| TIMELIN | $\text { NESS } 3$ | wered 5 | 10／19 | High： Low： | $\begin{array}{r} 72.8 \\ 52.1 \\ \hline \end{array}$ | $\begin{aligned} & \hline 65.4 \\ & 46.3 \\ & \hline \end{aligned}$ | 66.2 56.9 | $\begin{aligned} & \hline 68.1 \\ & 57.5 \end{aligned}$ | $\begin{aligned} & 72.7 \\ & 61.7 \end{aligned}$ | $\begin{aligned} & 96.0 \\ & 70.3 \end{aligned}$ | $\begin{array}{r} 109.5 \\ 86.1 \end{array}$ | $\begin{array}{r} 106.5 \\ 81.8 \end{array}$ | $\begin{array}{r} 126.1 \\ 94.3 \end{array}$ | $\begin{aligned} & \hline 144.4 \\ & 110.8 \end{aligned}$ | $\begin{aligned} & 149.0 \\ & 118.6 \end{aligned}$ | $\begin{aligned} & \hline 142.4 \\ & 125.0 \end{aligned}$ |  |  | Target Pric $2022 \mid 202$ | ange 2024 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| SAFET |  | New $7 / 27$ |  | － | S |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| TECHNI BETA | CAL 3 <br> （ $1.00=$ | Lowered Market） |  | $\begin{aligned} & \text { Options:- } \\ & \text { Shaded } \end{aligned}$ | x＂Ca tive Pri <br> ea indi |  |  |  |  |  |  |  |  |  |  |  |  |  |  | －320 |
|  | 2－24 PR | JECTIO |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 60 |
|  |  | A | ＇Total |  |  |  |  |  |  |  |  |  |  | ，$\quad 1$ | $14.1{ }^{\text {l }}$ |  |  |  |  | 120 |
|  | Price | n | Return |  |  |  |  |  |  |  |  |  | 曲曲 |  |  |  |  |  |  | 100 |
| High |  | $.70 \%)$ | $16 \%$ |  |  |  |  |  |  | ！ 11.1 |  | ， 1 |  |  |  |  |  |  |  | 80 |
| Insider | Decisi | ons |  |  |  |  |  | $\ldots$ | 兂 |  |  |  |  |  |  |  |  |  |  | 60 |
| to Buy | J A S | O N D | J F M |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| $\begin{aligned} & \text { to o } \mathrm{luy} \\ & \text { Options } \\ & \text { to Sell } \end{aligned}$ | $\begin{array}{lll} 0 & 0 & 0 \\ 0 & 1 & 0 \\ 0 & 1 & 1 \end{array}$ | $\begin{array}{llll}0 & 0 & 3 \\ 0 & 1 & 1 \\ 0 & 1 & 2\end{array}$ | ［rrr |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Institu | tional D | ecision |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | RETURN 4／19 |  |
|  | 202018 | 302018 | 402018 | Percent |  |  |  |  |  |  |  |  |  |  |  |  |  |  | $\begin{array}{cc} \text { STOCK } & \text { INDEX } \\ 14.7 & 5.6 \end{array}$ |  |
| to Buy to Sell | 1160 1155 | $\begin{aligned} & 1158 \\ & 1154 \end{aligned}$ | 1219 1297 | shares |  |  |  |  |  |  |  |  |  |  |  |  |  | 1 yr \％ 3 yr. | $\begin{array}{lr} 14.7 & 5.6 \\ 36.4 & 37.6 \end{array}$ |  |
| （eld | 19282001 | 7913721 | 795396 |  |  |  |  |  |  |  | 1 |  | U1ل111 | Ш11 |  |  |  | 5 yr ． | 59.7 44．9 |  |
| 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | $\bigcirc{ }^{\circ}$ VAL | JE LINE PUB．LLC | 22－24 |
| 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 | 30.64 | 29.90 | 30.65 | Sales | sh A | 38.15 |
| 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 | 7.64 | 8.35 | 9.25 | 10.20 | ＂Cash | low＂per sh | 12.70 |
| 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 | 5.41 | 5.61 | 6.80 | 7.80 | Earning | per sh AB | 11.20 |
| ． 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 | 3.54 | 3.75 | 3.95 | Div＇ds | Decl＇d per sh Cm | 5.05 |
