

Date: October 9, 2012

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CIF Stock Recommendation Report (Fall 2012)

Company Name and Ticker: Molson-Coors Brewing Company (TAP)

Section (A) Summary

Recommendation Buy: Hold		Target Price: \$39.50	Stop-Loss Price: \$70.25
Sector: XLP	Industry: Beer & Breweries	Market Cap (in Billions): \$8.09897	# of Shrs. O/S (in Millions): 180.00
Current Price: \$44.30	52 WK Hi: \$46.35	52 WK Low: \$37.96	EBO Valuation: \$53.32
Morningstar (MS) Fair Value Est.: \$55.00	MS FV Uncertainty: Average	MS Consider Buying: \$38.50	MS Consider Selling: \$74.25
EPS (TTM):	EPS (FY1): 3.91	EPS (FY2): 4.07	MS Star Rating: 4
Next Fiscal Yr. End "Year": 2012 "Month": December	Last Fiscal Qtr. End: Less Than 8 WK: Yes	If Less Than 8 WK, next Earnings Ann. Date: November 7, 2012	Analyst Consensus Recommendation: Hold
Forward P/E: 10.88	Mean LT Growth: 4.25%	PEG: 2.65	Beta: 0.75
% Inst. Ownership: 18.7%	Inst. Ownership- Net Buy: Yes	Short Interest Ratio: 2.90	Short as % of Float: 2.50%
<u>Ratio Analysis</u>	<u>Company</u>	<u>Industry</u>	<u>Sector</u>
P/E (TTM)	14.91	174.37	40.59
P/S (TTM)	2.26	12.03	3.63
P/B (MRQ)	1.04	1.62	2.07
P/CF (TTM)	10.57	6.17	22.97
Dividend Yield	2.86	1.47	1.71
Total Debt/Equity (MRQ)	62.74	59.03	23.68
Net Profit Margin (TTM)	15.19	5.00	7.30
ROA (TTM)	3.71	3.42	4.09
ROE (TTM)	6.90	6.94	12.46

Investment Thesis

I propose to hold on buying Molson-Coors stock until earnings statements for the third quarter are released and a new plan for management of the Canada sector is put into place, or if the company announces another international expansion.

Summary

Molson-Coors is a brewing company that formed after the acquisition of Molson and Coors in 2005.

Company Profile:

Molson-Coors main strategy has involved mergers and acquisitions to obtain economies of scale in a competitive industry that is difficult to enter (at the scale of Molson-Coors and its competitors).

Fundamental Valuation:

As Molson-Coors has seen little growth over the last five years, it is assumed that the abnormal growth rate would last 2 years, yielding an implied price of \$53.32.

Relative Valuation:

The most useful ratios to consider for the XLP are P/E and Dividend Payout. P/E is significantly lower than competitors at 10.88, but Dividend Payout is comparable to competitors at 36.23%.

Revenue and Earnings Estimates:

Revenue is estimated to exceed recent years both annually and in the coming quarters. Earnings are estimated to increase overall annually, but decrease quarterly in comparison to same quarter, previous years.

Analyst Recommendations:

The majority of analysts recommend a hold on Molson-Coors' stock at this time.

Institutional Ownership:

The company's institutional owners of >5% make up 18.7% stake in the company.

Short Interest:

Short interest relates to events involving the company, with market sentiment becoming more bullish with the expansion into Europe in April 2012, and becoming more bearish with the announcement of the retirement of the President and CEO of the Canada segment within the last two weeks.

Stock Price Chart:

Stock price for Molson-Coors has stayed relatively stable over the past five years, characteristic of stocks in the XLP. Overall, it has generally underperformed in comparison to competitors during this time, with a brief exception during the financial crisis.

Section (B) Company Profile

Company Summary

Molson-Coors Brewing Company is a brewer made up of the 2005 merger between Molson, founded in 1786, and Coors, founded in 1873. Some of the brands they employ include Coors and Coors Light, Molson Canadian, Miller and Miller Light, Keystone, and Blue Moon. Molson-Coors operates in four segments: the Canada segment (making up approximately 40% share of the beer market in Canada), the United States segment (making up approximately 29% of the beer market in the United States), the United Kingdom segment (making up approximately 19% of the beer market in the United Kingdom), and the Molson-Coors International (MCI) segment.

