



**BRUNSWICK™**

NEXT NEVER RESTS™

# Q4 2023 Earnings

Conference Call

FEBRUARY 1, 2024



# 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 rising interest rates, and the amount of disposable income consumers have available for discretionary spending; changes in currency exchange rates; fiscal and monetary policy changes; adverse capital market conditions; competitive pricing pressures; higher energy and fuel costs; managing our manufacturing footprint and operations; loss of key customers; international business risks, geopolitical tensions or conflicts, sanctions, embargoes, or other regulations; 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; 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; our ability to meet demand in a rapidly changing environment; absorbing fixed costs in production; public health emergencies or pandemics, such as the coronavirus (COVID-19) pandemic; risks associated with 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 integrate acquisitions and the risk for associated disruption to our business; 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; inventory reductions by dealers, retailers, or independent boat builders; requirements for us to repurchase inventory; 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 trade policy and tariffs; an 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.

Neha Clark - Senior Vice President Enterprise Finance  
Brunswick Corporation, 26125 N. Riverwoods, Mettawa, IL 60045  
Phone: +1-847-735-4001  
Email: [neha.clark@brunswick.com](mailto:neha.clark@brunswick.com)

# 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 February 1, 2024, 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, 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.

01

# Business Overview – Dave Foulkes, CEO



# Resilient Performance in a Challenging Year

Full Year 2023



**\$6.4B**

Net Sales  
(-6.0% vs. 2022)



**\$8.80**

Adjusted<sup>1</sup> EPS  
(-12.3% vs. 2022)



**+50bps**

Mercury U.S. Outboard  
Market Share vs. 2022



**\$275M**

Share Repurchases



**36.7**

U.S. Weeks on Hand



**\$473M**

Free Cash Flow<sup>1</sup>  
(+146% vs. 2022)

# Segments Continue to Adapt and Execute Strongly



## Propulsion

- 50bps FY 2023 vs. FY 2022 outboard retail market share gain, and 150bps gain for outboards over 30hp
- >5,000 Avators produced since launch
- OEMs metering production and Q1 orders while monitoring early season consumer behavior



## Engine Parts & Accessories

- Q4 2023 Products sales up 3% vs. prior year
- Q4 2023 Distribution sales showing sequential improvement
- Segment full year sales up 22% vs. 2019



## Navico Group

- Strong market reception to higher margin new products
- Aftermarket/retailer stocking trends continuing to improve
- Operating expense actions continuing to show benefit



## Boat<sup>1</sup>

- Q4 U.S. SSI main powerboat retail down 1% vs. prior year, full year in-line with expectations
- Freedom Boat Club closing in on 60k memberships, and 600k annual trips in 2023
- Freedom Boat Club now at 410+ locations

# External, Customer and Consumer Conditions



## Macro Backdrop

- Inflation moderating and employment stable
- Cadence of anticipated 2024 Fed interest rate reductions top of mind
- Expansion of Middle-East conflict threatening logistics costs



## Consumer Health

- Good attendance and consumer interest at early-season boat shows – buying cycle longer as consumers look for promotions
- Early season boat retail sales ahead of 2023
- Boat purchase consideration also remains stable<sup>1</sup>



## Dealer Sentiment

- Marine dealer sentiment overall steady with premium product dealers generally expressing more optimism
- Dealers conscious of clearing 2024 model year inventory and awaiting more data to support order-rate acceleration
- Interest rates remain a concern, although down 50bps from peak

