



NEWS RELEASE

Molson Coors Reports 2018 Third Quarter Results

*Net Sales Increased 1.8%, Financial Volumes and Net Sales/HL Improved,
Worldwide Brand Volumes Down 1.0%,
U.S. GAAP Net Income and Underlying EBITDA Delivered Growth*

*EPS (U.S. GAAP) of \$1.56 Increased 17.3%, and
Underlying EPS (Non-GAAP) of \$1.84 Increased 34.3%, versus prior year*

*Management Increases Cost Savings Guidance, Reaffirms Dividend Expectations
Remains Committed to Full-Year Free Cash Flow and Deleveraging Targets*

DENVER, Colo., and MONTREAL, Quebec – October 31, 2018 – Molson Coors Brewing Company (NYSE: TAP; TSX: TPX) today reported results for the 2018 third quarter. Molson Coors president and chief executive officer Mark Hunter said:

"This quarter reflects progress on a number of fronts as we drive our consistent First Choice strategy of earning more, using less and investing wisely as brand volume grew in developed and developing markets outside of North America, NSR/HL grew globally, and we grew underlying EBITDA in constant currency in each of our four business units."

Mark continued, "The volume growth we are seeing outside North America is driven by consistency of our First Choice strategy, the breadth and depth of our global brand portfolio and a positive industry. Europe, our second largest business unit by volume, is growing consistently and accelerating the pace of portfolio premiumization while our International business unit, led by the Latin American markets, posted mid-teens growth due to the strong performance of our global brands, led by Coors Light and the Miller Trademark brands of MGD, Miller Lite and Miller High Life.

In the U.S., brand volumes or STRs were below industry volumes. As we have indicated, improving our volume performance in the U.S. is a priority and the first step is to improve our share performance through Coors Light and accelerated premiumization of the portfolio.

Additionally, across Molson Coors we are over delivering on our synergy and cost savings program to counter higher than anticipated commodity inflation and maintain our deleveraging commitment and dividend plan."

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Consolidated Performance - Third Quarter 2018

(\$ in millions, except per share data) (Unaudited)	Three Months Ended				
	September 30, 2018	September 30, 2017	Reported % Increase (Decrease)	Foreign Exchange Impact (\$)	Constant Currency % Increase (Decrease) ⁽²⁾
Net Sales	\$ 2,934.2	\$ 2,883.2	1.8%	\$ (22.4)	2.5%
U.S. GAAP Net income (loss) ⁽¹⁾	\$ 338.3	\$ 287.0	17.9%		
<i>Per diluted share</i>	\$ 1.56	\$ 1.33	17.3%		
Underlying (Non-GAAP) Net income (loss) ⁽²⁾	\$ 398.5	\$ 296.5	34.4%		
<i>Per diluted share</i>	\$ 1.84	\$ 1.37	34.3%		
Underlying EBITDA (Non-GAAP) ⁽²⁾	\$ 756.7	\$ 688.6	9.9%	\$ (8.1)	11.1%

(\$ in millions, except per share data) (Unaudited)	Nine Months Ended				
	September 30, 2018	September 30, 2017	Reported % Increase (Decrease)	Foreign Exchange Impact (\$)	Constant Currency % Increase (Decrease) ⁽²⁾
Net Sales	\$ 8,350.9	\$ 8,423.2	(0.9)%	\$ 89.2	(1.9)%
U.S. GAAP Net income (loss) ⁽¹⁾	\$ 1,040.5	\$ 825.4	26.1 %		
<i>Per diluted share</i>	\$ 4.80	\$ 3.81	26.0 %		
Underlying (Non-GAAP) Net income (loss) ⁽²⁾	\$ 908.9	\$ 835.8	8.7 %		
<i>Per diluted share</i>	\$ 4.20	\$ 3.86	8.8 %		
Underlying EBITDA (Non-GAAP) ⁽²⁾	\$ 1,966.0	\$ 2,015.6	(2.5)%	\$ 7.7	(2.8)%

(1) Net income (loss) attributable to MCBC.

(2) See Appendix for definitions and reconciliations of non-GAAP financial measures.

Quarterly Highlights *(versus Third Quarter 2017 Results)*

- **Net sales:** \$2.9 billion, increased by 1.8 percent, driven by positive global net pricing in all segments, higher financial volume in Europe, U.S. and Canada and favorable mix in Europe, partially offset by unfavorable foreign currency movements and the adoption of the new revenue recognition accounting standard (discussed in the Appendix below). Net sales in constant currency increased 2.5 percent.
- **Net sales per HL:** \$110.67 on a reported financial-volume basis, increased 0.9 percent. **Net sales per HL on a brand volume basis⁽¹⁾** in constant currency increased by 0.4 percent, driven by positive global net pricing as well as favorable mix in Europe, partially offset by the adoption of the new revenue recognition accounting standard.
- **Volume:** Worldwide brand volume of 25.3 million hectoliters decreased 1.0 percent driven by declines in the U.S. and Canada, partially offset by growth in Europe and International. Financial volume of 26.5 million hectoliters increased 0.8 percent, driven by Europe, U.S. and Canada. Global priority brand volume decreased 1.4 percent.
- **U.S. GAAP net income** attributable to MCBC increased 17.9 percent, driven by higher net sales, a net benefit to U.S. MG&A resulting from the amicable resolution of a dispute with a vendor, global marketing optimization, cost savings to manage inflationary pressure, partially

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offset by higher special charges and unrealized mark-to-market changes on commodity positions. This performance further benefited from lower income tax expense driven by the reduction to the U.S. federal income tax rate and discrete tax benefits.

- **Underlying net income** increased 34.4 percent, driven by the same factors as U.S. GAAP results with the exception of special charges and unrealized mark-to-market changes.
- **Underlying EBITDA:** Increased 9.9 percent on a reported basis and increased 11.1 percent on a constant-currency basis, driven by higher net sales, a net benefit to U.S. MG&A resulting from the amicable resolution of a dispute with a vendor, global marketing optimization, and cost savings to manage inflationary pressures.
- **U.S. GAAP cash from operations:** Net cash provided by operating activities for the first three quarters of 2018 was approximately \$1.8 billion, which represents an improvement of \$646.0 million from the prior year, driven by the \$328 million cash payment received in January 2018 related to the receipt of a purchase price adjustment for our acquisition of the Miller International business, as well as lower cash paid for pension contributions and lower interest paid.
- **Underlying free cash flow:** cash received of \$1.0 billion for the first three quarters, which represents an increase of \$189.0 million from the prior year, driven by lower cash paid for pension contributions and lower interest paid, partially offset by lower underlying EBITDA and higher cash paid for capital expenditures.
- **Debt:** During the third quarter, we repaid our CAD 400 million 2.25% notes with cash on hand as part of our deleverage commitment resulting in total debt and cash and cash equivalents of \$10.6 billion and \$750.1 million, respectively, or net debt of \$9.8 billion, at the end of the third quarter of 2018.

⁽¹⁾ Brand Volume Basis NSR/HL: Effective in the first quarter of 2018, we have revised our net sales revenue (NSR) per HL performance discussions to be on a brand volume basis, with all per-hectoliter calculations including owned and actively managed brands, along with royalty volume, in the denominator, as well as the financial impact of these sales in the numerator, unless otherwise indicated. See Appendix for definitions.

Business Review - Third Quarter 2018

Net Sales

(\$ in millions) (Unaudited)	Three Months Ended				
	September 30, 2018	September 30, 2017	Reported % Increase (Decrease)	Foreign Exchange Impact (\$)	Constant Currency % Increase (Decrease) ⁽¹⁾
United States	\$ 1,935.8	\$ 1,892.2	2.3 %	\$ —	2.3 %
Canada	388.9	406.4	(4.3)%	(16.2)	(0.3)%
Europe	577.9	561.2	3.0 %	(4.6)	3.8 %
International	67.0	65.7	2.0 %	(1.6)	4.4 %
Corporate	0.2	0.3	(33.3)%	—	(33.3)%
Eliminations ⁽²⁾	(35.6)	(42.6)	16.4 %	—	16.4 %
Consolidated	\$ 2,934.2	\$ 2,883.2	1.8 %	\$ (22.4)	2.5 %

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- (1) See Appendix for definitions and reconciliations of non-GAAP financial measures.
 (2) Reflects intercompany sales that are eliminated in consolidated totals.

Pretax Income (U.S. GAAP)

(\$ in millions) (Unaudited)	Three Months Ended				
	September 30, 2018	September 30, 2017	Reported % Increase (Decrease)	Foreign Exchange Impact (\$)	Constant Currency % Increase (Decrease) ⁽¹⁾
United States	\$ 374.2	\$ 367.1	1.9 %	\$ (0.7)	2.1 %
Canada	77.5	77.2	0.4 %	(2.8)	4.0 %
Europe	96.0	94.9	1.2 %	(0.5)	1.7 %
International	(1.0)	(6.0)	83.3 %	(2.5)	125.0 %
Corporate	(136.6)	(92.7)	(47.4)%	0.6	(48.0)%
Consolidated	\$ 410.1	\$ 440.5	(6.9)%	\$ (5.9)	(5.6)%

- (1) See Appendix for definitions and reconciliations of non-GAAP financial measures.

