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Molson Coors Beverage Co. (TAP)

Morgan Stanley Global Consumer and Retail Conference

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CORPORATE PARTICIPANTS

Tracey I. Joubert
Chief Financial Officer, Molson Coors Beverage Co.

OTHER PARTICIPANTS

Eric A. Serotta
Analyst, Morgan Stanley & Co. LLC

MANAGEMENT DISCUSSION SECTION

Eric A. Serotta
Analyst, Morgan Stanley & Co. LLC

Good morning, everyone. I'm Eric Serotta for Morgan Stanley's beverages and household products team, and I'm very pleased to welcome Molson Coors to Morgan Stanley's Global Consumer and Retail Conference.

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In October, Molson Coors announced its acceleration plan to build upon the success the company achieved with its revitalization plan over the past four years with significantly improved top line trends even before the Bud Light situation emerged in April this year. So, joining us today, we have Tracey Joubert, Molson Coors CFO. Thanks so much for joining us.

Tracey I. Joubert
Chief Financial Officer, Molson Coors Beverage Co.

Thanks, Eric. Good to be here.

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QUESTION AND ANSWER SECTION

Eric A. Serotta
Analyst, Morgan Stanley & Co. LLC

Q

Great. So let's start by looking back at the progress under the revitalization plan. Can you just recap what the key pillars of that program were and how you'd assess the company's progress against each of them?

Tracey I. Joubert
Chief Financial Officer, Molson Coors Beverage Co.

A

Sure. So, we embarked on this revitalization plan sort of end of 2019 and basically, they were three strategic pillars. The first pillar was to build on the strength of our core brands. And so, if we have a look at that in particular, we're talking about brands like Miller Lite, Coors Light, Coors Banquet and in the US, we've had huge success with those brands. They've taken segment share a number of years. But, coming into this year, as you said, even before the 1st of April, Miller Lite was gaining industry share, Coors Light was doing well and that's really on the back of the platforms that we had put behind those brands.

So, keeping consistent with the messaging, Miller Lite being It Tastes Like Miller Time, Coors Light Made to Chill. So, really good success around the core brands in the US, but it's not just the US. In Canada, our Molson trademark has been growing industry share. In Central and Eastern Europe, in Croatia in particular, we've got a really big brand there called Ozujsko, that's been growing and taking share and then Carling in the UK is still a top brand. So, across our geographies, our three largest markets, has been taking – has been growing revenue, volume and share. So, from a core point of view, that was one of the pillars.

The other two strategic pillars were around aggressively growing our above premium portfolio and expanding beyond beer. And both those, the two together actually is, sort of adds to our premiumization efforts. So, in the above-premium space, we've got huge success on brands like Madrí in the UK, which is our innovation brand. It's probably the most successful innovation that we've had coming out of that geography, definitely in everyone's memory at Molson Coors, so really successful brand there. And then also brands like Simply Spiked, which, 2021, 2022, 2023 was the largest innovation, the best innovation coming out of flavors. And so, that above premium focuses on brands like that and innovation.

But then beyond beer, we've truly become a global beverage company. We changed our name back in 2019 to Molson Coors Beverage. And if you look at some of the spaces that we've gone into in beyond beer, it's spaces like full-strength spirits where under the Coors Spirits Company, we have three brands, a couple of varieties, but we've got Five Trail, which is our own whiskey brand. We've got Barmen, which is our bourbon brand, and then a couple of months ago, we acquired a whiskey company called Blue Run, which is just a beautiful brand, it plays in that super premium space in whiskey. So we've expanded into the full strength spirits. And then we've also invested and we this year made a larger investment in the energy space with a brand like ZOA.

So, those were the three sort of strategic pillars and then in order to invest behind those, we had cost savings coming out of the revitalization plan, which enabled us to invest in our brands, do a couple of little acquisitions and increased investments as those I've just spoken to, but also invest in capabilities in our breweries and in our people. So, really laid a great foundation as we now move into the acceleration plan.

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Eric A. Serotta
Analyst, Morgan Stanley & Co. LLC

Q

Great. So, that leads well into my next question. When I heard the acceleration plan in October, it really struck me as more of an evolution than any sort of strategic change kind of doubling down on what's been working for you over the past several years. First, is that a fair characterization? And second, sort of, what are the key areas that you expect to build on and really accelerate over the coming years?

Tracey I. Joubert
Chief Financial Officer, Molson Coors Beverage Co.

