

Primo Brands Corporation

2026 First Quarter Earnings Conference Call

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TD Cowen — Analyst

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PRESENTATION

Operator

Welcome to the Primo Brands 2026 First Quarter Earnings Conference Call.

I will now turn the call over to Traci Mangini, Vice President, Investor Relations.

Traci Mangini — Vice President, Investor Relations, Primo Brands Corporation

Thank you, Operator, and hello, everyone.

With me on the call today are Eric Foss, Chairman and Chief Executive Officer; and David Hass, Chief Financial Officer.

Our discussion today includes forward-looking statements within the meaning of US federal securities laws, which are subject to risks and uncertainties that may cause actual results to differ materially. For more information, please refer to the forward-looking statements disclosure in our earnings release.

In addition, the definitions of an applicable reconciliation for any non-US GAAP measures are included in our earnings release and the supplemental earnings slides, which were made available earlier today on the Investor Relations section of our website.

With that, I'll pass it to you, Eric.

Eric Foss — Chairman and Chief Executive Officer, Primo Brands Corporation

Thanks, Traci.

Good morning, and thank you, all, for joining us.

This morning, I'll provide a high-level review of our 2026 first quarter results, share with you an update on our progress on our Direct Delivery customer experience, and discuss the current operating

environment and our key growth priorities. David will then take you through our financial results and our updated 2026 guidance.

Let me begin by stating how encouraged we are by the strong start to 2026 and the momentum building broadly across the business.

First quarter net sales of \$1.63 billion were up 1.7 percent on a comparable basis versus prior year, marking a return to growth for Primo Brands.

Top-line performance was broad-based, driven by both price mix and volume. It was fuelled by the strength of our brands in Retail, particularly premium, and another quarter of sequential improvement for Direct Delivery, with service levels exceeding our expectations.

Our comparable adjusted EBITDA was \$306 million, down 10.4 percent. This was driven by increased investments in the business discussed during our last earnings call to improve service in Direct Delivery, which have yielded operational improvements, higher on-time, in-full, and an improved customer experience, as well as incremental costs incurred attributable to the winter storms and incremental freight and logistics costs year over year.

Based on our strong first quarter top-line growth, we're raising our 2026 comparable organic net sales growth guidance to 1 percent to 3 percent from flat to 1 percent previously.

At the same time, given recent geopolitical events and the dynamic cost landscape, while we believe we're well equipped with multiple levers to help mitigate oil-related commodities inflation, we are prudently widening our adjusted EBITDA range. As a result, we're updating the low end to \$1.465 billion, while maintaining the high end at \$1.515 billion.

This implies a revised adjusted EBITDA margin midpoint of 22 percent, which would be up 20 basis points versus prior year.

Despite the macro environment, we are executing with pace and purpose so we are fit to win. We believe we are well positioned in an attractive, growing category, supported by our differentiated portfolio of leading brands and our advantage go-to (phon) market.

On our fourth quarter earnings call in February, we outlined two critical near-term priorities. First was improving the customer experience in Direct Delivery and second was returning the Company to balanced growth.

Our actions in the quarter drove meaningful progress across both of these priorities.

First, on Direct Delivery, we achieved another quarter of improvement in key leading indicators and, more importantly, sequential improvement in financial performance.

Top-of-the-funnel demand remained strong, and customer quits continued to decline, leading to a sequential improvement in customer nets, which approached a net breakeven customer position in March.

Customer call volume declined, and our Respond and Recover Solve by Sundown initiative resulted in an accelerated pace of customer issue resolutions. Notably, one of our most important success metrics, on-time, in-full, reached over 90 percent in March.

While pleased with our progress, there's more to do, so we're taking some additional actions.

We're implementing a new warehouse management system to support superior supply chain execution, from product supply to in-branch inventory, to help satisfy customer demand.

With the final waves of our US integration behind us and those delivery customers now on one enterprise management system, we're focusing on harmonizing data, enhancing analytics and insights, and strengthening management tools to better serve our customers.

We're reimagining and optimizing the end-to-end customer journey, from customer sign-up and delivery through billing and issue resolution.

By enhancing the digital and mobile app experience, strengthening our win-back initiatives, and designing a more efficient customer contact centre, this ongoing work is grounded in three principles that we believe matter most to our customers: transparency, convenience, and trust.

And with that in mind, our current initiatives are focused on streamlining and improving communications across every stage of the customer experience.

