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Molson Coors Brewing Corporation Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Kaumil Gajrawala – UBS.

Kaumil Gajrawala – UBS

As it relates to some of the promotional activity in Canada do you feel that this is something that was just hot pricing on a particular product for a couple of months at a retailer or is this something that you feel might be more of a change in strategy from your competitor?

Stewart Glendinning

Kaumil, are you talking about Quebec now I presume?

Kaumil Gajrawala – UBS

Yes, Quebec.

Stewart Glendinning

No, this has been going on for – the discounting started just prior to the summer and it's not on one or two products at this point so it's been fairly broad. I would say that the industry has been through these before and the length of time that the discounting takes place varies from time period to time period but we have particularly in the fourth quarter we did slightly pull back from our discounting and we were unsuccessful in changing the market conditions. We will continue to do what is right for both our brand and the company.

Kaumil Gajrawala – UBS

As we think about the Montreal brewery moving Blue Moon out plus standing firm on pricing, the impact on volumes that might have, is there a need for maybe a broader cut in capacity in that region?

Stewart Glendinning

What we did when we loss the Blue Moon volume was we made headcount changes there and actually we've been able to totally offset the cost that we would have incurred with losing that volume so we don't foresee anything more at this point in time.

Operator

Your next question comes from Judy Hong – Goldman Sachs.

Judy Hong – Goldman Sachs

Kevin, I just wanted to follow up on Canada because it sounds like the industry volume has softened and the competitive environment is still pretty intense and I'm just not sure what really gets better as you kind of think about the 2009 and whether you're looking at perhaps reinvesting a lot more of potential cost savings to reinvigorate volume in that market.

Kevin T. Boyce

It's a bit of a tough call right now Judy. If you stand back and look at the industry in 2008, the industry actually grew 1.1%. So, over the last 10 years it's grown 1% so that's been very consistent. There was some softness in the fourth quarter where it grew about a half a point. That, we believe, was driven by a number of factors but there was a very difficult weather season right around the Christmas time period which would have hurt the industry at a very important time.

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