1Q18 Results

August 30, 2017

BROWN-FORMAN

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.

1Q18 Highlights

Underlying Net Sales[1]

Underlying net sales growth continued to accelerate as execution of strategic priorities takes hold

Reported Results

Reported results helped by distributor inventories as well as a lower tax rate

Operating Leverage

Operating expense leverage continued through resource reallocation (A&P increase combined with a decrease in SG&A)

Fiscal 2018 Outlook

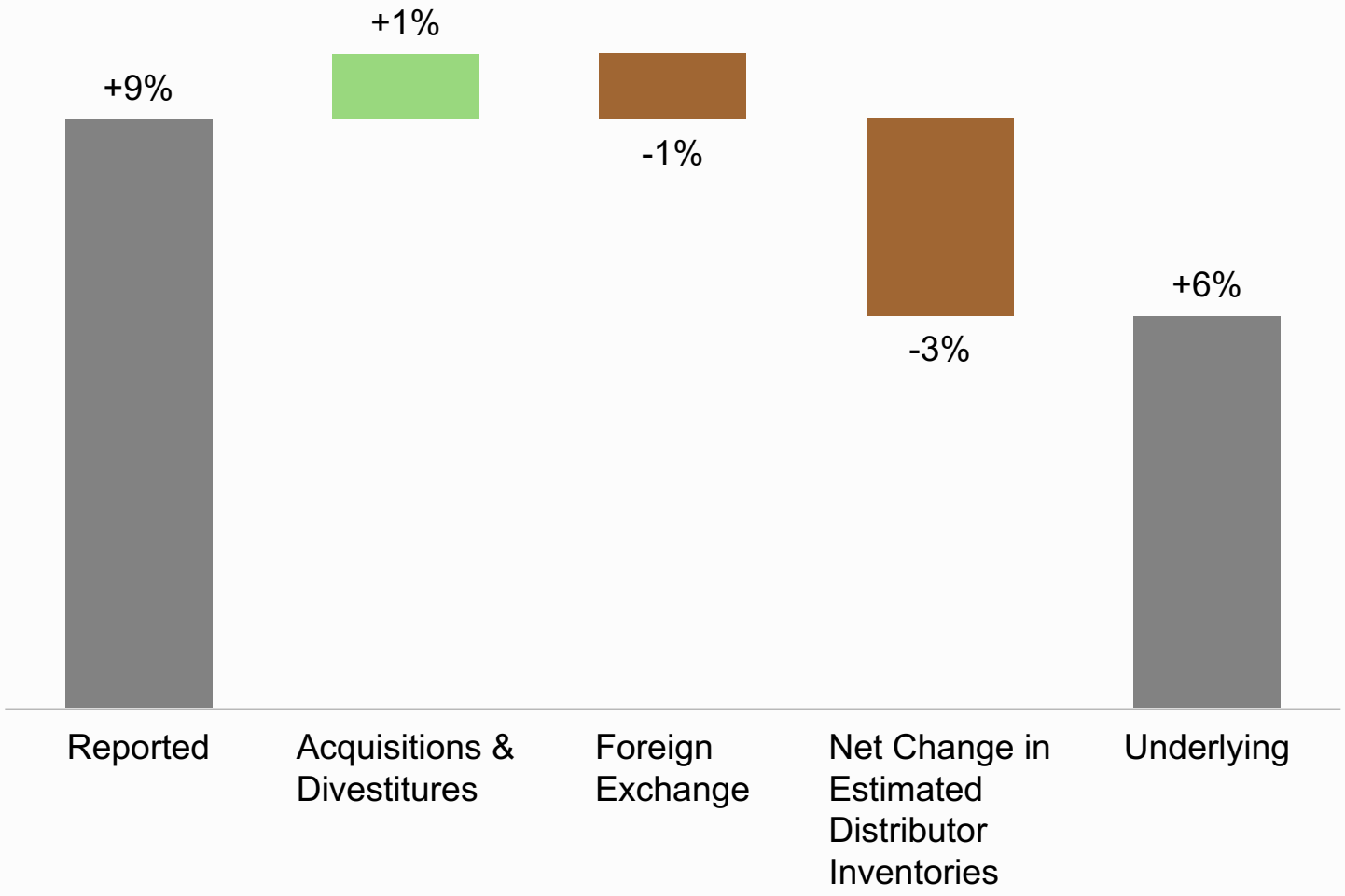
Reaffirmed 4-5% growth in underlying net sales and 6-8% growth in underlying operating income; Increased EPS range to $1.85-$1.95

