

# Full Year 2019 Results



2019 Sales			
<b>\$82.1B</b>	Worldwide Increased ▲	Excluding acquisitions/ divestitures on an operational basis	Worldwide Increased ▲
	<b>0.6%</b>		<b>4.5%*</b>
Diluted Earnings Per Share		Adjusted Diluted Earnings Per Share*	
<b>\$5.63</b>	Increased ▲	<b>\$8.68</b>	Increased ▲
	<b>0.4%</b>		<b>6.1%</b>



“We delivered strong underlying sales and earnings growth in 2019, driven by the strength of our Pharmaceutical business, accelerating performance in our Medical Devices business and improved profitability in our Consumer business. As we enter into 2020 and this next decade, our strategic investments focused on advancing our pipelines and driving innovation across our entire product portfolio, position us well to deliver long-term sustainable growth and value to our shareholders. I am extremely proud of our talented and dedicated colleagues who live Our Credo values each and every day, and are inspired to deliver transformative healthcare solutions that improve the lives of our patients and consumers around the world.”

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

**\$13.9  
Billion**



## Worldwide Consumer Sales

Consumer worldwide reported sales increased 0.3% or 3.0% operationally<sup>1</sup>. Primary operational contributors:



**\$42.2  
Billion**



## Worldwide Pharmaceutical Sales

Pharmaceutical worldwide reported sales increased 3.6% or 5.8% operationally<sup>1</sup>. Primary operational contributors:

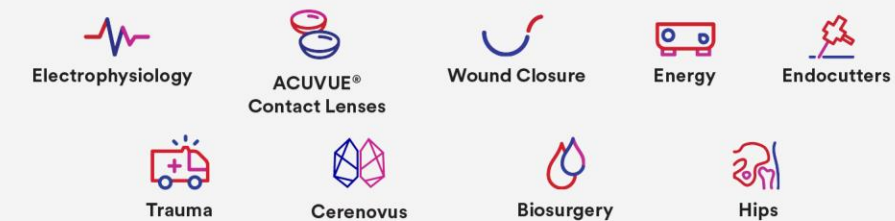


**\$26.0  
Billion**



## Worldwide Medical Devices Sales

Medical Devices worldwide reported sales decreased (3.8)% or (1.7)% operationally<sup>1</sup>. Primary operational contributors:



Note: values may have been rounded

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

# 4<sup>th</sup> Quarter 2019 Earnings Call

January 22, 2020

*Johnson & Johnson*

# 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 30, 2018, 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. The following is an acknowledgement of those relationships:

<b>Orthopaedics</b>	MONOVISC/ORTHOVISC licensed from Anika Therapeutics, Inc.
<b>Vision</b>	ACUVUE OASYS with Transitions Light Intelligent Technology developed in collaboration with Transition Optical, Inc.
<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
<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, PROCRI/ 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
<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

# Agenda

- ① **Sales Performance and Earnings Review**

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- ② **Enterprise Highlights**

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- ③ **Capital Allocation and Guidance**

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- ④ **Q&A**



**Alex Gorsky**

Chairman and  
Chief Executive Officer



**Joseph J. Wolk**

Executive Vice President,  
Chief Financial Officer



**Chris DelOrefice**

Vice President,  
Investor Relations

# 4<sup>th</sup> Quarter 2019 Sales

Dollars in Billions Regional Sales Results	Q4 2019	Q4 2018	% CHANGE	
			Reported	Operational <sup>1</sup>
<b>U.S.</b>	<b>\$10.8</b>	<b>\$10.6</b>	<b>1.4%</b>	<b>1.4%</b>
Europe	4.7	4.7	(1.4)	1.0
Western Hemisphere (ex U.S.)	1.5	1.5	2.6	9.3
Asia-Pacific, Africa	3.8	3.6	6.6	5.8
<b>International</b>	<b>10.0</b>	<b>9.8</b>	<b>2.1</b>	<b>4.0</b>
<b>Worldwide (WW)</b>	<b>\$20.7</b>	<b>\$20.4</b>	<b>1.7%</b>	<b>2.6%</b>

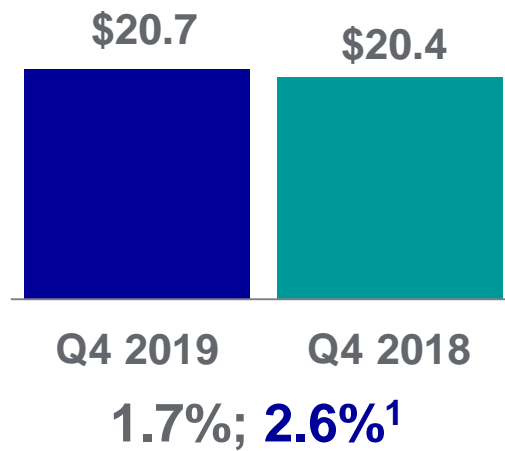
# Full Year 2019 Sales

Dollars in Billions Regional Sales Results	2019	2018	% CHANGE	
			Reported	Operational <sup>1</sup>
<b>U.S.</b>	<b>\$42.1</b>	<b>\$41.9</b>	<b>0.5%</b>	<b>0.5%</b>
Europe	18.5	18.8	(1.5)	3.8
Western Hemisphere (ex U.S.)	5.9	6.1	(2.8)	5.7
Asia-Pacific, Africa	15.6	14.8	4.9	6.9
<b>International</b>	<b>40.0</b>	<b>39.7</b>	<b>0.7</b>	<b>5.3</b>
<b>Worldwide (WW)</b>	<b>\$82.1</b>	<b>\$81.6</b>	<b>0.6%</b>	<b>2.8%</b>

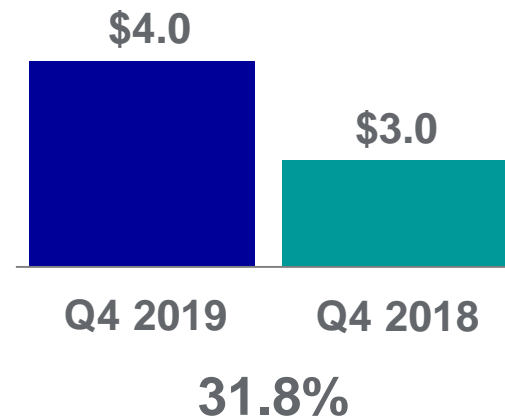
# 4<sup>th</sup> Quarter 2019 Financial Highlights

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

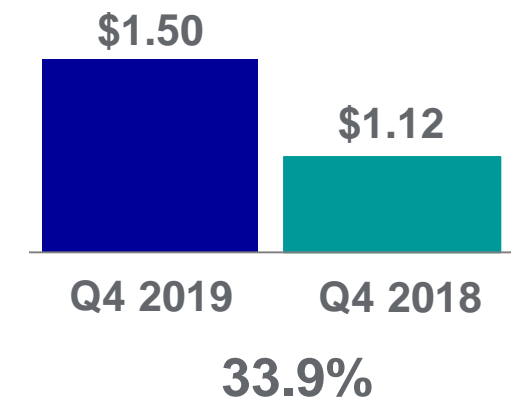
## Sales



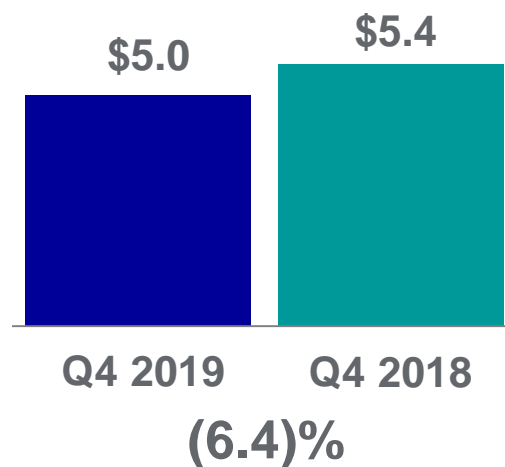
## GAAP Earnings



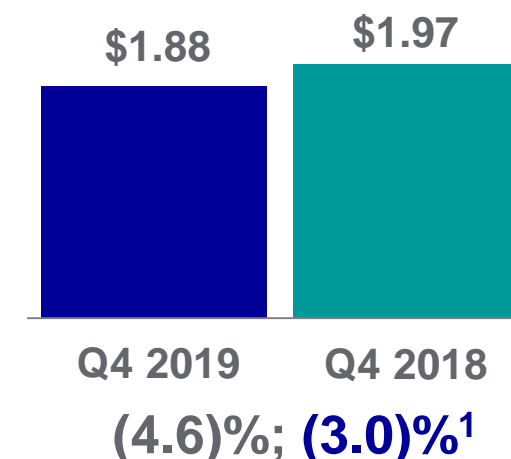
## GAAP EPS



## 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](#)

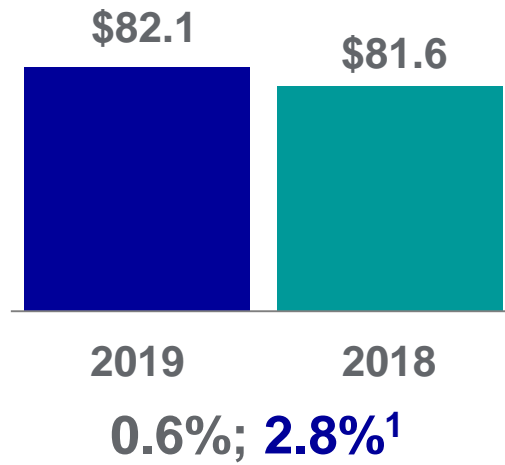
<sup>2</sup> Non-GAAP measure; excludes intangible amortization expense and special items; see reconciliation schedules in the Investors section of the [company's website](#)