A large part of the expansion and growth that has taken place within Molson-Coors since the 2005 merger has involved similar merger and acquisition type activities. In 2007, Molson-Coors and SABMiller announced a joint venture that would be known as MillerCoors in its United States operations. This joint venture allowed Molson-Coors to take advantage of economies of scale, as they were able to combine assets and therefore take part in more investment opportunities, as well as a larger portfolio of brands. The larger portfolio provides a simplified system for distributors to offer to retailers. Other activities of this nature include the purchase of Sharp's Brewery in the United Kingdom in 2011 and the acquisition of Starbev in 2012.

Business Model, Competition, Environment and Strategy

As listed on the Molson-Coors website, the company models the business around "a love of beer, a passion for building extraordinary brands, a dedication to innovation, [and] a business built on responsible practices." These four fundamentals outline what is important to the company, and their culture about how they do business.

The major competition Molson-Coors faces in their direct industry is Anheuser-Busch Companies, Inc. But outside of the beer industry, there are direct threats from substitute products from wine manufacturers, distilleries, and general beverage companies like Coca Cola. The target consumer to the beer industry is young adult men, and with the current unemployment rate within this demographic remaining high, there has been a decrease in the demand of beer recently; this has been coupled with an increased demand in substitute products like hard alcohol and wine from other consumers.

Concerning the environment of Molson-Coors, the competitive rivalry within the industry is high, and Anheuser-Busch has held approximately 48% of market share in recent years. The threat of substitute products is high, and consumers have been showing increasing

demand for substitutes like wine and hard alcohol. The threat of new entrants is low to moderate, as it is not entirely difficult for small scale entrepreneurs to enter the beer industry. But the threat of new entrants at the same scale as Molson-Coors is very low, as these startup breweries would take many years to establish their brand and gain exposure. The bargaining power of customers is relatively low; this could be disputed when taking large distributors into consideration (but their bargaining power would still remain fairly low). The bargaining power of suppliers is high. Molson-Coors, and companies with similar products, rely on products like wheat, barley, hops, and aluminum; all of which have had increasing prices in recent years. Agricultural products like wheat are expected to further increase in the near future due to the current drought.

As previously discussed, a major strategy employed by Molson-Coors since their merger in 2005 has been taking advantage of economies of scale through acquisitions, purchases, and joint ventures. Concerning their “dedication to innovation,” Molson-Coors has demonstrated their initiative to incorporating innovative changes in their packaging to enhance the customers’ experience—including their being the first to use a recyclable can and the more recent cold-activated bottles and cans used for Coors Light products.

Revenue and Earnings History

REVENUE

Periods	2010	2011	2012
March	661.0	690.4	691.4
June	883.3	933.6	999.4
September	875.0	954.4	
December	835.1	937.3	

Note: Units in Millions of U.S. Dollars

EARNINGS PER SHARE

Periods	2010	2011	2012
March	0.3312	0.43773	0.43698
June	1.26894	1.18803	0.57434
September	1.3714	1.04565	
December	0.59171	0.94777	

Note: Units in U.S. Dollars

Annual revenue for 2010 was \$3254.4 (million), and \$3515.7 (million) for 2011. For the first half of 2012, revenue was at \$1690.8 (million); \$66.8 million ahead of where revenues stood after the second quarter for 2011. In general, revenues appear to be increasing gradually each year, with the last three quarters significantly higher than first quarter reports. The second and third quarters include summer months and the type of weather that directly impacts beer sales, and the fourth quarter includes the holiday season's increased demand.

Annual Earnings were \$3.56325 for 2010, and \$3.61918 in 2011. Though there was an increase in earnings in 2011, it was quite small. As of right now, earnings for 2012 are at \$1.01132, down by \$0.61444 in comparison to this time last year. Similarly to revenues, the last three quarters (and in particular the second and third quarter) tend to have higher earnings than the first quarter, but this does not seem to be the case in 2012. As discussed before, summer months and good weather have an impact on beer sales. Poor weather/shifts in weather patterns, combined with drought conditions that cause an increase in the price of wheat this year have appeared to slow down earnings in 2012.

