

INNOVATION + INSPIRATION  
ON THE WATER



BRUNSWICK

**Brunswick Acquisition of Navico**

June 24, 2021

# Brunswick Corporation

## 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 policy concerns; adverse economic, credit, and capital market conditions; higher energy and fuel costs; competitive pricing pressures; the coronavirus (COVID-19) pandemic, including, without limitation, the impact on global economic conditions and on capital and financial markets, changes in consumer behavior and demand, the potential unavailability of personnel or key facilities, modifications to our operations, and the potential implementation of regulatory actions; managing our manufacturing footprint; weather and catastrophic event risks; international business risks; our ability to develop new and innovative products and services at a competitive price; our ability to meet demand in a rapidly changing environment; loss of key customers; actual or anticipated increases in costs, disruptions of supply, or defects in raw materials, parts, or components we purchase from third parties, including as a result of pressures due to the pandemic; supplier manufacturing constraints, increased demand for shipping carriers, and transportation disruptions; absorbing fixed costs in production; joint ventures that do not operate solely for our benefit; 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 strategic divestitures will not provide business benefits; maintaining effective distribution; adequate financing access for dealers and customers; 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 could 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; having to record an impairment to the value of goodwill and other assets; product liability, warranty, and other claims risks; legal and regulatory compliance, including increased costs, fines, and reputational risks; changes in income tax legislation or enforcement; managing our share repurchases; and certain divisive shareholder activist actions.

Additional risk factors are included in the Company's Annual Report on Form 10-K for 2020 and subsequently filed 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 or for changes by wire services or Internet service providers.

Brent G. Dahl, Vice President – Investor Relations  
Brunswick Corporation, 26125 N. Riverwoods, Mettawa, IL 60045  
Phone: +1-847-735-4039 Fax: +1-847-735-4750  
Email: [brent.dahl@brunswick.com](mailto:brent.dahl@brunswick.com)

# Brunswick Corporation

## 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 (including those that are non-GAAP financial 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 the Power Products and Freedom Boat Club acquisitions.

For additional information and reconciliations of GAAP to non-GAAP measures, please see Brunswick's Current Report on Form 8-K issued on April 29, 2021 which is available at [www.brunswick.com](http://www.brunswick.com).

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.

# Brunswick to Acquire Navico – Transaction Overview

## Operating and Strategic Priorities



### TRANSACTION

- Brunswick to acquire Navico for \$1.05 billion
- Transaction expected to close in 2H 2021
- Transaction closing subject to customary closing conditions



### NAVICO PROFILE

- Specialist marine electronics company providing navigation, marine instruments and fish-finding equipment
- Sizable aftermarket business



### FINANCIALS / SYNERGIES

- TTM Revenue of ~\$470 million and adjusted EBITDA margins in high-teens percent
- Strong revenue and earnings growth profile
- Estimated annual synergies by year four of \$30 to \$40 million



### CAPITAL STRATEGY

- Utilized strong balance sheet to acquire highly strategic asset
- Expect to maintain investment grade ratings
- Pro-forma debt to EBITDA ratio of approximately 1.7x on gross basis at closing

**This acquisition materially advances Brunswick's ACES strategy**

# Navico Overview

## Key Brands and Products

### LOWRANCE®

- Fish finders (displays + sonar)
- Trolling motors
- Autopilots

### B&G

- Navigational chart plotters
- Instruments
- Autopilot

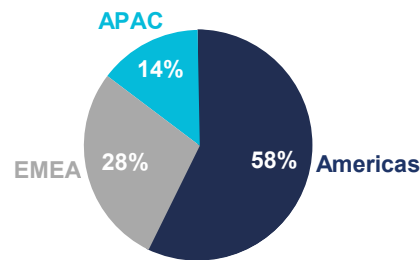
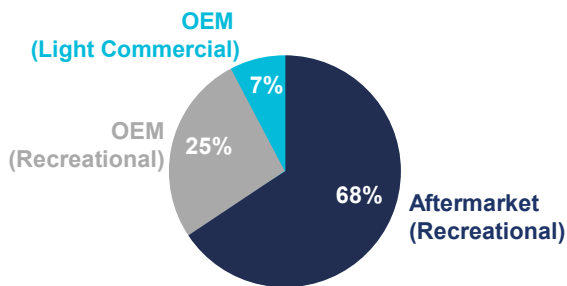
### SIMRAD

- Multi-functional displays
- Sonar and radars
- Autopilots

### MAP®

- Cartography
- Data services

## Revenue Mix\*



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\* - All figures are TTM for the period ended April 30, 2021

This data is internal to Brunswick.

