

BRUNSWICK CORPORATION
Consolidated Statements of Operations

(in millions, except per share data)	For the Years Ended December 31		
	2017	2016	2015
Net sales	\$ 4,510.0	\$ 4,153.9	\$ 3,780.2
Cost of sales	3,275.3	2,973.6	2,720.2
Selling, general and administrative expense	608.1	572.1	527.8
Research and development expense	138.5	131.0	113.9
Pension settlement charge	96.6	55.1	82.3
Restructuring, exit, integration and impairment charges	36.6	15.2	4.7
Operating earnings	354.9	406.9	331.3
Equity earnings	6.1	4.3	3.7
Other income, net	6.1	3.2	5.3
Earnings before interest and income taxes	367.1	414.4	340.3
Interest expense	(26.4)	(27.2)	(27.7)
Interest income	2.6	1.8	2.2
Earnings before income taxes	343.3	389.0	314.8
Income tax provision	156.0	116.4	83.9
Net earnings from continuing operations	187.3	272.6	230.9
Discontinued operations:			
Earnings (loss) from discontinued operations, net of tax	(40.9)	3.4	(2.3)
Gain on disposal of discontinued operations, net of tax	—	—	12.8
Net earnings (loss) from discontinued operations, net of tax	(40.9)	3.4	10.5
Net earnings	\$ 146.4	\$ 276.0	\$ 241.4
Earnings (loss) per common share:			
Basic			
Earnings from continuing operations	\$ 2.10	\$ 2.99	\$ 2.49
Earnings (loss) from discontinued operations	(0.46)	0.04	0.11
Net earnings	\$ 1.64	\$ 3.03	\$ 2.60
Diluted			
Earnings from continuing operations	\$ 2.08	\$ 2.96	\$ 2.45
Earnings (loss) from discontinued operations	(0.46)	0.04	0.11
Net earnings	\$ 1.62	\$ 3.00	\$ 2.56
Weighted average shares used for computation of:			
Basic earnings per common share	89.4	91.2	93.0
Diluted earnings per common share	90.1	92.0	94.3
Cash dividends declared per common share	\$ 0.685	\$ 0.615	\$ 0.525

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)	2017	2016
Assets		
Current assets		
Cash and cash equivalents, at cost, which approximates fair value	\$ 448.8	\$ 422.4
Restricted cash	9.4	11.2
Short-term investments in marketable securities	0.8	35.8
Total cash and short-term investments in marketable securities	459.0	469.4
Accounts and notes receivable, less allowances of \$9.1 and \$12.7	480.2	411.5
Inventories		
Finished goods	506.9	488.8
Work-in-process	96.8	68.3
Raw materials	161.9	141.9
Net inventories	765.6	699.0
Prepaid expenses and other	73.1	37.1
Current assets held for sale	68.8	71.5
Current assets	1,846.7	1,688.5
Property		
Land	19.9	17.9
Buildings and improvements	340.6	307.7
Equipment	991.9	923.8
Total land, buildings and improvements and equipment	1,352.4	1,249.4
Accumulated depreciation	(812.5)	(777.1)
Net land, buildings and improvements and equipment	539.9	472.3
Unamortized product tooling costs	119.6	96.7
Net property	659.5	569.0
Other assets		
Goodwill	425.3	413.8
Other intangibles, net	144.4	160.1
Equity investments	25.0	20.7
Deferred income tax asset	165.6	307.8
Other long-term assets	45.1	43.4
Long-term assets held for sale	46.6	81.4
Other assets	852.0	1,027.2
Total assets	\$ 3,358.2	\$ 3,284.7

BRUNSWICK CORPORATION
Consolidated Balance Sheets

(in millions)	As of December 31	
	2017	2016
Liabilities and shareholders' equity		
Current liabilities		
Current maturities of long-term debt	\$ 5.6	\$ 5.6
Accounts payable	409.7	378.2
Accrued expenses	563.6	521.3
Current liabilities held for sale	56.2	59.8
Current liabilities	1,035.1	964.9
Long-term liabilities		
Debt	431.8	433.8
Postretirement benefits	220.8	276.3
Other	184.9	162.9
Long-term liabilities held for sale	2.7	6.7
Long-term liabilities	840.2	879.7
Shareholders' equity		
Common stock; authorized: 200,000,000 shares, \$0.75 par value; issued: 102,538,000 shares; outstanding: 87,537,000 and 89,317,000 shares	76.9	76.9
Additional paid-in capital	374.4	382.0
Retained earnings	1,966.8	1,881.0
Treasury stock, at cost: 15,001,000 and 13,221,000 shares	(575.4)	(465.2)
Accumulated other comprehensive loss, net of tax:		
Foreign currency translation	(31.6)	(51.9)
Defined benefit plans:		
Prior service credits	(5.6)	(5.1)
Net actuarial losses	(310.8)	(372.0)
Unrealized losses on derivatives	(11.8)	(5.6)
Accumulated other comprehensive loss, net of tax	(359.8)	(434.6)
Shareholders' equity	1,482.9	1,440.1
Total liabilities and shareholders' equity	\$ 3,358.2	\$ 3,284.7

