

# **Brown-Forman Corporation, Investor Day 2024**

## **2024-03-20**

### **Presentation**

#### **Susanne Perram**

Good morning, everyone. I got to interrupt great conversation again, going to get a reputation for that, I think.

But first and foremost, I want to welcome you to Brown-Forman Old Forester distillery here at 117 West Main Street. For those of you that I have not met and for those of you on the webcast, I am Sue Perram, Director of Investor Relations. I've been with Brown-Forman for about 15 years now. But prior to that, I was actually sitting in your seat, and let me tell you the view is a little different up here. I liked it out there.

I want to welcome you to Louisville, which is our hometown and has been since 1870. And a lot of history here. And I know the scenery behind me almost looks fake, but I guarantee you, if you go and knock on the wall, it's pretty solid brick. I know a lot of you have traveled far and wide to come here in Louisville isn't exactly the easiest place to get to. So thank you for doing so. We've got people here from Melbourne, from Amsterdam, from London and we've got 17 states represented all the way from New York to California and then from Wisconsin all the way down to Florida and everywhere in between. So thank you all for joining us today and thank you to those on the webcast that are also joining us then virtually.

So as I mentioned, we are in 117 West Main Street. This is actually where Old Forester occupied offices from 1900 to 1919. We all know what happened then. So we found some other offices after that. But I hope that after being at Woodford last night, standing here in this place today. And then for the tours this afternoon, as you go to see our cooperage

and then also our campus, which is also celebrating actually 100 years that you get a sense of the history and why when you hear us talk about decades and generations and the resilience of this company, you begin to understand why.

So we are going to hold a Q&A session after all of the presentations, so you'll have an opportunity to ask whatever burning questions are on your mind, but I know there is one question right now that everybody wants to know. How do you say Louisville? So here, I want you to practice with me. Put your tongue at the top of your mouth and say, Louisville. We'll do it one more time. Louisville, there. You're all official, you're all official Louisvillans, right.

I have a few things to cover before we begin. First is safety protocol. So I get all the exciting stuff. We take safety very seriously for our employees, for our guests and for the contractors that are here with us today. So a couple of things. If there is a reason to evacuate the building, you will hear an audible alarm. You will see strobe lights, run panic. No. Calmly, we will find the stairwells, don't take the elevators. We will exit the building. There is a park at the corner of First in Washington. That would be our meeting spot. If there's a reason for us to have to shelter in place, look sunny outside, but you never know in Louisville, the weather can change like that. We get 2 seasons sometimes in the same day. If we have to shelter in place, same thing, we'll work our way down the stairs, but into the subbasement here. We'll gather outside of the employee breakroom, and we will shelter there until we are told to return. So those are our safety protocols in any situation. Please you can look to us if you have any questions.

So next, my favorite, standard investor relations greeting. I should have this like tattooed on my arm. Today's investor presentation contains forward-looking statements based on our current expectations. Numerous risks and uncertainties may cause actual results to differ materially from those anticipated or projected. Many of the factors that will

determine future results are beyond the company's ability to control or predict, and so you should not place any undue reliance on any of these forward-looking statements. The company undertakes no obligation to update these statements, whether due to new information or future events otherwise.

We've listed a number of the risk factors that you now see behind me that you should consider in conjunction with our forward-looking statements. Our significant risk factors are also described in our public filings, our 10-Ks and our 10-Qs. We also will be discussing certain non-GAAP financial measures today. These measures and a reconciliation of the most directly comparable GAAP financial measures and the reasons that management believes that they are useful information to investors regarding the company's financial results are contained in the investor presentation, all of that.

Later this morning, we're going to have a little fun with some trivia. So be sure to have your cell phones ready and available to play along for some fabulous prizes. We hope that you get a lot out of our presentations today, our management team is very excited to share our story with you as well as to add additional insights into our long-term ambitions as well as addressing your questions.

So with that, I am going to run through our agenda. So Lawson Whiting is going to set the stage today with the introduction of our make it a Double ambition. Matias Bentel will then kick off our discussion about American whiskey and he will share the important role that Jack Daniel's is going to play in helping us achieve that ambition. Jeremy Shepherd will then provide insights into our American Whiskey ambition and share more about Woodford Reserve and Old Forester and how they will further strengthen our position as a global leader in American Whiskey. Thomas Hinrichs is then going to share more about our Tequila portfolio and our Tequila brands and how Brown-Forman is well positioned to seize the opportunity in a very, very attractive category. Marshall Farrer is then going to

walk us through our bold thinking and our approach to winning with our emerging brands and our RTD portfolio and then we'll have some trivia fun.

We'll then hear from Tim Nall, Matt Hamel, Kirsten Hawley and Crystal Peterson, who will discuss our commitments to the environment, to our consumers, to our employees and then also to our communities. Leanne Cunningham will share her thoughts on the shape of our P&L and achieving our Make it a Double ambition. And then finally, Campbell Brown, will close out the presentations with his perspective on the evolution of governance, family and Brown-Forman to deliver the next generation of growth. We'll then bring all the presenters up together for Q&A.

A PDF version of the slides that you will be seeing here today, which include the presenters biographies, they will be found on the Brown-Forman website on our Investor Relations page under Events & Presentations.

So with all of that, it's my great pleasure to turn things over to Lawson Whiting, President and CEO of Brown-Forman.

### **Lawson Whiting**

Well, thank you, Sue, and good morning, everyone. It's great to be up here again. I enjoyed talking to so many of you last night. It was such a beautiful atmosphere. It was a beautiful night to be out there. I know that there were a few horses running around as we were pulling up in our car, which is always good. You got to catch that at the right time. But spring time in that part of the world or in that part of Kentucky is something quite spectacular.

Now we're here today, very different. So we own 2 big whiskey distiller but we own more than that. But in Kentucky, we've got 2 big whiskey distiller that you can visit, that one, obviously, being bringing in the authentic, the countryside, everything they did, a lot of

horse things, the Derby, everything that Woodford Reserve is about in the ultra-premium space. It's a little different here at Old Forester. And I thought I would open with just a bit of a story about how this building almost wasn't.

So Sue talked about how it was our headquarters 100 years ago. But about 10 or 12 years ago, we bought this property again. And we're going to build this big distillery. And I remember it was July of 2015, and I was coming back from Chicago, and I was going over the I-65 Bridge, so right over the river here. And I look over in downtown and there is flames and smoke as high – as far as you can see, and it was a giant fire, I had no idea what it was or where it was, but – that was too bad. Kind of made my way home. I don't live all that far from here and Campbell called me first. And then my phone literally is just lighting up with – you've got to come downtown. The building is on fire, and we got down here and looked and it was completely destroyed.

I mean, thankfully we had not really started much of the construction process yet, but it was burned other than these bricks, which, as Sue said, they're real. These are for the original part of the building, but just about everything else was destroyed.

But look, that was 2015. So what, 9 years later. Look what we have now. We have one of the best properties, I think in the whiskey business, it has been an important factor in the Old Forester brand, which you're going to see some things on later. But – it's been a tremendous turnaround of a brand, and we've really been a nice growth driver over the last few years.

So a couple of things before I dive into this a little bit. I wanted to introduce Yiannis Pafilis, who is our new President of Europe, he's taking over from Marshall. He's been with Brown-Forman for a long time, which I hope you all get a chance to introduce yourselves and talk to him. And then Mike Carr is our new General Counsel. So we announced that very recently, taking over from Matt Hamel, who is retiring at the end of the fiscal year.

So he's only got, what, another 6 weeks to go, something like that.

So – so look, today, we're going to try to show you a lot of things around Brown-Forman and our portfolio and our strategies and why we have the confidence that we can continue to grow into the future. And I think I'm really excited that you get to hear from the management team. It is not just Leanne and I doing all the talking today, and that makes my life a little bit easier, too.

So – but before we talk about the future and the portfolio and a lot of that stuff, I thought I'd do a quick and sort of fun run through history here a little bit. Because Brown-Forman, it's been 154 years. This is the last 100. But starting back in the 1920s and 30s, you would – that's prohibition at the beginning, the great depression, and then ultimately, Brown-Forman going public back in 1933. Tough years, though. Obviously, those would have been skinny years as prohibition was so difficult. 50s, 60s, life got a little bit easier. Early times, you may not know, it at that time was the largest spirits brand in the United States. We just sold that a couple of years ago as it shrunk from its old self, but that brand provided the cash flow that ultimately allowed us to buy Jack Daniel's in 1956.

Fast forward a little bit in the '80s, spreading the risk. Those were not good times for spirits. It was a good decade or so where spirits was declining, beer was taking share from spirits. And that hadn't happened in 30 years, but it was happening back then in the 1980s. Brown-Forman diversified into Lenox and Dansk and Gorham and a bunch of, quite honestly, bad businesses. It took us a little while to get out, but we did get out.

Getting in the 90s, surging ahead, that's when the spirit started to really take off again after the excise tax increase of 91%, the industry kind of bottomed out and then really started to accelerate. Those were years we were buying into the line businesses. That seemed to be the primary acquisition mode back then of buying a lot of wines that quite honestly weren't great businesses either, \$10 a bottle of wine, it's a tough way to make a

living.

Fast forward in 20 – 2010, all the acquisitions, the creation of Diageo, the sale of Absolut and Grey Goose and Patron and how many other brands, Herradura. Lots of change back then, and then it sort of stopped. There hasn't been those big transformational deals are not – at least not at the same pace that we were doing back then. 2010 to 2020 has all been about reshaping the portfolio, getting us in the right businesses. We called it building forever, but it's about building, remaking the company, remaking the portfolio so that we can stash and go forward. But ultimately, we've got something you're going to hear a lot about around here. It's called Nothing Better In The Market.

We believe now that we have the portfolio, we have the organizational structure, we have the people where we can be Nothing Better In The Market and be one of the best beverage alcohol companies in the world.

So when we say that, this for anybody that's been following Brown-Forman for a while, this chart you will be familiar with, but portfolio geography, people and investment and then you've got the supporting cast around that with alcohol responsibility and diversity. You're going to hear from today on all of this – but this has been our platform, our strategic pillars that we used for a long time, but we were trying to think of this as a couple of years ago, think of something – I call it a rallying cry for our employees. So what can we do with our employees to focus them to get them excited about the future, to get everybody behind something. And it's just – it's not all that – it's not complicated at all. In fact, great rallying cries are really complicated, but it is something that has worked so well for our company in the last couple of years – and that's called Make it a Double. So that's going to be the theme of the rest of the day. We are trying to double our operating income. It started a couple of years ago. But – the goal is to lay out an ambition, and we've gone to team, brand teams and geographies and lots of production teams, making sure that

we are organized and we've got the pillars in place to be able to double the size of this company by 2032.

Now to do that, how double, triple, bold or better. That's another line that we use quite often around here. It rolls off the tongue pretty easy. But what we mean by that is going through our portfolio, American Whiskey, we want to double the size of our American Whiskey business by 2032. And we have worked hard to make sure we've got – as I said, we've got the supply to be able to do it, but we've also got the tools and the investment levels and the work structure to be able to deliver upon that. You're going to hear more about that here in just a few minutes.

Triple tequila. Sorry, my clicker stock. Triple tequila which – tequila is a much smaller business for us than American whiskey is, but it is important. It is sizable still. We've made a lot of changes to the tequila business over the last few years to make it more profitable to get our returns up. And we think we've got it in a good place now, and you're going to hear more about that from Thomas in just a little bit.

Bolder and emerging brands. This – we've spent a lot of time talking about these in the last couple of years because it's been new but how do we have the structure to get Gin Mare and Diplomatico in particular and the scotches, how do we make sure that they are set up for success? It's a very different business than some of what we've been doing before, and we're getting into higher price points, but we want to be leaders in these categories and we think we've bought some great brands and Marshall is going to talk through that.

We're also going to talk a little bit about our TDs today. Obviously, that's been a big story of the last year too. We continue to have the Jack and Coke rollout, new mix, which gets a lot less airtime – but I don't know if you all realize, it's a 12 million case brand down in Mexico. It is huge. And it has been, quite honestly, a bit of a pleasant surprise for us, I

think, over the last decade, building that up to be as big of a business as it is.

