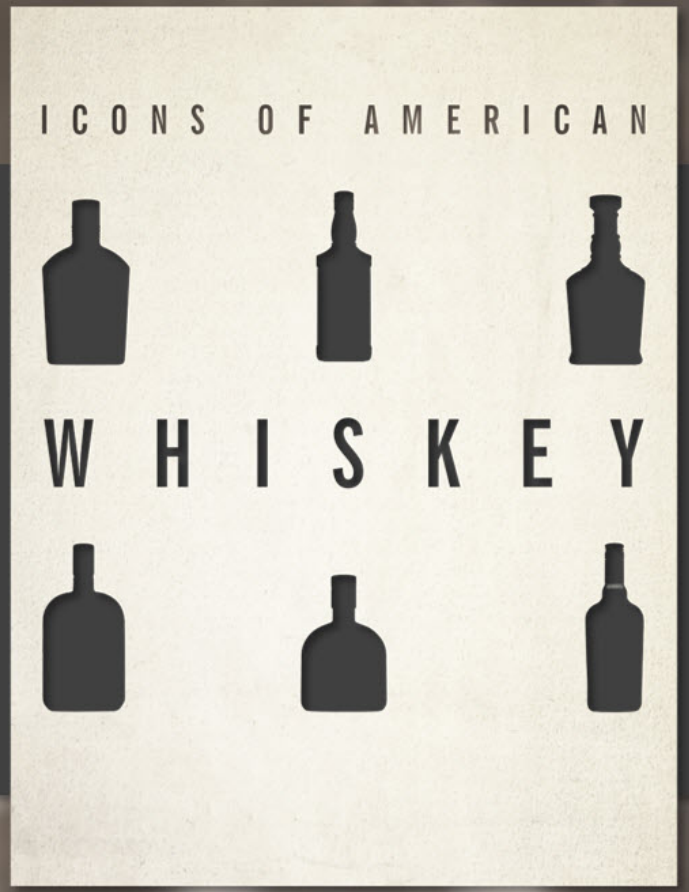


BROWN-FORMAN

1Q19 Results & FY19 Outlook

August 29, 2018

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," "can," "continue," "could," "envision," "estimate," "expect," "expectation," "intend," "may," "might," "plan," "potential," "project," "pursue," "see," "seek," "should," "will," "would," and similar words indicate 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 and the effectiveness of our actions to mitigate the potential negative impact on our sales and distributors; 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, or capital gains) or changes in related reserves, changes in tax rules or accounting standards, and the unpredictability and suddenness with which they can occur
- The impact of the recently enacted U.S. tax reform legislation, including as a result of future regulations and guidance interpreting the statute
- 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 small distilleries or local producers, or away from brown spirits, our premium products, or spirits generally, and our ability to anticipate or react to them; legalization of marijuana use on a more widespread basis; shifts in consumer purchase practices from traditional to e-commerce retailers; bar, restaurant, travel, or other on-premise declines; shifts in demographic or health and wellness trends; or unfavorable consumer reaction to new products, line extensions, package changes, product reformulations, or other product innovation
- Decline in the social acceptability of beverage alcohol 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 fixed costs
- Inventory fluctuations in our products by distributors, wholesalers, or retailers
- Competitors' and retailers' 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, or product counterfeiting, tampering, contamination, or quality issues
- Significant legal disputes and proceedings, or government investigations
- 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, and our dual class share structure

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.

1Q19 Highlights and FY19 Outlook

Reported Results

- Net sales +6%
- Operating income +7%
- EPS +12%
  - Driven by strong underlying net sales growth, and helped by an increase in trade inventories. FX and the implementation of the revenue recognition standard negatively impacted reported results

Underlying Net Sales[1]

- Underlying net sales +9%
  - Broad-based geographic and balanced portfolio growth
  - Tariffs positively impacted results by two to three points (particularly Developed International)

Operating Leverage

- Underlying operating income +10%
  - Growth due to top-line gains and continued leverage of prior investments

Fiscal 2019 Outlook

- +6-7% underlying net sales growth
- +4-6% underlying operating income growth
- EPS of $1.65-$1.75 (+11-18%)

[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 presentation and the appendix attached hereto.

