

MOLSON COORS BREWING CO

Form 10-Q

August 08, 2012

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[Table of Contents](#)

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the Quarterly period ended June 30, 2012

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the transition period from _____ to _____ .

Commission File Number: 1-14829

Molson Coors Brewing Company

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of incorporation or
organization)

84-0178360

(I.R.S. Employer Identification No.)

1225 17th Street, Denver, Colorado, USA

80202

1555 Notre Dame Street East, Montréal, Québec, Canada

H2L 2R5

(Address of principal executive offices)

(Zip Code)

303-927-2337 (Colorado)

514-521-1786 (Québec)

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of August 2, 2012:

Class A Common Stock— 2,583,694 shares

Class B Common Stock—156,163,295 shares

Exchangeable shares:

As of August 2, 2012, the following number of exchangeable shares were outstanding for Molson Coors Canada, Inc.:

Class A Exchangeable shares—2,939,701 shares

Class B Exchangeable shares—19,260,822 shares

These Class A and Class B exchangeable shares offer substantially the same economic and voting rights as the respective classes of common shares of the registrant. The registrant has outstanding one share each of special Class A and Class B voting stock, through which the holders of Class A exchangeable shares and Class B exchangeable shares of Molson Coors Canada Inc. (a subsidiary of the registrant), respectively, may exercise their voting rights with respect to the registrant. The special Class A and Class B voting stock are entitled to one vote for each of the exchangeable share classes, respectively, excluding shares held by the registrant or its subsidiaries, and generally vote together with the Class A common stock and Class B common stock, respectively, on all matters on which the Class A common stock and Class B common stock are entitled to vote. The trustee holder of the special Class A voting stock and the special Class B voting stock has the right to cast a number of votes equal to the number of then outstanding Class A exchangeable shares and Class B exchangeable shares, respectively.

Table of Contents

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
INDEX

	Page
<u>PART I. FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements (Unaudited)</u>	4
<u>Condensed Consolidated Statements of Operations for the thirteen and twenty-six weeks ended June 30, 2012 and June 25, 2011</u>	4
<u>Condensed Consolidated Statements of Comprehensive Income for the thirteen and twenty-six weeks ended June 30, 2012 and June 25, 2011</u>	
<u>Condensed Consolidated Balance Sheets at June 30, 2012 and December 31, 2011</u>	6
<u>Condensed Consolidated Statements of Cash Flows for the twenty-six weeks ended June 30, 2012 and June 25, 2011</u>	7
<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	8
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	49
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	73
<u>Item 4. Controls and Procedures</u>	74
<u>PART II. OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	74
<u>Item 1A. Risk Factors</u>	75
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	76
<u>Item 3. Defaults Upon Senior Securities</u>	77
<u>Item 5. Other Information</u>	77
<u>Item 6. Exhibits</u>	77

Cautionary Statement Pursuant to Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"). From time to time, we may also provide oral or written forward-looking statements in other materials we release to the public. Such forward-looking statements are subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995.

Statements that refer to projections of our future financial performance, our anticipated growth and trends in our businesses, and other characterizations of future events or circumstances are forward-looking statements, and include, but are not limited to, statements under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Outlook for 2012" relating to overall volume trends, consumer preferences, pricing trends, industry forces, cost reduction strategies, anticipated results, anticipated synergies, expectations for funding future capital expenditures and operations, debt service capabilities, shipment levels and profitability, market share and the sufficiency of capital resources. In addition, statements that we make in this report that are not statements of historical fact may also be forward-looking statements. Words such as "expects," "goals," "plans," "believes," "continues," "may," "anticipate," "seek," "estimate," "outlook," "trends," "future benefits," "strategies," and variations of such words and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are subject to risks and uncertainties that could cause actual results to be materially different from those indicated (both favorably and unfavorably). These risks and uncertainties include, but are not limited to those described under the heading "Risk Factors," elsewhere throughout this report, and those described from time to time in our past and future reports filed with the Securities and Exchange Commission, including in our Annual Report on Form 10-K for the year ended December 31, 2011. Caution should be taken not to place undue reliance on any such forward-looking statements. Forward-looking statements speak only as of the date when made and we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

Table of Contents

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (IN MILLIONS, EXCEPT PER SHARE DATA)
 (UNAUDITED)

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 30, 2012	June 25, 2011	June 30, 2012	June 25, 2011
Sales	\$1,440.9	\$1,383.1	\$2,449.0	\$2,380.4
Excise taxes	(441.5)	(449.5)	(758.2)	(756.4)
Net sales	999.4	933.6	1,690.8	1,624.0
Cost of goods sold	(580.1)	(523.9)	(1,018.9)	(951.1)
Gross profit	419.3	409.7	671.9	672.9
Marketing, general and administrative expenses	(304.8)	(272.5)	(553.0)	(510.9)
Special items, net	(21.2)	(11.0)	(22.7)	(11.0)
Equity income in MillerCoors	185.6	171.8	304.5	273.0
Operating income (loss)	278.9	298.0	400.7	424.0
Interest income (expense), net	(84.6)	(27.7)	(108.4)	(54.5)
Other income (expense), net	(70.5)	(1.8)	(71.9)	(2.5)
Income (loss) from continuing operations before income taxes	123.8	268.5	220.4	367.0
Income tax benefit (expense)	(25.9)	(43.2)	(43.2)	(59.3)
Net income (loss) from continuing operations	97.9	225.3	177.2	307.7
Income (loss) from discontinued operations, net of tax	0.8	(1.5)	0.9	(1.2)
Net income (loss) including noncontrolling interests	98.7	223.8	178.1	306.5
Less: Net (income) loss attributable to noncontrolling interests	6.4	(1.0)	6.5	(0.8)
Net income (loss) attributable to Molson Coors Brewing Company	\$105.1	\$222.8	\$184.6	\$305.7
Basic net income (loss) attributable to Molson Coors Brewing Company per share:				
From continuing operations	\$0.58	\$1.20	\$1.02	\$1.64
From discontinued operations	—	(0.01)	—	(0.01)
Basic net income per share	\$0.58	\$1.19	\$1.02	\$1.63
Diluted net income (loss) attributable to Molson Coors Brewing Company per share:				
From continuing operations	\$0.57	\$1.19	\$1.01	\$1.63
From discontinued operations	—	(0.01)	—	(0.01)
Diluted net income per share	\$0.57	\$1.18	\$1.01	\$1.62
Weighted average shares—basic	180.8			