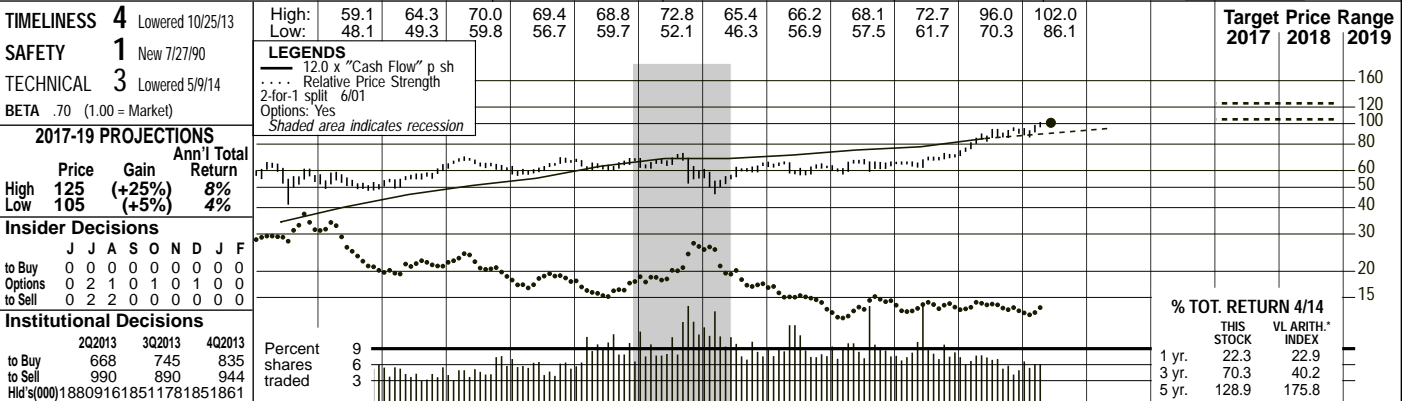


# JOHNSON & JOHNSON NYSE:JNJ

RECENT PRICE **101.02** P/E RATIO **17.1** (Trailing: 18.0 Median: 15.0) RELATIVE P/E RATIO **0.95** DIV'D YLD **2.8%** VALUE LINE



1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	© VALUE LINE PUB. LLC	17-19
8.80	9.88	10.47	10.83	12.23	14.10	15.94	16.98	18.43	21.51	23.02	22.47	22.49	23.87	24.19	25.28	<b>26.85</b>	<b>28.30</b>	Sales per sh <sup>A</sup>	<b>32.90</b>
1.83	2.03	2.27	2.46	2.85	3.36	3.84	4.25	4.60	5.23	5.70	5.69	5.92	6.25	6.48	7.08	<b>7.50</b>	<b>7.95</b>	"Cash Flow" per sh	<b>9.65</b>
1.34	1.49	1.70	1.91	2.23	2.70	3.10	3.50	3.76	4.15	4.57	4.63	4.76	5.00	5.10	5.52	<b>5.90</b>	<b>6.30</b>	Earnings per sh <sup>B</sup>	<b>7.70</b>
.49	.55	.62	.70	.80	.92	1.10	1.28	1.46	1.62	1.80	1.93	2.11	2.25	2.40	2.59	<b>2.76</b>	<b>2.92</b>	Div'ds Decl'd per sh <sup>C</sup>	<b>3.40</b>
.54	.62	.59	.57	.71	.76	.73	.88	.92	1.04	1.11	.86	.87	1.06	1.06	1.27	<b>1.10</b>	<b>1.10</b>	Cap'l Spending per sh	<b>1.15</b>
5.06	5.83	6.76	7.95	7.65	9.05	10.71	12.73	13.59	15.25	15.35	18.37	20.66	20.95	23.33	26.25	<b>28.65</b>	<b>31.30</b>	Book Value per sh <sup>D</sup>	<b>40.05</b>
2688.1	2779.4	2781.9	3047.2	2968.3	2968.0	2971.0	2974.5	2893.2	2840.2	2769.2	2754.3	2738.1	2724.4	2778.5	2820.6	<b>2780.0</b>	<b>2750.0</b>	Common Shs Outst'g <sup>E</sup>	<b>2700.0</b>
28.1	31.6	26.4	27.2	25.9	19.4	18.1	18.5	16.6	15.4	14.3	12.5	13.1	12.7	13.1	15.6	<b>15.0</b>	<b>15.0</b>	Avg Ann'l P/E Ratio	<b>15.0</b>
1.46	1.80	1.72	1.39	1.41	1.11	.96	.99	.90	.82	.86	.83	.83	.80	.83	.88	<b>.88</b>	<b>.88</b>	Relative P/E Ratio	<b>.95</b>
1.3%	1.2%	1.4%	1.3%	1.4%	1.8%	2.0%	2.0%	2.3%	2.5%	2.8%	3.3%	3.4%	3.5%	3.6%	3.0%	<b>3.0%</b>	<b>3.0%</b>	Avg Ann'l Div'd Yield	<b>3.0%</b>

