

FY18 Results & FY19 Outlook

June 6, 2018

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, including potential retaliatory tariffs on American spirits; 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 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, 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 Securities and Exchange Commission.

FY18 Highlights and FY19 Outlook

Reported Results

- Net sales +8%
- Operating income +5%
- EPS +8%
  - Driven by strong underlying net sales growth, and helped by FX and an increase in trade inventories.
  - Operating income and EPS negatively impacted by creation and funding of $70M foundation

Underlying Net Sales[1]

- +6.5% underlying net sales growth
  - Broad-based and balanced portfolio and geographic growth; solid momentum headed into fiscal 2019

Operating Leverage

- +8% underlying operating income growth
  - Underlying growth due to top-line gains, leveraging prior investments, and tight management of SG&A

Fiscal 2019 Underlying Outlook

- +6-7% net sales growth
- +7-9% operating income growth
- EPS of $1.75-$1.85 (+18% to +25%)

[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.

4Q18 Results - Negatively Impacted by Timing of Operating Expenses and Creation of a $70 Million Charitable Foundation

	Reported Change (%)	Acquisitions & Divestitures (+/-)	Foundation (+/-)	Foreign Exchange Impact (+/-)	Net Change In Estimated Distributor Inventories (+/-)	Underlying Change (%)
Net Sales	6%	—%	—%	—%	-1%	5%
Gross Profit	7%	—%	—%	-2%	-1%	4%
Advertising	10%	—%	—%	-3%	—%	7%
SG&A	50%	1%	-39%	-3%	—%	9%
Operating Income	-32%	—%	33%	-3%	-2%	-4%

Note: Totals may differ due to rounding

Creation of a $70M charitable foundation negatively impacted reported SG&A (-39%) and operating income growth (33%)

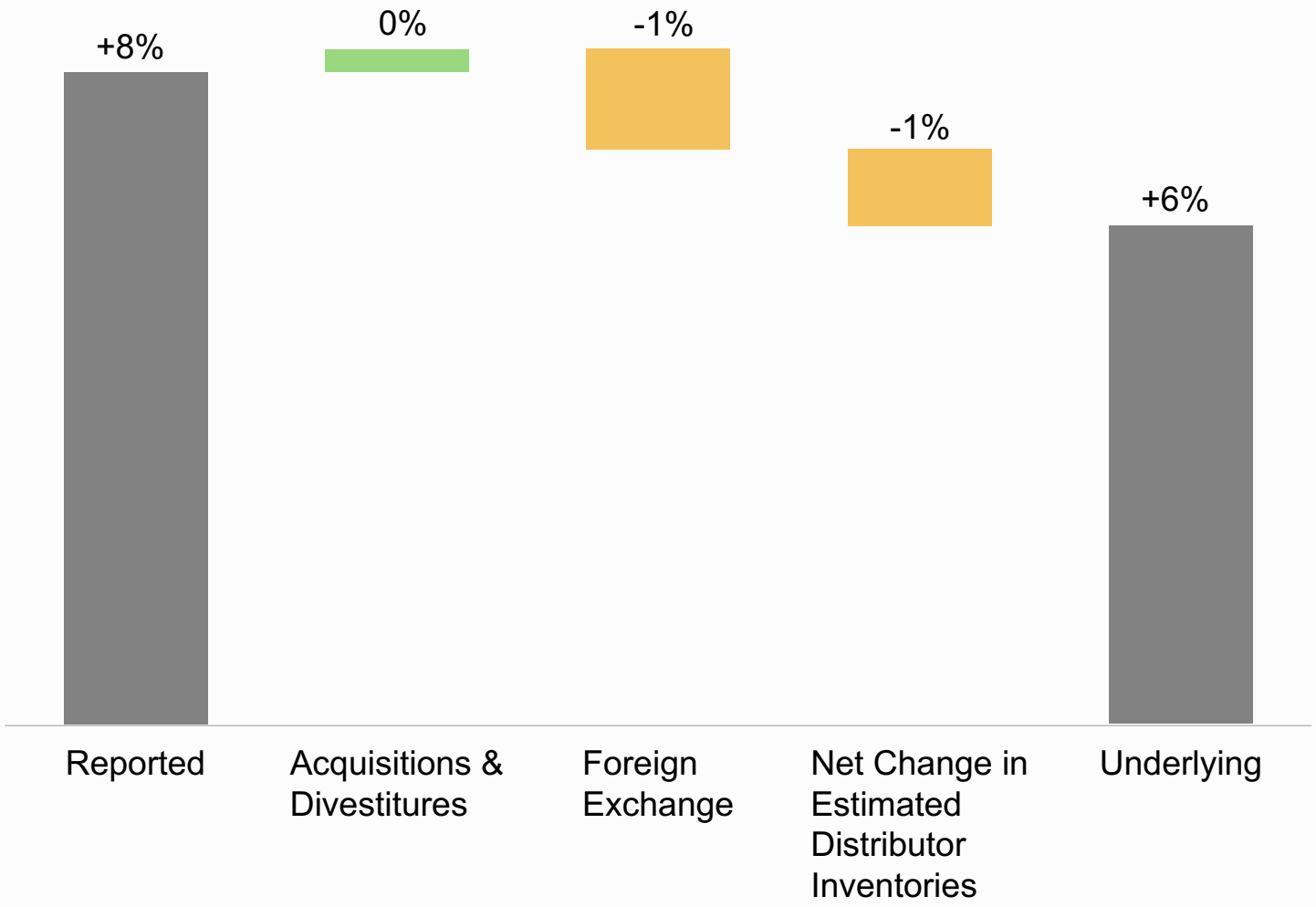
FY18 Results - Strong and Accelerated Underlying Growth & Continued SG&A Leverage

