



BROWN-FORMAN

# the **NEXT** Generation

2018  
BROWN-FORMAN  
INVESTOR DAY





# PRESENTERS





PAUL VARGA  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER  
BROWN-FORMAN CORPORATION

-

Paul Varga was appointed president and chief executive officer of Brown-Forman Corporation on August 1, 2005, and became chairman of the company in August 2007. He has been a member of the company's board of directors since 2003.

Prior to becoming CEO, Varga served as president and chief executive officer of the company's Brown-Forman Beverages subsidiary. He also served as senior vice president and chief marketing officer for Brown-Forman Beverages. In this capacity he provided executive direction of the marketing efforts for brands that comprised Brown-Forman Beverages in domestic and international markets.

Varga began his career at Brown-Forman as a summer intern in May of 1986. He subsequently was promoted to a variety of positions within the corporation, ranging from on-premise marketing to managing the Jack Daniel's brand. Varga was promoted to senior vice president, chief marketing officer in November 2000.

Varga earned his bachelor of business administration degree in finance from the University of Kentucky in 1985. He went on to earn his master's in business administration at Purdue University in 1987.

Paul resides in Louisville with his wife, Melissa, and their three children.



LAWSON WHITING  
INCOMING PRESIDENT AND CHIEF EXECUTIVE OFFICER  
BROWN-FORMAN CORPORATION

-

Lawson Whiting is the incoming president and chief executive officer of Brown-Forman Corporation, effective January 1, 2019. He has served on the company's Executive Leadership Team since 2013.

Prior to being appointed incoming CEO, Whiting served as executive vice president and chief operating officer of Brown-Forman, where he oversaw regional operations, global production, and corporate responsibility.

Whiting began his career at Brown-Forman in 1997 in the corporate development group, and subsequently served as the director of investor relations, director of finance for wines, director of global business strategy for the Jack Daniel's Family of Brands, and director of finance, North America Region. He was then promoted to senior vice president and managing director of Western Europe, based in London, before returning to the U.S. in 2013 as chief brands officer.

Whiting holds a bachelor's degree in finance from Miami University and a Master of Business Administration from the University of Chicago's Graduate School of Business.

Lawson resides in Louisville with his wife, Debbie, and their three children.



MARK McCALLUM  
EXECUTIVE VICE PRESIDENT  
CHIEF BRANDS OFFICER  
BROWN-FORMAN CORPORATION

-

Mark McCallum is executive vice president, chief brands officer at Brown-Forman Corporation.

McCallum joined Brown Forman in 2003 as chief marketing officer and prior to his current role held the positions of president, Jack Daniel's Brands, chief operating officer as well as president of EMEA and APAC. As a member of the corporation's Executive Leadership Team, he serves as co-executive sponsor for the women's employee resource group as well as the global talent development council.

McCallum began his career in Australia with General Foods/Kraft more than thirty years ago in roles that included R&D, production, sales and marketing. He then spent a number of years with Campbell Soup Co. in general management roles in Australia, the APAC region and North America. Prior to joining Brown-Forman he served as CMO for the Darden Restaurants Inc. Red Lobster division.

McCallum holds a bachelor's degree in food science from the University of Western Sydney, Australia.



JOHN HAYES  
SENIOR VICE PRESIDENT  
PRESIDENT, USA & CANADA  
BROWN-FORMAN CORPORATION

-

John Hayes is president, USA & Canada. He is a member of Brown-Forman's Executive Leadership Team.

Most recently, he served as chief marketing officer of Brown-Forman brands. Prior to this he served as managing director of Jack Daniel's and was responsible for the overall global strategic direction and marketing for Jack Daniel's Brands.

Hayes' blue-chip credentials include a long and successful career with Brown-Forman. He joined Brown-Forman in 1987 as the marketing services manager for Brown-Forman International. Since then, he has held various positions throughout the company, including market manager for Canada and the Caribbean, director of brand development, global equity director for Jack Daniel's Brands, global marketing director for Jack Daniel's in the Advancing Markets Group, vice president, brand director for Jack Daniel's Brands in the North American Region, and senior vice president, managing director of the Casa Herradura Tequila portfolio.

Prior to joining Brown-Forman, Hayes resided in Chicago, Illinois. He held positions with Marsteller advertising agency and Jim Beam, where he began his career in the spirits industry.

Hayes earned a bachelor's degree in communications from the University of Iowa.



THOMAS HINRICHS  
SENIOR VICE PRESIDENT  
PRESIDENT, INTERNATIONAL DIVISION  
BROWN-FORMAN CORPORATION

-

Thomas Hinrichs is president, international division, Brown-Forman. He also serves on Brown-Forman's Executive Leadership Team.

Hinrichs began his career at Brown-Forman in 1996 as marketing manager for Germany, and in 1999, he was promoted to the position of vice president, director for Germany, Austria, Switzerland, and Denmark. In 2002, he became the regional director for Germany and continued in this position until he was named managing director of Central Europe in 2005. He also served as senior vice president, managing director of Europe. His previous role was president of Europe, North Asia and Australia, New Zealand, South East Asia regions.

Prior to Brown-Forman, Hinrichs was a marketing manager for Reemtsma GmbH & Co. He earned a master's degree in economics from the University of Hamburg.

Hinrichs is based in Amsterdam.



JANE MORREAU  
EXECUTIVE VICE PRESIDENT  
CHIEF FINANCIAL OFFICER  
BROWN-FORMAN CORPORATION

-

Jane Morreau is executive vice president, chief financial officer for Brown-Forman Corporation.

Prior to becoming CFO, Morreau served as a senior vice president and chief production officer. Previously, she was senior vice president, chief accounting officer and director of finance, accounting and technology, where she directed the financial management of the company's sales, marketing, production, and technology functions.

Morreau joined Brown-Forman in 1991 as a manager of financial analysis. In 1995, she became acting director of the business planning & analysis group and one year later was appointed assistant vice president. In 1997, Morreau was appointed vice president, and in 2001 she joined the Hartmann Inc. board of directors. She then held the position of controller, financial operations and analysis, and in 2008 was appointed to Brown-Forman's Executive Leadership Team.

Prior to joining Brown-Forman, Morreau spent more than 11 years at Kentucky Fried Chicken Corporation (now known as Yum! Brands). She earned her bachelor of science degree in commerce (with a major in accounting) and a master's in business administration from the University of Louisville. She is a Certified Public Accountant.

For the past several years Morreau has served on the Executive Committee and Board of Directors of the Louisville Metro United Way (MUW). Most recently, Morreau concluded her term as Board Chairperson for MUW, where she led a nationwide search to hire a new President and CEO for the organization. Morreau is active in other community initiatives, ranging from leading a team for Habitat for Humanity to attending and supporting various initiatives such as the Go Red Luncheon to benefit the American Heart Association. She and her husband, Jim, reside in Louisville and have two children, Jacqueline and Gregory, and a grandson, William.



GEO. GARVIN BROWN IV  
CHAIRMAN OF THE BOARD  
BROWN-FORMAN CORPORATION

-

Garvin Brown is the Chairman of the Board of Brown-Forman. He is a great, great grandson of George Garvin Brown, the company's founder.

Brown began his employment at Brown-Forman in 1996 in field sales in New York. Since that time he has held corporate roles in Louisville, Kentucky, and operating roles in Europe. He joined Brown-Forman's board in 2006 as a director and has served as its Chairman since 2007.

Brown was raised in Montreal, Canada, and is a graduate of McGill University (B.A. Political Science & History), the University of British Columbia (M.A. Political Science), and London Business School (M.B.A.).



JAY KOVAL  
VICE PRESIDENT  
INVESTOR RELATIONS  
BROWN-FORMAN CORPORATION

—

Jay Koval joined Brown-Forman in early 2012 as vice president of investor relations. He brings a breadth of investor relations expertise and two decades of capital markets experience to the role that will further strengthen Brown-Forman's relationships with the investment community and help foster appreciation for the company's long-term strategic focus on creating value for all of its shareholders. In 2015, Koval was given responsibility over Brown-Forman's global credit department and from 2016-2018 was asked to lead Brown-Forman's community relations efforts in addition to investor relations.

Prior to joining Brown-Forman, Koval headed investor relations for Starwood Hotels & Resorts Worldwide for six years. Under Koval's leadership, Starwood's Investor Relations function achieved a first place ranking by Institutional Investor magazine. Before Starwood, Koval worked as an analyst on the buy-side at Invesco funds group, as well as an analyst on the sell-side at Banc of America Securities. Koval also worked in the investment banking group at JP Morgan covering Debt Capital Markets in New York and Consumer/Retail in San Francisco prior to attending business school.

Koval earned a B.A. in Biology from Yale University, a Diploma in Economics from The London School of Economics, and an M.B.A. from the Kellogg Graduate School of Management. He resides in Louisville with his wife and four children.



# PRESENTATIONS





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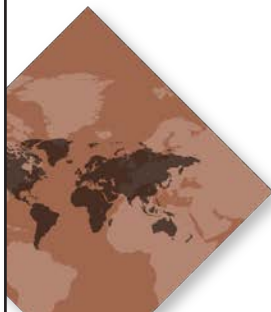
**Investor Day**  
New York Stock Exchange  
December 12, 2018



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Jay Koval  
VP Investor Relations



## Forward-Looking Statements

The following presentations contain 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 and 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.



