



**BRIGGS & STRATTON**  
CORPORATION



# INVESTOR DAY

November 1, 2017 New York City

# Safe Harbor Disclosure

## **Safe Harbor Statement:**

This presentation contains certain forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those projected in the forward-looking statements. The words “anticipate”, “believe”, “estimate”, “expect”, “forecast”, “intend”, “plan”, “project”, and similar expressions are intended to identify forward-looking statements. The forward-looking statements are based on the company’s current views and assumptions and involve risks and uncertainties that include, among other things, the ability to successfully forecast demand for our products; changes in interest rates and foreign exchange rates; the effects of weather on the purchasing patterns of consumers and original equipment manufacturers (OEMs); actions of engine manufacturers and OEMs with whom we compete; changes in laws and regulations; changes in customer and OEM demand; changes in prices of raw materials and parts that we purchase; changes in domestic and foreign economic conditions (including effects from the U.K.’s decision to exit the European Union); the ability to bring new productive capacity on line efficiently and with good quality; outcomes of legal proceedings and claims; the ability to realize anticipated savings from restructuring actions; and other factors disclosed from time to time in our SEC filings or otherwise, including the factors discussed in Item 1A, Risk Factors, of the company’s Annual Report on Form 10-K and in its periodic reports on Form 10-Q. We undertake no obligation to update forward-looking statements made in this presentation to reflect events or circumstances after the date of this presentation.

## **Non-GAAP Financial Measures:**

This presentation refers to non-GAAP financial measures including “adjusted gross margin”, “adjusted operating margin”, “adjusted segment income (loss)”, “adjusted net income (loss)”, and “adjusted diluted earnings (loss) per share.” Refer to the accompanying financial schedules for supplemental financial data and corresponding reconciliations of these non-GAAP financial measures to certain GAAP financial measures.



## Who You Will Hear From Today

**Todd Teske**  
Chairman,  
President and CEO

**Dave Rodgers**  
SVP, President—  
Engines and Power

**Harold Redman**  
SVP, President—  
Turf and Consumer Products

**Ben Duke**  
President—Commercial Job  
Site and Standby

**Bill Reitman**  
SVP, President—  
Support

**Tom Rugg**  
VP—  
Corporate Development

**Mark Schwertfeger**  
SVP and  
CFO



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## Our Key Messages

Roadmap in place  
to deliver more  
**consistent growth,  
higher profitability  
and greater ROIC**

**Robust innovation**  
engine drives  
**share position:**

- Maintain in core
- Gain in growth areas

**Enabling  
technologies**  
support  
new growth  
opportunities

**Financial strength**  
sustains investment  
in innovation  
and optimization  
to **reward  
shareholders**

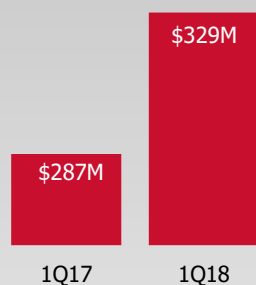




# 1Q18 Highlights

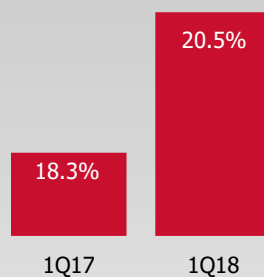
## FINANCIAL PERFORMANCE

### Sales



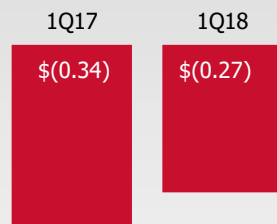
15%  
GROWTH

### Adjusted Gross Margin\*



220bps  
INCREASE

### Adjusted Loss Per Share\*



20%  
REDUCTION

## FIRST QUARTER HIGHLIGHTS

- Favorable impact of storm-related shipments of generators
- Ongoing strength in sales of commercial engines and products
  - High demand for commercial job site products
- Accelerated purchases of engines by international customers

**Increasing activity in standby generators** to maintain lifestyle and business continuity

\* Adjusted gross margin and adjusted loss per share are non-GAAP financial measures. See the reconciliation to GAAP financial measures in the appendix.



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## Fiscal 2018 Guidance

### PREVIOUS GUIDANCE:

- Net sales in the range of \$1.87B and \$1.92B
- EPS in the range of \$1.31 and \$1.48 before business optimization charges

### NEW GUIDANCE:

- Net sales in the range of \$1.90B and \$1.95B
- EPS in the range of \$1.41 and \$1.58 before business optimization charges

Upward revision reflects increased shipments to-date of generators and other products related to storm activity

Revised guidance does not contemplate incremental future storm-related shipments or any change in general business conditions





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# BUSINESS OVERVIEW AND DRIVING VALUE

Todd Teske

Chairman, President & CEO

## Who We Are



- Sales: **\$1.8B**
- EPS: **\$1.31**
- Operating margin: **5.5%**

- Dividend: **\$0.56**
- Current yield: **~2.3%**
- Market cap: **~\$1.0B**

- **3 acquisitions** over 5 years
- **Global** – 30% of sales international
- **Strong** balance sheet
- **70% growth** in commercial over 5 years



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## Our Mission and Strategy

### Mission

We will make work easier and improve lives  
by providing innovative products, diverse  
power solutions and a superior support network.

### Strategy

Grow the  
Engine  
Business

Invest in  
high value,  
high margin products

Diversify



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# Repositioning to Enhance Shareholder Value

Improve profitability, increase growth, increase ROIC, reduce seasonality, greater sustainability

c. 2010		THE FUTURE	
<b>Engines and Products</b>	<ul style="list-style-type: none"> <li>• Consumer</li> <li>• Some commercial</li> </ul>	<b>Provider of Power</b>	<ul style="list-style-type: none"> <li>• Integrated products/engines</li> <li>• Power sources beyond petrol engines</li> <li>• Information – IoT</li> </ul>
<b>Concentrated</b>	<ul style="list-style-type: none"> <li>• End User</li> <li>• Markets</li> <li>• Customer</li> <li>• Geography</li> </ul>	<b>Diversified</b>	<ul style="list-style-type: none"> <li>• End User</li> <li>• Markets</li> <li>• Customer</li> <li>• Geography</li> </ul>
<b>Cost Focused To Drive Value</b>	<ul style="list-style-type: none"> <li>• Lowest product cost</li> </ul>	<b>Lean &amp; Innovative To Drive Value</b>	<ul style="list-style-type: none"> <li>• User-driven problem solving (UDPS)</li> <li>• Simplify our business processes                             <ul style="list-style-type: none"> <li>– Operational excellence</li> <li>– ERP upgrade</li> </ul> </li> </ul>
<b>Parts Distributor/ Dealer Training</b>	<ul style="list-style-type: none"> <li>• Complex systems and processes</li> <li>• Company driven training</li> </ul>	<b>Superior Support Solution</b>	<ul style="list-style-type: none"> <li>• Easy to do business with</li> <li>• User driven know how</li> <li>• Support where needed/when needed</li> <li>• Support as competitive advantage</li> </ul>



## A Time of Change

### REVENUES ARE DOWN \$324 MILLION FROM 2011...

Multiple events put significant pressure on revenues

- Strategic exit of mass retail market in end products (2013)
- Weak storm cycle (post 2013)
- Lackluster residential lawn & garden market from slow and uneven housing recovery

### ... BUT ADJUSTED GROSS MARGINS ARE UP 260 BASIS POINTS

Rationalized manufacturing facilities (2012-2016)  
Launched business diversification through strategic investments and acquisitions (2009-2015)

- Products, channels, geographies, markets

Increased focus on innovation

- Refreshed and modernized product and engine platforms
- Successfully introduced innovative new products and features

Source: Company filings



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## Briggs Today – Positioned for Growth

### Competitive Moat

- Recognized leader in powering both commercial and residential products
- Efficient *US-based* manufacturing
- Dealer channel focus with clear segmentation and support structure
- Track record of innovations in partnership with OEMs
- Leading brands in key segments
- Experienced management team

### Strong Financial Position

- \$1.8 billion in annual sales and 5.5% operating margin
- Conservative balance sheet with 1.7 average leverage at 4Q17
- Robust cash flow to fund future investments
- Increasing profitability with higher capacity utilization
- Returned \$355 million to investors since Fiscal 2012

### Positioned for Next Phase of Growth

- Rationalized manufacturing footprint to drive efficiency and margin
- Business mix built to significantly increase profitability without substantial growth in residential
- Moved residential L&G end product portfolio away from mass market
- Acquired brands in new geographic and market channels to diversify the business and accelerate expansion into higher growth, higher margin and more weather-resistant commercial markets

**Well positioned to leverage core expertise in higher profit segments**

Source: Company filings, company estimates



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## Priorities for the Next Three Years

Grow margin in residential

Drive growth in commercial

Invest and build on enabling technologies

Drive operational excellence



**Make work easier by providing innovative products,  
diverse power solutions and a superior support network**



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## Growth Roadmap Leverages Current Assets

### Residential

- Strong cash flow generator
- Margin opportunity through operational excellence and incremental innovation
- Grow at market



### Commercial Turf and Lawn Care

- Grow professional lawn care space
- Fill out the commercial trailer
- Grow at market +



### Commercial Engines

- Innovative new engines for commercial uses
- New focus on rental channel
- Leverage engine/end product expertise
- Grow at market +



### Commercial Job Site

- Leverage expected US infrastructure spend
- Underserved market, ripe for innovation
- Rental channel focus
- Grow at market +



**PROVIDE SUPERIOR GLOBAL SUPPORT**

**COMMERCIAL: \$4 BILLION MARKET OPPORTUNITY GROWING AT 2X GDP**

**COMMERCIAL: A GROWTH AND TAKE-SHARE STRATEGY**

**LOW INCREMENTAL INVESTMENT REQUIREMENT**

Source: Company estimates



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## Next Innovations Focused on Enabling Technologies

Smart investments that help customers be more productive

Electronic fuel injection (EFI)

Electrification

IoT



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## Industry Trends

### Investment in Electrification, Batteries and IoT

#### Volvo plans to electrify all of its cars. Are the days of the combustion engine numbered?

"This announcement marks the end of the solely combustion-engine-powered car," Volvo Chief Executive Hakan Samuelsson said in a conference call with reporters. "People increasingly demand electrified cars, and we want to respond to our customers' current and future needs."

— *Los Angeles Times*, July 5, 2017

#### GM

General Motors said Monday that it plans to electrify its entire lineup, bringing at least 20 models to the U.S. market by 2023, including two electric vehicles within the next 18 months.

*Consumer Reports*, October 2, 2017

#### The death of the internal combustion engine

The shift from fuel and pistons to batteries and electric motors is unlikely to take that long. The first death rattles of the internal combustion engine are already reverberating around the world—and many of the consequences will be welcome. *The Economist*, August 12, 2017

#### Your Next Home Could Run on Batteries

There's something ruggedly individualistic and inherently American about having batteries in your home. They're good for keeping power going in a disaster, as customers of the two biggest firms by sales volume in this field, Sonnen and Tesla, demonstrated in the aftermath of Hurricane Irma. And in combination with rooftop solar panels, they free people from total dependence on the grid—a kind of energy cable-cutting that wonks call "grid defection."

