

INNOVATION+INSPIRATION  
ON THE WATER

BRUNSWICK

**Earnings Conference Call**

**Q1 2021**

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## 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 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. 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.

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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 the 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](http://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 (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), 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, 2021 net sales growth is also shown using 2020 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 consolidated financial statements accompanying today's results. I will now turn the call over to Dave.

## **BUSINESS OVERVIEW**

Dave Foulkes – CEO

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Thanks Brent, and good morning everyone.

## Brunswick Corporation – Q1 2021 in Review

Outstanding Performance across the Company



Historically strong financial results:

- Adjusted<sup>1</sup> EPS of \$2.24 (up 133%)
- Adjusted<sup>1</sup> operating margin of 17.0% (up 530 bps)



Growth across all businesses:

- Significant Mercury outboard engine market share gains
- Double-digit operating margins in boat group
- FBC expansion in major markets



U.S. marine retail unit demand surge continues:

- Q1 U.S. retail market up 34%
- ~19 WOH at end of Q1
- 41% fewer boats in dealer inventory than end of Q1 2020



Increasing 2021 guidance:

- U.S. retail market up mid-to-high single digit percent in 2021
- Adjusted EPS to \$7.30 - \$7.60
- FCF to \$425+ million

**We delivered record financial results in Q1**

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

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Our businesses had a fantastic start to 2021, with a very healthy marine market, strong boating participation, and outstanding operating performance driving historic financial results. Robust retail demand for our products continues to drive low field inventory levels, with increased production across all our facilities necessary to satisfy orders from our OEM partners and dealer network. Our teams have performed exceptionally well in the face of supply and transportation headwinds, tighter labor conditions, and continued impact from the COVID-19 pandemic, and we are excited about our ability to further harness the positive momentum we have generated to propel our growth and industry leadership.

Our propulsion business continues to deliver outstanding top-line, earnings and margin growth; outperforming the market by leveraging and expanding the strongest product lineup in the industry. Our parts and accessories businesses delivered strong top-line growth and robust operating margins as a result of increased boating participation, which drove strong aftermarket sales, together with high demand for our full range of OEM systems and services, as boat manufacturers attempt to satisfy retail demand.

Our boat business performed well, as anticipated, in the quarter, reaching double-digit adjusted operating margins for the first time in over 20 years. Despite elevated production levels consistent with our plans for the year, the continued surge in retail demand is still driving historically-low pipeline inventory levels, with 41 percent fewer boats in dealer inventory at the end of the first quarter versus the same time last year. Finally, Freedom Boat Club has had an extremely busy start to the year, which I will discuss further in a couple of slides.

We have exceptional momentum as we enter the prime retail season in most markets, and as you can see from our significant guidance increase, we are confident in our ability to perform for the rest of the year and well beyond.



## Brunswick Corporation – Earnings Release

Brunswick Leads the Industry with Younger Boaters and Women Boaters

**BRUNSWICK IS  
OUTPERFORMING**  
the industry in attracting **younger** and  
more **female** boaters



### FTBBs

#### AGE:

First-time boat buyers (FTBB) of Brunswick product averaged 3 years younger than the overall industry

#### FEMALE:

Attracted more female FTBB than the industry by more than 700 bps



### ALL BOAT BUYERS

The average age of the Brunswick boat buyer is 2 years younger than the overall industry average and is at its lowest level in over a decade

The percentage of women buying boats equaled the highest ever on record



### FREEDOM MEMBERS

The average Freedom Boat Club member is almost 3 years younger than the average Brunswick boat owner

35 percent of Freedom Boat Club members are women

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Source: Infolink

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Before we discuss the results for the quarter, I wanted to share with you some updated insights from 2020 concerning our boat buyers and Freedom Boat Club members that reflect very favorable trends for the future of our business. We continue to outperform the industry in attracting new, younger and more diverse boaters, positioning us for very strong growth in the years to come.

Last year, Brunswick's average boat buyer age was 2 years younger than the industry average and reached its lowest level in over a decade. Additionally, Brunswick's first-time boat buyers averaged 5 years younger than our overall boat buyer demographic, and 3 years younger than the industry.

Equally encouraging was the fact that the percentage of Brunswick female boat buyers in 2020, while still a minority, equaled the highest percentage on record and first-time female boat buyers entered at double that rate, which was a notable 700 basis points higher than the industry.

In Freedom Boat Club, we saw even more promising trends with the average Freedom member being almost 3 years younger than our typical boat buying customer, and female Freedom members making up 35 percent of our member base in 2020 and 2021.

These trends are an extremely important validation of our strategy to secure a healthy future for Brunswick and are also favorable for the entire marine industry.

## Brunswick Corporation – Earnings Release

Q1 2021 Awards and Milestones



### RECENT AWARDS



### ESG INITIATIVES



### BOAT SHOW UPDATES



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I also wanted to briefly update you on some very important awards and milestones for Brunswick during the first quarter, which are important in positioning Brunswick for investors and employees, and our ability to secure top new talent.

I am pleased to announce that for the second consecutive year, Brunswick has been recognized by Forbes as one of the Best Employers for Diversity. Those recognized were chosen based on an independent survey of over 50,000 employees working for companies employing at least 1,000 people in their U.S. operations. Diversity and inclusion are cornerstones of our culture and a source of innovation and inspiration for our Company.

