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BC - Q4 2015 Brunswick Corp Earnings Call

EVENT DATE/TIME: JANUARY 28, 2016 / 4:00PM GMT



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PRESENTATION

Operator

Good morning and welcome to the Brunswick Corporation 2015 fourth quarter earnings conference call.

(Operator Instructions)

Today's meeting will be recorded. If you have any objections, you may disconnect at this time. I will now introduce Bruce Byots, Vice President, Investor Relations.

Bruce Byots - Brunswick Corporation - VP of IR

Good morning and thank you for joining us. On the call this morning is Dusty McCoy, Brunswick's Chairman and CEO, Mark Schwabero, President and Chief Operating Officer, and Bill Metzger, CFO.

Before we begin with our prepared remarks, I would like to remind everyone that during this call our comments will include certain forward-looking statements about future results. Please keep in mind that our actual results could differ materially from these expectations. For the details on the factors to consider, please refer to our recent SEC filings and today's press release. All of these documents are available on our website, at brunswick.com.

During our presentation, we are using certain non-GAAP financial information. Reconciliations of GAAP to non-GAAP financial measures are provided in this presentation, as well as in supplemental information sections of the consolidated financial statements accompanying today's results. I would like to remind you that the figures in this presentation reflect continuing operations only, unless otherwise noted. I would now like to turn the call over to Dusty McCoy.



Dusty McCoy - Brunswick Corporation - Chairman & CEO

Thank you, Bruce. Good morning, everyone. I'm retiring in a few days and this will be my 11th and last year-end earnings call. I've enjoyed each and every quarterly and annual earnings call for the past 11 years and, more importantly, getting to know most of you. The last important thing a retiring CEO does is leave behind a good team. This is a great team succeeding me. Style, manner of presentation, and other fluffy stuff will be different and that's normal. And grasp of the business, strategy and the competition is better. And you'll make a lot of money with this team. Finally, as I relate to this succession team, over the last decade we strived to always be credible and never surprise to the downside. This team, I assure you, has the same DNA.

Today I will focus my remarks primarily on our 2015 results, as well as provide insights in the Global Marine markets, and I'll let Mark and Bill elaborate on business performance and our outlook for 2016 and beyond.

2015 results reflect an outstanding year for our organization and represents the sixth consecutive year of strong growth in operating and pretax earnings. And our 2016 outlook continues to reflect another year of strong earnings growth, free cash flow and investments in our business.

Revenue in 2015 increased 7%. On a constant currency basis, revenue increased by 11%, with acquisitions contributing 2% of growth. The strongest growth rates were reported by fiberglass sterndrive/inboard and outboard boats, outboard engines, and marine parts and accessories. This growth also included a solid performance in fitness equipment.

Our gross margin increased 10 basis points compared to the prior year. Operating expenses increased by 2% and were 16.8% of sales. This compares to 17.6% of sales in 2014.

Adjusted operating earnings increased by 18% versus prior year, with operating margins of 10.4%, up 100 basis points compared to last year. Over the last five years, our operating margin has increased by over 700 basis points. Operating leverage for the full year was approximately 25% on an as adjusted basis.

As we continue down the P&L, adjusted pretax earnings increased by 20%, while diluted EPS, as adjusted, of \$2.93 was up \$0.51, or 21%. Excluding the benefit of US R&D tax credit, EPS, as adjusted, of \$2.87 was \$0.02 above the top end of our guidance. Finally, full-year free cash flow totaled \$193 million, an increase of \$76 million versus the prior year.

For the year, on a constant currency basis, sales on our combined marine segments increased by 12%, while our fitness segment increased by 7%.

From a geographic perspective, consolidated US sales increased by 14%. On a constant currency basis, European sales increased by 10%. The rest of the world sales increased by 5%. So in summary, combined sales outside the United States decreased by 7%.

In 2015, adjusted operating earnings were \$426.4 million, an increase of \$65.8 million, or 18%, compared to 2014. Our adjusted operating margin of 10.4% is 100 basis points higher than the prior year. Diluted EPS from continuing operations, as adjusted, for the full year equaled \$2.93 per share. This reflects a 21% increase versus the prior year.

Our fourth quarter sales performance reflects solid market demand, as well as contributions from recent investments and new product launches throughout our organization. On a constant currency basis, sales in our combined marine segments increased by 11%, while our fitness segment increased by 4%.

From the geographic perspective, consolidated US sales increased by 12%. On a constant currency basis, international sales increased by 4%, with European sales flat and rest of world sales up 6%.

Adjusted operating earnings were \$67.7 million for the quarter, an increase of \$25 million, or 59%, compared to 2014. Our adjusted operating margin of 6.9% reflects a 240 basis point increase compared to the prior year. Diluted EPS from continuing operations, as adjusted, for the quarter

equaled \$0.52 per share, an increase of \$0.19, or 58%. Bill will provide more detail on the charges that were made during the quarter related to pensions and certain restructuring and impairment items.

Now let's take a look at the Marine market. In 2015, the US powerboat industry grew approximately 6%, based on preliminary data, as once again outboard boats demonstrated the highest growth rates. The fourth quarter, which on average comprises less than 10% of the year at retail, also reflected a growth rate of approximately 6%. If you will recall, our initial assumption for 2015 US industry growth reflected a rate comparable to that of 2014. This assumption proved to be on target. As we look forward to 2016, we anticipate US growth rates will be comparable with 2015.

Now let's talk about Marine markets outside the United States. We'll start with Europe. In 2015, retail boat sales in Europe were up mid-single digits, led by double digit growth in Scandinavia and Spain. The eastern European and Russian markets, which are more impactful to engines than to boats, felt significant market declines due to economic uncertainty fueled by falling oil prices.

Overall, our Marine sales in constant currency outpaced the market, growing by double digits through mix improvements and share gains. We expect the European retail boat market to be up low to mid single digits in 2016. We anticipated our Marine sales will once again grow faster than the market, due to continuing mix improvement and share gains.

Growth in Scandinavia is anticipated to slow as a result of tougher prior year comps and oil-related headwinds in Norway. Southern Europe is expected to grow high single digit percent, as both inland Spain continues their growth, while the remainder of Western Europe continues its steady recovery.

In 2015, the Canadian retail boat market was down 10%, affected in certain regions by a slowing economy and a weak Canadian dollar. Outboard power boats were down mid- to high single digits, while sterndrive boats were down a greater percentage. Ontario, which comprises over 40% of the Canadian market, grew marginally but was offset by double digit declines in Quebec and oil-sensitive Alberta. Our Marine sales in constant currency grew 1%, led by strong outboard engine sales.

