BROWN-FORMAN

# *American Whiskey Global Opportunity*

Jay Koval

VP – Investor Relations

# *Forward-Looking Statements*

This presentation contains statements, estimates, and projections that are "forward-looking statements" as defined under U.S. federal securities laws. Words such as "aim," "anticipate," "aspire," "believe," "continue," "could," "envision," "estimate," "expect," "expectation," "intend," "may," "plan," "potential," "project," "pursue," "see," "seek," "should," "will," "will continue," and similar words identify forward-looking statements, which speak only as of the date we make them. Except as required by law, we do not intend to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. By their nature, forward-looking statements involve risks, uncertainties and other factors (many beyond our control) that could cause our actual results to differ materially from our historical experience or from our current expectations or projections. These risks and other factors include, but are not limited to:

- Unfavorable global or regional economic conditions, and related low consumer confidence, high unemployment, weak credit or capital markets, sovereign debt defaults, sequestrations, austerity measures, higher interest rates, political instability, higher inflation, deflation, lower returns on pension assets, or lower discount rates for pension obligations
- Risks associated with being a U.S.-based company with global operations, including commercial, political and financial risks; local labor policies and conditions; protectionist trade policies or economic or trade sanctions; compliance with local trade practices and other regulations, including anti-corruption laws; terrorism; and health pandemics
- Fluctuations in foreign currency exchange rates
- Changes in laws, regulations or policies - especially those that affect the production, importation, marketing, sale or consumption of our beverage alcohol products
- Tax rate changes (including excise, sales, VAT, tariffs, duties, corporate, individual income, dividends, capital gains) or changes in related reserves, changes in tax rules (e.g., LIFO, foreign income deferral, U.S. manufacturing and other deductions) or accounting standards, and the unpredictability and suddenness with which they can occur
- Dependence upon the continued growth of the Jack Daniel's family of brands
- Changes in consumer preferences, consumption or purchase patterns - particularly away from brown spirits, our premium products, or spirits generally, and our ability to anticipate and react to them; bar, restaurant, travel or other on-premise declines; unfavorable consumer reaction to new products, line extensions, package changes, product reformulations, or other product innovation
- Decline in the social acceptability of beverage alcohol products in significant markets
- Production facility, aging warehouse or supply chain disruption
- Imprecision in supply/demand forecasting
- Higher costs, lower quality or unavailability of energy, input materials, labor or finished goods
- Route-to-consumer changes that affect the timing of our sales, temporarily disrupt the marketing or sale of our products, or result in higher implementation-related or fixed costs
- Inventory fluctuations in our products by distributors, wholesalers, or retailers
- Competitors' consolidation or other competitive activities, such as pricing actions (including price reductions, promotions, discounting, couponing or free goods), marketing, category expansion, product introductions, or entry or expansion in our geographic markets or distribution networks
- Risks associated with acquisitions, dispositions, business partnerships or investments - such as acquisition integration, or termination difficulties or costs, or impairment in recorded value
- Insufficient protection of our intellectual property rights
- Product recalls or other product liability claims; product counterfeiting, tampering, or product quality issues
- Significant legal disputes and proceedings; government investigations (particularly of industry or company business, trade or marketing practices)
- Failure or breach of key information technology systems
- Negative publicity related to our company, brands, marketing, personnel, operations, business performance or prospects
- Our status as a family "controlled company" under New York Stock Exchange rules
- Business disruption, decline or costs related to organizational changes, reductions in workforce or other cost-cutting measures, or our failure to attract or retain key executive or employee talent

**For further information on these & other risks, please refer to the "Risk Factors" section of our annual report on Form 10-K and quarterly reports on Form 10-Q filed with the SEC.**

# *Investor Day Agenda*

| | | |
|---|---|---|
| 1:00PM | Presentations | **Paul Varga** – Chairman, Chief Executive Officer<br>**Lawson Whiting** – SVP, Chief Brands Officer<br>**John Hayes** – SVP, Managing Director, Jack Daniel's<br>**Alex Alvarez** – SVP, Chief Production Officer |
| 2:30PM | Break | |
| 2:45PM | Presentations | **Kirsten Hawley –** SVP, Human Resources - Business Partnerships<br>**Mark McCallum** – EVP, President of Europe/Africa/Asia Pacific/Travel Retail<br>**Jill Jones** – EVP, President of North America and Latin America<br>**Amador Carvalho –** Country Manager, Brazil<br>**Michel Gayraud** – Country Manager, France<br>**Jane Morreau**– EVP, Chief Financial Officer |
| 4:00PM | Q&A Session | |
| 5:00PM | Cocktails and Whiskey Tastings | |

# #1 Transition VIDEO



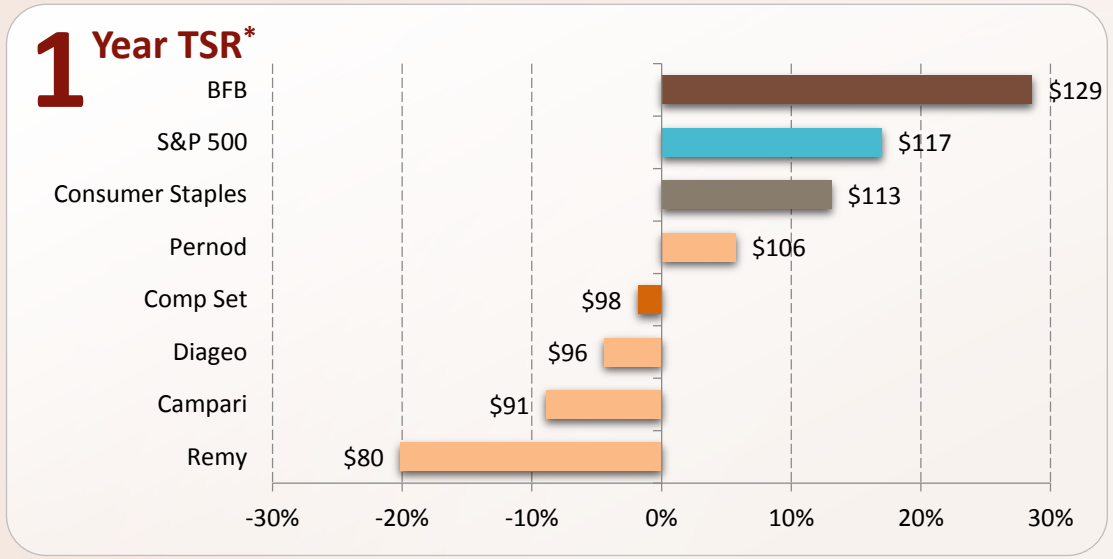

BROWN-FORMAN

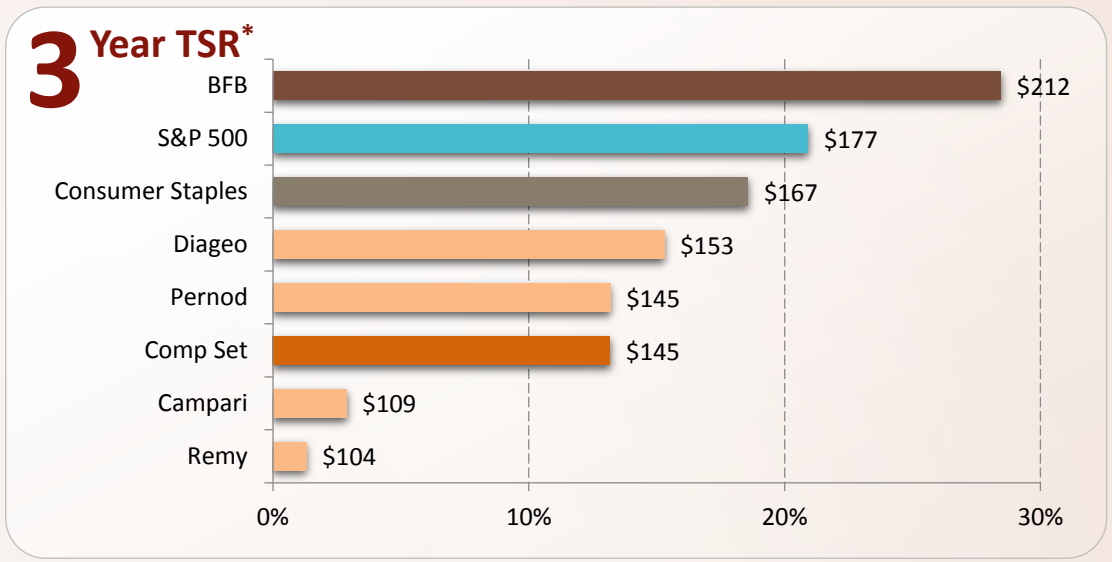
# *American Whiskey Global Opportunity*

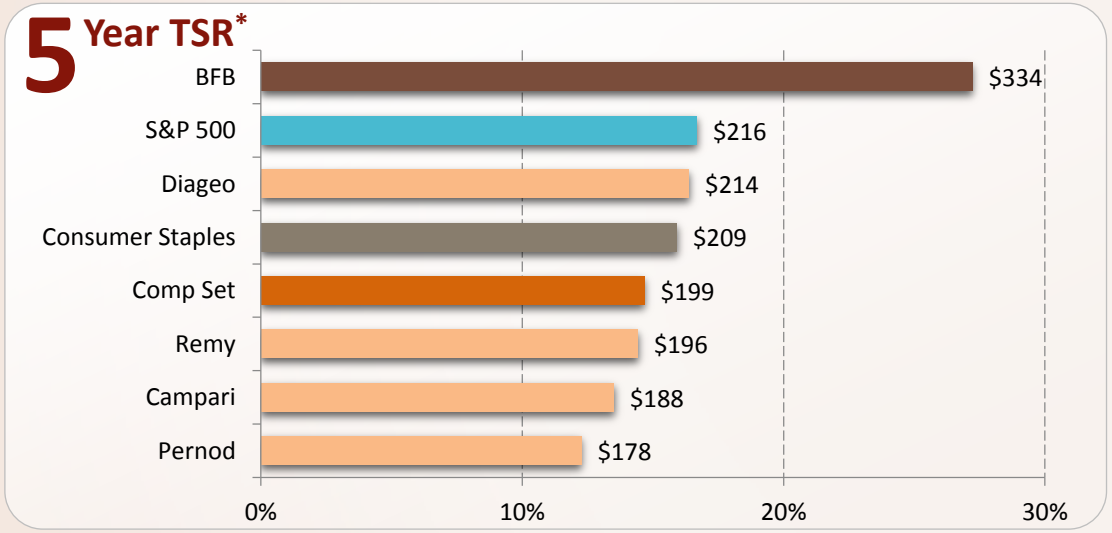
PAUL VARGA

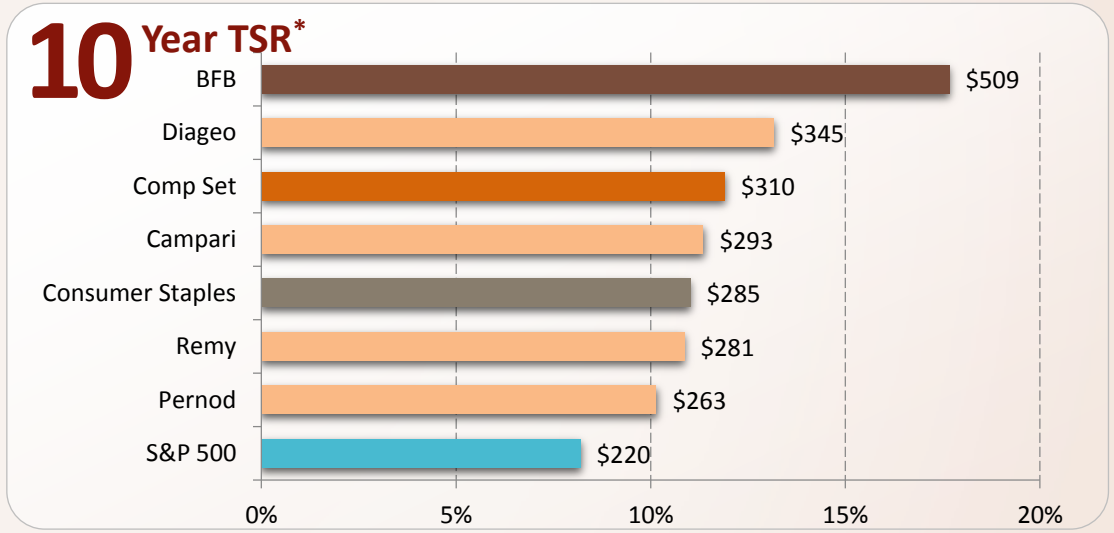
CHAIRMAN & CEO

# Superior TSR Over Time



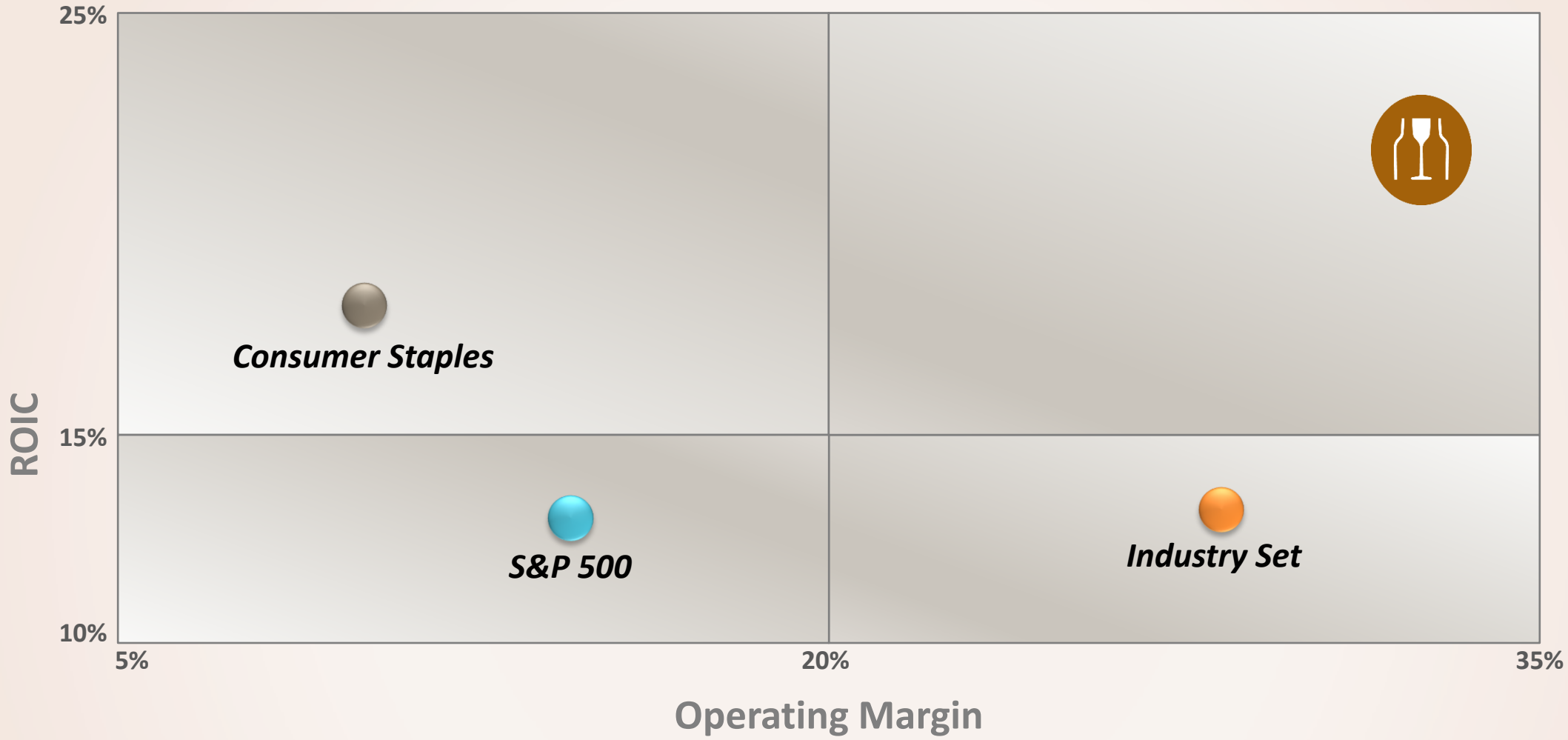




•Source: FactSet, as of October 31, 2014, in local currency, assuming dividends reinvested.
•Note - The Competitive set is a weighted average based upon each competitors LTM sales (USD) for Diageo, Pernod, Remy, and Campari.

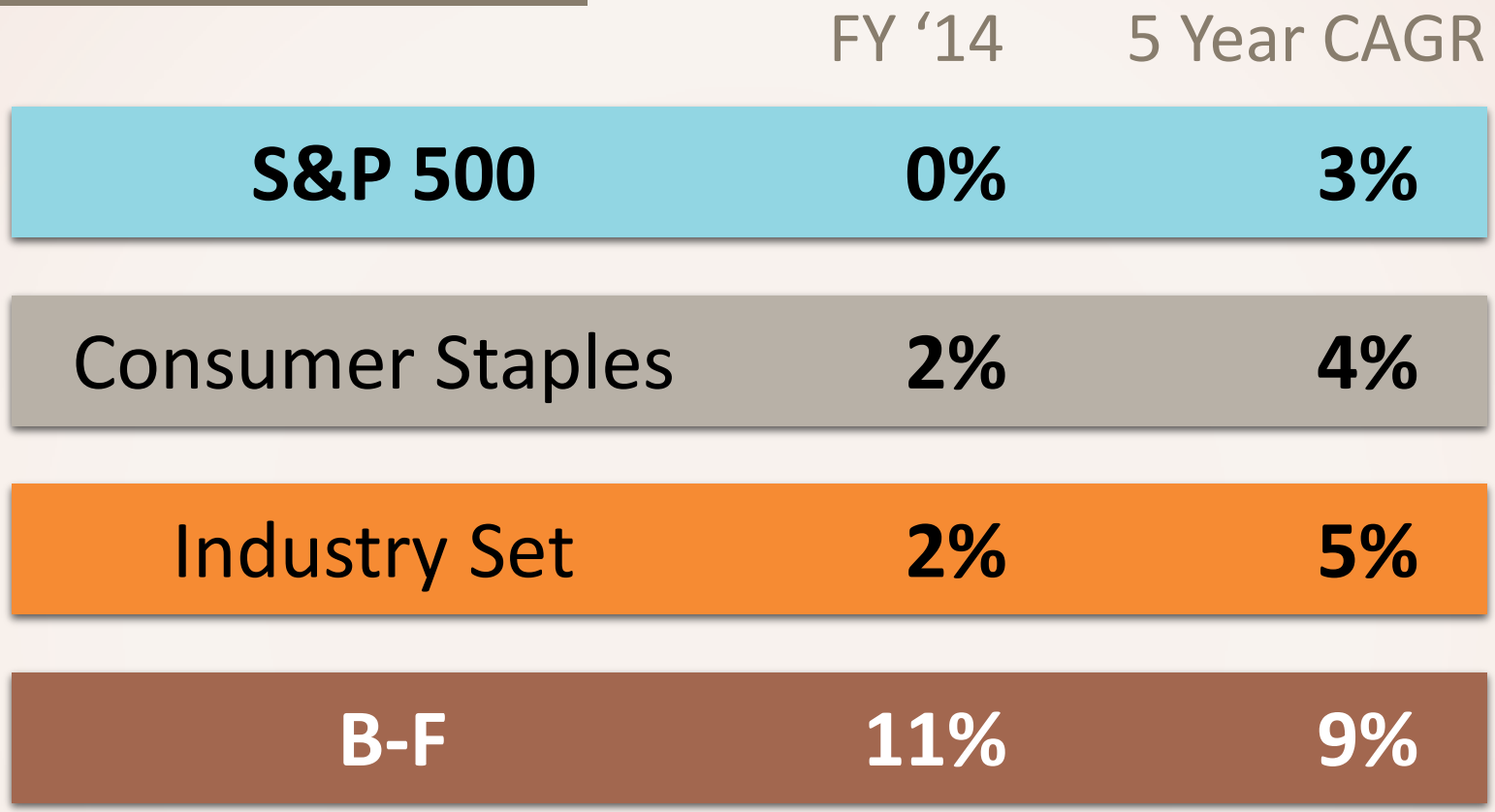
# An Excellent Business Model




Source: FactSet, as of April 30, 2014, in local currency, assuming dividends reinvested.
Note - The Competitive set is a weighted average based on LTM operating income.

# *Track Record of Superior Growth*

## Operating Income Growth




Source: FactSet; Reported operating income change shown for S&P 500 and Consumer Staples; Underlying operating income change shown for B-F and Competitive set
The Competitive set is a weighted average based on LTM operating income (USD) for Diageo, Pernod, Beam, Remy and Campari.

# *Relatively Low Capital Risk*

| | ROIC | Debt/EBITDA |
|---|---|---|
| **S&P 500** | **13%** | **2.0** |
| Consumer Staples | **18%** | **1.8** |
| Industry Set | **13%** | **2.1** |
| **B-F** | **22%** | **1.0** |

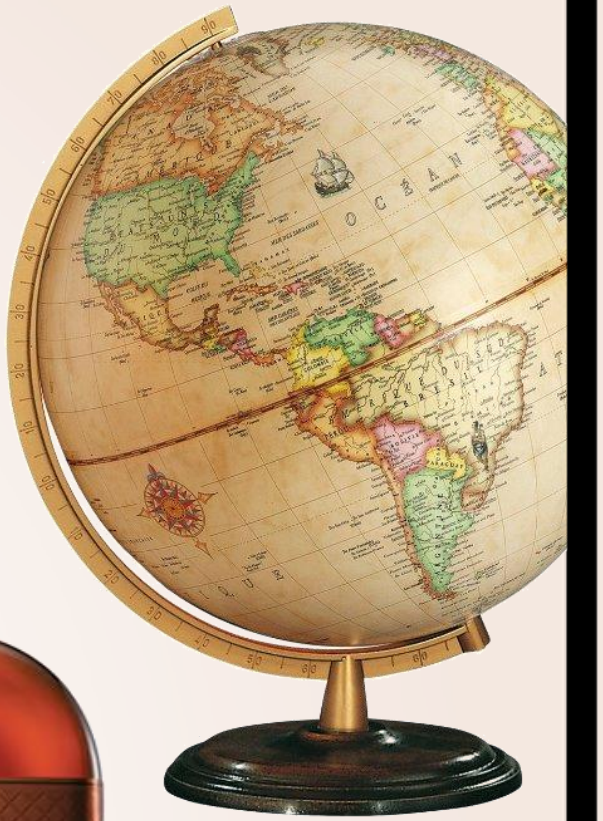
Source for S&P 500 and Consumer Staples data: Factset, Spirits Competitive Set weighted average is based upon LTM operating income (USD), and includes Diageo, Pernod, Beam, Campari and Remy; Company data for Brown-Forman
Note: ROIC from Factset is defined as net income divided by average total capital (including short-term debt). Brown-Forman's ROIC is defined as net income with interest expense adjusted for taxes divided by average total capital.