## 2018 Investor Day Agenda

1:00PM	Presentations	1:00-1:05PM Paul Varga – Chairman and Chief Executive Officer 1:05-1:20PM Lawson Whiting – Chief Operating Officer, Incoming Chief Executive Officer 1:20-1:45PM Mark McCallum – EVP, Chief Brands Officer 1:45-2:05PM John Hayes – SVP, President USA & Canada
2:05PM	Break	
2:15PM	Presentations	2:15-2:40PM Thomas Hinrichs – SVP, President, International Division 2:40-2:55PM Jane Morreau – EVP, Chief Financial Officer 2:55-3:00PM Garvin Brown IV – Chairman, Board of Directors
3:00PM	Q&A Session	
4:00PM	Cocktails, Whiskey Tastings	Executive Leadership Team Chris Fletcher – Assistant Master Distiller - Jack Daniel's Elizabeth McCall – Assistant Master Distiller - Woodford Reserve



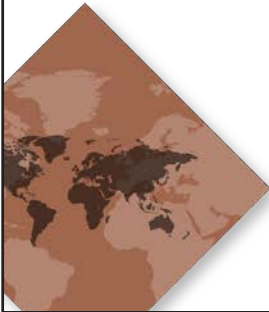
the NEXTGeneration



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Paul C. Varga  
Chief Executive Officer



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# the **NEXT** Generation

Lawson Whiting  
Chief Executive Officer



Forward-Looking Statement

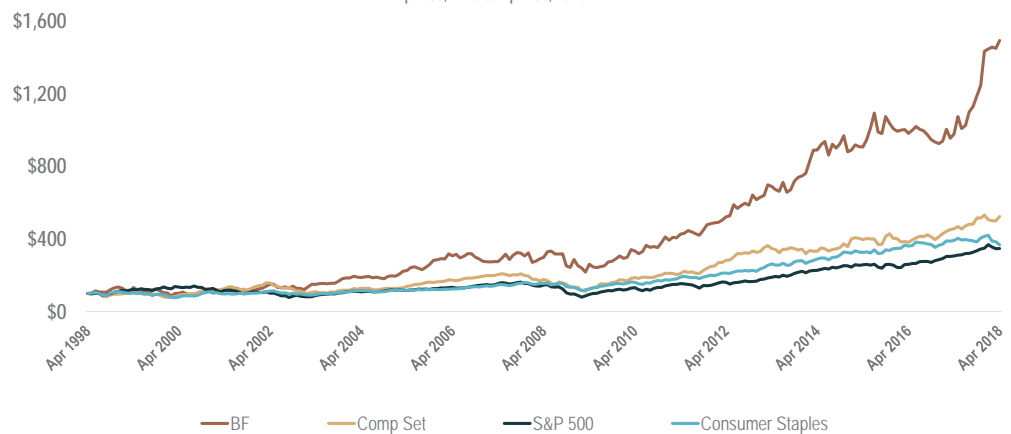


# the NEXT Generation

Photo Montage

## A Generation of Superior TSR

Total Shareholder Returns  
April 30, 1998 to April 30, 2018



  
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Source: FactSet, as of April 30, 2018, in local currency, assuming dividends reinvested. The Competitive Set is a weighted average based on last 12 months (LTM) sales (USD) for Diageo, Pernod, Remy and Campari.

# Brown-Forman Strategic Framework



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# Portfolio

Lead in Premium  
American Whiskey and  
Increase Focus on  
Super-Premium  
Portfolio



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# Geography

Deliver Balanced  
Geographic Growth with  
Competitive Routes to  
Consumer



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# Investment

Deliver Shareholder-  
Friendly Capital  
Allocation and Top-Tier  
TSR



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# People

Continue to Build a  
Strong and Agile  
Workforce



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## The Next Generation of Brown Family Stewardship



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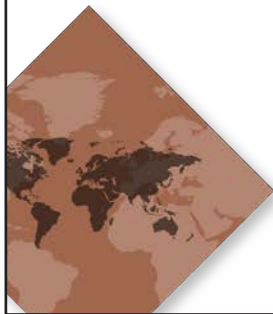
Thank You!



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Mark McCallum  
Chief Brands Officer



## Reshaped Portfolio Focused on 10 Key Trademarks



## 10 Trademarks Yield Over 30 Individual Brands



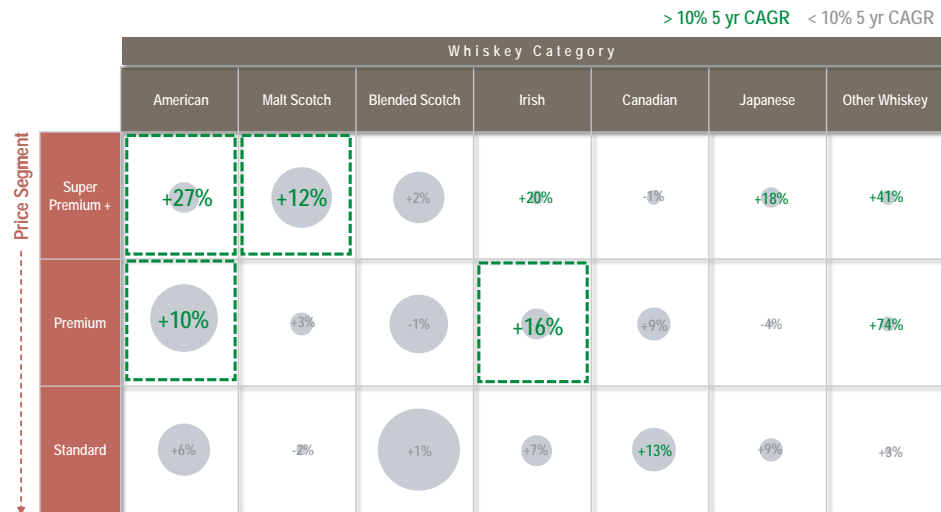
## Portfolio Focused on Whisk(e)y, Tequila & Vodka



Source: IWSR, 2017 \$ Retail Value. Size of bubble represents relative \$ value

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## Focus on Global American Whiskey Leadership



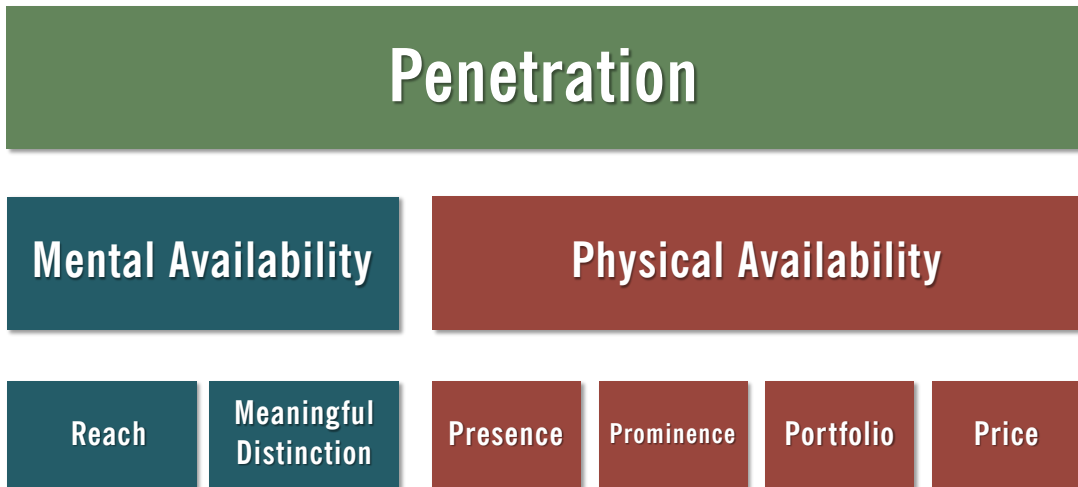
Source: IWSR, 2017 \$ Retail Value. Size of bubble represents relative \$ value

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## Portfolio Priorities by Geography