In 2016, we expect the Canadian boat market to be down, but not as significantly as 2015. We expect our Marine sales to outperform the market through improved mix and market share growth.

In Latin America, the retail boat market declined double digits in 2015, driven largely by significant declines in Brazil, South America's largest boat market. Brazil's decline was a result of commodity price driven economic weakness and political turmoil. Our Latin American sales in constant currency were about flat, as we improved market share during the year and benefited from local boat production. We anticipate the 2016 retail boat market to be down mid- to high single digits, as continued double-digit contraction in Brazil is offset by some growth in Argentina, as changing import policies kickstart retail boat demand.

Finally, looking at Asia-Pacific, retail market demand was flat to down in 2015, so we expect similar market conditions to exist in 2016. The Latin America, Asia and Africa markets are largely commercial markets for our engine business. We expect the commercial engine market in these regions to grow low to mid-single digits in 2016. We're planning for Mercury's new commercial outboard engines to help us grow faster than the market.

So to summarize, we're planning on the 2016 global boat market to grow in the low single-digit range, similar to the 2015 growth rate. We expect to continue to outperform the markets through share gains and mix improvements. Now I will turn the call over to Mark, who will give us a closer look at our segment results.

Mark Schwabero - Brunswick Corporation - President & COO

Thanks, Dusty. I'll start with the Marine Engine segment, where fourth quarter sales on a constant currency basis increased by 5%. Overall, 2015 acquisitions, including Garelick in the fourth quarter and BLA in the second quarter, contributed 3% to the segment's quarterly sales growth.

From a geographic perspective, sales in the US were up 4%, reflecting increases in outboard engines and parts and accessories. This performance trailed the full-year growth of 10%, due to weak sterndrive demand and seasonal changes in P&A sales, which I will discuss in a moment, offset by



accelerating sales of outboard engines. Sales to Mercury's European customers, excluding currency changes, were up 6%. Rest of world sales on a constant currency basis increased by 8%. The majority of the growth in the quarter came from the BLA acquisition. Performance of this region was offset by the impact of continued market weakness in Brazil. For the full year, the segment sales on a constant currency basis increased by 10%, and overall, our acquisitions contributed 4% to the segment's annual growth.

On a product category basis, the outboard engine business reported accelerating sales growth in the quarter, which included strong contributions for Mercury's new 350 horsepower and 400 horsepower engines, which launched in Q1 of 2015. Our new FourStroke engine platforms are rapidly displacing the two-stroke DFI technology. These new engines have resulted in market share increases within these higher horsepower categories, including gains in targeted saltwater, repower and commercial markets.

The shift in outboard mix, along with market share gains, continued to create short-term challenges for our manufacturing footprint, which we have been addressing with our ongoing capacity expansion actions, which will begin to benefit operations in the first half of 2016. Sterndrive engine sales continued to be affected by unfavorable global retail demands.

Mercury's parts and accessory business delivered strong sales growth during the quarter. Revenue benefited from acquisitions, new product launches, and market share gains, including the successful execution of our international growth strategy. In addition, the continued sales records achieved by our portfolio of distribution businesses, including Land and Sea, Kellogg Marine, Diversified Products, Bell and BLA, demonstrated their ability to deliver on superior customer service, product availability, on-time delivery and product category expansions.

As we stated in our previous call, the year-over-year growth rates in the first half of 2015 were expected to outpace growth in the second half of 2015. These differences in growth rates between the first half and second half were largely due to the different weather patterns between these two years, as well as the contributions from acquisitions.

Mercury's operating earnings increased by 33% compared to last year's fourth quarter. Operating margins were at 8.8%, 200 basis points higher than the prior-year quarter. The improvement in operating earnings reflected higher sales along with cost reductions, including the benefits from plant efficiencies, lower commodity costs, and the savings related to sourcing initiatives, as well as favorable product mix, which we benefited from recently launched outboard products. Partially offsetting these positive factors were the unfavorable effects of foreign exchange. For the full year, operating margins were 15.1%, 100 points higher than last year.

In our Boat segment, fourth quarter revenues on a constant currency basis increased by 18%, with strong growth rates in fiberglass outboard boats and fiberglass sterndrive inboard boats, as well as solid gains in our aluminum boats. On a year-to-date basis, our Boat brands continue to make progress in gaining share. In the US, which represented about 75% of the segment, sales increased by 25%.

In the quarter, European sales on a constant currency basis increased by 15% versus the prior year. This performance resulted from the introduction of new products, including larger, more fully featured products by our European manufactured outboard boat brands. Our US brands are also doing well in Europe with their locally manufactured products. Rest of world sales on a constant currency basis increased by 1%, reflecting the weaker demand in Canada and Asia-Pacific.

In 2015, our overall Boat revenue on a constant currency basis increased by 16%. For the year, global retail sales increased by 4% compared to the prior year. US retail units during the same period increased by 9%. Global wholesale unit shipments were up 2% versus an increase in dollar sales of 16%, as revenue also benefited from a favorable shift in mix. In the fourth quarter, global retail activity was up 1%, as strong performance in the US was offset by the weaker international markets. In the wholesale unit, demand was also down 1%.

Regarding our pipelines, dealers ended the quarter with 35 weeks of boats on hand, measured on a trailing 12-month retail basis, compared to the same 35 weeks at the end of the fourth quarter of 2014, with units up modestly compared to last year, due to an expanded distribution network and all of our new product introductions. We have successfully lowered pipelines in Canada versus the prior year, reflecting our efforts to match inventories with the declines in retail demand. We believe our current pipeline levels are appropriate given our current growth expectations in various boat categories and markets, and we continue to be very comfortable with these overall levels.

The Boat segment's fourth quarter adjusted operated earnings increased \$14.2 million when compared to the prior year. Operating margins were 3.1%. This reflects a 440 basis point increase over last year's fourth quarter as adjusted result. Operating performance in the quarter benefited from higher sales and a favorable product mix, including pricing benefits from newer, fresher models, as well as lower commodity cost and the savings related to cost reduction and sourcing initiatives.

For the full year, operating margins were 3.6%, 200 basis points higher when compared to the prior year's as adjusted results. Over the last two years, this segment's adjusted operating margin has increased by 420 basis points.