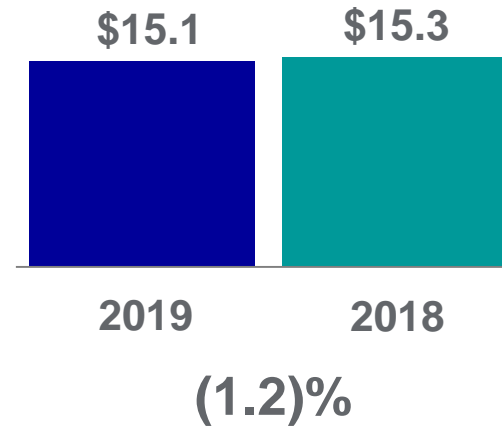
# Full Year 2019 Financial Highlights

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

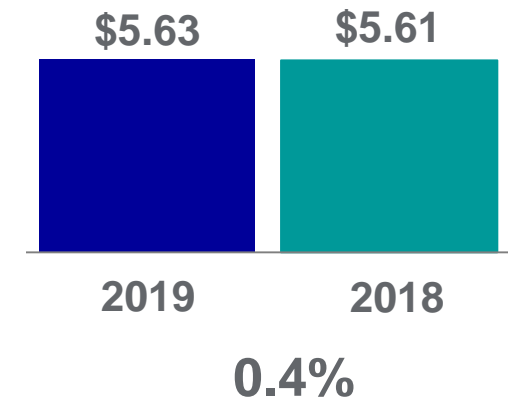
## Sales



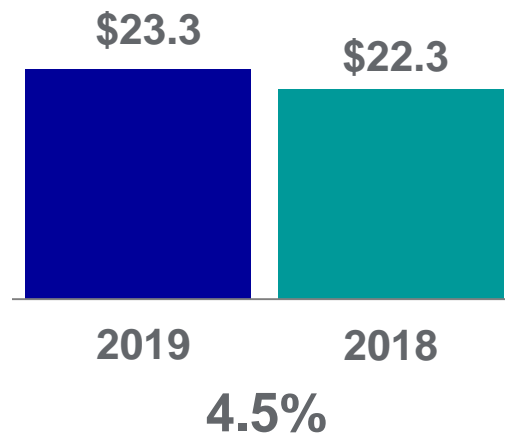
## GAAP Earnings



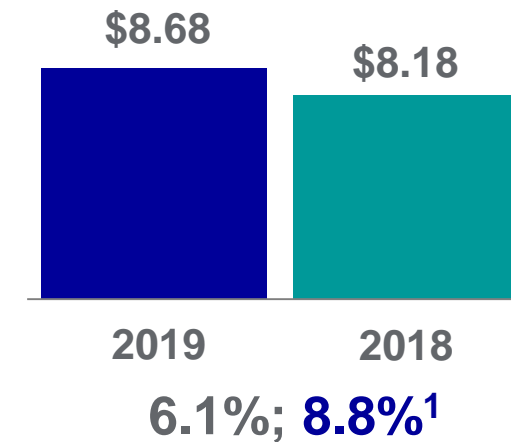
## GAAP EPS



## 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](#)

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# Consumer Highlights – 4<sup>th</sup> Quarter 2019

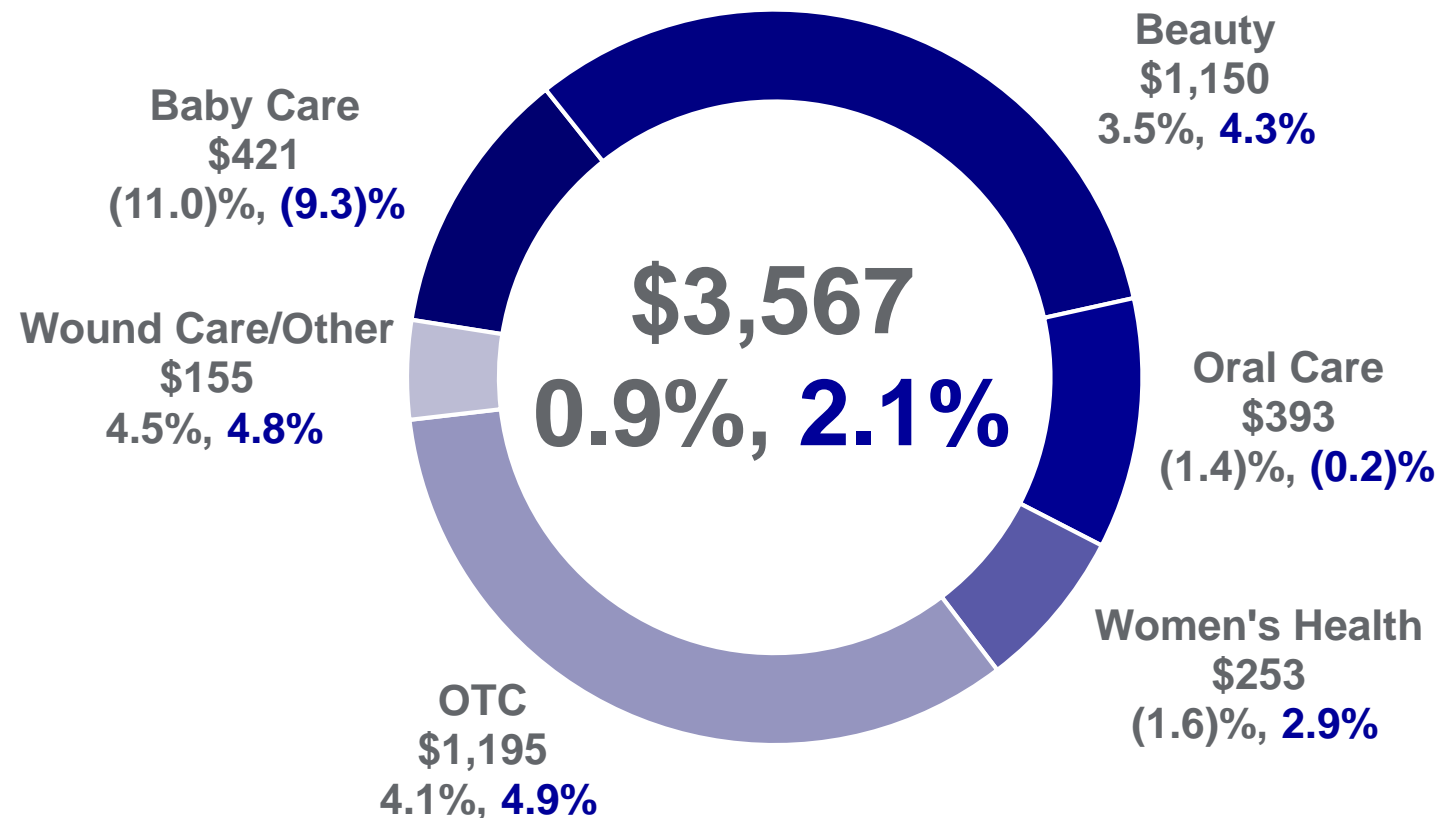
Strong operational growth in Beauty and OTC

Reported: WW 0.9%, U.S. (0.6%), Int'l 2.0%

Operational<sup>1</sup>: WW 2.1%, U.S. (0.6%), Int'l 4.0%

## WW Sales \$MM

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



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

Baby Care	<ul style="list-style-type: none"> <li>Decline driven by Baby Center divestiture, competitive pressures in JOHNSON'S and negative impact of comparison to prior year relaunch activities</li> </ul>
Beauty	<ul style="list-style-type: none"> <li>Growth driven by DR. CI:LABO acquisition, market and share growth primarily in NEUTROGENA and AVEENO partially offset by ROC divestiture, NEUTROGENA and AVEENO higher trade spending along with lapping of prior year pipeline build for AVEENO new products in the U.S.</li> </ul>
Oral Care	<ul style="list-style-type: none"> <li>Primarily driven by increased trade investments in the U.S. partially offset by successful promotions and strong consumption in EMEA</li> </ul>
OTC	<ul style="list-style-type: none"> <li>U.S. growth due to overall share gains primarily TYLENOL Rapid Release Gels and Arthritis, PEPCID and ZARBEE'S, coupled with overall market growth, and retail stocking in support of trade promotion activities</li> <li>OUS growth primarily due to strength in Children's MOTRIN and anti-smoking aids</li> </ul>
Women's Health	<ul style="list-style-type: none"> <li>Growth driven by STAYFREE performance in India</li> </ul>
Wound Care/Other	<ul style="list-style-type: none"> <li>Primarily due to U.S. market growth in adhesive bandages</li> </ul>

Adjusted Operational Sales<sup>2</sup>: WW 1.4%, U.S. 1.6%, Int'l 1.3%



<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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 Note: Values may not add due to rounding

# Pharmaceutical Highlights – 4<sup>th</sup> Quarter 2019

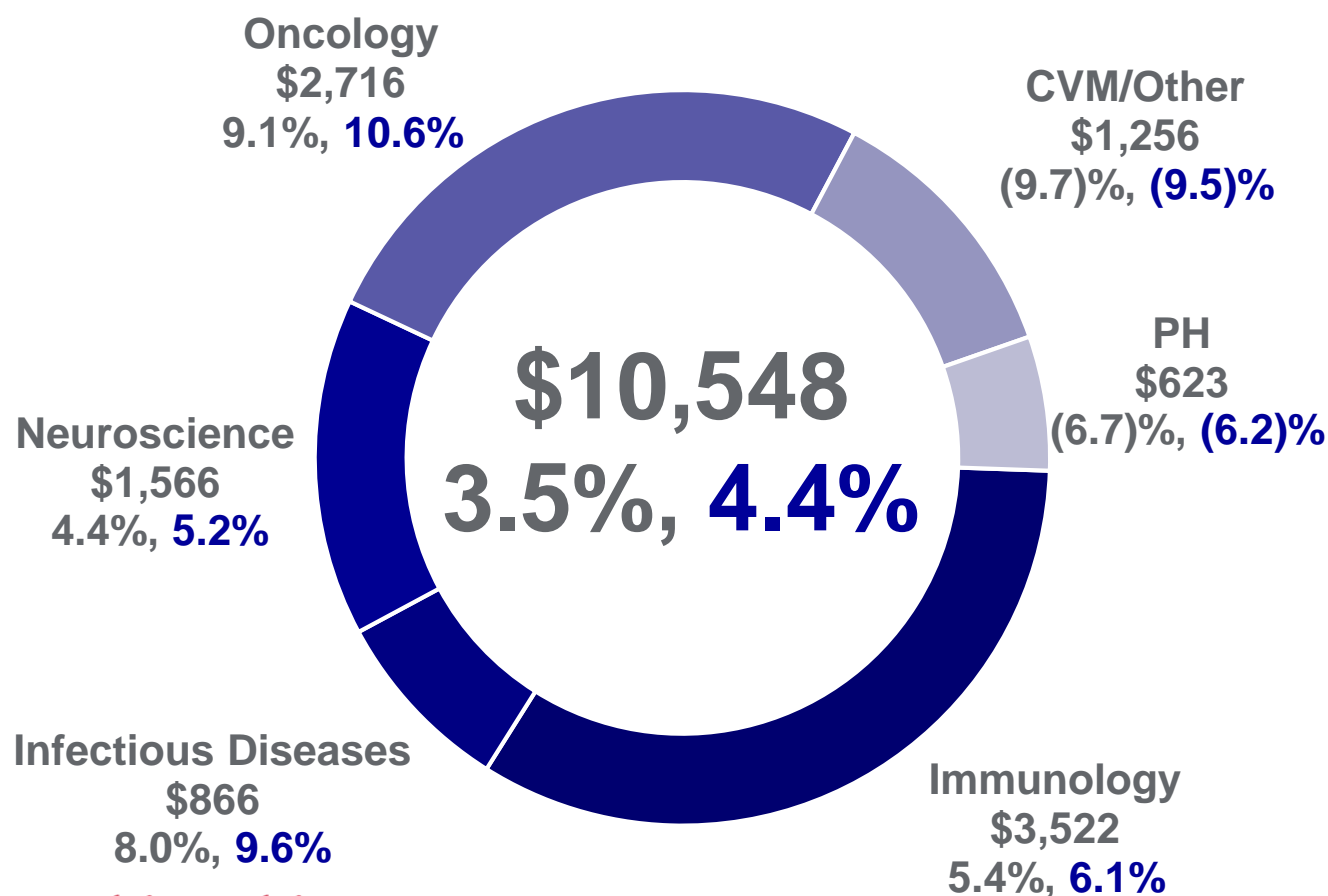
*Strong growth across multiple therapeutic areas*