Underlying EBITDA (Non-GAAP)⁽¹⁾

(\$ in millions) (Unaudited)	Three Months Ended				
	September 30, 2018	September 30, 2017	Reported % Increase (Decrease)	Foreign Exchange Impact (\$)	Constant Currency % Increase (Decrease) ⁽¹⁾
United States	\$ 526.1	\$ 477.6	10.2 %	\$ (0.7)	10.3%
Canada	112.6	113.0	(0.4)%	(4.3)	3.5%
Europe	144.1	136.9	5.3 %	(0.7)	5.8%
International	2.9	(1.0)	N/M	(2.2)	N/M
Corporate	(29.0)	(37.9)	23.5 %	(0.2)	24.0%
Consolidated	\$ 756.7	\$ 688.6	9.9 %	\$ (8.1)	11.1%

N/M = Not meaningful

- (1) See Appendix for definitions and reconciliations of non-GAAP financial measures.

United States Business

- **Volume:** U.S. brand volume decreased 3.3 percent for the quarter, primarily driven by lower volume in the premium light segment. Sales-to-wholesalers (STWs), excluding contract brewing, volume increased 1.1 percent driven by an increase in distributor inventories to support further ordering system implementations at our breweries. These increased distributor inventory levels at the end of the third quarter are expected to remain through the end of the year as we prepare for future implementations at our remaining breweries, which are currently expected to occur in 2019.
- **Revenue:** Net sales per hectoliter (brand volume basis), which excludes contract brewing and company-owned-distributor sales, grew 1.3 percent. Excluding the impact of the new revenue recognition accounting standard, net sales per hectoliter (brand volume basis) grew 1.2 percent primarily as a result of higher net pricing, partially offset by negative sales mix.
- **Cost of goods sold (COGS) per hectoliter** increased 3.3 percent, driven by higher transportation costs and aluminum inflation, partially offset by cost savings.

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- **Marketing, general and administrative (MG&A)** expense decreased 8.2 percent due to a net benefit from the amicable resolution of a vendor dispute, which drove nearly half of the decline, as well as spending optimization and efficiencies and lower employee-related expenses.
- On a U.S. GAAP basis, **U.S. pretax income** increased 1.9 percent to \$374.2 million, driven by higher STWs from an increase in distributor inventories, higher net pricing and lower MG&A expenses, partially offset by higher COGS, higher special charges related to restructuring, as well as negative sales mix.
- **U.S. underlying EBITDA** increased 10.2 percent to \$526.1 million, driven by the same factors as U.S. GAAP results with the exception of special charges.

Canada Business

- **Volume:** Canada brand volume decreased 1.4 percent in the third quarter, as a result of lower volumes in the West, partially offset by growth in Ontario and Quebec. Financial volume increased 0.4 percent.
- **Revenue:** Net sales per hectoliter (brand volume basis) decreased 2.0 percent in local currency, driven by our adoption of the new revenue recognition accounting standard, which reduced net sales by approximately \$14 million in the quarter with a corresponding benefit to MG&A. Excluding the effect of the new accounting standard, NSR per HL (brand volume basis) increased 1.6 percent in local currency due to higher net pricing, partially offset by negative brand mix.
- **COGS** per hectoliter increased 2.1 percent in local currency due to supply chain transformation investments and input cost inflation, partially offset by distribution gains and cost savings.
- **MG&A** expense decreased 11.8 percent in local currency, primarily driven by the approximate \$14 million favorable impact of the new revenue recognition accounting standard. Excluding the impact of the new revenue recognition accounting standard, marketing and brand investments increased slightly during the quarter.
- On a U.S. GAAP basis, **Canada** reported **pretax income** of \$77.5 million, a 0.4 percent increase from the prior year, driven by positive pricing, partially offset by negative sales mix and input cost inflation.
- **Canada underlying EBITDA** increased 3.5 percent in constant currency to \$112.6 million in the quarter, due to the same factors as U.S. GAAP results.

Europe Business

- **Volume:** Europe brand volume increased 2.1 percent in the third quarter versus a year ago, as a result of improved above premium and core brand performance. Europe financial volume increased 1.1 percent.
- **Revenue:** Europe net sales per hectoliter (brand volume basis) increased 2.1 percent in local currency, driven by positive sales mix. This was partially offset by negative pricing due to the impact of adopting recently revised excise-tax guidelines in one of our European markets as well as increasing our investment behind our First Choice Agenda this year.
- **COGS** per hectoliter increased 4.5 percent in local currency, due to input inflation and mix shift to higher-cost brands and geographies.
- **MG&A** expense decreased 3.2 percent in local currency, primarily driven by spend efficiency of brand investments and the impact of adopting the new revenue recognition accounting standard.
- On a U.S. GAAP basis, **Europe** reported **pretax income** of \$96.0 million, an increase of 1.2 percent driven by a favorable mix shift from our premiumization efforts and more efficient marketing investments. These factors were partially offset by adopting recently revised excise tax guidelines in one of our European markets, investments in our First Choice Agenda and unfavorable foreign currency movements.

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- **Europe underlying EBITDA** increased 5.8 percent in constant currency to \$144.1 million, due to the same factors as U.S. GAAP results.

International Business

- **Volume:** International brand volume increased by 13.8 percent in the third quarter, driven by organic growth in our focus markets.
- **Revenue:** Net sales per hectoliter (brand volume basis) decreased by 10.3 percent, driven by sales mix changes and shifting to local production in Mexico, partially offset by positive net pricing.
- **COGS** per hectoliter was flat, driven by sales mix changes.
- **MG&A** expense decreased 10.7 percent, driven by lower marketing investments and integration costs.
- On a U.S. GAAP basis, **International** reported a **pretax loss** of \$1.0 million versus a loss of \$6.0 million a year ago, driven by volume growth in our focus markets, higher net pricing, shifting to a more profitable business model in Mexico, along with lower marketing and integration expenses, partially offset by negative foreign currency movements.
- **International underlying EBITDA** was \$2.9 million in the third quarter, compared to \$1.0 million loss a year ago, driven by the same factors as U.S. GAAP with the exception of integration charges.

Corporate

- On a U.S. GAAP basis, **Corporate** reported a **pretax loss** of \$136.6 million in the third quarter compared to a loss of \$92.7 million in the prior year, due to unrealized mark-to-market losses on commodity swaps, primarily our aluminum positions, compared to gains a year ago, partially offset by lower interest expense and lower general and administrative costs in the current year.
- **Corporate underlying EBITDA** was a loss of \$29.0 million for the third quarter versus a \$37.9 million loss in the prior year, driven primarily by lower general and administrative costs.

Worldwide Brand and Financial Volume⁽¹⁾

(In millions of hectoliters) (Unaudited)	Three Months Ended		
	September 30, 2018	% Change	September 30, 2017
Financial Volume⁽¹⁾	26.513	0.8 %	26.290
Contract brewing, wholesaler and non-beer volume	(2.222)	(0.8)%	(2.239)
Royalty volume	1.171	23.7 %	0.947
Sales-To-Wholesaler to Sales-To-Retail adjustment	(0.178)	N/M	0.532
Total Worldwide Brand Volume⁽¹⁾	25.284	(1.0)%	25.530

N/M = Not meaningful

(1) See Appendix for definitions and additional discussion regarding Financial and Worldwide Brand Volume.

Other Results

Effective Income Tax Rates

	Three Months Ended	
	September 30, 2018	September 30, 2017
U.S. GAAP effective tax rate	16%	33%
Underlying effective tax rate	16%	27%

- The **U.S. GAAP effective tax rate** and the **underlying effective tax rate** decreased from a year ago, primarily due to the reduction of the U.S. federal statutory corporate income tax rate to 21 percent as a result of U.S. tax reform and the net impact of discrete items. The net discrete tax benefit recognized in 2018 was driven primarily by the release of uncertain tax positions during the third quarter related to finalizing our bilateral advanced pricing agreement with the Canadian Revenue Agency and U.S. Internal Revenue Service.

Special and Other Non-Core Items

The following **special and other non-core items** have been excluded from underlying results. See the Appendix for reconciliations of non-GAAP financial measures.

- During the third quarter of 2018, MCBC recognized a **net special charge** of \$36.6 million, driven by U.S. restructuring charges and asset abandonment charges, primarily accelerated depreciation related to brewery closures.
- Additionally, **other non-core net charges** of \$35.3 million primarily include unrealized mark-to-market losses on commodity hedges as well as integration-related expenses.