[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.

1Q18 Growth Rates

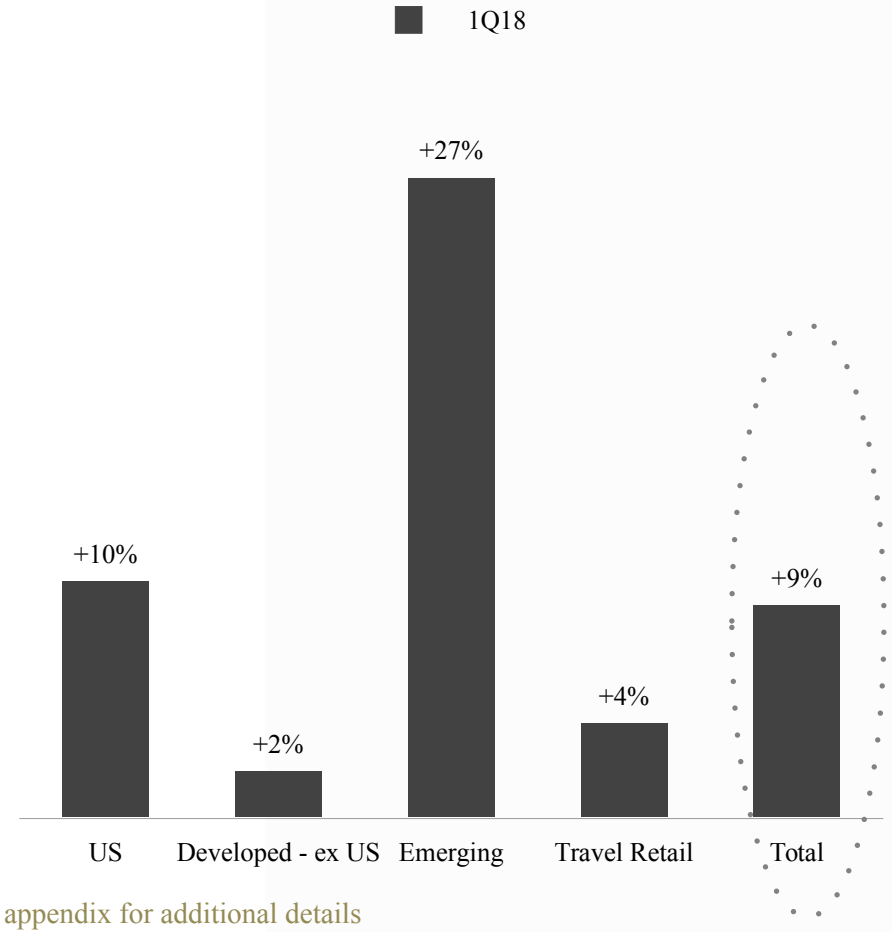
	Reported Change (%)	Acquisitions & Divestitures (+/-)	Foreign Exchange Impact (+/-)	Net Change In Estimated Distributor Inventories (+/-)	Underlying Change (%)
Net Sales	9%	1%	-1%	-3%	6%
Gross Profit	9%	—%	1%	-3%	6%
Advertising	8%	—%	-1%	—%	6%
SG&A	-1%	—%	—%	—%	-1%
Operating Income	14%	-1%	5%	-6%	12%

