

TheStreet Quant Ratings

PRIMO WATER CORP

BUY						HOLD			SELL							BUY	RATING SINCE		12/05/2023
A+	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E+	E	E-	F		TARGET PRICE		 \$20.15
Annual Dividend Rate \$0.32					Annual Dividend Yield 1.83%			Beta 1.11		Market Capitalization \$2.8 Billion				52-Week Range \$12.27-\$17.69			Price as of 3/14/2024 \$17.45		

Sector: **Manufacturing** | Industry Group: **Beverage Manufacturing**

PRMW BUSINESS DESCRIPTION

Primo Water Corporation provides pure-play water solutions for residential and commercial customers.

STOCK PERFORMANCE (%)

	3 Mo.	1 Yr.	3 Yr (Ann)
Price Change	12.73	18.87	1.33

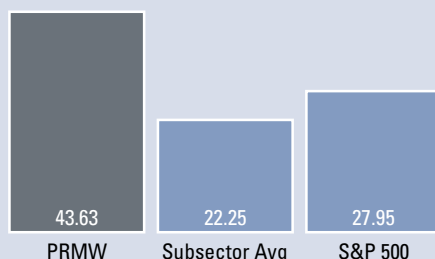
GROWTH (%)

	Last Qtr	12 Mo.	3 Yr CAGR
Revenues	-17.70	-20.02	-3.20
Net Income	208.86	704.39	56.16
EPS	-77.78	110.52	33.96

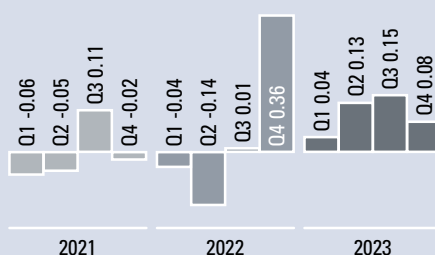
RETURN ON EQUITY (%)

	PRMW	Subsector Avg	S&P 500
Q4 2023	4.43	21.21	17.66
Q4 2022	2.31	20.21	19.00
Q4 2021	-0.24	18.53	18.28

P/E COMPARISON



EPS ANALYSIS' (\$)

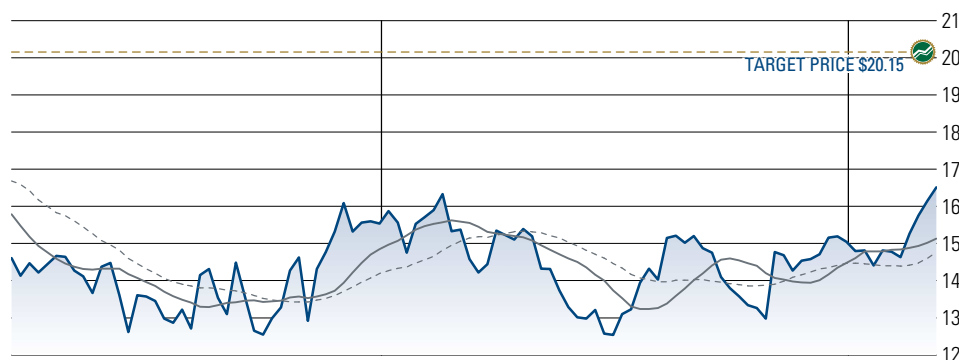


NA = not available NM = not meaningful

1 Compustat fiscal year convention is used for all fundamental data items.

Weekly Price: (US\$) | SMA (50) — SMA (100) ---

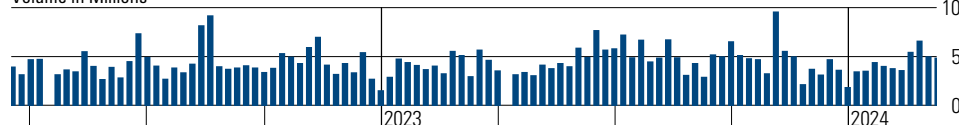
1 Year | 2 Years



Rating History



Volume in Millions



COMPUSTAT for Price and Volume, TheStreet Ratings, Inc. for Rating History

RECOMMENDATION

We rate PRIMO WATER CORP (PRMW) a BUY. This is driven by multiple strengths, which we believe should have a greater impact than any weaknesses, and should give investors a better performance opportunity than most stocks we cover. The company's strengths can be seen in multiple areas, such as its compelling growth in net income, largely solid financial position with reasonable debt levels by most measures, expanding profit margins, increase in stock price during the past year and notable return on equity. We feel its strengths outweigh the fact that the company shows weak operating cash flow.

