# Brown-Forman Corporation, Barclays 17th Annual Global Consumer Staples Conference
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### Presentation

### Lauren Lieberman

Up next, we have the company's President and CEO, Lawson Whiting and CFO, Leanne Cunningham. So thank you so much. It's great to have you in Boston. And I think it's the exact same time slot as last year. Fun fact.

### Lawson Whiting

I think it is too. A post-lunch crowd.

### Question and Answer

### Lauren Lieberman

So that's great. So no change in our schedule, but a lot of change in the industry since last year. So we'll kind of jump right in. So Lawson, we've had an increasing number of kind of conversations, we call them existential debate even around the future of alcohol consumption. Is Gen Z drinking less the rise of other kind of like mood-altering options, whether it's cannabis beverages, adaptive genic drinks, GLP-1s coming into the conversation. So maybe we can set the stage with how you're thinking about the direction for total beverage alcohol and also is there share within that?

### Lawson Whiting

Yes. So – so that's a long question. Total beverage alcohol for those that haven't followed this so much hasn't moved in the United States in 50 years. I mean the per capita consumption, COVID aside when it kind of spiked and moved all around. But in general, the long-term trends have been in that 4% to 5% range for – literally for decades.

Now this time last year, at this conference, we stood up here on the stage. And remember, we just used this last week with our earnings call, but the U.S. spirits market was plus 5.7% to be exact. By Christmas, it was 0. And it caught everyone by surprise quite a bit. And it was – that was a challenging time in the subsequent quarters after that were obviously pretty challenging, too.

The big question is what caused it? Because how does the market go as big as the U.S. market goes from 5.5 or 6 to 0 that quickly, that has really never happened in my – not in my time. And there were a lot of folks talking about GLP-1s. That was the theme last year. I seem to remember at this conference is the question in every meeting we had, but cannabis was a big one, too, and then Gen Z.

I do not believe any one of those three can possibly take a market that was going like this and literally in a matter of months go to 0. It's just – GLP-1 are not big enough to do that. Cannabis has been around forever. And I don't believe – we got asked last week about the beverage opportunity within cannabis. It's just not something – it's not – well, it's very small now. And I don't see the potential there as being a meaningful category.

And it's just – I don't see the logic and people sitting around with a 6 pack of cannabis, 12-ounce beverages and drinking. It's just not the format or the way I think that's going to happen. And then Gen Z, we have seen some research that has shown that sort of 21 to 24 year olds, 21- to 25-year-olds are drinking a little bit less. People have thrown out the conjecture that it's – they want to be healthier, but I'm not really buying that so much either. It's the 21- to 25-year old, they don't have the disposable income. They just – they're getting their first jobs, whatever it might be, and they're pinched.

When inflation comes up, you're at your first entry-level salary, all of a sudden, everything just seems more expensive. And so I think all three of those examples, what we've called the big 3, they are – some of them – and particularly, I do think that GLP-1s as a long-term thing could be a headwind for the spirits industry. We're not trying to be naive and not consider it and not think about it and think about how we would react to it. But I think it really comes down to inflation and higher interest rates and the pinch on the consumer's pocket book. It's just – that's the only thing that can take a market for like this and drop it as quickly as it did in my mind. So I don't think it's a structural thing. I do believe it's cyclical.

**Lauren Lieberman**

Okay. Great. And then Spirit share within total beverage alcohol get to continue at that 5%. I guess spirit-based RTDs, is that kind of a net addition or a detractor from full strength spirits over time. We've heard kind of mixed commentary on how much it's sourcing from traditional spirits versus beer and wine, incremental. So what are your views on that? And what have you guys seen with Jack and Coke on that front?

**Lawson Whiting**

Yes. So spirit-based RTDs for those that haven't followed along us closely. In the U.S., they're quite expensive. [ Jack and Cola ], which has been around for a long, long time, but never got to be any meaningful size, largely because of the price relative to the malt-based RTD. So now all of a sudden, there's been this explosion in new brands. Now for one thing, Jack and Cola has been around for 30-plus years. And while all these other brands have come and gone and particularly in the malt category, but I go back to our own California cooler 30 years ago and then the dozens and dozens of malt-based brands that have come and gone over that time period.

