Building Forever

Brown-Forman
4Q17 and FY17 Results
June 7, 2017

* The following slides accompany the June 7, 2017 earnings call to discuss Brown-Forman Corporation's financial results for the fourth fiscal quarter and twelve month period ending April 30, 2017. This information should be read in conjunction with the press release issued on that date.

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," 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 uncertainties include, but are not limited to:

- Unfavorable global or regional economic conditions, and related low consumer confidence, high unemployment, weak credit or capital markets, budget deficits, burdensome government debt, austerity measures, higher interest rates, higher taxes, 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, particularly a stronger U.S. dollar
- Changes in laws, regulations, or policies - especially those that affect the production, importation, marketing, labeling, pricing, distribution, 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 (for example, 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 larger producers in favor of smaller distilleries or local producers, or away from brown spirits, our premium products, or spirits generally, and our ability to anticipate or react to them; bar, restaurant, travel or other on-premise declines; shifts in demographic trends; 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, water, raw materials, product ingredients, 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
- Inadequate protection of our intellectual property rights
- Product recalls or other product liability claims; product counterfeiting, tampering, contamination, 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
- Failure to attract or retain key executive or employee talent
- Our status as a family "controlled company" under New York Stock Exchange rules

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.

Highlights

Reported Results

Reported results negatively impacted by acquisitions and divestitures, as well as foreign exchange

Underlying Net Sales

Underlying[1] net sales growth accelerated sequentially throughout FY17, despite a challenging backdrop

Operating Leverage

Operating expense leverage continued through a reduction in SG&A

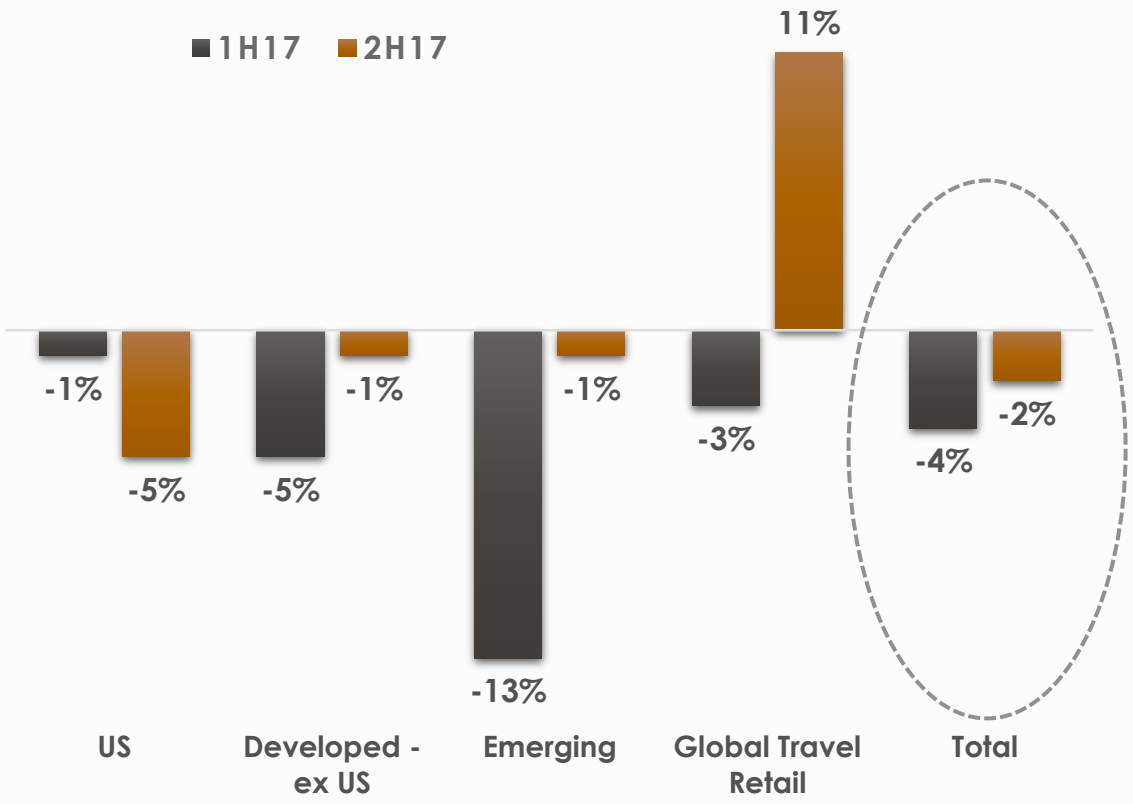
Fiscal 2018 Outlook

Expect 4-5% growth in underlying net sales, 6-8% growth in underlying operating income, and EPS of $1.80-$1.90

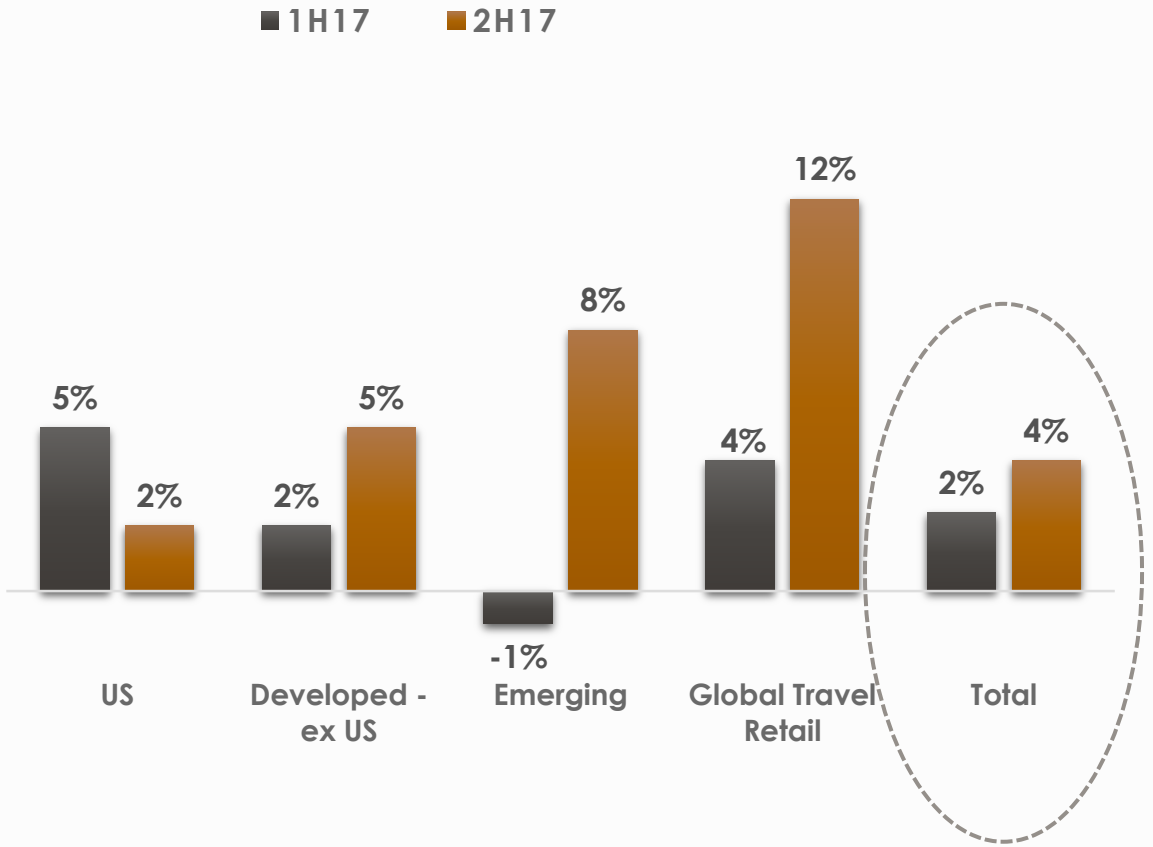
[1]Use of Non-GAAP Financial Information: This presentation includes measures not derived in accordance with U.S. generally accepted accounting principles ("GAAP"), including underlying net sales, underlying cost of sales, underlying gross profit, underlying advertising expense, underlying SG&A, and underlying operating income. These measures should not be considered in isolation or as a substitute for any measure derived in accordance with GAAP, and also may be inconsistent with similar measures presented by other companies. Reconciliations of these measures to the most closely comparable GAAP measures, and reasons for the company's use of these measures, are presented in the appendix attached hereto.

