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OVERVIEW:

Company Summary

CORPORATE PARTICIPANTS

Joaquin Duato *Johnson & Johnson - Chairman of the Board, Chief Executive Officer*

CONFERENCE CALL PARTICIPANTS

Christopher Schott *JPMorgan Chase & Co - Analyst*

PRESENTATION

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Good morning. I'm Chris Schott from J.P. Morgan. And it's my pleasure to be hosting this fireside discussion with Joaquin Duato, the Chairman and CEO of J&J. Joaquin, happy new year.

QUESTIONS AND ANSWERS

Joaquin Duato - *Johnson & Johnson - Chairman of the Board, Chief Executive Officer*

Thank you.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Great speaking with you today. Can we just open up the conversation? We're coming off of a year with significant outperformance for the stock, some really impressive underlying fundamentals. We'd love just to hear about your top priorities for the company as we enter 2026.

Joaquin Duato - *Johnson & Johnson - Chairman of the Board, Chief Executive Officer*

Thank you. So first, thank you for organizing this impressive meeting. Every year, J.P. Morgan does a very good job in bringing us all together and kicking off the year. So thank you for doing that. And thank you for recognizing the performance of the company in 2025. Really, we're very proud of how we performed in 2025, and it's kicking off a cycle of accelerated growth for Johnson & Johnson.

We see the company doing better in 2026 than in 2025. And when we look at the later part of the decade, we have visibility for double-digit growth. And that is, I would say, impressive when you think about a company that pretty soon, it's going to be the largest health care company with more than \$100 billion in sales. So we are very optimistic about the cycle we are kicking off.

How is that possible? It's possible because we have tremendous strength and depth both in Innovative Medicine and in Medical Technology. We are focused on six areas: three in Innovative Medicine that I'm sure we will discuss, oncology, immunology and neuroscience; and three in Medical Technology, cardiovascular, surgery, and vision. So different from other companies, we are not focused on one or two growth drivers, and that makes our growth more sustainable and deeper.

Our execution this year has been really good, and I'm going to give you just a single data point. In the third quarter, which is the last thing that we reported, our Innovative Medicine group, when you exclude STELARA, grew 16%. That is a more than \$50 billion business growing 16%. That's really pretty impressive. And I think that's what investors have recognized.

If you ask me, frankly, that was in plain sight. But I think finally, they recognize that, and that has made us the top three Dow Jones performing stock across all sectors. So how do we do that again, I'm sure you're asking me that, in 2026? And what are our priorities after such an impressive 2025?

So 2026 is a year, as you have mentioned, that all the industry is leaving behind some of the policy overhangs, and we are going to be focused on the fundamentals. And there's basic two fundamentals. How do we advance therapy for patients with our existing portfolio and new product launches? And also, how we continue to build our future through completing and fortifying our pipeline?

So when it comes to the new product launches, we have about a dozen new product launches, largely derisked, when you combine MedTech and Innovative Medicine. Some of them are ongoing, like, for example, TREMFYA in IBD or VARIPULSE in ablation. Some of them will occur in 2026, for example, the launch of ICOTYDE, icotrokinra, the first oral IL-23 blocker, or the launch of our new coronary catheter, Shockwave C2 Aero.

So that's fundamental for us, how we are successful with some of these new product launches, which are driving our growth. And I'm sure we'll have opportunities to discuss that further later. Then when it comes to building our pipeline, that is always a priority for us. And we have very recent examples of the progress we are making. One of them is the announcement that we did this month about the filing of OTTAVA de novo with the US FDA, which is going to be our robotic soft tissue surgical system.

And we plan to be a very relevant player in the robotic surgery space. Another one is what we announced also in December with the acquisition of Halda, a precision oncology platform that has an asset that we plan to develop in prostate cancer. So that's really the fundamentals for us. And that is underpinned, as you know, with a very strong financial position.

We have a AAA-rated balance sheet, a very strong cash flow generation. And that enables us to do two things at the same time. We can continue to invest, and at the same time, we can return value to our shareholders. So when I look at 2026, I'm optimistic. And I want to be clear, we will provide guidance on 2026 when we announce our fourth quarter earnings, but we see 2026 being a better year than 2025.

