

BRUNSWICK CORPORATION
Consolidated Statements of Operations

(in millions, except per share data)	For the Years Ended December 31		
	2018	2017	2016
Net sales	\$ 5,159.2	\$ 4,835.9	\$ 4,488.5
Cost of sales	3,838.2	3,573.8	3,256.1
Selling, general and administrative expense	724.3	636.1	598.1
Research and development expense	148.8	146.4	139.2
Restructuring, exit, integration and impairment charges	80.9	81.3	15.6
Operating earnings	367.0	398.3	479.5
Equity earnings	7.7	6.1	4.3
Pension settlement charge	—	(96.6)	(55.1)
Other expense, net	(4.3)	(2.8)	(13.3)
Earnings before interest and income taxes	370.4	305.0	415.4
Interest expense	(46.0)	(26.4)	(27.5)
Interest income	2.9	2.6	1.8
Transaction financing charges	(5.1)	—	—
Earnings before income taxes	322.2	281.2	389.7
Income tax provision	59.1	134.8	115.3
Net earnings from continuing operations	263.1	146.4	274.4
Net earnings from discontinued operations, net of tax	2.2	—	1.6
Net earnings	\$ 265.3	\$ 146.4	\$ 276.0
Earnings per common share:			
Basic			
Earnings from continuing operations	\$ 3.00	\$ 1.64	\$ 3.01
Earnings from discontinued operations	0.03	—	0.02
Net earnings	<u>\$ 3.03</u>	<u>\$ 1.64</u>	<u>\$ 3.03</u>
Diluted			
Earnings from continuing operations	\$ 2.98	\$ 1.62	\$ 2.98
Earnings from discontinued operations	0.03	—	0.02
Net earnings	<u>\$ 3.01</u>	<u>\$ 1.62</u>	<u>\$ 3.00</u>
Weighted average shares used for computation of:			
Basic earnings per common share	87.6	89.4	91.2
Diluted earnings per common share	88.2	90.1	92.0
Cash dividends declared per common share	\$ 0.78	\$ 0.685	\$ 0.615

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

BRUNSWICK CORPORATION
Consolidated Balance Sheets

	As of December 31	
(in millions)	2018	2017
Assets		
Current assets		
Cash and cash equivalents, at cost, which approximates fair value	\$ 294.4	\$ 448.8
Restricted cash	9.0	9.4
Short-term investments in marketable securities	0.8	0.8
Total cash and short-term investments in marketable securities	304.2	459.0
Accounts and notes receivable, less allowances of \$11.3 and \$9.2	550.7	485.3
Inventories		
Finished goods	614.2	521.3
Work-in-process	106.1	119.3
Raw materials	223.4	187.1
Net inventories	943.7	827.7
Prepaid expenses and other	81.6	74.7
Current assets	1,880.2	1,846.7
Property		
Land	24.0	25.1
Buildings and improvements	469.7	412.8
Equipment	1,128.9	1,027.7
Total land, buildings and improvements and equipment	1,622.6	1,465.6
Accumulated depreciation	(952.4)	(895.8)
Net land, buildings and improvements and equipment	670.2	569.8
Unamortized product tooling costs	135.1	136.2
Net property	805.3	706.0
Other assets		
Goodwill	767.1	425.3
Other intangibles, net	646.4	149.1
Equity investments	34.6	25.1
Deferred income tax asset	96.1	165.6
Other long-term assets	56.0	40.4
Other assets	1,600.2	805.5
Total assets	\$ 4,285.7	\$ 3,358.2

BRUNSWICK CORPORATION
Consolidated Balance Sheets

(in millions)	As of December 31	
	2018	2017
Liabilities and shareholders' equity		
Current liabilities		
Short-term debt and current maturities of long-term debt	\$ 41.3	\$ 5.6
Accounts payable	527.8	420.5
Accrued expenses	687.4	609.0
Current liabilities	1,256.5	1,035.1
Long-term liabilities		
Debt	1,179.5	431.8
Postretirement benefits	71.6	220.8
Other	195.5	187.6
Long-term liabilities	1,446.6	840.2
Shareholders' equity		
Common stock; authorized: 200,000,000 shares, \$0.75 par value; issued: 102,538,000 shares; outstanding: 86,757,000 and 87,537,000 shares	76.9	76.9
Additional paid-in capital	371.1	374.4
Retained earnings	2,135.7	1,966.8
Treasury stock, at cost: 15,781,000 and 15,001,000 shares	(638.0)	(575.4)
Accumulated other comprehensive loss, net of tax:		
Foreign currency translation	(48.9)	(31.6)
Defined benefit plans:		
Prior service credits	(6.1)	(5.6)
Net actuarial losses	(306.2)	(310.8)
Unrealized losses on derivatives	(1.9)	(11.8)
Accumulated other comprehensive loss, net of tax	(363.1)	(359.8)
Shareholders' equity	1,582.6	1,482.9
Total liabilities and shareholders' equity	\$ 4,285.7	\$ 3,358.2

