

# FULL YEAR 2018 RESULTS

## FULL YEAR 2018 SALES

**\$81.6B**

WORLDWIDE INCREASED ▲  
**6.7%**

Excluding acquisitions/  
divestitures on an operational  
basis worldwide sales

INCREASED ▲  
**5.5%\***

DILUTED EARNINGS  
PER SHARE

**\$5.61**

ADJUSTED DILUTED EARNINGS PER SHARE\*

**\$8.18**

INCREASED ▲  
**12.1%**



Johnson & Johnson delivered another year of strong operational sales growth of 6.3% and achieved our 35th consecutive year of adjusted operational earnings growth at 9.8% in 2018. This can be attributed to accelerated underlying sales performance across each of our businesses, where we also leveraged our scale across the enterprise to improve margins. Looking ahead, the strength of our broad-based business and disciplined approach to portfolio management positions us to continue to fuel investments in innovation that enable us to capitalize on strategic opportunities and deliver strong performance over the long-term. Our performance is the result of our talented Johnson & Johnson colleagues and their extraordinary dedication to help advance health and well-being for patients and customers around the world.

## WORLDWIDE CONSUMER SALES

**\$13.9B**

Consumer worldwide sales increased: **1.8%**

Primary contributors to growth:



## WORLDWIDE PHARMACEUTICAL SALES

**\$40.7B**

Pharmaceutical worldwide sales increased: **12.4%**

Primary contributors to growth:



## WORLDWIDE MEDICAL DEVICES SALES

**\$27.0B**

Medical Devices worldwide sales increased: **1.5%**

Primary contributors to growth:



SURGICAL VISION



ELECTROPHYSIOLOGY



ACUVUE® CONTACT LENSES



BIOSURGERY



ENDOCUTTERS



WOUND CLOSURE



ENERGY

For full financial data and non-GAAP reconciliations, please refer to Johnson & Johnson's earnings release issued on January 22, 2019, 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.

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 January 22, 2019, 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.

# 4<sup>th</sup> Quarter and Full Year 2018 Earnings Call

January 22, 2019

*Johnson & Johnson*





## **Christopher DeOrefice**

Vice President,  
Investor Relations



# Cautionary Note on Forward-looking Statements

This presentation contains “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995 regarding, among other things: future operating and financial performance, product development, market position and business strategy. The viewer is cautioned not to rely on these forward-looking statements. These statements are based on current expectations of future events. If underlying assumptions prove inaccurate or known or unknown risks or uncertainties materialize, actual results could vary materially from the expectations and projections of Johnson & Johnson. Risks and uncertainties include, but are not limited to: economic factors, such as interest rate and currency exchange rate fluctuations; competition, including technological advances, new products and patents attained by competitors; challenges inherent in new product research and development, including unexpected clinical trial results, additional analysis of existing clinical data, uncertainty of clinical success and obtaining regulatory approvals; uncertainty of commercial success for new and existing products; the impact of business combinations and divestitures; challenges to patents; the impact of patent expirations; the ability of the company to successfully execute strategic plans, including restructuring plans; manufacturing difficulties or delays, internally or within the supply chain; product efficacy or safety concerns resulting in product recalls or regulatory action; significant adverse litigation or government action, including related to product liability claims; changes to applicable laws and regulations, including tax laws, global health care reforms and import/export and trade laws; trends toward health care cost containment; changes in behavior and spending patterns of purchasers of health care products and services; financial instability of international economies and legal systems and sovereign risk; increased scrutiny of the health care industry by government agencies. A further list and descriptions of these risks, uncertainties and other factors can be found in Johnson & Johnson's Annual Report on Form 10-K for the fiscal year ended December 31, 2017, including in the sections captioned “Cautionary Note Regarding Forward-Looking Statements” and “Item 1A. Risk Factors,” in the company’s most recently filed Quarterly Report on Form 10-Q and in the company’s subsequent filings with the Securities and Exchange Commission. Copies of these filings are available online at [www.sec.gov](http://www.sec.gov), [www.jnj.com](http://www.jnj.com) or on request from Johnson & Johnson. Any forward-looking statement made in this presentation speaks only as of the date of this presentation. Johnson & Johnson does not undertake to update any forward-looking statement as a result of new information or future events or developments.

# Cautionary Note on Non-GAAP Financial Measures

This presentation refers to certain non-GAAP financial measures. These non-GAAP financial measures should not be considered replacements for, and should be read together with, the most comparable GAAP financial measures.

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. Following is an acknowledgement of those relationships:

## Consumer

RHINOCORT licensed from AstraZeneca, and DR. CI:LABO brand skincare products in collaboration with Ci:z Holdings Co., Ltd.

## Immunology

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

## Neuroscience

INVEGA SUSTENNA/ XEPLION/ INVEGA TRINZA/ TREVICTA includes technology licensed from Alkermes Pharma Ireland Limited

## Infectious Diseases & Virology

PREZCOBIX/ REZOLSTA fixed-dose combination, SYMTUZA and ODEFSEY developed in collaboration with Gilead Sciences, Inc., and JULUCA developed in collaboration with ViiV Healthcare UK

## Cardiovascular/ Metabolism/Other

INVOKANA/ INVOKAMET/ VOKANAMET/ INVOKAMET XR fixed-dose combination licensed from Mitsubishi Tanabe Pharma Corporation, XARELTO co-developed with Bayer HealthCare AG, and PROCRI/EPREX licensed from Amgen Inc.

## Oncology

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, and erdafitinib discovered in collaboration with Astex Pharmaceuticals, Inc.

## Pulmonary Hypertension

UPTRAVI license and supply agreement with Nippon Shinyaku (co-promotion in Japan), and OPSUMIT co-promotion agreement with Nippon Shinyaku in Japan





# Agenda

Sales Performance and Highlights

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Enterprise Update

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Financial Results Review  
and Guidance

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Q&A



# 4<sup>th</sup> Quarter 2018 Sales

\$ U.S. Billions

Total Company	Q4 2018	Q4 2017	% Change	
			Reported	Operational <sup>1</sup>
U.S.	\$10.6	\$10.5	1.5%	1.5%
Europe	4.7	4.7	0.0	3.9
Western Hemisphere (ex U.S.)	1.5	1.5	(4.1)	7.7
Asia-Pacific, Africa	3.6	3.5	2.9	5.8
International	9.8	9.7	0.4	5.1
Worldwide (WW)	\$20.4	\$20.2	1.0%	3.3%



<sup>1</sup> Excludes impact of translational currency  
Note: values may have been rounded

# Full Year 2018 Sales

\$ U.S. Billions

Total Company	2018	2017	% Change	
			Reported	Operational <sup>1</sup>
U.S.	\$41.9	\$39.9	5.1%	5.1%
Europe	18.8	17.1	9.5	6.2
Western Hemisphere (ex U.S.)	6.1	6.0	1.2	8.2
Asia-Pacific, Africa	14.8	13.4	10.5	9.4
International	39.7	36.6	8.5	7.7
Worldwide (WW)	\$81.6	\$76.5	6.7%	6.3%



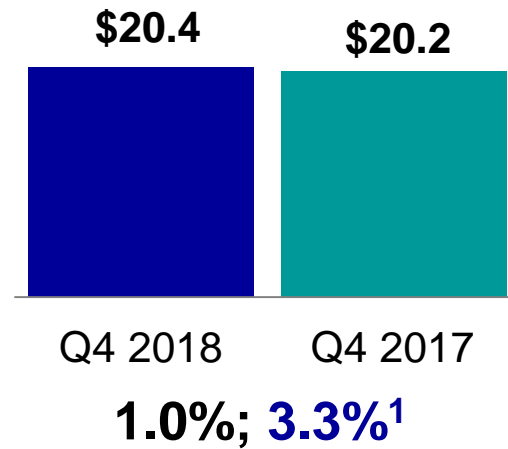
<sup>1</sup> Excludes impact of translational currency  
Note: values may have been rounded



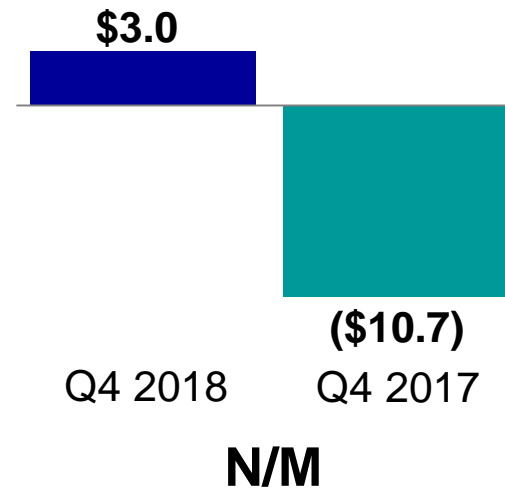
# 4<sup>th</sup> Quarter 2018 Financial Highlights

\$ U.S. Billions, except EPS  
Reported %; *Operational %*

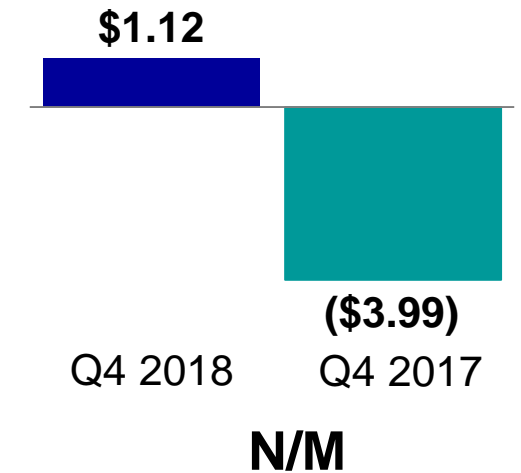
## Sales



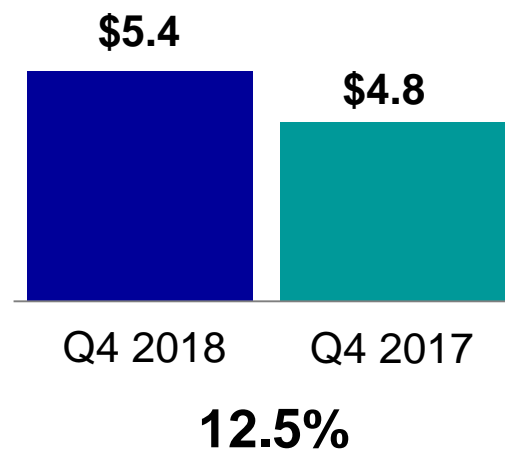
## GAAP Earnings



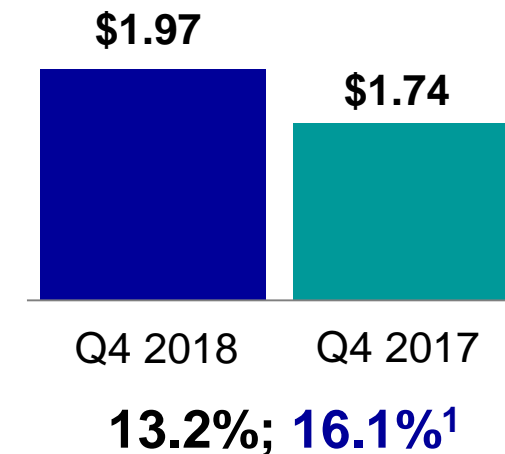
## GAAP EPS



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



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



<sup>1</sup> Excludes impact of translational currency

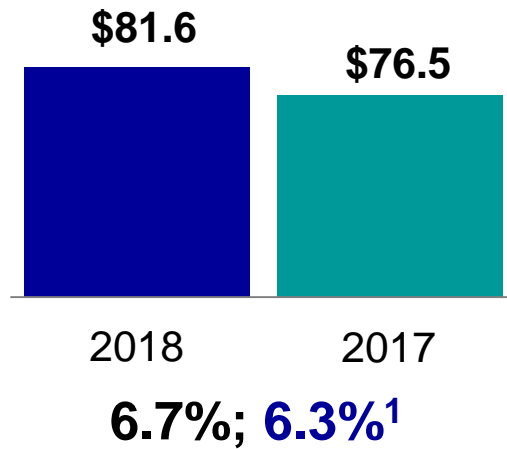
<sup>2</sup> Non-GAAP measure; excludes intangible amortization expense and special items; see reconciliation

