

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): September 27, 1999  
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COMMISSION FILE NUMBER 0-7570

DELAWARE	CANANDAIGUA BRANDS, INC.	16-0716709
	AND ITS SUBSIDIARIES:	
NEW YORK	BATAVIA WINE CELLARS, INC.	16-1222994
NEW YORK	CANANDAIGUA WINE COMPANY, INC.	16-1462887
NEW YORK	CANANDAIGUA EUROPE LIMITED	16-1195581
ENGLAND AND WALES	CANANDAIGUA LIMITED	---
NEW YORK	POLYPHENOLICS, INC.	16-1546354
NEW YORK	ROBERTS TRADING CORP.	16-0865491
DELAWARE	BARTON INCORPORATED	36-3500366
DELAWARE	BARTON BRANDS, LTD.	36-3185921
MARYLAND	BARTON BEERS, LTD.	36-2855879
CONNECTICUT	BARTON BRANDS OF CALIFORNIA, INC.	06-1048198
GEORGIA	BARTON BRANDS OF GEORGIA, INC.	58-1215938
NEW YORK	BARTON DISTILLERS IMPORT CORP.	13-1794441
DELAWARE	BARTON FINANCIAL CORPORATION	51-0311795
WISCONSIN	STEVENS POINT BEVERAGE CO.	39-0638900
ILLINOIS	MONARCH IMPORT COMPANY	36-3539106
GEORGIA	THE VIKING DISTILLERY, INC.	58-2183528

(State or other jurisdiction of incorporation or organization) (Exact name of registrant as specified in its charter) (I.R.S. Employer Identification No.)

300 WillowBrook Office Park, Fairport, New York 14450  
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(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (716) 218-2169  
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(Former name or former address, if changed since last report)

ITEM 5. OTHER EVENTS

Canandaigua Brands, Inc. released the following information on September 27, 1999 regarding its second quarter 2000 results:

CANANDAIGUA BRANDS REPORTS SECOND QUARTER RESULTS

Fairport, New York, September 27, 1999 - Canandaigua Brands, Inc. (Nasdaq: CBRNA and CBRNB), today reported earnings per share on a diluted basis of \$1.14 for the three months ended August 31, 1999 ("Second Quarter 2000"), an increase of 30 percent over earnings per share of \$0.88 for the three months ended August 31, 1998 ("Second Quarter 1999").

Richard Sands, Chairman and Chief Executive Officer of Canandaigua Brands, said, "Our performance was very strong in the second quarter. Exclusive of acquisitions, our portfolio of brands posted impressive sales and earnings gains, with sales increasing 13 percent and operating income growing more than 20 percent. The acquisitions we completed over the last year included expanding to the United Kingdom, enhancing our distilled spirits portfolio and gaining a major presence in the fine wine category. Each of the acquired businesses exceeded our expectations for the quarter, with solid volume growth recorded in each category; together, the acquisitions made a positive contribution to earnings."

Mr. Sands added, "Overall, the Company experienced healthy growth in each major category of business, with pro forma volumes up 15 percent for the quarter. Canandaigua Brands is clearly on track to benefit from the business development strategies we've implemented in the pursuit of our mission to become a leader in the drinks business worldwide."

CONSOLIDATED RESULTS

Net sales reached \$622 million in Second Quarter 2000, a 78 percent increase over Second Quarter 1999. Most of the sales growth resulted from the

acquisitions completed between December 1998 and June 1999; however, net sales of the Company's existing portfolio of products increased by 13 percent in Second Quarter 2000. Net sales for the six months ended August 31, 1999 ("Six Months 2000"), reached \$1.2 billion, a 74 percent increase as compared to the six months ended August 31, 1998 ("Six Months 1999").

Gross profit rose to \$189 million from \$103 million in Second Quarter 1999, an increase of \$86 million, or 83 percent. The improvement in gross profit was primarily related to sales from the acquisitions and increased beer sales. As a percent of net sales, gross profit reached 30.4 percent in Second Quarter 2000, as compared to 29.5 percent in Second Quarter 1999. The increase in the gross margin resulted primarily from the acquisition of high-margin spirits and fine wine products. Gross profit and gross profit margin for Six Months 2000 were \$345 million and 30.0 percent, respectively, compared to \$195 million and 29.5 percent in Six Months 1999.

Selling, general and administrative expenses reached \$125 million in Second Quarter 2000, an 86 percent increase from \$67 million in Second Quarter 1999. The majority of the increase resulted from the addition of the businesses acquired since December 1998. Selling, general and administrative expenses for Six Months 2000 increased to \$236 million from \$129 million in Six Months 1999.

