

2nd Quarter 2019 Results



2nd Quarter 2019 Sales

Worldwide Decreased ▼
\$20.6B (1.3)% | Excluding acquisitions/divestitures on an operational basis | Worldwide Increased ▲
3.7%*

Diluted Earnings Per Share

Increased ▲
\$2.08 43.4%

Adjusted Diluted Earnings Per Share*

Increased ▲
\$2.58 22.9%



“We delivered solid second-quarter underlying sales growth and strong earnings growth that enables us to make investments in innovation to accelerate performance in each of our businesses. Our pipelines continue to progress with the launch of new products and several regulatory submissions and approvals, which positions us well to deliver the next wave of transformational products and solutions. I am proud of our talented colleagues across Johnson & Johnson who continue to deliver significant healthcare advances to improve the lives of patients and consumers around the world.”

Alex Gorsky
 Chairman and
 Chief Executive Officer
 Johnson & Johnson



\$3.5 Billion



Worldwide Consumer Sales

Consumer worldwide sales increased: 1.2%
 Primary contributors to growth:



\$10.5 Billion



Worldwide Pharmaceutical Sales

Pharmaceutical worldwide sales increased: 1.7%
 Primary contributors to growth:



\$6.5 Billion



Worldwide Medical Devices Sales

Medical Devices worldwide sales decreased: (6.9)%
 Primary contributors to growth:



Electrophysiology



Energy



Endocutters



Cerenovus



Sports

Note: values may have been rounded

For full financial data and non-GAAP reconciliations, please refer to Johnson & Johnson’s earnings release issued on July 16, 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 July 16, 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.

2nd Quarter 2019 Earnings Call

July 16, 2019

Johnson & Johnson

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. The following is an acknowledgement of those relationships:

Consumer	RHINOCORT licensed from AstraZeneca
Orthopaedics	MONOVISC/ORTHOVISC licensed from Anika Therapeutics, Inc.
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 PROCIT/ 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 BALVERSA 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

1. Opening Remarks and Logistics



Chris DeLOrefice

Vice President,
Investor Relations

2. Quarter Key Highlights



Joseph J. Wolk

Executive Vice President,
Chief Financial Officer

3. Sales Performance and Financial Results Review

4. Capital Allocation and Guidance

Q&A



Joaquin Duato

Vice Chairman of the
Executive Committee



Paul Stoffels, M.D.

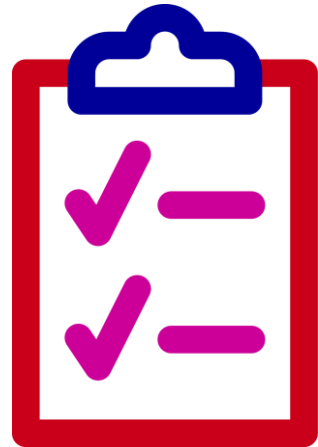
Vice Chairman of the
Executive Committee &
Chief Scientific Officer



Joseph J. Wolk

Executive Vice President,
Chief Financial Officer

2nd Quarter 2019 Key Highlights



- Delivered solid adjusted operational sales growth¹
- Continued to optimize our portfolio and make progress against our long-term strategies

Pharmaceutical



\$10.5B

+1.7% Reported
+4.4% Adjusted Operational¹

- Strong growth across Oncology, Pulmonary Hypertension, and Immunology portfolios
- Growth driven by volume

Consumer



\$3.5B

+1.2% Reported
+2.3% Adjusted Operational¹

- Accelerated growth in NEUTROGENA and AVEENO
- Results fueled by recently acquired DR. CI:LABO and ZARBEE's

Medical Devices



\$6.5B

(6.9)% Reported
+3.2% Adjusted Operational¹

- Demonstrated progress towards exceeding prior year performance
- Enhanced our leadership positions in Electrophysiology, Energy, and Endocutters

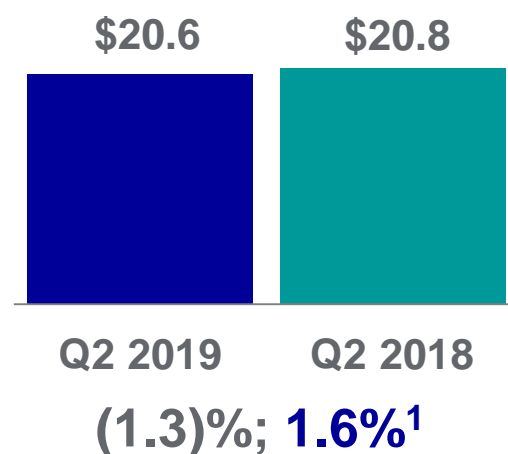
2nd Quarter 2019 Sales

Dollars in Billions Regional Sales Results	Q2 2019	Q2 2018	% CHANGE	
			Reported	Operational ¹
U.S.	\$10.4	\$10.6	(2.2)%	(2.2)%
Europe	4.7	4.8	(1.6)	4.7
Western Hemisphere (ex U.S.)	1.5	1.5	(5.5)	4.2
Asia-Pacific, Africa	4.0	3.8	3.4	7.2
International	10.2	10.2	(0.3)	5.5
Worldwide (WW)	\$20.6	\$20.8	(1.3)%	1.6%

