TRANSCRIPT

02 - 27 - 2025

Primo Brands Corporation

Primo Brands Investor Day 2025

TOTAL PAGES: 65

Primo Brands Corporation

Primo Brands Investor Day 2025

CORPORATE SPEAKERS:

John Kathol
Primo Water Corporation; Investor Relations
Dean Metropoulos
Primo Water Corporation; Non-Executive Chairman
Robbert Rietbroek
Primo Water Corporation; Chief Executive Officer
Kheri Tillman
Primo Water Corporation; Chief Marketing Officer
Joe Wiggetman
Primo Water Corporation; Chief Customer Officer
Rob Austin
Primo Water Corporation; Chief Operating Officer
Jeff Johnson
Primo Water Corporation; Chief Transformation Officer
David Hass
Primo Water Corporation; Chief Financial Officer

PARTICIPANTS:

Nik Mody
RBC; Analyst
Dan Moore
CJS; Analyst
Andrea Teixeira
JP Morgan; Analyst
Steve Powers
Deutsche Bank; Analyst
Derrick Wood
TD Cowen; Analyst
Brian Spillane
Bank of America; Analyst
Eric Sirota
Morgan Stanley; Analyst
Bill Chappell
Truist Securities; Analyst

PRESENTATION:

Primo Brands Corporation

Primo Brands Investor Day 2025

John Kathol: Good afternoon, everyone. Welcome to Primo Brands Corporation's 2025 Investor Day. I'm John Kathol, and I lead the company's investor relations. On behalf of our entire leadership team, I have the pleasure of meeting with many of you following the close of our merger this past November. It's great to have a number of you here today in person, as well as joining us over the webcast.

Please note that today's presentation will include a short break midway through, at which point the webcast feed will be paused until we resume shortly thereafter. Altogether we expect formal presentation and Q&A session will wrap up around 4 p.m. Eastern Time.

Those of you on the webcast should see a Q&A bar where you can submit questions during the presentation. While we'll try to get to audience questions as time allows during Q&A, first priority will go to our covering sell-side analysts. The slides from today's event have been uploaded to Primo Brands' investor relations website at ir.primobrands.com. Our website has an Investor Day tab at the top ribbon, which links out to our Investor Day microsite. This evening, all the other materials from today's event, including our fact sheet, as well as the Primo Brands videos that will play throughout the afternoon, will be posted there.

Before we begin, I'd like to review our Safe Harbor statements. Management's remarks today may contain forward-looking statements within the meaning of Private Securities Litigation Reform Act of 1995. These remarks may include statements regarding our business plans and goals, industry and customer trends, and anticipated financial performance. Actual results may differ materially from those indicated by these statements as a result of various important factors, including those discussed in the risk factors section in our Form 10-K, our Form 10-Qs, and other reports on file with the SEC. Many forward-looking statements represent our views only as of today, and we undertake no obligation to update them.

Please also note that we'll be referring to certain non-GAAP financial measures on today's call, which we believe may be important to investors to assess our operating performance. These non-GAAP financial measures should be considered as a supplement to, and not a substitute for, measures prepared in accordance with GAAP.

Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures are included in our most recent earnings presentation and on our Investor Relations website.

As you can see from our agenda, we're excited for you to meet several members of our management team who will give you a fuller picture of the present and future for Primo Brands. Now I'd like to turn the program over to Primo Brands, Non-Executive Chairman of the Board of Directors, Dean Metropoulos, for opening remarks.

Dean Metropoulos: Thank you very much. Thank you, everybody. I recognize many of you, and I thank you so much for your continued support and your interest in all our efforts, and I think you're going to hear a very, very good story today.

Firstly, I think as you all know, about a little over three and a half years ago, One Rock and I acquired the Nestle Water Business in the U.S. and Canada. It's been a wonderful journey. When we first came in, we had to change quickly the culture into a highly entrepreneurial, a very results-oriented, a sense of urgency, and a lean culture. That's the basis of my whole career, and that's what you're going to see here today.

In addition to that, very quickly, we saw that we had the need to invest a billion dollars both in a new IT platform that's now expanding into the Primo business, as well as several hundred million dollars into our plants. That's part of the billion. We upgraded the plants. We improved efficiency across the country. We did several things. When we first got involved, we couldn't even meet the seasonality of our demand in the summer. We would rent $40 million worth of warehouses and for six months build inventory to meet the seasonality.

This several hundred million dollars gave us the opportunity to avoid that expense and all the disruptions we had in the delivery schedule. I'll tell you, since then, we've seen our efficiency and productivity go from 62%, 63% to 74%, that we're going to end up with 76%. That 20%-plus improvement in productivity is incredible and phenomenal. It leverages your infrastructure, your assets, your SG&A. All of those costs don't change just because you've got additional productivity. We certainly have eliminated these heavy inventories and the significant disruptions we had in the summer.

We started with a wonderful company. A little over a year ago, about a year ago, we started having conversations with Primo Brands. We saw a wonderful opportunity to create something very unique on a very special platform across the country. Shortly thereafter, we signed a merger agreement. We were very lucky. The FTC expedited the process and we were able to close and move forward with a merger by November 8th this past year.

But we were not just waiting on the sidelines during this period of waiting. Our management teams interacted incredibly with tremendous enthusiasm. They shared the vision. They shared the culture. They began to identify significant synergies, not only financial synergies, but strategic synergies. How do we become a better company? How do we penetrate the marketplace even deeper? And those synergies, by the way, were well identified. We've been working as a team together for a year. By November 9th, the day after the FTC approval, we were ready to execute. In the last couple of months of the year, we executed significant synergies already and we're well on our way in this quarter for delivering $200 million in synergies this year.

I know you've seen a big jump in that number, but at the same time, we wanted to understand as we penetrated that process of synergies to make sure that we were very accurate. We feel very comfortable about the $200 million and an additional $100 million next year.

But more important in the financial synergies, and I think that's the whole conversation for me today, it's the business. We're building a business that's very, very unique. Its infrastructure cannot be displaced. Its brands cannot be displaced. We efficiently reach customers in every aspect of their life, from their home to their office to their gas stations to the supermarkets, the drugstores, to their schools, their hospitals, everywhere, with some very, very special brands.

But very importantly also, we're very proud of the culture we have as a company and as a team. Number one, we have a major social commitment to socializing with our employees very constructively. We review safety issues in our plants. We've upgraded these facilities to ensure that safety, and we've talked to our supervisors to ensure that we have good open dialogue in the factories.

We've taken a lot of steps to improve safety in driving, and there's always some accidents you deal with in driving, and we try to work with cameras and try to do the best -- with the best technology possible. More importantly, with all our employees as well, we have regular town hall meetings where we exchange ideas about the vision of the company, where it's going, how their participation is making this process and this evolution very important. Like a building, you know, every brick is critical to the structure of that building, and every one of our employees is a very important part of that building.

Secondly, we have a strong commitment to the environment. We have 90 springs across the country. No one will ever match those. Many of those springs go -- are there, have been there for over 100 years, and they supply these beautiful brands that you'll be seeing -- you've been seeing -- you're going to be seeing throughout the day. We want to make sure that those springs and these brands continue to be there generations in the future. Our children and grandchildren, they should be there. These brands are 180-year-old, 100- to 180-year-old brands, and we owe it to not only the brands and to society to ensure that we protect our environment. In addition, we have 5,900 trucks or so around the country. 35%-plus of those are propane. We expect to get over 40 as a combined company, and that's clean fuel, and we want that to accelerate that significantly.

Also very importantly, everybody hears about plastic and all of that, and we agree. The important thing is 40%, approximately 40% of our recycled single-use plastic is recycled. We're double the industry, even though it costs significantly more and we still have wonderful EBITDA margins. And by the way, if we could get more recycled, we would accelerate that as well, and we hope that we will be able to accelerate that recycled plastic use.

In addition, we've introduced a lot of bottles, a lot of cans, so we have a lot of choices for our customers to move forward. We also, a big part of our business is also these five-gallon reusable plastics, and those get reused 25 times plus a year at any time. So when you look at our overall business between the reusable jugs, the 40% recycled use, so close to that, and the bottles and the cans, a bulk of our business is a very environmentally friendly business.

In addition, we like having a very strong social commitment to our communities. The first ones then, I think our management and certainly myself are very proud to tell you any time there's a disaster in this country, fires in Hawaii, fires in California, huge hurricanes that affect the southern part of America, we're always there with thousands of cases of free water. Flint, Michigan, two or three years ago, they could not find healthy water. And you know, we provide a lot of free healthy water and they honor us continuously. So those are very important criteria in addition to your success as business people.

Now what makes this company very unique and a good investment for the long term? And I think that's a big part of why we're here today. Number one, it's a management culture. It's been the story of my life, in having entrepreneurs that have a sense of urgency, that operate businesses with a lean, agile focus, and have owned the execution and the results and performance. I don't want explanations, we just want performance and results. We don't want a lot of slideshows, we don't mind talking about something in the alley or in the corridor, and execution, it's all about execution. So I think we have that culture, I think you'll see it today with our management team, I think you'll see it differently than many corporate companies in the US, I think you'll see this entrepreneurial culture that I think will drive the success of this business going forward.

In addition to that, we have some wonderful tailwinds in our category.

What are those tailwinds? Number one, Americans and citizens around the world are more than ever aware of healthy hydration, how important it is to our wellness and our children's wellness. Whenever I go for my physical to a doctor, he never asks me, "Do you drink a lot of beer? Do you drink a lot of carbon drinks? Do you drink a lot of coffee? Do you drink a lot of water?" He wants me to drink five, six bottles of water, and I do, and I of course tell him, "Make sure your clients look at the Poland Springs, there are hills." I sell those all the time. But that's a tremendous tailwind. Very importantly also in tailwinds, whether it's on television or in the headlines, toxic lead found in majority of America's tap water across the country, that isn't going away and everybody's very concerned about it all across the country and actually across the world. So that isn't going to go away.

It's too bad because every human is entitled to God's and nature's gift of good, clean water and that unfortunately is not going to go, this problem is not going to go away. At the same time, given that, people want to rely on brands that they've known and that's what we're all about. These brands are 180-year-old brands from Poland Springs to Saratoga to Mountain Valley, Zephyr Hills, all across 100 to 180-year-old brands. They're part of the social fabric, part of society. We recognize them, we reach out for them.

And that's going to, I think, an important consideration. More importantly, we also are very aware that the consumers require value. We have the value, beautiful value brand, Pure Life, and it's truly pure life. It's a 1.2 billion brand. That's the value brand we offer. In addition to that, we rely tremendously on our efficiency and our low-cost structures to ensure that as category managers, with almost all our retailers with the category managers, we work strategically with them to set the shelves. And by the way, more and more streamlining their shelves to fewer SKUs. And we negotiate with them many, many throughout the year displays where we really discount these beautiful brands to offer value to our consumers. So I think we focus on that.

In addition, we have a third category, the premium brands, which are expanding wonderfully and dramatically, Saratoga and Mountain Valley. We bought Saratoga when we first got involved with the Nestle business. Approximately two and a half years ago, we bought that brand. It was doing 12 and a half million sales. The first year, unfortunately, we couldn't get glass. We couldn't find it. It was frustrating as hell because we couldn't get it out there. Right now, it's going to be $7 to $100 million a share, the brand. And by the way, it's going to penetrate very, very rapidly across the country.

Mountain Valley is the other premium brand. You'll see it in hospitality. You'll see it at the breakers. You'll see it at Beverly Hills Hotel. And you'll see some great marketing tactics that we're deploying to make sure those brands continue. So we offer brands and unique distribution capabilities. Our network, and by the way, speaking of brands, I want to share this beautiful picture. We don't own it, so therefore I can't give it to you. It's President Xi with his staff and President Biden and his staff. There are 30 bottles of Saratoga. This is a meeting they had out in, up in San Francisco a year ago. This picture was at the inauguration of President Trump. Again, it's all about the Saratoga brand. The brands are magic. And yes, there are a lot of imports. I'm still not sure why we need the imports. We have carbon bringing them across the world. And we're much more regulated and much more, in my mind, I would rather have my family drink in our waters than waters I don't know from around the world.

So we're very, very happy with our brands. Very importantly also, we have an infrastructure that by the time we finish in the next few months that's unmatched. You cannot match it. This infrastructure, as I think we'll talk about, has about 70 plants today. We're going to reduce those by about 30% over the next coming months. We also have about 240 going down another 30% across the country of depots, delivery depots.

And by the way, we're not just trying to save money. We want to touch, penetrate a lot more effectively and much more efficiently in delivery service. And I can tell you, unlike Twinkie, where I can take a $65 case of Twinkie and ship it across the country, I can't do that with water. We have to be closer to our springs, closer to the factories, because a 5, 6 case heavy water, dollar case of heavy water does not travel across the country cost efficiently. So we need this infrastructure, which cannot be duplicated. The springs, these brands, and this physical infrastructure across the country is a very, very special asset for this company.

And there's no question, we're already seeing significantly more distribution points as we're plowing through with these brands across the nation. Also you're going to find we're very focused on growth, and I'm very confident that's going to continue for all the reasons we discussed. Last year we grew 5.5%, and we had a 20% EBITDA margin. We're very comfortable that this year we will grow well. We talked about 3% to 5%.

