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Presentation

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Please see the Morgan Stanley research website at www.morganstanley.com for our research disclosures. And if you have any questions, you can reach out to your Morgan Stanley representative. With that, I'm very pleased to welcome Constellation Brands and Garth Hankinson, Constellation's CFO, to fireside chat today. Thanks so much for being here, Garth.

Garth Hankinson

Thanks, Dara.

Question and Answer

Dara Mohsenian

So I thought maybe first, we start – there's been a bunch of external changes with the U.S. elections. Maybe we can cover that first and the implications for your business, realizing there's a lot of uncertainty.

But just big picture, a, can you talk about the potential impact on your business, if there were tariffs on Mexico? B, as you think about the potential offsets to that, in terms of the weaker peso, pricing potentially on your business, cost savings, which have been coming in much better than expected so far initially in your plans there? How do you think about the potential offsets if tariffs were to occur?

Garth Hankinson

Well, well, thanks for the question, Dara. Thanks for hosting us. There's a lot there to digest. But you started with the disclaimer. So I'll start with the disclaimer.

I think as probably many of you know that we just wrapped up our fiscal Q3. And as such, we're in a quiet period, so we will not be discussing any operating or financial results during today's conversation. And for any sort of forward-looking statements or GAAP disclosures – GAAP reconciliation disclosures, please see our website that you can find under C Brands on the investor website.

So with that housekeeping cleaned up, let's turn to the question. So first, just in terms of the tariff itself, and I'd start there by saying that we have a long history of building relationships with different administrations in both countries, both the U.S. and in Mexico. And as a result of this relationship building, I think that there's a really good understanding in both countries of the contributions that Constellation Brands makes to both the U.S. and Mexico.

In the U.S., consumers benefit from our strong portfolio of beer brands, we deliver beloved brands with leading growth. we're providing growth for our hundreds of our distributor partners and our retailer partners, not to mention the impact that we have with farmers in Washington, Idaho, Montana, South Dakota, North Dakota, so material impact on American farmers. Not to mention other U.S. suppliers that help support our business, whether that's in packaging or logistics. So again, a material impact in the U.S., which is well understood amongst all of our stakeholders.

So I think it's also important to note that about 75% of our total inputs are U.S. denominated – USD denominated. And many of those inputs sort of cross the border into Mexico for conversion into finished goods and then cross the border back for U.S. consumption. So again, very material impact here in the U.S.

So that said, as we're thinking about the implications of a potential tariff, it's a bit hard for us to assess what we would do next because there's no specificity yet on what a tariff might look like in terms of what's it covered, what's the duration, what would the amount be?

That being said, we're certainly not waiting for a specific policy to be put in place. We're working to identify and evaluate, as you say, the levers that we could pull if the tariff is actually put in place.

I think you mentioned really the primary ones that are available to us. One is cost savings. And so we're assessing can we achieve incremental cost savings above the accelerated $300 million worth of cost savings that we outlined just a year ago. And so there are a number of those things that we're assessing. We're looking at how quickly we could pull those forward, what the impact would be. So that's certainly a lever that we continue to review.

Another is ensuring that we have adequate inventories in the U.S., right? This is something that we have a little bit of experience. And now that we've had to deal with some border closure disruptions due to surges in immigration, so we're making sure that we've got the right product in this country, which would certainly help, depending on the duration of any tariff.

And then another area that we continue to assess is really pricing, what's the ability to take incremental pricing? I think it's important to note as we look at incremental pricing, one of the things that we're going to want to balance is, what's the right level of pricing so that you don't impact the top line, right?

Certainly, we have momentum in the top line. We want to maintain that momentum because that drives so much more of the algorithm and the profitability of the business.

So we don't want to take any pricing that would, as I say, impair that.

Again, each one of those levers and how we pull that would be dependent upon the specificities or the specifics of the tariff. So again, something we continue to wait on and – but know that once we – if a tariff comes to fruition, we will have assessed what the opportunities for us are to either partially or fully offset the tariff.

Now in terms of potential policy implications for our business, if you think about the Hispanic consumer and what's in our algorithm that we shared a year ago, is that we're going to get about 20% to 40% or about – yes, in that neighborhood, about 20%, 30% of our growth is going to come from favorable demographics.

