




## SPRING 2025 BULL & BEAR PRESENTATION

# GAMEPLAN



Base Team	Bull Team	Bear Team
Company Overview	Moat	Competitor Analysis
Management	Growth Opportunities	Risk Factors
Capital Allocation	Valuation & Conclusion	Valuation & Conclusion
Revenue Breakdown		
Interpretation of Financial Statements		
Value Bands & Intraportfolio Analysis		





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**Pablo Picasso**

# Company Overview

# Company Information



- Ticker: BF.A
- Founded: 1870
- Headquarters: Louisville, KY
- Industry: Beverages - Wineries & Distilleries
- Stock Price: \$34.44
- Market Cap: \$16.43 Billion
- Employees: 5,400
- Sold in: 170+ countries



BROWN-FORMAN





# History



George Garvin Brown founded the company in Louisville, Kentucky, selling whiskey in sealed glass bottles, a novel idea at the time

**1870**

**1890**

The company was renamed Brown-Forman after George Forman became a partner

Brown-Forman was incorporated and acquired its first distillery, the B.F. Mattingly Distillery

**1901**

**1920**

Prohibition begins and threaten to close Brown Forman. They went public just before prohibition



# History



Brown-Forman was listed on the  
New York Stock Exchange

**1933**

**1956**

Acquisition of Jack Daniel's,  
which became one of its  
flagship brands

Launch of Woodford Reserve  
bourbon at the restored  
Labrot & Graham Distillery

**1996**

**2004**

Complete acquisition of  
Finlandia Vodka



# History



Acquisition of Casa Herradura,  
expanding into premium tequila

**2007**

**2016**

Purchase of BenRiach  
Distillery Company, adding  
Scotch whisky brands like  
GlenDronach to its portfolio

Sale of Early Times and  
Canadian Mist brands to  
Sazerac Company

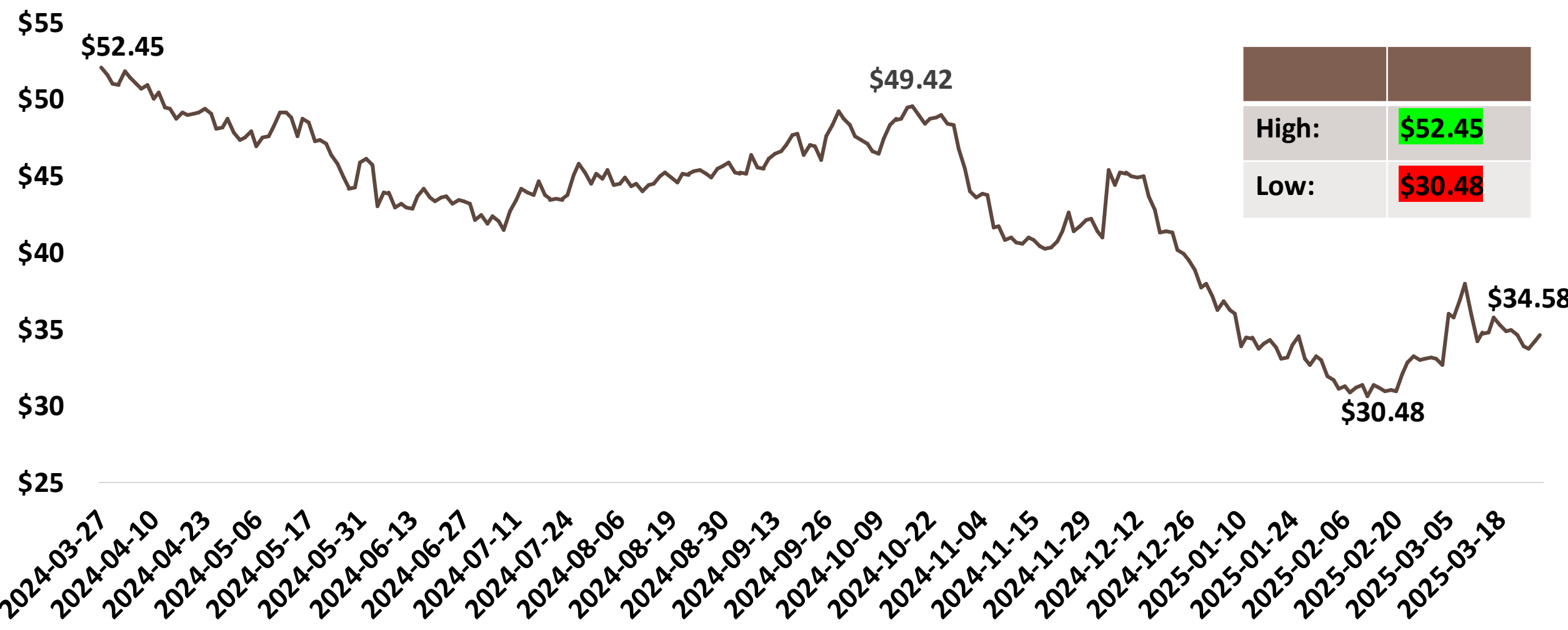
**2020**

**2023**

Sale of Finlandia Vodka to  
Coca-Cola Hellenic Bottling  
Company for \$220 million



# 52 Week Price Performance



High:	\$52.45
Low:	\$30.48



# Recent News



- Brown-Forman announced a 12% reduction in its global workforce, affecting approximately 648 of its 5,400 employees worldwide
- The company will shut down its Louisville-based barrel-making operation by April 25, 2025, impacting about 210 employees
- Canadian stores pull U.S. liquor from shelves as Trump's tariffs take effect





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**Carson Alldredge**

# Management

# Management



Lawson Whiting  
President & CEO  
Served since 1997  
On Leadership Team since 2013



Leanne Cunningham  
EVP, CFO  
Served since 1995



Marshall Farrer  
EVP, Chief Strategic  
Growth Officer  
Served since 1998



Chris Graven  
EVP, Chief Strategy  
Officer  
Served since 2005  
On Leadership Team  
starting 2025





# Management



Michael Masick  
EVP, President of  
Americas  
Served since 2010



Yiannis Pafilis  
EVP, President of  
Europe, Africa, Asia  
Pacific  
Served since 1998



Tim Nall  
EVP, Chief Global  
Supply Chain &  
Technical Officer  
(R&D, Analytics,  
Applications)  
Served since 2000



# Compensation



## Base Salary

## Short-term Performance Incentives

- 70% Achieving growth targets equally on both net sales and operating income
- 20% Individual Performance Targets
- 10% DEI Progress (soon to be removed)

## Long-term Performance Incentives (3-year Vesting Period)

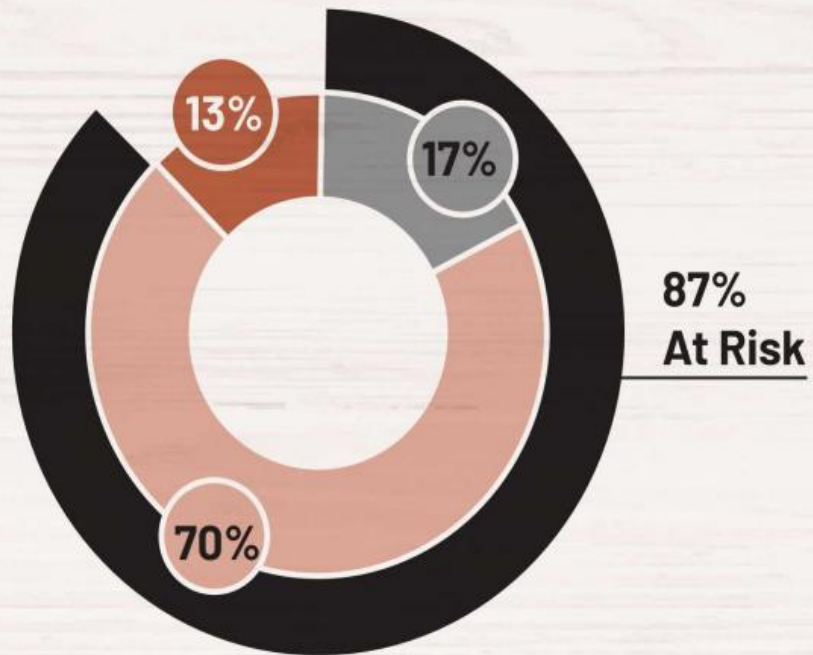
- 2/3 compensation with PSUs
- 1/3 compensation with SSARs



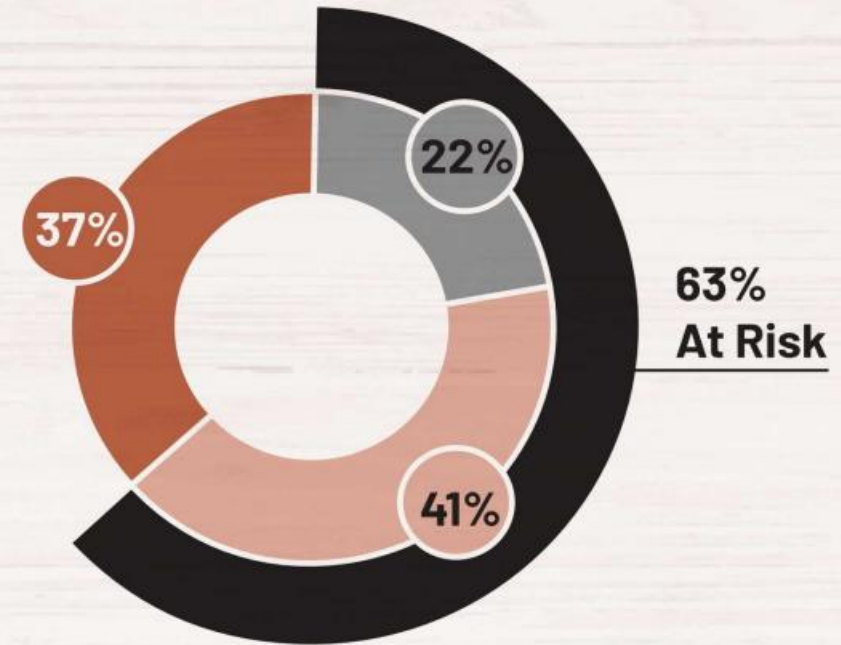
# Compensation Structure



**Brown-Forman CEO Mix**



**Brown-Forman NEO Mix**  
(excluding the CEO)



● Base Salary

● Short-Term

● Long-Term



# Family Business



## “Controlled Company”

The Brown family owns more than 50% of voting stock.

Brown family controls more than 50% of the economic ownership in Brown Forman.





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**Carson Alldredge**

# Capital Allocation

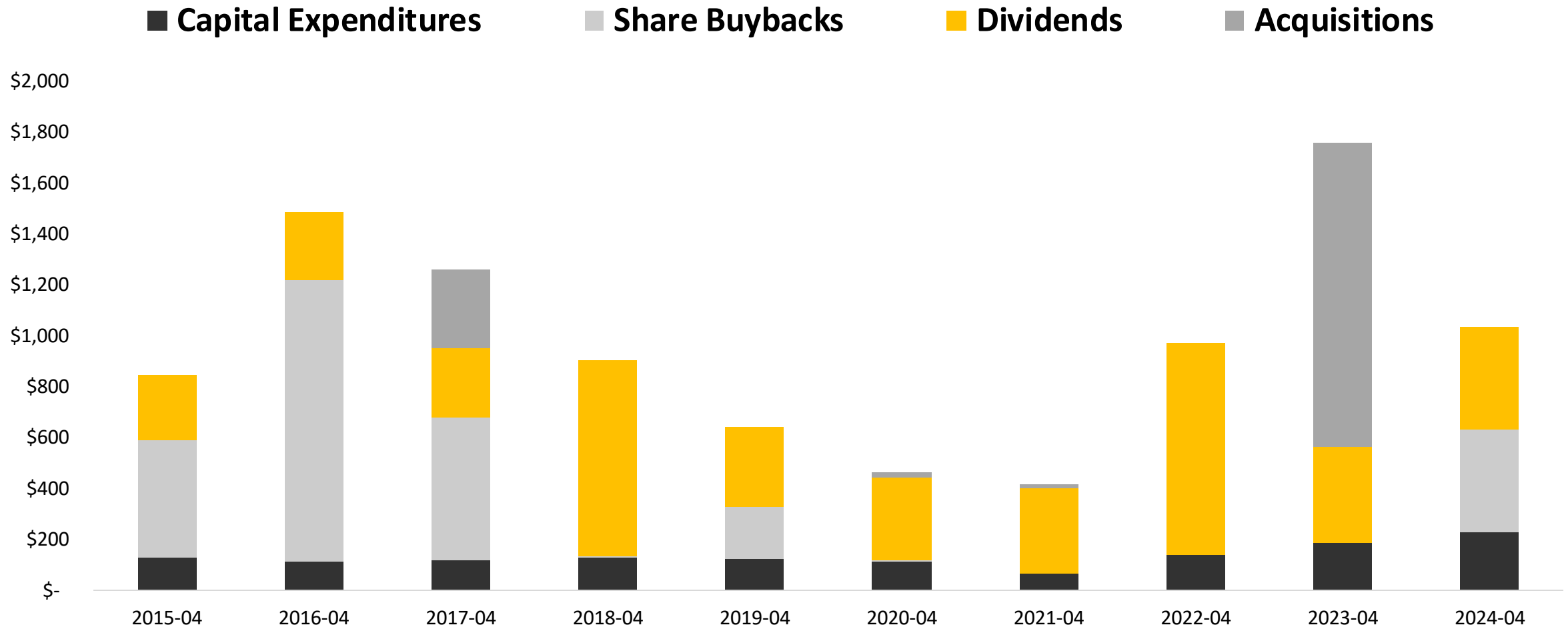
# Acquisitions



- Diplomatico (2023) global presence in super-premium rum
- Gin Mare (2022) presence where super-premium gin is on the rise (Eu & US)



# Capital Allocation (in millions)

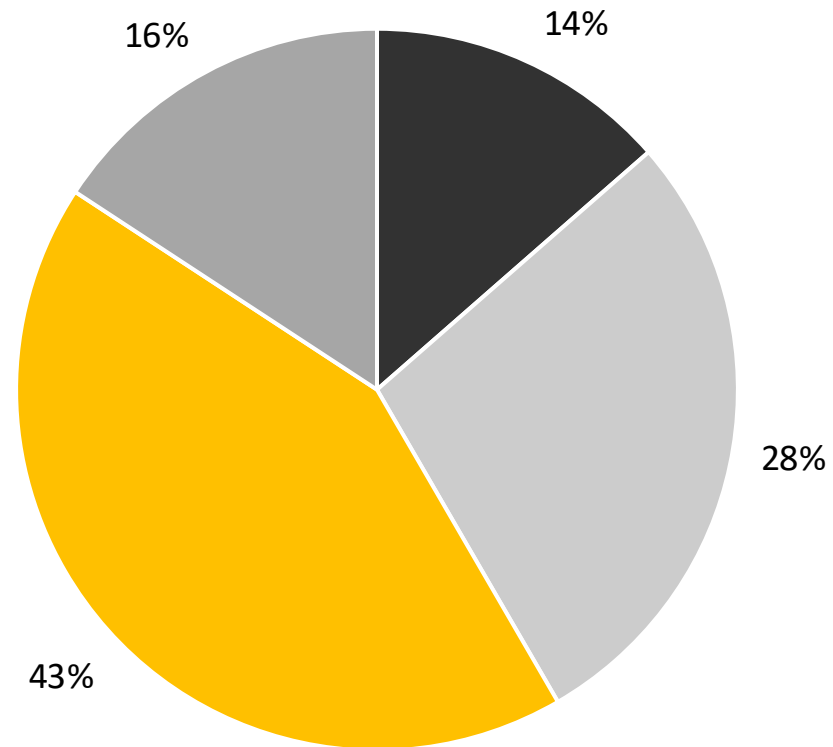




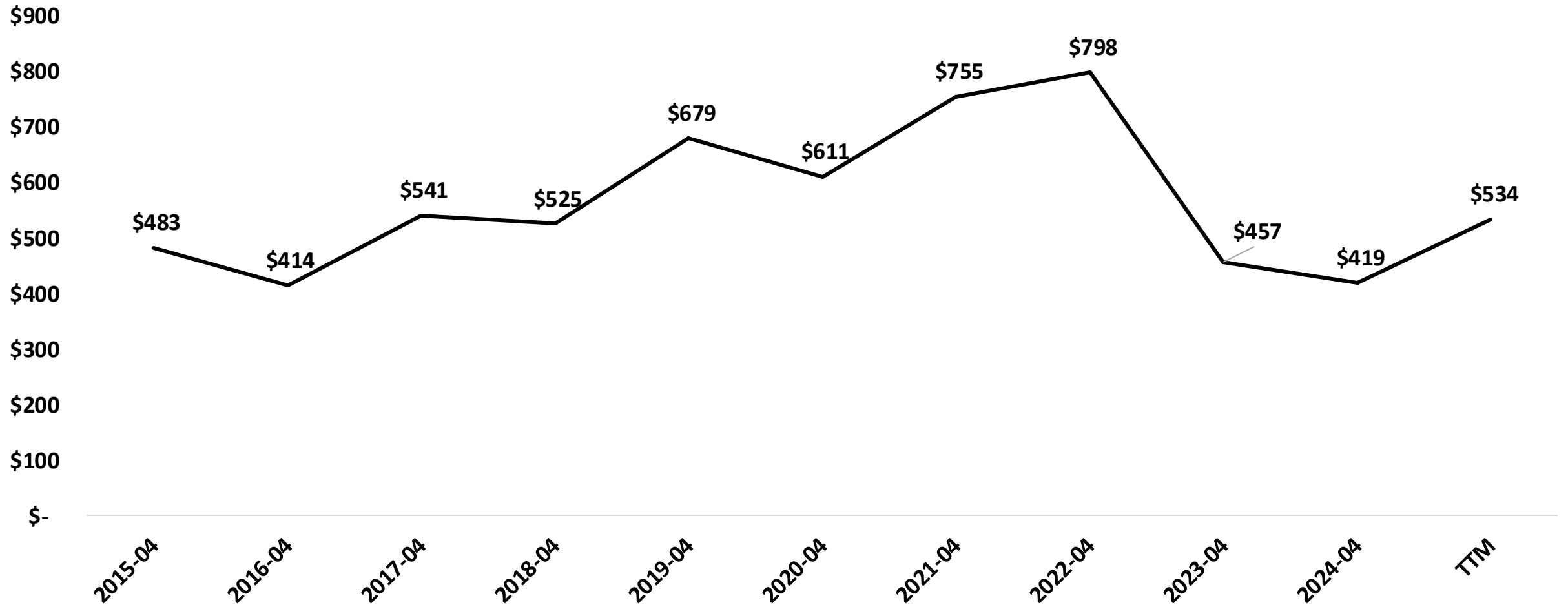
# Capital Allocation Mix (Past 10 Years)



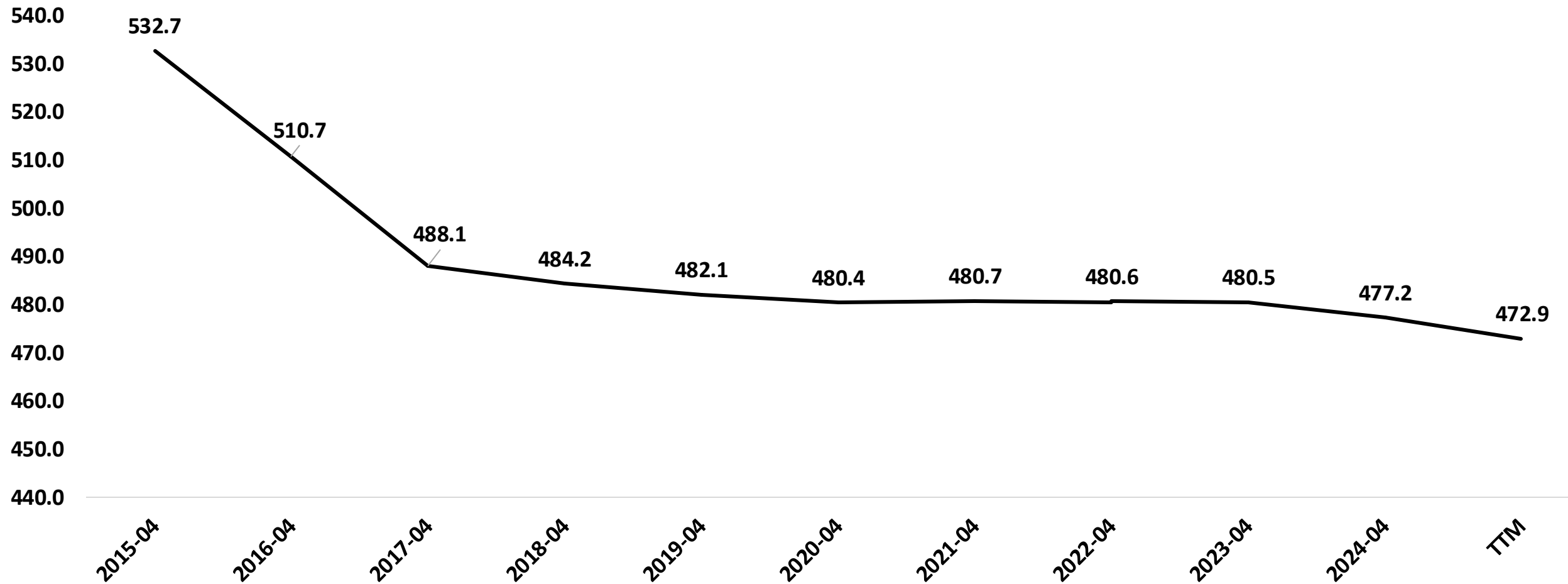
■ Capital Expenditures   ■ Share Buybacks   ■ Dividends   ■ Acquisitions



# Free Cash Flow (in Millions)



# Shares Outstanding (in millions)





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Jaiden Conrad

# Revenue Breakdown

# Products



## Whiskey and Bourbon



Jack Daniels, Woodford Reserve,  
Old Forester, Coopers' Craft,  
Slane Irish Whiskey

## Tequila



Herradura,  
El Jimador

## Vodka



Finlandia

## Rum



Diplomatico

3/28/2025



# Products



## Gin



Fords Gin,  
Grim Marc

## Wine



Korbel

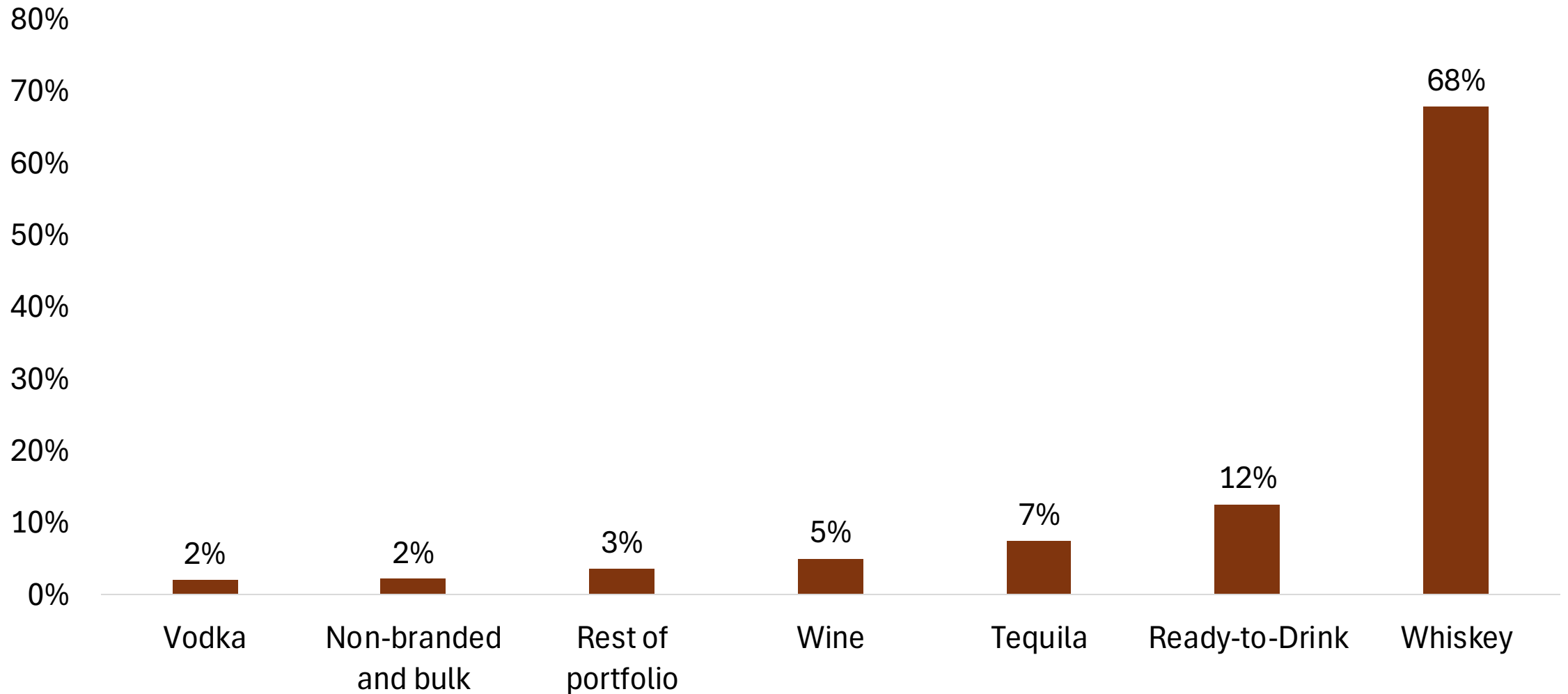
## Ready To Drink



Jack Daniels, El jimador



# Business Segments





# Jack Daniels



- The most important and iconic brand in Brown Foreman's portfolio is Jack Daniel's Tennessee Whiskey
- Jack Daniels #1 selling American whiskey in the world.
- Jack Daniel's Tennessee Whiskey was recently named the most valuable spirits brand in the world in the 2023 Interbrand "Best Global Brands"



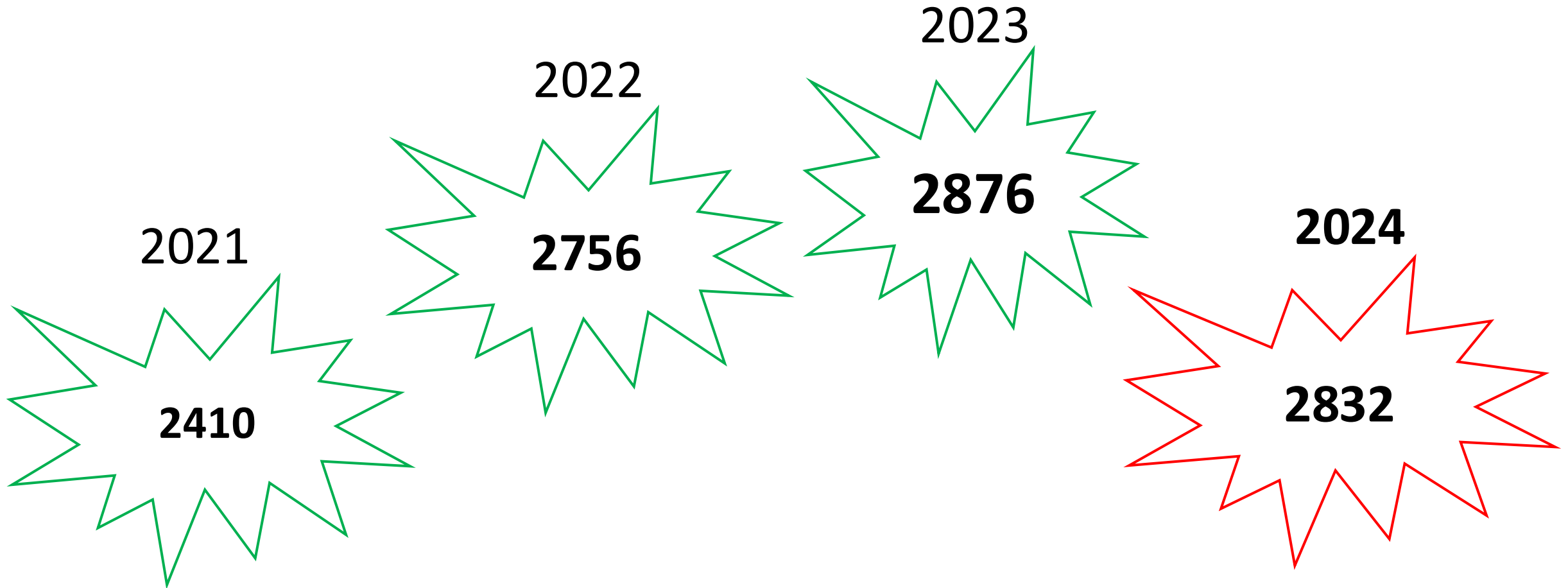
# Jack Daniels Products



- Jack Daniel's Tennessee Apple
- Jack Daniel's Tennessee Honey
- Jack Daniel's Tennessee Fire
- Jack Daniel's Bonded Jack Daniel's Triple Mash.
- Jack Daniel's Sinatra Select
- Jack Daniel's Old No. 7
- Jack Daniel's Single Barrel Rye.
- Jack Daniel's Single Barrel Barrel Proof.
- Jack Daniel's Single Barrel Select.
- Jack Daniel's Tennessee Straight Rye
- Jack Daniel's Canned Cocktails
- Jack Daniel's & Cola Jack Daniel's & Diet Cola Jack Daniel's
- Tennessee Honey & Lemonade



# Sales Growth of Whiskey (in millions)



# Ready To Drink



- In announcement, a global relationship was founded with The Coca-Cola Company to introduce the iconic Jack & Coke cocktail as a branded, ready-to-drink, pre-mixed cocktail.
- The product has launched in over 25 markets, including the top RTD markets such as the United States, Japan, the United Kingdom
- El Jimador RTDs, Herradura RTDs, Fords Gin RTDs, Woodford Reserve RTD



# Other Revenue



## Tequila

- Brown Foreman's tequila portfolio is led by two brands steeped in Mexican heritage, Herradura and El Jimador



## Scotch Whiskies

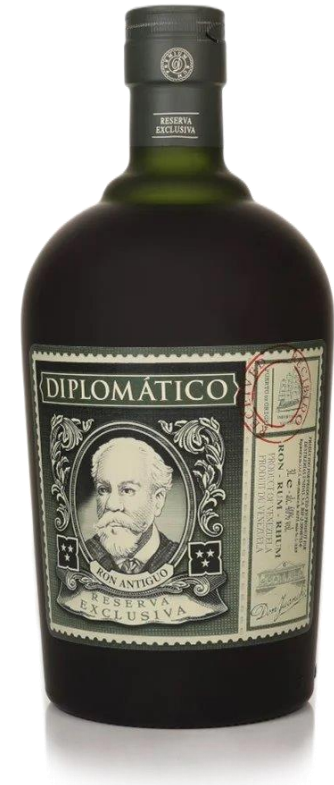
- Scotch whiskies The Glendronach, Benriach, and Glenglassaugh, and Irish whiskey Slane are all well positioned in their markets



# Diplomático Rum



- Brown-Forman acquired Diplomático Rum as part of its strategy to diversify its product offerings and strengthen its presence in the rum category.
- By adding Diplomático to its portfolio, Brown-Forman aims to tap into the growing global demand for premium rum products



# Sales Growth in (in millions)



**Trailing twelve Months  
Revenue: 4045**

**Fiscal Year 2023  
Revenue: 4228**

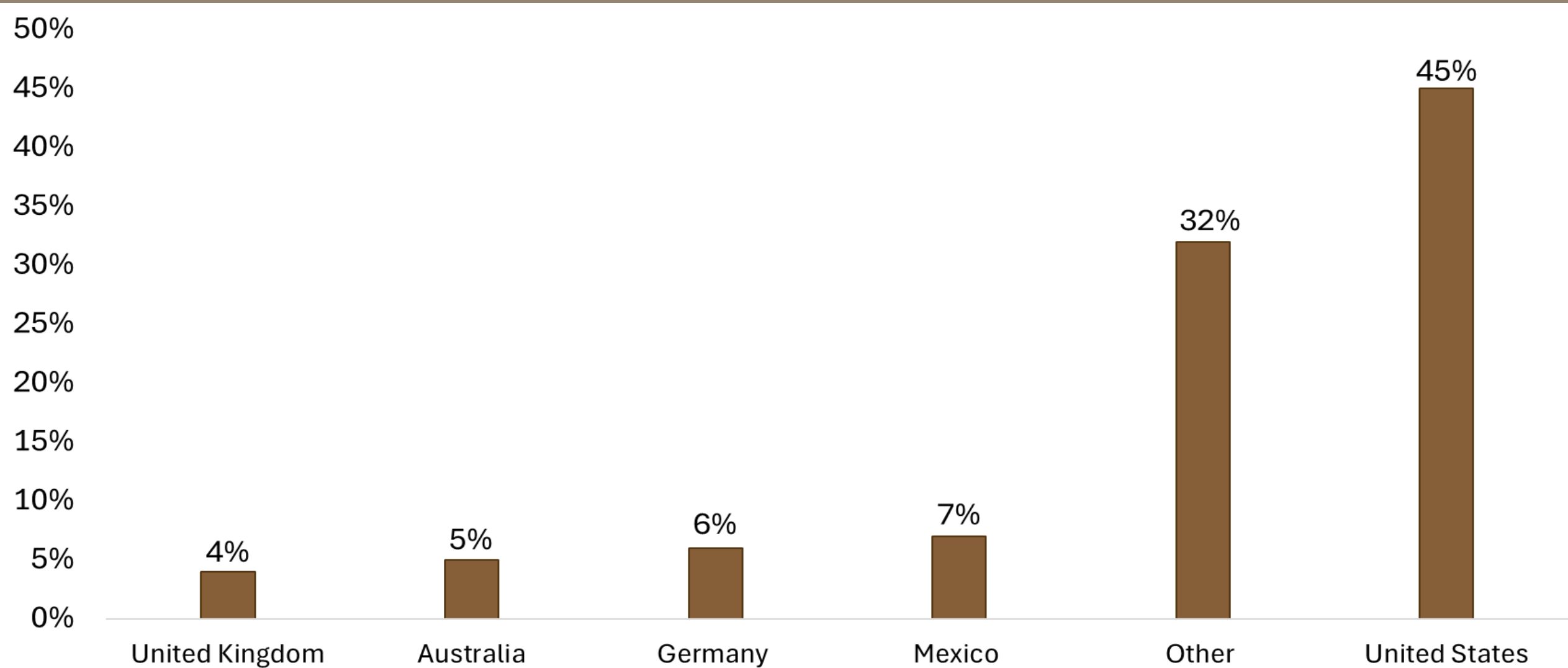
**Fiscal Year 2022  
months  
Revenue: 3933**

**-5% Decline**





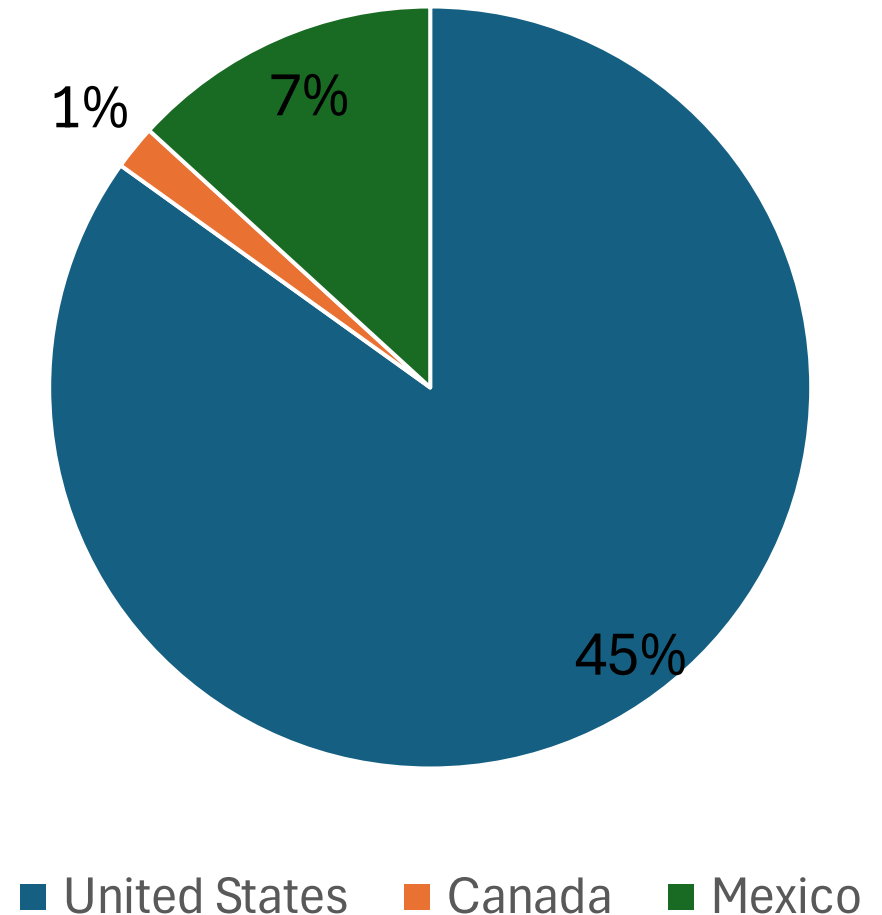
# Geography



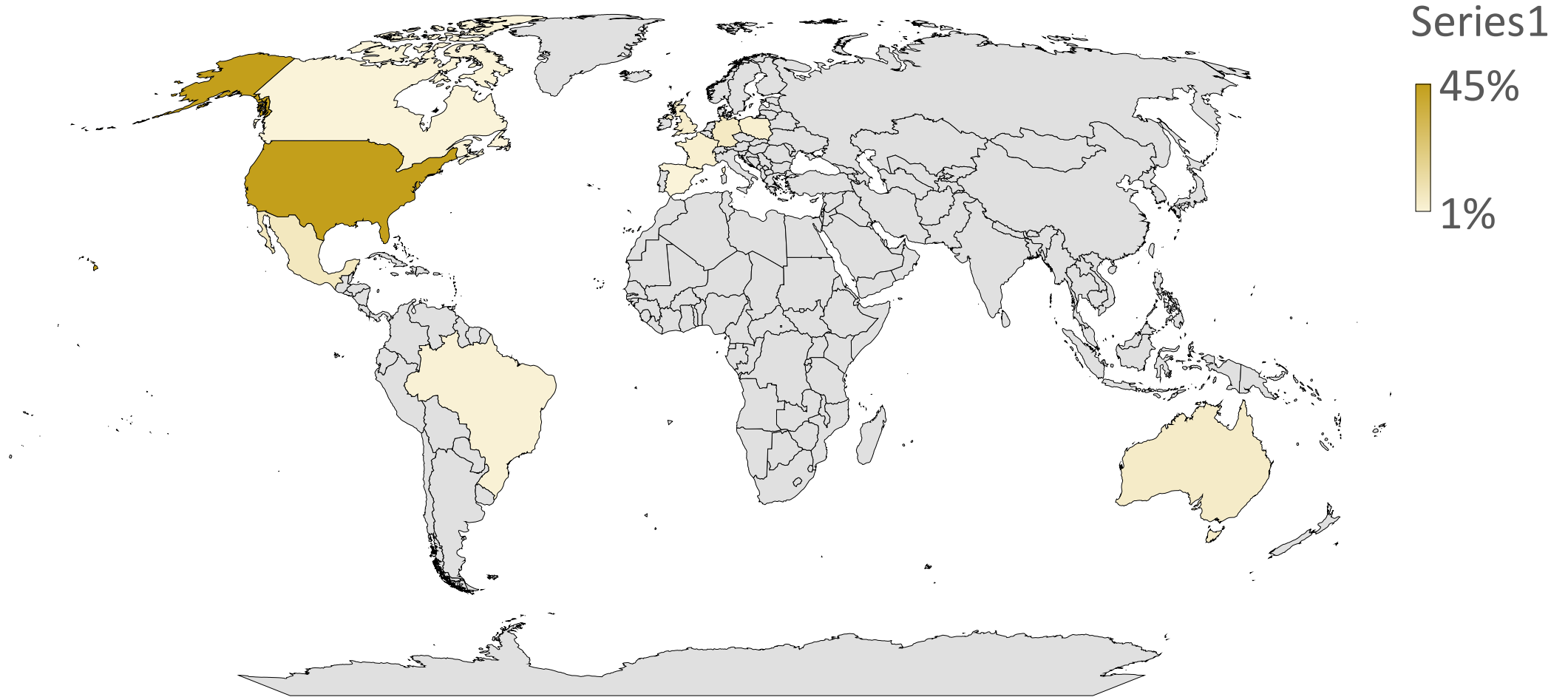
# North America



- 53% of Brown Foreman's Sales are in North America
- The United States is their largest market, and growth there is important to long-term success
- There has been growth in Mexico the last 2 years with a lot of it due to Ready To Drinks



# Rest of World

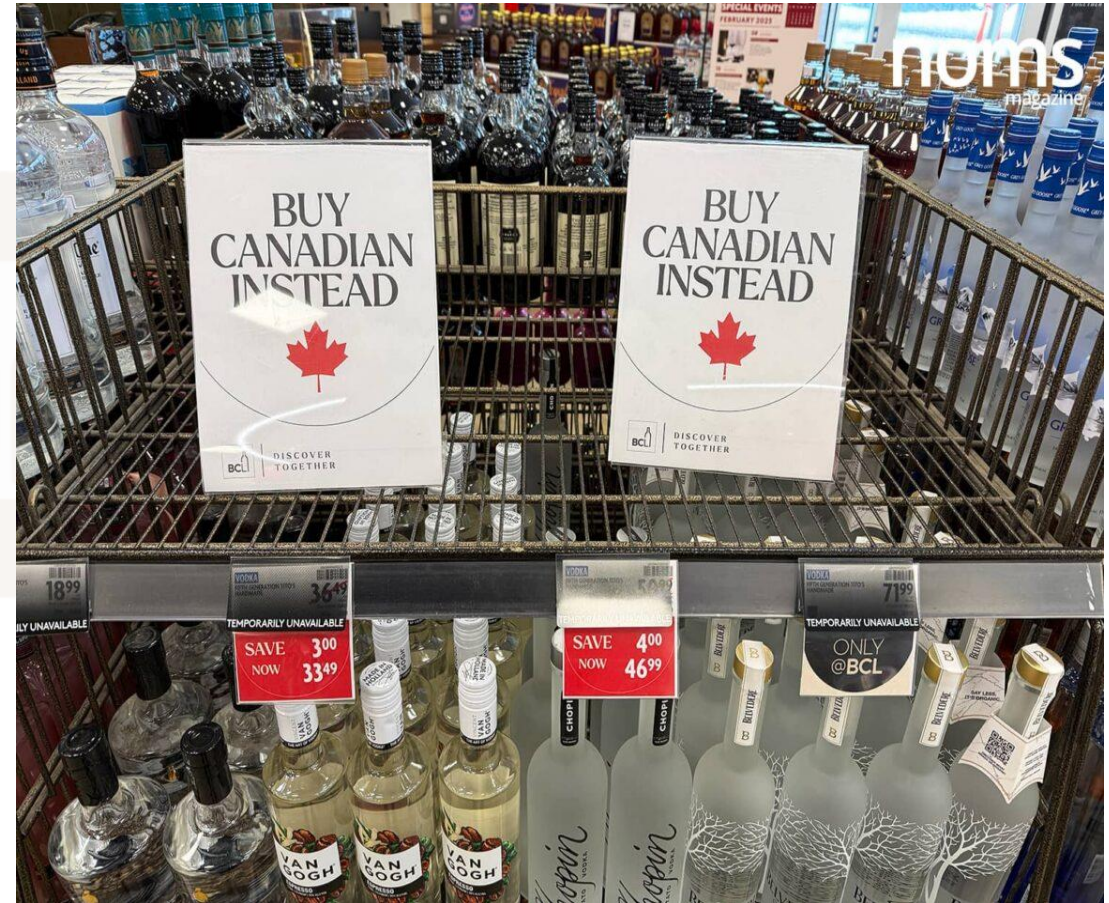


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# Tariffs Impact on Revenue



- European Tariffs, the European Union (EU) imposed a 25% tariff on American whiskey imports.
- This led to reduced demand and sales volume in the EU market, directly affecting Brown-Forman's revenue
- provinces like Ontario are removing U.S. liquor from store shelves.





