

PRIMO WATER CORP /CN/

FORM 8-K (Current report filing)

Filed 11/07/19 for the Period Ending 11/06/19

Address	4221 W. BOY SCOUT BLVD. SUITE 400 TAMPA, FL, 33607
Telephone	813-313-1732
CIK	0000884713
Symbol	PRMW
SIC Code	2086 - Bottled and Canned Soft Drinks and Carbonated Waters
Industry	Non-Alcoholic Beverages
Sector	Consumer Non-Cyclicals
Fiscal Year	12/28

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 6, 2019

Cott Corporation

(Exact name of registrant as specified in its charter)

Canada
(State or other jurisdiction of incorporation)

001-31410
(Commission File Number)

98-0154711
(IRS Employer Identification No.)

1200 Britannia Rd., East
Mississauga, Ontario, Canada

L4W 4T5

Corporate Center III
4221 W. Boy Scout Blvd., Suite 400
Tampa, Florida, United States
(Address of Principal Executive Offices)

33607
(Zip Code)

Registrant's telephone number, including area code: (905) 795-6500
(813) 313-1732

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common shares without nominal or par value	COT BCB	New York Stock Exchange Toronto Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On November 7, 2019, Cott Corporation (the “Company”) issued a press release reporting financial results for the fiscal quarter ended September 28, 2019. A copy of the press release is furnished herewith under the Securities Exchange Act of 1934, as amended, as Exhibit 99.1 to this Form 8-K and is incorporated by reference into this Item 2.02 as if fully set forth herein.

Item 8.01. Other Events

On November 6, 2019, the Company announced that the Board of Directors declared a dividend of US\$0.06 per common share, payable in cash on December 6, 2019 to shareowners of record at the close of business on November 26, 2019.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release of Cott Corporation, dated November 7, 2019 (furnished herewith).
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Cott Corporation
(Registrant)

November 7, 2019

By: /s/ Marni Morgan Poe
Marni Morgan Poe
Chief Legal Officer and Secretary



Cott Reports Third Quarter 2019 Results

(Unless stated otherwise, all third quarter 2019 comparisons are relative to the third quarter of 2018; all information is in U.S. dollars.)

TORONTO and TAMPA, FL, Nov. 7, 2019 /CNW/ - Cott Corporation (NYSE:COT; TSX:BCB), a leading provider of home and office bottled water delivery services in North America and Europe and a leader in custom coffee roasting for the U.S. food service industry, today announced its results for the third quarter ended September 28, 2019.

"We are pleased with our top and bottom line performance during the quarter," commented Tom Harrington, Cott's Chief Executive Officer. "Both our Route Based Services and our Coffee, Tea and Extract Solutions segments delivered strong revenue and EBITDA growth during the quarter. We remain confident in our full year outlook for 2019, as well as our ability to deliver long-term shareholder value," continued Mr. Harrington.

THIRD QUARTER 2019 GLOBAL PERFORMANCE

- Revenue increased 1% to \$616 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 the Coffee, Tea and Extract Solutions reporting segments, as well as the benefit of acquisitions, including Mountain Valley. Revenue growth by segment in the quarter is tabulated below:

Consolidated Revenue Bridge		Δ%
2018 Q3 Revenue	\$ 609.3	
Divested Cott Beverages LLC business	-20.7	
2018 Q3 adjusted revenue	\$ 588.6	
Route Based Services	+26.4	
Coffee, Tea and Extract Solutions	+9.8	
Change before adjustments	+36.2	6.2%
Foreign exchange ^(a)	-4.1	
Change in average green coffee commodity pass-through costs	-4.6	
2019 Q3 Revenue	\$ 616.1	

(a) See Exhibit 5 for details by reporting segment

- Gross profit increased 5% to \$326 million (6% excluding the divested Cott Beverages LLC business). Gross margin as a percentage of revenue increased 190 basis points to 52.9% compared to 51.0%. Excluding Cott Beverages LLC, gross margin as a percentage of revenue increased 70 basis points to 52.9% compared to 52.2% driven primarily by improved operating leverage within our operations, offset in part by foreign exchange.
- Income tax expense was \$9 million compared to \$1 million due primarily to increased income incurred in taxable jurisdictions. Cash taxes paid during the quarter were \$1 million.
- Reported net income and net income per diluted share were flat at \$9 million and \$0.06, respectively, as the growth in operating income was offset by increased tax accruals. Adjusted EBITDA was \$96 million compared to \$92 million driven by growth in revenue and the resulting operational leverage, offset in part by foreign exchange and increased year-over-year incentive accruals in the quarter.
- Net cash provided by operating activities of \$82 million, less \$36 million of capital expenditures, resulted in \$46 million of free cash flow, or \$50 million of adjusted free cash flow (adjusting for the items set forth on Exhibit 7), compared to adjusted free cash flow of \$56 million in the prior year due in part to other cash inflows in the prior year.