Net Sales by Geography – Stronger Results in 2H17

Reported



Underlying

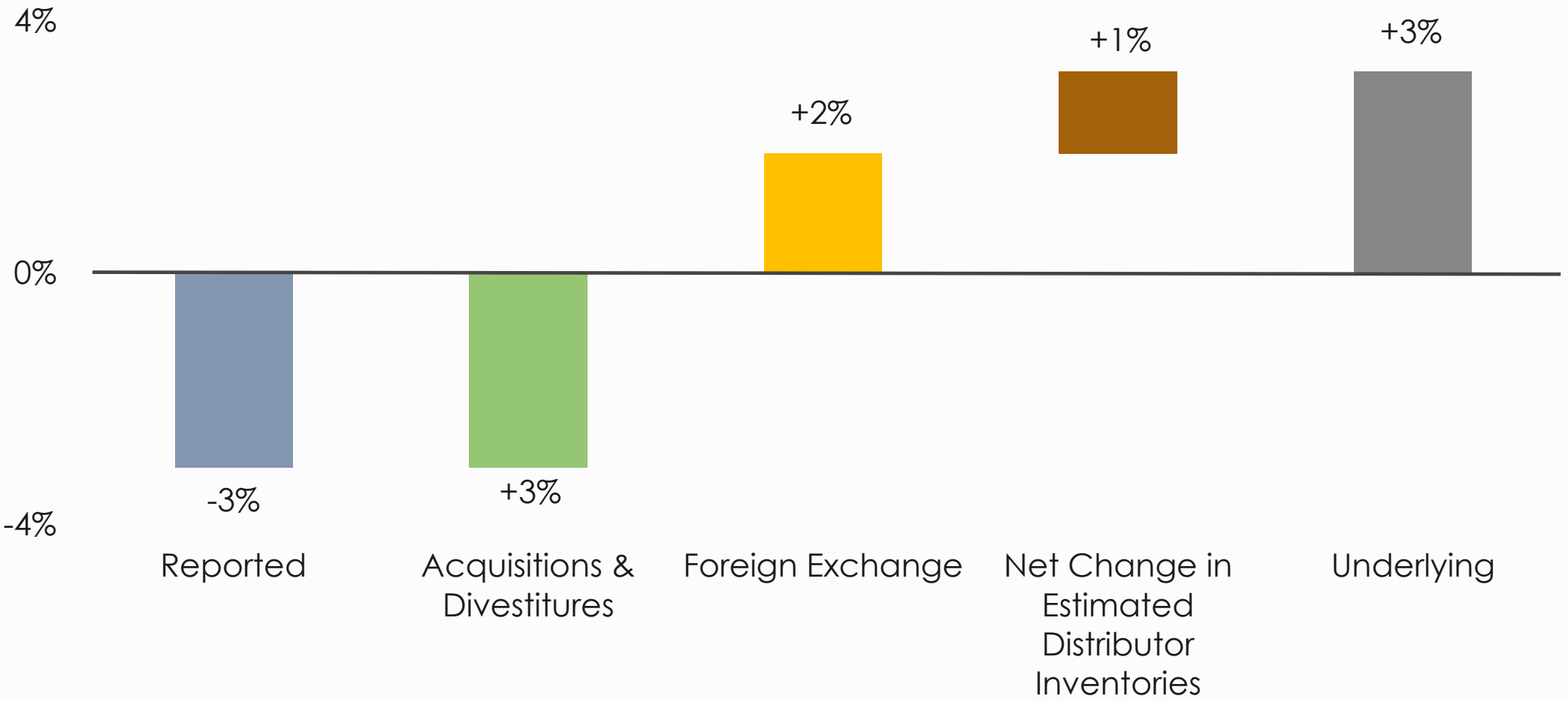


* See appendix for additional details

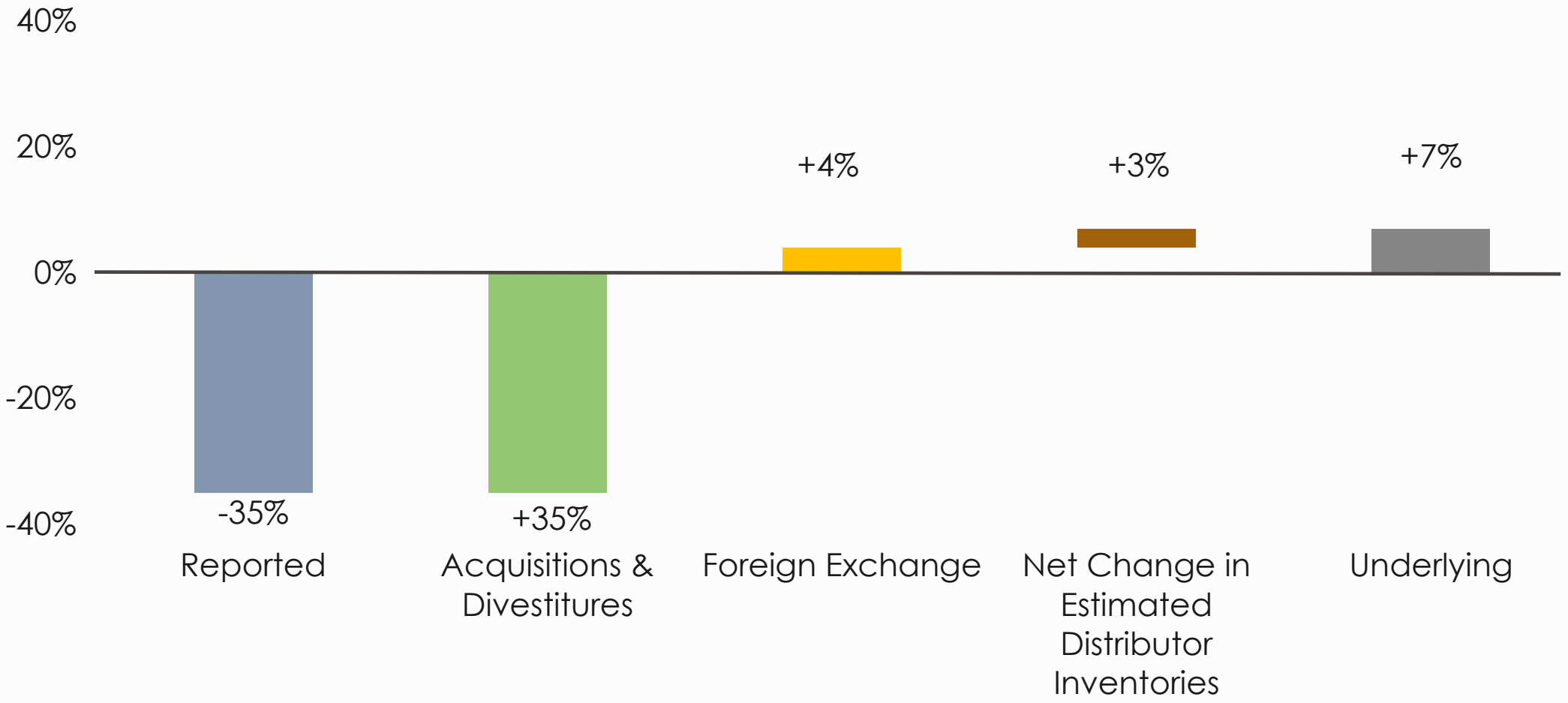
FY17 Income Statement

	Reported Change (%)	Acquisitions & Divestitures +/-	Foreign Exchange Impact (+/-)	Net Change In Estimated Distributor Inventories (+/-)	Underlying Change (%)
Sales	-3%	3%	2%	1%	3%
Gross Profit	-6%	4%	3%	1%	3%
Advertising	-8%	8%	2%	0%	2%
SG&A	-3%	0%	1%	0%	-2%
Operating Income	-35%	35%	4%	3%	7%

