

# Brunswick Earnings Conference Call Q4, 2014

January 29, 2015



Helping Active People Live Active Lives

# Brunswick Corporation – Earnings Release

## Forward-Looking Statements

Certain statements in this presentation are forward-looking as defined in the Private Securities Litigation Reform Act of 1995. Such statements are based on current expectations, estimates and projections about Brunswick's business. Forward-looking statements by their nature address matters that are, to different degrees, uncertain and often contain words such as "may", "could", "expect", "intend", "target", "plan", "seek", "estimate", "believe", "predict", "potential" or "continue". These 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 available to consumers for discretionary purchases, tight consumer credit markets, and the level of consumer confidence on the demand for the Company's products and services; the ability of dealers and customers to secure adequate access to financing and the Company's ability to access capital and credit markets; the ability to maintain strong relationships with dealers, distributors and independent boat builders; the ability to maintain effective distribution and develop alternative distribution channels without disrupting incumbent distribution partners; the ability to successfully manage pipeline inventories and respond to any excess supply of repossessed and aged boats in the market; credit and collections risks, including the potential obligation to repurchase dealer inventory; the risk of losing a key account or a critical supplier; the strength and protection of the Company's brands and other intellectual property; the ability to absorb fixed costs and manage production facilities while expanding capacity and enhancing product offerings; the ability to successfully complete restructuring efforts in accordance with projected timeframes and costs; the ability to obtain components, parts and raw materials from suppliers in a timely manner and for a reasonable price; the need to meet pension funding obligations; the effect of higher energy and logistics costs, interest rates and fuel prices on the Company's results; competitive pricing pressures, including the impact of inflation and increased competition from international competitors; the ability to develop new and innovative products in response to changing retail demands and expectations that are differentiated for the global marketplace at a competitive price and in compliance with applicable laws; the effect of competition from other leisure pursuits on the level of participation in boating and fitness activities; the risk of product liability, warranty and other claims in connection with the manufacture and sale of products; the ability to respond to and minimize the negative financial impact of legislative and regulatory developments, including those related to environmental restrictions, climate change, healthcare costs, taxes and employee benefits; the ability to maintain market share, particularly in high-margin products; fluctuations in the Company's stock price due to external factors; the ability to maintain product quality and service standards expected by customers; the ability to increase manufacturing operations and meet production targets within time and budgets allowed; negative currency trends, including shifts in exchange rates; competition from new technologies; the ability to complete environmental remediation efforts and resolve claims and litigation at the cost estimated; the uncertainty and risks of doing business in international locations, including international political instability, civil unrest and other risks associated with operations in emerging markets; the risk of having to record an impairment to the value of goodwill and other assets; the effect that catastrophic events may have on consumer demand and the ability to manufacture products, including hurricanes, floods, earthquakes, and environmental spills; the effect of weather conditions on demand for marine products; the inability to attract and retain individuals who could be key contributors to the organization; and risks associated with the Company's information technology systems, including the continued use of legacy systems and the risk of a failure of or attacks on the Company's information systems, which could result in data security breaches, lost or stolen assets or information, and associated remediation costs.

Additional risk factors are included in the Company's Annual Report on Form 10-K for 2013. Such forward-looking statements speak only as of the date on which they are made and Brunswick does not undertake any obligation to update any forward-looking statements to reflect events or circumstances after the date of this presentation, or for changes made to this document by wire services or Internet service providers.

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## Use of Non-GAAP Financial Information

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. For additional information, please see Brunswick's Current Report on Form 8-K issued on January 29, 2015, which is available at [www.brunswick.com](http://www.brunswick.com).

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## Discontinued Operations

On July 17, 2014, the Company announced: 1) the signing of an agreement to sell its Retail Bowling business, and 2) its intention to sell its Bowling Products business. On Sept. 18, 2014, the sale of the Retail Bowling business was completed. As a result, the historical and future results of these businesses are now reported as discontinued operations and the historical and future results of the Billiards business, which remains with the Company, are now reflected in the Company's Fitness segment. Therefore, for all periods presented in this presentation, all figures and outlook statements incorporate these changes and reflect continuing operations only, unless otherwise noted.

# Brunswick Corporation – Earnings Release

## Overview of 2014

- Revenue increased 7 percent as growth in outboard boats and engines, marine parts and accessories, fitness equipment and fiberglass sterndrive/inboard boats was partially offset by a decline in sterndrive engines
- Gross margin of 27.0 percent, an increase of 60 basis points
- Operating expenses increased by 4 percent
- Adjusted operating earnings\* increased by 21 percent compared to prior year; adjusted operating margins up 110 bps to 9.4 percent
- Net interest expense reduced by \$11.8 million
- Adjusted pretax earnings\* increased by 32 percent
- Diluted EPS, as adjusted\*, of \$2.42 - - reflects higher 2014 effective tax rate; excluding benefit of U.S. R&D tax credit, EPS, as adjusted\* of \$2.36

\* Excludes pension settlement charge related to lump sum payouts, restructuring, exit and impairment charges, impairment of equity method investment, debt extinguishment losses and special tax items, as applicable.