Section (C) Fundamental Valuation (EBO)

TAP	PARAMETERS	FY1	FY2	Ltg									
	EPS Forecasts	3.91	4.07	4.15%	Model 1: 12-year forecasting horizon (T=12), and a 7-year growth period.								
	Book value/share (last fye)	42.49											
	Discount Rate	7.75%			Please download and save this template to your own storage device You only need to input values to cells highlighted in "yellow" The rest of the spreadsheet is calculated automatically Please read "Guidelines for FundamentalValuation_ProfLee_Spreadsheet" file carefully								
	Dividend Payout Ratio (POR)	36.23%											
	Next Fisc Year end	2012											
	Current Fisc Mth (1 to 12)	10											
	Target ROE (industry avg.)	9.29%											
Year		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	Long-term EPS Growth Rate (Ltg)			0.0415	0.0415	0.0415	0.0415	0.0415					
	Forecasted EPS	3.91	4.07	4.24	4.41	4.60	4.79	4.99					
	Beg. of year BV/Shr	42.488	44.982	47.577	50.280	53.096	56.028	59.082					
	Implied ROE		0.090	0.089	0.088	0.087	0.085	0.084					
ROE	(Beg. ROE, from EPS forecasts)	0.092	0.090	0.089	0.088	0.087	0.085	0.084	0.086	0.088	0.090	0.091	0.093
Abnormal ROE	(ROE-k)	0.015	0.013	0.012	0.010	0.009	0.008	0.007	0.009	0.010	0.012	0.014	0.015
growth rate for B	(1-POR)*(ROEt-1)	0.000	0.059	0.058	0.057	0.056	0.055	0.055	0.054	0.055	0.056	0.057	0.058
Compounded growth		1.000	1.059	1.120	1.183	1.250	1.319	1.391	1.465	1.546	1.632	1.726	1.826
growth*AROE		0.015	0.014	0.013	0.012	0.011	0.011	0.010	0.013	0.016	0.020	0.024	0.028
required rate (k)		0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077
Compound discount rate		1.077	1.161	1.251	1.348	1.452	1.565	1.686	1.816	1.957	2.108	2.272	2.448
div. payout rate (k)		0.362											
Add to P/B	PV(growth*AROE)	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Cum P/B		1.01	1.03	1.04	1.04	1.05	1.06	1.07	1.07	1.08	1.09	1.10	1.11
Add: Perpetuity													
beyond current yr	(Assume this yr's AROE forever)	0.17	0.15	0.13	0.12	0.10	0.09	0.07	0.09	0.11	0.12	0.13	0.15
Total P/B	(P/B if we stop est. this period)	1.19	1.18	1.17	1.16	1.15	1.15	1.14	1.16	1.19	1.21	1.24	1.26
Implied price		53.74	53.32	52.94	52.57	52.22	51.87	51.54	52.58	53.65	54.75	55.87	57.02
Check:													
Beg. BV/Shr		42.49	44.98	47.58	50.28	53.10	56.03	59.08	62.26	65.68	69.36	73.32	77.58
Implied EPS		3.91	4.07	4.24	4.41	4.60	4.79	4.99	5.36	5.77	6.21	6.69	7.21
Implied EPS growth			0.041	0.042	0.041	0.042	0.042	0.042	0.075	0.076	0.076	0.077	0.078

Inputs (provide below input values used in your analysis)

EPS forecasts (FY1 & FY2): 3.91 & 4.07

Long-term growth rate: 4.15%

Book value /share (along with book value and number of shares outstanding):

Book value: \$7647.9

of shares outstanding: 180.00

Book value / share: \$42.49

Dividend payout ratio: 36.23%

Next fiscal year end: 2012

Current fiscal month: 10

Target ROE: 9.29%

Output

Above normal growth period chosen: 2 years

EBO valuation (Implied price from the spreadsheet): \$53.32

Sensitivity Analysis

EBO valuation would be (you can include more than one scenario in each of the following):

\$52.22 if changing above normal growth period to 5 years.

\$53.32 if changing growth rate from mean (consensus) to the highest estimate 5.00%.

\$53.32 if changing growth rate from mean (consensus) to the lowest estimate 4.00%.

\$74.76 if changing discount rate to 5.50%.

\$53.32 if changing target ROE to 10.0%.