| ． 76 | ． 73 | ． 88 | ． 92 | 1.04 | 1.11 | ． 86 | ． 87 | 1.06 | 1.06 | 1.27 | 1.33 | 1.26 | 1.19 | 1.22 | 1.38 | 1.05 | 1.25 | Cap＇IS | ending per sh | 1.15 |
| 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 | 22.44 | 25.55 | 29.05 | Book | lue per sh D | 43.90 |
| 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 | 2662.3 | 2700.0 | 2700.0 | Comm | Shs Outst＇g E | 2700.0 |
| 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 | 23.9 | 23.7 | Bold fi | ures are | Avg An | ＇I P／E Ratio | 19.0 |
| 1.11 | ． 96 | ． 99 | ． 90 | ． 82 | ． 86 | ． 83 | ． 83 | ． 80 | ． 83 | ． 88 | ． 93 | ． 92 | 1.00 | 1.20 | 1.28 |  | Line | Relativ | P／E Ratio | 1.05 |
| 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\％ | 2．7\％ |  | ates | Avg An | ＇I Div＇d Yield | 2．4\％ |
| CAPITAL STRUCTURE as of $3 / 31 / 19$ Total Debt $\$ 29,368$ mill．Due in 5 Yrs $\$ 10,925$ mil． LT Debt $\$ 27,660$ mill．LT Interest $\$ 1.036$ mill． （32\％of Capital） |  |  |  |  |  | 61897 | 61587 | 65030 | 67224 | 71312 | 74331 | 70074 | 71890 | 76450 | 81581 | 80675 | 82750 | Sales | mill）A | 103000 |
|  |  |  |  |  |  | 31．6\％ | 31．4\％ | 32．3\％ | 35．7\％ | 33．3\％ | 33．7\％ | 31．1\％ | 34．6\％ | 31．7\％ | 33．1\％ | 35．0\％ | 35．5\％ | Operati | $g$ Margin | 37．5\％ |
|  |  |  |  |  |  | 2774.0 | 2939.0 | 3158.0 | 3666.0 | 4104.0 | 3895.0 | 3746.0 | 3754.0 | 5642.0 | 6290.0 | 6800 | 6500 | Deprec | ation（\＄mill） | 6500 |
|  |  |  |  |  |  | 12906 | 13279 | 13867 | 14345 | 15876 | 16323 | 15409 | 16540 | 14856 | 15297 | 18230 | 21060 | Net Pro | it（\＄mill） | 28350 |
| Leases，Uncapitalized Annual rentals \＄223 mill． |  |  |  |  |  | 22．0\％ | 21．1\％ | 20．1\％ | 23．1\％ | 17．2\％ | 20．6\％ | 19．7\％ | 16．5\％ | 15．9\％ | 15．0\％ | 16．0\％ | 16．0\％ | Income | Tax Rate | 20．0\％ |
|  |  |  |  |  |  | 20．9\％ | 21．6\％ | 21．3\％ | 21．3\％ | 22．3\％ | 22．0\％ | 22．0\％ | 23．0\％ | 19．4\％ | 18．8\％ | 22．6\％ | 25．5\％ | Net Pro | it Margin | 27．5\％ |
| Pension Assets－12／18 \＄26．8 bill．Oblig．$\$ 31.7$ bill． |  |  |  |  |  | 17810 | 24235 | 31505 | 21854 | 30732 | 34226 | 32463 | 38745 | 12551 | 14803 | 14000 | 15000 | Working Cap＇l（\＄mill） |  | 19000 |
|  |  |  |  |  |  | 8223.0 | 9156.0 | 12969 | 11489 | 13328 | 15122 | 12857 | 22442 | 30675 | 27684 | 29000 | 28500 | Long－Term Debt（\＄mill） |  | 35000 |
| Preferred Stock None |  |  |  |  |  | 50588 | 56579 | 57080 | 64826 | 74053 | 69752 | 71150 | 70418 | 60160 | 59752 | 69000 | 78500 | Shr．Equity（\＄mill） |  | 118500 |
| Common Stock 2，655，055，987 shares as of $4 / 25 / 19$ <br> MARKET CAP：$\$ 372$ billion（Large Cap） |  |  |  |  |  | 22．3\％ | 20．6\％ | 20．2\％ | 19．1\％ | 18．4\％ | 19．5\％ | 18．6\％ | 18．2\％ | 16．9\％ | 18．1\％ | 19．0\％ | 20．0\％ | Return on Total Cap＇ Return on Shr．Equity |  | 19．0\％ |
|  |  |  |  |  |  | 25．5\％ | 23．5\％ | 24．3\％ | 22．1\％ | 21．4\％ | 23．4\％ | 21．7\％ | 23．5\％ | 24．7\％ | 25．6\％ | 26．5\％ | 26．8\％ |  |  | 24．0\％ |
|  |  |  |  |  |  | 15．0\％ | 13．2\％ | 13．5\％ | 11．9\％ | 11．6\％ | 12．3\％ | 10．2\％ | 11．2\％ | 9．8\％ | 9．7\％ | 12．0\％ | $\begin{array}{r} 13.0 \% \\ 51 \% \\ \hline \end{array}$ | Retained to Com Eq All Div＇ds to Net Prof |  | 12．5\％ |
| CURRENT POSITION （\＄MILL．） |  |  | 2017 | 2018 3／31 |  | 41\％ | 44\％ | 44\％ | 46\％ | 46\％ | 48\％ | 53\％ | 52\％ | 60\％ | 62\％ | 55\％ |  |  |  | 48\％ |


