

MOLSON COORS BUYS EUROPEAN BREWER, LOOKING TO EXPAND BUSINESS OVERSEAS



Molson Coors Brewing Co. has agreed to buy brewer StarBev for a price tag of 2.65 billion euros (equivalent to 3.52 billion U.S. dollars). Molson Coors will be expanding its business into additional European beer markets. StarBev had been purchased by CVC Capital Partners Ltd. in 2009 from Anheuser-Busch InBev NV for 1.5 billion euros. It was put back up for sale after CVC was approached from other companies, reportedly including Asahi, Carlsberg, SABMiller and Heineken. Molson Coors is anticipating earnings within the first full year of operations. "The acquisition of StarBev fits squarely into Molson Coors' strategy to increase our portfolio of premium brands and deepen our reach into growth markets around the world," said Peter Swinburn, the company's Chief Executive, in a statement. "StarBev, as a market leader in the CEE region, provides Molson Coors with a great platform for growth and an excellent foundation from which to extend our key brands, such as Carling, into Central and Eastern Europe." Swinburn further noted that the beer market in the European regions was "attractive" and had "strong historical trends and upside potential." Molson Coors, which is based in Denver, CO, and has businesses in Canada, the UK and the U.S., brews Molson Canadian, Carling and Coors Light beers. StarBev owns Czech lager Staropramen and will operate as a separate entity within Molson Coors once the deal has gone through. StarBev operates nine breweries in countries in Central and Eastern Europe, such as the Czech Republic, Hungary, Romania and Bulgaria. The company has over 20 brands, including such local labels as Borsodi, Kamenitza, Bergenbier, Ozusko, Jelen and Nicksicko, and also distributes brands like Stella Artois, Beck's, Hoegaarden, Lowenbrau and Leffe under licence. Its competition in the European regions includes SABMiller, Heineken NV and Carlsberg A/S. Melissa Earlam, an analyst at UBS AG in London, said that Molson Coors' portfolio "has had an extremely mature-market focus." She added that, compared to similar businesses, Molson Coors is "very underrepresented in emerging markets." According to Molson Coors, StarBev had generated in 2011 earnings of 241 million euros, before taking interest, taxes, depreciation and amortization into account. The deal will be the most significant acquisition of a brewery since SABMiller purchased Australia's Foster's Group Ltd. for approximately 12.9 billion dollars back in December. Molson Coors also stated that substantiated financing is ready for completion of the acquisition from CVC and StarBev management. The resultant production and purchasing efficiencies are intended to garner pretax savings of nearly 50 million dollars by the year 2015. Permanent funding will total three billion dollars in cash and debt, as well as 500 million euros of convertible debt to the seller. The acquisition of StarBev must first be approved by European competition authorities and should be closed in the second quarter of this year.

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