

Molson Coors Brewing Company (TAP) 9/10/09

Molson Coors Brewing Company operates in brewing, marketing, selling, and distributing beer and other beverages. It offers products under various brand names including; Coors Light, Canadian, Molson, Amstel, Heinekin, Carling, Miller Lite and others. It has joint venture operations with Grupo Modelo to sell its products in Canada, and a joint venture with Royal Grolsch to sell its products in the UK. TAP was founded in 1873 and is headquartered in Denver, Colorado.

Current Price	\$49.74
52 Week High	\$50.44
52 Week Low	\$30.76
One Yr Target	\$52.00
Market Cap (in billions)	\$9.18
P/E (Trailing)	17.49
P/E(1 Yr Forward)	13.00
P/E/G	1.25
ROA	4.38%
ROE	7.63%
EPS	\$2.84
Beta	0.62
Annualized Dividend	\$0.96
Dividend Yield	1.93%
Analyst Consensus	2.20



Annual EPS

2005	\$1.44	
2006	\$2.16	50.00%
2007	\$2.84	31.48%
2008	\$2.16	-23.94%
2009E	\$2.84	31.66%

Annual Revenue (in millions)

2005	\$5,506.91	
2006	\$5,844.98	6.14%
2007	\$6,190.59	5.91%
2008	\$4,774.30	-22.88%

Annual Net Income (in millions)

2005	\$134.94	
2006	\$361.03	167.55%
2007	\$497.19	37.71%
2008	\$388.00	-21.96%

Required Rate of Return

8.07%

Dividend Growth Model

Present Value of 2013 Price	\$11.07
Holding Period Return (5 years)	-17.42%

Expected Annualized Return Model

Present Value of 2013 Price	\$75.35
Holding Period Return (5 years)	10.12%

Residual Income Model

Intrinsic Stock Price	\$34.46
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Analysis

Positives

Beta < 1, good consensus among analysts

Stock price is undervalued according to the EAR valuation model

Negatives

Stock price is overvalued according to the DG and RI valuation models

Financial Statements

Balance Sheet has been gaining positively for the past several years

Income Statement numbers suffered in most recent year but looks to rebound with the economy

Cash Flows are volatile and negative for the most recent year, which is a bad sign

Industry Analysis

Company is average size for the industry

Company has average financial ratios compared to competitors

Company has one of the better profit margins in the industry

Summary

TAP is a good company and a good stock, but nothing seems outstanding about either. Its financial ratios are solid, but not great in any way. Its financial statements have taken a hit in the past year with the economy, but should rebound nicely when the economy turns. TAP's stock price has probably been propped up by it being a 'sin stock', which will lead to it having little gains in the future, something that two of the valuation models support. For these factors TAP earns a **hold** rating.