Many of you have asked me if that's conservative. I will let the team, you know, early in the year, we don't want to get too cocky. So we'd rather be conservative. But this year we're going to deliver, with our synergies, we'll be at EBITDA 3.23% plus, which is a very, very solid percent. Not too many consumer companies I know are growing 5% plus a year, certainly in the past couple of years.

Very importantly, our leverage ratio is pretty reasonable. We're slightly over three times. I think we're going to reduce that in the coming year. And very importantly, the strong EBITDA delivers a lot of free cash flow. We're well invested as a company. We've done a lot of investing in the manufacturing, and we're going to continue to do that this year and build our IT system to the latest technology. We've introduced AI in our manufacturing. So it's a very new, fresh base that a lot of companies don't start from, and I think that's going to continue to drive the headwinds we're talking about. So I think that's a very good point that we feel very, very comfortable about.

A lot of that is free cash flow. Because our CapEx going forward is going to be very reasonable, a lot of our EBITDA is going to be free cash flow. We talk constantly as a board about what we're going to do with it. Certainly we raise the dividends, as you saw. We may always consider that. We look at the value of our stock. We all feel it's a steal. We can certainly look at that.

M&A activity is an important consideration. It's been an important part of my life. We're going to be very disciplined. We're going to look at very carefully M&A opportunities. First of all, not next six months while we're fully integrating this business. We're going to be very disciplined. But would we consider something that gives us more reach with consumers, more value-addedness? Absolutely. And we feel very good that with this execution team and the infrastructure we have, even if we pay a premium for these acquisitions, when we bring them in and put them in our plants through our distribution, through our sales organization, through our G&A structure, that multiple is going to drop to nine or lower. And we've been able to do those integrations very effectively in the past. And I think we have a great base between management culture and the network that can do that very effectively.

We're not overly concerned with inflation. We've been very on top of our hedging over the past three years. We've hedged our fuels, our plastic, very effectively, lower costs every year than the past three years. Yes, labor could go up 4%, 5%. But from our perspective, we're looking constantly for the efficiencies I mentioned. Our productivity has gone from 62, 63 to 75, 76 this year. Those will absorb the inflationary costs. And we're not looking to -- we don't feel very vulnerable to the inflation that we're all talking about.

I want to just close up. And again, I want to thank you, to respectfully ask you, as you finish looking at this -- hearing the story today and looking at the energy, the passion, and entrepreneurship of our group, I want you to ask yourself the question, does this--

am I confident about the growth and the tailwinds that this guy is talking about? And how do I value this company? Do I value it at a discount to other non-alcoholic beverage companies? Do I value it the same level? Or do I value it as a premium?

In my mind, it deserves a premium. I'm a little biased, but I've never been a BSer in my life. I like the story of this business. I feel it's a very solid story. And I think we're not going to disappoint our investors.

With that, I thank you very much and look forward to your questions. And again, thanks so many of you who have been part of my life for many years. Thank you.

Dean Metropoulos: Working with Robbert in the past year, he shares my entrepreneurial culture. Our management team shares that entrepreneurial culture, lean, focused, growth-driven culture without a lot of BSing but execution. So thank you, Robbert.

Robbert Rietbroek: Well, let me put my water here. Thank you, Dean, for that very inspiring speech. And welcome, everyone. My name is Robbert Reitbroek. I'm the CEO of Primo Brands. And I was the CEO of Primo Water before and I met a lot of you in that capacity. And thank you for your continued support. I've held leadership roles at Procter & Gamble, PepsiCo, and Kimberly-Clark. And I can't tell you how excited I am to be here in this historic venue.

We're really proud of the legacy of our brands which actually dates back to the founding of Poland Spring in 1845. But the New York Stock Exchange beat us by 50 years. So let's give it up for the New York Stock Exchange.

Before I continue, I would like to express my appreciation to everyone who's worked diligently to position Primo Brands for success. Our merger was the result of the effort of both companies' leaders, the boards of directors, and I would like to thank Dean Metropoulos and Tony Lee and the entire One Rock team for their continued support and also the people who've supported us along the way, the banks, the consultants, and the lawyers.

For our first earnings for Primo Brands, we reported very impressive organic volume-led growth and very strong results for the full year. Looking ahead, we are focused on driving superior operational and financial performance as we grow the value of this incredible portfolio of iconic beverage brands. But before I tell you more about that, let's have a quick look at a film that shows who we are and what we do every day.

(Video Presentation)

Robbert Rietbroek: So today, we will share more about our vision, strategy, and outlook for Primo Brands. You'll hear about our market-leading portfolio of iconic brands, our differentiated volume-led business model, significant tailwinds, and strong margins in free cash flow conversion. We have a very powerful financial profile, which drives an attractive growth algorithm. In short, we think we have a path to deliver value for our shareholders as we expand our brand's presence and grow market share.

So as you can see here, bottled water is a large and growing component of the more than $135 billion retail sales, liquid refreshment beverages category. And that's part of a $250 billion overall beverage category. Water has been growing at about 3.4%, and there is a lot of upside to this category with the tailwinds that we see.

So here's the significant growth drivers of the category. First of all, there is an increasing consumer awareness around quality concerns. Secondly, we anticipate regulatory changes with the new administration that will play to our advantage because people will be choosing more healthy products. Third, there is an increasing interest in premium brands and premium experiences, and Kheri will be talking a bit more about that later. And then there is an increasing need for convenience. We all like to order products on our phone. I personally do. And digital emergence in consumer behavior is a trend that's not going anywhere.

So water now has been the number one beverage in America for eight years already. And 88% of Americans actually consume bottled water, and 18% only consume bottled water. Now, we are the leader in the bottled water category, and you'll see very prestigious companies. We're very, very proud to be the leader in this segment, which is one of two segments that grew last year. Water and energy grew, but we were the only branded beverage player that grew market share in 2024.

And that market share continues into 2025, and we will continue that throughout the year. That is our goal.

If you look across our business, we are the U.S. market leader across many different offerings. For instance, we're in 200,000 retail outlets. In those retail outlets, we have 3.3 million total points of distribution. We also have 3 million commercial and residential direct-to-customer customers. We have 26,500 locations where we have exchange racks. Those are the five-gallon bottles you can buy at the big retailers from the racks, and then you can return them and get a receipt, and then you get a discount on the next purchase.

We have 23,500 self-service refill stations, a huge volume driver, and really incremental to our offering because it is the best value for purified -- I apologize, for reverse osmosis purified water out there. We also have just under 12,000 retail locations for our dispenser business. And, you know, more and more residential homes have these dispensers for personal use.

Our brands are amazing. We have Mountain Valley from Hot Springs, Arkansas; Saratoga. Those are the premium brands. You'll hear more about those from Kheri later, but that's a big priority for us and a key growth driver. We have some of the most enviable regional spring waters with Poland Spring, Ice Mountain, for the folks in Chicago, Deer Park, Arrowhead. We've got Ozarka for those from Texas, Zephyr Hills in Florida. And then we have a purified lineup with Pure Life, Primo Water, and Sparklets, very big brands. And we're getting more and more involved with flavored and enhanced water brands. Two examples are Splash and Action. And Splash is launching sparkling flavored cans this year. So you'll be able to look out for those. Try the blood orange. It's delicious.

Now, our brands have deep heritage with seven brands over 100 years old, and four that date back to the 1800s. Our brands have strength, they have longevity, and they're truly part of the American fabric, the American society, domestically bottled.

To give a bit of context, Poland Spring was founded in the same year that Florida and Texas joined the Union as the 27th and 28th states. In the 1870s, while Mountain Valley, Saratoga, and Deer Park were being founded, Yellowstone was being established as the first national park in the United States. In 1905, when Arrowhead and Ozarka were launched, the city of Las Vegas officially established. And in 1925, when Sparklets first launched, construction began in the Chrysler building and the Holland Tunnel right here in New York City.

We have a large portfolio across formats and offerings, price points and larger growing channels. We have offerings for every budget, for every usage occasion. We can meet consumer demand wherever and however they choose to hydrate, whether it's in retail, away from home, maybe direct delivery and residential, or even commercial customers. But we're just getting started. And we have a very clear strategic plan, as Dean outlined, to grow our brands and presence in the marketplace.

The other real differentiator for Primo Brands is our scale. We have a scaled national platform and a fantastic route to market. Across the United States, we have more than 70 production facilities, which we're streamlining, as Dean said, 240 depots, and 90 owned and operated spring source locations that we responsibly manage. Today, we have 30 brands available in over 200,000 retail outlets. We can directly distribute our products to over 90% of the nation with our fleet of almost 6,000 trucks.

With regards to sustainability, we have a very clear strategy. There are four pillars we look at. The first is circularity and circular packaging. Almost 50% of our volume is sold in three or five gallon reusable bottles. With just under half of our volume made with reusable packaging, by definition, Primo Brands is the most sustainable publicly traded branded beverage company in America.

With our management of 90 springs, we are committed to water stewardship and prioritize land and water preservation. We're also focused on greenhouse gas emission reduction across our entire footprint. A third of our fleet is powered by propane, which is a very clean way to power our trucks with extra torque and engine capacity to carry gallons of water directly to our customers.

Finally, we are very proud, and Dean alluded to this, to contribute to the community. We help when there are natural disasters, whether it's the recent wildfires in California, floods, and hurricanes.

Now, there's so many opportunities ahead for us, and I believe that we are positioned to extend our leadership. We want to sustainably grow our market share as we capitalize on the continuing robust tailwinds for our category. We will deliver healthy hydration to customers and consumers across the United States. We will hydrate a healthy America.

We'll be harnessing the full strength of our brand portfolio through our commercial efforts. These will be focused on expanding distribution across channels and formats, and we will pursue partnerships and introduce innovative packaging to continue our momentum. We will look at acquisitions. Year one will be focused on this integration, and we'll be focused on synergy delivery.

Beyond that, we are definitely going to assess opportunities for acquisition. And then, importantly, we will continue to focus on our synergy opportunities as we continue the integration process and build Primo Brands into a powerhouse branded beverage leader. And Jeff will talk more about that in a second.

We are making great progress towards realizing the compelling financial and operational benefits of the merger. We are accelerating the size and the speed of our cost synergy capture. In fact, the $200 million that we committed at the merger will be done this year. Next year, another $100 million. We have an incredibly talented group of leaders.

They're focused on ensuring that we deliver these synergies, and we have been able to already increase these synergies by 50%. And we have very high confidence in that number, very high confidence. We're now targeting $300 million in total cost synergy opportunities by the end of 2026, and we're on track to achieve our original $200 million by the end of this year, 2025. Now, we also introduced our long-term organic growth algorithm. Our net sales growth and organic growth is our number one priority. Volume-driven, accretive, net organic growth, that is our priority.

We expect to deliver 3% to 5% net sales growth and approximately 500 basis points of adjusted EBITDA margin expansion from full year '24 to full year 2027.

Following our merger, Primo Brands is now a cash flow machine with an accretive business model which will be further enhanced as we deliver on our expected synergy opportunity. And we will focus our efforts on growing our brands, and that will enable balanced, disciplined capital allocation, which will grow our business and create value. We target CapEx at approximately 4% of our annual net sales, while maintaining net leverage of approximately 2.0 to 2.5 times. To recap, we're volume-driven, strong margins, we have free cash flow conversion, very high free cash flow conversion, we have strong brands, we have scale, and we believe we can grow market share with just 4% annualized CapEx as percent of net sales. Plus synergies, we will have a disciplined, lean cost structure that will make our organic growth even more accretive and our investment behind it even more rewarding.

David, our CFO, will walk through that algorithm with you in a little bit of time and our conviction behind it in greater depth.

We also have six must-win battles. These inform our strategy, beginning with brand leadership. Brand leadership is a function of household penetration, distribution, and share. Net organic growth across direct delivery, commercial, residential, retail, away from home, hospitals, cruise ships, everywhere we consume water, we should be within reach. We have a customer and consumer service-obsessed culture, from the call center to the on-time and full delivery, with our retail partners and our home and residential and commercial businesses.

We will be focused on operational excellence, utilization of assets. We will sweat our assets. We will consolidate routes. We will improve our network. We'll be the first choice for our stakeholders. We have five stakeholders.

First, our associates. They're the most important to us. They have to go back safe at home. They have to be highly engaged, highly motivated, and highly compensated with results orientation. Second, our retail partners, very important to us. Our retail partners, the valued retail partners. Joe will talk a bit more about our sales, incredibly important to us. Third, the communities we serve are critical. We are part of the community. All of our associates live in a community, so we share the pain and the upside of the community, in natural disasters, as an example. Vendors, we are going to treat our vendors as strategic partners, truly elevate their importance, treat them with the utmost of care, respect, and develop joint business planning ideas with them, just like we do with our retail partners.

And finally, you, our investors, are incredibly important to us. I hope you feel that I listen carefully to your feedback. I know I do, but I hope you feel that. David and I spend a lot of time with John and the team, digesting your feedback, summarizing your feedback, and adjusting our plans accordingly.

And finally, the flawless execution of our integration is the number one priority this year. We have to simply deliver the integration. We have an amazing team. We have talent from the best companies in the CPG industry. We have route-to-market veterans, who you'll meet in a second. They bring informed perspectives. They have expertise, and they'll bring that as we continue this trajectory. And you're going to hear from some of those leaders today.