Christopher Schott - JPMorgan Chase & Co - Analyst

Great. Before we jump into the core business, and there's a lot to dig into there, at the industry level, I think you mentioned there was a significant focus on policy last year with MFN, tariffs, et cetera. Just helpful to get your views of where we stand today, I know you have an agreement with the government, but just where J&J and the industry more broadly stands on these policy topics?

Joaquin Duato - Johnson & Johnson - Chairman of the Board, Chief Executive Officer

Yes. I mean, I said it before, 2025 was very colored by these policy topics. I believe that now with the agreements that have been made with the Trump administration, we are going to be able to focus more on the fundamentals. What are the agreements? They are relatively similar.

I mean, on one hand is opening access and lowering prices for many medicines for Americans, and that's a positive step. On the other hand, it provides an exemption of pharmaceutical tariffs, which was an overhang. And I think in totality, these agreements are positive and are a step in the right direction that would enable companies to do what we do best, which is focus on developing and manufacturing and commercializing medicines and medical devices. So I see that as a step in the right direction and I think it's going to be a positive factor for Johnson & Johnson and the rest of the industry.

In the meantime, in our case, as we announced on the occasion of the agreement last week, we continue to deliver on our plan to invest \$55 billion in the US in R&D, technology, and manufacturing. And we also took the opportunity to announce the opening of two new plants, one in North Carolina in biologics and another one in Pennsylvania in cell therapy.

Our goal is that at the completion of our \$55 billion investment plan, essentially, all the advanced medicines that are used in the US will be manufactured here in the US. And I think that's great. It's great for the country, it's great to create jobs, and it's great to create more resiliency in our supply chain.

Christopher Schott - JPMorgan Chase & Co - Analyst

Great. Coming back to the core business, I guess, roughly two years or so, I think you put out this annual top line growth target of 5% to 7% 2025 through 2030. I think since that time, you seem increasingly bullish on that growth outlook. Just how comfortable are you with that target today? And when you consider the growth drivers, what's performing better than expected? Anything you need more progress on? Just maybe talk a little bit about the framework.

Joaquin Duato - Johnson & Johnson - Chairman of the Board, Chief Executive Officer

Yes. So in 2023, we provided this guidance of a growth for the entire company of 5% to 7%, compounded average growth, from 2025 through the rest of the decade. If you ask me now, I think I told you before, I feel increasingly confident that that's going to be the case. And as a matter of fact, when you look at 2025, we're going to exceed the forecast that we gave in 2023. So why do I feel increasingly bullish on that forecast?

We have a pipeline which is largely derisked. And as I said before, the value of our pipeline is in plain sight. If I go by our six areas that I mentioned before, we have incredible strength in all of them. Let me start with Innovative Medicine pharmaceuticals and with oncology. We not only have said about the 5% to 7%, but we have set our goal for oncology to be a \$50 billion business for Johnson & Johnson by 2030, being the number one oncology company.

I'm sure we'll have an opportunity to discuss that, but it's based on different factors. One is our strength in multiple myeloma. With our DARZALEX, which remains the backbone therapy, our bispecifics and our cell therapy and the progress we are making also in R&D there. And then the strength that we are developing in lung cancer with RYBREVANT plus LAZCLUZE. RYBREVANT also, we have shown data already in the neck cancer and in colorectal cancer, so it's going to be a large product.

The strength that we are developing in prostate cancer with ERLEADA, but also now with our T-cell engager that we have presented data at KLK2-CD3 bispecific. And finally, in bladder cancer with INLEXZO, that it's going to be a new standard of care in non-muscle-invasive bladder cancer. So that's in oncology. In immunology, we have tremendous opportunity. The most important one is TREMFYA, which is having a very successful launch in IBD.

IBD is the biggest part of the TREMFYA market. We have signaled TREMFYA as being a more than \$10 billion product. It's going to be bigger than STELARA, and I think the results that you are seeing in 2025 confirm that. The second area of strength in immunology is icotrokinra. It has a commercial name now, ICOTYDE, which is going to be the first oral IL-23 blocker.

It's going to essentially expand the market for people that didn't have access to advanced therapies or didn't want to have an injectable, and it's going to be the first option as an oral systemic therapy. And as I said, we plan to have the launch of icotrokinra 2026, this year. And then finally, IMAAVY, our FcRn inhibitor, that is approved now for myasthenia gravis. We are going to file this year for warm autoimmune hemolytic anemia. And you may have seen the data that we have shown already both in Sjogren's and in lupus, showing very promising data.

