

COORS ADOLPH CO  
Form DEFA14A  
October 01, 2004

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

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- Definitive Proxy Statement
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**Adolph Coors Company**

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(Name of Registrant as Specified In Its Charter)

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This filing consists of an investor presentation given on October 1, 2004 by Daniel J. O'Neill, President and Chief Executive Officer of Molson Inc., in connection with the proposed transaction between Adolph Coors Company and Molson Inc.

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Molson Coors Brewing Company  
*Reshaping the Competitive Brewing Landscape*

**Leo Kiely**  
President and  
Chief Executive Officer  
Coors Brewing Company

**Daniel J. O Neill**  
President and  
Chief Executive Officer  
Molson Inc.

October 2004

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## Forward Looking Statements

This presentation includes forward-looking statements within the meaning of the U.S. federal securities laws. Forward-looking statements are commonly identified by such terms and phrases as would, may, will, expects or expected to and other terms with similar meaning indicating possible future events or actions or potential impact on the businesses or shareholders of Adolph Coors Company and Molson Inc. (separately and together the Companies). Such statements include, but are not limited to, statements about the anticipated benefits, savings and synergies of the merger between Adolph Coors Company and Molson, Inc., including future financial and operating results, Coors and Molson's plans, objectives, expectations and intentions, the markets for Coors and Molson's products, the future development of Coors and Molson's business, and the contingencies and uncertainties to which Coors and Molson may be subject and other statements that are not historical facts. The presentation also includes information that has not been reviewed by the Companies' independent auditors. There is no assurance the transaction contemplated in this presentation will be completed at all, or completed upon the same terms and conditions described. All forward-looking statements in this presentation are expressly qualified by information contained in each company's filings with regulatory authorities. The Companies do not undertake to publicly update forward-looking statements, whether as a result of new information, future events or otherwise.

The following factors, among others, could cause actual results to differ materially from those set forth in the forward-looking statements: the ability to obtain required approvals of the merger on the proposed terms and schedule; the failure of Coors and Molson stockholders to approve the merger; the risk that the businesses will not be integrated successfully; the risk that the cost savings and any revenue synergies from the merger may not be fully realized or may take longer to realize than expected; and disruption from the merger making it more difficult to maintain relationships with customers, employees or suppliers. Additional factors that could cause Coors and Molson's results to differ materially from those described in the forward-looking statements can be found in the periodic reports filed by Coors with the Securities and Exchange Commission and available at the Securities and Exchange Commission's internet site (<http://www.sec.gov>). Neither Coors nor Molson undertakes and each specifically disclaims, any obligation to update or revise any forward-looking information, whether as a result of new information, future developments or otherwise.

Stockholders are urged to read the joint proxy statement/management information circular regarding the proposed transaction when it becomes available, because it will contain important information. Stockholders will be able to obtain a free copy of the joint proxy statement/management information circular, as well as other filings containing information about Coors, without charge, at the Securities and Exchange Commission's internet site (<http://www.sec.gov>). Copies of the joint proxy statement/prospectus and the filings with the Securities and Exchange Commission that will be incorporated by reference in the joint proxy statement/management information circular can also be obtained, without charge, by directing a request to Adolph Coors Company, 311 10th Street, Golden, Colorado 80401, Attention: Investor Relations, (303) 279-6565. The respective directors and executive officers of Coors and Molson and other persons may be deemed to be participants in the solicitation of proxies in respect of the proposed merger. Information regarding Coors's directors and executive officers is available in the 2003 Annual Report on Form 10-K filed with the Securities and Exchange Commission by Coors on March 12, 2004, and information regarding Molson's directors and executive officers will be included in the joint proxy statement/management information circular. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained the joint proxy statement/prospectus and other relevant materials to be filed with the Securities and Exchange Commission when they become available.

Molson's Vision Has Remained Consistent

1. To become one of the best performing brewers in the world, as measured by
2. To remain one of the best performing brewers in the world, as measured by
3. To regain the position as one of the best performing brewers in the world, as measured by

[GRAPHIC]

**Long Term Returns to Shareholders**

Molson Has Delivered Best in Class Returns to Shareholders in Last Five Years

**Last Five Fiscal Years**

[CHART]

**Fiscal 2004**

[CHART]

Source: Bloomberg

*Total returns in US\$ at March 31, 2004*

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*\* Since IPO November 2000*

Current Footprint has Experienced Challenges in Last Six Months Increasing Risks of Previous Plan