FY17 Reconciliation of Sales Growth

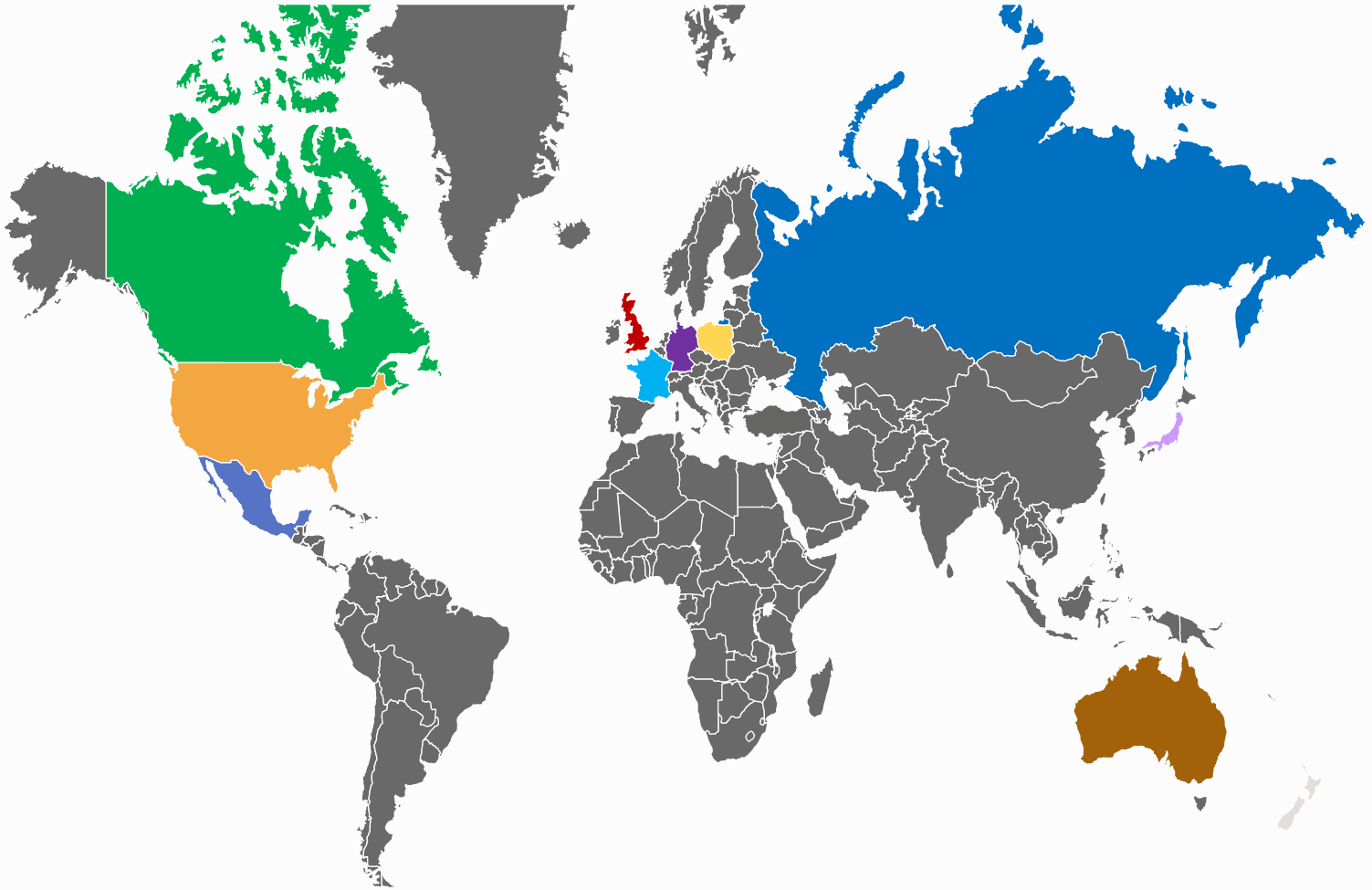


FY17 Reconciliation of Operating Income Growth



FY17 Sales Change in Top Markets

Reported/Underlying



United States
-3%/+4%
Continued growth

United Kingdom
-12%/+5%
Balanced growth

Australia
-2%/+2%
Soft economy and high excise taxes

Mexico
0%/+15%
Strong takeaway for tequilas and JD FOB

Germany
-1%/+6%
Solid growth and reversal of weak 2Q

France
+5%/+10%
Sustained strong growth

Poland
+5%/+9%
Strong JDTW growth, soft Finlandia

Japan
+30%/+18%
Volume growth and large price increase

Canada
-8%/+1%
Stable demand

Russia
-43%/+7%
Better demand and FX related price increases

* See appendix for additional details

FY17 Underlying Sales Growth Highlights



+3%



+20%

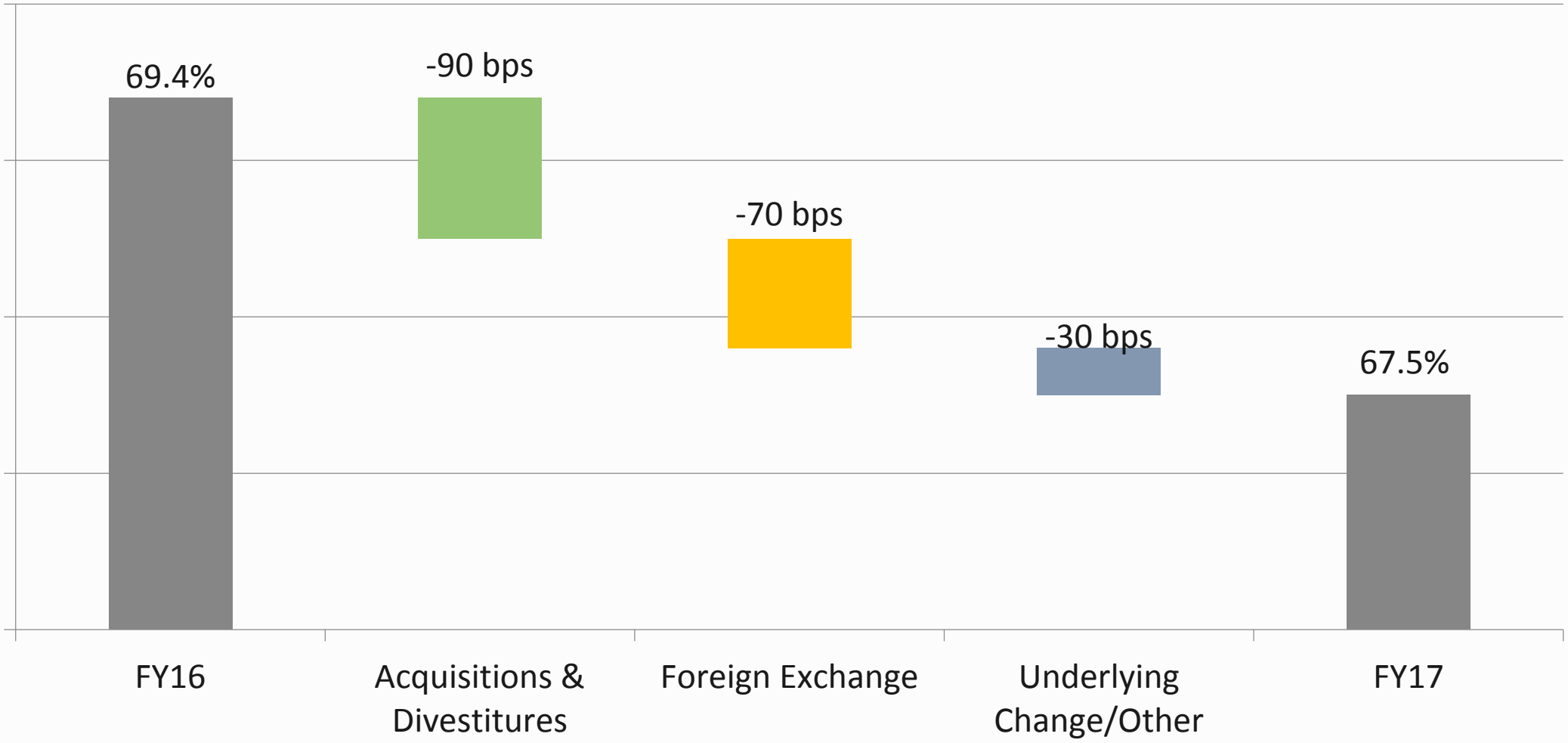




+12%

* See appendix for additional details

FY17 Gross Margin



Summary of Operating Performance

	Three Months Ended April 30, 2017		Twelve Months Ended April 30, 2017	
	Reported Change (%)	Underlying Change (%)	Reported Change (%)	Underlying Change (%)
Net Sales	-5%	4%	-3%	3%
Gross Profit	-6%	4%	-6%	3%
Advertising	-9%	-7%	-8%	2%
SG&A	-1%	1%	-3%	-2%
Operating Income	-71%	13%	-35%	7%
Gross margin	-1.2% points		-1.9% points	
Operating margin	-69.0% points		-16.6% points	
Effective tax rate	-0.1% points		0.0 points	
Share count	-4%		-4%	
Diluted earnings per share	-71%		-34%	

* See appendix for additional details

EPS Growth in Fiscal 2017

	4TH Quarter EPS		Fiscal Year EPS	
	2016	2017	2016	2017
Reported EPS (GAAP)	**$1.30**	**$0.37**	**$2.61**	**$1.71**
Year over Year Growth		***-71%***		***-34%***
Sale of Southern Comfort and Tuaca	**($0.89)**		**($0.88)**	
Earnings contribution from acquired and divested brands	**($0.01)**	**$0.01**	**($0.10)**	**$0.01**
Adjusted EPS (Non-GAAP)[1]	**$0.40**	**$0.38**	**$1.63**	**$1.72**
Year over Year Growth		***-5%***		***5%***

