



PRIMO 

WATER CORPORATION

Annual Meeting of Shareowners
Virtual Meeting - Tampa, Florida
May 5, 2020



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*Welcome to Primo's
2020 Annual 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



Safe Harbor 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 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
 - Betty Jane Hess
 - Billy D. Prim
 - Britta Bomhard
 - Eric Rosenfeld
 - Graham Savage
 - Gregory Monahan
 - Jerry Fowden
 - Mario Pilozzi
 - Stephen Halperin
 - Steven Stanbrook
 - Susan E. Cates
 - Thomas Harrington
 - Appointment of Auditors
 - Advisory Vote on Executive Compensation



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Financial Results
Jay Wells
Chief Financial Officer

Full Year Comparisons

	2019	2018	Δ%
NET REVENUE	\$2,395	\$2,373	+1%
NET REVENUE, ADJUSTED*	\$2,425	\$2,292	+6%
OPERATING INCOME	\$90	\$59	+54%
ADJUSTED EBITDA*	\$329	\$307	+7%
ADJUSTED FREE CASH FLOW*	\$153	\$150	+2%

Net Returns to Shareholders

\$64 million



Share Buybacks \$32 million
Dividends \$32 million

Full Year 2019 Performance Summary

- ✓ Revenue increased 1% to \$2,395 million (increased 6% excluding the impact of foreign exchange, the divested Cott Beverages LLC business and the change in average cost of coffee) driven by organic growth within both the Route Based Services and Coffee, Tea and Extract Solutions reporting segments, as well as the benefit of acquisitions, including Mountain Valley.
- ✓ Operating income increased 54% to \$90 million driven primarily by our Route Based Services segment where growth was driven by customer additions, volume, pricing, the benefit of acquisitions, increased route density and the resulting operating leverage.
- ✓ Adjusted EBITDA* increased 7% to \$329 million driven primarily by improvements within operating income partially offset by the negative impact of foreign exchange.
- ✓ Adjusted free cash flow* increased 2% to \$153 million.

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:**

- 5.5% €450M Senior Notes Due July 1, 2024
- 5.5% \$750M Senior Notes Due April 1, 2025
- Opportunity to refinance as markets stabilize

- **Liquidity**

- Approximately \$200M to \$250M of operating cash on hand

- **Debt Covenants**

- We have significant room before triggering any debt covenants:
- Interest Coverage Ratio is currently ~4.5:1 vs. requirement to be greater than 3:1
 - (test period commences at the end of Q2 2020 per agreement)
- Consolidated Secured Leverage Ratio currently ~0.4:1 vs. requirement to be less than 3.5:1
 - (test period commences at the end of Q2 2020 per agreement)
- 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***

- ✓ Transitioning into a pure-play water company with sustained growth expected in bottled water category
- ✓ Market leader across 21 countries with a portfolio of strong, regionally relevant brands
- ✓ Water Your Way for consumers
- ✓ Improved revenue growth and margin profile
- ✓ Committed to improving shareholder returns
- ✓ Robust pipeline of tuck-in M&A opportunities
- ✓ Proven track record of successful M&A integration
- ✓ ESG / sustainability leadership
- ✓ Experienced management team



Providing Water Solutions Whenever, Wherever and However Consumers Want



- ~8.7K locations
- ~900K Units in 2019

- Direct delivery
- ~ 2.3 M locations

- Pre-Filled and Delivered Direct to Stores
- ~14.0K locations

- Filtered and vended on-site
- ~23K locations

- Filtered onsite
- ~180K locations

- Direct delivery, Retail & Food Service
- 20% Growth in 2019

Increasing Household Penetration Through Razor/Razorblade Model

The New Primo

Global Strategies with Sustainable Market Positions



Water Your Way for Consumers



Customer for Life Promise



Leverage Innovation & Scale for Enhanced Margins



ESG / Sustainability Leadership



Foster Highly-Engaged Associates



Pure-Play Market-Leading Water Company for Investors



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Q & A



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Appendix

Adjusted Revenue

Non-GAAP Reconciliation - Unaudited

	For the Year Ended	
	December 28, 2019	December 29, 2018
<i>(in millions of U.S. dollars)</i>		
Revenue, net	\$ 2,394.5	\$ 2,372.9
Divested Cott Beverages LLC business	\$ (7.2)	\$ (80.7)
Adjusted Revenue	\$ 2,387.3	\$ 2,292.2
Change in adjusted revenue	\$ 95.1	
Percentage change in adjusted revenue	4.1 %	
Impact of foreign exchange (a)	\$ 22.1	
Impact of change in average cost of green coffee (b)	\$ 15.6	
Change in adjusted revenue excluding foreign exchange and impact of change in average cost of green coffee	\$ 132.8	
Percentage change in adjusted revenue excluding foreign exchange and impact of change in average cost of green coffee	5.8 %	

(a) 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.

(b) 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.

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

Non-GAAP Reconciliation - Unaudited

	For the Year Ended	
	December 28, 2019	December 29, 2018
<i>(in millions of U.S. dollars)</i>		
Net income (loss) from continuing operations	\$ (0.1)	\$ 28.9
Interest expense, net	78.2	77.6
Income tax (benefit) expense	9.5	(4.8)
Depreciation and amortization	<u>192.8</u>	<u>194.6</u>
EBITDA	\$ 280.4	\$ 296.3
Acquisition and integration costs (a)	16.9	15.3
Share-based compensation costs	10.6	18.4
Commodity hedging loss, net	-	0.3
Foreign exchange and other (gains) losses, net	0.9	(10.7)
Loss on disposal of property, plant and equipment, net	7.5	9.4
Gain on extinguishment of long-term debt	-	(7.1)
Loss (gain) on sale of business	6.0	(6.0)
Cott Beverages LLC (b)	0.4	(5.2)
Other adjustments, net	<u>6.0</u>	<u>(3.9)</u>
Adjusted EBITDA	\$ 328.7	\$ 306.8

(a) Includes an increase of \$1.8 million of share-based compensation costs for the year ended December 28, 2019, and a reduction of \$1.1 million of share-based compensation costs for the year ended December 29, 2018, related to awards granted in connection with the acquisition of our S&D and Eden businesses.

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

Free Cash Flow and Adjusted Free Cash Flow

Non-GAAP Reconciliation - Unaudited

(in millions of U.S. dollars)

	<u>For the Year Ended</u>	
	<u>December 28, 2019</u>	<u>December 29, 2018</u>
Net cash provided by operating activities from continuing operations	\$ 250.0	\$ 244.3
Less: Additions to property, plant, and equipment	(114.6)	(130.8)
Free Cash Flow	<u>\$ 135.4</u>	<u>\$ 113.5</u>
Plus:		
Acquisition and integration cash costs	15.3	17.3
Working capital adjustment - Refresco concentrate supply agreement (a)	-	11.1
Additional cash proceeds from Primo operating agreement (b)	-	7.9
Cash costs related to additions to property, plant and equipment for integration of acquired entities	2.0	-
Adjusted Free Cash Flow	<u>\$ 152.7</u>	<u>\$ 149.8</u>

(a) Increase in working capital related to the Concentrate Supply Agreement with Refresco in connection with the sale of our traditional soft drink business to Refresco in January 2018.

(b) The Company received warrants in connection with our 2014 operating agreement with Primo Water Corporation.