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ON THE WATER

BRUNSWICK



Earnings Conference Call

Q1 2022

# 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; fiscal and monetary policy concerns; adverse capital market conditions; changes in currency exchange rates; higher energy and fuel costs; competitive pricing pressures; interest-rate risk related to our debt; the coronavirus (COVID-19) pandemic and the emergence of variant strains; 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; managing our manufacturing footprint; adverse weather conditions, climate change events and other catastrophic event risks; international business risks, geopolitical tensions or conflicts, sanctions, embargoes, or other regulations; 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; 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; the risk that unexpected costs will be incurred in connection with the Navico transaction or the possibility that the expected synergies and value creation from the transaction will not be realized or will not be realized within the expected time period; 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; risks related to 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 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; 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 2021. 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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## 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 issued on April 28, 2022 which is available at [www.brunswick.com](http://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, 2022 net sales growth is also shown using 2021 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.



A woman with blonde hair, wearing a black quilted jacket and khaki shorts, stands on a black Lund fishing boat. She is holding a fishing rod. The boat is on a body of water, and the background shows a line of trees under a blue sky with light clouds. The boat has the word 'LUND' and a red arrow logo on its side. The scene is captured from a low angle, with the water's surface in the foreground.

# BUSINESS OVERVIEW

Dave Foulkes - CEO

# Brunswick Corporation – Earnings Release

## Outstanding Performance Across the Company



### Record Q1 results:

- Net sales of \$1.7B (up 18.3%)
- Adjusted<sup>1</sup> EPS of \$2.53 (up 12.9%)
- Adjusted<sup>1</sup> operating earnings of \$268M (up 10.1%)



### Top-line growth across all businesses:

- Outboard production increases and market share gains led to strong propulsion increases
- Solid production increases and new model launches drove boat group gains
- P&A growth accelerated by Q4 2021 M&A, including Navico



### Field inventory remains at historically low levels:

- Approximately 19 WOH at end of Q1 2022 and Q1 2021
- 6% fewer boats in dealer inventory vs. end of Q1 2021 (-45% vs Q1 2020)



### Increased FY 2022 guidance:

- Net sales of \$6.8B - \$7.1B
- Adjusted EPS of \$9.80 - \$10.30

**We delivered excellent results despite challenging macroeconomic and geopolitical environment**

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## We Continue to Successfully Navigate External Factors



**CONSUMER SENTIMENT**

Supply-side challenges currently remain dominant factor in retail pacing



**INFLATION**



**INTEREST RATES**

No historical correlation between rising fuel prices/ interest rates and lower demand



**FUEL PRICES**



**RUSSIA-UKRAINE**

No material supply or financial impact



**CHINA – COVID/ SUPPLY CHAIN**

Managing significantly elevated level of disruption



**WEATHER**

Later spring vs 2021 in Northern U.S. and Canadian markets

**Year-over-year increase in fuel prices estimated to increase the seasonal fuel bill for the average Brunswick boat owner by less than \$200**

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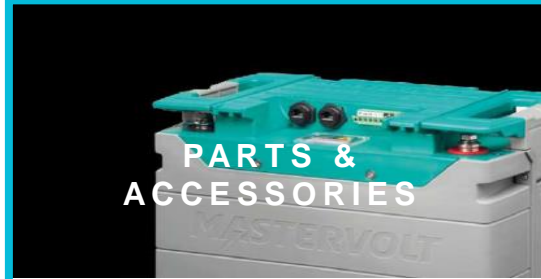
Each Segment Contributed to Strong Q1 2022 Performance



## PROPULSION

- TTM retail market share gains continue through Q1 2022 – U.S. outboard market share:
  - +310 bps total share gain over past 24 months, including +1,000 bps in greater than 300 horsepower
- V12 600hp Verado delivered to more than 50 OEMs
- Announced capacity investments on track

**Q1 SALES** ↑ **7%**



## PARTS & ACCESSORIES

- Organic sales growth of 2%
- Growth in both aftermarket and OEM channels in preparation for entering the prime boating season
- ASG Connect systems integration business growing rapidly