	Reported Change (%)	Acquisitions & Divestitures (+/-)	Foundation (+/-)	Foreign Exchange Impact (+/-)	Net Change In Estimated Distributor Inventories (+/-)	Underlying Change (%)
Net Sales	8%	—%	—%	-1%	-1%	6%
Gross Profit	9%	—%	—%	-2%	-1%	6%
Advertising	8%	—%	—%	-3%	—%	6%
SG&A	15%	—%	-11%	-2%	—%	3%
Operating Income	5%	—%	7%	-2%	-2%	8%

Note: Totals may differ due to rounding

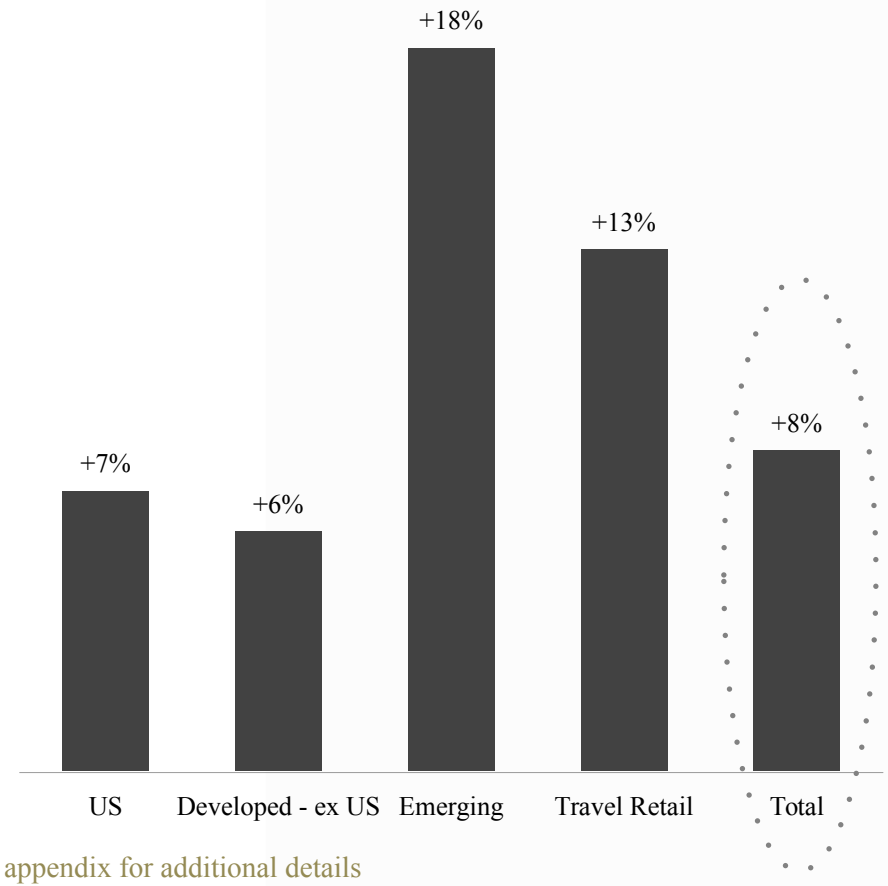
Creation of a $70M charitable foundation negatively impacted reported SG&A (-11%) and operating income growth (7%)