A

Yeah. I mean, that is a good characterization. I think if you change your strategy every year, it's probably not a strategy. So, the fact that we're building on the success of our revitalization program is exactly right. So, the pillars don't really change. We're going to continue to grow our core brands, take share with our core brands and aggressively grow the above premium and expand beyond beer. So, as I look at it, I mean, I've mentioned those three pillars, but, going forward as I've said, we expect to continue to grow – not just in the US.

Obviously, 2023 has been a really good year for us from a premium segment and as well as economy. We've been growing our brands in the economy segments as well. But we're also going to premiumize. We're also going to expand the above premium, we're also going to expand and scale beyond beer. So, if I look at 2024 and beyond, in addition to the core brands, we – look, we – our share gains have really been stable over the last 30 weeks with Miller Lite, Coors Light. We're also seeing Coors Banquet growing. So, we're going to really build off those share gains. We're also going to focus on the above premium.

So, if I think of brands like Blue Moon. Blue Moon is the second largest tap handle in the US. It's the largest craft brand. And we've got a lot of great news coming out of Blue Moon. We're launching Blue Moon non-alc. So, we're launching it right now, we're ready for dry January. It's a great brand. And we're looking at package – refreshing the packaging et cetera. We scaling Peroni, so, really excited about our partnership with Formula One and Ferrari. So, we'll be scaling Peroni. We've also got Peroni 0.0%, and then also really focusing on our flavored alcohol beverages which [ph] is also playing (00:08:10) above premium space, like Simply Spiked. Simply Spiked, Arnold Palmer Spiked, and then from a – from the spirit side, I've spoken about our spirits business, and then energy is a really good big space and playing and continuing to scale and support our ZOA brand.

Eric A. Serotta
Analyst, Morgan Stanley & Co. LLC

Q

Great. So, drilling in a bit on the US market and your largest brands, Coors Light, Miller Lite, as we said, they're already on an improving trajectory before April 1. Could you talk a bit about the strategy to grow those brands going forward and what gives you confidence in the ability to grow those brands in 2024 once you start to cycle the competitive disruption in April?

Tracey I. Joubert
Chief Financial Officer, Molson Coors Beverage Co.

A

Good. So, again, let me stress that our share has been stable for the last 30 weeks. So, we believe that this is structural and we believe it's going to stick. Now what are we doing around it? So, we have spoken about, in the summer and the fall, we had 50 retailers resetting their shelf space and that is unprecedented because normally the big shelf resets happen in spring. But, with the momentum that the retailers were seeing and with the sort of proactiveness from our sales team and our distributors, we were able to get more shelf space in the summer and the fall. And just with those 50 retailers that we spoke about, we – between Miller Lite and Coors Light, we increased our shelf space with those 50 retailers by between 6% and 7%.

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Again, most of the resets will happen in the spring and we expect to continue to see gains of space as well in the spring. We're already having those discussions, we've been having discussions with retailers and again, we expect further gains in space from the spring resets.

In addition, we are doing a lot to make sure that we target and retarget the new drinkers that have come into our brands. And so, whether that be through sort of targeted media, whether that be through digital, we're making sure that we can retain those new drinkers and then working with our distributors, making sure that we continue to gain space, whether that be displays, or whether that be cold space or whether that be on shelf, we'll continue to show retailers the momentum that we've gotten. It's really important for us to have our fair share of space with the momentum that we're seeing.

So, those are the types of things we're doing and supporting that is we had our National Distributor Conference back in September and we showed our distributors, our brand plans for our brands, and the excitement was overwhelming. They are distributors like Momentum and they are 100 fully supportive of our brands. So, we're going to be working really closely with our distributors to make sure that we not only retain the space that we've got, retain the drinkers, but continue to gain.

Eric A. Serotta
Analyst, Morgan Stanley & Co. LLC
Q

Great. And then in the initial planning for the spring reset, I imagine those discussions are further advanced than they were even a month ago.

Tracey I. Joubert
Chief Financial Officer, Molson Coors Beverage Co.
A

Yeah.

Eric A. Serotta
Analyst, Morgan Stanley & Co. LLC
Q

Are they – where are they shaping out in terms of space gains? Is it sort of in line with the gains that you saw in the fall? Is it more, is it less?

Tracey I. Joubert
Chief Financial Officer, Molson Coors Beverage Co.
A

Yeah. I mean I can't talk to the specifics because there is still negotiations going on, but what I can tell you is that we do expect to continue to gain space with the spring reset.