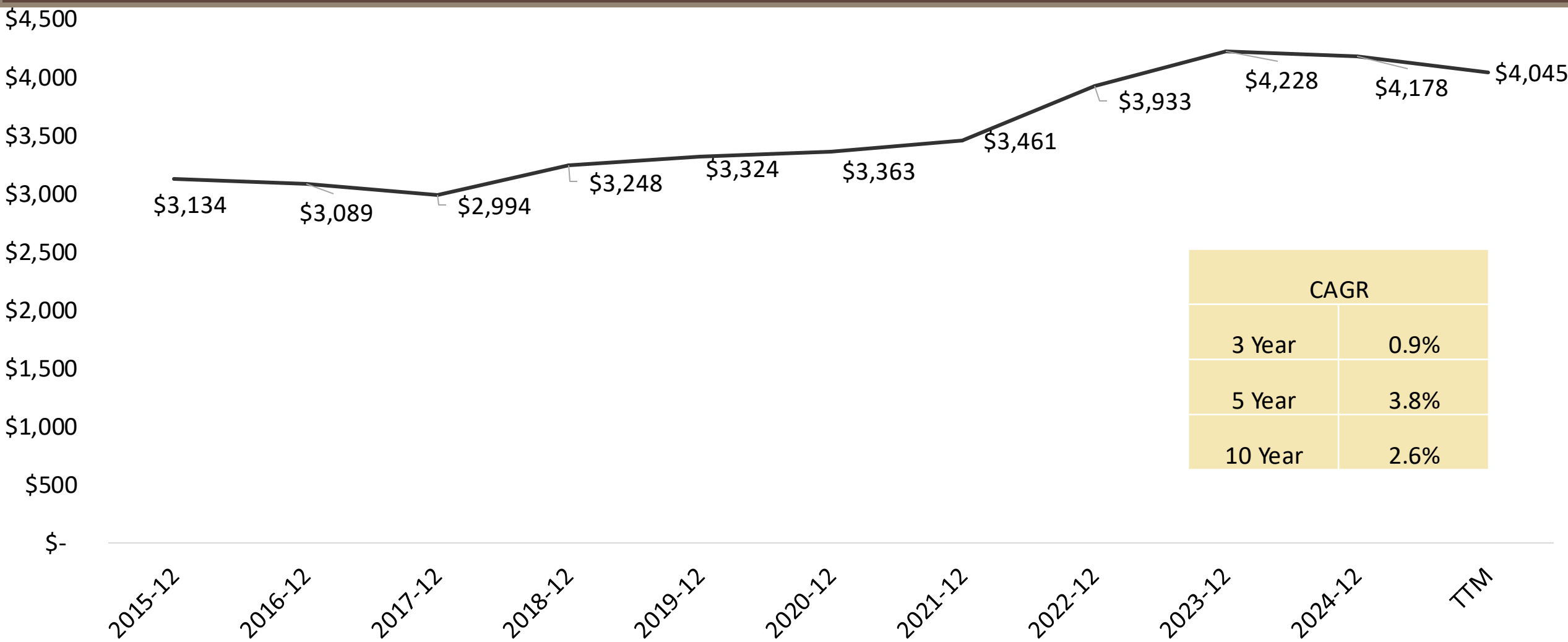
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**Jenna Lindemann**

# Interpretation of Financial Statements

# Revenue

In Millions

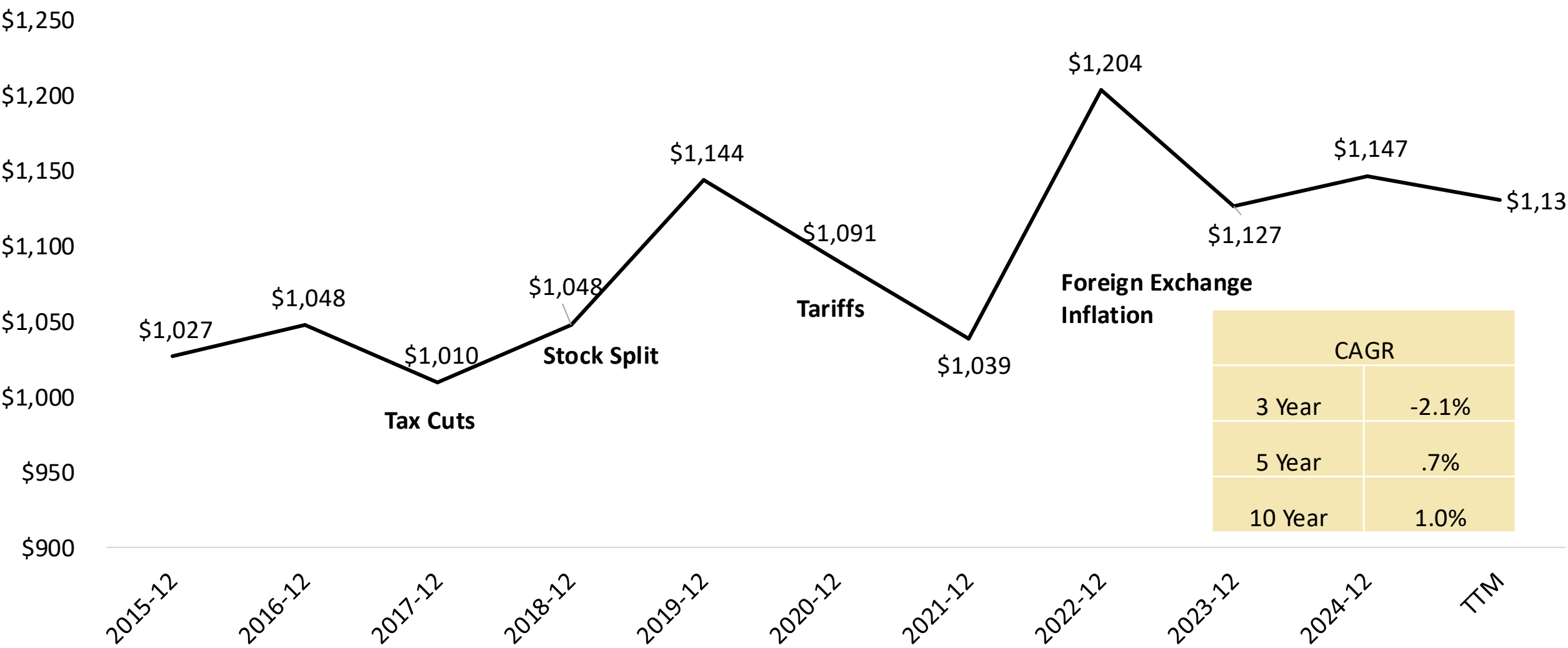


CAGR	
3 Year	0.9%
5 Year	3.8%
10 Year	2.6%



# Operating Income

In Millions



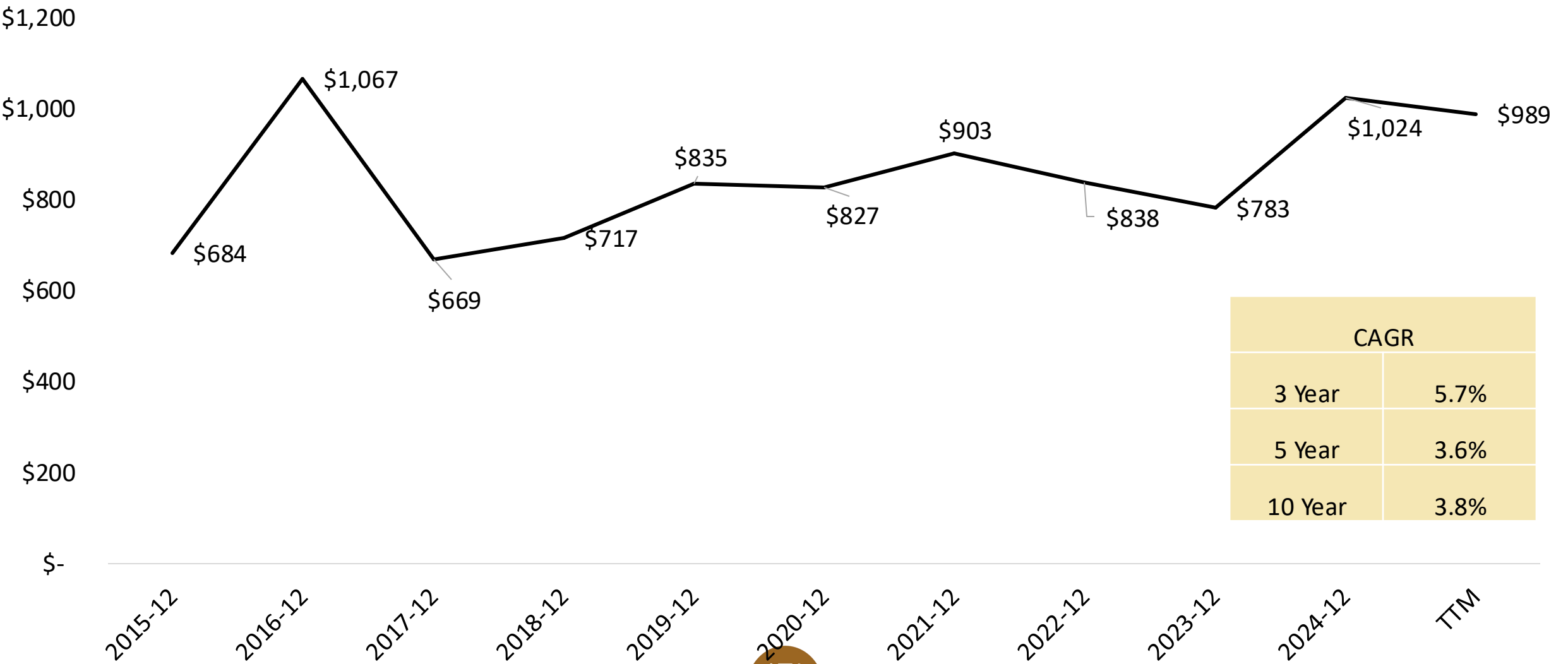
CAGR	
3 Year	-2.1%
5 Year	.7%
10 Year	1.0%





# Net Income

In Millions



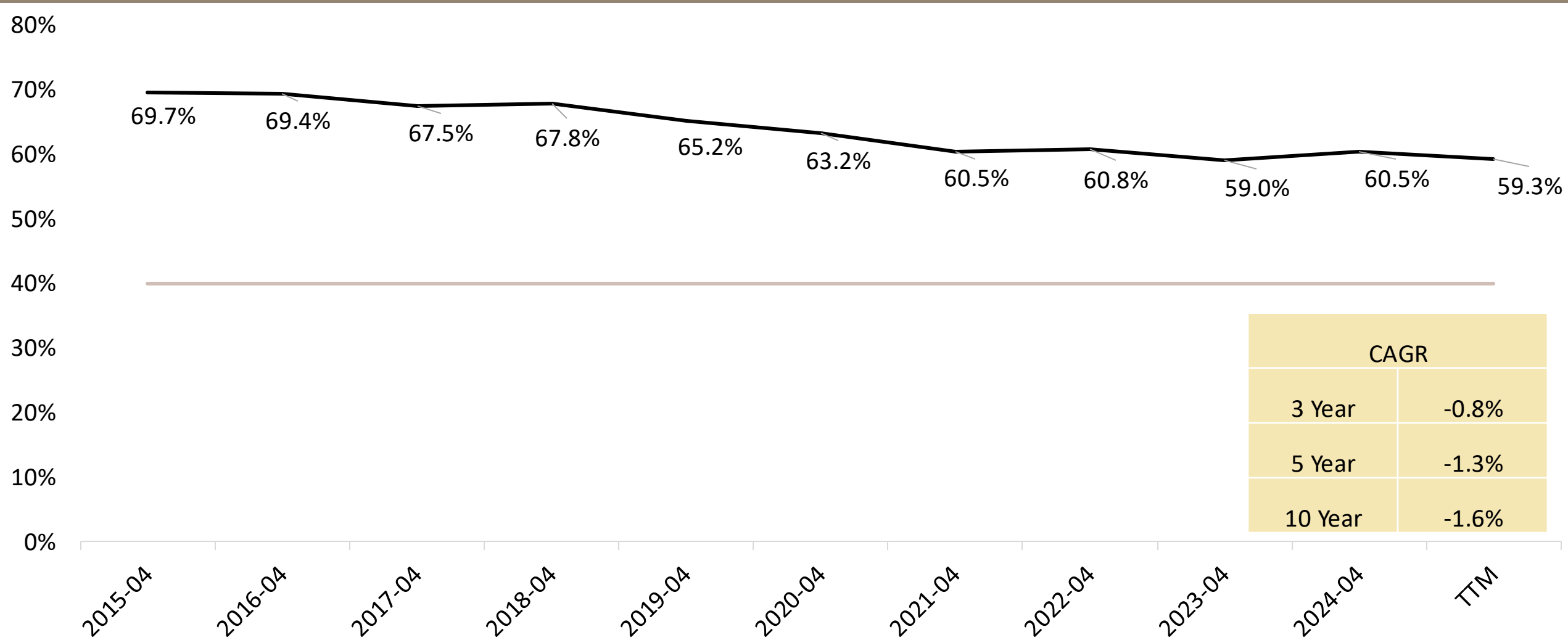
CAGR	
3 Year	5.7%
5 Year	3.6%
10 Year	3.8%





# Gross Margin

Threshold= >40%

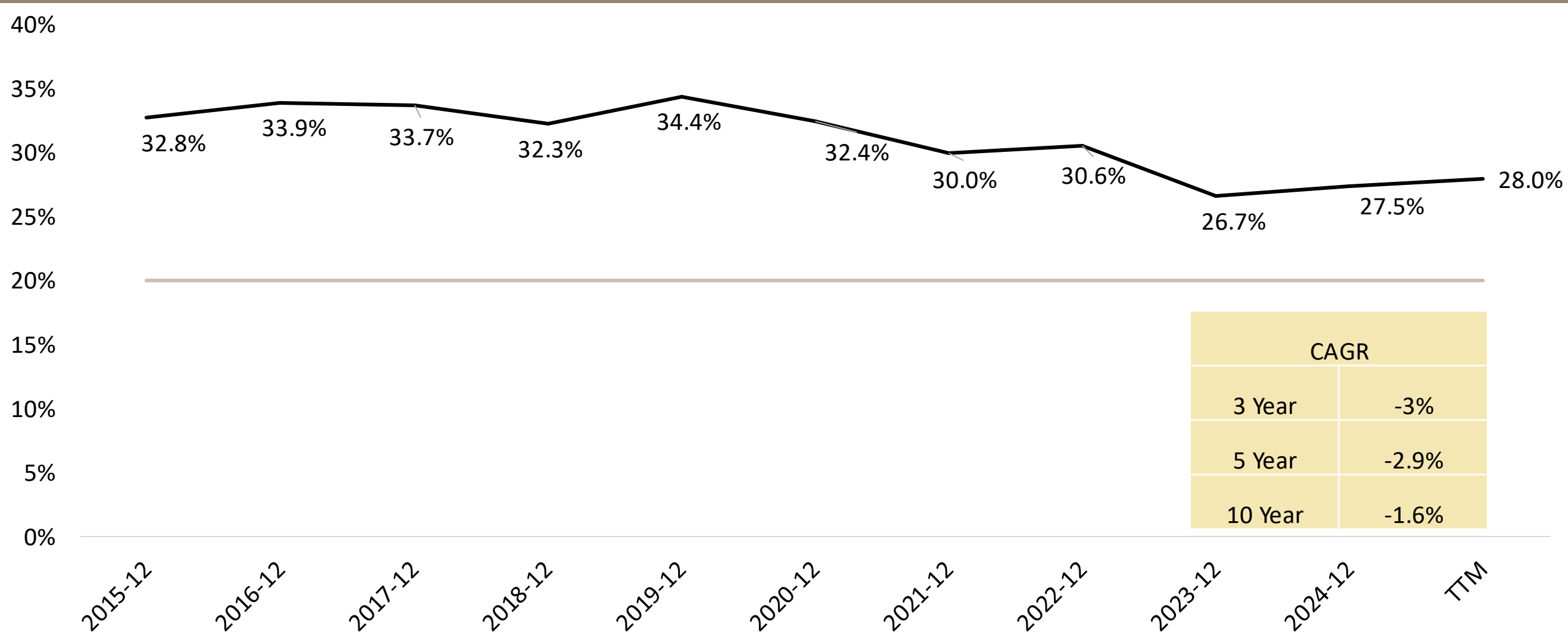


CAGR	
3 Year	-0.8%
5 Year	-1.3%
10 Year	-1.6%



# Operating Margin

Threshold= >20%

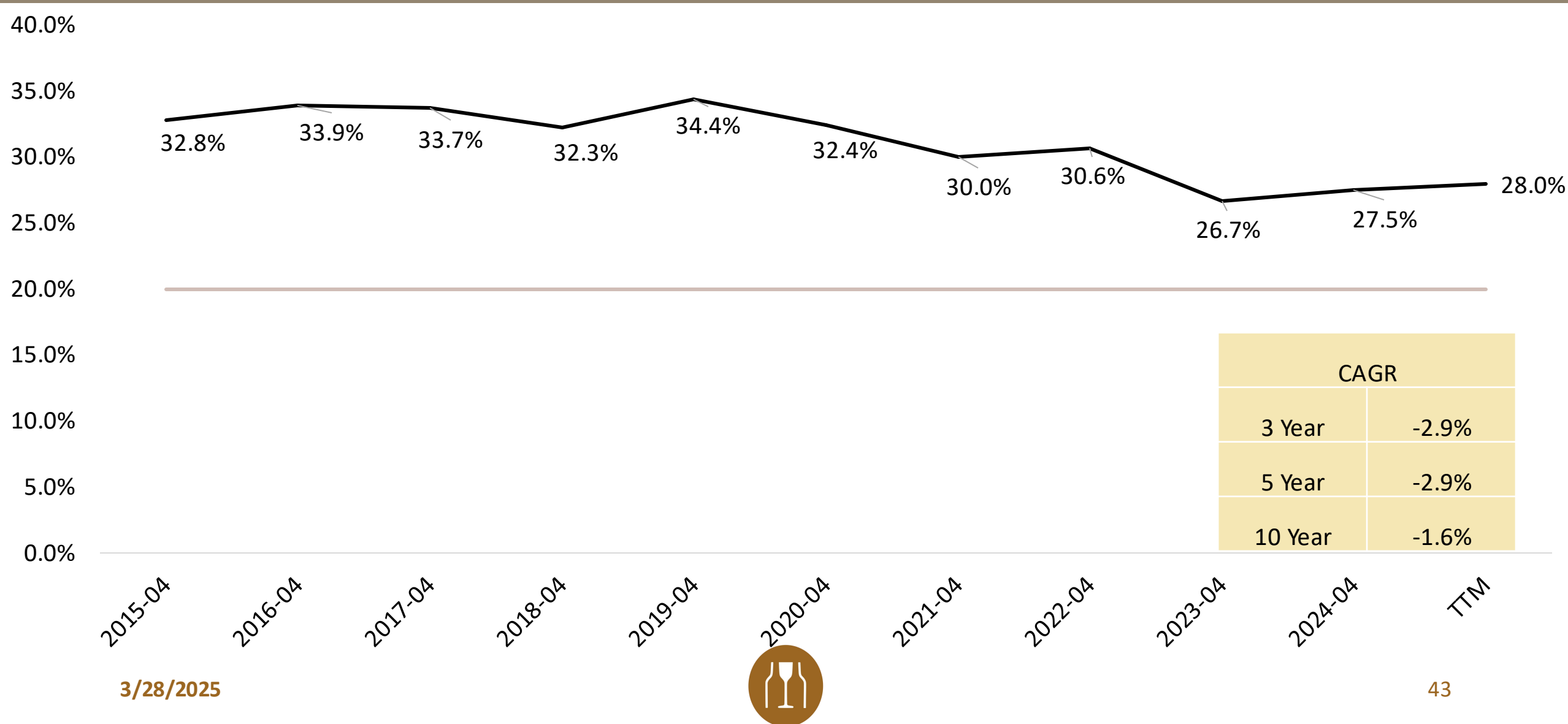


CAGR	
3 Year	-3%
5 Year	-2.9%
10 Year	-1.6%



# Free Cash Flow Margin

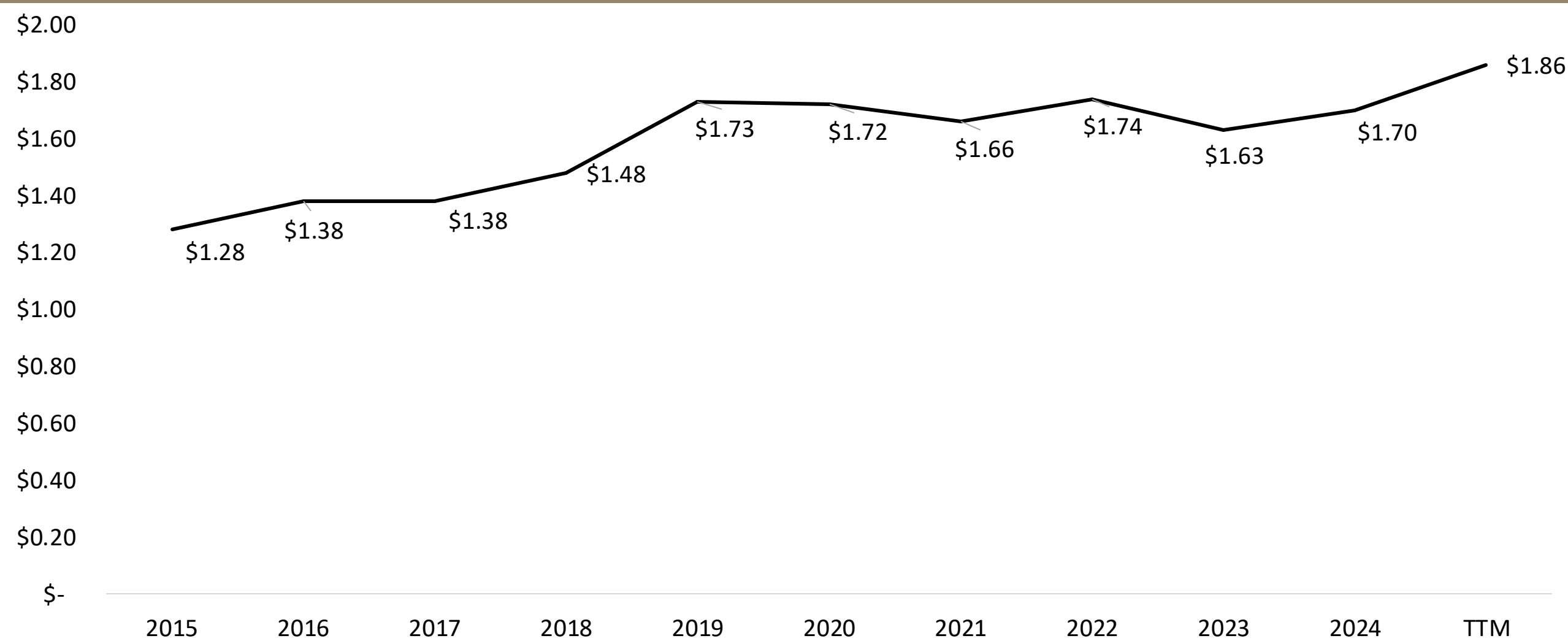
Threshold= >10%



CAGR	
3 Year	-2.9%
5 Year	-2.9%
10 Year	-1.6%



# Earnings Per Share



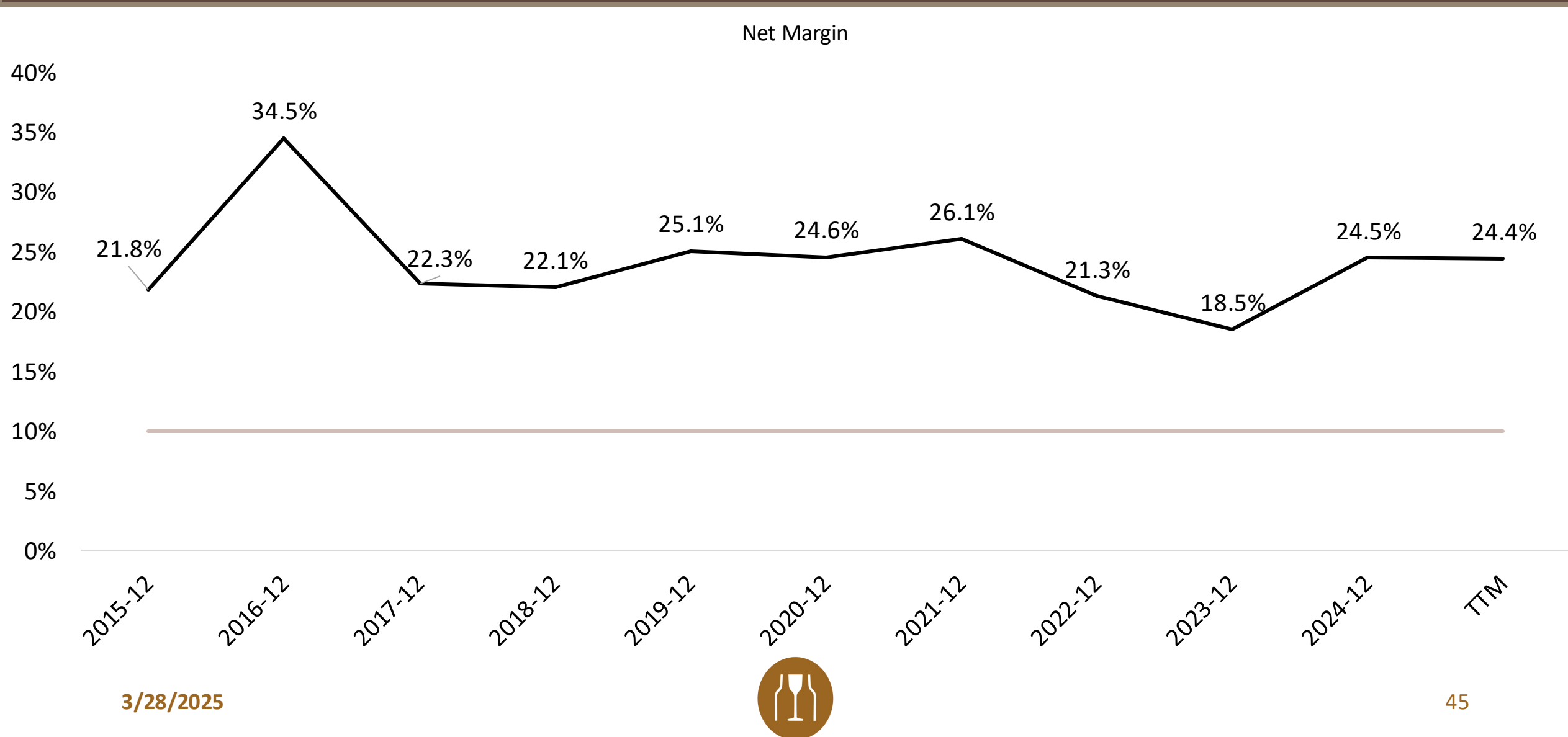
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44

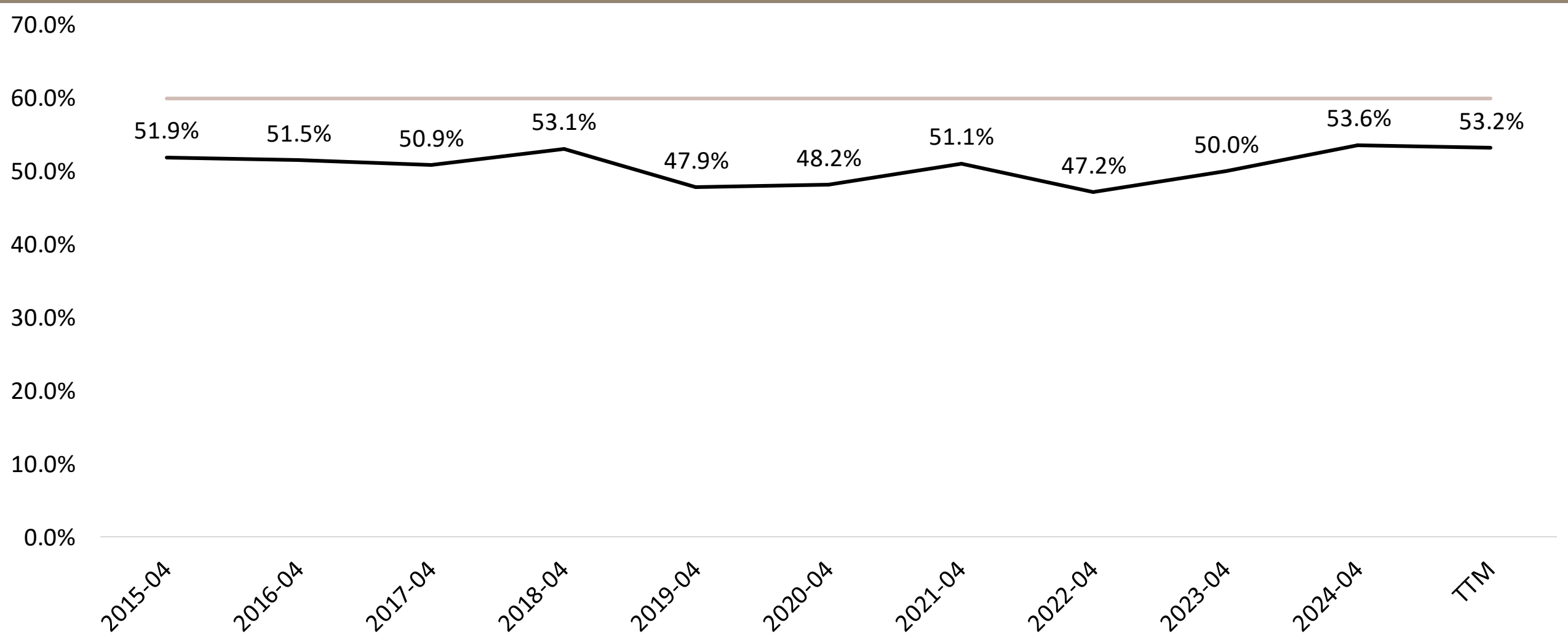
# Net Margin

Threshold= >10%



# SG&A / Gross Profit

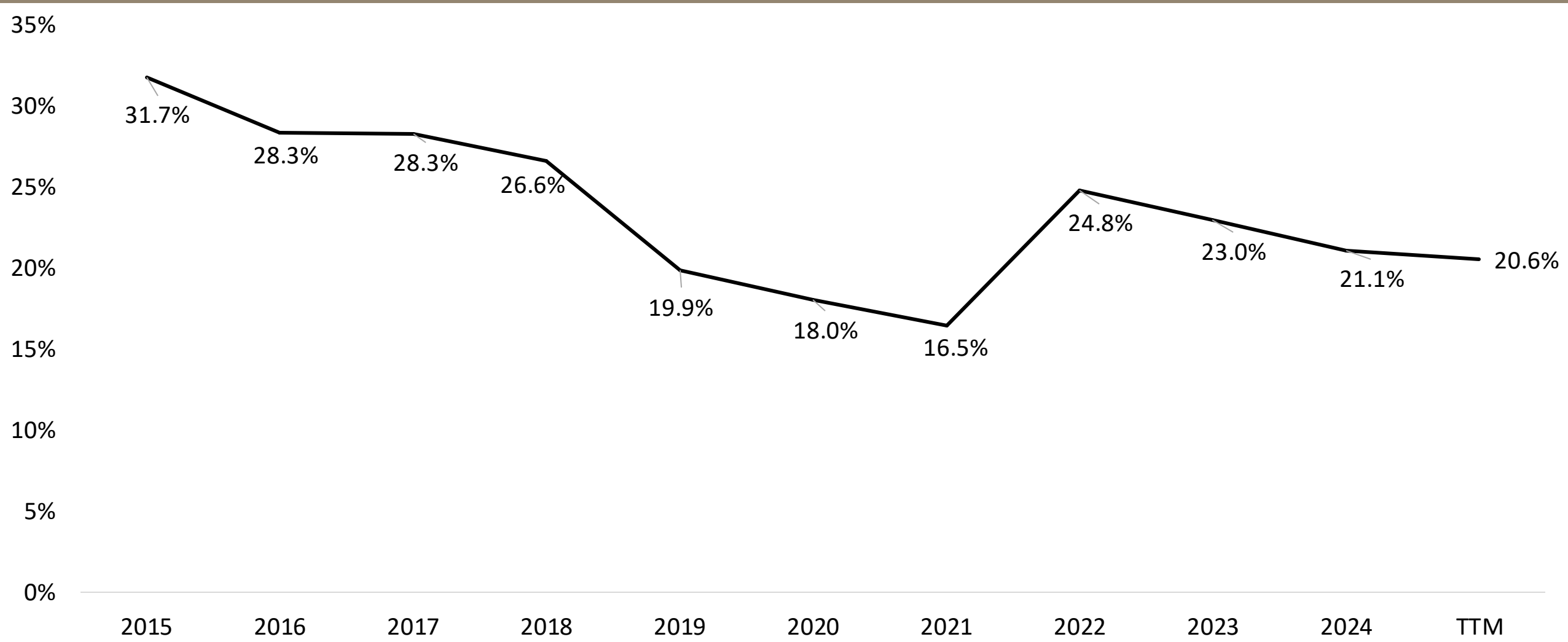
Threshold= <60%



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# Tax Rate



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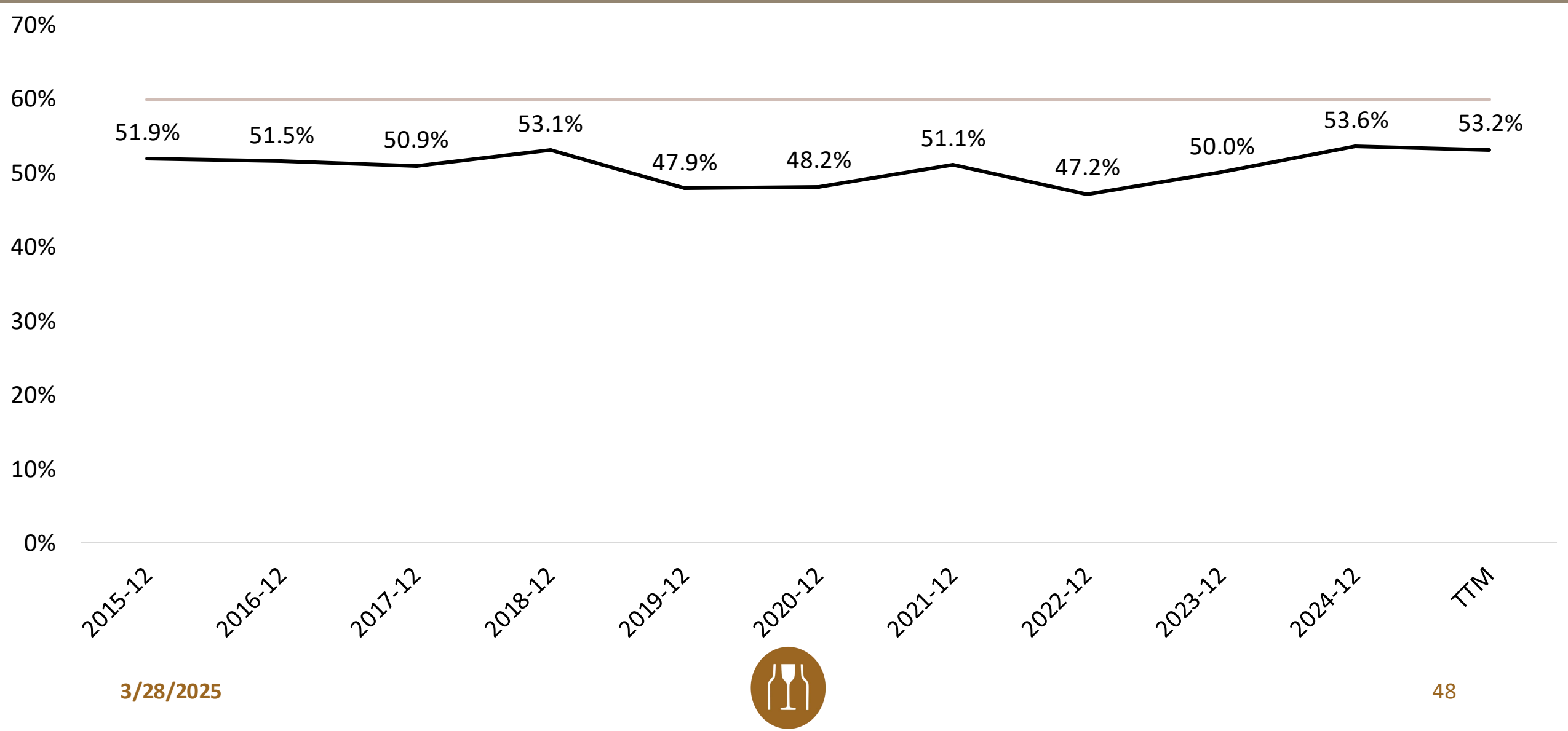


