

# Market approves as Cott turfs CEO

Share price up 26% as Brent Willis let go after two years

**Grant Surridge**, Financial Post

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Brent Willis was seen as the man to revive a former Canadian success story when he was hired as chief executive of Cott Corp. two years ago.

Coming from a high-profile job at brewing giant InBev, Mr. Willis inherited a company that was losing money, and whose market value had fallen by half under the short reign of John Sheppard.

But Mr. Willis' role came to a terse ending yesterday, as Cott issued a short press release saying that effective immediately he would be replaced on an interim basis by director David Gibbons.

The move pushed Cott's stock up 49¢, or 26%, on the Toronto Stock Exchange, but the closing price of \$2.34 is a far cry from the 52-week high of \$19.70 in April.

Reached by telephone yesterday, Cott spokesperson Lucia Ross said the board of directors decided to act for several reasons, citing "the business climate and the stock price" as two areas causing concern.

One analyst said that the move shows the company's problems lie not in upper management, but in its business.

"I think it should put to bed the notion extensively pushed by Cott management that the problems were all the fault of [John Sheppard]," said **Veritas Investment Research** analyst **Peter Holden**.

Mr. Sheppard's stint as CEO from October, 2004 to May, 2006 was marked by falling profits and margins. Cott struggled as rivals Coke and Pepsi lowered prices after seeing their market share eaten away by Cott's low-cost private-label brand soft drinks.

Cott has been unable to pass rising commodity prices on to consumers, **Mr. Holden** said. The competition has sliced into not only its margins, but its volumes.

Cott shares fell 60% over two days in February after Wal-Mart Stores Inc. said it would reduce the amount of shelf space it devotes to Cott's carbonated soft drinks.

Ms. Ross said the companies are still negotiating how much shelf space the retailing giant will cut.

Mr. Gibbons was named to Cott's board of directors last March after spending six years as chief executive at Perrigo Co., the world's largest maker of private label drugs.

Cott said it would "like to acknowledge Mr. Willis' diligent efforts and strategic contribution during this challenging time" in the company's history.

**Mr. Holden** said Cott factories churning out low-cost soft drinks for large retailers like Wal-Mart will remain for years to come, but "whether those assets will still be owned by the current [Cott] shareholders is unclear."

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