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Net Sales increased by \$239.0 million, or 7%

Segment (\$'s in millions)	Net Sales		
	Twelve Months Ended		
	December 31, 2014	December 31, 2013	% Change
Marine Engine	\$ 2,189.4	\$ 2,088.1	5 %
Boat	1,135.8	1,032.0	10 %
Marine eliminations	(255.8)	(236.4)	
Total Marine	3,069.4	2,883.7	6 %
Fitness	769.3	716.0	7 %
Total	\$ 3,838.7	\$ 3,599.7	7 %

2014 FY revenue by region\*: U.S. 63%, Europe 14%, Canada 8%, Asia Pacific 7%, Latin America 6%, Africa & Middle East 2%

# Brunswick Corporation – Earnings Release

Adjusted Operating Earnings increased by \$62.3 million, or 21%

Segment (\$'s in millions)	Operating Earnings - Excluding Charges		
	Twelve Months Ended		
	December 31, 2014	December 31, 2013	Change
Marine Engine	\$ 309.1	\$ 284.2	\$ 24.9
Boat	18.7	(6.0)	24.7
Total Marine	327.8	278.2	49.6
Fitness	115.3	108.1	7.2
Pension - non-service costs	(14.8)	(18.7)	3.9
Corp/Other	(67.7)	(69.3)	1.6
Adjusted operating earnings	360.6	298.3	62.3
Restructuring and other* charges	(32.1)	(16.5)	(15.6)
GAAP operating earnings	\$ 328.5	\$ 281.8	\$ 46.7
Operating margin - excluding charges	9.4%	8.3%	+110 bps
Operating margin - including charges	8.6%	7.8%	+80 bps

\* Other charges reflect pension settlement charge related to lump sum payouts in 2014.

# Brunswick Corporation – Earnings Release

Adjusted Pretax Earnings increased by \$82.1 million, or 32%

(\$'s in millions)	Adjusted Pretax Earnings		
	Twelve Months Ended		
	December 31, 2014	December 31, 2013	Change
Adjusted operating earnings	\$ 360.6	\$ 298.3	\$ 62.3
Net interest expense	(28.6)	(40.4)	11.8
Other income	8.3	0.3	8.0
<b>Adjusted pretax earnings</b>	<b>340.3</b>	<b>258.2</b>	<b>82.1</b>
Restructuring and other* charges	(32.1)	(16.5)	(15.6)
Impairment of marine equity method investment	(20.2)	-	(20.2)
Loss on early extinguishment of debt	(0.1)	(32.8)	32.7
GAAP pretax earnings	<u>\$ 287.9</u>	<u>\$ 208.9</u>	<u>\$ 79.0</u>

\* Other charges reflect pension settlement charge related to lump sum payouts in 2014.



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Diluted EPS, as adjusted, decreased by \$0.05

	Earnings Per Share	
	Twelve Months Ended	
	December 31, 2014	December 31, 2013
Diluted EPS from continuing operations	\$ 2.05	\$ 8.07
Pension - settlement charge related to completed lump sum payouts	0.19	-
Restructuring, exit and impairment charges	0.04	0.16
Impairment of marine equity method investment	0.21	-
Loss on early extinguishment of debt	0.00	0.32
Special tax items	(0.07)	0.31
Reversal of deferred tax valuation allowance reserves	-	(6.39)
Diluted EPS from continuing operations, as adjusted	<u>\$ 2.42</u>	<u>\$ 2.47</u>
Effective tax rate, as adjusted	32.5%	10.2%

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Q4 Net Sales increased by \$111.8 million, or 14%

Segment (\$'s in millions)	Net Sales		
	Three Months Ended		% Change
	December 31, 2014	December 31, 2013	
Marine Engine	\$ 465.0	\$ 423.5	10 %
Boat	294.3	239.7	23 %
Marine eliminations	(55.7)	(53.6)	
Total Marine	703.6	609.6	15 %
Fitness	235.0	217.2	8 %
Total	\$ 938.6	\$ 826.8	14 %

# Brunswick Corporation – Earnings Release

Q4 Adjusted Operating Earnings increased by \$28.8 million

Segment (\$'s in millions)	Operating Earnings - Excluding Charges		
	Three Months Ended		
	December 31, 2014	December 31, 2013	Change
Marine Engine	\$ 31.6	\$ 18.1	\$ 13.5
Boat	(3.9)	(16.1)	12.2
Total Marine	27.7	2.0	25.7
Fitness	40.8	36.6	4.2
Pension - non-service costs	(3.7)	(4.6)	0.9
Corp/Other	(22.1)	(20.1)	(2.0)
Adjusted operating earnings	42.7	13.9	28.8
Restructuring and other* charges	(28.1)	(5.8)	(22.3)
GAAP operating earnings	\$ 14.6	\$ 8.1	\$ 6.5
Operating margin - excluding charges	4.5%	1.7%	+280 bps
Operating margin - including charges	1.6%	1.0%	+60 bps

\* Other charges reflect pension settlement charge related to lump sum payouts in 2014.