N/M = Not Meaningful

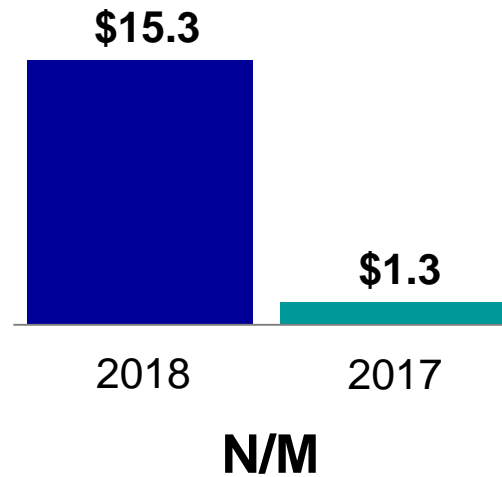
# Full Year 2018 Financial Highlights

\$ U.S. Billions, except EPS  
 Reported %; **Operational %**

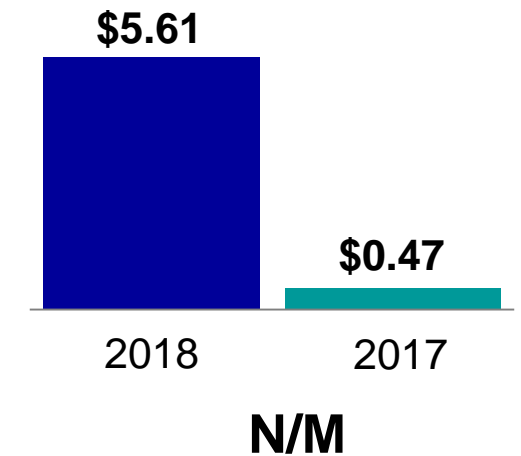
## Sales



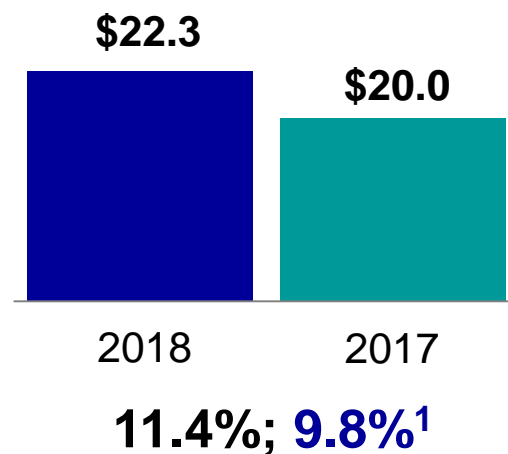
## GAAP Earnings



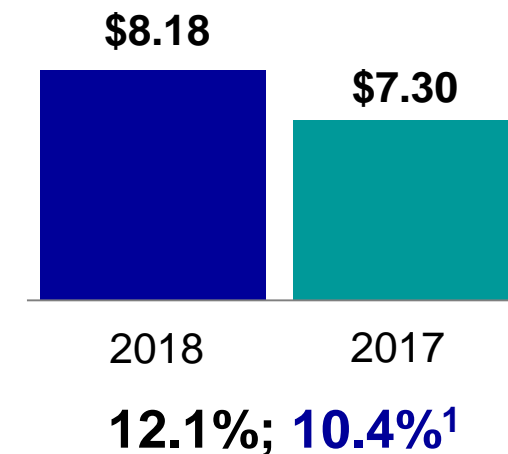
## GAAP EPS



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



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



<sup>1</sup> Excludes impact of translational currency

<sup>2</sup> Non-GAAP measure; excludes intangible amortization expense and special items; see reconciliation

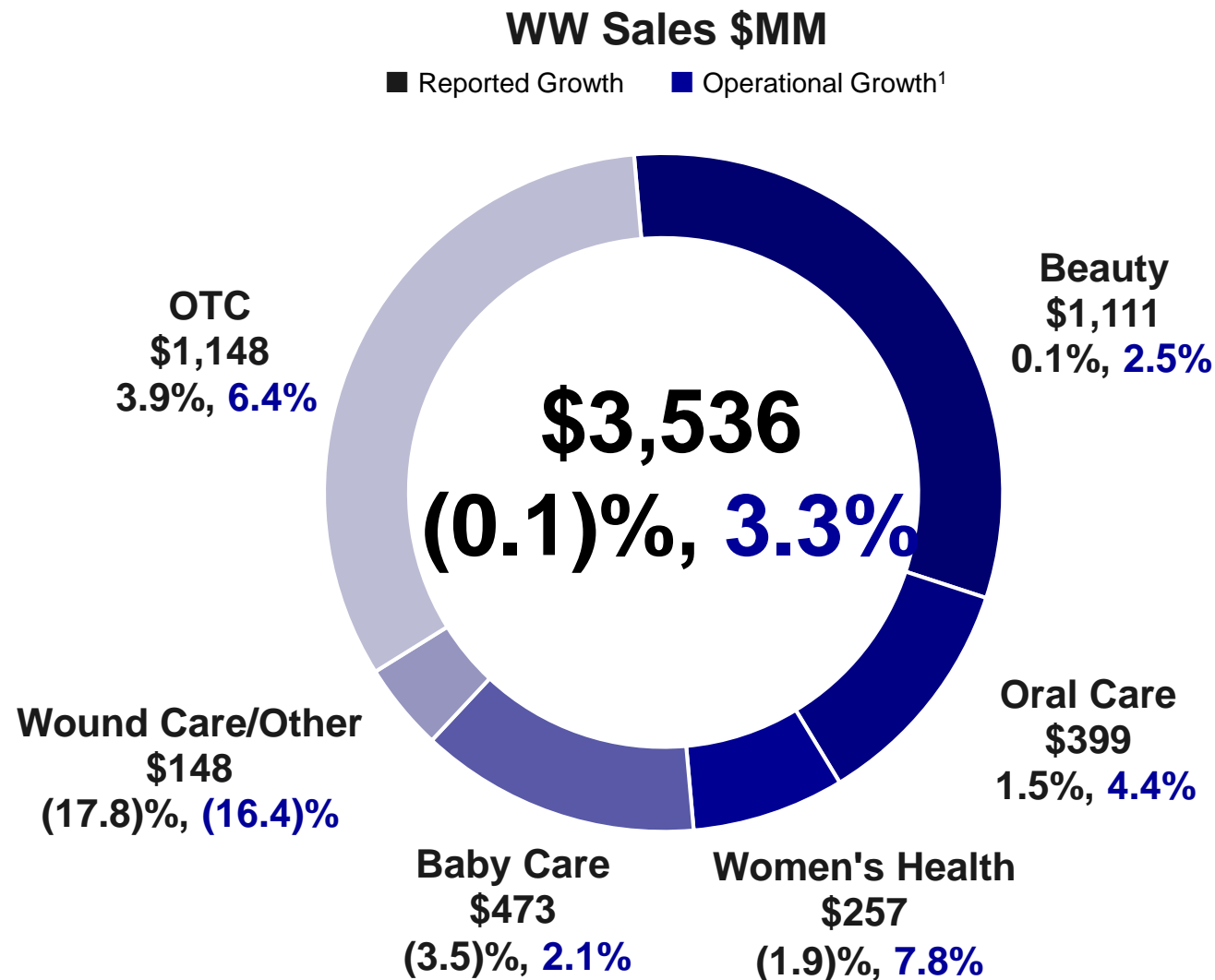
N/M = Not Meaningful

# Consumer Highlights – 4<sup>th</sup> Quarter 2018

*Above-market growth primarily driven by premium Beauty and strong U.S. OTC consumption*

**Reported:** WW (0.1)%, U.S. 7.3%, Int'l (4.8)%

**Operational<sup>1</sup>:** WW 3.3%, U.S. 7.3%, Int'l 0.8%



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

<b>Baby Care</b>	<ul style="list-style-type: none"> <li>Strength in OUS AVEENO baby; U.S. JOHNSON's relaunch gains partially offset by declines in DESITIN and other baby</li> </ul>
<b>Beauty</b>	<ul style="list-style-type: none"> <li>AVEENO and NEUTROGENA new products and market growth coupled with OGX and MAUI MOISTURE new products and geographic expansion in LATAM and EMEA partially offset by the divestiture of NIZORAL</li> </ul>
<b>Oral Care</b>	<ul style="list-style-type: none"> <li>LISTERINE new products such as Ready Tabs in the U.S., Nightly Reset and Sensitivity as well as strong marketing campaigns in EMEA and LATAM</li> </ul>
<b>OTC</b>	<ul style="list-style-type: none"> <li>Share growth in the U.S. primarily TYLENOL and ZYRTEC as well as increased retailer seasonal stocking; the ZARBEE's acquisition and OUS NICORETTE Quickmist performance</li> </ul>
<b>Women's Health</b>	<ul style="list-style-type: none"> <li>Growth primarily driven by liners and napkins in LATAM</li> </ul>
<b>Wound Care/Other</b>	<ul style="list-style-type: none"> <li>COMPEED OUS divestiture and softness in NEOSPORIN/POLYSPORIN</li> </ul>

Sales excl. acquisition and divestiture<sup>2</sup>: WW 3.8%, U.S. 5.5%, OUS 2.8%



