



## **MILLERCOORS DELIVERS 7.4% UNDERLYING NET INCOME GROWTH IN FIRST QUARTER**

### ***Brewer Gains Market Share in Above Premium, Premium Lights***

**May 7, 2014 (London and Denver)** – SABMiller plc (LN:SAB; OTC:SABMRY) and Molson Coors Brewing Company (NYSE: TAP; TSX: TPX) reported that MillerCoors first quarter underlying net income grew 7.4 percent to \$291.9 million versus the same period in the prior year. This income growth was driven by positive pricing and sales mix, cost savings, and lower marketing spending, primarily due to timing differences versus last year.

“In the first quarter, we continued to gain share in the high-margin and fast-growing Above Premium space with Miller Fortune and the Redd’s franchise,” said MillerCoors Chief Executive Officer Tom Long. “In Above Premium, we are expanding the category and attracting new legal drinking age consumers to beer with our innovations and brands like Leinenkugel’s and Blue Moon. The key to our success will be our performance in Premium Lights, which have been particularly challenged recently, including in the first quarter. We have made Miller Lite more relevant for millennials by bringing back the Original Lite Can, and we gained share in the Premium Light segment. This month, we will continue to engage legal drinking age millennials around Premium Lights with the release of Coors Light’s first line extension, Coors Light Summer Brew.”

### **First Quarter Highlights**

Unless otherwise indicated, all amounts are in U.S. dollars and calculated in accordance with accounting principles generally accepted in the U.S. (U.S. GAAP). All percentages are versus the prior year comparable period and include MillerCoors operations in the U.S. and Puerto Rico.

- Underlying net income, a non-GAAP measure, increased 7.4 percent to \$291.9 million for the first quarter.
- Total net sales increased 0.1 percent to \$1.790 billion.
- Domestic net revenue per barrel, excluding contract brewing and company-owned distributor sales, increased 3.3 percent.
- Total cost of goods sold (COGS) per barrel increased 3.8 percent.
- Domestic sales-to-retail (STRs) decreased 3.4 percent.
- Domestic sales-to-wholesalers (STWs) decreased 3.0 percent.

## **Brand Highlights for the First Quarter**

Premium Light portfolio STRs declined mid-single digits but still gained segment share in the first quarter, according to Nielsen.

Coors Light declined mid-single digits in the first quarter. The brand will connect with legal drinking age millennial consumers in 2014 by introducing new, cutting-edge designs on packaging each trimester. Last week, Coors Light introduced its first line extension, Coors Light Summer Brew, which will be available exclusively in 10 ounce cans while supplies last. Coors Light will engage sports fans and Latino consumers by continuing its partnership with the LigaMx soccer league and through advertising during this year's World Cup broadcasts from Brazil.

Miller Lite declined mid-single digits in the first quarter, but achieved a high-single digit trend improvement in can STRs versus the fourth quarter of 2013. The brand brought back the Original Lite Can in the first quarter to tell the story of Miller Lite's authenticity to a new generation of legal age beer drinkers. Based on these strong results, the Original Lite Can will be in-market through September, and an updated design inspired by the brand's original look will be unveiled in October across all packaging. This summer, Miller Lite will launch its "Miller Time for America" campaign, which will encourage consumers to engage with the brand online for a chance to have their photos included in a national television commercial.

Above Premium portfolio STRs grew high teens in the first quarter and ahead of the industry in the segment. Innovations delivered excellent volume and value growth in Above Premium, led by Miller Fortune and the Redd's franchise. Launched in February, Miller Fortune was supported with strong distribution and gained a 0.3 share of total industry volume in March, according to Nielsen. The Redd's franchise performed well in the first quarter, more than doubling its volume versus the prior year, and Redd's Apple Ale continues to be one of the fastest growing brands in the U.S. beer category.

Overall, Tenth and Blake Beer Company declined mid-single digits, driven by double-digit declines in Blue Moon seasonals, Henry Weinhard's, Killian's and Batch 19. This was partially offset by double-digit growth of the Leinenkugel's franchise and low-single digit growth of Blue Moon Belgian White, which extended its run of 74 consecutive quarters of growth. Leinenkugel's Shandy variants continued to capture the most absolute volume growth among all craft brands in the quarter, according to Nielsen.

Coors Banquet grew mid-single digits in the first quarter and has grown for over seven consecutive years. In 2014, the brand launched one of the biggest media plans in its history, and Coors Banquet television advertising will air nationally throughout the year. Coors Banquet will continue to tell its story of timeless Western masculinity with four new can designs in market from April through June.