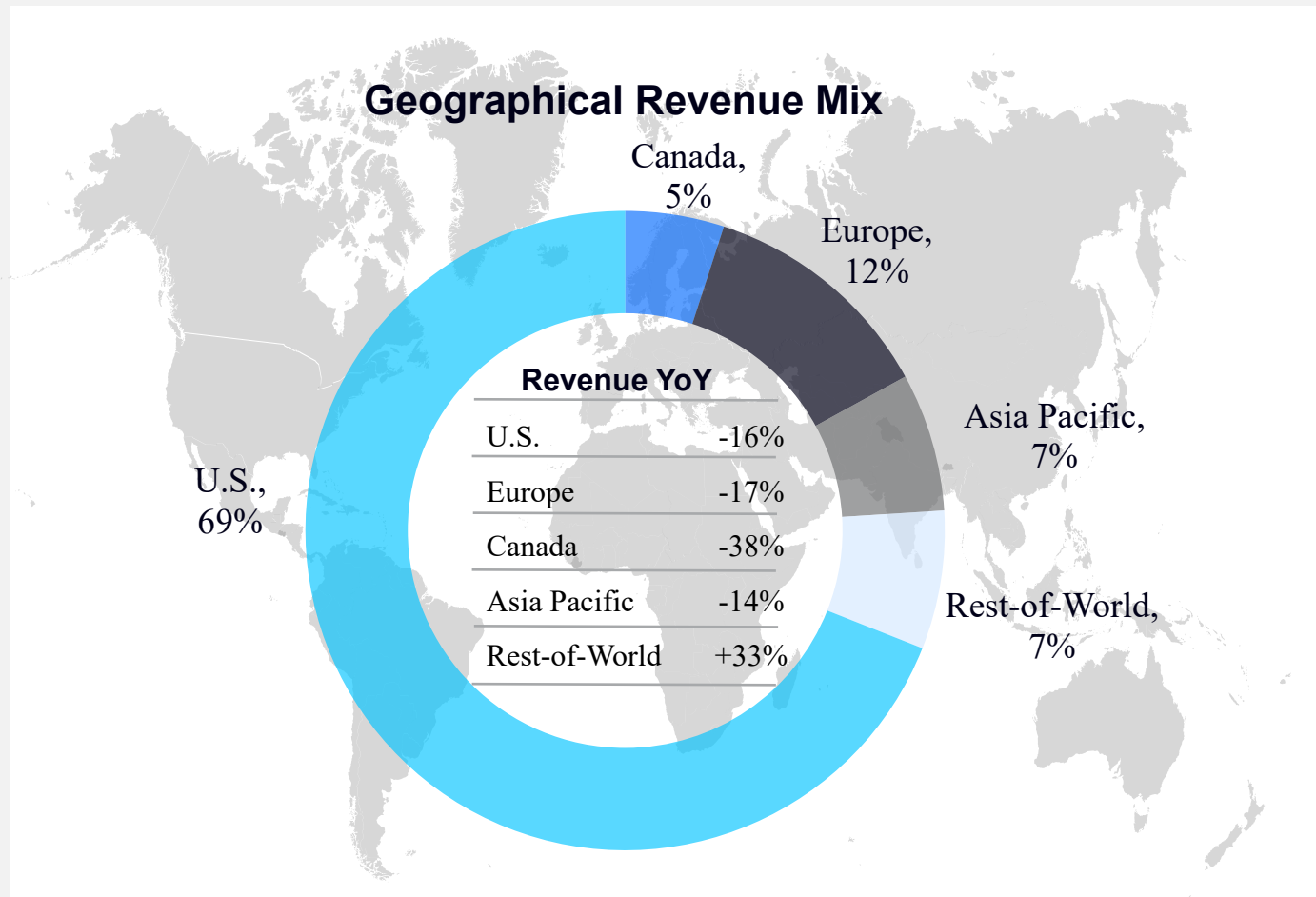


## OEM Environment

- Marine OEMs reducing first quarter 2024 production to align with demand levels
- RV orders soft although anticipate some improvement into 2024
- Retailer environment and distribution channel stabilizing

## Q4 2023 Revenue Mix<sup>1</sup> & Growth Rates

Q4'23 sales declined 15 percent on a constant currency basis, excluding acquisitions



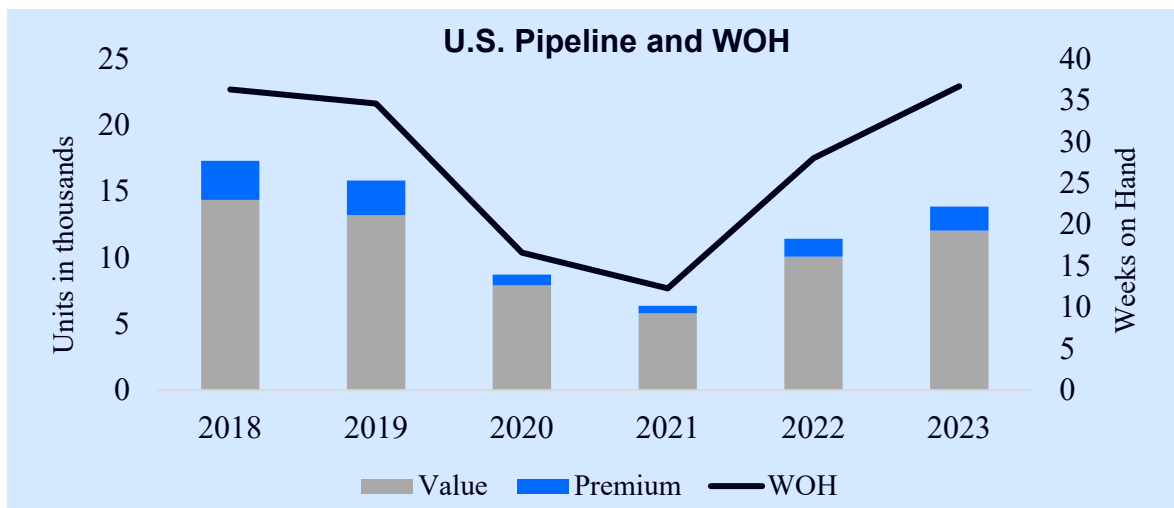
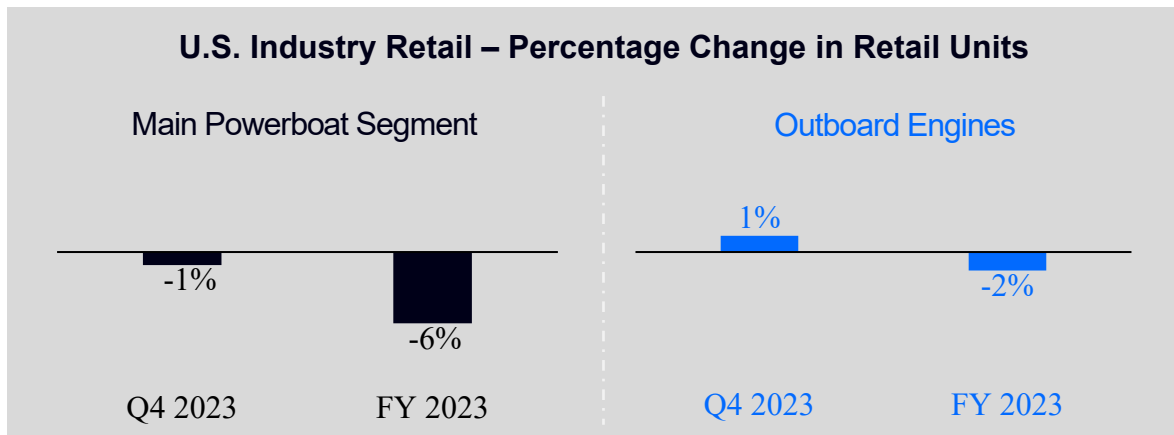
<sup>1</sup>ALL FIGURES SHOWN ON A CONSTANT CURRENCY BASIS, EXCLUDING ACQUISITIONS. MIX PERCENTAGES REFLECT Q4 2023 NET SALES.