THIRD QUARTER 2019 REPORTING SEGMENT PERFORMANCE

Route Based Services

- Revenue increased 5% (6% excluding the impact of foreign exchange) to \$472 million due to organic growth in Home & Office Delivery ("HOD Water") bottled water driven by both volume growth and pricing benefits as well as growth from acquisitions. A detailed breakdown is tabulated below.

Route Based Services Revenue Bridge		Δ%
2018 Q3 Revenue	\$ 449.8	
HOD Water related	+18.2	
Customer Growth/Volume	+9.7	
Price/Mix	+5.2	
Mountain Valley HOD Water	+3.3	
Other	+8.2	
Change excluding foreign exchange impact	+26.4	5.9%
Foreign exchange impact	-4.1	
2019 Q3 Revenue	\$ 472.1	5.0%

- Gross profit increased 5% to \$286 million, driven primarily by revenue growth. Gross profit as a percentage of revenue was up 20 basis points at 60.6%.
- SG&A expenses as a percentage of revenue decreased 80 basis points to 50.2% (see Exhibit 4). SG&A expenses increased to \$237 million compared to \$230 million due primarily to the addition of Mountain Valley as well as higher year-over-year incentive accruals in the quarter, offset in part by a foreign exchange benefit and lower amortization expense.
- Operating income increased 20% to \$46 million compared to \$39 million, while adjusted EBITDA increased 4% to \$92 million compared to \$89 million, as revenue growth and the corresponding operational leverage was offset in part by foreign exchange and higher year-over-year incentive accruals in the quarter.

Coffee, Tea and Extract Solutions

- Revenue increased 4% (7% adjusting for the change in average cost of coffee) to \$145 million driven primarily by 4% growth in coffee pounds sold and 19% volume growth in liquid coffee and extracts.

A detailed breakdown is tabulated below.

Coffee, Tea and Extract Solutions Revenue Bridge		Δ%
2018 Q3 Revenue	\$ 140.2	
Coffee volume	+2.9	
Coffee price/mix	+2.8	
Liquid coffee and extracts	+3.7	
Other	+0.4	
Change excluding change in average green coffee commodity pass-through costs	+9.8	7.0%
Change in average green coffee commodity pass-through costs	-4.6	
2019 Q3 Revenue	\$ 145.4	3.7%

- Gross profit was \$40 million compared to \$35 million and gross margin as a percentage of revenue increased to 27.4% compared to 25.2% driven primarily by leveraging the volume growth generated during the quarter.
- SG&A expenses were \$37 million compared to \$33 million driven primarily by higher selling and operating costs which supported the volume and revenue growth of the business segment.
- Operating income was \$3 million compared to \$5 million while adjusted EBITDA was up 17% at \$10 million, driven by growth in revenue and the resulting operational leverage, offset in part by the higher selling and operating costs associated with driving volume growth.

2019 FULL YEAR REVENUE AND ADJUSTED FREE CASH FLOW

Cott continues to expect full year 2019 consolidated revenue of \$2.4 billion and adjusted free cash flow of more than \$150 million (when excluding acquisition, integration and other one-time cash costs).

THIRD QUARTER 2019 RESULTS CONFERENCE CALL

Cott Corporation will host a conference call today, November 7, 2019, at 10:00 a.m. ET, to discuss third quarter results, which can be accessed as follows:

North America: (888) 231-8191

International: (647) 427-7450

Conference ID: 6899766

A *slide presentation* and *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.

ABOUT COTT CORPORATION

Cott is a water, coffee, tea, extracts and filtration service company with a leading volume-based national presence in the North American and European home and office delivery industry for bottled water, and a leader in custom coffee roasting, iced tea blending, and extract solutions for the U.S. foodservice industry. Our platform reaches over 2.5 million customers or delivery points across North America and Europe and is supported by strategically located sales and distribution facilities and fleets, as well as wholesalers and distributors. This enables us to efficiently service residences, businesses, restaurant chains, hotels and motels, small and large retailers and healthcare facilities.

