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CORPORATE PARTICIPANTS

Joaquin Duato *Johnson & Johnson - CEO & Chairman*

CONFERENCE CALL PARTICIPANTS

Lee Michael Hambright *Sanford C. Bernstein & Co., LLC., Research Division - Analyst*

PRESENTATION

Lee Michael Hambright ***Sanford C. Bernstein & Co., LLC., Research Division - Analyst***

Okay. We are live. Great. Thank you. So hi everybody, I'm Lee Hambright, U.S. medical device analyst at Bernstein. We are thrilled to host Johnson & Johnson, Chairman and CEO, Joaquin Duato. Thanks so much for being here. We're scheduled for a 50-minute fireside chat. Just a reminder that you can submit questions through pigeon hole at any time.

Joaquin, thanks so much for being here. It's been 1.5 years since you stepped into the CEO role. Maybe you could just start by reflecting a little bit on your experiences and talking about the state of the business at J&J.

Joaquin Duato ***Johnson & Johnson - CEO & Chairman***

Thank you, and thank you for coming to listen to this fireside chat. So let's start with the first quarter and see how Johnson & Johnson has been doing. We had a good first quarter with adjusted (added by company after the call) operational growth for Johnson & Johnson of over (added by company after the call) 7.5%, which you have to put into context that the midpoint of our guidance in 2023 is $98.4 billion (corrected by company after the call), so growing a company of close of $100 billion at 7.5%, it's a solid number.

The other important fact is that we had sequential growth in our three sectors, in Consumer, in Pharmaceuticals and in MedTech, showing what I would call momentum when you have the sequential growth. And then finally, we also increased our guidance, both in top line and in bottom line. So we had a solid first quarter.

What was behind that solid first quarter, good performance in pharmaceuticals of our core brands, good development of our recent new product launches like SPRAVATO, TECVAYLI or CARVYKTI. And then in the MedTech side, we had good growth in all our franchises with a good uptake of some of our new products like the VELYS robotic system in orthopedics, our ACUVUE OASYS MAX in vision and also our QDOT catheter in atrial fibrillation. So good progress, driven by our existing portfolio and also the new product launches.

Also, in the quarter, we had the first quarter with the results of Abiomed as part of the family of Johnson & Johnson companies. And Abiomed growth in the quarter was 22% when you look apples-to-apples. So solid growth of Abiomed, 22%, both in the U.S., in Europe and also in Japan. So overall, a good quarter for us. And what is more important is that we have a number of catalysts, upcoming catalysts, both in MedTech and Pharmaceuticals that make me optimistic about what we are going to face. I know we are going to be discussing about some of the catalysts, but just let me enumerate some of them that are upcoming.

Let me start with the Pharmaceutical side, and let me focus in oncology first, especially given that this weekend, we are going to have the American Society of Clinical Oncology, which I plan to attend by the way, and that we are presenting a number of interesting data there. So what are you going to be seeing in the coming months in oncology, we are going to be presenting at ASCO the CARTITUDE-4 data. CARTITUDE-4 is CARVYKTI, our BCMA CAR-T, in patients with 1 to 3 prior lines, so earlier in the continuum. And many of you may already know that the data is very solid, very significant with CARTITUDE-4, so that's going to be a catalyst for CARVYKTI.

We are also going to -- you're going to be seeing some data on the combination of lazertinib plus RYBREVANT, in -- specifically the CHRYSALIS study, which is in a newly diagnosed non-small cell lung cancer patients with EGFR mutations. The study has a small number of patients but has been already 33.5 months ongoing, and we have not reached yet median PFS. And in a very similar patient population, TAGRISSO's PFS was 18 months. So this is a small study that makes us think that we are in a good position with our larger study, the MARIPOSA study, that will read by the end of the year, in which we are comparing in first line in EGFR-mutated non-small cell lung cancer, amivantamab plus lazertinib versus TAGRISSO, and we'll see that information by the end of the year.

Keeping in oncology, other upcoming catalysts that we have is the potential approval of talquetamab later in the year. Talquetamab is our new bispecific GPRC5D -- targeting GPRC5D in multiple myeloma. And it's going to be a new mechanism of action that we are potentially approving by the end of the year. And we are presenting data at ASCO, both the basis of the filing and also a combination study of TECVAYLI BCMA with talquetamab and data of combining talquetamab also with DARZALEX. So that's data that we will present there.

