

**INNOVATION + INSPIRATION
ON THE WATER**



BRUNSWICK

Earnings Conference Call

Q1 2020

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," "expect," "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 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 the Company's operations, and the potential implementation of regulatory actions; the effect of adverse general economic conditions, including the amount of disposable income consumers have available for discretionary spending, tight consumer credit markets, and the level of consumer confidence on the demand for our products and services; our ability to successfully implement our strategic plan and growth initiatives; our ability to integrate targeted acquisitions, including the Global Marine & Mobile Business of Power Products; the risk that unexpected costs will be incurred in connection with these transactions; the possibility that the expected synergies and value creation from these transactions will not be realized or will not be realized within the expected time period; having to record an impairment to the value of goodwill and other assets; changes to U.S. trade policy and tariffs; the inability to identify and complete targeted acquisitions; negative currency trends, including shifts in exchange rates; fiscal policy concerns; adequate financing access for dealers and customers and our ability to access capital and credit markets; maintaining effective distribution; adverse economic, credit, and capital market conditions; loss of key customers; attracting and retaining skilled labor, implementing succession plans for key leadership, and executing organizational and leadership changes; inventory reductions by dealers, retailers, or independent boat builders; requirements for us to repurchase inventory; 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 new tariffs on raw materials, increased demand for shipping carriers, and transportation disruptions; higher energy and fuel costs; our ability to protect our brands and intellectual property; absorbing fixed costs in production; managing our manufacturing footprint; outages, breaches, or other cybersecurity events regarding our technology systems, which could result in lost or stolen information and associated remediation costs; managing our share repurchases; competitive pricing pressures; our ability to develop new and innovative products and services at a competitive price, in legal compliance with existing rules; maintaining product quality and service standards; 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; certain divisive shareholder activist actions; joint ventures that do not operate solely for our benefit; international business risks; and weather and catastrophic event risks.

Additional risk factors are included in the Company's Annual Report on Form 10-K for 2019. 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.

Alexander F. Marchetti, Senior Director, Investor Relations
Brunswick Corporation, 26125 N. Riverwoods, Mettawa, IL 60045
Phone: +1-847-735-4023 Fax: +1-847-735-4750
Email: al.marchetti@brunswick.com

Brunswick Corporation – Earnings Release

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 30, 2020, 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, 2020 net sales growth is also shown using 2019 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.

BUSINESS OVERVIEW

Dave Foulkes – CEO

Brunswick Corporation – Earnings Release

Brunswick's Comprehensive, Coordinated, Global Response to COVID-19

Employees

- ✓ Prompt, coordinated production shutdowns and restarts
- ✓ Temperature screening and distancing at all operating facilities
- ✓ Wage continuity program
- ✓ Over 3,000 employees working from home
- ✓ Contributions to front-line charities

Business Partners

- ✓ Worked with primary floorplan lenders to provide additional flexibility on finance options and payment timing
- ✓ Global P&A distribution businesses continued to operate to support dealer's needs for service parts as boaters enter the prime boating season
- ✓ Working with suppliers to streamline inventory and enable smooth facility startups

Communities

- ✓ Donating PPE to local healthcare facilities
- ✓ Producing products used by first responders, including sanitizer pumps, face masks and electrical equipment for mobile care units
- ✓ Sharing best-practice procedures and protocols for COVID-19 mitigation with multiple small businesses

Brunswick continues to support its employees, business partners, and communities through the COVID-19 crisis

Brunswick Corporation – Earnings Release

COVID-19 Impacts on our Business - Domestic

- ✓ Temporarily suspended manufacturing at most of our engine and boat facilities on March 23
- ✓ All major US manufacturing facilities are already back online with new temperature screening, distancing, PPE and cleaning protocols
- ✓ ~80%+ of our boat dealers are open in some capacity (service, order-taking, etc) -- majority open for boat sales
- ✓ Lower sales while under “stay-at-home” orders, but boating activity generally allowed and remaining restrictions easing
- ✓ Many Freedom Boat Club locations closed for April due to local “stay-at-home” orders -- several new locations added and strong membership growth continues



