

Beverage Stock Review

Los Angeles / Chicago / New York

The Alkaline Water Company (WTER) \$1.75

"Crushing The Competition in Southern California with Alkaline 88"

TOP 10 PERFORMING WATCH LIST STOCKS					
NAME	SYMBOL	PRICE ADDED	CURRENT PRICE	\$ GAIN/LOSS	% GAIN/LOSS
Brick Brewing Co. Ltd.	BRB.TO	\$0.84	\$2.26	\$1.14	169%
Celsius Holdings, Inc.	CELH	\$0.99	\$2.50	\$1.51	152%
Mojo Organics, Inc	MOJO	\$0.21	\$0.45	\$0.24	114%
Treasury Wine Estates Ltd.	TWE.AX	\$5.01	\$9.55	\$3.48	90%
Marie Brizard / Beveledere	BVDRF	\$11.72	\$20.98	\$9.26	77%
Jones Soda Co.	JSDA	\$0.37	\$0.65	\$0.28	71%
Moa Group Limited	MOA.NZ	\$0.38	\$0.65	\$0.27	83%
American Brewing/ Bucha	ABRW	\$0.31	\$0.48	\$0.17	56%
Eldorado Artesian Springs	ELDO	\$1.10	\$1.45	\$0.35	31%
China New Borun	BORN	\$1.18	\$1.45	\$0.27	22%
Average Gain					86%
NASDAQ Composite		5,022	4859		-5%%
Coca-Cola Company	KO	\$40.69	\$45.32		11%
(Prices from Watch List creation date 3/07/15. Performance of top ten performers is no indication or even inkling of future performance of past, current or future watch list additions. Not a buy list, nor buy recommendations).					

ALKALINE 88 Ranked #1 in Southern, California.

The Alkaline Water Company (WTER) is one of our favorite beverage start-ups increasing revenues from under \$50,000 for an entire quarter (just three years ago), to **over \$1 million in a single month** as announced this past March. The growth has been staggering and is the envy of its competitors. With just 14.7 million shares outstanding, the market values the company at a very modest \$25 million.



The Alkaline Water Company and its increasingly popular **Alkaine88** is in our opinion at its earliest stages of growth, going from a “few test stores” of major chains to setting records and being in “all of the stores” on many of the West Coast’s largest chains. As of this moment, they are **just now moving nation-wide** on a small scale (large scale is \$100 million plus) hoping to prove what it proved on the West Coast, which is simply, *consumers love their water. Management is working around the clock, to keep up with the demand.*



Currently Alkaline88 can be found at over **35 of the top 75** Grocery retailers including **Costco** and **Safeway**, which were just announced in the quarter that passed. The company has a goal of \$18 million in sales for this year and **the growth should be exciting to watch**. The potential is enormous for shareholders, as few investors are aware of this amazing progress, let alone even know they even trade at \$1.75 share.

This is our initiation of coverage in a *series of reports*, the first detailing their success in Southern California, **as it is an important indicator** of how they may fair, as they embark on a nation-wide deployment.

In the highly opportunistic and highly competitive beverage industry, nothing is more important than **gaining early regional traction**. And nowhere is it more important to gain regional traction, than in the highly coveted and ultra-competitive Southern CA, market.

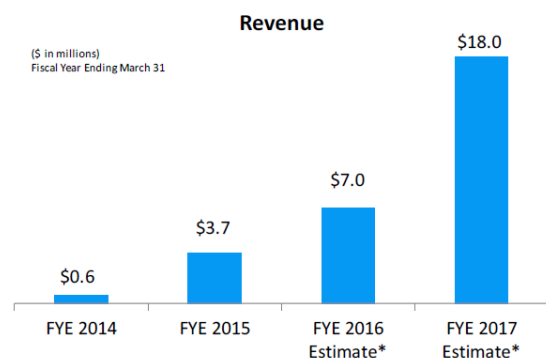
It’s a beverage “proving ground” where early success has often sparked growth investments into up and coming brands, from the majors and/or Venture Capital firms, who specialize in the beverage industry providing young start-ups with the funding needed necessary to “go national.” At the same time, SoCal has also spelled doom for 100’s of other start-ups, which earlier looked to have promise only later to wonder, *“what happened, we were doing so well.”*

Most start-up brands will actually forego entering the SoCal market, despite its lucrative size in fear that not succeeding there, could imperil brands reputation – (and future funding) so they instead launch in less competitive markets.

