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# Constellation Brands Investment in Canopy Growth

## Expanding our Strategic Partnership

August 2018

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# Forward-looking Information Disclaimer



This presentation contains “forward-looking information” and “forward-looking statements” (which we refer to collectively as forward-looking information) within the meaning of applicable Canadian securities legislation, and “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively referred to as “forward-looking information”). All statements, other than statements of historical fact, may be forward-looking information. Forward looking information can be identified by the use of statements that include words such as “anticipate”, “plan”, “continue”, “estimate”, “expect”, “exceed”, “may”, “will”, “project”, “predict”, “propose”, “potential”, “targeting”, “exploring”, “scheduled”, “implementing”, “intend”, “could”, “might”, “should”, “believe” and similar words or expressions. Information provided in this presentation is necessarily summarized and may not contain all available material information. Such forward-looking information is subject to various risks and uncertainties.

Forward-looking information in this presentation includes, but is not limited to, statements with respect to: (i) the anticipated effects and benefits of, timing and completion, including satisfaction of all necessary conditions, of each component of Constellation’s investment in Canopy; (ii) the ability of Canopy to grow its business, operations and activities; (iii) the benefits of the investment to Canopy; (iv) the potential impact on Canopy’s growth prospects; (v) potential opportunities in the Canadian, U.S. and global cannabis market, including for growth in sales, supply, revenue, cultivation and processing; (vi) the potential for future product development; (vii) the availability or benefit of Canopy’s existing contractual relationships, including provincial supply agreements; (viii) the ability of Canopy to achieve market scale; (ix) the impact of the transaction on the Company’s outstanding share capital; (x) the abilities of management of Canopy; (xi) future market share achieved in recreational markets, (xii) product development; (xiii) clinical trial work, (xiv) planned acquisition activities, including with respect to pending acquisitions.

Forward looking information is based on certain assumptions, estimates, expectations, 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. Forward looking information is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information, including, but not limited to, risks relating to the cannabis industry; risks relating to the completion of the transaction; risks relating to the demand for cannabis products; risks relating to being a controlled company; risks relating to future growth; risks relating to competition in the industry; risks relating to necessary approvals to completion of the transaction; financing risks; market risks; risks to the economy; regulatory risks; risks relating to global financial conditions; reliance on key personnel; operational risks inherent in the conduct of cannabis activities; increases in capital or operating costs; risks relating to the Company’s ability to use the proceeds effectively; the risk of delays or increased costs that may be encountered during the company’s growth; risks relating to completion of the transaction, including being able to complete the transaction on satisfactory terms or at all, environmental risks, and the additional risks identified in the “Risk Factors” section of Canopy’s annual information form and Constellation’s annual report on Form 10-K and other reports and filings filed with applicable securities regulators in Canada and the United States. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are made as of the date hereof and neither Constellation nor Canopy intends, and expressly disclaims any obligation to, update or revise the forward-looking information contained in this presentation, except as required by law. Accordingly, readers are cautioned not to place undue reliance on forward-looking information.

# Working Together Towards Global Leadership



The powerful combination gives Canopy the size, scale and strength to lead on a global level



