

FOCUSING ON TODAY. BUILDING FOR TOMORROW.

BROWN-FORMAN

Annual Stockholders' Meeting

July 27, 2017



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Geo. Garvin Brown IV
Chairman of the Board



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Paul C. Varga
Chairman and CEO

The Cost of Service

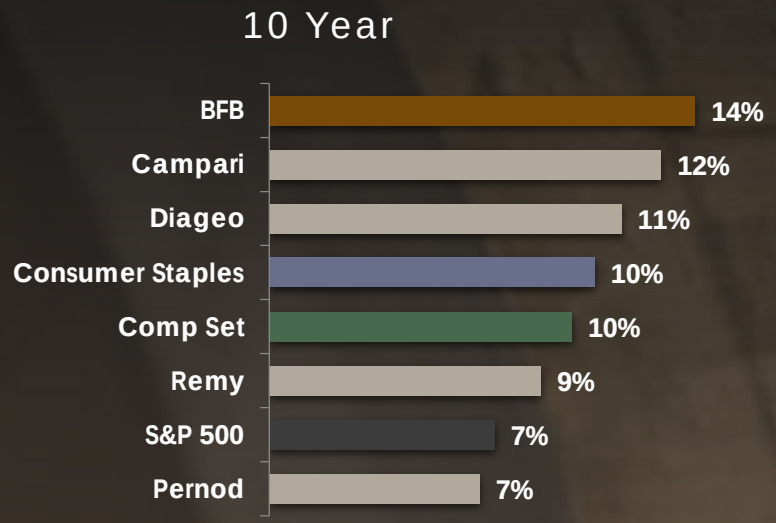
2003

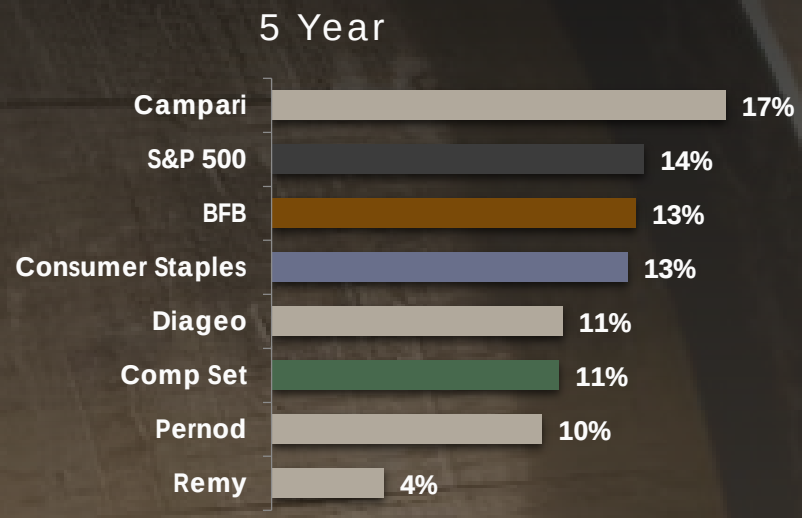


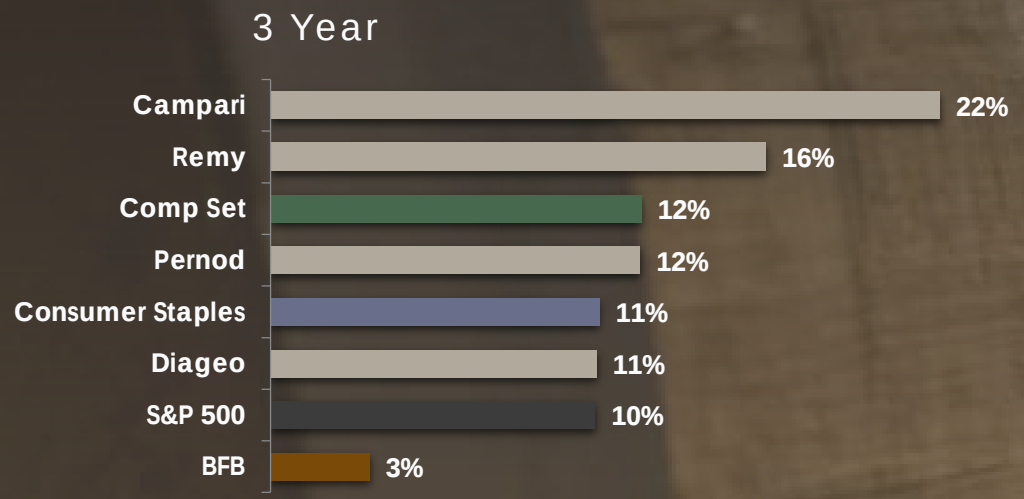
Today

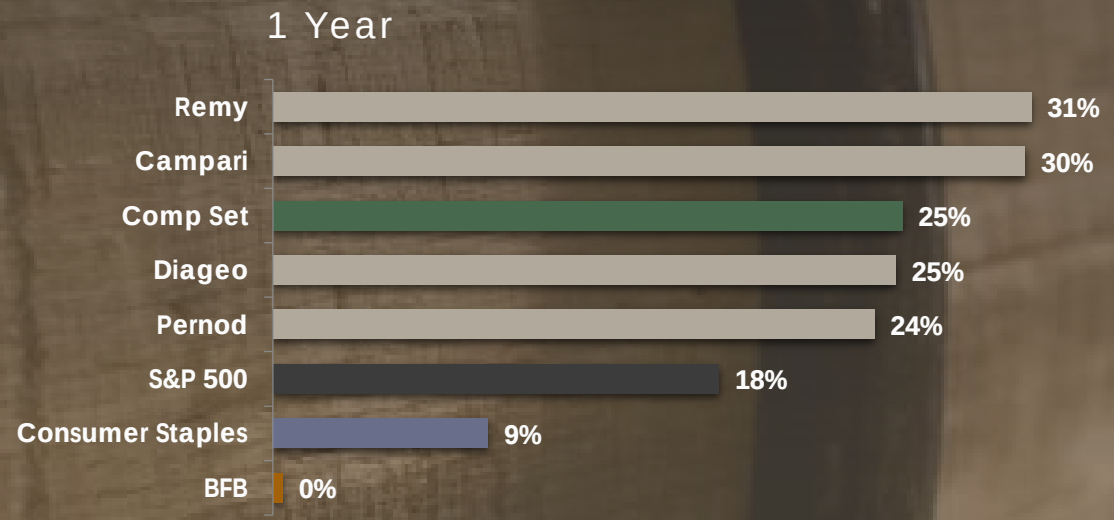


TSR CAGR (Local currency with dividends reinvested)