Eric A. Serotta
Analyst, Morgan Stanley & Co. LLC
Q

Good. So, then zooming out, I think some investors were surprised that you called out an improvement in the US beer market back in October, as one of the factors behind your 2023 guidance increase. So, in the data we see does look like the industry has somewhat improved since earlier this year, but volumes are still running below the, call it, minus 1% long-term trend. So, first, what are you seeing in terms of industry performance more recently? And second, what do you think's been driving the weaker industry performance earlier this year? And what are you kind of expecting for industry trends in 2024?

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Tracey I. Joubert
Chief Financial Officer, Molson Coors Beverage Co.

A

Yeah, so that's really good. You know, when we'd reaffirmed our guidance on – I think it was the 2nd of November, we reaffirmed the high single digit range on the top line, but towards the higher end of that, and that was because the beer industry was healthy and we're still declining, but at a lower rate than what we had seen when we gave our August guidance. And so, if you look at Q3, with Circana it says Q3 beer industry is down about 1.3%, Q2 was down, I think it was 2.5% and Q1 was down 2.7%. So, we've been seeing an incremental improvement, although it still is – the beer industry is still weak. So, we're seeing the same thing.

In terms of why it was so weak. I think if you go back to the beginning of the year, we have seen the hard seltzer decline much quicker at a higher rate than what we had originally expected, I think what a lot of people expected. We had the really bad weather on the Pacific Coast, so that did impact volumes for sure in that geography. And then, in Q3, if you remember last year, everyone took much larger price increases. So, we had that load in – going in last year and so we're cycling that.

So, I would say that those are some of the bigger drivers of the weakness that we had seen. But again, sequentially improving. I think the important thing is Molson Coors' share, we have nearly – we've had a nearly full two-point gain – 2 percentage point gain of industry share. And so, that's what we are focused on, is continuing to gain share and make sure that we're maintaining that share as well.

Eric A. Serotta
Analyst, Morgan Stanley & Co. LLC

Q

And you guys have been calling out some signs of consumer – changed consumer behavior in the US. I think it was either late last year, early this year, with some consumers buying larger packs to, maximize value and some consumers going to singles and small packs to minimize the dollar outlay. So, what are you seeing more recently with respect to consumer behavior, whether it's in terms of package or channel or price, tier, brand mix?

Tracey I. Joubert
Chief Financial Officer, Molson Coors Beverage Co.

A

Yeah, so we still see continued premiumization in the beer category, albeit at a slower rate than what we've seen before, and particularly in the growth areas like RTDs and spirits. I mean we are seeing that premiumization. From a consumer point of view, I think it differs. I mean in – the US is very different to some of our other markets like in Central and Eastern Europe where the consumer is a lot more challenged from a disposable income point of view. But, in the US, we do continue to see that premiumization. We do see the growth areas.

From a pack point of view, we are still seeing some bifurcation from a pack size. So, we see in the higher income households, we're seeing the consumers seeking value and moving – shifting towards larger packs. In the lower income households, we are seeing consumers shifting from the medium sized packs to single serve or the lower size pack. So, we're definitely seeing a pack mix shift. From a – from sort of store visits, retail visit, we're seeing more buyers, more visits. We're seeing higher receipts. And that's really driven a lot by the pricing. So, we are seeing that continued, but we're seeing a lower number of buyers. And so, that's impacting units and volume.

We haven't seen significant trade-down at this stage. Having said that, our economy portfolio is growing and doing nicely, but I think some of that is shifting consumer purchase, shifting from some brands into ours. From a channel point of view, we're really seeing the on-premise and off-premise really aligned. We're seeing the same dynamics.

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Eric A. Serotta
Analyst, Morgan Stanley & Co. LLC

Q

Good. And then you put out the target of increasing your global above premium mix from about 28% to about one-third over the next several years. And so about half of that growth is expected to come from beyond beer. So, can you talk a bit about the building blocks of how you bridge that from a brand perspective? You know, Blue Moon, Simply Spiked, and you know, what other kind of big building blocks there are there.

Tracey I. Joubert
Chief Financial Officer, Molson Coors Beverage Co.

A

Sure. So, as I said at the beginning, one of our core strategic pillars and the revitalization plan now extending into the acceleration plan is to aggressively premiumize the portfolio. So, going back to the end of 2019, our above premium share of our brand revenue was around 23%. At the end of 2022, it was 28%. And our medium term target is to get to the third, as you rightly say. And about half of that growth is going to come from beyond beer. So, the growth is going to come from both beer and non-beer.