Yet Jack and cola just continues – it's like the engine that just keeps moving and keeps growing around the world. So it's clearly not a fad. So I don't – not really concerned about the fad element to it, and we remain quite excited that we've now mostly transitioned the world from Jack and Cola to Jack & Coke. And so – now we are distributing in the

U.S. and in the U.K. – I mean, sorry, U.S., Germany and eventually Australia and the Coca-Cola system is managing the rest of the world. We see enormous opportunity in that, and they've obviously got a massive system, much bigger than we could ever dream of having. And so we're excited about the opportunities there.

But your question – back to your question on the U.S. market and what has happened there. I think for the most part, it is – the occasion is very different for an RTD than a full strength spirit. So the places that the full-strength spirit brands are sourcing from – this full strength RTD brands are sourcing from are largely going to be the beer occasion, the malt-based RTDs that are out there.

Maybe you could make an argument that some of these are digging in a little bit at vodka. But I don't see it being a cannibalizing either Jack and Coke cannibalizing full strength. We've not seen any evidence of that. And it just doesn't – I don't feel like it's a big threat to our business. I would consider a minor threat.

**Lauren Lieberman**

Okay. Great. Let's talk for a minute about the consumer. Curious if you can remind us kind of where you believe at home inventories stand today? I think that you expect the head-wind of working down inventories at home is kind of largely behind you. But now that we're through — ***indiscernible*** — at-home normalization has been playing out, how do you with the runway left and premiumization given the challenged consumer backdrop?

**Lawson Whiting**

So where this came from, a couple of quarters ago, we started talking on our earnings calls about inventories in the systems. And there's distributor inventories in the system, there's retail and then there's consumer. The thought, the idea that we've been talking about now and a number of people in the industry have largely backed this up.

If you go back into the COVID or the post-COVID days, the boom years of ’21, ’22 in the first half of ’23, this is when the Nielsen numbers are for TDS like up to over 20. So the amount of purchasing happen was just absolutely enormous as some of that based on stimulus that was flowing through the economy, consumers had – they were spending money on alcohol. And the idea is that there were a lot of bottles bought and not as much of it was consumed, and so the cabinet started to grow.

And so how much would people have in their home cabinets and how quickly do they move through that has been the question. And it’s not a very easy answer, and it’s going to be – it’s not precise at all because we obviously can’t tell how many bottles are sitting in people’s cabinets at home. But we do know even this is a very – there’s a big average here, but the average consumer, so not your core loyalists, but your average consumers drink a couple of bottles a year.

So if you had a couple of bottles sitting in your home cabinet, it was going to take a year to walk through that. And we’ve tried to do some estimates and I know some other sell-side people have taken some surveys and things like that, that largely backed it up that would say that, that consumer cabinet is on its way out now.

It’s a very imprecise science as to when that’s actually going to turn. But as much as we’ve tried to study it, we think it’s sort of in this time period. And some of that is also backed up by this when I said earlier, when the market was growing at 5.7% and then it went to 0 real quick, well, we’re coming against that. And so you’re going to have some refilling going on at the consumer level, and then we’re going to see where retailers and the wholesale system goes with our own inventories. But we feel pretty good that the outlook and that the market is going to start to turn sometime over the next 12 months.

**Lauren Lieberman**

Okay. Great. I do want to touch on distributor inventory. So the fiscal ’25 guidance assumes that current distributor inventory levels hold steady. But I just want to talk about the conviction of that outlook. There's presumably a little bit of – not much to prompt an increase in inventories just yet given the weak consumer environment. But if we think about potential downside risk, I mean is it operationally feasible for inventories to go lower?