**Q1 SALES** ↑ **34%**



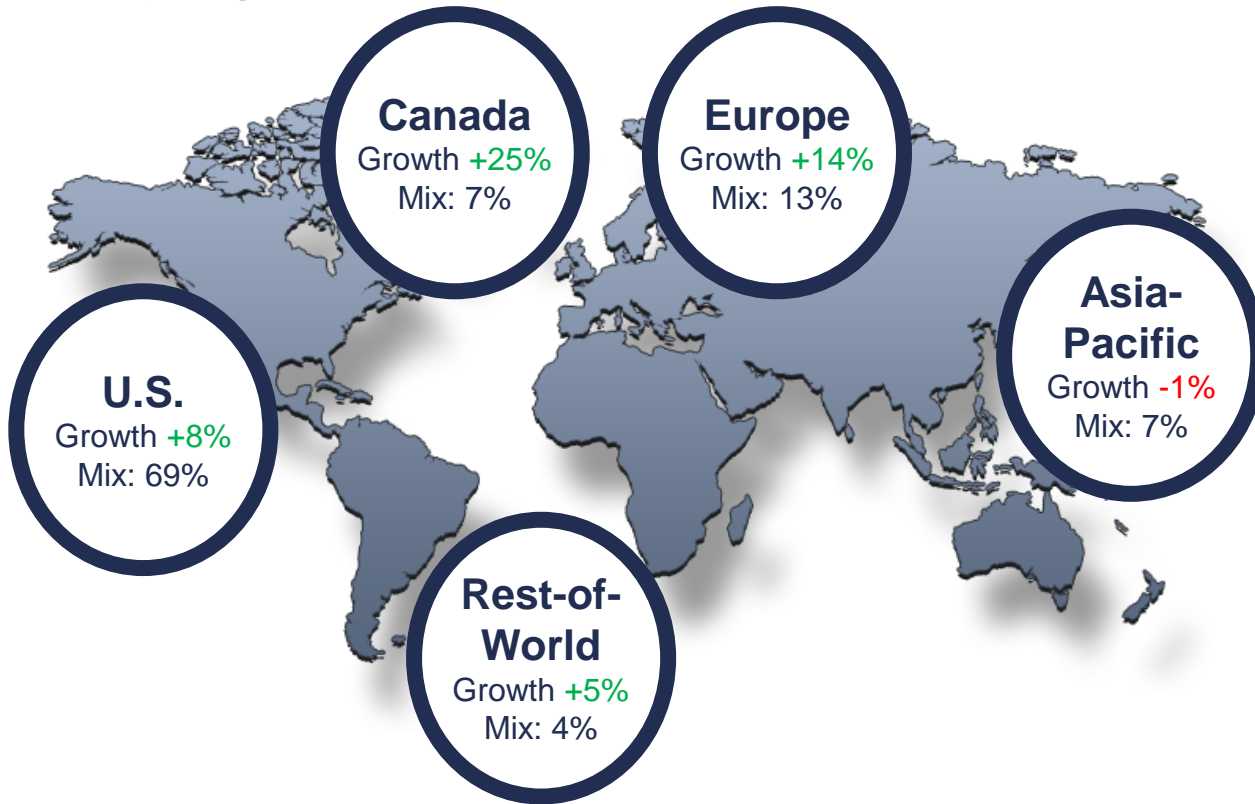
## BOATS & BUSINESS ACCELERATION

- Pipelines remain at historic lows as strong retail demand continues
- Increased market share in recreational fiberglass products and pontoons
- Freedom Boat Club has grown to more than 350 locations, more than 48,000 memberships and a fleet exceeding 4,200 boats

**Q1 SALES** ↑ **18%**

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Mix By Region<sup>1</sup> and Q1 Revenue Growth Rates



- ✓ International sales up 11 percent on a constant currency basis, excluding acquisitions
- ✓ All segments experienced substantial international sales growth
- ✓ Strong growth in Canada, Latin America, and Europe



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## U.S. Powerboat Industry – Percentage Change in Retail Units

CATEGORY	Q 1 2022	Q 1 2021	FY 2021	FY 2020
Outboard Boats	(11)%	33%	(6)%	14%
Fiberglass SD/IB Boats	(17)%	25%	(20)%	8%
Main Powerboat Segments <sup>1</sup>	(11)%	34%	(7)%	14%
Total Industry (SSI) <sup>2</sup>	(11)%	31%	(8)%	12%
Outboard Engines (NMMA)	(3)%	21%	(7)%	18%

Source: NMMA Statistical Surveys, Inc.: Preliminary data is shown on a comparative basis using states reporting to date for 2022: 85% of Jan 22, 82% of Feb 22, and 58% of Mar 22. Coast Guard data through 3/2022.