And then better. We can't do all these things if we're not better in everything that we want to do. And we are focused on these things. You're going to hear from the 4 friends of mine here. They're going to talk through what the elements are of how we do better, but we know we need to be better for our people, for our culture, for our environment, our brands, our investors. It all works together that secret sauce that we're trying to develop, and we're going to show you how we're going to do that.

And lastly just – look these are lofty ambitions. You all are going to go back and do the math, I'm sure and try to figure out how can they deliver upon these. It is – it's not – it's a stretch, but it's not an unattainable stretch at all. It's actually relatively close to the guidance that we've given to you all for the long term. So we're excited about it. We think we've got the brands. We think we've got the people, and we're ready to get after it. So Making it a Double is something that literally has got – you will see the signs if you walk around Brown-Forman, they're everywhere. We've got people focused on it, and I believe we're going to do it.

So – with that, I'm going to leave it to the rest of the team to come up here and talk to you all today. I hope you find it interesting, and I think you'll have a great day. So thanks.

[Presentation]

### **Matias Bentel**

Well, good morning. Hello, everyone. It was very nice meeting you, many of you last night and then again this morning. I enjoyed all the conversations – for those of you who haven't met me or don't know me yet, my name is Matias Bentel. I've been at Brown-Forman for about 15 years, a little over that. And over that time, I had the pleasure of doing several marketing and also general management roles. And I serve now as Chief

Brands Officer. I've been doing that since January of 2020. And in that role, I have the pleasure of overseeing our entire portfolio and the global marketing function. But today, I'm here to talk to you about our plans to grow our American Whiskey business and more specifically about Jack Daniel's.

And American whiskey is key to Brown-Forman. Lawson said it, we all know it but Brown-Forman is key to American Whiskey as well, not just because of the history but also because of the relevance that we play in this industry. In fact, according to IWSR, Brown-Forman's RSV retail sales value in 2022 in American Whiskey was larger than the next 4 competitors combined. So it is a big business for us, and we are a big player in this business.

But it is really impossible to talk about American Whiskey without discussing Jack Daniel's by far, by far, the leading brand in this dynamic category and the brand that's driving the global expansion of American Whiskey everywhere. So, but Jack Daniel's is more than just a whiskey brand, it actually transcends the spirits category. According to Interbrand, for example, Jack Daniel's is one of the best global brands in 2023. In fact, it's the highest ranked spirits brand in this list and has been there for about 8 years.

And we were like using and showing this slide also internally because for us, it sets the benchmark. When we think about Jack Daniel's brand building, these are the brands we look up to, and these are our benchmarks and our standards. So it's very important for us to remain on this list, and we work very hard to keep Jack Daniel's healthy and vibrant so that it occupies its prestigious space in Interbrand's ranking.

Now if we look closer to our industry, according to IWSR, the Jack Daniel's trademark was the second largest contributor to RSV growth between 2017 and 2020. And that's a really important point to make because we have seen younger or newer brands grow way faster in categories that are also growing faster over the last couple of years. So to see an almost

160-year-old brand with the size and scale of Jack Daniel's perform at this level and it's really, really remarkable, and we take great pride on it. So a really important player in our industry.

And one of the reasons Jack Daniel's has been so successful is because of the breadth of its portfolio. So centered at the core, Old #7, Jack Daniel's expanding family serves multiple occasions and price points. So it can range from casual meals, high energy moments and mixed drinks to much more elevated experiences like taste to savor, discernment, gifting and collecting. Jack Daniel's products extend from about \$3 per unit on our RTD portfolio to over \$100. And maybe even more if you look into the secondary market, so ranging from accessibility to exclusivity.

Now this day is all about the future, about our vision for the next 10 years. But before we go into that for Jack Daniel's, I'd like to take a little bit of a look at the history, all the way back to 1956 when Brown-Forman acquired this brand. So this brand has seen a sustained trajectory of growth over the last couple of decades ever since then. And we see that, that was not only driven by Black Label, but also by the expanding family.

Now one point I wanted to make here because many of you have seen this slide in previous versions of investor presentations. But one point I wanted to make is how resilient this brand has been. It's been extremely resilient and able to withstand global disruptive events. And here are just a few ones that we can highlight starting with the decline of American Whiskey in the 1970s until its resurgence later; from recessions, tax increases, market crashes and more lately tariffs and COVID, this brand has always come back and get back into growth trajectory.

The other point I wanted to make is how consistent that growth has been. So if we look at different periods of time and longer periods of time, we can see that both Black Label and the family of brands have been extremely consistent in delivering sustained growth, and

that's also very important for us as we also think about the long term for Jack Daniel's.

We also strongly believe that Jack Daniel's has a clear runway for future growth. Our long-term vision for Jack Daniel's is that it will be the most iconic and most valuable premium spirits brand globally measured by IWSR. And to achieve that ambition, we have 4 strategic priorities. First is to accelerate the geographic expansion while protecting key markets. Second is to recruit the next generation of legal drinking age consumers. Legal drinking age is LDA. So you'll hear a lot about LDA while retaining core consumers. Number 3 is to capture the Super-Premium+ opportunity. And finally, number 4 is to expand occasions and accessibility with flavors and RTDs. So let's get into that.

So first, we're going to talk about geographic expansions. And why we think Jack Daniel's is really well positioned to capture the global growth of American Whiskey. And I promise this is the only more analytical slide I'll share today. So we'll be building a 2 x 2, I love them. So on the vertical axis, we're showing U.S. whiskey as a percentage of total whiskey, right? Very simple. And then on the horizontal axis, we're showing Jack Daniel's share of U.S. whiskey. And then we'll plot all the countries onto this grid, and we can see 4 distinct quadrants. The number – the box number at the top of each right – of each quadrant represents the retail sales value pool in each respective quadrant. And so on the top of the chart, obviously, you see the countries where U.S. whiskey is well developed. And starting from the left with the U.S., obviously, not surprising. And Jack Daniel's holds a dominant position in American whiskey in the U.S. market. But it's our most competitive market.

And then as you move to the right on the top quadrant, you start seeing countries like Australia, Germany, Poland. In the U.K., some of our most developed and core markets where Jack Daniel's has even a more dominant position in terms of market share.

Now you move to the bottom of the chart, obviously, starting from the left, you see coun-

tries where U.S. whiskey is less developed in countries like Japan, which is a big whiskey market, where we have just announced our own distribution to accelerate growth and gain share.

But perhaps the most important and attractive quadrant here is, as we think about the future is the bottom right quadrant. So these are all the tens of countries where U.S. whiskey is really well developed – sorry, it's really less developed, and Jack Daniel's has a dominant position on it. And this is where we see a significant opportunity for future growth.

If you calculate the RSV value in this quadrant, that's about \$28 billion in retail sales value. So here is most of our – where most of our emerging markets are. And here's where we believe Jack Daniel's is well positioned to lead the category growth and capture this opportunity.

And one reason we know that is because we look to markets like Germany, like the U.K., like Poland, and those countries provide a blueprint and give us confidence that this is achievable in the long term.

So the next strategic priority is to recruit the next generation of LDA drinkers. When it comes to consumer appeal and brand health, Jack Daniel's is really in a position of strength – in metrics like awareness, penetration and consideration. Jack Daniel's is typically the #1 or #2 brand across most key markets and most key demographics. So it's a very well-known brand, a very loved brand, very admired brand, with a large loyal consumer base. But that's not enough and recruiting the next generation of LDA drinkers is fundamental to achieve our growth ambitions. And like any generation before this one, the Generation Z or legal drinking age Generation Z is quite unique in many ways.

Through consumer research, we know that Jack Daniel's and what the brand stands for.

That's authenticity, independence and good times, resonates at really deep levels with this group, with this generation. And the key insight that we got from this research is that this generation rejects the labels that society wants to impose on them and they want to make their own labels as they seek to build their own identities, right? So that insight is at the core of our current global campaign that's called Make Your Own Labels.

And this campaign has been rolled out internationally in many markets, and has been adapted to many markets around the world. This is an example from Japan because that insight, that consumers want to make their own labels, it's truly universal and it applies everywhere. And that's the strength of Jack Daniel's. It's a universal truth.

So another way we connect with this new generation is obviously to meet them where they live, which is no surprise, the digital world. Since 2019, we have more than tripled our investments in digital media, which now account for over 65% of our total media spend. And we also leverage data and AI to customize and create content at scale. We have the ability to customize content taking into account different audiences, channels, moments in time and combinations of those to optimize. In this particular example that I'm showing here, this specific combination of the bottle placement, the serve, the copy, the ward batch and the black background has proven to perform better than other versions. Actually, almost 50% better in effectiveness of the content, delivering almost 70% in media savings because better performing content is actually driving media savings as well. So this is game-changing for the way we think about marketing effectiveness. And we are now scaling up this capability across all our key markets.

And finally, another way we connect with degeneration is by connecting with their passion points and examples like our partnership with McLaren in Formula One, which is one of the fast-growing sports in the world, our continued influence in music, are really, really important elements of our brand building model.

Now I've said many times, recruiting the next generation is very important. But at the same time, we need to retain our core consumers. They are very important as well. And we continue to invest in ways of connecting with this core consumer in our core markets. I'm going to show you our latest campaign that we rolled out just for the U.S. market. I was specifically developed for that. The campaign is called Guitar Face and it captures all the raw emotions Of living fully in a moment through the lens of Classic Rock, which is back to the core of Jack Daniel's DNA. It has been one of our best-performing campaigns in the U.S. so far. And we keep rolling it out across markets, but we're very, very excited about it.

So let's take a look at it.

[Presentation]

### **Matias Bentel**

How can you not love this campaign? I mean it's one of my favorite.

So our third strategic priority is to capture the super premium opportunity. And we know that compared – some of our competitors, we have significant headroom to grow in this segment. So I couldn't be more excited about how our portfolio looks today and thanks to amazing whiskey makers, Jack Daniel's has really transformed itself in the super premium whiskey space, through limited editions and now more permanent expressions like the highly awarded bonded series or our aged series of Jack Daniel's has reestablished its credibility in a super premium world. And now key influencers and journalists and whiskey experts and aficionados not only recognize this, but also line up to get their hands and spend hundreds of dollars behind some of these really coveted products. So we are confident that our current and future super premium portfolio will unlock significant growth for Jack Daniel's in the future.

And finally, our fourth strategic priority is to make new friends and new occasions with flavors and RTDs. Combined flavors and RTDs represent about 30% of Jack Daniel's business according to IWSR and I won't go in depth into RTDs because Marshall is going to cover that later, but I'll give you a few insights on why flavors matter so much.

So they play a key role in recruiting new consumers into the Jack Daniel's trademark. In fact, about 60% of flavors buyers are new to Jack Daniel's, but only 18% of them drink - become Tennessee whiskey drinkers, so most of them remain flavors drinker. That's really important. Flavors also expand and diversify the consumer base for the trademark because they skew a little younger, more female, which is more important and appeal to more multicultural consumers in the U.S., which is also very, very important. And finally, they are allowed the trademark to play in new occasions like casual get togethers or refreshment or with food. So these are examples from the U.S., but we have seen these trends play out in other key markets for flavors like the U.K., France or Brazil.

So to summarize, despite the recent short-term headwinds that we see in our industry, we believe Jack Daniel's has a significant runway for growth and really confident on achieving our long-term ambitions. Jack Daniel's remains one of the most iconic trademarks in the world with solid brand health and long-term performance track record with a robust portfolio that expands across multiple occasions, price points and geographies, engaging a new generation of LDA drinkers while retaining core consumers.

So with that, I'll leave it to Jeremy Shepherd, who's going to talk about Woodford Reserve and Old Forester. Thank you very much.

### **Jeremy Shepherd**

Thank you, Matias. Hello, everyone. I had the chance, I think, to meet most of you last night. For those that I did not meet, my name is Jeremy Shepherd as Matias says, and I am responsible for our business in U.S. and Canada. I have been with Brown-Forman

for 18-plus years. And like Matias, I have been lucky to work across multiple functions in multiple geographies all over Canada, all over the U.S. Most recently, I spent some time in Europe. And I've been back in this role. It will be 2 years in June, this upcoming June.

So I also consider myself to be the lucky member of the executive leadership team today because I have the chance to present 2 of our crown jewels in our portfolio, and that's Woodford Reserve and Old Forester. Of course, you all – or most of you anyway had a chance to be at Woodford yesterday. You had a chance to hear from Chris Morris. So I feel like a lot of my work has been done on the Woodford Reserve front. And then, of course, I'm standing here in our ultra modern Old Forester facility. And I know many of you are going to see Old Forester later today.

