

Investor Day 2025

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Presentation

Susanne Perram

Hey, everyone. All right, I need a little bit better than that, come on. How many of you were on Broadway last night? Come on. I told you all to get a good night's sleep.

So good morning, everyone. It is so nice to see each and every one of you today. Thank you so much for joining us. I am Sue Perram, the Vice President and Director of Investor Relations. And it is my great pleasure to welcome you to our 2025 Investor Day.

Prior to this role, I've had the opportunity to work across numerous roles at Brown-Forman, but I had the pleasure of working 4 years on the global Jack Daniel's brand team. It was just amazing to work on this iconic brand and to be able to steward this brand over the 4 years that I served on the team. So it always stays very close to my heart, no matter what I'm doing, but also because Jack Daniel's has been a part of my life for a very long time. Actually, my very first dog was named J.D.

So I would like to welcome you to our Investor Day. We appreciate the fact that you are here that you are interested in learning more about Brown-Forman and our story.

I want to thank you also, though, for your time today. I know it is valuable. Many of you have traveled great distances to be here. I know we have people from across the pond, and across our northern border, but also we've got people from New York all the way to California. We've got folks from down in Florida, all the way up to Illinois and everywhere in between. So I don't take for granted the fact that you are here. It means a lot. So I'd also like though, to thank the guests that are joining us in the ethosphere here via our webcast, so thank you for joining us today.

We are in Tennessee. This is the home of Jack Daniel's for almost 160 years. I hope that after our time yesterday in the Hollow that you know more about Jack Daniel, the man; Lynchburg, the place; and the charcoal mellowing, which is the process. They're all real, and it's what makes Jack, Jack.

Before we begin though, I must give you our legal disclaimer, the standard Investor Relations greeting. So I will read through this much quickly. We are going to be sharing forward-looking statements and non-GAAP financial measures. Our forward-looking statements are based on our current expectations. Numerous risks and uncertainties may cause actual results to differ from those anticipated or projected.

Many of the factors that will determine our future results are beyond the company's ability to control or predict. You should not place any undue reliance on any of these forward-looking statements and the company undertakes no obligation to update any of these statements, whether due to new information, future events or otherwise. We have listed a number of our risk factors that you should consider in conjunction with these forward-looking statements. Other significant factors are listed in our public filings, such as our 10-K and 10-Q filings that are posted on our website.

We may also discuss today certain non-GAAP financial measures. And if so, these measures and a reconciliation to 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 can be found on our website. Did you get all that? Okay.

To set expectations for today, this is a continuation of a conversation that we started in March of 2024. During that Investor Day, we talked about our company's integrated business strategy as well as shared insights across our portfolio of brands. So based on your feedback, after that event, there was a desire to dig deeper. And so today, we are

going to spend our time discussing the leader in the American whiskey category, Jack Daniel's. Jack Daniel's plays an important role in the future growth of Brown-Forman. It's also the brand that we've received the most questions about from many of you.

So during our time together today, you're going to hear from members of our executive leadership team, along with members of the Jack Daniel's leadership team on the Jack Daniel's family of brands, on their strategic priorities and on our long-term growth. I know that they are looking forward to sharing many of these insights with you on what makes Jack, Jack, and then the reasons as well that we believe and have the confidence in the long-term growth of this brand. So we hope that when you leave today, you have the same level of confidence in the brand that we do.

So let's run through the agenda. Lawson Whiting will join us on stage today with comments about what has happened since our last Investor Day, about 18 months ago, and how we are building for the future. Jeremy Shepherd will then follow and share his thoughts on why we believe Jack still has a long runway for growth. Mark Bacon will then provide additional insights into the evolution of the Jack Daniel's strategic priorities. And then our next four presenters will go a bit deeper into each of those strategic priorities.

Jamie Butler will walk us through our new approach to communications and media campaigns and what makes Jack a whiskey like no other. We will then hear from Amanda Fowler, who will discuss portfolio development and how we reach more consumers and occasions through innovation and through premiumization. Chris Fletcher will share the importance of the innovation that showcases our whiskey-making credentials. We will then take a 15-minute break.

After that, following the break, Jennifer Powell will come up to talk to us about how Jack Daniel's is reestablishing leadership in the on-premise through bartender advocacy and the consumer call. And then Michael Masick and Chris Graven will come up and talk about

operational excellence and how we are – we have these opportunities for growth in both the U.S. as well as our international markets. And then finally, Lawson will come back up, wrap up with some closing remarks about what makes Jack, Jack. And then we will bring all the presenters back up on stage for a Q&A session.

A PDF version of the slides that you see here today, along with all of the presenters' biographies can be found on our website under Investor Relations and Events and Presentations.

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

Lawson Whiting

Good morning, everyone, and thank you, Sue, for the introduction. So it's great to be here with you all today. I know yesterday was – I think everyone enjoyed it. There was quite the buzz, I think, when we were coming home last night. Buzz went down a little bit on that bus ride. But other than that, it was a fantastic day and looking forward to today, there's lots of things I think you're going to learn today that are quite exciting.

So look, little quick history tour. The first time that Brown-Forman held an Investor Day was actually 22 years ago here in Nashville. And similarly, we went from here and we went to Lynchburg and did the tour. One, I can tell you, the room, we could have fit the entire conference in these like four tables right here. There was only about 20 people here and a couple of them are still sitting here today. So a sincere appreciation for you all and your very long-term investment in this company and belief in this company.

And it's been quite the ride. 22 years ago, for those that weren't around or serious about this business, the environment was actually kind of similar to what we are seeing today. Consumer takeaway of beverage alcohol was not great. The wine business was actually

leading most of the growth back then. That certainly is not true today.

But we – Brown-Forman at the time was buying into the wine business in a big way, and I actually went from Investor Relations into the wine business, and we bought four or five brands and subsequently sold them all about 5 years later when we realized low-priced wines is not a very good business. But it was a good era. I mean there was consolidation happening all over the place, and it was the beginning of a time when things really started to accelerate and, call it, the following 20 years were some of the best years that the spirits business has really ever had.

So now thinking about yesterday in Lynchburg, Tennessee. We often – people call Disney World this place of magic. I'd make the argument that Lynchburg, Tennessee has a bit of magic to it, too. It's a wonderful place. I think everyone – we had a number of people on the bus ride home last night, even made – my favorite conversation was I don't know about – necessarily all about your stock, but that place really makes me want to buy your stock very, very much.

So I know that you all got a lot out of that, and I think it was a great day. So there's a line that we have – that's been going around. We're never sure who actually said it for the first time, but it was, give me a day in the Hollow with a whiskey drinker, I'll give you a Jack Daniel's fan for life. And I think we did that yesterday. So whether or not you end up ultimately buying into our stock is one thing, but I hope you do buy into the Jack Daniel's brand, and you continue to stash your closet at home with plenty of our products because you get a sense for how real the place is, how well-crafted the whiskeys are, of how the stories are real.

There's just not many brands in the world like that. And I've been to – I'm sure many of you have too. I've been to distilleries and home places all over the U.S., all over Scotland, all over Ireland, there's nothing anywhere in the world that touches what you get to see

down in Lynchburg, and I think that's exciting.

So okay. So the rest of the morning here, one of the – my favorite parts, I guess, about today is that you're not going to hear from me very much. You're not going to hear from Leanne or Sue. It's going to focus really on the Jack Daniel's global team, so the people that are in this every day, the people that are closest to the marketing and the opportunity seeking and the resource allocation, all that, you're going to hear from voices that haven't done this before, but I'm excited to get you in front of them. And I think you're going to get a lot out of it.

So since the last time we had our conference in Woodford, it was only 18 months ago. And boy, 18 months, it feels like a long time. It has been a very difficult environment for the last 18 months. We've all seen this. You've seen a pretty significant drop in consumer takeaway around the world. And I'm not going to get into the cyclical structural thing here, but it has been pretty incredible how really the developed world took a turn down and literally took it almost all at the same time.

And so – we are – I want to assure you all that we are continuing to adapt into this environment. We are making lots of changes, and we're going to get into a lot of that today, but trust that we are doing everything we can to continue to evolve and change the way that we operate.

Last January, we made a pretty big global organizational change. We hadn't done something like that in 15, 16 years really since the global financial crisis. And even back then, it wasn't anything to the scale of what we did then. U.S. distributor changes, Michael is going to walk you through some of that here in a little bit. That was by far and away, the biggest change we've made into the U.S. distribution system in 60-plus years. And so we're still in the middle of evolving all that, but it was quite the change.

So RTC changes in Japan and Italy. I was actually in Asia last week and in Japan. And it just sort of reminded me or brought home how much opportunity we still have, geographic opportunity we still have around the world. Places like Asia, we are tiny. It's a very large piece of geography that we need to find different ways to be able to crack and invest more in, but it's just, once again, as a reminder, there are pockets all over the world where we are still very underdeveloped, and we want to make sure that we can get after that.

And then just the leadership team, many of whom are here, although not everyone, but we continue to meet and talk and think through what are some of the ways that we can adapt the way that we go to market. Are there changes in the portfolio we need to make. We're asking all, I think, the right questions. There's a line, controlling the controls, which somebody said yesterday, that's like Nick Saban's line. And I never knew that, and it's probably a dangerous [guy to sight] when you're here in Tennessee. But we are. We are pulling the triggers and making the changes that we think we need to make. And when this market does begin to turn around, I think you'll find – we'll find ourselves in a better place.

But one thing you get with Brown-Forman, I think you get the right balance of playing the long game with still being able to have a short-term focus on the current sources of business. And that's tough, that's tough. When the environment gets challenging, you can't cut your way to prosperity in this world. And so we know that, and we're going to continue to invest and do the proper things that we think will set this company up, as I said, for the turnaround. And I really do believe that turnaround is coming.

We're in the right categories, and you're going to see more of that today. We think we're in the right price points. This is a very different company than 22 years ago when I stood up here. We talked about wines. We had a huge wine business back then. We had Lenox and Dansk and Gorm and fish farms and credit card companies, and we had all sorts of

stuff that most of you have no idea of what – don't even know about that era, but we have really refocused this company to be a super-premium spirits company.

And I think that's the place you want to be. I still think within beverage alcohol, spirits is the place to be, very confident in that. And we remain in that sort of premium plus or super premium for nearly all of our brands. And so I do believe we're well positioned strategically, and we're ready to take it all on.

And last slide, sound capital deployment. I am working very hard on the ways that we think about capital deployment and free cash flow right now. Investing in the business is always going to be the first thing, and we've done a lot of that in the last few years. We spent a significant amount of money in capital expenditures to create capacity or to increase our capacity to be able to grow going forward. Admittedly, when the market slowed as much as it has, if nothing else, we've got a period of time here now where we think we can really focus on free cash flow, and we've made a lot of the investments already.

So advance our portfolio ambitions is something that's always very important. That's always part of our capital philosophy. We feel pretty good about the portfolio right now. We're essentially in every category we want to be in. We're in the right price points, and we think the right brand. So that's probably less of a focus going forward.

Maintaining our dividend aristocrat status, which essentially means we continue to increase our dividend, which we've been doing every year since the early 1960s. We still feel very confident that, that will continue to be the case. That is very important to our shareholders, including the family.

And then we return the excess to shareholders. We just announced a \$400 million share repurchase a couple of weeks ago. I think – I hope that you all feel that, that you hear the

confidence that we have, and you will see later on as we get into all these presentations, we think it's the right time, and it's – an appropriate thing to do with our capital is to return that excess cash when we can. And we pulled that trigger for the first time, it had been – I can't even remember how long, it's been, 2 years. So feeling pretty good that, that will be a good long-term investment for our shareholders.

So going forward, a brand like no other. You're going to hear all about that today. You got to see it and feel it when you're in Lynchburg, you get to smell it, you get to touch it, all those kinds of things. But today, they're going to go pretty deep, a lot deeper than I think we've ever gone, explaining the sort of the behind the scenes, what is it from a consumer perspective, what is it that we're changing in our marketing mix, how are we doing things a little bit differently to make sure that we're confident in our future and building the brand for another leg or for another generation.

So okay. Thank you for that, Jeremy. I think you're up next and going to kick this thing off. So thank you all.

Jeremy Shepherd

Thank you, Lawson. Good morning, everybody. It was – it's a pleasure to be here in front of you today, and it was a lot of fun spending the day with you yesterday, although I agree with Lawson, the bus ride home was a little longer than anticipated.

I have been lucky enough to be going to Jack Daniel's for over 21 years, maybe twice a year for 21 years. So I've been to the home place many, many times. And every single solitary time I go to that home place, I am amazed and inspired by the history, the heritage and the authenticity of Jack. And I hope you all had a chance to kind of feel that and experience that.

Also, every time I go, I learn something new. And so yesterday, I learned two things – well,

three things. One, I learned a new term. The Lynchburg love tap last night. And I know Chris and Red said that, that's a great song title or title for a song, and I actually think it's a great title for a cocktail around the world. I'll take a Lynchburg love tap. So I thought that was fun.

Number two, you all like to ask the question about structural versus cyclical. I mean, I was like, "Hey, Jeremy, that's a great charcoal mellowing process. Do you think that's structural or cyclical? Hey, Jeremy, that's a beautiful barbecue hill overlooking the hauler. Do you think that structural or cyclical? Hey, I love the fact that you're putting in a new still. Is that structural or cyclical?" I think I got the question about 14 different ways.

Hopefully, at the end of this presentation today, you'll have confidence or the same confidence that we do on the strength of Jack Daniel's and the future prospects for this brand. So with that and before we get into sort of the detail of the brand strategy, and Lawson is right, I mean, we were going through this presentation. We're getting into the weeds a little bit and sort of bring you behind the screen on how we are thinking about this brand and building this brand forward.

