

Johnson & Johnson and Subsidiaries

Condensed Consolidated Statement of Earnings

(Unaudited; in Millions Except Per Share Figures)

FOURTH QUARTER

	2019		2018		Percent Increase (Decrease)
	Amount	Percent to Sales	Amount	Percent to Sales	
Sales to customers	\$ 20,747	100.0	\$ 20,394	100.0	1.7
Cost of products sold	7,134	34.4	6,961	34.1	2.5
Gross Profit	13,613	65.6	13,433	65.9	1.3
Selling, marketing and administrative expenses	6,039	29.1	5,991	29.4	0.8
Research and development expense	3,232	15.6	3,224	15.8	0.2
Interest (income) expense, net	4	0.0	54	0.3	
Other (income) expense, net	16	0.1	978	4.8	
Restructuring	104	0.5	64	0.3	
Earnings before provision for taxes on income	4,218	20.3	3,122	15.3	35.1
Provision for taxes on income	208	1.0	80	0.4	160.0
Net earnings	\$ 4,010	19.3	\$ 3,042	14.9	31.8
Net earnings per share (Diluted)	\$ 1.50		\$ 1.12		33.9
Average shares outstanding (Diluted)	2,669.1		2,724.0		
Effective tax rate	4.9 %		2.6 %		
Adjusted earnings before provision for taxes and net earnings ⁽¹⁾					
Earnings before provision for taxes on income	\$ 5,628	27.1	\$ 6,046	29.6	(6.9)
Net earnings	\$ 5,027	24.2	\$ 5,372	26.3	(6.4)
Net earnings per share (Diluted)	\$ 1.88		\$ 1.97		(4.6)
Effective tax rate	10.7 %		11.1 %		

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

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TWELVE MONTHS

	2019		2018		Percent Increase (Decrease)
	Amount	Percent to Sales	Amount	Percent to Sales	
Sales to customers	\$ 82,059	100.0	\$ 81,581	100.0	0.6
Cost of products sold	27,556	33.6	27,091	33.2	1.7
Gross Profit	54,503	66.4	54,490	66.8	0.0
Selling, marketing and administrative expenses	22,178	27.0	22,540	27.6	(1.6)
Research and development expense	11,355	13.8	10,775	13.2	5.4
In-process research and development	890	1.1	1,126	1.4	
Interest (income) expense, net	(39)	0.0	394	0.5	
Other (income) expense, net	2,525	3.1	1,405	1.7	
Restructuring	266	0.3	251	0.3	
Earnings before provision for taxes on income	17,328	21.1	17,999	22.1	(3.7)
Provision for taxes on income	2,209	2.7	2,702	3.3	(18.2)
Net earnings	\$ 15,119	18.4	\$ 15,297	18.8	(1.2)
Net earnings per share (Diluted)	\$ 5.63		\$ 5.61		0.4
Average shares outstanding (Diluted)	2,684.3		2,728.7		
Effective tax rate	12.7 %		15.0 %		
Adjusted earnings before provision for taxes and net earnings ⁽¹⁾					
Earnings before provision for taxes on income	\$ 28,225	34.4	\$ 26,698	32.7	5.7
Net earnings	\$ 23,310	28.4	\$ 22,315	27.4	4.5
Net earnings per share (Diluted)	\$ 8.68		\$ 8.18		6.1
Effective tax rate	17.4 %		16.4 %		

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