

# 2nd Quarter 2020 Results



## 2nd Quarter 2020 Sales

Worldwide Decreased ▼  
**\$18.3B** (10.8)% | Excluding acquisitions/divestitures on an operational basis | Worldwide Decreased ▼  
**(8.8)%\***

## Diluted Earnings Per Share

## Adjusted Diluted Earnings Per Share\*

Decreased ▼  
**\$1.36** (34.6)% | Decreased ▼  
**\$1.67** (35.3)%



“Our second quarter results reflect the impact of COVID-19 and the enduring strength of our Pharmaceutical business, where we saw continued growth even in this environment. Thanks to the tireless work of our colleagues around the world and our broad range of capabilities, we continue to successfully navigate the external landscape, and we remain focused on advancing the development of a vaccine to help address this pandemic and save lives. We are bringing together our best minds, our global footprint and our sophisticated supply chain technology to deliver on our commitment to provide the vaccine on a not-for-profit basis for emergency pandemic use, globally. We know the need is urgent, and every day we commit to doing our part to find a solution for the global good.”

**Alex Gorsky**  
 Chairman and  
 Chief Executive Officer  
 Johnson & Johnson

**\$3.3  
 Billion**



## Worldwide Consumer Health Sales

Consumer Health worldwide reported sales decreased (7.0)% or (3.6)% operationally<sup>1</sup>. Primary offsets to decline:

**TYLENOL**

**LISTERINE**

**ZARBEES**  
 NATURALS

**Pepcid**

**OGX**  
 beauty pure and simple

**\$10.8  
 Billion**



## Worldwide Pharmaceutical Sales

Pharmaceutical worldwide reported sales increased 2.1% or 3.9% operationally<sup>1</sup>. Primary operational drivers:

**Stelara**  
(ustekinumab)

**DARZALEX**  
(daratumumab)

**imbruvica**  
(ibrutinib) 140mg capsules

**Tremfya**  
(guselkumab)

**Erleada**  
(apalutamide) capsules

**Upravi**  
selexipag tablets (on hold)

**INVEGA SUSTENNA**  
paliperone palmitate 30mg, 70mg, 90mg, 150mg, 234mg

**Symtuza**  
darunavir/cobicistat/emtricitabine/tenofovir alafenamide tablets 800mg/150mg/200mg/10mg

**Opsumit**  
macitentan

**Juluca**  
dolutegravir 50 mg/ rilpivirine 25 mg tablets

**\$4.3  
 Billion**



## Worldwide Medical Devices Sales

Medical Devices worldwide reported sales decreased (33.9)% or (32.7)% operationally<sup>1</sup>. Primary operational drivers:



Surgical Vision



Knees



Hips



Spine



Contact Lens



Wound Closure



Endocutters



Electrophysiology

Note: values may have been rounded

For full financial data and non-GAAP reconciliations, please refer to Johnson & Johnson's earnings release issued on July 16, 2020, available at <http://www.investor.jnj.com/sales-earnings.cfm>.

\*Non-GAAP financial measure; non-GAAP financial measures should not be considered replacements for, and should be read together with, the most comparable GAAP financial measures.

<sup>1</sup>Non-GAAP measure; excludes the impact of translational currency.

Caution Concerning Forward-Looking Statements: This document contains “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995 regarding future operating and financial performance. You are cautioned not to rely on these forward-looking statements, which are based on current expectations of future events. For important information about the risks and uncertainties that could cause actual results to vary materially from the assumptions, expectations, and projections expressed in any forward-looking statements, review the “Note to Investors Concerning Forward-Looking Statements” included in the Johnson & Johnson earnings release issued on July 16, 2020, as well as the most recently filed Johnson & Johnson Reports on Forms 10-K and 10-Q. Johnson & Johnson does not undertake to update any forward-looking statement as a result of new information or future events or developments.

# 2<sup>nd</sup> Quarter 2020 Earnings Call

July 16, 2020

*Johnson & Johnson*

# Cautionary Note on Forward-looking Statements

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# Cautionary Note on Non-GAAP Financial Measures

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A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in the accompanying financial schedules of the earnings release and the Investor Relations section of the Company’s website at [www.investor.jnj.com](http://www.investor.jnj.com).

# Strategic Partnerships, Collaborations & Licensing Arrangements

During the course of this morning's presentation, we will discuss a number of products and compounds developed in collaboration with strategic partners or licensed from other companies. The following is an acknowledgement of those relationships:

<b>Immunology</b>	REMICADE and SIMPONI/ SIMPONI ARIA marketing partners are Schering-Plough (Ireland) Company, a subsidiary of Merck & Co., Inc. and Mitsubishi Tanabe Pharma Corporation, and TREMFYA discovered using MorphoSys AG antibody technology
<b>Neuroscience</b>	INVEGA SUSTENNA/ XEPLION/ INVEGA TRINZA/ TREVICTA includes technology licensed from Alkermes Pharma Ireland Limited, RISPERDAL CONSTA developed in collaboration with Alkermes, Inc
<b>Infectious Diseases</b>	PREZCOBIX/ REZOLSTA fixed-dose combination, SYMTUZA and ODEFSEY developed in collaboration with Gilead Sciences, Inc., and JULUCA developed in collaboration with ViiV Healthcare UK
<b>Cardiovascular/ Metabolism/Other</b>	INVOKANA/ INVOKAMET/ VOKANAMET/ INVOKAMET XR fixed-dose combination licensed from Mitsubishi Tanabe Pharma Corporation, XARELTO co-developed with Bayer HealthCare AG, PROCRIT/ EPREX licensed from Amgen Inc., and X-Linked Retinitis Pigmentosa: AAV-RPGR licensed from MeiraGTx
<b>Oncology</b>	IMBRUVICA developed in collaboration and co-marketed in the U.S. with Pharmacyclics, LLC, an AbbVie company, ZYTIGA licensed from BTG International Ltd., VELCADE developed in collaboration with Millennium: The Takeda Oncology Company, DARZALEX licensed from Genmab A/S, BALVERSA discovered in collaboration with Astex Pharmaceuticals, Inc., and cusatuzumab licensed and developing in collaboration argenx BVBA and argenx SE, ERLEADA is licensed from Regents of California and Memorial Sloan Kettering, BCMA CAR-T licensed and developed in collaboration with Legend Biotech USA Inc., Legend Biotech Ireland Limited ("Legend"), subsidiaries of GenScript Biotech Corporation, niraparib licensed from TESARO, Inc., an oncology-focused business within GSK, and DuoBody platform licensed from Genmab relates to several bispecific antibody programs; ENHANZE platform licensed from Halozyme Therapeutics, Inc.
<b>Pulmonary Hypertension</b>	UPTRAVI license and supply agreement with Nippon Shinyaku (co-promotion in Japan), and OPSUMIT co-promotion agreement with Nippon Shinyaku in Japan
<b>Global Public Health</b>	Janssen's Monovalent Ebola Vaccine is developed in collaboration with Bavarian Nordic A/S, and MVA-BN-Filo® is licensed-in from Bavarian Nordic A/S. The program has benefited from funding and preclinical services from the National Institute of Allergy and Infectious Diseases (NIAID), part of NIH, NIAID support included 2 product development contracts starting in 2008 and 8 pre-clinical services contracts. This program is also receiving funding from the IMI2 Joint Undertaking under EBOVAC1 (grant nr. 115854), EBOVAC2 (grant nr. 115861), EBOVAC3 (grant nr. 800176), EBOMAN (grant nr. 115850) and EBODAC (grant nr. 115847). The IMI2 Joint Undertaking receives support from the European Union's Horizon 2020 research and innovation program and the European Federation of Pharmaceutical Industries and Associations (EFPIA). Further funding for the Ebola vaccine regimen has been provided by the BARDA, within the U.S. Department of Health and Human Services' Office of the Assistant Secretary for Preparedness and Response, under Contract Numbers HHSO100201700013C and HHSO100201500008C.. The initial work on Ebola was conducted which was extended from 2002 until 2011. 2002 and 2007 via a Cooperative Research and Development Agreement (CRADA is AI-0114) between Janssen/Crucell and the Vaccine Research Center (VRC)/NIAID, part of the NIH. Janssen/Crucell have licenses to much of VRC's Ebola IP specific for human adenovirus under the Ad26/Ad35 Ebola vaccine CRADA invention. VAC69120 (Filovirus multivalent vaccine) developed in collaboration with Bavarian Nordic; funding: NIH Division of Microbiology and Infectious Diseases (DMID), under Contract Number HHSN272200800056C