There's two things that I really want people to take away from these presentations. And I hope you see that this is weaved throughout the presentation today. And the first is that we're a brand like no other, and I'll talk to you a little bit about what that is. And then two, that we still see - even though we've been very successful as a company with this brand over the years, we actually still see a great long runway for growth.

So first, brand like no other. So again, the brand team is going to give the details on some of the sort of key brand metrics and key attributes that we think that makes this brand really special. But I'll give you four that really resonate with me. And again, I hope you felt some of that yesterday. So first is our place. I think we've talked a lot about our home place. But whether you're having a cocktail in Shanghai or Jack Daniel's in

Shanghai, Singapore, San Francisco or anywhere in between, every single drop of that whiskey comes from Lynchburg, Tennessee.

And that if you really step back and think about it, in our industry that is truly, truly unique, especially for a brand of this size. And because we make every single drop in Lynchburg, Tennessee, we can ensure that the quality is there and that we drop or drip every single drop of whiskey through that 10-foot of charcoal sugar maple that we make on site. So we control the process, we control the quality. And as Chris said last night, we control the consistency, which I think is, again, for a brand of this scale, very, very special.

The third one is my favorite. It's Jack Daniel's prominence in place in pop culture. And I'll give you two examples. First music, I mean, first, we had - I thought Red was amazing last night. But if you think about music, and you go all the way back to Sinatra and the Rat Pack running around Las Vegas and you come all the way to today to Shaboozey or up-and-coming artists like Redferrin and then a whole bunch of heavy metal bands, rock and roll bands and country music singers in between, Jack Daniel's has a place in music culture like no other brand.

Or you can go to movies and go back to Butch Cassidy and the Sundance Kid in the late '60s, 1969 to be exact, all the way through to Alien: Covenant, one of my favorite movies, to 2 months ago, Happy Gilmore 2, no other brand on the planet, not even beverage alcohol has prominence in culture, movies, music, artists like Jack Daniel's Tennessee Whiskey.

And then lastly, again, I hope you saw this yesterday, but - and I hope you had a chance to talk to some of our distillery employees, we've got folks that are working at that distillery for generations. And we really do believe our people make the difference. And we actually have a couple of people on our brand team that have deep family roots with the brand, and you'll get a chance to hear from them today. Obviously, we heard from Chris yesterday, but you'll hear from some others today, so I think it is exciting.

And because we are a brand like no other, we have been successful. We are the #1 American whiskey in the world and the most valuable global spirits brand in the world. So we have been very, very successful. But that's not why we're here today. We all know that. I think everybody reads the numbers. There's nothing new there. What we are here today to really focus on is why – despite the fact that we're big, and we've been successful historically, why we believe there is such a great runway for growth for this particular brand.

From a – if you think about the last time we met 18 months ago, as Lawson said, we have made quite a few changes, and that's some of the stuff that we're going to get in today. So we've got an evolved team, we've got an evolved strategy, we've got a renewed way we look at campaigns and creative. We've got scalable innovation. And again, I hope those that were there yesterday had a chance to enjoy the Blackberry, Jack Daniel's Blackberry. So scalable innovation that we believe we can take across the globe. But we also have premium innovation, and we had a chance to try the Jack Daniel's age expression 12-year-old, yesterday.

You'll see today, we've got to focus on the on-trade where our consumers meet our brands. And then we've got focus on operational excellence, which we'll get into as well. So before the team takes you through all these things, two more slides for me, and it's really about why we are confident in the long runway for growth for this particular brand.

So #1 American whiskey in the world, most valuable spirits brand in the world. We only have 3.7% share of the global TDS business. So if you look at the dark gray countries in this presentation, in this slide, these are all countries where we slightly over-index at 3.7%. But if you look at the shaded black countries, these are the places in the world where Jack Daniel's still has less than 3.7% of the total distilled spirits business.

And first of all, U.S., the world's largest spirits market in the world, and a market that we've

been very successful in historically, we are still less than 3.7% share in the U.S. business. But then even more interestingly for me, if you look at India or Japan, these are countries that are well-known whiskey-drinking consumers. In India's case, fast growing. In Japan's case, a very small part of our business, we believe that we have a great opportunity to win and succeed in those markets.

I'll take a couple of seconds to explain this slide. So the last slide was total distilled spirits. So that's the business opportunity for Jack in the total distilled spirits business. This is if we want to take it one step further, so [we] fly above the clouds on TDS, we're going to fly below the clouds and just look at the standard-plus whiskey business around the world.

And there's roughly \$70 billion scale of business for standard-plus whiskey in the world. And of that \$70 billion, 27% is U.S. whiskey, which is this green line. Within U.S. whiskey, Jack Daniel's represents roughly 35%. So we get this really interesting four quadrants of a business opportunity or a potential growth.

So first and probably most obviously, in our established U.S. whiskey businesses like the United States, there still is a \$24 billion standard-plus whiskey business that we need to win in. And Michael is going to take you through today how we plan to continue to capture some of that business.

But then if you look below the green line and you look at all the countries in the world where U.S. whiskey is still relatively small comparatively to standard-plus whiskey, and then you think about in all of those places or most of those places, Jack Daniel's is the #1 American whiskey or #1 in the U.S. whiskey. As those categories grow and as we grow U.S. whiskey throughout the world, there is a huge opportunity for us to grow share and grow business, and \$24 billion up on the left-hand quadrant and then \$29 billion on the bottom right. And so we see great opportunity for growth.

So as we get into the presentations today, there's a couple of key things, hopefully, you will take away. One is we all feel very lucky and very blessed to be stewards of such an amazing brand, a brand like no other. And again, hopefully, you saw that yesterday. Two, we have been successful, and I think it's important in this environment to reinforce that. However, we are not sitting on our laurels. We're not sitting back and enjoying our status as the #1 American whiskey. We actually believe, with the right strategy, which you're about to see, we have an amazing runway for growth.

So with that, it is my absolute pleasure to introduce our Senior VP, Global Managing Director of Jack, Mr. Mark Bacon.

Mark Bacon

Thank you, Jeremy. And thank you, everyone, for being with us this morning. If I had not had a chance to meet you yet, my name is Mark Bacon. I'm the Senior Vice President, Global Managing Director for Jack Daniel's. That may be the coolest job on the planet, if you're into marketing. So today, I'm going to take you through the new global strategic priorities for Jack Daniel's, which are designed to secure and accelerate our brand growth.

But before I do that, if you'll bear with me a moment, I'd like to tell you a little bit of a story about my connection to Jack Daniel's. And this all started 36 years ago during my first year of employment at Brown-Forman. And it started with a visit to the distillery like we had yesterday, but this was my very first visit. And during that visit, I received a card, and I've carried that card with me ever since in my wallet for over 35 years. And looking at it yesterday, it is very frayed, it has traveled the world with me, and I was trying to figure its - I've literally been in thousands of fine establishments and questionable joints around the world enjoying Jack Daniel's with this card.

So you may be asking, Mark, what in the world is this card? And why do you carry it? Well, this card is the 1955 marketing strategy that I often refer back to for knowledge

and inspiration. Look, our strategy has significantly evolved since 1955. And at that time, 1955, we were doing about 200,000 cases and 100,000 cases of that was Black Label. The other 100,000 was Green Label. So consumer preferences have changed.

But the one thing that's remained the same on here is our core truths. We still tell stories about our place, our distillery, our home place. We still tell our stories about the unique way that we craft our whiskey, and we still tell stories about our people, starting with Mr. Jack. But as you got to experience yesterday, also the generations of people that take pride in making Jack Daniel's every day in Lynchburg.

So today, sure, we sell a little bit more. But as Chris told you last night, we still make it the same way Jack did. And while this document is a great inspiration and a reminder of the DNA of the brand. It's a powerful reminder to me that now we must take the elements here and modernize them for a new era and bring the brand to growth. So for me, it's balancing the consistency of the past and the history we have and making it relevant and making a plan for change and growth.

So for nearly 160 years, we've made the world's best-tasting whiskey. And now it is our mission to tell these stories to consumers around the world, so they know what makes Jack, Jack, a whiskey like no other.

So now I'll get into our strategic priorities. These are new. These have changed – are either brand new or changed significantly since the last team was with you 18 months ago. Now our strategies are finally tuned to balance short-term growth and building the brand for the long term, all while engaging consumers, potential consumers and maintaining our loyal fan base. So this is a deliberate balance between consistency and a clear path for change in growth. And I'm going to start with talking about meaningful difference.

So our goal here is to win the hearts and minds of consumers by inspiring them to live

life on their own terms. Now if you would have seen this 18 months ago, it would have said recruit LDA in young consumers. And it would have been left at that. I believe this is a much higher calling. Our journey to a meaningful difference started with what I call a deep dive. We did extensive consumer research starting 18 months ago, global research. We've talked to folks who drink Jack Daniel's and love it. We talked to lapsed drinkers, who have left us. We talked to potential drinkers who don't know us yet. And it was very consistent about the way that people think about Jack Daniel's. Great American brand, high quality, but what's meaningfully different about you compared to other brands. So we knew what we had to do.

So the insights really inspired us. It got us back to our roots. We tweaked our brand's positioning, and we got back to what I say, the core DNA of Jack Daniel's. We have taken this elevated positioning and expressed it with clarity and conviction into our new campaign as well, and Jamie Butler will share that with you shortly.

The second is portfolio development. We'll reach new consumers and occasions through innovation and premiumization. While Jack Daniel's will remain the core and the heart-beat of our portfolio, we'll continue, though, to develop unique products to meet consumers' ever-changing demand. And as a result, Amanda Fowler and Chris Fletcher will walk you through our strategic approach, not only to innovation, but to renovation and geographic product expansion.

The on-premise. The on-premise is near and dear to my heart because I know that's where brands are built, and that's where you can rein, brands stay healthy. So our strategy is to reestablish leadership in this channel through bar advocacy and through strong consumer demand.

We recognize that to be successful in the on-premise, you have to be focused, and you have to be focused on both sides of the bar. As a result, we've increased our investment

into the on-premise in markets around the world. We have actually, for the first time, made creative messaging that is specific generate passionate calls for Jack brand around the world. You'll see that come to life in a moment. And we have also evolved our advocacy strategy, and Jennifer Powell will take you through that in more detail.

So last is operational excellence. And this is about winning at the point of purchase and consumption. This is all about distribution and how we show up, how Jack Daniel's shows up in the on and off-premise, how we show up in social media, how we show up in our activations and sponsorships and how we show up in e-commerce, at point of purchase there. And Michael and Chris will provide more details from a region's perspective on that.

So in closing, I am confident that these new strategic priorities, meaningful difference, the way that we approach our new communications and creative strategies, a renewed focus on the on-premise channel, impactful innovation and operational excellence will fuel our return to growth.

Now I'd like to welcome Jamie Butler to the stage, who will talk to you about meaningful difference and how that's going to come to life in our new creative campaign and communications strategy. Jamie?

Jamie Butler

Thank you, Mark. Good morning. For those of you that I haven't met, my name is Jamie Butler. I'm the VP, Creative and Communications Director. I have been with Brown-Forman for 19 years now, 10 years here in the U.S. and most of my years stewarding Jack Daniel's across a variety of marketing roles. It's a pleasure to be with you all here in Nashville, Tennessee.

Mark introduced the Jack Daniel's global strategic priorities to you, and I'm just going to

spend a little bit of time talking to you about how we are building meaningful difference. Now you might still be asking yourself, what do we mean by meaningful difference? Well, meaning relates to the brand having affinity with consumers and meeting their needs in relevant ways. Difference? It's about standing out as unique, setting Jack apart from the category and leading the way. In my world, this is all about how Jack shows up, how we communicate and of course, how those communications are received.

And this all starts with our global communications platform, Like No Other. This is the foundation upon which our campaigns are built and implemented. The source of our ideas, the creative springboard, if you will, is how we build meaningful difference. And it's pulled faithfully from our brand positioning. And like our positioning, it takes us back to our roots to show that Jack really is a brand like no other.

Now to be like no other is a testament to Mr. Jack's motto that hopefully you all heard yesterday. Every day we make it, we'll make it the best we can. We take pride in not being scotch or bourbon with Jack. And like our positioning, the purpose – sorry, the platform is purposely enduring. It will last over time and take us over a number of campaigns.

So what makes Jack a whiskey like no other? Well, we have four tenets or principles that guide us, that help us build a meaningful difference. First of all, iconic, like no other, the original square bottle, the black-and-white label universally recognized, our filigree and our font.

Number two, liquid like no other, limestone-filtered cave spring water, charcoal-mellowed drop by drop. A story like no other. And our story starts with Jasper Newton Daniel, a man like no other from a place like no other, Lynchburg, Tennessee.

And finally, we have swagger like no other. Jack was born from independence, made for independent spirits to ensure that Jack remains present and steadfast in pop culture. And

this gives us incredible power as a brand. We're in a real position of strength. And when you combine that with our powerful new positioning and refreshed tone of voice, Jack's tone of voice, it's clear to see we have a real solid foundation to deliver a campaign that is distinctly Jack.

Now along with this foundation, we have introduced a new process to ensure that we are consumer obsessed. Historically, a creative idea was born out of a storyboard and a script for a TV ad. And that TV ad was sliced and diced for other channels. The audience was kind of left to last and at a relatively tactical level. Now we start with a clear audience strategy. We meet them where they are, in the places consume media. And then we create content for those channels. This is a major shift and one that we have successfully rolled out across Brown-Forman brands.

