

An aerial photograph of a white and black Brunswick speedboat with orange interior seating, moving across a deep blue body of water. The boat is angled towards the bottom left, leaving a white wake. A white rectangular box is superimposed on the water to the right of the boat.

INNOVATION + INSPIRATION  
ON THE WATER

BRUNSWICK

**Earnings Conference Call**

**Q1 2021**

This data is internal to Brunswick.

# 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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## 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.



# **BUSINESS OVERVIEW**

Dave Foulkes – CEO

# 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**

# 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

# Brunswick Corporation – Earnings Release

Q1 2021 Awards and Milestones



## RECENT AWARDS



## ESG INITIATIVES



## BOAT SHOW UPDATES



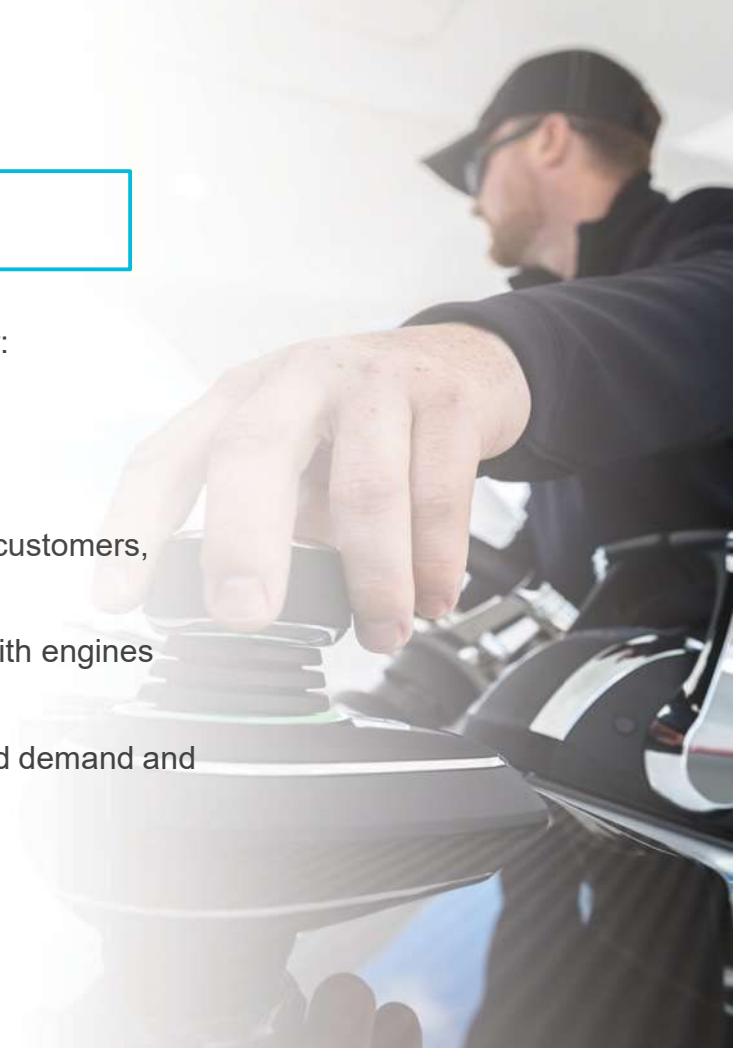
# Brunswick Corporation – Earnings Release

## 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





# Brunswick Corporation – Earnings Release

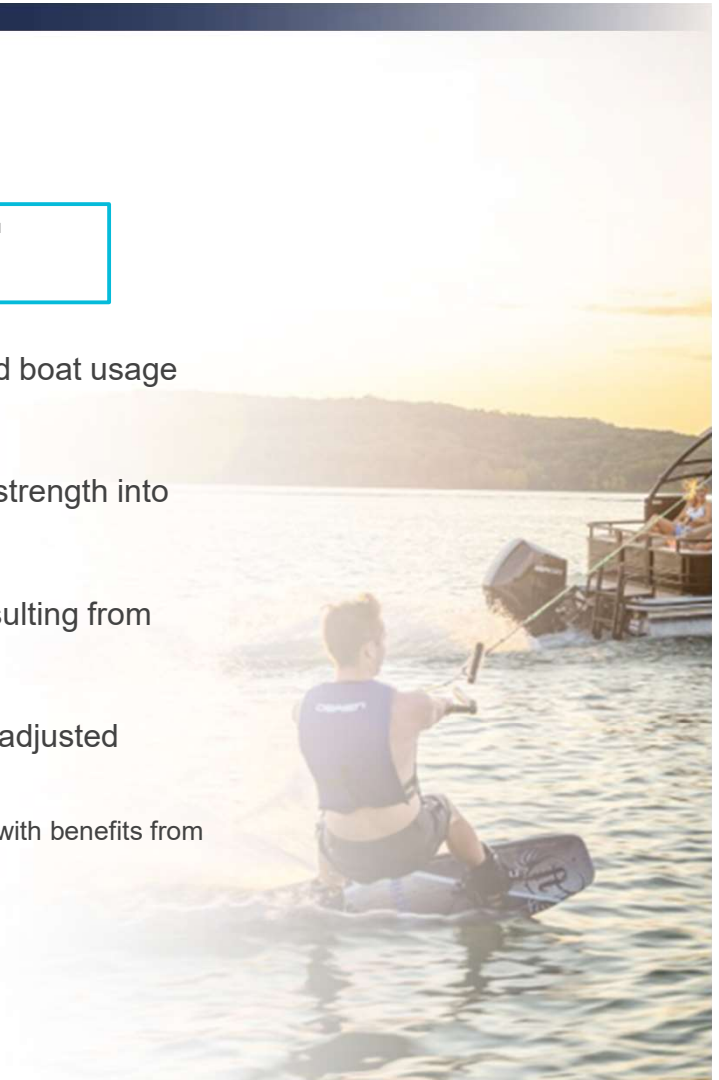
## Parts & Accessories Segment – Q1 2021 Overview