So before I get into our ambitions on Woodford Reserve specifically, I wanted to share a short video.

[Presentation]

### **Jeremy Shepherd**

The Woodford Reserve story is a story of growth from our – as Chris Morris said yesterday from our humble beginnings in 1996 to our position today as the #1 super-premium American Whiskey. We have enjoyed a long runway, 26-plus years of double-digit growth. In fact, our CAGR over that time frame is over 32% according to IWSR.

The story of Woodford Reserve is also a story of innovation and premiumization. And as Chris said yesterday, with our double oak expression, we developed a new category for the bourbon business at a higher price point. And then, of course, with all of this recognition and all the success, we've had a lot of trade recognition, a lot of industry recognition. Most recently, in 2023, both Woodford Reserve Distiller's Select and Woodford Reserve Double Oak won double gold medal at the World Spirits Competition that just finished

here this past fiscal year. And as the brand has grown in size and scale and prominence, especially here in the United States, it's allowed us to get involved in some really interesting partnerships and really, really fun alliances.

Yesterday, Lawson talked a little bit about Kentucky Derby. I'll get into that in a little bit later. But of course, we also have a really interesting partnership with Baccarat, William-Sonoma and we're doing some design competitions with New York Fashion Week among just a few of the partnership and alliances that we have with the brand.

So although we've had incredible success up to this point with Woodford Reserve, we're actually even more excited about the future growth of this brand for a couple of reasons. One, as you all know, Super Premium spirits have led growth and/or forecasted to lead growth for full proof spirits in the future. And within that, Super Premium American Whiskeys are projected to grow even faster. So the category trends are our friend with these brands.

Second, the global consumer trend around premiumization, we believe, plays really well into our pricing, our positioning and our Woodford Reserve story. In fact, here in the United States, we recently ran a study, or a consumer study. And within that study, consumers told us that when they're in an account and they see Woodford Reserve, they know that they're in the Premium+ section of that account. So Woodford has become in the United States, a signpost brand for the whiskey business.

And fourth, the U.S. is predominantly – or Woodford Reserve is a predominantly right now the largest market for Woodford Reserve. We do about 85% of our business in the U.S. And so we think the runway for growth from a globalization perspective, which I'll talk about is very, very long.

And then lastly and probably most importantly, as a company, Brown-Forman has quite a

bit of experience taking a predominantly U.S. whiskey and globalizing it internationally, as you would have just seen with Matias' presentation on Jack Daniel's Tennessee Whiskey.

So as Matias mentioned, our ambition is to double our American Whiskey business, and Woodford Reserve plays a critical role in that ambition. And in terms of how we look at future growth for this brand, I thought I would share it within our Brown-Forman strategic framework that Lawson referenced at the beginning of the presentations and look at it from a portfolio, a geography, an investment and a people lens.

For the purposes of today, I will focus on portfolio, geography and investment. You had a chance, obviously, Chris Morris yesterday, and hopefully, you had a chance to interact with a lot of our Woodford Reserve folks at this distillery last night.

First, from a portfolio perspective. This is the Woodford Reserve family of brands as we call it. And I've talked a little bit already, you learned a lot about Distiller's Select and Double Oak last night and yesterday at the distillery. We've also expanded the portfolio to include new grain recipes. And you can see our malt, wheat and rye expressions there. We've also expanded to include a craft innovation and luxury line as well. Our grain recipes help with presence and prominence in our more established bourbons markets, and our craft and innovation help us experiment with grain recipes and different wood finishes and you can see here, that's the Woodford Reserve Distillery Series, which is only available at the distillery. Our Woodford Reserve Master's collection in the middle, which comes out every year in a different format. And then luxurious baccarat expression of Woodford Reserve, which is also available for sale.

Fun fact, Double Oak was our first Woodford Reserve Master Collection offering, and as Chris said yesterday, it did so well, we made it a regular offering across the portfolio.

Before I leave the portfolio side of – I'd be remiss if I didn't talk about price leadership.

Since the inception of the brand in 1996, Woodford has been a price leader within the bourbon category and our ambition and our intention is to continue to be a price leader as we move forward.

Geographic expansion. As I mentioned, our largest and most important market, and the bulk of Woodford's business today is in the United States with roughly about 85% of the business. Even in the United States, however, there is still quite a - we believe there's still quite a runway for growth. There's lots of distribution opportunities outside sort of the traditional bourbon belt. So we're excited about continuing to grow Woodford across the U.S.

From a global perspective, our friends at the global travel retail team have done an excellent job in starting our globalization journey, and they are currently our second biggest business unit, introducing Woodford Reserve to consumers across major cities across the world.

And then our other divisions, our European division and our emerging international division, Woodford Reserve is an important part of their emerging brands program. And for those of you to recall, the emerging brands program at Brown-Forman is a small, dedicated group of people and resources that focus on a smaller subset of our brands to bring them to life across the United States and the world. Marshall is going to talk a little bit more about the emerging brands group. But the important thing to remember as you think about globalization for Woodford, Woodford Reserve is a primary or an important component of that emerging brands group all across the world, whether you're in Asia, whether you're in France, Germany or the U.K., for example.

From an investment perspective, we are investing more behind the consumer than we ever have with our world-class spectacle for the Census campaign. The creative is both liquid and bottle focused, ensuring that our packaging, craftsmanship and flavor profile

are ingrained in the minds of consumers all across the consumer touch points. From a consumer touch point perspective, media, we're investing, as you would imagine, heavily behind social, digital and broad reach media.

From a partnership perspective, we are the presenting sponsor of the Kentucky Derby, just to give you a little bit of statistics last year during the Derby, just the weekend of Derby for the work we did with NBC and the advertising that we conducted and the on-site activations and the live feeds on NBC, we reached over 200 million impressions. And we expect those impressions to be even bigger, you have upcoming May weekend with the 150th running in a very special Kentucky Derby coming up.

As Chris, I think, did a really, really good job last night. Occasions is a very important part of the bourbon business, and you can tell, hopefully, by last night that one of the occasions is food that we're focusing on with Woodford Reserve. And on a side note that Cheesecake last night, I was trying not to eat it, but it was really good. But also beyond food, fashion, and we've – like I said, we've got a design competition that we're working on with the New York Fashion Week folks. But from an occasion perspective, I thought a fun one to share and you would have seen it last night in our facility is we have made a commemorative of 150th Derby bottle that will be available for sale right away, and we expect that to sell and sell very quickly.

And lastly, and not least, as the brand continues to grow and become more prominent, it is very important that we take the spectacle for the census campaign, and we deliver it all the way through to the retail and point of purchase. And you can see there a picture of a larger spectacle for the census display and sort of a visual representation of what the displays will look like in larger bourbon markets. So for example, here in Kentucky for the upcoming Derby, that would be a sort of a typical display that we will be putting up to tell just Othe world the story about Woodford Reserve.

And here's the ad.

[Presentation]

### **Jeremy Shepherd**

So you – as you can see there, a very flavor and packaging focused ad. So hopefully executed from our perspective in a very premium way, and we're very excited about that campaign.

So as you can tell from last night, and hopefully, as you can tell from hearing me today, Woodford Reserve, we are very excited about the future growth opportunities for Woodford Reserve. From our humble beginnings in 1996 to our current position as the #1 super-premium whiskey in the world, we believe that the trends and our opportunity for global expansion play in our favor and that we will take our rightful spot as to be one of the top 10 super premium spirits in the world as we look to double our American Whiskey and achieve our Double our Business ambition over the next 10 years.

Before I pass to my counterpart, Thomas and who will talk about the tequilas, I wanted to take a couple of seconds to talk about Old Forester. So first and foremost, I really do hope that everyone – or most of you are going to have a chance to do the distillery tour after lunch. Believe me, the tour guys and the people that we employ here will do a much better job telling the story than I will. But as we are here in the facility, I thought it would be remiss if I didn't give you a couple of slides on Old Forester and some things to think about as you do the tour later this afternoon.

So 3 key things from my perspective. One, and was already mentioned earlier today, but Old Forester is actually the founding brand of Brown-Forman, and we're actually standing in the original location of our original offices over 100-plus years ago today. Second, it's the first bottled bourbon, and I'll get into that detail over the tour but this fact gives

us incredible credibility with the trade and bourbon aficionado as being the first bottled bourbon. And probably most importantly, Woodford – Old Forester, sorry, is on a renaissance of growth. It's grown about 18% over the last 5 years or high double digits is probably the better way to put it.

And here is our portfolio. And when you think about Old Forester, I think the other thing to think about it's been on a premiumization journey. It's probably starting 10 to – 8 to 10 years ago, starting with our core 86 and our 100 proof expressions. We took our price up pretty significantly to pull it out of the standard pricing and move it up into premium pricing. We changed the packaging and you can see the new packaging there. And then about 5 years ago, we launched our Whiskey Row series which gives us incredible credentials to tell the story and the history of not only Old Forester itself, but also bourbon in Kentucky.

And then about 2002, we have our birthday bourbon bottle, so Old Forester Birthday Bourbon, this product comes out once a year, it sells out in minutes via lottery. And we have people lined up around the store to try to get it. And so it's been an exceptional addition to the portfolio. And then for those of you that are Hollywood fans and hopefully you like the Statesman movies, we did a nice association with the Statesman folks with our own Old Forester Statesmen bottle. And then, of course, just like Woodford Reserve, we have distillery offerings as well.

So with that, we are incredibly excited about the current state of our American Whiskey business but honestly, we are even more excited about the future growth and future potential of these brands as we look to the future. The categories are in our favor. The consumer trends are in our favor and they're just wonderful product with authentic stories that taste very, very good.

So with that, I'll pass it over to my counterpart, Thomas Hinrichs, will talk to you about

tequilas. Thank you.

### **Thomas Hinrichs**

Good morning, everybody. Very nice to see you again, and I truly enjoyed last night's dinner and be able to get to know some of you a bit better. And my name is Thomas Hinrichs, and I am with the company the exact number of years than what Woodford – when we brought Woodford to market. As I was reminded yesterday by Chris. In 1996, I joined.

Today, I'm the President of what we call the Emerging International Division, which is 1 of 3 and for that, I was in Japan last week where we had our exciting go-live event, which is something that we do when we are getting ready to Go Live which is on April 1, which is a truly exciting moment for all of us to see our team come together to get them oriented, to get them on the road to sell our products in Japan beginning of April, one of the large whiskey in RTD markets, I'm sure you are aware of that.

So – but today, I'm here to talk about Tequila which is equally maybe even more exciting because the tequila world has changed so much. And I will bring this a little closer to you and would like to speak about our ambition in the space of tequila. Let me start with a little bit of broader context.

The tequila category has been the fastest growing for a number of years. If I just go over the last 5 years, it's been growing by 18%. Globally, the U.S. is around the same number, and it's been forecasted to continue to grow double digits, which is, by the way, 3x faster than TDS, looking back and looking forward. We're also very excited about the pricing dynamics because over the last 10 years, a lot has happened to this category and the premiumization of our portfolio, but the entire category has been very notable. And the 2 better price bands that are driving this growth are Premium+ and ultra-premium, which is very exciting for all of us.

And it all comes and it's a bit of a chicken and egg, the versatility of the tequila world has changed so much. There's so much more talk about it globally. Celebrities are picking up on us and are further propelling the awareness of tequila. At the same time, we see the ways of drinking, the drinking occasion and all of this has changed tremendously and is leading to that what we see today, the nice premiumization of the tequila world, and the many more consumer groups that we are finding, enjoying tequila. By the way, Margarita is still the #1 brand call in the U.S. and in Mexico, and it's the #3 brand call around the world. So that – just wanted to counter that a little bit that there is still all that still going on, which is nice to see.

So the last point I'd like to make here is on the improving economics. In 2022, the kilo price of agave was in excess of MXN 30. Today, we are down to MXN 12, MXN 11 for the same, which gives us a lot – a whole lot better economics, as you can imagine, and that is also helping to propel the investment and the category to further grow.