## Company Overview

- Headquartered in Norway
- 2,000+ employees across 27 global locations
- One of world's largest providers of marine electronics with primary focus on recreational space
- Brands with strong followings in fishing (Lowrance), powerboating (Simrad), and sailing (B&G)
- ~2/3 of revenue from aftermarket channel

# Filling Gap Advances ACES Strategy for Brunswick & ASG



## 1 Advances Consumer Experience

- ✓ Complete vessel integration
- ✓ Central connection for all onboard systems

## 2 Creates Brunswick Value

- ✓ Leverage scale to deliver synergies in profitable electronics market
- ✓ Turn-key product integration for OEMs

## 3 Accelerates ACES Strategy

- ✓ Fills gaps in sensor technology and user interface

## 4 Strong Management Team

- ✓ Proven track record for product innovation and growth

# Operating Model Unlocks Potential of Industry-Leading Brands

## Navico Will Join the Advanced Systems Group

MERCURY MARINE			ADVANCED SYSTEMS		BOATS		BUSINESS ACCELERATION	
<b>PROPULSION</b>	<b>ENGINE P&amp;A</b>	<b>DISTRIBUTION</b>	attwood	MotorGuide	SeaRay	BOSTON WHALER	<b>OWNED</b>	
MERCURY	QUICKSILVER	PMG PATRIS MARINE GROUP	Whale	BAIRLICK	RAYGLASS	BOATING SERVICES NETWORK		
MERCURY RACING		BLA boatinglifestyleadventure	BEP	ParkPower by Marincó	ALUMINUM BOAT GROUP	BRUNSWICK Acceptance Company	BRUNSWICK Dealer Advantage	
MERCURY Diesel	MERCURY Precision Parts	Land Sea	MARINCO	ProMariner	LUNAR	BRUNSWICK 1st Commercial Finance	BLUE WATER FINANCE	
MERCURY MerCruiser		Lankhorst   Taselaar	ZONE	LENCO	LOWE	BOATER'S CHOICE	MERCURY Power Finance	
MERCURY Precision Rigging			MASTERVOLT	ANCOR	CRESTLINER	BRUNSWICK Product Protection		
MERCURY Propellers	SEACHOICE PRODUCTS	KELLOGG MARINE SUPPLY	Progressive Industries	BLUE SEA SYSTEMS	CYPRESS CAY	NAUTIC-ON	iJet	
					THUNDER JET	<b>MINORITY INVESTMENT</b>		
					VENTURE GROUP	fixers	SEA MACHINES	
					BAYLINER	ANGR	CATCH20	
					QUICKSILVER	Plus 4 additional minority investments		
					UTTERN	heyday		

**\$1.9B<sup>1</sup>**  
PROPULSION

**\$1.5B<sup>1</sup>**  
PARTS & ACCESSORIES

**\$1.3B<sup>1</sup>**  
BOATS

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This data is internal to Brunswick.