# The Difference











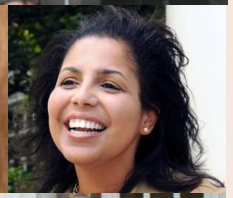















Hogar
del
Niño






# A Unique Investment Opportunity








BROWN-FORMAN

# *Investing in Brown-Forman's American Whiskey Brands*

LAWSON WHITING

Chief Brands Officer

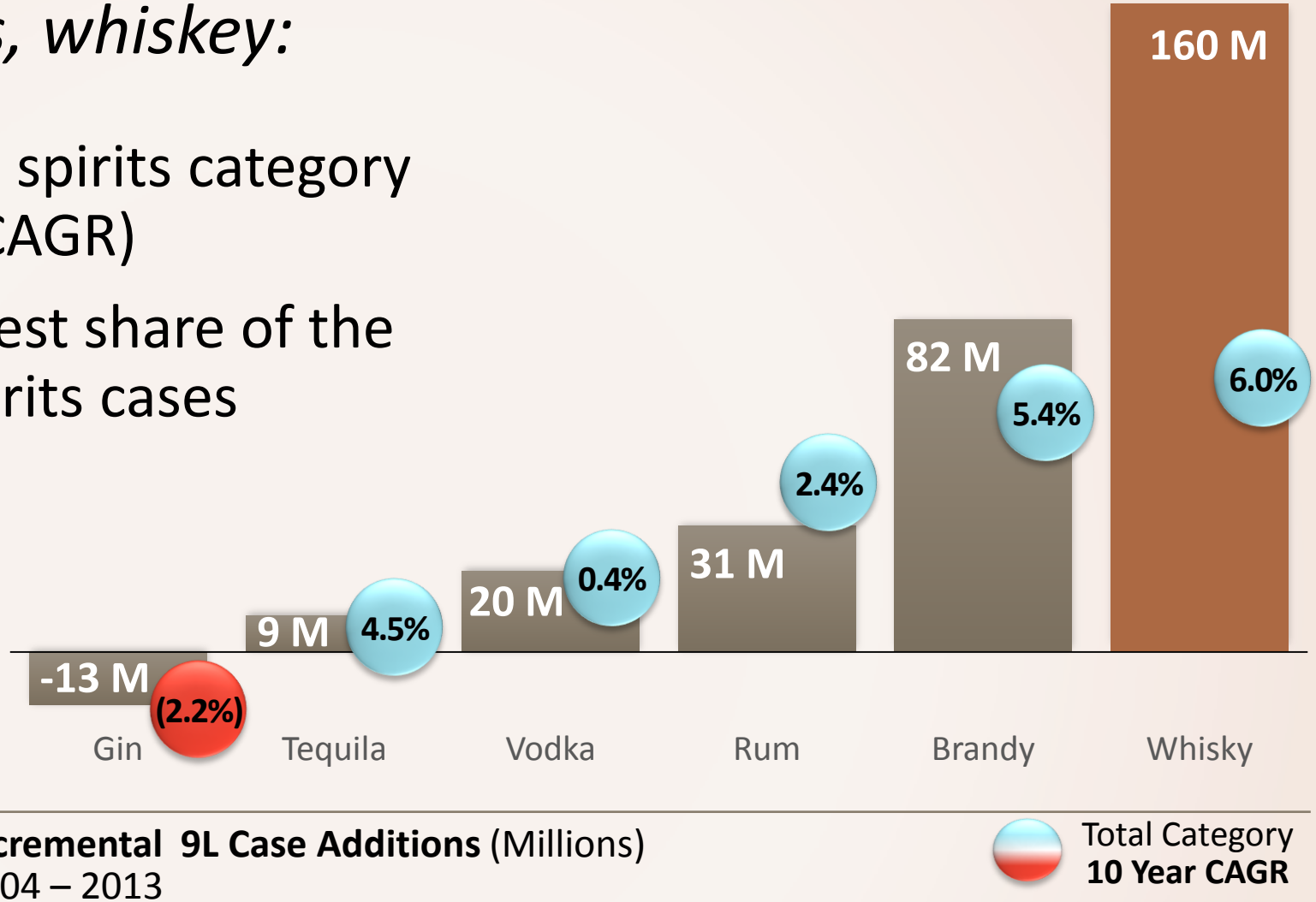
# *Leading American Whiskey Portfolio*



# *Whiskey is the Growth Leader in Spirits*

*Over the last 10 years, whiskey:*

- Top performing spirits category (6.0% volume CAGR)
- Captured greatest share of the incremental spirits cases




**Incremental 9L Case Additions** (Millions)
2004 – 2013

Total Category **10 Year CAGR**

Source: IWSR 2013

# *Within Whiskey, Premium+ is Leading the Growth*

| Segment | 3 yr CAGR | 5 yr CAGR | 10 yr CAGR |
|---|---|---|---|
| **Standard** | 3% | 2% | 1% |
| ***Premium +*** | ***6%*** | ***4%*** | ***5%*** |

- Premium+ price point has accelerated to become the growth leader
- Growth at lower price points has created a large pool of whiskey drinkers that will look to graduate up through the value chain

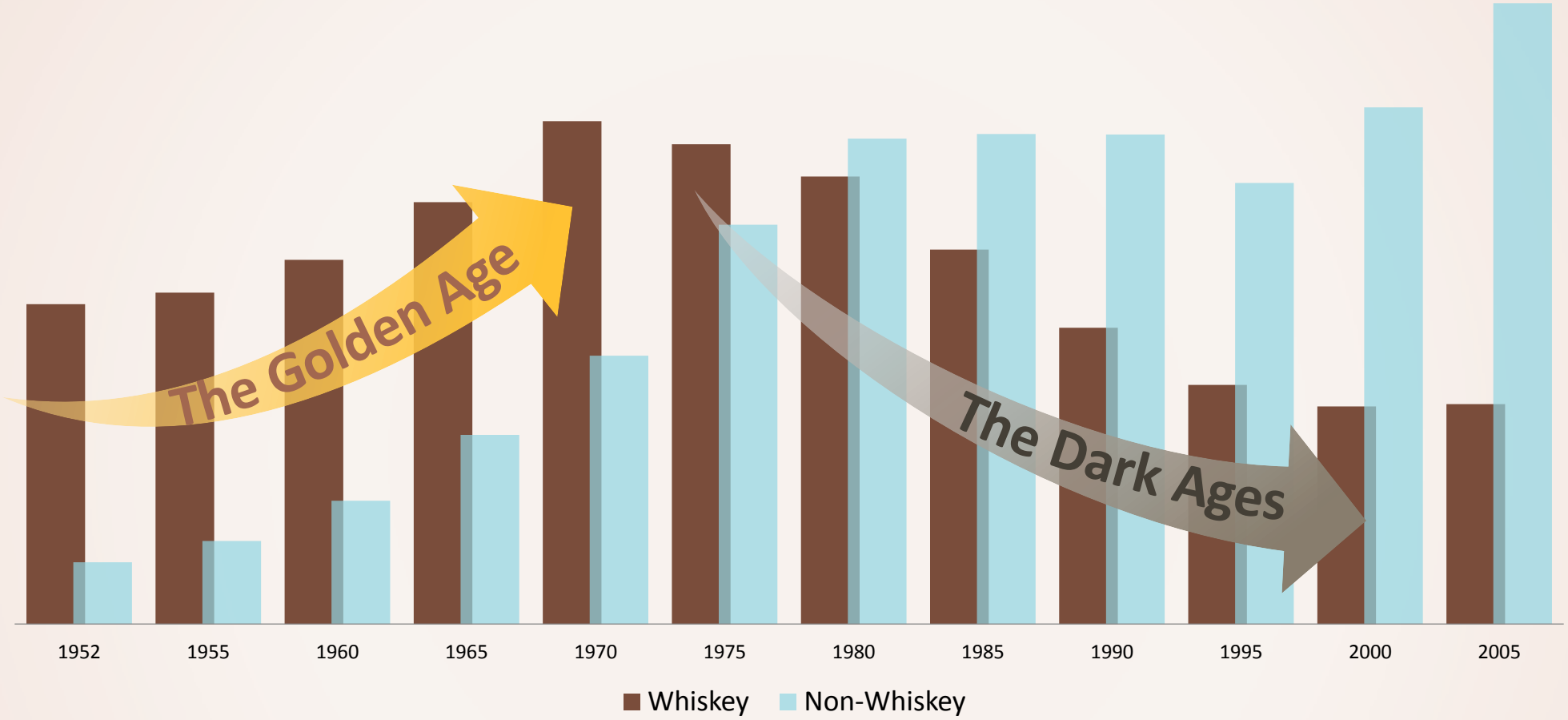
Source: IWSR 2013

# *US Whiskey is Driving the Growth*
## *(Within Global Standard, Premium+ Whiskey)*

| *9L cases 000s* | 5 Year (2008-2013) CAGR | Incremental Cases |
|---|---|---|
| **US Whiskey** | **5%** | **7,530** |
| Scotch Whiskey | 1% | 4,167 |
| Irish Whiskey | 10% | 2,545 |
| Japanese Whiskey | 6% | 1,837 |
| Canadian Whiskey | 3% | 1,843 |
| Other Whiskey | 4% | 105 |
| **Total Whiskey** | **3%** | **18,028** |

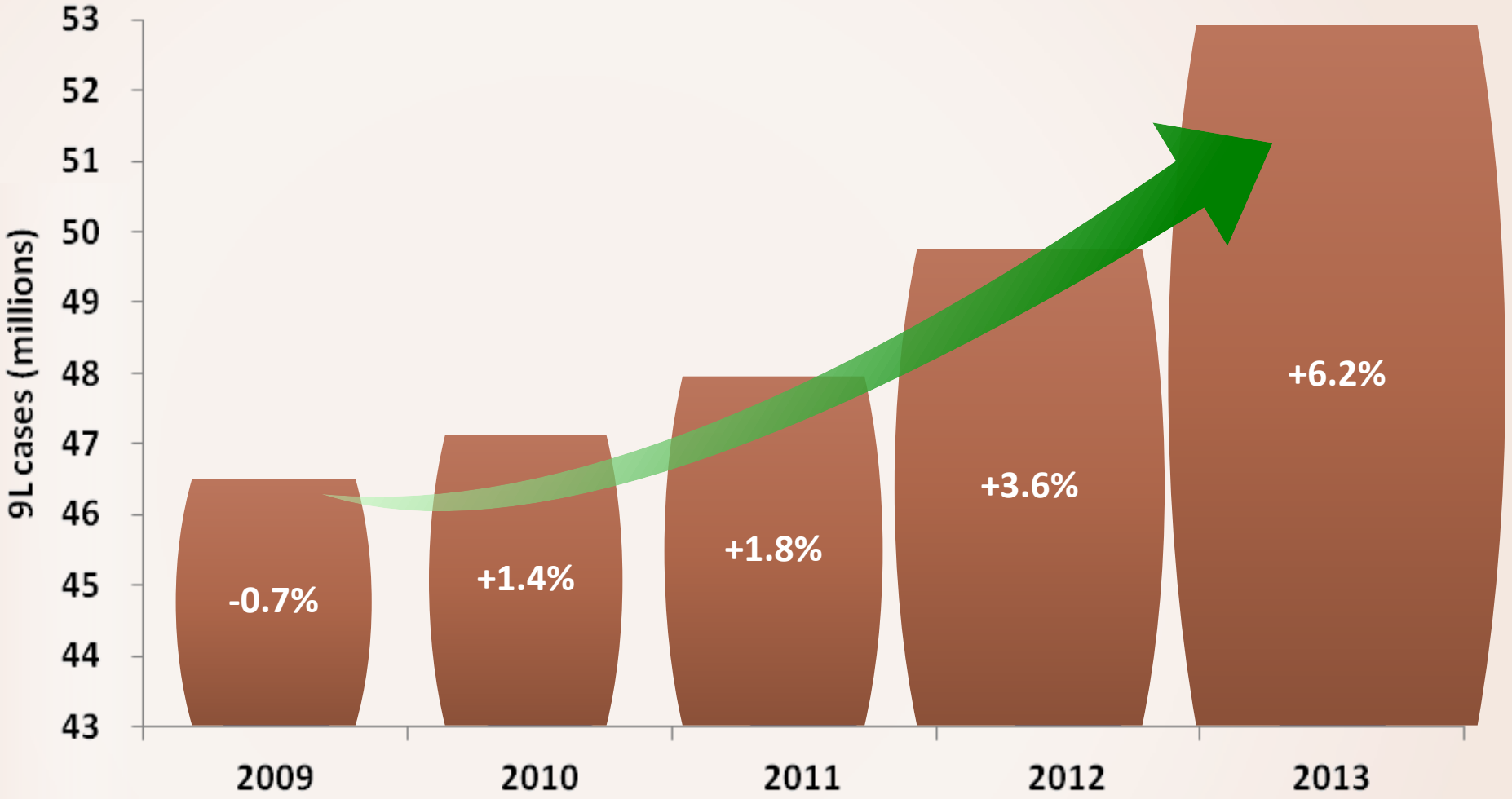
Source: IWSR 2013. Premium + Whiskey defined by IWSR 2013 Quality

# *After Years of Growth, Whiskey in the US was in Decline…*




Source: Beverage Information Group Handbooks, DISCUS MSDB (9L cases in millions)

# ...but Whiskey Has Returned to Growth




Source: DISCUS MSDB

# *This Generation is Discovering Whiskey*







Different profiles

Flavors broaden consumer appeal



# *Broad Portfolio of American Whiskey Brands*

Higher Price

Flavored



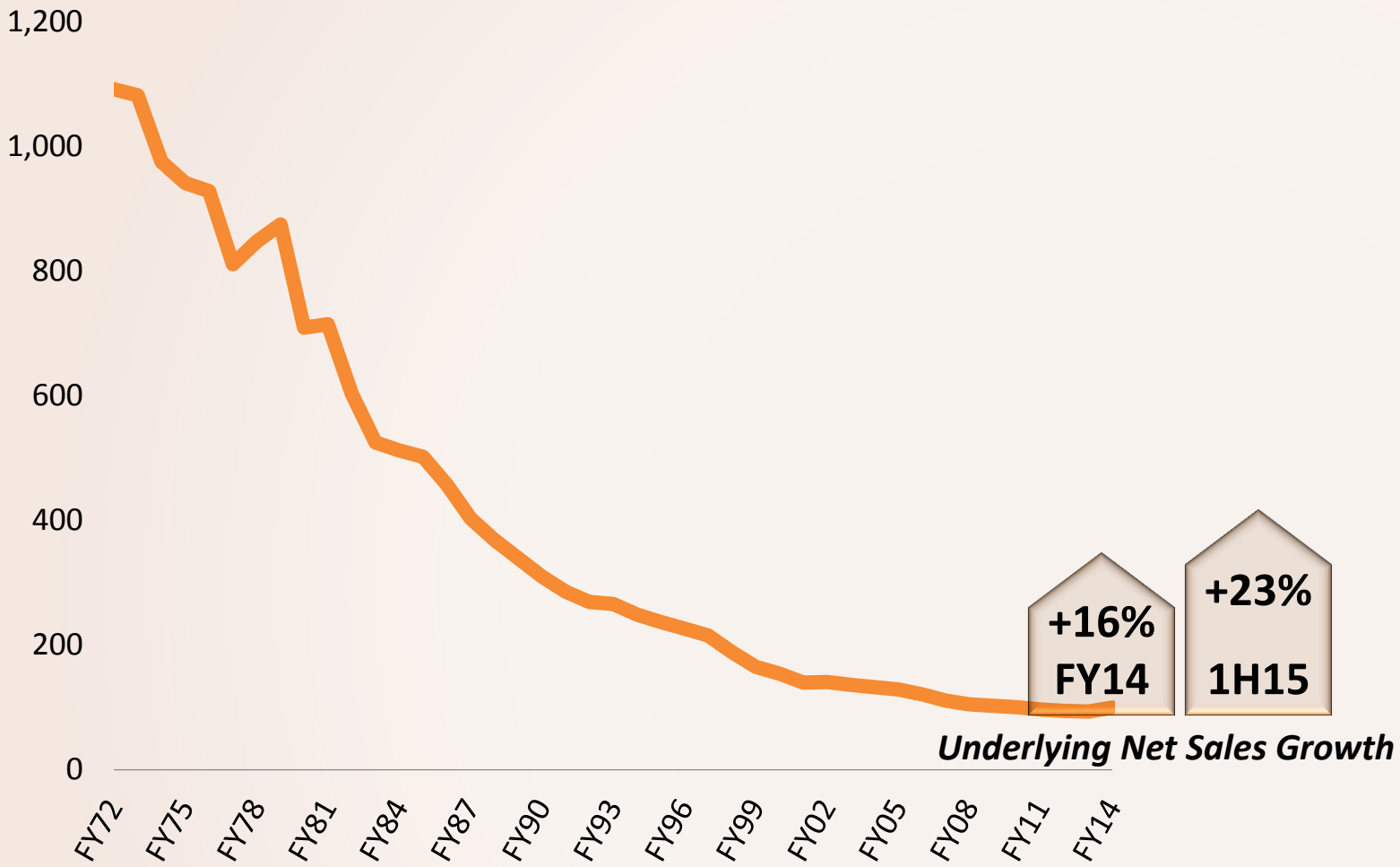

Grain Recipe

Lower Price

# *Our Founding Brand*



# Our Founding Brand




Reported Sales Growth: +28% in FY14 and +21% in 1H15




21 MAIN PLACE
BROWN-FORMAN
ESTD 1870
OLD FORESTER DISTILLERY
119
OLD FORESTER
OLD FORESTER
OLD FORESTER
OLD FORESTER
FIRST BOTTLED BOURBON
ESTD 1870
OLD FORESTER
-KENTUCKY-
STRAIGHT BOURBON
WHISKY
86 PROOF
Geo. G. Brown

# #2 Woodford Way




# Consistent Double Digit Growth




(000s) 9L Cases


WOODFORD
RESERVE




WOODFORD RESERVE
DISTILLER'S SELECT
WOODFORD RESERVE
DOUBLE OAKED


WOODFORD RESERVE



# #3 Woodford SNL

# 2014 B-F Whiskey Vision



"Be the **global leader** in American Whiskey, led by the Jack Daniels Trademark, accelerating our existing portfolio growth around the world and entering other attractive whiskey categories where we don't participate today."

