Primo Brands Corporation

2026 Third Quarter Earnings Conference Call

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PRESENTATION

Operator

Good morning, and welcome to the Primo Brands 2026 Third Quarter Earnings Conference Call.

I would now like to turn the call over to Traci Mangini, Vice President of Investor Relations.

Please go ahead.

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 and applicable reconciliations for any non-US GAAP financial measures are included in our earnings release and 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 for joining us.

Today, I'll review our third quarter performance and the progress we've made over the last 12 months since I was named Chairman and Chief Executive Officer.

I'll also discuss how we've positioned the Company to be fit to win, advanced our key growth priorities, and managed a dynamic cost environment, and how that progress has set us up for 2027. David will then discuss our financial results and 2026 guidance in greater detail. Then we'll be happy to take your questions.

Let me start with the quarter.

We're encouraged by the momentum across the business, with strengthening fundamentals supported by stronger-than-expected performance in Direct Delivery and broad-based strength in Retail, including dollar share gains in bottled water.

This led to third quarter net sales of $1.8 billion, up 3.3 percent on a comparable basis versus prior year, resulting in a third consecutive quarter of year-over-year growth.

Adjusted EBITDA increased 1.6 percent to $411 million, as growth and productivity helped offset continued freight and oil-related input cost pressures, while we maintained disciplined investment in the business.

With one quarter remaining in the year, we're narrowing our 2026 comparable net sales growth and adjusted EBITDA guidance expectations within the prior ranges.

Our momentum this year supports approximately 3 percent net sales growth, which is the midpoint of our previous guidance of 2 to 4 percent. We expect adjusted EBITDA at the lower end of the previous guidance range of $1.465 billion to $1.515 billion, as continued freight pressure and strategic growth initiatives partially offset improved operating performance.

Taking a step back, one year ago, our business performance and the operating environment were very different.

Since then, we've simplified the leadership structure to allow faster decision-making, sharpened accountability, improved execution, and returned both Direct Delivery and the total business to growth.

More importantly, the improvement reinforces the ability to sustainably grow over the long term.

We have a leading position in an attractive category, a strong portfolio of brands, and an advantage route-to-market network that provides us multiple avenues for value creation.

This is all supported by our team of associates, who I'd like to thank for their dedication and contributions, which are essential to our progress and long-term success.

When I came into this role, we established four priorities.

The most immediate were to, first, improve the customer experience and customer direct, and second, return the Company to balanced growth. We have done both.

The third was to deliver on our financial objectives, and the fourth was to drive long-term shareholder value creation.

So let me walk through the progress we've made over the last year.

Direct Delivery has delivered four consecutive quarters of sequential improvement, reaching 2.2 percent net sales growth in the third quarter this year.

The improvement reflects a customer-first orientation that has led to improved service, better execution around customer acquisition, and disciplined pricing.

Our focus on service is paying off. On-time, in-full increased dramatically from an average of just over 50 percent in the third quarter a year ago to over 90 percent this year in the third quarter.

Achieving this during peak-season demand is particularly encouraging, and it led to lower contact centre call volumes and continued improvement in customer satisfaction metrics, with increases in both NPS and Trustpilot scores.

With service levels stabilized, we are beginning to translate that recovery into better operating efficiency.

In the fourth quarter, we began implementing targeted productivity actions, including seasonally adjusting routes and headcount.

We also continue to advance our initiatives to create a more efficient, technologically enabled contact centre and warehouse management system, which we expect to roll out in 2027.

Our second priority was to return the total business to growth, which is exactly what we've done for the last three consecutive quarters.

Enterprise growth was broad-based across Direct Delivery and Retail, across regional spring waters and purified waters, and continued strong double-digit growth in premium brands.

Growth in both regional spring water and purified water also accelerated in the third quarter when compared to the first half of the year.

In addition to strength across water types, we grew across nearly all channels and multiple pack sizes, with particular strength in case pack and occasion pack.

We are excited by the opportunities that lie ahead, and we continue to invest to strengthen our brands, expand our presence, and drive improved growth via immediate consumption, premium, and through revenue growth management capabilities.

Our final priorities are to deliver against our financial objectives and build a strategy for long-term shareholder value creation.

We plan to share more on our long-term strategy at CAGNY in February.

So for now, let's discuss our financial objectives.