**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.



# Brunswick Corporation – Earnings Release

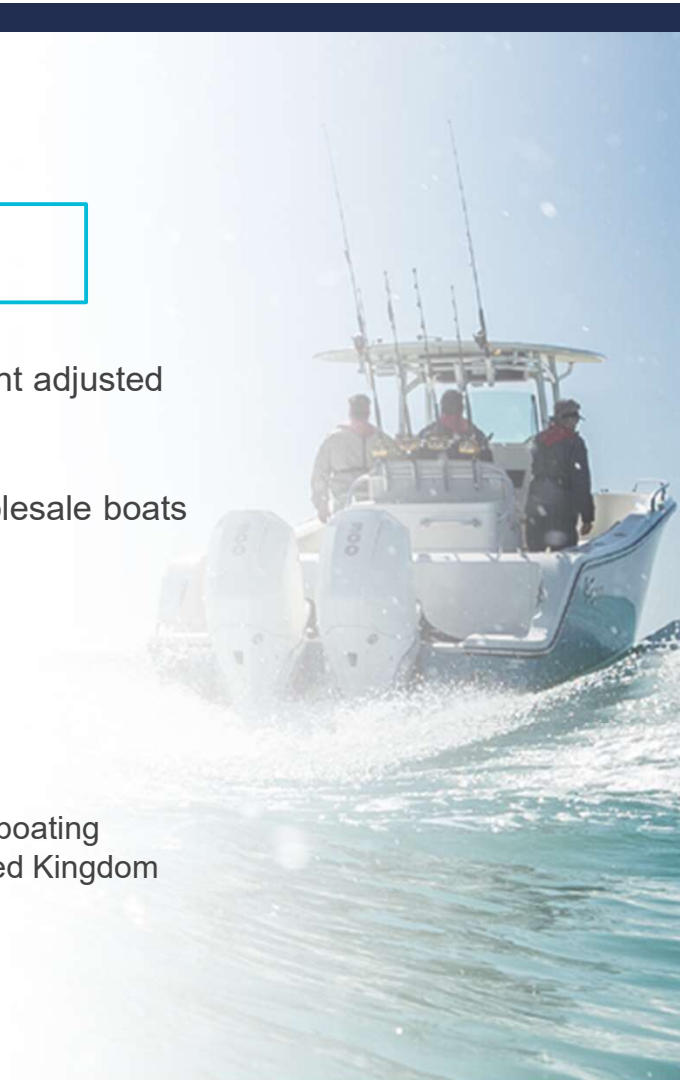
## Boat Segment – Q1 2021 Overview



**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.



# 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**

# 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.

- ✓ 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



# Brunswick Corporation – Earnings Release

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

CATEGORY	Q 1 - 2 0 2 1	Q 1 - 2 0 2 0	F Y 2 0 2 0	F Y 2 0 1 9
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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This data is internal to Brunswick.

