



Brown-Forman (BF.B)

Updated April 14th, 2026 by Jonathan Weber

Key Metrics

Current Price:	\$29	5 Year CAGR Estimate:	11.4%	Market Cap:	\$13B
Fair Value Price:	\$35	5 Year Growth Estimate:	5.0%	Ex-Dividend Date:	06/09/26 ¹
% Fair Value:	83%	5 Year Valuation Multiple Estimate:	3.8%	Dividend Payment Date:	07/01/26 ²
Dividend Yield:	3.2%	5 Year Price Target	\$45	Years Of Dividend Growth:	42
Dividend Risk Score:	B	Sector:	Consumer Staples	Rating:	Buy

Overview & Current Events

Brown-Forman is an alcoholic beverage company that is based in Louisville. The company was founded in 1870. Brown-Forman produces and sells whiskey, vodka, tequila, champagne, and wine. Its portfolio includes a range of mostly premium brands, such as Jack Daniel's, Woodford Reserve, Old Forester, and many others.

Brown-Forman reported revenues of \$1.04 billion for its third quarter (fiscal 2026) earnings results. The company's revenues were down by 2% compared to the previous year's quarter. Brown-Forman's revenues came in above the analyst consensus, like during the previous quarter, beating the consensus estimate by a solid \$40 million, as analysts had predicted a wider year-over-year decline.

Brown-Forman's earnings-per-share strengthened marginally compared to the previous year's quarter, despite lower revenues. Earnings-per-share were up by 2%, rising to \$0.58 for the quarter, beating the consensus estimate by a very nice \$0.11 as analysts were predicting much lower profits. Brown-Forman guided for revenues to decline at a low single-digits rate this year on an organic basis. Brown-Forman doesn't provide an earnings-per-share guidance itself, but analysts believe that earnings-per-share will decline by a couple of percentage points this year, too.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$1.37	\$1.65	\$1.67	\$1.73	\$1.73	\$1.88	\$1.74	\$1.63	\$2.14	\$1.84	\$1.75	\$2.23
DPS	\$0.56	\$0.59	\$0.63	\$0.65	\$0.70	\$0.72	\$0.75	\$0.81	\$0.85	\$0.89	\$0.92	\$1.12
Shares³	494	480	481	480	480	479	479	479	477	473	470	460

Brown-Forman has a reasonable growth track record. The company was able to increase its earnings-per-share during the Great Recession, which can be explained by the fact that demand for alcohol is not very cyclical. During the 2015-to-2025 time frame, Brown-Forman grew its earnings-per-share at a mid-single digit rate. Earnings-per-share were driven by a combination of several factors, including revenue growth, rising margins, and buybacks.

Underlying sales growth has been solid during the last couple of years. Due to currency headwinds – the strong dollar resulted in lower reported sales when sales in other currencies are translated back to USD – the reported revenue growth rate was not as strong during that time frame, however. Thanks to the fact that Brown-Forman owns strong brands and is active in the super- and ultra-premium alcoholic beverages markets, which see relative consistent market growth, Brown-Forman should be able to keep its revenues growing in the long run, backing out currency movements. This has been the most important growth factor for Brown-Forman's earnings-per-share in the past. With its Jack Daniels brand, and its American super-premium whiskeys, the company has a strong market share in the whiskey industry. In the long run, we believe that Brown-Forman will continue on its growth track and that earnings-per-share will rise meaningfully through the 2020s, with share repurchases likely playing a role in rising earnings-per-share as well. History suggests that there can be ups and downs in the company's earnings-per-share on a year-over-year basis.

¹ Estimated date

² Estimated date

³ In Millions

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	28.8	27.6	33.2	32.0	30.6	35.8	40.4	38.5	39.9	22.4	16.6	20.0
Avg. Yld.	1.3%	1.5%	1.1%	1.1%	1.2%	1.1%	0.9%	1.1%	1.2%	1.8%	3.2%	2.5%

Shares of Brown-Forman never were especially cheap, but shares got even more expensive in 2020-2023, with shares trading at as much as 40x net profits. Following a significant share price pullback over the last two years, the company is now valued at around 17x this year's expected net profits. This represents a discount compared to our target of 20x net earnings, which we would deem fair based on the company's past valuation and forward growth outlook.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	41%	36%	38%	38%	40%	38%	43%	50%	40%	48%	53%	50%

