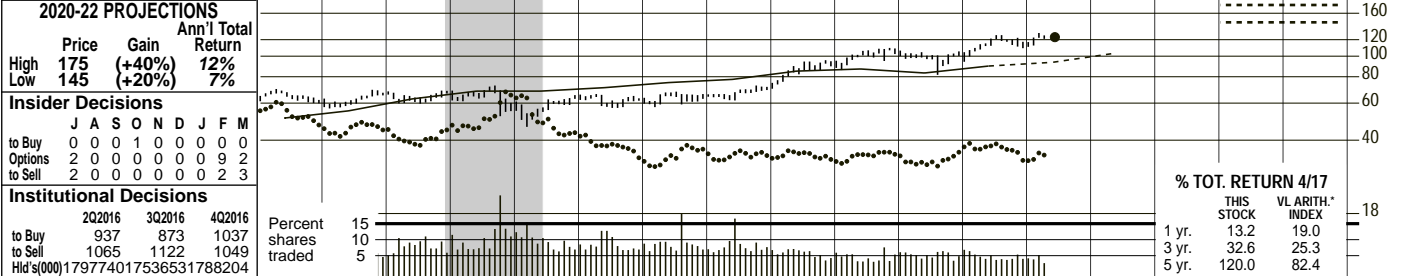


JOHNSON & JOHNSON NYSE:JNJ

RECENT PRICE **123.21** P/E RATIO **19.1** (Trailing: 20.7; Median: 15.0) RELATIVE P/E RATIO **0.97** DIV'D YLD **2.8%** VALUE LINE

TIMELINESS 3 Lowered 1/6/17	High: 69.4	68.8	72.8	65.4	66.2	68.1	72.7	96.0	109.5	106.5	126.1	129.0	Target Price Range
SAFETY 1 New 7/27/90	Low: 56.7	59.7	52.1	46.3	56.9	57.5	61.7	70.3	86.1	81.8	94.3	110.8	2020 2021 2022
TECHNICAL 3 Lowered 5/19/17	LEGENDS 12.0 x "Cash Flow" p sh Relative Price Strength Options: Yes Shaded area indicates recession												
BETA .80 (1.00 = Market)													



2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	© VALUE LINE PUB. LLC	20-22
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	26.71	25.44	26.56	28.05	29.20	Sales per sh ^A	39.05
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	7.26	6.95	7.50	7.80	8.65	"Cash Flow" per sh	11.95
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	5.70	5.48	5.93	6.45	7.25	Earnings per sh ^{A B}	9.90
.70	.80	.92	1.10	1.28	1.46	1.62	1.80	1.93	2.11	2.25	2.40	2.59	2.76	2.95	3.15	3.32	3.52	Div's Decl'd per sh ^C	4.90
.57	.71	.76	.73	.88	.92	1.04	1.11	.86	.87	1.06	1.06	1.27	1.33	1.26	1.19	1.20	1.20	Cap'l Spending per sh	1.15
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	25.06	25.83	26.02	30.05	33.50	Book Value per sh ^D	43.70
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	2783.3	2755.0	2706.5	2700.0	2700.0	Common Shs Outst'g ^E	2700.0
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	17.7	18.2	19.1	19.1	19.1	Avg Ann'l P/E Ratio	16.0
1.39	1.41	1.11	.96	.99	.90	.82	.86	.83	.83	.80	.83	.88	.93	.92	1.01	1.01	1.01	Relative P/E Ratio	1.00
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%	2.7%	3.0%	2.8%	2.8%	2.8%	Avg Ann'l Div'd Yield	3.1%