<sup>1</sup> Excludes impact of translational currency

<sup>2</sup> Non-GAAP measure; see reconciliation



Neutrogena



Aveeno  
ACTIVE NATURALS



Carefree

LISTERINE

BAND-AID  
BRAND ADHESIVE BANDAGES



TYLENOL

Motrin<sup>IB</sup>





# Pharmaceutical Highlights – 4<sup>th</sup> Quarter 2018

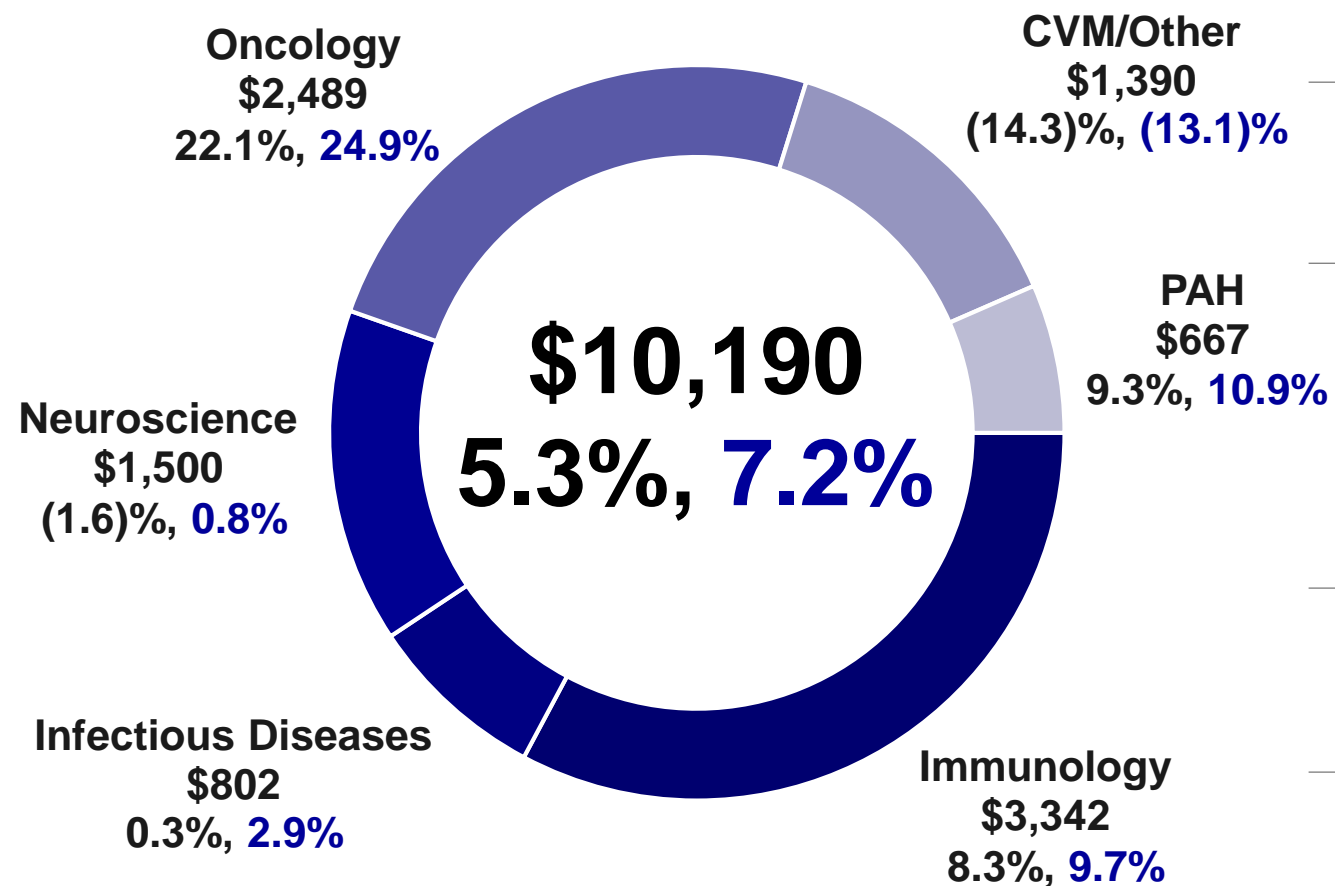
*Above market growth driven by strong performance in Oncology and continued growth in Immunology*

**Reported:** WW 5.3%, U.S. 2.8%, Int'l 8.9%

**Operational<sup>1</sup>:** WW 7.2%, U.S. 2.8%, Int'l 13.7%

## WW Sales \$MM

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



## 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, expanded indications of SIMPONI/SIMPONI ARIA, strong launch uptake of TREMFYA and U.S. immunology market growth</li> <li>Lower sales of REMICADE due to increased discounts/rebates and biosimilar competition</li> </ul>
<b>Infectious Diseases</b>	<ul style="list-style-type: none"> <li>Strong sales of PREZCOBIX/REZOLSTA, continued success of ODEFSEY and launch of SYMTUZA and JULUCA, offset by lower sales of PREZISTA</li> </ul>
<b>Neuroscience</b>	<ul style="list-style-type: none"> <li>Paliperidone long-acting injectables growth due to strength of INVEGA TRINZA/TREVICTA and INVEGA SUSTENNA/XEPLION, partially offset by cannibalization of RISPERDAL CONSTA and increased discounts and generic competition for CONCERTA</li> </ul>
<b>Oncology</b>	<ul style="list-style-type: none"> <li>DARZALEX continued strong market growth and share gain in the U.S. and EU, driven by patient uptake in all lines of therapy; strong growth in Japan and Latin America</li> <li>Strong sales of IMBRUVICA due to increased patient uptake globally; higher market share and growth across multiple indications; U.S. new and total patient share leader for 1st and 2nd line CLL and 2nd line MCL and 2nd line Waldenström's macroglobulinemia</li> <li>Strong sales and share growth of ZYTIGA in EU partially offset by impact of generic competition in the U.S.</li> <li>Addition of newly launched ERLEADA sales in non-metastatic CRPC</li> </ul>
<b>Cardiovascular/Metabolism/Other (CVM/Other)</b>	<ul style="list-style-type: none"> <li>XARELTO lower sales driven by higher discounts and rebates and higher Medicare donut hole utilization partially offset by increase in market share</li> <li>INVOKANA/INVOKAMET lower sales due to increased contracting discounts and higher managed care rebates and share loss due to competitive pressures</li> </ul>
<b>Pulmonary Hypertension (PAH)</b>	<ul style="list-style-type: none"> <li>Growth driven by strong sales of OPSUMIT and UPTRAVI due to continued market growth and share gains</li> <li>Lower sales of TRACLEER due to increased use of OPSUMIT and generics in EU</li> </ul>

Sales excl. acquisition and divestiture<sup>2</sup>: WW 7.2%, U.S. 2.8%, OUS 13.7%



<sup>1</sup> Excludes impact of translational currency

<sup>2</sup> Non-GAAP measure; see reconciliation



# Medical Devices Highlights – 4<sup>th</sup> Quarter 2018

*Accelerating adjusted sales momentum fueled by Interventional Solutions, Advanced Surgery and Vision*

**Reported:** WW (4.4)%, U.S. (3.0)%, Int'l (5.6)%

**Operational<sup>1</sup>:** WW (2.2)%, U.S. (3.0)%, Int'l (1.4)%

## WW Sales \$MM

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

**Interventional Solutions**  
\$686  
10.5%, 12.2%

**Orthopaedics**  
\$2,262  
(1.0)%, 0.5%

**Vision**  
\$1,133  
1.3%, 3.6%

**\$6,668**  
**(4.4)%, (2.2)%**

**Diabetes Care<sup>3</sup>**  
\$0

**Surgery**  
\$2,587  
1.1%, 3.8%

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

<b>Interventional Solutions</b>	<ul style="list-style-type: none"> <li>Electrophysiology growth of +14% primarily driven by double-digit Atrial Fibrillation procedure growth coupled with strong THERMOCOOL SMARTTOUCH SF Contact Force Sensing Catheter and diagnostic catheter sales</li> </ul>
<b>Diabetes Care</b>	<ul style="list-style-type: none"> <li>LifeScan divestiture</li> </ul>
<b>Orthopaedics</b>	<ul style="list-style-type: none"> <li><b>Hips:</b> Driven by leadership position in the anterior approach and strong market demand for the ACTIS stem</li> <li><b>Knees:</b> Growth driven by ATTUNE Revision uptake and OUS growth due to increased volume in ASPAC</li> <li><b>Trauma:</b> Growth driven by strength in ASPAC and continued uptake of new products, primarily the TFN-ADVANCED nailing system coupled with market growth in the U.S.</li> <li><b>Spine &amp; Other:</b> Declines in Sports Early Intervention due to price, partially offset by expanded market leadership; Pro-Disc divestiture in Spine partially offset by new product launches             <ul style="list-style-type: none"> <li><b>Spine:</b> WW: ~(1%), U.S. ~0%, OUS: ~(2%)</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> +3% driven by continued success of new products across all OUS markets</li> <li><b>Biosurgery:</b> +9% driven by Topical Absorbable Hemostat and Biologics</li> <li><b>Energy:</b> +5.5% driven by OUS growth, primarily double-digit growth in ASPAC</li> </ul> </li> <li><b>General:</b> Led by Wound Closure growth driven by new product technologies in the U.S. with associated price premiums and strength in ASPAC aided by the WHO &amp; CDC guidelines recommending our Plus Suture product</li> <li><b>Specialty:</b> Share declines in Acclarent, partially offset by ASP and Mentor growth</li> </ul>
<b>Vision</b>	<ul style="list-style-type: none"> <li><b>Contact Lenses/Other:</b> Growth due to OUS strength of the astigmatism and daily disposable lenses in the OASYS family</li> <li><b>Surgical:</b> Strength in international cataracts in all IOL segments</li> </ul>

Sales excl. acquisition and divestiture<sup>2</sup>: WW 3.3%, U.S. 1.0%, OUS 5.4%



