



**FIRST QUARTER FISCAL YEAR 2027 FINANCIAL RESULTS**

**CEO & CFO COMMENTARY**

**CONSTELLATION BRANDS**  
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**Use Of Non-GAAP Financial Measures, Conference Call Information, and Location of Defined Terms and Other Disclaimers**

Please view this commentary in conjunction with our earnings release for our first quarter fiscal 2027 that can be found on our investor relations website at [ir.cbrands.com](http://ir.cbrands.com). This commentary and our live conference call may contain non-GAAP financial measures. These and other non-GAAP financial measures, the purposes for which management uses them, why management believes they are useful to investors, and reconciliations to the most directly comparable GAAP financial measures may be found at [ir.cbrands.com](http://ir.cbrands.com) under the *Financial Info/Financial History (Non-GAAP)* section. All references to profit measures and earnings per share on a comparable basis exclude items that affect comparability. Non-GAAP financial measures are also referred to as being presented on a “comparable” or “organic” basis.

A live conference call will be hosted at 8:00 a.m. ET on Wednesday, July 1, 2026, for analysts to discuss our financial results, operating performance, strategic business initiatives, and financial outlook with President and Chief Executive Officer, Nicholas Fink, and Executive Vice President and Chief Financial Officer, Garth Hankinson.

The conference call can be accessed by dialing +1-877-407-9121 and entering conference identification number 13760976, beginning at 7:50 a.m. ET. A live, listen-only webcast of the conference call will be available on our investor relations website at [ir.cbrands.com](http://ir.cbrands.com) under the *News & Events* section.

For anyone unable to participate in the conference call, a replay will be available on our investor relations website.

A list of defined terms used within can be found under the “Defined Terms” heading below, and a list of other disclaimers can be found following the Defined Terms.

**Forward-Looking Statements**

This commentary, including the oral statements made in the live conference call in connection herewith, contain forward-looking statements that are based on certain assumptions, estimates, expectations, plans, timetables, analyses, and opinions made by management in light of their experience and perception of historical trends, current conditions, and expected future developments, as well as other factors management believes are appropriate in the circumstances. These forward-looking statements are subject to various risks and uncertainties, many of which are beyond our control, and which could cause actual results to differ materially from those set forth in, or implied by, such forward-looking statements. When used in this commentary and the live conference call, words such as “anticipate,” “intend,” “expect,” “plan,” “continue,” “estimate,” “exceed,” “may,” “will,” “project,” “predict,” “propose,” “potential,” “targeting,” “exploring,” “goal,” “outlook,” “forecast,” “trend,” “path,” “scheduled,” “implementing,” “ongoing,” “seek,” “can,” “could,” “might,” “should,” “believe,” “focus,” “opportunities,” “runway,” “pursue,” and similar words or expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. Although we believe that the estimates, expectations, plans, and timetables reflected in the forward-looking statements are reasonable, they may vary from management’s current estimates, expectations, plans, and timetables, and we can give no assurance that such estimates, expectations, plans, and timetables will prove to be correct, as actual results and future events and timetables could differ materially from those anticipated in such statements. Information provided in this commentary and the live conference call are necessarily summarized and may not contain all available material information.

All statements other than statements of historical fact set forth in this commentary and the live conference call may be forward-looking statements, including without limitation statements regarding or applicable to our business and opportunities, brand building, scaling, health, and loyalty, competitive advantages, growth plans, outlets, insights, opportunities, and execution, including in generating,