So that's a peek behind the curtain of what sits behind our campaign, the primary driver of our meaningful difference strategic priority. To introduce the campaign to you, I'd like to share a short video that we created to launch the campaign internally with our Brown-Forman employees.

[Presentation]

Jamie Butler

My team love to make fun of me from my little cameo at the end of that video. So this campaign, that's what makes Jack, Jack. It's clearly born from our positioning. It's iconic and is unmistakably Jack. It emphasizes the enduring craftsmanship and genuineness that distinguish Jack from other whiskeys, stemming from our signature charcoal mellowing process and the unwavering standards set by Mr. Jack himself, reinforcing the brand's status as renowned and iconic. The campaign is the biggest and most far-reaching in brand history, and it will strengthen our position as a symbol of independence for current drinkers of Jack and for the next generation.

We launched in select markets earlier in the summer and all core markets will be live for our key period right now of October, November and December. And so now I'm thrilled to share with you the lead film entitled, That's What Makes Jack, Jack. This film was built for TV in all the various formats and also for cinema.

[Presentation]

Jamie Butler

Storytelling is at the heart of this campaign. And so we very purposely brought in one of the world's finest actors with a really distinctive voice that emulates the values of the brand, independence and authenticity. It's the perfect voice for telling our story. And I hope that you recognize this cool dude.

Alongside the lead films, we also have shorter supporting films that lean into one of the four tenets I introduced you to earlier. The supporting films that are intended to be released over time to keep the campaign fresh and to ensure that we continue with this depth and breadth of messaging. And I'd like to share one of those films with you.

We're excited about all of the films, but The Drop holds a really special place. It's the first time we've been able to take consumers through the charcoal mellowing process in such captivating detail. The process of making this, it was really complex, really fascinating. And the end result, it's one that I'm incredibly proud of. This is The Drop.

[Presentation]

Jamie Butler

All the films were tested with consumers at various stages of campaign development. We specifically chose test markets to represent a geographic and cultural range, and I'm delighted to say that in all my years of experience, I've never seen such unanimously strong results across the board. There's a lot of numbers here, but to guide you a score

of 50 is generally considered okay. All films scored significantly higher than past recent Jack campaigns. The films, they also scored significantly above norm, across all measures, across markets. Actually, better than simply above norm.

If you look here, the spots consistently scored in the top 25% of ads. And we set out to be unique and different. Key measures for unique and different performed in the top 10% of all CPG ads tested in all markets.

That was the films. However, we all know that consumers live in very much fragmented media landscape. Interactions with brands come in many forms. And so our storytelling comes to life in many forms and more – much more than just films.

And so we have a campaign communications ecosystem that ensures that we reach consumers wherever they are. This includes activation, where we're integrating our McLaren F1 partnership into the campaign alongside a plethora of music activations. Jennifer Powell, she'll shortly talk to you about the on-premise, but first, let's take a look at some of our other channels.

Social media across key platforms continues, of course, to be a priority channel for us. And here's examples of how the campaign comes to life with consistency and clarity of messaging.

E-commerce continues to be a growing opportunity for us. And in this environment, our communications are straight to the point, driving purchase for our consumers right there at that moment of purchase. And here are examples that show how the campaign works across the portfolio.

When the campaign launched in the U.S., our team were determined to show up in ways that would confidently and boldly demonstrated the iconicity of Jack, there's arguably no better place to do that than Times Square.

The campaign, it's live in Brazil, and it was amplifying Jack's sponsorship of NFL during the recent game in Sao Paulo, with again, unmistakably Jack communications. As a side note, in addition to Brazil, Jack is also sponsoring the NFL in Australia and in Mexico.

The campaign has taken off in our travel retail channel across key global airports. The omnichannel approach here, it aims to connect travelers at every step of their journey from pre-trip planning through the airport and even at the destination, and here's an example from South Korea. Here's another example, this time from London Heathrow. And this creative execution, it's playful with our iconography in ways that are still distinctly Jack. The bottle does all the storytelling necessary.

Now I cannot mention London without talking about our London Underground campaign. We are the longest running advertiser on London Underground. Commuters and visitors alike, they're familiar, even expecting of our Jack Daniel's ads. These ads change on a monthly basis. And they exist in a really rare environment where long copy format allow us to tell our stories with such depth. Here's an example from just last month, which leans into one of our real classic Jack stories.

As I mentioned earlier, this campaign, it does represent our largest in brand history. We're still in launch mode, importantly, still in launch mode, but we are live in 21 markets with the biggest campaign weight happening now, October, November, December, and that constitutes 46% of our annual campaign spend.

These markets represent 74% of Jack Daniel's retail sales value. And across markets, we've been implementing a continuous optimization cycle to monitor and enhance our plans, focusing on driving consumer impact and on business impact.

Early performance indicators are really strong. Video assets are exceeding industry benchmarks for engagement rates and watch times, demonstrating not only the strength of

the creative but powerful audience targeting. Transaction-driving assets are delivering a strong return on ad spend, far exceeding previous campaign performance. In the U.K., for recent Gentleman Jack Father's Day gifting activity, the performance was 125% above industry benchmarks. Finally, on YouTube, Jack is leading the competitive set for subscriber growth and consistently achieves over 93% of positive sentiment from users.

I'm highly confident that we will deliver against our campaign objectives. I'm also highly confident that future generations of Jack marketers are going to look back at this period as another milestone moment in the history of this special brand.

Before I pass to Amanda, I'd like to share one last video. No. 7 highlights our selling story, it's designed to ignite brand love and passion amongst our internal brand builders and wider audiences. It also, of course, ignites that passion for our business partners and our friends in our owned and operated channels. I hope you feel that same passion, introducing No. 7.

[Presentation]

Jamie Butler

Thank you.

Amanda Fowler

Good morning. My name is Amanda Fowler, and I'm the Portfolio Strategy Director for the Jack Daniel's family of brands. I started working on Jack Daniel's when I was at a research agency in Australia. And I'll say right now, that feels like a long time ago and very far away from this room, but I have the great privilege of working on the global Jack Daniel's team based here in the U.S.

I'm here today to start our conversation about our second strategic priority, portfolio development. Any discussion of our brands has to start with Old No. 7. Jack Daniel's

Tennessee Whiskey is the beating heart of our portfolio. We know that every expression in our portfolio is only as strong as this core element. And so it's important to us to stay true to it and support it in everything we do. But like any brand that is 150 years old, we have seen our portfolio change and evolve over time.

But that Old No. 7, that Jack Daniel's brand equity, create strength and enables the growth of the rest of our portfolio. It truly supports everything we do. I'm having a slight technical issue with the slides. Okay, great. Thank you.

Each part of our portfolio serves a purpose in meeting different consumer needs, while always staying true to what makes Jack, Jack. RTDs are perfectly mixed for consumers looking for Jack Daniel's in a convenient format.

Flavors offer an approachable way to engage with the brand. They often appeal to consumers who are not traditional whiskey drinkers, as a result, in 2024, according to IWSR, we sold over 3.5 million cases of flavors, reinforcing their broad appeal.

Elevated offerings are for those consumers who are seeking whiskeys that are more robust, more refined. Expressions that capture our whiskey-making expertise, appeal to consumers who are connoisseurs and excited to engage in whiskeys at higher price points.

And finally, passion points. These products are appreciated by consumers who like Jack's connection to culture. Each of these expressions acts in service and support to Old No. 7.

With that as context, our portfolio strategy is inspired by innovation, supported by renovation and geographic expansion. Jack Daniel's is one of the most well-known brands globally, sold in over 170 countries. But as you heard from Jeremy earlier today, we still have a lot of geographic opportunity for growth. I'm actually not going to talk much about geography today because you'll hear more on that from Chris and Michael a little bit later.

When it comes to renovation, this is all about our existing products, how we can enhance appeal and premiumize them. Innovation aims to recruit new consumers and showcase a different facet of our brand. We classify our innovation as scalable with wide appeal or scarce, those special limited additions, some of which you got to try last night. Chris Fletcher and I are going to share some examples of innovation that is exciting consumers and showcasing and demonstrating the values of the Jack Daniel's brand. Before we go into that innovation, I'm going to take a minute to talk about renovation.

That distinctive square bottle shape, that black-and-white label, they've been familiar to consumers for generations, but you can see how it's subtly evolved and shifted over time. Most recently, in 2024, we conducted a packaging redesign to refresh our look and feel. This refresh, similar to what you've heard from Mark and Jamie already, was about going back to our roots, but remaining contemporary. And also, it creates an incredible touch point for us for storytelling.

That new label is enhanced with details about our historic home place, the specialness of our distillery and stories of our founder, Mr. Jack. That means we get a brand-in-hand movement, a real touch point where then we can emphasize our meaningful difference and being a whiskey like no other. I am going to shift to talk about the principles that underpin our approach to innovation.

Innovation is an important way to recruit new consumers, re-recruit consumers who haven't considered Jack recently and carve out our own space within unique moments and occasions. Innovation allows us to reinforce the craft in every bottle of Old No. 7. But some products allow us to truly demonstrate the capabilities of the Jack Daniel's distillery. This includes unique grain bills, special types of barreling and extra time aging. Each of those products creates a great premium halo across the whole portfolio.

Every innovation must have a positive impact on the Jack Daniel's trademark. Any inno-

vation must be unmistakably Jack.

So we've covered our approach to portfolio strategy, and I've spoken about innovation principles, but I want to transition now to talk to a product that is hitting shelves and reaching consumers as we speak. Meet the newest member of the family, Jack Daniel's Tennessee Blackberry. I hope a lot of you had the opportunity to taste and enjoy this yesterday.

This new innovation was born from deep consumer insights, monitoring global food and beverage trends and finding the right fit with Tennessee Whiskey. With Jack Blackberry, our prelaunch concept testing identified that this flavor maintained or improved favorabilities toward the Jack Daniel's brand among 99% of spirit drinkers. It also improved scores on Jack Daniel's being seen as modern, fresh and exciting.

It is very early days for Jack Blackberry. We launched in the U.S. in August, and we've just gone live in the U.K. and Germany literally this month. But what we're seeing and experiencing is very strong results. So you'll continue to see us launch and expand Jack Blackberry around the world over the next couple of years, really leveraging Jack's breadth and geographic scale, allowing us to expand in a sustainable, measured way for multiple years.

Initial response from consumers, retailers and the on-premise towards Jack Blackberry has been extremely positive. Results are exceeding expectations. And this new product is introducing new consumers to the Jack family of brands and giving lapsed or current drinkers an opportunity to reappraise the brand. But you don't just need to take my word for how consumers are responding to this. I'm going to show a short video that captures some of the buzz that we are hearing.

[Presentation]

Amanda Fowler

And we're only just getting started. Blackberry isn't the only innovation we're proud of. I'm now going to hand over to Chris Fletcher, Master Distiller and master storyteller, to talk about how we innovate by tapping into our history and keeping an eye on the future. Thank you.

Chris Fletcher

Thank you, Amanda. I feel like after Jamie and Amanda's great accent, maybe I should apologize for my Lynchburg, Tennessee accent and hopefully, it comes across okay. Welcome to Tennessee, welcome to my home state. It was wonderful having you all in the room, down in Lynchburg yesterday.

I'm going to focus my few minutes on really just a couple of simple things. Number one, the process of how we make whiskey. As a distiller, I think it's probably pretty logical that, that is the most important thing to me. But probably more important than that, though, I would say, is what's behind that process, and that's the people. The families of Lynchburg, Tennessee that still make all of our whiskey today have been – almost 160 years, like you've heard. And I am the one lucky person from Lynchburg that gets to be here and speak to you today. But over half of our employees are either related to another employee now or were related to a previous employee. So this idea of generational whiskey-making, it is alive and well in Lynchburg, Tennessee today. And I'll start with a little bit of my history.

In the picture here, you see this is my grandfather. His name is Frank Bobo, so my mom's dad. Everybody assumes it was my father's dad. No, it's my mom's dad. And so he started working at the distillery January 2 in 1957. I came along a few years later, started running around the distillery when I was probably between 4 and 5 years old. A lot of times on Sunday afternoon, my granddad would have to go into the distillery. I have no idea what

he was doing. Obviously, at 4 years old, you don't know what whiskey is. It was just a time to spend with my grandfather.

Now I remember the sites, the smells and he let me push a button here and there, probably didn't do anything, I don't know. But I was honestly more concerned about running around outside and playing around the distiller and enjoying my time with my grandad. It wasn't until I was in college that I started to understand what Jack Daniel's was outside of Lynchburg, Tennessee. I got a summer job there, part time, in between fall break and the next semester, and my parents basically threatened me to make some cash. And that's what I started to understand really what Jack Daniel's was as a brand. I was a tour guide for two summers. And I got to meet people from all over the world that would come in every single day and want to know about how we make our whiskey.

A couple of years later, I finished with a degree in chemistry, believe it or not, I'm a chemist. And I got lucky. I started working with Brown-Forman in Louisville, Kentucky, did a lot of different roles, bounced around, did different things but moved back home in Lynchburg on January 2, 2014, as our Assistant Master Distiller, exactly 57 years to the day for when my grandfather had started at the distillery. In fact, they even saved his office. I sit in his old office every single day I'm at the distillery. And even his old wooden desk, made, of course, out of White Oak, the same wood we make our barrels from, of course.

