

2ND QUARTER 2018 RESULTS

Q2 2018 SALES

WORLDWIDE INCREASED ▲

\$20.8B **10.6%**

Excluding acquisitions/
divestitures on an operational
basis worldwide sales

INCREASED ▲

6.3%*

DILUTED EARNINGS
PER SHARE

\$1.45

ADJUSTED DILUTED EARNINGS PER SHARE*

\$2.10

INCREASE ▲

14.8%



“Our strong second-quarter results reflect double-digit growth in our Pharmaceutical business and the accelerating sales momentum in our Medical Devices business, driven by the continued growth of our market leading products and strategic new launches. We remain focused on investing in innovation and meeting the needs of our customers by delivering innovative products and solutions that position the company to deliver long-term, sustainable growth,” said Alex Gorsky, Chairman and Chief Executive Officer. “Our talented J&J colleagues are united in our efforts to address some of the most critical health and consumer needs of people around the world.”

WORLDWIDE CONSUMER SALES

\$3.5B

Consumer worldwide sales increased: **0.7%**

Primary contributors to growth:



TYLENOL



Imodium

WORLDWIDE PHARMACEUTICAL SALES

\$10.4B

Pharmaceutical worldwide sales increased: **19.9%**

Primary contributors to growth:



DARZALEX
(daratumumab)

Zytiga
abiraterone acetate

imbruvica
(ibrutinib) 400mg capsules

Stelara
(ustekinumab)

Simponi[®] ARIA
golimumab
for infusion

Opsumit
macitentan

INVEGA SUSTENNA
paliperidone palmitate
12mg, 18mg, 24mg, 30mg, 36mg

Xarelto
(rivaroxaban)

WORLDWIDE MEDICAL DEVICES SALES

\$7.0B

Medical Devices worldwide sales increased: **3.7%**

Primary contributors to growth:



ELECTROPHYSIOLOGY



ACUVUE[®]
CONTACT LENSES



BIOSURGERY



ENDOCUTTERS



SURGICAL
VISION



WOUND
CLOSURE



TRAUMA

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 17, 2018, 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 July 17, 2018, 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.

2nd Quarter 2018 Earnings Call

July 17, 2018

Johnson & Johnson



Joseph J. Wolk

Executive Vice President,
Chief Financial Officer



Agenda

Sales Performance and Highlights

Enterprise Update

Financial Results Review and Guidance

Q&A



Cautionary Note on Forward-looking Statements

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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.



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; 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

Pulmonary Hypertension

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



2nd Quarter 2018 Sales

\$ U.S. Billions, except EPS

Total Company	2Q 2018	2Q 2017	% Change	
			Reported	Operational ¹
U.S	\$10.6	\$9.7	9.4%	9.4%
Europe	4.8	4.2	13.7	6.5
Western Hemisphere (ex U.S.)	1.5	1.5	2.7	6.7
Asia-Pacific, Africa	3.8	3.4	13.5	10.2
International	10.2	9.1	11.8	7.9
Worldwide (WW)	\$20.8	\$18.8	10.6%	8.7%