To complement that, during this year and in 2024, we may see data of ERLEADA in highly localized -- in high-risk, localized prostate cancer. So that's some of the catalysts that we have in oncology, I would say it's a rich number of catalysts.

Moving into immunology, we have already seen the results of our FRONTIER 1 study with our collaboration with Protagonist with an oral IL-23 that we hope to have biologic-like efficacy with the safety profile of a biologic(corrected by the company after the call). We are going to be seeing, in the course of 2023 and 2024, data from nipocalimab in hemolytic disease of the fetus and the newborn, in myasthenia gravis and also in rheumatoid arthritis, and those are highly expected information.

And then moving into cardiovascular, we have started already three Phase III studies in stroke, acute coronary syndrome and atrial fibrillation with milvexian in collaboration with our partner, BMS, trying to set up a new standard of care in anti-coagulation. So a very rich number of catalysts that are in front of us in the pharmaceutical side, many of them impacting in the next couple of years.

When it comes to MedTech, I commented earlier on the progress that we are making with VELYS, our orthopedic total knee replacement system, which is now the fastest-growing system in the U.S. We are also encouraged by the progress we are doing in atrial fibrillation, both in the radio frequency ablation with the launch of QDOT, which is in the Q-FFICIENCY study has shown significant improvements in efficacy in reducing procedure time without compromising safety. But also, we have shown data on pulsed-field ablation with our inspIRE study and our VARIPULSE catheter in Europe, meeting both primary and secondary endpoints, and we are now studying a dual-energy source catheter with both pulsed-field ablation and radio frequency.

Continuing in MedTech, we are progressing with the important studies that we are doing with Abiomed, specifically the ones to expand the use of our percutaneous heart pump, both PROTECT IV and STEMI DTU. And we are having record enrollment in the last quarter in the study. So a number of catalysts too that make us very confident about the progress of these Johnson & Johnson focus in pharmaceuticals and MedTech.

So I think that we have made a lot of progress in driving the agenda and in preparing the new Johnson & Johnson once we have completed the IPO of our consumer company to be focused in shaping the future of medicine through MedTech and pharma.

QUESTIONS AND ANSWERS

Lee Michael Hambright ***Sanford C. Bernstein & Co., LLC., Research Division - Analyst***

Excellent. I think we should just leave it there. That was amazing, thank you. I'm just kidding. So there's a lot to unpack there. We'll hit a lot of those points that you mentioned. But maybe starting broad, when you became CEO 1.5 years ago, you laid out your top 3 priorities, and that was to make MedTech a best-in-class performer, to deliver on long-term growth goals in pharma, and to ensure a successful creation of the new consumer health company. Of course, Kenvue IPO was completed recently. Maybe you can just reflect a little bit on your priorities and how they've evolved, if at all?

Joaquin Duato ***Johnson & Johnson - CEO & Chairman***

Yes. Thank you. And those priorities remain valid today. The overarching priority for a company like Johnson & Johnson is to be able to deliver long-term success. Our orientation is to the long term and what we are aiming is to have a multi-decade success. It's not about the next 3 years, but the overarching priority is to have a multi-decade success, which is based on our ability to deliver medical devices and pharmaceuticals and combinations of both that improve the standard of care with a company that is grounded on solid principles and values.

This is the 80th anniversary of Our Credo. It was written in 1943. Today, it may seem something relatively common for companies. But

when you think that it was written in 1943, and it remains relevant today, it's important. And also based on the incredible talent that we have at Johnson & Johnson, one of the advantages of having a diversified company is that you are able to provide more opportunities for development for the talent that is in Johnson & Johnson. So based on these 3 elements, we want to create a multi-decade success.

When I think of the priorities that I stated there, we are well on our way. We have completed the Kenvue separation, which has taken us 1.5 years since we made the announcement, and we have already executed a successful IPO that all of you know by now. I think, Kenvue yesterday started to be covered by multiple analysts. So there's more visibility for Kenvue as a company than it had within Johnson & Johnson, and that is a benefit of having the company separated. And we are convinced that Kenvue is going to be a global consumer health champion that has significant opportunities to spread their wings as an independent company that were more complex within Johnson & Johnson. So that's going on the right trajectory.

And at the same time, we have -- now what is going to remain the largest and most diversified health care company, which is going to be Johnson & Johnson. It's going to be a company focused on MedTech and pharma with the opportunity to focus on innovative R&D but also in areas of convergence between pharmaceuticals and MedTech. Largest one, it would be north of $80 billion. It would remain the largest health care company.

