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NEXT NEVER RESTS™

# Q2 2024 Earnings

Conference Call

**JULY 25, 2024**

# 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 rising interest rates, and the amount of disposable income consumers have available for discretionary spending; changes in currency exchange rates; fiscal and monetary policy changes; adverse capital market conditions; competitive pricing pressures; higher energy and fuel costs; managing our manufacturing footprint and operations; loss of key customers; international business risks, geopolitical tensions or conflicts, sanctions, embargoes, or other regulations; actual or anticipated increases in costs, disruptions of supply, or defects in raw materials, parts, or components we purchase from third parties; supplier manufacturing constraints, increased demand for shipping carriers, and transportation disruptions; adverse weather conditions, climate change events and other catastrophic event 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; absorbing fixed costs in production; public health emergencies or pandemics, such as the coronavirus (COVID-19) pandemic; risks associated with 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 integrate acquisitions and the risk for associated disruption to our business; our ability to identify, complete, and integrate targeted acquisitions; the risk that restructuring or strategic divestitures will not provide business benefits; maintaining effective distribution; dealers and customers being able to access adequate financing; inventory reductions by dealers, retailers, or independent boat builders; requirements for us to repurchase inventory; risks related to the Freedom Boat Club franchise business model; outages, breaches, or other cybersecurity events regarding our technology systems, which have affected and could further 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 trade policy and tariffs; an impairment to the value of goodwill and other assets; product liability, warranty, and other claims risks; legal, environmental, and other regulatory compliance, including increased costs, fines, and reputational risks; changes in income tax legislation or enforcement; managing our share repurchases; and risks associated with certain divisive shareholder activist actions.

Additional risk factors are included in the Company's Annual Report on Form 10-K for 2023 and in subsequent Quarterly Reports on Form 10-Q. 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.

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Good morning and thank you for joining us. With me on the call this morning are Dave Foulkes, Brunswick's CEO, and Ryan Gwillim, CFO. Before we begin with our prepared remarks, I would like to remind everyone that during this call our comments will include certain forward-looking statements about future results. Please keep in mind that our actual results could differ materially from these expectations. For details on these factors to consider, please refer to our recent SEC filings and today's press release. All of these documents are available on our website at Brunswick.com.

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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 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 acquisitions, among other adjustments.

For additional information and reconciliations of GAAP to non-GAAP measures, please see Brunswick's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 25, 2024, which is available at www.brunswick.com, and the Appendix to this presentation.

Brunswick does not provide forward-looking guidance for certain financial measures on a GAAP basis because it is unable to predict certain items contained in the GAAP measures without unreasonable efforts. These items may include restructuring, exit and impairment costs, special tax items, acquisition-related costs and certain other unusual adjustments.

For purposes of comparison, 2024 net sales growth is also shown using 2023 exchange rates for the comparative period to enhance the visibility of the underlying business trends, excluding the impact of translation arising from foreign currency exchange rate fluctuations. We refer to this as "constant currency" reporting.

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During our presentation, we will be referring to certain non-GAAP financial information. Reconciliations of GAAP to non-GAAP financial measures are provided in the appendix to this presentation and the reconciliation sections of the unaudited consolidated financial statements accompanying today's results. I will now turn the call over to Dave.

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# Business Overview – Dave Foulkes, CEO

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Thanks Neha, and good morning everyone.


With high interest rates continuing to pressure consumer budgets and suppress discretionary spending, the introduction of new model year products at the beginning of the important month of June did not catalyze boat purchases as we had anticipated, and our second quarter results were slightly below expectations.

Without strong peak season momentum, the continued slower retail sales, combined with higher levels of discounting and carrying costs, have increased pressure on dealer and channel partner profit margins resulting in ongoing conservative wholesale ordering patterns even for new model year products. In turn, this is causing OEMs to maintain lower boat production rates through the main selling season, with impacts to Propulsion and Navico Group OEM orders.

With slower new boat retail sales in the peak sales months, we now expect full year unit retail sales to be down approximately 10% versus our original forecast of flat.

As a result of heightened demand stimulation efforts focused on clearing more aged field inventory, our remaining field inventory is very fresh, with approximately 85 percent of units being current, and our focus continues on leveraging our new products and adjusting production levels to maintain or gain share in key categories while diligently managing field inventory levels to end the year with weeks-on-hand at appropriate levels and units below prior year.

Despite sales and earnings below guidance, the resiliency of our portfolio is being demonstrated, with our recurring revenue businesses and channels, including our engine P&A business, Propulsion’s repower business, Freedom Boat Club, and Navico Group's aftermarket sales, contributing more than 50 percent of our Q2 adjusted operating earnings.

In addition, our businesses delivered strong cash flow, enabling $170 million to be deployed for share repurchases year-to-date and further solidifying our focus on returning value to shareholders.

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# Segments continue to show resiliency and adapt to market dynamics

### Propulsion

- OEM customers maintaining lower production rates and adding downtime to adjust to slower in-season retail
- Despite OEM production dynamics, YTD U.S. outboard retail market share holding at around 48%, up slightly from 2023

### Engine Parts & Accessories

- Q2 2024 Engine P&A sales up 2%, with broad-based gains across U.S. and international regions
- Q2 2024 adjusted operating margin improved 220 bps vs. prior year with margin expansion in both the Products and Distribution businesses
- Brownsburg transition completed and delivering operational benefits

### Navico Group

- OEMs continuing to moderate orders due to lower production rates
- Strong new product momentum, including for recently launched Lowrance and Simrad Recon™ and Lowrance Eagle Eye™ products
- Structural cost reductions yielding continued operating expense benefit

### Boat[1]

- Retail trends weaker in later part of quarter with June U.S. SSI main powerboat retail down 20% vs. 2023
- Boat Group managing pipeline with Q2 U.S. inventory ending at 33 WOH
- Freedom Boat Club achieving steady YTD membership growth and recording >200k trips in the quarter

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[1]BOAT SEGMENT INCLUDES BUSINESS ACCELERATION

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Turning to some highlights from our segments in the quarter.

Despite our propulsion business delivering lower sales and operating earnings versus the second quarter of 2023, year-to-date we continue to gain share in outboard engines, with more than 48 percent overall share of the U.S. outboard market.  In addition, Propulsion’s controls, rigging, and propeller product categories had a strong quarter with operating margins ahead of the same period in 2023. Our Flite e-foil business also had its strongest ever sales month in June.

With boating participation continuing to be very solid in our major global markets, our engine parts and accessories business had a strong quarter, with sales and operating earnings up versus the second quarter of 2023, and we completed the full transition of Engine P&A distribution to our new, state-of-the-art facility in Brownsburg, Indiana.

As anticipated, Navico Group had lower sales and operating earnings versus their second quarter of 2023 due to reduced marine OEM order rates and persistently slow RV orders but continued to show stability, with sequential improvement in aftermarket sales and overall sales and earnings consistent with first quarter results.