We also published our 2020 Sustainability Report at the end of March which reviews the exceptional progress we have achieved against our sustainability goals, including our prioritization of the health and safety of our employees. In 2020, we reported the lowest recordable incident rate in Company history, in the face of immense challenges resulting from the COVID-19 pandemic.

And I also wanted to share with you a snapshot of what the return to in-person boat shows looks like. The Palm Beach International Boat Show was recently held for the first time since the Spring of 2019. This was the first major in-person saltwater show of the 2021 season and the outcomes were very positive. Attendance was up and our brands outperformed the broader marine industry. Over the course of the four-day show, Sea Ray and Boston Whaler more than doubled the number of boats sold this year vs. 2019 and revenues more than tripled, driven by increased demand for the recently launched models. Consumers were also able to see Mercury's V-12 600hp Verado in person for the first time, with many eager to repower their boats with this new, game changing engine.

## Brunswick Corporation – Earnings Release

Propulsion Segment – Q1 2021 Overview



Sales up 46.6%, operating margins of 18.9%, up 520bps

- U.S. and international retail market share gains continue in the first quarter:
  - ✓ Strong share gains in each horsepower category over 50hp
  - ✓ Significant share gains in 200hp+ categories
- Growth in controls, rigging, and propellers business driven by new engine customers, increased content on OEM product, and strong repower pull through
- Launched V-12 600hp Verado in February, production started this month with engines available in May
- Targeted additional capacity investments needed to support unprecedented demand and future growth

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I'll now provide some first quarter highlights on our segments and the overall marine market.

Our propulsion business continues to gain significant retail market share in outboard engines, especially in higher horsepower categories where we have focused higher levels of investment in recent years. Mercury gained share in each horsepower category over 50hp in the first quarter, with outsized gains in nodes in excess of 200 horsepower.

As I mentioned earlier, Mercury launched its new 600 horsepower, V-12 Verado engine in February at Lake X in Florida to much fanfare. Many OEM partners, including Fountain, Scout, Viking and Tiara, and our own Boston Whaler and Sea Ray brands, have already designed boats with this engine in mind and are taking orders. Many models are already sold out for 2021, with twin-, triple- or even quad-configurations being very popular with both OEMs and customers.

New or enhanced OEM relationships, along with significant investments in new technology, have also helped fuel the continued growth in Mercury's industry-leading controls, rigging and propeller businesses.

As Mercury's growth continues to accelerate, we regularly review our capacity requirements to ensure we are able to meet projected demand and fully capitalize on future growth opportunities. In this regard, we anticipate having to pull ahead some additional capacity actions.



## Brunswick Corporation – Earnings Release

### Parts & Accessories Segment – Q1 2021 Overview



**Sales up 52.4%, adjusted operating margins of 21.3%, up 350bps<sup>1</sup>**

- Strong sales growth across all aftermarket P&A businesses due to increased boat usage and service needs
- Dealers still reporting extended service backlog, leading to continued sales strength into 2021, ahead of the primary boating season
- Robust growth in all distribution business channels, with margin strength resulting from improved sales mix
- Advanced Systems Group (ASG) increased sales 31 percent and delivered adjusted operating margins accretive to the P&A segment
  - ✓ ASG results leveraged strong OEM demand and improved operational performance, with benefits from ongoing strategic initiatives and cost-reduction actions

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

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Our parts and accessories businesses also experienced significant top-line and earnings growth in the quarter as aftermarket sales remain elevated due to strong participation trends and service needs, with increased OEM orders to keep up with production resulting from the accelerating retail demand.

Our dealer network reports that their service centers are busier than ever, with the strong participation trends from 2020 continuing into 2021. In addition, favorable weather conditions in many parts of the U.S. are enabling consumers to return to the water early and in force. This demand drives the need for aftermarket service parts and a healthy distribution network to get dealers the products they need on a same-day or next-day basis.

The Advanced Systems Group, which has a larger OEM component to its business and also serves some non-marine segments demonstrated significant growth across all its product categories and delivered strong operating margins that were accretive to the overall segment.

## Brunswick Corporation – Earnings Release

### Boat Segment – Q1 2021 Overview



Sales up 43.9%, adjusted operating margins of 10.9%, up 880bps<sup>1</sup>

- First quarter with double-digit operating margins since 2000 – 31 percent adjusted operating leverage
- FY 2021 production plan remains on schedule -- targeting 38,000+ wholesale boats
- Pipelines remain at historic lows as strong retail demand continues
  - ✓ Boston Whaler and Sea Ray dealer inventories particularly low
- Freedom Boat Club now stands at 280 locations and more than 40,000 memberships
  - ✓ 2021 expansion has included purchase of franchise operations in major boating markets, including Chicago and New York, and first club opening in United Kingdom



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

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Our boat segment had an outstanding quarter, with successful execution of its product plan resulting in strong revenue and earnings growth, together with double-digit operating margins. Given the continued retail demand surge, 95% of our production slots are now sold for the calendar year, with many Whaler, Sea Ray and other models now sold out at wholesale well into 2022.

Pipeline inventory, which Ryan will discuss in more detail in a few slides, remains at historically low levels, and we continue to hire additional workers at most facilities to ramp up production consistent with our stated plan. We remain on track with our plans to re-open and staff the Palm Coast facility and expand our operations at Reynosa and Portugal. However, it remains very unlikely that pipelines will be significantly rebuilt until 2023 at the earliest.