# #4 Transition VIDEO

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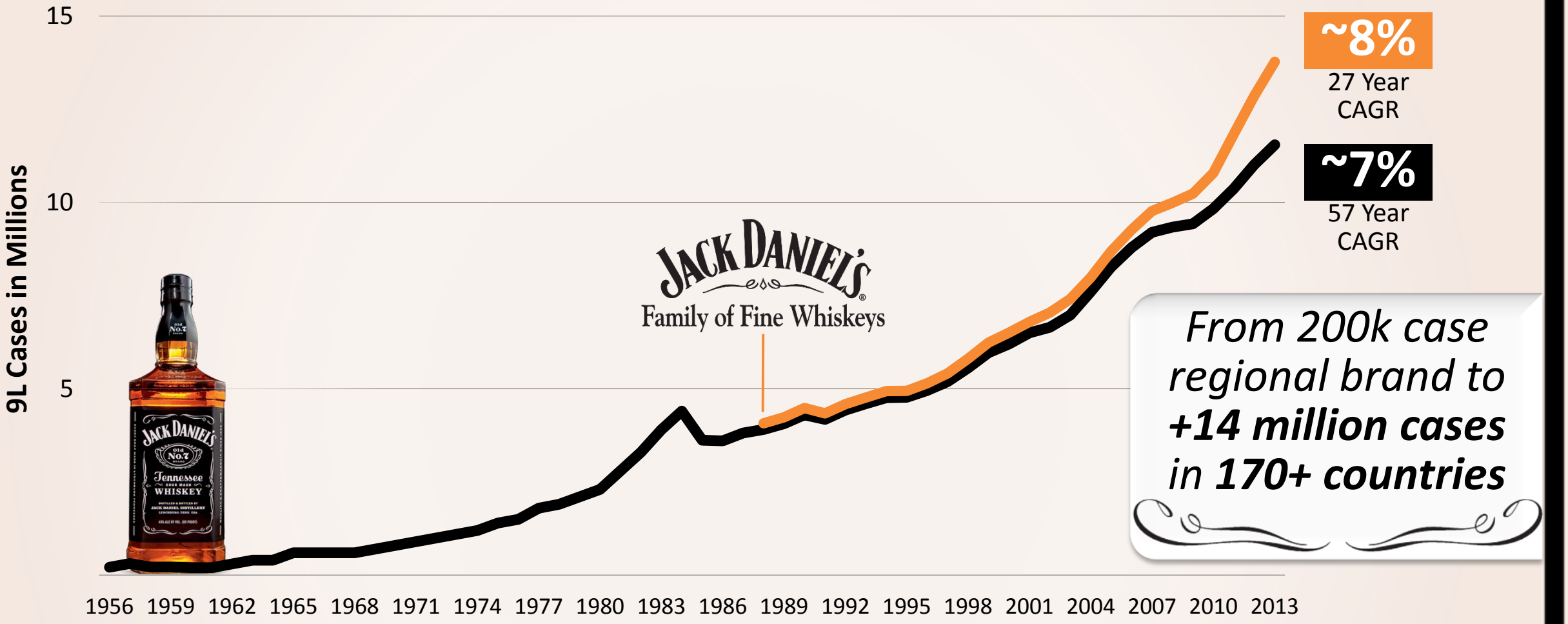
# *Investing in Jack Daniel's the #1 American Whiskey Brand*

JOHN HAYES

SVP, Managing Director - Jack Daniel's

# Jack Daniel's Family of Brands

## 1956 – Today







*From 200k case regional brand to* ***+14 million cases*** *in* ***170+ countries***

Source: Internal data; IWSR 2013
Note: RTS cases converted to 80 proof whiskey equivalents

# *Jack Daniel's Family of Brands*

## *2004 – 2014*

***Net Sales***

**has grown ~2.6x**
**at a 10% CAGR**

***Volume***

**has more than doubled**
**at a 8% CAGR**

| 9L Depletions | 10-Year CAGR |
|---|---|
| Jack Daniel's Old No. 7 | 5% |
| Jack Honey | N/A |
| RTD/RTP | 12% |
| Gentleman Jack | 14% |
| Single Barrel | 9% |

***Over 1.2M Cases in under 4 Years***

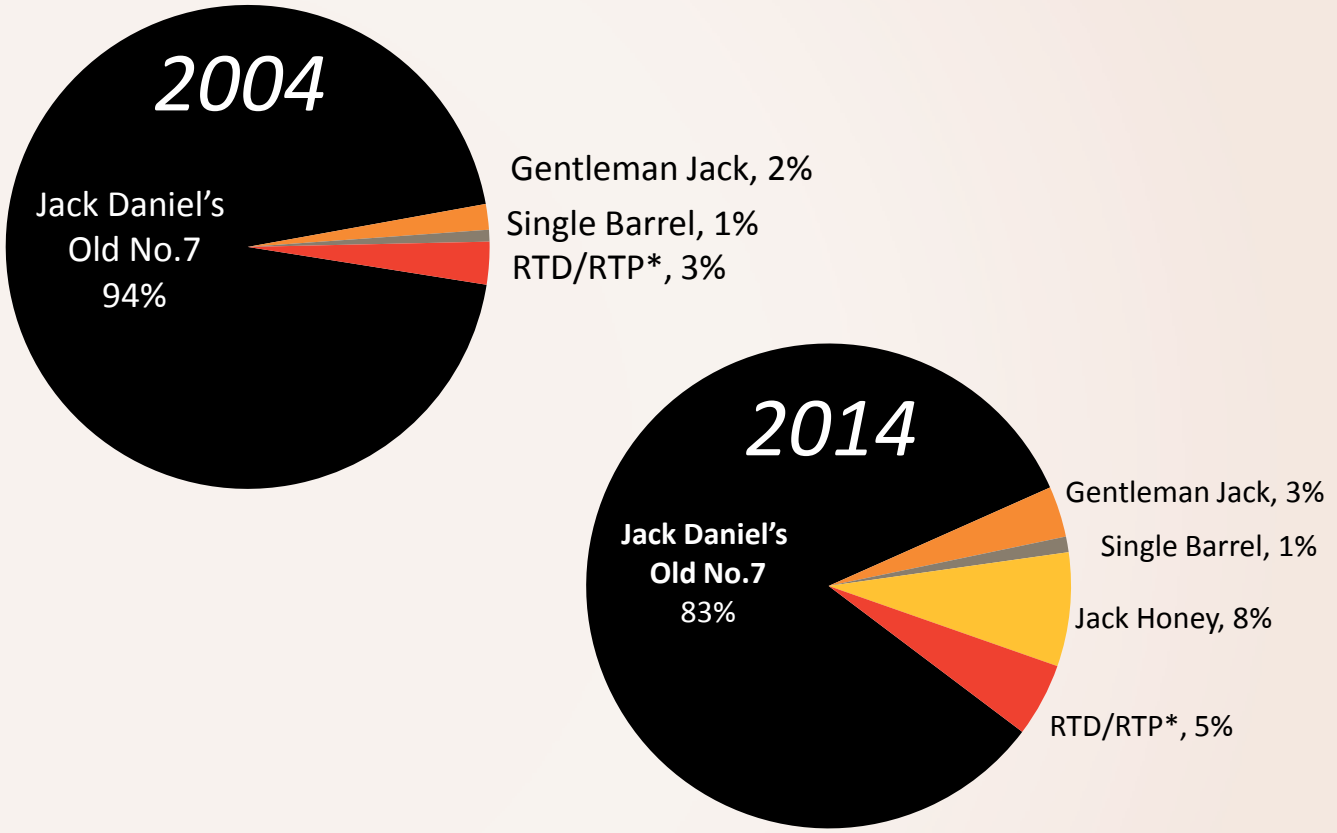
Source: Internal data; IWSR 2013

# Portfolio Growth and Diversification

## 2004 – 2014

- Jack Daniel's Old No. 7 has delivered a 5% volume CAGR
- Rest of portfolio, including Jack Honey, has grown volume nearly 4x faster (19% CAGR)

### Jack Daniel's Family of Brand's 9L Depletions




Source: Internal Data; Depletion Adjusted Constant Currency

***RTD/RTP volume converted to full strength equivalent***

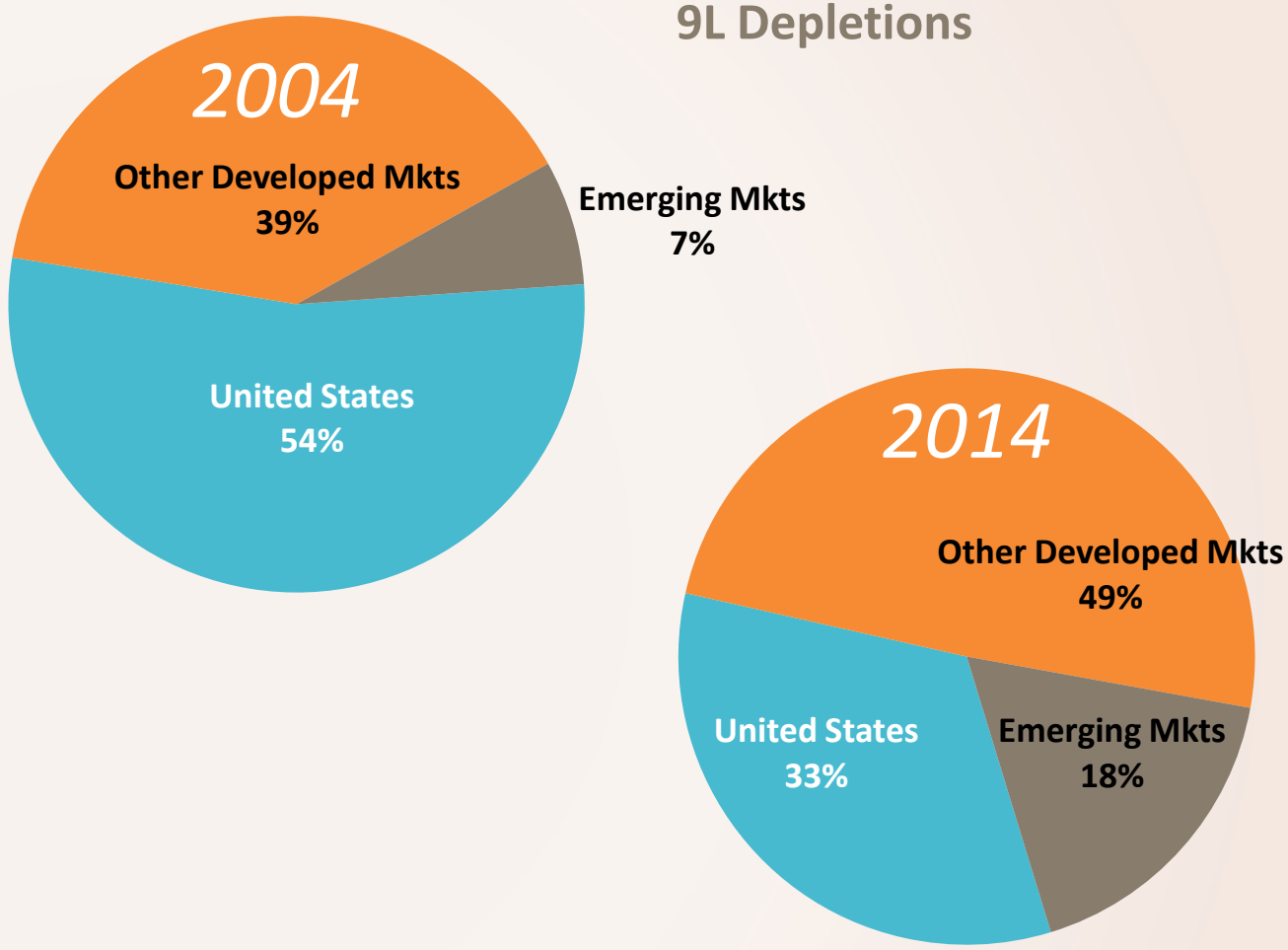
# Geographic Growth & Diversification

United States has grown volume at a 3% CAGR…

…while international markets have grown 4x faster (12% CAGR)

## 2004 – 2014

Jack Daniel's Family of Brand's 9L Depletions




Source: Internal Data; Depletion Adjusted Constant Currency

**RTD/RTP volume converted to full strength equivalent*

# *Demonstrated Premium Staying Power*

**Top 10 Standard+ Spirit Families**
**9L Cases**

| | 1985 | | 2013 | | 2013 Value | |
|---|---|---|---|---|---|---|
| | Brand | Cases | Brand | Cases | Brand | $B |
| 1 | Bacardi Rum | 17.5M | Smirnoff Vodka | 21.6M | Johnnie Walker | $7.3B |
| 2 | Suntory Whisky | 12.2M | Johnnie Walker | 19.3M | Smirnoff Vodka | $4.8B |
| 3 | Smirnoff Vodka | 11.5M | Bacardi Rum | 17.5M | Jack Daniel's FOB | $4.4B |
| 4 | Ricard | 6.7M | Jack Daniel's FOB | 13.2M | Hennessy | $4.0B |
| 5 | Gordons Gin | 6.2M | Absolut | 11.3M | Bacardi Rum | $3.6B |
| 6 | Johnnie Walker | 5.4M | Captain Morgan Rum | 10.6M | Absolut | $3.0B |
| 7 | Seagram's 7 Crown | 5.1M | Jaegermeister | 7.1M | Captain Morgan Rum | $2.5B |
| 8 | Jim Beam | 4.3M | Jim Beam | 7.0M | Chivas Regal | $2.3B |
| 9 | Jack Daniel's FOB | 3.8M | Baileys Cream Liqueur | 6.5M | Martell Cognac | $2.3B |
| 10 | Nikka Whisky | 3.8M | Belenkaya Vodka | 6.0M | Jaegermeister | $1.9B |

Source: IWSR 2013. Excludes RTS/RTDs.

# *Key Strengths*



Quality American whiskey

Powerful equity

Global

Largest premium+ whiskey in the world

Extendable

# #5 Jack Daniel’s Mood Video

# *Loyal Advocates*



Follow

They have Jack Daniels on the Moon? MT @MeredithFrost: No one's this cool. Sinatra off a helicopter, drink in hand





Follow

Searching for the meaning of life and it's Jack Daniel's & ice..



Follow

I FINALLY FOUND MY HUSBAND... MR JACK DANIELS HIMSELF....BEING CHEEKY TUT TUT #nashville

People

Follow

RT if you think @MirandaLambert's birthday calls for a tall glass of Jack Daniels peoplem.ag/TfV8pb1



Relationship status.. Jack Daniels



Follow

Keep your friends close, your enemies closer and your Jack Daniels within arms reach.






Like · C

20











Source: Twitter

# *Key Strategies*

Reinforce the specialness of Jack Daniel's

Balance of value vs. volume

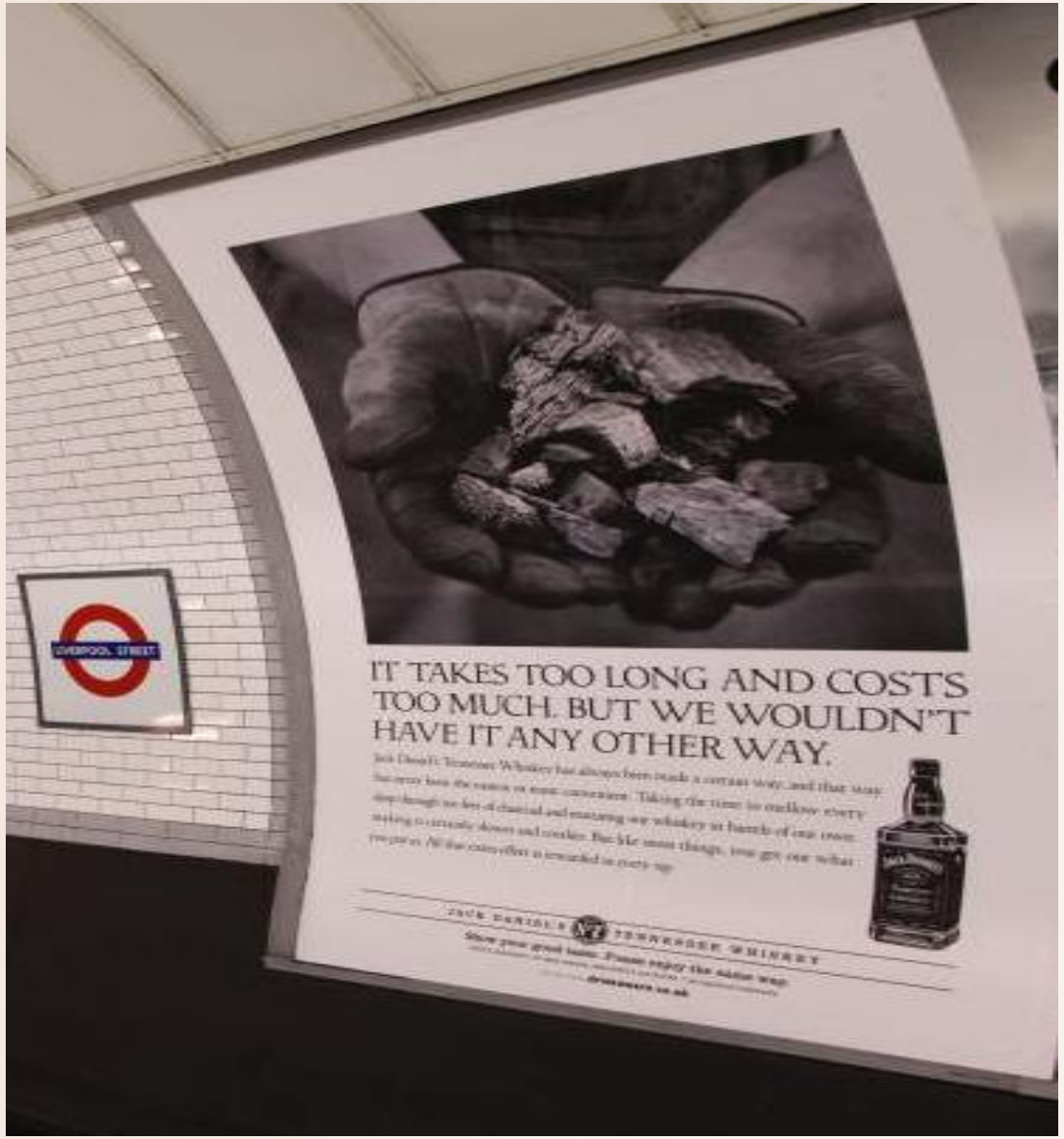
Thoughtful portfolio management

Geographic expansion

Strategic investment



# *Reinforce the Specialness of Jack Daniel's*






# #6 Barrel Tree

# #7 What’s Your Story

# *Brands*

***> 1M Cases***
***and***
***> $25/Bottle***

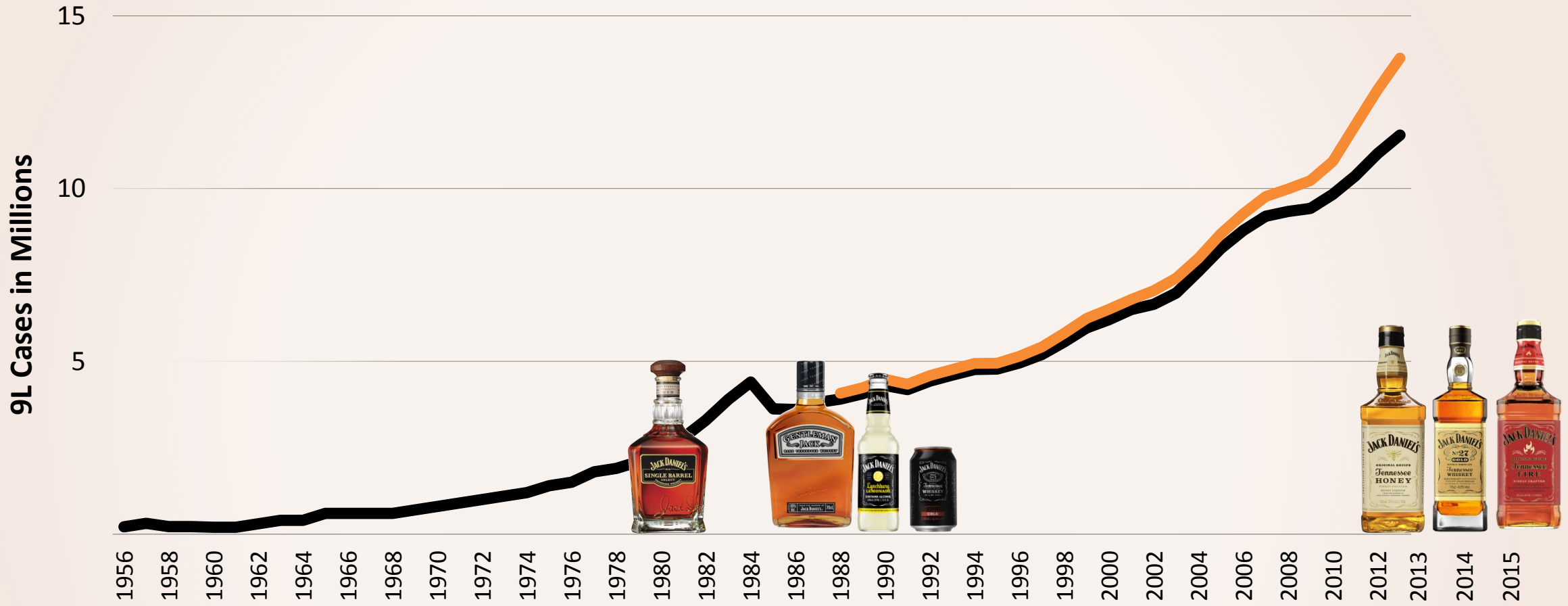
| Rank | Brand | Volume (M 9L Cases) | Retail Price (750ml) |
|---|---|---|---|
| 1 | Jack Daniel's Old No.7 | 11.5M | $27 |
| 2 | Johnnie Walker Black | 6.0M | $38 |
| 3 | Jameson | 4.3M | $27 |
| 4 | Chivas Regal 12yr | 4.3M | $38 |
| 5 | Grey Goose | 3.6M | $34 |
| 6 | Yeni | 3.5M | $33 |
| 7 | Famous Grouse | 3.0M | $26 |
| 8 | Hennessy VS | 2.9M | $39 |
| 9 | Bombay Sapphire | 2.4M | $26 |
| 10 | Hennessy VSOP | 1.7M | $63 |
| 11 | Ciroc Flavours | 1.7M | $31 |
| 12 | Patron Silver | 1.5M | $45 |
| 13 | Makers Mark | 1.4M | $26 |
| 14 | Buchanan's | 1.4M | $53 |
| 15 | Old Parr | 1.2M | $53 |
| 16 | Remy Martin VSOP | 1.1M | $49 |
| 17 | Cointreau | 1.1M | $32 |
| 18 | Jack Daniel's Tennessee Honey | 1.0M | $26 |




Source: IWSR 2013

# *Jack Daniel's Family of Brands*

## *1956 – Today*




Source: Internal data; IWSR 2013
Note: RTS cases converted to 80 proof whiskey equivalents




- 29% volume CAGR since launch
- Today, nearly 40% of volume outside the United States
- Key markets include: United States, UK, Australia, France, Germany and Global Travel Retail

Source: IWSR 2013

# #8 Gentleman Jack




- 26% volume CAGR since launch
- Today, nearly 2/3 of volume outside the United States
- Key markets include: United States, Global Travel Retail, France, Germany and United Kingdom

Source: IWSR 2013

# *Ready-to-Serve*

- 12% 10-year volume CAGR
- Australia is the largest market
- Germany, Mexico, UK, South Africa and China are flourishing markets