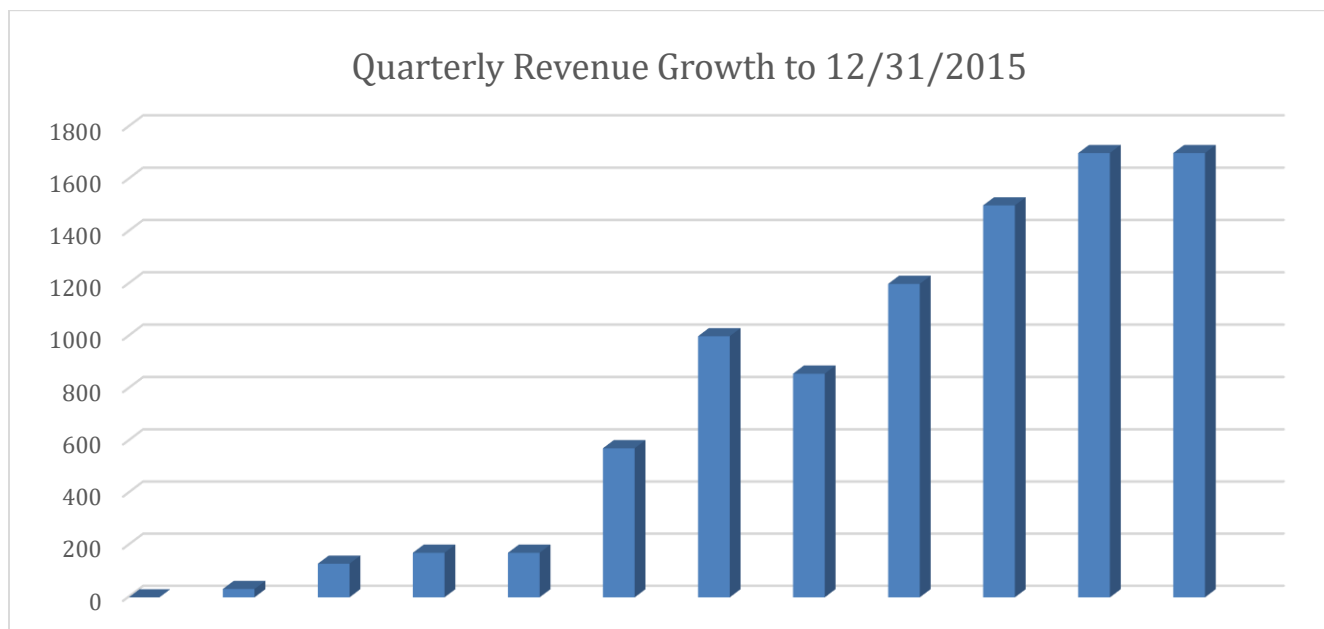
This is exactly what excites us most about the potential for **The Alkaline Water Co., (WTER)** becoming a national success. Rather than shying away from this key market (a calculated risk, being that it’s a public company), they instead decided to charge in head strong, coming out with **results which has impressed pundits and competitors alike.**

FISCAL YEAR 2016 JUST ENDED 3/31, SO \$7 MILLION IS FOR LAST YEAR

Sales revenue on pace to hit \$7 million for fiscal year 2016. From 2015 to 2016, experiencing 89% year over year growth.



In the beverage industry the saying “*if you can make it there, you can make it anywhere*” does not apply to New York (or any other region for that matter), it applies to Southern California. A near country unto itself with **yearly** non-carbonated and still water sales near **one-half a billion dollars and all within easy truck drive distance!** Nothing quite compares.



Even though **Alkaline 88's** proven early success in the Southwest Arizona/Texas markets (as the 3 years of quarterly progress growth above depicts growing from \$32,000 in their first “measurable” quarter, to over one million in the month of March alone which is not shown), no one expected them to rise to the success they achieved in Southern California, in face of deep pocketed competitors and fickle consumers.

On April 27th of 2016, The Alkaline Water Company announced that according to AC Nielsen, the expert in consumer monitoring that Alkaline 88 was **the best-selling Alkaline water in Southern California** ahead of well-heeled competitors, **Essentia, CoreNatural** and **AquaHydrate,**.

In addition, they moved the Alkaline88 brand upwards in the rankings to **16th overall** for the prior 52 weeks, in the entire bottled water still/non-carbonated segment.

Quite the good news for wholesalers and to retailers as they approach the summer season and no doubt quite the shock to **Hal Kravitz**, CEO of AquaHydrate who formerly ran Coke/Glaceua's Smartwater and Vitaminwater units.

In January of 2015 shortly after Kravitz joining the company, AquaHydrate stated that they had achieved the status of “the” fastest growing water in the US. They also claimed to be widely regarded as “the” leader in the alkaline water category. So it must have been quite the shock for them to see Alkaline88 not only not surpass them, but double their performance in SoCal leaving them wondering, “*who are these guys.*”

Claiming the “fastest growing” title of a water product and yet not being the fastest growing in Southern California, is akin to saying you're the fastest growing start-up bagel company, but not in New York!



