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PRESENTATION

Lawrence H. Biegelsen - *Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst*

All right. Good morning, everyone. I'm Larry Biegelsen, the medical device analyst at Wells Fargo. And it's my pleasure to host this session with Johnson & Johnson. With us, we have Ashley McEvoy, who is the Executive Vice President, Worldwide Chairman of Medical Devices. In terms of format, it's going to be a fireside chat. If anyone has a question in the audience, just raise your hand, and we'll call on you. So Ashley, thanks so much for being here.

Ashley A. McEvoy - *Johnson & Johnson - Executive VP & Worldwide Chairman of MedTech*

Pleasure to be here, Larry.

QUESTIONS AND ANSWERS

Lawrence H. Biegelsen - *Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst*

So Ashley, we've been starting all of these fireside chats with questions on the macro environment, no surprise. So I'd love to hear from you kind of on what you're seeing. Given how big and diversified J&J is, you have a unique perspective. So what's getting better? What's getting worse?

Ashley A. McEvoy - *Johnson & Johnson - Executive VP & Worldwide Chairman of MedTech*

Yes, I mean, let me first start with we believe in the market. I mean, the market is $0.5 trillion market growing to probably $600 billion and 5% to 7%. So from a macro point of view, there are some good guys and then some challenges. We look at a lot of unmet medical needs still waiting to be solved. We look at the aging demographics. We look at how we've all taken health super personal, so patient engagement in health is at a high. And then we look at a lot of the enabling technology digitally of how that can make procedures much more standard and really change care. So those are our good guys.

And then listen, then we're dealing with inflation like we haven't seen in a while. We're dealing with geopolitical challenges around the world. We're dealing with supply constraints and energy management and, at the same time, labor staffing. So I think that -- and I've been pretty consistent every time we talk about this, since the pandemic hit us, is that it's going to be not a linear line. It's going to be a bumpy line. But let's not forget the big picture of the overall health of the market.

Lawrence H. Biegelsen - *Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst*

So I mean, what -- with some we've heard from some companies here that some things the macro environment is getting a little bit better. Some freight costs are coming down. Is there anything that you would call out that's improving? China, for example, love to hear about that. That's a big market for you guys. I mean, China, maybe the answer is lumpy because we're hearing about lockdowns there as well.

Ashley A. McEvoy - *Johnson & Johnson - Executive VP & Worldwide Chairman of MedTech*

Yes, I mean, it's really not a consistent answer across the board. I would say -- so I'll go to China. I think we all saw that Chengdu is in a lockdown, 6 million colleagues. We've been in China for 35 years. We are the -- a leader in China. We have a very diversified portfolio. They're preparing for the congress. We also anticipate going into quarter 1 through the other congress. So we're not anticipating a change, Larry, to their zero-COVID policy.

Now are our teams are more battle-tested to understand how to manage through this. Procedures right now are trending in China around down 10% to 13% versus baseline. Again, we have a very diversified portfolio. So cardiac ablation cases are coming back faster because they're more isolated in the cath lab, less so than joint reconstruction or cataract surgery, given the patient profile of that. So that's China.

I will tell you how we're managing the complexity of our ability to provide supply, I couldn't be more proud of our teams. I mean, we do benefit at J&J of being part of a larger enterprise. So the volume of goods is higher, our ability to procure goods, our ability to move goods around the world. We have, I would say, a larger tool chest to access than perhaps some of the other -- some of my other colleagues.

And I would tell you, it couldn't be more -- we're weathering through that. We have dual sources. We're standing up automation. We're investing in capacity expansion. We are doing advanced planning analytics on steroids really at the procedural level. So I think that our supply chains that have been reawakened in the pandemic are going to be much more modern and sophisticated coming out of the pandemic.

Lawrence H. Biegelsen - *Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst*

And when you talk about the 10% to 13% down for China, how does that compare -- I assume that's kind of a recent data point. How does that compare? Q2, I assume, was worse.

Ashley A. McEvoy - *Johnson & Johnson - Executive VP & Worldwide Chairman of MedTech*

I mean, Q2, we were looking at down like 20% to 30%. I mean, in Shanghai, at one point, it was like down 50% for a 4-week period. So it's getting better. I think July got a little bit better. August is starting to tick up again. I just think what we've learned is China in the early times of this pandemic, it was really isolated to a select few cities. But given the lower vaccination rates, it's a lot more diffused as what we're seeing is the micro surges in multiple cities in China. And we should expect that until we -- I mean, there's great therapeutic interventions. But we need to get the population vaccinated, and we need to get through probably two congresses.