Operating income increased to \$64 million for Second Quarter 2000 from \$36 million in Second Quarter 1999. For Six Months 2000, operating income was \$104 million, compared to \$67 million in Six Months 1999. Net interest expense reached \$29 million, an increase of \$21 million from Second Quarter 1999. The increase in interest expense resulted from approximately \$1 billion in additional borrowings associated with the acquisitions the Company made between December 1998 and June 1999. Net interest expense for Six Months 2000 was \$51 million, up from \$16 million in Six Months 1999.

As a result of these factors, net income reached \$21 million in Second Quarter 2000, a 26 percent increase compared with net income of \$17 million in Second Quarter 1999. Earnings per diluted share for Second Quarter 2000 were \$1.14, a 30 percent increase over earnings of \$0.88 in Second Quarter 1999, benefiting from a decrease in average shares outstanding. Net income and earnings per diluted share for Six Months 2000 were \$32 million and \$1.73, respectively, versus \$30 million and \$1.56 for Six Months 1999.

For financial analysis purposes only, the Company's earnings before interest, taxes, depreciation and amortization ("EBITDA") were \$84 million in Second Quarter 2000, an increase of \$40 million over EBITDA of \$44 million in Second Quarter 1999. EBITDA for Six Months 2000 totaled \$138 million, an increase of \$55 million over EBITDA of \$83 million for Six Months 1999. (EBITDA should not be construed as an alternative to operating income or net cash flow from operating activities and should not be interpreted as an indication of operating performance or as a measure of liquidity.)

#### BARTON RESULTS

Net sales for Barton for Second Quarter 2000 were \$250 million, a 33 percent increase as compared to Second Quarter 1999. Beer sales grew by 26 percent. The Company believes that some of the sales growth was associated with wholesaler inventory build-up in advance of price increases. Spirits sales increased by 55 percent, with most of the increase related to sales associated with the acquisition of spirits brands that was completed in April 1999.

Operating income grew by 46 percent in Second Quarter 2000 to \$42 million, led by increased profits from the growth of beer sales and the addition of profits from the spirits acquisition.

Barton's net sales and operating income increased to \$451 million and \$73 million, respectively, for Six Months 2000.

#### CANANDAIGUA WINE RESULTS

Net sales for Canandaigua Wine for Second Quarter 2000 increased 6 percent to \$170 million. Leading the sales increase were the Company's Arbor Mist fruit-flavored varietal wines and Almaden box wines, as well as strong growth in the Company's international sales.

Operating income of \$10 million in Second Quarter 2000 increased slightly as compared to Second Quarter 1999, as the Company invested incremental gross profits in initiatives to build market share.

Net sales and operating income for Six Months 2000 were \$334 million and \$16 million, respectively. Excluding a nonrecurring charge of approximately \$3 million, operating income for Six Months 2000 increased to \$19 million, up 5 percent from the prior year.

#### MATTHEW CLARK RESULTS

The Company acquired control of Matthew Clark in December 1998. Net sales and operating income for Matthew Clark operations were \$183 million and \$12 million, respectively, in Second Quarter 2000, and \$350 million and \$19 million, respectively, for Six Months 2000.

#### FRANCISCAN RESULTS

The Company completed the acquisitions of Franciscan Estates and Simi Winery in June 1999, both of which are being managed and reported together as the Franciscan division of the Company. Franciscan had net sales of \$17 million and operating income of \$2 million in Second Quarter 2000.

Canandaigua Brands, Inc., headquartered in Fairport, New York, is a leader

in the production, marketing and distribution of beverage alcohol products in North America and the United Kingdom. The Company markets more than 180 premier brands, including imported beers, wines, spirits, cider and bottled water, and is a leading drinks wholesaler in the United Kingdom. Canandaigua Brands can be found on the Internet at [www.cbrands.com](http://www.cbrands.com).

CONSOLIDATED FINANCIAL STATEMENTS FOLLOW

CANANDAIGUA BRANDS, INC., AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(in thousands)

	August 31, 1999 (unaudited)	February 28, 1999 (audited)
	-----	-----
ASSETS		
-----		
CURRENT ASSETS:		
Cash and cash investments	\$ 4,340	\$ 27,645
Accounts receivable, net	344,652	260,433
Inventories, net	602,257	508,571
Prepaid expenses and other current assets	74,206	59,090
	-----	-----
Total current assets	1,025,455	855,739
PROPERTY, PLANT AND EQUIPMENT, net	553,442	428,803
OTHER ASSETS	801,391	509,234
	-----	-----
Total assets	\$ 2,380,288	\$ 1,793,776
LIABILITIES AND STOCKHOLDERS' EQUITY		
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CURRENT LIABILITIES:		
Notes payable	\$ 75,077	\$ 87,728
Current maturities of long-term debt	17,844	6,005
Accounts payable	150,354	122,746
Accrued Federal and state excise taxes	41,469	49,342
Other accrued expenses and liabilities	214,287	149,451
	-----	-----
Total current liabilities	499,031	415,272
LONG-TERM DEBT, less current maturities	1,274,295	831,689
DEFERRED INCOME TAXES	110,261	88,179
OTHER LIABILITIES	27,752	23,364
STOCKHOLDERS' EQUITY	468,949	435,272
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Total liabilities and stockholders' equity	\$ 2,380,288	\$ 1,793,776

