

# FINANCIAL STATEMENTS

## Condensed Consolidated Statements of Earnings

Years ended June 30

Dollars in millions, except share and per share data

	2019	2018	2017
Net sales	\$ 6,214	\$ 6,124	\$ 5,973
Cost of products sold	3,486	3,449	3,302
Gross profit	2,728	2,675	2,671
Selling and administrative expenses	856	837	810
Advertising costs	612	570	599
Research and development costs	136	132	135
Interest expense	97	85	88
Other (income) expense, net	3	(3)	6
Earnings from continuing operations before income taxes	1,024	1,054	1,033
Income taxes on continuing operations	204	231	330
Earnings from continuing operations	820	823	703
Losses from discontinued operations, net of tax	—	—	(2)
Net earnings	\$ 820	\$ 823	\$ 701
Net earnings (losses) per share			
Basic			
Continuing operations	\$ 6.42	\$ 6.37	\$ 5.45
Discontinued operations	—	—	(0.02)
Basic net earnings per share	\$ 6.42	\$ 6.37	\$ 5.43
Diluted			
Continuing operations	\$ 6.32	\$ 6.26	\$ 5.35
Discontinued operations	—	—	(0.02)
Diluted net earnings per share	\$ 6.32	\$ 6.26	\$ 5.33
Weighted average shares outstanding (in thousands)			
Basic	127,734	129,293	128,953
Diluted	129,792	131,581	131,566



# FINANCIAL STATEMENTS

## Condensed Consolidated Balance Sheets

As of June 30

Dollars in millions, except share and per share data

	2019	2018
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 111	\$ 131
Receivables, net	631	600
Inventories, net	512	506
Prepaid expenses and other current assets	51	74
Total current assets	1,305	1,311
Property, plant and equipment, net	1,034	996
Goodwill	1,591	1,602
Trademarks, net	791	795
Other intangible assets, net	121	134
Other assets	274	222
Total assets	\$ 5,116	\$ 5,060
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Notes and loans payable	\$ 396	\$ 199
Accounts payable and accrued liabilities	1,035	1,001
Income taxes payable	9	—
Total current liabilities	1,440	1,200
Long-term debt	2,287	2,284
Other liabilities	780	778
Deferred income taxes	50	72
Total liabilities	4,557	4,334
Commitments and contingencies		
Stockholders' equity		
Preferred stock: \$1.00 par value; 5,000,000 shares authorized; none issued or outstanding	—	—
Common stock: \$1.00 par value; 750,000,000 shares authorized; 158,741,461 shares issued as of June 30, 2019 and 2018; and 125,686,325 and 127,982,767 shares outstanding as of June 30, 2019 and 2018, respectively	159	159
Additional paid-in capital	1,046	975
Retained earnings	3,150	2,797
Treasury shares, at cost: 33,055,136 and 30,758,694 shares as of June 30, 2019 and 2018, respectively	(3,194)	(2,658)
Accumulated other comprehensive net (loss) income	(602)	(547)
Stockholders' equity	559	726
Total liabilities and stockholders' equity	\$ 5,116	\$ 5,060



# FINANCIAL STATEMENTS

## Condensed Consolidated Statements of Cash Flows

Years ended June 30

Dollars in millions

	2019	2018	2017
		(As Adjusted*)	(As Adjusted*)
Operating activities:			
Net earnings	\$ 820	\$ 823	\$ 701
Deduct: Losses from discontinued operations, net of tax	—	—	(2)
Earnings from continuing operations	820	823	703
Adjustments to reconcile earnings from continuing operations to net cash provided by continuing operations:			
Depreciation and amortization	180	166	163
Stock-based compensation	43	53	51
Deferred income taxes	(20)	(23)	(35)
Other	(29)	44	33
Changes in:			
Receivables, net	(32)	(24)	(1)
Inventories, net	(7)	(21)	(19)
Prepaid expenses and other current assets	(6)	4	(5)
Accounts payable and accrued liabilities	17	(47)	(34)
Income taxes payable/receivable, net	26	1	12
Net cash provided by continuing operations	992	976	868
Net cash used for discontinued operations	—	—	(3)
Net cash provided by operations	992	976	865
Investing activities:			
Capital expenditures	(206)	(194)	(231)
Businesses acquired, net of cash acquired	—	(681)	—
Other	10	16	26
Net cash used for investing activities	(196)	(859)	(205)
Financing activities:			
Notes and loans payable, net	189	(214)	(125)
Long-term debt borrowings, net of issuance costs	—	891	—
Long-term debt repayments	—	(400)	—
Treasury stock purchased	(661)	(271)	(183)
Cash dividends paid	(490)	(450)	(412)
Issuance of common stock for employee stock plans and other	147	45	75
Net cash used for financing activities	(815)	(399)	(645)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(2)	(3)	(1)
Net increase (decrease) in cash, cash equivalents and restricted cash	(21)	(285)	14
Cash, cash equivalents and restricted cash:			
Beginning of year	134	419	405
End of year	\$ 113	\$ 134	\$ 419
Supplemental cash flow information:			
Interest paid	\$ 87	\$ 75	\$ 78
Income taxes paid, net of refunds	207	245	347
Non-cash financing activities:			
Cash dividends declared and accrued, but not paid	133	123	108

\*Adjusted to reflect the retrospective adoption of ASU No. 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash," effective July 1, 2018.