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sustaining, and accelerating growth rates for certain brands and exploring white spaces, consumer choice and understanding, use and accelerated deployment of data, digital capabilities, AI, advanced analytics, and technology, ability to move faster, informed decision-making, brand-specific opportunities, consumer backdrop, mindset, demand, headwinds, sentiment, and purchasing behavior, the macroeconomic, operating, and socioeconomic environments, operating conditions and challenges, demographic projections and trends, business strategy, objectives, and momentum, value proposition and opportunity, focus areas, cost, efficiency, restructuring, and operational initiatives, competitive position, innovation, new products, tools, and capabilities, future marketing strategies and investments, future sales, space, partnership, distribution, and supply chain initiatives, our beer modular capacity addition activities, including anticipated scope, capacity, supply, costs, capital expenditures, and timeframes for completion, capital allocation and margin framework, priorities, targets, future operations, financial position, net sales, expenses, fixed cost absorption, the anticipated impact of and responses to tariffs, impairments, hedging programs, operating income, operating margins, leverage ratios, including target comparable net leverage ratio, target dividend payout ratio, net interest expense, capital expenditures, tax rates, anticipated tax liabilities, operating cash flow, free cash flow, EPS, shares outstanding, non-controlling interests, and other financial metrics, expected volume, inventory, price, mix, and depletion trends, near-, medium-, and long-term financial models and targets, future acquisition, disposition, and investment activities, our environmental responsibility, CSR, and human capital strategies and aspirations, the manner, timing, and duration of our share repurchase program and source of funds for share repurchases, the amount and timing of future dividends, shareholder value creation, economic headwinds and uncertainties, access to capital markets, liquidity and capital resources, anticipated inflationary pressures, changing prices, and reductions in consumer discretionary income as well as other unfavorable global and regional economic conditions, geopolitical events, and military conflicts, including the conflict in the Middle East, and our responses thereto, and prospects, plans, and objectives of management, as well as information concerning expected actions of third parties, are forward-looking statements (collectively, "Projections") that involve risks and uncertainties that could cause actual results to differ materially from those set forth in or implied by the Projections.

All Projections speak only as of the date of this commentary or the live conference call, as applicable. We undertake no obligation to update or revise any Projections, whether as a result of new information, future events, or otherwise. Unless otherwise noted, the Projections do not take into account the impact of any future acquisition, investment, merger, or other business combination, divestiture (including any associated amount of incremental contingent consideration payment paid or received), cost savings, restructuring, operating, or efficiency initiatives, tariff changes, or financing or share repurchases that may be completed after the issuance of this commentary or the live conference call, as applicable.

In addition to the risks and uncertainties of ordinary business operations and conditions in the general economy and markets in which we compete, the Projections contained in this commentary are also subject to the risk, uncertainty, and possible variance from our current expectations regarding:

- potential declines in the consumption of products we sell and our dependence on sales of our beer brands;
- our President and CEO transition;
- impacts of our acquisition, divestiture, investment, and new product development strategies and activities;
- dependence upon our trademarks and proprietary rights, including the failure to protect our intellectual property rights;
- potential damage to our reputation;
- competition in our industry and for talent;
- economic and other uncertainties associated with our international operations, including tariffs;

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- water, agricultural and other raw material, and packaging material supply, production, and/or transportation difficulties, disruptions, and impacts, including limited groups of certain suppliers;
- reliance on complex information systems and third-party global networks as well as risks associated with cybersecurity and artificial intelligence;
- dependence on limited facilities for production of our beer brands and impacts from our Brewery Projects;
- operational disruptions or catastrophic loss to our breweries, wineries, other facilities, or distribution systems;
- severe weather, natural and man-made disasters, climate change, environmental responsibility and CSR-related regulatory compliance, failure to meet environmental sustainability and CSR commitments and aspirations;
- the success of our cost savings, restructuring, and efficiency initiatives;
- reliance on wholesale distributors, major retailers, and government agencies;
- food safety and quality, including contamination and product degradation from diseases, pests, weather, and other conditions;
- communicable infection or disease outbreaks, pandemics, or other widespread public health crises impacting our consumers, Customers, employees, and/or suppliers;
- effects of employee labor activities that could increase our costs;
- our indebtedness and credit ratings, interest rate fluctuations, and credit market disruptions or volatility;
- our international operations, worldwide and regional economic trends and financial market conditions, geopolitical uncertainty, including as a result of the conflict in the Middle East, or other governmental rules and regulations;
- class action or other litigation we face or may face, including related to alleged securities law violations, abuse or misuse of our products, product liability, marketing or sales practices, or other matters;
- potential impairments of our intangible assets, such as goodwill and trademarks;
- changes to tax laws, fluctuations in our effective tax rate, accounting for tax positions, resolution of tax disputes, changes to accounting standards, elections, assertions, or policies, and the potential impact of a global minimum tax rate;
- uncertainties related to future cash dividends and share repurchases, which may affect the price of our common stock;
- ownership of our Class A Common Stock by certain individuals and entities affiliated with the Sands family and their Board of Director nomination rights;
- the choice-of-forum provision in our amended and restated by-laws regarding certain shareholder litigation; and
- other factors and uncertainties disclosed in our filings with the SEC, including our Annual Report on Form 10-K for the fiscal year ended February 28, 2026, which could cause actual future performance to differ materially from our current expectations.