On a constant currency basis, sales at Life Fitness increased by 4% for the quarter. Growth resulted from higher sales to US health clubs, local and federal governments, and hospitality customers, partially offset by a slight decline in the international markets. These declines were mostly due to tough comparisons in our European business, which grew by 22% in 2014. Additionally, the growth rates in certain international markets have moderated, due to changes in economic factors. SCIFIT contributed about 2% to the segment's growth rate in the quarter.

The segment continued to benefit from new product introductions in all the regions, with this quarter representing the 13th consecutive quarter of year-over-year revenue growth. In 2015, on a constant currency basis, sales at Life Fitness increased by 7%. The SCIFIT acquisition contributed 1% of the segment's full-year growth.

Segment operating earnings in the quarter decreased by 2%, as transaction costs of approximately \$2.6 million associated with the segment's acquisition strategy and the unfavorable impact of changes in customer and channel sales mix more than offset the favorable impact from higher sales, our cost reductions, and the savings related to sourcing initiatives. Operating margins were at 16.8%, 60 basis points lower than the prior year.

For the full year, operating margins were at 14.7%, 30 basis points lower than this past year. As a reminder, this year's results reflect the absence of a favorable warranty adjustment that was in the first quarter of 2014. And now I will turn the call over to Bill for some additional comments on the financials, starting with a consolidated perspective on how foreign exchange has affected our results.

Bill Metzger - Brunswick Corporation - CFO

Thanks, Mark. I would like to start with discussing the impact of foreign currency is having on our sales comparisons. As a reminder, our most material exposures include sales in euros, Canadian dollars, Brazilian real, and Australian dollars.

In the fourth quarter, consolidated sales comparisons were negatively affected by approximately \$36 million, or 3.8%, which was largely in line with our previous guidance. For the full year, changes in exchange rates lowered sales by about 4%. For the full year, operating earnings comparisons were negatively affected by approximately \$28 million, or 8%. These estimates include the impact of translation on all sales and costs transacted in a currency other than the US dollar, benefits from hedging activities of \$12 million, and pricing actions in certain international markets in response to the strengthening US dollar.

Moving to full year 2016, we are anticipating a consolidated sales comparison versus 2015 will be negatively affected by approximately 1%. The impact on full-year operated earnings comparisons is estimated to be \$15 million to \$20 million, or approximately 4%.

I would like to point out that a significant portion of the operating earnings impact is anticipated to occur in the second quarter. These estimates for 2016 assume that rates remain consistent with current rates for the remainder of the year.

This next chart details some additional charges that we recorded in the fourth quarters of both 2015 and 2014 that affected our GAAP earnings. I would like to provide some background on the charges we recorded in 2015. Charges of \$82 million resulted from actions taken to settle a portion of our pension plan obligations. These actions included transferring certain plan obligations to a third party by purchasing annuities on behalf of participants, as well as making lump sum benefit payments directly to participants. These actions, which are part of the Company's pension derisking plan, contributed to a reduction in plan liabilities of approximately \$278 million, or 22%, in 2015.



We also recorded impairment and restructuring charges in 2015 totaling \$12 million. These charges included the impairment of our Brazilian boat manufacturing assets resulting from continued weak economic conditions in that market and Brunswick's corporate headquarters facilities, as we look to relocate our headquarters to a more appropriately sized base; and we also recorded severance costs related to organizational realignment activities.

In 2016, we are planning to incur between \$5 million and \$10 million of restructuring and integration cost associated with the newly acquired Cybex business. These costs are excluded from our as adjusted earnings guidance.

Regarding our tax provision, our year-to-date effective book tax rate for, as adjusted, was 32.6%, slightly higher than the 2014 rate. Both years reflect the impact of the recently enacted US R&D tax credit. Our effective book tax rate for 2016 guidance is between 31% and 32%, which includes the benefit from the US R&D tax credit, as well as benefits from optimizing our international legal entity and cash management structures. For 2016, we are expecting our cash tax rate to be in the low to mid teen percent range.

Turning to a review of our cash flow statements. 2015's cash provided by continuing operating activities was \$338 million, an increase of \$91 million versus the prior year. As planned, pension contributions were approximately \$74 million, a level consistent with prior year contributions.

Net increases in our primary working capital accounts totaled approximately \$64 million, which is consistent with the prior year. The biggest changes occurred in inventory, which increased by \$15 million, accrued expenses, which decreased by \$34 million, and accounts and notes receivable increased by \$12 million.

Our working capital performance was in-line with the prior year, but the reported usage was greater than our previous guidance. This is partially due to slightly higher than expected inventory balances, which included the impact of new products, along with the timing of cash collections. In addition, another component of the difference was due to the classification in the cash flow statement of accounts payable increases resulting from capital expenditures. These increases were netted against capital expenditures versus included as a favorable change to working capital, as envisioned in our previous guidance. So in total, this change in classification had no impact on free cash flow.

2015 free cash flow was \$193 million, versus \$116 million in the prior year, an increase of \$76 million. Capital spending was \$133 million for the year, which was lower than our previous guidance due to the timing of expenditures and the impact of the capital expenditure-related accounts payable increases that I referenced earlier. As a reminder, capital expenditures are reported on the cash flow statement on a cash basis versus an accrual basis. Our business units continue to remain focused on generating strong free cash flow, which will allow us to continue to fund future investments in growth, including acquisitions, and enhance shareholder returns.

Cash and marketable securities totaled \$669 million. The change from year-end 2014 reflects year-to-date free cash flow of \$193 million, as well as cash returned to shareholders through share repurchases and dividends of approximately \$120 million and \$48 million, respectively. Also during the year, spending on acquisitions totaled approximately \$30 million. And finally, the change in cash also reflects net proceeds received from the sale of the Bowling Products business.

Let me conclude with comments on certain items that will impact our P&L and cash flow for 2016, which now reflect the recently completed Cybex acquisition. Our estimate for depreciation and amortization is approximately \$110 million. We expect our 2016 pension expense to be approximately \$15 million, \$3 million higher than the prior year. Net interest expense is expected to be flat with last year. Combined equity earnings and other income are also anticipated to be comparable to the prior year.

And we expect diluted shares outstanding to be approximately 92 million to 92.5 million for the full year and range between 93 million and 91.5 million for the quarterly periods. The reduction in average shares between years reflects the execution of our share repurchase program, which more than offsets stock compensation plan activity.

On the cash flow side, our current plan anticipates working capital changes to result in a usage of cash of \$60 million to \$80 million. This includes the payout of deferred compensation balances in connection with the planned management transition.



