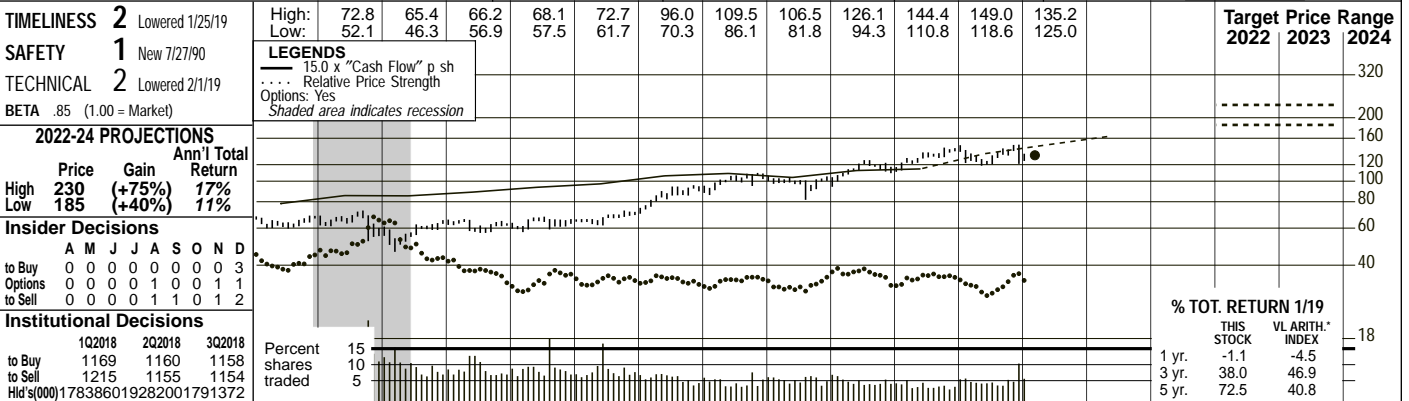


# JOHNSON & JOHNSON NYSE:JNJ

RECENT PRICE **132.88** P/E RATIO **21.5** (Trailing: 23.7; Median: 15.0) RELATIVE P/E RATIO **1.27** DIV'D YLD **2.8%** VALUE LINE



| 2003   | 2004   | 2005   | 2006   | 2007   | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   | 2018   | 2019   | 2020   | © VALUE 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  | 30.40  | 31.65  | 30.65  | Sales per sh <sup>A</sup>        | 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   | 8.32   | 8.20   | 9.95   | 9.95   | "Cash Flow" 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   | 6.20   | 5.61   | 7.00   | 7.80   | Earnings per sh <sup>A,B</sup>   | 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's Decl'd per sh <sup>C</sup> | 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   | 1.20   | 1.25   | 1.23   | Cap'l Spending per sh            | 1.15   |
| 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  | 25.05  | 28.90  | 29.20  | 29.20  | Book Value per sh <sup>D</sup>   | 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 | 2682.0 | 2700.0 | 2700.0 | Common Shs Outst'g <sup>E</sup>  | 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   | 20.9   | 23.7   | 20.0   | 23.7   | Avg Ann'l P/E Ratio              | 18.5   |
| 1.11   | .96    | .99    | .90    | .82    | .86    | .83    | .83    | .80    | .83    | .88    | .93    | .92    | 1.00   | 1.02   | 1.28   | 1.00   | 1.02   | Relative P/E Ratio               | 1.00   |
| 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%   | 2.6%   | 2.7%   | Avg Ann'l Div'd Yield            | 2.7%   |