## B-F Brand Growth Framework



# JACK DANIEL'S

FINE TENNESSEE WHISKEYS

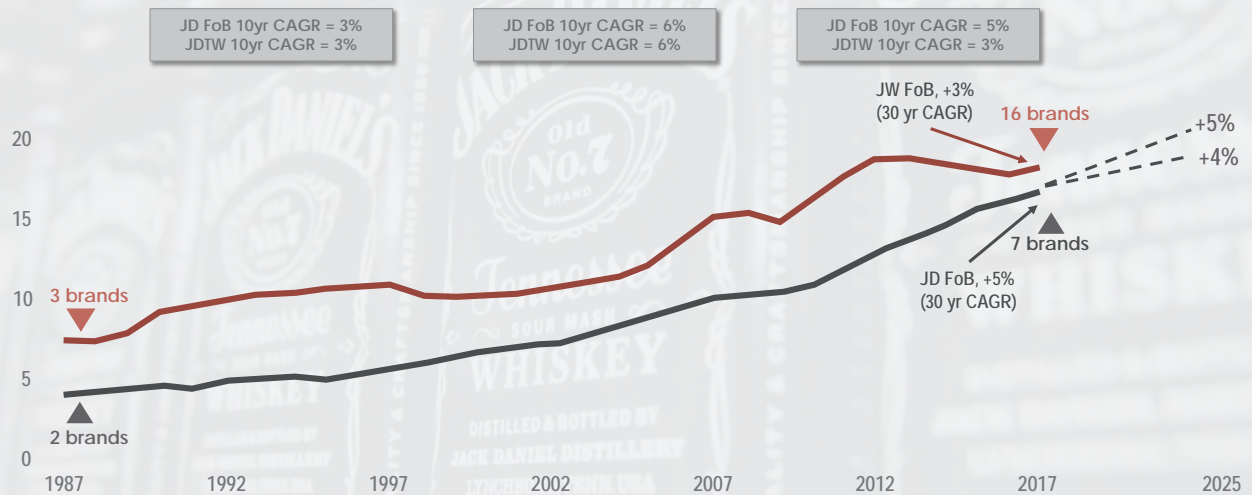
ESTABLISHED 1866



JACK DANIEL'S

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## Jack Daniel's Continues to Lead Next Generation Growth



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

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

JD FoB 10yr CAGR = 5%  
JDTW 10yr CAGR = 3%

JW FoB, +3%  
(30 yr CAGR)

16 brands

7 brands

JD FoB, +5%  
(30 yr CAGR)



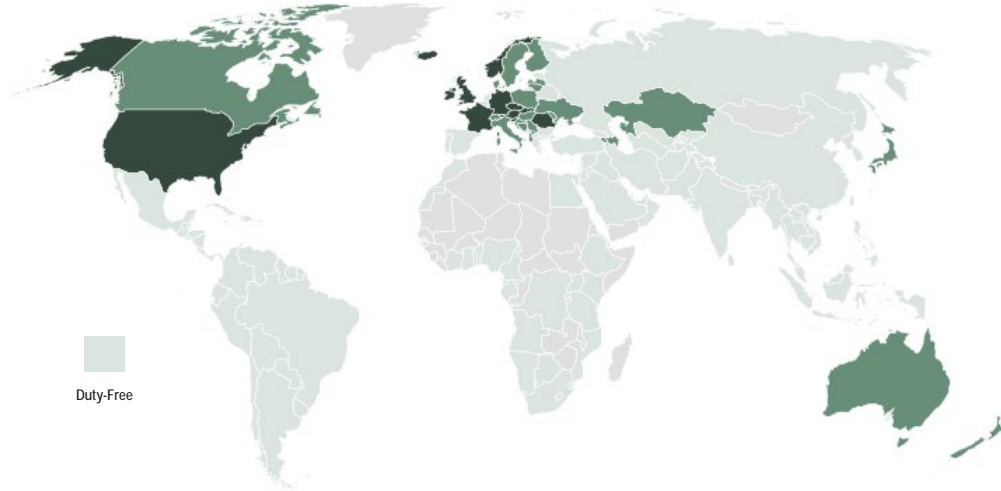
JACK DANIEL'S

Source: IWSR: 2017 9L Depletions: Adjusted for RTD equivalents

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# Jack Daniel's Has Significant Geographic Opportunity

Jack Daniel's indexed against Johnnie Walker globally



Source: IWSR, 2017 9L Depletions, Adjusted for RTD equivalents



**JACK DANIEL'S**

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**Mental Availability**

**Reach**

**Meaningful  
Distinction**

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# the **NEXT** Generation

Jack Daniel's Family of Brands advertising vignette video  
Jack Daniel's social / digital video  
Jack Daniel's documentary video

## Physical Availability

Presence

Prominence

Portfolio

Price

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WOODFORD  
RESERVE®

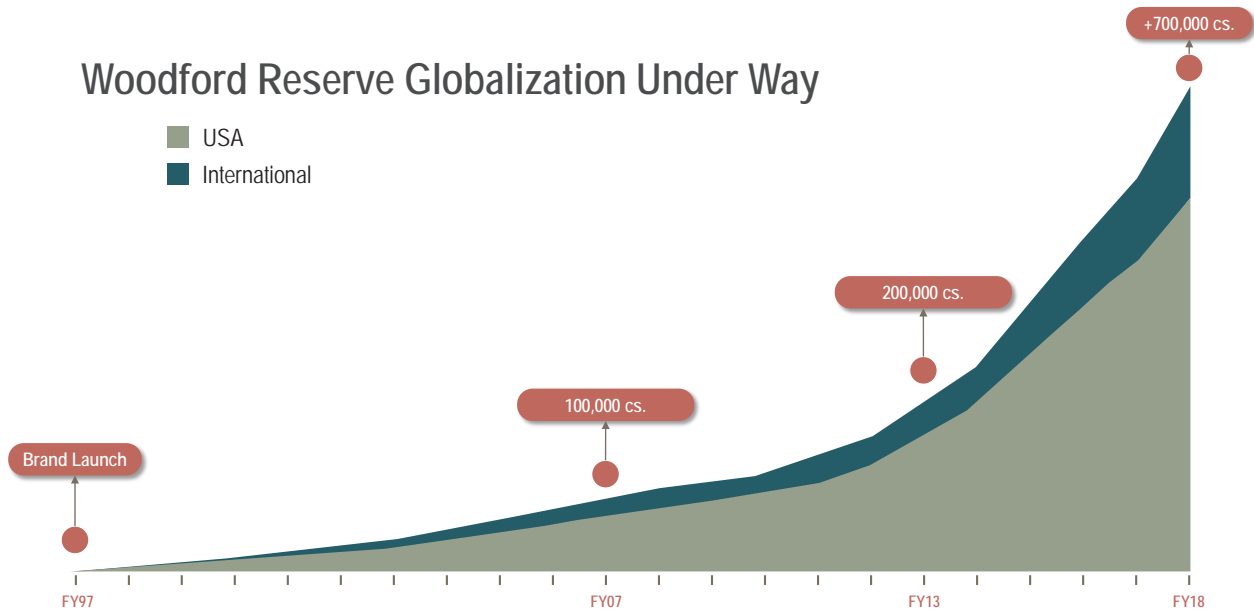


WOODFORD RESERVE

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## Woodford Reserve Globalization Under Way

■ USA  
■ International



Source: Internal Data: 9L Depletions, US/ROW Herradura Family (HE/EJ/New Mx/Antiguo)



WOODFORD RESERVE

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## theNEXT Generation

Woodford Reserve Quality advertising video  
Woodford Reserve Kentucky Derby video  
Woodford Reserve social / digital video



  
 TEQUILA  
**HERRADURA**

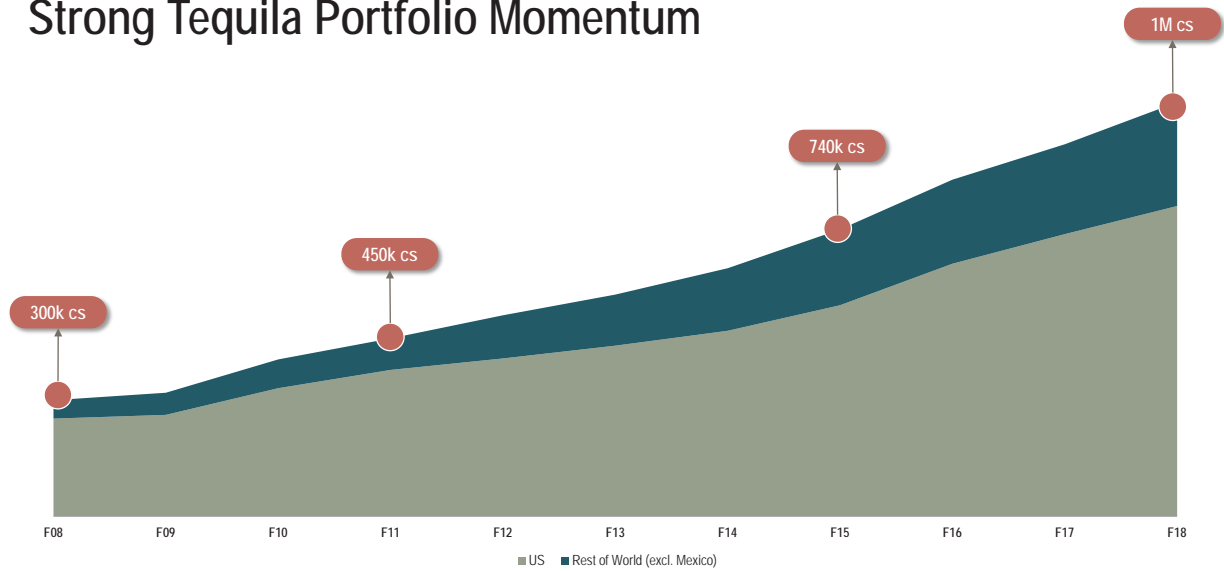
**el Jimador**



 Tequila Portfolio

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## Strong Tequila Portfolio Momentum



Tequila Portfolio

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## theNEXT Generation

Herradura Silver advertising video  
Herradura Ultra advertising video  
Herradura social / digital video  
el Jimador social / digital video



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# Highly Awarded Portfolio of Single Malts



Dec. 7<sup>th</sup>, 2018

**Rachel Barrie, Master Blender,  
Brown-Forman Scotch**

1<sup>st</sup> woman in Scotch Whisky to be inducted in the whisky hall of fame...