**Leanne Cunningham**

So I'll take that one. So how we've been thinking about our inventories. We have – Lawson just covered the consumer we work really, really closely with our distributors. And so we – you would have heard us say on our fourth quarter call that our distributors were at or just below the bottom end of their range. And we continue to work closely with them. They set the bottom end of the range. And that target range is important to them because they need that amount of time just for logistics to get the cases from their distribution to the retailer on the shelf, and they need that target range to make sure that there's not lost sales and no one in the supply chain wants to have that lost sale.

So we have said and we experienced in the second half of our last fiscal year, the adjustment in both the retailer inventory and the distributor inventory levels, and we believe in our outlook that we've made the right assumptions and working with our partners that we're going to have consistent behavior from the consumer, the retailer and the distributor for the rest of this fiscal year.

**Lauren Lieberman**

Okay. Great. Let's stick with inventories a little bit differently [ answer ] now warehouse inventories in the U.S. So aged whiskey supply has risen dramatically over the last decade or so. You've previously shared that you evaluate your own supply periodically and tweak production as necessary. How sensitive though, do you think your peers are in reassessing their own production plans? And maybe said differently, like how prudent do you feel the broader industry is in managing the long-term supply and demand balance?

**Leanne Cunningham**

Yes. And you have to think from the major distillers, we've all been doing this for decades and generation. So – and I think you can look to history and how we've all acted responsibly over this time. We've been getting this question pretty consistently since like 2015 when the craft distillers started, we started to see a proliferation of craft distillers.

So what we would say is from a distilling perspective, if you believe there is future growth, you always have to distill ahead of the amount that you're bottling. And so when we look out and even with our industry, over the last 10-year CAGR, there was plus 5% growth. So again, people were distilling against that growth that we have experienced. When you look at IWSR, they say, over the next 5 years, that the compounded annual growth rate would be 3% to 4%. So people are still projecting growth. That's for the entire segment.

The way we do our process, and we do it multiple times a year is we really work to understand with each one of our markets, what's the products that they think they can sell going forward. We roll it all up. And then we're always constantly making adjustments to our production levels to make sure that our supply is going to equal the future demand that we see. And I think we all do it probably in our industry a little bit differently.

But generally speaking, I think all of us are trying – working hard to match supply to demand. And I do believe we have levers available to us to where we can always adjust. So our supply is equaling demand. And I think I just expect if history repeats itself, everyone will continue to act responsibly and rationally as we go forward.

**Lawson Whiting**

Let me add something on to that, too. So as Leanne said, the big – I don't know what it is, the big 5 or 6 supply or distillers control of the vast majority of the American whiskey category. And then you've got these literally hundreds and hundreds of brands that are much smaller much – they're undercapitalized in a lot of ways. That is some of the increased inventory is sitting out in that space. I don't – we're less confident in how rational that might be because a lot of those folks are about cash flow. I mean they're just trying to actually pay the bills to keep the lights on. And it is an extraordinarily competitive business and very hard on those folks to even get their products on the shelf.

So that's where some of the inventory is backing up right now. But it doesn't worry me, it doesn't overly worry me, I guess, because one, those brands don't have national distribution, hardly any of them. Some do. And some are being very successful, not putting down the entire segment, but so many of those brands are so local and they're backed up on inventory, and they are struggling to get it out of their own warehouses.

And so – but that isn't – there's not a lot of consumers that are going to trade a brand that they don't know that is generally expensive on the shelf. They're not going to get – not buy Jack Daniel's and go after that brand. I just don't see that happening. And so I don't know how that's all going to play out, but the industry oversupply comment, I think, is not maybe as drastic as maybe some of the headlines of Red.

And the only other thing is this time last year, when we were up here on stage, when we talked a little bit about this, we were scared we're going to run out. So how things can swing in a 1-year time frame. So it's – you don't overly correct these things. Leanne described the process that we go through. It's always about incrementally making changes one way or the other, but it's not you're not going to shut the place down, shut the distillery down so that you can get your inventories back and they are under control.

**Lauren Lieberman**

Okay. Let's talk a bit about the global American whiskey growth opportunity. Use up all that inventory. But I'd love if you could talk a little bit more about kind of resource allocation, the markets that are most interesting to you outside the U.S. Yes, so we'll start the international story and kind of the markets that are most exciting?

