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<<Kevin Grundy, Analyst, Jefferies>>

Good morning everyone, and welcome to Jefferies 2017 Global Consumer Conference. Hope we are meeting for the presentation again well so far. Those of you who don't know me, my name is Kevin Grundy, I am Jefferies U.S. Household Products and Beverages Analyst. I think we're very pleased to have with us Cott Corporation this morning. We have Jarrod Langhans, who did a great job of running Investor Relations for Cott, Tracy Ging, who is the Chief Commercial Officer for recently acquired S&D business, and Jerry Hoyle, who is the CFO for DS also acquired within the past couple of years.

Through a number of transactions in recent years, this company has undergone a rather remarkable transformation, while maintaining its financial discipline and iron focus on free cash flow close to two-thirds of the Company's EBITDA is now levered to the direct to consumer beverage industry, with the legacy private label business which services traditional grocery and mass-channels now about a third of the Company's profits. These transactions have been integrated seamlessly and added reliable consistently to Company's earnings and free cash flow which is according to the Company's management.

We are pleased to have management here with us this morning to provide more detail on Cott's business and recent strategic changes to company's portfolio. If time permits in the end, I'll open up to just a brief Q&A. So, with that, let me turn over to Jarrod.

<<Jarrod Langhans, Vice President of Investor Relations>>

All right. Good morning. Thanks Kevin, and of course Jeffries for having us here this morning. Please take a look up at the screen before we begin. Safe harbor statement, I am sure you are all familiar with.

I'll kick things up today by providing a short overview of Cott and then I'll move on to our vision and key business drivers before I have Jerry go ahead and get a little more detail of our investment highlights. After that we can go ahead and we'll try to get some Q&A, so try and be fast here.

So, Cott is a highly diversified company with regards to both product and channel mix. That means that we are not dependent on any one product, channel or customer, as shown on the pie charts on Slide 3. This slide highlights the two business segments we operate in that being Water and Coffee Solutions, which provides direct-to-customer bottled water, coffee, tea and filtration services to customers across 20 countries, where we're the market leader with over 2.3 million customers and around $2 billion in revenues. And then this market is growing about 2% to 3% per year in top-line turns. This segment includes DS Services in the U.S., Aquaterra in Canada, S&D Coffee and Tea in the U.S. as well, and Eden Springs over in Europe.

The other segment is the traditional business, and that produces sparkling and flavored waters, carbonated soft drinks, juices, energy drinks and iced teas. This businesses' revenues of just under $1.7 billion, high asset utilization and strong free cash flow, and produces for over 500 of the world's largest retailers and global brand owners. Our accelerated organic and transactional diversification over the last three years has support our strong financial performance and positions us well to deliver on our goal of driving mid teen compound annual growth and free cash flow as we look out over the next three years.

On Slide 4, we have laid out Cott's vision, which is to become the leading North American and European water, coffee, tea and filtration provider within home and office delivery, foodservice, convenience and hospitality. Since announcing our original strategy, we have refined our vision and the drivers of this vision, as shown on this slide reflecting our current priorities which is designed to straighten the business and continue to progressively move the business to one that demonstrates higher margins, higher free cash flow, lower customer concentration, and turn a more attractive lower risk company with a higher valuation.

The drivers of this vision are; one, to drive sustainable topline organic growth within our Water and Coffee Solution segment at 2% to 3% per year; two, to continue to undertake small highly valued creative tuck-in acquisitions in home and office delivery water, coffee and filtration services in North America and Europe; three, to take advantage of synergy capture and integration across our Water and Coffee Solutions business; four, to maintain free cash flow generation and optimize our cash extraction from our traditional business; and five, to strengthen our balance sheet through a strong compound annual growth and free cash flow, interest reduction and deleveraging.

With a free cash flow yield of over 9% in 2016 and the ability for further free cash flow growth, we believe our current and new investors will benefit as our free cash flow rises and our valuation follows.

On Slide 5, you will see the five investment highlights that support Cott's value creation as we look forward. By far in a way, the most attractive of these being the strong free cash flow that I just mentioned.

