the NEXT Generation

BROWN-FORMAN

1Q20 Results & FY20 Outlook

August 28, 2019

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 additional retaliatory tariffs on American spirits and the effectiveness of our actions to mitigate the negative impact on our margins, 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 U.S. tax reform legislation, including as a result of future clarifications 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, 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.

1Q20 Highlights & FY20 Outlook

Sales

- Flat net sales growth (Reported & Underlying[1])
  - Tariffs
    - Prior year buy-in
    - Current year lower net pricing
  - Timing of customer buying patterns

Gross Margin

- Declined 330bps
  - ~ 2/3's related to tariffs
  - ~ 1/3 related to higher agave and wood costs

Operating Income & Diluted EPS

- Reported operating income decreased by 6% (-8% Underlying[1])
  - Phasing of operating expenses partially offset tariffs and timing of customer buying patterns
- Diluted EPS decreased by 6%

Reaffirm Fiscal 2020 Outlook

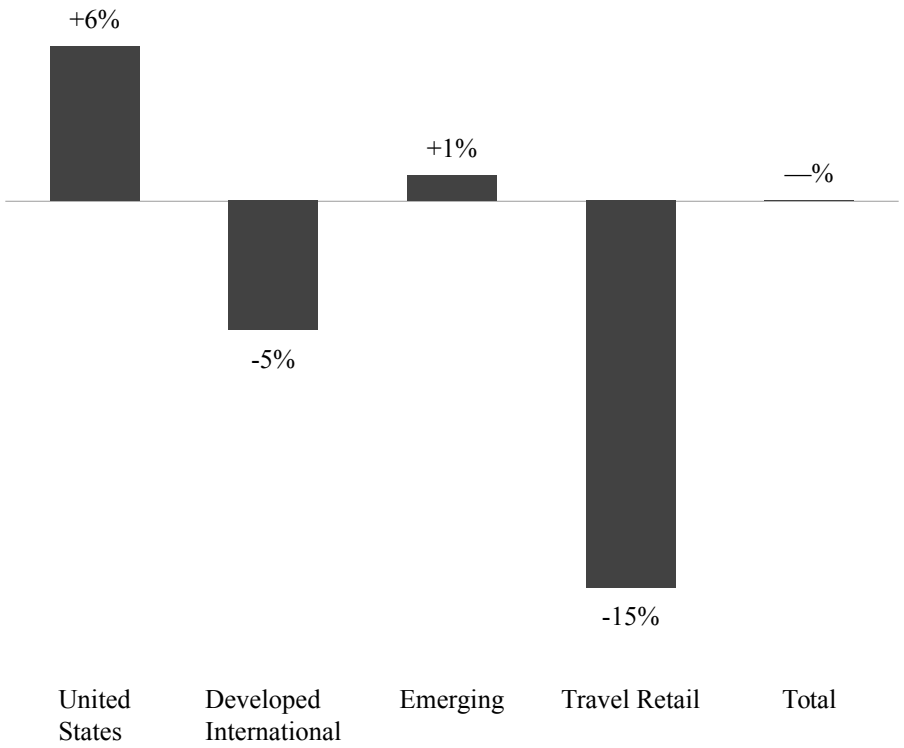
- 5-7% Underlying[1] net sales growth
- 3-5% Underlying[1] operating income growth
- Diluted EPS of $1.75-$1.85