So we're really excited about the future and the opportunities that are ahead. We have a scaled portfolio and a clear strategy, a vision for harnessing Primo Brand's differentiators and competitive advantages to drive growth. We're pursuing volume-led, accretive organic net sales growth as we maintain strong margins, free cash flow conversion. We're focused on strong execution. We deliver our expected synergy opportunities and long-term growth algorithm.

So now I'll hand it over to Kheri Tillman, our Chief Marketing Officer, to discuss our brands and our robust sales and marketing engine.

Kheri Tillman: Thank you, Robbert, and good afternoon. Hopefully everyone's well and is staying hydrated with some wonderful brands that we have over there. I am happy to be here. I am Kheri Tillman. I am the Chief Marketing Officer of Primo Brands. And prior to the merger, I was Chief Marketing Officer of BlueTriton Brands.

I have had the opportunity to do this across multiple industries for the last 25 years. I've championed brands. I've built strategies, activations, all to reach audiences, increase sales, and drive the adoption of brands. Some of the companies I've worked at are Heineken and Kraft Foods and Harman, creating really functional and emotional ties that turn potential customers into buyers and buyers into brand advocates.

As we think about going forward, one of the things that dawned on me the other day is I had the opportunity to drive the Most Interesting Man in the World campaign on Dos Equis when I was at Heineken. And I don't know how many of you know the campaign, but the last line says, "Stay thirsty, my friends." And that has taken on a whole new meaning now in the world of water. But before I go deeper into how we want people to stay thirsty, I want to show you a video that gives you just a taste of how we're bringing to life our brands in the marketplace right now.

(Video Presentation)

Kheri Tillman: So that is just a taste of the things that we have going on in the marketplace. I'm excited to talk to you today because if you think about a competitive category like beverages, brands matter. Understanding the consumers, how they interact with our brands, and then how we're going to engage with consumers to win their hearts and minds is what we think about on a regular basis. As Robbert noted, our brands, our offerings, and our distribution channels make Primo Brands unique in the CPG industry. And let me tell you a few reasons as to why.

First, as we think about our iconic brands, which we've talked about, but our diversified portfolio of brands, the business model, they give us a distinct advantage and they differentiate us from our competition. We have products across the price points, flavor profiles, types, formats, we meet consumers, as we have said, when, where, and how they hydrate.

When it comes to healthy hydration, you name it, we likely have it, or it might even be in development if we don't. And as you'll hear from Joe a little bit later, we have tremendous strength across our channels as we leverage our robust sales and marketing engine to celebrate our growth and deliver value for our customers, our consumers, and our shareholders, importantly, all powered by our people.

We talked a little bit about the portfolio that we have. If we understand, we have two billion dollar powerhouse brands. Poland Spring is amazing. I'll talk a little bit more about it because it's this little regional brand that is not so little. Pure Life, also $1 billion. We have five brands that are sitting in $300 million plus, but to break that down, we also have three brands at $500 million or more, Primo Water, Deer Park, and Ozarka. And then on the bottom, we have some growth brands in there that just give us, you know, a lot of opportunity for growth as we think about how we break out by water type. Right?

So we have our regional spring water, which is more than 50% of our business, purified at 37, and premium only at four, but it is rapidly growing, which you'll see in a little bit. So as we go, let's see, but as we think about how this breaks down in the marketplace, those brands, they show up and they show up in a big way, and they allow us to have a footprint in the most important places within water. Our brands are one of a kind, multi-billion dollar portfolio of 100% American brands. We have a clear plan to enhance the visibility and reach of our brands as we look to engage with even more customers and consumers.

I'm looking forward to sharing more about the marketing strategies, but first I'm going to go a little bit deeper into the brands I just talked about.

Poland Spring. If we think about Poland Spring, I said it a little bit before, it is truly amazing. It's one of our six regional spring waters right here in the Northeast, but a limited footprint in mainly four states, but Poland Spring is currently the second largest water brand in the entire country with a limited footprint. It's our largest brand with very strong brand health. It's approximately $1.2 billion in sales in 2024 and growing. And one of the great things about our regional spring waters is how we can activate them locally, and we can really reach the community.

We've talked about how we give back with water in disasters, but we also engage with partnerships like the Marathon and New York Yankees, but also the Ecology School in Maine, where we're really reaching out and talking to the community in which we live. The strength of our brand is underscored for those of you who live in Manhattan. Poland Spring is the number one selling CPG item in Manhattan, in all of grocery. Because of the way we can distribute, because of that case pack that we have, consumers know the brand well.

Now, Pure Life, our other billion dollar brand. It's an exciting asset in our portfolio because it's our value proposition. It plays in this water segment that is the purified water. It is our national brand, and it also has very strong growth. What I love about it is our awareness is only at 84 %, where Poland is very, very well-known at about 98% to 99% awareness. We have room to grow with this brand, not only in distribution, but awareness with consumers, and we're strengthening that every year, year over year.

Our footprint is in food service with partnerships like Delta and Marriott, and major retailers like Sam's, Walmart, Publix, and others, along with our very strong direct delivery business.

The strength of the brand is really evident because we just surpassed Aquafina in dollar sales in December for the first time in many years. And we now are very strong with consumers in Hispanic households and households with children. So we are creating the programs and the strategies to reach those consumers to continue to drive growth behind Pure Life.

Now, Primo Water. It's a new brand. We haven't talked too much about it. Founded in 2004, it has quickly emerged as a valuable brand for us in its own right because of its growth, we're now currently at about just over $500 million brand, but it has credibility for us because of its footprint in exchange, refill, direct delivery, and dispensers, and not truly in retail and case packs. So this gives us a whole other footprint and another place to play. Its limited brand awareness actually, again, gives us that upside. We grow the awareness, we grow the awareness of Primo Brands, we grow the awareness of Primo Water, and that really will drive us with front of store. And Joe will talk more about how we plan to look at this with the presence of front of store with refill and exchange racks, which we can really now leverage as a combined company.

Now, we've had some fun talking about our premium brands, but what's interesting as we think about premium, because the question has come up, like, well, you have two premium brands, how is that really going to work? But if you think about premium, there's a lot of definitions of premium. You have a $1,000 jean, you have a $1,000 ring at Tiffany. They're both premium, right? They're both seen as premium, but they mean different things to different people, and they walk through the world differently. That is the same between Saratoga and Mountain Valley. It's why we've seen professional athletes fill their wine cellars with Mountain Valley instead of wine and take a picture and post it, and we have nothing to do with them, we have no partnership. They love the brand that much. Or, as Dean showed earlier, you'll see Saratoga at meetings of world leaders or at the writers' table of a 50-year-old live comedy show.

That shows that the brands have cultural relevance and have room to grow. The other thing about Saratoga is we took it over not that long ago, and we went national in 2023. We had a new campaign, new partners, new SKUs, new distribution, all driving the phenomenal growth that we're seeing now, and we're expecting that to continue and increase as we go forward. We lead with retail and high-end dining. We've identified the right partners in Golden Globes and Top Chef to create excitement around the brand. What we have found is consumers that see our commercial in Top Chef are actually 31% more likely to buy the brand than if they didn't see it in that program. That's the strength of a partnership that we can leverage, and we expect that double-digit growth to continue.

We plan to follow a similar path on Mountain Valley, but different, as we talked about it, because it's a different premium brand. It is seeing similar strong growth. It is a larger brand in its footprint, but it's interesting because it's mainly in the natural channel and has high direct delivery volume. That's going to be amplified by rapid expansion into new channels and the increased marketing support.

We just signed a deal with the Academy of Country Music, and we'll be the official water of the Academy of Country Music coming up in May. It's going to be really interesting to see what we can do with this brand as we bring it to a wide audience of passionate fans. With our marketing team focused on this positioning and how we continue to break those two things out, we expect our premium brand to continue to grow at the pace that they're growing.

Going forward, we're going to invest more substantially in marketing for these brands, putting together important resources to ensure we continue the already strong growth and the love that they have from the current consumers and the fans that they have in the marketplace.

Now, if we think about the strategy that we're going to put against these brands, it's really focused in four core areas. How we drive meaningful engagement that keeps our brands top of mind, including in-store activations and our robust omnichannel presence. If we think about the purchase cycle of our brands, consumers are buying water every week, every two weeks. You have to remain top of mind. You have to remain on their shopping list. So that means you have to connect with them when and where they're ready to purchase. So we have very strong connections. What we're doing in-store, you will see it in-store. You will see it online. You will see it in advertising.

And then growing brand love. So how do you connect? How do you grow that bond with consumers? That's some of the partnerships and sponsorships you saw in the video. Creative and content. The events, meeting consumers, letting them reach out, touch the brand, feel the brand, and be part of what the brand is about are the things that we are doing to drive and we're driving our strategy.

Now, innovation. Clearly, innovation is a critical lever for us as we go forward. Our ability to innovate. And it's not necessarily a new brand, but new flavors, new formulas, new packaging, new equipment offerings as we think about our dispensers. Anticipating consumers' needs and delivering solutions will enable us to not only keep up, but also set industry standards for healthy hydration and what it truly means in the marketplace going forward.

And finally, we're driving consumer connectivity. And I'll talk a little bit more about this by building a connected ecosystem for consumers to reach us across all platforms, making it really easy to purchase wherever you are.

Now, a few minutes on the investment principles. If we think about the consumer, understanding the insights around what drives them, understanding the brands, understanding where the gaps are in those two things help us understand how are we going to invest, where we invest, what that investment is going to drive, and then how do we execute it is the example on the bottom. So our main focus on where we invest are going to be media, clearly. We have shopper activation, we have our events and our sponsorships, our partnerships. And they each do something a bit different. And every brand, if you think about the Poland Spring that I talked about, right, versus a Saratoga are going to have different jobs to do, and so we're going to have to pull different levers in order to get that job done.

But the example on the bottom is one of our partnerships that we have with MLB. So if you think about from a media, and this isn't just a television ad, but this was run during the World Series this year, and so we made sure we were doing things that were relevant to what was going on at the time, right? The official water of all bat flips, right? And the official water of the national anthem, right? There's no official water of the national anthem, but we are going to be it, and we're going to use our brands, our local brands, in order to deliver that message.

Across, you're going to find that in shopper. We're going to show up in retail. We're going to show up in our events. We're going to activate at All Star. We're going to activate at the World Series, and we're going to make sure that we're talking to the consumer to engage them and create brand love.

We'll continue to refine that investment against the tactics that work. We use marketing mix analysis. We use, you know, lift analysis. We use our Circana data to understand what's working the hardest for our brands, and ensure we're putting the money behind the things that are going to drive it the most.

Now, if we think about innovation, we talked a little bit about that. Understanding the consumer, understanding what we have in our current portfolio, and then figuring out how we're going to go after that differently is what's been successful for us. So, here are just a few stats around shoppers prioritizing health over price. Adults seeking new flavors, you know, so how do you bring them what they're looking for? The willingness to purchase premium beverages for a better taste experience. And then also willing to spend more on sustainable products and packaging. And so that has absolutely driven the way we've gone forward with our products. So we have Splash, which Robbert talked about, which is in a growing segment of the marketplace, growing at about 8% or so. We're now going right after that with a product that consumers have told us, and Robbert agrees, tastes really good. I gave it out at my daughter's college and there were about 20 cases, and they disappeared instantaneously. So I know we have something right, because they'll be the first one to tell you you've done it wrong.

And then we've also gone into aluminum in a big way. 16 ounce cans, 12 ounce cans, and then the aluminum bottles to really go after that space for consumers. And then we can't forget our dispensers. It's an important part of our model to make sure that we're giving consumers what we call that bit of that razor, razor blade. If you buy a dispenser, you have to buy a five gallon to put in it. So we really use those two together in order to drive the repeat purchase, because every time you get a dispenser, there are bottles that go right after that for the next couple of years. And so we need to make sure we're driving that.

So our insights will find the unique niche opportunities to meet consumers where they are with innovation in hydration, flavors, and pack formats going forward.

Last area that I'll just talk about is connectivity. If we think about now what we have with our water.com platform, right? It's a consumer can go in and they can buy all of our brands in one location. What that allows us to do is tie what we're doing in our digital advertising, our digital retail advertising, driving to water.com. We can also drive from our websites to water.com. We actually did a test last year and we found that when people had come into the website from our brands, they had a higher conversion if they had come outside just from a regular click. So teaching someone about our brands, letting them know what we're about, they had a higher conversion rate when they went in to actually purchase. We want to continue that following the journey of the consumer on that path as we go forward.

And finally, before I hand it off to Joe, one more page to just talk about how we think about some of the things you're doing and what we saw in the video. We want to have immersive experiences and show up where our consumers are for important culturally relevant moments, both locally and nationally where it's important. We focused on these high impact events that have the outside presence. If we look at some of the things we have going here, we talked about Golden Globes, we talked about the Academy of Country Music Awards, but we also have a partnership with the University of Health and Performance with Pure Life. So that services the military and people who have come out of the military to help them get back on their feet and be successful.

We talked about Top Chef, but finding the right ways where our consumers are, we want to make sure that we can talk to them in the right way. So the passion for our consumers and what they share for our brands allows us a really amazing platform to continue to be an essential component for American culture. Going forward, I'm excited to be a part of how we drive our brands to new heights through robust investment, through product, digital innovation, continued on the ground engagement with consumers and a drive to drive towards broader, deeper connectivity across all of our platforms.