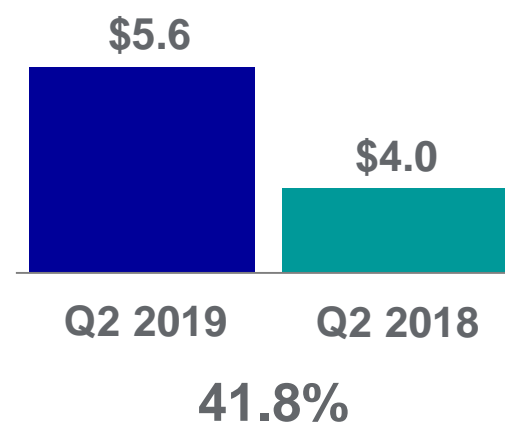
2nd Quarter 2019 Financial Highlights

Dollars in Billions, except EPS
Reported %; Operational %¹

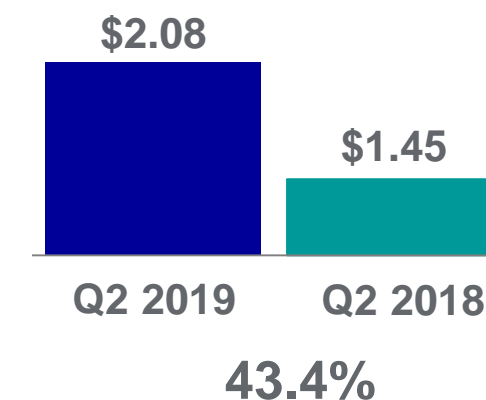
Sales



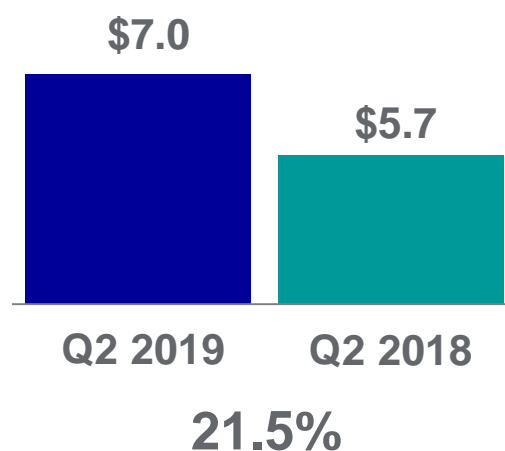
GAAP Earnings



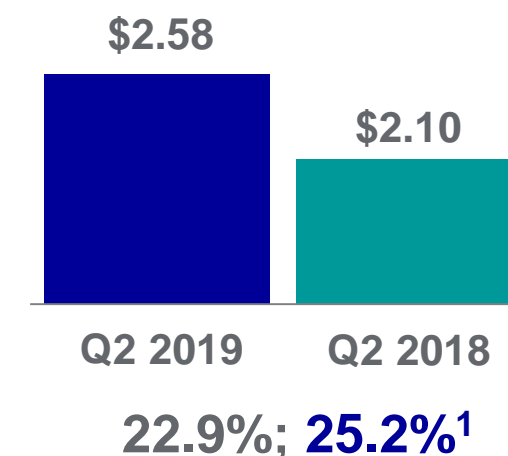
GAAP EPS



Adjusted Earnings²



Adjusted EPS²



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

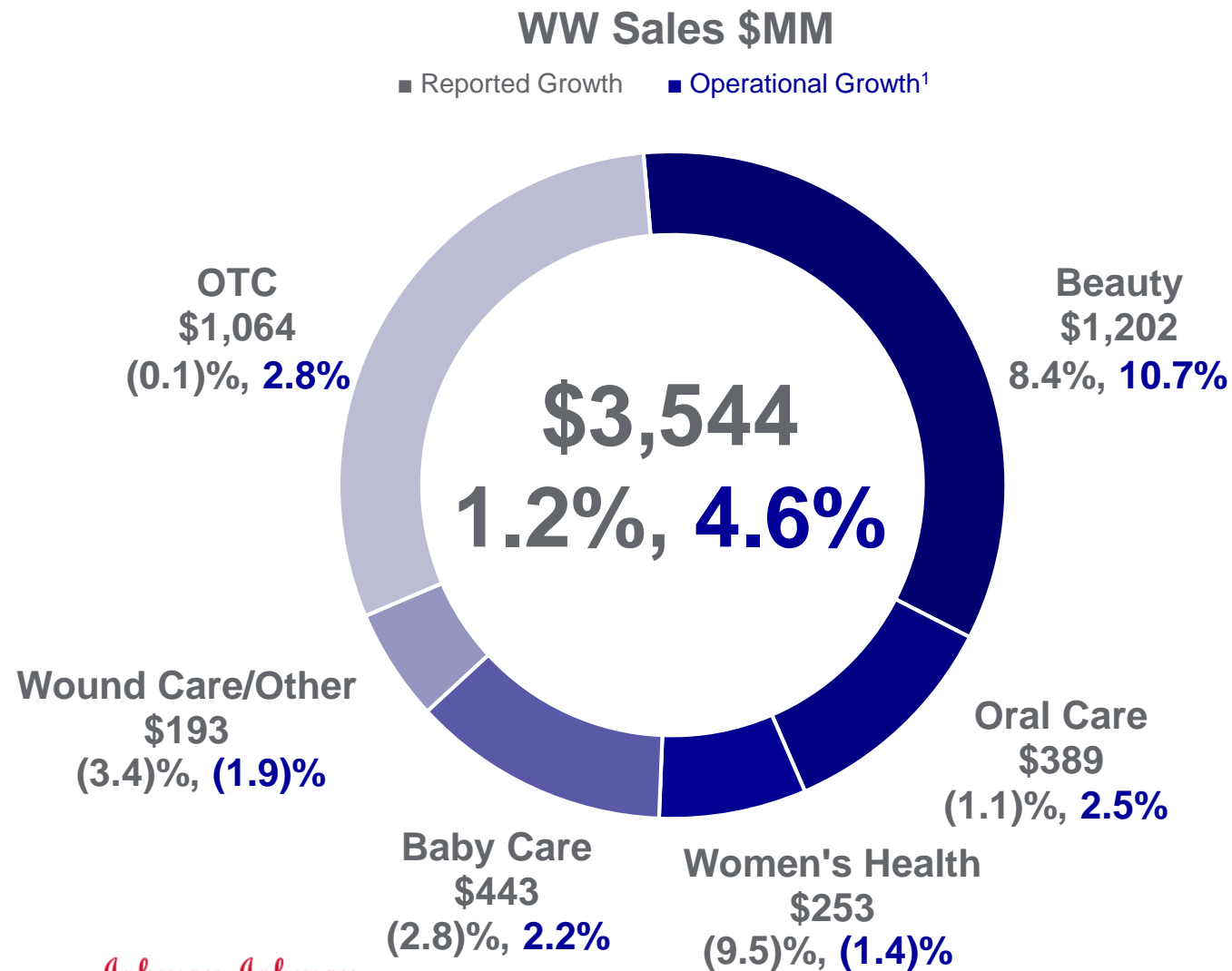
² Non-GAAP measure; excludes intangible amortization expense and special items; see reconciliation schedules in the Investors section of the [company's website](#)

Consumer Highlights – 2nd Quarter 2019

Strong operational growth in Beauty led by NEUTROGENA and AVEENO

Reported: WW 1.2%, U.S. 4.1%, Int'l (1.0)%

Operational¹: WW 4.6%, U.S. 4.1%, Int'l 4.9%



Key Drivers of Operational Performance¹

Baby Care	<ul style="list-style-type: none"> Growth primarily due to prior year comparisons related to JOHNSON's U.S. relaunch, partially offset by declines in AVEENO baby due to channel shifts
Beauty	<ul style="list-style-type: none"> Growth driven by DR. CI:LABO acquisition, share gains in NEUTROGENA and AVEENO, as well as OGX and MAUI MOISTURE geographic and channel expansion partially offset by ROC and NIZORAL divestitures
Oral Care	<ul style="list-style-type: none"> Driven by new product launches (ASPAC) and favorable prior year comparison
OTC	<ul style="list-style-type: none"> ZARBEE's acquisition, ZYRTEC share and market gains, strong sales and share growth in pediatric analgesics in both MOTRIN and TYLENOL, and continued strong consumption growth in TYLENOL partially offset by retail stocking dynamics
Women's Health	<ul style="list-style-type: none"> Driven by competitive pressures in EMEA and ASPAC
Wound Care/Other	<ul style="list-style-type: none"> OUS COMPEED divestiture

Adjusted Operational Sales²: WW 2.3%, U.S. 4.4%, OUS 0.7%



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Pharmaceutical Highlights – 2nd Quarter 2019