— *The Wall Street Journal*, October 15, 2017

#### The Internet of Things is Coming for Us

We now live in a world where objects once again have life. We can talk to them and they can answer back, as is the case with Alexa and Siri and their digital kin. With their help we can control and organize the world around us: We can make sure our homes are safe, turn lights and appliances on or off, summon a taxi or order food from a restaurant. Little by little we are transferring to these technologies the tasks that we used to do ourselves, and at the same time, we are giving them control over our surroundings. *The New York Times*, January 21, 2017



## Drive Operational Excellence

**Business  
optimization**

**Lean  
manufacturing**

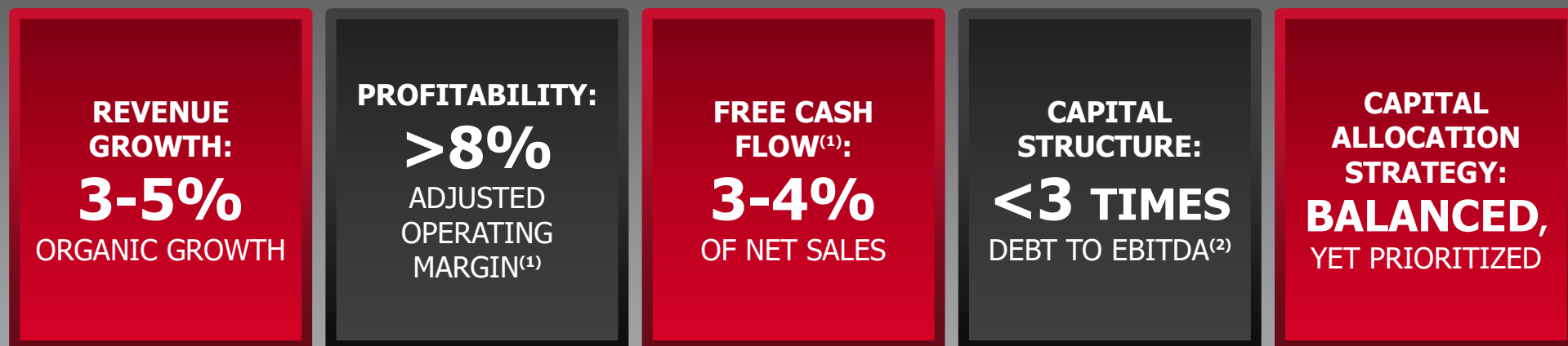
**Simplify  
our business –  
ERP upgrade**

**Lowest  
total cost**



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## Our Long-term Financial Goals



(1) Adjusted operating margin and free cash flow are non-GAAP measures. See appendix for a reconciliation to GAAP financial measures.

(2) EBITDA is Earnings before interest, taxes, depreciation and amortization, as defined by our credit agreement.



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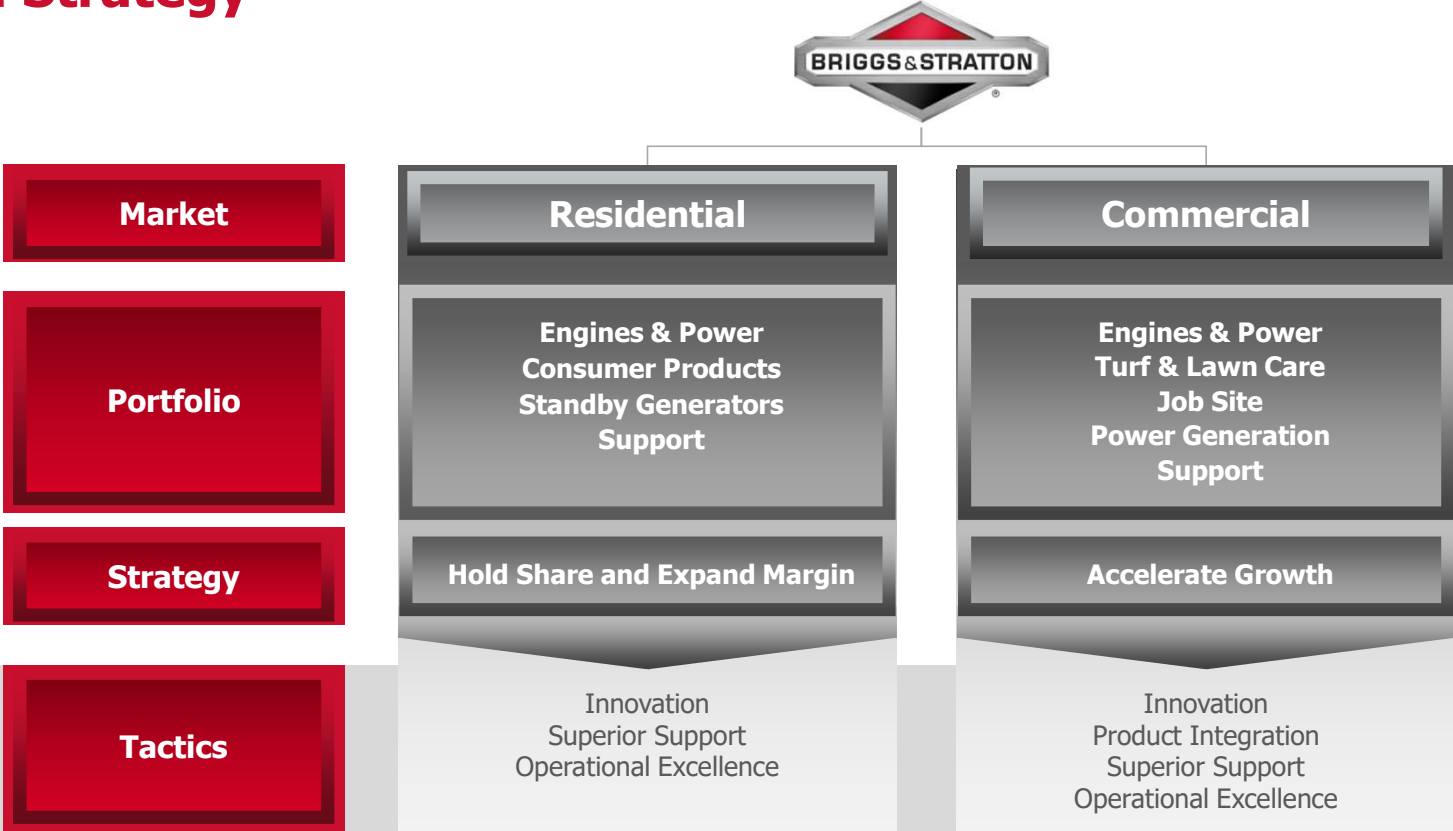


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# GLOBAL ENGINES AND POWER

Dave Rodgers

# Global Engines and Power Growth Strategy



# Global Engines and Power Overview

## Segment Overview

- **Primarily used by the lawn & garden equipment industry**
  - **89% of FY 2017 engine segment sales**
  - **Applications include** walk-behind lawn mowers, riding lawn mowers, garden tillers and snow throwers
- **Remaining sales** for industrial, construction, agricultural and other consumer applications
  - **11% of FY 2017 engine segment sales**
  - **Applications include** generators, pumps and pressure washers
- **International reach**
  - **~33% of FY 2017 engines segment net sales** derived from international markets, primarily in Europe
- **Top customers** include:

 **Husqvarna**

 **JOHN DEERE**

 **MTD**  
For A Growing World.

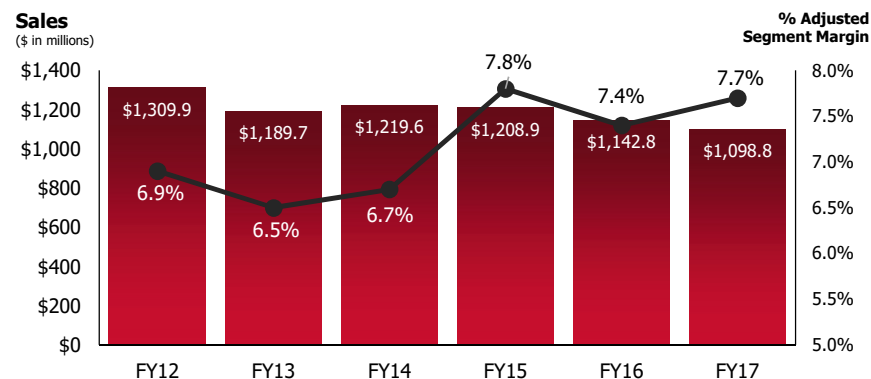
 **TORO**

 **GLOBAL GARDEN PRODUCTS**

**AL-KO**

Source: Company filings

## Financial Summary



## Key Points

- **Housing activity impacting sales**
- **Renewed focus on commercial engines**
- **Growth in commercial improving profitability**
- **Target adjusted segment margin of 10-12%**



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## Global Engines and Power Value Proposition

- The most recognized, preferred and owned consumer brand in the industry
- The industry standard for quality and performance
- Innovative new products that customers want
- Application expertise customers depend on
- Largest installed base
- Low cost discipline
- Made in the USA
- Service through 40,000 dealers globally

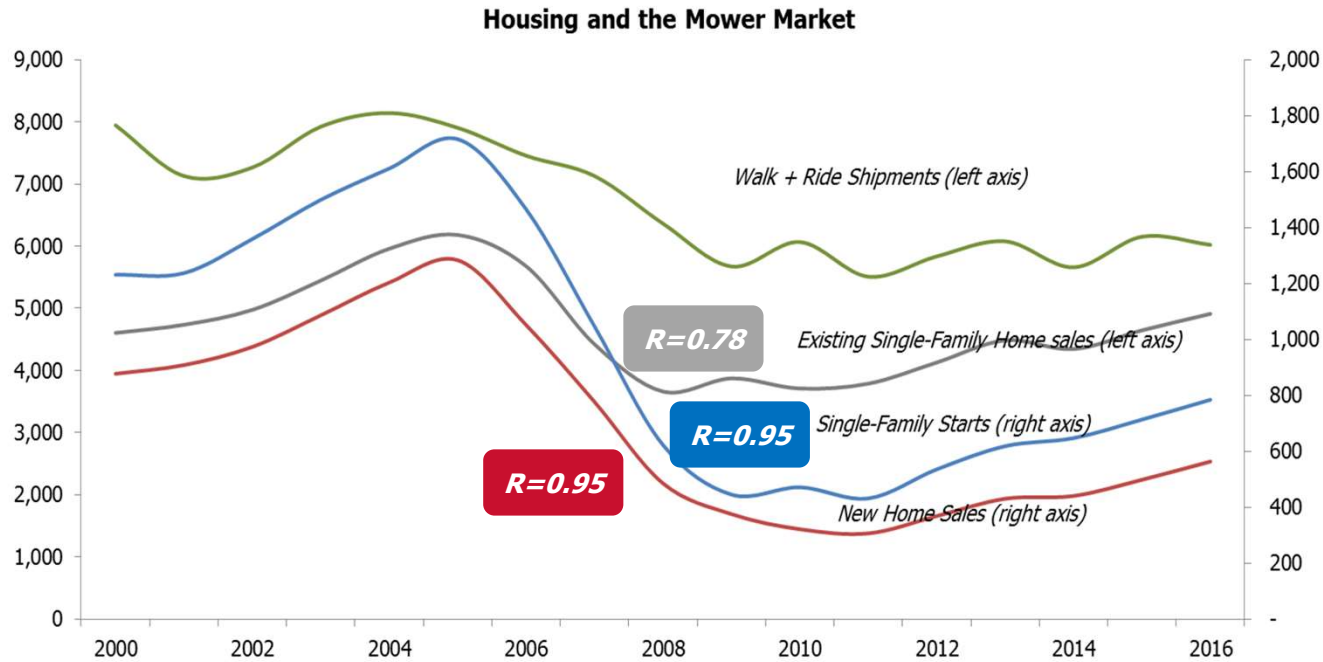


Source: Company filings



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## Residential: The U.S. Housing Market & Mower Sales