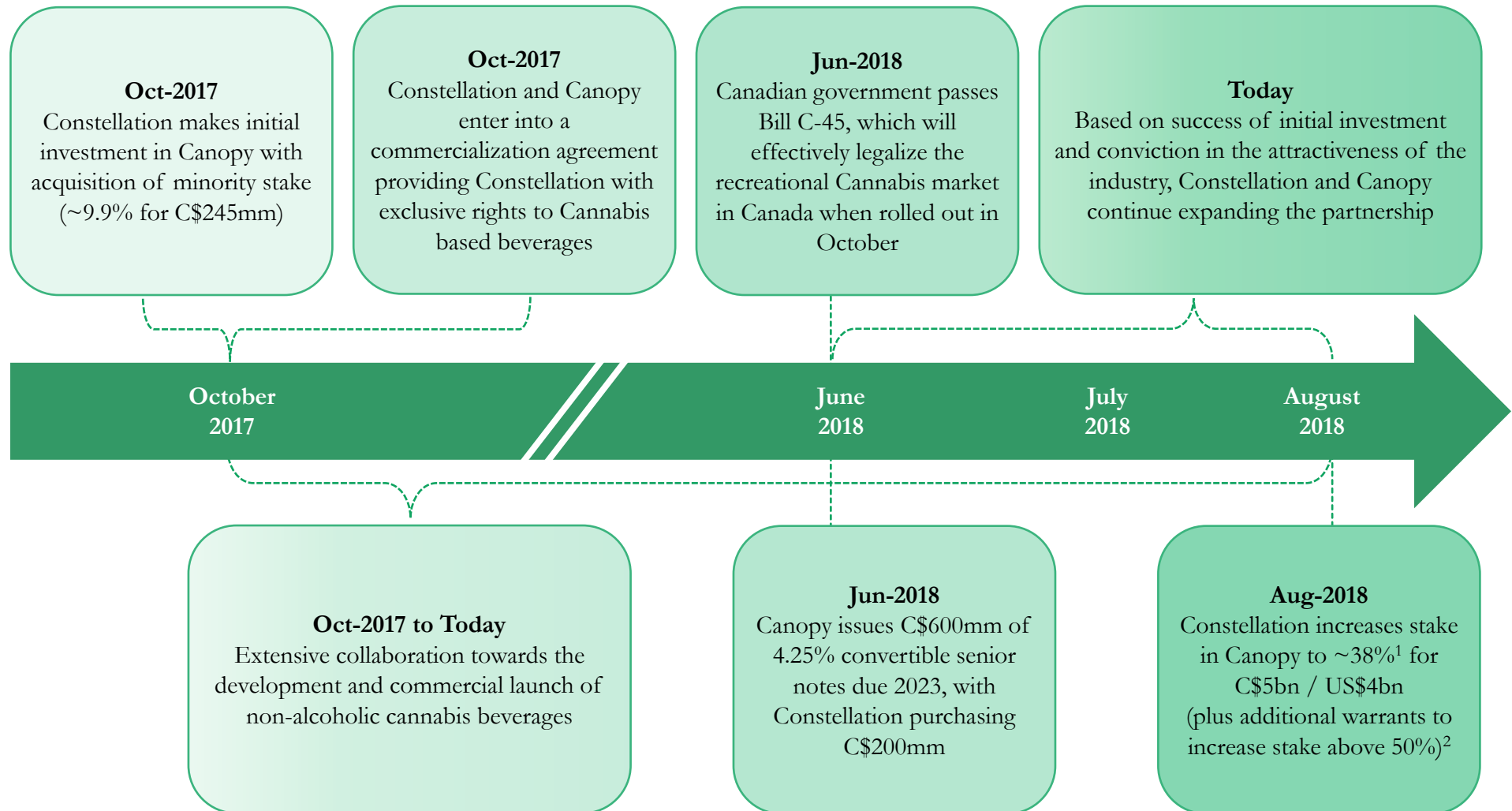
- ✓ Global leader in the total beverage alcohol category
- ✓ Unparalleled expertise in consumer insights, marketing and distribution
- ✓ Large scale production and brand building expertise
- ✓ Experience bringing regulated products to market



- ✓ Leading market share in the cannabis industry
- ✓ Deep expertise and industry knowledge
- ✓ Entrepreneurial approach
- ✓ Well-established R&D and production capabilities



# How it Started



Source: Company filings, Subscription agreement

<sup>1</sup> Reflects fully diluted shares outstanding.

<sup>2</sup> See Transaction Summary for details supporting pro forma ownership.

## Tremendous Canopy Share Price Appreciation Since Constellation's Initial Investment



Share price has increased ~185% or C\$24.02 from Constellation's initial investment at C\$12.98

# Creation of Global Brand Starts with Cooperation



## Continuity of Best-in-Class Management

Retain Current  
Management Team

Maintain Canadian  
Corporate Domicile



## Expansion of Board Leadership

Existing Canopy Board  
Members

3



New Constellation  
Nominees

4

7 Member Board

## Expanded Partnership Across All Current and Future Products...



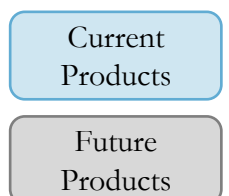
Flower



Oils



Soft Gel Caps



Current  
Products

Future  
Products



Beverages



Edibles



Medicinal



Pre-Roll

## ...And Cutting Edge Brands that Consumers Covet

Owned Brands

Adult-Use

*Tweed*  
vert

Medical

Spectrum  
Cannabis™

Affiliate Brands



ORGANALABS.