# U.S. Industry Retail and Pipeline Trends

## Ending Q4 2023

- U.S. pipeline ended the year as expected at 36.7 weeks on hand and ~14k units
- Brunswick delivering full year retail sales better than industry



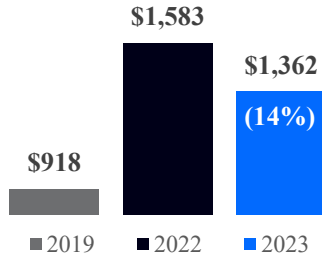
02

# Financial Overview – Ryan Gwillim, CFO

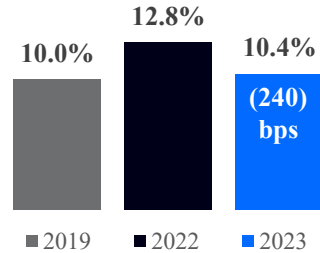


# Overview of Fourth Quarter 2023 Adjusted Results

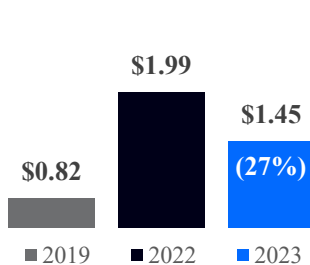
## Net Sales (\$M)



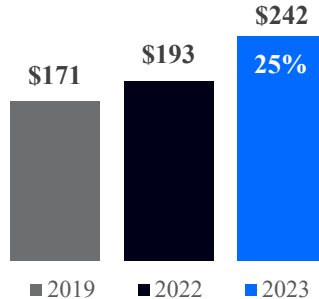
## Operating Margin<sup>1</sup> %



## Diluted EPS<sup>1</sup>



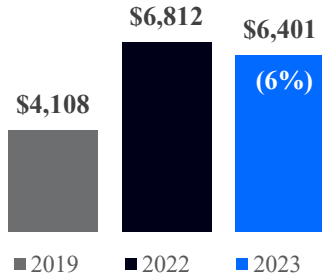
## Free Cash Flow<sup>1</sup> (\$M)



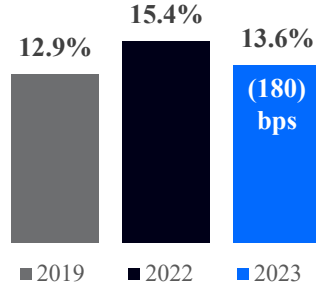
- As expected, Q4 sales and EPS results below prior year with softer wholesale demand across all business units
- Outstanding free cash flow generation

# Overview of Full Year 2023 Adjusted Results

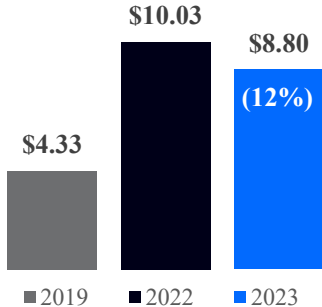
## Net Sales (\$M)



