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Q2 2023 Earnings Conference Call

JULY 27, 2023

BRUNSWICK CORPORATION – EARNINGS RELEASE

Forward-Looking Statements

Certain statements in this presentation are forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on current expectations, estimates, and projections about Brunswick's business and by their nature address matters that are, to different degrees, uncertain. Words such as "may," "could," "should," "expect," "anticipate," "project," "position," "intend," "target," "plan," "seek," "estimate," "believe," "predict," "outlook," and similar expressions are intended to identify forward-looking statements. Forward-looking statements are not guarantees of future performance and involve certain risks and uncertainties that may cause actual results to differ materially from expectations as of the date of this presentation. These risks include, but are not limited to: the effect of adverse general economic conditions, including the amount of disposable income consumers have available for discretionary spending; changes in currency exchange rates; fiscal and monetary policy changes; higher energy and fuel costs; competitive pricing pressures; adverse capital market conditions; actual or anticipated increases in costs, disruptions of supply, or defects in raw materials, parts, or components we purchase from third parties; supplier manufacturing constraints, increased demand for shipping carriers, and transportation disruptions; managing our manufacturing footprint; international business risks, geopolitical tensions or conflicts, sanctions, embargoes, or other regulations; public health emergencies or pandemics, such as the coronavirus (COVID-19) pandemic; adverse weather conditions, climate change events and other catastrophic event risks; our ability to develop new and innovative products and services at a competitive price; loss of key customers; our ability to meet demand in a rapidly changing environment; absorbing fixed costs in production; risks associated with joint ventures that do not operate solely for our benefit; our ability to integrate acquisitions, including Navico, and the risk for associated disruption to our business; our ability to successfully implement our strategic plan and growth initiatives; attracting and retaining skilled labor, implementing succession plans for key leadership, and executing organizational and leadership changes; our ability to identify, complete, and integrate targeted acquisitions; the risk that restructuring or strategic divestitures will not provide business benefits; maintaining effective distribution; dealers and customers being able to access adequate financing; requirements for us to repurchase inventory; inventory reductions by dealers, retailers, or independent boat builders; risks related to the Freedom Boat Club franchise business model; outages, breaches, or other cybersecurity events regarding our technology systems, which have affected and could further affect manufacturing and business operations and could result in lost or stolen information and associated remediation costs; our ability to protect our brands and intellectual property; changes to U.S. trade policy and tariffs; any impairment to the value of goodwill and other assets; product liability, warranty, and other claims risks; legal, environmental, and other regulatory compliance, including increased costs, fines, and reputational risks; changes in income tax legislation or enforcement; managing our share repurchases; and risks associated with certain divisive shareholder activist actions.

Additional risk factors are included in the Company's Annual Report on Form 10-K for 2022 and in subsequent Quarterly Reports on Form 10-Q. Forward-looking statements speak only as of the date on which they are made, and Brunswick does not undertake any obligation to update them to reflect events or circumstances after the date of this presentation.

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Good morning and thank you for joining us. With me on the call this morning are Dave Foulkes, Brunswick's CEO, and Ryan Gwillim, CFO. Before we begin with our prepared remarks, I would like to remind everyone that during this call our comments will include certain forward-looking statements about future results. Please keep in mind that our actual results could differ materially from these expectations. For details on these factors to consider, please refer to our recent SEC filings and today's press release. All of these documents are available on our website at Brunswick.com.

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Use of Non-GAAP Financial Information and Constant Currency Reporting

In this presentation, Brunswick uses certain non-GAAP financial measures, which are numerical measures of a registrant's historical or future financial performance, financial position or cash flows that exclude amounts, or are subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the statements of operations, balance sheets or statements of cash flows of the registrant; or include amounts, or are subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented.

Brunswick has used certain non-GAAP financial measures that are included in this presentation for several years, both in presenting its results to shareholders and the investment community and in its internal evaluation and management of its businesses. Brunswick's management believes that these measures and the information they provide are useful to investors because they permit investors to view Brunswick's performance using the same tools that Brunswick uses and to better evaluate Brunswick's ongoing business performance. In addition, in order to better align Brunswick's reported results with the internal metrics used by the Company's management to evaluate business performance as well as to provide better comparisons to prior periods and peer data, non-GAAP measures exclude the impact of purchase accounting amortization related to acquisitions, among other adjustments.

For additional information and reconciliations of GAAP to non-GAAP measures, please see Brunswick's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 27, 2023, which is available at www.brunswick.com, and the Appendix to this presentation.

Brunswick does not provide forward-looking guidance for certain financial measures on a GAAP basis because it is unable to predict certain items contained in the GAAP measures without unreasonable efforts. These items may include restructuring, exit and impairment costs, special tax items, acquisition-related costs and certain other unusual adjustments.

For purposes of comparison, 2023 net sales growth is also shown using 2022 exchange rates for the comparative period to enhance the visibility of the underlying business trends, excluding the impact of translation arising from foreign currency exchange rate fluctuations. We refer to this as "constant currency" reporting.

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During our presentation, we will be referring to certain non-GAAP financial information. Reconciliations of GAAP to non-GAAP financial measures are provided in the appendix to this presentation and the reconciliation sections of the unaudited consolidated financial statements accompanying today's results. I will now turn the call over to Dave.

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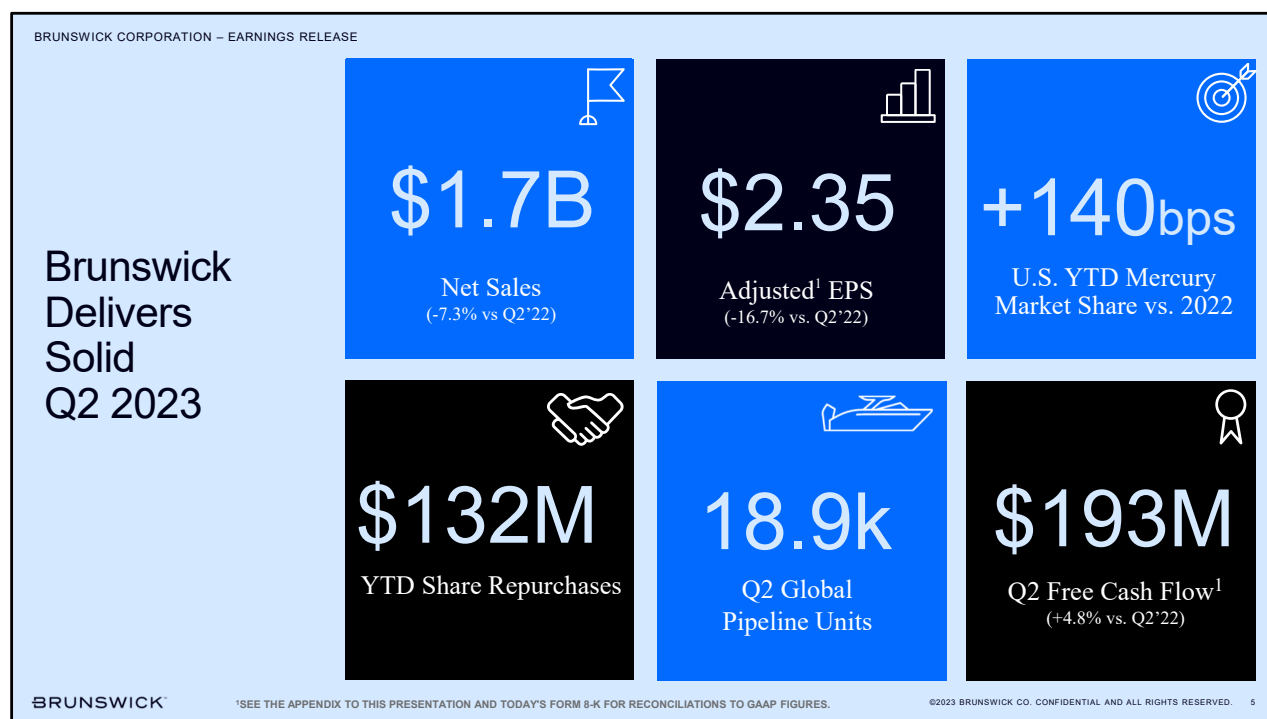
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Business Overview – Dave Foulkes, CEO

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Thanks Neha, and good morning everyone.



