

**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) January 8, 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))

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 2.02 Results of Operations and Financial Condition.

On January 9, 2019, Constellation Brands, Inc. (“Constellation” or the “Company”), a Delaware corporation, issued a news release (the “release”) announcing its financial condition and results of operations as of and for the third fiscal quarter ended November 30, 2018. A copy of the release is attached hereto as Exhibit 99.1 and incorporated herein by reference. The projections constituting the guidance included in the release involve risks and uncertainties, the outcome of which cannot be foreseen at this time; therefore, actual results may vary materially from these forecasts. In this regard, see the information included in the release under the caption “Forward-Looking Statements.”

The information in the release 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 release contains non-GAAP financial measures; in the release 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 release of the non-GAAP financial measures to the most directly comparable GAAP financial measures.

Comparable measures are provided because management uses this information in monitoring and evaluating the results and underlying business trends of the core operations of the Company and/or in internal goal setting. 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 results, when appropriate: net gain (loss) on the mark to fair value of undesignated commodity derivative contracts; settlements of undesignated commodity derivative contracts; flow through of inventory step-up associated with acquisitions; accelerated depreciation in connection with certain restructuring and other strategic business development costs; loss on inventory write-down; net loss on change in fair value of derivative instrument entered into to hedge the U.S. dollar cost of a foreign currency denominated investment; transaction, integration and other acquisition-related costs recognized in connection with acquisitions and investments; restructuring and other strategic business development costs; a prior period adjustment for deferred compensation related to certain employment agreements; impairment of certain intangible assets; loss associated with the restructuring of an agreement; net costs in connection with the sale of the Canadian wine business and related activities; certain other selling, general and administrative gains; unrealized net gain (loss) from the mark to fair value of securities measured at fair value and related activities; net gain on the sale of our remaining interest in our previously-owned Australian and European business; net gain on change in fair value of a derivative instrument entered into to hedge the Company’s exposure to interest rate volatility associated with debt financing of investment; bridge commitment fees associated with debt financing of investment; loss on extinguishment of debt; and net income tax benefit recognized in connection with the Tax Cuts and Jobs Act.

Item 7.01 Regulation FD Disclosure.

On January 9, 2019, Constellation issued a news release, a copy of which release is furnished herewith as Exhibit 99.1 and is incorporated herein by reference.

In addition, on January 8, 2019, the Board of Directors of Constellation Brands, Inc. declared a quarterly cash dividend in the amount of \$0.74 per issued and outstanding share of the Company's Class A Common Stock, \$0.67 per issued and outstanding share of the Company's Class B Common Stock and \$0.67 per issued and outstanding share of the Company's Class 1 Common Stock, in each case payable on February 26, 2019, to stockholders of record of each respective class as of the close of business on February 12, 2019.

References to Constellation's website and/or other social media sites or platforms in the release do not incorporate by reference the information on such websites, social media sites or platforms into this Current Report on Form 8-K, and Constellation disclaims any such incorporation by reference. The information in the news release attached as Exhibit 99.1 is incorporated by reference into this Item 7.01 in satisfaction of the public disclosure requirements of Regulation FD. This information 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.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

The following exhibit is furnished as part of this Current Report on Form 8-K:

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|---|
| 99.1 | News Release of Constellation Brands, Inc. dated January 9, 2019. |

INDEX TO EXHIBITS

| <u>Exhibit No.</u> | <u>Description</u> |
|---------------------------|--|
| (99) | ADDITIONAL EXHIBITS |
| (99.1) | <u>News Release of Constellation Brands, Inc. dated January 9, 2019.</u> |

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: January 9, 2019

CONSTELLATION BRANDS, INC.

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



**Beer Business Delivers Double Digit Net Sales and Operating Income Growth
Company Plans to Return \$4.5 Billion to Shareholders in Dividends and Share Repurchases Through FY 22**

| | Net Sales | Operating Income | Earnings Before Interest & Taxes (EBIT) | Diluted Net Income Per Share Attributable to CBI (EPS) |
|---|-----------|------------------|---|--|
| Third Quarter Fiscal Year 2019 Financial Highlights (1) In millions, except per share data | | | | |
| Reported | \$1,973 | \$557 | NA | \$1.56 |
| % Change | 9% | 14% | NA | (36%) |
| Comparable | \$1,973 | \$612 | \$641 | \$2.37 |
| % Change | 9% | 11% | 10% | 18% |

Effective March 1, 2018, the company adopted the FASB amended guidance regarding the recognition of revenue from contracts with customers using the retrospective application method. Accordingly, financial information for prior interim and annual periods presented herein has been adjusted to reflect the adoption of this amended guidance.

(1) Definitions of reported and comparable, as well as reconciliations of non-GAAP financial measures, are contained elsewhere in this news release. | NA=Not Applicable

HIGHLIGHTS

- Achieves **reported basis EPS of \$1.56** and **comparable basis EPS of \$2.37**, a decrease of 36% and an increase of 18%, respectively
- Recognized **\$1.2 billion unrealized gain** in reported basis results since initial Canopy Growth investment in November 2017; \$164 million decrease in the fair value of Canopy investments recognized for third quarter
- Updates fiscal 2019 reported basis EPS outlook to **\$12.95 - \$13.05** and comparable basis EPS outlook to **\$9.20 - \$9.30**; guidance includes additional interest expense for Canopy financing, excludes fourth quarter Canopy equity earnings
- Generates **\$2.0 billion of operating cash flow** and **\$1.4 billion of free cash flow**, an increase of 34% and 77%, respectively
- Affirms **fiscal 2019 operating cash flow target** of approximately **\$2.45 billion** and **free cash flow projection** of **\$1.2 - \$1.3 billion**
- Completes additional **\$4 billion investment in Canopy Growth Corporation** on November 1, 2018
- Declares quarterly cash dividend



"The results delivered by our beer business mark the highlight of our third quarter performance. The Modelo and Corona brand families continue to be on fire, fueled by strong velocities, excellent distribution gains and highly incremental innovation. Our leadership in the high-end U.S. beer industry positioned us to be the most significant growth contributor at retail during the quarter."

Rob Sands
Chief Executive Officer



"Our focus on innovation is driving incremental growth for our beverage alcohol portfolio. We recently introduced Meimi Sparkling, Crafters Union canned wine and Mi CAMPO tequila, which tap into fast growing sectors of the Wine and Spirits market. Corona Premier continues to drive strong growth as a trade up for consumers who want a low calorie, low carb option. Our innovation pipeline will continue to fuel growth for our business in the years ahead."

