

Valuation & Research Specialists (VRS)
Equity Research Team
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Share Price (27/2/2015)
New York Stock Exchange, in \$ **\$102.51**

of Shares (,000) 2,780,490.00
Market Cap (in USD mn) 281,413.31
Ave. Volume (p) 7,682,320
Beta Co-efficient 0.56

Statistical Data

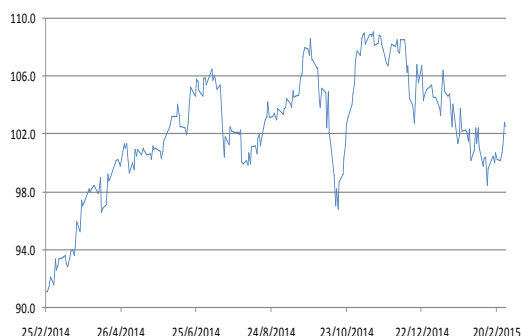
Max 52 week (in USD) \$109.07
Min 52 week (in USD) \$91.11
1-M Rtn 0.41%
6-M Rtn -1.20%
12-M Rtn 11.28%

Source: VRS Calculations,
Reuters, Bloomberg.

Company Profile

Johnson & Johnson is a large pharmaceutical company engaged in the research and development, manufacture and sale of a broad range of products in the health care field. J&J conducts business in virtually all countries of the world via more than 275 operating companies with the primary focus on products related to human health and well-being. Johnson & Johnson and its subsidiaries (the Company) employed 128,100 employees worldwide as of December 31, 2013. Johnson & Johnson was incorporated on November 10, 1887 and is listed on the New York Stock Exchange.

Stock Price & Volume Performance (1 year, in USD)



Note: Share price performance based on share price closes on New York Stock Exchange. Period as month/day/year.

Johnson & Johnson

Listed on New York Stock Exchange, US, [Bloomberg Ticker: JNJ: US] [Reuters Ticker: JNJ.N]

Business Sector: Pharmaceutical Companies

Corporate & Investment Highlights

- In 2014, revenues were \$ 74,331 million, 4.23% higher than 2013 revenues. The strong sales results were driven by new products and the strength of core products. Sales in Europe and USA were increased by 1.9% and 9% while they experienced decreases of smaller magnitudes. Sales of pharmaceuticals were the only business segment that had a 14.9% increase while sales of consumer and medical devices were decreased by 3.9% and 9%.
- During the fourth quarter 2014, two New Drug Applications (NDAs) were submitted to the FDA for regulatory approval while the acquisition of Alios BioPharma, Inc., a privately-held clinical stage biopharmaceutical company focused on developing therapies for viral diseases, was completed. In addition, Johnson & Johnson has started research programs in the areas of Alzheimer's, earlier detection of Type 1 diabetes and use of microbes in the human body to fight illnesses, areas which are thought extremely lucrative. Moreover, the divestiture of the Ortho-Clinical Diagnostics business was completed in June 2014.

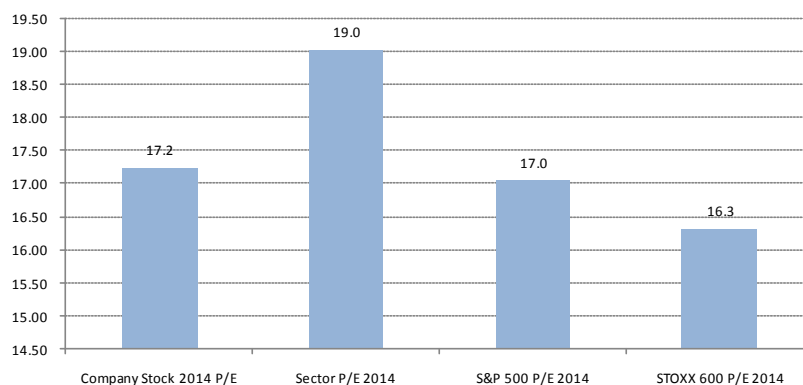
[As of the date of this report, the Company/Group had published only P&L results for the full year 2014.]

2014 Annual Consolidated Results

(USD million)	12M 2014	%	12M 2013
Revenues	74,331.0	4.23%	71,312.0
EBT	20,563.0	32.91%	15,471.0
EAT (Net Income)	16,323.0	18.02%	13,831.0

Source: The Company.

Company Historic P/E Multiple versus Market P/E Multiples (x)



Source: VRS calculations based on consolidated accounts, FACTSET.