We also see IMAAVY as a \$5 billion asset down the road as we continue to build the different indications. And then the third area of strength in Innovative Medicine is neuroscience. The results of SPRAVATO are very impressive. I think they have exceeded all expectations. It's a multibillion-dollar product and it's growing north of 50%.

And we are very excited about CAPLYTA, which comes from the acquisition of Intra-Cellular. And we just got the approval of CAPLYTA in adjunctive treatment of major depressive disorder in December, and we are off to a terrific start there. So those are all the growth drivers that you are going to be seeing in our Innovative Medicine pharmaceutical business. All of them are largely derisked. If I move to MedTech, our MedTech business is now squarely focused on high-growth areas of cardiology, surgery and vision.

We have announced the separation of our orthopedics franchise, which is ongoing. And when it comes to cardiology, we have one of the largest cardiology franchises in the industry, it's close to \$9 billion and is growing double digit. It's focused on cardiac ablation, on heart failure, heart recovery with Abiomed, and in calcified arterial disease with Shockwave, and we are very optimistic about the trajectory of our cardiovascular business there. In surgery, we have leadership positions in biosurgery and also in wound closure. They are all growing high single digit in 2025, very strong franchises for us in which we have leadership positions.

And we plan to be a very relevant player in robotic surgery. One effort is OTTAVA, that I mentioned before, in soft tissue robotics. And the other one is MONARCH in urology. So we are also planning to launch our MONARCH robot in urology. It will offer both percutaneous and endourology access.

And the first indication would be in difficult-to-treat kidney stones. And then finally, in vision, we have a strong position. We are the leader in contact lenses, a great franchise for us, a very reliable grower. And we are gaining share strongly in our surgical vision franchise with the launch of our premium intraocular lenses.

So overall, I feel very confident about our position in these six areas in which we have depth and strength. And as I said before, we don't depend on one or two drivers. We have a bunch of them, and that's going to make our growth more solid, more reliable.

Christopher Schott - JPMorgan Chase & Co - Analyst

I know the past few years you've highlighted some large disconnects between J&J's internal forecasts and analysts expectations. I think some of us were -- had some skepticism at first, but you've consistently beaten numbers and we've seen Street revisions going higher. When you look at where the Street is today, is there anything in particular that stands out to you in terms of how the Street is modeling key growth drivers or where there's still -- you see still upside to numbers?

Joaquin Duato - Johnson & Johnson - Chairman of the Board, Chief Executive Officer

As I look at it, there's two products now that I think are still underestimated. One is TREMFYA, especially because the success in IBD has not yet been reflected. And in the case of STELARA, if you remember, IBD was 75% of the sales of STELARA. So TREMFYA in IBD is one. We see TREMFYA, as I said, as a more than \$10 billion product.

The second one in the short term is RYBREVANT. RYBREVANT, we just had the approval of the subcu formulation. It offers overall survival which is unmatched. It's likely to be able to double the overall survival -- the five-year overall survival, the percentage of patients that are alive after five years, compared to the standard of care. And we have presented data both in head and neck and in colorectal cancer which is very promising.

So RYBREVANT still remains underestimated. If I look to the later part of the decade, perhaps the one that is less valued is INLEXZO. INLEXZO, the first indication is in BCG unresponsive patients. But it's going to continue to grow as we expand the indications there with patients that relapse on BCG or patients that are BCG-naive. So I would focus on these three products as products that are still underestimated by the Street: TREMFYA, RYBREVANT and INLEXZO.

Christopher Schott - JPMorgan Chase & Co - Analyst

I guess digging into the immunology portfolio a little bit more. I mean, obviously, we're seeing some real traction with TREMFYA here. Can you talk about what you've been seeing and how it's been relative to your expectations, these IBD launches so far and the new share that you're taking there? And then when we layer in the oral IL-23, how more broadly does that portfolio evolve in the next few years?

Joaquin Duato - *Johnson & Johnson - Chairman of the Board, Chief Executive Officer*

Yes. So TREMFYA, it's a dual-acting IL-23. So it's structurally and functionally different from the other IL-23. It does block the cytokine IL-23, but also it blocks the receptor on the CD64 cells that produces IL-23. So it has a unique mechanism of action.