Our second priority was to get the overall business growing again. First quarter results put us firmly on that path, led by Retail, where we expanded our leadership position in branded bottled water, gaining both dollar and volume share in the category.

We plan to build on this momentum through multiple growth vectors going forward, including brand building and innovation, improving our in-store presence, leveraging the momentum behind our leading premium brands, and a comprehensive development approach to revenue growth management and pricing.

Our summer plans around brand building include building on our successful partnership with Major League Baseball for our regional spring waters. This marks the first time our entire regional spring water portfolio is under one creative campaign. In addition, we'll have a significant presence in Philadelphia this July as we celebrate this year's All-Star Game.

As part of our multiyear partnership with Disney, we're launching a limited edition Pure Life bottle series this summer featuring Toy Story 5.

We are also focused on extending our retail presence by driving new points of distribution, getting more display inventory, and expanding our exchange and refill footprints.

Expanding our presence extends beyond physical footprints, to e-commerce. In April, for the first time, our regional spring waters became available through Amazon Grocery, providing an opportunity to increase household penetration, further accelerate brand awareness, increase our share of virtual shelf at this important marketplace, and add new customers.

Another growth vector is prioritizing premium. Saratoga and Mountain Valley continue to be incredible contributors to growth, growing an impressive 43 percent in the first quarter. Both brands showed momentum via new points of distribution and grew volume and dollar share of category in the quarter.

Going forward, we'll be amplifying awareness of our new Saratoga collection, four sparkling flavours in a slim can with the highly recognizable Saratoga's signature blue colour.

Also for the second year, Mountain Valley is the proud sponsor of the Academy of Country Music Awards in May.

We believe these brands are early in their growth trajectory, with expanding distribution, strong brand equity, and investments in additional capacity coming online to drive continued momentum.

Saratoga capacity in Texas became operational in May, and adding the second production location supports lower distribution costs. We expect to complete the Mountain Valley new Greenfield facility in midsummer.

Our final growth priority is the development and execution of a more strategic and holistic revenue growth management approach across price points, package types, and channels.

Our pricing strategy begins and ends with the consumer, understanding how they define value and how that perception shapes their purchase and usage behaviours. At the same time, we assess our

competitive position across our brands and products, while attempting to make sure our decisions reflect both our cost structure and margin goals, as well as the economics of our retail partners.

As we navigate today's dynamic macro environment, pricing, along with productivity initiatives, are levers we can use to help offset commodity headwinds.

In closing, I want to extend my thanks to our associates for their pride and commitment to ensure we sell and serve our customers with passion each and every day.

Let me also reiterate that the investment thesis behind the merger that created Primo Brands, the US-bottled water leader, remains intact.

We compete in an attractive category and continue to benefit from strong tailwinds in health and wellness and hydration. It's highly penetrated, frequently purchased, and among the fastest-growing categories within liquid refreshment beverages.

We are a clear leader in branded water and healthy hydration and a major player across the liquid refreshment beverage category.

As a leader in a structurally advantaged category with consumer and customer-first culture, we're investing to capitalize on the category momentum and the power of our brands.

By ensuring we elevate service and execution, we're positioned for sustained growth, margin expansion, stronger free cash flow, and long-term stakeholder value.

With that, let me turn the call over to David.

David Hass — Chief Financial Officer, Primo Brands Corporation

Thank you, Eric.

For 2026, reported financials include Primo Brands results for both 2026 and 2025, as we're now past the anniversary of our first quarter as a merged company. For greater comparability on our continuing

operations, we focus on comparable results, which exclude the Eastern Canadian operations, which we exited in the first quarter of 2025, and our office coffee services business, which we exited across 2025. Reconciliations of this information is available in our earnings supplemental deck available on our website.

For the first quarter, comparable net sales increased 1.7 percent versus the prior year, driven by a 1.3 percent price or mix contribution increase and a 0.4 percent volume contribution increase.

These results reflect an earlier than expected positive inflection in the business and validate that our actions are driving measurable top-line progress ahead of plan. Simply put: we had a priority of returning to growth, and we delivered that with a fairly balanced first quarter top-line performance.

Volume, which we define as case goods equivalents measured in 12 litres, was driven by an increase in retail channels, partially offset by a decline in Direct Delivery.

In Retail, net sales growth was driven across multiple channels, particularly mass, club, and away from home, pack sizes driven by occasion and case packs, and brands led by premium.

