

2025 BUDGET MODEL FOR CW WATER

Vincent Chien



AGENDA



- 01** Budget Objective
- 02** Business Drivers Overview
- 03** Sales Model
- 04** Expense Model
- 05** Income Statement
- 06** Backend Design
- 07** Scenario Analysis

Budget Objective

- ❖ Build a driver-based 2025 budget model
- ❖ Build a complete revenue model based on sales volume, SKU, and channel pricing
- ❖ Incorporate key cost drivers (rebates, logistics, other expenses)
- ❖ Forecast net income for 2025
- ❖ Produce a dynamic income statement for scenario analysis



Key Drivers of the Business

Revenue Drivers

- Units sold (by region, customer, SKU)
- SKU pricing by channel
- Rebates (contra-revenue, channel-driven)

Cost Drivers

- COGS (industry benchmark Cost of Sales Ratio)
- Logistics costs
- SG&A (Selling, General & Administrative Expenses)
- Other operating expenses

Sales Model

Approach

Step 1

Consolidated monthly unit data
(US-East, US-West,
International)

Step 2

Merged SKU × channel prices
into the unit dataset

Step 3

Converted 6-pack units into
bottle-equivalent units

Step 4

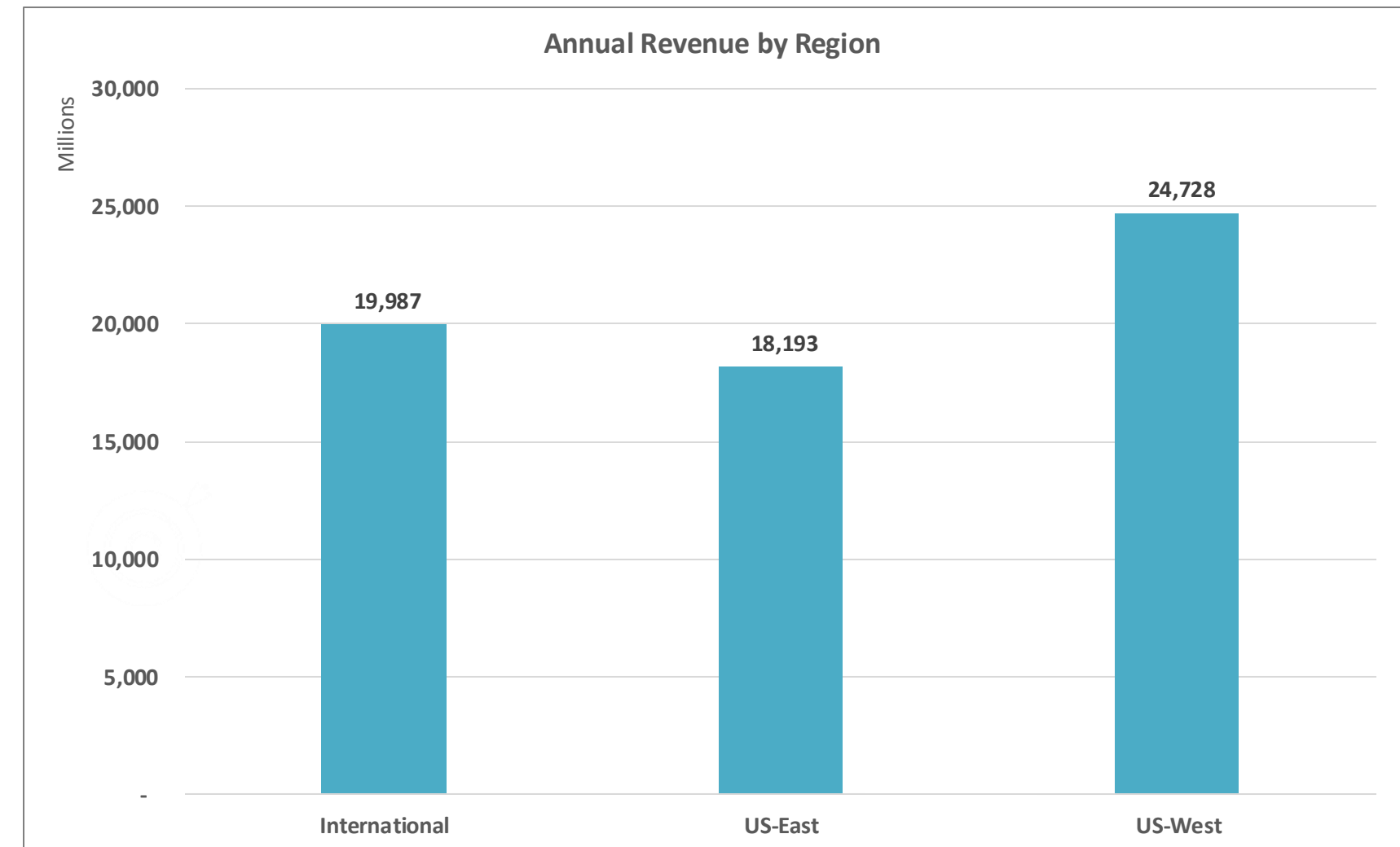
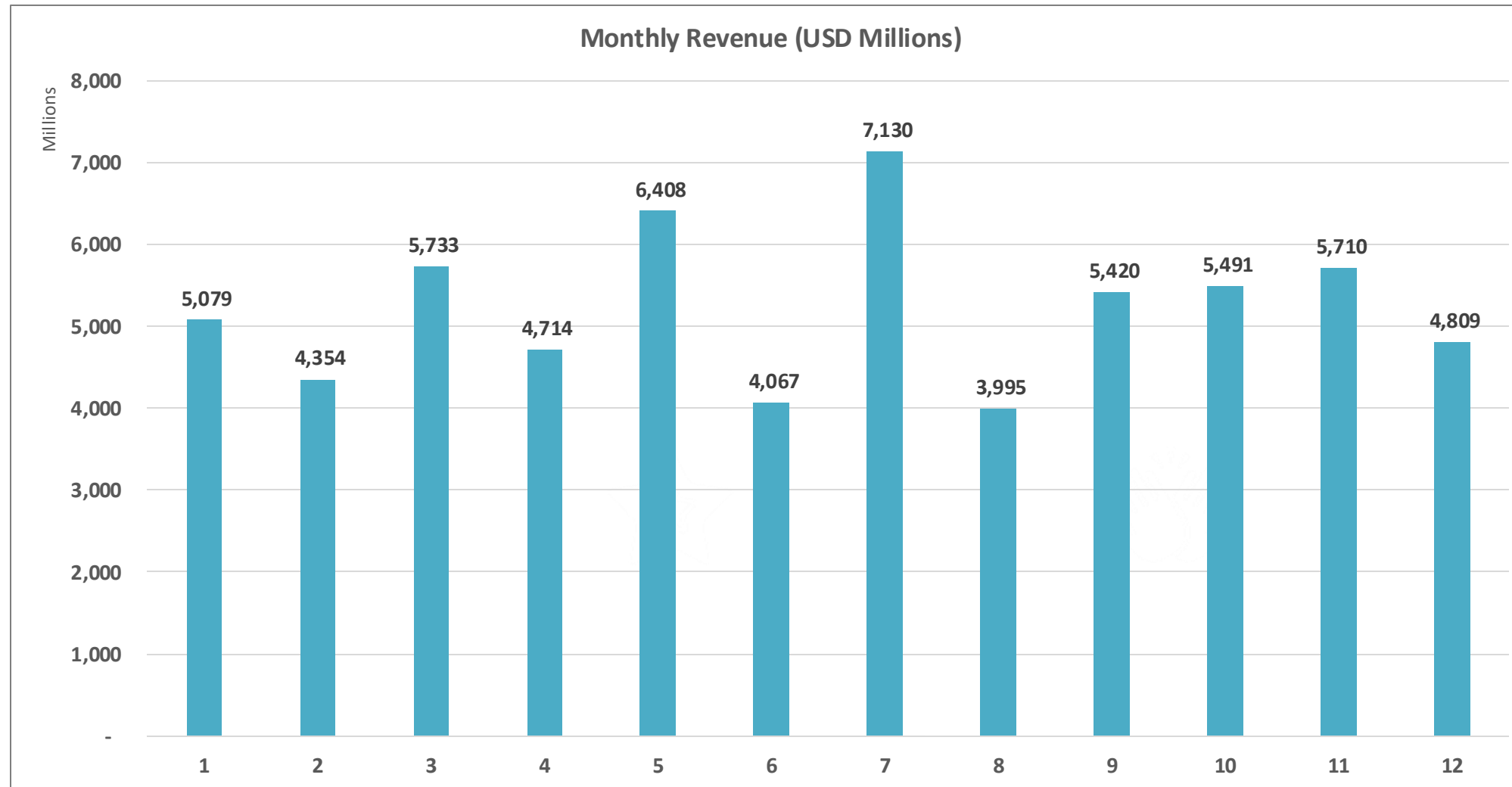
Calculated net revenue using
 $\text{Bottles} \times \text{Price}$

