

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) August 26, 2019

**CONSTELLATION BRANDS, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-08495**  
(Commission  
File Number)

**16-0716709**  
(IRS Employer  
Identification No.)

**207 High Point Drive, Building 100, Victor, NY 14564**  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code **(585) 678-7100**

**Not Applicable**

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<b><u>Title of Each Class</u></b>	<b><u>Trading Symbol(s)</u></b>	<b><u>Name of Each Exchange on Which Registered</u></b>
Class A Common Stock	STZ	New York Stock Exchange
Class B Common Stock	STZ.B	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

**Item 7.01 Regulation FD Disclosure.**

Constellation Brands, Inc. (“Constellation” or the “Company”) recognizes equity in earnings (losses) from its equity method investment in Canopy Growth Corporation (“Canopy”) on a two-month lag. Accordingly, Constellation will recognize its share of Canopy’s results of operations for the period (i) April 1, 2019, through June 30, 2019, in its consolidated financial statements for the three months ended August 31, 2019 and (ii) January 1, 2019, through June 30, 2019 in its consolidated financial statements for the six months ended August 31, 2019. Based on the information Canopy provides to Constellation in connection with the Amended Investor Rights Agreement and information Canopy has publicly disclosed, Constellation has completed its analysis of the share of Canopy’s results of operations for the period April 1, 2019, through June 30, 2019 and for the period January 1, 2019, through June 30, 2019, that Constellation expects to recognize for its second fiscal quarter and six months ended August 31, 2019. Constellation’s equity in earnings (losses) and related activities of Canopy will be recognized for the three and six months ended August 31, 2019, as appearing in the table below. Equity in earnings (losses) and related activities from the Canopy equity method investment is determined by adjusting Canopy’s reported International Financial Reporting Standards (“IFRS”) results to U.S. GAAP, and then recording the effect of basis differences which include, among other items, the amortization of the fair value adjustments associated with the definite-lived intangible assets over their estimated useful lives and the flow through of inventory step-up. After applying Constellation’s ownership percentage in the applicable period this amount is then converted from Canadian dollars to U.S. dollars using the weighted average exchange rate for the applicable period.

The following table presents the impact on Constellation’s net income (loss) of the equity in earnings (losses) and related activities of Canopy’s results for the three and six months ended June 30, 2019, on a reported basis (GAAP), and the impact on Constellation’s net income (loss) of the equity in earnings (losses) on a comparable basis (Non-GAAP) recognized in the three and six month periods ended August 31, 2019:

	Three Months Ended August 31, 2019	Six Months Ended August 31, 2019
(U.S. dollars in millions)		
<b>Equity in earnings (losses) and related activities - reported basis, Canopy EIE (GAAP) (1)</b>	<b>\$ (75.5)</b>	<b>\$ (181.5)</b>
Benefit from income taxes (2)	21.2	49.0
<b>Net income (loss) attributable to CBI - reported basis, Canopy EIE (GAAP) (1)</b>	<b>\$ (54.3)</b>	<b>\$ (132.5)</b>
<b>Equity in earnings (losses) and related activities - reported basis, Canopy EIE (GAAP) (1)</b>	<b>\$ (75.5)</b>	<b>\$ (181.5)</b>
Comparable adjustments: (3)		
Net (gain) loss on fair value financial instruments	(4.6)	34.1
Flow through of inventory step-up	6.2	11.8
Share-based compensation expense related to acquisition milestones	2.7	7.7
Acquisition costs	3.5	7.2
Other (gains) losses, net	12.9	11.5
	20.7	72.3
<b>Equity in earnings (losses) - comparable basis Canopy EIE (Non-GAAP) (1)</b>	<b>(54.8)</b>	<b>(109.2)</b>
Benefit from income taxes (2)	16.3	31.9
<b>Net income (loss) attributable to CBI - comparable basis, Canopy EIE (Non-GAAP) (1)</b>	<b>\$ (38.5)</b>	<b>\$ (77.3)</b>

[1] The amounts shown represent 35.8%, or Constellation’s share, of Canopy’s results of operations from January 1, 2019, through March 31, 2019 and 35.6%, or Constellation’s share, of Canopy’s results of operations from April 1,

2019, through June 30, 2019, reported in U.S. dollars. Constellation's share of Canopy's results of operations is determined based on Constellation's ownership interest as of March 31, 2019 and as of June 30, 2019.

- [2] The effective tax rate applied to Constellation's equity in earnings (losses) of Canopy is generally based on the tax rates of the legal entities that hold Constellation's investment in Canopy.
- [3] The effective tax rate applied to each comparable adjustment amount is generally based upon the jurisdiction in which the comparable adjustment was recognized.

The information in the table above is "furnished" and not "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, and is not otherwise subject to the liabilities of that section. Such information may be incorporated by reference in another filing under the Securities Exchange Act of 1934 or the Securities Act of 1933 only if and to the extent such subsequent filing specifically references the information incorporated by reference herein.

The table above contains non-GAAP financial measures; these are referred to as "comparable" measures. For purposes of Regulation G, a non-GAAP financial measure is a numerical measure of a registrant's historical or future financial performance, financial position or cash flows that excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the statement of income, balance sheet or statement of cash flows (or equivalent statements) of the issuer; or includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. In this regard, GAAP refers to generally accepted accounting principles in the United States. Pursuant to the requirements of Regulation G, the Company has provided reconciliations within the table of the non-GAAP financial measures to the most directly comparable GAAP financial measures.

Comparable measures, including those presenting the impact of the Company's equity method investment in Canopy, are provided because management uses this information to monitor the Company's investment in Canopy. In addition, the Company believes this information provides investors valuable insight on underlying business trends and results in order to evaluate year-over-year financial performance. As such, the following items, including any related income tax effect, are excluded from comparable basis results, when appropriate: unrealized net loss from the mark to fair value of securities measured at fair value and related activities; flow through of inventory step-up associated with acquisitions; share-based compensation expense related to acquisition milestones; acquisition costs; loss on dilution due to Canopy's issuance of additional stock; and other (gains) losses, net. In addition, comparable measures for Canopy equity earnings (losses), including any related income tax effect, are also excluded from certain comparable basis results.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 26, 2019

CONSTELLATION BRANDS, INC.

By: /s/ David Klein  
David Klein  
Executive Vice President and  
Chief Financial Officer