And when it comes to the data on inflammatory bowel disease, both in UC and in CD, it has unmatched histologic and endoscopic response rate. So we were very bullish on TREMFYA knowing that the clinical profile was unmatched, consistent with the type of structure and functionality of the medicine. We also have a particular advantage that is consistent with that differentiation, which is we are the only IL-23 that has subcutaneous both in induction and in maintenance. And you may think, okay, is that important? For the physicians, that is a game changer.

And that is giving us an advantage during this period of launch, and we are exceeding our expectations, as you will see when we present our results of the fourth quarter. There's other elements that prove this TREMFYA superiority, and one is, for example, in psoriatic arthritis. We presented data of our APEX study in which we had very strong inhibition of structural damage, being the only IL-23 that has proved inhibition of structural damage in PSA. So we feel very strongly about TREMFYA being a product of more than \$10 billion that is going to lead in the class, which is preferred by physicians today, which is the IL-23. I think there's no question that IL-23 are now preferred in IBD versus any other category.

So we see TREMFYA leading there and continue to grow in psoriasis and psoriatic arthritis. Then we move into icotrokinra. And I want to stress, icotrokinra is a breakthrough; it's completely different. It's going to be the first oral medicine that has a profile and an action like an injectable biologic. It's different from the others.

It's blocking IL-23. It's an oral peptide that blocks IL-23. The initial indication is going to be in psoriasis. There's a lot of room for extending the penetration in psoriasis. We believe that the psoriasis market is about 30% to 40% penetrated.

So an oral medicine is going to increase access, is going to increase penetration. And it's going to bring patients in every aspect in psoriasis, psoriatic arthritis and in IBD that were afraid of injectables. So that's going to clearly expand the market. We plan to develop icotrokinra or ICOTYDE not only in psoriasis and psoriatic arthritis, but also in IBD in which we are going to start Phase III study. So I see ICOTYDE as a major product and I see ICOTYDE becoming the systemic therapy of choice in all indications, expanding the market, being a very significant product for us, which is, again, largely derisked as we have seen the data.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

In terms of that positioning, so it sounds like it is more market expanding versus trying to pit the two products against each other. So in terms of an organizational standpoint, will these be the same sales forces selling these drugs? Or how do you think about the go-to-market strategy with this?

Joaquin Duato - *Johnson & Johnson - Chairman of the Board, Chief Executive Officer*

The go-to -- I mean, we are going to let the physician and the patient decide what is best for them. So some patients may prefer an oral, some patients may prefer an injectable. Physicians may have different algorithms in how we do it. But we don't see any reason why we should not put TREMFYA as a first-line injectable and ICOTYDE as a first-line oral. So we are going to put all our best effort behind both of them.

So we are not going to prioritize one versus the other. We're going to let the physician and the patient decide what is the best therapy for their patients. And clearly, I think there is room for both and it's going to expand the market and bring us a very strong position in IBD. I would tell you, it's not only what we are doing with TREMFYA that we discussed, but also what we are doing with orals. The third element of the stool here is what we are doing in combination therapies too.

Because despite of all the progress with TREMFYA and ICOTYDE, there are still a number of patients that relapse. So we are working in combination therapies and we have an injectable combining a TNF and an IL-23. In this case, guselkumab, TREMFYA, and golimumab, SIMPONI, in a single subcu vial that would be the therapy of choice for refractory patients. So we'll cover the entire space in IBD: orals, injectables and combination therapy for refractory patients. So that's why I am so confident in the success of our immunology franchise (corrected by company after the call).

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Yes. Some great momentum there. Switching over to myeloma. You've got obviously a very large portfolio here, a very large pipeline. Maybe just set the stage, how do you think about the key drivers for growth within those various assets that you have in market or presumably coming to market?

Joaquin Duato - *Johnson & Johnson - Chairman of the Board, Chief Executive Officer*

Yes. So let me take a step back and talk about myeloma, how Johnson & Johnson has advanced the standard of care for myeloma patients in the last decade. I mean, the life expectancy for a myeloma patient was measured in years and now is measured in decades. We have developed half of the therapies in multiple myeloma in the last decade. And our goal is to have about four out of five patients that have myeloma with one Johnson & Johnson product in the regimen that they use.