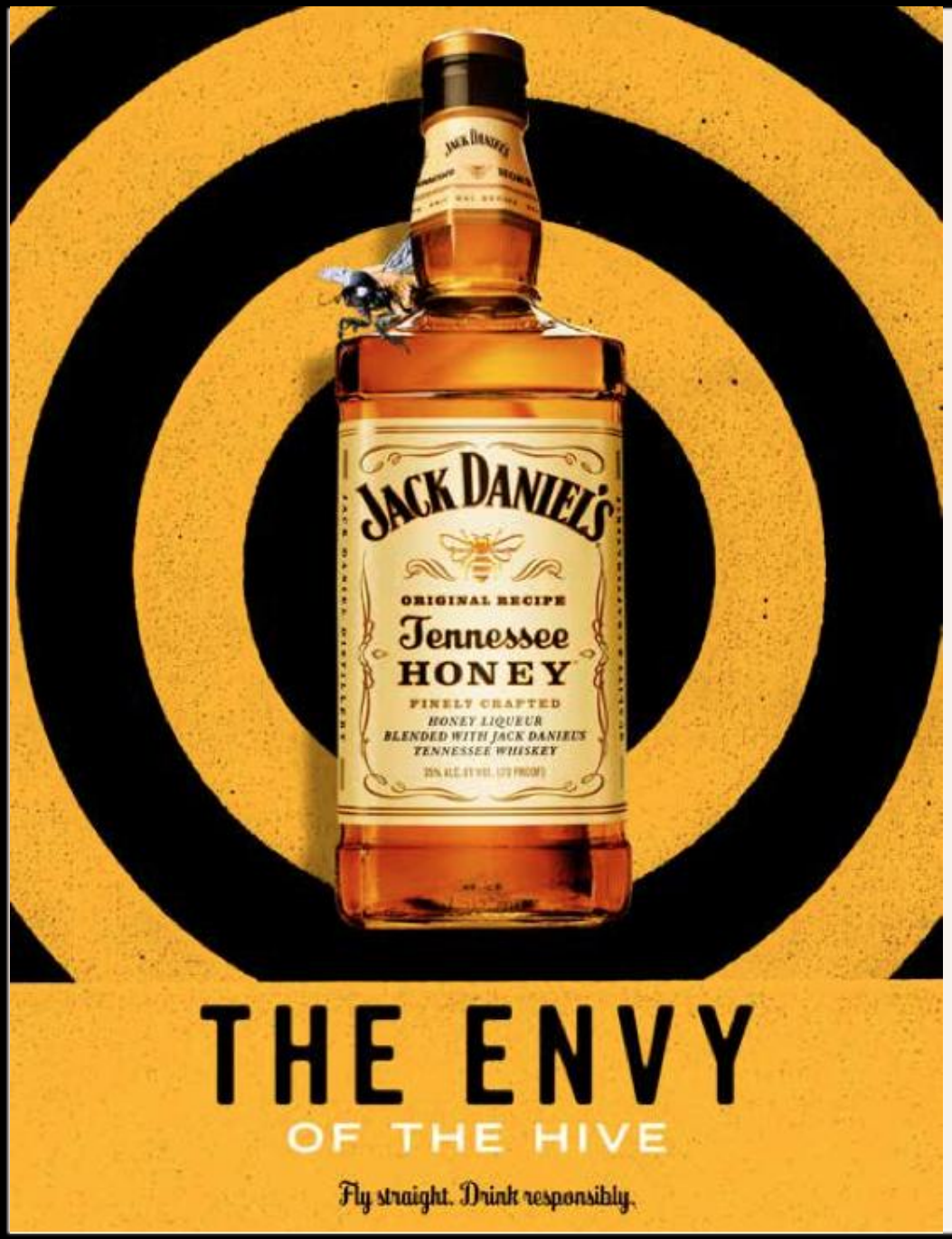









Source: IWSR 2013




- **"Fastest Growing Global Spirits Brand"** (*Drinks International* 2013)
- Global Success – all continents and 80+ countries
- Attracting more females & Millennials
- Unlocking more consumption occasions

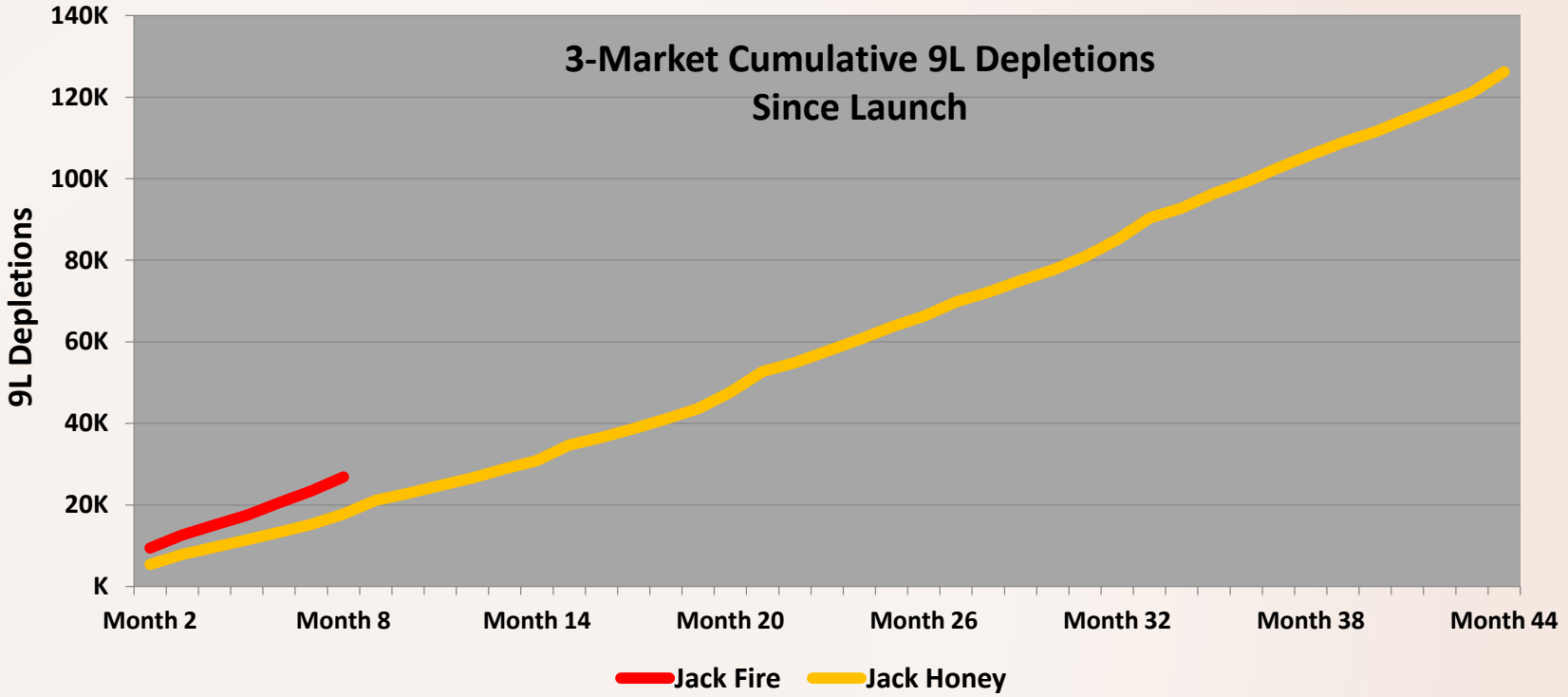
# #9 JD Tennessee Honey




- Double mellowed and double barreled in oak and maple barrels
- $85 - $95 per bottle
- Late 2013 launch in strategic Asia Pacific airports
- Now expanding to all key international airports
- May 2014 launch in Shanghai
- Expanding to select global cities in 2015




- Launched in April 2014 as a test in 3 states
  - Since launch, Jack Fire's depletions have indexed to Jack Honey's comparable launch volume at 1.35x




- In October 2014, expanded to 5 additional states
- National US rollout in Q4 F'15

Source: Internal data
(1) Month 1 of Jack Fire and Jack Honey depletions excluded to remove pipeline volume.

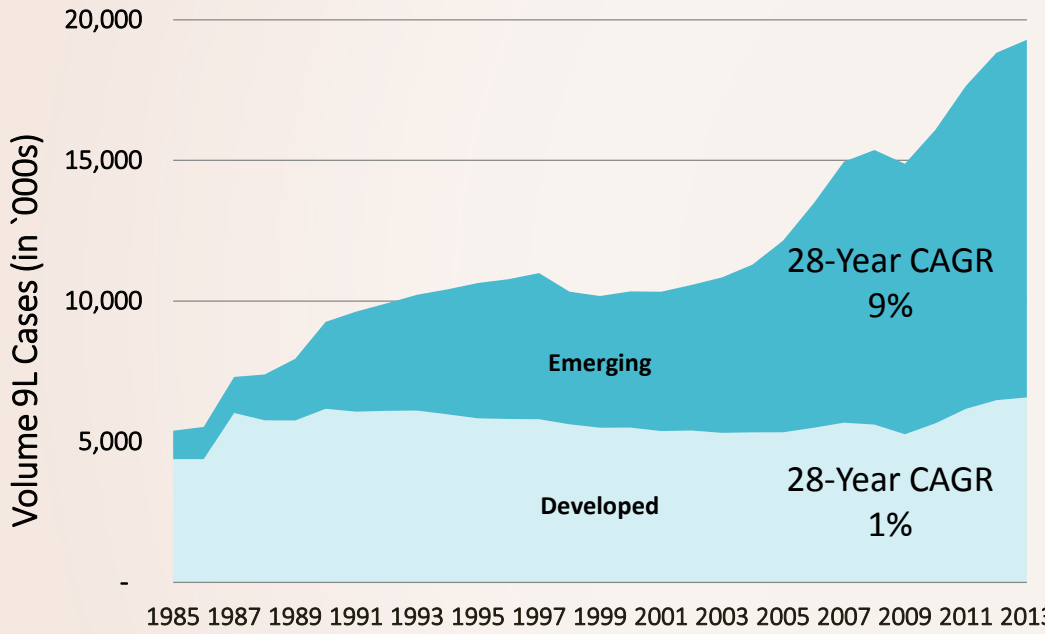
# Geographic Expansion

## *Developed vs. Emerging Markets*

Johnnie Walker Trademark

**% Emerging Markets**

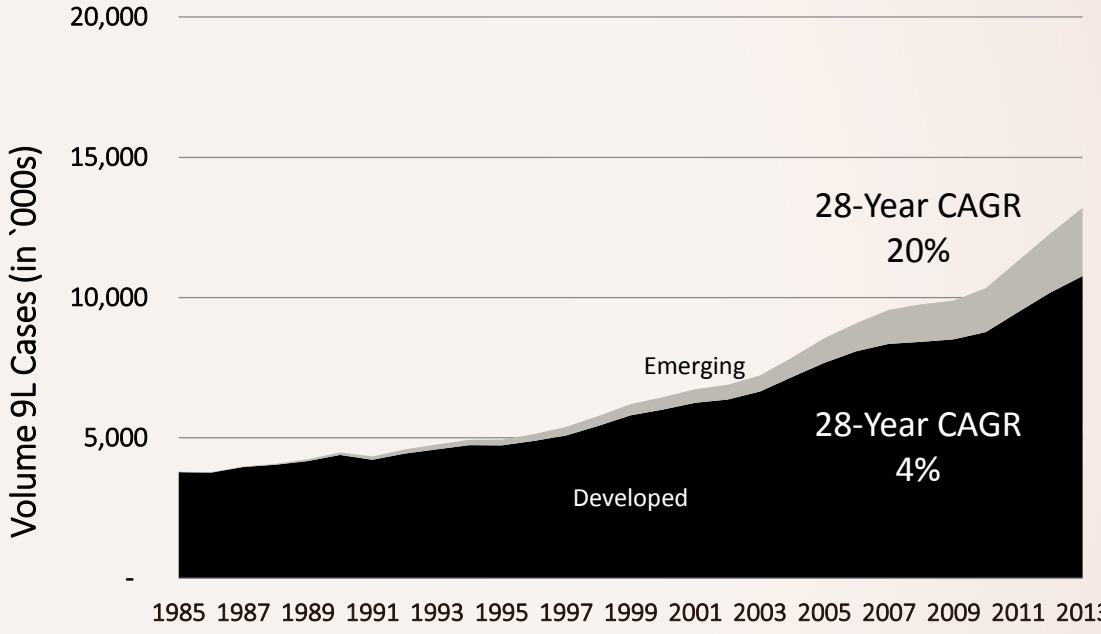
| 1985 | 1999 | 2013 |
|---|---|---|
| 19% | 46% | 66% |




OLD No 7 BRAND

**% Emerging Markets**

| 1985 | 1999 | 2013 |
|---|---|---|
| 0% | 6% | 18% |




Source: IWSR 2013
All figures reflect full strength 9L case volume. RTDs excluded.

*Developed Markets: Australia, Canada, Japan, New Zealand, US, Western Europe*
*Emerging Markets: Rest of World*

# #10 Transition VIDEO

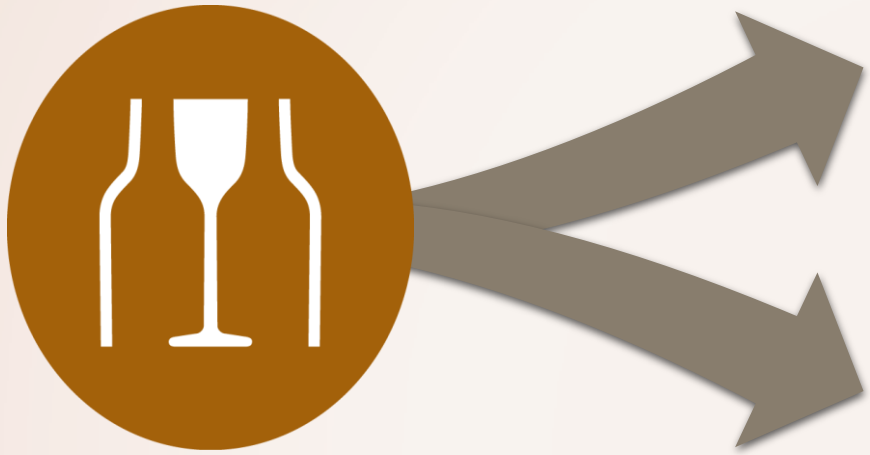
BROWN-FORMAN

# *Investing in American Whiskey Assets*

ALEX ALVAREZ

SVP Chief Production Officer

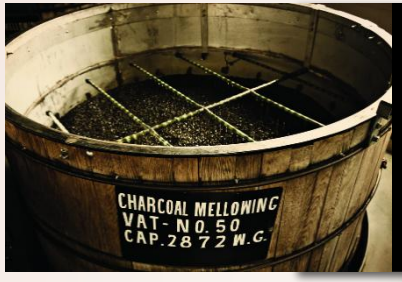
# *Investing in Whiskey*



***Investment Focus***

- ***Growth and Capacity***
- ***Efficiency and Capability***

# *Production Capabilities – A Competitive Advantage*




***Barriers to Entry***



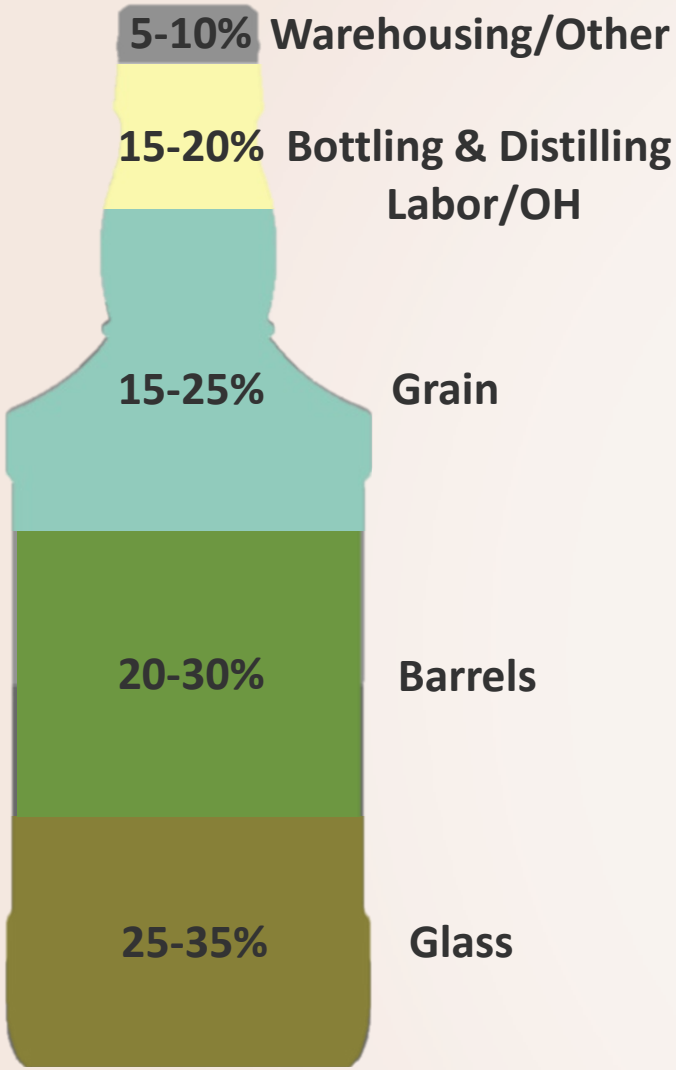
***Single Site Production Drives Scale Efficiencies***



***Vertical Integration of Supply Chain***

**=** ***Efficient Investment + ROIC***

# *Efficiency and Competitive Advantage*




- *Barriers to entry*
- *Planning process*
- *Inventory levers*

***Maturation***

***Barreled Whiskey represents ~25% of current assets***



# *Single Site Production Drives Efficiencies*

- *Concentrated material supply*
- *Scale advantage*
- *Quality*
- *Capacity utilization*



Glass Manufacturing



JACK DANIEL'S DISTILLERY

LYNCHBURG

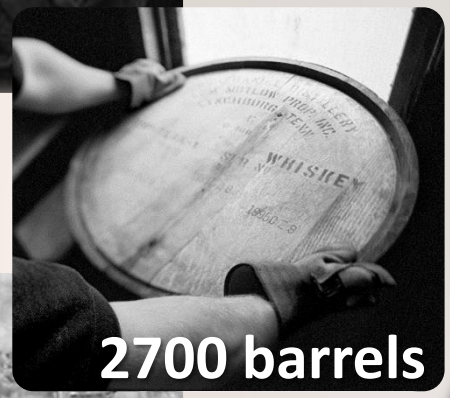
*Used Barrels*

NEW COOPERAGE

# The World of Jack Daniels Production

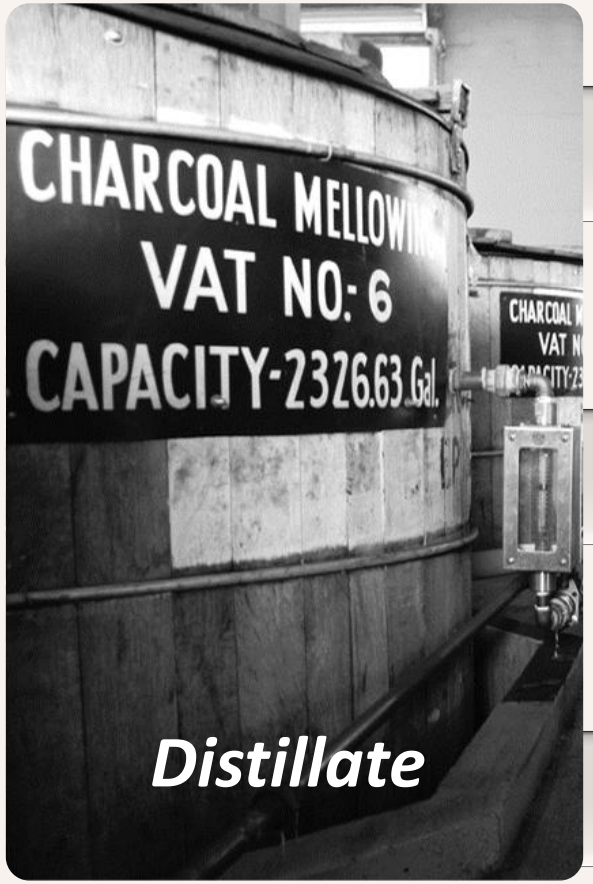
***Daily* Supplies**









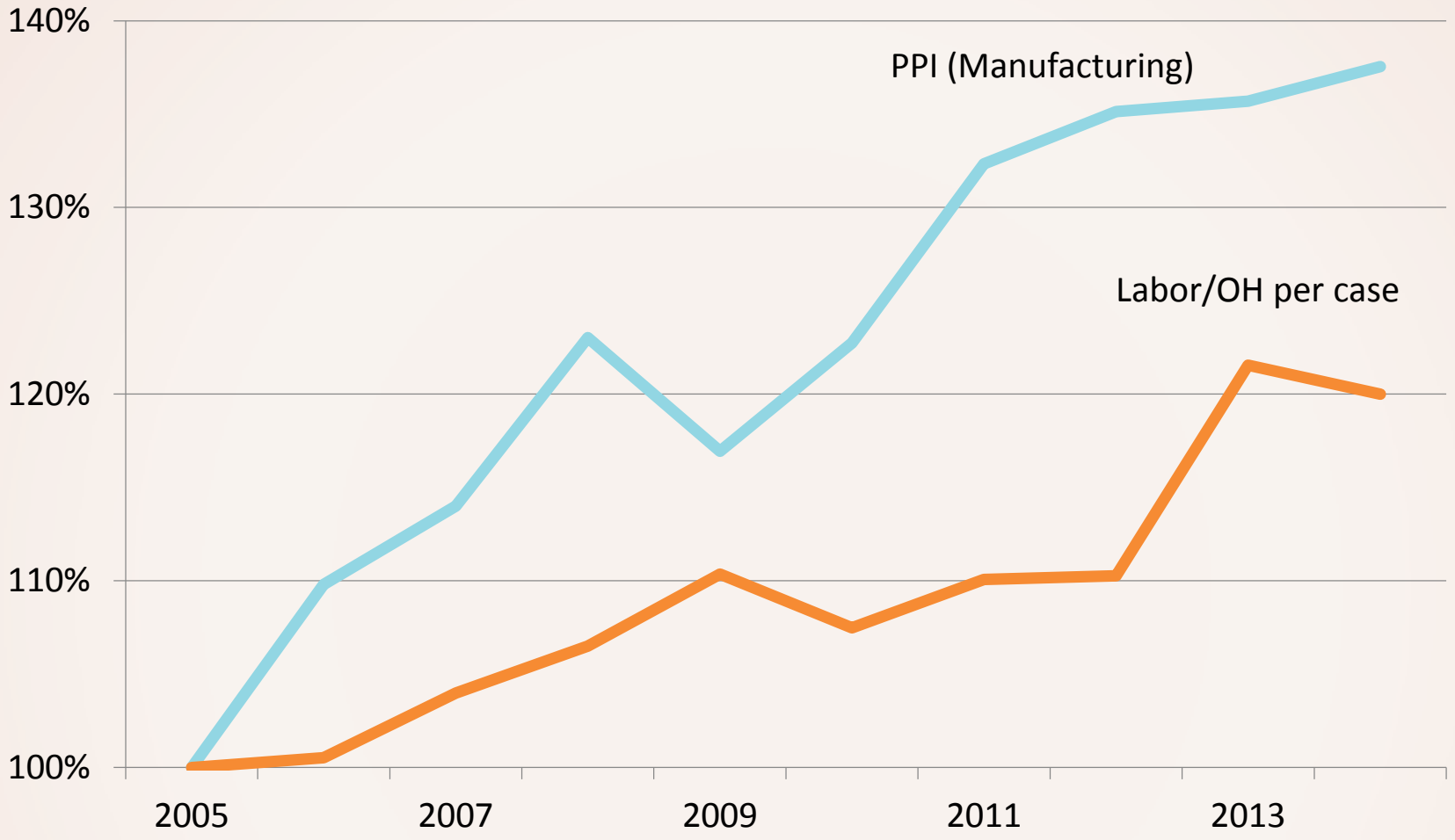









# Driving Cost Efficiencies




Source: US Bureau of Labor Statistics and Internal data

# *Vertical Integration – Recipe for Success*

**Key Focus Areas**

- Cooperage
- Distilling & Warehouses
- Homeplace

















# Capital Investment Focus

- Flexibility for the future
- Efficiency
- Ability to innovate

FY 13-17 Significant Investment Period

# #11 BF Cooperage

# *Cooperage Ownership as a Competitive Advantage*

**Benefits of Owning:**

- High quality supply security
- Cost efficiency
- Wood innovation
- Taste profile advantage
- Market for used barrel sales