Freedom Boat Club also continues to exceed our growth expectations, now with over 40,000 memberships and 280 locations, which is more than 100 new locations since we acquired Freedom in 2019. Freedom has been expanding both through acquisition and organic growth in 2021. We acquired franchise operations in major boating markets including Chicago and New York, and opened our first location in the U.K. As a reminder, having company operated locations allows us to gain the full economic benefits of the territories, and allows us to increase investment to enable faster growth. In addition, company operated locations provide the opportunity to get close to the end boating consumer and allow us to enhance our other offerings including Boateka and our F and I businesses. You will hear more from Brenna about our plans for Freedom and our other Business Acceleration initiatives on our upcoming Investor Day, which I'll discuss at the end of today's presentation.

## Brunswick Corporation – Earnings Release

Positive 2021 Outlook Despite Certain Operating Challenges

- Supply chain disturbances
  - ✓ Propulsion & P&A – semiconductors, resin, steel
  - ✓ Boat Group – foam (floatation and upholstery), fiberglass, resin
- Tight labor conditions in several manufacturing locations
- Freight costs and availability
- Raw material costs



- ✓ **Leveraging our global scale, we have maintained manufacturing continuity despite increased supply chain and transportation challenges**

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The outstanding operational and financial performance I have been discussing has not been without some external challenges that our businesses continue to manage and mitigate, sometimes on a daily basis.

Our supply chain teams in particular have performed exceptionally well. Winter storms and resulting power outages in the Central and Southern United States affected oil-based product production and supply, including our third-party producers of resin and foam, while tight semiconductor supply, raw material shortages, and transportation disruption, and resulting cost increases, continue to present challenges to our businesses to varying degrees.

However, the global reach of our supply network and our unique scale in the marine industry, together with our purposeful vertical integration, have so far enabled us to mitigate these challenges and keep our production plans on track for 2021. I want to thank our supply teams, as well as our third-party supply partners, for continuing to work together to ensure the manufacturing continuity necessary to satisfy our robust market demand.

Finally, labor conditions remain tight in many locations in which we manufacture product, but our talent acquisition teams have been working hard and successfully to add manufacturing and other talent to our teams as we increase production.

## Brunswick Corporation – Earnings Release

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

REGION	Q1 2021 BC SALES GROWTH	FY 2020 MIX
United States	47%	69%
Europe	33%	12%
Asia-Pacific	31%	9%
Canada	59%	6%
Rest-of-World	78%	4%
<b>Total International</b>	<b>42%</b>	<b>31%</b>
<b>Total Consolidated</b>	<b>46%</b>	<b>100%</b>

<sup>1</sup>All figures shown on a constant currency basis.

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- ✓ International sales up 42 percent on a constant currency basis
- ✓ All segments experienced significant international sales growth
- ✓ Canada continued its sales growth trend from 2H 2020 after being down for 2019 and 1H 2020

Next, I would like to review the sales performance of our business by region on a constant currency basis.

First quarter sales increased in each region, with international sales up 42% and sales in the U.S. up 47%. International growth was very strong across all regions, with continued strength in Europe and Asia-Pacific contributing to growth in propulsion and P&A sales. Canada continued its trend from the back half of 2020 with significant sales growth in all three segments.

## Brunswick Corporation – Earnings Release

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

CATEGORY	Q1 - 2021	Q1 - 2020	FY 2020	FY 2019
Outboard Boats	33%	(1)%	14%	(3)%
Fiberglass SD/IB Boats	25%	(20)%	8%	(11)%
Main Powerboat Segments <sup>1</sup>	34%	(2)%	14%	(4)%
Total Industry (SSI) <sup>2</sup>	31%	(5)%	12%	(4)%
Outboard Engines (NMMA)	21%	(5)%	18%	1%

Source: NMMA Statistical Surveys, Inc.; Preliminary data is based on 100% of 2019 and 2020, 83% of Jan 21, 67% of Feb 21, and 63% of Mar 21. Coast Guard data through 03/2021.

1) For the full-year 2020, outboard powered boats represented 87% of the total Main Powerboat Segments units, which also includes 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

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- ✓ Industry sold 211K units in the main powerboat segment in 2020
- ✓ Brunswick brands' retail growth exceeding market
- ✓ Strong growth in outboard engines, with Mercury taking share in almost every horsepower category