2018 Outlook

The following guidance for full year 2018 is unchanged from previous disclosures, unless otherwise indicated:

- **Underlying free cash flow:** \$1.5 billion, plus or minus 10 percent, which excludes the \$328 million cash payment received in January 2018 related to resolving a purchase price adjustment to our October 2016 acquisition of the Miller International business.
- **Transaction-related metrics:** approximately \$200 million (included in free cash flow guidance) of cash tax benefits and approximately \$55 million of after-tax book amortization.
- **Cash pension contributions:** approximately \$10 million.
- **Capital spending:** approximately \$670 million, plus or minus 10 percent.
- **Cost savings:** approximately \$700 million for 2017 to 2019. - *Updated (formerly \$600 million for 2017 to 2019)*
- **Cost of goods sold** per hectoliter:
 - **U.S.:** mid-single-digit increase.
 - **Canada:** low-single-digit increase (local currency).
 - **Europe:** low-single-digit increase (local currency).
 - **International** business: low-single-digit decrease.

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- **Underlying Corporate MG&A expense:** approximately \$180 million, plus or minus 10 percent.
- **Underlying depreciation and amortization:** approximately \$850 million, versus \$792 million in 2017, primarily due to planned information systems implementations in the U.S.
- **Pension benefit:** approximately \$60 million.
- **Corporate net interest expense:** expected near the low end of our \$330 million, plus or minus 10 percent guidance range. - *Updated*
- **Underlying effective tax rate** in the range of 17 to 19 percent for 2018, following the enactment of U.S. tax reform. Subject to additional definitive guidance from the U.S. government regarding the implementation of the recently passed tax reform legislation, the company's preliminary view of its long-term effective tax rate (after 2018) is in the range of 20 to 24 percent. - *Updated (formerly 18 to 22 percent for 2018)*
- **Deleverage & Dividend:** As communicated in June, we remain committed to maintaining our investment grade rating and currently plan to achieve approximately 4x leverage on a rating agency basis by the end of 2018. We plan to achieve about 3.75x rating agency leverage around the middle of 2019. Additionally, as a reminder, we also previously communicated in June of this year that upon achieving about 3.75x leverage, our board's intention is to reinstitute a dividend payout-ratio target in the range of 20-25% of annual trailing underlying EBITDA for the second half of 2019 and ongoing thereafter.
- In addition, our 2018 results are also being impacted by the adoption of the new revenue recognition accounting standard, as well as guidance changing the presentation of pension and other postretirement benefit (OPEB) costs.
 - The **new revenue recognition accounting standard** became effective for us at the beginning of 2018, and we have elected the modified retrospective adoption method. Therefore, prior period results have not been restated, but results under the old standard will continue to be disclosed throughout 2018 for comparability, as required by the standard. Along with some timing changes between quarters, this adoption changes the presentation of our results. We currently anticipate that the impact of this change will result in a reduction of both revenue and marketing, general and administrative expenses by approximately \$60 million to \$65 million during 2018, primarily within our Canada segment, with no impact to full year net income. See Appendix for detailed impacts on 2018 results from our adoption of the new revenue recognition accounting standard.
 - Under the **new pension guidance**, we are continuing to report the service cost component of net periodic pension and OPEB costs or income in our business segment operating results. Beginning in 2018, however, all other components of net periodic pension and OPEB cost or income are being reported in Corporate outside of operating income. Prior period results for each of our segments and Consolidated have been restated retrospectively for this change, as required by the guidance, with no impact to consolidated net income. This accounting change primarily impacts the reported results of our Europe segment. See Appendix below.
 - The impacts of these accounting changes are discussed in further detail within footnote 2 of our 2017 Form 10-K and our 2018 quarterly reports on Form 10-Q.

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Notes

Unless otherwise indicated in this release, all \$ amounts are in U.S. Dollars, and all quarterly comparative results are for the Company's third quarter ended September 30, 2018, compared to the third quarter ended September 30, 2017. Prior year results have been adjusted to reflect the retrospective adoption of new pension accounting guidance, as described above. Effective in the first quarter of 2018, we have revised our net sales revenue (NSR) per HL performance discussions to be on a brand volume basis, such that all per-hectoliter calculations now include owned and actively managed brand volume, along with royalty volume, in the denominator, as well as the financial impact of these sales in the numerator, unless otherwise indicated. Some numbers may not sum due to rounding.

As used in this release, the term "Acquisition" refers to the Company's acquisition from Anheuser-Busch InBev SA/NV on October 11, 2016, of SABMiller plc's 58 percent economic interest and 50 percent voting interest in MillerCoors LLC and all trademarks, contracts and other assets primarily related to the Miller International business outside of the U.S. and Puerto Rico.

2018 Third Quarter Conference Call

Molson Coors Brewing Company will conduct an earnings conference call with financial analysts and investors at 11:00 a.m. Eastern Time today to discuss the Company's 2018 third quarter results. The live webcast will be accessible via the Company's website, www.molsoncoors.com. An online replay of the webcast will be available until 11:59 p.m. Eastern Time on February 11, 2019. The Company will post this release and related financial statements on its website today.

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Overview of Molson Coors

Molson Coors has defined brewing greatness for more than two centuries. As one of the largest global brewers, Molson Coors works to deliver extraordinary brands that delight the world's beer drinkers. From Coors Light, Coors Banquet, Miller Lite, Molson Canadian, Carling, Staropramen and Sharp's Doom Bar to Leinenkugel's Summer Shandy, Blue Moon Belgian White, Hop Valley, Creemore Springs and Crispin Cider, Molson Coors offers a beer for every beer lover.

Molson Coors operates through Molson Coors Canada, MillerCoors in the U.S., Molson Coors Europe and Molson Coors International. The company is not only committed to brewing extraordinary beers, but also running a business focused on respect for its employees, communities and drinkers, which means corporate responsibility and accountability right from the start. It has been listed on the Dow Jones Sustainability Index for the past seven years. To learn more about Molson Coors Brewing Company, visit molsoncoors.com, ourbeerprint.com or on Twitter through [@MolsonCoors](https://twitter.com/MolsonCoors).

About Molson Coors Canada Inc.

Molson Coors Canada Inc. (MCCI) is a subsidiary of Molson Coors Brewing Company. MCCI Class A and Class B exchangeable shares offer substantially the same economic and voting rights as the respective classes of common shares of MCBC, as described in MCBC's annual proxy statement and Form 10-K filings with the U.S. Securities and Exchange Commission. The trustee holder of the special Class A voting stock and the special Class B voting stock has the right to

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cast a number of votes equal to the number of then outstanding Class A exchangeable shares and Class B exchangeable shares, respectively.

Forward-Looking Statements

This press release includes “forward-looking statements” within the meaning of the U.S. federal securities laws. Generally, the words “believe,” “expect,” “intend,” “anticipate,” “project,” “will,” “outlook,” and similar expressions identify forward-looking statements, which generally are not historic in nature. Although the Company believes that the assumptions upon which its forward-looking statements are based are reasonable, it can give no assurance that these assumptions will prove to be correct. Important factors that could cause actual results to differ materially from the Company’s historical experience, and present projections and expectations are disclosed in the Company’s filings with the Securities and Exchange Commission (“SEC”). These factors include, among others, our ability to successfully integrate and achieve expected tax benefits, accretion and cost savings and synergies relating to the Acquisition; impact of increased competition resulting from further consolidation of brewers, competitive pricing and product pressures; health of the beer industry and our brands in our markets; economic conditions in our markets; additional impairment charges; our ability to maintain manufacturer/distribution agreements; changes in our supply chain system; availability or increase in the cost of packaging materials; success of our joint ventures; risks relating to operations in developing and emerging markets; changes in legal and regulatory requirements, including the regulation of distribution systems; fluctuations in foreign currency exchange rates; increase in the cost of commodities used in the business; the impact of climate change and the availability and quality of water; loss or closure of a major brewery or other key facility; our ability to implement our strategic initiatives, including executing and realizing cost savings; our ability to successfully integrate newly acquired businesses; pension plan and other post-retirement benefit costs; failure to comply with debt covenants or deterioration in our credit rating; our ability to maintain good labor relations; our ability to maintain brand image, reputation and product quality; and other risks discussed in our filings with the SEC, including our most recent Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q. All forward-looking statements in this press release are expressly qualified by such cautionary statements and by reference to the underlying assumptions. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. We do not undertake to update forward-looking statements, whether as a result of new information, future events or otherwise.