***Increased barrel-making capacity by 40% to 1M/year***

# *New Jack Daniel's Distillery and Warehouses*



**Innovative and Flexible**

- $100M investment
- Projected start up April 2015
- Modular design – for future capacity additions

# $60-70M Investment

WOODFORD RESERVE®

EST'D OLD 1870 FORESTER®

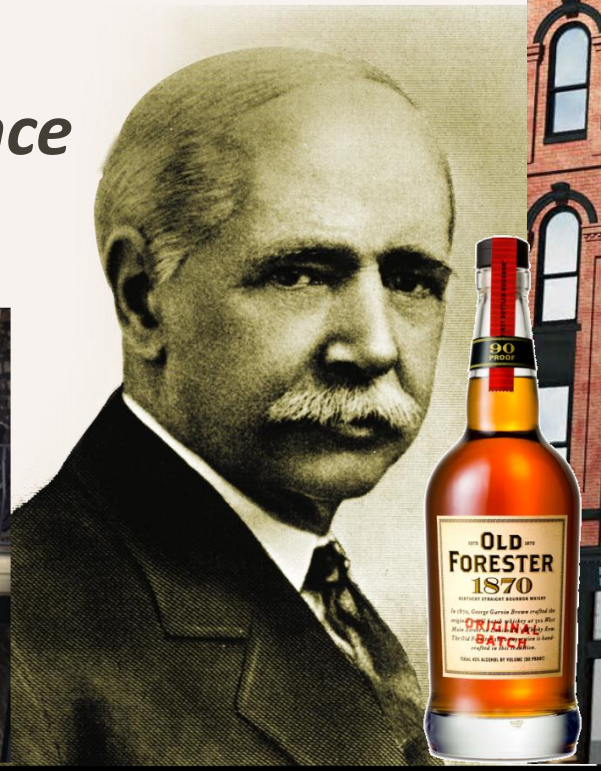



***Distillation, Maturation and Bottling***

***Visitor Experience***










# *Brown-Forman Investments in Whiskey Assets*

- Efficiency and Barriers to Entry
- Single Site Production Drives Scale Efficiencies
- Vertical Integration of Supply Chain

***Investing for long-term growth and efficiencies with top-tier ROICs***

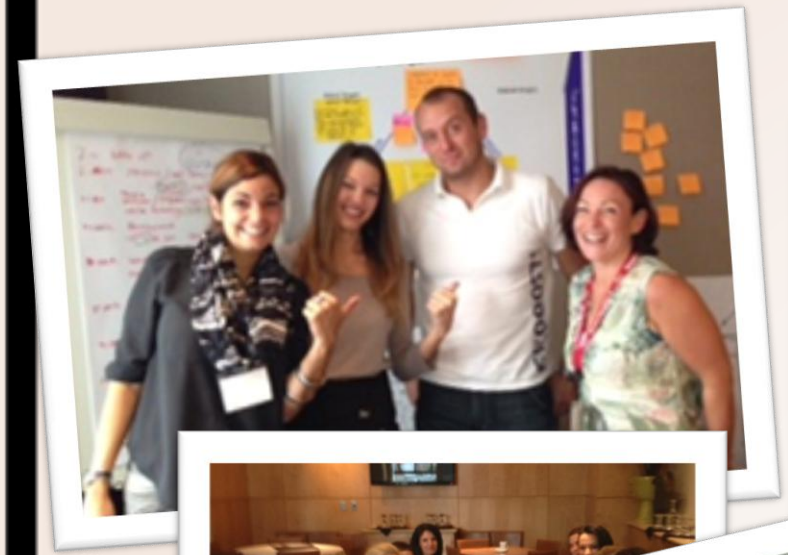


# #12 Transition VIDEO

BROWN-FORMAN

# *Investing in Brown-Forman's People*

Kirsten Hawley
SVP – Human Resources
Business Partnerships











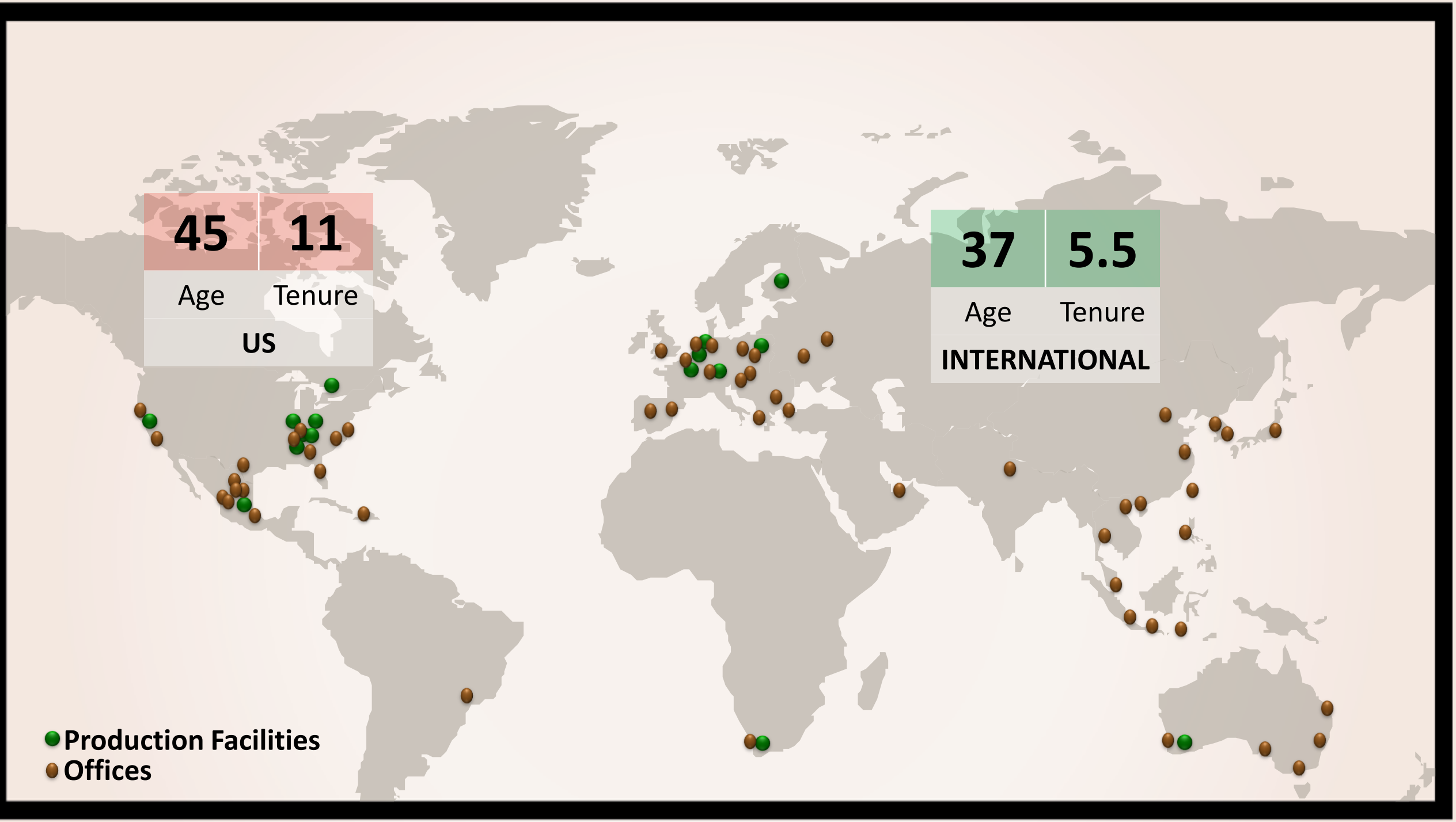


I&S Spain Oct 2013 – Barcelona








45
11
Age
Tenure
US
37
5.5
Age
Tenure
INTERNATIONAL
Production Facilities
Offices

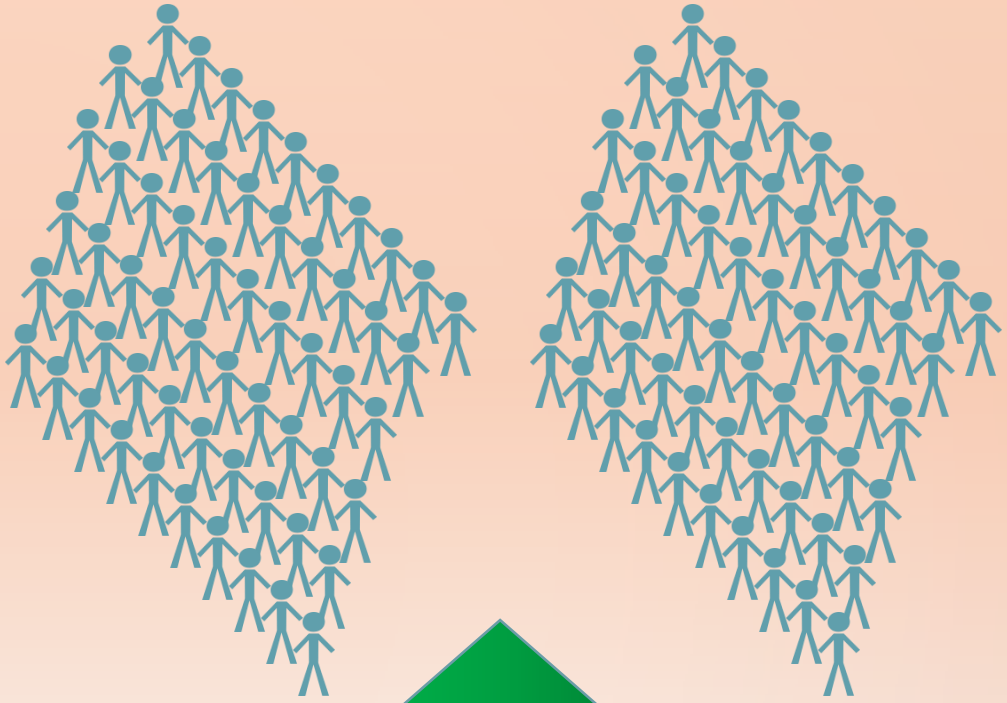
# *Investing in People*

2000 – 2014 US



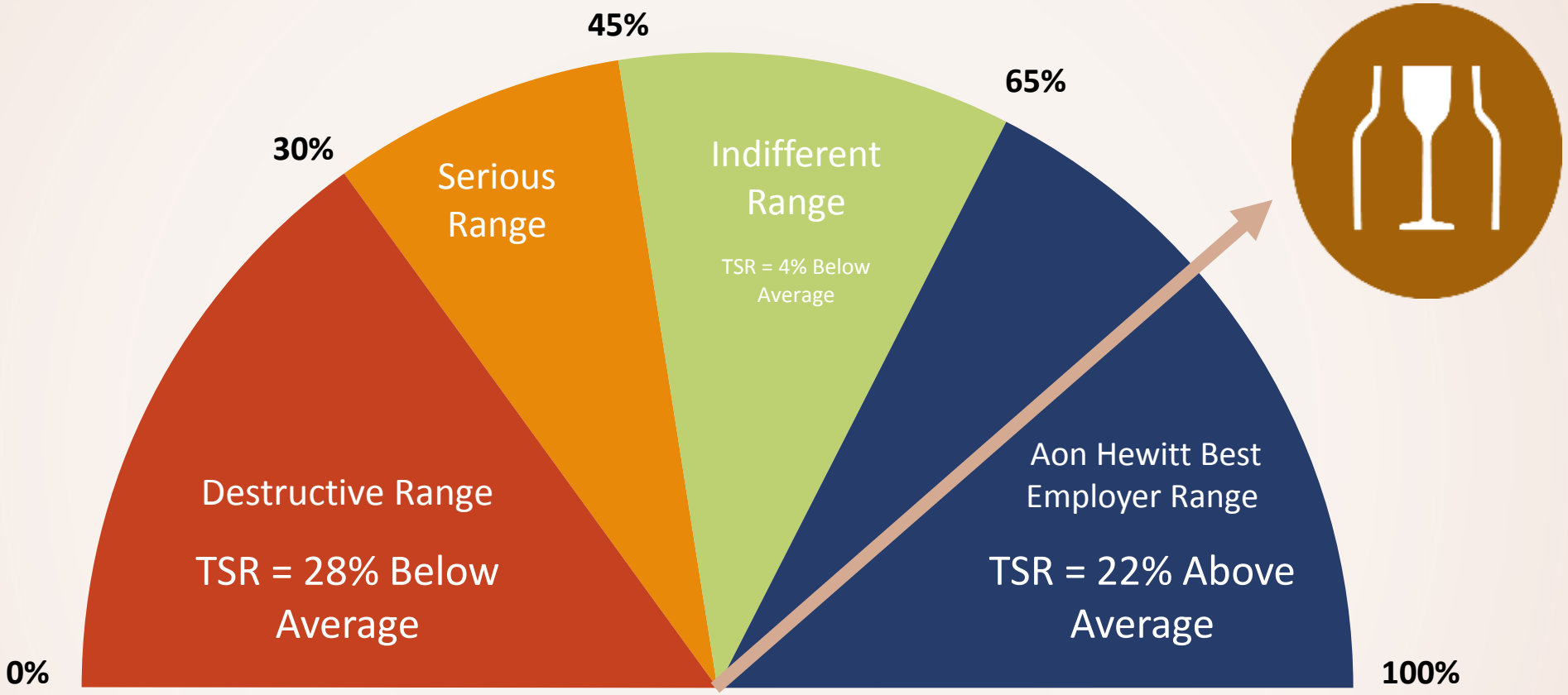
2%
CAGR

2000-2014 Non-US



11%
CAGR

# Top Tier Engagement




Brown-Forman Overall Total = 77%



***Depth of Experience***

***Brands Built by Local Experts***

***Engaged Workforce Creates Value***



BROWN-FORMAN

# *Investing in Global Capabilities*

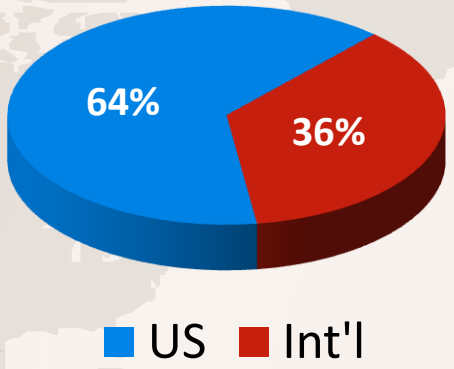
MARK McCALLUM

EVP President
EMEA/APAC/GTR

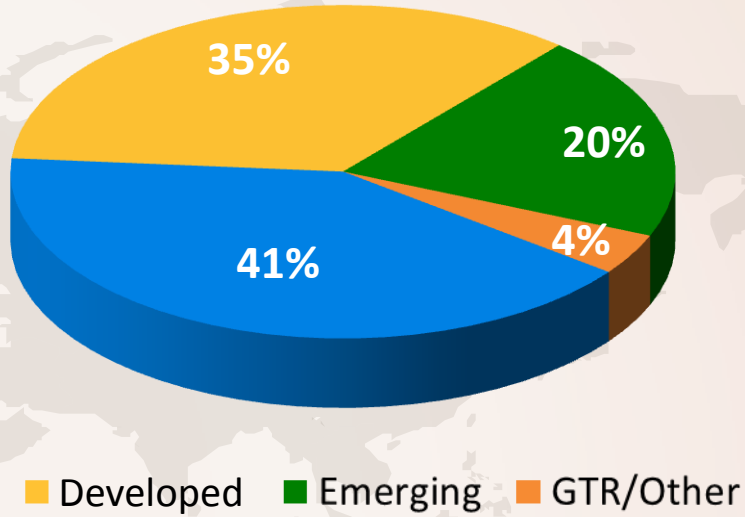
# *Purposeful Globalization*

## Share of Net Sales

2004




2014

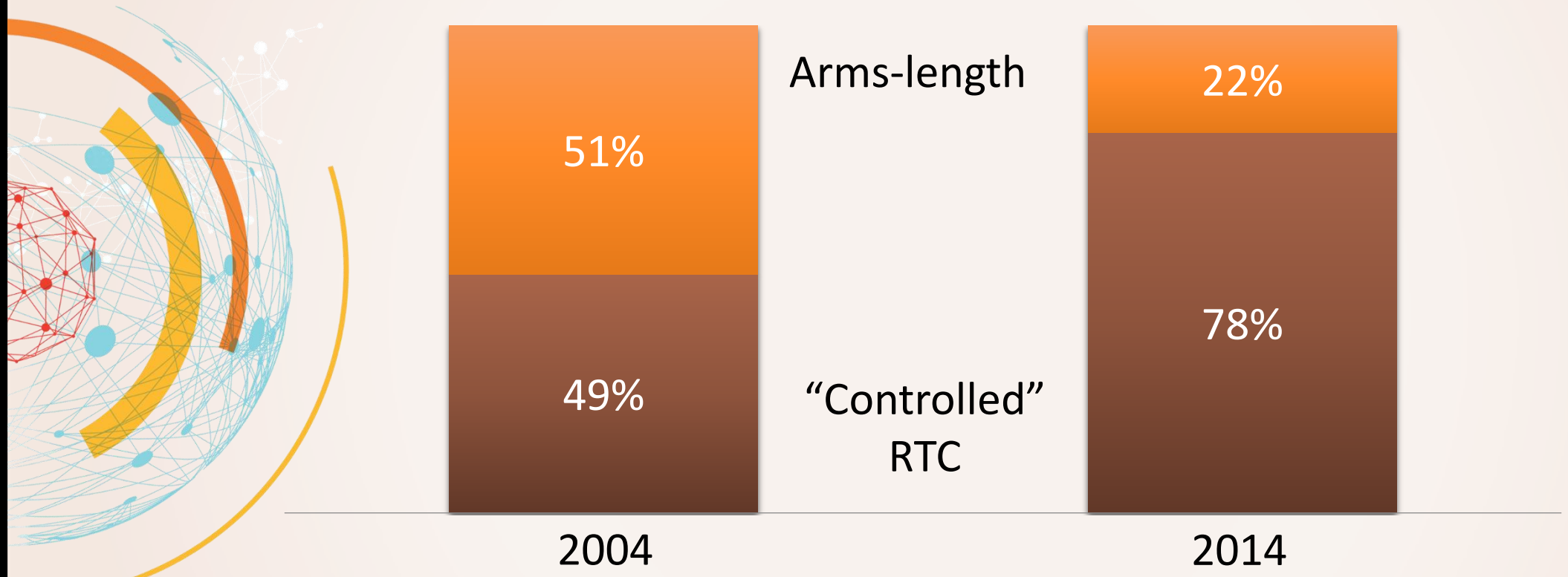



| # of Countries | 1994 | 2004 | 2014 |
|---|---|---|---|
| +50,000 cases | 6 | 22 | 41 |
| +100,000 cases | 4 | 14 | 24 |

Source: Internal Data

# *Brown-Forman has Greatly Increased Influence Over our Route-to-Consumer*

Share of Net Sales



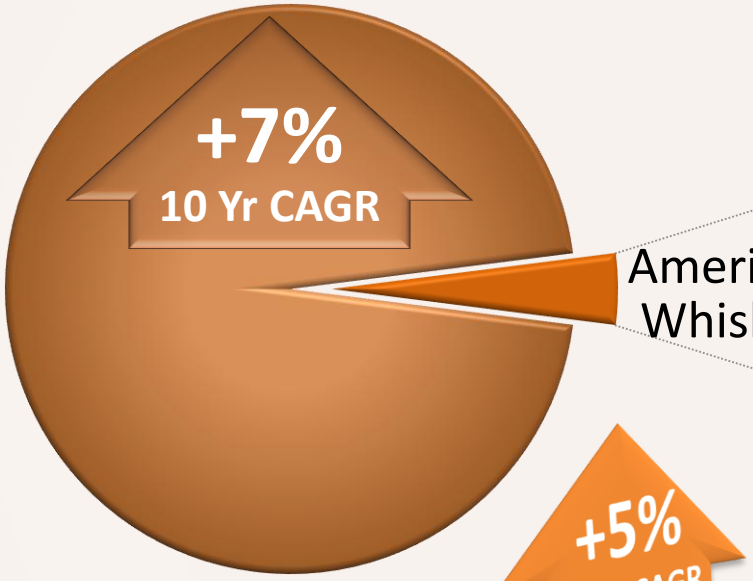

Source: Internal Data

# World of Opportunity Remains for American Whiskey, Led by Jack Daniel's

Whiskey Global
362M 9L cases




Whiskey Outside US
312M 9L cases




American Whiskey

+5%
10 Yr CAGR

American whiskey outside US
13M 9L cases




+9%
10 Yr CAGR

***Outside US:***

***Jack Daniel's leads the development of American whiskey with a 56% volume share***

***Jack's share of Total Whiskey is just 2%***

Source: IWSR 2013



BROWN-FORMAN

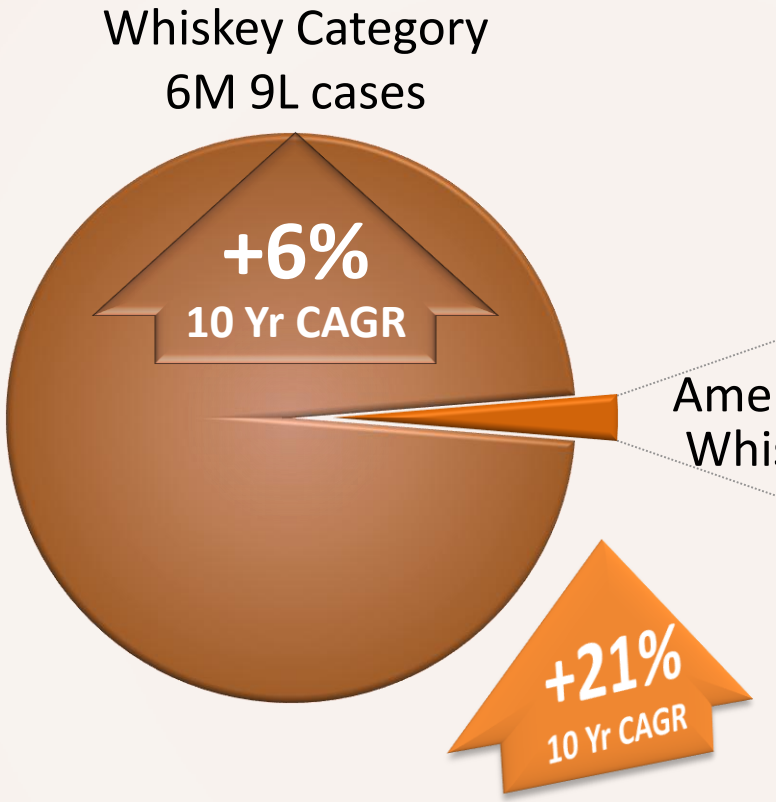
# *Brazil*

AMADOR DE CARVALHO

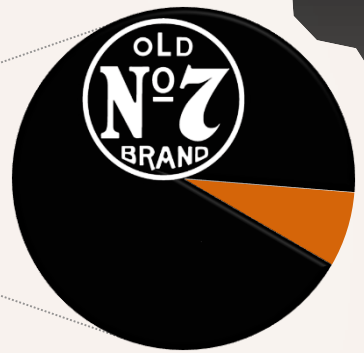
General Director, PUB

# 6th Largest Whiskey Market




American Whiskey




+23%
10 Yr CAGR

***Jack has 93% share of American whiskey***

.....

