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Molson Coors Beverage Co. (TAP)

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MANAGEMENT DISCUSSION SECTION

Lauren R. Lieberman

Analyst, Barclays Capital, Inc.

Okay. We're going to get started. We have Molson Coors Beverage Company next. Very happy to have the company's CFO, Tracey Joubert, with us today in Boston and also Traci Mangini in IR. Thank you for joining us on the stage. A little female power up here.

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QUESTION AND ANSWER SECTION

Lauren R. Lieberman
Analyst, Barclays Capital, Inc.

Q

Okay. So, still lots of debate on whether soft alcohol consumption trends in the US are cyclical or structural. I know you've leaned towards the former. How do you assess the industry's response to the slowdown in category growth and what more can or should be done?

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

A

Okay, good. Well, firstly, thank you for having us.

Lauren R. Lieberman
Analyst, Barclays Capital, Inc.

Q

[ph] It looks like you really came in (00:39).

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

A

Yeah. It's really good to be here. So, look, we do believe that the industry softness is cyclical. We believe that it's being driven by macroeconomic factors, which is driving consumer sentiment and consumer uncertainty. And in particular, we are seeing bigger impacts on lower income consumers and Hispanics. We are seeing less buyers and also a shift to singles. So, we are definitely seeing it dynamically.

In terms of what can the industry do about it, well, I can tell you what we're doing about it. We believe that we have the right strategy. Over the last number of years, we have been developing a more robust portfolio to focus on not just beer, but premiumization within beer, and also premiumization being driven by Beyond Beer and also investing in our capabilities.

Now, with the softer industry, we are also taking actions. So, we are looking at non-business critical discretionary spend where we have pulled back. And we're also looking at efficiencies, driving efficiencies in our breweries, whether it be how we're operating our line, how we're using capacity, et cetera. So, we're taking a lot of actions to make sure that we're investing in the right places to grow our brands and grow our business and drive cost savings and efficiencies.

Lauren R. Lieberman
Analyst, Barclays Capital, Inc.

Q

Okay, great. And even before the industry had suffered from a few years now of 3% declines, you were already working on diversification efforts beyond beer. And then we will talk a bit more about it later, but it's interesting to also see beer distributors increasingly going that route as well. Back on this question of the notion of what can the industry do and are they doing enough, is there a risk that it almost becomes a self-fulfilling prophecy that the industry, that the distribution tier, that everyone pulls back too much from supporting beer?

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

A

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Yeah. Look, I think, I mean, big beer is really important and it's important to us and it's important to our distributors. So, when I talk about big beer, I'm talking about high velocity, which we've seen in Premium Lights. I'm talking about higher margin, and that's important to us, our distributors, and our consumers. But we also need to make sure that we're looking at where the consumer is going and catering to the consumers' needs. And therefore, we have and we are developing a broader portfolio to meet the consumer preferences and also add to occasions that we don't currently operate in or where we can broaden those occasions.

So, as we talk about our portfolio, as I said, beer is still really, really important, but we're also playing in categories where we are seeing growth, might be small, but growing like non-alc beer. So, we have two wonderful brands, Blue Moon non-alc and Peroni 0.0. Really great liquid. They taste very much like the mother brand. And so, we're really excited about the growth that we see in those brands.

But then we also are catering to new occasions with adjacent type segments like Fever-Tree, which plays in both the alcohol occasion space and the non-alc occasion space. And then we're playing in the non-alc occasion space with brands like ZOA. And then also, we've launched a non-alc RTD, Naked Life, which is the largest RTD coming out of Australia. So, we are building a portfolio that caters across consumer needs with how the consumer preferences are changing as well.

Lauren R. Lieberman
Analyst, Barclays Capital, Inc.

Q

Okay. And you updated guidance, just turning to kind of short term, your updated guidance assumes continued mid-single-digit declines in the back half of the year, but your long-term expectations are still for low-single-digit sales growth. So, what type of longer-term beer assumptions underpin that low-single-digit algo?

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

A

Yeah. So, when we spoke about and we updated our guidance back in – on our Q2 call, there were two main factors that drove lowering the guidance. One was the continued industry softness that we were seeing. So, our assumptions is that for the back half of the year, the industry is going to continue to be down around minus 4%, minus 6%. So, that was the one assumption that we took into account with our guidance. The second was our share. So, we expect our share to be – to continue to be down around a 50 basis points for the back half of the year.