**Lawson Whiting**

Well, so the international story for Brown-Forman really for the Jack Daniel's brand over the last – I mean I started 27 years ago. And back then, we were 85% U.S., 15% international. Today, it is long way the other way, where it's around 55% international, I believe, is the number and 45%. So we've already had a massive expansion into the international market. So we see – we continue to see a ton of opportunities. If you talk about Black Label because there's – I should say it this way, there are geographic opportunities and then there are brand or portfolio opportunities. And they both work together, and it depends on where you are. If we take core Black Label, while we have a big business in the United States and we have a big business in Europe, we are in the rest of the world, for the most part, Asia.

We have a decent business in Japan, but most of Asia is relatively small, particularly in Southeast Asia, places like that, places like Africa, Middle East, we've got a long runway in all those markets. And South America, Mexico, places like that have been some of the most successful markets for us in the world in the last decade or so.

So we see lots of continued runway for growth of Black Label, but then you've got the rest of the Jack portfolio, and that would range from the RTDs, which we just talked about, but the flavors, we have 3 flavors, all of which are great recruitment tools. That is one of the main purposes in life is to recruit consumers into the Jack Daniel's family of brands and then hopefully hang on to them forever.

And then the other important – and we actually – it's gotten big enough and growing enough that our super premium Jack Daniel's expressions are – have been very, very successful, too, to the point where we they made it into our earnings release in the second or third quarter, something like that because they had grown and added that much business to us. So we do see plenty of opportunity for the brand and continue to manage it in a way that we think is best for the long term.

**Lauren Lieberman**

Okay. Great. Do you want to…

**Leanne Cunningham**

Lawson, you forgot the song of the summer.

**Lawson Whiting**

Oh, I did not about Shaboozey, they were going to pay me to say the word Shaboozey up here. But for those of you that even know what I'm talking about, the #1 song in America, really the whole summer has been an almost an Anthem for Jack Daniel's. It's kind of a fun party song. So if you know what I'm talking about, great, if you don't, go, put it on to YouTube and watch that. It's the best Jack Daniel's advertisement we've had in a long time.

**Leanne Cunningham**

It's a great way to stay relevant to that — ***indiscernible*** — in newer consumers.

**Lawson Whiting**

It is, in all seriousness. I mean the challenge for any consumer brand is balancing recruitment and retention. And we're very good at retention. Sometimes it can be challenging to bring, when it is a competitive environment, how you bring new consumers into the franchise and how you stay relevant in pop culture, and that's just been one that is we didn't pay for it. It just kind of landed in our lap 1 day, and it's been a great win for the brand.

**Lauren Lieberman**

That's great. Leanne, the recent domestic distributor destocking really brought to light how challenging it can be to have visibility across the 3-tier system in the U.S. So as you reflect on the last year or so, are there investments that can be made to improve line of sight across the tiers? And if so, kind of what sort of like cost considerations might there be in trying to establish a better read on the industry?

**Leanne Cunningham**

Yes. And I'll continue to build on what Lawson said. The space we don't have a lot of visibility is in the consumer's pantry, but where we do have a lot of visibility is with the distributor. We always work, like I said earlier, we work really closely with them to understand what does their business look like and what are their needs for us to support them with as their supplier. So we have been working over the last year because if you would have listened to our fourth quarter earnings call, again, we would have said we were a bit unexpected for us that they dipped below the low end of their range.

Since that time, we've continued to work on our processes, ways of working, communications. But we don't feel like we need additional investment to get back to that level of visibility that we had. It was a reaction for them in this environment with the impact of interest rates and inflation. And then the flow of the product through the channel with the distributor. So again, for us, with our distributors, we are the largest or one of the largest suppliers in most of our distributor houses. So our health or their health is tied to our health and the other way around.

So again, we don't really feel like there needs to be more investment. It's – but we have taken the time to make sure that we have more effective communication frequency and understanding of what the business is in this really dynamic operating environment.

