



Brown-Forman (BF.B)

Updated September 10th, 2026 by Jonathan Weber

Key Metrics

Current Price:	\$26	5 Year CAGR Estimate:	13.3%	Market Cap:	\$12B
Fair Value Price:	\$34	5 Year Growth Estimate:	5.0%	Ex-Dividend Date:	12/01/26 ¹
% Fair Value:	76%	5 Year Valuation Multiple Estimate:	5.5%	Dividend Payment Date:	12/10/26 ²
Dividend Yield:	3.5%	5 Year Price Target	\$43	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.

On September 2nd, Brown-Forman reported revenues of \$910 million for its first quarter (fiscal 2027) earnings results. The company's revenues were down by 1.4% compared to the previous year's quarter. Brown-Forman's revenues came in below the analyst consensus, unlike during the previous quarter, missing the consensus estimate by \$4 million, as analysts had predicted a smaller year-over-year decline.

Brown-Forman's earnings-per-share strengthened compared to the previous year's quarter, despite somewhat lower revenue generation. Earnings-per-share came in at \$0.38 for the most recent quarter, versus \$0.36 one year earlier. Brown-Forman is guiding for revenues to be roughly flat on an organic basis this year, while operating income is expected to decline by a couple of percentage points due to some margin pressure. Analysts believe that earnings-per-share will improve this year, however, to around \$1.70.

Growth on a Per-Share Basis

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2032
EPS	\$1.65	\$1.67	\$1.73	\$1.73	\$1.88	\$1.74	\$1.63	\$2.14	\$1.84	\$1.53	\$1.70	\$2.17
DPS	\$0.59	\$0.63	\$0.65	\$0.70	\$0.72	\$0.75	\$0.81	\$0.85	\$0.89	\$0.91	\$0.92	\$1.12
Shares³	480	481	480	480	479	479	479	477	473	467	460	440

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	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Now	2032
Avg. P/E	27.6	33.2	32.0	30.6	35.8	40.4	38.5	22.4	18.4	17.0	15.3	20.0
Avg. Yld.	1.5%	1.1%	1.1%	1.2%	1.1%	0.9%	1.1%	1.8%	2.6%	3.5%	3.5%	2.6%

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 steep share price pullback over the last couple of years, the company is now valued at around 15x 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	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2032
Payout	36%	38%	38%	40%	38%	43%	50%	40%	48%	59%	54%	52%