*See appendix for additional details

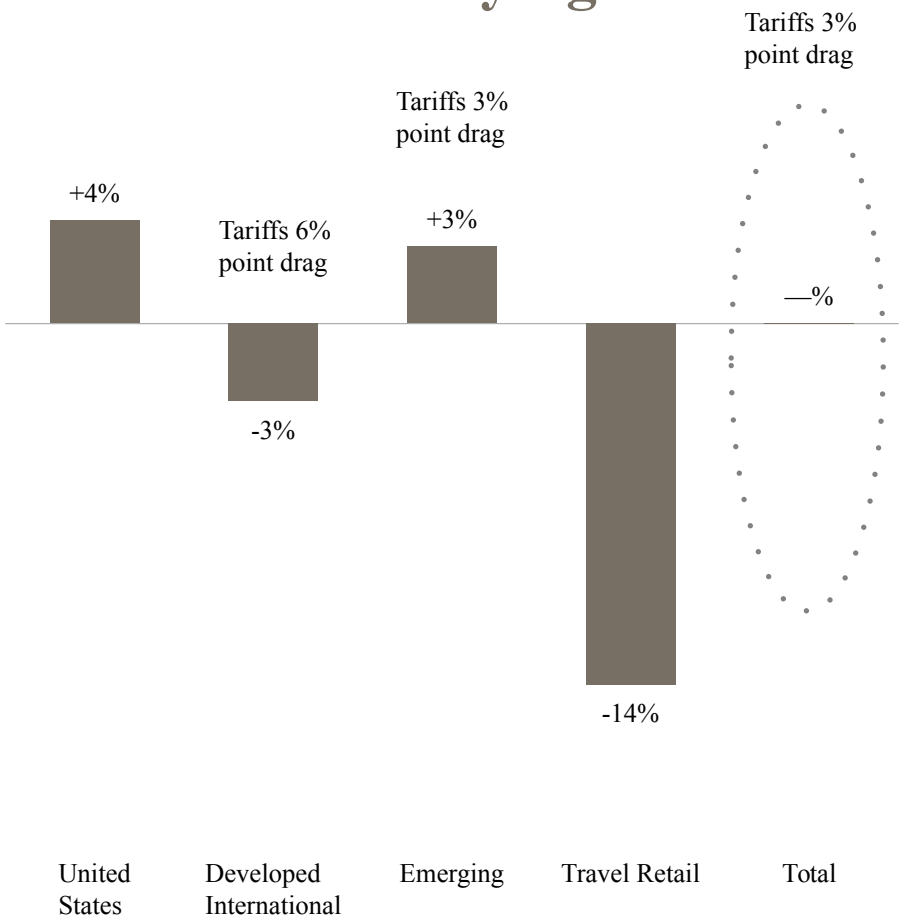
[1]Use of Non-GAAP Financial Information: This presentation includes measures not derived in accordance with U.S. generally accepted accounting principles ("GAAP"), including underlying net sales, underlying gross profit, underlying advertising expense, underlying SG&A, and underlying operating income. 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.