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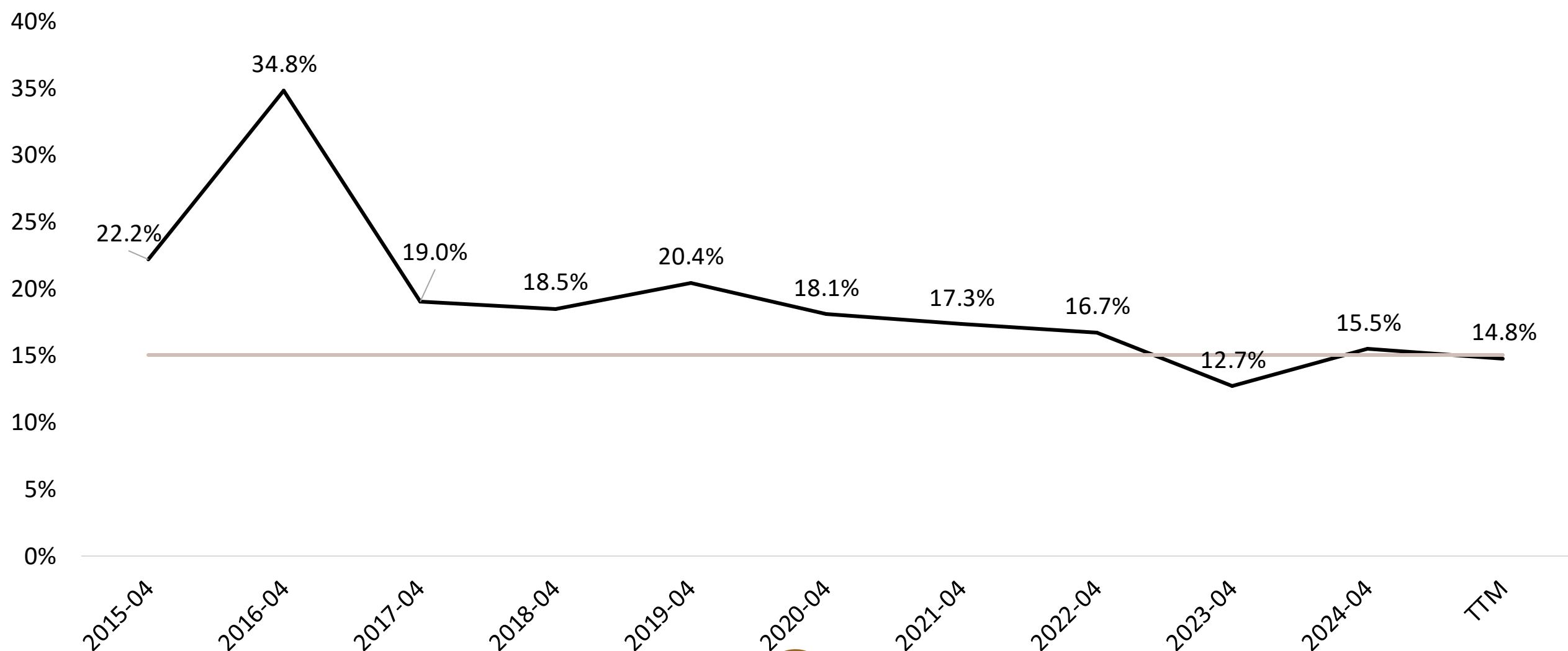
# SGA as a % of Revenue

Threshold= <60%



# Return on Capital

Threshold = >15%

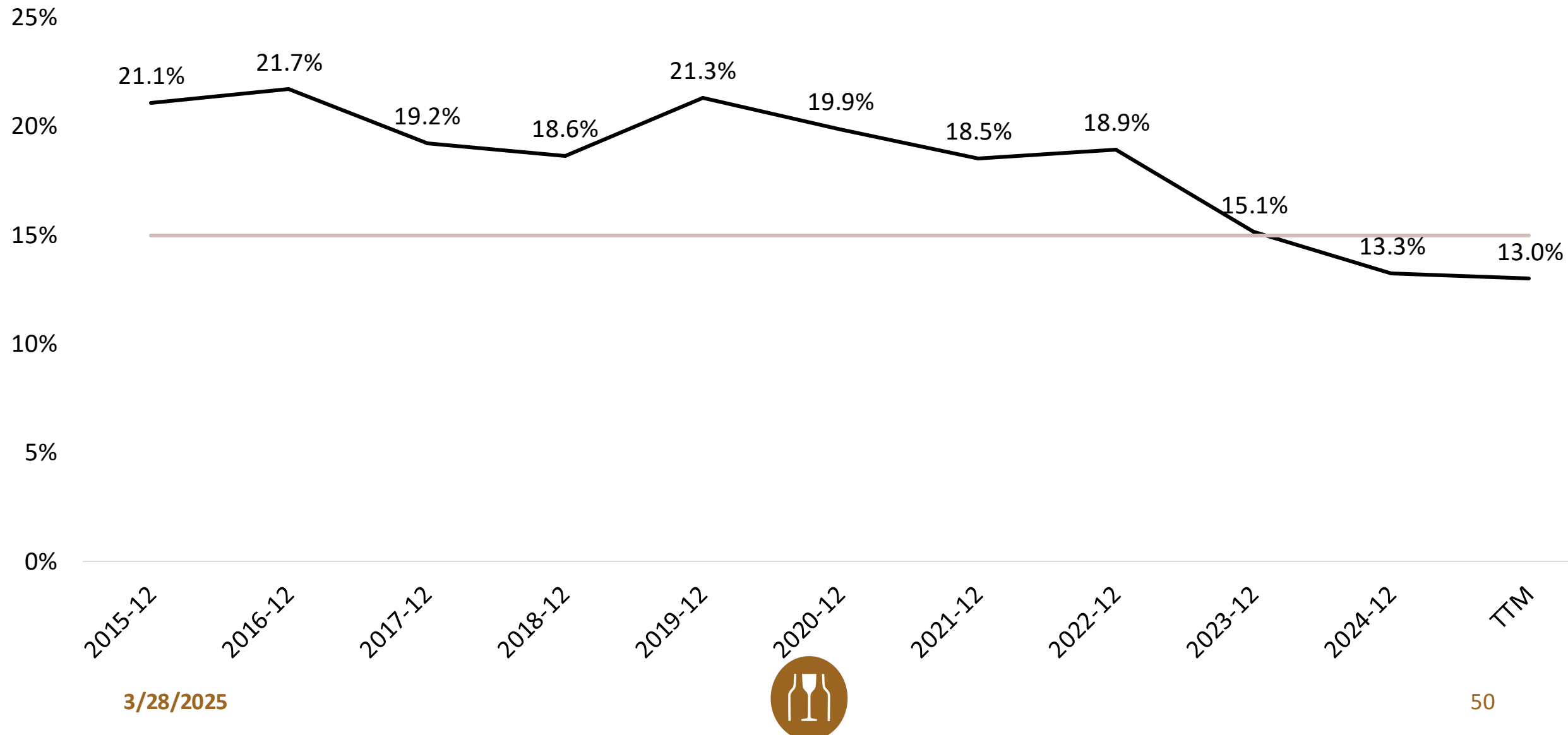


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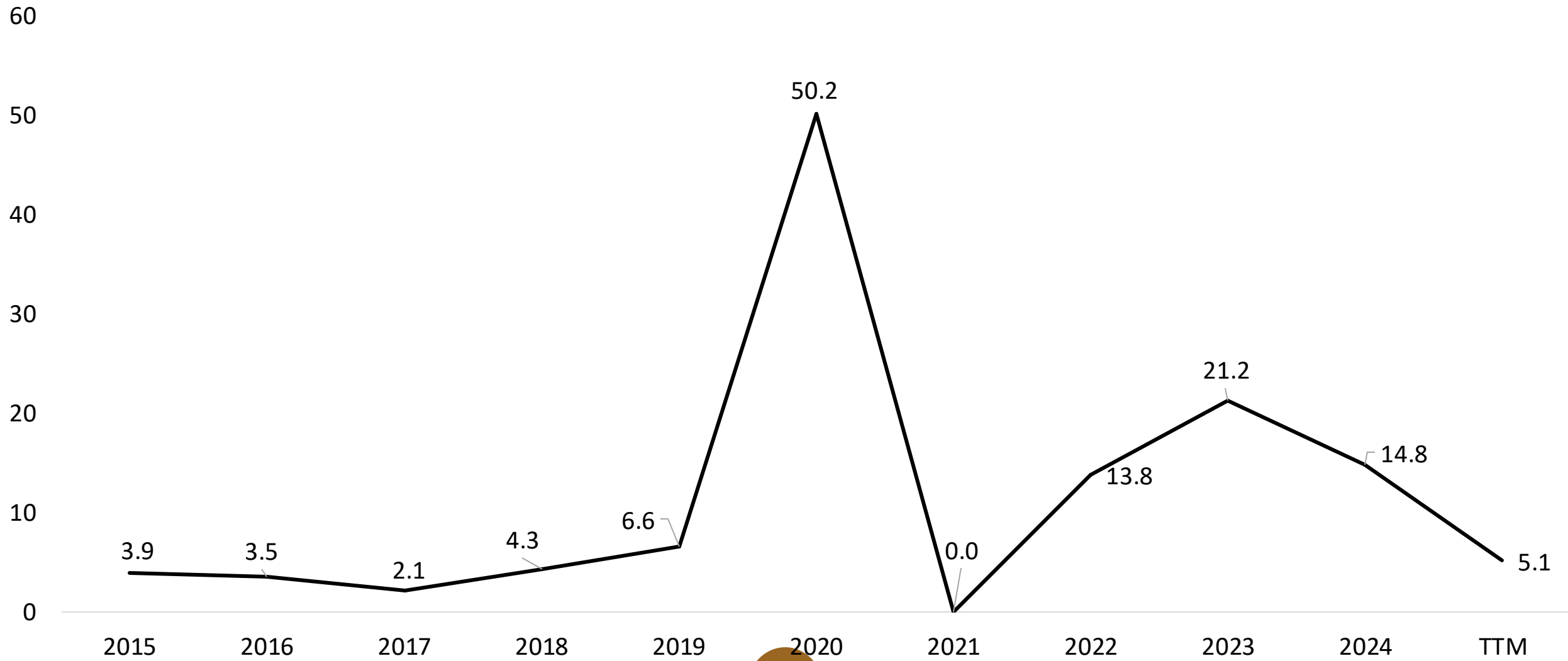


# Return on Invested Capital

Threshold= >15%



# PEG



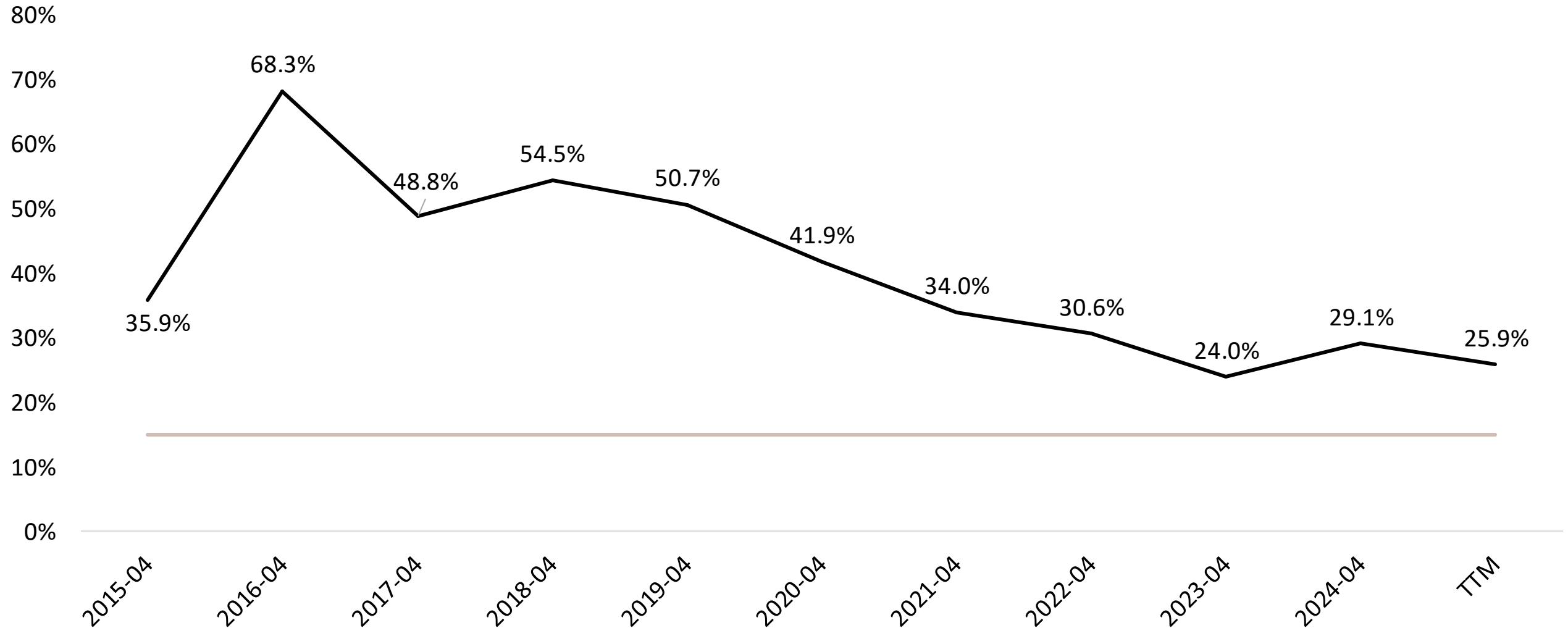
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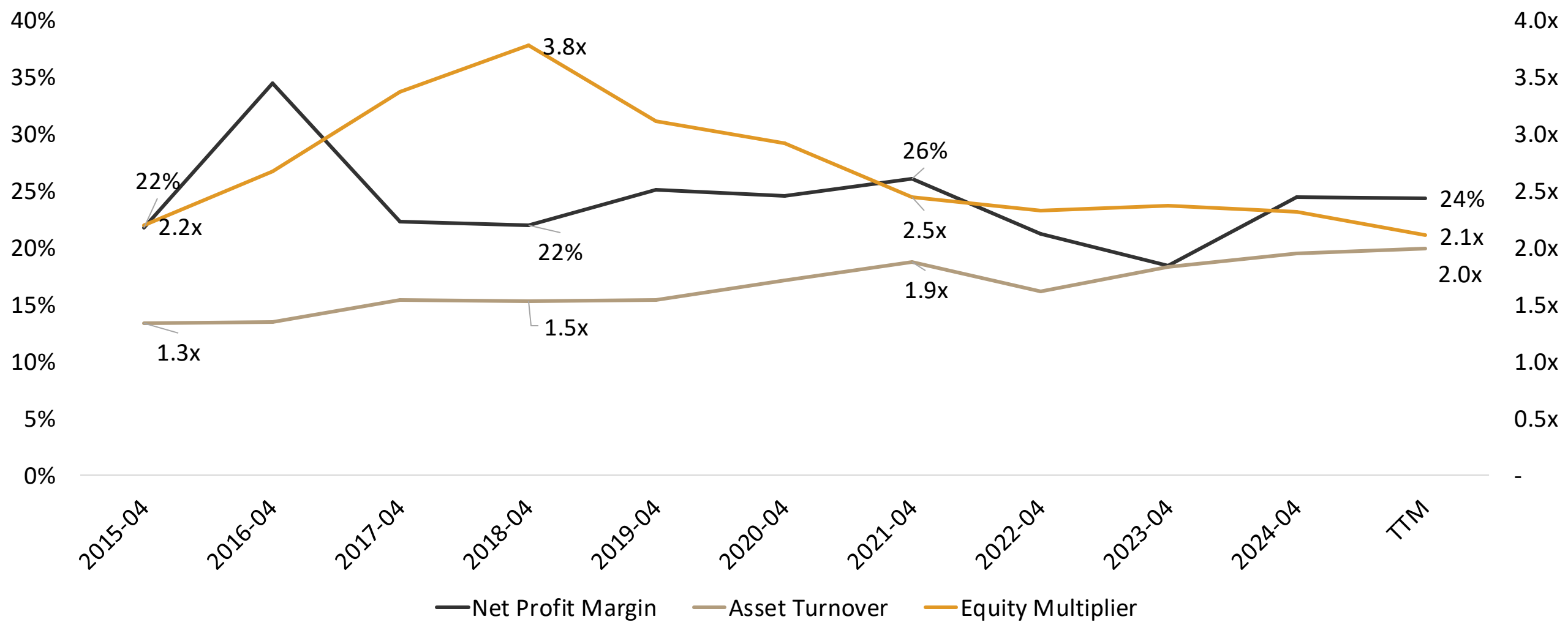
51

# Return on Equity

Threshold= >15%



# DuPont Analysis



# Obligation Ratio



Item	Amount
(+) Long-Term Debt	\$2,361 million
(+) Short Term Debt	\$502 million
(+) Preferred Stock	\$0
(+) Pension Funding Shortfall	\$161 million
(+) Annualized Leases * 7	\$0
(-) Cash	\$599 million
(/) TTM Net Income	\$989 million
	2.45 Years





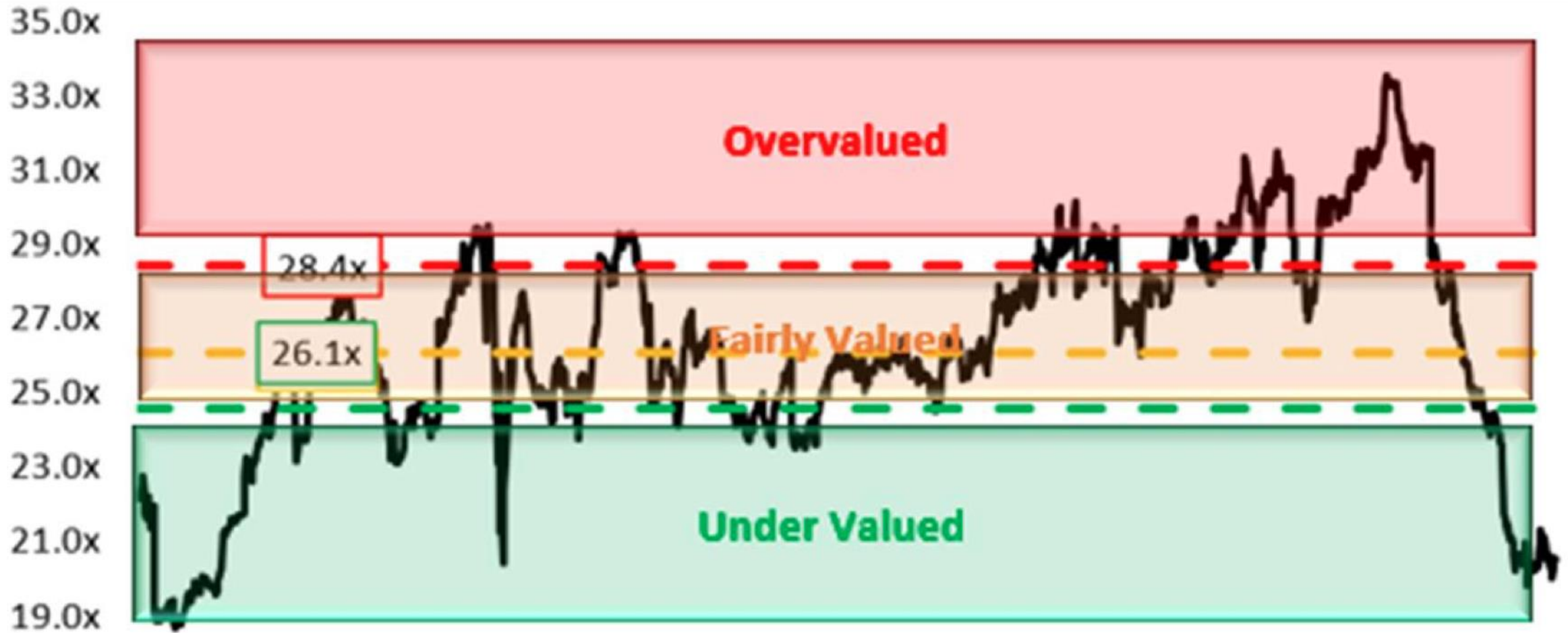


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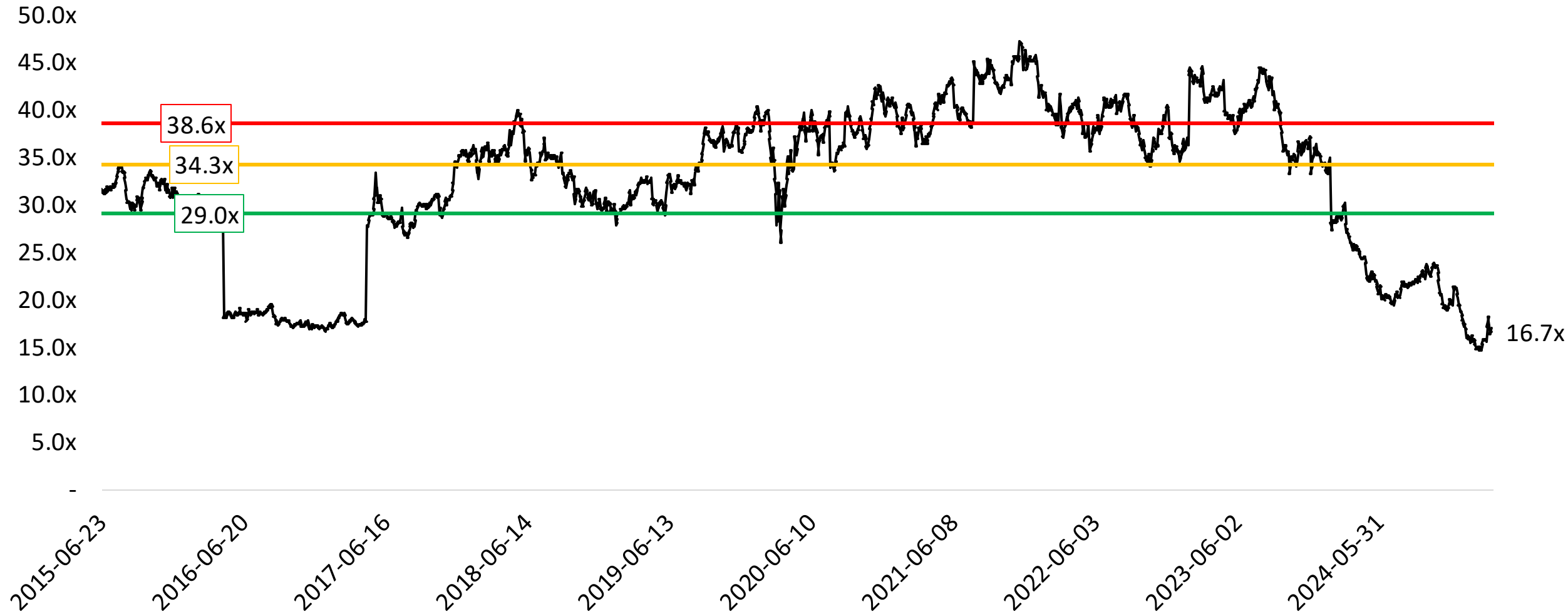
Justin Perry

# Value Bands & Intraportfolio Analysis

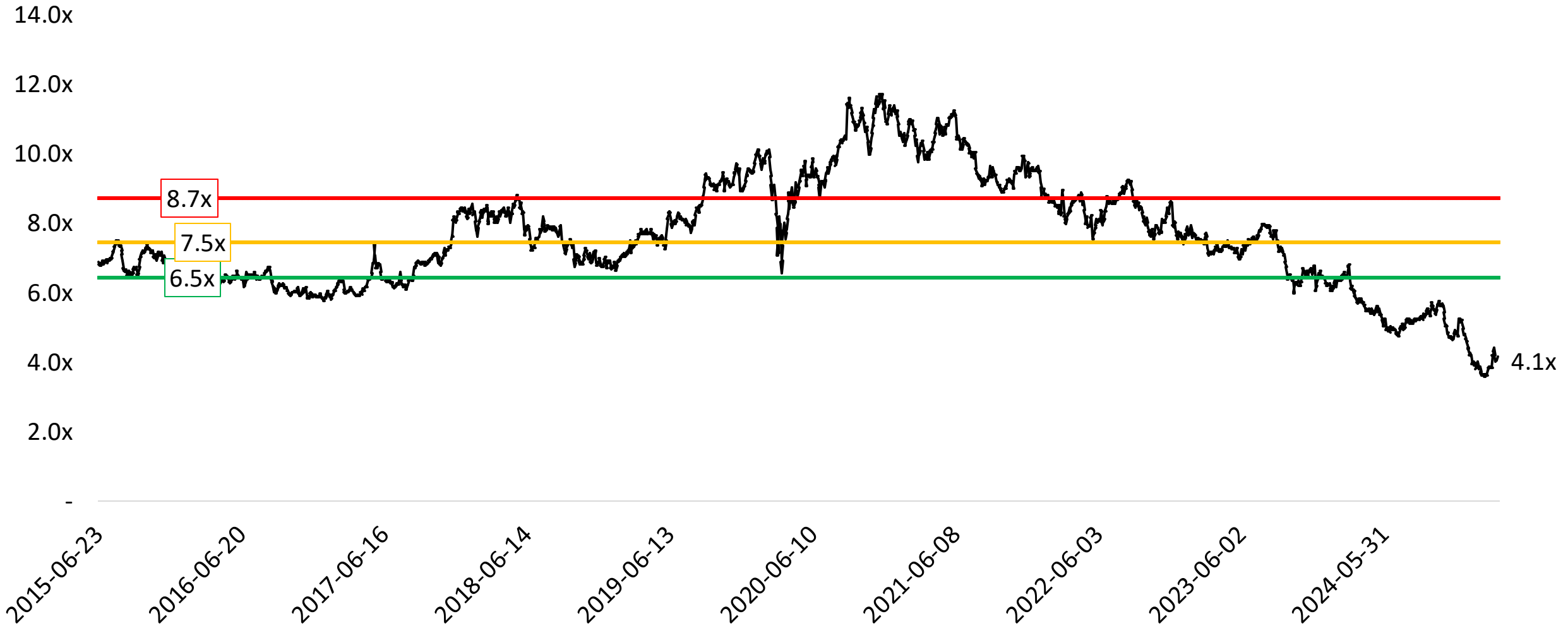
# Value Bands (Example)



