PRIMO WATER CORP /CN/

FORM 10-Q
(Quarterly Report)

Filed 11/13/01 for the Period Ending 09/29/01

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	12/02

COTT CORP /CN/

FORM 10-Q
(Quarterly Report)

Filed 11/13/2001 For Period Ending 9/29/2001

Address	207 QUEENS QUAY W SUITE 340
	TORONTO ONTARIO CANA, 00000
Telephone	416-203-3898
CIK	0000884713
Industry	Beverages (Non-Alcoholic)
Sector	Consumer/Non-Cyclical
Fiscal Year	12/31

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended SEPTEMBER 29, 2001

Commission File Number 000-19914

COTT CORPORATION

(Exact name of registrant as specified in its charter)

CANADA	None
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

207 Queen's Quay W, Suite 340, Toronto, Ontario M5J 1A7

(Address of principal executive offices) (Postal Code)

(416) 203-3898

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No

There were 60,521,592 shares of common stock outstanding as of October 31, 2001. For the quarter ended September 29, 2001, the adjusted weighted average number of shares outstanding on a diluted basis was 69,255,662.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

COTT CORPORATION
Consolidated Statements of Income

(in millions of U.S. dollars, except per share amounts)
Unaudited

	For the three months ended		For the nine months ended	
	SEPTEMBER 29, 2001	SEPTEMBER 30, 2000	SEPTEMBER 29, 2001	SEPTEMBER 30, 2000
SALES	$ 302.5	$ 263.5	$ 837.1	$ 767.4
Cost of sales	252.1	221.3	696.0	643.0
GROSS PROFIT	50.4	42.2	141.1	124.4
Selling, general and administrative expenses	24.2	21.9	72.9	69.9
OPERATING INCOME	26.2	20.3	68.2	54.5
Other expenses (income), net	(0.7)	(0.7)	(2.3)	(0.7)
Interest expense, net	9.1	7.2	22.8	23.0
INCOME BEFORE INCOME TAXES	17.8	13.8	47.7	32.2
Income taxes - note 3	(6.7)	(5.9)	(17.0)	(13.4)
NET INCOME - note 4	$ 11.1	$ 7.9	$ 30.7	$ 18.8
PER SHARE DATA - note 5				
NET INCOME PER COMMON SHARE				
Basic	$ 0.18	$ 0.13	$ 0.51	$ 0.31
Diluted	$ 0.16	$ 0.12	$ 0.45	$ 0.28

The accompanying notes are an integral part of these consolidated financial statements.

COTT CORPORATION
Consolidated Balance Sheets

(in millions of U.S. dollars)

	SEPTEMBER 29, 2001	DECEMBER 30, 2000
	Unaudited	Audited
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 8.5	$ 7.2
Accounts receivable	125.8	109.0
Inventories - note 6	77.7	64.0
Prepaid expenses	2.8	2.2
	214.8	182.4
PROPERTY, PLANT AND EQUIPMENT - note 7	243.8	245.0
GOODWILL	126.5	115.2
INTANGIBLES AND OTHER ASSETS	200.8	79.0
	$ 785.9	$ 621.6
LIABILITIES		
CURRENT LIABILITIES		
Short-term borrowings	$ 26.3	$ 36.6
Current maturities of long-term debt	5.9	1.6
Accounts payable and accrued liabilities	125.8	115.1
	158.0	153.3
LONG-TERM DEBT	368.4	279.6
OTHER LIABILITIES	47.6	30.2
	574.0	463.1
MINORITY INTEREST	28.4	-
SHAREOWNERS' EQUITY		
CAPITAL STOCK		
Common shares - 60,424,942 (2000 - 59,868,342) shares issued	192.0	189.1
Second preferred shares, Series 1 - 4,000,000 shares issued	40.0	40.0
DEFICIT	(7.2)	(37.9)
ACCUMULATED OTHER COMPREHENSIVE INCOME	(41.3)	(32.7)
	183.5	158.5
	$ 785.9	$ 621.6

The accompanying notes are an integral part of these consolidated financial statements.

