliance with the listing requirements of the New York Stock Exchange.

**Press Release**

The foregoing list of factors is not exhaustive. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Readers are urged to carefully review and consider the various disclosures, including but not limited to risk factors contained in Cott's Annual Report on Form 10-K for the fiscal year ended December 31, 2011 and its quarterly reports on Form 10-Q, as well as other periodic reports filed with the securities commissions. Cott does not undertake to update or revise any of these statements in light of new information or future events, except as expressly required by applicable law.

Website: [www.cott.com](http://www.cott.com)



## Press Release

**COTT CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in millions of U.S. dollars, except share and per share amounts, U.S. GAAP)  
*Unaudited*

**EXHIBIT 1**

	For the Three Months Ended		For the Nine Months Ended	
	September 29, 2012	October 1, 2011	September 29, 2012	October 1, 2011
<b>Revenue, net</b>	\$ 583.8	\$ 611.3	\$ 1,733.4	\$ 1,785.4
Cost of sales	<u>510.6</u>	<u>543.7</u>	<u>1,504.5</u>	<u>1,560.2</u>
<b>Gross profit</b>	73.2	67.6	228.9	225.2
Selling, general and administrative expenses	43.8	38.1	134.4	128.3
Loss on disposal of property, plant & equipment	<u>0.8</u>	<u>0.5</u>	<u>1.7</u>	<u>0.5</u>
<b>Operating income</b>	28.6	29.0	92.8	96.4
Other (income) expense, net	(1.5)	1.3	(2.2)	2.1
Interest expense, net	<u>13.1</u>	<u>14.4</u>	<u>40.6</u>	<u>43.4</u>
<b>Income before income taxes</b>	17.0	13.3	54.4	50.9
Income tax expense (benefit)	<u>1.2</u>	<u>(4.0)</u>	<u>5.5</u>	<u>(1.7)</u>
<b>Net income</b>	\$ 15.8	\$ 17.3	\$ 48.9	\$ 52.6
Less: Net income attributable to non-controlling interests	<u>1.3</u>	<u>1.1</u>	<u>3.4</u>	<u>3.1</u>
<b>Net income attributed to Cott Corporation</b>	<u>\$ 14.5</u>	<u>\$ 16.2</u>	<u>\$ 45.5</u>	<u>\$ 49.5</u>
<b>Net income per common share attributed to Cott Corporation</b>				
Basic	\$ 0.15	\$ 0.17	\$ 0.48	\$ 0.53
Diluted	\$ 0.15	\$ 0.17	\$ 0.48	\$ 0.52
<b>Weighted average outstanding shares (millions) attributed to Cott Corporation</b>				
Basic	94.5	94.3	94.5	94.2
Diluted	95.6	95.1	95.6	95.0



## Press Release

**COTT CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
(in millions of U.S. dollars, except share amounts, U.S. GAAP)  
*Unaudited*

**EXHIBIT 2**

	<u>September 29, 2012</u>	<u>December 31, 2011</u>
<b>ASSETS</b>		
<i>Current assets</i>		
Cash & cash equivalents	\$ 88.1	\$ 100.9
Accounts receivable, net of allowance of \$7.0 (\$5.7 as of December 31, 2011)	252.1	210.8
Income taxes recoverable	2.9	9.9
Inventories	219.1	210.0
Prepaid expenses and other assets	25.0	19.3
<b>Total current assets</b>	<b>587.2</b>	<b>550.9</b>
Property, plant & equipment	488.1	482.2
Goodwill	130.8	129.6
Intangibles and other assets	324.1	341.1
Deferred income taxes	2.8	4.1
Other tax receivable	1.0	1.0
<b>Total assets</b>	<b>\$ 1,534.0</b>	<b>\$ 1,508.9</b>
<b>LIABILITIES AND EQUITY</b>		
<i>Current liabilities</i>		
Current maturities of long-term debt	\$ 1.8	\$ 3.4
Accounts payable and accrued liabilities	247.1	281.1
<b>Total current liabilities</b>	<b>248.9</b>	<b>284.5</b>
Long-term debt	602.1	602.1
Deferred income taxes	37.5	34.1
Other long-term liabilities	15.4	20.0
<b>Total liabilities</b>	<b>903.9</b>	<b>940.7</b>
<i>Equity</i>		
Capital stock, no par - 95,161,968 (December 31, 2011 - 95,101,230) shares issued	395.7	395.9
Treasury stock	(2.1)	(2.1)
Additional paid-in-capital	46.1	42.6
Retained earnings	189.5	144.1
Accumulated other comprehensive loss	(11.4)	(24.7)
<b>Total Cott Corporation equity</b>	<b>617.8</b>	<b>555.8</b>
Non-controlling interests	12.3	12.4
<b>Total equity</b>	<b>630.1</b>	<b>568.2</b>
<b>Total liabilities and equity</b>	<b>\$ 1,534.0</b>	<b>\$ 1,508.9</b>