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, results of the divested Cott Beverages LLC business, and the change in average costs of coffee, as well as other items identified on the exhibits hereto, to separate the impact of these factors from Cott's results of operations. Cott excludes from GAAP gross profit the results of the divested Cott Beverages LLC business to separate the impact of this divested business from Cott's results of operations. Cott utilizes EBITDA and adjusted EBITDA on a global and segment basis 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 (used in) operating activities from continuing operations determined in accordance with GAAP by excluding additions to property, plant and equipment to present free cash flow, and by excluding acquisition and integration cash costs, a working capital adjustment related to the Concentrate Supply Agreement with Refresco, and other cash inflows to present adjusted free cash flow, which management believes provides useful information to investors in assessing our performance, comparing our performance to the performance of our peer group and assessing our ability to service debt and finance strategic opportunities, which include investing in our business, making strategic acquisitions, paying dividends, repurchasing common shares 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.

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 execution of our strategic priorities, future financial and operating trends and results (including Cott's outlook on 2019 adjusted revenue and adjusted free cash flow), potential uses for cash 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: our ability to compete successfully in the markets in which we operate; fluctuations in commodity prices and our ability to pass on increased costs to our customers or hedge against such rising costs and the impact of those increased prices on our volumes; our ability to manage our operations successfully; our ability to fully realize the potential benefit of acquisitions or other strategic opportunities that we pursue; potential liabilities associated with our recent divestitures; our ability to realize the revenue and cost synergies of our acquisitions due to integration difficulties and other challenges; our exposure to intangible asset risk; currency fluctuations that adversely affect the exchange between the U.S. dollar and the British pound sterling, the exchange between the Euro, the Canadian dollar and other currencies, and the exchange between the British pound sterling and the Euro; our ability to maintain favorable arrangements and relationships with our suppliers; our ability to meet our obligations under our debt agreements, and risks of further increases to our indebtedness; our ability to maintain compliance with the covenants and conditions under our debt agreements; fluctuations in interest rates, which could increase our borrowing costs; the incurrence of substantial indebtedness to finance our acquisitions; the impact on our financial results from uncertainty in the financial markets and other adverse changes in general economic conditions; any disruption to production at our manufacturing facilities; our ability to maintain access to our water sources; our ability to protect our 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 our reputation as a result of litigation or legal proceedings; changes in the legal and regulatory environment in which we operate; the seasonal nature of our business and the effect of adverse weather conditions; the impact of national, regional and global events, including those of a political, economic, business and competitive nature; our ability to recruit, retain and integrate new management; our ability to renew our collective bargaining agreements on satisfactory terms; disruptions in our information systems; our ability to securely maintain our customers' confidential or credit card information, or other private data relating to our employees or our company; our ability to maintain our quarterly dividend; our ability to adequately address the challenges and risks associated with our international operations and address difficulties in complying with laws and regulations including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act of 2010; increased tax liabilities in the various jurisdictions in which we operate; the impact of the 2017 Tax Cuts and Jobs Act on our tax obligations and effective tax rate; and credit rating changes.

The foregoing list of factors is not exhaustive. Readers are cautioned not to place undue reliance on any 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 and its quarterly reports on Form 10-Q, as well as other filings 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

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 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018

Revenue, net	\$ 616.1	\$ 609.3	\$ 1,794.3	\$ 1,773.7
Cost of sales	289.9	298.8	872.1	888.3
Gross profit	326.2	310.5	922.2	885.4
Selling, general and administrative expenses	280.8	279.9	837.1	816.2
Loss on disposal of property, plant and equipment, net	1.1	1.2	4.6	3.8
Acquisition and integration expenses	2.7	1.6	10.2	10.8
Operating income	41.6	27.8	70.3	54.6
Other expense (income), net	3.8	(0.6)	6.9	(33.0)
Interest expense, net	20.2	18.9	58.6	58.3
Income from continuing operations before income taxes	17.6	9.5	4.8	29.3
Income tax expense	9.0	1.0	11.5	4.0
Net income (loss) from continuing operations	\$ 8.6	\$ 8.5	\$ (6.7)	\$ 25.3
Net income from discontinued operations, net of income taxes	1.5	1.5	1.5	357.5
Net income (loss)	\$ 10.1	\$ 10.0	\$ (5.2)	\$ 382.8
Less: Net income attributable to non-controlling interests - discontinued operations	—	—	—	0.6
Net income (loss) attributable to Cott Corporation	\$ 10.1	\$ 10.0	\$ (5.2)	\$ 382.2
Net income (loss) per common share attributable to Cott Corporation				
Basic:				
Continuing operations	\$ 0.06	\$ 0.06	\$ (0.05)	\$ 0.18
Discontinued operations	\$ 0.01	\$ 0.01	\$ 0.01	\$ 2.56
Net income (loss)	\$ 0.07	\$ 0.07	\$ (0.04)	\$ 2.74
Diluted:				
Continuing operations	\$ 0.06	\$ 0.06	\$ (0.05)	\$ 0.18
Discontinued operations	\$ 0.01	\$ 0.01	\$ 0.01	\$ 2.51
Net income (loss)	\$ 0.07	\$ 0.07	\$ (0.04)	\$ 2.69
Weighted average common shares outstanding (in thousands)				
Basic	134,667	138,787	135,395	139,503
Diluted	136,208	141,176	135,395	141,963