Total Southern California Market * High PH Water * 52 Weeks Ending 11/2015				
Name	Dollar Volume	\$ % Change	Unit Volume	Unit % Change
Alkaline 88	\$2,216,085	572%	773,000	615%
Essentia	\$1,887,407	139	749,000	134
Core Natural	\$1,164,699	680	727,720	20
AquaHydrate	\$1,131,015	34	597,026	598

We don't want to dwell too much on Southern California, but if you're a believer that trends start in California and then make their way East and you're looking for regional traction – it's important to see how any start-up fares if and when they decide to enter toughest of markets. **And Alkaline 88's performance has been breathtaking.**

In addition, it's also important to monitor how a start-up in a smaller sub-category (we put alkaline water in the smaller "premium hydration" category) fares against what might be better financed competition, when not competing on a commoditized basis (meaning not competing on who has the lowest prices). SoCal competition is based on strong product quality *and* when combined with marketing - the actual likeability of the product. In SoCal no amount of marketing dollars and/or celebrities can ensure the success of a product that consumers don't truly love - and repeat buy. **Alkaline88 has proven, it can compete against anyone.**

COMING DAVID VS. GOLIATH BATTLE FOR ALKALINE WATER.

While some might consider alkaline water to be a nascent entrant without much competition, the competition is actually quite fierce - in that any brand which enjoys success and shelf space can eventually sail past the \$100 million mark, by expanding the initial start-up brand into "versions-of." While Vitamin Water may have started out with one version, last count we saw **17 different versions**. There are some with calories, some with



Zero calories, some to help you focus, some to give you energy or revive you and flavors offered constantly change.

So while today, a small modestly capitalized company like **The Alkaline Water Company** with its single but varying sized offerings comes in only one-flavor "water" – and they wouldn't risk their current success gambling on a new version; you can rest assured once it reaches a certain tipping point with consumers who recognize the name - that The Alkaline Water Company, as would their competitors –come out with a lemon enhanced or mint Alkaline 88 type offering. *It's bound to happen.*

Again it's too early for any of these start-ups to experiment, but we mention the competitive environment not as a hindrance to its Alkaline 88's future potential, but rather as early proof, or as an early indicator, that they are enjoying traction and consumer acceptance and can compete well against better financed competitors.

This is also in our opinion a level which offers the most potential to stock market investors. Beating its competitors regionally, while not yet nationally recognized. Like with any investment, investing during early recognition of success stage carries the greatest risk, but frequently leads to outsized investment returns.

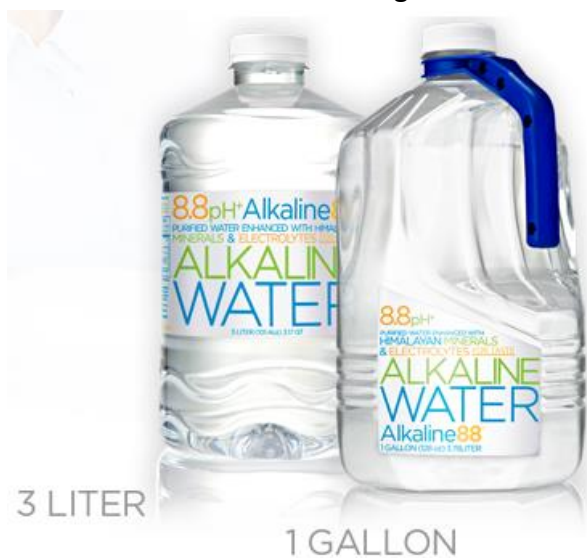
Investors have to ask themselves, do you want to invest when a struggling restaurant chain like Chipotle in 1998 knowing it was financed by an \$85,000 loan from the founders Father with two stores, or do you want to wait until 2001 when McDonalds takes a stake by providing growth capital to grow into 500 stores. Or do you want to wait until the IPO in 2006, after increasing the share price twice due to high pre-IPO demand. Or do you wait until last year with when Chioptle (CMG) had 1900 stores and an \$740 share price.

Investing in later stages reduces "consumer risk," but we prefer to invest when there's 35 stores. Not two, 35.

So let's take a brief look at the group of leading competitors, in order of sales rank in Southern Cal to try to get a feel for who might be the next big winner and category killer.

Alkaline 88.

In addition to smaller sized bottles, one of the genius moves behind **Alkaline 88's** offering was to come up with sizes of water containers, where water could be consumed like it should, from a glass. They have a three-liter bottle which fits in a refrigerator with a spout and a one-gallon bottle with a novel easy grip handle. As a



boater with plenty of room (55-foot Blue Water) with a full size refrigerator to store water, we still enjoy the convenience of not having to cart a case of small bottles aboard and then disposing of 24 empty bottles.

It's also the most economical way to consume alkaline water. It's a product that's been designed from the ground-up to appeal to active individuals and **especially families**, by encouraging daily consumption of Alkaline Water without relying on numerous expensive small plastic bottles.

