

**INNOVATION + INSPIRATION**  
**ON THE WATER**



**BRUNSWICK**

**Brunswick Investor Day 2020 – Miami**  
FEBRUARY 11, 2020

# Brunswick Corporation – Investor Day

## Forward-Looking Statements

Certain statements in this presentation are forward-looking as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on current expectations, estimates, and projections about Brunswick's business and by their nature address matters that are, to different degrees, uncertain. Words such as "may," "could," "expect," "intend," "target," "plan," "seek," "estimate," "believe," "predict," "outlook," and similar expressions are intended to identify forward-looking statements. Forward-looking statements are not guarantees of future performance and involve certain risks and uncertainties that may cause actual results to differ materially from expectations as of the date of this presentation. These risks include, but are not limited to: the effect of adverse general economic conditions, including the amount of disposable income consumers have available for discretionary spending, tight consumer credit markets, and the level of consumer confidence on the demand for our products and services; our ability to successfully implement our strategic plan and growth initiatives; our ability to integrate targeted acquisitions, including the Global Marine & Mobile Business of Power Products; the risk that unexpected costs will be incurred in connection with these transactions; the possibility that the expected synergies and value creation from these transactions will not be realized or will not be realized within the expected time period; having to record an impairment to the value of goodwill and other assets; changes to U.S. trade policy and tariffs; the inability to identify and complete targeted acquisitions; negative currency trends, including shifts in exchange rates; fiscal policy concerns; adequate financing access for dealers and customers and our ability to access capital and credit markets; maintaining effective distribution; adverse economic, credit, and capital market conditions; loss of key customers; attracting and retaining skilled labor, implementing succession plans for key leadership, and executing organizational and leadership changes; inventory reductions by dealers, retailers, or independent boat builders; requirements for us to repurchase inventory; actual or anticipated increases in costs, disruptions of supply, or defects in raw materials, parts, or components we purchase from third parties, including as a result of new tariffs on raw materials, increased demand for shipping carriers, and transportation disruptions; higher energy and fuel costs; our ability to protect our brands and intellectual property; absorbing fixed costs in production; managing our manufacturing footprint; outages, breaches, or other cybersecurity events regarding our technology systems, which could result in lost or stolen information and associated remediation costs; managing our share repurchases; competitive pricing pressures; our ability to develop new and innovative products and services at a competitive price, in legal compliance with existing rules; maintaining product quality and service standards; product liability, warranty, and other claims risks; legal and regulatory compliance, including increased costs, fines, and reputational risks; changes in income tax legislation or enforcement; certain divisive shareholder activist actions; joint ventures that do not operate solely for our benefit; international business risks; and weather and catastrophic event risks.

Additional risk factors are included in the Company's Annual Report on Form 10-K for 2018 and the Quarterly Reports on Form 10-Q for subsequent periods. 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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# Brunswick Corporation – Investor Day

## 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.

Slides including non-GAAP measures include an asterisk (\*) denoting such usage, with the exclusions or adjustments, along with reconciliations to GAAP measures, described in Brunswick's Current Report on Form 8-K issued on January 30, 2020 (for 2019 and 2018 information), or in Current Reports on Form 8-K dated February 1, 2018, January 26, 2017, January 28, 2016, and January 29, 2015 (for information from 2017 and earlier), all of which are available at [www.brunswick.com](http://www.brunswick.com).

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 pension settlement charges, restructuring, exit and impairment costs, special tax items, acquisition-related costs, and certain other unusual adjustments.

For purposes of comparison, 2019 net sales growth is also shown using 2018 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.

A scenic photograph of a boat in a cave opening over the ocean. The cave's interior is dark, while the water outside is a vibrant blue. The word "AGENDA" is overlaid in large, white, sans-serif capital letters across the lower half of the image.

# AGENDA

- **Strategy Overview & 2019 Review** – Dave Foulkes
- **Mercury Propulsion** – Chris Drees
- **Parts & Accessories** – Chris Drees
- **Boat Group** – Huw Bower
- **Business Acceleration** – Brenna Preisser
- **Financial Performance** – Bill Metzger

# BRUNSWICK



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## Strategy Overview & 2019 Review

Dave Foulkes



BRUNSWICK

**INNOVATION + INSPIRATION**  
ON THE WATER

# AUTHENTIC LEADERSHIP

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## THE WORLD'S LEADING

RECREATIONAL BOAT BRANDS

MARINE PROPULSION

MARINE PARTS & ACCESSORIES

BOAT CLUB OPERATOR

## THE INDUSTRY'S LEADING

INNOVATION CAPABILITIES

SERVICES PORTFOLIO

1 OUT OF EVERY 2

BOATS IS POWERED  
BY MERCURY

3 OF THE TOP 4

MOST RECOGNIZABLE  
U.S. BOAT BRANDS

210+

BOAT CLUB  
LOCATIONS

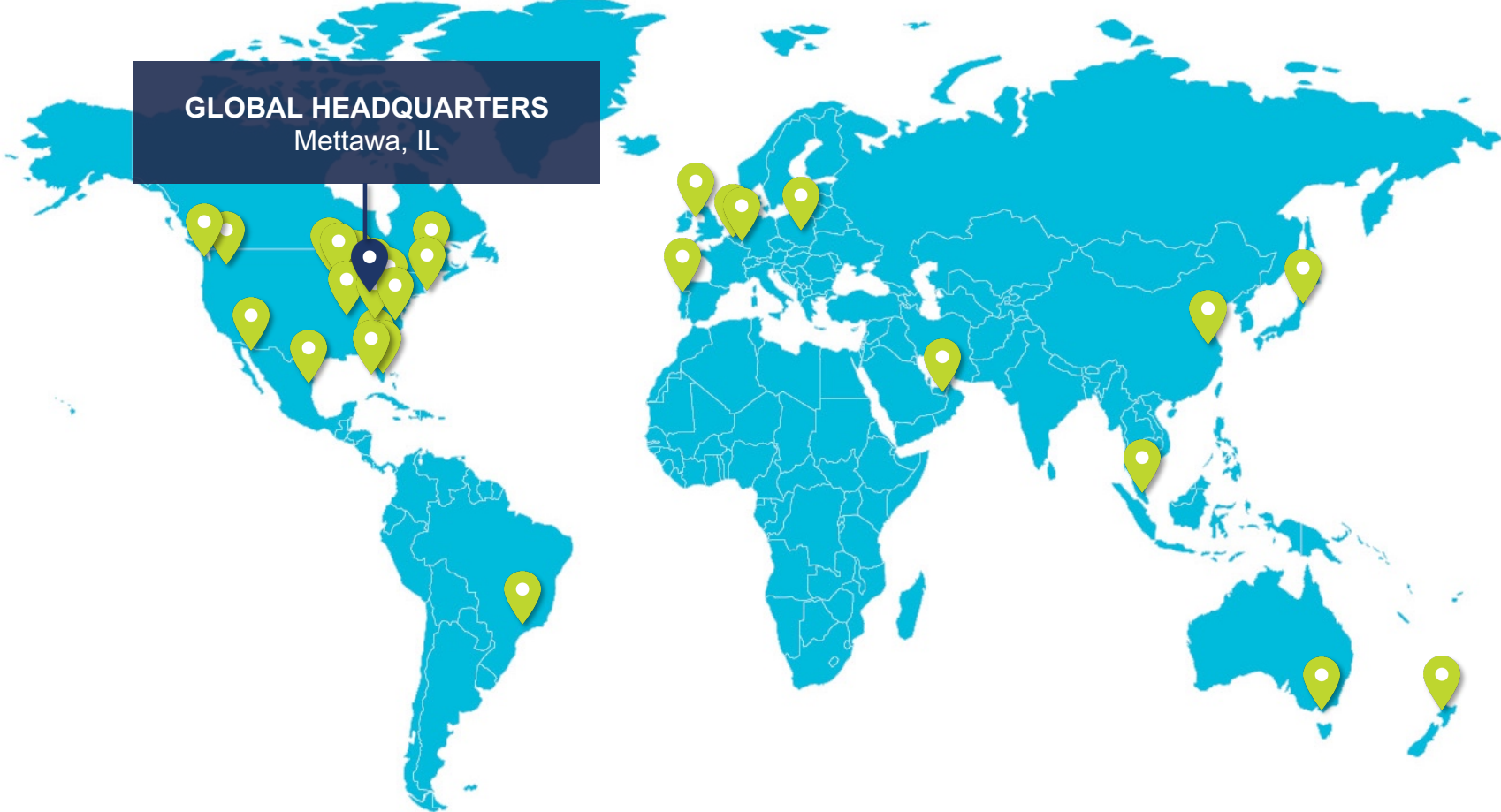
225

PATENTS IN THE  
LAST TWO YEARS

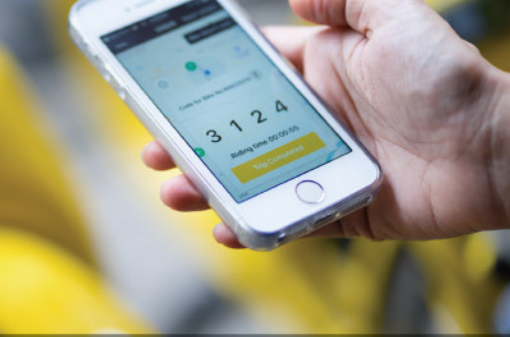


INNOVATION + INSPIRATION  
ON THE WATER

# 24 Countries | Serving 170 Markets







Evolving Consumer Expectations



Competition for Recreation Time



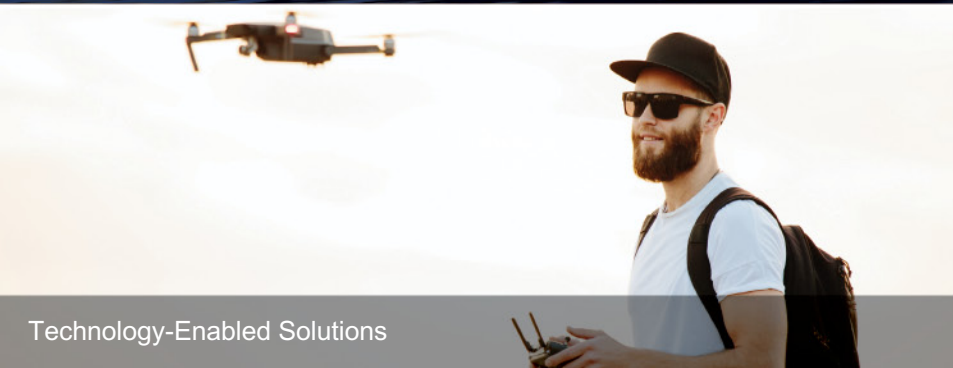
Changing Competitive Environment

**WE ARE UNIQUELY POSITIONED TO CREATE THE FUTURE OF MARINE**

Contemporary  
Relevant

Compelling  
High-quality

Frictionless  
Inclusive



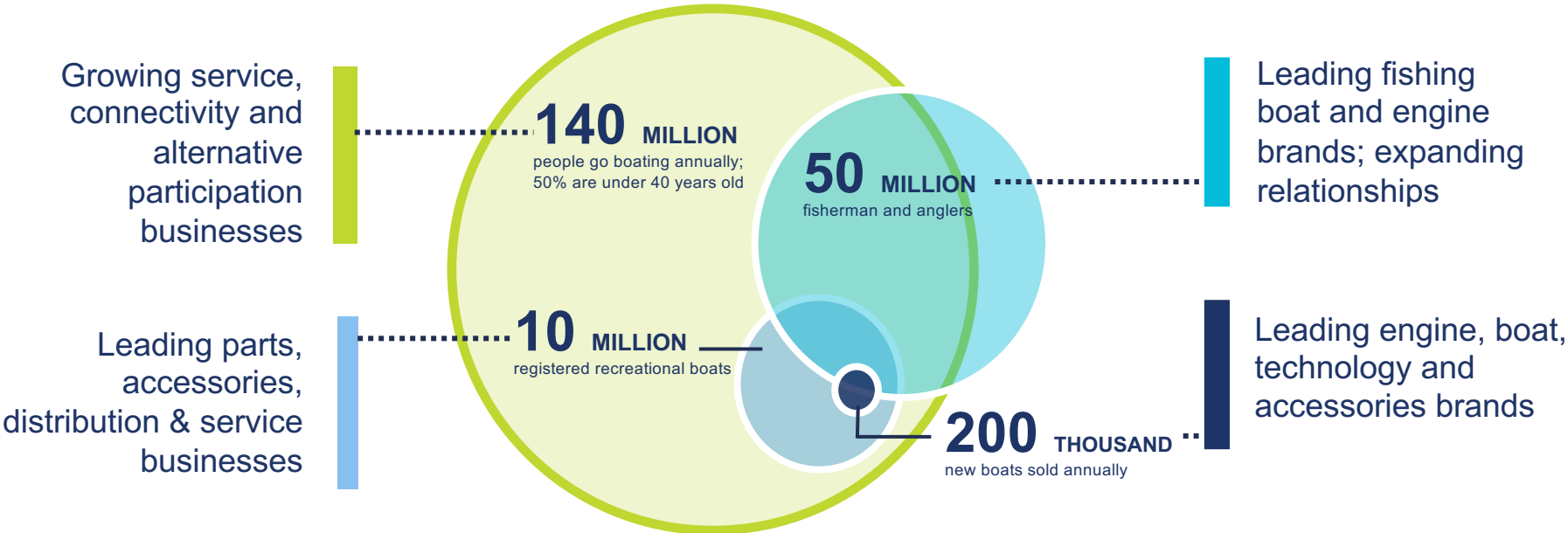
Technology-Enabled Solutions



Shifting Demographics

# Dimensioning the U.S. Boating Eco-System

How Brunswick Will Continue to Win



# Our Strategy Pillars Drive Desired, Differentiated Outcomes

**Innovation  
and Inspiration  
on the Water**

## PILLARS

**EXCEPTIONAL  
PRODUCTS  
AND BRANDS**

**OPERATING  
AND QUALITY  
EXCELLENCE**

**BEST  
EMPLOYER  
AND PARTNER**

**CUSTOMER-  
CENTRIC  
INNOVATION**

**FRICTIONLESS  
CONSUMER  
EXPERIENCES**

## OUTCOMES



**EXCEPTIONAL  
EXPERIENCES**



**EXPANDED  
PARTICIPATION**



**LEVERAGED  
PROFITABILITY**

# 2019 WAS A PIVOTAL YEAR

## Major Strategic Actions



**New North-Star  
& Narrative**



**Strategic M&A**



**New Operating Model  
& Talent**



**Technology & ESG Strategies**



# Streamlined Business & Narrative Supported by Strategic M&A

## NEW NORTH-STAR & NARRATIVE



- Largest recreational marine company with the leading brands
- Synergistic business segments; cycle-resistant platform
- Leveraging scale to lead in technology and digital transformation
- Expanding participation; engaging the next generation
- Lean, agile organization and operations with clear goals