| ILL．） |  |  |  |
| :---: | :---: | :---: | :---: |
| Cash Assets | 18296 | 19687 | 715336 |
| Receivables | 13490 | 14098 | 8 14115 |
| Inventory（FIFO） | 8765 | 8599 | 99086 |
| Other | 2537 | 3649 | 93450 |
| Current Assets | 43088 | 46033 | 41987 |
| Accts Payable | 7310 | 7537 | 76923 |
| Debt Due | 3906 | 2796 | 6 1708 |
| Other | 19321 | 20897 | 20480 |
| Current Liab． | 30537 | 31230 | 29111 |
| ANNUAL RATES | Past | ${ }^{\text {Past Est }}$ | Est＇d＇16－＇ |
| of change（per sh） | 10 Yrs． | 5 Yrs． | to＇22．＇24 |
| Sales | 3．0\％ | 3．0\％ | 5．0\％ |
| ＂Cash Flow＂ | 4．0\％ | 3．5\％ | 8．5\％ |
| Earnings | 3．0\％ | 1．5\％ | 12．0\％ |
| Dividends | 7．5\％ | 6．5\％ | 7．0\％ |
| Book Value | 5．0\％ | －－ | 11．0\％ |


| Cal－ <br> endar | QUARTERLY SALES（\＄mill．）A <br> Mar．Per Jun．Per Sep．Per Dec．Per | Full <br> Year |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
| 2016 | 17482 | 18482 | 17820 | 18106 | 71890 |
| 2017 | 17766 | 18839 | 19650 | 20195 | 76450 |
| 2018 | 20009 | 20831 | 20348 | 20393 | 81581 |
| 2019 | 20021 | 20329 | 20125 | 20200 | 80675 |
| 2020 | 20500 | 21000 | 20600 | 20650 | 82750 |
| Cal－ | EARNINGS PER SHARE AB |  |  |  | Full |
| endar | Mar．Per Jun．Per Sep．Per Dec．Per | Year |  |  |  |
| 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 | 1.44 | 1.12 | 5.61 |
| 2019 | 1.39 | 1.71 | 1.75 | 1.95 | 6.80 |
| 2020 | 1.90 | 1.90 | 1.85 | 2.15 | 7.80 |
| Cal－ | QUARTERLY DIVIDENDS PAID C． | Full |  |  |  |
| endar | Mar．31 | Jun．30 | Sep．30 | Dec． 31 | Year |
| 2015 | .70 | .75 | .75 | .75 | 2.95 |
| 2016 | .75 | .80 | .80 | .80 | 3.15 |
| 2017 | .80 | .84 | .84 | .84 | 3.32 |
| 2018 | .84 | .90 | .90 | .90 | 3.54 |
| 2019 |  | .05 |  |  |  |