The Alkaline Water Company employs a state-of-the-art Electrochemically Activated Water (ECA) system to create 8.8 pH drinking water without the use of any chemicals. The ECA process uses specialized electronic cells coated with a variety of rare earth minerals to produce scientifically engineered water. The Company further uses 84 trace Himalayan minerals considered to be the best in the world. Pretty bottle aside, **Alkaline is succeeding not by having a larger marketing budget than its competitors, but by having a better more likeable product.**

A public company, backed by small individual investors, we'll talk more about management and the advisory team, in the "management section" to follow.



ESSENTIA.

While Essentia has been around since 1988 making it the elder statesman of alkaline water, it's just now getting excellent traction after aligning with two heavy hitter investors **Castanea Partners** and **First Beverage Partners**. In the summer of 2015 they claimed they were the leading alkaline brand in the United States, without revealing numbers, while stating sales were up 92% over the prior year. Sales were reported near \$20 million back in 2014.

Castanea Partners is a private equity firm that typically invests between \$15M to \$150M of equity capital. They reportedly sold Fuze to Coke for \$250 million back in 2007. They think they've found another winner.

First Beverage Partners has both an investment bank and private equity arm. There are a lot of VC firms in the category looking for the next big winner and willing to invest and provide risky growth capital. Right now, alkaline waters are getting attention.

Essentia founder, **Ken Uptain**, was named one of the beverage industry's "Top 50 Disruptors" by Beverage World magazine. Essentia unveiled its "Water for Those Who Want More" marketing campaign at the Natural Products Expo based on the results of a study completed in 2013, that found Essentia to be 88% more Hydrating than the leading bottled water brand.

More hydrating, but they're still behind Alkaline88.



CORE NATURAL.

Core Natural is fast moving on the charts, and while not high PH, they claim a "perfect PH" at 7.4. Whatever sells!



CORE HYDRATION® is ultra-purified using a seven stage proprietary process including U.V., carbon filtration, reverse osmosis and ozonation that removes harmful impurities and contaminants. It is then balanced with the perfect blend of electrolytes and minerals that complement the levels that naturally occur in the human body, resulting in a clean and crisp tasting water with the "Perfect pH" of 7.4. The body's optimal pH level is between 7.35 and 7.45.

The company leans heavily on celebrity endorsements. **Becky G, Diplo, Juicy J, Max Martin** and **Katy Perry** (heard of her) are some of music's most recognizable names and, now, brand investors. Their ergonomic and proprietary bottles are available in 20 ounce and 30

ounce PET packaging, featuring a contoured shape, wide mouth closure and translucent blue over-cap, as well as, a convenient 24 ounce sports-cap bottle. The bottles are 100% recyclable and BPA free.



Co-founder **Lance Collins**, best known for creating billion dollar brands like FUZE® and NOS Energy® teamed up with Lukasz Gottwald, the highly acclaimed music producer, better known as Dr. Luke. Dr. Luke was named as one of the top performing producers of the 2000's and has dominated the Top 40 Billboard Hot 100 singles list since 2005.

AQUAHYDRATE.

AquaHydrate is spending and spending. And yet Alkaline88 *doubled their performance* in the AC Nielsen SoCal rankings. Being a private company we don't have numbers, but we would say it is probably fair to guess the marketing and buildout budget to go nation-wide, far exceeds their profits and potentially even their sales.

Boasting investors Mark Wahlberg, Sean "Diddy" Combs, and billionaire Ron Burkle of the Yucaipa Companies, a press release from AQUAhydrate stated they pioneered a new category of Performance Lifestyle beverages,



and stated was one of the first to introduce bottled alkaline water to the market (Come on Sean did you forgot Essentia's 17 year lead).

Since its launch, the brand has garnered over 5 billion media impressions and become an icon for the Millennial generation of consumers. Translation, 4th place.

A Forbes article stated they wanted to build AquaHydrate into the next Vitaminwater (acquired for \$4 billion) or "something even bigger." Well alrighty then, nothing like being ambitious.

In addition to deep pocketed investors, they hired Hal Kravitz, a highly respected leader in the beverage industry formerly with the Coca-Cola Company. Serving as Chief Revenue Officer, to most recently leading the Glaceau business unit, which included Smartwater®, Vitaminwater®, Powerade®, and Fuze® post-Coca-Cola acquisition.

With their backers and Burkle's connection in the grocery industry, it's pretty hard to imagine their not succeeding. However, as Cokes' New Coke, OK Coke and Vio, Coor's Rocky Mountain Spring Water, Maxwell House's Cold Brewed Coffee, Life Savers Soda and Obitz's "texturally enhanced" alternative beverage all well-financed, all now gone, all proved – consumer acceptance cannot be bought.

THE ALKALINE WATER MARKET.

So why are these sophisticated VC's, Private Equity firms, former Coke exec's, Celebrities and The Alkaline Water Company (WTER) all excited about the alkaline water category?

In four words, growth and potential growth. We believe the Alkaline Water Company to be in the right category and at the right time.