Finally, our boat business had a solid performance given market conditions, with sales and operating earnings below the prior year quarter, consistent with lower planned production levels. Freedom Boat Club continued to deliver steady membership sales growth while adding two more flagship locations in Denmark and the UK and recording an impressive 200,000 member trips in the quarter.

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# External, Customer and Consumer Conditions

## External Landscape

- High interest rates placing increasing pressure on consumer budgets and discretionary spending
- Despite progress on disinflation and indications of emerging labor market weakness, earliest Fed rate cut now estimated for September

## Dealer Sentiment

- Dealers exhibiting caution with continued conservative ordering even of new model year products
- Dealer profit margins under pressure from higher discounting levels and carrying costs but no signs of abnormal distress

## OEM Environment

- Marine OEMs continue to reduce production in response to softer dealer orders and consumer demand in main selling season
- OEMs providing significantly elevated levels of marketing and promotional support to channels

## Consumer Health

- Boating participation remains strong, increasing sequentially through the quarter and above 2023 levels
- Delayed interest rate cuts driving continued buyer hesitancy
- Dealer foot traffic steady, ending slightly above prior year levels

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Expanding on the external environment, with the majority of the retail selling season behind us, it is evident that the 2024 U.S. marine retail market is underperforming versus our initial expectations due to the continuing high interest rate environment and, while there is now a higher probability of interest rate relief beginning in September, this will be after the main selling season and will likely have a minor impact on 2024 and be more of a potential tailwind for 2025.

Dealer sentiment is sequentially improving, however, the slower pacing of wholesale orders continues as the weaker retail environment drives a desire for more conservative inventory levels.

Discounting and promotion levels remain elevated, particularly on prior model year products, to stimulate retail movement. Our investments in digital platforms continue to drive benefits across our brands with close to 40% of boat and Freedom Boat Club membership sales in Q2 being digitally assisted.

OEMs and channel partners continue to moderate production levels to adjust to the environment and, in the absence of external stimulus, we do not now foresee this pattern changing significantly through the remainder of this season.

Despite these challenging conditions, we continue to see strong boating participation supporting our resilient, recurring revenue businesses.

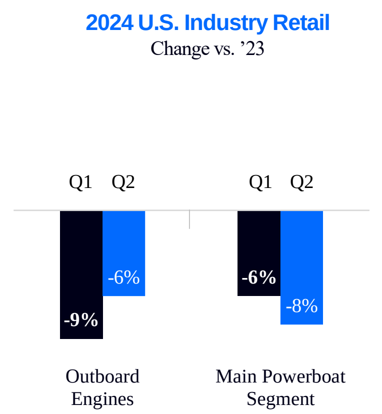
We continue to invest in and launch many exciting new products and technologies across all our businesses and product-lines with the intent to position us for market share gains and to ensure we have the freshest portfolio when the market returns to growth.

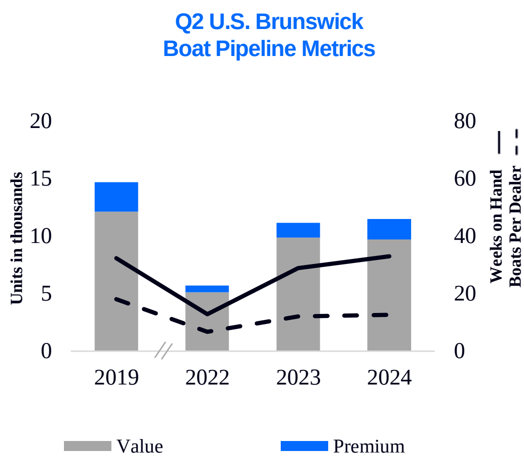
Finally, the previously proposed North Atlantic Right Whale Vessel Speed Restriction rule was delayed to November 2024 on the administration's most current regulatory agenda.

# U.S. Industry Retail and Pipeline Trends

Ending Q2 2024

- Brunswick U.S. boat pipeline ended the quarter at 33.0 weeks on hand and ~11.5k units
- Brunswick U.S. outboard engines retail share continues to grow, now at 48%
- June preliminary U.S. main powerboat industry retail weaker than anticipated at down 20%






SOURCE: STATISTICAL SURVEYS, INC.: PRELIMINARY DATA IS SHOWN ON A COMPARATIVE BASIS USING STATES REPORTING TO DATE FOR 2024: JAN 94%, FEB 89% AND MAR 70% OF THE U.S. BOAT MARKET, COAST GUARD DATA THROUGH 03/31/24.

Moving now to U.S. retail performance, we saw a weaker Q2 U.S. retail market than anticipated with U.S. industry new boat unit sales in the quarter declining significantly versus the second quarter of 2023, driven particularly by a weaker June.

U.S. outboard engine industry retail units declined 6 percent in the second quarter versus prior year. As mentioned, Mercury Marine U.S. overall YTD outboard market share is holding around 48 percent, up slightly from 2023, and our share of 350 horsepower and above engines exceeds 70 percent. As customer OEMs modulate production which, in some cases, requires extended manufacturing shut-down periods, we expect market share data across engine and boat brands may be more noisy than normal for the remainder of the year, although we anticipate gaining additional share in some areas.

During the quarter, we continued to diligently monitor pipeline levels and we ended the quarter with 33 weeks on hand and 11.5 thousand units in the U.S. pipeline, slightly above prior year.

In order to manage year-end pipelines, on a full year basis, we currently plan to wholesale around 1,500 fewer units than internal retail unit sales, which represents approximately a 7% reduction in ending inventory versus prior year.

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## Full-Year EPS Guidance Bridge

- Full year Adjusted EPS guidance reflects the impact of market/channel dynamics, partially offset by diligent cost containment


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Before I turn it over to Ryan, I wanted to quickly walk through the components of our updated adjusted EPS guidance of between $5.00 and $5.50 per share. As you can see, just about all of the anticipated decline from our view in April is related to the softer market conditions that have persisted through the main retail selling season and the resulting channel dynamics we believe we will experience for the remainder of 2024.

The most significant change since April is the combined impact of the weaker market and resulting lower wholesale sales in an environment where we anticipate pipeline inventories to be flat to down across all our businesses. We plan to wholesale several thousand fewer boats this year than originally planned and, despite continuing to take market share, Mercury will correspondingly ship fewer engines to OEM partners who have also lowered production to be consistent with demand.

The next two factors are directly related to the slower market conditions. First, all our businesses are experiencing lower absorption and slightly higher manufacturing costs due to the lower production levels. Second, we continued to use promotions and discounting to drive retail sales and to keep our inventory as fresh as possible.

Offsetting these factors is our combined focus on driving down controllable operating expenses. We anticipate ending the year with OPEX down almost 10% from initially planned levels, while still protecting spending on key growth initiatives and projects to advance our strategic objectives.