And so to say that it's special to me to make whiskey the way my grandfather made it, is an understatement. It's a really special thing to be able to share a few minutes with you here today and talk about how we make our whiskey and to be able to look to you in the eye, most importantly, and to tell you, every drop of Jack Daniel's whiskey is made the same way my grandfather made it in 1957. Of course, we do make a little more whiskey than he made in 1957 but made the same way.

So let's talk a little bit about this process. You'll see here some of our more recent innova-

tions, and Amanda did a great job of teeing up what we've done in just the last few years in innovation. This is fairly new to us. We really dug in our heels on whiskey innovation just in the last few years. And you can see just a couple of the examples of the awards that we've won, double gold medals, platinum medals, best in show.

Well, it all started with Old No. 7. And I would tell you, still today, it all starts and stops with Old No. 7. Every whiskey you see on that screen, every bottle there is the Old No. 7 recipe, 80% corn, 12% malt, 8% rye, all distilled on 100% copper stills, charcoal-mellowed through 10 feet of charcoal and aged right there in Lynchburg, Tennessee. Our people, our whiskey-makers that control this process, are the ones that drive these unique and different flavors, these twists on that classic Old No. 7. profile that has led to the attention and the awards that we've garnered.

It all started back in 1904, when Mr. Jack Daniel got on a train right here in Nashville, went to St. Louis, Missouri for the World's Fair, virtually an unknown whiskey brand in 1904 and came home with the gold medal of the Best Whiskey in Show, Best Whiskey in the World back in 1904. We won seven international gold medals as Best Whiskey in the World, any category, between 1904 and 1981 just with Old No. 7, continues to fuel our innovation today.

Here, just a few more examples. Again, Old No. 7 fuels almost everything that you see here on the screen. Now our bottled-in-bond Bonded Jack Daniel's Tennessee Whiskey. Again, another great example of Old No. 7. When we launched this back around 2021, Whiskey Advocate magazine named it the #1 whiskey release in the year that year. 100-proof version of that classic Old No. 7., that same recipe that Mr. Jack started, almost 160 years ago, was named again the best whiskey in the world of any category.

So we're pretty proud of how we make whiskey in Lynchburg if you can't tell. We don't go around shouting it. I've got a little video that I'll close with in a minute that will allow

others to explain their excitement of our whiskey.

But one thing that I want to leave you with before I go. It's one of my favorite little activities. The bottle that you see on the far right. This is a Single Barrel special release that we do annually. These are fun limited runs that we do of our Single Barrel expression.

This is a Tennessee whiskey that came from a now famous place in Lynchburg called Coy Hill. And when you get a break later on or you're at home, just pull your phone out, pull up Google and just type in Coy Hill. Don't put whiskey, don't add Jack Daniel's, don't say Lynchburg, not even Tennessee, just Coy Hill and see what happens. The power of what this innovation can do for us in bringing Jack Daniel's whiskey not only here in the U.S., but I think with scalability, the opportunity to take it even outside the U.S. and across the world.

So with that, thank you for your time. I'll leave you with this quick video.

[Presentation]

Chris Fletcher

Fantastic. Couldn't have said it any better myself.

And now we have gotten to break. On behalf of our team at Lynchburg, thank you so much for your time. How long will break through now? 15-minute break. Thank you so much.

[Break]

Jennifer Powell

All right. Well, good morning, everyone, and welcome back from break. I hope that you have enjoyed the presentations so far. My name is Jennifer Powell. I have been at Brown-Forman for nearly 25 years, but I have had Jack Daniel's in my blood since the day I was

born. My connection to the brand is through my great grandfather Lem Matlow, and my great, great grand uncle Jack Daniel.

So I have grown up around the stories of Jack Daniel's. And I believe that connecting and socializing with others is one of the unique joys in life. And we're better to do that and tell the stories of Jack Daniel's than in the on-premise. So I am particularly excited to be here and share with you our on-premise evolution.

Now we heard earlier about our focus on strengthening meaning and difference. What it is, why it matters and how we're using creative and communications to bring that to life through every touch point. And we cannot talk about consumer touch points without mentioning the on-premise.

Now by definition, the on-premise is a bar, right? It's a place where consumers buy our drinks and enjoy them on site. And while that is true, the on-premise is so much more than just a bar. It's where we build our brands. So let's go through the strategic role that the on-premise plays in building our brands and then building Jack Daniel's relevancy as a brand and as a whiskey like no other.

Jamie showed this slide earlier, and I just wanted to resurface it with a focused lens on the on-premise. The on-premise is so paramount to our business that it is a key touch point in our new campaign, that's what makes Jack, Jack. And we think of the on-premise as our #1 brand-building channel in the industry.

And globally, we're in a position of strength. Jack Daniel's is an iconic, must-stock brand in bars and restaurants across the world. In the United States here, Jack Daniel's consumption is nearly double any other American whiskey in the on-premise. Across the pond in the U.K., Jack Daniel's is the #1 whiskey in both volume and value in the on-premise. And on the other side of the world, in Australia, Jack Daniel's is the #1 recommended whiskey

for and by bartenders.

But over the past decade, the on-premise has evolved. And Jack Daniel's has faced growth and velocity challenges that we are taking head on. Our new on-premise strategy solves for three key components in how we approach the channel. All at the same time, the on-premise is a sales channel, a brand and consumer building channel and an advocacy channel. And we believe that is through this multifaceted approach that we are going to reignite momentum with a strong mission to grow share.

The on-premise is where we build meaning and difference face-to-face, ensuring that Jack Daniel's is a passionate choice on both sides of the bar. And we do this through two key pillars: the consumer call and bartender advocacy. We're consumer obsessed, so let's click through to the consumer call.

Now look, we like to say that across the world and in every bar, you're always going to know someone by name. Jack Daniel's is the #1 bar call, and that is something that we are incredibly proud of. This infamous bar call is an integral part of the Jack Daniel's story and legacy.

[Presentation]

Jennifer Powell

So this is one of our new campaign films. We call this The Call. It is our attempt to make sure that our Jack Daniel's call is relevant to consumers across the world. And this is the only one of the campaign films where we have made more than one version. So what you just saw here was the global version. We have also made a version for the U.K. and Australia, which features the iconic JD bar call that is familiar to our British and Australian consumers.

In Asia, we have created a version that calls for the Jack Highball, which builds on the

relevancy of the whiskey consumption behavior across the Asian market. And look, the choice to localize was intentional, serving as a call to action for consumers in a way that is familiar and relevant to them. And we are backing this campaign, this spot in particular, with a significant amount of media investment to ensure that Jack Daniel's is top of mind for our consumers as they make their journey to the on-premise.

Now while we're incredibly proud of our infamous bar calls, it's important to note that Jack Daniel's is more than just a spirit mixer. It's a whiskey that has a place in cocktails. And with our robust portfolio, we are in a position to win the menu across a variety of cocktail categories. Whether that is from a contemporary classic like the Espresso martini made with Bonded to a Tennessee Whiskey riff on the Old Fashioned to a long and refreshing drink with our new flavors, we have a portfolio that is primed to win in any on-premise outlet.

And speaking of any outlet, the on-premise is incredibly vast. It ranges from independent bars to regional national accounts to music venues. And we are covering all of them, with big, bold and iconic consumer activations. I'm going to play for you a recent example of a pinnacle unmistakably-Jack activation that took place in New York City at Terminal 5, which is a music venue with our friend, Shaboozey.

[Presentation]

Jennifer Powell

You may recognize that song. It is tied for the longest-running #1 on Billboard's Hot 100, and I guarantee you if you go down on Broadway, your – you got a good chance of hearing that.

So now let's shift our viewpoint to the other side of the bar. Bartender advocacy is how we focus on building authentic and enduring relationships with members of the hospital-

ity trade, whether that is bar owners, bartenders, barback servers, you name it, we are connecting with all of them.

And advocacy has always been a key principle of Jack Daniel's. The Jack Daniel's first salesperson, Angelo Lucchesi was the epitome of a brand ambassador. And recently, we have increased our investment and dedicated advocacy personnel in key cities across the world. In the U.S., we're calling that team the Jack Pack. As in – thank you. As an ode to Angelo and his influence on the legendary Frank Sinatra and the Rat Pack.

Recently, Emily and our Jack Pack team were in New Orleans for a key bartender industry event, Tales of the Cocktail. And at that location, they were able to connect and build personal relationships with over 10,000 bartenders from across the world. Let me give you a sneak peek.

[Presentation]

Jennifer Powell

So the on-premise holds a special place in our heart. It's Jack Daniel's homeland. And it's a place where consumers and bartenders get to experience the brand and what makes Jack a whiskey like no other. So as you leave here today, I hope that you have confidence and that you feel proud in the passion that we have in making every consumer proud to drink and every bartender proud to pour Jack Daniel's.

I will now turn it over to Michael and Chris to talk you through how we are bringing the four key global strategies, that we have just gone through, to life in markets across the world. Michael?

Michael Masick

All right. Thanks, J.P. It's wonderful to be here with you all this morning. I tried to get around to meet as many of you as I could last night. But for those of you who I did not

meet, I am Michael Masick, I'm the President of Brown-Forman Americas.

But just by way of a little bit of background in terms of my experience with the brand, I joined the company 15 years ago after a career in investment banking. So I was a little bit closer to what you all do. But I think anyone who works at Brown-Forman has touched the brand. They live and breathe the brand every day.

And so for me, that looked like – I led our corporate development team and our corporate strategy team for a number of years. I spent a couple of years in our Jack Daniel's global brand team. And then I had the opportunity to go over to Europe and work in our European business out of our Amsterdam office. Since then, I spent most of my time in our emerging markets, actually, Latin America, Africa, Middle East, a little bit of time with our Asian business. And then just 9 months ago, I had the privilege to take over what is now called Brown-Forman Americas, which is Canada, U.S. and then down through Latin America. So – sorry, I have should clicked this.

So today, Jeremy showed you this chart earlier today. And I think what Chris and I are going to try to do for you is to bring to life everything that you've just seen over the last couple of hours, try to bring to life all the Jack Daniel's strategies and how – and look at them through the lens of a couple of markets.

And so we've selected – intentionally selected a couple of markets that span across these four quadrants. And so we'll start with the United States. That is a business, obviously, it's a developed American whiskey market. It's a developed Jack Daniel's market. We'll then move to Mexico, which is – it's a market where the American whiskey category is developing as is our Jack Daniel's brand.

Then we'll go to Brazil. And Brazil is an interesting one. It's a very early stage – I would call early-stage American whiskey category market, but it's a category – it's a market where

Jack Daniel's is dominating, not only the category but rapidly gaining share across the broader whiskey category. From there, then we'll move to other parts, we'll kind of move east. Well, we'll start global, actually the global travel retail, and Chris will take you through some of that. That's I'd say somewhere in the middle in terms of development. And then we'll go to some earlier-stage markets with India and then look across Asia.

So hopefully, that will give you a nice sampling of where we are in terms of the category and in terms of our brand. But let me start first with the United States. And so the United States, of course, is our largest market, just by – just to put some context to it, it's – today represents just under 40% of our retail sales value across our company. Within the United States, the Jack Daniel's family of brands is roughly 60% of our retail sales value in the U.S. So it's the majority of our business in the United States.

But let me start first by talking about, I think, something you probably read a lot about and heard a lot about, but it's the transformation that we've just undertaken in the U.S. with our route to market. So we announced this – we announced the first market, I think, back in March and then the rest in May. And it was the first time in 60 years that we really took – undertook such a transformational change across all of our markets in the U.S.

That's not really how it started. We actually – it actually started as a review of it, just a couple of states. But as we got into it, we realized there's really opportunity to do more. And so it evolved into a state-by-state nationwide initiative and review of where we were with all of our distributor partners.

So as we approach that project, we set out for ourselves four – really four objectives. The first was to make sure we're aligned with the right partners, the partners that have the right scale, the right capabilities and the ability to reach into the growth opportunities that are evolving in this dynamic environment. So that was one.

The second one was to increase focus and dedication to our brands. So over the last 10 or 15 years, quite honestly, these distribution houses have become quite cluttered. And so we thought it was an opportunity to clear out the clutter and refocus our partners on our brands. But even more than that was making sure that anywhere we are housed, let's say, with other competing brands or suppliers, let's make sure that they are complementary portfolios. So it's just an opportunity to also remove the portfolio conflicts that had developed over a number of years.

Along that, third objective was to update our partnership terms. So update investment expectations behind our business both in terms of how we invest behind our brands, but also the selling resources, the feet on the street that we have and to reset that expectation, to reset how we work with our distributor partners every day and then most importantly, to realign on what our short-, medium- and long-term strategies are with each of these partners.

Ultimately, obviously, the fourth objective was to drive better performance and always with a focus on value growth and always with a focus on gaining value market share.

So ultimately, where do we get? So we announced – we've gone now live as of August 1, we've gone live in every change that we've made. So we changed distributors in 14 markets. Now that doesn't sound like a lot, but it actually does represent a significant part of our business, and it includes 3 of our large footprint markets, New York, Texas and California.

Just as important as where we make changes is where we stayed. And so with our incumbent partners where we stayed, I keep saying, it gave us an opportunity to renew our vows with these folks. And to reset – again, reset expectations, take the opportunity to reflect on what's working well and what we need to adjust. And I got to tell you, the renewed energy between our relationships – in our relationships with our existing partners,

also within our company and within their companies has been amazing.

But it's also been really interesting to get closer to these partners – these new partners that we've learned through what we call the request for proposal process, the RFP process. Notably, that would be Reyes in California, you probably read about that, a big beer distributor transitioning into spirits. The move to Southern Wine and Spirits in New York, a distributor that by all measures owns New York, and this really has elevated our capabilities and reach in that all important market. And then other partners like Johnson Brothers that – it's really more of the Midwest focus for them, Flyover states for many of our distributor partners, but for them, it is priority #1. And within their house, we are their #1 priority.