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

EXHIBIT 2

	September 28, 2019	December 29, 2018
ASSETS		
<i>Current assets</i>		
Cash and cash equivalents	\$ 143.6	\$ 170.8
Accounts receivable, net of allowance of \$8.6 (\$9.6 as of December 29, 2018)	312.6	308.3
Inventories	126.2	129.6
Prepaid expenses and other current assets	29.1	27.2
Total current assets	611.5	635.9
Property, plant and equipment, net	640.9	624.7
Operating lease right-of-use-assets	198.6	—
Goodwill	1,152.2	1,143.9
Intangible assets, net	696.4	739.2
Deferred tax assets	0.1	0.1
Other long-term assets, net	21.1	31.7
Total assets	\$ 3,320.8	\$ 3,175.5
LIABILITIES AND EQUITY		
<i>Current liabilities</i>		
Short-term borrowings	96.3	89.0
Current maturities of long-term debt	5.1	3.0
Accounts payable and accrued liabilities	445.6	469.0
Current operating lease obligations	37.7	—
Total current liabilities	584.7	561.0
Long-term debt	1,243.0	1,250.2
Operating lease obligations	166.2	—
Deferred tax liabilities	126.4	124.3
Other long-term liabilities	58.6	69.6
Total liabilities	2,178.9	2,005.1
<i>Equity</i>		
Common shares, no par value - 134,670,538 (December 29, 2018 - 136,195,108) shares issued	890.5	899.4
Additional paid-in-capital	75.8	73.9
Retained earnings	265.0	298.8
Accumulated other comprehensive loss	(89.4)	(101.7)
Total Cott Corporation equity	1,141.9	1,170.4
Total liabilities and equity	\$ 3,320.8	\$ 3,175.5

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 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Cash flows from operating activities of continuing operations:				
Net income (loss)	\$ 10.1	\$ 10.0	\$ (5.2)	\$ 382.8
Net income from discontinued operations, net of income taxes	1.5	1.5	1.5	357.5
Net income (loss) from continuing operations	\$ 8.6	\$ 8.5	\$ (6.7)	\$ 25.3

Adjustments to reconcile net income (loss) from continuing operations to cash flows from operating activities:				
Depreciation and amortization	48.0	49.6	142.1	145.7
Amortization of financing fees	0.9	0.9	2.6	2.6
Share-based compensation expense	1.7	6.8	8.5	14.6
Provision for deferred income taxes	6.0	0.1	0.8	2.8
Loss (gain) on sale of business	—	—	6.0	(6.0)
Gain on extinguishment of debt	—	—	—	(7.1)
Loss on disposal of property, plant and equipment, net	1.1	1.2	4.6	3.8
Other non-cash items	3.5	0.8	0.2	(1.4)
Change in operating assets and liabilities, net of acquisitions:				
Accounts receivable	(6.4)	(21.8)	(21.0)	(41.0)
Inventories	3.9	4.3	(12.2)	(9.4)
Prepaid expenses and other current assets	(0.8)	(0.8)	(2.1)	(7.4)
Other assets	0.2	0.2	1.5	1.4
Accounts payable and accrued liabilities and other liabilities	15.4	28.4	(7.1)	22.2
Net cash provided by operating activities from continuing operations	82.1	78.2	117.2	146.1
Cash flows from investing activities of continuing operations:				
Acquisitions, net of cash received	(5.2)	(0.4)	(47.7)	(67.0)
Additions to property, plant and equipment	(35.9)	(36.3)	(87.5)	(95.0)
Additions to intangible assets	(3.3)	(2.7)	(7.6)	(6.9)
Proceeds from sale of property, plant and equipment	0.5	0.8	2.9	3.7
Proceeds from sale of business, net of cash sold	—	—	50.5	12.8
Proceeds from sale of equity securities	—	7.9	—	7.9
Other investing activities	0.5	0.1	0.6	0.4
Net cash used in investing activities from continuing operations	(43.4)	(30.6)	(88.8)	(144.1)
Cash flows from financing activities of continuing operations:				
Payments of long-term debt	(1.5)	(0.2)	(4.5)	(263.5)
Borrowings under ABL	1.2	0.4	64.1	1.4
Payments under ABL	(1.2)	(0.4)	(63.1)	(1.4)
Premiums and costs paid upon extinguishment of long-term debt	—	—	—	(12.5)
Issuance of common shares	0.2	1.8	0.9	6.0
Common shares repurchased and canceled	(0.1)	(24.4)	(31.1)	(46.1)
Financing fees	—	—	—	(1.5)
Dividends paid to common shareholders	(8.2)	(8.3)	(24.4)	(25.1)
Payment of deferred consideration for acquisitions	—	—	(0.2)	(2.8)
Other financing activities	2.0	1.9	5.4	4.0
Net cash used in financing activities from continuing operations	(7.6)	(29.2)	(52.9)	(341.5)
Cash flows from discontinued operations:				
Operating activities of discontinued operations	—	(5.6)	(3.2)	(93.6)
Investing activities of discontinued operations	—	—	—	1,228.6
Financing activities of discontinued operations	—	—	—	(769.7)
Net cash (used in) provided by discontinued operations	—	(5.6)	(3.2)	365.3
Effect of exchange rate changes on cash	(0.9)	0.5	0.5	(8.0)
Net increase (decrease) in cash, cash equivalents and restricted cash	30.2	13.3	(27.2)	17.8
Cash and cash equivalents and restricted cash, beginning of period	113.4	162.4	170.8	157.9
Cash and cash equivalents and restricted cash from continuing operations, end of period	\$ 143.6	\$ 175.7	\$ 143.6	\$ 175.7