1Q20 Results Impacted by Tariffs and Timing of Customer Orders

Reported



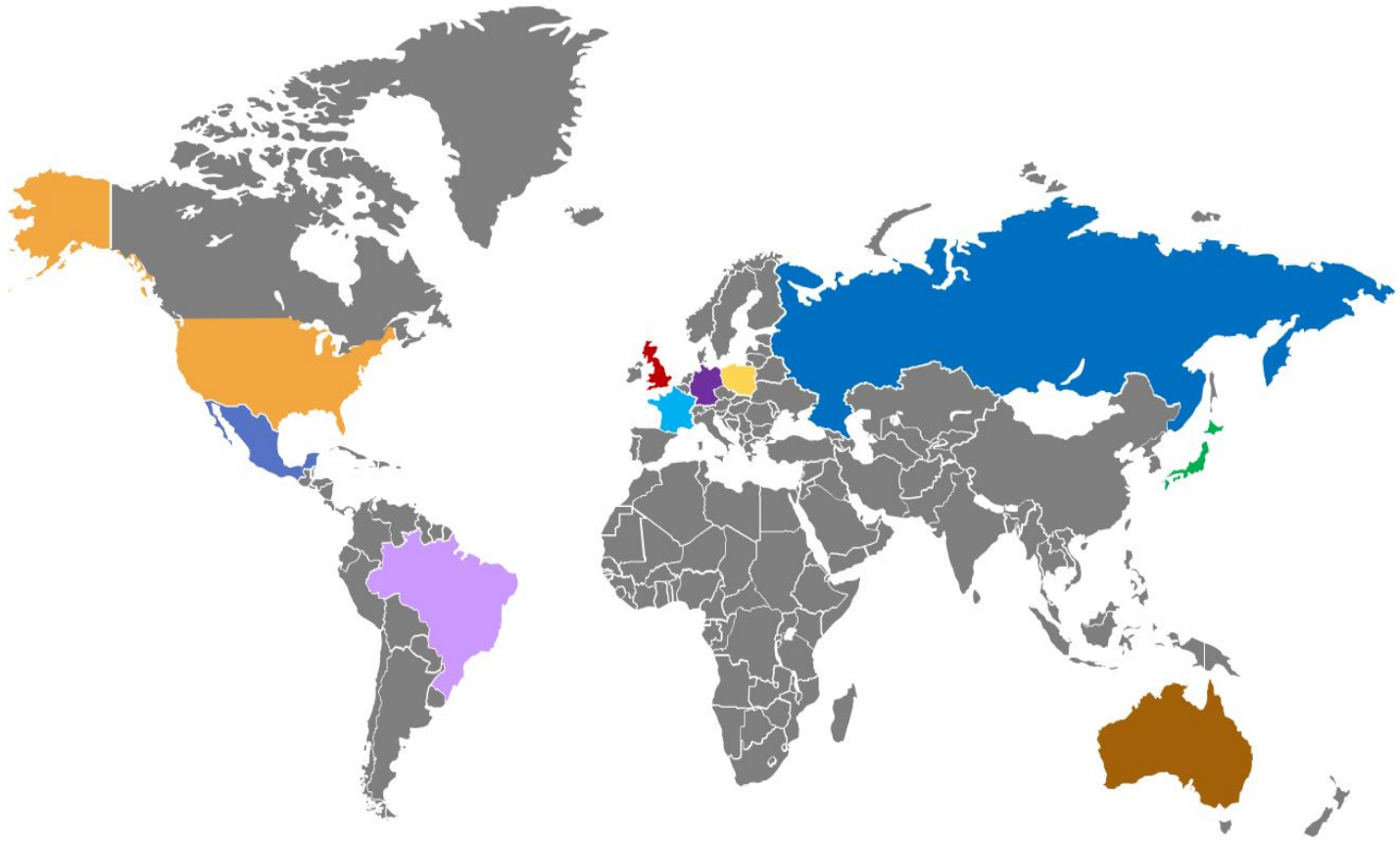
Underlying*



* See appendix for additional details

Developed International Markets & Travel Retail Impacted by Tariffs & Timing

1Q20 Net Sales Growth - Reported (Underlying*)



United States
+6% (+4%)
Growth led by premium bourbons, JDFOB led by JDTW, and tequilas

United Kingdom
-21% (-14%)
Decline driven by last years tariff buy-ins and timing of customer orders

Australia
-2% (+1%)
Underlying growth led by higher pricing of JD RTDs taken last August

Mexico
+6% (+3%) Growth in Herradura is offsetting volume declines for RTDs

Germany
-6% (-9%)
Volume led declines driven by tariffs and timing of customer orders last year

France
+7% (+6%)
Led by launch of JD RTDs and higher JDTH volumes

Poland
-15% (-14%) Declines driven by tariff related buy-ins and a competitive vodka category

Brazil
+14% (+7%)
Growth fueled by higher volumes of JDTF and JDTW

Japan
+11% (-3%)
Unfavorable price/mix for JDTW partially offset by volumetric increases in Early Times

Russia
+34% (+62%)
Volume led growth driven by strong consumer demand and favorable prior year comparison

Travel Retail
-15% (-14%) Decline driven by timing of certain customer orders in the first quarter of last year

* See appendix for additional details

Jack Daniel's Family of Brands

1Q20 Net Sales Growth -1% Reported (-1% Underlying*)



* See appendix for additional details

Premium Bourbons

1Q20 Net Sales Growth +23% Reported (+16% Underlying*)



* See appendix for additional details

Double Digit Underlying Net Sales Growth for our Tequilas

1Q20 Net Sales Growth +9% Reported (+12% Underlying*)



