



2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	© VALUE LINE PUB. LLC	21-23
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	28.50	30.90	31.65	Sales per sh ^A	38.15
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	8.32	9.00	9.95	"Cash Flow" per sh	12.70
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	6.20	7.00	8.00	Earnings per sh ^{A B}	10.50
.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	3.75	Div'ds Decl'd per sh ^C	5.05
.71	.76	.73	.88	.92	1.04	1.11	.86	.87	1.06	1.06	1.27	1.33	1.26	1.19	1.22	1.00	1.25	Cap'l Spending per sh	1.15
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	22.43	25.10	28.90	Book Value per sh ^D	43.90
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	2682.5	2650.0	2700.0	Common Shs Outst'g ^E	2700.0
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	20.9	20.00	24.00	Avg Ann'l P/E Ratio	18.0
1.41	1.11	.96	.99	.90	.82	.86	.83	.83	.80	.83	.88	.93	.92	1.00	1.02	1.00	1.02	Relative P/E Ratio	1.00
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%	2.6%	2.8%	2.6%	Avg Ann'l Div'd Yield	2.7%

CAPITAL STRUCTURE as of 7/1/18				63747	61897	61587	65030	67224	71312	74331	70074	71890	76450	81950	85500	Sales (\$mill) ^A	103000		
Total Debt \$32,083 mill. Due in 5 Yrs \$8,227 mill.				29.5%	31.6%	31.4%	32.3%	35.7%	33.3%	33.7%	31.1%	34.6%	32.0%	35.5%	36.0%	Operating Margin	37.5%		
LT Debt \$29,405 mill. LT Interest \$835.0 mill. (32% of Capital)				2832.0	2774.0	2939.0	3158.0	3666.0	4104.0	3895.0	3746.0	3754.0	5642.0	6400	6200	Depreciation (\$mill)	6500		
Leases, Uncapitalized Annual rentals \$372 mill.				12949	12906	13279	13867	14345	15876	16323	15409	16540	16680	18600	21600	Net Profit (\$mill)	28350		
Pension Assets-12/17 \$28.4 bill. Oblig. \$33.2 bill.				23.5%	22.0%	21.1%	20.1%	23.1%	17.2%	20.6%	19.7%	16.5%	20.0%	20.0%	Income Tax Rate	20.0%			
Preferred Stock None				20.3%	20.9%	21.6%	21.3%	21.3%	22.3%	22.0%	23.0%	21.8%	22.7%	25.3%	Net Profit Margin	27.5%			
Common Stock 2,682,756,061 shares as of 7/27/18				13525	17810	24235	31505	21854	30732	34226	32463	38745	12551	20000	24000	Working Cap'l (\$mill)	30000		
MARKET CAP: \$353 billion (Large Cap)				8120.0	8223.0	9156.0	12969	11489	13328	15122	12857	22442	29000	30000	Long-Term Debt (\$mill)	35000			
CURRENT POSITION				42511	50588	56579	57080	64826	74053	69752	71150	70418	60160	66500	78000	Shr. Equity (\$mill)	118500		
Cash Assets				26.0%	22.3%	20.6%	20.2%	19.1%	18.4%	19.5%	18.6%	18.2%	20.7%	20.0%	20.5%	Return on Total Cap'l	19.0%		
Receivables				30.5%	25.5%	23.5%	24.3%	22.1%	21.4%	23.4%	21.7%	23.5%	27.7%	28.0%	27.5%	Return on Shr. Equity	24.0%		
Inventory (FIFO)				18.6%	15.0%	13.2%	13.5%	11.9%	11.6%	12.3%	10.2%	11.2%	13.1%	14.0%	14.5%	Retained to Com Eq	12.5%		
Other				39%	41%	44%	44%	46%	46%	48%	53%	52%	54%	50%	47%	All Div'ds to Net Prof	48%		
Current Assets				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 134,000. Officers & directors less than 1.0% of common stock; Vanguard Group, 7.6%; BlackRock, 6.2% State Street, 5.8%. (3/18 Proxy). Chairman & CEO: Alex Gorsky. Inc.: NJ. Address: One Johnson & Johnson Plaza, New Brunswick, NJ 08933. Telephone: 732-524-0400. Internet: www.jnj.com.															

Johnson & Johnson had a relatively good second quarter. On an adjusted basis, share earnings came in at \$2.10, about 15% higher than the year-earlier number. Sales were also solid as they were \$20.8 billion, or \$400 million more than the consensus estimate. Excluding the impact of acquisitions and divestitures, worldwide sales increased a solid 6.6%. On a GAAP basis, which we use in our presentation, J&J's share net was only \$1.45 compared to last year's \$1.40 and our \$1.65 estimate. The reason for the lower numbers was a \$1 billion charge for various writeoffs and a \$400 intangible tax expense. Guidance provided by management for the full year was slightly improved, but we are sticking with our current earnings estimates for both 2018 and 2019.

The key Pharmaceutical segment is leading the way. Just about half of the company's revenues are now derived from prescription drugs. Aided by the recent Actelion acquisition, sales rose here 20%. More importantly, on an apples-to-apples basis, this still translated into an 11% increase. Leading the way was strong demand for such drugs as *STELARA* (Crohn's disease), *ZYTIGA* (prostate cancer), and *DARZALEX* and other oncology medicines. Also contributing were drugs used to treat psychosis (*INVEGA SUSTENNA*), and bleeding (*XARELTO*).

Other sectors were mixed. Overall, sales in the Medical Device operations posted a modest 2% gain due mostly to brisk activity in the Surgery and Vision operations. Offsetting this were the results from the Diabetes and Spine segments. **The vaulted Consumer business took a step backward.** The uptrend here lasted only one quarter as sales in the June period declined 0.4% on an operational basis. Baby, Oral, and Wound Care all saw weaker demand. J&J's OTC products continued to do well, though.

Most investors may want to take a look at this stock. The equity offers a good yield and above-average total return prospects through 2021-2023. On a risk-adjusted basis, it is even more attractive. One negative was the recent \$4.7 billion jury award to users of J&J's talcum powder. The company has managed to win all previous cases on appeal, however.

James A. Flood August 17, 2018

Cal-endar	Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2015	17374	17787	17102	17811	70074
2016	17482	18482	17820	18106	71890
2017	17766	18839	19650	20195	76450
2018	20009	20831	20560	20550	81950
2019	20550	21550	21550	21850	85500

Cal-endar	Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
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	1.40	1.45	1.74	6.20
2018	1.60	1.45	1.85	2.10	7.00
2019	1.85	2.00	2.10	2.05	8.00

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2014	.66	.70	.70	.70	2.76
2015	.70	.75	.75	.75	2.95
2016	.75	.80	.80	.80	3.15
2017	.80	.84	.84	.84	3.32
2018	.84	.90			