Amid a challenging macro cost environment this year, our businesses performed well. We raised our net sales guidance twice this year and continue to improve the quality of our free cash flow and strengthening of our balance sheet.

Against this backdrop, our board's authorization, as announced today, of a new $300 million share repurchase program underscores our confidence in the opportunities ahead and the commitment to creating long-term shareholder value.

Given the environment, we wanted to give you an early look at 2027 and the direction we are headed.

The progress we're making in the business and the actions underway give us confidence in a path to adjusted EBITDA dollar growth, adjusted free cash flow growth, and improvements in net leverage in 2027.

We intend to provide formal 2027 guidance in February, including the magnitude of adjusted EBITDA dollar growth. But for now, we wanted to share the drivers that give us confidence in that path.

These include carryover pricing from 2026, stronger revenue growth management, favourable mix as immediate consumption scales, continued premium brand growth, and newly introduced productivity initiatives across the business.

We've increased our diesel hedging for 2027 to a level similar to 2026, and we reached that position earlier than we did headed into 2026.

This does not fully insulate us from cost pressures, including potential cost pass-throughs, but we're encouraged by the steps we're taking to manage the costs within our control.

David will discuss some of these drivers in more detail in a moment.

In summary, one year into this journey, we're pleased with our progress, with more work to do to optimize our potential.

As one team Primo, we're building a customer-focused culture obsessed with executional excellence, and that commitment is showing up in our service levels and in our performance.

Direct Delivery is stabilized and returned to growth, Retail has demonstrated broad-based strength and continues to gain dollar share of the category, and the organization is operating with greater focus and accountability.

And while there is more work to do, we remain confident in our ability to deliver long-term profitable growth, cash generation, and shareholder value creation.

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

David Hass — Chief Financial Officer, Primo Brands Corporation

Thank you, Eric.

To enhance comparability of continuing operations, we focus on comparable results, which exclude the Eastern Canadian operations exited in the first quarter of 2025 and the office coffee services business exited during 2025.

Reconciliations are available in our earnings release and supplemental slides on our website.

Third quarter comparable net sales increased 3.3 percent versus the prior year. Price mix contributed 5.9 percent, which offset a negative 2.6 percent volume contribution.

Importantly, growth continued to broaden across the business, with Direct Delivery increasing 2.2 percent on a comparable basis, and Retail and Direct Delivery had a more balanced growth profile for the first time since the first quarter of 2025.

In Retail, net sales increased as price and mix offset lower volume. Retail volume declined on a case-equivalent basis, partly reflecting changes in certain product selling strategies to support our immediate-consumption offering.

Direct Delivery net sales growth was driven by price and mix, partially offset by a volume decline.

On a quarterly sequential basis, net sales growth accelerated, providing further evidence that recovery efforts are improving performance.

Adjusted EBITDA increased $7 million to $411 million.

Comparable adjusted EBITDA margin declined 40 basis points to 22.6 percent versus the prior year, primarily reflecting higher transportation costs given the tight freight market and elevated spot rates, as well as ongoing strategic investments to support long-term growth and productivity.

EBITDA before adjustments increased substantially for the quarter and year to date, while our adjustments related to acquisition, integration, and restructuring expenses decreased 73 percent in the quarter and 55 percent year to date.

On a quarterly sequential basis, comparable adjusted EBITDA margin improved 120 basis points, as operating efficiency and productivity continued to stabilize during our seasonally strongest quarter.

Turning to the balance sheet and cash flows.

Our balance sheet continued to strengthen, and the underlying quality of our cash flow improved.

EBITDA and free cash flow adjustments declined significantly in the quarter, bringing reported results into closer alignment with underlying performance.

Net leverage improved to 3.32 times at the quarter-end from 3.42 times at the end of the second quarter, marking three consecutive quarters of decline.

We remain focused on reaching a net leverage ratio of below 3 times and expect to achieve that target during 2027.

Our liquidity remained strong, with $1.064 billion of availability between our cash balance and our unused line of credit.

We ended the third quarter with $477 million of cash on our balance sheet, up $111 million from the second quarter and $101 million from year-end 2025, demonstrating the cash-generative nature of our business despite ongoing inflationary pressures and last year's integration disruptions, which are behind us.

We generated $293.6 million of cash flow from operations for the quarter. Adjusting for significant items, most notably integration and merger activities, cash flow from operations would have been $329.8 million.