FY18 Reported Growth of 8% Driven by Strong Underlying Net Sales Growth of 6%

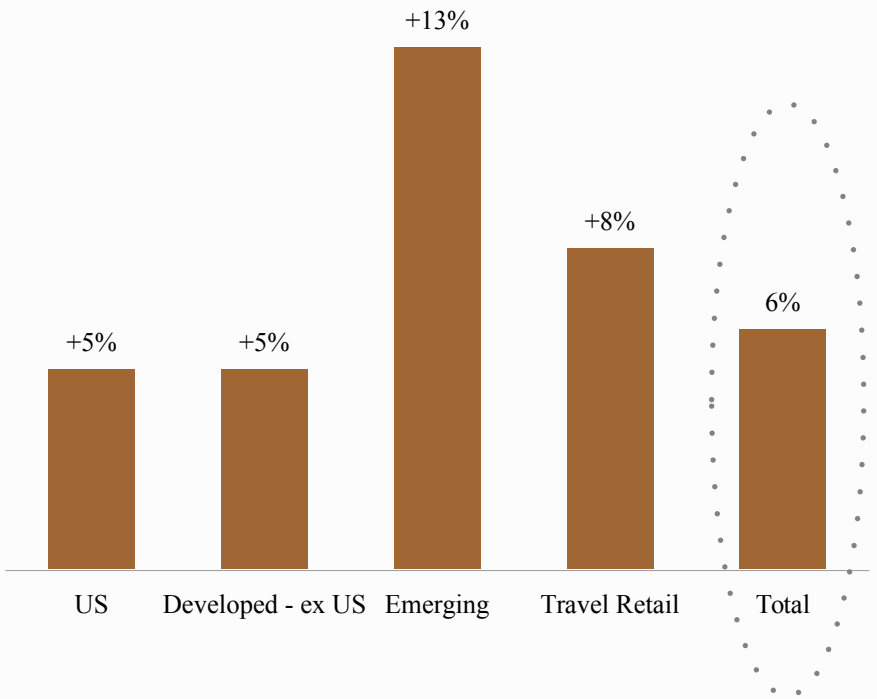


FY18 Net Sales Growth Driven by Broad-based Geographic Gains

Reported



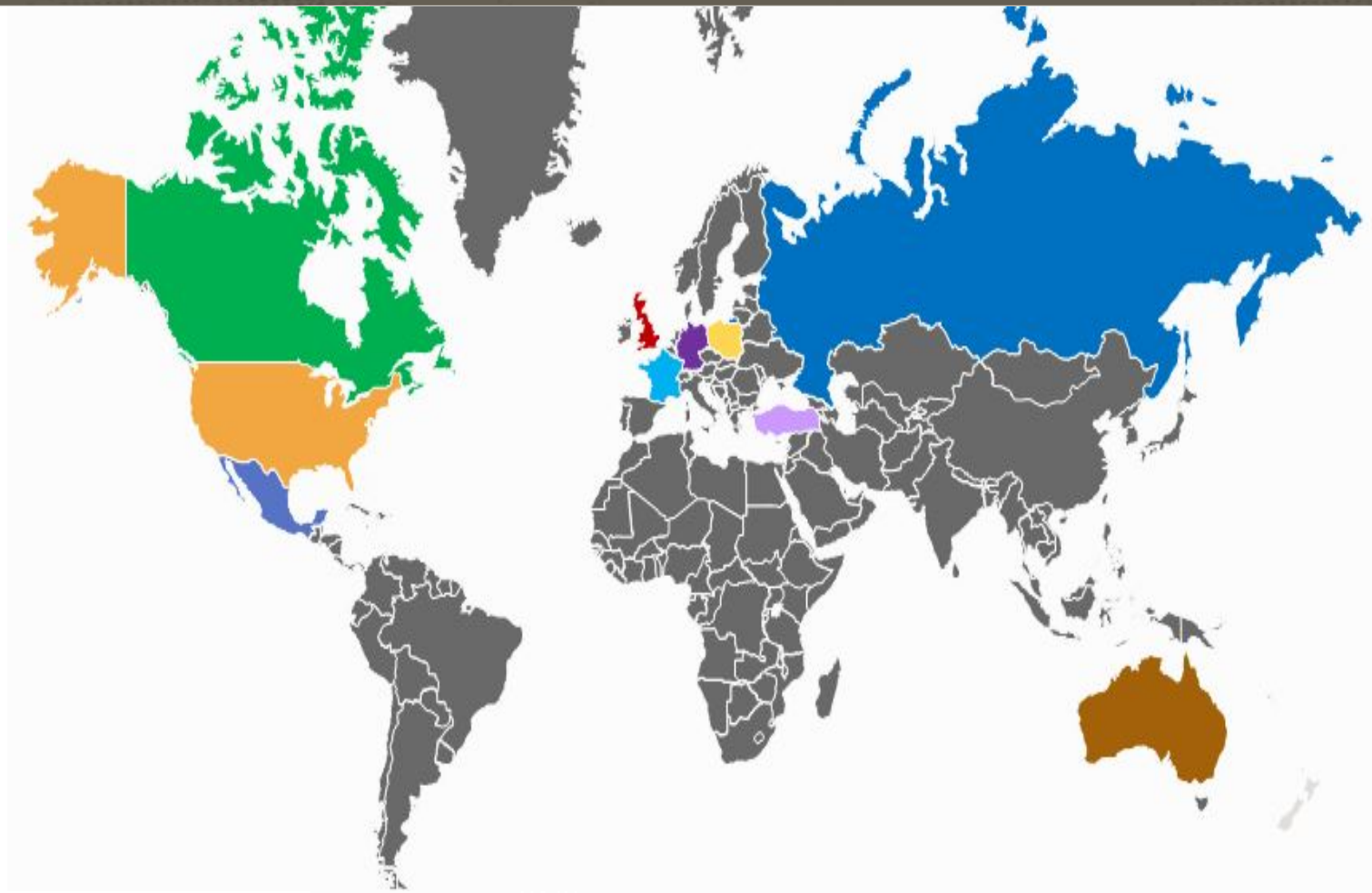
Underlying



* See appendix for additional details

Balanced Growth Across Our Top Markets

FY18 Net Sales Growth - Reported (Underlying)



