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Molson Coors Beverage Co. (TAP)

Q3 2020 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good day and welcome to the Molson Coors Beverage Company Third Quarter 2020 Earnings Conference Call. You can find related slides on the Investor Relations page of the Molson Coors website. Our speakers today are Gavin Hattersley, President and Chief Executive Officer; and Tracey Joubert, Chief Financial Officer.

With that, I'll hand it over to Greg Tierney, Vice President of FP&A, Investor Relations.

Greg Tierney

Vice President-FP&A and Investor Relations, Molson Coors Beverage Co.

All right. Thank you, Danielle. And hello, everyone. Following prepared remarks from Gavin and Tracey, we will take your questions. Please limit yourself to one question. If you do have more than one question to ask, please ask your most pressing question first and then re-enter the queue to follow-up. And if you have technical questions on the quarter, please pick them up with me or Traci Mangini on the IR team in the days and weeks to follow.

Today's discussion includes forward-looking statements and actual results or trends could differ materially from our forecast. For more information, please refer to the risk factors discussed in our most recent filings with the SEC. We assume no obligation to update forward-looking statements and GAAP reconciliations for any non-US GAAP measures are included in our news release or otherwise available on our website. Also unless otherwise indicated, all financial results the company discusses are versus the comparable prior-year period and in US dollars.

And with that, over to you, Gavin.

Gavin D. K. Hattersley

President, Chief Executive Officer & Director, Molson Coors Beverage Co.

Thank you, Greg. And thank you all for joining us today. Well, what a year it's been so far. If you are like most people, there are probably a lot of words that come to mind when you think of 2020. But for Molson Coors, this year can be summarized in three words, persistence, perseverance and progress. That is how 2020 has been defined by the Molson Coors Beverage Company as we drive for top line growth.

We are very pleased with our performance in the third quarter, as we beat top and bottom line expectations and made tangible progress on our revitalization plan. We had bold plans at the beginning of 2020, to build on the strength of our iconic core brands, aggressively grow our above premium portfolio, expand beyond the beer aisle, invest in our capabilities and support our people and our communities.

Year 2020 has presented new obstacles for everyone, for which we've had to adjust. Like all other beverage companies, one of the biggest challenges this year has been packaging supply. To put into perspective the scope of the challenges, we sold 300 million more cans of beer in the first nine months of 2020 than we did in the same period in 2019 in the United States alone. And there have been times over the past few months when demand for tall cans was four times what it was in 2019.

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I'm pleased to report that while work remains, inventory is steadily improving in the US. We are approaching historical levels of paperboard supply. We are confirming most orders for bottled beer and seeing steady improvements in the supply. Our 12-ounce industry standard can supply is stabilizing and we anticipate it will continue to increase through the year as we return to full inventory. And we are starting to more fully covered demand for tall cans and expect steady improvement in inventories through the balance of the year.

When 2020 has thrown us challenges like this, we've met each challenge head on and we have never lost sight of our plan. Now we're able to show what's possible as we execute that plan as we drive toward top line growth. Coors Light and Miller Lite grew 6% and 9.5% respectively in the US off-premise so far this year. As of today, the combined segment share has grown for 24 consecutive quarters. That is six straight years. And our aim now is to stabilize our biggest brands in the total beer category.

Above premium products hit a record high portion of our US portfolio since the business formed in 2008 despite the on-premise restriction. By the end of 2021, we plan to capture a double-digit share of the US seltzer market, backed by what arguably is the most complete seltzer portfolio in the business. Truss, our Canadian joint venture, has quickly become a market share leader of ready-to-drink cannabis beverages in Canada. The company estimates market share of over 50% in key markets, such as Quebec.

And we believe that our emerging growth division can become $1 billion business in revenue terms in three years' time. We're expanding our production capacity for seltzers by over 400% and for Blue Moon LightSky by approximately 400%. We will continue prioritizing capital projects that will allow us to further expand our seltzer and innovation production capacity.

We redefined our company values, set out to increase representation of people of color at all levels of our company and redirected some social media spending to support organizations dedicated to social justice, [ph] equity (00:05:07), and empowerment. We will continue to take tangible steps to build a brighter future for our people and our communities.

I want to pause here. I know there are questions about the complexity of our revitalization plan and about our ability to execute, but not only can it be done in the future, we're already doing it today. As you can see, we are building on the strength of our core while growing our above premium portfolio and planting the seeds for future growth beyond beer, and we're investing in our capabilities and our people to make it all possible. I want to drill down in each of these a little more.

As I mentioned earlier, it's a great sign of strength of our core brands that Coors Light and Miller Lite grew 6% and 9.5% respectively in the US off-premise so far this year. And the combined segment share of our two largest US brands has grown for six straight years. And Coors Light again achieved a record high segment share in the US since the business formed in 2008 per Nielsen. And our market research shows Coors Light has seen the biggest year-to-date improvement in consideration across the category, especially with 21 to 34-year-old consumers.

In Canada, Molson Ultra has performed very well this year, up 32% so far and has surpassed a large competitor in share of grocery in Quebec based on the recent four-week data per Nielsen. Our national champion brands in Europe saw significant trend improvement as a large percentage of the on-trade had already reopened at the beginning of the third quarter.

In 2020, we have increased our number of major sports alliances across all of North America. And while we aren't spending money against a lot of them this year during the pandemic, these partnerships should benefit our biggest brands for years to come. We have also seen great progress in growing our above premium portfolio.

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Above premium products grew in the third quarter and have reached a record high portion of our overall portfolio in the United States since the business was formed in 2008.

Blue Moon LightSky, which launched in February, has sold over 1.6 million cases through the end of the third quarter and is 2020's top-selling new beer in the United States per Nielsen. And LightSky is highly incremental to the Blue Moon brand. Blue Moon Belgian White, the largest craft brand in the United States, has seen the third highest growth in the off-premise among all craft brands in 2020, according to Nielsen.

With LightSky at number one, the Blue Moon family has easily achieved the highest off-premise growth in 2020 among all craft franchises, according to Nielsen. And this progress in above premium beer extends to Europe. In Europe and outside of its home market, the Staropramen brand grew by 9% in volume in the quarter. And our export and license team grew volumes by 3% in the quarter, thereby expanding the footprint and size of our premium-positioned brands across the wider European segment.