Retail Brands

*Tweed*  
**MAIN STREET**  
- SHOP -

# Canopy's Positioning for Success

## Key Metrics

#1

Canadian Licensed Producer by Supply Agreement Award<sup>1</sup>

8

Supply Agreements  
Signed to Date



36%

of all Supply Agreements  
Awarded to Date in Canada<sup>2</sup>

~68K

Kilograms / Year of Minimum Contracted Supply Committed

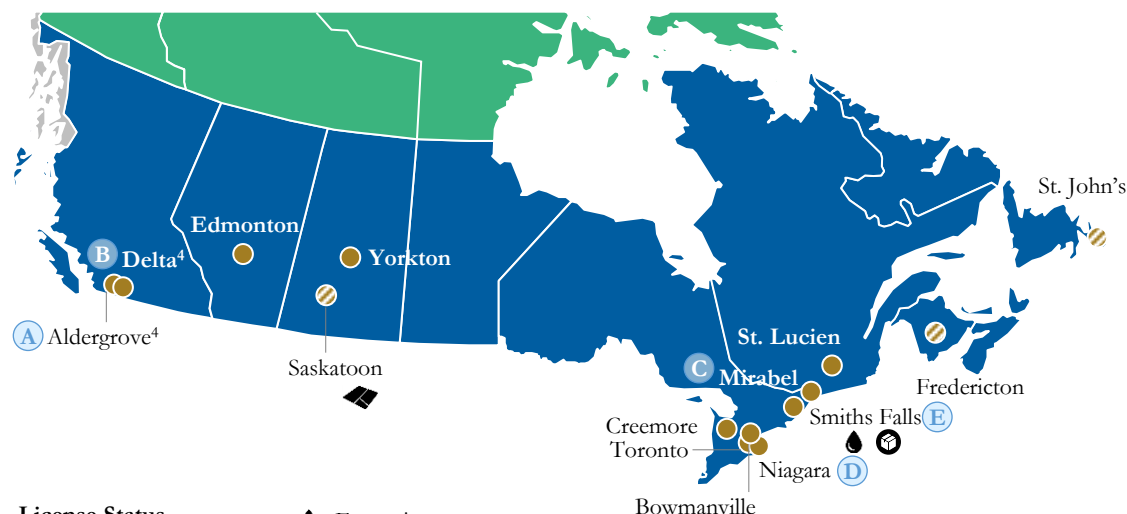
## Significant Contractual Relationships Across Canada

Province	Supply <sup>3</sup>
Alberta	30,000 kg/year
Quebec	12,000 kg/year
Newfoundland & Labrador	8,000 kg/year
Manitoba	6,500 kg/year
British Columbia	5,700 kg/year
New Brunswick	4,000 kg/year
Prince Edward Island	1,000 kg/year
Yukon	300 kg/year

Ontario supply still to  
be awarded

Tremendous opportunity as  
Ontario comprises >40% of total  
Canadian population

## Largest Legal Cannabis Production Footprint in the World



### License Status

● Licensed Facility

● Future Facility

● Extraction

● Value-add

● Hemp Acreage

Facility	Description	Sq. Ft. <sup>5</sup> ('000)
<b>A</b> Aldergrove	Hybrid Greenhouse, Cultivation & Processing	1,300
<b>B</b> Delta	Hybrid Greenhouse, Cultivation & Processing	1,700
<b>C</b> Mirabel	Hybrid Greenhouse, Cultivation & Processing	700
<b>D</b> Niagara	Hybrid Greenhouse, Cultivation & Processing, GMP Certified	1,000
<b>E</b> Smiths Falls	Indoor, Cultivation & Processing, Oil Extraction, Dealer's License Area, Advanced Manufacturing, Distribution Centre, GMP Certified	730
Other Facilities		510
<b>Total</b>		<b>5,940</b>

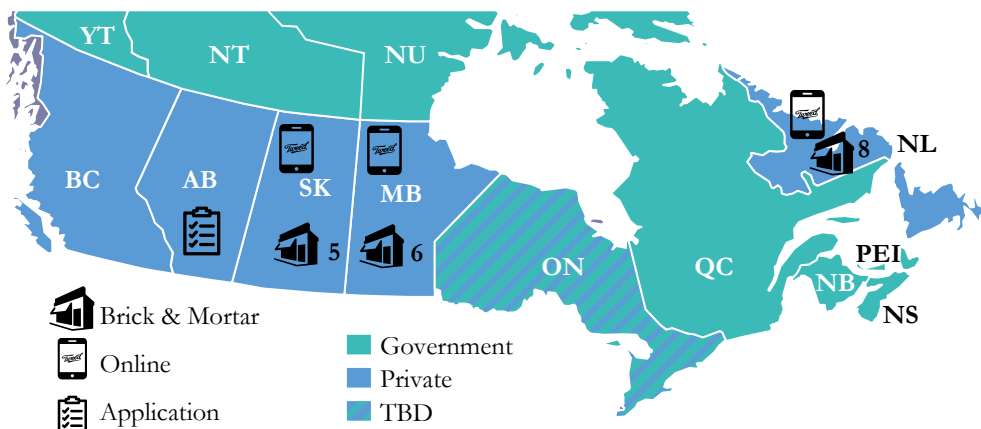
Source: Company information

<sup>1</sup> As of 14-Aug-2018. <sup>2</sup> Estimated share of supply agreements announced to date by provinces and territories. Includes Canopy estimate of total of supply agreements entered into by AB and BC. <sup>3</sup> Supply amounts are annualized. <sup>4</sup> Expected to be licensed in future. <sup>5</sup> Licensed or under development.

# Canopy's Complementary Brands and Retail Footprint



## Engaging Retail Presence Provides Compelling Brand Recognition



## Dedicated Technology-Enabled Sales Force

- ✓ Facilitates real-time engagement with market and consumers
- ✓ Provides educational resource for retailers
- ✓ Ensures optimal product placement
- ✓ Coordinates closely with production and operations

