

Johnson & Johnson and Subsidiaries
Condensed Consolidated Statement of Earnings

(Unaudited; in Millions Except Per Share Figures)

FOURTH QUARTER

	2018		2017*		Percent Increase (Decrease)
	Amount	Percent to Sales	Amount	Percent to Sales	
Sales to customers	\$ 20,394	100.0	\$ 20,195	100.0	1.0
Cost of products sold	6,961	34.1	7,259	36.0	(4.1)
Gross Profit	13,433	65.9	12,936	64.0	3.8
Selling, marketing and administrative expenses	5,991	29.4	6,045	29.9	(0.9)
Research and development expense	3,224	15.8	3,643	18.1	(11.5)
In-process research and development	-	-	408	2.0	
Interest (income) expense, net	54	0.3	189	0.9	
Other (income) expense, net	978	4.8	(53)	(0.3)	
Restructuring	64	0.3	144	0.7	
Earnings before provision for taxes on income	3,122	15.3	2,560	12.7	22.0
Provision for taxes on income	80	0.4	13,273	65.7	N/M
Net earnings/(Loss)	\$ 3,042	14.9	\$ (10,713)	(53.0)	N/M
Net earnings/(Loss) per share (Diluted/Basic)**	\$ 1.12		\$ (3.99)		N/M
Average shares outstanding (Diluted/Basic)**	2,724.0		2,684.9		
Effective tax rate	2.6 %		518.5 %		

Adjusted earnings before provision for taxes and net earnings ⁽¹⁾					
Earnings before provision for taxes on income	\$ 6,046	29.6	\$ 5,251	26.0	15.1
Net earnings	\$ 5,372	26.3	\$ 4,777	23.7	12.5
Net earnings per share (Diluted)	\$ 1.97		\$ 1.74		13.2
Average shares outstanding (Diluted)***	2,724.0		2,740.7		
Effective tax rate	11.1 %		9.0 %		

* 2017 Statement of Earnings line items have been restated to reflect impact of ASU 2017-07

** In 2017 basic shares are used to calculate loss per share as use of diluted shares when in a loss position would be anti-dilutive

*** In 2017 difference of 55.8 shares due to anti-dilutive impact on net loss position

⁽¹⁾ See Reconciliation of Non-GAAP Financial Measures.

N/M = Not Meaningful

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Condensed Consolidated Statement of Earnings

(Unaudited; in Millions Except Per Share Figures)

TWELVE MONTHS

	2018		2017*		Percent Increase (Decrease)
	Amount	Percent to Sales	Amount	Percent to Sales	
Sales to customers	\$ 81,581	100.0	\$ 76,450	100.0	6.7
Cost of products sold	27,091	33.2	25,439	33.3	6.5
Gross Profit	54,490	66.8	51,011	66.7	6.8
Selling, marketing and administrative expenses	22,540	27.6	21,520	28.1	4.7
Research and development expense	10,775	13.2	10,594	13.9	1.7
In-process research and development	1,126	1.4	408	0.6	
Interest (income) expense, net	394	0.5	549	0.7	
Other (income) expense, net	1,405	1.7	(42)	(0.1)	
Restructuring	251	0.3	309	0.4	
Earnings before provision for taxes on income	17,999	22.1	17,673	23.1	1.8
Provision for taxes on income	2,702	3.3	16,373	21.4	N/M
Net earnings	\$ 15,297	18.8	\$ 1,300	1.7	N/M
Net earnings per share (Diluted)	\$ 5.61		\$ 0.47		N/M
Average shares outstanding (Diluted)	2,728.7		2,745.3		
Effective tax rate	15.0 %		92.6 %		
Adjusted earnings before provision for taxes and net earnings ⁽¹⁾					
Earnings before provision for taxes on income	\$ 26,698	32.7	\$ 24,212	31.7	10.3
Net earnings	\$ 22,315	27.4	\$ 20,040	26.2	11.4
Net earnings per share (Diluted)	\$ 8.18		\$ 7.30		12.1
Effective tax rate	16.4 %		17.2 %		

* 2017 Statement of Earnings line items have been restated to reflect impact of ASU 2017-07

⁽¹⁾ See Reconciliation of Non-GAAP Financial Measures.

N/M = Not Meaningful