COTT CORP /CN/
Form 10-Q
May 11, 2017

United States

Securities and Exchange Commission

Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended: April 1, 2017

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from __________ to __________

Commission File Number: 001-31410

COTT CORPORATION

(Exact name of registrant as specified in its charter)

CANADA	**98-0154711**
(State or Other Jurisdiction of Incorporation or Organization)	**(IRS Employer Identification No.)**
6525 VISCOUNT ROAD	
MISSISSAUGA, ONTARIO, CANADA	**L4V 1H6**
5519 WEST IDLEWILD AVENUE	
TAMPA, FLORIDA, UNITED STATES	**33634**
(Address of principal executive offices)	**(Zip Code)**

Registrant s telephone number, including area code: (905) 672-1900 and (813) 313-1800

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, smaller reporting company, or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company and emerging growth company in Rule 12b-2 of the Exchange Act:

Large accelerated filer		Accelerated filer
Non-accelerated filer	(Do not check if a 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 Act). Yes No

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date.

Class	Outstanding at May 4, 2017
Common Shares, no par value per share	138,937,656 shares

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

Cott Corporation

Consolidated Statements of Operations

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

Unaudited

	For the Three Months Ended	
	April 1, 2017	**April 2, 2016**
Revenue, net	**$ 896.4**	$ 698.4
Cost of sales	**585.8**	484.4
Gross profit	**310.6**	214.0
Selling, general and administrative expenses	**291.1**	197.0
Loss on disposal of property, plant & equipment, net	**1.4**	0.9
Acquisition and integration expenses	**7.3**	1.4
Operating income	**10.8**	14.7
Other expense (income), net	**8.4**	(2.2)
Interest expense, net	**35.7**	27.8
Loss before income taxes	**(33.3)**	(10.9)
Income tax expense (benefit)	**1.1**	(9.5)
Net loss	**$ (34.4)**	$ (1.4)
Less: Net income attributable to non-controlling interests	**2.0**	1.4
Net loss attributed to Cott Corporation	**$ (36.4)**	$ (2.8)
Net loss per common share attributed to Cott Corporation		
Basic	**$ (0.26)**	$ (0.02)
Diluted	**(0.26)**	(0.02)
Weighted average common shares outstanding (in thousands)		
Basic	**138,735**	113,267
Diluted	**138,735**	113,267
Dividends declared per common share	**$ 0.06**	$ 0.06

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

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Cott Corporation

Condensed Consolidated Statements of Comprehensive Loss

(in millions of U.S. dollars)

Unaudited

	For the Three Months Ended	
	April 1, 2017	**April 2, 2016**
Net loss	**$ (34.4)**	$ (1.4)
Other comprehensive income (loss):		
Currency translation adjustment	**9.7**	(3.2)
Pension benefit plan, net of tax [1]	**0.1**	0.1
Gain on derivative instruments, net of tax [2]	**2.4**	0.5
Total other comprehensive income (loss)	**12.2**	(2.6)
Comprehensive loss	**$ (22.2)**	$ (4.0)
Less: Comprehensive income attributable to non-controlling interests	**2.0**	1.4
Comprehensive loss attributed to Cott Corporation	**$ (24.2)**	$ (5.4)

1. Net of the effect of $0.1 million tax expense and $0.1 million tax benefit for the three months ended April 1, 2017 and April 2, 2016, respectively.
2. Net of the effect of $0.2 million tax benefit for the three months ended April 2, 2016.

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

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Cott Corporation

Consolidated Balance Sheets

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

Unaudited

	April 1, 2017	December 31, 2016
ASSETS		
Current assets		
Cash & cash equivalents	**$ 86.1**	$ 118.1
Restricted cash	**444.4**	
Accounts receivable, net of allowance of $8.4 ($8.8 as of December 31, 2016)	**427.5**	403.9
Inventories	**329.4**	301.4
Prepaid expenses and other current assets	**40.3**	29.8
Total current assets	**1,327.7**	853.2
Property, plant & equipment, net	**933.2**	929.9
Goodwill	**1,184.3**	1,175.4
Intangible assets, net	**930.1**	939.7
Deferred tax assets	**1.4**	0.2
Other long-term assets, net	**40.6**	41.3
Total assets	**$ 4,417.3**	$ 3,939.7
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	**$ 146.8**	$ 207.0
Current maturities of long-term debt	**4.9**	5.7
Accounts payable and accrued liabilities	**618.1**	597.4
Total current liabilities	**769.8**	810.1
Long-term debt	**2,532.5**	1,988.0
Deferred tax liabilities	**157.6**	157.8
Other long-term liabilities	**111.6**	110.0
Total liabilities	**3,571.5**	3,065.9
Equity		
Common shares, no par - 138,902,294 (December 31, 2016 - 138,591,100) shares issued	**911.7**	909.3
Additional paid-in-capital	**55.3**	54.2
(Accumulated deficit) retained earnings	**(21.9)**	22.9
Accumulated other comprehensive loss	**(105.7)**	(117.9)

Total Cott Corporation equity		**839.4**		868.5
Non-controlling interests		**6.4**		5.3
Total equity		**845.8**		873.8
Total liabilities and equity	**$**	**4,417.3**	$	3,939.7

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

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Cott Corporation

Consolidated Statements of Cash Flows

(in millions of U.S. dollars)

Unaudited

	For the Three Months Ended April 1, 2017	April 2, 2016
Operating Activities		
Net loss	**$ (34.4)**	$ (1.4)
Depreciation & amortization	**64.4**	52.5
Amortization of financing fees	**1.6**	1.2
Amortization of senior notes premium	**(1.6)**	(1.4)
Share-based compensation expense	**4.8**	2.4
Benefit for deferred income taxes	**(0.5)**	(11.3)
Unrealized commodity hedging gain, net	**(1.9)**	
Loss on extinguishment of debt	**10.1**	
Loss on disposal of property, plant & equipment, net	**1.4**	0.9
Other non-cash items	**(2.0)**	(1.7)
Change in operating assets and liabilities, net of acquisitions:		
Accounts receivable	**(14.0)**	(21.7)
Inventories	**(26.6)**	(3.3)
Prepaid expenses and other current assets	**(9.5)**	(4.4)
Other assets	**0.5**	2.4
Accounts payable and accrued liabilities, and other liabilities	**3.3**	(30.0)
Income taxes recoverable	**0.7**	(2.9)
Net cash used in operating activities	**(3.7)**	(18.7)
Investing Activities		
Acquisitions, net of cash received	**(5.0)**	(44.4)
Additions to property, plant & equipment	**(40.6)**	(29.5)
Additions to intangible assets	**(2.8)**	(2.3)
Proceeds from sale of property, plant & equipment	**4.1**	2.7
Other investing activities	**0.2**	
Net cash used in investing activities	**(44.1)**	(73.5)
Financing Activities		
Payments of long-term debt	**(203.3)**	(1.1)
Issuance of long-term debt	**750.0**	
Borrowings under ABL	**772.9**	497.2
Payments under ABL	**(834.2)**	(558.3)
Premiums and costs paid upon extinguishment of long-term debt	**(7.2)**	

Financing fees		**(9.4)**		
Distributions to non-controlling interests		**(0.9)**		(2.3)
Issuance of common shares		**0.5**		144.1
Common shares repurchased and cancelled		**(1.8)**		(1.1)
Dividends paid to common shareowners		**(8.4)**		(7.3)
Other financing activities		**0.5**		
Net cash provided by financing activities		**458.7**		71.2
Effect of exchange rate changes on cash		**1.5**		(1.0)
Net increase (decrease) in cash, cash equivalents and restricted cash		**412.4**		(22.0)
Cash, cash equivalents and restricted cash, beginning of period		**118.1**		77.1
Cash, cash equivalents and restricted cash, end of period	**$**	**530.5**	$	55.1
Supplemental Non-cash Investing and Financing Activities:				
Accrued deferred financing fees	**$**	**2.2**	$	
Additions to property, plant & equipment through accounts payable and accrued liabilities		**9.5**		4.8
Supplemental Disclosures of Cash Flow Information:				
Cash paid for interest	**$**	**22.2**	$	19.2
Cash paid for income taxes, net		**0.7**		4.2

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

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Cott Corporation

Consolidated Statements of Equity

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

Unaudited

	Cott Corporation Equity						
	Number of Common Shares *(In thousands)*	**Common Shares**	**Additional Paid-in-Capital**	**Retained Earnings (Accumulated Deficit)**	**Accumulated Other Comprehensive (Loss) Income**	**Non-Controlling Interests**	**Total Equity**
Balance at January 2, 2016	**109,695**	**$ 534.7**	**$ 51.2**	**$ 129.6**	**$ (76.2)**	**$ 6.6**	**$ 645.9**
Cumulative effect adjustment				2.8			2.8
Common shares repurchased and cancelled	(100)	(1.1)					(1.1)
Common shares issued - Equity Incentive Plan	286	2.7	(2.7)				
Common shares issued - Equity issuance	12,765	145.5					145.5
Common shares issued - Dividend reinvestment plan	5	0.1					0.1
Common shares issued - Employee stock purchase plan	26	0.3	(0.1)				0.2
Share-based compensation			2.4				2.4
Common shares dividends				(7.3)			(7.3)
Distributions to non-controlling interests						(2.3)	(2.3)
Comprehensive (loss) income							
Currency translation adjustment					(3.2)		(3.2)
Pension benefit plan, net of tax					0.1		0.1
Gain on derivative instruments, net of tax					0.5		0.5
Net (loss) income				(2.8)		1.4	(1.4)
Balance at April 2, 2016	**122,677**	**$ 682.2**	**$ 50.8**	**$ 122.3**	**$ (78.8)**	**$ 5.7**	**$ 782.2**
Balance at December 31, 2016	**138,591**	**$ 909.3**	**$ 54.2**	**$ 22.9**	**$ (117.9)**	**$ 5.3**	**$ 873.8**

Common shares repurchased and cancelled	(150)	(1.8)					(1.8)
Common shares issued - Equity Incentive Plan	410	3.6	(3.6)				
Common shares issued - Dividend reinvestment plan	12	0.1					0.1
Common shares issued - Employee stock purchase plan	39	0.5	(0.1)				0.4
Share-based compensation			4.8				4.8
Common shares dividends				(8.4)			(8.4)
Distributions to non-controlling interests						(0.9)	(0.9)
Comprehensive income							
Currency translation adjustment					9.7		9.7
Pension benefit plan, net of tax					0.1		0.1
Gain on derivative instruments, net of tax					2.4		2.4
Net (loss) income				(36.4)		2.0	(34.4)
Balance at April 1, 2017	**138,902**	**$ 911.7**	**$ 55.3**	**$ (21.9)**	**$ (105.7)**	**$ 6.4**	**$ 845.8**

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

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Cott Corporation

Notes to the Consolidated Financial Statements

Unaudited

Note 1 Business and Recent Accounting Pronouncements

Description of Business

As used herein, Cott, the Company, our Company, Cott Corporation, we, us, or our refers to Cott Corporat together with its consolidated subsidiaries. Cott is a diversified beverage company with a leading volume-based national presence in the North America and European home and office delivery (HOD) industry for bottled water, a leader in custom coffee roasting and blending of iced tea for the U.S. foodservice industry, and a leader in the production of beverages on behalf of retailers, brand owners and distributors. Our platform reaches over 2.3 million customers or delivery points across North America and Europe supported by strategically located sales and distribution facilities and fleets, as well as wholesalers and distributors. This enables us to efficiently service residences, businesses, restaurant chains, hotels and motels, small and large retailers, and healthcare facilities.

Basis of Presentation

The accompanying interim unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X and in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial reporting. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair statement of our results of operations for the interim periods reported and of our financial condition as of the date of the interim balance sheet have been included. The consolidated balance sheet as of December 31, 2016 included herein was derived from the audited consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 (2016 Annual Report). This Quarterly Report on Form 10-Q should be read in conjunction with the annual audited consolidated financial statements and accompanying notes in our 2016 Annual Report. The accounting policies used in these interim consolidated financial statements are consistent with those used in the annual consolidated financial statements.

The presentation of these interim consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes.

Significant Accounting Policies

Included in Note 1 of the 2016 Annual Report is a summary of the Company s significant accounting policies. Provided below is a summary of additional accounting policies that are significant to the financial results of the Company.

Restricted Cash

Restricted cash includes cash that is restricted as to withdrawal or usage. The Company s restricted cash was $444.4 million as of April 1, 2017 on our consolidated balance sheet and represents a portion of the proceeds from the issuance of the 5.500% senior notes due 2025 (the 2025 Notes) that were deposited with the trustee as of April 1, 2017 to satisfy and discharge our obligations under the indenture for the 6.750% senior notes due 2020 (the 2020 Notes) (see Note 7 to the consolidated financial statements).

Cost of sales

We record costs associated with the manufacturing of our products in costs of sales. Shipping and handling costs incurred to store, prepare and move products between production facilities or from production facilities to branch locations or storage facilities are recorded in cost of sales. Costs incurred in shipment of products from our production facilities to customer locations are also reflected in cost of sales, with the exception of shipping and handling costs incurred to deliver products from our Water & Coffee Solutions reporting segment branch locations to the end-user consumer of those products, which are recorded in selling, general and administrative (SG&A) expenses. These shipping and handling costs were $106.3 million and $77.8 million for the three months ended April 1, 2017 and April 2, 2016, respectively. Finished goods inventory costs include the cost of direct labor and materials and the applicable share of overhead expense chargeable to production.

Recently adopted accounting pronouncements

In July 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2015-11 Inventory (Topic 330) to simplify the accounting for inventory. The guidance requires entities to measure most inventory at the lower of cost or net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. The Company adopted the provisions of this guidance effective January 1, 2017, and applied it prospectively to all periods presented. The adoption of this standard did not have a material impact on the Company s financial statements.

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In March 2016, the FASB issued ASU 2016-09 - Compensation Stock Compensation (Topic 718). We elected to early adopt this standard in the fourth quarter of 2016, effective as of the beginning of the Company s fiscal year, January 3, 2016. Amendments requiring the recognition of excess tax benefits and tax deficiencies within the consolidated statements of operations were adopted prospectively and resulted in an increase of $0.5 million in income tax benefit, net loss, and net loss attributed to Cott Corporation and an increase of $0.01 in net loss per common share attributed to Cott Corporation within the consolidated statement of operations for the three months ended April 2, 2016.

Recently issued accounting pronouncements

Changes to GAAP are established by the FASB in the form of ASUs or the issuance of new standards to the FASB s Accounting Standards Codification (ASC). The Company considers the applicability and impact of all ASUs. ASUs not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on these consolidated financial statements.

Update ASU 2014-09 Revenue from Contracts with Customers (Topic 606)

In May 2014, the FASB amended its guidance regarding revenue recognition and created a new Topic 606, Revenue from Contracts with Customers. The objectives for creating Topic 606 were to remove inconsistencies and weaknesses in revenue recognition, provide a more robust framework for addressing revenue issues, provide more useful information to users of the financial statements through improved disclosure requirements, simplify the preparation of financial statements by reducing the number of requirements to which an entity must refer, and improve comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve the core principle, an entity should apply the following steps: 1) identify the contract(s) with a customer; 2) identify the performance obligations in the contract; 3) determine the transaction price; 4) allocate the transaction price to the performance obligations in the contract; and 5) recognize revenue when (or as) the entity satisfies a performance obligation. For public entities, the amendments are effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. The amendments may be applied retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying the amendment recognized at the date of initial application.

During the first quarter of 2017, we hired a third-party consultant to assist in the adoption of this standard, developed a scoping phase project plan, identified inventory of revenue streams and are currently in the contract review phase. The contract review phase will allow us to identify gaps between our current revenue recognition policies and the new standard so that we can quantify the impact to our consolidated financial statements.