Reported: WW 3.5%, U.S. 3.9%, Int'l 2.9%

Operational<sup>1</sup>: WW 4.4%, U.S. 3.9%, Int'l 5.1%

## 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 and TREMFYA in Psoriasis, expanded indications of SIMPONI ARIA, and U.S. immunology market growth</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>Strong sales of SYMTUZA and launch of JULUCA, 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</li> </ul>
<b>Oncology</b>	<ul style="list-style-type: none"> <li>DARZALEX continued strong market growth and share gains in the U.S. and EU, driven by patient uptake in all lines of therapy</li> <li>Strong sales of IMBRUVICA due to increased patient uptake globally and higher market share driven primarily by CLL L1</li> <li>Lower sales of ZYTIGA in the U.S. due to generic competition partially offset by strong sales and share growth in the EU</li> <li>Launch uptake of ERLEADA and share gains in non-metastatic CRPC; available in 12 EMEA countries</li> <li>Lower sales of VELCADE due to generic competition</li> </ul>
<b>Cardiovascular/ Metabolism/ Other (CVM/Other)</b>	<ul style="list-style-type: none"> <li>XARELTO volume and market growth, offset by higher cost for patient access due to increased utilization in Medicare, higher donut hole utilization and legislative rebate change</li> <li>INVOKANA/INVOKAMET lower sales due to share loss from competitive pressures and safety label update in the U.S.</li> <li>Lower sales of PROCRI/EPREX due to biosimilar competition</li> </ul>
<b>Pulmonary Hypertension (PH)</b>	<ul style="list-style-type: none"> <li>Growth in OPSUMIT and UPTRAVI due to continued share gains and market growth, partially offset by one-time change in U.S. distribution model negatively impacting WW PH by ~8 pts</li> <li>Lower sales of TRACLEER due to generic competition and cannibalization from OPSUMIT</li> </ul>

Adjusted Operational Sales<sup>2</sup>: WW 4.5%, U.S. 4.1%, Int'l 5.1%



<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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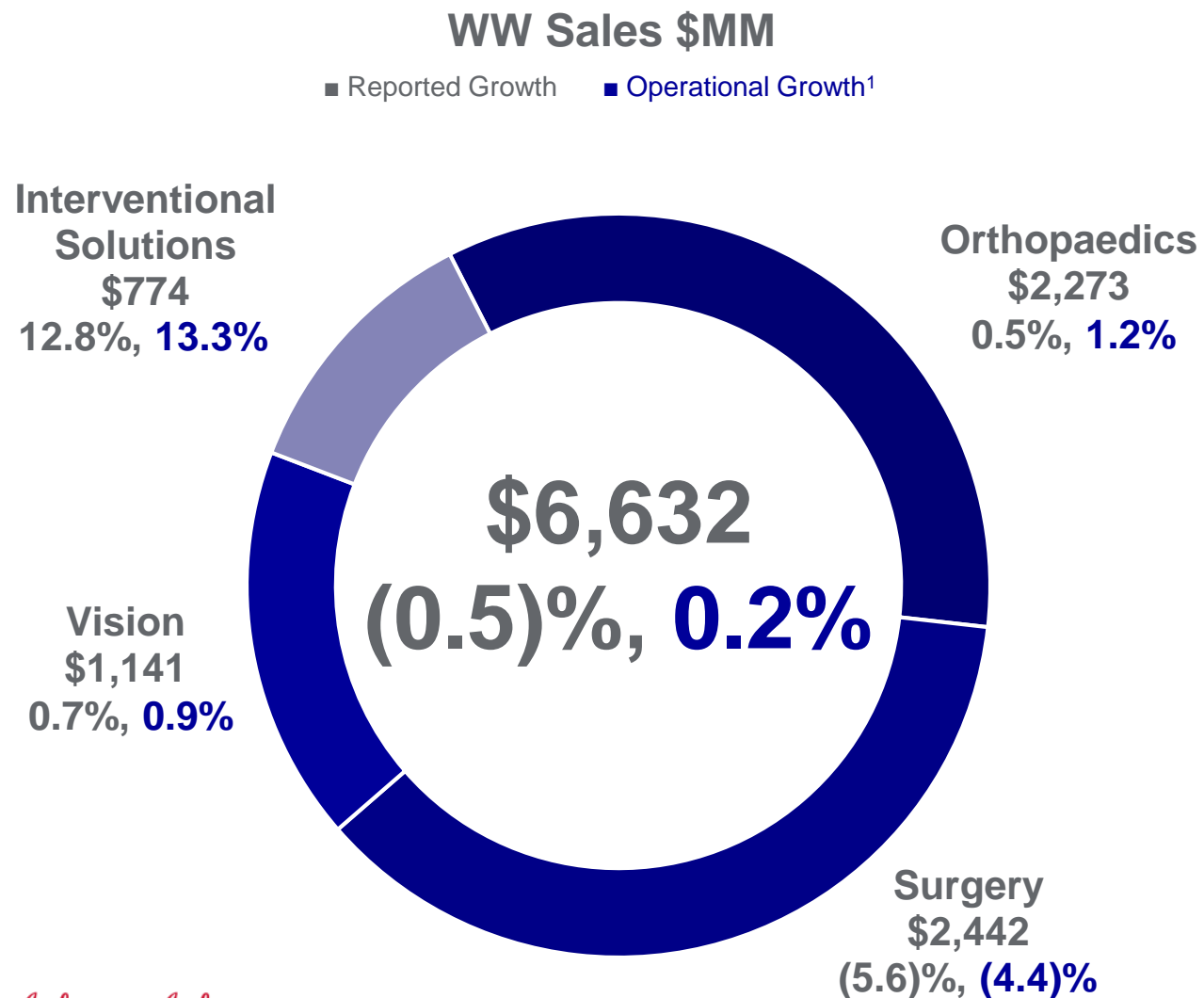


# Medical Devices Highlights – 4<sup>th</sup> Quarter 2019

*Adjusted sales growth driven by Interventional Solutions and Advanced Surgery*

Reported: WW (0.5)%, U.S. (2.4)%, Int'l 1.3%

Operational<sup>1</sup>: WW 0.2%, U.S. (2.4)%, Int'l 2.7%



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

<b>Interventional Solutions</b>	<ul style="list-style-type: none"> <li>Electrophysiology growth of ~+14% driven by continued double-digit Atrial Fibrillation procedure growth coupled with strong diagnostic catheter sales</li> </ul>
<b>Orthopaedics</b>	<ul style="list-style-type: none"> <li><b>Hips:</b> Driven by leadership position in the anterior approach, strong market demand for the ACTIS stem and enabling technologies - KINCISE and JointPoint</li> <li><b>Knees:</b> Led by OUS market growth and new products with strength in China</li> <li><b>Trauma:</b> Strong market growth coupled with continued uptake of new products</li> <li><b>Spine &amp; Other:</b> Driven by base business declines in Spine partially offset by growth in Sports led by new products, MONOVISC in the U.S. and robust double-digit ASPAC growth               <ul style="list-style-type: none"> <li><b>Spine:</b> WW: ~(6%), U.S. ~(9%), 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> ~+2% led by ASPAC market growth, share gains and continued success of new products partially offset by competitive pressures in the U.S.</li> <li><b>Biosurgery:</b> ~+4%; growth in all regions led by ASPAC share gains &amp; market growth</li> <li><b>Energy:</b> ~+3% led by OUS growth, mainly in ASPAC from market growth and share gains in China</li> </ul> </li> <li><b>General:</b> Led by Wound Closure growth driven by strong performance in ASPAC related to market and share growth in China as well as U.S. market growth and share gains in Conventional &amp; Barbed sutures</li> <li><b>Specialty:</b> ASP divestiture</li> </ul>
<b>Vision</b>	<ul style="list-style-type: none"> <li><b>Contact Lenses/Other:</b> Led by double-digit growth in daily disposable lenses in the ACUVUE OASYS family partially offset by the negative impact of the forward buy related to the consumption tax change in Japan in 3Q 2019</li> <li><b>Surgical:</b> Decline in the U.S. due to competitive pressures partially offset by above market OUS performance in IOLs led by double-digit growth in ASPAC</li> </ul>

