

Molson Coors Beverage Company

Q2 2020 Results & Outlook

July 30, 2020

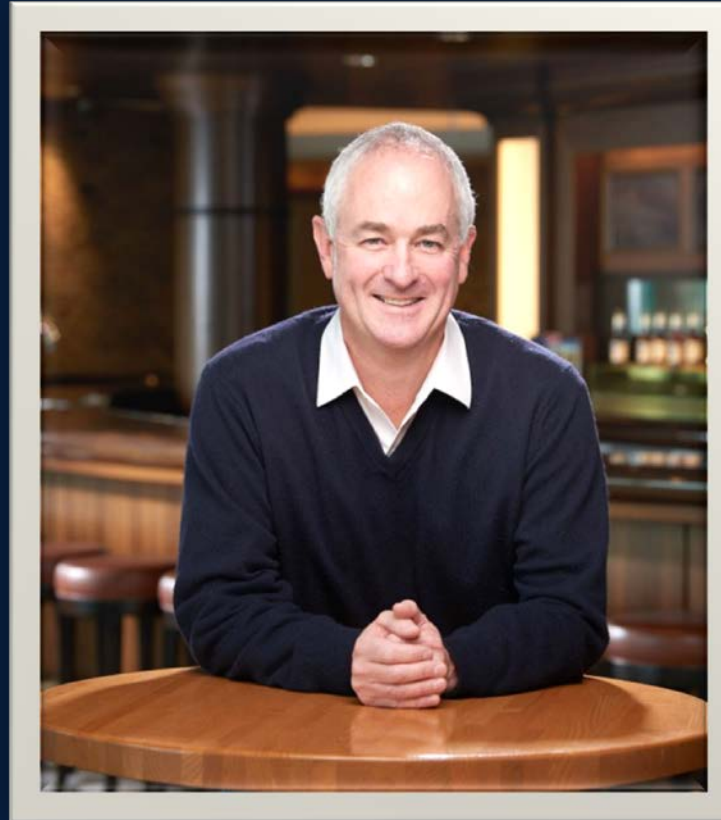


Forward Looking Statements

This presentation includes “forward-looking statements” within the meaning of the U.S. federal securities laws. Generally, the words “believe,” “aims,” “expect,” “intend,” “anticipate,” “project,” “will,” “outlook,” and similar expressions identify forward-looking statements, which generally are not historic in nature. Statements that refer to projections of our future financial performance, our anticipated results, cost savings 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 heading “Outlook,” expectations regarding the impacts of the Coronavirus pandemic on our business, overall volume trends, marketing spend, consumer preferences, pricing trends, industry forces, cost reduction strategies, including our revitalization plan announced in 2019 and the estimated range of related charges and timing of cash charges, anticipated results, expectations for funding future capital expenditures and operations, debt service capabilities, timing and amounts of debt and leverage levels, shipment levels and profitability, market share and the sufficiency of capital resources. Although the Company believes that the assumptions upon which its forward-looking statements are based are reasonable, it can give no assurance that these assumptions will prove to be correct. Important factors that could cause actual results to differ materially from the Company’s historical experience, and present projections and expectations are disclosed in the Company’s filings with the Securities and Exchange Commission (“SEC”). These factors include, among others, the impact of the Coronavirus pandemic, the impact of increased competition resulting from further consolidation of brewers, competitive pricing and product pressures; health of the beer industry and our brands in our markets; economic conditions in our markets; additional impairment charges; our ability to maintain manufacturer/distribution agreements; changes in our supply chain system; availability or increase in the cost of packaging materials; success of our joint ventures; risks relating to operations in developing and emerging markets; changes in legal and regulatory requirements, including the regulation of distribution systems; fluctuations in foreign currency exchange rates; increase in the cost of commodities used in the business; the impact of climate change and the availability and quality of water; loss or closure of a major brewery or other key facility; our ability to implement our strategic initiatives, including executing and realizing cost savings; pension plan and other post-retirement benefit costs; failure to comply with debt covenants or deterioration in our credit rating; our ability to maintain good labor relations; our ability to maintain brand image, reputation and product quality; and other risks discussed in our filings with the SEC, including our most recent Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q. All forward-looking statements in this press release are expressly qualified by such cautionary statements and by reference to the underlying assumptions. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. We do not undertake to update forward-looking statements, whether as a result of new information, future events or otherwise.

