

BROWN FORMAN CORP
Form 10-Q
December 07, 2016
United States
Securities and Exchange Commission
Washington, D.C. 20549

FORM 10-Q
(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the quarterly period ended October 31, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934

For the transition period from _____ to _____

Commission File No. 001-00123

Brown-Forman Corporation
(Exact name of Registrant as specified in its Charter)

Delaware 61-0143150
(State or other jurisdiction of (IRS Employer
incorporation or organization) Identification No.)

850 Dixie Highway
Louisville, Kentucky 40210
(Address of principal executive offices) (Zip Code)

(502) 585-1100
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: November 30, 2016

Class A Common Stock (\$.15 par value, voting)	169,054,545
Class B Common Stock (\$.15 par value, nonvoting)	215,717,222

BROWN-FORMAN CORPORATION
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

BROWN-FORMAN CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(Dollars in millions, except per share amounts)

	Three Months		Six Months Ended	
	Ended		October 31,	
	October 31,	October 31,	2015	2016
	2015	2016	2015	2016
Sales	\$1,096	\$1,055	\$1,995	\$1,911
Excise taxes	242	225	444	420
Net sales	854	830	1,551	1,491
Cost of sales	268	278	475	486
Gross profit	586	552	1,076	1,005
Advertising expenses	115	107	209	190
Selling, general, and administrative expenses	171	163	340	326
Other expense (income), net	(2) (9) (2) (15
Operating income	302	291	529	504
Interest income	—	1	1	1
Interest expense	12	16	22	28
Income before income taxes	290	276	508	477
Income taxes	90	79	152	135
Net income	\$200	\$197	\$356	\$342
Earnings per share:				
Basic	\$0.49	\$0.51	\$0.87	\$0.87
Diluted	\$0.49	\$0.50	\$0.86	\$0.87
Cash dividends per common share:				
Declared	\$—	\$—	\$0.3150	\$0.3400
Paid	\$0.1575	\$0.1700	\$0.3150	\$0.3400

See notes to the condensed consolidated financial statements.

BROWN-FORMAN CORPORATION
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (Unaudited)
 (Dollars in millions)

	Three Months Ended		Six Months Ended	
	October 31,		October 31,	
	2015	2016	2015	2016
Net income	\$200	\$197	\$356	\$342
Other comprehensive income (loss), net of tax:				
Currency translation adjustments	(4)	(18)	(28)	(85)
Cash flow hedge adjustments	(4)	9	12	21
Postretirement benefits adjustments	6	4	10	7
Net other comprehensive income (loss)	(2)	(5)	(6)	(57)
Comprehensive income	\$198	\$192	\$350	