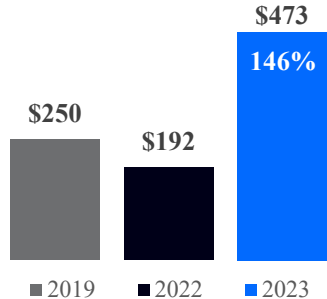
## Operating Margin<sup>1</sup> %



## Diluted EPS<sup>1</sup>



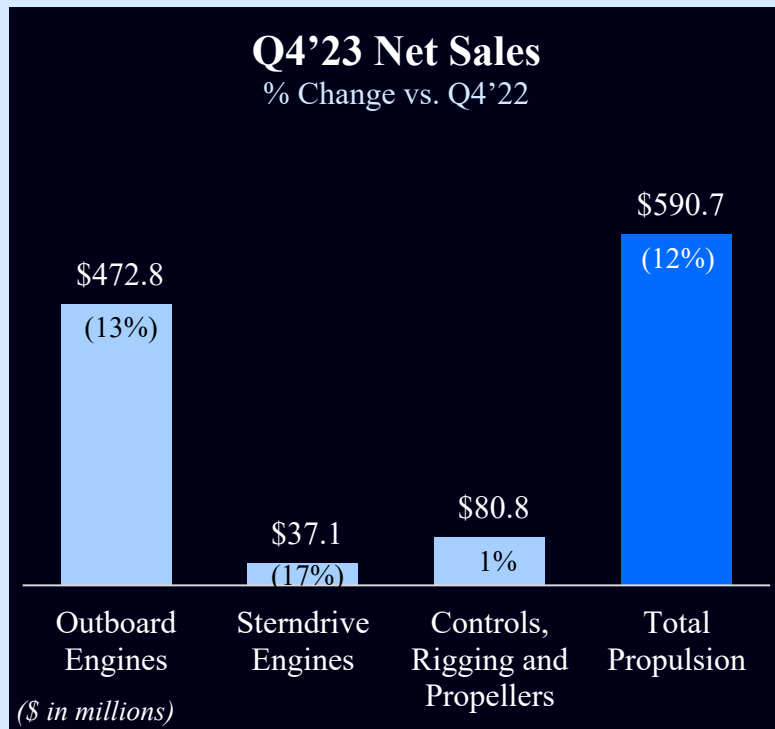
## Free Cash Flow<sup>1</sup> (\$M)



- Second highest sales and adjusted EPS in BC history
- Outstanding free cash flow generation – 2H free cash flow conversion of 143%

# Propulsion Segment – Q4'23 Performance<sup>1</sup>

Strong operating margin growth despite softer wholesale engine shipments



Adjusted Operating Margin of

**17.9%**

Up 110 bps vs. Q4'22

(GAAP Operating Margin of 17.5% up 70 bps vs. Q4'22)

Adjusted Operating Earnings of

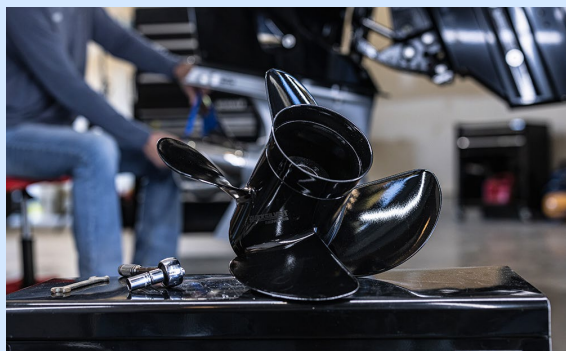
**\$105.9M**

Down 6% vs. Q4'22

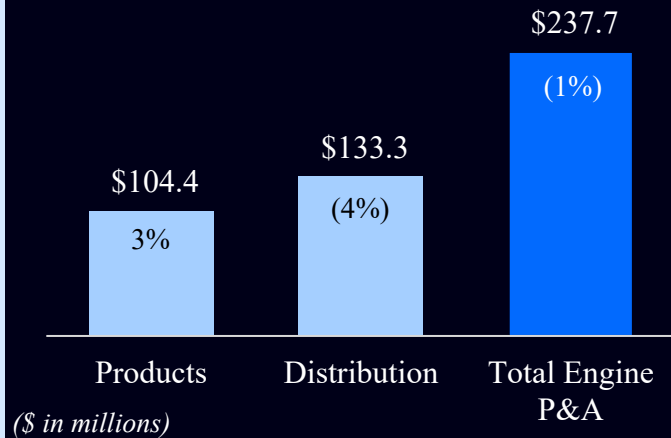
(GAAP Operating Earnings of \$103.3M down 8% vs. Q4'22)

# Engine P&A Segment – Q4'23 Performance

Solid performance in Products offset by moderating headwinds in third-party Distribution



