



PRIMO 

WATER CORPORATION

Annual and Special Meeting of Shareowners
Virtual Meeting - Tampa, Florida

May 4, 2021



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*Welcome to Primo's
2021 Annual and Special Meeting of Shareowners
Jerry Fowden, Chairman*

- Chairman Welcome
- Formal Business
- Resolutions for Consideration
- CFO Financial Review
- CEO Remarks
- Q&A



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*Formal Business
Marni Poe, Chief Legal Officer
And Secretary*

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 statements. The forward-looking statements in this presentation include but are not limited to statements regarding execution of the Company's strategic priorities. 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; the effect of economic, competitive, legal, governmental and technological factors on Primo's business; and the impact of national, regional and global events on our business, including the recent COVID-19 outbreak. 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 is useful to investors for their independent evaluation and understanding of Primo'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.primowatercorp.com. Please see Appendix to this presentation for reconciliations to the most directly comparable GAAP measures, where available.

- Notice of Meeting
- Quorum
- Formalities
- Minutes of Last Meeting of Shareowners
- Annual Report and Auditor's Report
- Introduction of Resolutions
- CFO & CEO Comments
- Q & A

- Introduction of Resolutions
 - Election of Directors
 - Britta Bomhard
 - Susan E. Cates
 - Jerry Fowden
 - Stephen H. Halperin
 - Thomas J. Harrington
 - Gregory Monahan
 - Mario Pilozzi
 - Billy D. Prim
 - Eric Rosenfeld
 - Graham W. Savage
 - Steven P. Stanbrook
 - Appointment of Auditors
 - Advisory Vote on Executive Compensation
 - Approval of Primo's Shareholder Rights Plan
 - Approval of Continuance of Primo from the Canada Business Corporations Act to the Business Corporations Act of Ontario



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Financial Results
Jay Wells
Chief Financial Officer

Full Year Comparisons

	2020	2019	Δ%
NET REVENUE	\$1,954	\$1,795	+9%
PRO FORMA ADJUSTED REVENUE*	\$1,974	\$2,055	-4%
ADJUSTED EBITDA*	\$362	\$287	+26%
PRO FORMA ADJUSTED EBITDA*	\$365	\$338	+8%
ADJUSTED FREE CASH FLOW*	\$137	\$121	+13%

Full Year 2020 Performance Summary

- ✓ Revenue increased 9% to \$1,954 million (decreased 4% on a pro forma basis excluding the impact of the 53rd week and the divested Cott Beverages LLC business).
- ✓ Adjusted EBITDA increased 26% to \$362 million (up 8% on a pro forma basis, driven by increased demand for at-home products and services, our highly variable cost structure, and synergy realization).
- ✓ Adjusted free cash flow increased 13% to \$137 million driven by increased demand for at-home products and services and the legacy Primo acquisition.

Primo is Well Positioned

Senior Notes Not Maturing for the Next 4 Years and a Solid Liquidity Position

- **Our debt is fixed and long duration (as of 1/2/21):**
 - 3.875% €450M Senior Notes Due October 31, 2028
 - 5.5% \$750M Senior Notes Due April 1, 2025

- **Liquidity (as of 1/2/21)**
 - Approximately \$115M operating cash on hand
 - Available borrowing capacity on our cash flow revolver of \$195M
 - Net leverage ratio of 3.4x's adjusted EBITDA

- **Debt Covenants**
 - We have significant room before triggering any debt covenants:
 - Interest Coverage Ratio is currently ~4.6:1 vs. requirement to be greater than 3:1
 - Consolidated Secured Leverage Ratio currently ~0.2:1 vs. requirement to be less than 3.5:1
 - The revolver has other non-financial and incurrence-based tests, we are in compliance on all
 - The unsecured notes have no financial maintenance-based covenants



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***CEO Remarks
Tom Harrington
Chief Executive Officer***

