

[Table of Contents](#)

Refer to the table below, which includes the calculation of ROIC and Economic Return (dollars in millions) for the indicated periods:

	2019	2018
Adjusted operating income (tax effected)	\$ 120.7	\$ 118.6
Average invested capital	923.1	\$ 735.6
After-tax ROIC	13.1%	16.1%
WACC	9.0%	9.5%
Economic Return	4.1%	6.6%

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents and restricted cash were \$226.3 million as of September 28, 2019, as compared to \$297.7 million as of September 29, 2018.

As of September 28, 2019, 96.8% of our cash balance was held outside of the U.S. by our foreign subsidiaries. With the enactment of Tax Reform, we believe that our offshore cash can be accessed in a more tax efficient manner than before Tax Reform. Currently, we believe that our cash balance, together with cash available under our Credit Facility, will be sufficient to meet our liquidity needs and potential share repurchases, if any, for the next twelve months and for the foreseeable future.

Our future cash flows from operating activities will be reduced by \$65.1 million due to cash payments for U.S. federal taxes on the deemed repatriation of undistributed foreign earnings that are payable over an eight year period that began in fiscal 2019 with the first payment. The table below provides the expected timing of these future cash outflows, in accordance with the following installment schedule for the remaining seven years (in millions):

2020	\$ 5.5
2021	5.7
2022	5.7
2023	5.7
2024	10.6
2025	14.2
2026	17.7
Total	<u>\$ 65.1</u>

Cash Flows. The following table provides a summary of cash flows for fiscal 2019 and 2018, excluding the effect of exchange rates on cash and cash equivalents and restricted cash (in millions):

	2019	2018
Cash provided by operating activities	\$ 115.3	\$ 66.8
Cash used in investing activities	\$ (89.4)	\$ (74.6)
Cash used in financing activities	\$ (97.2)	\$ (265.5)

Operating Activities. Cash flows provided by operating activities were \$115.3 million for fiscal 2019, as compared to \$66.8 million for fiscal 2018. The increase was primarily due to cash flow improvements (reductions) of:

- \$159.4 million in inventory cash flows driven by inventory management efforts.
- \$66.4 million in customer deposit cash flows driven by significant deposits received from three customers.
- \$(150.1) million in accounts payables cash flows driven by reduced purchasing in an effort to manage inventory.
- \$(66.0) million in accounts receivable cash flows, which resulted primarily from the increase in net sales.
- \$14.1 million in other current and noncurrent liabilities cash flows driven by an increase in advance payments from customers.