So we have a very strong role in improving the life expectancy of the myeloma patients in multiple areas. Starting with DARZALEX, which is our largest product, is the backbone of therapy of most of the myeloma regimens. When people talk about myeloma, they normally are talking about combining with DARZALEX. Everywhere, right? So we know that most of the clinical studies that are on multiple myeloma have DARZALEX as the backbone, and the results are there.

CARVYKTI, which is our cell therapy, has demonstrated overall survival versus the standard of care as early as second line. So very impressive. And sometimes, patients prefer to have this one-and-done type of therapy because they don't want the fact of having to come to the hospital for continuous infusions. So CARVYKTI is doing very well. We are unrestricted from a supply perspective, and you're seeing the growth that CARVYKTI is giving us.

And then finally, our bispecific antibodies, our BCMA, CD3 and GPRC5D, CD3, TECVAYLI and TALVEY. Very recently we have presented very impressive data of the combination of TECVAYLI and DARZALEX in second-line patients. Very impressive, perhaps the most impressive data ever seen in multiple myeloma. We plan to have the approval of this combination this year. And it's going to make TECVAYLI and DARZALEX in patients in second-line, a therapy of choice.

And that's going to help to expand the use of the bispecifics in the community side. And we plan to do a similar development pathway with TALVEY. So I see multiple options in first line, multiple options in second line, and in later lines, also options with cell therapy. So I see a clear growth of our multiple myeloma franchise. And we've been bold there and we've said that, look, we see our multiple myeloma franchise being more than \$25 billion by 2030, and it may be even conservative.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Yes. A couple -- we've seen a number of companies that are going after myeloma space with next-generation therapies. What do you think J&J needs to do to enable this -- kind of sustain this leadership position that you have in this category?

Joaquin Duato - *Johnson & Johnson - Chairman of the Board, Chief Executive Officer*

We have a full dedication to multiple myeloma. I mean, our organization is disease focused, and we focus on the disease, and we have multiple platforms in multiple myeloma: cell therapy, bispecifics, antibodies. And we have the experience and the reach to be able to be always one step ahead in our search for cures. Examples of why we are one step ahead. The combination of bispecifics and DARZALEX is an example of being one step ahead.

Our trispecific, which is going to enter Phase III pretty soon, which is a GPRC5D, BCMA, CD3 redirector is an example of being one step ahead. And we have collaborations in in vivo CAR-T, for example, with Kelonia, to work in multiple myeloma too. So our goal here is always being one step ahead in the search of a cure for patients with multiple myeloma. And what you see is that the rest of the company, the rest of the company is just following our tail.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Absolutely. Just as we -- maybe one more on pharma before we go to MedTech. Just beyond immunology and oncology, what are some of the things you're most excited about in the portfolio that you think don't get enough attention or we should be really focused on as growth drivers?

Joaquin Duato - *Johnson & Johnson - Chairman of the Board, Chief Executive Officer*

Yes. So our neuroscience franchise is a strong one. SPRAVATO is growing very fast. And it's the only and best therapy for patients that have failed multiple therapies in major depressive disorder. I am very excited about CAPLYTA.

CAPLYTA has three indications: schizophrenia, bipolar I and II, and recently, major depressive disorder which is the largest one. The launch is off to a very good start. We have signaled CAPLYTA of more than \$5 billion product, and we are very confident on that. And we know this space really well because we've been there for many, many years too. And it's a growth driver that was not factored in when we were talking about the 5% to 7%, so it's additional to that growth.

So I'm very excited about our presence in neuroscience. And we will continue to invest there in neuroscience and we have a number of other assets that are coming in neuroscience. And then another growth driver that we have not discussed, but I have my colleague from BMS discussing that before, is Milvexian, which by the way is a 50:50 collaboration between Johnson & Johnson and BMS. We have good experience there with XARELTO. And this could be another important medicine for patients, and it could become a significant growth driver in the short term.