Our businesses executed a strong second quarter, benefiting from market share gains, well-received new products, solid operational performance, and diligent cost control. We delivered \$1.7 billion dollars in net sales and adjusted earnings per share of \$2.35 including the financial impact of the IT security incident, which I will discuss more in a moment.

Mercury Marine continues to gain market share, with U.S. outboard retail market share up 140 basis points year-to-date versus prior year. While the new boat market continues to face headwinds, there has been relative improvement in recent months, with preliminary June U.S. SSI main powerboat retail turning positive and Brunswick outperforming the market in June and year-to-date.

As we move through the core season, boat field inventory remains at an appropriate level in most categories, and we closed the second quarter with around 19,000 units in our global pipeline. We are focused on ensuring that pipelines remain healthy exiting 2023 and going into 2024, balancing the need for all our dealers and other channel partners to carry a good representation of our portfolio at their locations while ensuring that we maintain inventory freshness.

We generated strong free cash flow of \$193 million in the second quarter, resulting in 2023 first-half free cash flow coming in \$144 million higher than prior year. In addition, we continue to be aggressive with share repurchases, executing one hundred and thirty-two million dollars of repurchases year-to-date.

We are relentlessly executing our strategic priorities including advancing our ACES initiatives, investing in new products, progressing our operational excellence goals, and implementing structural cost reduction actions across the enterprise.

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IT Security Incident

On June 13, 2023, we experienced an IT security incident that impacted some of our systems and global facilities

Net Sales Segment Impact

(in negative millions)

Segment	Q2 2023	FY 2023
Propulsion	\$40-\$45	\$40-\$45
Engine P&A	\$20-\$25	\$15-\$20
Other Segments	<\$15	<\$5
Total Brunswick	\$80-\$85	\$60-\$70

Incident Impact Summary

- Propulsion and Engine Parts and Accessories experienced the most significant impact
- All primary facilities were back online within 9 days of the initial announcement
- Q2'23 estimated impact on Brunswick net sales and operating earnings is \$80-\$85M and \$35-\$40M, respectively
- Lost production days on high-horsepower outboard engines challenging to recover because production schedule already full for the balance of the year
- Opportunity to recover some lost production and distribution across other segments which will partially offset lost days in the second quarter
- Full year estimated impact on net sales and operating earnings is \$60-\$70M and \$30-\$35M, respectively

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On June 13, we announced that we had been impacted by an IT security incident, which ultimately resulted in second quarter financial results that were lower than initial expectations. The disruption associated with the IT security incident was most significant in our propulsion and engine parts and accessories segments and, because of the proximity to the end of the quarter, there was limited opportunity to recover fully within the same period. Within nine days, the company announced that all primary global manufacturing and distribution facilities were fully operational, with no significant residual impacts.

We have the opportunity to recover some lost production and distribution across our businesses which will partially offset lost days in the second quarter, however, lost production days on high-horsepower outboard engines will be challenging to recover because the production schedule was already full for the balance of the year.

We estimate the financial impact to be approximately \$80 million to \$85 million dollars of revenue in the quarter and \$60 million to \$70 million dollars for the full year.

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Q2 2023 Segment Performance



Propulsion

- YTD outboard retail market share gains of +140 bps vs. 2022
- High-horsepower outboard engine ramp up progressing with sales well above prior year and launch of new 500R Racing outboard engine
- Avator shipping globally with two new models now in serial production



Engine Parts & Accessories

- U.S. Engine P&A Products sales near flat in the quarter vs. 2022, excluding IT incident impact
- Back-end of Q2 showing some rebound, with June U.S. Products sales above prior year
- Total Segment Sales up 12% vs. 2019



Navico Group

- New products such as Lowrance HDS Pro fishfinder and Simrad Halo Radar performing well
- Acceleration of restructuring initiatives driving lower operating expenses vs. prior year
- Aftermarket order book healthy into second half with indication of stocking levels normalizing



Boat¹

- Fifth straight quarter of double-digit adjusted² operating margins
- U.S. SSI June main powerboat retail up 2%, Brunswick outperformed
- 400th Freedom Boat Club location recently announced

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¹BOAT SEGMENT INCLUDES BUSINESS ACCELERATION²SEE THE APPENDIX TO THIS PRESENTATION AND TODAY'S FORM 8-K FOR RECONCILIATIONS TO GAAP FIGURES.

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I will turn now to some of the segment highlights that facilitated a solid second quarter. Prior to the disruption from the IT security incident, our high-horsepower outboard engine production ramp up was progressing and has since resumed, allowing us to increase shipments to repower customers and OEM partners. Mercury Marine continues to expand outboard propulsion retail market share around the globe, demonstrating the strength of our comprehensive propulsion product portfolio.

During the quarter, we launched the Mercury Racing 500R outboard, shipped the first model in our Avator electric outboard line-up to global customers, and announced that we have begun serial production of the next two models.

Our engine parts and accessories businesses performed as expected, reflecting anticipated sales and earnings declines versus a record second quarter of 2022, although sales were up twelve percent versus the second quarter of 2019. Second quarter sales in the U.S. Products portion of the business were near flat to Q2 2022, reflecting strong sales growth exiting the quarter. We continue to progress the transition to the new Brownsburg, Indiana distribution center, however, sales in the Distribution portion of the business were down versus 2022 as dealers and retailers continued to hold lower levels of inventory, although turns have improved into the season.

As foreseen, Navico Group posted lower second quarter sales versus 2022, as stocking pressure by some retail channel partners continued, but with improving trends in many retailers in the latter part of the period. Our recently launched products, including the Lowrance HDS Pro fishfinder and Simrad Halo radar, are performing very well in the market. Additionally, restructuring actions were accelerated, generating lower operating expenses versus prior year.

Finally, our boat business delivered double-digit adjusted operating margins for the fifth consecutive quarter despite increased promotions and discounting on select product-lines, and June retail continued the strengthening upward trend. Freedom Boat Club continues to experience strong same store membership sales growth on a sequential basis and now has 400 locations and nearly 57,000 membership agreements covering 90,000 members network-wide, all while generating exceptionally strong synergy sales across our marine portfolio.

