

BRUNSWICK CORPORATION
Consolidated Statements of Operations

(in millions, except per share data)	For the Years Ended December 31		
	2019	2018	2017
Net sales	\$ 4,108.4	\$ 4,120.9	\$ 3,802.2
Cost of sales	2,987.4	3,073.9	2,853.6
Selling, general and administrative expense	509.6	515.2	458.1
Research and development expense	121.6	121.5	111.6
Restructuring, exit and impairment charges	18.8	54.8	48.6
Operating earnings	471.0	355.5	330.3
Equity earnings	7.3	7.7	6.1
Pension settlement charge	(292.8)	—	(96.6)
Other expense, net	(2.1)	(4.3)	(3.1)
Earnings before interest and income taxes	183.4	358.9	236.7
Interest expense	(76.0)	(46.0)	(26.4)
Interest income	3.3	2.9	2.6
Transaction financing charges	—	(5.1)	—
Earnings before income taxes	110.7	310.7	212.9
Income tax provision	80.3	57.3	111.6
Net earnings from continuing operations	30.4	253.4	101.3
Discontinued operations:			
(Loss) Earnings from discontinued operations, net of tax	(117.5)	11.9	45.1
Loss on disposal of discontinued operations, net of tax	(43.9)	—	—
(Loss) earnings from discontinued operations, net of tax	(161.4)	11.9	45.1
Net (loss) earnings	\$ (131.0)	\$ 265.3	\$ 146.4
Earnings (loss) per common share:			
Basic			
Earnings from continuing operations	\$ 0.36	\$ 2.89	\$ 1.13
(Loss) Earnings from discontinued operations	(1.90)	0.14	0.51
Net (loss) earnings	\$ (1.54)	\$ 3.03	\$ 1.64
Diluted			
Earnings from continuing operations	\$ 0.36	\$ 2.87	\$ 1.12
(Loss) Earnings from discontinued operations	(1.89)	0.14	0.50
Net (loss) earnings	\$ (1.53)	\$ 3.01	\$ 1.62
Weighted average shares used for computation of:			
Basic earnings (loss) per common share	85.2	87.6	89.4
Diluted earnings (loss) per common share	85.6	88.2	90.1

The Notes to Consolidated Financial Statements are an integral part of these consolidated statements.

BRUNSWICK CORPORATION
Consolidated Balance Sheets

(in millions)	As of December 31	
	2019	2018
Assets		
Current assets		
Cash and cash equivalents, at cost, which approximates fair value	\$ 320.3	\$ 294.4
Restricted cash	11.6	9.0
Short-term investments in marketable securities	0.8	0.8
Total cash and short-term investments in marketable securities	332.7	304.2
Accounts and notes receivable, less allowances of \$8.5 and \$8.7	331.8	351.8
Inventories		
Finished goods	554.3	490.8
Work-in-process	101.3	94.1
Raw materials	168.9	189.1
Net inventories	824.5	774.0
Prepaid expenses and other	36.8	72.9
Current assets held for sale	—	377.2
Current assets	1,525.8	1,880.1
Property		
Land	17.8	16.5
Buildings and improvements	415.4	359.8
Equipment	1,090.1	983.0
Total land, buildings and improvements and equipment	1,523.3	1,359.3
Accumulated depreciation	(863.8)	(791.9)
Net land, buildings and improvements and equipment	659.5	567.4
Unamortized product tooling costs	136.9	127.1
Net property	796.4	694.5
Other assets		
Goodwill	415.0	377.3
Other intangibles, net	583.5	585.8
Equity investments	29.5	32.6
Deferred income tax asset	118.7	97.8
Operating lease assets	83.2	—
Other long-term assets	12.3	13.1
Long-term assets held for sale	—	610.3
Other assets	1,242.2	1,716.9
Total assets	\$ 3,564.4	\$ 4,291.5