That was based on U.S. census data and that the base case for U.S. census data, which has the Hispanic legal drinking age population growing at kind of twice the rate of the broader legal drinking age. So it's not predicated on outsized immigration growth. So we don't think that that's a significant risk to our algorithm per se. And then finally, the last point you hit on was…

Dara Mohsenian

Well, there's peso…

Garth Hankinson

Peso, I'm sorry. I forgot the peso.

Dara Mohsenian

We've already seen a move. So on the peso hedging, it takes time to flow through. So how do you think about the timing of that and the impact to bear margins?

Garth Hankinson

Yes. So on the peso, just keep in mind that we have a multiyear hedging policy in place for currencies and commodities. And we can start layering in – or we can start laying in hedges anywhere from 3 to 5 years out. The whole sort of strategy, if you will, of our hedging activities is to protect the P&L. And so that's why we have a multiyear approach. We don't try to be speculative in any way, shape or form.

And then I think as everyone is aware, we're about 90% hedged against the peso in our current fiscal year – fiscal FY '25. Throughout this year, this calendar year, as we've seen some weakness in the peso, we have proactively layered in incremental hedges, not just for FY '25, but for FY '26, FY '27 and FY '28.

So you won't see necessarily in the near term, a material impact from the weakening peso because of the way in which we've been – that's not to say there's not going to be any impact because they're obviously well. And if there's a change, if the peso weakens further, there certainly could be some upside. But right now, based on where the peso is based on forwards, this wouldn't be a material change.

But keep in mind, the flip side of that is in our current fiscal year, we didn't suffer a [16.50] peso. So that's kind of how you got to think about the impact of the peso, taking into account our hedging strategy.

Dara Mohsenian

Great. Okay. On another topical issue, you've had a really strong track record and consistent of beer top line growth over time. Depletions did decelerate a bit last quarter to 3.5% on a days adjusted basis, full-year revenue guidance reflects that. Just to put that in perspective for us, the softness you saw in the quarter. And how you think about the business going forward relative to that result?

Garth Hankinson

Yes. I mean I think as we outlined our updated guidance at the end of Q2, I think we were pretty clear that we saw that the slowdown that started over the summer that we saw that as more transitory than structural. And that we saw that mostly being driven by macroeconomic headwinds, if you will.

As we now have had another quarter behind us, we tend – we still tend to think that the headwinds we're facing are permanent in nature. And there's certainly some improvements that we're seeing, there's reasons to be sort of cautiously optimistic, right?

If you think about the macroeconomic background in the last 3 months, inflation appears to have crested and the outlook for that is that, that will [improve] as we move into calendar year 2025. We've had 2 interest rate cuts, totaling 75 basis points, and the outlook could be for additional rate cuts this year and into next year. So over the longer term, that should be a tailwind for consumers.

We've seen inflation get better. There's still some items in the basket that are elevated, which is causing consumers to be a bit pinched. But again, overall, inflation is improving, and the expectation for that. Next year is also relatively positive. And consumer sentiment got better in November.

And then in reference to the last question you asked, we've got the election behind us. So the election at least provides some certainty and should ease some of the concerns folks had with that being behind us.

We've seen the improvement in Circana trends, which we think is reflective of the fact that macroeconomic backdrop hasn't gotten worse, hasn't deteriorated. But we also think that it's reflective of some of the incremental investments that we've made in marketing to support the brands, again, that we laid out at our Q2.

Most of that investment that we said that we were making in the second half of the year really was put in place in the third quarter. So as you think about our algorithm, we called that out specifically because that means that our marketing is a bit out of the algorithm in Q3, given the incremental investment.

So based on the improving macroeconomic tailwind – macroeconomic environment and the investments we're making, again, we feel like there's reasons for optimism.

That being said, I think that it's probably a good time to talk about what we're seeing in Circana, right? I mean it's – Circana, as we've told everyone before, captures about 50% of our total volume, so to speak. And the gap between Circana has been volatile, so to speak, over the last couple of years for a variety of reasons.

Over the longer-term period of time, that gap is typically in the low single-digit range. Again, last year, that was kind of in mid-single digits as Circana kind of changed the way that they account for convenience store performance. And then this year, as we were overlapping that on our first 2 quarters, that gap became almost nothing.

That being said, again, back to the fact that Circana will capture about 50% of our overall performance, the 50% – what we noted in terms of consumer behaviors that we saw in Q2, where consumers were shifting towards mass merchants and clubs to value seek, we know if that was kind of coming from independents into the other nontracked channels.