COTT CORPORATION
SEGMENT INFORMATION
(in millions of U.S. dollars, U.S. GAAP)
Unaudited

EXHIBIT 4

For the Three Months Ended September 28, 2019

(in millions of U.S. dollars)	Route Based Services	Coffee, Tea and Extract Solutions	All Other	Eliminations	Total
<i>Revenue, net</i>					
Home and office bottled water delivery	\$ 309.3	\$ —	\$ —	\$ —	\$ 309.3
Coffee and tea services	43.0	114.8	—	(1.4)	156.4
Retail	77.9	—	—	—	77.9
Other	41.9	30.6	—	—	72.5
Total	\$ 472.1	\$ 145.4	\$ —	\$ (1.4)	\$ 616.1
Gross Profit	\$ 286.3	\$ 39.9	\$ —	\$ —	\$ 326.2
Gross Margin %	60.6 %	27.4 %	— %	—	52.9 %
Selling, general and administrative expenses	\$ 237.0	\$ 36.6	\$ 7.2	\$ —	\$ 280.8
SG&A% of revenue	50.2 %	25.2 %	N/A	N/A	45.6 %
Operating income (loss)	\$ 46.4	\$ 3.2	\$ (8.0)	\$ —	\$ 41.6
Depreciation and Amortization	\$ 41.6	\$ 6.3	\$ 0.1	\$ —	\$ 48.0

For the Three Months Ended September 29, 2018

(in millions of U.S. dollars)	Route Based Services	Coffee, Tea and Extract Solutions	All Other	Eliminations	Total
<i>Revenue, net</i>					
Home and office bottled water delivery (a)	\$ 293.4	\$ —	\$ —	\$ —	\$ 293.4
Coffee and tea services	46.3	113.0	—	(1.4)	157.9
Retail (a)	73.8	—	—	—	73.8
Other (a)	36.3	27.2	20.7	—	84.2
Total	\$ 449.8	\$ 140.2	\$ 20.7	\$ (1.4)	\$ 609.3
Gross Profit	\$ 271.9	\$ 35.4	\$ 3.2	\$ —	\$ 310.5
Gross Margin %	60.4 %	25.2 %	15.5 %	—	51.0 %
Selling, general and administrative expenses	\$ 229.5	\$ 33.0	\$ 17.4	\$ —	\$ 279.9
SG&A% of revenue	51.0 %	23.5 %	N/A	N/A	45.9 %
Operating income (loss)	\$ 38.8	\$ 5.0	\$ (16.0)	\$ —	\$ 27.8
Depreciation and Amortization	\$ 43.5	\$ 5.8	\$ 0.3	\$ —	\$ 49.6

For the Nine Months Ended September 28, 2019

(in millions of U.S. dollars)	Route Based Services	Coffee, Tea and Extract Solutions	All Other	Eliminations	Total
<i>Revenue, net</i>					
Home and office bottled water delivery	\$ 858.5	\$ —	\$ —	\$ —	\$ 858.5
Coffee and tea services	138.5	355.6	—	(4.5)	489.6
Retail	224.6	—	—	—	224.6
Other	126.6	87.8	7.2	—	221.6
Total	\$ 1,348.2	\$ 443.4	\$ 7.2	\$ (4.5)	\$ 1,794.3
Gross Profit	\$ 800.7	\$ 121.2	\$ 0.3	\$ —	\$ 922.2
Gross Margin %	59.4 %	27.3 %	4.2 %	—	51.4 %
Selling, general and administrative expenses	\$ 699.1	\$ 111.4	\$ 26.6	\$ —	\$ 837.1
SG&A% of revenue	51.9 %	25.1 %	N/A	N/A	46.7 %
Operating income (loss)	\$ 89.8	\$ 9.7	\$ (29.2)	\$ —	\$ 70.3
Depreciation and Amortization	\$ 124.1	\$ 17.8	\$ 0.2	\$ —	\$ 142.1