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**Overarching Commentary from the CEO**

During my first two and a half months as CEO I have spent time traveling to various markets in the U.S. meeting with our distributors, retail partners, employees, shareholders, and the investment community. Those conversations have reinforced my convictions about our business and the opportunities we have ahead.

It is abundantly clear to me that we are one of the best brand-building organizations in the industry. We have repeatedly demonstrated an ability to scale brands through world-class marketing, commercial execution, and building deep connections with consumers. This is not by accident. It is the result of a disciplined and thoughtful approach to building and scaling brands. The strength of our brand families including Modelo, Corona, Pacifico, Kim Crawford, The Prisoner Wine Company, and other brands across our portfolio reflect capabilities that have been built over decades, and I believe remain significant competitive advantages today.

While we have demonstrated an ability to scale brands over time, we do have opportunities to enhance our capabilities in generating and sustaining healthy growth rates for our largest and more established brands. We will look to deploy a different playbook to sustain growth at scale than we do to scale emerging brands, which will be grounded in the belief that growth is increasingly driven by a deep understanding of evolving consumer occasions and the factors that influence brand choice and engagement. By translating those insights into new opportunities for our established brands, we can seek to broaden relevance, extend participation across more occasions, and strengthen consumer preference while enhancing the equity that makes them distinctive.

I see significant runway to continue growing our leading brands with an even greater emphasis on understanding consumer occasions and relevance – increasingly looking at our business through the lens of when, where, and why consumers are choosing our brands. I believe Modelo Especial continues to have significant opportunity ahead of it, supported by both distribution expansion and relatively low unaided awareness for a brand of its scale. With Corona Extra, we are focused on driving excitement and engagement with one of the highest brand equity and most loved brands in the industry. And within our Wine & Spirits business, Kim Crawford anchors our focused higher-end portfolio as the #1 Sauvignon Blanc in the U.S., with continued momentum driven by the brand's ability to connect with consumers as part of their lifestyle, not just as a functional part of an occasion.

We're well equipped with the consumer analytics capabilities to better understand occasions and segment opportunities based on consumer needs, and are refreshing that work as we speak. We intend to use those insights to identify both growth opportunities and areas where we can strengthen execution.

As we work to sustain growth for our more scaled brands, we must also continue to seek to find ways to accelerate the growth of our up-and-coming brands in our portfolio. With Pacifico and Mi CAMPO, which represent two of the fastest growing brands of scale in their respective categories, we continue to see attractive momentum and are leaning into that growth with increased support and investment, while remaining disciplined as we balance growth opportunities with long-term brand stewardship.

Additionally, we must deliberately, thoughtfully, and choicefully explore white spaces where we have a right to win. This means identifying consumer needs and sustainable demand spaces where our

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participation is limited and thoughtfully pursuing them within our existing disciplined and balanced capital allocation and margin framework. We have a strong portfolio with significant scale, but there are still growing occasions and adjacent categories where, with the right consumer proposition, I believe our capabilities can unlock meaningful value for our shareholders. The goal is to selectively pursue opportunities where we have a clear right to win, a differentiated advantage, and path to generate profitable and sustainable growth.