Lawrence H. Biegelsen - *Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst*

How are you thinking about growth in China, just to close the loop there? We've got these value-based purchasing initiatives, and you're exposed for spine, trauma and potentially stapling.

Ashley A. McEvoy - *Johnson & Johnson - Executive VP & Worldwide Chairman of MedTech*

Yes. I mean, again we have a diversified portfolio in China of ortho and interventional, Larry, and vision. And we have more of our portfolio predominantly next year going through volume-based procurement. We -- China goes -- again, we've been in China for 35 years. We also had a pharma business that went through a lot of volume-based procurement, so we've learned from that. What we're working on is making sure that we shore up a diversified portfolio. We are evolving our business model, if price is going to come out, cost is going to come out. And we balance that with all the new patients that are still needing to be all their care delivered for.

So I would tell you the biggest focus is we're winning a lot of those tenders. We're staying for the long haul. We are significantly evolving our business models to be competitive. Technology is enabling a lot of that, because a lot of the growth are in Tier 2 and Tier 3 cities, on how we educate. Medtech is so much about, as we know, procedural development. So we invest a lot on skilling up surgeons and technicians to manage that procedure. A lot of that can be done in a much more capital-efficient fashion and then getting the right on-the-ground capability. In China, we have a strong footprint. But we expect to increase that footprint on manufacturing and making sure that our portfolio is differentiated.

Lawrence H. Biegelsen - *Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst*

Is China a growth market for J&J?

Ashley A. McEvoy - *Johnson & Johnson - Executive VP & Worldwide Chairman of MedTech*

Absolutely.

Lawrence H. Biegelsen - *Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst*

In '22 and '23?

Ashley A. McEvoy - *Johnson & Johnson - Executive VP & Worldwide Chairman of MedTech*

I think the growth curve will be calibrated. We've doubled our business in China over the past 3 years. So I'm not expecting growth like that, but -- and it's been stabilized, I'd say, now. But I am expecting a return to growth patterns. And I think, listen, '23 and '24 will be more challenged. It will be a year of volume. And we're managing price/mix realization. But I think we -- when you think of '25, '26, '27, very encouraging.

Lawrence H. Biegelsen - *Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst*

Okay. So Ashley, in July, you provided some helpful phasing considerations as part of the guidance for Medical Devices. The second half is expected to be stronger than the first half. And Q4 is expected to outperform Q3. I guess, my job is to kind of ask some of the tougher questions. And earlier in the conversation, you talked about lumpy, the recovery. And so when people hear lumpy, I think people get a little concerned. So I guess, the question is how are you feeling about the phasing? And maybe what -- maybe help us put into context what you meant by lumpy. Because again, when people hear lumpy...

Ashley A. McEvoy - *Johnson & Johnson - Executive VP & Worldwide Chairman of MedTech*

Yes, let me clarify that. So first of all, I would tell you we've been on this journey. We're the second-largest medtech company. So we have scale, $27 billion in 2021. We have 11 $1 billion platforms, 4 of those are north of $2 billion. So we have significant scale. We're the world leader in ortho and surgery and a small but mighty interventional and #2 in the world in eye health. And a lot of those businesses, 8 out of 11, are growing market share or holding market share. And then I look at our first half performance, we're up 6%. So that -- I think that's encouraging.

And we -- well, I think I say it's not going to be a linear line. We're not going to see consistent. Because sometimes a micro surge happens that might take us back 2 to 3 weeks, but then we'll continue to make progress. So I will reinforce what we shared in quarter 2 earnings, where we do think quarter 3 and quarter 4 will get better. Now why do I think that? Well, last year, you remember it was Delta at this time and then we had Omicron. And then equally, we have a lot of innovation coming out right now across the board. We, over the past couple of years, have really been very focused on shoring up our cadence of innovation. And we have a pipeline that's worth $10 billion. That's doubled in size over the past 3 years.

I always hold my team accountable for, of the portfolio of projects that we have in our pipeline, how many of them are over $100 million on ENPV? And 3 years ago, we had 6. Now we have 27. And I get excited around how many of those can be true moonshots, really changing patient care, like MONARCH in lung cancer and like electrophysiology, what we have on our next-gen, taking a procedure from 4 hours to 2 hours. And then some good old-fashioned like tuck-ins of getting into a fast-growing elective foot and ankle. So it's really a balance of novel first-in-kind innovation. Like we're doing in myopia with some horses that are the next generation that have a high mass.