## STRATEGIC M&A



**INTEGRATED**  
Power Products

**SOLD**  
Life Fitness

**ACQUIRED**  
Freedom Boat Club

# New Operating Model and Enhanced Talent Development

Enhance Commercial Focus; Leverage Scale; Unlock and Augment Talent



**NEW OPERATING  
MODEL**

**TWO  
New Divisions**

**BOAT GROUP  
New Structure**

**ENHANCED  
Segment  
Reporting**

## TALENT DEVELOPMENT

### STRENGTHENING OUR BENCH



**Brett Dibkey**  
President – Advanced  
Systems Group



**Neha Clark**  
CFO –  
Boat Group



**Dr. John Reid**  
Vice President –  
Enterprise Technologies

### DEVELOPING INTERNAL TALENT



**Brenna Preisser**  
President – Business  
Acceleration & CHRO



**Chris Drees**  
President –  
Mercury Marine

# Two New Operating Divisions

Tighten Focus on Key Opportunities; Enable Parallel Growth Initiatives



## BUSINESS ACCELERATION

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- Home for emerging and disruptive business models
- Focus on service and subscription
- Invest in and incubate early-stage companies
- Engage the next generation of boaters

## ADVANCED SYSTEMS GROUP

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- Focused growth platform for non-propulsion systems and technologies
- Marine and cross-vertical applications
- Execute on scale and leverage opportunities
- Establish CoEs

# New Operating Model Unlocks Potential of Industry-Leading Brands

New Reporting Segments Highlight Attractive P&A Businesses

MERCURY MARINE			ADVANCED SYSTEMS		BOATS		BUSINESS ACCELERATION	
<b>PROPULSION</b>	<b>ENGINE P&amp;A</b>	<b>DISTRIBUTION</b>	 <b>attwood</b>	<b>MotorGuide</b>	 <b>Sea Ray</b>	 <b>BOSTON WHALER</b>	<b>OWNED</b>	
 <b>MERCURY</b>	 <b>QUICKSILVER</b>	 <b>PMG</b> PAYNES MARINE GROUP	 <b>Whale</b>	 <b>BARELICK</b> 287-311	 <b>RAYGLASS</b>	 <b>BOATING SERVICES NETWORK</b>	 <b>BRUNSWICK</b> Acceptance Company	 <b>BRUNSWICK</b> Dealer Advantage
 <b>MERCURY RACING</b>	 <b>MERCURY</b> Precision Parts	 <b>BLA</b> boatinglifestyleadventure	<b>BEP</b>	 <b>ParkPower</b> by Marinc	<b>ALUMINUM BOAT GROUP</b>	 <b>LUND</b>	 <b>LOWE</b> MEMBER OF	 <b>FREEDOM BOAT CLUB</b>
 <b>MERCURY</b> Diesel		 <b>Land Sea</b>	<b>MARINCO</b>	<b>ProMariner™</b>	 <b>CRESTLINER</b>	<b>HARRIS</b>	 <b>BOATER'S CHOICE INSURANCE</b>	 <b>MERCURY</b> Regulator Finance
 <b>MERCURY</b> MerCruiser		Lankhorst/Taselaar	 <b>ZONE</b>	 <b>LENCO</b>	<b>CYPRESS CAY</b>	 <b>PRINCE'S SCULPT</b> BRANDS BY MERINCO	 <b>NAUTIC-ON™</b>	 <b>i-et</b> 1,2,3
 <b>MERCURY</b> Precision Rigging	 <b>SEACHOICE</b> PRODUCTS	 <b>KELLOGG</b> MARINE SUPPLY	<b>MASTERVOLT</b>	<b>ANCOR</b>	<b>THUNDER JET</b>	<b>VENTURE GROUP</b>	 <b>fixers</b>	 <b>SEA MACHINES</b>
 <b>MERCURY</b> Propellers			 <b>progressive industries</b>	 <b>BLUE SEA SYSTEMS</b>	<b>BAYLINER</b>	<b>QUICKSILVER™</b>	 <b>ANGR</b>	 <b>CATCH</b>
					<b>UTTERN</b>	 <b>heyday</b>	<b>Plus 4 additional minority investments</b>	

**\$1.7B**

PROPULSION

**\$1.4B**

PARTS & ACCESSORIES

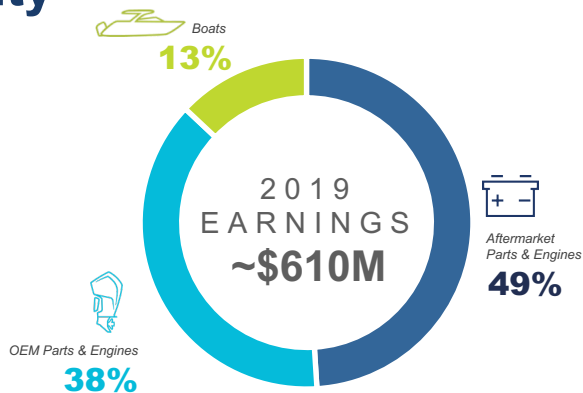
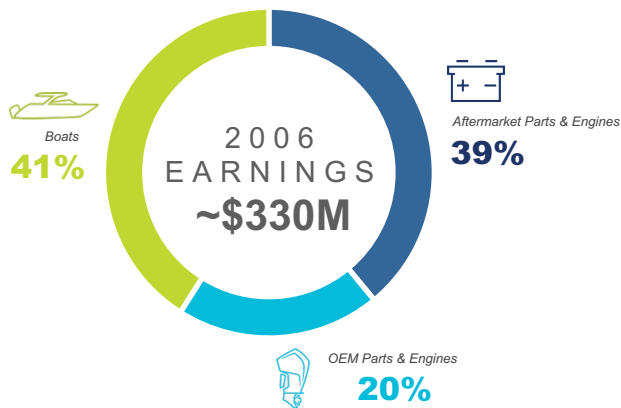
**\$1.3B**

BOATS

BRUNSWICK | 16



# Strong Growth in Aftermarket Business Enhances Stability




## 2006 REVENUE

 **\$2.9**  
billion

 **\$0.8**  
billion

Aftermarket Parts & Engines

 **\$1.4**  
billion


OEM Parts & Engines

## 2019 REVENUE

 **\$1.3**  
billion

 **\$1.4**  
billion

Aftermarket Parts & Engines

 **\$1.7**  
billion

OEM Parts & Engines

We are a fundamentally different company than in 2006

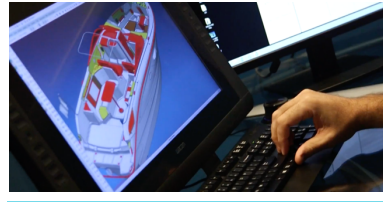
# Enterprise Technology Strategy and Enhanced ESG

Long-term, Progressive New Strategies Yielding Quick Wins

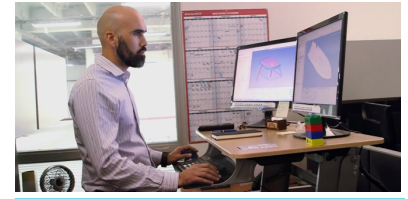
## ENTERPRISE TECHNOLOGY STRATEGY



ACES ENTERPRISE  
STRATEGY



COEs FOR PRODUCTS &  
TECHNOLOGIES



KEY NEW TECHNICAL  
HIRES

## ENHANCED ESG

SEPARATED  
Chairman & CEO  
Roles

RECOGNIZED  
for Three  
Female Board  
Members

DECLASSIFIED  
Board

ISSUING  
The First Enterprise  
Sustainability  
Report (Q1, 2020)