And we will have 26 platforms, 12 in MedTech and 14 in pharmaceuticals, of more than $1 billion. So investors will continue to enjoy the benefits of the scale and diversification and strength from a financial perspective that Johnson & Johnson offers and they are used to. So that's something that will continue to be there. So we are well on our way.

When I think about our pharmaceutical business, I'm sure we'll discuss about that, we are a best-in-class franchise. The results are there. I explained some of the catalyst before. We are very confident in our core products today: TREMFYA, ERLEADA, INVEGA SUSTENNA, UPTRAVI and even STELARA. And in MedTech, we have leadership positions in orthopedics and surgery, very strong leadership position in electrophysiology, a strong #2 in vision and coming up. And also with the acquisition of Abiomed, we have a large play in heart recovery that we think is going to be a multiyear platform for growth for Johnson & Johnson and enables us to move into higher-growth markets. So I'm confident that these are the right priorities. And I'm also confident that we are in a situation that is bringing momentum both in our pharmaceutical side and also in MedTech.

Lee Michael Hambright ***Sanford C. Bernstein & Co., LLC., Research Division - Analyst***

Great, great. Just quickly on the spin, J&J maintains around 90% ownership of Kenvue, which you intend to distribute to shareholders over time following a 6-month lockup. Can you say anything more at this point about distribution strategy?

Joaquin Duato ***Johnson & Johnson - CEO & Chairman***

I can't, just to be clear. So I can't. There are different paths now, and we plan to complete the separation by the end of the year. So that I can tell you. And there are 2 different paths, and we have not made a decision about that. One is a spin. The other one is a split, or a combination of the two depending on the circumstances. So we'll keep investors informed once we are able to make the decision.

We are confident that we will be able to complete the entire separation before the end of the year. And we are also confident that Kenvue is going to be a global consumer champion. And the reaction that you have seen on the IPO and the reports that have come out give us increased confidence that it's going to be a very competitive company with global iconic brands, with a very strong management team that has been seasoned and experienced in managing a consumer company, because they were relatively independent already as part of Johnson & Johnson.

Lee Michael Hambright ***Sanford C. Bernstein & Co., LLC., Research Division - Analyst***

Yes, good. I think some investors were a little bit surprised to hear about the plans of the consumer separation. And now that, that is completed, I think many investors have wondered why keep pharma and MedTech together. Can you talk a little bit about some of the strategy behind those two businesses under the same roof?

Joaquin Duato ***Johnson & Johnson - CEO & Chairman***

Thank you, I appreciate that question. MedTech and pharma share the same purpose and the same customers. MedTech and pharma operate in the same diseases, oncology, cardiovascular, eye health that I referred to before, trauma. So we are trying to solve exactly the same tough diseases on both sides. Sometimes, you use a medical device. Sometimes, you use pharmaceuticals. And oftentimes, like in a solid tumor, you use both surgery and pharmaceuticals.

So they share a common purpose. And in that sense, they can coexist within the same roof. They share a common set of customers, hospitals, physicians. They share a common set of payers, the same insurance companies or national health systems are the ones that pay for the medical devices and the pharmaceuticals. So they have very strong commonalities, very strong commonalities.

With that in mind, I think there are additional advantages of keeping them together. And the first one is that when you think about the future of medicine, we're going to see combination of technologies in order to prevent, treat or cure diseases. And a company that has the capabilities and the insights on a broader set of technologies, like we do because of having MedTech and pharmaceuticals, is going to be in a better position to be at the forefront of the future of medicine.

So the ability to come up with, let's call it, converging products, as the future of medicine will demand, is amplified by having both MedTech and pharmaceuticals together. So do you have examples of that? Yes, I do. Let me give you two. One is our TARIS platform, which is a drug-eluting device in bladder cancer that is implanted via Cystoscopy in the bladder for local delivery of drugs, which has shown very important results in our SunRISe-1 study in non-muscle-invasive bladder cancer, in patients that were resistant to BCG. So clearly, local delivery is something that it's going to matter in cancer. And our ability to combine drug and devices is going to help us being at the forefront.

Another example is what we are doing with our MONARCH system, which is a robotic-assisted multi-specialty device that we are using both in bronchoscopy and now also it's been approved in endo-urology for kidney stones. So we are using MONARCH in order to do local delivery in lung cancer of drugs or energy. And we are already in first in humans with MONARCH and our NeuWave micro ablation system. So those are two examples.