[1] Please see our "Non-GAAP Financial Measures" in schedule A of the accompanying release for details on the sale of Southern Comfort and Tuaca.
Note – EPS numbers may differ due to rounding

Multi-year Resource Reallocation: Accelerate the Top-Line and Drive Sustainable Cost Savings

- FY18-FY20 Focus Areas:
  a. Revenue Management (Analytics to create an ideal balance of volume growth and price increases, discounting and promotional activity and trade terms)

  b. Cost of Goods Sold (Strategic sourcing of raw materials, production processes, packaging refinements)

  c. Leverage prior investments such as route to consumer and drive SG&A efficiencies

  d. A&P support (Reallocate and reinvest, maximize returns and utilize focused media buys)

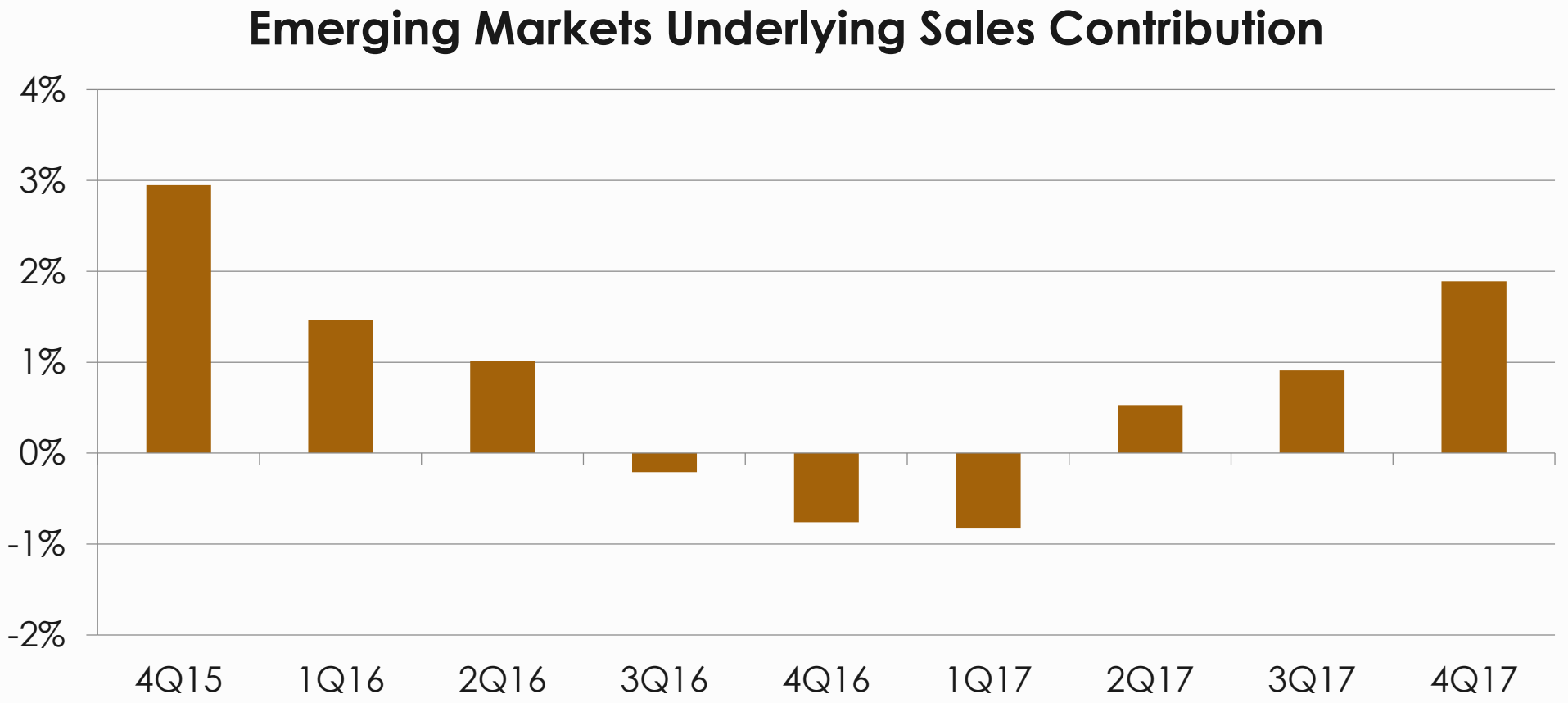
Generate $100 million in cumulative savings from FY18-FY20

FY18 Outlook

Underlying Net Sales	Underlying Operating Income	Diluted EPS
4 – 5%	6 – 8%	$1.80 - $1.90



Emerging Markets' Trends Have Improved



Source: Company reports
Notes – Net of excise taxes and excludes Soco and Tuaca



Appendix

Non-GAAP Reconciliation

We use certain financial measures in this report that are not measures of financial performance under GAAP. These non-GAAP measures, which are defined below, should be viewed as supplements to (not substitutes for) our results of operations and other measures reported under GAAP. The non-GAAP measures we use in this report may not be defined and calculated by other companies in the same manner.

We present changes in certain income statement line-items that are adjusted to an "underlying" basis, which we believe assists in understanding both our performance from period to period on a consistent basis, and the trends of our business. Non-GAAP "underlying" measures include changes in (a) underlying net sales, (b) underlying cost of sales, (c) underlying gross profit, (d) underlying advertising expenses, (e) underlying selling, general, and administrative (SG&A) expenses, and (f) underlying operating income. To calculate these measures, we adjust, as applicable, for (a) foreign currency exchange, (b) estimated net changes in distributor inventories, and (c) the impact of acquisition and divestiture activity. We explain these adjustments below.

- "Foreign exchange." We calculate the percentage change in our income statement line items in accordance with GAAP and adjust to exclude the cost or benefit of currency fluctuations. Adjusting for foreign exchange allows us to understand our business on a constant-dollar basis, as fluctuations in exchange rates can distort the underlying trend both positively and negatively. (In this report, "dollar" always means the U.S. dollar unless stated otherwise.) To eliminate the effect of foreign exchange fluctuations when comparing across periods, we translate current year results at prior-year rates.

- "Estimated net change in distributor inventories." This measure refers to the estimated net effect of changes in distributor inventories on changes in our measures. For each period compared, we estimate the effect of distributor inventory changes on our results using depletion information provided by our distributors. We believe that this adjustment reduces the effect of varying levels of distributor inventories on changes in our measures and allows us to understand better our underlying results and trends.

- "Acquisitions and divestitures." On January 14, 2016, we reached an agreement to sell our Southern Comfort and Tuaca brands and related assets to Sazerac Company, Inc. The transaction closed March 1, 2016, for $543 million in cash, which resulted in a gain of $485 million in the fourth quarter of fiscal 2016. On June 1, 2016, we acquired The BenRiach Distillery Company Limited (BenRiach) for aggregate consideration of $407 million, consisting of a purchase price of $341 million and $66 million in assumed debt and transaction-related obligations that we have since paid. The acquisition, which brought three single malt Scotch whisky brands into our portfolio, included brand trademarks, inventories, three malt distilleries, a bottling plant, and BenRiach's headquarters in Edinburgh, Scotland. This adjustment removes (a) transaction-related costs for the acquisition and divestiture, (b) the gain on the sale of Southern Comfort and Tuaca, and (c) operating activity for the acquisition and divestiture for the non-comparable periods. We believe that these adjustments allow us to understand better our underlying results on a comparable basis.

Management uses "underlying" measures of performance to assist it in comparing and measuring our performance from period to period on a consistent basis, and in comparing our performance to that of our competitors. We also use underlying measures in connection with management incentive compensation calculations. Management also uses underlying measures in its planning and forecasting and in communications with the board of directors, stockholders, analysts, and investors concerning our financial performance.