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BRUNSWICK CORPORATION
Consolidated Statements of Cash Flows

(in millions)	For the Years Ended December 31		
	2018	2017	2016
Cash flows from operating activities			
Net earnings	\$ 265.3	\$ 146.4	\$ 276.0
Less: net earnings from discontinued operations, net of tax	2.2	—	1.6
Net earnings from continuing operations	263.1	146.4	274.4
Depreciation and amortization	149.6	110.8	103.9
Stock compensation expense	19.2	18.3	16.1
Pension expense including settlement charges, net of (funding)	(156.1)	32.2	(4.8)
Asset impairment charges	59.1	54.7	2.4
Deferred income taxes	25.1	104.2	62.5
Changes in certain current assets and current liabilities			
Change in accounts and notes receivable	(27.3)	(57.2)	(1.1)
Change in inventory	(84.2)	(69.7)	(48.2)
Change in prepaid expenses and other, excluding income taxes	(8.6)	4.4	0.5
Change in accounts payable	49.3	31.0	39.2
Change in accrued expenses	13.7	47.1	(20.8)
Long-term extended warranty contracts and other deferred revenue	15.1	17.1	10.3
Fitness business separation costs	19.3	—	—
Cash paid for Fitness business separation costs	(12.7)	—	—
Income taxes	12.3	(43.1)	20.2
Other, net	0.1	5.4	(15.5)
Net cash provided by operating activities of continuing operations	337.0	401.6	439.1
Net cash used for operating activities of discontinued operations	—	(1.3)	(3.8)
Net cash provided by operating activities	337.0	400.3	435.3
Cash flows from investing activities			
Capital expenditures	(193.4)	(203.2)	(193.9)
Purchases of marketable securities	—	—	(35.0)
Sales or maturities of marketable securities	—	35.0	10.7
Investments	(10.8)	(3.2)	5.1
Acquisition of businesses, net of cash acquired	(909.6)	(15.5)	(276.1)
Proceeds from the sale of property, plant and equipment	6.7	8.5	1.9
Other, net	(0.2)	(0.5)	1.3
Net cash used for investing activities	(1,107.3)	(178.9)	(486.0)
Cash flows from financing activities			
Net proceeds from issuances of short-term debt	298.9	—	—
Repayment of short-term debt	(300.0)	—	—
Net proceeds from issuances of long-term debt	794.6	—	1.0
Payments of long-term debt including current maturities	(12.6)	(4.5)	(3.2)
Common stock repurchases	(75.0)	(130.0)	(120.3)
Cash dividends paid	(67.8)	(60.6)	(55.4)
Proceeds from share-based compensation activity	1.4	6.2	14.9
Tax withholding associated with shares issued for share-based compensation	(12.5)	(14.8)	(20.9)
Other, net	(6.5)	—	(1.9)
Net cash provided by (used for) financing activities	620.5	(203.7)	(185.8)
Effect of exchange rate changes	(5.0)	6.9	0.1
Net increase (decrease) in Cash and cash equivalents and Restricted cash	(154.8)	24.6	(236.4)
Cash and cash equivalents and Restricted cash at beginning of period	458.2	433.6	670.0
Cash and cash equivalents and Restricted cash at end of period	303.4	458.2	433.6
Less: Restricted cash	9.0	9.4	11.2
Cash and cash equivalents at end of period	\$ 294.4	\$ 448.8	\$ 422.4
Supplemental cash flow disclosures:			
Interest paid	\$ 46.8	\$ 33.0	\$ 30.1
Income taxes paid, net	\$ 21.7	\$ 73.5	\$ 32.6

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