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Q4 Diluted EPS, as adjusted, increased by \$0.26

	Earnings Per Share	
	Three Months Ended	
	December 31, 2014	December 31, 2013
Diluted EPS from continuing operations	\$ (0.03)	\$ 6.13
Pension - settlement charge related to completed lump sum payouts	0.19	-
Restructuring, exit and impairment charges	0.00	0.06
Impairment of marine equity method investments	0.22	-
Loss on early extinguishment of debt	0.00	0.01
Special tax items	(0.05)	0.22
Reversal of deferred tax valuation allowance reserves	-	(6.35)
Diluted EPS from continuing operations, as adjusted	\$ 0.33	\$ 0.07
Effective tax rate, as adjusted	22.3%	7.3%

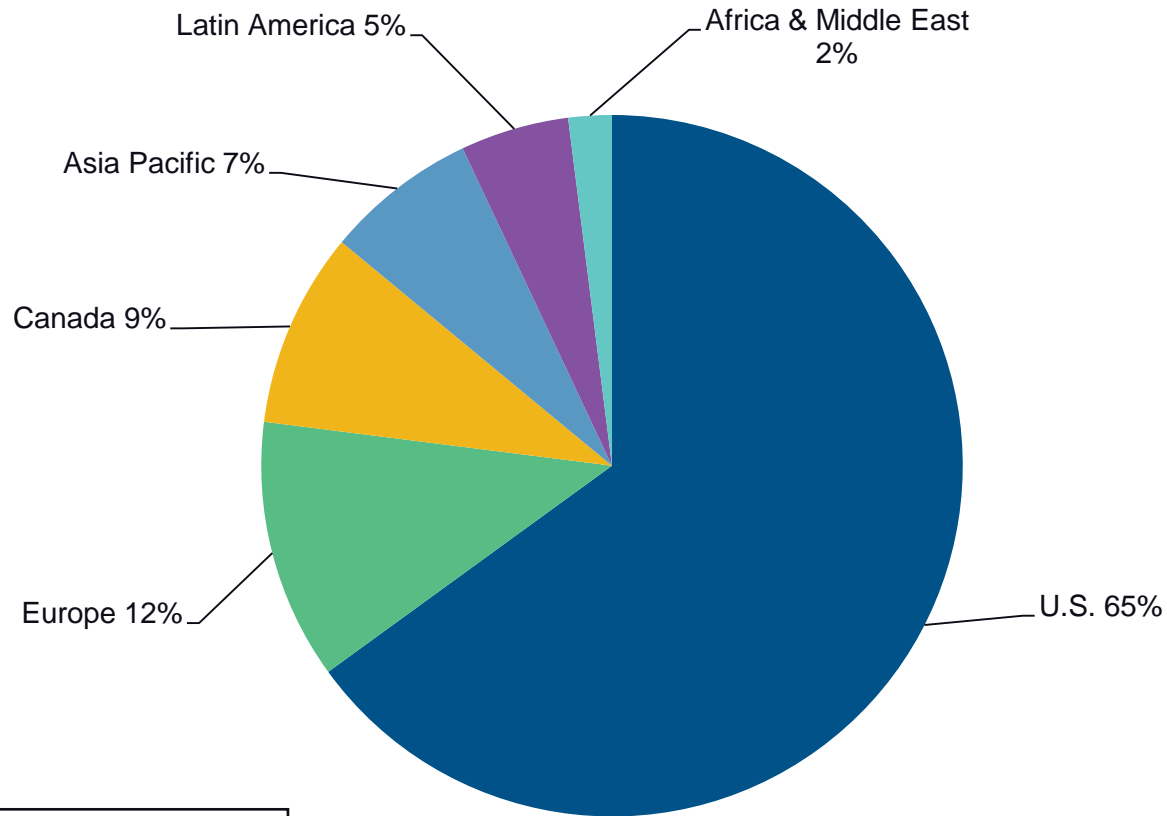
## U.S. Powerboat Industry - December, 2014 (Preliminary Results)

Preliminary 2014 U.S. industry retail powerboat shipments of approx 166,300 units;  
Global industry retail unit growth slightly less than 3 percent

Note: Total Industry (NMMA) also includes the fiberglass and aluminum lengths outside the ranges stated above, as well as ski boats, but excludes house and jet boats

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## 2014 Revenue By Region – Marine Segments Only



International sales 35%

<sup>1</sup>Engine segment sales exclude sales to the Boat segment

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## Marine Engine segment – Q4 sales by region



2014 FY revenue by region\*: U.S. 65%, Europe 14%, Asia Pacific 8%, Latin America 6%, Canada 4%, Africa & Middle East 3%

Region	Q4 - 2014 % of Sales*	Change vs. Prior Year
United States	61%	13 %
Europe	13%	31 %
Rest-of-World	26%	(1)%
Total	100%	10 %

- U.S. sales increased in outboard engines and parts and accessories, partially offset by lower sterndrive/inboard engine revenues
- European sales increased as growth was experienced in all product categories
- Rest-of-World revenue gains in parts and accessories, more than offset by declines in engines

\*Excluding sales to the Boat segment.