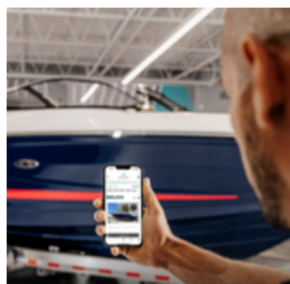
External Background

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Macro-Economy

- Solid disinflation trend but additional Fed rate hikes likely
- Select macro environment indicators improving with resilient employment numbers
- Wildfires impacting already softer Canadian market



Dealer Sentiment

- Higher interest rates a significant factor as dealers seek ways to entice customers
- Dealers cautiously managing inventory levels through the selling season
- Marketing and promotion actions positively received



Consumer Health

- Boat participation remains at healthy levels and above prior year
- Consumer boating interest trends strong in June
- Larger-boat consumer demand relatively strong while entry level consumer more impacted by pricing and interest rates

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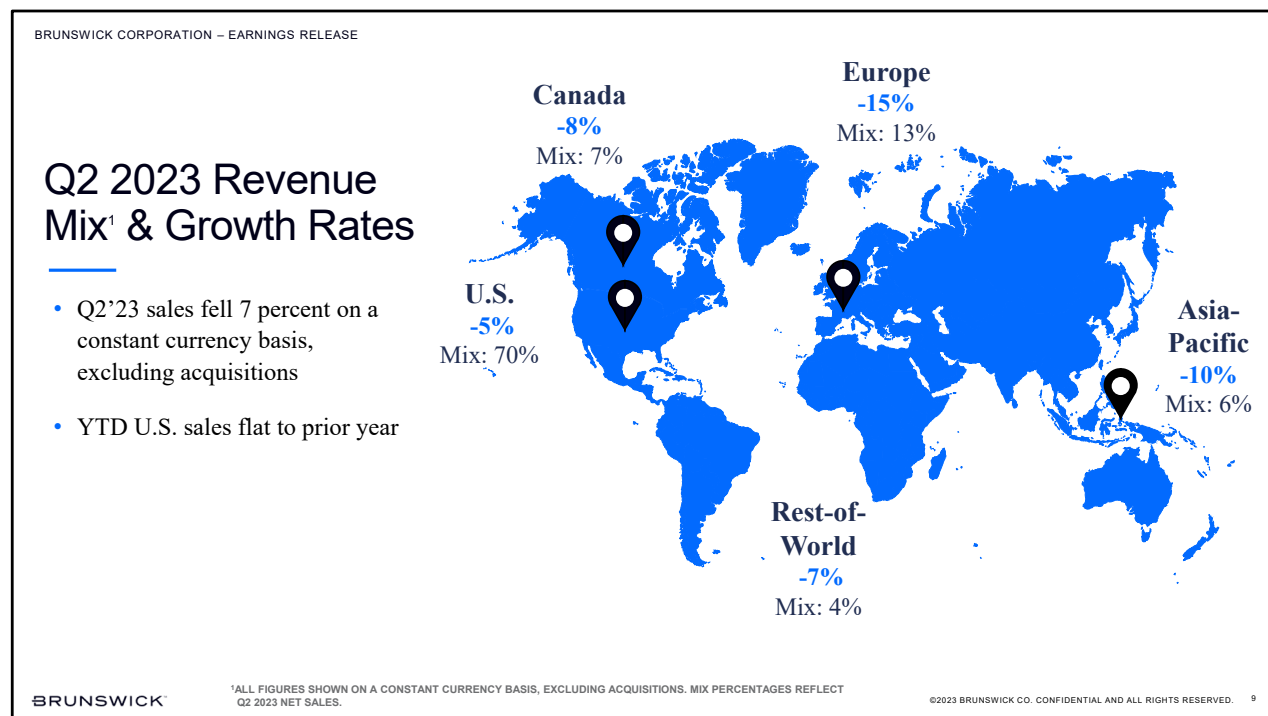
Shifting to external factors, higher interest rates and prices continue to be a headwind for buyers, particularly of smaller product, with boat loan rates recently exceeding 9%. Wildfires have also impacted an already softer Canadian retail market.

From a dealer perspective, sentiment remains cautious and, while inventory levels for Brunswick's channel partners are healthy, dealers are proceeding with some caution and carefully monitoring sales as they plan replenishment.

Discounting and promotional activity is close to or at 2019 levels, and is being successful in supporting retail in the height of the selling season.

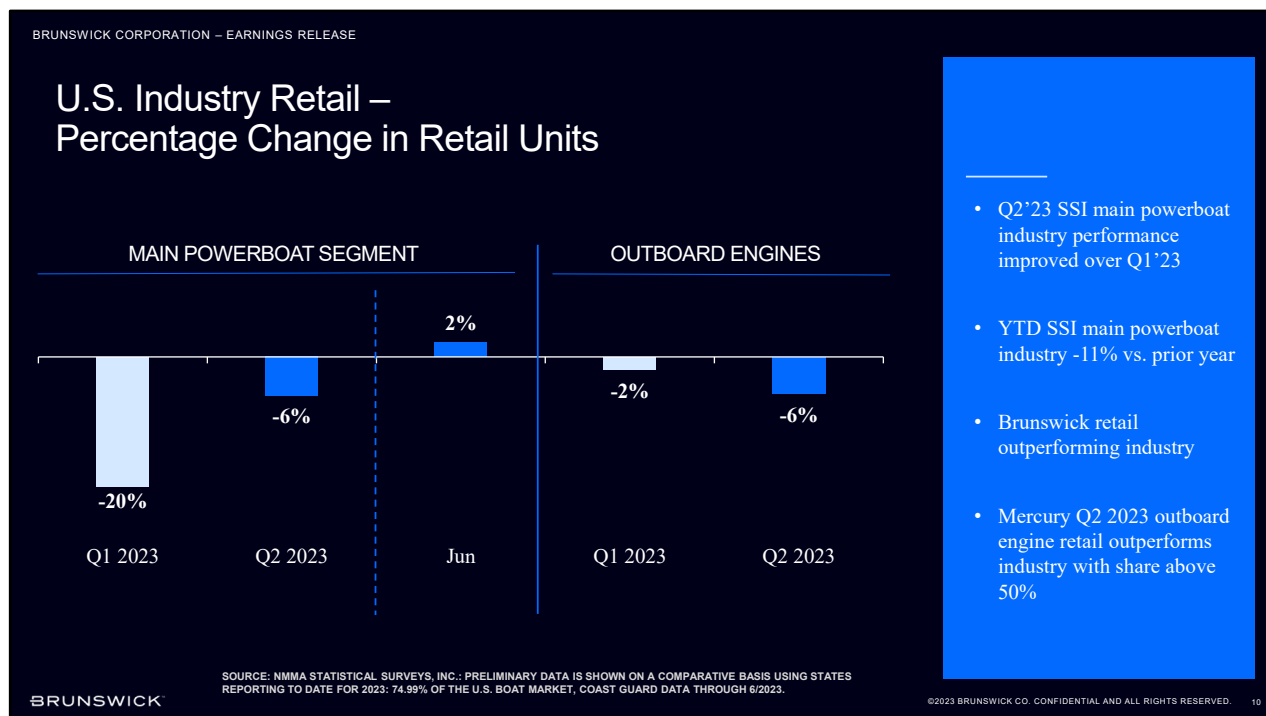
Our internal boater sentiment surveys suggest boating participation remains above prior year, with google search trends on terms related to boating also improving in June. In addition, Brunswick's Ripl boating online community has now grown to more than 10,000 members.

The positive retail numbers in peak season are very welcome, however, we do not see the fundamental pressures on consumers, driven by elevated interest rates and higher prices, easing in the short-term, so we are taking a very balanced approach to production planning while maintaining flexibility.



Shifting to a global view of revenue, overall we saw a seven percent sales decline on a constant currency basis, excluding acquisitions, including the impact of the IT security incident.

Year-to-date, the U.S. market is showing relative strength versus international markets, with sales flat to 2022.