United States
+7% (+5%)
Volume-driven growth

United Kingdom
+4% (+3%)
Solid growth led by American whiskeys & innovation

Australia
+8% (+8%)
Driven by JDTW and RTDs

Mexico
+15% (+12%)
Led by tequilas and JD Family

Germany
+14% (+10%)
Strong growth in American whiskeys and RTDs

Travel Retail
+13% (+8%)
Led by American whiskeys

France
+11% (+6%)
Growth led by JDTW and JDTH

Poland
+15% (+7%)
Led by JDTW

Brazil
+34% (+28%)
Growth led by JDTW and JDTH

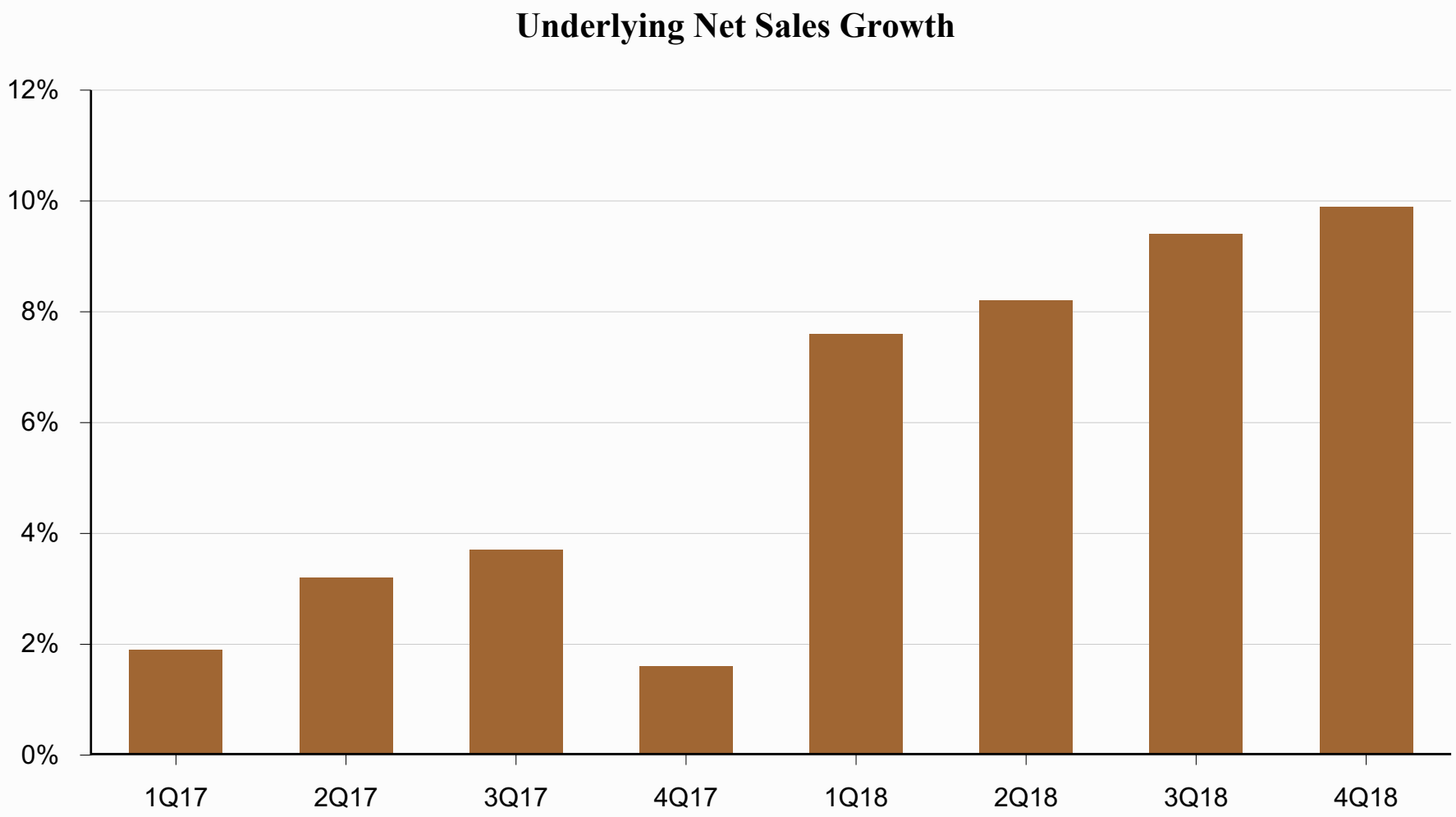
Canada
+2% (+3%)
Modest growth

Russia
+52% (+19%)
Growth led by Finlandia

Most major markets accelerated growth vs FY17

* See appendix for additional details