Despite this year not unfolding as we had hoped and anticipated, we continue to make prudent decisions and expect to finish 2024 in a strong, balanced position, while preparing to fully capture the upside when the market returns to growth.

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# Financial Overview – Ryan Gwillim, CFO

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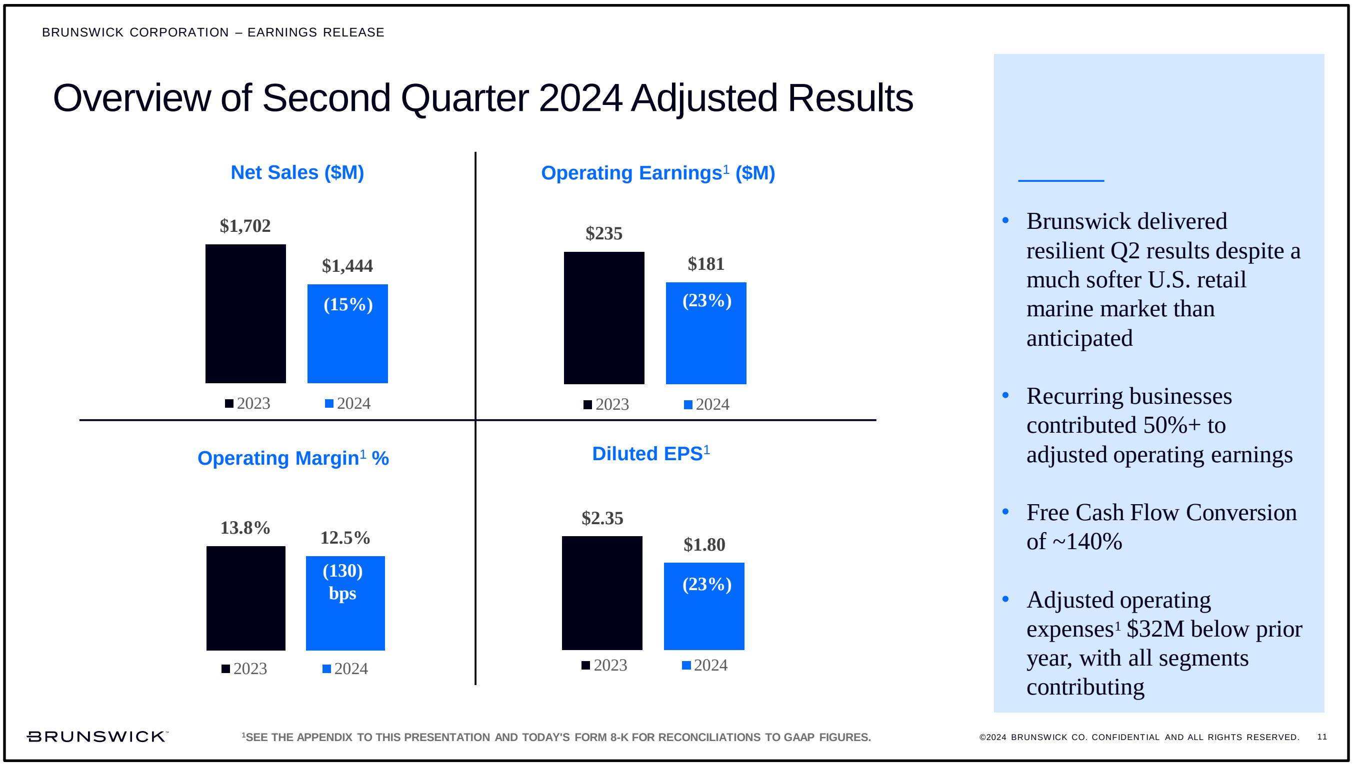
I will now turn the call over to Ryan to provide additional comments on our financial performance and outlook.

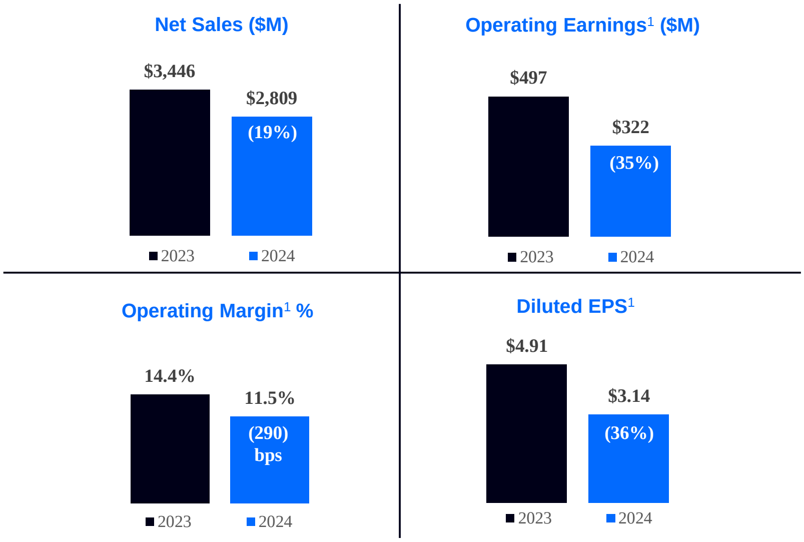



Thanks Dave, and good morning everyone.

Brunswick's second quarter results were slightly below expectations, but remained resilient despite a challenging macro-economic environment and much softer U.S. retail marine market than anticipated. Versus the second quarter of 2023, net sales in the quarter were down 15 percent, with adjusted operating margins of 12.5 percent resulting in an adjusted EPS of $1.80. Gross margins continue to remain resilient, adjusted operating expenses were down $32 million versus Q2 2023, and free cash flow performed better than anticipated, with FCF conversion of approximately 140 percent.

Second quarter sales were below prior year as the impact of continued lower wholesale ordering by dealers and OEMs, coupled with higher discounts in certain business segments, was only partially offset by annual price increases and benefits from well-received new products. Adjusted operating earnings were down versus prior year as a result of the impact of lower net sales and higher manufacturing costs primarily related to absorption from lower production, partially offset by significant cost control measures throughout the enterprise.

# Overview of YTD 2024 Adjusted Results




- YTD results reflect steady performance in continued challenging conditions
- YTD gross margins remain resolute, consistent with YTD 2023 absent impact of discounting and absorption
- Adjusted operating expenses[1] $43M below prior year, with all segments contributing

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[1]SEE THE APPENDIX TO THIS PRESENTATION AND TODAY'S FORM 8-K FOR RECONCILIATIONS TO GAAP FIGURES.