Step 5

Structured output for slicing
by SKU, region, channel

Sales Model

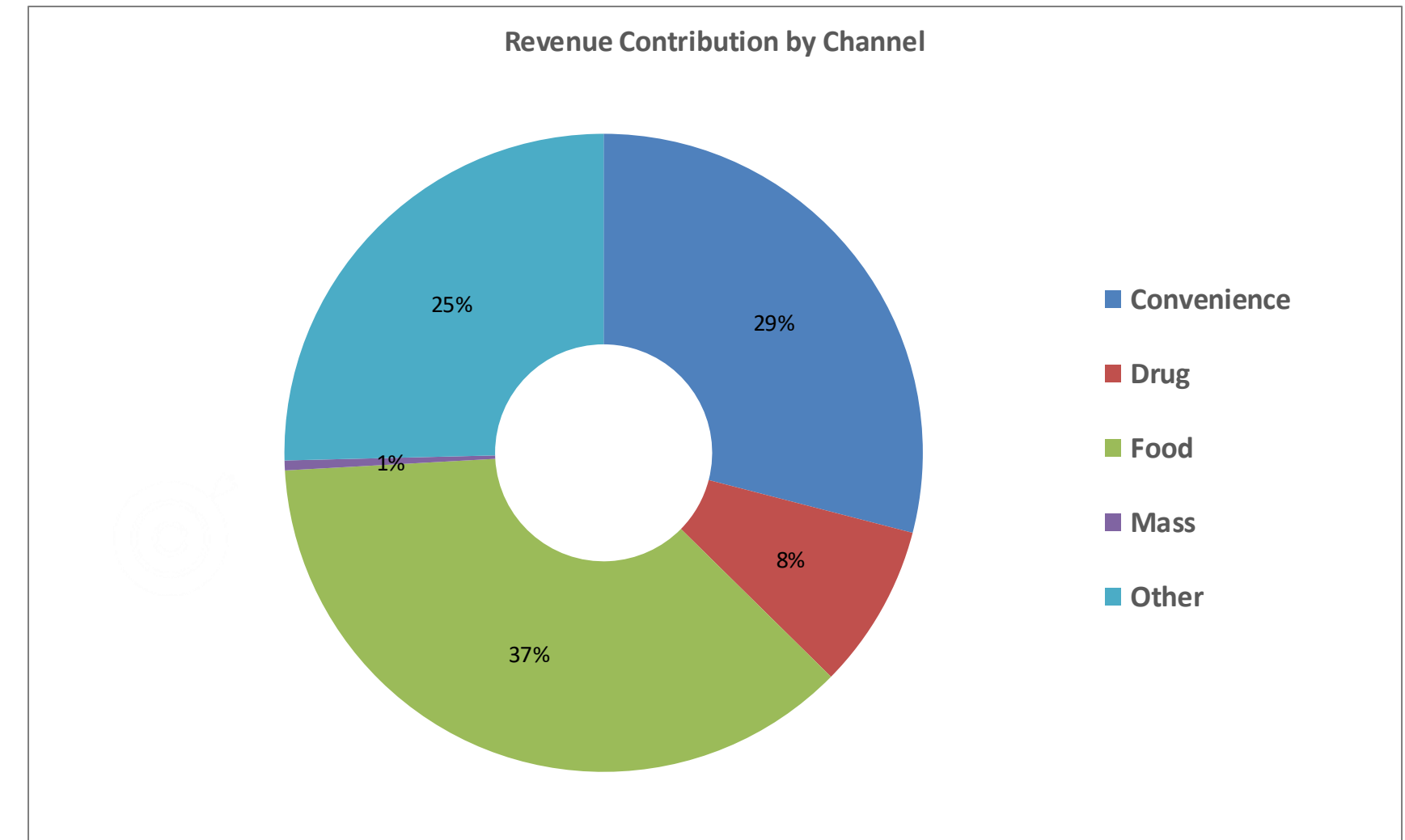
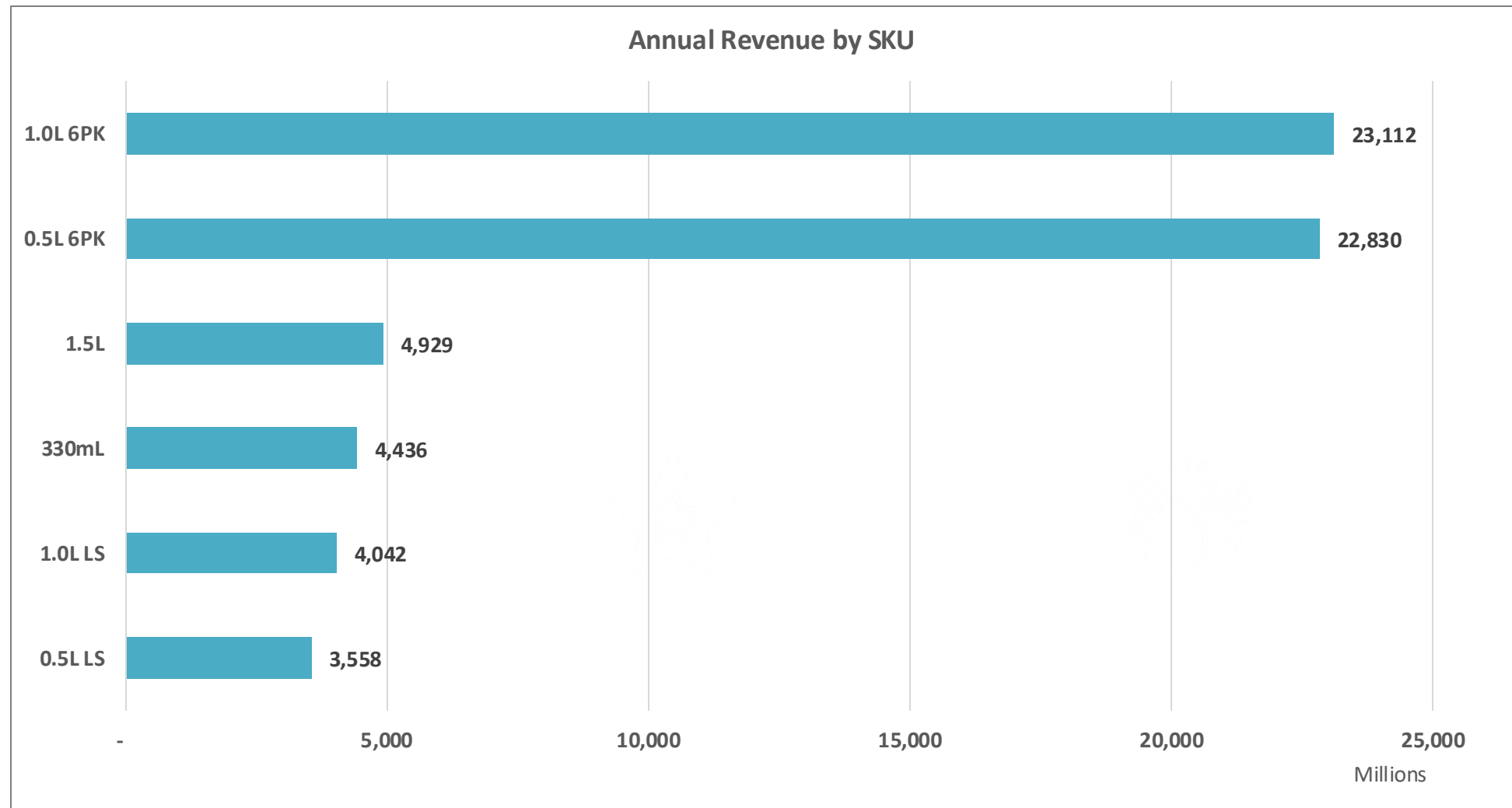
Insight