Source: Factset

Chapter 1: FY17 Highlights

- Underlying Growth
- American Whiskey
- Geographic Balance
- Investments for Future
- Portfolio Reshaping
- Operating Leverage / Cost Discipline
- Leading Operating Margin & ROIC
- $835M Returned to Shareholders

- FX Headwinds
- Impact from Portfolio Reshaping
- Used Barrel Sales
- Emerging Market Slowdown
- Less Impact from Innovation

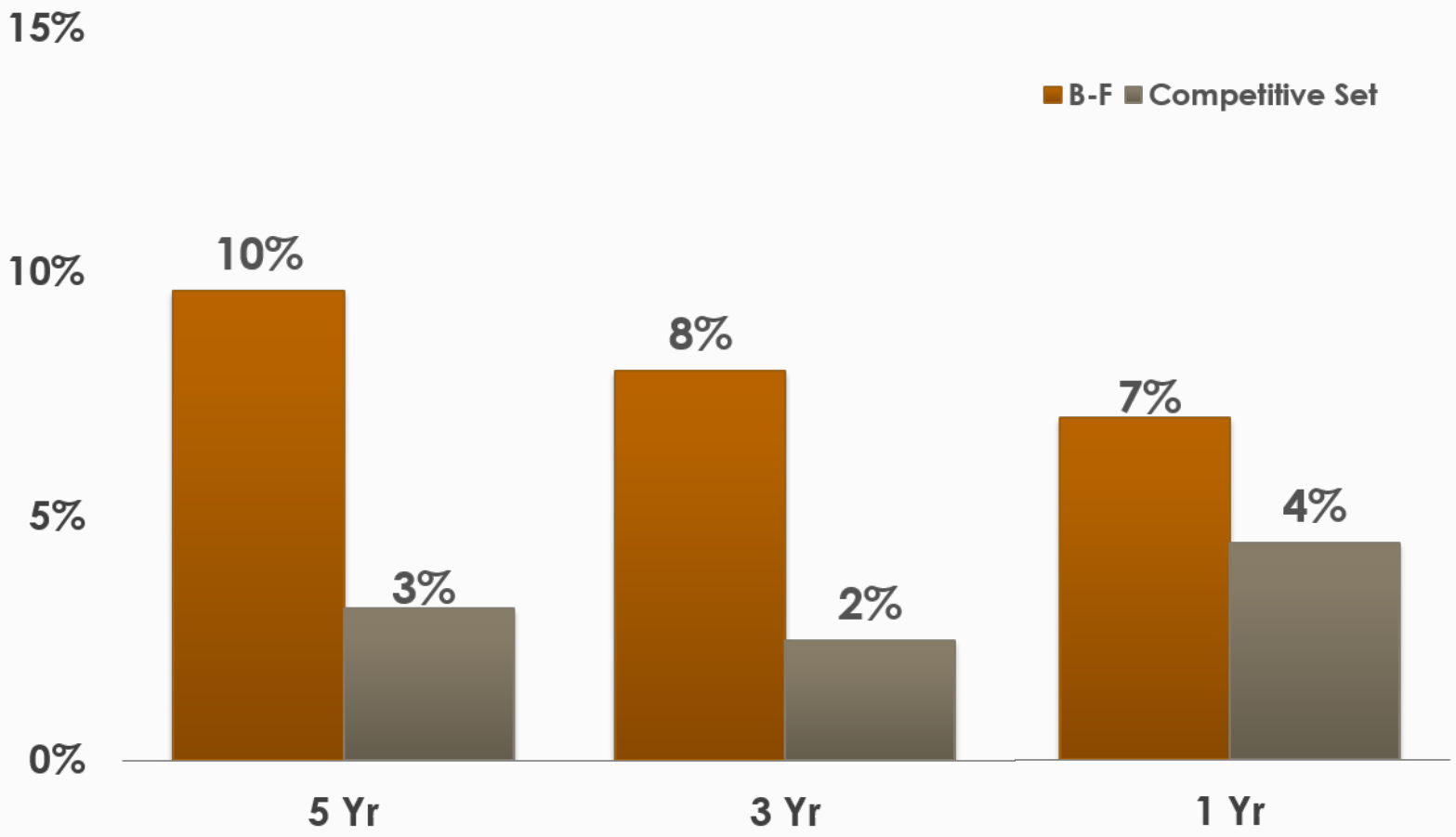


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Outgrowing the Competition

Organic Operating Income (Compound Annual Growth Rate)



Source: Company Reports and FactSet for the Competitive Set, which is based on a weighted average of fiscal year operating income (USD) for Diageo, Pernod, Bacardi, LVMH, Remy and Campari. The 1, 3, and 5 year comparisons include actual results through each company's most recent fiscal year.