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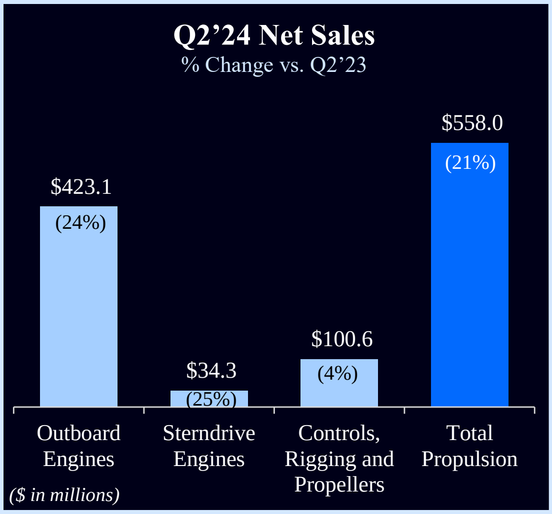
On a year-to-date basis, sales are down 19 percent, resulting in an adjusted diluted EPS of $3.14, down 36 percent. The entire enterprise remains focused on reducing operating expenses, which are down $43 million versus first-half of 2023 levels. Finally year-to-date operating deleverage of 27 percent remains slightly higher than the midpoint of our assumptions in our downside scenarios, but has been negatively impacted by unique factors including increased discounting, elevated depreciation expense, primarily related to recent capacity projects in Propulsion, and lower absorption across the enterprise due to lower production volumes.

## Propulsion Segment – Q2'24 Performance[1]

YTD market share gains continue despite planned lower wholesale engine shipments vs. Q2 2023


**Adjusted Operating Margin of**

**15.5%**

**Down 80 bps vs. Q2'23**

*(GAAP Operating Margin of 15.3% down 50 bps vs. Q2'23)*

**Adjusted Operating Earnings of**

**$86.7M**

**Down 24% vs. Q2'23**

*(GAAP Operating Earnings of $85.6M down 23% vs. Q2'23)*

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[1]SEE THE APPENDIX TO THIS PRESENTATION AND TODAY'S FORM 8-K FOR RECONCILIATIONS TO GAAP FIGURES.

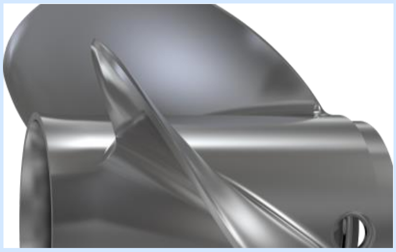
Now we'll look at each reporting segment, starting with our propulsion business.

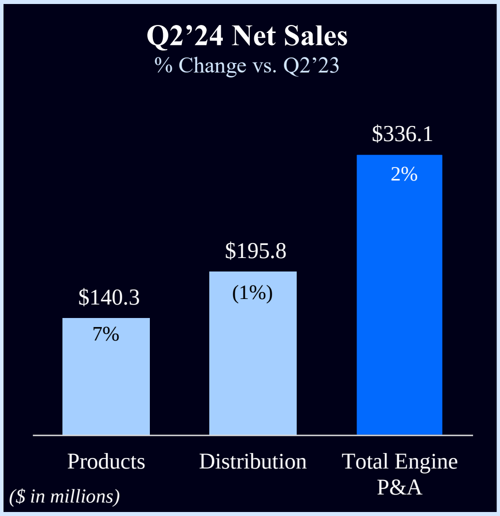
Sales in our propulsion segment were down 21 percent, with lower production rates at OEM boat manufacturers resulting in fewer engine orders in the quarter, while repower shipments were slightly up vs. Q2 2023. The high-margin controls, rigging and props business had slightly lower sales, but higher adjusted operating margins than prior quarter, led by a strong aftermarket performance.

Adjusted operating margins were below prior year primarily due to the impact of lower net sales and higher manufacturing costs, including absorption from lower production, partly offset by the lapping of prior year unfavorable capitalized inventory variances and accelerated cost control measures.

# Engine P&A Segment – Q2’24 Performance[1]

Brownsburg distribution facility transition complete, resulting in stronger sales, margin and earnings vs. Q2 2023




**Adjusted Operating Margin of**

**22.6%**

**Up 220 bps vs. Q2’23**

*(GAAP Operating Margin of 22.5% up 230 bps vs. Q2’23)*

**Adjusted Operating Earnings of**

**$75.8M**

**Up 13% vs. Q2’23**

*(GAAP Operating Earnings of $75.6M Up 14% vs. Q2’23)*

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[1] SEE THE APPENDIX TO THIS PRESENTATION AND TODAY’S FORM 8-K FOR RECONCILIATIONS TO GAAP FIGURES.

 

Our aftermarket-led engine parts and accessories business had a strong quarter, with sales, margins and operating earnings up versus the second quarter of 2023. With the transition to the Brownsburg, Indiana distribution facility now complete, this business was able to service product to customers around the globe, leading to year-over-year sales increases in both the U.S. and International markets.

# Navico Group Segment – Q2'24 Performance[1]

Sequential sales and earnings stability led by aftermarket businesses, while Marine and RV OEM remain challenged

**Q2'24 Navico Group Net Sales**

**$210.1M**

**Down 8% vs. Q2'23**

**Adjusted Operating Margin of**

**7.4%**

**Down 400 bps vs. Q2'23**

*(GAAP Operating Margin of -1.4% down 320 bps vs. Q2'23)*

**Adjusted Operating Earnings of**

**$15.6M**

**Down 40% vs. Q2'23**

*(GAAP Operating Earnings of -$3.0M down NM[2] vs. Q2'23)*

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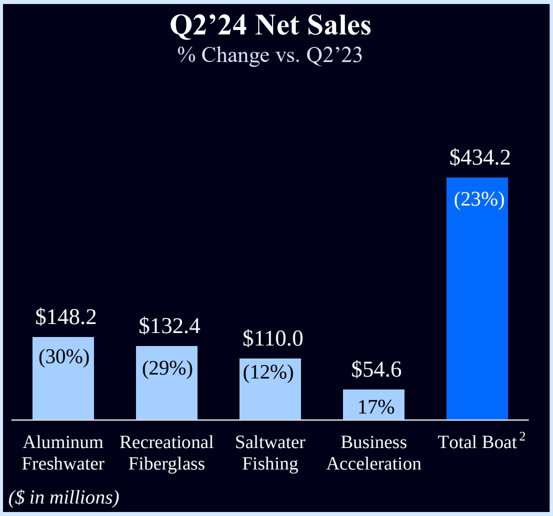
[1] SEE THE APPENDIX TO THIS PRESENTATION AND TODAY'S FORM 8-K FOR RECONCILIATIONS TO GAAP FIGURES.
[2] NM = NOT MEANINGFUL

Navico Group reported a sales decrease of 8 percent, driven primarily by reduced sales to marine OEMs as they balance production levels to match retail ordering patterns, partially offset by strong new product momentum and while slow, some improvement in RV sales trends. Segment adjusted operating earnings decreased as the impact from lower sales and increased discount activity was only partially offset by lower operating expenses.