Nov. 20<sup>th</sup>, 2018

GlenDronach 15 Year Revival **#8** in the 2018 top 20



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## Innovation Key to Next Generation Growth



### Other Brands



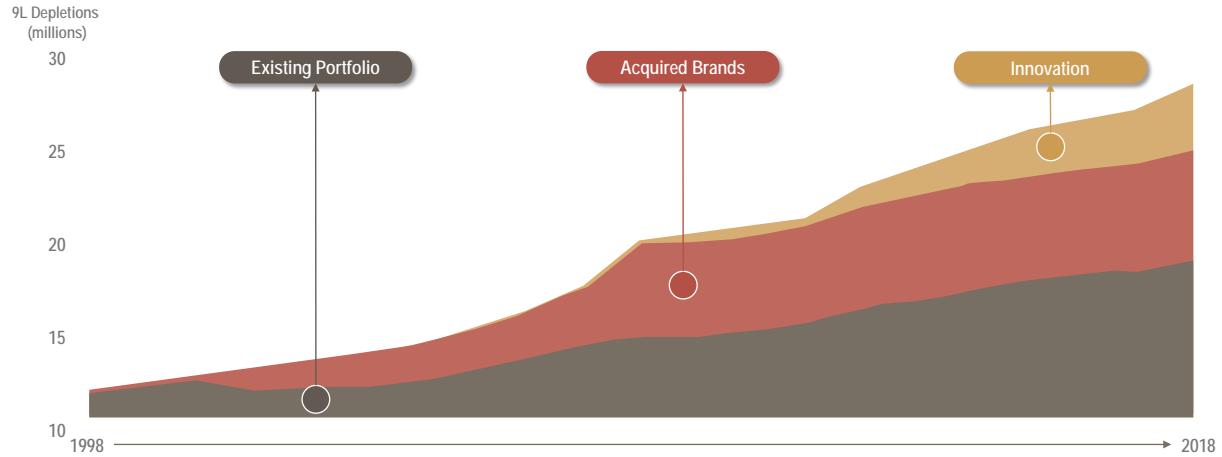
Source: Internal 9L Depletions; Adjusted for RTD equivalents



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# Innovation Expected to be Key to Next Generation Growth



Source: Internal 9L Depletions: Adjusted for RTD equivalents



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## Portfolio Priorities by Geography



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# the **NEXT** Generation

Thank you!



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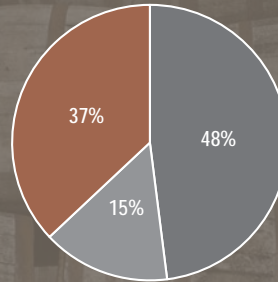
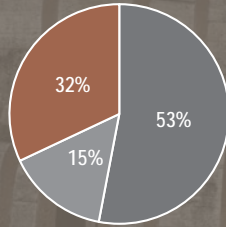
John Hayes  
President, USA & Canada



## USA is the Largest Premium+ Spirits Market Taking Share from Beer

2007 Total Bev Alc Value: \$187B

2017 Total Bev Alc Value: \$234B



□ Beer □ Wine □ Spirits



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2017 Adams Liquor Handbook

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## We are Positioned in the Growth Categories Now and for the Future

our **CURRENT**  
Growth Drivers



American Whiskey

+8%



Tequila Category

+7%



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Irish Whiskey

+18%



Single Malt

+13%



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Source: IWSR Value 10 year CAGR through 2017

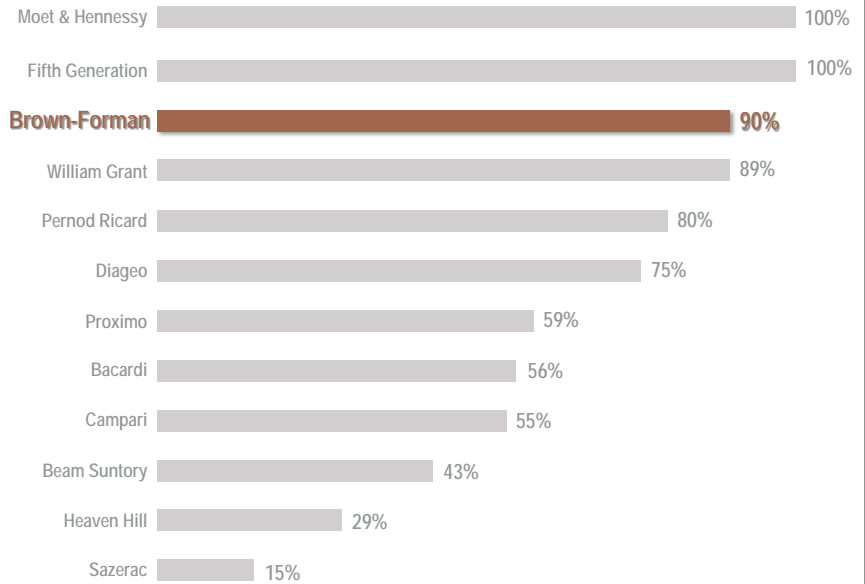
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# Brown-Forman Competes in the Premium+ Price Segments

Premium+ Price Segment Share



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Nielsen 52 weeks value through 8/11/2018, share of \$ sales >\$15

## USA Spirits Market



Challenging price environment



Increased investment by competitors



New whiskey brands



Trade & Distributor disruption



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## Brown-Forman's Premium American Whiskey Portfolio




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## USA Organizational Focus

 Capabilities



Whiskey Expertise




Inclusive Marketing



Modern Media



E-Premise

 Structure



Focus on Opportunity  
Brands Through Structure



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# Whiskey Expertise



Education



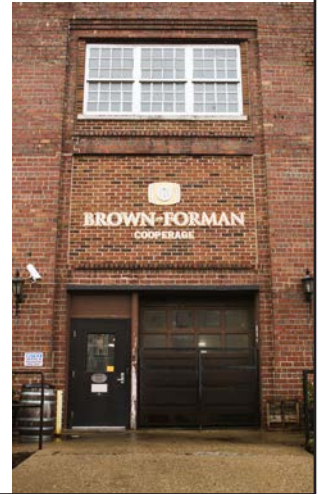
Advocacy



Point-of-Sale



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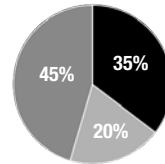


# Inclusive Marketing



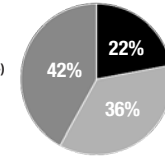
1 IN 2

AACM (21+) ARE NBA FANS



1 IN 4

HISPANICS (21+) ARE NBA FANS



● 21-34 ● 35-54 ● 55+



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Jack Daniel's NBA "Rings" advertising video



# Modern Media



VOICE ASSIST



AMAZON ALEXA

E-COMMERCE



RESERVE BAR

AT HOME DELIVERY



COCKTAIL COURIER

DIGITAL | PRINT | OOH



WOODFORD RESERVE

TELEVISION



# theNEXT Generation

Woodford Reserve Kentucky Derby video montage



## e-Premise Channels



E-TAILERS



EMERGING INTERMEDIARIES



CURATED MARKETPLACES



CLICKS & BRICKS



DELIVERY APPS



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## Emerging Brands Focus



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## Emerging Brands Organization Focus



### City Center

Influencer City Focus



### Hand Selling

Field-Focused Skew More Than Distributor Management



### Retail Focus

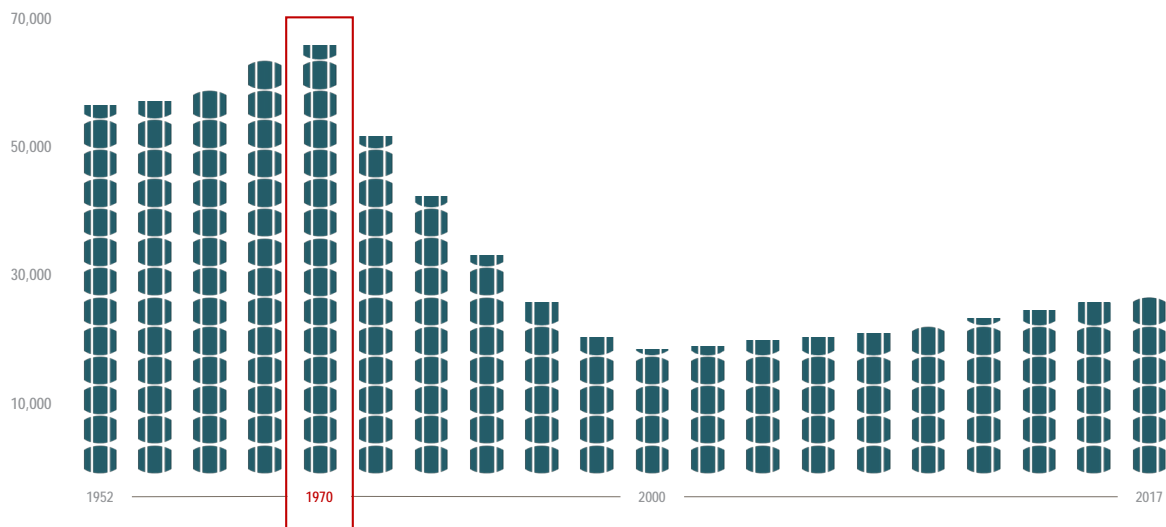
On-Premise / Whiskey Shops / High End Retailers



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## American Whiskey Far From 70's Peak



Source: Adams Liquor Handbook



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Thank You!