So I think it's important for people to keep that dynamic in mind as they're looking at their Circana trends. The recent Circana trends, a lot of that was driven by the higher unemployment that I referenced earlier, specifically the higher employment amongst the Hispanic consumer, which was particularly elevated and impactful in some of our larger markets like California and New York, which have a lot of independents that don't show up in the tracked data.

Dara Mohsenian

Okay. Great. That's helpful. And then looking at the long-term growth outlook, at Investor

Day, you discussed expecting about 40% to 50% of long-term beer growth from distribution gains, 20% to 40% from innovation, as you mentioned earlier, 20% to 30% from demographics. So just can you discuss if anything has changed over the last 12 months, confidence in each of those drivers, where you think you have the highest visibility?

Garth Hankinson

Yes. I mean we still feel really good about all those drivers. In terms of the distribution, as we laid out at Investor Day, we expect to get 500,000 incremental points of distribution through FY ’28. We’re making good progress. As you know, last fall, we had high single-digit gains in shelf space. This fall resets, we had double-digit gains in shelf space, and I think we’re positioned nicely for the upcoming resets, both this fall and next spring.

So we still feel very good about the distribution opportunities that we have in front of us. As you noted, I already mentioned the demographic headwinds. So we feel good about that for all the reasons we said previously. And then in terms of innovation, we have a good pipeline. And 20% to 40% sounds like a lot, but I think it’s important to note that for the last kind of 5 years, we’ve been generating about 30% of our growth from what we call innovation or NPD.

We have a pretty broad definition, as you know, around innovation. That’s not new-to-world product. That includes price pack architecture work or so incremental SKUs. It includes line extensions. For instance, if we add a new flavor to the Chelada lineup as well as potentially new-to-world products.

So we’ve got a good pipeline in place. We’ve referenced this year, we had the launch or a more – not quite nationwide, but a much broader launch of Aguas Frescas. We’ve got Sunbrew in test market for next year. So we feel good about the pipeline.

Dara Mohsenian

Great. Maybe we can zoom in on your brands on the beer business. Modelo Especial has really been a juggernaut in recent years. Can you discuss the long-term growth runway there for distribution expansion, perhaps geographic expansion, demographic opportunities with the non-Hispanic consumer, the key buckets that you see as the growth driver for that brand as you look out over the next few years?

Garth Hankinson

Yes. I mean we remain very optimistic on the outlook for Modelo Especial, and [we've] hit on all the relevant buckets, if you will. Distribution is going to continue to be a major driver for Modelo Especial. This is a brand that is now the #1 brand in dollar sales in the U.S., and yet it still is under distributed versus its peers, including Corona Extra.

Per our Investor Day when we looked at the incremental 500,000 points of distribution across all regions other than the West region, 50% of those were going to come from Modelo Especial. And even in the West, where that's our highest share market, most mature market; we're still expecting about 30% of the growth in that market in terms of points of distribution to come from Modelo Especial. So there's a real opportunity there.

In terms of geographic expansion or opportunity, that – this is a brand that we're seeing grow double digits into the business units outside the West, in the South, the Southeast and Central, all growing double digits for Modelo Especial. If you look at that on a more sort of market-level basis, we're now #1 in 14 markets. We added Atlanta to the list of #1 markets earlier this year.

We're now #2 in 7 markets, adding Orlando over the summer. We've added 3 markets that where we're #3, in Richmond, Tampa and Jacksonville. And so I call those out specifically because I think that when you see that we're growing in the Southeast, the South, Central, the cities that I just referenced; that shows that the brand travels sort of beyond what one would see as kind of more traditional obvious market for Modelo Especial. So very good growth runway left.

I think it's important to note that our share in California for Modelo Especial is almost 20%. And then nationwide, it's closer to 10%. So good opportunity there. You mentioned the on-premise. The on-premise is – we're the #4 draft handle in the on-premise, and yet we're the #1 beer brand by dollar sales. So that's certainly an opportunity for us.

We're going to continue to lean into the fighting spirit of the brand and that campaign, so to speak. That's been remarkably successful for us. But even though it has been, as we look at the brand's unaided awareness relative to its peers, it's got room for – certainly, it's got room to get better. So we'll leverage that marketing campaign.

And there's still price pack architecture work to be done on that as well. So that's a brand that we feel really good about in terms of the long-term runway. And again, at our Investor Day, we laid out that we expect that brand to grow in the sort of mid-single to high single-digit range. And we've got confidence in that.