Turning to seltzer, this year it's risen to number eight on the Nielsen top-10 growth brands chart in 2020, selling over 2.5 million cases since its April launch, and it is seeing the highest repeat purchase rate amongst all seltzers made by the major beer suppliers. And we are incredibly excited by the early results for Coors Seltzer, which has matched Vizzy's hot sales in its first months on shelves. In some key retailers, the Coors Seltzer Variety Pack is outselling the Bud Light Seltzer Variety Pack.

Folks, we are building out arguably the deepest most diversified portfolio of hard seltzers in the industry. We came into 2020 with an under two share of the segment. We are now four shares. And by the end of next year, we plan to capture a double-digit share of the US seltzer market. That is possible because of the depth and differentiation of our seltzer portfolio.

We believe Vizzy, with its acerola cherry high antioxidants from Vitamin C, is the best positioned product in the market in the better-for-you space. We believe Coors Seltzer can become the number one beer brand in the segment through the strength of its name and its social mission around restoring America's waterways.

Topo Chico Hard Seltzer has something no other product offers, the benefit of the massive following of the Coca-Cola Company's Topo Chico Sparkling mineral water in a number of major markets across the United States. Proof Point will also launch next year differentiating itself with premium ingredients like real spirits.

And I would remind you that with our distribution deal for Bodega Bay hard seltzer in the UK and Ireland, Molson Coors is an early mover among European hard seltzers. We had even more above premium brands opportunities coming in 2021, when we bring Yuengling Westward under our new joint venture. There are 25 states open for expansion under the JV, all with zero Yuengling distribution today and tens of millions of legal-age drinkers. That is a significant growth opportunity for our company and for Yuengling.

Our emerging growth division has been doing a great job planting the seeds for future growth opportunities beyond the beer aisle. Earlier in the year, we launched [indiscernible] (00:10:19), our first canned one, and the Truss joint venture launched Veryvell CBD and THC drops in Canada and in the third quarter, [indiscernible] (00:10:26). Truss launched its first ready-to-drink cannabis beverages in Canada partway through the quarter and already it has become a market share leader. The company estimates market share of over 50% in key markets like Quebec.

We launched a new line of non-alcohol products created in a beverage incubator LA Libations. We took a minority stake in ZenWTR by noted beverage innovator Lance Collins, and we launched Vyne Botanicals hop water in

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Canada. In Europe, we signed an exclusive agreement with Miami Cocktail Company to distribute their growing brands in the United Kingdom and Ireland.

This is really just the beginning for us. We're learning in some of the spaces, in a capital-efficient way I would add. And we'll apply what we learn to future growth opportunities beyond beer. That is why I'm confident that altogether our emerging growth division can become $1 billion business.

For as much activity as you've seen in the past few months, you can expect to see more coming. In the next few weeks, our US Truss joint venture with HEXO will launch its first CBD-based products in Colorado, making us an early mover in this area. And soon, Molson Coors will be the distributor of La Colombe's incredible line up of ready-to-drink coffees in the off-premise, starting with drug and convenience store channels. Another great example of how we can leverage our strengths to find meaningful, profitable top line growth. And to achieve growth under our revitalization plan, we can't just rely on our stellar marketing team. We are investing in our capabilities to make it happen. We intend to expand our hard seltzer production capacity by over 400% by the end of this year.

By early 2021, we expect to complete a project to expand Blue Moon LightSky production capacity by approximately 400% as well. We just turned on a new sleek can production line at the Rocky Mountain Metal Company, our joint venture with Ball Corporation, capable of producing 750 million cans a year. We're modernizing our brewery in Golden, Colorado, making it easier to brew the beverages of the future.

During the coronavirus, we have improved online sales in the US by approximately 200% through the three-tier structure, while also developing new e-commerce and direct-to-consumer channels for our business in Canada. These investments will help power our business forward and we will continue prioritizing capital projects to continue expanding our production capacity for seltzers and innovations in 2021 and 2022.

I've talked a lot about how the revitalization plan shapes our business actions and it's also shaping how we support our people and our communities. That started earlier this year when we redefined our company values, starting with putting our people first. We built from there all year long.

Just this month, we held our first week of inclusion, full week of forums, presentations and conversations about how to be more inclusive, how to be allies to our teammates, how to hold ourselves accountable. We set out to increase representation of people of color at all levels of our company, and in the early months have showed a business that is growing more diverse. We redirected social media spending to 25 national and local organizations working to address issues of equality, empowerment, racial justice, and community building.

We launched a new scholarship program, supporting people of color and LGBTQ+ students seeking degrees in brewing or fermentation sciences. We have the opportunity and the responsibility to drive change, and we are doing just that, and we're not going to slow down. When complete, the modernization project in Golden will significantly reduce CO2 emissions from the brewery, it will reduce energy usage by 15%, and it will reduce our water usage by 100 million gallons per year.

Look, we've made a lot of news over the past two months, from our continued investments behind our core brands, to the expansion in our seltzer production capacity, to our joint venture with Yuengling, to our new line of non-alcohol beverages, to the launch of Coors Seltzer, to the addition of Topo Chico Hard Seltzer, to the distribution deal with La Colombe. These are not a series of one-offs. That all represents parts of one single strategy, drive our business to top line growth.

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Now we've faced a lot of criticism over the years about the shape of our portfolio in the US, where it is too heavily weighted towards our two premium light brands. I understand the viewpoint, but I believe our core is our strength. And as I've outlined, a key part of our plan is to build on the strength of our iconic core brands.

And yet interestingly, under this strategy, as we roll out plans to aggressively grow our above-premium portfolio and expand into fast-growing above-premium beverages beyond the beer aisle, there have been questions as to whether these actions add too much complexity or distraction and we should stick to our core.

But to suggest that we must focus only on our core brands or only on innovations is a false choice. It's not binary. It's both. Part of our revitalization strategy, we organized our business to do exactly that. The progress we are making is promising. Our 2020 above-premium innovations have already delivered an incremental 5.7 million cases for our business. The health of our iconic core brands continues to improve, and we are planting the seeds for new growth opportunities beyond the beer aisle. That is the plan we announced last October. That is the plan we're executing and that is the plan we believe will deliver top line growth for this business.

I'll now pass it over to Tracey for the financial highlights. Trace?

Tracey I. Joubert

Chief Financial Officer, Molson Coors Beverage Co.

Thank you, Gavin, and hello, everyone. And I will first cover the quarter on a consolidated and regional basis and then move to our outlook. So to recap the quarter, net sales revenue decreased 3.6% in constant currency, a significant improvement from our second quarter performance. In the third quarter, we saw volume decline, principally in the on-premise channels, along with the corresponding negative channel mix implications across all major markets. These impacts were partially offset by higher net pricing as well as the US overcoming channel mix challenges to deliver positive brand mix behind strong performances in Vizzy, Blue Moon LightSky and Coors Seltzer. North America shipment timing was positive in the third quarter, but remain impacted by the packaging material constraints.