**The mower market is strongly tied to the housing market, and in particular, the new housing market; as housing moves, so do mowers**

Source: U.S. Census Bureau; NAR, Existing Single-Family Homes; OPEI



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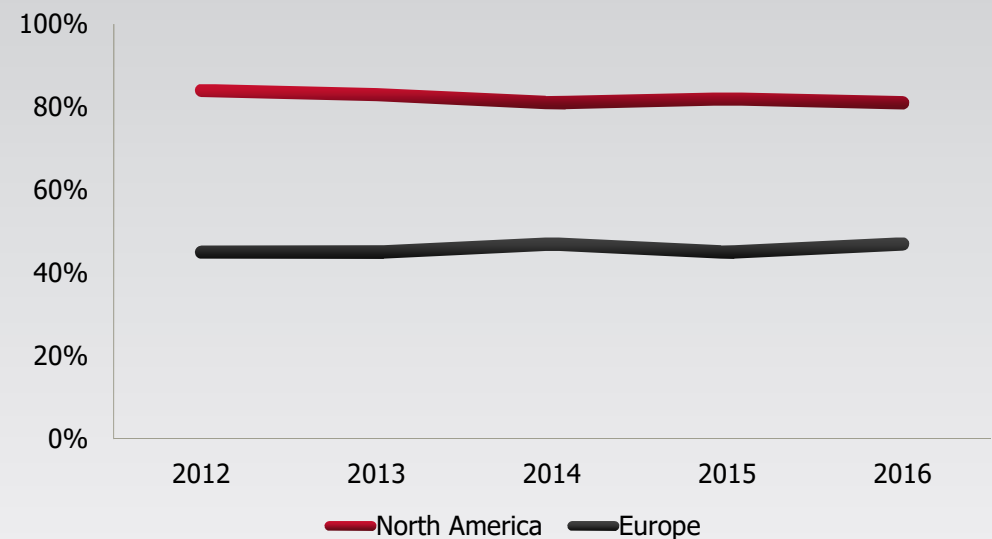
## Residential Walk-Behind Mower Preference

Price and performance drive a strong value proposition for gasoline-powered walk-behind mowers

User-driven problem solving driving innovation on features people want:

- Easy to start
- Easy to maintain
- Quiet
- Efficient storage

Percent of Market That Is Gas Powered



Sources: TraQline, EGMF



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# Roadmap to Long-Term Growth:

## COMMERCIAL ENGINES

### Worldwide Market

- ~\$1.2B served market size
- **Engines that power** the following applications:
  - **Commercial turf** (mowers, sod cutters, aerators)
  - **Chore** (e.g. sprayers, stump grinders, rice planters, brush cutters)
  - **Industrial** (e.g. pumps, welders, air compressors)
  - **Construction** (e.g. trowels, concrete mixers and cutters, compactor plates)
- Focus on products that flow through the **rental channel**

### Drivers & Opportunities

- Represents both **market share and market growth opportunity**
- Construction and industrial rental channel **growth projected at ~5% through 2020**



## BRIGGS' ADVANTAGE

- **Power application expertise** and assets
- **Engine innovation** (best-in-class performance, EFI, Oil Guard)
- **Best-in-class sound, starting and vibration performance**
- **Superior worldwide support solution** (24-hour parts guarantee)

Source: Company estimates, American Rental Association (ARA) Feb. 2017 forecast



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**V-Twin Engines 13 to 37 Gross HP**



**Single Cylinder Engines 5 to 13 Gross HP**

**Commercial Turf**



**Recreation**



**Construction**



**Chore**



**Industrial**



Market Size:  
**\$200 million**

Market Size:  
**\$1.0 billion**



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## On-Shoring Vanguard Engine Production: Business Optimization

Moving Vanguard V-Twin engine production to the US from our joint venture in Japan

Repurpose residential engine capacity to commercial at Auburn and Statesboro in the US

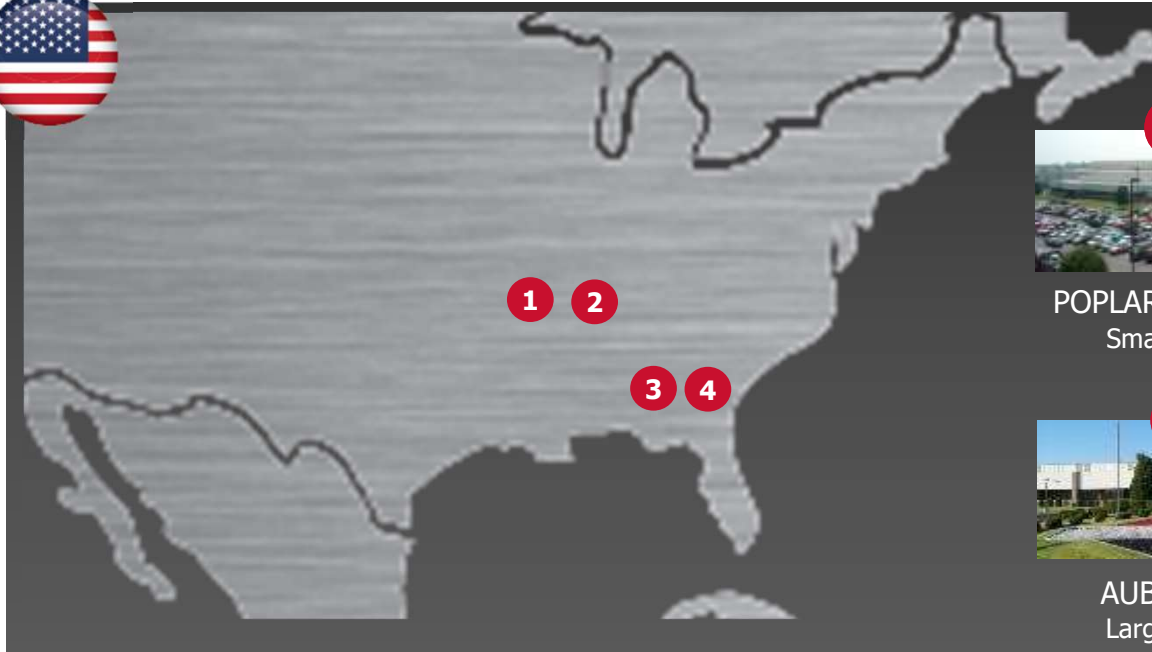
- Produce higher-growth engines
- Provides better capacity utilization

Proven quality: We began producing 810cc Vanguard in 2012 using our Vanguard Manufacturing System

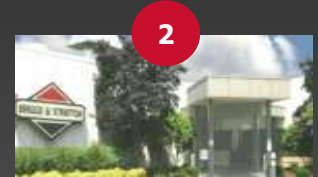
Phase in US production in late FY18 - mid FY19



# Global Engine Plants



**POPLAR BLUFF, MO**  
Small Vertical



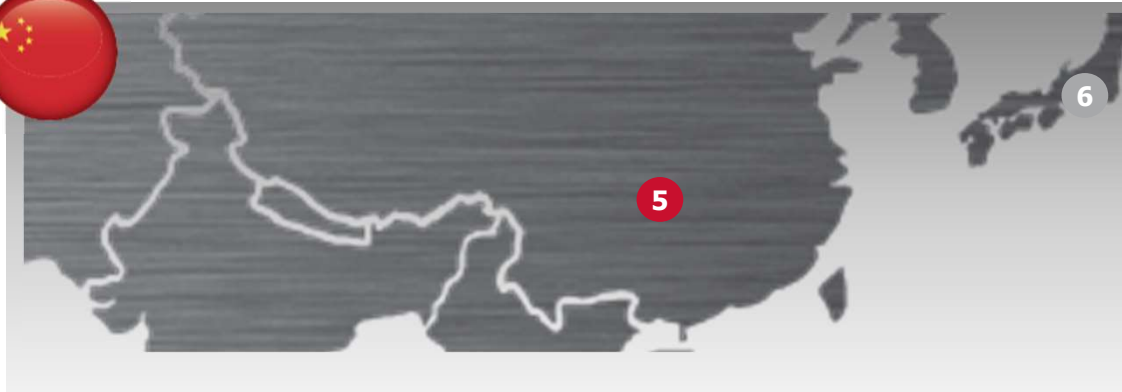
**MURRAY, KY**  
Small Vertical



**AUBURN, AL**  
Large Vertical



**STATESBORO, GA**  
Large Vertical



**CHONGQING**  
Small Vertical  
Horizontal



**DBS**  
Joint Venture



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## On-Shoring Advantages

### Ease of Doing Business

- Fully realize commercial growth strategy
- Eliminate FX volatility (yen)
- Increase margin lift on innovation; ability to add increase output quickly
- Improved visibility via utilization of SAP

### Speed to Market

- Producing near customers shortens supply chain
  - ~70% of Vanguard engines sold in North America
- Acceleration of product development
- Manufacturing investments to enable efficient fast changeovers for smaller volume production runs



## Engine Focus: New Vanguard Horizontal Shaft Engine Series

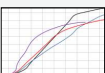
- Designed from the ground up
  - Based on user input with a focus on productivity
  - Easy integration for OEMs
- Clear best-in-class performance – sound, starting, vibration, performance
- Backed by global world-class service and support
- Introducing platform in 2018-19



**CYCLONIC AIR CLEANER**  
*Standard Feature / Best-in-class filtration*



**QUIET OPERATION / TONE**  
*Best-in-class sound & tonal quality*



**BEST IN CLASS POWER**  
*More usable power = Greater productivity*



**ALPINE BREATHER - Optional**  
*45° angle of operation*



**VANGUARD™**

**BRAND**  
*Recognized – valued.*

**TRANSPORTGUARD**  
*On/Off/Speed – one lever for speed, ignition and fuel*



**EASY OIL FILL OIL CHECK**  
*Automotive Style Fill and Dip Stick*



**SERVICE**  
*Superior global dealer network*



**OPTIMIZED STARTING**  
*The easiest engine to start*



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## Enabling Technology: Electronic Fuel Injection (EFI)

### Save Money

Up to 15% fuel savings\*



### Reliable Starting

Easy starting with the turn of a key or the push of a button under almost any condition, hot or cold, just like your car.



