

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): June 20, 2018

**BRUNSWICK**

BRUNSWICK CORPORATION

(Exact Name of Registrant Specified in Charter)

<u>Delaware</u> (State or Other Jurisdiction of Incorporation)	<u>001-01043</u> (Commission File Number)	<u>36-0848180</u> (I.R.S. Employer Identification No.)
<u>26125 N. Riverwoods Blvd., Suite 500, Mettawa, Illinois</u> (Address of Principal Executive Offices)		<u>60045-3420</u> (Zip Code)

Registrant's telephone number, including area code: (847) 735-4700

N/A

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 2.05. Costs Associated with Exit or Disposal Activities**

On June 20, 2018, the Board of Directors of Brunswick Corporation (the "Company") authorized the Company to end the sale process for its Sea Ray businesses, including the Meridian brand. As part of this action, the Company will restructure the Sea Ray sport boat and cruiser business, but will discontinue Sea Ray sport yacht and yacht models and will wind down yacht production in the third quarter of 2018. These actions are anticipated to include the termination of approximately 800 employees. The news release Brunswick issued regarding these actions is incorporated herein by reference and is included as Exhibit 99.1 to this Current Report on Form 8-K.

The Company expects that it will incur total restructuring and wind down costs in connection with the discontinuation of sport yacht and yacht models in the range of \$50 million to \$60 million, primarily consisting of \$30 million to \$40 million of estimated costs to exit the product categories, including production wind down costs and costs to assist dealers in selling pipeline inventory; \$10 million to \$15 million of estimated inventory and long-lived asset write-downs; and approximately \$5 million in severance costs. The Company estimates a substantial portion of these charges to be recorded in the second quarter of 2018. In connection with these actions, the Company expects total net cash expenditures of \$10 to \$20 million through fiscal year 2020 related to the aforementioned actions partially offset by proceeds from estimated tax benefits and the liquidation of assets.

Statements regarding the Company's planned restructuring and associated charges and costs in this Current Report on Form 8-K are forward-looking as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on current expectations, estimates, and projections about the Company's planned restructuring and by their nature address matters that are, to different degrees, uncertain. Such statements are not guarantees and involve certain risks and uncertainties that may cause actual results to differ materially from expectations as of the date of this filing. Factors that could cause actual results to differ materially from the expectations, estimates, and projections discussed in this Current Report on Form 8-K include the Company's timing of and ability to realize the expected cost savings from the Company's restructuring plans, changes in economic or industry conditions, and changes to the expected costs and charges associated with the Company's restructuring plans. Forward-looking statements speak only as of the date on which they are made and the Company does not undertake any obligation to update them to reflect events or circumstances after the date of this filing.

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**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits:

<b><u>Exhibit No.</u></b>	<b><u>Description of Exhibit</u></b>
<a href="#"><u>99.1</u></a>	<a href="#"><u>Brunswick Corporation News Release dated June 25, 2018.</u></a>

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**BRUNSWICK CORPORATION**

Dated: June 26, 2018

By: /s/ Daniel J. Tanner

Daniel J. Tanner

Vice President and Controller

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### **Brunswick to retain and reinvent Sea Ray business**

***Sea Ray sale process ended;  
Company will restructure Sea Ray to focus on growth opportunities  
in sport boat and cruiser;  
Discontinue Sea Ray sport yacht and yacht models  
and wind down production in 2018***

**METTAWA, Ill. June 25, 2018** - Brunswick Corporation (NYSE: BC) today announced it:

- Has ended the sale process for its Sea Ray business, including the Meridian brand.
- Will retain and revitalize Sea Ray and leverage its premium brand to capitalize on growth opportunities in its sport boat and cruiser product categories.
- Will discontinue Sea Ray sport yacht and yacht models, resulting in the wind down of yacht production in the third quarter of 2018.

“Over the last several months, we have engaged in a thorough sale process for the Sea Ray business, which we believed would generate the highest value for our shareholders,” Brunswick Chairman and Chief Executive Officer Mark Schwabero explained. “Although there was interest in the business, the offers we received did not reflect an appropriate value for this premium brand, and did not meet our expectations. The lower value was largely due to the persistently weak financial performance of the yacht product category, which complicated and obscured the value of the remainder of Sea Ray.

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“As the sale process neared conclusion, we started to evaluate other strategic options beyond our original plan to sell the Sea Ray business in its entirety,” Schwabero continued. “Based on that re-assessment, we have concluded that our best opportunity to maximize value is to retain the Sea Ray brand and refocus the business on the sport boat and cruiser product portfolio. As part of the transformation of Sea Ray, we will discontinue sport yacht and yacht models and begin an orderly wind down of yacht production.

“These combined actions will create a revitalized Sea Ray that will benefit from continuing synergy with our broader marine portfolio -- and with targeted ongoing investment - we believe will offer increasingly attractive profitability and cash flow returns. We believe that this is the best solution to generate value for our dealers and shareholders now and in the future,” Schwabero said.

“Sea Ray remains one of the most aspirational and premium recreational boat brands, and our sport boats and cruisers set the industry standard,” said David Foulkes, president - Marine Consumer Solutions. “We will focus our resources on advancing our position in these segments, with an emphasis on the growing and evolving 24 - 40-foot categories. Moving forward, Sea Ray will continue to offer new products, features and services that leverage our technology and innovation initiatives aimed at enhancing the quality of the consumer boating experience.”