So we've been quickly onboarding with them. We've now moved from sort of onboarding to implementation, and now we're fully into execution. I think maybe most interesting for me is Brown-Forman was an early mover here. We were really a first mover. And I think you probably read in the press, some of our competitors are now embarking on a similar exercise. And so us being an early mover has allowed us to, I'd say, find the golden share within a lot of these – within a lot of these networks. And I think it will serve us well as we navigate this challenging environment. So that's the route-to-market transformation that we've just undertaken.

So in terms of looking a little bit more broadly across our U.S. business. The Jack Daniel's global priorities and strategic initiatives that you heard about the last couple of hours align perfectly not surprisingly with our U.S. business. And so we have three strategic pillars that we're focused on.

The first is strengthening our meaningful difference. We launched the new campaign that we just took you through. We launched it in May. We have reallocated significant resources to support that. That is our single largest marketing investment that we're

making in the United States this year. But it's not just about putting more money there. It's also about where we're spending it. And so we're moving money to – into more streaming, more social, further investing in our music platforms that you heard about, honestly, doing a little less traditional TV.

But we think a lot like what J.P. just said, it will enable us to reach the right consumers at the right place at the right time. And the campaign that was developed by Mark and his team and Jamie is so adaptable across the different platforms and in a much more locally nuanced way. The early results are very favorable. So it's probably too early to really call it, but we are seeing measurable favorable impact across all of our key marketing metrics, whether it's penetration or consideration or unaided awareness and even share of voice. So I think we're all very, very optimistic with the assets that the Jack Daniel's team has developed.

The second pillar is the on-premise. So J.P. just covered that well. So I'll just dial in a little bit more for the U.S. So the on-premise in the U.S. has been probably the most challenging part of our business really over the last 5 and 6 years. And so we know we needed to take a new approach. And so I would say the U.S., to me, it's kind of a two-pronged approach.

One is going to be, let's say, at the higher end of the trade, the influential accounts. That's where we've redeployed SG&A resources to fund the Jack Pack. And it's a network of ambassadors and highly influential salespeople across the United States that are there to work with bartenders to drive advocacy and to drive consumer activation. And so we have them across many of our spotlight markets.

But then the other side of it is, let's call it, the more scaled end of the on-trade. That's the neighborhood bars, the restaurants, this happens – this is the biggest part of the on-trade, it also happens to be the fastest-growing part of the on-trade. This is where consumers are eating and dining and drinking right now. This is where consumers are

looking for value, but also dependable quality. And so we're orienting a programming and our cocktail strategies around just that.

I can't help but talk about city-focused strategies. Again, you probably heard Jennifer talk about that. We've got New York-focused strategies. And we're sitting here in Nashville. Please go down to Broadway before you leave, you will feel the energy, and I think you'll feel the investment that we're making there to not only sort of defend our turf, but to reclaim any turf that might have been lost. And so it's been really exciting.

So for me, the on-premise is about moving from passiveness to passion. Using your words, thank you for those. So the third pillar for us here in the U.S. is innovation. And so I think Jack Daniel's has an opportunity to participate more in innovation. We have an opportunity to reach existing consumers in different ways but also to reach new consumers and new occasions. And I think – I hope you are, I'm certainly impressed with the range of. And there's a quality of products and expressions that Chris and his team are developing.

So I think in the U.S., maybe the most modern or current example would be Jack Daniel's Blackberry. Amanda took us through what it is and how we created it. But just to give you a sense of how it's doing in the U.S., it's off to a rapid start. It's already – the distribution of Jack Daniel's Blackberry has already surpassed that of Jack Daniel's Apple and Jack Daniel's Fire, which have been in the market now for a number of years, quickly closing the gap on distribution for Jack Daniel's Honey. And so all positive signs. But the reception that we've got from the trade, off-trade and on-trade, and even consumers, as evidenced by consumer takeaway has been incredibly favorable. So we're off – I think we're off to a really good start.

We have not really seen any cannibalization to the other flavors yet. So that's a good sign. Actually, to the contrary, it's actually enabled us to leverage the launch to build or even

rebuild points of distribution and displays for the rest of our flavors portfolio. So it's been good.

But then demonstrating the other end of the range of Jack Daniel's is looking at the super and ultra-premium expressions that we've developed over the last 5 years. Chris took you through all of those. I think in the U.S., it's been a very intentional phased approach to releasing these innovations and these expressions.

And so going back to 2021 with Bonded and all the way up to today with the 14-year-old and the permanent expression of Jack Daniel's Heritage Barrel, all of these have been incredibly well received by consumers and trade alike. And most importantly – I would say most importantly, from my financial mind perspective, they deliver potent, high-margin incremental impact to our P&L. So that's our innovation pillar.

So you ask results. How is it going? I can't share a lot of data with you, of course, with where we are but I'll share a focus on consumer takeaway. I think right now, anyway, that's the best North Star to look at, especially as we're going through such a transformation within our U.S. business with the route-to-market transformation.

So just to tell you what this chart says. So if you look at – this is looking back over the last 12 months, the light blue is TDS, excluding RTDs. So it's a look at full strength. The light brown is Jack Daniel's family of brands and the dark brown is Jack Daniel's Tennessee Whiskey.

So if you go back 12 months, we were underperforming the category by just over 3 points as a family of brands, Tennessee Whiskey was underperforming by, let's call it, 2, 2.5 points. So over the last 12 months, we have closed that gap significantly to the point where we are now outperforming TDS. So the Jack Daniel's family of brands is now outperforming the TDS. Tennessee Whiskey is performing right in line. So that gap has closed,

if not gone in a favorable direction for ourselves.

Why? I think I'll just tie it right back to the strategies I shared with you before. It's the evolution of our on-premise strategy, which came out late last year. It's the launch of the new campaign and I think strongly complemented by the innovation that's come out more recently.

Importantly, though, is how we're doing it. Pricing and value growth remains imperative for us. I take what we call a low, slow and consistent approach to pricing, both in terms of frontline pricing but also in terms of all the – pulling all the levers of the RGM framework, looking at discount optimization, looking at mix optimization and things like that. And so you'll see that come through the data here.

So that's the U.S., I'd like to now go to Mexico. And Mexico is a market that's near and dear to my heart. I've been working with Mexico now for almost 6 years. It is a – it is our largest emerging market in our business. It's a consistent and leading growth driver of Brown-Forman Corporation results.

So let me start a little bit with market and consumer context for those of you who are maybe a little less familiar with Mexico. Mexico is a unique emerging market. It's one of the few multi-category premium-plus spirits markets in the emerging world. Tequila, it's whiskey and it's RTDs. It's climbing the ranks quickly in premium plus spirits, now #8. It's a huge RTD business. It's now #7 RTD market globally.

And I think it's really benefiting from a lot of consumer tailwinds. Now the expanding middle class is now 50% of the population, rising disposable income, low unemployment, inflation is going in the right direction for us. And so we're getting a lot of tailwinds there from that.

Within Brown-Forman, Mexico is also rising in the ranks. As I said, it's our largest emerging

market. It's now our #3 market in the world, behind the U.S. and the U.K. Our portfolio in Mexico lines up perfectly with the market opportunity. We have leading tequilas. We are the #1 RTD player in Mexico. I won't talk about those today as much as I'd love to, but we have a nicely developing whiskey business as well.

Over the last 5 and 10 years in Mexico, I called it a consistent growth driver. It is just that. It has been growing retail sales value, 10% consistently over the last 5 and 10 years. But focusing on whiskey because that's why we're here today. Whiskey in Mexico has been growing. If you look at the total category, very consistent growth driver, 4% over the last 10 years. But if you look within that, American whiskey has been the growth driver of the category. We've been growing 2.5x faster. Within American whiskey, that is – almost entirely, I can say it is driven by Jack Daniel's. Jack Daniel's is 80% of the American whiskey category in Mexico.

But even despite that, it's relatively early stage. So even despite us being 80% of American whiskey, we were only roughly 9% of the broader whiskey category in Mexico. If you compare that to some of our other larger developed markets, we hover in that 15% to 20% share range of total whiskey. So just using that as one reference point, I'd say we have some decent runway there.

But again, I'll go back to the RTD portfolio. We are uniquely positioned with the leading whiskey RTD portfolio in Mexico. It's 2 million cases today, growing double digits. It's serving as a nice complement to Jack Daniel's. It's giving a more accessible price point, a more convenient option, obviously. And actually, when you consider that plus, have to do it, our 12 million case new mix business, our tequila RTD business in the U.S., it's a 14-million-case RTD business in Mexico.

And even despite its scale, it's 1% of beer. So we're stealing share from beer in Mexico. And I think considering we've got 99 percentage points more to go, the runway is signifi-

cant.

So just looking ahead to Mexico. I mean, to me, I'm really excited to see how the new campaign is going to resonate. It's being rolled out there in a locally relevant way. Blackberry will be coming soon, and we're pushing hard on developing the upper ends of our portfolio in Mexico.

So let me go lastly to Brazil before I hand it over to Chris. So a lot like Mexico, Brazil has been a consistent leading growth driver of our company over the last 10 years, really. The market context, though, is a little different than Mexico.

So it's predominantly a whiskey business. Premium whiskey is about 2/3 of the total category. So it's predominantly a whiskey business, as I said, rising in the ranks. It's now seventh largest whiskey market globally. Like Mexico, it's benefiting from an expanding middle class, 50% of the population, rising disposable income, unemployment is relatively low. Inflation is going in the right direction. So – and we're seeing the whiskey category – even despite some of the troubles you're seeing in beer in Brazil, the whiskey category has been very resilient, growing double digits.

But within Brown-Forman, we made a significant investment about 11 to 12 years ago. We built our own distribution business in Brazil. We actually lost money on it for a number of years. It was a great example, I think, of us investing ahead of the growth. But that has really served to build a strong foundation from which I think has become a competitive advantage for us as other companies have tried to come into Brazil, it's been a real competitive advantage to us.

And if we look over the last 5 and 10 years, Brazil retail sales value growth has grown almost 25% over the 5- and 10-year periods. So very consistent, strong double-digit growth driver. It's actually our #6 market now in Brown-Forman. It's hard to believe. It was #10

just 5 years ago.

But focusing on the whiskey category. Here again, the whiskey category has been growing 10% last 10 years. Within that, American whiskey has been growing at 24%. So here again, about 2.5x faster than the broader category. This is a market where Jack Daniel's has, even more strongly than Mexico, led the growth. We're now over 90% of the American whiskey category in Brazil. It's our #3 Jack Daniel's market. It's – interestingly, it's our #1 Jack flavors market internationally.

So in terms of how we did this though, the two words for me are phased and focused. And I'll talk about it through the geographic lens and a portfolio lens. From a geographic lens, 11 years ago, 12 years ago now, we built our own distribution business. And we had – we intentionally focused on Sao Paulo for almost 5 years, 20 – almost 30 million people living in the area, 5 years focus. And after that 5-year period, we then moved to Rio, then we moved to the Midwest and now only the last couple of years that we've begun to really focus on the Northeast, which is a huge pool of whiskey as if you know the market.

We also have done the same thing on our portfolio. So our Jack Daniel's flavors, really, we began to focus on those 5 and 6 years ago. And those brands have now served as a strong complement to the brand. We're not seeing cannibalization. It's serving a different purpose in the market. And like we are doing with our geography, we're taking a very phased and focused approach to building our flavors there as well.

We are now getting to a place that we're looking ahead. We're pushing strongly into the super-premium end of our portfolio in Brazil. And we're also now beginning to more deliberately build the rest of our Brown-Forman portfolio over there, so we can continue to extend the growth trajectory of that market. So I think that's what you can expect for Brazil over the next 5 and 10 years.

So that's the Americas. There's a lot more to talk about. And I think now we're going to move over to another part of the world. I'd like to invite Chris Graven, my partner, and she is our Chief Strategy Officer. She'll take you through - we'll move east now, I guess. So Chris, welcome.

Christina Graven

Thank you, Michael. I'm Chris Graven, I'm the Chief Strategy Officer here at Brown-Forman. I've been with the company for about 20 years, and I had the privilege of working on Jack Daniel's myself from 2009 to 2012, where I authored our first 10-year growth strategy, JD 2020. And I did a lot of the foundational work around flavors. So as you can imagine, I am very excited to be here today to talk about the growth opportunities for a brand that is near and dear to my heart.

So as everyone has said, Jack Daniel's has a long runway for growth. We're going to move east and talk about emerging markets, but I'd be remiss if we didn't talk about the continued potential in Europe. So I'm going to go ahead and start there.

So Europe is a mature but diverse market. We have 15% market share, if you look at standard-plus whiskey, and the Jack Daniel's family of brands is the #1 trademark in spirits. That being said, we are still seeing recent gains in market share in six of our most established markets, the U.K., Italy, France, Spain, Poland and Czechia. In addition, if you look at our brand health metrics, they are all stable or improving across Europe, particularly when you look at penetration and buzz.

So in summary, Europe is a mature market, but still has meaningful opportunities for growth, and we have strong momentum. When we talk about those opportunities, I'm going to kind of break it out into three different pieces. We'll talk about brand, channel and geography.

From a brand expansion perspective, as Jamie talked to you about, that's what makes Jack, Jack campaign has recently rolled out in Europe. And prelaunch survey suggests that we have a significant opportunity to recruit and re-recruit consumers with this campaign.