Bill Newlands
President and Chief Operating Officer

beer

| | Shipment Volume | Depletion Volume | Net Sales | Operating Income |
|---|-----------------|------------------|-----------|------------------|
| Three Months Ended In millions; branded product, 24-pack, 12-ounce case equivalents | | | | |
| November 30, 2018 | 68.0 | | \$1,209.8 | \$450.9 |
| November 30, 2017 | 59.6 | | \$1,042.5 | \$394.8 |
| % Change | 14.1% | 7.8% | 16.0% | 14.2% |

HIGHLIGHTS

- The **Modelo** and **Corona** brand families drove **depletion growth of 8%** with the Constellation beer business achieving the most significant share gains in the U.S. beer industry for the third quarter.
- Strong shipment volume was primarily timing related as fiscal year-to-date shipment and depletion volume are closely aligned.
- Operating margin** decreased 60 basis points to 37.3%, as benefits from favorable pricing were more than offset by higher transportation costs, higher operational costs and marketing investments.
- Marketing** as a percent of net sales **increased to almost 11%** for third quarter and 10% for fiscal year-to-date. The increases are primarily driven by marketing investments for the **Corona Premier** and **Corona Familiar** product introductions and to support other portfolio growth initiatives. The company now expects fiscal 2019 marketing as a percent of net sales to be at the lower end of its targeted 9.5 - 10% range.

- The beer business won the Labor Day and Thanksgiving holidays as Corona Premier, Modelo Especial and Corona Familiar were the "top 3" high-end beer share gainers for the third quarter.
- The beer business now expects fiscal 2019 net sales growth to be at the high end of the 9 - 11% range and operating margin to approximate 39%.



wine and spirits

| | Shipment Volume | Depletion Volume | Net Sales | Operating Income |
|---|-----------------|------------------|-----------|------------------|
| Three Months Ended In millions; branded product, 9-liter case equivalents | | | | |
| November 30, 2018 | 14.8 | | \$762.8 | \$206.0 |
| November 30, 2017 | 14.8 | | \$759.4 | \$199.4 |
| % Change | —% | (3.2%) | 0.4% | 3.3% |

HIGHLIGHTS

- Focus on higher retail price points for the wine business is paying off. In last 52 weeks, Constellation outperformed the U.S. wine market at the greater than \$11 price point with several Focus Brands growing double digits in IRI channels during this timeframe, including **Kim Crawford, Ruffino, The Prisoner and Meiomi**. Depletion performance for the below \$11 price point continues to be challenged, resulting in an overall fiscal year-to-date depletion decline of 2%.
- Fiscal year-to-date U.S. shipment volume has outpaced fiscal year-to-date depletion volume; this shipment timing benefit is expected to reverse in the fourth quarter.

- Third quarter **operating margin** increased 70 basis points to **27.0%** primarily due to SG&A favorability, partially offset by unfavorable mix.
- The wine and spirits business now expects net sales and operating income to decline low-single digits for fiscal 2019.
- The company continues to refine its options to optimize the value of the Wine and Spirits business and drive increased focus on the high-end priority brands to accelerate growth.



"We expect the powerful cash generation capability of our core business to enable significant cash returns of \$4.5 billion to shareholders in the form of share repurchases and dividends within the next three fiscal years. We plan to operate within our targeted leverage range, as we remain committed to maintaining our investment grade rating."



David Klein

Chief Financial Officer

SVEDKA Vodka's first national campaign in over five years encourages its audience to "Bring Your Own Spirit."

QUARTERLY DIVIDEND

On January 8, 2019, Constellation's board of directors declared a quarterly cash dividend of \$0.74 per share of Class A Common Stock and \$0.67 per share of Class B Common Stock, payable on February 26, 2019, to stockholders of record as of the close of business on February 12, 2019.

THIRD QUARTER FY19 RESULTS

CONFERENCE CALL* | WEBCAST

January 9, 2019 at 10:30 a.m. EST
 (877) 673-1771 | Conference ID: 5284499
cbrands.com/investors/events

† A copy of this news release, including the attachments and other financial information that may be discussed during the call, will be available on our website cbrands.com under "[Investors/Reporting](#)" prior to the call.

OUTLOOK

The table below sets forth management's current EPS expectations for fiscal 2019 compared to fiscal 2018 actual results, both on a reported basis and a comparable basis.

| | Reported Basis | | Comparable Basis | |
|---------------------------------------|-------------------|-------------|------------------|-------------|
| | FY19 Estimate | FY18 Actual | FY19 Estimate | FY18 Actual |
| Fiscal Year Ending February 28 | \$12.95 - \$13.05 | \$11.47 | \$9.20 - \$9.30 | \$8.70 |

For fiscal 2019, the beer business now expects net sales growth to be at the high end of the 9 - 11% range and operating margin to approximate 39%. For the wine and spirits business, the company now expects net sales and operating income to decline low-single digits.

Fiscal 2019 guidance also includes the following current assumptions:

- Interest expense: \$380 - \$390 million
- Tax rate: approximately 18%
- Weighted average diluted shares outstanding: approximately 196 million; assumes no additional share repurchases for fiscal 2019
- Operating cash flow: \$2.35 - \$2.55 billion
- Capital expenditures: \$1.15 - \$1.25 billion, including approximately \$900 million targeted for Mexico beer operations expansion activities
- Free cash flow: \$1.2 - \$1.3 billion

The additional \$4 billion Canopy Growth investment closed on November 1, 2018, and was financed using debt. The company estimates the interest expense associated with this transaction to approximate \$55 million before tax with an approximate \$0.25 impact on fiscal 2019 EPS results, both of which have been included in the guidance assumptions noted above. The company continues to evaluate the potential equity in earnings impact from the Canopy Growth investment and related items and, as such, these items have been excluded from the guidance assumptions noted above. The equity earnings for Constellation's share of Canopy Growth's earnings will be reported on a two-month lag. In addition, Constellation's EPS guidance does not assume future changes in the fair value of the company's investments in Canopy Growth's warrants and convertible debt securities.