With that, I am going to have Jerry to cover each of the five investment highlights in more detail.

<<Jerry Hoyle, Chief Financial Officer, DS Services>>

Thanks Jarrod. I'd like to start off by illustrating the diversification that Jarrod talked about earlier on that's taken place over the last eight years. And in in particular, in the last few years, you can see we are much less dependent on anyone customer, product, channel or geography.

You can see in the pie charts on the rights, we now operate in the growing categories of water such as home office delivery water and sparkling water, in addition to coffee and tea, with mature categories such as our carbonated soft drinks business only accounting for around 11% of our EBITDA mix and private label representing just 27%. Alongside this you can see a growing segment of what we call better-for-you beverages, which now accounts for over two-thirds of our EBITDA mix.

In total, you now have a business that is more diverse, lower risk and higher margin. And while we still believe we have more room to grow, we believe we are much better positioned for the future than we were just a few years ago.

In support of our organic growth objective, Slide 7 highlights the U.S. market growth characteristics of the various better-for-you product categories we operate in. And you can see the U.S. home office water category growth is around 3%, water filtration around 4%, out of home coffee consumption 7%, and foodservice or hospitality tea revenue growth of 4%. This is an attractive market backdrop for our Water and Coffee Solutions businesses.

Slide 8 highlights the leading international platform we have built in Water and Coffee Solutions, with operations in 20 countries, and the number one or two market leading position in almost all of them. What's more, these markets are still very fragmented. Once you go past the top one or two players, so there is an enormous opportunity that exists for small highly valued creative overlapping bolt-on or tuck-in accusations that normally synergize down to a three to four times in EBITDA multiple range within a few weeks or months.

In effect, you are just buying or adding customers that can to a large degree be consolidated into our existing depot and route, thus providing significant and immediate right density and depot synergies. You can see in the pie chart from the bottom that 39% of the U.S. HOD water market is small independent, and over 60% of Europe is in the hands of small independents. So the opportunity for ongoing small tuck-in acquisitions is almost endless. In addition, we will also have opportunities to acquire coffee roasters and filtration businesses as part of our tuck-in strategy.

Slide 9 shows the many financial and strategic reasons for building our Water and Coffee Solutions platform, alongside the synergy opportunities available from the combination of DS Services, Eden Springs, and S&D Coffee and Tea. We see savings from the combination of common systems, procurement savings associated with our scale in terms of coolers, brewers, bottle and another purchases, as well as back office SG&A savings, and eventually depot and ramp combination savings between DS Services and S&D depots and routes throughout the Eastern portion of the U.S.

The cost synergies from Eden and S&D are expected to drive around $23 million of synergy and EBITDA improvement over the next three years as laid out in the bar chart.

Turning to the most important investment highlight our strong free cash flow growth and generation. Over the last eight years, our business has generated over $100 million of adjusted free cash flow per year. Last year we generated $150 million of adjusted free cash flow, and as we look to 2017 we believe we can deliver in the range of $155 million to $175 million of adjusted free cash flow, and our goal is to deliver over $225 million of adjusted free cash flow by 2019.

This free cash flow objective is supported by six key elements or drivers, all of which collectively come together to support our expectation of a strong compound mid-teen annual growth in adjusted free cash flow over the next three years.

These six elements are; maintaining free cash flow generation and optimizing cash extraction from our traditional business; delivering organic growth of 2% to 3% from our various water, coffee and tea service businesses; receive full year contributions and associated free cash flow from Eden Springs and S&D Coffee and Tea; capture some $23 million of synergy benefit from these business as they are integrated over the next three years; and execute on small highly value active overlapping synergistic tuck-in acquisitions across our Water and Coffee Solution segment; and finally, refinance our various existing high-coupon debt at lower rates in 2017 as market conditions allow, the first element of which we just completed in March, where we refinanced our 6.75% debt to the rate of 5.5% with an eight year maturity.