Dara Mohsenian

Great. And you guys have spoken about Pacifico as kind of a young Modelo, so to speak. Can you discuss the growth strategy for Pacifico from here? Maybe how it's performing in the core California market versus other markets? And what gives you confidence in the long-term growth potential for that brand? What are the key drivers there?

Garth Hankinson

Yes. We're excited about Pacifico. I mean this is a brand that really – it's roots are in California. It's kind of have a – its a more adventurous sort of brand essence, if you will. And it's certainly our most zillennial brand. Certainly, resonates with the younger outdoors, active lifestyles.

As you noted, the brand has been strong in the West, particularly in California. California and Texas are its 2 biggest markets. California, I would call kind of an existing mature market. Texas, for this brand, a bit of an emerging market.

But even in California, where it's now the #2 brand in Southern California, still growing double digits in the Circana track channel data. So good – still good growth in a bigger, more mature market for us. When you look at Texas, which is currently the second biggest market for us, growing very well there. But still, it's only the 29th largest brand in Texas. So there's still good runway for growth.

Outside of those 2 markets, our 2 biggest markets, this is a brand that we're going to sort of methodically grow from west to east. As we said, we want to make sure that we're building that brand the right way, that we're generating real consumer pull. We want this to be an enduring brand growth story. We don't want this just to be all about pipeline fill that you then have to cycle. We'll certainly monitor the incrementality of that brand to ensure that it's truly additive to the portfolio. And that will inform how we move across the U.S.

But the growth rates in Circana continue to be double digits. And that's what – that's the expectation that we have for the brand, low double-digit growth, again, as we laid out at Investor Day. That brand really resonates the color of that yellow. That can, kind of like a high lighter in the hand, I mean that really resonates with consumers. And so again, we're excited about the opportunity.

On-premise is an opportunity for that brand. That's grown nicely in the on-premise, but still room for the brand to grow there. Certainly got price pack architecture opportunities for that brand. So we like where we're at with Pacifico.

Dara Mohsenian

Great. Can you discuss growth potential for the Corona brand family from here? What are sort of the baseline expectations for Extra and the growth drivers for that brand? And how are Modelo and Pacifico as they're growing, interacting with Corona? Are you seeing more cannibalization? Or are they really incremental? And maybe also just plans on Corona, Sunbrew and your level of enthusiasm there.

Garth Hankinson

Sure. So just in terms of the base expectations for Corona, as we laid out – again, I keep referencing our Investor Day a year ago, but as we laid out then, we were expecting low single-digit growth for Corona. In FY '23, we had the benefit of some – introducing some new pack sizes, which also opened up some additional consumer occasions for us. And so in calendar year FY '24, we are lapping a little bit of that, which has been a bit of a headwind, so to speak, for Corona.

In addition to that, Corona, like the rest of our portfolio, has had to deal with the macroeconomic backdrop, which slowed some growth again, starting over the summer. And then something that we don't always enjoy talking about, but if you look at where Corona is strong and mature in the East and in the Southeast, we've had some challenging weather to deal with for that brand this year.

That being said, I mean, if you look at the latest Circana trends, whether it's on a 12- or a 4-week basis, that brand has returned to growth. So we still feel like low single digits is the right way to think about that brand. We're certainly continuing to invest heavily behind that brand. I think the Pedro [Pasquel] creative has been quite positive kind of returning the creative back to like the brand's regional routes, so to speak, if you will.

It's still America's most beloved beer brand. And so we'll continue to lean into that. It's a brand that we've doubled down a little bit, you might say, in terms of advertising for the – during the NFL this fall when the season kicked – the football season kicked off, as well as leaning into Major League Baseball. So we feel good about where that brand is and where it's headed, and we think we get to that low double-digit contribution over the medium-term time horizon.

As it relates to Sunbrew, I think, as you know, we're in test market just in the Northeast right now. The results of that test market have been pretty positive. We're at the point now where we've got enough information available for us that we're assessing what do we do with that brand next year in terms of how broadly do we extend it beyond the test market.

So I think that, that's something that we'll have more to discuss as we move further into the year, but cautiously optimistic based on what we're seeing in test markets so far.

Dara Mohsenian

Great. And on Modelo Pacifico, have you seen any changes in cannibalization rates over time? Just give us a little more insight there?