I'll stop there. I'm going to turn the stage over to Joe Wiggetman, our Chief Customer Officer, who's going to discuss more about how our brand portfolio and commercial strategy is going to come together and translate into true, tangible results.

Joe Wiggetman: Well, thank you very much, Kheri. And hello everyone. I'm Joe Wiggetman. I'm the Chief Customer Officer, as Kheri mentioned, at Primo Brands. I am now in my 18th year with this illustrious company. Today with Primo Brands, previously with BlueTriton Brands, and before that with Nestle Waters North America.

I am really excited to give you an unprecedented look into the history and the power of our business and our distribution capabilities that we have today. As you just heard from Kheri, underpinning our strong foundation is of our portfolio of these iconic brands, seven of which are $100 million, $100 million, 100-year-old brands, and $2 billion brands. I got those backwards. Within these brands, we have a diverse portfolio of offerings and packaging types to meet our consumers when and where they want to hydrate.

We expect that our omni-channel strength, which Kheri touched upon, together with the marketing efforts that she touched upon, will serve as major growth drivers for us going into the future. We have three major differentiating factors that I want to talk to you about that's going to position Primo Brands into the healthy hydration space. First is our unmatched branded leadership in this segment with that compelling portfolio of different formats and price points. Secondly is the ubiquity of our portfolio, but also in our route to market. We can get product to you through wholesalers, through distributors, through our own trucks, and through online. That, coupled with our customer strategies, including our retail and our omni, and away from home, and in convenience, we can meet all of the usage occasions.

But third, and probably most important, is the strong industry momentum that we have today with our biggest retailer partners and all the channels that we play in. That is really driven by our people who have an urgency and a passion that Dean talked about to win in the marketplace, but also to be the very, very best partners we can be with these critical customers.

As Robbert and Kheri both noted, we have an incredible breadth and depth of offerings across the portfolio, from spring and purified brands to premium brands, but also in emerging flavored and enhanced brands.

We are very well positioned to solve hydration needs across diverse channels, whether it's in-store, delivered to their home, in a home and office, large format and retail. We offer value across the pricing spectrum that can meet consumers anywhere, anyhow, and anything that meets their needs.

We also have an occasion for everyone. This is important because it completely shows the strength of the portfolio. It's demonstrated by a variety of offerings and bottle and pack sizes and formats. However consumers are looking to hydrate, we will meet those needs.

A few examples, our 700 milliliter sport cap bottle. Kids use those at their sporting events. They use them in the campgrounds. They use them to hydrate throughout the course of the day, but it's more of that sport bottle. Or the stay-at-home mom that uses the eight ounce or a 12 ounce pack to put in lunchboxes or deliver to their kids at the campgrounds. The college dorm that's looking for delivery to get either a five gallon or a case pack of our Pure Life brand. That experiential brand, the two experiential brands that we have, Mountain Valley and Saratoga that Kheri talked about. Luxury outlets like fine dining, but also very upscale hotels. That's where you can expect to see these brands going forward. Or just colleagues in the office who wanted to talk about last night's football game at the cooler, the five gallon cooler that's sitting in the office space by the coffee bar.

We can truly meet our consumers wherever they want, however they want to hydrate. And as you can see as we transition, this is how our products actually show up for consumers. I'll demonstrate momentarily that we have an unmatched presence on shelf and direct to consumer. Robbert touched upon some of the statistics, but I'll reiterate them because they're important.

We're in 200,000 retail outlets today. And we deliver to approximately 3 million residential and commercial customers directly. Those are powerful numbers. We have approximately 26,500 exchange locations in retail where you can pick up a five gallon bottle or bring back your empty bottle. Retailers love this because it brings traffic back into their stores after the purchase.

Similarly, with our refill machines, 23,500 self-serve refill stations where you can bring your own bottle, get fresh purified water, and again, come back and do it all over again. Retailers are embracing this more and more. It's another way for consumption.

Now let me show you why it's so important that consumers are coming back into the store. This illustrates our potential in-store presence in any given retailer, particularly large box retailers. As you can see, there's diversity across the formats of offerings that enable us to have up to nine points of interruption in any location. Nine points of interruption. This includes our case pack. It includes our dispensers, our refill machines, our single serve bottles, go on and on. But you can walk around the store today and you can find our bottle water around the store at any point in the store.

This is a really dramatic change from what bottle water used to be. It used to be in the beverage aisle and it would particularly be in the front store coolers. Those are two points of distribution or interruption. Today we're up to nine. But it's not just retail where we have strong presence. Let's take a look at how we show up universally.

As you can see here, our strength spans retail, large format, away from home, and online ordering and direct delivery. We pride ourselves on excellence and category leadership with all of our customers and retail partners. That coupled with commercial programming. By leveraging our portfolio across both retail and away from home, we create an impact across the entire ecosystem, delivering real value to consumers.

What sets us apart is those diverse formats, price points, and operations, which Rob will talk about shortly. Allowing us to be a category leader for customers, not just price and pack architecture. We bring the whole 360 approach.

Our combination of single serve, premium brands, dispensers, refill stations that offer solutions that meet all customers' need states. One of the many examples of this is our overall presence at Walmart. The number one retail customer in the world. Our portfolio is ever present across the store in beverage. It's in hardware, it's in the front of the store, it's in the aisle, it's available online. And in fact, the growth of Omni is outpacing the growth of retail sales today. It's growing that exponentially.

Our goal is to replicate this with all of our large retailers and small retailers around the US. We also want to continue to build off the momentum that we have with our current customer base. Home Depot and Lowe's, for example, they're key outlets for our exchange five gallon business today. But we still have a massive opportunity to expand the entire portfolio, like case pack, like three liter multi-serve, other points of interruption throughout the store, dispensers.

Lastly, we've identified seven key initiatives on this page that will expand our presence in the store and catapult us into that next phase of growth. These are seven laser focus initiatives that we're going to be focusing a lot of attention on to help get to the ambitions that Dean and Robbert already spoke to.

And as we look to deliver growth across the channels, let me show you a little bit of the breakdown. Today, our away from home currently consists of about 7% of our revenues, while approximately 28% goes to the club and mass business, Costco, Sam's, Walmart, Target. The emerging segment includes large players with massive growth opportunities and potential such as e-commerce pure play like Amazon, or the natural foods channels like Whole Foods and Sprouts, convenience and home improvement like Home Depot and Lowe's. We expect to see outsized growth from these channels in the coming years as they all have that upside potential.

Similarly, we see a lot of potential in the small format with the partners that we have today in the dollar channel, food service and convenience. They have been somewhat underdeveloped in recent years, but one of our major goals to help go drive dollar share is to really win in these spaces. We have excellent partnerships, we're going to now start to accelerate that growth.

And moreover, if you look across the board, every one of these channels, we had well-rounded growth across the board. So it wasn't one that particularly drove the other, it was well-rounded across. Walmart and Sam's, our two biggest customers, are growing at a very steady pace. They're incredibly important partners to us for obvious reasons, but we continue to drive our base business to new heights as well as introduce innovation with them. And we greatly appreciate those relationships.

And as mentioned, the away from home business, it's poised to accelerate this year. Small formats are driving strong revenue growth, they're driving momentum, but they're also driving market share, as I mentioned before. We have significant points of interruption that when translates to big box retailers like Walmart and key grocery stores, that makes our portfolio really come to life in the eyes of the consumer.

Similarly, when we think about our premium bands, the expansion of opportunities as robust as premium continues to be, it's going to really help as multiple channels of trade present that opportunity.

And again, speaking about these brands, these iconic brands of Saratoga and Mountain Valley, they're ranked number four today for upscale restaurants, but we see that there's significant runway for that growth. Saratoga and Mountain Valley are already capitalizing on the momentum of premium, they're growing at a clip of 57% combined. But note, of all the brands that you see on that page, we're the only American made brands, very important in today's world.

Saratoga's expansion can be attributed to the consumer's love of the product profile, but also that iconic blue bottle. Mountain Valley's had exceptionally strong growth in the natural channel, but we expect to really accelerate in that in traditional retail going forward. So the two together are going to be a very powerful one-two punch.

We have deepened our food service partnerships. We are unlocking significant cross-selling opportunities in restaurants, implementing that dual brand presence. We are distributing Saratoga already, but we're going to expand those touch points to include Mountain Valley. Other opportunities of growth include adding incremental resources that are going to strengthen our presence in both existing areas, but also into new high potential areas, like the geo-targeting markets, where we're focused really high on that premium consumer.

Premium liquor outlets is an untapped opportunity for bottled water, particularly premium water. And other away from home locations that'll provide the consumer with that luxurious experience.

I'd like to just take a quick moment on our formula for success as we look to deliver many cross-sell opportunities across the channels to drive that further growth. This includes capitalizing on the recurring consumption through large format connectivity. With more retail selling locations and an expanded e-commerce presence, it's easier than ever today for consumers to access our dispenser units. In fact, we currently have dispensers, as Robbert mentioned, in almost 12,000 outlets in the United States.

Everyday pricing and promotions help drive sell-through, especially for households looking for a large format water solution. Then, most of these sales are going to new large format water households, expanding that consumer base and increasing our total addressable market. As more households adopt a large format water, we build greater route density, making our distribution network even that much more efficient.

Further, this growing demand strengthens our scale and procurement and maximizes our fixed asset base ultimately leading to incremental returns. And as dispenser demand accelerates, costs come down, allowing us to pass on savings to both retail partners and consumers, fueling a self-sustaining cycle of growth. Cross-selling then underscores the entire formula. We maximize our synergistic platform to retain connectivity across retail, direct delivery, and other key platforms.

So, the key takeaways. Our leadership, Primo Brands' leadership in healthy hydration is driven by our branded leadership, our market reach, and our very, very strong industry momentum. Our portfolio resonates with consumers and our extensive scale allows us to reach extensive market ubiquity, all powered by our approach with our partners and our customers.

I'd like to now turn the presentation over to Rob Austin, our Chief Operating Officer, who will delve into how we vertically integrate our distribution network from source to consumer that enables us to serve all customer use cases. Thank you.

Rob Austin: All right, thank you, Joe. Good afternoon, my name's Rob Austin, Chief Operating Officer for Primo Brands. I've had many sales, operations, and executive leadership roles in CPG over the last 20 years with companies like Frito-Lay, Nestle Waters North America, and BlueTriton Brands.

Today, I'm going to tell you more about Primo Brands' vertically integrated capabilities. From our resource management over 90 springs across 28,000 acres of land, to our pre-form and injection blow molding capabilities, and our coast-to-coast distribution platform. Our unique operating network has been carefully designed to ensure we meet customers and consumers with all offerings.

We've made considerable investments in our network since 2022, and I'm excited to talk to you about the opportunities to leverage our capacity, network, and technology for continued growth. I'll also dive into how we're working across our enterprise to deliver efficiency and enhance our operating performance.

Let me start from the source of our differentiation. Primo Brands is truly vertically integrated. Our vertical integration includes a unique spring network, which is really hard to replicate, with direct pipelines to 16 of our facilities, and then a network that delivers the rest. We have more than 70 production facilities with capabilities including production of our pre-forms and bottles, and caps ranging from size of eight ounce all the way up to five gallon. And we have more than 23,000 refill machines deployed in the market.

Our scaled platform directly reaches 90% of the US population. On average, we're approximately 210 miles from our source to the customer. Let me just say that again. On average, our distance from our source to a customer is 210 miles. This network also supports our five gallon returnable reusable business, and our installed dispenser network. We've invested more than $700 million in our operations, including 15 manufacturing lines since 2022, and we have a manufacturing line intensity goal of 75% in 2025, up from 64% in 2022.

We're standardizing processes across our network and expanding our glass and can capabilities across our brands. We're also implementing data visualization to really bring to life in our operations, to be able to resource and close gaps much quicker. All of this has provided more than 40% per production capacity for the future. In 2022, we implemented our new ERP system with end-to-end technology capabilities that we continue to leverage across the business as we integrate to one platform.

It's really important we leverage the technology we put in in 2022. It gives us great capabilities as we integrate the two companies together. Underpinning all this, like Robbert mentioned, is our commitment to sustainability, which is critical to our future success. And I'm proud to share that we've been in the returnable reusable business for over 30 years, with a mature closed loop network. We've integrated recycled plastic, or ORPET, in our manufacturing processes with 35% in 2024, and a goal of 40% in 2025. Our focus on safety systems across our enterprise, along with continued investments for our on-the-road fleet, remains a priority to create a safe work environment.

I'd like to now show you a video of how vertical integration comes to life.

(Video Presentation)

Rob Austin: Our vertical integration differentiates us over our competitors. Our investments in this infrastructure are already in flight, positioning us to leverage them now. Across our entire ecosystem, we control every step of the process. What differentiates us at Primo Brands is that we're regionally based. Like we said, it's a very hard network to replicate. We serve all 50 states and have sources across the country. And there's approximately 210 miles on average from spring customer. And I'm going to walk you through how that happens over that distance.

Our spring networks are unique and not easily replicated. They fill our silos into our factories and to minimize our alliance on third parties, we operate more than 175 production lines and 170 injection blow machines. As they're feeding our factories, we're producing our bottles and preforms. Based on the brands being produced, we pick our minerals and whether spring water or purified water, and then pack them in either six pack, 24 pack, 700 milliliter, one liter, all the way up to five gallon.