We are planning for capital expenditures to be between 4% and 4.5% of sales. This increased level of spending reflects substantial new products investments in our onboard engine business and continued capacity investments to support new products and growth, which are driving expenditures a bit higher than our long-term planning targets. We also plan to continue to fund investment in product tooling and cost reduction projects.

Our plan reflects approximately \$35 million to \$45 million of cash contributions to our pension plan, which is a reduction from our 2015 levels. We anticipate our cash taxes to increase in 2016 slightly versus 2015. And netting together these factors, along with our anticipated earnings performance, we expect to generate strong free cash flow for the full year in excess of \$200 million. I will now turn the call back to Mark to continue our outlook comments.

Mark Schwabero - Brunswick Corporation - President & COO

Thanks, Bill. Our overall operating plans and assumptions for 2016 remain relatively consistent with those we communicated at our November 2015 Investor Day. In addition, as Bill stated, we are now reflecting the impact from the acquisition of Cybex that we announced last week.

We continue to target 2016 to be another year of outstanding earnings growth with strong free cash flow generation. Our plan reflects approximately 9% to 11% sales growth, which includes the continuation of solid market growth in the US and Europe, partially offset by weakness in certain international Marine markets. Our plan also reflect benefits from the success of our new product and market share gains. In total, acquisitions account for about 5% of 2016's growth, reflecting completed acquisitions.

We anticipate a slight improvement in gross margin and in operating margins. As we previously stated, FX will be a headwind once again, with sales being negatively affected by approximately 1% and operating earnings by \$15 million to \$20 million. As we demonstrated in 2015, we will continue to focus and benefit from managing costs through initiatives such as Lean Six Sigma and by implementing programs to improve our product costs through supply chain initiatives and manufacturing efficiencies. We will also continue to see cost reductions resulting from favorable commodity pricing trends.

Operating expenses are estimated to increase in 2016, but as a percent of sales, are expected to be slightly lower than the 2015 levels. These expenses reflect the incremental investments that we feel we need to support growth.

Our 2016 EPS guidance, as adjusted, reflects a range of \$3.35 to \$3.50, which is consistent with our three-year plan targets of mid-teen to high teen compound annual growth rate. Our EPS outlook for the first quarter reflects a high teen growth rate; however, our sales growth will be at the lower end of the full-year guidance, due in part to just the timing of the Cybex acquisition.

Turning to our segments, the 2016 forecast reflects continued revenue and operating earnings growth in our Marine engine business. Specifically, we are planning for revenue growth in the mid- to high single digit percentage range, with a solid improvement in operating margins. Our plan continues to reflect a stable pricing environment for our larger horsepower engine businesses.

Looking at the Boat segment, we're targeting 2016 annual growth rates in the mid- to high single percentage range, with a solid year-over-year improvement in operating margins of approximately 100 basis points to 120 basis points. This represents a lower rate of improvement in both sales and operating margins compared to the prior two years, which included mix benefits associated with the success of our large boat platform. Moving forward, these benefits will be less pronounced, as new product introductions replace existing products and our more balanced across the portfolio. We remain positioned to achieve our long-term target of 6% to 7%.

Across our Marine businesses, along with the execution of our product development and manufacturing strategies, our business leaders are fortifying their efforts and those of their sales and service teams to drive execution in the marketplace with support for our dealers and the brand building activities that are important to our continued growth.



In our Fitness segment, our plan is based upon continued revenue growth and maintaining strong operating margins. In 2016, including the Cybex acquisition and a full year of SCIFIT, we are targeting revenue growth in the mid- to high 20% range, resulting in total revenue approaching \$1 billion. Excluding acquisitions, Life Fitness' sales outlook continues to reflect mid- to high single digit percentage growth.

As we stated on last Thursday's call, Cybex margins have historically been lower than those of Life Fitness, largely due to a higher operating cost base on a percentage of sales basis. However, after an initial period of margin dilution, we expect to return the combined business margin levels to the traditional Life Fitness margins by 2018, due to cost reductions and revenue growth. We are planning for 2016 operating margins, as adjusted, to be lower due to the impact of the Cybex acquisition, including the purchase accounting adjustments, with the impact being more first half weighted.

And with that, I'd like to thank all of you, and I'd also like to thank Dusty for his opening comments today on the call, and we're now happy to take your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

James Hardiman, Wedbush.

James Hardiman - Wedbush Securities - Analyst

Hello. Good morning. Thanks for taking my call. First and foremost, Dusty, you mentioned that this is your last annual call. I'm assuming this is your last call overall. Not sure whether or not we're going to see you --

Dusty McCoy - Brunswick Corporation - Chairman & CEO

Yes, that's right. (Laughter)

James Hardiman - Wedbush Securities - Analyst

Okay. Not sure if we're going to see you in Miami, but either way, just wanted to say I think Brunswick has benefited a great deal having you at the helm. And I think I speak for most of the people on this call when I say that I think we've all benefited from working with you and learning from you over all these years.

Dusty McCoy - Brunswick Corporation - Chairman & CEO

Thank you. That's very kind. You will see me in Miami. You're not going to quite get rid of me until after Miami.

James Hardiman - Wedbush Securities - Analyst

Okay. And if you ever need a wingman as you sail off into the sunset, I'm here for you.

Dusty McCoy - Brunswick Corporation - Chairman & CEO

That would be great.

James Hardiman - Wedbush Securities - Analyst

So Dusty, I guess I'll stay on you, you noted on the last call, and I think it was really speaking to some of the conversations you've had with investors in recent weeks, that you guys don't sell RVs, you don't sell motorcycles, snowmobiles, and that your businesses, Marine and Fitness, really don't bear a whole lot of resemblances to those businesses. Maybe can you speak more broadly about the boat consumer and whether or not you think they might have a bit more resiliency, over the course of 2016 and beyond, relative to higher ticket discretionary items, where it absolutely seems that we're seeing those segments get pinched. And I realize that this is the reverse of a few years back, when some of these segments were ramping and the boat industry was seeing more measured growth. How is this consumer different and do we think that they might be a little bit more resilient?

Dusty McCoy - Brunswick Corporation - Chairman & CEO

We do think the consumer is different, and definitely more resilient. And James, I mentioned this in the call last Thursday. If you fundamentally look at where we've been taking our Marine business is we first said we're going to make more money in a smaller industry, and that's what we're doing. The reason we're able to do that is we really focused around where we thought growth would be. And maybe it's easiest to talk it about boats. But it is aluminum fishing boats, fiberglass outboard fishing boats, pontoon boats, and then all the engines that support that particular activity.