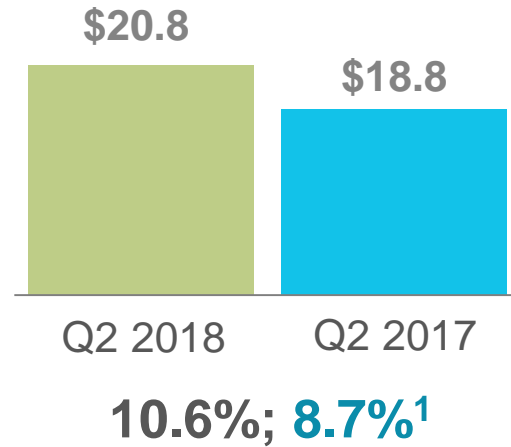


¹ Excludes impact of translational currency
Note: values may have been rounded

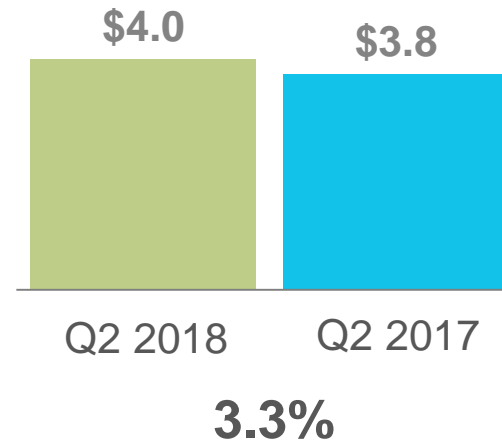
2nd Quarter 2018 Financial Highlights

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

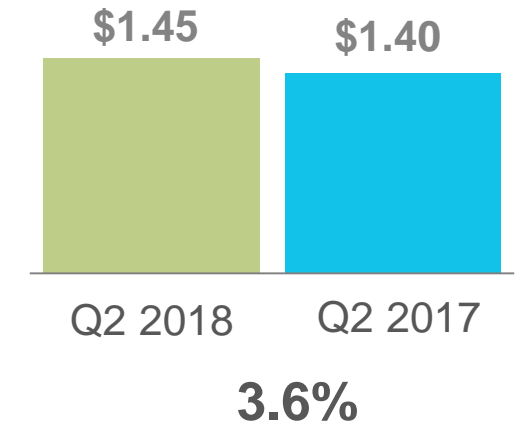
Sales



GAAP Earnings



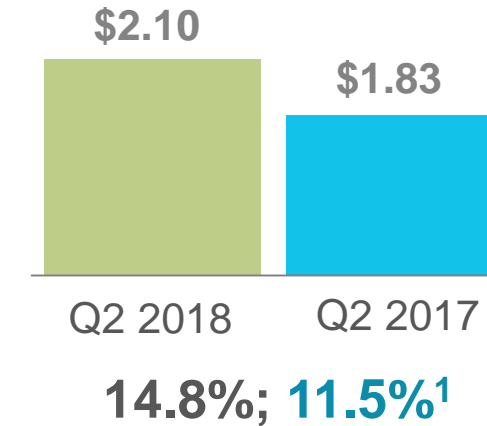
GAAP EPS



Adjusted Earnings²



Adjusted EPS²



¹ Excludes impact of translational currency

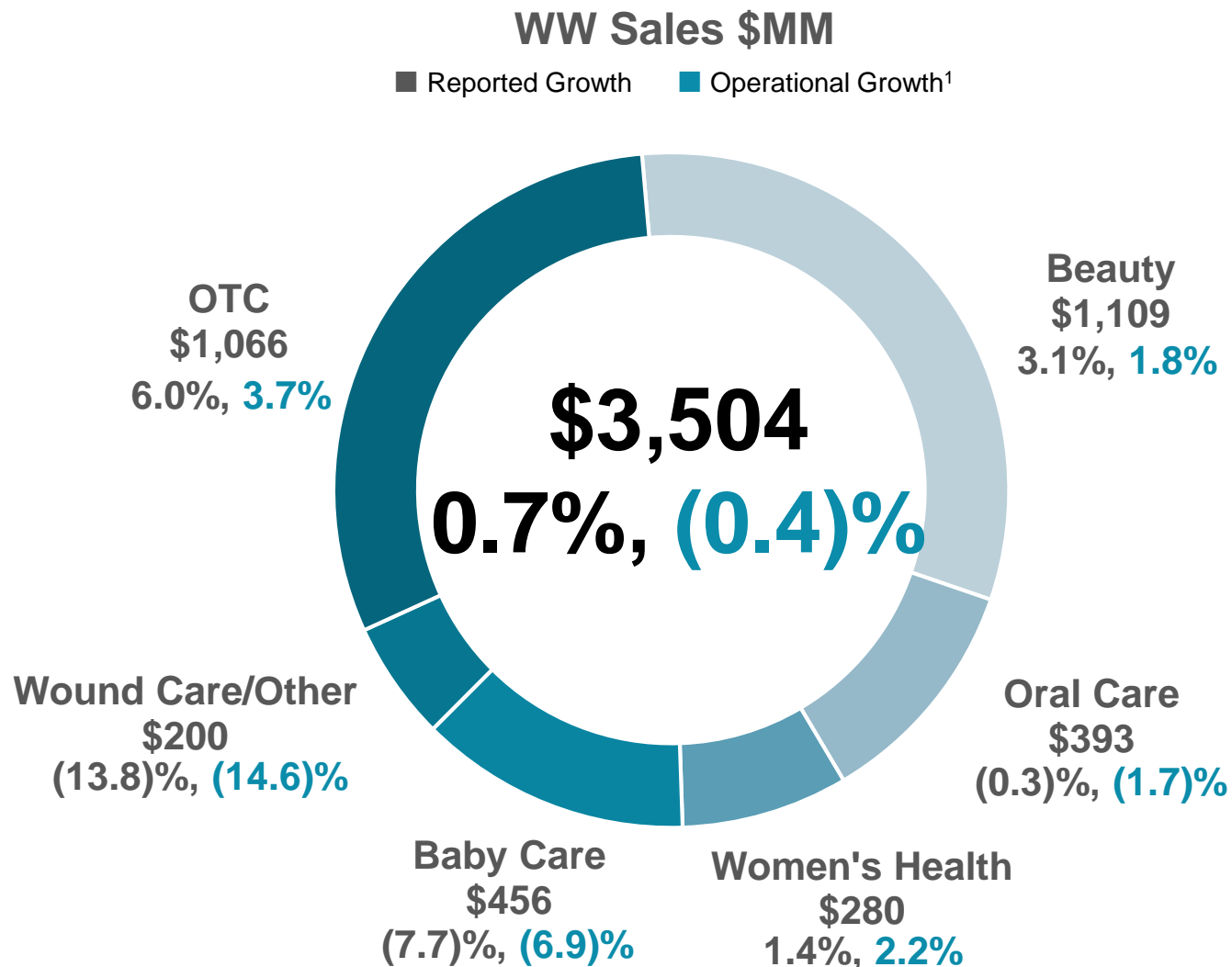
² Non-GAAP measure; excludes intangible amortization expense and special items; see reconciliation

Consumer Highlights – 2nd Quarter 2018

Underlying growth consistent with Q1 driven by OTC and geographic expansion in Beauty

Reported: WW 0.7%, U.S. (0.7)%, Int'l 1.9%

Operational¹: WW (0.4)%, U.S. (0.7)%, Int'l 0.0%



Key Drivers of Operational Performance¹

Baby Care	<ul style="list-style-type: none"> Retailer stocking reductions and discounting in anticipation of relaunch in the U.S. and competitive pressures in JOHNSON'S
Beauty	<ul style="list-style-type: none"> Driven by new product launches; OGx and MAUI MOISTURE share growth and geographic expansion; strength in Dr. Ci Labo and U.S. market growth, partially offset by the negative impact of timing of NEUTROGENA and AVEENO suncare products season in the U.S.
Oral Care	<ul style="list-style-type: none"> LISTERINE market, share growth and new product pipeline build in the U.S., offset by OUS divestitures and softness in EMEA
OTC	<ul style="list-style-type: none"> Share growth across multiple brands coupled with inventory replenishment post hurricane Maria, OUS strength in Children's MOTRIN, anti-smoking aids and RHINOCORT
Women's Health	<ul style="list-style-type: none"> Growth in liners and internal sanitary protection, partially offset by weakness in napkins
Wound Care/Other	<ul style="list-style-type: none"> COMPEED OUS divestiture