Now, in terms of the longer-term guidance and having a look at our targets, we haven't publicly given a volume target because it does differ year-by-year. And why it's important to expand our portfolio and to really premiumize is that a lot of our top line, our revenue, NSR is going to come from price and mix. And so, it's really important to continue to premiumize both within beer and beyond beer.

And then also, one of the assumptions that we've taken on from a pricing point of view is, we expect in sort of North America that pricing to be around a 1% to 2% range, which is historical. And then in our other countries, in Europe, et cetera, it's closer to inflation. So, those are the sort of key levers and key drivers of our longer-term growth on our top line.

Lauren R. Lieberman
Analyst, Barclays Capital, Inc.

Q

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Okay. And so, beer industry volume in the US and with that 1 to 2 points (sic) [1% to 2%] (06:58) of positive pricing, we can think about that embedded in your long-term plan is flat to sort of a low-single-digit decline in terms of beer industry volume.

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

Yeah. So, I mean, the beer industry for the last number of years, previous year has been around a down 3%. But again, NSR is growing. So, it's driven by that 1% to 2% pricing, particularly in the US, and then the above premium category in beer is still growing, which is really exciting. And that's why I focus on some of our above premium beer portfolio.

Lauren R. Lieberman
Analyst, Barclays Capital, Inc.
Q

Perfect. Okay. And then on profit, sticking with the outlook for this year, the plan is for constant currency, mid-single-digit underlying pre-tax income growth. How much flexibility is there in that outlook in the implied margin expansion? So, in the event that the category and things remain lower for longer, increased consumer pressure in the back half, slowdown in premiumization, just how much flexibility is in that mid-single-digit profit outlook?

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

Yes, look, I mean, I spoke about the drivers of the top line, which is also a driver of margins. So, premiumization typically comes with higher COGS, but also comes with higher margin. And so, that's why the drive to premiumization and then, pricing, as I said. So, that's part of the margin.

And then, as we look at COGS, for example, we've done a lot of work around investing in our breweries to drive cost savings, efficiencies, taking out the low-margin contract brewing Pabst has certainly helped take a lot of complexity out of our breweries. And we will have fully had cycled that at the end of this year. So, it takes a lot of complexity out of our breweries. It also allows us to have capacity to make our own higher-margin brands, particularly during the peak selling season.

But also it has allowed us to do things like onshore Peroni, which is driving, I mean, it's an above premium brand, much higher margins now that we've on-shored it and it's growing really nicely. And also it allowed us to – sort of taking out that sort of contract brewing lower margin has allowed us to close smaller underperforming breweries like we did in Wisconsin last year.

Lauren R. Lieberman
Analyst, Barclays Capital, Inc.
Q

Yeah. Okay. Do you think longer term again in this like down low-single digit, down 3% volume backdrop, is there further opportunity or need to take out capacity as you continue down this road over the next, call it, five years?

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

Yeah. Look, I mean, we're really happy with our brewery footprint at the moment because again, taking out the Pabst contract brewing has allowed us to bring in higher-margin brands and being able to make that in our breweries. But when we look at our brewery footprint, we also – one of the things that we have to consider is transportation cost is very high.

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So, you have to consider, if you close a brewery, how much you're going to add to logistics cost to move your beer from one brewery across the country to another. And that is a high cost. So, we take that into consideration. But when we look at capacity, we also – before we make a decision around closing a brewery, there's a whole lot of other things that we can do as well. So, it could be taking down a line in a brewery or reducing shifts in a brewery. So, we make those decisions first because, again, logistics cost is a big driver of costs. And so, taking a brewery down is a big decision.

Lauren R. Lieberman
Analyst, Barclays Capital, Inc.
Q

Okay, that's very helpful. Looking closer in, how would you characterize the US consumer environment through the end of the summer?

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

I mean, I think what we're seeing as we sort of got to the end of summer, it's very similar to what we saw in the beginning of the summer. Consumers are still very uncertain. Consumer sentiment is low. We are seeing less buyers, but we're seeing that same sort of dynamic that we've been seeing for a while now is we're seeing channel shifting and SKU shifting.

So, either consumer is looking for value through higher – bigger packs or going to C-stores, singles, et cetera. So, we continue to see that. But no difference from a sort of promotional activity and things like that that we've seen in the past. But certainly the consumers are stretched and uncertain in terms of economics.

Lauren R. Lieberman
Analyst, Barclays Capital, Inc.
Q

And you just touched on it, you said no real change in the promotional environment. Is that right? And as you think to the back half, again this continued pressured environment, what do you think about the risk of that changing, stepping up?