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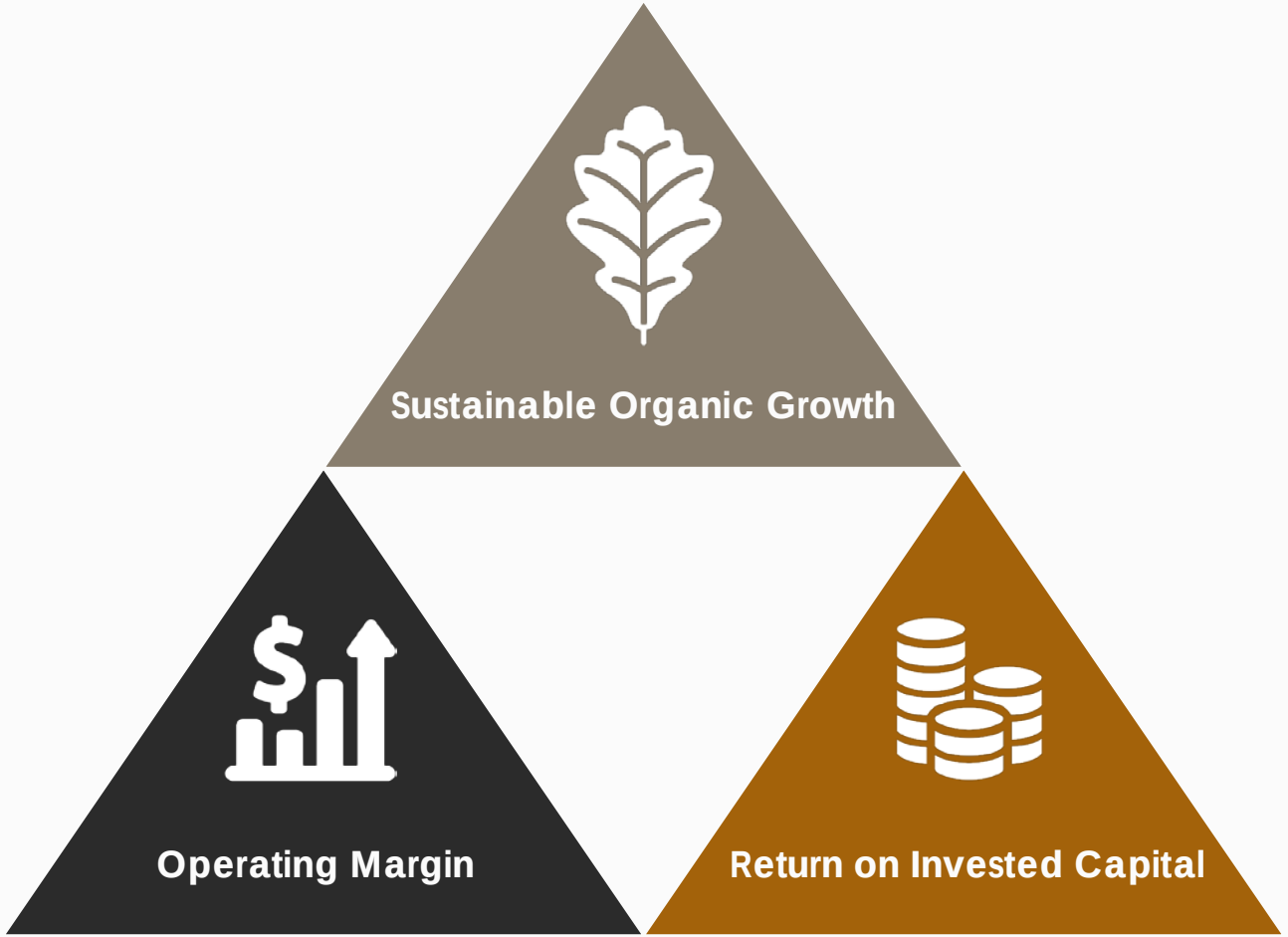
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FY18 Priorities

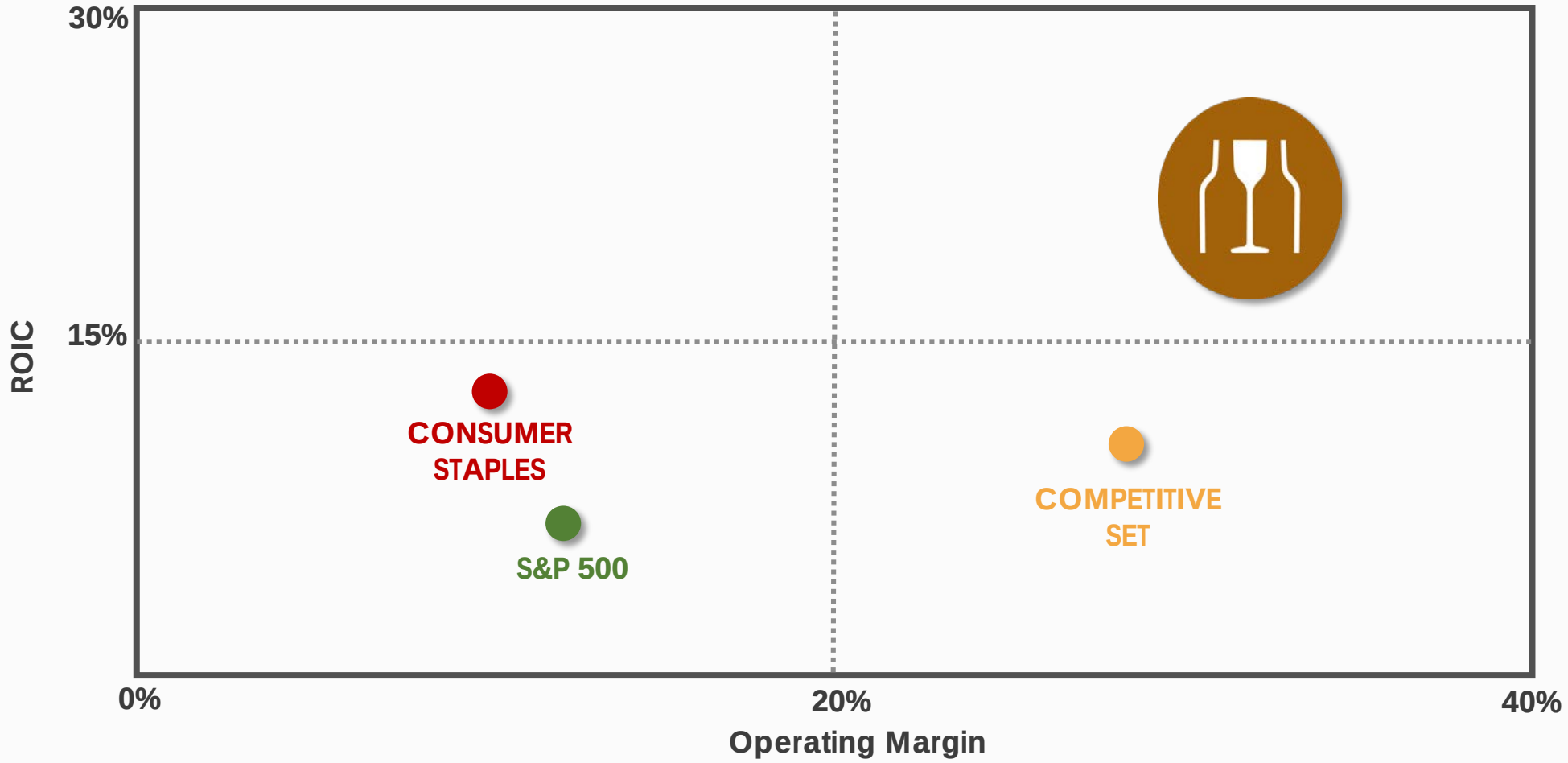
- Accelerate Net Sales
- Leverage Existing Assets and Prior Investments
- Invest with Improved Effectiveness and Efficiency
- Innovative Mindset
- Execute with Heightened Competitiveness
- Collaborate with Sense of Urgency