<sup>1</sup> Excludes impact of translational currency

<sup>2</sup> Non-GAAP measure; see reconciliation

<sup>3</sup> Reflects LifeScan divestiture October 2, 2018

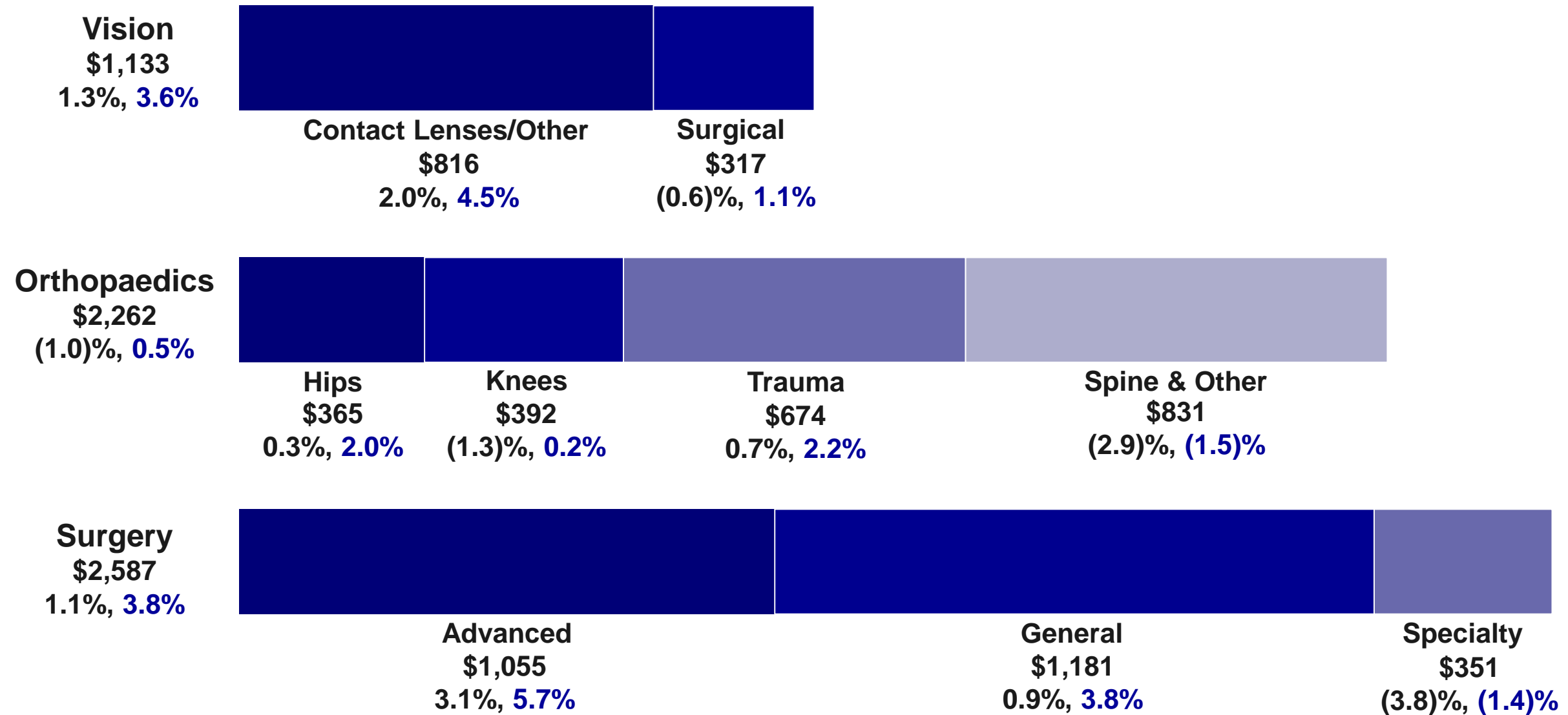


# Medical Devices Platforms – 4<sup>th</sup> Quarter 2018

*Accelerating adjusted sales momentum fueled by Interventional Solutions, Advanced Surgery and Vision*

## WW Sales \$MM

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



<sup>1</sup> Excludes impact of translational currency



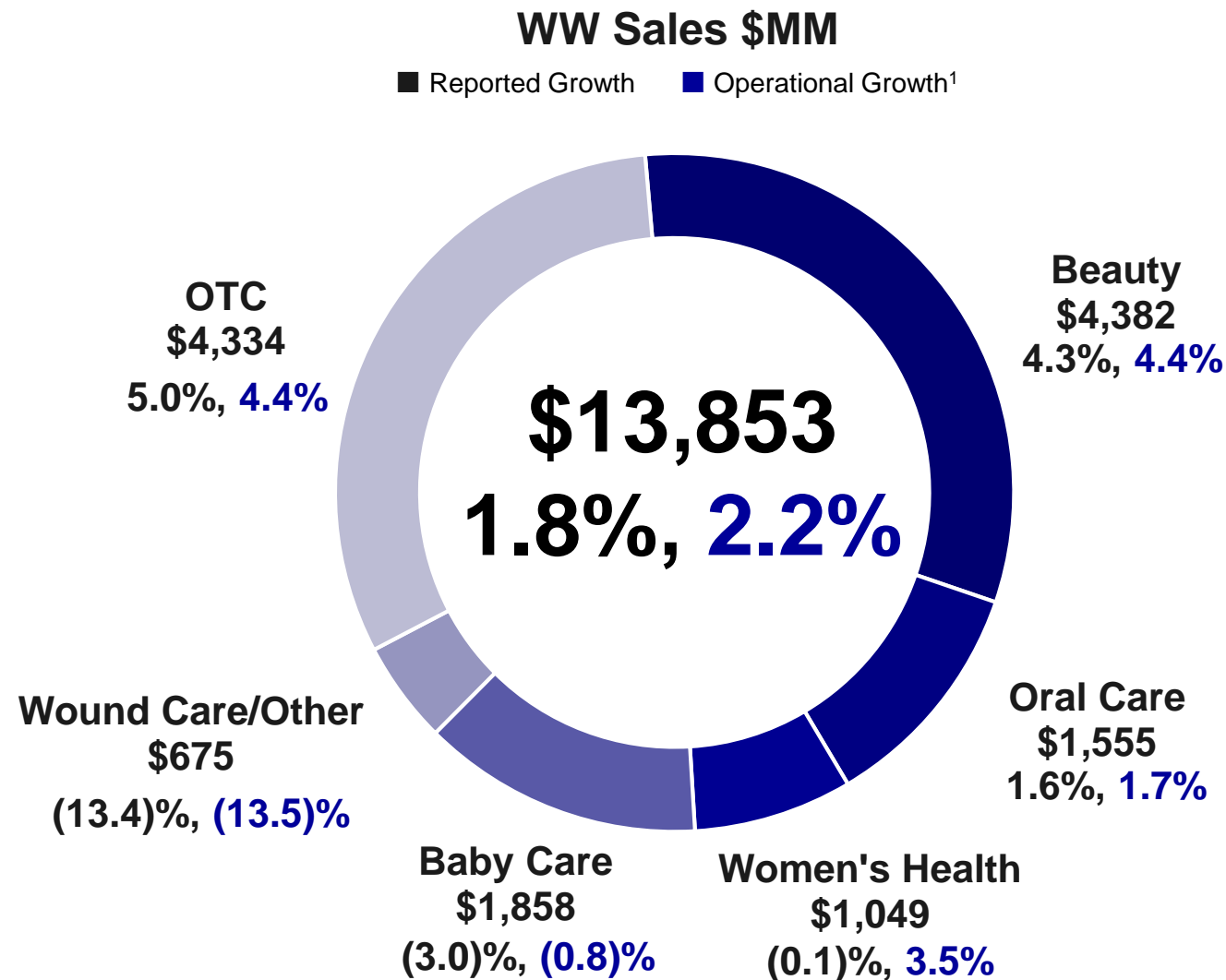


# Consumer Highlights – Full Year 2018

*Increased cadence of innovation delivered above market growth*

**Reported:** WW 1.8%, U.S. 3.5%, Int'l 0.7%

**Operational<sup>1</sup>:** WW 2.2%, U.S. 3.5%, Int'l 1.4%



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

<b>Baby Care</b>	<ul style="list-style-type: none"> <li>JOHNSON's share decline and increased trade promotions due to relaunch partially offset by strong performance of AVEENO baby driven by geographic expansion</li> </ul>
<b>Beauty</b>	<ul style="list-style-type: none"> <li>NEUTROGENA channel expansion and strong Hydroboost performance, ASPAC premium beauty driven by DR. CI LABO and DABAO coupled with OGX and MAUI MOISTURE share gains from geographic expansion partially offset by the divestiture of NIZORAL</li> </ul>
<b>Oral Care</b>	<ul style="list-style-type: none"> <li>LISTERINE strong marketing campaigns and new product launches such as Ready Tabs in the U.S., Nightly Reset, Total Care, Whitening as well as other new product innovations and successful marketing programs in ASPAC partially offset by divestitures of REMBRANDT and REACH</li> </ul>
<b>OTC</b>	<ul style="list-style-type: none"> <li>Share and market growth primarily in ZYRTEC, TYLENOL, and IMODIUM as well as the ZARBEE's acquisition in the U.S.; OUS driven by NICORETTE Quickmist performance coupled with RHINOCORT and Children's MOTRIN successful marketing campaigns</li> </ul>
<b>Women's Health</b>	<ul style="list-style-type: none"> <li>Growth primarily driven by liners in LATAM</li> </ul>
<b>Wound Care/Other</b>	<ul style="list-style-type: none"> <li>COMPEED OUS divestiture partially offset by strength in BAND-AID® Brand Adhesive Bandages</li> </ul>

**Sales excl. acquisition and divestiture<sup>2</sup>: WW 3.2%, U.S. 3.1%, OUS 3.3%**



<sup>1</sup> Excludes impact of translational currency

<sup>2</sup> Non-GAAP measure; see reconciliation



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# Pharmaceutical Highlights – Full Year 2018

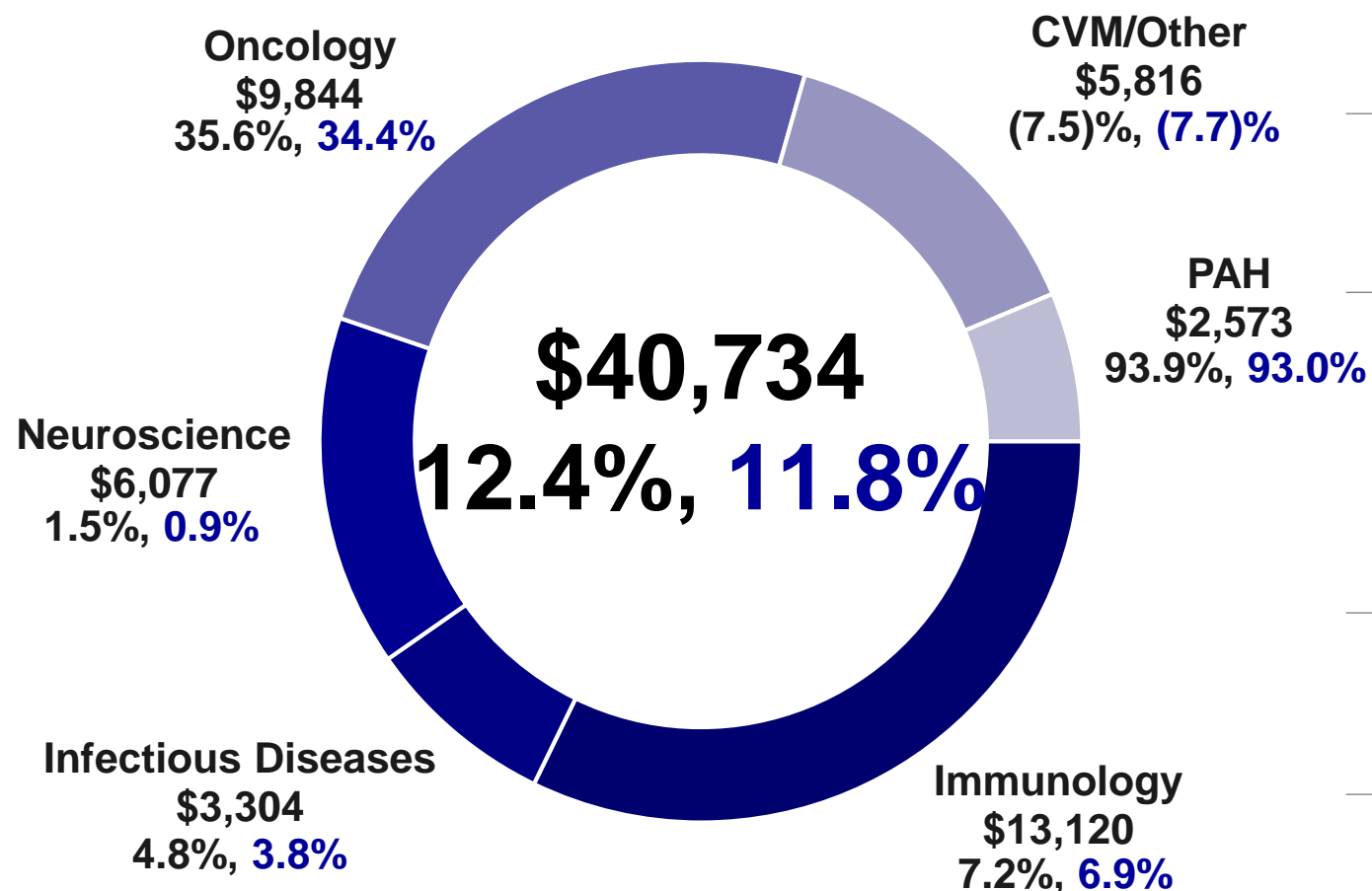
*Above market performance driven by double-digit growth in 10 key products*