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## Q4 Outboard and Sterndrive engines



### Outboard

- Favorable retail demand environment continues in overall U.S. outboard boat categories, including recently launched products
- Growth in Europe, partially offset by declines in Rest-of-World

### Sterndrive

- Unfavorable global retail demand trends continue





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## Q4 Marine Engine segment's Parts & Accessories

Boating Accessories



Service Parts



Propellers



- Growth in most major markets
- Revenue benefited from recent acquisitions, new product launches and market share gains

Oil & Lubes



Trolling Motors



Controls/Rigging



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## Factors affecting Marine Engine segment's Q4 operating earnings



### Key Factors

- Higher sales
- Benefits from recently launched outboard products
- Favorable warranty experience

Q4 operating margin at 6.8%;  
FY-14 operating margin at 14.1%

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## Boat segment – Q4 sales by region



2014 FY revenue by region: U.S. 67%, Canada 16%, Europe 9%, Latin America 4%, Asia Pacific 3%, Africa & Middle East 1%

Region	Q4 - 2014 % of Sales	Change vs. Prior Year
United States	67%	37%
Europe	7%	31%
Rest-of-World	26%	(5)%
Total	100%	23%

- U.S. sales continue to benefit from overall retail growth in outboard boat categories; fiberglass sterndrive/inboard sales also increased
- Europe sales growth resulted from new product introductions
- Rest-of-World sales decreased, reflecting weakness in Canada and Latin America

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## Review of Brunswick Boat segment metrics

### Wholesale and Retail Metrics

- In the fourth quarter, Brunswick's global retail unit sales increased by 14 percent compared to prior year; global wholesale unit shipments increased by 6 percent
- For the full-year, global retail unit sales increased by 2 percent compared to prior year; global wholesale unit shipments increased by 1 percent

### Pipeline Metrics

- 2014 ended with 35 weeks of product-on-hand, comparable to the end of 2013
- Pipelines in units for aluminum and fiberglass outboard products are up compared to last year; fiberglass sterndrive/inboard pipelines are down versus the prior year

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## Factors affecting Boat segment's Q4 operating earnings



### Key Factors

- Higher sales, including several new product introductions
- Increasing costs associated with new product integrations, capacity expansions and production ramp-up
- Absence of costs related to pipeline reduction of large fiberglass boats completed in Q4, 2013.

Q4 operating margin, as adjusted, at (1.3)%;  
On a GAAP basis at (1.4)%  
FY-14 operating margin, as adjusted, at 1.6%;  
On a GAAP basis, at 1.5%



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## Fitness segment – Q4 sales by region



2014 FY revenue by region: U.S. 51%, Europe 22%, Asia Pacific 11%, Latin America 8%, Africa & Middle East 4%, Canada 4%

Region	Q4 - 2014 % of Sales	Change vs. Prior Year
United States	53%	6%
Europe	24%	22%
Rest-of-World	23%	1%
Total	100%	8%

- Growth in sales reflects gains in the U.S. to health clubs, hospitality, education and local and federal government customers
- Net sales growth experienced in international markets
- All regions benefited from new product introductions

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## Factors affecting Life Fitness segment's Q4 operating earnings