So, let me talk a little bit about beer. So, in the beer category, Blue Moon is obviously a focus. Again, it's the largest craft brand. It's a really important brand for us and so, we are focused on turning that brand around. You know, I've spoken about the Blue Moon non-alc that we're launching, the repackaging, and then we also are changing – we launched Blue Moon LightSky a couple of years ago, did really well, but people don't understand what LightSky says, so we're relaunching that under Blue Moon Light. So, people understand it's a light beer, more sessionable beer, so we're doing that from the Blue Moon standpoint.

Peroni, as I mentioned, we're going to scale Peroni. We're really excited about that brand, the whole sort of Italian style, Italian heritage now with our Formula 1 partnership and Ferrari in particular. Really excited about that. So, we're going to be scaling Peroni. And then – and I don't want to again forget about our magnificent brand Madrí in the UK. So, it's still a long runway for that brand. It's growing really well and we're going to continue to invest behind that brand to continue the growth. So, that's really looking at the beer side of it.

From the beyond beer, we look at beyond beer in sort of three categories. One is the flavored alcohol beverage and so that will include brands like Simply Spiked. We've got a new innovation called Happy Thursday, which is a non-carbonated, non-bubbly, sort of fruit flavored, fruit-forward drink that we're launching now called Happy Thursday. So it's got a lot of innovation in the sort of the flavor space.

And then, spirits, I've spoken about our spirits and how we've acquired this wonderful brand called Blue Run. So, we'll continue to look at that. And then, the energy sort of better-for-you space is something that we're really excited about as well. It's a really big – there's a big market for that. It's a big category. And so, we're going to continue to invest behind our ZOA brand right now.

Eric A. Serotta
Analyst, Morgan Stanley & Co. LLC

Q

Good. Then last week, Molson Coors announced a number of moves to really optimize the commercial structure in the Americas. Can you just give us a quick recap of what those moves were? Not every person, obviously, and then – but bigger picture strategic goals behind that. Now, Michelle has said that these weren't – this isn't a cost cutting program, that you're actually increasing investment behind the America's commercial team. And sort of the follow-on to this would be, so should we expect to see an increase in your overall MG&A as a result of that, or is it more reallocating funds from non-working to working?

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Tracey I. Joubert
Chief Financial Officer, Molson Coors Beverage Co.

A

Yeah. So, we created the new American commercial organization under Michelle St. Jacques. It's been running for about eight months now. Now with the launch of our acceleration plan, we felt it was the right time to maybe realign the resources to build on that acceleration plan. And in particular, we've got an accelerator unit that we've created under the – Michelle's responsibilities. And that accelerator unit is really going to build on the revitalization plan, but also fuel growth and develop and enhance a lot of the capabilities.

So, it will look after things like commercial analytics and insights, category management, media and digital management. So, a lot more capabilities enhanced under that umbrella. Some of the functions that were under sales will move into that, so more centralized, really focus the accelerator plan. And then we also are going to be scaling up our direct support of our distributors. So that's where we are going to be increasing investments.

So, yes, Michelle is correct. This is not a cost savings exercise. We're actually going to increase investment, particularly behind direct support for our distributors, and also scaling up support on our non-alc. So, additional resources going into the non-alc space. So that's where the investment comes in. You know, in terms of MG&A, there will be some increased investment, but we're not expecting to see a significant change in our MG&A expense line.

Eric A. Serotta
Analyst, Morgan Stanley & Co. LLC

Q

Good. And then looking at cost of goods, obviously spot prices for a lot of your inputs are down from their highs for over a year now. But you guys have a really robust hedging program. So, how are you thinking about inflation in terms of your commodity basket next year, net of the hedges, and then are there any other buckets that you would call out that you see is particularly inflationary or deflationary?

Tracey I. Joubert
Chief Financial Officer, Molson Coors Beverage Co.

A

Yeah. So, our longer-term algorithm, we talk about long – low-single digit growth on the top line and mid-single digit growth on the bottom line, both in constant currency and bottom line we're talking about pre-tax income. So, you would expect to see margin expansion. Now, some of that is coming from premiumization and our top line growth, but the other part is coming from the sort of COGS line. Now, we are expecting to see inflation continue and it differs by market.

Again, in our Central and Eastern European market inflation is still very, very high, much higher than what we see in North America. And so, we've got a lot of levers that we can pull to mitigate some of that, and some of these levers we've already been investing in our breweries. So, we talk about some of the capabilities that we've built in our breweries, and that could be things like adding flavor capability. Where before we had that done by a co-manufacturer, we've now brought that in-house. And so, we're not sharing margins with co-manufacturers. It's a lot of cost.