CAPITAL STRUCTURE as of 3/30/14				2012	2013	3/30/14	BUSINESS: Johnson & Johnson is engaged in the research & development, manufacture, and sale of a broad range of products in the healthcare field. Has three business segments: Consumer (baby care, skin care, oral care, wound care, etc.), Pharmaceutical (anti-infective, antipsychotic, contraceptive, dermatology, gastrointestinal, etc.), and Medical Devices & Diagnostics (electrophysiology, circulatory disease management, orthopedic joint reconstruction, etc.). Employs about 128,000. Officers & directors own less than 1% of common stock; BlackRock, 5.7%; State Street, 5.7% (3/14 Proxy). Chairman & CEO: Alex Gorsky. Incorporated: NJ. Address: One Johnson & Johnson Plaza, New Brunswick, NJ 08933. Telephone: 732-524-0400. Internet: www.jnj.com.										
Total Debt \$17,292 mill. Due in 5 Yrs \$6,500 mill.				47348	50514	53324	61095	63747	61897	61587	65030	67224	71312	<b>74700</b>	<b>77800</b>	Sales (\$mill) <sup>A</sup>	<b>88800</b>
LT Debt \$13,343 mill. LT Interest \$590 mill. (15% of Capital)				31.6%	30.6%	28.7%	29.4%	29.5%	31.6%	31.4%	32.3%	35.7%	33.3%	<b>35.0%</b>	<b>35.5%</b>	Operating Margin	<b>36.5%</b>
Leases, Uncapitalized Annual rentals \$286 mill.				2124	2093	2177	2777	2832	2774	2939	3158	3666	4104	<b>4100</b>	<b>4200</b>	Depreciation (\$mill)	<b>5000</b>
Pension Assets-12/13 \$20.9 bill. Oblig. \$21.5 bill.				9298	10545	11133	12085	12949	12906	13279	13867	14345	15876	<b>16800</b>	<b>17700</b>	Net Profit (\$mill)	<b>21100</b>
Preferred Stock None				27.6%	24.8%	23.3%	22.1%	23.5%	22.0%	21.1%	20.1%	21.3%	22.3%	<b>22.5%</b>	<b>22.8%</b>	Income Tax Rate	<b>25.0%</b>
Common Stock 2,829,099,753 shares as of 4/25/14				13393	18759	3814	10108	13525	17810	24235	31505	21854	30732	<b>28200</b>	<b>29200</b>	Working Cap'l (\$mill)	<b>31400</b>
MARKET CAP: \$286 billion (Large Cap)				2565	2017	2014	7074	8120	8223	9156	12969	11489	13328	<b>10800</b>	<b>11400</b>	Long-Term Debt (\$mill)	<b>13000</b>
CURRENT POSITION				31813	37871	39318	43319	42511	50588	56579	57080	64826	74053	<b>79700</b>	<b>86100</b>	Shr. Equity (\$mill)	<b>108200</b>
Cash Assets				27.3%	26.5%	27.1%	24.1%	26.0%	22.3%	20.6%	20.2%	19.1%	18.4%	<b>18.0%</b>	<b>19.0%</b>	Return on Total Cap'l	<b>17.5%</b>
Receivables				29.2%	27.8%	28.3%	27.9%	30.5%	25.5%	23.5%	24.3%	22.1%	21.4%	<b>21.0%</b>	<b>20.5%</b>	Return on Shr. Equity	<b>19.5%</b>
Inventory (FIFO)				19.0%	17.8%	17.5%	17.1%	18.6%	15.0%	13.2%	13.5%	11.9%	11.6%	<b>11.5%</b>	<b>11.0%</b>	Retained to Com Eq	<b>11.0%</b>
Other				35%	36%	38%	39%	39%	41%	44%	44%	46%	46%	<b>46%</b>	<b>46%</b>	All Div'ds to Net Prof	<b>44%</b>