From an industry view, U.S. SSI main powerboat second quarter retail unit sales improved sequentially from the first quarter. The main powerboat segment was down six percent versus the second quarter of 2022, however, preliminary June U.S. SSI was 2 percent above prior year.

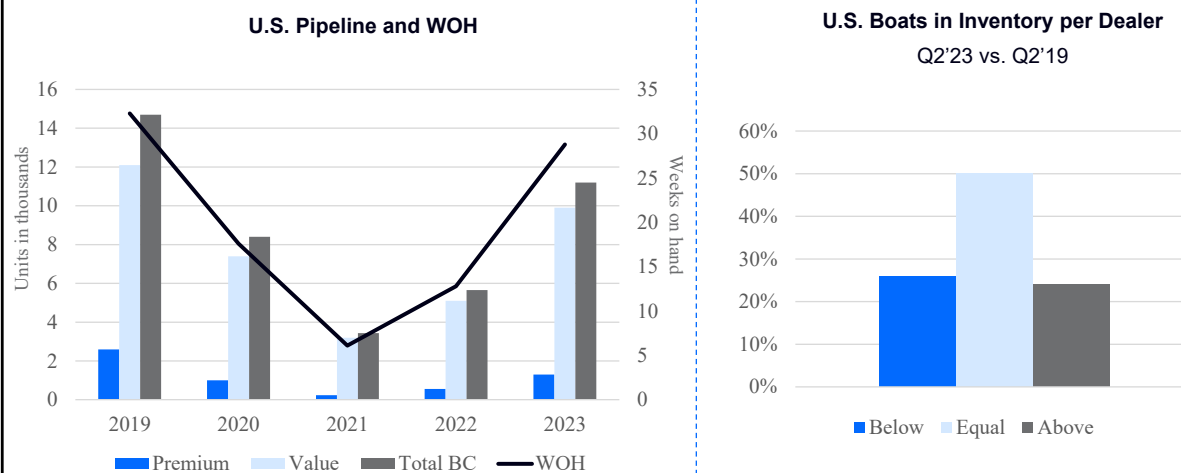
Brunswick performed better than industry relative to both periods, picking up share through strong performance by our premium fiberglass and aluminum brands, supported by planned promotions and marketing on select product-lines.

Outboard engine industry data was down six percent in the second quarter versus prior year. Mercury continues to outperform the industry with second quarter share now above 50%, reflecting retail share gains of 530 bps in the 150 and above horsepower outboard engines categories.

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U.S. Boat Pipeline

Ending Q2 2023



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We continue to manage inventory levels closely through the season. As we look at end-of-quarter pipelines, we see unit inventory levels recovered vs. recent years but still below the pre-COVID level in 2019, particularly for premium product lines.

As we look at the number of units in the pipeline on a boats-per-dealer basis, we see approximately 75 percent of our dealers with inventory levels less than or equal to 2019.

New Products, Synergies, and Innovation Differentiating Our Business



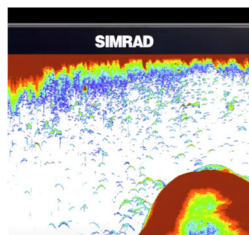
MERCURY
RACING

500R V8



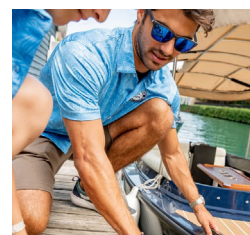
MERCURY
AVATOR

Avator 20e and 35e



SIMRAD

Major Software Releases



FREEDOM
BOAT CLUB

400th Location

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Moving on to recent new products and innovation,

As I mentioned earlier, we recently launched the Mercury Racing 500R which delivers high performance for fast, luxury, sport-boats and is incredibly light, weighing only 720 pounds. The 500R replaces the 450R and joins a Mercury Racing high-horsepower line-up that already includes the 300R and the new 400R.

Earlier this year, we launched the award-winning 7.5e Mercury Avator electric outboard. We have now produced around 2000 units, and we have strong orders from around the globe. We recently announced the beginning of serial production for the next two models in the Avator line-up, the 20e and 35e, which we expect to begin shipping to customers at the end of the Summer.

The launch of the 500R and the production of the new Avator models reinforce our intention to be the industry leader in both internal combustion- and electric-propulsion.

Navico Group continues to release exciting new products but also software upgrades, facilitated by the flexible Android-based software architecture deployed on its newest products, and reinforcing the increasing importance of software and content upgrades as new sources of revenue and value-creation for our business.

Freedom Boat Club continues to expand rapidly, recently announcing its 400th location globally, which is located in Jupiter, Florida. We have added an average of around one Freedom location per week since the acquisition in 2019, including 40 international locations. We are also continuing to build out the Freedom ecosystem, including successfully expanding our Boateka pre-owned boat business, which takes boats from Freedom, refurbishes them, and re-sells them into the pre-owned market.

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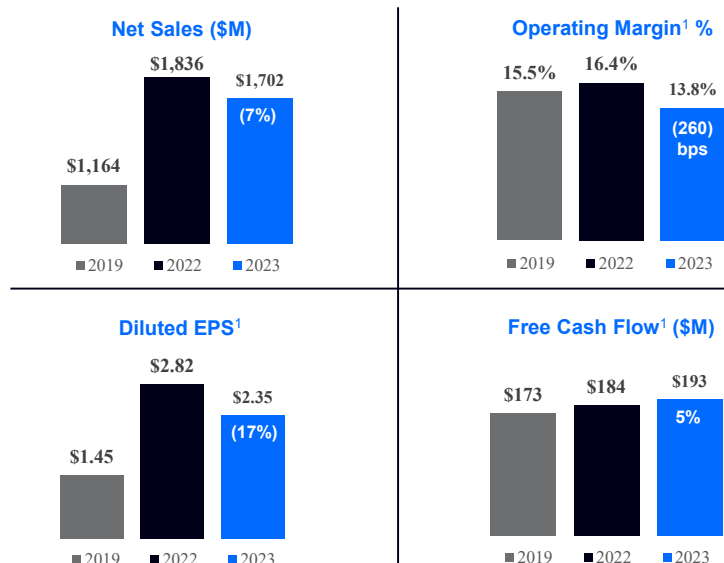
Financial Overview – Ryan Gwillim, CFO

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I will now turn the call over to Ryan to provide additional comments on our financial performance and outlook.

Overview of Second Quarter 2023 Adjusted Results



- Solid Q2 results, but below expectations due to IT security incident
- Strong Sales and Adjusted EPS growth vs. 2019

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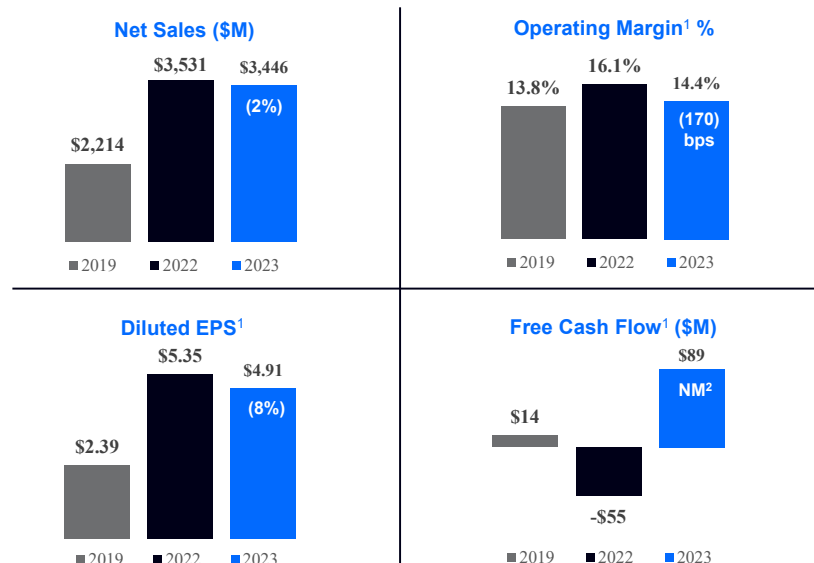
Thanks Dave, and good morning everyone.