**Reported:** WW 12.4%, U.S. 8.4%, Int'l 18.0%

**Operational<sup>1</sup>:** WW 11.8%, U.S. 8.4%, Int'l 16.5%

## WW Sales \$MM

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



## 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, expanded indications of SIMPONI/SIMPONI ARIA, strong launch uptake of TREMFYA and U.S. immunology market growth</li> <li>Lower sales of REMICADE due to increased discounts/rebates and biosimilar competition</li> </ul>
<b>Infectious Diseases</b>	<ul style="list-style-type: none"> <li>Strong sales of PREZCOBIX/REZOLSTA, continued success of ODEFSEY and launch of SYMTUZA and JULUCA, offset by lower sales of PREZISTA</li> </ul>
<b>Neuroscience</b>	<ul style="list-style-type: none"> <li>Paliperidone long-acting injectables growth due to strength of INVEGA TRINZA/TREVICTA and INVEGA SUSTENNA/XEPLION due to new patient starts and persistency, partially offset by cannibalization of RISPERDAL CONSTA and generic competition for CONCERTA</li> </ul>
<b>Oncology</b>	<ul style="list-style-type: none"> <li>DARZALEX surpassed \$2bn in sales with continued strong market growth and share gain in the U.S. and EU, driven by patient uptake in all lines of therapy; commercially available in 31 countries in EMEA. Strong growth in Japan and Latin America</li> <li>Strong sales of IMBRUVICA due to increased patient uptake globally; higher market share and growth across multiple indications; U.S. new and total patient share leader for 1st and 2nd line CLL and 2nd line MCL and 2nd line Waldenström's macroglobulinemia</li> <li>Strong sales and share growth of ZYTIGA driven by LATITUDE data and market growth</li> <li>Addition of newly launched ERLEADA sales in non-metastatic CRPC</li> </ul>
<b>Cardiovascular/ Metabolism/ Other (CVM/Other)</b>	<ul style="list-style-type: none"> <li>XARELTO lower sales driven by higher discounts and rebates, partially offset by increase in market share</li> <li>INVOKANA/INVOKAMET lower sales due to increased contracting discounts and higher managed care rebates and share loss due to competitive pressures</li> </ul>
<b>Pulmonary Hypertension (PAH)</b>	<ul style="list-style-type: none"> <li>Acquisition of Actelion June 2017; Pro-forma growth<sup>3</sup> of key products are OPSUMIT (+17% WW) and UPTRAVI (+40% WW) due continued market growth and share gains; TRACLEER (-35% WW) due to increased use of OPSUMIT and generics in EU</li> </ul>



<sup>1</sup> Excludes impact of translational currency

<sup>2</sup> Non-GAAP measure; see reconciliation

<sup>3</sup> Reflects estimated operational growth for Full Year utilizing Actelion sales for the same period prior to the close of the acquisition



**Sales excl. acquisition and divestiture<sup>2</sup>: WW 8.4%, U.S. 4.9%, OUS 13.5%**

# Medical Devices Highlights – Full Year 2018

Consistent sales momentum throughout the year fueled by Vision, Interventional Solutions & Advanced Surgery

Reported: WW 1.5%, U.S. 0.1%, Int'l 2.8%

Operational<sup>1</sup>: WW 1.1%, U.S. 0.1%, Int'l 1.9%

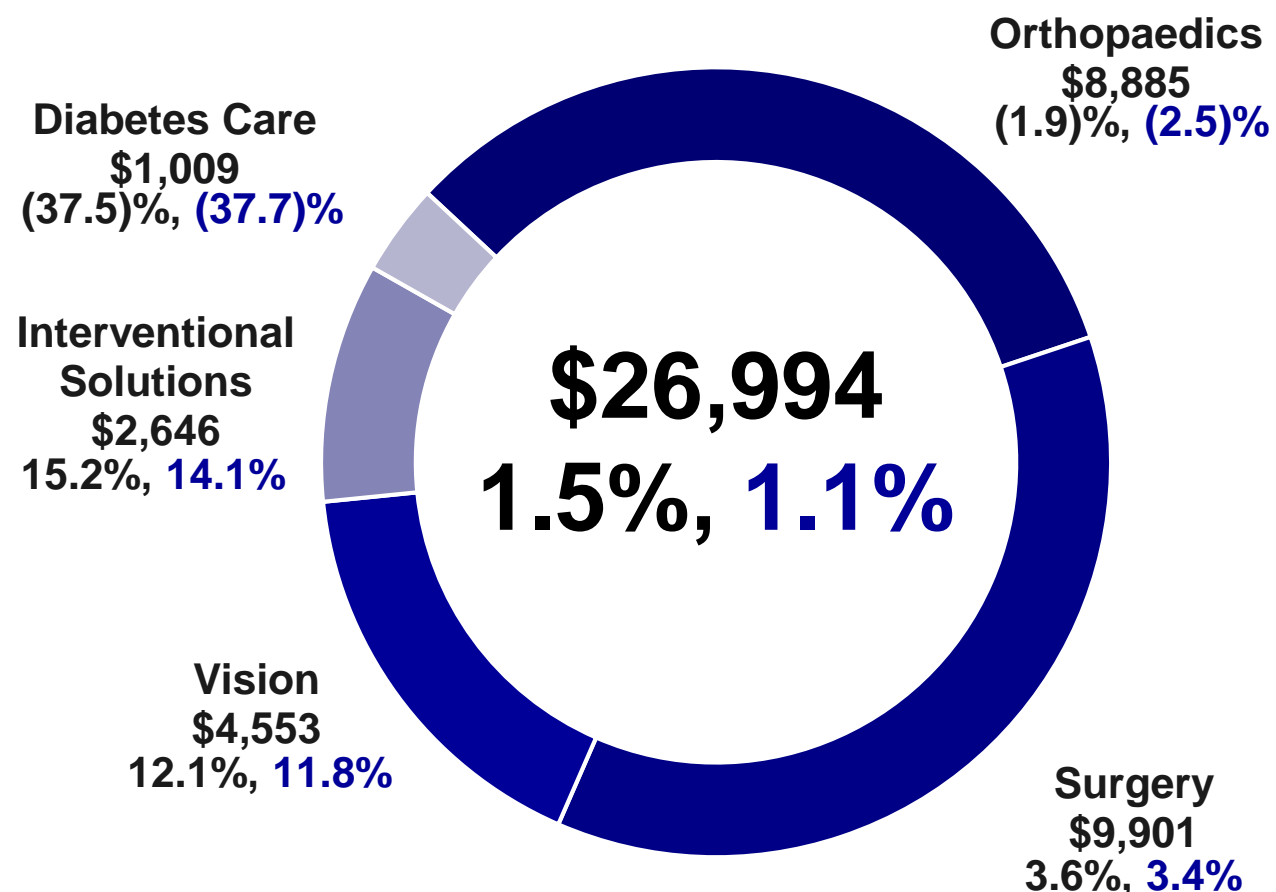
## Key Drivers of Operational Performance<sup>1</sup>

<b>Interventional Solutions</b>	<ul style="list-style-type: none"> <li>Electrophysiology growth of +17% primarily driven by continued double-digit Atrial Fibrillation procedure growth coupled with strong THERMOCOOL SMARTTOUCH SF Contact Force Sensing Catheter and diagnostic catheter sales</li> </ul>
<b>Diabetes Care</b>	<ul style="list-style-type: none"> <li>Pump discontinuation and LifeScan divestiture</li> </ul>
<b>Orthopaedics</b>	<ul style="list-style-type: none"> <li><b>Hips:</b> Driven by leadership position in the anterior approach and strong market demand for the ACTIS stem</li> <li><b>Knees:</b> Competitive pressure in the U.S. partially offset by ASPAC growth</li> <li><b>Trauma:</b> Growth driven by strength in ASPAC and continued uptake of new products, primarily the TFN-ADVANCED nailing system coupled with market growth in the U.S.</li> <li><b>Spine &amp; Other:</b> Codman divestiture and share decline in Spine partially offset by new product launches                             <ul style="list-style-type: none"> <li><b>Spine:</b> WW: ~(5%), U.S. ~(5%), OUS: ~(4%)</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> +7% driven by double digit procedure growth in China coupled with continued success of new products across all OUS markets</li> <li><b>Biosurgery:</b> +8% driven by Topical Absorbable Hemostat and Biologics led by the introduction of new products</li> <li><b>Energy:</b> +3.5% driven by OUS growth, primarily double-digit growth in ASPAC</li> </ul> </li> <li><b>General:</b> Led by Wound Closure growth driven by strength in ASPAC aided by the WHO &amp; CDC guidelines recommending our Plus Suture product as well as new product technologies in the U.S. with associated price premiums</li> <li><b>Specialty:</b> Primarily driven by ASP growth</li> </ul>
<b>Vision</b>	<ul style="list-style-type: none"> <li><b>Contact Lenses/Other:</b> Consumption growth in astigmatism and daily disposable lenses in the OASYS family, driven by new products including OASYS 1-Day</li> <li><b>Surgical:</b> Medical Optics acquisition and strength in international cataracts</li> </ul>

Sales excl. acquisition and divestiture<sup>2</sup>: WW 2.6%, U.S. 1.0%, OUS 4.0%