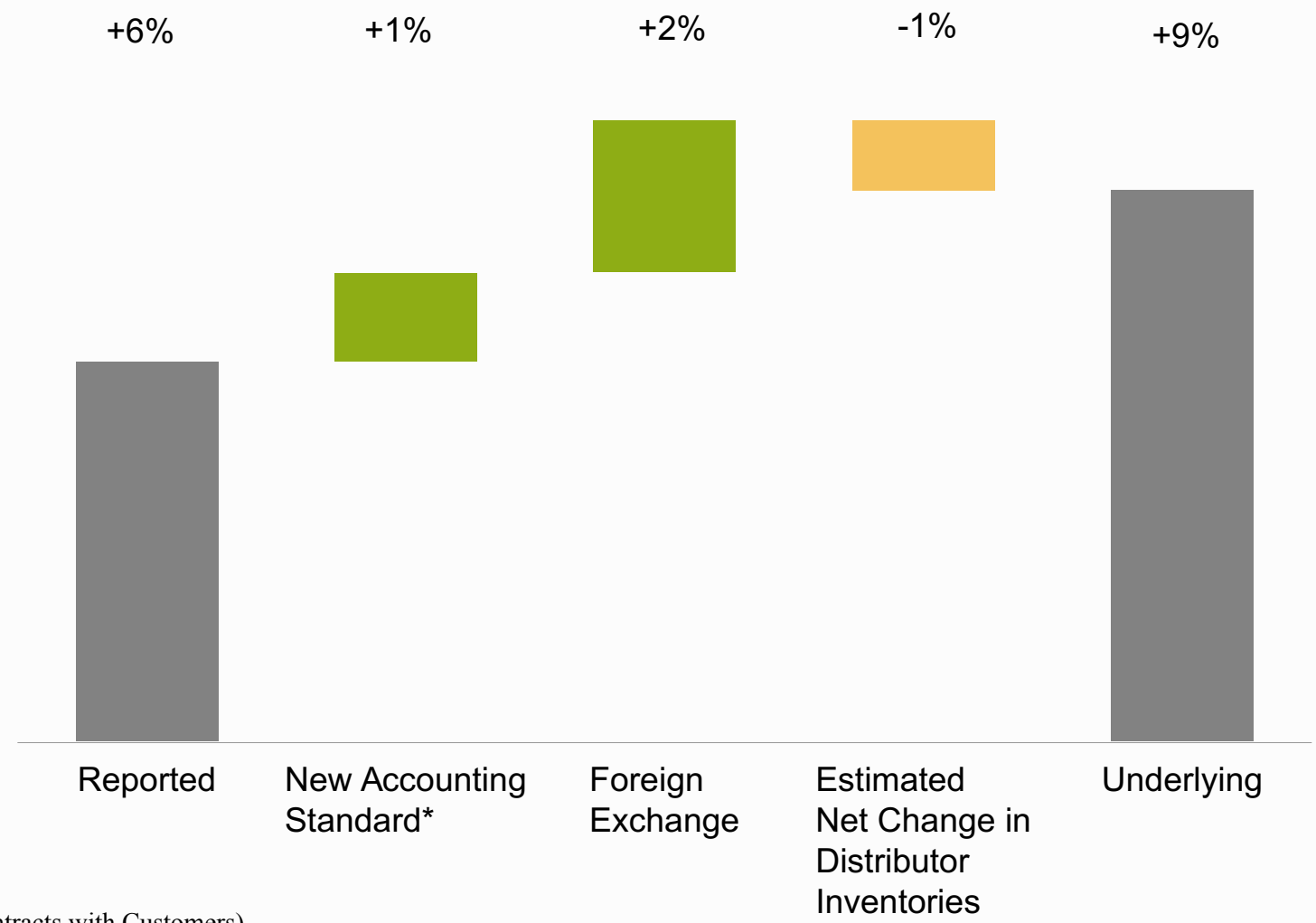
1Q19 Results - Continued Momentum in Top and Bottom Line Growth