Section (D) Relative Valuation

Copy/paste your completed relative valuation spreadsheet here

TAP

		Mean FY2											
Ticker	Name	Mkt Cap	Current Price	Earnings Estimate (next fiscal year)	Forward P/E	Mean LT Growth Rate	PEG	P/B (MRQ)	ROE 5 yr ave	Value Ratio	P/S TTM	P/CF TTM	
1	BUD	Anheuser-Busch	\$ 145,177.09	\$ 89.65	\$ 5.14	17.44	12.85%	1.36	3.83	9.29%	0.41	3.69	12.17
2	STZ	Constellation Brands, Inc.	\$ 6,420.34	\$ 36.35	\$ 2.00	18.18	10.77%	1.69	2.79	10.48%	0.27	2.42	11.67
3	BFB	Brown-Forman Corporati	\$ 14,041.75	\$ 66.45	\$ 2.65	25.08	11.47%	2.19	6.70	10.48%	0.64	3.84	23.79
4	KO	Coca Cola Company	\$ 173,684.20	\$ 38.58	\$ 2.19	17.62	7.50%	2.35	5.38	12.55%	0.43	3.66	16.18
	TAP	Molson Coors Brewing Cc	\$ 8,075.55	\$ 44.79	\$ 4.07	11.00	4.15%	2.65	1.03	9.29%	0.11	2.25	10.54
Implied Price based on:					P/E	PEG	P/B	Value	P/S	P/CF			
1	BUD	Anheuser-Busch			\$70.99	\$22.93	\$166.55	\$166.55	\$73.46	\$51.72			
2	STZ	Constellation Brands, Inc.			\$73.97	\$28.50	\$121.32	\$107.55	\$48.17	\$49.59			
3	BFB	Brown-Forman Corporation			\$102.06	\$36.93	\$291.35	\$258.27	\$76.44	\$101.10			
4	KO	Coca Cola Company			\$71.70	\$39.67	\$233.95	\$173.18	\$72.86	\$68.76			
		High			\$102.06	\$39.67	\$291.35	\$258.27	\$76.44	\$101.10			
		Low			\$70.99	\$22.93	\$121.32	\$107.55	\$48.17	\$49.59			
		Median			\$72.84	\$32.71	\$200.25	\$169.86	\$73.16	\$60.24			

In general, the multiples for Molson-Coors are quite different than the multiples for the four of its competitors, but when there are similarities, we see that the implied price (based on that multiple) tends to be similar to actual price, as well as the 52-week highs and lows for TAP. In particular, the PEG for TAP is a little higher than competitors, and therefore implied prices using competitors' multiples are in some instances half the actual price. The P/B ratio for Molson-Coors is a lot lower than competitors, and skyrockets implied prices up to nearly \$300 in some cases. But the P/S ratio for TAP is close to that of Constellation Brands (STZ), showing a similarity when comparing implied and actual price. We are able to see that as the P/S ratio is higher with the other three competitors, there is a direct correlation to the effect on price. Similarly, as the P/CF ratio for Anheuser-Busch (BUD) and Constellation Brands is near that of Molson-Coors, the implied prices calculated are in a close proximity to current actual prices of TAP.

The Forward P/E for TAP is much lower than competitors, causing the implied price to be much higher if TAP had these multiples itself. The Forward P/E ratio is one of the most important to pay attention to with Consumer Staples' Stocks, and is likely much lower for Molson-Coors than for competitors because of a decreasing demand for beer over the last few years. This has been coupled with a high and steady unemployment rate among young men, causing an expectation for margins to plateau. Poorer summer weather conditions also contribute to a decrease in beer sales. As the target demographic for Molson-Coors has suffered with unemployment, Molson-Coors has withstood the effects of an increase in the demand for wine, hard alcohol, and craft beer. Their effort to combat this has included adding craft beer lines like Tenth and Blake.

Along with the P/E ratio, it is important to make note of Dividend Payout for slow-growth stocks in the Consumer Staples sector, as dividends are a main factor many investors consider when deciding to purchase these stocks. In comparison to its most direct competitor, TAP provides 36.23% payout, while BUD had a Dividend Payout of 35.14% last year. In the same area, Brown-Foreman Corporation (BFB) had a Dividend Payout of 35.86%.

The valuation metric that appears to consistently provide outliers in implied price includes the P/B ratio. As previously discussed, the P/E ratio and dividend yield tend to be better indicators of price for stocks of this type, so it is not surprising that the price in comparison to book value of Molson-Coors would be higher using multiples from companies that have seen an increased demand for their specific type of products in recent years, as Molson-Coors has seen a general decline attributable to different economical and demographical factors.