Speaking about us coming a little closer to Brown-Forman. And we bought Casa Herradura in 2007. And by the way, – when I think about Old Forester, the founding whiskey of Brown-Forman and Casa Herradura, they both started their businesses in the same year, 1870. Since then, craftsmanship tend to making tequilas and all that is going from harvesting to the production to the bottling all that still plays an incredibly important role to Casa Herradura and how we make our tequila in Mexico.

Herradura is an exceptional liquid. I hope you had a chance to try it or to taste it. It has collected around 150 accolades over the years, which is phenomenal and just shows our tequila making credentials and qualities that we have there. And by the way, Herradura has been the inventor of Reposado 50 years ago as an as a statement to see how innovative the Casa Herradura production place has already been.

So – with all of that, Tequila has been a great addition to our portfolio. Speaking of the

2 brands and trademarks we have, Herradura and el Jimador, both are 100% agave products, of course, and playing in the Premium+ and in the ultra-premium segment. and have, of course, offerings in the place of Blanco, Reposado, Anejo, Anejo Ultra. And in the case of el Jimador, we have entered the RTD space. and Herradura is, of course, going into the prestige and even higher price ranges with offerings we have.

We feel confident about the portfolio we have and where we stand at the moment. That leads to our ambition. Within the Make it a Double horizon, which leads us – takes us to F '32, we want to triple we want to triple the tequila business. And in the next couple of minutes, I will give you a couple of reasons why we think this is possible and how we want to do it. Because, first of all, there's a lot of headroom in the space of tequila. And we have laid a great foundation with where we are today.

And thirdly, here is we have a road map that is very clear, that is very simple that will take us to where we want to be tripling our tequila business in this horizon. And let me start with the first one of the 3, premiumizing our portfolio has been a topic, and it will continue to be one, and it will – we will continue to premiumize in particular, el Jimador. Today, it sits comfortably in the Premium+ segment. And this is not only a result of taking price and it is also the result of revenue growth management activities that have accompanied our frontline price increases.

Creative, of course, we are living in the world of consumer creative imagine, and we have 2 world-class creative campaigns for both brands that are playing off our tradition, our quality and are executed in, of course, a relevant way, depending where you are in the world and what trademark or what brand we are talking about. We are feeling very good about what we have and we pay a lot of attention to finding the right way, the right cues, doing a lot of research and have the 2 campaigns that you may have heard about, reserved for everyone, el Jimador and the extraordinary awaits is Herradura.

Bottles and packaging cues are important too. I think we all know this, and this applies to the premiumization journey of tequila as well. And so what you see here is the tequila bottles, our new bottle that we have for el Jimador that we are bringing to market in the next 12 months. So you get a little bit of a preview of that already here, which nicely reflects the continuous premiumization of el Jimador in how we carry and we bring the liquids to market.

And lastly, innovation, product extensions, product evolution will continue to play an important role in the tequila space. Because what we have learned over the last couple of years is that we find many more occasions, many more consumers that will enjoy tequila, and that will drive us further to experiment, to bring RTDs to other markets to bring Cristalino's expressions into more markets and in the case of Herradura, of course, to really experiment with limited and with smaller and with high-end expressions. So net-net, our portfolio will certainly further evolve over the years to come.

Moving on to the geography and how that is going to look like. The U.S. will continue to be the core anchor market for tequila. The forecast is that we will continue to see this growth that we have seen to a slightly lower extent, but there are good chances if the trajectory of the tequila category will continue, the tequila in a couple of years' time will be the largest high-proof category in the U.S., larger, riskier and larger than Vodka. Think about that.

We have a lot of headroom, we believe, given we have a relatively small market share still. And we see a lot of, how would I call that, possibilities in distribution and awareness building that we will focus on when it comes to the U.S. When I think about Mexico, the homeland of tequila, we will continue our premiumization effort, and we are focusing on the next generation of tequila drinkers. We do want to capture them with what we do, and there's another new group coming and we will always favor value over volume in this

very competitive market space.

Coming to the rest of the world, which is quite exciting, too. There's a lot of vibe wherever you go about tequila, tequila becoming the next gin and this type of stuff. So it's not showing yet in the total number of depletion, but it's coming. The vibes are out there, and we are well positioned and prepared. When I think about el Jimador, it's there. We are already the #1 100% agave tequila in the U.K., in Australia and Colombia which gives us hope that we will find many more markets over the course of the years, where if you think about Jack Daniel's and Woodford, el Jimador is our way to enter the market, followed by Herradura once the market and the way is paved a bit.

So in the space of investment, the third pillar of our road map, just wanted to say and remind us, we have announced a \$200 million investment last year into our production expansion. That is, of course, to support the global growth that we are expecting to triple our business at the same time, which goes a little bit hand-in-hand, investments have gone into water recycling and treatment, which has to do with the increased output of production. We have to do more along those lines. And so – which is a strategic investment and commitment into this category into our belief, what we can do.

At the same time, we will continue to invest into our trademarks and brands, of course. We will continue and consistently further invest there. We will invest into the creative side and the way we bring it to market and will also – will always – the heritage, the authenticity, the craftsmanship. And when you think along this, that will always play a role for our great products and the way we produce them, we make them, because we think it's distinguishing us from many others. And of course, we will make it in a very relevant way with all the new consumer groups that we find around the world.

So to sum it all up, first of all, we know category of tequila is very attractive, it's very hot, heavy and growing fast. We feel, we believe, we are confident we have the portfolio

that's needed in order to capture and seize the opportunity and to play a role in it. We have shared with you - I just shared with you the road map we have, which we feel very confident about. And we have teams around the world in the U.S. and everywhere else to go after it, which fills us with excitement as a little by little, it's going there. And with that, we would say we are on our way to triple our tequila business by F '32.

With that, thank you very much. Was able to - hopefully was able to show some of the excitement here. And I'm happy to hand over to my colleague, Marshall Farrer.

### **Marshall Farrer**

Thank you, Thomas, and good morning, everyone. I'm Marshall Farrer, and I'm the Chief Strategic Growth Officer. And I've been with Brown-Forman for about 25 years, and I'm also a fifth generation family member, and I'm joining you from London today.

When we think about being bolder, we think about winning with our emerging brands and our RTDs. And we believe that these parts of our portfolio are going to help us achieve Make it a Double. And they're also not only going to help unlock this portfolio but we're going to diversify into new occasions and new geographies. And the access that that's going to bring us is going to unlock a lot of opportunities. So I'll walk you through that a bit, but it's about expanding our capabilities in order to achieve success in these areas.

And so first of all, I think about an emerging brand. And the concept here defines the life stage of a brand, not its end state. And so we look at these brands and we figure out what do they need for success now. And so what we're doing in certain markets where we feel the priority is there, is that we are putting dedicated resources in terms of our people around them, and then we're also taking financial resources, our A&P, and we're circling around that for at least 3 years. And so I'll give you an example of how this is starting to play out.

So Old Forester back in 2018, joined the U.S. Emerging Brands Organization and when it joined there, it was 200,000 cases. And it came out of there, just last year, we graduated it into our primary sales organization, and it is now at 500,000 cases which is quite a remarkable growth over that period of time. In that same period, it became a top 15 American Whiskey brand. And so the focus around the resources in the organization really began to pay off for that.

Now a brand's size or importance in a given market will vary. And so tequila is one of those, where we treat it very central in Mexico and the U.S., but in most of the rest of the world, that's considered an emerging brand. And so another great example of success in treating it that way is in the U.K., where now el Jimador accounts for every 1 in 5 serves of tequila in the on-premise. And so quite a remarkable growth there.

We've also aligned our RTD portfolio to the best brand market combinations. And so new mix, for example, in Mexico, where it has tremendous potential and continues to be a really big brand. But then we think even broader and globally, when we look at our Jack Daniel's and Jack and Coke offering, and so we're targeting those opportunities, but it's all about the growth in the capabilities.

So as we get there, we've got a few ways that we're going to a next slide – that we're going to do that. And the first is by unlocking new occasions. And so I'll talk to you about a few of those, one of which a great example is the Aperitivo and in Italy specifically. The Aperitivo occasion in Italy is worth about USD 5 billion. It also accounts for about 1/4 of the drinking occasions in Italy. And we now have a very strong portfolio to take advantage of that, most notably through Gin Mare and the Mare Tonic, which is a primary drink to be enjoyed by Italians there and one that we're broadening around the world.

Also celebrating. So I think Thomas made mention of the Margarita and it's importance, it's America's #1 called cocktail, and it is gaining relevance and call around the world. El

Jimador is proving to be a perfect tequila to access that celebrating occasion and to go into margaritas. And so we're unlocking that opportunity everywhere.

And then our RTDs play in what we call the occasion of sharing with friends and that's about bringing groups together in a more casual setting in order to share. And we have what is emerging to be a global leadership there with Jack Daniel's and Coke. So also, though, by accessing new consumers. And so really, quite interestingly, as we looked at the first year of bringing Jack and Coke to the market, we learned that 80% of those shoppers we're new into the Jack Daniel's family of brands for that last year, meaning that 80% of those Jack and Coke consumers had not made a purchase in the Jack Daniel's family of brands in that past year. So that is providing an enormous runway for us to introduce our trademark to either new or lapsed consumers.

And then as we also look at our emerging brands, the 2 new categories that we've taken larger stakes in, which are gin and rum, 50% of those consumers don't consume whiskey. We now have the right brands to be able to reach those consumers and we're quite excited about that.

But we're also doing it at premium price points. And so that is a big part of the journey, and I'll give you a couple of examples here. So in our malt portfolio, we have a fantastic but very small brand called Glenglassaugh and we recently sold one of those casks for very healthy multimillion-dollar sum, and we have more of those opportunities ahead of us. In the Czech Republic, historically, a very strong Finlandia market for us. We obviously have divested Finlandia but we more than replaced the lost brand profit with Diplomatico which has a very strong presence there and has only strengthened that market and even allowed us to bring Slovakia in.

And then RTDs. So without question, they provide a more accessible price point for consumers to come in and enter the franchise. However, they are priced at 2x to 3x the

average price of beer category out there. So they still offer a very, very premium opportunity out there. And then I'll just add – I mean, look, we're in the right categories now. The portfolio reshaping work that we have done has really put us into the longer-term growth categories ahead. And so we are in 5 of the 6 categories that are going to be driving growth in Super Premium spirits going forward. And we have healthy positions in those categories. So we like where we are.

So – you've heard about doubling American Whiskey, a great bold ambition, and you've just heard about tripling tequilas which is also a bold ambition, but we're going to do even more when it comes to the emerging brands, and we'll grow it more than 3x the growth on these. So we're very excited there. And then with our RTD, we will become the #1 supplier for cocktails and long drinks globally. We're very much looking forward to that. And – we're going to be doing it through 3 different steps here.

So first of all, we'll be reshaping the portfolio behind the capabilities. So these enhanced capabilities are vital. And for both RTDs and the emerging brands. And as we roll them out, we will gain even more momentum with them and it'll open up the globe.

So portfolio reshaping. Premiumization continues to be global trend of significance, and it's one that we have aligned our portfolio to be best suited to be able to capture the momentum behind. Route-to-consumer. So we are investing in our current route to consumers and our current distribution businesses to make them better, to be able to handle things like our emerging brands and our RTDs help us reach the right consumers in the right occasions.

And then we're establishing world-class alliances, which I'll talk about a little bit more, and those are really unlocking new incremental growth opportunities for us.

So if you step back about 10 years, Jack Daniel's, North America, very, very core to our

strategy. We had a broader portfolio with several brands that weren't really driving a lot of growth, and we went about to go reshape that and to open up a lot more opportunities for us. I'll give you an example with Woodford Reserve.

So if you go back to 20 years ago, it was an emerging brand before we even had emerging brands division. We've grown that to the point now where it is 1 of only 7 brands in the world with a retail price point greater than \$25, selling over 1 million cases. Joining one of its other stable mates and Jack Daniel's with that. And so that careful, focus and planning behind it really led to some amazing growth.

We've added the malts into the portfolio. We love this portfolio, a great addition, and we're really starting to unlock growth. If you look at the work that our team out in Asia has done since the acquisition back in fiscal '17, they have grown the malts business more than 6x, and we still have lots and lots of opportunity out there. We brought in Diplomatico and Gin Mare, 2 fabulous Super Premium+ brands. Overnight, catapulting our European business from the #8 Super Premium+ supplier to the #5, dramatically enhancing many of our end market capabilities.