	Reported Change (%)	New Accounting Standard* (+/-)	Foreign Exchange Impact (+/-)	Estimated Net Change In Distributor Inventories (+/-)	Underlying Change (%)
Net Sales	6%	1%	2%	-1%	9%
Gross Profit	6%	2%	2%	-1%	9%
Advertising	14%	4%	—%	—%	17%
SG&A	4%	—%	—%	—%	5%
Operating Income	7%	2%	2%	-2%	10%

Note: Totals may differ due to rounding, company estimates approximately two to three points of underlying growth due to retail inventory builds due to tariffs

* Adoption of ASC 606 (Revenue from Contracts with Customers)

1Q19 Reported Growth of 6% Driven by Strong Underlying Net Sales Growth of 9%

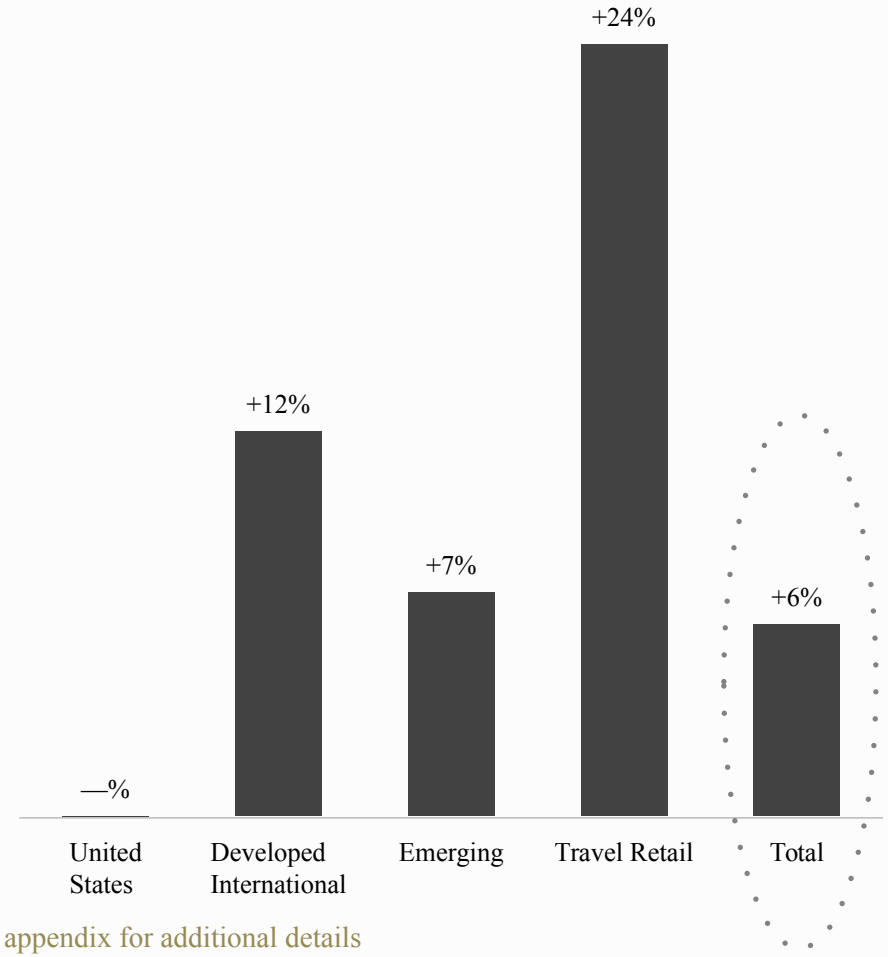


* Adoption of ASC 606 (Revenue from Contracts with Customers)