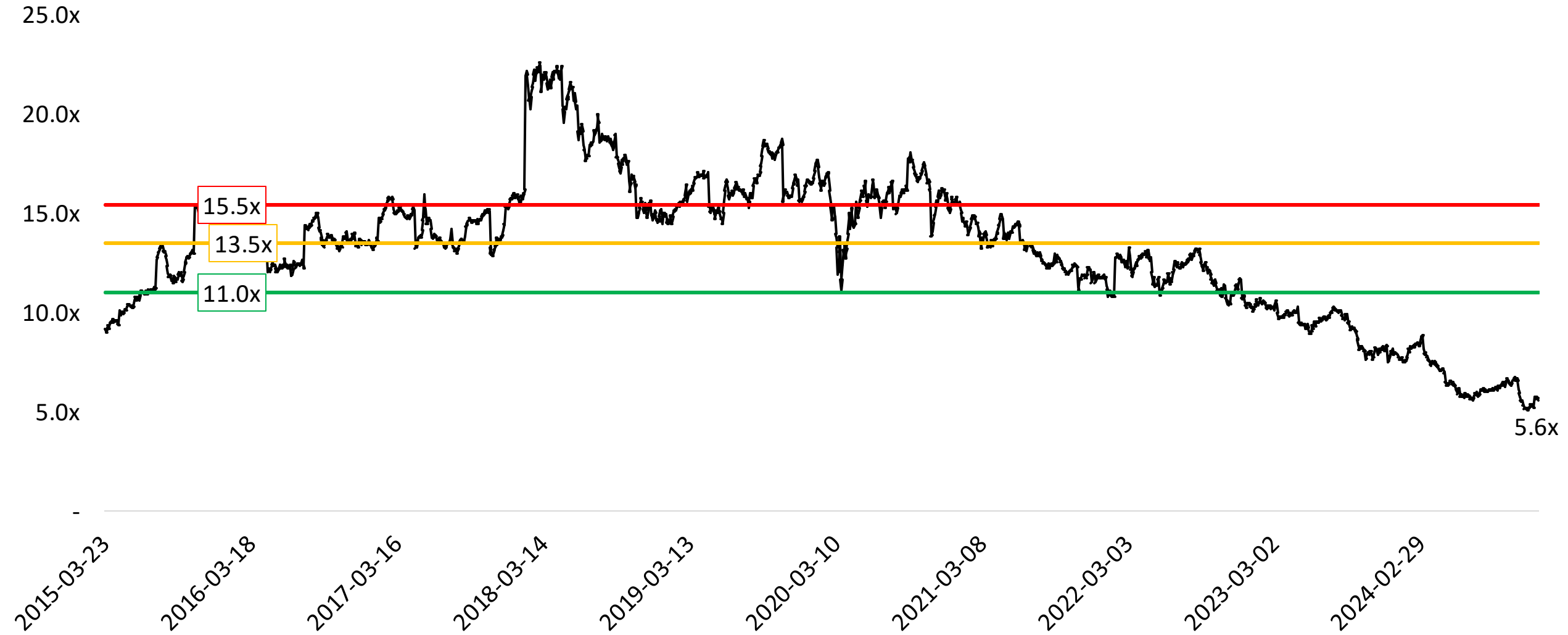
# Price to Earnings



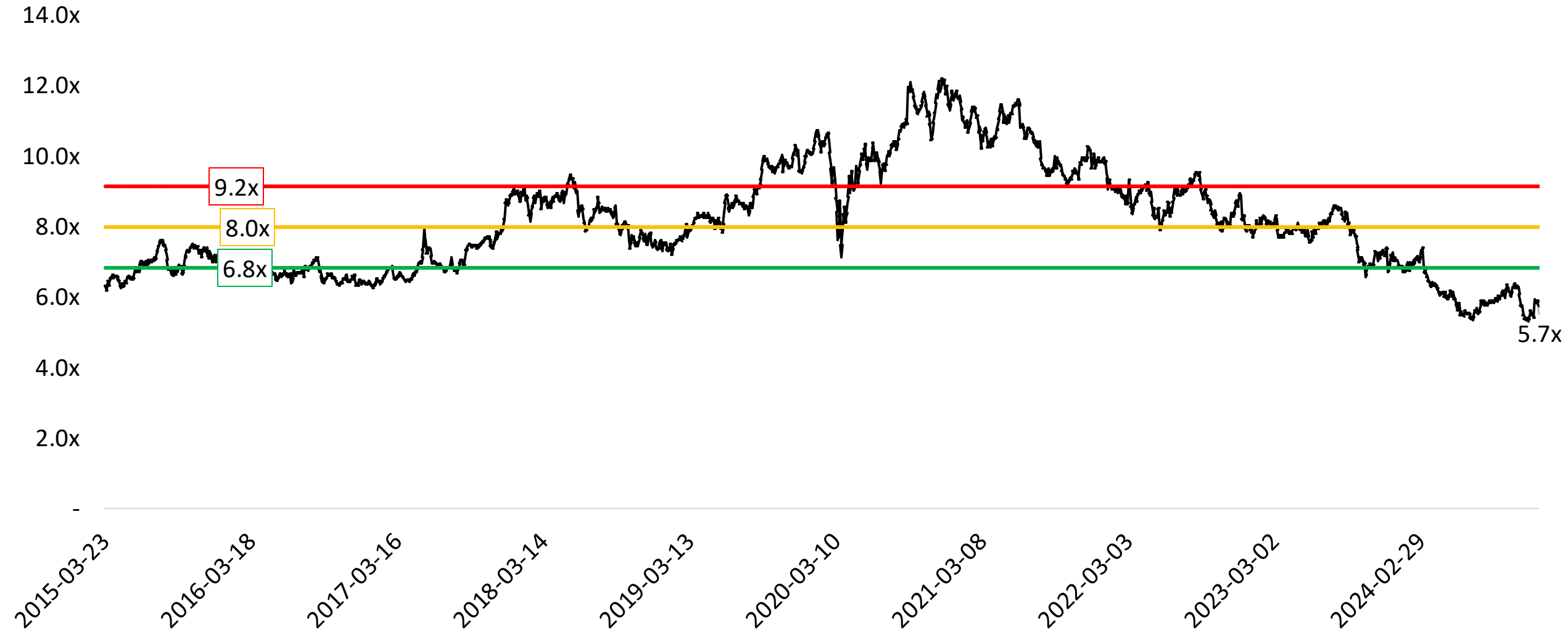
# Price to Sales



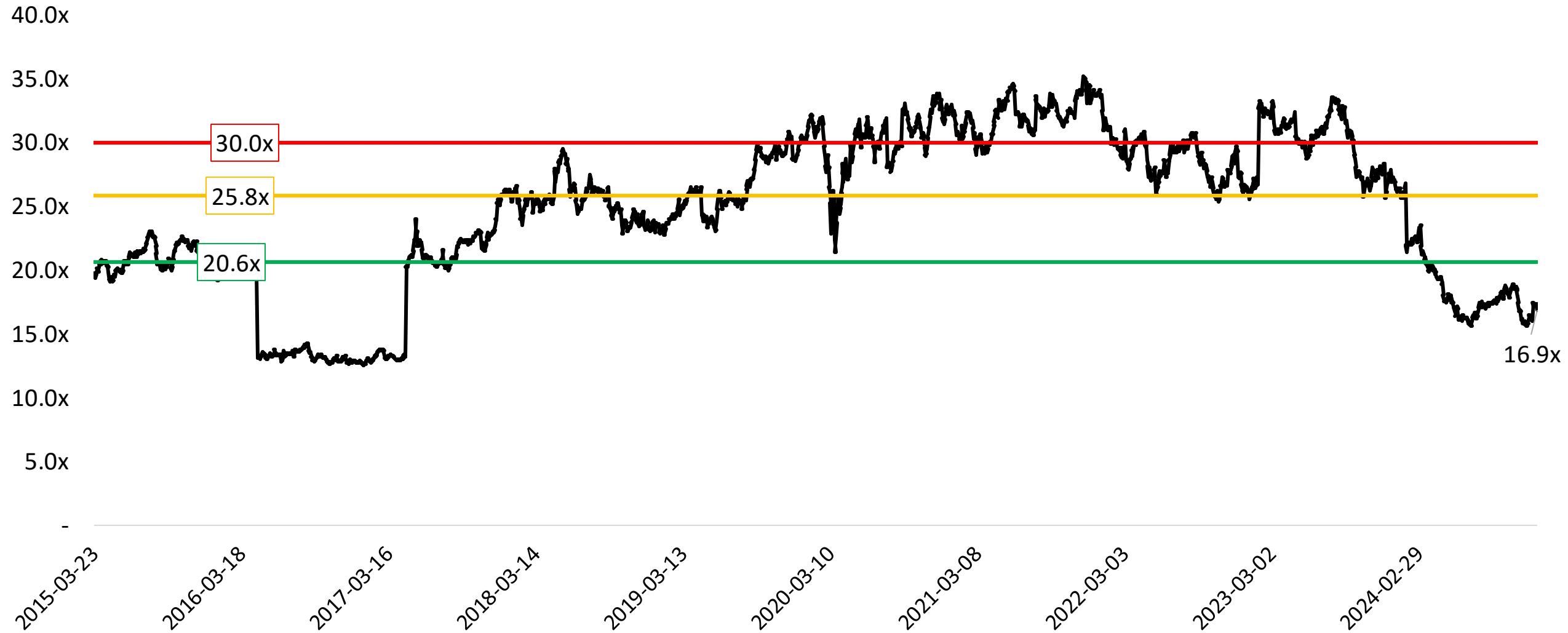
# Price to Book Value



# Enterprise Value to Revenue

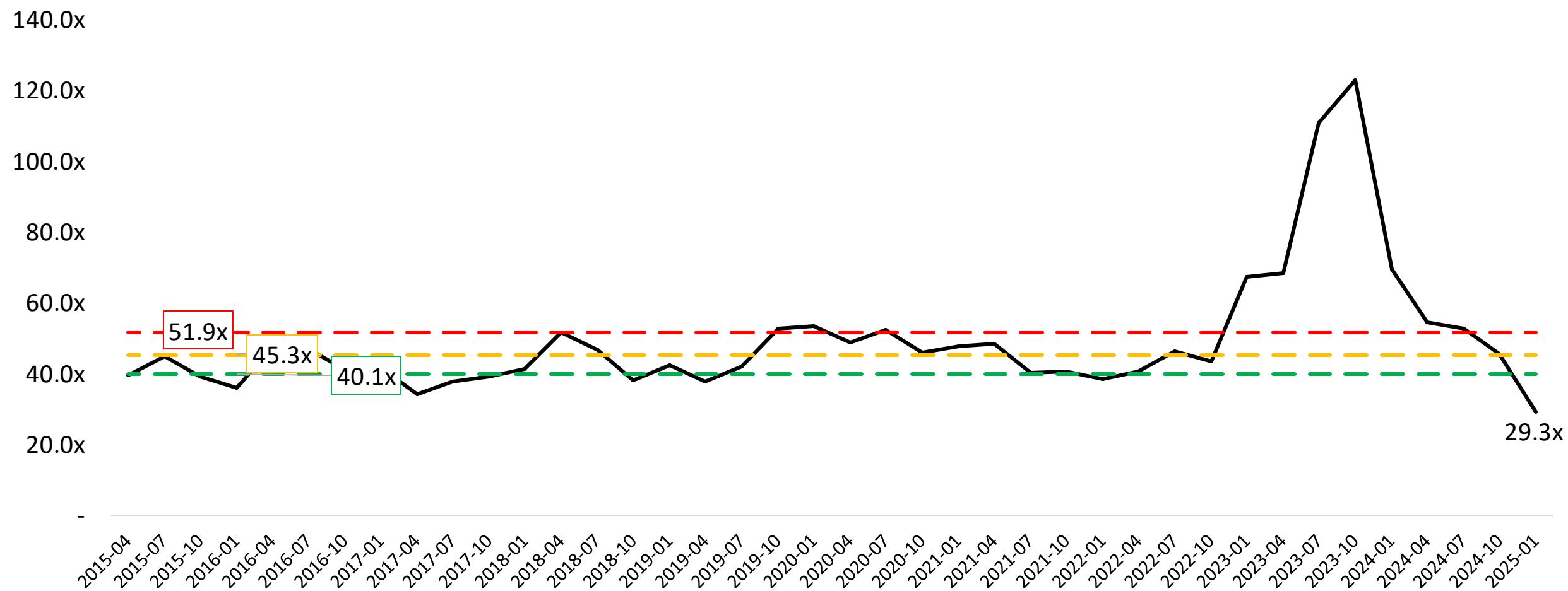


# Enterprise Value to EBIT

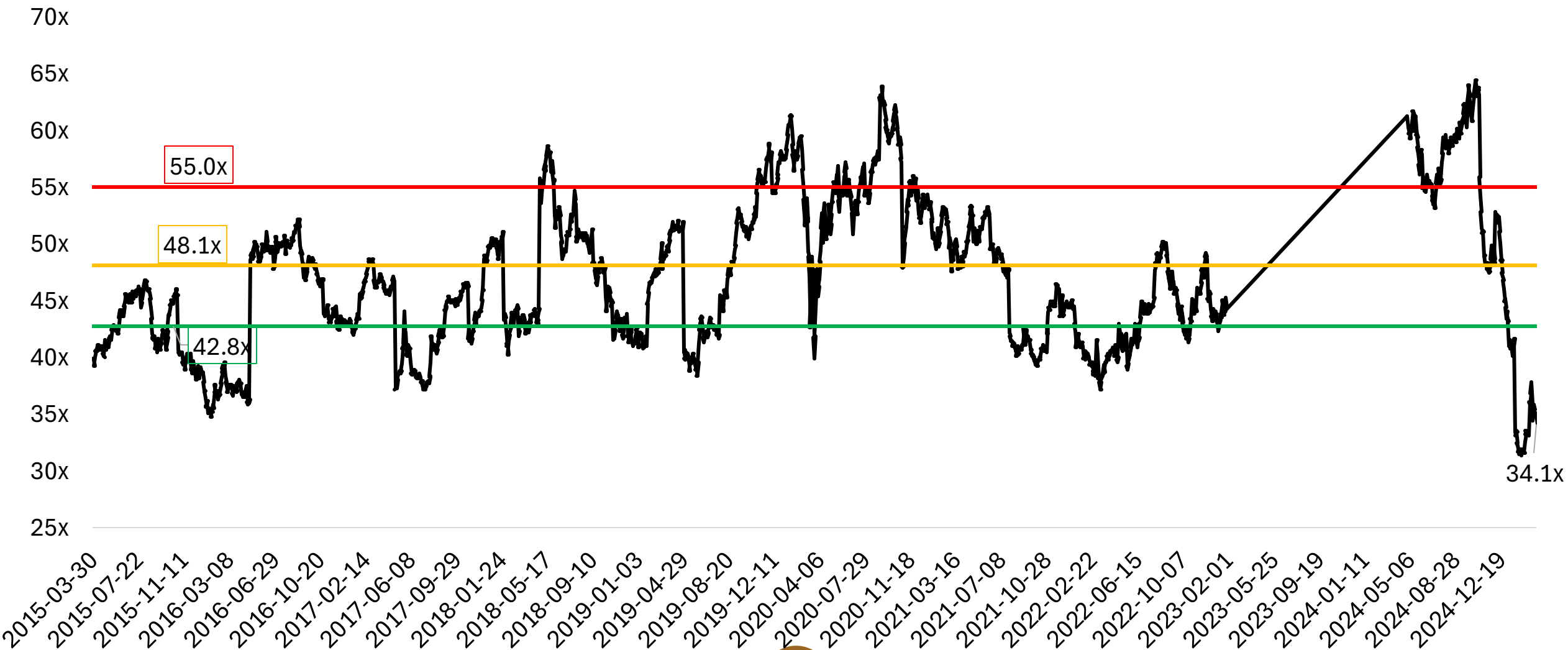




# Price to Free Cash Flow



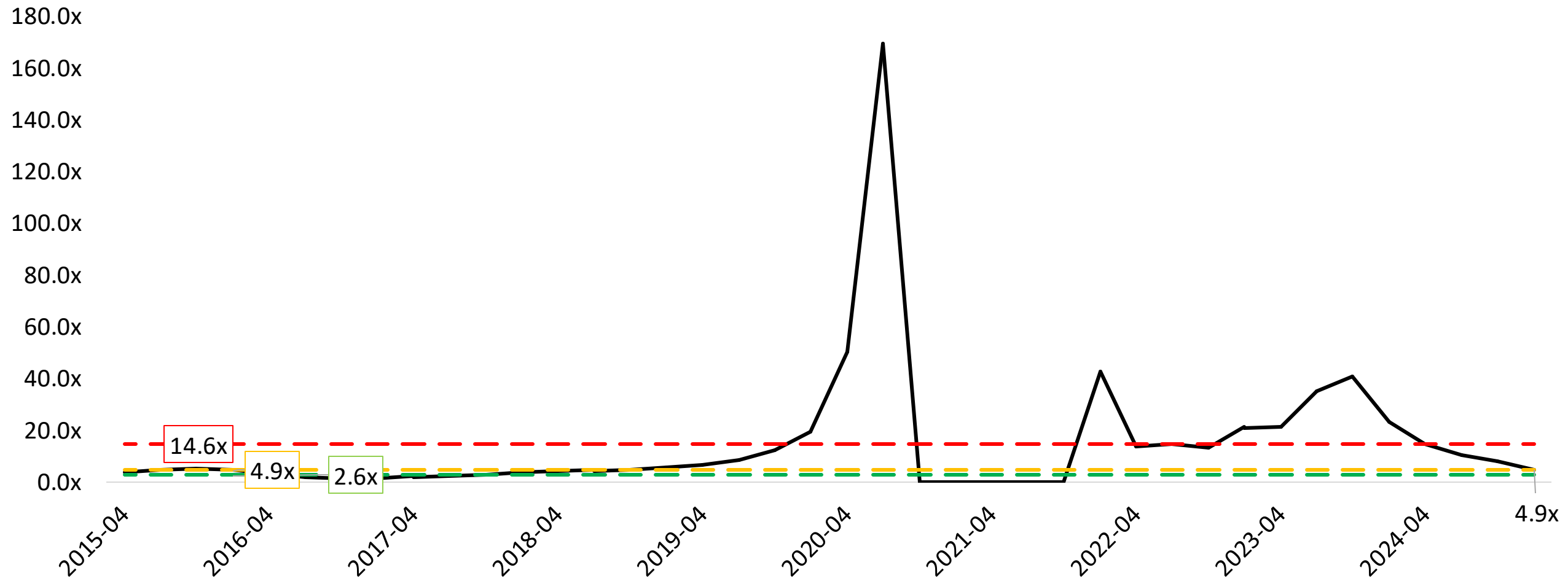
# Enterprise Value to Free Cash Flow



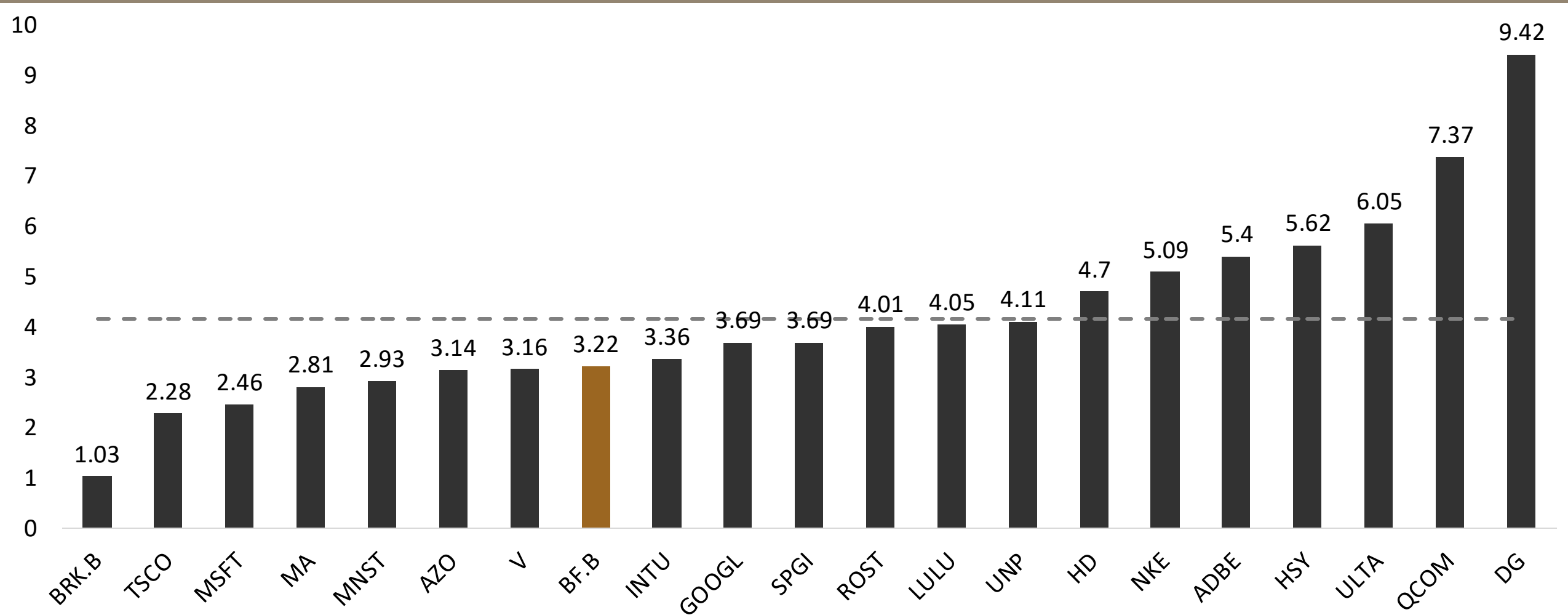
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# PEG Ratio

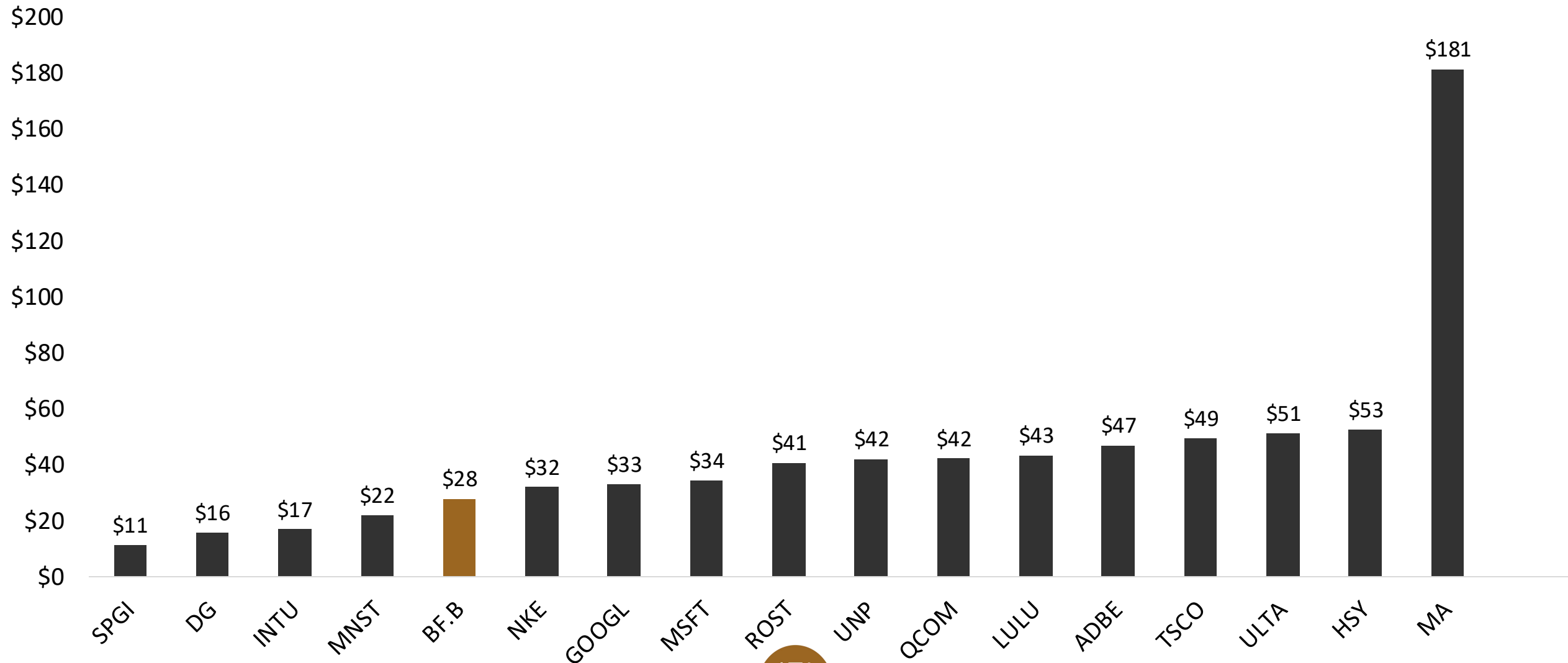


# Intraportfolio Analysis (Example)



# Revenue

In Millions



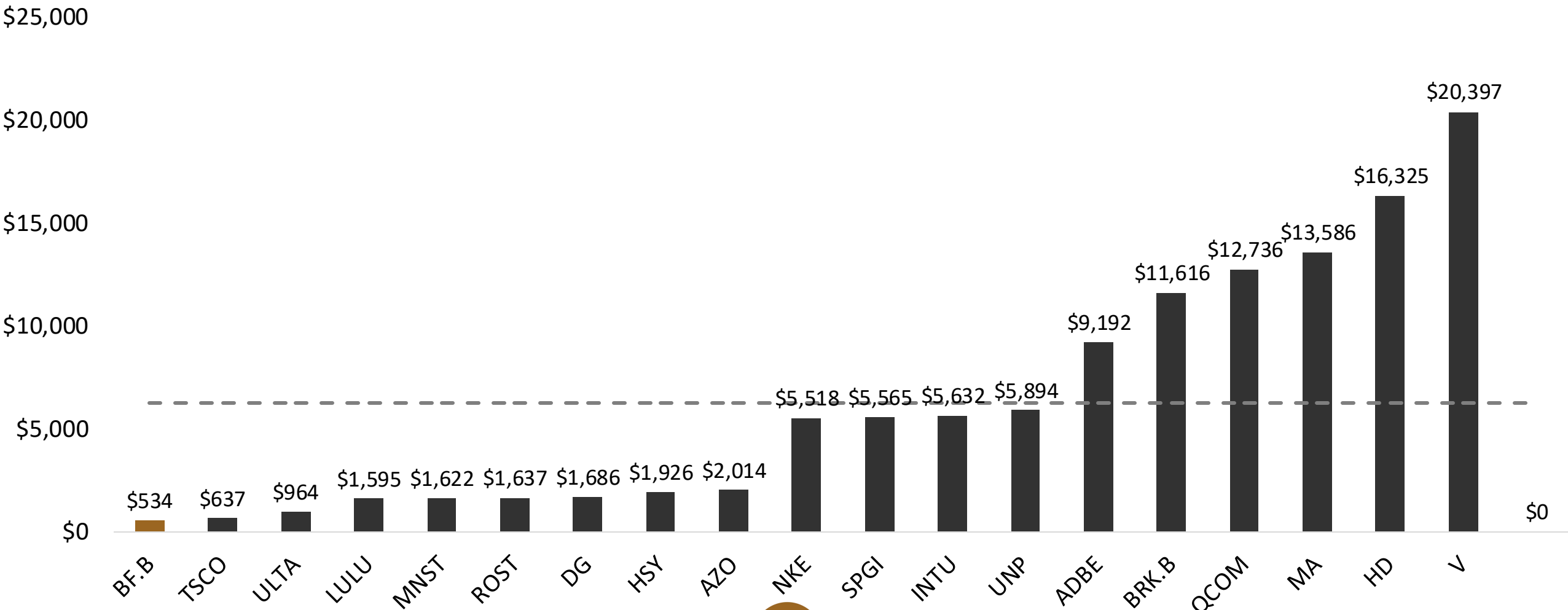
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66

# Free Cash Flow

In Millions

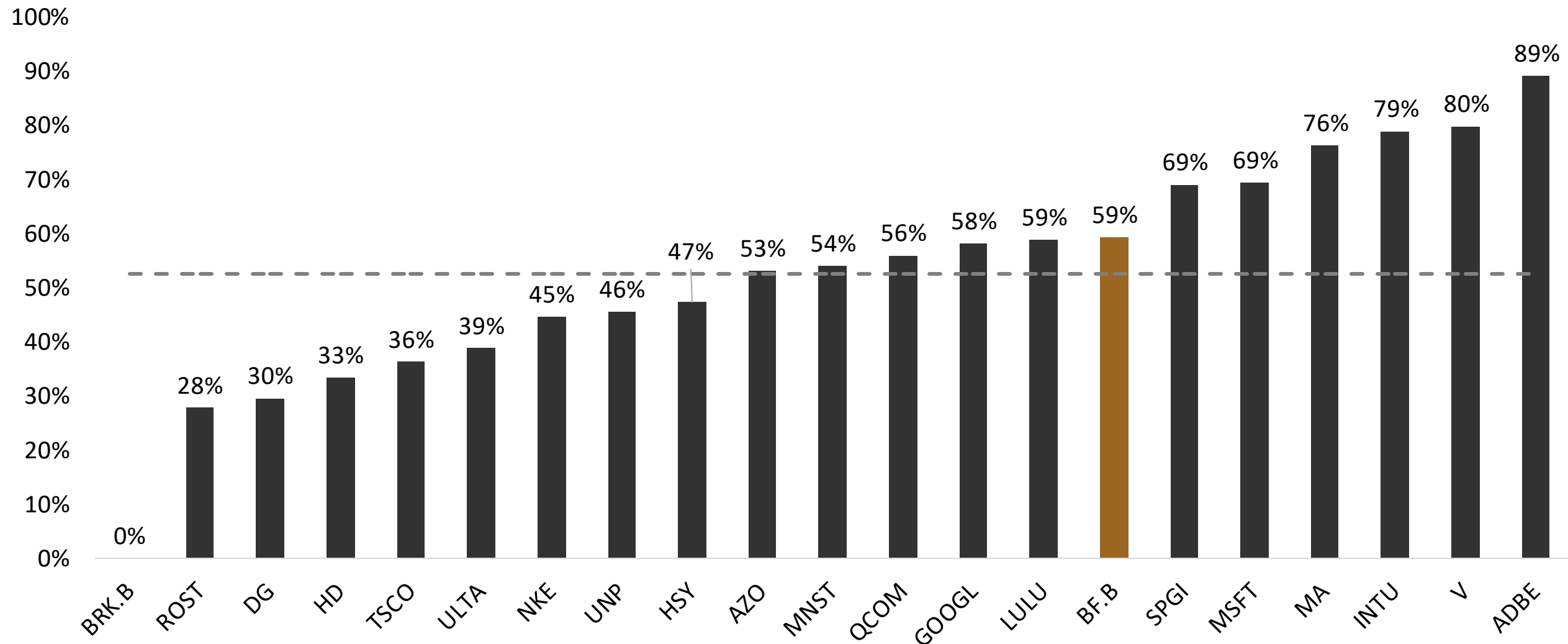


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67

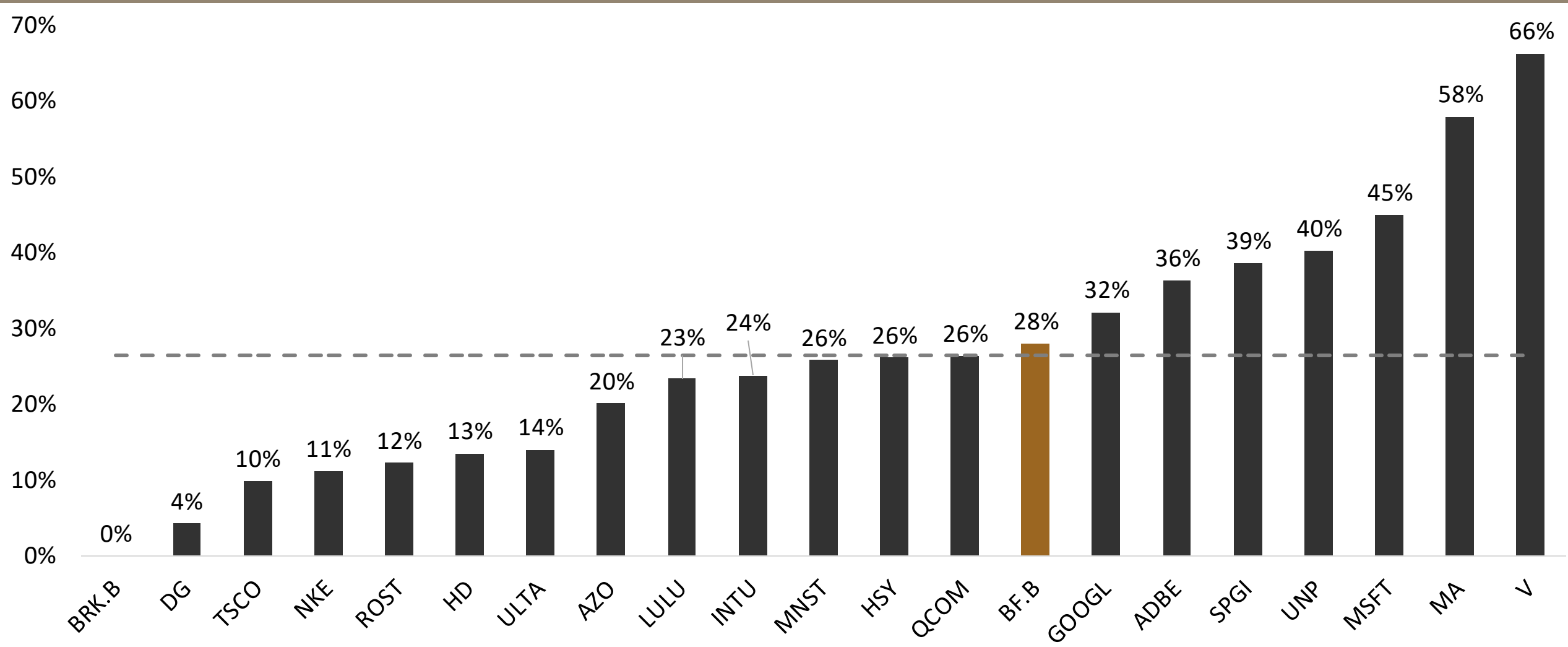
# Gross Margin %



3/28/2025

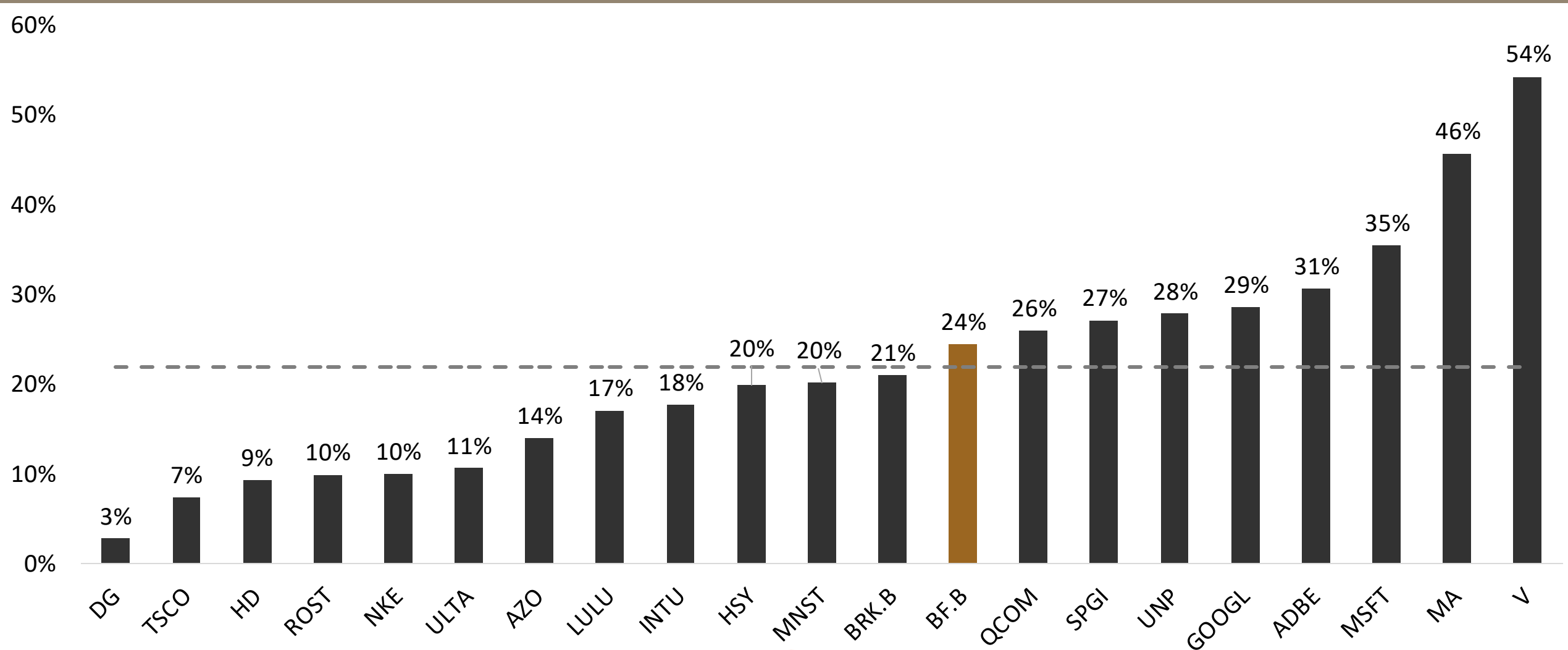


# Operating Margin %





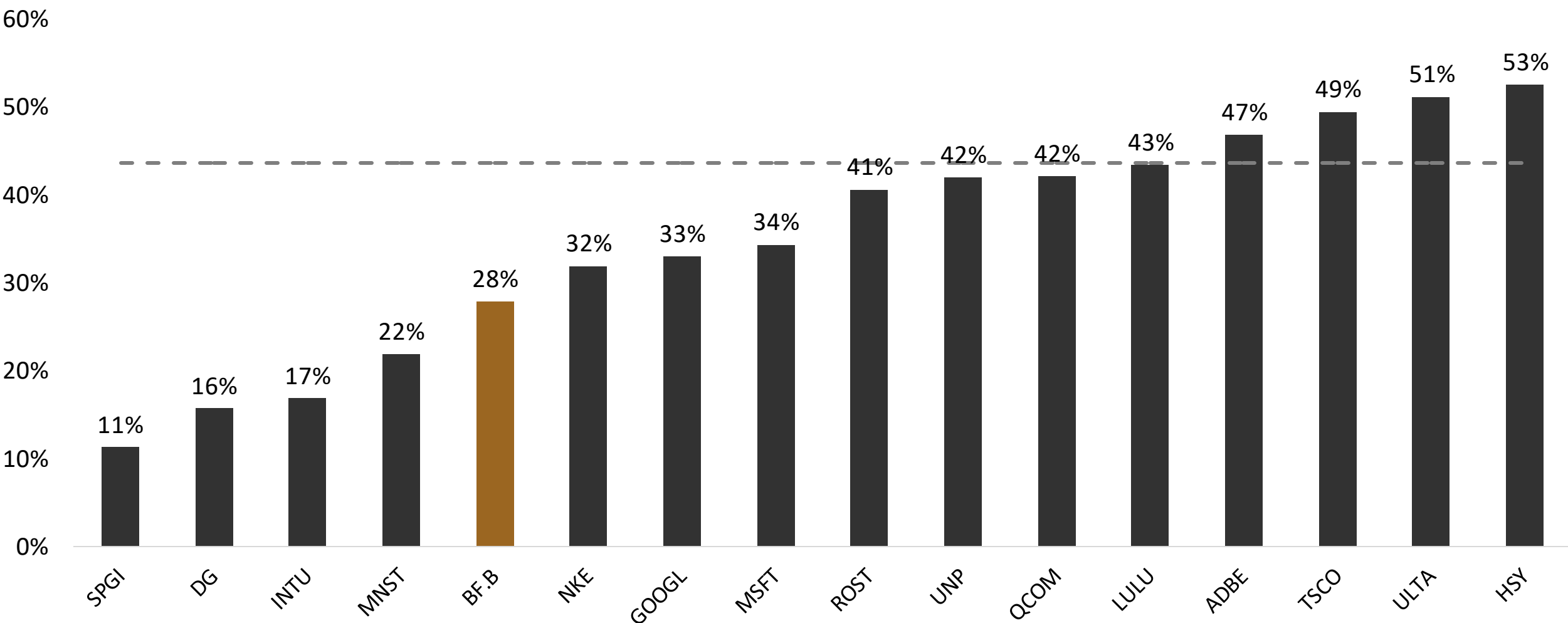
# Net Margin %



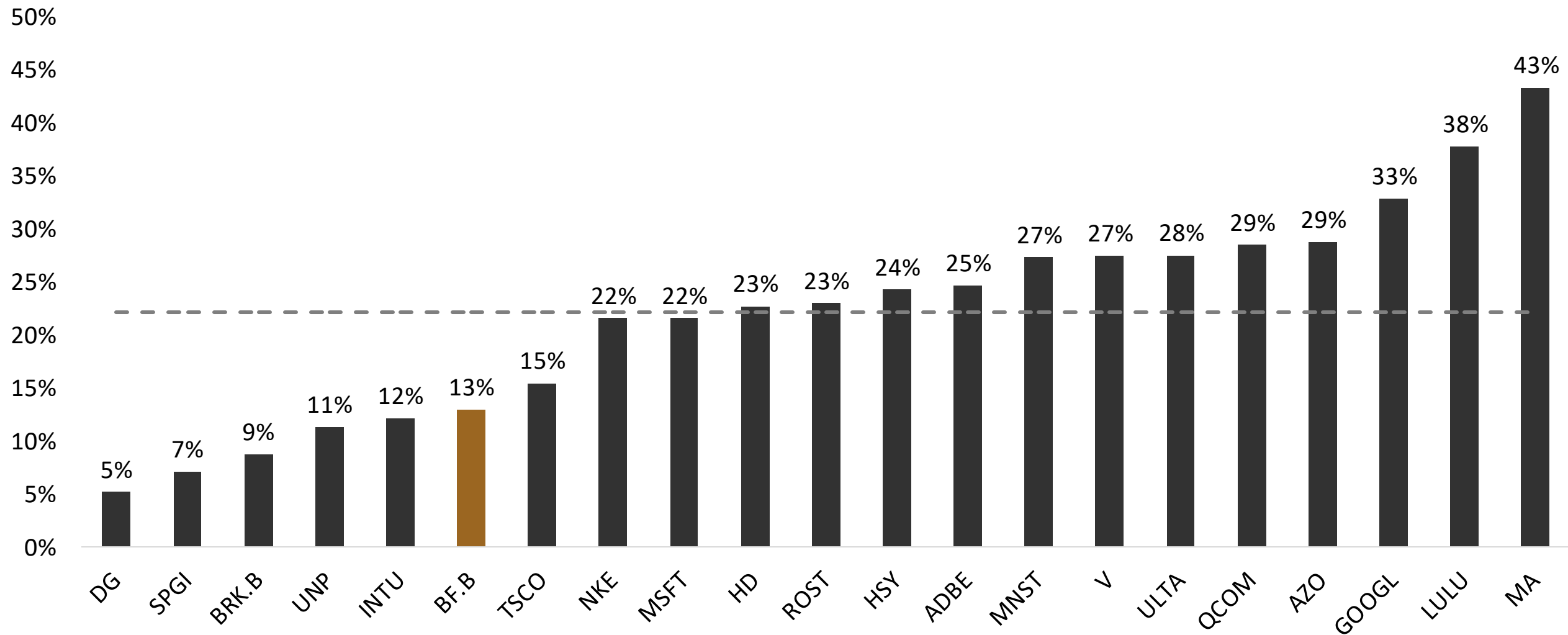
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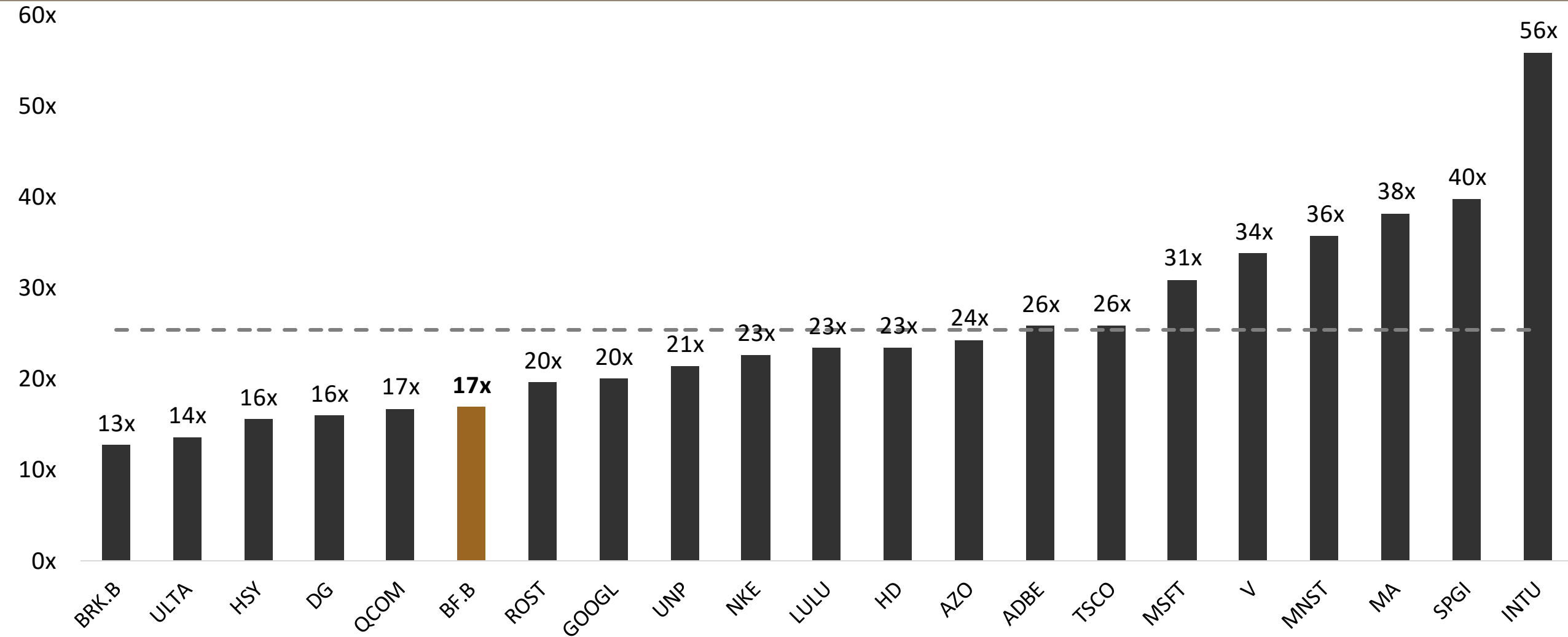
# Return on Equity %



# Return on Invested Capital %



# Price to Earnings

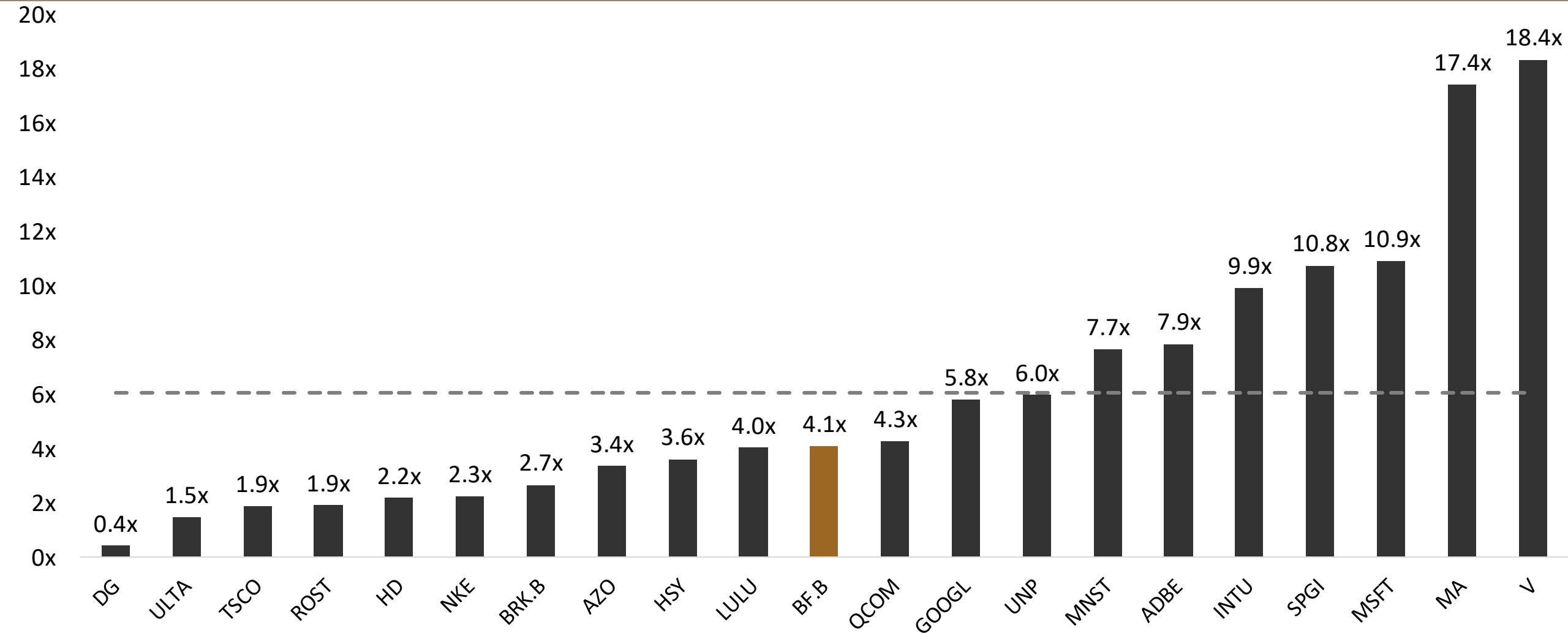


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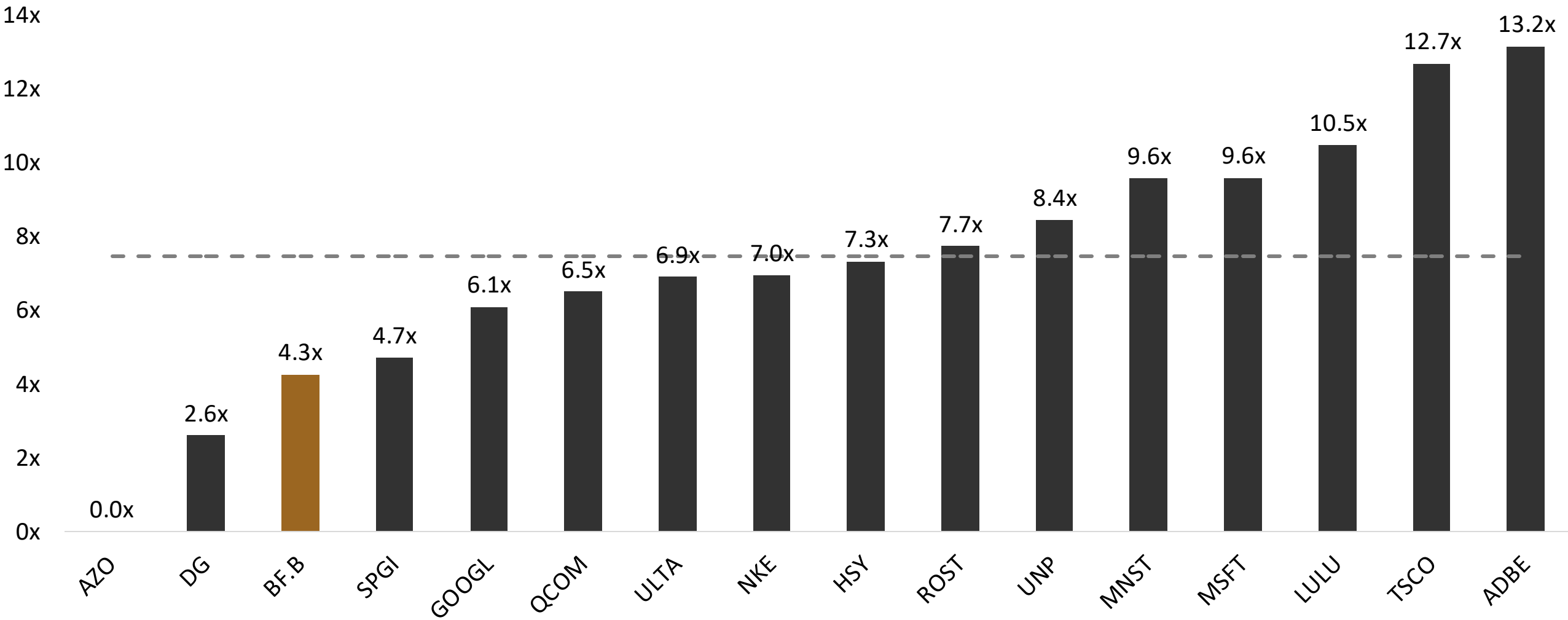