Reconciliation

Fiscal 2017 Net Sales Growth by Geography

Three Months Ending April 30, 2017					
Geographic area	Reported (%)	Acquisitions & Divestitures (+/-)	Foreign Exchange (+/-)	Net Change in Estimated Distributor Inventories (+/-)	Underlying (%)
US	-9%	2%	0%	8%	1%
Developed – ex US	-2%	3%	8%	-2%	7%
Emerging	-1%	2%	8%	4%	12%
Global Travel Retail	11%	2%	2%	-4%	10%

Twelve Months Ending April 30, 2017					
Geographic area	Reported (%)	Acquisitions & Divestitures (+/-)	Foreign Exchange (+/-)	Net Change in Estimated Distributor Inventories (+/-)	Underlying (%)
US	-3%	5%	0%	2%	4%
Developed – ex US	-3%	3%	3%	0%	4%
Emerging	-7%	0%	7%	3%	4%
Global Travel Retail	3%	3%	2%	0%	7%

Reconciliation

Fiscal 2017 Net Sales Growth by Geography

Six Months Ending October 31, 2016 (First Half)					
Geographic area	Reported (%)	Acquisitions & Divestitures (+/-)	Foreign Exchange (+/-)	Net Change in Estimated Distributor Inventories (+/-)	Underlying (%)
US	-1%	6%	0%	0%	5%
Developed – ex US	-5%	3%	5%	-1%	2%
Emerging	-13%	1%	6%	6%	-1%
Global Travel Retail	-3%	3%	1%	4%	4%
Total	-4%	3%	2%	1%	2%

Six Months Ending April 30, 2017 (Second Half)					
Geographic area	Reported (%)	Acquisitions & Divestitures (+/-)	Foreign Exchange (+/-)	Net Change in Estimated Distributor Inventories (+/-)	Underlying (%)
US	-5%	4%	0%	3%	2%
Developed – ex US	-1%	4%	2%	0%	5%
Emerging	-1%	0%	8%	0%	8%
Global Travel Retail	11%	3%	2%	-3%	12%
Total	-2%	3%	2%	2%	4%

Reconciliation

FY 2017 Net Sales Growth by Top Markets

Geographic area	Reported %	Acquisitions & Divestitures +/-	Foreign Exchange +/-	Net Change in Estimated Distributor Inventories +/-	Underlying %
United States	-3%	5%	0%	2%	4%
United Kingdom	-12%	10%	6%	0%	5%
Germany	-1%	1%	6%	0%	6%
Poland	5%	-1%	4%	0%	9%
France	5%	-1%	5%	0%	10%
Japan	30%	0%	-4%	-9%	18%
Russia	-43%	0%	4%	46%	7%
Australia	-2%	5%	-2%	0%	2%
Mexico	0%	0%	15%	-1%	15%
Canada	-8%	4%	3%	3%	1%

Reconciliation

FY 2017 Net Sales Growth for Aggregated Brands

Aggregated Brands	Reported %	Acquisitions & Divestitures +/-	Foreign Exchange +/-	Net Change in Estimated Distributor Inventories +/-	Underlying %
Old Forester & Woodford Reserve	15%	0%	0%	5%	20%
el Jimador, Herradura, & New Mix	3%	0%	8%	1%	12%

Reconciliation

4Q17 Income Statement

	Reported Change (%)	Acquisitions & Divestitures +/-	Foreign Exchange Impact (+/-)	Net Change In Estimated Distributor Inventories (+/-)	Underlying Change (%)
Sales	-5%	2%	3%	4%	4%
Gross Profit	-6%	2%	4%	4%	4%
Advertising	-9%	1%	1%	0%	-7%
SG&A	-1%	1%	1%	0%	1%
Operating Income	-71%	61%	12%	10%	13%

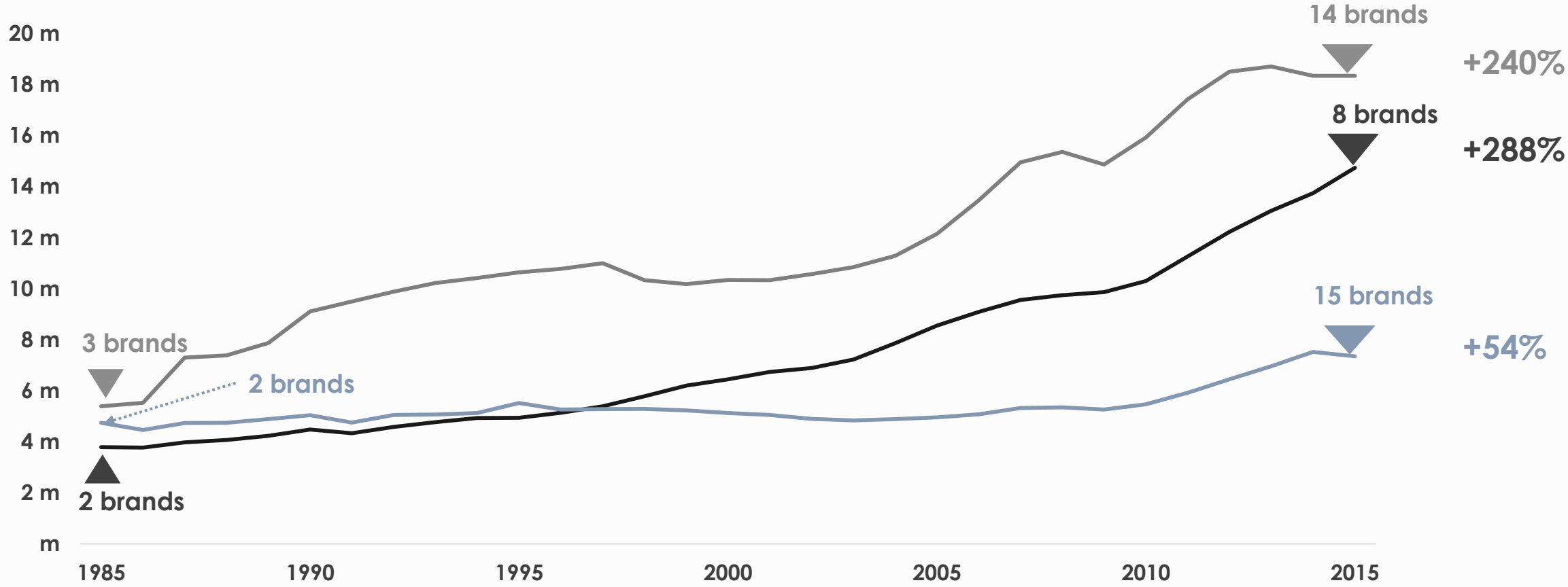
Summary Slides from Investor Day

30 Year CAGR for Jack Daniel's FOB of 5%

JD FoB 10yr CAGR = 3%
JDTW 10yr CAGR = 3%

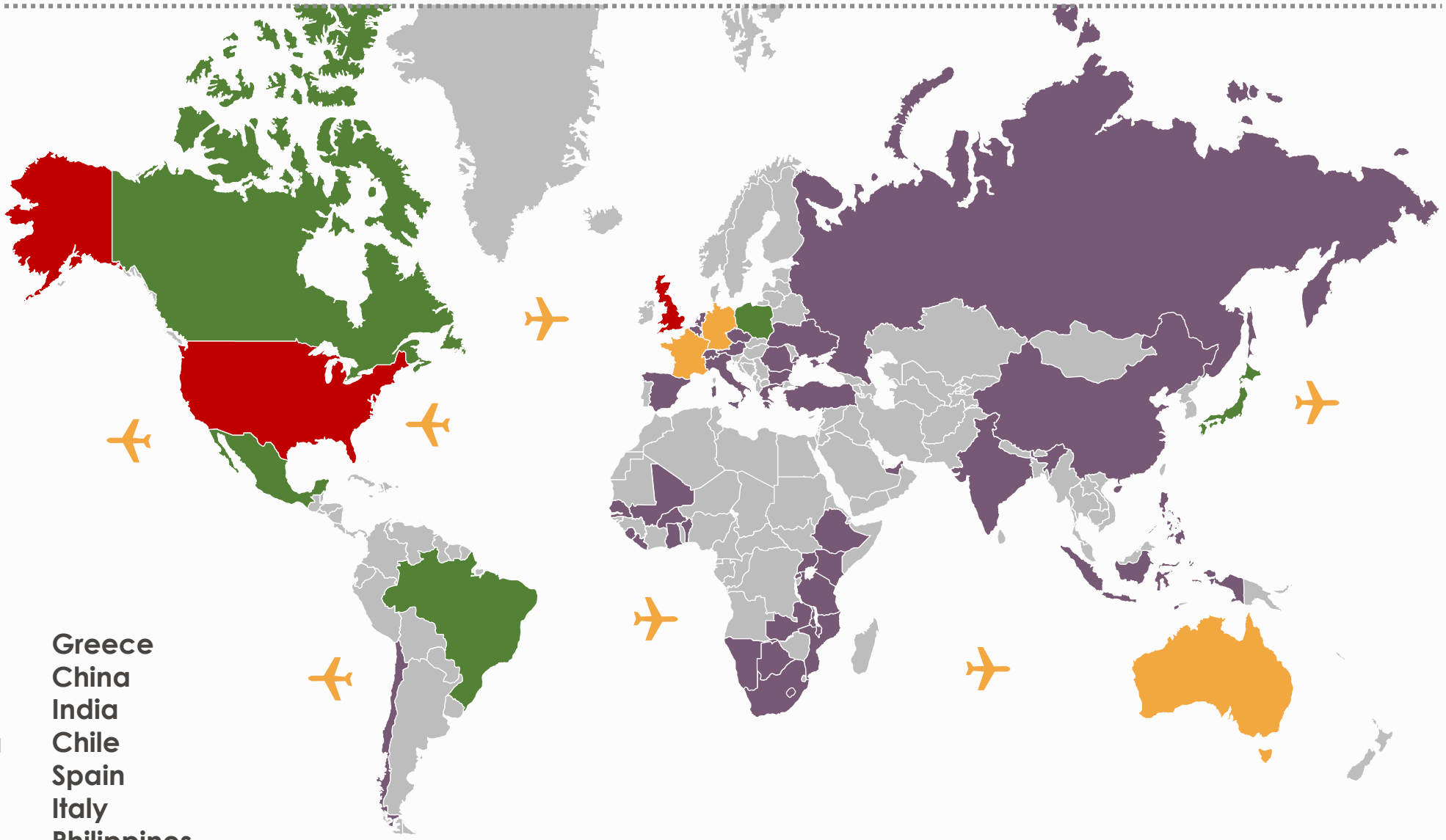
JD FoB 10yr CAGR = 5%
JDTW 10yr CAGR = 5%