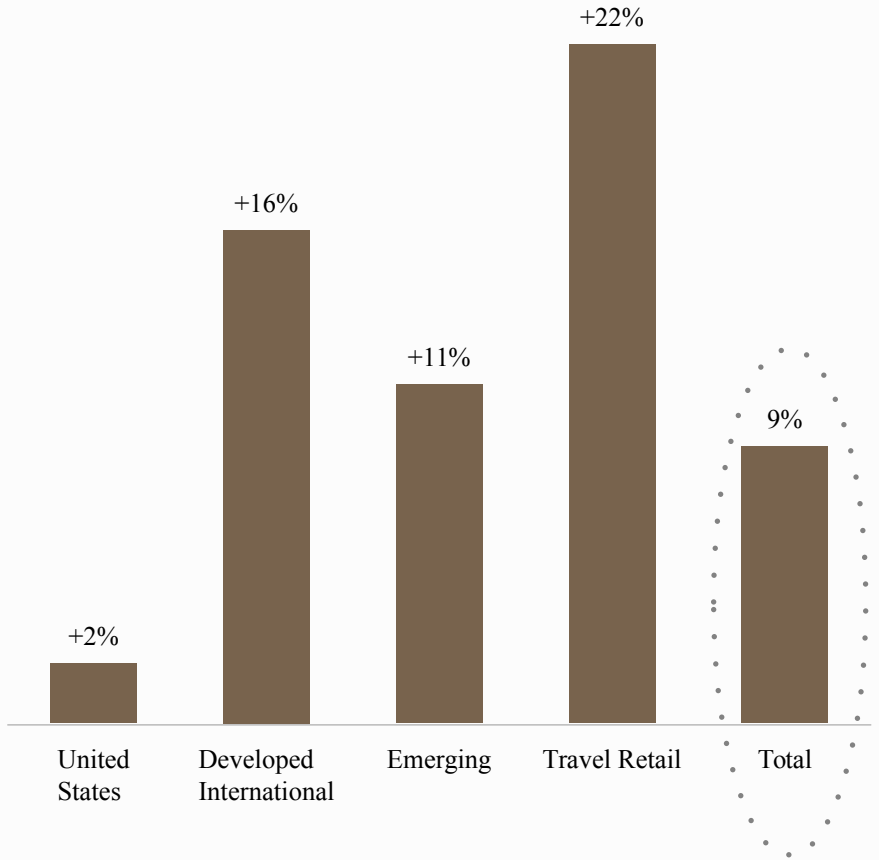
ICONS of AMERICAN WHISKEY

1Q19 Net Sales Growth Driven by Broad-based Geographic Gains

Reported



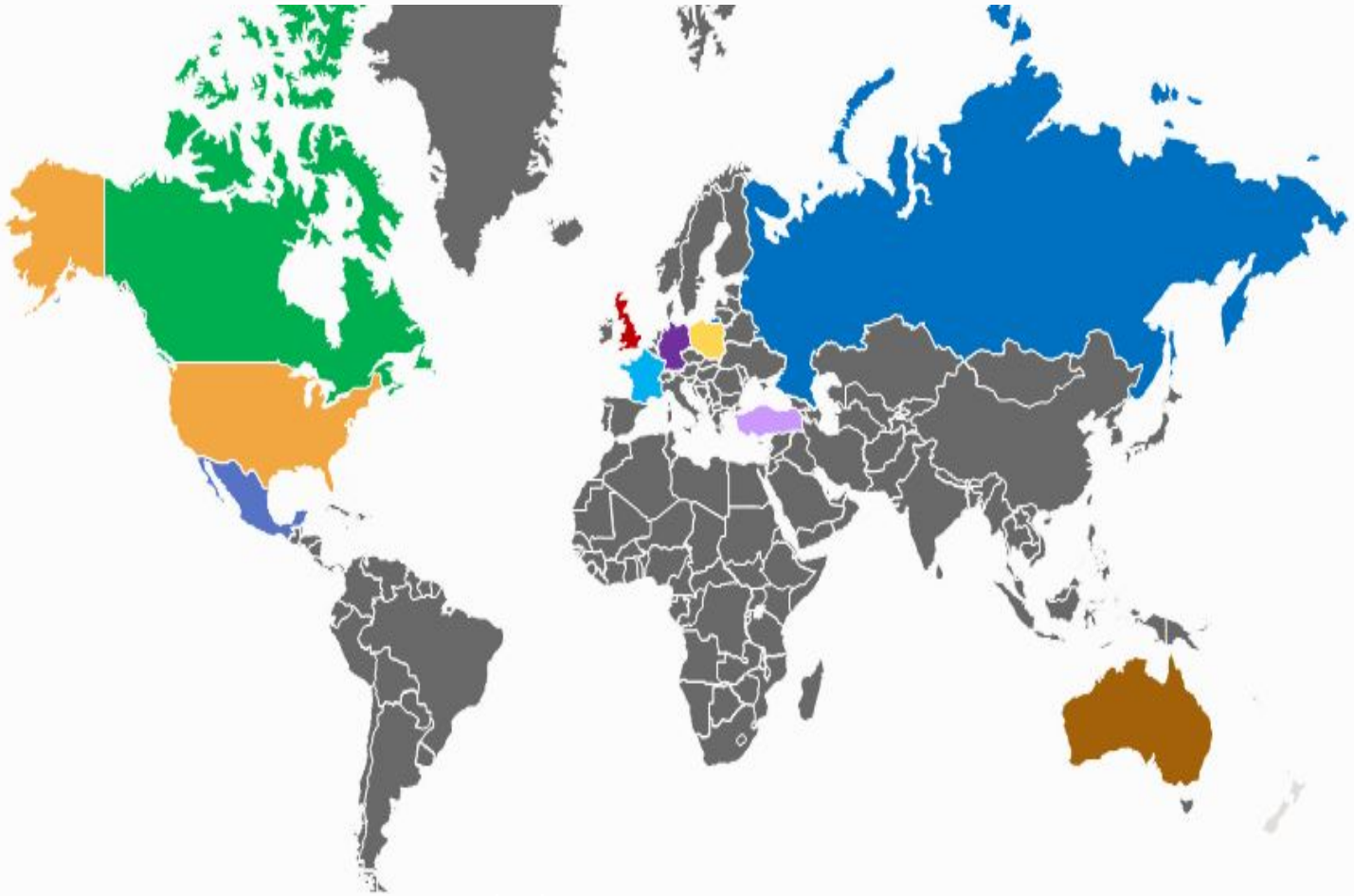
Underlying



* See appendix for additional details

Balanced Growth Across Our Top Markets

1Q19 Net Sales Growth - Reported (Underlying)



United States
0% (+2%)
Volume-driven growth against a tough comparison

United Kingdom
+19% (+33%)
Higher volumes and favorable mix enhanced by tariffs

Australia
+2% (+6%)
Price increases and higher volumes ahead of this year's price increase