The current price for TAP has hovered around \$44 recently, in comparison to the 52-week high of \$46.35, and the 52-week low of \$37.96. In general, we see that most all the valuation metrics (with the exception of PEG) would consider TAP incredibly undervalued at this time, as most implied prices calculated by their multiples are significantly higher than current actual price. It is of interest that the ratio taking into account the potential growth of the company would say the opposite, suggesting that Molson-Coors is worth less than its current price.

As was discussed previously, the P/E ratio and Dividend Payout for Consumer Staples firms is vital for valuation of the stock. The current P/E ratio for TAP demonstrates that in general, investors are willing to invest less per dollar of earnings generated, which puts Molson-Coors at a disadvantage. But in general, it is apparent that the Dividend Payout from Molson-Coors has been consistent with other competitors, which could impact the decision of investors who estimate growth from Molson-Coors in the future.

Section (E) Revenue and Earnings Estimates

HISTORICAL SURPRISES

Sales and Profit Figures in US Dollar (USD)

Earnings and Dividend Figures in US Dollar (USD)

Estimates vs Actual	Estimate	Actual	Difference	Surprise %
SALES (in millions)				
Quarter Ending Jun-12	934.88	999.40	64.52	+6.90
Quarter Ending Mar-12	703.83	691.40	12.43	-1.77
Quarter Ending Dec-11	920.92	937.30	16.38	+1.78
Quarter Ending Sep-11	946.35	954.40	8.05	+0.85
Quarter Ending Jun-11	953.59	933.60	19.99	-2.10
Earnings (per share)				
Quarter Ending Jun-12	1.19	1.38	0.19	+16.13
Quarter Ending Mar-12	0.42	0.47	0.05	+11.90
Quarter Ending Dec-11	0.69	0.97	0.28	+41.46
Quarter Ending Sep-11	1.25	1.14	0.11	-8.72
Quarter Ending Jun-11	1.29	1.23	0.06	-5.02

Molson-Coors has had some surprises recently, but the majority of surprises have been pleasant. In regards to Sales, three out of five quarters presented show actual sales higher than the estimated sales by 0.85% to 6.90%. But the surprises for Earnings per Share are much more drastic and notable. Similarly to Sales, there were three out of five quarters with positive surprises, but percent difference ranged from 11.90% to 41.46%. When examining the history of stock prices during these periods, it is apparent that positive surprises to Actual Sales has a

direct relation to what direction the stock price went to directly after the quarter ended. This relationship does not seem to be as correlated when taking Earnings per Share into consideration.

CONSENSUS ESTIMATES ANALYSIS

Sales and Profit Figures in US Dollar (USD)

Earnings and Dividend Figures in US Dollar (USD)

	# of Estimates	Mean	High	Low	1 Year Ago
SALES (in millions)					
Quarter Ending Dec-12	5	1,104.27	1,138.66	1,082.30	941.38
Quarter Ending Mar-13	3	854.23	870.45	841.21	721.90
Year Ending Dec-12	8	4,022.59	4,106.39	3,970.00	3,540.52
Year Ending Dec-13	8	4,515.39	4,640.24	4,384.80	3,572.05
Earnings (per share)					
Quarter Ending Dec-12	6	0.74	0.81	0.66	0.69
Quarter Ending Mar-13	5	0.38	0.40	0.37	0.52
Year Ending Dec-12	8	3.91	4.08	3.84	3.75
Year Ending Dec-13	9	4.07	4.22	3.95	4.04
LT Growth Rate (%)	2	4.15	5.00	3.30	--

	%Δhigh	%Δlow
SALES		
Q-End Dec-12	3.020217	-2.02994
Q-End Mar-13	1.863404	-1.54777
Year End Dec-12	2.040722	-1.32469
Year End Dec-13	2.690594	-2.97824
EPS		
Q-End Dec-12	8.641975	-12.1212
Q-End Mar-13	5	-2.7027
Year End Dec-12	4.166667	-1.82292
Year End Dec-13	3.554502	-3.03797
LTG Rate	17	-25.7576

There tends to be a higher discrepancy among analysts' estimates for the closer quarters (ending in December 2012) for both Sales and Earnings per Share than other time periods within each category. Otherwise, most deviations from the mean fall between 1% to 3% (with minor increases in some areas). One exception is the Quarter-End March 2013, with a 5% change from high estimate of Earnings per Share. There are far less analysts estimating Long Term Growth Rate—two analysts for LTG in comparison to the eight or more for the Year End estimates. The very extreme percentage change for the Long Term Growth Rate can be explained by the small amount of analysts' opinions, paired with the fact that these two analysts provided very different opinions (which averaged out to be rather different than each of their estimates).