**Adjusted Operational Sales<sup>2</sup>: WW 2.7%, U.S. 0.6%, Int'l 4.7%**



<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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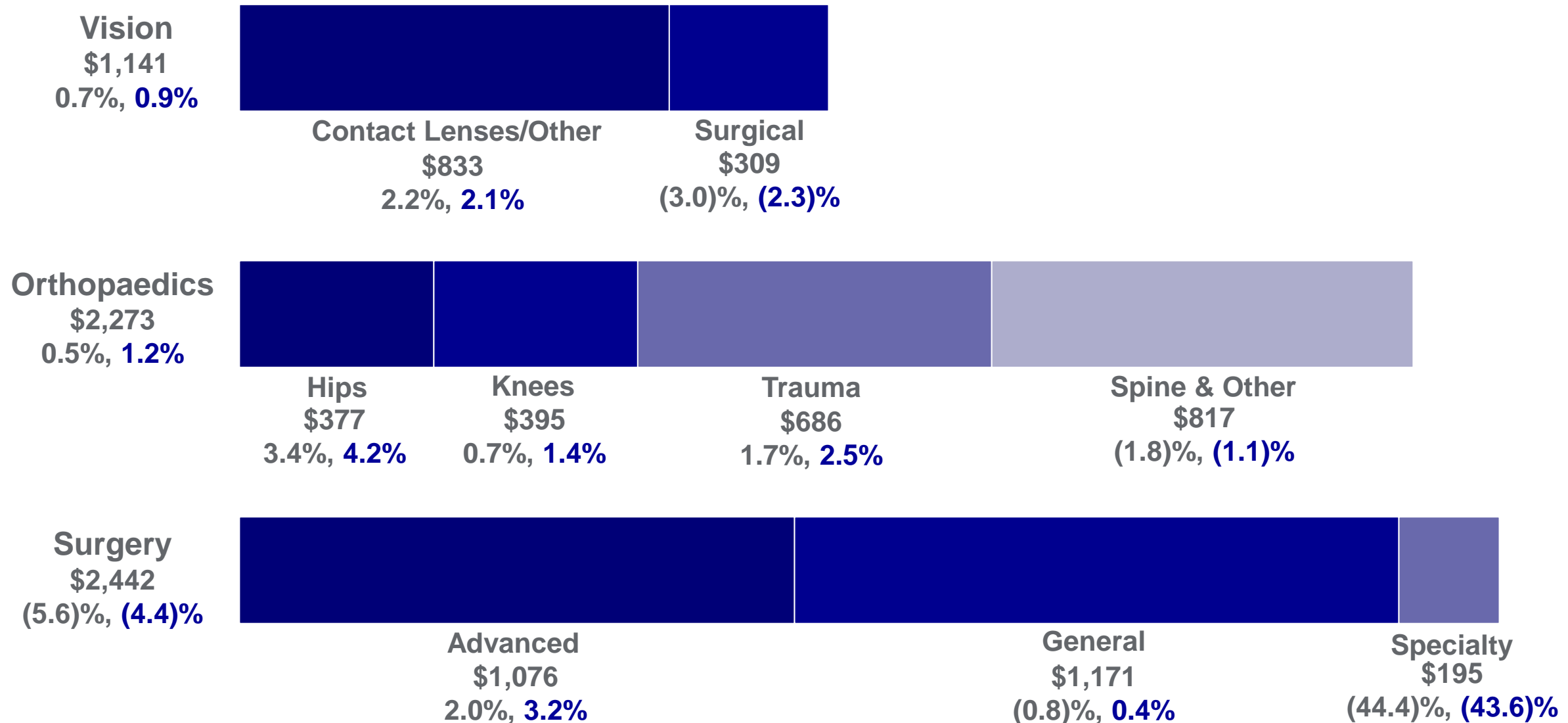


# Medical Devices Highlights – 4<sup>th</sup> Quarter 2019

*Adjusted sales growth driven by Interventional Solutions and Advanced Surgery*

## WW Sales \$MM

■ Reported Growth ■ Operational Growth<sup>1</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](#)

Note: Values may not add due to rounding



# Condensed Consolidated Statement of Earnings

## Full Year 2019

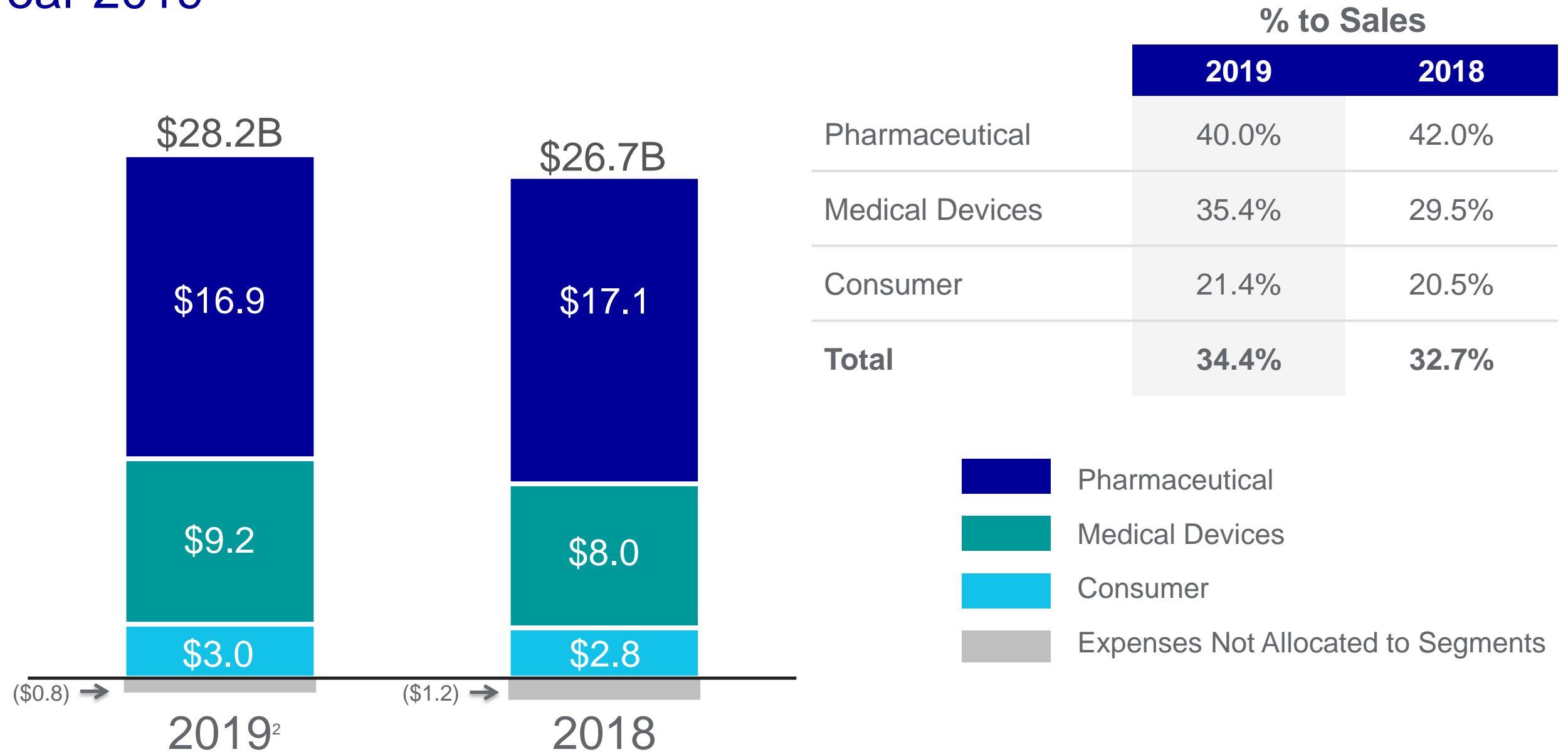
(Unaudited; Dollar and Shares in Millions Except Per Share Figures)

	2019		2018		% Increase (Decrease)
	Amount	% to Sales	Amount	% to Sales	
Sales to customers	\$82,059	100.0	\$81,581	100.0	0.6
Cost of products sold	27,556	33.6	27,091	33.2	1.7
<b>Gross Profit</b>	<b>54,503</b>	<b>66.4</b>	<b>54,490</b>	<b>66.8</b>	<b>0.0</b>
Selling, marketing, and administrative expenses	22,178	27.0	22,540	27.6	(1.6)
Research and development expense	11,355	13.8	10,775	13.2	5.4
In-Process research and development	890	1.1	1,126	1.4	
Interest (income) expense, net	(39)	0.0	394	0.5	
Other (income) expense, net	2,525	3.1	1,405	1.7	
Restructuring	266	0.3	251	0.3	
Earnings before provision for taxes on income	17,328	21.1	17,999	22.1	(3.7)
Provision for taxes on income	2,209	2.7	2,702	3.3	(18.2)
<b>Net Earnings</b>	<b>\$15,119</b>	<b>18.4</b>	<b>\$15,297</b>	<b>18.8</b>	<b>(1.2)</b>
Net earnings per share (Diluted)	\$5.63		\$5.61		0.4
Average shares outstanding (Diluted)	2,684.3		2,728.7		
Effective tax rate	12.7%		15.0%		
<b>Adjusted earnings before provision for taxes and net earnings<sup>1</sup></b>					
Earnings before provision for taxes on income	\$28,225	34.4	\$26,698	32.7	5.7
Net earnings	\$23,310	28.4	\$22,315	27.4	4.5
Net earnings per share (Diluted)	\$8.68		\$8.18		6.1
Effective tax rate	17.4%		16.4%		