AWARDED  
Best Employer for  
Diversity by Forbes  
Magazine

# ACES

A



AUTONOMY/ADAS

C



CONNECTIVITY

E



ELECTRIFICATION

S



SHARED ACCESS

BRUNSWICK

1-2

3-4

THE FUTURE OF MARINE

THE WORLD'S LEADING MARINE TECHNOLOGIES

MASTERVOLT



# 2019 WAS A PIVOTAL YEAR

Generating Momentum  
for 2020+



**New  
Products,  
Technologies  
& Digital  
Initiatives**

**Added  
Manufacturing  
Capacity**

**Right-Sized  
Organization**

**Execution  
& Capital  
Strategy**

## Major Strategic Actions



**New North-Star  
& Narrative**



**Strategic M&A**



**New Operating  
Model & Talent**



**Technology &  
ESG Strategies**

# Major Investments in Product, Technology, Digital, & Capacity

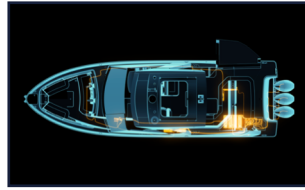
## PRODUCT, TECHNOLOGY & DIGITAL



**MERCURY 400HP & 450HP  
OUTBOARDS**



**ALL-NEW BOSTON  
WHALER 405 CONQUEST,  
325 CONQUEST & 280  
VANTAGE**



**FATHOM E-POWER  
SYSTEM**



**70%+ IT INFRASTRUCTURE  
MIGRATED TO THE CLOUD  
AND MODERNIZING ERP  
SYSTEMS**



**MAJOR INVESTMENTS IN  
E-COMMERCE AND  
DIGITAL MARKETING  
PLATFORMS**

## ADDED MANUFACTURING CAPACITY

**EXPANDED**  
Outboard  
Manufacturing  
Capacity

**EXPANDED**  
Boston Whaler  
Manufacturing  
Capacity

**FLEXIBLE**  
Manufacturing  
Capacity for High  
Demand Sea Ray  
Boats

**VERTICAL  
INTEGRATION**  
of Sea Ray and  
Whaler Sub-  
Systems

**DOUBLING  
CAPACITY**  
at Portugal Boat  
Plant with Minimal  
Investment

# Agile Organization Executing Consistently on a Balanced Strategy



## RIGHT SIZED ENTERPRISE ORGANIZATION

**9%**

REDUCTION IN  
SALARIED STAFF

**\$50M**

ANNUALIZED  
STRUCTURAL SAVINGS

**AGILE**

ORGANIZATION

## EXECUTION & CAPITAL STRATEGY

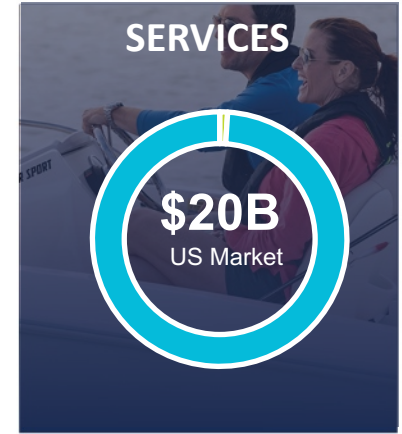
### STRONG

margins, earnings and cashflow  
in a challenging market

### CONTINUED

investment, share repurchases, debt  
reduction and dividend increases

# We Will Grow in Both Our Traditional Markets and New Markets



Strategic Focus

Share & Margin

Share & Margin

Margin & Premium Share

Synergistic Growth Opportunities

Operating Margins

**14%+**

**20%+**

**10%+**

**Accretive**

BC Share

**~30%**

**~25%**

**~14%**

**~1%**

# Our 'Major Priorities on a Page'



Extend

## PROPULSION LEADERSHIP

2022 Target

**45%+**

share of US outboard engine units



Grow

## PARTS & ACCESSORIES

2022 Target

**\$400M+**

in incremental revenue with M&A



Maximize

## BOAT PROFITABILITY

2022 Target

**~11%**

EBIT margin



Expand

## BOATING PARTICIPATION

2022 Target

**325**

Freedom Locations



Enhance the

## BOATING EXPERIENCE

2022 Target

**70+**

net promoter score



Lead in

## PRODUCT INNOVATION

2022 Target

**ACKNOWLEDGED LEADER**

in ACES and innovative marine technology



Lead in

## DIGITAL TRANSFORMATION

2022 Target

**90%+**

Apps in the Cloud; lead in e-commerce & digital marketing



Create

## ONE BRUNSWICK

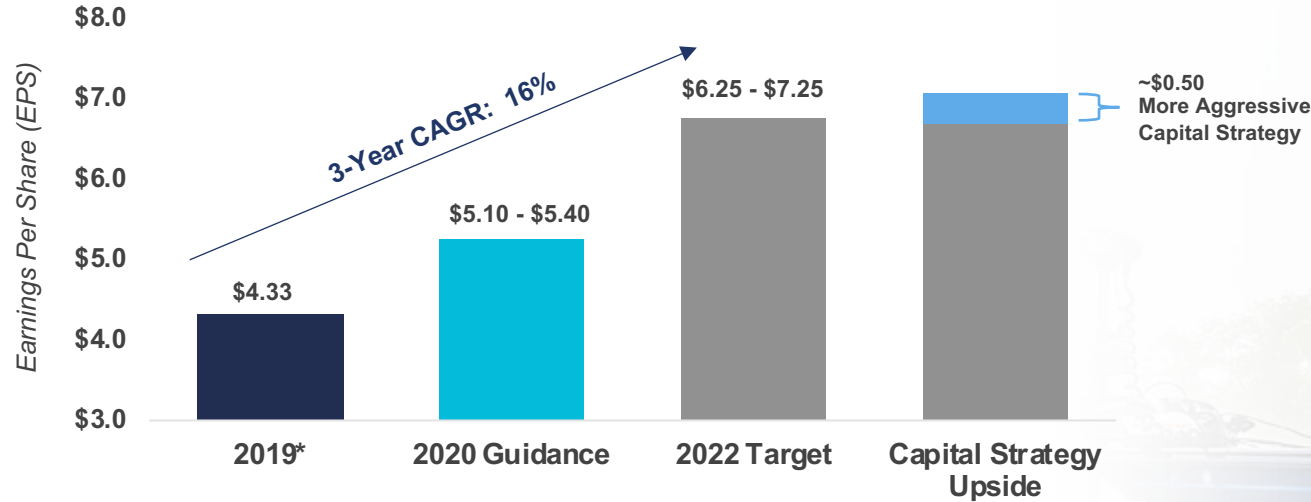
2022 Target

**FULLY INTEGRATED**

marine culture and organization



# Plan Would Extend Our Record of Annual EPS Growth Through 2022



Pre-tax growth

Mid-teens%

## NO MATERIAL CHANGE

in macro-economic environment

## M&A OPPORTUNITIES

~\$200M of M&A revenue included in 2022 Target

## SHARE REPURCHASES

of \$100 million per year

## CAPITAL STRATEGY UPSIDE

would include additional share repurchases or incremental “strategic” M&A



It is not our  
intention to participate  
in the marine industry  
– **IT IS OUR INTENTION  
TO DEFINE IT**

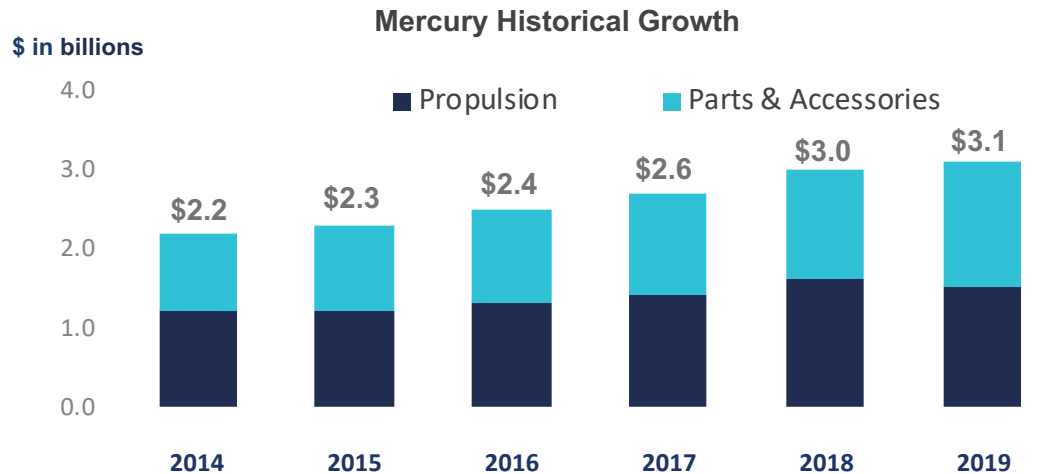
# BRUNSWICK



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**Propulsion**  
Chris Drees

# Mercury Continues to Deliver Profitable Long-Term Growth



Operating Margin



R&D as % of Sales

3.3%	3.4%	3.5%	3.4%	3.2%	3.4%
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CAPEX as % of Sales

2.7%	3.9%	5.0%	4.1%	5.4%	4.8%
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## MERCURY PERFORMANCE

Increased sales to over \$3 billion in 2019

Since 2014:

- Sales grew at a 7.1% CAGR
- Operating margins increased 320 bps
- Pre-tax earnings growth of 11.6% CAGR

Continued investments in R&D and Cap-Ex

5 Year **Revenue** CAGR 7.1%

5 Year **Earnings** CAGR 11.6%

# New Operating Model Unlocks Potential of Industry-Leading Brands

New Reporting Segments Highlight Attractive P&A Businesses

## MERCURY MARINE

### PROPULSION



Outboards



Racing



Controls & Rigging and Propellers



Sterndrives

### ENGINE P&A



Service Parts, Consumables & Accessories

### DISTRIBUTION



BRUNSWICK MARINE LOGISTICS



Accessories and Distribution

Lankhorst/Taselaar

KELLOGG

SANBORN FILTER V

## ADVANCED SYSTEMS



**\$1.7B**

PROPULSION

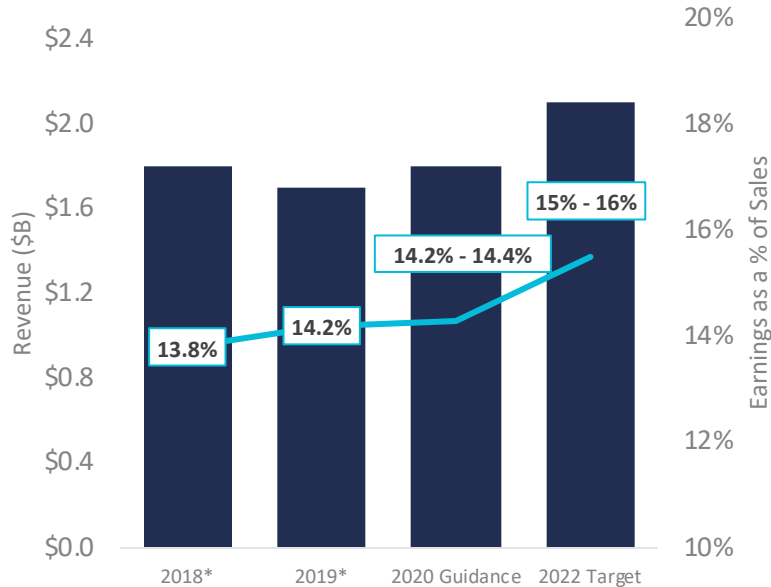
**\$1.4B**

PARTS & ACCESSORIES

# Propulsion Summary

19-22 Target Revenue  
CAGR: 5 - 7%

19-22 Target Earnings  
CAGR: 9 - 11%



## HIGHLIGHTS

- Plans to grow at a CAGR of ~7% in a market growing in low single digits
- Leveraging continued strong growth trends in high horsepower
- Investing in Sterndrive portfolio to capture growth in premium and surf capable segments
- Emerging trends in advanced control technology, connectivity and electrification

# Mercury's Strategic Pillars Align With Brunswick Priorities

**EXCEPTIONAL  
PRODUCTS  
AND BRANDS**

Advance propulsion  
product leadership



**OPERATING  
AND QUALITY  
EXCELLENCE**

Optimizing operations and investing in people, process  
and technology to enhance performance



**BEST  
EMPLOYER  
AND PARTNER**



**CUSTOMER-  
CENTRIC  
INNOVATION**

Delivering Value Through Engaging Experiences  
and Connected Solutions



**FRICTIONLESS  
CONSUMER  
EXPERIENCES**

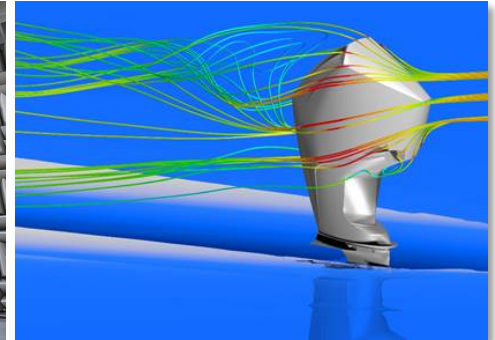


# Mercury Product Leadership

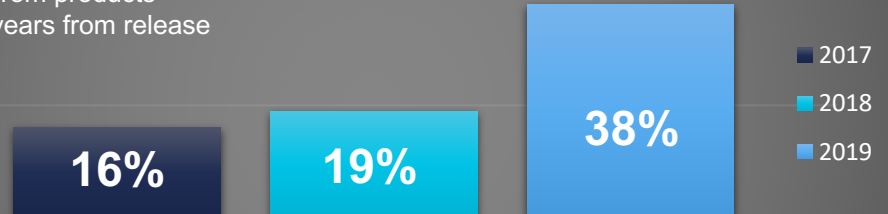
Driven by Consumer Research and Process Rigor

**Exceptional**  
Products and Brands

- Extensive Market Research
- Voice of Customer
- Data Driven Decisions
- Validation and Craftsmanship