In April 2014, Miller High Life and Keystone Light returned to television with national advertising campaigns for the first time since 2012, and Keystone Light is continuing its partnership with the FLW Walmart Bass Fishing Tour Series.

### **Financial Highlights for the First Quarter**

Domestic net revenue per barrel grew 3.3 percent for the quarter as a result of favorable net pricing and positive brand mix.

Total company net revenue per barrel, including contract brewing and company-owned distributor sales, increased 3.4 percent. Third-party contract brewing volumes were down 4.5 percent.

Total COGS per barrel increased 3.8 percent, driven by commodity and brewery inflation, lower volume, and higher costs associated with brand innovation.

Marketing, general and administrative costs decreased by 6.4 percent. The decrease was driven primarily by timing of media investments and lower employee-related expenses.

MillerCoors achieved \$42 million of cost savings in the first quarter, primarily related to procurement savings, brewery efficiencies and lower overhead costs.

Depreciation and amortization expenses for MillerCoors in the first quarter were \$79.1 million, and additions to tangible and intangible assets totaled \$107.2 million.

Special items in the quarter included restructuring related costs of \$0.7 million.

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## Overview of MillerCoors

Through its diverse collection of storied breweries, MillerCoors brings American beer drinkers an unmatched selection of the highest quality beers steeped in centuries of brewing heritage. Miller Brewing Company and Coors Brewing Company offer domestic favorites such as Coors Light, Miller Lite, Miller High Life and Coors Banquet, as well as innovative new products such as Miller Fortune. Tenth and Blake Beer Company, our craft and import division, offers beers such as Leinenkugel's Summer Shandy from sixth-generation Jacob Leinenkugel Brewing Company and Blue Moon Belgian White from modern craft pioneer Blue Moon Brewing Company. Tenth and Blake also operates Crispin Cidery, an artisanal maker of pear and apple ciders using 100 percent fresh-pressed American juice. The company imports world-renowned beers such as Italy's Peroni, the Czech Republic's Pilsner Urquell, Canada's Molson Canadian and the Netherlands' Grolsch. MillerCoors also offers pioneering new brands such as Redd's Apple Ale, Batch 19 Pre-Prohibition Lager, Third Shift Amber Ale and Smith & Forge Hard Cider. MillerCoors seeks to become America's best beer company through an uncompromising promise of quality, a keen focus on innovation and a deep commitment to sustainability. MillerCoors is a joint venture of SABMiller plc and Molson Coors Brewing Company. Learn more at MillerCoors.com, at facebook.com/MillerCoors or on Twitter through @MillerCoors.

## Overview of SABMiller

SABMiller plc is one of the world's leading brewers with more than 200 beer brands and some 70,000 employees in over 75 countries. The group's portfolio includes global brands such as Pilsner Urquell, Peroni Nastro Azzurro, Miller Genuine Draft and Grolsch; as well as leading local brands such as Aguila (Colombia), Castle (South Africa), Miller Lite (USA), Snow (China), Victoria Bitter (Australia) and Tyskie (Poland). SABMiller also has growing soft drinks businesses and is one of the world's largest bottlers of Coca-Cola products.

In the year ended 31 March 2013, SABMiller reported group lager volumes of 242 million hectolitres, group net producer revenue of US\$26,932 million and EBITA of US\$6,379 million. SABMiller plc is listed on the London and Johannesburg stock exchanges.

On 17th October 2013 SABMiller announced new and revised reporting metrics in which a new reporting metric 'group net producer revenue' and a restatement of the calculation of EBITA, among other things, were explained. These new and revised metrics are included above for the year ended 31 March 2013.

Further information is also available on

[www.sabmiller.com](http://www.sabmiller.com)

[www.facebook.com/sabmiller](https://www.facebook.com/sabmiller)

[www.twitter.com/sabmiller](https://www.twitter.com/sabmiller)

[www.youtube.com/sabmiller](https://www.youtube.com/sabmiller)

## Overview of Molson Coors

Molson Coors Brewing Company is one of the world's largest brewers. It brews, markets and sells a portfolio of leading premium quality brands such as Coors Light, Molson Canadian, Blue Moon, Staropramen, Carling, Coors Banquet and Keystone Light in North America, Europe and Asia. For more information regarding Molson Coors Brewing Company, visit the company's web site:

[www.molsoncoors.com](http://www.molsoncoors.com).