1) For the full-year 2021, outboard powered boats represented 88% of the total Main Powerboat Segments units (including Ski Wake boats)

2) Total Industry (SSI) also includes fiberglass and aluminum lengths outside the ranges included in the Main Powerboat Segments stated above, but excludes PWCs and jet, sail, electric and house boats

✓ SSI retail data trailing actual retail performance due to delayed deliveries and registrations

✓ Mercury has gained more than 400 bps of U.S. outboard engine market share over the last 12-months in 200hp+ categories

# FINANCIAL OVERVIEW

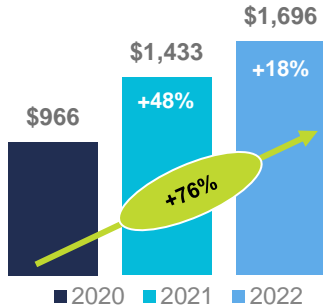
Ryan Gwillim – CFO



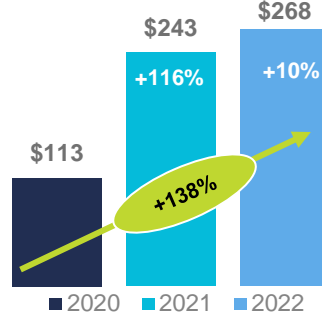
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## Overview of First Quarter 2022 Adjusted Results<sup>1</sup>

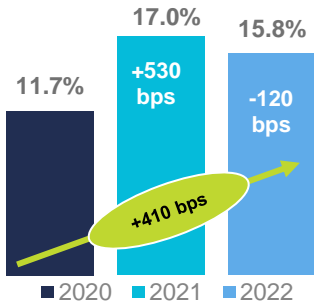
### NET SALES (\$m)



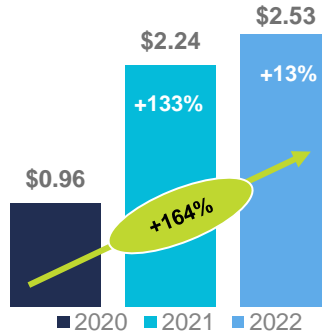
### OPERATING EARNINGS<sup>1</sup> (\$m)



### OPERATING MARGIN<sup>1</sup> %



### DILUTED EPS<sup>1</sup>




✓ Q1 2022 was the seventh consecutive quarter with record operating earnings and EPS

✓ 2021 and 2022 are the highest Q1 operating margins in Company history

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## Propulsion Segment – Q1 Performance

			% CHANGE VS
	PRODUCT CATEGORY	SALES (\$ M)	2021
	Outboard Engines	\$546.1	8%
	Sterndrive Engines	\$61.3	5%
	Controls, Rigging and Propellers	\$98.5	4%
	<b>Total</b>	<b>\$705.9</b>	<b>7%</b>

### 1 OPERATING MARGIN

- Operating Margin of 17.8%, down 110 bps vs Q1'21

### 2 OPERATING EARNINGS




- Operating Earnings of \$125.3M, up 1% vs Q1'21



**Sales increased in all product categories versus strong 2021 comparison, with elevated production levels enabling continued market share gains**

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## Parts & Accessories Segment – Q1 Performance<sup>1</sup>