# Agenda

- ① Sales Performance and Earnings Review
- ② COVID-19 Vaccine Update
- ③ Capital Allocation and Guidance
- ④ Q&A



**Alex Gorsky**

Chairman and  
Chief Executive Officer



**Paul Stoffels, M.D.**

Vice Chairman of the  
Executive Committee &  
Chief Scientific Officer



**Joaquin Duato**

Vice Chairman of the  
Executive Committee



**Joseph J. Wolk**

Executive Vice President,  
Chief Financial Officer



**Chris DeLorefice**

Vice President,  
Investor Relations

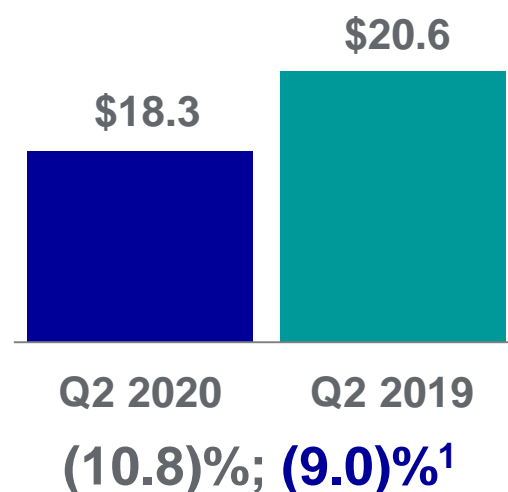
# 2<sup>nd</sup> Quarter 2020 Sales

Dollars in Billions Regional Sales Results	Q2 2020	Q2 2019	% CHANGE	
			Reported	Operational <sup>1</sup>
<b>U.S.</b>	<b>\$9.5</b>	<b>\$10.4</b>	<b>(8.3)%</b>	<b>(8.3)%</b>
Europe	4.1	4.7	(14.2)	(11.5)
Western Hemisphere (ex U.S.)	1.1	1.5	(22.1)	(8.9)
Asia-Pacific, Africa	3.6	4.0	(9.3)	(7.7)
<b>International</b>	<b>8.8</b>	<b>10.2</b>	<b>(13.4)</b>	<b>(9.6)</b>
<b>Worldwide (WW)</b>	<b>\$18.3</b>	<b>\$20.6</b>	<b>(10.8)%</b>	<b>(9.0)%</b>

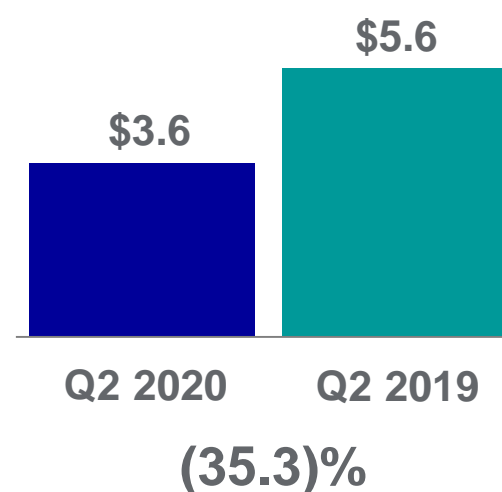
# 2<sup>nd</sup> Quarter 2020 Financial Highlights

Dollars in Billions, except EPS  
Reported %; Operational %<sup>1</sup>

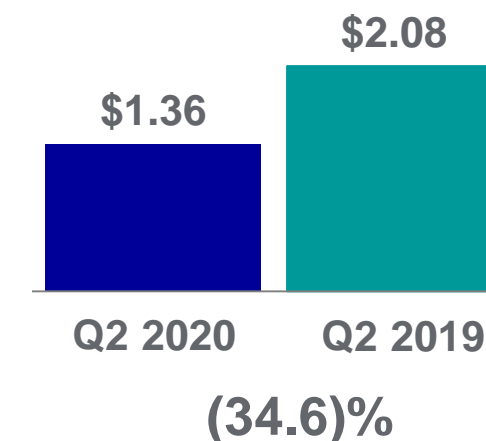
## Sales



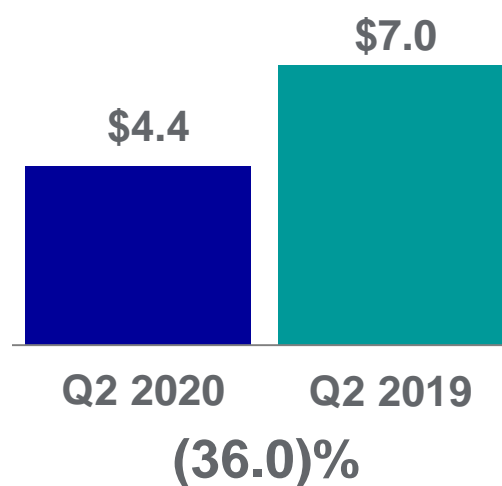
## GAAP Earnings



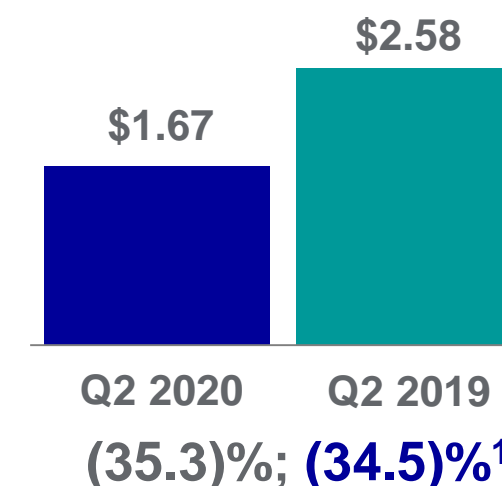
## GAAP EPS



## Adjusted Earnings<sup>2</sup>



## Adjusted EPS<sup>2</sup>



<sup>1</sup> Non-GAAP measure; excludes the impact of translational currency; see reconciliation schedules in the Investors section of the [company's website](#)

