

Primo Water Corporation

Annual Meeting of Shareholders

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Length: 19 minutes

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CORPORATE PARTICIPANTS

Jeremy S. Fowden

Primo Water Corporation — Chairman of the Board

Marni M. Poe

Primo Water Corporation — Chief Legal Officer and Secretary

Jay Wells

Primo Water Corporation — Chief Financial Officer

Thomas J. Harrington

Primo Water Corporation — Chief Executive Officer

PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to the Primo Water Corporation Annual Shareholder Meeting.

At this time, the meeting will begin, and it is my pleasure to turn the floor over to your host, Jerry Fowden. Sir, the floor is yours.

Jeremy S. Fowden —Chairman of the Board, Primo Water Corporation

Good morning. My name is Jerry Fowden. As Chairman of the Board of Directors, I am pleased to welcome you to the Primo Water Corporation's 2020 Annual Meeting of Shareholders.

As an introductory note, due to restricted travel and other restrictions put in place as a precaution relating to the COVID-19 outbreak, and to help mitigate risk to the health and safety of our shareowners, associates, and other stakeholders, we are hosting today's meeting virtually via audio webcast. We have shareowners attending via the web portal, and for those who may not be able to attend the Annual Shareholders' Meeting online, we have encouraged them to vote by using the proxy form provided in our proxy materials.

This morning's agenda includes the formal part of the meeting and three resolutions for consideration by shareowners, followed by a review of our 2019 financial results from Jay Wells, our Chief Financial Officer.

Following Jay's remarks, we will hear from our Chief Executive Officer, Tom Harrington, who will provide an overview of our pure-play water investor highlights, an overview of the various segments of our operations, as well as a brief overview of our global strategies.

Shareowners that attend the meeting virtually will be able to submit questions during the meeting using the online portal, which we will answer at the end of the meet. Though we may not be able to answer every question, we will do our best to provide a response to as many as possible.

As you may be aware, we are currently in a quiet period, as we will be reporting our first quarter's results in two days, on Thursday, May 7. As a result, we will not be taking any questions about our first quarter's results and current operations, as these topics will be covered as part of our earnings release and conference call in a couple of days.

I now call the meeting to order. I will serve as Chair, and I will ask Marni Poe, Primo's Chief Legal Officer and Secretary, to act as meeting secretary and lead us through today's formalities.

Marni M. Poe — Chief Legal Officer and Secretary, Primo Water Corporation

Thank you, Jerry, and good morning everyone. This is the Annual Meeting of owners of common shares of Primo Water Corporation.

A representative of Broadridge Financial Services will serve as scrutineer for this meeting. A representative of our auditors, PricewaterhouseCoopers LLP, is available to answer appropriate questions.

I would like to direct your attention to the Safe Harbour statement currently on the screen, and remind everyone that, during this meeting, Management may make certain forward-looking statements, some of which may constitute forward-looking information within the meaning of applicable Securities laws. Please refer to the important information and Safe Harbour language regarding these statements on Slide 5 in the accompanying presentation, which is posted on our website at www.primowatercorp.com.

We may also refer to certain non-GAAP financial measures. We have posted tables on our website and included slides in the accompanying presentation that contain a reconciliation of differences between GAAP and non-GAAP financial measures that are included in this presentation.

Notice of this meeting, the Annual Report, including the financial statements, a form of proxy and a proxy statement have been sent or otherwise been made available to shareowners of record. The certificate as to the mailing and notice will be incorporated into the minutes of this meeting.

Proof of service of the notice calling the meeting has been tabled. I direct that a copy of the notice, together with proof of service, be kept with the records of this meeting.

The scrutineer has reported that a quorum of shareowners is present. I direct that a copy of the report be kept with the records at this meeting. Due notice of this meeting having been given and a quorum being present, I declare this meeting constituted for the transaction of business.

The last meeting of shareowners was held on April 30, 2019. Any shareowner who wishes to review the minutes of that meeting should contact me using the Q&A functionality on the web portal.

The next item of business is the presentation of the Annual Report for the year ended December 28, 2019, including the financial statements for the Company's last completed fiscal year, and the auditor's report thereon. The Annual Report will be tabled at this time, but questions arising out of the Annual Report and the financial statements will be dealt with later in the meeting when we would be pleased to answer questions from shareowners.