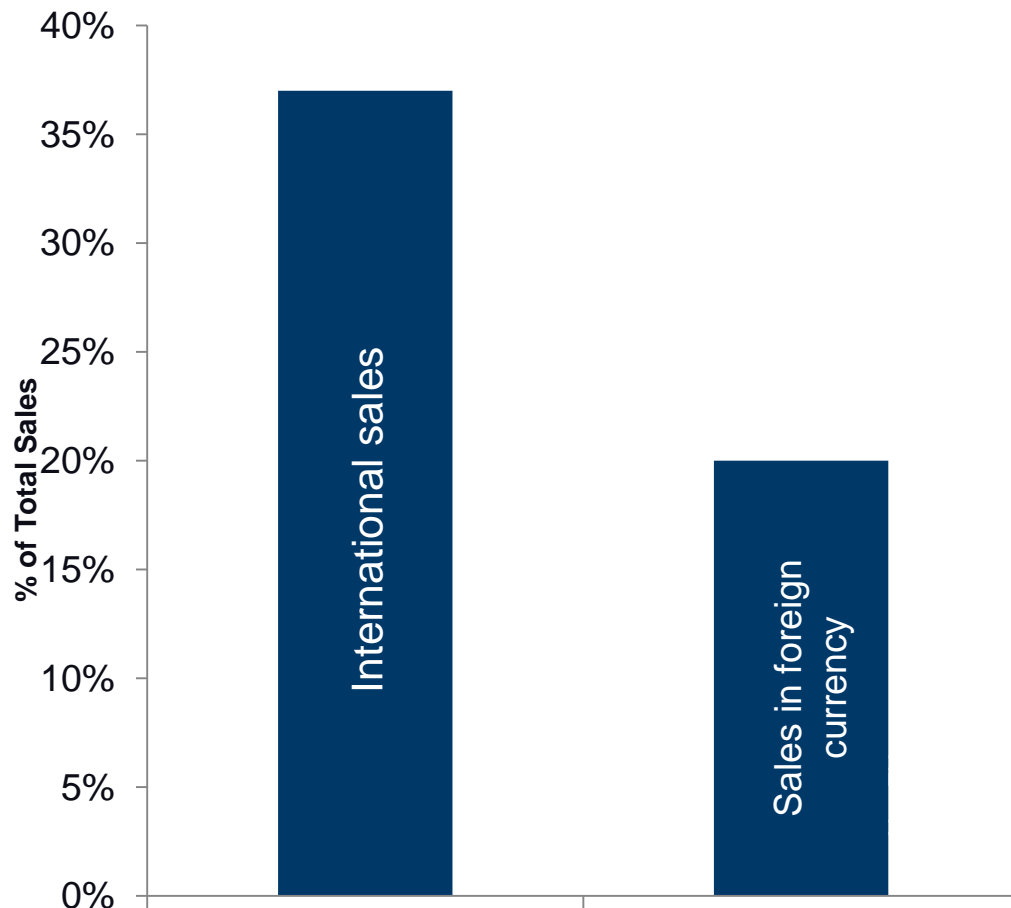
### Key Factors

- Higher sales
- Increase in growth investments

Q4 operating margin at 17.4%;  
FY-14 operating margin at 15.0%

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## Review of foreign currency impact\*



### Full-year 2014:

- Minimal impact on sales and operating earnings; unfavorable impact in Q4

### Outlook 2015:

- Unfavorable effect of currency on sales is approximately 2 1/2 percent
- Unfavorable impact on operating earnings comparisons of approximately 7 percent or \$25 million (includes the impact of hedging activity)

\* Includes the impact of hedging activity.



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## Other factors affecting GAAP pre-tax earnings

<u>\$ in millions</u>	<u>GAAP</u>	
	<u>2014</u>	<u>2013</u>
Q4 pension settlement charge	\$ 27.9	\$ -
Q4 impairment charge - equity method investment	20.2	-
Restructuring charges	4.2	16.5
Early debt extinguishment charges	0.1	32.8

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## Tax provision

(\$'s in millions)	Q4		Full-year	
	2014	2013	2014	2013
Effective tax rate - GAAP	71.3%	NM	32.3%	NM
Effective tax rate, as adjusted*	22.3%	7.3%	32.5%	10.2%

Estimated full-year 2015: Effective Book Tax Rate, as adjusted, is approximately 34 percent; Effective Cash Tax Rate to approximate mid-teen percent levels.

\*Tax provision, as adjusted, excludes (1) \$4.8 million and \$6.4 million benefit for special tax items for 2014 Q4 and full year, respectively, and a \$0.4 million charge and \$0.9 million benefit from restructuring, exit and impairment charges for 2014 Q4 and full year, respectively; and a \$6.0 million benefit from pension lump-sum charges for 2014 Q4 and full year; and a \$4.3 million benefit from impairment of equity method investment for 2014 Q4 and full year; and (2) \$20.8 million and \$29.0 million charge for special tax items for 2013 Q4 and full year, respectively, and a \$0.5 million charge and \$3.8 million benefit from restructuring, exit and impairment charges and losses on early extinguishment of debt for 2013 Q4 and full year, respectively.

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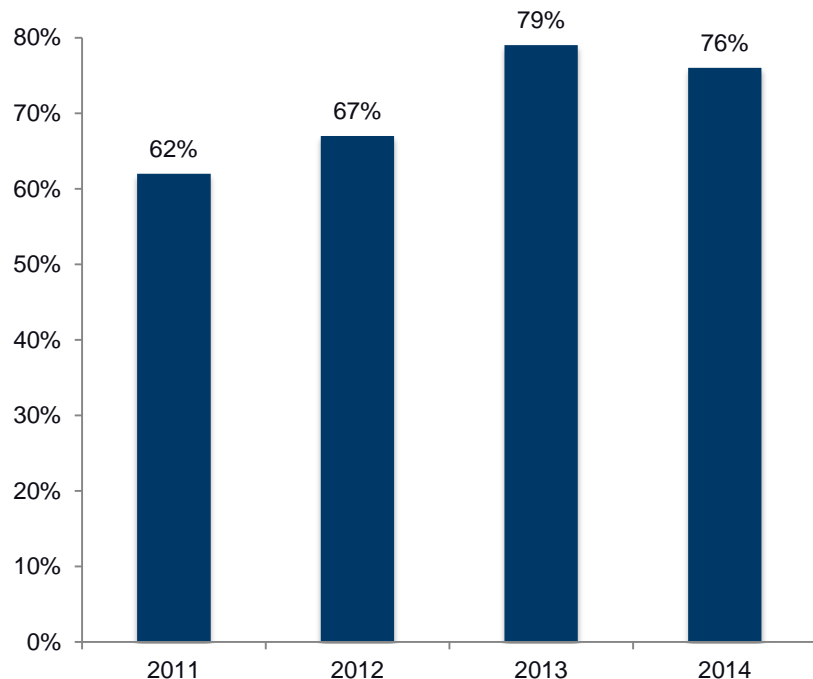
## Cash Flow

