

BRUNSWICK CORP
Form 10-Q
May 07, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended April 3, 2010

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 1-1043

Brunswick Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-0848180
(I.R.S. Employer Identification No.)

1 N. Field Court, Lake Forest, Illinois 60045-4811

(Address of principal executive offices, including zip code)

(847) 735-4700

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares of Common Stock (\$0.75 par value) of the registrant outstanding as of May 3, 2010, was 88,527,610.

BRUNSWICK CORPORATION
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April 3, 2010

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PART I – FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

BRUNSWICK CORPORATION
Consolidated Statements of Operations
(unaudited)

	Three Months Ended	
	April 3, 2010	April 4, 2009
(in millions, except per share data)		
Net sales	\$844.4	\$734.7
Cost of sales	665.8	643.5
Selling, general and administrative expense	138.8	155.2
Research and development expense	22.3	23.9
Restructuring, exit and impairment charges	7.4	39.6
Operating earnings (loss)	10.1	(127.5)
Equity loss	(0.1)	(3.2)
Other income (expense), net	1.0	(1.4)
Earnings (loss) before interest, loss on early extinguishment of debt and income taxes	11.0	(132.1)
Interest expense	(24.3)	(18.2)
Interest income	0.9	0.5
Loss on early extinguishment of debt	(0.3)	—
Loss before income taxes	(12.7)	(149.8)
Income tax provision	0.3	34.4
Net loss	\$(13.0)	\$(184.2)
Loss per common share:		
Basic	\$(0.15)	\$(2.08)
Diluted	\$(0.15)	\$(2.08)
Weighted average shares used for computation of:		
Basic loss per common share	88.6	88.4
Diluted loss per common share	88.6	88.4

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

BRUNSWICK CORPORATION
Condensed Consolidated Balance Sheets

(in millions)	April 3, 2010 (unaudited)	December 31, 2009	April 4, 2009 (unaudited)
Assets			
Current assets			
Cash and cash equivalents, at cost, which approximates market	\$552.4	\$526.6	\$359.1
Accounts and notes receivable, less allowances of \$45.1, \$47.7 and \$39.6	440.1	332.4	381.9
Inventories			
Finished goods	237.2	234.4	371.7
Work-in-process	178.4	174.3	232.6
Raw materials	89.0	76.2	97.0
Net inventories	504.6	484.9	701.3
Deferred income taxes	19.8	79.3	13.3
Prepaid expenses and other	31.0	35.5	48.8
Current assets	1,547.9	1,458.7	1,504.4
Property			
Land	93.8	100.0	106.8
Buildings and improvements	672.0	678.3	677.2
Equipment	1,070.8	1,078.9	1,137.6
Total land, buildings and improvements and equipment	1,836.6	1,857.2	1,921.6
Accumulated depreciation	(1,221.3)	(1,221.8)	(1,163.2)
Net land, buildings and improvements and equipment	615.3	635.4	758.4
Unamortized product tooling costs	80.8	88.9	117.4
Net property	696.1	724.3	875.8
Other assets			
Goodwill	290.6	292.5	287.8
Other intangibles, net	72.6	75.6	83.4
Investments	53.2	56.7	70.9
Other long-term assets	97.7	101.6	114.3
Other assets	514.1	526.4	556.4
Total assets	\$2,758.1	\$2,709.4	\$2,936.6

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

BRUNSWICK CORPORATION
Condensed Consolidated Balance Sheets

(in millions, except share data)	April 3, 2010 (unaudited)	December 31, 2009	April 4, 2009 (unaudited)
Liabilities and shareholders' equity			
Current liabilities			
Short-term debt, including current maturities of long-term debt	\$ 10.2	\$ 11.5	\$ 2.4
Accounts payable	320.6	261.2	238.2
Accrued expenses	589.3	633.9	653.7
Current liabilities	920.1	906.6	894.3
Long-term liabilities			
Debt	844.2	839.4	728.1
Deferred income taxes	62.7	10.1	48.6
Postretirement and postemployment benefits	537.6	535.7	518.7
Other	201.8	207.3	199.6
Long-term liabilities	1,646.3	1,592.5	1,495.0
Shareholders' equity			
Common stock; authorized: 200,000,000 shares, \$0.75 par value; issued: 102,538,000 shares	76.9	76.9	76.9
Additional paid-in capital	415.7	415.1	404.6
Retained earnings	492.3	505.3	911.7
Treasury stock, at cost: 14,088,000; 14,275,000 and 14,371,000 shares	(410.2)	(412.2)	(415.1)
Accumulated other comprehensive loss, net of tax	(383.0)	(374.8)	(430.8)
Shareholders' equity	191.7	210.3	547.3
Total liabilities and shareholders' equity	\$2,758.1	\$2,709.4	\$2,936.6

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

BRUNSWICK CORPORATION
Condensed Consolidated Statements of Cash Flows
(unaudited)

(in millions)	Three Months Ended	
	April 3, 2010	April 4, 2009
Cash flows from operating activities		
Net loss	\$(13.0)	\$(184.2)
Depreciation and amortization	35.1	41.6
Pension expense, net of funding	9.0	22.5
Deferred income taxes	0.3	35.0
Other long-lived asset impairment charges	0.5	4.0
Loss on early extinguishment of debt	0.3	—
Changes in certain current assets and current liabilities	(111.6)	79.4
Income taxes	107.5	69.1
Other, net	—	(16.9)
Net cash provided by operating activities	28.1	50.5
Cash flows from investing activities		
Capital expenditures	(8.6)	(7.2)
Investments	(0.3)	(1.4)
Proceeds from the sale of property, plant and equipment	1.0	