We've also installed like variety packing capabilities, and that reduces costs. That was also done by a co-man. That reduces costs and it also reduces things like freight. So, an example I like to use, if you think about when we were using a co-manufacturer to do our variety packing, we would have a co-man doing the flavor, bringing it to a distributor. We would then sort it out and then send it out to co-man – a co-packing. They would then repackage it, send it back to the distributor, and then the – send it back to our warehouses or our breweries, and then we would send it out to distributers.

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So, we're moving the product around five times, whereas now we're doing everything in-house. The co-man – the flavors and the variety packing, so now it's just one sort of logistics leg. And so, that's saving us on freight as well.

So, we've done a lot to mitigate the inflation, but we've also done a lot in terms of brewery efficiency, production efficiencies. We've also got cost savings programs, which is always – we've always got, that's just a way of life at Molson Coors. So, with our programs like world class supply chain, we look at eliminating waste and water usage, et cetera. So, we've got those cost savings programs and then also there's a large contract brewing arrangement which comes to an end at the end of 2024. That's long been a drag on our margins.

And so that will go away but also free up capacity, particularly in the summer, the peak summer production season, where we can now use that capacity for our own brands like Miller Lite, Coors Light. There's long runs, we don't have to do changeovers, so that helps from a COGS point of view as well. So, that's the kind of things that we've been doing in terms of reducing our COGS. And then we have seen some commodities come down, prices of commodities come down, but we've got a hedging program which typically we hedge our commodities anywhere from one to three years.

And so, you would expect going into 2024 that we do have some hedges from 2022 and 2023. But, really, we hedge on a – on an opportunistic basis. We don't programmatically hedge. So, we operate within guardrails, but we're never zero hedged or 100% hedge. So we do have opportunities still to play in the market when we see commodities come down. But really the hedging program is to try and eliminate big volatility, big spikes in the commodity prices. So, we'll still have that. We're really happy with our hedging program. We think it's served us well. And again, we have enough flexibility to be able to adapt and not have to layer on when prices are really high.

So, all of those things going to help from a COGS point of view, but also help from a margin expansion point of view.

Eric A. Serotta
Analyst, Morgan Stanley & Co. LLC

Q

So, moving on to sort of the longer-term picture. Back in October, you unveiled the long-term target, low single digit revenue growth, mid-single digit underlying pre-tax income growth, both on a constant currency basis and high single digit EPS growth from that 2023 base. So, can you talk a bit about the sort of the longer-term building blocks, how that breaks down between price and mix, and versus volume, or geographically, US versus international? And then sort of where in the P&L you expect to see the leverage?

Tracey I. Joubert
Chief Financial Officer, Molson Coors Beverage Co.

A

Yeah. So that is a longer-term target. So it could differ from one year to the next. In some years, our top line [ph] nicely (00:28:51) driven by rates. In other years, [ph] it might be (00:28:53) driven by volume. So we've spoken about this contract brewing volume coming off, and that's obviously going to be a headwind from a volume point of view, but accretive to the margin, as I've just discussed. So, it really depends. I mean we've – at our Strategy Day, Gavin spoke about, we expect the beer industry to be sort of flat to down 1%. We expect pricing to revert to historical levels of – up 1% to 2%, but where we're going to be driving our topline is through things like the premiumization, you know that I've spoken about. So, that's really important to us – transforming our portfolio.

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From a from a COGS point of view, I've spoken about that. Premiumization again it's going to drive some higher COGS, but it's all margin accretive. So, those new categories that we play in, whether it be spirits or the energy, that is at above premium margins. And so even though the COGS might be higher, it's all margin accretive. And so that sort of – that plays into the algorithm to get to the mid-single digits bottom line growth, pre-tax income growth on a constant currency basis. And then we've got the EPS at the high single digit. You know, we announced at our Strategy Day that our board approved a up to $2 billion share buyback over the next five years. And so, that share buyback is obviously going to be a major contributor to the EPS being up high single digits.

Eric A. Serotta
Analyst, Morgan Stanley & Co. LLC

Q

Should we expect those buybacks – now that you're at kind of low twos on leverage, should we expect those buybacks to be more kind of regular and consistent? Or are you still going to be opportunistic with respect to that?

Tracey I. Joubert
Chief Financial Officer, Molson Coors Beverage Co.

A

Yeah, both. Both. You know, we're going to have some systematic buys and as well as opportunistic buys. So we've got enough flexibility both with the significant free cash flow that we generate as well as the program that we're laying out. We're going to do both. There's going to be systematic and there's also going to be opportunistic buys.