Net sales per hectoliter on a brand volume basis increased 2.1% in constant currency, reflecting positive net pricing in the US and Canada, more than offsetting negative mix effects globally due to the various market dynamics and consumer shifts caused by the coronavirus pandemic. While a significant number of the on-premise establishments were opened throughout the quarter, those that were opened were not operating at full capacity. This had an adverse impact albeit improving from second quarter levels on mix globally.

As many of our higher-end products are skewed towards the on-premise, closures or restrictions in this channel has an unfavorable impact on our brand and channel mix. Worldwide brand volume decreased 5.2% while financial volume decreased 5%. Underlying COGS per hectoliter increased 1.5% on a constant currency basis, driven by inflation and volume deleverage, partially offset by cost savings initiatives.

Underlying MG&A decreased 7.6% on a constant currency basis, driven by reduced marketing spend, partially offset by slightly higher G&A as we cycled one-time benefits related to long-term incentive compensation reversals in the third quarter of 2019. This was largely offset by revitalization cost savings and lower discretionary spend. As a result, underlying EBITDA grew 0.5% on a constant currency basis.

Underlying free cash flow of [ph] $1.160 million (00:18:41) for the nine months ended September 30, 2020, was $275 million favorable to the prior year period, driven by favorable working capital. The working capital benefit was driven by the deferral of over $200 million in tax payments from various government-sponsored payment

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deferral programs related to the coronavirus pandemic, of which we currently anticipate approximately half to be paid in the fourth quarter of 2020, while the remaining amount to be paid beyond this fiscal year.

In North America, net sales revenue decreased 0.8% in constant currency, driven by financial volume declines of 4%, reflecting lower brand volume. North America brand volumes decreased 5.2% as the on-premise closures or limited capacity reopenings during the quarter more than offset the strength in both the US and Canada in the off-premise. Also contributing to the decline was packaging constraints, which primarily impacted the economy and premium segments as we prioritize higher margin SKUs.

In the US, brand volumes decreased 5.3% compared to domestic shipment declines of 3.9%, in our efforts to address the year-to-date under-shipment position attributed to the aluminum can supply constraints. Net sales per hectoliter on a brand volume basis increased 3.6% in constant currency, driven by net pricing increases in the US and Canada and favorable brand and package mix in the US, partially offset by negative brand and channel mix in Canada, attributed to the shift of volume from the on-premise to the off-premise.

In the US, net sales per hectoliter on a brand volume basis increased 4.6%, driven by favorable sales mix and net pricing. The US delivered its best quarterly [ph] sales (00:20:39) performance in the last decade and the best brand mix performance since the first quarter of 2014.

In Canada, negative mix more than offset the net pricing increases. While in Latin America, net sales per hectoliter on a brand volume basis was largely consistent with the prior year. Underlying EBITDA increased 2.5% in constant currency as MG&A reductions more than offset unfavorable gross profit from lower financial volumes and COGS inflation. The MG&A reductions were driven by lower marketing spend in areas impacted by the coronavirus pandemic, such as sports, events and festivals. We also adjusted the timing of marketing investments behind brands and [ph] tech (00:21:24) for which we experienced supply constraints.

However, media and advertising spend ramped up sequentially within the quarter and increased compared to the prior year period as we supported core brands and key innovations. Also contributing to the MG&A reductions were other cost mitigating actions and the continued progress in realizing cost savings related to the revitalization plan. All of this was partially offset by cycling lower incentive compensation in the prior year period, largely due to the one-time benefits from long-term compensation reversals in the third quarter of 2019, as mentioned earlier.

For Europe, which is more heavily skewed towards the on-premise, net sales on a reported basis decreased 15.3% in constant currency due to lower volumes and lower net sales per hectoliter, reflecting the impact from the coronavirus. Net sales per hectoliter on a brand volume basis declined 5.9% in constant currency, driven by unfavorable channel, brand and geographic mix, particularly in the high-margin UK business, partially offset by slightly higher net pricing.

Financial volumes decreased 7.7% and brand volumes decreased 5.4%, a significant improvement from the year-on-year declines experienced in the second quarter as more on-premise accounts were opened, even though many were not operating at full capacity in the quarter. We have also greatly improved our capacity levels to meet the highest levels of demand in the off-premise. Europe's underlying EBITDA decreased 8% on a constant currency basis versus the prior year, driven by gross margin impact of volume declines and unfavorable geographic and channel mix, partially offset by lower MG&A expenses as a result of cost mitigation actions to navigate the coronavirus pandemic.

Which takes me to our financial outlook, on March 27, we withdrew our guidance due to the uncertainty driven by the pandemic. With the rise in the new virus cases in both North America and Europe, governments are

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mandating new closures, imposing lockdowns to varying degree and [ph] that said (00:23:42) uncertainty remains. As a result, we have not reinstated guidance, but are providing additional visibility on forward trends and a perspective on how we believe we will be impacted by the coronavirus.

We do not expect to continue to give this visibility once conditions have stabilized or we resume guidance. And we are very proud of our performance and agility in navigating the coronavirus pandemic and executing against our revitalization plan, but recognizing there are still headwinds ahead.

The pandemic continues to impact our businesses due to on-premise losses and across all our geographies and disproportionately in Europe. Also, we continue to face supply constraints. However, we do expect to return to full inventory of 12-ounce industry standard cans by year-end. And we're making progress on remediating constraints for the Coors Light tall can.

As a result, we expect domestic shipment trends in the US to be higher than brand volume trends in the fourth quarter, as we continue to build inventories. For MG&A, we expect marketing investment to increase in the fourth quarter from the prior year as we build on the strength of our core brands and ramp-up support for key innovations like Blue Moon LightSky, Vizzy and Coors Seltzer, in alignment with additional supply coming online. We will continue to be nimble, adapting to the environment to ensure we are achieving the highest possible return on our marketing investments while supporting strong brand equity.

Therefore, as of the third quarter, some of our anticipated fourth quarter spend will be dependent on factors, including the occurrence of live sports and events. And finally, as discussed on our second quarter call, in the fourth quarter, we will [ph] start (00:25:25) lower incentive compensation and a non-recurring vendor benefit, which occurred in the fourth quarter of 2019 and totaled approximately $27 million.