Revenue peaks mid-year, with US-West driving the largest share of annual sales and domestic markets outperforming International.

Sales Model

Insight



Revenue is highly concentrated in two SKUs and driven primarily by the Food channel, with Mass playing a minimal role.

Expenses Model

Approach

Step 1

Applied channel-specific rebate rules
(7-Eleven: 10¢/bottle; Safeway:
95¢/case)

Step 2

Estimated logistics cost using
 $\text{vans} \times \text{monthly miles} \div \text{MPG} \times \text{fuel price}$

Step 3

Applied COGS and operating expenses
based on industry cost ratios

Step 4

Added other expense placeholders
for full P&L completeness

Income Statement

Assumption

- ❖ Cost of Sales Ratio: 72%
(Source: Primo Brands 2022–2024 average)
- ❖ Operating Expense Ratio: 22%
(Source: Primo Brands 2022–2024 average)
- ❖ Federal Tax Rate: 21%
- ❖ All assumptions applied to project full-year
Net Income



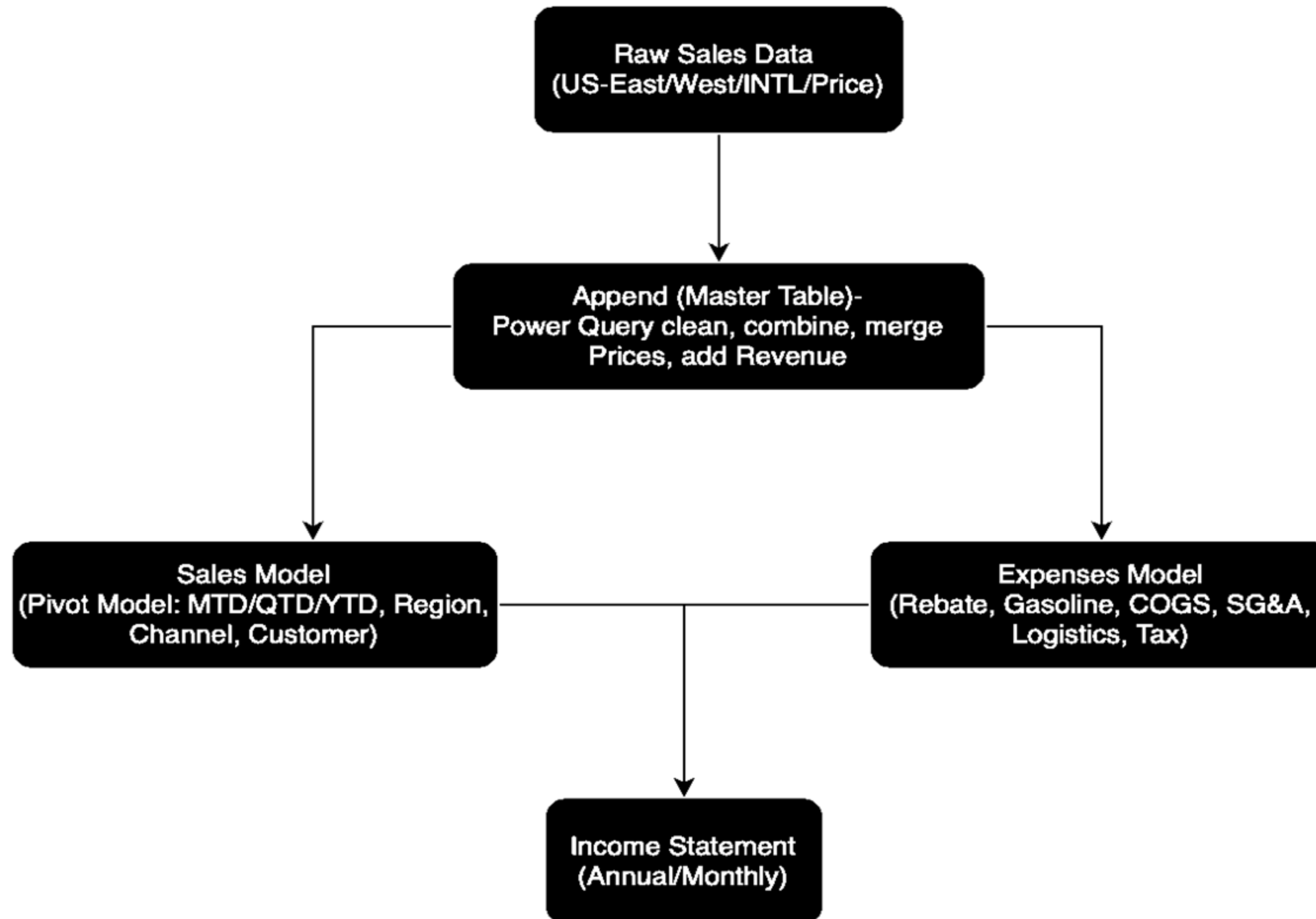
Income Statement

Summary

- ❖ Revenue is driven mainly by large-volume SKUs, especially 1.0L 6PK and 0.5L 6PK.
- ❖ Customer rebates have minimal financial impact
- ❖ Net Income margin is thin at 4%, indicating a low-margin revenue model.

Annual Income Statement – CW Water 2025 (USD)			
			Ratio (% of Net Sales)
Revenue			
Gross Sales	0.5L 6PK	22,830,351,204	
	0.5L LS	3,558,377,504	
	1.0L 6PK	23,112,480,711	
	1.0L LS	4,042,244,824	
	1.5L	4,929,211,551	