JD FoB 10yr CAGR = 6%
JDTW 10yr CAGR = 4%



Source: IWSR 2015 Volume – Full Strength Portfolio

Growth Through Evolved Global Footprint



1M+

501K – 1M

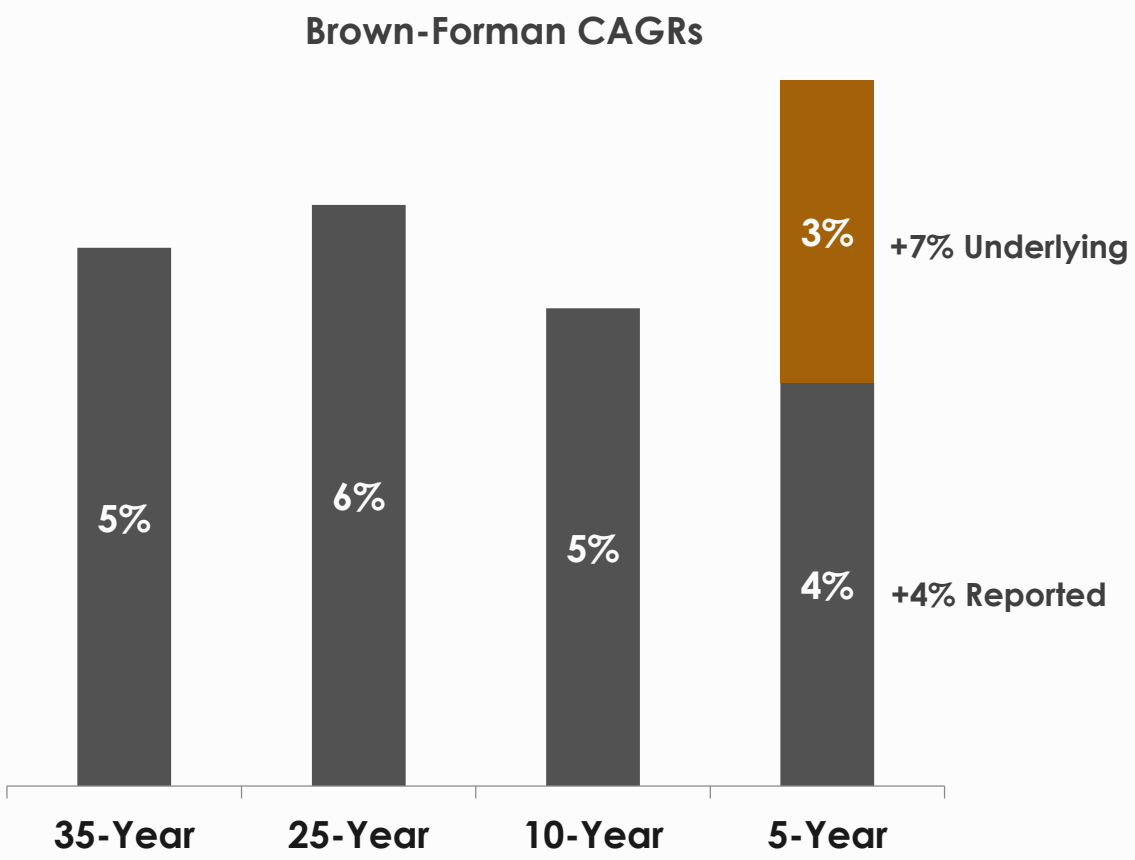
201K – 500K

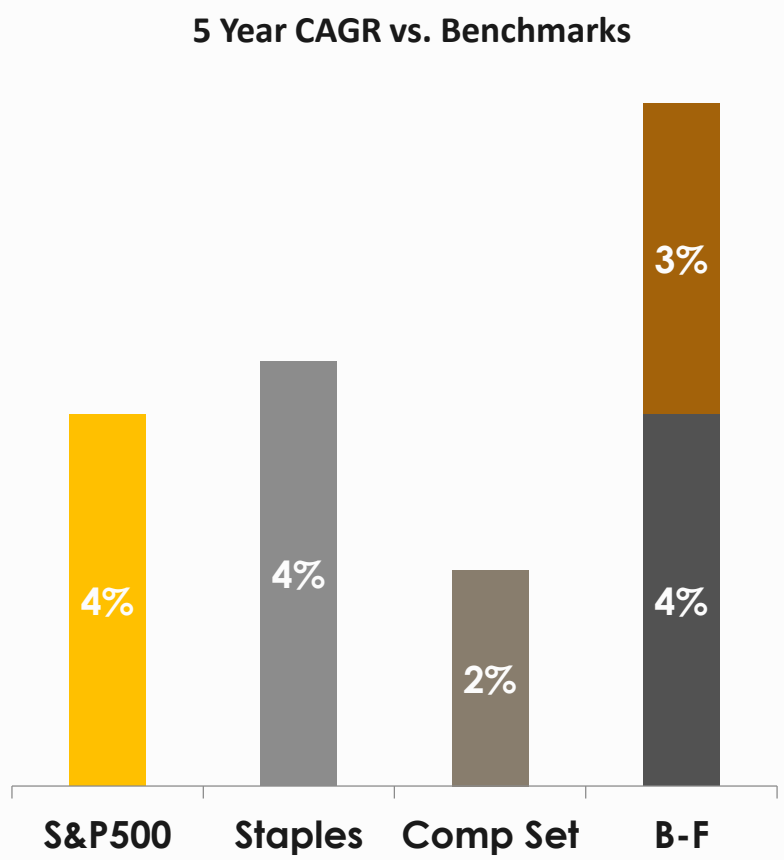
50K – 200K

South Africa	Russia	Greece
Indonesia	Bulgaria	China
Belgium	Austria	India
Emerging Africa	Romania	Chile
Netherlands	Turkey	Spain
Switzerland	Ukraine	Italy
Czech Republic	U.A.E.	Philippines