Mexico
-6% (+5%)
Higher pricing for New Mix and volume growth of JD RTDs

Germany
+28% (+38%)
Volume gains for JDTW & RTDs enhanced by tariffs

France
-1% (+3%)
Growth led by JDTW and JDTH

Poland
+8% (+4%)
Volume growth led by JDTW, enhanced by tariffs

Brazil
+20% (+30%)
Driven by higher volumes and pricing for JDTW

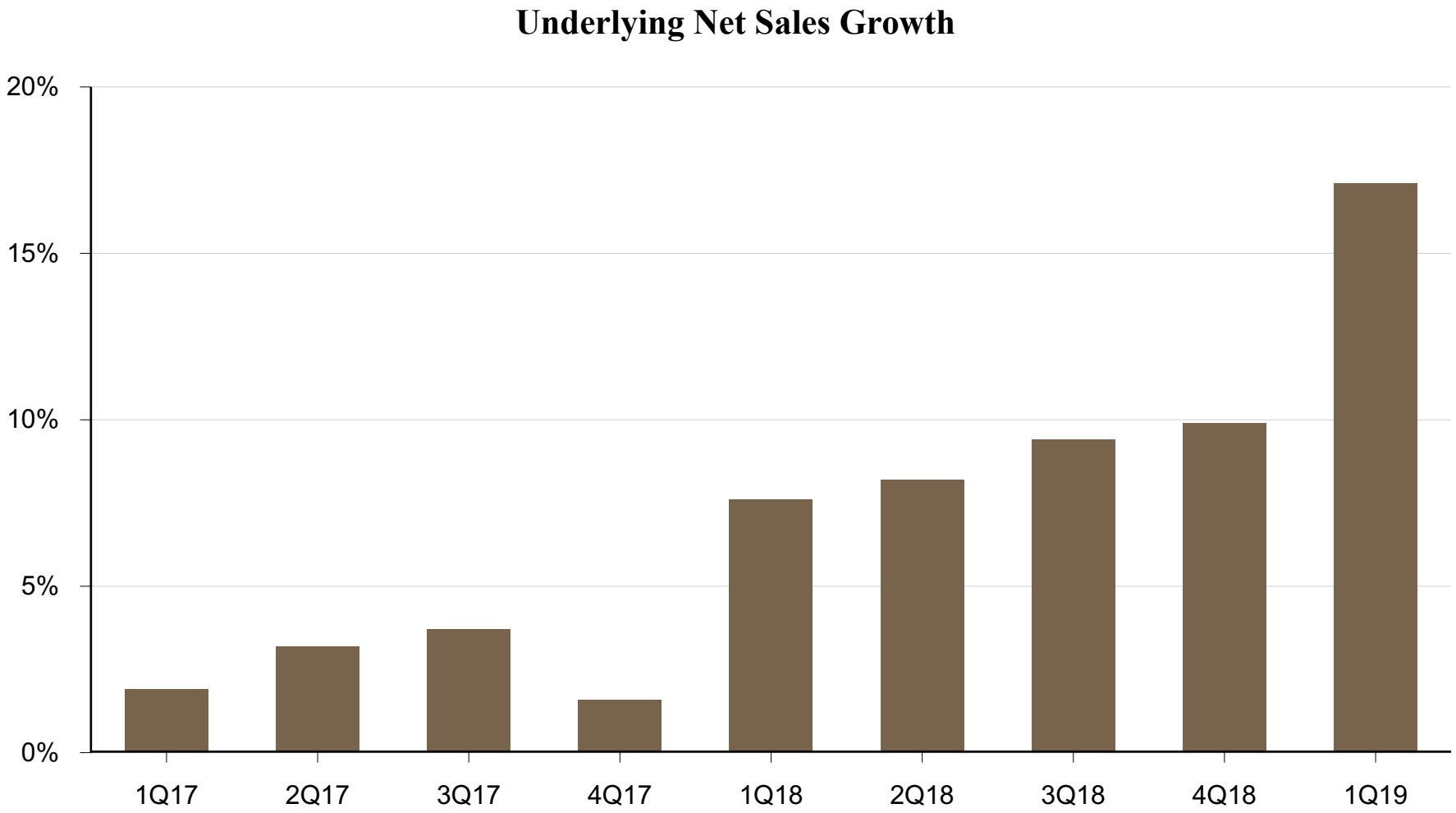
Canada
-2% (0%)
Growth in Woodford offset by lower JD FOB volumes

Russia
+57% (-12%)
Volume declines for Finlandia and last year's distributor change

Travel Retail
+24% (+22%) Led by American whiskeys

* See appendix for additional details

Continued Acceleration in Emerging Markets (Two Year Stack*)



* "Two year stack" is the two year compounded growth rate of underlying net sales.
** Please see "Note 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.

ICONS of AMERICAN WHISKEY

Broad-Based Portfolio Growth

1Q19 Net Sales Growth - Reported (Underlying)

Jack Daniel's Family
+7% (+10%)



Old Forester & Woodford Reserve
+27% (+29%)