## Emerging Global Presence and Infrastructure



Cultivation/License Application/Facility Under Development



Germany



Denmark



Spain



Australia



Jamaica



Columbia



Lesotho



Canada



Distribution



Germany



Czech Republic



Australia



Canada



GMP Certified Facility



Canada



Germany



Imports



Germany



Czech Republic



Australia



Brazil



Spain



Research



Brazil



Australia



Canada



# Constellation's Global Brand Building Platform



Industry Leader in Total Beverage Alcohol  
with Worldwide Brand Recognition

## Beer



## Wine



MEIOMI



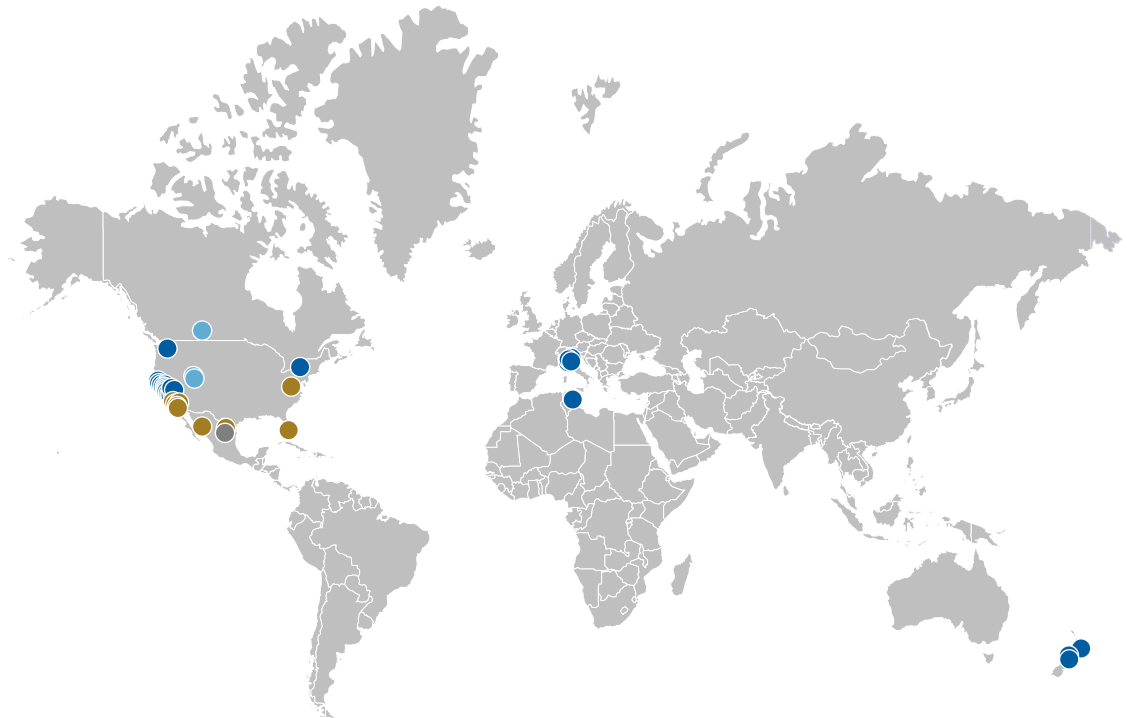
## Spirits



SVEDKA  
IMPORTED VODKA



## Global Manufacturing Footprint



26  
Wineries /  
Facilities