Garth Hankinson

Not necessarily what I would call any material changes, but it is something that we're always watching. We're watching the interaction between those brands, and we do know candidly that there is some interaction between those brands. And that's why you say when we look at a brand like Pacifico, as we expand across the U.S., we're very mindful around what is the impact to Modelo Especial or what is the impact to Corona.

And so part of the expansion decision-making, if you will, will be, "Hey, if we think that there's interaction on a particular brand and that brand isn't necessarily mature in a market, maybe we don't – maybe we don't introduce a new brand to that market." So that's the discipline that goes into it.

But I wouldn't say that there's any real material changes in cannibalization, just something that we continue to watch. And even with the cannibalization that we see, in aggregate, the growth we're seeing is additive overall to the portfolio.

Dara Mohsenian

Great. Modelo Chelada has been a very big growth driver over time. It slowed a bit this year. What's your strategy to reaccelerate growth for the brand, which is kind of the centerpiece of your flavor strategy? And is there – maybe you can take a step back and just talk about flavor offerings, either under the Modelo brand or in general and your strategy on that front?

Garth Hankinson

Yes. So Modelo Chelada, again, this is another brand that we feel good about. This is a brand that it's grown really nicely for us. You mentioned that growth seems to have slowed this year. A lot of that has to do with the overlapping of a very successful new flavor launch last year. Last year, we introduced the watermelon flavor, which was just, as I say, I mean, it was extremely successful, more successful than sort of our past flavor – our new flavor offerings and flavor introductions.

So this year, when we introduced the strawberry – the new strawberry flavor, that performed more in line with our prior flavor offerings and not what we experienced last year with watermelon. So that's created a bit of a tough overlap for Modelo Chelada.

That being said, I mean, if you look at the latest 12- and 4-week growth in Circana for that brand, the trends are pretty positive there. And we're outpacing – the growth for Modelo Chelada is outpacing broader F&Bs as well as the broader Chelada category. So again, we think that brand still has a lot of runway for growth.

In terms of the flavor offerings more broadly, obviously, as you referenced, Chelada is kind of like the cornerstone of that right now. But earlier this year, we've more broadly expanded distribution for Aguas Frescas, and that's performing in line with expectations, and we're not seeing necessarily any overlap between Aguas Frescas consumer and Modelo Chelada consumer. They tend to be two different consumers and not cannibalistic of each other.

Dara Mohsenian

Okay. And I wanted to touch on Wine and now scale down Spirits business before we end. Obviously, a challenging environment in the wine sector, in general. What's your confidence on the new goals you've outlined recently? And you've had the strategy to shift the portfolio towards the higher end. When do you think that sort of tangibly starts to pay off for you in light of these difficult industry conditions that you're facing?

Garth Hankinson

Yes. I mean and as Bill and I laid out at the beginning of the year, we were taking actions, and it was going to take 9 to 12 months before we really saw those actions start to have the tangible results we would all expect. And so we're kind of at that – we're kind of close to that 9-month mark, if you will, from when we instituted some of the initiatives.

I would say that we're starting to see those initiatives pay off. If we look at brands like Kim Crawford and Sauvignon Blanc and Meiomi and the base pinot noir and the Prisoner Red Blend, the pricing and marketing actions that we took earlier this year are starting to see reflective in the Circana data.

Now unfortunately, the way that pricing rules and regulations are on a state-by-state basis, you don't see the full impact of that right away because you take these pricing actions, they don't all occur all at one time. But again, we're starting to see the full benefit of that reflective in Circana kind of starting now. So that's a net positive.

I'd say the same thing on the cost initiatives. The cost initiatives that we put in place, those are starting to really bear fruit. So again, we think that there's a real here inflection point in the second half and really in Q4, as that's when the full effect of the commercial and the operational initiatives take full effect.

Additionally, we're starting to see inventories kind of become more stable as it relates to from a retailer and from a distributor perspective. So some of the destocking that we've seen, seems to have kind of leveled off. So that will be a positive for us in the balance of the year.

Q4 is always a bigger quarter for us, for the wine industry for a couple of reasons. One has to do with vintage releases, particularly as we've shifted the portfolio to the more premium side of things. A lot of those vintage releases occur in the second half and specifically in Q4. Our direct-to-consumer business sees a pickup in Q4 as a result, not just on the vintage releases but also because of the holidays.