As Eric mentioned, Saratoga and Mountain Valley combined net sales were up 43 percent in the quarter, continuing their incredible momentum.

While Direct Delivery net sales declined in the quarter, it reflected lower volume from a smaller customer base and a tough comparison to prior year, which was just prior to the main integration activities. That said, customer net adds trend continued to improve, approaching breakeven.

On a comparable basis, Direct Delivery sales declined 3 percent with sequential improvement each month within the quarter. The performance also reflects sequential improvement over the last couple of quarters, a trend we expect to continue over the balance of 2026.

Comparable adjusted EBITDA decreased \$35.5 million to \$306 million, with comparable adjusted EBITDA margin down 260 basis points to 18.8 percent versus the prior year.

Margins were affected by our decision to continue to operate with a higher route count than typical in order to strengthen our Direct Delivery service levels, an investment that contributed to better-than-expected net sales and customer retention.

We expect these costs to begin to normalize in the second half of the year as we realign the cost structure under the improved operating model, which should improve the overall margin profile.

This approach also helped us navigate the temporary disruptions caused by severe weather across many of our markets during the quarter. Leading indicators, such as OTIF and customer volume trends, validate these actions.

Additionally, margins were pressured by higher transportation costs in Retail tied to severe weather and a tighter freight market.

Moving to our balance sheet and cash flows. Underscoring our commitment to a disciplined capital structure, on March 31, 2026, we proactively refinanced our \$3.1 billion term loan at SOFR plus 275 basis points, extending the largest and nearest maturity in our debt stack to 2031 from 2028.

Our liquidity remains strong, with \$874 million of availability between our cash balance and our unused line of credit. At quarter-end, our net leverage ratio was 3.52 times, reflecting expected seasonal working capital dynamics in the first quarter.

We believe we remain well positioned to generate leverage ratio improvement as cash flow strengthens throughout the year.

We generated \$103.8 million of cash flow from operations for the quarter. Adjusting for significant items, most notably our integration and merger activities, cash flow from operations would have been \$191.6 million.

Adjusted free cash flow, which excludes integration-related capital expenditures, was \$128.6 million, representing a \$73.9 million improvement versus prior year.

Our strong financial flexibility allows us to reinvest in the business while returning cash to stockholders. First quarter total capital expenditures were \$118.1 million, while \$47.2 million were related to integration capital expenditures. The majority supported growth initiatives and maintenance.

We also continued to execute our share repurchase program, repurchasing \$29 million or approximately 1.5 million shares under the \$300 million program announced last November.

Before we move to our financial guidance, we believe it's important, given the macro environment, to outline our oil-related commodities exposure and how we manage that risk.

We do not speculate on the market. Instead, we hedge key input costs to create predictability around our input costs and to strengthen our ability to forecast. Our risk management program blends fixed price and forward contracts where those instruments are available.

The strategy is intentionally balanced and programmatic in structure and opportunistic when conditions allow. It's guided by guardrails and typically include coverage that extends 12 to 24 months.

Our primary oil-related commodities include plastic resins, virgin PET or VPET, recycled PET or RPET, high-density polyethylene or HDPE, and low-density polyethylene or LDPE, which are used across our product portfolio, as well as diesel and propane.

Within our delivery fleet, about 40 percent of our trucks run on propane, and given elevated industry inventory levels, propane markets have been relatively stable. For the diesel-powered portion of the fleet, we have significant hedge coverage in 2026, and we are extending some of that margin protection into 2027 through longer-term derivative contracts that lock in prices well below current spot levels.

At present, oil futures in 2027 remain significantly below today's levels, which, in our view, provides visibility and confidence to navigate the current situation. That said, the recent unexpected volatility in these oil-related input costs occurred shortly after providing our full year 2026 guidance in February. While this will likely result in some added headwinds, we are actively managing our cost outlook and believe our financial risk management program is one of the multiple levers to help mitigate the impact.

Moving to our financial outlook. We are raising our comparable organic net sales guidance for the year.

As a reminder, in 2026, we cycled the exit of our office coffee services business, which accounted for \$25.5 million in our reported 2025 net sales. This puts our comparable 2025 net sales at \$6.635 billion. This is the base for our full year 2026 guidance and growth rate.

With that in mind, we now expect comparable organic net sales growth in the range of 1 percent to 3 percent as compared to flat to 1 percent as provided in February. The increase is driven by not only the broad-based, better-than-expected first quarter top line, but also a trajectory change in Direct Delivery.