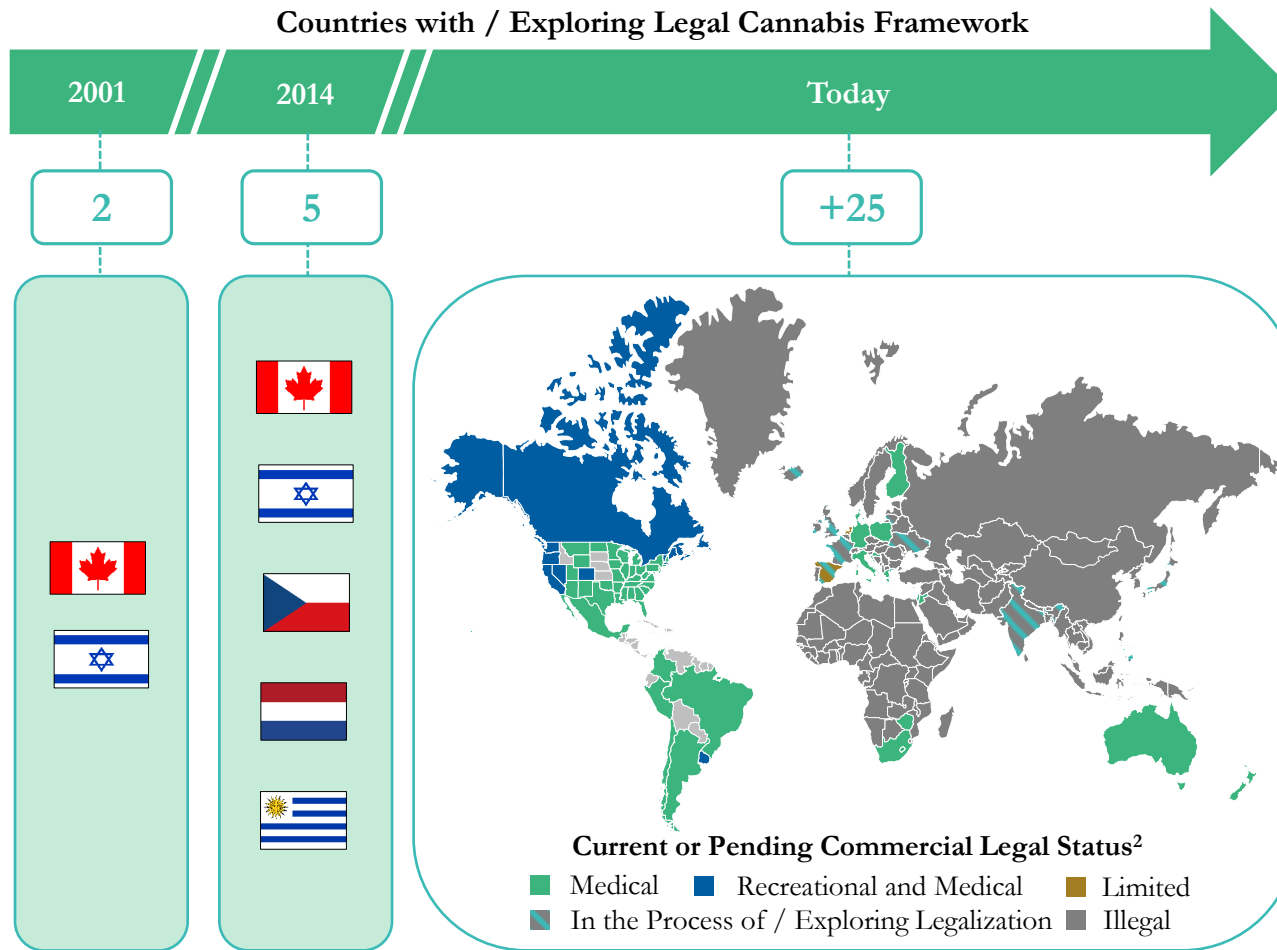
9  
Breweries

3  
Distilleries

1  
Glass Plant

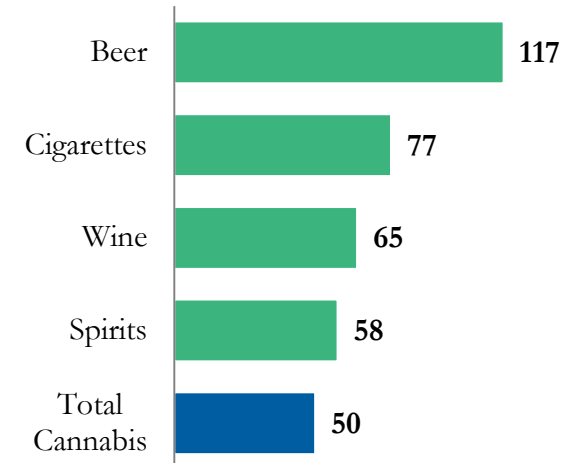
# Cannabis Market Opportunity

Governments Around the World Have Signalled a Significant Change in Attitudes Towards Cannabis in Recent Years



US Opportunity:  
~\$50bn Industry Today<sup>1</sup>

Estimated US Cannabis Sales vs. Other US CPG Categories (US\$bn)



Global Opportunity:  
Potentially >\$200bn by 2032

~\$11bn  
Canadian Recreational and Medical

~\$96bn  
US Recreational and Medical

~\$120bn  
RoW Recreational and Medical

Source: Company information, Marijuana Business Daily Factbook 2017

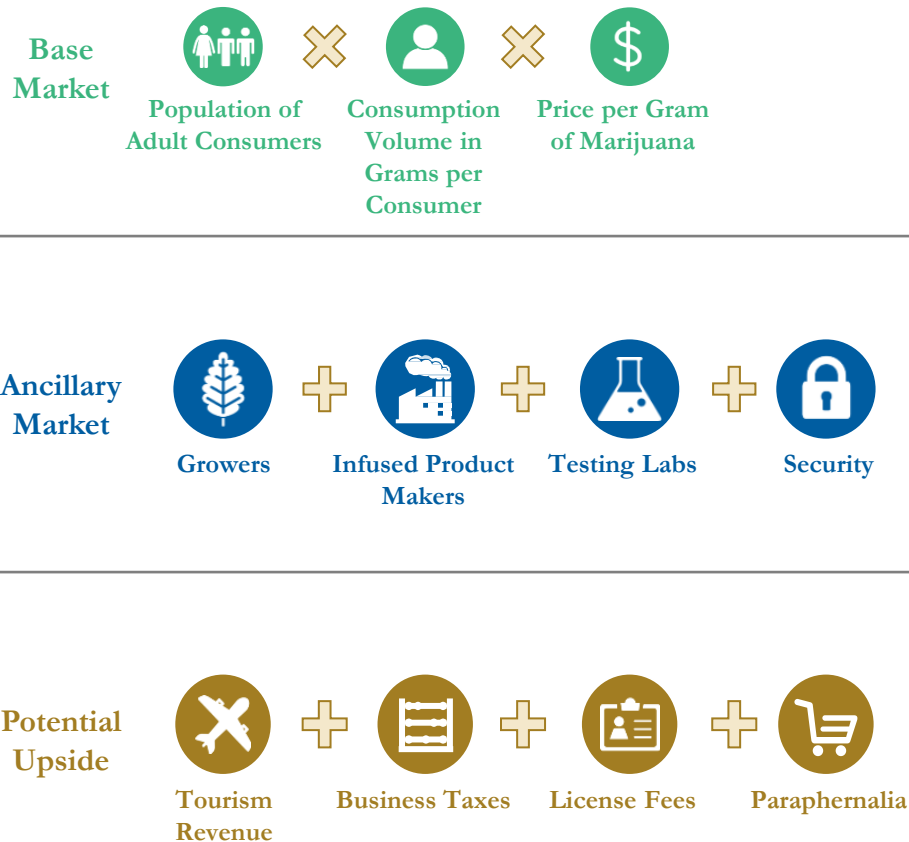
Note: Cannabis remains illegal at a federal level in the United States.