Striving For Consistency



Growing with Top Tier Margins and ROIC

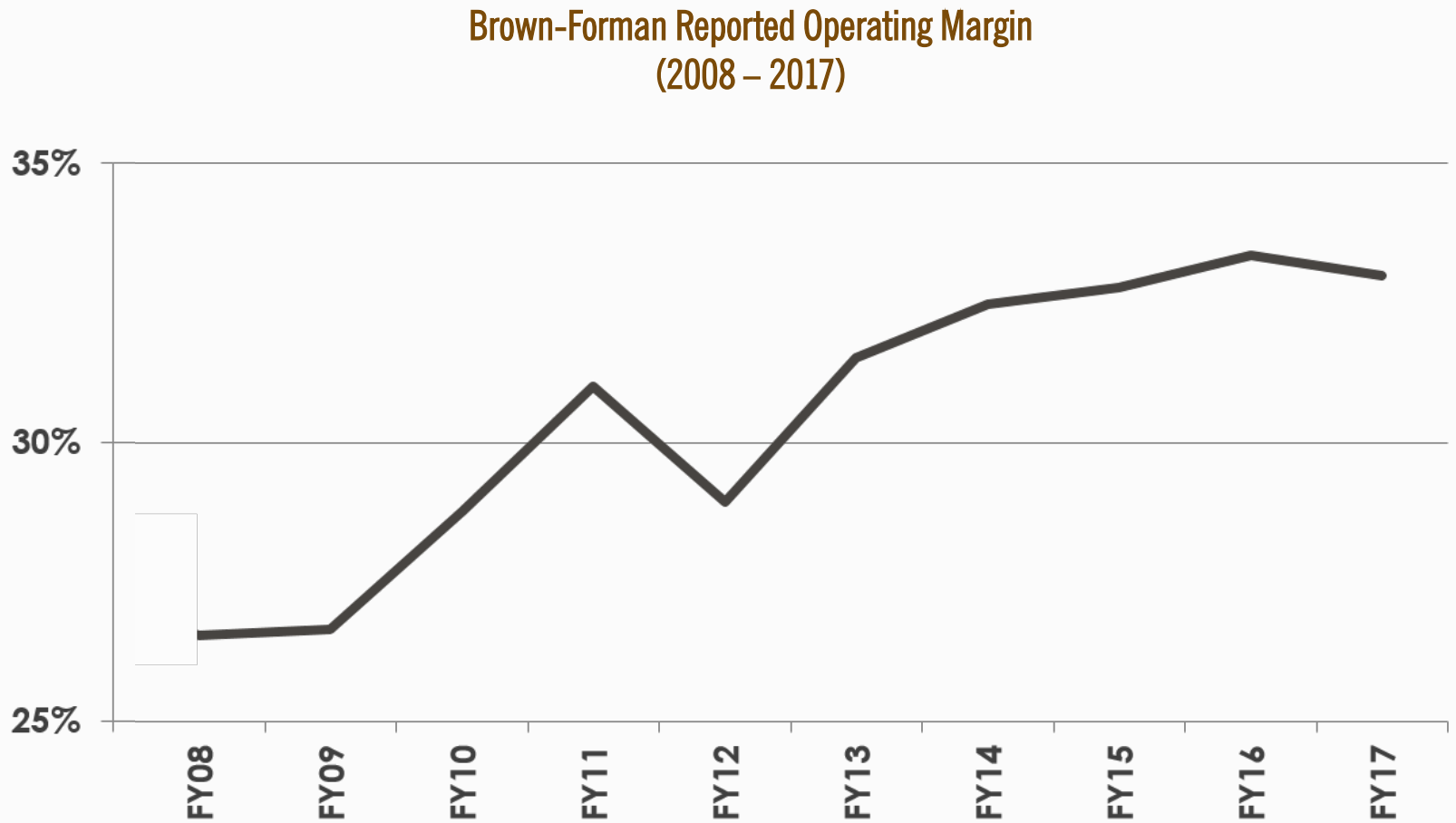


Source: Company information and Factset for the indices and Competitive Set, which is based upon weighted average operating income for Diageo, Pernod, Campari, and Remy. ROIC is defined as the sum of net income (excluding the gain on the sale of Southern Comfort and Tuaca and after-tax interest expense, divided by average invested capital. Invested capital equals assets less liabilities, excluding interest bearing debt.

