



Second Quarter 2019 Results  
August 8, 2019



# Safe Harbor Statements

**Forward Looking Statements:** This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and applicable Canadian securities laws conveying management's expectations as to the future based on plans, estimates and projections at the time the Company makes the statements. Forward-looking statements involve inherent risks and uncertainties and the Company 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 in this presentation include but are not limited to statements regarding estimated revenues and free cash flows. The forward-looking statements are based on assumptions regarding management's current plans and estimates. Factors that could cause actual results to differ materially from those described in this presentation include, among others: risks relating to any unforeseen changes to or effects on liabilities, future capital expenditures, revenues, expenses, earnings, synergies, indebtedness, financial condition, losses and future prospects; and the effect of economic, competitive, legal, governmental and technological factors on Cott's business. 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 the Company's Annual Report in the Form 10-K and its quarterly reports on Form 10-Q, as well as other periodic reports filed with the securities commissions. The Company does not, except as expressly required by applicable law, undertake to update or revise any of these statements in light of new information or future events.

**Non-GAAP Measures:** The Company routinely supplements its reporting of GAAP measures by utilizing certain non-GAAP measures to separate the impact of certain items from its underlying business results. Since the Company uses these non-GAAP measures in the management of its business, management believes this supplemental information, including on a pro forma basis, is useful to investors for their independent evaluation and understanding of Cott's business. The non-GAAP financial measures described above are in addition to, and not meant to be considered superior to, or a substitute for, the Company's financial statements prepared in accordance with GAAP. In addition, the non-GAAP financial measures included in this presentation 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. A copy of this presentation may be found on [www.cott.com](http://www.cott.com). Please see Appendix to this presentation and the exhibits to the earnings release for the second quarter ended June 29, 2019 for reconciliations to the most directly comparable GAAP measures.



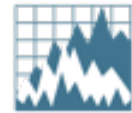
# Agenda



Second Quarter 2019 Highlights



Second Quarter 2019 Financial Results



Second Quarter 2019 Operating Segment Results



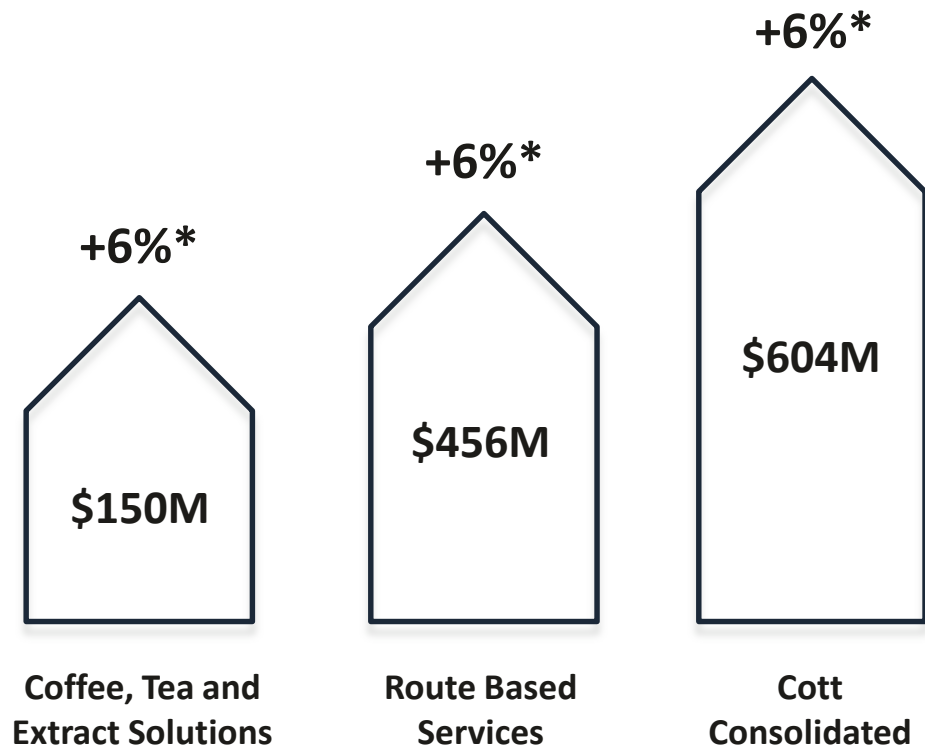
Key Initiatives – Second Quarter 2019 Update