Update ASU 2016-02 Leases (Topic 842)

In February 2016, the FASB issued an update to its guidance on lease accounting. This update revises accounting for operating leases by a lessee, among other changes, and requires a lessee to recognize a liability to make lease payments and an asset representing its right to use the underlying asset for the lease term in the balance sheet. The distinction between finance and operating leases has not changed and the update does not significantly change the effect of finance and operating leases on the consolidated statements of operations and the consolidated statements of cash flows. Additionally, this update requires both qualitative and specific quantitative disclosures. For public entities, the amendments in this update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, with early adoption permitted. At adoption, this update will be applied using a modified retrospective approach. We are currently assessing the impact of adoption of this standard on our consolidated financial statements.

Update ASU 2016-13 Financial Instruments Credit Losses (Topic 326)

In June 2016, the FASB amended its guidance to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Entities will now use forward-looking information to better form their credit loss estimates. The amended guidance also requires enhanced disclosures to help financial statement users better understand significant estimates and judgements used in estimating credit losses, as well as the credit quality and underwriting standards of an entity s portfolio. The amendments in this update are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption will be permitted for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. This guidance will be applied using a prospective or modified retrospective transition method, depending on the area covered in this update. We are currently assessing the impact of adoption of this standard on our consolidated financial statements.

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Update ASU 2017-01 Business Combinations (Topic 805)

In January 2017, the FASB amended its guidance regarding business combinations. The amendment clarified the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The amendments provide an analysis of fair value of assets acquired to determine when a set is not a business, and uses more stringent criteria related to inputs, substantive process, and outputs to determine if a business exists. The amendments in this update are effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years, with early adoption permitted. The amendments in this update should be applied prospectively on or after the effective date with no requirement for disclosures at transition. We are currently assessing the impact of adoption of this standard on our consolidated financial statements.

Update ASU 2017-04 Intangibles Goodwill and Other (Topic 350)

In January 2017, the FASB amended its guidance regarding goodwill impairment. The amendments remove certain conditions of the goodwill impairment test and simplify the computation of impairment. The amendments in this update are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years, with early adoption permitted for any tests performed after January 1, 2017. The amendments in this update should be applied prospectively, with disclosure required as to the nature of and reason for the change in accounting principle upon transition. We are currently assessing the impact of adoption of this standard on our consolidated financial statements.

Update ASU 2017-07 Compensation Retirement Benefits (Topic 715)

In March 2017, the FASB issued an update to its guidance on presentation of net periodic pension cost and net periodic post-retirement pension cost, and requires the service cost component to be presented in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations. The amendments in this update also allow only the service cost component to be eligible for capitalization when applicable. For public entities, the amendments in this update are effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years, with early adoption permitted. At adoption, this update will be applied retrospectively for the presentation of the service cost component and other components of net periodic pension cost and net periodic post-retirement benefit cost in the income statement and prospectively, on or after the effective date, for the capitalization of the service cost component of net periodic pension cost and net periodic post-retirement benefit in assets. Additionally, in the period of adoption, an entity should provide disclosures about a change in accounting principle. We are currently assessing the impact of adoption of this standard on our consolidated financial statements.

Update ASU 2017-08 Receivables Nonrefundable Fees and Other Costs (Subtopic 310-20)

In March 2017, the FASB amended its guidance on accounting for debt securities. The amendments shorten the amortization period for certain callable debt securities held at a premium. Specifically, the amendments require the premium to be amortized to the earliest call date. The amendments do not require an accounting change for securities held at a discount; the discount continues to be amortized to maturity. For public entities, the amendments in this update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, with early adoption is permitted. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. At adoption, this update will be applied using a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. Additionally, in the period of adoption, an entity should provide disclosures about a change in accounting principle. We are currently assessing the impact of adoption of this standard on our consolidated financial statements.

Note 2 Acquisitions

S&D Acquisition

On August 11, 2016, the Company acquired S&D Coffee Holding Company, the parent company of S. & D. Coffee, Inc. (S&D), a premium coffee roaster and provider of customized coffee, tea and extract solutions pursuant to a Stock and Membership Interest Purchase Agreement dated August 3, 2016 (the S&D Acquisition). The purchase price consideration of $353.6 million was allocated to the assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date. Measurement period adjustments recorded during the three months ended April 1, 2017 include adjustments to property, plant & equipment and a related adjustment to deferred taxes based on the results of the validation procedures performed as well as an adjustment to income taxes payable existing at the acquisition date. The measurement period adjustments did not have a material effect on our results of operations in prior periods.

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The table below summarizes the previously reported estimated acquisition date fair values, measurement period adjustments recorded and the final purchase price allocation of assets acquired and liabilities assumed:

(in millions of U.S. dollars)	Originally Reported	Measurement Period Adjustments	Final
Cash	$ 1.7	$	$ 1.7
Accounts receivable	51.4		51.4
Inventory	62.5		62.5
Prepaid expenses and other assets	2.3		2.3
Property, plant & equipment	92.9	(0.7)	92.2
Goodwill	117.1	0.7	117.8
Intangible assets	119.0		119.0
Other assets	2.2		2.2
Accounts payable and accrued liabilities	(46.7)	(0.2)	(46.9)
Deferred tax liabilities	(43.3)	0.2	(43.1)
Other long-term liabilities	(5.5)		(5.5)
Total	$ 353.6	$	$ 353.6

Eden Acquisition

On August 2, 2016, the Company acquired Hydra Dutch Holdings 1 B.V., the indirect parent company of Eden Springs Europe B.V., a leading provider of water and coffee solutions in Europe (Eden), pursuant to a Share Purchase Agreement dated June 7, 2016 (the Eden Acquisition). The purchase price consideration of 515.9 million (U.S. $576.3 million at the exchange rate in effect on the acquisition date), was allocated to the assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date. Measurement period adjustments recorded during the three months ended April 1, 2017 primarily related to the on-going analysis of transfer pricing issues and various deferred tax adjustments related to the preliminary valuations. The measurement period adjustments did not have a material effect on our results of operations in prior periods.

The table below summarizes the originally reported estimated acquisition date fair values, measurement period adjustments recorded and the preliminary purchase price allocation of assets acquired and liabilities assumed:

(in millions of U.S. dollars)	Originally Reported	Measurement Period Adjustments	Preliminary
Cash & cash equivalents	$ 19.6	$	$ 19.6
Accounts receivable	95.4		95.4
Inventories	17.7		17.7
Prepaid expenses and other current assets	6.2		6.2
Property, plant & equipment	107.1		107.1
Goodwill	299.7	0.8	300.5
Intangible assets	213.2		213.2

Other assets	2.8		2.8
Deferred tax assets	19.5		19.5
Current maturities of long-term debt	(2.7)		(2.7)
Accounts payable and accrued liabilities	(128.3)		(128.3)
Long-term debt	(3.1)		(3.1)
Deferred tax liabilities	(49.5)	1.0	(48.5)
Other long-term liabilities	(21.3)	(1.8)	(23.1)
Total	$ 576.3	$	$ 576.3

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The fair values of acquired property, plant & equipment, customer relationships, and deferred taxes are provisional pending validation and receipt of the final valuations for those assets. In addition, consideration for potential loss contingencies, including uncertain tax positions, are still under review.

Supplemental Pro Forma Data (unaudited)

The following unaudited pro forma financial information for the three months ended April 2, 2016, represent the combined results of operations as if the S&D Acquisition and Eden Acquisition had occurred on January 4, 2015. Unaudited pro forma consolidated results of operations for the acquisition of Aquaterra Corporation (Aquaterra) in January 2016 were not included in the combined results of our operations for the three months ended April 2, 2016 because the Company determined they were immaterial. The unaudited pro forma financial information results reflect certain adjustments related to these acquisitions such as increased amortization expense on acquired intangible assets resulting from the preliminary fair valuation of assets acquired. The unaudited pro forma financial information does not necessarily reflect the results of operations that would have occurred had we operated as a single entity during such periods.

(in millions of U.S. dollars, except per share amounts)	**For the Three Months Ended April 2, 2016**	
Revenue	$	916.2
Net loss attributed to Cott Corporation		(9.4)
Net loss per common share attributed to Cott Corporation, diluted	$	(0.07)

Note 3 Income Taxes

Income tax expense was $1.1 million on pre-tax loss of $33.3 million for the three months ended April 1, 2017, as compared to an income tax benefit of $9.5 million on pre-tax loss of $10.9 million for the three months ended April 2, 2016. The increase in the income tax expense was due primarily to the Company no longer recognizing tax benefits in the U.S. and Canada.

Note 4 Net Loss Per Common Share

Basic net loss per common share is calculated by dividing net loss attributed to Cott Corporation by the weighted average number of common shares outstanding during the periods presented. Diluted net loss per common share is calculated by dividing net loss attributed to Cott Corporation by the weighted average number of common shares outstanding adjusted to include the effect, if dilutive, of the exercise of in-the-money stock options, Performance-based RSUs, and Time-based RSUs during the periods presented. Set forth below is a reconciliation of the denominator for the diluted net loss per common share computations for the periods indicated:

	For the Three Months Ended			
(in thousands)	**April 1, 2017**		**April 2, 2016**	
Diluted net loss attributed to Cott Corporation (numerator)	**$**	**(36.4)**	$	(2.8)

Weighted average common shares outstanding - basic	**138,735**	113,267
Dilutive effect of Stock Options		
Dilutive effect of Performance-based RSUs		
Dilutive effect of Time-based RSUs		
Weighted average common shares outstanding - diluted (denominator)	**138,735**	113,267

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The following table summarizes anti-dilutive securities excluded from the computation of diluted net loss per common share for the periods indicated:

	For the Three Months Ended	
(in thousands)	**April 1, 2017**	**April 2, 2016**
Stock Options	**4,474**	2,892
Performance-based RSUs [1]	**1,824**	2,003
Time-based RSUs	**721**	733

1. Performance-based RSUs represent the number of shares expected to be issued based primarily on the estimated achievement of cumulative pre-tax income targets for these awards.

Note 5 Segment Reporting

Our broad portfolio of products include bottled water, coffee, brewed tea, water dispensers, coffee and tea brewers, filtration equipment, carbonated soft drinks (CSDs), 100% shelf stable juice and juice-based products, clear, still and sparkling flavored waters, energy drinks and shots, sports products, new age beverages, ready-to-drink teas, liquid enhancers, freezables, ready-to-drink alcoholic beverages, hot chocolate, malt drinks, creamers/whiteners, cereals and beverage concentrates.

During the first quarter of 2016, we completed the acquisition of Aquaterra followed by the S&D Acquisition and the Eden Acquisition in the third quarter of 2016. These businesses were added to our DSS reporting segment, which was then renamed Water & Coffee Solutions to reflect the increased scope of our offering. Other than the change in name, there was no impact on prior period results for this reporting segment. The Water & Coffee Solutions reporting segment produces a product category consisting primarily of bottled water, coffee, brewed tea, water dispensers, coffee and tea brewers and filtration equipment.

Our business operates through four reporting segments: Water & Coffee Solutions, Cott North America, Cott U.K. and All Other. We refer to our Cott North America, Cott U.K. and All Other reporting segments together as our traditional business. Our corporate oversight function is not treated as a segment; it includes certain general and administrative costs that are not allocated to any of the reporting segments.

	For the Three Months Ended April 1, 2017						
(in millions of U.S. dollars)	**Water & Coffee Solutions**	**Cott North America**	**Cott U.K.**	**All Other**	**Corporate**	**Eliminations**	**Total**
Revenue, net [1]	**$ 495.5**	**$ 301.1**	**$ 94.2**	**$ 11.5**	**$**	**$ (5.9)**	**$ 896.4**
Depreciation and amortization	**41.6**	**17.8**	**4.8**	**0.2**			**64.4**
Operating income (loss)	**14.9**	**1.1**		**1.6**	**(6.8)**		**10.8**
Additions to property, plant & equipment	**28.1**	**8.3**	**3.6**	**0.6**			**40.6**
As of April 1, 2017							
Total assets [2]	**2,750.9**	**1,318.8**	**320.9**	**26.7**			**4,417.3**

1. Intersegment revenue between Cott North America and the other reporting segments was $5.9 million for the three months ended April 1, 2017.
2. Excludes intersegment receivables, investments and notes receivable.

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(in millions of U.S. dollars)	For the Three Months Ended April 2, 2016						
	Water & Coffee Solutions	Cott North America	Cott U.K.	All Other	Corporate	Eliminations	Total
Revenue, net [1]	$ 257.3	$ 313.3	$ 120.6	$ 13.6	$	$ (6.4)	$ 698.4
Depreciation and amortization	28.4	18.3	5.5	0.3			52.5
Operating income (loss)	5.7	0.6	9.9	2.5	(4.0)		14.7
Additions to property, plant & equipment	17.8	9.4	2.0	0.3			29.5
As of December 31, 2016							
Total assets [2]	2,735.1	862.9	316.5	25.2			3,939.7

1. Intersegment revenue between Cott North America and the other reporting segments was $6.4 million for the three months ended April 2, 2016.
2. Excludes intersegment receivables, investments and notes receivable.

For the three months ended April 1, 2017, sales to Walmart accounted for 13.0% of our total revenue (April 2, 2016 18.2%), 1.3% of our Water & Coffee Solutions reporting segment revenue (April 2, 2016 2.5%), 33.4% of our Cott North America reporting segment revenue (April 2, 2016 34.3%), 9.6% of our Cott U.K. reporting segment revenue (April 2, 2016 11.1%), and 2.7% of our All Other reporting segment revenue (April 2, 2016 1.6%).

Credit risk arises from the potential default of a customer in meeting its financial obligations to us. Concentrations of credit exposure may arise with a group of customers that have similar economic characteristics or that are located in the same geographic region. The ability of such customers to meet obligations would be similarly affected by changing economic, political or other conditions. We are not currently aware of any facts that would create a material credit risk.