<sup>1</sup> Includes estimated legal and illegal markets in the US as of calendar year 2017. <sup>2</sup> Current commercial legal status estimates as of June 2018; includes material updates. Legislation permitted the recreational market in Canada will come into force in October 2018.

Limited legalization includes the legal "Coffee shop" system in Amsterdam and areas where cannabis is permitted in private clubs.

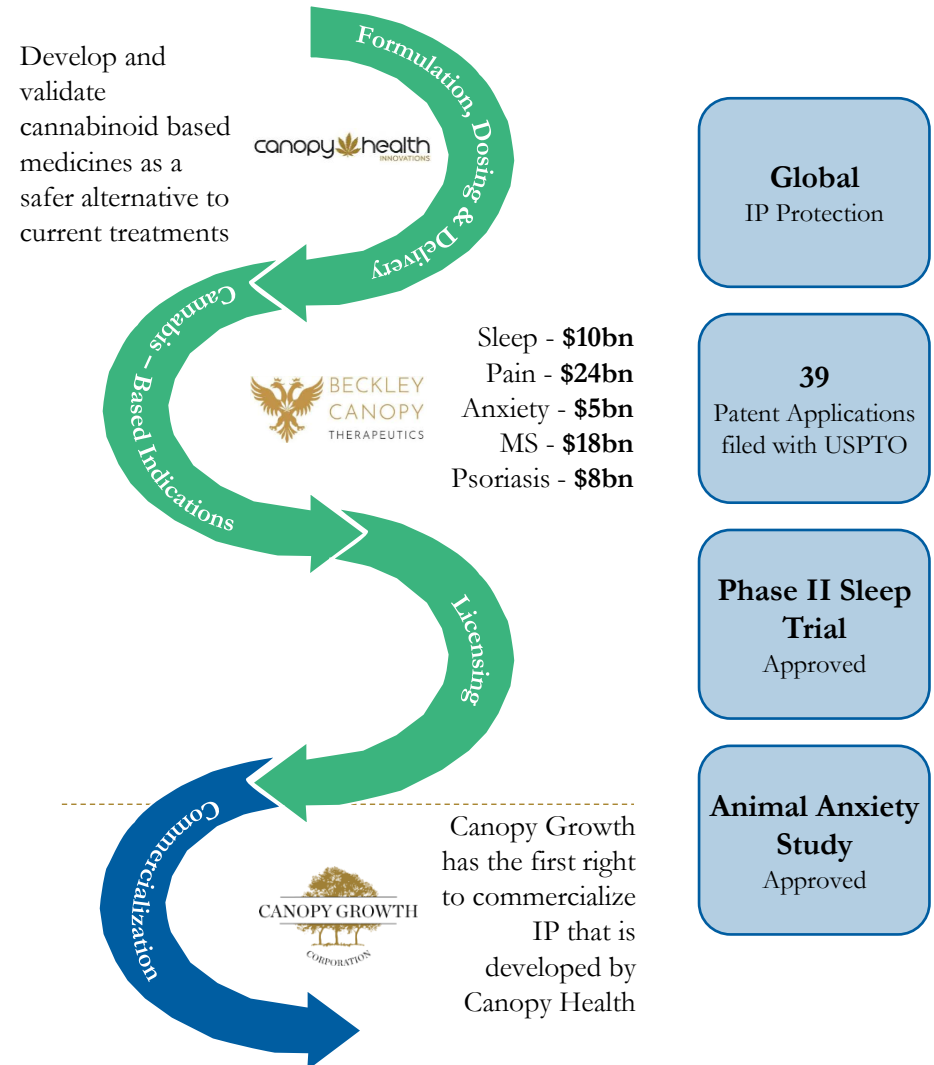
# Cannabis as a Potentially Disruptive Ingredient