After that, it's direct ship, whether to a club customer or move to one of our internal, external warehouses. From there, it's shipped to customer distribution centers, wholesalers, third party distributors, or our last mile depots. Jeff will talk more about how our network will look post synergy capture.

We then operate a reverse logistics for over 3 million direct customers. They can return their five gallon bottle to one of our 26,000 exchange locations, or they can simply put it in order for us to pick up their empties and deliver a new order. These bottles are then cycled back through a manufacturing process to be cleaned and refilled. So if you look over like our regional ecosystem and our spring sources to our manufacturing sites, to our depots, to our distributors and third parties and our retailers and our customers, it is a very unique network, all in a 210 mile loop on average.

Ultimately, all these elements lead to customers, whether it's Amazon, retail, small, medium, large businesses, residential, we can meet consumers everywhere. From end to end, we're the sourcers, bottlers, distributors, and consumers of our product. Our near term priorities, the great extended value across the enterprise. Our procurement team continues to focus on integrating capabilities like five gallon bottle production and sourcing and reducing primary and secondary packaging.

One example would be a three liter corrugated reduction. Some automation projects include shipping optimization, which has improved our info and payload with optimal sourcing and spatialization. Production logistics continue to provide leverage through manufacturing line intensity, focus and process optimization. One example would be our 650 basis point improvement in manufacturing line intensity since 2022. We're already seeing returns from these investments and will continue to evolve our systems and our technologies.

Cumulatively, Primo Brands has invested over $1 billion in our enterprise to reach this position, and we have 40% capacity of production to leverage. We've already invested $100 million in our ERP, which is delivering benefits across the enterprise and improving efficiency and productivity.

We made this investment in 2022 and have integrated the latest technology across the enterprise. So as we bring these two platforms together, we get leverage, not only the latest technology, but the latest systems and processes.

Our call centers leverage AI to ensure selection of the right agent for first call resolution across web, chat, email, and our app. Additionally, our agents leverage automation to practically upsell items purchased in the past or a potentially new item. We have many digital assets and the team is enhancing our combined platforms to increase traffic, improve user experience, and deliver higher conversion to purchase.

We'll continue investing in our capabilities, further integrating our suppliers, many who are local, while expanding and maintaining access across all usage points, occasions, formats, and customer needs. And underscoring it all, we remain committed to being responsible stewards of both our business and our water resources.

You'll now hear from Jeff Johnson on our significant progress to capture synergy opportunities through our integration.

Jeff Johnson: All right, thank you, Rob. I appreciate that. My name is Jeff Johnson. I am Primo Brand's Chief Transformation Officer. Prior to the closing of the merger, I served on Primo Water's management team, focused on process excellence and integration management. Previously, I spent three decades at UPS, where I managed capacity planning, operational excellence, and asset utilization at over 1,000 US locations, after which I served as a senior business coach for Amazon for their independent owners and operators.

I would like to talk to you today about the considerable progress we have made towards integration and delivering on our increased expected synergy opportunity.

We are taking a strategic and efficient approach to our synergy capture, finding smarter ways to maximize value and drive better outcomes.

Here is how we are doing it. We are driving cost synergies that are larger and faster than anticipated. We have already made considerable progress, which I will talk to you about more here shortly. We are actively capturing significant synergies across key functional areas. Our scaled platform offers opportunities across a diverse set of business functions. Our work has further reinforced our confidence in our ability to capture continued synergies. Our experienced team has a strong record of integration.

The team leading the integration process is made up of best-in-class experts and the right mix of talent and experience.

When we closed the transaction, we communicated that we expected to realize an estimated $200 million of cost synergies within three years of closing, by the end of 2027.

Given our highly disciplined process, we aim to deliver 50% more efficiencies even faster. We now expect to deliver $300 million in cost synergies by the end of 2026, and we are on track to generate $200 million of synergies in 2025.

Since close, our team has been working tirelessly to ensure we maximize the benefits of bringing these two great organizations together. In the following slides, I would like to share with you a closer look at our approach to delivering these synergies and to share two case studies highlighting our strategy and continued progress.

As you can see on this slide, there are strong opportunities across core categories within our business, operations, procurement, IT, call center, and SG&A. We are following a detailed, organized process to ensure that we maximize synergies across each of these categories. In fact, we have already made meaningful progress.

For example, in operations, we have started and implemented route engineering in our non-consolidated depot locations. We have taken steps to align our brand portfolio to simplify our supply chain and our operations. We have also begun our IT ERP conversion and have optimized multiple processes across key functional areas, including our call center.

We are thrilled with our expected synergy capture, our progress to date, and look forward to updating you in upcoming quarters. Additionally, we are making significant progress towards optimizing our operating network and have clear targets. We are actively evaluating our footprint and supply chain to minimize or enhance efficiency and minimize excess inventory and optimize our transportation network. We are focusing on our 13 core brands and have ensured we have the right talent in the right place.

Ultimately, we expect to have approximately 12,000 associates, a 15% reduction.

We are optimizing our fleet and our routes while also consolidating factories and depots by sustaining production levels with fewer facilities. We are better leveraging fixed costs as we drive increased volume. And we are better leveraged our depots and existing network capacity, which we expect to streamline down to 185 depots before the end of 2026, with the majority being complete in 2025.

To give you a tangible example of our efforts, let me show you what we're doing in one territory, the state of Texas, to eliminate redundancies and capture synergies. Combining our two networks post-close created significant opportunities with 25 facilities in total. We are pleased to share that we are in the process of consolidating those down 36% to a total of 16 facilities during 2025. These consolidations allow us the capacity to service this area effectively, not only today, but in the future.

This case study represents or repeats itself across our entire network, where we will focus on optimizing our resources, our equipment, our facilities, and transportation while making the optimization seamless to our customers.

There is also great opportunity to consolidate our regional route network of legacy Primo Water and BlueTriton Ready Refresh locations. By consolidating depots, we will see additional reductions in route redundancies, reduced run rates, and reduced fixed costs. In the most extreme cases, we have depot locations in the same cities, neighborhoods, and even streets.

This case study shows an example of two depots in the same geographic area, with each having their own distinct customer base. On the left, Ready Refresh in orange, and legacy Primo Water is behind that in blue. Both deliver to the same areas, the same streets, and in the same neighborhoods.

As we re-engineer and combine the depots, on the right, you see an optimized and engineered solution with each color representing a routes territory. The result is a reduction in routes, and the miles associated with them, as well as an improvement in density, and a significant increase in productivity, or units per route. While these exact results apply to this specific case study, each scenario will contribute to the total overall expected synergy value shared. Our combined route logistics engineering group, which we launched post-merger, brings together the best of both teams, and builds on the results and capabilities of both legacy organizations.

Now, all of this would not be possible without the highly experienced team leading the integration process. We hand-selected a best-in-class experienced team to oversee this process. It was critical that we bring together a group with the right mix of skills and experience to ensure we continue our strong execution of continuous improvement and transformation.

Thank you to the entire team for the continued work and commitment to excellence with integration.

In closing, we are moving at a rapid pace to deliver on many synergy opportunities ahead, all while remaining thoughtful and disciplined in our approach. We will leave you with that for a few moments, as we move into a short 20-minute break, and when we return, we will pick back up again with Robbert, who will share more about what is to come with Primo Brand's exciting growth story.

Thank you.

(BREAK)

Robbert Rietbroek: Well, I hope you enjoyed that break.

Welcome back, everyone. You know, as you just heard from all the other speakers today, there's such incredible energy and enthusiasm. I think Dean alluded to it with the management team, such confidence across marketing, sales, operations, and you know, Primo Brands is an incredibly powerful business and platform for growth. And I got a lot of great feedback over the break.

So I hope you stay for the reception cocktail, because we will be making cocktails with Saratoga and Mountain Valley. So it's a little teaser. I hope you stay.

All right, I will now discuss how we are pursuing volume-driven organic growth as we continue to harness the strength of our brands and grow share. I'll talk a little bit more about the benefits of the category tailwinds that I highlighted, as well as how we're going to strengthen the brand portfolio and expand our points of distribution, and also talk a little bit more about M&A.

But I wanted to mention that we are, and you saw that in Kheri's presentation, reducing our brand portfolio from 30 to 13 brands. Now you may think, wow, that's a huge reduction. But these 13 brands represent 95% of our net sales today. So the remaining 17 only make up 5%. So you can see where the efficiency goes. And when we buy branches, which we continue to do, we are very good and skilled in converting brands, particularly in bulk. That's where most of these brands live. They live in bulk, and they're regional.

To maximize the impact of our efforts, we will be prioritizing, investing in our highest-performing brands and our highest-potential brands as we strengthen our market position and drive profitable growth.

So we have four things we're going to do in the premium, the premium portfolio. And there was a lot of excitement about the premium portfolio. In fact, most of the people I talked to during the break asking about Saratoga and Mountain Valley. And I explained that both companies separately were already working on capacity and de-bottlenecking constraints, whether it's the blue bottles on Saratoga or the spring capacity on Mountain Valley. We talked a bit about that in previous earnings calls.

But we will be making investments in these brands. And you see programs like the Golden Globes and Top Chef, and you see the program we're about to kick off with the Academy of Country Music Awards. In fact, this is brand new news today. We're actually sharing for the first time that partnership with the Academy of Country Music Awards. And it gives a new direction to this brand, which is from Hot Springs, Arkansas. And you may have noticed that the largest retailer in the world is also based in Arkansas.

So a lot of excitement with a consumer in the South around this music. And the country music industry obviously is very large. And associating with that is going to be exciting for this brand.

We'll also push on distribution when we expand into PET and more glass, large bulk sizes on the brands as well. So today, for instance, Saratoga is not available in a five gallon. And Mountain Valley has very little presence in PET. So just think about what the potential is in the next 12 months.

We will also look at cross-selling. How do we get those brands across the network? How do we get Saratoga into the legacy Primo Water distribution? How do we get Mountain Valley in the legacy Ready Refresh distribution? Great opportunities ahead. And we want to enter new premium categories as we launch Saratoga flavored, Mountain Valley aluminum. So those are all opportunities, maybe a Saratoga five gallon. That's all in the future. And we're going to continue to update you on progress against those types of ideas.

Now, what differentiates us as a branded beverage company is that in addition to the retail bottled water sales, we have this unique portfolio of reusable, refillable, five and three and two and a half gallon offerings. And that's a really unique and differentiating go-to-market system.

We're fully vertically integrated in the business all the way from the source to the sip, to the delivery, to the final customer. There's no middleman in that part of the business. So we're proud to be a leader in direct to customer and having dispensers, exchange and refill. We are going to drive dispenser adoption. We're going to drive it hard and expand our water exchange business. So in most stores today, if you go see our five gallon offering, it's either a Primo Purified, a Pure Life Purified or Regional Spring, but it's rarely both. And we have a very clear and stated intent to drive Regional Spring water in addition to our Purified water. And then expand the number of outlets with those five gallon racks.

So, in addition to doing the exchange, we will also look at additional refill locations. Refill is critical for us. And then we'd like to have more case pack where we have exchange. So a lot of opportunities for this business.

There's a lot of underpenetrated accounts. We talked about DIY earlier through Joe, and we plan to fully drive distribution in those underpenetrated accounts. Now, when you look at the store and Joe showed us this sort of Sims-like visual, but this is what it looks like in store. There's actually nine points of disruption that we have in every store that we can take advantage of. In the front of the store, you'll find refill and exchange. Inside the store, you may find a refill and exchange depending on the climate. So if it's in the north above the geographic border, we will be inside. And in the aisle, you'll find our case pack and, in the dispensers, as well.

But what many people don't know is that we're often also present in the back of the store with a fully integrated filtration system. For instance, Walmart's vegetables are sprayed with Primo's purified water. So you can just think about the strategic relationship we have with Walmart.

Looking ahead, we will be building our relationships with customers to expand shelf space and improve product placement.

As we look at potential acquisitions to accelerate our growth, we have clear and well-defined criteria and we will continue to assess a pipeline of actionable M&A opportunities. At a very high level, we'll be looking for iconic brands, brands like Saratoga, Mountain Valley, with an attractive financial profile that'll help us acquire new customers and expand our total addressable markets. We can leverage our route density here as well and expertise to increase efficiency and scale under penetrated markets. And we'll also evaluate continuing buying depots to tuck in to help serve our commercial and residential business, but also our existing exchange business, which leverages those depots.

In that, we're going to be looking for synergies and fit with the consumer we serve. We're a leading branded beverage company in healthy hydration. The channels that we serve, commercial, residential, retail, away from home, the cost structure of a business, particularly post-acquisition as we synergize, and capabilities. Does it fit our current capabilities or does it bring a new capability in-house that we don't have today? For instance, hot fill. We talked about hot fill in the break. Could be a capability we want to buy.

So before I pass it over to David, I do want to emphasize that Primo Brands is ready to capitalize on these exciting growth opportunities ahead. We have a very strong and disciplined volume driven, a creative growth strategy, as I talked about earlier, focused on investment and expansion, which we continue to deliver progress towards.

So let me hand it over now to our Chief Financial Officer, David Hass.

David Hass: Thank you, Robbert. I have the pleasure of highlighting our financial profile and future growth algorithm that we believe powerfully stand out in the CPG industry.