Sales excl. acquisition and divestiture²: WW 0.9%, U.S. (0.7)%, OUS 2.1%



¹ Excludes impact of translational currency

² Non-GAAP measure; see reconciliation



Neutrogena



Aveeno
ACTIVE NATURALS



Carefree

LISTERINE

BAND-AID
BRAND ADHESIVE BANDAGES



TYLENOL

Motrin^{IB}



Pharmaceutical Highlights – 2nd Quarter 2018

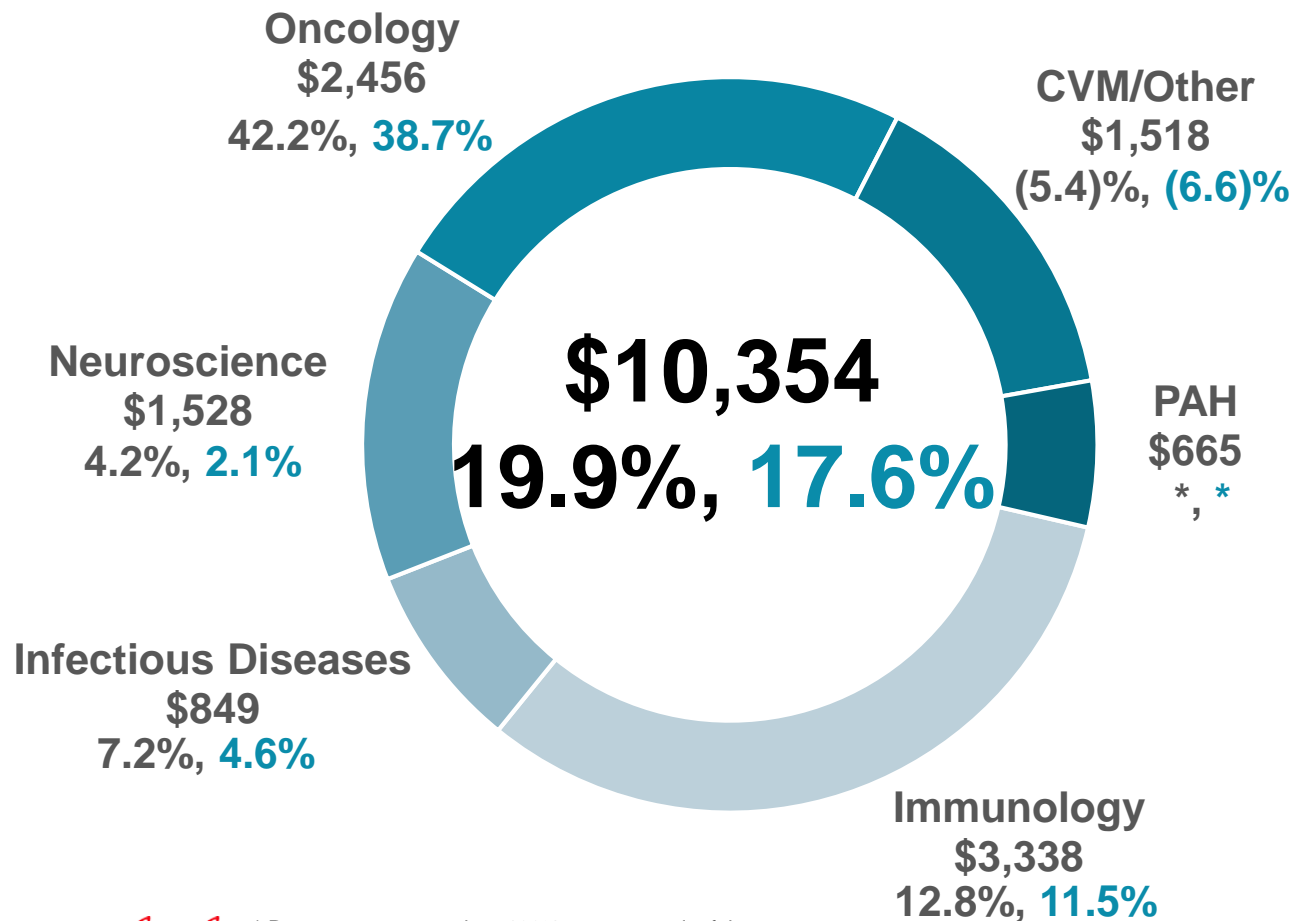
Double-digit growth led by Oncology and Immunology

Reported: WW 19.9%, U.S. 17.7%, Int'l 22.9%

Operational¹: WW 17.6%, U.S. 17.7%, Int'l 17.5%

WW Sales \$MM

■ Reported Growth ■ Operational Growth¹



Key Drivers of Operational Performance¹

Immunology	<ul style="list-style-type: none"> Growth driven by strong uptake of STELARA in Crohn's Disease, U.S. immunology market growth, launch uptake of TREMFYA and strength across major regions for expanded indications of SIMPONI/SIMPONI ARIA Lower sales of REMICADE due to increased discounts/rebates and biosimilar competition
Infectious Diseases	<ul style="list-style-type: none"> Strong sales of PREZCOBIX/REZOLSTA, continued success of ODEFSEY and launch of SYMTUZA, offset by lower sales of PREZISTA
Neuroscience	<ul style="list-style-type: none"> Paliperidone long-acting injectables growth due to strength of INVEGA TRINZA/TREVICTA and INVEGA SUSTENNA/XEPLION, offset by cannibalization of RISPERDAL CONSTA and generic competition for CONCERTA
Oncology	<ul style="list-style-type: none"> DARZALEX continued strong uptake in the U.S. and EU, especially 1 prior-line setting; commercially available in 31 countries in EMEA and Japan 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 Strong sales and share growth of ZYTIGA driven by LATITUDE data and market growth Addition of newly launched ERLEADA sales in non-metastatic CRPC
Cardiovascular/ Metabolism/ Other (CVM/Other)	<ul style="list-style-type: none"> XARELTO increase in market share driven by clinical differentiation, partially offset by higher contracted sales and discounts to Managed Care INVOKANA/INVOKAMET lower sales due to increased contracting discounts and higher Managed Care rebates and share loss due to competitive pressures
Pulmonary Hypertension (PAH)	<ul style="list-style-type: none"> Acquisition of Actelion June 2017; Pro-forma growth³ of key products are OPSUMIT (+16%WW), TRACLEER (-37%WW) and UPTRAVI (+42%WW)



* Percentage greater than 100% or not meaningful

¹ Excludes impact of translational currency

² Non-GAAP measure; see reconciliation

³ Reflects estimated operational growth for Q2 utilizing Actelion sales for the same period prior to the close of the acquisition