Revenues by channel by reporting segment were as follows:

(in millions of U.S. dollars)	For the Three Months Ended April 1, 2017					
	Water & Coffee Solutions	Cott North America	Cott U.K.	All Other	Eliminations	Total
Revenue, net						
Private label retail	**$ 21.4**	**$ 240.6**	**$ 38.3**	**$ 0.9**	**$ (0.4)**	**$ 300.8**
Branded retail	**19.1**	**22.6**	**29.5**	**0.9**	**(0.4)**	**71.7**
Contract packaging		**31.1**	**21.8**	**3.0**	**(1.9)**	**54.0**
Home and office bottled water delivery	**229.1**					**229.1**
Coffee and tea services	**165.6**		**0.6**			**166.2**
Concentrate and other	**60.3**	**6.8**	**4.0**	**6.7**	**(3.2)**	**74.6**
Total	**$ 495.5**	**$ 301.1**	**$ 94.2**	**$ 11.5**	**$ (5.9)**	**$ 896.4**

	For the Three Months Ended April 2, 2016					
(in millions of U.S. dollars)	**Water & Coffee Solutions**	**Cott North America**	**Cott U.K.**	**All Other**	**Eliminations**	**Total**
Revenue, net						
Private label retail	$ 16.9	$ 248.5	$ 50.7	$ 0.5	$ (0.4)	$ 316.2
Branded retail	24.3	26.8	36.2	0.8	(0.3)	87.8
Contract packaging		31.4	28.3	4.7	(2.1)	62.3
Home and office bottled water delivery	162.0					162.0
Coffee and tea services	31.5		0.8			32.3
Concentrate and other	22.6	6.6	4.6	7.6	(3.6)	37.8
Total	$ 257.3	$ 313.3	$ 120.6	$ 13.6	$ (6.4)	$ 698.4

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Note 6 Inventories

The following table summarizes inventories as of April 1, 2017 and December 31, 2016:

(in millions of U.S. dollars)	April 1, 2017	December 31, 2016
Raw materials	**$ 134.9**	$ 123.4
Finished goods	**142.4**	131.6
Resale items	**21.9**	22.0
Other	**30.2**	24.4
Total	**$ 329.4**	$ 301.4

Note 7 Debt

Our total debt as of April 1, 2017 and December 31, 2016 was as follows:

	April 1, 2017			December 31, 2016		
(in millions of U.S. dollars)	Principal	Unamortized Debt Issuance Costs	Net	Principal	Unamortized Debt Issuance Costs	Net
6.750% senior notes due in 2020	**$ 422.7**	**$ 5.8**	**$ 416.9**	$ 625.0	$ 9.3	$ 615.7
10.000% senior notes due in 2021 [1]	**382.6**		**382.6**	384.2		384.2
5.375% senior notes due in 2022	**525.0**	**6.9**	**518.1**	525.0	7.1	517.9
5.500% senior notes due in 2024	**480.7**	**9.6**	**471.1**	474.1	9.8	464.3
5.500% senior notes due in 2025	**750.0**	**11.6**	**738.4**			
ABL facility	**146.8**		**146.8**	207.0		207.0
GE Term Loan	**3.7**	**0.1**	**3.6**	4.3	0.2	4.1
Capital leases and other debt financing	**6.7**		**6.7**	7.5		7.5
Total debt	**2,718.2**	**34.0**	**2,684.2**	2,227.1	26.4	2,200.7
Less: Short-term borrowings and current debt:						
ABL facility	**146.8**		**146.8**	207.0		207.0
Total short-term borrowings	**146.8**		**146.8**	207.0		207.0
GE Term Loan - current maturities	**2.3**		**2.3**	2.3		2.3
Capital leases and other debt financing - current maturities	**2.6**		**2.6**	3.4		3.4
Total current debt	**151.7**		**151.7**	212.7		212.7
Total long-term debt	**$ 2,566.5**	**$ 34.0**	**$ 2,532.5**	$ 2,014.4	$ 26.4	$ 1,988.0

1. The outstanding aggregate principal amount of $350.0 million of our 10.000% senior secured notes (DSS Notes) was assumed by Cott at fair value of $406.0 million in connection with Cott s acquisition of DSS. The premium of $56.0 million is being amortized as an adjustment to interest expense using the effective interest method over the remaining contractual term of the DSS Notes. The effective interest rate is 7.515%. The remaining unamortized premium was $32.6 million and $34.2 million at April 1, 2017 and December 31, 2016, respectively.

5.500% Senior Notes due in 2025

On March 22, 2017, we issued $750.0 million of 2025 Notes to qualified purchasers in a private placement offering under Rule 144A under the Securities Act of 1933, as amended (the Securities Act), and outside the United States to non-U.S. purchasers pursuant to Regulation S under the Securities Act and other applicable laws. The 2025 Notes were issued by our wholly-owned subsidiary Cott Holdings Inc., and most of our U.S., Canadian, U.K., Luxembourg and Dutch subsidiaries guarantee the 2025 Notes. The 2025 Notes will mature on April 1, 2025 and interest is payable semi-annually on April 1st and October 1st of each year commencing on October 1, 2017.

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We incurred $11.6 million of financing fees in connection with the issuance of the 2025 Notes. The financing fees are being amortized using the effective interest method over an eight-year period, which represents the term to maturity of the 2025 Notes.

6.750% Senior Notes due in 2020

On March 22, 2017, we used a portion of the proceeds from the issuance of the 2025 Notes to purchase $202.3 million in aggregate principal amount of the 2020 Notes in a cash tender offer. The tender offer included $7.1 million in premium payments, accrued interest of $3.1 million, the write-off of $2.9 million in deferred financing fees and other costs of $0.1 million. In addition, as of April 1, 2017, $444.4 million of the proceeds from the issuance of the 2025 Notes were deposited with the trustee to satisfy and discharge our obligations under the 2020 Notes, and as a result, such amount was recorded to restricted cash.

On April 5, 2017, we redeemed all of the remaining $422.7 million aggregate principal amount of our 2020 Notes. The redemption included $14.3 million in premium payments as well as accrued interest of $7.4 million.

Note 8 Accumulated Other Comprehensive (Loss) Income

Changes in accumulated other comprehensive (loss) income (AOCI) by component for the three months ended April 1, 2017 and April 2, 2016 were as follows:

(in millions of U.S. dollars)[1]	Gains and Losses on Derivative Instruments	Pension Benefit Plan Items	Currency Translation Adjustment Items	Total
Beginning balance January 2, 2016	$ (4.7)	$ (10.1)	$ (61.4)	$ (76.2)
OCI before reclassifications	1.5		(3.2)	(1.7)
Amounts reclassified from AOCI	(1.0)	0.1		(0.9)
Net current-period OCI	0.5	0.1	(3.2)	(2.6)
Ending balance April 2, 2016	$ (4.2)	$ (10.0)	$ (64.6)	$ (78.8)
Beginning balance December 31, 2016	$ (0.1)	$ (14.4)	$ (103.4)	$ (117.9)
OCI before reclassifications	3.1		9.7	12.8
Amounts reclassified from AOCI	(0.7)	0.1		(0.6)
Net current-period OCI	2.4	0.1	9.7	12.2
Ending balance April 1, 2017	$ 2.3	$ (14.3)	$ (93.7)	$ (105.7)

1. All amounts are net of tax. Amounts in parentheses indicate debits.

The following table summarizes the amounts reclassified from AOCI for the three months ended April 1, 2017 and April 2, 2016, respectively.

(in millions of U.S. dollars) Details About AOCI Components[1]	For the Three Months Ended April 1, 2017	April 2, 2016	Affected Line Item in the Statement Where Net Income Is Presented
Gains and losses on derivative instruments Foreign currency and commodity hedges	$ 0.7	$ 1.6	Cost of sales
	$ 0.7	$ 1.6	Total before taxes
		(0.6)	Tax expense
	$ 0.7	$ 1.0	Net of tax
Amortization of pension benefit plan items Prior service costs [2]	$ (0.1)	$ (0.1)	Cost of sales
	(0.1)	(0.1)	Total before taxes
			Tax expense
	$ (0.1)	$ (0.1)	Net of tax
Total reclassifications for the period	$ 0.6	$ 0.9	Net of tax

1. Amounts in parenthesis indicate debits.
2. These AOCI components are included in the computation of net periodic pension cost.

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Note 9 Commitments and Contingencies

We are subject to various claims and legal proceedings with respect to matters such as governmental regulations and other actions arising out of the normal course of business. Management believes that the resolution of these matters will not have a material adverse effect on our financial position, results of operations, or cash flow.

We had $39.9 million in standby letters of credit outstanding as of April 1, 2017 ($42.4 million December 31, 2016).

Note 10 Hedging Transactions and Derivative Financial Instruments

We are directly and indirectly affected by changes in foreign currency market conditions. These changes in market conditions may adversely impact our financial performance and are referred to as market risks. When deemed appropriate by management, we use derivatives as a risk management tool to mitigate the potential impact of foreign currency market risks.

We use various types of derivative instruments including, but not limited to, forward contracts, futures contracts and swap agreements for certain commodities. Forward and futures contracts are agreements to buy or sell a quantity of a commodity at a predetermined future date, and at a predetermined rate or price. Forward contracts are traded over-the-counter whereas future contracts are traded on an exchange. A swap agreement is a contract between two parties to exchange cash flows based on specified underlying notional amounts, assets and/or indices.

All derivatives are carried at fair value in the consolidated balance sheets in the line item accounts receivable, net or accounts payable and accrued liabilities. The carrying values of the derivatives reflect the impact of legally enforceable master netting agreements with each counterparty. These allow us to net settle positive and negative positions (assets and liabilities) arising from different transactions with the same counterparty.

The accounting for gains and losses that result from changes in the fair values of derivative instruments depends on whether the derivatives have been designated and qualify as hedging instruments and the types of hedging relationships. Derivatives can be designated as fair value hedges, cash flow hedges or hedges of net investments in foreign operations. The changes in the fair values of derivatives that have been designated and qualify for fair value hedge accounting are recorded in the same line item in our consolidated statements of operations as the changes in the fair value of the hedged items attributable to the risk being hedged. The changes in fair values of derivatives that have been designated and qualify as cash flow hedges are recorded in AOCI and are reclassified into the line item in the consolidated statements of operations in which the hedged items are recorded in the same period the hedged items affect earnings. Due to the high degree of effectiveness between the hedging instruments and the underlying exposures being hedged, fluctuations in the value of the derivative instruments are generally offset by changes in the fair values or cash flows of the underlying exposures being hedged. The changes in fair values of derivatives that were not designated and/or did not qualify as hedging instruments are immediately recognized into earnings. We classify cash inflows and outflows related to derivative and hedging instruments within the appropriate cash flows section associated with the item being hedged.

For derivatives that will be accounted for as hedging instruments, we formally designate and document, at inception, the financial instrument as a hedge of a specific underlying exposure, the risk management objective and the strategy for undertaking the hedge transaction. In addition, we formally assess both at the inception and at least quarterly thereafter, whether the financial instruments used in hedging transactions are effective at offsetting changes in either the fair values or cash flows of the related underlying exposures. Any ineffective portion of a financial instrument s change in fair value is immediately recognized into earnings.

We estimate the fair values of our derivatives based on quoted market prices or pricing models using current market rates (see Note 11 to the consolidated financial statements). The notional amounts of the derivative financial instruments do not necessarily represent amounts exchanged by the parties and, therefore, are not a direct measure of our exposure to the financial risks described above. The amounts exchanged are calculated by reference to the notional amounts and by other terms of the derivatives, such as interest rates, foreign currency exchange rates or other financial indices. We do not view the fair values of our derivatives in isolation, but rather in relation to the fair values or cash flows of the underlying hedged transactions. All of our derivatives are over-the-counter or exchange traded instruments with liquid markets.

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Credit Risk Associated with Derivatives

We have established strict counterparty credit guidelines and enter into transactions only with financial institutions of investment grade or better. We monitor counterparty exposures regularly and review promptly any downgrade in counterparty credit rating. We mitigate pre-settlement risk by being permitted to net settle for transactions with the same counterparty. To minimize the concentration of credit risk, we enter into derivative transactions with a portfolio of financial institutions. Based on these factors, we consider the risk of counterparty default to be minimal.

Cash Flow Hedging Strategy

We use cash flow hedges to minimize the variability in cash flows of assets or liabilities or forecasted transactions caused by fluctuations in foreign currency exchange rates and commodity prices. The changes in fair values of hedges that are determined to be ineffective are immediately reclassified from AOCI into earnings. We did not discontinue any cash flow hedging relationships during the three months ended April 1, 2017 or April 2, 2016, respectively. Foreign exchange contracts typically have maturities of less than twelve months. Substantially all outstanding hedges as of April 1, 2017 are expected to settle in the next twelve months.

We maintain a foreign currency cash flow hedging program to reduce the risk that our procurement activities will be adversely affected by changes in foreign currency exchange rates. We enter into forward contracts to hedge certain portions of forecasted cash flows denominated in foreign currencies. The total notional values of derivatives that were designated and qualified for our foreign currency cash flow hedging program were $17.9 million and $15.3 million as of April 1, 2017 and December 31, 2016, respectively. Approximately $0.1 million and $1.1 million of unrealized losses, net of tax, related to the foreign currency cash flow hedges were included in AOCI as of April 1, 2017 and April 2, 2016 respectively. The hedge ineffectiveness for these cash flow hedging instruments was not material during the periods presented.

We have entered into commodity swaps on aluminum to mitigate the price risk associated with forecasted purchases of materials used in our manufacturing process. These derivative instruments were designated and qualified as a part of our commodity cash flow hedging program. The objective of this hedging program is to reduce the variability of cash flows associated with future purchases of aluminum. We had no outstanding aluminum commodity swaps as of April 1, 2017 and December 31, 2016. Unrealized net of tax losses of $3.4 million related to the commodity swaps were included in AOCI as of April 2, 2016. The cumulative hedge ineffectiveness for these hedging instruments was not material during the periods presented.

We have entered into coffee futures contracts to hedge exposure to price fluctuations on green coffee associated with fixed-price sales contracts with customers, which generally range from three to 18 months in length. These derivatives have been designated and qualified as a part of our commodity cash flow hedging program effective January 1, 2017. The objective of this hedging program is to reduce the variability of cash flows associated with future purchases of green coffee. We did not elect hedge accounting for our coffee futures contracts in 2016. The notional amount for the coffee futures contracts that were designated and qualified for our commodity cash flow hedging program was 20.2 million pounds as of April 1, 2017. The notional amounts for the coffee futures contracts not designated or qualifying as hedging instruments was 44.9 million pounds as of December 31, 2016. The effective portion of the cash-flow hedge recognized in AOCI during the three months ended April 1, 2017 was $3.3 million. Approximately $0.7 million of realized gains, representing the effective portion of the cash-flow hedge, were subsequently reclassified from AOCI to earnings and recognized in cost of sales in the consolidated statements of operations for the three months ended April 1, 2017. The hedge ineffectiveness for these cash flow hedging instruments was $0.1 million for the three months ended April 1, 2017.

The fair value of the Company s derivative assets included within other receivables as a component of accounts receivable, net was $0.1 million as of December 31, 2016. We did not have derivative assets as of April 1, 2017. The fair value of the Company s derivative liabilities included in accrued liabilities was $0.3 million and $6.1 million as of April 1, 2017 and December 31, 2016, respectively. Set forth below is a reconciliation of the Company s derivatives by contract type for the periods indicated:

(in millions of U.S. dollars)	**April 1, 2017**		**December 31, 2016**	
Derivative Contract	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Foreign currency hedge	$	$	$ 0.1	$
Coffee futures [1]		0.3		6.1
	$	$ 0.3	$ 0.1	$ 6.1

1. The fair value of the coffee futures excludes amounts in the related margin accounts. As of April 1, 2017 and December 31, 2016, the aggregate margin account balances were $3.0 million and $9.2 million, respectively, and are included in cash & cash equivalents on the consolidated balance sheets.

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Coffee futures are subject to enforceable master netting arrangements and are presented net in the reconciliation above. The fair value of the coffee futures assets and liabilities which are shown on a net basis are reconciled in the table below:

(in millions of U.S. dollars)	April 1, 2017	December 31, 2016
Coffee futures assets	**$ 1.1**	$ 1.4
Coffee futures liabilities	**(1.4)**	(7.5)
Net asset (liability)	**$ (0.3)**	$ (6.1)

The settlement of our derivative instruments resulted in a credit to cost of sales of $0.7 million for the three months ended April 1, 2017, and a debit to cost of sales of $1.6 million for the three months ended April 2, 2016, respectively.

Note 11 Fair Value Measurements

ASC No. 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of inputs used to measure fair value are as follows:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

We have certain assets and liabilities such as our derivative instruments that are required to be recorded at fair value on a recurring basis in accordance with GAAP.

Our derivative assets and liabilities represent Level 2 instruments. Level 2 instruments are valued based on observable inputs for quoted prices for similar assets and liabilities in active markets. The fair value for the derivative assets as of December 31, 2016 was $0.1 million. We did not have derivative assets as of April 1, 2017. The fair value for the derivative liabilities as of April 1, 2017 and December 31, 2016 was $0.3 million and $6.1 million, respectively.