The ability of having a focused company in MedTech and pharma most likely will help us expanding these opportunities and also bring new insights into areas of oncology, cardiovascular and eye health. As a matter of fact, as time goes by, I see even more opportunities to combine technologies or to bring new insights into eye health, cardiovascular or oncology. Think about the fact that we are now in eye health in surgery, vision correction, but also we are working in gene therapy and in retinal diseases. And think about the fact that we are now in atrial fibrillation and in heart failure, and there are also opportunities from a pharmaceutical perspective that are based on our understanding of the disease that we derive from our connection with the interventional cardiologists or the surgical cardiologist.

So I think that's an opportunity. But now, I mean, there's more things to that. Having a larger company means that we are financially more solid. We are a AAA company today. We have more optionality from a financial perspective than other companies with been larger. And investors like the fact that you can provide a more consistent result. Being a MedTech and a pharma company enables us to have stronger capabilities because we have more scale in some of the areas that are going to be determinant in order to drive medical progress, like technology.

The fact that you are a larger company means you can have a stronger capability in data science, in intelligent automation, and we are bringing that where both in discovery and development of medicines and also in our intent to make all our medical devices smarter. Also, being a larger company means that we can scale up the administrative backbone of the company to be more efficient. And that's one of the reasons that our margins are at or better than our competitor composite.

And frankly, being a larger company brings you a stronger voice with payers, with governments. And Johnson & Johnson is often required to express their opinion in every setting. And finally, and not unimportantly, brings more opportunities of talent to develop within Johnson & Johnson. And ultimately, talent is at the root of our success. So I do see many advantages of keeping MedTech and pharma together, being the same purpose, the same diseases, the same payers and also giving us the opportunity to be at the forefront of the

future of medicine.

Now we will remain best-in-class both in MedTech and in pharmaceuticals, but we need to show you that we are able to develop solutions that combine both technologies.

Lee Michael Hambright ***Sanford C. Bernstein & Co., LLC., Research Division - Analyst***

Very good. Very good. So on that point, maybe let's dive in on MedTech a little bit. You talked about being a best-in-class performer in MedTech, and you've called that goal a defining element of your tenure as CEO. MedTech had a really strong start to the year, as you mentioned, with Q1 sales acceleration sequentially across all 4 businesses. What does success look like in MedTech, both in 2023 and beyond?

Joaquin Duato ***Johnson & Johnson - CEO & Chairman***

Yes. So MedTech, as you mentioned, had a good start to the year, with over 6% growth in the first quarter. Again, when you think about our MedTech growth, you also have to think that we are the second largest MedTech company, and we are growing faster than the largest one. And we are about 2 times bigger than the next ones, right?

So you have to put our growth into that context. And when you think about the size of our MedTech business and growing 6%, I would consider it a good result. At the same time, we are moving into higher-growth markets, and that's part of my stated intent that I refer when I started as a CEO. And we have delivered on that clearly with the acquisition of Abiomed, which is doing well, with the 22% growth. And that opens a multiyear platform of growth in heart recovery.

Abiomed has a strong pipeline of new entries. For example, we have been quite successful now with the launch of Impella 5.5. We are working on having Impella ECP, which is a 9-French version of the existing Impella pump, which is going to make it easier to implant. And I just commented on some of the PMA studies that we are doing, like PROTECT IV (corrected by company after the call) and also STEMI DTU. PROTECT IV (corrected by company after the call) will enable us to generalize the use of Impella in high-risk PCI procedures. And also, STEMI DTU would enable us to generalize the use of Impella in acute myocardial infarction without cardiogenic shock, which is the majority of the myocardial infarctions. So we are moving into higher-growth markets, as I described.

But if I look at our existing portfolio, we are also moving into higher-growth markets. We are moving into -- if I think about orthopedics, I described robotics before with our VELYS platform. We are moving into cementless. We are moving into shoulder with our INHANCE shoulder, and we are moving into extremities with the acquisition of CrossRoads.

If I think about atrial fibrillation, I mentioned before, we launched the QDOT microcatheter, and we are moving into PFA aggressively. I was last week in the Heart Rhythm meeting in New Orleans, and we presented there some of the data of our inspIRE study using our VARIPULSE PFA catheter that met both primary and secondary endpoints. And I was encouraged by the comments of the clinicians that I met there about the strength of our future offering in PFA, but also about the future role that radio frequency ablation will continue to play in certain procedures too. So I was encouraged by listening to the clinicians and the experts about our leadership position in atrial fibrillation.