As we look at those particular buyers, they have a whole bunch of common characteristics that are really serving us well, and we began to see it coming out of the recession. So the buyer there tends to be someone who works for someone else and not owning their own business. These are all generalities. And in general, as long as they feel comfortable about their job and their ability to obtain a wage on a regular basis, they want to boat, because boating supports their avocations. It's a bit unlike someone who just cruises and gets on with a bunch of friends and move around. These folks want to boat and fish and to pursue something that is important to their particular lifestyle. And we've been very good at getting and understanding that's the part of the market where there was going to be improvement and we wanted to be there.

In the pontoon market, and we've talked about this a lot, the pontoon permits the boater to do everything and more they can do on similar sized V-bottom boats, if you will. They are incredibly stable. You can have a great time with your family. Your children can learn to ski, tube, wakeboard, everything they would ever want to do on the water, except wake surfing. And the ski boat guys have been doing a good job on that one. But when the day begins to slow down, the entire family can be very relaxed, with lots of room and great comfort and enjoy themselves. So as we've looked at the market, that's where we've focused, and I think we've done a good job of executing there.

And then of course, in the Marine market, our view was, notwithstanding the fact that new boat sales would take a while to fully recover, that boat usage would continue unabated. And our judgment was we needed to continue to be very good in the P&A business, because the P&A business is supported by boat usage. And time again has proven that that's been a good call on our part, because boat usage and participation continue to grow.

The only other comment I'll make, and this is a discussion I've had with many of you, the price range of these, let's say, ancillary products, ATVs and all that, that I've talked about, are just different than boats. So we attract a different buyer who wants to engage in a different activity. And again, that's served us very well.

And then lastly, the competitive mix is very different in Marine than it is in these other businesses. And the competitive mix, other than in boats, and boats is always going to be a tough place, and we've never shied away from that, but when we look at engines and the P&A business, the competitive mix is really, really healthy, and we have mature, very smart competitors who always understand doing the right thing.

And then I do want to talk about replacement cycle for both boats and fitness equipment. One of the reasons we're in the fitness business is health, wellness and fitness are growing globally and become increasingly important. So let's never forget the replacement cycle for fitness products is



less than half of the existing replacement cycle for boats. And even as we look at boats and engine, and as we go back to registrations back to 1965, we're coming to a period that the replacement cycle is going to be picking up in boats, and I think we're beginning to see the first sequence of that in getting good share fishing boats.

That's a very long answer. Takes a long time to explain it. I apologize. But we believe strongly the Marine market is very different than these other markets. And that's why we're stressing to think we've got our Company, you have to take time to understand and bring the fitness markets, because they're different than those other markets.

James Hardiman - *Wedbush Securities - Analyst*

That's extremely helpful. And I know I've already taken a lot of time, but I did just want to follow-up with that. Keep it high level. Obviously, the oil and gas end markets have been particularly problematic. Have you thought about what type of exposure that you have there? States like Texas and the parts of Canada that you pointed out. And then the whole millennial thing has become a bear case against the industry, the whole idea that younger consumers aren't really interested in ownership and more interested in the sharing economy. Just high level thoughts, your last call, would love to get your thoughts on some of these bigger picture issues.

Dusty McCoy - *Brunswick Corporation - Chairman & CEO*

First let's do the sharing economy. Some view that it's going to negatively impact this Company. We're a shareholder and a deep participant in one of the largest boat leasing operations in the United States. And let's just put this in context. 9.8 million boats registered in America. About 1,000 are in this program. It's silliness to begin to think that hat's going to have a massive impact on our industry. And I really mean that. And even if it does, we'll serve it, because we have the most full line of boats to provide to people who want to lease them.

This oil economy is very interesting, in my judgement. First, Mark and Bill talked about sales were down in our Fitness business in Europe. But if we refine that, sales were down in our distributor business, which distributed into a lot of the oil-producing countries, which are under stress right now. Turkey, which is under enormous stress from refugees, et cetera. And we're weathering that. Western Canada is a bit of a problem for weathering that. I don't count Texas. Texas looks like it's getting through that fine, because people still want to fish, et cetera. Net-net as we look forward, low fuel prices are a real benefit to us, because it keeps people on the water for longer periods of time, which will benefit our strong P&A business.

Bill Metzger - *Brunswick Corporation - CFO*

Actually, Texas is up in line with the market in 2015.

James Hardiman - *Wedbush Securities - Analyst*

Excellent. Thanks, guys, and I'll see you in Miami.

Dusty McCoy - *Brunswick Corporation - Chairman & CEO*

Thank you.

Operator

Tim Conder, Wells Fargo Securities.



Tim Conder - *Wells Fargo Securities, LLC - Analyst*

Thank you. Dusty, I will echo James' congratulations. It's been a wonderful pleasure working with you and definitely the team you've helped mold here and are passing the reins over to. Thank you for that, also.

Dusty McCoy - *Brunswick Corporation - Chairman & CEO*

It's a great team. I'm not going to be missed but about two seconds and it's over.

Tim Conder - *Wells Fargo Securities, LLC - Analyst*

That sets a good bar for Mark and Bill to continue, but definitely capable team there. Thank you. A couple of things. I'll continue on, a little bit, James touched on the oil side, but the El Nino impact. You hinted a little bit. You've got water in Texas, people want to fish. What are you hearing, seeing from dealers there? Same thing, Cali's started to get a little bit of rain, but definitely the drought's not broken. But any commentary on that?

And then as it relates to FX, Marine Max just picked up a European yacht brand announced this morning. How do you see the incremental competition from the Europeans, especially given the euro over the last year or so here? And anything, we haven't seen anything to date, but anything that you're catching any wind of or anything regarding Yamaha or some of the other Japanese using FX on the engine side?

Mark Schwabero - *Brunswick Corporation - President & COO*

Tim, that's a long list. So we'll start down listing some of the impacts. The bottom line is from the El Nino, if you want to look from a global perspective, or even look at it from a North American perspective, Canada has had some impact as we've talked about the FX. But from the standpoint of really weather up there, it's been fine. California has been down a bit, but it's a smaller market. Texas, as Dusty just mentioned, it's actually slightly outpacing what the US is in general. And Florida, even whether you want to talk about tornadoes or impacts of anything going on there, it's outpacing the overall US market, as well. You just have so many puts and takes across all the different geographies and markets. It's tough to say it's having a positive or a negative, because there's always something in balance somewhere else in the world.