**Lauren Lieberman**

Okay. speaking of visibility, let's maybe shift gears to productivity and kind of get some more color there.  So Leanne, you spoke at a high level to efficiencies and improved marketing effectiveness back at the Investor Day in the spring.  But there wasn't much kind of in terms of like timing or scale, the more quantitative elements. So are there any guardrails you can offer on how we should be thinking about productivity even if it's just tangible examples of initiatives are in the pipeline.

**Leanne Cunningham**

Yes. So I'll start at the highest level by saying continuous improvement is a mindset. And I think it's something Brown-Forman has founded on, whether it be from our founder, saying there's nothing better in the market to Jack Daniel's saying, every day we make it, we're going to make it the best that we can. So that has been a mindset. It's a culture of who we are. But just to go specifically, I'll give you 3 examples.

Back in 2021, we took the opportunity to create a group, part with existing resources in part with bringing new resources in from some of the best-in-class companies around the world to create our integrated marketing communications team. To create an end-to-end process that not only let us create connect more deeply and directly with our consumers, but it also helps with the efficiency of our media spend and really tailoring that right message to the right consumer where they were.

So that's an investment that we've made that we continue to yield efficiencies with. Another acronym from IMC is our IBP process, which is our integrated business planning. And as we went through the volatility of all the supply chain disruption we had post-COVID, we wanted to create an end-to-end process, so we could understand really from the customer all the way back to the plant our planning system.  So we made investments in better systems, greater visibility to the consumer demand and streamlining that process, which created efficiencies and making sure we're making the right product and getting it to the right place at the right time.

And then lastly, I'll talk about the initiatives, if you've been listening to our calls over the last year, the increasing wood cost or the increasing cost of our barrel has been one of our headwinds from a gross margin perspective. And we strategically have been adjusting the infrastructure that supports our wood supply chain, where we have sold our mills, our wood mills, and we recently just divested of our cooperage in Alabama.

We did that and created a partnership, so we have more flexibility in our supply chain and more diversification on our supply chain, while it gives us the opportunity to focus our capital allocation on the rest of our spirits brands versus that. And it's given us a more competitive cost structure and one that will continue to yield efficiencies to us. So today, I don't have a big productivity initiative to announce to you, but please know all of our team members are back at home working very diligently with a continuous improvement mindset and looking for those next opportunities.

**Lawson Whiting**

Just to add on to that a little bit. COVID is 4.5 years ago now when it started. We are still dealing with the after effects all these years later, and we never would have said thought that, that was going to be the case 2 or 3 years ago. It's been one of the challenges for everyone to follow our company and the path that we have taken over the last few years because there was so much volatility and so much of it went way up, then the supply chain caused all these problems, and now we've been reloading and it's – it has – the numbers have been extremely volatile. But when you cut through it all or you try to step back and look at things on a sort of pre 2019 to today, it's been a heck of the business over the last few years.

Our sales growth has been outstanding. It's sort of in that mid or even a little bit better than mid-single-digit growth rate over that time period. So it's one of those where we're just encouraging everyone to step back a little bit and try to – by quarter-by-quarter, it's almost impossible to follow us over the last couple of years. But we feel pretty good about where we are today.

**Lauren Lieberman**

Great. So let's then talk about tequila. So let's talk about brand and portfolio. So you've previously talked about there being a long way to go on Herradura distribution and awareness. Brand took a little bit of a step back in '24, but you said this like mid-teens CAGR before that. So anything you're doing differently going forward given the still challenging macro just to keep making progress on building Herradura?

**Lawson Whiting**

Yes. So Herradura is one of the most important brands for this company. And as you mentioned, we have – just one of those step back to sort of pre-COVID to where we are today. It's still been in that sort of 10% kind of range. put the last quarter aside, I'll talk about that in a second. But which has been good, but obviously, there are competitors out there that have grown much faster, and we've not kept up on a share basis over that time period, although we have more recently. But Herradura, has been challenging. We obviously did not – or we have not gone the celebrity route, which it feels like every other brand in that space has a celebrity tied to it.