COTT CORPORATION
Consolidated Statements of Shareowners' Equity

(in millions of U.S. dollars)
Unaudited

	NUMBER OF COMMON SHARES (in thousands)	COMMON SHARES	PREFERRED SHARES	DEFICIT	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL EQUITY
Balance at January 1, 2000	59,837	$ 189.0	$ 40.0	$ (63.3)	$ (23.4)	$ 142.3
Options exercised	14	0.1	-	-	-	0.1
Comprehensive income - note 4						
Currency translation adjustment	-	-	-	-	(11.2)	(11.2)
Net income	-	-	-	18.8	-	18.8
Balance at September 30, 2000	59,851	$ 189.1	$ 40.0	$ (44.5)	$ (34.6)	$ 150.0
Balance at December 30, 2000	59,868	$ 189.1	$ 40.0	$ (37.9)	$ (32.7)	$ 158.5
Options exercised	557	2.9	-	-	-	2.9
Comprehensive income - note 4						
Currency translation adjustment	-	-	-	-	(8.6)	(8.6)
Net income	-	-	-	30.7	-	30.7
Balance at September 29, 2001	60,425	$ 192.0	$ 40.0	$ (7.2)	$ (41.3)	$ 183.5

The accompanying notes are an integral part of these consolidated financial statements.

COTT CORPORATION
Consolidated Statements of Cash Flows

(in millions of U.S. dollars)
Unaudited

	For the nine months ended SEPTEMBER 29, 2001	For the nine months ended SEPTEMBER 30, 2000
OPERATING ACTIVITIES		
Net income	$ 30.7	$ 18.8
Depreciation and amortization	31.1	29.1
Deferred income taxes	16.2	12.9
Gain on sale of property, plant and equipment	(0.2)	-
Other non-cash items	(1.2)	1.0
Net change in non-cash working capital - note 8	(10.2)	9.9
Cash provided by operating activities	66.4	71.7
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(23.4)	(17.4)
Acquisitions - note 12	(127.6)	-
Proceeds from disposal of businesses	2.2	15.9
Proceeds from disposal of property, plant and equipment	1.9	0.8
Other	(3.5)	(3.0)
Cash used in investing activities	(150.4)	(3.7)
FINANCING ACTIVITIES		
Payments of long-term debt	(6.7)	(5.6)
Short-term borrowings	(10.6)	(0.3)
Increase in long-term debt	100.0	-
Issue of common shares	2.9	0.1
Other	-	(2.1)
Cash provided by (used in) financing activities	85.6	(7.9)
Net cash used in discontinued operations	-	(0.2)
Effect of exchange rate changes on cash and cash equivalents	(0.3)	(0.8)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1.3	59.1
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	7.2	2.6
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 8.5	$ 61.7

The accompanying notes are an integral part of these consolidated financial statements.

Unaudited

NOTE 1 - BASIS OF PRESENTATION

The unaudited consolidated financial statements have been prepared in accordance with United States ("U.S.") generally accepted accounting principles ("GAAP") for interim financial information. Accordingly, they do not include all information and notes presented in the annual consolidated financial statements in conformity with U.S. GAAP. In the opinion of management, the statements reflect all adjustments that are necessary for a fair statement of the results for the interim periods presented. All such adjustments are of a normal recurring nature.

Certain comparative amounts have been restated to conform to the financial statement presentation adopted in the current year.

Consolidated financial statements in accordance with Canadian GAAP, in U.S. dollars, are made available to all shareowners and filed with various regulatory authorities.

NOTE 2 - BUSINESS SEASONALITY

The Company's results for the third quarter and nine months ending September 29, 2001 are not necessarily indicative of the results that may be expected for the full year due to business seasonality. Operating results are significantly impacted by business seasonality, which arises from higher sales in the second and third quarters versus the first and fourth quarters of the year in contrast to fixed costs such as depreciation, amortization and interest which are not significantly impacted by seasonal trends.