And then Jack and Coke, which has really evolved from being an RTD that allowed us to participate in select markets to now being a global trademark that we think we can roll out anywhere around the world. So a big step change in those capabilities behind the portfolio.

Okay. So when it comes to the RTCs, I want to first talk about our own distribution businesses. And so we have been furthering the capabilities that exist within those distribution companies so we can be better at these segments of the business. And so with the emerging brands, in the U.S., in the U.K. and Germany specifically, the 3 highest priority markets for growth there, we have established emerging brands divisions within the sales force and that accounts for about 150 dedicated personnel and their job is to go in every

day focused on the emerging brands, and they're walking in the front doors of many of these accounts.

We also ring-fenced the brand investment for 3 years. And so we want to make sure that at that critical formational stage that these brands have what it takes, and we're not taking away from a plan, we're actually committing to a plan and seeing it through. And it's making a really strong difference. So that's something we will keep up with.

Now owned distributions. So we have been expanding that. You've been following the news on there as we go. And a lot of the portfolio reshaping has enabled that. So in Taiwan, for example, the malt acquisition brought GlenDronach, which has a very strong position in the Taiwanese market. It is our largest brand today in Taiwan, and we were able to create an owned distribution business on the back of that, which is going to enable more growth for Woodford Reserve and Jack Daniel's as we go forward.

I mentioned the Czech Republic earlier, bringing in Diplomatico to the portfolio took us from having 6% share of super-premium spirits in that market to having 24%. So a dramatic change from a brand that has a big impact. But more than that, it also allowed us to bring in the neighboring market of Slovakia and leverage all the great capabilities in Czechia to another market right next door to take advantage of even more opportunity there.

Thomas had mentioned that in only a few days time, we will be hitting the streets of Tokyo with Brown-Forman Japan. This is one of Asia's most important and most premium spirits markets out there, and we are really excited about applying the focus behind our whole portfolio in Japan.

Italy, the most recent news as well. So Gin Mare is the leading super-premium gin in Italy. It has doubled our business in Italy by bringing it into the portfolio. And today, while we

are spread across 3 different distributors, we will consolidate our portfolio behind Brown-Forman in Italy and take advantage of a very strong portfolio, including Jack Daniel's and Diplomatico.

And then leveraging these capabilities within our own RTDs. And so Mexico, for example, we have an almost 12 million case RTD brand in New Mix, having just about 40% market share there, and there is still lots of untapped growth there. But we're able to use our own distribution there to take a really strong leadership position, and we will continue that.

Another great market in Germany, which is also our own distribution company, Jack & Coke is the leading RTD there. And it has 16% market share, which is more than 3x that of the next competitor. And in the past year, we almost doubled the rate of sale behind that. So we have excellent capabilities in those markets.

And then one other market would be Australia, where yet again, Jack Daniel's has the #1 RTD in the market behind our own distribution businesses. So these are examples where we can go out and win, and we have a lot more that we can bring behind those. World-class alliances, and simply put, Jack Daniel's plus Coca-Cola equals competitive advantage.

Just over a year ago, we did not even sell any RTD in Japan, one of the largest RTD markets in the world. We simply didn't have access to the capabilities that were required. You fast forward to today, it is our third largest market in the world for RTDs. We've accessed the capabilities. And by the end of 2025, we will have rolled out Jack & Coke in at least 42 markets globally.

Scale. The red army brings scale, specifically in markets where we don't have the scale and the capabilities to access. And in the first year, for the 14 markets that we did go launch through the Coke system, we achieved a minimum of 75% weighted average distribution.

These are very strong gains to be able to go. And when you think about the additional markets that we have to grow it, it will be very exciting.

Halo effect. We are jointly investing behind the Jack & Coke trademark and that is obviously growing it, but that has a halo on the Jack Daniel's trademark, and we specifically think about emerging markets where we can introduce a lot more customers at a more approachable price point and we can drive a lot of in-store visibility to the Jack Daniel's trademark. It has a halo on the brand, and we're excited about that.

And then I would say optimization. So without question, there are opportunities for innovation here. And we will be carefully assessing innovation as we go forward on the heels of tremendous capabilities that we've gone and established, but also, obviously, supply chain optimization, and there'll be work there where we can get better in that area.

So I also want to point out that in the U.S., we have a totally different opportunity here, and we use Pabst Brewing Company as a partner. And that gives us access to more than 2.5x the accounts that we can legally access with Jack & Coke spirit-based product. So it opens up a whole another world. Different capabilities are required to succeed there, and therefore, we've established a partnership with a partner who has those capabilities. And we have grown significantly, from about 21% weighted average distribution to about 48% today since we started that partnership. So it's been quite successful for us.

So look, we have a reshaped portfolio. We have route to consumer capabilities that are expanding around the globe and they're catering to our portfolios. And then we've gone and we've established really powerful strategic alliances. And these are going to lead to bolder growth globally, and they're going to help us access new consumers and occasions, and the outcome is going to be growing even faster with our emerging brands, and we're going to end up being the #1 supplier globally in long drinks and cocktails. So we're quite excited about the future.

Thank you very much. And Sue, I think I'm going to turn this over to you.

### **Susanne Perram**

Thank you. All right. I promised you fabulous prizes. I have fabulous prizes. So get your phones out. Go to cahoot.it or you can scan the QR code that you see up on there. Let's get ready to play. All right. We're getting some names shown up. Members of management, you may not play – although maybe I want you to play, see if you know the answers to these questions. All right. And another few seconds here – 10 seconds, get yourself logged in. Here we go. All right.

Drum roll. First question, please. Is that really a drum roll? All right. What year did we become publicly traded? You get extra points for being fast. All right. So 1870 was our founding, right? Correct? The correct answer was 1933. Who is our leader board? We've got a couple. All right.

Next question, who was paying attention on the tour last night. What is the mash bill for Woodford Reserve Distiller Select? I hear fast fingers, somebody was paying attention. Yes, 72% corn.

Question number three. You haven't been on the cooperage tour yet, so this is a little unfair. But how many staves do those amazing coopers put together into a puzzle? They're not all the same shape nor size. They have to assemble them. How many are in a barrel? Yes, 31 to 33. Those are some pretty amazing coopers. You'll see them this afternoon. We've got a change of the leaderboard, Tim, Chris coming to the top.

All right. Here we go. Brown-Forman has offered products other than one in spirits in our history, which one have we not offered? That is right, disco balls. Although Louisville is home to the disco ball. Omega Mirrors makes disco balls still to this day. They made 90% back in like the '80s but still make them today. I think they also have the largest disco

balls. All right? Who's moving up? Chris, Howard and Trey are on the platform.

All right, this is our last question. The 150th Derby, how many mint juleps are we going to serve over the 2 days of Oaks and Derby? Very nice. 120,000 mint juleps will be enjoyed. I hope each every one of you get a chance to try one. Yes.

All right. Here we go. Here's our [ platform, lando ]. Good job, good job. Howard, nice. And I don't even know who it is. Chris. All right. Oh, there's Chris, awesome. All right. Chris, come on up. You get your choice of fabulous surprises first. And then Howard, for you, there you are. And then Chris, come on up. Yes, you can't peek.

All right, Howard and Chris. Thank you all very much for playing. With that, good job, everyone. Thank you. A little brain refreshment.

I'm going to now turn things over to Tim, Kirsten, Crystal and Matt.

### **Timothy Nall**

Thank you. We got spread out. So welcome, everyone. My name is Tim Nall. For those that I haven't met, I am the Global Supply Chain and Technology Officer for Brown-Forman, which means one thing in the next presentation is we will have absolutely no sizzle reels because we are not the exciting group, we are the informative group.

So we have lofty ambitions, double, triple, bolder, and now what we're going to discuss, better. So we understand, as Lawson spoke at the beginning that you cannot achieve these lofty ambitions, these lofty long-term ambitions without a very strong organization underneath you. Now as a group of investors, you're able to assess the health of an organization using various means. You can have meetings like this, you can look at annual reports, you can look at proxy statements. But how do you really assess the health of an organization underneath the bottom line?

So we describe this work as living our spirit of commitment so that we can make, market and sell beverage alcohol for generations to come. Now these have 4 pillars that I'm going to talk about today or I'm going to talk about one, our environment or our commitment to our natural resources. Matt is going to talk about our consumers and the importance of responsible consumption. Then we're going to move on to Kirsten, who is going to talk about our employees and how we maintain an inclusive work environment. And finally, with Crystal, who's going to discuss our communities and being good neighbors in everything that we do.

Now we had a little bit of trivia, but one other piece of trivia is Brown-Forman has been on the environmental sustainability journey for a very long time. It really began in 1870 when George Garvin Brown first put Old Forester and a sealed glass bottle that could be reused. Now when you consider this reuse or the modern term recyclability, he was, in fact, the first distiller to promote environmental sustainability. We continued this work into modern times with our commitment to our Chairman's Conference on Sustainability in 2004 and then the formation of the Corporate Responsibility and Environmental Performance Group in '05. This led to our first set of public environmental sustainability goals in 2010 and then a revised set of environmental sustainability goals in 2013.

Now this landscape, the environmental sustainability landscape, has changed over the years, particularly as climate change has occurred. Now of the top 10 risks cited by the World Economic Forum Global Risks Report in 2023, a bit of a mouthful, 5 of them are environmentally focused. We also recognize that the investor community has firmly signaled its expectations of transparency and disclosure. Because of this increased focus, we recognized the need for a larger commitment. And so in 2021, we announced Many Spirits, One Earth that really restated our pillars and led to some more lofty ambitions within the realm of environmental sustainability. We have ambitions in 2030, 2040 and 2045. We are continuously working against these objectives and have several initiatives

in place to ensure that we are always moving forward. We recognize that our targets are ambitious, and we remain committed to them to help us make it a double for generations to come.

Thank you. On to Matt.

### **Matthew Hamel**

Thanks, Tim. I'm Matt Hamel, I'm General Counsel and Secretary of Brown-Forman for the last 16.5 years and the next 6 weeks.

Alcohol responsibility is one of our core strategic pillars. You see in this graphic, and it has been for years, long before the acronym ESG gained common currency. So we feel very proud to be a leader in this field. The question that we have to ask is why? Why would we put alcohol responsibility at the core when we're in the business of selling beverage alcohol?

Well, specifically for that reason, it's important to us that every interaction with a drinking occasion that involves our brands is a pleasant one for everybody concerned, whether they're drinking or not. And an emphasis on alcohol responsibility helps to ensure that, that would be the case in a world where our industry is under scrutiny and where a safer drinking environment and culture is so important, and you read about the nail polish that women have to use to ensure that their drinks have not been spike and all the rest, alcohol responsibility is absolutely critical.

It's not only our consumers who care about this and whom we care about, our business partners care better as well. Our employees consider it a very important part of our corporate culture and of their experience here. Governments and NGOs, of course, have their eyes on us and we want them to understand that we're leaders in this space, community organizations, et cetera, et cetera. It's – there's sort of a plank and a strategy that

you really can't be without.

It aligns with consumer trends. You've heard a lot about premiumization today. The more expensive the drink, the less of it you can buy. There's a growing low and no alcohol wave these days as a more general social focus on health and well-being. And it's well documented that Millennials and Gen Z drink less than their elders. And they're also more, generally, socially, environmentally and health conscious, and alcohol responsibility feeds into all of that. This is also an important element in the labor market and the competition for talent. Prospective employees, we know this, we ask them, they tell us, love to see all of the things that we do around responsibility.

We twin responsibility with rights. That's a general matter of first principles, and it's certainly the case in our industry as well. We have the right to sell the products that we sell. We defend them vigorously all over the world and our initiative around responsibility is part of that defense, an important part in respect of WHO, other NGOs, attacks from the beer industry claiming that they're healthier, et cetera.

How do we execute against this? Well, our responsibility is part of our culture. We have all kinds of plans and programs internally, including training out of the box, that leaders can share with their teams around the world. And we do the same thing with our partners, our distributors, bartenders, major accounts and all the rest in order to ensure that alcohol responsibility is front of mind in every interaction with alcohol, with our products.

Kirsten?