(\$'s in millions)	2014	2013
Net earnings from continuing operations	\$ 194.9	\$ 756.8
Depreciation and amortization	81.2	71.4
Pension funding, net of expense	(31.1)	(35.3)
Excess tax benefits from share-based compensation	(8.4)	(37.2)
Deferred income taxes	48.3	(604.4)
Loss on early extinguishment of debt	0.1	32.8
Changes in certain current assets and current liabilities, excluding acquisitions	(66.7)	(63.1)
Income taxes	(0.8)	24.6
Other, net	17.8	22.4
<b>Net cash provided by operating activities of continuing operations</b>	<b>\$ 235.3</b>	<b>\$ 168.0</b>

Net cash provided by operating activities  
increased by \$67.3 million

# Pension Plan Update

**Percent Funded\***



**Unfunded Obligation\***

Year	Unfunded Obligation
2011	\$481M
2012	\$447M
2013	\$255M
2014	\$310M

*\*Percentages and amounts reflect qualified benefit plans only*

- Benefits frozen
- Investment policy:
  - Transitioning asset allocation to 100 percent fixed income
  - Current allocation is 80 percent fixed income and 20 percent equity
- First of two lump sum actions completed in Q4, 2014, second planned for Q4, 2015
- Cash contributions of approximately \$70 million in 2014 and \$70-75 million planned in 2015; reflects an estimated amount to be used to fund planned lump sum payouts
- Unfunded obligation increased by \$55 million in 2014; new mortality table implemented
- Pension expense in 2015 is expected to be lower by \$2 million

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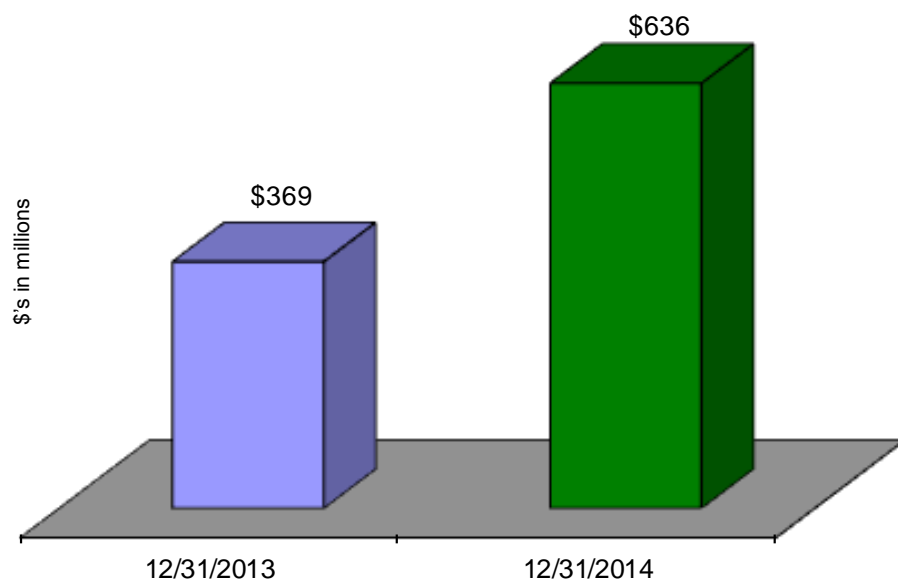
## Free Cash Flow

(\$'s in millions)	2014	2013
<b>Net cash provided by operating activities of continuing operations</b>	\$ 235.3	\$ 168.0
Net cash provided by (used for):		
<b>Capital expenditures</b>	<b>(124.8)</b>	<b>(126.5)</b>
Proceeds from sale of property, plant and equipment	5.8	16.9
<b>Total free cash flow</b>	<b>\$ 116.3</b>	<b>\$ 58.4</b>

Free cash flow higher by \$57.9 million

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## Cash and Marketable Securities



### Main factors affecting cash balances

- Discontinued operations cash flow (net) of \$262 million
- Free cash flow of \$116 million
- Acquisitions of (\$42) million
- Dividends paid of (\$42) million
- Share repurchases of (\$20) million (approximately 412K shares)

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## 2015 Outlook – P&L, as adjusted

- Depreciation and amortization estimate of approximately \$90 million
- Pension expense of approximately \$13 million, a decrease of \$2 million
- Net interest expense of approximately \$26 million
- Combined equity earnings and other income comparable to prior year
- Effective book tax rate of approximately 34 percent
- Average diluted shares outstanding of approximately 94.0 million to 95.0 million

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## 2015 Outlook: Cash Flow Assumptions

- Pension cash contributions of approximately \$70 million to \$75 million
- Current plan anticipates working capital changes to result in a modest usage of cash of \$30 million to \$50 million
- Capital expenditure levels of approximately 4 percent of sales
- Generate positive free cash flow of approximately \$150 million to \$170 million