In addition due to strong demand for this offering, we were able to upsize the issuance by $100 million which provided us with an additional proceeds to redeem a $100 million of our DS Services 10% secured debt, with the goal of redeeming the remaining portion in September this year, where we will be able to put a large portion of the debt on our ABL and pay down much of the balance with cash on hand and perhaps use a small term loan to fully extinguish this high-coupon debt.

These actions alone will likely reduce our annual cash interest expense by some $25 million plus per year on a full year run rate. So, that, as displayed on Slide 11, this strong free cash flow growth and cash generation should allow us to reduce our net leverage rapidly to the low three times EBITDA range as we exit 2019. This former record deleveraging is something we've demonstrated in the past and we're committed to doing again.

And to finish off the presentation, the topic of free cash flow is worth highlighting the attractive free cash flow yield Cott offers investors and various other companies group or segments. As you can see from the bar chart produced and published by a major financial institution, Cott's 2016 free cash flow yield of 9.5% is significantly higher than the average of several appropriate payer groups such as high cash flow consumer companies, average bottlers, the route based services segment, thus when you combined this with the anticipated mid teen compound annual growth in Cott's adjusted free cash flows to over $225 million by 2019, you have an attractive company profile and our investments opportunity.

I hope that provides you with a good overview of our company and our stagey for value creation over the coming years. We're now ready to move onto Q&A Kevin?

Q&A

<Q – Kevin Grundy>: I can start with the first question regarding the U.K legacy business, are you guys in a unique position to comment on how hard discounters could you guys navigated through that in the U.K. How you sort of view the opportunity and potential risk of the expansion here in the U.S. which is very topical from a consumer at this moment?

<A – Jarrod Langhans>: Certainly our experience in the U.K. really is sort of very big on private label, so from that perspective it doesn't – it's never, both of us are the manufacturer in the U.K., and told that the retailers that we are comfortable with our customers. They would grow them, try them again within strategies, we see opportunities, going forward to maintain out stable volumes. Our clients are pretty full at this point in time. So, really – we rather not greenfield in that area, we'd keep that stability going, keep pouring cash out and focusing on Water and Coffee Solutions business. So, I think just gives us more confidence knowing that going forward with more push into private label that will leave us with more opportunity to continue to keep our volume stable the way they are.

<Q – Kevin Grundy>: Adding capacity is not let me say you guys get incremental dollars - then with respect to fragmentation in the industry, can you talk about how you guys are balancing, deleveraging objectives with these opportunistic deals given how fragmented the industry is both I guess in the U.S. and the U.K.?

<A – Jarrod Langhans>: They kind of offer us a way to deleverage at the same time, especially in the U.S. that is three times. So, you know while we're in that, 4.5-ish times, every time we do one of these, that's synergizes down to three times, it gives us some deleveraging. So, as a part of our profile we get to below three times, we have factored in that, we're looking to do $10 million to $20 million of tuck-ins in North America and roughly $10 million in Europe. So, that's kind of playing into getting down to that leverage number as well.

<Q – Kevin Grundy>: Talking about the pricing environment and home office delivery, water, I mean you look at packed water in traditional grocery mass channels. As you guys are well aware, put the double cage backs, it's not like in the higher end with more premium but indicates that's exciting. You could generally build level of pricing rationality in home office delivery water over – even over five year period, 10-year period looking back?

<A – Jarrod Langhans>: We tend to see sort of pricing move up as we're here sort of with our in our home office – sort of home office force of business and we take price with customers every year, because the customer base is quite sort of fragmented, sort of its small home office, there is not the same purchasing power, so it's something that we see as a sort of continuation sort year in, year out.

<Q – Kevin Grundy>: It's generally been rational and something that hasn't weighed on margins in any way. I mean I guess you try to triangulate the fragmentation which can often times feel more aggressive pricing raised to the bottom, if you hadn't seen your experience…

<A – Jarrod Langhans>: At the end of the day we're selling the service rather than sort of competing for a commodity perspective whereas when you go into that retail environment, here you've got to compete head on and it's quite challenging.