CAPITAL STRUCTURE as of 1/1/17										61095	63747	61897	61587	65030	67224	71312	74331	70074	71890	75750	78900	Sales (\$mill) ^A	105500
Total Debt \$27,126 mill. Due in 5 Yrs \$8,227 mill.										29.4%	29.5%	31.6%	31.4%	32.3%	35.7%	33.3%	33.7%	31.1%	34.6%	35.0%	36.0%	Operating Margin	37.0%
LT Debt \$22,442 mill. LT Interest \$725.0 mill. (24% of Capital)										2777.0	2832.0	2774.0	2939.0	3158.0	3666.0	4104.0	3895.0	3746.0	3754.0	3675	3800	Depreciation (\$mill)	5550
Leases, Uncapitalized Annual rentals \$216 mill.										12085	12949	12906	13279	13867	14345	15876	16323	15409	16540	17450	19575	Net Profit (\$mill)	26730
Pension Assets-12/16 \$23.6 bill. Oblig. \$28.1 bill.										22.1%	23.5%	22.0%	21.1%	20.1%	23.1%	17.2%	20.6%	19.7%	16.5%	19.0%	20.0%	Income Tax Rate	20.0%
Preferred Stock None										19.8%	20.3%	20.9%	21.6%	21.3%	21.3%	22.3%	22.0%	22.0%	23.0%	23.0%	24.8%	Net Profit Margin	25.8%
Common Stock 2,713,346,602 shares as of 2/23/17										10108	13525	17810	24235	31505	21854	30732	34226	32463	38745	38000	40000	Working Cap'l (\$mill)	40000
MARKET CAP: \$334 billion (Large Cap)										7074.0	8120.0	8223.0	9156.0	12969	11489	13328	15122	12857	22442	23000	23000	Long-Term Debt (\$mill)	25000
CURRENT POSITION										43319	42511	50588	56579	57080	64826	74053	69752	71150	70418	81110	90500	Shr. Equity (\$mill)	118000
2014										24.1%	26.0%	22.3%	20.6%	20.2%	19.1%	18.4%	19.5%	18.6%	18.2%	17.0%	17.0%	Return on Total Cap'l	19.0%
2015										27.9%	30.5%	25.5%	23.5%	24.3%	22.1%	21.4%	23.4%	21.7%	23.5%	21.5%	21.5%	Return on Shr. Equity	22.5%
2016										17.1%	18.6%	15.0%	13.2%	13.5%	11.9%	11.6%	12.3%	10.2%	11.2%	10.5%	11.0%	Retained to Com Eq	11.5%
2017										39%	39%	41%	44%	44%	46%	46%	48%	53%	52%	51%	49%	All Div'ds to Net Prof	49%

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 126,400. Officers & directors own about .2% of common stock; Vanguard Group, 7.0%; BlackRock, 6.3%; State Street, 5.7%. (4/17 Proxy). Chairman & CEO: Alex Gorsky. Inc.: NJ. Address: One Johnson & Johnson Plaza, New Brunswick, NJ 08933. Telephone: 732-524-0400. Internet: www.jnj.com.

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '14-'16 to '20-'22										of change (per sh)																													
Sales										4.5%										2.5%										6.5%									
"Cash Flow"										5.5%										4.0%										8.5%									
Earnings										5.0%										3.5%										9.5%									
Dividends										8.5%										7.0%										9.0%									
Book Value										7.5%										5.0%										9.0%									

Cal-endar	QUARTERLY SALES (\$ mill.) ^A				Full Year
	Mar.Per	Jun.Per	Sep.Per	Dec.Per	
2014	18115	19495	18467	18254	74331
2015	17374	17787	17102	17811	70074
2016	17482	18482	17820	18106	71890
2017	17766	19400	18950	19634	75750
2018	19150	20100	19550	20100	78900

Cal-endar	EARNINGS PER SHARE ^{AB}				Full Year
	Mar.Per	Jun.Per	Sep.Per	Dec.Per	
2014	1.64	1.51	1.66	.89	5.70
2015	1.53	1.60	1.20	1.15	5.48
2016	1.54	1.48	1.53	1.38	5.93
2017	1.61	1.62	1.70	1.52	6.45
2018	1.80	1.85	1.90	1.70	7.25

Cal-endar	QUARTERLY DIVIDENDS PAID ^C				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2013	.61	.66	.66	.66	2.59
2014	.66	.70	.70	.70	2.76
2015	.70	.75	.75	.75	2.95
2016	.75	.80	.80	.80	3.15
2017	.80	.84			

(A) Years end on the last Sunday in December. (B) Diluted earnings. Excludes nonrecurring: '01, d7c; '02, d7c; '03, d30c; '04, d26c; '05, d4c; '06, d3c; '07, d52c; '09, d23c; '10, 2c; '11, d\$1.51; '12, d\$1.24; '13, d71c. GAAP as of 2015. Next earnings report due late July. (C) Dividends historically paid: March, June, September, and December. ■ Dividend reinvestment plan available. (D) Includes intangibles. On 1/2/17: \$49.7 billion, \$18.36 a share. (E) In millions.

Indeed, there are 10 drugs that have the potential of each doing \$1 billion in sales. **The vaunted Consumer segment is struggling.** Home to some of the most iconic brands in the world, four of the six sectors in this group posted declines in sales in the March period. Oral Care, (LISTERINE) Baby Care, and Wound Care saw declines of 6%-12%. **The company's near-term earnings outlook is less clear than usual.** We expect the Medical Device segment to post strong results and we have confidence that things will improve in the Pharmacy operations. The Consumer sector will be the swing factor, and at this point we are not sure if the recent problems are cyclical or consumers are starting to pay less for products' store-brand names. In any case, we estimate share earnings will rise a healthy 9% and 11%, in 2017 and 2018. **These shares are ranked to perform in line with the market averages in the year ahead.** Long-term total return potential isn't as attractive as in the past, but conservative investors will still find much to like in this blue-chip stock. *James A. Flood* *May 19, 2017*

Company's Financial Strength	A++
Stock's Price Stability	100
Price Growth Persistence	70
Earnings Predictability	100

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