Eric A. Serotta
Analyst, Morgan Stanley & Co. LLC

Q

Okay. And in the remaining time, wanted to come back to a point you brought up earlier. In terms of the growth and the improvement, it's not just in the US, it's easy to overlook Canada and the UK, but your performance there has really been the strongest in recent memory in – frankly, in my 10-plus years covering you guys. So, looking at the business outside the US, sort of, how do you plan on sustaining and building on that momentum, whether it's Madrí in the UK, or whether it's the share finally turning in Canada?

Tracey I. Joubert
Chief Financial Officer, Molson Coors Beverage Co.

A

Yeah. Yeah. So again across all of our geographies, we take – in our large markets, we're taking – we're growing revenue, share and volume, and Canada and the UK are no exception. So, in Canada, we've taken, I think, two full percentage points of share. I think in the latest quarter, it's up to 2.5 percentage points, and that's on the back of our Molson trademark as well as Coors Light, so, really big brand in Canada. And then in Miller Lite, which is actually an above premium brand in Canada, is seeing growth over a fairly long period as well.

So, continue to focus on that, continue to innovate in Canada as well. So we've got the flavors up there as well. Simply Spiked, Topo Chico, et cetera. As I said, the seltzer brands in Canada are not seeing the same sort of decline as what we see in the US. So, Canada will continue to build on the core brands as well as innovation in the above premium space, and then in the UK in particular, continue to fuel Madrí. Again, it's such a – it's such an amazing innovation and really successful. We'll continue to invest behind that brand with – we think it's still got a lot of runway.

And then Carling is still the top brand in the UK, and so continue to invest behind that brand, whether it'd behind soccer, we've got women's soccer, men's soccer, is really an important brand for just like here with Miller Lite and Coors Light, football occasions, drinking occasions, same thing with Carling in the UK.

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Eric A. Serotta
Analyst, Morgan Stanley & Co. LLC

Q

Good and then just coming back to your above premium in the US, Simply Spiked has had a great first year last year, really built on it this year with expanded distribution. Peach has been nicely incremental. But it's a segment that's sort of notorious for churn and consumers going after the new, new thing. So, I guess what gives you the confidence in the sustainability of that as a building block for your above premium growth?

Tracey I. Joubert
Chief Financial Officer, Molson Coors Beverage Co.

A

Yeah. I mean, one of the great things about partnering with Coke on Simply is that Simply was a brand that everyone knew. We didn't have to build the brand from the ground-up. I mean, one in every two households in the US has Simply juice in their refrigerator. So, it just, it was – made sense, let's just build off this brand. Now, what's going to continue growing that brand is innovation and flavors and 2021, 2022, 2023 with new flavor introduced, that's been the best innovations in that category for all three years. And so we'll continue to innovate around flavor. So, that's really important.

And I forget what the second part of the question was...

Eric A. Serotta
Analyst, Morgan Stanley & Co. LLC

Q

I think that was...

Tracey I. Joubert
Chief Financial Officer, Molson Coors Beverage Co.

A

Okay.

Eric A. Serotta
Analyst, Morgan Stanley & Co. LLC

Q

...that was the main question. So, and then just wrapping up, so bringing it all together, you and Gavin have both been very confident in the company's ability to grow the top line next year off of this year's much higher base. How dependent upon that is beer industry performance? Is there – is there a number that you need in terms of beer industry, growth or declines in order to get there? Or, how much of this is within Molson Coors' control?

Tracey I. Joubert
Chief Financial Officer, Molson Coors Beverage Co.

A

Yeah, so what we considered when we put this long term algorithm in place is we did consider that the beer category would be flat to down 1%. We considered pricing, as I say, returning to historical levels of up 1% to 2%, but then really our top line being driven by premiumization and that through innovation as well as the beyond beer. So that's a really important part of the growth algorithm is the transformation of our portfolio. And again, not just in the US, but in the UK as well where already the above premium portion of our global brand revenue is above 50%. So, our global ambition is to get to the third, which is going to drive a lot of the top line. And so that's the sort of thing that's been built into our algorithm.

Eric A. Serotta
Analyst, Morgan Stanley & Co. LLC

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Great. Well, with that, we're coming up against time here. So, just want to thank you again for joining us, and happy holidays and best of luck next year.

Tracey I. Joubert

Chief Financial Officer, Molson Coors Beverage Co.

Same with you. Thanks very much.

Eric A. Serotta

Analyst, Morgan Stanley & Co. LLC

Thank you.

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