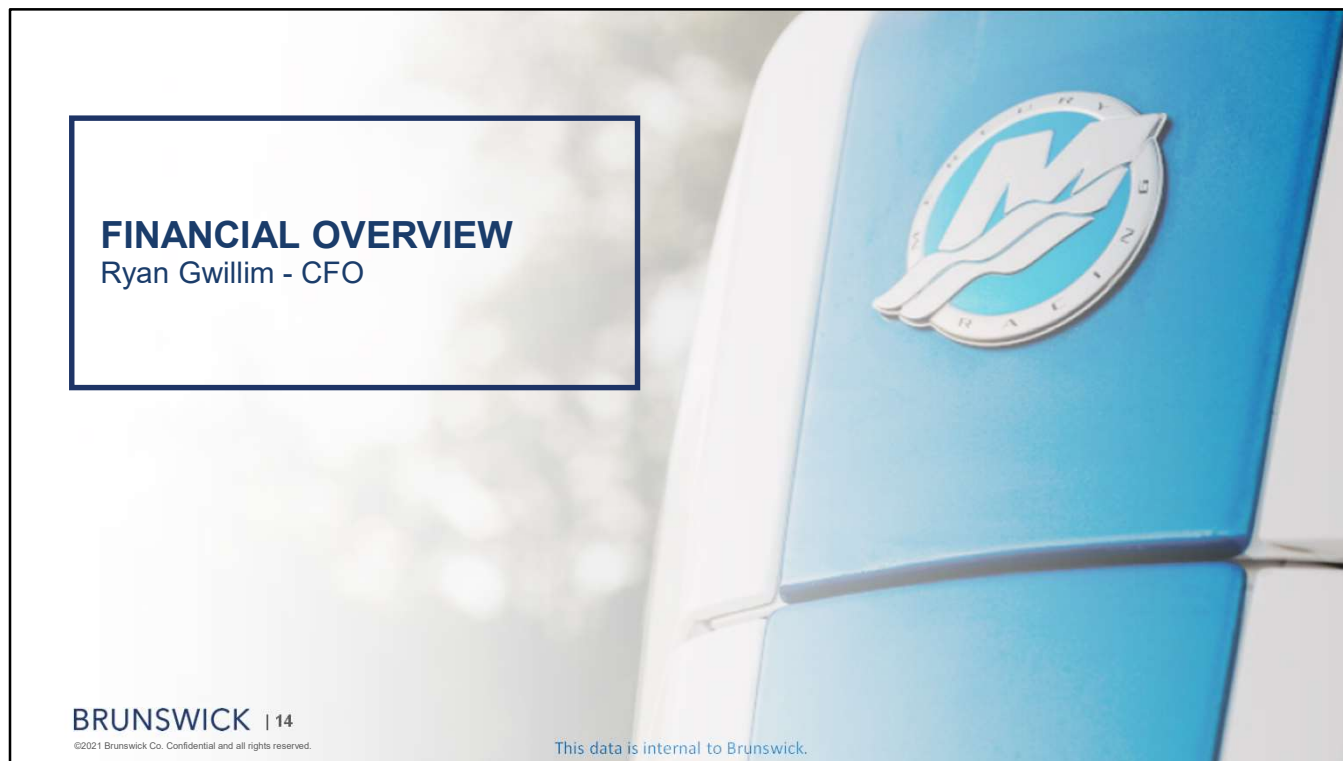
This table provides more color on the recent performance of the US marine retail market.

All boat categories reported retail gains in the first quarter, continuing the momentum from 2020. The main powerboat segments were up 34 percent in the quarter, with Brunswick's unit retail performance ahead of market growth rates, especially in outboard boat categories.

Outboard engine unit registrations were up 21 percent in the first quarter, with Mercury significantly outperforming the market and taking market share as I discussed earlier.

As we enter the primary selling season in the U.S., lead generation, finance applications, dealer sentiment and other leading indicators all remain very positive. In addition, similar to our comments on previous calls, at the end of March, our percentage of dealer orders received with a customer name already attached is approximately three times the percentage from the same time last year. All these factors give us high confidence in the continuing strength of the retail market as we move through 2021.





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

## Brunswick Corporation – Earnings Release

Overview of First Quarter 2021

### Consolidated results on an as adjusted basis<sup>1</sup>:

**1** Diluted EPS of \$2.24, up 133.3%

**2** Net sales of \$1.43B, up 48.4%

**3** Operating margin of 17.0%, up 530bps

**4** Operating earnings of \$243.0M, up 116.0%

**5** Operating leverage of 27.9%

**6** Free cash flow of (\$23.4)M

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

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Thanks Dave, and good morning everyone.

Our first quarter results were outstanding. Year-over-year comparisons are not particularly helpful given the significant COVID impact starting in March of last year, but our performance in the quarter stands on its own against any quarter from the last two decades.

First quarter net sales were up 48 percent, while operating earnings on an as adjusted basis increased by 116 percent. Adjusted operating margins were 17.0 percent and adjusted EPS was \$2.24, each being the highest mark for any quarter for which we have available records. Sales in each segment benefited from strong global demand for marine products, with earnings positively impacted by the increased sales, favorable factory absorption from increased production, and favorable changes in foreign currency exchange rates, partially offset by higher variable compensation costs.

Finally, we had free cash flow usage of \$23 million in the first quarter as we built inventory ahead of the prime retail selling season, which is very favorable versus free cash flow usages of \$144 million in the first quarter of 2020 and \$159 million in Q1 of 2019.

## Brunswick Corporation – Earnings Release

Propulsion Segment – Q1 Performance

	PRODUCT CATEGORY	SALES (\$M)	% CHANGE
	Outboard Engines	\$504.5	43%
	Sterndrive Engines	\$58.4	57%
	Controls, Rigging and Propellers	\$94.9	65%
	<b>Total</b>	<b>\$657.8</b>	<b>47%</b>

### 1 OPERATING MARGIN

- Operating Margin of 18.9%, up 520 bps

### 2 OPERATING EARNINGS

- Operating Earnings of \$124.5M, up 103%



**Strong sales increases in all product categories, together with positive customer mix and favorable factory absorption – 30 percent operating leverage in Q1**

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Revenue in the propulsion business increased 47 percent as each product category experienced strong demand and market share gains. All customer channels showed growth in the quarter as boat manufacturers continued to ramp up production, and increased capacity enabled continued elevated sales to the independent OEM, dealer and international channels.

