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OVERVIEW:

Company Summary

REFINITIV

CORPORATE PARTICIPANTS

Darren Snellgrove *Johnson & Johnson - Vice President of Investor Relations*

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

Joseph Wolk *Johnson & Johnson - Chief Financial Officer, Executive Vice President*

Tim Schmid *Johnson & Johnson - Executive Vice President, Worldwide Chairman of MedTech*

Jennifer Taubert *Johnson & Johnson - Executive Vice President, Worldwide Chairman, Pharmaceuticals*

John Reed *Johnson & Johnson - Executive Vice President - Pharmaceuticals, R&D*

CONFERENCE CALL PARTICIPANTS

Alexandria Hammond *Wolfe Research LLC - Equity Analyst*

Danielle Antalffy *UBS AG - Analyst*

Christopher Schott *JPMorgan Chase & Co - Analyst*

Larry Biegelsen *Wells Fargo Securities LLC - Analyst*

Asad Haider *Goldman Sachs Group Inc - Analyst*

Shagun Singh *RBC Capital Markets Inc - Analyst*

Terence Flynn *Morgan Stanley & Co Ltd - Analyst*

Jayson Bedford *Raymond James - Analyst*

Vamil Divan *Guggenheim Securities LLC - Equity Analyst*

Matthew Miksic *Barclays Services Corp - Analyst*

David Risinger *Leerink Partners LLC - Analyst*

PRESENTATION

Operator

Good morning, and welcome to Johnson & Johnson's third quarter 2025 earnings conference call.

(Operator Instructions) This call is being recorded. If anyone has any objections, you may disconnect at this time. (Operator Instructions)

I will now turn the call over to Johnson & Johnson. You may begin.

Darren Snellgrove - *Johnson & Johnson - Vice President of Investor Relations*

Hello everyone. This is Darren Snellgrove, Vice President of Investor Relations for Johnson & Johnson. Welcome to our 2025 third quarter review of business results and updated financial outlook.

First, a few logistics. As a reminder, today's presentation and associated schedules are available on the Investor Relations section of the Johnson & Johnson website at investor.jnj.com.

Please note that this presentation contains forward-looking statements regarding, among other things, the company's future operating and financial performance, market position, and business strategy. You are cautioned not to rely on these forward-looking statements, which are based on the current expectations of future events using the information available as of the date of this recording, and are subject to certain risks and uncertainties

that may cause the company's actual results to differ materially from those projected. The description of these risks, uncertainties, and other factors can be found in our SEC filings, including our 2024 Form 10-K, which is available at investor.jnj.com and on the SEC's website.

Additionally, several of the products and compounds discussed today are being developed in collaboration with strategic partners or licensed from other companies. This slide acknowledges those relationships.

Moving to today's agenda, Joaquin Duato, our Chairman and CEO, will discuss our business performance and growth drivers. I will then review the third quarter sales and P&L results. Joe Wolk, our CFO, will then close by sharing an overview of our cash position and capital allocation priorities, followed by additional details on our intended separation of the Orthopaedics business. He will also provide an update on 2025 guidance, key milestones, and qualitative considerations for 2026.

Jennifer Taubert, Executive Vice President, Worldwide Chairman, Innovative Medicine; John Reed, Executive Vice President, Innovative Medicine Research and Development; and Tim Schmid, Executive Vice President, Worldwide Chairman, MedTech, will be joining us for Q&A. To ensure we provide enough time to address your questions, we anticipate the webcast will last approximately 60 minutes.

With that, I will now turn the call over to Joaquin.

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

Thank you, Darren, and hello, everyone. We are looking forward to sharing our very strong third quarter results with you. There are a clear sign Johnson & Johnson is in a powerful new era of growth. The success of our portfolio and pipeline is proof that our relentless focus on innovation is doing more than fueling progress. It is accelerating it.

In the third quarter, we delivered operational sales growth of 5.4% across our business. In Innovative Medicine, we reported 5.3% operational sales growth and a second consecutive quarter of sales of more than $15 billion.

Some were not convinced we could grow through the loss of exclusivity of STELARA, but we were confident, and we have now unequivocally answered that question. How did we accomplish that when other companies have failed?

In Q3, we did it by delivering double-digit growth across 11 brands including DARZALEX, CARVYKTI, TALVEY, TECVAYLI, ERLEADA, RYBREVANT plus LAZCLUZE, CAPLYTA, SPRAVATO, SIMPONI, REMICADE, and remarkable growth of 40% in TREMFYA.

In MedTech, operational sales growth was even stronger, accelerating to 5.6% with improvements across all businesses. And as you have seen from this morning's news, we have announced the planned separation of our Orthopaedics business. This decision further sharpens our focus as a healthcare innovation leader and accelerates the shift of our MedTech portfolio to areas of greatest unmet need and higher growth, which includes Cardiovascular and Robotic Surgery.