As previewed last week, Brunswick delivered a solid quarter despite the impact of the June IT security incident. When compared to prior year, second quarter net sales were down 7 percent, and adjusted EPS of \$2.35 decreased 17 percent.

Net sales benefitted from pricing implemented in previous quarters and new product performance, offset by lower production and shipments resulting from the IT security incident, primarily in the Propulsion and Engine P&A segments, and softer market conditions in value boat and lower horsepower engine markets. Adjusted operating earnings and margins were impacted by lower sales and slightly higher input costs vs. Q2 2022, but were partially offset by benefits from prudent cost containment efforts across the organization.

Lastly, we had strong free cash flow generation in the quarter of \$193 million, primarily due to stronger working capital generation, resulting in a free cash flow conversion of 116% in the quarter.

Overview of YTD 2023 Adjusted Results



- Consistent first-half results despite uncertain macro-economic conditions

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²NM = NOT MEANINGFUL

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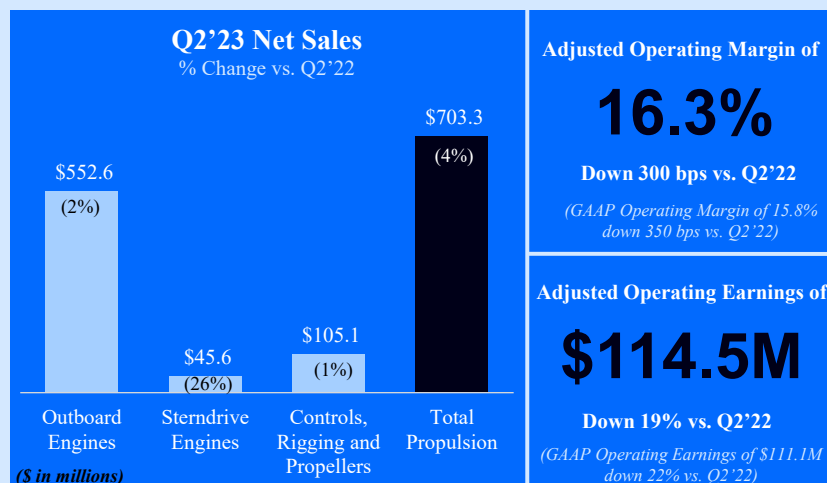
Year-to-date results also remain solid despite a slightly softer marine retail market and the impacts of the IT security incident. Sales are down slightly from the record first half 2022, with the resilience in adjusted operating margin and EPS resulting from prudent operating expense control across the company, steady gross margin performance, and in the case of adjusted EPS, continued aggressive share repurchase activity.

You'll also note that each measure is greatly improved versus 2019, a testament to our continued successful portfolio management, operational excellence and capital strategy execution.

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Propulsion Segment – Q2'23 Performance¹

Continued market share gains and steady sales in high-horsepower outboards and controls and rigging provide second-half momentum



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Now we'll look at each reporting segment, starting with our propulsion business which delivered resolute sales and earnings despite being the segment most impacted by the IT security incident in the quarter.

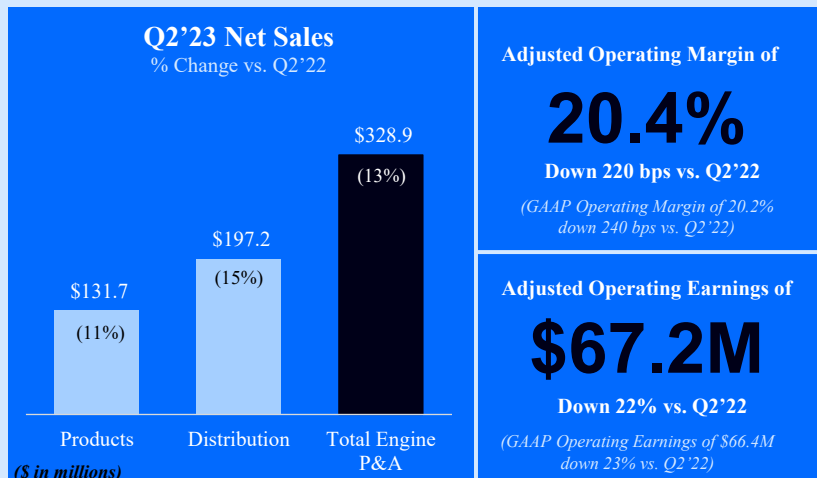
Revenue decreased 4 percent versus the second quarter of 2022 as benefits from pricing, favorable product mix related to continued strong high-horsepower outboard engine demand, and higher sales to repower customers, were offset by the impact of production stoppages and planned reductions in lower horsepower outboard engine and sterndrive engine sales and production. Adjusted operating margins in the quarter were down 300 basis points as lower sales, higher input costs, and the timing related to capitalized inventory variances, which you'll remember was an equal benefit in the first quarter, offset very aggressive cost control.

Production output of high-horsepower engines continues to improve, which should enable second-half sales growth.

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Engine P&A Segment – Q2'23 Performance¹

Steady performance by U.S. Products business offset by headwinds in international markets and third-party Distribution



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The engine parts and accessories business delivered a steady quarter, with sales down 13 percent vs. 2022, but up 12 percent over the second quarter of 2019. Sales in our U.S. Products business decreased by 8.5 percent, but would have been essentially flat vs. second quarter of 2022 absent the IT security incident. Sales in our distribution businesses and international markets remained below prior year.

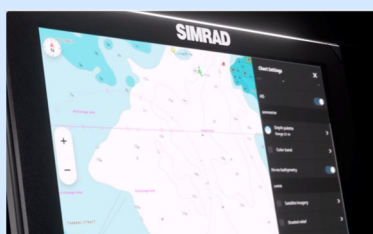
Adjusted operating earnings and margins decreased due to the same factors, together with slight increases in input cost and the carry-over of start-up costs related to the newly opened Brownsburg distribution center, which collectively offset benefits from cost control measures.

Note that July orders in the Products business continue to trend positive as boat usage remains strong.