## New Markets to Drive Incremental Growth



Source: Deloitte Industry Report, Company information

## Cannabis is the New Frontier of Human and Animal Health



# Experienced Canopy Management Team Poised to Continue Delivering Exceptional Growth



**Bruce Linton**  
*Chairman and Co-CEO*



**Mark Zekulin**  
*President and Co-CEO*



**Tim Saunders**  
*Executive VP and CFO*



**David Bigioni**  
*Chief Commercial Officer*

## Company Background:

Founded Canopy; CEO since 2014

Joined Canopy at founding;  
Co-CEO since June 2018

Joined Canopy in June 2015

Joined Canopy in August 2017

## Select Prior Experience:



**Ru Wadasinghe**  
*CIO*



**Phil Chaer**  
*CLO*



**Rade Kovacevic**  
*EVP, Managing Director*



**Tom Shipley**  
*VP Quality Assurance*



**Dave Pryce**  
*VP Int'l Market Expansion*

## Company Background:

Joined Canopy in  
September 2016

Joined Canopy in 2016

Joined Canopy in 2015

Joined Canopy in 2014

Joined Canopy in 2016

## Select Prior Experience:



Source: Company information

# Strategy Doesn't Change, It Only Gets Better

## Canopy Near-Term Priorities

- 1 Cement Leadership Position in Canadian Recreational Market
- 2 Capture Additional Share in Canadian and International Medicinal Market
- 3 Grow Presence in Existing International Markets
- 4 Expand into New Geographies<sup>1</sup>
- 5 Develop and Launch New Cannabis Product Formats
- 6 Develop Industrial Scale Manufacturing Technology
- 7 Improve Distribution and Infrastructure
- 8 Increase International Production Capabilities and Growing Capacity

## Constellation's Growth Accelerators

- ✓ World-class consumer brand building expertise
- ✓ Deep understanding of consumer trends and shifting preferences
- ✓ Global platform to enhance expansion into new and existing markets
- ✓ Financial resources to support robust global growth
- ✓ Disciplined approach to M&A, finance, large-scale production, marketing and sales
- ✓ Experience bringing regulated products to market

<sup>1</sup> In jurisdictions that have legalized cannabis usage.

# The Transaction



## Acquisition of Shares and Warrants<sup>1</sup>

Tranche	Expiry Date	Shares	Price	Premium <sup>2</sup>	CAD / USD <sup>3</sup>	Pro Forma Ownership <sup>1</sup>
Today		18.9mm	--	--	--	~8%
New Shares		104.5mm	C\$48.60	38%	C\$5.1bn / \$3.9bn	~35%
Existing Warrants	Apr-2020	18.9mm	C\$12.98	--	C\$245mm / \$187mm	~38%
Tranche A Warrants	3 Years After Closing	88.5mm	C\$50.40	43%	C\$4.5bn / \$3.4bn	~50%
Tranche B Warrants	3 Years After Closing	51.3mm	VWAP <sup>4</sup>	--	--	>50%

## Other Key Terms

### Board Structure

- Constellation will have the right to nominate 4 out of 7 directors to Canopy's Board

### Commercial Considerations

- Constellation commits to Canopy as its sole cannabis platform & agrees not to participate in the cannabis category otherwise
- Existing commercialization agreement for non-alcoholic beverages is terminated
- Current Canopy management is retained to lead the company
- Constellation to provide other support services through a Master Services Agreement

<sup>1</sup> Reflects fully diluted shares outstanding. Convertible debenture of C\$600mm is not included in fully diluted shares outstanding and assumed to be cash settled. <sup>2</sup> Premium to Canopy's five day VWAP on the TSX as of August 14, 2018 close. <sup>3</sup> CAD/USD exchange rate of 0.764 as of 10-Aug-2018. <sup>4</sup> Five day VWAP of Canopy common shares on the TSX immediately prior to exercise.

# Key Matters and Next Steps



## 1 Canopy Shareholder Approval

- Canopy Annual General Meeting to be postponed to no later than September 28, 2018
  - Shareholders to vote on proposed Constellation Transaction and Constellation's Board nominees
  - Requisite approval threshold of simple majority of the votes cast excluding interested parties<sup>1</sup>

## 2 Required Regulatory Approvals

- Investment Canada Act
- Canada Competition Act
- TSX and NYSE

## 3 Closing Date

- Transaction closing following receipt of all necessary approvals, but not earlier than October 31, 2018 unless otherwise agreed by the parties

<sup>1</sup> Excludes votes cast by Constellation and certain Canopy shareholders that are required to be excluded under applicable law and stock exchange rules.