Fair Value of Financial Instruments

The carrying amounts reflected in the consolidated balance sheets for cash & cash equivalents, restricted cash, receivables, payables, short-term borrowings and long-term debt approximate their respective fair values, except as otherwise indicated. The carrying values and estimated fair values of our significant outstanding debt as of April 1, 2017 and December 31, 2016 were as follows:

	April 1, 2017		December 31, 2016	
(in millions of U.S. dollars)	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
6.750% senior notes due in 2020 [1, 3]	**$ 416.9**	**$ 437.0**	$ 615.7	$ 647.7
10.000% senior notes due in 2021 [1, 2]	**382.6**	**375.4**	384.2	383.7
5.375% senior notes due in 2022 [1, 3]	**518.1**	**535.5**	517.9	534.2
5.500% senior notes due in 2024 [1, 3]	**471.1**	**509.5**	464.3	505.5
5.500% senior notes due in 2025 [1, 3]	**738.4**	**763.1**		
Total	**$ 2,527.1**	**$ 2,620.5**	$ 1,982.1	$ 2,071.1

1. The fair values were based on the trading levels and bid/offer prices observed by a market participant and are considered Level 1 financial instruments.

2. The outstanding aggregate principal amount of $350.0 million of our DSS Notes was assumed by Cott at a fair value of $406.0 million in connection with Cott s acquisition of DSS. The premium of $56.0 million is being amortized as an adjustment to interest expense using the effective interest method over the remaining contractual term of the DSS Notes. The remaining unamortized premium was $32.6 million and $34.2 million at April 1, 2017 and December 31, 2016, respectively.
3. The carrying value of our significant outstanding debt is net of unamortized debt issuance costs of $34.0 million and $26.4 million as of April 1, 2017 and December 31, 2016, respectively.

Fair Value of Contingent Consideration

We estimated the fair value of the contingent consideration related to the 2014 acquisition of Aimia Foods utilizing financial projections of the acquired business and estimated probabilities of achievement of certain EBITDA targets. The fair value was previously based on significant inputs not observable in the market and thus represented a Level 3 instrument. Level 3 instruments are valued based on unobservable inputs that are supported by little or no market activity and reflect our own assumptions in measuring fair value. The final aggregate contingent consideration was paid during the third quarter of 2016. The following table provide a reconciliation of the beginning and ending balance of this liability for the three months ended April 2, 2016.

(in millions of U.S. dollars)	For the Three Months Ended April 2, 2016	
Fair value at beginning of period	$	16.4
Foreign exchange gain		(0.5)
Fair value at end of period	$	15.9

Note 12 Guarantor Subsidiaries

Guarantor Subsidiaries for DSS Notes

The DSS Notes assumed as part of the acquisition of DSS are guaranteed on a senior basis by Cott Corporation and certain of its 100% owned direct and indirect subsidiaries (the DSS Guarantor Subsidiaries). DSS and each DSS Guarantor Subsidiary is 100% owned by Cott Corporation. The DSS Notes are fully and unconditionally, jointly and severally, guaranteed by Cott Corporation and the DSS Guarantor Subsidiaries. The Indenture governing the DSS Notes (DSS Indenture) requires any 100% owned domestic restricted subsidiary (i) that guarantees or becomes a borrower under the Credit Agreement (as defined in the DSS Indenture) or the asset-based lending facility (the ABL facility) or (ii) that guarantees any other indebtedness of Cott Corporation, DSS or any of the DSS Guarantor Subsidiaries (other than junior lien obligations) secured by collateral (other than Excluded Property (as defined in the DSS Indenture)) to guarantee on a secured basis the DSS Notes. The guarantees of Cott Corporation and the DSS Guarantor Subsidiaries may be released in limited circumstances only upon the occurrence of certain customary conditions set forth in the Indenture governing the DSS Notes.

We have not presented separate financial statements and separate disclosures have not been provided concerning the DSS Guarantor Subsidiaries due to the presentation of condensed consolidating financial information set forth in this Note, consistent with Securities and Exchange Commission (SEC) rules governing reporting of subsidiary financial information.

The following summarized condensed consolidating financial information of the Company sets forth on a consolidating basis: our Balance Sheets, Statements of Operations and Cash Flows for Cott Corporation, DSS, the DSS Guarantor Subsidiaries and our other non-guarantor subsidiaries (the DSS Non-Guarantor Subsidiaries). This supplemental financial information reflects our investments and those of DSS in their respective subsidiaries using the equity method of accounting.

The 450.0 million (U.S. $480.7 million at the exchange rate in effect on April 1, 2017) of 5.500% senior notes due 2024 (the 2024 Notes) were initially issued on June 30, 2016 by Cott Finance Corporation, which was not a DSS Guarantor Subsidiary. Cott Finance Corporation was declared an unrestricted subsidiary under the Indenture governing the DSS Notes.

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As a result, such entity is reflected as a DSS Non-Guarantor Subsidiary in the following summarized condensed consolidating financial information through August 2, 2016. Substantially simultaneously with the closing of the Eden Acquisition on August 2, 2016, we assumed all of the obligations of Cott Finance Corporation as issuer under the 2024 Notes, and Cott Corporation s U.S., Canadian, U.K., Luxembourg and Dutch subsidiaries that are currently obligors under the 2022 Notes and the 2020 Notes (including Cott Beverages Inc.) entered into a supplemental indenture to guarantee the 2024 Notes. Currently, the obligors under the 2024 Notes are different than the obligors under the DSS Notes, but identical to the obligors under the 2020 Notes and the 2022 Notes. The 2024 Notes are listed on the official list of the Irish Stock Exchange and are traded on the Global Exchange Market thereof.

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Condensed Consolidating Statements of Operations

(in millions of U.S. dollars)

Unaudited

	For the Three Months Ended April 1, 2017					
	Cott Corporation	DS Services of America, Inc.	DSS Guarantor Subsidiaries	DSS Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Revenue, net	**$ 34.7**	**$ 248.8**	**$ 506.4**	**$ 117.7**	**$ (11.2)**	**$ 896.4**
Cost of sales	30.6	97.5	417.2	51.7	(11.2)	585.8
Gross profit	**4.1**	**151.3**	**89.2**	**66.0**		**310.6**
Selling, general and administrative expenses	6.5	139.8	87.0	57.8		291.1
Loss (gain) on disposal of property, plant & equipment		1.7	(0.3)			1.4
Acquisition and integration expenses		1.6	2.6	3.1		7.3
Operating (loss) income	**(2.4)**	**8.2**	**(0.1)**	**5.1**		**10.8**
Other expense (income), net	0.3	(0.6)	9.5	(0.8)		8.4
Intercompany interest (income) expense, net	(1.5)	10.8	(5.1)	(4.2)		
Interest expense (income), net	7.0	7.3	21.5	(0.1)		35.7
(Loss) income before income tax expense and equity (loss) income	**(8.2)**	**(9.3)**	**(26.0)**	**10.2**		**(33.3)**
Income tax expense		0.4	0.5	0.2		1.1
Equity (loss) income	(28.2)		2.1		26.1	
Net (loss) income	**$ (36.4)**	**$ (9.7)**	**$ (24.4)**	**$ 10.0**	**$ 26.1**	**$ (34.4)**
Less: Net income attributable to non-controlling interests				2.0		2.0
Net (loss) income attributed to Cott Corporation	**$ (36.4)**	**$ (9.7)**	**$ (24.4)**	**$ 8.0**	**$ 26.1**	**$ (36.4)**
Comprehensive (loss) income attributed to Cott Corporation	**$ (24.2)**	**$ (9.7)**	**$ (34.0)**	**$ 14.8**	**$ 28.9**	**$ (24.2)**

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Condensed Consolidating Statements of Operations

(in millions of U.S. dollars)

Unaudited

	For the Three Months Ended April 2, 2016					
	Cott Corporation	DS Services of America, Inc.	DSS Guarantor Subsidiaries	DSS Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Revenue, net	**$ 33.8**	**$ 243.1**	**$ 406.8**	**$ 28.5**	**$ (13.8)**	**$ 698.4**
Cost of sales	29.7	97.4	348.2	22.9	(13.8)	484.4
Gross profit	**4.1**	**145.7**	**58.6**	**5.6**		**214.0**
Selling, general and administrative expenses	5.5	137.2	51.6	2.7		197.0
Loss (gain) on disposal of property, plant & equipment		1.8	(0.9)			0.9
Acquisition and integration expenses		0.9	0.5			1.4
Operating (loss) income	**(1.4)**	**5.8**	**7.4**	**2.9**		**14.7**
Other (income) expense, net	(1.6)	(1.0)	0.4			(2.2)
Intercompany interest expense (income), net		10.8	(10.8)			
Interest expense, net	0.2	7.4	20.2			27.8
(Loss) income before income tax (benefit) expense and equity (loss) income		**(11.4)**	**(2.4)**	**2.9**		**(10.9)**
Income tax (benefit) expense		(4.2)	(5.4)	0.1		(9.5)
Equity (loss) income	(2.8)		1.8		1.0	
Net (loss) income	**$ (2.8)**	**$ (7.2)**	**$ 4.8**	**$ 2.8**	**$ 1.0**	**$ (1.4)**
Less: Net income attributable to non-controlling interests				1.4		1.4
Net (loss) income attributed to Cott Corporation	**$ (2.8)**	**$ (7.2)**	**$ 4.8**	**$ 1.4**	**$ 1.0**	**$ (2.8)**
Comprehensive (loss) income attributed to Cott Corporation	**$ (5.4)**	**$ (7.2)**	**$ 31.3**	**$ (0.6)**	**$ (23.5)**	**$ (5.4)**

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Consolidating Balance Sheets

(in millions of U.S. dollars)

Unaudited

	As of April 1, 2017					
	Cott Corporation	DS Services of America, Inc.	DSS Guarantor Subsidiaries	DSS Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
ASSETS						
Current assets						
Cash & cash equivalents	$ 1.1	$ 22.4	$ 24.4	$ 38.2	$	$ 86.1
Restricted cash			444.4			444.4
Accounts receivable, net of allowance	33.9	115.8	276.2	91.2	(89.6)	427.5
Inventories	15.6	28.6	261.9	23.3		329.4
Prepaid expenses and other assets	1.2	9.5	19.0	10.6		40.3
Total current assets	**51.8**	**176.3**	**1,025.9**	**163.3**	**(89.6)**	**1,327.7**
Property, plant & equipment, net	27.6	368.6	425.3	111.7		933.2
Goodwill	20.5	584.3	292.0	287.5		1,184.3
Intangible assets, net	0.1	352.0	379.1	198.9		930.1
Deferred tax assets			0.1	1.3		1.4
Other long-term assets, net	1.3	14.9	22.0	2.4		40.6
Due from affiliates	956.1		544.2	338.5	(1,838.8)	
Investments in subsidiaries	338.4		388.3		(726.7)	
Total assets	**$ 1,395.8**	**$ 1,496.1**	**$ 3,076.9**	**$ 1,103.6**	**$ (2,655.1)**	**$ 4,417.3**
LIABILITIES AND EQUITY						
Current liabilities						
Short-term borrowings	$	$	$ 146.8	$	$	$ 146.8
Current maturities of long-term debt			3.0	1.9		4.9
Accounts payable and accrued liabilities	82.6	142.4	352.6	130.1	(89.6)	618.1
Total current liabilities	**82.6**	**142.4**	**502.4**	**132.0**	**(89.6)**	**769.8**
Long-term debt	471.1	382.6	1,675.9	2.9		2,532.5
Deferred tax liabilities	1.0	81.7	48.5	26.4		157.6

Other long-term liabilities	0.7	39.3	45.6	26.0		111.6
Due to affiliates	1.0	543.3	482.4	812.1	(1,838.8)	
Total liabilities	**556.4**	**1,189.3**	**2,754.8**	**999.4**	**(1,928.4)**	**3,571.5**
Equity						
Common shares, no par	911.7	355.5	701.1	148.8	(1,205.4)	911.7
Additional paid-in-capital	55.3					55.3
Accumulated deficit	(21.9)	(48.5)	(527.2)	(66.9)	642.6	(21.9)
Accumulated other comprehensive (loss) income	(105.7)	(0.2)	148.2	15.9	(163.9)	(105.7)
Total Cott Corporation equity	839.4	306.8	322.1	97.8	(726.7)	839.4
Non-controlling interests				6.4		6.4
Total equity	**839.4**	**306.8**	**322.1**	**104.2**	**(726.7)**	**845.8**
Total liabilities and equity	**$ 1,395.8**	**$ 1,496.1**	**$ 3,076.9**	**$ 1,103.6**	**$ (2,655.1)**	**$ 4,417.3**

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Consolidating Balance Sheets

(in millions of U.S. dollars)

	As of December 31, 2016					
	Cott Corporation	DS Services of America, Inc.	DSS Guarantor Subsidiaries	DSS Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
ASSETS						
Current assets						
Cash & cash equivalents	$ 4.8	$ 22.7	$ 52.1	$ 38.5	$	$ 118.1
Accounts receivable, net of allowance	27.4	121.7	239.6	93.7	(78.5)	403.9
Inventories	14.0	29.2	237.1	21.1		301.4
Prepaid expenses and other assets	1.4	7.1	16.6	4.7		29.8
Total current assets	**47.6**	**180.7**	**545.4**	**158.0**	**(78.5)**	**853.2**
Property, plant & equipment, net	27.5	364.5	430.7	107.2		929.9
Goodwill	20.3	582.0	290.4	282.7		1,175.4
Intangible assets, net	0.1	356.8	385.0	197.8		939.7
Deferred tax assets				0.2		0.2
Other long-term assets, net	1.2	14.6	23.1	2.4		41.3
Due from affiliates	943.2		544.3		(1,487.5)	
Investments in subsidiaries	361.9		400.5		(762.4)	
Total assets	**$ 1,401.8**	**$ 1,498.6**	**$ 2,619.4**	**$ 748.3**	**$ (2,328.4)**	**$ 3,939.7**
LIABILITIES AND EQUITY						
Current liabilities						
Short-term borrowings	$	$	$ 207.0	$	$	$ 207.0
Current maturities of long-term debt			2.7	3.0		5.7
Accounts payable and accrued liabilities	66.5	135.1	341.0	133.3	(78.5)	597.4
Total current liabilities	**66.5**	**135.1**	**550.7**	**136.3**	**(78.5)**	**810.1**
Long-term debt	464.3	384.2	1,136.7	2.8		1,988.0
Deferred tax liabilities	1.0	81.2	49.0	26.6		157.8
Other long-term liabilities	0.5	38.0	49.9	21.6		110.0
Due to affiliates	1.0	543.3	453.4	489.8	(1,487.5)	
Total liabilities	**533.3**	**1,181.8**	**2,239.7**	**677.1**	**(1,566.0)**	**3,065.9**

Equity						
Common shares, no par	909.3	355.4	691.5	149.7	(1,196.6)	909.3
Additional paid-in-capital	54.2					54.2
Retained earnings (deficit)	22.9	(38.4)	(469.6)	(92.9)	600.9	22.9
Accumulated other comprehensive (loss) income	(117.9)	(0.2)	157.8	9.1	(166.7)	(117.9)
Total Cott Corporation equity	868.5	316.8	379.7	65.9	(762.4)	868.5
Non-controlling interests				5.3		5.3
Total equity	**868.5**	**316.8**	**379.7**	**71.2**	**(762.4)**	**873.8**
Total liabilities and equity	**$ 1,401.8**	**$ 1,498.6**	**$ 2,619.4**	**$ 748.3**	**$ (2,328.4)**	**$ 3,939.7**

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Consolidating Statements of Condensed Cash Flows

(in millions of U.S. dollars)