Strong and Improving Operating Margins

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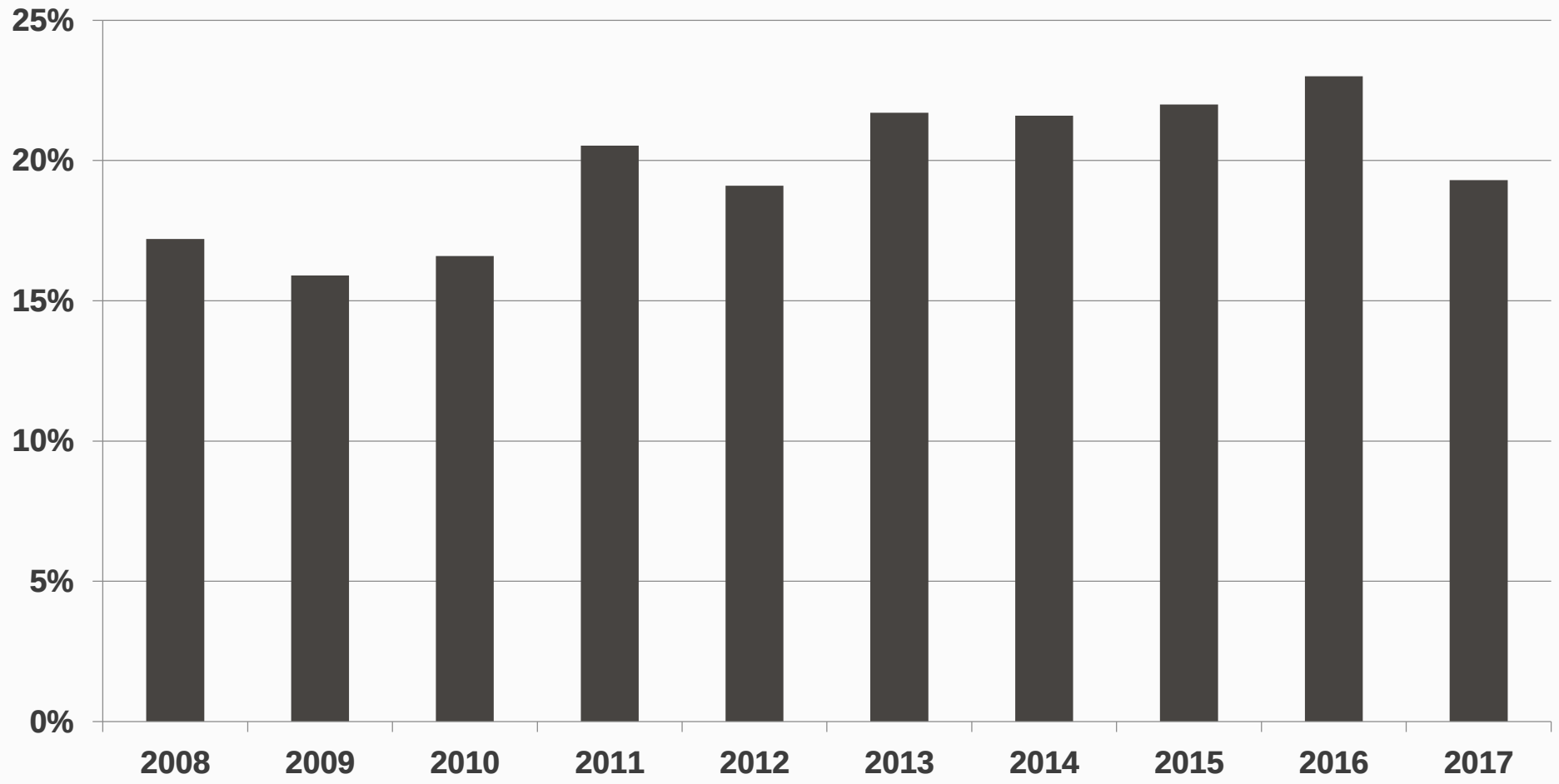


Source: Factset. The reported operating margin excludes the gains from the sale of our Hopland based wine business in FY11 and Southern Comfort and Tuaca in FY16.

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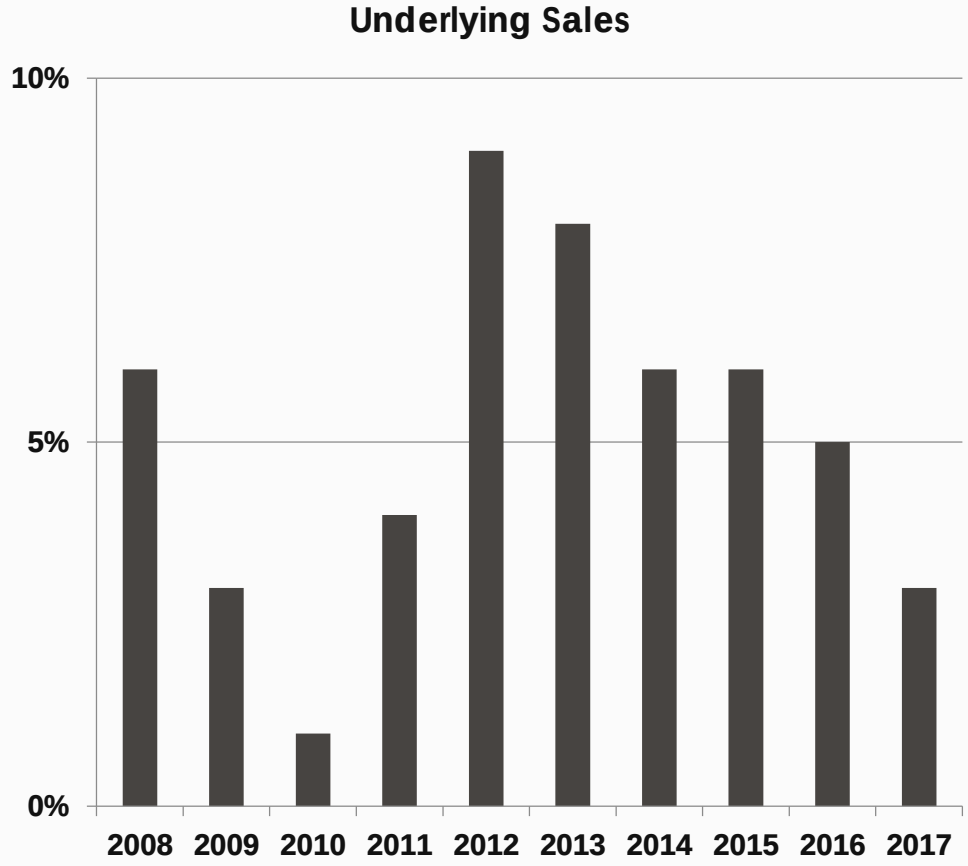
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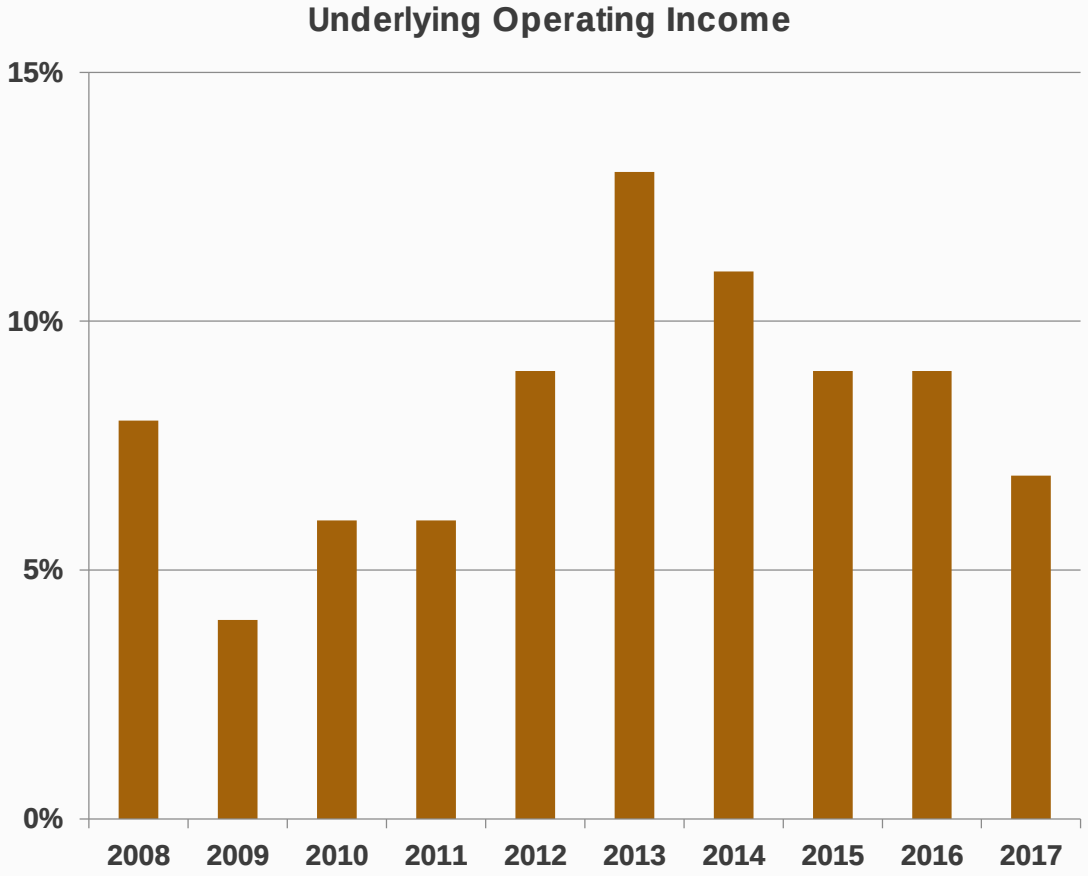
Consistently High ROIC