<A – Jerry Hoyle>: Kevin from a pricing perceptive, we take pricing every day and it's more about your bill might be $40 a month if you bill all of a sudden as $41 a month, but you are getting good service, it's not going to prevent you from – you are not going to call up and cancel your service, as long as you are getting the right service. We haven't found any issues with it.

So, if you look at our churn rate, service is probably, 5, 6, 7 somewhere on the list. You know number one is actually people forgetting to pay their bill, so we have to let them go as customers, and then you kind of get into more of change of life, so move, die, kids go up to college is kind of your next bucket, then service is number three and then a couple of more ring down is when you get into the pricing, so very rare that the reasoning behind people cancelling our service with them is because of pricing.

<Q – Kevin Grundy>: [Question inaudible].

<A – Jerry Hoyle>: We try to look at all the channels and so depending upon which channel we're in, we may need to take a little more pricing than other channels, but it's – we do it for little bit expansion, but it is to your point to help cover core and those kind of things.

<Q – Kevin Grundy>: Question on online, which you guys seem to be insulated from which – really what's going on in retail, some of the pressures now with respect to flow through into CPG companies are in package you guys continue to be insulated from that. How do you think about the consumer shift online, how that's impacted your business where were the potential risk there, you potentially see some of you customers move away from direct delivery through our distributors.

<A – Jarrod Langhans>: I mean we see online to a degree as an opportunity, because we have an infrastructure to deliver to – just deliver to home and office, so we do have some small arrangements in fulfilling for brand owners who want to sell direct to sort of direct to consumers so, we've got an infrastructure and the product that's being delivered is not sort of – it has a quite sort of relative weight. So, from our point of view, we see I would say it's more of an opportunity than a threat to our business.

<Q – Kevin Grundy>: It seems like significant operating leverage in the business. You guys spend a lot of time thinking about other things which you can put on the trucks and deliver here to the consumers.

<A – Jarrod Langhans>: I mean this is certainly something that we're – sort of as we look at, I mean obviously there is what our competitive advantages are, is density in terms of the number of number of customers we get to and our route delivery guys and ladies will deliver sort of 60 to 70 stops a day. So, it's balancing that density with sort of how much you want to – how much additional you want to put onto every delivery, But we're always looking at those things and seeing how we can leverage that infrastructure.

<Q – Kevin Grundy>: What would be the greatest benefit that you have observed as you put this portfolio together now, probably around scale and so forth, what have been sort of the biggest benefits and maybe to sort of leave it there. Where you see the biggest opportunities now for existing portfolio, what you are most excited about?

<A – Jarrod Langhans>: Probably the biggest benefit we've seen with the legacy business and the new Water and Coffee businesses, and combining those legacy businesses going from a low cost penny pinching business to Water and Coffee business is much bigger margins. So when you kind of put the mentality together from a back office and procurement stance, we've been able to drive some significant cost savings out of that business and we continue to see that. There is more of a longer term opportunity, you would see with traditional products, so with the traditional business they can manufacture a number of products that we can get on these trucks. That's kind of a few more years down the road.

Every year we add stuff. What we found is recently it's working with some of the brand owners where you are looking at a $35 case of water that people want to buy and there is lots of margins and profit to share with that. So, we found that initially to be the most appealing. But as we go through time, there's opportunities to put energy drinks or shots or those kinds of things on our truck. With the S&D business that we added, they have very strong relationships with quick service restaurants, with convenience.

So, those inroads are already there for adding additional traditional business products to with DS' fleet with those relationships we do have opportunities going out for expanding into those markets to help us further grow with those businesses. But first it's about capturing the synergies and maintaining that good growth and that organic growth and as we go further down, we'll start adding more products.

From our future standpoint, we see the ability to continue to add more of the Water and Coffee Solutions business to organically, but also couple of years down the road, once we get our leverage down with the strong free cash flow we have opportunities to continue to become the bigger players in areas like filtration, which is definitely a market we want to get into bigger.

<<Kevin Grundy, Analyst, Jefferies>>

I think we can leave it there. Thanks you guys very much. We appreciate.

<<Jarrod Langhans, Vice President of Investor Relations>>

Thank you.