<sup>1</sup> All revenue figures are FY 2020, and exclude the impact of segment eliminations

## Transaction Valuation<sup>1</sup>

- Compelling strategic fit – unique opportunity to acquire premier, high-performing business
- EBITDA<sup>1</sup> multiple comparable to other transactions in P&A space
  - ~12x FY 2021 Adjusted EBITDA (net of tax attributes)
- Expected return on investment to exceed cost of capital by year three
- Excellent free cash flow generation, with an outstanding track record of operating a capital efficient model
- Close alignment of business strategies provides for key synergy opportunities

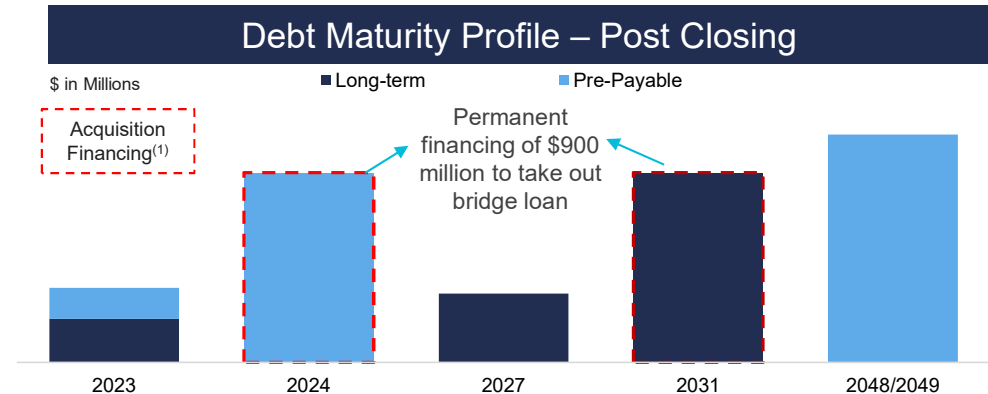


**Acquiring Navico is an excellent, value-creating use of capital and fits squarely into our stated growth plans and capital allocation objectives**

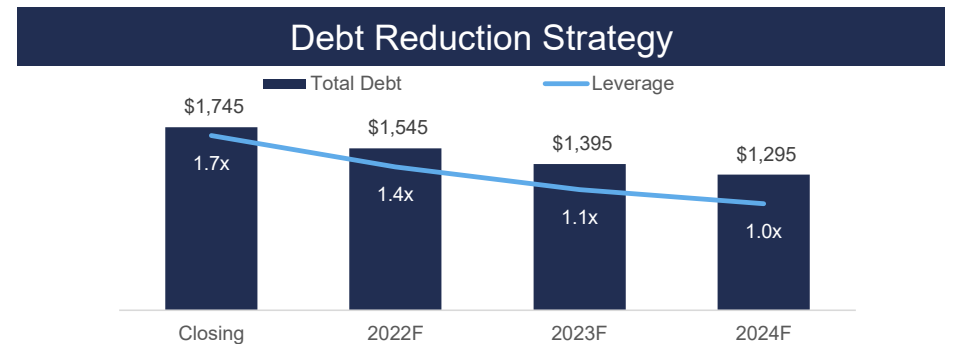


# Transaction Financing Plan – Initial Overview<sup>1</sup>

- Committed bridge financing in place for signing
- Plan to arrange 3- and 10-year institutional bonds to finance acquisition at closing
- At closing, pro-forma leverage will be at 1.7x on gross basis
- Debt pre-payable within 3 years of more than \$1 billion will provide deleveraging flexibility
- Systematic debt repayment plan will reduce gross leverage to below 1.5x by the end of 2022



(1) Final notional amount for each tenor subject to market conditions at time of issuance



**Financing plan leverages strong balance sheet, and we expect to retain our investment grade credit rating**

<sup>1</sup> Initial financing plan is subject to modification based on changes in market factors

# Financial Plan Implications

Updated 2022 Targets from 2021 Investor Day Financial Presentation

2022  
TARGETS

	2021 INVESTOR DAY UPDATED 2022 TARGETS	CHANGE IN TARGETS INCLUDING NAVICO ACQUISITION
Revenue	\$5.7 - \$5.9 billion	\$6.2 - \$6.4 billion
Adjusted operating margins	15.0% - 16.0%	Unchanged
EPS	\$8.25 - \$8.75	\$8.75 - \$9.25
Free Cash Flow	\$425 - \$475 million	In excess of \$450 million

**No modification to existing capital strategy plans needed as a result of the Navico acquisition**