The Beverage Marketing Corporation (BMC) reported that over the past five years alone, bottled water has increased its "share of stomach" of the overall beverage market from 14.4 percent in 2009, to 17.8 percent in 2015. With 20.9 percent, carbonated soft drinks currently holds the number one position. We along with many



others, predict that by 2016 bottled water will be the number one packaged beverage sold in the United States.

On the retail shelf, bottled water already outsells soft drinks in 17 major cities, including New York, Boston, Los Angeles, San Francisco, Las Vegas, Houston, Miami, and Washington, D.C. As overall soft drink consumption continues to decline, we believe that more cities will join that list.

What does all that add up to in dollars and cents for companies like The Alkaline Water Company?

The non-alcoholic beverage space is projected to grow from roughly \$160 billion in 2008 to almost \$190 billion by 2020, driven by growth in smaller, emerging “better-for-you” brands. This means approximately **\$35 billion of market share in play for small brands.**

Where alkaline water comes into play is that in the past two years, alkaline water and ionized water brands have generated the most buzz as the newest water rage and now is the time to set a stake in the alkaline category as the future leader. The recent surge in sales is simply due to consumers’ **growing awareness** of alkaline waters, as Essentia and its very sharp investors will attest to.

Ditto for Hal Kravitz, AquaHydrates CEO. With his background he could easily have selected any new beverage start-up and in any new category (energy, coconut water, kombucha) and garnered a major stock or options award package – and yet he chose to enter the alkaline category. Speaks volumes to us. Proven executives of his caliber do not go into new ventures with a “category goal” of \$100 million. Big company exec’s need a “company” goal of \$100 million - minimally - to even take a phone call. Kravitz is a go big or go home player and he apparently thinks alkaline is going big.

There may be some discussion about the ultimate benefits of alkaline water, but today’s consumers are discerning and educated and what they have read, has translated into what we believe is a long-term demand situation. A situation that could even someday grow into “is it PH balanced,” much like asking “is it low-calorie.” There is a lot of “category” marketing coming in the years ahead, of which Alkaline88 will be a direct beneficiary. It’s nice having someone else spend marketing dollars educating your consumer.

Over the past few years, the alkaline water category, which has its roots in home-based water filtration and pH –boosting systems, has taken a small, but significant, foothold among fitness enthusiasts and consumers within the natural channel, particularly in Southern California. The region as we mentioned is an epicenter for new and evolving health and wellness trends, and a key area for beverage incubation and the development of natural beverage categories.

Just as it has been the launching pad for high pressure processed (HPP) juices, kombucha, and coconut water, alkaline water companies are leaning on the Los Angeles as a springboard for national expansion. And here we have the Alkaline Water Company in the midst of it, leading the charts just as mainstream grocers have taken interest - as evidenced by Alkaline88 selling at Whole Foods and Sprouts to now also selling at Safeway, Ralphs, Costco, Food4Less, Walgreens and even 7-11. This is in our opinion a very, very interesting and opportune time and to be a shareholder in the company.



MANAGEMENT

The Alkaline Water Co. is dedicated to the development of a national retail bulk distribution network delivering innovative state-of-the-art Electrochemically Activated Water (ECA) to consumers everywhere.

Doing so requires individuals experienced in working with national distributors, direct sales and internet sales.

In addition to very experienced beverage executives at the helm, WTER has a couple pedigreed members on the Advisory board worth noting.

Al Marasca who has been there for over two years, was formerly **President of the massive Ralphs grocery store** chain, as well as an advisor to Stater Bros (a \$4 billion chain) and Haggens supermarkets with sales near \$1 billion. As past-President of the Western Association of Food Chains, he's knows a thing or two about distribution and how to get on shelves. It's small world in the grocery business, so no doubt he's friends with AquaHydrate's Ron Burkle !

And then there's **Steven Horowitz** who is President of Co-Sales Southern, CA - which counts **Ralphs**, Vons, Stater Brothers and Food4Less amongst its customers. They're part of the Beacon United and not only does he know how to get on grocery shelves - that's what Co-Sales does. It's their job !

Also they added a couple "sales power hitters" to the staff, **Frank Chessman** who was a VP at **Ralphs** is now their National Sales Manager. And **Nick Gagliardi** who just joined the team as a National Director, who worked with Great Artisan and was COO of **Monster Energy**.

The team is shaping up nicely, from when we first read about the company a couple years ago when it was just a "couple of guys." Something's working here.

FULL BIOGRAPHIES:

STEVEN P. NICKOLAS. President

Mr. Nickolas has over 37 years of international and domestic management experience in the beverage and food science industries. He started his career with Anheuser Busch in Southern California in 1973, later opening in 1980, the first bottled water company in the state of Hawaii.