2020 Strategic Successes and Highlights



Operational

- ✓ Demonstrated firm grasp of our highly variable cost structure
- ✓ Divested S&D Coffee and Tea business and acquired Primo Water Corporation as part of the Company's transformation to a higher growth and higher margin pure-play water business
- ✓ Successfully transitioned over 500 associates and consolidated 120+ facilities related to legacy Primo acquisition
- ✓ Continued to enhance route density and efficiency measures
- ✓ Executed 10 tuck-in acquisitions with projected annual revenues >\$30M



Financial

- ✓ Grew Adjusted EBITDA* by 8% on a pro forma basis
- ✓ Reduced SG&A as a % of Revenue vs. prior year
- ✓ Grew Free Cash Flow vs. prior year
- ✓ Raised long-term Adjusted EBITDA margin target to ≥18% from 16%
- ✓ Realized ~\$18 million of synergies, well ahead of initial plan of \$7.5 million
- ✓ Added to Russell 2000 Index



Customer

- ✓ Sell-thru of a record >1.0 million dispensers
- ✓ Grew global customer base
- ✓ Reduced global quit rate vs. prior year
- ✓ Launched MyWater+ mobile app across the U.S.
- ✓ Improved e-commerce websites and ease-of-ordering path for customers
- ✓ Launched new transactional website in 17 countries in Europe for residential customers
- ✓ Ended 2020 with a net promoter score in North America of 47.1, well above 2019 levels



Innovation

- ✓ Launched PureFlo®, an IoT enabled water filtration unit that monitors water quality and filter life and provides real-time analytics on water usage and quality
- ✓ Launched cooler sanitation program in the U.S. to complement existing programs in Canada and Europe



ESG

- ✓ Achieved carbon neutrality in our U.S. operations and maintained carbon neutrality in Europe
- ✓ Began to shift route delivery fleet from diesel to propane-powered
- ✓ Improved energy efficiency at our plants to ensure lower energy usage per finished product
- ✓ Became the first company to have a spring water source certified under the Alliance for Water Stewardship (AWS) program with the certification of our Diamond Spring site in Pennsylvania
- ✓ Subsequently achieved AWS certification for Wekiva Springs site in Florida

Key Focus Areas for 2021

- ✓ Continue prioritizing health and safety of associates, customers and suppliers
- ✓ Drive organic growth of approximately 5% per year
- ✓ Enhance customer experience from order placement to delivery
- ✓ Expand 4R Model to Residential market in Europe
- ✓ Rollout even more robust and diverse e-commerce solutions
- ✓ Focus on efficiencies and leveraging our highly variable cost structure
- ✓ Identify and execute highly accretive tuck-ins across North America and Europe
- ✓ Seek ways to further improve our standing as an ESG and sustainability leader

- ✓ Work-from-home trends will not go away anytime soon, driving demand for at-home solutions
- ✓ Consumers are drinking less sugary and sweetened beverages, opting for healthy hydration solutions
- ✓ Consumers purchasing more of their goods and services on-line, benefitting our e-commerce and digital efforts
- ✓ Environmental awareness and concerns over municipal water highlights our position as provider of sustainable and healthy hydration solutions



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Q & A



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Appendix

Pro Forma Adjusted Revenue Reconciliation

Non-GAAP - Unaudited

(in millions of U.S. dollars)

	For the Year Ended			
	January 2, 2021	December 28, 2019	Change \$	Change %
Revenue, net as reported	\$ 1,953.5	\$ 1,795.4	\$ 158.1	8.8%
(-) Divested Cott Beverages LLC business	-	(7.2)	7.2	-100%
(-) Impact of 53rd week	(19.4)	-	(19.4)	n.a
Adjusted revenue	\$ 1,934.1	\$ 1,788.2	\$ 145.9	8.2%
(+) Legacy Primo (a)	48.7	316.7	n.a	n.a
(-) Eliminations (b)	(8.9)	(50.3)	n.a	n.a
Pro forma adjusted revenue	\$ 1,973.9	\$ 2,054.6	\$ (80.7)	-3.9%

(a) Solely attributable to the legacy Primo business for the two months ended February 29, 2020 and the year ended December 31, 2019.