If I move to surgery, we're also progressing in our traditional energy and mechanical devices. We just launched ECHELON 3000, which is a new stapler, which is going -- is having a very good demand from the market, which is also a connected device. And we just launched ENSEAL X1 curved jaw which is going to be another option in our energy portfolio. So we are also moving into higher-growth markets there, and we continue to grow in our suture business with our Plus sutures.

And finally, in vision, I mentioned that we launched our ACUVUE OASYS MAX, which is doing really well. And we continue to expand our offering in intraocular lenses with TECNIS Eyhance, which is having very strong demand. So overall, our MedTech business is performing really well from a commercial perspective. And we continue to increase the number of new product launches, which is driving part of our growth.

Lee Michael Hambright ***Sanford C. Bernstein & Co., LLC., Research Division - Analyst***

Great. So in MedTech, from the start of your tenure, you've talked about getting more acquisitive, particularly in MedTech. And you followed through on that promise pretty quickly with Abiomed. What should investors expect going forward on the M&A front?

Joaquin Duato ***Johnson & Johnson - CEO & Chairman***

So I mean you're talking about MedTech or in general for Johnson & Johnson?

Lee Michael Hambright ***Sanford C. Bernstein & Co., LLC., Research Division - Analyst***

Maybe MedTech in general but...

Joaquin Duato ***Johnson & Johnson - CEO & Chairman***

Okay. So yes, we continue to look for opportunities in MedTech. And our focus is in the areas that we have described in the past. Our first goal is to identify opportunities that represent a significant improvement in the standard of care, that are in high-growth markets and that are adjacent to positions that we have today. Because our probability of success increases if we go to adjacencies or areas that we have background knowledge.

So what are those areas? I'm going to be very general, but cardiovascular continues to be an area of interest for us. Eye health is an area of interest for us. Surgery and robotics is an area of interest for us. And we also continue to look for high-growth markets in orthopedics, and we'll continue to be acquisitive in that area. Obviously, depending on the opportunity, the criteria will be different. And the bigger the opportunity like in the Abiomed case, we will have a high bar from a financial returns perspective, too.

Lee Michael Hambright ***Sanford C. Bernstein & Co., LLC., Research Division - Analyst***

Great. You mentioned the atrial fibrillation ablation business. With PFA products getting closer to market, there's been a lot of excitement in this area. You have the #1 position in that business by a long shot, and you've driven really strong growth with the Biosense Webster business. But there's going to be a couple of PFA technologies to the market before yours. So what's the outlook for that Biosense Webster business?

Joaquin Duato ***Johnson & Johnson - CEO & Chairman***

Thank you. That's a great question. And as I said, I was in the Heart Rhythm Society in New Orleans earlier this month. What -- and we made different presentations to analysts also on our pipeline. So I already commented on the fact that we have a full suite of PFA offerings, which include a single-shot catheter, VARIPULSE, and also a dual-energy catheter that would be able to have in the same catheter both radio frequency and PFA, and it's already being tested in humans as we speak.

The results of our inspIRE study met both primary and secondary endpoints, and we have other studies ongoing that are enrolling as we speak. So when I talked to clinicians there, our PFA offering is going to be compelling, and it's going to enable the possibility of seamlessly using both radio frequency and PFA. And if you talk to electrophysiologists, everybody believes that PFA is going to have a very important role, but also that radio frequency will continue to have a very important role.

And I received very positive comments also about our latest microcatheter QDOT, and the results that we have had in the Q-FFICIENCY study, both in terms of reducing procedure time, efficacy levels without compromising safety.

Now -- so that is PFA. But what they all told me why they really have driven with their demand Biosense Webster as the leading company, it's because of a number of factors. One is the great clinical support that we provide to electrophysiologists. And the second one and very importantly is the integration of the CARTO System. That's really the secret sauce here is the integration of the CARTO System. The ability to have 3D imaging of the heart and being able to drive real-time insights to guide ablation, it's very important for the electrophysiologist. It gives them feedback on the contact force. It gives them tagging of the lesions. So they are all very, very much in agreement and you can do your own market test that there's nothing like the CARTO System in the market as far as imaging and aiding and guiding the procedure.

So what they tell me is the competitive advantage of Johnson & Johnson here is the integration of our radio frequency and PFA offerings

with the CARTO System. So we feel confident that, that integration plus the strong clinical support that our field specialists provide, it's going to give us the strength to continue to be the preferred option for electrophysiologists today and in the future. And I don't have any reason to believe that, that is going to substantially change with PFA.