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

Yes. I mean, as we go into the summer, we always do see increased competitive activity. We see increased promotional activity. But again, it's not really different to what we see now. There has been some retail accounts, et cetera, that have done different things. But generally, a lot of that in our belief is retailer driven. So, the brewers – again, I can't talk for our competition, but generally we don't participate in what the retailers do because they do it a lot to drive footfall, foot traffic through grocery stores, et cetera.

But again, if we do see any increased activity, whether it be promotional or consumer dynamics, we look at it for the long term of our business. I mean, we're not going to do anything short term that's going to harm our brands. We're going to look at it market by market, as we always do with our pricing, market by market, SKU by SKU, brand by brand and that's worked for us.

Lauren R. Lieberman
Analyst, Barclays Capital, Inc.
Q

Okay, great. And in the UK just – we've been talking so much about the US – I think that was a market where you had seen some elevated competitive pressure. Just latest on the consumer and promotional environment, just focusing it on the UK.

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

A

Yeah. So, maybe, Traci, you want to talk a little bit about the UK consumer and...

Traci Mangini
Vice President-Investor Relations, Molson Coors Beverage Co.

A

Sure, sure. So, in the UK, I mean, consumer sentiment remains challenged. It actually is in negative territory by the indexes that they follow. But the like real wages are up and inflation is coming down. So, the macros are looking better. But again, the sentiment is still challenged. So, we continue to push forward with our plans.

Obviously, we have a strong portfolio of brands there, but it is a highly competitive environment. We see that at sort of the mainstream level with Carling, where some of our peers have reduced ABV on their products. We have chosen – we have not done that. We certainly looked at it, but we have not done that at this point. But what that means is, is that at times in the off-premise, our brands – or Carling, for example, could be 20% higher in price points.

So, there has been, obviously, some challenge there, but we've taken a value over volume approach. Very positively, though, we continue to premiumize very nicely. For example, in Q2, Madri UK business was up mid-single digits. Staropramen, another above premium brand we have in the UK was up double digits. So, premiumization continues to be positive for us as we manage the competitive environment.

Lauren R. Lieberman
Analyst, Barclays Capital, Inc.

Q

Okay, great. And let's shift back to the US. You shared the targeted plan for the convenience channel, I think we first talked about it at CAGNY, if I remember correctly...

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

A

Yeah.

Lauren R. Lieberman
Analyst, Barclays Capital, Inc.

Q

...where your share had slipped a bit since 2019. Could you talk a little bit – just give some background on this, call it, influence point strategy and give us an update on how that's going and some of the associated innovation?

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

A

Sure. Yeah. Look, we've done a lot of work around our C-store strategy. And, look, the C-store is the biggest sort of beer channel. So, it's really important and we do under-index in the C-store. So, we spent a lot of time looking at consumers, we interviewed thousands of consumers and really trying to trace the path to purchase in the C-store.

And the insights that we've got from that is, every C-store visit is different. And it may be – as you look at the path to purchase, it may be an influence at home or in the car on the way to work or at the pump or in the store at the cooler. So, there's all these influence points, as you called it, these points that matter that that we are focused on.

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And so, I'll give you an example. The biggest visits to C-stores is generally impulse visits. And so, someone might be just popping in to a C-store to grab a snack. And so, we want to nudge them to say, with that snack grab a beer. And so, we're doing things, partnering with various companies. So, for example, Miller Lite partnering with Pringles in the C-store or Miller High Life partnering with Planters Peanuts or Topo Chico with Takis. So, providing that sort of promotional, just a nudge around beer.

And then also it's not just one sort of promotional sort of in the store, but we can influence them at the pump through commercials at the pump just to remind them to pick up their beer or in the store at the cooler, et cetera. So, there's a lot of work that we have done around the C-store consumer, and that's also driven some of our C-store innovation.

So, this year we launched three higher ABV brands, 8% brands, Blue Moon Extra, always have to look at Traci to help me with this, Simply Spiked Bold and Topo Margarita Max. I think I got that all right. All at 8% ABV, and Simply Spiked Bold was the number four singles launch in C-store with Blue Moon Extra number six. So, we're really excited about the traction and what we are seeing with those brands, early days. But some of our C-store strategy and insights drove us to make decisions like that, which again we're quite excited about.

Lauren R. Lieberman
Analyst, Barclays Capital, Inc.