Between 1981 and 1990, developed bottled water companies globally including Hawaii, Micronesia, Indonesia, Philippines, Israel, Egypt and Germany as well as several companies in North America. He founded Apani Bottled Water in Phoenix, Arizona in 1990, becoming the first bottled water company licensed by the NFL, NBA, NHL and MLB. In 1998 he founded Bottled Water Images, Inc., becoming the first bottled water company licensed by all major Hollywood studios, including Sony, Universal, Disney, DreamWorks, Warner Brothers and Marvel Comics.



Mr. Nickolas has provided consulting services and has served in a variety of management positions for a number of major beverage companies including Nestles, Whitlock Packaging, P&G and Suntory. Mr. Nickolas has degrees in Economics and Government from The Claremont Colleges and post-graduate studies at Cal-Poly Pomona.

RICKY A. WRIGHT, Vice President



Mr. Wright is former Regional Director of Tax and Financial Planning with one of the “Big Four” accounting firms. He brings over 34 years of experience as a CPA, entrepreneur and senior executive. He has extensive working knowledge of most areas of finance, with a strong emphasis on closely held companies, mergers and acquisitions, transaction planning and international operations. Throughout his career Mr. Wright has consulted on or taken part in over 100 mergers or acquisitions and has consulted with over 500 companies on sophisticated tax and financial planning matters. In 2008, Mr. Wright became the Chief Financial Officer for PCT International. PCT is a leading worldwide developer and manufacturer of last mile and access network solutions for broadband communication networks with manufacturing plants in USA and China and sales in 42 countries.

In 2010 (through present), Mr. Wright operates a private tax and accounting CPA firm in Scottsdale, Arizona (Wright Tax Solutions PLC). Mr. Wright also began Wright Investment Group, LLC a small equity participation firm that provides seed capital through micro loans and financial expertise to start-up enterprises. He most recently served as CFO and Treasurer of Alkaline 88 LLC. He graduated Magnum Cum Laude in 1978 from Mount Union University in Alliance Ohio, with graduate level MBA courses at Case Western Reserve College in Cleveland, Ohio.

ALFRED A. MARASCA, Advisory Board Member



Mr. Marasca comes to The Alkaline Water Company as a 40-year veteran with Ralphs Grocery Company of Los Angeles, CA. He completed his tenure at Ralphs as President and Chief Operating Officer as the culmination of a career that began in Store Operations and Personnel. In 1969, he joined the Marketing Department as grocery buyer/merchandiser and subsequently held positions as frozen food/bakery buyer/merchandiser and Director of Grocery Buying and Merchandising. Subsequently, from 1974 onward, he was appointed Vice President of Personnel/Labor Relations and as Vice President of Marketing in 1976. Promoted to Senior Vice President, Marketing in 1978; Executive Vice President, Marketing in 1985; Executive Vice President, Retail in 1991; President in 1993, and President and Chief Operating Officer in 1994 in which role he remained until his retirement from Ralphs in 1998.

In recent years, Marasca has served as Senior Advisor to Stater Brothers Supermarkets, a 4 billion dollar supermarket chain in Southern California, and on the Advisory Board of Haggens Supermarkets, an 800 million dollar supermarket chain in Washington State. Today he operates Chadbourne Communications through which he has also served as consultant to several Sales and Marketing companies throughout the Country.



Marasca holds a Bachelor's Degree in Business Administration from Loyola University, a MBA in Marketing from the University of Southern California; graduated from the Executive Program of the UCLA Graduate School of Business, and completed the Dartmouth Institute Program at Dartmouth University. Marasca is a Director, and Past-President of the Western Association of Food Chains, and a former Director of the Food Marketing Institute. His charitable and civic activities include serving as Past-President of the City of Hope Food Industry Circle, and former member of the Board of Regents of Loyola Marymount University. He was also a Director of the California Retailers Association and a member of the Board of Directors for the Los Angeles Chamber of Commerce.

BRANDE RODERICK, Communications Advisor

Ms. Roderick is a professional actress and model, a mother of two young boys and a passionate advocate for healthy lifestyles. Professionally, she is most recently recognized for her role as a top four finisher on the second season of NBC's hit show "Celebrity Apprentice," and her 2013 appearance on "Celebrity Apprentice All-Stars," hosted by Donald Trump, where she competed against the likes of Joan Rivers, Dennis Rodman, Khloe Kardashian and Clint Black. She is the founder of two companies, Pantofola D'oro, a designer shoe company partnered with Tommy Hilfiger and Adam Levine, and Fantaz.com, an on-line skill based gaming platform.



She authored 'Bounce Don't Break' as an inspirational guide and memoir of her career to-date, and has enjoyed a co-starring role in "Beverly Hills 90210," plus guest starring roles on "Just Shoot Me," "Jesse," and "Love Boat: The Next Wave," as well as national commercials for Snickers, Mentos and Dr. Pepper. Her career was notably boosted in 2000, when "Baywatch Hawaii" cast her for the starring role which is syndicated to countries across the globe to this day. Subsequently, she enjoyed a supporting role in the hit film "Starsky & Hutch" opposite Ben Stiller and Owen Wilson. In 2007, she had a lead role in a production with Snoop Dogg, and a supporting role in the "Nanny Diaries" opposite Scarlet Johansson. Of note, she had a starring role in the independent movie, 'Out of Control', which earned her a place in history as the first North American celebrity to star in an all-Indian production.