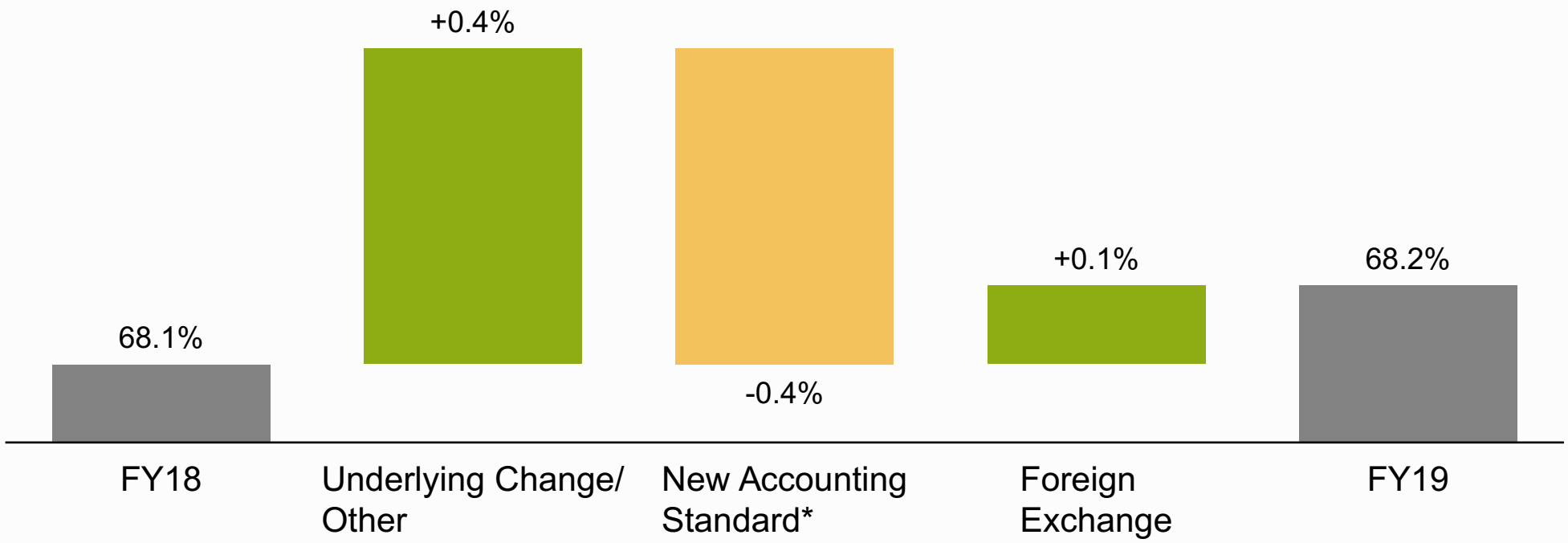
Tequilas - Herradura, el Jimador &
New Mix +6% (+9%)



* See appendix for additional details

ICONS of AMERICAN WHISKEY

Modest Reported Gross Margin Expansion in 1Q19



* Adoption of ASC 606 (Revenue from Contracts with Customers)

1Q19 Underlying Operating Income Growth led by Strong Underlying Net Sales Growth

	Three Months Ended July 31, 2018	
	Reported Change (%)	Underlying Change (%)
Net Sales	6%	9%
Gross Profit	6%	9%
Advertising	14%	17%
SG&A	4%	5%
Operating Income	7%	10%
Gross margin	0.1% points	
Operating margin	0.5% points	
Effective tax rate	-4.7% points	
Share count	—%	
Diluted earnings per share	12%	

Fiscal 2019 Outlook

Underlying Net Sales Growth	Underlying Operating Income Growth	Diluted EPS
6 - 7%	4 - 6%	$1.65 - $1.75 11 - 18% Growth

Fiscal 2019 Outlook

	EPS
Prior FY19 EPS Outlook	**$1.75 - $1.85**
Net Change to OI Growth	(0.06)
Additional FX Headwind and Other	(0.04)
FY19 Reported EPS Outlook	**$1.65 - $1.75**
YOY Reported EPS Growth	**11% - 18%**

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. Other companies may not define or calculate these non-GAAP measures in the same way. 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) new accounting standard, (b) foreign exchange, and (c) estimated net changes in distributor inventories. We explain these adjustments below.

- *"New accounting standard."* Under ASC 606 (Revenue from Contracts with Customers), we recognize the cost of certain customer incentives earlier than we did before adopting ASC 606. Although we do not expect this change in timing to have a significant impact on a full-year basis, we do anticipate some change in the pattern of recognition among fiscal quarters. Additionally, some payments to customers that we classified as expenses before adopting the new standard are classified as reductions of net sales under our new policy. This adjustment allows us to look at underlying change 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 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 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 volume information from our distributors to estimate the effect of distributor inventory changes on our income statement line items. 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.

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 with 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, 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 (IMF) and we aggregate brands by spirits category. Below, we define aggregations used in this presentation.

Geographic Aggregations.