Sales excl. acquisition and divestiture²: WW 11.0%, U.S. 10.2%, OUS 11.9%



Medical Devices Highlights – 2nd Quarter 2018

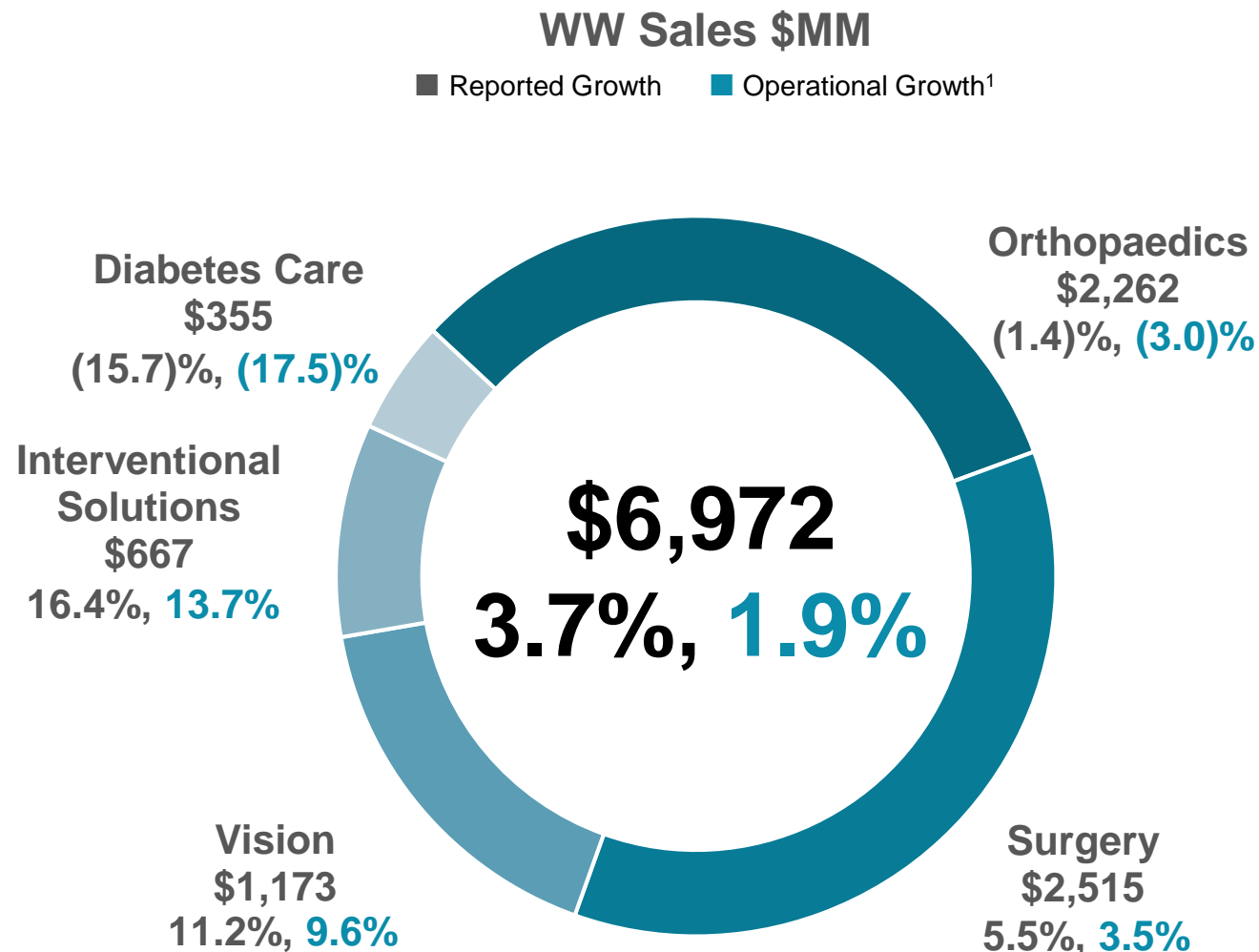
Accelerating sales momentum driven by continued strong performance in Vision & Interventional Solutions

Reported: WW 3.7%, U.S. 1.1%, Int'l 6.0%

Operational¹: WW 1.9%, U.S. 1.1%, Int'l 2.5%

Key Drivers of Operational Performance¹

Interventional Solutions	<ul style="list-style-type: none"> Electrophysiology growth of +17% primarily driven by Atrial Fibrillation procedure growth coupled with strong THERMOCOOL SMARTTOUCH SF Contact Force Sensing Catheter and diagnostic catheter sales
Diabetes Care	<ul style="list-style-type: none"> Pump discontinuation, BGM price declines in the U.S., as well as category and share softness in EMEA
Orthopaedics	<ul style="list-style-type: none"> Hips: Driven by leadership position in the anterior approach and strong market demand for the ACTIS stem Knees: Competitive pressure in the U.S. coupled with declines in EMEA Trauma: Demand growth OUS led by ASPAC and the continued uptake of new products, primarily the TFN-ADVANCED nailing system Spine & Other: Codman divestiture and share decline in Spine <ul style="list-style-type: none"> Spine: WW: ~(-5%), U.S. ~(-6%), OUS: ~(-3%)
Surgery	<ul style="list-style-type: none"> Advanced: <ul style="list-style-type: none"> Endocutters: +7% driven by powered and minimally invasive surgery penetration in China and continued success of new products OUS Biosurgery: +8% driven by Topical Absorbable Hemostat and Biologics Energy: +1% driven by OUS growth partially offset by market and share decline in the U.S. General: Driven by Wound Closure growth in all regions led by strength in ASPAC aided by the WHO and CDC guidelines recommending our Plus Suture product Specialty: ASP growth offset by share declines across the rest of the portfolio
Vision	<ul style="list-style-type: none"> Contact Lenses/Other: Strong above-market consumption primarily reflected in astigmatism and daily disposable lenses in the OASYS family coupled with strong growth in Japan and emerging markets as well as prior year comparisons in the U.S. Surgical: Strength in OUS cataracts in all IOL segments primarily in Asia and Japan coupled with the Tear Science acquisition



