

CARPENTER TECHNOLOGY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Inventories

Inventories consisted of the following components at June 30, 2019 and 2018:

(\$ in millions)	June 30,	
	2019	2018
Raw materials and supplies	\$ 169.8	\$ 157.5
Work in process	425.7	372.5
Finished and purchased products	192.2	159.2
Total inventory	<u>\$ 787.7</u>	<u>\$ 689.2</u>

If the FIFO method of inventory had been used instead of the LIFO method, inventories would have been \$178.4 million and \$210.3 million higher as of June 30, 2019 and 2018, respectively. Current cost of LIFO-valued inventories was \$793.0 million at June 30, 2019 and \$760.8 million at June 30, 2018. The reductions in LIFO-valued inventories decreased cost of sales by \$0.0 million during fiscal year 2019 and \$0.6 million during fiscal year 2018 and \$0.0 million during fiscal year 2017.

7. Property, Plant and Equipment

Property, plant and equipment consisted of the following components at June 30, 2019 and 2018:

(\$ in millions)	June 30,	
	2019	2018
Land	\$ 35.6	\$ 34.8
Buildings and building equipment	512.9	500.0
Machinery and equipment	2,183.6	2,129.0
Construction in progress	150.7	83.6
Total at cost	<u>2,882.8</u>	<u>2,747.4</u>
Less: accumulated depreciation and amortization	<u>1,516.6</u>	<u>1,434.0</u>
Total property, plant, and equipment	<u>\$ 1,366.2</u>	<u>\$ 1,313.4</u>

The estimated useful lives of depreciable assets are as follows:

Asset Category	Useful Life (in Years)
Buildings and building equipment	10 – 45
Machinery and equipment	3 – 30

Depreciation for the years ended June 30, 2019, 2018 and 2017 was \$108.1 million, \$104.7 million and \$105.8 million, respectively.

8. Goodwill and Other Intangible Assets, Net

Goodwill

The Company conducts goodwill impairment testing at least annually as of June 30, or more often if events, changes or circumstances indicate that the carrying amount may not be recoverable.

The Company has determined there was no goodwill impairment for the years ended June 30, 2019 and 2018.