As Amanda talked about, Jack Daniel's Tennessee Blackberry is rolling out, we're seeing it just rolling out in Europe now, but this fall, we'll see it in U.K., France, Germany, Poland, Czechia and Turkiye. Just in the last couple of weeks, we've seen Jack Daniel's blackberry launching in Tesco stores across London. So a very exciting time, and we have had a very positive response so far.

From a channel perspective, we all know that the on-premise is a great brand-building opportunity. Similar to the U.S., we do under-index a bit compared to our competitors in the on-premise, which is why this renewed focus that Jennifer talked about earlier, this idea of working both sides of the bar in Europe, is a great opportunity for us to reach consumers. In addition, we're seeing consumers in Europe move – consumption trends back towards the on-premise, which is a great opportunity for us to speak to younger LDA consumers that we perhaps have not gotten to speak to before. So we're excited about the opportunities in the on-premise.

When we think about geographic expansion, I know that Western Europe is exhibiting some of the trends that we are seeing in the U.S., but not – that's not the case across Europe. So as we think about Southern Europe, in Italy, we have recently launched our own distribution, and we're already seeing improvements in distribution that we get from having our dedicated – own dedicated sales force.

As we think about – we move a little more east towards Eastern Europe and in more emerging markets, Poland is potentially our greatest example of how we've used own distribution to build a strong and healthy Jack Daniel's Tennessee Whiskey brand. We've grown 8% per year over the last 5 years, and we are continuing to gain market share. So

Europe still offers significant growth potential for the Jack Daniel's family of brands.

I'm going to talk now a bit more about emerging markets. So I'm going to start with India. Now I know that you could go to any investor conference, and they will tell you what a great opportunity India is, and it certainly is. It's the most populous country. It's the fastest-growing economy. It has a growing middle class and increasing disposable income. India is a great opportunity for almost any brand, but let me tell you for a minute, why we think this is a great opportunity for spirits and for Jack Daniel's.

So since COVID, there's been a rising social acceptance of beverage alcohol in India, particularly with younger LDA consumers. And these consumers tend to be a bit more experimental, a bit more sophisticated, and they are leaning towards international spirits and also moving up the premiumization scale.

From a route-to-consumer perspective, complexity is getting a little bit less. We can see about 80% of whiskey sales are coming from just 10 states. And then there's a middle-class wealth growing. We expect addressable population to triple in the next 10 years.

So you might ask, what are they drinking? They are drinking whiskey. Whiskey is the largest spirits category in India. And India is actually the second-largest spirits – the second-largest whiskey market in the world and is expected to continue to grow at 8% per year over the next 5 years.

So you can see this is a perfect storm for Jack Daniel's growth in India. We have a strong consumer. We have a growing economy. We have a taste for international brands, and we have a very strong thriving whiskey category. All that sets us up to unlock growth for Jack Daniel's and recruit new consumers.

As Lawson mentioned earlier, we are still very small in this part of the world. Less than 1% of our retail sales value contribution comes from India versus some of our competitors

who are up to 11%. So we have very significant headroom for growth in India.

Continuing to move east, we talk about Asia. Now obviously, not one specific market, but a very diverse continent. We have developed markets like Japan, Korea and China and vibrant emerging markets like Thailand, Indonesia and Vietnam. Majority of these markets are seeing increasingly affluent consumers. For example, in Southeast Asia, GDP per capita has risen 5% per year for the last several years and is expected to continue. These increasingly affluent consumers are showing a strong appetite for international brands, and American brands in particular. Now we're seeing this across a lot of categories. So I'm sure you all are seeing that, but that does include spirits.

So when we think about what are they drinking, it is also whiskey. Whiskey is more than \$7 billion in retail sales value in Asia, and it is the largest international spirits category. So just to clarify, in Asia, still 75% of the spirits market is national spirits, but 25% is international. And within that, whiskey is the largest category, and it's expected to grow over 4% per year for the next 5 years.

Again, when you look at the opportunity, we have 3% market share in Asia compared to competitors who have 20% or 30%. Now it's important to remind you of context here, we only began expanding internationally 30 years ago. So we're still fairly new to this. And as we moved east, and we are moving our focus towards Asia, it appears it is just the right time where the consumer is ready for us.

The last market I'm going to talk about is travel retail. And global travel retail, not really a market so much, it is a channel with global reach. So we have seen recent momentum in this channel, and we are very excited about that because we think of it as not just a growth contributor, but an opportunity to build our brands. So let's talk a minute about what GTR looks like. So they are expecting increasing growth with increasing passenger travel forecasted to grow about 4% per year over the next 10 years. There's an evolving

retail landscape and a great opportunity to build brands.

Interestingly, consumers are more likely to be in a discovery mindset when they're visiting this channel, creating an opportunity to engage with them and create memories and ideas that they will bring back to home with them, ideally to a lot of the markets we've just referenced. And so it is a great brand-building opportunity.

So when we look at what are people buying in global travel retail, also whiskey. \$5 billion in retail sales value in whiskey and makes up 50% of the total retail sales value for GTR and is projected to grow at over 3% over the next 5 years. It also trends more premium. And so it is a great opportunity for the Jack Daniel's family of brands and our more premium line extensions.

When you think about the Jack Daniel's opportunity, as I said, we are seeing increasing momentum in global travel retail, which is very exciting for us. 50% of sales are whiskey versus 40% out kind of in the rest of the world, so it does over-index on — **Audio Gap** — our campaigns are doing quite well with global travel retail and are really connecting with consumers. So between our new campaigns and our portfolio, we think global travel retail is a great opportunity for us to win on this global stage.

So we're back to this slide, which you all have seen a few times today, and I will wrap it up by saying, Jack Daniel's has a long runway for global growth. We believe we can unlock that through excellent execution of the Jack Daniel's strategic priorities. We're solidifying our leadership position in developed markets. We're unlocking growth in our — in emerging markets, and we're leveraging global travel retail as a platform for global brand building. All of this suggests an exciting future for the Jack Daniel's family of brands and for Brown-Forman.

I will pass it back to you now, Lawson.

Lawson Whiting

All right. Thank you, Chris, and we try to bring it on home here a little bit, and then I know we're going to go - we've got a fair amount of time actually for Q&A.

So I thought the way to end it, would we go back a little bit to the beginning where Mark, pulled out the 1957 marketing plan. And I just want to highlight a couple of them one more time.

So emphasize the craft or the smallness of the distillery, some of you even - a couple of people made comments to me here today. I've never been a big fan of the word craft because somehow that implies that Brown-Forman cannot craft our whiskeys in a small way. And I've never been a big believer in that. But you all yesterday got to see what the ultimate craft is really, really is and what it is like and the way that we treat our whiskeys and the specialness that we get out of there. And so I think that's important to remember.

Concentrate marketing efforts into areas of influence, closely coordinate efforts of advertising and sales, which is famously a challenge for some CPG companies, but I actually think we have that in a pretty good place.

And then consistent total marketing endeavor. That's about bringing the entire the entire menu of options that you have for building brands and bringing them all together. And I think Jack Daniel's does that pretty well.

So I want to thank you all for coming here today. I want to thank the Jack Daniel's global team, in particular, you guys don't get a chance to do this very often. And it was great. I think, I hope you all got - that you all absorbed and got a lot out of that.

It's kind of not our normal Investor Day here. We're normal - normally, it's Leanne and I driving so much of this, and we have all the financial statistics and metrics, and I know we've been doing that every quarter for years and years and years. So I thought it was

kind of fun and kind of a good idea to really do the deep dive into the Jack Daniel's brand once again.

So thank you again for coming. I don't know how we're going to do this. So we – let you close it out? Okay. Well, I'll do that.

Question and Answer

Susanne Perram

All right. So we have about 45 minutes for Q&A. While they are getting the stage set up for the group to come on up, I'll give you a few housekeeping notes before we get started.

So I will be moderating the Q&A. I want to make sure I'm not in your way. So please wait for a microphone before you ask your questions so that those that are listening on the webcast have the opportunity to hear your question. Please also keep in mind that only business-appropriate questions will be addressed in our Q&A session.

I will also add that we reported our first quarter fiscal 2026 earnings results just back on August 28. So I hope that you have our comments on the current environment and our current fiscal year, so that I want you to take the opportunity today, please, to ask your questions of the people that presented today and shared information with you so that you have the opportunity to talk to people that you usually don't have the opportunity to talk with. So Lawson, Leanne and I will be available in a few short months to talk to you about second quarter, so please take the opportunity today to talk to our presenters and tap into their expertise and perspectives.

So with that, it looks like we've got our chairs. I'd invite our presenters to come on up and we will get started. In order.

All right, who's got – there's the hands. All right, actually, [Peg,] you're right back there

by Javier. We can start there.

Javier Gonzalez Lastra

So it's Javier Gonzalez Lastra from Berenberg. I had a question on India. Now that the country is meaningfully opening to imported spirits, your two biggest competitors there have been operating with large domestic businesses and with large distribution infrastructure for a long time. So I would love to hear your thoughts on how much of the competitive advantage this is for them and to protect the current market share?

Susanne Perram

Do you want to start, Lawson and then maybe we can go down to Chris?

Lawson Whiting

Yes. Chris and I can split it, if you want to. So yes, look, it's a massive place with a massive amount of volume in front of it. We know that it's going to take a fair amount of investment to get there, both on the brand building side and the people side. And we've already started to add people to the market. And you're right, as tariffs begin to come down, and hopefully, they come down for American whiskey in a substantial way, we'll just have – we will be reallocating resources and growing into that.

But the ability to grow pretty quickly, I think, is there. The base now is pretty small. Use Jameson as an example. The brand went from 100,000 to 700,000 or 800,000 cases in a matter of just a couple of years. And so we think that we can – I'm not trying to promise that kind of delivery, but I mean, we can do something substantial in a short period of time, too.

Christina Graven

Yes. I would just say that I agree with Lawson. I think that the market is so vast and is growing and changing so quickly. I believe we have significant opportunity despite the

fact that some of our competitors may already be there and be more established. I think there is plenty of opportunity for growth.

Jeremy Shepherd

And just from a brand perspective, I'll just jump in. We talked a lot today about Jack Daniel's and the opportunity for Jack Daniel's, which I think is probably pretty obvious, but we didn't talk about Woodford Reserve. Woodford Reserve's opportunity in India and also our scotches, Glendronach. So those two brands are also very, very small in India. And with that whiskey drinking consumer, we think great opportunity specifically for those two brands as well as on top of Jack Daniel's.

Susanne Perram

To Nadine, here.

Nadine Sarwat

Nadine Sarwat, Bernstein, I promise I won't ask about structural or cyclical. So we've had a really volatile and unprecedented last 18 months, so I guess my question to the whole group would be, with the benefit of hindsight, which is always 2020, what might you have done differently given that we're able to look back on that time? And how is that going to inform your strategy that you've laid out today for Jack, but for the rest of the portfolio for years to come?

Susanne Perram

Maybe, Jeremy, Mark, do you want to talk about the evolution over the last 18 months, how we have changed and adapted?

Mark Bacon

Yes. I think first and foremost, Nadine, for me it was digging deep in the consumer, right? So not just consumer behavior, what they're doing, but what's motivating them, what

will be motivating them in the future, getting a clear and deep understanding of their perception of Jack Daniel's and what is appealing to them with a focus on Black Label, but also across the portfolio.

So once we knew how we could – how we could approach them and what was important for consumers, that's when we got to start to doing our work on meaningful difference. And I think that's going to be the foundation that carry us for another decade with the campaign specifically.

Then I think it was kind of explained with changing habits and the way folks are approaching spirits, especially in the on-premise. It's just such a dynamic channel and there's been so much change there. We had been losing share and it's vitally important that we had to do things differently. And I think we have the portfolio to go do it, especially with the Jack Daniel's brand. We kind of jokingly say from a fine establishment to a questionable joint, but we have a portfolio that fulfills the needs for consumers in those places.

Jeremy Shepherd

Nadine, I'd also like to add I – honestly, I like what we've done. If you think back 18 months to 2 years, think about major route-to-market changes in major markets in the U.S., increasing focus and dedication, think about Japan, think about Italy, some of the announcement and work we've done there.

And then from a brand perspective, I mean, I thought Chris and Amanda did a great job on all the innovation that we've seen in the last 18 months to 2 years. I mean, Jack Blackberry is the obvious one, but the age statements, Heritage Barrel, a lot of the premium marks that really help with whiskey-making credentials for Jack Daniel's.

So I think a lot of things have been in the works over the last 18 months. And It's kind of nice now, actually, to be honest to you, to just sit back and watch it all sort of come

together as it's all sort of being released as we speak. So that feels pretty good.

Jennifer Powell

I'll jump in from a U.S. perspective. I think sort of in hindsight, one thing that I'm particularly proud of is how we really looked at our investment posture, particularly on Jack Daniel's. I think in times like we've been facing, it's easy to pull back, but we've really looked across our investment mix and make sure that we are allocating to support Jack Daniel's with the sufficiency that we believe we need to maintain share of voice and how that will eventually correlate to share of market.

Michael Masick

Got it. And then just lastly, I mentioned this route-to-market change that we did in the U.S. And of course, would expect that to benefit Jack Daniel's. But I also would expect this to actually maybe even more benefit the rest of our portfolio. I think Jack is a brand that just sort of naturally given its scale, does get more attention from a lot of our partners, but take even a brand like Woodford Reserve, it's been in the market now for 28 years. And if you look at the level of distribution, it does feel like you see it everywhere. This is public data. But if you look at its ACV distribution, 55%, 60%.