> BUSINESS：Johnson \＆Johnson is engaged in the research \＆de－
velopment，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 （antiinfective，antipsychotic，contraceptive，dermatology，gastroin－ testinal，etc．），and Medical Devices \＆Diagnostics（electrophysiol－
> ogy，circulatory disease management，orthopedic joint reconstruc－ tion，etc．）．Employs about 135，100．Officers \＆directors less than 1．0\％of common stock；Vanguard Group，8．25\％；BlackRock，6．9\％ State Street，5．7\％．（3／19 Proxy）．Chairman \＆CEO：Alex Gorsky． Inc．：NJ．Address：One Johnson \＆Johnson Plaza，New Brunswick， NJ 08933．Telephone：732－524－0400．Internet：www．jnj．com．

J ohnson \＆J ohnson posted a solid op－ erational performance in the first quarter．Although the company＇s sales were flat and net income declined，after eliminating the effects of a strong U．S．dol－ Iar and adjusting for divestitures and ac－ quisitions，the top line rose a healthy $5.5 \%$ ，on a year－over－year basis．Most of the success can be attributed to improve－ ment in international operations as constant－dollar sales climbed 8\％，much higher than the $3 \%$ gain from domestic businesses．
We are lowering our share－earnings estimate for 2019，by $\$ 0.20$ ．In the March interim，J\＆J raised spending for R\＆D and also had to absorb extra costs due to talc－related litigation．On a GAAP basis，the company＇s share earnings may now reach only $\$ 6.80$ in 2019．With more than half of total revenues being derived from the sale of pharmaceuticals，profit comparisons should start appearing more favorable．（Our assumption is that un－ usual charges will be manageable．）Lead－ ing the way in this sector should be STELARA（inflammatory diseases），IM－ BRUVICA（B－cell malignancies），TREM－

FYA（psoriasis），DARZALEX（myeloma）， and INVEGA（antipsychotic）．Offsetting some of the progress made here will proba－ bly come from decreased demand for REMICADE and ZYTIGA（prostate can－ cer），which are being hurt by competition from new generic drugs and biosimilars．
Talc－related litigation ought to remain an overhang．Management has forcefully denied a news artide claiming that asbestos was included in its talc prod－ ucts．In one case last year，a jury granted plaintiffs $\$ 4.7$ billion in compensation．The company has dealt with an assortment of Iawsuits in the past and has a relatively good record of getting these type of awards reduced or vacated．In any case，investors should expect the stock to be vulnerable to negative headlines going forward．
These shares offer attractive long－ term total return potential，on a risk－ adjusted basis．J NJ may have lost some of its previous luster，but it still is one of only two companies in the corporate uni－ verse that garner a AAA bond rating．The recent $5.5 \%$ dividend hike should also ap－ peal to income－oriented accounts． J ames A．Flood

[^0]d\＄1．24；＇13，d71c；4th qtr．＇17，d\＄5．73（due to tax reform．）．GAAP as of 2015．Next earnings report due late July．（C）Dividends historically
－Dividend reinvestment plan available．
（D）Includes intangibles．On $3 / 31 / 19$ ：$\$ 78.3$ bil－
lion，\＄29．49 a share．（E）In millions．


[^0]:    （A）Years end on the last Sunday in December （B）Diluted earnings．Excludes nonrecurring： 03，d30¢；＇04，d26c；＇05，d4¢；＇06，d3¢；＇07， d52¢；＇09，d234；＇10，2c；＇＇11，d\＄1．51；＇12，