Sales excl. acquisition and divestiture²: WW 2.9%, U.S. 1.7%, OUS 4.1%



¹ Excludes impact of translational currency

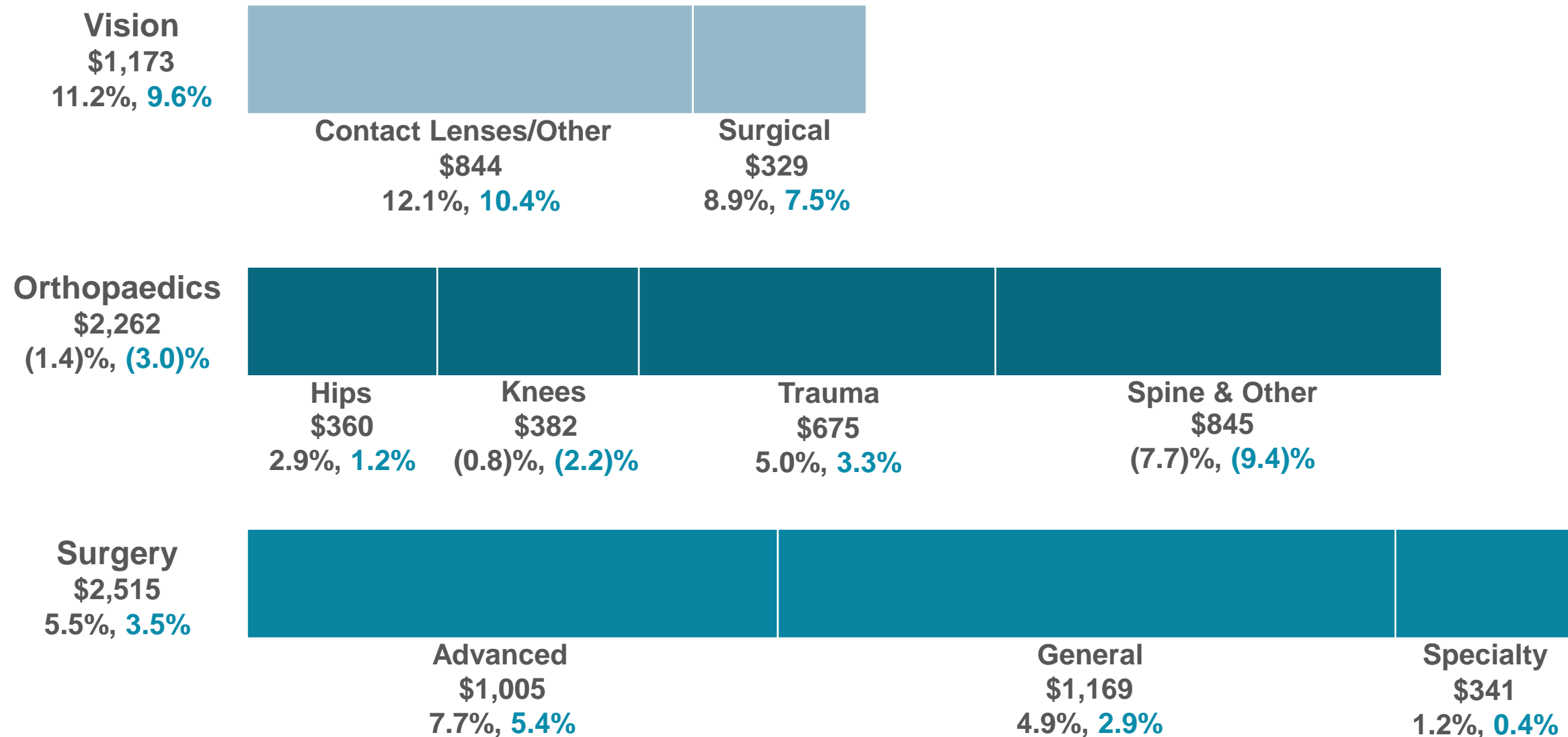
² Non-GAAP measure; see reconciliation

Medical Devices Platforms

Accelerating sales momentum driven by continued strong performance in Vision & Interventional Solutions

WW Sales \$MM

■ Reported Growth ■ Operational Growth¹



¹ Excludes impact of translational currency



Important Developments in 2nd Quarter 2018

- A binding offer was accepted from Platinum Equity to acquire the LifeScan business for approximately \$2.1 billion, subject to customary adjustments
- Received binding offer from Fortive Corporation to acquire its Advanced Sterilization Products business for an aggregate value of approximately \$2.8 billion, subject to customary adjustments
- Completed the acquisition of assets from Medical Enterprises Distribution, LLC, a privately held developer of surgical impactor technology, including the automated ME1000 Surgical Impactor for use in hip replacement
- The U.S. Food and Drug Administration (FDA) approved an additional indication for DARZALEX in combination with VELCADE; melphalan; and prednisone for the treatment of patients with newly diagnosed multiple myeloma who are ineligible for autologous stem cell transplant
- A supplemental New Drug Application was submitted to the FDA seeking to expand the indication of OPSUMIT to include the treatment of adults with inoperable chronic thromboembolic pulmonary hypertension (CTEPH, WHO Group 4) to improve exercise capacity and pulmonary vascular resistance
- A worldwide collaboration was entered into with Bristol-Myers Squibb Company to develop and commercialize Factor XIa inhibitors, including BMS-986177, for the prevention and treatment of major thrombotic conditions
- Received 510(k) clearance from the FDA for ACUVUE OASYS with Transitions indicated for vision correction and the attenuation of bright light
- The European Commission granted marketing authorization for JULUCA, a two-drug regimen, once-daily, single-pill for the treatment of HIV-1
- Completed the acquisition of BeneVir Biopharm, Inc., a privately-held, biopharmaceutical company specializing in the development of oncolytic immunotherapies
- Completed the divestiture of the global rights to the medicated anti-dandruff shampoo, NIZORAL
- Completed the divestiture of the U.S. and Canada rights to PANCREAZE
- The FDA approved iDESIGN Refractive Studio, part of a next generation LASIK platform that measures the eye inside and out to enable highly precise personalized vision correction





Alex Gorsky

Chairman
&
Chief Executive Officer



OUR CREDO
WRITTEN IN 1943



WE ARE RESPONSIBLE TO
LIVE AND WORK AND TO
COURTESY AND BEAR OUR FAIR
ENCOURAGE CIVIC IMPROVEMENT
AND EDUCATION. WE MUST MAINTAIN
PROPERTY WE ARE PRIVILEGED TO
ENVIRONMENT AND NATURAL RESOURCES.