### **Kristen Hawley**

Thank you, Matt. Hello, everybody. My name is Kirsten Hawley. I'm the Chief People, Places and Communications Officer at Brown-Forman. We do like long job titles here at times. I've been with the company for 27 years. And today, I get to talk to you about our

culture of inclusion.

So what's interesting is 65 years ago, Brown-Forman published its first-ever company creed. And in this creed, we laid out a series of promises we make to a variety of stakeholders. That included employees. And what you'll see on the slide here are the words of the promises we made to those and continue to make to those who choose to come build their careers here. You'll see that it says the company promises to provide a good place to work, opportunities for recognition and reward, and a favorable climate for individual growth and development. We still believe in this commitment today because we believe a meaningful and inclusive workplace leads to better performance.

We want to achieve 3 things when it comes to our employee commitments. And the first is we want to make sure Brown-Forman is attractive and welcoming to the very best people. And the very best people means it doesn't matter where you were born, where you are from, what you look like or who you love. We believe today what Owsley Brown II said over 20 years ago, which was by better understanding each other, we better understand our consumers, and both our workplace and our consumers are an increasingly diverse group.

So who are these people at Brown-Forman? We've got about 5,600 of us. 3,700 are in our salaried ranks. Any numbers I share from this point forward are about that salaried population. We employ people all over the world, and roughly 2/3 of us work overseas in our international markets and the remaining 1/3 work here in the United States. It is a reflection of the globalization of our company. We are well balanced across gender. And when you look at our senior leadership roles, 40% of them are filled by women, 60% are filled by men. 80% of our population is white, 20% are people of color. The reason this matters is because representation is an indication that we welcome diverse points of view and perspectives, and we are welcoming to those individuals where they can belong and

contribute.

The other thing we want to do with our employees, in addition to being an attractive place to work, we want great people to come here and stay and build great careers. People do stay here long enough to perform and contribute. Our global annual turnover is a mere 5%. Our new hires have best-in-class engagement scores and our leaders are long tenured. Long-tenured leadership matters because it's about stability, it is about depth of experience, it is about a talent pipeline.

And lastly, we want to instill a strong sense of pride in brand Brown-Forman. People work harder when they are part of an organization they're proud of, and there's lots to be proud of when it comes to brand Brown-Forman. We have been recognized as a Great Place To Work in multiple markets around the world. We've been recognized as one of the world's most ethical companies. The Wall Street Journal has said we are one of the best managed companies, and we are also a great company for future leaders. We are the place where you not only belong to something better, but you can then deliver Nothing Better and as we achieve our Make It A DOUBLE ambition.

With that, I'm going to turn it over to Crystal Peterson.

### **Crystal Peterson**

Thank you, Kirsten. And hello, everyone. I'm Crystal Peterson, and to add on to the long job title, I am Chief Inclusion and Global Community Relations Officer. I celebrated 12 years with Brown-Forman just last week, and today, I have the honor of sharing a little bit with you about what we do within our communities.

And so in addition to the commitments we make to our environment, our consumers, our employees, we make commitments and investments to the communities where we live and work. And we do this through charitable contributions both through the corporation

and our Brown-Forman Foundation, which was established in 2018 to further enhance our legacy of charitable missions and philanthropic investments. We work to ensure that we're doing our part to create a vibrant and thriving Louisville. And so we partner with mission-driven organizations that align with our key strategic focus areas, ensuring essential living standards, promoting responsible and sustainable living, and enriching the arts in Louisville. Now we invest our resources across the Louisville community, with significant focus in the neighborhood that we have called home for 100 years, the California neighborhood, and it's all about being a good neighbor.

We also invest in education, as we believe that a quality education is a key to a successful life. And in 2022, our Brown-Forman Foundation committed \$50 million over a 10-year period to 5 organizations within our neighborhood focused on education from early childhood to adult learning, from cradle to career.

We also know that giving goes beyond presenting a check, which is why we engage our employees through their time and talent to be active in the communities where they live and work through volunteer hours or nonprofit board service. Now our hometown here in Louisville, Kentucky is the focus of the majority of our efforts, but we also empower over 36 offices around the world to identify and prioritize local opportunities for community investments. And within the last year, we've had our employees volunteer over 13,000 hours to make a difference within our global communities.

Our commitment to our environment, our consumers, our people and our communities contribute to value creation and are fundamental to our business strategy of bolder and better. And by living a spirit of commitment, we believe we can responsibly achieve our Make It A DOUBLE ambition and ensure there's Nothing Better in the Market.

Thank you from all of us, and we'll turn it over to Leanne.

## **Leanne Cunningham**

All right. Well, thank you, Crystal, and we are in the home stretch. So just we're going to wrap this up here with myself and the last presenter. So my name is Leanne Cunningham. For those of you that I haven't had the opportunity to meet in person, I have been with Brown-Forman for 29 years and in July 1 – or July 1, I will be in my role as Chief Financial Officer for 3 years. So it's great to be with you today. And my job is to bring everything that you've heard so far today into the shape of the P&L and then cover the last strategic pillar that we have, which is investment.

So what you'll hear from me today, we've been here for 154 years, so what I'm going to say is going to be very familiar. It's going to be very consistent because our goals continue to be very much the same as they always have been. We have the opportunity to look at our business over very long horizons based off of the support that we have from our long-term shareholders who aren't focused on quarters or even fiscal years, but they're really focused on decades and generations. And this affords us the benefit to invest in the momentum of our brands, to invest in our strategy and to focus on developing and delivering the next generation of growth. So with that, we'll jump into the top of our P&L with net sales.

From a financial perspective, one of the most important things that we can do from a multigenerational company is to keep top line consistent growth over a long period of time. I think one thing you've found with Brown-Forman and you can see in this slide is we have been a consistent and reliable compounder of that top line growth. It's done through the things that you've heard about today. It's done through our portfolio, portfolio reshaping. It's been done through our geographic expansion. As you've heard from Matias and Jeremy and Marshall and Thomas, we believe we have the portfolio and we have the capabilities to achieve this going forward.

So talking about our long-term growth algorithm from a top line perspective, we continue to believe that in our home market, we can – in the U.S., we can achieve mid-single-digit growth, for developed international, 1 point or 2 higher than that, and for our international – emerging international markets, we would see significantly more points than that. And this is one that we've been able to do. We don't necessarily deliver that every year, like the year that we're having right now. But in fairness, if you look at F '23, that wasn't a really normal year for us either.

Going to our gross margin. For those of you that have been following our story for a long period of time, there's been really 2 big stories here, which is input costs and tariffs on EU and U.K. tariffs on American whiskey. So we've been on a journey, and to talk to you about where are we now from an agave cost perspective, and Thomas mentioned this, we have been to the highest peak of agave costs that we have ever seen, which was MXN 28 to MXN 30 per kilo. We've now – it kind of started to fall, it's stabilized. But now in March, it was down to as low as MXN 11 per kilo, depending on the quality. So we continue to believe we're not certain how much further it will fall and when it will fall, but what we do know is we're currently benefiting from how far it's already fallen, and that will come over a longer period of time as we work through our aging inventory and our finished goods inventory.

Then for wood. You've heard, if you've been following our story, we have been actively managing for the last couple of years changing our structure and our infrastructure that supports our supply chain for the wood. We've divested our stave and heading mills, and we just announced that we are divesting our cooperage in Trinity, Alabama by creating partnerships with those that have a focus in that area. So what we believe that does for us it creates efficiencies. We believe it's going to deliver a lower cost and it will also help us focus on our capital allocation strategy as well.

So in summary, let me go to and what you've heard us say many, many times is from a pricing, long-term pricing strategy and you've heard us talk about our revenue growth management capabilities, we continue to believe that when you couple those together, that we should have low single-digit year-over-year growth from the coupling of those capabilities. So all in all, what do we think is going to happen with our gross margin trajectory, we know we're going to benefit from lower agave cost. We've had the removal of the EU and U.K. tariffs. We have been doing a lot of work to ensure the cost of our wood becomes lower than what it is right now. And we continue to believe that we have opportunities for pricing growth even if we have to become more surgical in the years ahead.

So – and this, again, this is what we've been investing in when you think about the shape of our P&L. We have been investing in revenue growth management and integrated business planning processes, strategies and systems. You've heard us talk about, we've been investing in more focus connecting with our consumers as it relates to integrated marketing communications teams and team members focused on growing our emerging brands. You've heard us talk about the investments that we've been making in route to consumers, which allows us to bring our broader portfolios to new markets around the world. And then just with Jack & Coke, you heard Marshall talk about this opportunity that brings 2 of the most iconic global brands together in the convenience format of a ready-to-drink, and we've always believed ready-to-drinks as a marketing tool for our full strength portfolio, so we'll continue to believe that.

We've done all of this work. If you step back and the teams got together as we were heading into the – just into the pandemic, we thought what do we need to do as a leadership team to envision the next generation of growth and its drivers. And if you even look back, our annual report from 2021, the title of it was Reimagining The Future (sic) [ Reimagining Our Future ]. And for the last 2 years, this team has been doing just that.

We've gone and we've looked at what are the key enablers of growth that we need to do, how do we need to be changing our structure and our portfolio and growing our geographies for all of it to equate to what you've heard today, which is to Make It A DOUBLE from our operating income perspective. And we believe that by doubling the net sales of our American whiskey portfolio, by doubling – tripling the net sales of our tequila portfolio, growing even faster with our emerging brands and our RTDs, coupled with our gross margin expansion, the investments that we have been making that you've heard all of us talking about today, that we can double our operating income on a like-for-like basis by 2032.

So with the strong cash flows that we believe that we are going to generate as we double our operating income, this is what you're going to – this will be very familiar with you because Brown-Forman will continue to be a consistent and reliable compounder of growth when we will continue to be the company that you know us to be, which is we are going to focus on maintaining a healthy balance sheet. We are going to continue to be led by our capital allocation philosophy, which always has been our ballast that has guided our company and that has helped us deliver the results that we have.

So when we think about our capital deployment philosophy, and many of you, I know, have heard it many, many times, and it will be very familiar, but again, we believe it has driven top-tier growth. So you'll continue to see us invest in the company, first and foremost. In the last 10 years, we have invested about \$1.3 billion in our sites to make sure that we have the capacities that we need to meet the long-term consumer demand that we see in the future.

Number two, we'll pay increasing dividends. This is our 80th year of paying dividends and our 40th consecutive year of increasing our regular dividend. And we are really proud to be a part of the prestigious S&P 500 Dividend Aristocrat Index. Again, you've heard us

say that before. It continues to be consistent.

Third, we're going to continue to opportunistically look for great brands that we believe in our hands can add value. You've heard all of us talk about today in the last 10 years, we've been able to add brands that we believe are going to be the foundation for the next generation of growth, Slane Irish Whiskey, the GlenDronach, BenRiach, Glenglassaugh single malt scotches. You've heard about Fords Gin. You've heard about Gin Mare and Diplomatico. And we believe those are brands that are going to continue to drive that growth in the next generation.

And then finally, we're going to look for opportunities, as we always do, to return cash to shareholders. And in the last 10 years, we have returned \$1.8 billion to our shareholders through the form of special cash dividends and \$2.4 billion through share repurchases.

So our philosophy has resulted in strong financial returns. Over the past decade, it's been 8%, returning a total of \$7.4 billion to shareholders. Our ambitions continue to be the same. We continue to focus and work on having industry-leading ROIC, to deliver top-tier shareholder returns, and we believe that the strategic ambitions that we have shared with you today will continue to drive and deliver those – and deliver against those ambitions.

So with the end of my remarks, you've heard from our team, our business strategy, our vision for the next 10 years and why we believe there truly is Nothing Better in the Market than Brown-Forman.

And with that, I would like to introduce to you our final speaker, our Chair of the Board, Mr. Campbell Brown.

### **Campbell Brown**

Thank you, Leanne. Great to see everybody again. Wonderful getting to meet a lot of you last night. So I get to take us home or at least to a very dynamic Q&A session. Really,

it's kind of my privilege to share with you some perspective, perspective on how a 154-year old relationship between a family and a company has been able to unlock growth, consistency and opportunity.