For the Nine Months Ended September 29, 2018

(in millions of U.S. dollars)	Route Based Services	Coffee, Tea and Extract Solutions	All Other	Eliminations	Total
<i>Revenue, net</i>					
Home and office bottled water delivery (a)	\$ 817.7	\$ —	\$ —	\$ —	\$ 817.7
Coffee and tea services	142.3	349.0	—	(3.9)	487.4
Retail (a)	214.4	—	—	—	214.4
Other (a)	111.2	82.8	60.3	(0.1)	254.2
Total	\$ 1,285.6	\$ 431.8	\$ 60.3	\$ (4.0)	\$ 1,773.7
Gross Profit (b)	\$ 765.6	\$ 111.5	\$ 8.3	\$ —	\$ 885.4
Gross Margin %	59.6 %	25.8 %	13.8 %	—	49.9 %
Selling, general and administrative expenses	\$ 673.2	\$ 101.2	\$ 41.8	\$ —	\$ 816.2
SG&A% of revenue	52.4 %	23.4 %	N/A	N/A	46.0 %
Operating income (loss)	\$ 80.9	\$ 12.3	\$ (38.6)	\$ —	\$ 54.6
Depreciation and Amortization	\$ 127.8	\$ 17.2	\$ 0.7	\$ —	\$ 145.7

(a) Revenues by channel of our Route Based Services reporting segment for the three and nine months ended September 29, 2018 had \$22.3 million and \$58.2 million of revenue, respectively, reclassified from "other" to "home and office bottled water delivery" as these activities are associated with the "home and office bottled water delivery" channel. In addition, for the three and nine months ended September 29, 2018, we reclassified \$4.1 million and \$11.5 million of revenue, respectively, out of the "retail" channel and into the "other" channel in order to better align the activities of a recent acquisition with those of our U.S. Route Based Services business.

(b) Includes related party concentrate sales to discontinued operations.

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 28, 2019				
	Route Based Services	Coffee, Tea and Extract Solutions	All Other	Eliminations	Cott (a)
Change in revenue	\$ 22.3	\$ 5.2	\$ (20.7)	\$ —	\$ 6.8
Impact of foreign exchange (b)	\$ 4.1	\$ —	\$ —	\$ —	\$ 4.1
Change excluding foreign exchange	\$ 26.4	\$ 5.2	\$ (20.7)	\$ —	\$ 10.9
Percentage change in revenue	5.0 %	3.7 %	(100.0) %	— %	1.1 %
Percentage change in revenue excluding foreign exchange	5.9 %	3.7 %	(100.0) %	— %	1.8 %

(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.

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

EXHIBIT 6

(in millions of U.S. dollars)	For the Three Months Ended		For the Nine Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Net income (loss) from continuing operations	\$ 8.6	\$ 8.5	\$ (6.7)	\$ 25.3
Interest expense, net	20.2	18.9	58.6	58.3
Income tax expense	9.0	1.0	11.5	4.0
Depreciation and amortization	48.0	49.6	142.1	145.7
EBITDA	\$ 85.8	\$ 78.0	\$ 205.5	\$ 233.3

Acquisition and integration costs (a), (c)	2.7	1.6	10.2	10.8
Share-based compensation costs (d)	2.1	10.2	8.5	16.2
Commodity hedging loss, net (e)	—	—	—	0.3
Foreign exchange and other losses (gains), net (f)	4.3	0.4	4.6	(10.8)
Loss on disposal of property, plant and equipment, net (g)	1.1	1.2	4.6	3.8
Gain on extinguishment of long-term debt (h)	—	—	—	(7.1)
Loss (gain) on sale of business (i)	—	—	6.0	(6.0)
Cott Beverages LLC (b), (j)	—	(1.2)	0.4	(3.1)

Other adjustments, net (k)	0.4	1.4	3.5	(0.4)
Adjusted EBITDA	\$ 96.4	\$ 91.6	\$ 243.3	\$ 237.0

(a) Includes a reduction of \$0.4 million for the three months ended September 28, 2019, and a reduction of \$3.4 million and \$1.6 million for the three and nine months ended September 29, 2018, respectively, of share-based compensation costs 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.