Operating margins and operating earnings were up significantly in the quarter, benefitting from positive customer mix in addition to the factors positively affecting all our businesses.

## Brunswick Corporation – Earnings Release

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

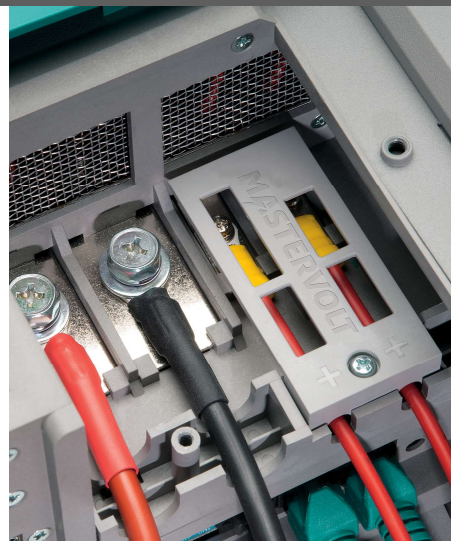
	PRODUCT CATEGORY	SALES (\$M)	% CHANGE
	Engine Parts and Accessories	\$124.2	61%
	Distribution	\$200.6	65%
	Advanced Systems Group	\$134.8	31%
	<b>Total</b>	<b>\$459.6</b>	<b>52%</b>

### 1 OPERATING MARGIN

- Adjusted Margin of 21.3%, up 350 bps
- GAAP Margin of 20.0%, up 470 bps

### 2 OPERATING EARNINGS

- Adjusted Earnings of \$98.1M, up 83%
- GAAP Earnings of \$91.9M, up 99%



**Early boating season activity, service backlogs, and OEM production increases driving demand – 28 percent adjusted operating leverage in Q1**

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

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In our parts and accessories segment, revenues increased 52 percent and adjusted operating earnings were up 83 percent versus first quarter 2020 due to strong sales growth across all product categories. Adjusted operating margins of 21.3 percent were 350 basis points better than the prior year quarter, with strong sales increases, together with favorable sales mix, driving the robust increase in adjusted operating earnings.

Continuing the theme from 2020, this aftermarket-driven, annuity-based business is benefitting from more boaters on the water, which is being augmented by flexible work schedules allowing for more leisure time, with the OEM component of the business leveraging investments in technology to take advantage of strong demand from boat builders as they increase production.

## Brunswick Corporation – Earnings Release

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

	PRODUCT CATEGORY	SALES (\$M)	% CHANGE
	Aluminum Freshwater	\$177.8	48%
	Recreational Fiberglass	\$135.4	33%
	Saltwater Fishing	\$96.8	62%
	Business Acceleration	\$12.7	27%
	<b>Total</b>	<b>\$419.5<sup>2</sup></b>	<b>44%</b>

### 1 OPERATING MARGIN

- Adjusted Margin of 10.9%, up 880 bps
- GAAP Margin of 9.7%, up 800 bps

### 2 OPERATING EARNINGS

- Adjusted Earnings of \$45.7M, up from \$6.1M in 2020
- GAAP Earnings of \$40.8M, up from \$5.1M in 2020



**Recorded double-digit operating margins on 31 percent adjusted operating leverage in Q1**

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<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 \$3.2 million.

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In our boat segment, sales were up 44 percent, with 31 percent adjusted operating leverage resulting in 10.9 percent margins for the quarter. Each brand had strong operational performances and contributed to the successful results, with Lund and Boston Whaler leading the gains in the premium brands, and Bayliner having another strong quarter as a mid-tier / value brand. Although it's only one quarter above our stated goal of double-digit margins, this is the third consecutive quarter of margins above 9 percent, and we believe that we can continue this trend throughout the year and beyond.

Operating earnings were also positively impacted by the increased sales and the lower retail discount levels versus 2020.

Freedom Boat Club, which Dave discussed earlier, contributed approximately 2 percent of the segment's revenue, at a margin profile that continues to be accretive to the segment.



## 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	21	18.7	-20.1 weeks	14.5	(41)%
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%
FY	21F		WOH lower than year-end 2020		

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✓ Production increases during Q1 resulted in ~9,400 units sold at wholesale

- Up 27% vs Q1'20
- Up 16% vs Q4'20

✓ Pipeline inventory levels unlikely to reach normalized levels until at least 2023

Our boat production continues to ramp consistent with our plans to produce in excess of 38,000 units during the year. Despite producing approximately 9,400 units in the quarter, which is up 16% from the 4<sup>th</sup> quarter of 2020, we only added a few hundred units to dealer inventories given the continued robust retail market. Our boat brands ended March with just under 19 weeks of boats on hand, measured on a trailing twelve-month basis, with units in the field lower by 41 percent versus same time last year.

We continue to believe that our current manufacturing footprint will support the production necessary to satisfy the anticipated 2021 retail demand, but we continue to work with our brands to unlock additional near-term capacity through automation, labor and select capital initiatives, including the capacity actions announced earlier in the year related to our Palm Coast, Reynosa and Portugal facilities, which will begin providing benefits by the end of the year.