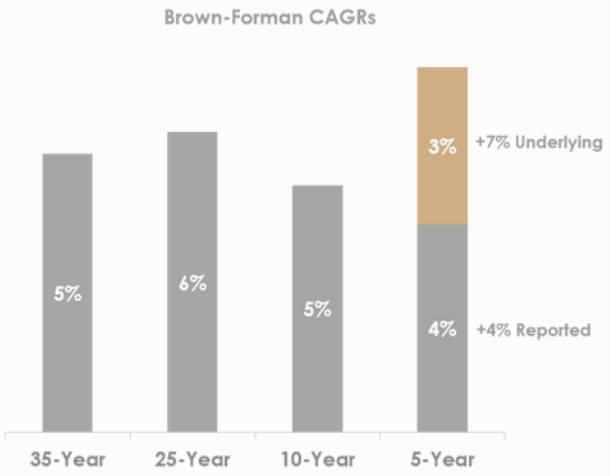
Source: IWSR, 9L Depletions 2015

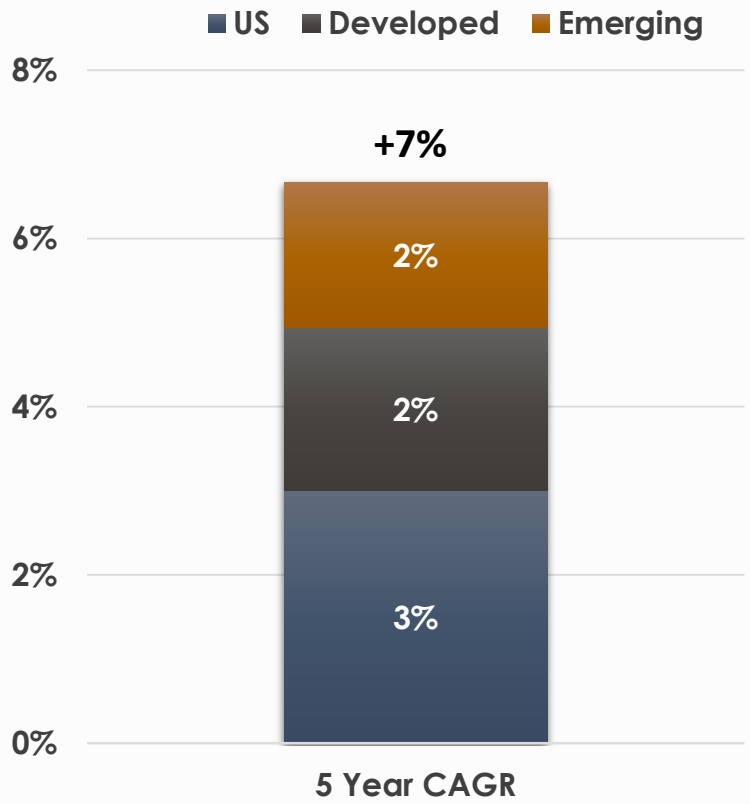
Consistent Revenue Growth

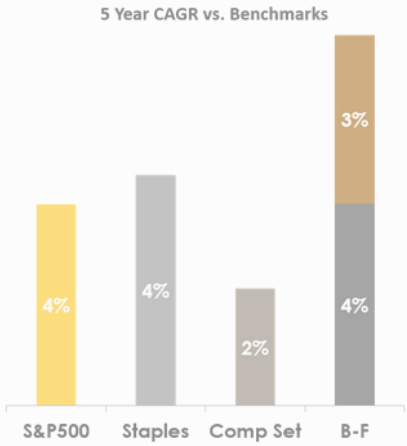




Balanced Geographic Growth Drivers







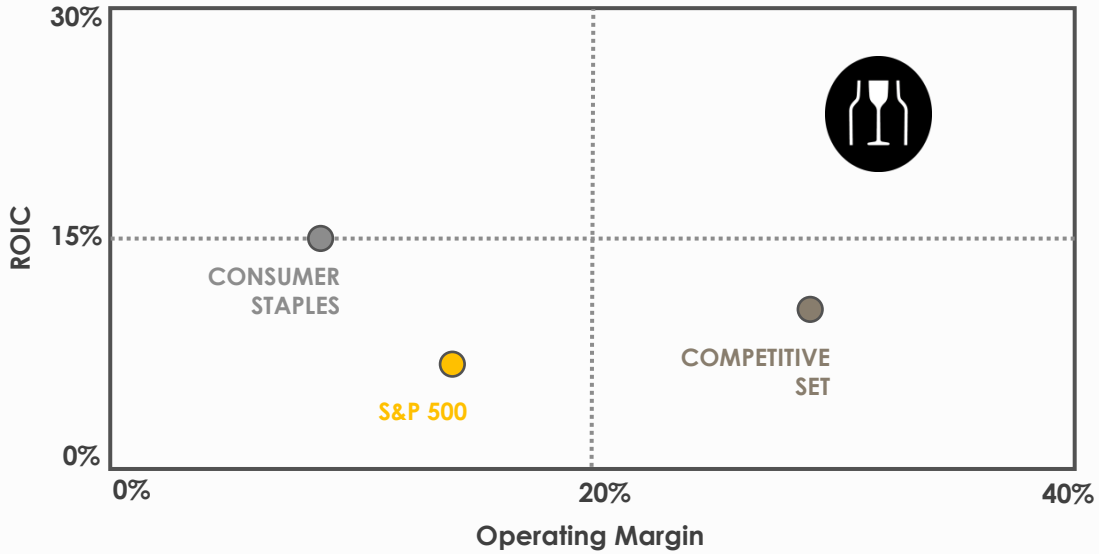
Source: Factset and company information. The competitive set is a weighted average based upon the last five fiscal years sales growth, and includes Diageo, Pernod, Campari, and Remy. See Brown-Forman Corporation Investor Day Non-GAAP Appendix Measures on our website for additional details on non-GAAP disclosures.

Strong and Improved Operating Margins

Brown-Forman Reported Operating Margin (2006 – 2016)

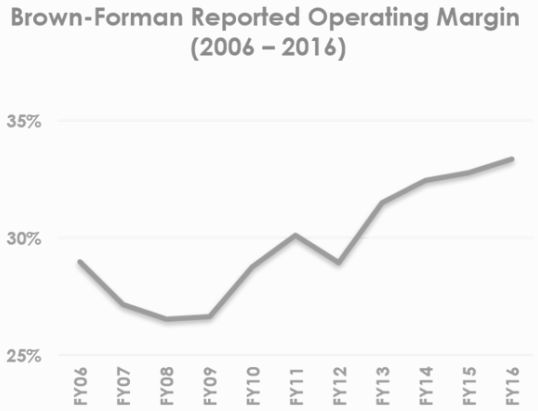


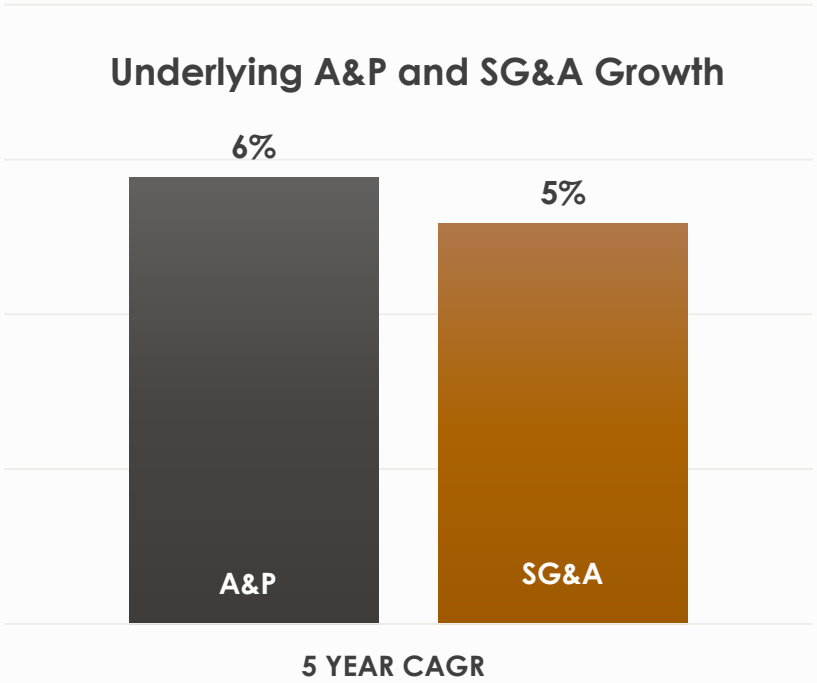
Financial Attractiveness

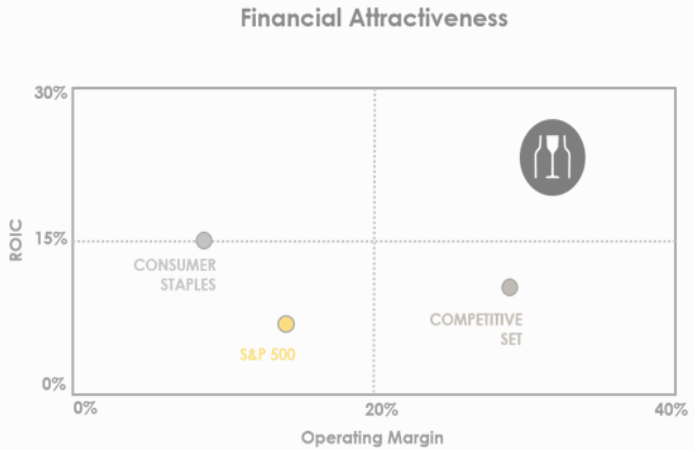


Source: Factset and company information. The competitive set is a weighted average based upon the last five fiscal years sales growth, and includes Diageo, Pernod, Campari, and Remy. See appendix for additional details on non-GAAP disclosures. ROIC is defined as the sum of net income (excluding the gain on the sale of Southern Comfort and Tuaca) and after-tax interest expense, divided by average invested capital. Invested capital equals assets less liabilities, excluding interest-bearing debt.