2019 Full Year Expectations



## Q2 2019 Revenue Highlights



\*Calculated from adjusted revenue - See non-GAAP reconciliation in appendix

# Second Quarter 2019 Consolidated Financial Performance



	Q2 2019	Q2 2018	Δ%
NET REVENUE (in Millions)	\$604	\$604	-
NET REVENUE, ADJUSTED* (In Millions)	\$614	\$582	+6%
OPERATING INCOME (In Millions)	\$25	\$21	+19%
ADJUSTED EBITDA* (In Millions)	\$84	\$81	+3%

## Net Returns to Shareholders

**\$28 million +14%**



Share Buybacks    \$20 million  
Dividends            \$8 million

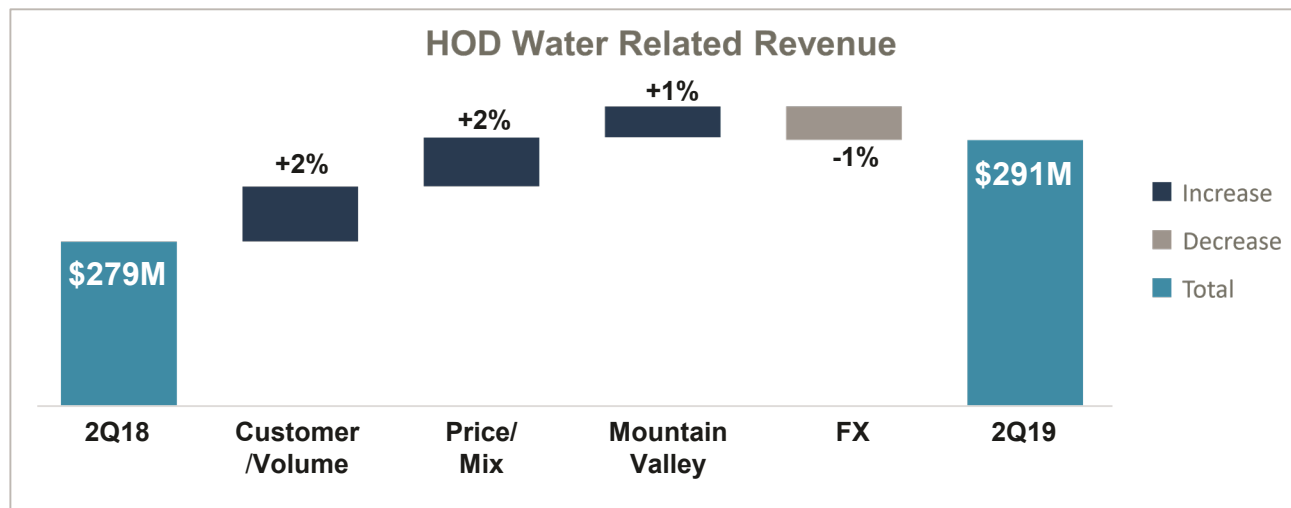
# Route Based Services – Second Quarter 2019 Financial Performance



	Q2 2019	Q2 2018	Δ%
NET REVENUE (in Millions)	\$456	\$438	+4%
NET REVENUE, ADJUSTED* (In Millions)	\$462	\$438	+6%
OPERATING INCOME (In Millions)	\$29	\$28	+5%
ADJUSTED EBITDA* (In Millions)	\$80	\$78	+3%

Customers<sup>(1)</sup>

+3%



Source: Cott Management  
<sup>(1)</sup> Ending customer base  
 \*See appendix for non-GAAP reconciliations

# Coffee, Tea and Extract Solutions – Second Quarter 2019 Financial Performance



	Q2 2019	Q2 2018	Δ%
NET REVENUE (in Millions)	\$150	\$146	3%
NET REVENUE, ADJUSTED* (In Millions)	\$154	\$146	6%
OPERATING INCOME (In Millions)	\$3	\$3	-3%
ADJUSTED EBITDA* (In Millions)	\$9	\$9	-1%