In response to coronavirus pandemic, we have shifted our focus to ensure adequate liquidity for the near term while positioning the business for medium- and long-term success. This included a desire to maintain our investment-grade rating, which is important for all of our stakeholders. Being investment-grade rated reduces our cost of debt, improves our access to capital markets, including commercial paper, and gives us more operational flexibility to execute against our strategy.

As previously discussed, we have significantly improved our liquidity position by favorably amending the covenant terms of our $1.5 billion revolving credit facility, adding a £300 million commercial paper facility for our UK business, which is incremental to the borrowing capacity under the $1.5 billion facility, suspending the dividend in May for the remainder of 2020, reducing previously planned capital expenditures by around $200 million for 2020, and generally reducing discretionary spend where possible.

And in the third quarter, we continued to reduce our debt position with a payment of CAD 500 million that is due using a combination of cash and commercial paper. As of quarter end, we had reduced our net debt position by just over $1.2 billion since we began the revitalization program.

And we have maintained strong borrowing capacities on both our facilities. As of October 29, 2020, we had $1.4 billion under our US facility and the full £300 million under the UK facility in available capacity. So, we invested in our business to support medium- and long-term growth objectives. In addition to necessary safety and maintenance projects, we are making capital investments that deliver cost savings and high-return growth initiatives, such as our significant investment behind hard seltzers and innovations in our Fort Worth and Milwaukee brewery. And over the next few years, we plan to prioritize capital investment to include hundreds of millions of dollars to add significant capacity for our innovation, including seltzers and slim can capacity.

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Given the operating environment, we are very pleased with our third quarter financial performance, making another quarter of progress on our revitalization plan to drive long-term value creation. We achieved solid financial and operating results, and again exceeded top and bottom line expectations. And we did so while navigating the continued challenges posed by the coronavirus pandemic, further improving our liquidity and investing in efforts to advance our long-term goals.

We are mindful of the challenges and continued uncertainty ahead and remain focus on doing what is best, not only in the near term, but positioning the business for medium- and long-term success, and we look forward to updating you on our continued progress.

And with that, we look forward to taking your questions. Operator?

QUESTION AND ANSWER SECTION

Operator: We will now begin the question-and-answer session. [Operator Instructions] At this time, we will pause momentarily to assemble the roster. Our first question comes from Bill Kirk of MKM Partners. Please go ahead.

Bill Kirk
Analyst, MKM Partners LLC

Q

Hi. Thanks for taking the question. Gavin, I guess this one is for you. As aluminum can supply improves, what are the brand priorities? Do you reintroduce some of the economy brands and packs, or do you put the cans toward the premium offerings? And I guess I'm asking it in the context of what you expect from consumer spending strength going forward?

Gavin D. K. Hattersley
President, Chief Executive Officer & Director, Molson Coors Beverage Co.

A

Thanks, Bill, and good morning. Look, our 12-ounce industry can supply is stabilizing. And we've already seen it increase incrementally over the last four to five weeks, and we expect that to continue incrementally increasing through the balance of the year.

We've had two constraints particularly, one would be the tall can for 12-ounce which is what Coors Light and Keystone might go into primarily. And then the – obviously, the tall – the 12-ounce tall slim can. That's been more driven by the success of Vizzy and Blue Moon LightSky and that has necessarily been by shortages.

In terms of prioritization, obviously, Coors Light gets first priority for us when it comes to the tall can, and we've made some adjustments on slow-moving products that have been packaged in that can to make sure that we can fulfill Coors Light.

To your second question, from a trade-down point of view, look, we haven't actually seen that at this point in time. In fact, we're seeing quite the opposite, both in the US and in Europe, as well as Canada is, I think consumers are

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finding that their dollar stretches a little further in the off-premise than it does in the on-premise. So we're actually seeing the opposite.

Bill Kirk
Analyst, MKM Partners LLC

Q

That's super helpful. I'll jump back in the queue for a follow-up.

Gavin D. K. Hattersley
President, Chief Executive Officer & Director, Molson Coors Beverage Co.

A

Thanks, Bill.

Operator: The next question comes from Lauren Lieberman of Barclays. Please go ahead.

Lauren R. Lieberman
Analyst, Barclays Capital, Inc.

Q

Great. Thanks. Good morning. Gavin, I mean, it was great that in your prepared remarks you addressed the complexity conversation. But I would like to just go maybe a step further to understand how you're evolving the organization to handle the increased complexity?

And then with regard to distributor relationships, and how do you work with them to prioritize – to set priorities, I guess? And to manage sort of what's working, what's not, how long do you give some of the activity to click into? Okay, this one's got some legs. Let's really push it. Because the activity has been tremendous and, obviously, looking at the price mix this quarter, it's helping and mattering and it's getting attention, but there will be a point where resource allocation and having to make choices comes into play, and I'd love to know a little bit more about that.

Gavin D. K. Hattersley
President, Chief Executive Officer & Director, Molson Coors Beverage Co.

A

Thanks, Lauren, and good morning. Look, it depends what lens you look at this through, right? So, there're sort of through three lenses. From a retailer point of view, they're well prepared for innovation. They're hungry for it and expecting it. So, I see no issue there.

From a distributor point of view, 80% of them already carry non-alcohol products and 50% of them carry wine and spirits already. They're actually ahead of us. We're playing catch-up with them. They manage and deal with tons of complexity. And Lauren, I would tell you the vast majority of them are very excited about the moves that we're making and can't wait to have these brands in their houses.

And then you look at our business, and, yeah, that's exactly why we structured ourselves as we did at the time of the joint venture and formed this emerging growth team under Pete Marino's leadership. It's a small team of passionate and very dedicated specialists in their field. And Lauren, arguably, there is even more focus behind the core since we actually made this organizational structural shift under the revitalization plan. And you can see that in the strength of core brands and the innovation coming through in above premium.

And, of course, we're going to continue to leverage capability through the CCOE and back office. But there's little additional complexity for ourselves and marketing groups that focus on our core business and our above-premium business. And then from a supply chain point of view, these products are not going through our breweries. They

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had no complexity to our breweries at all. We are expanding our warehouse capacity. And, obviously, they use the same ordering systems and tools.

And then the final point I would make is, these things are – although we announced them all within a tight probably two months' period window, these things are all – the timing is all different. Yuengling will come in the back half of next year. La Colombe will come in the front half of the first quarter. Topo Chico Hard Seltzer will be in the second or first quarter – early in the second quarter. So from a timing point of these things, they're not all landing at the same time. So I think, obviously, there are questions about it, but we're managing it now and we're managing it effectively.