I believe by continuing to invest in our data, digital, and AI capabilities we can help accelerate this work. We possess strong consumer insights capabilities, which combined with our modern unified ERP platform and increasingly connected data environment provides us the opportunity to move faster and make more informed decisions. Whether it's improving consumer understanding, identifying emerging trends, enhancing commercial and operational execution, or uncovering new growth opportunities, I believe AI and advanced analytics can become enablers of our next phase of growth, and we are already hard at work to accelerate the deployment of these powerful resources.

We have exceptional brands, differentiated capabilities, strong relationships with consumers and customers, and significant opportunities still ahead of us. Looking ahead, my focus is on sharpening our understanding of consumer occasions, leveraging data and technology more effectively, and aiming to ensure we continue to unlock both the growth potential of our existing brands and the new opportunities that exist across the marketplace.

### **Q1 Fiscal 2027 Results Summary**

Turning to our first quarter fiscal 2027 results, beginning with an update on the U.S. consumer backdrop:

Consumer purchasing behavior remained dynamic throughout the quarter, as persistent inflation and broader economic uncertainty continued to shape spending patterns. The cumulative effects of a multi-year inflation cycle were further compounded by a significant increase in gas prices in the U.S., which rose more than 50% on average nationally from the beginning of the quarter. While we saw a resurgence of purchasing behavior amidst a more normalized start to the quarter, these financial pressures then drove a more discerning and value-conscious consumer mindset, most notably within lower-income households, contributing to a deceleration in retail food and beverage volume trends as the quarter progressed.

#### Beer Business

Despite these headwinds, our Beer Business delivered low-single-digit net sales and shipment volume growth, and slightly negative depletions, underpinned by mid-single digit growth in points of distribution and continued marketing investment to support the health and equity of our brand portfolio. Our brands continue to resonate in the marketplace, as brand-health and loyalty metrics remain strong and our portfolio's affinity amongst Hispanic consumers remains the highest relative to other major beer suppliers in the U.S.

Across Circana U.S. tracked channels our Beer Business was the #1 dollar share gainer during the quarter, capturing 0.6 points of dollar share in the total beer category. We had 5 of the top 15 dollar share

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gaining brands across the total beer category and continued to be the #1 high-end beer supplier in the U.S. by dollar sales. In relation to performance for our core beer brands:

- Modelo Especial maintained its position as the #1 brand in dollar sales and was the #7 dollar share gainer, and within the brand family Modelo Chelada Limón y Sal was the #8 dollar share gainer.
- Corona Extra remained a top 5 brand in dollar sales, and within the brand family, Corona Familiar was the #11 dollar share gainer.
- Pacifico and Victoria were the #2 and #14 dollar share gainers, respectively.

Depletions declined modestly by 0.3%, as the strong start to the year we saw in March was followed by softer volumes during April and May. This was consistent in markets with larger Hispanic populations as well as more general market zip codes, as increasing pressure on the U.S. consumer during the quarter impacted takeaway trends more broadly.

- Depletions in the off-premise channel declined by 0.5% while the on-premise channel grew 1.3%, representing 88% and 12% of total depletions, respectively.
- On-premise channel growth was supported by continued expansion of Modelo Especial and Pacifico draft distribution, as well as moderation in underperformance at on-premise accounts in zip codes with larger Hispanic populations.

Net sales increased by over 2%, driven by shipment growth of 1.8% and favorable pricing of 0.8%, with the remaining variance attributable to unfavorable product mix, primarily from a shift in package types.

Operating income increased 2% while operating margin decreased 10 basis points to 39.0%, as growth in shipment volumes and favorable pricing were offset by unfavorable mix and higher marketing and other SG&A spend.

#### Wine & Spirits Business

Turning to our Wine & Spirits Business, we delivered high-single-digit organic net sales and shipment volume growth, and mid-single-digit depletion growth, as our focused higher-end portfolio continues to display positive momentum. Across Circana U.S. tracked channels, our wine and spirits portfolio outpaced the total wine and spirits category in both dollar and volume sales, and our wine portfolio was the #2 dollar share gainer in the total wine category.

Depletions grew by 6.6%, primarily driven by the strength of Kim Crawford and Mi CAMPO, which grew depletions by 4% and 62%, respectively.