Unaudited

	For the Three Months Ended April 1, 2017					
	Cott Corporation	DS Services of America, Inc.	DSS Guarantor Subsidiaries	DSS Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Net cash provided by (used in) operating activities	**$ 7.7**	**$ 23.9**	**$ (40.0)**	**$ 5.6**	**$ (0.9)**	**$ (3.7)**
Investing Activities						
Acquisition, net of cash received		(7.8)	0.6	2.2		(5.0)
Additions to property, plant & equipment	(0.9)	(17.5)	(16.2)	(6.0)		(40.6)
Additions to intangible assets		(1.0)	(1.8)			(2.8)
Proceeds from sale of property, plant & equipment		2.1	1.7	0.3		4.1
Other investing activities			0.2			0.2
Net cash used in investing activities	(0.9)	(24.2)	(15.5)	(3.5)		(44.1)
Financing Activities						
Payments of long-term debt			(203.0)	(0.3)		(203.3)
Issuance of long-term debt			750.0			750.0
Borrowings under ABL			772.9			772.9
Payments under ABL			(832.7)	(1.5)		(834.2)
Premiums and costs paid upon extinguishment of long-term debt			(7.2)			(7.2)
Financing fees			(9.4)			(9.4)
Distributions to non-controlling interests				(0.9)		(0.9)
Issuance of common shares	0.5					0.5
Common shares repurchased and cancelled	(1.8)					(1.8)
Dividends paid to common shareowners	(8.4)					(8.4)
Other financing activities				0.5		0.5

Intercompany dividends				(0.9)	0.9	
Net cash (used in) provided by financing activities	(9.7)		470.6	(3.1)	0.9	458.7
Effect of exchange rate changes on cash	(0.8)		1.6	0.7		1.5
Net (decrease) increase in cash, cash equivalents and restricted cash	**(3.7)**	**(0.3)**	**416.7**	**(0.3)**		**412.4**
Cash, cash equivalents and restricted cash, beginning of period	**4.8**	**22.7**	**52.1**	**38.5**		**118.1**
Cash, cash equivalents and restricted cash, end of period	**$ 1.1**	**$ 22.4**	**$ 468.8**	**$ 38.2**	**$**	**$ 530.5**

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Consolidating Statements of Condensed Cash Flows

(in millions of U.S. dollars)

Unaudited

	For the Three Months Ended April 2, 2016					
	Cott Corporation	**DS Services of America, Inc.**	**DSS Guarantor Subsidiaries**	**DSS Non-Guarantor Subsidiaries**	**Elimination Entries**	**Consolidated**
Net cash (used in) provided by operating activities	**$ (136.8)**	**$ 26.1**	**$ 89.7**	**$ 4.7**	**$ (2.4)**	**$ (18.7)**
Investing Activities						
Acquisition, net of cash received	(43.2)	(1.2)				(44.4)
Additions to property, plant & equipment	(0.4)	(16.8)	(12.0)	(0.3)		(29.5)
Additions to intangible assets	(0.1)	(0.5)	(1.7)			(2.3)
Proceeds from sale of property, plant & equipment		0.1	2.6			2.7
Net cash used in investing activities	(43.7)	(18.4)	(11.1)	(0.3)		(73.5)
Financing Activities						
Payments of long-term debt			(1.0)	(0.1)		(1.1)
Borrowings under ABL	87.6		409.6			497.2
Payments under ABL	(58.8)		(499.5)			(558.3)
Distributions to non-controlling interests				(2.3)		(2.3)
Issuance of common shares	144.1					144.1
Common shares repurchased and cancelled	(1.1)					(1.1)
Dividends paid to common shareowners	(7.3)					(7.3)
Intercompany dividends				(2.4)	2.4	
Net cash provided by (used in) financing activities	164.5		(90.9)	(4.8)	2.4	71.2
Effect of exchange rate changes on cash	0.1		(1.1)			(1.0)
Net (decrease) increase in cash, cash equivalents and restricted cash	**(15.9)**	**7.7**	**(13.4)**	**(0.4)**		**(22.0)**
Cash, cash equivalents, and restricted cash beginning of period	**20.8**	**12.8**	**38.4**	**5.1**		**77.1**
Cash, cash equivalents and restricted cash end of period	**$ 4.9**	**$ 20.5**	**$ 25.0**	**$ 4.7**	**$**	**$ 55.1**

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Guarantor Subsidiaries for 2020 Notes, 2022 Notes, and 2024 Notes

The 2020 Notes and the $525.0 million of 5.375% senior notes due 2022 (the 2022 Notes), each issued by Cott Corporation s 100% owned subsidiary Cott Beverages Inc. (CBI), are fully and unconditionally, jointly and severally guaranteed on a senior basis by Cott Corporation and certain of its 100% owned direct and indirect subsidiaries (the Cott Guarantor Subsidiaries). The Indentures governing the 2020 Notes and the 2022 Notes require (i) any 100% owned direct and indirect restricted subsidiary that guarantees any indebtedness of CBI or any guarantor and (ii) any non-100% owned subsidiary that guarantees any other capital markets debt of CBI or any guarantor to guarantee the 2020 Notes and the 2022 Notes. No non-100% owned subsidiaries guarantee the 2020 Notes or the 2022 Notes. The guarantees of Cott Corporation and the Cott Guarantor Subsidiaries may be released in limited circumstances only upon the occurrence of certain customary conditions set forth in the Indentures governing the 2020 Notes and the 2022 Notes. As of April 5, 2017, the entire aggregate principal amount of our 2020 Notes has been redeemed (see Note 7 to the consolidated financial statements).

The 2024 Notes were initially issued on June 30, 2016 by Cott Finance Corporation, which was not a Cott Guarantor Subsidiary. Cott Finance Corporation was declared an unrestricted subsidiary under the Indentures governing the 2022 Notes and the 2020 Notes. As a result, such entity is reflected as a Cott Non-Guarantor Subsidiary in the following summarized condensed consolidating financial information through August 2, 2016. Substantially simultaneously with the closing of the Eden Acquisition on August 2, 2016, we assumed all of the obligations of Cott Finance Corporation as issuer under the 2024 Notes, and Cott Corporation s U.S., Canadian, U.K., Luxembourg and Dutch subsidiaries that are currently obligors under the 2022 Notes and the 2020 Notes (including CBI) entered into a supplemental indenture to guarantee the 2024 Notes. The Indenture governing the 2024 Notes requires (i) any 100% owned domestic restricted subsidiary that guarantees any debt of the issuer or any guarantor and (ii) and any non-100% owned subsidiary that guarantees any other capital markets debt of Cott Corporation or any other guarantor to guarantee the 2024 Notes. No non-100% owned subsidiaries guarantee the 2024 Notes. The guarantees of CBI and the Cott Guarantor Subsidiaries may be released in limited circumstances only upon the occurrence of certain customary conditions set forth in the Indenture governing the 2024 Notes. Currently, the obligors under the 2024 Notes are identical to the obligors under the 2020 Notes and the 2022 Notes, but different than the obligors under the DSS Notes. The 2024 Notes are listed on the official list of the Irish Stock Exchange and are traded on the Global Exchange Market thereof.

We have not presented separate financial statements and separate disclosures have not been provided concerning the Cott Guarantor Subsidiaries due to the presentation of condensed consolidating financial information set forth in this Note, consistent with the SEC rules governing reporting of subsidiary financial information.

The following summarized condensed consolidating financial information of the Company sets forth on a consolidating basis: our Balance Sheets, Statements of Operations and Cash Flows for Cott Corporation, CBI, the Cott Guarantor Subsidiaries and our other non-guarantor subsidiaries (the Cott Non-Guarantor Subsidiaries). This supplemental financial information reflects our investments and those of CBI in their respective subsidiaries using the equity method of accounting.

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Condensed Consolidating Statements of Operations

(in millions of U.S. dollars)

Unaudited

	For the Three Months Ended April 1, 2017					
	Cott Corporation	Cott Beverages Inc.	Cott Guarantor Subsidiaries	Cott Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Revenue, net	**$ 34.7**	**$ 164.6**	**$ 593.3**	**$ 117.7**	**$ (13.9)**	**$ 896.4**
Cost of sales	30.6	143.3	374.1	51.7	(13.9)	585.8
Gross profit	**4.1**	**21.3**	**219.2**	**66.0**		**310.6**
Selling, general and administrative expenses	6.5	27.2	199.6	57.8		291.1
Loss on disposal of property, plant & equipment			1.4			1.4
Acquisition and integration expenses		1.5	2.7	3.1		7.3
Operating (loss) income	**(2.4)**	**(7.4)**	**15.5**	**5.1**		**10.8**
Other expense (income), net	0.3	10.0	(1.1)	(0.8)		8.4
Intercompany interest (income) expense, net	(1.5)	(9.2)	14.9	(4.2)		
Interest expense (income), net	7.0	20.4	8.4	(0.1)		35.7
(Loss) income before income tax expense (benefit) and equity (loss) income	**(8.2)**	**(28.6)**	**(6.7)**	**10.2**		**(33.3)**
Income tax expense (benefit)		1.1	(0.2)	0.2		1.1
Equity (loss) income	(28.2)	2.1			26.1	
Net (loss) income	**$ (36.4)**	**$ (27.6)**	**$ (6.5)**	**$ 10.0**	**$ 26.1**	**$ (34.4)**
Less: Net income attributable to non-controlling interests				2.0		2.0
Net (loss) income attributed to Cott Corporation	**$ (36.4)**	**$ (27.6)**	**$ (6.5)**	**$ 8.0**	**$ 26.1**	**$ (36.4)**
Comprehensive (loss) income attributed to Cott Corporation	**$ (24.2)**	**$ (26.9)**	**$ (5.2)**	**$ 14.8**	**$ 17.3**	**$ (24.2)**

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Condensed Consolidating Statements of Operations

(in millions of U.S. dollars)

Unaudited

	For the Three Months Ended April 2, 2016					
	Cott Corporation	Cott Beverages Inc.	Cott Guarantor Subsidiaries	Cott Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Revenue, net	**$ 33.8**	**$ 168.9**	**$ 481.0**	**$ 28.5**	**$ (13.8)**	**$ 698.4**
Cost of sales	29.7	146.0	299.6	22.9	(13.8)	484.4
Gross profit	4.1	22.9	181.4	5.6		214.0
Selling, general and administrative expenses	5.5	28.1	160.7	2.7		197.0
Loss on disposal of property, plant & equipment		0.3	0.6			0.9
Acquisition and integration expenses		0.3	1.1			1.4
Operating (loss) income	**(1.4)**	**(5.8)**	**19.0**	**2.9**		**14.7**
Other income, net	(1.6)	(0.1)	(0.5)			(2.2)
Intercompany interest (income) expense, net		(11.4)	11.4			
Interest expense, net	0.2	20.1	7.5			27.8
(Loss) income before income tax (benefit) expense and equity (loss) income		**(14.4)**	**0.6**	**2.9**		**(10.9)**
Income tax (benefit) expense		(6.0)	(3.6)	0.1		(9.5)
Equity (loss) income	(2.8)	1.5	0.3		1.0	
Net (loss) income	**$ (2.8)**	**$ (6.9)**	**$ 4.5**	**$ 2.8**	**$ 1.0**	**$ (1.4)**
Less: Net income attributable to non-controlling interests				1.4		1.4
Net (loss) income attributed to Cott Corporation	**$ (2.8)**	**$ (6.9)**	**$ 4.5**	**$ 1.4**	**$ 1.0**	**$ (2.8)**
Comprehensive (loss) income attributed to Cott Corporation	**$ (5.4)**	**$ (7.0)**	**$ 31.1**	**$ (0.6)**	**$ (23.5)**	**$ (5.4)**

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Consolidating Balance Sheets

(in millions of U.S. dollars)

Unaudited

	As of April 1, 2017					
	Cott Corporation	Cott Beverages Inc.	Cott Guarantor Subsidiaries	Cott Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
ASSETS						
Current assets						
Cash & cash equivalents	$ 1.1	$ 1.5	$ 45.3	$ 38.2	$	$ 86.1
Restricted cash		444.4				444.4
Accounts receivable, net of allowance	33.9	111.6	433.7	91.2	(242.9)	427.5
Inventories	15.6	77.7	212.8	23.3		329.4
Prepaid expenses and other assets	1.2	7.9	20.6	10.6		40.3
Total current assets	**51.8**	**643.1**	**712.4**	**163.3**	**(242.9)**	**1,327.7**
Property, plant & equipment, net	27.6	150.0	643.9	111.7		933.2
Goodwill	20.5	4.5	871.8	287.5		1,184.3
Intangible assets, net	0.1	66.3	664.8	198.9		930.1
Deferred tax assets			0.1	1.3		1.4
Other long-term assets, net	1.3	16.9	20.0	2.4		40.6
Due from affiliates	956.1	580.7	893.1	338.5	(2,768.4)	
Investments in subsidiaries	338.4	847.3	836.2		(2,021.9)	
Total assets	**$ 1,395.8**	**$ 2,308.8**	**$ 4,642.3**	**$ 1,103.6**	**$ (5,033.2)**	**$ 4,417.3**
LIABILITIES AND EQUITY						
Current liabilities						
Short-term borrowings	$	$ 145.0	$ 1.8	$	$	$ 146.8
Current maturities of long-term debt		2.5	0.5	1.9		4.9
Accounts payable and accrued liabilities	82.6	287.2	361.1	130.1	(242.9)	618.1
Total current liabilities	**82.6**	**434.7**	**363.4**	**132.0**	**(242.9)**	**769.8**
Long-term debt	471.1	936.5	1,122.0	2.9		2,532.5
Deferred tax liabilities	1.0	38.7	91.5	26.4		157.6
Other long-term liabilities	0.7	24.0	60.9	26.0		111.6

Due to affiliates	1.0	892.1	1,063.2	812.1	(2,768.4)	
Total liabilities	**556.4**	**2,326.0**	**2,701.0**	**999.4**	**(3,011.3)**	**3,571.5**
Equity						
Common shares, no par	911.7	834.7	1,505.8	148.8	(2,489.3)	911.7
Additional paid-in-capital	55.3					55.3
(Accumulated deficit) retained earnings	(21.9)	(832.5)	256.5	(66.9)	642.9	(21.9)
Accumulated other comprehensive (loss) income	(105.7)	(19.4)	179.0	15.9	(175.5)	(105.7)
Total Cott Corporation equity	839.4	(17.2)	1,941.3	97.8	(2,021.9)	839.4
Non-controlling interests				6.4		6.4
Total equity	**839.4**	**(17.2)**	**1,941.3**	**104.2**	**(2,021.9)**	**845.8**
Total liabilities and equity	**$ 1,395.8**	**$ 2,308.8**	**$ 4,642.3**	**$ 1,103.6**	**$ (5,033.2)**	**$ 4,417.3**

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Consolidating Balance Sheets

(in millions of U.S. dollars)