	330mL	4,436,446,660	
Customer Rebates	7-Eleven	1,054,224	
	Safeway	436,893	
Total Net Sales		62,907,621,336	
Cost of Goods Sold			
Packaging materials			
Labor			
Total Cost of Goods Sold		45,580,270,031	72%
Gross Profit		17,327,351,305	28%
Expenses			
Operating Expenses (SG&A)	Salaries (Admin)		
	Rent & Utilities – Office or Warehouse		
	Marketing & Campaigns		
Logistics Expenses	Gas expense	-	
Other Expenses	Vehicle rent / depreciation (buy)		
	One-time expenses		
Total Operating Expenses		13,936,937,719	22%
Operating Profit (EBIT)		3,390,413,586	5%
Fed Tax		711,986,853	
State Tax		-	
Net Income		2,678,426,733	4%

Back End Design



Scenario Analysis

❖ **Scenario 1: Additional Thoughts for Improving Budget Accuracy**

Budget accuracy can be improved by using more detailed historical data and incorporating industry benchmarks and market price trends.

❖ **Scenario 2: Volume Variance — 100M Cases Actual vs. 80M Plan**

The additional 20M cases would be investigated by checking key volume drivers — including internal factors (such as price adjustments or promotions), changes in channels or customers, and external market influences.

❖ **Scenario 3: Revenue-per-Case Variance — Actual -\$5 vs. Budget**

The price variance would be analyzed by identifying which products reduced their selling prices, whether rebates or discounts increased, and whether channel or customer mix shifted toward lower-priced products.