HIGHLIGHTS

The net income growth from the same quarter one year ago has significantly exceeded that of the S&P 500 and the Beverage and Tobacco Product Manufacturing subsector. The net income increased by 208.9% when compared to the same quarter one year prior, rising from \$57.50 million to \$177.60 million.

The debt-to-equity ratio is somewhat low, currently at 1.00, and is less than that of the subsector average, implying that there has been a relatively successful effort in the management of debt levels. To add to this, PRMW has a quick ratio of 1.56, which demonstrates the ability of the company to cover short-term liquidity needs.

The gross profit margin for PRIMO WATER CORP is currently very high, coming in at 76.04%. It has increased from the same quarter the previous year. Along with this, the net profit margin of 40.48% significantly outperformed against the subsector average.

PRIMO WATER CORP has experienced a steep decline in earnings per share in the most recent quarter in comparison to its performance from the same quarter a year ago. This company has reported somewhat volatile earnings recently. But, we feel it is poised for EPS growth in the coming year. During the past fiscal year, PRIMO WATER CORP increased its bottom line by earning \$0.40 versus \$0.19 in the prior year. This year, the market expects an improvement in earnings (\$0.88 versus \$0.40).

PRMW, with its decline in revenue, underperformed when compared the subsector average of 0.9%. Since the same quarter one year prior, revenues fell by 17.7%. Weakness in the company's revenue seems to have hurt the bottom line, decreasing earnings per share.

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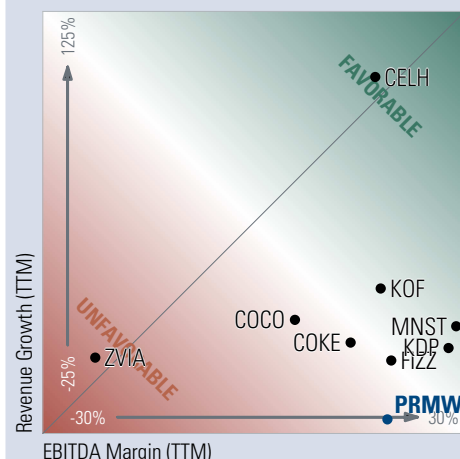
PRIMO WATER CORP

Sector: Manufacturing | Beverage Manufacturing

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PEER GROUP ANALYSIS

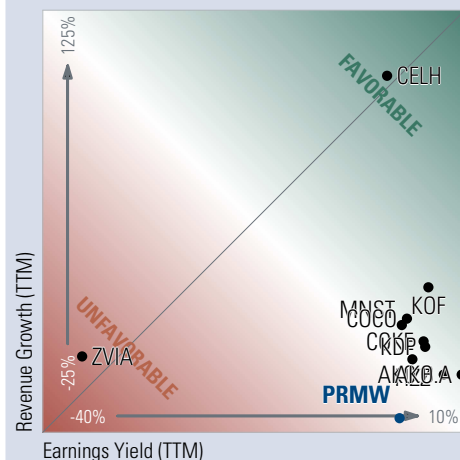
REVENUE GROWTH AND EBITDA MARGIN*



Companies with higher EBITDA margins and revenue growth rates are outperforming companies with lower EBITDA margins and revenue growth rates. Companies for this scatter plot have a market capitalization between \$64.9 Million and \$62.8 Billion. Companies with NA or NM values do not appear.

*EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization.

REVENUE GROWTH AND EARNINGS YIELD



Companies that exhibit both a high earnings yield and high revenue growth are generally more attractive than companies with low revenue growth and low earnings yield. Companies for this scatter plot have revenue growth rates between -20% and 101.7%. Companies with NA or NM values do not appear.

SUBSECTOR ANALYSIS

PRIMO WATER CORP falls within the Manufacturing sector and the Beverage Manufacturing industry group of the North American Industry Classification System or NAICS. More precisely, a significant portion of company activities involve Soft Drink Manufacturing .

TheStreet Quant Ratings is currently tracking 2221 companies in the Manufacturing sector that total around \$29,922 billion in market capitalization as well as \$10,681 billion in annual sales.

The Beverage and Tobacco Product Manufacturing subsector accounts for 4.5% of those revenues.