OUR FINAL RESPONSIBILITY IS TO
BUSINESS MUST MAKE A SOUND PRO
EXPERIMENT WITH NEW IDEAS. RESEARCH
ON INNOVATIVE PROGRAMS DEVELOPED AND
PROVIDED AND NEW PRODUCTS LAUNCHED. RES
BE CREATED TO PROVIDE FOR ADVERSE TIME
WE OPERATE ACCORDING TO THESE PRINCIPLES
STOCKHOLDERS SHOULD REALIZE A FAIR RETURN

Johnson & Johnson

75th Anniversary of Our Credo



Johnson & Johnson

Health For Humanity Report

The 2017 Health for Humanity Report shares how we hold ourselves accountable to those who entrust their lives – and communities – to us.



Johnson & Johnson

Creating Value through Portfolio Management

Investments in Innovation

+15.5%

2018 YTD increase
in R&D spend



#5 U.S. #8 Globally

2017 R&D Investment Rankings

Value Creating Acquisitions & Strategic Partnerships

- Orthotaxy, Auris, CSATS, Surgical Impactor
- BMS FXIa inhibitor collaboration
- BeneVir Biopharm
- Theravance BioPharma collaboration to develop 1st in class oral JAK inhibitor



Portfolio Optimization

Divestitures:

- Nizoral
- Valchlor
- Pancreaze
- ASP binding offer received
- Accepted binding offer for LifeScan



ADVANCED STERILIZATION PRODUCTS



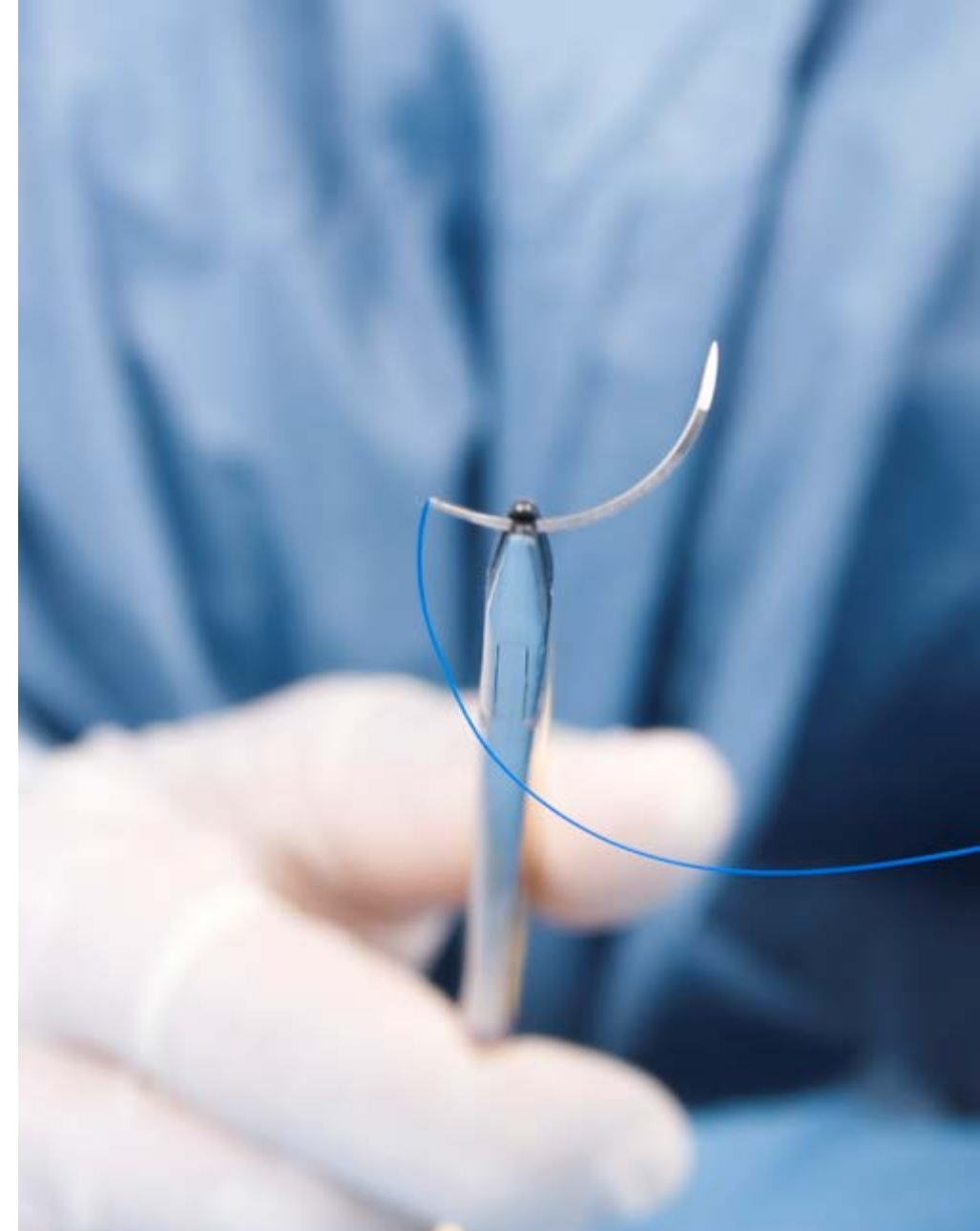
Note: select deals



Pharmaceuticals



Consumer



Medical Devices

Pharmaceuticals

Industry-Leading Pipeline & Commercial Excellence

Drive continued above-market growth, while delivering on our near-term product pipeline

Key catalysts for growth:

- Continuing penetration and securing new indications for life-changing products such as DARZALEX, IMBRUVICA, STELARA and XARELTO
- Driving best in class uptake of successful new product launches such as TREMFYA and ERLEADA
- Accelerating growth of Actelion products
- Submitting regulatory applications for new molecular entities (NMEs), which include esketamine and erdafitinib in 2018



Consumer

Iconic Brands & Unparalleled Consumer Insights

Accelerate growth in priority categories across E-commerce and other channels

Key catalysts for growth:

- Revitalizing our market leading JOHNSON'S BABY brand to appeal to today's parents
- Broadening the scope of our innovation model to accelerate growth of our beloved brands to more consumers around the world wherever they shop
- Continuing to build our strong brand portfolio through innovation – delivering differentiated products that are professionally endorsed and science-based