We now expect Direct Delivery to transition from the down 3 percent in the first quarter to closer to breakeven in the second quarter and to modest growth in the second half of the year.

We also expect continued strength in our consolidated Retail channels behind our brands and premium momentum. Our revenue growth management capabilities intend to fully leverage the power of our brands and should also help mitigate some of the commodity cost pressures.

Turning to adjusted EBITDA. We are widening our previous range to include an updated low end of \$1.465 billion and maintaining the \$1.515 billion on the high end.

While we are confident in the guidance provided in February, the macro and commodity environment meaningfully changed shortly after. Despite the shift, we believe we have multiple levers, including pricing actions, growth initiatives, ongoing supply chain cost initiatives, and our financial risk management program to help mitigate the impact.

We expect to benefit from productivity improvements in Direct Delivery in the second half of the year as we realign the cost structure under the improved operating model. At the same time, we plan to prudently invest in enhancements in the customer experience, including the redesign of our contact centre and capabilities that support future growth.

The revised midpoint adjusted EBITDA margin is 22.0 percent, down approximately 50 basis points compared to the previous guidance, and continues to imply margin expansion for the year.

We are reaffirming our adjusted free cash flow range of \$790 million to \$810 million. Beginning in Q2, we anticipate free cash flow add-backs to decline. This trend follows the first quarter reduction in EBITDA add-backs and reflects the typical reporting lag between expense recognition and cash payment. As integration activities mature, we expect a cleaner cash flow profile that more closely aligns with our underlying operational performance.

Our strong free cash flow supports our capital allocation priorities. We continue to expect to deploy approximately 4 percent of net sales in capital expenditures for the year, in addition to the approximately \$100 million in integration capital expenditures.

Also, given our commitment to return cash to stockholders, last week we announced our board of directors authorized a \$0.12 quarterly dividend, which annualizes to \$0.48 per share. We also intend to continue to execute our share repurchase plan, which had \$78.3 million available under the program authorization as of the end of the first quarter.

And with that, I'd like to turn the call back to Traci.

Traci Mangini

Thanks, David. To ensure we can address as many of your questions as possible, please limit yourself to one question. And if we have time remaining, we will re-poll for additional ones.

Operator, please open the line for questions.

Q&A

Operator

Thank you, Traci.

Ladies and gentlemen, should you have a question, please press *, followed by 1 on your touch-tone phone. You will hear a prompt that your hand has been raised.

Should you wish to remove your hand from the queue, please press *, followed by 2.

If you are using a speakerphone, please lift the handset before pressing any keys.

Just a moment for your first question.

And your first question comes from Peter Galbo with Bank of America. Please go ahead.

Peter Galbo — Bank of America

Hey. Good morning, guys. Thanks for taking the question. David, thanks for all the detail around the hedging program, particularly Slide 6, I think is very helpful.

I wanted to just kind of pressure test that a little bit, David, first question being, how locked are you for the year? So if we do get kind of resolution based on the conflict, and let's say oil goes lower from here, is there actually kind of upside to what you've presented? Or are you pretty much locked for this year?

And then the second question is, I believe last quarter you talked about a 48/52 split on EBITDA, first half, second half for the year. Wanted to see if that still holds in light of kind of the updated guidance and given that Q1 maybe came in a little bit light of Street. But maybe you could address those two items for us. Thanks very much.

David Hass

Sure. Let me maybe start with the second-one quickie, because I think in that regard, we're probably a little bit more like 47/53. And it'd be about maybe a point from those investments inside the quarter. But again, I think we remain very encouraged by what that led to in our top-line performance. And notably, when you see the momentum building in Direct Delivery, it gives us that confidence to go from essentially the down 3 in Q1 to closer to breakeven in Q2 and then resuming growth.

So we think that those investments have really yielded the right activity set to respond to the consumer, deliver what they ordered on time and in full, and if not, recover very quickly to sort of retain them, which is our number-one priority.

Into the actual hedging and some of that activity year to date, really where we have technical hedges is within our diesel activity, and that's basically just using sort of market-based hedges. And then that allows us to sort of transact with that and sort of align that usage to our sort of what we believe is our fleet consumption.

We're pretty far hedged, but if there were to be a resolution, as maybe the markets have anticipated this week, that would provide some opportunity for benefit balance of year. And it would obviously allow us to start to lock—if we felt so inclined, lock prices for '27 in that category itself.