## Boat Segment – Q2'24 Performance[1]

Steady performance consistent with expectations, with resolute margins despite planned lower wholesale orders




**Adjusted Operating Margin of**

**6.2%**

**Down 490 bps vs. Q2'23**

*(GAAP Operating Margin of 5.7% down 380 bps vs. Q2'23)*

**Adjusted Operating Earnings of**

**$27.1M**

**Down 57% vs. Q2'23**

*(GAAP Operating Earnings of $24.8M down 53% vs. Q2'23)*

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[1]SEE THE APPENDIX TO THIS PRESENTATION AND TODAY'S FORM 8-K FOR RECONCILIATIONS TO GAAP FIGURES.
[2]TOTAL BOAT NET SALES INCLUDES $11M OF BOAT ELIMINATIONS

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Finally, our boat business delivered steady results despite planned softer wholesale orders, as its channel partners continue to order cautiously, partially offset by the favorable impact of modest model-year pricing and share gains. The segment delivered adjusted operating margins within expectations as the impact of the net sales declines and lower absorption from the reduced production was partially offset by pricing and continued cost control.

Freedom Boat Club, which is included in Business Acceleration, had another solid quarter, contributing approximately 10 percent of the Boat segment's revenue during the quarter while seeing very steady membership growth despite the macro-economic uncertainty.

## 2024 vs. 2010 Comparison

| | 2010 | 2024F |
|---|---|---|
| U.S. Boat Retail Market | ~140K | ~140K |
| Sales<br>Sales per Employee | $3.4 Billion<br>~$220K | $5.2 to $5.4 Billion<br>~$350k |
| Operating Margin | 2% | 10 - 11% |
| EPS | ($0.52) | $5.00 - $5.50 |
| BBG Global Wholesale | ~25k Units | ~24k Units |

**Performance vs. Downside Scenario***

- ✓ Aftermarket P&A businesses performing as anticipated, but started from lower base (2022-2023 destocking)
- ✓ Accelerated cost containment and larger capital strategy benefits
- ✓ Better deleverage from Boat Group
- ✓ Higher Mercury market share gains
- ✓ Cautious wholesale ordering due to market/macro-economic conditions
- ✓ Elevated levels of discounting and promotions to support channel activity

* DOWNSIDE SCENARIO REFERENCES INVESTOR DAY 2022

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This data is internal to Brunswick.

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We thought we would take a moment to remind investors how our shaping of the portfolio over the last 15 years has resulted in strikingly different financial performance despite a very similar retail boat market.

2010 was the last time when approximately 140K boat units were retailed in the United States. That year, Brunswick had $3.4B of sales and lost more than 50 cents a share. Since that year, Brunswick has more than tripled the size of its aftermarket P&A business, divested non-core businesses, and gained more than 1000 bps of share in outboard engines. Our boat business is much healthier and leaner today than in 2010, as evidenced by this business being strongly profitable this year vs. losing significant earnings in 2010, on similar global wholesale orders.

Finally, we are keenly aware that our current guidance is slightly below the $6.00 downside case we laid out several years ago. Although we'd argue that we're still well within a reasonable margin of error for this type of exercise, the main components impacting the guidance are the reset of our P&A businesses after the post-covid destocking, and more cautious wholesale ordering patterns in all of our businesses despite elevated discount and promotional activity, which more than offset the better deleverage in our boat business, larger market share gains by Mercury, and benefits from cost efforts and higher share repurchases during the period.

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## 2024 Guidance[1]

| Revenue | Operating Margin | EPS |
|---|---|---|
| $5.2B to $5.4B | 10% to 11% | $5.00 to $5.50 |
| Previously $6.0 to $6.2B | Previously 12.0% to 13.0% | Previously $7.00 to $8.00 |
| **Free Cash Flow** | **Quarter 3 Revenue** | **Quarter 3 EPS** |
| $350M+ | $1.2B to $1.3B | $1.15 to $1.25 |
| No Change | | |

[1]EACH ON AN "AS ADJUSTED" BASIS WHERE APPLICABLE, VERSUS COMPARABLE PRIOR YEAR



With the majority of the retail selling season behind us, it is evident that the 2024 U.S. marine retail market is underperforming in peak season versus our initial expectations and is likely to end the year at unit levels similar to 2010. The macro-economic environment remains uncertain, and while there is now a higher probability of interest rate relief beginning in September, this would occur after the main selling season and will likely have an immaterial impact on our 2024 results, but potentially provide a tailwind for 2025. In this environment, our OEM customers and channel partners continue to order cautiously and we do not foresee this pattern changing significantly through the remainder of this season. In these challenging conditions our resilient, recurring revenue businesses and channels, including our Engine Parts and Accessories, Freedom Boat Club, and the aftermarket/repower sales of Propulsion and Navico Group are fully demonstrating their earnings and cash flow power. Through the balance of the year, we will continue to launch many, exciting new products to support future share gains while focusing on delivering year-end inventory levels in-line with historical norms, executing our strategic plan, investing in our long-term growth initiatives, and expect to deliver resilient EPS and free cash flow.

The result is the following updated guidance to match these market realities including net sales of between $5.2 to $5.4 billion and adjusted diluted EPS in the range of $5.00 to $5.50, while keeping free cash flow guidance in excess of $350 million. Please see the appendix for additional guidance regarding anticipated segment metrics.

## 2024 Outlook – P&L and Cash Flow Assumptions

**Capital Expenditures**
<$175M
Previously ~$225M

**Quarterly Dividends**
$0.42 Per Share
No Change

**Foreign Currency Earnings Impact**
Flat to down $15M
No Change

**Effective Tax Rate- As Adjusted[1]**
~22%
No Change

**Share Repurchases**
$200M to $220M
Previously ~$250M

[1]TAX PROVISION, AS ADJUSTED FOR SPECIAL TAX ITEMS



I will wrap up the financial update by sharing certain updated P&L, cash flow and other capital strategy assumptions for the full-year, with only two items that have materially changed since our April call.  First, we continue to moderate our capital expenditure spending for the year and now anticipate $175M of capex spending for the year.  This amount remains far in excess of maintenance capital levels and still allows our businesses to continue with their key growth initiatives.

Second, furthering our balanced and flexible approach to our capital strategy, we have revised our plan to repurchase between $200 and $220M of shares in 2024, consistent with our initial assumptions for the year, and have completed $170M through the second quarter. We plan to spend around ~$20M each quarter going forward on share repurchases, balancing repurchases and debt reduction to gradually achieve our desired net leverage targets.