<sup>2</sup> Non-GAAP measure; excludes intangible amortization expense and special items; see reconciliation schedules in the Investors section of the [company's website](#)

# Consumer Health Highlights – 2<sup>nd</sup> Quarter 2020

*OTC and Oral Care strength offset by COVID-19 impact*

Reported: WW (7.0)%, U.S. 1.3%, Int'l (13.4)%

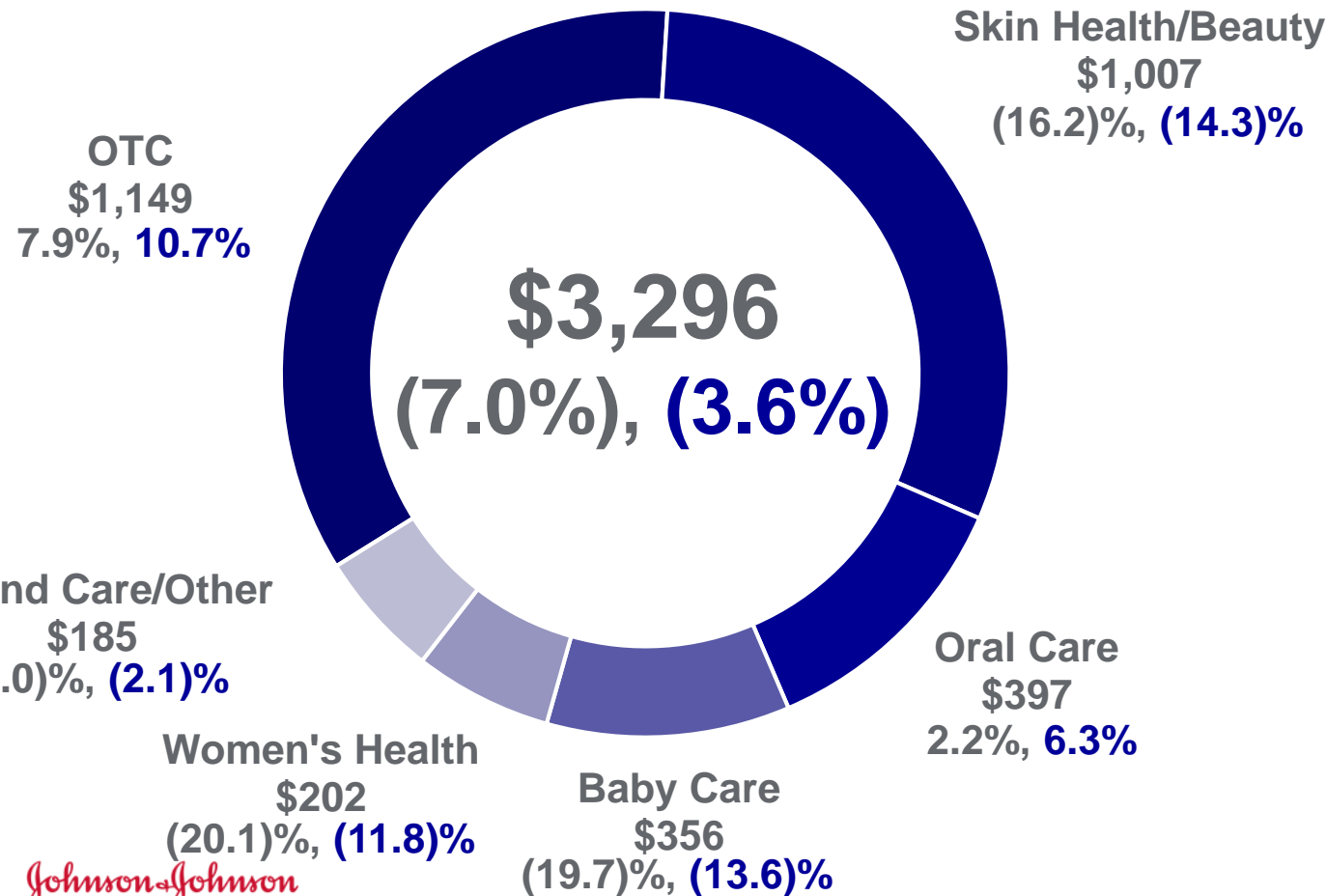
Operational<sup>1</sup>: WW (3.6)%, U.S. 1.3%, Int'l (7.4)%

## Key Drivers of Operational Performance<sup>1</sup>

OTC	<ul style="list-style-type: none"> <li>Increase primarily due to market and share growth driven by COVID-19 demand primarily in Pain. PEPCID growth due to competitive withdrawal as well as ZARBEE's NATURAL's strength in the U.S. partially offset by COVID-19 consumption declines in China in Pain and Cough &amp; Cold</li> </ul>
Skin Health/Beauty	<ul style="list-style-type: none"> <li>Decline primarily driven by COVID-19 impacts in the U.S. and APAC. NEUTROGENA market and consumption declines primarily across Sun Care, Facial Care, and Makeup in the U.S.</li> </ul>
Oral Care	<ul style="list-style-type: none"> <li>Increase primarily due to market and share growth for LISTERINE mouthwash due to increased demand related to COVID-19 primarily in the U.S.; promotional activity and new product launched in APAC</li> </ul>
Baby Care	<ul style="list-style-type: none"> <li>Decline due to Baby Center divestiture, SKU rationalization and COVID-19 related impacts in APAC along with prior year relaunch activities in EMEA partially offset by strength in AVEENO baby</li> </ul>
Women's Health	<ul style="list-style-type: none"> <li>Decline due to COVID-19 impacts driven by lockdowns and destocking</li> </ul>
Wound Care/Other	<ul style="list-style-type: none"> <li>Decline due to COVID-19 impacts in adhesive bandages in Japan and reduced market demand in tapes and wraps in the U.S.</li> </ul>

## WW Sales \$MM

■ Reported Growth ■ Operational Growth<sup>1</sup>



Adjusted Operational Sales<sup>2</sup>: WW (3.4)%, U.S. 2.0%, Int'l (7.5)%



<sup>1</sup> Non-GAAP measure; excludes the impact of translational currency; see reconciliation schedules in the Investors section of the [company's website](#)  
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# Pharmaceutical Highlights – 2<sup>nd</sup> Quarter 2020