So there's a 30 or 40 points of gain right there to even get where Jack Daniel's is today in the U.S., that's Woodford core expression, not to mention the rest of the Woodford range. Then you get into brands like our tequilas that clearly, we need to – that's a big focus for us.

But there, again, this is where I go into reinforcing – bringing focus back to our portfolio and clearing out the conflict. In many cases, our tequila brands are now the highest priority tequilas in our distribution network. And so that, too, should serve those brands well and then by extension, what we call, our emerging brands, some of our newer acquisitions, Old Forester, et cetera. So I think that's a significant change to even just 12 months

ago.

Susanne Perram

We'll come back to this side of the room. Filippo...

Filippo Falorni

Filippo Falorni, Citi. So 18 months ago, Lawson, you laid out a vision to double your American whiskey business and more than double your operating profit. I guess, as we sit today, after those 18 months of challenges, like what's the confidence of still getting there? I know it's still very far out, like 2032, and there's a lot to go. But like maybe help us understand how your strategy changed to get to those targets?

And then for everyone that presented, it seems like the challenges have been more recently in the U.S. and developed international. So does your ambition to double the business, rely a lot more on the international side, especially some of the emerging markets that you highlighted?

Lawson Whiting

Yes. So look, so for those that weren't there, we had an ambition called Make it a Double, which was a couple of years ago, really, that we started in – it was more of an internal thing, but we unveiled a lot of that when we were at Woodford. Look, the math. The reality is doubling it by 2032 would require essentially double-digit growth from now till then. And so we're backing away from that. We're not backing away from doubling the operating income of the company. It's going to take a year or 2 longer likely.

It depends, and I – sort of where a lot of questions have come even in the last, say, 6 months is speaking to long-term algorithms and things like that, where are you? And look, I don't want to stand up here today and say we went – we used to say sort of mid-single-digit top line and leverage that into something a few points higher on the bottom

line. And that still is our longer-term ambition.

But when does that kick back in again, I mean the assumptions back from 18 months or 2 years ago, 2 years ago, really, when the market – the U.S. market was still growing at 5% or 6%, and now it's at minus 4%. That's a 10-point delta in a period of 18, 24 months. And so I'm just trying to be realistic that, that is – we're not in double-digit growth mode at least in the next couple of years until you start to see some of that come back again. And so I still want to double the size of this company. I just think it's going to take a little bit longer.

Yes. I mean some of these folks can – look, I'll let you guys add to it, and I never want to hold back the U.S. market, but the reality is over the last 20 years, our international markets have grown. When I joined this company, it was in the late '90s, we were at 85% U.S., 15% international, and it has gone now, it's – I'm not even sure exactly where it is, 55-45, 55% international, 45% domestic and probably moving more towards 60-40. So we certainly have a bigger – we have a very large international business now. And as we talked about and Chris talked about and others, there's a whole lot of runway in front of us that we're still going after.

Jeremy Shepherd

I'll help answer the question, too. I think we've got to do both. We've got to win in the U.S. and continue to grow in the U.S. and the investments that we're making around the campaign, and Jack is the most we've ever done. So we sort of recognize that the U.S. is the largest market in the world and is projected to also continue to deliver the largest value growth moving forward. So we've got to find ways to win in the U.S.

And then I think one of the things that's a real benefit for us as a company is we've got great opportunity in places in the world where we're more underdeveloped than our competitors. And we have brands and categories or brands in categories and price points

that consumers in those marketplaces are looking for. So it's a matter of executing with excellence in those markets as well. So I think the answer is we got to do both.

Susanne Perram

Okay. Let's go back to this side. Kevin in front here. We'll get you, Robert.

Kevin Grundy

Great. Kevin Grundy, BNP Paribas. A little bit outside the scope, I guess, of the presentations and maybe Lawson and then Sue well suited to answer, where does margin improvement fit into the value equation? I know there's a lot of interest from investors' perspective, driving the top line and getting that reaccelerated is going to drive the most value for shareholders. We understand that. But it also seems like there's a margin opportunity that's been spoken to in the past. So where does that fall? And can investors expect both the reacceleration on the top line and expect maybe an acceleration in gross margin improvement? So I appreciate your thoughts there.

Lawson Whiting

Yes. So I mean, that is one of the more important questions, I do believe, in the outlook for Brown-Forman. And if it's always going to be a part price, part cost equation. As Michael showed, just Jack Daniel's and what we've been able to achieve in the U.S. in the last few years is low single-digit sort of pricing and expect the same out of most of our international markets, too.

So we went through a period – you've heard us say this before many times, we went through a decade with very little pricing. And people – if I could go back in time, a decade or even more than – more like 15 years, that is one thing I would change. And people say, well, why didn't you take more pricing at the time, and this is the worst answer in the world. I hate to even say it, but part of it is we didn't have to because volume growth was so strong that we just didn't push hard enough on price.

And I do have some regrets about that. But we've reestablished that inside the company. We do think through RGM and other ways that we've found new ways to get some pricing even over and above what would just be sort of more typical front line.

The cost side of things, the vast majority of the compression in the gross margin was wood. And I think you guys all know that. And in the last 3 or 4 years, we've made a massive amount of change to the way that we source and make barrels. And so getting out of that side of the business, this is a very low-margin business.

So building barrels, we got into it in the 1950s because we had to. There wasn't anyone else that could make the quantity of barrels that we needed. That dynamic has changed massively. There are several companies now that specialize in this stuff. And that's what they do, and they are much bigger than we were in the world of building barrels. And so numerous cooperages spread out all over the place. They're able to source more efficiently than we are and they're able to actually build more efficiently than we are.

So we got to get to the end of the period of when the barrels that are sitting in our warehouses now are still largely the ones that we made ourselves and some of those are pretty expensive barrels. So once we march our way through all that, you start to see some relief, hopefully, that will contribute to the gross margin again.

You've also got the agave situation that, obviously, the costs have come way, way down there. We're not really into the cheaper agave yet either because our tequila business has slowed down a bit. So but that's not a 4-, 5-year thing like barrels are, that's a 1-year thing or – hopefully a 1-year thing.

So there are different pockets where we expect to see some pretty good cost savings. And that, I'm not trying to give you a target of where the gross margin is going to go, but just not having the decline in gross margin will allow us to invest a little bit more down

below in our operating expenses and then ultimately flow through to the bottom line.

Susanne Perram

Yes. Just as I opened with, today was a conversation that was continuing from our conversation back in March of 2024. And so if you want to go back and look at the comments that Leanne actually had about 18 months ago, the tenets that stand behind those comments about our expectations for gross margin improvement, gross margin expansion still hold true.

Okay. Now let's go to the middle here. We've got Eric, right in front of Campbell there, and then we'll go to you, Robert.

Analyst

Great. Michael had some interesting slides or an interesting slide on the improvement in Jack Daniel's retail takeaway versus the category over the past, I think it was 12 or 18 months. I realize we're in a unique time with respect to the category. But as you look out to a more normalized category environment, however you're going to define it, what level of growth do you need from Black Label or No. 7 and the overall Jack Daniel's brand family to support the overall objectives of the company.

Michael Masick

I – clearly, I guess I should start with – I think with Jack Daniel's being as exposed as it is to the broader TDS environment or to the broader landscape, I think it distributes – 96% distributed. So I think the brand – the Tennessee Whiskey brand itself does – I do think we need to see some sort of catalyst for that brand to turn on more meaningfully. I will say, I mean, we talked a lot about the on-trade. The on-trade for Jack is probably where Jack Tennessee Whiskey, the core brand is probably where we've suffered the most, and you can see the strategy there to support that.

And so I think there's a lot of sort of reclaiming of turf, if you will, that we can do in the on-trade. And so we're very, very focused there. I think if you look at the other price points that are growing within TDS, the rest of the Jack portfolio we're innovating too, a lot of those that Chris talked about, play into those price points. So that will serve us well. But I think that's where, I'd say, Jack has room to more meaningfully participate in innovation.

And so that's where this brand continues to be able to do it at both ends of the range, the higher end reinforcing the specialness, of course, but in the more scalable innovations like Blackberry. You can see in the takeaway data. The Blackberry has, I think if you look at JD FOB with Blackberry - with and without Blackberry, there's 2 to 3 points of growth already that it's contributing just in takeaway. So that can really, really move the needle.

To answer your question, and it's just – it's imperative that this brand stabilizes, has stable – stabilizing is a tough word to call when it's still declining, but it's – when broader TDS is declining, it's at least performing in line with, if not better than the broader market.

So it's hard to give you a real specific answer like what does it need to grow. Exactly to Lawson's point, I talked – when I think about the emerging markets or even the rest of our portfolio in the U.S., the line I like use with my team is they've long been an opportunity, but they're now a necessity and that drives a different mindset that drives different strategies that drives how we invest.

And I think those are now ever more meaningful to, I think, more capably offset some of the softness we're seeing in Tennessee Whiskey. So it's hard to give you an exact number of what's needed. I will say, I mean, I think it's – in terms of where we expect to be today, it's – we're tracking pretty well, actually.

Lawson Whiting

Let me add on to that a little bit, too. So back in the day, the old algorithm that we had of sort of that mid-single-digit growth was generally having the U.S. grow at TDS, which for a decade or 20 years was in that 4% range. So that's the aspiration as we get the U.S. market growing back at 4%. It's not there now by any means. But do I think we can get back there? Yes, and we can get there with just some growth out of Tennessee Whiskey.

If we can get back into growth mode as opposed to any kind of decline, even if it's very low, it's not going to get to 4%, but if it stays very low single-digit growth, and then we have innovation in the Jack Daniel's portfolio and then you add everything else that we have up in the portfolio, led by Woodford by far, but everything else, too, if you – if we dip back into the that sort of golden window when everything was growing in double digits, I mean, that rest of portfolio was very vibrant. We really do have a lot of confidence that the brands that we've either purchased in the last couple of years or even the ones we've been developing, even tequila was in double-digit growth mode there for several years.

And so while that – I mean it's not there now, that's the kind of numbers – we think we can make that all work again. It's – just the big question is when.

Susanne Perram

Okay. Robert?

Robert Ottenstein

Robert Ottenstein, Evercore. Just to kind of drill into that a little bit more in terms of Jack Daniel's in the U.S. I'm wondering if you could just talk a little bit more about targeted consumers, for instance, so to get to market share growth for stabilization, is it more on regaining lost consumers, recruiting new ones, getting more women in, more younger LDA? Maybe just a little bit talk about some of those sort of demographic focuses. And if you can give us any early metrics in terms of improvements with those demographics from the new campaign, understanding that it's very early days.

Mark Bacon

Thank you. So I'll start here. I think it started with what we were solving for, right? So I mentioned earlier during my comments, we were very laser focused just on recruitment of LDA to 29 previously in the previous couple of years. What that did was limit our opportunity, in my opinion. And so to answer your question, we have to – we certainly have to fulfill recruitment, but we certainly have to gain our share of lapsed drinkers back and it's certainly a velocity thing as well, right, and we call it share of stomach. So with all the availability out there, we have to make sure, even with our loyal drinkers that we maintain that volume as well. So it's going to be across the spectrum of consumers.

Now when we were devising the campaign, we wanted to have a campaign and a message that would resonate with, I want to say everyone, we used to have this conversation about we want to make everybody a friend of Jack. That's nearly impossible, right? We want them to think well about the brand, but we also want to make sure, and you saw the green shoots on the campaign. This campaign pre-launch tested better than any campaign that I've ever seen in my career at Brown-Forman.

You saw the numbers, as Jamie explained, 50% was a good mark on a campaign level. We're in the top 25%, I think, in 80% of the things. And then uniqueness, what we were going for, in the top 10% and uniqueness across CPG, not just within our industry, so it's purposeful that that's – we have to recruit, but we still have to maintain. And I think the messaging, we started talking about the brand more. And I think that's going to draw people in who are looking for something that resonates with them for a new drinker and that's going to be across the portfolio as well.

But I also want to make the point we are really focused on Jack Daniel's Black Label health and the health measures have improved drastically over the past 12 months. That's something we haven't spoken about yet. You could see the health measures as they apply to

the campaign, but the brand health measures are moving in a very good direction. And that's a global statement for Jack Daniel's Black Label.

Jeremy Shepherd

And then I'll just dive in a little deeper to the LDA consumer, and the question around LDA consumer. I mean it's probably the most obvious statement of the day, but we have - and Michael actually mentioned it, we've shifted a large portion of our investment from sort of linear traditional television towards reaching consumers where they are. And obviously, the younger consumer, the younger LDA consumer are more on their phones, more on social media.

Good example is Blackberry. We did the first spirit TikTok takeover of Blackberry or with BlackBerry, we were the first spirit brand to a takeover on TikTok, which was really exciting. Put all our investment with Blackberry into digital and social versus traditional TV and some of the more traditional channels.

So we are adjusting. I mean, it's again probably obvious, but we are adjusting how we look at investment to make sure that we are looking at that next generation of consumers and reaching them where they are, which is on their phones.

Mark Bacon

I think the last comment, if you don't mind, I would add to that is we've taken great strides in how we are measuring our marketing practices. We call it M&M or marketing measurement management. So that's allowing us to put our money where we know it's returning the best ROI for us and shifting it around. We've even been able to do that with our creative, right? We know creative's working on one channel, we'll move that and utilize it there. So I think we've taken great strides in our measurement.

Susanne Perram

Gerald?