Non-GAAP Information

Please see our most recent earnings release or visit the investor relations page of our website – www.molsoncoors.com – to find disclosure and applicable reconciliations of non-GAAP financial measures discussed in this presentation.



**Chief Executive Officer
Gavin Hattersley**





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2020 Action Plan

Building a More Inclusive Culture

Culture Assessment

- Guide future improvement across all business units

Developing Inclusive Leaders

- Living Leadership
- Molson Coors Leadership Development Program
- ERG Leadership Development

Increasing Diversity

Diverse Recruitment

- Increase the representation of people of color in our US operation by 25% by the end of 2023
- Improve hiring practices to bring in highly skilled diverse talent

Diverse Sponsorship

- Develop and launch internal programs for Persons of Color to provide better leadership development

And much more...



Sustainability

- **Emission reductions**
- **Reusable, recyclable or compostable packaging**
- **Increase in zero-waste-to-landfill facilities**



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OUR IMPRINT
REPORT 2020



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Two Objectives

- **Navigate short term to protect our employees and mitigate short-term business challenges**
 - **Position our business for long-term success**
- Strong cash position
 - Preserving marketing firepower for H2 2020

Navigating the Coronavirus





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Positioning the Business for Success





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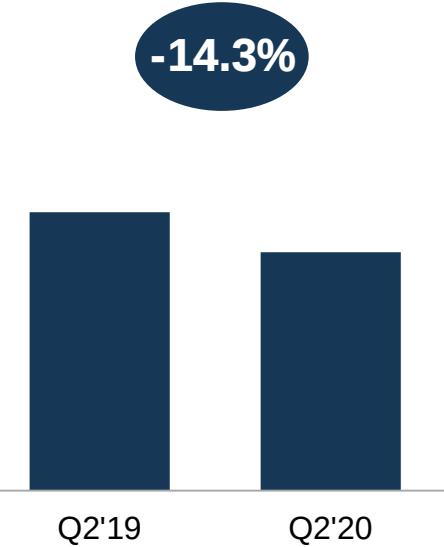


Chief Financial Officer
Tracey Joubert

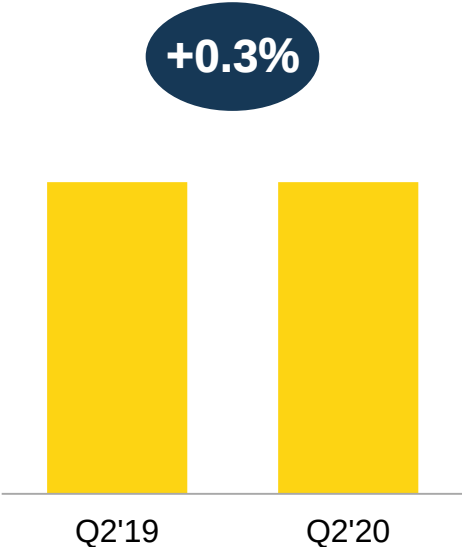


Consolidated Q2 2020

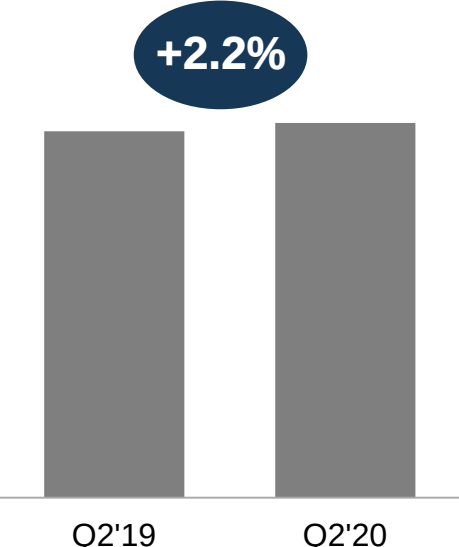
NSR
(constant currency)



NSR/HL - Brand Volume Basis
(constant currency)



UNDERLYING EBITDA
(constant currency)



KEY TAKEAWAYS

- Coronavirus related on-premise closures drove down brand volumes and resulted in negative brand mix, partially offset by higher net pricing in U.S. & Canada
- Underlying COGS/HL increase driven by volume deleverage, largely offset by cost savings and a favorable resolution of a property tax appeal for our Golden, Colorado brewery
- MG&A lower due to both reductions and shifting of marketing spend to 2H 2020 and revitalization plan savings