And so certainly, we expect to have the benefits of those in Q4. So again, we're cautiously optimistic around the actions we've taken throughout the year and that those will start to really be more reflective in the results here in Q4 and going into next year.

Dara Mohsenian

Okay. Maybe we can turn to capital allocation. You've reached 3x net leverage. You stepped up the repurchases in the first half of the year, $450 million. You've still got a large authorization in place. So how do you think about repurchases, the pace of buybacks from here? Is it more consistent, the flexibility to be more opportunistic? Talk about that piece of capital allocation.

Garth Hankinson

Yes. I mean, as you mentioned, the priority for this year was to get our leverage ratio back to 3x. We got there at the end of Q2, and the outlook for the full year is that will be certainly in line with that. So that was critical – as a critical priority as we've gone up to

3.5x post the AB sort of reclassification or declassification, if you will.

That being said, we've continued – even with the focus on delevering, we've been able to progress against all of our capital allocation priorities. In Q2, we returned $183 million to shareholders through dividends and over – almost [$250 million] through share repurchases. That's on top of the 183 in dividends in Q1 and the 200 in share repurchases in Q1. And we continue to build out the breweries in Mexico. So again, we're able to execute against all of our capital allocation priorities.

As we look at the balance of this year, I would say, as it relates to share repurchases, we're going to continue to be opportunistic. I know that in the recent past, we had a formal program in place. We don't currently have one of those, but that hasn't stopped us from being very disciplined and opportunistic as we've seen what we think is a dislocation in our share price. And so I would expect that you'll see more of that.

Dara Mohsenian

Okay. Great. And with the Svedka news this morning, how do you think about the role of M&A and divestitures in your portfolio and going forward?

Garth Hankinson

Look, I think the divestiture of Svedka was just a continuation of a multiyear sort of strategy to focus on the high end, as you say. I mean we want to be where the consumer not only is today but where the consumer is going. And in line of spirits, that clearly is the more premium side of the business. And we've got a long history of taking a look at our portfolio and saying, do we have the right portfolio for ourselves?

And so that was – that certainly informed the decision that we made to divest Svedka to Sazerac, which I think is a good transaction for both ourselves and for Sazerac.

As it relates to M&A, we've always said that M&A is going to be sort of the fifth priority, if you will, out of our 5 capital allocation priorities. It's going to play a smaller role relative to the rest of their priorities. And it's really around portfolio gap filling sort of targets. I don't expect that you'll see many in Wine & Spirits in the near term. But it's will be something that we continue, and we'll continue to assess the portfolio for both subtractions and additions.

Dara Mohsenian

Right. Okay. Constellation has been through a period of very pronounced changes in recent years, but Board changes has shifted away from the Sands family involvement, et cetera. Just taking a step back among other factors, taking a step back, what do you think has changed the most in the last few years in terms of governance and the way you run the business, maybe what hasn't? And your perspective going forward on any cultural shifts in the organization.

Garth Hankinson

Yes. I mean like, look, the biggest change really just has been the governance that you said. I mean, we've gone from being a 2-share class company to be in a single-share class. This aligns all shareholders equally, 1 share, 1 vote, so to speak. So that's absolutely a significant change in the history of Constellation Brands.

Beyond that, we now have an independent Board Chair, which has brought a wealth of experience to the Board, which has been a great addition. We've assessed the Board itself in terms of skill set and maybe some skill sets that were underrepresented in the boardroom. And as a result of that, we added 2 additional Board members with true financial expertise, former CFOs, which I certainly appreciate.

And we continue to look at the Board composition to ensure that as we continue to go through time that we have the right Board, we have the right skill sets, we have the right size of Board. And so that will be just sort of ongoing. But I think that governance has been the biggest change. I think what hasn't changed is the performance of the company and the capital allocation priorities that we talked about earlier.

Since this management team has been in place, the performance, the capital allocation products, the discipline that we have really hasn't changed. The board – the governance that we have on the Board now is certainly supportive of that performance and those priorities and is additive to the discussion. But those things haven't changed.

And I think that as it relates to that disciplined capital allocation and performance, one of the things that might be the most unappreciated part of the Constellation story today is this inflection point in capital of free cash flow generation and what that means for us and for our investors. I think that, that results in us being a very compelling value creation story for investors.

Dara Mohsenian

Great. Well, that was very helpful. Thanks so much for being here today.

Garth Hankinson

Thank you, Dara.