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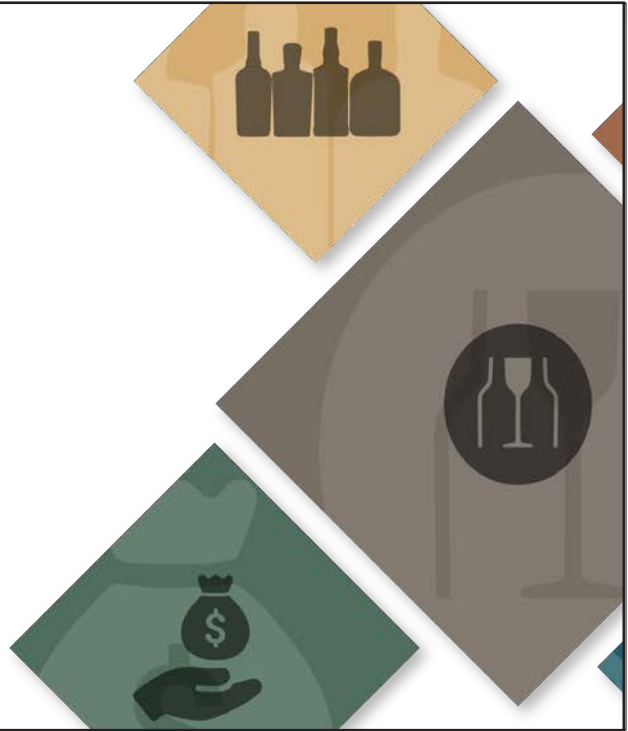
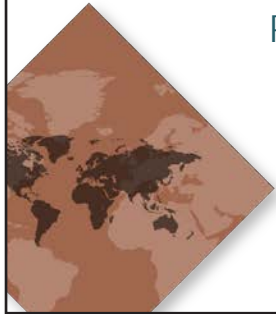
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**Investor Day**  
New York Stock Exchange  
December 12, 2018

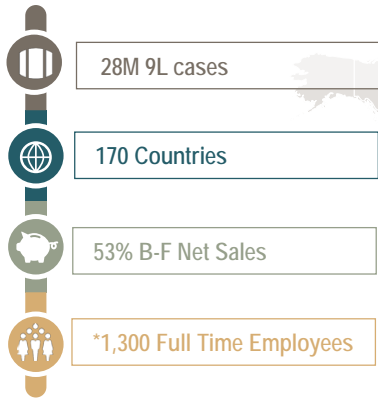


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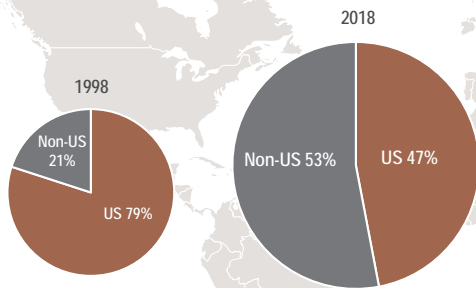
Thomas Hinrichs  
President, International



### B-F International at a Glance



## B-F International at a Glance



# Countries with . . .	1998	2008	2018
+50,000 cases	10	24	28
+500,000 cases	2	2	2
+1,000,000 cases	1	4	6

## theNEXT Generation

### Continuous Globalization & Increased Focus

Developed Markets



Emerging Markets





**DEVELOPED MARKETS** Historical Growth Drivers

- 

5 Top markets account for 70% sales
- 

JDTW & JD FOB driving growth
- 

Investment behind Route-to-Consumer
- 

Organization design and capabilities are supporting strategy and growth

Source: IWSR

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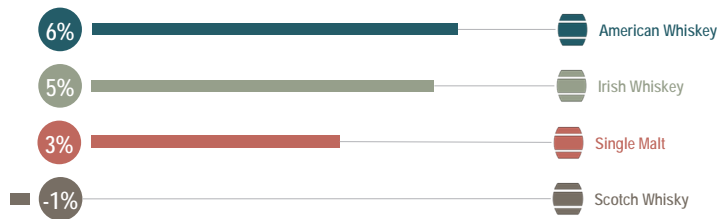


## DEVELOPED MARKETS

### Long Runway for Growth



#### STANDARD+ WHISKEY CAGR

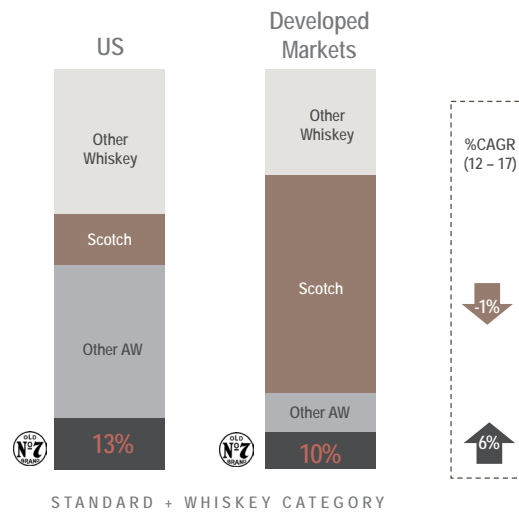


Source IWSR: % CAGR 2012-2017: Premium+ whiskey/ey 2017 volume



## DEVELOPED MARKETS

### Large Growth Opportunity for American Whiskey



Source IWSR: % CAGR 2012-2017: Standard + whiskey 2017 volume

  
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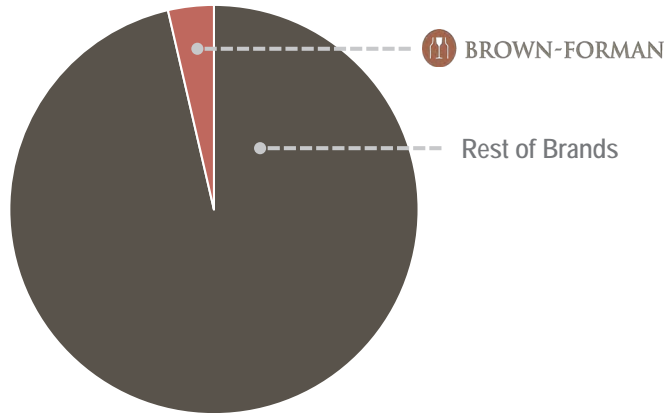




## DEVELOPED MARKETS

## And, an Even Larger Super-Premium Opportunity

### SUPER-PREMIUM+ WHISKEY



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Source IWSR: % CAGR 2012-2017; Premium+ whiskey 2017 volume

## Brown-Forman Portfolio Aligned For Growth



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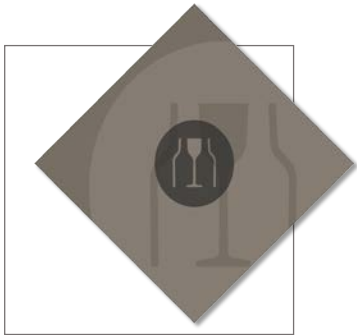


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DEVELOPED MARKETS

## Strategic Priorities



- ◆ Lead in American Whiskey
- ◆ Invest in our super-premium portfolio
- ◆ Leverage route-to-consumer investments

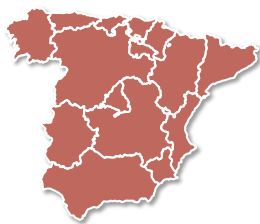


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## SPAIN

Spain moved to Owned Distribution in July 2018

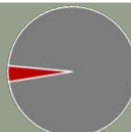


**1** 4<sup>th</sup> largest international Whiskey market  
(only Standard+)

**2** Whiskey is the largest single category  
(only Standard+)



**3** JACK DANIEL'S  
...only 4% market share



16 MONTHS LATER...

- Jack Daniel's is the fastest-growing imported brand in 2017
- Jack Daniel's MAT depletions of 30%
- Super-premium brands growing faster



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Source: IWSR 2017

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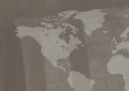
# the NEXT Generation