When you look at the other piece you were talking about, the international competition. When we look at that, and clearly there's international boats, there's currency impacts, but I really want to go back and start with the pure basic of what the data says. If you look at where they would most likely come, it would be large boats, and number two is the fact that if you dig in the detail and get behind the numbers, particularly on the fourth quarter, we're virtually 100% of all the growth the industry is seeing is coming from Brunswick. So the data really reflects how strong we and our dealer partners are doing in this specific market. And we've had considerable share gains in the large boat category across 2015 in total.

So sure, they've got some advantage. But we think when you take the Sea Ray product, the newness, things with our L class, and the fact that it's more than just a price point. These are the one percenters who are buying this product, and it's not shopping for, geez, can I save \$10,000. This is someone who's really looking for image, prestige. They want to be able to go back and tell somebody, I just bought a brand-new 59-foot Sea Ray. And all those things play in the category.

When you look over on the engine side, we've got a large competitor there, but it's a very responsible competitor and continues to demonstrate that in the market. And from a US, North America perspective, we're not seeing anything unusual. We've seen some programs going on. But this time of year with boat shows and stuff, that's pretty normal that somebody's going to add a warranty or do some spiff for a program. So it's nothing out of the normal. We're seeing a couple places internationally where it might be a little more aggressive and a little less normal. But again, our largest competitor in the market continues to be very responsible and we've continued to make that assumption on a go forward basis.

As it relates to the announcement you said for Marine Max, Galleon is a relatively small manufacturer over in Europe. And Bill, Miguel and the Marine Max organization feels this can be a complementary product. They're bringing it in in a very finite range. And the net-net of all of that, I don't think you're going to see any huge impact, either impacting us or the marketplace by doing that. It's a relatively small Polish boat manufacturer.

Tim Conder - Wells Fargo Securities, LLC - Analyst

Okay. Okay. Mark, thank you. That was very, very helpful. And switching to Fitness, one question there versus the conference call you guys held last week. Any color you can talk about, now with Cybex in the fold here, as to how the combined organizations, the mix of your business, commercial versus consumer going forward, that's one of the things you'd mentioned previously is that you might see a little bit of growth in consumer under the Life Fitness brand, but has anything changed now with Cybex in the fold?

Mark Schwabero - Brunswick Corporation - President & COO

No, I don't think you'll -- our focus is still primarily on the commercial market. And we think the combination of the Life Fitness brand and the Cybex really just gives us an even stronger presence in commercial. And we believe that the fundamentals of the business are really there in that category. If you really go back and look at all the positive things that sit there on the Fitness business today, club growth, all the things going on around wellness, where the demographics are at, we just think this is a phenomenal business to keep building on. We think the underlying foundation of the business is extremely strong, and the Cybex acquisition just allows us to build on it. And what's it's going to allow us to do is even create more power in the area of product development. It gives us more capabilities and capacity from a manufacturing standpoint, and we believe it enhances our capability to even continue to grow this business internationally. So it's not about trying to get over to another segment, it's just becoming an even stronger player in the segment we're in.

Tim Conder - Wells Fargo Securities, LLC - Analyst

Okay. Lastly, Bill, any thoughts, I know you have been very consistent and steady about the share repo over each quarter and that was the plan. But given where the stock is and you've got a year, 2016 left here on the plan, any thoughts about maybe accelerating that here into the first half of the year?

Bill Metzger - Brunswick Corporation - CFO

Tim, I would comment a couple things. One, I think we're committed to maintaining balance. When we set this up, we want to make sure we execute our plan over a multiple year period of time. We have flexed up and down on share repurchases as we've gone throughout 2015, depending upon where valuations are, and we'll continue to do that. I think we have a very high degree of confidence in our ability to grow the Company through M&A and organic opportunities, and we really want to make sure that we keep some dry powder to get that done. We committed a pretty large portion of our unallocated capital with Cybex, and we're very confident that we can deliver against the acquisition metrics that we described a week ago. So I think this is one of those situations where we're going to stay the course. We'll continue to execute against the plan as we've laid it out, where we flex a quarterly basis between the boundaries we've established and go from there. So I think that's the right tack to take, as we sit here right now.

Tim Conder - Wells Fargo Securities, LLC - Analyst

Gentlemen, thank you very much. See you in a little over a week here.

Operator

Lee Giordano, Sterne Agee.

Lee Giordano - Sterne, Agee & Leach - Analyst

Thanks. Good morning, everybody. And Dusty, best of luck in retirement.



Dusty McCoy - Brunswick Corporation - Chairman & CEO

Thank you.

Lee Giordano - Sterne, Agee & Leach - Analyst

So my question is on capacity. You mentioned some increased spend this year. Can you just talk about the capacity levels, where they stand in different areas of the business and how much you think you need to ramp up to keep up with demand? Thanks.

Mark Schwabero - Brunswick Corporation - President & COO

Yes, we've talked about this somewhat on prior calls. But as you go through it, we think we've positioned ourselves very well from a capacity standpoint on our boat business. We obviously made the additions in our aluminum fish boat category, our pontoon business, down in our Boston Whaler business, and then our rec boat business. So we think we're positioned very well there. Where we're actually making more of the capacity investments are up on the engine side. And really, all around the outboard business, which has shown phenomenal growth in share and improvements to the Mercury business. And as we've launched the new 75-91-15 and our new 350 and 400, we're continuing to put in additional machining and assembly capabilities there, metering that in ahead of where the demand is. And we've also been increasing our coatings capabilities and capacities up there, as well.

So our investments of capacity are really around the outboard business on the Mercury side. And then the other investments have really been on the Fitness side, both in terms of things we've done with our facility in Hungary or additions and expansions up on our Ramsey facility. And it was a significant part of our interest in Cybex, because we pick up some more manufacturing capacity for our business there to draw off of. And as we look to it, we don't have to go create or find a site and start a new plant up from scratch. We basically bring in a well-established with a great work force and give us the ability to growth that piece, as well. So principally, all the expansion, Lee, is really what we focused on our growth, and that's the outboard business and our fitness business.

Lee Giordano - Sterne, Agee & Leach - Analyst

Great. Thanks a lot.

Operator

Greg Badishkanian, Citi.

Greg Badishkanian - Citigroup - Analyst

Great. Thanks. And Dusty, congrats on a really successful turnaround of the business and a successful tenure here at Brunswick. I have two questions. First is with respect to talking to dealers, which I know you do very regularly, how comfortable are they with their inventory levels and what's their outlook for the business? And then second, should we expect any positive new product news, surprises in terms of announcements at the Miami show?