## Updated 2021 Assumptions and Guidance\*

- 1** U.S. marine industry retail unit demand up mid-to-high single digit percent from 2020 levels
- 2** Revenue between \$5.4B and \$5.6B
- 3**
  - ✓ Operating margin growth between 130 and 170 bps
  - ✓ Operating expenses as a % of sales lower than 2020
- 4** EPS between \$7.30 - \$7.60
- 5** FCF in excess of \$425 million
- 6**
  - ✓ Q2 revenue up 50%, leverage in low 20s percent
  - ✓ 2H 2021 to have revenue and earnings growth vs. 2H 2020 despite very challenging comps

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As a result of historically low product pipelines and continued very strong boating participation, including in many northern regions in recent weeks due to the early Spring, production levels remain elevated across all our businesses to both satisfy retail demand and to rebuild product pipelines. These factors, together with our strong pipeline of new products and outstanding operational performance, continue to provide enhanced clarity on our ability to drive growth in upcoming periods, resulting in the following guidance for full-year 2021. We anticipate:

- U.S. Marine industry retail unit demand to grow mid-to-high single digit percent versus 2020;
- Net sales between \$5.4B and \$5.6B;
- Adjusted operating margin growth between 130 and 170 basis points;
- Operating expenses as a percent of sales to remain lower than 2020;
- Free cash flow in excess of \$425 million; and
- Adjusted diluted EPS in the range of \$7.30 to \$7.60

We're also providing directional guidance regarding the second quarter, where we anticipate revenue growth of approximately 50 percent over the second quarter of 2020, with adjusted operating leverage in the low-twenties percent. As we look to the second half of the year, despite extremely challenging comparisons to 2020, we still believe that we will deliver top-line and earnings growth over the second-half of last year.

## Brunswick Corporation – Earnings Release

2021 Outlook – P&L and Cash Flow Assumptions

2021  
OUTLOOK

	2021 ESTIMATES	CHANGE FROM PRIOR CONFERENCE CALL ESTIMATE
Working capital increase	~\$80 - \$100 million	Lower
Depreciation and amortization <sup>1</sup>	~\$130 - \$140 million	Slightly Higher
Acquisition intangible amortization	~\$30 million	Unchanged
Combined equity earnings and other income	Comparable to 2020	Unchanged
Effective book tax rate	Approximately 23% percent	Unchanged
Effective cash tax rate	Mid-to-high teens percent	Slightly Higher
Average diluted shares outstanding	~78 million	Unchanged

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<sup>1</sup> Excludes acquisition intangible amortization

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I will conclude with an update on certain items that will impact our P&L and cash flow for the remainder of 2021. The only significant update relates to the working capital usage for the year. Projected increases in accrued expenses and accounts payable are exceeding anticipated increases in accounts receivable, resulting in a lower working capital build throughout the year. We now estimate a working capital increase of \$80 to \$100 million for 2021, which together with the higher anticipated earnings, results in a stronger free cash flow projection of \$425 million.

## Brunswick Corporation – Earnings Release

2021 Outlook – Capital Strategy and Other Assumptions

2021  
OUTLOOK

	2021 ESTIMATES	CHANGE FROM PRIOR CONFERENCE CALL ESTIMATE
Debt retirement	~\$100 million	Unchanged
Capital expenditures	~\$250 - \$270 million	Higher
Share repurchases	~\$80 - \$120 million	Unchanged
Quarterly dividends	\$0.335 per share	Higher
Net interest expense	~\$60 million	Unchanged
Foreign currency earnings benefit	~\$20 million	Slightly Higher
Tariff earnings impact (net)	~\$50 million	Slightly Higher

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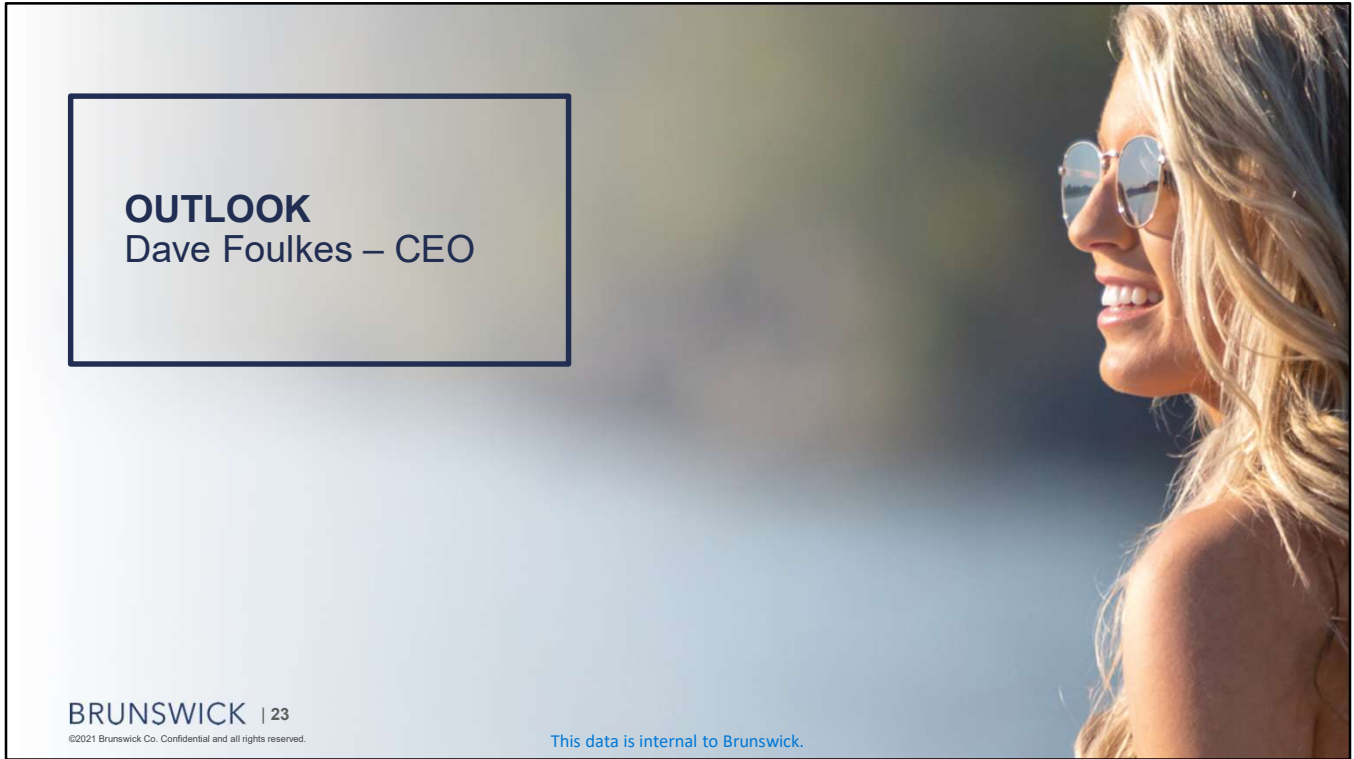
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Our capital strategy assumptions, however, have been augmented in places to take advantage of our stronger, early-year cash position. We still plan to retire approximately \$100 million of our long-term debt obligations, as we repaid \$9 million in the first quarter and \$60 million already in April. We repurchased \$16 million of shares in the quarter, and plan to continue our systematic approach throughout the year.