ABOUT CONSTELLATION BRANDS

Constellation Brands (NYSE: STZ and STZ.B), a Fortune 500® company, is a leading international producer and marketer of beer, wine and spirits with operations in the U.S., Mexico, New Zealand, Italy and Canada. Constellation is the No. 3 beer company in the U.S. with high-end, iconic imported brands such as Corona Extra, Corona Light, Modelo Especial, Modelo Negra and Pacifico. The company's beer portfolio also includes Ballast Point, one of the most awarded craft brewers in the U.S., and Funky Buddha Brewery. In addition, Constellation is the world leader in premium wine, selling great brands that people love, including Robert Mondavi, Clos du Bois, Kim Crawford, Meiomi, Mark West, Black Box, Ruffino and The Prisoner. The company's premium spirits brands include SVEDKA Vodka, Casa Noble Tequila and High West Whiskey.

Based in Victor, N.Y., the company believes that industry leadership involves a commitment to brand building, our trade partners, the environment, our investors and to consumers around the world who choose our products when celebrating big moments or enjoying quiet ones. Founded in 1945, Constellation has grown to become a significant player in the beverage alcohol industry with more than 100 brands in its portfolio; about 40 wineries, breweries and distilleries; and approximately 10,000 talented employees. We express our company vision: *to elevate life with every glass raised.*

To learn more, follow us on Twitter [@cbrands](#) and visit www.cbrands.com.

MEDIA CONTACTS

Mike McGrew 773-251-4934 | Amy Martin 585-678-7141

INVESTOR RELATIONS CONTACTS

Patty Yahn-Urlaub 585-678-7483 | Bob Czudak 585-678-7170
 Tom Conaway 585-678-7503

SUPPLEMENTAL INFORMATION

Reported basis ("reported") are amounts as reported under generally accepted accounting principles. Comparable basis ("comparable") are amounts which exclude items that affect comparability ("comparable adjustments"), as they are not reflective of core operations of the segments. The company's measure of segment profitability excludes comparable adjustments, which is consistent with the measure used by management to evaluate results. The company discusses various non-GAAP measures in this news release. Financial statements, as well as supplemental schedules and tables reconciling non-GAAP measures, together with definitions of these measures and the reasons management uses these measures, are included in this news release.

FORWARD-LOOKING STATEMENTS

The statements made under the heading Outlook, and all statements other than statements of historical fact set forth in this news release regarding Constellation Brands' business strategy, future operations, future financial position, expected effective tax rates and anticipated tax liabilities, expected net sales and operating income, projected costs, estimated diluted EPS, expected cash flow, future leverage ratios, future payments of dividends, prospects, plans and objectives of management, manner and timing of share repurchases pursuant to the share repurchase authorization, as well as information concerning expected actions of third parties, are forward-looking statements (collectively, the "Projections") that involve risks and uncertainties that could cause actual results to differ materially from those set forth in or implied by the Projections.

During the current quarter, Constellation Brands may reiterate the Projections. Prior to the start of the company's quiet period, which will begin at the close of business on February 28, 2019, the public can continue to rely on the Projections as still being Constellation Brands' current expectations on the matters covered, unless the company publishes a notice stating otherwise. During Constellation Brands' "quiet period," the Projections should not be considered to constitute the company's expectations and should be considered historical, speaking as of prior to the quiet period only and not subject to update by the company.

The Projections are based on management's current expectations and, unless otherwise noted, do not take into account the impact of any future acquisition, merger or any other business combination, divestiture, restructuring or other strategic business realignments, financing or share repurchase that may be completed after the date of this release. The Projections should not be construed in any manner as a guarantee that such results will in fact occur.

In addition to the risks and uncertainties of ordinary business operations, the Projections of the company contained in this news release are subject to a number of risks and uncertainties, including:

- beer operations expansion, construction and optimization activities, and costs and timing associated with these activities, may vary from management's current estimates;
- accuracy of supply projections, including those relating to beer operations expansion activities and glass sourcing;
- operating cash flow, free cash flow, effective tax rate and capital expenditures to support long-term growth may vary from management's current estimates;
- accuracy of projections associated with market opportunities and with previously announced acquisitions, investments, and divestitures;
- exact duration of the share repurchase implementation and the amount, timing, and source of funds for any share repurchases;
- amount and timing of future dividends are subject to the determination and discretion of the company's board of directors;
- raw material and water supply, production or shipment difficulties could adversely affect the company's ability to supply its customers;
- general economic, geo-political, domestic, international and regulatory conditions, instability in world financial markets, unanticipated environmental liabilities and costs, or enhanced competitive activities;
- changes to international trade agreements and tariffs, accounting standards, elections or assertions, tax laws or other governmental rules and regulations, and other factors which could impact the company's reported financial position, results of operations or effective tax rate, and accuracy of any associated projections;
- changes in interest rates and the inherent unpredictability of currency fluctuations, commodity prices and raw material costs; and
- other factors and uncertainties disclosed in the company's filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the fiscal year ended February 28, 2018, as supplemented by the company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 2018, which could cause actual future performance to differ from current expectations.

Constellation Brands, Inc. and Subsidiaries
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions)
(unaudited)

| | November 30, 2018 | February 28, 2018 |
|---|----------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 130.6 | \$ 90.3 |
| Accounts receivable | 837.2 | 776.2 |
| Inventories | 2,198.0 | 2,084.0 |
| Prepaid expenses and other | 472.7 | 523.5 |
| Total current assets | 3,638.5 | 3,474.0 |
| Property, plant and equipment | 4,986.3 | 4,789.7 |
| Goodwill | 8,061.8 | 8,083.1 |
| Intangible assets | 3,307.8 | 3,304.8 |
| Equity method investments | 3,583.0 | 121.5 |
| Other assets | 4,313.0 | 765.6 |
| Total assets | \$ 27,890.4 | \$ 20,538.7 |
| Liabilities and stockholders' equity | | |
| Current liabilities: | | |
| Short-term borrowings | \$ 731.5 | \$ 746.8 |
| Current maturities of long-term debt | 1,065.6 | 22.3 |
| Accounts payable | 882.7 | 592.2 |
| Other accrued expenses and liabilities | 683.6 | 678.3 |
| Total current liabilities | 3,363.4 | 2,039.6 |
| Long-term debt, less current maturities | 11,772.5 | 9,417.6 |
| Other liabilities | 1,234.5 | 1,089.8 |
| Total liabilities | 16,370.4 | 12,547.0 |
| CBI stockholders' equity | 11,256.7 | 7,975.1 |
| Noncontrolling interests | 263.3 | 16.6 |
| Total stockholders' equity | 11,520.0 | 7,991.7 |
| Total liabilities and stockholders' equity | \$ 27,890.4 | \$ 20,538.7 |