CONSENSUS ESTIMATES TREND

Sales and Profit Figures in US Dollar (USD)

Earnings and Dividend Figures in US Dollar (USD)

	Current	1 Week Ago	1 Month Ago	2 Month Ago	1 Year Ago
SALES (in millions)					
Quarter Ending Dec-12	1,104.27	1,104.27	1,096.95	977.84	941.38
Quarter Ending Mar-13	854.23	854.23	849.93	766.25	721.90
Year Ending Dec-12	4,022.59	4,022.59	4,015.83	3,575.47	3,540.52
Year Ending Dec-13	4,515.39	4,515.39	4,501.24	3,711.75	3,572.05
Earnings (per share)					
Quarter Ending Dec-12	0.74	0.74	0.74	0.81	0.69
Quarter Ending Mar-13	0.38	0.38	0.38	0.47	0.52
Year Ending Dec-12	3.91	3.91	3.91	3.68	3.75
Year Ending Dec-13	4.07	4.07	4.05	3.83	4.04

The consensus trends have appeared to increase over time in regards to Sales, but have stayed relatively the same for Earnings. In particular, in all Sales estimates, there has been an increase in estimates for each of the updates presented in the table. These changes are most notable for the Year Ending December 2013, with estimates seeing an increase of nearly \$1 billion.

Earnings are a slightly different story, as estimates for all saw a decrease two months ago from the estimates made one year ago. For the quarter ends, Earnings declined again one month ago, but have stayed constant since; year ends saw increases above the estimates made one year ago, and have stayed relatively constant.

ESTIMATES REVISIONS SUMMARY

Number Of Revisions:	Last Week		Last 4 Weeks	
	Up	Down	Up	Down
Revenue				
Quarter Ending Dec-12	0	0	1	0
Quarter Ending Mar-13	0	0	1	0
Year Ending Dec-12	0	0	1	0
Year Ending Dec-13	0	0	1	0
Earnings				
Quarter Ending Dec-12	0	0	1	1
Quarter Ending Mar-13	0	0	0	0
Year Ending Dec-12	0	0	1	1
Year Ending Dec-13	0	0	2	0

In general, there have mainly been up revisions for Molson-Coors, all of which occurred in the last four weeks (but not in the most previous week). As there has generally only been one

revision for all time periods (with the exception of zero corrections in the Quarter Ending Mar-13 and two revisions for Year Ending Dec-13), there have not been any major notable differences, consistent with the relative stability of the Consumer Staples sector.

Based upon analyses conducted on Molson-Coors, I think that the company will meet the consensus estimates, but I do not expect them to beat them by a large margin. As discussed previously, Molson-Coors has been the victim to a decline in beer sales due to the impact unemployment has had on their target demographic, and though they have invested in branching into the Craft Beer market, I do not expect that this will cause investors to see such drastic results in their margins.

Over the past few months, TAP has seen a gradual, but modest increase in its stock price, which took a somewhat steep decline (for a stock of this kind, taking into consideration its current price) at the close of the third quarter. This suggests to me that the market does not expect much more noteworthy growth from Molson-Coors in the future, and it is likely that investors have low expectations of Molson-Coors' performance this past quarter.

Section (F) Analysts' Recommendations

ANALYST RECOMMENDATIONS AND REVISIONS

1-5 Linear Scale	Current	1 Month Ago	2 Month Ago	3 Month Ago
(1) BUY	0	0	0	0
(2) OUTPERFORM	1	1	1	1
(3) HOLD	6	7	6	6
(4) UNDERPERFORM	2	1	1	1
(5) SELL	0	0	0	0
No Opinion	0	0	0	0
Mean Rating	3.11	3.00	3.00	3.00

Overall, the majority of analysts' recommendations regarding Molson-Coors have recommended holding. Currently, and one month ago, there were nine analysts contributing, in comparison to eight analysts two and three months ago. The stock has seen some improvements over the last quarter, but none noteworthy enough to strongly advise buying or selling (not turning bullish or bearish). Most analysts on Reuters have a converging opinion toward holding, with one to two analysts seeing the stock as under- or overvalued at any one time—in general, TAP has neither exceeded nor failed to meet expectations recently. While currently the advice on TAP is to hold, there are some expectations that the beer industry will pick up in the coming quarters, and if it begins to do so, that is when to buy.