STEVEN HOROWITZ, Advisory Board Member

Mr. Horowitz is President of Co-Sales Southern California (www.co-sales.com/SCAL) and brings over 43 years of experience in the food industry. He is a graduate of Monmouth University in New Jersey with a degree in Business Administration and has substantial industry knowledge and experience in the Southern California market. Steve's responsibilities and experience include store operations, manufacturer sales, major chain buying and regional broker management alongside food broker sales. Steve has been active on the Retail Board of the Olive Crest Foundation and is a member of the Grocery Board of The City of Hope. In 2007, Steve was honored with the "Humanitarian Award" for his work in the Food Industry by the CCEJ in Southern California.



NICK GAGLIARDI JR. National Director of DSD (direct store delivery)

Nick brings to the Company more than 25 years of sales, distribution and business development experience in beverage and consumer products.

Mr. Gagliardi served as the Chief Operating Officer of **Monster Beverage Co.**, the division of Hansen Natural Corporation from July 30, 2009 to April 2010 and oversaw its business. Hansen marketed and distributed Junior Juice juices and water beverages, Blue Sky brand beverages, Monster Energy brand energy drinks, Nitrous and Monster Energy brand energy drinks, Monster Hitman energy shooters, Java Monster brand non-carbonated coffee energy drinks, X-Presso Monster brand non-carbonated espresso energy drinks, Lost Energy brand energy drinks, Rumba, Samba and Tango brand energy juices



Most recently, Mr. Gagliardi served as President of Liquid Investments, Inc. (also known as Liquid Investments Co., Inc.) and its subsidiary, Mesa Distributing Co., Inc. Previously, he held various management positions, including Vice President and General Manager of Labatt USA. which later became a unit of Anheuser-Busch InBev.

From 1982 to 1998, he served in various capacities at Colgate-Palmolive Company, including Vice President of the Canadian division. Mr. Gagliardi earned his Bachelor of Arts degree in Hotel and Restaurant Administration from Washington State University. He completed the Food Industry Management Program at the University of Southern California, Los Angeles.

FRANK CHESSMAN, National Sales Manager.

Frank Chessman represents leaders in industry, that import food products from around the world primarily for Retailers desiring high quality and unique Private Label products. In addition, he represents best in class companies in various fields like Printing and Beverage Bottling, for work in the Supermarket class of trade. He additionally has excellent background in Sales Promotion in Fast Food and Retail Supermarkets.

TECHNOLOGY

In our next report will go into greater detail why their state-of-the-art Electrochemically Activated Water (ECA) system which was designed to create 8.8 pH drinking water without the use of any chemicals, offers great advantages over the competition. A new enhancement to the technology has double the capacity and enough to support sales of **\$4 million a month, or \$48 million a year.**



We will additionally address the co-packers (they have six targeted) and how that plays into their national expansion plans. Alkaline Water Co. builds relationships with experienced co-packers to formulate and bottle the finished product. Distributors are chosen on the basis of proximity to target markets.

INVESTMENT SUMMARY



While not “the” most important factor, we certainly like the chart at The Alkaline Water Company. First look at the base revenues numbers as we present them below as year one and so on, from the first year they generated measurable revenues and then compare them to the chart.

- Year One: **\$15,000**
- Year Two: **\$553,000**
- Year Three: **\$3,700,000**
- Last Year: **\$7,000,000E**
- Next Year: **\$18,000,000G** (with 40+ years on Wall Street we prefer to call estimates, goals).

When we see numbers like that and an accompanying chart like that, it typically means one thing to us. Early in its formation, investors were simply too excited about the prospects and bid the price up in comparison to



fundamentals, too high. Then comes the inevitable pop, which The Alkaline Water certainly seems to have experienced.

It's certainly not uncommon – particularly with technology stocks (think GoPro, LinkedIn, Groupon) when investors instead of looking at current fundamentals, focus of the company being the “next” Facebook, Google or Monster Beverage.

On the flip side losses can escalate for investors and they can drive the price down to undervalued status, willing to take any price – regardless of fundamentals.

A goal of the Beverage Stock Review (BSR) (much like VC's investing in private companies) is to keep our ear to the rail, hoping to find companies (like The Alkaline Water Company) who are just begging to show consumer acceptance. This isn't about operating fundamentals and profits. It's about DO CONSUMERS like it. If consumers like it, if consumers love it, the numbers will come.

So investing in beverage start-ups is more art than science. It's more about listening to the first line of evidence versus the accountants. There has never been a good start-up coming from a basement or garage which displayed good financials when they started.