Spain Owned Distribution video

Emerging Markets



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## EMERGING MARKETS

# Historical Growth Drivers



5 Top markets account for over 50% of sales



JD FOB, Tequilas & Finlandia driving growth



Seeding investment



Evolve Route-to-Consumer, partnerships & local organizations

Source IWSR



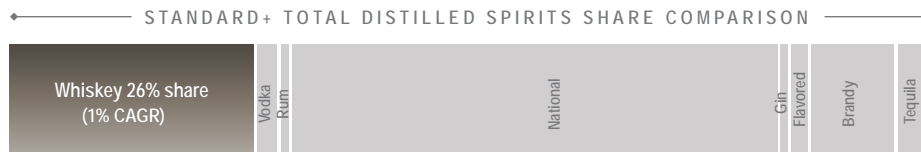
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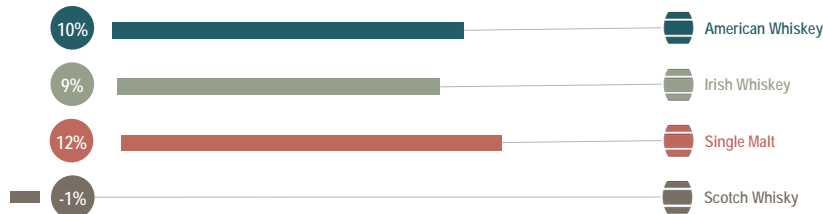


## EMERGING MARKETS

# Long Runway for Growth



### STANDARD+ WHISKEY CAGR

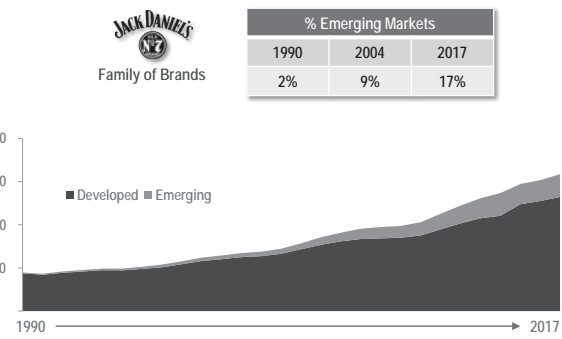
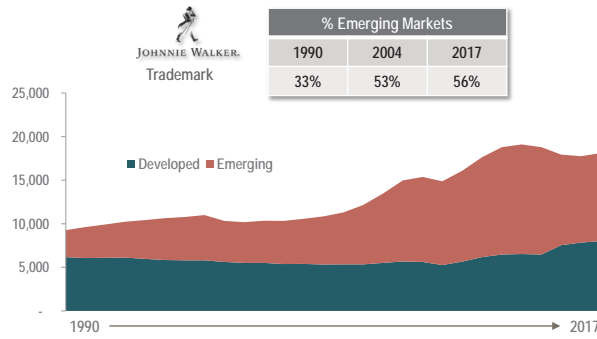


Source IWSR: % CAGR 2012-2017; Premium+ whiskey 2017 volume



## EMERGING MARKETS

### Long Runway for Growth



Source IWSR 2017 volume - Full Strength Portfolio (excludes RTD/RTFP). Developed Markets - Australia, Canada, Japan, New Zealand, NW Europe, US



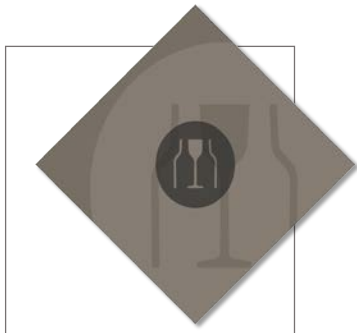
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## EMERGING MARKETS

### Strategic Priorities



- ◆ Focus on JDTW & Rest of Family
- ◆ Increased market prioritization & effective resource allocation
- ◆ Build agile local organizations and evolve Route-to-Consumer

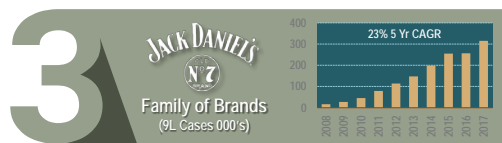


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# BRAZIL

The city strategy has successfully driven growth.



## B-F GROWTH DRIVEN THROUGH...

- Focused portfolio approach
- Thoughtful geographic prioritization
- Effective resource allocation
- Highly engaging consumer recruitment platforms

Source: IWSR 2017



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# Brown-Forman International Strategic Summary



Drive growth in Developed Markets with increasing contribution from Emerging Markets



Lead in American Whiskey and invest in super-premium with a focus on JD TW in Emerging Markets



Leverage prior investments while accelerating in Emerging Markets



Continue to evolve and develop organization, capabilities and talent



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Thank You!



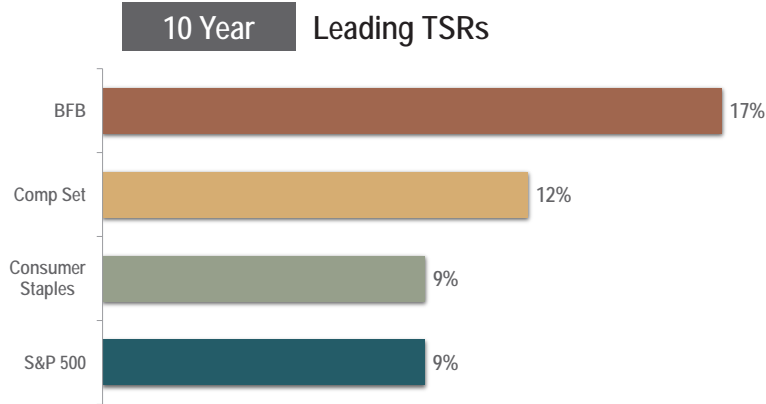
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# the **NEXT** Generation

Jane Morreau  
EVP & Chief Financial Officer



# Superior Risk-Adjusted Returns with Less Volatility



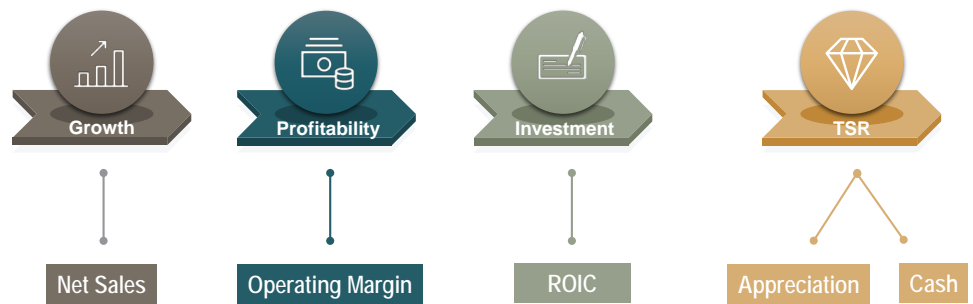
“With a 10 year Beta of 0.60, Brown-Forman delivers superior, risk-adjusted returns against the S&P 500 and Consumer Staples benchmarks.”



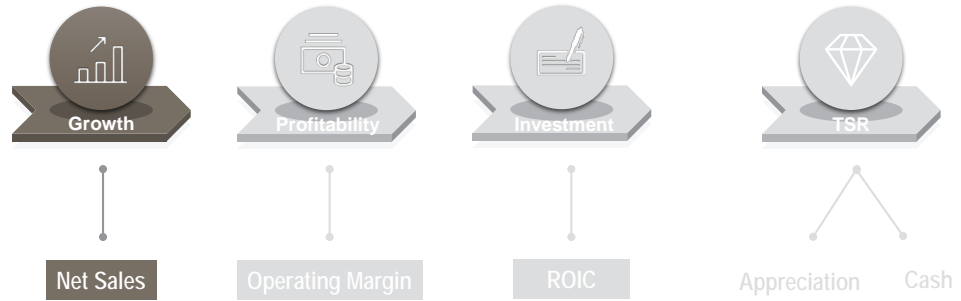
Source: FactSet for TSR, as of April 30th, 2018, in local currency, assuming dividends reinvested. The Competitive Set is a weighted average based on last 12 months (LTM) sales (USD) for Diageo, Pernod, Remy and Campari. FactSet & Bloomberg for Beta.