Location in Consolidated Statements of Operations	For the Three Months Ended		For the Nine Months Ended	
	September 28,	September 29,	September 28,	September 29,
	2019	2018	2019	2018
	(Unaudited)		(Unaudited)	
(c) Acquisition and integration costs	\$ 2.7	\$ 1.6	\$ 10.2	\$ 10.8
(d) Share-based compensation costs	2.1	10.2	8.5	16.2
(e) Commodity hedging loss, net	—	—	—	0.3
(f) Foreign exchange and other losses (gains), net	4.3	0.4	4.6	(10.8)
(g) Loss on disposal of property, plant and equipment, net	1.1	1.2	4.6	3.8
(h) Gain on extinguishment of long-term debt	—	—	—	(7.1)
(i) Loss (gain) on sale of business	—	—	6.0	(6.0)
(j) Cott Beverages LLC	—	(20.7)	(7.2)	(60.3)
	—	17.4	6.8	51.6
	—	2.8	1.1	7.7
	—	(0.7)	(0.3)	(2.1)
(k) Other adjustments, net	(0.5)	—	(2.5)	(6.6)
	0.8	1.3	5.9	4.9
	0.1	0.1	0.1	1.3

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

	For the Three Months Ended	
	September 28, 2019	September 29, 2018
Net cash provided by operating activities from continuing operations	\$ 82.1	\$ 78.2
Less: Additions to property, plant, and equipment	(35.9)	(36.3)
Free Cash Flow	\$ 46.2	\$ 41.9
Plus:		
Acquisition and integration cash costs	3.4	3.1
Working capital adjustment - Refresco concentrate supply agreement (a)	—	2.6
Additional cash proceeds from Primo operating agreement (b)	—	7.9
Adjusted Free Cash Flow	\$ 49.6	\$ 55.5

	For the Nine Months Ended	
	September 28, 2019	September 29, 2018
Net cash provided by operating activities from continuing operations	\$ 117.2	\$ 146.1
Less: Additions to property, plant, and equipment	(87.5)	(95.0)
Free Cash Flow	\$ 29.7	\$ 51.1
Plus:		
Acquisition and integration cash costs	12.0	12.5
Working capital adjustment - Refresco concentrate supply agreement (a)	—	13.7
Additional cash proceeds from Primo operating agreement (b)	—	7.9
Adjusted Free Cash Flow	\$ 41.7	\$ 85.2

(a) Increase in working capital related to the Concentrate Supply Agreement with Refresco in connection with the Transaction.
(b) The Company received warrants in connection with our 2014 operating agreement with Primo Water Corporation.

COTT CORPORATION **EXHIBIT 8**
SUPPLEMENTARY INFORMATION - NON-GAAP - ANALYSIS OF REVENUE AND ADJUSTED REVENUE
(in millions of U.S. dollars)
Unaudited

	Cott (a)		Route Based Services		Coffee, Tea and Extract Solutions	
	For the Three Months Ended		For the Three Months Ended		For the Three Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Revenue, net	\$ 616.1	\$ 609.3	\$ 472.1	\$ 449.8	\$ 145.4	\$ 140.2
Divested Cott Beverages LLC business	—	(20.7)	—	—	—	—
Adjusted Revenue	\$ 616.1	\$ 588.6	\$ 472.1	\$ 449.8	\$ 145.4	\$ 140.2
Change in adjusted revenue	\$ 27.5		\$ 22.3		\$ 5.2	
Percentage change in adjusted revenue	4.7 %		5.0 %		3.7 %	
Impact of foreign exchange (b)	\$ 4.1		\$ 4.1		\$ —	

Impact of change in average cost of green coffee (c)	\$ 4.6	\$ —	\$ 4.6
Change in adjusted revenue excluding foreign exchange and impact of change in average cost of green coffee	\$ 36.2	\$ 26.4	\$ 9.8
Percentage change in adjusted revenue excluding foreign exchange and impact of change in average cost of green coffee	6.2 %	5.9 %	7.0 %

(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
SUPPLEMENTARY INFORMATION - NON-GAAP
(in millions of U.S. dollars)
Unaudited

EXHIBIT 9

	For the Three Months Ended		
	September 28, 2019		
	Cott Consolidated	Divested Business (a)	Cott Adjusted
Revenue, net	\$ 616.1	\$ —	\$ 616.1
Cost of sales	289.9	—	289.9
Gross profit	326.2	—	326.2
<i>Gross margin %</i>	<i>52.9 %</i>		<i>52.9 %</i>
Selling, general and administrative expenses	280.8	—	280.8
<i>SG&A% of revenue</i>	<i>45.6 %</i>		<i>45.6 %</i>
Loss on disposal of property, plant and equipment, net	1.1	—	1.1
Acquisition and integration expenses	2.7	—	2.7
Operating income	41.6	—	41.6
Other expense, net	3.8	—	3.8
Depreciation and Amortization	48.0	—	48.0
EBITDA	85.8	—	85.8
Adjustments	10.6	—	10.6
Adjusted EBITDA	\$ 96.4	\$ —	\$ 96.4