Section (G) Institutional Ownership

TAP

Ownership Activity	# of Holders	% Beg. Holders	Shares	% Shares
Shares Outstanding			156,161,163	100.00%
# of Holders/Tot Shares Held	511	100.99%	124,882,082	79.97%
# New Positions	10	1.98%		
# Closed Positions	5	0.99%		
# Increased Positions	18	3.56%		
# Decreased Positions	15	2.96%		
Beg. Total Inst. Positions	506	100.00%	124,844,662	79.95%
# Net Buyers/3 Mo. Net Chg	3	54.55%	37,420	0.02%

Ownership Information	% Outstanding
Top 10 Institutions % Ownership	34.00%
Mutual Fund % Ownership	0.93%
Float %	68.58%

> 5% Ownership		
Holder Name	% Outstanding	Report Date
Adolph Coors Company, LLC	13.7	4/2/2012
Capital Research Global Investors	5	6/30/2012

On a net basis, there has been a minor increase in net buyers (3 net buyers), accounting for only a 0.02% change in shares since March. This could be indicative of a move toward a bullish attitude toward Molson-Coors, but until the most recent quarter's earnings statements are released, it appears that investors are going to continue to hold and wait to see what Molson-Coors' next move is. There are only two institutions that make up the owners with more than 5% stake in the company, one being Adolph Coors Company, LLC, and the other being Capital Research Global Investors. Together, these two make up 18.7% of shares outstanding. Overall, institutional ownership above 5% does not appear to have a large impact on Molson-Coors, though there are several institutional owners that hold smaller stake in the company.

Section (H) Short Interest

Settlement Date	Short Interest	Avg Daily Share Volume	# of Days to Cover
9/14/12	3,350,126	1,074,932	3.116593
8/31/12	3,195,401	1,136,946	2.810513
8/15/12	3,284,464	1,390,216	2.362557
7/31/12	2,580,535	890,326	2.898416
7/13/12	2,109,243	891,983	2.364667
6/29/12	1,769,294	944,615	1.873032
6/15/12	2,074,373	1,105,596	1.876249
5/31/12	3,193,755	1,223,798	2.609708
5/15/12	3,286,638	1,470,385	2.235223
4/30/12	3,000,715	1,306,907	2.296043
4/13/12	3,292,127	2,810,264	1.171465
3/30/12	2,163,500	1,294,716	1.671023
3/15/12	2,041,515	1,129,005	1.808243
2/29/12	1,565,180	1,321,369	1.184514
2/15/12	1,787,893	849,135	2.105546
1/31/12	1,881,961	1,070,095	1.758686
1/13/12	2,549,001	923,234	2.760948
12/30/12	2,170,938	903,187	2.403642
12/15/12	2,005,041	1,298,675	1.543913
11/30/12	1,488,822	1,144,133	1.301267
11/15/12	1,847,964	1,501,011	1.231146
10/31/12	1,695,809	1,249,214	1.357501
10/14/12	2,431,032	1,065,436	2.281725



Avg Vol (3 month)	Avg Vol (10 day)	Shares Outstanding	Float
1,166,040	2,055,220	180.95	149.48
Shares Short (as of Sep 14, 2012)	Short Ratio (as of Sep 14, 2012)	Short % of Float (as of Sep 14, 2012)	Shares Short (2 weeks prior)
3.35M	2.90	2.50%	3.20M