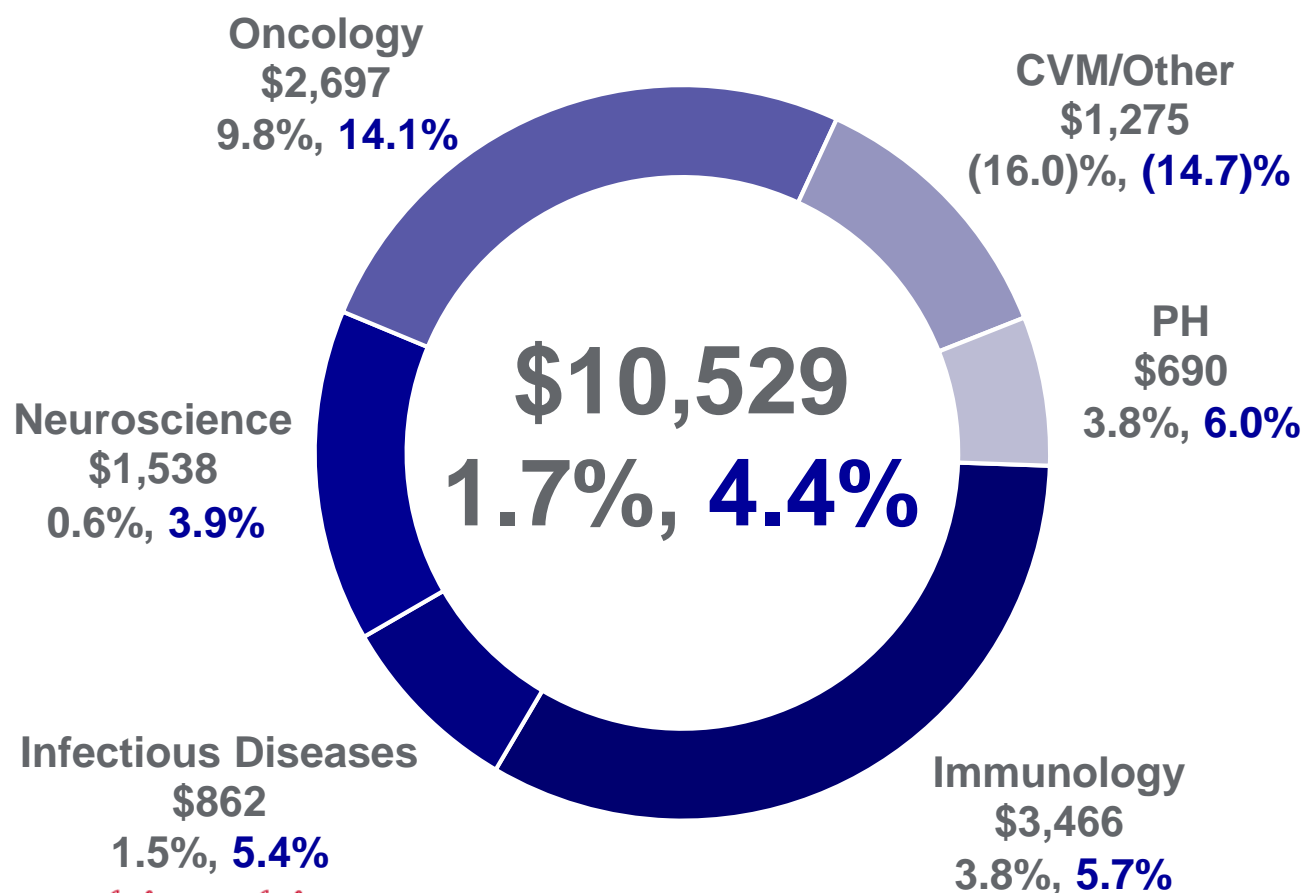
Double-digit growth in nine key products across multiple therapeutic areas

Reported: WW 1.7%, U.S. (2.0)%, Int'l 6.5%

Operational¹: WW 4.4%, U.S. (2.0)%, Int'l 12.9%

WW Sales \$MM

■ Reported Growth ■ Operational Growth¹



Johnson & Johnson

Key Drivers of Operational Performance¹

Immunology	<ul style="list-style-type: none"> Growth driven by strong uptake of STELARA in Crohn's Disease, strong launch uptake of TREMFYA, expanded indications of SIMPONI ARIA, and U.S. immunology market growth REMICADE decline due to increased discounts/rebates and biosimilar competition
Infectious Diseases	<ul style="list-style-type: none"> Strong sales of SYMTUZA and launch of JULUCA partially offset by increased competition for PREZISTA/PREZCOBIX/REZOLSTA and PREZISTA OUS LOE
Neuroscience	<ul style="list-style-type: none"> Paliperidone long-acting injectables growth due to strength of INVEGA TRINZA/TREVICTA and INVEGA SUSTENNA/XEPLION, partially offset by cannibalization of RISPERDAL CONSTA and lower sales of CONCERTA due to generic competition
Oncology	<ul style="list-style-type: none"> DARZALEX continued strong market growth and share gains in the U.S. and EU, driven by patient uptake in all lines of therapy, strong growth in Japan and Latin America. Sales included one-time adjustments related to completion of pricing & reimbursement discussions in certain European countries which positively impacted WW operational growth by 16 pts. Strong sales of IMBRUVICA due to increased patient uptake globally, higher market share and growth across multiple indications, primarily CLL L1 Lower sales of ZYTIGA in the U.S. due to generic competition partially offset by strong sales and share growth of ZYTIGA in EU Launch uptake of ERLEADA and share gains in non-metastatic CRPC; launched in EMEA and available in 5 countries with several additional launches planned
Cardiovascular/ Metabolism/ Other (CVM/Other)	<ul style="list-style-type: none"> XARELTO lower sales driven by higher Medicare Part D utilization and rebates, higher donut hole utilization and legislative rebate change, partially offset by higher market share INVOKANA/INVOKAMET lower sales due to share loss from competitive pressures and safety label update
Pulmonary Hypertension (PH)	<ul style="list-style-type: none"> Growth driven by strong sales of OPSUMIT and UPTRAVI due to continued market growth and share gains Lower sales of TRACLEER due to increased use of OPSUMIT and generics in the U.S./EU