1Q18 Reported and Underlying Net Sales Growth

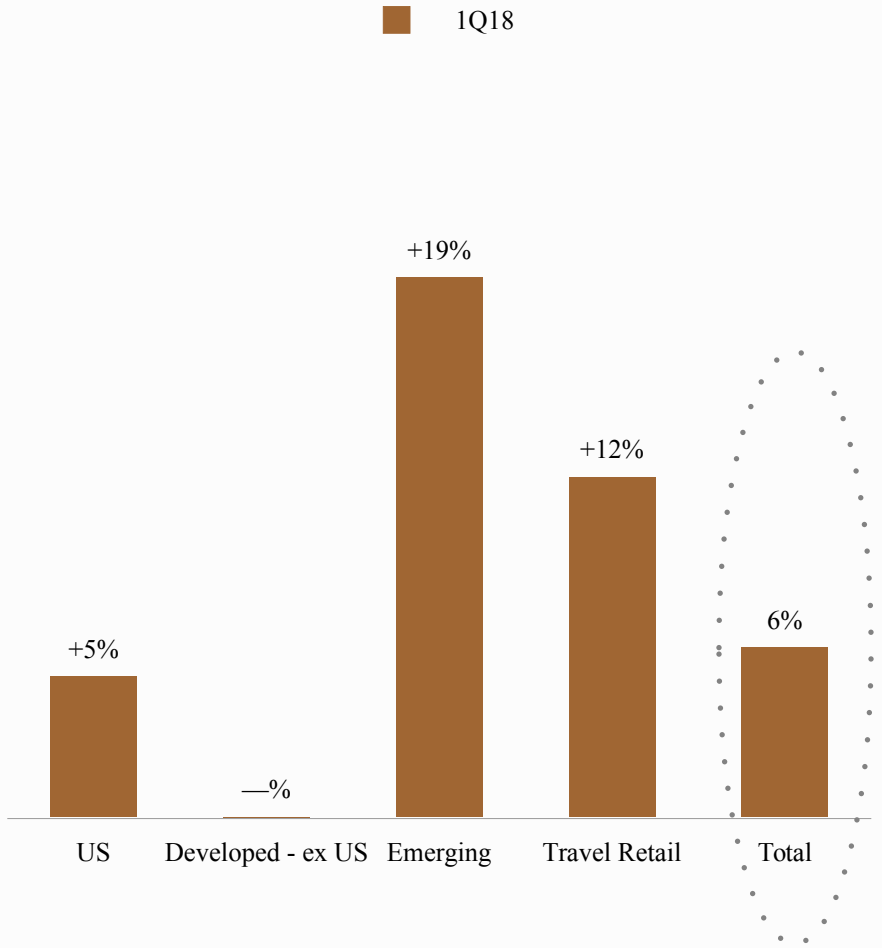


Net Sales by Geography

Reported



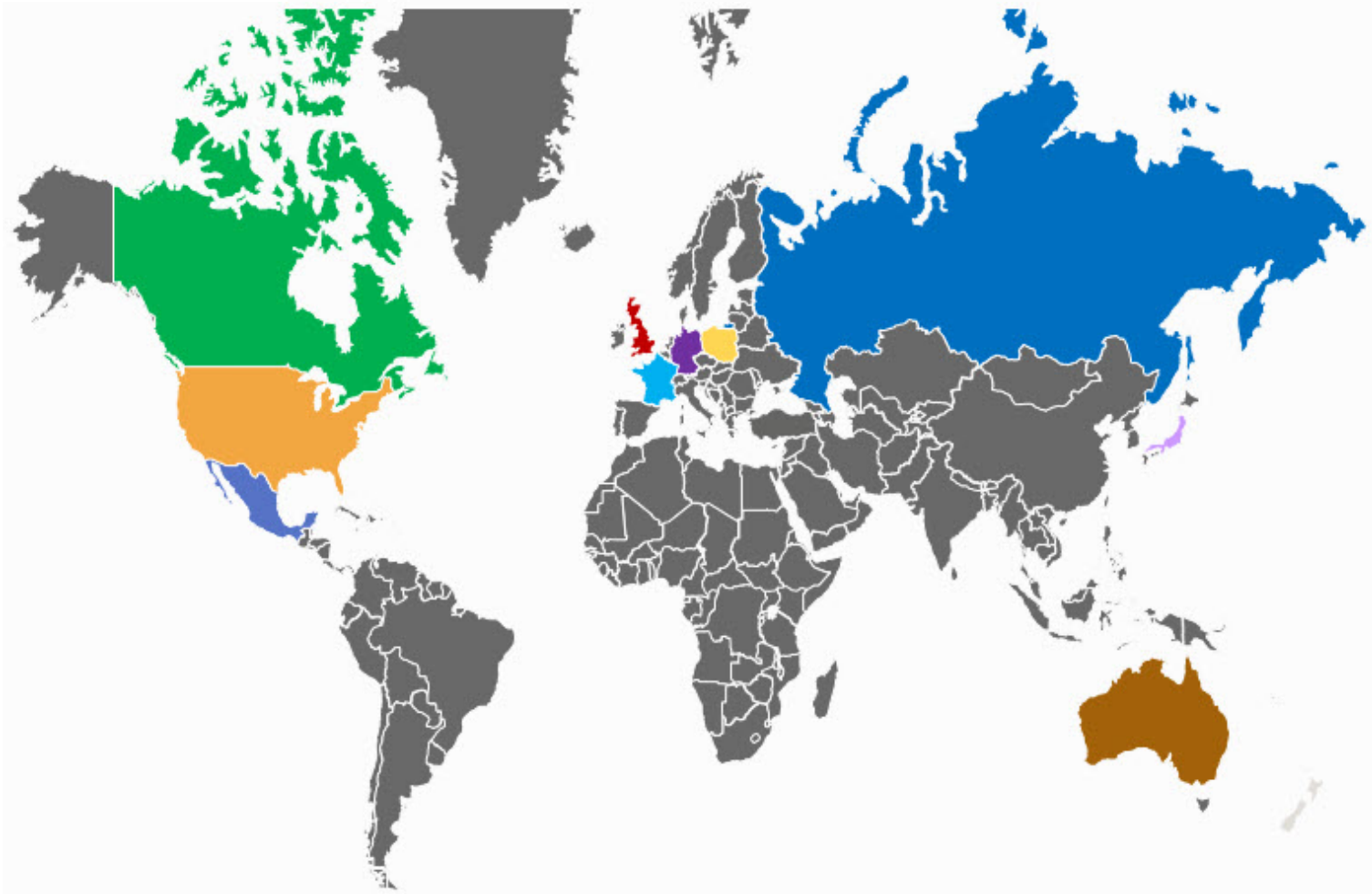
Underlying



* See appendix for additional details

1Q18 Net Sales in Top Ten Markets

Reported/Underlying



United States
+10%/+5%
Broad-based growth

France
+8%/+4%
Volume led growth

United Kingdom
+6%/-6%
Stable consumer demand against difficult comparison

Poland
+29%/+20%
Led by JDTW

Australia
+12%/+17%
Buy-in ahead of August 1, 2017 price increase

Japan
-25%/-14%
Difficult comparison against last year's buy-in in advance of price increase