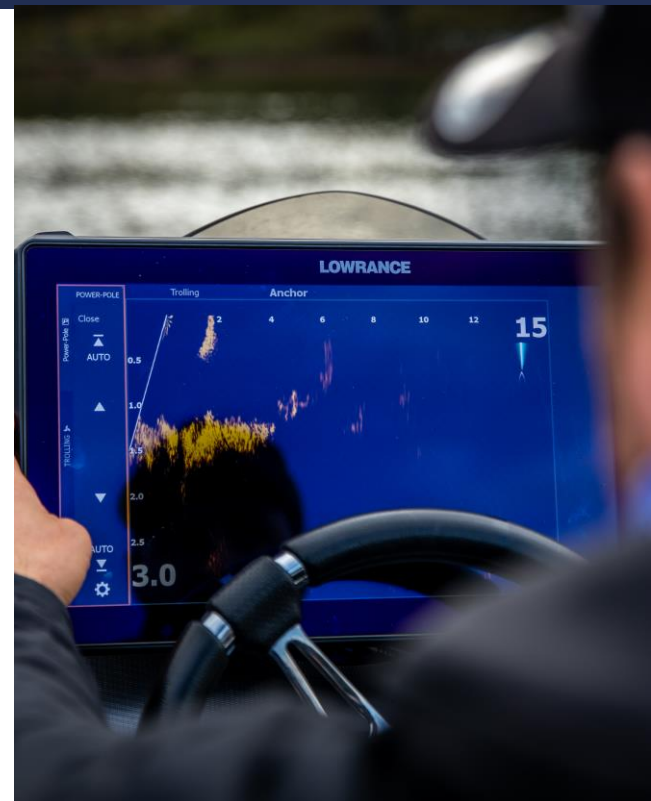
		% CHANGE VS	
	PRODUCT CATEGORY	SALES (\$M)	2021
	Engine Parts and Accessories	\$125.6	1%
	Distribution	\$203.5	1%
	Advanced Systems Group	\$151.9	13%
	Navico	\$136.8	N/A
	<b>Total</b>	<b>\$617.8</b>	<b>34%</b>

### 1 OPERATING MARGIN

- Adjusted Margin of 18.9%, down 240 bps
- GAAP Margin of 14.8%, down 520 bps

### 2 OPERATING EARNINGS

- Adjusted Earnings of \$116.6M, up 19%
- GAAP Earnings of \$91.6M, down 0.3%







**P&A sales grew organically despite a slow start to boating season in Northern U.S. and Canadian markets due to unfavorable weather conditions**



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## Boat Segment – Q1 Performance<sup>1</sup>

			% CHANGE VS
	PRODUCT CATEGORY	SALES (\$ M)	2021
	Aluminum Freshwater	\$220.6	24%
	Recreational Fiberglass	\$164.4	21%
	Saltwater Fishing	\$89.2	(8)%
	Business Acceleration	\$19.6	54%
	<b>Total</b>	<b>\$492.8<sup>2</sup></b>	<b>18%</b>

### 1 OPERATING MARGIN

- Adjusted Margin of 9.8%, down 110 bps
- GAAP Margin of 9.2%, down 50 bps

### 2 OPERATING EARNINGS

- Adjusted Earnings of \$48.3M, up 6%
- GAAP Earnings of \$45.3M, up 11%



**Strong top-line growth and solid earnings increases despite impact from supply chain delays and related operational inefficiencies**

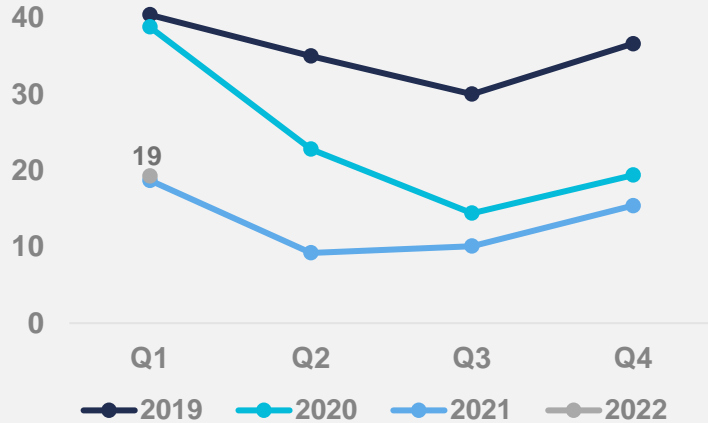
<sup>1</sup> See the Appendix to this presentation and today's Form 8-K for reconciliations to GAAP figures.

<sup>2</sup> Includes Boat eliminations of \$1.0 million.