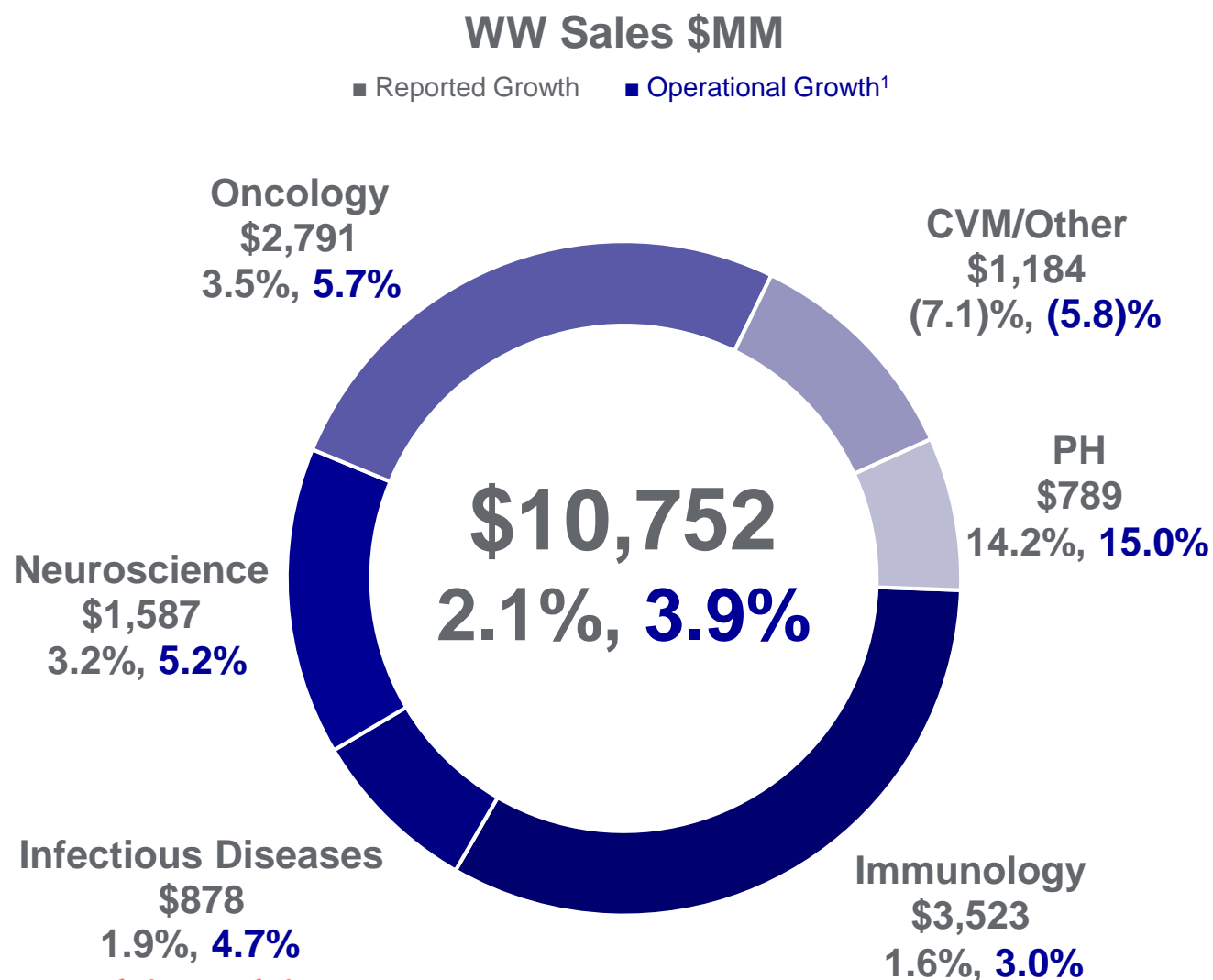
*Growth across most therapeutic areas despite COVID-19 impacts*

**Reported:** WW 2.1%, U.S. 5.8%, Int'l (2.4)%

**Operational<sup>1</sup>:** WW 3.9%, U.S. 5.8%, Int'l 1.4%

## Key Drivers of Operational Performance<sup>1</sup>

<b>Immunology</b>	<ul style="list-style-type: none"> <li>Growth driven by strong uptake of STELARA in Crohn's Disease and Ulcerative Colitis, strength in TREMFYA in Psoriasis, and U.S. market growth, partially offset by COVID-19</li> <li>REMICADE decline due to increased discounts/rebates and biosimilar competition</li> </ul>
<b>Infectious Diseases</b>	<ul style="list-style-type: none"> <li>Driven by strong sales of SYMTUZA in the U.S. and launch uptake of JULUCA in the EU, partially offset by increased competition for PREZISTA/PREZCOBIX/REZOLSTA and PREZISTA OUS LOE</li> </ul>
<b>Neuroscience</b>	<ul style="list-style-type: none"> <li>Paliperidone long-acting injectables growth due to strength of INVEGA SUSTENNA/XEPLION and INVEGA TRINZA/TREVICTA from new patient starts and persistency, partially offset by cannibalization of RISPERDAL CONSTA, and the negative impact of COVID-19</li> </ul>
<b>Oncology</b>	<ul style="list-style-type: none"> <li>DARZALEX continued strong market growth and share gains in the U.S., partially offset by the negative impact of COVID-19 and a one-time pricing adjustment in the EU in 2019</li> <li>Strong sales of IMBRUVICA due to increased patient uptake globally, higher market share primarily in CLL L1, partially offset by COVID-19</li> <li>Continued strong global launch uptake of ERLEADA and share gains in non-metastatic CRPC as well as recently approved mCSPC indication</li> <li>Lower sales and share of VELCADE and ZYTIGA due to generic competition</li> </ul>
<b>Cardiovascular/ Metabolism/ Other (CVM/Other)</b>	<ul style="list-style-type: none"> <li>Decline driven by lower sales of PROCIT/EPREX due to biosimilar competition</li> <li>Modest growth in XARELTO due to TRx growth and a one-time prior period pricing adjustment, partially offset by increased rebates</li> <li>INVOKANA/INVOKAMET growth due to EU and LATAM uptake and a one-time prior period pricing adjustment in the U.S., partially offset by U.S. share declines due to competitive pressures and higher rebates</li> </ul>
<b>Pulmonary Hypertension (PH)</b>	<ul style="list-style-type: none"> <li>Growth in OPSUMIT and UPTRAVI due to continued share gains, market growth, and improved payer mix</li> <li>Lower sales of TRACLEER due to generic competition and cannibalization from OPSUMIT</li> </ul>