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Navico Group Segment – Q2'23 Performance¹

Strong performance of new products and accelerated progress with major integration and restructuring actions support second-half stability



Q2'23 Navico Group Net Sales

\$227.8M

Down 20% vs. Q2'22

Adjusted Operating Margin of

11.4%

Down 300 bps vs. Q2'22

(GAAP Operating Margin of 1.8%
down 600 bps vs. Q2'22)

Adjusted Operating Earnings of

\$25.9M

Down 37% vs. Q2'22

(GAAP Operating Earnings of \$4.2M
down 81% vs. Q2'22)

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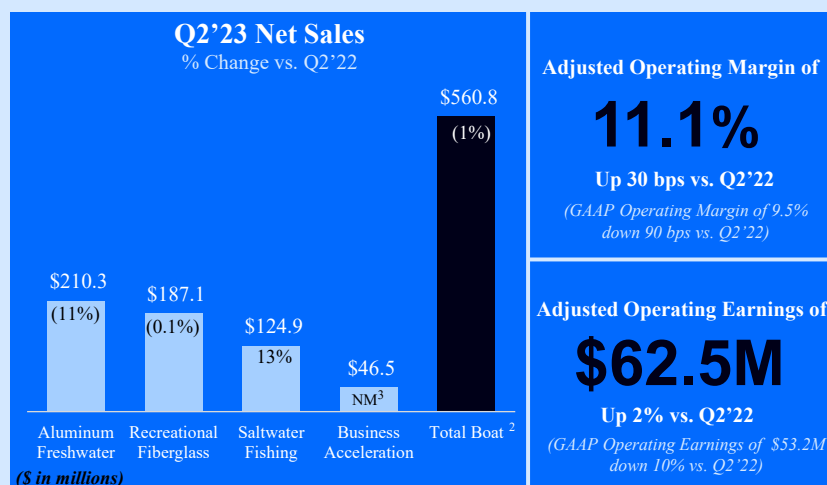
Navico Group reported a sales decrease of 20 percent, driven by lower orders vs. a very strong second quarter of 2022, together with slow recovery of RV OEM production, partially offset by strong new product performance. Segment operating earnings declined as a result of the lower sales and slightly elevated input costs, partially offset by accelerated cost reduction actions and reorganization efforts. Note that adjusted operating margins improved sequentially by 40 bps vs. the first quarter, with second half operating margins anticipated to exceed first half performance.

As we look to the remainder of the year, orders for the aftermarket channel, which represents two-thirds of Navico Group's sales, are showing strength vs. the back half of 2022, as retailer inventories are more normalized vs. this time last year, and sell-through demand continues to be solid. We believe this tailwind will help offset potential lag in Marine OEM and RV orders, as wholesale production in these areas are slower as manufacturers and dealers monitor inventory levels late in the season.

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Boat Segment – Q2'23 Performance¹

Fifth straight quarter of double-digit adjusted operating margins



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²TOTAL BOAT NET SALES INCLUDES \$8M OF BOAT ELIMINATIONS

³NM = NOT MEANINGFUL

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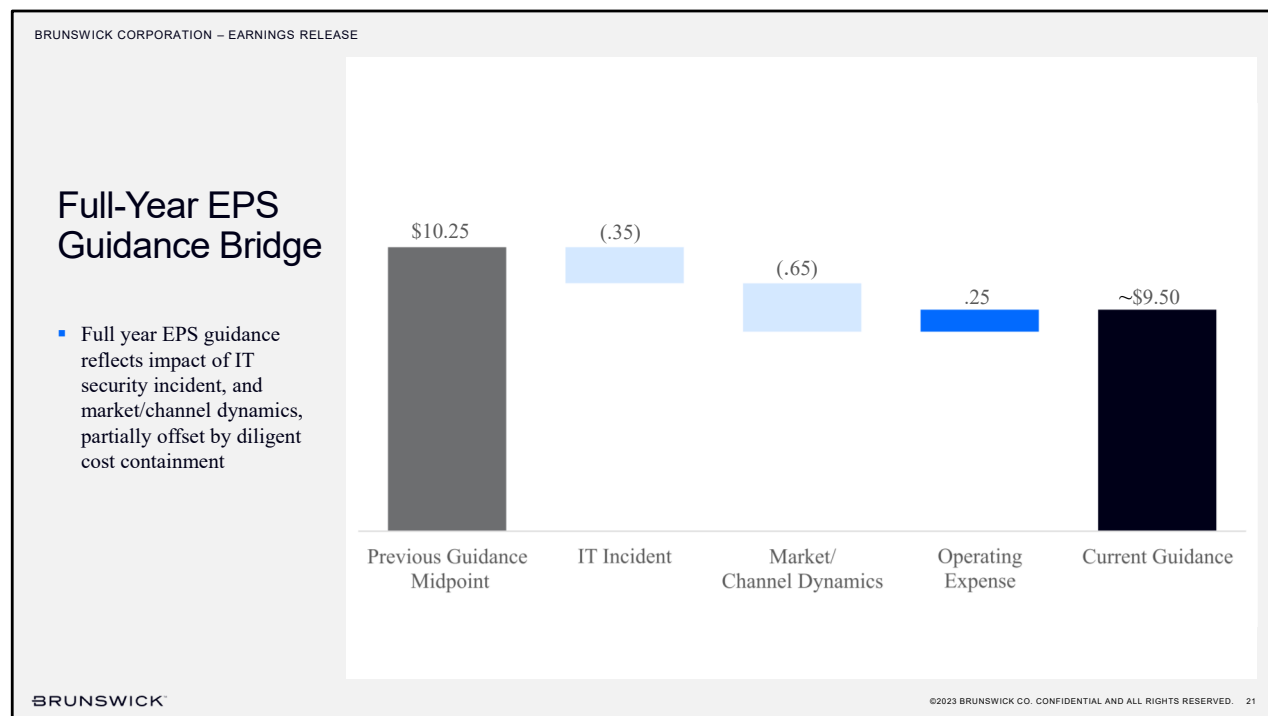
Our boat segment had another strong quarter, delivering steady top-line and slight earnings growth, together with double-digit adjusted operating margins for the fifth straight quarter. The \$62.5M of adjusted operating earnings in the second quarter is the highest earnings achieved in any quarter in boat group history.

The boat segment reported a 1 percent decrease in sales due to the favorable impact of prior year pricing actions and favorable mix toward premium products being offset by lower shipments of value products and higher discount levels, which were still within expectations. Adjusted operating earnings growth was enabled by the above factors coupled with share gains and sustained operational productivity gains. Freedom Boat Club, which is included in Business Acceleration, contributed approximately 7 percent of the boat segment's revenue during the quarter.

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2023 Guidance ¹			
Full Year Revenue	Operating Margin	Operating Expenses as % of Sales	Full Year EPS
\$6.7 to \$6.8B	~14.5%	Flat to Up Slightly	~\$9.50
Previously \$6.8 to \$7.2B	Previously ~15%	No Change	Previously \$9.50 to \$11.00
Free Cash Flow	Quarter 3 Revenue	Quarter 3 EPS	
\$375M+	Flat to Down Slightly	\$2.35 to \$2.45	
No Change			
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Our updated 2023 outlook matches our preliminary outlook shared last week. We are reiterating our full year adjusted EPS guide of approximately \$9.50, with revenue of between \$6.7 and \$6.8 billion and adjusted operating margins of approximately 14.5%. We continue to see positive free cash flow conversion and working capital trends, and still anticipate generating more than \$375M of free cash flow for the year.

Finally, we anticipate a solid third quarter, where revenue should be flat to slightly below Q3 2022, and adjusted EPS of between \$2.35 and \$2.45.