Adjusted Operational Sales²: WW 4.4%, U.S. (2.0)%, OUS 12.9%

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Medical Devices Highlights – 2nd Quarter 2019

Continued adjusted sales momentum vs. last year led by Interventional Solutions & Advanced Surgery

Reported: WW (6.9)%, U.S. (5.6)%, Int'l (8.1)%

Operational¹: WW (4.1)%, U.S. (5.6)%, Int'l (2.9)%

Key Drivers of Operational Performance¹

Interventional Solutions	<ul style="list-style-type: none"> 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
Diabetes Care	<ul style="list-style-type: none"> LifeScan divestiture
Orthopaedics	<ul style="list-style-type: none"> Hips: Driven by leadership position in the anterior approach, strong market demand for the ACTIS stem and adoption of KINCISE enabling hip procedures in the U.S. Knees: Competitive pressure in the U.S. partially offset by continued uptake of ATTUNE Revision and strong OUS growth from new products Trauma: Strong market growth coupled with continued uptake of new products Spine & Other: Driven by base business declines in Spine partially offset by growth in Sports led by MONOVISC growth in the U.S. and double-digit growth in ASPAC <ul style="list-style-type: none"> Spine: WW: ~(2%), U.S. ~(3%), OUS: ~(1%)
Surgery	<ul style="list-style-type: none"> Advanced: <ul style="list-style-type: none"> Endocutters: ~+9% driven by growth in all regions led by ASPAC due to market growth and continued success of new products Biosurgery: ~(2)% due to an isolated supply disruption Energy: ~+9% led by OUS growth, mainly in ASPAC from market growth, share gains and new products coupled with growth in EMEA General: primarily due to a temporary stapler recall partially offset by Wound Closure growth driven by strong performance in ASPAC related to market and share growth in China as well as share gains in Conventional & Barbed sutures in the U.S. Specialty: ASP divestiture partially offset by Mentor growth
Vision	<ul style="list-style-type: none"> Contact Lenses/Other: Led by daily disposables and astigmatism lenses in the OASYS family Surgical: U.S. decline partially offset by strength in OUS cataracts driven by expected above market performance in IOLs led by double-digit growth in ASPAC

WW Sales \$MM

■ Reported Growth ■ Operational Growth¹

Interventional Solutions
\$750
12.6%, 15.6%

Orthopaedics
\$2,224
(1.6)%, 0.6%

Vision
\$1,161
(1.0)%, 1.5%

\$6,489
(6.9)%, (4.1)%

Diabetes Care³
\$0

Surgery
\$2,353
(6.5)%, (3.0)%

Adjusted Operational Sales²: WW 3.2%, U.S. 1.6%, OUS 4.7%



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² Non-GAAP measure; excludes acquisitions and divestitures and translational currency; see reconciliation schedules in the Investors section of the [company's website](#)

³ Reflects LifeScan divestiture October 2, 2018

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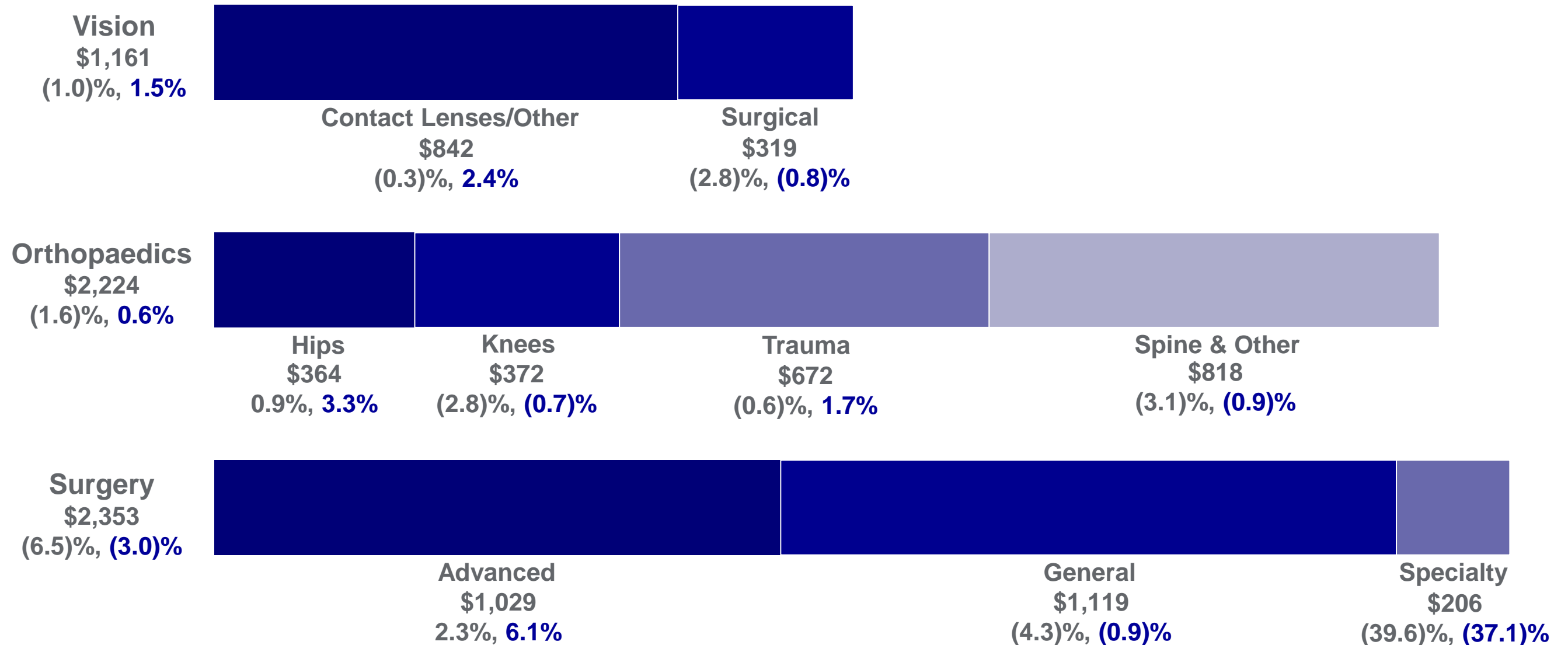