Emerging Markets Are Strengthening - Two Year Stack*



* "Two year stack" is the two year compounded growth rate of underlying net sales.
** Please see "Endnote 2 - Non-GAAP Financial Measures" in the accompanying release for details on our use of Non-GAAP financial measures, how these measures are calculated, and the reasons why we believe this information is useful to readers.

Broad-Based Portfolio Growth

FY18 Net Sales Growth - Reported (Underlying)

Jack Daniel's Family
+8% (+6%)



Old Forester & Woodford Reserve
+27% (+23%)

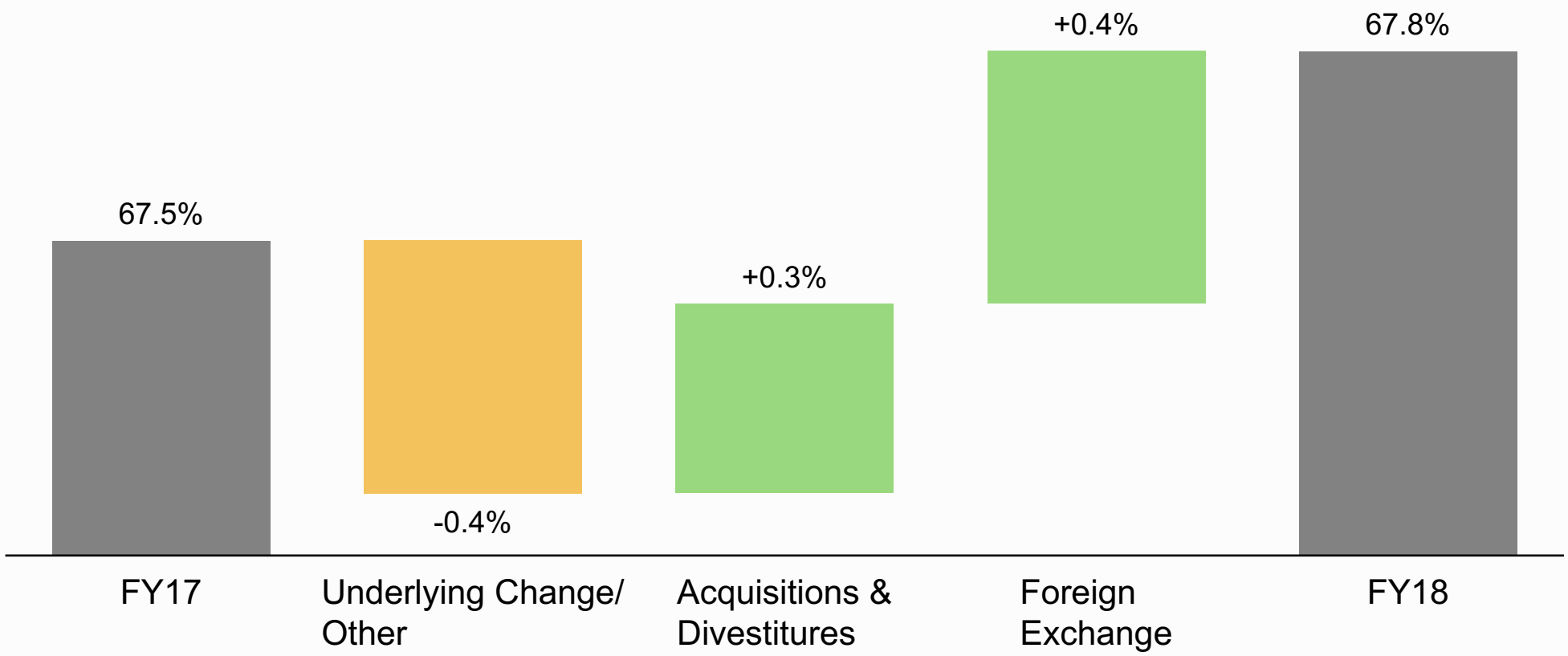


Herradura, el Jimador & New Mix
+16% (+13%)