73

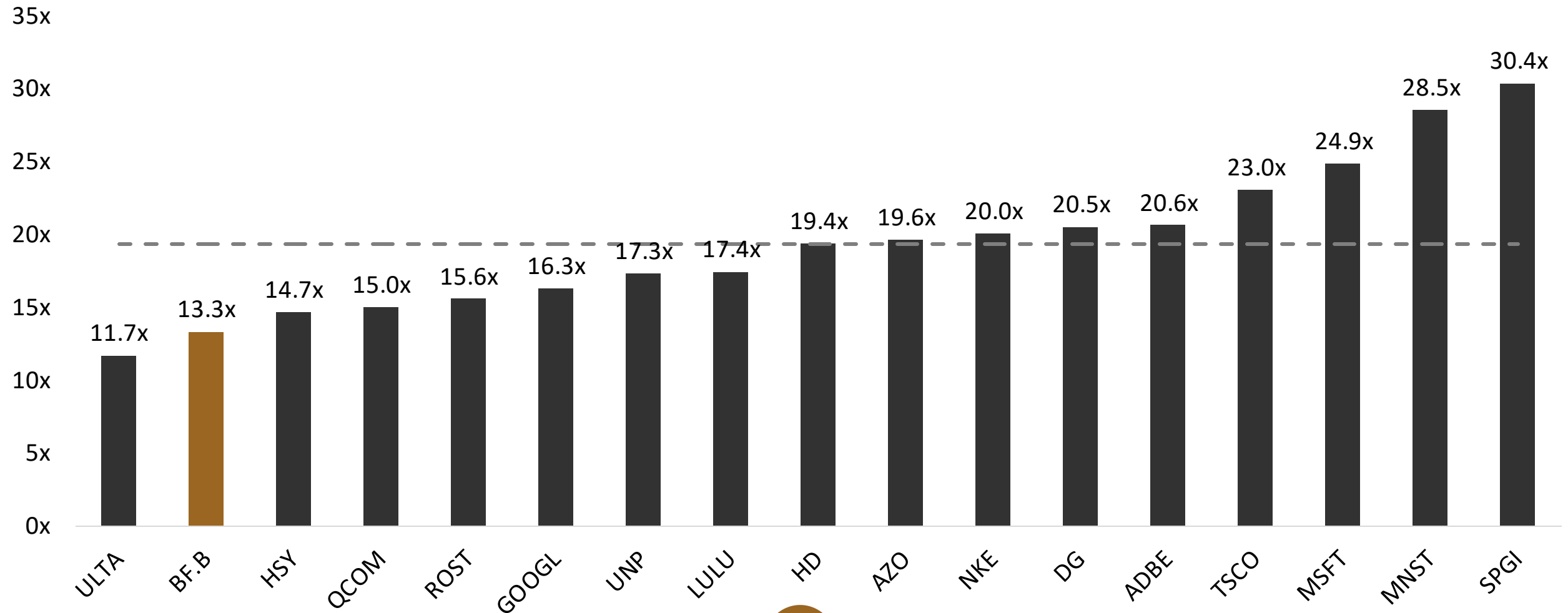
# Price to Sales



# Price to Book Value



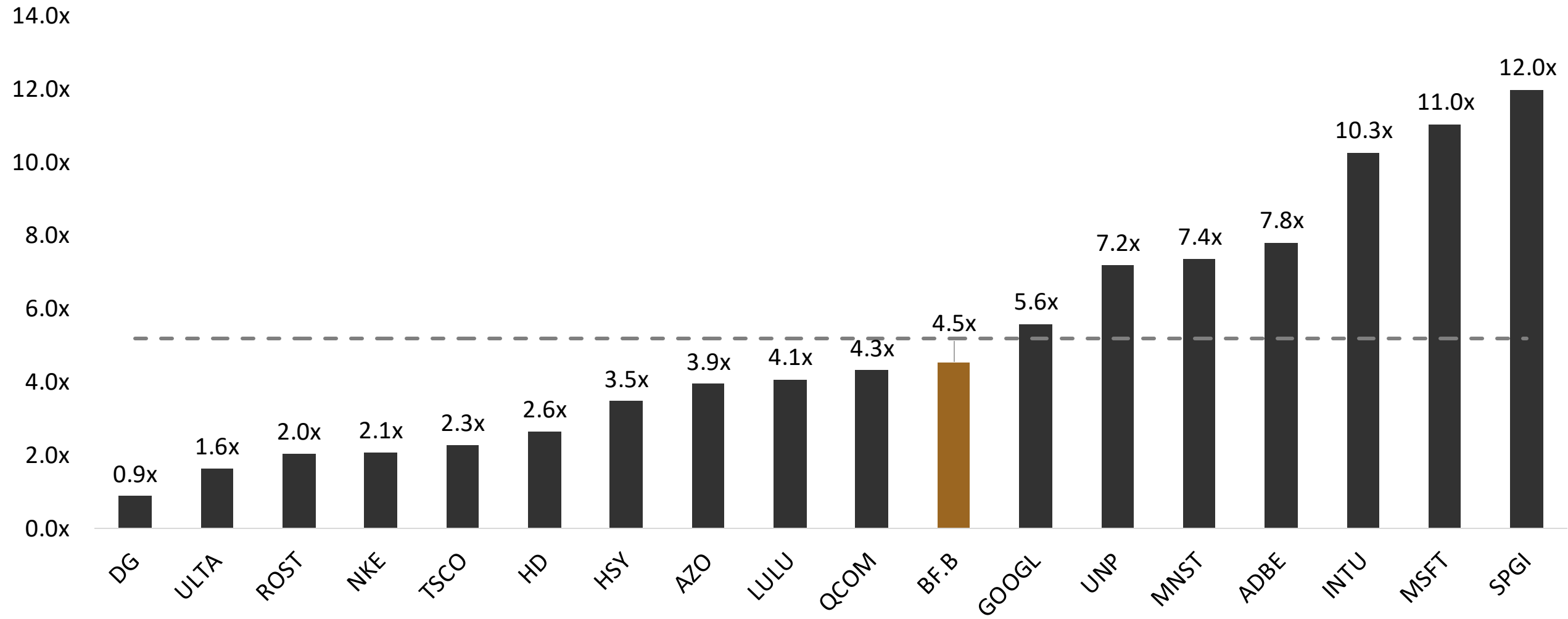
# EV to EBIT



3/28/2025

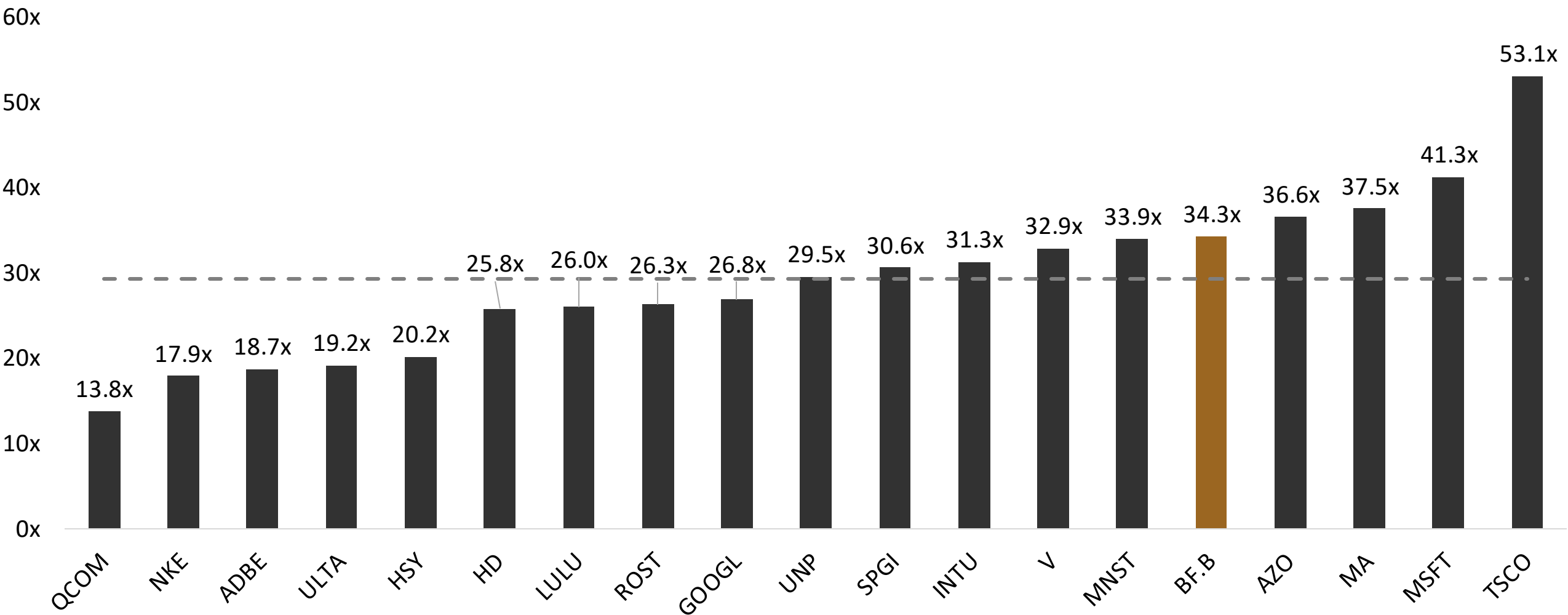


# EV to Revenue

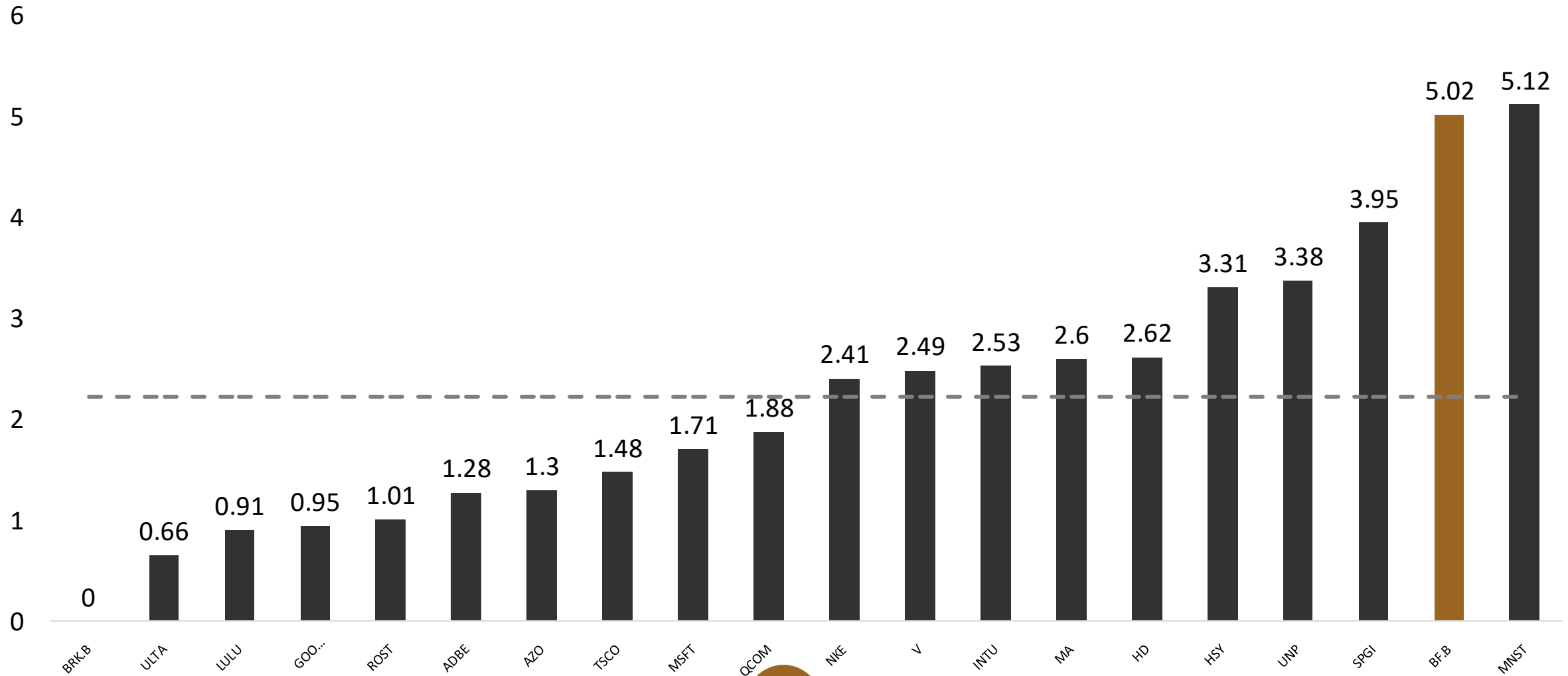




# EV to Free Cash Flow



# PEG Ratio



3/28/2025



79

# Bull Team





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**Logan Arciba**

# Economic Moat

# Brown Foreman's Economic Moat



Intangible Assets

Cost Advantages



# Intangible Assets



Brand Equity





# Intangible Assets – Brand Equity



## Brand recognition/Loyalty

- Holds 34% globally of the American whiskey category.
- Jack Daniel's over 150 years old
  - 8 years in a row - most valuable spirits brand in the world - Interbrand
  - Has successfully introduced new flavors
- Woodford Reserve is the #1 super-premium whisky – 2023 IWSR
- Old Forester only bourbon distilled, age, and bottled before, during, after prohibition
- Ready-to-drink has seen 28% increase in revenue since 2021.



## Pricing Power

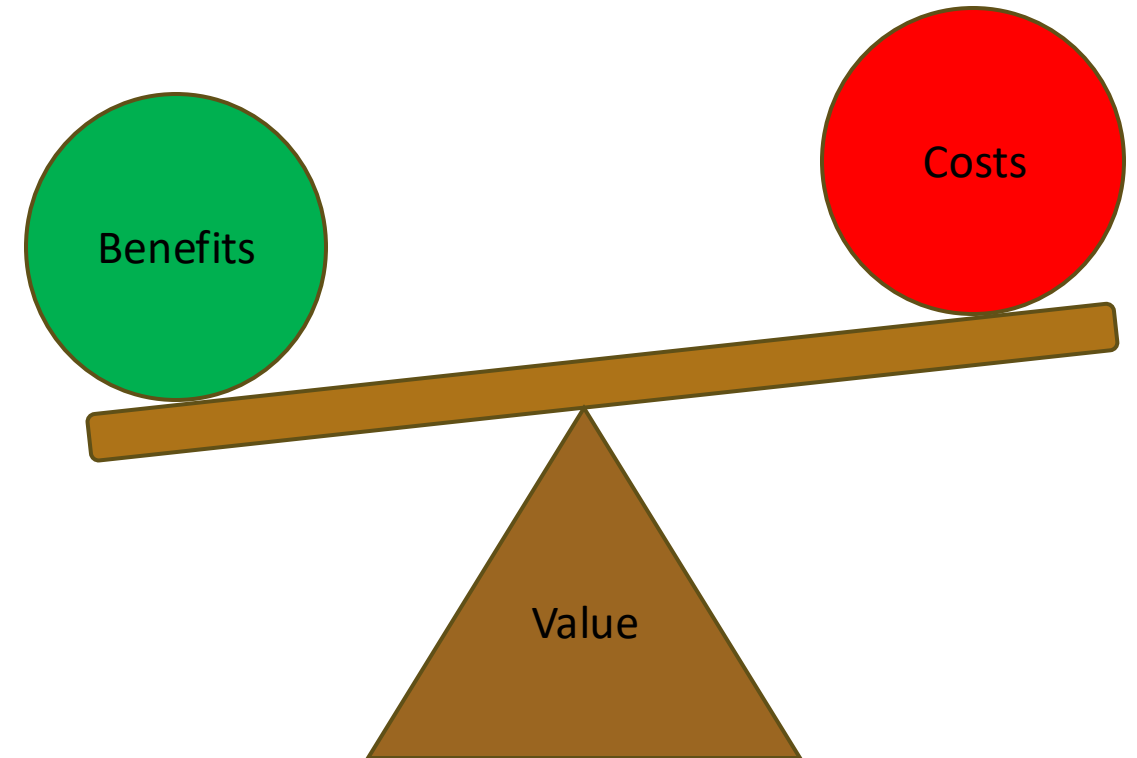
- Premiumization trend supports higher prices.
  - Drink less but better
  - Premium Brand Portfolio
- Barriers to entry protect price stability
- Owned distribution in key markets
- Gross margins between 58%-70% last 14 years.



# Cost Advantages



- Economies of Scale
  - Major Buyer of corn, rye, barley, and sugar
    - Cost of Goods Sold (COGS) was \$1.6B - 2024
  - Better pricing compared to startups
- Supply Chain and Owned Distribution
  - Recently sold all cooperages
  - Has expanded distribution in strategic markets, allowing direct negotiations
  - Reduces reliance on third-party intermediaries
- Advertising & Bargaining Power
  - Brand recognition reduce marketing costs
  - Negotiate better shelf placement







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The Ryker

# Growth Opportunities

# Portfolio Optimization



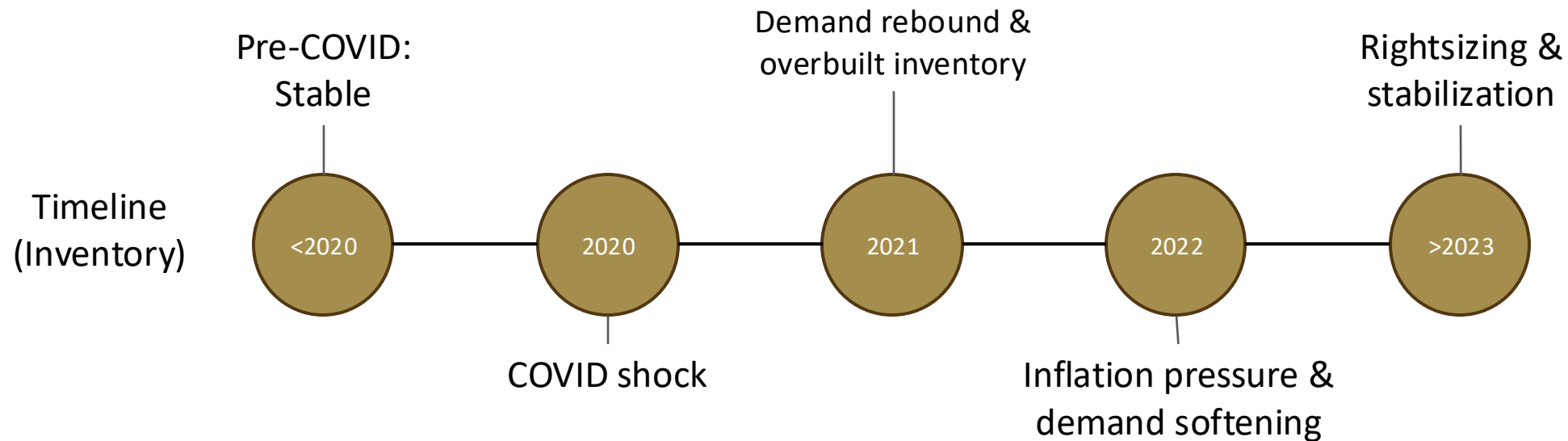
- Divested brands like Finlandia and Sonoma-Cutrer to exit slower-growth, lower-margin categories.
- Acquired high-growth categories:  
Gin Mare (2022)  
Diplomatico (2023)
- Aligns with premiumization trends
- Woodford Reserve & Old Forester growth
- Capture rising consumer interest in super-premium bourbon



# Normalizing Inventory Trends



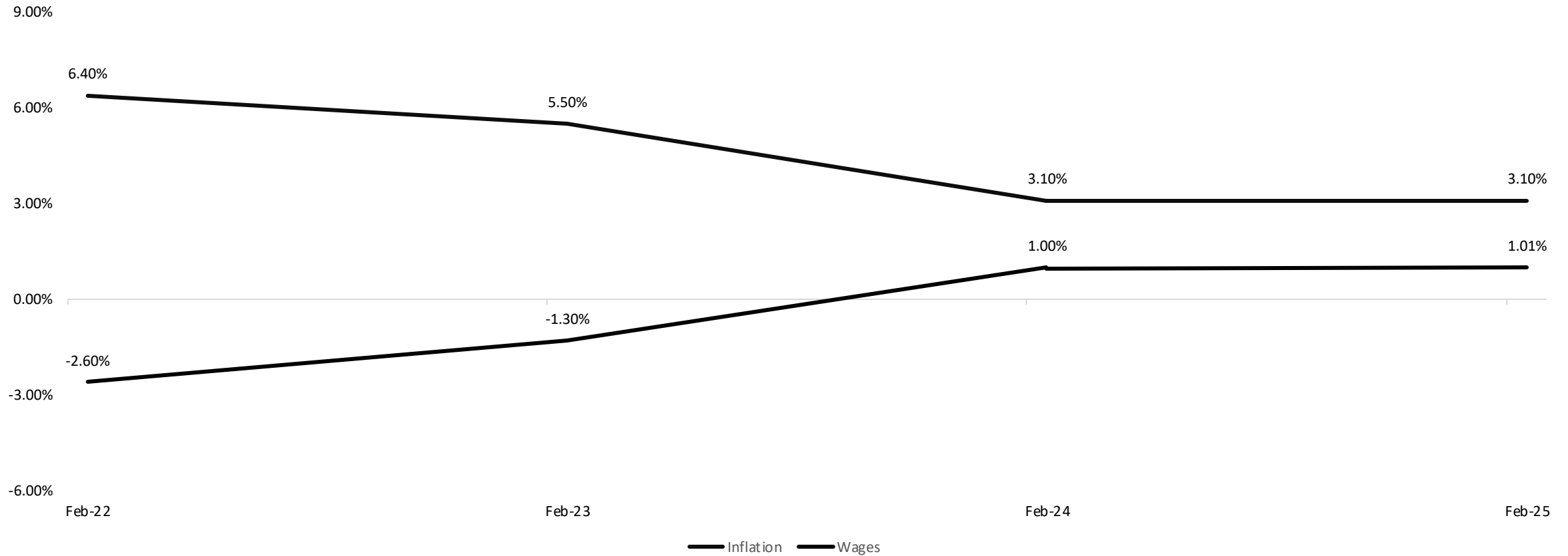
- Distributors built up excess inventory
- Wholesalers overestimated demand, leading to oversupply
- Now targeting lower end of inventories
- Customers also sitting on stockpiles working through inventory



# As Inventory normalizes...



% Growth Inflation & Wages



# RTDs



- Extend and solidify Coca-Cola partnership
- Distribute to core markets
- Deepen presence in rapidly growing RTD segments
- Grow New Mix in Mexico with flavor innovations





# Savings



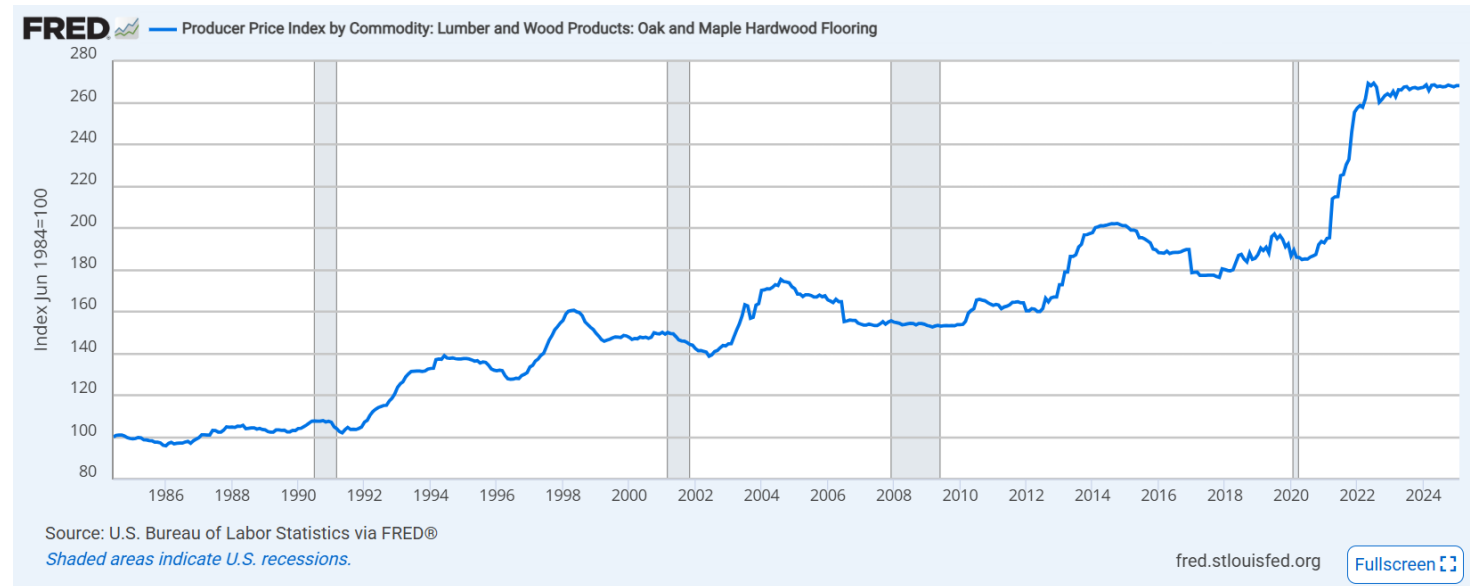
- First restructuring in 15 years
- Louisville Cooperage closure & 12% workforce reduction
- Estimated to save \$70-\$80 million annually (Absorb tariffs, reinvestment)



# Outsourcing barrels



- Moved to outsourced model
- Sold mills and both cooperages in response to wood prices



# Route to Market (RTM)



- Owned distributions in emerging markets
- Below competitors average of owned distributions in international markets
- Setup in Japan (5th whiskey) & Italy & Slovakia
- Tariff flexibility (Put inventory in before tariffs)
- Work more closely with entities that can promote products better

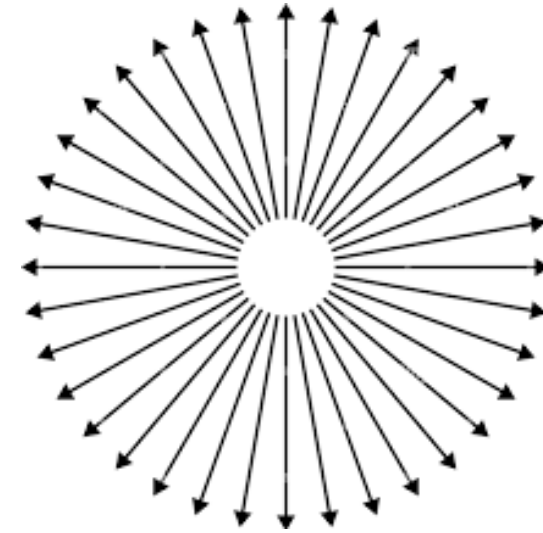




# Expansion in Emerging Markets



- 8% organic growth, outpacing overall 2% growth rate
- Asia, Middle East, India, Africa (Rising disposable incomes)
- Premiumization Trend
- Focusing on one city, building brand presence, and expanding from there
- Brazil, Poland, Mexico, Turkey



# Innovation Pipeline



- Launch new expressions and RTDs
- Modernize packaging
- Adapt bottle sizes/formats to emerging consumer trends
- Age-stated limited editions (10, 12, 14 years old)
- Leverage Jack Daniel's global recognition



# Commodity prices



- Russia-Ukraine war
- Pandemic-related supply chain disruptions
- Post-lockdown demand
- Global prices of all commodities has come down



# Cyclical agave prices



- One of the biggest drivers of contracted margin recently
- Price has come down
- BF.B will see benefits in late 2025/early 2026



# Engaging more drinkers



- Example – Frank Sinatra, Shaboozey
- Spring and Summer Concert Music Season
- McLaren Partnership (Formula 1)





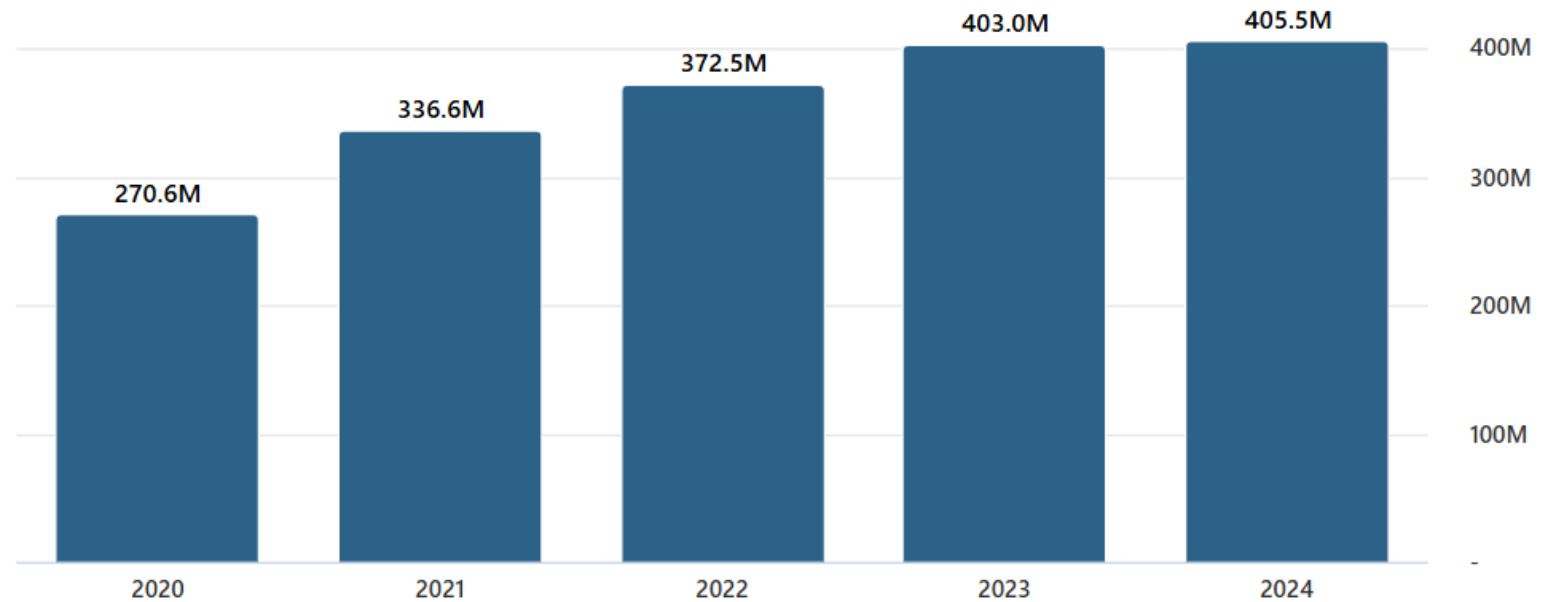
# Duckhorn Sale



- \$350m to invest
- Share buybacks, acquisition



The Duckhorn Portfolio Revenue - Annual



# Addressing Struggles in Mexico



- Reinvigorate Tequila Brands
- Refined prices and new packaging
- Advertising 100% agave
- Relaunched Herrudura aligning with cultural preferences
- El Jimador relaunch super-premium





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**Ryker Purdy**

# Valuation



# Growth Charts



Ticker	BF.B	Forecasted Next 5 Years																			
Fiscal Period		10-Apr	11-Apr	12-Apr	13-Apr	14-Apr	15-Apr	16-Apr	17-Apr	18-Apr	19-Apr	20-Apr	21-Apr	22-Apr	23-Apr	24-Apr	25-Apr	26-Apr	27-Apr	28-Apr	29-Apr
Revenue		2469	2586	2723	2849	2991	3134	3089	2994	3248	3324	3363	3461	3933	4228	4178	4333.4216	4494.62488	4661.82493	4835.245	5015.12
YoY %			4.74%	5.30%	4.63%	4.98%	4.78%	-1.44%	-3.08%	8.48%	2.34%	1.17%	2.91%	13.64%	7.50%	-1.18%	3.72%	3.72%	3.72%	3.72%	3.72%
COGS	858	862	928	894	913	951	945	973	1046	1158	1236	1367	1542	1734	1652		1726.34	1786.7619	1843.938281	1914.00794	1994.396
YoY %			0.47%	7.66%	-3.66%	2.13%	4.16%	-0.63%	2.96%	7.50%	10.71%	6.74%	10.60%	12.80%	12.45%	-4.73%	4.50%	3.50%	3.20%	3.80%	4.20%
Gross Profit	1611	1724	1795	1955	2078	2183	2144	2021	2202	2166	2127	2094	2391	2494	2526		2607.0816	2707.86298	2817.88665	2921.237	3020.72
YoY %			7.01%	4.12%	8.91%	6.29%	5.05%	-1.79%	-5.74%	8.96%	-1.63%	-1.80%	-1.55%	14.18%	4.31%	1.28%	3.21%	3.87%	4.06%	3.67%	3.41%
Gross Margir	65.25	66.67	65.92	68.62	69.48	69.66	69.41	67.50	67.80	65.16	63.25	60.50	60.79	58.99	60.46		60.16%	60.25%	60.45%	60.42%	60.23%
YoY %			2.18%	-1.12%	4.10%	1.25%	0.26%	-0.36%	-2.75%	0.44%	-3.89%	-2.93%	-4.35%	0.48%	-2.96%	2.49%	-99.00%	0.14%	0.33%	-0.05%	-0.30%
SGA	889	940	1005	1058	1122	1134	1105	1029	1170	1037	1025	1070	1128	1248	1355		1368.55	1382.2355	1437.52492	1466.27542	1510.264
% of Revenue	0.360064804		5.74%	6.91%	5.27%	6.05%	1.07%	-2.56%	-6.88%	13.70%	-11.37%	-1.16%	4.39%	5.42%	10.64%	8.57%	1.00%	1.00%	4.00%	2.00%	3.00%
Other Operatir	12	-71	2	-1	-15	22	-9	-18	-16	-15	11	-15	59	119	24		50	45	-15	-17.7	-20.886
YoY %			-691.67%	-102.82%	-150.00%	1400.00%	-246.67%	-140.91%	100.00%	-11.11%	-6.25%	-173.33%	-236.36%	-493.33%	101.69%	-79.83%	108.33%	-10.00%	-133.33%	18.00%	18.00%
Operating In	710	855	788	898	971	1027	1048	1010	1048	1144	1091	1039	1204	1127	1147		1188.5316	1280.62748	1395.36173	1472.661	1531.34
YoY %			20.42%	-7.84%	13.96%	8.13%	5.77%	2.04%	-3.63%	3.76%	9.16%	-4.63%	-4.77%	15.88%	-6.40%	1.77%	3.62%	7.75%	8.96%	5.54%	3.98%
Operating Ma	28.76	33.06	28.94	31.52	32.46	32.77	33.93	33.73	32.27	34.42	32.44	30.02	30.61	26.66	27.45		27.43%	28.49%	29.93%	30.46%	30.53%
YoY %			14.97%	-12.47%	8.92%	3.00%	0.94%	3.53%	-0.57%	-4.35%	6.66%	-5.74%	-7.46%	1.97%	-12.93%	2.99%	-99.00%	3.88%	5.05%	1.75%	0.26%
Interest Income	3	3	3	3	2	2	2	3	6	8	5	2	5	9	14		14	3	9	5	3
YoY %			0.00%	0.00%	0.00%	-33.33%	0.00%	0.00%	50.00%	100.00%	33.33%	-37.50%	-60.00%	150.00%	80.00%	55.56%	0.00%	-78.57%	200.00%	-44.44%	-40.00%
Interest Expen:	-31	-29	-31	-36	-26	-27	-46	-59	-68	-88	-82	-81	-82	-90	-127		-142.24	-159.3088	-178.425856	-199.83696	-223.817
YoY %			-6.45%	6.90%	16.13%	-27.78%	3.85%	70.37%	28.26%	15.25%	29.41%	-6.82%	-1.22%	1.23%	9.76%	41.11%	12.00%	12.00%	12.00%	12.00%	12.00%
Net interest inc	-28	-26	-28	-33	-24	-25	-44	-56	-62	-80	-77	-79	-77	-81	-113		-128.24	-156.3088	-169.425856	-194.83696	-220.817
YoY %			-7.14%	7.69%	17.86%	-27.27%	4.17%	76.00%	27.27%	10.71%	29.03%	-3.75%	2.60%	-2.53%	5.19%	39.51%	13.49%	21.89%	8.39%	15.00%	13.33%
Other Income (	0	0	0	0	0	0	485	-21	-9	-22	-5	121	-13	-29	264		256.08	248.3976	240.945672	233.717302	226.7058
YoY %			#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	-104.33%	-57.14%	144.44%	-77.27%	-2520.00%	-110.74%	123.08%	-1010.34%	-3.00%	-3.00%	-3.00%	-3.00%	-3.00%
Pretax Inco	682	829	760	865	947	1002	1489	933	977	1042	1009	1081	1114	1017	1298		1316.3716	1372.71628	1466.88154	1511.542	1537.23
YoY %			21.55%	-8.32%	13.82%	9.48%	5.81%	48.60%	-37.34%	4.72%	6.65%	-3.17%	7.14%	3.05%	-8.71%	27.63%	1.42%	4.28%	6.86%	3.04%	1.70%
Tax Provision	-233	-257	-247	-274	-288	-318	-422	-264	-260	-207	-182	-178	-276	-234	-274		-276.438036	-329.451908	-366.7203861	-329.51611	-338.191
YoY %			10.30%	-3.89%	10.93%	5.11%	10.42%	32.70%	-37.44%	-1.52%	-20.38%	-12.08%	-2.20%	55.06%	-15.22%	17.09%	0.89%	19.18%	11.31%	-10.15%	2.63%
Tax Rate	34.16	31.00	32.5	31.68	30.41	31.74	28.34	28.3	26.61	19.87	18.04	16.47	24.78	23.01	21.11		21.00%	24.00%	25.00%	-21.80%	-22.00%
YoY %			-9.25%	4.84%	-2.52%	-4.01%	4.37%	-10.71%	-0.14%	-5.97%	-25.33%	-9.21%	-8.70%	50.46%	-7.14%	-8.26%	-99.01%	14.29%	4.17%	-187.20%	0.92%
Net Income	449	572	513	591	659	684	1067	669	717	835	827	903	838	783	1024		1039.933564	1043.264375	1100.161158	1182.02569	1199.04
YoY %			27.39%	-10.31%	15.20%	11.51%	3.79%	55.99%	-37.30%	7.17%	16.46%	-0.96%	9.19%	-7.20%	-6.56%	30.78%	1.56%	0.32%	5.45%	7.44%	1.44%
Net Margin %	18.19	22.12	18.84	20.74	22.03	21.83	34.54	22.34	22.08	25.12	24.59	26.09	21.31	18.52	24.51		24.00%	23.21%	23.60%	24.45%	23.91%
			21.63%	-14.83%	10.11%	6.21%	-0.94%	58.27%	-35.31%	-1.21%	13.79%	-2.11%	6.10%	-18.34%	-13.08%	32.34%	-99.02%	-3.28%	1.67%	3.59%	-2.20%
Shares Outstanding																477.2	471.99852	471.5265215	471.054995	470.58394	470.1134
																2.1459	2.203255985	2.212525336	2.335525937	2.51182752	2.550533
																	2.68%	0.42%	5.56%	7.55%	1.54%
																	3.552				



# 5 Yr EPS Model



Ticker: BF.B Price: \$35.29 Discount Rate: 11.0% Method: EPS Dividend Payout Ratio: 40.0%		5 Year Discounted Cash Flow														
								P/E	Return	Dividends	Present Value	PV + Dividends	5 YR Return	Dividends	Return	Dividends
Bear	EPS	2024-04	2025	2026	2027	2028	2029	20.0x	\$46.32	\$50.82	\$27.49	\$30.80	31.3%	44.0%	5.6%	7.6%
		\$2.15	\$2.18	\$2.21	\$2.25	\$2.28	\$2.32	25.0x	\$57.90	\$62.40	\$34.36	\$37.68	64.1%	76.8%	10.4%	12.1%
			15%	15%	15%	15%	15%	30.0x	\$69.48	\$73.98	\$41.24	\$44.55	96.9%	109.6%	14.5%	16.0%
Base	EPS	2024-04	2025	2026	2027	2028	2029	20.0x	\$51.07	\$55.84	\$30.31	\$33.81	44.7%	58.2%	7.7%	9.6%
		\$2.15	\$2.23	\$2.30	\$2.38	\$2.47	\$2.55	25.0x	\$63.84	\$68.61	\$37.88	\$41.39	80.9%	94.4%	12.6%	14.2%
			3.5%	3.5%	3.5%	3.5%	3.5%	30.0x	\$76.61	\$81.38	\$45.46	\$48.96	117.1%	130.6%	16.8%	18.2%
Bull	EPS	2024-04	2025	2026	2027	2028	2029	20.0x	\$56.20	\$61.26	\$33.35	\$37.05	59.2%	73.6%	9.8%	11.7%
		\$2.15	\$2.27	\$2.39	\$2.52	\$2.66	\$2.81	25.0x	\$70.25	\$75.31	\$41.69	\$45.39	99.1%	113.4%	14.8%	16.4%
			5.5%	5.5%	5.5%	5.5%	5.5%	30.0x	\$84.30	\$89.36	\$50.03	\$53.73	138.9%	153.2%	19.0%	20.4%



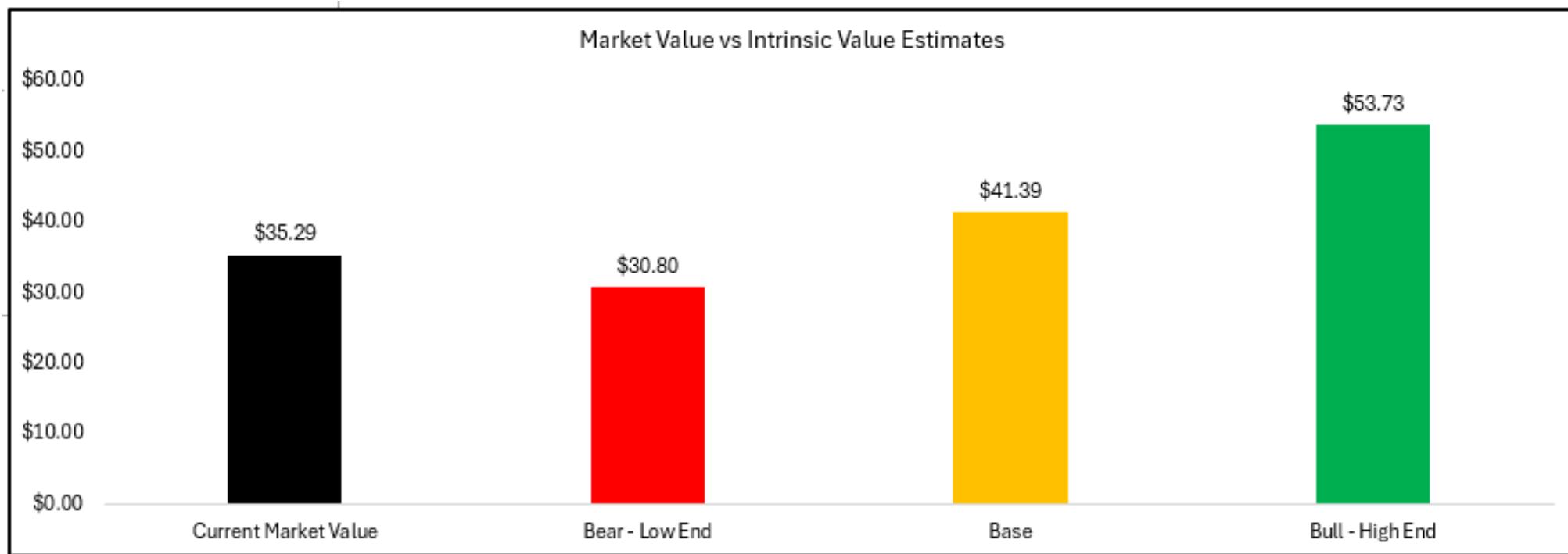
# Total Sensitivity



Total RoR Sensitivity				
P/E		Est. EPS growth rate		
		1.5%	3.5%	5.5%
	20.0x	5.6%	7.7%	9.8%
	25.0x	10.4%	12.6%	14.8%
	30.0x	14.5%	16.8%	19.0%



# Market Value vs Intrinsic Value Estimates



# Conclusion



- Brown Foreman has been a consistent and reliable company.
- It has a wide moat with intangible assets and cost advantages.
- They are in 170 countries and have room to grow.
- They have been working on becoming more efficient.
- Economies picking up.