Q

Okay. Great. Let's talk about Coors Banquet, another area you've had great success. So, 16 quarters of share growth, 5% of the US volumes now according to Beer Marketer's data. What do you see as the brand's ultimate potential, especially given distribution is still so limited relative to Coors Light? I think on the last call, you said it was about half the outlet coverage. So, curious about the path and potential for Banquet?

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

A

Okay. So, other than Banquet being an exceptional liquid with a wonderful heritage, I mean, there's such a lot of opportunity for Banquet. So, you're right. I mean, Banquet is in about half of the outlets that we see Coors Light in. So, a lot of opportunity around distribution still to come.

But what's also just really, really exciting is, is the new consumers that the brand is attracting. So, in latest 52 – I think it was at July, latest 52 weeks, we saw a increase of LDACs Gen Z consumer up 25% with Coors Banquet. And also importantly, we're seeing a 20% increase of Hispanic consumers buying Coors Banquet in latest 52. So, huge opportunity that we're seeing in Banquet.

Now, why is Banquet so successful? Well, other than the fact that it's a 150-plus-year-old brand and is growing because of the exceptional liquid and heritage, it's just – it's a very cool brand. People love to hold a little stubby bottle, it's a unique package. As I said, it's driving new LDAC drinkers into the space. And then added to that, there's a lot of work that Coors Banquet does with conservation and the firefighters, et cetera, that is really appealing to younger drinkers.

Lauren R. Lieberman
Analyst, Barclays Capital, Inc.

Q

Okay, great. And just on the flip side, how do you think about the contribution of Coors Light and Miller Lite to growth in 2026 and beyond? And how is that shaping your resource allocation decisions?

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

A

Yeah. Look, I mean, Coors Light and Miller Lite will always be important to us. They are our two biggest brands. And, look, over the last couple of years, we've actually gained a lot of share, so our share is up 1.8 share points since 2022. So, that's big. And our focus now is to retain that share and to – actually to grow the volume. I mean, it really is important.

Coors Light and Miller Lite is important to us. And as I say, the big brands are important to our distributors as well. So, we're really looking at – continue to strengthen our core brands. And because they are so big and so important to us, they do take priority in terms of the investments. And so, typical if you look at going into football season, we're putting a lot of money behind those two brands with our NFL alliances and as well as our college football alliances, which we're very excited about.

Lauren R. Lieberman
Analyst, Barclays Capital, Inc.

Q

Okay, great. Relatedly, I want to talk a bit about marketing spend in 2025 and beyond. How are you thinking about marketing investment levels as you balance this tough category backdrop and macro backdrop with the need to defend share, protect the share you've earned and also continue to drive premiumization?

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

A

Yeah. So, look, I mean, we're not going to do anything short term that's going to harm the long-term health of our brands. And so, despite the macroeconomic headwinds that we're facing, we're going to continue to invest behind our brands. We're going to continue to spend our marketing dollars behind innovation, behind non-alc and behind our core.

So, if you look at our big spending quarters in a year, Q2 and Q3 are where a lot of the investment takes place because it's peak summer selling season, et cetera. And so, for Q2, Q3 of this year, we expect to be flat year-over-year to last year. A little bit of shifting. We actually expect Q3 to be higher year-over-year than Q3 last year as we continue to fuel some of the non-alc brands as we continue to get awareness around Peroni, for example, our campaigns just really kicked off in Q2.

So, continue to put pressure behind our premiumization and then continue to build behind Miller Lite and Coors Light. But we want to make sure that all our marketing returns a good investment. And we're certainly, again, not going to cut our marketing to drive a bottom line for the short term.

Lauren R. Lieberman
Analyst, Barclays Capital, Inc.

Q

Okay, great. You mentioned Peroni and Blue Moon a bit earlier. You're targeting a one-third sales mix from above premium going forward. You've been active with Peroni and Blue Moon in the US. What would you say is the next major milestone or proof point to watch for each of these brands in terms of some of the plans and support that you've had in market for them are working?

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

A

Yeah. So, I wouldn't say that there's a specific proof point, but it's more just continuing to grow those brands. So, if we look at Peroni, the focus is on continuing to take share. The focus is to continue to get more awareness and

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then continue to drive distribution. So, if we just look at awareness and distribution, I mean, Peroni has only got about 40% awareness of its competitor in the market. It's only got about a third of the distribution.

