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Molson Coors Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Our first question comes from Christine Farkas from Merrill Lynch. Your line is open.

Christine Farkas - Merrill Lynch

Thank you very much. I am hoping I can get a little bit more color on Canada. We are hearing, Kevin, a little bit more widespread discounting occurring in Quebec and it's of course hard to read across all the retailers what the depth of that is. Can you comment on the environment there and how it looks in other provinces? And just on the back of that, is there an Alberta tax that could impact industry volumes coming up? Thank you.

Kevin T. Boyce

Thanks, Christine. Let's start with Quebec where I'd say it's fair to say in the last three to four months, it's extended a little bit more into the independent trade. Having said that, there has been, as you are familiar with, there is a minimum price change every year in Quebec, so the minimum price has actually been adjusted up. And we took a fairly conservative approach early in the quarter, certainly as we went into March and April we've adjusted our plans and we've seen a nice bounce back in volume. So as we look forward, we've got we believe the right programs in place. We've adjusted our costs where appropriate. We continue to have good support, marketing, and sales support in our brands, so we are confident that the plans we have in place are the right mix of both driving equity but also being price competitive in that marketplace.

If you look across the rest of the provinces, I'd say the general comment, pricing has been taken, that maybe discounting is a little bit more aggressive, a little bit in the west but I would have to say nothing in the context of what I think people are looking at with respect to Quebec and yes, there is a tax change in Alberta that was just enacted in the latest budget.

Christine Farkas - Merrill Lynch

Now can you help me, Kevin, with the currency? I'm under the impression there were some natural hedges but we are seeing a 20% hit on your profit line and also about a 20% hit on total TAP pretax, so I am trying to understand where there might have been a benefit. Can you give us the top line hit on Canadian FX and maybe how the rest of the P&L might have offset some of that increase?

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