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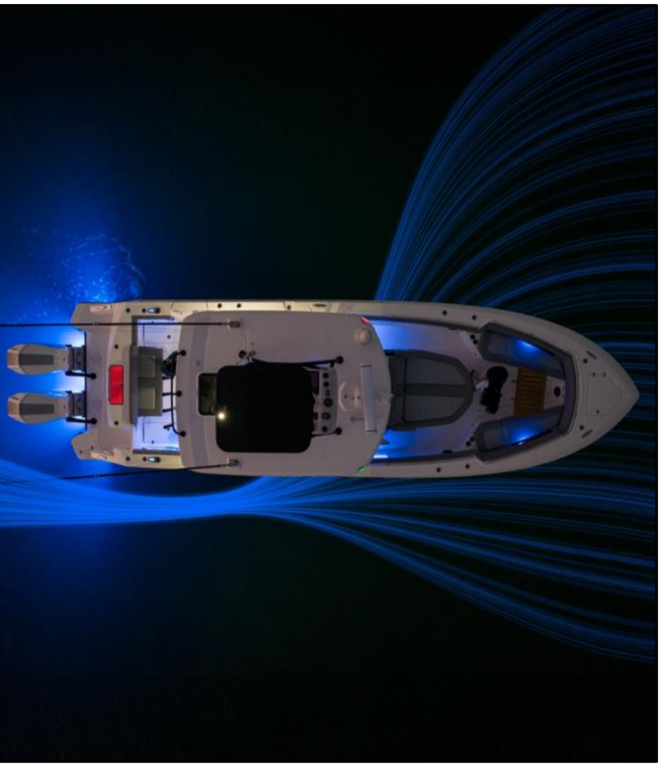
# Wrap-Up
## Dave Foulkes, CEO



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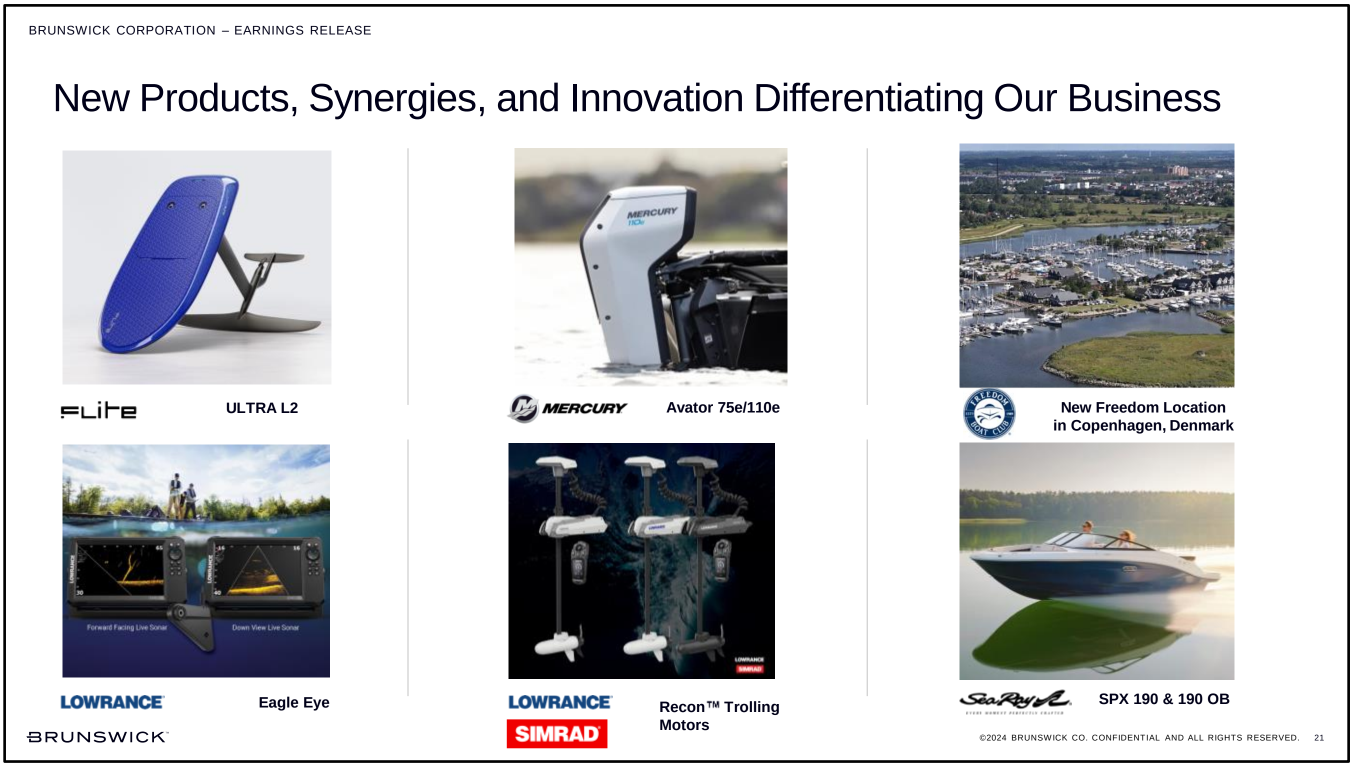
I will now pass the call back over to Dave for concluding remarks.




I'm excited to close our prepared remarks by highlighting some recently launched new products and other exciting developments.

Flite continues to expand its product line with the introduction of the Ultra L2 e-foil, a light-weight and slim board designed for high maneuverability. During the quarter, we opened the order book for the award-winning Avator™ 75e and 110e electric outboards. The most powerful engines in the Avator family are well-suited for powering a variety of vessels, including pontoons, runabouts, and rigid-inflatables.

Among eighty new or updated Brunswick Boat models launched so far in 2024, the all-new Sea Ray SPX 190 and SPX 190 Outboard models, featuring the new Sea Ray design language and many class-leading features, were introduced.

Navico Group attended the world's largest fishing show, ICAST, and showcased several exciting new products from the Simrad and Lowrance brands, including the innovative new Recon™ electric-steer trolling motor, which has been developed for both freshwater and saltwater anglers and features a unique joystick remote. In addition, the Lowrance brand also launched Eagle Eye™, a highly accessible all-in-one live sonar solution, combining CHIRP & DownScan in one transducer, along with detailed C-MAP charting.

In the quarter, Brunswick brands won 11 top product awards from Boating Industry Magazine for the 2nd consecutive year and, not to be outdone, Freedom Boat Club continued to expand geographically, with the recently announced additional, flagship locations in Copenhagen and near London.

That is the end of our prepared remarks, we will now open the line for questions.