APPENDIX

Consolidated Financial Performance

Molson Coors Brewing Company (In millions, except per share data)(Unaudited)	Three Months Ended September 30, 2018			% Change	
	U.S. GAAP	Non-GAAP Adjustments ⁽¹⁾	Non-GAAP Underlying ⁽¹⁾	U.S. GAAP	Non-GAAP Underlying
Net sales	\$ 2,934.2	\$ —	\$ 2,934.2	1.8%	1.8%
<i>Net Sales per HL change</i>				0.9%	0.9%
Cost of goods sold	\$ (1,714.0)	\$ 24.5	\$ (1,689.5)	7.9%	3.4%
<i>Cost of goods sold per HL change</i>				6.9%	2.6%
Gross profit	\$ 1,220.2	\$ 24.5	\$ 1,244.7	(5.7)%	(0.4)%
Marketing, general and administrative expenses	\$ (713.9)	\$ 8.8	\$ (705.1)	(8.9)%	(8.4)%
Special items, net	\$ (36.6)	\$ 36.6	\$ —	N/M	—%
Operating income (loss)	\$ 469.7	\$ 69.9	\$ 539.6	(7.2)%	12.3%
Interest income (expense), net	\$ (67.4)	\$ —	\$ (67.4)	(7.2)%	(7.2)%
Other pension and postretirement benefits (costs), net	\$ 7.6	\$ 2.0	\$ 9.6	(20.8)%	—%
Other income (expense), net	\$ 0.2	\$ —	\$ 0.2	N/M	N/M
Income (loss) before income taxes	\$ 410.1	\$ 71.9	\$ 482.0	(6.9)%	16.2%
Income tax benefit (expense)	\$ (64.5)	\$ (11.7)	\$ (76.2)	(56.2)%	(32.1)%
Net income (loss)⁽²⁾	\$ 338.3	\$ 60.2	\$ 398.5	17.9%	34.4%
<i>Per diluted share</i>	\$ 1.56	\$ 0.28	\$ 1.84	17.3%	34.3%
Underlying EBITDA⁽³⁾			\$ 756.7		9.9%

Molson Coors Brewing Company (In millions, except per share data)(Unaudited)	Nine Months Ended September 30, 2018			% Change	
	U.S. GAAP	Non-GAAP Adjustments ⁽¹⁾	Non-GAAP Underlying ⁽¹⁾	U.S. GAAP	Non-GAAP Underlying
Net sales	\$ 8,350.9	\$ —	\$ 8,350.9	(0.9)%	(0.9)%
<i>Net Sales per HL change</i>				1.0%	1.0%
Cost of goods sold	\$ (4,988.8)	\$ 66.7	\$ (4,922.1)	5.8%	2.7%
<i>Cost of goods sold per HL change</i>				7.8%	4.6%
Gross profit	\$ 3,362.1	\$ 66.7	\$ 3,428.8	(9.3)%	(5.5)%
Marketing, general and administrative expenses	\$ (2,139.7)	\$ 26.1	\$ (2,113.6)	(5.8)%	(5.0)%
Special items, net	\$ 267.7	\$ (267.7)	\$ —	N/M	—%
Operating income (loss)	\$ 1,490.1	\$ (174.9)	\$ 1,315.2	5.9%	(6.3)%
Interest income (expense), net	\$ (227.3)	\$ —	\$ (227.3)	(12.0)%	(12.0)%
Other pension and postretirement benefits (costs), net	\$ 27.5	\$ 2.1	\$ 29.6	(14.9)%	0.7%
Other income (expense), net	\$ 0.2	\$ —	\$ 0.2	—%	N/M
Income (loss) before income taxes	\$ 1,290.5	\$ (172.8)	\$ 1,117.7	9.2%	(4.2)%
Income tax benefit (expense)	\$ (231.6)	\$ 41.2	\$ (190.4)	(31.6)%	(39.1)%
Net income (loss)⁽²⁾	\$ 1,040.5	\$ (131.6)	\$ 908.9	26.1%	8.7%
<i>Per diluted share</i>	\$ 4.80	\$ (0.60)	\$ 4.20	26.0%	8.8%
Underlying EBITDA⁽³⁾			\$ 1,966.0		(2.5)%

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N/M = Not meaningful

- (1) Refer to the table "Reconciliation to Nearest U.S. GAAP Measures" for detailed descriptions and reconciliation of non-GAAP adjustments and results.
- (2) Net income (loss) attributable to MCBC.
- (3) EBITDA is earnings before interest, taxes, depreciation and amortization, a non-GAAP financial measure.

Adoption of Revenue Recognition Guidance

The new revenue recognition accounting standard became effective for us at the beginning of 2018. We have adopted the new standard using the modified retrospective approach, and, therefore, prior period results have not been restated. However, results under the old standard will continue to be disclosed throughout 2018 for comparability, as required by the standard. The following table highlights the impact of this new guidance on summarized components of our unaudited condensed consolidated statement of operations for the three months ended September 30, 2018, when comparing our current period results of operations under the new guidance, versus our results of operations if historical guidance had continued to be applied.

	Three Months Ended September 30, 2018				
	U.S.	Canada	Europe	International	Consolidated
	(In millions)				
Impact to Unaudited Condensed Consolidated Statements of Operations - Favorable/(Unfavorable):					
Net sales	\$ 1.5	\$ (13.5)	\$ (0.6)	\$ (0.1)	\$ (12.7)
Cost of goods sold	\$ —	\$ —	\$ —	\$ —	\$ —
Gross profit	\$ 1.5	\$ (13.5)	\$ (0.6)	\$ (0.1)	\$ (12.7)
Marketing, general and administrative expenses	\$ 3.3	\$ 14.3	\$ 1.8	\$ —	\$ 19.4
Operating income (loss)	\$ 4.8	\$ 0.8	\$ 1.2	\$ (0.1)	\$ 6.7
Interest income (expense), net	\$ —	\$ —	\$ (0.8)	\$ —	\$ (0.8)
Income (loss) before income taxes	\$ 4.8	\$ 0.8	\$ 0.4	\$ (0.1)	\$ 5.9

These impacts are driven primarily by the reclassification of certain cash payments to customers from marketing, general and administrative expenses to a reduction of revenue, as well as a change in the timing of recognition of certain promotional discounts and cash payments to customers. For further discussion regarding the impacts of the adoption of this new guidance, refer to footnote 2 within our third quarter 2018 Form 10-Q.

Adoption of Pension and Other Postretirement Benefit Accounting Pronouncement

During the first quarter of 2018, we adopted the FASB's new guidance related to classification of pension and other postretirement benefit costs. Specifically, the new guidance requires us only to report the service cost component in the same line item as other compensation costs arising from services rendered by the pertinent employees during the period, while the other components of net benefit cost are now presented in the statements of operations separately from the service cost component and outside of operating income. We have also determined that only service cost will be reported within each operating segment, and all other components will be reported within the Corporate segment. These changes to the results of each quarter and full year 2017 were included in the first quarter Earnings Release. See the Company's third quarter 2018 10-Q filing for additional detail.

Worldwide Brand and Financial Volumes

Worldwide brand volume reflects only owned brands sold to unrelated external customers within our geographic markets (net of returns and allowances), royalty volume and our proportionate share of equity investment worldwide brand volume calculated consistently with MCBC owned volume. Contract brewing and wholesaler volume is included within

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financial volume, but is removed from worldwide brand volume, as this is non-owned volume for which we do not directly control performance. Our worldwide brand volume definition also includes an adjustment from Sales-to-Wholesaler (STW) volume to Sales-to-Retailer (STR) volume. We believe the brand volume metric is important because, unlike financial volume and STWs, it provides the closest indication of the performance of our brands in relation to market and competitor sales trends.

Effective in the first quarter of 2018, we revised our net sales revenue (NSR) per HL performance discussions to be on a brand volume basis, such that all per-hectoliter calculations now include owned and actively managed brand volume, along with royalty volume, in the denominator, as well as the financial impact of these sales in the numerator, unless otherwise indicated.

Use of Non-GAAP Measures

In addition to financial measures presented on the basis of accounting principles generally accepted in the U.S. ("U.S. GAAP"), we also present constant currency, "underlying pretax and net income," "underlying income per diluted share," "underlying effective tax rate," and "underlying free cash flow," which are non-GAAP measures and should be viewed as supplements to (not substitutes for) our results of operations presented under U.S. GAAP. We also present underlying earnings before interest, taxes, depreciation, and amortization ("underlying EBITDA") as a non-GAAP measure, as well as underlying EBITDA margin, which is calculated by dividing underlying EBITDA by U.S. GAAP net sales. Our management uses underlying income, underlying income per diluted share, underlying EBITDA (and margin), and underlying effective tax rate as measures of operating performance, as well as underlying free cash flow in the measure of cash generated from core operations, to assist in comparing performance from period to period on a consistent basis; as a measure for planning and forecasting overall expectations and for evaluating actual results against such expectations; in communications with the board of directors, stockholders, analysts and investors concerning our financial performance; as useful comparisons to the performance of our competitors; and as metrics of certain management incentive compensation calculations. We believe that underlying income, underlying income per diluted share, underlying EBITDA (and margin), and underlying effective tax rate performance are used by, and are useful to, investors and other users of our financial statements in evaluating our operating performance, as well as underlying free cash flow in evaluating our generation of cash from core operations, because they provide an additional tool to evaluate our performance without regard to special and non-core items, which can vary substantially from company to company depending upon accounting methods and book value of assets and capital structure. In addition to the reasons discussed above, we consider underlying free cash flow an important measure of our ability to generate cash, grow our business and enhance shareholder value, driven by core operations and after adjusting for non-core items. In addition, constant-currency results exclude the impact of foreign currency movements. For discussion and analysis of our liquidity, see the consolidated statements of cash flows and the Liquidity and Capital Resources section of our Management's Discussion and Analysis of Financial Condition and Results of Operations in our latest Form 10-K and 10-Q filings with the SEC.