I will now present the three resolutions that will be considered at this morning's meeting. We will proceed by way of online ballot by clicking on the voting button on the web portal when directed, after the resolutions have been presented.

The first resolution deals with the election of Directors. Twelve Directors are to be elected. The qualifications for each of the 12 nominees can be found in Primo's proxy statement dated March 26, 2020. The nominees for election as Directors of Primo Water Corporation are: Britta Bomhard; Susan E. Cates; Jerry Fowden; Stephen H. Halperin; Thomas J. Harrington; Betty Jane Hess; Gregory Monahan; Mario Pillozzi; Billy D. Prim; Eric Rosenfeld; Graham W. Savage; and Steven P. Stanbrook. If elected, each nominee will hold office until the next Annual Meeting of Shareowners or until his or her successor is elected or appointed.

The second resolution is the appointment of auditors, and the third item of business is the non-binding advisory vote on Executive compensation.

Now that we have presented each of the resolutions to be considered at this morning's meeting, can I please have someone move a resolution for the approval of the resolution?

Unidentified Speaker

I so move.

Marni M. Poe — Chief Legal Officer and Secretary, Primo Water Corporation

Thank you.

As I stated earlier, the vote on each of the resolutions will be conducted online by ballot. The polls are now open. Any shareowner who has not yet voted or wishes to change their vote may do so by clicking on the voting buttons on the web portal and following the instructions there. Shareowners who have sent in proxies, or voted via telephone or Internet and do not want to change their vote, do not need to take any further action. I will now pause for voting.

Now that everyone has had the opportunity to vote, I declare the polls closed for the election of the Directors, the appointment of the auditors, and the advisory vote on Executive compensation. The scrutineer's report on the vote regarding the election of Directors shows that each of the nominees would receive a greater number of votes for his or her election than would be withheld from his or her election, and none of the nominees would be required to tender his or her resignation under the Company's majority voting policy. Therefore, each of the nominees have been duly elected as the Directors of Primo, until the next Annual Meeting of Shareowners, or until his or her successor is elected or appointed. Congratulations, Directors.

The scrutineer's report on the vote regarding the appointment of auditors shows the resolution has passed. Therefore, I declare that PricewaterhouseCoopers LLP has been appointed auditors of the Company.

Finally, I declare that the resolution for the approval, on a non-binding advisory basis, of the compensation paid to Primo Water Corporation's named Executive Officers is hereby approved.

I am now pleased to turn the meeting over to our Chief Financial Officer, Jay Wells.

Jay Wells — Chief Financial Officer, Primo Water Corporation

Thank you, Marni, and good morning everyone.

We saw good top line performance across our segments in 2019, as consolidated adjusted revenue increased by 6 percent. Operating income grew 54 percent to \$90 million, and Adjusted EBITDA grew 7 percent to \$329 million. Our consolidated results were primarily driven by our Water Direct business, where growth was driven by new customer additions, volume, pricing, the benefit of acquisitions, increased route density, and operational leverage. These improvements were partially offset by the negative impact of foreign exchange. We were pleased to end the year with approximately 50 basis points of EBITDA margin expansion within our Water business.

As it relates to cash, we exceeded our previously communicated expectations, with \$153 million of adjusted free cash flow for the year.

A common question that we receive from stakeholders is, what is our liquidity and long-term debt position? We are well-positioned from a debt and liquidity point of view, as our senior notes first maturity date is July 1, 2024. We have operating cash on hand of \$200 million to \$250 million. We drew down approximately \$170 million of our cash flow revolver as a precautionary measure in April to increase our cash position and preserve financial flexibility, considering the current uncertainty in the global markets resulting from the COVID-19 outbreak.

We're also in good shape and have significant room as it relates to our debt covenants. The main covenant that we are required to maintain is an interest coverage ratio of greater than 3:1 EBITDA to interest, and this ratio was around 4.5:1 on a pro forma basis using 2019 financial results.

I would now like to introduce our CEO, Tom Harrington, who'll provide an overview of our business.

Thomas J. Harrington – Chief Executive Officer, Primo Water Corporation

Thank you, Jay, and good morning everyone.