BRUNSWICK CORPORATION
Consolidated Balance Sheets

(in millions)	As of December 31	
	2019	2018
Liabilities and shareholders' equity		
Current liabilities		
Short-term debt and current maturities of long-term debt	\$ 41.3	\$ 41.3
Accounts payable	393.5	458.2
Accrued expenses	509.6	502.1
Current liabilities held for sale	—	255.0
Current liabilities	944.4	1,256.6
Long-term liabilities		
Debt	1,068.0	1,179.5
Operating lease liabilities	70.1	—
Postretirement benefits	73.6	71.6
Other	107.4	101.6
Long-term liabilities held for sale	—	99.6
Long-term liabilities	1,319.1	1,452.3
Shareholders' equity		
Common stock; authorized: 200,000,000 shares, \$0.75 par value; issued: 102,538,000 shares; outstanding: 79,569,000 and 86,757,000 shares	76.9	76.9
Additional paid-in capital	369.2	371.1
Retained earnings	1,931.3	2,135.7
Treasury stock, at cost: 22,969,000 and 15,781,000 shares	(1,023.1)	(638.0)
Accumulated other comprehensive loss, net of tax:		
Foreign currency translation	(37.6)	(48.9)
Defined benefit plans:		
Prior service credits	(3.0)	(6.1)
Net actuarial losses	(7.3)	(306.2)
Unrealized losses on derivatives	(5.5)	(1.9)
Accumulated other comprehensive loss, net of tax	(53.4)	(363.1)
Shareholders' equity	1,300.9	1,582.6
Total liabilities and shareholders' equity	\$ 3,564.4	\$ 4,291.5

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BRUNSWICK CORPORATION
Consolidated Statements of Cash Flow

(in millions)	For the Years Ended December 31		
	2019	2018	2017
Cash flows from operating activities			
Net (loss) earnings	\$ (131.0)	\$ 265.3	\$ 146.4
Less: net (loss) earnings from discontinued operations, net of tax	(161.4)	11.9	45.1
Net earnings from continuing operations	30.4	253.4	101.3
Depreciation and amortization	138.7	124.0	87.1
Stock compensation expense	17.3	16.7	15.9
Pension expense including settlement charges, net of (funding)	293.3	(156.1)	32.2
Asset impairment charges	3.0	32.1	37.7
Deferred income taxes	(49.8)	31.0	92.2
Changes in certain current assets and current liabilities			
Change in accounts and notes receivable	41.4	(30.2)	(30.7)
Change in inventory	(50.5)	(82.4)	(29.9)
Change in prepaid expenses and other, excluding income taxes	5.7	(8.9)	2.9
Change in accounts payable	(32.7)	61.4	21.7
Change in accrued expenses	(44.7)	17.6	13.5
Long-term extended warranty contracts and other deferred revenue	4.0	7.9	9.1
Income taxes	114.4	4.9	(48.0)
Other, net	4.8	3.1	3.2
Net cash provided by operating activities of continuing operations	475.3	274.5	308.2
Net cash (used for) provided by operating activities of discontinued operations	(41.1)	62.5	92.1
Net cash provided by operating activities	434.2	337.0	400.3
Cash flows from investing activities			
Capital expenditures	(232.6)	(180.2)	(178.0)
Sales or maturities of marketable securities	—	—	35.0
Investments	2.4	(8.8)	(3.2)
Acquisition of businesses, net of cash acquired	(64.1)	(909.6)	(15.5)
Proceeds from the sale of property, plant and equipment	7.3	0.4	7.9
Other, net	—	(0.2)	—
Net cash used for investing activities of continuing operations	(287.0)	(1,098.4)	(153.8)
Net cash provided by (used for) investing activities of discontinued operations	481.7	(8.9)	(25.1)
Net cash provided by (used for) investing activities	194.7	(1,107.3)	(178.9)
Cash flows from financing activities			
Proceeds from issuances of short-term debt	655.0	298.9	—
Payments of short-term debt	(655.0)	(300.0)	—
Net proceeds from issuances of long-term debt	223.6	794.6	—
Payments of long-term debt including current maturities	(341.0)	(12.6)	(3.0)
Common stock repurchases	(400.0)	(75.0)	(130.0)
Cash dividends paid	(73.4)	(67.8)	(60.6)
Proceeds from share-based compensation activity	2.8	1.4	6.2
Tax withholding associated with shares issued for share-based compensation	(12.1)	(12.5)	(14.8)
Other, net	(0.7)	(6.5)	—
Net cash (used for) provided by financing activities of continuing operations	(600.8)	620.5	(202.2)
Net cash used for financing activities of discontinued operations	—	—	(1.5)
Net cash (used for) provided by financing activities	(600.8)	620.5	(203.7)
Effect of exchange rate changes	0.4	(5.0)	6.9
Net increase (decrease) in Cash and cash equivalents and Restricted cash	28.5	(154.8)	24.6
Cash and cash equivalents and Restricted cash at beginning of period	303.4	458.2	433.6
Cash and cash equivalents and Restricted cash at end of period	331.9	303.4	458.2
Less: Restricted cash	11.6	9.0	9.4
Cash and cash equivalents at end of period	\$ 320.3	\$ 294.4	\$ 448.8
Supplemental cash flow disclosures:			
Interest paid	\$ 79.5	\$ 46.8	\$ 33.0
Income taxes paid, net	\$ 18.2	\$ 21.7	\$ 73.5

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