	As of December 31, 2016					
	Cott Corporation	Cott Beverages Inc.	Cott Guarantor Subsidiaries	Cott Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
ASSETS						
Current assets						
Cash & cash equivalents	$ 4.8	$ 3.1	$ 71.7	$ 38.5	$	$ 118.1
Accounts receivable, net of allowance	27.4	73.3	443.1	93.7	(233.6)	403.9
Inventories	14.0	72.0	194.3	21.1		301.4
Prepaid expenses and other assets	1.4	4.3	19.4	4.7		29.8
Total current assets	**47.6**	**152.7**	**728.5**	**158.0**	**(233.6)**	**853.2**
Property, plant & equipment, net	27.5	154.4	640.8	107.2		929.9
Goodwill	20.3	4.5	867.9	282.7		1,175.4
Intangible assets, net	0.1	66.2	675.6	197.8		939.7
Deferred tax assets		6.0		0.2	(6.0)	0.2
Other long-term assets, net	1.2	17.0	20.7	2.4		41.3
Due from affiliates	943.2	580.2	343.1		(1,866.5)	
Investments in subsidiaries	361.9	847.3	989.8		(2,199.0)	
Total assets	**$ 1,401.8**	**$ 1,828.3**	**$ 4,266.4**	**$ 748.3**	**$ (4,305.1)**	**$ 3,939.7**
LIABILITIES AND EQUITY						
Current liabilities						
Short-term borrowings	$	$ 207.0	$	$	$	$ 207.0
Current maturities of long-term debt		2.5	0.2	3.0		5.7
Accounts payable and accrued liabilities	66.5	261.9	369.3	133.3	(233.6)	597.4
Total current liabilities	**66.5**	**471.4**	**369.5**	**136.3**	**(233.6)**	**810.1**
Long-term debt	464.3	1,135.6	385.3	2.8		1,988.0
Deferred tax liabilities	1.0		136.2	26.6	(6.0)	157.8
Other long-term liabilities	0.5	24.4	63.5	21.6		110.0
Due to affiliates	1.0	142.1	1,233.6	489.8	(1,866.5)	
Total liabilities	**533.3**	**1,773.5**	**2,188.1**	**677.1**	**(2,106.1)**	**3,065.9**
Equity						
Common shares, no par	909.3	834.8	1,648.7	149.7	(2,633.2)	909.3

Additional paid-in-capital	54.2					54.2
Retained earnings (deficit)	22.9	(759.9)	251.9	(92.9)	600.9	22.9
Accumulated other comprehensive (loss) income	(117.9)	(20.1)	177.7	9.1	(166.7)	(117.9)
Total Cott Corporation equity	868.5	54.8	2,078.3	65.9	(2,199.0)	868.5
Non-controlling interests				5.3		5.3
Total equity	**868.5**	**54.8**	**2,078.3**	**71.2**	**(2,199.0)**	**873.8**
Total liabilities and equity	**$ 1,401.8**	**$ 1,828.3**	**$ 4,266.4**	**$ 748.3**	**$ (4,305.1)**	**$ 3,939.7**

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Consolidating Statements of Condensed Cash Flows

(in millions of U.S. dollars)

Unaudited

	For the Three Months Ended April 1, 2017					
	Cott Corporation	**Cott Beverages Inc.**	**Cott Guarantor Subsidiaries**	**Cott Non-Guarantor Subsidiaries**	**Elimination Entries**	**Consolidated**
Net cash provided by (used in) operating activities	**$ 7.7**	**$ (28.8)**	**$ 12.7**	**$ 5.6**	**$ (0.9)**	**$ (3.7)**
Investing Activities						
Acquisition, net of cash received			(7.2)	2.2		(5.0)
Additions to property, plant & equipment	(0.9)	(4.7)	(29.0)	(6.0)		(40.6)
Additions to intangible assets		(1.8)	(1.0)			(2.8)
Proceeds from sale of property, plant & equipment			3.8	0.3		4.1
Intercompany loan to affiliate			(750.0)		750.0	
Other investing activities			0.2			0.2
Net cash used in investing activities	(0.9)	(6.5)	(783.2)	(3.5)	750.0	(44.1)
Financing Activities						
Payments of long-term debt		(203.0)		(0.3)		(203.3)
Issuance of long-term debt			750.0			750.0
Borrowings under ABL		771.0	1.9			772.9
Payments under ABL		(832.7)		(1.5)		(834.2)
Premiums and costs paid upon extinguishment of long-term debt		(7.2)				(7.2)
Financing fees			(9.4)			(9.4)
Distributions to non-controlling interests				(0.9)		(0.9)
Issuance of common shares	0.5					0.5
Common shares repurchased and cancelled	(1.8)					(1.8)
Dividends paid to common shareowners	(8.4)					(8.4)
		750.0			(750.0)	

Proceeds from intercompany loan from affiliate						
Other financing activities				0.5		0.5
Intercompany dividends				(0.9)	0.9	
Net cash (used in) provided by financing activities	(9.7)	478.1	742.5	(3.1)	(749.1)	458.7
Effect of exchange rate changes on cash	(0.8)		1.6	0.7		1.5
Net (decrease) increase in cash, cash equivalents and restricted cash	**(3.7)**	**442.8**	**(26.4)**	**(0.3)**		**412.4**
Cash, cash equivalents and restricted cash, beginning of period	**4.8**	**3.1**	**71.7**	**38.5**		**118.1**
Cash, cash equivalents and restricted cash, end of period	**$ 1.1**	**$ 445.9**	**$ 45.3**	**$ 38.2**	**$**	**$ 530.5**

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Consolidating Statements of Condensed Cash Flows

(in millions of U.S. dollars)

Unaudited

	For the Three Months Ended April 2, 2016					
	Cott Corporation	**Cott Beverages Inc.**	**Cott Guarantor Subsidiaries**	**Cott Non-Guarantor Subsidiaries**	**Elimination Entries**	**Consolidated**
Net cash (used in) provided by operating activities	**$ (136.8)**	**$ 99.0**	**$ 16.8**	**$ 4.7**	**$ (2.4)**	**$ (18.7)**
Investing Activities						
Acquisition, net of cash received	(43.2)		(1.2)			(44.4)
Additions to property, plant & equipment	(0.4)	(6.7)	(22.1)	(0.3)		(29.5)
Additions to intangible assets	(0.1)	(1.7)	(0.5)			(2.3)
Proceeds from sale of property, plant & equipment			2.7			2.7
Net cash used in investing activities	(43.7)	(8.4)	(21.1)	(0.3)		(73.5)
Financing Activities						
Payments of long-term debt		(0.7)	(0.3)	(0.1)		(1.1)
Borrowings under ABL	87.6	409.6				497.2
Payments under ABL	(58.8)	(499.5)				(558.3)
Distributions to non-controlling interests				(2.3)		(2.3)
Issuance of common shares	144.1					144.1
Common shares repurchased and cancelled	(1.1)					(1.1)
Dividends paid to common shareowners	(7.3)					(7.3)
Intercompany dividends				(2.4)	2.4	
Net cash provided by (used in) financing activities	164.5	(90.6)	(0.3)	(4.8)	2.4	71.2
Effect of exchange rate changes on cash	0.1		(1.1)			(1.0)
	(15.9)	**0.0**	**(5.7)**	**(0.4)**		**(22.0)**

Net (decrease) increase in cash, cash equivalents and restricted cash						
Cash, cash equivalents, and restricted cash beginning of period	**20.8**	**1.0**	**50.2**	**5.1**		**77.1**
Cash, cash equivalents and restricted cash end of period	**$ 4.9**	**$ 1.0**	**$ 44.5**	**$ 4.7**	**$**	**$ 55.1**

Note 13 Subsequent Events

On May 2, 2017, our board of directors declared a dividend of $0.06 per share on common shares, payable in cash on June 14, 2017 to shareowners of record at the close of business on June 2, 2017.

On May 5, 2017, we redeemed $100.0 million aggregate principal amount of the DSS Notes. The redemption included approximately $7.7 million in premium payments as well as accrued interest of approximately $1.8 million.

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Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

This Management s Discussion and Analysis of Financial Condition and Results of Operations is intended to further the reader s understanding of the consolidated financial condition and results of operations of our Company. It should be read in conjunction with the financial statements included in this quarterly report on Form 10-Q and our annual report on Form 10-K for the fiscal year ended December 31, 2016 (our 2016 Annual Report). These historical financial statements may not be indicative of our future performance. This discussion contains a number of forward-looking statements, all of which are based on our current expectations and could be affected by the uncertainties and risks referred to under Risk Factors in Item 1A in our 2016 Annual Report. As used herein, Cott, the Company, Cott Corporation, we, us, or our refers to Cott Corporation, together with its consolidated subsidiaries.

Overview

Cott is a diversified beverage company with a leading volume-based national presence in the North America and European home and office delivery (HOD) industry for bottled water, a leader in custom coffee roasting and blending of iced tea for the U.S. foodservice industry, and a leader in the production of beverages on behalf of retailers, brand owners and distributors. Our platform reaches over 2.3 million customers or delivery points across North America and Europe supported by strategically located sales and distribution facilities and fleets, as well as wholesalers and distributors. This enables us to efficiently service residences, businesses, restaurant chains, hotels and motels, small and large retailers, and healthcare facilities.

The beverage market is subject to some seasonal variations. Our purchases of raw materials and related accounts payable fluctuate based upon the demand for our products as well as the timing of the fruit growing seasons. The seasonality of our sales volume combined with the seasonal nature of fruit growing causes our working capital needs to fluctuate throughout the year, with inventory levels increasing in the first half of the year in order to meet high summer demand. In addition, our accounts receivable balances decline in the fall as customers pay their higher-than-average outstanding balances from the summer deliveries.

Our traditional business, which refers to our Cott North America, Cott U.K. and All Other reporting segments, typically operates at low margins and therefore relatively small changes in cost structures can materially affect results. Industry-wide carbonated soft drinks (CSD) sales have declined during 2017 and 2016 and ingredient and packaging costs have remained volatile.

Ingredient and packaging costs represent a significant portion of our cost of sales. These costs are subject to global and regional commodity price trends. Our most significant commodities are aluminum in the case of cans and ends, green coffee, polyethylene terephthalate (PET) resin, high-density polyethylene (HDPE) and polycarbonate, corn in the case of high fructose corn syrup (HFCS), sugar, fruit and fruit concentrates and fuel. We attempt to manage our exposure to fluctuations in ingredient and packaging costs by entering into fixed price commitments for a portion of our ingredient and packaging requirements and implementing price increases as needed.

We supply Walmart and its affiliated companies, under annual non-exclusive supply agreements, with a variety of products in North America, the United Kingdom, and Mexico, including CSDs, 100% shelf stable juice and juice-based products, clear, still and sparkling flavored waters, bottled water, energy products, sports products, new age beverages, and ready-to-drink teas. During the first three months of 2017, we supplied Walmart with all of its private-label CSDs in the United States. In the event Walmart were to utilize additional suppliers to fulfill a portion of its requirements for CSDs, our operating results could be materially adversely affected. Sales to Walmart for the three months ended April 1, 2017 and April 2, 2016 accounted for 13.0% and 18.2%, respectively, of total revenue.

We conduct operations in countries involving transactions denominated in a variety of currencies. We are subject to currency exchange risks to the extent that our costs are denominated in currencies other than those in which we earn revenues. As our financial statements are denominated in U.S. dollars, change in currency exchange rates between the U.S. dollar and other currencies have had, and will continue to have an impact on our results of operations.

During the first quarter of 2016, we completed the acquisition of Aquaterra Corporation followed by the acquisitions of S. & D. Coffee, Inc. (S&D) and Eden Springs Europe B.V. (Eden) in the third quarter of 2016. These businesses were added to our DSS reporting segment, which was then renamed Water & Coffee Solutions to reflect the increased scope of our offering. Other than the change in name, there was no impact on prior period results for this reporting segment. The Water & Coffee Solutions reporting segment produces a product category consisting primarily of bottled water, coffee, brewed tea, water dispensers, coffee and tea brewers and filtration equipment.

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Financing Transactions

On March 22, 2017, we issued $750.0 million of 5.500% senior notes due April 1, 2025 (the 2025 Notes) to qualified purchasers in a private placement offering under Rule 144A under the Securities Act of 1933, as amended (the Securities Act), and outside the United States to non-U.S. purchasers pursuant to Regulation S under the Securities Act and other applicable laws. The 2025 Notes were issued by our wholly-owned subsidiary Cott Holdings Inc., and most of our U.S., Canadian, U.K., Luxembourg and Dutch subsidiaries guarantee the 2025 Notes. The 2025 Notes will mature on April 1, 2025 and interest is payable semi-annually on April 1st and October 1st of each year commencing on October 1, 2017. The proceeds of the 2025 Notes were used to retire $625.0 million aggregate principal amount of our 6.75% senior notes due 2020 (the 2020 Notes), redeem $100.0 million aggregate principal amount of our 10.000% senior secured notes due 2021 (the DSS Notes) and to pay related fees and expenses.

We incurred $11.6 million of financing fees in connection with the issuance of the 2025 Notes. The financing fees are being amortized using the effective interest method over an eight-year period, which represents the term to maturity of the 2025 Notes.

Forward-Looking Statements

In addition to historical information, this report, and any documents incorporated in this report by reference, may contain statements relating to future events and future results. These statements are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation and involve known and unknown risks, uncertainties, future expectations and other factors that may cause actual results, performance or achievements of Cott Corporation to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such statements include, but are not limited to, statements that relate to projections of sales, earnings, earnings per share, cash flows, capital expenditures or other financial items, statements regarding our intentions to pay regular quarterly dividends on our common shares, and discussions of estimated future revenue enhancements and cost savings. These statements also relate to our business strategy, goals and expectations concerning our market position, future operations, margins, profitability, liquidity and capital resources. Generally, words such as anticipate, believe, continue, could, endeavor, estimate, expect, may, will, plan, predict, project, should and similar terms and phrases are used to identify forward-looking st in this report and any documents incorporated in this report by reference. These forward-looking statements reflect current expectations regarding future events and operating performance and are made only as of the date of this report.

The forward-looking statements are not guarantees of future performance or events and, by their nature, are based on certain estimates and assumptions regarding interest and foreign exchange rates, expected growth, results of operations, performance, business prospects and opportunities and effective income tax rates, which are subject to inherent risks and uncertainties. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in forward-looking statements may include, but are not limited to, assumptions regarding management s current plans and estimates, our ability to remain a low cost supplier, and effective management of commodity costs. Although we believe the assumptions underlying these forward-looking statements are reasonable, any of these assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions could prove to be incorrect. Our operations involve risks and uncertainties, many of which are outside of our control, and any one or any combination of these risks and uncertainties could also affect whether the forward-looking statements ultimately prove to be correct. These risks and uncertainties include, but are not limited to, those described in Part I, Item 1A. Risk Factors in our 2016 Annual Report, and those described from time to time in our future reports filed with the Securities and Exchange Commission (SEC) and Canadian securities regulatory authorities.

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

- our ability to compete successfully in the markets in which we operate;
- changes in consumer tastes and preferences for existing products and our ability to develop and timely launch new products that appeal to such changing consumer tastes and preferences;
- a loss of or a reduction in business in our traditional business with key customers, particularly Walmart;
- consolidation of retail customers in the markets in which we operate;
- fluctuations in commodity prices and our ability to pass on increased costs to our customers or effectively hedge against such rising costs, and the impact of those increased prices on our volumes;
- our ability to manage our operations successfully;
- our ability to fully realize the potential benefit of acquisitions or other strategic opportunities that we pursue;

our ability to realize the expected benefits and cost synergies related to our recent acquisitions;

the limited nature of our indemnification rights under our recent acquisition agreements;

the incurrence of substantial indebtedness to finance our recent acquisitions;

our exposure to intangible asset risk;

currency fluctuations that adversely affect the exchange between the U.S. dollar and the British pound sterling, the Euro, the Canadian dollar, the Mexican peso and other currencies, and the exchange between the British pound sterling and the Euro;

our ability to maintain favorable arrangements and relationships with our suppliers;

our substantial indebtedness and our ability to meet our obligations under our debt agreements, and risks of further increases to our indebtedness;

our ability to maintain compliance with the covenants and conditions under our debt agreements;

fluctuations in interest rates which could increase our borrowing costs;

credit rating changes;

the impact of global financial events on our financial results;

our ability to fully realize the expected cost savings and/or operating efficiencies from our restructuring activities;

any disruption to production at our beverage concentrates or other manufacturing facilities;

our ability to maintain access to our water sources;

our ability to adequately address the challenges and risks associated with our international operations and acquisition strategy;

our ability to protect our intellectual property;

compliance with product health and safety standards;

liability for injury or illness caused by the consumption of contaminated products;

liability and damage to our reputation as a result of litigation or legal proceedings;

changes in the legal and regulatory environment in which we operate;

the impact of proposed taxes on soda and other sugary drinks;

enforcement of compliance with the Ontario Environmental Protection Act;

the seasonal nature of our business and the effect of adverse weather conditions;

the impact of national, regional and global events, including those of a political, economic, business and competitive nature;

our ability to recruit, retain, and integrate new members of management;

our ability to renew our collective bargaining agreements on satisfactory terms;

disruptions in our information systems;

our ability to securely maintain our customers confidential or credit card information, or other private data relating to our employees or our company;

increased tax liabilities in the various jurisdictions in which we operate; or

our ability to maintain our quarterly dividend;

We undertake no obligation to update any information contained in this report or to publicly release the results of any revisions to forward-looking statements to reflect events or circumstances of which we may become aware of after the date of this report. Undue reliance should not be placed on forward-looking statements, and all future written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing.