* See appendix for additional details

FY18 Reported Gross Margins Expanded 30bps



FY18 Underlying Operating Income Growth due to Leveraging Prior Investments and Strong Cost Discipline

Reported Margins Reduced due to Creation of $70 Million Charitable Foundation

	Twelve Months Ended April 30, 2018	
	Reported Change (%)	Underlying Change (%)
Net Sales	8%	6%
Gross Profit	9%	6%
Advertising	8%	6%
SG&A	15%	3%
Operating Income	5%	8%
Gross margin	0.3% points	
Operating margin	-1.0% points	
Effective tax rate	-1.7% points	
Share count	(1%)	
Diluted earnings per share	8%	

* Excluding the 2.2 percentage point effect from our charitable foundation, operating margin would have increased by 120 basis points.

** See appendix for additional details

Fiscal 2019 Outlook

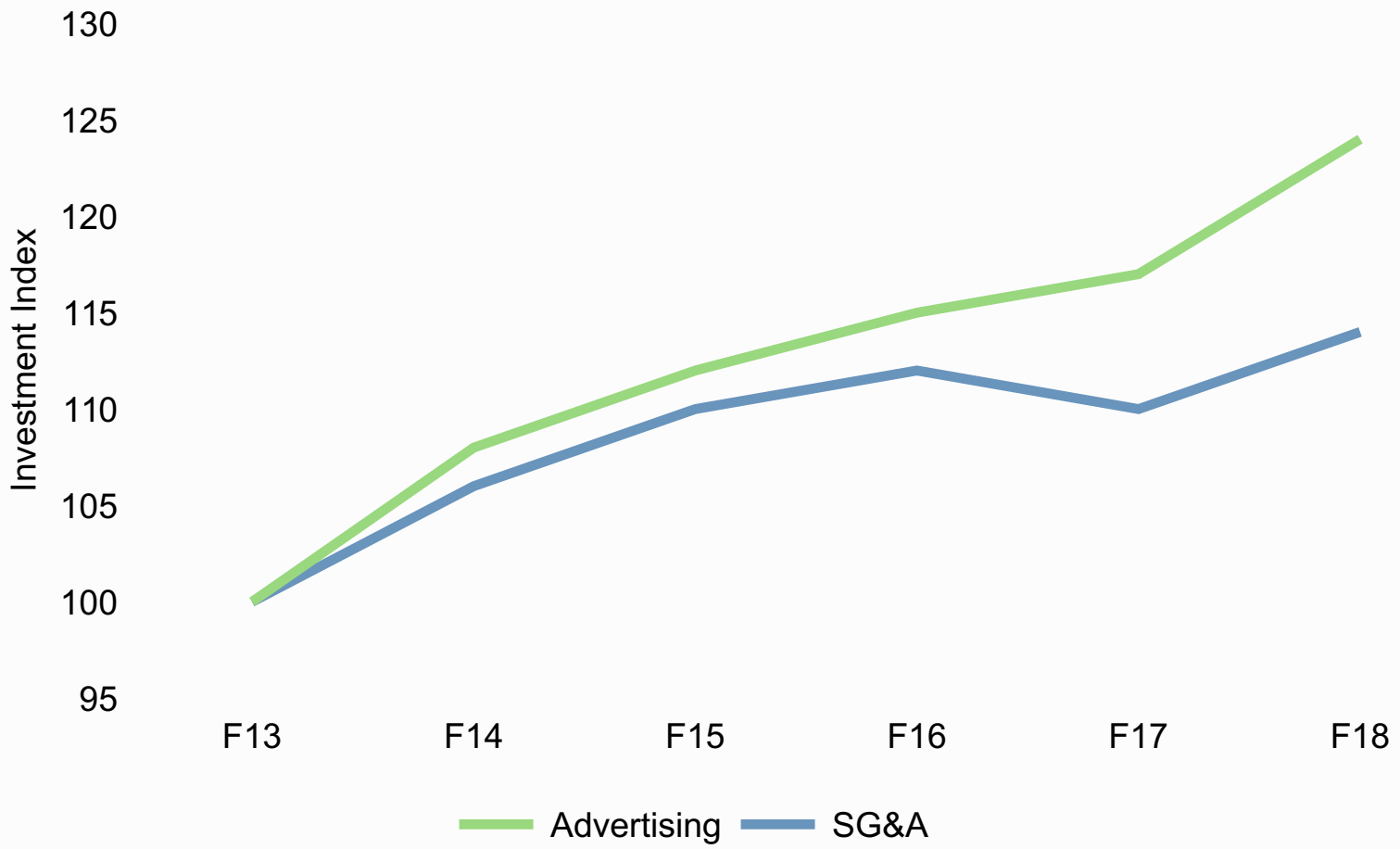
Underlying Net Sales Growth	Underlying Operating Income Growth	Diluted EPS
6 - 7%	7 - 9%	$1.75 - $1.85 18 - 25% Growth