***For Total Whiskey this is just a 2% share***

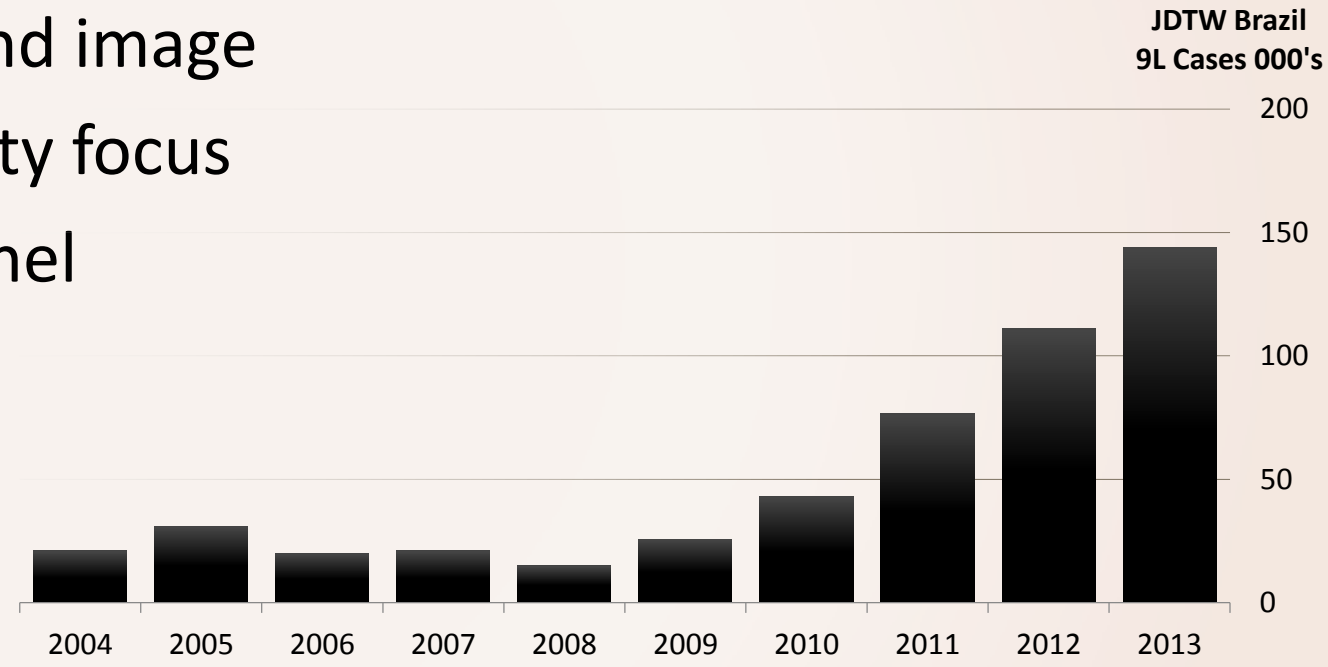
Source : IWSR 2013

# An Iconic Brand Rises

- More than **tripled volume** since 2010
- Premium whiskey **share has doubled from 6% to 13%**
- Unique resonance with consumers given history and image
- Regional and city focus
- Duty free channel also developed

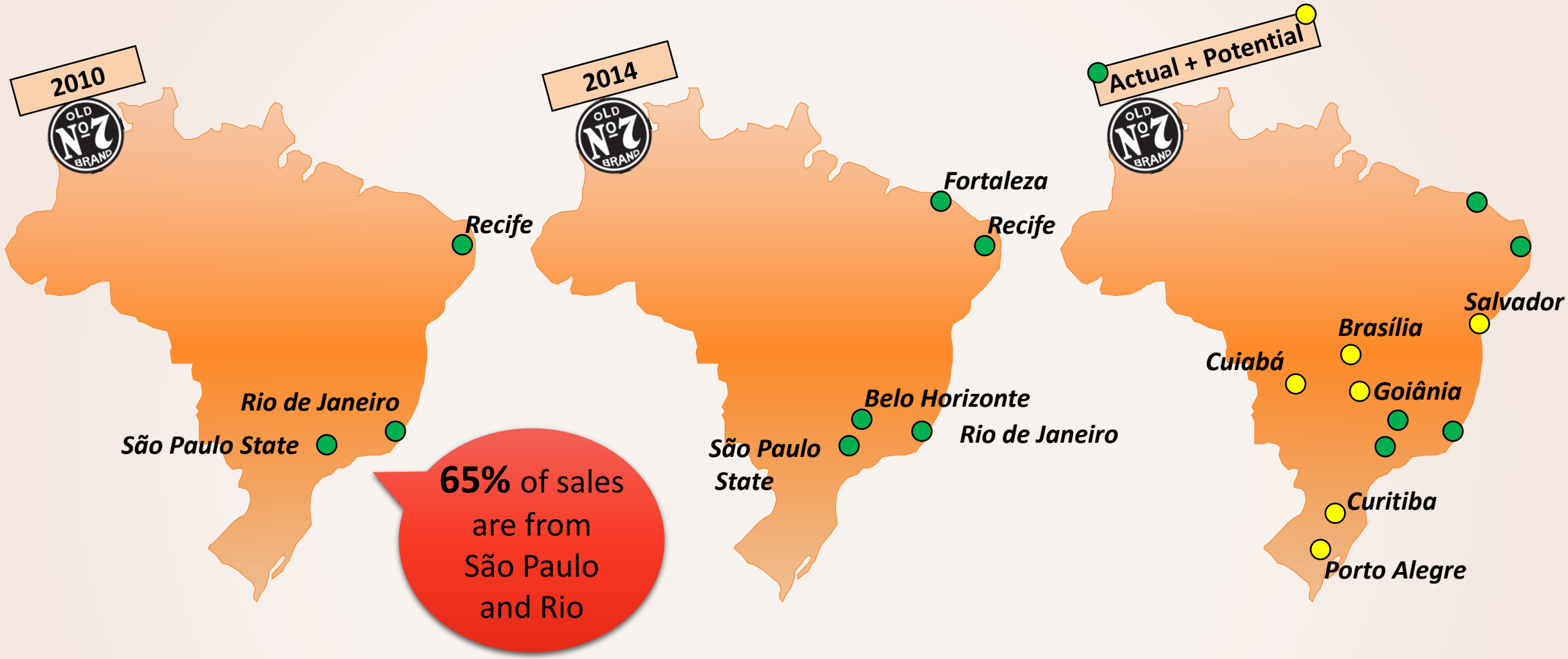
***Leveraged owned distribution to drive growth***






Source: IWSR 2013 and Product Audit

# Potential for Future Distribution Gains



# *Confidence in Future Growth*

- Early in building brand awareness
- Over-indexed to the LDA-29 age group
- Intro of Tennessee Honey and other line extensions
- Premiumization trends
- Expanding distribution and rate of sale





BROWN-FORMAN

# *France*

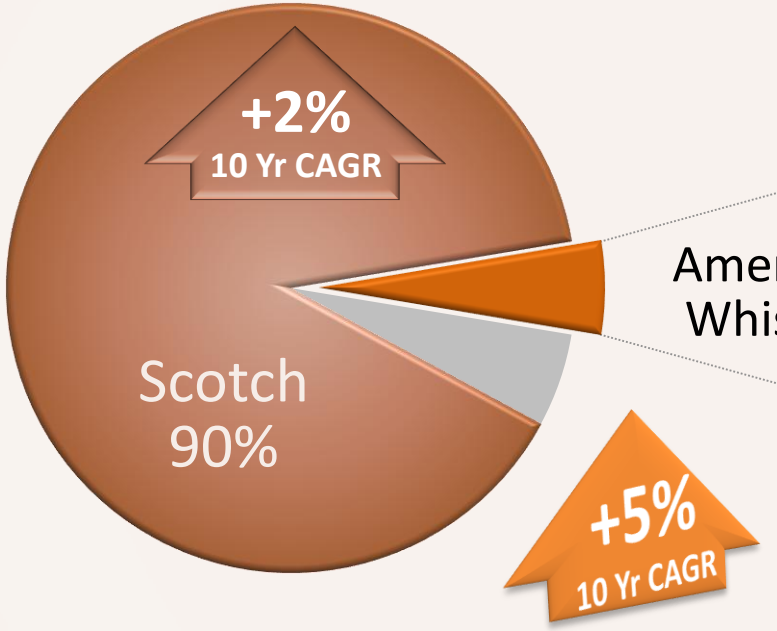
MICHEL GAYRAUD

Country Manager

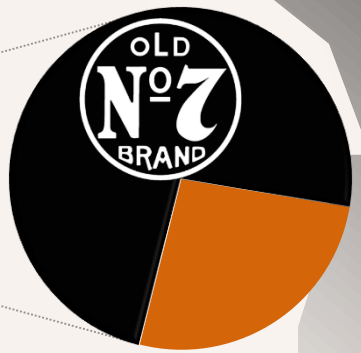
# 3rd Largest Whiskey Market




Whiskey Category
15M 9L cases




American Whiskey




+13%
10 Yr CAGR

*Jack has 73% share of American whiskey*

.....

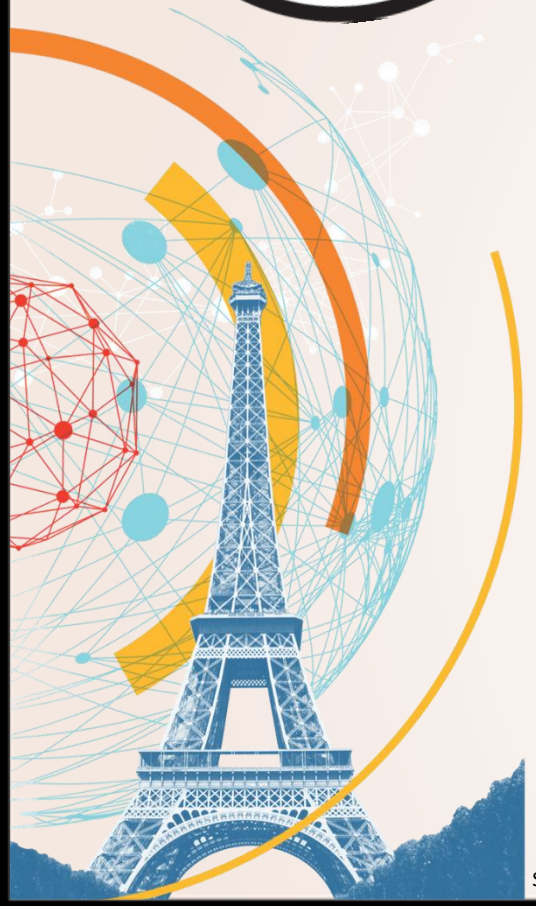
*For Total Whiskey this is just a 4% share*

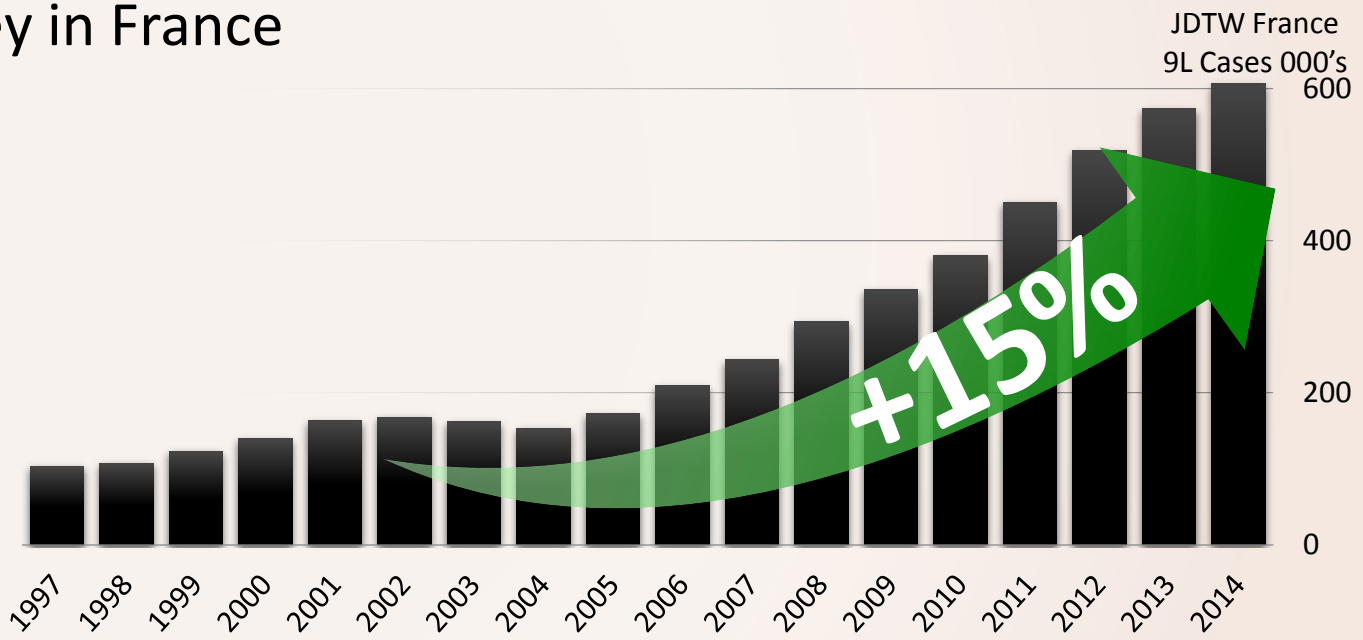
Source : IWSR 2013

# An Iconic Brand Rises

- Doubled volume over last five years
- The leader in premium whiskey category
- Consumers drawn by legacy and image
- Consistency and focus in brand building
- The original premium crafted American Whiskey in France

