

Since the June 2013 acquisition of the imported beer business, we have more than tripled our production capacity in Mexico from 10 million to approximately 34 million hectoliters. Our current production capacity provides us the opportunity to further expand our leadership position in the high-end segment of the U.S. beer market by increasing our investment behind on-trend innovation. As part of these efforts, in Fiscal 2019 we successfully introduced Corona Premier, a lower-calorie, lower-carbohydrate product offering, which has become one of the top growth contributors in the high-end segment of the U.S. beer market. During Fiscal 2020, we launched Corona Refresca and in early Fiscal 2021 we launched Corona Hard Seltzer. The national launches of Corona Refresca and Corona Hard Seltzer are part of efforts to capitalize on the growth of the high-end alternative beverage alcohol category. Additionally, we are continuing efforts focused on increasing sales distribution of products in can, draft, single-serve, and larger package size formats.

Expansion and construction efforts continue under our Mexico Beer Expansion Projects. Since the June 2013 acquisition of the imported beer business, we have invested approximately \$4 billion for the Mexico Beer Expansion Projects, with approximately \$520 million during Fiscal 2020. To align with our anticipated future growth expectations, we are targeting an additional five million hectoliters of production capacity expansion activities to be completed at the Obregon Brewery and we are exploring options to add further capacity in Mexico to meet our long-term needs.

In March 2020, we sold the Ballast Point craft beer business, including a number of its associated production facilities and brewpubs. This divestiture is consistent with our strategic focus on our high-performing import portfolio and upcoming new product introductions. For additional information regarding the Ballast Point Transaction, refer to “Recent Developments” in MD&A and Note 2 of the Notes to the Financial Statements.

Wine and Spirits Segment

We are a leading, higher-end wine and spirits company in the U.S. market, with a portfolio that includes higher-margin, higher-growth wine and spirits brands. Our wine portfolio is supported by grapes purchased from independent growers, primarily in the U.S., New Zealand, and Chile, and vineyard holdings in the U.S., New Zealand, and Italy. Our wine produced in the U.S., New Zealand, and Italy is primarily marketed in the U.S. In addition, we export our wine products to Canada and other major world markets. Our spirits offerings include SVEDKA Vodka, which is imported from Sweden and is the largest imported vodka brand in the U.S. Our higher-end spirits brands include Casa Noble tequila and High West craft whiskeys.

In the U.S., we have 16 of the 100 top-selling wine brands. Some of our well-known wine and spirits brands and portfolio of brands, sold in the U.S., which comprised our Fiscal 2020 U.S. Power Brands (“Power Brands”), included:

	Wine Brands		Wine Portfolio of Brands	Spirits Brands
● 7 Moons	● Drylands	● SIMI	● Charles Smith	● Casa Noble
● Auros	● Kim Crawford	● Spoken Barrel	● Prisoner	● High West
● Champagne Palmer & Co	● Meiomi		● Robert Mondavi	● Mi CAMPO
● Cooper & Thief	● Mount Veeder		● Schrader	● Nelson’s Green Brier
● Crafters Union	● Nobilo (1)			● SVEDKA
● Cuvée Sauvage	● Ruffino			● The Real McCoy

(1) See “Recent Developments” in MD&A and Note 2 of the Notes to the Financial Statements.

We dedicate a large share of sales and marketing resources to our Power Brands as they represent a majority of our U.S. wine and spirits revenue and profitability, and generally hold strong positions in their respective price categories.