So that's really how you see the pharmaceutical group. When I look at the opportunities in front of us and the number of new product launches, I have never seen something like that and I am in the company 37 years. I mean, if I go one by one, you have TREMFYA in IBD, RYBREVANT and LAZCLUZE in lung cancer, INLEXZO in bladder cancer, IMAAVY in myasthenia gravis and pretty soon in warm autoimmune hemolytic anemia, CAPLYTA in major depressive disorder. So all together look at a very strong show-up for Johnson & Johnson in 2026.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Absolutely. Pivoting over to MedTech. I know improving the growth prospects of this franchise was one of your key priorities in your tenure as CEO. We're a few years into that process. Just would like to get a sense of where you think we are in that repositioning of the MedTech portfolio.

Joaquin Duato - *Johnson & Johnson - Chairman of the Board, Chief Executive Officer*

We are making strong progress there. And you've seen our results in 2025 and it's been a continuous progression of improvement in MedTech. In MedTech, we have also said that we plan to grow 5% to 7%, with a bias towards the higher end of that area. We are now, as I said before, focused on high-growth markets of cardiology, surgery and vision. And we are separating our orthopedics franchise, which is going to create a leading orthopedics franchise and a strong competitor.

And at the same time, it's going to help us improve our growth rates and also improve our margins and focus on areas where we have strong medical innovation. So what are our priorities there? Number one is to continue our growth in our cardiovascular franchise. And the most important area there is cardiac ablation and atrial fibrillation. We're gaining back share in PFA with VARIPULSE, and we plan to have a 2026 in cardiac ablation which is going to be better than the one we had in 2025.

Why is that? We are going to continue launches of new catheters and improve -- we are going to continue to improve VARIPULSE. We're going to be launching a dual-energy catheter, which will have PFA and RF, which is the STSF catheter. We're going to continue to improve our diagnostic tools. We continue to improve our imaging tools and also our CARTO mapping system.

So we plan to continue to invest in electrophysiology to maintain and expand our leadership there, being the fastest growing market now in the cardiology space. When it comes to heart recovery and Abiomed, we are utilizing the data coming from this DanGer study that shows significant improvement in survival for patients in cardiogenic shock that had heart attack, in a 10-year follow-up, 600 days of improvement over survival, almost two years.

And that's helping us to move up our Impella pump in the AHA guidelines, and that's driving market growth. And we have limited competition in that area. And then with Shockwave, as I said earlier, we are about to launch a new coronary catheter, and coronary is the most important market in Shockwave, which is going to provide more maneuverability and ease of use.

And we plan to continue launching new catheters every year in order to provide more options to interventional cardiologists. So I feel very confident of our progress in cardiology, and that's our number one priority now. When it comes to surgery, our number one priority is to carve out a relevant presence in the soft tissue robotic surgery market. We're going to do it with OTTAVA. We will do it with MONARCH Urology.

I have to be clear, look, we are in all hospitals in the world. We are a global company from a surgery perspective. All surgeons use our biosurgicals and our sutures, our instruments, both staplers and energy devices. And we are fully determined to carve out a significant space in the robotic surgical area. And our OTTAVA system has significant elements of differentiation in order to accomplish that.

And ultimately, hospitals, physicians and surgeons want to have competition and want to have options. And we plan to capitalize on that fully and put the strength of Johnson & Johnson behind that. And then finally, vision is a great space for us. Contact lenses, we are the number one company. We are launching a new line of contact lenses, ACUVUE OASYS MAX, that are giving us growth in our share.

And also, we continue to launch our premium IOLs. So I see a very positive trajectory for our MedTech business. And I believe the combination of having these six areas in which we have leadership and strength makes Johnson & Johnson unique and a stronger company down the road. And that's why you can see the type of growth rates that you see in Johnson & Johnson, is because we don't depend of a single platform. We have multiple options to be able to improve the standard of care of patients.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Yes. Let me just back to the decision to separate the orthopedic business. Just why now for that? What led to that decision? Why is that the right move for J&J?

Joaquin Duato - *Johnson & Johnson - Chairman of the Board, Chief Executive Officer*

Yes. So look, we have to be able to be active portfolio managers. So our goal is to be a company which is squarely focused on medical innovation. So we have to go to the areas where we can make a bigger difference in improving the standard of care of patients. That's part of who we are.

And you have to see this in the context of the separation of our consumer business that now follows the separation of our orthopedics business. It's bringing more clarity about what is our mission, which is about medical innovation. It's about bringing transformational therapies or medical devices that improve the standard of care of patients.