<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>

Full Year 2019



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

<sup>2</sup> Estimated as of 1/22/2020

Note: Values may not add due to rounding

# Condensed Consolidated Statement of Earnings

## 4<sup>th</sup> Quarter 2019

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

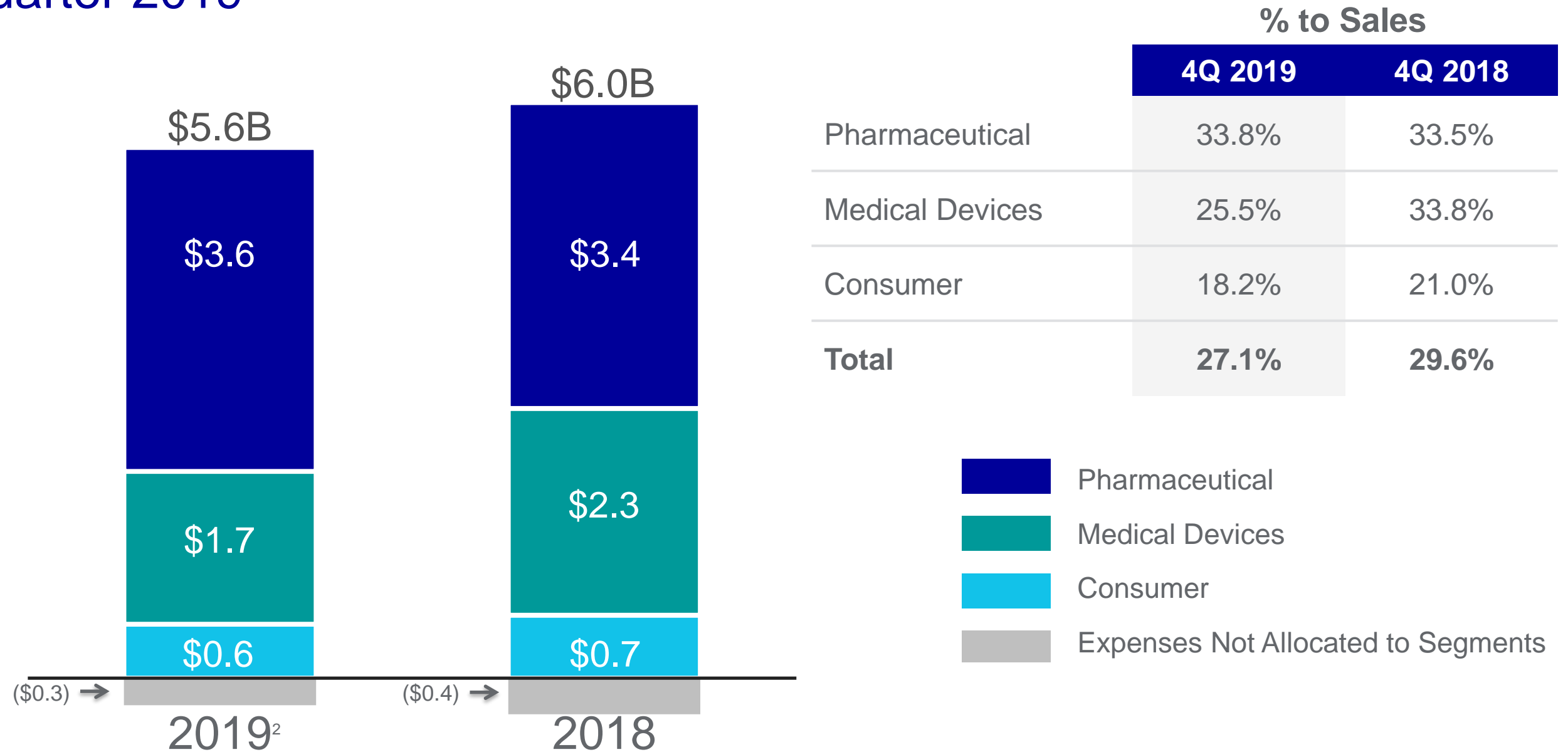
	2019		2018		% Increase (Decrease)
	Amount	% to Sales	Amount	% to Sales	
Sales to customers	\$20,747	100.0	\$20,394	100.0	1.7
Cost of products sold	7,134	34.4	6,961	34.1	2.5
<b>Gross Profit</b>	<b>13,613</b>	<b>65.6</b>	<b>13,433</b>	<b>65.9</b>	<b>1.3</b>
Selling, marketing, and administrative expenses	6,039	29.1	5,991	29.4	0.8
Research and development expense	3,232	15.6	3,224	15.8	0.2
Interest (income) expense, net	4	0.0	54	0.3	
Other (income) expense, net	16	0.1	978	4.8	
Restructuring	104	0.5	64	0.3	
Earnings before provision for taxes on income	4,218	20.3	3,122	15.3	35.1
Provision for taxes on income	208	1.0	80	0.4	160.0
<b>Net Earnings</b>	<b>\$4,010</b>	<b>19.3</b>	<b>\$3,042</b>	<b>14.9</b>	<b>31.8</b>
Net earnings per share (Diluted)	\$1.50		\$1.12		33.9
Average shares outstanding (Diluted)	2,669.1		2,724.0		
Effective tax rate	4.9%		2.6%		
<b>Adjusted earnings before provision for taxes and net earnings<sup>1</sup></b>					
Earnings before provision for taxes on income	\$5,628	27.1	\$6,046	29.6	(6.9)
Net earnings	\$5,027	24.2	\$5,372	26.3	(6.4)
Net earnings per share (Diluted)	\$1.88		\$1.97		(4.6)
Effective tax rate	10.7%		11.1%		

<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>

4<sup>th</sup> Quarter 2019



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

<sup>2</sup> Estimated as of 1/22/2020

Note: Values may not add due to rounding

# Notable New Announcements in 4<sup>th</sup> Quarter 2019<sup>1</sup>

## Medical Devices

- New Product Launches:
  - SYMPHONY Occipito-Cervico-Thoracic System for patients with complex cervical spine disorders
  - VISTASEAL Fibrin Sealant to manage bleeding during surgery
  - TECNIS Toric II 1-Piece Intraocular Lens, a new monofocal option for cataract patients with astigmatism
- Other:
  - Announced agreement to acquire the remaining stake in Verb Surgical Inc.

## Pharmaceuticals

- Regulatory Approvals:
  - DARZALEX (daratumumab) – European Commission approves combination with bortezomib, thalidomide and dexamethasone for patients with newly diagnosed multiple myeloma who are transplant eligible<sup>2</sup>
  - STELARA (ustekinumab) – U.S. Food and Drug (FDA) approval for the treatment of adult patients with moderately to severely active ulcerative colitis
  - DARZALEX (daratumumab) – European Commission (EC) granted marketing authorization in combination with lenalidomide and dexamethasone for the treatment of newly diagnosed multiple myeloma patients who are transplant ineligible
  - SPRAVATO (esketamine) nasal spray – EC approval for adults with treatment-resistant major depressive disorder
- Regulatory Submissions:
  - TREMFYA (guselkumab) – Submission to the European Medicines Agency (EMA) for the treatment of adult patients with active psoriatic arthritis
  - Ebola Vaccine regimen – Submission to the EMA seeking licensure for an investigational Ebola vaccine regimen for the prevention of Ebola Virus Disease
  - IMBRUVICA (ibrutinib) – Submission of a supplemental New Drug Application to the FDA and Type II Variation to the EMA<sup>2</sup> for the combination with rituximab for the first-line treatment of patients with chronic lymphocytic leukemia or small lymphocytic lymphoma
  - SPRAVATO (esketamine) nasal spray - Submission of a Type II Variation to the EMA for an additional indication for the rapid reduction of depressive symptoms in adults with a moderate-to-severe depressive episode of major depressive disorder who have current suicidal ideation with intent<sup>2</sup>
- Other:
  - Withdrew regulatory filings to extend the indication of OPSUMIT (macitentan 10mg) in Chronic Thromboembolic Pulmonary Hypertension
  - BCMA CAR-T Therapy JNJ-4528 – FDA granted Breakthrough Therapy Designation for the treatment of relapsed or refractory multiple myeloma
  - Completed the acquisition of TARIS Biomedical LLC specializing in the development of a novel drug delivery technology for the treatment of bladder diseases
  - Complete response letter issued from the FDA for investigational long-acting HIV regimen
  - Completed the acquisition of bermekimab, an investigational compound for multiple dermatological indications, from XBiotech Inc.<sup>2</sup>



<sup>1</sup> These developments and all other news releases are available online in the Investors section of the company's website at [news releases](#)

<sup>2</sup> Subsequent to the quarter



# 36

**consecutive  
years  
of adjusted  
operational  
earnings growth\***



\* Non-GAAP measure; excludes the impact of translational currency, intangible amortization expense and special items; see reconciliation schedules in the investor section of the [company's website](#)

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

## 2019 Blockbuster Portfolio

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

Opsumit (macitentan)

Knees

Spine

Johnson's baby

PREZISTA (darunavir) tablets

Endocutters

Hips

Biosurgery

Neutrogena

LISTERINE

Tremfya (guselkumab)

Energy

Surgical Vision

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

Remicade (INFLIXIMAB)

imbruvica (ibrutinib) 140mg capsules

Contact Lens

Stelara (ustekinumab)

Xarelto (rivaroxaban)

Trauma

Wound Closure

Zytiga (abiraterone acetate)

Simponi (golimumab)

Electrophysiology

ONCE-MONTHLY INVEGA SUSTENNA (paliperidone palmitate) extended-release injectable suspension 39mg, 78mg, 117mg, 156mg, 234mg

DARZALEX (daratumumab) injection for intravenous infusion 100 mg/5 mL, 400 mg/20 mL