NOTE 3 - INCOME TAXES

The following table reconciles income taxes calculated at the basic Canadian corporate rates with the income tax provision.

(in millions of U.S. dollars)	For the three months ended SEP 29, 2001	For the three months ended SEP 30, 2000	For the nine months ended SEP 29, 2001	For the nine months ended SEP 30, 2000
Income tax provision based on Canadian statutory rates	$ (7.4)	$ (5.9)	$ (19.7)	$ (13.8)
Foreign tax rate differential	0.6	0.6	1.4	1.7
Manufacturing and processing deduction	-	0.2	0.2	0.4
Decrease in valuation allowance	1.2	-	4.4	-
Adjustment due to decrease in tax rates	-	-	(1.5)	-
Non-deductible items	(1.1)	(0.8)	(1.8)	(1.7)
	$ (6.7)	$ (5.9)	$ (17.0)	$ (13.4)

Unaudited

NOTE 4 - COMPREHENSIVE INCOME

(in millions of U.S. dollars)	For the three months ended		For the nine months ended	
	SEP 29, 2001	SEP 30, 2000	SEP 29, 2001	SEP 30, 2000
Net income	$ 11.1	$ 7.9	$ 30.7	$ 18.8
Foreign currency translation	-	(3.8)	(8.6)	(11.2)
	$ 11.1	$ 4.1	$ 22.1	$ 7.6

NOTE 5 - INCOME PER SHARE

Basic net income per common share is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted net income per share includes the effect of exercising stock options and converting the preferred shares, only if dilutive.

The following table reconciles the basic weighted average number of shares outstanding to the diluted weighted average number of shares outstanding:

(in thousands)	For the three months ended		For the nine months ended	
	SEP 29, 2001	SEP 30, 2000	SEP 29, 2001	SEP 30, 2000
Weighted average number of shares outstanding - basic	60,398	59,850	60,171	59,848
Dilutive effect of stock options	2,572	319	2,073	349
Dilutive effect of second preferred shares	6,286	6,286	6,286	6,286
Adjusted weighted average number of shares outstanding - diluted	69,256	66,455	68,530	66,483

As of September 29, 2001, the Company has the following equity instruments outstanding: 60,424,942 common shares, 5,667,610 common share stock options and 4,000,000 second preferred shares convertible into 5,987,097 common shares and entitled to 5,987,097 votes.

NOTE 6 - INVENTORIES

(in millions of U.S. dollars)	SEPTEMBER 29, 2001	DECEMBER 30, 2000
Raw materials	$ 24.7	$ 21.3
Finished goods	43.4	34.3
Other	9.6	8.4
	$ 77.7	$ 64.0

Unaudited

NOTE 7 - PROPERTY, PLANT AND EQUIPMENT

(in millions of U.S. dollars)	SEPTEMBER 29, 2001	DECEMBER 30, 2000
Cost	$ 407.5	$ 390.1
Accumulated depreciation	(163.7)	(145.1)
	$ 243.8	$ 245.0

NOTE 8 - NET CHANGE IN NON-CASH WORKING CAPITAL

The changes in non-cash working capital components, net of effects of unrealized foreign exchange gains and losses, are as follows:

(in millions of U.S. dollars)	SEPTEMBER 29, 2001	SEPTEMBER 30, 2000
Decrease (increase) in accounts receivable	$ (13.8)	$ (8.4)
Decrease (increase) in inventories	(7.5)	(0.9)
Decrease (increase) in prepaid expenses	(0.7)	0.1
Increase (decrease) in accounts payable and accrued liabilities	11.8	19.1
	$ (10.2)	$ 9.9

NOTE 9 - COMMITMENTS AND CONTINGENCIES

The Company is subject to various claims and legal proceedings with respect to matters such as governmental regulations, income taxes, and other actions arising out of the normal course of business. Management believes that the resolution of these matters will not have a material adverse effect on the Company's financial position or results from operations.