## Press Release

**COTT CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in millions of U.S. dollars, U.S. GAAP)  
*Unaudited*

EXHIBIT 3

	For the Three Months Ended		For the Nine Months Ended	
	September 29, 2012	October 1, 2011	September 29, 2012	October 1, 2011
<b>Operating Activities</b>				
Net income	\$ 15.8	\$ 17.3	\$ 48.9	\$ 52.6
Depreciation & amortization	24.7	24.0	72.2	71.4
Amortization of financing fees	0.8	1.1	2.9	2.9
Share-based compensation expense	1.3	(1.6)	3.5	2.2
Increase (decrease) in deferred income taxes	0.6	(4.2)	4.6	(2.3)
Gain on bargain purchase	—	—	(0.9)	—
Loss on disposal of property, plant & equipment	0.8	0.5	1.7	0.5
Contract termination payments	—	(3.1)	—	(3.1)
Other non-cash items	(1.4)	(0.1)	(0.8)	1.7
Change in operating assets and liabilities, net of acquisition:				
Accounts receivable	15.0	29.5	(36.8)	(41.5)
Inventories	17.1	23.1	(5.9)	0.4
Prepaid expenses and other assets	0.4	2.1	(5.5)	0.9
Other assets	(0.2)	0.9	0.7	0.2
Accounts payable and accrued liabilities	(22.1)	(25.8)	(38.4)	(22.9)
Income taxes recoverable	5.2	0.2	6.8	(3.4)
Net cash provided by operating activities	<u>58.0</u>	<u>63.9</u>	<u>53.0</u>	<u>59.6</u>
<b>Investing Activities</b>				
Acquisition	(4.7)	(25.7)	(9.7)	(25.7)
Additions to property, plant & equipment	(13.2)	(8.1)	(50.6)	(31.4)
Additions to intangibles and other assets	(1.0)	(1.4)	(4.7)	(3.9)
Proceeds from sale of property, plant & equipment	1.3	0.1	2.3	0.1
Proceeds from insurance recoveries	1.7	—	1.7	—
Other investing activities	—	(0.1)	—	(1.8)
Net cash used in investing activities	<u>(15.9)</u>	<u>(35.2)</u>	<u>(61.0)</u>	<u>(62.7)</u>
<b>Financing Activities</b>				
Payments of long-term debt	(0.2)	(1.8)	(2.8)	(5.2)
Borrowings under ABL	—	80.7	24.5	224.1
Payments under ABL	—	(100.7)	(24.5)	(231.9)
Distributions to non-controlling interests	(1.9)	(1.7)	(3.3)	(4.2)
Exercise of options	—	0.2	—	0.3
Common share repurchase	—	—	(0.3)	—
Financing fees	(1.2)	—	(1.2)	(0.1)
Net cash used in financing activities	<u>(3.3)</u>	<u>(23.3)</u>	<u>(7.6)</u>	<u>(17.0)</u>
Effect of exchange rate changes on cash	<u>2.2</u>	<u>(1.2)</u>	<u>2.8</u>	<u>0.1</u>
<b>Net increase (decrease) in cash &amp; cash equivalents</b>	<b>41.0</b>	<b>4.2</b>	<b>(12.8)</b>	<b>(20.0)</b>
<b>Cash &amp; cash equivalents, beginning of period</b>	<u>47.1</u>	<u>24.0</u>	<u>100.9</u>	<u>48.2</u>
<b>Cash &amp; cash equivalents, end of period</b>	<u>\$ 88.1</u>	<u>\$ 28.2</u>	<u>\$ 88.1</u>	<u>\$ 28.2</u>



## Press Release

**COTT CORPORATION**  
**SEGMENT INFORMATION**

EXHIBIT 4

(in millions of U.S. dollars or 8 oz equivalent cases, U.S. GAAP)

Unaudited

	For the Three Months Ended		For the Nine Months Ended	
	September 29, 2012	October 1, 2011	September 29, 2012	October 1, 2011
<b>Revenue</b>				
North America	\$ 439.3	\$ 468.1	\$ 1,323.1	\$ 1,388.2
United Kingdom	125.5	124.5	356.2	336.8
Mexico	9.7	12.7	29.0	40.3
RCI	9.3	6.0	25.1	20.1
	<u>\$ 583.8</u>	<u>\$ 611.3</u>	<u>\$ 1,733.4</u>	<u>\$ 1,785.4</u>
<b>Operating income (loss)</b>				
North America	\$ 18.9	\$ 19.8	\$ 67.4	\$ 70.6
United Kingdom	7.8	8.3	21.5	22.7
Mexico	(1.0)	(0.9)	(3.2)	(3.0)
RCI	2.9	1.8	7.1	6.1
	<u>\$ 28.6</u>	<u>\$ 29.0</u>	<u>\$ 92.8</u>	<u>\$ 96.4</u>
<b>Volume - 8 oz equivalent cases - Total Beverage (including concentrate)</b>				
North America	190.1	207.5	573.9	620.3
United Kingdom	53.9	55.6	154.5	157.3
Mexico	6.4	8.7	19.0	28.9
RCI	77.5	60.2	220.2	204.3
	<u>327.9</u>	<u>332.0</u>	<u>967.6</u>	<u>1,010.8</u>
<b>Volume - 8 oz equivalent cases - Filled Beverage</b>				
North America	167.3	188.1	505.6	557.3
United Kingdom	50.5	53.0	143.1	145.8
Mexico	6.4	8.7	19.0	28.9
RCI	0.3	—	0.3	—
	<u>224.5</u>	<u>249.8</u>	<u>668.0</u>	<u>732.0</u>