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

Okay. That's great. And then with regard to sticking with portfolio with some of the bigger brands, obviously, the work on Blue Moon really rejuvenated that franchise. But as you're thinking about adding, is there anything in the portfolio that you're also looking at in terms of trimming? Because we still get back to the question of some bigger brands that have still been slower to turn, and maybe there's a point at which we say, the new is way better use of our resources, and we need to kind of cut our losses on some bigger brands in the portfolio. Is that part of the thought process as well?

Gavin D. K. Hattersley
President, Chief Executive Officer & Director, Molson Coors Beverage Co.
A

Well, some of the can shortage in the coronavirus pandemic have forced us into making decisions around slower-moving brands and SKUs, Lauren, and we've done that. And I would expect some of those SKUs won't come back. So from a complexity point of view, from a brewery point of view, I would expect that we will have less SKUs coming out when we come out of this pandemic than we did coming into the pandemic.

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

Okay. That's great. I could keep going, but Greg said we [ph] limit ourselves (00:35:11) to ask one, so I'm passing it on. Thank you.

Operator: The next question comes from Laurent Grandet of Guggenheim. Please go ahead.

Laurent Grandet
Analyst, Guggenheim Securities LLC
Q

Hey. Good morning, everyone.

Gavin D. K. Hattersley
President, Chief Executive Officer & Director, Molson Coors Beverage Co.
A

Good morning.

Laurent Grandet
Analyst, Guggenheim Securities LLC
Q

And [ph] great (00:35:25) for a strong quarter. My question will be about the seltzer category. I mean you mentioned you are planning to achieve a double-digit market share in the seltzer category next year. Our math, I mean, gets you to 8% next year. So could you give us a bit more granularity or color as to how you get there and

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build the level of confidence probably for investors? And also, I mean, within that, I mean, how are you now planning to motivate or incentivate your wholesalers who in most part, I mean, already carry in brands like Truly or White Claw. So I'd like to understand this a bit more. Thank you very much.

Gavin D. K. Hattersley
President, Chief Executive Officer & Director, Molson Coors Beverage Co.
A

Thanks, Laurent. Look, I mean, we've got what we think is arguably the strongest portfolio of seltzers for both consumers and for our distributors. If you look at Vizzy, we're positioning Vizzy to lead for the better-for-you space. We're aiming for Coors Seltzer to become the number one beer brand in the segment. The addition of Topo Chico is going to help drive meaningful scale for us with a portfolio approach. It's a known and loved by a very large number of consumers in the United States.

And then Proof Point, we're expecting to lead spirit-based seltzers. So, we think we've got a highly differentiated, very powerful and very attractive seltzer portfolio for consumers. And our distributors are getting behind them. You can see that in the performance of Vizzy. You can see it in the performance of Coors Seltzer. And I've not seen them as excited in a while around Topo Chico, particularly in the markets where Topo Chico mineral water does so well for the Coca-Cola Company. So, we think we've got the portfolio and we think we've got the distributor buying.

Laurent Grandet
Analyst, Guggenheim Securities LLC
Q

Thanks, Gavin. And if I may add on seltzer, is the manufacturing, the contract manufacturer for Topo Chico, something we should expect just for this coming year as you are building up your capacity in seltzer, and we should think about you repatriating this in-house from 2022? Thank you.

Gavin D. K. Hattersley
President, Chief Executive Officer & Director, Molson Coors Beverage Co.
A

In 2021, it will be primarily outsourced. And in 2022 and beyond, it will be in-sourced, Laurent. So you got that right.

Laurent Grandet
Analyst, Guggenheim Securities LLC
Q

Okay. Thank you very much. I'll pass it on. Thanks.

Operator: The next question comes from Andrea Teixeira from JPMorgan. Please go ahead.

Andrea Teixeira
Analyst, JPMorgan Securities LLC
Q

Thank you. Good morning. So I was hoping if you can give us an idea of the cadence of the STRs in 3Q, and particularly your exit rate in September. And If you can help us with October STRs, how it shaped up in the US and also in Europe in light of the new lockdowns? And I would say, if we step back, broadly, how do you feel inventory levels, if the inventory levels normalized at the trade at this point?

Gavin D. K. Hattersley
President, Chief Executive Officer & Director, Molson Coors Beverage Co.
A

Trace, why don't you take the sort of shipments and STRs for Q4, and then I'll take Europe.

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

A

So, well, let me start with Q3. So, as we said, the shipment outpaced brand value trends in Q3 as we expected. When we look at September year-to-date on the US shipments, shipments were down 6.1%. Our brand volume was down 3.8%. And for Q4, we expect shipments to outpace brand volume trends as well, as we build inventory during the balance of the year. So we do expect a further reduction in this gap. As it relates to giving STRs for fourth quarter, we actually moved away from that a couple of quarters ago, Andrea, so I'm not really going to comment on that. Gavin?

Gavin D. K. Hattersley
President, Chief Executive Officer & Director, Molson Coors Beverage Co.

A

Yeah. Andrea, from an overall environment point of view, the off-premise in North America continues to remain strong. And the on-premise seems to have settled down at sort of roughly 60% of historical levels from a sales point of view. So, down roughly 35% to 40% on an ongoing basis. And we haven't seen much move on that recently. So, that's sort of North America.

From a Europe point of view, in Central and Eastern Europe, we saw about 85% of outlets reopen. I would point out that the fourth quarter on-premise is less of an impact for Central and Eastern Europe because there's much less tourist activity during that time period that takes place more in the second and third quarters.

In the UK, for the third quarter, they had good weather that was supported by the government's program to eat out at on-premise outlets. And so, we saw much better performance from an on-premise point of view in the third quarter. And, obviously, as we head into the fourth quarter, there's a lot of uncertainty around that, because it has, obviously, spiked in the UK, and there are localized lockdowns. So we'll have to, I guess, see how the quarter in the UK progresses.

Your third question there was around inventory levels. And certainly, our 12-ounce industry standard can supply is stabilizing. It has improved consecutively for the last four or five weeks, and we see it continuing to improve into the balance of the year.

The shortage for some of our exciting innovations like Vizzy and Blue Moon LightSky is driven by the strong success of those two brands, and we would expect to see the inventory for both of them improved meaningfully as we head into the fourth quarter, and that new capacity comes online in Milwaukee and Fort Worth. And obviously, the shortage has been more pronounced for the 12-ounce tall cans, and we are seeing that stabilizing and starting to improve.