So, we see a lot of opportunity with Peroni. And as I say, Q2 really we kicked off the campaigns, but just a lot of opportunities. It's also only 10% of the volume of Stella. And we see no reason why Peroni can't be as big or bigger than some of the other imports like Stella. So, very excited about Peroni, very excited about some of the partnerships we have with Ferrari and Formula 1, et cetera. And then added to Peroni is Peroni 0.0 which we've spoken about the non-alc.

I mean in terms of Blue Moon, look, the focus is to stabilize that brand. Now, we have seen a trend change in the on-premise Q2 over Q1 with Blue Moon Belgian White. So, really focused on driving that on-premise, it's a big on-premise brand, but also focusing on the off-premise. And so, I spoke about the higher ABV Blue Moon Extra. That's one of the ways to continue to drive awareness of Blue Moon and grow the Blue Moon brand.

Lauren R. Lieberman
Analyst, Barclays Capital, Inc.
Q

Okay. And these are both the brands you're really pushing in terms of NA. Just curious, how would you score your progress on NA beer? And maybe even before that, how big do you think NA beer can become in the US?

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

Yeah. Look, I mean, it's not like Europe. Europe non-alc beer is very big, much bigger than here. It's still small in the US, but obviously growing. And there is a little bit of a more mindful drinking focus with some consumers. And so, we want to make sure that we play in that segment and in that category.

And we're doing that with the two big beautiful brands, Peroni 0.0 and Blue Moon non-alc. And we're very excited about what we're seeing so far. So, Peroni is growing 30%, Blue Moon non-alc growing 30% in Q2. So, seeing a lot of growth and we'll continue to put focus and investment behind those brands because, again, they're just wonderful liquids. They're very – the profile is very similar to the mother brands. And so, we do think there's a lot of opportunity still.

Lauren R. Lieberman
Analyst, Barclays Capital, Inc.
Q

Okay, great. Half of your above premium growth is expected to come from Beyond Beer. Just curious, what is the relative profitability of Beyond Beer, given things like brand? Is it consumers really [ph] fickle (26:39), I think, in that space? Flavor churn, it's a lot more activity relative to big beer at the other end of the extreme. So, cost to launch new brands, more frequent innovation. So, how do we think about profitability of Beyond Beer given that that's supposed to be a big part of the above premium growth?

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

Yeah. So, I would say it differs, profitability differs. So, it depends on a number of things. Is it an existing brand that you're just sort of adding to or is it a new brand? Obviously, existing brands, you wouldn't have to spend that much in terms of getting awareness. Is it regional? Is it national? Is it produced in-house or do we co-manufacture it? So, all of those things change profitability and it's all different.

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But if we look at our Beyond Beer above premium innovation – sorry, yeah, innovation, all plays in that above premium space. So, it's all higher margins, generally it comes with higher margins. But it does – profitability does differ. But as we are able to bring things in-house, that adds to our margin. As we're able to bring things like Fever-Tree in to our network and into our portfolio, it drives the top line and margins. So, Fever-Tree, if you take our full strength spirits, Fever-Tree NSR per hectoliter is our largest, is our highest NSR per hectoliter brand. So, that drives top line and also drives margin through mix as well.

Lauren R. Lieberman
Analyst, Barclays Capital, Inc.

Q

Okay, great. I want to touch on some elements of the financial outlook for this year, in particular, free cash flow, which you reaffirmed at $1.3 billion even with the lower expected pre-tax income growth. I think you talked about, my memory, working capital as being part of that offset on weaker profit. But can you clarify maybe what's driving that working capital benefit and whether the improvement is structural or more timing related?

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

A

Yeah. [indiscernible] (28:41).

Traci Mangini
Vice President-Investor Relations, Molson Coors Beverage Co.

A

Sure. Sure. So, yeah, so we – when we reported Q2, obviously, we were very pleased to reaffirm at that time our $1.3 billion free cash flow, even though we had reduced on the bottom line. And two of the reasons were the working capital benefits that you mentioned, as well as some cash tax benefits from One Big Beautiful Bill. So, there's both a timing element as well as an ongoing element to that.

So, for the working capital benefits, those are things that we're always doing, trying to improve working capital. So, we would expect sort of ongoing benefits from that as we continue to focus on improving in the areas of receivables and payables. So, those are just certain examples of things that we're working on in the different markets that we're in. And so, those are benefits that would be ongoing.

Lauren R. Lieberman
Analyst, Barclays Capital, Inc.