Coffee Volume

+3%

Liquid Extracts Volume

+24%



## CUSTOMERS

- Growth
- Pricing
- Enhanced footprint
- Customer satisfaction and service levels



## PENETRATION AND EXPANSION

- Channels
- Ancillary products
- e-Commerce



## STATE OF THE ART EQUIPMENT

- Aqua Barista
- IOT Filtration technology





## 2019 Full Year Expectations

Revenue **>\$2.4 Billion\***

Adjusted FCF **\$150+ Million**

\*Inclusive of foreign exchange and green coffee pricing expected headwinds





Appendix

# Cott Corporation

## Adjusted Revenue - Non-GAAP Reconciliation

### Unaudited



<i>(in millions of U.S. dollars)</i>	<b>For the Three Months Ended June 29, 2019</b>				
	<b>Route Based Services</b>	<b>Coffee, Tea and Extract Solutions</b>	<b>All Other</b>	<b>Eliminations</b>	<b>Cott(a)</b>
<b>Net Revenue, AS REPORTED</b>	\$ 455.6	\$ 150.0	\$ -	\$ (1.5)	\$ 604.1
Impact of foreign exchange (b)	\$ 6.2	\$ -	\$ -	\$ -	\$ 6.2
Impact of change in average cost of green coffee (c)	\$ -	\$ 4.1	\$ -	\$ -	\$ 4.1
<b>Adjusted revenue, net</b>	<b>\$ 461.8</b>	<b>\$ 154.1</b>	<b>\$ -</b>	<b>\$ (1.5)</b>	<b>\$ 614.4</b>

<i>(in millions of U.S. dollars)</i>	<b>For the Three Months Ended June 30, 2018</b>				
	<b>Route Based Services</b>	<b>Coffee, Tea and Extract Solutions</b>	<b>All Other</b>	<b>Eliminations</b>	<b>Cott(a)</b>
<b>Net Revenue, AS REPORTED</b>	\$ 437.7	\$ 145.5	\$ 21.9	\$ (1.5)	\$ 603.6
Divested Cott Beverages LLC business	\$ -	\$ -	\$ (21.9)	\$ -	\$ (21.9)
<b>Adjusted revenue, net</b>	<b>\$ 437.7</b>	<b>\$ 145.5</b>	<b>\$ -</b>	<b>\$ (1.5)</b>	<b>\$ 581.7</b>

(a) Cott includes the following reporting segments: Route Based Services, Coffee, Tea and Extract Solutions and All Other.

(b) Impact of foreign exchange is the difference between the current period revenue translated utilizing the current period average foreign exchange rates less the current period revenue translated utilizing the prior period average foreign exchange rates.

(c) Impact of change in average cost of green coffee represents the difference between the average cost per pound of green coffee in the current period compared to the average cost per pound of green coffee in the prior period multiplied by the pounds of coffee sold in the current period.

# Cott Corporation

## Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

### Non-GAAP Reconciliation - Unaudited



	<u>For the Three Months Ended</u>	
	<u>June 29, 2019</u>	<u>June 30, 2018</u>
<b>Net income from continuing operations</b>	\$ 4.4	\$ 12.2
Interest expense, net	19.1	18.6
Income tax expense	3.5	2.1
Depreciation and amortization	48.9	48.7
<b>EBITDA</b>	<b>\$ 75.9</b>	<b>\$ 81.6</b>
Acquisition and integration costs (a)	2.7	4.2
Share-based compensation costs	3.1	3.6
Commodity hedging loss, net	-	-
Foreign exchange and other (gains) losses, net	(0.7)	(3.0)
Loss on disposal of property, plant and equipment, net	1.6	1.3
Gain on extinguishment of long-term debt	-	-
Loss (gain) on sale of business	0.6	(6.0)
Cott Beverages LLC (b)	-	(1.4)
Other adjustments, net	0.8	1.1
<b>Adjusted EBITDA</b>	<b>\$ 84.0</b>	<b>\$ 81.4</b>

(a) Includes \$0.2 million and \$0.8 million of share-based compensation costs for the three months ended June 29, 2019 and June 30, 2018, respectively, related to awards granted in connection with the acquisition of our S&D and Eden businesses.