Net sales decreased by 47% on a reported basis and increased 8% on an organic basis:

- On a reported basis, the decline in net sales was primarily driven by the absence of \$142 million of net sales that are no longer part of the business following the 2025 Wine Divestitures, which were included in our results for the corresponding prior year quarter.
- On an organic basis, the growth in net sales was driven by shipment volume growth of 7.7%, primarily due to favorable performance in our U.S. wholesale channel.

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While the quarter resulted in a slight operating loss, operating margin improved 140 basis points to (0.7)% as growth in organic shipment volumes and favorability from lower marketing and other SG&A spend was partially offset by the impact of the 2025 Wine Divestitures. The business continues to progress towards its long-term profitability goals.

Enterprise

At an Enterprise level, net sales declined 3% on a reported basis and increased 3% on an organic basis when adjusted for the net sales associated with the 2025 Wine Divestitures.

Corporate expense was \$56 million reflecting a 2% year-over-year decrease primarily attributable to cost savings delivered through our 2025 Restructuring Initiative.

Enterprise operating income increased by 18% and 6% on a reported and comparable basis, respectively, with the latter resulting in a 120 basis point increase in comparable operating margin to 34.3%.

Net interest expense was \$86 million, reflecting a 13% decrease from the prior year driven mainly by lower average borrowings.

Our comparable effective tax rate increased to 18.8% versus 17.9% last year, primarily due to the effects of changes in tax legislation.

Reported EPS increased 31% to \$3.79 and comparable EPS increased 7% to \$3.43.

**Fiscal 2027 Outlook**

Looking ahead, our comparable outlook for fiscal 2027 remains unchanged. To reiterate our outlook, as well as provide some additional considerations regarding the cadence of the fiscal year:

Beer Business

- We expect net sales to range from down approximately 1% to up approximately 1%.
- Operating margins in our Beer Business are expected to be between 37% and 38%.
  - While we continue to expect marketing spend to be approximately 9.5% of net sales during fiscal 2027, we expect execution against our fully-integrated programming around the World Cup, MLB, and NCAA Football to drive marketing as a percent of net sales over 10% during the second and third quarter.
  - While we continue to expect SG&A expense to be approximately 5.5% of net sales during fiscal 2027, we expect the year-over year increase in dollar spend during the second and third quarter to be more pronounced than the first quarter, primarily reflecting lower incentive-based compensation expenses during the second and third quarter.
  - Largely as a result, we expect the year-over-year decline in operating margins during the second and third quarter to be greater than the full fiscal year.

W&S Business

- We expect organic net sales to range from down approximately 1% to up approximately 1%.

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- Operating margins in our Wine & Spirits Business are expected to be between 5% and 6%.

Enterprise

- We expect organic net sales to range from down approximately 1% to up approximately 1%, while comparable operating margin is expected to be between 32% and 33%.
- We expect comparable EPS to be in the range of \$11.20 to \$11.90.
- We expect to generate between \$2.4 billion and \$2.5 billion in operating cash flow and between \$1.6 billion and \$1.7 billion in free cash flow.

For a complete list of items included in our fiscal 2027 outlook, please refer to the earnings release.

*We thank you for your interest in Constellation Brands – and as we approach the upcoming Summer holidays of Fourth of July and Labor Day, we invite you to enjoy some of our amazing products as part of your festivities and celebrations!*

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**Defined Terms**

Unless the context otherwise requires, the terms “Company,” “CBI,” “STZ,” “we,” “our,” or “us” refer to Constellation Brands, Inc. and its subsidiaries. We use terms in this presentation that are specific to us or are abbreviations that may not be commonly known or used.