Medical Devices

Comprehensive Portfolio & Accelerated Growth Strategy

Accelerate growth through innovation, strategic partnerships, portfolio management, and new business models

Key catalysts for growth:

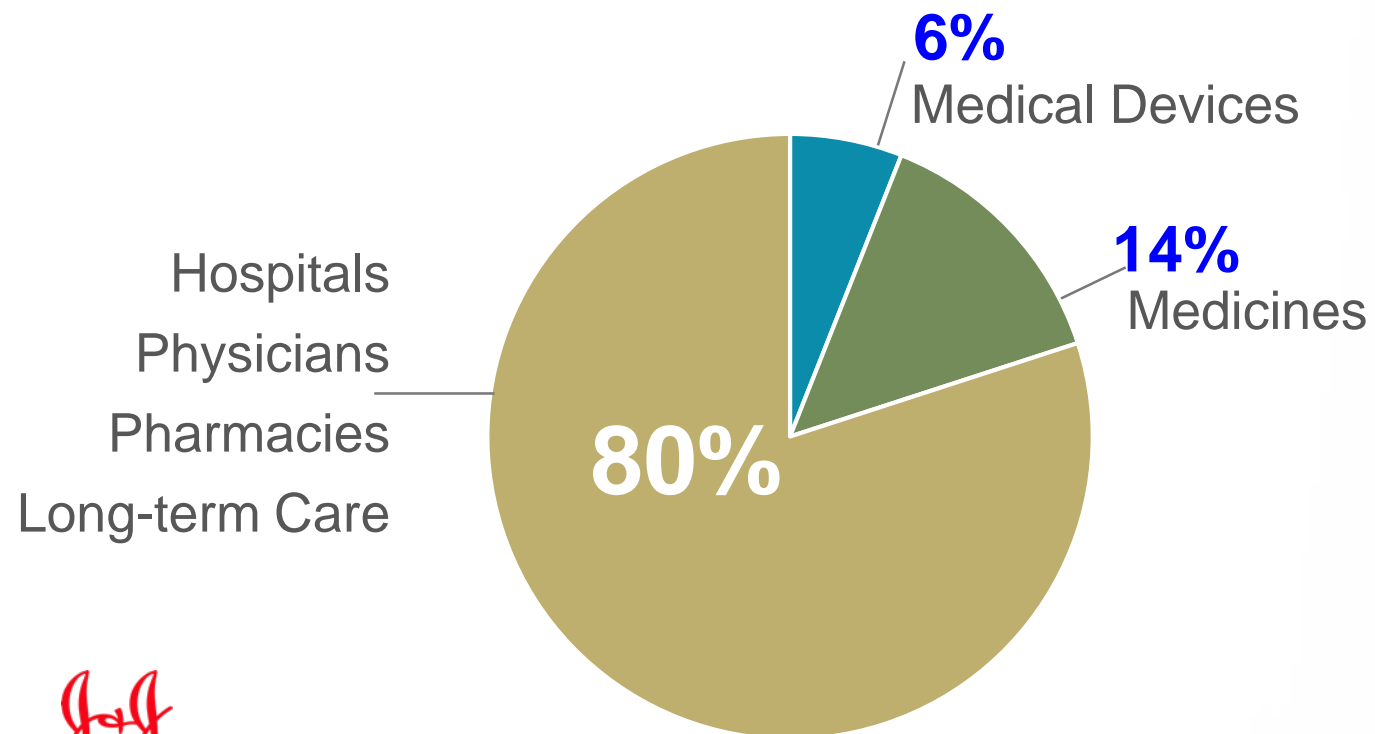
- Launching several new products across our orthopaedics, surgery, interventional and vision portfolios
- On track to deliver digital surgery and orthopaedic robotics solutions in 2020
- Maximizing new market growth opportunities and sites of care beyond the hospital
- Simplifying operations while relentlessly focusing on execution



Johnson & Johnson

Ensuring Responsible Healthcare Costs & Drug Pricing Requires:

- A system that rewards innovation
- Transparency
- Avoiding unintended consequences
- An end-to-end view of the entire healthcare system



J&J is Proud of Key Industry Recognitions

FORTUNE



THOMSON REUTERS

Gartner®

**WORKING
MOTHER**

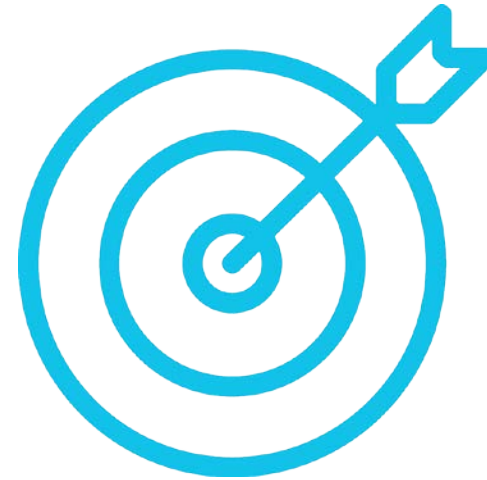
Forbes

DiversityInc

A Laser-like Focus on



Innovation



Execution



Customers

Drives Superior Long-Term Performance



Joseph J. Wolk

Executive Vice President,
Chief Financial Officer



Condensed Consolidated Statement Of Earnings

2nd Quarter 2018

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

	2018		2017*		Percent Increase (Decrease)
	Amount	Percent to Sales	Amount	Percent to Sales	
Sales to customers	\$ 20,830	100.0	\$ 18,839	100.0	10.6
Cost of products sold	6,927	33.3	5,846	31.0	18.5
Gross Profit	13,903	66.7	12,993	69.0	7.0
Selling, marketing and administrative expenses	5,743	27.5	5,289	28.1	8.6
Research and development expense	2,639	12.7	2,296	12.2	14.9
Interest (income) expense, net	127	0.6	122	0.6	
Other (income) expense, net	364	1.7	527	2.8	
Restructuring	57	0.3	11	0.1	
Earnings before provision for taxes on income	4,973	23.9	4,748	25.2	4.7
Provision for taxes on income	1,019	4.9	921	4.9	10.6
Net earnings	\$ 3,954	19.0	\$ 3,827	20.3	3.3
Net earnings per share (Diluted)	\$ 1.45		\$ 1.40		3.6
Average shares outstanding (Diluted)	2,721.3		2,741.5		
Effective tax rate	20.5 %		19.4 %		
Adjusted earnings before provision for taxes and net earnings ⁽¹⁾					
Earnings before provision for taxes on income	\$ 7,014	33.7	\$ 6,285	33.4	11.6
Net earnings	\$ 5,718	27.5	\$ 5,017	26.6	14.0
Net earnings per share (Diluted)	\$ 2.10		\$ 1.83		14.8
Effective tax rate	18.5 %		20.2 %		