Medical Devices Highlights – 2nd Quarter 2019

Continued adjusted sales momentum vs. last year led by Interventional Solutions & Advanced Surgery

WW Sales \$MM

■ Reported Growth ■ Operational Growth¹



¹ 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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Condensed Consolidated Statement of Earnings

2nd Quarter 2019

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

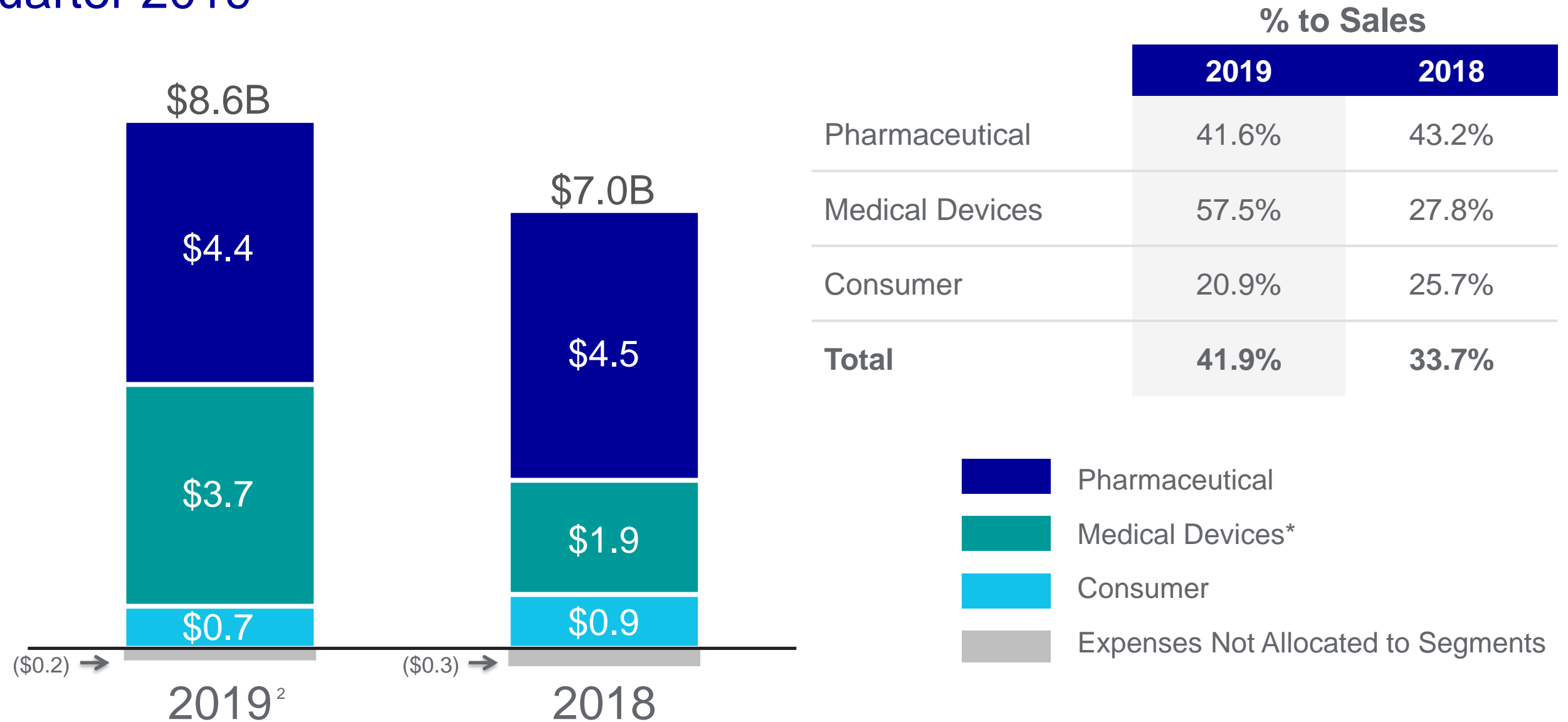
	2019		2018		% Increase (Decrease)
	Amount	% to Sales	Amount	% to Sales	
Sales to customers	\$20,562	100.0	\$20,830	100.0	(1.3)
Cost of products sold	6,940	33.8	6,927	33.3	0.2
Gross Profit	13,622	66.2	13,903	66.7	(2.0)
Selling, marketing, and administrative expenses	5,546	27.0	5,743	27.5	(3.4)
Research and development expense	2,666	13.0	2,639	12.7	1.0
Interest (income) expense, net	(5)	0.0	127	0.6	
Other (income) expense, net*	(1,683)	(8.2)	364	1.7	
Restructuring	57	0.2	57	0.3	
Earnings before provision for taxes on income	7,041	34.2	4,973	23.9	41.6
Provision for taxes on income	1,434	6.9	1,019	4.9	40.7
Net Earnings	\$5,607	27.3	\$3,954	19.0	41.8
Net earnings per share (Diluted)	\$2.08		\$1.45		43.4
Average shares outstanding (Diluted)	2,691.7		2,721.3		
Effective tax rate	20.4%		20.5		
Adjusted earnings before provision for taxes and net earnings¹					
Earnings before provision for taxes on income	\$8,614	41.9	\$7,014	33.7	22.8
Net earnings	\$6,950	33.8	\$5,718	27.5	21.5
Net earnings per share (Diluted)	\$2.58		\$2.10		22.9
Effective tax rate	19.3%		18.5%		