Fiscal 2019 EPS Outlook

	EPS
FY18 Reported EPS	**$1.48**
One-Time Tax Reform Items and Foundation[1]	$0.19
Baseline FY18 EPS	$1.67
Underlying OI growth of 7-9%	$0.11 - $0.16
Lower Tax Rate of 21%	$0.04 - $0.05
Interest Expense, Foreign Exchange and Inventory Changes	($0.07) - ($0.03)
FY19 EPS Range	**$1.75 - $1.85**
% Change vs Prior Year	**18% - 25%**

[1] For additional detail on tax reform items and foundation impact, see Appendix
Note: Totals may differ due to rounding

Leverage & Reallocation to Our Brands



* See appendix for additional details

Appendix

Non-GAAP Reconciliation

We use certain financial measures in this presentation that are not measures of financial performance under U.S. generally accepted accounting principles (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 presentation may not be defined and calculated by other companies in the same manner. Reconciliations of these non-GAAP measures to the most closely comparable GAAP measures are presented on the following slides of this presentation.

"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 cost of sales, (c) underlying gross profit, (d) underlying advertising expenses, (e) underlying selling, general, and administrative (SG&A) expenses, (f) underlying other expense (income), (g) underlying operating expenses, and (h) underlying operating income. To calculate these measures, we adjust, as applicable, for (a) acquisitions and divestitures, (b) foreign exchange, (c) estimated net changes in distributor inventories and (d) the establishment of our charitable foundation. We explain these adjustments below.

- *"Acquisitions and divestitures."* This adjustment removes (a) any non-recurring effects related to our acquisitions and divestitures (e.g., transaction gains or losses, transaction costs, and integration costs) and (b) the effects of operating activity related to acquired and divested brands for periods that are not comparable on a year-over-year basis (non-comparable periods). By excluding non-comparable periods, we therefore include the effects of acquired and divested brands only to the extent that results are comparable on a year-over-year basis.

  In fiscal 2016, we sold our Southern Comfort and Tuaca brands and related assets to Sazerac Company, Inc. and entered into 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, 2016, 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 acquired business for the non-comparable period. For both fiscal 2017 and 2018, the non-comparable period is the month of May.

- *"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 presentation, "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 and remove foreign exchange gains and losses from the current and prior-year periods.

- *"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.

- "*Foundation*." In the fourth quarter of 2018, we established a $70 million foundation to support the company's charitable giving program in the communities where our employees live and work. This adjustment removes the one-time $70 million funding of the foundation from our underlying SG&A expenses and operating income to present our underlying results on a comparable basis.

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; (b) to compare our performance to that of our competitors; (c) in connection with management incentive compensation calculations; (d) in our planning and forecasting processes; and (e) in communications concerning our financial performance with the board of directors, stockholders, and investment analysts. We have consistently applied the adjustments within our reconciliations in arriving at each non-GAAP measure.

Definitions

From time to time, in order to explain our results of operations or to highlight trends and uncertainties affecting our business, we aggregate markets according to stage of economic development as defined by the International Monetary Fund and we aggregate brands by spirits category. Below are definitions of the aggregations used in this presentation.

Geographic Aggregations.

- *"Developed"* markets are "advanced economies" as defined by the International Monetary Fund, with the largest for Brown-Forman being the United States, the United Kingdom, and Australia. Developed international markets are developed markets excluding the United States.
- *"Emerging"* markets are "emerging and developing economies" as defined by the International Monetary Fund, with the largest for Brown-Forman being Mexico and Poland.
- *"Travel Retail"* represents our sales to global duty free customers, travel retail customers, and the U.S. military.

Brand Aggregations.

- *"Jack Daniel's family of brands"* includes Jack Daniel's Tennessee Whiskey (JDTW), Jack Daniel's Tennessee Honey (JDTH), Jack Daniel's RTD and RTP products (JD RTDs/RTP), Gentleman Jack, Jack Daniel's Tennessee Fire (JDTF), Jack Daniel's Single Barrel Collection, Jack Daniel's Tennessee Rye Whiskey, Jack Daniel's Sinatra Select, and Jack Daniel's No. 27 Gold Tennessee Whiskey.
- *"Jack Daniel's RTD and RTP"* products include all RTD line extensions of Jack Daniel's, such as Jack Daniel's & Cola, Jack Daniel's & Diet Cola, Jack & Ginger, Jack Daniel's Country Cocktails, Gentleman Jack & Cola, Jack Daniel's Double Jack, Jack Daniel's American Serve, Jack Daniel's Tennessee Honey RTD, Jack Daniel's Cider, Jack Daniel's Lynchburg Lemonade, and the seasonal Jack Daniel's Winter Jack RTP.
- *"American whiskey"* products include the Jack Daniel's family of brands, premium bourbons, and Early Times.