Sea Ray will begin to wind down sport yacht and yacht production in the third quarter at its Sykes Creek and Palm Coast, Fla., facilities, involving the elimination of as many as 825 positions. Palm Coast is targeted for closure as soon as practical in 2018, while a portion of Sykes Creek will continue to operate for the foreseeable future to support customer service and warranty obligations, along with other operational requirements.

“We will maintain the capability to provide outstanding service and support to our dealers and installed base of all Sea Ray customers, consistent with the Sea Ray brand promise and history,” Schwabero said. “We appreciate the dedication and commitment our employees and the communities that support our operations and will help them through this transition.”

The expected impact on 2018 performance and long-term planning targets will be addressed as part of the Company’s conference call today as well as the second quarter earnings call.

Going forward, Brunswick will report results of Sea Ray on a GAAP basis in continuing operations, rather than the previous classification as discontinued operations in recent financial reports. Sea Ray Sport Yacht and Yacht financial results will be excluded from the Company’s as adjusted, non-GAAP results of continued operations to offer a clearer comparison to go-forward operations. In addition, the Company’s as adjusted financial information will include the results of the Sea Ray Sport Boat and Cruiser business.

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## **Conference call scheduled today**

The Company will hold a conference call today about the Sea Ray announcement at 10 a.m. CDT June 25, 2018, hosted by Mark Schwabero, chairman and chief executive officer, William Metzger, senior vice president and chief financial officer, and Ryan Gwillim, vice president - investor relations.

Security analysts and investors wishing to participate via telephone should call 888-771-4371 (passcode: Brunswick). Callers outside of North America should call 847- 585-4405 (passcode: Brunswick) to be connected. These numbers can be accessed 15 minutes before the call begins, as well as during the call.

To listen via the Internet, go to [ir.brunswick.com](http://ir.brunswick.com). Please go to the website at least 15 minutes before the call to register, download and install any needed audio software.

A replay of the conference call will be available through midnight EDT July 2, 2018, by calling 888-843-7419 or international dial 630-652-3042 (passcode: 4718 7022#). The replay also will be available at [www.brunswick.com](http://www.brunswick.com).

## **Forward-Looking Statement**

Certain statements in this news release are forward-looking as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on current expectations, estimates, and projections about Brunswick's business and by their nature address matters that are, to different degrees, uncertain. Words such as "may," "could," "expect," "intend," "target," "plan," "seek," "estimate," "believe," "predict," "outlook," and similar expressions are intended to identify forward-looking statements. Forward-looking statements are not guarantees of future performance and involve certain risks and uncertainties that may cause actual results to differ materially from expectations as of the date of this news release. These risks include, but are not limited to: adverse general economic conditions, including reductions in consumer discretionary spending; our ability to implement our strategic plan and growth initiatives; our ability to complete and integrate targeted acquisitions; that strategic divestitures may not provide business benefits; the possibility that the proposed Fitness business separation will not be consummated within the anticipated time period or at all, including as the result of regulatory, market, or other factors, the potential for disruption to our business in connection with the proposed Fitness business separation, and the potential that the Fitness business and Brunswick do not realize all of the expected benefits of the separation; negative currency trends; fiscal policy concerns; adequate financing access for dealers and customers and our ability to access capital and credit markets; maintaining effective distribution; loss of key customers; inventory reductions by dealers, retailers, or independent boat builders; requirements for us to repurchase inventory; attracting and retaining skilled labor and implementing succession plans for key leadership; our ability to meet supply objectives; higher energy and fuel costs; our ability to protect our brands and intellectual property; absorbing fixed costs in production; managing expansion of manufacturing facilities; outages or breaches of technology systems; our ability to meet pension funding obligations; managing our share repurchases; competitive pricing pressures; our ability to develop new and innovative products and services at a competitive price, in legal compliance with existing rules; maintaining product quality and service standards; product liability, warranty, and other claims risks; legal and regulatory compliance, including increased costs, fines, and reputational risks; changes in income tax legislation or enforcement; having to record an impairment to the value of goodwill and other assets; certain divisive shareholder activist actions; international business risks; and weather and catastrophic event risks.

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Additional risk factors are included in the Company's Annual Report on Form 10-K for 2017 and the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018. Forward-looking statements speak only as of the date on which they are made, and Brunswick does not undertake any obligation to update them to reflect events or circumstances after the date of this news release or for changes by wire services or Internet service providers.

**About Brunswick**

Headquartered in Mettawa, Ill., Brunswick Corporation's leading consumer brands include Mercury and Mariner outboard engines; Mercury MerCruiser sterndrives and inboard engines; MotorGuide trolling motors; Attwood, Garelick, Mercury, NAUTIC-ON, Quicksilver and Whale marine parts and accessories; Land 'N' Sea, Kellogg Marine, Lankhorst Taselaar, Payne's Marine and BLA parts and accessories distributors; Bayliner, Boston Whaler, Brunswick Commercial and Government Products, Crestliner, Cypress Cay, Harris, Lowe, Lund, Meridian, Princecraft, Quicksilver, Rayglass, Sea Ray, Thunder Jet and Uttern boats; Life Fitness, Hammer Strength, Cybex, Indoor Cycling Group and SCIFIT fitness equipment; and Brunswick billiards tables, accessories and game room furniture. For more information, visit <http://www.brunswick.com>.

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