Constellation Brands, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share data)
(unaudited)

| | Three Months Ended | | Nine Months Ended | |
|---|----------------------|----------------------|----------------------|----------------------|
| | November 30, 2018 | November 30, 2017 | November 30, 2018 | November 30, 2017 |
| Sales | \$ 2,160.6 | \$ 1,981.7 | \$ 6,916.3 | \$ 6,390.6 |
| Excise taxes | (188.0) | (179.8) | (597.5) | (572.3) |
| Net sales | 1,972.6 | 1,801.9 | 6,318.8 | 5,818.3 |
| Cost of product sold | (1,002.6) | (891.6) | (3,132.0) | (2,851.0) |
| Gross profit | 970.0 | 910.3 | 3,186.8 | 2,967.3 |
| Selling, general and administrative expenses | (413.5) | (420.7) | (1,239.9) | (1,199.3) |
| Operating income | 556.5 | 489.6 | 1,946.9 | 1,768.0 |
| Income (loss) from unconsolidated investments | (134.6) | 249.1 | 918.2 | 249.7 |
| Interest expense | (72.8) | (81.4) | (248.6) | (245.1) |
| Loss on extinguishment of debt | (1.7) | (10.3) | (1.7) | (19.1) |
| Income before income taxes | 347.4 | 647.0 | 2,614.8 | 1,753.5 |
| Provision for income taxes | (35.3) | (150.6) | (405.1) | (352.0) |
| Net income | 312.1 | 496.4 | 2,209.7 | 1,401.5 |
| Net income attributable to noncontrolling interests | (9.0) | (3.6) | (13.3) | (8.6) |
| Net income attributable to CBI | \$ 303.1 | \$ 492.8 | \$ 2,196.4 | \$ 1,392.9 |
| Net income per common share attributable to CBI: | | | | |
| Basic – Class A Common Stock | \$ 1.62 | \$ 2.55 | \$ 11.66 | \$ 7.22 |
| Basic – Class B Convertible Common Stock | \$ 1.47 | \$ 2.32 | \$ 10.59 | \$ 6.55 |
| Diluted – Class A Common Stock | \$ 1.56 | \$ 2.45 | \$ 11.21 | \$ 6.92 |
| Diluted – Class B Convertible Common Stock | \$ 1.45 | \$ 2.26 | \$ 10.35 | \$ 6.40 |
| Weighted average common shares outstanding: | | | | |
| Basic – Class A Common Stock | 166.364 | 171.922 | 167.203 | 171.854 |
| Basic – Class B Convertible Common Stock | 23.318 | 23.333 | 23.322 | 23.339 |
| Diluted – Class A Common Stock | 194.820 | 201.177 | 195.921 | 201.183 |
| Diluted – Class B Convertible Common Stock | 23.318 | 23.333 | 23.322 | 23.339 |
| Cash dividends declared per common share: | | | | |
| Class A Common Stock | \$ 0.74 | \$ 0.52 | \$ 2.22 | \$ 1.56 |
| Class B Convertible Common Stock | \$ 0.67 | \$ 0.47 | \$ 2.01 | \$ 1.41 |

Constellation Brands, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(unaudited)

| | Nine Months Ended | |
|--|----------------------|----------------------|
| | November 30, 2018 | November 30, 2017 |
| Cash flows from operating activities | | |
| Net income | \$ 2,209.7 | \$ 1,401.5 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Unrealized net gain on securities measured at fair value | (786.5) | (216.8) |
| Net gain on sale of unconsolidated investment | (99.8) | — |
| Net income tax benefit related to the Tax Cuts and Jobs Act | (37.6) | — |
| Equity in earnings of equity method investees, net of distributed earnings | (18.4) | (20.5) |
| Depreciation | 250.1 | 214.4 |
| Deferred tax provision | 208.1 | 91.1 |
| Stock-based compensation | 51.1 | 45.5 |
| Amortization of debt issuance costs and loss on extinguishment of debt | 25.8 | 27.6 |
| Amortization and impairment of intangible assets | 4.5 | 91.2 |
| Loss on contract termination | — | 59.0 |
| Change in operating assets and liabilities, net of effects from purchases of businesses: | | |
| Accounts receivable | (56.4) | (38.4) |
| Inventories | (127.7) | (221.7) |
| Prepaid expenses and other current assets | (56.6) | (78.3) |
| Accounts payable | 301.3 | 157.7 |
| Other accrued expenses and liabilities | 33.7 | (67.8) |
| Other | 72.6 | 23.9 |
| Total adjustments | (235.8) | 66.9 |
| Net cash provided by operating activities | 1,973.9 | 1,468.4 |
| Cash flows from investing activities | | |
| Investments in equity method investees and securities | (4,077.3) | (191.3) |
| Purchases of property, plant and equipment | (620.3) | (705.6) |
| Purchases of businesses, net of cash acquired | (45.3) | (131.9) |
| Proceeds from sale of unconsolidated investment | 110.2 | — |
| Proceed from sales of assets | 46.3 | 1.2 |
| Other investing activities | (0.9) | (10.7) |
| Net cash used in investing activities | (4,587.3) | (1,038.3) |
| Cash flows from financing activities | | |
| Proceeds from issuance of long-term debt | 3,657.6 | 6,017.9 |
| Proceeds from shares issued under equity compensation plans | 32.6 | 37.5 |
| Purchases of treasury stock | (504.3) | (239.2) |
| Dividends paid | (417.9) | (301.1) |
| Principal payments of long-term debt | (45.3) | (6,522.8) |
| Payments of debt issuance costs | (33.3) | (32.4) |
| Net proceeds from (repayments of) short-term borrowings | (14.5) | 604.9 |
| Payments of minimum tax withholdings on stock-based payment awards | (13.6) | (22.9) |
| Net cash provided by (used in) financing activities | 2,661.3 | (458.1) |
| Effect of exchange rate changes on cash and cash equivalents | (7.6) | 5.1 |
| Net increase (decrease) in cash and cash equivalents | 40.3 | (22.9) |
| Cash and cash equivalents, beginning of period | 90.3 | 177.4 |
| Cash and cash equivalents, end of period | \$ 130.6 | \$ 154.5 |