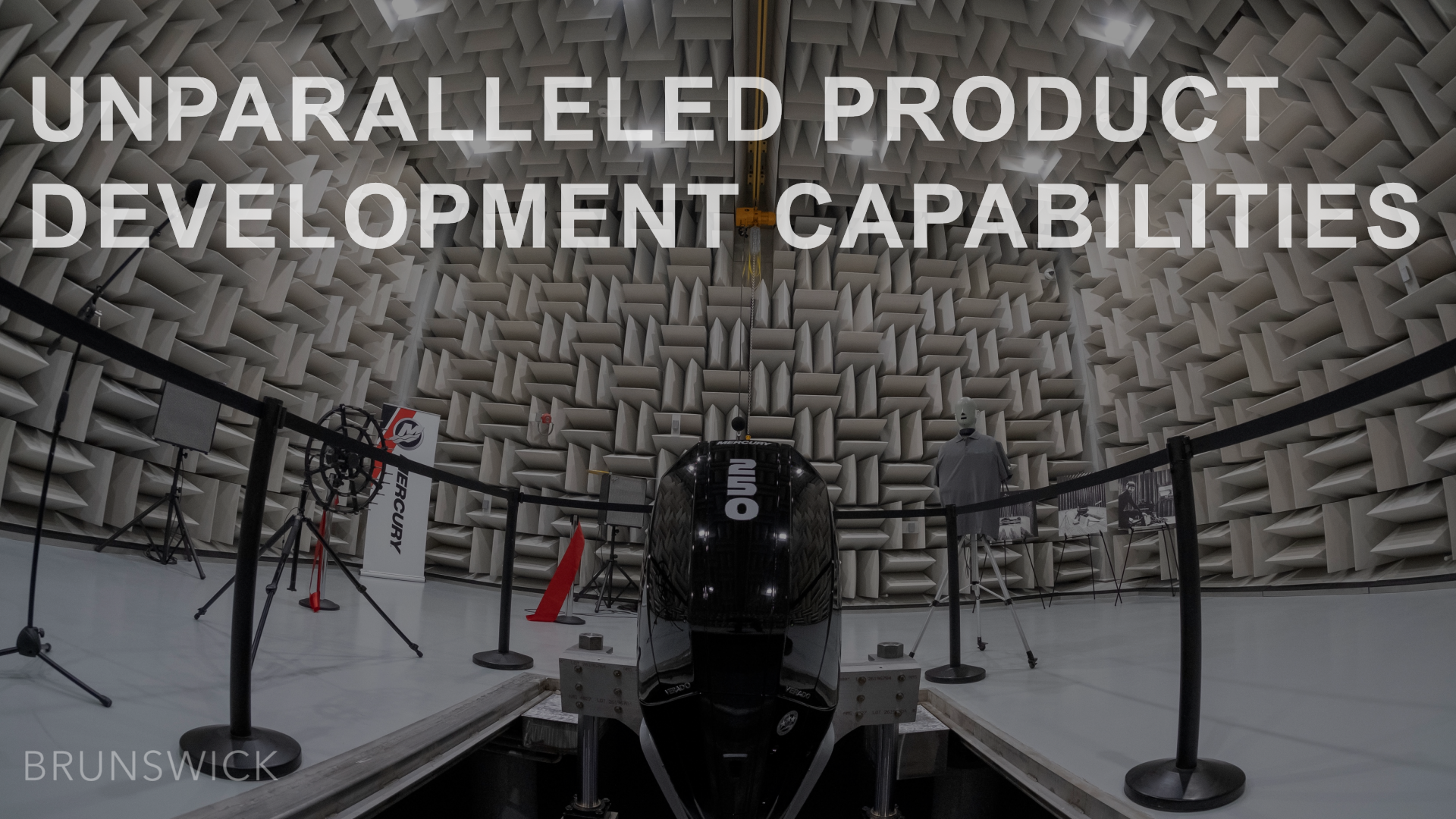


% sales from products  
within 3 years from release





# UNPARALLELED PRODUCT DEVELOPMENT CAPABILITIES



BRUNSWICK

# World-Class Manufacturing Helps Maintain Pace Of Innovation

Operating and  
Quality Excellence



WORLD'S MOST  
ADVANCED  
PROPELLER  
MANUFACTURING  
OPERATION

~13%

Cost Reduction

>60%

Capacity Increase

INDUSTRY-LEADING  
MANUFACTURING  
TECHNOLOGY &  
SCALE

~50%

Capacity Increase since 2018

>25pts

Productivity Growth since 2018

# Sustainability – A Core Value and Significant Focus Area



**9-Time Green Masters Designation**



**Winner of The Sustainable Process Award for responsible use of aluminum**



**Received 'Zero Waste to Land Fill' designation**



**2-Time Winner of the Wisconsin Business Friend of the Environment Award**



**2-Time Most Eco-Friendly Business Award**



**Glassdoor: #1 Company Committed to the Environment**

# Consumer Research Indicates Growing Need For Integrated Offerings

**Frictionless  
Consumer Experiences**

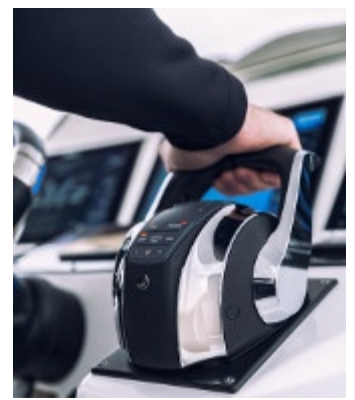
## NEXT GENERATION CONTROLS



**INTEGRATED and CONNECTED**

**REFINED ERGONOMICS**

**SIMPLIFIED INSTALLATION**



**EFFORTLESS CONTROLS**

# SUCCESS OF THE V6/V8 PLATFORM

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PERFORMANCE

NVH

FUEL-ECONOMY

INDUSTRY-FIRST FEATURES

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UP TO...

- 35% Quieter
- 66% Less Vibration
- >60 lbs. Lighter

...VS. LEADING COMPETITOR



**INNOVATION + INSPIRATION**  
ON THE WATER

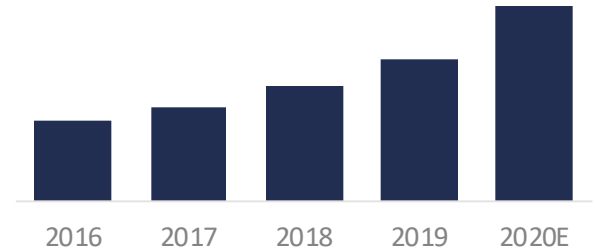
# Mercury Continues To Reshape Industry Dynamics

## Setting New Benchmarks With V6/V8 Platform

**Exceptional  
Products and Brands**



Global 175-300HP Shipments



**+3-4** pts  
share gain in the US  
since 2018

**10+**  
Account Acquisitions  
/ Expansions

# Derivative Programs Accelerate Share Growth In Core Markets

**Exceptional**  
Products and Brands



# Mercury Products Continue To Exceed Customer Expectations

## FLIBS 2018

“Mercury Marine sees **record number of engines** on display at FLIBS 2018”

- Boating Industry

## MIBS 2019

“Mercury Marine sees **record number of engines on display** at the 2019 Miami International Boat Show”

- GlobeNewswire

## FLIBS 2019

“For the **3<sup>rd</sup> consecutive year**, Mercury Marine substantially grew unit share at the show and had **more engines on display than any other manufacturer**”

- Boating Industry

## MIBS 2020

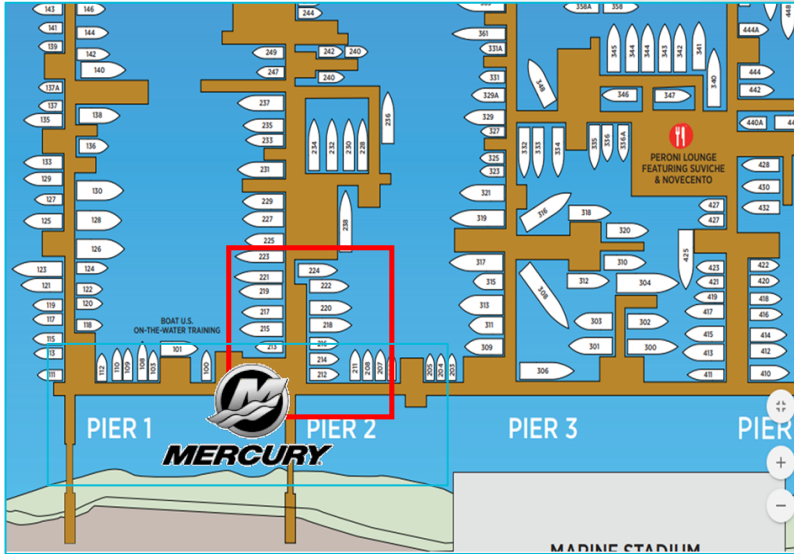
...!

Your new products at Mercury are fabulous, and it'll only get better. Stay on the path, keep developing product and success will go through the roof.

- PATRICK HEALY,  
VIKING BOATS



# Mercury At Miami 2020



## BOATS ON DISPLAY AT MERCURY DOCKS



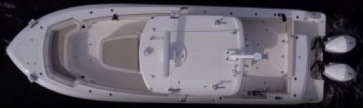
# LOOKING FORWARD...

ACES

A



AUTONOMY/ADAS



C



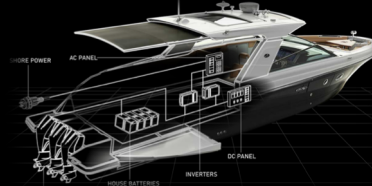
CONNECTIVITY



E



ELECTRIFICATION



S



SHARED ACCESS



## HIGH HP PROPULSION

Mercury Marine wins **Most Innovative Marine Company Award** from Soundings Trade Only  
– October 2019

# CONTINUING TO SET NEW STANDARDS FOR:

---

PERFORMANCE

DURABILITY

INTUITIVE CONTROLS

---

PROPULSION OB SHARE

>45%

US

>30%

ROW



**INNOVATION + INSPIRATION**  
ON THE WATER

# BRUNSWICK



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## Parts & Accessories

Chris Drees

# New Operating Model Unlocks Potential of Industry-Leading Brands

New Reporting Segments Highlight Attractive P&A Businesses

## MERCURY MARINE

### PROPULSION



Outboards



Racing



Controls & Rigging and Propellers



Sterndrives

### ENGINE P&A



Service Parts, Consumables & Accessories

### DISTRIBUTION

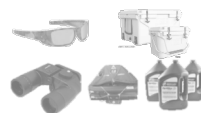


boating lifestyle adventure

Lankhorst/Taselaar



MARINE SUPPLY



Accessories and Distribution

## ADVANCED SYSTEMS










\$1.7B

PROPULSION

\$1.4B

PARTS & ACCESSORIES

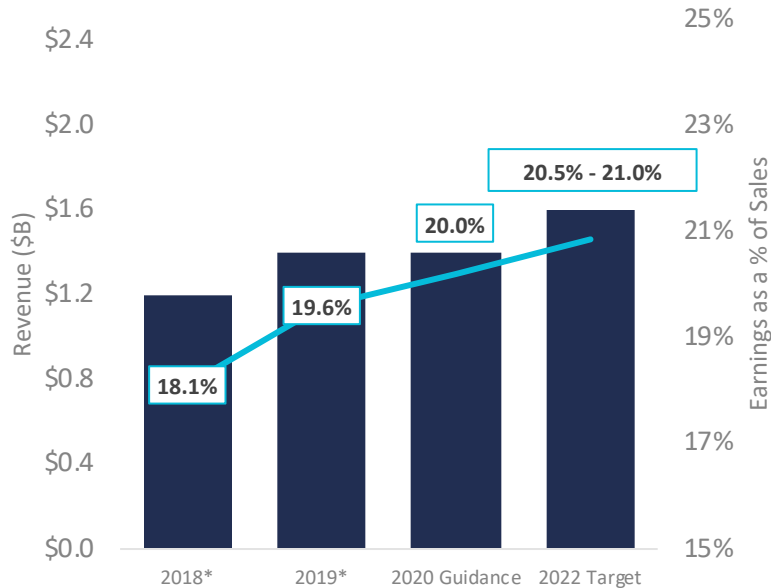
# Mercury is a Leader in ~\$6B Global Parts & Accessories Market

	CATEGORY	MARKET SIZE <sup>1</sup>	MERCURY SHARE	EXAMPLE PRODUCTS
<p>HIGH</p> <p>RIGHT-TO-WIN</p> <p>LOW</p>	Engine Parts & Consumables	~\$1.2B	High	
	Control Systems	~\$0.8B	Medium	
	Electrical Systems	~\$0.3B	High	
	Boat Components & Systems	~\$0.7B	Medium	
	Electronic Systems	~\$1.2B	N/A	
	Boating Accessories	~\$0.8B	Low	
	Non-Mercury Engine Parts	~\$0.8B	N/A	

# Parts & Accessories Summary

19-22 Target Revenue  
CAGR: 4 - 6%

19-22 Target Earnings  
CAGR: 6 - 8%



## MARKET SITUATION

- P&A market growth assumption of low to mid single digits
- Online growth outpacing traditional channels
- Emerging trends in digital and connected products
- Increasing vessel content – Mercury P&A dollars per boat increasing at a CAGR of 11% since 2017<sup>1</sup>

# Parts & Accessories Businesses Leverage Brunswick's Strategic Pillars

**EXCEPTIONAL PRODUCTS AND BRANDS**

**OPERATING AND QUALITY EXCELLENCE**

**BEST EMPLOYER AND PARTNER**

**CUSTOMER-CENTRIC INNOVATION**

**FRICTIONLESS CONSUMER EXPERIENCES**

Delivering smart, connected, automated solutions to differentiate and continue to lead the industry

Expanding industry-leading integration services and omni-channel presence to provide the best experience to our customers

Digital transformation to stay connected with consumers





# Reshaping the Customer Experience

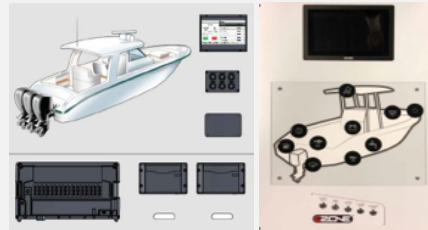
The industry's most extensive portfolio of products and services positioned to win in every channel



## CONNECTED PRODUCTS



## INDUSTRY LEADING INTEGRATION SERVICES



## CHANNEL PRESENCE



# CONNECTED and SEAMLESS

## CONNECTED ECOSYSTEM AND DIGITAL CONTROLS

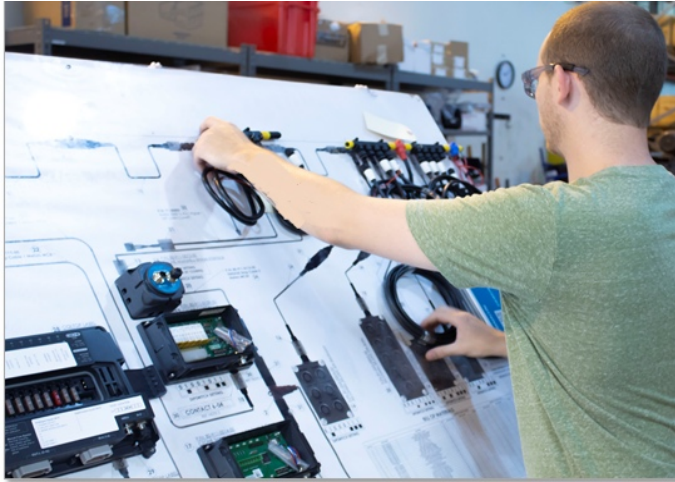
The collage illustrates the connected ecosystem of a Harris boat. It features a photograph of two women on a boat, a screenshot of the ZONE control interface with labels for Anchor Light, Entertainment, and Station Lights, a close-up of a hand touching a digital control panel, and a network diagram showing various electronic components connected to a central hub. Logos for partner brands like Furuno, Simrad, Lowrance, B&G, Mercury, Garmin, and Raymarine are also present.