# Brunswick Corporation – Earnings Release

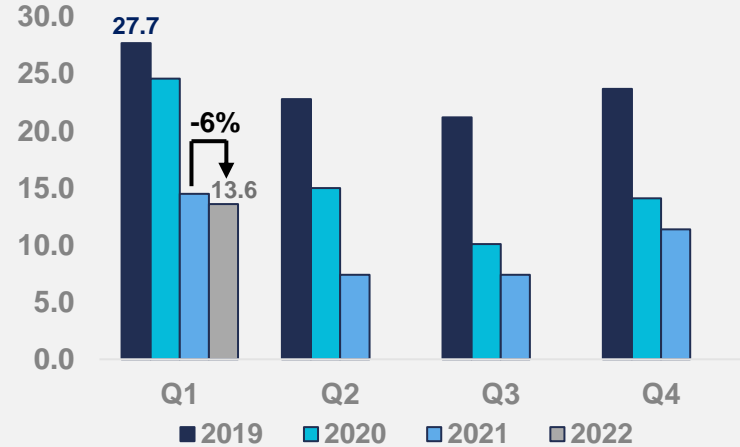
## Pipeline Metrics

### ENDING WEEKS ON HAND



*Expect 2022 WOH to follow a similar trajectory as 2021*

### UNITS IN PIPELINE (in thousands)



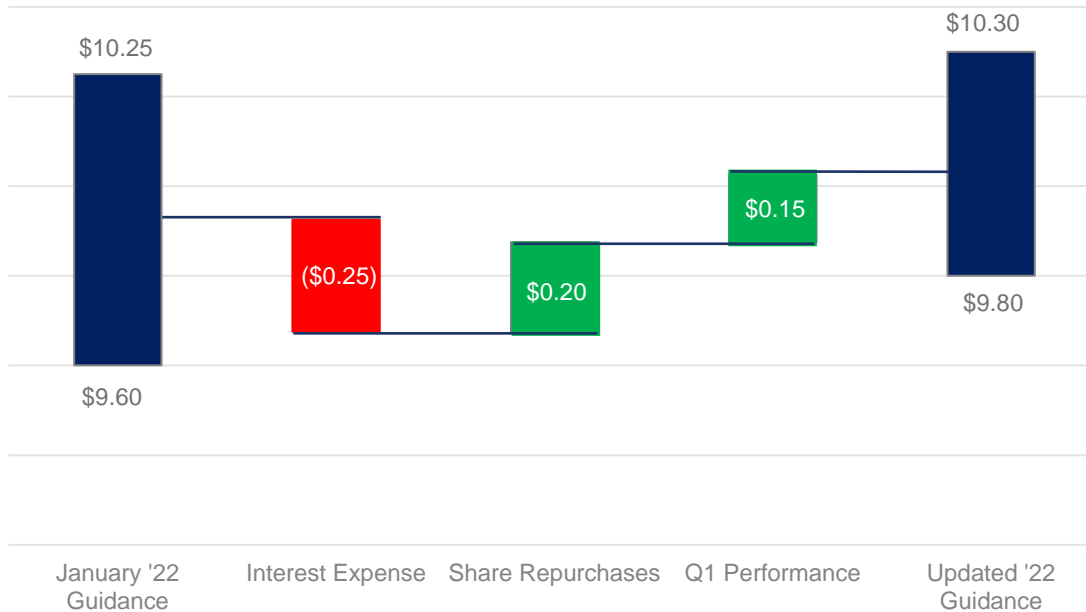
*Sold ~9,500 units at wholesale in Q1'22 (+1% vs Q1'21)  
Pipeline -6% vs Q1'21*

- ✓ Pipeline inventory not expected to reach normalized levels until 2024+
- ✓ Approximately 5,000 units in U.S. dealer inventories available for sale

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Increasing Full Year 2022 Guidance<sup>1</sup>

Changes to FY'22 EPS Guidance



## Changes to FY 2022 EPS Assumptions:

- Higher interest expense
- Lower shares outstanding
- Q1 operating outperformance

## Increased FY 2022 Guidance:

- Revenue
- EPS

## Q2 Guidance vs Q2'21:

- Revenue growth up Mid-to-High Teens %
- EPS growth of Mid-Single Digit %

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## Updated 2022 Full Year Assumptions<sup>1</sup>

Net Interest  
Expense

**~\$95 MILLION**

Prev: ~\$70M

Share  
Repurchases

**~\$300 MILLION**

Prev: ~\$100M - \$150M

Debt  
Retirement

**\$57 MILLION**

Prev: ~\$100M

Average Diluted  
Shares Outstanding

**~76.0 – 76.5  
MILLION**

Prev: ~77.0-77.5

Working  
Capital Usage

**~\$170 – \$200  
MILLION**

Prev: ~\$140M - \$180M

Tariff Earnings  
Impact (net)