Constellation Brands, Inc. and Subsidiaries
SUMMARIZED SEGMENT AND INCOME (LOSS) FROM UNCONSOLIDATED INVESTMENTS INFORMATION
(in millions)
(unaudited)

| | Three Months Ended | | | Nine Months Ended | | |
|---|----------------------|----------------------|-------------------|----------------------|----------------------|-------------------|
| | November 30, 2018 | November 30, 2017 | Percent Change | November 30, 2018 | November 30, 2017 | Percent Change |
| Beer | | | | | | |
| Segment net sales | \$ 1,209.8 | \$ 1,042.5 | 16% | \$ 4,112.0 | \$ 3,663.4 | 12% |
| Segment gross profit | \$ 651.0 | \$ 569.4 | 14% | \$ 2,243.8 | \$ 1,999.7 | 12% |
| % Net sales | 53.8% | 54.6% | | 54.6% | 54.6% | |
| Segment operating income | \$ 450.9 | \$ 394.8 | 14% | \$ 1,601.5 | \$ 1,461.3 | 10% |
| % Net sales | 37.3% | 37.9% | | 38.9% | 39.9% | |
| Wine and Spirits | | | | | | |
| Wine net sales | \$ 670.3 | \$ 666.6 | 1% | \$ 1,933.1 | \$ 1,882.7 | 3% |
| Spirits net sales | 92.5 | 92.8 | —% | 273.7 | 272.2 | 1% |
| Segment net sales | \$ 762.8 | \$ 759.4 | —% | \$ 2,206.8 | \$ 2,154.9 | 2% |
| Segment gross profit | \$ 340.9 | \$ 344.7 | (1%) | \$ 968.3 | \$ 975.7 | (1%) |
| % Net sales | 44.7% | 45.4% | | 43.9% | 45.3% | |
| Segment operating income | \$ 206.0 | \$ 199.4 | 3% | \$ 575.2 | \$ 586.8 | (2%) |
| % Net sales | 27.0% | 26.3% | | 26.1% | 27.2% | |
| Segment income from unconsolidated investments | \$ 28.4 | \$ 32.1 | (12%) | \$ 32.2 | \$ 32.3 | —% |
| Corporate Operations and Other | | | | | | |
| Segment operating loss | \$ (45.0) | \$ (41.3) | 9% | \$ (146.5) | \$ (120.2) | 22% |
| Segment income (loss) from unconsolidated investments | \$ 0.9 | \$ 0.1 | NM | \$ (0.3) | \$ 0.5 | NM |
| Consolidated operating income | | | | | | |
| Comparable Adjustments | 55.4 | 63.3 | | 83.3 | 159.9 | |
| Comparable operating income | \$ 611.9 | \$ 552.9 | | \$ 2,030.2 | \$ 1,927.9 | |
| Consolidated income (loss) from unconsolidated investments | | | | | | |
| Comparable Adjustments | 163.9 | (216.9) | | (886.3) | (216.9) | |
| Comparable income from unconsolidated investments | \$ 29.3 | \$ 32.2 | | \$ 31.9 | \$ 32.8 | |
| Consolidated EBIT | \$ 641.2 | \$ 585.1 | | \$ 2,062.1 | \$ 1,960.7 | |

NM=Not Meaningful

Constellation Brands, Inc. and Subsidiaries
SUPPLEMENTAL SHIPMENT AND DEPLETION INFORMATION
(unaudited)

| | Three Months Ended | | | Nine Months Ended | | |
|--|----------------------|----------------------|-------------------|----------------------|----------------------|-------------------|
| | November 30, 2018 | November 30, 2017 | Percent Change | November 30, 2018 | November 30, 2017 | Percent Change |
| Beer | | | | | | |
| (in millions, branded product, 24-pack, 12-ounce case equivalents) | | | | | | |
| Shipment volume | 68.0 | 59.6 | 14.1% | 233.2 | 211.6 | 10.2% |
| Depletion volume (1) | | | 7.8% | | | 9.0% |
| Wine and Spirits | | | | | | |
| (in millions, branded product, 9-liter case equivalents) | | | | | | |
| Shipment volume | 14.8 | 14.8 | —% | 44.3 | 43.4 | 2.1% |
| U.S. Domestic shipment volume | 13.8 | 13.6 | 1.5% | 41.1 | 40.1 | 2.5% |
| U.S. Domestic Focus Brands shipment volume (2) | 8.3 | 8.3 | —% | 25.5 | 24.3 | 4.9% |
| U.S. Domestic depletion volume (1) | | | (3.2%) | | | (2.1%) |
| U.S. Domestic Focus Brands depletion volume (1) (2) | | | 0.3% | | | 1.1% |

(1) Depletions represent distributor shipments of our respective branded products to retail customers, based on third-party data.

(2) U.S. Domestic Focus Brands include the following brands and/or portfolios of brands: 7 Moons, Black Box, Casa Noble, Clos du Bois, Franciscan, High West, Kim Crawford, Mark West, Meiomi, Mount Veeder, Nobilo, Ravage, Robert Mondavi, Ruffino, Schrader, Simi, SVEDKA Vodka, The Dreaming Tree and the Charles Smith and Prisoner portfolios of brands.

Constellation Brands, Inc. and Subsidiaries
RECONCILIATIONS OF GAAP TO NON-GAAP FINANCIAL MEASURES

(in millions, except per share data)
(unaudited)

We report our financial results in accordance with generally accepted accounting principles in the U.S. ("GAAP"). However, non-GAAP financial measures, as defined in the reconciliation tables below, are provided because we use this information in evaluating the results of our core operations and/or internal goal setting. In addition, we believe this information provides investors valuable insight on underlying business trends and results in order to evaluate year-over-year financial performance. See the tables below for supplemental financial data and corresponding reconciliations of these non-GAAP financial measures to GAAP financial measures for the periods presented. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, our reported results prepared in accordance with GAAP. Please refer to our website at <http://www.cbrands.com/investors/reporting> for a more detailed description and further discussion of these non-GAAP financial measures.