## Driving Shareholder Returns: Our Value Equation

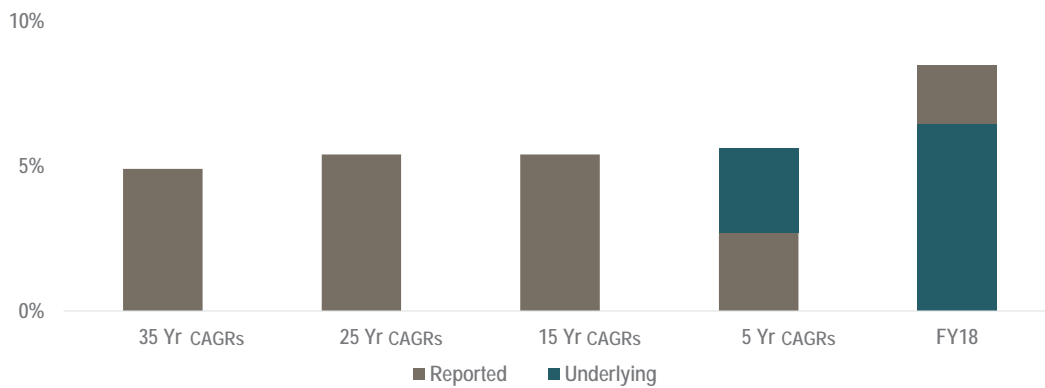


## Driving Shareholder Returns: Our Value Equation



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## Consistent Net Sales Growth



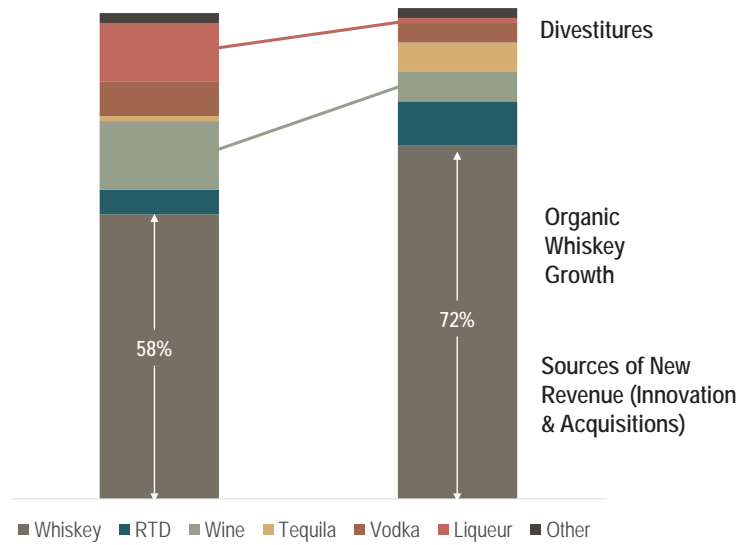
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Source: Company information. See appendix for additional details on non-GAAP disclosures.

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# Active Portfolio Management

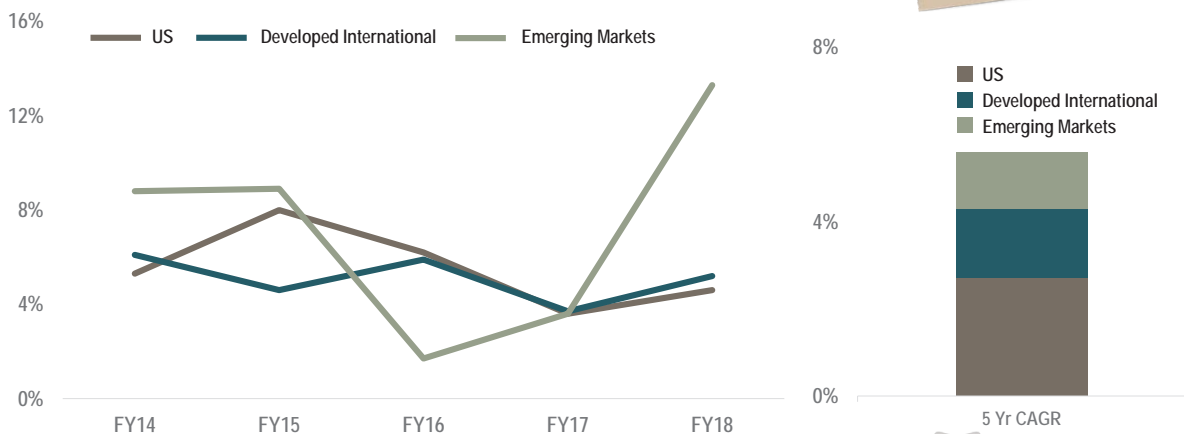
Net Sales FY08 vs FY18



Source: Company information.

# Multiple Levers to Pull for Balanced Growth

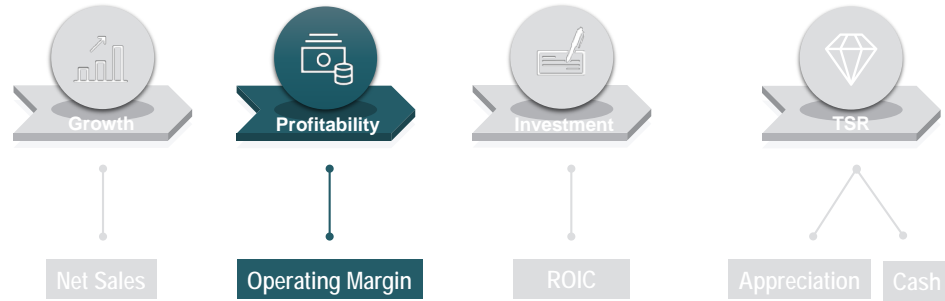
**Ingredient #1:**  
Deliver Sustained  
MSD Growth in Sales



Source: Company information. See appendix for additional details on non-GAAP disclosures.

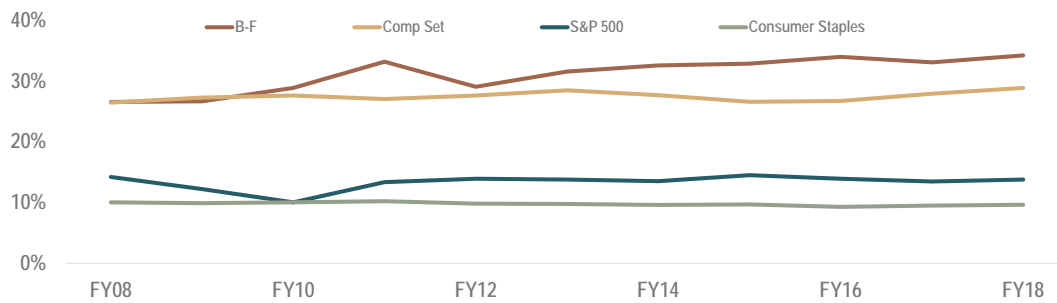


## Driving Shareholder Returns: Our Value Equation



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## Leading Operating Margin...



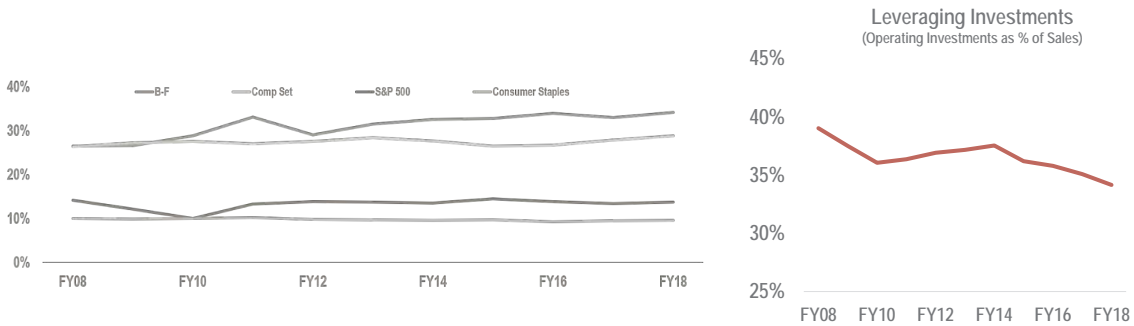
Source: Company information. Reported operating margins and operating expenses have been adjusted to remove the Southern Comfort gain in FY16 and the Foundation contribution in FY18. Operating expenses is defined as the sum of advertising and selling, general, and administrative expenses.



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## Leading Operating Margin... Helped by Operating Investment Leverage



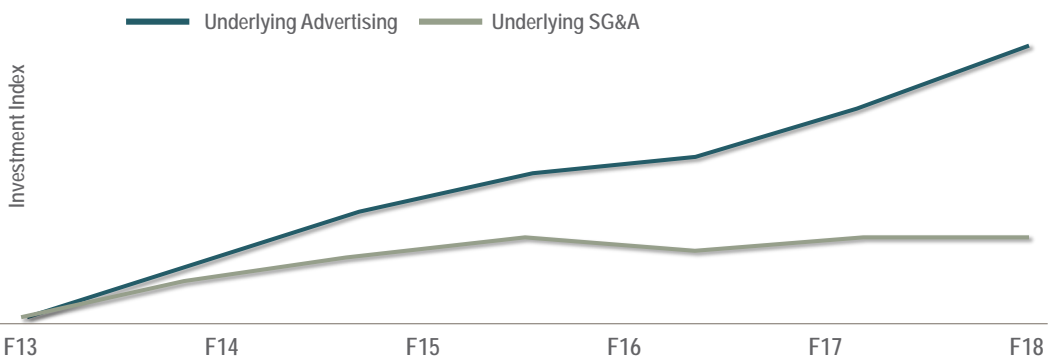
Source: Company Information. Reported operating margins and operating expenses have been adjusted to remove the Southern Comfort gain in FY16 and the Foundation contribution in FY18. Operating Investments are defined as the sum of advertising and selling, general and administrative expenses.



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## Reallocate Spend to Consumer-Facing Activities



Source: Company Information. See appendix for additional details on non-GAAP disclosures.