Where we have more forward-priced contracts with our vendors, that happens in the resin portfolio. I think if there was a resolution, whatever premium that vendor or supplier is attempting to pass

through to customers like ourselves and others, that would provide a more advantageous sort of negotiation posture for balance of year, and again, into 2027 activities.

Peter Galbo

Thanks very much. I'll pass it on.

David Hass

Thanks, Peter.

Operator

Your next question comes from Nik Modi with RBC Capital Markets. Please go ahead.

Nik Modi — RBC Capital Markets

Yeah. Thank you. Good morning, everyone. Maybe we can just talk a little bit about the scenarios between kind of the low end and the high end, whether it be on the revenue side and the EBITDA, just so we can understand exactly kind of scenario-wise what would need to happen to get you to the high end versus, let's say, the low end.

And then the second question is, would love just some more clarity around some of the pricing actions that recently have taken place. If you could just kind of quantify, like, what percent of the portfolio is it happening. My understanding is it's not the case-pack side. And do you believe you have opportunity to actually take price in case pack if you need to to offset some of these headwinds from inflation? Thanks.

Eric Foss

Good morning, Nik. It's Eric. Yeah. Thanks for your question. I think, let me just start with the fact that I think we were really pleased, and I think we made meaningful progress in the quarter versus some of the growth priorities we laid out. So I'll get to your question.

But I think the way to connect the dots to the low end or the high end on the growth side is, look, we continue to improve our customer experience in Direct Delivery. That happened faster than we anticipated. So we were pleased by that.

I think we also delivered earlier than anticipated this commitment to return the business to growth. I think on the last call I talked about those two being our two focal points for the business. And I think what, to me, leads me to conclude that the growth is durable and even structural is the fact that that growth was balanced and broad-based. And it was—it took place across premium, which has been a key growth facilitator for us. But it also was applicable to our regional spring water portfolio. It was applicable to Pure Life. It was fairly broad-based across channels.

And so as we look ahead, to me, the path forward is clearly compelling. We think that the continued brand building to create demand, continuing to raise the bar on execution, we are going to leverage a very disciplined revenue growth management approach to drive value and over time expand margins. So anyway, we really believe that we're in a good spot as we look forward to the rest of the year.

Second, I think when it comes to pricing, again, we still have a lot of work to do on RGM. But I'll give you a little bit of just the framework on how we think about pricing.

Our first principle is that all of our pricing actions start and end with the consumer. So we keep the consumer and her decision-making matrix at the forefront of anything we would do.

We also have to maintain competitiveness, which we have and will continue to do. And then we've got to look at the Company P&L and look at the cost-margin implications and try to make sure we're appropriately managing margins.

So I'd say it's a comprehensive development approach that includes rate, mix, and trade spend. And what we've done is we felt like, given the current environment, our focus would be more on

immediate consumption, where you tend to see the consumer be more convenience oriented than price oriented. We did take actions on the immediate-consumption portfolio. We still maintain kind of the best value across channels in the marketplace.

And relative to your question on case pack, yes, I think later this year we'd probably look at taking some pricing on case pack, obviously being very sensitized to the starting point, which is making sure we understand consumer value and elasticity on that package.

Nik Modi

Great. Thank you. I'll pass it on.

Operator

Your next question comes from Daniel Moore with CJS Securities. Please go ahead.

Daniel Moore — CJS Securities

Thank you. Good morning, Eric. Good morning, David. Thanks for taking the questions. Obviously encouraged to see the increase of revenue growth—revenue and growth guidance.

Of the delta or change beyond the improvement or faster recovery in Direct Delivery, are there other areas of the business you're seeing more significant opportunities or acceleration? And how much of that delta is kind of volume versus price?

Eric Foss

Yeah. Well, again, I think—Dan, good morning—we want to continue to be very balanced. So I think we came out of the quarter with a combination of price, mix, and volume. I think as we look at the growth opportunities, I think, again, if you think about kind of the structural tailwinds at the category and consumer level, you look at our leadership position within the category, and then you think about the

strength of our brands and where we can continue to make, I think, significant inroads on the Direct Delivery business.

We also have an opportunity to continue to grow our presence and retail execution in store. And so, you look at the momentum we have had at Retail, I think that's poised to continue to run really well for us the rest of the year. And again, the encouraging thing, as I mentioned in Nik's question, is how broad-based that momentum has started to become, as evidenced by the Q1 results.