We anticipate spending \$250 - \$270 million on capital expenditures in the year to support, and in some cases accelerate, growth initiatives throughout our organization. This slightly increased spending will be directed to new product investments in all of our businesses, cost reduction and automation projects, and select additional capacity initiatives to support demand and future growth, primarily in the propulsion business.

We are also raising our dividend, for the ninth straight year, to 33.5 cents a share, or a 24% increase, as our strong cash position enables us to raise our dividend earlier in the year than usual, and keep our payout ratio close to our target 20-25 percent range, and continue to provide strong returns to our shareholders.

Finally, we've had a busy start to the year with M&A activity, primarily in expanding Freedom Boat Club as Dave discussed earlier. Completed deals to date will have an immaterial impact on 2021 results, but we remain active in several areas including P&A, Freedom and ACES and intend to close additional deals throughout the year.



I will now turn the call back over to Dave to continue our outlook comments.



## Brunswick Corporation – Earnings Release

### Operating and Strategic Priorities



#### PROPULSION

- Continue global share growth, especially in under-represented markets
- Execute new product programs and investments in propulsion innovations
- Efficiently increase production and refill pipelines



#### PARTS & ACCESSORIES

- Optimize global operating model and distribution
- Identify M&A targets to broaden technology and systems portfolio
- Capitalize on advanced battery and digital systems leadership
- Cultivate game-changing connected products



#### BOATS & BUSINESS ACCELERATION

- Focus on operational excellence and margin improvement
- Increase production; execute expansion plans
- Successfully launch new products across portfolio
- Continue to grow Freedom Boat Club and expand geographically



#### ENTERPRISE

- Accelerate Brunswick-wide ACES technology strategy and be a leader in marine electrification
- Advance digital marketing, e-commerce, consumer insight, and data analytics capabilities
- Advance ESG and DEI strategies

**Our businesses are executing extremely well against our operating and strategic priorities**

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Thanks Ryan. As we discussed on our January call, we felt that 2021 was setting up to be an outstanding year for all of our businesses and the first quarter did not disappoint. The combination of robust consumer demand during the quarter and solid operational execution by our businesses has us squarely on track to deliver against our operating and strategic priorities.

Our top priority for the propulsion segment continues to be satisfying outboard engine demand from new and existing OEM customers and expanding market share, especially in the dealer, saltwater, repower and international channels. We are continuing to invest heavily in new product introductions and industry-leading propulsion solutions that we project will enable top-line and earnings growth far into the future.

Our parts and accessories segment remains focused on optimizing its global operating model to leverage its distribution and position of product strength in the areas of advanced battery technology, digital systems, and connected products in support of our ACES strategy. We will continue to focus our M&A activity in this area as we look for opportunities to further build out our technology and systems portfolio.

The Boat segment will build on its first quarter successes by continuing to focus on operational excellence, improving operating margins, launching new products, executing capacity expansion plans, and refilling pipelines in a very robust retail environment.

Lastly, we remain keenly focused on accelerating the Company's ACES strategy, building on our connectivity and shared access initiatives, but also in the areas of autonomy, where we recently announced a new partnership with Carnegie Robotics, and in marine electrification, where we plan a portfolio of new products. We will also continue to advance our ESG and DEI strategies across the company. But that's all I'm going to say about our strategy on today's call because we will cover this in much more depth on our Virtual Investor Day.



It has been more than a year since we have provided you with a comprehensive update on the Company's strategy, so I welcome you to view Brunswick's "Next Wave" virtual investor event on May 10<sup>th</sup>. As we have done with past investor days, we have gathered our business leaders to provide you with an update to our 2022 strategy that was originally presented in February of 2020 in Miami, as well as to discuss certain longer-term initiatives that will grow and differentiate Brunswick through the next decade.