We've talked about 1870, and there was a bit of an innovation story there and how George Garvin Brown was able to bottle and provide the first bottled bourbon in America, and that sort of unlocked the beginning of the story. And in 1933, we kind of waved goodbye to 13 years of horrendous Prohibition while extending our hand to the public and provided about 49% of what was a private company to the public, creating a relationship with all of you, in some respects. And then 1956, my grandfather and Marshall's grandfather along with his brother, they rolled up their sleeves, they got in their car, they set a path south, in Moore County, Tennessee and Lynchburg, and successfully acquired Jack Daniel's, forever changing the trajectory of this company. And I would say, more importantly even, a few months later, those brothers decided to issue a B share, which, again, a 2 for 1, anyone owning A shares at that time received 2 shares of B. And that unlocked the opportunity that today is reflected in what Matias shared earlier, one of the most valuable brands of any type around the world.

I would say, today, you've heard from a leadership team that I would characterize as the most stable in our industry. They have a collection of skills that extend far beyond function. They've spent years in this business out in many times different geographies, running different brands. That collection of leadership is what connects so intimately our family to the possibility and the future of what Brown-Forman has always delivered to all of its shareholders, an ability to unlock growth, growth in brands, growth in geography, growth in people and growth in the prosperity of the communities in which we exist.

The confidence that this has delivered for over 150 years is what keeps us here. It's what gives us so much economic benefit as well as trust in what the future holds for Brown-

Forman. I was with Thomas last week in Japan, where we were able to celebrate the coming route-to-market change that we're making. And this is a market that we've existed in for 50 years through partnerships with distributors, and we've been very successful there. And it's 50 years later that we've now decided it's time to own our destiny in that market. And I think that comes – and it's a sense of the patience that we can bring to a conversation as long-term shareholders, where we believe that the time now is actually right, with the emergence of a scotch portfolio and the decisions to buy brands like Gin Mare and Diplomatico, which unlock opportunity that Marshall talked about for us in Italy.

These are the kinds of things the relationships that have been forged because we have found ways to communicate. As our family has grown, we represent today, I think, including spouses, well over 100 people. Our business is far more complicated today than it was when I started in 1994. Our responsibility to all of our shareholders continues to grow and the expectations also continue to grow. And this is totally appropriate when you've seen a company decade after decade deliver the consistency of results that we've been able to do. And it's a story that doesn't exist in a silo. It's a story that has grown as a result of the investments that we've made in things like governance.

This picture, this collage up here is a reflection of not just a family that's been involved in a company, but we've got members of our Board of Directors. We've got members of our fourth, fifth and sixth generations today. We have our first sixth-generation employee at Brown-Forman. He started working with Marshall in the Strategy and Mergers and Acquisition Group. He's now part of the Jack Daniel's global financial team. We've got an incredible group of leaders that you've heard from today that participate with our family and our shareholders as well, certainly with the Board in areas where we get to connect and understand a little bit more about how the strategy will unlock future opportunity – generational opportunity that will benefit all of our shareholders, not just a family that

mostly calls Louisville, Kentucky home.

It's a fortunate story. It's a story that I am – that we continue to be very, very proud to tell. And it gives us great pride to know that you are and have shown the confidence in us to be a part of our story. And we bookmarked in a phrase you've heard time and time again. It's – we feel so strongly about it, but we've put it on the label of our founding brand, Old Forester. It was first written down in 1870. And today, it's as true and as relevant as it was when George Garvin Brown first put it to paper. And we believe it's something that holds relevance for all of our stakeholders, not just the family, but there is Nothing Better in the Market than Brown-Forman.

I want to thank you all for taking the time to join us these last 2 days. I'm really pleased to hear that you're going to get to spend some time in this building and see our cooperage, one of the most fascinating production facilities that kind of exist today. If you haven't been to a cooperage, I'm glad you're wearing your appropriate shoewear. It's really fantastic, and we're going to have an opportunity to have another meal together and very much looking forward to a dynamic and vibrant Q&A.

So thank you, Lawson, to your team, to the gang here that made this A/V come off. I think we're almost – jeez, we're right on time. So thanks very much. Great to see you, and thank you again for joining us in Louisville, Kentucky.

### **Susanne Perram**

Thank you, Campbell. We're going to take like 2 minutes. So don't leave the room just to clear the stage so we can get our chairs up on stage and then the ELT along with Campbell, executive leadership team, sorry, I'm trying not to use all the acronyms. Our executive leaders will sit up on stage.

[Break]

## **Susanne Perram**

Risk management is getting really nervous right now. Yes, exactly. All right. So as everybody is getting seated, just a few quick housekeeping items before we get started. I will be moderating the Q&A. — ***Operator Instructions*** — Please also keep in mind that only business appropriate questions are to be asked in this meeting.

I'll also remind you that we just reported our third quarter year-to-date earnings 2 weeks ago, so you are well versed in our responses to the current environment. I would encourage you to take the opportunity to ask questions about our presentations today, which have been focused on our longer-term ambitions, and even more so of those that you normally don't get to have the opportunity to speak to.

So Lawson, Leanne and I are – would hope that you feel pretty accessible and see most of you at conferences or investor meetings. So I would encourage you to take the opportunity to talk to some of the other members of the executive leadership team.

All right. So with that, let's get started.

## **Question and Answer**

### **Andrea Teixeira**

Andrea Teixeira from JPMorgan. I was hoping for you – first of all, thank you for the impressive presentation. So my question is on the ambition for 2032. So I was hoping if you can break down, if my math is correct, you're calling to about 6% to 7% CAGR over the next 9 years on top line and then double Y – I found it, double Y by the end of the period. So I was just hoping if you can break down with the history of JD against the other brands? And if we – and I appreciate that you open up for geography, but thinking about the family of brands, you're implying that perhaps low single digits for JD and then Woodford Reserve growing probably double digit and then emerging brands growing at

a clip of 15%, if that makes sense. And then thinking about tequila tripling, year-to-date, you've done much less than that. I think year-to-date, you're down 3%. So if there is any addition to that commentary?

**Susanne Perram**

Leanne, you're going to kick that off?

**Leanne Cunningham**

Okay. So I'll get it started. When you think about the level of transparency we shared with you in our ambition today, I think we probably will keep it at the level by which we shared it with you. What we can share with you is on doubling operating income. That will be based off of what you can find in our F '23 annual report for the end of F '22. Along the way, like we usually do, we will be adjusting for foreign exchange. We will be adjusting for noncomparable events. So even though along the way, it might not be exactly visible to you where we are, you'll have kind of a mark because this is all about motivating and inspiring our entire organization to be aligned towards a clear goal of what we're trying to achieve and how we're trying to achieve it with the double, triple, bolder, better.

So more to come as we go along, but I would say, when you think about our long-term growth algorithm, I talked about it from a top line perspective as it related to geography. But then you also can go back and look at our long-term growth algorithm by brand, so I think, again, what I said is we'll kind of continue to be who we are in the future based off of where we have been. So I don't know if, Sue, what do you think?

**Susanne Perram**

Yes. Okay.

**Leanne Cunningham**

Fiscal '22 that you can find in our annual report from an operating income perspective.

**Susanne Perram**

Okay. Next.

**Robert Moskow**

Rob Moskow from TD Cowen. I think this question is for Matias. The – our objective is to – or a big part of it is to get younger consumers into the franchise, but they have a lot of choices for American whiskey. And I really love the advertising campaign, not quite sure why I like it so much. So maybe you can tell me why younger consumers view that as compelling. What do they tell you that Jack Daniel's means to them? And is it consistent with what older consumers view it to mean?

**Matias Bentel**

Sure. I'm okay to answer that?

**Susanne Perram**

You are okay to answer that, but two things I'll say, Rob, you must – sorry, Matias, I was going to say, Rob, you must be young at heart and also...

**Matias Bentel**

We're all young at heart. Yes. Look, I mean Jack Daniel's, as I said, is a brand that transcends whiskey and even spirits. I mean a brand with not a lot of brands have T-shirts that people wear by their own, right? So it really stands for much more than just whiskey or spirits. It's almost a lifestyle. It's – and it signals independence and authenticity and going your own way. And those values, we believe, resonate with – as much with the younger generations as much with the older generations. The way we express those might different – might differ by age groups or by geographies, but at the deep core of what the Jack Daniel's brand stands for, it really resonates.

In this particular case, with this campaign, it's an active balance to be able to do both,

to talk to the core consumer, maybe more through the choice of the track Back in Black by AC/DC. But if you were able to pick up some of the featured artists in that ad, you've got Kingfish or St. Vincent or Este Haim, right? And those are a little bit of Easter eggs for the younger generations, but honestly, I didn't know all of them when I was shooting that ad. But when we show that add to younger employees, they all picked it up. And from recent research that we've done probably 4 months into rolling out that campaign, actually, it's resonating really very well with younger LDA generations, really very well as much as older ones, but it was a little bit of a surprise for us, and it's a pleasant surprise that it's doing so well.

And I think it's just Jack Daniel's is a very known brand, and that's what people know about this brand, right? Music, rock music, independence and living in the moment. I mean those are things that people know about Jack Daniel's.

### **William Chappell**

Bill Chappell from Truist Securities. I want to follow up a little bit more on Jack Daniel's, and just I remember 15 years ago plus coming here, and the thought was management and the company was very protective of the brand and the prestige of it. There was a hesitancy to go into flavors. There was a hesitancy to go into RTDs because you didn't want to dilute the iconic nature of the brand. And the decision has been made to move to these areas and unlock a lot of growth, which it's been great for the company. But I guess I wonder, is there a concern that it's not as iconic as it used to be? And it's a lot tougher to get that iconoclastic nature back and that's okay because Woodford can take the reins for the premium and the super premium and that prestige. Just help me understand kind of from a company how you look at that. Because I guess the worry from our side is that it's Jack Daniel's is like Budweiser. It was once the King of Beers, but then it got passed by everybody else with a different marketing or a different price point or something like that. So help me understand how you think about that as a company.

## **Matias Bentel**

Sure, thank you. That's one of the most important questions that we think about all the time. I mean in this team and across the whole company because it is our largest brand, and we're like stewards of these iconic brands, we have to question ourselves every day. So I'll say, look, it is a very reasonable question. There's no data or evidence that points that there's been any equity dilution. In fact, we were just doing research on RTDs. Marshall share some insights. But when we ask consumers how their perception of Tennessee Whiskey had changed, knowing Jack & Coke RTD is actually very positive to Black Label. We also see that through flavors as well. So there's no data that tells you that, but of course, we're always worrying about that.

When we look at brand health metrics in terms of awareness and consideration and consumer preference, Jack Daniel's is still at the #1 or 2 in most markets across all demographics. And actually, if you go on younger LDA demographics is even stronger, which is very interesting. So – but we continue to push ourselves to establish Jack Daniel's' credentials in the super-premium whiskey segment as well through bonded and age and some limited editions. That really has helped reestablish Jack Daniel's in the world of whiskey experts and actually bring Jack Daniel's back to the world of craft whiskey. I mean Jack Daniel's has always been the ultimate craft whiskey. If you've ever been in Lynchburg, you can see that, right? But it was all about reminding consumers that it actually is.

So through those expressions, we can tell those stories. And it's being recognized. I mean Jack Daniel's has been back in the whiskey geek world for a number of years, and it's doing really well there. So I hope that answers your question. Happy to talk about that later, too.

## **Lawson Whiting**

Let me just add kind of a fun story, just a little bit. I'd be willing to predict, I don't know

that it obviously is a fact, but Jack Daniel's has more tattoos than any other brand in the world – spirits brand in the world. And we had – someone sent in a picture the other day, there are actually now people that have a Jack & Coke tattoo. So it's still happening, and that's still happening with the younger generation.

### **Peter Grom**

Peter Grom from UBS. So I kind of want to stick with the Jack Daniel's theme. But Marshall, you spoke to kind of the halo effect of Jack Daniel's from the Jack & Coke partnership. Obviously, makes a lot of sense. Are there certain markets that you're now prioritizing where maybe the Coca-Cola Company has a stronger presence that you weren't focusing on previously? And then I guess, I recognize it's really early days, but are there any metrics you can share around where you've seen the benefit to Jack Daniel's from the Jack & Coke partnership?

### **Marshall Farrer**

Yes. Thanks for the question. And I would say probably too early to be able to provide any specific data around how that is happening. But I will point out there, there are certain markets where we are seeing a lot of excitement where we would have struggled to. And so if you look towards Asia, for example, Philippines had a phenomenal Jack & Coke launch. The Coca-Cola bottler there has incredible capabilities. And Jack Daniel's is a really well-regarded brand, but now it's thrust much more into the spotlight than it ever would have been with the consumers. So that would be one that we're very encouraged about.