And that was one of those things we've had plenty of conversations behind closed doors on what we ought to do about that. But we believe Herradura is literally one of the original. It's a 154-year old brand. So it's the same age as Brown-Forman is and it has drips with authenticity and quality of liquid in the model. And we've got to find a better way to connect that to consumers. But A lot of it in the bartender world, for example, it is a great brand. People love the authentic brand. And there are – particularly in the real super premium bars across America, they don't – the celebrity thing isn't quite what they want. They want something that's real. And so we think we've got it. We just got to figure out a way to grow it faster.

As you say, our distribution and awareness is not where it needs to be and we're going to work really hard on fixing that. Herradura is a little bit different. It's much lower price. But it's a big brand, too. We've shrunk it in Mexico considerably because it just wasn't earning a margin or it wasn't even covering its cost of capital. And we've moved that use in the United States. And elJimador has done really well in the U.S. in the last 5 years, it's even grown a little bit faster than Herradura. So it's a good brand. We're coming out with some new packaging. We have new ideas, and we're going to bring an incremental push on that brand to market in the next few years.

And then the international opportunity, which I know has been sort of been talked about a little bit over the last year for the tequila category, it's so concentrated in Mexico and the U.S. But elJimador, from a 100% agave product, it's the #1 tequila in the U.K., Australia, some markets in South America. I mean it's got its foothold in some of these markets. And we just got to find a way to make it bigger.

**Lauren Lieberman**

Okay. Anything to know on the promotional environment in tequila at the moment?

**Lawson Whiting**

Well, the promotional environment in general in the United States came up quite a few times this morning. One, I can tell you, if you just go to TDS level and then Brown-Forman's even a little bit better than this, but pricing is still up year-over-year. So you are starting to see some more promotions leak into the U.S. market. Tequila probably being the one, if I was concerned about a particular category pricing because of the massive drop in the cost of the agave that opens up the possibility for brands to drop price and still have a decent margin around their product.

Now Herradura is the one we are most protective of and these brands that are up in that $45, $50 a bottle range, I don't worry so much about the promotional environment around them because those are very well high-end consumers for the most part and going from $48 to $46 isn't going to move the needle. So I'm not so worried about that, but I do – the lower end of the market is starting to show a little bit of pressure.

But when I say that, I'm talking down 1% kind of thing. It's not a – the bottom is not falling out. But when you see costs go down as much as it has, the door does open up a little bit. But net-net, the costs have come down so much that there are margins in this business, I expect are just going to improve, not just for us, but for everyone.

**Lauren Lieberman**

Okay. Great. Let me touch on the balance sheet, Leanne. So you've expressed the desire to get back to more normal levels of working capital. But I'd love to put maybe a finer point on kind of a target range. And is this like a multiyear journey or something that can be reached in fiscal '25?

**Leanne Cunningham**

Yes. And so Lawson shared, we have been on a really volatile journey since the world shut down in 2020, then consumer demand spiked. We ran into glass supply challenges. We replenished. We had spiking consumer demand. We were launching innovation. So we had a lot going on to support. And with glass supply challenges, it kind of knocked us off of what our normal alignment with shipments and depletions are.

So over the long period of time, we would say from our working capital, we've already talked about this, our barrel whiskey and our work in process. That really represents what we think our future growth is going to be. So we want to see those lines continue to grow, where we have the opportunity to optimize our balance sheet is really in finished goods and raw materials. And we've been working to do that.

I think we said that a couple of quarters ago on our call that it would take us a few quarters to work through that. We even had stated as in our outlook, it considers that we're going to have lower production volumes as it relates to adjusting the working capital that we have. Now a few things. We do have some slower consumer demand, which is going to kind of maybe take us a little bit more time to work that down on our balance sheet. But then also, we are proactively working to mitigate some risk related to tariffs. And so the different scenarios that are possible, we are making sure that we have inventory in the right places, and we're investing in those proactive scenarios.