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Non-GAAP Measures

In this report, we supplement our reporting of financial measures determined in accordance with GAAP by utilizing certain non-GAAP financial measures that exclude certain items to make period-over-period comparisons for our underlying operations before material changes.

We exclude these items to better understand trends in the business. We exclude the impact of foreign exchange to separate the impact of currency exchange rate changes from our results of operations.

We also utilize (loss) earnings before interest expense, taxes, depreciation and amortization (EBITDA), which is GAAP (loss) income attributed to Cott Corporation before interest expense, net, provision (benefit) for income taxes, depreciation and amortization, and net income attributable to non-controlling interests. We consider EBITDA to be an indicator of operating performance. We also use EBITDA, as do analysts, lenders, investors and others, because it excludes certain items that can vary widely across different industries or among companies within the same industry. These differences can result in considerable variability in the relative costs of productive assets and the depreciation and amortization expense among companies. We also utilize adjusted EBITDA, which is EBITDA excluding acquisition and integration costs, inventory step-up adjustments, unrealized gain on commodity hedging instruments, net, foreign exchange and other gains, net, loss on disposal of property, plant & equipment, net, loss on extinguishment of 2020 Notes, share-based compensation costs, and other adjustments, as the case may be (Adjusted EBITDA). Effective January 1, 2017, share-based compensation expense, as a part of annual compensation packages, is included as an adjustment to EBITDA, and prior periods presented have been updated to incorporate the change. This determination is based upon review of peer companies and business practices among entities undergoing transformation within their operations. We consider Adjusted EBITDA to be an indicator of our operating performance. Adjusted EBITDA excludes certain items to make more meaningful period-over-period comparisons of our underlying operations before material changes.

We also utilize adjusted net loss, which is GAAP loss attributed to Cott Corporation excluding acquisition and integration costs, inventory step-up adjustments, unrealized gain on commodity hedging instruments, net, foreign exchange and other gains, net, loss on disposal of property, plant & equipment, net, loss on extinguishment of 2020 Notes, other adjustments, and the tax effect of adjustments, as well as adjusted net loss per diluted common share, which is adjusted net loss divided by diluted weighted average common shares outstanding. We consider these measures to be indicators of our operating performance.

Additionally, we supplement our reporting of net cash used in operating activities determined in accordance with GAAP by excluding additions to property, plant & equipment to present free cash flow and adjusted free cash flow (which is free cash flow excluding acquisition and integration cash costs), which management believes provides useful information to investors about the amount of cash generated by the business that can be used for strategic opportunities, including investing in our business, making strategic acquisitions, paying dividends, and strengthening the balance sheet.

Because we use these adjusted financial results in the management of our business and to understand underlying business performance, we believe this supplemental information is useful to investors for their independent evaluation and understanding of our business performance and the performance of our management. The non-GAAP financial measures described above are in addition to, and not meant to be considered superior to, or a substitute for, our financial statements prepared in accordance with GAAP. In addition, the non-GAAP financial measures included in this report reflect our judgment of particular items, and may be different from, and therefore may not be comparable to, similarly titled measures reported by other companies.

Summary Financial Results

Net loss attributed to Cott Corporation for the three months ended April 1, 2017 (the first quarter) was $36.4 million or $0.26 net loss per diluted common share, compared with net loss of $2.8 million or $0.02 per diluted common share for the three months ended April 2, 2016.

The following items of significance affected our financial results for the first quarter of 2017:

- Net revenue increased 28.4% from the prior year period due primarily to the addition of the S&D and Eden businesses as well as growth in our DSS business, partially offset by the impact of unfavorable foreign exchange rates and a product mix shift and the competitive landscape in our traditional business. Excluding the impact of foreign exchange, net revenue increased 30.3% from the prior year period;

- Gross profit for the first quarter increased to $310.6 million from $214.0 million in the prior year period due primarily to the addition of the S&D and Eden businesses and operational improvements in our DSS business, partially offset by unfavorable foreign exchange rates and lower volumes in our Cott U.K. reporting segment. Gross profit as a percentage of net revenue increased to 34.6% for the first quarter from 30.6% in the prior year period;

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Selling, general and administrative (SG&A) expenses for the first quarter increased to $291.1 million from $197.0 million in the prior year period due primarily to the addition of the S&D and Eden businesses. As a percentage of net revenue, SG&A expenses increased to 32.5% for the first quarter from 28.2% in the prior year period;

Other expense, net for the first quarter was $8.4 million compared to other income, net of $2.2 million in the prior year period due primarily to the costs associated with the redemption of our 2020 Notes;

Interest expense, net for the first quarter increased to $35.7 million from $27.8 million in the prior year period due primarily to the issuance of our 450.0 million (U.S. $480.7 million at the exchange rate in effect on April 1, 2017) of 5.500% senior notes due 2024 (the 2024 Notes) in the second quarter of the prior year;

Income tax expense for the first quarter was $1.1 million compared to income tax benefit of $9.5 million in the prior year period due primarily to no longer recognizing tax benefits in the U.S. and Canada.

Adjusted EBITDA increased to $88.1 million in the first quarter compared to $72.9 million in the prior year period due to the items listed above;

Adjusted net loss and adjusted net loss per diluted common share were $18.5 million and $0.13 respectively, in the first quarter compared to adjusted net loss of $2.0 million and adjusted net loss per diluted common share of $0.02 in the prior year period; and

Cash flows used in operating activities was $3.7 million in the first quarter compared to $18.7 million in the prior year period. The $15.0 million decrease was due primarily to the change in working capital account balances relative to the prior year period.

Results of Operations

The following table summarizes our consolidated statements of operations as a percentage of revenue for the three months ended April 1, 2017 and April 2, 2016:

	For the Three Months Ended			
	April 1, 2017		**April 2, 2016**	
(in millions of U.S. dollars)	**$**	**%**	**$**	**%**
Revenue, net	**896.4**	**100.0**	698.4	100.0
Cost of sales	**585.8**	**65.4**	484.4	69.4
Gross profit	**310.6**	**34.6**	214.0	30.6
SG&A expenses	**291.1**	**32.5**	197.0	28.2
Loss on disposal of property, plant & equipment, net	**1.4**	**0.2**	0.9	0.1
Acquisition and integration expenses	**7.3**	**0.8**	1.4	0.2

Operating income	**10.8**	**1.2**	14.7	2.1
Other expense (income), net	**8.4**	**0.9**	(2.2)	(0.3)
Interest expense, net	**35.7**	**4.0**	27.8	4.0
Loss before income taxes	**(33.3)**	**(3.7)**	(10.9)	(1.6)
Income tax expense (benefit)	**1.1**	**0.1**	(9.5)	(1.4)
Net loss	**(34.4)**	**(3.8)**	(1.4)	(0.2)
Less: Net income attributable to non-controlling interests	**2.0**	**0.2**	1.4	0.2
Net loss attributed to Cott Corporation	**(36.4)**	**(4.1)**	(2.8)	(0.4)
Depreciation & amortization	**64.4**	**7.2**	52.5	7.5

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The following table summarizes the change in revenue by reporting segment for the three months ended April 1, 2017:

	For the Three Months Ended April 1, 2017					
(in millions of U.S. dollars, except percentage amounts)	**Water & Coffee Solutions**	**Cott North America**	**Cott U.K.**	**All Other**	**Eliminations**	**Total**
Change in revenue	$ 238.2	$ (12.2)	$ (26.4)	$ (2.1)	$ 0.5	$ 198.0
Impact of foreign exchange [1]	(0.5)	(0.9)	14.4	0.4		13.4
Change excluding foreign exchange	$ 237.7	$ (13.1)	$ (12.0)	$ (1.7)	$ 0.5	$ 211.4
Percentage change in revenue	92.6%	(3.9)%	(21.9)%	(15.4)%	(7.8)%	28.4%
Percentage change in revenue excluding foreign exchange	92.4%	(4.2)%	(10.0)%	(12.5)%	(7.8)%	30.3%

1. Impact of foreign exchange is the difference between the current period revenue translated utilizing the current period average foreign exchange rates less the current period revenue translated utilizing the prior period average foreign exchange rates.

The following table summarizes our net revenue, gross profit and operating income (loss) by reporting segment for the three months ended April 1, 2017 and April 2, 2016 (for purposes of the table below, our corporate oversight function (Corporate) is not treated as a segment; it includes certain general and administrative costs that are not allocated to any of the reporting segments):

	For the Three Months Ended	
(in millions of U.S. dollars)	**April 1, 2017**	**April 2, 2016**
Revenue, net		
Water & Coffee Solutions	**$ 495.5**	$ 257.3
Cott North America	**301.1**	313.3
Cott U.K.	**94.2**	120.6
All Other	**11.5**	13.6
Eliminations	**(5.9)**	(6.4)
Total	**$ 896.4**	$ 698.4
Gross profit		
Water & Coffee Solutions	**$ 262.4**	$ 154.4
Cott North America	**33.2**	34.9
Cott U.K.	**11.1**	19.7
All Other	**3.9**	5.0

Total	**$**	**310.6**	$	214.0
Operating income (loss)				
Water & Coffee Solutions	**$**	**14.9**	$	5.7
Cott North America		**1.1**		0.6
Cott U.K.				9.9
All Other		**1.6**		2.5
Corporate		**(6.8)**		(4.0)
Total	**$**	**10.8**	$	14.7

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The following tables summarize net revenue by channel for the three months ended April 1, 2017 and April 2, 2016:

	For the Three Months Ended April 1, 2017					
(in millions of U.S. dollars)	Water & Coffee Solutions	Cott North America	Cott U.K.	All Other	Eliminations	Total
Revenue, net						
Private label retail	**$ 21.4**	**$ 240.6**	**$ 38.3**	**$ 0.9**	**$ (0.4)**	**$ 300.8**
Branded retail	**19.1**	**22.6**	**29.5**	**0.9**	**(0.4)**	**71.7**
Contract packaging		**31.1**	**21.8**	**3.0**	**(1.9)**	**54.0**
Home and office bottled water delivery	**229.1**					**229.1**
Coffee and tea services	**165.6**		**0.6**			**166.2**
Concentrate and other	**60.3**	**6.8**	**4.0**	**6.7**	**(3.2)**	**74.6**
Total	**$ 495.5**	**$ 301.1**	**$ 94.2**	**$ 11.5**	**$ (5.9)**	**$ 896.4**

	For the Three Months Ended April 2, 2016					
(in millions of U.S. dollars)	Water & Coffee Solutions	Cott North America	Cott U.K.	All Other	Eliminations	Total
Revenue, net						
Private label retail	$ 16.9	$ 248.5	$ 50.7	$ 0.5	$ (0.4)	$ 316.2
Branded retail	24.3	26.8	36.2	0.8	(0.3)	87.8
Contract packaging		31.4	28.3	4.7	(2.1)	62.3
Home and office bottled water delivery	162.0					162.0
Coffee and tea services	31.5		0.8			32.3
Concentrate and other	22.6	6.6	4.6	7.6	(3.6)	37.8
Total	$ 257.3	$ 313.3	$ 120.6	$ 13.6	$ (6.4)	$ 698.4

The following table summarizes our EBITDA and Adjusted EBITDA for the three months ended April 1, 2017 and April 2, 2016:

	For the Three Months Ended	
(in millions of U.S. dollars)	April 1, 2017	April 2, 2016
Net loss attributed to Cott Corporation	**$ (36.4)**	$ (2.8)
Interest expense, net	**35.7**	27.8
Income tax expense (benefit)	**1.1**	(9.5)
Depreciation & amortization	**64.4**	52.5
Net income attributable to non-controlling interests	**2.0**	1.4

EBITDA	**$ 66.8**	$ 69.4
Acquisition and integration costs [1]	**7.3**	1.4
Inventory step-up		0.5
Unrealized commodity hedging gain, net	**(1.9)**	
Foreign exchange and other gains, net	**(1.4)**	(2.6)
Loss on disposal of property, plant & equipment, net	**1.8**	0.9
Loss on extinguishment of 2020 Notes	**10.1**	
Share-based compensation	**3.6**	2.0
Other adjustments	**1.8**	1.3
Adjusted EBITDA	**$ 88.1**	$ 72.9

1. Includes $1.2 million of share-based compensation costs for the three months ended April 1, 2017 related to awards granted in connection with the acquisition of our S&D and Eden businesses and $0.4 million of share-based compensation costs for the three months ended April 2, 2016 related to awards granted in connection with the acquisition of our DSS business.

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The following table summarizes our adjusted net loss and adjusted net loss per common share for the three months ended April 1, 2017 and April 2, 2016:

(in millions of U.S. dollars, except share amounts)	For the Three Months Ended April 1, 2017	April 2, 2016
Net loss attributed to Cott Corporation	**$ (36.4)**	$ (2.8)
Acquisition and integration costs	**7.3**	1.4
Inventory step-up		0.5
Unrealized commodity hedging gain, net	**(1.9)**	
Foreign exchange and other gains, net	**(1.4)**	(2.6)
Loss on disposal of property, plant & equipment, net	**1.8**	0.9
Loss on extinguishment of 2020 Notes	**10.1**	
Other adjustments [1]	**2.6**	1.3
Adjustments for tax effect [2]	**(0.6)**	(0.7)
Adjusted net loss attributed to Cott Corporation	**$ (18.5)**	$ (2.0)
Adjusted net loss per common share attributed to Cott Corporation		
Basic	**$ (0.13)**	$ (0.02)
Diluted	**(0.13)**	(0.02)
Weighted average outstanding shares (in millions) attributed to Cott Corporation		
Basic	**138.7**	113.3
Diluted	**138.7**	113.3

1. Includes $0.8 million of interest expense for the three months ended April 1, 2017 related to the debt refinancing of our 2020 Notes.
2. Reflects the tax effect of adjustments at the statutory tax rate within the applicable tax jurisdiction.

The following table summarizes our free cash flow and adjusted free cash flow for the three months ended April 1, 2017 and April 2, 2016:

(in millions of U.S. dollars)	For the Three Months Ended April 1, 2017	April 2, 2016
Net cash used in operating activities	**$ (3.7)**	$ (18.7)
Less: Additions to property, plant & equipment	**(40.6)**	(29.5)
Free Cash Flow	**$ (44.3)**	$ (48.2)
Plus:		
Acquisition and integration cash costs	**5.7**	1.1
Adjusted Free Cash Flow	**$ (38.6)**	$ (47.1)

Revenue, Net

Net revenue increased $198.0 million, or 28.4%, in the first quarter from the comparable prior year period. Excluding the impact of foreign exchange, net revenue increased 30.3% in the first quarter as compared to the prior year period.