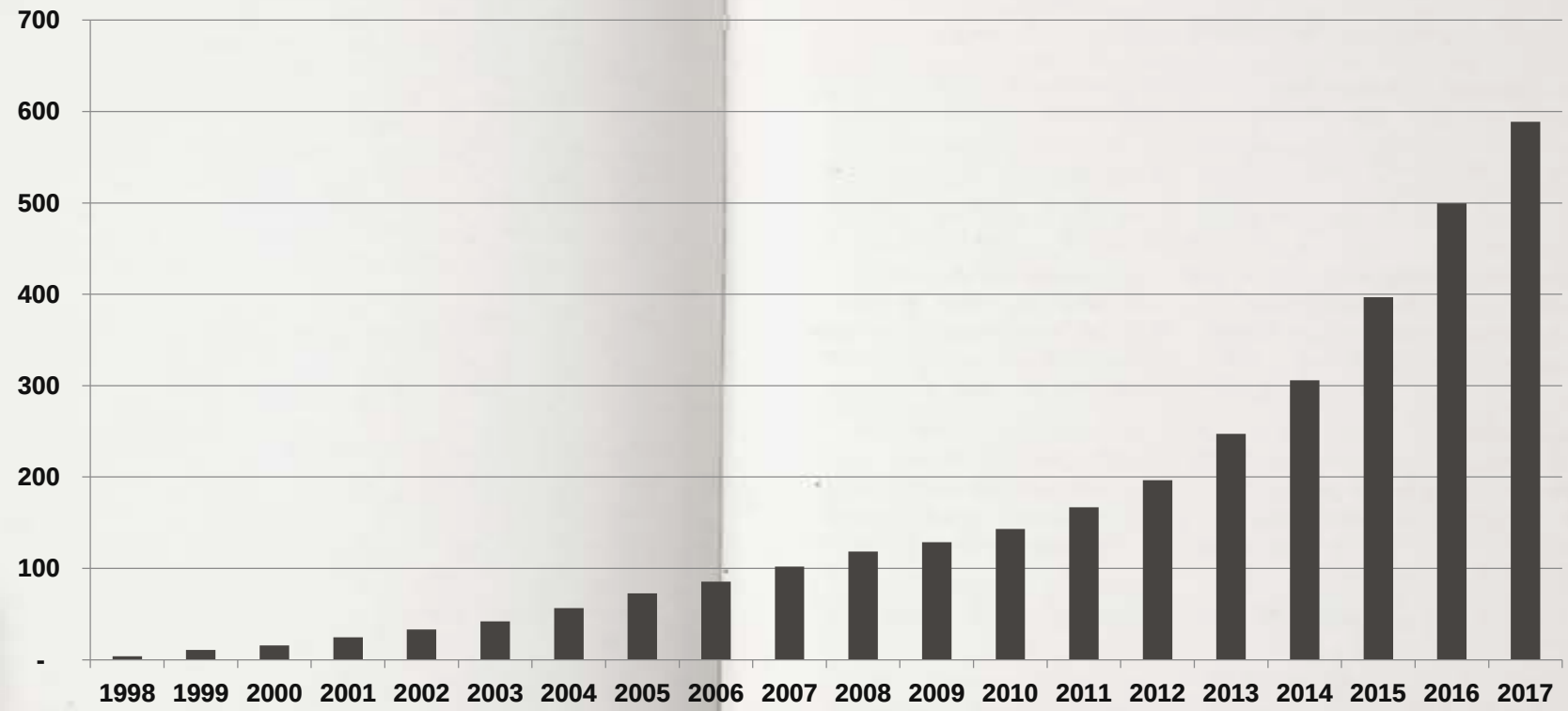
Source: Company Information. ROIC excludes the gain from the sale of our Southern Comfort and Tuaca in FY16.