Unaudited

NOTE 10 - SEGMENT REPORTING

The Company produces, packages and distributes retailer brand and branded bottled and canned soft drinks to regional and national grocery, mass-merchandise and wholesale chains in the U.S., Canada and the United Kingdom (U.K.) and other smaller International (Int'l) operations. The Company manages its beverage business by geographic segments as described below:

FOR THE THREE MONTHS ENDED SEPTEMBER 29, 2001	UNITED STATES	CANADA	U.K. & INT'L	CORPORATE & OTHER	TOTAL
(in millions of U.S. dollars)					
External sales	$ 214.5	$ 43.8	$ 44.0	$ 0.2	$ 302.5
Intersegment sales	0.4	5.4	0.2	(6.0)	-
Depreciation and amortization	6.5	1.7	1.9	0.9	11.0
Operating income (loss)	25.4	4.0	(0.4)	(2.8)	26.2
Total assets	531.1	143.2	161.3	(49.7)	785.9
Additions to property, plant and equipment	3.8	0.7	1.1	1.5	7.1

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2000	UNITED STATES	CANADA	U.K. & INT'L	CORPORATE & OTHER	TOTAL
(in millions of U.S. dollars)					
External sales	$ 176.2	$ 44.6	$ 42.4	$ 0.3	$ 263.5
Intersegment sales	1.1	4.3	-	(5.4)	-
Depreciation and amortization	5.3	1.9	2.3	0.3	9.8
Operating income (loss)	16.8	4.6	1.8	(2.9)	20.3
Total Assets (December 30, 2000)	427.5	143.7	157.5	(107.1)	621.6
Additions to property, plant and equipment	4.1	0.4	0.9	0.1	5.5

Unaudited

NOTE 10 - SEGMENT REPORTING (continued)

FOR THE THREE MONTHS ENDED SEPTEMBER 29, 2001	UNITED STATES	CANADA	U.K. & INT'L	CORPORATE & OTHER	TOTAL
(in millions of U.S. dollars)					
External sales	$ 602.9	$ 124.8	$ 109.2	$ 0.2	$ 837.1
Intersegment sales	1.5	11.4	0.2	(13.1)	-
Depreciation and amortization	18.6	5.0	5.9	1.6	31.1
Operating income (loss)	68.7	11.3	(1.6)	(10.2)	68.2
Total assets	531.1	143.2	161.3	(49.7)	785.9
Additions to property, plant and equipment	13.5	2.8	3.6	3.5	23.4

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2000	UNITED STATES	CANADA	U.K. & INT'L	CORPORATE & OTHER	TOTAL
(in millions of U.S. dollars)					
External sales	$ 510.5	$ 132.2	$ 123.8	$ 0.9	$ 767.4
Intersegment sales	3.4	11.4	-	(14.8)	-
Depreciation and amortization	15.0	6.0	6.9	1.2	29.1
Operating income (loss)	46.9	12.3	4.0	(8.7)	54.5
Total assets (December 30, 2000)	427.5	143.7	157.5	(107.1)	621.6
Additions to property, plant and equipment	12.4	1.1	2.5	1.4	17.4

Intersegment sales and total assets under the Corporate & Other caption include the elimination of intersegment sales, receivables and investments.

For the nine months ended September 29, 2001, sales to two major customers accounted for 35% and 12% respectively, of the Company's total sales (33% and 12% - September 30, 2000).

Unaudited

NOTE 11 - ACCOUNTING DEVELOPMENTS

On June 29, 2001, the FASB unanimously approved the issuance of two statements, Statement 141,"Business Combinations", and Statement 142, "Goodwill and Other Intangible Assets", that amend APB Opinion No. 16, "Business Combinations," and supersede APB Opinion No. 17, "Intangible Assets." The two statements modify the method of accounting for business combinations entered into after June 30, 2001 and address the accounting for intangible assets. Beginning January 1, 2002, the Company will no longer amortize its goodwill. Goodwill and intangibles will be reviewed for impairment using the new guideline. Intangible assets acquired as part of the Royal Crown acquisition have not been amortized as they have an indefinite life. The Company is currently reviewing the statements to determine the effect on the financial statements.