North America Q2 2020

KEY TAKEAWAYS

- Net sales decrease driven by lower brand volume and under-shipment position in the U.S. due to supply constraints
- NSR/HL growth driven by favorable geographic mix, package mix, and net pricing increases in the U.S. and Canada, partially offset by negative brand mix
- Positive sales mix in the U.S.
- MG&A lower due to timing shifts and reductions in marketing spend as a result of coronavirus pandemic and cost mitigation actions

NSR
(constant currency)

-7.9%



Q2'19

Q2'20

NSR/HL - Brand Volume Basis
(constant currency)

+0.9%



Q2'19

Q2'20

UNDERLYING EBITDA
(constant currency)

+13.8%



Q2'19

Q2'20

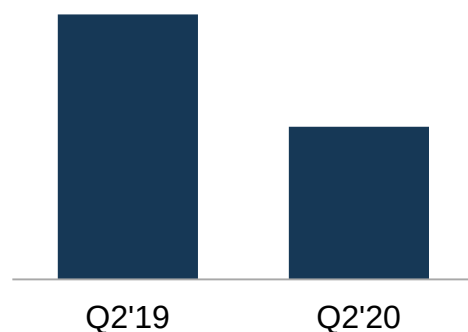
Europe Q2 2020

KEY TAKEAWAYS

- Decline in financial and brand volumes driven by coronavirus impact
- Lower NSR/HL driven by unfavorable channel and geographic mix due to the higher-margin UK business significant exposure to the on-premise channel
- MG&A lower as a result of cost mitigation actions and lower incentive compensation

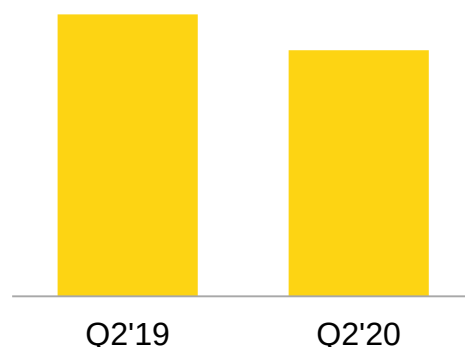
NSR
(constant currency)

-42.4%



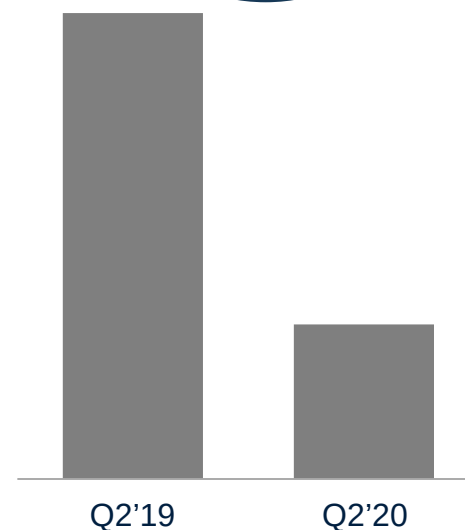
NSR/HL - Brand Volume Basis
(constant currency)

-12.7%



UNDERLYING EBITDA
(constant currency)

-66.9%



Outlook

Near-term volume and expense headwinds expected:

- **NSR & Volume:**
 - Lower volume and negative mix due to limited on-premise sales
 - Continued supply constraints in Q3 due to increased off-premise demand
 - U.S. domestic shipment trends higher than brand volume trends in H2 2020
- **COGS/HL** – continued pressure from volume deleverage
- **Marketing** – YoY increase in H2 2020 to support core brands and innovation
- **G&A** – unfavorable expense comparisons for H2 2020 due to cycling lower incentive compensation, particularly long-term incentive compensation, and non-recurring vendor benefit
- **Free Cash Flow** – repayment of significant portion of >\$500M YTD tax deferrals

Focused on ensuring adequate liquidity and desire to maintain investment grade rating

- Paid down full outstanding balance on RCF, ending June 30, 2020 with \$1.3B in borrowing capacity
- Amended RCF to allow greater flexibility in financial leverage covenants
- Added £300 commercial paper facility that is incremental to RCF borrowing capacity
- Suspended dividend payments for the remainder of 2020

Questions & Answers