This slide provides additional clarity on the components of our updated EPS guidance. The midpoint of our prior EPS guidance range was \$10.25. The components to get to our updated guidance of approximately \$9.50 are (with each of the following being estimates):

- \$0.35 of lost and non-recoverable earnings related to the IT security incident, primarily related to the downtime of high-horsepower outboard engine production and missed Engine P&A sales in the middle of the marine retail season;
- \$0.65 related to channel and market dynamics where, despite the U.S. retail market being only slightly worse than our initial expectations, channel partners across our businesses are being cautious regarding pipeline refill given the uncertain macro-economic environment and continued pressure on consumers domestically and in many international markets. As we're working toward the end of the prime retail season in Northern climates, we anticipate slower channel fill in the back half of 2023 in the face of these pressure and an uncertain 2024. Specific examples may include:
 - Boat dealers taking fewer value boats at the end of the season
 - Boat OEMs being satisfied with their ability to get 150hp and under engine product, and having sufficient supplies to satisfy late season boat orders and
 - Marine dealers and retailers restocking P&A at a more reserved pace; and lastly
- A \$0.25 benefit from strong OPEX control, including acceleration of planned Navico Group integration and restructuring activities, benefits from new products, and lower share count resulting from aggressive repurchases.

Note that an adjusted EPS of \$9.50 would still be 15% higher than any result in Brunswick history aside from 2022.



2023 Outlook – Other Assumptions

Share Repurchases

\$250M+

Previously \$200M+

Average Diluted Shares Outstanding

~70.5M

Previously ~71M

Foreign Currency Earnings Headwind

~\$30M

Previously ~\$35-\$40

Quarterly Dividends

\$0.40 Per Share

No Change

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Lastly, we have a small handful of full-year assumptions that we have updated. First, given our strong cash performance and continued Brunswick share price dislocation, we are increasing our repurchase target to exceed \$250 million of repurchases for the full year. Accordingly, our average diluted shares outstanding should be slightly lower for the year at 70.5 million shares.

We're also seeing a slightly better foreign currency environment as it relates to our global businesses, and now anticipate a full-year headwind of approximately \$30 million.

Please see the appendices to this presentation for additional information on other P&L and balance sheet assumptions for the year, which have not materially changed.

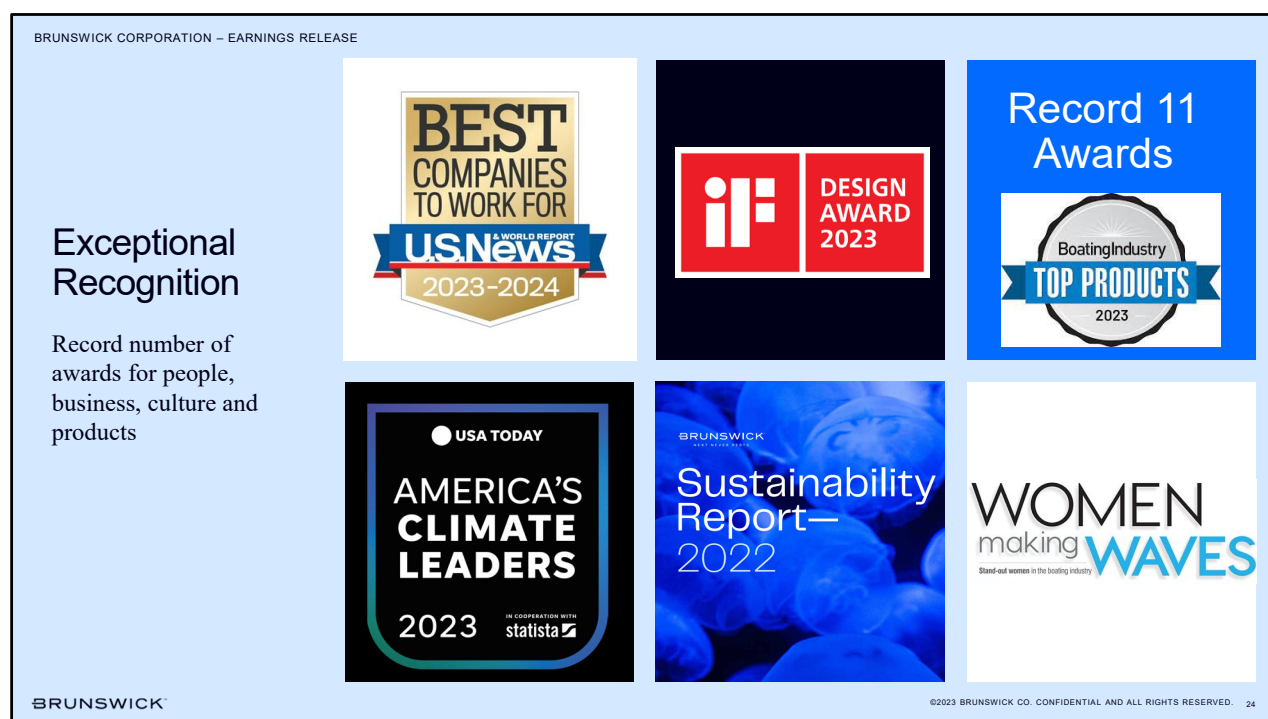
03

Wrap-Up Dave Foulkes, CEO

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I will now pass the call back over to Dave for concluding remarks.



Thanks, Ryan.

Before we close out, I want to share an update on some recent awards and recognition for our company, brands, products and people.

We recently issued our sustainability report and were delighted to be named by USA Today to the inaugural list of America's Climate Leaders for 2023. We were among the 400 companies that made the final list out of the 2,000 considered.

Brunswick was also named to the U.S. News and World Reports list of Best Companies to Work For, for 2023-24. We finished in the top 10 of all companies in the categories of Best Companies for Work-Life Balance and Quality of Pay.

Mercury recently won four iF design awards for its new products, including two awards for the Avator 7.5e, and one each for our V10 and V12 outboard engines. The iF design awards are one of the most prestigious international design awards, crossing all business sectors.

In May, Brunswick received a record eleven 2023 Top Product Awards from Boating Industry Magazine recognizing innovative, industry-leading new products from Mercury Marine, Brunswick Boat Group and Navico Group.

And four Brunswick female leaders were named by Boating Industry Magazine to its 2023 list of "Women Making Waves", marking the second consecutive year that four of our outstanding women leaders have featured on the list.



Before I close, I would like to remind you about our Investor and Analyst Day event on September 18, 2023 at the New York Stock Exchange, which will be followed by an opportunity to experience exciting new products and technologies from across our businesses, on the water, as well as meet with members of our management team.

Thank you for joining the call - that concludes our prepared remarks.

We'll now open the line for questions.

BRUNSWICK CORPORATION – EARNINGS RELEASE

Appendix

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BRUNSWICK CORPORATION – EARNINGS RELEASE

2023 Outlook Segment Guide¹

Propulsion



Engine P&A



Navico Group



Boat

Net Sales
Growth

Up

Mid Single
Digit PercentPreviously Up Mid to
High Single Digits Percent

Down

Mid Single
Digit PercentPreviously flat to down
LSD%

Down

Mid Single
Digit PercentPreviously flat to up
LSD%

Down

Mid Single
Digit PercentPreviously
-3% to +3%Operating
Margin
Target

Flat

Previously
Flat to up 30 bps

~19.5%

Previously
+/- 30 bps

~12%

Previously
+/- 30 bps

~9%

Previously ~10%

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¹EACH ON AN "AS ADJUSTED" BASIS WHERE APPLICABLE, VERSUS COMPARABLE PRIOR YEAR

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BRUNSWICK CORPORATION – EARNINGS RELEASE



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2023 Outlook – P&L and Cash Flow Assumptions

Working Capital Usage

~\$100M

No Change

Depreciation & Amortization¹

~\$200M

Previously ~\$190M

Effective Book Tax Rate- As Adjusted²

~23%

No Change

Acquisition Amortization


~\$55M

No Change

¹EXCLUDES PURCHASE ACCOUNTING AMORTIZATION FROM ACQUISITIONS
²TAX PROVISION, AS ADJUSTED FOR SPECIAL TAX ITEMS

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BRUNSWICK CORPORATION – EARNINGS RELEASE