# Pharmaceuticals

*Johnson & Johnson*




**Spravato™**  
(esketamine)   
nasal spray



 **Balversa™**  
(erdafitinib) tablets



 **DARZALEX®**  
(daratumumab)  
injection for intravenous infusion  
100 mg/5 mL, 400 mg/20 mL



 **Stelara®**  
(ustekinumab)



# Consumer

*Johnson & Johnson*



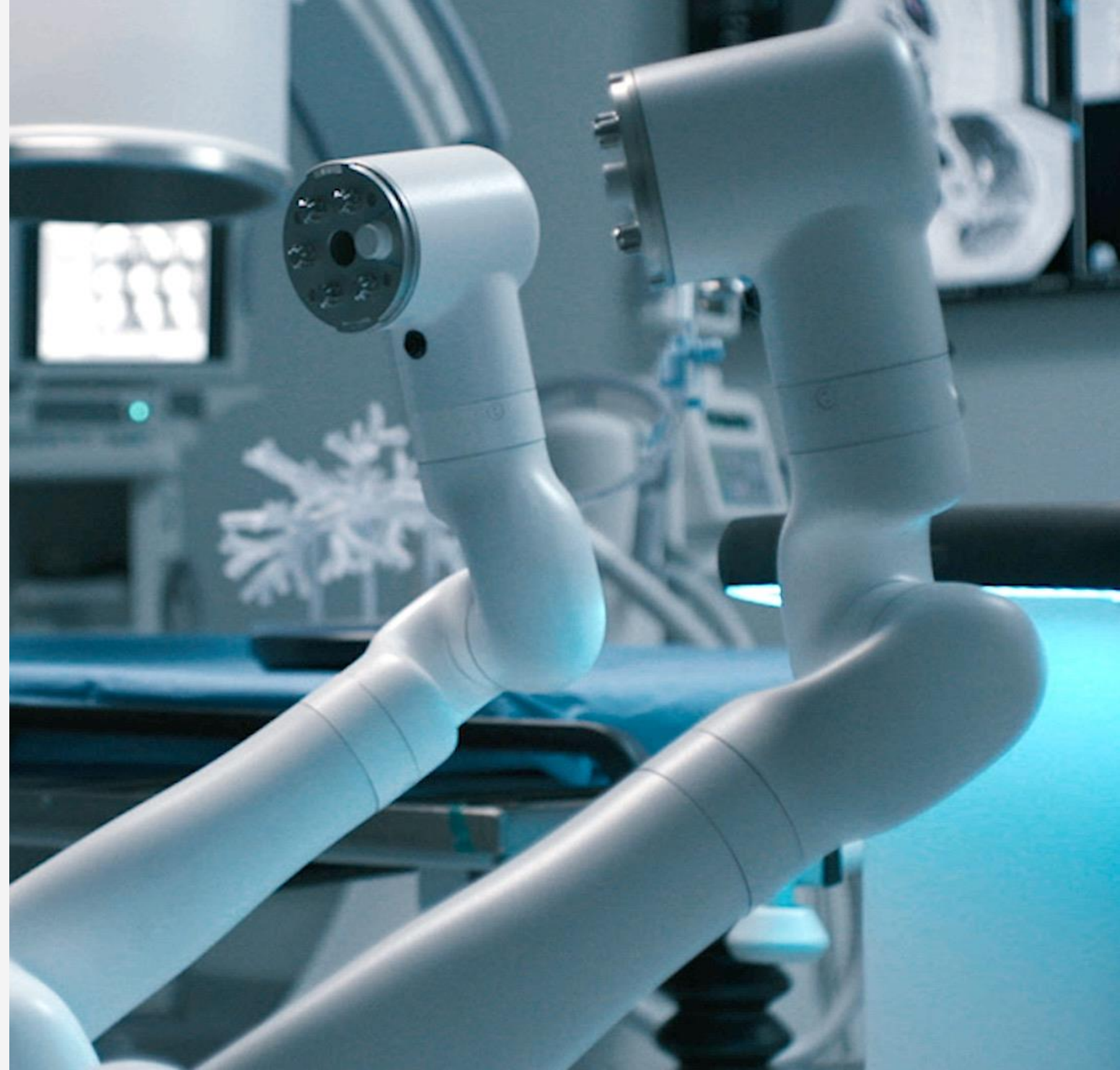




# Medical Devices

*Johnson & Johnson*

# AURIS





**ACUVUE**<sup>®</sup>  
FOR DAILY WEAR  
2 WEEK REPLACEMENT  
UV BLOCKING  
6 CONTACT LENSES

**OASYS**  
with  
Transitions™

**JUST RIGHT**



**Attune**<sup>®</sup>  
Knee System



**ECHELON CIRCULAR™**  
Powered Stapler

*Johnson & Johnson*

**Pharmaceuticals**



**Consumer**



**Medical Devices**



# TOP 10

Global company in  
R&D and innovation  
investment

*Johnson & Johnson*









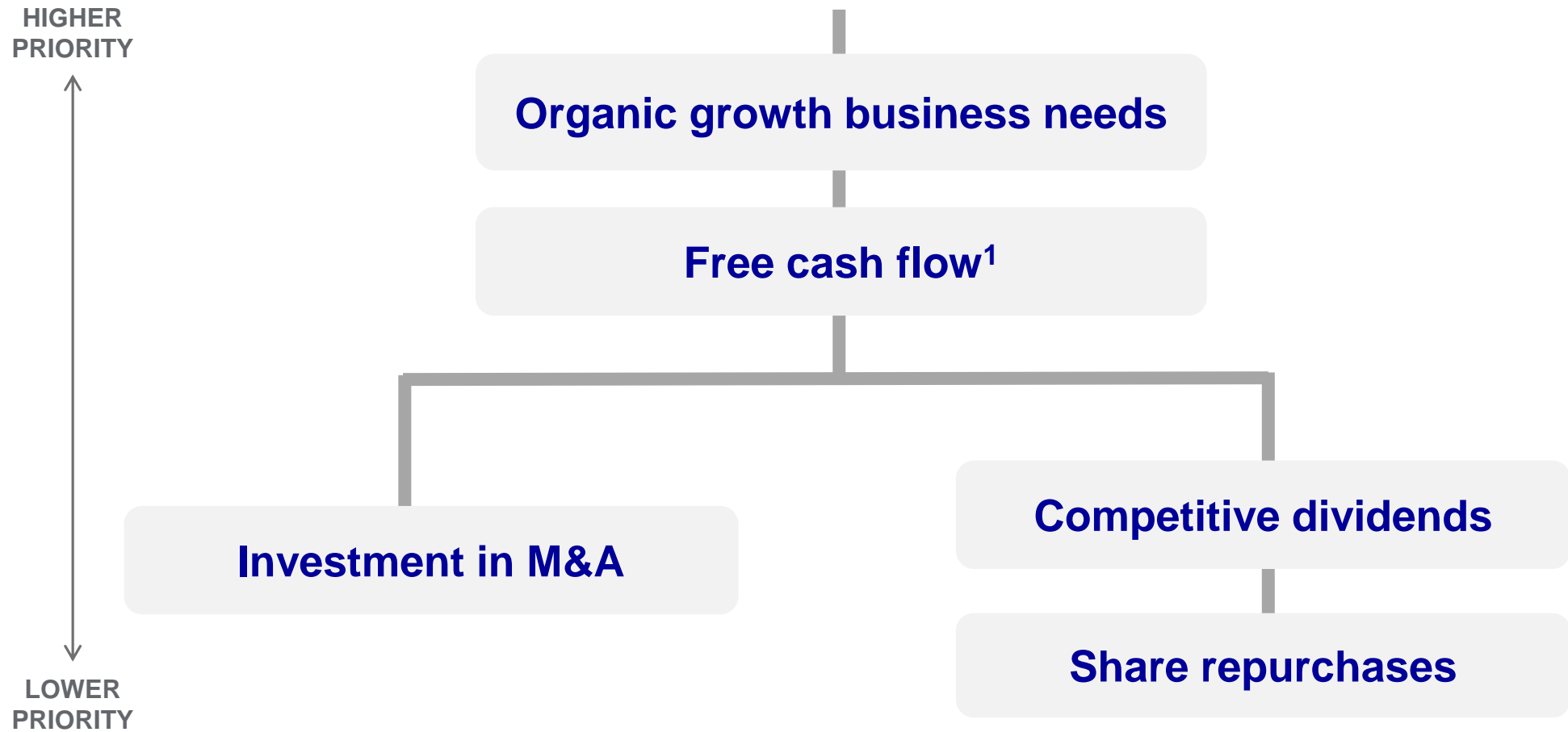




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# Capital Allocation Strategy

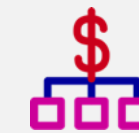
## Capital Allocation



**Simultaneously executed against all our priorities to create shareholder value**

Dollars in Billions	Q4 2019
Cash and Marketable Securities	\$19.3
Debt	(\$27.7)
Net Debt	(\$8.4)
Free Cash Flow <sup>3</sup>	\$19.8

Note: values may have been rounded



2019:

**\$11.4B** invested in R&D

**\$9.9B** in dividends paid to shareholders

**\$4.1B** in share repurchases;  
**\$5.0B** program completed<sup>2</sup>

# 2020 Sales Guidance

## Enterprise

- Continue competitive topline growth
- Remain focused on portfolio optimization and improved profitability
- 2-3 additional shipping days (53<sup>rd</sup> week)
- Negative foreign exchange impact

### Pharmaceutical

- Continued above market performance driven by key products

### Medical Devices

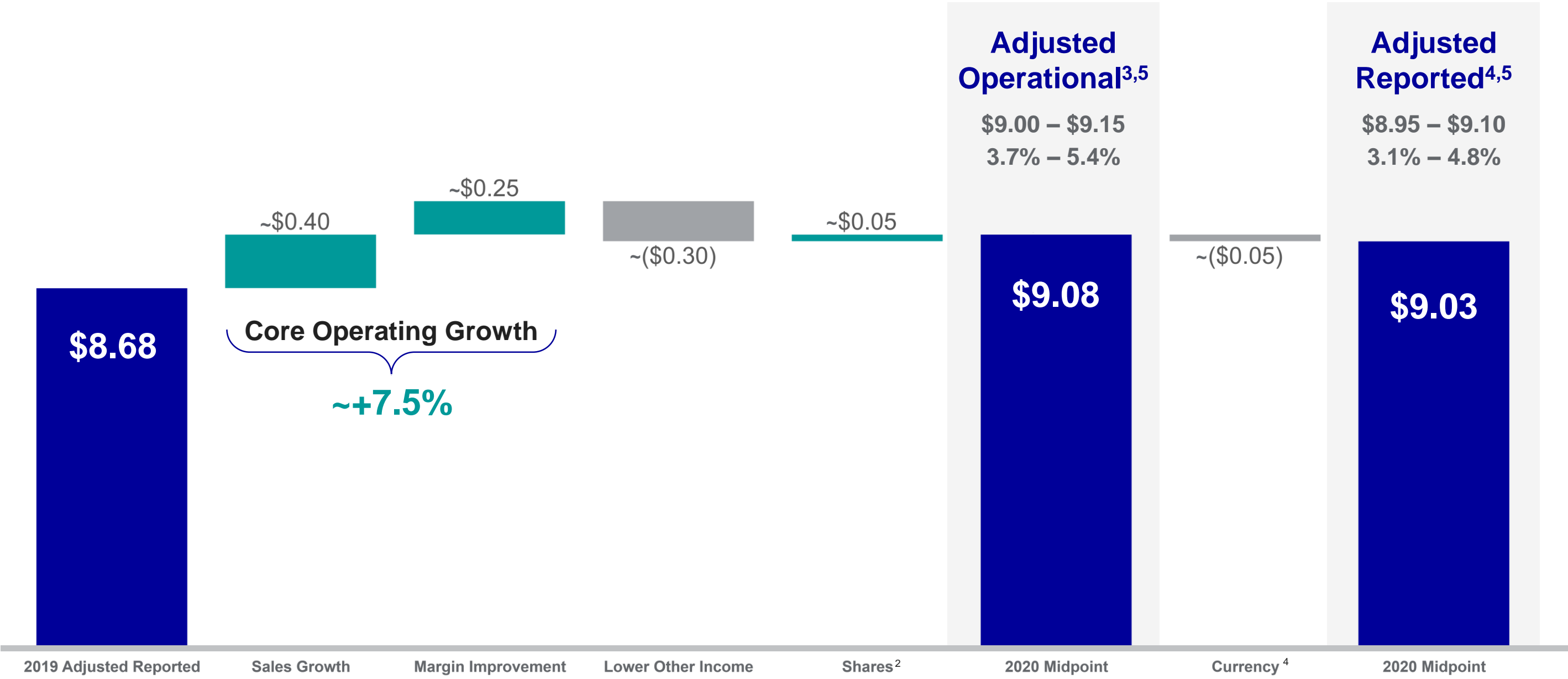
- Continued acceleration driven by uptake of recent launches, new product innovation, and improved execution

### Consumer

- Above market growth in the U.S.
- SKU rationalization program for benchmark profitability