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BRUNSWICK CORPORATION
Consolidated Statements of Cash Flows

(in millions)	For the Years Ended December 31		
	2017	2016	2015
Cash flows from operating activities			
Net earnings	\$ 146.4	\$ 276.0	\$ 241.4
Less: earnings (loss) from discontinued operations, net of tax	(40.9)	3.4	10.5
Net earnings from continuing operations	187.3	272.6	230.9
Depreciation and amortization	98.2	91.0	77.1
Stock compensation expense	17.8	16.1	20.8
Pension expense including settlement charges, net of (funding)	32.2	(4.8)	20.4
Asset impairment charges	18.7	2.4	4.7
Deferred income taxes	118.4	62.7	43.3
Changes in certain current assets and current liabilities			
Change in accounts and notes receivable	(58.1)	(3.8)	(11.4)
Change in inventory	(65.6)	(40.4)	(9.6)
Change in prepaid expenses and other, excluding income taxes	3.5	(0.9)	(3.1)
Change in accounts payable	34.7	34.8	5.3
Change in accrued expenses	47.0	(17.3)	(31.9)
Long-term extended warranty contracts and other deferred revenue	17.1	10.3	4.0
Income taxes	(35.9)	21.1	7.8
Other, net	1.9	(20.3)	(18.1)
Net cash provided by operating activities of continuing operations	417.2	423.5	340.2
Net cash provided by (used for) operating activities of discontinued operations	(16.9)	11.8	(9.7)
Net cash provided by operating activities	400.3	435.3	330.5
Cash flows from investing activities			
Capital expenditures	(189.3)	(172.5)	(114.1)
Purchases of marketable securities	—	(35.0)	(47.6)
Sales or maturities of marketable securities	35.0	10.7	119.3
Investments	(3.2)	5.1	0.9
Acquisition of businesses, net of cash acquired	(15.5)	(276.1)	(29.7)
Proceeds from the sale of property, plant and equipment	8.3	1.9	2.4
Other, net	(0.5)	1.3	—
Net cash used for investing activities of continuing operations	(165.2)	(464.6)	(68.8)
Net cash provided by (used for) investing activities of discontinued operations	(13.7)	(21.4)	26.1
Net cash used for investing activities	(178.9)	(486.0)	(42.7)
Cash flows from financing activities			
Net proceeds from issuances of long-term debt	—	1.0	0.1
Payments of long-term debt including current maturities	(3.0)	(2.8)	(3.1)
Common stock repurchases	(130.0)	(120.3)	(120.0)
Cash dividends paid	(60.6)	(55.4)	(48.3)
Proceeds from share-based compensation activity	6.2	14.9	4.5
Tax withholding associated with shares issued for share-based compensation	(14.8)	(20.9)	(8.7)
Other, net	—	(1.9)	—
Net cash used for financing activities of continuing operations	(202.2)	(185.4)	(175.5)
Net cash provided by (used for) financing activities of discontinued operations	(1.5)	(0.4)	5.0
Net cash used for financing activities	(203.7)	(185.8)	(170.5)
Effect of exchange rate changes	6.9	0.1	(15.6)
Net increase (decrease) in Cash and cash equivalents and Restricted cash	24.6	(236.4)	101.7
Cash and cash equivalents and Restricted cash at beginning of period	433.6	670.0	568.3
Cash and cash equivalents and Restricted cash at end of period	458.2	433.6	670.0
Less: Restricted cash	9.4	11.2	12.7
Cash and cash equivalents at end of period	\$ 448.8	\$ 422.4	\$ 657.3
Supplemental cash flow disclosures:			
Interest paid	\$ 33.0	\$ 30.1	\$ 28.5
Income taxes paid, net	\$ 73.5	\$ 32.6	\$ 32.8

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