Brunswick Corporation – Earnings Release

COVID-19 Impacts on our Business – International

- ✓ All global manufacturing facilities will have resumed production by May 4 aside from one UK facility
- ✓ P&A distribution hub in Belgium remains open, and our boat production operations in Portugal and contract manufacturing in Poland have resumed production
- ✓ China and Japan smaller horsepower engine facilities are open and shipping engines to our global network -- China supply base (~10% of COGS) is fully operational and shipping components to U.S. and international locations
- ✓ Advanced Systems reopened production in New Zealand this week and our boat production facilities in Reynosa, Mexico and Quebec, Canada will open May 4
- ✓ European and Australia/New Zealand dealers and OEMs beginning to reopen as countries relax restrictions



Brunswick Corporation – Earnings Release

Cost Containment Actions



We are targeting \$525M - \$550M of operating expenses in 2020, down approximately 15 percent from initial 2020 expectations

- ✓ Structural costs reductions at each business unit, in addition to full-year effect of \$50M reductions in 2019
- ✓ Temporarily suspended production, balancing supply and pipeline levels with anticipated demand, and furloughed hourly and salaried employees directly supporting production
- ✓ Froze hiring and eliminated annual pay increases for salaried employees (hourly employees received pay increases)
- ✓ Deferred capital spending for lower priority projects
- ✓ Curtailed discretionary spending

Brunswick Corporation – Earnings Release

Capital Strategy Update



We are actively managing our cash position and are well prepared for any market environment

- ✓ Approximately \$515M of cash on hand at end of Q1, including proceeds from revolver borrowings
- ✓ Expect to maintain cushion against debt covenant of 3.5x net debt to EBITDA
- ✓ No significant debt maturities until 2023
- ✓ \$34.1 million of share repurchases completed in Q1; purchases suspended for remainder of 2020
- ✓ Q2 dividend payment approved, supported by our strong financial position
- ✓ Capital expenditures focused on critical product programs and digital initiatives that will drive future earnings growth and market share gains

Brunswick Corporation – Earnings Release

Resilient Q1 Performance¹ vs. Q1 2019

- ✓ Revenue down 8 percent – impacted by temporary manufacturing suspensions
- ✓ Adjusted EPS of \$0.96, up 2 percent, with benefits from lower shares outstanding and interest expense
- ✓ Adjusted operating margins of 11.7 percent, consistent with prior year
- ✓ Dealer pipelines at 38.8 weeks, down 1.6 weeks; units in the field down 11 percent
- ✓ Free cash flow improved by \$15 million
- ✓ COVID-19 materially impacted March performance

✓ **First quarter performance was tracking to plan before COVID-19 impact**

Brunswick Corporation – Earnings Release

Q1 Revenue Growth Rates By Region¹

Region	Total BC	2019 Mix
U.S.	(11)%	69%
Europe	(3)%	13%
Canada	(26)%	7%
Asia-Pacific	35%	7%
Rest-of-World	(7)%	4%
Total International	(2)%	31%
Total Consolidated	(8)%	100%

- ✓ International revenues down 2 percent, with Propulsion benefitting from strong demand in Asia

¹All figures shown on a constant currency basis, excluding the impact of acquisitions.

Brunswick Corporation – Earnings Release

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

Category	Jan-20	Feb-20	Q1-20	Q1-19	FY-19
Outboard Boats	12%	9%	0%	(7)%	(3)%
Fiberglass SD/IB Boats	24%	(7)%	(9)%	(5)%	(11)%
Main Powerboat Segments	13%	8%	(0)%	(7)%	(4)%
Total Industry (SSI)	9%	5%	(3)%	(8)%	(5)%
Outboard Engines (NMMA)	5%	13%	(5)%	(1)%	1%

✓ Q1 2020 unit volume for main powerboat segments was flat against Q1 2019

Source: NMMA Statistical Surveys, Inc.: Preliminary data is based on 100% of 2019, 89% of Jan 20, 86% of Feb 20, and 42% of Mar 20. Coast Guard data through 03/2020

- 1) For the full-year 2019, outboard powered boats represented 93% of the total units.
- 2) Total Industry (SSI) also includes fiberglass and aluminum lengths outside the ranges stated above, as well as ski boats, but excludes house and jet boats

FINANCIAL OVERVIEW

Bill Metzger - CFO



Brunswick Corporation – Earnings Release

Overview of First Quarter 2020¹

Consolidated results on an as adjusted basis vs. Q1 2019:

1 Diluted EPS of \$0.96,
up 2 percent

2 Net sales down 8.1
percent

3 Operating margin of 11.7
percent, down 10 bps

4 Operating earnings
decreased 9.6 percent

5 Operating deleverage of
14 percent

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

Brunswick Corporation – Earnings Release

Propulsion Segment – Q1 Performance

	Product Category	Sales (\$M)	% Change
	Outboard Engines	\$353.8	0%
	Sterndrive Engines	\$37.3	(21)%
	Controls, Rigging and Propellers	\$57.5	8%
	Total	\$448.6	(1)%

1

Operating Margin of 13.7 percent, up 50 bps

2

Operating Earnings of \$61.3M, up 2 percent



Mercury continues to gain market share in high-horsepower outboard engines, especially in saltwater markets

Brunswick Corporation – Earnings Release

Parts and Accessories Segment – Q1 Performance¹

	Product Category	Sales (\$M)	% Change
	Engine Parts and Accessories	\$77.2	(9)%
	Distribution	\$121.3	(2)%
	Advanced Systems Group	\$103.1	1%
	Total	\$301.6	(4)%

1

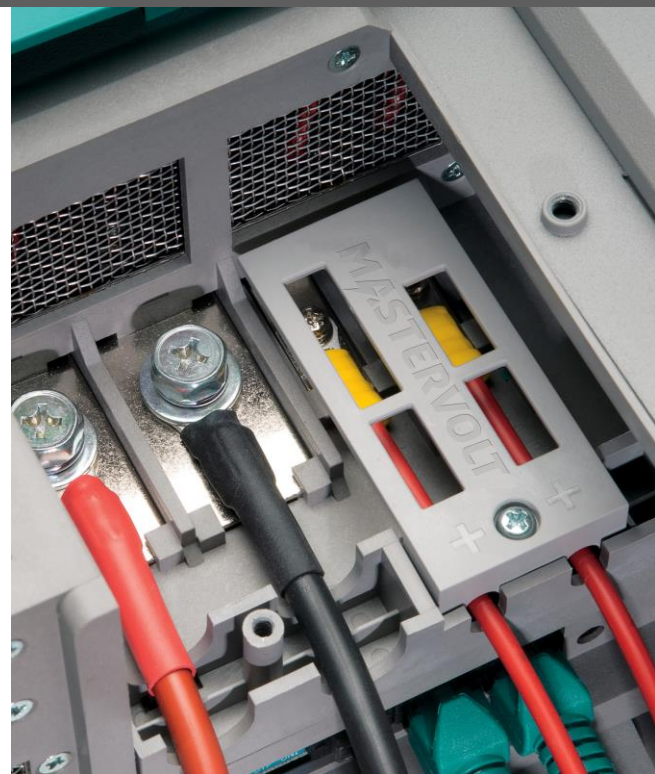
Operating Margin

- Adjusted @ 17.8 percent, up 30 bps
- GAAP @ 15.3 percent, up 10 bps

2

Operating Earnings





- Adjusted of \$53.7M, down 2 percent
- GAAP of \$46.2M, down 3 percent



Power Products delivered strong sales and operating earnings vs. Q1 2019

Brunswick Corporation – Earnings Release

Boat Segment – Q1 Performance¹

Product Category	Sales (\$M)	% Change
 Aluminum Freshwater	\$120.5	(28)%
 Recreational Fiberglass	\$101.8	(12)%
 Saltwater Fishing	\$59.8	(34)%
 Business Acceleration	\$9.4	NM
Total	\$291.5	(22)%²



- 1** Operating Margin
- Adjusted @ 2.1 percent, down 570 bps
 - GAAP @ 1.7 percent, down 550 bps

- 2** Operating Earnings
- Adjusted of \$6.1M, vs. \$29.0M in 2019
 - GAAP of \$5.1M vs. \$27.0M in 2019

Boat segment sales and earnings were significantly impacted by suspension of production in March due to COVID-19

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

² Freedom Boat Club accounted for 2.5 percent of net sales in the quarter

³ NM = Not Meaningful

Brunswick Corporation – Earnings Release

Pipeline Metrics

Year	Ending Weeks on Hand	Change Versus Prior Year (WOH)	Units in Pipeline (Thousands)	Change Versus Prior Year (Units)
Q1 20	38.8	-1.6 weeks	24.6	(11)%
Q1 19	40.4	+1.7 weeks	27.7	2%
Q1 18	38.7	+0.7 weeks	27.3	4%
Q1 17	38.0	+0.4 weeks	26.2	5%
FY 20F	Manage to match expected 2021 retail demand			