Important Note:

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Company Report

FLASH NOTE
February 27, 2015

Johnson & Johnson

Listed on New York Stock Exchange, US, [Bloomberg Ticker: JNJ: US] [Reuters Ticker: JNJ.N]

Business Sector: Pharmaceutical Companies

BASIC FINANCIAL INDICATORS

(in USD million)	Sales	EBITDA	EBT	EATAM	P/E (x)	P/BV (x)	EV/EBITDA (x)	DEBT/EQUITY (x)	ROE %
2008	63,747.0	20,196.0	16,929.0	12,949.0	21.73	6.62	14.0	0.28	30%
2009	61,897.0	18,980.0	15,755.0	12,266.0	22.94	5.56	14.8	0.29	24%
2010	61,587.0	20,341.0	16,947.0	13,334.0	21.10	4.97	13.7	0.30	24%
2011	65,030.0	16,090.0	12,361.0	9,672.0	29.10	4.93	17.2	0.34	17%
2012	67,224.0	17,246.0	13,775.0	10,514.0	26.77	4.34	16.4	0.25	16%
2013	71,312.0	18,892.0	15,471.0	13,831.0	20.35	3.80	14.8	0.25	19%

Notes: (1) EATAM and equity are calculated excluding minorities. (2) P/E, P/BV and EV/EBITDA are based on current share price. Source: Official Consolidated Financial Statements, VRS Calculations. n/c stands for non calculable.

Group Sales Breakdown Period 2011 – 2014, per Business Segment

USD million, consolidated figures

	2014	2013	2012	2011
Consumer	14,496.00	14,697.00	14,447.00	14,883.00
Sales				
Pharmaceutical	32,313.00	28,125.00	25,351.00	24,368.00
Sales				
Medical Devices and Diagnostics	27,522.00	28,490.00	27,426.00	25,779.00
Sales				

Source: The Company.

Group Sales Breakdown Period 2011 – 2014, per Geographic Area

USD million, consolidated figures

	2014	2013	2012	2011
U.S.	34,782.00	31,910.00	29,830.00	28,908.00
Sales				
Europe	18,947.00	18,599.00	16,945.00	17,129.00
Sales				
Western Hemisphere excluding U.S.	7,160.00	7,421.00	7,207.00	6,418.00
Sales				
Asia-Pacific, Africa	13,442.00	13,382.00	13,242.00	12,575.00
Sales				
Worldwide	74,331.00	71,312.00	67,224.00	65,030.00
Sales				

Source: The Company.

Working Capital Ratios

in USD million

	2008	2009	2010	2011	2012	2013	
Revenues	USD mn	63,747.00	61,897.00	61,587.00	65,030.00	67,224.00	71,312.00
Cost (net of depreciation)	USD mn	17,723.00	17,772.00	18,044.00	19,508.00	20,512.00	20,979.00
Gross Profit Margin	%	67.09%	71.29%	70.70%	70.00%	69.49%	70.58%
Net Income / Profit	USD mn	12,949.00	12,266.00	13,334.00	9,672.00	10,514.00	13,831.00
Net Profit Margin	%	20.3%	19.8%	21.7%	14.9%	15.6%	19.4%
Cash & Cash Equivalents	USD mn	10,768.00	15,810.00	19,355.00	24,542.00	14,911.00	20,927.00

Stock Days

Days	88	106	109	118	133	137
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Stock Inventory

USD mn	5,052.00	5,180.00	5,378.00	6,285.00	7,495.00	7,878.00
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Debtors Days

Days	56	57	58	59	61	60
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Debtors - Receivables

USD mn	9,719.00	9,646.00	9,774.00	10,581.00	11,309.00	11,713.00
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Creditors Days

Days	155	114	114	107	104	109
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Creditors - Suppliers

USD mn	7,503.00	5,541.00	5,623.00	5,725.00	5,831.00	6,266.00
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Operating Cycle (Days)

Days	144	163	167	177	195	197
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Cash Cycle (Days)

Days	-11	49	53	70	91	88
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Source: Official Consolidated Financial Statements, VRS Calculations. Gross profit is calculated by deducting cost of sales (net of depreciation, wherever applicable) from revenues.

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Covered Company	Bloomberg	Reuters	Stock Price	Date	Disclosure
Johnson & Johnson	JNJ: US	JNJ.N	\$102.51	February 27, 2015	----

1. VRS has acted as financial consultant for the covered company within the past 24 months.
2. VRS has sent the research report to the covered company, prior to publication or dissemination, for factual verification.
3. VRS has changed the contents of the initially sent report, with respect to: factual changes have been made.
4. VRS has received compensation from the covered company for the preparation of this research report.
5. VRS produces research reports for this company on systematic basis.
6. VRS produces research reports for this company on demand basis.
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