NOTE 12 - ACQUISITIONS

Effective July 19, 2001, the Company completed an acquisition of certain assets of Royal Crown Company Inc. ("Royal Crown"). The purchased assets included intellectual property, licenses and permits, equipment, working capital, and the manufacturing facility used by Royal Crown in the production of concentrate. The Company intends to use the concentrate assets to produce all of its concentrate requirements previously produced for the Company by Royal Crown. In addition, the Company also acquired the assets of the Royal Crown international business, which encompasses the Royal Crown branded business outside the United States, Canada, Mexico and certain U.S. territories. The total purchase price was US $94 million, before adjustments. The Company funded the acquisition with proceeds from a new US $100 million secured credit facility. In conjunction with the financing for the acquisition, the Company replaced its $40 million revolving credit facility with a $50 million revolving loan subject to available collateral.

Effective September 25, 2001, the Company formed a new business combination with Polar Corp. ("Polar"), the leading independent retailer-brand beverage supplier in New England, to enhance its position and customer base in the Northeastern US. Through a wholly-owned subsidiary, the Company invested $29.5 million in cash in a new business venture, Northeast Retailer Brands LLC ("LLC"). The Company will have an indirect 51% ownership interest in the LLC, and Polar, together with its wholly-owned subsidiary, will have a 49% interest.

The results of operations for the business acquisitions have been included from the acquisition dates and the preliminary allocation of acquisition costs was based on the fair value of net assets acquired as follows:

(in millions of U.S dollars)	ROYAL CROWN	NORTHEAST RETAILER BRANDS
Current assets	$ 9.7	$ 4.3
Property, plant & equipment	5.0	-
Customer list	-	54.1
Goodwill	5.2	-
Intangible rights	80.4	-
	100.3	58.4
Current liabilities	(2.7)	-
Minority interest	-	(28.4)
Acquisition cost	$ 97.6	$ 30.0

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cott Corporation is the world's largest supplier of retailer brand soft drinks, with concentrate production, manufacturing, distribution, marketing, product development and customer service facilities in the U.S., Canada, and the U.K. & Int'l. The Company is focused on growing sales and building volume with key customers, reducing costs and improving margins and continuing to drive innovation in the retailer brand beverage category.

RESULTS OF OPERATIONS

The Company reported its eleventh consecutive profitable quarter, posting a net income of $11.1 million or $0.16 per diluted share for the third quarter of 2001, a 41% increase compared with $7.9 million or $0.12 per diluted share reported in the third quarter of 2000. For the first nine months of 2001, earnings per diluted share of $0.45 exceeded the first nine months of 2000 by 61%. For the first nine months of 2001, net income grew to $30.7 million from $18.8 million for the comparable period of 2000. Operating efficiencies in manufacturing and distribution systems, together with the Concord acquisition, led to the growth in net income.

SALES - Sales were $302.5 million for the third quarter of 2001, up 14.8% from $263.5 million in the third quarter of 2000. For the first nine months of 2001, sales at $837.1 million were 9.1% higher than the $767.4 million for the corresponding period last year. Excluding the impact of Concord and other acquisitions, sales were up approximately 5% from the third quarter of 2000 and flat with nine months of 2000. Case sales in the third quarter of 2001 improved by 24.3% versus the third quarter of 2000 and in the first nine months of 2001 case sales were up 14.8% versus the same period last year. Excluding the Concord acquisition, sales volume grew 6.6% in the third quarter and 3.0% in the first nine months compared to the corresponding periods last year. The Company continued to focus on customer service excellence and product innovation which contributed to the sales volume growth.