**>70%** uptake rate on new Harris boats

# Transforming the Electric Systems Supply Chain

## INTEGRATION SERVICES – OEM PARTNER



Design, Configure and Commissioning

Simplify Installation and Improve Quality

Integration of Discrete Technologies

Grow OEM platforms leveraging Integration  
services to **>30 by 2020**

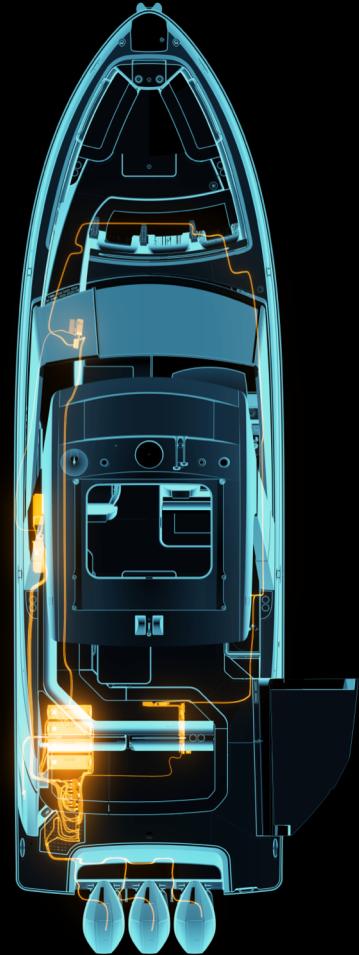
# SLXR 400e

## Integrated Power Solutions



E-POWER ENERGY  
MANAGEMENT

FATHOM  
e-power system



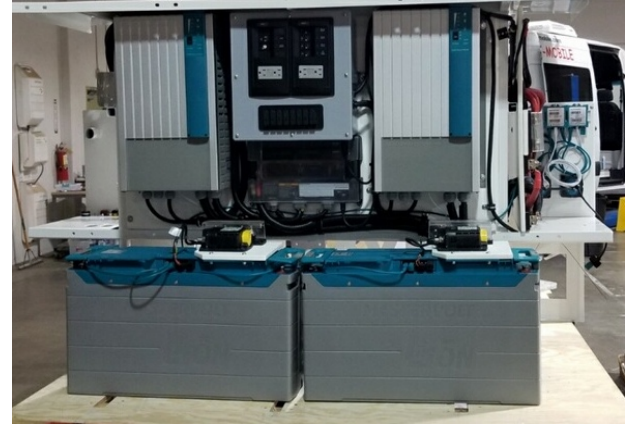
# Expanding into High Growth Adjacencies

## POWER MANAGEMENT SYSTEMS



**Increasing power management needs  
in Specialty and RV segments**

Source: Camping world;



**NON-MARINE OEM PLATFORMS/MODELS**

**LEVERAGING PPSI 6+**

# A Powerful Multi-Channel Consumer Portfolio

## SERVICE P&A and DISTRIBUTION

Sales through **>26,000** retail locations



Grow **40%** faster than distribution market

## E-COMMERCE: B2B and B2C

Accelerated growth in e-commerce sales



Grow e-commerce revenue by **>2X** by 2023

# LARGEST MARINE SOLUTIONS PORTFOLIO

WE ARE WELL POSITIONED FOR SUCCESS IN 2020 AND BEYOND



**POWER & ELECTRICAL SYSTEMS**



**BOAT COMPONENTS & SYSTEMS**



**PROPULSION SYSTEMS**



**DYNAMIC RIDE CONTROL**



**JOYSTICK PILOTING & VIRTUAL ANCHORS**



**ADVANCED CONTROL SYSTEMS**



**DIGITAL CONNECTIVITY & INFOTAINMENT**



**SAFETY & SECURITY SYSTEMS**



INNOVATION + INSPIRATION  
ON THE WATER

# BRUNSWICK



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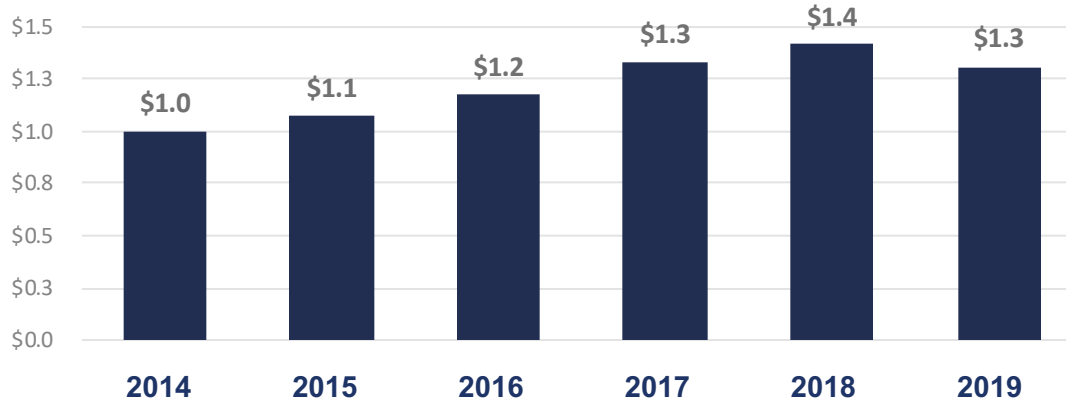
**Boat Group**  
Huw Bower



# Boat Segment Demonstrates Strong Growth and Margin Improvement

\$ in billions

## Boat Segment Historical Growth



Operating Margin\* (%)

← Growth of 520 bps →

R&D as % of Sales

2014	2015	2016	2017	2018	2019
1.4%	1.4%	1.3%	1.3%	1.3%	1.4%

CAPEX as % of Sales

2014	2015	2016	2017	2018	2019
3.7%	2.6%	2.9%	4.0%	3.2%	2.8%

5 – Year **Revenue CAGR 6.0%** | 5 – Year **Operating Earnings CAGR 36%**

## BOAT SEGMENT 2019 PERFORMANCE

Strong growth CAGRs

Proactive Operating Expense Management - \$7M reduction YOY

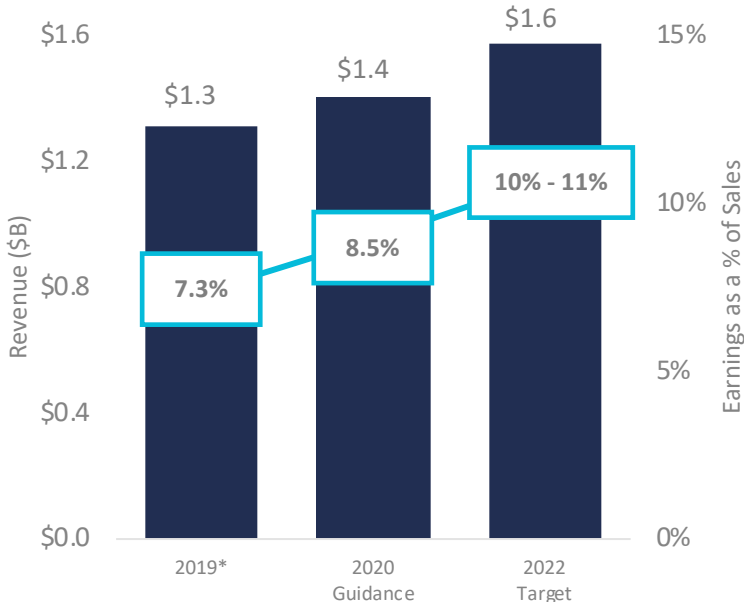
Maintained investment in critical strategic initiatives

Pipeline control – field inventory at 2016 levels

# Sustained Operational Improvements and Striking New Product Delivers a Focused Path to 10%+ Operating Margins

19-22 Target Revenue  
CAGR: 5 - 7%

19-22 Target Earnings  
CAGR: 17% - 21%



## Clear Path to Double-Digit Margins



New Product  
Share Gain

**+100  
bps**



Productivity  
Quality

**+110  
bps**



Normalize Wholesale  
Market Growth

**+80  
bps**

# Our Iconic Brands and Leading Products Continue to Drive Our Growth

## EXCEPTIONAL PRODUCTS AND BRANDS

Product leadership underpinned by innovation and design

## OPERATING AND QUALITY EXCELLENCE

Focused investment in quality and optimization of operations

## BEST EMPLOYER AND PARTNER

## CUSTOMER-CENTRIC INNOVATION

Simplifying and elevating the purchase and ownership experience on- and off- the water

## FRICTIONLESS CONSUMER EXPERIENCES



**97** new products in 18 months

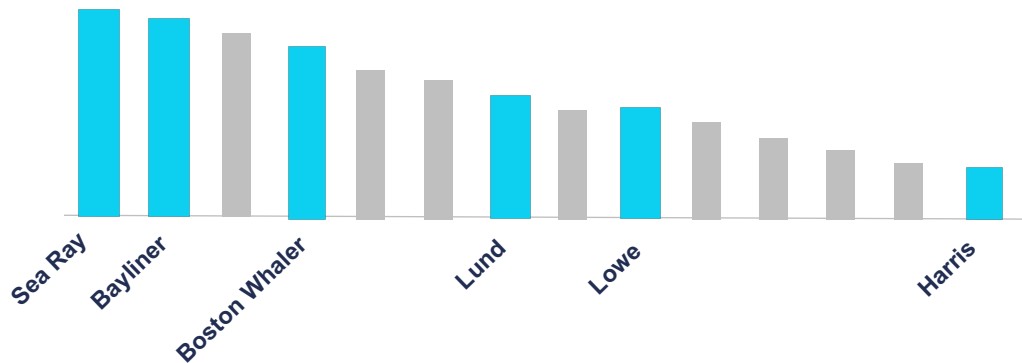
**30%+** new product vitality index



# Brunswick Boat Brands Outperform

Our Iconic Brands Drive Sustained Sales, Share, and Margin Growth

Brunswick is home to 3 of top 4 nationally recognized marine brands



Source: Wedbush Securities, January 2019

## Segment Leadership

#1

Saltwater Fishing

#1

Recreational Fiberglass

#2

Aluminum Fishing



- **Leading new product portfolio** reflects Sea Ray's reinvention and a stronger margin profile
- Technology Center **accelerates innovation**
- Integrated Manufacturing Center **adds capacity**
- Streamlined option packages **simplify consumer experience** and drive productivity improvements

***Outperform market** in growing large, premium fiberglass*





- **Segment-defining product line** with advanced technology
- Margin expansion through **vertical integration** at the Integrated Manufacturing Center
- New competitive advantage with **best-in-class service**

***Outperform market** in growing  
large, saltwater fish*





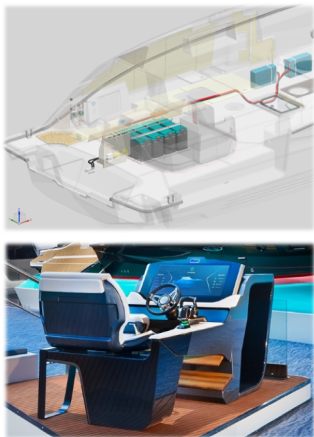
- **Unrivaled portfolio**
- Outstanding **consumer loyalty**
- World-class operating facilities with **market-leading quality**
- **New consumer reach** with disruptive product development

***Gain share** in low-growth environment*



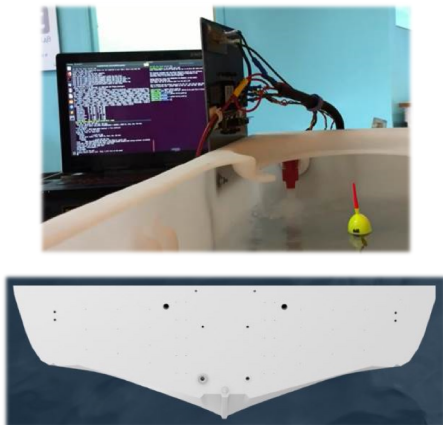
# Boat Group's Technology Centers are Hubs of Engineering and Design Talent that Propel Our Technology and Product Leadership

## BRUNSWICK | BOAT GROUP TECHNOLOGY CENTER



**Consumer Insights, Naval Architecture, Fluid Dynamics, Autonomy, Connectivity**

## BRUNSWICK | BOAT GROUP FISHBOAT TECHNOLOGY CENTER



**Material Sciences, CAD Design, Automation**

## BRUNSWICK | BOAT GROUP PONTOON TECHNOLOGY CENTER



**Cost Engineering, Platforming**



# Unprecedented New Product Development Pace

- Sea Ray
- Boston Whaler
- Lund
- Total BBG



**New Product  
Launches**  
before Q2 2021

# Unprecedented New Product Development Pace

*Sea Ray*

**Boston Whaler**

*Lund*

*Total BBG*

8

**New Product  
Launches**  
before Q2 2021

# Unprecedented New Product Development Pace

*Sea Ray*

*Boston Whaler*

**Lund**

*Total BBG*



**New Product  
Launches**  
before Q2 2021

# Unprecedented New Product Development Pace

*Sea Ray*

*Boston Whaler*

*Lund*

**Total BBG**



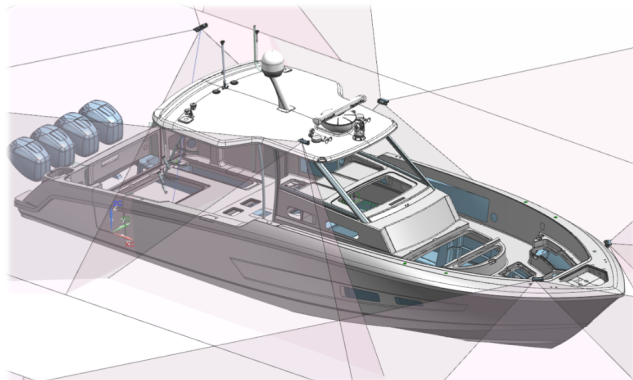
97

**New Product  
Launches**  
before Q2 2021

# Technology Centers Commercialize Innovation that Elevates the Consumer's Experience On- and Off- the Water



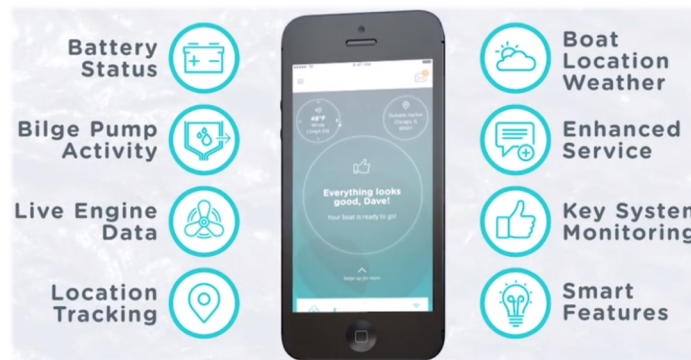
## AUTONOMY/ADAS



**First assisted docking system** will be available this summer



## CONNECTIVITY



**100% Connected Fleets** generate service opportunities and enable partnership with Business Acceleration

# Electrification and Shared Access Designs Will Scale Beyond Niche Solutions



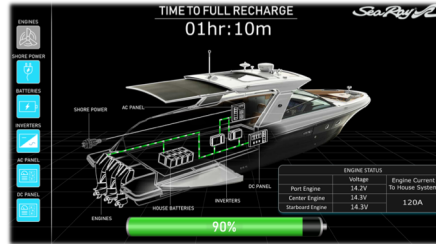
ELECTRIFICATION



SHARED ACCESS



**FATHOM**  
e-power system



First pontoon with digital switching and commercialized e-Power System prove demand and build pathways to scale