**Ingredient #2:**  
 Drive Industry-Leading  
 Operating Margin

## Ongoing Productivity Programs

On track to deliver \$100M in cost savings (FY18 – FY20)



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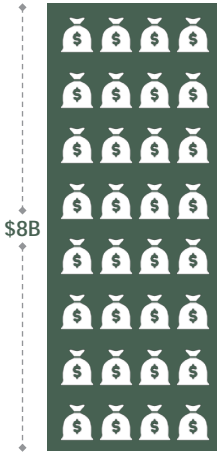
## Driving Shareholder Returns: Our Value Equation



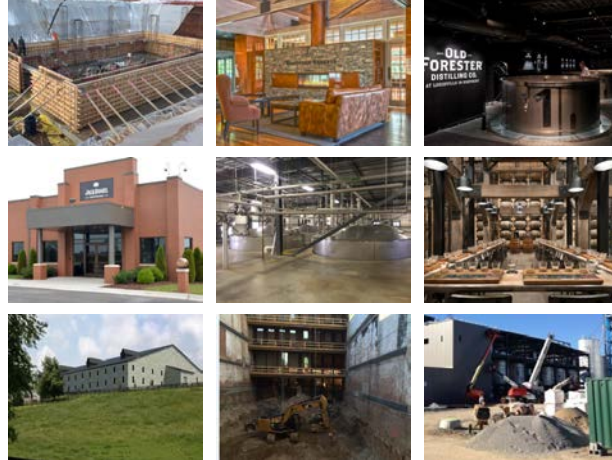
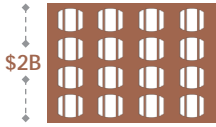
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# Generating Significant Cash Over the Past Decade

## CAPEX



- Invested \$900M in Capex
- ✓ Accelerated two-fold in the last 5 years



Source: Company Information (FY09- FY18)

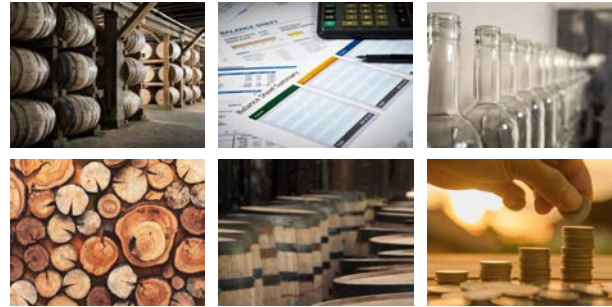
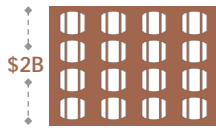


# Generating Significant Cash Over the Past Decade

## WORKING CAPITAL



- Invested \$800M in working capital with ~90% in inventory

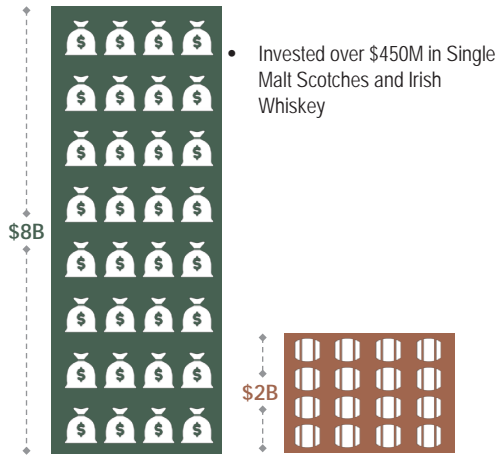


Source: Company Information (FY09- FY18)



# Generating Significant Cash Over the Past Decade

ACQUISITION



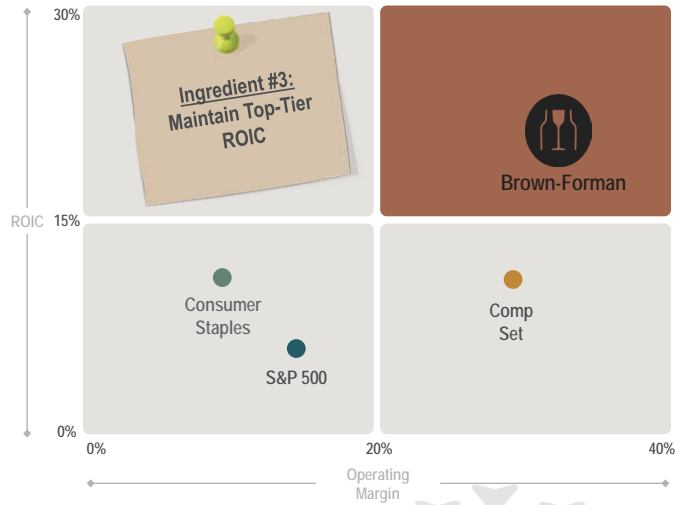
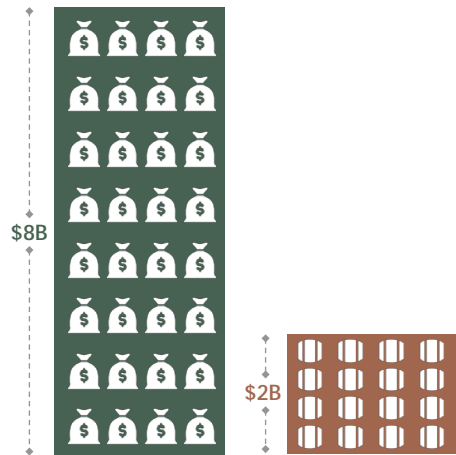
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Source: Company information (FY09- FY18)



# Despite Significant Investments Maintained Top Tier ROIC

ROIC



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Source: Company information (FY09- FY18)



## Continuation of Shareholder-Friendly Return of Cash

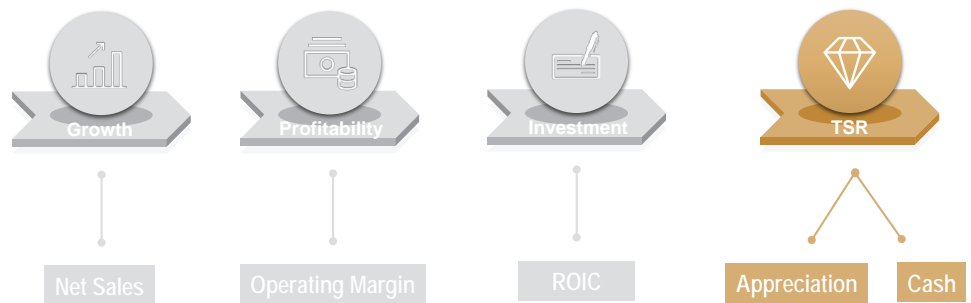


 BROWN-FORMAN

Source: Company Information (FY09- FY18)



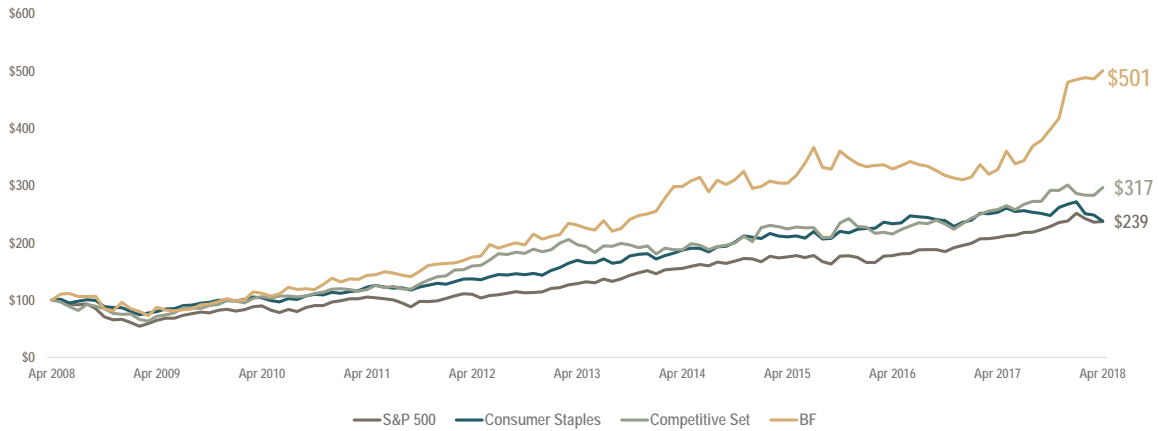
## Driving Shareholder Returns: Our Value Equation



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# Leading Total Shareholder Returns

Total Shareholder Returns  
April 30, 2008 to April 30, 2018



Source: FactSet, as of April 30<sup>th</sup>, 2018. In local currency, assuming dividends reinvested. The Competitive Set is a weighted average based on last 12 months (LTM) sales (USD) for Diageo, Pernod, Remy and Campari.



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**OUR RECIPE FOR SUCCESS**

- ◆ 3 parts Sustained MSD Net Sales Growth
- ◆ 1 part Leading Operating Margin
- ◆ 1 part Top Tier ROIC
- ◆ 1 part Disciplined Return of Cash to Shareholders
- ◆ Brought together by our 4,800 employees...

...to deliver excellent returns for our shareholders!!

*Drink Responsibly.*

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Thank You!



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Geo. Garvin Brown IV  
Chairman of the Board







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Thank you!



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**Investor Day**  
New York Stock Exchange  
December 12, 2018







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