## WW Sales \$MM

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



<sup>1</sup> Excludes impact of translational currency

<sup>2</sup> Non-GAAP measure; see reconciliation



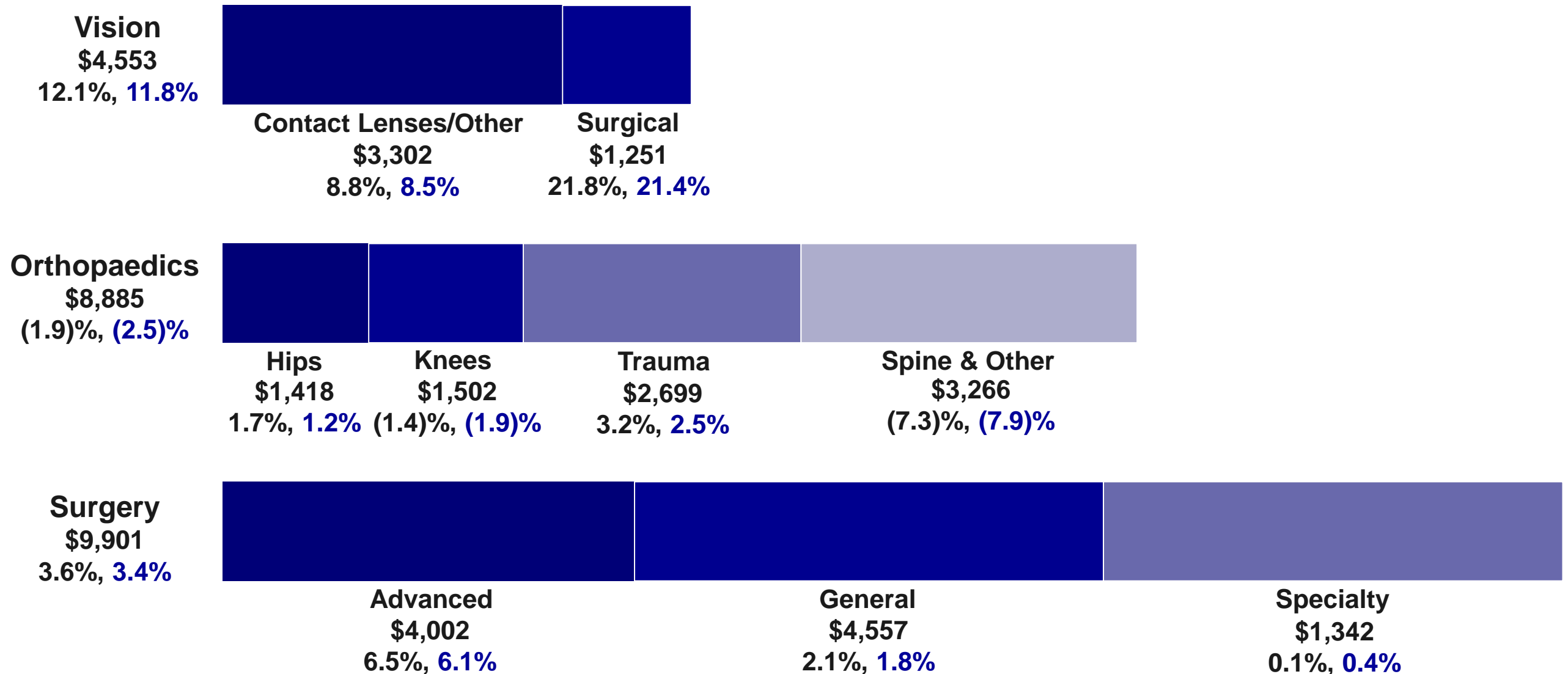


# Medical Devices Platforms – Full Year 2018

Consistent sales momentum throughout the year fueled by Vision, Interventional Solutions & Advanced Surgery

## WW Sales \$MM

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



<sup>1</sup> Excludes impact of translational currency



# Important Developments in 4<sup>th</sup> Quarter 2018

## Enterprise

- A share repurchase program of up to \$5.0 billion of the Company's common stock was announced
- A research study was entered into in collaboration with Apple Inc. to help improve atrial fibrillation outcomes, including stroke prevention<sup>1</sup>

## Consumer

- Completed the acquisition of Ci:z Holdings Co., Ltd., which markets the DR.CI:LABO, LABO LABO and GENOMER line of skincare products <sup>1</sup>
- Completed the divestiture of the global ROC skincare portfolio of products

## Medical Devices

- First patient enrolled in STELLAR U.S. Investigational Device Exemption (IDE) study to evaluate the safety and effectiveness of the HELIOSTAR Multi-electrode Radiofrequency Balloon Ablation Catheter in treating symptomatic drug refractory recurrent paroxysmal (intermittent) atrial fibrillation
- The EXCELLENT Registry was launched to collect and analyze stroke-inducing blood clots removed from the brain with the EMBOTRAP II Revascularization Device

## Pharmaceutical

- The U.S. Food and Drug Administration (FDA) approved INVOKANA (canagliflozin) to reduce the risk of major adverse cardiovascular (CV) events, including heart attack, stroke or death due to a cardiovascular cause in adults with type 2 diabetes
- Two Type II Variations were submitted to the European Medicines Agency (EMA) for IMBRUVICA (ibrutinib) in combination with obinutuzumab in previously untreated adults with chronic lymphocytic leukemia and in combination with rituximab for the treatment of previously untreated and relapsed/refractory adults with Waldenström's macroglobulinemia.
- A worldwide collaboration and license agreement was entered into with argenx to develop and commercialize cusatuzumab (ARGX-110), an investigational therapeutic antibody that targets CD70
- Clinical data was presented from the ECLIPSE study demonstrating that TREMFYA (guselkumab) was superior to Cosentyx® (secukinumab) in treating adults with moderate to severe plaque psoriasis for the primary endpoint assessed at week 48
- A supplemental Biologics License Application was submitted to the FDA and a Group Type II Variation Application was submitted to EMA seeking approval of STELARA (ustekinumab) for the treatment of adults with moderately to severely active ulcerative colitis
- The European Commission (EC) granted marketing for a split-dosing regimen of DARZALEX (daratumumab) over two consecutive days
- A supplemental New Drug Application was submitted to the FDA for XARELTO (rivaroxaban) for the prevention of venous thromboembolism in medically ill patients
- Completed the divestiture of SYLVANT (siltuximab) for the treatment of idiopathic multicentric Castleman's disease
- The EC granted marketing authorization for ERLEADA (apalutamide) for non-metastatic castration-resistant patients who are at high risk of developing metastatic disease <sup>1</sup>
- Complete Response letter received from FDA for sNDA for OPSUMIT (macitentan) in the treatment of adults with inoperable chronic thromboembolic pulmonary hypertension (CTEPH) <sup>1</sup>



<sup>1</sup> Subsequent to the quarter

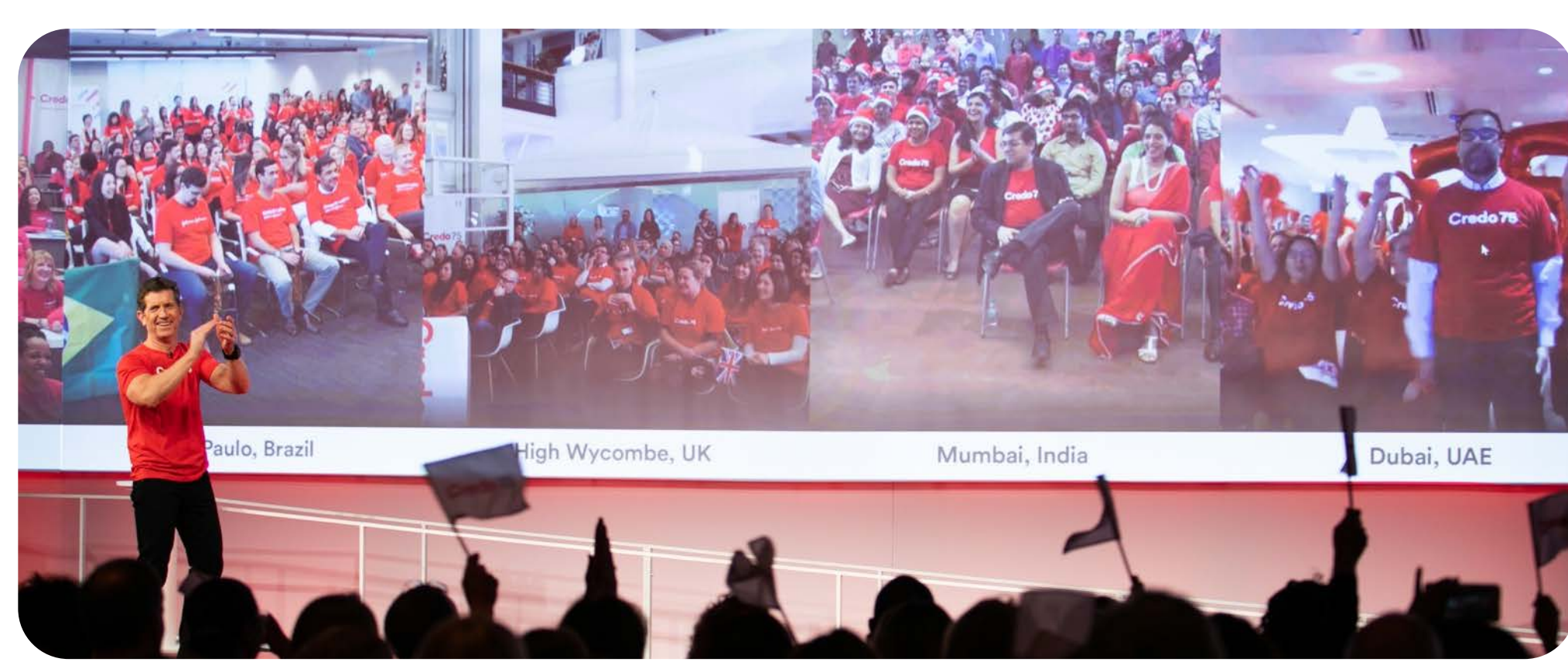


**Alex Gorsky**

Chairman  
&  
Chief Executive Officer














# 26 Platforms / Products over \$1B in Annual Sales

## 2018 Blockbuster Portfolio

### \$1B+ Platforms/Products (14)

### \$2B+ Platforms/Products (12)



Note: SIMPONI Includes SIMPONI and SIMPONI ARIA

# Creating Value through Portfolio Management

## Sustaining Investments in Innovation

Invested ~\$11 billion in R&D

## Value-Creating Acquisitions / Licenses<sup>1</sup>

13 Acquisitions & Licensing Agreements

## Strategic Deals & Partnerships

74 Innovation Deals

29 New Development Deals

## Portfolio Optimization

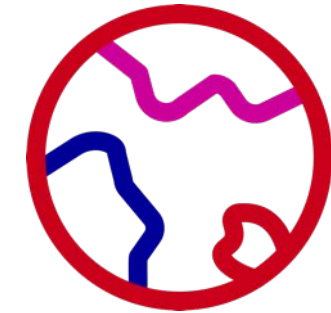
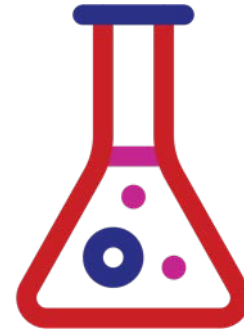
Accepted Binding Offer for ASP

6 Divestitures, including LifeScan in October



<sup>1</sup> Signed and/or closed by January 22, 2019

# Leading Responsibly



## Leading Dialogue

By being positioned across three vital areas of healthcare, we have a unique line of sight and are well positioned to address the challenges and opportunities that the world and global economy present.