	For the Three Months Ended		
	September 29, 2018		
	Cott Consolidated	Divested Business (a)	Cott Adjusted
Revenue, net	\$ 609.3	\$ 20.7	\$ 588.6
Cost of sales	298.8	17.5	281.3
Gross profit	310.5	3.2	307.3
<i>Gross margin %</i>	<i>51.0 %</i>		<i>52.2 %</i>
Selling, general and administrative expenses	279.9	2.9	277.0
<i>SG&A% of revenue</i>	<i>45.9 %</i>		<i>47.1 %</i>
Loss on disposal of property, plant and equipment, net	1.2	—	1.2
Acquisition and integration expenses	1.6	—	1.6
Operating income	27.8	0.3	27.5
Other income, net	(0.6)	(0.6)	—
Depreciation and Amortization	49.6	0.2	49.4
EBITDA	78.0	1.1	76.9
Adjustments	13.6	(1.1)	14.7
Adjusted EBITDA	\$ 91.6	\$ —	\$ 91.6

(a) Cott Beverages LLC

COTT CORPORATION
SUPPLEMENTARY INFORMATION - NON-GAAP - EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION & AMORTIZATION (EBITDA)
AND ADJUSTED EBITDA BY REPORTING SEGMENT (a)
(in millions of U.S. dollars)
Unaudited

EXHIBIT 10

	For the Three Months Ended September 28, 2019			
	Route Based Services	Coffee, Tea and Extract Solutions	All Other	Total
Operating income (loss)	\$ 46.4	\$ 3.2	\$ (8.0)	\$ 41.6
Other expense (income), net	4.2	—	(0.4)	3.8
Depreciation and amortization	41.6	6.3	0.1	48.0
EBITDA (a)	\$ 83.8	\$ 9.5	\$ (7.5)	\$ 85.8
Acquisition and integration costs	1.8	0.1	0.8	2.7
Share-based compensation costs	0.8	0.2	1.1	2.1

Foreign exchange and other losses (gains), net	4.5	—	(0.2)	4.3
Loss on disposal of property, plant and equipment, net	1.1	—	—	1.1
Other adjustments, net (b)	0.3	—	0.1	0.4
Adjusted EBITDA	\$ 92.3	\$ 9.8	\$ (5.7)	\$ 96.4

For the Three Months Ended September 29, 2018

	Route Based Services	Coffee, Tea and Extract Solutions	All Other	Total
Operating income (loss)	\$ 38.8	\$ 5.0	\$ (16.0)	\$ 27.8
Other (income) expense, net	(0.6)	(0.3)	0.3	(0.6)
Depreciation and amortization	43.5	5.8	0.3	49.6
EBITDA (a)	\$ 82.9	\$ 11.1	\$ (16.0)	\$ 78.0
Acquisition and integration costs	2.4	(2.6)	1.8	1.6
Share-based compensation costs	1.1	0.1	9.0	10.2
Foreign exchange and other (gains) losses, net	(0.4)	—	0.8	0.4
Loss (gain) on disposal of property, plant and equipment, net	1.4	(0.2)	—	1.2
Cott Beverages LLC (c)	—	—	(1.2)	(1.2)
Other adjustments, net (d)	1.1	—	0.3	1.4
Adjusted EBITDA	\$ 88.5	\$ 8.4	\$ (5.3)	\$ 91.6

(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) Impact of other adjustments, net for Route Based Services includes \$0.7 million of expenses reflected under selling, general and administrative expenses, \$0.1 million of expenses reflected under cost of sales and \$0.5 million of net gains reflected under other (income) expense 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.

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

(d) Impact of other adjustments, net for Route Based Services includes \$0.1 million of expenses reflected under cost of sales and \$1.0 million of expenses reflected under selling, general and administrative expenses 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.

View original content to download multimedia: <http://www.prnewswire.com/news-releases/cott-reports-third-quarter-2019-results-300953557.html>
SOURCE Cott Corporation

View original content to download multimedia: <http://www.newswire.ca/en/releases/archive/November2019/07/c7083.html>
%CIK: 0000884713

For further information: Jarrod Langhans, Investor Relations, Tel: (813) 313-1732, Investorrelations@cott.com

CO: Cott Corporation

CNW 06:45e 07-NOV-19