## Press Release

**COTT CORPORATION**  
**SUPPLEMENTARY INFORMATION - NON-GAAP - Analysis of Revenue by Reporting Segment**  
**Unaudited**

EXHIBIT 5

*(in millions of U.S. dollars, except percentage amounts)*

	For the Three Months Ended				
	September 29, 2012				
	<u>Cott<sup>1</sup></u>	<u>North America</u>	<u>United Kingdom</u>	<u>Mexico</u>	<u>RCI</u>
Change in revenue	\$ (27.5)	\$ (28.8)	\$ 1.0	\$ (3.0)	\$ 3.3
Impact of foreign exchange <sup>2</sup>	5.5	1.6	2.9	1.0	—
Change excluding foreign exchange	\$ (22.0)	\$ (27.2)	\$ 3.9	\$ (2.0)	\$ 3.3
Percentage change in revenue	-4.5%	-6.2%	0.8%	-23.6%	55.0%
Percentage change in revenue excluding foreign exchange	-3.6%	-5.8%	3.1%	-15.7%	55.0%

*(in millions of U.S. dollars, except percentage amounts)*

	For the Nine Months Ended				
	September 29, 2012				
	<u>Cott<sup>1</sup></u>	<u>North America</u>	<u>United Kingdom</u>	<u>Mexico</u>	<u>RCI</u>
Change in revenue	\$ (52.0)	\$ (65.1)	\$ 19.4	\$ (11.3)	\$ 5.0
Impact of foreign exchange <sup>2</sup>	17.2	5.0	8.3	3.9	—
Change excluding foreign exchange	\$ (34.8)	\$ (60.1)	\$ 27.7	\$ (7.4)	\$ 5.0
Percentage change in revenue	-2.9%	-4.7%	5.8%	-28.0%	24.9%
Percentage change in revenue excluding foreign exchange	-1.9%	-4.3%	8.2%	-18.4%	24.9%

<sup>1</sup> Cott includes the following reporting segments: North America, United Kingdom, Mexico and RCI.

<sup>2</sup> Impact of foreign exchange is the difference between the current year's revenue translated utilizing the current year's average foreign exchange rates less the current year's revenue translated utilizing the prior year's average foreign exchange rates.



## Press Release

**COTT CORPORATION**  
**SUPPLEMENTARY INFORMATION - NON-GAAP - EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION &**  
**AMORTIZATION**  
**(EBITDA)**

EXHIBIT 6

(in millions of U.S. dollars)

*Unaudited*

	For the Three Months Ended		For the Nine Months Ended	
	September 29, 2012	October 1, 2011	September 29, 2012	October 1, 2011
<b>Net income attributed to Cott Corporation</b>	\$ 14.5	\$ 16.2	\$ 45.5	\$ 49.5
Interest expense, net	13.1	14.4	40.6	43.4
Income tax expense (benefit)	1.2	(4.0)	5.5	(1.7)
Depreciation & amortization	24.7	24.0	72.2	71.4
Net income attributable to non-controlling interests	1.3	1.1	3.4	3.1
<b>EBITDA</b>	<b>\$ 54.8</b>	<b>\$ 51.7</b>	<b>\$ 167.2</b>	<b>\$ 165.7</b>
Acquisition adjustments				
Earnout adjustment	—	0.9	—	0.9
Inventory step-up (step-down)	—	0.3	0.1	(3.8)
Integration costs	1.3	1.9	3.1	3.0
<b>Adjusted EBITDA</b>	<b>\$ 56.1</b>	<b>\$ 54.8</b>	<b>\$ 170.4</b>	<b>\$ 165.8</b>

**Press Release****COTT CORPORATION**  
**SUPPLEMENTARY INFORMATION - NON-GAAP - FREE CASH FLOW**  
**(in millions of U.S. dollars)**  
*Unaudited***EXHIBIT 7**

	<b>For the Three Months Ended</b>	
	<b>September 29, 2012</b>	<b>October 1, 2011</b>
<b>Net cash provided by operating activities</b>	<b>\$ 58.0</b>	<b>\$ 63.9</b>
Less: Capital expenditures	(13.2)	(8.1)
<b>Free Cash Flow</b>	<b>\$ 44.8</b>	<b>\$ 55.8</b>