We have provided reconciliations of all historical non-GAAP measures to their nearest U.S. GAAP measure and have consistently applied the adjustments within our reconciliations in arriving at each non-GAAP measure. These adjustments consist of special items from our U.S. GAAP financial statements as well as other non-core items, such as acquisition and integration related costs, unrealized mark-to-market gains and losses, and gains and losses on sales of non-operating assets, included in our U.S. GAAP results that warrant adjustment to arrive at non-GAAP results. We consider these items to be necessary adjustments for purposes of evaluating our ongoing business performance and are often considered non-recurring. Such adjustments are subjective and involve significant management judgment.

Our guidance for underlying Corporate MG&A, underlying depreciation and amortization, underlying free cash flow and underlying effective tax rate are also non-GAAP financial measures that exclude or otherwise have been adjusted for special items from our U.S. GAAP financial statements as well as other non-core items, such as acquisition and integration related costs, unrealized mark-to-market gains and losses, and gains and losses on sales of non-operating assets, included in our U.S. GAAP results that warrant adjustment to arrive at non-GAAP results. We consider these items to be necessary adjustments for purposes of evaluating our ongoing business performance and are often considered non-recurring. Such adjustments are subjective and involve significant management judgment. We are unable to reconcile the above described guidance measures to their nearest U.S. GAAP measures without unreasonable efforts because we are unable to predict with a reasonable degree of certainty the actual impact of the special and other non-core items. By their very nature, special and other non-core items are difficult to anticipate with precision because they are generally associated with unexpected and unplanned events that impact our company and its financial results. Therefore, we are unable to provide a reconciliation of these measures.

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Constant currency is a non-GAAP measure utilized by Molson Coors management to measure performance, excluding the impact of foreign currency movements. As we operate in various foreign countries where the local currency may strengthen or weaken significantly versus the U.S. dollar or other currencies used in operations, we utilize a constant currency measure as an additional metric to evaluate the underlying performance of each business without consideration of foreign currency movements. This information is non-GAAP and should be viewed as a supplement to (not a substitute for) our reported results of operations under U.S. GAAP. We calculate the impact of foreign exchange on net sales, pretax income, non-GAAP underlying EBITDA and non-GAAP underlying pretax income using the following steps:

- Multiply our current period local currency operating results (that also include the impact of the comparable prior-period currency hedging activities) by the weighted average foreign exchange rates used to translate the financial statements in the comparable prior year period. The result is the current-period operating results in U.S. dollars, as if foreign exchange rates had not changed from the prior-year period.
- Subtract the result in step 1 from the unadjusted current-period reported operating result in U.S. dollars (U.S. GAAP measure). This difference reflects the impact of foreign currency translational gains/losses included in the current-period results.
- Determine the amount of actual non-operating foreign currency gains/losses realized as a result of hedging activities and activities transacted in a currency other than the functional currency of each legal entity.
- Add the results of steps 2 and 3 above. This sum equals the total impact of foreign currency translational gains/losses and realized gains/losses from foreign currency transactions. This is the value shown in the “Foreign Exchange \$ Impact” column within the table above.

Reconciliations to Nearest U.S. GAAP Measures

Underlying EBITDA

(\$ in millions) (Unaudited)	Three Months Ended		
	September 30, 2018	% change	September 30, 2017
U.S. GAAP: Net income (loss) attributable to MCBC	\$ 338.3	17.9 %	\$ 287.0
<i>Add:</i> Net income (loss) attributable to noncontrolling interests	7.3	19.7 %	6.1
U.S. GAAP: Net income (loss)	345.6	17.9 %	293.1
<i>Add:</i> Interest expense (income), net	67.4	(7.2)%	72.6
<i>Add:</i> Income tax expense (benefit)	64.5	(56.2)%	147.4
<i>Add:</i> Depreciation and amortization	214.6	3.0 %	208.3
Adjustments included in underlying income ⁽¹⁾	71.9	N/M	(25.7)
Adjustments to arrive at underlying EBITDA ⁽²⁾	(7.3)	2.8 %	(7.1)
Non-GAAP: Underlying EBITDA	\$ 756.7	9.9 %	\$ 688.6

(\$ in millions) (Unaudited)	Nine Months Ended		
	September 30, 2018	% change	September 30, 2017
U.S. GAAP: Net income (loss) attributable to MCBC	\$ 1,040.5	26.1 %	\$ 825.4
<i>Add:</i> Net income (loss) attributable to noncontrolling interests	18.4	4.0 %	17.7
U.S. GAAP: Net income (loss)	1,058.9	25.6 %	843.1
<i>Add:</i> Interest expense (income), net	227.3	(12.0)%	258.4
<i>Add:</i> Income tax expense (benefit)	231.6	(31.6)%	338.5
<i>Add:</i> Depreciation and amortization	644.2	6.6 %	604.3
Adjustments included in underlying income ⁽¹⁾	(172.8)	N/M	(15.3)
Adjustments to arrive at underlying EBITDA ⁽²⁾	(23.2)	73.1 %	(13.4)
Non-GAAP: Underlying EBITDA	\$ 1,966.0	(2.5)%	\$ 2,015.6

N/M = Not meaningful

- (1) Includes adjustments to non-GAAP underlying income within the table above related to special and non-core items.
- (2) Represents adjustments to remove amounts related to interest, depreciation and amortization included in the adjustments to non-GAAP underlying income above, as these items are added back as adjustments to net income attributable to MCBC.

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Underlying Free Cash Flow

(In millions) (Unaudited)		Nine Months Ended	
		September 30, 2018	September 30, 2017
U.S. GAAP:	Net Cash Provided by (Used In) Operating Activities	\$ 1,791.4	\$ 1,145.4
<i>Less:</i>	Additions to properties ⁽¹⁾	(491.0)	(466.0)
<i>Add/Less:</i>	Cash impact of special items ⁽²⁾	(319.4)	82.0
<i>Add:</i>	Non-core costs related to acquisition of businesses ⁽³⁾	44.4	75.0
Non-GAAP:	Underlying Free Cash Flow	\$ 1,025.4	\$ 836.4

- (1) Included in net cash used in investing activities.
- (2) Included in net cash provided by (used in) operating activities. For the nine months ended September 30, 2018, primarily reflects the settlement payment received relating to a purchase price adjustment and for the nine months ended September 30, 2017, primarily reflects costs paid for brewery closures and restructuring activities.
- (3) Included in net cash provided by operating activities and reflects integration costs paid associated with the Acquisition of 58% of MillerCoors, LLC, and the Miller global brand portfolio.

MOLSON COORS BREWING COMPANY
Statements of Operations -- Molson Coors Brewing Company and Subsidiaries
Condensed Consolidated Statements of Operations

(In millions, except per share data) (Unaudited)	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Financial volume in hectoliters	26.513	26.290	75.071	76.508
Sales	\$ 3,625.1	\$ 3,552.9	\$ 10,313.6	\$ 10,259.8
Excise taxes	(690.9)	(669.7)	(1,962.7)	(1,836.6)
Net sales	2,934.2	2,883.2	8,350.9	8,423.2
Cost of goods sold	(1,714.0)	(1,589.1)	(4,988.8)	(4,716.9)
Gross profit	1,220.2	1,294.1	3,362.1	3,706.3
Marketing, general and administrative expenses	(713.9)	(783.8)	(2,139.7)	(2,271.5)
Special items, net	(36.6)	(4.1)	267.7	(27.3)
Operating income (loss)	469.7	506.2	1,490.1	1,407.5
Interest income (expense), net	(67.4)	(72.6)	(227.3)	(258.4)
Other pension and postretirement benefits (costs), net	7.6	9.6	27.5	32.3
Other income (expense), net	0.2	(2.7)	0.2	0.2
Income (loss) before income taxes	410.1	440.5	1,290.5	1,181.6
Income tax benefit (expense)	(64.5)	(147.4)	(231.6)	(338.5)
Net income (loss)	345.6	293.1	1,058.9	843.1
Net (income) loss attributable to noncontrolling interests	(7.3)	(6.1)	(18.4)	(17.7)
Net income (loss) attributable to MCBC	\$ 338.3	\$ 287.0	\$ 1,040.5	\$ 825.4
Basic net income (loss) attributable to MCBC per share:	\$ 1.57	\$ 1.33	\$ 4.82	\$ 3.83
Diluted net income (loss) attributable to MCBC per share:	\$ 1.56	\$ 1.33	\$ 4.80	\$ 3.81
Weighted average shares - basic	216.0	215.5	215.9	215.4
Weighted average shares - diluted	216.6	216.5	216.6	216.5
Dividends per share	\$ 0.41	\$ 0.41	\$ 1.23	\$ 1.23