	January	Comments
Adjusted Operational Sales <sup>1,2</sup>	5.0% - 6.0%	Midpoint of 5.5%
Operational Sales <sup>2</sup>	\$85.8 - \$86.6B 4.5% – 5.5%	Net Impact Acq./Div: ~0.5%
Estimated Reported Sales <sup>3</sup>	\$85.4B - \$86.2B 4.0% – 5.0%	FX (\$0.4B) or (0.5%) impact

# 2020 EPS Guidance<sup>1</sup>



<sup>1</sup> Represents the midpoint of guidance  
<sup>2</sup> Assumes no formal share repurchase program  
<sup>3</sup> Excludes the impact of translational currency

<sup>4</sup> Euro Average Rate: January 2020 = \$1.11  
<sup>5</sup> Non-GAAP measure; excludes intangible amortization expense and special items

# 2020 Guidance

	January	Comments
Adjusted Operational Sales <sup>1,2</sup>	5.0% - 6.0%	Midpoint of 5.5%
Operational Sales <sup>2</sup>	\$85.8 - \$86.6B 4.5% - 5.5%	Net Impact Acq./Div: ~0.5%
Estimated Reported Sales <sup>3</sup>	\$85.4B - \$86.2B 4.0% - 5.0%	FX (\$0.4B) or (0.5%) impact
Adjusted Pre-Tax Operating Margin <sup>4,5</sup>	~100 bps improvement	Optimization of SMA expense and Consumer SKU rationalization
Net Interest Expense / (Income)	\$0 - \$100 million	Assumes no major acquisitions or other major uses of cash
Net Other Income <sup>4</sup>	\$1.5 - \$1.7 billion	Lower levels of divestiture gains versus prior year
Effective Tax Rate <sup>4</sup>	17.5% - 18.5%	Geographic earnings mix
Adjusted EPS (Operational) <sup>2,4</sup>	\$9.00 - \$9.15 3.7% - 5.4%	Midpoint of \$9.08 or 4.6%
Adjusted EPS (Reported) <sup>3,4</sup>	\$8.95 - \$9.10 3.1% - 4.8%	Midpoint of \$9.03 FX (\$0.05) or (0.6%) 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: January 2020 = \$1.11

<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

# Guidance Timing Considerations

## 1<sup>st</sup> Half

- 1Q19 equity gain from the Dr. Ci Labo acquisition
- 2Q19 gain from the ASP divestiture
- Higher negative foreign exchange impact

## 2<sup>nd</sup> Half

- Greater SKU rationalization program impact
- Other Income higher than 1H 2020
- 2-3 additional shipping days (53<sup>rd</sup> week)



Save the Date

# Medical Devices Business Review

Wednesday, May 13, 2020

New York City

*Johnson & Johnson*



# Q&A



**Alex Gorsky**

Chairman and  
Chief Executive Officer



**Joseph J. Wolk**

Executive Vice President,  
Chief Financial Officer



**Chris DeOrefice**

Vice President,  
Investor Relations

*Johnson & Johnson*

# Consumer Highlights – Full Year 2019

*Strong operational growth in Beauty and OTC*

Reported: WW 0.3%, U.S. 1.4%, Int'l (0.4)%

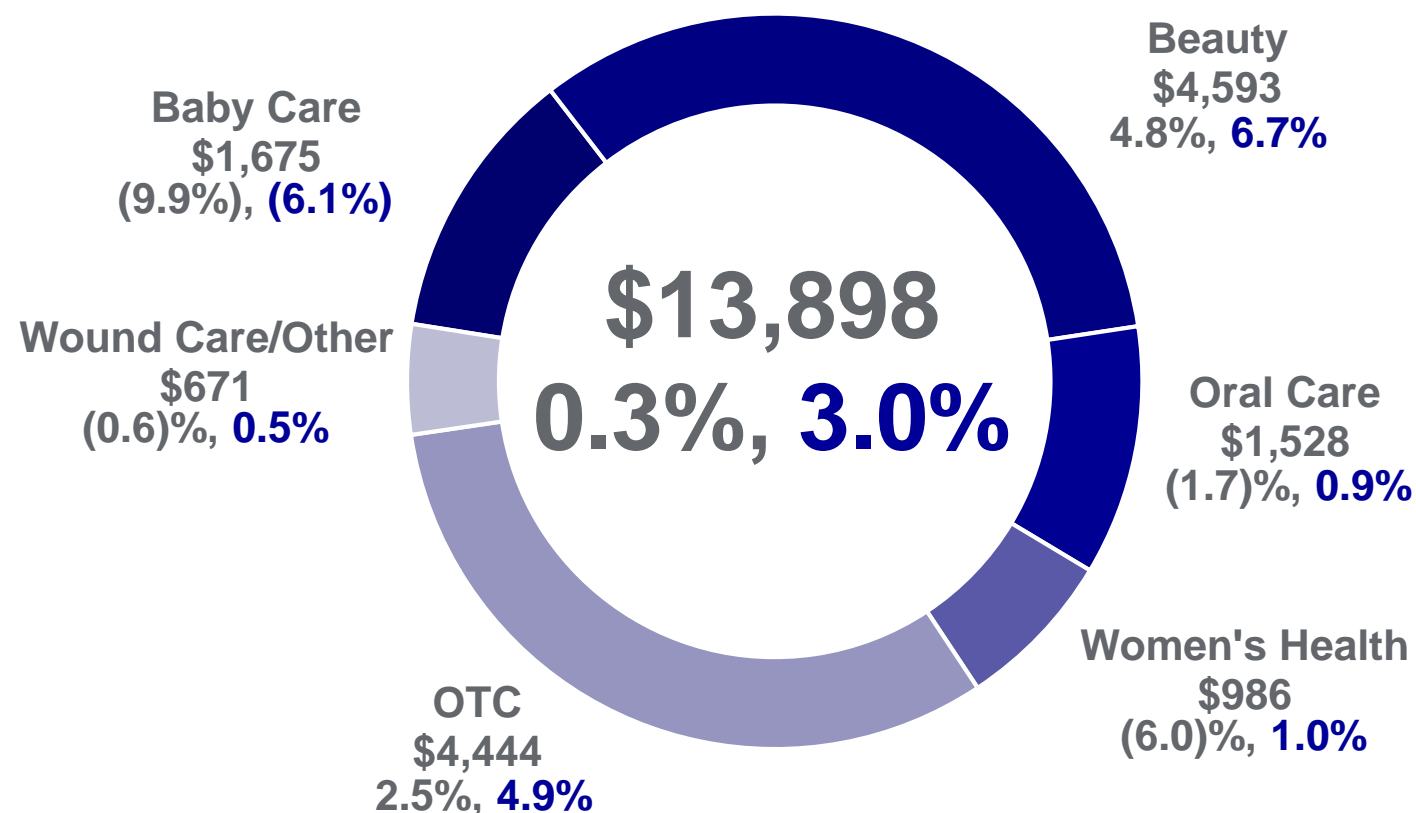
Operational<sup>1</sup>: WW 3.0%, U.S. 1.4%, Int'l 4.2%

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

Baby Care	<ul style="list-style-type: none"> <li>Decline primarily due to JOHNSON's competitive pressures coupled with comparisons to prior year relaunch activities and the Baby Center divestiture</li> </ul>
Beauty	<ul style="list-style-type: none"> <li>Growth driven by DR. CI:LABO acquisition, market growth and share gains in NEUTROGENA and AVEENO, partially offset by ROC and NIZORAL divestiture</li> </ul>
Oral Care	<ul style="list-style-type: none"> <li>Growth in LISTERINE Mouthwash and Ready Tabs outside the U.S. partially offset by share declines and retailer destocking in the U.S.</li> </ul>
OTC	<ul style="list-style-type: none"> <li>Growth driven by ZARBEE's acquisition, share growth primarily in TYLENOL, ZYRTEC and PEPCID; overall market growth in the U.S.; OUS RHINOCORT and anti-smoking aids partially offset by lapping of 2018 retail stocking in the U.S. and softer cough/cold season in EMEA</li> </ul>
Women's Health	<ul style="list-style-type: none"> <li>Driven by strength in napkins in ASPAC and LATAM partially offset by weakness in liners</li> </ul>
Wound Care/Other	<ul style="list-style-type: none"> <li>U.S. market growth and price optimization partially offset by retailer destocking coupled with share declines and the COMPEED divestiture</li> </ul>

## WW Sales \$MM

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



Adjusted Operational Sales<sup>2</sup>: WW 1.4%, U.S. 2.1%, Int'l 1.0%



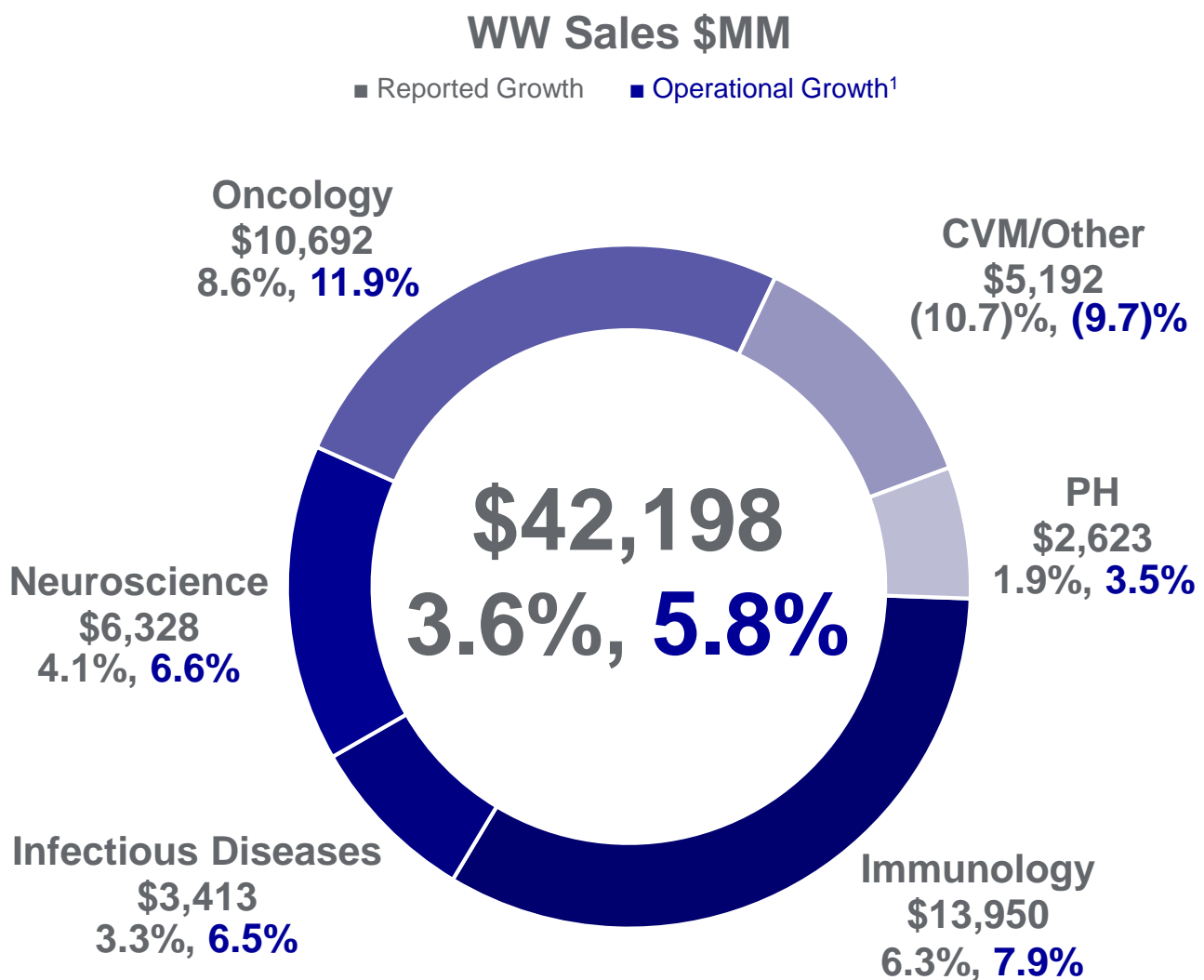
<sup>1</sup> Non-GAAP measure; excludes the impact of translational currency; see reconciliation schedules in the Investors section of the [company's website](#)  
<sup>2</sup> Non-GAAP measure; excludes acquisitions and divestitures and translational currency; see reconciliation schedules in the Investors section of the [company's website](#)  
 Note: Values may not add due to rounding

