

Stainless steel kegs:

- Kegs are packaged in half, quarter, and one-sixth barrel stainless steel kegs.
- A limited number of kegs are purchased each year, and we have no long-term supply agreement.

Crowns, labels, corrugate and paperboard are purchased from a small number of sources unique to each product. In recent years, we have experienced a slight shift in the allocation among different packaging types toward aluminum cans and bottles and away from glass bottles. In general, aluminum cans allow for lower packaging costs compared to most other types of packaging materials. We do not currently anticipate future difficulties in accessing packaging products in the near term.

Contract Manufacturing

We have an agreement to brew, package and ship products for Pabst Brewing Company, LLC. Additionally, the U.S. segment produces beer for export to our Canada and International segments.

Seasonality of the Business

Total industry volume in the U.S. is sensitive to factors such as weather, changes in demographics, consumer preferences and drinking occasions. Weather conditions consisting of high temperatures and extended periods of warm and dry weather favor increased consumption of our products, while unseasonably cool or wet weather, especially during the summer months, adversely affects our sales volumes and net sales. Accordingly, consumption of beer in the U.S. is seasonal, with approximately 38% of industry sales volume typically occurring during the warmer months from May through August.

Known Trends and Competitive Conditions

2019 U.S. Beer Industry Overview

The beer industry in the United States is highly competitive, and the two largest brewers, ABI and MCBC together represented the majority of the market in 2019. However, we estimate the two largest brewers lost share in 2019 due to volume growth in the import and flavored malt beverage (including hard seltzers) categories as consumer preferences continue to shift within the industry to above premium priced beers. We believe growing or even maintaining our market share will require stabilizing our core brands and increasing our presence in the fast growing areas of the industry.

Competition from outside of the beer category continues to be a challenge for the beer industry. The following table summarizes the estimated percentage market share by volume of beer (including flavored malt beverages) and other alcohol beverages, including wine and spirits, as a component of the overall U.S. alcohol market over the last five years. We anticipate that 2019 data, when available, will reflect a continuation of the recent consumer trends. Note that percentages reflect estimates based on market data currently available.

	2018	2017	2016	2015	2014
Beer	49%	50%	51%	51%	51%
Other alcohol beverages	51%	50%	49%	49%	49%

Our Competitive Position

Our portfolio of beers competes with numerous above premium, premium, and economy brands. These competing brands are produced by international, national, regional and local brewers. We compete most directly with ABI brands, but also compete with imported and craft beer brands, as well as flavored malt beverages. The following table summarizes the estimated percentage share of the U.S. beer market represented by Molson Coors, ABI and all other brewers over the last five years. Note that current year percentages reflect estimates based on market data currently available.

	2019	2018	2017	2016	2015
MCBC's share	23%	24%	25%	25%	26%
ABI's share	42%	42%	43%	44%	45%
Others' share	35%	34%	32%	31%	29%

Our products also compete with other alcohol beverages, including wine and spirits, and thus their competitive position is affected by consumer preferences between and among these other categories. Driven by increased spirits advertising along with increased wine and spirits sales execution, sales of wine and spirits have grown faster than sales of beer in recent years, resulting in a reduction in the beer segment's lead in the overall alcohol beverage market.