**We should buy 100 Shares at Market Price.**



# Bear Team





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**Daniel Foulk**

# Competitor Analysis



# Competitors



Jose  
**Guervo**

**CAMPARI**®

**DIAGEO**

**LVMH**  
MOËT HENNESSY • LOUIS VUITTON



**RÉMY COINTREAU**

**SUNTORY**  
GLOBAL SPIRITS

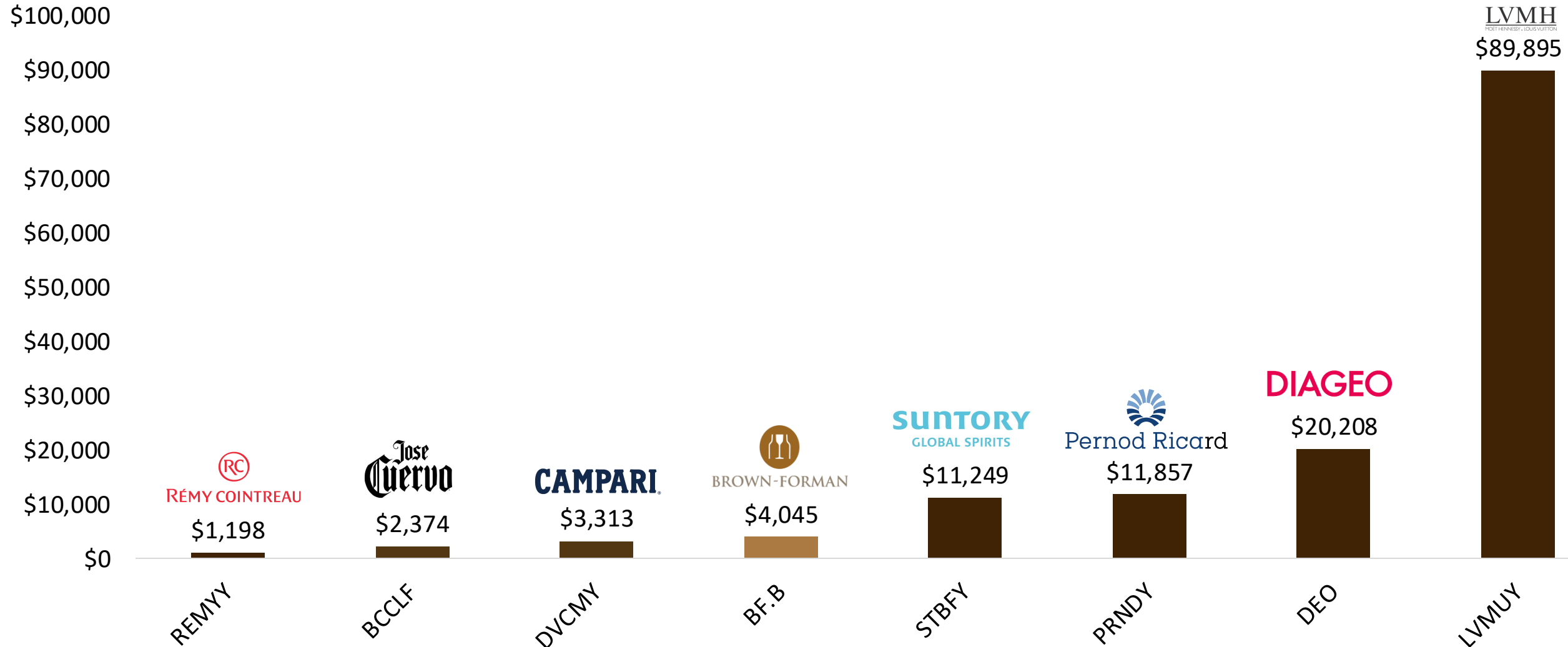


**Pernod Ricard**





# Revenue TTM (In Millions)

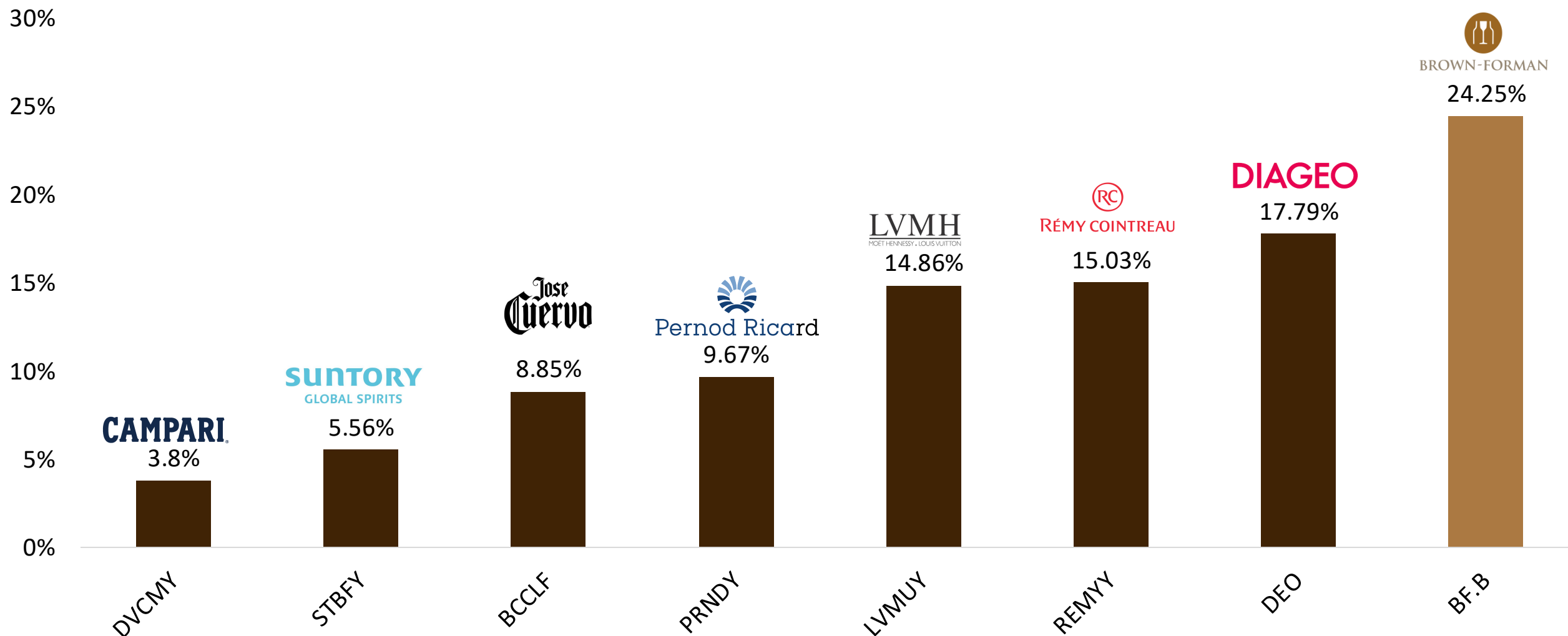


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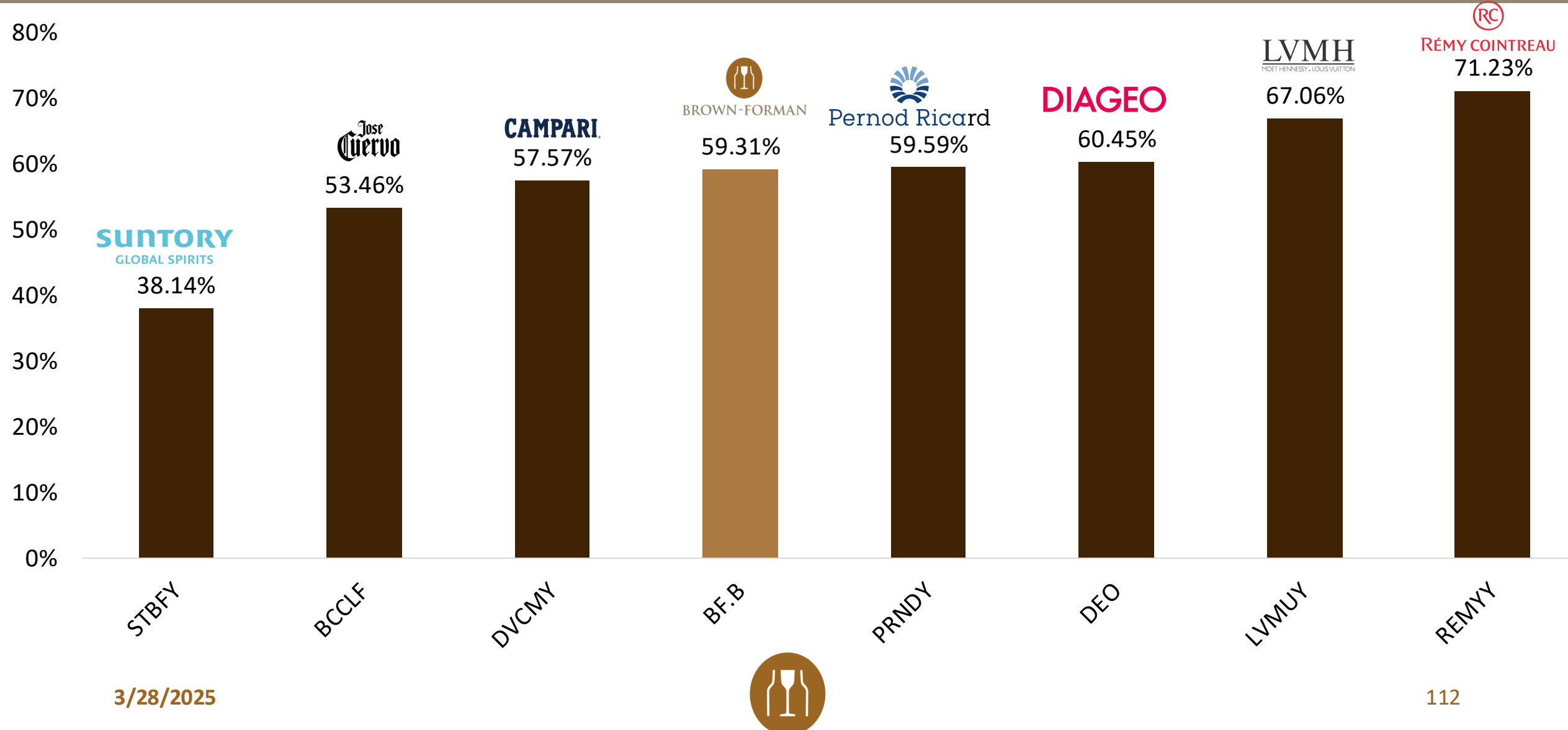
# Net Margin %

Net Margin = Net Income/ Revenue



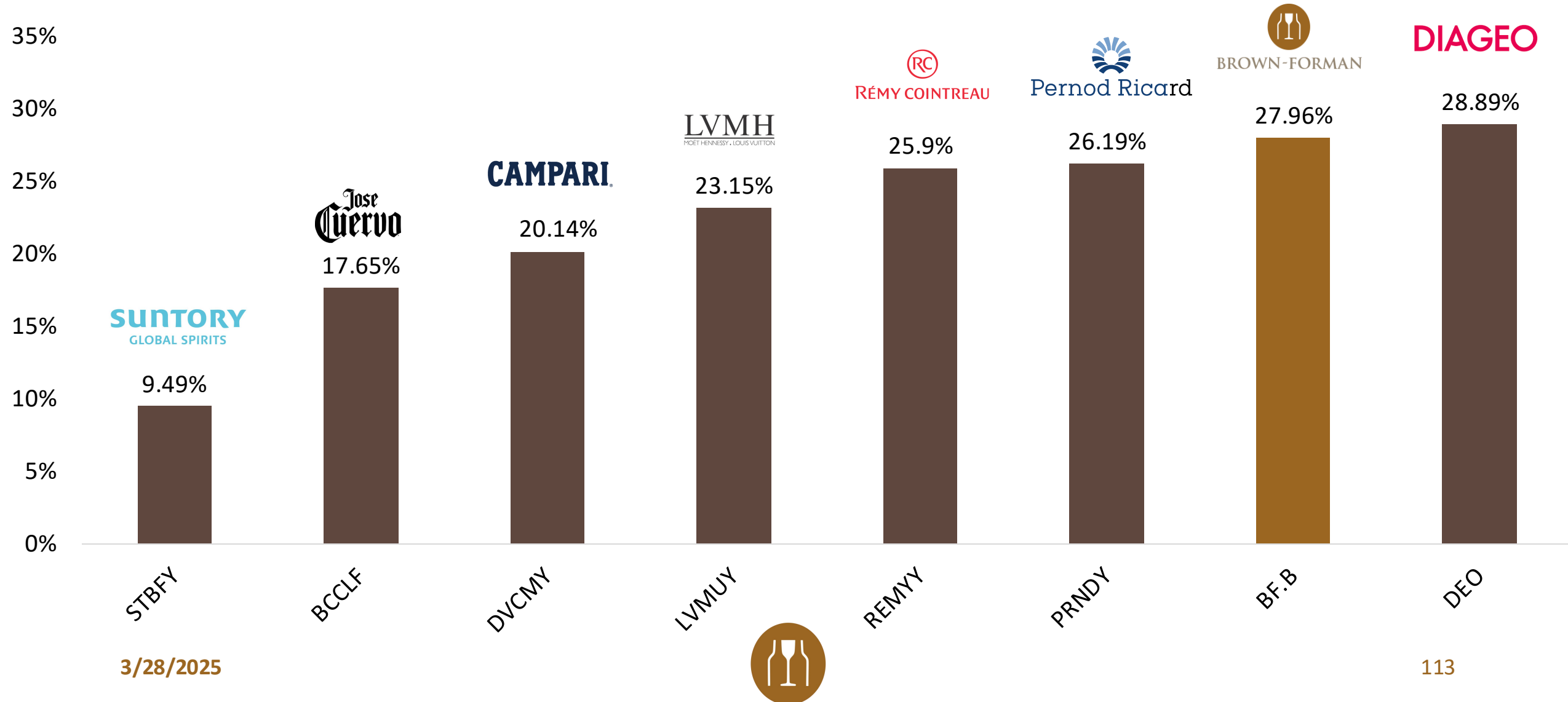
# Gross Margin %

Gross Margin= Gross Profit/Revenue

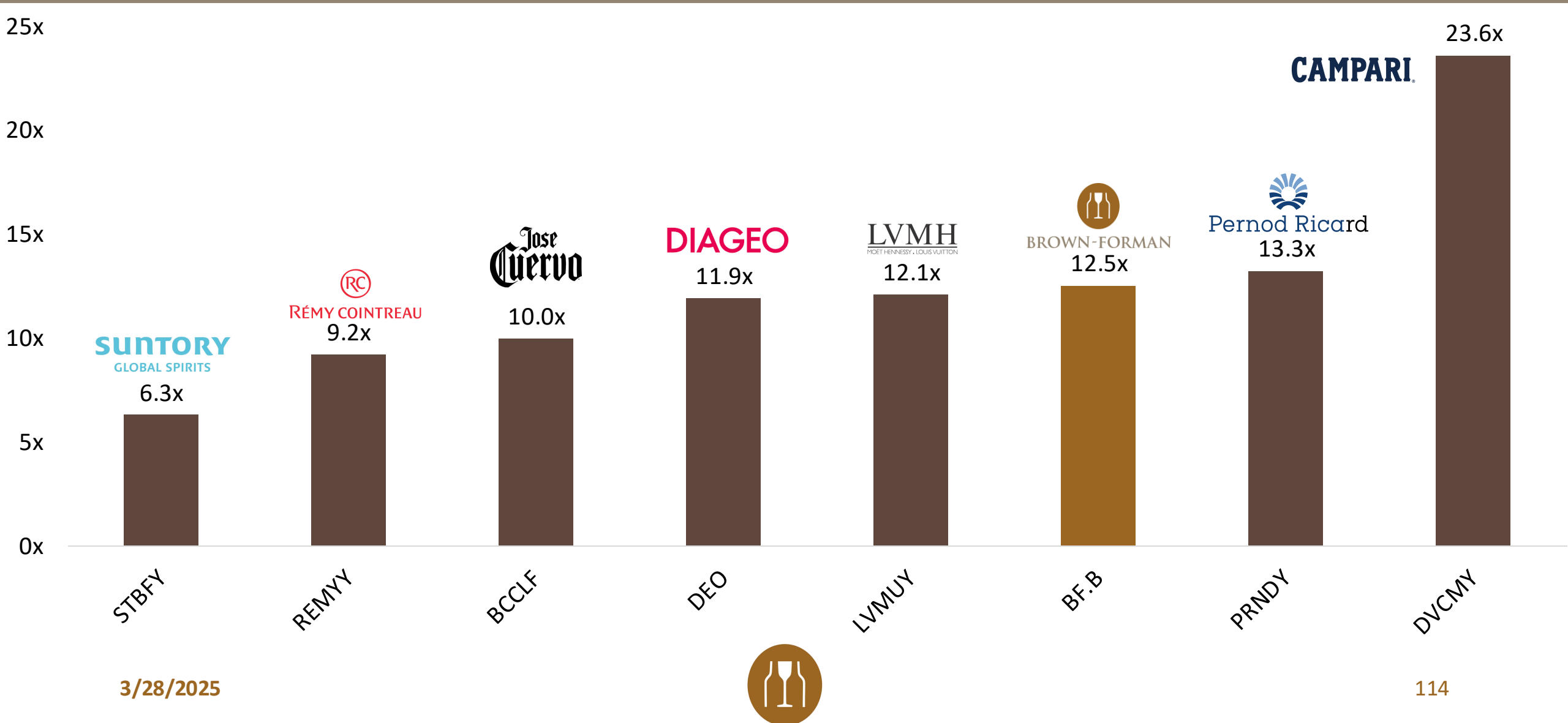


# Operating Margin %

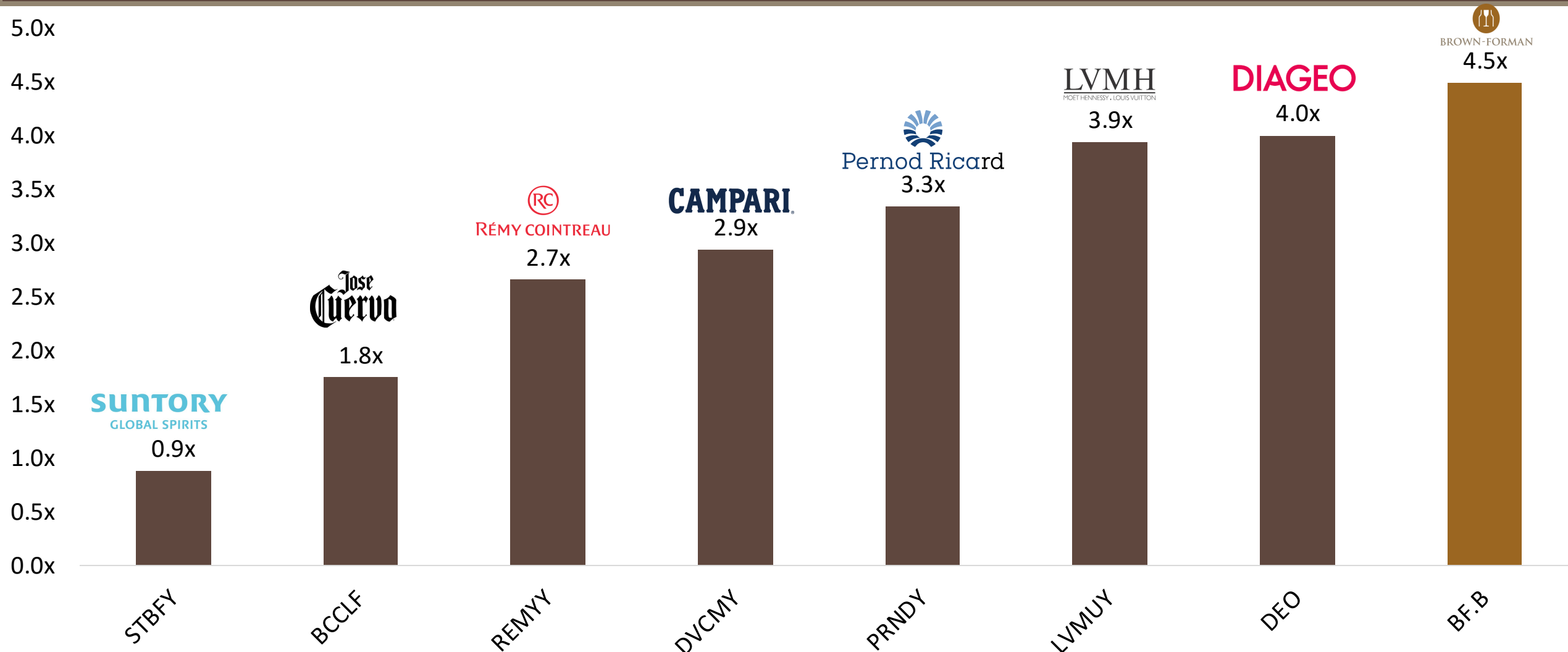
Operating Margin = EBIT/Revenue



# EV-To-EBITDA



# EV-To-Revenue

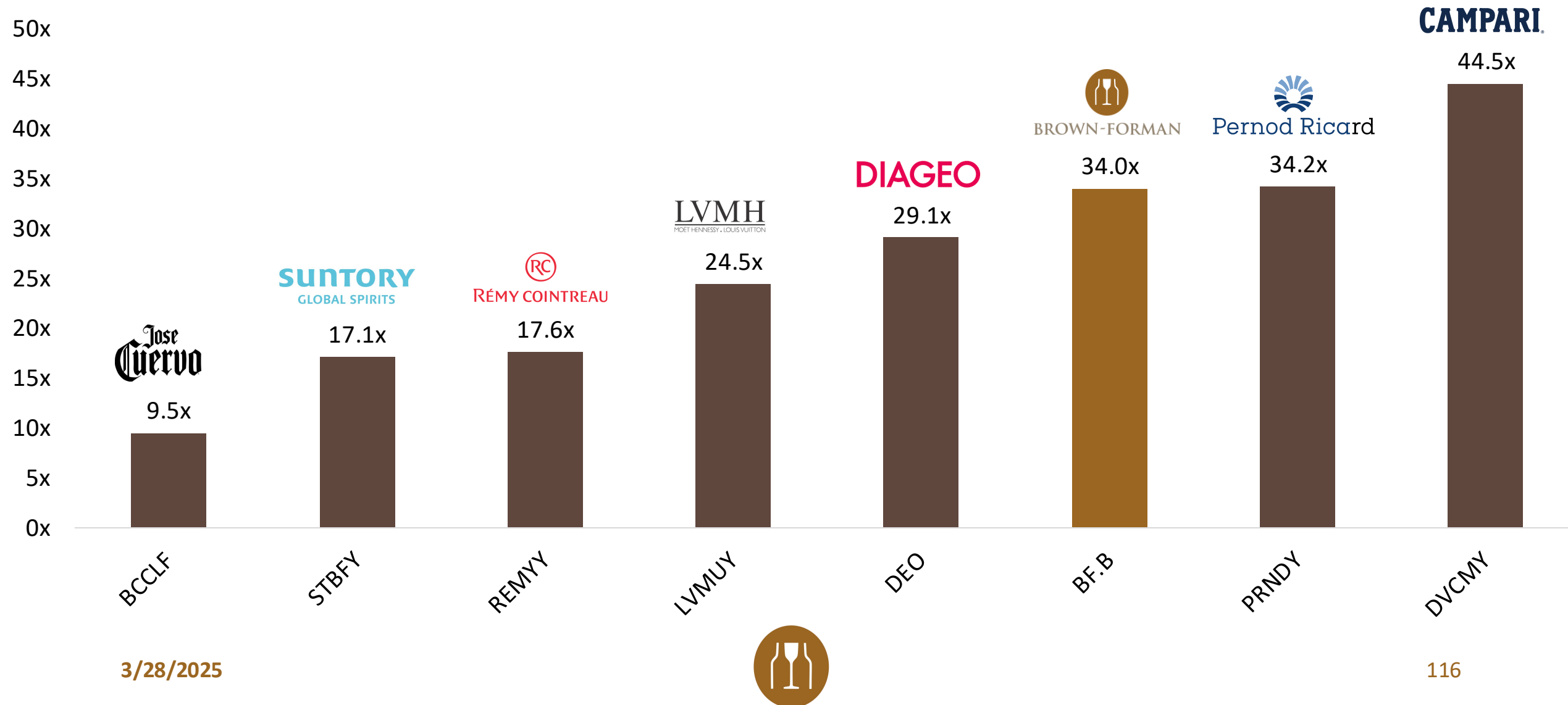


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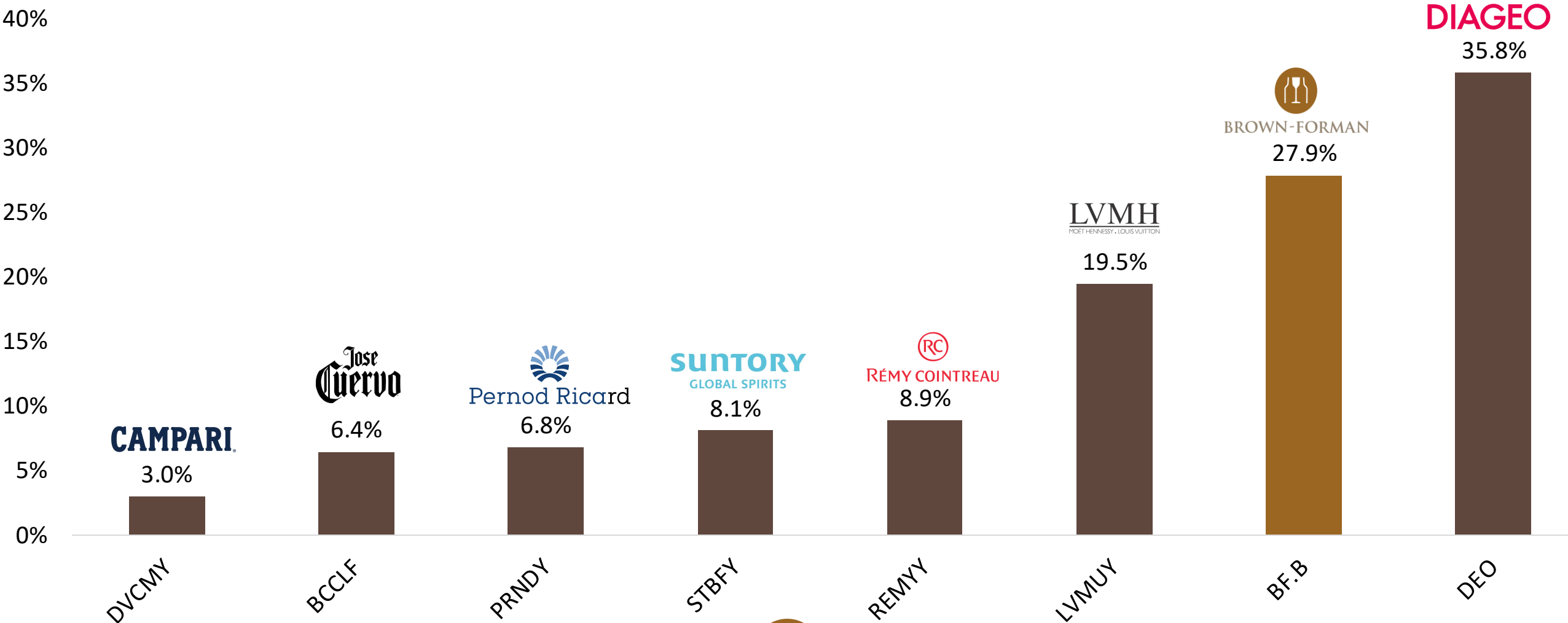


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# EV-To-Free Cash Flow



# Return on Equity



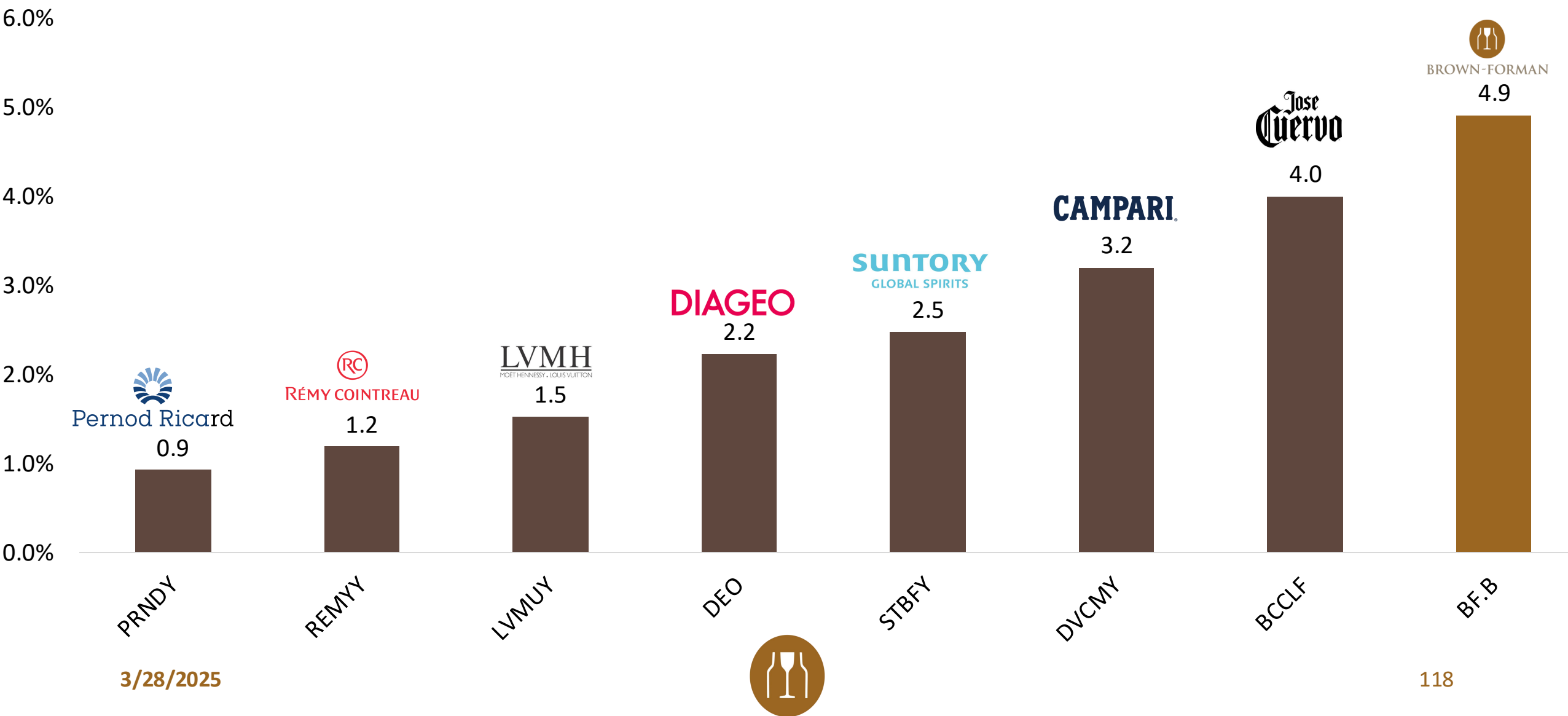
3/28/2025



117







# PEG Ratio



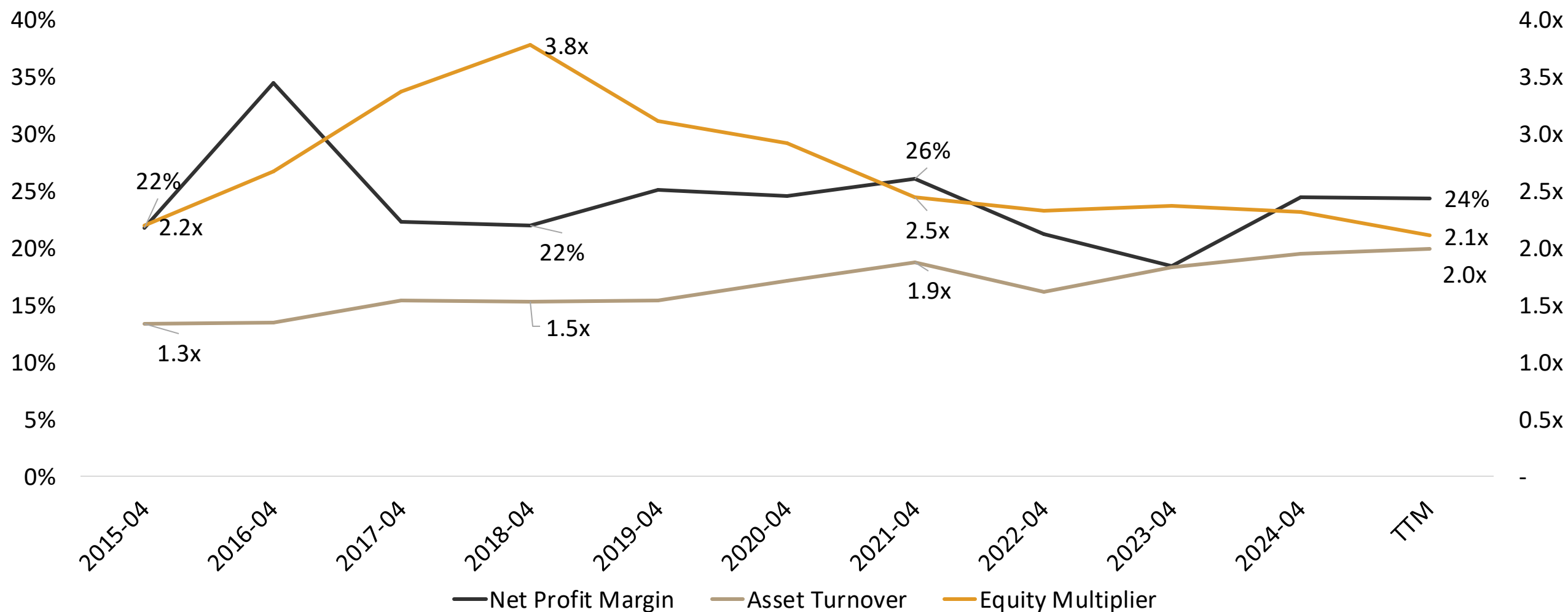
# Obligation Ratio



Company	Obligation Ratio
<b>CAMPARI</b>	11.1x
 Pernod Ricard	7.6x
<b>DIAGEO</b>	5.4x
 Jose Cuervo	4.9x
 RÉMY COINTREAU	3.6x
<b>LVMH</b>	2.6x
 BROWN-FORMAN	2.6x
<b>SUNTORY</b> GLOBAL SPIRITS	-1.5x