Lee Michael Hambright ***Sanford C. Bernstein & Co., LLC., Research Division - Analyst***

Got it. So a question from the audience about robotics. There's obviously a lot of interest in robotics in MedTech. You're one of the only players, I think, that has a presence in both orthopedics and soft tissue. You've got, as you mentioned, the VELYS system launching in orthopedic robotics, though you are #4 to the market there. And you're also a bit behind the competitors in soft tissue robotics. How do you think about the outlook for robotics, both in hard tissue orthopedics and in soft tissue going forward?

Joaquin Duato ***Johnson & Johnson - CEO & Chairman***

So robotics, it's going to be a really important future of surgery. There's no question about it. Robotic-assisted technologies are going to be present in surgery. Now we also have to recognize that soft tissue robotics is still relatively underpenetrated, about 10% of the procedures in the U.S. So there's still a lot of room for multiple players. So it's an important area for us.

We also have to recognize that we are already in robotics today. You mentioned VELYS, which is the fastest-growing robotic system in knees, despite the fact that we were the fourth. I can tell you that what I hear from orthopedic surgeons is that VELYS -- it's a very important addition because it has different advantages, one being a much smaller footprint that makes it particularly suited and fit for ASCs. So that's with VELYS.

We are also in robotics with MONARCH, both in bronchoscopy and now in endo-urology, and we have had the first patient in our trial in removing kidney stones. And we are making significant progress with Ottava, our soft tissue robotic system, and we'll be able to give you more specifics about the system and its timeline before the end of the year.

We are very committed to continue to progress in our soft tissue robotics system. And I think that the fact that we are investing there, and we plan to be there, we leverage the strength of Johnson & Johnson in surgery and the fact that we are present in all operating rooms globally. So there's going to be a combination of a system that we are designing to be differentiated, with the fact that we have a reach -- a global reach in all operating rooms, and our deep understanding and insights on surgery and surgeons.

Again, when I talk to surgeons, they all want Johnson & Johnson to have a robotic system that is competitive because they want to have more competition in that market and because there's still significant room for penetrating in robotic surgery despite of the fact we are not going to be there first. Sometimes, not being first also can have advantages because you have the ability to understand better what are the areas of need that the existing players are not meeting.

Lee Michael Hambright ***Sanford C. Bernstein & Co., LLC., Research Division - Analyst***

Very good. so maybe shifting to a place where you were first or ahead of the competition. In China, you've been a player in MedTech in China for a long time, invested there before a lot of the other companies. VBP, volume-based procurement, has been a big headwind for global MedTech players in China. I think a lot of investors wonder whether you can make any money at all given these dramatically reduced prices. Longer term, how do you see the outlook for MedTech in China for global players?

Joaquin Duato ***Johnson & Johnson - CEO & Chairman***

I am positive about the outlook of MedTech in China for global players. On one hand, we are seeing procedure recovery and procedures coming back to normal in China, and that's something that we may have suffered in the fourth quarter and in part of the first quarter, but things are getting back to normal from a procedure perspective in China. So that's a good development.

On the other hand, while VBP could be an impact in the short-term in price, our belief is that there is a recovery on volume on the other side, and that we'll continue to see growth in China. So we feel positive about the long-term outlook in China based on the recovery of the procedures, and that is going to help us in the volume lift that we should experience with volume-based procurement.

And for the most part in the second half of 2024 and beyond, all the impact of VBP pricing would be already anniversary, and you will see

the impact of the volume growth in that area. So I feel good about our strength in China, and I feel good about the potential for China to continue to be a driver of the growth of Johnson & Johnson MedTech.

Lee Michael Hambright ***Sanford C. Bernstein & Co., LLC., Research Division - Analyst***

Very good. Okay. So shifting to pharma. You've got a few important products facing patent expiration soon, most notably STELARA and some 2023 impact is also expected from some other post-LOE products like REMICADE and ZYTIGA and XEPLION. You recently highlighted that the 2025 sales target of $60 billion is equivalent to more like $57 billion on a constant currency basis. Consensus is still at about $53.5 billion for 2025. So maybe you can comment a little bit on what the Street is missing about your pharma business.

Joaquin Duato ***Johnson & Johnson - CEO & Chairman***

Yes. So again, talking about the $57 billion, so our confidence in being able to hit the $57 billion has increased. So when I'm today here, I can tell you we remain confident in being able to hit the $57 billion.