Adjusted free cash flow, which excludes integration-related capital expenditures, was $274.2 million in the quarter, representing a $36.9 million decline versus prior year.

Underlying cash flow remained strong, even as cash taxes increased due to higher pretax income in the quarter and working capital investments to support the growth in sales.

Our strong financial flexibility allows us to reinvest in the business while returning cash to shareholders. Third quarter total capital expenditures were $83 million. Of that amount, the majority of the investment supported growth initiatives and maintenance, with only $20 million related to integration activities.

Overall, capital expenditures were down 37 percent in the quarter.

During the quarter, we repurchased a total of 943,000 shares for $22 million, comprised of approximately $12 million or 532,000 shares in market repurchases, and $10 million or 410,000 shares in connection with One Rock's secondary offering on August 6th.

At quarter-end, we had $40.8 million remaining under the program authorization.

As part of our commitment to returning cash to shareholders, today we announced that the board authorized a new share repurchase program of up to $300 million, replacing the existing program, which included the approximately $41 million of unused capacity that I just mentioned.

Finally, this week, our Board of Directors declared a $0.12 quarterly dividend, which annualizes to $0.48 per share.

Turning to guidance.

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, as well as the Eastern Canadian operations, which accounted for $3.6 million in our reported 2025 net sales. This puts the comparable 2025 net sales base at $6.635 billion.

As Eric discussed, we expect comparable 2026 net sales growth of approximately 3 percent, the midpoint of the previous guidance range.

We also now expect adjusted EBITDA at the lower end of the previous guidance range of approximately $1.465 billion, reflecting the dynamic macro cost environment, notably the freight market, and ongoing strategic investments in new growth channels like immediate consumption.

Our refined guidance implies a year-over-year growth rate for fourth quarter adjusted EBITDA.

As performance has improved this year, integration recovery-related reinvestments have begun to roll off, allowing us to shift to productivity measures.

In the fourth quarter, we are implementing targeted actions to seasonally optimize routes in Direct Delivery and other enterprise-level workforce reductions to better align headcount across routes, warehouses, production, and corporate functions. These measures include an ongoing voluntary early retirement program.

We expect to record a related one-time charge in the fourth quarter, with most of the benefits expected to be realized in 2027.

We are reaffirming our adjusted free cash flow guidance of $790 million to $810 million, supported by the strength of our cash generation, along with expected add-backs associated with the fourth quarter workforce productivity program.

Lastly, we are maintaining an annual base capital expenditure target of approximately 4 percent of net sales. In 2026, this was supplemented by approximately $100 million of integration capital expenditures, with minimal usage expected for the balance of the year.

In closing, we remain focused on driving net sales growth, while taking disciplined actions to manage higher transportation costs, reduce spot freight exposure, and mitigate commodity pressures.

These actions include our growth plans, the newly introduced productivity initiatives, and potential additional pricing actions, further supported by proactive financial risk management.

If cost pressures remain elevated for an extended period, we have additional flexibility through delivery fees and fuel surcharges.

Our 2027 diesel hedging is ahead of where we were at this point last year, bringing our current coverage broadly in line with the overall percentage of our exposure we hedged for 2026.

While the prices we have locked in for 2027 are above our 2026 average, they remain below current spot prices and continue to provide meaningful protection against market volatility.

We have also selectively secured virgin PET supply contracts for 2027 and remain in active negotiations with suppliers.

While these actions do not eliminate commodity cost volatility, when taken together, they improve our visibility, reduce near-term exposure, and support a path to deliver adjusted EBITDA and free cash flow growth in 2027.

With that, I'll 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.

Ladies and gentlemen, we will now begin the question-and-answer session.

If 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.

If you wish to decline from the polling process, please press *, followed by 2.

And if you're using a speakerphone, please lift your handset before pressing any keys.

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

Peter Galbo — Bank of America

Hey. Good morning. Thanks for taking the question.

David, I guess just to start, and appreciate the early commentary on 2027, but just wanted to press a little bit on that to gauge some of the puts and takes, particularly around the EBITDA number. Know you're calling for dollar EBITDA growth. I think consensus is currently looking at, call it, mid- to high-single digit growth, which given just the cost environment, I wanted to press a little bit on that.

I know you're going to get more specific as we get into February, but just looking at the current consensus relative to what you're saying about plans for growth, we just don't know how much. If you could help us a little bit more there as we kind of refine models for next year. Thanks very much.