### Smart Power

Load Sensing to deliver the necessary power whether it be on hills or thick, wet grass to optimize cut quality



### Engine Protection

Less prone to fuel gumming and corrosion issues, reducing starting issues.



### Service

Easy user friendly diagnostics for troubleshooting and repairs.



### Integration

ECU outputs to integrate with OEM requests



\* Fuel saving may vary based on cutting conditions and other factors.



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## Enabling Technology: Electrification

There is a high level of focus on both ends of the battery spectrum, while the middle has largely been ignored.

Power Tools,  
Small Handhelds



E-mobility, Industrial, Floor Care, Standby, Turf



Autos



OPPORTUNITY



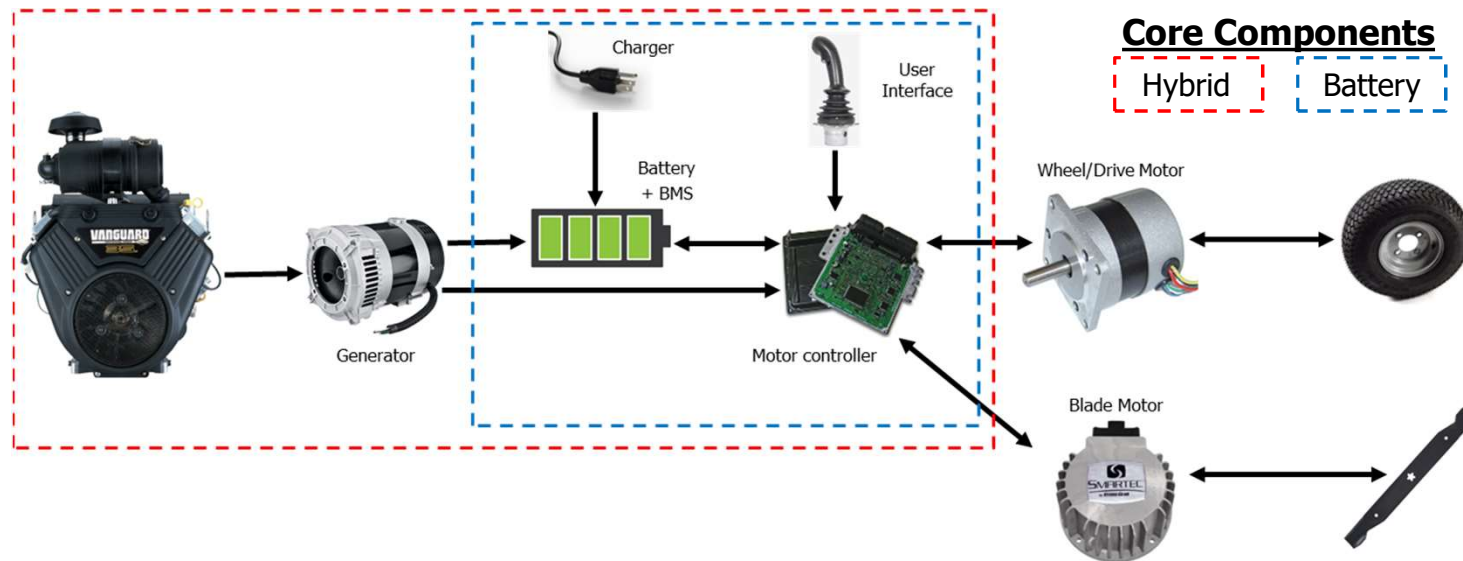
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## Applying Power to Work



**More than just a battery – a systems approach**  
**Power application expertise is our differentiator**



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# Driving Operational Excellence

## GOALS:

Focus on driving improvement in cost per unit produced

Offset inflationary cost pressures

## FOCUS AREAS TO ACHIEVE

- ERP Upgrade process improvements
- New product development
- Supply chain optimization
  - Integrated business planning
  - Global warehouse footprint
- LEAN manufacturing
  - Quality process improvements - process design and execution to minimize quality defects
  - Die cast modernization
- Pricing optimization



## Engines and Power: Key Takeaways

Maintain share in residential and improve profitability through innovation and operational excellence

Grow higher-margin commercial share

- On-shoring V-Twins
- New Vanguard horizontal engines
- EFI

Invest in enabling technologies to support expanding opportunities

Drive operational excellence and business optimization





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# PRODUCTS SEGMENT: GLOBAL TURF & CONSUMER PRODUCTS

Harold Redman

# Products Segment Overview

## Segment Overview

- **Principal product lines include:**
  - Lawn & garden powered equipment
  - Portable and standby generators
  - Pressure washers
  - Snow throwers
  - Towable light towers, generators, air compressors, and heaters
- **Generator demand impacted by severe weather events** (landed hurricanes and ice storms)
- **Products sold through multiple channels** including home centers, on-line, rental channel and independent dealers
- **Over 2,000 independent U.S. lawn & garden dealers**

### Residential Brands

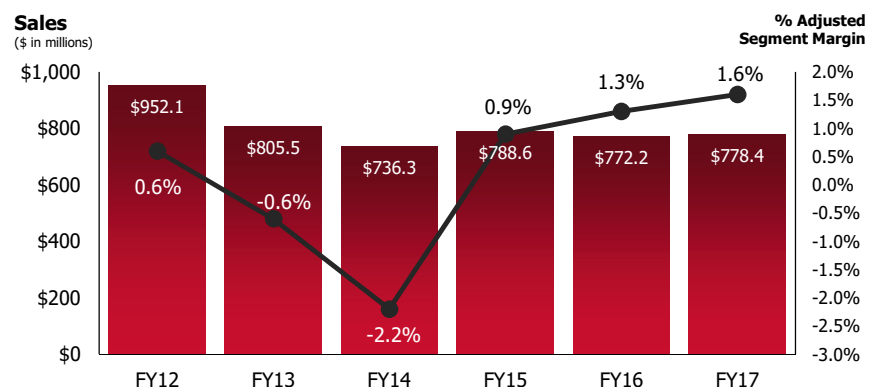


### Commercial Brands



Source: Company filings

## Financial Summary



## Key Points

- FY12 & FY13 affected by Hurricanes Irene and Sandy
- Improving margin from facilities consolidation and other actions to reposition the business
- Less capital intensive than engines & power
- Consumes engines
- Target adjusted segment margin of 6-8%



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# Products Segment Product Portfolio

## Yard Care Products

### Walk & Ride Mowers



### Handheld



### Snow



### Chore/Specialty



## Utility Products

### Power Generation



### Outdoor Cleaning



### Standby Generation

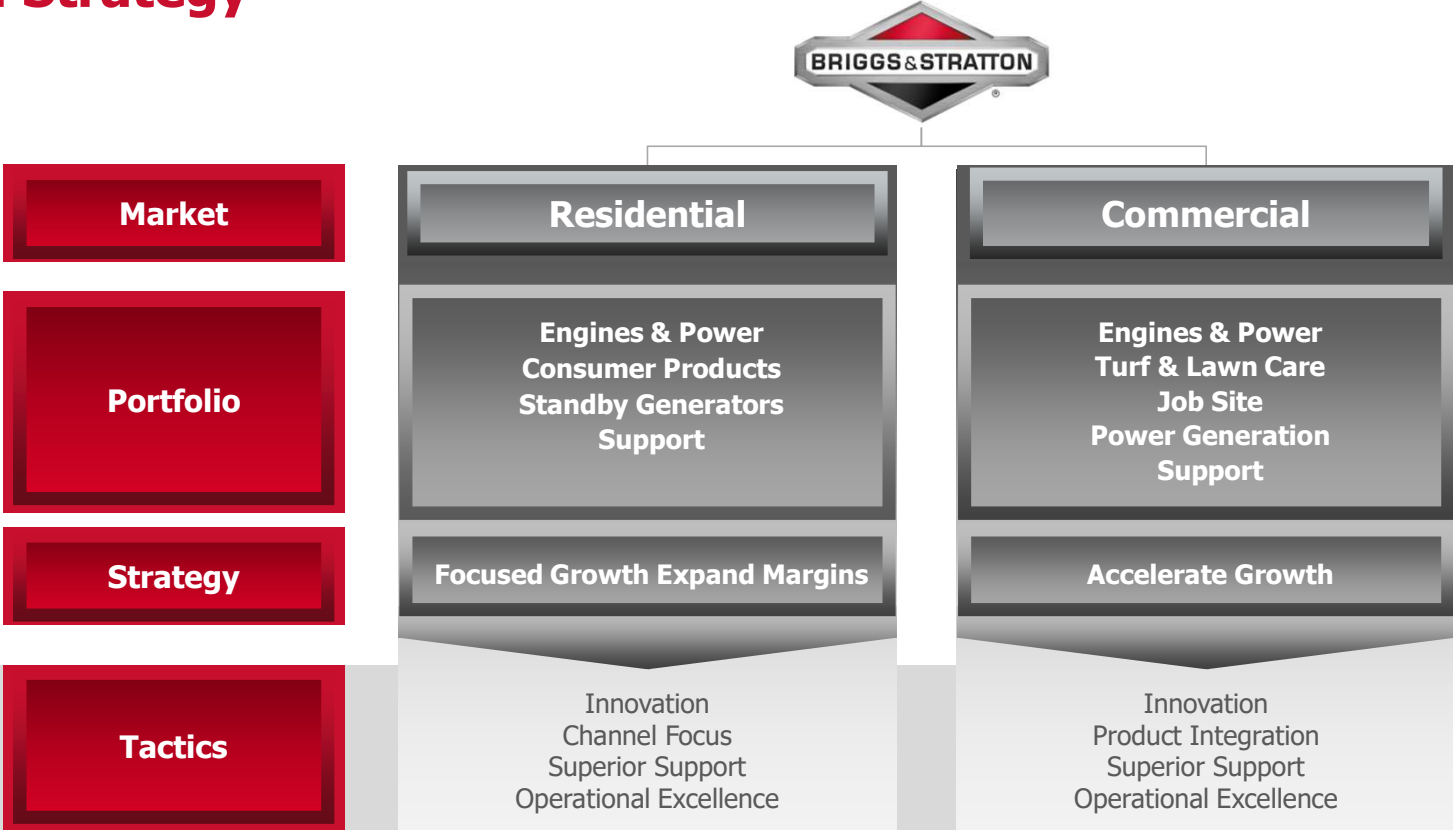


### Job Site



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# Turf & Consumer Products Growth Strategy



## Roadmap to Improved Profitability: **RESIDENTIAL PRODUCTS**



### PROFITABILITY

- **Cost-competitive** business model
- **Placement** of B&S engines
- **Targeted Innovation**
- **Dealer channel strategy** combined with commercial products offering **superior support**



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# Roadmap to Long-Term Growth:

## COMMERCIAL TURF AND LAWN CARE

### Primary Markets in North America, Europe, & Australia

- ~\$2B served market size
- Growing at 2X GDP
- Commercial zero-turn, walk-behind, & stand-on mowers, specialty turf care equipment, and the engines that power them
- Sold through higher-margin dealer and rental channels

### Drivers & Opportunities

- Represents both **market share** and **market growth opportunity**
- Strong multi-family **housing growth**
- **Continued growth** of lawn service segment
- Heavy use and need for productivity drives **more frequent replacement cycle**



### BRIGGS' ADVANTAGE

- **Power application expertise** and assets
- **Industry-leading** suspension driven zero-turn radius mowers and leading lawn care brands (Ferris, Billy Goat)
- **Past acquisitions** that expand our product line to better fill commercial users' trailers
- **Vanguard engine innovation** (EFI, Oil Guard) for Commercial Turf and Lawn Care
- Unsurpassed dealer channel with superior support

Source: Company estimates



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## Roadmap to Growth: COMMERCIAL TURF AND LAWN CARE



### GROWTH

- **Innovative** new products
- **Strengthen channels** – dealers, rental
- **Strengthen relationship** with the end user
- **Optimize** operations



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## Commercial Turf: Innovative New Products

Focus on  
making the  
professional  
more productive

- Fill out the professional's trailer with turf renovation equipment
- User-driven innovation
- Rental channel growth

**BILLY  
GOAT**



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## Commercial Turf: Innovative New Products

Focus on  
making the  
professional  
more productive

- Broad portfolio of riding equipment
- User-driven innovation



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Mowing professionals  
test drove the new  
Ferris SRS Z2 with  
the Oil Guard System.