# Appendix A: Supplementary Materials

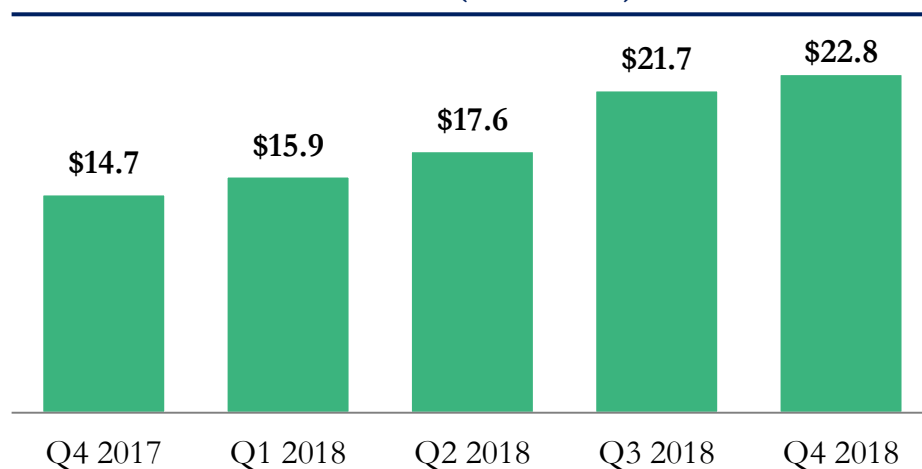




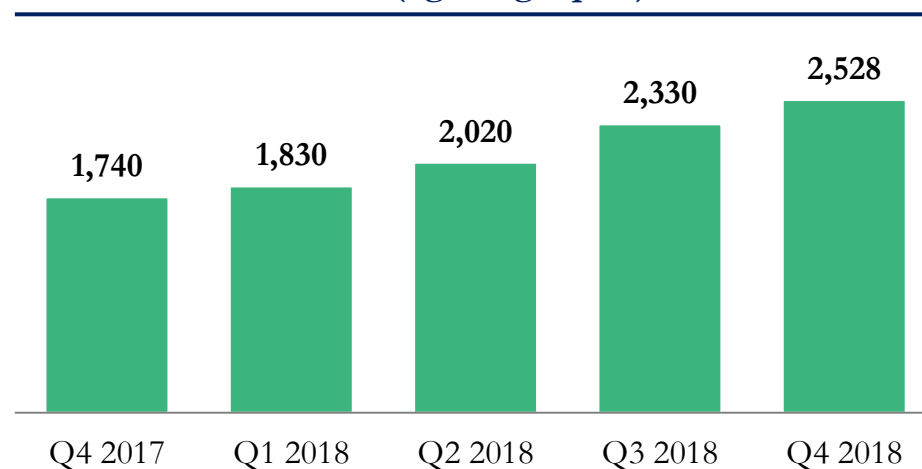
# Canopy Performance Highlights



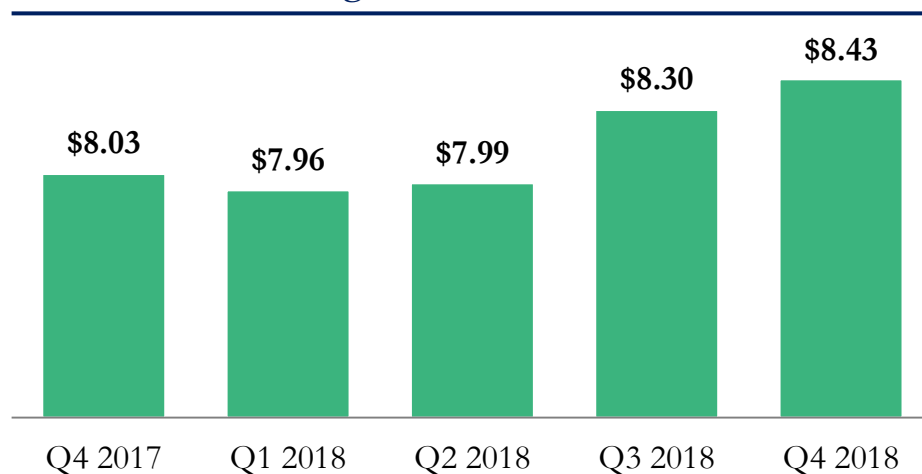
Revenue (C\$ in mm)



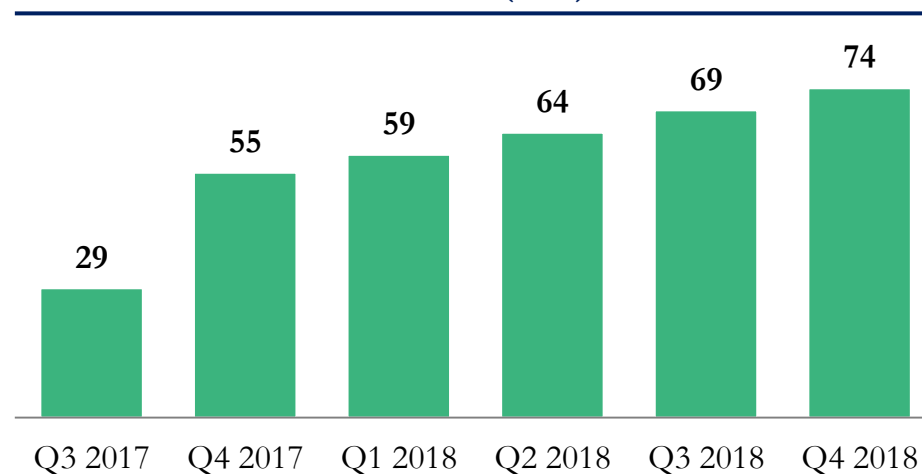
Sales (kg & kg equiv.)



Average Sales Price / Gram



Patients ('000)



Source: Company information