## Q4'23 Net Sales % Change vs. Q4'22



Operating Margin of

# 11.9%

Down 160 bps vs. Q4'22

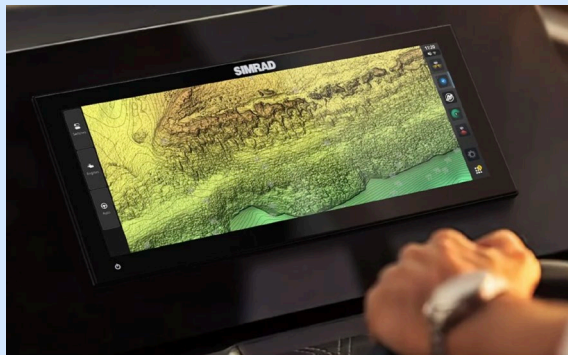
Operating Earnings of

# \$28.2M

Down 13% vs. Q4'22

# Navico Group Segment – Q4'23 Performance<sup>1</sup>

Soft marine OEM and RV market demand impacting wholesale orders; new products on the horizon for 2024



Q4'23 Navico Group Net Sales

**\$196.2M**

Down 17% vs. Q4'22

Adjusted Operating Margin of

**7.5%**

Down 570 bps vs. Q4'22

(GAAP Operating Margin of  
(7.4%) down vs. Q4'22)

Adjusted Operating Earnings of

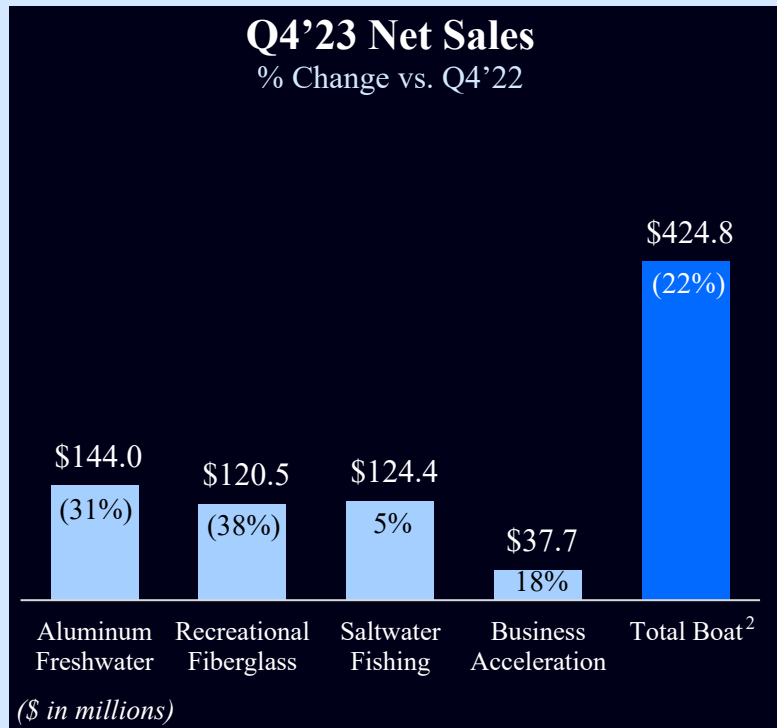
**\$14.8M**

Down 53% vs. Q4'22

(GAAP Operating Earnings of  
(\$14.5M) down NM<sup>2</sup> vs. Q4'22)

# Boat Segment – Q4'23 Performance<sup>1</sup>

Steady performance as anticipated, led by premium Saltwater Fishing products



**Adjusted Operating Margin of**

## 5.9%

**Down 410 bps vs. Q4'22**  
*(GAAP Operating Margin of 5.7% down 510 bps vs. Q4'22)*

**Adjusted Operating Earnings of**

## \$25.1M

**Down 54% vs. Q4'22**  
*(GAAP Operating Earnings of \$24.3M down 59% vs. Q4'22)*

<sup>1</sup>SEE THE APPENDIX TO THIS PRESENTATION AND TODAY'S FORM 8-K FOR RECONCILIATIONS TO GAAP FIGURES.

<sup>2</sup>TOTAL BOAT NET SALES INCLUDES \$1.8M OF BOAT ELIMINATIONS



# 2023 FY Capital Strategy Update

We successfully executed our capital strategy, ending the year with strong cash and liquidity positions, and a very manageable debt portfolio