# Appendix

# 2024 Outlook Segment Guide[1]

| | Propulsion | Engine P&A | Navico Group | Boat |
|---|---|---|---|---|
| Net Sales Guide[2] | ~$2.1B<br>Previously ~$2.6B | ~$1.2B<br>No Change | ~$0.825B<br>Previously ~$0.9B | ~$1.6B<br>Previously ~$1.8B |
| Operating Margin Guide | ~13.5%<br>Previously ~16.0% | ~20.0%<br>No Change | High Single Digit Percent<br>Previously Low Double Digit Percent | Mid Single Digit Percent<br>Previously Mid to High Single Digit Percent |

[1]EACH ON AN "AS ADJUSTED" BASIS WHERE APPLICABLE, VERSUS COMPARABLE PRIOR YEAR
[2]SEGMENT NET SALES GUIDANCE FIGURES ARE EXCLUSIVE OF SEGMENT ELIMINATIONS

# 2024 Outlook – Capital Strategy and Other Assumptions

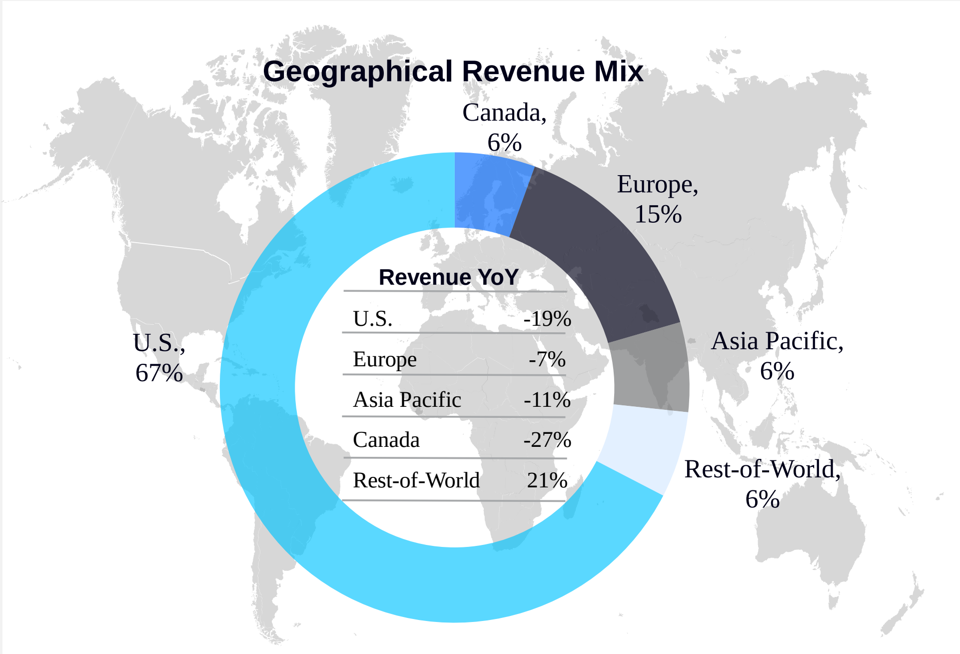
| Depreciation | Average Diluted Shares Outstanding | Debt Retirement |
|---|---|---|
| ~$225M | ~67.5M | ~$50M |
| No Change | Previously ~68M | No Change |

| Working Capital Usage | Net Interest Expense | Combined Equity Earnings and Other Income[1] |
|---|---|---|
| $50M to $75M | ~$110M | Slightly Lower vs. 2023 |
| No Change | No Change | No Change |

[1]EXCLUDES TN-BC HOLDINGS LLC JOINT VENTURE IMPAIRMENT

# Q2 2024 Revenue Mix[1] & Growth Rates

- Q2’24 global sales declined 16 percent on a constant currency basis, excluding acquisitions

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[1]ALL FIGURES SHOWN ON A CONSTANT CURRENCY BASIS, EXCLUDING ACQUISITIONS. MIX PERCENTAGES REFLECT Q2 2024 NET SALES.

 

# Net Sales – Q2 2024

Net Sales decreased by $258.4 million, or 15 percent

## NET SALES (in millions)

| Segments | Q2 2024 | Q2 2023 | % Change |
|---|---|---|---|
| Propulsion | $558.0 | $703.3 | (21%) |
| Engine Parts & Accessories | 336.1 | 328.9 | 2% |
| Navico Group | 210.1 | 227.8 | (8%) |
| Boat | 434.2 | 560.8 | (23%) |
| Segment Eliminations | (94.5) | (118.5) | (20%) |
| **Total** | **$1,443.9** | **$1,702.3** | **(15%)** |

## SALES BY REGION

| Region | Q2 2024 % of Sales | % Change | Constant Currency Ex Acquisitions % Change |
|---|---|---|---|
| United States | 68% | (18%) | (19%) |
| Europe | 15% | (5%) | (7%) |
| Asia-Pacific | 6% | (12%) | (11%) |
| Canada | 5% | (27%) | (27%) |
| Rest-of-World | 6% | 19% | 21% |
| Total International | 32% | (8%) | (8%) |
| **Consolidated** | | **(15%)** | **(16%)** |

# Net Sales – YTD 2024

Net Sales decreased by $637 million, or 19 percent

## NET SALES (in millions)

| Segments | FY 2024 | FY 2023 | % Change |
|---|---|---|---|
| Propulsion | $1,136.2 | $1,454.9 | (22%) |
| Engine Parts & Accessories | 598.5 | 617.5 | (3%) |
| Navico Group | 421.0 | 505.1 | (17%) |
| Boat | 859.9 | 1,136.0 | (24%) |
| Segment Eliminations | (206.7) | (267.6) | (23%) |
| **Total** | **$2,808.9** | **$3,445.9** | **(19%)** |

## SALES BY REGION

| Region | FY 2024 % of Sales | % Change | Constant Currency Ex Acquisitions % Change |
|---|---|---|---|
| United States | 67% | (21%) | (21%) |
| Europe | 15% | (11%) | (13%) |
| Asia-Pacific | 7% | (16%) | (15%) |
| Canada | 5% | (33%) | (33%) |
| Rest-of-World | 6% | 9% | 8% |
| Total International | 33% | (14%) | (14%) |
| **Consolidated** | | **(19%)** | **(19%)** |



 

# GAAP to Non-GAAP Reconciliations – Q2 2024

| | Operating Earnings | | Diluted Earnings per Share | |
|---|---|---|---|---|
| (in millions, except per share data) | Q2 2024 | Q2 2023 | Q2 2024 | Q2 2023 |
| GAAP | $158.3 | $194.4 | $1.55 | $1.91 |
| Restructuring, exit and impairment charges | 7.9 | 13.9 | 0.09 | 0.15 |
| Purchase accounting amortization | 14.5 | 14.1 | 0.16 | 0.15 |
| Acquisition, integration, and IT related costs | 0.1 | 4.4 | — | 0.05 |
| IT security incident costs | — | 8.1 | — | 0.09 |
| **As Adjusted** | **$180.8** | **$234.9** | **$1.80** | **$2.35** |

| | Q2 2024 | Q2 2023 |
|---|---|---|
| GAAP operating margin | 11.0% | 11.4% |
| **Adjusted operating margin** | **12.5%** | **13.8%** |



 