David Hass

Sure. Thanks, Pete. Yeah. I think we're going to stick with providing that specific dollar value and range, both for the top and bottom line, in the February calendar event that we discussed.

But I think as you look into the environment, we remain pretty confident with where our sales have trended and where we think that horizon looks for us, notably because obviously the premium brands and the broad-based diverse growth that's occurred year to date, we expect to sort of have that tailwind with us as well. We'll obviously have pricing actions that sort of roll into next year on an annualized basis.

And then when it comes to the cost environment, I think we're at a place where our hedges, at least within our indirect and direct diesel usage, set us up favourably with how we acquired those hedges and at what prices across this year. Obviously, that's subject to where WTI and subsequent diesel refined product ends up. But I think we feel good that we at least go in with a understanding of those cost pressures and how to understand what volume or price-oriented actions are required.

And then I think the other thing with regard to sort of capital allocation decisions, we remain pretty confident that we can navigate 2027 on a 4 percent CapEx basis of top line. And I think that should start to provide clarity along with sort of repurchase announcements and things like that with our primary goal, investing in the business, but also being able to delever with the current rate environment and continue to reduce sort of our interest expense exposure.

So I think that's really the comfort we're able to provide today. Again, I think we remain committed to using this period between now and February to really refine our productivity targets to sort of ensure that dollar growth we just communicated.

Operator

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

Derek Lessard — TD Cowen

Yeah. Good morning, everybody. I just wanted to hit on the Direct Delivery which, Eric, it beat your expectations. So I was wondering if you could maybe talk us through what drove the upside and where do you see the growth opportunities from here.

And then maybe just as a follow-up, with the integration now behind you guys, and I think you touched on it briefly in your opening remarks, maybe just add some colour on where you see the biggest optimization opportunities.

Eric Foss

Thanks, Derek. It's Eric.

Yeah. I think we're really encouraged by the recovery and the progress we've seen on the Direct Delivery business. Obviously, it starts with our ability to put a great service foot forward, which we've

done. Again, we've seen for several months now on time, in full continue to be right in that mid-90s range, which obviously impacts the number of calls and the number of quits.

So, again, we continue to see the sequential growth of that business. That's translating into improved retention, improved at NPS and Trustpilot customer satisfaction scores.

And as you said, I think the integration is now behind us. I think we've definitely demonstrated that that business is stabilized. Now it's about unlocking the growth flywheel, which is really all about, again, improved retention, making sure we have—drive new business, but that that new business is durable in nature, driving attachment to our existing customer base.

Our Exchange and Refill business continues to perform very, very well. And so I think the additional add I would probably include is that now that we are post-Labour Day and we've route optimized coming out of that, I think some of the key operating metrics on a go-forward basis will lead to improved operating leverage on that business as well.

Operator

Your next question comes from Lauren Lieberman with Barclays. Please go ahead.

Lauren Lieberman — Barclays

Great. Thanks so much. Good morning. Wanted to get some colour on how the immediate consumption pricing initiatives have been going; sort of just an update on conversations with retailers; what your sense has been in terms of any kind of consumer perception or reaction or lack thereof.

And then also with that, we'd just love to hear more about progress and runway on cooler placement, and if there's a particular set of channels that you're focused on first and just how big you think that opportunity could be. Thanks.

Eric Foss

Sure. I mean, we continue to believe this is a real big and important opportunity, Lauren.

So as we've said before, it's a big piece of the category, a little less than a third of the category in terms of sales, but even more important in terms of its profit contribution.

And we're very under indexed. We're underdeveloped. Again, it's our share on immediate consumption is half of what it is on our total market, and it's a single-digit percentage of our mix.

So our strategy going forward is really to drive presence and availability. So it's about distribution. It's about getting into the customer-owned coolers and cobalts. It's about placing our own branded coolers and driving the ambient side of this business, which in our category is, in many cases, consumer preferred as well, rack side stack.

So it's an exciting opportunity. Most of this will play out in 2027. So again, as we've gone through this year, it's been a lot of preparing to win. And as we go through the annual customer development agreements, that's where a lot of the selling strategy will come to life. But we're continuing to monitor our cooler throughputs in the pilot markets, and again are really encouraged about where this will go in 2027 in particular.