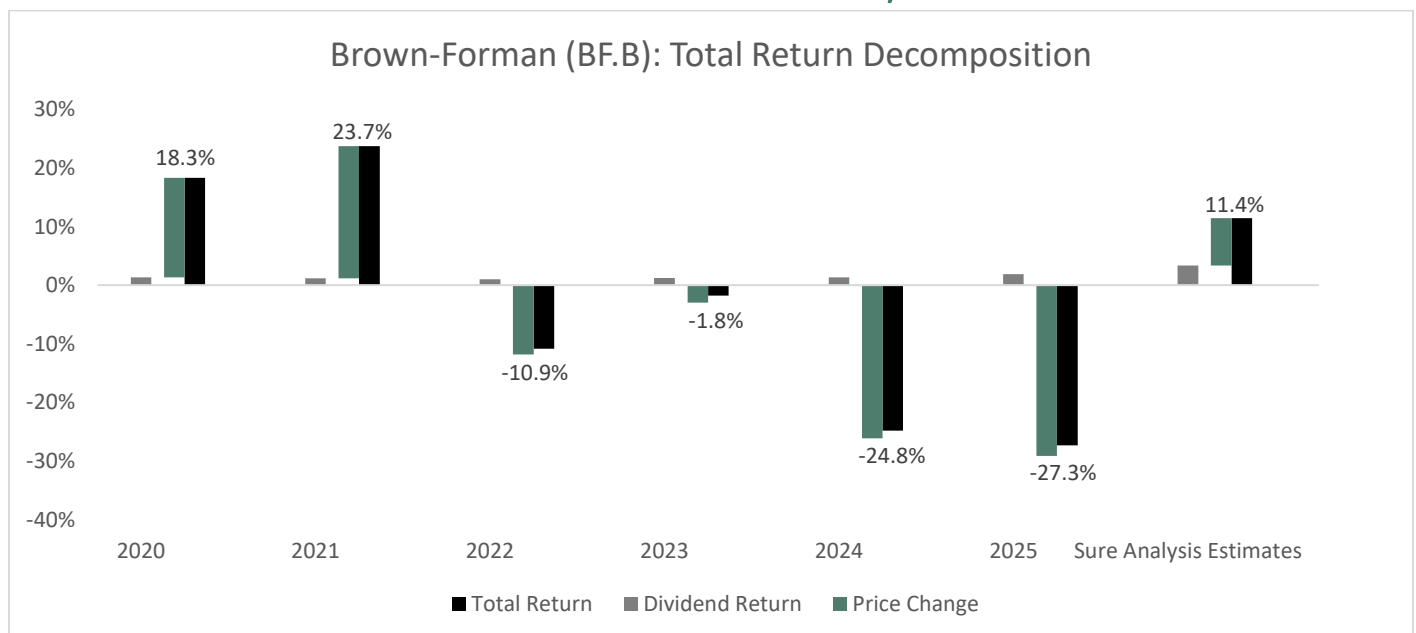
Brown-Forman's dividend payout ratio has risen over the last decade, as the company paid out 40% of its profits a decade ago, versus around 53% this year. The reliable dividend growth track record and the still reasonable payout ratio mean that Brown-Forman's dividend looks relatively sustainable and safe.

Brown-Forman's strong brands and the tendency of customers to stick with the brands they like is a huge competitive advantage. This, along with the fact that Brown-Forman is one of the largest players in its industry, which allows for better economies of scale and a wider geographic reach, makes the company highly competitive. During the Great Recession, Brown-Forman remained highly profitable and increased its earnings, which is unsurprising, as demand for alcohol tends to be quite non-cyclical. The impact from the coronavirus pandemic was small as well.

Final Thoughts & Recommendation

Brown-Forman is active in an attractive, not very cyclical industry. Brown-Forman also is a high-quality company that has achieved solid earnings and dividend growth rates for long periods of time. Following the recent share price decline, Brown-Forman is now trading at an undemanding valuation, with total returns being forecasted at a compelling level. We rate Brown-Forman's stock a buy right now.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	3,089	2,994	3,248	3,324	3,363	3,461	3,933	4,228	4,178	3,975
Gross Profit	2,144	2,021	2,202	2,166	2,127	2,094	2,391	2,494	2,526	2,343
Gross Margin	69.4%	67.5%	67.8%	65.2%	63.2%	60.5%	60.8%	59.0%	60.5%	58.9%
SG&A Exp.	1,105	1,029	1,170	1,037	1,025	1,070	1,128	1,248	1,355	1,228
D&A Exp.	56	58	64	72	74	77	79	80	87	87
Operating Profit	1,048	1,010	1,048	1,144	1,091	1,039	1,204	1,127	1,147	1,167
Operating Margin	33.9%	33.7%	32.3%	34.4%	32.4%	30.0%	30.6%	26.7%	27.5%	29.4%
Net Profit	1,067	669	717	835	827	903	838	783	1,024	869
Net Margin	34.5%	22.3%	22.1%	25.1%	24.6%	26.1%	21.3%	18.5%	24.5%	21.9%
Free Cash Flow	414	541	525	679	611	755	798	457	419	431
Income Tax	422	264	260	207	182	178	276	234	274	212

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	4,183	4,625	4,976	5,139	5,766	6,522	6,373	7,777	8,166	8,086
Cash & Equivalents	263	182	239	307	675	1,150	868	374	446	444
Accounts Receivable	559	557	639	609	570	753	813	855	769	830
Inventories	1,054	1,270	1,379	1,520	1,685	1,751	1,818	2,283	2,556	2,511
Goodwill & Int.	1,185	1,394	1,433	1,398	1,391	1,455	1,347	2,621	2,445	2,486
Total Liabilities	2,621	3,255	3,660	3,492	3,791	3,866	3,636	4,509	4,649	4,093
Accounts Payable	121	137	154	150	131	172	218	308	267	243
Long-Term Debt	1,501	2,149	2,556	2,440	2,602	2,559	2,269	2,913	3,100	2,733
Shareholder's Equity	1,562	1,370	1,316	1,647	1,975	2,656	2,737	3,268	3,517	3,993
LTD/E Ratio	0.96	1.57	1.94	1.48	1.32	0.96	0.83	0.89	0.88	0.68

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	25.5%	15.2%	14.9%	16.5%	15.2%	14.7%	13.0%	11.1%	12.8%	10.7%
Return on Equity	61.6%	45.6%	53.4%	56.4%	45.7%	39.0%	31.1%	26.1%	30.2%	23.1%
ROIC	34.7%	20.3%	19.4%	21.0%	19.1%	18.4%	16.4%	14.0%	16.0%	13.0%
Shares Out.	494	480	481	480	480	479	479	479	477	473
Revenue/Share	6.05	6.13	6.71	6.90	7.00	7.20	8.18	8.80	8.75	8.40
FCF/Share	0.81	1.11	1.08	1.41	1.27	1.57	1.66	0.95	0.88	0.91

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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