Daniel Moore

Super helpful. I'll just sneak one more in. Just you're at your six-month anniversary. Congratulations. Beyond stabilizing the HOD business, any surprises, takeaways, or just things that you're hoping to change kind of culturally kind of high level, would love your thoughts there. And I'll jump back in queue. Thank you.

Eric Foss

Sure. Well, again, we, I think, have made a lot of progress on the culture front. We had our senior leadership team together a few weeks ago and had a very good discussion around our mission around hydrating a healthier America; rolled out a new set of values with the customer in our front line, really, at the centerpiece of that. And so we continue, I think, to strengthen the team.

I think we continue to change the mindset, which is we're a leader in not just the water and healthy-hydration space, but a major player across LRB. And I think we're developing a winning mindset and changing our pace to be a little faster to market in our perspective of who we really are.

So I'm really pleased with what's happened on the culture front and how the team's responded. And I think we're in a very different position than when I entered in November.

Daniel Moore

All right. Thank you again. Appreciate it.

Operator

Your next question comes from Andrea Teixeira with JPMorgan. Please go ahead.

Drew Levine — JPMorgan

Hey. Good morning. This is Drew Levine on for Andrea. Thanks for taking our question. So you mentioned a number of potential mitigation options for the potential commodity inflation that we could be seeing, proactivity and pass-through mechanisms among them. Just hoping you could talk a little bit more about some options on the pass-through side, particularly on Direct Delivery, maybe how quickly you would be willing to pull that lever.

And if you could give some perspective on the stickiness of the customer base historically when there are changes in delivery fees, for example. I think in the past it's really not been too much of an issue when the service is good, but clearly that's been an area that was maybe a little bit more challenged over the past year. So if you could give some perspective on when and if you'd be able to adjust the delivery fee and expectations from a customer perspective, when that happens. Thanks.

Eric Foss

Sure. Yeah. It's Eric. Well, I'll take that and then David can jump in as well.

I think let me just maybe back up as we think about how we might face any commodity or inflationary pressures. I think there's a variety of ways and a variety of levers for us to think about. One is just more top-line growth and leveraging that growth through the P&L. Second is productivity and cost management. Third is pricing.

And then we have two other ones available to us, which historically at times have been activated, whether that's the delivery fee that you reference or fuel surcharges. I think our near-term focus is really

on the productivity and the pricing side and wouldn't see us, at least in the near term, thinking about any changes on the delivery fee or fuel surcharge.

And I think, again, our goal here is to make sure we have a balanced algorithm, meaning growth and margin improvement over time and that growth being a combination of sustainable volume and pricing actions. And that's what's reflected in the full year uptick in our growth guidance that you saw earlier this morning.

The other thing I think I want to just make sure that I message is, I've seen this movie before in the beverage industry. And I think when something like this happens, there's a couple of things to keep in mind.

I think the first thing to keep in mind is, unlike the growth potential that we have in this company, which is very much structural, this issue is transitory and is not—while near-term, there is volatility and uncertainty that we have to deal with, it's not structural.

Second, it tends to impact the industry broadly, both branded and private-label players. And so everyone is kind of equally impacted. We all have our hedging strategies and forward-buy processes that David highlighted, but that's the reality of how this typically gets impacted.

And then the final one is that we have multiple levers to offset, which I talked about earlier.

So again, we are, I think, in a very good position to deal with this and to continue to move this business forward.

Drew Levine

Thanks so much.

Operator

Your next question comes from Derek Lessard with TD Cowen. Please go ahead.

Derek Lessard — TD Cowen

Hey. Good morning, guys. Great to see that sales performance, Eric and David.

Just one for me. I just wanted to maybe touch on the Retail side. Can you just talk about sort of the growth in your points of distribution category growth, or maybe some share gains that you're getting in some of the categories?

Eric Foss

Sure. Yeah. I think this quarter what you saw at Retail is you saw us continue to expand points of availability across the portfolio. Certainly, we gained points of availability on the premium side. We also saw improved execution around number of displays.

And I think as we go forward, again, we've talked about a more holistic approach to in-store executional excellence, whether that be displays, space, certainly coolers over time is a big priority for us. I think we were encouraged because from a market share standpoint, in addition to the great growth, we obviously translated that into both dollar and volume share gains in water and the same thing across LRB.

So again, we are making progress. We still have more work to do, whether that's on the customer direct and Direct Delivery side or the Retail side. But again, some of those success metrics executionally are starting to trend in a more positive direction.