Mark Schwabero - Brunswick Corporation - President & COO

Let's start with the comments about the dealer side of the equation. There's lots of different surveys and things that get published and go around, but quite frankly, we're very comfortable with where the pipeline is at and where our comments were. We think not only is the pipeline level appropriate, but as we look at our incoming order rates and stuff, we think they tie very well to how we've laid out the business for next year. And



in fact, where we think there's some growth opportunities, we're actually been increasing our production a little bit. And all that comes from, again, the confidence we're seeing and hearing from our dealers. A lot of boat shows, a lot of different things going on. But as we interact with the dealers in those environments, they're pretty upbeat and positive that 2016 is going to be a continuation of some of the good things they saw in the 2015 environment. So dealer attitudes are good. Dealer financials, all those things are sitting in a pretty good place Greg.

Greg Badishkanian - Citigroup - Analyst

Good. And I know you won't talk about specifics --

Mark Schwabero - Brunswick Corporation - President & COO

I wasn't dropping it, I was just -- there was something that you'll just have to wait until next week, Greg. If I tell you if there'd be a surprise, I'd be announcing. (Laughter)

Greg Badishkanian - Citigroup - Analyst

Thank you.

Operator

Michael Swartz, SunTrust.

Michael Swartz - SunTrust Robinson Humphrey - Analyst

Good afternoon, everyone. And Dusty, likewise, it's been a pleasure working with you the past couple years and best of luck in retirement.

Dusty McCoy - Brunswick Corporation - Chairman & CEO

Thank you.

Michael Swartz - SunTrust Robinson Humphrey - Analyst

Just wanted to follow up on an earlier question about capacity and specifically, some of the capacity you're building in outboard engines. Could you maybe talk about one, where we are in the process, when do we expect to start producing with that expanded capacity? And then are you currently having any problems -- I would say are you behind demand -- is that impacting what we're seeing in terms of growth for the engine business right now?

Mark Schwabero - Brunswick Corporation - President & COO

No, we're delivering on a daily basis across all the lines. As we go into a season, right now, Mike, we would expect to have a little bit -- and we have a little bit of backlog on our top-end product with our new, the 350 and 400, just quite frankly, have even exceeded all of our expectations on how well that's doing in the marketplace. So there's a little bit there. We've been investing in the third and fourth quarter on some additional capacity. And as I mentioned in the comments, that capacity will start coming on early in the second half and provide some incremental production benefits to us on the outboard product lines.



Michael Swartz - SunTrust Robinson Humphrey - Analyst

Okay. Second question, on the SG&A leverage in the quarter came in a little stronger than I guess I would have expected. Was there any kind of a shift in spending into the first quarter, or is this just the new normal as you leverage some of the investments you've made over the past couple years?

Bill Metzger - Brunswick Corporation - CFO

Mike, I would say that as we go to Q4, I'm not sure that when we assess how we ended up the year, we ended up materially different than what we thought we were going to. I do think that as you look at how we navigated through 2015 and try to offset some of the impacts of FX, we were pretty -- we managed our operating expense levels pretty tightly. As we move into 2016, we are very much of a view that we need to continue to invest. We've got plans to continue to invest in new products, that Dusty reference last week on the call. We've got investments that we need to make in IT as our businesses look to grow and support those strategies. We're investing some of the gains that we're seeing in productivity back into the plant to get even better and more effective at generating cost reductions there.

So when you look into 2016, we are very much positioning ourselves where we're probably going to be a little bit higher on operating expense increases. I would say that our new normal in 2015 was very much driven by -- or what we did in 2015 was very much driven by the market environment that we faced and the tough headwinds we face from FX.

Michael Swartz - SunTrust Robinson Humphrey - Analyst

Okay. Great. Thanks a lot, Bill.

Operator

Jimmy Baker, B. Riley & Company.

Jimmy Baker - B. Riley & Co. - Analyst

Thanks. And Dusty, look forward to seeing you in Miami, but let me add my sincere gratitude and best wishes on your next chapter.

Dusty McCoy - Brunswick Corporation - Chairman & CEO

Thank you.

Jimmy Baker - B. Riley & Co. - Analyst

A couple more questions, probably for Bill here, but switching to the cash flow outlook. 2016 CapEx looks to be the highest since pre recession peak. How much of that is just a function of some of that planned 2015 spend slipping into 2016, and does this have any impact on your average annual spend over the 2018 plan?

Bill Metzger - Brunswick Corporation - CFO

Sorry, Jimmy. I thought you were done.

Jimmy Baker - *B. Riley & Co. - Analyst*

No, go ahead. I just have a follow-up.

Bill Metzger - *Brunswick Corporation - CFO*

I was anxious to answer your question. I would say that on the CapEx, there is a little bit that flips over from 2015 to 2016. A large portion of the increase, though, is tied to new products on the outboard side of the business. We've got some heavier capacity investments that happens. And I think that this ends up being a year where we're just a little bit higher than what our long-term average is. We're still very much comfortable with the 3.5% to 4% as a long-term average.

Jimmy Baker - *B. Riley & Co. - Analyst*

Okay. Understood. And then just on the working capital fronts. If I do the math, it looks like you're expecting over 30% of your incremental organic sales in 2016 to end up in working capital. Historically, the business hasn't been that working capital intensive. So any meaningful change in terms of customer or product mix that we should be aware of that's driving that?

Bill Metzger - *Brunswick Corporation - CFO*

No. I would say that we are -- when you start to strip out pluses and minuses, one of the big cash requirements we have this year is some payouts related to deferred comp with the management transition. That's probably about 25% to 33% of what our working capital usage is in 2016. So when you take a look and strip that out, you get the more normal usage levels, Jimmy.

Jimmy Baker - *B. Riley & Co. - Analyst*

Okay. Helpful.

Bill Metzger - *Brunswick Corporation - CFO*

Nothing outside of that is materially different than what we've seen in the past.

Jimmy Baker - *B. Riley & Co. - Analyst*

Okay. Got it. And then Mark, just one clarification question here. I think you said about 100% of the growth in the industry is coming from Brunswick. Was that specific to large boats, sports yachts and yachts? I just didn't quite understand the context of that comment.

Mark Schwabero - *Brunswick Corporation - President & COO*

Yes, large boats, sports yachts, yachts, fourth quarter.

Jimmy Baker - *B. Riley & Co. - Analyst*

Okay. Thank you.

Operator

David MacGregor, Longbow Research.