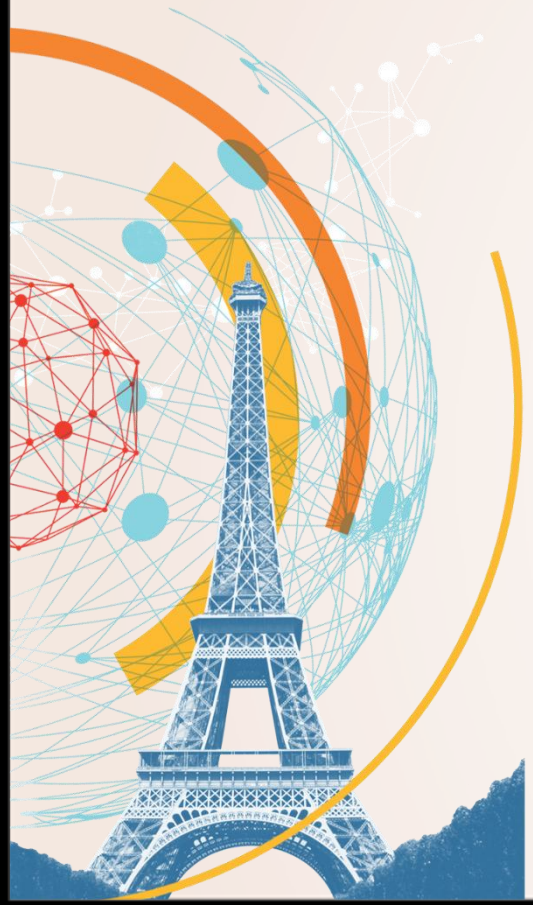
***Owned distribution driving growth***






Source: Internal Data

# Leading American Whiskey Category



## Standard
## 2.7 M C9L




## Premium
## 1.4 M C9L

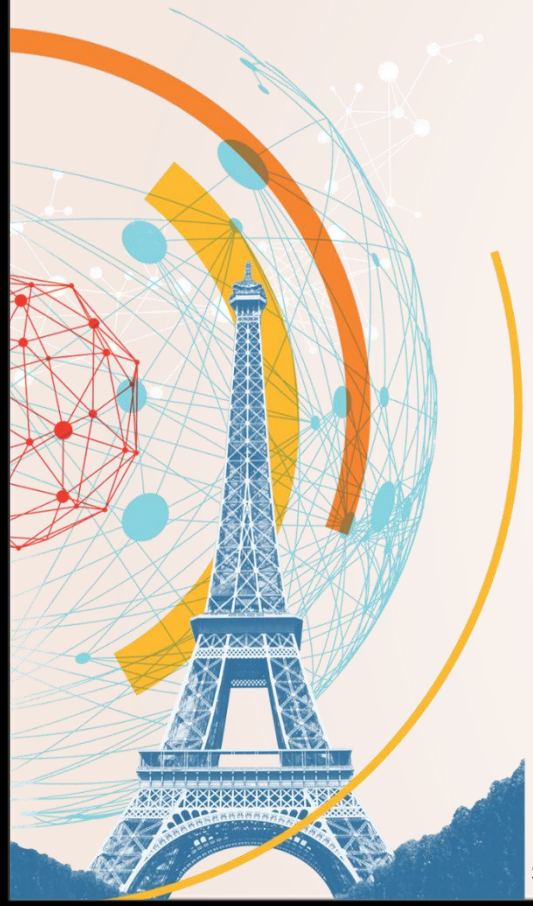


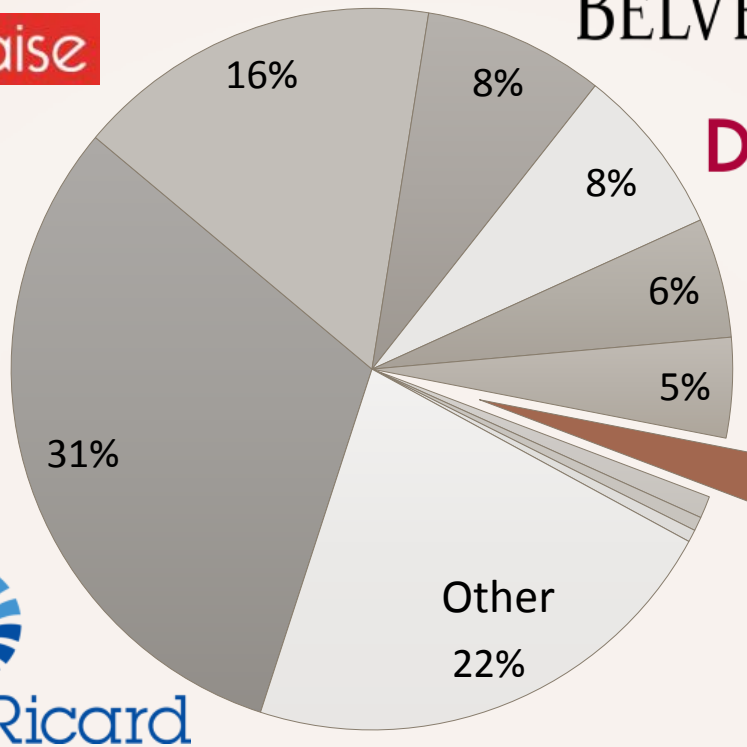

## Super & Ultra Premium
## 0.16 M C9L




Source : IWSR 2013

# *Confidence in the Future*






La martiniquaise

BELVEDERE

DIAGEO

BACARDI MARTINI
FRANCE

WILLIAM GRANT & SONS
INDEPENDENT FAMILY DISTILLERS SINCE 1887

Pernod Ricard

**B-F: 3 %**
**of spirit market in value**

Source : IWSR 2013



BROWN-FORMAN

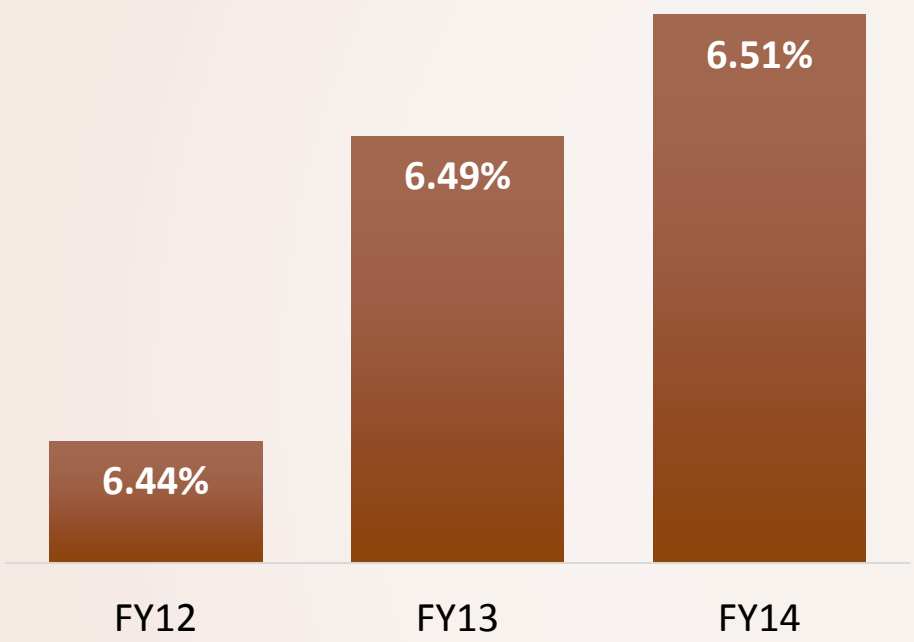
# *United States*

JILL JONES

EVP, President,
Latin America & North America

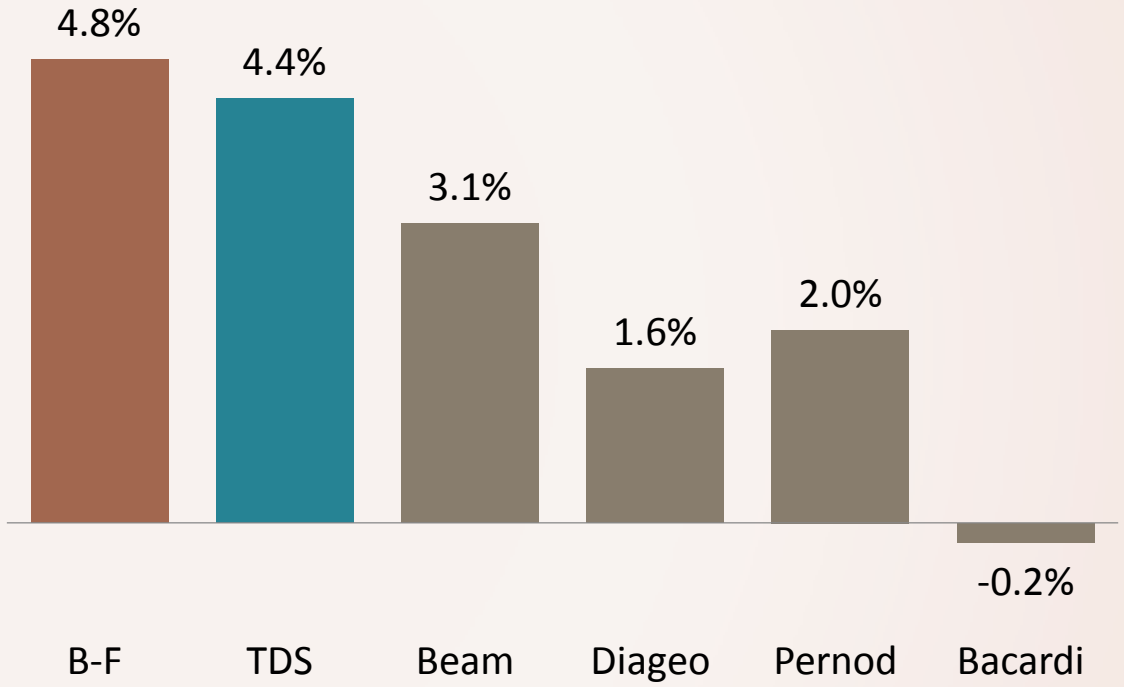
# Top Tier Results – Winning in a Highly Competitive Environment

## Gaining Value Share




Source: blended NABCA/Nielsen retail value (April 2014)

## Growing Faster Than Our Competitors (FY14)




Nielsen November 2014

# The Leader in Premium American Whiskey




+14%

BOURB #5 $15-20




+4.5%

BOURBO #1 20-25




+10.3%

BOURB #1 $25-30




+26%

BOURE #1 $30-40




-1.4%

BOURBO #1 > $40




+13.5%

FLAVORED BOURBON #1 $20-25

**Nielsen:** Total US FDL 52 weeks ending 11.8.14. Equ. 750ml price; Dollar Sales Rank in the Price Range

# *Making Sure We Are Heard*

## MEDIA



## OFF PREMISE



## ON PREMISE



## DIGITAL







## MULTICULTURAL



# *Engaging Consumers*

## Jack Daniel's – Telling Our Story



## "Art and the Human Touch"



## Experiential



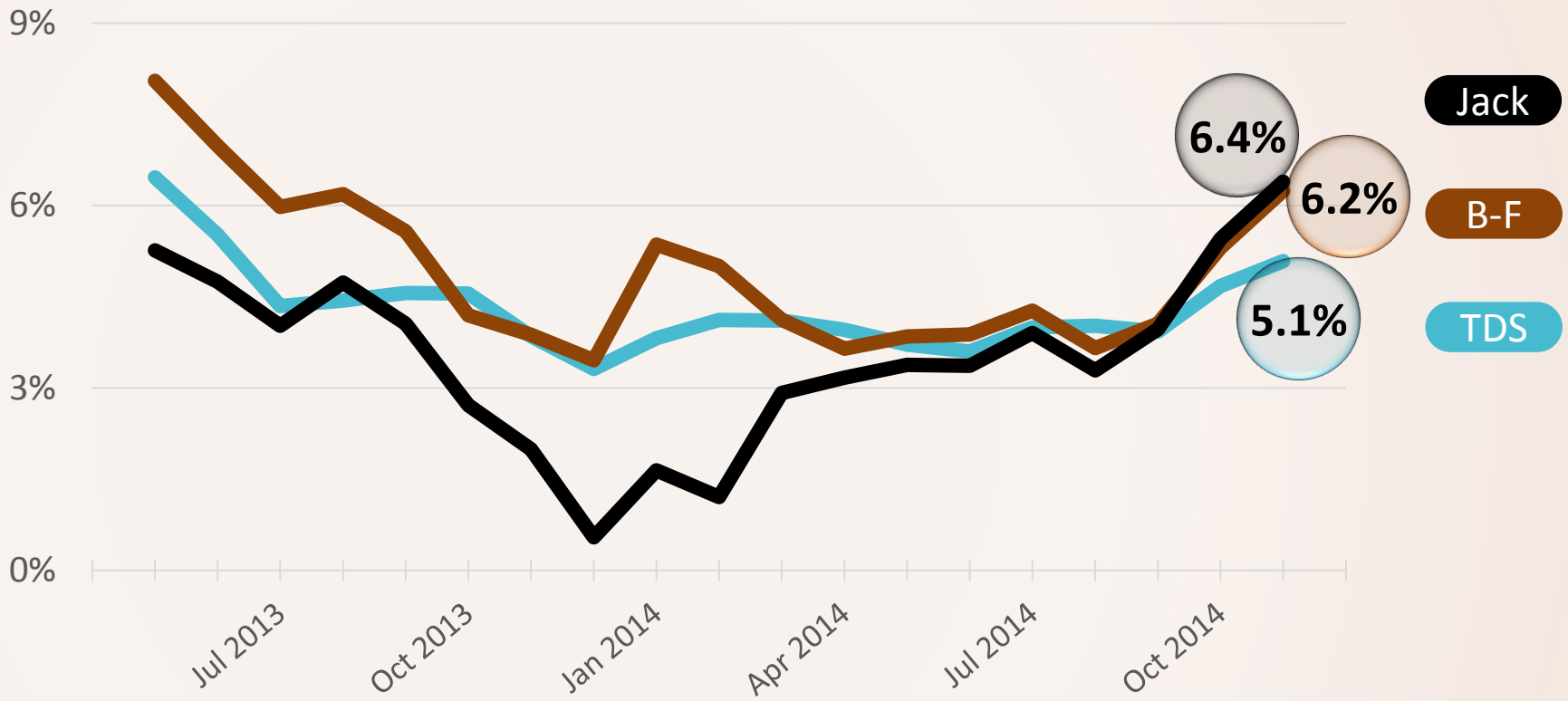
# *Extending Whiskey's Reach*



# Accelerating Our Top-Line

## US Blended NABCA and Nielsen 3 Month Value Change






Source: Rolling 3 month blended Nielsen all channels through November & NABCA October

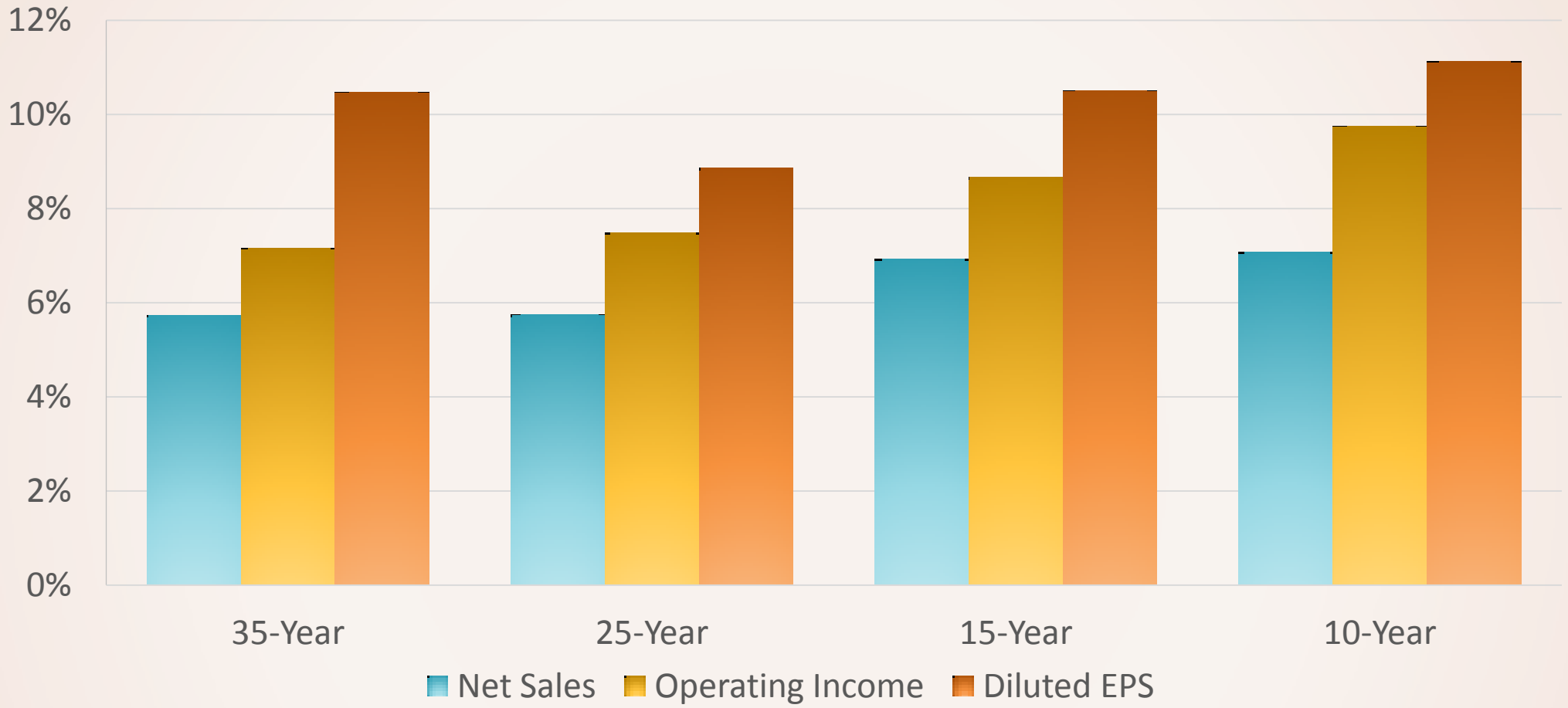
BROWN-FORMAN

# *An Excellent Business Model Delivers Superior Results*

Jane Morreau

EVP and CFO

# Consistent Long-Term Performance



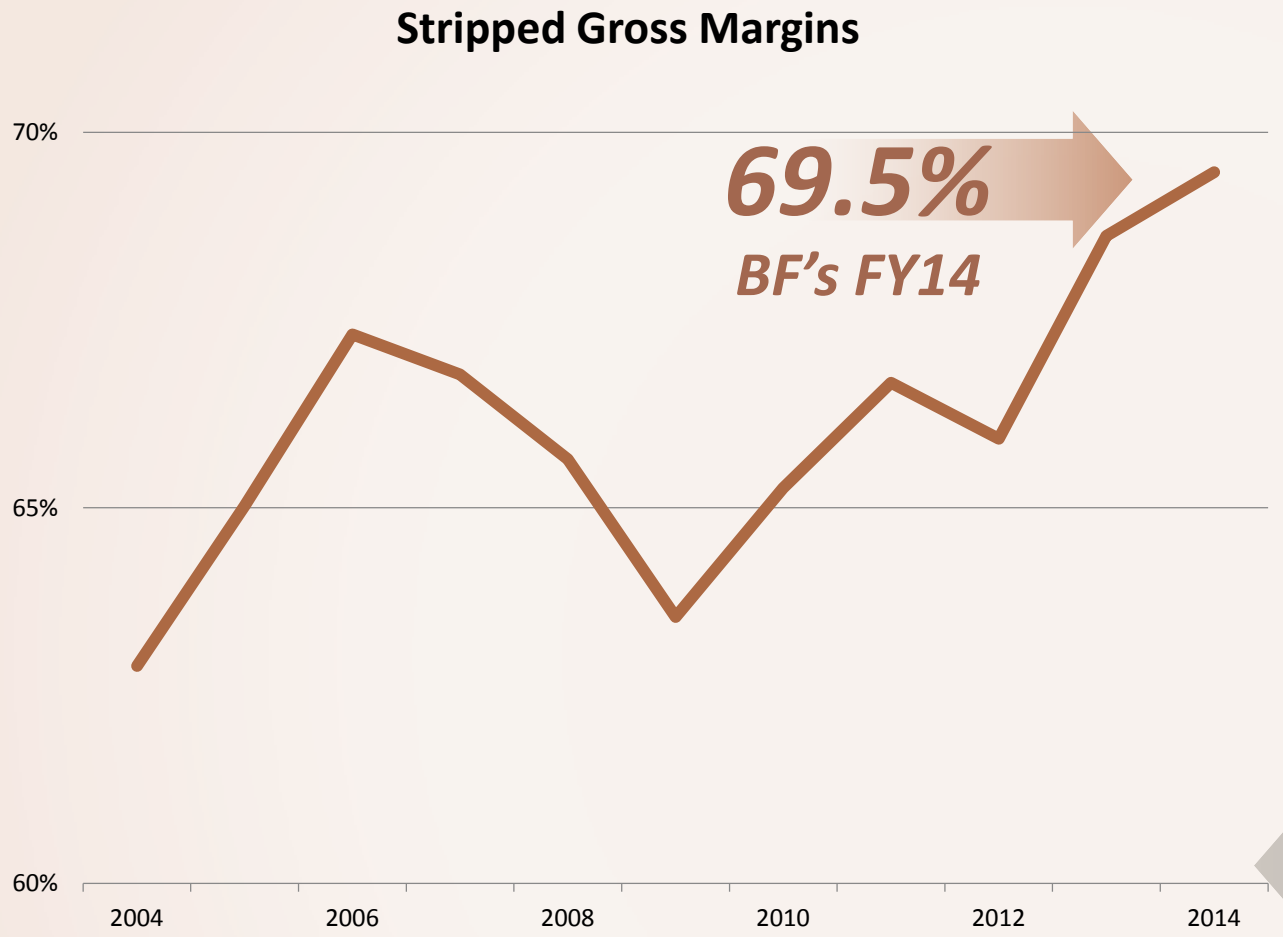

As reported (excluding Lenox); Not adjusted for the sale of the Hopland based wine brands.

# *A Decade of "Transformation"*

***...refocusing on our spirits heritage***
***while diversifying our business drivers***

| 2004 | 2014 | |
|---|---|---|
| Multi-Industry | Pure-play, premium spirits portfolio | Higher sustainable growth |
| | | Lower cyclicality |
| U.S. centric | Global | Higher margin |
| | | Higher capital efficiency |
| Declining Core Category | Rapidly Growing Core Category | Superior cash generation |
| | | "Premium" Multiple |

# *An Excellent Business Model:*
# *Industry Leading Gross Margins*

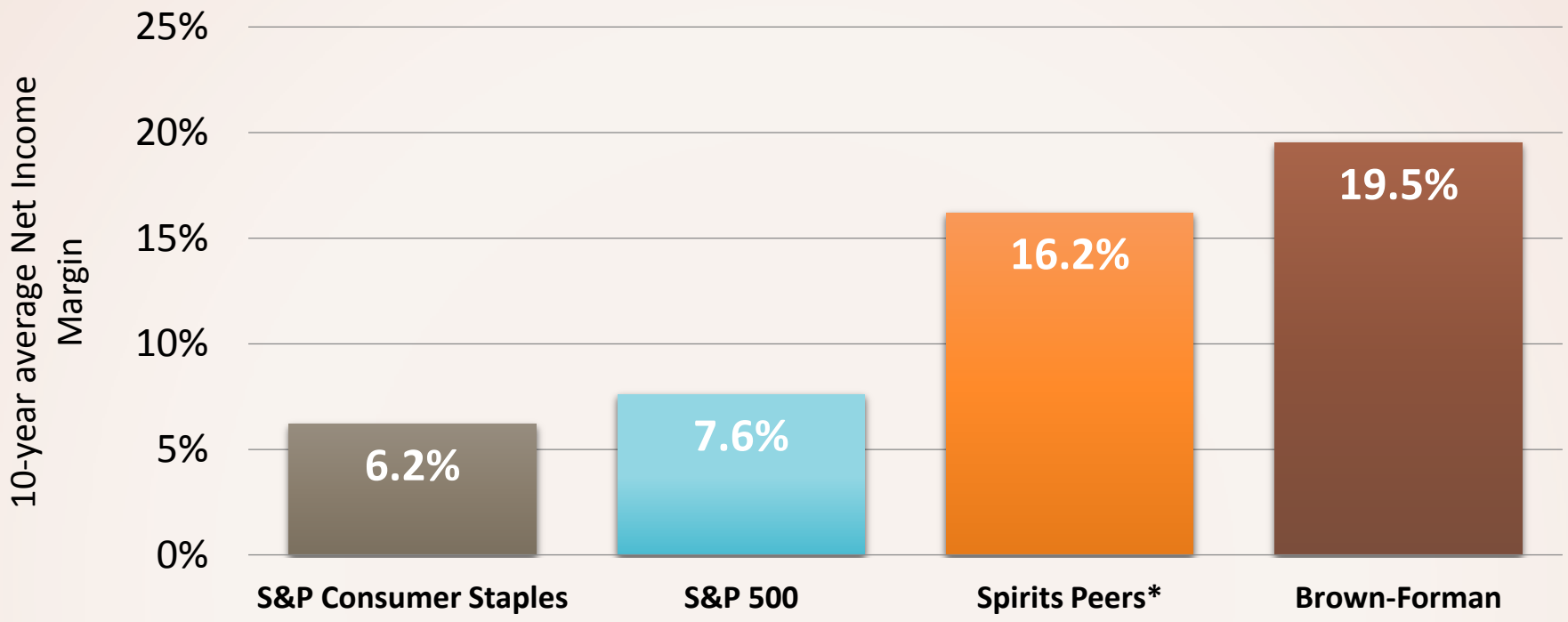



- *Premium American whiskey skew*
- *Pricing power*
- *Cost efficiencies*

*60.7%*
*Industry average*

Source: Factset, Stripped Gross Margins equals Gross Profit divided by Net Sales, less excise taxes.