BSR is one of the most informative and cutting edge publications focusing on beverages, the beverage trade, beverage investing and the people and products which make the industry tick.

The advisory staff which contributes to BSR, consist of a unique blend of Wall Street experts and Industry experts, who work in the distribution of beverages. By combining Wall Street experts with industry professionals who distribute a broad selection of drinks from energy drinks to the latest flavored Vodka - directly to retail and warehouse outlets as well as restaurants and hotel chains - we have a unique perspective on what is catching on early with consumers, as opposed to what may be just a short term fad. Mostly.

Finding good ideas itself is a very competitive market with regards to start-ups, because everyone wants to find the next Monster Beverage and there's only so many winners to go around – and to compound the problem, there is only so much of the good potential winners to go around. A VC firm can't plow \$50 million into a start-up with \$5 million in sales, though it on occasion happens.

There are a lot of VC firms in the category looking for the next big winner and willing to invest and provide risky growth capital. Right now, alkaline waters are getting attention. **Which brings us to the obvious question, when will they find The Alkaline Water Company?**

Crossing the \$5 million revenue threshold, places WTER on the radar screen of private equity investors, who much like us read trade journals (vs the Wall Street Journal) and speak to wholesalers and distributors.

This is an exciting time for WTER shareholders, who no doubt will experience considerable share price volatility. Our advice, the most important thing to monitor is consumer acceptance. Of course you can try to gauge it by watching revenues – but we think it's a better idea to order the water yourself from Amazon, if it is not locally available. If it is, go to the store and if you see someone picking up a 3-liter bottle or a couple gallons, ask them why they like it – or why they love it. And ask what they used to buy.



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This presentation contains "forward-looking statements." Statements in this presentation that are not purely historical are forward-looking statements and include any statements regarding beliefs, plans, expectations or intentions regarding the future. Such forward-looking statements include, among other things, The Alkaline Water Company Inc.'s (the "Company") statements regarding the Company's intention to provide the highest quality alkaline drinking water to the largest consumer audience possible; the Company's estimated sales revenue of \$7 million for fiscal year 2016, experiencing 89% year over year growth; the Company's estimated sales revenue of \$18 million for the fiscal 2017; the Company's estimated total revenue of \$2 million for Q4 of fiscal 2015; the Company's estimation that it will be cash flow neutral by fiscal Q1 ending June 30, 2016; the Company's expectation to be in over 30,000 stores by the end of this fiscal year; the Company's intention to continue with its nationwide public relations and advertising programs featuring Brande Roderick; the Company's estimates for the income statement for the twelve months ended December 31, 2015; the Company's estimates for the balance sheet as of December 31, 2015; the Company's commitment to become the #1 best selling Alkaline water across the country by the end of 2016; the Company's statement regarding the capacity to produce enough water to support up to \$4 million a month in sales revenue; and the Company's projection of over 100% year over year sales increase.

The material assumptions supporting these forward-looking statements include, among others, that the demand for the Company's products will continue to significantly grow; that there will be continued expansion of direct store distributor sales; that there will be increased production capacity through implementation of new technology; that there will be an increase in number of products available for sale to retailers and consumers; that there will be an expansion in geographical areas by national retailers carrying the Company's products; that there will be an expansion into new national and regional grocery retailers; and that the Company will be able to obtain additional capital to meet the Company's growing demand and satisfy the capital expenditure requirements needed to increase production and support sales activity. Actual results could differ from those projected in any forward-looking statements due to numerous factors. Such factors include, among others, governmental regulations being implemented regarding the production and sale of alkaline water; additional competitors selling alkaline water bulk containers reducing the Company's sales; the fact that the Company does not own or operate any of its production facilities and that co-packers may not renew current agreements and/or not satisfy increased production quotas; that fact that the Company has a limited number of suppliers of its unique bulk bottles; the potential for supply chain interruption due to factors beyond the Company's control; the fact that there may be a recall of products due to unintended contamination; the inherent uncertainties associated with operating as an early stage company; changes in customer demand; the extent to which the Company is successful in gaining new long-term relationships with new retailers and retaining existing relationships with retailers; the Company's ability to raise the additional funding that it will need to continue to pursue its business, planned capital expansion and sales activity; competition in the industry in which the Company operates and market conditions. These forward-looking statements are made as of the date of this presentation, and the Company assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those projected in the forward-looking statements, except as required by applicable law, including the securities laws of the United States. Although the Company believes that any beliefs, plans, expectations and intentions contained in this presentation are reasonable, there can be no assurance that any such beliefs, plans, expectations or intentions will prove to be accurate. Investors should consult all of the information set forth herein and should also refer to the risk factors disclosure outlined in the reports and other documents we file with the SEC, available at www.sec.gov. The Company has not conducted any clinical studies regarding the health benefits of alkaline water and accordingly make no claims as to the benefits of alkaline water.