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

* 2019 includes approximately \$2.0 billion related to the divestiture of the Advanced Sterilization Products (ASP) business

Adjusted Income Before Tax by Segment¹

2nd Quarter 2019



Notable Events in 2nd Quarter 2019¹

Medical Devices

- Announced early results from first-in-human study of Monarch Platform ongoing BENEFIT study of Monarch Platform indicates safety, feasibility and successful localization of lung nodules in 92% of cases

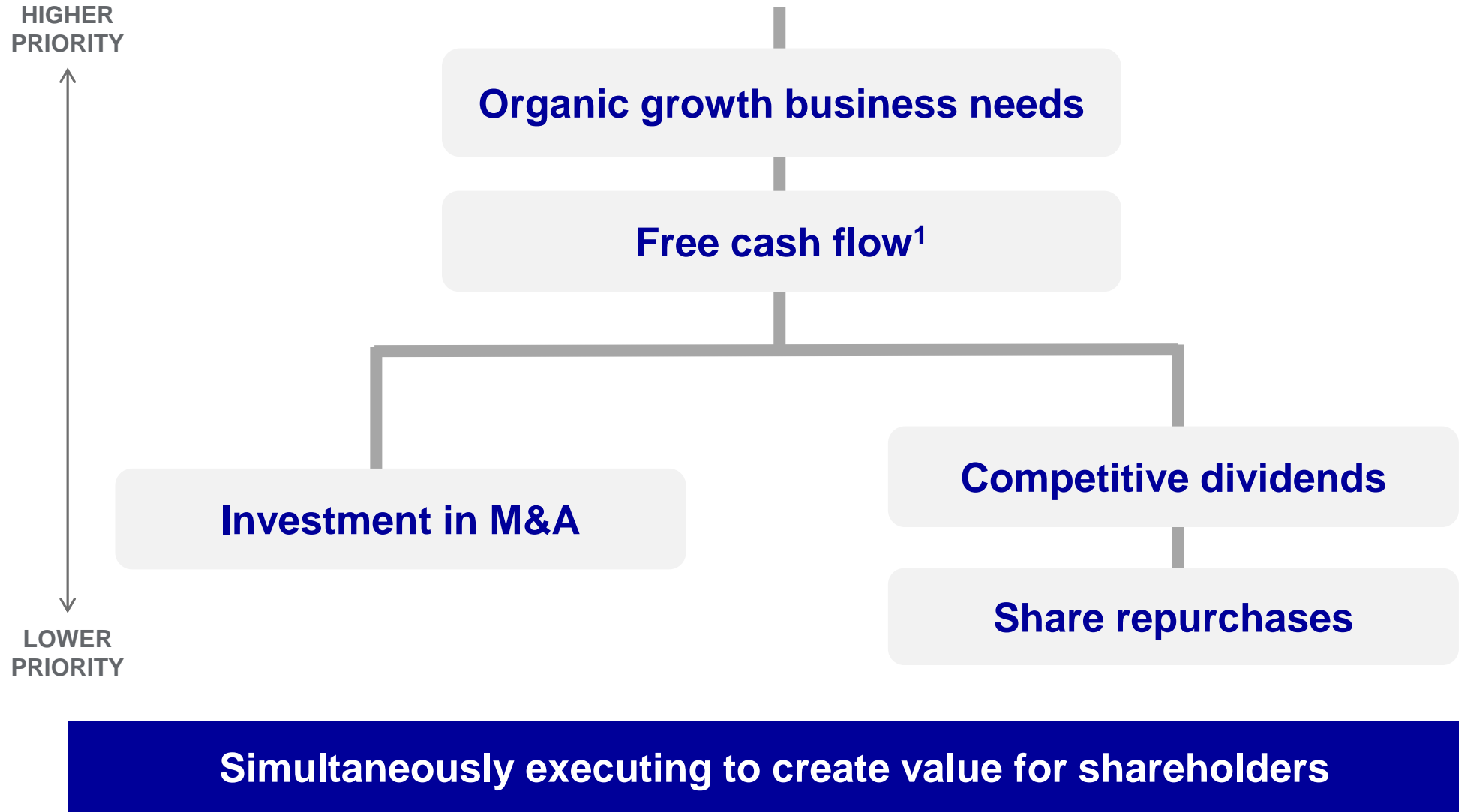
Pharmaceuticals

- The Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) has recommended broadening the existing marketing authorization for IMBRUVICA (ibrutinib) for the use of ibrutinib in combination with obinutuzumab in adult patients with previously untreated chronic lymphocytic leukemia (CLL) and for use of ibrutinib plus rituximab for the treatment of adult patients with Waldenström's macroglobulinemia (WM)
- The U.S. Food and Drug Administration (FDA) approved of DARZALEX (daratumumab) in combination with lenalidomide and dexamethasone (Rd) for the treatment of patients with newly diagnosed multiple myeloma who are ineligible for autologous stem cell transplant (ASCT)
- A Type II variation was submitted to the EMA seeking approval of ERLEADA (apalutamide) for the treatment of patients with metastatic hormone-sensitive prostate cancer (mHSPC)
- A sNDA was submitted to the FDA seeking approval of a new indication for ERLEADA (apalutamide) for the treatment of patients with metastatic castration-sensitive prostate cancer (mCSPC)
- The FDA granted Priority Review for the supplemental New Drug Application (sNDA) for INVOKANA (canagliflozin) to reduce the risk of end-stage kidney disease, the doubling of serum creatinine, and renal or cardiovascular death in adults with type 2 diabetes and chronic kidney disease
- A New Drug Application (NDA) to the FDA has been submitted by ViiV Healthcare for the investigational once monthly, injectable, two-drug regimen of Janssen's rilpivirine and ViiV's cabotegravir for the treatment of HIV in adults whose viral load is suppressed and who are not resistant to cabotegravir or rilpivirine