- ✓ 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

# FINANCIAL OVERVIEW

Ryan Gwillim - CFO



# 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.

# Brunswick Corporation – Earnings Release

## Propulsion Segment – Q1 Performance

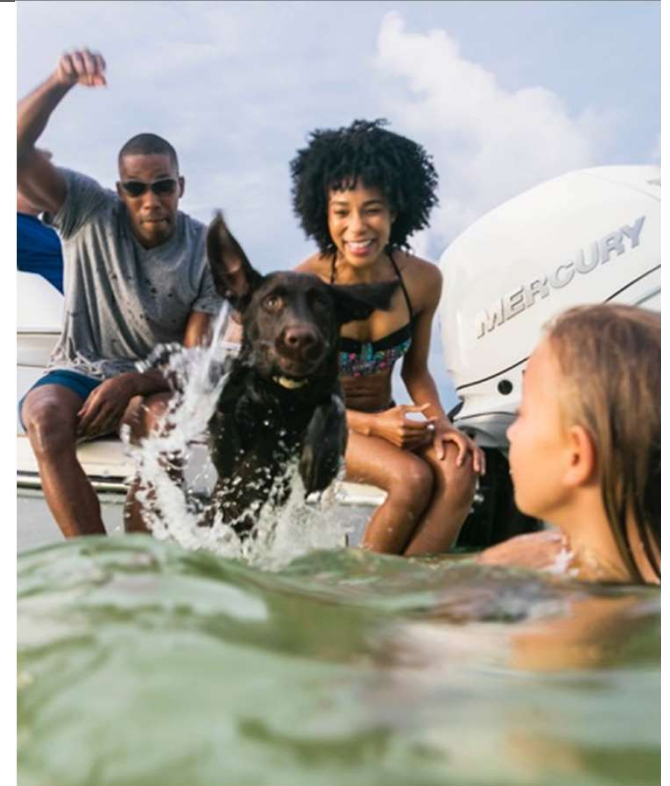
	PRODUCT CATEGORY	SALES (\$ M)	% CHANGE
	Outboard Engines	\$504.5	43%
	Sterndrive Engines	\$58.4	57%
	Controls, Rigging and Propellers	\$94.9	65%
	<b>Total</b>	<b>\$657.8</b>	<b>47%</b>

### 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**



# Brunswick Corporation – Earnings Release

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

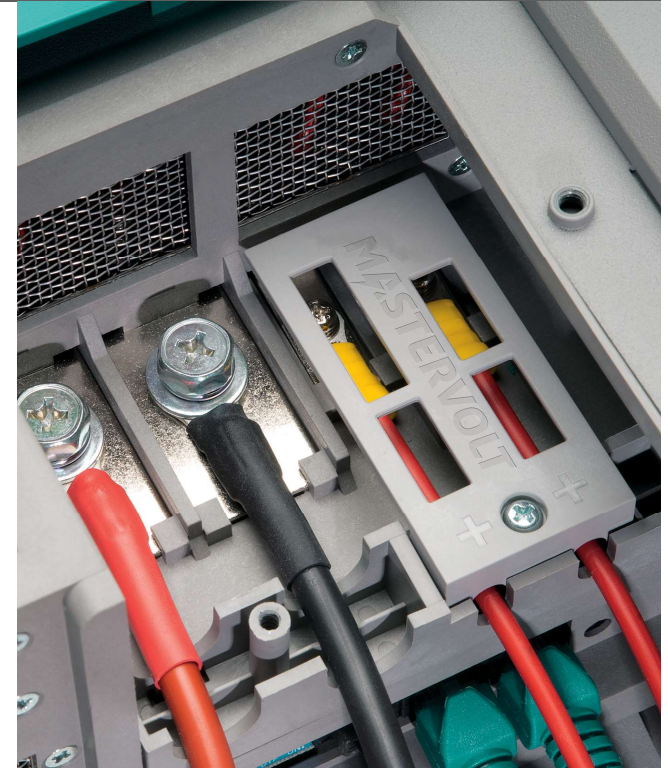
	PRODUCT CATEGORY	SALES (\$M)	% CHANGE
	Engine Parts and Accessories	\$124.2	61%
	Distribution	\$200.6	65%
	Advanced Systems Group	\$134.8	31%
	<b>Total</b>	<b>\$459.6</b>	<b>52%</b>

### 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**

# 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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## 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			

✓ 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



## 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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\*Each on an "as adjusted" basis



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## 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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## 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



## OUTLOOK

Dave Foulkes – CEO

# 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**

NEXT WAVE

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BRUNSWICK



COMING: MAY 10, 2021

2021 INVESTOR DAY



# BRUNSWICK



## Appendix

# Brunswick Corporation – Earnings Release

## 2021 Outlook – Segment Guidance

### NET SALES GROWTH

	ORIGINAL GUIDANCE	UPDATED GUIDANCE
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

# 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>		

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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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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
<b>US - GAAP</b>	<b>45%</b>	<b>48%</b>	<b>45%</b>	<b>47%</b>
<b>International - GAAP</b>	<b>50%</b>	<b>62%</b>	<b>41%</b>	<b>51%</b>
<b>Constant Currency</b>	<b>44%</b>	<b>49%</b>	<b>42%</b>	<b>46%</b>



# 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.

- ✓ **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)
Free Cash Flow	(\$23.4)	(\$143.8)

