MOLSON COORS BREWING CO
Form DEF 14A
April 15, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)
Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material under §240.14a-12

MOLSON COORS BREWING COMPANY
(Name of Registrant as Specified In Its Charter)
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)
Payment of Filing Fee (Check the appropriate box):

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(1) Title of each class of securities to which transaction applies:

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(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Notice of 2016 Annual Meeting of Stockholders and Proxy Statement

Wednesday, May 25, 2016
11:00 a.m., Mountain Daylight Time
Ritz-Carlton Hotel, 1881 Curtis Street, Denver, Colorado 80202

Return to Table of Contents
Return to Key Terms

1801 California Street Suite 4600
Denver, CO 80202, USA

1555 Notre Dame Street East
Montréal, Québec, Canada H2L 2R5

April 15, 2016

Dear Fellow Molson Coors Brewing Company Stockholders,

You are invited to attend our 2016 Annual Meeting of Stockholders (Annual Meeting), which will be held on Wednesday, May 25, 2016, at 11:00 a.m., Mountain Daylight Time, at the Ritz-Carlton Hotel, 1881 Curtis Street, Denver, Colorado 80202. Molson Coors Brewing Company (Molson Coors, the Company, we, us or our) alternates its annual meetings between its two principal executive offices in Montréal, Québec, and Denver, Colorado. This year, we are pleased to return to Colorado, the home of the original Coors brewery.

At the Annual Meeting, we will ask our stockholders to elect our Board of Directors (the Board), provide their advisory approval of our executive compensation, and ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016. We will also review the Company's progress during the past year and discuss any new business matters properly brought before the meeting.

The attached 2016 Notice of Annual Meeting and Proxy Statement explains our voting procedures, describes the business we will conduct at the Annual Meeting, and provides information about the Company that you should consider when you vote your shares.

Company Performance[1]

The most important strategic development for Molson Coors in 2015 was the definitive agreement we reached late in the year to purchase the 58% of MillerCoors that we do not currently own, along with the international rights to the Miller brands. This is a game-changing transaction for the Company, that we believe is compelling both financially and strategically. In January, we conducted a common stock offering that will fund just over 20% of the total purchase price and helps us to maintain investment grade ratings on our debt. We plan to fund the balance of the purchase price with new debt and cash on hand. We have a dedicated team working toward completion of the pending transaction, which is currently expected in the 2nd half of 2016. Meanwhile, the rest of our organization remains absolutely focused on growing our existing business and brands, as well as delivering total returns to our shareholders.

With regard to business performance, we exceeded our targets for cash generation and cost savings and expanded underlying gross and pretax margins globally. We grew our above premium business globally, including craft, flavored malt beverages (FMBs) and cider; we gained share of the key premium light segment in the U.S.; and accelerated the growth of our International business, including a bolt-on acquisition in the fast-growing India market. We continued to focus on building a stronger brand portfolio, delivering value-added innovation, strengthening our core brand positions through incremental marketing investments, and continuing to premiumize our portfolio. We began to see the benefits flow to our top-line performance as the year progressed. For example, Coors Light and Miller Lite both gained share of the premium light segment in the U.S. in the last three quarters of 2015, and Coors Light grew 0.3% globally and more than 15% in our Europe and International markets for the full year. In constant currency, we achieved positive net pricing globally, as well as in most of our major markets. These achievements are

Return to Table of Contents
Return to Key Terms

against a backdrop of a continued difficult economy and competitive pressures, along with significant unfavorable foreign currency movements and the termination of major business contracts, as we highlighted throughout last year.
Our focus on growing our above-premium segment continued in 2015 as we completed the acquisition of Saint Archer in the U.S., the Rekorderlig cider brand distribution rights in the U.K. and Ireland, and repatriated the rights to Staropramen in the U.K. We also expanded our global footprint and accelerated the growth of our International business through the acquisition of Mount Shivalik Breweries in India and our recent entrance into the Colombian beer market. Our craft portfolio drove growth from Doom Bar in the U.K., Granville Island in Canada, and Blue Moon in the U.S. and U.K. Our emerging cider portfolio delivered strong growth, led by Carling British Cider in Europe, Molson Canadian Cider and Strongbow in Canada and Smith & Forge Hard Cider in the U.S.
We also used our Profit After Capital Charge (PACC) model as the key driver for our cash and capital allocation decisions. As a result, we drove additional working capital improvements. PACC informed our approach to the MillerCoors acquisition, along with the Mount Shivalik, Staropramen U.K. and Rekorderlig transactions, and the restructure of our China business last year.
Additionally, we continued to transform and strengthen our business through improvements to our sales execution and revenue management capabilities, increased efficiency of our operations, and implementing common global systems. To ensure that our supply chain is fit for future, we closed two bottling lines and completed or announced plans to close four breweries across the Company, along with the planned recapitalization of our Vancouver brewery. We exceeded our cost-reduction goal of $40 to $60 million in Molson Coors by delivering almost $65 million of savings in 2015. In addition, MillerCoors achieved $88 million of cost reductions in 2015, of which our share was $37 million.
In performance headlines for 2015:

- We delivered $1.33 billion of underlying Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA), and $700.4 million of underlying after-tax income, or $3.76 per diluted share. Underlying after-tax income declined 8.9% from a year ago.
- Foreign currency movements and terminated contracts drove the entire decline in both underlying pretax and post-tax income in 2015. Foreign currency impacted earnings by more than $64 million in 2015, while the termination of our Miller brands contract in Canada, and our Modelo brands and Heineken brewing contracts in the U.K, drove an additional negative impact of approximately $40 million.
- We expanded our PACC model deeper into the Company: Earn More, Use Less and Invest Wisely is now a common mantra throughout Molson Coors.
- Net sales for the year declined 2.2% in constant currency, driven by the effect of terminated contracts.
- Strong volume performance in Europe and International helped to grow overall worldwide Coors Light volumes for the year.
- Our overall profit and cash performance, along with the potential of the MillerCoors transaction, helped to drive a positive total shareholder return (TAP stock price, plus dividends) of nearly 29% in 2015, which is well above the 1% increase in the total return for the S&P 500 Index last year.

Good corporate citizenship is another key priority at Molson Coors. As brewers, we have a unique responsibility because we make a product that should be enjoyed by legal-drinking-age adults. We have a long tradition of actively engaging in our communities and continuously improving our operational performance. We also foster an environment where people are proud to work. The Board is committed

Return to Table of Contents
Return to Key Terms

to seeing that we continue to live up to these responsibilities (Our Beer Print). Our Beer Print recognizes and promotes our positive impact on our communities, people and the environment. From 2008-2015, we reduced costs related to waste fees and taxes, lowered energy and water usage, and increased sales of materials that would otherwise have been discarded. This not only contributed substantially to cost savings, but it is also the kind of effort that resulted in us being recognized by the Dow Jones Sustainability Index for the past five years, including two years as the Global Beverage Sector Leader (among much larger brewers and other beverage companies). As one specific milestone, all of our major breweries in the U.S. are now landfill-free.

In 2016, we will have a relentless focus on delighting our consumers and our customers to ensure we are the First Choice brewer in the geographies and segments in which we operate. Through 2016 and beyond, the management team will continue to drive our strategy of building a stronger brand portfolio that is delivering value-added innovation, strengthening our core brand positions, and increasing our share in the above premium, FMB, craft and cider segments. The team intends to do this while ensuring that we have a fit for purpose cost base and a deeply embedded, PACC-led capital allocation approach.

The Annual Meeting

We hope you will be able to attend the Annual Meeting. Whether or not you plan to attend, your vote is important to us. We urge you to review our proxy materials and promptly cast your vote by telephone, via the Internet, or mark, sign, date and return the proxy/voting instruction card in the envelope provided, so that your shares will be represented and voted at the Annual Meeting, even if you cannot personally attend.

Thank you for your support of Molson Coors.

Sincerely,

Geoffrey E. Molson	Peter H. Coors
Chairman of the Board	Vice Chairman of the Board

1 The Company calculates non-GAAP underlying after-tax income and underlying EBITDA by excluding special and other non-core items from the nearest U.S. GAAP performance measure which is net income from continuing operations attributable to the Company for both underlying after-tax income and underlying EBITDA. Constant currency is a non-GAAP financial measure which restates 2015 results using 2014 average foreign exchange rates to enhance the visibility of the underlying business trends by excluding the impact of foreign currency fluctuations. Our management uses underlying after-tax income, underlying after-tax income per diluted share, underlying EBITDA and constant currency as measures of operating performance to assist in comparing performance from period-to-period on a consistent basis; as a measure for planning and forecasting overall expectations and for evaluating actual results against such expectations; in communications with the Board, stockholders, analysts and investors concerning our financial performance; as useful comparisons to the performance of our competitors; and as metrics of certain management incentive compensation calculations. We have provided reconciliations of all non-GAAP measures to their nearest U.S. GAAP measure and have consistently applied the adjustments within our reconciliations in arriving at each non-GAAP measure in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 (see page 37 of the Form 10-K for a reconciliation of underlying after-tax income to its nearest U.S. GAAP measure; and page 39 of the Form 10-K for a reconciliation of underlying EBITDA to its nearest GAAP measure).

Return to Table of Contents
Return to Key Terms

TABLE OF CONTENTS

Return to Table of Contents
Return to Key Terms

Return to Table of Contents
Return to Key Terms