Freedom fleet renewal cycle creates 1000+ unit opportunity annually

# Next Gen Designs Target New Consumer Segments and Launch This Year



**MILLENNIALS**

**New products developed  
for the **next generation of  
boaters** launching in 2020!**

# Unlocking the Unique Scale Advantage of Boat Group is Critical to Achieve Sustained Double-digit Margins

EXCEPTIONAL  
PRODUCTS  
AND BRANDS

Product leadership  
underpinned by  
innovation and  
design

OPERATING  
AND QUALITY  
EXCELLENCE

Focused investment in quality and optimization  
of operations

BEST  
EMPLOYER  
AND PARTNER

CUSTOMER-  
CENTRIC  
INNOVATION

Simplifying and elevating the purchase and  
ownership experience on- and off- the water

FRICTIONLESS  
CONSUMER  
EXPERIENCES



**1.5%** of net sales in  
cost reductions annually

**+25%** quality  
improvement



# Operating Model Transformation in 2019 Positions Boat Group to Accelerate Pace of Change

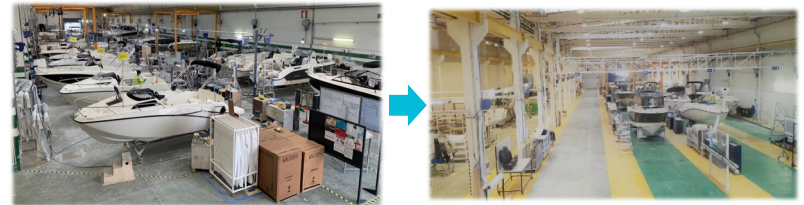
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0  
1  
9

## Opening of Integrated Manufacturing Center



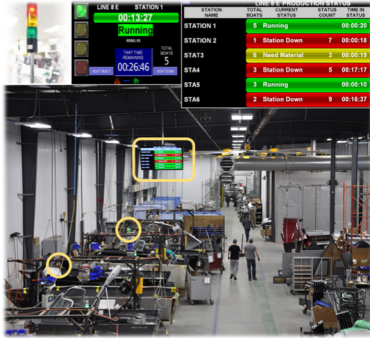
- **\$40M** in revenue from Integrated Manufacturing Center in 2020
- **Tooling & Milling** Centralized capability
- **Vertical Integration** for Boston Whaler and Sea Ray

## Formation of Venture Boat Group and Aluminum Boat Group

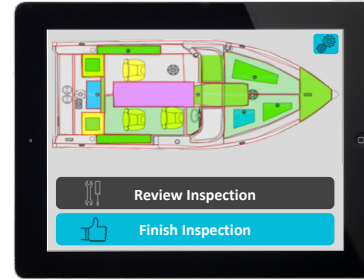


- Standardize **proven quality and productivity system**
- **30% capacity increase** in <6 months with <\$120K investment
- New functional leads (Supply Chain, Marketing) drive **scale advantage**

# A Single BBG Production System Delivers Results With a Focus on Productivity, Quality, Sourcing, and Sustainability



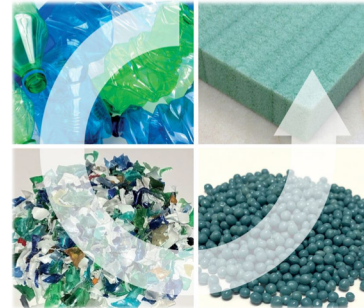
Deploy **BBG Production System** to every facility



Quality management systems will drive **25% quality improvement** annually



Deliver **\$7M in cost savings** through centrally led sourcing



Transition to **100% recycled structural cores** in 2020

# We Will Win With Elevated Experiences On- and Off- the Water

EXCEPTIONAL  
PRODUCTS  
AND BRANDS

Product leadership  
underpinned by  
innovation and  
design

OPERATING  
AND QUALITY  
EXCELLENCE

Focused investment in quality and optimization  
of operations

BEST  
EMPLOYER  
AND PARTNER

CUSTOMER-  
CENTRIC  
INNOVATION

Simplifying and elevating the purchase and  
ownership experience on- and off- the water

FRictionless  
CONSUMER  
EXPERIENCES



**6** new brand  
websites

**+25%** lead  
generation

# The Consumer Experience Will Be at the Forefront of Our Innovations and Digital Investments



**Discover:** Advance boating as a recreation of choice to existing and new consumers

**Purchase:** Demystify the purchase experience with seamless, online integration

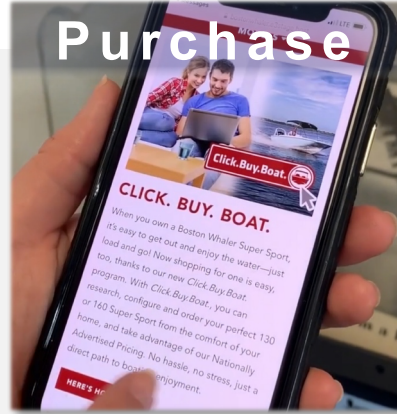
**Experience:** Elevate the ownership experience to create community advocates and lifetime boaters

# Leading Digital Capabilities Will Transform How We Engage with Consumers, Personalize the Purchase Experience, and Cultivate Lifetime Boaters



**+25% lead generation** in  
2020

Launched Digital  
Marketing Center of  
Excellence and shifted  
spend to digital



Transform **6 brand**  
**websites** in 2020

**Advance online**  
**sales capability** in  
2020



**Net Promoter Score >70%**

Ignite brand experiences  
through events and deliver  
new, elevated service offerings

BRUNSWICK BOAT GROUP  
WILL MEANINGFULLY

---

# SIMPLIFY & ELEVATE THE CONSUMER'S EXPERIENCE

---

ON AND OFF THE WATER  
WHILE CONTINUING TO  
LEAD WITH INNOVATION,  
QUALITY AND DESIGN.



INNOVATION + INSPIRATION  
ON THE WATER

# BRUNSWICK



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**Business Acceleration**

Brenna Preisser

# We See Untapped Consumer and Market Potential

**50**  
**MILLION**  
Consumers

are interested in boating  
and willing to pay for  
clubs or rentals

*Brunswick survey of representative U.S. adults*

**BRUNSWICK** | 80

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**\$20B**  
**MARINE SERVICES**  
Market Opportunity

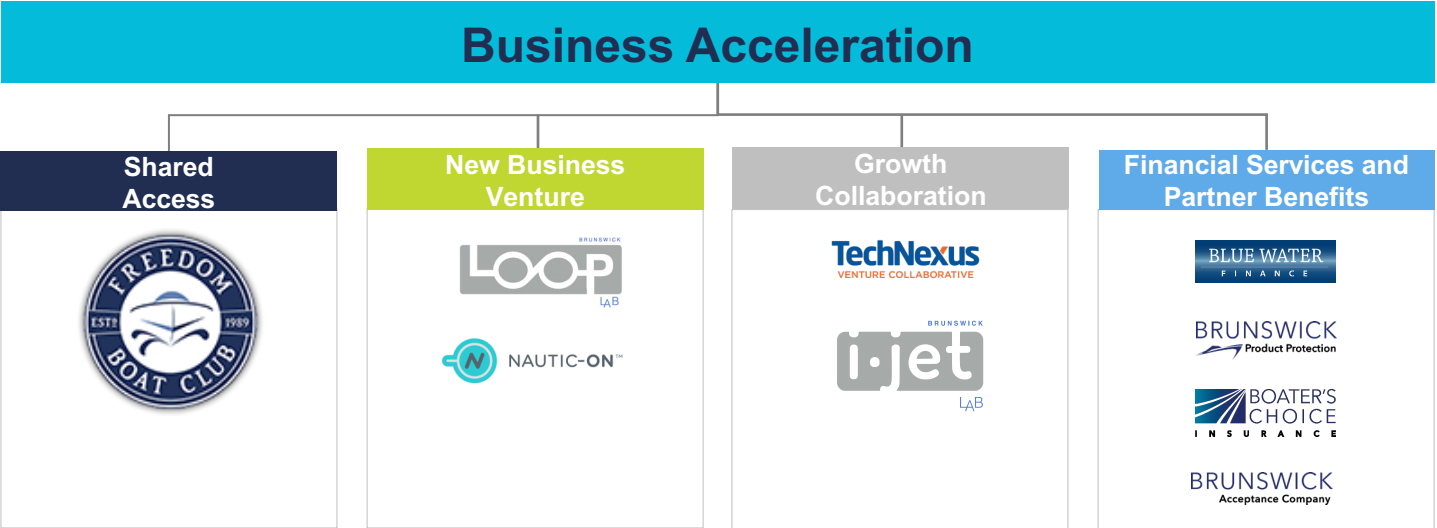
that is highly fragmented and  
a source of new business  
opportunity

*2018 NMMA U.S. Statistical Abstract*





# We Have a Unique Toolkit



Boating Accessibility	●	●	●	●
Boating Affordability	●	●	●	●
Digital Solutions		●	●	
Service-design Innovation	●	●	●	

# Business Acceleration Key Priorities

## PILLARS

EXCEPTIONAL  
PRODUCTS  
AND BRANDS

OPERATING  
AND QUALITY  
EXCELLENCE

BEST  
EMPLOYER  
AND PARTNER

CUSTOMER-  
CENTRIC  
INNOVATION

FRICITIONLESS  
CONSUMER  
EXPERIENCES



WIN IN  
SHARED  
ACCESS



CREATE  
GROWTH  
LANEWAYS



ENHANCE  
THE CUSTOMER  
EXPERIENCE

---

**WIN IN  
SHARED  
ACCESS**

---



# Freedom Boat Club is a Subscription Model



Up front, one-time entry fee | Monthly membership dues

# 75%

## CLUB REVENUE IS RECURRING



**20k**  
MEMBERSHIPS

**210+**  
CLUBS

**2.4k**  
BOATS

## FREEDOM BOAT CLUB

Delivers hassle-free  
recreational boating  
experience

- 
- RECIPROCITY PROGRAM
  - EXPERIENCE FOCUS
  - SIMPLE MODEL
  - FOCUS ON SAFETY
  - DIVERSE COMMUNITY



# Boat Club Expansion is a Key Priority

## TWO WINNING BUSINESS MODELS FOR GROWTH

---

**22** COMPANY OPERATED LOCATIONS  
with larger absolute returns and platform to pilot new opportunities and best in class member experiences

**188** FRANCHISE OPERATIONS  
to build unrivaled scale and synergy value with boat and engine sales

## POWERFUL SYNERGIES AND SERVICE OPPORTUNITIES

---

**\$30** ANNUAL REVENUE OPPORTUNITY  
through engine and boat adoption in 2022  
MILLION  
+

A platform to expand consumer & franchise services

# Key Metrics Influencing Financial Outcomes

	2019	2022
<b>Club Expansion</b>	210	325
Mix of company operated and franchise locations		
<b>Member Growth</b>	30k	50k
Multiple members per membership		
<b>Fleet Requirements</b>	2.4k	3.4k
~1/3 of required fleet is purchased / year		

In 2022

**\$70M**

**REVENUE**  
from clubs and synergies



# Freedom Boat Club Consumer Participation Insights

## Attracting New Participants

**43%**

of membership did not previously own a boat

**92%**

of membership had no intention of buying a new boat

## Developing Proficiency

**30%** Self-rated as beginner PRIOR to joining the club

**82%** Beginners improved proficiency AFTER joining the club

## Creating Enthusiasts

**60%**

of membership go boating at least 11 times annually (& 28% boated over 20 times)

## Satisfying the Consumer

**81%**

satisfaction rating amongst all club members

## Seeding Future Owners

**5%**

of members are highly likely to buy a boat in 12-24 mo.

Based on 4317 Freedom Boat Club member survey respondents



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# CREATE GROWTH LANEWAYS

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To remain at the top of their industries, managers must first be able to spot disruptive technologies.