MOLSON COORS BREWING COMPANY

Molson Coors Brewing Company and Subsidiaries U.S. Results of Operations

(In millions) (Unaudited)	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Financial volume in hectoliters ⁽¹⁾	17.206	17.163	50.262	52.125
Sales ⁽¹⁾	\$ 2,199.8	\$ 2,154.3	\$ 6,416.1	\$ 6,578.7
Excise taxes	(264.0)	(262.1)	(760.0)	(797.7)
Net sales ⁽¹⁾	1,935.8	1,892.2	5,656.1	5,781.0
Cost of goods sold ⁽¹⁾	(1,118.7)	(1,080.1)	(3,298.5)	(3,285.5)
Gross profit	817.1	812.1	2,357.6	2,495.5
Marketing, general and administrative expenses	(420.4)	(458.2)	(1,248.6)	(1,322.7)
Special items, net ⁽²⁾	(29.7)	(0.1)	(34.5)	(15.2)
Operating income	367.0	353.8	1,074.5	1,157.6
Interest income (expense), net	7.6	14.0	8.0	14.0
Other income (expense), net	(0.4)	(0.7)	(1.1)	(1.4)
Income (loss) before income taxes	\$ 374.2	\$ 367.1	\$ 1,081.4	\$ 1,170.2
<i>Add/(less):</i>				
Special items, net ⁽²⁾	29.7	0.1	34.5	15.2
Acquisition and integration related costs ⁽³⁾	0.6	1.5	2.6	6.8
Non-GAAP: Underlying pretax income (loss)	\$ 404.5	\$ 368.7	\$ 1,118.5	\$ 1,192.2
<i>Add: Interest expense (income), net</i>	(7.6)	(14.0)	(8.0)	(14.0)
<i>Add: Depreciation and amortization</i>	130.6	122.9	385.0	363.5
<i>Adjustments to arrive at underlying EBITDA⁽⁴⁾</i>	(1.4)	—	(4.2)	—
Non-GAAP: Underlying EBITDA	\$ 526.1	\$ 477.6	\$ 1,491.3	\$ 1,541.7

- (1) Includes gross inter-segment sales, purchases, and volumes, which are eliminated in the consolidated totals.
- (2) See Part I—Item 1. Financial Statements, Note 6, "Special Items" of the Form 10-Q for detailed discussion of special items. Special items for the three and nine months ended September 30, 2018, includes accelerated depreciation in excess of normal depreciation of \$1.4 million and \$4.2 million, respectively. These accelerated depreciation charges are included in our adjustments to arrive at underlying EBITDA.
- (3) For the three and nine months ended September 30, 2018, \$0.5 million and \$2.5 million, respectively, of integration costs were incurred in cost of goods sold, and \$0.1 million of integration costs in each period were incurred in marketing, general & administrative expenses. For the three and nine months ended September 30, 2017, \$0.6 million and \$1.8 million, respectively, of integration costs were incurred in cost of goods sold, and integration costs of \$0.9 million and \$5.0 million, respectively, were incurred in marketing, general & administrative expenses.
- (4) Represents adjustments to remove amounts related to interest, depreciation and amortization included in the adjustments to non-GAAP underlying income above, as these items are added back as adjustments to net income attributable to MCBC.

MOLSON COORS BREWING COMPANY

Molson Coors Brewing Company and Subsidiaries Canada Results of Operations

(In millions) (Unaudited)	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Financial volume in hectoliters ⁽¹⁾	2.405	2.395	6.585	6.718
Sales ⁽¹⁾	\$ 519.4	\$ 535.2	\$ 1,418.9	\$ 1,440.2
Excise taxes	(130.5)	(128.8)	(348.8)	(335.1)
Net sales ⁽¹⁾	388.9	406.4	1,070.1	1,105.1
Cost of goods sold ⁽¹⁾	(218.8)	(222.1)	(641.9)	(636.6)
Gross profit	170.1	184.3	428.2	468.5
Marketing, general and administrative expenses	(87.2)	(103.0)	(262.5)	(303.8)
Special items, net ⁽²⁾	(5.9)	(5.9)	(17.2)	(8.1)
Operating income (loss)	77.0	75.4	148.5	156.6
Other income (expense), net	0.5	1.8	(0.6)	11.2
Income (loss) before income taxes	\$ 77.5	\$ 77.2	\$ 147.9	\$ 167.8
<i>Add/(less):</i>				
Special items, net ⁽²⁾	5.9	5.9	17.2	8.1
Acquisition and integration related costs ⁽³⁾	0.1	0.5	0.4	3.3
Other non-core items ⁽⁴⁾	—	—	—	(8.1)
Non-GAAP: Underlying pretax income (loss)	\$ 83.5	\$ 83.6	\$ 165.5	\$ 171.1
<i>Add:</i> Depreciation and amortization	35.0	35.5	106.0	95.3
Adjustments to arrive at underlying EBITDA ⁽⁵⁾	(5.9)	(6.1)	(18.0)	(8.4)
Non-GAAP: Underlying EBITDA	\$ 112.6	\$ 113.0	\$ 253.5	\$ 258.0

- (1) Includes gross inter-segment sales, purchases, and volumes, which are eliminated in the consolidated totals.
- (2) See Part I—Item 1. Financial Statements, Note 6, "Special Items" of the Form 10-Q for detailed discussion of special items. Special items for the three and nine months ended September 30, 2018, includes accelerated depreciation in excess of normal depreciation of \$5.9 million and \$18.0 million, respectively, and for the three and nine months ended September 30, 2017, includes accelerated depreciation in excess of normal depreciation of \$6.1 million and \$8.4 million, respectively, related to the planned closure of the Vancouver brewery in 2019 and the Montreal brewery in 2021. These accelerated depreciation charges in excess of normal depreciation are included in our adjustments to arrive at underlying EBITDA.
- (3) For the three and nine months ended September 30, 2018, \$0.1 million and \$0.4 million, respectively, of integration related costs were incurred in cost of goods sold. For the three and nine months ended September 30, 2017, \$0.5 million and \$3.3 million, respectively, of integration related costs were incurred in cost of goods sold.
- (4) For the nine months ended September 30, 2017, a gain of \$8.1 million was recorded in other income (expense), net resulting from a purchase price adjustment related to the historical sale of Molson Inc.'s ownership interest in the Montreal Canadiens.
- (5) Represents adjustments to remove amounts related to interest, depreciation and amortization included in the adjustments to non-GAAP underlying income above, as these items are added back as adjustments to net income attributable to MCBC.

MOLSON COORS BREWING COMPANY

Molson Coors Brewing Company and Subsidiaries Europe Results of Operations

(In millions) (Unaudited)	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Financial volume in hectoliters ⁽¹⁾⁽²⁾	6.891	6.815	18.211	17.889
Sales ⁽²⁾	\$ 860.6	\$ 831.2	\$ 2,353.0	\$ 2,141.8
Excise taxes	(282.7)	(270.0)	(814.7)	(674.3)
Net sales ⁽²⁾	577.9	561.2	1,538.3	1,467.5
Cost of goods sold	(346.9)	(330.8)	(968.2)	(872.7)
Gross profit	231.0	230.4	570.1	594.8
Marketing, general and administrative expenses	(133.3)	(138.9)	(407.4)	(403.7)
Special items, net ⁽³⁾	(0.6)	2.8	(5.4)	(2.4)
Operating income (loss)	97.1	94.3	157.3	188.7
Interest income (expense), net	(1.5)	0.8	(3.6)	2.8
Other income (expense), net	0.4	(0.2)	(0.8)	0.3
Income (loss) before income taxes	\$ 96.0	\$ 94.9	\$ 152.9	\$ 191.8
<i>Add/(less):</i>				
Special items, net ⁽³⁾	0.6	(2.8)	5.4	2.4
Acquisition and integration related costs ⁽⁴⁾	0.2	0.1	0.5	0.4
Non-GAAP: Underlying pretax income (loss)	\$ 96.8	\$ 92.2	\$ 158.8	\$ 194.6
<i>Add:</i> Interest expense (income), net	1.5	(0.8)	3.6	(2.8)
<i>Add:</i> Depreciation and amortization	45.8	46.5	143.0	135.4
Adjustments to arrive at underlying EBITDA ⁽⁵⁾	—	(1.0)	(1.0)	(5.0)
Non-GAAP: Underlying EBITDA	\$ 144.1	\$ 136.9	\$ 304.4	\$ 322.2

- (1) Excludes royalty volume of 0.522 million hectoliters and 1.318 million hectoliters for the three and nine months ended September 30, 2018, respectively, and excludes royalty volume of 0.473 million hectoliters and 1.277 million hectoliters for the three and nine months ended September 30, 2017, respectively.
- (2) Includes gross inter-segment sales and volumes, which are eliminated in the consolidated totals.
- (3) See Part I—Item 1. Financial Statements, Note 6, "Special Items" of the Form 10-Q for detailed discussion of special items. Special items for the nine months ended September 30, 2018, includes accelerated depreciation in excess of normal depreciation of \$1.0 million, and for the three and nine months ended September 30, 2017, includes accelerated depreciation in excess of normal depreciation of \$1.0 million and \$5.0 million, respectively, related to the closure of our Burton South brewery in the U.K., which was completed in the first quarter of 2018. These accelerated depreciation charges in excess of normal depreciation are included in our adjustments to arrive at underlying EBITDA.
- (4) For the three and nine months ended September 30, 2018, \$0.2 million and \$0.5 million, respectively, of integration related costs were incurred in cost of goods sold, and for the three and nine months ended September 30, 2017, \$0.1 million and \$0.4 million, respectively, of integration related costs were incurred in cost of goods sold.
- (5) Represents adjustments to remove amounts related to interest, depreciation and amortization included in the adjustments to non-GAAP underlying income above, as these items are added back as adjustments to net income attributable to MCBC.