| | Three Months Ended November 30, 2018 | | | Three Months Ended November 30, 2017 | | | Percent Change - Reported Basis (GAAP) | Percent Change - Comparable Basis (Non-GAAP) |
|--|--------------------------------------|------------------------|-----------------------------|--------------------------------------|------------------------|-----------------------------|--|--|
| | Reported Basis (GAAP) | Comparable Adjustments | Comparable Basis (Non-GAAP) | Reported Basis (GAAP) | Comparable Adjustments | Comparable Basis (Non-GAAP) | | |
| Net sales | \$ 1,972.6 | | \$ 1,972.6 | \$ 1,801.9 | | \$ 1,801.9 | 9% | 9% |
| Cost of product sold | (1,002.6) | \$ 21.9 | | (891.6) | \$ 3.8 | | | |
| Gross profit | 970.0 | 21.9 | \$ 991.9 | 910.3 | 3.8 | \$ 914.1 | 7% | 9% |
| Selling, general and administrative expenses | (413.5) | 33.5 | | (420.7) | 59.5 | | | |
| Operating income | 556.5 | 55.4 | \$ 611.9 | 489.6 | 63.3 | \$ 552.9 | 14% | 11% |
| Income (loss) from unconsolidated investments | (134.6) | 163.9 | | 249.1 | (216.9) | | | |
| EBIT | | | \$ 641.2 | | | \$ 585.1 | NA | 10% |
| Interest expense | (72.8) | (20.3) | | (81.4) | | | | |
| Loss on extinguishment of debt | (1.7) | 1.7 | | (10.3) | 10.3 | | | |
| Income before income taxes | 347.4 | 200.7 | \$ 548.1 | 647.0 | (143.3) | \$ 503.7 | (46%) | 9% |
| Provision for income taxes (1) | (35.3) | (42.1) | | (150.6) | 54.8 | | | |
| Net income | 312.1 | 158.6 | | 496.4 | (88.5) | | | |
| Net income attributable to noncontrolling interests | (9.0) | | | (3.6) | | | | |
| Net income attributable to CBI | \$ 303.1 | \$ 158.6 | \$ 461.7 | \$ 492.8 | \$ (88.5) | \$ 404.3 | (38%) | 14% |
| EPS (2) | \$ 1.56 | \$ 0.81 | \$ 2.37 | \$ 2.45 | \$ (0.44) | \$ 2.01 | (36%) | 18% |
| Weighted average common shares outstanding – diluted | 194.820 | | 194.820 | 201.177 | | 201.177 | | |
| Gross margin | 49.2% | | 50.3% | 50.5% | | 50.7% | | |
| Operating margin | 28.2% | | 31.0% | 27.2% | | 30.7% | | |
| Effective tax rate | 10.2% | | 14.1% | 23.3% | | 19.0% | | |

| Comparable Adjustments | Three Months Ended November 30, 2018 | | | | Three Months Ended November 30, 2017 | | | |
|---|--|--|------------|------------|--|--|-----------|-----------|
| | Acquisitions, Divestitures and Related Costs (3) | Restructuring and Other Strategic Business Development Costs | Other (4) | Total | Acquisitions, Divestitures and Related Costs (3) | Restructuring and Other Strategic Business Development Costs | Other (4) | Total |
| Cost of product sold | \$ (2.2) | \$ (1.5) | \$ (18.2) | \$ (21.9) | \$ (7.2) | \$ — | \$ 3.4 | \$ (3.8) |
| Selling, general and administrative expenses | \$ (33.4) | \$ (2.3) | \$ 2.2 | \$ (33.5) | \$ (4.5) | \$ (4.1) | \$ (50.9) | \$ (59.5) |
| Operating loss | \$ (35.6) | \$ (3.8) | \$ (16.0) | \$ (55.4) | \$ (11.7) | \$ (4.1) | \$ (47.5) | \$ (63.3) |
| Income (loss) from unconsolidated investments | \$ — | \$ — | \$ (163.9) | \$ (163.9) | \$ — | \$ — | \$ 216.9 | \$ 216.9 |
| Interest income, net | \$ 20.3 | \$ — | \$ — | \$ 20.3 | \$ — | \$ — | \$ — | \$ — |
| Loss on extinguishment of debt | \$ — | \$ — | \$ (1.7) | \$ (1.7) | \$ — | \$ — | \$ (10.3) | \$ (10.3) |
| (Provision for) benefit from income taxes (1) | \$ 3.6 | \$ 1.1 | \$ 37.4 | \$ 42.1 | \$ 4.3 | \$ 1.5 | \$ (60.6) | \$ (54.8) |
| Net income (loss) attributable to CBI | \$ (11.7) | \$ (2.7) | \$ (144.2) | \$ (158.6) | \$ (7.4) | \$ (2.6) | \$ 98.5 | \$ 88.5 |
| EPS (2) | \$ (0.06) | \$ (0.01) | \$ (0.74) | \$ (0.81) | \$ (0.04) | \$ (0.01) | \$ 0.49 | \$ 0.44 |

- (1) The effective tax rate applied to each Comparable Adjustment amount is generally based upon the jurisdiction in which the Comparable Adjustment was recognized. Additionally, for the three months and nine months ended November 30, 2018, the (provision for) benefit from income taxes also includes a net income tax benefit recognized in connection with the Tax Cuts and Jobs Act (the "TCJ Act") (see (4) and (7) herein).
- (2) May not sum due to rounding as each item is computed independently.
- (3) For the three months ended November 30, 2018, acquisitions, divestitures and related costs consist primarily of transaction and other acquisition-related costs recognized in connection with the November 2018 investment in Canopy Growth Corporation ("Canopy"), including (i) a net loss on the settlement of foreign currency option contracts entered into to fix the U.S. dollar cost of the transaction, (ii) bridge commitment fees associated with debt financing of investment and (iii) direct acquisition costs, partially offset by a net gain on the settlement of interest rate swap contracts entered into to economically hedge our exposure to interest rate volatility associated with the debt financing for the transaction. For the three months ended November 30, 2017, acquisitions, divestitures and related costs consist of transaction, integration and other acquisition-related costs recognized primarily in connection with the acquisition of the Schrader Cellars business, the acquisition of Prisoner, and the November 2017 investment in Canopy.
- (4) For the three months ended November 30, 2018, other consists primarily of an unrealized net loss from the mark to fair value of our investments in Canopy and a net loss from the mark to fair value of undesignated commodity derivative contracts, partially offset by a net income tax benefit recognized in connection with the TCJ Act. For the three months ended November 30, 2017, other consists primarily of an unrealized net gain from the mark to fair value of our investment in Canopy, partially offset by a loss associated with the restructuring of an agreement with Owens-Illinois and a loss on the write-off of debt issuance costs.