✓ Pipeline inventory at end of Q1 is down from Q1 2019, but consistent with previous years

✓ Managing production of 2020 models in advance of transition to new model year

✓ Inventory levels at end of 2020 will be positioned to meet market recovery anticipated in 2021



2020 Assumptions and Resulting Expectations

1

Formal guidance for 2020 remains withdrawn

2

U.S. retail marine market down high-teens to low-twenties percent from 2019 levels

3

FY revenue comparisons to trend slightly better than the U.S. retail marine market performance

4

Operating deleverage to fall between mid-twenties and mid-thirties percent

5

FCF in excess of \$125 million; end-of-year cash on hand of ~\$300 million, excluding any revolver borrowings

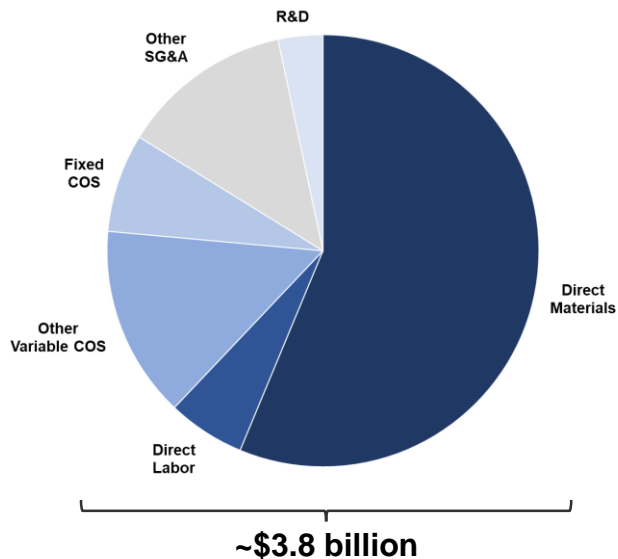
6

Q2 – challenging quarter, but expect to operate profitably with positive free cash flow

Brunswick Corporation – Earnings Release

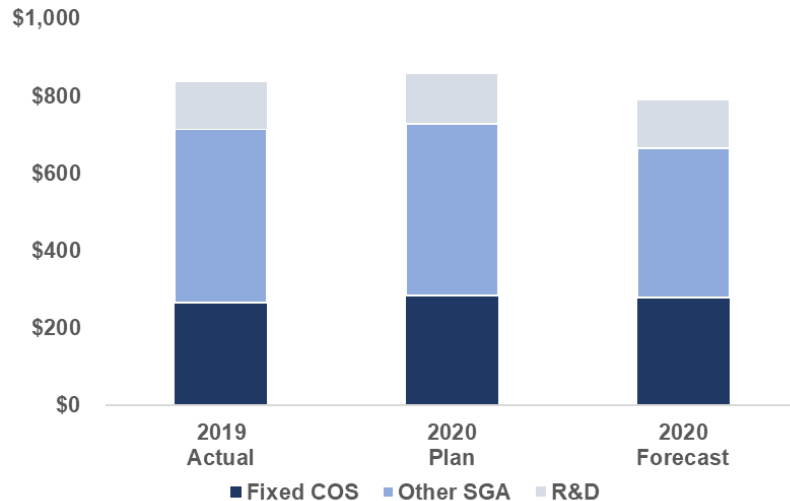
Cost Structure and Fixed Cost Base

Cost Structure – Initial 2020 Plan



Fixed Cost Base – Full Year¹

\$ in millions



Highly variable cost structure, along with actions taken to lower fixed costs, are both benefitting our results

Brunswick Corporation – Earnings Release

Managing Operating Leverage



VOLUME IMPACTS

- ✓ Deleverage between 20 and 35 percent, depending on mix:
- ✓ Segment specific within range:
 - Propulsion - Mid
 - P&A - High
 - Boats - Low



OPERATING FACTORS

- ✓ Absorption (-)
- ✓ F/X changes (-)
- ✓ Tariffs (-)
- ✓ COVID-19 related costs (-)
- ✓ Efficiency initiatives and other, net (+)