<b>Clear Priorities Exist in Each of the Existing Businesses</b>				
<b>Canada</b>	<b>Brazil</b>	<b>USA</b>	<b>Export Strategy</b>	<b>Growth Beyond Core M&amp;A Activity</b>
<b>Share Gain: Segments Regions Outlets</b>	<b>Share Gain: With price</b>	<b>Resolve growth strategy with Coors</b>	<b>Build international volume through focus on 2-3 investment markets</b>	<b>Address risks from continued market consolidation</b>
<b>Strategic Pricing</b>	<b>Volume</b>	<b>Gain import price status</b>		<b>Provide potential for sustained growth and shareholder value potential</b>
<b>Innovation</b>	<b>Distribution</b>	<b>Identify product portfolio</b>	<b>Seek to export to additional markets with limited investment of people or dollars</b>	
<b>Deliver P125</b>				
[GRAPHIC]	[GRAPHIC]	[GRAPHIC]	[GRAPHIC]	
<b>A-B like consistency</b>	<b>Achieve targets</b>	<b>Execute plan to become large</b>	<b>Growth driver</b>	
	<b>Three Year Focus / Immediate Priorities</b>			<b>Moved up in importance</b>

Global Industry Consolidation Driving Partners to Moves that Could Impact Molson Value

Interbrew / AmBev deal is a potential trigger for next wave of bigger consolidation moves

All players revisiting their M&A growth game plan

Mid-sized players realizing that they are likely sellers

Giants are awake: AB and Heineken could accelerate the consolidation

Molson's major partners (Coors, Heineken) very likely to be involved in major deals impacting their Canadian and US strategies

Consolidation Could Lead to Value Destruction  
 Most Immediate Impact with Coors and/or Heineken

**Potential Deals with Risk to Molson**

**Conflict with Molson Portfolio of Brands**

	⇒	<b>Interbrew/AmBev</b>	<b>Coors brand in Canada Molson brands in US</b>
<b>Coors</b>	⇒	<b>Heineken</b>	<b>Heineken and Coors brands in Canada Risk they go alone or team with other Cdn brewer</b>
	⇒	<b>SAB/Miller</b>	<b>Moderate risk in Canada US marginalized</b>
	⇒	<b>Anheuser-Busch</b>	<b>Heineken brand in Canada Increased domestic competition or pricing pressure</b>
<b>Heineken</b>	⇒	<b>Femsa</b>	<b>Modelo brands in Canada</b>

**Risk to Molson is not only immediate impact, but loss of choice and options: Molson must preempt the outcome**



Molson and Coors: The Right Combination

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[GRAPHIC]

&

[LOGO]  
[GRAPHIC]

North America's oldest brewer  
13<sup>th</sup> largest brewer in the world  
Leading position in Canada; opportunity in

Brazil

Established in 1873 by Adolph Coors  
8<sup>th</sup> largest brewer in the world  
Leading brands in US and UK beer growth  
markets

**Rich Brewing Heritage, Experienced Management, Leading Brands**

Merger Improves Likelihood of Regaining the Vision

To secure the current commercial relationship with Coors, which represents 20% of Molson's total shareholder value

To identify and obtain \$175 million in synergies, which would not be available to Molson otherwise:

Capitalizes on Molson's proven track record in delivering cost savings

To be able to drive top line sales in Canada through increased marketing investments behind Molson Canadian and Coors Light

To reduce the financial impact of Brazil, allowing Molson shareholders greater time to receive the payback from the Brazil investment

To expand brewing operations in Montreal and Toronto by adding 2M hl of beer: new jobs supported with new capital investment

Makes Perfect Sense

Creates top-5 brewer with the operational scale to succeed in the global brewing industry

Strong market positions in some of the world's largest beer markets

Broader geographic base provides diversified sources of revenue, profit and cash

Experienced management team to ensure smooth integration and capitalize on growth opportunities

126 years of consumer industry experience

Proven integration skills

Natural strategic and cultural fit

Complementary product lines and operational geography

Existing strong working relationships

Common values, operating philosophies and heritages

**Objective is to deliver top quartile shareholder returns**



With Broad Scope & Scale

Pro forma LTM net sales and EBITDA(1) of approximately US\$6.0 billion and US\$1.0 billion, respectively

Combined 2003 volume of 60M hl/51M US bbls

Combined product portfolio of more than forty brands

[GRAPHIC]

Distribution and/or licensing agreements with leading international brewers including Heineken, Grolsch, FEMSA, and Grupo Modelo

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(1) EBITDA represents earnings before interest, tax, depreciation and amortization.