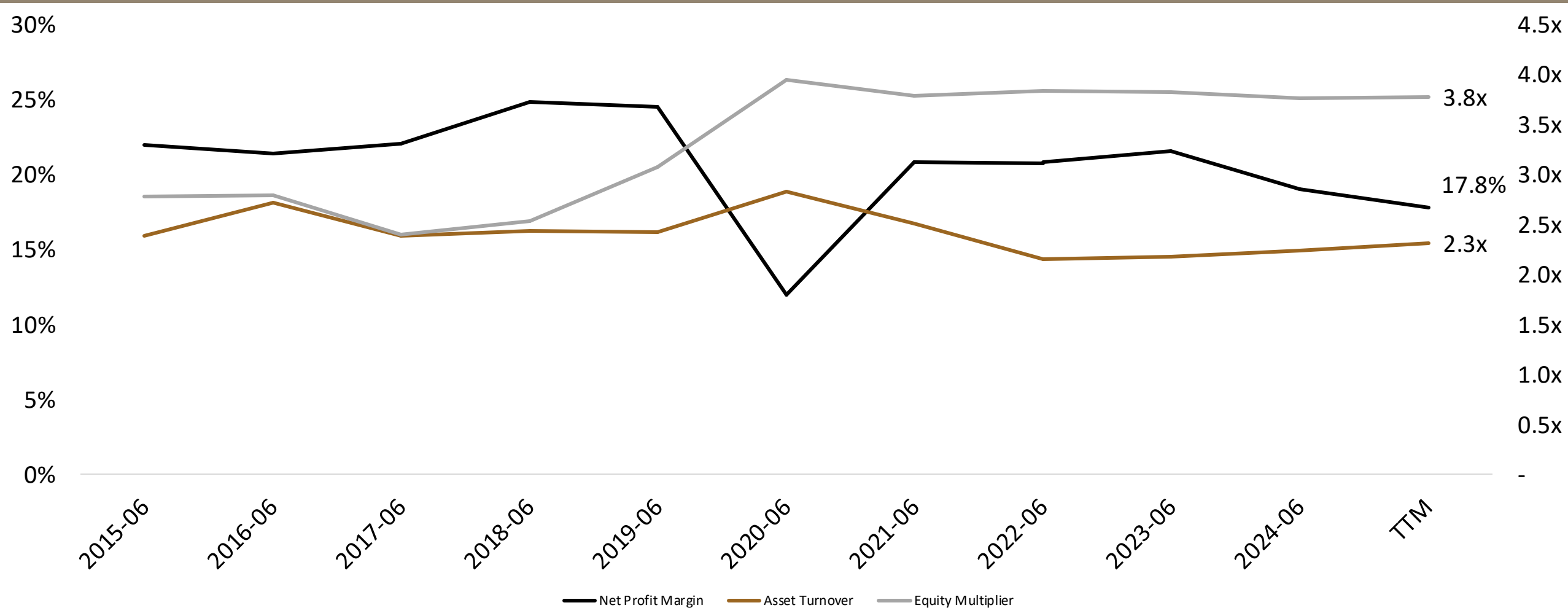


# Brown Forman DuPont Analysis



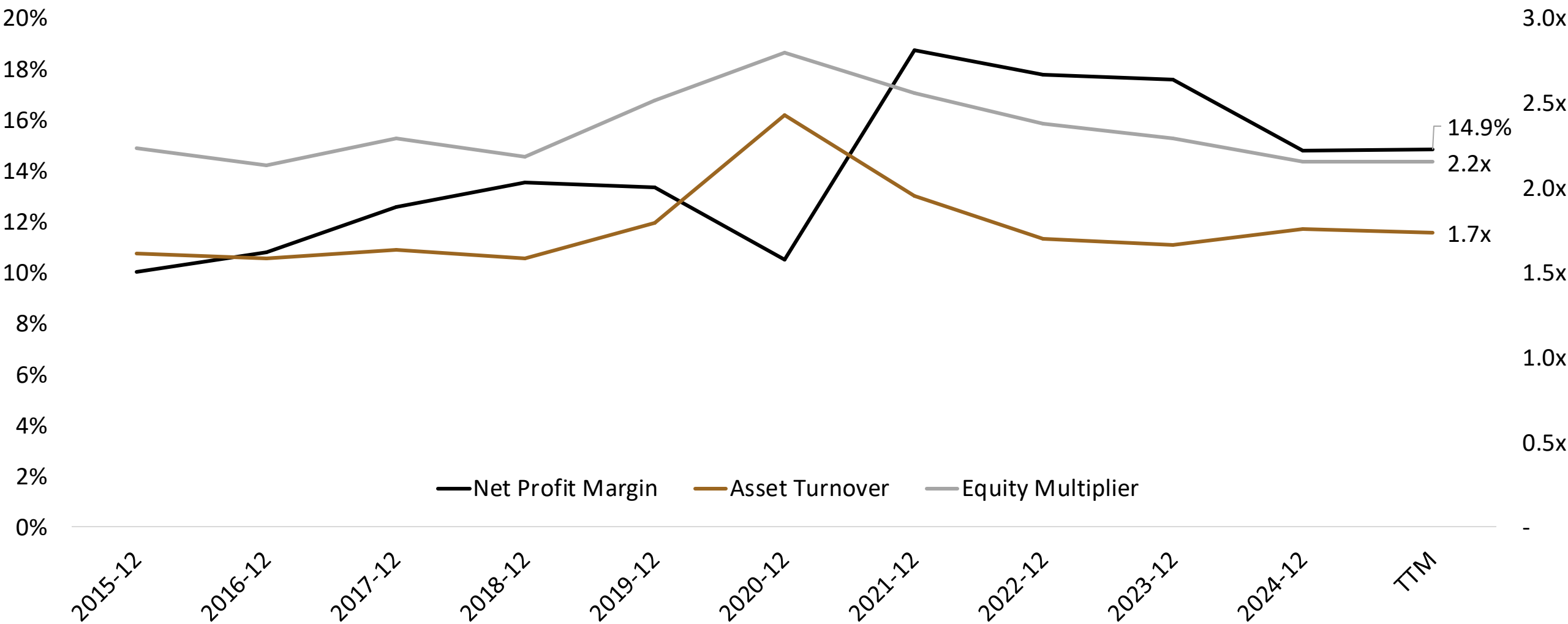
# DuPont Analysis- Diageo

$$\text{ROE} = (\text{Net Income/Sale}) \times (\text{Asset/Equity}) \times (\text{Sales/Assets})$$



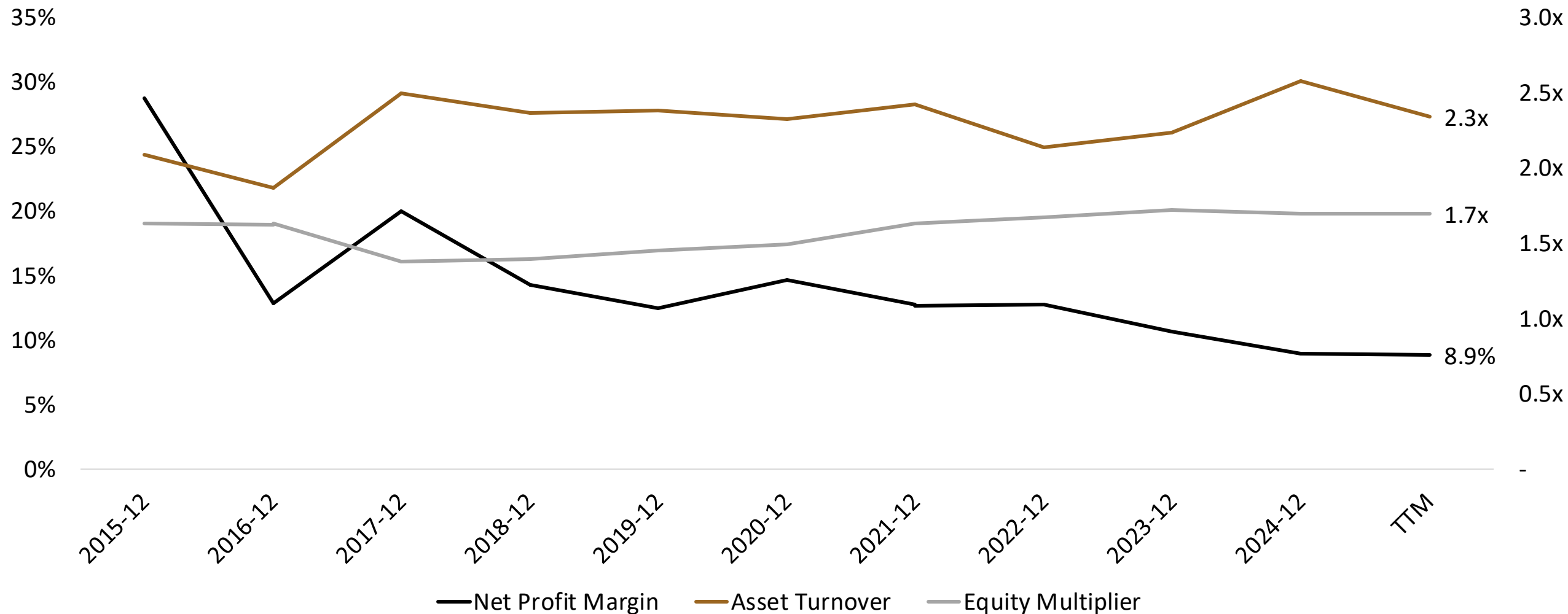
# DuPont Analysis- Louis Vuitton

$$\text{ROE} = (\text{Net Income/Sale}) \times (\text{Sales/Assets}) \times (\text{Asset/Equity})$$



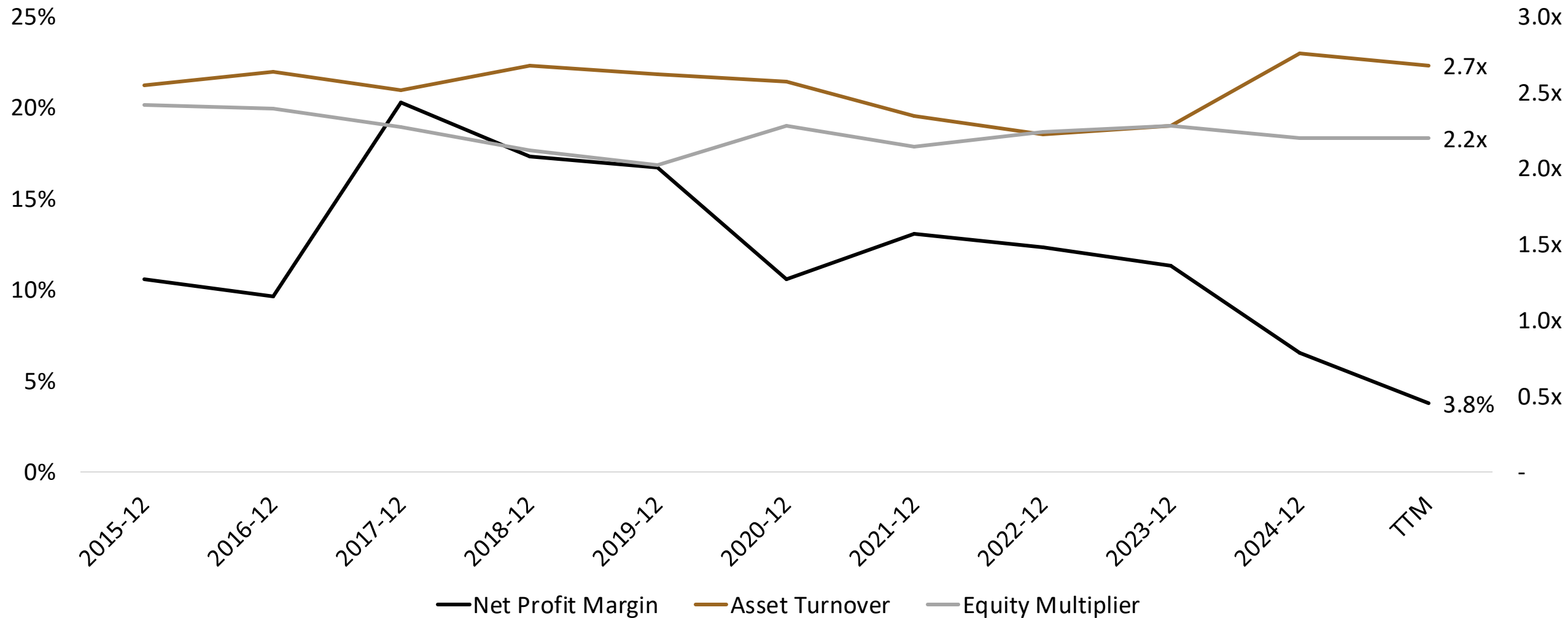
# DuPont Analysis- Jose Cuervo

$$\text{ROE} = (\text{Net Income/Sale}) \times (\text{Sales/Assets}) \times (\text{Asset/Equity})$$



# DuPont Analysis- Campari

$$\text{ROE} = (\text{Net Income/Sale}) \times (\text{Sales/Assets}) \times (\text{Asset/Equity})$$





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Tristan Smith

# Risk Factors



# Return of the Canadian Shield



# Canada Pulling Stock



- Retaliation
  - In retaliation to US tariffs on Canadian imports, several provinces have entirely ceased purchase and entirely removed American made alcohol from shelves
- Impact
  - 1% of global sales
  - “That’s worse than a tariff because it’s literally taking your sales away completely, removing our products on the shelves,”. “That’s a very disproportionate response to a 25% tariff.”- CEO Lawson Whiting
- Strategic Implications
  - Brand visibility loss
  - Long term reentry challenges
  - Level of retaliation could be contagious



# Tariffs



- American Identity
  - Strength in marketing
  - Liability in geopolitical conflict
- 2018-2021
  - US administration imposes 25% tariff on European imported aluminum and steel
  - EU imposes 25% retaliatory tariffs on US whiskey
  - US whiskey Industry experiences 20% decline in exports
- April 2025
  - EU announces 50% retaliatory tariffs beginning April 1<sup>st</sup>
  - Brown Forman has already experienced 3% decline in net sales for the quarter
- Impact
  - Europe represents nearly 30% of revenue
  - Could see an impact of 5-10% on annual revenue
  - Brown Forman has already begun to prepare for the possibility of Canada level response by EU countries



# Gen Z



- Gen Z drinks 20% less alcohol than millennials, who also drank less than the generation before them
- Preference shifts
  - Convenience, ready to drink products(which are a lower margin market) > tradition
  - Storytelling, sustainability image, values > quality alcohol
  - Non-alcoholic drinks/alcohol alternatives
- Impact
  - Market share loss in emerging customer segments
  - Decreased relevance to new drinkers (who will be future loyal drinkers)



# Growth of Substitute Products



- Non-Alcoholic Drinks

- US non-alcoholic market expected to grow by 18% volume CAGR(2024-28)
- Majority of their major competitors have expanded into this market, while Brown-Forman has 0 prescence

- Marijuana

- Now legal in 24 US states, and fully legal across Canada
- Popular amongst Gen Z and Millennials (same demographics w/ reduced alcohol consumption)
- 1/3 Gen Z/millennials report reducing alcohol consumption due to cannabis availability (BDSA)
- Cannabis beverage industry expected to grow to \$2 billion by 2026



# Jack Daniels



- Revenue Concentration Risk
  - The Jack Daniel's Family of Brands accounted for approximately 76% of the company's revenue
  - Any volatility in the demand for Jack Daniel's
- Innovation
  - Brown-Forman's innovation is primarily centered around the Jack Daniel's Brand
  - This limits flexibility to grow newer acquisitions that need more strategic focus (Diplomático, Gin Mare ect.)





# Uncertainty



## Brown-Forman Corporation: Downgrade To Sell On Uncertain Tariffs Risk And Growth Outlook

Mar. 19, 2025 5:19 AM ET | Brown-Forman  
BF.A | 7 Comments  
Yahoo Finance  
<https://finance.yahoo.com/news/why-brown-forman-stock-falls-153000788.html>

### Why Is Jack Daniel's Parent Brown-Forman Stock Trading ...

Mar 5, 2025 — The company noted that the operating environment continues to be increasingly volatile due to geopolitical **uncertainties** and global ...

COMPANY CLOSE UPDATES

## Brown-Forman Corp. Cl B stock underperforms Monday when compared to competitors

By MarketWatch Automation [Follow](#)

3/28/2025



Morningstar

<https://www.morningstar.com/news/marketwatch/br...>

### Brown-Forman laying off 648 people as stock price hits 10 ...

Jan 14, 2025 — In 2024, Brown-Forman's stock had its worst performance since 1974 with a drop of ...  
Brown-Forman's stock was ...

## Why Alcohol Stocks' Troubles Are Here to Stay

Shares of wine, beer, and liquor companies have been hit hard as consumers cut back on alcohol consumption. But some are finding value in beer stocks.

## Brown-Forman Stock Falls as Jack Daniel's Whiskey Sales Slump and Revenue Drops

By BILL MCCOLL Published June 05, 2024

## Brown-Forman Trades Near 52-Week Low: Buy Hold or Sell Stock?

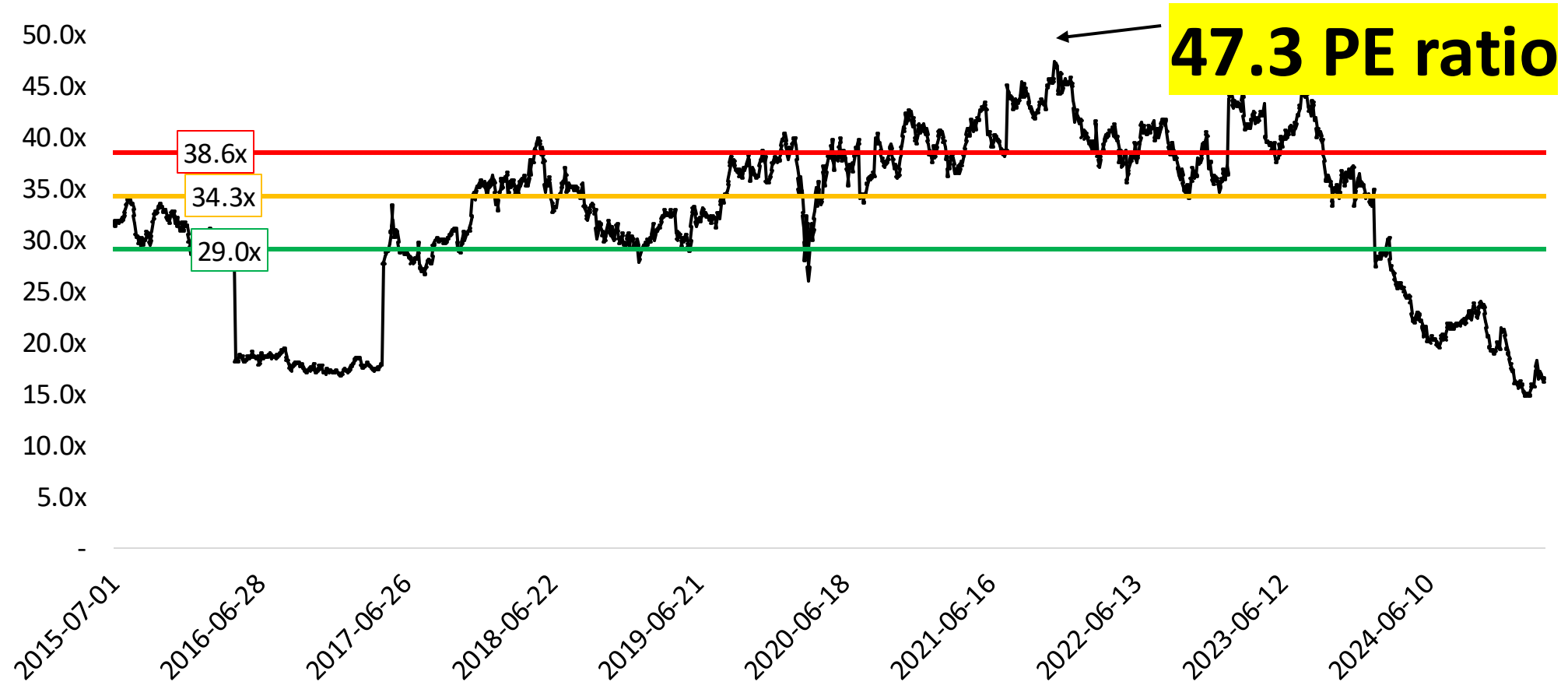
## Why GenZ Is Drinking Less And What This Means For The Alcohol Industry

By Clara Ludmir, Contributor. ⓘ Clara covers evolving consumer and retail trends.

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# Uncertainty... continued







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**Pablo Picasso**

# Valuation

# Overview of EPS Estimates



	2025E	2026E	2027E
Revenue Growth	0.5%	3.0%	3.0%
Gross Margin Estimate	58.0%	57.2%	57.5%
Operating Margin Estimate	28.0%	27.8%	28.8%
Shares outstanding Growth	0%	0%	0%
EPS	-17.1%	2.1%	6.4%



# Revenue Growth Estimate Breakdown



\*In Millions

	2025E	2026E	2027E
<b>United States</b>	\$ 1,851.22	\$ 1,830.52	\$ 1,821.37
YoY Growth Rates	-2.0%	-1.1%	-0.5%
<b>Developed International</b>	\$ 1,111.68	\$ 1,104.02	\$ 1,078.99
YoY Growth Rates	-4.0%	-0.7%	-2.3%
<b>Emerging</b>	\$ 965.74	\$ 1,069.24	\$ 1,197.55
YoY Growth Rates	9.0%	10.7%	12.0%
<b>Travel retail</b>	\$ 176.96	\$ 212.84	\$ 241.05
YoY Growth Rates	12.0%	20.3%	13.3%
<b>Non-branded and bulk</b>	\$ 93.96	\$ 109.97	\$ 118.74
YoY Growth Rates	8.0%	17.0%	8.0%
<b><u>Total Revenue</u></b>	\$ 4,200	\$ 4,327	\$ 4,458
YoY Growth Rates	0.5%	3.0%	3.0%



# Gross Margin Estimate Breakdown



\*In Millions

	2025E	2026E	2027E
Net sales	\$ 4,200	\$ 4,327	\$ 4,458
YoY Growth Rates	0.5%	3.0%	3.0%
Cost of sales	\$ 1,765	\$ 1,851	\$ 1,894
YoY Growth Rates	6.8%	4.9%	2.3%
Gross profit (loss)	\$ 2,435	\$ 2,476	\$ 2,564
<b>Gross Margin</b>	58.0%	57.2%	57.5%



# Operating Margin Estimate Breakdown



\*In Millions

	2025E	2026E	2027E
Advertising expenses	\$ 530	\$ 532	\$ 535
YoY Growth Rates	0.2%	0.4%	0.6%
SGA expenses	\$ 715	\$ 730	\$ 735
YoY Growth Rates	-13.4%	2.1%	0.7%
Gain on sale of business	\$ -	\$ -	\$ -
Other income (expense), net	\$ 15	\$ 10	\$ 12
Operating income (loss)	\$ 1,175	\$ 1,204	\$ 1,282
<b>Operating Margin</b>	<b>28.0%</b>	<b>27.8%</b>	<b>28.8%</b>



# EPS Growth Breakdown



	2025E	2026E	2027E
<b>Shares Outstanding</b>	\$ 477.2	\$ 477.2	\$ 477.2
YoY Growth Rates	0%	0%	0%
<b>EPS Diluted</b>	\$ 1.78	\$ 1.82	\$ 1.93
YoY Growth Rates	-17.1%	2.1%	6.4%



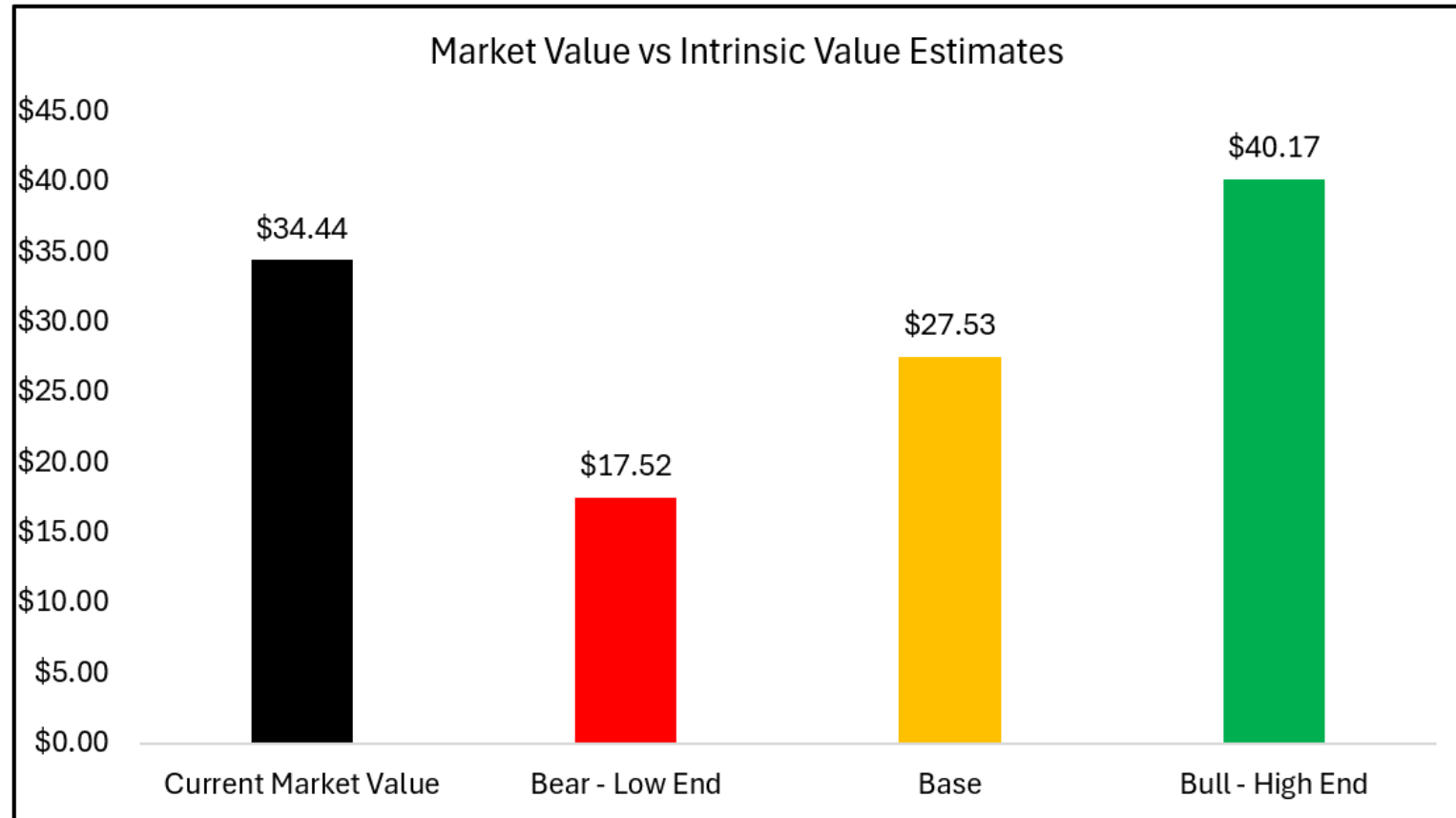
# 5 Year Discounted Cash Flow



Ticker:	BF.b												
Price:	\$34.44												
Discount Rate:	11.0%	5 Year Discounted Cash Flow											
Method:	EPS												
Dividend Payout Ratio	35.0%												
Bear	EPS	<u>2024-04</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	P/E	Price	Present Value	5 YR Return	Return	Return + Dividends
		\$2.09	\$1.57	\$1.54	\$1.57	\$1.60	\$1.63	16.0x	\$26.08	\$15.48	(24.3)%	(5.4)%	(3.5)%
			(25)%	(2)%	2%	2%	2%	20.0x	\$32.60	\$19.35	(5.3)%	(1.1)%	0.5%
								24.0x	\$39.12	\$23.22	13.6%	2.6%	4.0%
Base	EPS	<u>2024-04</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	16.0x	\$33.84	\$20.08	(1.7)%	(0.4)%	1.5%
		\$2.09	\$1.73	\$1.77	\$1.88	\$2.00	\$2.11	20.0x	\$42.30	\$25.10	22.8%	4.2%	5.8%
			(17.1)%	2.1%	6.4%	6%	6%	24.0x	\$50.76	\$30.12	47.4%	8.1%	9.4%
Bull	EPS	<u>2024-04</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	16.0x	\$41.99	\$24.92	21.9%	4.0%	5.9%
		\$2.09	\$1.86	\$1.97	\$2.17	\$2.39	\$2.62	20.0x	\$52.49	\$31.15	52.4%	8.8%	10.3%
			(11)%	6%	10%	10%	10%	24.0x	\$62.98	\$37.38	82.9%	12.8%	14.2%



# Market Value vs Intrinsic Value Estimates





# Sensitivity Analysis



Total RoR Sensitivity				
P / E	Est. EPS growth rate			
		-4.2%	0.7%	5.0%
	16.0x	(5.4)%	(0.4)%	4.0%
	20.0x	(1.1)%	4.2%	8.8%
	24.0x	2.6%	8.1%	12.8%



# Recommendation



- Currently Fair Value
- UNCERTAINTY
- HOLD



# Q/A



# Thank You!



# Appendix





## 1. Agriculture

We work closely with direct grain farmers to encourage sustainable agricultural practices and seek opportunities for collaboration through Dendrifund's Initiative to Bring Back Rye to Kentucky.



## 2. Packaging

We collaborate with key packaging suppliers to identify opportunities to reduce GHG emissions and improve overall packaging sustainability.



## 3. Distillation

Once grains are dried and ground, we follow a time-honored process to ferment and distill them into fine spirits. We're making this process more efficient with renewable electricity, state-of-the-art heating technology, and anaerobic digestion that converts spent grain into renewable energy.

# Making a Difference Across OUR VALUE CHAIN



## 4. Barrel Making

White oak trees are formed into barrels, lending many of our spirits their distinctive color and flavor. We are committed to the conservation of the existing hardwood forests we depend on and use technology in our cooperage to minimize any wood waste.

## 5. Maturation

The process of aging spirits relies on traditional practices and natural elements. For example, many of our barrel houses are naturally energy efficient: barrels expand and contract with the seasons, forcing moisture into and out of the wood. The barrel run at the Woodford Reserve Distillery makes use of gravity to move barrels from the filling area to the rickhouse where they go to age.



## 6. Bottling

After aging to perfection, our spirits are ready to be bottled. We are focused on increasing the recycled content of our bottles and ensuring 100% of bottles are recyclable or reusable. At our Newbridge Bottling Facility, which supports our three scotch brands, a portion of bottling operations runs on solar electricity.



"Every day we make it, we make it the best we can." We've adhered to this philosophy for generations. Today, it is critical that our best is more sustainable. Here's how we do this at every step.

## 7. Transportation

Our bottles make their way from bottling plants to retail stores, restaurants, and bars around the world. We continuously search for opportunities that drive greater efficiencies, such as collaborating with transportation vendors to optimize routes.



## 8. Packaging End-of-Life

We are exploring ways to improve end-of-life use, such as our collaboration with the New Hampshire Liquor Commission on a takeback program to encourage recycling of empty glass spirits bottles. We also design our packaging to reduce environmental impacts at end-of-life. For example, we transitioned the Glenglassaugh secondary package from our standard tube to a paperboard folding carton, which improves recyclability and reduces emissions of the overall package.



# Tariffs in the Past



- 25% tariff on American whiskey, which was implemented in the EU from 2018 until 2021
- In 2018-2021, the EU imposed a retaliatory tariff on American spirits in response to Trump's decision to impose tariffs on European steel and aluminum. However, a 2021 deal suspended those tariffs on American spirits, allowing U.S. distillers to regain lost market share in the EU
- They offset the costs through price adjustments, efficiency improvements, market diversification



# Stock Split



- Brown-Forman has proposed a **five-for-four stock split** for its Class A and Class B common stocks. The company plans to distribute one Class B share for every four shares of either Class A or Class B held. (2018, most recent)
- Brown Forman stock has undergone a total of 9 stock splits, with the most recent one occurring on March 1st, 2018
- 2 to 1 in June 2016
- 5 to 1 in June 2015
- 3 to 1 in June 2008
- This improves value for investors and allows smaller investors to invest in Brown Foreman.





# Acquisitions



## Acquisitions (Expanding Portfolio)

1. **Diplomático Rum (2023)** – Premium Venezuelan rum.
2. **Gin Mare & Ron Barceló (2022)** – Premium Mediterranean gin and Dominican rum.
3. **Fords Gin (2019)** – London-based premium gin.
4. **The BenRiach Distillery Company (2016)** – Includes **BenRiach**, **GlenDronach**, and **Glenglassaugh** Scotch whisky brands.
5. **Slane Irish Whiskey (2015)** – Entry into the Irish whiskey market.
6. **Herradura & El Jimador (2006)** – Premium tequila brands from Mexico.
7. **Sonoma-Cutrer Vineyards (1999)** – Premium California wines.
8. **Chambord Liqueur (2006)** – French raspberry liqueur (later divested).
9. **Jack Daniel's (1956)** – The company's most iconic brand, acquired decades ago.



# Divestitures



## Divestitures (Streamlining Focus)

1. **Early Times, Canadian Mist & Collingwood (2020)** – Sold to Sazerac.
2. **Southern Comfort & Tuaca (2016)** – Sold to Sazerac for \$543 million.
3. **Chambord Liqueur (2006)** – Sold after acquisition.
4. **Lenox, Inc. (2005)** – Sold luxury tableware business to focus on beverages.
5. **Bolla & Fontana Candida Wines (2004)** – Sold to Gruppo Italiano Vini.
6. **Hartmann Luggage (1993)** – Sold to focus on spirits.
7. **Lenox China & Crystal Brands (1983-1990s)** – Divested non-core luxury goods.



# Expansion in Brazil



- New package sizes that appeal to a broader consumer base
- Distribution improvements that increase market penetration
- Growing middle class with rising disposable income



# Expansion in Turkey



- Double digit organic net sales growth (Stats)
- Middle class expanding – high per capita spending on premium spirits
- Company aggressively expanding distribution and investment in consumer engagement strategies



# other



- Need stats for China, India, Indonesia, Japan
- RTDs are the fastest growing alcohol segment in markets like Brazil, Mexico, and Southeast Asia. The Asia-Pacific RTD market alone is expected to grow at a CAGR of 16.6% through 2030, far outpacing traditional spirits growth.





RTDs are the fastest growing alcohol segment in markets like Brazil, Mexico, and Southeast Asia. The Asia-Pacific RTD market alone is expected to grow at a CAGR of 16.6% through 2030, far outpacing traditional spirits growth.

#### RTDs Offer Easier Market Entry Than Spirits

- Spirits often face strict regulations, higher taxes, and slower adoption in emerging markets.
- RTDs are easier to distribute, require less consumer education, and align with younger, urban demographics.

#### Brown-Forman Could Dominate the Premium RTD Space

- RTDs are currently dominated by lower-cost malt-based beverages, but premium spirit-based RTDs (like Jack & Coke) are growing the fastest.
- By leveraging Jack Daniel's brand recognition, Brown-Forman could capture significant market share in the fast-growing premium RTD category.





- *Europe*: Projected to grow at a CAGR of 15.2% from 2025 to 2030, with countries like Germany and the UK showing significant market engagement.



# Strategies to Mitigate Tariff Challenges for International Expansion



- Local production: Establishing manufacturing facilities within key markets can help circumvent import tariffs
- Diversified sourcing: Utilizing local ingredients and packaging materials can reduce reliance on imports subject to tariffs
- Strategic partnerships: Collaborating with local distributors and retailers can both enhance market presence and reduce operational costs
- Advocacy and negotiation: Engaging with industry groups and government bodies to advocate for favorable trade terms can be beneficial.





# Why this is a GO



- Revenue Acceleration – With emerging markets delivering the highest growth rates in the company, Brown-Forman can offset weaker performance in mature markets and drive overall revenue growth.
- Margin Expansion – Premiumization trends in these regions support higher pricing power, leading to higher gross margins and profitability over time.
- Long-Term Growth Story – Investors should view Brown-Forman's emerging market strategy as a multi-year growth driver that will compound revenue gains and boost valuation multiples.



# Route-to-Consumer (RTC) Expansion



- Aimed at improving margins, brand control, and market penetration
- Brown-Forman is **shifting to self-distribution** in **Japan (April 2024)** and **Italy (May 2025)** to **boost efficiency, cut costs, and strengthen brand positioning**.
- Self-distribution is when a company bypasses third-party distributors and directly manages the sales, logistics, and delivery of its products to retailers or consumers.
- Japan: Premium whiskey market
- Italy: Fast-growing spirits market



# General RTD (Ready-to-Drink) Market Growth



- Jack & Coke RTD: Continues to gain global traction, recently winning the 2025 "Product of the Year" Award in the U.K. The brand is expanding into variety packs and additional flavors such as Cherry and Vanilla.
- New Mix Growth in Mexico: Despite challenges in the tequila category, New Mix RTDs have shown consistent double-digit growth over multiple quarters.



# Cost Optimization and Efficiency Initiatives



- **Workforce Reduction & Restructuring:** The company expects to achieve **\$70M-\$80M in annualized savings** through layoffs and closing its Louisville-based cooperage.
- **Supply Chain and Barrel Cost Reduction:** Moving away from in-house barrel production is expected to improve cost efficiency over time.



# Strategic pricing and brand investments



- **Revenue Growth Management (RGM):** Pricing strategies, premiumization, and portfolio optimization are expected to drive **long-term margin improvements**.
- **Advertising & Brand Investments:** Brown-Forman plans to **increase advertising spend in fiscal 2026**, particularly for **Jack Daniel's Tennessee Whiskey** and **premium whiskey innovations**.