Constellation Brands, Inc. and Subsidiaries
RECONCILIATIONS OF GAAP TO NON-GAAP FINANCIAL MEASURES (continued)
(in millions, except per share data)
(unaudited)

| | Nine Months Ended November 30, 2018 | | | Nine Months Ended November 30, 2017 | | | Percent Change - Reported Basis (GAAP) | Percent Change - Comparable Basis (Non-GAAP) |
|--|-------------------------------------|------------------------|-----------------------------|-------------------------------------|------------------------|-----------------------------|--|--|
| | Reported Basis (GAAP) | Comparable Adjustments | Comparable Basis (Non-GAAP) | Reported Basis (GAAP) | Comparable Adjustments | Comparable Basis (Non-GAAP) | | |
| Net sales | \$ 6,318.8 | | \$ 6,318.8 | \$ 5,818.3 | | \$ 5,818.3 | 9% | 9% |
| Cost of product sold | (3,132.0) | \$ 25.3 | | (2,851.0) | \$ 8.1 | | | |
| Gross profit | 3,186.8 | 25.3 | \$ 3,212.1 | 2,967.3 | 8.1 | \$ 2,975.4 | 7% | 8% |
| Selling, general and administrative expenses | (1,239.9) | 58.0 | | (1,199.3) | 151.8 | | | |
| Operating income | 1,946.9 | 83.3 | \$ 2,030.2 | 1,768.0 | 159.9 | \$ 1,927.9 | 10% | 5% |
| Income from unconsolidated investments | 918.2 | (886.3) | | 249.7 | (216.9) | | | |
| EBIT | | | \$ 2,062.1 | | | \$ 1,960.7 | NA | 5% |
| Interest expense | (248.6) | (20.1) | | (245.1) | | | | |
| Loss on extinguishment of debt | (1.7) | 1.7 | | (19.1) | 19.1 | | | |
| Income before income taxes | 2,614.8 | (821.4) | \$ 1,793.4 | 1,753.5 | (37.9) | \$ 1,715.6 | 49% | 5% |
| Provision for income taxes (1) | (405.1) | 82.2 | | (352.0) | 14.7 | | | |
| Net income | 2,209.7 | (739.2) | | 1,401.5 | (23.2) | | | |
| Net income attributable to noncontrolling interests | (13.3) | | | (8.6) | | | | |
| Net income attributable to CBI | \$ 2,196.4 | \$ (739.2) | \$ 1,457.2 | \$ 1,392.9 | \$ (23.2) | \$ 1,369.7 | 58% | 6% |
| EPS (2) | \$ 11.21 | \$ (3.77) | \$ 7.44 | \$ 6.92 | \$ (0.12) | \$ 6.81 | 62% | 9% |
| Weighted average common shares outstanding – diluted | 195.921 | | 195.921 | 201.183 | | 201.183 | | |
| Gross margin | 50.4% | | 50.8% | 51.0% | | 51.1% | | |
| Operating margin | 30.8% | | 32.1% | 30.4% | | 33.1% | | |
| Effective tax rate | 15.5% | | 18.0% | 20.1% | | 19.7% | | |

| Comparable Adjustments | Nine Months Ended November 30, 2018 | | | | Nine Months Ended November 30, 2017 | | | |
|---|--|--|-----------|-----------|--|--|------------|------------|
| | Acquisitions, Divestitures and Related Costs (5) | Restructuring and Other Strategic Business Development Costs (6) | Other (7) | Total | Acquisitions, Divestitures and Related Costs (5) | Restructuring and Other Strategic Business Development Costs | Other (7) | Total |
| Cost of product sold | \$ (3.6) | \$ (6.5) | \$ (15.2) | \$ (25.3) | \$ (17.0) | \$ — | \$ 8.9 | \$ (8.1) |
| Selling, general and administrative expenses | \$ (33.0) | \$ (10.9) | \$ (14.1) | \$ (58.0) | \$ (10.0) | \$ (7.5) | \$ (134.3) | \$ (151.8) |
| Operating loss | \$ (36.6) | \$ (17.4) | \$ (29.3) | \$ (83.3) | \$ (27.0) | \$ (7.5) | \$ (125.4) | \$ (159.9) |
| Income from unconsolidated investments | \$ 99.8 | \$ — | \$ 786.5 | \$ 886.3 | \$ — | \$ — | \$ 216.9 | \$ 216.9 |
| Interest income, net | \$ 20.1 | \$ — | \$ — | \$ 20.1 | \$ — | \$ — | \$ — | \$ — |
| Loss on extinguishment of debt | \$ — | \$ — | \$ (1.7) | \$ (1.7) | \$ — | \$ — | \$ (19.1) | \$ (19.1) |
| (Provision for) benefit from income taxes (1) | \$ 7.9 | \$ 4.5 | \$ (94.6) | \$ (82.2) | \$ 9.6 | \$ 2.8 | \$ (27.1) | \$ (14.7) |
| Net income (loss) attributable to CBI | \$ 91.2 | \$ (12.9) | \$ 660.9 | \$ 739.2 | \$ (17.4) | \$ (4.7) | \$ 45.3 | \$ 23.2 |
| EPS (2) | \$ 0.47 | \$ (0.07) | \$ 3.37 | \$ 3.77 | \$ (0.09) | \$ (0.02) | \$ 0.23 | \$ 0.12 |