(b) Impact on our operations related to the Cott Beverages LLC business, which was sold on February 8, 2019.

# Adjusted EBITDA by Reporting Segment\*

## Non-GAAP Reconciliation

### Unaudited



(in millions of U.S. dollars)

	For the Three Months Ended June 29, 2019				For the Three Months Ended June 30, 2018			
	Route Based Services	Coffee, Tea and Extract Solutions	All Other	Total	Route Based Services	Coffee, Tea and Extract Solutions	All Other	Total
Operating income (loss)	\$ 29.4	\$ 3.1	\$ (7.9)	\$ 24.6	\$ 28.1	\$ 3.2	\$ (10.6)	\$ 20.7
Other income, net	(1.2)	(0.2)	(1.0)	(2.4)	(8.5)	(0.1)	(3.6)	(12.2)
Depreciation and amortization	42.9	6.0	-	48.9	42.9	5.7	0.1	48.7
<b>EBITDA (a)</b>	<b>\$ 73.5</b>	<b>\$ 9.3</b>	<b>\$ (6.9)</b>	<b>\$ 75.9</b>	<b>\$ 79.5</b>	<b>\$ 9.0</b>	<b>\$ (6.9)</b>	<b>\$ 81.6</b>
Acquisition and integration costs	2.9	-	(0.2)	2.7	2.9	0.4	0.9	4.2
Share-based compensation costs	0.7	0.1	2.3	3.1	0.8	-	2.8	3.6
Foreign exchange and other losses (gains), net	1.1	-	(1.8)	(0.7)	(0.1)	-	(2.9)	(3.0)
Loss (gain) on disposal of property, plant and equipment, net	1.7	(0.1)	-	1.6	1.3	-	-	1.3
Loss (gain) on sale of business (b)	-	-	0.6	0.6	(6.0)	-	-	(6.0)
Cott Beverages LLC (c)	-	-	-	-	-	-	(1.4)	(1.4)
Other adjustments, net (d),(e)	0.3	-	0.5	0.8	(0.2)	-	1.3	1.1
<b>Adjusted EBITDA</b>	<b>\$ 80.2</b>	<b>\$ 9.3</b>	<b>\$ (5.5)</b>	<b>\$ 84.0</b>	<b>\$ 78.2</b>	<b>\$ 9.4</b>	<b>\$ (6.2)</b>	<b>\$ 81.4</b>

(a) EBITDA by reporting segment is derived from operating income as operating income is the performance measure regularly reviewed by the chief operating decision maker when evaluating performance of our reportable segments.

(b) Loss (gain) on sale of business is reflected under other (income) expense, net in the Consolidated Statements of Operations.

(c) Impact on our operations related to the Cott Beverages LLC business, which was sold on February 8, 2019.

(d) For the three months ended June 29, 2019, impact of other adjustments, net for Route Based Services includes \$2.3 million reflected under selling, general and administrative expenses and \$2.0 million of net gains reflected under other (income) expense, net in the Consolidated Statements of Operations. Impact of other adjustments, net for All Other is reflected under selling, general and administrative expenses in the Consolidated Statements of Operations.

(e) For the three months ended June 30, 2018, impact of other adjustments, net for Route Based Services includes \$1.2 million of expenses reflected under cost of sales, \$1.3 million of expenses reflected under selling, general and administrative expenses, and \$2.7 million of net gains reflected under other (income) expense, net in the Consolidated Statements of Operations. Impact of other adjustments, net for All Other is reflected under selling, general and administrative expenses in the Consolidated Statements of Operations.

Source: Cott Management

\*Cott operates through three reporting segments: Route Based Services; Coffee, Tea and Extract Solutions; and All Other (which includes other miscellaneous expenses and our Cott Beverages LLC business, which was sold in the first quarter of 2019). Our corporate oversight function is not treated as a segment; it includes certain general and administrative costs that are combined and disclosed in the All Other column. Management excludes corporate allocations from segment operating income as these costs are not considered by management when evaluating performance of our reportable segments.

**thank you**