## Enabling Technologies

IoT –  
Infohub



- Equipment tracker
- Crew tracker
- Customer profitability
- Scheduling automation



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## "Direct-to-Cutter" Commercial Turf Sales Strategy

### OBJECTIVE: GET CLOSER TO THE COMMERCIAL CUSTOMER

- Create a portfolio of products and solutions to better meet their needs
- Establish relationship with more Ferris dealers

### Landscapers Targeted



Ferris lead generation  
ad program in targeted  
commercial markets

### Ferris Demonstration



In-Market Product  
Specialist fulfills lead  
generation opportunities  
with product demos and  
dealer information

### Dealer Support



Business relationship  
established and fulfilled  
by commercial dealer



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## Business Optimization: Ferris Capacity Expansion



Investing to support current and future demand

- ~30% increase in floor space
- ~100% increase in production capacity

Efficiency gains

- Higher throughput
- Lower logistics costs

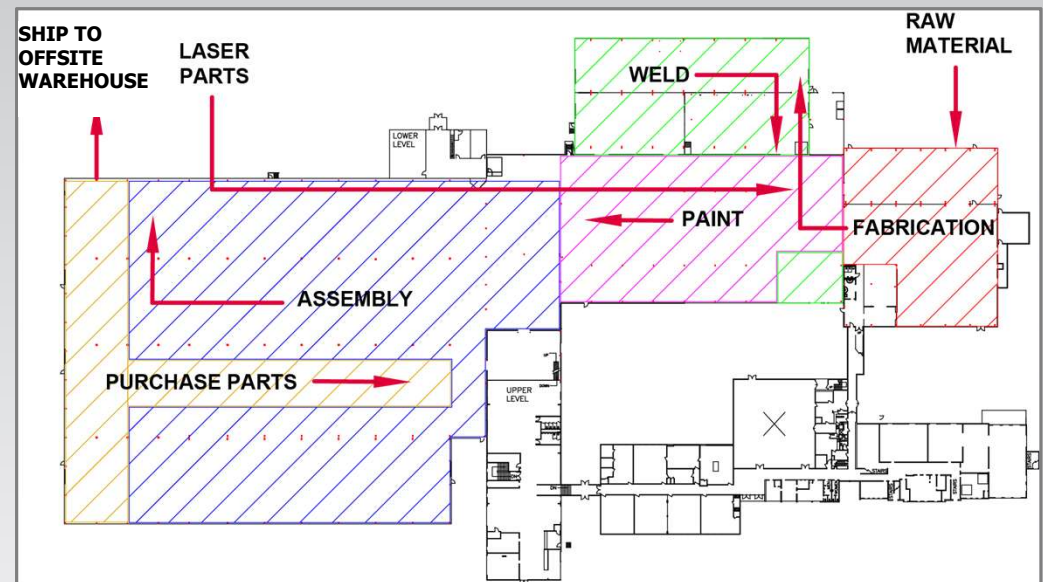
Begin production in new facility in 2H18



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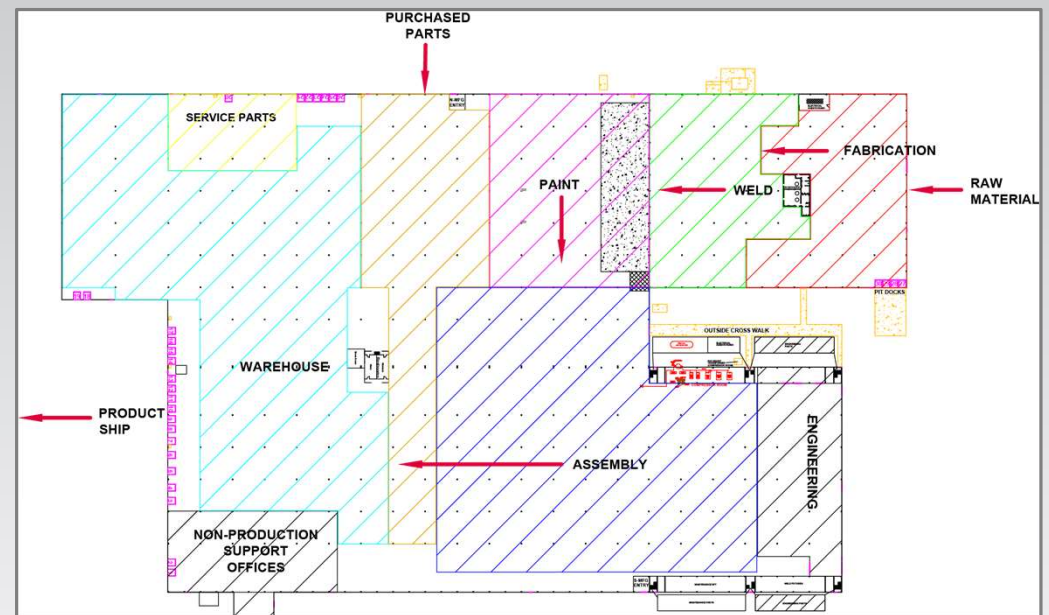


## Commercial Turf: Optimize Operations – From the Old...



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## Commercial Turf: Optimize Operations – ...To the New



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# Driving Operational Excellence

## GOALS:

End product  
manufacturing flexibility  
with optimized model

Offset inflationary  
cost pressures

## FOCUS AREAS TO ACHIEVE

- ERP Upgrade process improvements
- Supply chain optimization
  - Integrated business planning
  - Strategic supply base
  - Global warehouse footprint
- Manufacturing optimization
  - Continuous improvement:
    - Quality
    - Processes
    - Cost reductions



## Turf & Consumer Products: Key Takeaways

Share gain in commercial turf:

- Innovation
- End-user productivity

Growth in commercial turf through expanded product line:

- Building out the landscaper's trailer

Investments in dealer and rental channels leveraged across brands/product lines

Business optimization expanding capacity for commercial mowers

Operational excellence to improve profitability





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**BREAK**

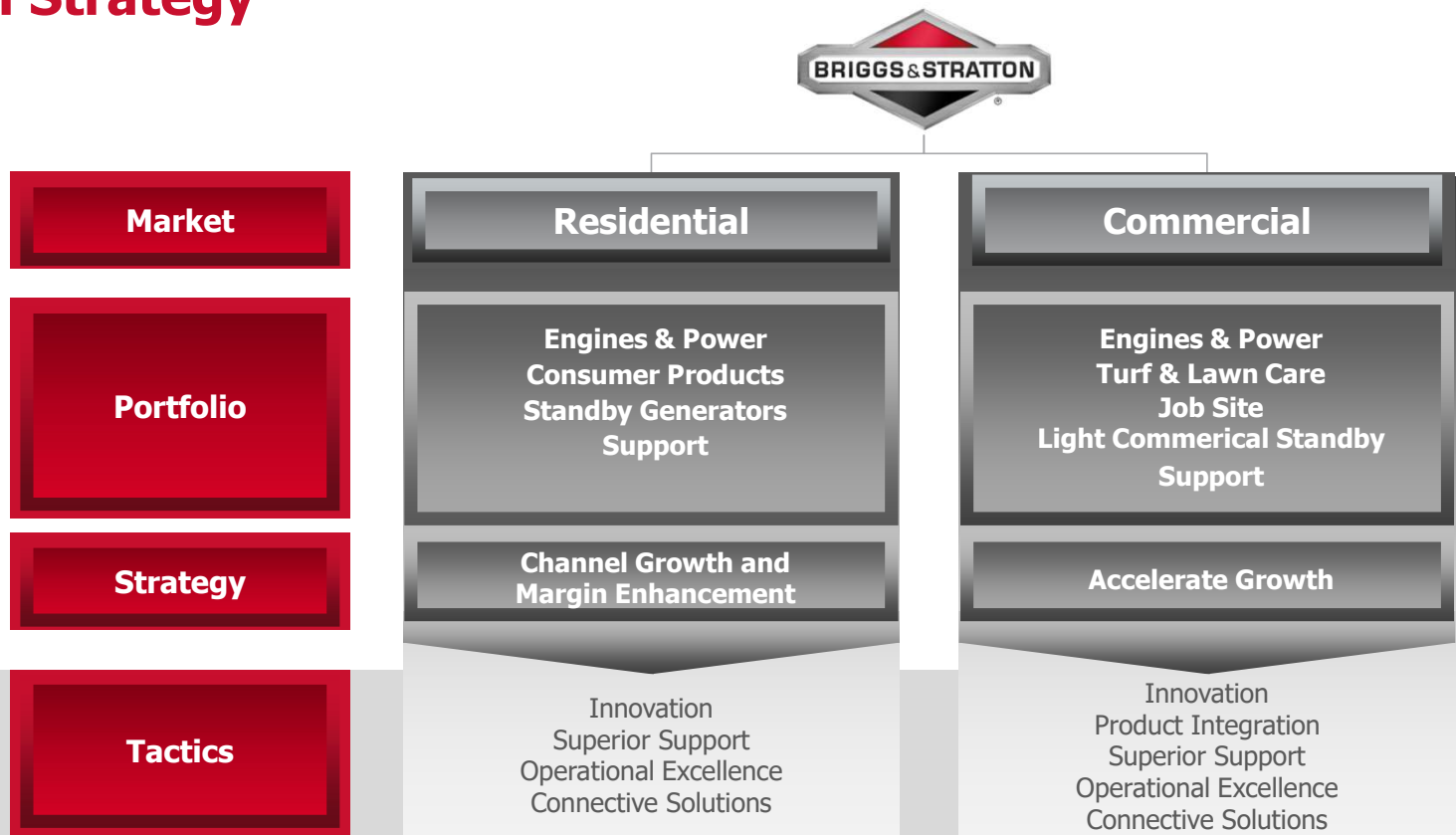


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## PRODUCTS SEGMENT: JOB SITE PRODUCTS & STANDBY POWER

Ben Duke

# Commercial Job Site & Standby Power Growth Strategy



## Roadmap to Long-Term Growth: **COMMERCIAL JOB SITE**

- **~\$1B served market**, growing at 2X GDP
- **Heavily focused on serving oil and gas market** upon acquisition in August 2014
- **Successfully diversified the business** to support construction rental market