- (5) For the nine months ended November 30, 2018, acquisitions, divestitures and related costs consist primarily of (i) a net gain recognized in connection with the sale of our remaining interest in our previously-owned Australian and European business (the "Accolade Wine Investment"), (ii) a net gain on the settlement of interest rate swap contracts entered into to economically hedge our exposure to interest rate volatility associated with the debt financing for the November 2018 Canopy transaction, and (iii) a gain on the sale of certain assets. These gains were partially offset by transaction and other acquisition-related costs recognized in connection with the November 2018 investment in Canopy, including (i) a net loss on the settlement of foreign currency option contracts entered into to fix the U.S. dollar cost of the transaction, (ii) bridge commitment fees associated with debt financing of investment and (iii) direct acquisition costs. For the nine months ended November 30, 2017, acquisitions, divestitures and related costs consist of (i) transaction, integration and other acquisition-related costs recognized primarily in connection with the acquisitions of Prisoner, the Schrader Cellars business and Obregon, and the November 2017 investment in Canopy, and (ii) costs recognized in connection with the sale of our Canadian wine business and related activities.
- (6) For the nine months ended November 30, 2018, restructuring and other strategic business development costs consist primarily of costs recognized in connection with the development of a program specifically intended to identify opportunities for further streamlining of processes and improving capabilities, linking strategy with execution, prioritizing resources and enabling an integrated digital platform.
- (7) For the nine months ended November 30, 2018, other consists primarily of an unrealized net gain from the mark to fair value of our investments in Canopy and a net income tax benefit recognized in connection with the TCJ Act, partially offset by a prior period adjustment for deferred compensation related to certain employment agreements and a net loss from the mark to fair value of undesignated commodity derivative contracts. For the nine months ended November 30, 2017, other consists primarily of an unrealized net gain from the mark to fair value of our investment in Canopy, partially offset by (i) an impairment of certain intangible assets, (ii) a loss associated with the restructuring of an agreement with Owens-Illinois and (iii) a loss on the write-off of debt issuance costs.

Constellation Brands, Inc. and Subsidiaries
RECONCILIATIONS OF GAAP TO NON-GAAP FINANCIAL MEASURES (continued)
GUIDANCE

(in millions, except per share data)
(unaudited)

EPS Guidance

| | Range for the Year Ending February 28, 2019 | |
|---|--|-----------------|
| Forecasted EPS - reported basis (GAAP) | \$ 12.95 | \$ 13.05 |
| Acquisitions, divestitures and related costs (1) | (0.46) | (0.46) |
| Restructuring and other strategic business development costs(2) | 0.08 | 0.08 |
| Other (3) | (3.37) | (3.37) |
| Forecasted EPS - comparable basis (Non-GAAP) (4) | \$ 9.20 | \$ 9.30 |

| | Actual for the Year Ended February 28, 2018 | |
|---|---|--|
| EPS - reported basis (GAAP) | \$ 11.47 | |
| Acquisitions, divestitures and related costs (1) | 0.10 | |
| Restructuring and other strategic business development costs(2) | 0.05 | |
| Other (3) | (2.92) | |
| EPS - comparable basis (Non-GAAP) (4) | \$ 8.70 | |

Free Cash Flow Guidance

Free cash flow, as defined in the reconciliation below, is considered a liquidity measure and is considered to provide useful information to investors about the amount of cash generated, which can then be used, after required debt service and dividend payments, for other general corporate purposes. A limitation of free cash flow is that it does not represent the total increase or decrease in the cash balance for the period. Free cash flow should be considered in addition to, not as a substitute for, or superior to, cash flow from operating activities prepared in accordance with GAAP.

| | Range for the Year Ending February 28, 2019 | |
|---|--|-------------------|
| Net cash provided by operating activities (GAAP) | \$ 2,350.0 | \$ 2,550.0 |
| Purchases of property, plant and equipment | (1,150.0) | (1,250.0) |
| Free cash flow (Non-GAAP) | \$ 1,200.0 | \$ 1,300.0 |

| | Actual for the Nine Months Ended November 30, 2018 | Actual for the Nine Months Ended November 30, 2017 |
|---|--|--|
| Net cash provided by operating activities (GAAP) | \$ 1,973.9 | \$ 1,468.4 |
| Purchases of property, plant and equipment | (620.3) | (705.6) |
| Free cash flow (Non-GAAP) | \$ 1,353.6 | \$ 762.8 |

(1) Acquisitions, divestitures and related costs include: (4)

| | Estimated for the Year Ending February 28, 2019 | Actual for the Year Ended February 28, 2018 |
|---|---|---|
| Net gain on sale of Accolade Wine Investment | \$ (0.50) | \$ — |
| Net gain on interest rate swap contracts associated with debt financing of investment | \$ (0.13) | \$ — |
| Gain on sale of certain assets | \$ (0.06) | \$ — |
| Net loss on foreign currency derivative contracts associated with investment | \$ 0.13 | \$ — |
| Bridge commitment fees associated with debt financing of investment | \$ 0.06 | \$ — |
| Transaction, integration and other acquisition-related costs in connection with: | | |
| Investments in Canopy | \$ 0.03 | \$ 0.02 |
| Schrader Cellars wine acquisition | \$ 0.01 | \$ 0.02 |
| October 2016 Wine and Spirits Acquisitions | \$ 0.01 | \$ 0.01 |
| Prisoner acquisition | \$ — | \$ 0.02 |
| Obregon brewery acquisition | \$ — | \$ 0.01 |
| Costs associated with sale of Canadian wine business and related activities | \$ — | \$ 0.01 |

(2) Restructuring and other strategic business development costs include costs recognized in connection with the development of a program specifically intended to identify opportunities for further streamlining of processes and improving capabilities, linking strategy with execution, prioritizing resources and enabling an integrated digital platform.

(3) Other includes: (4)

| | Estimated for the Year Ending February 28, 2019 | Actual for the Year Ended February 28, 2018 |
|--|---|---|
| Unrealized net gain from mark to fair value of investments in Canopy (i) | \$ (3.32) | \$ (1.96) |
| Net income tax benefit recognized in connection with the TCJ Act | \$ (0.19) | \$ (1.75) |
| Prior period adjustment for deferred compensation related to certain employment contracts | \$ 0.08 | \$ — |
| Net (gain) loss from mark to fair value of undesignated commodity derivative contracts (i) | \$ 0.05 | \$ (0.03) |
| Loss on extinguishment of debt | \$ 0.01 | \$ 0.32 |
| Loss on write-down of certain bulk wine inventory as a result of smoke damage sustained during wildfires in California | \$ 0.01 | \$ 0.06 |
| Gain in connection with the reduction in estimated fair value of a contingent liability associated with a prior period acquisition | \$ — | \$ (0.03) |
| Foreign currency translation gain related to business reorganization activities | \$ — | \$ (0.02) |
| Impairment of certain intangible assets | \$ — | \$ 0.28 |
| Loss associated with restructuring of an agreement with Owens-Illinois | \$ — | \$ 0.21 |

(i) For the year ending February 28, 2019, the unrealized net gain from mark to fair value of our investments in Canopy and the net loss from mark to fair value of undesignated commodity derivative contracts reflect the actual amount recognized for the nine months ended November 30, 2018, and do not assume any future change in the fair value of these assets.

(4) May not sum due to rounding as each item is computed independently.