**\$473M**

**Free Cash Flow<sup>1</sup>**

---

**\$480M**

**Cash and Marketable Securities**

**\$275M**

**Share Repurchases**

---

**\$112M**

**Dividends**

**\$289M**

**Capital Expenditures**



## 2024 Guidance<sup>1</sup>

### Revenue

\$6.0B to  
\$6.2B

### Operating Margin

12.0% to  
13.0%

### EPS

\$7.00 to  
\$8.00

### Free Cash Flow

\$350M+

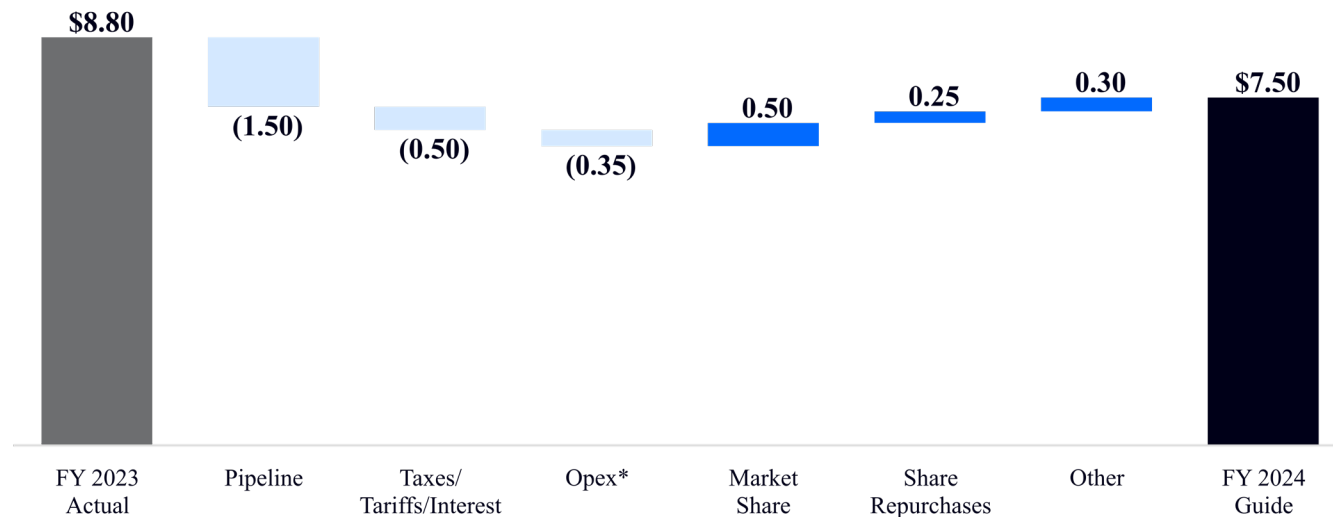
### Quarter 1 Revenue

\$1.3B to  
\$1.4B

### Quarter 1 EPS

\$1.30 to  
\$1.40

## 2024 EPS Full-Year Guidance Bridge



- Full year EPS guidance reflects impact of pipeline dynamics, external factors, capital strategies, and continued cost actions

*Opex Factors	
Variable Compensation	\$(0.35)
Inflation	(0.25)
Acquisitions	(0.25)
Cost Reductions	0.50
<b>Total Opex Increase</b>	<b>\$(0.35)</b>



## 2024 Outlook – P&L and Cash Flow Assumptions

**Working Capital  
Usage**

**\$50M to \$75M**

**Depreciation**

**~\$225M**

**Effective  
Tax Rate- As Adjusted<sup>1</sup>**

**~23%**

**Tariff  
Impact**

**~\$15M**

## 2024 Outlook – Capital Strategy and Other Assumptions

**Share  
Repurchases**

**\$200M+**

**Average Diluted  
Shares Outstanding**

**~68M**

**Capital  
Expenditures**

**~\$225M**

**Debt Retirement**

**~\$100M**

**Foreign Currency  
Earnings Impact**

**Flat to down  
slightly**

**Quarterly Dividends**

**\$0.40 Per  
Share**

**Net Interest  
Expense**

**~\$110M**

**Combined Equity  
Earnings and Other  
Income<sup>1</sup>**

**Slightly Lower  
vs 2023**

03

# Wrap-Up Dave Foulkes, CEO



# Enhancing and Expanding Our Industry-Leading Offerings

# BRUNSWICK™

NEXT NEVER RESTS™



**MERCURY**  
**AVATOR™**

**Avator 75e and 110e**



**Sea Ray**  
EVERY MOMENT PERFECTLY CRAFTED

**SDX 270 and 270 Surf**



**SIMRAD**

**NSX ULTRAWIDE**



**FREEDOM  
BOAT CLUB®**

**Savannah and Hilton Head  
Acquisition - 5 Locations**

## Pace of Awards Continues in 2024



### 2023 – Record Year

Record high **115** awards during 2023



### 2024 – On Pace for 100+ Awards

- NMMA Innovation Award in Minneapolis – Harris Crowne 250
- European Power Boat of the Year-Sea Ray 260 SLX
- Boat of the Year, Boating Magazine – Veer V13



### Miami Boat Show Award Nominations

- Multiple NMMA Innovation Award nominations
- More than **20** Neptune Marketing Award nominations