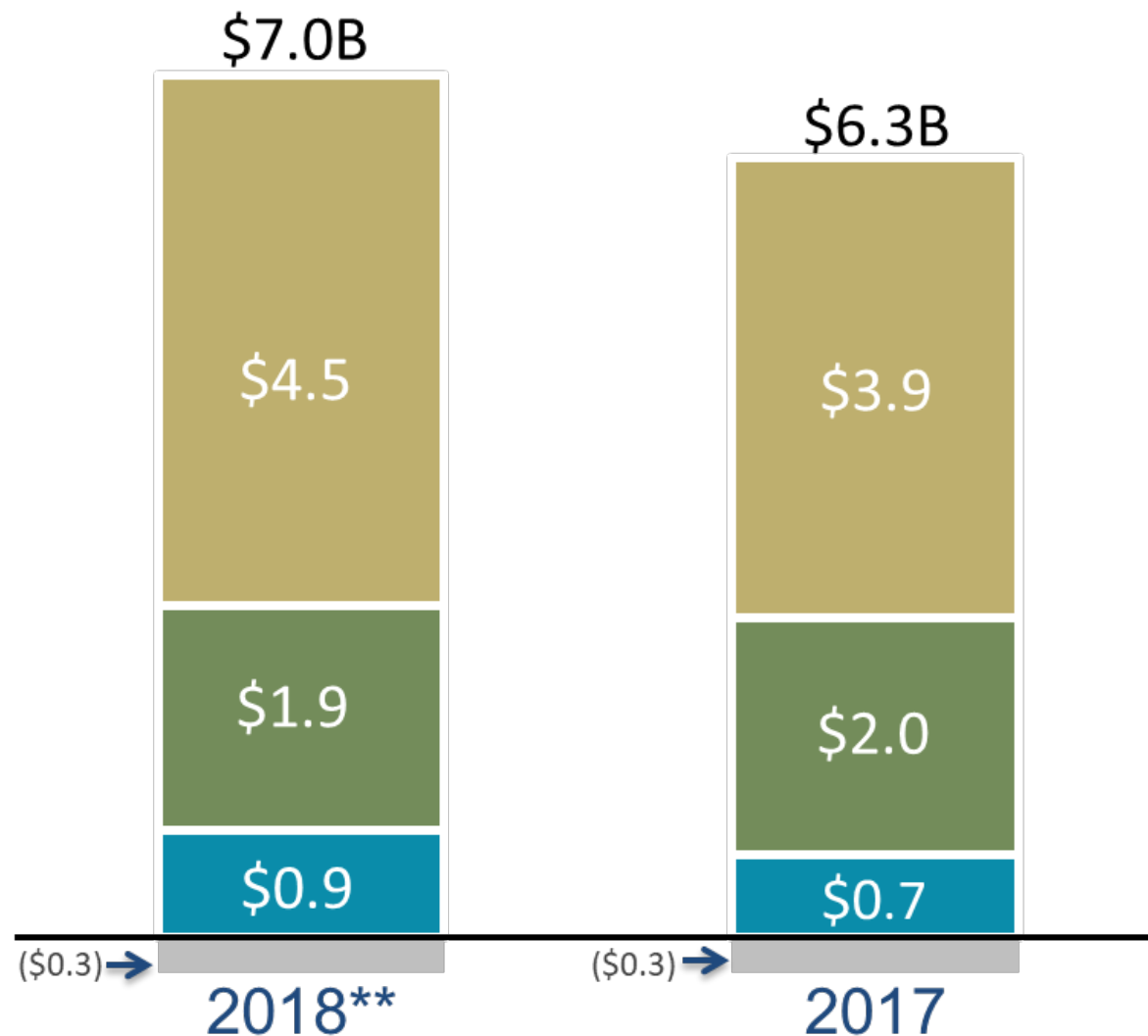


(1) See Reconciliation of Non-GAAP Financial Measures.

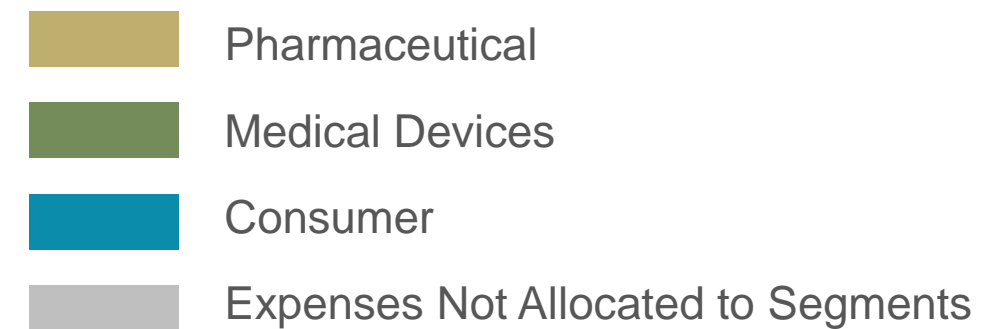
*2017 Statement of Earnings line items have been restated to reflect impact of ASU 2017-07

Adjusted Income Before Tax by Segment*

2nd Quarter 2018



	% to Sales	
	Q2 2018 QTD	Q2 2017 QTD
Pharmaceutical	43.2%	44.5%
Medical Devices	27.8%	30.4%
Consumer	25.7%	20.5%
Total	33.7%	33.4%



* Non-GAAP measure; excludes amortization expense and special items; see reconciliation at www.investor.jnj.com

** Estimated as of 7/17/18

Johnson & Johnson

Q&A



Alex Gorsky

Chairman
&
Chief Executive Officer



Joseph J. Wolk

Executive Vice President,
Chief Financial Officer

Johnson & Johnson