Looking Back – Consistency of Growth





Woodford Reserve – Two Decades of Uninterrupted Growth



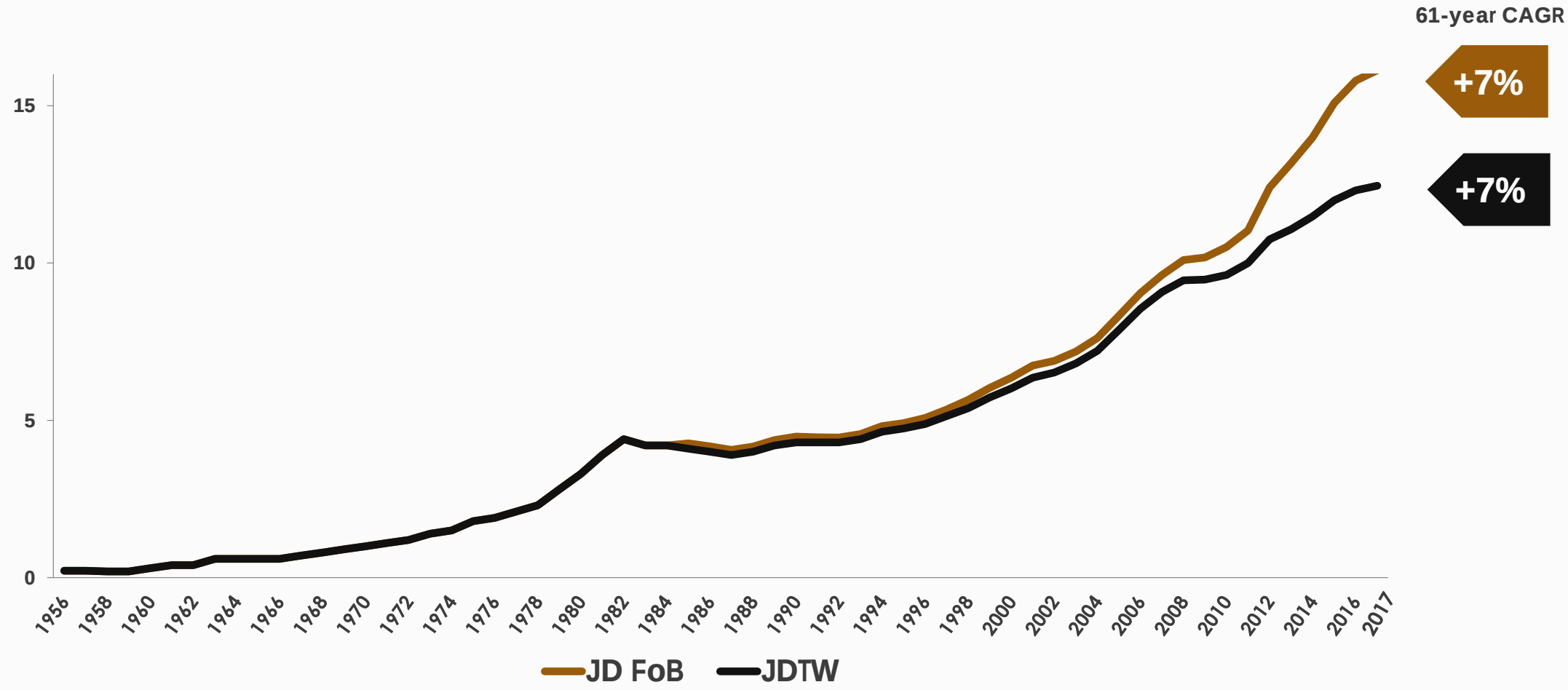
Source: B-F Depletion Data





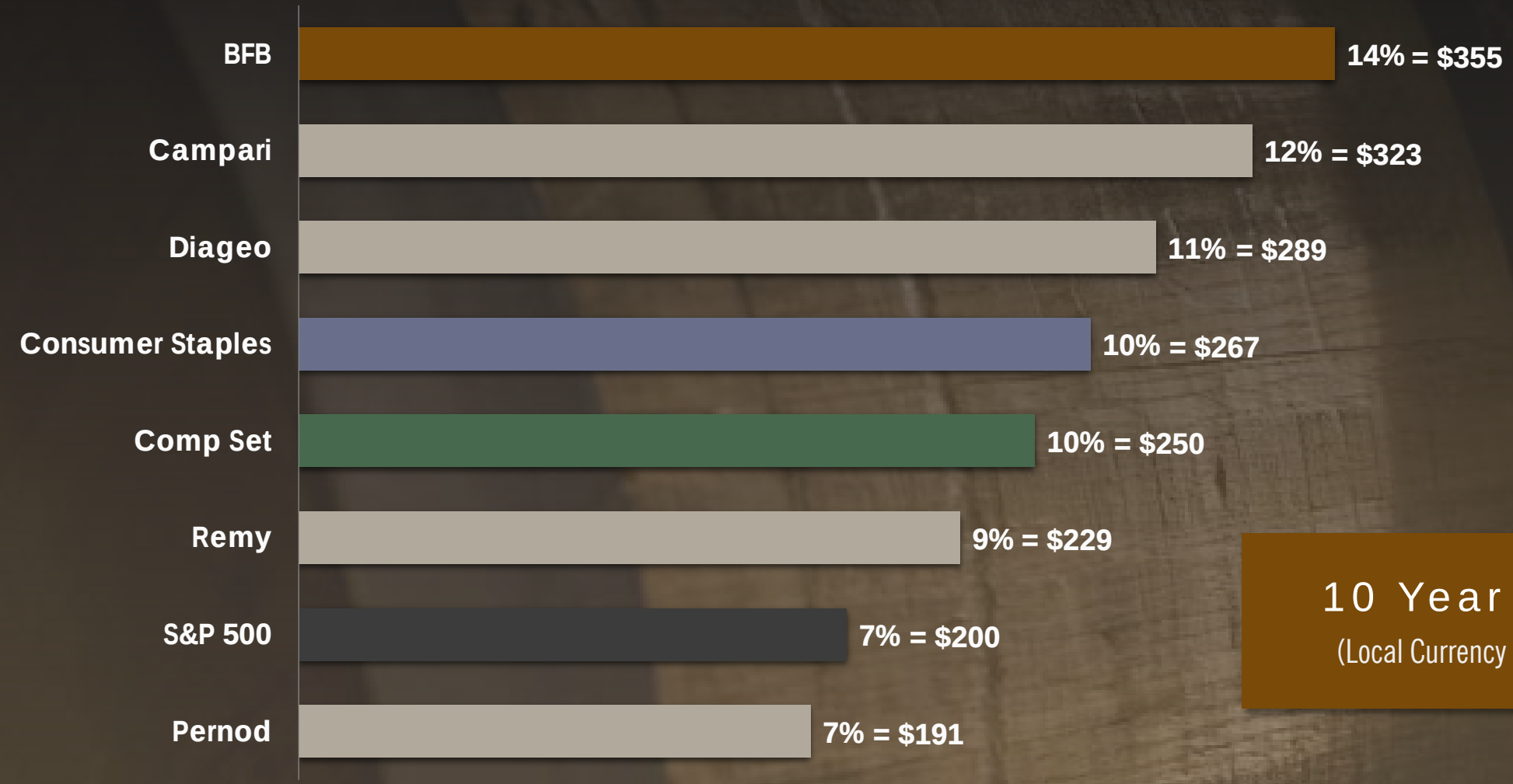
Jack Daniel's Family of Brands

From regional US brand with 200k cases to more than ~16 million cases in 165+ countries



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

Consistently Delivering Top Tier Returns for Shareholders



10 Year TSR of 14%

(Local Currency Compound Annual Growth)

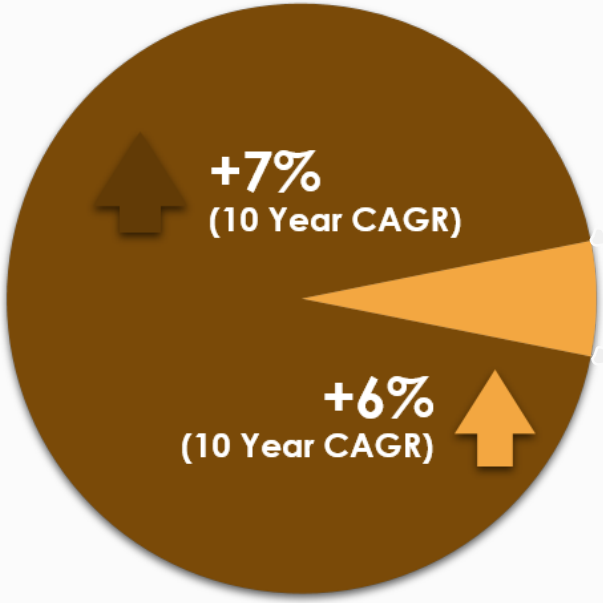
Source: Factset

Large Remaining Global Expansion Opportunity

Non-US Total Spirits Market
2.9B 9L cases

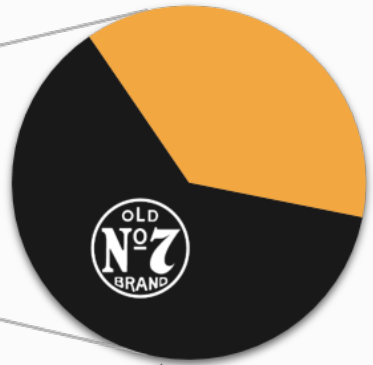


Non-US Whiskey Category
336M 9L cases



Jack Daniel's Share of Non-US Total Whiskey Is 3%

American Whiskey



+7%
(10 Year CAGR)

Source : IWSR 2016

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Focusing On Today. Building For Tomorrow.

the EVER-CHANGING LANDSCAPE



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Free Delivery

On-Demand / Self-Service

e-Commerce

Private Label Brands











Investing For Both Today And Tomorrow












JACK DANIEL'S
Tennessee FIRE
HERRADURA
TEQUILA
WINEMAKER'S RELEASE
Rosé
SONOMA-CUTRER
JACK DANIEL'S
Tennessee CIDER
OLD FORESTER 1920
JACK DANIEL'S
Tennessee HONEY
SLANE
IRISH WHISKEY
TRIPLE CASKED
JACK DANIEL'S
RYE
Tennessee
STRAIGHT
RYE WHISKEY
WOODFORD RESERVE
OLD FORESTER
STATESMAN
COOPERS' CRAFT
JACK DANIEL'S
Southern PEACH

INNOVATION

Despite rumors...

NOT FOR SALE

A Public Statement of the Position of BROWN-FORMAN

From time to time we are called upon to dispel verbal rumors that this company is either being merged with, or being bought out by some other large distiller. The frequency of these rumors indicates the high value placed on the goodwill and name behind our products.

Now comes a *published* report of a proposed merger wherein a large distiller is "dickering to buy out Brown-Forman."