Why our confidence is increasing? Let me break it down in 3 factors. One is we are more confident about our existing portfolio. You saw the growth in the first quarter of our pharmaceutical business, sequentially increasing, and we are more confident of our existing portfolio, and I can develop more on that.

The second element is that we continue to progress with our pipeline and specifically with the products that are going to have an impact in the '24 to '25 period. And in that sense, we are retiring risk.

The third element is that we have more clarity now about the entry of biosimilars. So when I put these 3 situations together, I feel more confident than I was before about our ability to hit the $57 billion. And I'm going to give you a little bit more detail on each of the factors.

On the existing portfolio, we continue to be seeing a very good uptake of TREMFYA, ERLEADA, INVEGA SUSTENNA, our pulmonary hypertension franchise that we'll continue to grow post-COVID. And we have a number of pipeline catalysts that are going to support these products in the short term, one being our indications in ulcerative colitis and Crohn's disease with TREMFYA with the QUASAR and GALAXI studies. The QUASAR study has already read, and we plan to see the reads of the GALAXI study soon.

ERLEADA, I commented before in the high-risk localized prostate cancer indications, which are underestimated. So overall, I think our portfolio there is underestimated with these products that I mentioned. Perhaps the biggest underestimation in our existing products is in our multiple myeloma portfolio. As I also explained, we have a leading multiple myeloma portfolio with DARZALEX that has room to be -- continue to grow in first-line therapy. It's the mainstay in newly diagnosed multiple myeloma patients. But then CARVYKTI, I commented on CARTITUDE-4 and how this is going to be able -- enable us to move CARVYKTI into earlier lines of therapy. We continue to improve our manufacturing capacity of CARVYKTI, and you will see that ramping up as the year progresses.

And then our 2 bispecific antibodies, TECVAYLI, which is already approved, a BCMA CD3 bispecific antibody; and then talquetamab, a GPRC5D CD3 bispecific antibody, which we expect the approval this year. So you're going to see different regimens in multiple myeloma for newly diagnosed patients up to relapsed/refractory patients that will include a Johnson & Johnson therapy. We are studying our bispecifics and CARVYKTI in combination. You're going to see studies that combine DARZALEX with TECVAYLI or talquetamab or combinations of talquetamab and TECVAYLI, so you can -- you are going to see multiple myeloma as an important growth driver that I feel is still underestimated. So that is for the underestimation of our existing products.

On the catalyst of the new products, what things have improved? You already have seen data on our TARIS platform, the SunRISe-1. We believe that we're going to be able to create a BCG-free regimen in bladder cancer. And the results of our SunRISe-1 study confirms the high potential of our TARIS platform. Pretty soon, we'll see data on our MARIPOSA study, first-line in EGFR non-small cell lung cancer, comparing with TAGRISSO. That could make amivantamab plus lazertinib a standard of care in this very important line of therapy.

You are going to see also data in the coming year or this year or next year of nipocalimab in three areas: one is in hemolytic disease of the fetus and the newborn; the other one is in myasthenia gravis; and finally, Phase II data in rheumatoid arthritis. So all these opportunities that I just mentioned, talquetamab, the TARIS platform, the combination of amivantamab plus lazertinib, nipocalimab, are new products

that are going to hit in the '24 to '25 period, and we are going to have some time to ramp them up.

And finally, we have more clarity on the entry of biosimilars. And we know today that the one biosimilar entrant that was ahead of the pack, which is Amgen, will not launch until January 2025. And that's important because it gives us more time to mature some of the pipeline products that we described before and also to ramp up the new indications that we have with TREMFYA and with ERLEADA. So I feel confident that we'll be able to hit our $57 billion. And I believe the Street, as we will continue to progress, will start recognizing that this is a realistic goal.

Lee Michael Hambright ***Sanford C. Bernstein & Co., LLC., Research Division - Analyst***

Got it. Very good. Thank you. How about modalities in pharma? How do you think about the evolving toolkit in pharma with new treatment modalities like mRNA, gene editing, gene silencing, et cetera? Can these be addressed via licensing deals? Or do you really need to have some of these skills in-house to ensure long-term success?

Joaquin Duato ***Johnson & Johnson - CEO & Chairman***

We are already in-house in cell therapy and in gene therapy. In cell therapy, by the way, we signed a deal earlier this year with Cellular Biomedicines for what we think are going to be best-in-class CAR-T therapies in B-cell malignancies. And I hope people don't underestimate that when we say that because we said that with CARVYKTI and it is, so when we tell you that we think we're going to have best-in-class CAR-T therapies in B-cell malignancies, it is because we have a good insight on what this deal with Cellular Biomedicines could be. It brings 2 CAR-Ts, one CD19 and one CD20. So we are building a strong capability in cell therapy.