Industries in the Beverage and Tobacco Product Manufacturing subsector manufacture beverages and tobacco products. The Beverage Manufacturing industry group includes three types of establishments: (1) those that manufacture nonalcoholic beverages; (2) those that manufacture alcoholic beverages through the fermentation process; and (3) those that produce distilled alcoholic beverages. Ice manufacturing, while not a beverage, is included with nonalcoholic beverage manufacturing because it uses the same production process as water purification. In the case of activities related to the manufacture of beverages, the structure follows the defined production processes. Brandy, a distilled beverage, is not placed under distillery product manufacturing, but rather under winery product manufacturing since the production process used in the manufacturing of alcoholic grape-based beverages produces both wines (fermented beverage) and brandies (distilled beverage). The Tobacco Manufacturing industry group includes two types of establishments: (1) those engaged in redrying and stemming tobacco and (2) those that manufacture tobacco products, such as cigarettes and cigars.

PEER GROUP: Beverage and Tobacco Product Manufacturing

Ticker	Company Name	Recent Price (\$)	Market Cap (\$M)	Price/Earnings	Net Sales TTM (\$M)	Net Income TTM (\$M)
PRMW	PRIMO WATER CORP	17.45	2,783	43.63	1,771.80	238.10
COKE	COCA COLA CONSOLIDATED INC	843.60	7,060	19.41	6,653.86	408.38
ZVIA	ZEVIA PBC	1.19	65	NM	166.42	-21.49
MNST	MONSTER BEVERAGE CORP	60.30	62,750	38.90	7,140.03	1,630.99
KOF	COCA-COLA FEMSA SAB DE CV	99.64	5,233	17.48	13,774.09	1,198.06
FIZZ	NATIONAL BEVERAGE CORP	47.27	4,422	26.12	1,181.08	169.31
KDP	KEURIG DR PEPPER INC	29.00	40,240	18.71	14,814.00	2,181.00
AKO.B	EMBOTELLADORA ANDINA SA	16.50	2,313	13.31	2,986.77	195.56
AKO.A	EMBOTELLADORA ANDINA SA	12.82	2,313	10.34	2,986.77	195.56
CELH	CELSIUS HOLDINGS INC	93.46	21,757	120.86	1,318.01	226.80
COCO	VITA COCO COMPANY INC	25.25	1,437	31.56	493.61	46.63

The peer group comparison is based on Major Beverage and Tobacco Product Manufacturing companies of comparable size.

TheStreet Quant Ratings

PRIMO WATER CORP

Sector: Manufacturing | Beverage Manufacturing

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COMPANY DESCRIPTION

Primo Water Corporation provides pure-play water solutions for residential and commercial customers. It offers bottled water, water dispensers, purified bottled water, self-service refill drinking water, premium spring, mineral water, sparkling and flavored essence water, filtration units, and coffee. The company offers its products under the Primo, Alhambra, Crystal Rock, Mountain Valley, Deep Rock, Hinckley Springs, Crystal Springs, Kentwood Springs, Mount Olympus, Pureflo, Sierra Springs, Sparkletts, Renu, Canadian Springs, Labrador Source, and Amazon Springs brands. It sells its products through retailers and online at various price points. The company was formerly known as Cott Corporation and changed its name to Primo Water Corporation in March 2020. Primo Water Corporation was incorporated in 1955 and is based in Tampa, Florida.

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STOCK-AT-A-GLANCE

Below is a summary of the major fundamental and technical factors we consider when determining our overall recommendation of PRMW shares. It is provided in order to give you a deeper understanding of our rating methodology as well as to paint a more complete picture of a stock's strengths and weaknesses. It is important to note, however, that these factors only tell part of the story. To gain an even more comprehensive understanding of our stance on the stock, these factors must be assessed in combination with the stock's valuation. Please refer to our Valuation section on page 5 for further information.