# Gen Z

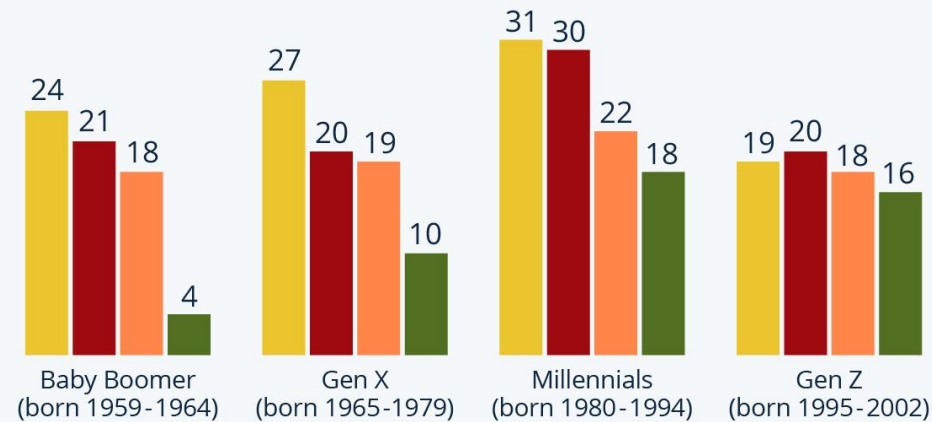


## Gen Z: The More Sober Generation



Share of respondents who regularly consume the following types of alcohol, by generation (in percent)

■ Beer ■ Wine ■ Spirits ■ Hard seltzer



10,000 U.S. respondents (18-64 y/o) surveyed Jul. 2022-Jun. 2023.  
Questions only shown to respondents of legal drinking age  
Quelle: Statista Consumer Insights



statista



# Super-Premium Whiskey Portfolio



- Woodford Reserve growth
- Old Forester growth
- High-margin, high-growth
- Capture rising consumer interest in super-premium bourbon



# Continued global expansion of Jack Daniel's

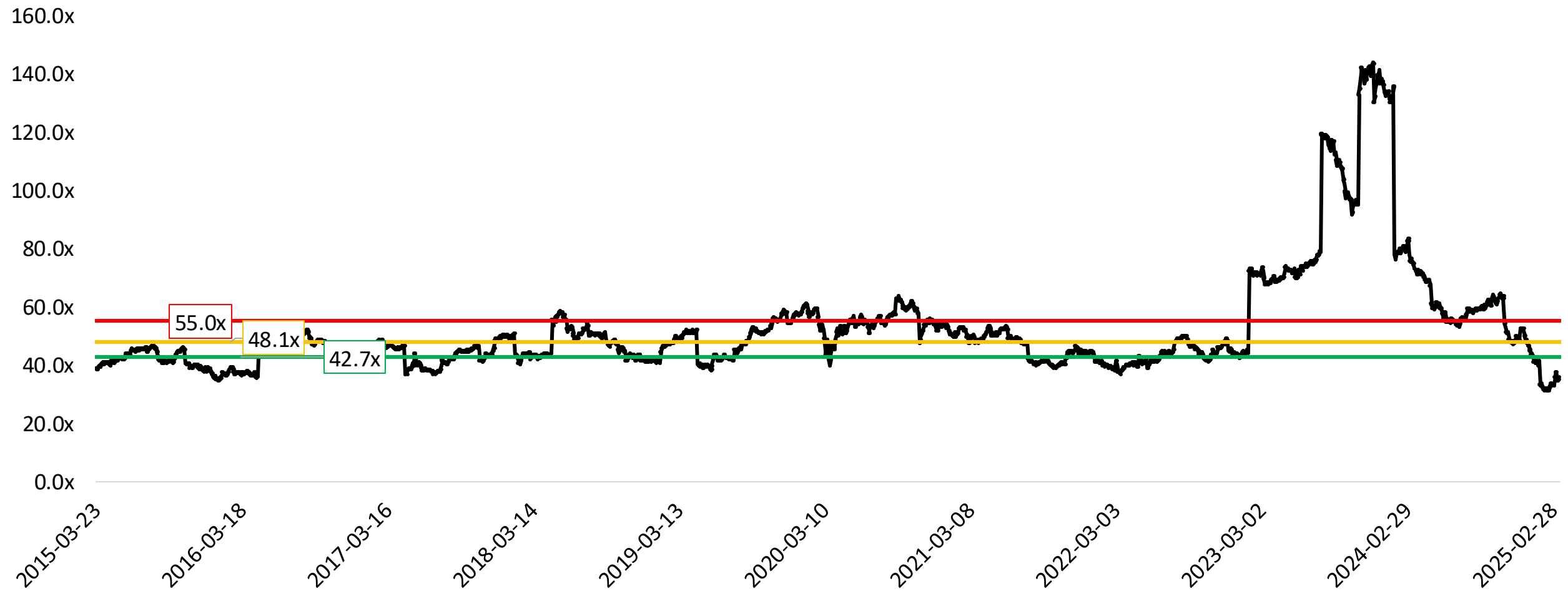


- Leverage Jack Daniel's global recognition
- Extend new expressions
- Strengthen presence in developed & emerging markets





# Enterprise Value to Free Cash Flow



# Risks Related to Business and Operations



- The business performance depends substantially on the continued health of the Jack Daniel's family of brands.
- Changes to route-to-consumer models and consolidation among beverage alcohol producers, distributors, wholesalers, suppliers, and retailers, could hinder the marketing, sale, or distribution of products.
- Changes in consumer preferences and purchases, any decline in the social acceptability of our products, or governmental adoption of policies disadvantageous to beverage alcohol could negatively affect our business results.



# Risks Related to Business and Operations



- Production facility disruption could adversely affect the business.
- The inherent uncertainty in supply/demand forecasting could adversely affect our business, particularly with respect to the aged products.
- Higher costs or unavailability of water, raw materials, product ingredients, or labor could adversely affect the financial results.
- They might not succeed in the strategies for investments, acquisitions, dispositions, and other strategic transactions.
- The business faces various risks related to health epidemics and pandemics that could materially and adversely affect the business, operations, cash flows, and the financial results.



# Risks Related to Business and Operations



- Unfavorable economic conditions could negatively affect the operations and results.
- Product recalls or other product liability claims could materially and adversely affect the sales.
- Negative publicity could affect the business performance.
- The failure to attract or retain key talent could adversely affect the business.



# Risks Related to Global Operations



- The global business is subject to commercial, political, and financial risks.
- A failure to comply with anti-corruption laws, trade sanctions and restrictions, or similar laws or regulations may have a material adverse effect on our business and financial results.
- Fluctuations in foreign currency exchange rates relative to the U.S. dollar could have a material adverse effect on the financial results.



# Legal and Regulatory Risks



- National and local governments may adopt regulations or undertake investigations that could limit our business activities or increase the costs.
- Tax increases and changes in tax rules could adversely affect the financial results.
- The ability to market and sell our products depends heavily on societal attitudes toward drinking and governmental policies that both flow from and affect the attitudes.
- Significant additional labeling or warning requirements or limitations on the availability of the products could inhibit sales of affected products.



# Legal and Regulatory Risks



- Counterfeiting or inadequate protection of the intellectual property rights could adversely affect the business prospects.
- Litigation and legal disputes could expose the business to financial and reputational risk.



# Risk Related to Cyber Security



- They rely on information technology (IT) systems to manage our business operations. A cyber breach, a failure or corruption of one or more of our key information technology systems, networks, processes, associated sites, or service providers, or a failure to comply with personal data protection laws could have a material adverse impact on our business.





# International Tariff and Market Challenges

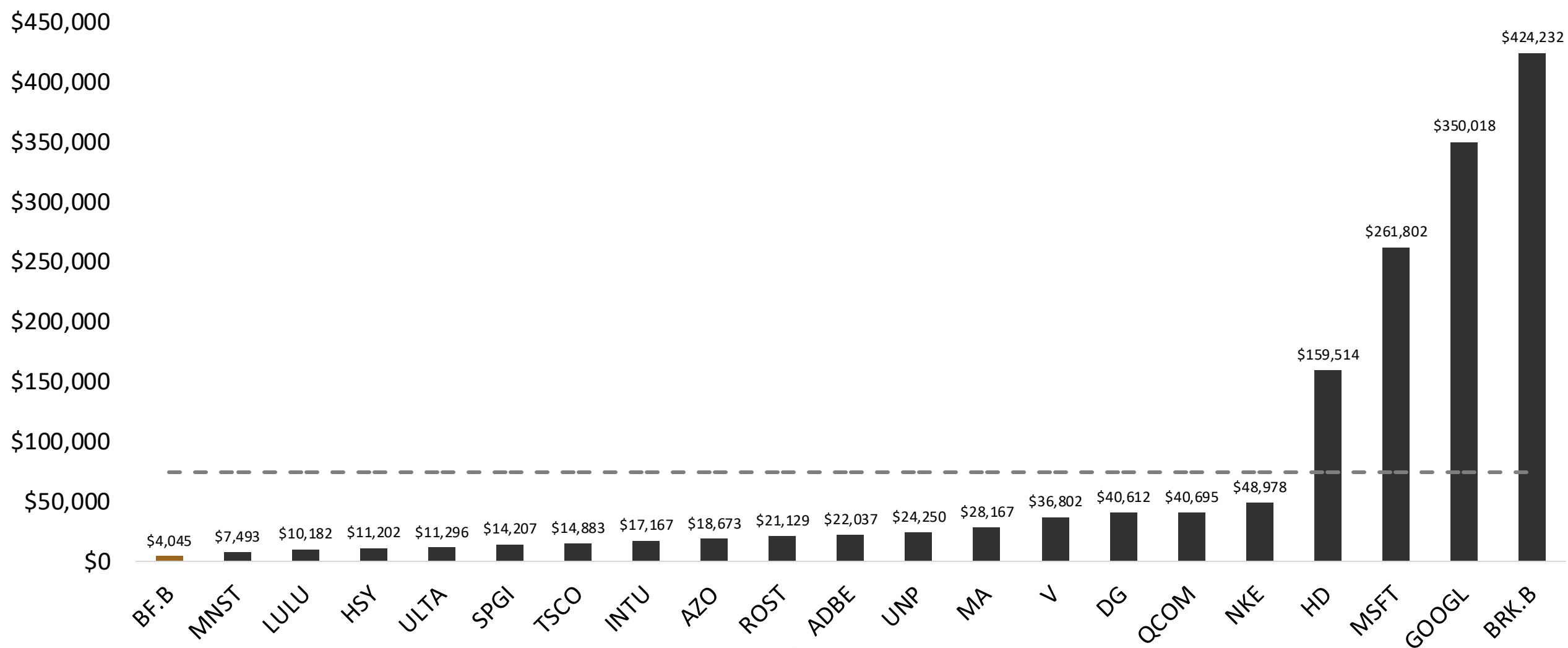


- Tariff Uncertainty: Potential return of EU tariffs on American whiskey could impact exports and profitability.
- 55% of revenue comes from outside of the U.S.
- Tequila Market Challenges: Increased competition and pricing pressures in the U.S. tequila segment may hinder growth.
- Flat U.S. Spirits Market: Consumer spending in the U.S. remains cautious due to inflationary pressures.



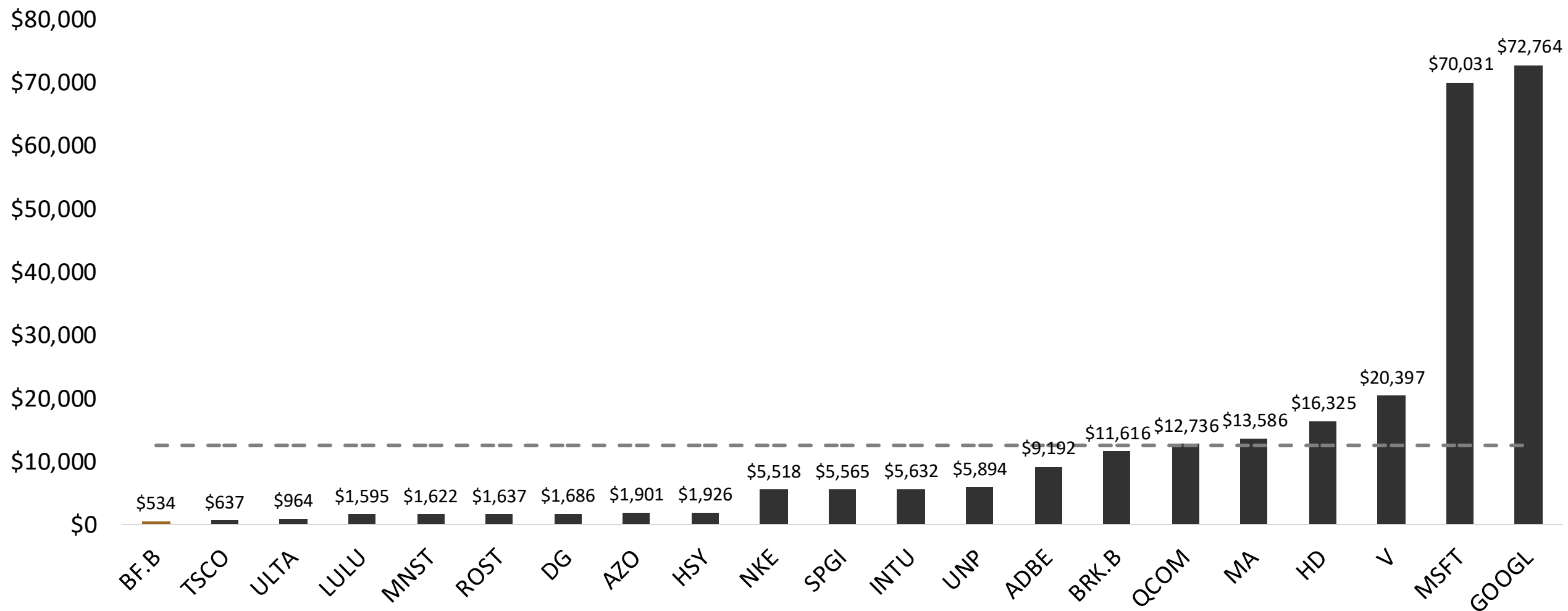
In Millions

# Revenue



In Millions

# Free Cash Flow

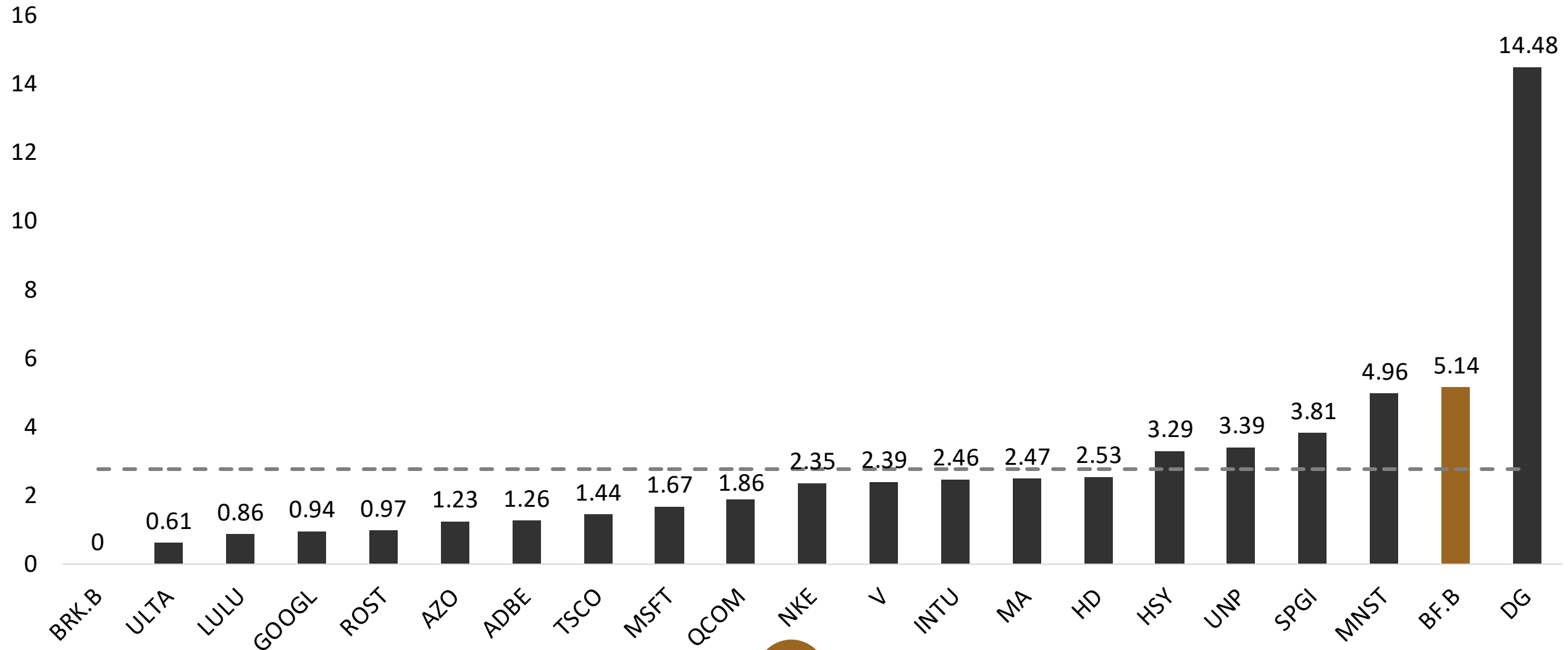


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176

# PEG Ratio

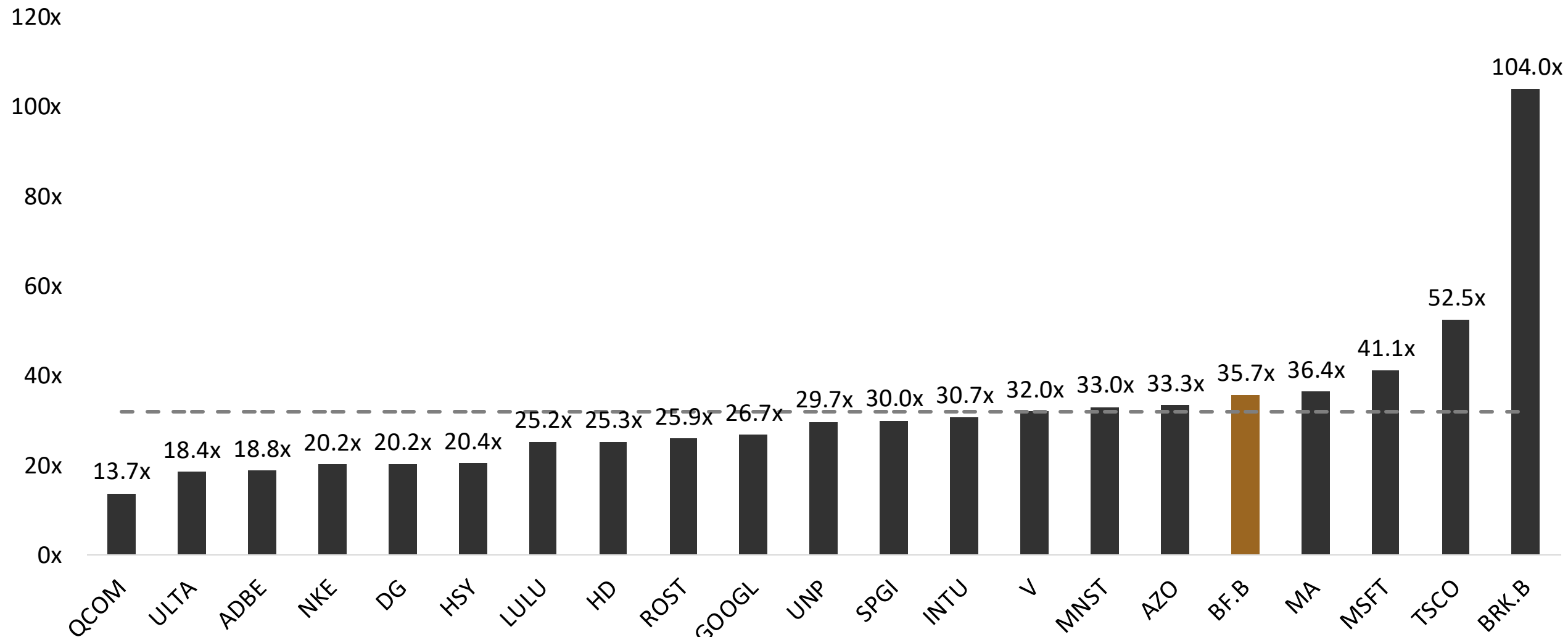


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177

# Enterprise Value to Free Cash Flow

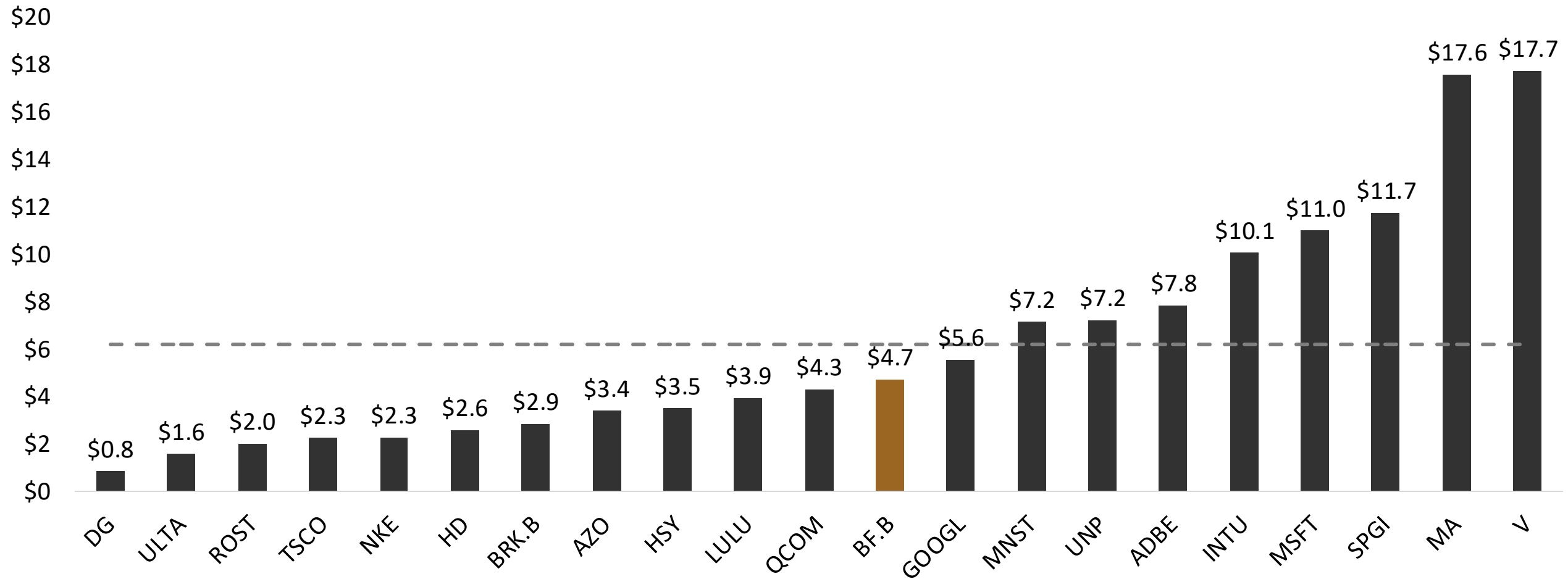


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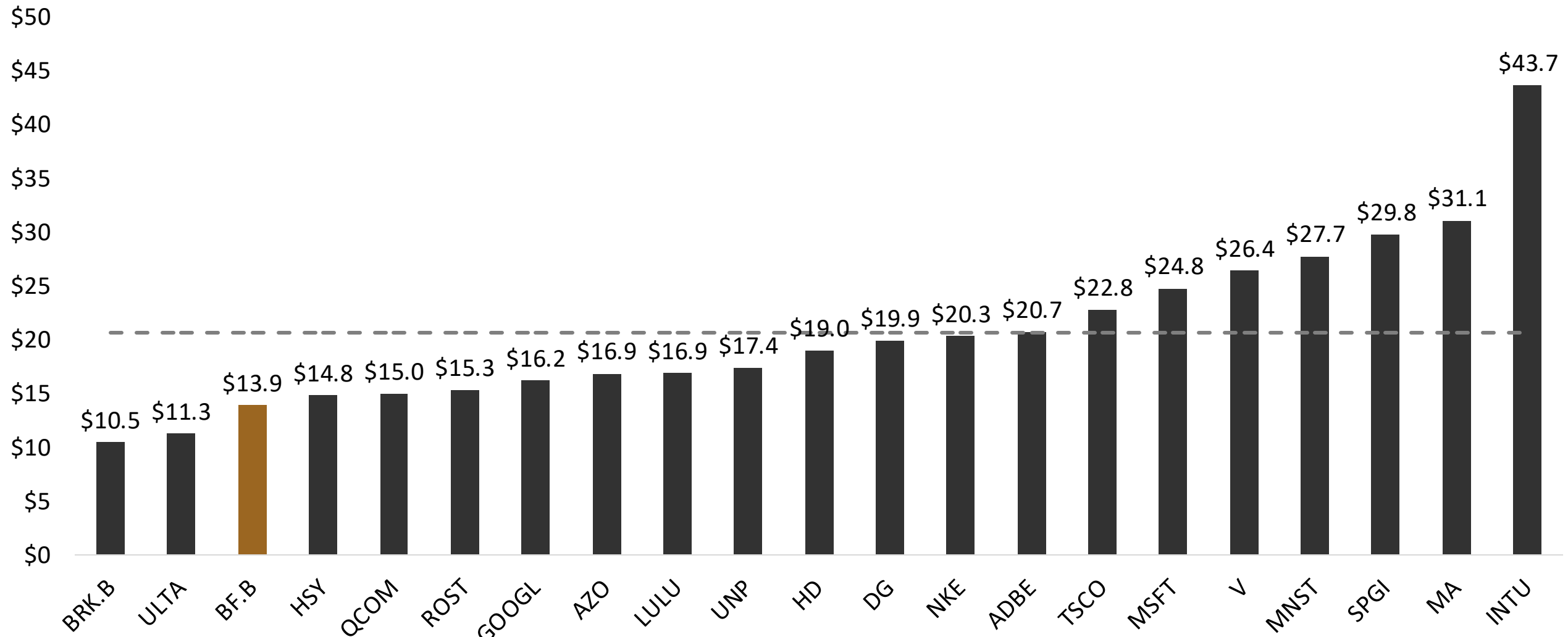


178

# Enterprise Value to Revenue



# Enterprise Value to EBIT

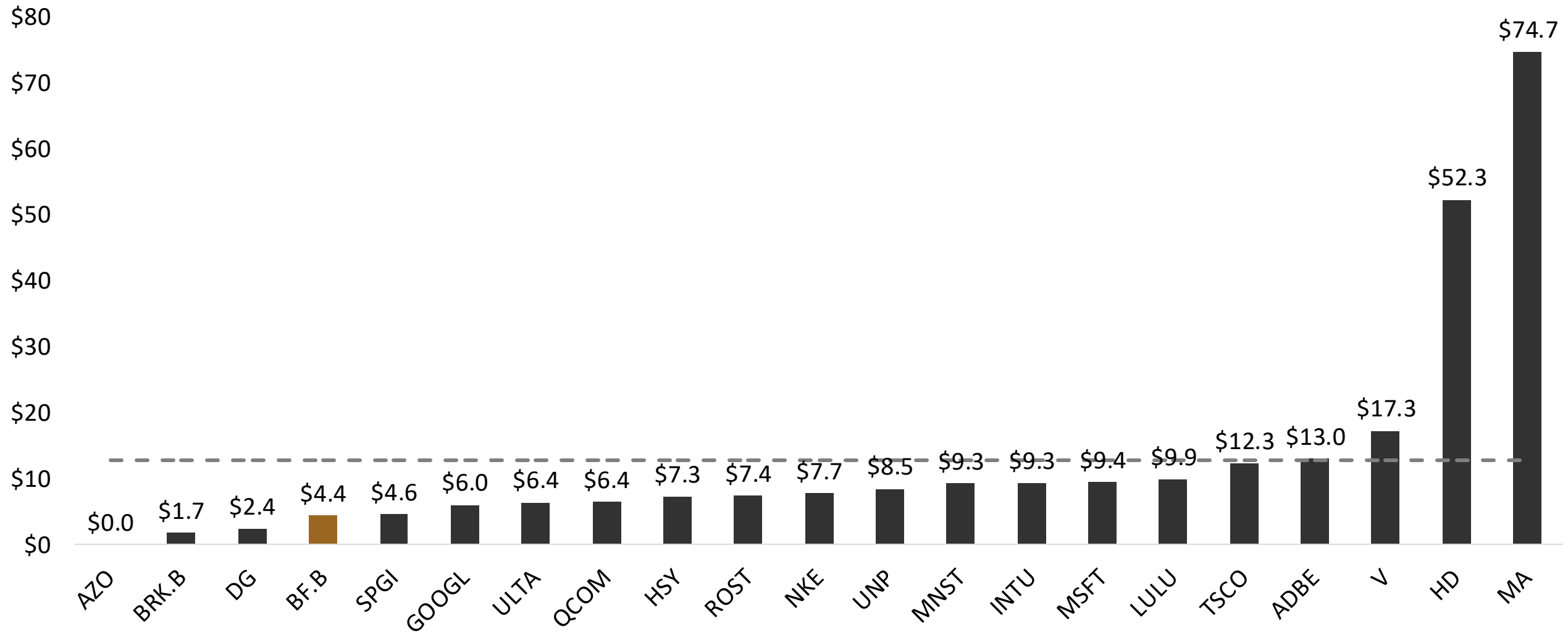


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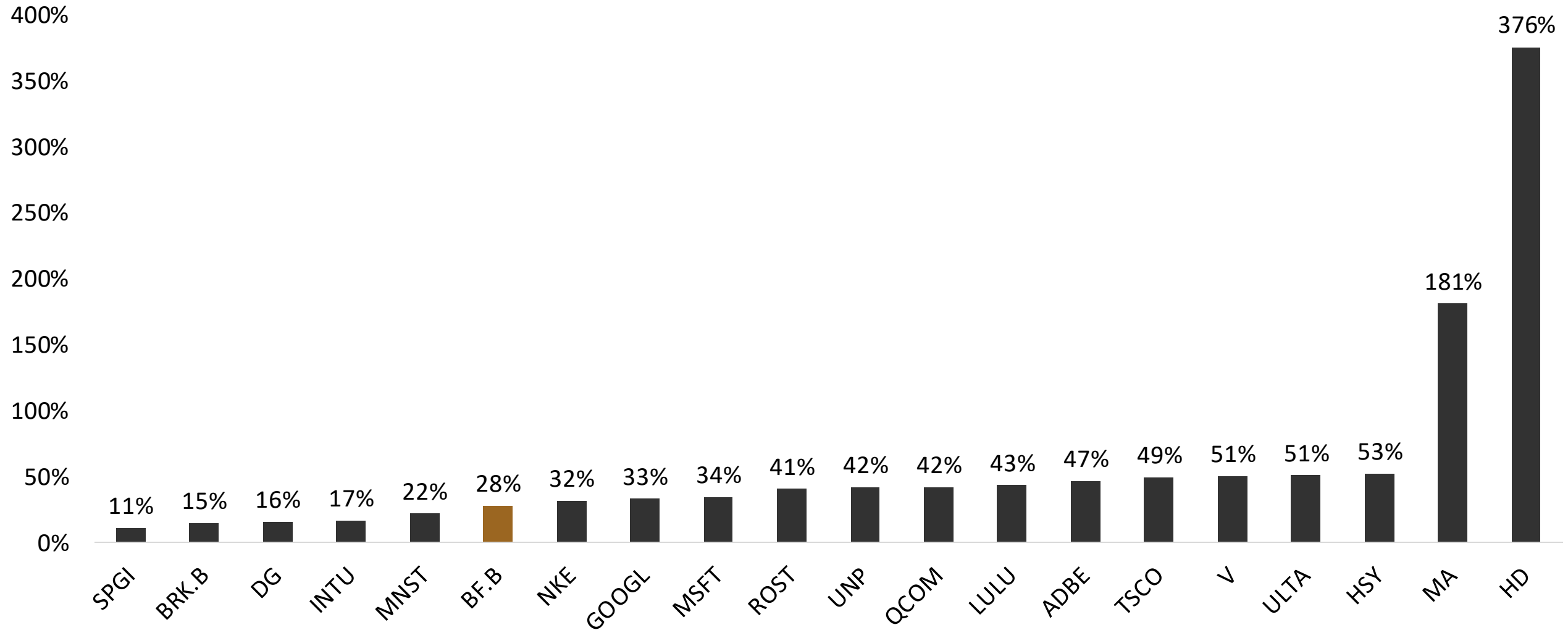
180

# Price to Book Value





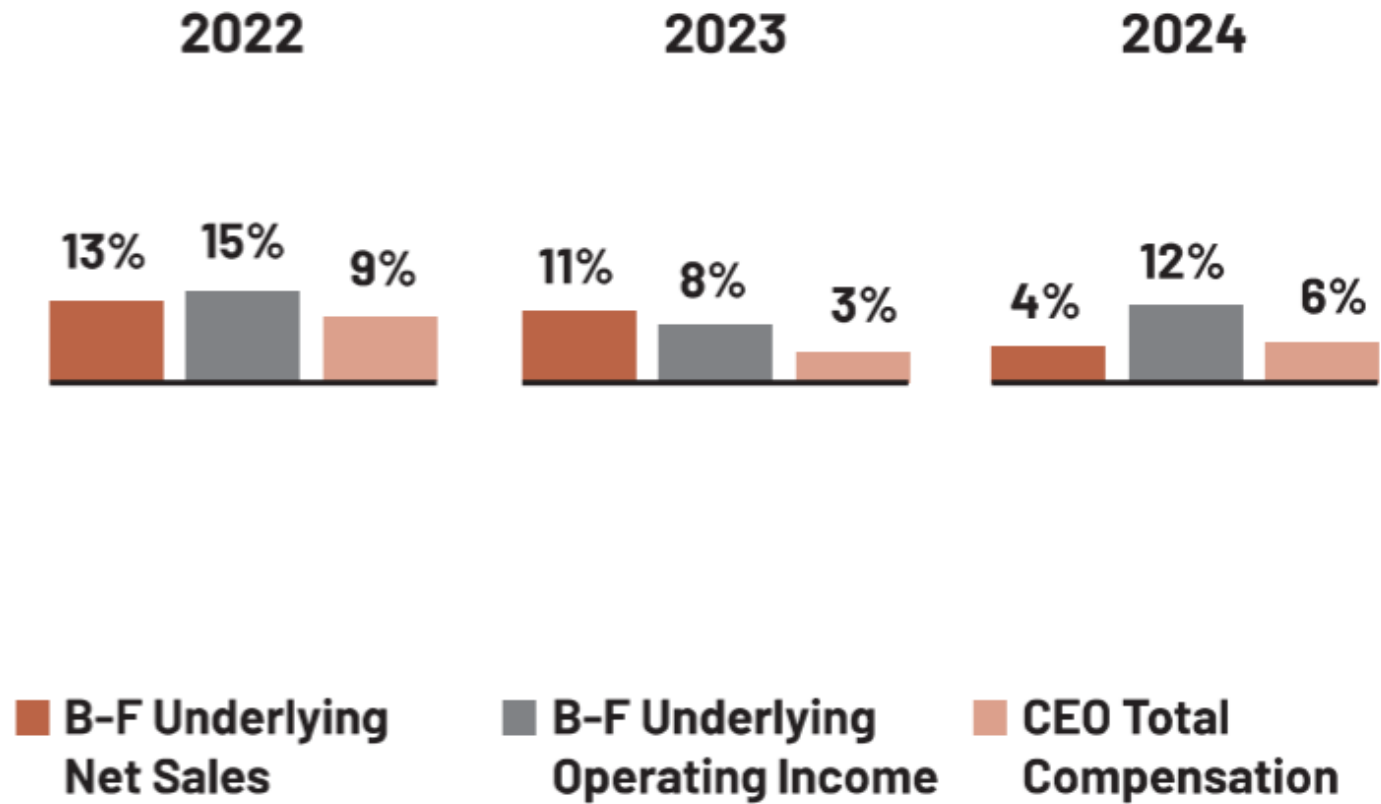
# Return on Equity %



3/28/2025



182



## FISCAL 2024 VERSUS FISCAL 2023 NEO TARGET TOTAL DIRECT COMPENSATION

Name	Year	● Salary and Holiday Bonus <sup>(1)</sup>	● Short-Term Incentive Target	● Long-Term Incentive Target	Target Total Direct Comp	Percent Increase	Pay Mix at Target
Lawson E. Whiting	2024	\$1,250,040	\$1,600,000	\$6,650,000	\$9,500,040	17%	
	2023	1,250,040	1,500,000	5,360,000	8,110,040		
Leanne D. Cunningham	2024	661,480	575,000	1,500,000	2,736,480	28%	
	2023	625,020	510,000	1,000,000	2,135,020		
Marshall B. Farrer	2024	526,996	371,500	825,500	1,723,996	31%	
	2023	457,778	298,299	562,896	1,318,973		
Matthew E. Hamel	2024	618,561	356,600	732,900	1,708,061	4%	
	2023	595,332	342,900	704,700	1,642,932		
Thomas W. Hinrichs <sup>(2)</sup>	2024	535,341	444,502	558,415	1,538,258	12%	
	2023	475,618	395,652	497,093	1,368,363		

(1) For purposes of this table, salary and holiday bonuses are based on the one-year period beginning on July 1. Other compensation elements are based on our fiscal year beginning May 1. Any change to compensation during the year is pro-rated.

(2) The amount shown for fiscal 2023 is the U.S.-dollar equivalent based on the Bloomberg average exchange rate from May 1, 2022 to April 30, 2023 of \$1 to €1.04256. The amount shown for fiscal 2024 is the U.S.-dollar equivalent based on the Bloomberg average exchange rate from May 1, 2023 to April 30, 2024 of \$1 to €1.08283.

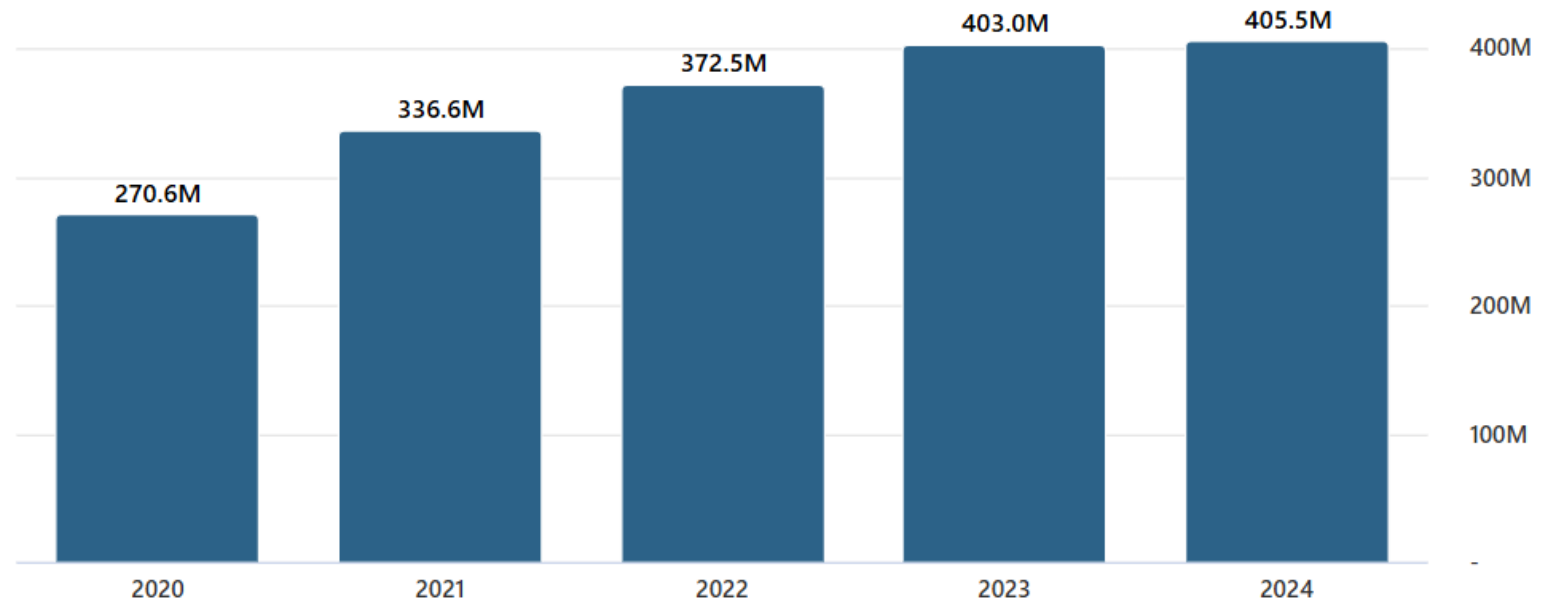
# Duckhorn Sale



- \$350m to invest
- Share buybacks, acquisition



The Duckhorn Portfolio Revenue - Annual



# Products



## Whiskey and Bourbon



Jack Daniels, Woodford Reserve,  
Old Forester, Coopers' Craft,  
Slane Irish Whiskey

## Tequila



Herradura,  
El Jimador

## Vodka



Finlandia

## Rum



Diplimatico



# Executive Leadership Restructure



Jeremy Shepard was promoted to Chief Marketing Officer

**Michael Masick** was named President of the Americas

**Yiannis Pafilis** was appointed President of Europe, Africa, and Asia Pacific, adding Africa, the Asia Pacific region, and global travel retail to his current leadership in Europe

**Chris Graven** joined the executive leadership team as Chief Strategy Officer, bringing over 20 years of experience within Brown-Forman across various roles in HR, finance, marketing, and commercial organizations