Gerald Pascarelli

Gerald Pascarelli, Needham. Just going back to the marketing campaign, it sounds like it's going to ramp over the next few months here. And so if the ROI on this campaign is ultimately going to be defined by better consumer takeaway, when would you expect that – I understand initial feedback is positive. But when would you expect better consumer takeaway to start to take form? And is there typically a lag effect from the time the creative hits versus when it impacts consumer purchase patterns?

Mark Bacon

I'll start here. And then, Jamie, I think you're close to the measurements as well. So I would have tell you – if you had asked me that question 10 years ago, I would have said, "Well, you have to wait 6 to 12 months." And the brand measurement, we won't – the world we live in today, the message get out so quickly, right? We talked about social media. So the right post can have an immediate effect, I think.

So we are going to have 46% O&D. I think – of our wait, I don't think you have to wait 6 or 12 months anymore. I think volume can happen quicker than that. And I would certainly want that to happen, especially trends in the on-premise, for instance, if something catches on, it could happen immediately. So I'm not going to give you – I can't tell you the exact time it will, but I will – my expectations are it happens quicker in the world that we live in today.

Jamie Butler

Yes. I'll just build on that a little bit, which is, as a general guide, we say it's about a year. So we start looking at those long-term brand health effects. If you think about when we put some advertising out, there's another general rule that there's only about 5% of people that are actually in that buying mode. And so you're often having to invest in tomorrow,

so that when people are in the buying mode, they're thinking about Jack Daniel's.

Now, of course, over O&D that significantly increases. And so that's why we see so much more investment, and we do expect to see more immediate return on the campaign in the shorter term. But as a general rule, we look at about 1 year.

Lawson Whiting

I mean, I think to add on to that, just one other detail. We've said for a long, long time, about 80% of our consumers, which are the more casual consumers buy two bottles a year. So you've got to improve the brand health. And then when they're in, as you called it, Jamie, the buying – what you called it? The buying mood?

Susanne Perram

Buying mode.

Lawson Whiting

Buying mode or mood...

Jamie Butler

Both.

Lawson Whiting

Both. So it does take a little bit longer just because it is such a slow moving consumer goods. So it's just not one of those things where you advertise and the next month, you get a big kickback.

Susanne Perram

Okay. I saw Andrea.

Andrea Pistacchi

Andrea Pistacchi from Bank of America. So with plenty of attractive growth for American

whiskey in emerging markets and maybe a bit less growth compared to history in the U.S., how do you see the competitive environment in emerging markets evolving? Companies like Beam Suntory or Campari, do you see them putting more resources into emerging markets? And therefore, how – I mean, you've obviously factored all this in what you've been saying, but how do you think of this?

And then if you could talk briefly about China. You've highlighted India. How are you thinking about the potential in China?

Michael Masick

I can start with Latin America, perhaps. I mean I'd say the – you asked about competitive behavior across emerging markets. Generally speaking, I'd say Latin America is our most developed of the emerging world. That goes back to our acquisition of Casa Herradura back in 2007. That goes back to building our own distribution business in Brazil. I mean those are things we've been at much longer, and it's really helped us develop our business.

I don't want to be inappropriate. I mean, I think it's – I can't speak to their strategies and so forth firsthand. But just in terms of observations, Mexico is more diversified. And so we're seeing more participation across the supplier universe.

In terms of some of the names you mentioned specifically, though, from a whiskey development perspective, I would say I would just characterize them generally as much further behind where we are as evidenced by when we have an 80% to 90% share of American whiskey and considering the investments we've made in infrastructure there, I think it has given us a real competitive advantage there that I think, always on our toes, but that's in terms of whiskey.

In terms of looking at other category development beyond whiskey, again, Mexico is unique and just in terms of the other categories that are already well developed there,

and we definitely have some good healthy competition there. But when you go beyond that, when you go down to the rest of South America, you don't see a lot else beyond whiskey that's really that developed. There's a local spirit, there's blended scotch, there's whiskey, but we are very mindful of the development of the tequila category, for example, in spots around. There's the development of the rum category in spots around. It's largely led by whiskey for the most part.

In my time in working with other parts of emerging markets. There, again, it's pretty similar. It's selling into a blended scotch business or addressable market for the most part. And as those consumers are trading up from the local spirit, whether it's Rakia or whether it's Cachaca or whatever, generally trading up into some form of whiskey. I don't know if you want to – Lawson, you were just in Asia.

Lawson Whiting

Yes, yes. If I can talk about Asia a little bit. I mean, our emerging markets in general, within American whiskey, we still dominate. I mean there isn't really – Diageo and Pernod really don't have brands that even compete with us very much.

Beam is a real competitor in Asia now because of Suntory. So there are markets like Japan, like South Korea, maybe to a lesser extent, China, where they are real. I mean that Suntory is strong and very large. But I still think we have by far and away the strongest American whiskey brand with a long way to go. And so the percentage growth off a relatively small base can be real.

Susanne Perram

Okay. Go ahead.

Max Boudreux

Max Boudreux from Rothschild & Co Redburn. I wanted to ask just a little bit more about

kind of RTDs and how you think about their role in sort of catalyzing some of the growth, particularly in the emerging markets kind of as it pertains to the relationship with Coca-Cola. And just curious if you could give some more color if that's integral to kind of driving the growth in some of those markets.

Susanne Perram

So we'll start with Jeremy and then maybe, Amanda, if you like to add in.

Jeremy Shepherd

Yes. So with regards to RTDs, I mean, first of all, a lot of times we look at RTDs from a U.S. lens, if we step back and look at the globe from a BF perspective, we've got a pretty strong and robust RTD business globally. So if you think about Germany, we're the #1 RTD supplier in Germany. You think about Mexico, we are by far the #1 RTD supplier in Mexico. Even in a place like Australia, with the #2 RTD brand, the U.K. And even in the U.S., as we've launched Jack & Coke and gotten into more whiskey-based RTDs, we are far and away the #1 selling whiskey-based RTD.

So we feel pretty good about where we've been with RTDs. But as we look forward from a strategy perspective, we are also looking at where the consumer is going, right? In a lot of places in the United States, it's light and refreshing, right? So there's a huge light and refreshing opportunity that we're looking at as a company. We've got great offering in other parts of the world with tequila-based RTDs and looking for opportunities to expand those.

So first of all, it's looking at the geography, the specific geography and what is – where is the category and where is it headed in that specific geography. So for example, in the U.S., light and refreshing or in Japan, highball RTD.

Second then is looking at the brand and what is Jack's role with RTDs within that. But

then also what are some of the other opportunities with other trademarks within that.

And then third is capability. And so where do we have the capability and where we have the track record to succeed and compete in RTDs. And so we have recently, as we said a couple of times now, launched a new RTD or route to market in Japan, which gives us, we think, a better foothold to be able to compete more in the RTD business in Japan, which is where we are relatively small.

So it's really about geographic opportunity, then within that brand opportunity and then within that internal capability to win in that marketplace.

Susanne Perram

That can't be it. We have you all speechless. I don't believe it. All right. Robert, one more.

Robert Ottenstein

Great. I was just wondering if you can talk – and apologies if this was covered yesterday or last night. Can you just – we see a lot of scary statistics in terms of bourbon, the amount of aged bourbon out in Kentucky, it's government statistics. So I was wondering if you could talk about that a little bit and a little bit about where you are on the aging side and the inventory and how you're managing that given the fact that demand is much less than any of us thought it would be now.

Lawson Whiting

Yes. So we – I mean, we get this question pretty much every quarterly conference call now. And I can – and it's – my answer is really not different than it was 6 weeks ago or whatever. But the – one, the government statistics, I can't follow them. I mean some of them are just a little bit – I know a lot of people have been trying to write about those, but I don't know, I can't sync it up a little bit. So I'm not sure necessarily where some of that comes from.

But when you're talking about whiskey, really Kentucky and Tennessee, between the two of them. I can tell you, I mean, without naming names from all the different competitors we have, pretty much all – most of our competitors are literally in shutdown mode and have been for 6 months or longer. And so if the average American whiskey or the average, call it, bourbon for now is 4 years old, there's a lot that's already come out.

So I think you all would be maybe a little surprised as you do the math as to how quickly the inventory situation corrects itself because literally, although it's turning slower, it is still turning, and we're still winding down that inventory.

And so there are literally numerous major distilleries in Kentucky that have had padlocks on their doors for 6 months or in some cases, haven't – they were planned, but they haven't even opened up yet. We're really not in that situation. We're at least in American whiskey, we're certainly not shut down. We are not distilling at the same level as we were, say, 3 years ago. But it corrects itself faster, I think, than maybe you all would think. And I don't think the outlook is as sort of doom and gloom as some of those reports that even now, I haven't read them, at least not recently. That was more, I don't know, a quarter ago or a couple of quarters ago when I think inventories were sort of peaking.

Filippo Falorni

Maybe can you expand a little bit more on the distribution changes in the U.S. What was behind them? Like what was the main reason why you went ahead and do it – and did them?

And then the learnings from California, what happened in California with the first transition? And what are you seeing in the other 13 states?

Susanne Perram

You want to start, Michael? Yes.

Michael Masick

Yes. So first part of your question was around what was the thinking behind doing so. And I'll also call in Jeremy too. Jeremy Shepherd used to run our U.S. business before me. But I think a lot of it goes back to what I said before, which is I'd say just taking inventory of where we were. And I think sometimes necessity drives action. And I think as we observed industry trends going the way that they've been going, we said, what do we need to do to correct or put ourselves in the best possible position.

And I think for a number of years, we lamented the fact that it felt like we were sort of attention and focus on our brands was just getting a little bit diluted within our distributor network. In some cases, some of our partners weren't evolving, whether it's in terms of how we reach consumers or how we reach the trade. Different parts of the trade or different channels were growing. New growth was coming. And we had to make sure that we were aligned with the right partners that could reach those particular channels. Convenience is a good example of that. Even the evolution of RTDs, which we just mentioned, making sure that we have the right partners that can sell across more than just the traditional spirits outlets.

So all those things really drove, I'd say it was, some internal and external sort of decisions. And again, it was a state by state-by-state evaluation. So you asked – Jeremy, I'll stop there for a second. Would you add anything to that?

Jeremy Shepherd

No. I mean, I was going to talk – I can talk about California if you want, or you want to talk about...

Michael Masick

Yes. I mean, go ahead – okay, California. I would say that's been probably the steepest learning curve for sure. It's a big state. It's – even put aside a transition for a moment, it's

just – I'd say it's probably the most challenging state out there for any of us, just in terms of population trends, in terms of some of the consumer preference trends that are there in the state, not to mention all the regulations and so forth. So it's definitely a challenging market to begin with.

And so the decision there to go and move, in this case, to Reyes was one, an acknowledgement of where the growth is shifting to. But – and we had the opportunity in this instance – without going into too much detail, we had in this instance, we had sort of, I'd say, a recognition that it will be a transition to go from predominantly being a beer distributor into a spirits distributor. There's a learning curve, particularly – probably in the on-premise. And so that was an acknowledged development area, if you will. But we planned for that.

And so we actually codesigned the needed structure with not just in this instance Reyes, but others where we had gaps in capability or coverage gaps. That was part of the, let's say, the negotiation, if you will, to align ourselves with these new partners. It was like we see a gap here, here and here, this is the structure we think you need. And they were very willing to build the needed structure and to fill those gaps.

But even then, as you come into the implementation and execution, there will be things that are different when selling beer on a daily basis, whether it's the time you show up to the store, all the way to how you structure deals to the trade. U.S. is more – sorry, spirits are more fragmented and they're more complex. And so that's been some of the learning curves. All very, I call it, very tactical things that now we're 2, 3 months post going live, they're all pretty well sorted now. So – but that definitely the beer-to-spirit distributor transition has been the most challenging. Jeremy?

Jeremy Shepherd

Yes, I was just going to add, I mean, obviously, three words: focus, dedication and in-

vestment. So if you look at California, just as an example, we used to – with our former partner in California, we had – Brown-Forman was part of division. We were one of the major suppliers in the division, but we were kind of in a dog's breakfast, I know that's not a financial term, of a whole bunch of suppliers and a lot of tail and a lot of – as your everyday salesperson, very difficult to focus on one or two things.

And now we are – as Michael said, we are in a division where we are by far the dominant and most prominent supplier. And we have complementary – some Tito's Vodka, for example. It fits perfectly from a complementary perspective. We don't have a vodka. It's a great American brand like Jack Daniel's. And so we have as many or more people running around in California right now selling our brands in a much more dedicated and focused perspective than we've ever had before. So there's going to be transition because it's a change. It's the first time we've done it in 60-plus years. So there will be some transitional learnings and road bumps along the way.

And then the third is the investment. It's like we bring a lot of value as a supplier and as a strong brand-building company historically to the industry. And with that, we require investment, both from a margin and a dollars perspective into our brands to help us build our brands in those geographies.

And so for me, it's all about focus, dedication and investment, and there will be road bumps and bruises along the way, but we are in a far more dedicated place today than we've ever been or than we've been in a very, very long time.

Susanne Perram

Well, that's a great point. wrap up on. We have reached our allotted time for today. So if we were not able to address your question during our Q&A session or if you are watching the webcast and have questions, please feel free to contact me directly. Also, we'll be posting a replay of this event to our website by the end of this week.

For those of you watching on the webcast, you can sign off now. Thank you for joining us. For those of you in the room, dinner or for those of you up north, lunch is going to be served for us actually up at the L.A. Jackson rooftop restaurant. So as the name implies, it is at the top of the hotel.

So as we leave today, please join us up at the rooftop. The presenters, along with other members of the executive leadership team, along with the Jack Daniel's leadership team will be up there to answer any further questions that you have. So with that, let us head upstairs.

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