Lawrence H. Biegelsen - *Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst*

So Ashley, that's super helpful. Your goal has been to grow at or above market in Medical Devices for a long time. You talked about the 6% in the first half. Where -- what do you think normalized growth is for the medical device market? And where are you relative to that?

Ashley A. McEvoy - *Johnson & Johnson - Executive VP & Worldwide Chairman of MedTech*

Yes. I mean, I think we're seeing a little bit because of the backlog, historically, we'd say maybe 4% to 6%. I would say maybe 5% to 7%, the next couple of years. Our aspiration is to beat the market, to beat the composite. In quarter 2, we did beat the composite. We had our highest -- we had our lowest growth in quarter 2 2020, down 30%. And so in quarter 2 2021, we were up near 60%. So we grew 3.5% on top of that. I don't think people thought we would grow.

And importantly, I know we're very focused on the quarters-to-quarters. I think this year, we should be above the market. And I think the next year, we also want to enter high-growth end-state markets. And I want to get to be above the composite on revenue. We're very competitive as it is right now on net income. And so what I hold the team accountable for is optimizing every single line in that P&L. So I want to invest more in R&D. And our pipeline doubled in value because we took it from 6% investment a couple of years ago to 8-9% investment in R&D.

Lawrence H. Biegelsen - *Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst*

Orthopaedics is a big part of your -- of the Medical Device portfolio of J&J, I can't remember, 30%, 40%, something like that. That's a lower weighted average market growth rate, 2% to 3%, call it. How much does that hurt your ability to grow at or above market? And how important is it to shift your weighted average market growth?

Ashley A. McEvoy - *Johnson & Johnson - Executive VP & Worldwide Chairman of MedTech*

I would say a couple of things. One is -- so Vision is growing above the market and interventional is growing above the market. And Ethicon is in the -- is growing -- I would say the total market, including robotics, the share has been stable. It's gaining from the handheld market and losing some share to the robotic market, but in general, holding. And ortho, I would say some of the businesses, like trauma and hip, have been consistently gaining market share. Knees, we went from negative losing market share to stable. So I expect that to grow market share.

And the team has done that, Larry, by making sure that we have access in the world of orthopaedics to the fastest-growing segments. And the example -- the simplest example I can share, but it exists in other segments like sports and hips, is knees. So primary knees might grow, I don't know, between 2% and 4%. Revision knee is double that. Cementless is double that. Robotics is double that. So now we have a full portfolio in those faster-growing segments. And then I remind everybody, the implant really matters in ortho, not just the robot. And we have the world's most studied knee, with the most modern knee in the market with ATTUNE.

And so that, coupled with a very capital-efficient robot like VELYS, who have just done 10,000 cases, gives me confidence that we're going to see knee grow market share. Now Spine, we've been losing market share. The goal is to stabilize and return to growth. I just was in Raynham. We have our Spine and sports headquarters here locally in Boston. And that team has a very compelling pipeline, which we'll be sharing in public conventions but will start to hit over the next really 2 to 2.5 years. And they're shoring up commercial execution.

Lawrence H. Biegelsen - *Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst*

What have you -- Spine has obviously been challenging for a long time. What have you said on a robotic offering at Spine?

Ashley A. McEvoy - *Johnson & Johnson - Executive VP & Worldwide Chairman of MedTech*

So we have three meaningful -- one of those is a robotic offering in Spine that takes a lot of learning from what we've done in VELYS on knee. And we're taking that learning into hip. And we're taking that learning into Spine. So stay tuned on that.

Lawrence H. Biegelsen - *Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst*

No timelines today?

Ashley A. McEvoy - *Johnson & Johnson - Executive VP & Worldwide Chairman of MedTech*

No timelines today. The next couple of years, you'll see three important innovations really reshape the portfolio of Spine.

Lawrence H. Biegelsen - *Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst*

One more on the macro consumer confidence, is low in some of the surveys, that some of your businesses are impacted by consumer confidence. What are you seeing there?