# Exceptional Net Income Margins

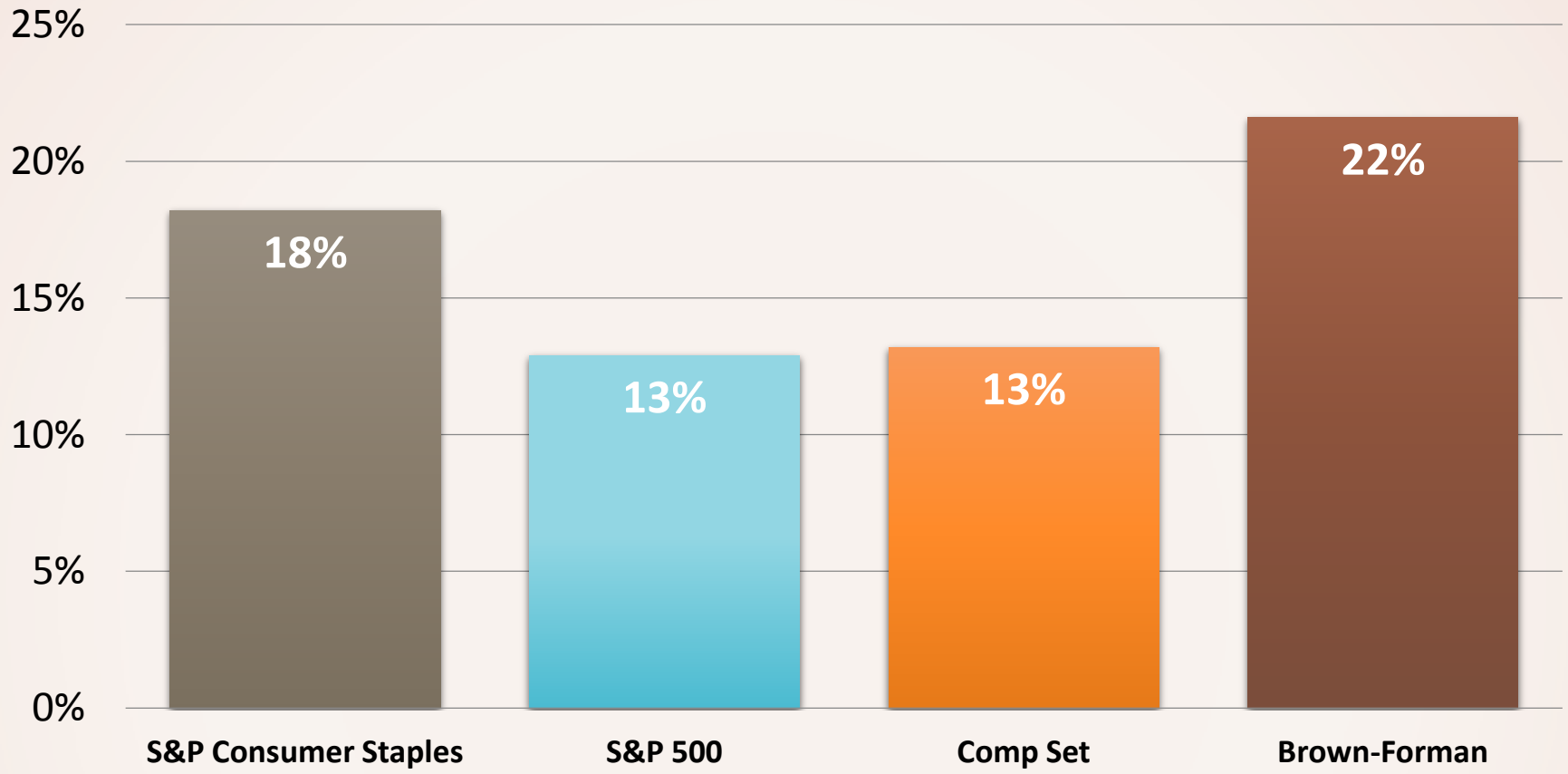



*Net Income Margin = Net Income / Sales (net of excise taxes);*
*Source: Bloomberg, competitors company reports*

* *Aggregate of competitive set*

***2004-2014***
***Free Cash Flow/Net Income***
***= 90%***

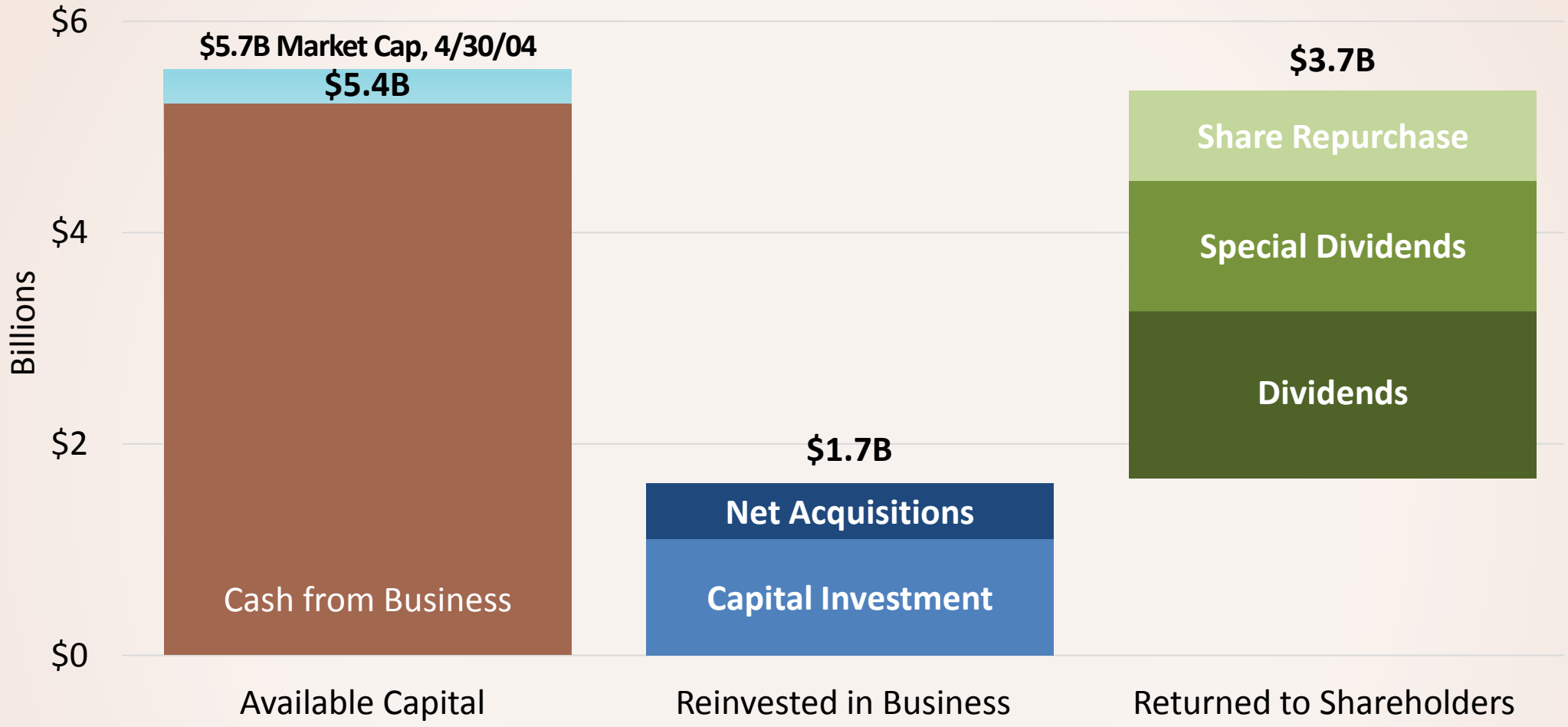
# *Top-tier ROICs with Relatively Low Capital Risk*




Source for S&P 500 and Consumer Staples data: Factset (ROIC defined as net income divided by average total capital, including short-term debt)
Company data for Brown-Forman (Brown-Forman's ROIC is defined as net income and after-tax interest expense, divided by average total capital)
The Competitive set is a weighted average based on LTM operating income (USD) for Diageo, Pernod, Beam, Remy and Campari. Data as of 4/30/14.

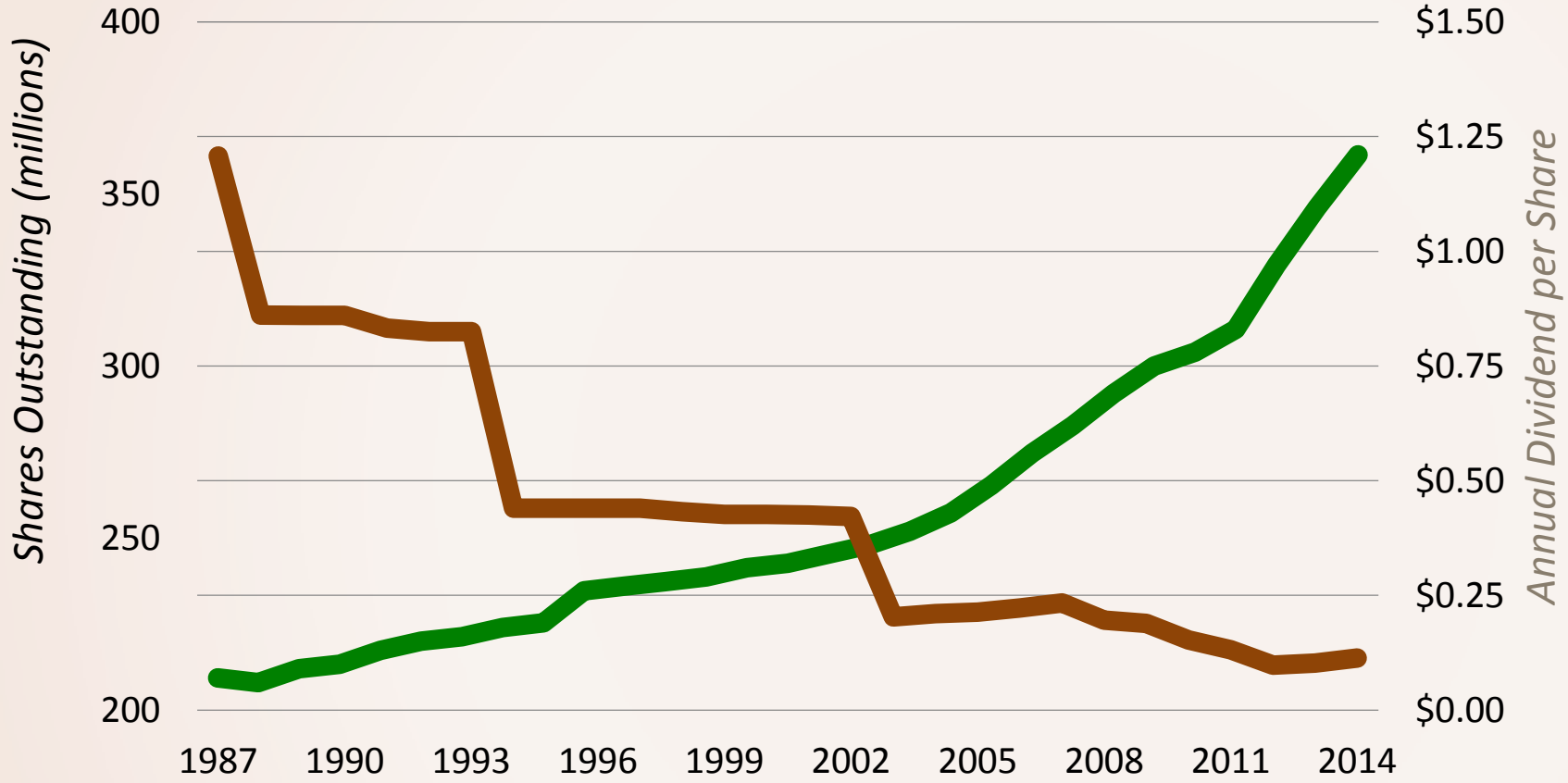
# *Ten Year Allocations of Cash*

*2004-2014*




* Negligible Change in Net Debt $44M

# Consistently Growing the Dividend and Returning Excess Cash to Shareholders




Annual dividend growth

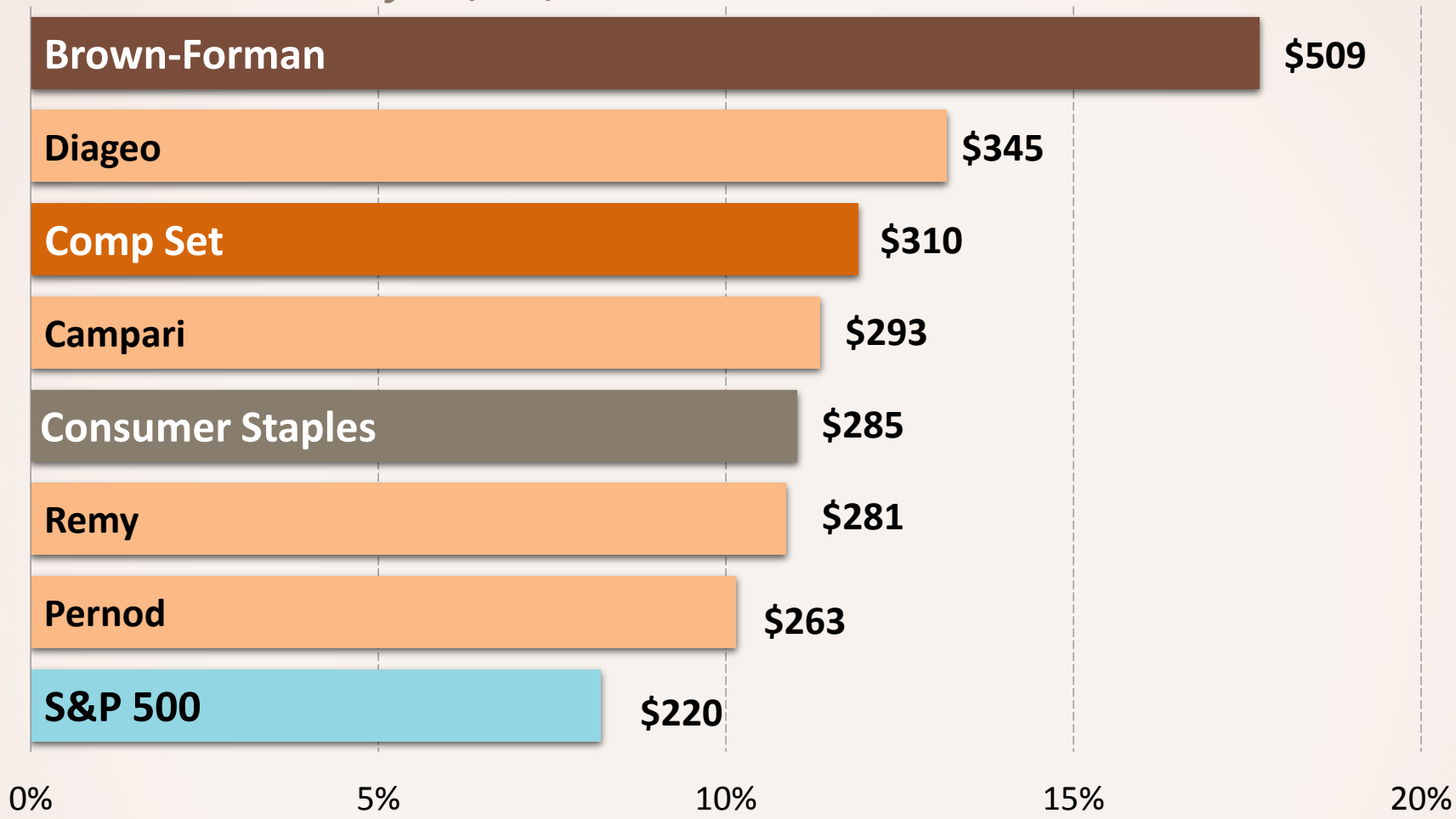
Share repurchases

**And special dividends of $1.2 billion since 2008**

Source: Factset

# Delivering Industry-Leading TSR

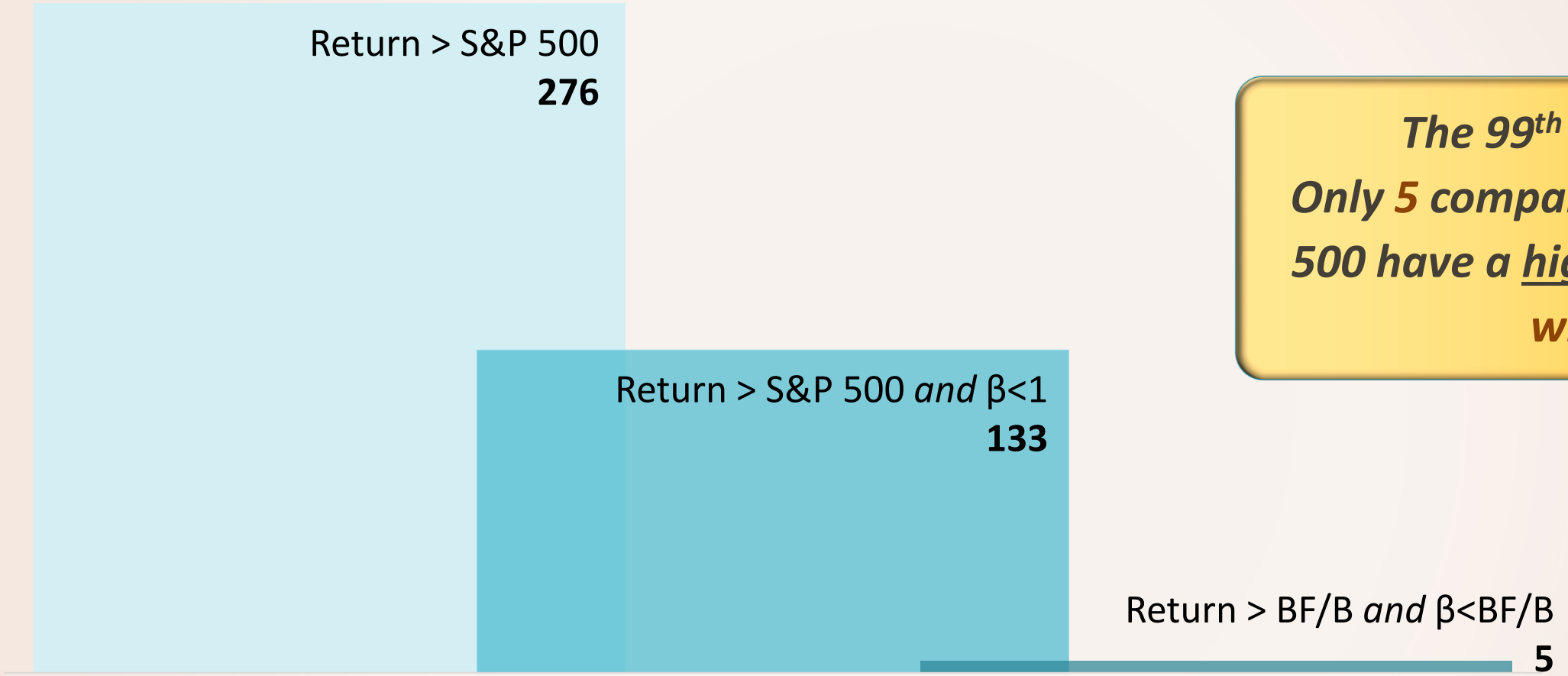
*10 Year TSR as of 10/31/2014*




•Source: FactSet, as of October 31, 2014, in local currency, assuming dividends reinvested.
•Note - The Competitive set is a weighted average based upon each competitors' LTM sales (USD) for Diageo, Pernod, Remy, and Campari.

# *Significantly Less Volatility*

*10 Year Returns through 10/31/2014*



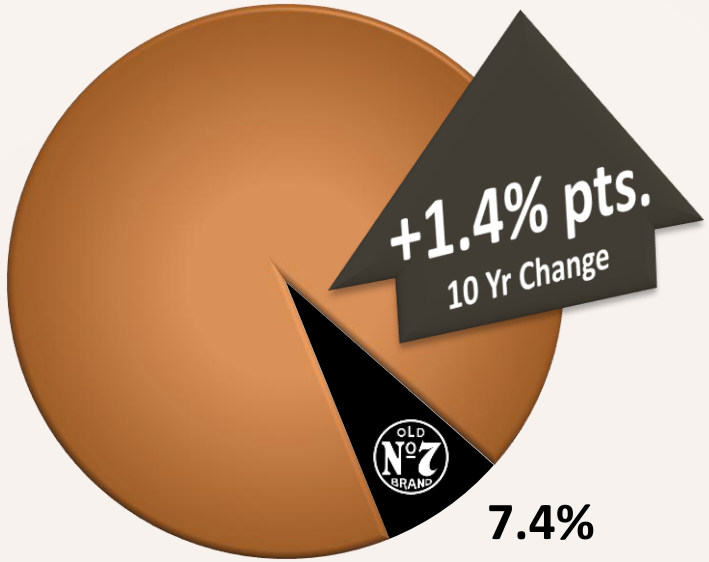

***The 99th Percentile!***
***Only 5 companies in S&P 500 have a higher return with less risk***

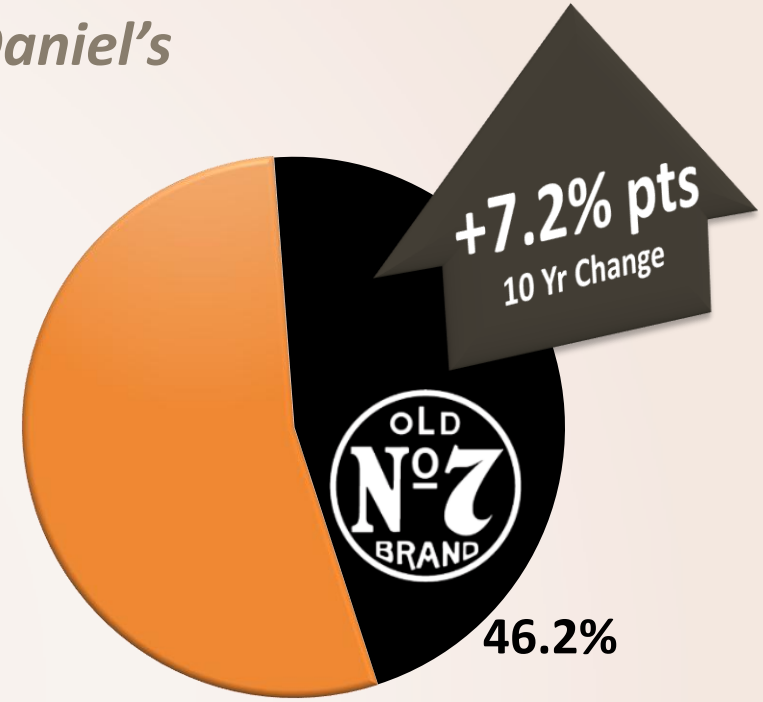
Source: Bloomberg

# *Driving American Whiskey's Global Growth – Long Runway Ahead*

## *A Decade of Value Share Gains for Jack Daniel's*




| *Jack Daniel's Value Share* | |
|---|---|
| **US** | **Outside US** |
| **13.7%** | **6.0%** |

Source: IWSR 2013

# *Brown-Forman Investment Highlights*

- Pure-play spirits portfolio with a ***focus on premium American whiskey***
- Global opportunity for the ***Jack Daniel's trademark***
- ***Competitive advantage*** in production through single point production efficiencies and vertical integration
- Leading the ***global growth of American whiskey*** through focused investments in brands and people
- Established track record of delivering ***top-tier returns*** for shareholders
- ***Brown family control*** and long-term commitment

# #13 Transition VIDEO