**~\$60 MILLION**

Prev: ~\$65M

Quarterly  
Dividends

**\$0.365 PER SHARE**

Prev: \$0.335 per share

<sup>1</sup> See Appendix for full set of 2022 Full Year assumptions



**WRAP-UP**  
Dave Foulkes – CEO



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Freedom Boat Club Acquisitions – Now More Than 350 Locations Globally



## CONTINUED RAPID GROWTH

- 350<sup>th</sup> location announced in late April
- Added new locations in the U.S., Canada, and Europe, including first in the Nordics
- Freedom has grown 2x since Brunswick acquisition in 2019



## NEXT PHASE OF SHARED-ACCESS & PRE-OWNED BOAT STRATEGY

- Acquired a portfolio of marine assets in the Southeast to expand shared access, advance “Boating-as-a-Service” eco-system strategy
- Accelerates plans to establish a regional marine operating center supporting Freedom and Boateka
- Also acquired Lake Hartwell and Lake Lanier Freedom territories in Atlanta area (Top 10 U.S. market)

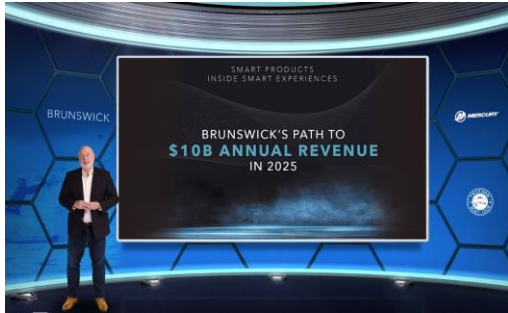


## RE-BRANDING FANAUTIC

- Transition from Fanautic to Freedom Boat Club branding has begun with first seven locations
- Will transition all 21 locations from Fanautic to Freedom by the end of 2023

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## Brunswick in the News



Virtual Investor Day



Sustainability Report



Navico Capacity Expansion



Record Share at Key Boat Shows

### BRUNSWICK WINS RECORD 7 TOP PRODUCT AWARDS



HARRIS®

BoatingIndustry

heyday

TOP PRODUCTS

2022

BAYLINER®

MASTERVOLT

LUNO  
THE ULTIMATE FISHING EXPERIENCE

BRUNSWICK | 20

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### ADDITIONAL HEADLINES

CLOSING THE GAP

Women make up only 2% of the maritime industry—this exec is working to bring more women into boating



Brenna Preiss, President of Business Acceleration Division and Chief Strategy Officer, Brunswick

Forbes 2022  
THE BEST EMPLOYERS FOR DIVERSITY

POWERED BY STATISTA

# BRUNSWICK



## Appendix

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## Updated Assumptions and Guidance for 2022\*

1	2	3	4	5
Revenue between <b>\$6.8B - \$7.1B</b>	Operating margin growth between <b>20 AND 60 BPS</b>	EPS between <b>\$9.80 - \$10.30</b>	FCF in <b>EXCESS OF \$350 MILLION</b>	Q2 revenue <b>UP MID-TO-HIGH TEENS</b> % vs Q2 2021, with <b>MID-SINGLE-DIGIT</b> % EPS growth
<b>↑ 19%</b>	Operating expenses as a % of sales to <b>INCREASE 50 TO 80 BPS</b>	<b>↑ 22%</b>		
Prev: \$6.7-\$7.0B	No Change	Prev: \$9.60-\$10.25	No Change	New Guidance

\*Each on an "as adjusted" basis where applicable; versus comparable prior year/quarter, as applicable



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## 2022 Updated Outlook – Segment Guidance



### Propulsion

**NET SALES  
GROWTH**

**UP MID-TEENS  
PERCENT**

Prev: +LDD%

**OPERATING  
MARGIN  
TARGET\***

**FLAT TO UP  
30 BPS**

No Change



### Parts & Accessories

**UP HIGH-TWENTIES  
PERCENT**

No Change

**FLAT TO UP  
30 BPS**

No Change



### Boat

**UP MID-TEENS  
PERCENT**

Prev: +LDD%

**10.0+ PERCENT**

No Change

\*Each on an "as adjusted" basis where applicable; versus FY 2021



# Brunswick Corporation – Earnings Release

## 2022 Updated Outlook – P&L and Cash Flow Assumptions

Working  
Capital Usage

~\$170 – \$200  
MILLION

Prev: ~\$140M - \$180M

Effective Book  
Tax Rate

APPROXIMATELY  
22%

No Change

Depreciation &  
Amortization<sup>1</sup>

~\$160 – \$170  
MILLION

No Change

Effective Cash  
Tax Rate

HIGH-TEENS  
PERCENT

No Change

Acquisition  
Amortization

~\$65 MILLION

No Change

Average Diluted  
Shares Outstanding

~76.0 – 76.5  
MILLION

Prev: ~77.0-77.5

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## 2022 Updated Outlook – Capital Strategy and Other Assumptions