# Pharmaceutical Highlights – Full Year 2019

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

Reported: WW 3.6%, U.S. 2.5%, Int'l 5.0%

Operational<sup>1</sup>: WW 5.8%, U.S. 2.5%, Int'l 10.1%



## 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 TREMFYA in Psoriasis, expanded indications of SIMPONI ARIA, and U.S. immunology market growth</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>Strong sales of SYMTUZA and launch of JULUCA 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</li> </ul>
<b>Oncology</b>	<ul style="list-style-type: none"> <li>DARZALEX continued strong market growth and share gains in the U.S. and EU, driven by patient uptake in all lines of therapy</li> <li>Strong sales of IMBRUVICA due to increased patient uptake globally and higher market share driven primarily by CLL L1</li> <li>Lower sales of ZYTIGA in the U.S. due to generic competition partially offset by strong sales and share growth in the EU</li> <li>Launch uptake of ERLEADA and share gains in non-metastatic CRPC; available in 12 EMEA countries</li> <li>Lower sales of VELCADE due to generic competition</li> </ul>
<b>Cardiovascular/ Metabolism/ Other (CVM/Other)</b>	<ul style="list-style-type: none"> <li>Lower sales of XARELTO from higher cost for patient access due to increased utilization in Medicare, higher donut hole utilization and legislative rebate change, partially offset by volume growth driven by clinical and real world evidence</li> <li>INVOKANA/INVOKAMET lower sales due to share loss from competitive pressures and safety label update in the U.S.</li> <li>Lower sales of PROCIT/EPREX due to biosimilar competition</li> </ul>
<b>Pulmonary Hypertension (PH)</b>	<ul style="list-style-type: none"> <li>Growth driven by strong sales of OPSUMIT and UPTRAVI due to continued share gains and market growth</li> <li>Lower sales of TRACLEER due to generic competition and cannibalization from OPSUMIT</li> </ul>

Adjusted Operational Sales<sup>2</sup>: WW 5.8%, U.S. 2.7%, Int'l 10.1%



<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 acquisitions and divestitures and translational currency; see reconciliation schedules in the Investors section of the [company's website](#)  
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# Medical Devices Highlights – Full Year 2019

*Continued adjusted sales acceleration in Medical Devices*

**Reported:** WW (3.8)%, U.S. (3.5)%, Int'l (4.1)%

**Operational<sup>1</sup>:** WW (1.7)%, U.S. (3.5)%, Int'l (0.1)%

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

<b>Interventional Solutions</b>	<ul style="list-style-type: none"> <li>Electrophysiology growth of ~+16% 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>LifeScan divestiture<sup>3</sup></li> </ul>
<b>Orthopaedics</b>	<ul style="list-style-type: none"> <li><b>Hips:</b> Driven by leadership position in the anterior approach, strong market demand for the ACTIS stem and the KINCISE surgical automated system</li> <li><b>Knees:</b> Strong OUS growth from new products coupled with continued global uptake of ATTUNE Revision</li> <li><b>Trauma:</b> Strong market growth coupled with continued uptake of new products</li> <li><b>Spine &amp; Other:</b> Driven by base business declines in Spine partially offset by growth in Sports led by new products, MONOVISC in the U.S. and robust double-digit growth in ASPAC <ul style="list-style-type: none"> <li><b>Spine:</b> WW: ~(-3%), U.S. ~(-4%), OUS: ~(-1%)</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> ~+5% led by ASPAC market growth and continued success of new products partially offset by competitive pressures in the U.S.</li> <li><b>Biosurgery:</b> ~+4%; driven by OUS growth led by ASPAC share gains &amp; market growth partially offset by a temporary isolated supply disruption in the U.S.</li> <li><b>Energy:</b> ~+6% driven by OUS growth, mainly in ASPAC from market growth, share gains and new products</li> </ul> </li> <li><b>General:</b> Led by Wound Closure growth driven by strong performance in ASPAC related to market and share growth in China as well as U.S. market growth and share gains in Conventional &amp; Barbed sutures partially offset by a temporary stapler recall</li> <li><b>Specialty:</b> ASP divestiture partially offset by Mentor growth</li> </ul>
<b>Vision</b>	<ul style="list-style-type: none"> <li><b>Contact Lenses/Other:</b> Led by robust double-digit growth in daily disposable lenses in the ACUVUE OASYS family</li> <li><b>Surgical:</b> Strong OUS performance in IOLs led by above market growth in ASPAC partially offset by competitive pressures in the U.S.</li> </ul>

## WW Sales \$MM

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

**Interventional Solutions**  
\$2,997  
13.3%, 15.2%

**Orthopaedics**  
\$8,839  
(0.5)%, 1.2%

**Vision**  
\$4,624  
1.6%, 3.3%

**\$25,963**  
**(3.8)%, (1.7)%**

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

**Surgery**  
\$9,501  
(4.0)%, (1.4)%

**Adjusted Operational Sales<sup>2</sup>: WW 3.9%, U.S. 1.8%, Int'l 5.7%**



<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 acquisitions and divestitures and translational currency; see reconciliation schedules in the Investors section of the [company's website](#)

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

Note: Values may not add due to rounding

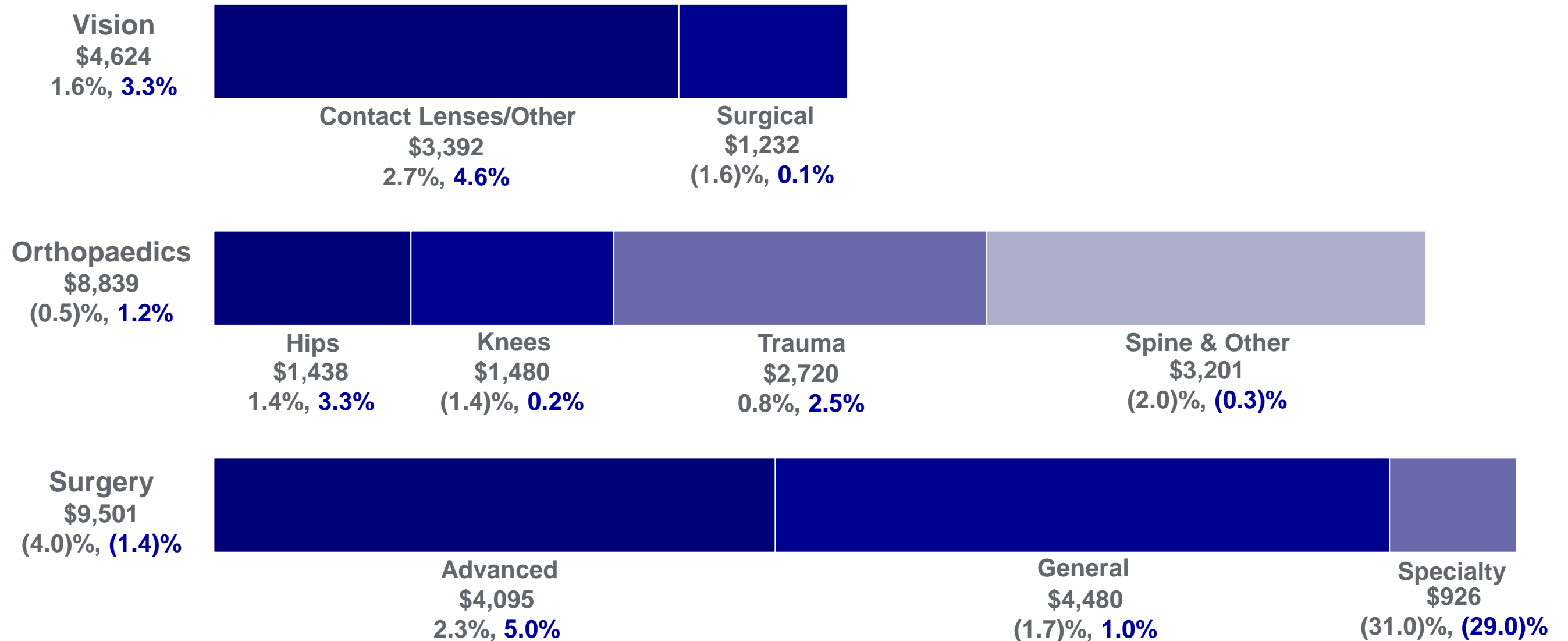


# Medical Devices Highlights – Full Year 2019

*Continued adjusted sales acceleration in Medical Devices*

## WW Sales \$MM

■ Reported Growth ■ Operational Growth<sup>1</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](#)

Note: Values may not add due to rounding