| CAPITAL STRUCTURE as of 9/30/18                                   |  |  |  | 2003   | 2004   | 2005   | 2006   | 2007   | 2008   | 2009   | 2010   | 2011   | 2012  | 2013  | 2014  | 2015                        | 2016   | 2017 | 2018 | 2019 | 2020 | © VALUE LINE PUB. LLC | 22-24 |
|---|--|--|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------|-------|-----------------------------|--------|------|------|------|------|-----------------------|-------|
| Total Debt \$31,253 mill. Due in 5 Yrs \$8,227 mill.              |  |  |  | 61897  | 61587  | 65030  | 67224  | 71312  | 74331  | 70074  | 71890  | 76450  | 81581 | 80800 | 82800 | Sales (\$mill) <sup>A</sup> | 103000 |      |      |      |      |                       |       |
| LT Debt \$29,480 mill. LT Interest \$925.0 mill. (31% of Capital) |  |  |  | 31.6%  | 31.4%  | 32.3%  | 35.7%  | 33.3%  | 33.7%  | 31.1%  | 34.6%  | 32.0%  | 31.0% | 35.0% | 35.5% | Operating Margin            | 37.5%  |      |      |      |      |                       |       |
| Leases, Uncapitalized Annual rentals \$372 mill.                  |  |  |  | 2774.0 | 2939.0 | 3158.0 | 3666.0 | 4104.0 | 3895.0 | 3746.0 | 3754.0 | 5642.0 | 6900  | 6200  | 5800  | Depreciation (\$mill)       | 6500   |      |      |      |      |                       |       |
| Pension Assets-12/17 \$28.4 bill. Oblig. \$33.2 bill.             |  |  |  | 12906  | 13279  | 13867  | 14345  | 15876  | 16323  | 15409  | 16540  | 16680  | 15045 | 18900 | 21060 | Net Profit (\$mill)         | 28350  |      |      |      |      |                       |       |
| Preferred Stock None  |  |  |  | 22.0%  | 21.1%  | 20.1%  | 23.1%  | 17.2%  | 20.6%  | 19.7%  | 16.5%  | NMF    | 20.0% | 20.0% | 20.0% | Income Tax Rate             | 20.0%  |      |      |      |      |                       |       |
| Common Stock 2,681,977,969 shares as of 10/26/18                  |  |  |  | 20.9%  | 21.6%  | 21.3%  | 21.3%  | 22.3%  | 22.0%  | 22.0%  | 23.0%  | 21.8%  | 18.4% | 23.4  | 25.4% | Net Profit Margin           | 27.5%  |      |      |      |      |                       |       |
| MARKET CAP: \$356 billion (Large Cap)                             |  |  |  | 17810  | 24235  | 31505  | 21854  | 30732  | 34226  | 32463  | 38745  | 12551  | 20000 | 22000 | 21000 | Working Cap'l (\$mill)      | 30000  |      |      |      |      |                       |       |
| CURRENT POSITION  |  |  |  | 8223.0 | 9156.0 | 12969  | 11489  | 13328  | 15122  | 12857  | 22442  | 30675  | 29500 | 30000 | 30000 | Long-Term Debt (\$mill)     | 35000  |      |      |      |      |                       |       |
| Cash Assets   |  |  |  | 50588  | 56579  | 57080  | 64826  | 74053  | 69752  | 71150  | 70418  | 60160  | 67200 | 78000 | 78900 | Shr. Equity (\$mill)        | 118500 |      |      |      |      |                       |       |
| Receivables   |  |  |  | 22.3%  | 20.6%  | 20.2%  | 19.1%  | 18.4%  | 19.5%  | 18.6%  | 18.2%  | 16.9%  | 16.0% | 18.0% | 20.5% | Return on Total Cap'l       | 19.0%  |      |      |      |      |                       |       |
| Inventory (FIFO)  |  |  |  | 25.5%  | 23.5%  | 24.3%  | 22.1%  | 21.4%  | 23.4%  | 21.7%  | 23.5%  | 24.7%  | 22.5% | 24.0% | 26.5% | Return on Shr. Equity       | 24.0%  |      |      |      |      |                       |       |
| Other   |  |  |  | 15.0%  | 13.2%  | 13.5%  | 11.9%  | 11.6%  | 12.3%  | 10.2%  | 11.2%  | 9.8%   | 8.5%  | 14.5% | 13.0% | Retained to Com Eq          | 12.5%  |      |      |      |      |                       |       |
| Current Assets  |  |  |  | 41%    | 44%    | 44%    | 46%    | 46%    | 48%    | 53%    | 52%    | 52%    | 63%   | 47%   | 51%   | All Div'ds to Net Prof      | 48%    |      |      |      |      |                       |       |

**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's stock sold off sharply following a negative news report regarding its talc products.** In mid-December, Reuters news service published an article claiming that J&J executives were aware of the presence of asbestos in its talc products since the 1970s. The company is facing thousands of lawsuits that allege that the talc has caused ovarian cancer. Of the more than 10 cases brought so far, the plaintiffs have won three, most notably a \$4.7 billion verdict last July brought by multiple plaintiffs. J&J has filed appeals on the losses and vehemently denies that there was asbestos in the talc. Investors should be aware that this controversy will remain an overhang on the company for possibly years to come, as jury verdicts are hard to predict. It should be noted that the stock price has since recovered, and J&J has done well getting jury awards lowered on appeal. **Meanwhile, the company's operational performance in the fourth quarter was decent.** Total sales rose only 1%, but on an apple-to-apples basis, the top line increased by 5.3%. However, much of this was offset the negative im-

| Cal-endar | QUARTERLY SALES (\$ mill.) <sup>A</sup> |         |         |         | Full Year |
|-----------|---|---------|---------|---------|-----------|
|           | Mar.Per                                 | Jun.Per | Sep.Per | Dec.Per |           |
| 2016      | 17482                                   | 18482   | 17820   | 18106   | 71890     |
| 2017      | 17766                                   | 18839   | 19650   | 20195   | 76450     |
| 2018      | 20009                                   | 20831   | 20348   | 20393   | 81581     |
| 2019      | 20000                                   | 20500   | 20100   | 20200   | 80800     |
| 2020      | 20500                                   | 21000   | 20600   | 20700   | 82800     |

| Cal-endar | EARNINGS PER SHARE <sup>AB</sup> |         |         |         | Full Year |
|-----------|----------------------------------|---------|---------|---------|-----------|
|           | Mar.Per                          | Jun.Per | Sep.Per | Dec.Per |           |
| 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      | 1.70                             | 1.70    | 1.65    | 1.95    | 7.00      |
| 2020      | 1.90                             | 1.90    | 1.85    | 2.15    | 7.80      |

| Cal-endar | QUARTERLY DIVIDENDS PAID <sup>C</sup> |        |        |        | Full Year |
|-----------|---------------------------------------|--------|--------|--------|-----------|
|           | Mar.31                                | Jun.30 | Sep.30 | Dec.31 |           |
| 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      |

(A) Years end on the last Sunday in December. (B) Diluted earnings. Excludes nonrecurring: '03, d30c; '04, d26c; '05, d4c; '06, d3c; '07, d52c; '09, d23c; '10, 2c; '11, d\$1.51; '12, d\$1.24; '13, d71c; 4th qtr. '17, d\$5.73 (due to tax reform.). GAAP as of 2015. Next earnings report due late April. (C) Dividends historically paid: March, June, September, and December. (D) Dividend reinvestment plan available. (E) Includes intangibles. On 12/31/18: \$ billion, \$29.57 a share. (E) In millions.