My prepared remarks will be the last section of today before we take Q&A from the sell side analysts and select investor questions. For those of you who don't know me, I've been involved in the Primo organization since 2010, where I advised on the legacy Primo Water IPO.

I then joined Primo Water in 2011 to start the FP&A department, work through various roles and operations, finance, eventually to become the Chief Strategy Officer and now Chief Financial Officer of the company.

I've been part of each of the transformational actions that have culminated in Primo Brands today, including the combination of Primo Water and Cott in 2020, last year's European divestiture, and obviously the amazing merger that brings us here today. The team has also been supported by an amazing board, completely unafraid to make changes mid-flight when those changes were necessary to enhance the financial profile, and more importantly, the cashflow generating capacity of the business.

Today, I'm going to review how our strong combined 2024 results and 2025 guidance tee up to long-term value creation. We'll also cover our long-term growth algorithm and capital allocation priorities.

To briefly recap what we shared last week, Primo Brands reported strong results in 2024 on a comparable basis before the impact of any planned synergies. Comparable results to 2023, we saw 5.5% net sales growth to $6.7 billion, and a 19% adjusted EBITDA growth to $1.35 billion, or a 20% margin, with an increase of 230 basis points.

The majority of the top-line growth was organic and primarily volume-driven, and these are unique characteristics that continue to stand out about Primo Brands in today's consumer environment. The company also doubled adjusted free cashflow when excluding one-time items to just over $645 million for a conversion rate of 47.7%. Again, all of these results exclude the exited Eastern Canadian operations and its financial impact. We are really pleased with the strength demonstrated by these full-year results, and as you've heard today, Primo Brands is focused on driving growth, integrating these two businesses into a unified provider of healthy beverage options.

In addition, following our merger close three months ago, we have worked expeditiously to simplify our company's combined balance sheet. Earlier in February, we simplified and consolidated our debt structures. We executed an exchange offer for the three outstanding series of senior notes, we repriced our term loan B, and we raised a new $750 million cashflow revolver, replacing the revolver from legacy Primo Water and the ABL facility at BlueTriton. Accordingly, our liquidity remained strong at over $1.2 billion, including approximately $640 million of unrestricted cash and our cashflow revolver, which is fully undrawn net of standby letters of credit.

Our net leverage ratio stood at approximately 3.3 times, year-end 2024 Adjusted EBITDA.

As we head into 2025, we're committed to providing significant disclosures about our journey and the components of success of our business. As we outlined last week, we plan to provide annual guidance across net sales, EBITDA, and free cash flow.

In addition, we're covering the organic and inorganic components of net sales growth, with 2024 contributing 5.1% of the 5.5% top line via organic means. Similarly, we provide volume and price mix components of our net sales growth, where on a comparable basis, 4% of that growth was from volume-based activities.

Lastly, our management team is acutely focused on driving branded beverage growth across our net sales by water type and our distribution channels of trade.

When we double-click into water types a bit further, we uncover a few highlights. A rapidly growing premium water portfolio comprised of Mountain Valley and Saratoga that we've discussed a lot today. Those businesses grew 47% in 2024. Additionally, our purified lineup grew nearly 9% on the strength of brands like Pure Life at retail and Primo Water in the exchange and refill business.

Another highlight will be the upcoming consolidation of our regional spring water brands Robbert and the team have talked about as we migrate toward the strength of the legacy brands in the BlueTriton portfolio.

When shifting to channels of trade, we go to market across several key channels as well as leveraging our last mile operations that deliver directly to consumers. Highlights here include our fast-growing away-from-home business that includes convenience stores, pharmacy through our distribution partners, as well as our emerging channels that houses natural food retailers and DIY and home improvement.

Lastly, as we know, Walmart had a more cautious outlook last week, but when you look at our mass channel, which has a large contribution from Walmart, we remain well ahead of their top-line results. Their customers have access to our diverse offering with our great partnership.

On the back of our momentum from 2024, we are guiding for between 3% to 5% organic net sales growth in 2025. We believe this performance is going to power the flywheel for future organic growth. 2024 had very strong operating leverage with 19% adjusted EBITDA growth on just 5.5% net sales growth. Primo Brands was the only branded beverage company to grow market share per Circana data in 2024.

Volume-led growth matters to us, and our diversified price points, formats, and channels help insulate our portfolio while we expect greater distribution and marketing penetration due to increased consumption of the core brands.

As we put higher volume through our P&L, we expect productivity across our plants, distribution network, and routes to increase in tandem. Elevated productivity accelerates with our synergy efforts as we're able to drive higher volume with fewer associates. We expect organic activity as well as synergy capture to drive increased productivity at the gross margin level as well as by leveraging our reduced operating expense base.

Finally, with greater gross profit and cash flows, we plan to reinvest in our marketing and CapEx plans to support growth, reinvigorating our flywheel. And if we were to implement pricing actions, that flows through the P&L a little faster than it would for volume, but volume remains our primary focus as that provides efficiencies through our soon-to-be-integrated cost structure.

Incremental working capital and treasury management actions across the business will help increase free cash flow that we prioritize to support our growth, as well as shareholder return activities. This flywheel remains the engine for our long-term growth algorithm.

I'll now quickly recap our starting point for 2025. This is the same guidance we shared last week. For this year, as we've mentioned, the 3 to 5% organic net sales growth. In addition, the power of the flywheel, we're adding our first round of planned cost synergies that we've discussed. As a result, we plan to achieve adjusted EBITDA of $1.6 billion at the midpoint, inclusive of the $200 million of in-year capture for a year-over-year adjusted EBITDA growth of nearly 20%. This equates to margins of 23.1%, for an increase of 310 basis points versus 2024.

Our anticipated adjusted free cash flow provides a sense of the power of our financial profile. This year, we expect to generate $800 million at the midpoint, compared to $645 million last year, when excluding some of the one-time costs required to merge and integrate the business. This is a 49.5% conversion rate of adjusted EBITDA. Our number one priority in capital allocation will be to utilize the CapEx and OpEx investments to drive volume growth and increase our business offerings in their respective channels.

As we integrate and expand our margins, this will help drive our EBITDA growth that will naturally reduce net leverage, in line with our commitments. We believe that we'll be able to reduce net leverage by just over half a turn by year-end 2025, down from 3.3 times at the end of 2024.

Clearly, a major catalyst is our planned run rate cost synergies. This was something we got very excited about when we started integration activities. Because we were able to start earlier than expected, due to the sooner and faster merger closing, we expect to accelerate synergy capture targets as we've discussed.

By now you know we expect to hit our original $200 million target in year, with a further $100 million of synergies expected next year. To get to $300 million in cumulative total synergies, we expect it will require approximately $100 million in one-time costs and $250 million in one-time integration CapEx. Our synergy capture will build across 2025, with the team expected to hit consistent savings by late spring.

Approximately $50 million of next year's $100 million will be actions taken this year that flop into the balance of the year of '26, with the other $50 million coming from new actions that start at the beginning of 2026. This provides an opportunity for the company to start 2027 with a fully integrated and optimized cost structure, ready to continue utilizing our flywheel for efficiency and productivity to scale volume across our offerings.

Now let's review what goes into these costs. Approximately $100 million in projected one-time costs will account for production and depot closures as a result for things like consolidation, equipment decommissioning, vendor and contract break fees to gain procurement savings, and associate severance.

We expect to incur one-time costs of about $70 million in 2025 and $30 million in 2026. These costs will flow through the P&L and we'll share and disclose those add backs each quarter.

Of a point of reference, however, with the sale of our operations in eastern Canada, as well as the upcoming sale of our Israel business on a cash basis, this will approximately be a wash.

The $250 million in integration CapEx accounts for our operational needs such as things like relocating equipment, ramping up bottling lines, updated blow molding equipment and injection equipment to prepare for the handling of the full bottle volume of the legacy Primo volume, standardization across fleet, facilities, and coolers, as well as harmonization of our ERP, IT, and other operating systems. We expect to incur approximately $200 million in one-time CapEx in 2025 and $50 million in 2026. We are rapidly deploying these costs again to start our future state of production capacity, distribution growth, and profitable operations through our financial performance and hitting that stride for '27.

Let's take a look at that long-term algorithm that Robbert introduced earlier and consisting of four key targets. With our 2025 guide leading the way, we are targeting 3% to 5% annual top-line growth for the next three years through full year 2027. With the benefit of synergies, we expect to improve our EBITDA margin from 20% in 2024 to 25% by year-end '27.

We expect CapEx to normalize around approximately 4% of annual sales over this time. And finally, we are looking to target a net leverage ratio of 2 to 2.5 times, providing flexibility for strategic allocation of capital across several opportunities.

Now let's walk through these components individually. First, we see a clear path to achieving this top-line growth. We have a strong, iconic brand of portfolio, a portfolio of brands that relative to category competitors has been historically underpenetrated at U.S. retail. With the resilient demand and macro tailwinds for our category, we expect to drive steady sales growth as we close the gap to peers.

We also plan to execute against several key levers to accelerate top-line growth. These include growing our core and premium category, expanding our large format exchange and refill locations, and increasing our dispenser sell-through and connectivity.

Next, we plan to expand adjusted EBITDA margins by 500 basis points from year-end 2024 to year-end 2027. We expect our planned cost synergies to lead this expansion, followed by benefits of productivity and increased operating leverage as we drive higher volumes through our optimized footprint. We remain hyper-focused on productivity and efficiency drivers in our production to extract strong P&L flow-through.

Finally, as we've discussed, we expect to sustain annual CapEx as a percent of net sales of approximately 4%. We expect this spend will be split approximately one-third growth and two-thirds maintenance. As we increase our earnings profile and maintain investments in our business, we expect adjusted free cash flow will reach $1 billion by the end of 2027. This will occur from a combination of EBITDA growth, our ability to drive efficiencies in working capital, and maintain annual capital spending at target. We also have the potential to address gross debt levels with our cash balance.

In 2027, $1 billion in annual free cash flow prior to the implementation of any shareholder return strategies would be more than triple where this figure stood at the end of 2023. Additionally, when you look at 2024 through year-end 2027, our net sales will have compounded 4% annually, at 25% EBITDA margins with the benefit of those synergies, our EBITDA will have compounded annually at 12%. And last, and certainly not least, that free cash flow will have compounded at 16% during this period, showing the powerful flow-through and model of how our business is coming together.

Next, what is Primo Brands planning to do with that type of cash generation? We plan to continue to prioritize growth activities, reinvestment in our company, to generate expansion and harness the opportunities Joe, Kheri, and Robbert have all discussed today, as well as operational efficiencies and the greater efficiency of production and other elements Jeff and Rob discussed.

Next, we'll look to prioritize reducing our net leverage long-term and leveling out between two and two and a half times. Obviously if there is a challenging macro environment, we would target a lower profile, more toward the lower end of that range.

Next as announced last week, we have increased our 2025 dividend to $0.10 per quarter or $0.40 cents annually per share. Each year, our board will analyze steps around dividend policy. Next, we will also look at opportunistic share repurchases, as market conditions and liquidity present opportunities to reduce share count. Finally, we will complement our organic growth strategy with disciplined M&A that Robbert touched on and I'll discuss in a moment.

As mentioned, we will use our capital to support disciplined M&A. And while this will not be our priority in 2025, inorganic growth brings us back to our flywheel with the ability to accelerate net sales and empower our financial profile. We shared our strategic rationale earlier for these routes of inorganic growth. Our disciplined approach will help add into every part of our business across customers, products, brands, and points of distribution.

This added growth will help jumpstart our net sales growth flywheel all over again, notably when acquisition targets plug directly into existing operations and jumpstart incremental volume.

Primo Brands has actively maintained a pipeline for water direct, refill, and filtration tuck-ins. We've done numerous tuck-in acquisitions before, focusing on increasing route density and expanding our national footprint. We have a track record of success over the past 10 years and have developed a well-defined execution and integration playbook that we plan to use to enable profitable growth. We've seen great returns from these tuck-ins, with them being drivers of net sales and post-synergy EBITDA growth and, again, attractive post-synergy multiples.

In addition to tuck-ins that we can blend into our productivity and routed infrastructure, our organization has proven capable of targeting key underutilized beverage brands that we've transformed under our leadership. Our focus has been taking these brands, bringing our distribution mindset to them post-acquisition, and scaling them both in our routed business as well as at retail and away from home channels.

Our premium brands, Mountain Valley and Saratoga, are perfect case studies for this. Mountain Valley is the number one ranked brand in both dollars and units in the natural channel. Its brand loyalty is impressive, driving strong distribution availability with over 12,000 retail locations. We've seen a steady net sales evolution and a 37% CAGR since 2021. Similarly, we acquired Saratoga over three years ago. The brand has seen huge sales wins. Saratoga has significant growth in food service wholesale and has doubled its on-premise locations. Saratoga's net sales have spiked from $13 million when acquired to approximately $70 million in 2024. These branded beverage acquisitions have been unlocked under our leadership and, as you can see, are potentially giving us access to two different $500 million brands.

To recap what we've shared with you today, Primo Brands just delivered impressive financial results for 2024, which is only the beginning as we begin to scale the company further. We have strong synergy opportunities that we expect to deliver. Our organic growth flywheel is poised to drive gains in free cash flow, net sales, and positions as well to deliver on our newly introduced long-term algorithm, all with a disciplined approach to capital allocation, prioritizing deleveraging, returns to shareholders, and then focusing on strategic M&A, including tuck-in.