Enhanced Platform in Developed Markets, Balanced Emerging Market Exposure

Strong positions in world's highest margin beer markets

Growth opportunities through underdeveloped regions/brands in mature markets and Brazil

**2003 Volume 60M hl**

[CHART]

**LTM Net Sales US\$6B**

[CHART]

**LTM EBITDA US\$1B**

[CHART]

- 
- (1) **Includes Coors America's segment**
  - (2) **Includes Coors Europe segment**

**Strong geographically diversified company**

With Leading Positions in Key Markets

Country	Top Brand	Rank	Market Share	All Brands Rank
Canada	[GRAPHIC]	#1	43%	#1
United Kingdom	[GRAPHIC]	#1	21%	#2
United States	[GRAPHIC]	#3	11%	#3
Brazil	[GRAPHIC]	#3	11%	#3

Source: Datamonitor and Brewers of Canada (2003)

**Strong brands in some of the world's largest beer markets**

Coors Growth Model

Leverage strength in high-share markets to grow more strong markets

U.S. 1<sup>st</sup>: distribution, 2<sup>nd</sup>: invest with distributors (50/205)

Drivers: YAM, Hispanic programming, trial channels

U.K. Scotland, SE/London, Carling X-Cold, Coors Fine Light

International:

Mexico: Export with FEMSA sales/distribution

China: largest global beer market (volume), 20 cities (no breweries)

Japan: Zima (Coors sales force)

**Reduce costs to reinvest against the front-end, grow returns on capital**



Coors Performance Overview: 2003

Improvements made in key areas of the business

Continued investments in future growth

Generated cash and exceeded debt repayment goals

Strengthened financial position; strengthened and grew returns on capital

**In the most recent fiscal year, Coors emerged a stronger company in a very tough year.**

Coors Americas Segment: Coors Brewing Company

Continued strong U.S. pricing environment

Share maintained in a flat, highly competitive beer market

Refined marketing strategy gaining traction with key demographic groups

Sales organization strengthened and making progress in key markets (Hispanic) and channels (national accounts, convenience stores)

Proven track record in improving efficiency and reducing cost of U.S. operations (Goal: US\$100mm in next 5 years)

Consistently able to generate cash, pay down debt

Canada: 7+% volume growth; 28% pretax income growth in 2003

Coors Europe Segment: Coors Brewers Limited

Carling #1 U.K. beer brand 30% larger than #2 brand

Significant improvements in balancing volume and margins

Achievements in productivity and cost reductions (new packaging lines in Burton, outsourcing of kegs and pub servicing)

Long-term market trends play to Coors strengths: growth in lagers, move toward off-premise/chains, where brand building is key

2003: Grew volume 7% and share 1.2 percentage points to 20.3%

In the UK, Consistent Strong Growth in Both the On-Trade

Owned Brand Market Share - On Trade

[CHART]

**On-Trade (~65% of CBL volume)**

and the Off-Trade

Owned Brand Market Share - Off-Trade

[CHART]

**Off-Trade (~35% of CBL volume)**

Balanced Board & Management Team

**Molson  
Independent**

**Chairman  
E. Molson**

**Coors  
Independent**

**Molson  
Independent**

**Office of Synergies & Integration**

**Coors  
Independent**

**Molson  
Independent**

**Vice Chairman  
D. J. O Neill**

**CEO  
L. Kiely**

**Coors  
Independent**

**Molson  
Family**

**Coors  
Family**

**Elected  
Independent**

**Elected  
Independent**

**Elected  
Independent**

**Coors  
Family**

## Synergies

	Expected Savings (US\$M)	% of Pro Forma Cost Base
<b>Brewery Network Optimization</b>	\$ 60	1.1%
<b>Procurement Savings</b>	43	0.8
<b>SG&amp;A</b>	40	0.8
<b>Best In Class Savings</b>	12	0.2
<b>Organizational Design</b>	10	0.2
<b>Other</b>	10	0.2
<b>Total</b>	\$ 175	3.3%

**Molson Coors has identified a clear path to substantial synergies**

Profit Impact and Estimated Timing

**Impact on EBITDA of 100% Synergies**

[CHART]

**Expected Timing of Synergies**

[CHART]

**50% of synergy capture to occur in the first 18 months**



## Significant Opportunity for Margin Expansion

	CY99	CY00	EBITDA to Net Sales CY01	CY02	CY03	Molson Coors Without Synergies	Molson Coors With 100% Synergies
<b>Molson*</b>	<b>18.3%</b>	<b>18.9%</b>	<b>20.3%</b>	<b>22.9%</b>	<b>22.8%</b>	<b>16.5%</b>	<b>19.5%</b>
<b>Coors</b>	<b>12.1%</b>	<b>12.2%</b>	<b>12.2%</b>	<b>14.1%</b>	<b>13.6%</b>		
AmBev	21.1%	28.7%	30.5%	36.9%	35.4%		
A-B	25.9%	26.4%	27.6%	28.2%	28.8%		
Interbrew	23.3%	21.2%	21.0%	21.0%	21.3%		
Heineken	17.2%	17.1%	17.5%	17.6%	20.2%		