**Capital Expenditures**

**~\$375 – \$425 MILLION**

No Change

**Share Repurchases**

**~\$300 MILLION**

Prev: ~\$100-\$150M

**Debt Retirement**

**\$57 MILLION**

Prev: ~\$100M

**Quarterly Dividends**

**\$0.365 PER SHARE**

Prev: \$0.335

**Net Interest Expense**

**~\$95 MILLION**

Prev: ~\$70M

**Tariff Earnings Impact (net)**

**~\$60 MILLION**

Prev: ~\$65M

**Foreign Currency Earnings Headwind**

**~\$10 – \$15 MILLION**

No Change

**Combined Equity Earnings and Other Income**

**COMPARABLE TO 2021**

No Change

# Brunswick Corporation – Earnings Release

## GAAP to Non-GAAP Reconciliations

(in millions, except per share data)	Operating Earnings		Diluted Earnings per Share	
	Q1 2022	Q1 2021	Q1 2022	Q1 2021
GAAP	\$239.5	\$231.9	\$2.25	\$2.15
Restructuring, exit and impairment charges	—	0.5	—	—
Purchase accounting amortization	23.0	7.5	0.23	0.07
Sport Yacht & Yachts	—	2.5	—	0.03
Acquisition, integration and IT related costs	5.0	1.3	0.05	0.01
Palm Coast reclassified from held-for-sale	—	0.8	—	0.01
Gain on sale of assets	—	(1.5)	—	(0.01)
Special tax items	—	—	—	(0.02)
<b>As Adjusted</b>	<b>\$267.5</b>	<b>\$243.0</b>	<b>\$2.53</b>	<b>\$2.24</b>
GAAP operating margin	14.1%	16.2%		
<b>Adjusted operating margin</b>	<b>15.8%</b>	<b>17.0%</b>		

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Q1 Net Sales increased by \$262.5 million, or 18.3 percent

## NET SALES

(in millions)

Segments	Q1 2022	Q1 2021	% Change
Propulsion	\$705.9	\$657.8	7.3%
Parts & Accessories	617.8	459.6	34.4%
Boat	492.8	419.5	17.5%
Segment Eliminations	(120.8)	(103.7)	
<b>Total</b>	<b>\$1,695.7</b>	<b>\$1,433.2</b>	<b>18.3%</b>

## Q1 SALES GROWTH

Region	Q1 2022 % of Sales	% Change	Constant Currency % Change
United States	66%	18%	18%
Europe	15%	25%	32%
Asia-Pacific	7%	9%	13%
Canada	7%	28%	28%
Rest-of-World	4%	11%	9%
Total International	34%	20%	24%
<b>Consolidated</b>		<b>18%</b>	<b>20%</b>

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## Tax Provision

	Q1 2022	Q1 2021
Effective Tax Rate - GAAP	21.1%	21.9%
Effective Tax Rate - As Adjusted <sup>1</sup>	21.1%	22.6%

- ✓ **Estimated 2022 effective book tax rate, as adjusted, is expected to be approximately 22 percent based on tax guidance issued to date**
- ✓ **Cash tax rate expected to be high-teens percent**

<sup>1</sup>Tax provision, as adjusted, excludes \$0.3 million and \$(1.5) million of net provisions (benefits) for special tax items for Q1 2022 and Q1 2021 periods, respectively.



# Brunswick Corporation – Earnings Release

## Free Cash Flow – Q1

(in millions)	Q1 2022	Q1 2021
<b>Net cash (used for) provided by operating activities from continuing operations</b>	<b>(\$140.9)</b>	<b>\$17.3</b>
<b>Net cash (used for) provided by:</b>		
Capital expenditures	(100.9)	(42.9)
Proceeds from sale of property, plant, equipment	2.2	4.2
Effect of exchange rate changes	0.6	(2.0)
<b>Free Cash Flow</b>	<b>(\$239.0)</b>	<b>(\$23.4)</b>