Ashley A. McEvoy - *Johnson & Johnson - Executive VP & Worldwide Chairman of MedTech*

Yes. Well, it's pretty -- I mean, health care in general, as we know, tends to be more resilient than other categories, more traditional CPG categories or retail. Our contact lens business, ACUVUE, the way -- learning from the past, what we see is some of the business, like 10% of the business, is driven by like new users coming in. So that part of the portfolio in a recessionary environment, inflationary environment tends to slow down. But 90% is really existing consumers who are using more contact lenses or who are trading up to a more premium technology. And so in aggregate, it tends to be accretive, not just dilutive. So it really starts to get to managing the mix.

Lawrence H. Biegelsen - *Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst*

And refractive?

Ashley A. McEvoy - *Johnson & Johnson - Executive VP & Worldwide Chairman of MedTech*

And refractive absolutely moves with the recession or in inflation scenario, where people -- especially because it's out of pocket. So that category is less resilient. That's a much smaller part of the portfolio. I want to say less than 10%. We really have a very large $3 billion-plus contact lens business and a -- over $1 billion, $1.5 billion vision surgery business, a much smaller, less than $500 million refractive business.

Lawrence H. Biegelsen - *Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst*

All right. So let's get to everyone's favorite topic, M&A.

Ashley A. McEvoy - *Johnson & Johnson - Executive VP & Worldwide Chairman of MedTech*

Yes.

Lawrence H. Biegelsen - *Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst*

Obviously, Joaquin, your new CEO, has talked about bolder steps in all areas. But Medical Devices has been highlighted. So we know the company's preference is tuck-in deals. But I don't think you've ruled out larger deals. Talk about some of the areas of high-growth opportunities and the criteria you use when evaluating deals.

Ashley A. McEvoy - *Johnson & Johnson - Executive VP & Worldwide Chairman of MedTech*

Yes, I mean, you're probably getting bored with me telling you this. But we love M&A. We've done -- we spent $10 billion over the past 5 years. We've divested about $3 billion-plus of businesses. So I don't expect us to be having big, meaningful divestitures. We're actually looking to replenish to make sure that we are in the higher-growth areas. How have we spent our money? One, we want to bet big in robotics. We are the world leader in surgery. We're a leader in open. We are the world leader in laparoscopic surgery, where we were not #1.

We are leading in endoluminal. I told you we have 18,000 cases in MONARCH with multiple indications that I'm looking forward to sharing with you. And we're going to have a very competitive soft tissue robotic offering. And so shoring up our ability to compete and lead in surgery is very important to us strategically. You saw us bet and invest in neurovascular business. Stroke is 1 of the 5 leading causes of mortality. We have a footprint in stroke. It's a small, fast-growing footprint. We've doubled the size of that business over the past 3 years. I'd like to get a lot more competitive with a bigger footprint in stroke.

We have a world-leading electrophysiology business, north of $3 billion, growing double digit with a very healthy pipeline. I'd like to parlay that into other areas, into fast-growing spaces in interventional. Vision, we took a world-leading contact lens company, and we got into cataract surgery, the #1 medical procedure done around the world. We have a very strong geographic footprint. We mentioned about the aging population, opening up economies, the aging of the middle class. It's one of the medical procedures that has the best medical outcomes of restoring sight. So I'd like to add on to Vision and eye health is another area.

And then in ortho, we've been adding on. They're not these multiple billion-dollar things in ortho. The best example I can share is probably about 3 years ago, we had access to maybe 30% of the highest-growth areas, subsegments within Orthopaedics. And now we're looking around having access to around 70% of the highest-growth segments. And we entered the elective foot and ankle. We entered reverse shoulders, which are high growth, growing at 8% versus a category average of 3% to 4%.

In our hip procedure, we lead in the anterior approach. We took a lot of the digital learning from our VELYS navigation and created hip navigation. We just bought a new technology called CUPTIMIZE, which embedded in our hip implants, helps the joint surgeon prevent like a pelvic tilt or a dislocation. So these things matter to shore up the outcomes. And complemented with kind of world-leading implants can make the procedure a lot more personalized.

Lawrence H. Biegelsen - *Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst*

So lot to unpack there. One, on -- so on interventional, it sounds like -- first of all, big picture, it sounds like adjacencies or sticking M&A within your current markets or adjacencies. It doesn't sound like you're looking at new legs of growth, if you will, maybe with the exception of when you talked about -- I think it was Biosense Webster, where you talked about interventional. And I think you were referring to, correct me if I'm wrong, interventional cardiology. One could argue those -- that's a little bit upfield, if you will, from EP. But it sounds like sticking close to where you are today.