Derek Lessard

Absolutely. Congrats on that. And that's it for me. Thanks.

Eric Foss

Thanks, Derek.

Operator

Ladies and gentlemen, as a reminder if you would like to ask a question, please press *, 1.

Your next question comes from David Shakno with William Blair. Please go ahead.

David Shakno — William Blair

Hey. Thanks for taking my question. This is David Shakno stepping in for Jon Anderson.

Question looking at Q2 specifically. If I recall correctly a year ago, it was a pretty wet and cold spring season across the US. Just wanted to understand what we should be looking for in trends over the next couple months here, especially as we get throughout May and June.

And then separate from that, just kind of almost as a follow-up for the previous question, wanted to understand if you're feeling kind of competitive pressures from a private label, given the weaker consumer right now. Wasn't sure if there's pressure in specific channels, be it club or somewhere else, or just kind of overall what you're seeing across channels related to private label, too.

David Hass

Yeah. Thanks, David. This is David.

I think maybe let's start with a little bit of chronological framework of Q2 last year, so. But what I want to start with is first Q1's performance.

So if you recall last quarter—excuse me, same quarter prior year, we delivered a 3 percent top line. So on a two-year basis, not only was this our hardest comp in which we still delivered actual growth, but it was obviously higher within the Retail pieces of the business in our Q1 of this year, obviously offsetting what was the Direct Delivery decline I mentioned earlier of approximately 3 percent. So we feel incredibly encouraged by taking on a very challenged comp and still delivering.

And again, that growth was broad-based and really balanced. And when you look at the disclosure tables in our quarter information in the supplemental, you'll see a couple of things that I want to call out.

One, almost every brand and pack basically expanded in the quarter. And when you see things like purified water showing de minimis growth, if not slight decline, that actually reflects a little bit more of the drag that's occurring in the Direct Delivery business itself.

Similar things when you look at the premium water that grew substantially in Q1. And on a— two years ago, this was a \$50 million business in that quarter. So we we've basically essentially doubled that business in two years. That's actually held back because Mountain Valley was a larger distributed brand on our route-based system in Direct Delivery. So that growth actually would have been even higher if we wouldn't have gone through some of the integration challenges, and like you mentioned, weather disruption that occurred.

So now let's kind of go into that sort of timeline. Last year, just a few weeks ago last year is when our Hawkins facility was hit by a tornado. Actually, we held our board meeting in Texas in the market and went and visited the plant, went and celebrated what that team has done to rally and bring that factory back online. And not only bring it online, but actually enhance it with an expanded line that we mentioned where our Saratoga product will be coming to market from that facility. And then obviously later in the quarter is when some of the integration disruptions began.

So we're not raising guidance because we have an easier comp. We're raising guidance because we have structural tailwinds that are occurring in the business and feel pretty confident in what's happening and what we're watching with both service levels, as well as the Retail execution, which was your original question. That Retail execution continues to perform quite well.

And it's not really at the expense of another brand and not really feeling directionally threatened at this point from private label, but I'll let maybe Eric provide some perspective there.

Eric Foss

Sure. I think when it comes to private label, again, in this sector you're always going to have a price-only shopper that's going to look for what's cheapest, which tends to be, in most instances, private label. Having said that, as the leader in the category, the good news is there is a high level of brand loyalty. And so as we look at our future consumption business, as I mentioned earlier, we have and intend to continue as we go through the summer months to maintain very good value around that portfolio.

The encouraging thing in the first quarter is all six of our regional spring water brands grew. In addition to that, Pure Life, which is really our brand that tends to compete most against private label and we manage a gap accordingly, also grew; as a matter of fact, grew mid single-digit.

And so I think the point David and I are trying to convey is the durability and sustainability of some of the things we're starting to see on the recovery side. And certainly that applies to our Retail business in a big way.

David Shakno

Got it. Thank you. That's all really helpful.

Operator

Thank you so much. That concludes our Q&A.

I would now like to turn the call back to Eric Foss for closing remarks.

Eric Foss

Thank you.

Well, in closing, let me just state how excited we are by our start to the year. I think the fundamentals are strengthening, the momentum is building, and we're very energized by the opportunities ahead and feel like we're well positioned to deliver sustainable, long-term growth.

So, thank you for your continued interest, and we look forward to updating you on our progress.

Operator

Ladies and gentlemen, this concludes today's conference call. We thank you for your participation. You may now disconnect.