

| (\$MILL.) |  |  |  |
| :--- | ---: | ---: | ---: |
| Cash Assets | 18296 | 19687 | 17945 |
| Receivables | 13490 | 14098 | 14801 |
| Inventory (FIFO) | 8765 | 8599 | 9173 |
| Other | 2537 | 3649 | 2414 |
| Current Assets | $\underline{43088}$ | 46033 | 44333 |
| Accts Payable | 7310 | 7537 | 7491 |
| Debt Due | 3906 | 2796 | 2299 |
| Other | $\underline{19321}$ | $\underline{20897}$ | $\frac{25372}{}$ |
| Current Liab. | 30537 | $\underline{31230}$ | $\mathbf{3 5 1 6 2}$ |


| ANNUAL RATES | Past | Past | Est'd '16-'18 |
| :--- | ---: | :---: | :---: |
| of change (per sh) | 10 Yrs. | 5 Yrs. | to '22.24 |
| Sales | $3.0 \%$ | $3.0 \%$ | $5.5 \%$ |
| "Cash Flow" | $4.0 \%$ | $3.5 \%$ | $10.0 \%$ |
| Earnings | $3.0 \%$ | $1.5 \%$ | $12.0 \%$ |
| Dividends | $7.5 \%$ | $6.5 \%$ | $7.0 \%$ |
| Book Value | $5.0 \%$ | -- | $10.0 \%$ |


| 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 | 20562 | 20729 | 20788 | 82100 |
| 2020 | 20750 | 21500 | 21000 | 21750 | 85000 |
| 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 | 1.37 | 1.03 | 5.41 |
| 2018 | 1.60 | 1.45 | 1.44 | 1.12 | 5.61 |
| 2019 | 1.39 | 2.08 | 1.81 | 1.57 | 6.85 |
| 2020 | 1.75 | 2.25 | 1.95 | 1.75 | 7.70 |
| 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 | 90 | 95 | 95 |  |  |

> BUSINESS: Johnson \& Johnson is engaged in the research \& de- ogy, circulatory disease management, orthopedic joint reconstrucvelopment, 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, gastrointestinal, 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 continued to exceed expectations with its third quarter results. Earnings tallied $\$ 1.81$ a share, a near-26\% advance over the yearearlier tally as well as our estimate, despite a 300-basis-point uptick in the tax rate. The top line increased 1.9\% despite a significant currency translation headwind, almost double the rate we, and most on Wall Street, were anticipating. N onetheless, the bottom-line beat was predominantly driven by better cost management, as operating expenses were down considerably from the prior-year level, giving way to a nice margin improvement.
Management raised guidance for the full year. It now looks for adjusted EPS growth of between $5.4 \%$ and $6.0 \%$, up from its earlier $4.3 \%-5.5 \%$ assumption. We use the GAAP number, but the upward revision was a positive, nonetheless. The topline growth forecast now stands at 0.2\%$0.7 \%$, up from the earlier call for sales to be flat to down 1\%. We have pared our fourth-quarter share-earnings forecast a bit, but still look for healthy year-overyear growth, with further margin improvement and stock repurchases picking up the
slack for a sluggish top line. Adding it all up, we expect share earnings to increase $40 \%$, to $\$ 1.57$ in the December period. F or similar reasons, we are calling for a $12 \%$ EPS gain for all of 2020.
The legal front remains a concern. The company recently released a statement claiming that 15 new tests conducted by a third-party laboratory on the same bottle of baby powder being questioned by the U.S. Food and Drug Administration regarding asbestos revealed no such contaminants. However, there is still much uncertainty surrounding the matter. J NJ will probably continue to deal with questions about its knowledge of the addictiveness of opioids. Regardless, legal costs will likely be hefty for the foreseeable future.
The shares gained some following the release of the company's latest talc findings, but continue to trade off their year-to-date high. The stock holds above-average 3- to 5-year price recovery potential, but prospects are speculative, due to the legal overhangs. That said, the company's size and finances will help it weather the storm, in our view.
Andre J. Costanza N ovember 15, 2019
(A) Years end on the last Sunday in December (B) Diluted earnings. Excludes nonrecurring: 03, d30¢; '04, d26c; '05, d4¢; '06, d3c; '07 d52¢; '09, d23¢; '10, 2¢; '11, d\$1.51; '12,
d\$1.24; '13, d714; 4th qtr.'17, d\$5.73 (due to tax reform.). GAAP as of 2015. Next earnings report due late Jan. (C) Dividends historically

- Dividend reinvestment plan available
(D) Includes intangibles. On 3/31/19: $\$ 78.3$ billion, $\$ 29.49$ a share. (E) In millions.