**Adjusted Operational Sales<sup>2</sup>:** WW 3.9%, U.S. 5.8%, Int'l 1.5%

**Johnson & Johnson**

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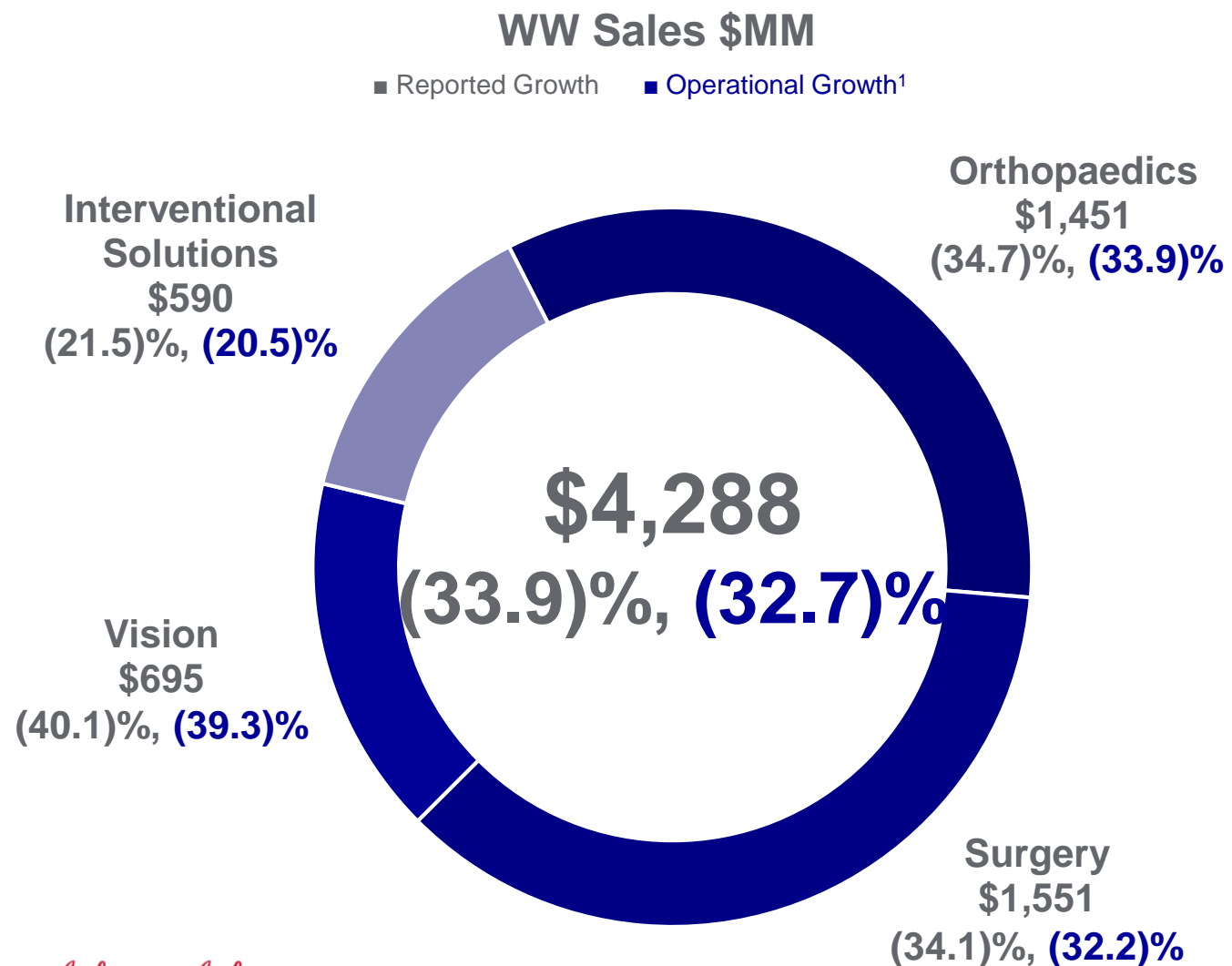


# Medical Devices Highlights – 2<sup>nd</sup> Quarter 2020

Sales decline driven by the negative impact of COVID-19

Reported: WW (33.9)%, U.S. (39.6)%, Int'l (28.8)%

Operational<sup>1</sup>: WW (32.7)%, U.S. (39.6)%, Int'l (26.4)%



## Key Drivers of Operational Performance<sup>1</sup>

<b>Interventional Solutions</b>	<ul style="list-style-type: none"> <li>Driven by the negative impact of COVID-19 partially offset by double-digit growth in China</li> </ul>
<b>Orthopaedics</b>	<ul style="list-style-type: none"> <li><b>Hips:</b> Driven by the negative impact of COVID-19; continued leadership position in the anterior approach</li> <li><b>Knees:</b> Driven by the negative impact of COVID-19</li> <li><b>Trauma:</b> Driven by reductions in general activity, travel and recreation due to COVID-19</li> <li><b>Spine, Sports &amp; Other:</b> Driven by the negative impact of COVID-19 partially offset by strong uptake of SYMPHONY in Spine               <ul style="list-style-type: none"> <li><b>Spine:</b> WW: ~(36%), U.S.: ~(43%), OUS: ~(27%)</li> </ul> </li> </ul>
<b>Surgery</b>	<ul style="list-style-type: none"> <li><b>Advanced:</b> <ul style="list-style-type: none"> <li><b>Endocutters:</b> ~(27%) Primarily driven by the negative impact of COVID-19 coupled with competitive pressures in the U.S.</li> <li><b>Biosurgery:</b> ~(13%) Driven by the negative impact of COVID-19 partially offset by growth of SURGIFLO after prior year supply disruption</li> <li><b>Energy:</b> ~(27%) Primarily driven by the negative impact of COVID-19 coupled with competitive pressures in the U.S.</li> </ul> </li> <li><b>General:</b> Driven by the negative impact of COVID-19 and an unfavorable prior period pricing adjustment in the U.S.</li> </ul>
<b>Vision</b>	<ul style="list-style-type: none"> <li><b>Contact Lenses/Other:</b> Negatively impacted by COVID-19 resulting in less new wearers entering the category and lower consumption of existing wearers</li> <li><b>Surgical:</b> Primarily driven by the negative impact of COVID-19 coupled with competitive pressures in the U.S.</li> </ul>

Adjusted Operational Sales<sup>2</sup>: WW (32.5)%, U.S. (39.5)%, Int'l (26.1)%



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# Condensed Consolidated Statement of Earnings

## 2<sup>nd</sup> Quarter 2020

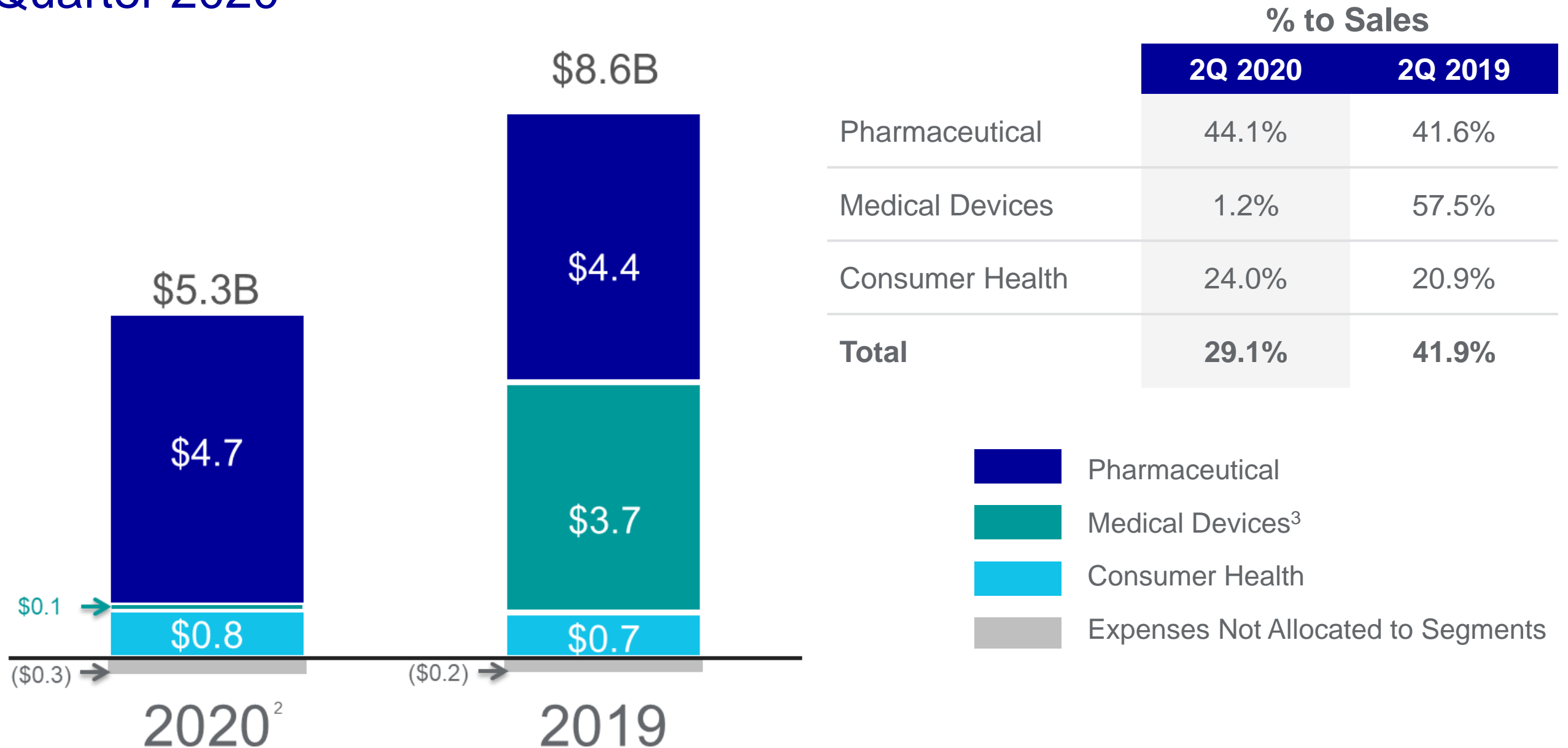
(Unaudited; Dollar and Shares in Millions Except Per Share Figures)