We appreciate you taking the time to be with Primo Brands today. We are incredibly excited about the future and our growth ahead.

With that, please give us a minute or two while the stage is reconfigured for Q&A with all of our presenters from today.

We'll be starting with questions from sell-side analysts before fielding a few questions from the webcast as time permits. Thank you again.

(BREAK)

John Kathol: All right. While our speakers are assembling, just a quick reminder for those of you on the webcast, if you have any questions, submit those through the Q&A box at the bottom of your screen. We are going to start and prioritize our sell-side analysts. Let's just go ahead and start right here in front with Nik on the front row here. And please, if you're asking a question, wait for the microphone to come to you.

Nik Mody: Yeah. Can you hear me? Yeah. Trent Crimm from The Independent. Sorry. Nik Mody from RBC. So Robbert, just two questions. One is, you know, on the PFAS, if you can just kind of give us an update of kind of where we are. I know there's been some mixed messages coming out of the Trump administration on that. So if you can give us an update on kind of what you're seeing and what you're seeing legislatively.

And then the second question is just, you know, Pepsi has recently announced that they're going to be kind of providing Niagara with the case pack water business for Aquafina. And I just would love your reaction on kind of, you know, what you think the implication will be. I mean, is this going to change the pricing architecture in the category? Is this an opportunity from a disruptive standpoint for you to take advantage of in the near term?

So any perspective would be helpful. Thank you.

Robbert Rietbroek: Thanks, Nik. Yeah. Great, great questions. Let me quickly repeat. So the first question is update on PFAS. Second one is with the announcement of Pepsi, which I'll clarify what I think you're referring to in a second.

Well, you know, PFAS are definitely top of mind. And you know, we talk a lot about setting your Google alert to water, right, and getting all these news articles in your inbox every day about the quality of the water.

Let me just refresh our memories on the fact that tap water is actually regulated by the EPA, whilst bottled water is regulated by the FDA. So we, and you know, I talked with Rob, and Rob can maybe talk a bit more about our production process, but we are using the most stringent water quality guidelines. And they're aligned to the IBWA quality standards, and we abide by the FDA standards. So our water is obviously very safe.

Having said that, there's an increasing concern with consumers. And we talked about the fact that there's an average seven miles from the water treatment facility to your house with tap water, and that it's going through aging infrastructure of all types. It could be wood, it could be metal, it could be plastic. So you know, we talk a lot about this, especially when we engage privately in one-on-ones about, you know, what is in the mind of the consumer. And we think that that represents a tailwind. And you know, we don't think that the aging infrastructure will be fixed in our lifetime, frankly, because of the cost that's required and the investments required to get that all fixed, which is why in Europe most of that is privatized.

With regards to the announcement, the Pepsi announcement, I think you're referring to the fact that they will be moving their business primarily to warehouse, and a lot of the business will be taken over by a third party.

We see that as an opportunity because, you know, we compete with an evolving go-to-market system that includes, in our case, warehouse delivery, in some cases DSD, and in some cases direct commercial and retail. But let me have Joe talk a bit more about the environment we operate in and our competitive advantage.

Joe Wiggetman: It's a good question, Nik. And part of it is a little bit of a wait-and-see approach on what actually happens in terms of the pricing architecture. But it's not going to change our strategy. I mean, we have a very, very strong Purified Water, which you heard about today, which competes very favorably, and it's going to continue to be part of our overarching portfolio selling approach, our dual-brand strategy, and we're going to continue to leverage what's been happening around us from a branded perspective, which has been favorable for us.

John Kathol: All right. Right behind Nik, Dan Moore is right there in the second row.

Dan Moore: Thank you, and thanks for the presentation. Really, really informative. Dan Moore from CJS. I don't think the increase in the size of the synergy target was a surprise to anybody, but the speed certainly is what caught my eye and the implications for deleveraging already below three times based on '25.

So you'll be within your target range a lot faster than I think folks had initially expected, certainly I did. Talk about a rank order, priorities for capital allocation once we're down, ticking down two and a half, two, two, two times M&A versus buybacks versus your desire to continue to delever at that point. Thanks.

Robbert Rietbroek: Sure. Yeah, so again, we are incredibly excited. You could see some of the case studies and details, Jeff, and the strength of that and how he walked through that as well as the infrastructure we have and what Rob talked through.

Our first and foremost priority will always be reinvest in the business. If there are opportunities to enable Joe and Kheri and the go-to-market teams to accelerate growth, win points of distribution, sign exclusive deals, figure out ways with our retail partners to accelerate that, we will. After that, we obviously will prioritize the deleveraging. We will look to maintain that at a stable or a lower value or a lower turn of EBITDA. And then from there, we have a lot of opportunities. But we also are going to be incredibly patient and prudent in our acquisition targeting.

When you look at the vintage of Mountain Valley and Saratoga, they were both completely amazing brands but caught in different industrial owners or different small entrepreneurial owners but really didn't have the vision to really see where they could be taken. And both separately under One Rock and Metropolis in the BlueTriton system as well as the Mountain Valley brand in Legacy Primo, we were able to unlock that.

But we will not chase deals that would not fit an accretive nature or profile to the company, the ones that we really can plug right into our system. And again, from there, dividends, share buybacks will always be contemplated but in a balance of where we're looking across the M&A landscape.

John Kathol: Let's go to Andrea up here in the front row.

Andrea Teixeira: Andrea Teixeira, JPMorgan. So I wanted to go back to, and thank you for the presentation, but go back to the long-term algo, thinking about what you have accomplished in having the benefit of having covered the HOD side of the business, Primo Water. I mean, you have had an amazing performance in the high single digits. And on the retail side, of course, you have a lot of more space to cover, as you correctly pointed out, and Kheri also pointed out a lot of different opportunities.

So I was wondering if you can bridge that, in particular also in the retail side, the 4% that grows like 50%, just on itself gives you a 200 basis points lift. So I was wondering how much legroom you have actually in the top of the range.

And then if I can kind of also add to that, it's a related question, in terms of how the synergies and the premiumization of the existing Primo customers that would now get, like you quoted, Lewis and Home Depot that were getting, obviously, the five-gallon jugs. How can you accelerate that synergy? Because I'm assuming the revenue synergies are not included in this 3% to 5%. Thank you.

Robbert Rietbroek: I think the first part, David, and then we'll get Jeff to weigh in on the second part.

David Hass: Sure. So, you know, again, in the legacy Primo organization, we had a different route to market. We had different categories. Obviously, the revenue and the accounting treatment were slightly different. But we did exit Q4 with strong performance.

Again, we remained very patient. We remained appropriate in looking at that guidance. We remained very committed to it. We're not apologetic about it at all. We think, again, with the volume contribution that we have inside that, we feel very comfortable with where it is. And that is, to your question, before we really start to harness some of the power of increased points of distribution and business planning opportunities that Joe and Kheri can take their teams and work with.

Due to the timing of the deal closure, when a lot of mods are reset, that's not really an activity that's in the near term. We had the opportunity to address that and attack that throughout the year. Where we can bring premiumization to the category are things like when you bring a regional spring water to the exchange offering, that's a natural price point differentiation that again, either Joe or Kheri could talk about more from their experience. But those are ways we can enhance that top line growth, but it does take time to work through that, the retail system to execute that playbook.

Robbert Rietbroek: Jeff, any thoughts?

Jeff Johnson: Yeah, I would just reiterate from earlier, very excited about the progress we've made to date. We've been moving at a very rapid pace. As we bring the two teams together, both came into this from a position of strength, both operations, both companies. And we've been able to already start to cross-sell and up-sell product across the two different last mile or direct delivery networks.

I, in fact, have had products from both legacy organizations of course, already delivered and enjoy them in my delivery, and I know many others are as well. So as we continue to integrate, we're also integrating the products and making those available so our customers have the best of both.

So that only supports our growth from a last mile and direct delivery standpoint.

Dean Metropoulos: Well, I want to make a comment. Several of you have asked me why a 3% to 5% growth rate. You find that a little disappointing, I understand. We certainly want to beat, not disappoint. But more importantly, and it's important, any business we've ever acquired, we find that 80% of our sales are made up of about 17%

to 20% of our SKUs. We're very aggressive in eliminating those 80, the other 80% SKUs that are just, you carry packaging and it just is not worth the margin and the distraction in the business.

We're eliminating, as you saw, from 30 to 13, 17 SKUs that represent 5%, 6% of our sales. So when we look at 3 to 5%, you've got to add the 5% we've thrown out the window very, very quickly. So I think that is an ingredient in the story, but I do feel that, as the team has said, there's a lot of new opportunities as we penetrate and execute this. And we're defining and refining those opportunities as we move forward in the coming three, four months.

John Kathol: All right, Steve.

Steve Powers: It's Steve Powers from Deutsche Bank. Thanks for the presentation and also thanks for the reserved sell-side seating. I've never felt so special in one of these, so thank you. You alluded to this a little bit in the answer to Andrea's question, but I think a lot of the conversation that we've been trained to have around the business and that's been transpiring in recent months has talked about kind of retail versus direct versus refill and exchange and the economics, thinking about the business that way.

To the extent that you're thinking about the business more about by channel or by water type, I guess, why, basically why, what are the merits of doing it that way, and how do the profitability metrics kind of vary across those different channels and water types?

I've got a follow-up if I could.

Robbert Rietbroek: I think it's a very good question, given the history of the companies that we have. And just to remind everybody, Primo Water reported as one segment, always, and then we clarified channels as we will now.

The reality is that now that we're integrating, we are going to use our manufacturing sites to make five-gallon bottles, three-gallon bottles, one-gallon bottles, case packs, aluminum, glass, recycled PET and PET. So for us, it is literally impossible to go down from, at a channel level or at the, let's say, the home and office delivery, which was previously called down to the EBIT level.

We also don't think of it as such because we are selling to commercial and residential retail outlets with the same depots and the same trucks. Let me just ask Joe to clarify, for instance, how Walmart would think about the way we service them in exchange and retail.

Joe Wiggetman: The way it is today, and some of our customers, it is in separate departments. However, part of our strategy going forward is to bring that all together and be able to sell, cross-sell, some of the things that you saw earlier today. They have been traditionally different sets of businesses and different sets of departments, whether it is hardware or retail or beverage. But our goal is to bring all that together and be that total water solution company.

I mean, retail will continue to operate like retail, as will, but the opportunity is to bring solutions that grow the category.

Steve Powers: Great. My follow-up, and maybe Rob, this is a question for you, is just as Robbert was kind of going through all the different types of water, PET and glass and aluminum, how does the capacity situation today look across those different package types? Especially my perception is the faster growing types are in aluminum and glass. I'm just curious as to how much kind of runway you have versus how much that's a priority for CapEx. Thanks.

Rob Austin: Yeah, no, thank you, Steve, for the question. I think if you look across our 70 production facilities and our capabilities when it comes to PET and injection and preform, while mature, we continue to invest in our growth brand, so with our can lines and our glass lines. We have projects going through to expand Mountain Valley and especially expand with Saratoga.

So as we leverage our capacity, 40% capacity available in our existing network, we're turning and investing in our growth brands and be able to support that growth with more capacity.

Robbert Rietbroek: We have just retooled our PET production facility at Mountain Valley, which was used for coat packing for sparkling ice, to make it a fully dedicated production line for Mountain Valley and blow mold our green PET there. In Saratoga, we're starting production in Texas as well as the Northeast to really use this as a trademark and go national with this brand more rapidly with very similar water properties.

So these are examples of the things that Rob was alluding to. But great question.

John Kathol: All right. I've got one from the web before we jump over to you, Derrick. Dean, question for you. You've been involved with a lot of companies. What sets this company apart from other companies you've owned or been involved with?

Dean Metropoulos: In many companies, and we've had some 88, we build them very close to the similar model once we get in. We're very hands on. We're very entrepreneurial. We focus on execution, strategically investing for growth and efficiency. And this company has done very similarly. It is a very well positioned company. In many ways, the infrastructure is very different than any company I've had before. And it's very unique. I think particularly for this product, this infrastructure cannot be matched. I don't think it can be replicated. These brands are also very unique.

We have had wonderful brands, you know, 200 year old Perrier-Jouet in Epernay France, 1817. So many hundreds, Ghirardelli, hundreds of perhaps. We're very proud of the brands. But these brands are day to day. Consumers need them. Those are indulgent brands in many cases. But these brands here are part of our day to day life. We cannot do without them, particularly as we discussed earlier, and I showed you the sign. Tap water is contaminated. So we're trying to provide value. We're trying to provide safety and quality. And then obviously we're offering value in our pure life, highly promoted and often displayed beautiful brands that are part of our lives and history.

And then the premium brands, we're offering the plastic, we're offering the can, we're offering the every -- so I think it's a very different model, but it's a very unique model in the way we strive to take our other companies that we built, and I think this is there.

And I'm very proud of our highly engaged, very entrepreneurial, lean focused machine in our management team.

John Kathol: All right, let's go to Derrick over there.

Derrick Wood: Thanks, guys. Derrick from TD Cowen. Probably another question for Dean. You've obviously got a significant interest in this doing well. Just maybe could you talk about how you're thinking about your holdings longer term?