Sales in the U.S. during the third quarter of 2001 increased to $214.5 million, up 21.7% from $176.2 million in the third quarter of 2000. Similarly, in the first nine months of 2001, sales were up $92.4 million or 18.1% from the same period of last year. The Concord acquisition contributed 12.4% to the U.S. sales gain in quarter three of 2001 and 12.9% to the first nine months of 2001 compared to the same period last year.

Sales in Canada were $43.8 million for the third quarter of 2001 and $124.8 million for the first nine months of 2001, down 1.8% and 5.6%, respectively from the comparable periods last year. A combination of competitive pressures and a weaker Canadian currency contributed to lower than anticipated results.

Sales in the U.K. & Int'l increased by 3.8% in the third quarter of 2001 but declined 11.8% in the first nine months of 2001 compared to the same period last year. Excluding the Royal Crown International (RCI) acquisition, sales in the third quarter were flat against third quarter 2000. However, the decline in sales for the first nine months of 2001 was equally affected by a weaker pound sterling and price deflation in the grocery sector, which continued to impact retail grocery and wholesaler prices in the U.K. Sales volume was up 35.1% in the third quarter and 8.6% for the year compared to the same period in 2000, largely due to the acquisition of RCI.

GROSS PROFIT - Gross profit increased 0.7 percentage points to 16.7% in the third quarter of 2001 compared to 16.0% in the third quarter of 2000. This improvement resulted from gains in production efficiency and favorable package mix. For the first nine months of 2001, gross profit rose from 16.2% to 16.9% compared to the first nine months of 2000. Gross margin from sales in the U.K & Int'l suffered, falling 5.2 basis points from 15.9% to 10.7% for the nine month period of 2001 versus 2000.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES ("SG&A") - SG&A of $24.2 million in the third quarter of 2001 was 10.5% higher from the third quarter of last year, an increase related almost entirely to Concord and current year's acquisitions. For the first nine months of 2001 SG&A was $72.9 million up 4.3% from the same period a year ago.

INTEREST EXPENSE - Net interest expense was $9.1 million in the third quarter of 2001 as compared with $7.2 million for the third quarter of 2000. The majority of the $1.9 million increase was attributable to expenses related to servicing credit drawn from a new credit facility established in July 2001. Despite the additional interest expense in the first nine months of 2001, net interest expense of $22.8 million was down $0.2 million from the same period last year. In the third quarter of 2000, the Company had in place its U.K. term loan, which was repaid in the fourth quarter of 2000.

INCOME TAXES - The Company recorded an income tax provision of $6.7 million for the third quarter of 2001 and $17.0 million for the first nine months of 2001 as compared with $5.9 million and $13.4 million for the respective periods of last year, which primarily reflected the increase in income before income taxes.

For the first nine months of 2001, the overall effective tax rate was 35.6% compared with 41.6% in the first nine months of 2000. This reduction in the effective tax rate was primarily a result of recognizing the previously unrecorded tax benefit on losses by decreasing the valuation allowance.

FINANCIAL CONDITION - Cash flow generated by operations was $35.6 million for the third quarter of 2001 and $66.4 million for the first nine months of 2001, down $18.1 million and $5.3 million respectively, versus the same period last year. Increase in cash from higher income from operations was more than offset by higher working capital needs versus the third quarter of 2000.

As of the third quarter 2001, the Company's cash and cash equivalents were $8.5 million, $53.2 million lower than third quarter of 2000 and $1.3 million higher than those as of December 30, 2000. Business acquisitions totaling $127.6 million were funded by a $100.0 million new term credit facility with the balance from continuing operations. Cash from operations was also used to repay $6.0 million of long term debt in the quarter. During the same period last year, the Company received proceeds of $15.9 million from divestitures compare to only $2.2 million this year.

At September 29, 2001, approximately $48.7 million of the maximum committed credit facility of $64.7 million and $11.1 million of the demand credit facility in the U.K. were available for use.