	2020		2019		% Increase (Decrease)
	Amount	% to Sales	Amount	% to Sales	
Sales to customers	\$18,336	100.0	\$20,562	100.0	(10.8)
Cost of products sold	6,579	35.9	6,940	33.8	(5.2)
<b>Gross Profit</b>	<b>11,757</b>	<b>64.1</b>	<b>13,622</b>	<b>66.2</b>	<b>(13.7)</b>
Selling, marketing, and administrative expenses	4,993	27.2	5,546	27.0	(10.0)
Research and development expense	2,707	14.8	2,666	13.0	1.5
In-process research and development	6	0.0	-	-	
Interest (income) expense, net	26	0.2	(5)	0.0	
Other (income) expense, net	24	0.1	(1,683)	(8.2)	
Restructuring	61	0.3	57	0.2	
Earnings before provision for taxes on income	3,940	21.5	7,041	34.2	(44.0)
Provision for taxes on income	314	1.7	1,434	6.9	(78.1)
<b>Net Earnings</b>	<b>\$3,626</b>	<b>19.8</b>	<b>\$5,607</b>	<b>27.3</b>	<b>(35.3)</b>
Net earnings per share (Diluted)	\$1.36		\$2.08		(34.6)
Average shares outstanding (Diluted)	2,665.5		2,691.7		
Effective tax rate	8.0%		20.4%		
<b>Adjusted earnings before provision for taxes and net earnings<sup>1</sup></b>					
Earnings before provision for taxes on income	\$5,337	29.1	\$8,614	41.9	(38.0)
Net earnings	\$4,446	24.2	\$6,950	33.8	(36.0)
Net earnings per share (Diluted)	\$1.67		\$2.58		(35.3)
Effective tax rate	16.7%		19.3%		

<sup>1</sup> Non-GAAP measure; excludes intangible amortization expense and special items; see reconciliation schedules in the Investors section of the [company's website](#)

# Adjusted Income Before Tax by Segment<sup>1</sup>

2<sup>nd</sup> Quarter 2020





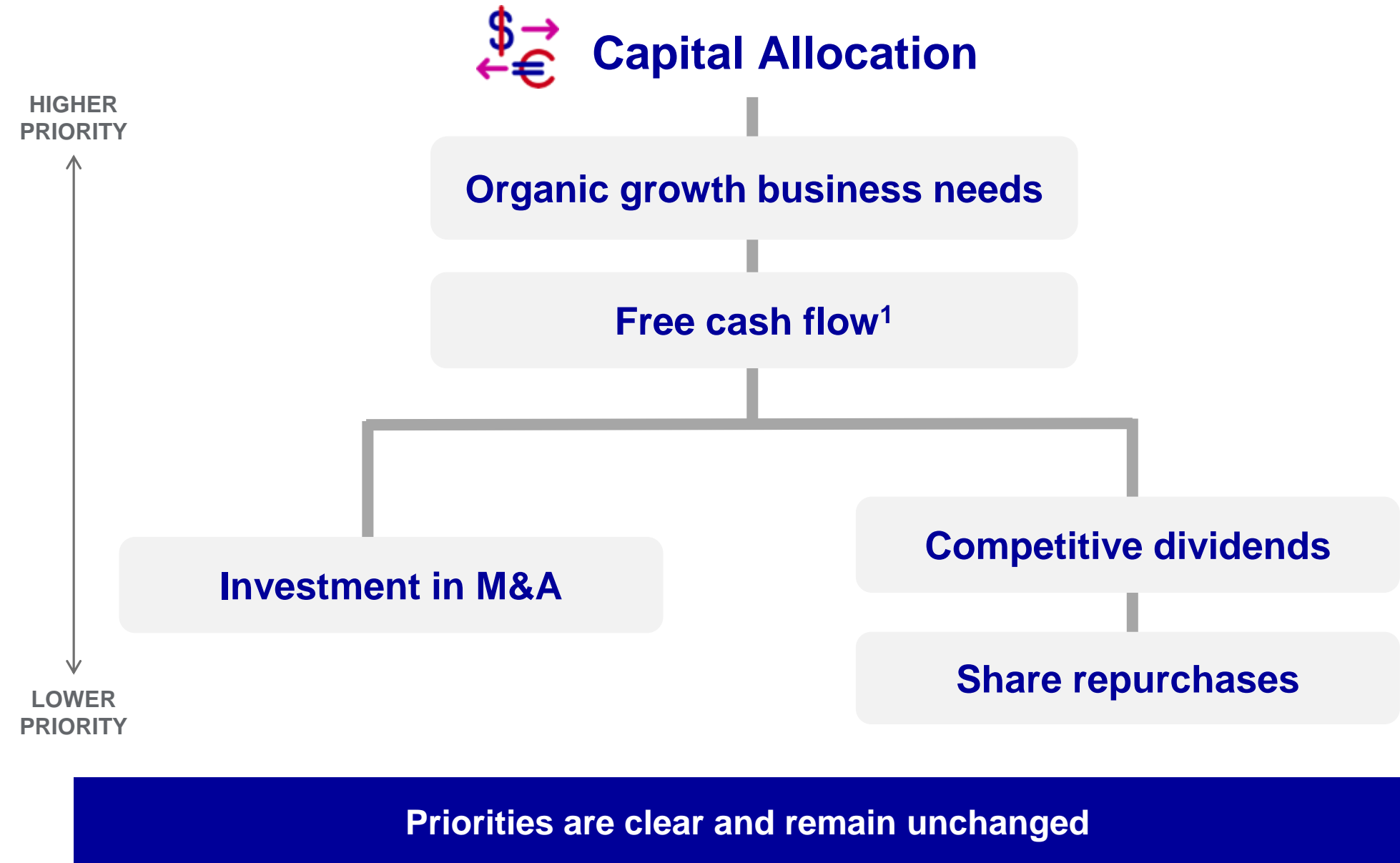
# COVID-19 Vaccine R&D and Manufacturing Update