Andrea Teixeira
Analyst, JPMorgan Securities LLC

Q

Okay. Good. Very helpful. Thank you so much.

Gavin D. K. Hattersley
President, Chief Executive Officer & Director, Molson Coors Beverage Co.

A

Sure.

Operator: The next question comes from Sean King of UBS. Please go ahead.

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Sean R. King
Analyst, UBS Securities LLC

Q

Hi. Thanks for the question. I guess, looking into 2021, what metrics or cash generation levels would you need to see to consider returning a dividend?

Gavin D. K. Hattersley
President, Chief Executive Officer & Director, Molson Coors Beverage Co.

A

Trace, do you want to take the dividend question?

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

A

Yeah. So, hi, Sean. Look, as you know, we suspended our dividend in May for the remainder of 2020. The situation remains fluid, and we're having ongoing conversations with the board. So we cannot really comment on our dividend policy beyond 2020. What I can tell you, though, is the company has got a very long history of paying dividends. And we fully intend to reinstate the dividend as soon as appropriate. And right now, the current focus is to ensure we had adequate liquidity.

And as I mentioned in the prepared remarks, we've made great improvements to our liquidity. We've reduced our net debt by $1.2 billion, as I said, since we announced the revitalization plan. And we continue to reduce our net debt to EBITDA ratio quarter-after-quarter. So, that's about as much as I can tell you until we have the further discussions with the board.

Sean R. King
Analyst, UBS Securities LLC

(

Thank you very much.

Operator: The next question comes from Bryan Spillane of Bank of America. Please go ahead.

Bryan Spillane
Analyst, Bank of America

Q

Hey, good morning, Gavin and Tracey. Thanks for taking the question. Gavin, I guess, my question is just around the seltzer portfolio and like what it will take to support the market share ambition that you articulated earlier? And – so maybe if you could just give us a little bit of color in terms of how you're approaching that? Is it – will it come with significantly increased like amounts of advertising? Is there – will it require spending to get product on the shelf?

Just seems like it's – there's a big opportunity, but there's also a lot of brands trying to get into the market next year. I'm just trying to understand kind of what resources it will take to really differentiate with what looks like a pretty good product lineup for next year? Thanks.

Gavin D. K. Hattersley
President, Chief Executive Officer & Director, Molson Coors Beverage Co.

A

Thanks, Bryan. Look, I mean, from a focus point of view, next year, as we look at marketing spend, obviously, we've got a big focus on our core brands, Miller Lite, Coors Light and Blue Moon. And then we've got a really big

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focus on our seltzer portfolio. So, we will be giving the required investment behind Vizzy and Proof Point and Topo Chico and Coors Seltzer next year that they need in order to be successful.

In the third quarter, we actually spent – we doubled our media spend from Q2 behind Coors Light, Miller Lite and our two big bets, Vizzy and LightSky. And in the fourth quarter, you can expect to see a ramp-up of support for both of those seltzers and Blue Moon LightSky as the additional supplier comes online.

So those are our two primary focus areas, our core brands and our seltzer portfolio. Bryan, we'll put the necessary money behind it to make sure they're successful. The early signs are good. They're very differentiated. They're clearly resonating with consumers and lots of excitement from the distributors as well.

Bryan Spillane
Analyst, Bank of America

Q

And Gavin, is there any sign that just your competitors are spending to get shelf space? Just trying to understand if there's anything that we should be thinking about there in terms of – is slotting or just – is it getting too expensive to get product on the shelf?

Gavin D. K. Hattersley
President, Chief Executive Officer & Director, Molson Coors Beverage Co.

A

Yeah. Bryan, I mean, in the alcohol space, it's illegal to pay slotting fees. So, they wouldn't be in the United States. So they wouldn't be doing that or if they were, that would be a problem for them. Certainly, from a media and national spend point of view and the strength of our chain teams and our selling teams, that's how you get shelf space in the US. And we're confident we're going to get it for our core brands.

Bryan Spillane
Analyst, Bank of America

Q

Thanks, Gavin.

Operator: The next question comes from Steve Powers of Deutsche Bank. Please go ahead.

Stephen Powers
Analyst, Deutsche Bank Securities, Inc.

Q

Yes. Hey thanks. So, I'm not sure this is disclosed somewhere that maybe I overlooked today, but can you talk about where the above premium part of your portfolio sits as a percentage of the total, in the US at least? I know you said it was at an all-time high, which makes sense. I'm just wondering if you can give us an order of magnitude.

And more importantly around that, just given all the learnings you've had and all the new initiatives that you've developed in that space, seltzer inclusive, but not limited to seltzer. How are you thinking about the aggregate above-premium opportunity going forward? I mean, how much can above-premium growth contribute to total Molson Coors portfolio growth over time? Thanks.

Gavin D. K. Hattersley
President, Chief Executive Officer & Director, Molson Coors Beverage Co.

A

Thanks, Steve. Look, our above-premium share of our portfolio in the US, which I think was your question, is just north of 10%. And as you rightly point out, what we pointed out, it grew very meaningfully in Q3.

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As far as the potential is concerned, look, we've tried to give you some indication of where we think the above-premium portfolio could go. We do believe we can get 10% or double-digit market share of the seltzer category. We think that, that is a big category, and it's – despite some of what you might have read recently, we don't see it slowing down meaningfully. I mean, 50%, 75%, 100% growth in 2021. There isn't another part of the beer category that or industry that has that kind of growth potential.

I think everybody has always said that it's not going to grow 300% forever. So, I'll take 50%, 75% or 100% anytime from an overall segment point of view. And we believe that our differentiated portfolio can get a double-digit share of that which would have a meaningful impact on our above-premium share of our portfolio.

And then, of course, there's the beyond beer space in the emerging growth division, which all of it really is in the above-premium space from a price point of view. And from a revenue point of view, we can see that getting to $1 billion in the next three years. Yeah, I think those are your questions.

Stephen Powers
Analyst, Deutsche Bank Securities, Inc.

Q

Yeah. That's good. I can work with that. Thanks so much.

Gavin D. K. Hattersley
President, Chief Executive Officer & Director, Molson Coors Beverage Co.

A

Thanks.

Operator: The next question comes from Rob Ottenstein from Evercore. Please go ahead.