CAPITAL EXPENDITURES - Capital expenditures were $7.1 million for the third quarter of 2001 and $23.4 million for the first nine months of 2001 compared with $5.5 million and $17.4 million for the same periods of 2000. The Company's capital spending policy favors projects with an expected internal rate of return above 30%, in addition to those required for essential maintenance, safety and regulatory compliance. New capital projects in 2001 included installation of purified drinking water systems in the Texas and North Carolina plants, warehouse improvements in the Texas plant, the organics carbonated soft drink project at the Kegworth plant and a Company-wide information systems implementation.

LONG-TERM DEBT - As of September 29, 2001, the Company's long-term debt totaled $374.3 million as compared with $281.2 million as of December 30, 2000 and $314.8 million as of September 30,

2000. As of the third quarter 2001, debt consisted of $276.4 million in senior unsecured notes, $96.5 million of a secured term loan and $1.4 million of other term debt. The Company is exposed to minimal interest rate risk as the senior unsecured notes are at fixed rates and the secured term loan is fixed for periods of three to twelve months.

Management believes the Company has the financial resources to meet its ongoing cash requirements for operations and capital expenditures as well as its other financial obligations.

OUTLOOK - For the current year, the Company anticipates earnings of $0.54-$0.56 per diluted share, sales growth in the range of 10-12% and EBITDA of approximately $140 million, despite the adverse impact of the relative strength of the U.S. dollar on Canadian and U.K. operations. Capital expenditures will likely total $35 million for the year.

The carbonated soft drink industry continues to experience positive growth. However, price and other competition from global and regional brands means that the Company's major opportunity for growth depends on management's execution of critical strategies and on retailers' continued commitment to their retailer brand soft drink programs. One of these strategies is to become a fully integrated beverage company. In pursuit of this strategy, in July 2001, the Company acquired from Royal Crown intellectual property, a concentrate manufacturing facility and other assets used to produce all its concentrate requirements previously produced by Royal Crown. Another strategy the Company is following is to expand the business through acquisitions and alliances. In pursuit of this strategy, in September 2001, the Company formed a business combination with Polar Corp. to enhance its position and customer base in the Northeastern US. The Company's strategy also involves growing sales through the regular pursuit of new customers. The Company does not predict the success or timing of such efforts.

RISKS AND UNCERTAINTIES - Sales to the top two customers in the first nine months of 2001 and 2000 accounted for 47% and 45%, respectively, of the Company's total sales volumes. The loss of any significant customer or any significant portion of the Company's sales could have a material adverse effect on the Company's operating results and cash flows.

There are significant risks and uncertainties associated with realizing the Company's strategies for growth. These include the stability of procurement costs for raw materials used in the Company's beverage business, national brand pricing and promotional strategies and currency fluctuations. In order to mitigate these risks, the Company has entered into long-term contracts with certain suppliers of its raw materials, some of which are on an exclusive basis. One major supplier has advised the Company that it is seeking to renegotiate its existing contract with the Company. The Company does not believe that this supplier has any right under the contract to require renegotiation or that any reasonably likely outcomes will have a material adverse impact on its business, although no assurances can be given that they will not.

FORWARD LOOKING STATEMENTS - The Private Securities Litigation Reform Act of 1995 (the "Act") provides a safe harbor for forward-looking statements made by or on behalf of the Company. The Company and its representatives may from time to time make written or verbal forward-looking statements, including statements contained in this report and other public filings. Generally, the words "believe," "expect," "intend," "estimate," "anticipate," "will" and similar expressions identify forward-looking statements. All statements which address operating performance, events or developments that the Company expects or anticipates will occur in the future - including statements relating to operations, economic performance, financial condition and achievements of the Company, statements relating to objectives, business plans or strategies, and projected or anticipated benefits or other consequences of such plans or strategies, statements expressing general optimism about future operating results or of the performance of management - are forward-looking statements within the meaning of the Act. The forward-looking statements are and will be based on management's views and assumptions, at the times such statements are made, regarding future events and operating performance, and speak only as of such times. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

The following are some of the factors that could affect the Company's financial performance, including but not limited to sales, earnings and cash flows, or could cause actual results to differ materially from estimates contained in or underlying the forward-looking statements:

- Increased competitor consolidations, market place competition, particularly among branded beverage products, and competitive product and pricing pressures could impact the Company's earnings, market share and volume growth.