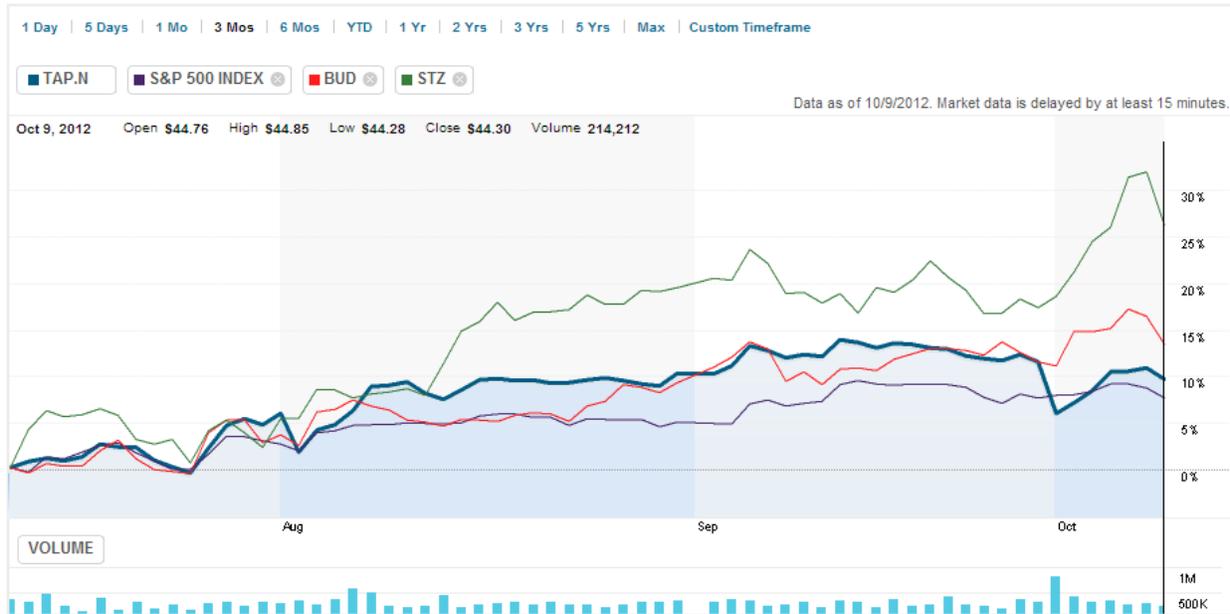
In the past year, Molson-Coors has seen modest increases and decreases in its number of days to cover, suggesting moves toward a more bullish sentiment in some cases and more bearish sentiment in others. One particular noteworthy bullish improvement occurred in April, in relation to the acquisition of Starbev and international expansion into Europe. The decrease in days to cover was an indication that the sentiment had improved and investors had a more positive outlook on the company.

The recent decrease seen at the end of the third quarter indicated a turn to a more bearish sentiment to Molson-Coors. This is likely attributable to a press release from September 27th, announcing Molson-Coors Canada, Inc. President and CEO's planned retirement for January 31st, 2013. This uncertainty created a bearish retraction of investors, apparent in the decrease in stock price seen in the coming days.

The 2.50% short of float as of September 14th indicates a fair level of negative sentiment with Molson-Coors. This is somewhat surprising, as the company reached a new 52-week high the previous day. Molson-Coors is currently locked into a 3-year contract with the Molson-Coors' Growers Group on grain prices. Prices are updated at the beginning of the year, but anticipated increases with the new year approaching could already be creating a negative sentiment, especially when combined with uncertainty of new management for the Canada segment.

Section (I) Stock Charts

A Three Months Price Chart



When taking a closer look at the last three months, and comparing Molson-Coors to the S&P500, Anheuser-Busch, and Constellation Brands, all firms outperformed the market the majority of the time, with an exception to the dip in price TAP saw at the beginning of the current month. While the three firms all hovered near the market for the first month, the true leader among the three firms has been STZ since mid-August.

A One Year Price Chart



When the time frame is expanded to take into account the entire last year, we are able to see that while TAP has stayed relatively stable with minor growth, it has performed under the S&P500 and well below BUD and STZ. BUD and STZ have both overall seen more than 60% growth, while TAP has seen less than 10%. This is indicative to the strategy to hold this stock until it proves worthy of buying or selling.

A Five Year Price Chart



With the examination of the last five years, results are more dismal. Taking into account the recession and financial crisis over this period of time, TAP fared the poor economy better than the S&P500 and STZ (BUD was not listed on the New York Stock Exchange until 2009). But as the economy has seen gradual improvements, TAP has lagged behind, with overall negative growth, more extreme than that of the market overall. Over this period of time, BUD has seen rapid growth at a total of more than 100% and never fallen below its starting price. The rapid growth of STZ at the end of the second quarter this year brought it back to positive growth for the first time, ultimately leading it to nearly 50% growth in the last five years.