## Pharmaceutical Pricing

We share the Administration's goals of reducing healthcare costs, while improving the quality and efficiency of care, and we recognize our responsibility is to help lead and identify solutions.

## Global Trade

We will continue to work with government officials across the globe because fair and equitable trade is in everyone's best interests, not just for companies, but for the consumer.

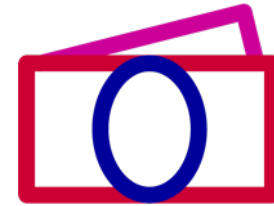
# Performance-Driven Strategy



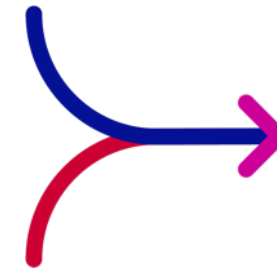
Grow Sales  
Faster than  
the Market



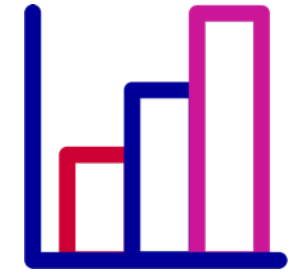
Grow Earnings  
Faster than  
Sales



Generate Strong  
Dividend Yield



Create Value  
through Strategic  
Acquisitions and  
Partnerships



**Compelling  
Long-term  
Total  
Shareholder  
Returns**



# Our Near-Term Priorities

## Enterprise

Deliver on our financial, quality and innovation commitments; and continue to optimize our portfolio

## Pharmaceutical

Drive growth of our in-market products and successfully launch new products and line extensions, while replenishing our pipeline to support sustained long-term, above-market growth

## Consumer

Achieve above-market sales growth, advancing E-Commerce and digital capabilities and delivering innovation to win both globally and locally, while expanding margins

## Medical Devices

Accelerate growth through improved execution, enhance the flow and value of innovation, including the progression of digital surgery platforms, while delivering on cost management initiatives



# Pharmaceuticals

## Industry-Leading Pipeline & Commercial Excellence

Drive continued growth of current portfolio, while delivering on our near-term product pipeline and investing for long-term growth

### Key catalysts for growth:

- Continuing penetration and pursuing new indications for life-changing products such as DARZALEX, IMBRUVICA, STELARA, OPSUMIT, UPTRAVI and XARELTO
- Driving best in class uptake of successful new product launches such as TREMFYA and ERLEADA
- Potential regulatory approvals for promising new molecular entities, esketamine and erdafitinib





# Consumer

## Science-based Brands & Data-driven Consumer Insights

Drive above-market growth advancing E-Commerce, digital capabilities, and new business models

### Key catalysts for growth:

- Building upon the early success of the JOHNSON'S BABY brand relaunch and restoring relevance to today's parents
- Accelerating innovation through breakthrough global platforms and fast-cycle, locally relevant products for more consumers around the world wherever and however they shop
- Optimizing our brand portfolio to focus on delivering differentiated products that are professionally endorsed and science-based





# Medical Devices

## Strong Lineage of “Firsts” & Broad Offerings Across 4 Franchises

Accelerate growth through improved execution, enhance the flow and value of innovation, while delivering on cost management initiatives

### Key catalysts for growth:

- Launching meaningful new products across our orthopaedics, surgery, interventional and vision portfolios
- Continuing the progression of digital surgery platforms
- Maximizing new market growth opportunities and sites of care beyond the hospital
- Ensuring flawless execution



ETHICON

Johnson & Johnson  
VISION

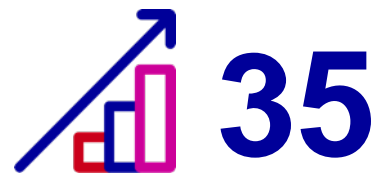
Biosense Webster.

CERENOVUS  
a Johnson & Johnson company

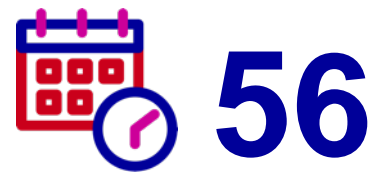




# A Strong, Consistent, Sustainable Business



Consecutive years of adjusted operational earnings growth<sup>1</sup>



Consecutive years of dividend increases

**AAA** RATED  
Balance Sheet

Operational & investment flexibility



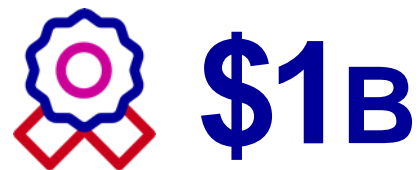
of sales from #1 or #2 global market share position

**#5 U.S.**  
**#8 Globally**

Absolute R&D investment<sup>2</sup>



of 10-year free cash flow returned to shareholders<sup>3</sup>



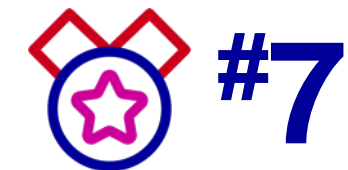
26 Brands/Platforms with  $\geq$  \$1B in sales



of sales from products launched in past 5 years



10-Year Total Return to Shareholders



on S&P 500 Top 10 Market Cap<sup>4</sup>



<sup>1</sup> Non-GAAP measure; excludes intangible amortization expense, special items and the impact of translational currency

<sup>2</sup> Per Capital IQ

<sup>3</sup> Non-GAAP measure; defined as operating cash flow less capital spending

<sup>4</sup> As of December 2018

# Key Industry Recognitions



Best Inventions of 2018: *ACUVUE OASYS with Transitions™ Light Intelligent Technology™*



**1** DiversityInc TOP 50



**1** Johnson & Johnson was named #1 on the 50 Best Companies for Latinas to Work for in the U.S. list.



**3** 2018 Access to Medicine Index



**3** Sustainability Reporting Performance report



**8** The Drucker Institute Management Top 250



**TOP 10**

- Working Mother 100 Best Companies
- Best Companies for Dad's



**TOP 15** Best Companies to Work for in Asia: *Johnson & Johnson Philippines* named one of 15 Best Companies to Work for in Asia.



**20** Fortune Magazine Change the World List



The Most Exciting Things to Happen in Skin Care in 2018, According to Our Skin-Care Editor: Skin-scanning devices: Neutrogena Skin360™ App and Skin Scanner Tool



**1** PharmaLive Company of the Year



**3** Gartner Healthcare Supply Chain Top 25











## **Joseph J. Wolk**

Executive Vice President,  
Chief Financial Officer





# Condensed Consolidated Statement Of Earnings

## Full Year 2018

	2018		2017 <sup>2</sup>		% Increase (Decrease)
	Amount	% to Sales	Amount	% to Sales	
(Unaudited; Dollar and Shares in Millions Except Per Share Figures)					
Sales to customers	\$81,581	100.0	\$76,450	100.0	6.7
Cost of products sold	27,091	33.2	25,439	33.3	6.5
<b>Gross Profit</b>	<b>54,490</b>	<b>66.8</b>	<b>51,011</b>	<b>66.7</b>	<b>6.8</b>
Selling, marketing, and administrative expenses	22,540	27.6	21,520	28.1	4.7
Research and development expense	10,775	13.2	10,594	13.9	1.7
In-process research and development	1,126	1.4	408	0.6	
Interest (income) expense, net	394	0.5	549	0.7	
Other (income) expense, net	1,405	1.7	(42)	(0.1)	
Restructuring	251	0.3	309	0.4	
Earnings before provision for taxes on income	17,999	22.1	17,673	23.1	1.8
Provision for taxes on income	2,702	3.3	16,373	21.4	N/M
<b>Net Earnings</b>	<b>\$15,297</b>	<b>18.8</b>	<b>\$1,300</b>	<b>1.7</b>	<b>N/M</b>
Net earnings per share (Diluted)	\$5.61		\$0.47		N/M
Average shares outstanding (Diluted)	2,728.7		2,745.3		
Effective tax rate	15.0%		92.6%		
<b>Adjusted earnings before provision for taxes and net earnings<sup>1</sup></b>					
Earnings before provision for taxes on income	\$26,698	32.7	\$24,212	31.7	10.3
Net earnings	\$22,315	27.4	\$20,040	26.2	11.4
Net earnings per share (Diluted)	\$8.18		\$7.30		12.1
Effective tax rate	16.4%		17.2%		

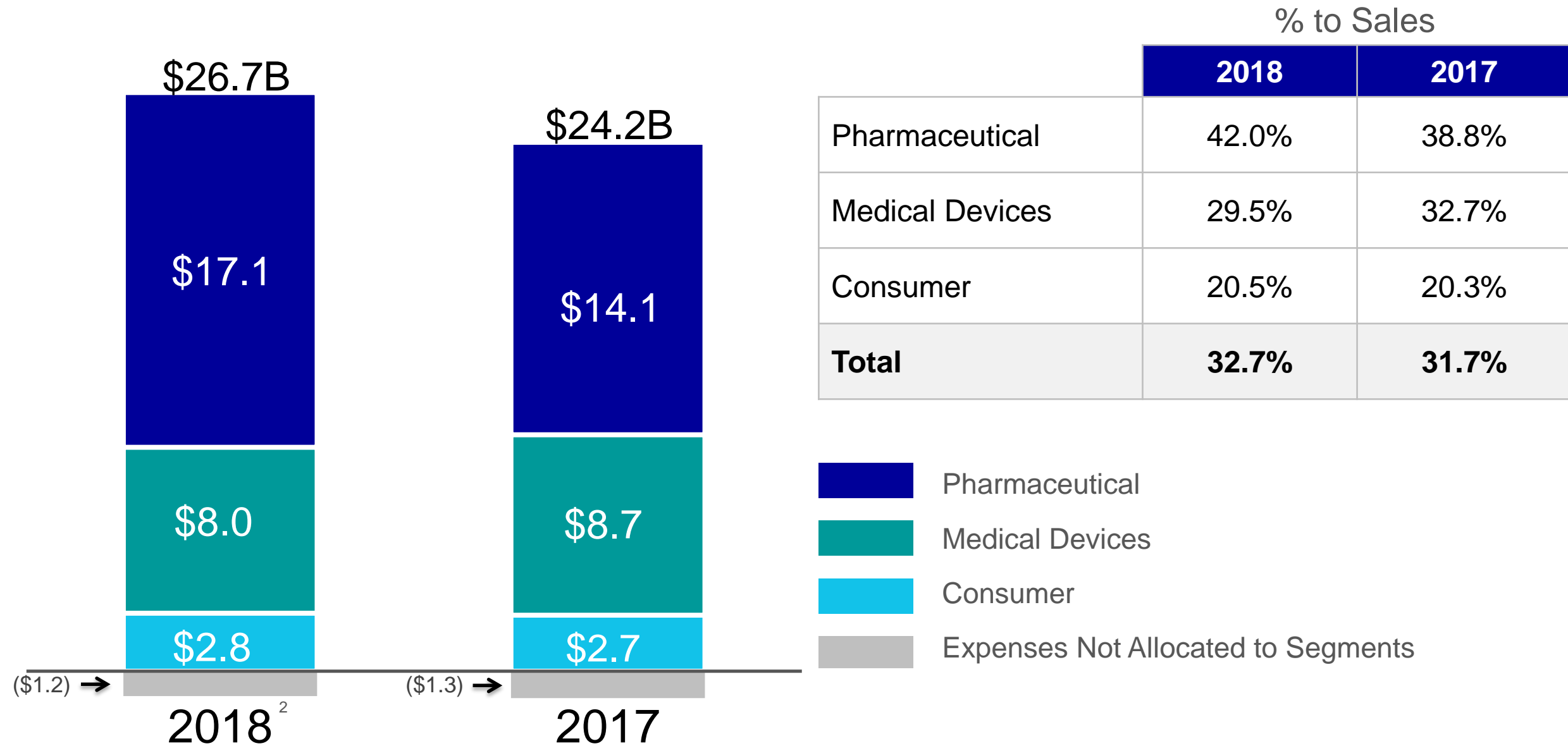
<sup>1</sup> See Reconciliation of Non-GAAP Financial Measures

