

ROIC & Core ROIC

(in thousands)	Fiscal Year Ended August 31,		
	2019	2018	2017
Numerator:			
Operating income (U.S. GAAP)	\$ 701,356	\$ 542,153	\$ 410,230
Tax effect ⁽¹⁾	(183,381)	(300,979)	(137,087)
After-tax operating income	517,975	241,174	273,143
	x1	x1	x1
Annualized after-tax operating income	\$ 517,975	\$ 241,174	\$ 273,143
Core operating income (Non-GAAP)	\$ 876,611	\$ 768,147	\$ 667,003
Tax effect ⁽²⁾	(188,722)	(144,261)	(134,930)
After-tax core operating income	687,889	623,886	532,073
	x1	x1	x1
Annualized after-tax core operating income	\$ 687,889	\$ 623,886	\$ 532,073
Denominator:			
Average total Jabil Inc. stockholders' equity ⁽³⁾	\$ 1,918,850	\$ 2,151,886	\$ 2,395,843
Average notes payable and long-term debt, less current installments ⁽³⁾	2,307,393	2,063,047	1,853,302
Average current installments of notes payable and long-term debt ⁽³⁾	200,189	235,348	245,654
Average cash and cash equivalents ⁽³⁾	(1,210,646)	(1,223,934)	(1,050,989)
Net invested capital base	\$ 3,215,786	\$ 3,226,347	\$ 3,443,810
Return on Invested Capital (U.S. GAAP)	16.1%	7.5%	7.9%
Adjustments noted above	5.3%	11.8%	7.6%
Core Return on Invested Capital (Non-GAAP)	21.4%	19.3%	15.5%

(1) The tax effect is calculated by applying the U.S. GAAP effective tax rate for the fiscal years ended August 31, 2019, 2018, and 2017 to U.S. GAAP operating income less interest expense.

(2) The tax effect is calculated by applying the core effective tax rate for the fiscal years ended August 31, 2019, 2018 and 2017 to core operating income less interest expense.

(3) The average is based on the addition of the account balance at the end of the most recently-ended fiscal year to the account balance at the end of the prior fiscal year for the fiscal years ended August 31, 2019, 2018 and 2017, respectively, and dividing by two.

Quarterly Results (Unaudited)

The following table sets forth certain unaudited quarterly financial information for the 2019 and 2018 fiscal years. In the opinion of management, this information has been presented on the same basis as the audited consolidated financial statements appearing elsewhere, and all necessary adjustments (consisting primarily of normal recurring accruals) have been included in the amounts stated below to present fairly the unaudited quarterly results when read in conjunction with the audited consolidated financial statements and related notes thereto. The operating results for any quarter are not necessarily indicative of results for any future period.

Fiscal Year 2019

(in thousands, except for per share data)	Three Months Ended			
	August 31, 2019	May 31, 2019	February 28, 2019	November 30, 2018
Net revenue	\$6,573,453	\$6,135,602	\$6,066,990	\$6,506,275
Gross profit ⁽⁴⁾	495,078	443,799	454,874	519,650
Operating income ⁽¹⁾⁽⁴⁾	189,745	140,918	153,983	216,710
Net income ⁽²⁾⁽³⁾⁽⁴⁾	53,761	44,032	67,607	124,074
Net income attributable to Jabil Inc. ⁽²⁾⁽³⁾⁽⁴⁾	\$ 52,675	\$ 43,482	\$ 67,354	\$ 123,600
Earnings per share attributable to the stockholders of Jabil Inc.				
Basic	\$ 0.34	\$ 0.28	\$ 0.44	\$ 0.77
Diluted	\$ 0.34	\$ 0.28	\$ 0.43	\$ 0.76

Fiscal Year 2018

(in thousands, except for per share data)	Three Months Ended			
	August 31, 2018	May 31, 2018	February 28, 2018	November 30, 2017
Net revenue	\$5,771,831	\$5,436,952	\$5,301,101	\$5,585,532
Gross profit ⁽⁴⁾	442,147	398,227	397,133	469,285
Operating income ⁽¹⁾⁽⁴⁾⁽⁵⁾	153,896	112,971	129,532	145,754
Net (loss) income ⁽²⁾⁽⁴⁾⁽⁵⁾	(56,608)	42,702	37,528	63,919
Net (loss) income attributable to Jabil Inc. ⁽²⁾⁽⁴⁾⁽⁵⁾	\$ (57,314)	\$ 42,541	\$ 37,308	\$ 63,795
(Loss) earnings per share attributable to the stockholders of Jabil Inc.				
Basic	\$ (0.34)	\$ 0.25	\$ 0.21	\$ 0.36
Diluted	\$ (0.34)	\$ 0.25	\$ 0.21	\$ 0.35

- (1) Includes acquisition and integration charges related to our strategic collaboration with JJMD of \$17.6 million, \$13.4 million, \$12.8 million, \$8.9 million and \$8.1 million for the three months ended August 31, 2019, May 31, 2019, February 28, 2019, November 30, 2018 and August 31, 2018, respectively.
- (2) Includes (\$13.3 million), \$111.4 million and \$30.9 million of income tax (benefit) expense for the three months ended November 30, 2018, August 31, 2018 and February 28, 2018, respectively, related to the Tax Act.
- (3) Includes a restructuring of securities loss of \$29.6 million for the three months ended August 31, 2019.
- (4) Includes a distressed customer charge of \$6.2 million, \$18.0 million and \$14.7 million during the three months ended August 31, 2019, August 31, 2018 and February 28, 2018, respectively.
- (5) Includes \$32.4 million of stock-based compensation expense for the modification of certain performance-based restricted stock units and a one-time cash settled award during the three months ended November 30, 2017.

Acquisitions and Expansion

During fiscal year 2018, the Company and JJMD entered into a Framework Agreement to form a strategic collaboration and expand our existing relationship. The strategic collaboration expands our medical device manufacturing portfolio, diversification and capabilities.

On February 25, 2019 and April 29, 2019, under the terms of the Framework Agreement, we completed the initial closing and second closing, respectively, of our acquisition of certain assets of JJMD. The preliminary aggregate purchase price paid for both the initial closing and second closing was approximately \$153.2 million in cash, which remains subject to certain post-closing adjustments. The acquisition of the JJMD assets has been