Johnson & Johnson



*Johnson & Johnson*

# Capital Allocation Strategy



Dollars in Billions	Q2 2020
Cash and Marketable Securities	\$19.1
Debt	(\$30.4)
Net Debt	(\$11.3)
Free Cash Flow <sup>2</sup>	~\$5.5

Note: values may have been rounded

**Q2 2020:**

**\$2.7B** invested in R&D

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**\$2.7B** in dividends paid to shareholders

# Macroeconomic Perspective

*The impact of the pandemic is very fluid and likely to continue evolving*



## Healthcare Industry

Encouraging trends for many procedures approaching pre-COVID-19 levels



## Office Visits

Improving office visits compared to earlier stages of the pandemic



## Patients

Public educational materials and resources to increase patient confidence and inspire people to prioritize their health



## Consumers

U.S. category growth trends improved from height of lockdowns



# 2020 Guidance

## Informed Assumptions

- Utilized external expert assessments related to the macroeconomic impact of COVID-19
- Discussions with hospital systems, administrators, and surgeons on preparedness and treatment paradigm
- Extensive analytics on weekly hospital trends by account

### Pharmaceutical

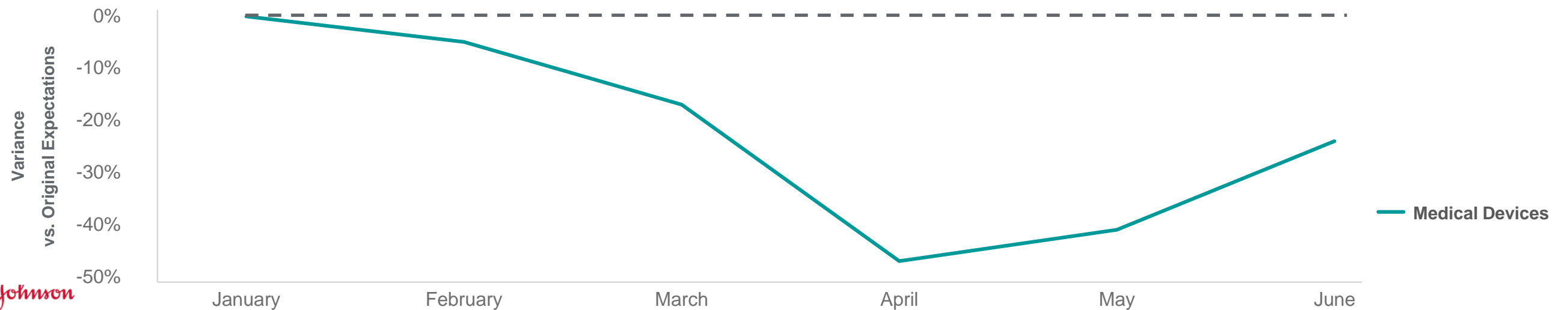
- Expectations remain unchanged
- Recent improvement in number of patient interactions with Health Care Providers
- Continued above market growth

### Consumer Health

- Expectations remain unchanged
- Impact to certain categories as a result of reduced store traffic, government lockdowns, and social distancing behaviors
- SKU rationalization program proceeding as planned
- Above market growth in the U.S.

# Medical Devices: Q2 Monthly Trends

Variance vs. Original Expectations to Start the Year (January Guidance)		
Franchise	June	Q2
Contact Lenses	(30%)	(40%)
Surgical Vision	(45%)	(55%)
Biosurgery / Endocutters / Energy	(20%)	(30%)
Wound Closure	(20%)	(30%)
Hips	(10%)	(40%)
Knees	(25%)	(55%)
Spine	(15%)	(35%)
Trauma	(10%)	(20%)
Electrophysiology	(10%)	(30%)
<b>Total Medical Devices</b>	<b>(25%)</b>	<b>(35%)</b>



# Medical Devices: COVID-19 Framework

Full Year 2020 Operational Sales Impact inclusive of Q2 YTD Actuals: (\$3.75B) to (\$5.25B)



<p><b>Countries Impacted:</b> China, Japan, Korea</p> <p><b>~20% of MD Sales</b></p>	<ul style="list-style-type: none"> <li>China represented more than 40% of total MD impact in Q1</li> <li>Japan and Korea represented less than 5% of total MD impact in Q1</li> </ul>	<ul style="list-style-type: none"> <li>China declined (5%) vs. original expectations in January, but grew +11%<sup>1</sup> vs. 2019</li> <li>Japan and Korea declined (25%) vs. original expectations in January</li> </ul>	<p><b>Total Worldwide Medical Devices</b></p>	<p><b>Total Worldwide Medical Devices</b></p>
<p><b>Major Markets:</b> US, Italy, France, Germany, UK, Russia, Spain</p> <p><b>~60% of MD Sales</b></p>	<ul style="list-style-type: none"> <li>U.S. represented ~30% of total MD impact in Q1</li> <li>Remaining major markets represented less than 20% of total MD impact in Q1</li> </ul>	<ul style="list-style-type: none"> <li>U.S. declined (40%) vs. original expectations in January with June declining (20%)</li> <li>Germany declined (25%) vs. original expectations in January with June declining (15%)</li> <li>Remaining markets declined (45%) vs. original expectations</li> </ul>	<p><b>Current estimate:</b></p> <ul style="list-style-type: none"> <li>Decline of (10%) to (25%)</li> </ul>	<p><b>Current estimate:</b></p> <ul style="list-style-type: none"> <li>Impact of (15%) to 0%</li> </ul>
<p><b>Rest of World</b></p> <p><b>~20% of MD Sales</b></p>	<ul style="list-style-type: none"> <li>ROW represented more than 5% of total MD impact in Q1</li> </ul>	<ul style="list-style-type: none"> <li>ROW declined (45%) vs. original expectations</li> </ul>	<p><b>April assumptions:</b></p> <ul style="list-style-type: none"> <li>Decline of (15%) to (35%)</li> </ul>	<p><b>April assumptions:</b></p> <ul style="list-style-type: none"> <li>Impact of 0% to +10%</li> </ul>