Ashley A. McEvoy - *Johnson & Johnson - Executive VP & Worldwide Chairman of MedTech*

Yes, I mean, let me kind of just -- maybe I would language that a little bit differently. So we today compete in solving the five leading causes of mortality in the world. Those are oncology, cardiovascular, traffic accidents and trauma, respiratory health and stroke. And I'd like to strengthen our footprint in all five of those areas. Because I care about having a meaningful impact on patient care. And I think of things like in oncology, we are one of the leaders in colorectal surgery.

So we're launching new tools to allow better precision to get better procedure hit rates and efficacy rates that do no harm in bariatric surgery, colorectal surgery, as an example. Interventional oncology, we acquired NeuWave. And we're in active clinical trials right now about taking an interventional oncology technology, coupling that with endoluminal, so that we can diagnose lung lesions to see if it's cancerous or not. And if it is cancerous, to actually ablate the lesion locally using energy management, active clinical trials of that.

And then active clinical trials of drug delivery using a minimally invasive endoluminal MONARCH technology. So for me, our job is to compete in the highest-growth segments to solve the five biggest needs of patient unmet need. And we have a very strong footprint today. We're growing 6% as the second-largest medtech company. So imagine if we can get broader footprint to broader accesses of those micro segments, like we've done in Orthopaedics.

Lawrence H. Biegelsen - *Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst*

And when you said interventional, you meant interventional cardiology? Or what do you...

Ashley A. McEvoy - *Johnson & Johnson - Executive VP & Worldwide Chairman of MedTech*

Yes, interventional cardiology, interventional radiology, yes.

Lawrence H. Biegelsen - *Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst*

I see. Okay. And on the soft tissue robot, what gives you confidence in that platform? You talked about -- you said we're going to have a competitive platform. You had a setback in terms of the timeline a year or so ago. What -- remind us of what is the timeline right now because it's been a while since you've talked about it. And what gives you that confidence in that platform?

Ashley A. McEvoy - *Johnson & Johnson - Executive VP & Worldwide Chairman of MedTech*

Yes, I mean, a couple of things. I was just with the team last week. So we -- because they're doing what they -- what I'm asking them to do, which is to kind of create a very competitive program. It's a very transformative program. I remind everybody, transformational innovation is super difficult. We're in for multiple innings, not just the first inning. We were not first in minimally invasive surgery. But now we are the world leader in minimally invasive surgery.

So we have to compete in the immediate term with open, lap, endoluminal, great commercial effectiveness and a really compelling core portfolio of innovation in Ethicon like we have in biosurgery, like we have in wound closure, like we have in energy and endomechanical. All of those have new, next-in-kind technologies either coming to the market right now or within the next 24 months.

Now our soft tissue, what gives me confidence, Larry, is they're actively in development. And we're taking the best of the Verb and Auris integrations. We have a very competitive footprint, robotic footprint. We have very competitive instrumentation using advanced Ethicon instrumentation. We have a very compelling connected ecosystem to make sure that we get good data and analytics on the platform. And we're looking at not just a U.S. launch but serving the G5 markets and taking advantage of the geographic infrastructure that we have.

And we're partnering with folks a lot on the software and the digital ecosystem. So we have a partnership with Microsoft. We have a partnership with Verily. We're looking at how do we have uber cyber-secure private connectivity to hospital systems around the world. How do you use applications to help interoperatively let the surgeon know do no harm to that critical structure? So this is really the future of surgery.

Lawrence H. Biegelsen - *Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst*

And remind me of the timelines you've given on that?

Ashley A. McEvoy - *Johnson & Johnson - Executive VP & Worldwide Chairman of MedTech*

So we're going to probably talk of it, beginning of next year, we'll share with you where we are on timing. We talked about it about a year ago that we were having a delay. It was up to a 2-year delay. There's really no new information on that. That team right now is -- I'm kind of protect the outside world for them, go deliver. And they're heavy in deliver mode. We've acquired a bunch of other additional experts from a robotic point of view, new Heads of R&D, who worked on DARPA's robotics program or world-class software engineers. We have a world-class external advisory board that's giving us good guidance. And they are hitting each of the development milestones.

Lawrence H. Biegelsen - *Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst*

And with MONARCH, you've had good success with MONARCH. And you recently got a new indication for kidney stones. How big of an opportunity is that?