  "Premium bourbon" products include Old Forester and Woodford Reserve.
- *"Tequila"* products include el Jimador, Herradura, and New Mix.

Definitions

Other Metrics.

- *"Depletions."* When discussing volume, unless otherwise specified, we refer to "depletions," a term commonly used in the beverage alcohol industry. Depending on the context, "depletions" means either (a) our shipments directly to retailers or wholesalers, or (b) shipments from our distributor customers to retailers and wholesalers. We generally record revenues when we ship our products to our customers, so our reported sales for a period do not reflect actual consumer purchases during that period. We believe that our depletions measure volume in a way that more closely reflects consumer demand than our shipments to distributor customers do.
- *"Drinks-equivalent."* Volume is discussed on a nine-liter equivalent unit basis (nine-liter cases) unless otherwise specified. At times, we use a "drinks-equivalent" measure for volume when comparing single-serve ready-to-drink (RTD) or ready-to-pour (RTP) brands to a parent spirits brand. "Drinks-equivalent" depletions are RTD and RTP nine-liter cases converted to nine-liter cases of a parent brand on the basis of the number of drinks in one nine-liter case of the parent brand. To convert RTD volumes from a nine-liter case basis to a drinks-equivalent nine-liter case basis, RTD nine-liter case volumes are divided by 10, while RTP nine-liter case volumes are divided by 5.
- *"Consumer takeaway."* When discussing trends in the market, we refer to "consumer takeaway", a term commonly used in the beverage alcohol industry. "Consumer takeaway" refers to the purchase of product by the consumer from the retail outlet as measured by volume or retail sales value. This information is provided by third-parties, such as Nielsen and the National Alcohol Beverage Control Association (NABCA). Our estimates of market share or changes in market share are derived from consumer takeaway data using the retail sales value metric.

Fiscal 2018 - One-Time Tax Reform Items and Foundation

	EPS
Tax Reform:	
Repatriation tax	($0.19)
Remeasurement of US net deferred taxes	$0.10
Establishment of Charitable Foundation	($0.10)
Total FY18 One-Time Items	**($0.19)**

Note: Totals may differ due to rounding

Reconciliation
FY18 Net Sales Growth by Geography

Twelve Months Ending April 30, 2018					
Geographic area	Reported (%)	Acquisitions & Divestitures (+/-)	Foreign Exchange (+/-)	Net Change in Estimated Distributor Inventories (+/-)	Underlying (%)
US	7%	—%	—%	-2%	5%
Developed – ex US	6%	—%	-3%	1%	5%
Emerging	18%	—%	-3%	-2%	13%
Travel Retail	13%	—%	—%	-5%	8%

Reconciliation

FY18 Net Sales Growth by Top Markets

Geographic area	Reported %	Acquisitions & Divestitures +/-	Foreign Exchange +/-	Net Change in Estimated Distributor Inventories +/-	Underlying %
United States	7%	—%	—%	-2%	5%
United Kingdom	4%	—%	-1%	—%	3%
Germany	14%	—%	-4%	—%	10%
France	11%	—%	-5%	—%	6%
Poland	15%	—%	-7%	—%	7%
Russia	52%	—%	-3%	-30%	19%
Australia	8%	1%	-1%	—%	8%
Mexico	15%	—%	-3%	—%	12%
Brazil	34%	—%	3%	-8%	28%
Canada	2%	—%	-1%	2%	3%
Travel Retail	13%	—%	—%	-5%	8%

Reconciliation
FY18 Net Sales Growth for Aggregated Brands

Aggregated Brands	Reported %	Foreign Exchange +/-	Net Change in Estimated Distributor Inventories +/-	Underlying %
Jack Daniel's Family	8%	-1%	-1%	6%
Old Forester and Woodford Reserve	27%	—%	-4%	23%
el Jimador, Herradura, & New Mix	16%	-2%	-1%	13%

Reconciliation
FY13 to FY18 Advertising & SGA

Advertising

Fiscal Year	Reported %	Acquisitions & Divestitures +/-	Foreign Exchange +/-	Underlying %
FY13	3%	1%	2%	6%
FY14	7%	—%	1%	8%
FY15	—%	—%	4%	4%
FY16	-4%	2%	5%	2%
FY17	-8%	8%	2%	2%
FY18	8%	—%	-3%	6%

SG&A

Fiscal Year	Reported %	Acquisitions & Divestitures +/-	Foundation +/-	Foreign Exchange +/-	Underlying %
FY13	7%	—%	—%	1%	8%
FY14	5%	—%	—%	1%	6%
FY15	2%	—%	—%	2%	4%
FY16	-1%	—%	—%	4%	2%
FY17	-3%	—%	—%	1%	-2%
FY18	15%	—%	-11%	-2%	3%