Q

Okay, great. Midwest Premium.

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

A

Yes, yes.

Lauren R. Lieberman
Analyst, Barclays Capital, Inc.

Q

I know, I know. So, the driver of the negative profit revision for this year, is there anything that can be done to manage the volatility from the Midwest Premium differently looking at 2026 and beyond?

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

A

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Yeah. Look, I mean, the Midwest Premium, we're continuing to monitor it. It doesn't make sense to us why it's gone up 180%. It's a opaque pricing mechanism. It's priced by one company. It's difficult and expensive to hedge. It's not as liquid as other commodities. Now, we do hedge the Midwest Premium, but as I said, it's more difficult and expensive. So, it's one of our least or it is actually our least hedged commodity.

Now, when we hedge, we have guardrails. We're never 0% hedge, we're never maximum percent hedge. So, we've got this exposure to the markets. And again, the Midwest Premium is – the fact that it's gone up as much, I mean, it's unexplainable. But we try and manage what we can manage and just assume that at some point, it's going to get back to where it should be.

Lauren R. Lieberman
Analyst, Barclays Capital, Inc.

Q

Okay. I know we've been very US centric in this conversation. So, I did want to just kind of squeeze in a question on all the activity you've had in EMEA and APAC over the past couple of years on bringing in new brands. Just curious what the framework is for deciding where and when to expand. Does that differ when it's like a new to the world brand versus a legacy brand like Coors? So, just some color on that brand expansion in non-US markets.

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

A

Yeah. I mean, again, we'd look to where we can add, complement our portfolio in specific countries. And Madri and Coors Light are the two big priority brands in terms of expansion. So, Madri, probably our most successful launch in decades, just a wonderful brand driven by not just the amazing liquid, but the whole experience with on-premise. That's how we started it. Even though we launched that brand during the pandemic, on-premise grew and then we really focused on the off-premise.

So, because of that success of that brand and how we managed to build that brand, we were confident in taking it into different markets. So, we launched in Canada where it really exceeded expectations. We then launched it in Bulgaria. Well, we launched those two together, and then we launched in Romania just recently. So, we look at markets where we've got a strong route to market, where we are premiumizing and where the [ph] market has been (32:43) allowing the premiumization.

And so, Coors Light and Madri are two of those brands which we've learned from expanding into other markets, and we believe we're going to do it in the right way. But we know that we've learned how to really launch strong brands like that in different markets. So, that's brands that we currently have.

And then new to market would be, I mean a good example is Caraiman that we launched in Romania. Now, it was a dormant brand that we had there. It plays in the sort of mainstream space. But we wanted a dual strategy in Romania. And so, we launched this brand, which is very strong in the western part of Romania. Really resonates, the name resonates there. And so, that's been really successful as well.

Now, again, it's core. So, it's not in the premiumization, but it was a white space that we saw an opportunity for to expand in that country. And again, really exceeded expectations on a dormant brand that we always had in our portfolio.

Lauren R. Lieberman
Analyst, Barclays Capital, Inc.

Q

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Okay, great. Few minutes left. I just want to close the question on the CEO transition on the horizon. So, how are you and the team ensuring continuity in the existing acceleration plan and maintaining strategic momentum? This is sort of – it's going to be a – it's a long transition.

Tracey I. Joubert

Chief Financial Officer, Molson Coors Beverage Co.

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Yeah. Look, I mean, we're not taking our foot off the gas. I mean, we believe that our strategy that we've got is the right strategy. Despite all the macroeconomic headwinds, et cetera, our strategy is right. I mean, we're building on the strength of our core brands. We are focusing on above premium, premiumization of our portfolio.

We're focusing on Beyond Beer and we're also focusing on capabilities and partnerships like, we spoke about the C-store strategy and insights as well as partnerships with fantastic brands like Fever-Tree. So, certainly not taking our foot off the gas. We know that our strategy is the right strategy for us. And a new CEO coming in, I think we've built a really great foundation to continue to strengthen our portfolio and grow our portfolio.

Lauren R. Lieberman

Analyst, Barclays Capital, Inc.

Okay, great. All right. We'll wrap it there. Are we going to breakout? Is there a breakout session or? I think it's a – yeah, okay. So, we're going to have a breakout session. Sorry, I had to whisper. But please join me in thanking Tracey and Traci for being here and then we can carry on to the breakout.

Tracey I. Joubert

Chief Financial Officer, Molson Coors Beverage Co.

Thank you very much.

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