(b) Includes elimination of DS Services sales to legacy Primo. In addition, the year ended December 31, 2019 includes the removal of legacy Primo's divested Ice business.

Pro forma Adjusted EBITDA Reconciliation

Non-GAAP - Unaudited

(in millions of U.S. dollars)

	<u>For the Year Ended</u>	
	<u>January 2, 2021</u>	<u>December 28, 2019</u>
Net loss from continuing operations	\$ (156.8)	\$ (10.8)
Interest expense, net	81.6	77.6
Income tax expense	4.3	4.5
Depreciation and amortization	202.1	168.6
EBITDA (a)	<u>\$ 131.2</u>	<u>\$ 239.9</u>
Acquisition and integration costs	33.7	16.4
Share-based compensation costs	22.1	9.9
COVID-19 costs	20.8	-
Goodwill and intangible asset impairment charges	115.2	-
Foreign exchange and other losses, net	1.5	0.9
Loss on disposal of property, plant and equipment, net	10.6	7.6
Loss on extinguishment of long-term debt	19.7	-
(Gain) loss on sale of business	(0.6)	6.0
Other adjustments, net	7.3	6.4
Adjusted EBITDA (a)	<u>\$ 361.5</u>	<u>\$ 287.1</u>
(-) Impact of 53rd week	(3.9)	-
(+) Legacy Primo adjusted EBITDA (b)	7.4	51.3
Pro forma adjusted EBITDA	<u>\$ 365.0</u>	<u>\$ 338.4</u>
Pro forma adjusted revenue	\$ 1,973.9	\$ 2,054.6
Pro forma adjusted EBITDA Margin%	18.5%	16.5%

(a) The year ended January 2, 2021 includes \$3.9 million of benefit associated with the 53rd week.

(b) Results solely attributable to the legacy Primo business for the two months ended February 29, 2020 and the year ended December 31, 2019.

Legacy Primo Adjusted EBITDA Reconciliation

Non-GAAP - Unaudited

(in millions of U.S. dollars)	<u>February 29, 2020 (a)</u> <u>For the Two Months</u> <u>Ended</u>
Net income before interest expense and income taxes	\$ 0.8
Depreciation and amortization	5.4
EBITDA	<u>\$ 6.2</u>
Adjustments (b)	1.2
Pro forma adjusted EBITDA - January 1, 2020 to February 29, 2020	<u><u>\$ 7.4</u></u>

(in millions of U.S. dollars)	<u>December 31, 2019 (a)</u> <u>Year Ended</u>
Net income	\$ 2.7
Interest expense, net	10.6
Income tax (benefit) expense	-
Depreciation and amortization	29.5
EBITDA	<u>\$ 42.8</u>
Non-cash, stock-based compensation expense	3.7
Acquisition and integration costs and other items, net	3.6
Impairment charges and other	1.2
Pro forma adjusted EBITDA	<u><u>\$ 51.3</u></u>

(a) Results solely attributable to the legacy Primo business.

(b) Includes non-cash, stock-based compensation expense, acquisition and integration costs and other items, net.

Adjusted Free Cash Flow Reconciliation

Non-GAAP - Unaudited

(in millions of U.S. dollars)

	For the Year Ended	
	January 2, 2021	December 28, 2019
Net cash provided by operating activities from continuing operations	\$ 193.6	\$ 205.2
Less: Additions to property, plant, and equipment	(114.0)	(101.3)
Free Cash Flow	<u>\$ 79.6</u>	<u>\$ 103.9</u>
Plus:		
Acquisition and integration cash costs	31.2	14.8
Transaction cash costs paid on behalf of acquiree	13.4	-
COVID-19 related cash costs	20.4	-
Incremental interest payment on 2024 Notes (a)	9.0	-
Cash costs related to additions to property, plant and equipment for integration of acquired entities	0.5	2.0
Less:		
Deferral of payroll tax related costs - government programs	\$ (16.5)	\$ -
Adjusted Free Cash Flow	<u>\$ 137.6</u>	<u>\$ 120.7</u>

(a) Accrued interest paid upon redemption of the 2024 Notes.