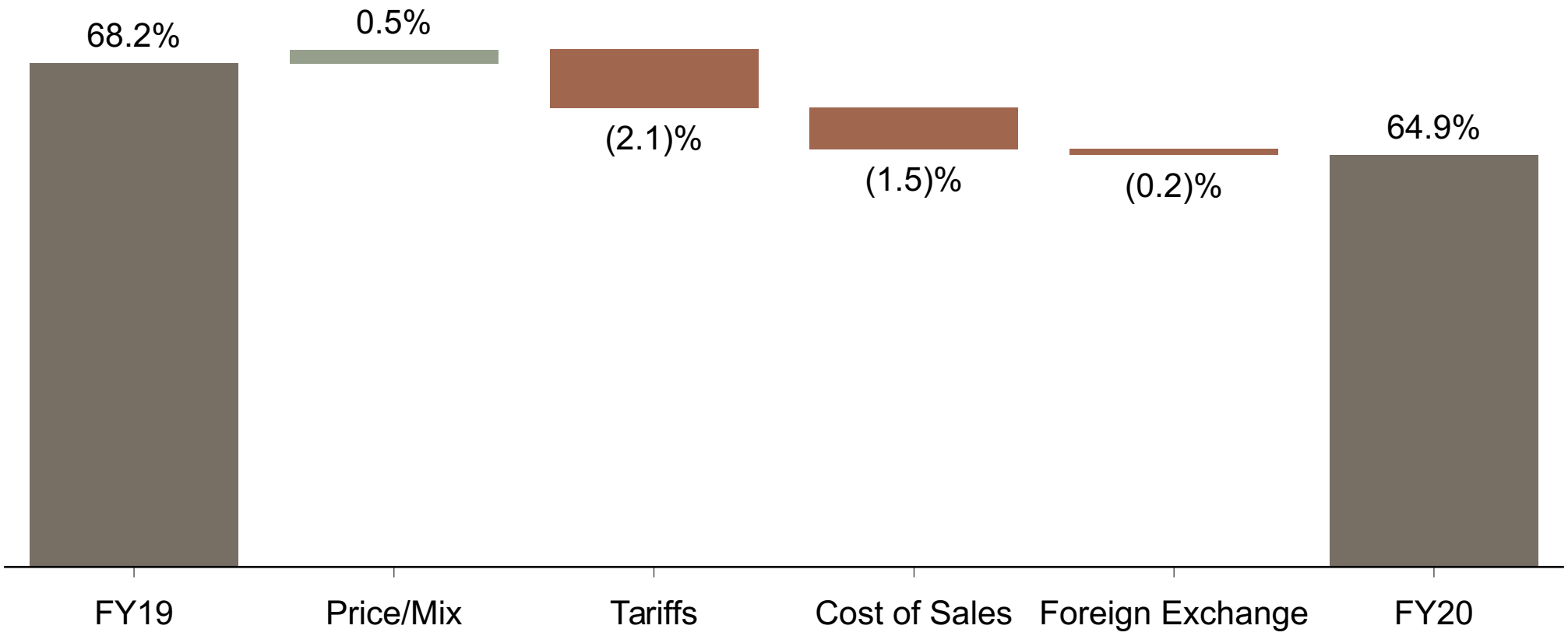
* See appendix for additional details

1Q20 Results - Impacted by Tariffs & Timing of Certain Customer Orders

	Reported Change (%)	Foreign Exchange Impact (+/-)	Estimated Net Change In Distributor Inventories (+/-)	Underlying Change (%)
Net Sales	—%	—%	—%	—%
Gross Profit	-5%	—%	—%	-5%
Advertising	-6%	2%	—%	-4%
SG&A	-2%	2%	—%	-1%
Operating Income	-6%	-1%	-1%	-8%

Totals may differ due to rounding

1Q20 Gross Margin -
330 bps decline due primarily to tariffs & higher input costs



Reaffirm FY20 Outlook

Underlying Growth		
Net Sales	Operating Income	Diluted EPS
5 - 7%	3 - 5%	$1.75 - $1.85 1 - 7% Growth

Brown-Forman's Strategic Framework



Appendix

Non-GAAP Reconciliation

We use some financial measures in this presentation that are not measures of financial performance under U.S. 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 measures of statements of operations. We present changes in certain measures, or line items, of the statements of operations that are adjusted to an "underlying" basis. We use "underlying change" for the following measures of the statements of operations: (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 foreign exchange and estimated net changes in distributor inventories. We explain these adjustments below.

- *"Foreign exchange."* We calculate the percentage change in certain line items of the statements of operations 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 transactional and hedging 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 certain line items of the statements of operations. For each period compared, we use volume information from our distributors to estimate the effect of distributor inventory changes in certain line items of the statements of operations. We believe that this adjustment reduces the effect of varying levels of distributor inventories on changes in certain line items of the statements of operations and allows us to understand better our underlying results and trends.