Operator

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

Daniel Moore — CJS Securities

Yeah. Good morning, Eric and David. Thanks for all the colour and taking the questions.

Maybe just talk broad picture. Great to see the increased hedging actions you're taking to protect further inflationary pressures. As inflation sort of built on itself, is it getting harder, not only for Primo, but the competitors, to take price? Just wondering what you're seeing in terms of customer elasticity and whether there's been any noticeable changes across the businesses after multiple rounds of

price increases and that inflationary pressure, how's it impacting just overall volumes that you're seeing. Any comments there would be great. Thanks for the help.

Eric Foss

Sure. Yeah. Let me try to start with maybe what we've tried to do on the pricing front, and then I'll bridge that to kind of how we think about that and what some of the key metrics we're monitoring on the volume front.

So, again, our overarching goal is balanced volume and pricing. Our principles around pricing have remained intact. We continue to run any of our pricing actions through the lens of how will the consumer react. Obviously, we want to maintain our level of competitiveness, which we have done, and then in terms of the Company P&L, absorb the inflationary costs that we're seeing.

So we initiate pricing actions. We continue to be pleased with those and monitoring those. I think as we went through this quarter, one of the things we're encouraged by that David mentioned is the position we're in now as we head into 2027, given the rollover pricing that'll impact that.

I think we continue to have, again, a great value impression to the consumer across consumer occasions, from Refill to Exchange, to our Pure Life brand, particularly on the value side.

And then in terms of volume, again, overarching, very pleased with the growth trajectory. I think we're seeing healthy, balanced growth across the portfolio, whether it's Direct Delivery, whether it's Retail, brands, channels. I think that really speaks to the strength of and kind of diversity of both our business model, as well as the continued consumer engagement around healthy hydration.

We continue to look at what's happening relative to some key consumer metrics, like volume per buyer, dollar per buyer, trips per buyer. All of those were up in Q3. And obviously we continue to monitor where we stand from a market share standpoint. And in our case, we're the only scaled national

player that has grown our value share in Q3 and year to date. And when you just look at the branded piece, we continue to grow both our value share and our volume share.

So we'll continue to monitor it and be flexible to try to drive as good a balance as we can, but certainly encouraged by the continued growth of the business.

Operator

Ladies and gentlemen, as a reminder if you do have a question, please press *, followed by 1.

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

Drew Levine — JPMorgan Chase

Hey. Good morning. Drew Levine on for Andrea. Thanks for taking our question.

So just wanted to circle back to the initial comments around 2027. David, I'm just wondering maybe does that comment sort of assume any incremental pricing actions that would need to be taken to grow EBITDA dollars? Or does it sort of contemplate what's already in the market?

And you also mentioned that commodity prices remain elevated; you may look to take fuel surcharge or delivery fees on the Direct business. I'm wondering when those sort of actions could potentially take place if this sort of commodity level would necessitate that action, and anything else from a Direct Delivery pricing perspective relative to Retail, where you've already sort of taken larger increases. Thanks.

David Hass

Yeah. Thanks, Drew. I think within the business, and because our '26 pricing actions didn't exactly begin on January 1st of this year, we do have different waves, if you will, that sort of roll into 2027.

I think we remain very flexible and dynamic within the market. I think if things stand where they are today, we would largely rely on distribution and those rollover actions to sort of shape the top line situation for '27.

But again, I think that remains entirely dynamic. As we feel like we're in a better spot for next year than we were coming into this year with respect to diesel and those direct exposure points, obviously that's been an incredibly dynamic market. Even in the last three weeks, WTI has moved in magnitudes of $20-plus a barrel.

So I think we're in a better position set up for that to at least know our cost activity to either attack that through, again, rollover pricing actions, volume/distribution gains in both immediate consumption, Retail, or sort of customer dynamics in Direct Delivery, and then what productivity actions we have to continue to align against. Again, notably, those will continue to be things like increasing our private fleet, becoming more efficient with miles driven overall. As we're exiting the year with a much better OTIF percentage than we obviously entered 2026, I think that allows us to focus on sort of more legacy productivity tactics where we look at productivity per route, we look at miles driven per route, we look at man hours per route, and we start to really refine and optimize that.

So I think the short of it is we feel more confident that our existing pricing actions will provide a nice starting point. And again, I think we remain totally flexible that if the dynamics from here change, we'll have to consider other things. But as Eric mentioned, that will always start and end with the consumer.