Dean Metropoulos: Well, as you know, I entered this investment with One Rock. We're part of a one private equity group. That's what we do as part of our strategy and our life and our business. We invest in businesses. We build them to a place where they become wonderful new vehicles to go forward into the future and create value in that respect. And our job is to return capital to our investors once that mission is finished. And I think we've done a lot to get to that level now.

I can assure you, and One Rock will lead a lot of that, it will be a very disciplined, very thoughtful process, a patient process. I think they're very smart guys. And I truly think and by the way, this business needs liquidity. Everybody's complaining. The liquidity will make it a much better business to trade in the New York Stock Exchange and with us. So I think overall, yes, it is a challenge. We have to go through it. I think we've got wonderful momentum. It's not going to affect the performance of the business in any way. We're going to be very patient about it. And Tony and the team are very smart guys.

So I think, you know, I'm very, very confident it's going to be done in a very measured, careful way. And I think the company will benefit from the liquidity and ultimately become a fully public company without the overhang of blocks of trades.

John Kathol: Let's go to Brian over here.

Brian Splane: Thank you. Brian Splane, Bank of America. So three questions. One, first for David, if I just kind of do in the back of the envelope on the 27 targets, it's like free cash flow conversion is about 50% in 2027. So is that like a good run rate to use going forward by 27? We're kind of done with the integration CapEx and all that.

Robbert Rietbroek: It would be, yes.

Brian Splane: Okay. Why so low? Like it's a pretty, it's not a great free cash flow conversion. So just what eats up the cash?

Robbert Rietbroek: Yeah, so we're going through as we work through the integration is we'll have some working capital inefficiencies across 25 and 26 that we should be able to then be able to attack. And the backside of that, we have inventory that we have to cross dock and provide at depots. And the company's tax profile is very different than sort of the legacy structure that the public entity of Primo Water investors may have been used to. So that will have some effect. But again, we're, you know, we're working through where we really want to take this. We feel like that conversion has opportunity.

Brian Splane: Okay. But it's roughly a 50% conversion.

Robbert Rietbroek: That's correct. And we are prioritizing, we have to get the integration right. When integration goes smoothly at each depot, we can then start to streamline the working capital that supports each of those depots. And then we'll have more opportunity on the backside of that, understanding that our customer attention is stable to then be able to go through more of the commercialization actions.

Brian Splane: Okay. And then it's probably in the filings, but just can you give a sense, advertising or marketing, just how much is spent actually driving the brands?

Kheri Tillman: Yes. We spend about three, three and a half% of our net sales on marketing to drive the brands.

Brian Splane: And given the, I don't know, a lot of these brands are relatively small in revenue, right? Like we probably don't even justify a marketing budget. So just which brands, like where's the money spent?

Kheri Tillman: So as we think about our brands, we have six regional brands, right? So we see those across the country. So their sizes are different. Each brand has different awarenesses, rates of levels of awareness. So what we need to do for each brand is a bit different. So right now we are over-investing in our Mountain Valley and our Saratoga for growth. But we're ensuring that our core is our core and it's where right now the majority of our volume is. And so we're making sure that we have enough spend, but we know how to market those brands. We've been marketing them for the last couple of years as BlueTriton before we moved over to Primo and being able to find ways and the right tactics to get them to grow with distribution, with new products, with innovation, but then also the marketing and sales support that it needs.

Brian Splane: Okay. And the last one, I think there was a, Nik asked about PFAS and Dean, I think you mentioned, I think you said this public water is contaminated, I think is what you just said.

One of the questions we get about bottled water, especially in PET, is actually what gets contaminated or what gets into the water once it's left the facility, right? You know, you leave a plastic bottle in your car, right? And it's hot, you know, just, so do you do much testing of the product while it's on the shelf? And can you just kind of address maybe what happens, you know, once it's kind of left the--

Dean Metropoulos: By the way, I drink a lot of it, a lot of it, and I love the plastic more so than the bottle. And so I'm very careful about that, but please respond, Rob.

Rob Austin: Yeah, there's a lot that goes into our quality assurance. And like Robbert said, you know, really aligning our principles with the IBWA and then being regulated by the FDA. But then as we work through our quality assurance process to ensure every input, we put into our bottling facilities and our filling to create the best consumer experience possible.

Brian Splane: The question isn't in the facility, the question is what happens once it leaves? Like so is there testing, do you pull product off the shelf at retail? Like just how much sense do you have of actually how much plastic may be in that water when a consumer actually opens the bottle and drinks it?

Robbert Rietbroek: We follow the FDA guidelines, you know, on our testing and our processes. And we make sure from end to end of our product when it gets to our retailers or our consumers that it's ready to be consumed, you know, for them.

John Kathol: Okay, Robbert, I've got what looks like a two-part question from the webcast, both relating to tariffs. What are the impacts of potential tariffs that have been proposed? And what are the opportunities of potential tariffs if they're put on imported bottled water? What are the opportunities for us?

Robbert Rietbroek: Yeah, let me, I'll answer the second question first and I'll hand it over to David to talk about the impact of tariffs on our business, whether it's dispensers or imported raw materials.

But with regards to the second question, we see this as an opportunity given that we are domestic locally manufactured American brands. And if there are tariffs, and we don't know for a fact what the new tariffs are because there's some new news today, I think, and yesterday. If there will be tariffs imposed on imported water, that should technically benefit our brands. But again, we don't have the...

Dean Metropoulos: And benefit the environment.

Robbert Rietbroek: And benefit the environment, but we haven't, we don't have the details yet of the tariffs. But let me hand it over to David when it comes to raw material, packed material, and dispensers.

David Hass: Yeah, I'll touch on dispensers. You know, as you know, Primo Water has been the market leader in the import and the sale of water dispensers. Annually, we sell approximately a million of them. This would be the third time that tariffs have been imposed on the category.

It has led to almost a pretty much an immaterial disruption in that sell-through. That shows the strength of how consumers are seeking the large format category and the razor, razor blade connectivity with the ubiquity of having refill for $2.50 a gallon, exchange purchased water, or delivered.

So again, when you think of the tailwind of tap water and the conversion into bottled opportunities, that's still driving consumer demand. We work with our retail partners. About half of our sell-through is imported directly by the retail partner. So we work with them, with our supplier, to understand pricing, understand imports. And, you know, again, this has happened twice to our category. It's been a limited disruption. And on the back end of that, we continue to generate households irrespective of those tariffs being imposed.

With regard to the rest of our infrastructure, we have some cross-border supply chain. The team actively works through multidisciplinary, you know, redundancies through the team and through those suppliers. And again, the nice fortunate aspect is we've brought two companies together with large procurement departments and large supply chain spend.

So we have the ability to utilize diversity of those suppliers and navigate this if there are, you know, tariffs imposed or formalized, you know, in the continent of North America. Anything else, Rob, on that one in terms of supply chain?

Rob Austin: No, look, I think you got it. It's dispensers and then, you know, we have some resin in North America, but we're well positioned to, you know, mitigate.

Brian Splane: David, would you say that over the years as prices have come down on dispensers, regardless of tariffs, there's much less elasticity impact as well because the price of a dispenser has come down?

David Hass: Yeah, and again, our goal, when Legacy Primo 1.0, you know, the 2008 version of it brought dispensers to the category, a top load cooler was like $250 to $300. A bottom load cooler was over $400. You know, these days, the top load cooler is plus/minus $100, a bottom load you can get a great one stylistically for about $150. Those have gone up a little bit and they've gone down a little bit. Our overall goal is to continue to lower. It's about a percent of our business' total net sales, 1%.

We would, again, we don't have the capacity, it's not in the guidance, I would love to have marketing initiatives to drive those and give them away for free, frankly, because of the stimulus it could do to the water demand. That's something that we aren't, again, contemplating, but these are things and actions that we can actually explore and test and activities to really stimulate and show retail partnership how generating the dispenser sale at retail supports the two water options in store, the case pack as a complement, or convert over to a home-delivered customer.

John Kathol: Eric, go ahead.

Eric Sirota: Hi, Eric Sirota from Morgan Stanley. I want to pick up on Nik's question related to sort of the competitive environment. He mentioned the Pepsi transaction, but even before that we've seen Coke and Pepsi really de-emphasizing case pack water over the past several years. Presumably the legacy organizations each, or at least the BlueTriton organization, benefited to some extent from that.

How do you see the competitive environment evolving as you look out over the next few years, and could you talk about sort of who the competitors are once you get outside of case pack water into some of the delivery businesses? I imagine a lot of them are kind of mom and pops with a million bucks or less in sales.

Robbert Rietbroek: Let me answer on a retail side first. So today we showed you that we are currently the market leader in the water segment, and a leading branded beverage manufacturer in healthy hydration. So we are looking at water, water plus, functional water, benefit water, flavored water, sparkling water.

One of the benefits we have is that we're vertically integrated. So we're not Coke backing our water. And other manufacturers of branded beverages that aren't Coke backing have therefore need to make some sacrifices in the margin profile and may prioritize higher margin items over water. And this is why I think we are growing share. We are obviously growing distribution, we're growing market share in '24. We're the only branded beverage company in the U.S. growing market share. And so far into the year we continue to grow share.

So I think it is also the role in the portfolio. We are very, very committed to the category. We now play in every single segment from $0.50 a gallon on the self-serve refill machines to let's say $7.99 on an average basis, 5 gallon at a Home Depot or

Lowe's, all the way up to a higher price point in spring. And then you get into case pack water where we compete very, very decisively with private label and Pure Life.

We stay within a very clear price competitiveness range. All pricing obviously set at the sole discretion of the retailer, but we are very deliberate in maintaining competitiveness as Dean said where we use display, merchandising, and discounts to drive access to our brands.

And then you get into regional spring and now super premium spring with Saratoga and Mountain Valley. Both brands were recently acquired by the previous separate companies and now part of the merger. And we see the very, very high compounded annual growth rate both in retail as well as in away from home.

With regards to the other part which you referred to, the mom and pops, so what we came to a realization when we talked about this, Dean and I talked about this in the merger announcement, is that what used to be called home and office delivery is now a part of a much bigger segment called commercial residential direct delivery, Walmart Plus, Amazon, and premium brands obviously all compete for share. And we will continue to acquire regional and local, usually privately owned businesses. We usually pay one to one and a half times revenue. We synergize that down. It's very accretive. And those customers are very sticky to our base.

So that's pretty much where we are on that.

Eric Sirota: Great. Thank you.

John Kathol: All right. Robbert, any last minute thoughts?

Robbert Rietbroek: Sure. Was there any question?

Bill Chappell: Thank you. Bill Chappell from Truist Securities. Just one question on merchandising. I mean, if we walk into Walmart or Publix or pick the store, the water aisle looks like a wasteland. You don't know what's priced where, private labels all over the place. And it would seem like if you're going to be a branded company and if you're going to get some premiumization, you would need some hard work with the retailers to merchandise the aisle. Is that something that's kind of contemplated? Because if you could have it looking like the snack aisle or the razor aisle or pick the company you used to work for aisle, you could grow -- the whole category would grow a lot faster.

But I don't know if that's contemplated or if that's something down the road. You need to integrate everything first.

Robbert Rietbroek: Yeah. Great question. We do use agencies to help us with execution at retail. There's challenges in that retailers are struggling with labor. We can see that all over the place. And when they do have labor in the stores, a lot of that's going toward online pickup and delivery.

So you see shelf pickers that are literally filling carriages to bring it to the back door for somebody to come pick up or for it to go out the door. So we do use agencies strategically where we think we can get the maximum output to ensure that we have shelf integrity, to ensure that we get secondary locations in the store. You know, the power of our brands, especially when they're in a secondary location, really speaks for itself. So we do try to do that as much as we possibly can.

There is an opportunity to help out with labor in terms of -- in that regard. But we have to do it strategically and we have to be really smart about it. We can't be everywhere. But where we have the best partnerships is where we really want to lean in.

Dean Metropoulos: Just to add to that, you know, we have noticed that both Coke and Pepsi are deemphasizing their water brands, which is great. It's just going to be a matter of time that many stores -- by the way, we're experiencing more and more stores rationalizing the number of brands and the number of suppliers that they have. They don't want 20 vendors. So we're seeing and you're going to see it happen more and more, delisting of some of these unsupported businesses and brands.

And by the way, you mentioned Publix. We have a wonderful partnership with Publix and we do some of their private label. Given the improvement in our efficiencies and the capacity we've created with that, very selectively, in order to strengthen our strategic partnership with some of these folks, we do offer them the private label, we offer them the brands. And we're seeing a big trend where they want to rationalize the space on the shelf and we're going to -- I think we're feeling very, very good that whether it's now or in two or three years, they're going to deemphasize Aquafina and Dasani.

John Kathol: Robbert, any last thoughts?

Robbert Rietbroek: Well, listen, I wanted to thank all of you for being here and I wanted to just recap what I think we heard today. First, we are a volume-driven, accretive, net organic sales growth business. Number two, we are growing market share. We grew share in '24 and we have grown share already into 2025.

Third, we're a high margin business. And fourth, we are driving high free cash flow conversion. And very importantly, we are a lean and very efficient business and we have a 4% CapEx spend. We intend to drive very high return invested capital in the future. So we feel very confident in our plans, in our growth plans, synergy, delivery, and we hope you found this session valuable.

We'd like to invite all of you to the reception that's following this event. Thank you very much.