

Johnson & Johnson and Subsidiaries

Condensed Consolidated Statement of Earnings

(Unaudited; in Millions Except Per Share Figures)

SECOND QUARTER

	2018		2017*		Percent Increase (Decrease)
	Amount	Percent to Sales	Amount	Percent to Sales	
Sales to customers	\$ 20,830	100.0	\$ 18,839	100.0	10.6
Cost of products sold	6,927	33.3	5,846	31.0	18.5
Gross Profit	13,903	66.7	12,993	69.0	7.0
Selling, marketing and administrative expenses	5,743	27.5	5,289	28.1	8.6
Research and development expense	2,639	12.7	2,296	12.2	14.9
Interest (income) expense, net	127	0.6	122	0.6	
Other (income) expense, net	364	1.7	527	2.8	
Restructuring	57	0.3	11	0.1	
Earnings before provision for taxes on income	4,973	23.9	4,748	25.2	4.7
Provision for taxes on income	1,019	4.9	921	4.9	10.6
Net earnings	\$ 3,954	19.0	\$ 3,827	20.3	3.3
Net earnings per share (Diluted)	\$ 1.45		\$ 1.40		3.6
Average shares outstanding (Diluted)	2,721.3		2,741.5		
Effective tax rate	20.5 %		19.4 %		
Adjusted earnings before provision for taxes and net earnings ⁽¹⁾					
Earnings before provision for taxes on income	\$ 7,014	33.7	\$ 6,285	33.4	11.6
Net earnings	\$ 5,718	27.5	\$ 5,017	26.6	14.0
Net earnings per share (Diluted)	\$ 2.10		\$ 1.83		14.8
Effective tax rate	18.5 %		20.2 %		

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

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

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Condensed Consolidated Statement of Earnings

(Unaudited; in Millions Except Per Share Figures)

SIX MONTHS

	2018		2017*		Percent Increase (Decrease)
	Amount	Percent to Sales	Amount	Percent to Sales	
Sales to customers	\$ 40,839	100.0	\$ 36,605	100.0	11.6
Cost of products sold	13,541	33.2	11,255	30.8	20.3
Gross Profit	27,298	66.8	25,350	69.2	7.7
Selling, marketing and administrative expenses	11,006	27.0	10,052	27.5	9.5
Research and development expense	5,043	12.3	4,366	11.9	15.5
Interest (income) expense, net	272	0.7	205	0.6	
Other (income) expense, net	424	1.0	308	0.8	
Restructuring	99	0.2	96	0.2	
Earnings before provision for taxes on income	10,454	25.6	10,323	28.2	1.3
Provision for taxes on income	2,133	5.2	2,074	5.7	2.8
Net earnings	\$ 8,321	20.4	\$ 8,249	22.5	0.9
Net earnings per share (Diluted)	\$ 3.05		\$ 3.00		1.7
Average shares outstanding (Diluted)	2,728.5		2,749.4		
Effective tax rate	20.4 %		20.1 %		
Adjusted earnings before provision for taxes and net earnings ⁽¹⁾					
Earnings before provision for taxes on income	\$ 13,872	34.0	\$ 12,388	33.8	12.0
Net earnings	\$ 11,353	27.8	\$ 10,055	27.5	12.9
Net earnings per share (Diluted)	\$ 4.16		\$ 3.66		13.7
Effective tax rate	18.2 %		18.8 %		

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

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