- Clayton M. Christensen

profitable  
**BUSINESS ASSETS**

startup ecosystem  
**PARTNERSHIPS**



**BRUNSWICK**  
Financial Services

**TechNexus**  
VENTURE COLLABORATIVE

**CREATE  
GROWTH  
LANEWAYS**



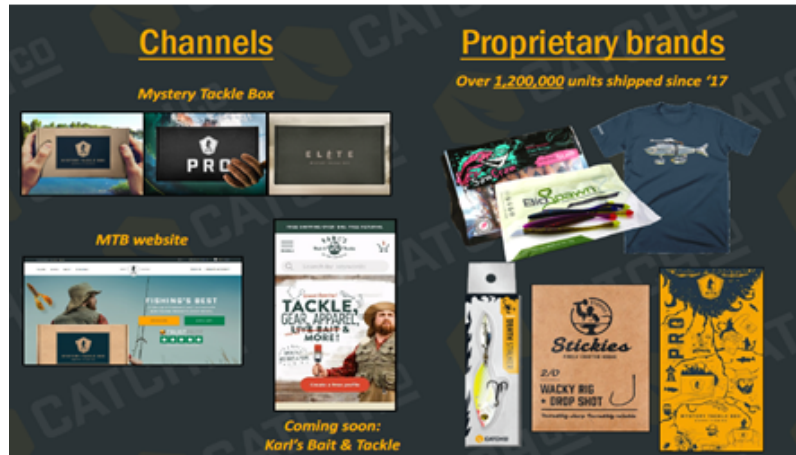
inhouse  
**INNOVATION LABS**

university  
**PARTNERSHIPS**

# Early-stage Investments Will Continue Through 2022

8 Current Investments in Portfolio with New Fund Initiated in 2020

startup ecosystem  
PARTNERSHIPS



Community of passionate anglers and discoverers.



Provider of advanced control technology for autonomous control and navigation systems for marine.

## KEY MESSAGES

---

THERE IS STRONG CONSUMER  
AND MARKET POTENTIAL FOR  
GROWTH

WE WILL EXPAND BOAT CLUBS  
AND CREATE SYNERGY VALUE

BUSINESS ACCELERATION IS  
ACCRETIVE TO ENTERPRISE  
OPERATING MARGINS

INITIATIVES ARE UNDERWAY  
THAT WILL DEFINE THE FUTURE

AN ELEVATED CONSUMER  
EXPERIENCE IS OUR PASSION



INNOVATION + INSPIRATION  
ON THE WATER

# BRUNSWICK



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## Financial Performance

Bill Metzger

# Investment Considerations

2020-2022 Strategic Plan

## HEALTHY

Marine Market  
Supportive of  
Growth

## FORMIDABLE

Competitive  
Position

## INDUSTRY- LEADING

Operating  
Capabilities and  
Execution

## PROVEN

Track Record of  
Delivering  
Shareholder  
Returns

## STRONG

and Improving  
Earnings and  
Free Cash  
Flow

## BALANCED

Portfolio with  
Growing  
Recurring  
Revenue Base

## 2022 PLAN TARGETS

**\$6.25 - \$7.25**  
EPS

**14.0% - 15.0%**  
OPERATING MARGIN

**\$425M to \$475M**  
FCF

# Brunswick Performance vs. Historical Plans

We Have a Proven Track Record of Performance Versus Our 3-year Plans\*

## 2012 - 2014

**\$2.00 - \$2.45**

2014 Target EPS

**\$2.42**

2014 Actual

**21%**

3-year EBIT CAGR

## 2014 - 2016

**\$3.00 - \$3.40**

2016 Target EPS

**\$3.48**

2016 Actual

**18%**

3-year EBIT CAGR

## 2016 - 2018

**\$4.55 - \$4.95**

2018 Target EPS

**\$4.77**

2018 Actual

**10%**

3-year EBIT CAGR

## 2018 - 2020

**\$5.00 - \$5.50**

2020 Target EPS

**\$5.10 - \$5.40**

Current 2020 Guidance

**12 - 14%**

3-year EBIT CAGR

# 2022 Plan Targets

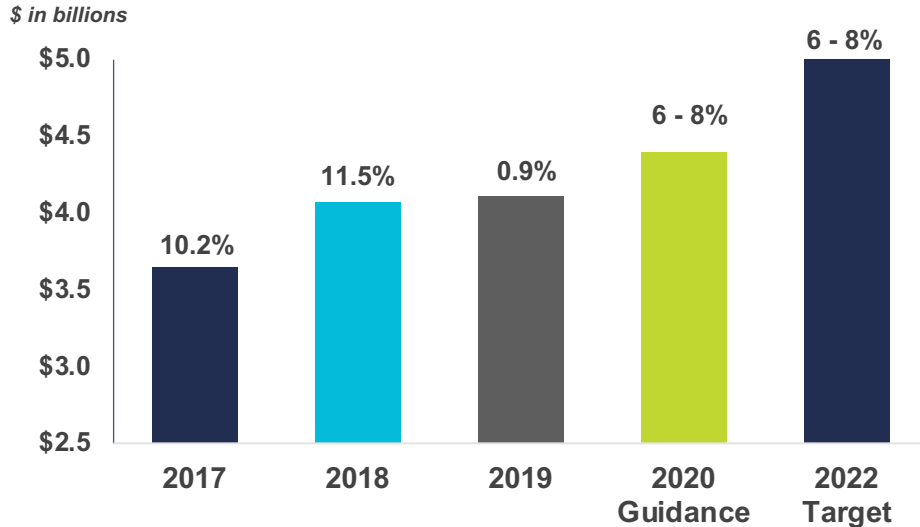
	2020 Guidance	2022 Targets
Revenue Dollars	\$4.4 - \$4.5 billion	\$4.9 - \$5.2 billion
Operating Earnings	\$580 - \$600 million	\$680 - \$780 million
Operating Margin	13.3% - 13.5%	14.0% - 15.0%
EPS	\$5.10 - \$5.40	\$6.25 - \$7.25
FCF	Excess of \$325 million	\$425 - \$475 million





# Strong Revenue Growth – Built on Product Leadership\*

2017-2020 Revenue Growth  
3-Year CAGR of ~6.0%

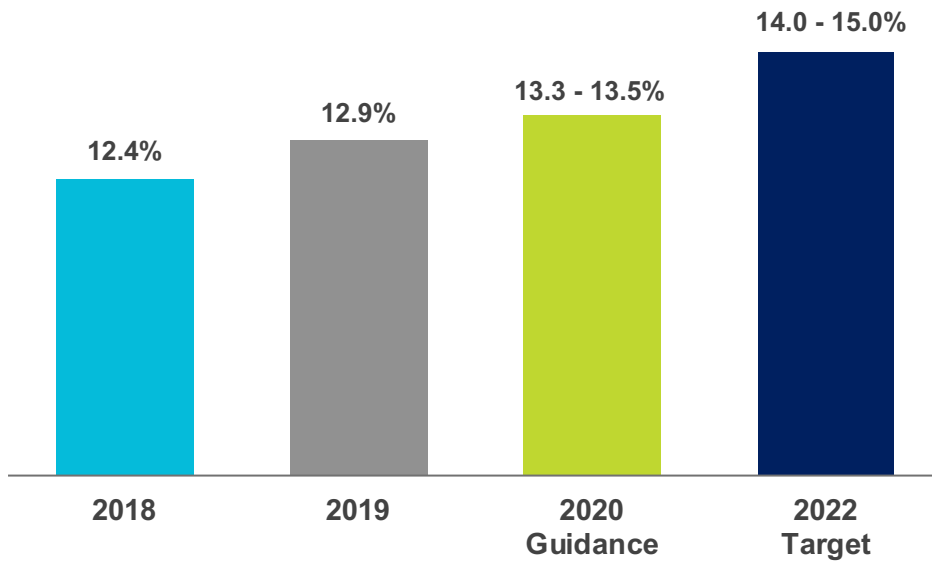


Segment Revenue Growth

Segment	2020 Guidance	2022 Targets
Propulsion	+ 6 - 8%	+ 5 - 7%
P&A (core)	+ 4 - 6%	+ 4 - 6%
P&A (w/acq)	+ 4 - 6%	+ 8 - 10%
Boat	+ 6 - 8%	+ 5 - 7%

We are targeting revenue growth of 6 to 8 percent, including 1 to 2 percent growth from M&A

# Operating Margins Continue to Expand\*



## Segment Operating Margin Performance

Segment	2018	2019	2020 Guidance	2022 Targets
Propulsion	13.8%	14.2%	14.2% - 14.4%	15.0% - 16.0%
P&A	18.1%	19.6%	19.9% - 20.1%	20.5% - 21.0%
Boat	8.5%	7.3%	8.5%+	10.0% - 11.0%

**Strong earnings leverage demonstrates management's commitment to driving efficiencies and profitable growth**

# Strong FCF Continues to Include Investments in Growth

	2019 Actual	2020 Guidance	2022 Target
Free Cash Flow	\$250M	Excess of \$325M	\$425M - \$475M
Capital Expenditures	\$233M	\$200M - \$220M	\$200M - \$220M
Free Cash Flow Conversion	68%	~80%	~85%

## KEY ASSUMPTIONS

### DEPRECIATION & AMORTIZATION

increasing from \$120 to \$130 million in 2020 to in excess of \$140 million in 2022<sup>1</sup>

### CAPITAL EXPENDITURES

Decrease to ~4.0% of sales

### WORKING CAPITAL

Normal usage

### EFFECTIVE CASH TAX RATE

Increases

<sup>1</sup> excludes Power Products amortization

**Free cash flow conversion strengthens, reflecting stable capital spending levels**



## CAPITAL STRATEGY – 2019 ACHIEVEMENTS SET UP 2020 – 2022 Plan

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### KEY INVESTMENTS

- NEW PRODUCTS
- ADDITIONAL ENGINE CAPACITY

### DEPLOY FITNESS PROCEEDS

- \$400M OF SHARE REPURCHASES
- PURCHASE OF FREEDOM BOAT CLUB

### STRENGTHENED FINANCIAL POSITION

- COMPLETE PENSION EXIT
- REFINANCE AND RETIRE LONG-TERM DEBT
- EXTEND REVOLVING CREDIT FACILITY
- STRENGTHENED INVESTMENT-GRADE RATING

# Capital Strategy Summary

KEY PRIORITIES



## INVEST IN GROWTH

- New product / R&D
- Grow P&A / Aftermarket businesses
- Bolt-on acquisition and other business acceleration initiatives
- Outboard engine capacity
- Maintain strong ROIC



## RETAIN STRONG FINANCIAL POSITION

- Retain investment grade credit rating
- Retire/refinance term loan obligations -- no near-term maturities
- Maintain healthy balance sheet
- Leverage strong balance sheet for incremental strategic M&A



## RETURN CAPITAL TO SHAREHOLDERS

- Increase dividend payout ratio (target range of 20 – 25%)
- Continue share repurchases (~\$100M per year)

**We continue to execute a balanced capital strategy that prioritizes growth investments, financial stability and shareholder returns**

# Capital Allocation Plan – 2020 – 2022

**STRONG**  
FREE CASH FLOW



**INVEST**  
IN GROWTH



**STRONG**  
FINANCIAL POSITION



**RETURN**  
CAPITAL TO SHAREHOLDERS



Cash Flow from Operations

Growth Investments

Acquisitions

Debt Reduction

Shareholder Returns

**Free cash flow fully funds our growth investments, debt reduction and shareholder return activities**

# Invest in Growth – Acquisitions

## RECENT SUCCESSES



**2019**

**POWER  
PRODUCTS**

**ZONE** **MASTERVOLT** **BLUE SEA SYSTEMS**

**2018**

**PARTS &  
ACCESSORIES  
BOLT-ONS**

**BLA**  
boatinglifestyleadventure

**Whale**

Lankhorst/Taselaar

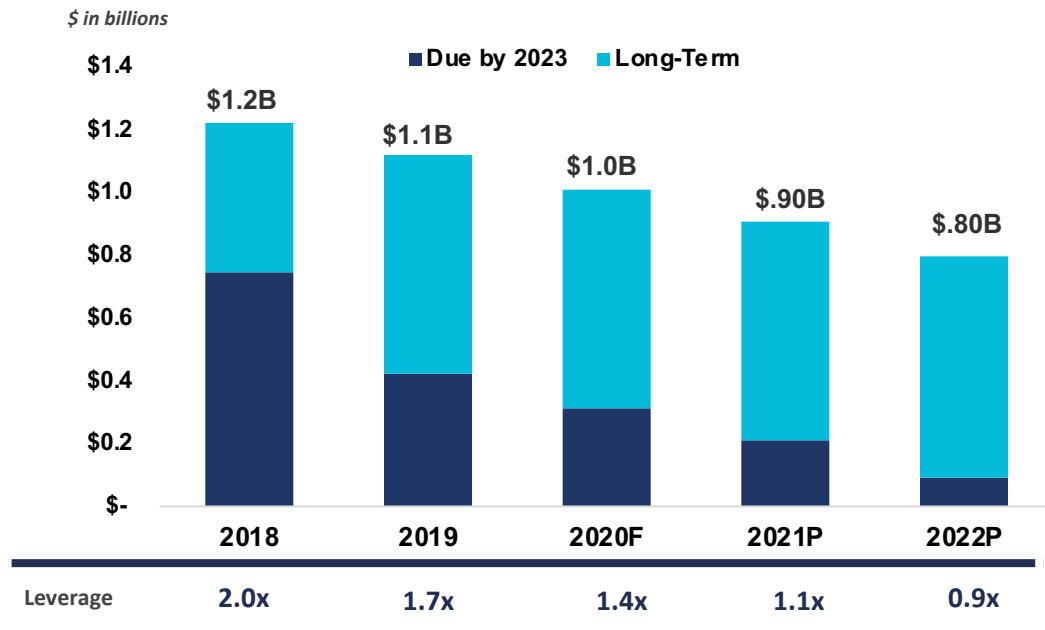
**2014 - 2017**

**2020-2022 PLAN  
ASSUMES 1-2% ANNUAL  
REVENUE GROWTH  
FROM M&A**

- Focused mostly on P&A Segment and technology expansion
- Financial Targets:
  - Accretive in year 1
  - Mid-to-high teens returns with synergies