But all in all, we've shared with you the details of how we're trying to get our working capital and reduce the intensity of that, that's on our balance sheet to kind of back to more normal levels. It will take us a little bit of time. We haven't put a specific top frame on it. We've already made really good progress when you look at a year-over-year basis, and we've got just more to go.

**Lauren Lieberman**

Okay. My next question was going to be on tariffs and kind of working through prior retaliatory tariffs was a multiyear journey. But now it sounds like you're doing some things proactively. So I guess I want to make sure I would understand, one, the working capital correction takes longer and that is related to potential tariff mitigation. So – and these are things you had not done in the past, right? So it's kind of a more proactive approach to thinking about tariffs.

**Lawson Whiting**

I'll start it and you can finish.

**Lauren Lieberman**

I don't know who knows the answer.

**Lawson Whiting**

Yes. Tariffs, look, tariffs have been a nightmare for Brown-Forman back – it started in 2018. And it came on very fast. So we didn't have any time to prepare to move inventories around or anything like that. And so it hit us pretty hard and it hit – I mean, American whiskey was really the only category of substance that got into the tariff situation. So we've looked at it back then like what happened? How did Brown-Forman find itself at the center of the global trade conversation and a tariff that cost us hundreds and hundreds of millions of dollars. So we did learn a few things that you can do, and there's a little more prep time, but it's really hard to figure out where this is all going to go.

I mean it may not come to fruition. We – it just depends on which administration is in charge and how deep and which industries they want to go after and on the other side, there are elections around the world. There are so many different countries that are having elections over the next few years that trying to predict the direction of the global trade system is very difficult and tough to do. So we're doing things like, as we said, moving finished goods into our warehouses in Europe. You get them they're ahead of time. That way, those cases are not subject to tariffs and that helps. You can hire outside bottlers and we can move bulk around. There are different things that you can do to try to mitigate. But there's only so far you can take that. It's still a very expensive proposition and one we are working very, very hard behind the scenes to avoid.

**Lauren Lieberman**

Okay. Okay. So let's – maybe to conclude today's conversation, I'd love to reflect on the double, triple, bolder, better tenure ambition that you shared earlier this year. What do you see as to be the greatest challenge toward executing on that? And where are you the most not just excited but encouraged.

**Lawson Whiting**

Look, that was really an internal thing that we tried to – we try to motivate a lot of our employees to think a little bit bigger and to make sure that we are throughout not only the supply chain but our organization preparing to double the size of the company over that time period. So we think – look, we have rearranged our portfolio, reshaped the portfolio is the term we used quite a bit in the last 10 years. And so one of the nice things about Brown-Forman is we don't really have a tail. So we used to, and it was – there were quite a number of brands in there, both wine and spirits-wise.

They were less than premium wine business is a major struggle. We've gotten rid of all that and replaced it with brands like Gin Mare and all our scotch portfolio, Diplomatico, Slane, Fords Gin. I mean there's a number of them that we have brought in. And right before COVID hit, which I know it was 5 years ago, but all of those brands were absolutely flying well in the double-digit growth land. And we think when the world normalizes and the U.S. market kind of returns back to sort of old ways, those brands are a net additive. So we've got to keep Jack Daniel's growing and growing. And as long as it grows, it's sort of growth rates that it's done in the past few years.

And then we have this rest of portfolio that's on supercharged high expectation kind of thing, the math works, and we'll easily double the size of the company as long as we continue to do that. And we've tried to give some confidence to the company even to say, look, we doubled between 2002 to 2012. We doubled again from 2012 to 2022, and we're planning them doubling again. So it's not a massive redirection or a massive increase in our growth rate that's going to take us to get there. It's just continuing to keep our head down and do the right things to build these brands for the long term.

**Lauren Lieberman**

Okay. Well, great. We have to conclude. So Leanne and Lawson, thank you so much for being here. Thank you for prioritizing the conference. We really, really appreciate it.

There's going to be a breakout, so we'll move over there, and please join me in thanking Brown-Forman.