FACTOR	SCORE					
Growth	4.0 out of 5 stars	★	★	★	★	★
Measures the growth of both the company's income statement and cash flow. On this factor, PRMW has a growth score better than 70% of the stocks we rate.	weak					strong
Total Return	4.0 out of 5 stars	★	★	★	★	★
Measures the historical price movement of the stock. The stock performance of this company has beaten 70% of the companies we cover.	weak					strong
Efficiency	2.5 out of 5 stars	★	★	★	★	★
Measures the strength and historic growth of a company's return on invested capital. The company has generated more income per dollar of capital than 40% of the companies we review.	weak					strong
Price volatility	4.5 out of 5 stars	★	★	★	★	★
Measures the volatility of the company's stock price historically. The stock is less volatile than 80% of the stocks we monitor.	weak					strong
Solvency	3.0 out of 5 stars	★	★	★	★	★
Measures the solvency of the company based on several ratios. The company is more solvent than 50% of the companies we analyze.	weak					strong
Income	4.0 out of 5 stars	★	★	★	★	★
Measures dividend yield and payouts to shareholders. The company's dividend is higher than 70% of the companies we track.	weak					strong

THESTREET QUANT RATINGS RESEARCH METHODOLOGY

TheStreet Quant Ratings' stock model projects a stock's total return potential over a 12-month period including both price appreciation and dividends. Our Buy, Hold or Sell ratings designate how we expect these stocks to perform against a general benchmark of the equities market and interest rates. While our model is quantitative, it utilizes both subjective and objective elements. For instance, subjective elements include expected equities market returns, future interest rates, implied industry outlook and forecasted company earnings. Objective elements include volatility of past operating revenues, financial strength, and company cash flows.

Our model gauges the relationship between risk and reward in several ways, including: the pricing drawdown as compared to potential profit volatility, i.e. how much one is willing to risk in order to earn profits; the level of acceptable volatility for highly performing stocks; the current valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's performance. These and many more derived observations are then combined, ranked, weighted, and scenario-tested to create a more complete analysis. The result is a systematic and disciplined method of selecting stocks.

TheStreet Quant Ratings

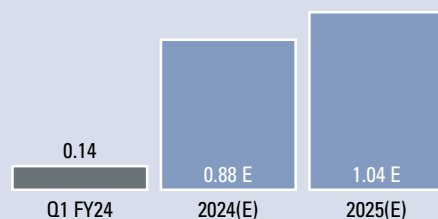
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Consensus EPS Estimates² (\$)

IBES consensus estimates are provided by Thomson Financial



INCOME STATEMENT

	Q4 FY23	Q4 FY22
Net Sales (\$mil)	438.70	533.00
EBITDA (\$mil)	83.60	95.40
EBIT (\$mil)	33.90	33.60
Net Income (\$mil)	177.60	57.50

BALANCE SHEET

	Q4 FY23	Q4 FY22
Cash & Equiv. (\$mil)	507.90	122.60
Total Assets (\$mil)	3,523.00	3,667.00
Total Debt (\$mil)	1,434.60	1,723.80
Equity (\$mil)	1,441.30	1,282.90

PROFITABILITY

	Q4 FY23	Q4 FY22
Gross Profit Margin	76.04%	70.38%
EBITDA Margin	19.05%	17.89%
Operating Margin	7.73%	6.30%
Sales Turnover	0.50	0.60
Return on Assets	6.75%	0.80%
Return on Equity	4.43%	2.31%

DEBT

	Q4 FY23	Q4 FY22
Current Ratio	2.03	0.78
Debt/Capital	0.50	0.57
Interest Expense	16.60	18.50
Interest Coverage	2.04	1.82

SHARE DATA

	Q4 FY23	Q4 FY22
Shares outstanding (mil)	159	160
Div / share	0.08	0.07
EPS	0.08	0.36
Book value / share	9.04	8.03
Institutional Own %	NA	NA
Avg Daily Volume	913,450	966,015

² Sum of quarterly figures may not match annual estimates due to use of median consensus estimates.

FINANCIAL ANALYSIS

PRIMO WATER CORP's gross profit margin for the fourth quarter of its fiscal year 2023 has increased when compared to the same period a year ago. Even though sales decreased, the net income has increased, representing an increase to the bottom line. PRIMO WATER CORP has strong liquidity. Currently, the Quick Ratio is 1.56 which shows the ability to cover short-term cash needs. The company's liquidity has increased from the same period last year.

During the same period, stockholders' equity ("net worth") has increased by 12.34% from the same quarter last year. The key liquidity measurements indicate that the company is unlikely to face financial difficulties in the near future.

STOCKS TO BUY: TheStreet Quant Ratings has identified a handful of stocks that can potentially TRIPLE in the next 12-months. To learn more visit www.TheStreetRatings.com.