- Changes in laws and regulations, including changes in accounting standards, taxation requirements (including tax rate changes, new tax laws and revised tax law interpretations) and environmental laws in domestic or foreign jurisdictions.

- Fluctuations in the cost and availability of raw materials and ingredients and the ability to maintain favorable supplier arrangements and relationships.

- Interest rate fluctuations and other capital market conditions, including foreign currency rate fluctuations, which are subject to various factors, including the impact of changes in worldwide and national economies, foreign currency movements, pricing fluctuations for the Company's products and changes in interest rates.

- Retailers' continued commitment to their retailer brand beverage programs.

- Changes in consumer tastes and preference and market demand for new and existing products.

- The ability to integrate acquired businesses into its operations.

- The uncertainties of litigation, as well as other risks and uncertainties detailed from time to time in the Company's other public filings.

- Changes in general economic and business conditions.

- The effectiveness and success of the Company's spending programs and acquisition investments.

- Adverse weather conditions, which could reduce demand for the Company's products.

The foregoing list of important factors is not exclusive or exhaustive. Many of these factors are beyond the Company's ability to control or predict. The Company cautions investors not to place undue reliance on forward-looking statements.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Reference is made to Item 3 "Legal Proceedings" in the Company's Annual Report on Form 10-K for the year ended December 30, 2000 and the Company's Form 10-Q for the quarter ended June 30, 2001. Subsequent to September 29, 2001, the litigation involving Lemelson Medical, Education & Research Foundation, Limited Partnership was settled for an amount that is not material to the Company.

ITEM 2. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

2.1	*Asset Purchase Agreement by and among Royal Crown Company Inc., Cott Corporation and BCB USA Corp. dated as of June 13, 2001 (which is incorporated by reference to Exhibit 2.1 to the Company's Form 8-K dated July 19, 2001).
10.1	*Credit Agreement dated as of July 19, 2001 between BCB USA Corp., Cott Corporation and The Several Lenders from Time to Time Parties Hereto, Lehman Brothers Inc. as advisor, lead arranger and book manager, First Union National Bank as syndication agent and as working capital term loan facility agent and revolving credit facility agent, Bank of Montreal as Canadian administrative agent and Lehman Commercial paper, Inc. as general administrative agent (which is incorporated by reference to Exhibit 10.1 to the Company's Form 8-K dated July 19, 2001).
10.2	Agreement dated July 3, 2001 amending the Employment Agreement between Cott Corporation and Frank E. Weise III dated June 11, 1998 (which is incorporated by reference to Exhibit 10.2 of the Company's Form 10-Q for the period ended June 30, 2001).

*Certain portions of these exhibits are subject to an application for Confidentiality Treatment.

(b) Reports on Form 8-K

On August 2, 2001, the Company filed a Current Report on Form 8-K, dated July 19, 2001, with the Securities Exchange Commission to report the acquisition of assets from Royal Crown and the execution of a new US$150 million combined term and revolving credit facility.

On October 4, 2001, the Company filed a current report on Form 8-K, dated September 25, 2001 with the Securities and Exchange Commission to report its investment in Northeast Retailer Brands LLC with Polar Corp.

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 thereunto duly authorized.

COTT CORPORATION
(Registrant)

Date:	*November 12, 2001*	*/S/ Raymond P. Silcock* --------------------------------------- *Raymond P. Silcock* *Executive Vice President &* *Chief Financial Officer* *(On behalf of the Company)*
Date:	*November 12, 2001*	*/S/ Tina Dell'Aquila* --------------------------------------- *Tina Dell'Aquila* *Vice President, Controller* *(Principal accounting officer)*