ANNUAL RATES	Past 10 Yrs	Past 5 Yrs	Est'd '11-'13 to '17-'19	ANNUAL RATES																			
of change (per sh)	7.0%	3.0%	5.5%	2011	2012	2013	2014	2015	2011	2012	2013	2014	2015	2011	2012	2013	2014	2015	2011	2012	2013	2014	2015
Sales	8.5%	5.0%	6.5%	16173	16139	16475	17052	17558	17505	17877	17575	18355	18115	18800	19400	19500	20100	65030	67224	71312	74700	77800	
"Cash Flow"	8.5%	4.5%	6.5%	16173	16139	16475	17052	17558	17505	17877	17575	18355	18115	18800	19400	19500	20100	65030	67224	71312	74700	77800	
Earnings	11.5%	8.5%	7.5%	16173	16139	16475	17052	17558	17505	17877	17575	18355	18115	18800	19400	19500	20100	65030	67224	71312	74700	77800	
Dividends	11.0%	10.0%	9.5%	16173	16139	16475	17052	17558	17505	17877	17575	18355	18115	18800	19400	19500	20100	65030	67224	71312	74700	77800	
Book Value				1.35	1.37	1.30	1.25	1.19	1.44	1.48	1.36	1.24	1.54	1.59	1.62	1.57	1.52	5.00	5.10	5.52	5.90	6.30	

Cal-endar	QUARTERLY SALES (\$mill.) <sup>A</sup>				Full Year
Cal-endar	Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2011	16173	16597	16005	16255	65030
2012	16139	16475	17052	17558	67224
2013	17505	17877	17575	18355	71312
2014	18115	18685	18600	19300	74700
2015	18800	19400	19500	20100	77800

Cal-endar	EARNINGS PER SHARE <sup>AB</sup>				Full Year
Cal-endar	Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2011	1.35	1.28	1.24	1.13	5.00
2012	1.37	1.30	1.25	1.19	5.10
2013	1.44	1.48	1.36	1.24	5.52
2014	1.54	1.53	1.46	1.37	5.90
2015	1.59	1.62	1.57	1.52	6.30

Cal-endar	QUARTERLY DIVIDENDS PAID <sup>C</sup>				Full Year
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2010	.49	.54	.54	.54	2.11
2011	.54	.57	.57	.57	2.25
2012	.57	.61	.61	.61	2.40
2013	.61	.66	.66	.66	2.59
2014	.66	.70			

(A) Years end on last the Sunday in December. (B) Diluted earnings. Excludes nonrecurring: '98, 22c; '99, 2c; '01, d7c; '02, d7c; '03 d30c; '04, d26c; '05, d4c; '06, d3c; '07, d52c; '09, d23c; '10, 2c; '11, d\$1.51; '12, d\$1.24c; '13, d71c. Next earnings report due late April. (C) Dividends historically paid: March, June, September, and December. ■ Dividend reinvestment plan available. (D) Includes intangibles. In '12: \$51.2 billion, \$18.42 a share. (E) In millions, adjusted for stock split.

**Johnson & Johnson kicked off 2014 in better-than-expected fashion.** The healthcare conglomerate's sales rose 4%, to \$18.1 billion, which was slightly above our target and about \$100 million higher than the consensus estimate. Management said that favorable internal growth of greater than 5% was offset by currency translation headwinds of less than 2%. Adjusted share earnings were \$1.54, a 7% improvement compared to the year-earlier mark. (GAAP share profits were \$1.64.) *Value Line* and most analysts on Wall Street were looking for this figure to come in at \$1.48.

**We have added a nickel to our 2014 share-net target.** Overall, a very strong performance from the Pharmaceutical group allowed J&J to make up for relative weakness in its Consumer and Medical Device & Diagnostic (MD&D) segments. This is a trend we expect to repeat in the coming quarters, as Pharmaceutical sales should continue advancing at a double-digit pace while the Consumer and MD&D groups struggle to gain traction. Stock repurchases and ongoing investments in margin-expansion and product-development efforts should also help. All told, we now look for J&J to earn \$5.90 a share, which is at the high end of the company's updated guidance (\$5.80-\$5.90).

**J&J's board of directors increased the quarterly dividend by 6%.** (The next quarterly dividend is payable on June 10th to shareholders of record at the close of business on May 27th.) Management said that the company's strong financial position and good business prospects made the decision to raise the payout for a 52nd consecutive year an easy one. Investors should be pleased with the 6% hike and resulting yield of 2.8%, even though we had anticipated that the distribution would be increased by 8%.

**This blue chip is ranked unfavorably for Timeliness, and long-term capital appreciation potential leaves a lot to be desired.** That said, the stock price is up 9% since our last review, and has been steadily climbing for more than a year now. Too, our 2017-2019 estimates are probably on the safe side. Performance aside, conservative investors would be hard pressed to find a more stable issue.

Erik A. Antonson  
May 23, 2014

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Company's Financial Strength		A++
Stock's Price Stability		100
Price Growth Persistence		60
Earnings Predictability		100