# BRUNSWICK™

NEXT NEVER RESTS™

## THANK YOU + Q&A

JOIN US FOR | MIAMI BOAT SHOW  
OUR EVENT | FEBRUARY 15, 2024

Miami Beach Convention Center  
Contact Pam Eriksen for details [pamela.eriksen@brunswick.com](mailto:pamela.eriksen@brunswick.com)



# Appendix

# 2024 Outlook Segment Guide<sup>1</sup>



Propulsion



Engine P&A



Navico Group



Boat

Net Sales  
Guide<sup>2</sup>

~\$2.6B

~\$1.2B

~\$0.9B

~\$1.8B

Operating  
Margin  
Guide

~16.0%

~20%

Low  
Double Digit Percent

Mid to High  
Single Digit Percent

<sup>1</sup>EACH ON AN “AS ADJUSTED” BASIS WHERE APPLICABLE, VERSUS COMPARABLE PRIOR YEAR

<sup>2</sup>SEGMENT NET SALES GUIDANCE FIGURES ARE EXCLUSIVE OF SEGMENT ELIMINATIONS

# Net Sales – Q4 2023

Net Sales decreased by \$220.8 million, or 14 percent

**NET  
SALES**  
(in millions)

Segments	Q4 2023	Q4 2022	% Change
Propulsion	\$590.7	\$669.5	(12%)
Engine Parts & Accessories	237.7	240.1	(1%)
Navico Group	196.2	236.8	(17%)
Boat	424.8	547.5	(22%)
Segment Eliminations	(87.5)	(111.2)	(21%)
<b>Total</b>	<b>\$1,361.9</b>	<b>\$1,582.7</b>	<b>(14%)</b>

**SALES  
BY REGION**

Region	Q4 2023 % of Sales	% Change	Constant Currency Ex Acquisitions % Change
United States	69%	(15%)	(16%)
Europe	12%	(11%)	(17%)
Asia-Pacific	7%	(13%)	(14%)
Canada	5%	(38%)	(38%)
Rest-of-World	7%	36%	33%
Total International	31%	(11%)	(14%)
<b>Consolidated</b>		<b>(14%)</b>	<b>(15%)</b>

# GAAP to Non-GAAP Reconciliations – Q4 2023

(in millions, except per share data)	Operating Earnings			Diluted Earnings per Share		
	Q4 2023	Q4 2022	Q4 2019	Q4 2023	Q4 2022	Q4 2019
GAAP	\$108.3	\$191.6	\$74.5	\$1.03	\$1.93	\$0.92
Restructuring, exit and impairment charges	15.0	0.5	2.8	0.16	—	0.01
Purchase accounting amortization	15.1	13.5	7.5	0.17	0.14	0.03
Acquisition, integration and IT-related costs	3.6	(3.4)	1.8	0.04	(0.04)	0.02
IT security incident costs	(0.1)	—	—	—	—	—
Pension settlement charge	—	—	—	—	—	(0.01)
Sport Yacht & Yachts	—	—	4.9	—	—	0.03
Special tax items	—	—	—	0.05	(0.04)	(0.18)
<b>As Adjusted</b>	<b>\$141.9</b>	<b>\$202.2</b>	<b>\$91.5</b>	<b>\$1.45</b>	<b>\$1.99</b>	<b>\$0.82</b>
GAAP operating margin	8.0%	12.1%	8.1%			
<b>Adjusted operating margin</b>	<b>10.4%</b>	<b>12.8%</b>	<b>10.0%</b>			

# Net Sales – Full Year 2023

Net Sales decreased by \$410.8 million, or 6 percent

**NET  
SALES**  
(in millions)

Segments	FY 2023	FY 2022	% Change
Propulsion	\$2,763.8	\$2,824.0	(2%)
Engine Parts & Accessories	1,199.8	1,310.2	(8%)
Navico Group	914.7	1,069.3	(14%)
Boat	1,989.4	2,119.4	(6%)
Segment Eliminations	(466.3)	(510.7)	(9%)
<b>Total</b>	<b>\$6,401.4</b>	<b>\$6,812.2</b>	<b>(6%)</b>

**SALES  
BY REGION**

Region	FY 2023 % of Sales	% Change	Constant Currency Ex Acquisitions % Change
United States	70%	(5%)	(6%)
Europe	13%	(7%)	(9%)
Asia-Pacific	6%	(12%)	(10%)
Canada	6%	(19%)	(16%)
Rest-of-World	5%	16%	15%
Total International	30%	(8%)	(7%)
<b>Consolidated</b>		<b>(6%)</b>	<b>(6%)</b>

