Jack Daniel's Leads Brown-Forman to Higher Results

BRUCE SCHREINER, Associated Press

LOUISVILLE, Ky. (AP) — Spirits maker Brown-Forman Corp. said Wednesday its fourth-quarter net income rose 17 percent to cap a strong year led by its flagship Jack Daniel's brand, which showed its muscle in the highly competitive whiskey market.

The company behind such other brands as Southern Comfort, Finlandia and el Jimador predicted another round of higher overall sales in the next fiscal year, driven by the continued global growth of the Jack Daniel's brand.

"I believe that our leadership position in premium American whiskey, led by the one and only Jack Daniel's trademark, and a very balanced geographic contribution, underpin the company's differentiated performance," said Brown-Forman CEO Paul Varga.

Net sales for the entire Jack Daniel's brand increased 8 percent for the full year, excluding currency swings, the company said. Jack Daniel's Tennessee Honey crossed the 1 million case milestone during the year, it said

Sales for Brown-Forman's lineup of other pricier, super-premium brands — including Herradura, Woodford Reserve and Chambord — also rose 8 percent, on the same constant-currency basis, it said.

For the three months ended April 30, the company reported net income of $132 million, or 62 cents per share, up from $113 million, or 52 cents per share, a year ago. Quarterly net sales rose 3 percent to $893 million.

Analysts expected lower earnings of 58 cents per share on higher revenue of almost $930 million for the quarter.

Its shares fell 50 cents to $72.40 in morning trading. Its shares have risen almost 10 percent over the past three months.

For the full year, net income rose 11 percent to $659 million, or $3.06 per share, up from $591 million, or $2.75 per share, a year ago. Net sales for the year rose 4 percent to $3.95 billion.

The Louisville, Kentucky-based company reported broad sales gains for the year across its markets.

Net sales grew by 4 percent in the United States on a constant-currency basis, the company said. In its two largest overseas markets, net sales rose by 8 percent in

the United Kingdom and by 2 percent in Australia, it said.

Elsewhere, full-year sales rose by 32 percent in Turkey, 21 percent in Russia, 8 percent in Germany, 6 percent in Canada and 2 percent in Poland on the same constant-currency basis, it said. Sales fell by 16 percent in France and 4 percent in Mexico.

Meanwhile, the performance among Brown-Forman's other brands was mixed during the year.

Net sales for Finlandia vodka products rose 2 percent when excluding currency swings. Sales for Korbel Champagne increased 3 percent.

But sales for the el Jimador tequila lineup dropped 3 percent for the year on a constant-currency basis. Sales for the Southern Comfort brand also dropped by 3 percent, while Canadian Mist sales slipped 1 percent.

Looking ahead, the company predicts earnings per share to range from $3.25 to $3.45 in the next fiscal year. Analysts expected $3.31 per share. It expects underlying net sales growth of 6 percent to 8 percent in the coming year, with such brands as Woodford Reserve, Herradura and Finlandia contributing to the upswing.

The company warned of continued sluggishness for one key U.S. category — out-on-the-town drinking at bars and restaurants. It also predicted a slight sales slowdown in some emerging markets overseas.

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