The pre-recorded content will be available Monday morning May 10<sup>th</sup> on Brunswick.com, and it will be available to view at your leisure all at once or in bite-size chunks by topic. We will also hold a Q&A session for investors to ask questions of our management team on Monday, May 17<sup>th</sup> at noon Central Daylight Time. All of this information will be made available in a press release early next week.

Just a reminder that while we will not be providing a full financial update during this event, Ryan will be providing an abbreviated update on our 2022 financial targets, which will include further details regarding the substantial increase of our 2022 EPS target to between \$8.25 and \$8.75 per share as announced today.

Finally, I want to once again offer heartfelt thanks to our global employee population for all their dedication, effort, and sacrifices during what is still a challenging time for our families and communities. Your hard work has enabled us to seamlessly execute our strategic plan and significantly outpace our initial growth and profit expectations.

We will now open the line for questions.

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## Appendix

## Brunswick Corporation – Earnings Release

2021 Outlook – Segment Guidance

		ORIGINAL GUIDANCE	UPDATED GUIDANCE
NET SALES GROWTH	Propulsion	High-single to low- double digit	28% - 32%
	Parts & Accessories	Mid-single digit	18% - 20%
	Boat	30+ percent	Unchanged
OPERATING MARGIN TARGET	Propulsion	Up 20+ bps	Up 120+ bps
	Parts & Accessories	Flat to up 20 bps	Up 20 to 50 bps
	Boat	9.0 - 9.5 percent	9.2 - 9.7 percent

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## Brunswick Corporation – Earnings Release

### GAAP to Non-GAAP Reconciliations

(in millions, except per share data)	Operating Earnings		Diluted Earnings per Share	
	Q1 2021	Q1 2020	Q1 2021	Q1 2020
GAAP	\$231.9	\$103.2	\$2.15	\$0.88
Restructuring, exit and impairment charges	0.5	0.4	0.00	0.00
Purchase accounting amortization	7.5	7.5	0.07	0.06
Sport Yacht & Yachts	2.5	—	0.03	—
Acquisition, integration and IT related costs	1.3	1.4	0.01	0.02
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)	(0.00)
<b>As Adjusted</b>	<b>\$243.0</b>	<b>\$112.5</b>	<b>\$2.24</b>	<b>\$0.96</b>
GAAP operating margin	16.2%	10.7%		
<b>Adjusted operating margin</b>	<b>17.0%</b>	<b>11.7%</b>		



## Brunswick Corporation – Earnings Release

Q1 Net Sales increased by \$467.7 million, or 48.4 percent

### NET SALES

(in millions)

Segments	Q1 2021	Q1 2020	% Change
Propulsion	\$657.8	\$448.6	46.6%
Parts & Accessories	459.6	301.6	52.4%
Boat	419.5	291.5	43.9%
Segment Eliminations	(103.7)	(76.2)	
<b>Total</b>	<b>\$1,433.2</b>	<b>\$965.5</b>	<b>48.4%</b>

### Q1 SALES GROWTH

Region	Q1 2021 % of Sales	% Change	Constant Currency % Change
United States	67%	47%	47%
Europe	15%	45%	33%
Asia-Pacific	8%	44%	31%
Canada	6%	65%	59%
Rest-of-World	4%	66%	78%
Total International	33%	51%	42%
<b>Consolidated</b>		<b>48%</b>	<b>46%</b>

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## Brunswick Corporation – Earnings Release

Q1 2021 vs. Q1 2020

### SALES GROWTH DRIVERS

	Propulsion	Parts & Accessories	Boat	Brunswick
Organic	44%	49%	42%	46%
Acquisitions	-	-	0%	0%
Currency	3%	3%	2%	2%
<b>2021 Net Sales - GAAP</b>	<b>47%</b>	<b>52%</b>	<b>44%</b>	<b>48%</b>

### SALES GROWTH BY REGION

	Propulsion	Parts & Accessories	Boat	Brunswick
US - GAAP	45%	48%	45%	47%
International - GAAP	50%	62%	41%	51%
Constant Currency	44%	49%	42%	46%

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## Brunswick Corporation – Earnings Release

### Tax Provision

	Q1 2021	Q1 2020
Effective Tax Rate - GAAP	21.9%	20.7%
Effective Tax Rate - As Adjusted <sup>1</sup>	22.6%	21.3%

<sup>1</sup>Tax provision, as adjusted, excludes \$1.5 million and \$0.3 million of net benefits for special tax items for Q1 2021 and Q1 2020 periods, respectively.

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- ✓ Estimated 2021 effective book tax rate, as adjusted, is expected to be approximately 23 percent based on tax guidance issued to date
- ✓ Cash tax rate expected to be mid-to-high teens percent

## Brunswick Corporation – Earnings Release

### Free Cash Flow – Q1

(in millions)	Q1 2021	Q1 2020
Net cash provided by (used for) operating activities from continuing operations	\$17.3	(\$83.9)
Net cash provided by (used for):		
Capital expenditures	(42.9)	(55.9)
Proceeds from sale of property, plant, equipment	4.2	0.4
Effect of exchange rate changes	(2.0)	(4.4)
<b>Free Cash Flow</b>	<b>(\$23.4)</b>	<b>(\$143.8)</b>

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