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2023 Outlook – Capital Strategy and Other Assumptions

Capital Expenditures	Debt Retirement
~\$350M	~\$80M
No Change	No Change
Net Interest Expense	Combined Equity Earnings and Other Income
~\$100M	Slightly Higher vs 2022
No Change	No Change

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Net Sales – Q2 2023

Net Sales decreased by \$133.3 million, or 7 percent

NET SALES (in millions)	Segments	Q2 2023	Q2 2022	% Change
	Propulsion	\$703.3	\$734.2	(4%)
	Engine Parts & Accessories	328.9	379.5	(13%)
	Navico Group	227.8	286.1	(20%)
	Boat	560.8	568.4	(1%)
	Segment Eliminations	(118.5)	(132.6)	
	Total	\$1,702.3	\$1,835.6	(7%)

SALES BY REGION	Region	Q2 2023 % of Sales	% Change	Constant Currency % Change
	United States	70%	(5%)	(5%)
	Europe	14%	(15%)	(15%)
	Asia-Pacific	6%	(14%)	(10%)
	Canada	6%	(11%)	(8%)
	Rest-of-World	4%	(7%)	(7%)
	Total International	30%	(13%)	(12%)
	Consolidated		(7%)	(7%)

Net Sales – YTD 2023

Net Sales decreased by \$85.4 million, or 2 percent

NET SALES (in millions)

Segments	YTD 2023	YTD 2022	% Change
Propulsion	\$1,454.9	\$1,440.1	1%
Engine Parts & Accessories	617.5	709.8	(13%)
Navico Group	505.1	597.7	(16%)
Boat	1,136.0	1,061.2	7%
Segment Eliminations	(267.6)	(277.5)	
Total	\$3,445.9	\$3,531.3	(2%)

SALES BY REGION

Region	YTD 2023 % of Sales	% Change	Constant Currency % Change
United States	69%	0%	0%
Europe	14%	(9%)	(7%)
Asia-Pacific	6%	(13%)	(9%)
Canada	6%	(9%)	(6%)
Rest-of-World	5%	5%	6%
Total International	31%	(8%)	(5%)
Consolidated		(2%)	(2%)

GAAP to Non-GAAP Reconciliations – Q2 2023

(in millions, except per share data)	Operating Earnings			Diluted Earnings per Share		
	Q2 2023	Q2 2022	Q2 2019	Q2 2023	Q2 2022	Q2 2019
GAAP	\$194.4	\$279.0	\$162.7	\$1.91	\$2.61	\$1.28
Restructuring, exit and impairment charges	13.9	—	5.4	0.15	—	0.05
Purchase accounting amortization	14.1	14.1	7.3	0.15	0.14	0.06
IT security incident costs	8.1	—	—	0.09	—	—
Acquisition, integration and IT related costs	4.4	7.1	1.8	0.05	0.07	0.01
Sport yacht & yachts	—	—	2.9	—	—	0.03
Special tax items	—	—	—	—	—	0.02
As Adjusted	\$234.9	\$300.2	\$180.1	\$2.35	\$2.82	\$1.45
GAAP operating margin	11.4%	15.2%	14.0%			
Adjusted operating margin	13.8%	16.4%	15.5%			

GAAP to Non-GAAP Reconciliations – YTD 2023

(in millions, except per share data)	Operating Earnings			Diluted Earnings per Share		
	YTD 2023	YTD 2022	YTD 2019	YTD 2023	YTD 2022	YTD 2019
GAAP	\$430.5	\$518.5	\$276.8	\$3.47	\$4.86	\$2.15
Restructuring, exit and impairment charges	23.4	—	8.6	0.25	—	0.07
Purchase accounting amortization	28.3	37.1	14.5	0.30	0.37	0.13
IT security incident costs	8.1	—	—	0.09	—	—
Acquisition, integration and IT related costs	7.0	12.1	1.8	0.08	0.12	0.01
Sport yacht & yachts	—	—	2.9	—	—	0.03
Special tax items	—	—	—	0.72	—	—
As Adjusted	\$497.3	\$567.7	\$304.6	\$4.91	\$5.35	\$2.39
GAAP operating margin	12.5%	14.7%	12.5%			
Adjusted operating margin	14.4%	16.1%	13.8%			

BRUNSWICK CORPORATION – EARNINGS RELEASE

Net Sales Growth Drivers

**Q2 2023
VS. Q2
2022**

	% Change - GAAP	Currency Impact	Acquisitions Impact
Propulsion	(4%)	-	-
Engine Parts & Accessories	(13%)	(1%)	-
Navico Group	(20%)	-	-
Boat	(1%)	-	1%
Brunswick	(7%)	-	-

**YTD 2023
VS. YTD
2022**

	% Change - GAAP	Currency Impact	Acquisitions Impact
Propulsion	1%	(1%)	-
Engine Parts & Accessories	(13%)	(1%)	-
Navico Group	(16%)	(1%)	-
Boat	7%	(1%)	2%
Brunswick	(2%)	(1%)	1%

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Tax Rate

Q2 2023 Effective Tax Rate at ~22%

	Q2 2023	Q2 2022
Quarter 2		
Effective Tax Rate - GAAP	21.2%	21.9%
Effective Tax Rate - As Adjusted ¹	21.6%	22.2%

	YTD 2023	YTD 2022
Year to Date		
Effective Tax Rate - GAAP ²	35.3%	21.5%
Effective Tax Rate - As Adjusted ¹	22.1%	21.7%

¹ TAX PROVISION, AS ADJUSTED, EXCLUDES \$(0.1) MILLION AND \$(0.6) MILLION OF NET BENEFITS FOR SPECIAL TAX ITEMS FOR Q2 2023 AND Q2 2022 PERIODS, RESPECTIVELY, AND \$51.7 MILLION AND \$(0.3) MILLION OF NET PROVISIONS (BENEFITS) FOR SPECIAL TAX ITEMS FOR YTD 2023 AND YTD 2022 PERIODS, RESPECTIVELY.

² THE INCREASE IN THE EFFECTIVE TAX RATE FOR YTD 2023 COMPARED TO THE PRIOR YEAR IS DUE TO THE DISCRETE INCOME TAX EXPENSE RECORDED IN CONNECTION WITH THE INTERCOMPANY SALE OF INTELLECTUAL PROPERTY RIGHTS DURING THE YEAR.

Free Cash Flow

(in millions)	Q2 2023	Q2 2022	Q2 2019
Net cash provided by operating activities from continuing operations	\$268.9	\$290.3	\$220.6
Net cash (used for) provided by:			
Capital expenditures	(79.9)	(95.6)	(49.0)
Proceeds from sale of property, plant, equipment	3.6	0.8	—
Effect of exchange rate changes	(0.1)	(11.8)	1.1
Free Cash Flow	\$192.5	\$183.7	\$172.7

(in millions)	YTD 2023	YTD 2022	YTD 2019
Net cash provided by operating activities from continuing operations	\$254.4	\$149.4	\$147.4
Net cash (used for) provided by:			
Capital expenditures	(173.4)	(196.5)	(135.2)
Proceeds from sale of property, plant, equipment	6.3	3.0	—
Effect of exchange rate changes	1.6	(11.2)	1.4
Free Cash Flow	\$88.9	(\$55.3)	\$13.6