CANANDAIGUA BRANDS, INC., AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
(in thousands, except per share data)

	Three Months Ended August 31, 1999 (unaudited)	Three Months Ended August 31, 1998 (unaudited)	Percent Change
	-----	-----	-----
Gross sales	\$ 814,845	\$ 457,281	78.2%
Net sales	\$ 621,580	\$ 349,386	77.9%
Cost of product sold	(432,452)	(246,150)	75.7%
	-----	-----	
Gross profit	189,128	103,236	83.2%
Selling, general and administrative expenses	(125,320)	(67,454)	85.8%
Other nonrecurring charges	--	--	N/A
	-----	-----	
Operating income	63,808	35,782	78.3%
Interest expense, net	(28,640)	(7,425)	285.7%
	-----	-----	
Income before taxes	35,168	28,357	24.0%
Provision for taxes	(14,067)	(11,626)	21.0%
	-----	-----	
Net income	\$ 21,101	\$ 16,731	26.1%
Earnings per common share:			
Basic	\$ 1.17	\$ 0.90	30.0%
Diluted	\$ 1.14	\$ 0.88	29.5%
Weighted average common shares outstanding:			
Basic	18,010	18,589	-3.1%
Diluted	18,499	19,051	-2.9%

## Segment Information:

## Net sales:

Barton			
Beer	\$ 177,195	\$ 141,133	25.6%
Spirits	73,011	47,227	54.6%
Net sales	\$ 250,206	\$ 188,360	32.8%
Canandaigua Wine			
Branded	\$ 150,814	\$ 140,545	7.3%
Other	19,449	20,211	-3.8%
Net sales	\$ 170,263	\$ 160,756	5.9%
Matthew Clark			
Branded	\$ 80,879	\$ --	N/A
Wholesale	102,330	--	N/A
Net sales	\$ 183,209	\$ --	N/A
Franciscan	\$ 17,137	\$ --	N/A
Corporate Operations and Other	\$ 2,003	\$ 270	641.9%
Intersegment eliminations	\$ (1,238)	\$ --	N/A
Consolidated net sales	\$ 621,580	\$ 349,386	77.9%
Operating Income:			
Barton	\$ 41,963	\$ 28,832	45.5%
Canandaigua Wine	10,412	10,221	1.9%
Matthew Clark	11,980	--	N/A
Franciscan	1,571	--	N/A
Corporate Operations and Other	(2,118)	(3,271)	-35.2%
Consolidated operating income	\$ 63,808	\$ 35,782	78.3%

CANANDAIGUA BRANDS, INC., AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
 (in thousands, except per share data)

	Six Months Ended August 31, 1999 (unaudited)	Six Months Ended August 31, 1998 (unaudited)	Percent Change
	-----	-----	-----
Gross sales	\$ 1,519,834	\$ 880,150	72.7%
Net sales	\$ 1,151,749	\$ 662,314	73.9%
Cost of product sold	(806,499)	(467,017)	72.7%
Gross profit	345,250	195,297	76.8%
Selling, general and administrative expenses	(235,821)	(128,786)	83.1%
Other nonrecurring charges	(5,510)	--	N/A
Operating income	103,919	66,511	56.2%
Interest expense, net	(50,675)	(15,952)	217.7%
Income before taxes	53,244	50,559	5.3%
Provision for taxes	(21,297)	(20,729)	2.7%
Net income	\$ 31,947	\$ 29,830	7.1%
Earnings per common share:			
Basic	\$ 1.78	\$ 1.60	11.3%
Diluted	\$ 1.73	\$ 1.56	10.9%
Weighted average common shares outstanding:			
Basic	17,994	18,669	-3.6%
Diluted	18,459	19,168	-3.7%

## Segment Information:

## Net sales:

Barton			
Beer	\$ 323,806	\$ 259,929	24.6%
Spirits	127,149	94,599	34.4%
Net sales	\$ 450,955	\$ 354,528	27.2%
Canandaigua Wine			
Branded	\$ 295,205	\$ 267,343	10.4%
Other	38,617	39,350	-1.9%
Net sales	\$ 333,822	\$ 306,693	8.8%
Matthew Clark			
Branded	\$ 155,253	\$ --	N/A