We do not believe this report emanates from any distillery source. In justice to the distiller named in the report, and to ourselves, we wish to emphasize in public print that—

—this company *has not* been negotiating

—this company is *not now* negotiating

—this company has *no intention* of negotiating

with anyone for its sale, or for the sale of any of its subsidiaries.

Brown-Forman occupies a unique position in the industry. The tradition of making the finest whiskies has gone forward through many years without *stop*. Ours is a *family* enterprise. In the past 71 years there have been only two presidents of this company—my father, George Garvin Brown, the founder, and myself. My sons now occupy key executive positions with the company. Our headquarters have always been right here in Kentucky.

The family tradition, the goodwill behind this company and the distilleries are not for sale. We intend to continue to occupy our position as a large independent in the quality whisky field.

* * *

Thus, when your customers purchase Famous Old Forester* (which represents the ultimate in fine whisky quality) or any other of our whiskies—you can serve them with full assurance that they are buying a "personalized" product—made by an old family of Kentucky distillers.

And you, our friends in the trade, can have full confidence that the continued operation of our 3 distilleries will be devoted to making whiskies that build you lasting goodwill.

Owsley Brown
PRESIDENT

Brown-Forman Distillers Corporation
Louisville, Kentucky

*Kentucky Straight Bourbon Whisky—100 Proof

"...Brown-Forman does not comment on market rumors or speculation. However, it is important to reiterate that Brown-Forman is not for sale. For nearly 150 years, the Company and the Brown family have been committed to preserving Brown-Forman as a thriving, family controlled, independent company. That commitment is unchanged, and our goal is to continue creating value for all shareholders for generations to come."

Paul C Varga Geo. Garvin Brown IV

OUR STORY: BUILDING FOREVER

BROWN-FORMAN











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