MOLSON COORS BREWING COMPANY

Molson Coors Brewing Company and Subsidiaries International Results of Operations

(In millions) (Unaudited)	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Financial volume in hectoliters ⁽¹⁾	0.577	0.603	1.734	1.774
Sales	\$ 80.7	\$ 74.5	\$ 231.6	\$ 222.1
Excise taxes	(13.7)	(8.8)	(39.2)	(29.5)
Net sales	67.0	65.7	192.4	192.6
Cost of goods sold ⁽²⁾	(42.0)	(43.9)	(123.9)	(130.7)
Gross profit	25.0	21.8	68.5	61.9
Marketing, general and administrative expenses	(24.1)	(27.0)	(59.8)	(72.7)
Special items, net ⁽³⁾	(0.4)	(0.9)	(3.2)	(1.5)
Operating income (loss)	0.5	(6.1)	5.5	(12.3)
Other income (expense), net	(1.5)	0.1	(1.5)	0.1
Income (loss) before income taxes	\$ (1.0)	\$ (6.0)	\$ 4.0	\$ (12.2)
<i>Add/(less):</i>				
Special items, net ⁽³⁾	0.4	0.9	3.2	1.5
Acquisition and integration related costs ⁽⁴⁾	1.1	1.7	1.9	6.6
Non-GAAP: Underlying pretax income (loss)	\$ 0.5	\$ (3.4)	\$ 9.1	\$ (4.1)
<i>Add: Depreciation and amortization</i>	2.4	2.4	7.4	7.2
Non-GAAP: Underlying EBITDA	\$ 2.9	\$ (1.0)	\$ 16.5	\$ 3.1

- (1) Excludes royalty volume of 0.649 million hectoliters and 1.626 million hectoliters for the three and nine months ended September 30, 2018, respectively, and excludes royalty volume of 0.474 million hectoliters and 1.501 million hectoliters for the three and nine months ended September 30, 2017, respectively.
- (2) Includes gross inter-segment purchases, which are eliminated in the consolidated totals.
- (3) See Part I—Item 1. Financial Statements, Note 6, "Special Items" of the Form 10-Q for detailed discussion of special items.
- (4) For the three and nine months ended September 30, 2018, \$0.5 million of integration costs were incurred in cost of goods sold, and for the nine months ended September 30, 2017, \$1.4 million of integration costs were incurred in cost of goods sold. For the three and nine months ended September 30, 2018, integration costs of \$0.6 million and \$1.4 million, respectively, were incurred in marketing, general & administrative expenses, and for the three and nine months ended September 30, 2017, integration costs of \$1.7 million and \$5.2 million, respectively, were incurred in marketing, general & administrative expenses.

MOLSON COORS BREWING COMPANY

Molson Coors Brewing Company and Subsidiaries Corporate Results of Operations

(In millions) (Unaudited)	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Financial volume in hectoliters	—	—	—	—
Sales	\$ 0.2	\$ 0.3	\$ 0.7	\$ 0.9
Excise taxes	—	—	—	—
Net sales	0.2	0.3	0.7	0.9
Cost of goods sold	(23.2)	45.2	(63.0)	84.7
Gross profit	(23.0)	45.5	(62.3)	85.6
Marketing, general and administrative expenses	(48.9)	(56.7)	(161.4)	(168.6)
Special items, net ⁽¹⁾	—	—	328.0	(0.1)
Operating income (loss)	(71.9)	(11.2)	104.3	(83.1)
Interest expense, net	(73.5)	(87.4)	(231.7)	(275.2)
Other pension and postretirement benefits (costs), net	7.6	9.6	27.5	32.3
Other income (expense), net	1.2	(3.7)	4.2	(10.0)
Income (loss) before income taxes	\$ (136.6)	\$ (92.7)	\$ (95.7)	\$ (336.0)
<i>Add/(less):</i>				
Special items, net ⁽¹⁾	—	—	(328.0)	0.1
Acquisition and integration related costs ⁽²⁾	8.1	11.7	24.6	36.3
Unrealized mark-to-market (gains) and losses ⁽³⁾	23.2	(45.3)	62.8	(85.0)
Non-core other pension and postretirement benefits (costs), net ⁽⁴⁾	2.0	—	2.1	(2.9)
Non-GAAP: Underlying pretax income (loss)	\$ (103.3)	\$ (126.3)	\$ (334.2)	\$ (387.5)
<i>Add:</i> Interest expense (income), net	73.5	87.4	231.7	275.2
<i>Add:</i> Depreciation and amortization	0.8	1.0	2.8	2.9
Non-GAAP: Underlying EBITDA	\$ (29.0)	\$ (37.9)	\$ (99.7)	\$ (109.4)

- (1) See Part I—Item 1. Financial Statements, Note 6, "Special Items" of the Form 10-Q for detailed discussion of special items.
- (2) In connection with the acquisition, for the three and nine months ended September 30, 2018, we have recorded \$8.1 million and \$24.6 million, respectively, of integration costs within marketing, general & administrative expenses, and for the three and nine months ended September 30, 2017, we have recorded \$11.7 million and \$36.3 million, respectively, of integration costs within marketing, general & administrative expenses.
- (3) The unrealized changes in fair value on our commodity swaps, which are economic hedges, are recorded as cost of goods sold within our Corporate business activities. As the exposure we are managing is realized, we reclassify the gain or loss to the segment in which the underlying exposure resides, allowing our segments to realize the economic effects of the derivative without the resulting unrealized mark-to-market volatility.
- (4) For the three and nine months ended September 30, 2018, we recognized special termination benefit charges related to the restructuring program in the U.S. segment. See Part I—Item 1. Financial Statements, Note 13, "Pension and Other Postretirement Benefits" of the Form 10-Q for discussion. For the nine months ended September 30, 2017, includes the retrospective impact of the FASB's new pension and OPEB accounting standard and moving the non-service cost component of net periodic pension and other postretirement benefits to the Corporate segment. See Part I—Item 1. Financial Statements, Note 2, "New Accounting Pronouncements" of the Form 10-Q for detailed discussion.

MOLSON COORS BREWING COMPANY

Balance Sheet

Condensed Consolidated Balance Sheets

(In millions, except par value) (Unaudited)	As of	
	September 30, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 750.1	\$ 418.6
Accounts receivable, net	933.4	733.8
Other receivables, net	184.2	168.2
Inventories, net	631.9	591.5
Other current assets, net	312.7	277.6
Total current assets	2,812.3	2,189.7
Properties, net	4,593.5	4,673.7
Goodwill	8,333.0	8,405.5
Other intangibles, net	13,996.4	14,296.5
Other assets	735.1	681.5
Total assets	\$ 30,470.3	\$ 30,246.9
Liabilities and equity		
Current liabilities:		
Accounts payable and other current liabilities	\$ 2,820.6	\$ 2,684.5
Current portion of long-term debt and short-term borrowings	1,602.0	714.8
Total current liabilities	4,422.6	3,399.3
Long-term debt	8,970.3	10,598.7
Pension and postretirement benefits	827.6	848.5
Deferred tax liabilities	1,853.6	1,648.6
Other liabilities	306.2	316.8
Total liabilities	16,380.3	16,811.9
Molson Coors Brewing Company stockholders' equity		
Capital stock:		
Preferred stock, \$0.01 par value (authorized: 25.0 shares; none issued)	—	—
Class A common stock, \$0.01 par value per share (authorized: 500.0 shares; issued and outstanding: 2.6 shares and 2.6 shares, respectively)	—	—
Class B common stock, \$0.01 par value per share (authorized: 500.0 shares; issued: 205.1 shares and 204.7 shares, respectively)	2.0	2.0
Class A exchangeable shares, no par value (issued and outstanding: 2.8 shares and 2.9 shares, respectively)	103.4	107.7
Class B exchangeable shares, no par value (issued and outstanding: 14.8 shares and 14.7 shares, respectively)	557.4	553.2
Paid-in capital	6,715.9	6,688.5
Retained earnings	7,953.2	7,206.1
Accumulated other comprehensive income (loss)	(996.4)	(860.0)
Class B common stock held in treasury at cost (9.5 shares and 9.5 shares, respectively)	(471.4)	(471.4)
Total Molson Coors Brewing Company stockholders' equity	13,864.1	13,226.1
Noncontrolling interests	225.9	208.9
Total equity	14,090.0	13,435.0
Total liabilities and equity	\$ 30,470.3	\$ 30,246.9