Wholesale	194,753	--	N/A
	-----	-----	
Net sales	\$ 350,006	\$ --	N/A
Franciscan	\$ 17,137	\$ --	N/A
Corporate Operations and Other	\$ 2,889	\$ 1,093	164.3%
Intersegment eliminations	\$ (3,060)	\$ --	N/A
	-----	-----	
Consolidated net sales	\$ 1,151,749	\$ 662,314	73.9%
Operating Income:			
Barton	\$ 73,459	\$ 54,620	34.5%
Canandaigua Wine	16,019	17,661	-9.3%
Matthew Clark	19,310	--	N/A
Franciscan	1,571	--	N/A
Corporate Operations and Other	(6,440)	(5,770)	11.6%
	-----	-----	
Consolidated operating income	\$ 103,919	\$ 66,511	56.2%

#### SIGNATURES

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

#### CANANDAIGUA BRANDS, INC.

Dated: September 27, 1999

By: /s/ Thomas S. Summer

-----  
 Thomas S. Summer, Senior Vice  
 President and Chief Financial  
 Officer

#### SUBSIDIARIES

#### BATAVIA WINE CELLARS, INC.

Dated: September 27, 1999

By: /s/ Thomas S. Summer

-----  
 Thomas S. Summer, Treasurer

#### CANANDAIGUA WINE COMPANY, INC.

Dated: September 27, 1999

By: /s/ Thomas S. Summer

-----  
 Thomas S. Summer, Treasurer

#### CANANDAIGUA EUROPE LIMITED

Dated: September 27, 1999

By: /s/ Thomas S. Summer

-----  
 Thomas S. Summer, Treasurer

#### CANANDAIGUA LIMITED

Dated: September 27, 1999

By: /s/ Thomas S. Summer

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 Thomas S. Summer, Finance Director  
 (Principal Financial Officer and  
 Principal Accounting Officer)

#### POLYPHENOLICS, INC.

Dated: September 27, 1999

By: /s/ Thomas S. Summer

-----  
 Thomas S. Summer, Vice President  
 and Treasurer

#### ROBERTS TRADING CORP.

Dated: September 27, 1999

By: /s/ Thomas S. Summer

-----  
 Thomas S. Summer, President and  
 Treasurer

#### BARTON INCORPORATED

Dated: September 27, 1999 By: /s/ Thomas S. Summer  
-----  
Thomas S. Summer, Vice President

BARTON BRANDS, LTD.

Dated: September 27, 1999 By: /s/ Thomas S. Summer  
-----  
Thomas S. Summer, Vice President

BARTON BEERS, LTD.

Dated: September 27, 1999 By: /s/ Thomas S. Summer  
-----  
Thomas S. Summer, Vice President

BARTON BRANDS OF CALIFORNIA, INC.

Dated: September 27, 1999 By: /s/ Thomas S. Summer  
-----  
Thomas S. Summer, Vice President

BARTON BRANDS OF GEORGIA, INC.

Dated: September 27, 1999 By: /s/ Thomas S. Summer  
-----  
Thomas S. Summer, Vice President

BARTON DISTILLERS IMPORT CORP.

Dated: September 27, 1999 By: /s/ Thomas S. Summer  
-----  
Thomas S. Summer, Vice President

BARTON FINANCIAL CORPORATION

Dated: September 27, 1999 By: /s/ Thomas S. Summer  
-----  
Thomas S. Summer, Vice President

STEVENS POINT BEVERAGE CO.

Dated: September 27, 1999 By: /s/ Thomas S. Summer  
-----  
Thomas S. Summer, Vice President

MONARCH IMPORT COMPANY

Dated: September 27, 1999 By: /s/ Thomas S. Summer  
-----  
Thomas S. Summer, Vice President

THE VIKING DISTILLERY, INC.

Dated: September 27, 1999 By: /s/ Thomas S. Summer  
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Thomas S. Summer, Vice President

INDEX TO EXHIBITS

- (1) UNDERWRITING AGREEMENT  
Not Applicable.
- (2) PLAN OF ACQUISITION, REORGANIZATION, ARRANGEMENT, LIQUIDATION OR SUCCESSION  
Not Applicable.
- (4) INSTRUMENTS DEFINING THE RIGHTS OF SECURITY HOLDERS, INCLUDING INDENTURES  
Not Applicable.
- (16) LETTER RE CHANGE IN CERTIFYING ACCOUNTANT

Not Applicable.

(17) LETTER RE DIRECTOR RESIGNATION

Not Applicable.

(20) OTHER DOCUMENTS OR STATEMENTS TO SECURITY HOLDERS

Not Applicable.

(23) CONSENTS OF EXPERTS AND COUNSEL

Not Applicable.

(24) POWER OF ATTORNEY

Not Applicable.

(27) FINANCIAL DATA SCHEDULE

Not Applicable.

(99) ADDITIONAL EXHIBITS

None