Robert Ottenstein
Analyst, Evercore ISI

Q

Great. Thank you very much. So I want to kind of focus on the core brands, Coors Light, Miller Lite, and kind of two questions on those. Can you give us a sense of how you feel about kind of where you are on the creative marketing side of things, whether you're getting the kind of the right message across now? Are you happy with that, happy with how the brands are differentiated and how you're segmenting the business or the brands? And maybe any data on brand health would be helpful.

And then tied to that and kind of back to prior questions on complexity, how do you keep the distributors focused on those when they've got so many additional brands that they need to get placed and put on the shelf? And are you going to have to kind of adjust some of your terms with distributors to make sure that you get their mind share given the incredible proliferation of innovation and brands that's going on right now, and it's got to be absolutely overwhelming for a lot of distributors? Thank you.

Gavin D. K. Hattersley
President, Chief Executive Officer & Director, Molson Coors Beverage Co.

A

Hi. Good morning, Robert. Yeah, a lot in there. Let me try and parse that out. Let's start with Coors Light. I mean, we feel really confident in the brand's direction. We're seeing strong brand health improvements, particularly amongst the 21 to 34-year-old consumers, which is really good. Coors Light's improvement in consideration amongst 21 to 34-year olds is higher than any other brand in the category that we track. So I feel very good about the direction of the Coors Light brand health.

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The team continues to reinvigorate the brand. We launched the refreshed and modern packaging design across all of our SKUs in early August. And based on the testing that we've seen, we find that consumers find that the new design is much more refreshing. It's memorable. It's unique, particularly when you compare it to Coors Light's competition. And based on the early results that we've seen, we're seeing volume and velocity gains as a result of that new packaging. And I think it will be fully in retail probably already there – otherwise, it will be there in the next week or so.

From the Made to Chill campaign, we've had new assets that we've put out plus we have a new brand campaign promoting all expenses paid trip to your video conference background, which has been well received by the consumer base. So, overall, feel very good about Coors Light. We saw in Q2 the brand drove significant share growth in premium lights and have continued to gain share of the segment in Q3, and we'll build on that as we head into Q4.

From a Miller Lite point of view, it's also accelerated both from a segment point of view and an industry point of view its share. We're very proud of the 24 consecutive quarters of share growth that we've had. It's a six years of growth and we think it's got a nice opportunity to continue to accelerate.

We've launched new creative, particularly around its calorie message and targeting a competitor. And we believe that Miller Lite's proposition can strongly challenge that competitor. And we also have big plans to continue to build Miller Lite during the key beer moments, including football. We've launched the container. We're leveraging our NFL partnerships. And in November I think it is, we'll launch a larger-than-ever holiday program behind Miller Lite. So, overall, Robert, in this environment, we're very pleased with the strength and the share gains that both of those brands have gained.

And from a distributor mind share point of view, Coors Light and Miller Lite are really big meaningful parts of our distributors' houses. They like what we're doing on those two brands and that's reflected in their ordering profile. So I don't have concerns with our distributors placing focus on Coors Light and Miller Lite. It's the sort of foundation that many of their distributorships.

Robert Ottenstein
Analyst, Evercore ISI

Q

Great. So just want to make sure I summarize this. So at this point now, because it's been a little rocky, obviously, over time. You believe that the creative is where it needs to be and the brand health trends are going in the right direction and you kind of like how the two brands are segmented.

Gavin D. K. Hattersley
President, Chief Executive Officer & Director, Molson Coors Beverage Co.

A

Yeah.

Robert Ottenstein
Analyst, Evercore ISI

Q

Great. Thank you very much.

Operator: The next question comes from Kevin Grundy of Jefferies. Please go ahead.

Kevin Grundy
Analyst, Jefferies LLC

Q

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Great. Thanks. Hello, everyone. Gavin, a question for you on the Yuengling joint venture. So three of them, if I may. One, how quickly do you intend to roll out the brand into new territories?

Question number two would be, are you prepared to comment at all on the financial impact, level of spend or earnings accretion? I suspect not given the guidance is off the table altogether for the company. But I think sort of weaving that in with the focus on the core within your portfolio and seltzers, it doesn't sound like Yuengling is going to be a huge priority in terms of investment, at least for next year, but maybe you can correct me on that.

And then just lastly, it would be helpful I think if you could comment on the potential for cannibalization given the overlap with premium and premium lights in your existing portfolio. So, thanks for all that.

Gavin D. K. Hattersley
President, Chief Executive Officer & Director, Molson Coors Beverage Co.
A

Thanks, Kevin. And, look, from an economic point of view, it's a 50-50 ownership structure. So 50% of the benefit will come our way and 50% of the benefit will go to Yuengling. From a speed point of view, I think we'll expect to have Yuengling out in its first market in the second half of next year. We'll be in a position to advise which market that's going to be soon. And we'll roll out in a deliberate pace beyond that.

If you look at where Yuengling has traditionally sourced it's volume from when it's gone to a new territory, it has not primarily come from our brands. It's source of market share has come from one of our largest competitors, and we wouldn't expect that to be any different as we roll out into new territories. We'll be accounting for it on the equity method, but you could be assured that we wouldn't have entered into this joint venture if we didn't believe that it was going to be accretive to our profit and our earnings.

Kevin Grundy
Analyst, Jefferies LLC
Q

Okay. Very helpful. Thanks for the color.

Gavin D. K. Hattersley
President, Chief Executive Officer & Director, Molson Coors Beverage Co.
A

Sure.

Operator: The next question comes from Kaumil Gajrawala from Credit Suisse. Please go ahead.

Kaumil Gajrawala
Analyst, Credit Suisse Securities (USA) LLC
Q

Hi. Good afternoon, everybody. [ph] Can you – (00:56:25) you gave a lot of puts and takes on MG&A and I just want to make sure I understand. I believe you're looking for the MG&A for the full of the second half to be up. However, obviously, it was down in this particular quarter. I'm just curious if that has changed and is maybe 4Q intended to be a catch-up from these numbers perhaps coming in later in the third quarter. And then if you could drill down a little bit on that MG&A number. Gavin, you provided some insights on your advertising spend. However, just curious if you can give maybe a little bit more on what your ad spend was in its entirety for the third quarter and maybe where you expect it to go for 4Q? Thank you.

Gavin D. K. Hattersley
President, Chief Executive Officer & Director, Molson Coors Beverage Co.
A

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Thanks, Kaumil. Look, I mean, I'm not going to give you specific numbers. We just don't do that, but I can give you some color. From a media and advertising spend point of view, it ramped up significantly within the quarter and compared to prior year. In the third quarter, we actually spent more in US national and local media than the year previously. And as I said earlier, we doubled our media spend from the second quarter on Coors Light, Miller Lite and our big bets, Vizzy and LightSky. Our media spend in Canada was also higher in Q3.