\* Years aligned for comparison purposes; CY99 to CY01 as reported in F 02 annual report under the comparable basis; CY02 and CY03 exclude gains on sales and charges for rationalization

**US\$175M in synergies represent 300 basis points of margin improvement with significant opportunities for further margin expansion**

Revenue Growth Opportunities

**Canada**

Unleash Coors Light; redirect dollars from Canadian Light to Canadian

Support value entry to regain share and drive volume savings

Utilize the ARC technology from UK to drive on-premise listings

**USA**

Continue to support Coors Light in developmental regions, capitalizing on improving brand attribute ratings

Expand testing of Marca Bavaria

Leverage Molson Canadian, Zima, and Molson XXX in the complete US system

**UK**

Opportunity for Molson Lager

**Brazil**

Investigate the appeal of Coors Light

**Funding from synergies provides additional support for critical brands in key markets**

Enhanced Financial Strength

Pro Forma LTM Molson Coors

(US\$M)

Net sales	\$	6,036
Operating income		694
<i>Margin</i>		<i>11.5%</i>
EBITDA		996
<i>Margin</i>		<i>16.5%</i>
Free cash flow*		723

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\* Defined as EBITDA - CAPEX

CAD/USD exchange rate of 1.34

Excludes potential synergies

LTM (last twelve months) ended June 30, 2004

Substantially enhanced financial strength, and financial flexibility

Net Debt / LTM EBITDA ratio of 1.9x

LTM Interest coverage of 7.1x

US\$175M in identified synergies

**Financial strength and flexibility drives growth in revenue, profits and returns**



Molson Coors A Key Strategic Step

**Value Creation**

Transaction unlocks  
shareholder value through  
US\$175M of merger synergies

Experienced management  
team can deliver upon key  
objectives

**Critical Mass**

Creates top-5 brewer with  
global scale and diversity

Strong cash flow and balance  
sheet for further investment in  
business and Molson Coors  
future growth

**Vision**

Natural strategic and cultural  
fit new company to  
combine best of both  
organizations

Vision shared by family  
owners who have been  
growing the business for  
generations

Best-run global beer company

**Enhanced position in consolidating global brewing industry**

Q & A

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Supplemental Information

## Last Twelve Months Pro Forma Income Statement

(US\$M)	Molson	Coors	Pre-synergies	Combined \$175M Synergies
<b>Net sales</b>	<b>1,890</b>	<b>4,146</b>	<b>6,036</b>	<b>6,036</b>
<b>EBIT</b>	<b>365</b>	<b>331</b>	<b>696</b>	<b>871</b>
<i>Margin</i>	<i>19.3%</i>	<i>8.0%</i>	<i>11.5%</i>	<i>14.4%</i>
<b>EBITDA</b>	<b>413</b>	<b>585</b>	<b>998</b>	<b>1,173</b>
<i>Margin</i>	<i>21.8%</i>	<i>14.1%</i>	<i>16.5%</i>	<i>19.4%</i>
<b>Net income</b>	<b>187</b>	<b>174</b>	<b>361</b>	<b>475(1)</b>
<b>Free cash flow*</b>	<b>348</b>	<b>377</b>	<b>725</b>	<b>900</b>

LTM as of June 30, 2004

CAD/USD exchange rate of 1.34

Excludes purchase accounting adjustments

\* EBITDA Capex

(1) Synergies taxed at 35%

**Margin Expansion, Stronger Cash Flow, Increased Profits**



## Pro Forma Balance Sheet

(US\$M)	Molson		Coors		Combined	
Cash	\$	10.8	\$	36.2	\$	47.1
<b>Total current assets</b>	<b>\$</b>	<b>367.6</b>	<b>\$</b>	<b>1,128.5</b>	<b>\$</b>	<b>1,496.1</b>
PP&E		742.3		1,411.0		2,153.3
<b>Total assets</b>	<b>\$</b>	<b>2,931.2</b>	<b>\$</b>	<b>4,532.0</b>	<b>\$</b>	<b>7,463.1</b>
<b>Total current liabilities</b>	<b>\$</b>	<b>760.9</b>	<b>\$</b>	<b>1,175.9</b>	<b>\$</b>	<b>1,936.8</b>
Total debt		840.6		1,142.1		1,982.7
Minority interests		93.5		29.8		123.2
Shareholders equity		929.7		1,425.4		2,355.1
<b>Total liabilities and shareholders equity</b>	<b>\$</b>	<b>2,931.2</b>	<b>\$</b>	<b>4,532.0</b>	<b>\$</b>	<b>7,463.1</b>

As of June 30, 2004

CAD/USD exchange rate of 1.34

Excludes purchase accounting adjustments

**Low leverage provides Molson Coors the financial flexibility to grow**