Mexico
+11%/+13%
Strong consumer demand for tequilas and JD FOB

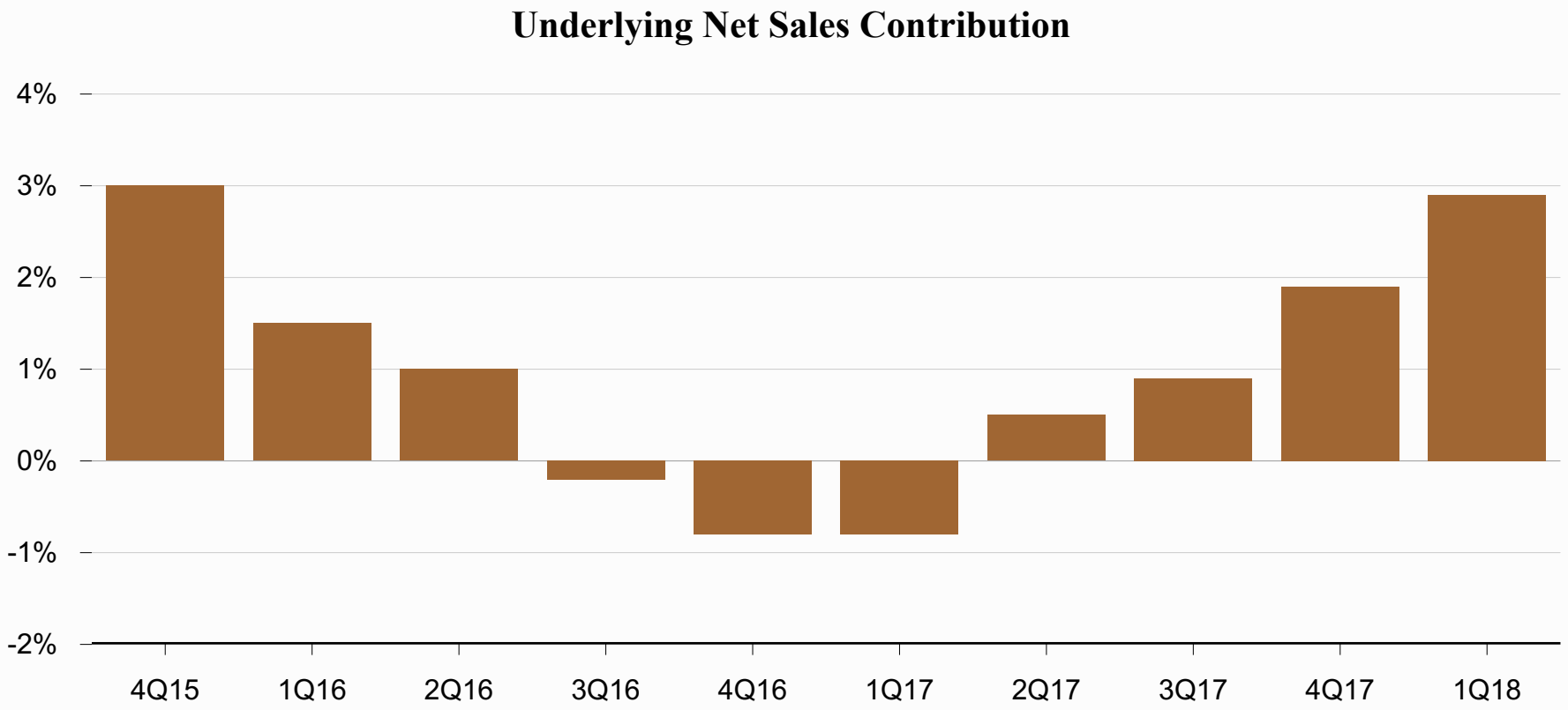
Canada
0%/+2%
Stable demand

Germany
+6%/-1%
Strong takeaway trends

Russia
NM/+38%
Improving trends versus a soft comparison a year ago

* See appendix for additional details

Emerging Markets' Trends Have Rebounded



1Q18 Brand Highlights - Underlying Net Sales Change



+6%



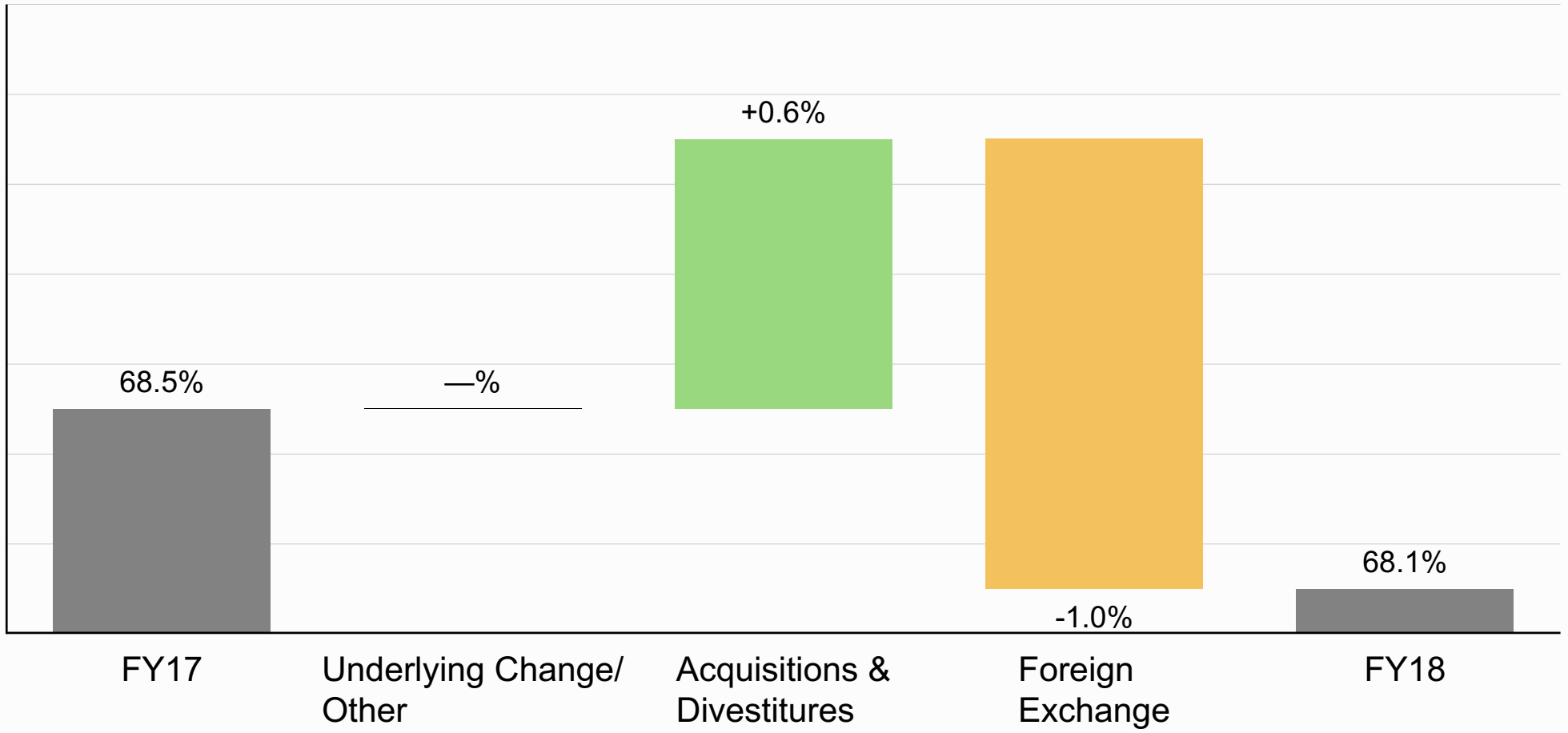
+17%



+17%

* See appendix for additional details

1Q18 Reported Gross Margin Impacted by FX



1Q18 Operating Performance

	Three Months Ended July 31, 2017	
	Reported Change (%)	Underlying Change (%)
Net Sales	9%	6%
Gross Profit	9%	6%
Advertising	8%	6%
SG&A	-1%	-1%
Operating Income	14%	12%
Gross margin	-0.4% points	
Operating margin	1.5% points	
Effective tax rate	-6.1% points	
Share count	-2%	
Diluted earnings per share	27%	

* See appendix for additional details

FY18 Outlook

Underlying Net Sales	Underlying Operating Income	Diluted EPS
4 – 5%	6 – 8%	$1.85 - $1.95 (prior range of $1.80 - $1.90)

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, 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.