# Outlook for Brunswick 2015

## 2015 Financial Targets

- Revenue growth of approximately 6 percent to 8 percent
- Slight improvement in gross margin levels
- Operating expenses, as a percent of sales, to be lower than prior year
- Adjusted pretax earnings growth of 15 percent to 20 percent
- Diluted EPS, as adjusted, of \$2.70 to \$2.85

## First Half – Early Forecast

- Revenue growth in the high-single to low double-digit range
- Consolidated operating margin slightly lower to flat compared to prior year

# Marine Engine Segment

## Continued Revenue and Operating Earnings Growth



### Summary of Growth Strategy

- Drive consistent, profitable growth
  - Product leadership
  - Be the best partner
  - Enhance the winning culture
- Outboard Engines
  - Protect the core from low-cost entrants and grow share in underserved markets
- Sterndrive Engines
  - Stabilize engine platform technology
  - Grow share in gas and diesel applications
- Parts & Accessories (P&A)
  - Achieve growth through global share gain and portfolio expansion
- Adjacencies
  - Leverage competencies to drive growth and diversification in complimentary businesses

### Financial Targets

- **2014 to 2016 Targets**
  - Revenue CAGR in mid-single digit percent range
  - Operating margins in the 14 percent to 15 percent range
- **2015 Targets**
  - Revenue growth in mid-single digit percent range
  - Modest improvement in operating margins
  - Currency headwinds and absence of 2014 favorable warranty adjustments
  - Acquisitions continue to negatively impact operating leverage



# Boat Group Segment

## Gain Market Share and Improve Profitability



### Summary of Growth Strategy

- Establishing product leadership through repeated product feature innovation on key consumer values
- Leveraging scale across functions
- Driving product and business cost reductions to reduce consumers' investment to participate in boating
- Deeply understanding consumers' needs and motivations and incorporating those into products and marketing
- Maximizing dealer network through increased coverage, improved sales tools and enhanced consumer engagement activities

### Financial Targets

- **2014 to 2016 Targets**
  - Revenue CAGR in mid-single to high-single digit range
  - Operating margins in the 4 percent to 6 percent range
- **2015 Targets**
  - Revenue growth in low double-digit range
  - Year-over-year improvement in operating margin comparable to 2014

# Fitness Segment

## Continued Revenue Growth with Strong Margins



### Summary of Growth Strategy

- Aggressively leverage innovation to achieve competitive differentiation
- Develop new products and services complementary to existing portfolio that may extend into new markets
- Leverage brand and distribution to enter product categories with high growth potential
- Continued innovation drives market share in cardio, strength and group training categories

### Financial Targets

- **2014 to 2016 Targets**
  - Revenue CAGR in mid-single to high-single digit range
  - Operating margins in the 14 percent to 16 percent range
- **2015 Targets**
  - Revenue growth in mid-single to high-single digit range
  - Flat operating margin



# Capital Strategy - 2015 to 2016

## 2015 to 2016 Plan

- Maintain strong cash and liquidity positions and regain investment grade credit rating
- Strengthen Marine and Fitness segments:
  - Investing in growth is first priority
  - Pursue acquisition opportunities with initial focus on Mercury parts and accessories, as well as Life Fitness
  - Organic growth and adjacency opportunities in Fitness and Engines
- Return cash to shareholders through a balanced approach that includes dividends and share repurchases
- Execute pension de-risking plans

Capital strategy prioritizes growth investments and acquisitions, maintains strong balance sheet and returns cash to shareholders

# Brunswick Earnings Conference Call Q4, 2014



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# Appendix



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## U.S. Powerboat Industry - December, 2014 (Preliminary Results)

2014 - Units				Q1	Q2	Q3	Q4	YTD
16->	All	Aluminum	Aluminum Fish	8,500	17,802	9,783	3,297	39,382
			Pontoon	4,781	21,518	11,014	1,851	39,164
11-40 ft*	OB	Fiberglass	All (Inshore/Offshore)	8,385	16,052	11,245	5,159	40,841
14-30 ft	IB/IO	Fiberglass	All (Bowrider/ Deck)	1,953	6,224	3,645	644	12,466
31-40 ft*	IB/IO	Fiberglass	All (Cruiser)	248	561	361	181	1,351
41-62 ft*	IB/IO	Fiberglass	All (Yacht)	152	300	202	165	819
<b>Main Powerboat Segments</b>				<b>24,019</b>	<b>62,457</b>	<b>36,250</b>	<b>11,297</b>	<b>134,063</b>
<b>Total Industry (NMMA)</b>				<b>28,788</b>	<b>73,906</b>	<b>43,125</b>	<b>13,582</b>	<b>159,401</b>