David MacGregor - Longbow Research - Analyst

Good morning, everyone, or afternoon, I guess it is now. Dusty, good luck on your retirement. Is there any way to talk about the impact of the improving plant efficiency investments that you've made to date on your 2016 guidance?

Mark Schwabero - Brunswick Corporation - President & COO

Let's go back to start. We've got all the plants in different states of progression. And typically what we've talked about is our plant efficiency improvements have been more focused around some of our boat facilities. But I want to start with, we've got tremendous efficiency improvements, Lean Six Sigma activities going on within our aluminum businesses, both the fishing side, pontoon, lots of great activities going on on the efficiency side at Mercury on the engine business. I think as you get to boats, I would characterize it as two things. We're seeing some efficiency improvements, but some of that is getting eaten up by the fact that we're still hiring employees and going through the training cycle, and that eats up some of the efficiencies that obviously we're gaining. Because one of the side effects of growing is the fact that we're bringing new employees in.

And I think the second thing is we're just continuing to raise the bar on our quality expectations and what we want to be delivering there. So that adds some processes and some things from a perspective that eats up some of those efficiencies on the boat side.

So David, they're very evident and exist within some of our margin improvements in our engine and some areas of fitness and boats. There are some areas of the boats that those two things I just highlighted negate some of what we're seeing overall on the efficiencies. But if you look back at fundamentally all the headwind we've had on FX and look how we've offset it, it's been with cost reductions, sourcing, efficiency, commodity, all those things are contributing to offset those headwinds.

David MacGregor - Longbow Research - Analyst

Okay. Thanks for the detail. Second question would be with regard to the saltwater market share for your Engine business and if you could just bring us up-to-date on whatever progress you've been able to achieve there and, as well, maybe your ability to hold share on the freshwater markets.

Mark Schwabero - Brunswick Corporation - President & COO

Staying with the saltwater, when we started talking about the three areas of focus, principally on our outboard business, around commercial salt and repower, we were in the high teens. And with all the data that we get and can see and translate to, we're in the mid- to high 20s today. So we've had nice share growth across the saltwater category. And then as you go to the freshwater market, we're continuing to grow share. We think we're doing it through a couple different things. One, great engine product. Two is some exciting and fresh product where we're trying to turn about 30% of our aluminum products on an annual basis to keep that stuff really fresh in the marketplace. And the third point is between what we do in our boat business and then significant other exclusive customers that we have, we've got a certain amount of that business, David that's really locked up. And so we feel good about the continued share growth.

David MacGregor - Longbow Research - Analyst

Congratulations on the progress. Thank you.

Operator

Craig Kennison, Baird.

Craig Kennison - *Robert W. Baird & Company, Inc. - Analyst*

Thanks for squeezing me in. Dusty, James expressed my sentiments quite well. He also asked most of my questions, but I'll keep it to the credit side, if I could. Are you seeing any changes at all in the behavior of credit providers, either on the wholesale side or the retail side, especially in markets like oil markets where the economy has turned?

Bill Metzger - *Brunswick Corporation - CFO*

Craig, I'll take that one. I will tell you that the oil-related markets where I think it would be an issue are just so small to what overall marine demand is. I just don't have a specific comment on that. Lenders continue to be diligent in their underwriting and very constructive relative to terms. And we've really seen no change in that environment over the last 12 months. It's still a very constructive retail lending environment for us.

And on the wholesale side, again, we've really seen no change. Dealers' financials are in great shape. The aging of the product in the field is in great shape. And the overall levels of inventory are in great shape. And whenever anything gets out of whack with those three, you see a change in lending environment, and we're just not seeing that right now.

Craig Kennison - *Robert W. Baird & Company, Inc. - Analyst*

Thanks. Best wishes, Dusty.

Dusty McCoy - *Brunswick Corporation - Chairman & CEO*

Thank you, Craig.

Operator

Joseph Spak, RBC Capital Markets.

Joseph Spak - *RBC Capital Markets - Analyst*

Hello. Good afternoon. Thanks for squeezing me in. Two quick ones. One, any additional commentary on used boats or non-card inventory and if you think that could be a bigger competitive issue to new sales, if things slow? And the second one is, I appreciate the color on the CapEx post Cybex. I was wondering if the working capital profile changes with that business at all. Thanks.

Bill Metzger - *Brunswick Corporation - CFO*

I'll address the -- the working capital profile of the Company does not change substantially with Cybex. It's a 4% add to sales. Working capital patterns look a lot like Life Fitness and there's really no dramatic change to our working capital needs on a go forward basis.

And on the used products, Joe, I would say we've seen no change in the market there, except maybe the commentary has started to tweak a little bit that listen, there's not enough good used product out there. It continues to become more and more of a challenge, I think, for dealers to get a hold of product like that. And as we look forward, that should be nothing but good for new boat demand.

Operator

Carla Casella, JPMorgan.

Carla Casella - JPMorgan - Analyst

My question is also somewhat on the credit side, but a little bit more your own credit and the rating agencies. Have you talked to them post-Cybox? And do you still have a target to get to investment grade or have a target when you may be able to get there?

Bill Metzger - Brunswick Corporation - CFO

We have talked to them after the Cybox transaction. We still have an objective to get back to investment grade, and we are patiently awaiting for them to transition their rating to an investment grade rank. We feel that we've done everything that we needed to do from a credit perspective. Our operations are strong. We've diversified the business. I think that benefits both equity holders and credit holders. It just hasn't been reflected in the ratings.

Carla Casella - JPMorgan - Analyst

I agree with you. Let's hope we get it soon. Thank you.

Bill Metzger - Brunswick Corporation - CFO

Yes.

Operator

Thank you. I will now turn the call back over to management team for closing remarks.

Mark Schwabero - Brunswick Corporation - President & COO

First of all, I hope you can sense the, understand the excitement that the entire management team has about some outstanding performance in 2015 and our continued strong outlook at 2016 through 2018 that we laid out and most recently talked to you about in November.

So a lot of excitement here. The management team is energized. We're all going to hate to see Dusty go. He's been such a friend and advocate and partner over these years. I'm not being boastful, but he leaves -- he's done what every Chairman and CEO is supposed to do, and that's leave a legacy of people here to run the business when you leave.

And we're comfortable with the things we've laid out. We're confident we can deliver these things. And lastly, we just look forward to seeing all of you, those of you who are going to come, seeing you all down in Miami here, in basically a little less than two weeks. So just have a great day and thank you for giving us time today to share our story.

Operator

Thank you. Ladies and gentlemen, this concludes today's conference. Thank you for participating. You may now disconnect.

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