### **Drivers & Opportunities**

- **Leverage** anticipated infrastructure spend
- **Rebound** of oil and gas market
- **Capitalize** on new broader customer base



## **BRIGGS' ADVANTAGE**

- **Power application expertise** and assets
- **Leverage culture of innovation and operational excellence** in this category
- **Established, quality brand** built in the Oil Patch (Allmand)
- **Solid Midwest manufacturing quality** and supply chain



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## Commercial Job Site Products

- Premium Job Site Products
- Rental Market – Construction, Entertainment, General Rental, Mining, Oil & Gas
- Light Towers, Generators, Air Compressors, Heaters



Light-Medium Duty  
General Rental | Construction



GLOBAL BRAND



Heavy Duty  
Mining | Oil & Gas



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## Job Site New Products: Towable Air Compressors & Generators

- Rounds out the product portfolio
- Enables us to better serve the rental channel



Seven models:  
25 kVA – 150 kVA



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## Commercial Job Site Pathway to Growth

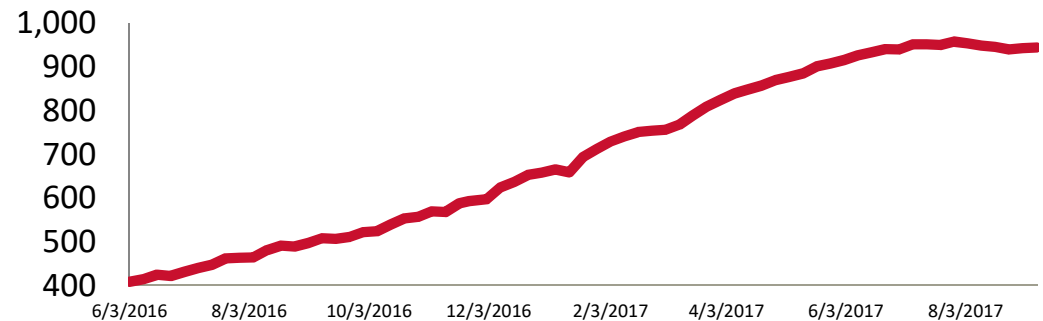
- Rental channel diversity strategy
  - Grow without oil & gas recovery, but prepared for one
- Market recovery with 30% drop in used equipment sales showing the need for fleet replacement
- North American oil & gas rig count more than doubled in last year
- Federal infrastructure investment – great needs and our equipment can help

**Used Light Towers Sold Through  
Ritchie Brothers Auction**



Source: Ritchie Brothers Website, Auction Results

**U.S. Rig Counts**



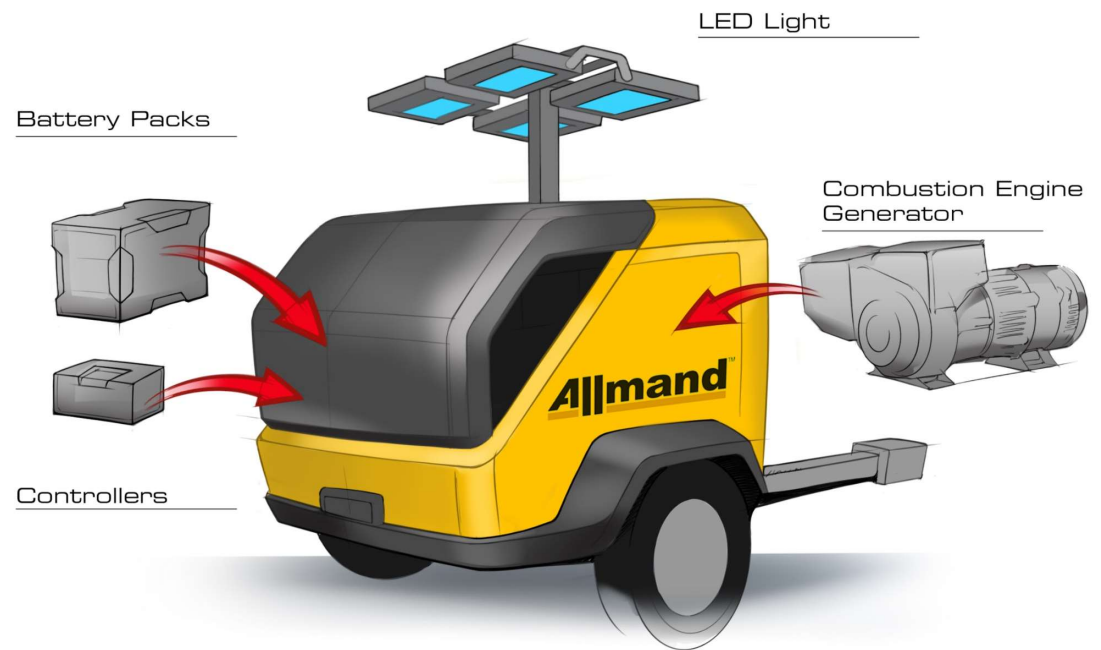
Source: Baker Hughes



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## Commercial Job Site Pathway to Growth

- Fresh investment in product development will lead to many new products over two years
- Product innovation



Sources: American Society of Civil Engineers, ARA / IHS Markit



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## Roadmap to Long-Term Growth: **STANDBY GENERATORS**

- **Focused on home and light commercial installations**  
– 8-200kW

### **Drivers & Opportunities**

- **Optimize** dealer channel geographically
- **New products** targeted to light commercial applications – launched mid-year fiscal 2017
- **Renewed consumer interest** from storm-driven events



### **BRIGGS' ADVANTAGE**

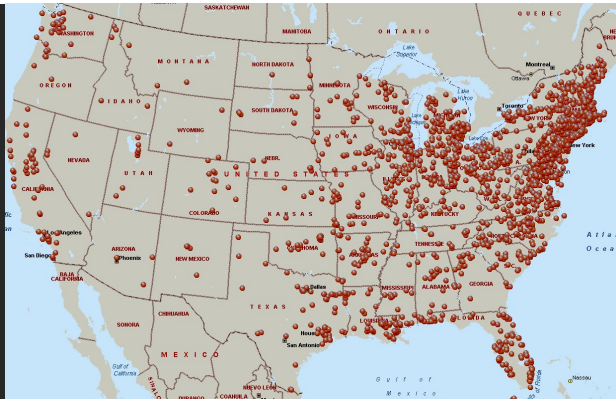
- **Power application expertise** and assets
- **User-driven problem solving driving innovation** in this category
- **Established, quality brand**
- **U.S. based manufacturing and assembly**
- **Leverage Power Distributors** for quick parts delivery



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## Standby Pathway to Growth

- Channel Focus
  - Be the best partner to help grow their business
    - Programs
    - Product availability
    - Training
    - Service parts
  - Grow the electrical wholesale channel
- Exit storm season with stronger dealer channel partners



### DEALER



### WHOLESALE



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## Standby Pathway to Growth

- Grow light commercial generators (80-200kW) with a focus on business continuity
  - Launched mid fiscal 2017
  - Leverage existing dealer and wholesale channels
  - Completion of product line for existing dealer channel

### Restaurant/ Small Retail



### Financial



### Gas and Convenience



### High-end Residential



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## Standby Pathway to Growth

Combined product development efforts to drive innovation across the Job Site and Standby product lines

Operational excellence - drive profit improvement in products and operations

Strategic additions to product line to leverage existing sales channels





## Commercial Job Site and Standby: Key Takeaways

Job site growth trajectory:

- New products
- Rental channel
- Broader customer base

New-product roadmap for evolving market and user needs

Standby growth:

- Channel development
- Light commercial segment



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## GLOBAL SUPPORT

Bill Reitman

## Industry-Leading Service Support Network

Briggs & Stratton's extensive network of global dealers and distributors provides an industry-leading level of service around the world.

### WHAT SETS US APART

- Largest global network of dealers at over 40,000 with 25,000 warranty capable
- Robust global footprint reaching over 100 countries providing access to over 50,000 parts with best in class delivery
- Technical Support available online 24/7
- Unmatched training, with 11 training centers across the globe, online on-demand certifications, and advanced training
- Full range of support materials to meet the needs of our markets



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## Global Support: Strategy for Growth

### VISION

Briggs & Stratton is the de facto standard for after sale support in our markets, delivered through superior service solutions by networks across the world.

### BUSINESS GOALS/SUCCESS METRICS

- Support the growth of our residential and commercial businesses
  - Engines, Turf, Job Site
- Enhance international support capabilities
- Deliver profitable growth
  - Drive JV income via Power Distributors sales growth
  - Launch IoT offerings



## Providing Support Globally



Parts  
availability



Right parts,  
right price



Warranty



Global technical  
support

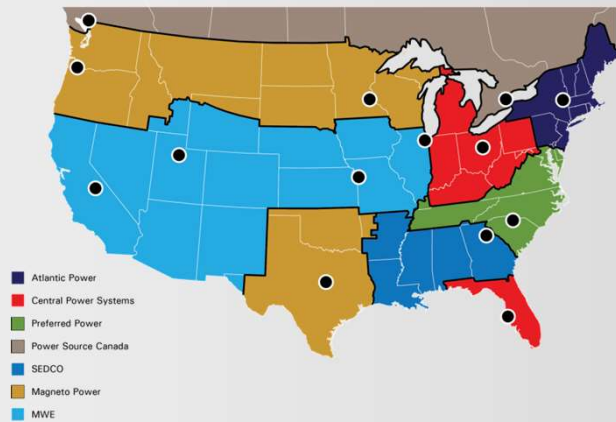


Training



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## Evolution of Our US Distribution Model



Six companies with 6 independent management teams

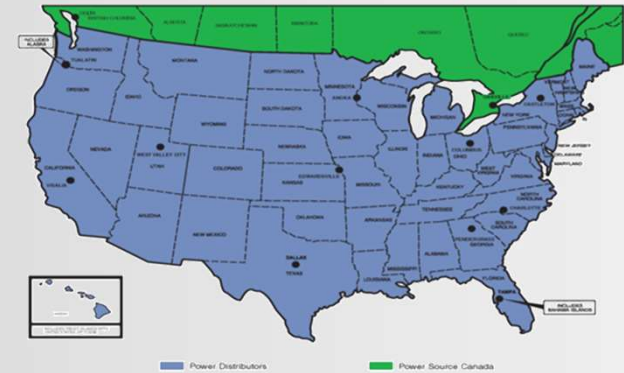
- 11 US warehouses
- Loosely aligned



## Unmatched National Distribution and Support



- Power Distributors is the only national distributor serving the OPE marketplace and offering a broad array of parts to meet the needs of the marketplace. With nearly 100 in-territory salespeople, a state of the art distribution footprint, technical support, and training, they are the leader in OPE support.
- Briggs & Stratton is a shareholder in Power Distributors.