I think we're incredibly blessed to have a very diverse portfolio within our bulk product. Again, the Pure Life brand playing well against private label, the regional spring water, and then, of course, the premium side, which we expect that growth to continue into 2027.

So I think it's a nice starting point. Obviously, between now and February, we're going to monitor the market; make sure we're set up for success next year.

Eric Foss

And, Drew, it's Eric. The only thing I would add is, again, we're a branded company that right now is competing in a very, very attractive category, leading brands within that category, and engage consumer around healthy hydration that I mentioned earlier.

And I think, back to David's point earlier, we certainly are positioned much better than we were a year ago at this time, given where we sit around rollover pricing and the impact that will carry into 2027, new productivity initiatives, and obviously we'll continue to monitor and manage the dynamic environment.

But the intent was to really communicate that we're better positioned than we were a year ago at this time. And again, we continue to benefit from pretty significant advantages, both at the category level, as well as our position within the category.

Operator

Your next question comes from Andrew Strelzik with BMO. Please go ahead.

Andrew Strelzik — BMO Capital Markets

Hey. Thanks for taking the question. I wanted to go back to the top-line discussion and the commentary and the confidence all sounds very constructive. But if I look at the guidance and what it implies for the fourth quarter, it seems like a bit of a flattening sequentially of that growth rate from the third quarter.

So I'm curious how you're thinking about the puts and takes there. I would assume the Direct Delivery business maybe continues to accelerate, so are you seeing some offset on Retail? Any there other kind of one-offs that we should be aware of? Any colour there would be great. Thanks.

David Hass

Sure. Thanks, Andrew. So I think when we step back and look at the quarters this year so far, the one area I want to highlight is obviously we were very proud of Q2's success. That 4.2 percent top-line enterprise value really comprised about 150 basis points of growth that was related to the Hawkins-related issue in Q2 of 2025.

So when you start to normalize for that and you look at the sequential pattern on an—if you want to adjust that that kind of sits at about a 2.7, you then progress to about a 3.3, that puts us at a year-to-date even with that 4.2 of about 3.1.

So I think as we just look at the environment, I think we're remaining confident in that midpoint. I understand sort of the mathematics there. I think it's basis points on the margin either side. But again, I don't think there's a signal from us that there's a consumer waning of interest in the category or our products. I think we're just trying to single into kind of a sweet spot for the full year with the time remaining. And I think that sets us up for a good foundation for next year.

So I wouldn't look into that in any way, but I think the colour on Q2 maybe provides a little perspective of how we're thinking about on an adjusted basis where that sequence really falls.

Operator

Your next question comes from Jon Andersen with William Blair. Please go ahead.

Jon Andersen — William Blair

Oh, good morning. Thank you for the question. On Direct Delivery, as you pivot to the growth flywheel, Eric, could you talk a little bit more about what some of those initiatives might look like and how they'll kind of roll into the market? I'm thinking about things you've talked about in the past around building the basket or attach rates to other products, maybe price harmonization, other things there.

And then also with respect to Direct, could you talk a little bit more about top of funnel, the kind of the add part, the added customer part? And your approach there, and maybe now relative to how it maybe differed prior to your tenure? I'd appreciate that. Thank you.

Eric Foss

Sure. I'll take some of that and let David jump in and add his thoughts as well.

I think, first of all, on the RGM and pricing, yes. I mean, for us, we want to continue to make sure that lever is working for us, either on the retail or the customer direct business.

I think for us, again, it starts with retention because the most valuable customer we have is the one that we're servicing today. But through what we call our first focus initiatives, we are looking in fourth quarter to really focus on attachment, whether that be case pack or premium packaging to our Direct Delivery customers. So that's one that we'll continue to execute against.

And then relative to the top of the funnel, again, a variety of initiatives that we continue to pursue and, again, continue to be encouraged because, as we've said, I think throughout the year, that customer base has remained stable and very consistent quarter in, quarter out.

Operator

Thank you. This concludes our Q&A today.

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

Eric Foss

Thank you.

Again, thank you, all, for joining us today. We're looking forward to the momentum and are encouraged by the path forward. And we appreciate your continued interest and investment and look forward to updating you on our continued progress.

Have a great day.

Operator

Thank you. Ladies and gentlemen, this does conclude your conference call for today. We thank you for participating and ask that you please disconnect your lines. Have a great day.