MANAGE FIXED COSTS

- ✓ SG&A reductions
- ✓ Manage R&D and Cap-Ex

KEY ELEMENTS

We will use our flexible variable cost structure to moderate operating leverage as the demand environment evolves

Brunswick Corporation – Earnings Release

Liquidity Assessment

- ✓ Liquidity position is strong
 - Q1 cash balance of ~\$515 million versus \$332 million at year-end
 - Borrowings of \$385 million under our revolving credit facility
 - Seasonal free cash flow usage of \$143.8 million in Q1 2020 versus a usage of \$159.1 million in Q1 2019

- ✓ Full access to revolving credit facility
 - Subject to a leverage and an interest coverage test
 - Sufficient cushion versus both covenant tests

Projected Liquidity Analysis*

\$ in millions

	03/31/20	06/30/20	12/31/20
Total Liquidity	\$ 504	\$ 502	\$ 667

*Total liquidity is defined as cash on hand plus any unused revolver capacity, and excludes restricted cash and marketable securities

The Company anticipates having \$500M+ total liquidity at the end of Q2 2020; will continue to monitor and adjust business operations as appropriate

Brunswick Corporation – Earnings Release

2020 Outlook – P&L and Cash Flow

2020
OUTLOOK

	2020 Estimates	Change from Prior Conference Call Estimate
Free cash flow	Exceeding \$125 million	Lower
Working capital usage	~\$40 - \$60 million	Slightly Higher
Depreciation and amortization ¹	~\$115 - \$125 million	Slightly Lower
Acquisition intangible amortization ²	~\$30 million	Unchanged
Combined equity earnings and other income	Comparable to 2019	Unchanged
Effective book tax rate ³	~21 and 22 percent	Unchanged
Effective cash tax rate	Low double-digit percent	Slightly Lower
Average diluted shares outstanding	~80.3 million	Slightly Higher

¹ Excludes acquisition intangible amortization

² Amortization related to Freedom Boat Club acquisition is not material

³ As adjusted to exclude the net impact of special tax items.

Brunswick Corporation – Earnings Release

2020 Outlook – Capital Strategy Assumptions

2020 OUTLOOK

	2020 Estimates	Change from Prior Conference Call Estimate
Debt retirement	~\$35 million	Lower
Capital expenditures	~\$150 - \$160 million	Lower
Share repurchases	\$34 million	Lower
Quarterly dividends	\$0.24 per share	Unchanged
Net interest expense	~\$70 million	Slightly Higher

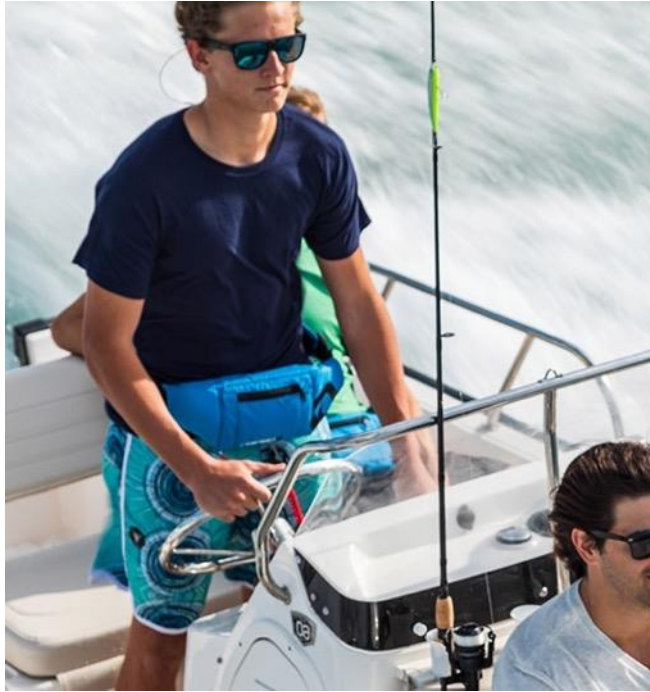
A close-up photograph of a young woman with blonde hair, wearing dark sunglasses and a black halter top, smiling brightly. She is on a boat, with a man in sunglasses visible in the background. The scene is bright and sunny, suggesting a summer day on the water.