2013 - Units				Q1	Q2	Q3	Q4	YTD
16->	All	Aluminum	Aluminum Fish	8,296	16,783	9,264	3,034	37,377
			Pontoon	4,596	20,495	10,512	1,711	37,314
11-40 ft*	OB	Fiberglass	All (Inshore/Offshore)	7,920	14,629	10,055	4,460	37,064
14-30 ft	IB/IO	Fiberglass	All (Bowrider/ Deck)	2,218	6,616	4,188	682	13,704
31-40 ft*	IB/IO	Fiberglass	All (Cruiser)	282	466	338	175	1,261
41-62 ft*	IB/IO	Fiberglass	All (Yacht)	161	293	239	145	838
<b>Main Powerboat Segments</b>				<b>23,473</b>	<b>59,282</b>	<b>34,596</b>	<b>10,207</b>	<b>127,558</b>
<b>Total Industry (NMMA)</b>				<b>28,093</b>	<b>70,141</b>	<b>41,101</b>	<b>12,314</b>	<b>151,649</b>

Source: Statistical Surveys, Inc.: 2014 preliminary data is based on 99% of Q1 & Q2, 94% of Q3, 86% of October, 75% of November and 59% of December market reporting; Coast Guard data updated through 12/2014.

Note: Total Industry (NMMA) also includes the fiberglass and aluminum lengths outside the ranges stated above, as well as ski boats, but excludes house and jet boats



# Brunswick Corporation – Earnings Release

## Consolidated Statements of Operations, as adjusted\*

	2014			
	Q1	Q2	Q3	Q4
<b>Net Sales</b>	<b>\$ 894.9</b>	<b>\$ 1,073.1</b>	<b>\$ 932.1</b>	<b>\$ 938.6</b>
Cost of sales	651.6	768.8	672.9	708.6
Selling, general and administrative expense	133.0	134.9	134.9	153.8
Research and development expense	28.4	28.0	29.7	33.5
<b>Operating earnings</b>	<b>81.9</b>	<b>141.4</b>	<b>94.6</b>	<b>42.7</b>
Equity earnings (loss)	(0.2)	0.0	0.7	1.3
Other income, net	1.1	1.2	1.2	3.0
<b>Earnings before interest and income taxes</b>	<b>82.8</b>	<b>142.6</b>	<b>96.5</b>	<b>47.0</b>
Interest expense	(7.9)	(7.9)	(6.9)	(7.1)
Interest income	0.2	0.3	0.2	0.5
<b>Earnings before income taxes</b>	<b>75.1</b>	<b>135.0</b>	<b>89.8</b>	<b>40.4</b>
Income tax provision	25.6	45.8	30.2	9.0
<b>Net earnings from continuing operations</b>	<b>49.5</b>	<b>89.2</b>	<b>59.6</b>	<b>31.4</b>
Diluted - earnings per common share, from continuing operations	\$ 0.52	\$ 0.94	\$ 0.63	\$ 0.33
Weighted average shares	95.0	95.1	95.2	95.3
Effective tax rate from continuing operations	34.1%	33.9%	33.6%	22.3%

\*Excludes pension settlement charge related to completed lump sum payouts, restructuring, exit and impairment charges, impairment of equity method investment, debt extinguishment losses and special tax items, as applicable.

# Brunswick Corporation – Earnings Release

## Consolidated Statements of Operations, GAAP

	2014			
	Q1	Q2	Q3	Q4
<b>Net Sales</b>	<b>\$ 894.9</b>	<b>\$ 1,073.1</b>	<b>\$ 932.1</b>	<b>\$ 938.6</b>
Cost of sales	651.6	768.8	672.9	708.6
Selling, general and administrative expense	133.0	134.9	134.9	153.8
Research and development expense	28.4	28.0	29.7	33.5
Pension settlement charge related to completed lump sum payouts	-	-	-	27.9
Restructuring, exit and impairment charges	0.0	3.1	0.9	0.2
<b>Operating earnings</b>	<b>81.9</b>	<b>138.3</b>	<b>93.7</b>	<b>14.6</b>
Impairment of equity method investment	-	-	-	(20.2)
Equity earnings (loss)	(0.2)	0.0	0.7	1.3
Other income, net	1.1	1.2	1.2	3.0
<b>Earnings (loss) before interest and income taxes</b>	<b>82.8</b>	<b>139.5</b>	<b>95.6</b>	<b>(1.3)</b>
Interest expense	(7.9)	(7.9)	(6.9)	(7.1)
Interest income	0.2	0.3	0.2	0.5
Loss on early extinguishment of debt	-	-	-	(0.1)
<b>Earnings (loss) before income taxes</b>	<b>75.1</b>	<b>131.9</b>	<b>88.9</b>	<b>(8.0)</b>
Income tax provision (benefit)	26.0	44.8	27.9	(5.7)
<b>Net earnings (loss) from continuing operations</b>	<b>49.1</b>	<b>87.1</b>	<b>61.0</b>	<b>(2.3)</b>
Diluted - earnings (loss) per common share, from continuing operations	\$ 0.52	\$ 0.92	\$ 0.64	\$ (0.03)
Weighted average shares	95.0	95.1	95.2	93.8
Effective tax rate from continuing operations	34.6%	34.0%	31.4%	71.3%