- *"Developed International"* markets are "advanced economies" as defined by the IMF excluding the United States. Our largest developed international markets are the United Kingdom, Australia, and Germany. This aggregation represents our sales of branded products to these markets.
- *"Emerging"* markets are "emerging and developing economies" as defined by the IMF. Our largest emerging markets are Mexico and Poland. This aggregation represents our sales of branded products to these markets.
- *"Travel Retail"* represents our sales of branded products to global duty-free customers, travel retail customers, and the U.S. military regardless of customer location.
- *"Non-branded and bulk"* includes our sales of used barrels, bulk whiskey and wine, and contract bottling regardless of customer location.

Brand Aggregations.

- *"Jack Daniel's family of brands"* includes Jack Daniel's Tennessee Whiskey (JDTW), Jack Daniel's RTD and RTP products (JD RTDs/RTP), Jack Daniel's Tennessee Honey (JDTH), Gentleman Jack, Jack Daniel's Tennessee Fire (JDTF), Jack Daniel's Single Barrel Collection, Jack Daniel's Tennessee Rye Whiskey (JDTR), Jack Daniel's Sinatra Select, Jack Daniel's No. 27 Gold Tennessee Whiskey, and Jack Daniel's Bottled-in-Bond.
- *"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 (JD Cider), Jack Daniel's Lynchburg Lemonade (JD 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 Woodford Reserve, Old Forester, and Coopers' Craft.
- *"Tequila"* products include el Jimador, Herradura, New Mix, Pepe Lopez, and Antiguo.
- *"Vodka"* products include Finlandia.
- *"Wine"* products include the Korbel Champagne and Sonoma-Cutrer wines.
- *"Non-branded and bulk"* includes our sales of used barrels, bulk whiskey and wine, and contract bottling regardless of customer location.

Definitions

Other Metrics.

- *"Depletions."* We generally record revenues when we ship our products to our customers. Depending on our route-to-consumer (RTC), we ship products to either (a) retail or wholesale customers in owned distribution markets or (b) our distributor customers in other markets. "Depletions" is a term commonly used in the beverage alcohol industry to describe volume. Depending on the context, "depletions" means either (a) our shipments directly to retail or wholesale customers for owned distribution markets or (b) shipments from our distributor customers to retailers and wholesalers in other markets. We believe that depletions measure volume in a way that more closely reflects consumer demand than our shipments to distributor customers do. In this document, unless otherwise specified, we refer to "depletions" when discussing volume.
- *"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 a 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.

Reconciliation

1Q19 Net Sales Growth by Top Markets

Three Months Ending July 31, 2018					
Geographic area	Reported %	New Accounting Standard* (+/-)	Foreign Exchange (+/-)	Estimated Net Change in Distributor Inventories (+/-)	Underlying %
United States	—%	1%	—%	1%	2%
Developed International	12%	2%	6%	-3%	16%
United Kingdom	19%	—%	14%	—%	33%
Australia	2%	—%	4%	—%	6%
Germany	28%	—%	10%	—%	38%
France	-1%	—%	5%	—%	3%
Canada	-2%	4%	2%	-4%	—%
Rest of Developed International	13%	7%	1%	-12%	9%
Emerging	7%	3%	7%	-4%	11%
Mexico	-6%	2%	9%	—%	5%
Poland	8%	—%	-4%	—%	4%
Russia	57%	—%	-14%	-55%	-12%
Brazil	20%	2%	20%	-11%	30%
Rest of Emerging	7%	4%	9%	1%	20%
Travel Retail	24%	—%	-2%	—%	22%
Other non-branded and bulk	19%	—%	-1%	—%	18%

* Adoption of ASC 606 (Revenue from Contracts with Customers)

Reconciliation

1Q19 Net Sales Growth for Aggregated Brands

Three Months Ending July 31, 2018					
Aggregated Brands	Reported %	New Accounting Standard* (+/-)	Foreign Exchange (+/-)	Net Change in Estimated Distributor Inventories (+/-)	Underlying %
Jack Daniel's Family of Brands	7%	1%	3%	-2%	10%
Old Forester and Woodford Reserve	27%	2%	—%	1%	29%
el Jimador, Herradura, & New Mix	6%	3%	4%	-5%	9%

* Adoption of ASC 606 (Revenue from Contracts with Customers)