MOLSON COORS BREWING COMPANY

Cash Flow Statement

Condensed Consolidated Statements of Cash Flows

(\$ in millions) (Unaudited)	Nine Months Ended	
	September 30, 2018	September 30, 2017
Cash flows from operating activities:		
Net income (loss) including noncontrolling interests	\$ 1,058.9	\$ 843.1
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	644.2	604.3
Amortization of debt issuance costs and discounts	10.0	17.6
Share-based compensation	33.8	46.2
(Gain) loss on sale or impairment of properties and other assets, net	0.2	(9.6)
Unrealized (gain) loss on foreign currency fluctuations and derivative instruments, net	61.2	(84.5)
Income tax (benefit) expense	231.6	338.5
Income tax (paid) received	11.2	15.9
Interest expense, excluding interest amortization	231.8	259.3
Interest paid	(273.1)	(299.0)
Pension expense (benefit)	(42.9)	(46.9)
Pension contributions paid	(7.1)	(307.7)
Change in current assets and liabilities and other	(168.4)	(231.8)
Net cash provided by (used in) operating activities	1,791.4	1,145.4
Cash flows from investing activities:		
Additions to properties	(491.0)	(466.0)
Proceeds from sales of properties and other assets	7.5	56.9
Other	(50.0)	11.1
Net cash provided by (used in) investing activities	(533.5)	(398.0)
Cash flows from financing activities:		
Exercise of stock options under equity compensation plans	6.7	3.6
Dividends paid	(265.6)	(264.9)
Payments on debt and borrowings	(310.2)	(2,601.5)
Proceeds on debt and borrowings	—	1,536.0
Net proceeds from (payments on) revolving credit facilities and commercial paper	(374.8)	999.7
Change in overdraft balances and other	20.5	(40.7)
Net cash provided by (used in) financing activities	(923.4)	(367.8)
Cash and cash equivalents:		
Net increase (decrease) in cash and cash equivalents	334.5	379.6
Effect of foreign exchange rate changes on cash and cash equivalents	(3.0)	30.8
Balance at beginning of year	418.6	560.9
Balance at end of period	\$ 750.1	\$ 971.3

Reconciliations to Nearest U.S. GAAP Measures by Line Item

Third Quarter 2018	Three Months Ended September 30, 2018					
(In millions) (Unaudited)	Net sales	Cost of goods sold ⁽¹⁾	Gross profit	Marketing, general and administrative expenses ⁽²⁾	Special items, net ⁽³⁾	Operating income (loss)
Reported (U.S. GAAP)	\$ 2,934.2	\$ (1,714.0)	\$ 1,220.2	\$ (713.9)	\$ (36.6)	\$ 469.7
<i>Adjustments to arrive at underlying:</i>						
Special items, net						
Employee-related charges	—	—	—	—	28.7	28.7
Impairments or asset abandonment charges	—	—	—	—	7.8	7.8
Termination fees and other (gains) losses	—	—	—	—	0.1	0.1
Non-Core items						
Integration related costs	—	1.3	1.3	8.8	—	10.1
Unrealized mark-to-market (gains) losses	—	23.2	23.2	—	—	23.2
Tax effects on special and non-GAAP items	—	—	—	—	—	—
Underlying (Non-GAAP)	\$ 2,934.2	\$ (1,689.5)	\$ 1,244.7	\$ (705.1)	\$ —	\$ 539.6

Third Quarter 2018	Three Months Ended September 30, 2018						
(In millions, except per share data) (Unaudited)	Interest income (expense), net	Other pension and postretirement benefits (costs), net ⁽⁴⁾	Other income (expense), net	Income (loss) before income taxes	Income tax benefit (expense)	Net income (loss) attributable to MCBC	Net income (loss) attributable to MCBC per diluted share
Reported (U.S. GAAP)	\$ (67.4)	\$ 7.6	\$ 0.2	\$ 410.1	\$ (64.5)	\$ 338.3	\$ 1.56
<i>Adjustments to arrive at underlying:</i>							
Special items, net							
Employee-related charges	—	—	—	28.7	—	28.7	0.13
Impairments or asset abandonment charges	—	—	—	7.8	—	7.8	0.03
Termination fees and other (gains) losses	—	—	—	0.1	—	0.1	—
Non-Core items							
Integration related costs	—	—	—	10.1	—	10.1	0.05
Unrealized mark-to-market (gains) losses	—	—	—	23.2	—	23.2	0.11
Non-core other pension and postretirement benefits (costs), net	—	2.0	—	2.0	—	2.0	0.01
Tax effects on special and non-GAAP items	—	—	—	—	(11.7)	(11.7)	(0.05)
Underlying (Non-GAAP)	\$ (67.4)	\$ 9.6	\$ 0.2	\$ 482.0	\$ (76.2)	\$ 398.5	\$ 1.84

- (1) Adjustments relate to the following segments: U.S. segment \$0.5 million, Canada segment \$0.1 million, Europe segment \$0.2 million, International segment \$0.5 million, Corporate segment \$23.2 million.
- (2) Adjustments relate to the following segment: U.S. segment \$0.1 million, International segment \$0.6 million, Corporate segment \$8.1 million.
- (3) Adjustments relate to the following segments: U.S. segment \$29.7 million, Canada segment \$5.9 million, Europe segment \$0.6 million, International segment \$0.4 million.
- (4) Adjustments relate to the following segment: Corporate segment \$2.0 million.

MOLSON COORS BREWING COMPANY

YTD Third Quarter 2018	Nine Months Ended September 30, 2018					
	Net sales	Cost of goods sold ⁽¹⁾	Gross profit	Marketing, general and administrative expenses ⁽²⁾	Special items, net ⁽³⁾	Operating income (loss)
(In millions) (Unaudited)						
Reported (U.S. GAAP)	\$ 8,350.9	\$ (4,988.8)	\$ 3,362.1	\$ (2,139.7)	\$ 267.7	\$ 1,490.1
<i>Adjustments to arrive at underlying:</i>						
Special items, net						
Employee-related charges	—	—	—	—	33.6	33.6
Impairments or asset abandonment charges	—	—	—	—	25.4	25.4
Termination fees and other (gains) losses	—	—	—	—	(326.7)	(326.7)
Non-Core items						
Integration related costs	—	3.9	3.9	26.1	—	30.0
Unrealized mark-to-market (gains) losses	—	62.8	62.8	—	—	62.8
Tax effects on special and non-GAAP items	—	—	—	—	—	—
Underlying (Non-GAAP)	\$ 8,350.9	\$ (4,922.1)	\$ 3,428.8	\$ (2,113.6)	\$ —	\$ 1,315.2

YTD Third Quarter 2018	Nine Months Ended September 30, 2018						
	Interest income (expense), net	Other pension and postretirement benefits (costs), net ⁽⁴⁾	Other income (expense), net	Income (loss) before income taxes	Income tax benefit (expense)	Net income (loss) attributable to MCBC	Net income (loss) attributable to MCBC per diluted share
(In millions, except per share data) (Unaudited)							
Reported (U.S. GAAP)	\$ (227.3)	\$ 27.5	\$ 0.2	\$ 1,290.5	\$ (231.6)	\$ 1,040.5	\$ 4.80
<i>Adjustments to arrive at underlying:</i>							
Special items, net							
Employee-related charges	—	—	—	33.6	—	33.6	0.16
Impairments or asset abandonment charges	—	—	—	25.4	—	25.4	0.12
Termination fees and other (gains) losses	—	—	—	(326.7)	—	(326.7)	(1.51)
Non-Core items							
Integration related costs	—	—	—	30.0	—	30.0	0.14
Unrealized mark-to-market (gains) losses	—	—	—	62.8	—	62.8	0.29
Non-core other pension and postretirement benefits (costs), net	—	2.1	—	2.1	—	2.1	0.01
Tax effects on special and non-GAAP items	—	—	—	—	41.2	41.2	0.19
Underlying (Non-GAAP)	\$ (227.3)	\$ 29.6	\$ 0.2	\$ 1,117.7	\$ (190.4)	\$ 908.9	\$ 4.20

- (1) Adjustments relate to the following segments: U.S. segment \$2.5 million, Canada segment \$0.4 million, Europe segment \$0.5 million, International segment \$0.5 million, Corporate segment \$62.8 million.
- (2) Adjustments relate to the following segment: U.S. segment \$0.1 million, International segment \$1.4 million, Corporate segment \$24.6 million.
- (3) Adjustments relate to the following segments: U.S. segment \$34.5 million, Canada segment \$17.2 million, Europe segment \$5.4 million, International segment \$3.2 million, Corporate segment \$(328.0) million.
- (4) Adjustments relate to the following segment: Corporate segment \$2.1 million.