Water & Coffee Solutions revenue increased $238.2 million, or 92.6%, in the first quarter from the comparable prior year period due primarily to the addition of our S&D and Eden businesses and operational improvements in our DSS business, partially offset by reduced revenues in office coffee services, retail supermarkets and HOD case pack water at our DSS business.

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Cott North America revenue decreased $12.2 million, or 3.9%, in the first quarter from the comparable prior year period. Excluding the impact of foreign exchange, revenue decreased 4.2%, due primarily to an ongoing product mix shift within the business.

Cott U.K. revenue decreased $26.4 million, or 21.9%, in the first quarter from the comparable prior year period. Excluding the impact of foreign exchange, revenue decreased 10.0%, due primarily to lost customer volume from a large retail customer.

All Other revenue decreased $2.1 million, or 15.4%, in the first quarter from the comparable prior year period. Excluding the impact of foreign exchange, revenue decreased 12.5%, due primarily to reduced volumes.

Cost of Sales

Cost of sales represented 65.4% of revenue in the first quarter, compared to 69.4% in the comparable prior year period. The decrease in cost of sales as a percentage of revenue was due primarily to the addition of our higher gross profit Eden business as well as operational improvements in our DSS business.

Gross Profit

Gross profit increased to $310.6 million in the first quarter from $214.0 million in the comparable prior year period due primarily to the addition of our S&D and Eden businesses and operational improvements in our DSS business, partially offset by unfavorable foreign exchange rates and lower volumes in our Cott U.K. reporting segment. Gross profit as a percentage of revenue increased to 34.6% in the first quarter from 30.6% in the comparable prior year period.

Selling, General and Administrative Expenses

SG&A expenses increased to $291.1 million in the first quarter from $197.0 million in the comparable prior year period due primarily to the addition of our S&D and Eden businesses.

Operating Income

Operating income decreased to $10.8 million in the first quarter from $14.7 million in the comparable prior year period due primarily to higher SG&A expenses and acquisition and integration expenses incurred in the first quarter compared to the prior year period.

Other Expense (Income), Net

Other expense, net for the first quarter was $8.4 million compared to other income, net of $2.2 million in the comparable prior year period due primarily to the costs associated with the redemption of our 2020 Notes.

Income Taxes

Income tax expense was $1.1 million in the first quarter compared to income tax benefit of $9.5 million in the comparable prior year period. The effective income tax rate for the first quarter was (3.3%) compared to 87.2% in the comparable prior year period. The increase in the income tax expense primarily relates to no longer recognizing tax benefits in the U.S. and Canada. The effective tax rate differs from the Canadian statutory rate primarily due to losses in tax jurisdictions with existing valuation allowances, significant permanent differences for which we have recognized a tax benefit and income in tax jurisdictions with lower statutory tax rates than Canada.

Liquidity and Capital Resources

As of April 1, 2017, we had total debt of $2,684.2 million, $444.4 million of restricted cash and $86.1 million of cash & cash equivalents compared to $2,200.7 million of debt and $118.1 million of cash & cash equivalents as of December 31, 2016.

We believe that our level of resources, which includes cash on hand, available borrowings under our asset-based lending facility (the ABL facility) and funds provided by operations, will be adequate to meet our expenses, capital expenditures, and debt service obligations for the next twelve months. Our ability to generate cash to meet our current expenses and debt service obligations will depend on our future performance. If we do not have enough cash to pay our debt service obligations, or if the ABL facility or our outstanding notes were to become currently due, either at maturity or as a result of a breach, we may be required to take actions such as amending our ABL facility or the indentures governing our outstanding notes, refinancing all or part of our existing debt, selling assets, incurring additional indebtedness or raising equity. The ABL facility and the DSS Notes are secured by substantially all of our assets and those of the respective guarantor subsidiaries. If the ABL facility or the DSS Notes were to become currently due, the lenders or the trustee, as applicable, may have the right to foreclose on such assets subject to the terms of an intercreditor agreement that gives priority to the rights of the ABL lender. If we need to seek additional financing, there is no assurance that this additional financing will be available on favorable terms or at all.

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As of April 1, 2017, our total availability under the ABL facility was $461.1 million, which was based on our borrowing base (accounts receivables, inventory, and fixed assets as of the March month end under the terms of the credit agreement governing the ABL facility). We had $146.8 million of outstanding borrowings under the ABL facility and $39.9 million in outstanding letters of credit. As a result, our excess availability under the ABL facility was $274.4 million. Each month s borrowing base is not effective until submitted to the lenders, which usually occurs on the twentieth day of the following month.

We earn most of our consolidated operating income in subsidiaries located outside of Canada. We have not provided for federal, state and foreign deferred income taxes on the undistributed earnings of our non-Canadian subsidiaries. We expect that these earnings will be permanently reinvested by such subsidiaries except in certain instances where repatriation attributable to current earnings results in minimal or no tax consequences.

We expect existing cash, cash equivalents, cash flows from operations and the issuance of debt to continue to be sufficient to fund our operating, investing and financing activities. In addition, we expect existing cash, cash equivalents, and cash flows from operations outside Canada to continue to be sufficient to fund our subsidiary operating activities.

A future change to our assertion that foreign earnings will be permanently reinvested could result in additional income taxes and/or withholding taxes payable, where applicable. Therefore, a higher effective tax rate could occur during the period of repatriation.

We may, from time to time, depending on market conditions, including without limitation whether our outstanding notes are then trading at a discount to their face amount, repurchase our outstanding notes for cash and/or in exchange for our common shares, warrants, preferred shares, debt or other consideration, in each case in open market purchases and/or privately negotiated transactions. The amounts involved in any such transactions, individually or in aggregate, may be material. However, the covenants in our ABL facility subject such purchases to certain limitations and conditions.

A dividend of $0.06 per common share was declared during the first quarter of 2017 for a dividend payment of approximately $8.4 million.

The following table summarizes our cash flows for the three months ended April 1, 2017 and April 2, 2016, as reported in our consolidated statements of cash flows in the accompanying consolidated financial statements:

	For the Three Months Ended	
(in millions of U.S. dollars)	**April 1, 2017**	**April 2, 2016**
Net cash used in operating activities	**$ (3.7)**	$ (18.7)
Net cash used in investing activities	**(44.1)**	(73.5)
Net cash provided by financing activities	**458.7**	71.2
Effect of exchange rate changes on cash	**1.5**	(1.0)
Net increase (decrease) in cash, cash equivalents and restricted cash	**412.4**	(22.0)
Cash, cash equivalents and restricted cash, beginning of period	**118.1**	77.1

Cash, cash equivalents and restricted cash, end of period	**$**	**530.5**	$	55.1

Operating Activities

Cash used in operating activities was $3.7 million during the first quarter compared to $18.7 million in the comparable prior year period. The $15.0 million decrease was due primarily to the change in working capital account balances relative to the prior year period.

Investing Activities

Cash used in investing activities was $44.1 million during the first quarter compared to $73.5 million in the comparable prior year period. The $29.4 million decrease was due primarily to the reduction of acquisition activity relative to the prior year period, partially offset by an increase in additions to property, plant and equipment.

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Financing Activities

Cash provided by financing activities was $458.7 million during the first quarter compared to $71.2 million in the comparable prior year period. The $387.5 million increase was due primarily to the proceeds received from the issuance of the 2025 Notes, partially offset by the partial redemption of our 2020 Notes and the reduction of the net proceeds from the issuance of common shares relative to the prior year period.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements as defined under Item 303(a)(4) of Regulation S-K as of April 1, 2017.

Contractual Obligations

Except as described below, there were no other significant changes to our outstanding contractual obligations, as of April 1, 2017, from amounts previously disclosed in our 2016 Annual Report.

In March 2017, we issued $750.0 million of 5.500% senior notes due April 1, 2025. The interest on the notes is payable semi-annually on April 1st and October 1st of each year commencing October 1, 2017. We used a portion of these proceeds to redeem $202.3 million aggregate principal amount of our 2020 Notes in a cash tender offer in March 2017, $422.7 million to redeem the remaining aggregate principal amount of our 2020 Notes in April 2017 and $100.0 million to redeem a portion of the aggregate principal amount of our DSS Notes in May 2017.

Credit Ratings and Covenant Compliance

Credit Ratings

We have no material changes to the disclosure on this matter made in our 2016 Annual Report.

Covenant Compliance

Indentures governing our outstanding notes

Under the indentures governing our outstanding notes, we are subject to a number of covenants, including covenants that limit our and certain of our subsidiaries ability, subject to certain exceptions and qualifications, to (i) pay dividends or make distributions, repurchase equity securities, prepay subordinated debt or make certain investments, (ii) incur additional debt or issue certain disqualified stock or preferred stock, (iii) create or incur liens on assets securing indebtedness, (iv) merge or consolidate with another company or sell all or substantially all of our assets taken as a whole, (v) enter into transactions with affiliates and (vi) sell assets. The covenants are substantially similar across the series of notes. As of April 1, 2017, we were in compliance with all of the covenants under each series of notes. There have been no amendments to any such covenants of our outstanding notes since the date of their issuance or assumption, as applicable.

ABL Facility

Under the credit agreement governing the ABL facility, Cott and its restricted subsidiaries are subject to a number of business and financial covenants, including a minimum fixed charge coverage ratio, which measures our ability to cover financing expenses. The minimum fixed charge coverage ratio of 1.0 to 1.0 is effective if and when aggregate availability is less than the greater of 10% of the lenders commitments under the ABL facility or $37.5 million. If excess availability is less than the greater of 10% of the aggregate availability under the ABL facility or $37.5 million, the lenders will take dominion over the cash and will apply excess cash to reduce amounts owing under the facility. We were in compliance with all of the applicable covenants under the ABL facility as of April 1, 2017.

Issuer Purchases of Equity Securities

Tax Withholding

In the first quarter of 2017, 150,206 previously-issued common shares were withheld from delivery to our employees to satisfy their tax obligations related to share-based awards. In the first quarter of 2016, 99,982 previously-issued common shares were withheld from delivery to our employees to satisfy their tax obligations related to share-based awards. Please refer to the table in Part II, Item 2 of this quarterly report on Form 10-Q.

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Capital Structure

Since December 31, 2016, equity has decreased by $28.0 million. The decrease was due primarily to the net loss of $34.4 million and the common share dividend payments of $8.4 million, partially offset by currency translation adjustments of $9.7 million.

Dividend Payments

Common Share Dividend

On February 22, 2017, the board of directors declared a dividend of $0.06 per share on common shares, payable in cash on March 29, 2017 to shareowners of record at the close of business on March 14, 2017. The dividend payment was approximately $8.4 million in the aggregate. On May 2, 2017, the board of directors declared a dividend of $0.06 per share on common shares, payable in cash on June 14, 2017 to shareowners of record at the close of business on June 2, 2017. Cott intends to pay a regular quarterly dividend on its common shares subject to, among other things, the best interests of its shareowners, Cott s results of operations, cash balances and future cash requirements, financial condition, statutory regulations and covenants set forth in the ABL facility and indentures governing our outstanding notes as well as other factors that the board of directors may deem relevant from time to time.

Critical Accounting Policies

Our critical accounting policies require management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and the accompanying notes. These estimates are based on historical experience, the advice of external experts or on other assumptions management believes to be reasonable. Where actual amounts differ from estimates, revisions are included in the results for the period in which actual amounts become known. Historically, differences between estimates and actual amounts have not had a significant impact on our consolidated financial statements.

Critical accounting policies and estimates used to prepare the financial statements are discussed with our Audit Committee as they are implemented and on an annual basis.

We have no material changes to our Critical Accounting Policies and Estimates disclosure as filed in our 2016 Annual Report.

Recent Accounting Pronouncements

See Note 1 to the consolidated financial statements for a discussion of recent accounting guidance.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

In the ordinary course of business, we are exposed to foreign currency, interest rate and commodity price risks. We hedge firm commitments or anticipated transactions and do not enter into derivatives for speculative purposes. We do not hold financial instruments for trading purposes. We have no material changes to our Quantitative and Qualitative Disclosures about Market Risk as filed in our 2016 Annual Report.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act). The Company s management, under the supervision and with the participation of the Company s Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of the Company s disclosure controls and procedures as of April 1, 2017. Based upon this evaluation, the Company s Chief Executive Officer and Chief Financial Officer concluded that, as of April 1, 2017, the Company s disclosure controls and procedures are functioning effectively to ensure that information required to be disclosed by the Company in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and accumulated and communicated to the Company s management, including the Company s Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

In addition, our management carried out an evaluation, as required by Rule 13a-15(d) of the Exchange Act, with the participation of our Chief Executive Officer and our Chief Financial Officer, of changes in our internal control over financial reporting. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that there have been no changes in our internal control over financial reporting during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Reference is made to the legal proceedings described in our 2016 Annual Report.

Item 1A. Risk Factors

There has been no material change in our risk factors since December 31, 2016. Please refer to our 2016 Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Tax Withholdings

The following table contains information about common shares that we withheld from delivering to employees during the first quarter of 2017 to satisfy their tax obligations related to share-based awards.

	Total Number of Common Shares Purchased	Average Price Paid per Common Share	Total Number of Common Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Dollar Value) of Common Shares that May Yet Be Purchased Under the Plans or Programs
January 2017		$	N/A	N/A
February 2017	150,206	$ 11.32	N/A	N/A
March 2017		$	N/A	N/A
Total	**150,206**			

Item 6. Exhibits

The Index to Exhibits, which appears immediately following the signature page, is incorporated by reference herein.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COTT CORPORATION

(Registrant)

Date: May 11, 2017

/s/ Jay Wells

Jay Wells

Chief Financial Officer

(On behalf of the Company)

Date: May 11, 2017

/s/ Jason Ausher

Jason Ausher

Chief Accounting Officer

(Principal Accounting Officer)

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INDEX TO EXHIBITS

Number	Description
3.1	Articles of Amalgamation of Cott Corporation (incorporated by reference to Exhibit 3.1 to our Form 10-K filed February 28, 2007)(file no. 001-31410).
3.2	Articles of Amendment to Articles of Amalgamation of Cott Corporation (incorporated by reference to Exhibit 3.1 to our Form 8-K filed December 15, 2014).
3.3	Second Amended and Restated By-law No. 2002-1 of Cott Corporation, as amended (incorporated by reference to Exhibit 3.2 to our Form 10-Q filed May 8, 2014).
4.1	Indenture, dated as of March 22, 2017, by and among Cott Holdings Inc., the guarantors party thereto, BNY Trust Company of Canada, as Canadian co-trustee, and The Bank of New York Mellon, as U.S. co-trustee, paying agent, registrar, transfer agent and authenticating agent, governing the 5.500% Senior Notes due 2025 (incorporated by reference to Exhibit 4.1 to our Form 8-K filed March 22, 2017).
4.2	Form of 5.500% Senior Notes due 2025 (included as Exhibit A to Exhibit 4.1 to our Form 8-K filed March 22, 2017).
31.1	Certification of the Chief Executive Officer pursuant to section 302 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended April 1, 2017 (filed herewith).
31.2	Certification of the Chief Financial Officer pursuant to section 302 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended April 1, 2017 (filed herewith).
32.1	Certification of the Chief Executive Officer pursuant to section 906 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended April 1, 2017 (furnished herewith).
32.2	Certification of the Chief Financial Officer pursuant to section 906 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended April 1, 2017 (furnished herewith).
101	The following financial statements from Cott Corporation s Quarterly Report on Form 10-Q for the quarter ended April 1, 2017, filed May 11, 2017, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Statements of Operations, (ii) Condensed Consolidated Statements of Comprehensive Loss, (iii) Consolidated Balance Sheets, (iv) Consolidated Statements of Cash Flows, (v) Consolidated Statements of Equity, (vi) Notes to the Consolidated Financial Statements (filed herewith).