So we think that by focusing in cardiology, surgery and vision, we bring more clarity to do that. And we facilitate rich allocation to those areas where we think there's more medical innovation. And at the same time, we reduce the complexity of our MedTech business.

Orthopedics is a great business. It's one that has very stable cash flows. It's driven by the aging of the population. So we are all going to need some type of orthopedic support. But as far as medical innovation, frankly, it's not comparable to surgery or what we are seeing in cardiology.

So that's why we wanted to be active portfolio managers. It enables us to increase our growth rate and our margins. And at the same time, we are creating a company which is going to be the leading company in orthopedics. And we are putting all the elements to make it a real leader in orthopedics. The separation will take some time. We'll have experience in doing that as we already did in the consumer. So we see the trajectory moving into a situation of a spinoff sometime in the second part of 2027.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Okay. Great. Just last one maybe on MedTech. Major milestones we should be thinking about for the portfolio this year, what would you highlight?

Joaquin Duato - *Johnson & Johnson - Chairman of the Board, Chief Executive Officer*

I mean, the most important milestones that you should be thinking about the portfolio this year will be the approval of OTTAVA that should happen sometime in 2026. Would be the approval of MONARCH Urology that should happen also sometime in 2026. The approval of the new coronary catheter for Shockwave C2 Aero.

And then finally, there's a number of things going on, both in orthopedics and in surgery, that will help us continue to complement our product lines today. But the most important one will be the approval of OTTAVA in robotic surgery. We have one indication, upper abdominal procedures, and we have to meet the second one, inguinal hernia. So that would be the most important milestone for us in 2026.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Right. And with those '26 approvals, how do we think about the robotics platform starting to really contribute to growth? Is that something we should think about in '27, or would that take a little bit of time to get to grow?

Joaquin Duato - *Johnson & Johnson - Chairman of the Board, Chief Executive Officer*

You should think about -- I mean, we have a large MedTech franchise. So you should think about our robotic platform, including MONARCH and including OTTAVA, playing an important role for growth from 2028 onwards. That's when the growth would be material for Johnson & Johnson. Will start to have some impact in 2027, but if you're going to think about materiality of the impact, you should think about 2028.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Right. Bigger picture question, think about capital deployment. J&J has obviously had a very strong history of early to mid-stage licensing partnership type of deals. As we think about 2026 and the growth platform you just outlined, obviously, lots of things going in the right direction, how do we think about further portfolio expansion via business development? What's the priority right now? What's the balance when you think about smaller deals versus more commercial-stage deals? Just any perspective would be great.

Joaquin Duato - *Johnson & Johnson - Chairman of the Board, Chief Executive Officer*

The focus and the sweet spot for us has always been the same: early-stage deals. So that will continue to be our focus. Some of them are deals that do not even make a press release. For example, icotrokinra, ICOTYDE, was a small deal, or INLEXZO was a small deal too. Some of them are deals that do make a press release but are relatively small, like the Halda Therapeutics deal.

So that is the sweet spot for Johnson & Johnson, and that's where our R&D and business development teams are focused, is to be able to identify technologies or medicines that are going to have a promise to disrupt the standard of care, to be real transformational early on. So then we can put all the strength of our early development group, of our chemistry group sometimes, of our manufacturing, of our commercialization to maximize value of that. I have to be clear, that's the goal.

Now we have the financial strength too to be opportunistic and to do what it takes. Sometimes we do it, like we did with Intra-Cellular or what we have done in MedTech with Abiomed and Shockwave. But the sweet spot for us is early-stage deals. We are fortunate that in order to deliver in our growth trajectory, we don't need to do any type of large M&A. So investors have to be confident that we are going to be focused on early-stage deals and be opportunistic if the right opportunity come our way.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Great. Well, just as we wrap up here, any closing remarks on the J&J story and how you're thinking about things?

Joaquin Duato - *Johnson & Johnson - Chairman of the Board, Chief Executive Officer*

J&J story, I mean, I go back to the beginning. Pleased about 2025. We are now kicking off a cycle of accelerated growth. We don't depend on a single platform; we have multiple growth drivers. And we see '26 being better than '25. And we have line of sight to double-digit growth by the later part of the decade, which is really impressive for a company that pretty soon will be more than a \$100 billion company.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Absolutely. Thank you again for coming today.

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