- 9 U.S. Distribution Centers
- Next Day Delivery to 94% of U.S.
- 98% Fill Rates
- Delivery to over 12,000 Briggs Dealers
- Fulfillment to Caribbean, South and Central America



## Innovation: IoT Vision – InfoHub™



Value Add Connected  
Products and Services

PRODUCTS

CONNECTED PRODUCTS

SYSTEMS AND INTELLIGENCE

Enhancing long-term value by moving downstream to position for high-value recurring service models, increasing shareholder value.



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## With less time and less effort, InfoHub helps cutters make more money

- Powerful IoT solution to make the professional cutter more productive
- Addresses Top 3 Cutter Concerns
  - Where are my assets?
  - How can I adapt to a change in weather or schedule?
  - How do I keep my equipment running longer?
- Optimization and productivity critical to business success in an highly competitive industry



- Crew and Equipment tracking
- Job bidding and analysis
- Route scheduling
- Proof of service notifications
- Equipment maintenance tracking
- Profitability analysis
- Customizable portals to key info



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## Benefits Accrue to Dealers, Cutters and Briggs



### Dealers

- New revenue stream
- Strengthen relationship with their customers
- New potential customers
- Ability to monitor customer maintenance needs with access to data (future state)
- Opportunity to offer innovation



### Commercial Cutters

- Increased productivity
- Increased profitability
- Less downtime
- Visibility to crew and equipment location
- Improved resource utilization
- Real-time access to data and insights



- Stronger position in commercial market
- Strengthens relationship with dealers
- Provides linkage to cutters
- Brand enhancement through innovation
- Insights into equipment data and usage
- New revenue stream with attractive margins





**BRIGGS & STRATTON®**  
TECHNOLOGY



**infohub™**  
COMMERCIAL TURF

## Global Support: Key Takeaways

Taking the offensive with industry-leading service & support as an important differentiator and competitive advantage

Leverage our investments to provide superior support globally

Enabling technology offering strong value proposition to dealers and end users





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# CORPORATE DEVELOPMENT

Tom Rugg

## Key Acquisitions

### Investments in Growth

Generac Portable Products, LLC	Simplicity Manufacturing Inc.	Murray, Inc.	Victa Lawncare Ptd. Ltd	Companhia Caetano Branco	Allmand Bros., Inc.	BillyGoat Industries, Inc
2000	2003	2005	2008	2012	2014	2015
Portable Gen Pressure Washers Standby Gen	Residential & Commercial Lawncare Snow	Brands	Residential Lawncare - Australia	Utility Products, Lawncare - Brazil / SA	Job Site Products	Specialty Turfcare
	  	 				
Residential				Commercial		



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# Commercial Growth Verticals

VALUE  
CREATORS

Channel/ Market  
Strength

Power Application  
Expertise

Innovation/  
Technology  
Transfer

Superior Support  
Solution

M&A Focus (Accelerate Organic Initiatives)

Verticals

Commercial  
Landscape



Job Site &  
Power  
Generation



Electrification



Support



ENABLING INVESTMENTS: TECHNOLOGY & SUPPORT

End Users

Municipalities  
Landscapers  
Cutters

Infrastructure  
Building /  
Construction  
Oil & Gas

Industrial  
Lawn & Garden  
Job Site

All Vertical  
Channels/ End  
Users



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## Target Value Drivers

**Growth  
markets**

**High margin  
commercial  
power  
products**

**Fragmented  
markets create  
opportunities**

**Benefit from power application, innovation and support expertise  
to increase end user productivity**



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## M&A Criteria



## Corporate Development: Key Takeaways

M&A is an important element in building BGG's business

We have clear objectives in our M&A strategy

We can leverage our infrastructure and global channels to drive ROIC and create value





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# FINANCIAL OVERVIEW AND TARGETS

Mark Schwertfeger

## Investor Day Recap

**Our strategy is making the company less sensitive to weather volatility**

**Diversification and enabling technologies are leading to higher growth and profitability**

**A robust innovation engine supports growing profitably in the core and gaining share in growth areas**

**Our financial strength supports investments in innovation and business optimization**

**We have a track record of rewarding shareholders with cash dividends and share buybacks**



## Our Long-Term Financial Goals

Revenue  
Growth:  
**3-5%**  
Organic  
Growth

Profitability  
Growth:  
Adjusted Operating  
Margin <sup>(1)</sup>  
**>8%**

Free Cash Flow <sup>(1)</sup> :  
**3-4%**  
of Net Sales

Capital Structure:  
Debt to EBITDA <sup>(2)</sup> of  
**<3**  
Times

Capital Allocation:  
**Balanced,**  
yet prioritized

(1) Adjusted operating margin and free cash flow are non-GAAP measures. See appendix for a reconciliation to GAAP financial measures.

(2) EBITDA is Earnings before interest, taxes, depreciation and amortization, as defined by our credit agreement.



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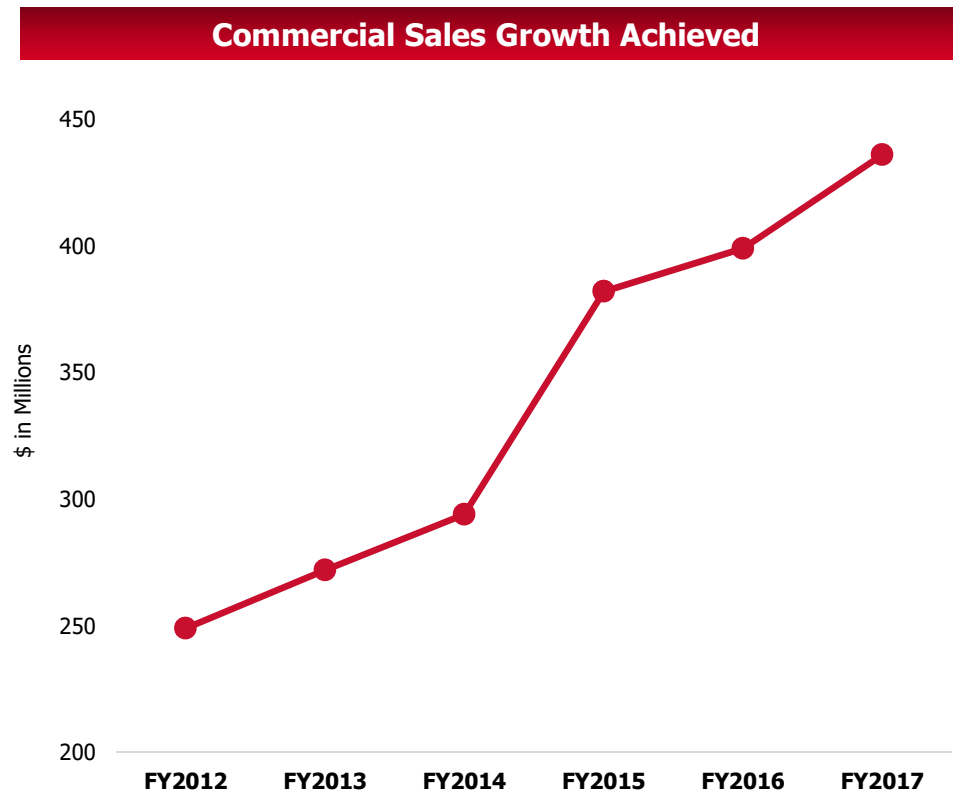


## Focus Areas to Grow Sales and Profitability



## Accelerate Growth in Commercial

- Market growth at 2X GDP
- Catalysts to capture market share
  - Engines & Power
    - New series of horizontal shaft Vanguard engines
    - Innovation
    - Electrification
  - Turf & Consumer Products
    - Fill out the landscaper's trailer
    - Build on our channel strength - dealers
    - Innovation
  - Job Site & Standby
    - Diversify with product line extensions
    - Build on our channel strength
    - Light commercial standby
- Acquisitions



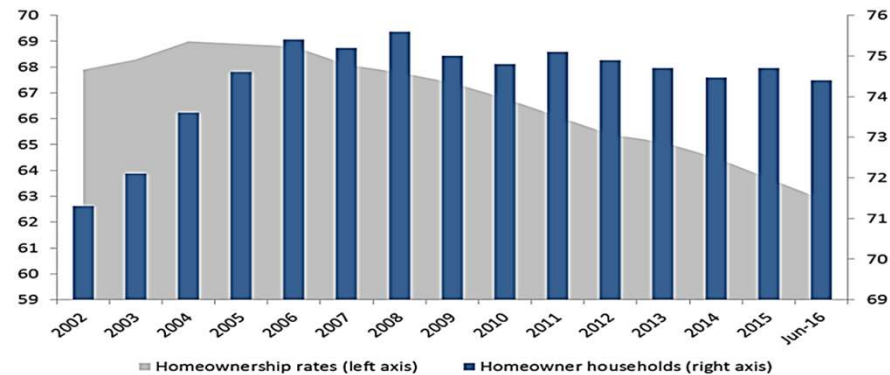
# U.S. Housing Trends

Homeownership in the U.S. is the **lowest** it's been **since the mid-1960s**

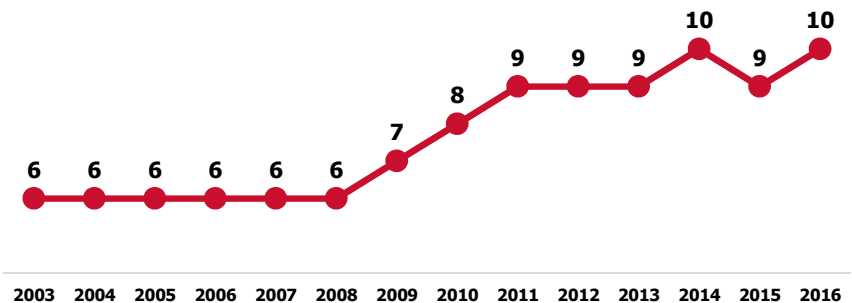
## Economic & Social Drivers

- Millennial generation **delayed life milestones** – moving away from home, marriage, families
- More **stringent lending** practices
- Higher **student loans**
- **Lower inventory** of houses – people have been living in their houses longer