<sup>2</sup> 2017 Statement of Earnings line items have been restated to reflect impact of ASU 2017-07

N/M = Not Meaningful

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

Full Year 2018



<sup>1</sup> Non-GAAP measure; excludes amortization expense and special items; see reconciliation at [www.investor.jnj.com](http://www.investor.jnj.com)

<sup>2</sup> Estimated as of 1/22/19

# Condensed Consolidated Statement Of Earnings

## 4<sup>th</sup> Quarter 2018

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

	2018		2017 <sup>2</sup>		% Increase (Decrease)
	Amount	% to Sales	Amount	% to Sales	
Sales to customers	\$20,394	100.0	\$20,195	100.0	1.0
Cost of products sold	6,961	34.1	7,259	36.0	(4.1)
<b>Gross Profit</b>	<b>13,433</b>	<b>65.9</b>	<b>12,936</b>	<b>64.0</b>	<b>3.8</b>
Selling, marketing, and administrative expenses	5,991	29.4	6,045	29.9	(0.9)
Research and development expense	3,224	15.8	3,643	18.1	(11.5)
In-process research and development	-	-	408	2.0	
Interest (income) expense, net	54	0.3	189	0.9	
Other (income) expense, net	978	4.8	(53)	(0.3)	
Restructuring	64	0.3	144	0.7	
<b>Earnings before provision for taxes on income</b>	<b>3,122</b>	<b>15.3</b>	<b>2,560</b>	<b>12.7</b>	<b>22.0</b>
Provision for taxes on income	80	0.4	13,273	65.7	N/M
<b>Net Earnings/(Loss)</b>	<b>\$3,042</b>	<b>14.9</b>	<b>\$(10,713)</b>	<b>(53.0)</b>	<b>N/M</b>
<b>Net earnings/(Loss) per share (Diluted/Basic)<sup>3</sup></b>	<b>\$1.12</b>		<b>\$(3.99)</b>		<b>N/M</b>
<b>Average shares outstanding (Diluted/Basic)<sup>3</sup></b>	<b>2,724.0</b>		<b>2,684.9</b>		
<b>Effective tax rate</b>	<b>2.6%</b>		<b>518.5%</b>		
<b>Adjusted earnings before provision for taxes and net earnings<sup>1</sup></b>					
Earnings before provision for taxes on income	\$6,046	29.6	\$5,251	26.0	15.1
Net earnings	\$5,372	26.3	\$4,777	23.7	12.5
Net earnings per share (Diluted)	\$1.97		\$1.74		13.2
Average shares outstanding (Diluted) <sup>4</sup>	2,724.0		2,740.7		
Effective tax rate	11.1%		9.0%		

<sup>1</sup> See Reconciliation of Non-GAAP Financial Measures

<sup>2</sup> 2017 Statement of Earnings line items have been restated to reflect impact of ASU 2017-07

<sup>3</sup> In 2017 basic shares are used to calculate loss per share as use of diluted shares when in a loss position would be anti-dilutive

<sup>4</sup> In 2017 difference of 55.8 shares due to anti-dilutive impact of net loss position

N/M = Not Meaningful



# Cash

\$ U.S. Billions

	Y/E 2018	Y/E 2017
Cash	\$19.7	\$18.3
Debt	(\$30.5)	(\$34.6)
Net Debt	(\$10.8)	(\$16.3)
<b>Free Cash Flow</b>		
Free Cash Flow <sup>1</sup>	\$18.6	\$17.8
\$5B Share Repurchase Program <sup>2</sup>	\$0.9 billion ~20% complete	



<sup>1</sup> Estimated as of 1/22/19

<sup>2</sup> Announced December 17, 2018

# 2019 Considerations

## Tailwinds

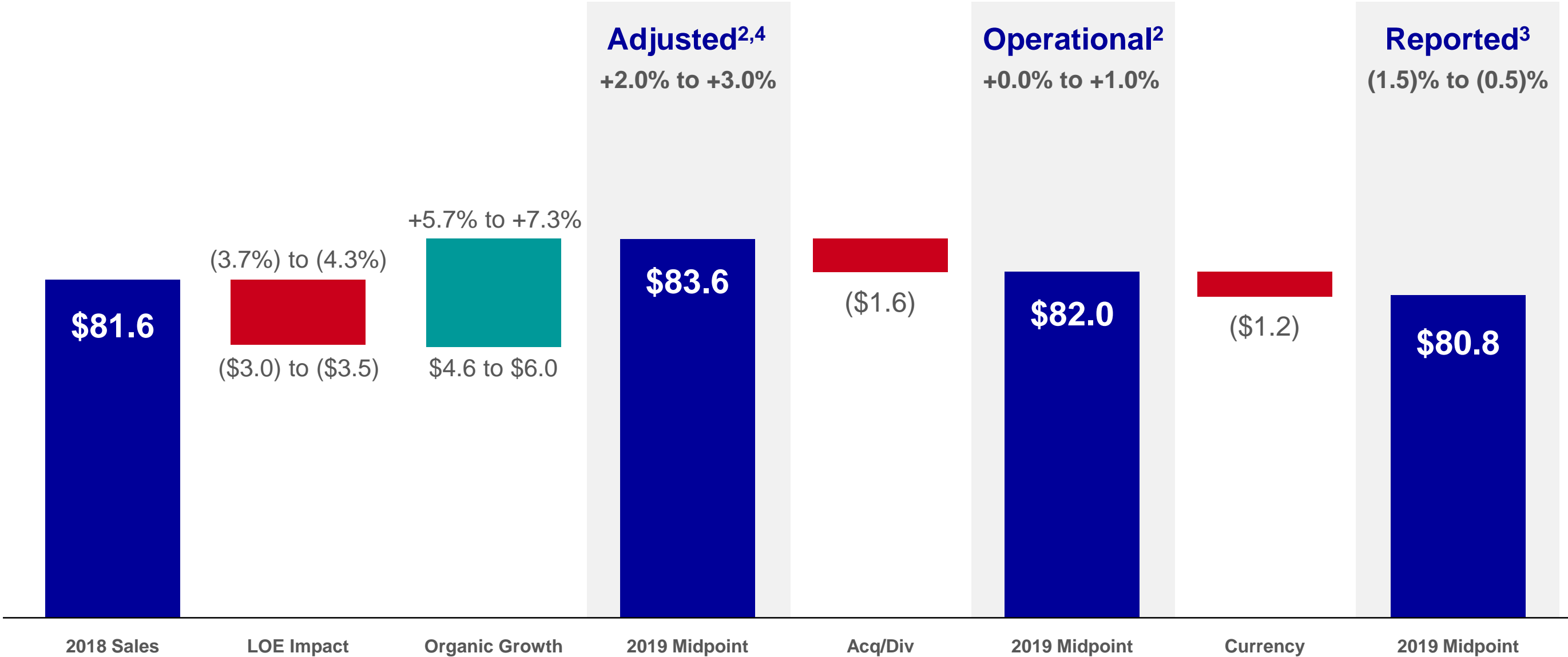
- Strong core business of 26 \$1B+ platforms/products across the enterprise
- Consumer new product innovation, continued global Baby relaunch, improving omni-channel execution
- Accelerating growth in Medical Devices from improved execution and new product innovation
- Uptake of new products such as ERLEADA and TREMFYA
- Potential NME and key line extension filings and approvals

## Headwinds

- Loss of exclusivity/generics/biosimilars:  
REMICADE                      VELCADE  
PROCRIT                        TRACLEER  
   ZYTIGA (U.S.)
- Continued pricing pressures
- Negative Foreign Exchange impact

# 2019 Sales Guidance<sup>1</sup>

\$ U.S. Billions



<sup>1</sup> Represents Midpoint of Guidance  
<sup>2</sup> Excludes the impact of translational currency  
<sup>3</sup> Euro Average Rate: January 2019 = \$1.14  
<sup>4</sup> Excludes the impact of acquisitions and divestitures





# 2019 Guidance

	2019 Guidance	Comments
Sales (Operational) <sup>1</sup>	\$81.6B - \$82.4B 0.0% - 1.0%	
Sales ex. Acq./Div. <sup>1</sup>	\$83.2B - \$84.0B 2.0% - 3.0%	Net Impact Acq./Div.: ~2.0%
Sales (Reported) <sup>2</sup>	\$80.4B - \$81.2B (1.5%) - (0.5%)	FX (\$1.2B) or (1.5%) impact
<b>Adjusted Pre-Tax Operating Margin<sup>3,4</sup></b>		
	Slight improvement	
Net Interest Expense	\$100 - \$200 million	Expected lower levels of debt and higher anticipated interest income
Net Other Income <sup>3</sup>	\$2.0 - \$2.3 billion	
Effective Tax Rate <sup>3</sup>	17.0% - 18.0%	Income mix; favorable one-timers in 2018
Adjusted EPS (Operational) <sup>1,3</sup>	\$8.65 - \$8.80 5.7% - 7.6%	
Adjusted EPS (Reported) <sup>2,3</sup>	\$8.50 - \$8.65 3.9% - 5.8%	Midpoint of \$8.58 FX (\$0.15) or (1.8%) impact



<sup>1</sup> Excludes the impact of translational currency

<sup>2</sup> Euro Average Rate: January 2019 = \$1.14

<sup>3</sup> Non-GAAP measure; excludes intangible amortization expense and special items

<sup>4</sup> Sales less: COGS, SM&A and R&D expenses





*Johnson & Johnson*

Save the Date

# Pharmaceutical Business Review

Wednesday, May 15, 2019

Hyatt Regency,  
New Brunswick



# Q&A



**Alex Gorsky**  
Chairman  
&  
Chief Executive Officer



**Joseph J. Wolk**  
Executive Vice President,  
Chief Financial Officer



**Christopher DeLOrefice**  
Vice President,  
Investor Relations



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