We really have been focused on trying to be nimble given the environment and particularly with areas like sports events and festivals. We have – the lack of sports events and the lack of perhaps effective sports events in some cases has allowed us to renegotiate payment requirements. And thus, we've taken less expense in the third quarter based on those very successful renegotiations that we've had.

In terms of the fourth quarter marketing spend, we do expect our marketing investments to increase from the prior year. As we continue to build on marketing spend behind our core brands and the strength of the brand health of both Miller Lite and Coors Light. And we are going to ramp up spend on Blue Moon LightSky, Vizzy and Coors Seltzer in alignment with when the additional supply is coming on in the fourth quarter. But of course, we'll monitor what's going on. We'll monitor the environment and we'll be fluid and nimble if we have to be. But our plan is to spend more in marketing in the fourth quarter.

From a G&A point of view, Tracey, is there anything you want to add to what you'd said originally?

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

A

Yeah. I mean, I think for quarter three, we were broadly flat versus the prior year on the G&A side. We've spoken about our revitalization savings, and we're delivering well against those targets. And as well as we're targeting other sort of discretionary-type spend due to environments, as Gavin says, that we are operating in. When we look at Q4, I do want to remind you that we have got some unfavorability versus prior year that we will be cycling off some one-off items, which related to a one-time vendor benefits and then also lower incentive accruals in the prior year. And we've given that number, that's roughly about $27 million in the quarter that we're going to be cycling. So, hopefully, that helps a little bit on the G&A side.

Kaumil Gajrawala
Analyst, Credit Suisse Securities (USA) LLC

Q

Okay. Got it. Thank you. And Second – first of all, congratulations, you announced quite a few deals in recent weeks or I suppose recent months. If we were to think about all of these deals collectively, is there any insight you could give us on how much of an incremental contributor perhaps all of these new initiatives, JVs, product launches, how much they could contribute to the – at the group level?

Gavin D. K. Hattersley
President, Chief Executive Officer & Director, Molson Coors Beverage Co.

A

Let me answer that question this way, Kaumil. I said in my prepared remarks that we expect the emerging division under Pete's leadership to get to $1 billion in revenue in three years' time. And so under Pete's leadership, we've got the cannabis joint ventures in Canada. We've got the new cannabis joint venture in Colorado. We've got the non-alc space, which is primarily LA Libations. We've got the wine and spirits group, which has got MOVO in it at the moment. All our regional craft and export and license and distribution businesses fall under Pete. But to be more specific, maybe to get to $1 billion, we will have to grow that division by about 50% over the next three years. Hopefully, that helps.

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Kaumil Gajrawala
Analyst, Credit Suisse Securities (USA) LLC

Q

It does. Thank you.

Operator: The next question comes from Bonnie Herzog of Goldman Sachs. Please go ahead.

Bonnie Herzog
Analyst, Goldman Sachs & Co. LLC

Q

All right. Thank you. Good morning. I actually had a follow-on question from just a few of the earlier ones, but maybe asked a little differently. I guess I'm wondering how willing you guys are to let margins come under pressure as you potentially ramp spending overall behind all of your different initiatives in an attempt to revitalize your business?

I guess I'm wondering if you might be entering a period of lower margins and maybe slower earnings growth, again, as you try to pivot your business, is that a reasonable expectation maybe for the next year or two until your top line accelerates to some of the goals you did call out, such as the double-digit share in hard seltzers, the $1 billion from your emerging growth portfolio, et cetera. And I guess I'm thinking about in the context that there might not be a lot of scale from each of these different initiatives for some time. Thanks.

Gavin D. K. Hattersley
President, Chief Executive Officer & Director, Molson Coors Beverage Co.

A

Hi, Bonnie. Good morning. Look, I mean, from a scale point of view, I'd guide you to the $1 billion I just spoke about and the fact that we're going to grow that division by more than 50% to get there. As we – I'll put you back to the revitalization plan, the revitalization strategy, which we're executing again. When you're starting to see the benefits of that coming through on the mix line and certainly, it's very profitable brand mix improvements.

In the US alone, we increased our brand mix favorability by 260 basis points in the third quarter. I'm not sure we've seen a level that high in quite some time. Our revitalization strategy was designed from a structure point of view to take cost out of our business so that we could actually invest in marketing. So, what you're seeing now is a delivery of that exact strategy which we put in place. Change the structure, eliminate some office locations, make the necessary changes in order to deliver the firepower that we needed to execute above premium and beyond beer, and at the same time and importantly, supporting our core brands. So it's all – it's coming through as we had planned.

Bonnie Herzog
Analyst, Goldman Sachs & Co. LLC

Q

All right. Thank you.

Operator: As a follow-up question from Lauren Lieberman. Please go ahead.

Lauren R. Lieberman
Analyst, Barclays Capital, Inc.

Q

Great. Thank you. Sorry, one last one please. I just was in the – you've talked about a strategic review since late last year. And I just was wondering, with that specific language around a "strategic review," is there anything you can talk about in terms of what's been looked at, where that process stands? And maybe where a refresh might be needed in terms of strategy or footprint? Thanks.

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Gavin D. K. Hattersley
President, Chief Executive Officer & Director, Molson Coors Beverage Co.

A

Well, I haven't talked about a strategic review, Lauren. So, I'm not necessarily sure what you're referring to. All I've talked about is the revitalization strategy and what we're doing. On the revitalization strategy, where our focus is, where we're trying to build capabilities and where we're trying to take cost out of the business. And we tried to lay it out in the earnings release very clearly all the actions we've taken under those five pillars of our revitalization strategy. And that's our focus and I'm – we're all very pleased with the progress we've made right in the middle of a pandemic. So, feeling good about it.

Lauren R. Lieberman
Analyst, Barclays Capital, Inc.

Q

Great. Okay. Thanks so much.

Operator: This concludes the question-and-answer session. I would like to turn the conference back over to Mr. Tierney for closing remarks.

Greg Tierney
Vice President-FP&A and Investor Relations, Molson Coors Beverage Co.

All right. Thanks, operator. Appreciate everybody's attendance and all the questions. If you do have additional questions that we weren't able to take or that you weren't able to ask today, please follow up with our Investor Relations team. And then Tracey and I will look forward to, to taking you through as the year progresses.

With that, thanks very much and thanks for attending today.

Operator: The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.

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