Japan, another where we're investing behind our own RTC, and we've really lacked not playing in one of the largest categories in the world, which is Japanese RTD. So really, really pleased about that one as well.

When you think about untapped emerging markets like Africa, for example, for a con-

sumer to go place their income into a purchase, a chilled, well-merchandised Jack & Coke at an approachable price point is a much easier way for them to trial Jack Daniel's than going into a liquor store that might be dark, might be dusty and having to make that purchase on their own. So I think those are some examples that we'll be looking to over the next few years.

And then the halo comment also just referred to the fact that we have incremental investment as a result of the 2 companies coming together that is brand expense that Jack Daniel's was not receiving before the Jack & Coke innovation as well.

### **Lauren Lieberman**

Lauren Lieberman from Barclays. So I want to talk a little bit more about the owned route-to-market or route-to-consumer. So first was just a math or very simple question is after Italy is done, what percentage of your route to consumer will you own globally? And then secondly was just in markets where this has been established a bit longer, I'd be curious for examples of the learning, sort of what you're able to do differently, whether it's consumer insights, whether it's a relationship with retail, but sort of what functionally changes when you do on that route to consumer and how you're able to leverage that going forward in terms of accelerating growth?

### **Thomas Hinrichs**

Happy to talk about that. I would think that after Italy, we will have 70% of our international business in our own hands, which is a little shy of what — *indiscernible* — is, so there's still a bit to go. And our ambition is also to grow that a bit further over the coming years. But that's sort of the majority of our business after Japan and coming Italy will be in our — so that's, let's say, the percent.

### **Marshall Farrer**

Yes. There's — we would struggle to find an example around the world historically where

working with a third-party distributor we've got execution beyond Jack Daniel's in any meaningful form. That – we had some great success with Jack Daniel's with a variety of third-party partners but it never extended into the rest of our portfolio. And so own distribution gives us the ability to apply the focus to the parts of the portfolio beyond just Jack Daniel's or even within the family of brands of Jack Daniel's that we want to see grow. And so that helps us out a lot.

We can communicate much deeper messaging to the trade around the brand, so we can communicate deeper stories. We can take our marketing to [ another ] we have greater control over the marketing. We establish relationships that are very, very important, and we are able to leverage those relationships in the brand building. And then we find that we have much greater control over our pricing power when we have our control over our distribution as well. When there's another layer in there and they've got other priorities that they're trying to balance, they're not willing to go to the mat for Jack Daniel's pricing like we are. And so I think that's a very important part of us driving value through own distribution as well.

## **Executive**

I'll just add one little bit. We were talking about it at my table yesterday, but I was in the U.K. when we moved to own distribution, and I think it's a good example. We moved to own distribution and had our sort of launch conference 2 weeks before COVID hit. And we were very worried at the time about what that meant. And in the end, it ended up being a blessing because in addition to everything that Marshall said, it gave us control over the volatility of the environment. So we were having direct conversations with retailers as a company, what are they planning to do from an inventory perspective – or perspective, what are they planning to do in terms of promotional perspective and without that, and then tariffs hit. And then we were able to talk again directly to retailers and describe to them what our strategy was going to be around tariffs. If we had a different

model, we would have had less access and I think less ability and control to be agile in that environment that hit us pretty fast within a 2-year period. So that's a sort of a real-world example.

### **Bryan Spillane**

Bryan Spillane from Bank of America. Well, first of all, this is a great lineup. I was thinking dunking booth for a while, but anyway. So I wanted to ask about tequila and maybe start, Lawson, with your perspective. If you go back to the Herradura acquisition, Brown-Forman was really at the front of the game, right, in terms of seeing the opportunity in tequila. Herradura had some bumps at the beginning, right? I think there was like agave blight and inventory and all kinds of stuff. But if you are to grade what's happened with Herradura and your tequila portfolio, I guess, over the last 15 years versus what's happened in the market, I mean Casamigos comes out of nowhere, right, and becomes wherever it is, #3, #4. So just kind of thinking about why, right, your brands, el Jimador and Herradura, haven't sort of done more in that context? And then if we could tie into that now going forward because it's such an important part of sort of the Make It A DOUBLE, or a triple, I guess, just what's going to be different going forward versus maybe what I would kind of look at as maybe a missed opportunity in the past?

### **Lawson Whiting**

Well, look, certainly, the category has exploded. Everyone knows that. I think it did – we bought it in 2007. And it took probably too long for us to kind of get our feet under it. So if you were back in that area, you're right, no one was – I mean tequila business was not healthy. We had way too much supply. It was selling for – I don't know what the bottom was, MXN 3 or MXN 4 a kilo something way down there. And then there's – in business, I can't think of any other business where their raw cost goes from MXN 3 or MXN 4 to MXN 30. And that was penalizing for everyone, and we took massive price increases along the way to try to make up for that, particularly in Mexico, where el Jimador, in particular, was

priced very low, and we have taken it rapidly up.

Now a grade on how we have done – or really I think you're asking about Herradura for the most part in the United States. Yes, we have not kept up with the market share gains that really were driven by 2 brands over the last 3, 4, 5 years. That's a different – their model is a little bit different from ours. Casamigos is a very different model. It's been a brilliant move on their part to build up a huge brand. Congratulations to them. We – I mean Herradura, you can't – I don't know the number now as of today, but I know, I did the shareholder meeting last summer, that number sticks in my head. We were at 15% CAGR on sales growth over the previous 5 years. So it's not like the brand is – I mean 15% is still pretty good. We would take that and if – on the tripling, if you get 15% a year for the next 8 or 9 years, whatever it is, you're going to get to the tripling, I think, pretty quickly.

So we're building something that is very authentic. We've got one of the original brands in the industry. We've got to find a better way to get it in consumers' hands. We have a long way to go with distribution and a long way to go with awareness. I can tell you it's one of the big priorities over the next couple of years, particularly for the U.S. market, to turn that, turn it around and get our fair share.

### **Nadine Sarwat**

Nadine Sarwat from Bernstein. I have two interrelated questions, maybe the first for Lawson or Marshall. So M&A has been a pretty important part of the Brown-Forman slow, steady tinkering of the portfolio over the last few decades. So how do you think about M&A over the coming years? Any areas in particular that you're watching most closely that you think are white spaces? And then second question related, maybe for Campbell. You spoke about decades generation, not quarters or years. I'd be curious to hear – looking back at the last few decades, can you point to a few examples where you feel that, that very long-term outlook allowed Brown-Forman to take decisions that

maybe some of your peers would not have been able to?

### **Lawson Whiting**

Let me – I'll take the beginning, and then Marshall, you can add on to the M&A conversation.

Yes, we've been quite active. You would have seen that in several presentations here in reshaping the portfolio for the next generation. That was always the language we used. And to be honest or transparent, I think you all would do the math. I mean we were selling off the Southern Comforts and Early Times and Canadian Mist at very low multiples and buying much better brands, but at much higher multiples too. And that causes dilution. And we try to space these things out over time so that it doesn't get too dilutive, or essentially, there's nothing left to sell really in our portfolio that is particularly meaningful at this point. And so I think we've got the portfolio we want. There's really no categories left of major significance, of global categories that we're not in. I mean you could ask – you could talk about cognac maybe or something like that. But that's a very challenging space and not one that we – we would not call that a very high priority.

So for now, it's really about absorbing these 2 big ones we did in the last year. Doing 2 in a year is a pretty big change from the sort of slower pattern than we had over all these years. Get them in – get them moving, get them in the right places, and then we'll take a look at some – maybe some new deals in the future. But I – we're taking a bit of a pause on that.

### **Marshall Farrer**

Yes. I mean I would agree with that completely. And we are not targeting category white spaces. We feel we are in the right categories. We're in the super-premium plus categories that are going to drive growth. We have great capabilities in those categories. And we have the ability to innovate to fill space if we would like to. There are definitely

still some areas out there that would interest us. But we have done a lot of work, a lot of M&A in the space recently. And I think it will help the organization to be focused on really execution, and then we'll evaluate the opportunities when we are ready.

### **Campbell Brown**

I think like 2 organic examples I bring to mind are the ones that you've experienced the closest, right, Woodford Reserve, that investment to take a distillery out of mothballs and invest the kind of capital that [ LZ ] invested with the kind of vision around creating something that was truly special and unique, not just in flavor and taste, but in what an expectation a consumer would have of a distillery tour. That was a significant bet at the time when the category of bourbon wasn't really setting the world on fire. This place, when I ran Old Forester before I took this job and it was a tough decision to take the job for me personally because it was a brand that we had successfully seen kind of fall off the consideration set, except for Jefferson County, Kentucky. I mean we went from 1 million cases in the 70s to when I got the job, it was less than 100,000 cases. Lawson, Paul, they invested \$50 million plus in this facility on a bet that we could connect the story of this family back to the story of Old Forester, America's first bottled bourbon. It's now over 0.5 million cases.

We've completely turned the P&L upside down in the right way. We've created innovation and storytelling that I think is unique to the category. And I don't think very many companies would actually make that bet on a brand like Old Forester that frankly had kind of lost its way other than the beautiful households of Louisville, Kentucky that refused to let it die.

### **Susanne Perram**

Great. All right. We have time for one more question.

### **Stephen Robert Powers**

Bonnie, would you like the question? You sure? It's Steve Powers from Deutsche Bank. And I actually had two. One is a follow-on from Lauren's question, one is a build on Bill's question.

The follow-up to Lauren, you mentioned about Thomas, 70% owned distribution today. As you think about that 2032 ambition and further conversions going forward as well as new markets coming in, is that 70% about the right balance? Or do you have an ambition embedded in the 2032 outlook to go higher or not? And then the build on Bill's question was beyond Jack, and you think about overall American whiskey and doubling that, how much growth should we think about, as you think about it, coming from core SKUs like core Tennessee Whiskey or core Woodford Reserve, versus the rest of the brand family and further expansion? Because I'm just trying to figure out how much expansion is too much as you balance diversification against just complexity and brand dilution.

### **Susanne Perram**

Matias, do you want to start with the Woodford...

### **Matias Bentel**

Yes, I can start with that. When it comes to innovation, we really innovate off our strong trademarks but we do it very carefully. So we are very thoughtful and very focused. We've said before in Investor Day conference 2 years ago, our innovation principles is fewer but bigger and better. So products that we can really scale up globally would be the focus. So I mean it's hard to put exact numbers to your question, but I would say the core still plays the majority of the role in growth with the appropriate big bets and innovation, especially on the premiumization side. So that would be the way we think about that in American whiskey.

### **Lawson Whiting**

I'll add just one more point to the Jack thing. I think one of the more important slides that

we showed here this morning was that one at the 30-year, 20-year, 10 and 5, basically all the same number. That says something. I mean it is – and those kinds of numbers are what we expect in the future, too. I mean that, that – being able to do that, we have found a way, one way or the other to continue to grow the franchise and to the RTC piece because they're connected. I think that we don't – I don't have a target necessarily.

We will continue to take markets where it makes the most sense. Those are often defined by markets that are trying to grow beyond just the Jack Daniel's trademark too, because as of what Marshall said 1 minute ago, you can't get third parties to do anything anymore beyond just the Jack Daniel's brand. And so we will continue to do that, continue to grow. I wouldn't say there's a ton of that built into the base case model that we have and there's not a ton of innovation really.

Everybody wants to know when we're going to do new flavors and things like that. I mean we are – we've been a little more restrained with that over the last couple of years and we'll focus on the ones Matias showed, the bonded and the super – the superpremium innovations are important and that will continue to happen.

### **Susanne Perram**

Okay. So if we were not able to address your question today, Bonnie, or for those of you listening on the webcast, please contact me directly. You are free to ask questions that you may have also as we break into lunch.

We will all still be present for the next 45 minutes or so before you all go on your tours. We will be posting a replay of this event by the end of the week on our Investor Relations website. So if you want to watch this over and over again, maybe with a bag of popcorn, you feel free to do that. For those of you that are watching the webcast, you may sign off now. Those of you in the room have got a few more messages for you. — **Operator Instructions** —

With that, let's have some lunch.

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