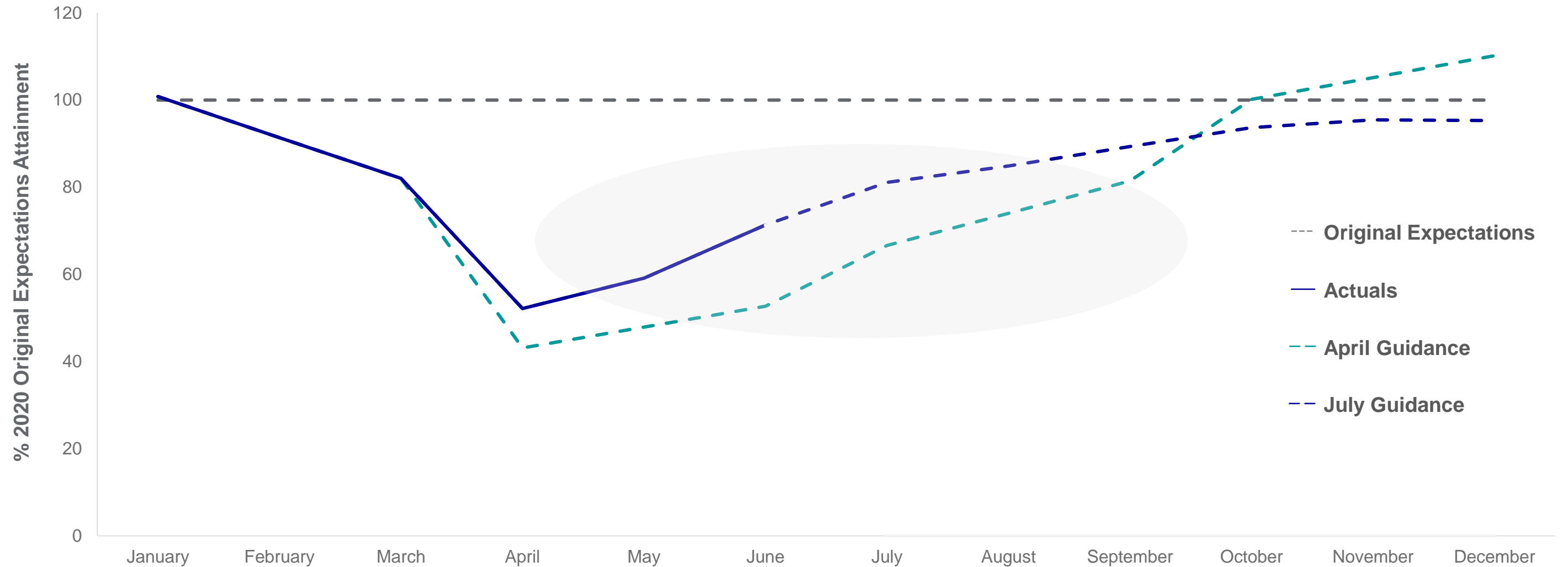
Overall economy, unemployment, insurance coverage and procedure capacity are key variables that could impact rate of recovery



<sup>1</sup> Non-GAAP measure; excludes acquisitions and divestitures and translational currency; see reconciliation schedules in the Investors section of the [company's website](#)  
Note: Values are rounded

# Medical Devices: Procedural Guidance Update

Full Year 2020 Operational Sales Impact inclusive of Q2 YTD Actuals: (\$3.75B) to (\$5.25B)



# 2020 Guidance

	July	April	Comments
<b>Adjusted Operational Sales<sup>1,2</sup></b>	(0.8%) - 1.0%	(3.0%) - 0.5%	Improved Medical Devices outlook
<b>Operational Sales<sup>2</sup></b>	\$81.0 - \$82.5B (1.3%) - 0.5%	\$79.2 - \$82.2B (3.5%) - 0.0%	Net Impact Acq./Div: ~0.5%
<b>Estimated Reported Sales<sup>3</sup></b>	\$79.9B - \$81.4B (2.6%) - (0.8%)	\$77.5B - \$80.5B (5.5%) - (2.0%)	FX (\$1.1B) or (1.3%) impact
<b>Adjusted Pre-Tax Operating Margin<sup>4,5</sup></b>	~100 bps decline	~100 bps decline	
<b>Net Interest Expense / (Income)</b>	\$50 - \$150 million	\$50 - \$150 million	
<b>Net Other Income<sup>4</sup></b>	\$0.8 - \$1.0 billion	\$0.8 - \$1.0 billion	
<b>Effective Tax Rate<sup>4</sup></b>	16.5% - 17.5%	16.5% - 18.0%	Tightening of range
<b>Adjusted EPS (Operational)<sup>2,4</sup></b>	\$7.85 - \$8.05 (9.6%) - (7.3%)	\$7.65 - \$8.05 (11.9%) - (7.3%)	Midpoint of \$7.95 or (8.4%)
<b>Adjusted EPS (Reported)<sup>3,4</sup></b>	\$7.75 - \$7.95 (10.7%) - (8.4%)	\$7.50 - \$7.90 (13.6%) - (9.0%)	Midpoint of \$7.85 or (9.6%) FX (\$0.10) or (1.2%) impact



<sup>1</sup> Non-GAAP measure; excludes acquisitions and divestitures

<sup>2</sup> Non-GAAP measure; excludes the impact of translational currency

<sup>3</sup> Euro Average Rate: July 2020 = \$1.12

<sup>4</sup> Non-GAAP measure; excludes intangible amortization expense and special items

<sup>5</sup> Sales less: COGS, SM&A and R&D expenses

# 2021 Considerations



## Enterprise

- Expect strong EPS growth on an operational basis
- OI&E projected to be consistent with 2020
- 2020 additional 2 to 3 shipping days (53<sup>rd</sup> week)



## Consumer Health

- Focus on delivering solid growth in stronghold categories
- Projecting expansion of e-Commerce channel
- Full year SKU rationalization program profitability benefit expected



## Pharmaceuticals

- Plan to continue above market growth
- No anticipation of new biosimilar or generic competitors



## Medical Devices

- Assume procedures to be largely permissible throughout the year leading to double-digit operational sales growth

# Notable New Announcements in 2<sup>nd</sup> Quarter 2020<sup>1</sup>

## Medical Devices

- Other:
  - Biosense Webster unveils late-breaking results from PRECEPT study in patients with persistent atrial fibrillation

## Pharmaceuticals

- Regulatory Approvals:
  - IMBRUVICA (ibrutinib) – U.S. Food and Drug Administration (FDA) approval for the combination with rituximab for the treatment of patients with chronic lymphocytic leukemia or small lymphocytic lymphoma who are new to therapy
  - DARZALEX FASPRO (daratumumab and hyaluronidase-fihj) – FDA approval of a new subcutaneous formulation of daratumumab for the treatment of patients with multiple myeloma
  - SIRTURO (bedaquiline) – FDA approval of a new pediatric formulation as part of combination therapy to treat children with pulmonary multidrug-resistant tuberculosis
  - DARZALEX (daratumumab) – European Commission (EC) granted marketing authorization for subcutaneous formulation for all currently approved intravenous formulation indications
  - ZABDENO (Ad26.ZEBOV) and MYABEA (MVA-BN-Filo) – EC granted marketing authorization for the Janssen Ebola vaccine regimen for the prevention of Ebola Virus Disease<sup>1</sup>
  - TREMFYA (guselkumab) – FDA approval for the treatment of adult patients with active psoriatic arthritis<sup>1</sup>
- Regulatory Submissions:
  - SIMPONI ARIA (golimumab) – Submission of two supplemental Biologics License Applications to the FDA for the treatment of polyarticular juvenile idiopathic arthritis and juvenile psoriatic arthritis, in patients two years of age and older in combination with methotrexate
- Other:
  - STELARA (ustekinumab) – Announced discontinuation of Phase 3 LOTUS study in Systemic Lupus Erythematosus
  - The Company announced acceleration of its COVID-19 vaccine candidate; Phase 1/2a clinical trial to begin in second half of July



 **VELYS**<sup>TM</sup>  
Digital Surgery



# Q&A



**Alex Gorsky**

Chairman and  
Chief Executive Officer



**Joaquin Duato**

Vice Chairman of the  
Executive Committee



**Paul Stoffels, M.D.**

Vice Chairman of the  
Executive Committee &  
Chief Scientific Officer



**Joseph J. Wolk**

Executive Vice President,  
Chief Financial Officer

*Johnson & Johnson*