We use the non-GAAP measures "underlying change" to: (a) understand our performance from period to period on a consistent basis; (b) compare our performance to that of our competitors; (c) calculate components of management incentive compensation; (d) plan and forecast; and (e) communicate our financial performance to the board of directors, stockholders, and investment analysts. We have consistently applied the adjustments within our reconciliations in arriving at each non-GAAP measure.

When we provide guidance for underlying change for certain measures of the statement of operations we do not provide guidance for the corresponding GAAP change because the GAAP measure will include items that are difficult to quantify or predict with reasonable certainty, including the estimated net change in distributor inventories and foreign exchange, each of which could have a significant impact to our GAAP income statement measures.

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, Germany, France, and Japan. This aggregation represents our net 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, Poland, Russia, and Brazil. This aggregation represents our net sales of branded products to these markets.
- *"Travel Retail"* represents our net sales of branded products to global duty-free customers, other travel retail customers, and the U.S. military regardless of customer location.
- *"Non-branded and bulk"* includes our net sales of used barrels, bulk whiskey and wine, and contract bottling regardless of customer location.

Brand Aggregations.

- *"Jack Daniel's family of brands"* (JD FOB) includes Jack Daniel's Tennessee Whiskey (JDTW), Jack Daniel's RTD and RTP products (JD RTD/RTP), Jack Daniel's Tennessee Honey (JDTH), Gentleman Jack, Jack Daniel's Tennessee Fire (JDTF), Jack Daniel's Single Barrel Collection (JDSB), 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"* includes the Jack Daniel's family of brands, premium bourbons (defined below), and Early Times.
- *"Premium bourbons"* includes Woodford Reserve, Old Forester, and Coopers' Craft.
- *"Tequila"* includes el Jimador, Herradura, New Mix, Pepe Lopez, and Antiguo.
- *"Vodka"* includes Finlandia.
- *"Wine"* includes Korbel Champagne and Sonoma-Cutrer wines.
- *"Non-branded and bulk"* includes our net 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 presentation, unless otherwise specified, we refer to "depletions" when discussing volume.
- *"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 consumers from retail outlets 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 – 1Q20 Net Sales Growth by Top Markets

Three Months Ending July 31, 2019				
Geographic Area	Reported	Foreign Exchange (+/-)	Estimated Net Change in Distributor Inventories (+/-)	Underlying
United States	6%	—%	-1%	4%
Developed International	-5%	1%	1%	-3%
United Kingdom	-21%	7%	—%	-14%
Australia	-2%	3%	—%	1%
Germany	-6%	-3%	—%	-9%
France	7%	-1%	—%	6%
Japan	11%	-3%	-12%	-3%
Rest of Developed International	-1%	-1%	5%	2%
Emerging	1%	—%	2%	3%
Mexico	6%	-2%	-1%	3%
Poland	-15%	1%	—%	-14%
Russia	34%	2%	27%	62%
Brazil	14%	-2%	-5%	7%
Rest of Emerging	-3%	—%	3%	—%
Travel Retail	-15%	1%	—%	-14%
Other non-branded and bulk	-22%	1%	—%	-21%

Reconciliation – 1Q20 Net Sales Growth for Brand Aggregations

Three Months Ending July 31, 2019				
Aggregated Brands	Reported	Foreign Exchange (+/-)	Estimated Net Change in Distributor Inventories (+/-)	Underlying
Jack Daniel's Family of Brands	-1%	—%	-1%	-1%
Premium bourbons	23%	—%	-7%	16%
Tequila	9%	—%	3%	12%
Herradura	22%	—%	1%	22%

Reconciliation – 1Q19 & FY19 Net Sales Growth

Three Months Ending July 31, 2018					
Geographic Area	Reported	New Accounting Standard* (+/-)	Foreign Exchange (+/-)	Estimated Net Change in Distributor Inventories (+/-)	Underlying
Brown-Forman Corporation	6%	1%	2%	-1%	9%
Developed International	12%	2%	6%	-3%	16%
Travel Retail	24%	—%	-2%	—%	22%

Year Ended April 30, 2019					
Geographic Area	Reported	New Accounting Standard* (+/-)	Foreign Exchange (+/-)	Estimated Net Change in Distributor Inventories (+/-)	Underlying
United States	2%	1%	—%	—%	3%