Consistent Investments Behind Brands and People







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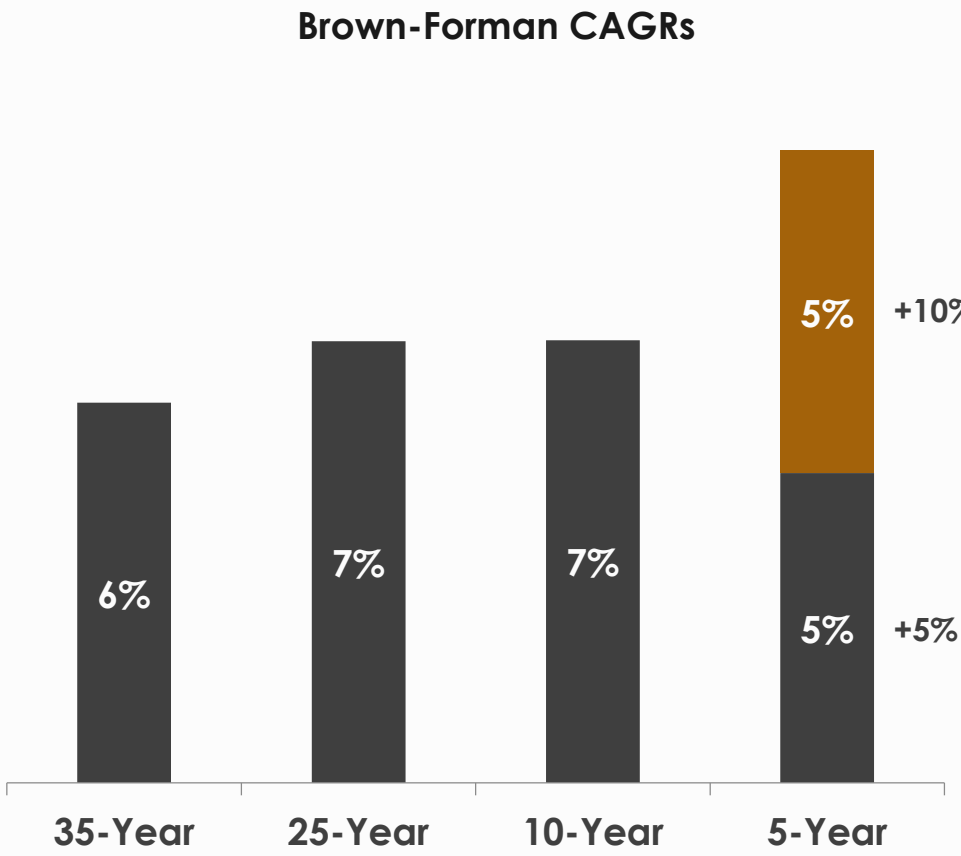
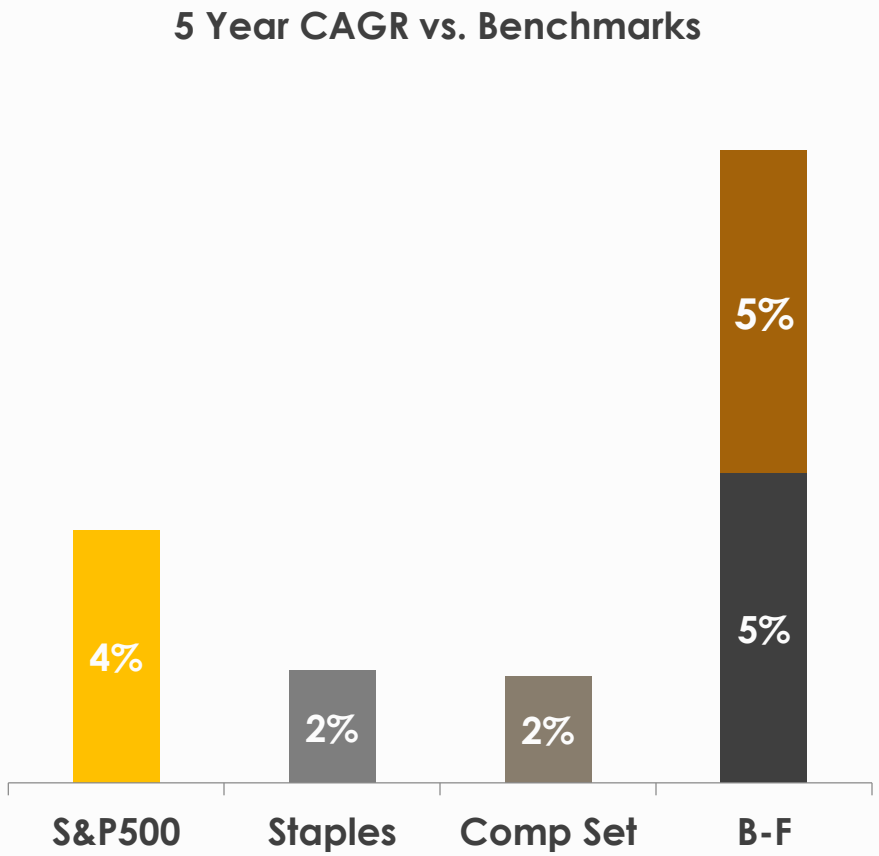
Consistent Long-Term Operating Income Growth

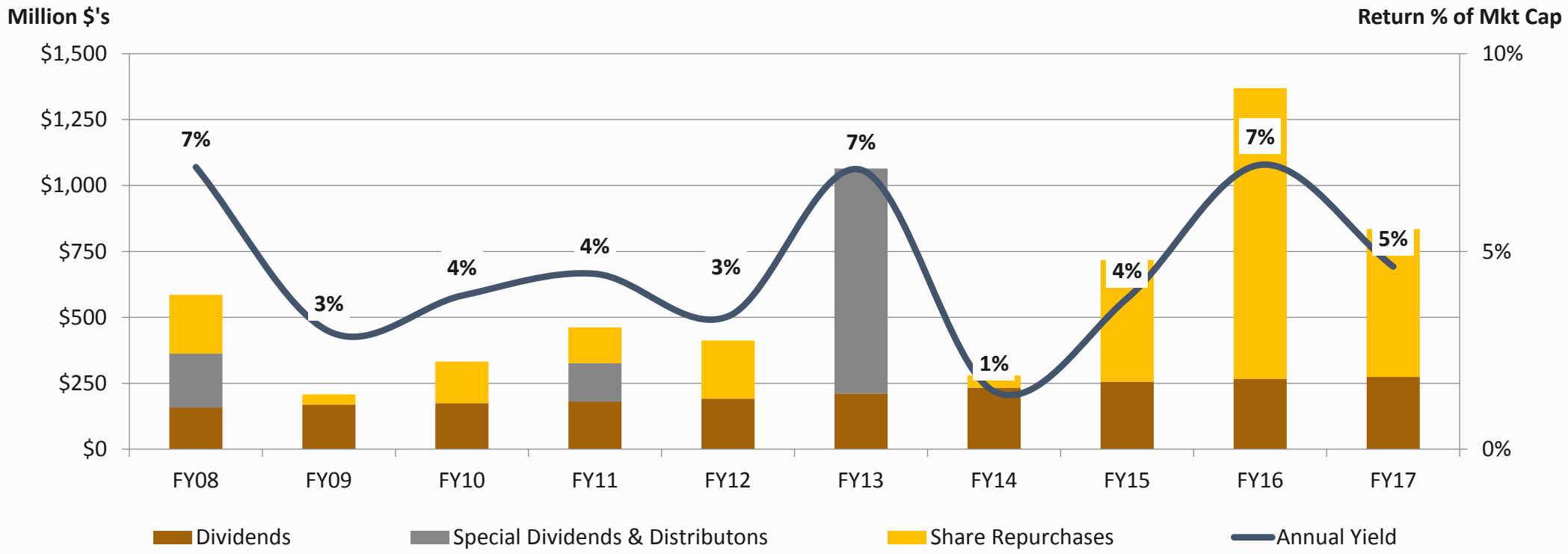




Source: Factset and company information. The competitive set is a weighted average based upon the last five fiscal years sales growth, and includes Diageo, Pernod, Campari, and Remy. See Brown-Forman Corporation Investor Day Non-GAAP Appendix Measures on our website for additional details on non-GAAP disclosures.

Shareholder-Friendly Capital Allocation

Average Annual 'Yield' of 4.6% Over Last Decade; 46% Return of Capital



Source: Factset and company information