

JOHNSON & JOHNSON AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

At December 29, 2019 and December 30, 2018

(Dollars in Millions Except Share and Per Share Amounts) (Note 1)

	2019	2018
Assets		
Current assets		
Cash and cash equivalents (Notes 1 and 2)	\$17,305	18,107
Marketable securities (Notes 1 and 2)	1,982	1,580
Accounts receivable trade, less allowances for doubtful accounts \$226 (2018, \$248)	14,481	14,098
Inventories (Notes 1 and 3)	9,020	8,599
Prepaid expenses and other receivables	2,392	2,699
Assets held for sale (Note 20)	94	950
Total current assets	45,274	46,033
Property, plant and equipment, net (Notes 1 and 4)	17,658	17,035
Intangible assets, net (Notes 1 and 5)	47,643	47,611
Goodwill (Notes 1 and 5)	33,639	30,453
Deferred taxes on income (Note 8)	7,819	7,640
Other assets	5,695	4,182
Total assets	\$157,728	152,954
Liabilities and Shareholders' Equity		
Current liabilities		
Loans and notes payable (Note 7)	\$1,202	2,796
Accounts payable	8,544	7,537
Accrued liabilities	9,715	7,601
Accrued rebates, returns and promotions	10,883	9,380
Accrued compensation and employee related obligations	3,354	3,098
Accrued taxes on income (Note 8)	2,266	818
Total current liabilities	35,964	31,230
Long-term debt (Note 7)	26,494	27,684
Deferred taxes on income (Note 8)	5,958	7,506
Employee related obligations (Notes 9 and 10)	10,663	9,951
Long-term taxes payable (Note 8)	7,444	8,242
Other liabilities	11,734	8,589
Total liabilities	98,257	93,202
Commitments and Contingencies (Note 21)		
Shareholders' equity		
Preferred stock — without par value (authorized and unissued 2,000,000 shares)	—	—
Common stock — par value \$1.00 per share (Note 12) (authorized 4,320,000,000 shares; issued 3,119,843,000 shares)	3,120	3,120
Accumulated other comprehensive income (loss) (Note 13)	(15,891)	(15,222)
Retained earnings	110,659	106,216
	97,888	94,114
Less: common stock held in treasury, at cost (Note 12) (487,336,000 shares and 457,519,000 shares)	38,417	34,362
Total shareholders' equity	59,471	59,752
Total liabilities and shareholders' equity	\$157,728	152,954

See Notes to Consolidated Financial Statements

JOHNSON & JOHNSON AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

(Dollars and Shares in Millions Except Per Share Amounts) (Note 1)

	2019	2018	2017
Sales to customers	\$82,059	81,581	76,450
Cost of products sold	27,556	27,091	25,439
Gross profit	54,503	54,490	51,011
Selling, marketing and administrative expenses	22,178	22,540	21,520
Research and development expense	11,355	10,775	10,594
In-process research and development (Note 5)	890	1,126	408
Interest income	(357)	(611)	(385)
Interest expense, net of portion capitalized (Note 4)	318	1,005	934
Other (income) expense, net	2,525	1,405	(42)
Restructuring (Note 22)	266	251	309
Earnings before provision for taxes on income	17,328	17,999	17,673
Provision for taxes on income (Note 8)	2,209	2,702	16,373
Net earnings	\$15,119	15,297	1,300
Net earnings per share (Notes 1 and 15)			
Basic	\$5.72	5.70	0.48
Diluted	\$5.63	5.61	0.47
Average shares outstanding (Notes 1 and 15)			
Basic	2,645.1	2,681.5	2,692.0
Diluted	2,684.3	2,728.7	2,745.3

See Notes to Consolidated Financial Statements

JOHNSON & JOHNSON AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in Millions) (Note 1)

	2019	2018	2017
Cash flows from operating activities			
Net earnings	\$15,119	15,297	1,300
Adjustments to reconcile net earnings to cash flows from operating activities:			
Depreciation and amortization of property and intangibles	7,009	6,929	5,642
Stock based compensation	977	978	962
Asset write-downs	1,096	1,258	795
Gain on sale of assets/businesses	(2,154)	(1,217)	(1,307)
Deferred tax provision	(2,476)	(1,016)	2,406
Accounts receivable allowances	(20)	(31)	17
Changes in assets and liabilities, net of effects from acquisitions and divestitures:			
Increase in accounts receivable	(289)	(1,185)	(633)
(Increase)/Decrease in inventories	(277)	(644)	581
Increase in accounts payable and accrued liabilities	4,060	3,951	2,725
Increase in other current and non-current assets	(1,054)	(275)	(411)
Increase/(Decrease) in other current and non-current liabilities	1,425	(1,844)	8,979
Net cash flows from operating activities	23,416	22,201	21,056
Cash flows from investing activities			
Additions to property, plant and equipment	(3,498)	(3,670)	(3,279)
Proceeds from the disposal of assets/businesses, net	3,265	3,203	1,832
Acquisitions, net of cash acquired (Note 20)	(5,810)	(899)	(35,151)
Purchases of investments	(3,920)	(5,626)	(6,153)
Sales of investments	3,387	4,289	28,117
Proceeds from credit support agreements	338	—	—
Other	44	(464)	(234)
Net cash used by investing activities	(6,194)	(3,167)	(14,868)
Cash flows from financing activities			
Dividends to shareholders	(9,917)	(9,494)	(8,943)
Repurchase of common stock	(6,746)	(5,868)	(6,358)
Proceeds from short-term debt	39	80	869
Repayment of short-term debt	(100)	(2,479)	(1,330)
Proceeds from long-term debt, net of issuance costs	3	5	8,992
Repayment of long-term debt	(2,823)	(1,555)	(1,777)
Proceeds from the exercise of stock options/employee withholding tax on stock awards, net	954	949	1,062
Other	575	(148)	(188)
Net cash used by financing activities	(18,015)	(18,510)	(7,673)
Effect of exchange rate changes on cash and cash equivalents	(9)	(241)	337
(Decrease)/Increase in cash and cash equivalents	(802)	283	(1,148)
Cash and cash equivalents, beginning of year (Note 1)	18,107	17,824	18,972
Cash and cash equivalents, end of year (Note 1)	\$17,305	18,107	17,824
Supplemental cash flow data			
Cash paid during the year for:			
Interest	\$995	1,049	960
Interest, net of amount capitalized	925	963	866
Income taxes	4,191	4,570	3,312
Supplemental schedule of non-cash investing and financing activities			
Treasury stock issued for employee compensation and stock option plans, net of cash proceeds/ employee withholding tax on stock awards	\$1,736	2,095	2,062
Conversion of debt	1	6	16
Acquisitions			
Fair value of assets acquired	\$7,228	1,047	36,937
Fair value of liabilities assumed and noncontrolling interests	(1,418)	(148)	(1,786)
Net cash paid for acquisitions (Note 20)	\$5,810	899	35,151

See Notes to Consolidated Financial Statements