TheStreet Quant Ratings

PRIMO WATER CORP

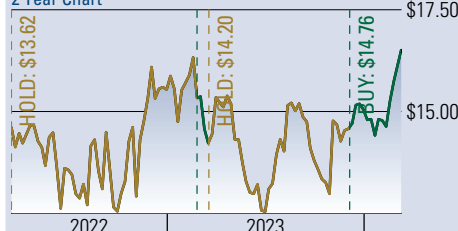
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RATINGS HISTORY

Our rating for PRIMO WATER CORP has not changed since 12/5/2023. As of 3/14/2024, the stock was trading at a price of \$17.45 which is 1.4% below its 52-week high of \$17.69 and 42.2% above its 52-week low of \$12.27.

2 Year Chart



MOST RECENT RATINGS CHANGES

Date	Price	Action	From	To
12/5/23	\$14.76	Upgrade	Hold	Buy
3/20/23	\$14.20	Downgrade	Buy	Hold
2/24/23	\$15.33	Upgrade	Hold	Buy
3/14/22	\$13.62	No Change	Hold	Hold

Price reflects the closing price as of the date listed, if available

RATINGS DEFINITIONS & DISTRIBUTION OF THESTREET RATINGS

(as of 3/14/2024)

31.74% Buy - We believe that this stock has the opportunity to appreciate and produce a total return of more than 10% over the next 12 months.

30.61% Hold - We do not believe this stock offers conclusive evidence to warrant the purchase or sale of shares at this time and that its likelihood of positive total return is roughly in balance with the risk of loss.

37.64% Sell - We believe that this stock is likely to decline by more than 10% over the next 12 months, with the risk involved too great to compensate for any possible returns.

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VALUATION

BUY. PRIMO WATER CORP's P/E ratio indicates a significant premium compared to an average of 22.25 for the Beverage and Tobacco Product Manufacturing subsector and a significant premium compared to the S&P 500 average of 27.95. For additional comparison, its price-to-book ratio of 1.93 indicates a significant discount versus the S&P 500 average of 4.68 and a significant discount versus the subsector average of 7.67. The price-to-sales ratio is well below both the S&P 500 average and the subsector average, indicating a discount.

Price/Earnings

1	2	3	4	5

PRMW 43.63 **Peers 22.25**

- Premium. A higher P/E ratio than its peers can signify a more expensive stock or higher growth expectations.
- PRMW is trading at a significant premium to its peers.

Price/Projected Earnings

1	2	3	4	5

PRMW 16.78 **Peers 16.98**

- Premium. A higher price-to-projected earnings ratio than its peers can signify a more expensive stock or higher future growth expectations.
- PRMW is trading at a premium to its peers.

Price/Book

1	2	3	4	5

PRMW 1.93 **Peers 7.67**

- Discount. A lower price-to-book ratio makes a stock more attractive to investors seeking stocks with lower market values per dollar of equity on the balance sheet.
- PRMW is trading at a significant discount to its peers.

Price/Sales

1	2	3	4	5

PRMW 1.57 **Peers 3.77**

- Discount. In the absence of P/E and P/B multiples, the price-to-sales ratio can display the value investors are placing on each dollar of sales.
- PRMW is trading at a significant discount to its subsector on this measurement.

Price/CashFlow

1	2	3	4	5

PRMW 7.94 **Peers 19.91**

- Discount. The P/CF ratio, a stock's price divided by the company's cash flow from operations, is useful for comparing companies with different capital requirements or financing structures.
- PRMW is trading at a significant discount to its peers.

Price to Earnings/Growth

1	2	3	4	5

PRMW 0.36 **Peers 1.14**

- Discount. The PEG ratio is the stock's P/E divided by the consensus estimate of long-term earnings growth. Faster growth can justify higher price multiples.
- PRMW trades at a significant discount to its peers.

Earnings Growth

1	2	3	4	5

PRMW 110.52 **Peers 357.05**

- Lower. Elevated earnings growth rates can lead to capital appreciation and justify higher price-to-earnings ratios.
- However, PRMW is expected to significantly trail its peers on the basis of its earnings growth rate.

Sales Growth

1	2	3	4	5

PRMW -20.02 **Peers 9.01**

- Lower. A sales growth rate that trails the subsector implies that a company is losing market share.
- PRMW significantly trails its peers on the basis of sales growth.

DISCLAIMER:

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