"Underlying change" in income statement measures. We present changes in certain income statement measures, or line items, that are adjusted to an "underlying" basis. We use "underlying change" for the following income statement measures: (a) underlying net sales, (b) underlying gross profit, (c) underlying advertising expenses, (d) underlying selling, general, and administrative (SG&A) expenses, and (e) underlying operating income. To calculate these measures, we adjust, as applicable, for (a) acquisition and divestiture activity, (b) foreign exchange, and (c) estimated net changes in distributor inventories. We explain these adjustments below.

- *"Acquisitions and divestitures."* In fiscal 2016, we sold our Southern Comfort and Tuaca brands and related assets to Sazerac Company, Inc. and entered in a related transition services agreement (TSA). During fiscal 2017, we completed our obligations under the TSA. This adjustment removes the net sales and operating expenses recognized in fiscal 2017 pursuant to the TSA related to (a) contract bottling services and (b) distribution services in certain markets. On June 1, 2017, we acquired The BenRiach Distillery Company Limited (BenRiach). This adjustment removes (a) transaction and integration costs related to the acquisition and (b) operating activity for the acquisition for the non-comparable periods. For fiscal 2017 and 2018, the non-comparable period for each fiscal year is the month of May. We believe that these adjustments allow us to understand better our underlying results on a comparable basis.

- *"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 adjustment refers to the estimated net effect of changes in distributor inventories on changes in our income statement line items. For each period compared, we use depletion information provided by our distributors to estimate the effect of distributor inventory changes on our income statement line items. We believe that adjusting for the effect of varying levels of distributor inventories on changes in our income statement line items allows us to understand better underlying results and trends.

We use the non-GAAP measures "underlying change" for the following reasons: (a) to understand our performance from period to period on a consistent basis and to compare our performance to that of our competitors; (b) to align with management incentive compensation calculations; (c) for consistency with our planning and forecasting processes; and (d) to communicate our financial performance with the board of directors, stockholders, and investment analysts.

Reconciliation
1Q 2018 Net Sales Growth by Geography

Three Months Ending July 31, 2017					
Geographic area	Reported (%)	Acquisitions & Divestitures (+/-)	Foreign Exchange (+/-)	Net Change in Estimated Distributor Inventories (+/-)	Underlying (%)
US	10%	—%	—%	-5%	5%
Developed – ex US	2%	—%	-4%	3%	—%
Emerging	27%	—%	—%	-8%	19%
Travel Retail	4%	—%	3%	5%	12%

Reconciliation

1Q18 Net Sales Growth by Top Markets

Geographic area	Reported %	Acquisitions & Divestitures +/-	Foreign Exchange +/-	Net Change in Estimated Distributor Inventories +/-	Underlying %
United States	10%	—%	—%	-5%	5%
United Kingdom	6%	-1%	-11%	—%	-6%
Germany	6%	-1%	-5%	—%	-1%
France	8%	—%	-4%	—%	4%
Poland	29%	—%	-9%	—%	20%
Russia	NM	—%	28%	NM	38%
Australia	12%	5%	-1%	—%	17%
Mexico	11%	—%	1%	1%	13%
Japan	-25%	—%	2%	9%	-14%
Canada	—%	—%	6%	-3%	2%

Reconciliation
1Q 2018 Net Sales Growth for Aggregated Brands

Aggregated Brands	Reported %	Foreign Exchange +/-	Net Change in Estimated Distributor Inventories +/-	Underlying %
Old Forester & Woodford Reserve	13%	—%	3%	17%
el Jimador, Herradura, & New Mix	16%	1%	—%	17%