## Homeownership Rates & Homeowner Households



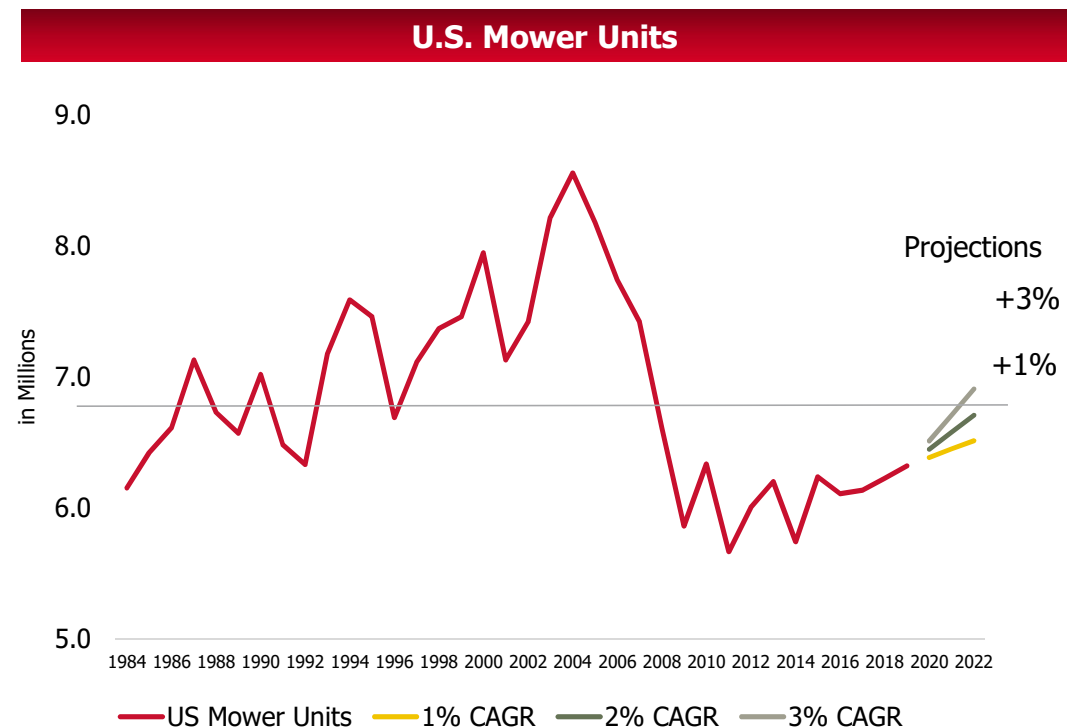
## Average Tenure in Home (Sellers)



Source: National Association of Realtors (NAR) Profile of Home Buyers and Sellers 2015, U.S. Bureau House Vacancy Surveys

## Residential Market Growth Can Have a Significant Impact on Our Business Due to Our Market Leading Engine Share

- A 1% annual growth assumption results in a 2022 market that is conservative relative to historic levels
- Our manufacturing footprint has capacity to serve a more historically normal market size
- Targeted innovation is key to holding our share position



Source: OPEI, company estimates



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## Achieve Adjusted Operating Margins of >8%

- Commercial sales growth delivers margin lift
- Residential market growth enables better leverage of manufacturing footprint
- Innovation drives margin lift
- Operational excellence delivers efficiency improvements
- Business Optimization Program projected to deliver \$30-35M of pre-tax profit improvement by 2021

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Adjusted Operating Margin <sup>(1)</sup>	4.7%	4.2%	3.6%	5.4%	5.2%	5.5%

(1) Adjusted operating margin is a non-GAAP measure. See appendix for a reconciliation to GAAP financial measures.



# Business Optimization Program

**Expand production capacity, increase efficiency,  
achieve \$30-35 million in expected incremental cost savings**

- **Key elements**
  - Move Ferris mowers to new production facility
  - Expand production of Vanguard engines to Briggs facilities from overseas provider
  - Integration and go-live activities for ERP upgrade
- **Operational and financial benefits**
  - Increase capacity of higher-margin commercial mowers
  - Engine production closer to the customer and better facility utilization
  - Make it easier for customers to do business with Briggs
- **Incremental \$30-\$35M annual cost savings and support profitable commercial growth**
  - \$50-\$55M estimated project costs over 2 years



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## ERP Upgrade

- Upgrading to SAP Cloud Platform (Hana) from pre-Y2K SAP system
- System covers the majority of the company
- Go-live – 1Q19  
(our slowest shipping period)

- Benefits include:
  - Reduced complexity and improved efficiency
    - Fewer manual interventions
    - Process improvement
    - Simplifies addition of bolt-on systems
    - Sunset legacy applications
  - Makes it easier for customers and suppliers to do business with us
  - Creates a solid platform on which to grow the business





## We Have a Strong Balance Sheet to Support Growth

### Capital Structure

- \$223M senior notes due December 2020 bearing 6.875% interest
  - Opportunity to refinance in this low interest rate environment
- \$500M revolving credit agreement expiring March 2021
- Goal is < 3.0x leverage

### Free Cash Flow (FCF)

- Operational excellence and systems improvements are expected to drive working capital improvements
- Expect to fund approximately \$80M to the frozen pension plan over the next 5 years
- Goal is FCF 3-4% of net sales by 2020

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
FCF as a % of Net Sales <sup>(1)</sup>	1%	6%	4%	4%	3%	<1%
Avg. Leverage Ratio <sup>(2)</sup>	1.52	1.79	1.86	1.68	1.76	1.74

(1) Free cash flow is a non-GAAP measure. See appendix for a reconciliation to GAAP financial measure.

(2) As defined by our credit agreement.



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# Balanced Capital Allocation Strategy

## INVEST IN THOSE AREAS THAT DELIVER THE HIGHEST RISK-ADJUSTED RETURNS

1

### Investments Supporting Organic Growth

Manufacturing efficiency  
improvements

Channel development

Technologies that enhance the  
user experience

2

### Acquisitions that Support the Company's Growth Strategy

Tuck-ins and product expansions

Take advantage of distribution to  
grow sales

Capture synergies

3

### Cash Dividends and Stock Buybacks

Target dividend payout ratio of  
~30-40% of net income

Opportunistic share buybacks



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Q&A



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## APPENDIX

## Key Underlying Assumptions to the Long-Term Goals

Low single-digit growth in  
residential mower market – U.S. and Europe

Mid single-digit market growth in commercial

Acquisitions are expected to accelerate the path to achieve our goals

No major power outages assumed

Normal economic conditions



# Residential Power



**MURRAY**

**VICTA**

**SNAPPER**

**Simplicity**



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## Commercial Power



Branco



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## Appendix - Adjusted Pre-tax Income Reconciliation

(\$ in millions)	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>Pre-tax Income (Loss)</b>	<b>\$29.9</b>	<b>(\$52.1)</b>	<b>\$37.1</b>	<b>\$57.0</b>	<b>\$35.4</b>	<b>\$79.7</b>
Goodwill Impairment	-	90.0	8.5	-	7.7	-
Restructuring Actions	49.9	22.2	6.5	27.3	10.2	-
Acquisition Related Changes	-	-	-	2.1	0.3	-
Litigation Charges	-	1.9	-	-	2.8	-
Gain on Sale of Marketable Securities	-	-	-	-	(3.3)	-
Tradename Impairment	-	-	-	-	2.7	-
Pension Settlement Expense	-	-	-	-	20.2	-
<b>Adjusted Pre-tax Income</b>	<b>\$79.7</b>	<b>\$62.1</b>	<b>\$52.1</b>	<b>\$86.4</b>	<b>\$75.9</b>	<b>\$79.7</b>

Source: Company filings



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## Appendix - Adjusted Income from Operations Reconciliation

\$ in millions	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Net Sales	\$ 2,066.5	\$ 1,862.5	\$ 1,859.1	\$ 1,894.8	\$ 1,808.8	\$ 1,786.1
Income from Operations (as reported)	\$ 41.2	\$ (40.6)	\$ 46.3	\$ 66.2	\$ 46.4	\$ 97.3
<b>ADJUSTMENTS</b>						
Goodwill Impairment		90.0	8.5		7.7	
Restructuring Actions	49.9	22.2	6.5	27.3	10.2	
Acquisition-related Charges				2.1	0.3	
Litigation Charges		1.9			2.8	
Tradenname Impairment					2.7	
Pension Settlement Expense					20.2	
Adjusted Income from Operations (as reported)	91.1	73.6	61.3	95.6	90.2	97.3
Equity in Earnings of Unconsolidated Affiliates*	\$ 5.1	\$ 4.2	\$ 6.3	\$ 7.3	\$ 3.2	\$ -
Adjusted Income from Operations	\$ 96.2	\$ 77.8	\$ 67.6	\$ 102.9	\$ 93.4	\$ 97.3
% of Net Sales (operating income)	4.7%	4.2%	3.6%	5.4%	5.2%	5.5%

\* Beginning with the third quarter of fiscal 2016, the Company began classifying its equity in earnings of unconsolidated affiliates as a separate line item within Income from Operations. This adjustment is for comparability between the years.

Source: Company filings



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## Appendix - Adjusted Free Cash Flow

\$ in millions	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Net Sales	\$ 2,066.5	\$ 1,862.5	\$ 1,859.1	\$ 1,894.8	\$ 1,808.8	\$ 1,786.1
Cash Flows from Operating Activities	\$ 66.0	\$ 160.8	\$ 127.1	\$ 150.9	\$ 114.9	\$ 90.3
Capital Expenditures	49.6	44.9	60.4	71.7	64.2	83.1
Free Cash Flow	\$ 16.4	\$ 115.9	\$ 66.7	\$ 79.2	\$ 50.7	\$ 7.2
% of Net Sales	0.8%	6.2%	3.6%	4.2%	2.8%	0.4%

Source: Company filings



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## Appendix - Adjusted 1Q18 Segment Information

\$ in 000's, except per-share amounts	Three Months Ended September					
	FY2018 Reported	Adjustments <sup>1</sup>	FY2018 Adjusted	FY2017 Reported	Adjustments	FY2017 Adjusted
Gross Profit						
Engines	\$ 31,219	\$ 425	\$ 31,644	\$ 30,985	\$ -	\$ 30,985
Products	35,707	768	36,475	22,951	-	22,951
Inter-Segment Eliminations	(661)	-	(661)	(1,415)	-	(1,415)
Total	\$ 66,265	\$ 1,193	\$ 67,458	\$ 52,521	\$ -	\$ 52,521
Engineering, Selling, General and Administrative Expenses						
Engines	\$ 53,333	\$ 1,906	\$ 51,427	\$ 44,455	\$ -	\$ 44,455
Products	33,380	2,138	31,242	27,608	-	27,608
Total	\$ 86,713	\$ 4,044	\$ 82,669	\$ 72,063	\$ -	\$ 72,063
Segment Income (Loss) <sup>2</sup>						
Engines	\$ (19,832)	\$ 2,331	\$ (17,501)	\$ (11,654)	\$ -	\$ (11,654)
Products	3,658	2,906	6,564	(3,245)	-	(3,245)
Inter-Segment Eliminations	(661)	-	(661)	(1,415)	-	(1,415)
Total	\$ (16,835)	\$ 5,237	\$ (11,598)	\$ (16,314)	\$ -	\$ (16,314)
Loss before Income Taxes	(21,074)	5,237	(15,837)	(20,362)	-	(20,362)
Credit for Income Taxes	(6,036)	1,509	(4,527)	(6,214)	-	(6,214)
Net Loss	\$ (15,038)	\$ 3,728	\$ (11,310)	\$ (14,148)	\$ -	\$ (14,148)
Earnings (Loss) Per Share						
Basic	\$(0.36)	\$0.09	\$(0.27)	\$(0.34)	\$ -	\$(0.34)
Diluted	(0.36)	0.09	(0.27)	(0.34)	-	(0.34)

<sup>1</sup> For the first quarter of fiscal 2018, business optimization expenses include \$2,249 (\$1,697 after tax) of non-cash charges related primarily to plant & equipment impairment and accelerated depreciation, and \$2,988 (\$2,032 after tax) of cash charges related primarily to employee termination benefits, lease terminations, professional services and plant rearrangement activities.

Source: Company filings



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