## **Forward-Looking Statements**

*This press release includes “forward-looking statements” within the meaning of the U.S. federal securities laws, and language indicating trends, such as “anticipated” and “expected.” It also includes financial information, of which, as of the date of this press release, the Companies’ independent auditors have not completed their audit. Although the Companies believe that the assumptions upon which their respective financial information and their respective forward-looking statements are based are reasonable, they can give no assurance that these assumptions will prove to be correct. Important factors that could cause actual results to differ materially from the Companies’ projections and expectations are disclosed in Molson Coors’ filings with the Securities and Exchange Commission or in SABMiller’s annual report and accounts for the year ended March 31, 2013, and in other documents which are available on SABMiller’s website at [www.sabmiller.com](http://www.sabmiller.com). These factors include, among others, changes in consumer preferences and product trends; price discounting by major competitors; failure to realize anticipated results from cost saving initiatives; and increases in costs generally. All forward-looking statements in this press release are expressly qualified by such cautionary statements and by reference to the underlying assumptions. Neither SABMiller nor Molson Coors undertakes to update forward-looking statements relating to their respective businesses, whether as a result of new information, future events or otherwise. You should not place undue reliance on any forward-looking statement. Neither SABMiller nor Molson Coors accepts any responsibility for any financial information contained in this press release relating to the business or operations or results or financial condition of the other or their respective groups.*

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## MillerCoors Results and Related Reconciliations

The table below reconciles net income attributable to MillerCoors, reported in accordance with U.S. GAAP as used for inclusion within Molson Coors reported results, to MillerCoors EBITA as used for inclusion within SABMiller's reported results in accordance with IFRS as adopted by the European Union. Underlying net income and EBITA are non-GAAP measures. Management of both companies believes that underlying net income and EBITA provide shareholders with a useful basis for assessing the profit performance of MillerCoors. There are limitations to using non-GAAP financial measures, including the difficulty associated with comparing companies that use similarly named non-GAAP measures whose calculations may differ between companies.

(In millions of \$U.S.)	Three Months Ended	
	Mar 31, 2014	Mar 31, 2013
<b>U.S. GAAP:</b> Net Income Attributable to MillerCoors	\$ 291.2	\$ 271.9
Plus: Special/Exceptional Items <sup>1</sup>	0.7	-
<b>Non-GAAP Underlying Net Income</b>	\$ 291.9	\$ 271.9
Plus: Adjustments to IFRS Underlying EBITA-Reported <sup>2</sup>	24.0	28.0
Less: Restatement Adjustments to IFRS Underlying EBITA-Restated <sup>3</sup>	-	(15.1)
<b>IFRS:</b> MillerCoors underlying earnings before interest, taxes and amortization excluding exceptional items (EBITA-Restated <sup>4</sup> )	\$ 315.9	\$ 284.8
Percent change versus prior year MillerCoors underlying EBITA-Restated <sup>4</sup>	10.9%	

<sup>1</sup>Current year Special/Exceptional items include restructuring related costs.

<sup>2</sup>U.S. GAAP Underlying net income to IFRS EBITA adjustments relate to differing treatment of step-up depreciation, pension, post-retirement benefits, consolidation of container joint ventures, share-based compensation, severance expenses and certain special items between U.S. GAAP and IFRS. Amortization of intangible assets, interest, taxes and non-controlling interest have been removed to arrive at underlying EBITA.

<sup>3</sup>With effect from April 1, 2013, SABMiller adopted the amended IAS 19, "Employee Benefits." The accounting standard has been applied retrospectively and SABMiller's fiscal year ended March 31, 2013 results have been restated accordingly.

<sup>4</sup>EBITA-Earnings Before Interest, Taxes, and Amortization, excluding exceptional items.

**MILLERCOORS LLC**  
**RESULTS OF OPERATIONS**  
(VOLUMES IN THOUSANDS, DOLLARS IN MILLIONS \$US)  
(UNAUDITED)

**U.S. GAAP**

	<b>Three Months Ended</b>	
	<b>Mar 31, 2014</b>	<b>Mar 31, 2013</b>
STW volume in barrels	14,051	14,514
Sales	\$ 2,050.1	\$ 2,056.7
Excise taxes	(259.7)	(268.4)
Net sales	1,790.4	1,788.3
Cost of goods sold	(1,094.1)	(1,088.7)
Gross profit	696.3	699.6
Marketing, general and administrative expenses	(398.1)	(425.1)
Special items, net	(0.7)	-
Operating income	297.5	274.5
Interest income (expense), net	(0.3)	(0.5)
Other income (expense), net	0.3	0.8
Income before income taxes and non-controlling interests	297.5	274.8
Income taxes	(1.9)	(0.4)
Net income	295.6	274.4
Net income attributable to non-controlling interests	(4.4)	(2.5)
Net income attributable to MillerCoors LLC	\$ 291.2	\$ 271.9