- A Biologics License Application (BLA) was submitted to the FDA seeking approval of a new subcutaneous (SC) formulation of DARZALEX (daratumumab) for the treatment of patients with multiple myeloma²

Capital Allocation Strategy

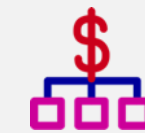


Capital Allocation



Dollars in Billions	Q2 2019
Cash and Marketable Securities	\$15.3
Debt	(\$29.4)
Net Debt	(\$14.1)

Note: values may have been rounded



Q2 2019:

\$2.7B invested in R&D

\$2.5B in dividends paid to shareholders

\$2.0B in share repurchases; **~75%** of the program completed²

¹ Non-GAAP measure; cash flow from operations less CAPEX

² Announced \$5B share repurchase program on December 17, 2018

2019 Guidance

	July	April	Comments
Adjusted Operational Sales^{1,2}	3.2% - 3.7%	2.5% - 3.5%	Net Impact Acq./Div.: ~2.0% at the midpoint
Operational Sales²	\$82.4 - \$83.2B 1.0% - 2.0%	\$82.0B - \$82.8B 0.5% - 1.5%	Increase of 50 bps
Estimated Reported Sales³	\$80.8B - \$81.6B (1.0%) - 0.0%	\$80.4B - \$81.2B (1.5%) - (0.5%)	FX (\$1.6B) or (2.0%) impact
Adjusted Pre-Tax Operating Margin^{4,5}	Slight decline	Slight improvement	Increasing investments in innovation
Net Interest Expense	\$0 - \$100 million	\$100 - \$200 million	Positive effect of net investment hedging arrangements and certain cross currency swaps
Net Other Income⁴	\$2.65 - \$2.85 billion	\$2.4 - \$2.7 billion	Completed the divestiture of ASP in Q2
Effective Tax Rate⁴	17.5% - 18.5%	17.0% - 18.0%	Includes the updated impact associated with the ASP gain
Adjusted EPS (Operational)^{2,4}	\$8.73 - \$8.83 6.7% - 7.9%	\$8.73 - \$8.83 6.7% - 7.9%	
Adjusted EPS (Reported)^{3,4}	\$8.53 - \$8.63 4.3% - 5.5%	\$8.53 - \$8.63 4.3% - 5.5%	FX (\$0.20) or (2.4%) impact



¹ Non-GAAP measure; excludes acquisitions and divestitures

² Non-GAAP measure; excludes the impact of translational currency

³ Euro Average Rate: July = \$1.12 April = \$1.12

⁴ Non-GAAP measure; excludes intangible amortization expense and special items

⁵ Sales less: COGS, SM&A and R&D expenses

Johnson & Johnson

Q&A



Joaquin Duato

Vice Chairman of the
Executive Committee



Paul Stoffels, M.D.

Vice Chairman of the
Executive Committee &
Chief Scientific Officer



Joseph J. Wolk

Executive Vice President,
Chief Financial Officer

Johnson & Johnson