2020 OUTLOOK

Dave Foulkes – CEO

Propulsion Segment

Operating and Strategic Priorities



1 Continued market share gains in outboard engines

2 Further investment in and execution of new product programs

3 Optimize production and control costs

4 Sterndrive product enhancements

Parts & Accessories Segment

Operating and Strategic Priorities



1 Continued successful execution at Power Products

2 Efficient operation of distribution businesses, supporting strong aftermarket presence

3 New products and growth in systems integration business

4 Cost control and strategic optimization opportunities

Boat Segment

Operating and Strategic Priorities



1 Successful new product introductions across portfolio

2 Structural cost reductions to enhance profitability of each brand

3 Successful pipeline management

4 Growth and synergies at Freedom Boat Club

INNOVATION + INSPIRATION
ON THE WATER



BRUNSWICK

BRUNSWICK



Appendix

Brunswick Corporation – Earnings Release

GAAP to Non-GAAP Reconciliations

(in millions, except per share data)

	<u>Q1 2020</u>	<u>Q1 2019</u>
Operating earnings	\$ 103.2	\$ 114.1
Restructuring, exit, and impairment charges	0.4	3.2
Purchase accounting amortization	7.5	7.2
Acquisition and IT related costs	1.4	—
Operating earnings, as adjusted	\$ 112.5	\$ 124.5
Operating margin percentage	10.7%	10.9%
Operating margin percentage, as adjusted	11.7%	11.8%
Earnings before income taxes	\$ 89.1	\$ 95.0
Restructuring, exit, and impairment charges	0.4	3.2
Purchase accounting amortization	7.5	7.2
Acquisition and IT related costs	1.4	—
Adjusted pretax earnings	\$ 98.4	\$ 105.4
Diluted earnings per share	\$ 0.88	\$ 0.87
Restructuring, exit, and impairment charges	0.00	0.03
Purchase accounting amortization	0.06	0.06
Acquisition and IT related costs	0.02	—
Special tax items	(0.00)	(0.02)
Diluted earnings per share, as adjusted	\$ 0.96	\$ 0.94

Brunswick Corporation – Earnings Release

Q1 Net Sales Decreased by \$85.2 million, or 8.1 percent

Segments (in millions)	Net Sales - GAAP		
	Q1 2020	Q1 2019	% Change
Propulsion	\$ 448.6	\$ 452.4	(0.8)%
Parts and Accessories	301.6	313.6	(3.8)%
Boat	291.5	373.3	(21.9)%
Segment eliminations	(76.2)	(88.6)	
Total	965.5	1,050.7	(8.1)%

Region	Sales Growth		
	Q1 2020 % of Sales	% Change	Constant Currency
United States	67%	(10)%	(10)%
Europe	15%	(6)%	(3)%
Asia-Pacific	8%	30%	35%
Canada	6%	(26)%	(26)%
Rest-of-World	4%	(11)%	(7)%
Total International	33%	(5)%	2%
Consolidated		(8.1)%	(7.2)%

Brunswick Corporation – Earnings Release

Q1 Net Sales

First Quarter 2020 vs. First Quarter 2019

Sales Growth Drivers

	<u>Propulsion</u>	<u>Parts and Accessories</u>	<u>Boat</u>	<u>Brunswick</u>
Organic (constant currency)	0%	(3)%	(24)%	(8)%
Acquisitions	-	-	2%	1%
Currency	(1)%	(1)%	-	(1)%
2020 Net Sales	(1)%	(4)%	(22)%	(8)%

Sales Growth by Region

	<u>Propulsion</u>	<u>Parts and Accessories</u>	<u>Boat</u>	<u>Brunswick</u>
US	(6)%	(2)%	(21)%	(10)%
International	11%	(9)%	(24)%	(5)%
Constant Currency	0%	(3)%	(22)%	(7)%