# GAAP to Non-GAAP Reconciliations – Full Year 2023

(in millions, except per share data)	Operating Earnings			Diluted Earnings per Share		
	FY 2023	FY 2022	FY 2019	FY 2023	FY 2022	FY 2019
GAAP	\$734.9	\$947.8	\$471.0	\$6.13	\$9.06	\$0.36
Restructuring, exit and impairment charges	54.7	25.1	18.8	0.61	0.25	0.21
Purchase accounting amortization	57.5	65.0	29.5	0.64	0.65	0.22
Acquisition, integration and IT-related costs	12.1	10.8	4.8	0.14	0.11	0.04
IT security incident costs	10.1	—	—	0.12	—	—
TN-BC Holdings LLC joint venture impairment	—	—	—	0.21	—	—
Pension settlement charge	—	—	—	—	—	3.62
Sport Yacht & Yachts	—	—	7.8	—	—	0.07
Loss on early extinguishment of debt	—	—	—	—	—	0.01
Special tax items	—	—	—	0.95	(0.04)	(0.20)
<b>As Adjusted</b>	<b>\$869.3</b>	<b>\$1,048.7</b>	<b>\$531.9</b>	<b>\$8.80</b>	<b>\$10.03</b>	<b>\$4.33</b>
GAAP operating margin	11.5%	13.9%	11.5%			
<b>Adjusted operating margin</b>	<b>13.6%</b>	<b>15.4%</b>	<b>12.9%</b>			

# Net Sales Growth Drivers

**Q4 2023**  
vs.  
**Q4 2022**

	<b>% Change - GAAP</b>	<b>Currency Impact</b>	<b>Acquisitions Impact</b>
Propulsion	(12%)	1%	1%
Engine Parts & Accessories	(1%)	-	-
Navico Group	(17%)	1%	-
Boat	(22%)	-	-
<b>Brunswick</b>	<b>(14%)</b>	<b>-</b>	<b>1%</b>

**FY 2023**  
vs.  
**FY 2022**

	<b>% Change - GAAP</b>	<b>Currency Impact</b>	<b>Acquisitions Impact</b>
Propulsion	(2%)	-	-
Engine Parts & Accessories	(8%)	-	-
Navico Group	(14%)	-	-
Boat	(6%)	-	1%
<b>Brunswick</b>	<b>(6%)</b>	<b>-</b>	<b>-</b>



# Tax Rate

## Q4 2023 Effective Tax Rate at ~16%

	<b>Q4 2023</b>	<b>Q4 2022</b>
<b>Q4</b> Effective Tax Rate - GAAP	17.2%	14.4%
Effective Tax Rate - As Adjusted <sup>1</sup>	16.0%	17.0%

	<b>FY 2023</b>	<b>FY 2022</b>
<b>FY</b> Effective Tax Rate - GAAP <sup>2</sup>	31.2%	20.2%
Effective Tax Rate - As Adjusted <sup>1</sup>	20.8%	21.0%

(1) TAX PROVISION, AS ADJUSTED, EXCLUDES \$3.2 MILLION AND \$(2.8) MILLION OF NET PROVISIONS (BENEFITS) FOR SPECIAL TAX ITEMS FOR Q4 2023 AND Q4 2022 AND \$66.7 MILLION AND \$(3.1) MILLION OF NET PROVISIONS (BENEFITS) FOR SPECIAL TAX ITEMS FOR FY 2023 AND FY 2022 PERIODS, RESPECTIVELY.

(2) THE INCREASE IN THE EFFECTIVE TAX RATE IS DUE TO THE DISCRETE INCOME TAX EXPENSE RECORDED IN CONNECTION WITH THE INTERCOMPANY SALES OF INTELLECTUAL PROPERTY RIGHTS DURING THE YEAR.

# Free Cash Flow

**Q4**

<b>(in millions)</b>	<b>Q4 2023</b>	<b>Q4 2022</b>	<b>Q4 2019</b>
<b>Net cash provided by operating activities from continuing operations</b>	<b>\$287.1</b>	<b>\$266.6</b>	<b>\$221.1</b>
<b>Net cash (used for) provided by:</b>			
Capital expenditures	(56.2)	(89.0)	(54.2)
Proceeds from sale of property, plant, equipment	4.2	5.6	0.9
Effect of exchange rate changes	6.7	9.3	3.6
<b>Free Cash Flow</b>	<b>\$241.8</b>	<b>\$192.5</b>	<b>\$171.4</b>

**FY**

<b>(in millions)</b>	<b>FY 2023</b>	<b>FY 2022</b>	<b>FY 2019</b>
<b>Net cash provided by operating activities from continuing operations</b>	<b>\$745.2</b>	<b>\$580.4</b>	<b>\$475.3</b>
<b>Net cash (used for) provided by:</b>			
Capital expenditures	(289.3)	(388.3)	(232.6)
Proceeds from sale of property, plant, equipment	14.8	11.3	7.3
Effect of exchange rate changes	2.7	(11.9)	0.4
<b>Free Cash Flow</b>	<b>\$473.4</b>	<b>\$191.5</b>	<b>\$250.4</b>