

Primo Water Corp  
Form 10-Q  
May 09, 2018

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-Q**

**(Mark One)**

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

**FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2018**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

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**COMMISSION FILE NUMBER 001-34850**

**PRIMO WATER CORPORATION**

*(Exact name of registrant as specified in its charter)*

**Delaware**                      **82-1161432**  
*(State of incorporation) (I.R.S. Employer Identification No.)*

**101 North Cherry Street, Suite 501, Winston-Salem, NC 27101**

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(Address of principal executive office) (Zip code)

**(336) 331-4000**

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if smaller reporting company) Smaller reporting company

Emerging growth company

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of May 4, 2018, there were 31,212,128 shares of our Common Stock, par value \$0.001 per share, outstanding.



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**PRIMO WATER CORPORATION**

**FORM 10-Q**

**FOR THE THREE MONTHS ENDED MARCH 31, 2018**

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	<b>March 31, 2018</b> (unaudited)	<b>December 31, 2017</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 5,330	\$ 5,586
Accounts receivable, net	22,700	18,015
Inventories	5,816	6,178
Prepaid expenses and other current assets	5,652	3,409
Total current assets	39,498	33,188
Bottles, net	4,588	4,877
Property and equipment, net	100,409	100,692
Intangible assets, net	143,241	144,555
Goodwill	92,789	92,934
Investment in Glacier securities (\$3,895 and \$3,881 available-for-sale, at fair value at March 31, 2018 and December 31, 2017, respectively)	6,524	6,510
Other assets	551	997
Total assets	\$ 387,600	\$ 383,753
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 26,107	\$ 18,698
Accrued expenses and other current liabilities	7,938	9,878
Current portion of long-term debt and capital leases	3,581	3,473
Total current liabilities	37,626	32,049
Long-term debt and capital leases, net of current portion and debt issuance costs	274,531	269,793
Deferred tax liability, net	6,730	8,455

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Other long-term liabilities	2,260	1,985
Total liabilities	321,147	312,282
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value - 10,000 shares authorized, none issued and outstanding	—	—
Common stock, \$0.001 par value - 70,000 shares authorized, 31,003 and 30,084 shares issued and outstanding at March 31, 2018 and December 31, 2017, respectively	31	30
Additional paid-in capital	321,197	327,178
Common stock warrants	18,785	18,785
Accumulated deficit	(272,542 )	(273,752 )
Accumulated other comprehensive loss	(1,018 )	(770 )
Total stockholders' equity	66,453	71,471
Total liabilities and stockholders' equity	\$ 387,600	\$ 383,753

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

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	<b>Three months ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
Net sales	\$73,659	\$60,737
Operating costs and expenses:		
Cost of sales	53,421	42,814
Selling, general and administrative expenses	9,200	10,544
Non-recurring and acquisition-related costs	77	4,448
Depreciation and amortization	6,057	6,391
Loss (gain) on disposal and impairment of property and equipment	133	(6 )
Total operating costs and expenses	68,888	64,191
Income (loss) from operations	4,771	(3,454 )
Interest expense, net	5,286	5,002
Change in fair value of warrant liability	-	3,220
Loss before income taxes	(515 )	(11,676)
Income tax (benefit) provision	(1,725 )	186
Net income (loss)	\$1,210	\$(11,862)
Earnings (loss) per common share:		
Basic	\$0.04	\$