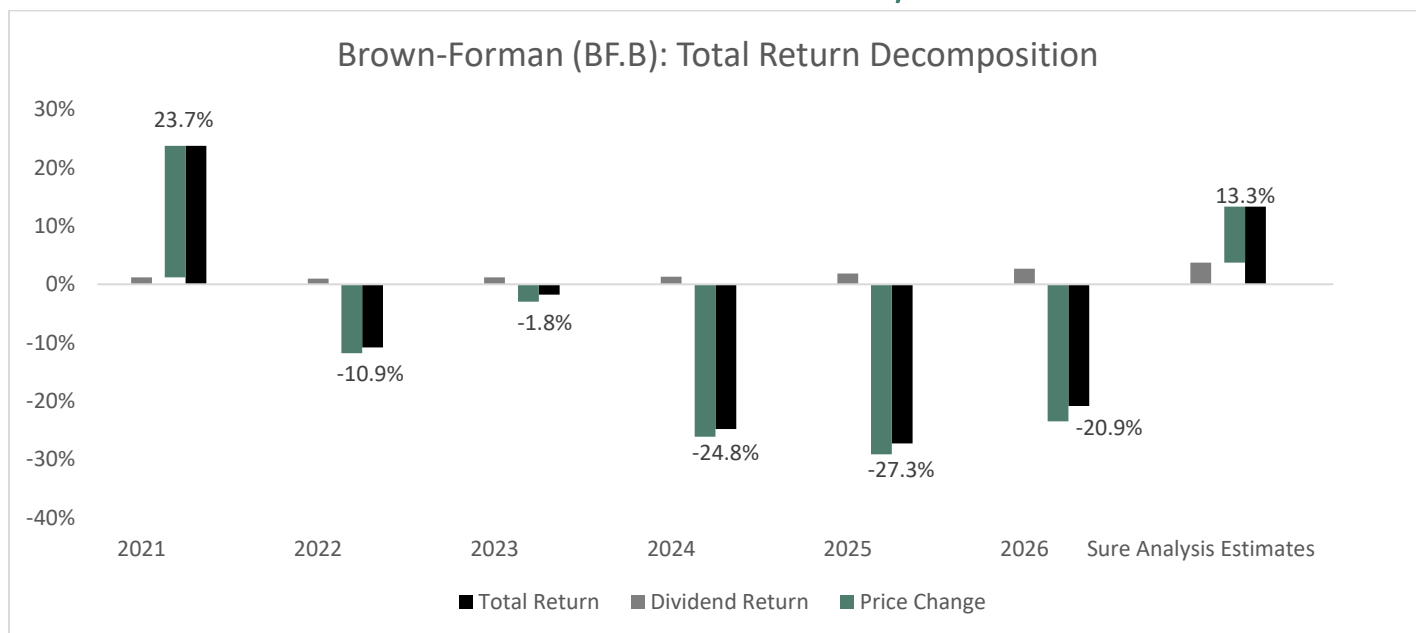
Brown-Forman's dividend payout ratio has risen over the last decade, as the company paid out 40% of its profits a decade ago, versus around 53% this year. The reliable dividend growth track record and the still reasonable payout ratio mean that Brown-Forman's dividend looks relatively sustainable and 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 participates in a generally 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	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Revenue	2,994	3,248	3,324	3,363	3,461	3,933	4,228	4,178	3,975	3,928
Gross Profit	2,021	2,202	2,166	2,127	2,094	2,391	2,494	2,526	2,343	2,378
Gross Margin	67.5%	67.8%	65.2%	63.2%	60.5%	60.8%	59.0%	60.5%	58.9%	60.5%
SG&A Exp.	1,029	1,170	1,037	1,025	1,070	1,128	1,248	1,355	1,228	1,269
D&A Exp.	58	64	72	74	77	79	80	87	87	92
Operating Profit	1,010	1,048	1,144	1,091	1,039	1,204	1,127	1,147	1,167	1,152
Operating Margin	33.7%	32.3%	34.4%	32.4%	30.0%	30.6%	26.7%	27.5%	29.4%	29.3%
Net Profit	669	717	835	827	903	838	783	1,024	869	715
Net Margin	22.3%	22.1%	25.1%	24.6%	26.1%	21.3%	18.5%	24.5%	21.9%	18.2%
Free Cash Flow	541	525	679	611	755	798	457	419	431	893
Income Tax	264	260	207	182	178	276	234	274	212	170

Balance Sheet Metrics

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total Assets	4,625	4,976	5,139	5,766	6,522	6,373	7,777	8,166	8,086	7,894
Cash & Equivalents	182	239	307	675	1,150	868	374	446	444	308
Accounts Receivable	557	639	609	570	753	813	855	769	830	832
Inventories	1,270	1,379	1,520	1,685	1,751	1,818	2,283	2,556	2,511	2,543
Goodwill & Int.	1,394	1,433	1,398	1,391	1,455	1,347	2,621	2,445	2,486	2,465
Total Liabilities	3,255	3,660	3,492	3,791	3,866	3,636	4,509	4,649	4,093	3,874
Accounts Payable	137	154	150	131	172	218	308	267	243	214
Long-Term Debt	2,149	2,556	2,440	2,602	2,559	2,269	2,913	3,100	2,733	2,083
Shareholder's Equity	1,370	1,316	1,647	1,975	2,656	2,737	3,268	3,517	3,993	4,020
LTD/E Ratio	1.57	1.94	1.48	1.32	0.96	0.83	0.89	0.88	0.68	0.62

Profitability & Per Share Metrics

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Return on Assets	15.2%	14.9%	16.5%	15.2%	14.7%	13.0%	11.1%	12.8%	10.7%	9.0%
Return on Equity	45.6%	53.4%	56.4%	45.7%	39.0%	31.1%	26.1%	30.2%	23.1%	17.9%
ROIC	20.3%	19.4%	21.0%	19.1%	18.4%	16.4%	14.0%	16.0%	13.0%	13.4%
Shares Out.	480	481	480	480	479	479	479	477	473	467
Revenue/Share	6.13	6.71	6.90	7.00	7.20	8.18	8.80	8.75	8.40	8.42
FCF/Share	1.11	1.08	1.41	1.27	1.57	1.66	0.95	0.88	0.91	1.91

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

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