Before I start the overview of our business, I'd like to acknowledge all of our teammates who continue to work and deliver products and services across our footprint. While we follow the health and safety guidelines outlined by the CDC and the WHO, most importantly, and a source of great Company pride, is the willingness and enthusiasm of our associates to produce products and then satisfy customer needs with regular deliveries to our customers in the face of the pandemic. Thank you.

Shifting to our investment thesis; we have created the new and improved Primo Water Corporation, a pure-play water company. We're positioned to benefit from sustained growth expected in the bottled water category. We have a 21-country footprint, across North America, Europe, and Israel, where our brands are widely recognized and locally relevant. We have a portfolio of hydration solutions for consumers, including Water Direct, a water exchange program at retail, water refill machines, water dispensers, and water filtration solutions. We execute the four R business model: recurring, razor and razorblade revenue. We are positioned for top line growth and higher EBITDA margins, and we have a demonstrated ability to grow our customer base, improve route density, and capture revenue and cost synergies.

We have a proven track record of executing accretive, tuck-in M&A transactions. We are an ESG leader where sustainability and carbon neutrality are core beliefs and part of our DNA. We have an experienced Management team that are proven operators, managing these businesses for a significant number of years.

The next slide is a representation of the products we offer to consumers and customers. 2019 pro forma revenue of our business was approximately \$2.1 billion. If you aggregate where our revenue was generated, residential consumers, or at-home consumers, generated almost 60 percent of this \$2.1 billion in revenue. We define the residential home consumer as sales either direct to a consumer's residence, or sales to other channels where consumers purchase our product and then consume at home.

First is our Dispenser business, which we consider to be the razor in our recurring razor-razorblade revenue model. We sell a full line of innovative and stylish dispensers through major retailers and online at various price points. These dispenser sales help increase household penetration, which then drive recurring purchases of our higher margin water business.

Our razorblade offering is comprised of Water Direct, Water Exchange, and Water Refill businesses. Our Water Direct business is a market-leading, direct-to-consumer, and direct-to-customer delivery business, focused on large format returnable bottles in North America and 19 other countries. Our market-leading Exchange program is where consumers exchange their empty bottle for a prefilled three or five gallon bottle of purified water at approximately 14,000 locations across the U.S. and Canada, in leading retailers such as the Home Depot, Kroger, Safeway, Albertsons, and Lowe's Home Improvement. Our market-leading Water Refill business incorporates a multistep filtration process for consumers to refill their own empty bottle and multi-gallon format for approximately \$0.35 per gallon. Our machines are placed at over 22,000 retail locations.

We're also a top five player in water filtration across our footprint, and compete in a very fragmented market where there is no single significant market leader, and we have the top American premium-branded spring water, Mountain Valley, which sells to retailers and residential Water Direct customers.

The next slide illustrates six core strategies of our business.

Water Your Way, where we strive to provide water solutions for our diverse customer base, whenever, wherever, and however they want it.

Our Customer for Life Promise, designed to continuously improve the customer experience, which translates into improved retention; an important catalyst for the growth algorithm.

We are leveraging innovation and scale to enhance and expand our margins. More customers, higher pricing, and increasing consumption, plus the addition of small tuck-ins creates operational leverage.

ESG leadership, where our business initiatives are grounded in being a fundamentally environmentally-friendly solution, with returnable, refillable, and reusable bottles at its core.

Fostering highly-engaged associates, where the last few weeks confirmed to me that we have them, and making Primo a great place to work by further enhancing the associate experience.

Lastly, our strategy of a pure-play market-leading water company with an unmatched portfolio of water solutions, customer reach, technologies, products, and services.

I want to thank you for listening.

At this time, we'll be happy to answer any shareowner questions. But first, I would like to remind you that our first quarter results are scheduled to be released on Thursday, May 7, and specific questions on our first quarter results and current trends will have to wait until then. We will take shareowner questions that are being entered today on the web portal. Please note, we'll attempt to answer as many questions as time allows.

Operator

Good morning. At this point in time, there are no questions in the queue.

Thomas J. Harrington – Chief Executive Officer, Primo Water Corporation

There being no further business to come before the meeting, I declare the meeting terminated. I want to thank you all for attending.

Operator

Thank you, ladies and gentlemen. This does conclude today's shareholder meeting. Thank you for your participation, and have a wonderful day.