Ashley A. McEvoy - *Johnson & Johnson - Executive VP & Worldwide Chairman of MedTech*

Yes, I think that's something that we'll probably share with you early next year as kind of what's our ambition for all of these -- all things robotics. MONARCH has crossed 18,000 cases. We're less now focused maniacally on how many cases because we are probably more focused around how does it become the standard of care through expansions of multiple indications. So first is we'd like to be able to take MONARCH, the lung diagnostic, to other countries around the world.

Two, we just got -- we are in clinical trials, I told you about lung ablation and lung drug delivery. We got FDA approval for -- so it's the first multi-specialty endoluminal offering in kidney stone and urology. And unfortunately, kidney stones, for any of us know, we have like a 50% likelihood of getting re-treated. So the data so far shows really good clearance of getting more of the kidney stones first time around. And so we're working on -- we have approval. We're working on developing that whole system and launching that system.

Lawrence H. Biegelsen - *Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst*

And Medtronic has had supply constraints in their surgical innovation, their stapling and energy business. Have you benefited from that? Or have you had similar supply issues?

Ashley A. McEvoy - *Johnson & Johnson - Executive VP & Worldwide Chairman of MedTech*

No, I think -- listen, sometimes when there's only certain things on the market, you have to go with what's available to you. So we all benefit when there are certain pinches in certain parts of the supply chain. Or we're part of the problem, not the solution. I couldn't be more proud of how all of our colleagues are managing through unbelievable complexity that they haven't seen in years.

And our first focus is on availability of supply. So we do benefit from J&J of being able to procure inventory and build inventory ahead of time, pre-buy goods, [pre-buy] on rare raw materials, moving goods and supply around the world at the most capital-efficient. But we are not immune. We, too, are having certain challenges in very select areas of product supply or having increased costs.

And so our teams are really working at offsets to those. How do we dial up CIPs? How do we -- we have price/mix realization efforts that are happening. We're looking at different shifts to our business model. Do you always need next-day shipping? Can you wait a week for something like that? So in constrained environments, it gets the ingenuity out.

Lawrence H. Biegelsen - *Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst*

And we asked all our companies at this conference about just kind of the puts and takes for 2023. Any high-level thoughts on how you're thinking about next year?

Ashley A. McEvoy - *Johnson & Johnson - Executive VP & Worldwide Chairman of MedTech*

Yes. I mean, I think that -- listen, the market, I still think and the macro is going to be attractive. I think we're all being thoughtful around what we're seeing in inflation and what we're seeing on geopolitical and macroeconomic and being more considerate of that now than we were perhaps a couple of years ago. We benefit from a very strong global footprint. And we -- so I would say our growth in China is getting rebalanced because we've been -- we benefited from explosive growth in China.

We need EMEA and North America to deliver probably higher growth rates than what they've done historically. And that's what we're assuming. And I'm encouraged by, quite frankly, how health care has been repositioned to consumers' minds and how the collaboration with health care systems and industry and how we're making it, something that's probably less efficient than other industries, more efficient so that we can treat more patients.

And right now, the inefficiency is patients have delayed care. So when they go get a treatment, they're sicker. So rather than the case take 2 hours, it's taking 4 hours. And that's cumbersome to the flow of surgery. So I don't think that, that's going to radically change the next 12 months. But I do think year 2, year 3, year 4, we're all in a better place.

Lawrence H. Biegelsen - *Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst*

And cataract surgery, it seems like it has been running ahead of -- there's been some catch-up from backlog. Are there other areas of your business where you look at it and say, "Maybe we're not going to bake that into our guidance, but maybe '23, '24, there's going to be some catch-up"?

Ashley A. McEvoy - *Johnson & Johnson - Executive VP & Worldwide Chairman of MedTech*

Well, I think that the more -- I mean, the more elective procedures, the pacing of that is to be determined. We saw a big surge. We all got kind of excited by that. We were all racing to go meet that demand. And then you're seeing -- I think it's going to be a combination of labor, labor and labor, first, and kind of some of the supply availability really starting to mitigate that, oxygen, blood, contrast agents, nickel, titanium. I mean, these are things we've become -- we've gotten our doctorates in, I would say, the past 2 years. And I think that those are better understood now, Larry, than they were 6 months, a year ago. So we're better equipped to manage through those for next year.

Lawrence H. Biegelsen - *Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst*

Perfect. Well, Ashley, thank you so much for being here.

Ashley A. McEvoy - *Johnson & Johnson - Executive VP & Worldwide Chairman of MedTech*

You're welcome. Thank you, Larry. Take care.

Lawrence H. Biegelsen - *Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst*

Thank you.