**We will continue to execute against our acquisition strategy, and have flexibility to engage in more significant M&A activity with attractive returns**

# Debt Retirement Plan – Addressing Near-Term Debt Maturities



## MANAGING DEBT

### REFINANCED

\$500M+ of near-term debt in last 12 months

### TARGET LEVERAGE

Under 1.5x on gross basis

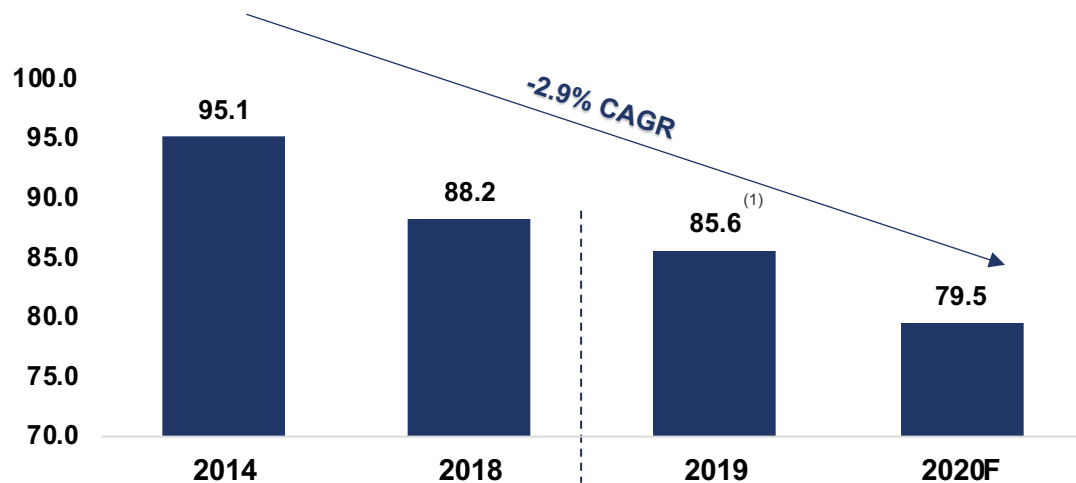
### MAINTAIN

Investment-grade credit rating

Plan manages maturity risk while building capacity to fund incremental strategic M&A or shareholder return activities



# Returning Capital to Shareholders – Share Repurchase Activity



## SHARE REPURCHASE POLICY

### SYSTEMATIC

Use of 10b5-1 plans

### \$80 - \$120 MILLION

Target annual repurchase

### REMAINING AUTHORIZATION

Of \$235 Million

### ABILITY TO FLEX

Depending on conditions / other opportunities

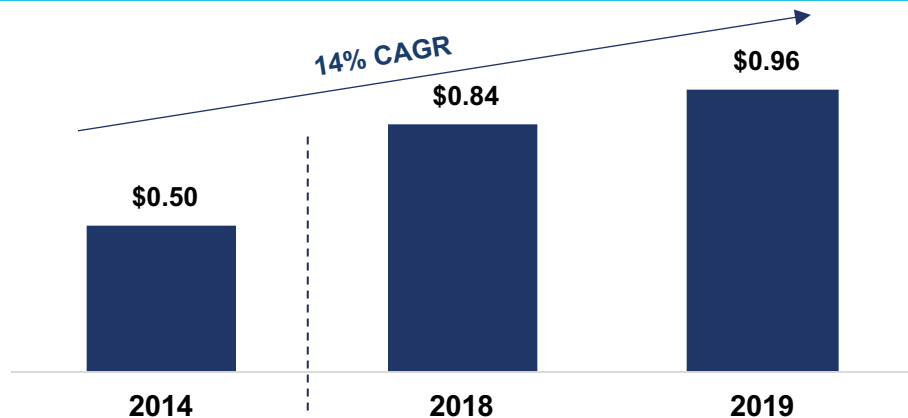
Shares (in MM)	9.0	7.7	1.7
Dollars (in MM)	\$465	\$400	\$100

(1) Full impact of 2019 repurchases reflected in 2020 as repurchases occurred in the second half of 2019

**Our recent share repurchase activity has been more aggressive due to the deployment of Fitness sale proceeds and strong growth in free cash flow**

# Returning Capital to Shareholders – Dividends

## Annual Dividend



Avg Yield <sup>(1)</sup>	1.2%	1.3%	1.9%
Payout Ratio <sup>(2)</sup>	21%	20%	22%

(1) Based on quarterly dividend payout at year-end divided by average annual stock price  
 (2) Based on quarterly dividend payout at year-end divided by full-year, as adjusted, EPS

## DIVIDEND POLICY

**TARGET 20 – 25%**

Payout Ratio

**TARGET 1.5 – 2.0%**

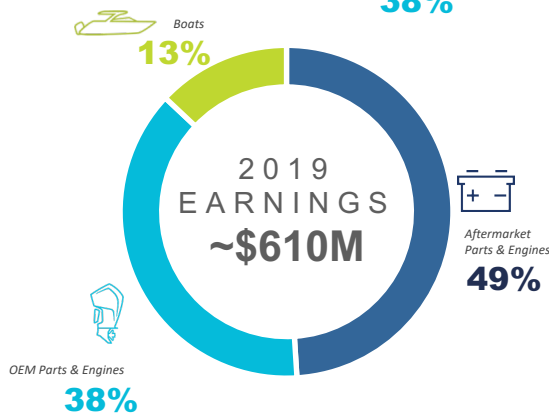
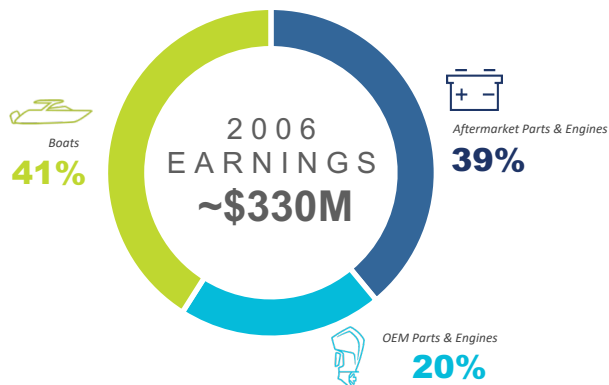
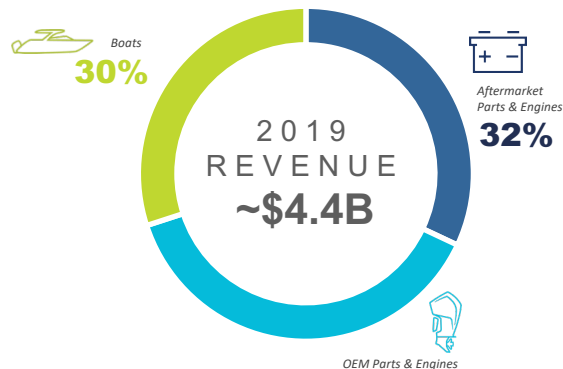
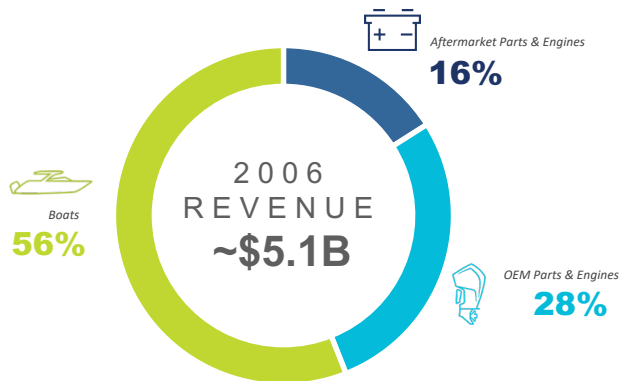
Dividend Yield

**PAYOUT  
SUSTAINABLE**

Through Economic Cycle

**We plan to continue to increase dividends as earnings and cash flow improve**

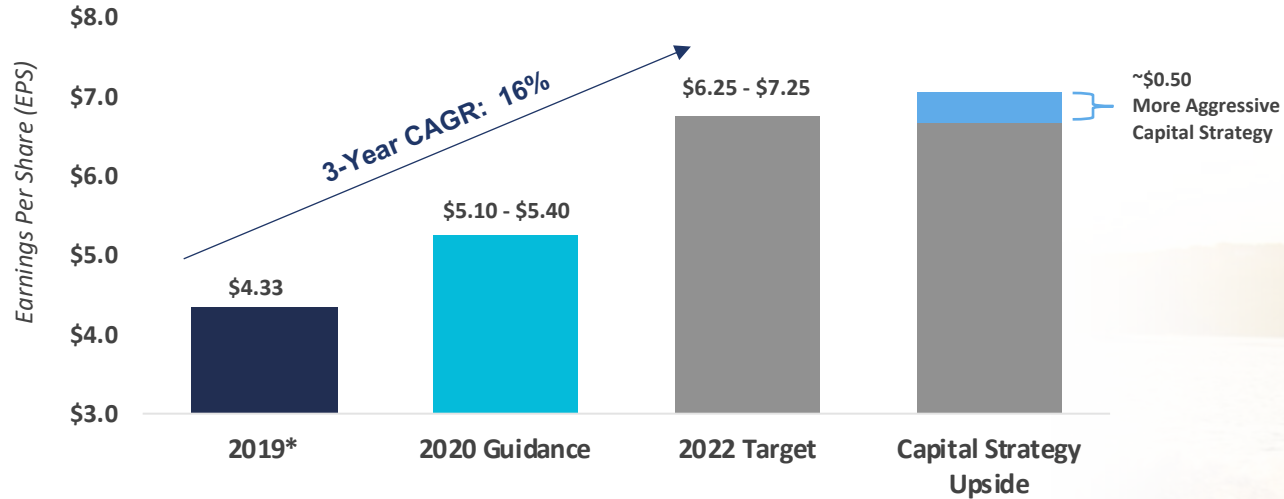
# Strong Growth in Aftermarket Business Enhances Stability



Strong aftermarket business enables improved earnings stability in various market conditions and benefits our capital strategy execution

1. P&A distribution included in Aftermarket Parts and Engines
2. Revenue figures not adjusted for Marine eliminations
3. Earnings figures exclude corporate expenses, and 2006 figures exclude all non-marine earnings

# Plan Would Extend Our Record of Annual EPS Growth Through 2022



Pre-tax growth

Mid-teens%

## NO MATERIAL CHANGE

in macro-economic environment

## M&A OPPORTUNITIES

~\$200M of M&A revenue included in 2022 Target

## SHARE REPURCHASES

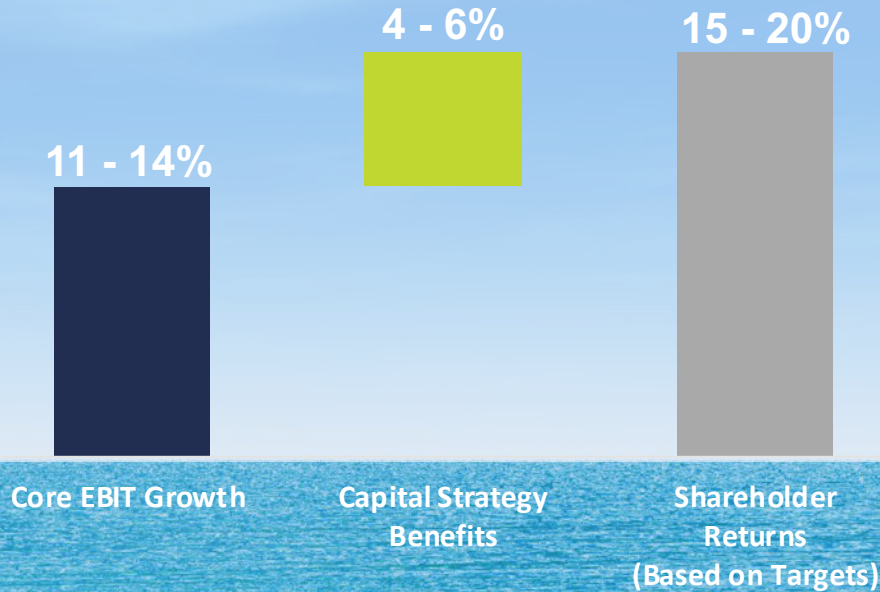
of \$100 million per year

## CAPITAL STRATEGY UPSIDE

would include additional share repurchases or incremental “strategic” M&A



# Investor Targets – Implied Total Shareholder Return



INNOVATION + INSPIRATION  
ON THE WATER

## CAPABILITIES

Unmatched in Marine

## VALUATION OPPORTUNITY

Focused portfolio and strong operating performance drives increased value

## BALANCED PORTFOLIO

Robust growing aftermarket channels drive improved earnings stability

## PRODUCT LEADERSHIP

Continued strong pipeline of new, transformative products

## CAPITAL STRATEGY

Execute capital strategy and deploy strong free cash flow

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We are confident that we can execute our 2020-2022 plan and deliver strong shareholder returns

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