<b>Term</b>	<b>Meaning</b>
\$	U.S. dollars
2025 Restructuring Initiative	an enterprise-wide cost savings and restructuring initiative designed to help optimize the performance of our business, including through enhanced organizational efficiency and optimized expenditures across our organization, with the majority of the work executed within fiscal 2026 and net annualized cost savings expected to be fully realized by fiscal 2028
2025 Wine Divestitures	sale and, in certain instances, exclusive license to use the trademarks of a portion of our wine and spirits business, primarily centered around our then-owned mainstream wine brands and associated inventory, wineries, vineyards, offices, and facilities on June 2, 2025
4000+ Calorie Jobs	Jobs that require a significant amount of physical effort, e.g. construction, agriculture, and mining
AI	Artificial intelligence
Beverage Alcohol	Total beverage alcohol, includes beer, wine and spirits segments
CAGR	Compound annual growth rate
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Circana™	Industry market research publication used by consumer packaged goods companies
COGS	Cost of product sold
Comparable basis ("comparable")	Amounts which exclude items that affect comparability, as they are not reflective of core operations of the segments
CPG	Consumer packaged goods
CSR	Corporate social responsibility
Customers	Wholesale distributors, retailers (generally outside of the 3-tier U.S. distribution channel where products are sold to a distributor (wholesaler) who then sells to a retailer; the retailer sells the products to a consumer; however, in control states, the state government performs the role of wholesaler and retailer), state alcohol beverage control agencies which sell to consumers, and direct-to-consumer purchasers
Depletions	Represents U.S. distributor shipments of our respective branded products to retail customers, based on third-party data
EPS	Diluted net income (loss) per share attributable to CBI
ERP	Enterprise resource planning system
FY or fiscal	The Company's fiscal year ending February 28, 2027
GAAP	General accepted accounting principles in the U.S.
High-End Beer	Beer that sells above \$27.00 a case at retail
Higher-End Spirits	Spirits that generally sell above \$14.00 - \$17.00 per bottle at retail
Higher-End Wine	Wine that sells above \$11.00 per bottle at retail for table wine and above \$13.00 for sparkling wine

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HL	Hectoliters
International markets	Markets outside of the U.S. in which we sell our Wine and Spirits products
Mainstream	Includes wine that sells less than \$11.00 per bottle at retail, sparkling wine and all other wine that sells less than \$13.00 per bottle at retail, and spirits that sell less than \$14.00 per bottle at retail, as defined by Circana™
Nava	Nava, Coahuila, Mexico
Net interest expense	Includes interest expense, interest income, and extinguishment of debt
Premium	Includes wine that sells between \$11.00 to \$24.99 per bottle at retail, sparkling wine that sells between \$13.00 to \$34.99 per bottle at retail, tequila that sells between \$17.00 to \$23.99 per bottle at retail, and whiskey that sell between \$17.00 to \$24.99 per bottle at retail, as defined by Circana™
Projections	as defined under the heading “Forward Looking Statements”
Reported basis (“reported”)	Derived from amounts as reported under generally accepted accounting principles in the U.S.
SEC	Securities and Exchange Commission
SG&A	Selling, general, and administrative expenses
Shipments	Represents the volume shipped from CBI to distributors
SKU	Stock keeping unit
U.S.	United States of America
Veracruz Brewery	A new brewery being constructed in Veracruz

**Disclaimers and Caution Regarding Outdated Material**

The notes offered under our commercial paper program have not been and will not be registered under the Securities Act of 1933, as amended, and may not be offered or sold in the U.S. absent registration or an applicable exemption from registration requirements. This commentary shall not constitute an offer to sell or the solicitation of an offer to buy our notes under the commercial paper program.

Unless the context otherwise requires, the term “consumers” refers to legal drinking age consumers and references to “betterment” products means our lower-alcohol, lower-calorie, non-alcoholic, or no-calorie products. Market positions and industry data discussed in this commentary have been obtained or derived from industry and other third-party publications and our estimates. We have not independently verified the data from the industry and other third-party publications. Unless otherwise indicated, (i) all references to market positions are based on equivalent unit volume, and (ii) data discussed in this commentary is based on our data, analysis, plans, and reporting. Unless otherwise indicated, the information presented in this commentary is as of June 30, 2026, and, to the best of our knowledge, timely and accurate when made. Thereafter, the information contained in this commentary should be considered historical and not subject to further update by us.