# GAAP to Non-GAAP Reconciliations – YTD 2024

| | Operating Earnings | | Diluted Earnings per Share | |
|---|---|---|---|---|
| **(in millions, except per share data)** | **YTD 2024** | **YTD 2023** | **YTD 2024** | **YTD 2023** |
| GAAP | $268.9 | $430.5 | $2.54 | $3.47 |
| Restructuring, exit and impairment charges | 21.4 | 23.4 | 0.24 | 0.25 |
| Purchase accounting amortization | 29.3 | 28.3 | 0.33 | 0.30 |
| Acquisition, integration, and IT related costs | 2.4 | 7.0 | 0.03 | 0.08 |
| IT security incident costs | 0.3 | 8.1 | — | 0.09 |
| Special tax items | — | — | — | 0.72 |
| **As Adjusted** | **$322.3** | **$497.3** | **$3.14** | **$4.91** |

| | | |
|---|---|---|
| GAAP operating margin | 9.6% | 12.5% |
| **Adjusted operating margin** | **11.5%** | **14.4%** |



 

# GAAP to Non-GAAP Reconciliations – Q2 2024

| | Operating Expenses | |
|---|---|---|
| **(in millions)** | **Q2 2024** | **Q2 2023** |
| Selling, general and administrative expense | $181.8 | $215.1 |
| Research and development expense | 43.0 | 48.9 |
| Restructuring, exit and impairment charges[1] | 1.6 | 8.5 |
| **GAAP operating expenses** | **$226.4** | **$272.5** |
| Purchase accounting amortization | 14.5 | 14.1 |
| Restructuring, exit and impairment charges[1] | 1.6 | 8.5 |
| Acquisition, integration, and IT related costs[2] | — | 4.4 |
| IT security incident costs[3] | — | 3.2 |
| **As Adjusted operating expenses** | **$210.3** | **$242.3** |

(1) EXCLUDES $6.3M AND $5.4M OF COST OF SALES RELATED RESTRUCTURING, EXIT AND IMPAIRMENT CHARGES FOR THE THREE MONTHS ENDED JUNE 29, 2024 AND JULY 1, 2023, RESPECTIVELY.

(2) EXCLUDES $0.1M OF COST OF SALES RELATED ACQUISITION, INTEGRATION, AND IT COSTS FOR THE THREE MONTHS ENDED JUNE 29, 2024.

(3) EXCLUDES $4.9M OF COST OF SALES RELATED IT SECURITY INCIDENT COSTS FOR THE THREE MONTHS ENDED JULY 1, 2023.



 

# GAAP to Non-GAAP Reconciliations – YTD 2024

| | Operating Expenses | |
|---|---|---|
| **(in millions)** | **YTD 2024** | **YTD 2023** |
| Selling, general and administrative expense | $385.5 | $426.4 |
| Research and development expense | 88.8 | 97.6 |
| Restructuring, exit and impairment charges[1] | 11.5 | 16.8 |
| **GAAP operating expenses** | **$485.8** | **$540.8** |
| Purchase accounting amortization[2] | 29.0 | 28.3 |
| Restructuring, exit and impairment charges[1] | 11.5 | 16.8 |
| Acquisition, integration, and IT related costs[3] | 2.2 | 7.0 |
| IT security incident costs[4] | 0.3 | 3.2 |
| **As Adjusted operating expenses** | **$442.8** | **$485.5** |

(1) EXCLUDES $9.9M AND $6.6M OF COST OF SALES RELATED RESTRUCTURING, EXIT AND IMPAIRMENT CHARGES FOR THE SIX MONTHS ENDED JUNE 29, 2024 AND JULY 1, 2023, RESPECTIVELY.

(2) EXCLUDES $0.3M OF COST OF SALES RELATED PURCHASE ACCOUNTING AMORTIZATION FOR THE SIX MONTHS ENDED JUNE 29, 2024.

(3) EXCLUDES $0.2M OF COST OF SALES RELATED ACQUISITION, INTEGRATION, AND IT COSTS FOR THE SIX MONTHS ENDED JUNE 29, 2024.

(4) EXCLUDES $4.9M OF COST OF SALES RELATED IT SECURITY INCIDENT COSTS FOR THE SIX MONTHS ENDED JULY 1, 2023.



 

# Tax Rate

**Q2**

| | Q2 2024 | Q2 2023 |
|---|---|---|
| Effective Tax Rate - GAAP | 20.9% | 21.2% |
| Effective Tax Rate - As Adjusted [1] | 21.6% | 21.6% |

**YTD**

| | YTD 2024 | YTD 2023 |
|---|---|---|
| Effective Tax Rate - GAAP [2] | 21.1% | 35.3% |
| Effective Tax Rate - As Adjusted [1] | 21.6% | 22.1% |

(1) TAX PROVISION, AS ADJUSTED, EXCLUDES $0.1 MILLION AND $(0.1) MILLION OF NET PROVISIONS (BENEFITS) FOR SPECIAL TAX ITEMS FOR Q2 2024 AND Q2 2023, RESPECTIVELY, AND $0.2 MILLION AND $51.7 MILLION OF NET PROVISIONS FOR SPECIAL TAX ITEMS FOR YTD 2024 AND YTD 2023, RESPECTIVELY.

(2) DECREASE IN THE EFFECTIVE TAX RATE IS DUE TO THE DISCRETE INCOME TAX EXPENSE RECORDED IN CONNECTION WITH THE INTERCOMPANY SALE OF INTELLECTUAL PROPERTY RIGHTS DURING THE FIRST QUARTER OF 2023.



 

# Free Cash Flow

Q2

| (in millions) | Q2 2024 | Q2 2023 |
|---|---|---|
| **Net cash provided by (used for) operating activities from continuing operations** | **$215.7** | **$268.9** |
| **Net cash (used for) provided by:** | | |
| Capital expenditures | (47.1) | (79.9) |
| Proceeds from sale of property, plant, equipment | 3.1 | 3.6 |
| Effect of exchange rate changes | (2.3) | (0.1) |
| **Free Cash Flow** | **$169.4** | **$192.5** |

YTD

| (in millions) | YTD 2024 | YTD 2023 |
|---|---|---|
| **Net cash provided by (used for) operating activities from continuing operations** | **$67.6** | **$254.4** |
| **Net cash (used for) provided by:** | | |
| Capital expenditures | (101.1) | (173.4) |
| Proceeds from sale of property, plant, equipment | 5.4 | 6.3 |
| Effect of exchange rate changes | (7.0) | 1.6 |
| **Free Cash Flow** | **($35.1)** | **$88.9** |



 

# Free Cash Flow Conversion – Q2'24

| (in millions) | Q2 2024 |
|---|---|
| **Free Cash Flow** | **$169.4** |
| | |
| **GAAP net earnings from continuing operations** | **104.8** |
| Restructuring, exit and impairment charges | 7.9 |
| Purchase accounting amortization | 14.5 |
| Acquisition, integration and IT related costs | 0.1 |
| Tax impact of items above | (5.8) |
| Special tax items | 0.1 |
| **Adjusted net earnings from continuing operations** | **$121.6** |
| | |
| **Free cash flow conversion [1]** | **139%** |

(1) FREE CASH FLOW CONVERSION IS CALCULATED AS FREE CASH FLOW DIVIDED BY ADJUSTED NET EARNINGS FROM CONTINUTING OPERATIONS.