Brunswick Corporation – Earnings Release

Tax Provision

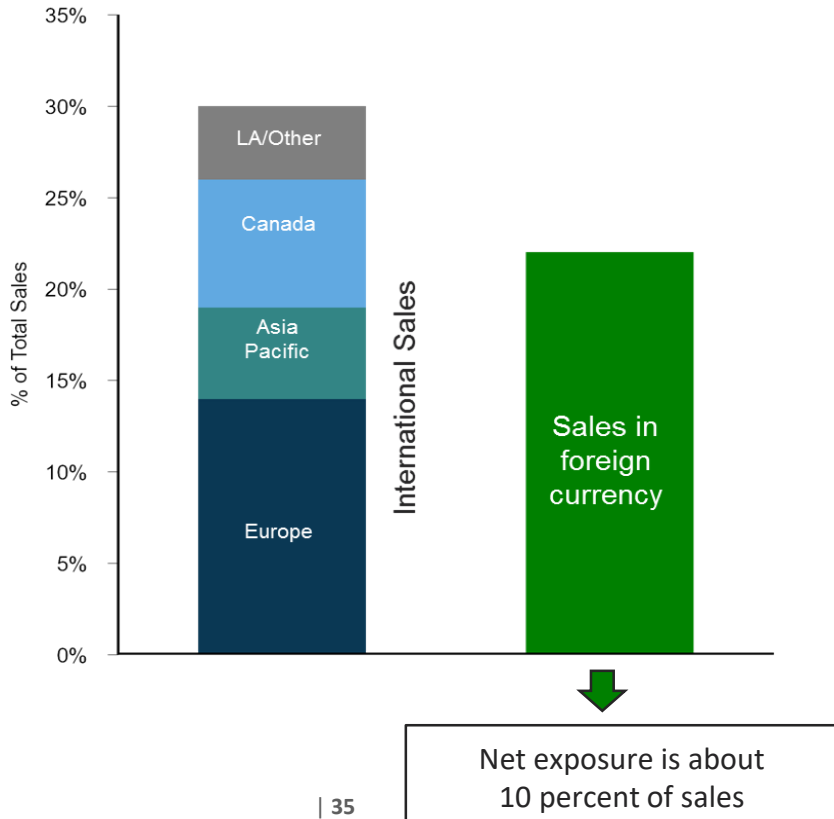
	Q1	
	2020	2019
Effective tax rate - GAAP	20.7%	19.8%
Effective tax rate, as adjusted ⁽¹⁾	21.3%	21.5%

- ✓ **Estimated 2020 effective book tax rate, as adjusted, is between 21 and 22 percent on tax guidance issued to date**
- ✓ **Cash tax rate expected to be low double digit percent**

¹Tax provision, as adjusted, excludes \$0.3 million and \$1.7 million of net benefits for special tax items for Q1 2020 and Q1 2019 periods, respectively.

Brunswick Corporation – Earnings Release

Review of Foreign Currency Impact¹



Q1 2020:

- Unfavorable impact on sales of approximately 1 percent
- Unfavorable impact on operating earnings of approximately \$7 million

Outlook for Full-Year 2020:

- Unfavorable impact on consolidated sales of approximately 1 percent
- Unfavorable impact on operating earnings of \$15 to \$20 million

¹Includes impact of hedging activity, with full-year estimates assuming rates remain consistent with current rates.

Brunswick Corporation – Earnings Release

Tariff Update

		Change from Q4 call
1	2020 estimates incorporate tariffs paid on 40 to 60 horsepower outboard engines assembled in our Suzhou, China facility	No Change
2	Assumes Waves 1- 3 staying at 25% rate, and no additional exemptions received	No Change
3	Minimal impact from Wave 4 (if enacted)	No Change
4	Impact of retaliatory tariffs on boat exports into E.U. remain incorporated in our plan	No Change

✓ Our tariff assumptions remain unchanged

✓ We anticipate a net impact to 2020 pre-tax earnings of \$30 to \$35 million (\$10 to \$15 million incremental to 2019) related to tariffs

Brunswick Corporation – Earnings Release

Other Factors Affecting GAAP Operating Earnings

\$ in millions	Q1	
	2020	2019
Restructuring, exit, and impairment	\$0.4	\$3.2
Purchase accounting amortization	7.5	7.2
Acquisition and IT-related Costs	1.4	-
Total Operating Earnings Adjustments	\$9.3	\$10.4

Brunswick Corporation – Earnings Release

Free Cash Flow

(\$ in millions)	Q1	
	2020	2019
Net cash (used for) operating activities from continuing operations	\$ (92.7)	\$ (73.2)
Net cash provided by (used for):		
Plus: Capital expenditures	(55.9)	(86.2)
Plus: Proceeds from sale of property, plant and equipment	0.4	-
Plus: Effect of exchange rate changes	4.4	0.3
Free cash flow	\$ (143.8)	\$ (159.1)