We are also developing gene therapy in inherited retinal diseases in-house. And we think that our ability to partner and to license would help us if the modality is useful in the diseases that we are working to access other technologies like RNA therapeutics. So we feel confident that we have the right toolbox to be able to participate in any given modality.

Now we are disease-centric. We are not modality-centric, and that's important. We focus on the diseases and then we identify what modality is the one that is going to work better. And in order to work in that vein, you have to be somehow agnostic to the modality and maintain the flexibility to utilize the modality that is more appropriate for a given disease.

Lee Michael Hambright ***Sanford C. Bernstein & Co., LLC., Research Division - Analyst***

Got it. A question from the audience about kind of soft spots. Which parts of the J&J business are kind of not going as well as you'd like? And what are you doing to address those areas?

Joaquin Duato ***Johnson & Johnson - CEO & Chairman***

Yes. So I mean, like any company, most of things are going right, but we always have areas that we could do better. Perhaps, the one area in which we could have done better, if I go to pharmaceuticals, it's IMBRUVICA. And IMBRUVICA sales have been disappointing, and we continue to work in IMBRUVICA.

One of the things that we have now is the combination of IMBRUVICA with venetoclax in fixed dose with the GLOW study that has been approved in Europe, and that will continue to help us driving IMBRUVICA. But an area in which we could have done better clearly in pharmaceuticals that we are not where we thought we would have been several years ago, it's in IMBRUVICA.

Lee Michael Hambright ***Sanford C. Bernstein & Co., LLC., Research Division - Analyst***

Got it. When you look at markets and the stock and where the stock is trading, what do you think is the #1 thing that investors are missing about J&J?

Joaquin Duato ***Johnson & Johnson - CEO & Chairman***

I would say three things. One is, I don't think the potential for the -- for appreciation of the Kenvue separation and it's impact in Johnson & Johnson is not yet fully baked in the stock. I mean, I think investors are still waiting, and that's fine. But it's clearly not baked in the stock. Especially when you think about the successful IPO and the potential paths of separation that we have. So that's one that has not yet been reflected in the stock.

The second thing, the confidence in the $57 billion in 2025 is clearly not baked in the stock. And you mentioned that yourself, so I'm not going to elaborate on that.

The third thing is that our ability that we have demonstrated during the last 2 years to grow at or better than our competitive composite in MedTech has not been yet recognized. We're still in an old narrative that we have an underperforming MedTech business when the reality is that if you look at the last 2 years and the first quarter of this year, despite of the fact of being the second largest company in MedTech, we are growing at or better than the competitor composite.

So those are the three factors that I don't think are fully recognized by investors. But I am confident and optimistic that eventually, investors will recognize the potential of the Kenvue separation, the ability of our pharma business like we have done during the last 10 years of being able to deliver above market growth, and also the full journey of recovery of our MedTech business to deliver above-market growth rates.

Lee Michael Hambright ***Sanford C. Bernstein & Co., LLC., Research Division - Analyst***

Great. Maybe wrapping up, this is the Strategic Decisions Conference. As you think about the next 3 to 5 years, what are the biggest strategic decisions that you'll face in your role? Or what are the kind of key things that you think you have to get right for J&J to be successful?

Joaquin Duato ***Johnson & Johnson - CEO & Chairman***

The one thing, when I was reflecting about the question because it's an area we have not touched, so I said that bring something different into the equation, is how well Johnson & Johnson will be able to utilize new technologies to accelerate drug development and to incorporate them into our medical technologies.

So in many ways, we are not a technology company, we are a life science company. But we need to utilize technology in order to remain competitive and in order to be able to bring new solutions for patients. So in one of the areas that we pay more attention at Johnson & Johnson from a strategy perspective is how well we are incorporating new technologies into discovery development, and at the same time, into the development of medical devices that incorporate sensors, visualization techniques and connectivity. That's going to be key for any life science company if we want to be competitive down the road.

Lee Michael Hambright ***Sanford C. Bernstein & Co., LLC., Research Division - Analyst***

Very good. Unfortunately, we're out of time, so we're going to have to leave it there. But thank you so much, Joaquin, for joining. Really appreciate it.

Joaquin Duato ***Johnson & Johnson - CEO & Chairman***

Thank you. Thank you.