I will touch more on this later, but one thing is clear: Johnson & Johnson's momentum is strong, and our achievements are multiplying.

I will now focus on the progress we are making across our six priority areas: Oncology, Immunology, Neuroscience, Cardiovascular, Surgery, and Vision. These are areas where we have deep expertise and clear leadership positions.

First, Oncology, where Q3 operational sales grew nearly 20%. You have heard me say before that we are much more than a one-shot company, and our expertise in blood cancers and solid tumors in our Oncology portfolio is a great example. Take multiple myeloma, where our competitiveness is unrivaled. No other company has the expertise or success in multiple myeloma that we do.

We have treatments in every line of therapy, and DARZALEX is the gold standard with more than 50% market share across all lines of therapy. Q3 operational sales of DARZALEX grew by 20%, and its potential continues to build with the approval this quarter in Europe as a treatment for high-risk smoldering multiple myeloma, as well as promising new studies of DARZALEX FASPRO in combination with TECVAYLI.

I also want to say a word about CARVYKTI, our CAR-T treatment for multiple myeloma. We have now treated more than 8,500 patients globally, making Carvykti the most successful CAR-T launch ever. With operational sales growing by more than 80% this quarter, we are increasingly confident in CARVYKTI's $5 billion peak year sales potential.

Turning to solid tumors, we were thrilled to receive FDA approval for our bladder cancer treatment, Inlexzo, last month. Inlexzo highlights what is unique about Johnson & Johnson. Building on our unmatched capabilities in both Innovative Medicine and MedTech, it is the first and only drug-releasing system to provide sustained local delivery of a cancer treatment directly into the bladder. It is transformative for patients, and it is transformative for doctors. It will also contribute significantly to future growth, with a targeted release platform projected to be another blockbuster treatment with at least $5 billion in annual peak year sales.

Sourced through an early-stage deal, Inlexzo is also an example of our outstanding business development model. In fact, in the last 18 months alone, we have completed more than 60 deals of this kind.

And in lung cancer, we recently published results in the New England Journal of Medicine for RYBREVANT plus LAZCLUZE, showing a statistically significant reduction in the risk of death compared to osimertinib. We are now seeing the potential for patients to live significantly longer than anyone thought possible. The combination of RYBREVANT plus LAZCLUZE is another of our $5 billion peak year sales assets.

Next, I want to talk about Immunology, where we have been leaders for 25 years. From REMICADE to SIMPONI and STELARA to TREMFYA, some of our biggest blockbusters have come from our Immunology portfolio. We have long talked about TREMFYA as the next big innovation to follow the success of Stelara.

Based on this quarter's performance, it looks like it could be both bigger and better, having delivered operational sales growth of 40%, driven by new indications in inflammatory bowel disease.

TREMFYA is the only IL-23 inhibitor to offer a fully subcutaneous regimen across ulcerative colitis and Crohn's disease. Even prior to the launch of our subcutaneous formulation, TREMFYA was capturing approximately half of all new patient starts for IL-23 ulcerative colitis treatments in the US, which we achieved within one year from launch.

We are confident TREMFYA will become a more than $10 billion asset, and in typical J&J fashion, we are deep in development of our next Immunology innovation, Icotrokinra, initially for moderate to severe plaque psoriasis.

Historically, the most effective Immunology treatments have been injectables. As the first oral peptide to selectively block the IL-23 receptor, Icotrokinra has the potential to revolutionize the treatment of plaque psoriasis with a once-a-day pill. We submitted Icotrokinra for plaque psoriasis to the FDA in July, and this is just the beginning, as we have already presented data from our Phase II trials in ulcerative colitis.

Let's now turn to neuroscience, with SPRAVATO operational sales growing an impressive 61% in Q3. SPRAVATO remains the only approved stand-alone therapy for treatment-resistant depression, a major depressive disorder with suicidal ideation. Through Q3, we have now treated more than 180,000 patients, and I could not be prouder of the impact this team is having.

Our leadership in neuropsychiatry was also strengthened by this year's acquisition of Intra-Cellular Therapies, with FDA approval for CAPLYTA in major depressive disorder anticipated soon. CAPLYTA is already FDA approved for the treatment of schizophrenia, as well as depressive episodes associated with bipolar disorder I and II. We project CAPLYTA to reach $5 billion annually.

Now let's turn to MedTech, starting with our cardiovascular portfolio. In Q3, cardiovascular operational sales increased by approximately 12% as we fortify our leadership in the fastest-growing cardiovascular intervention segments.

With operational sales growth of over 20%, Shockwave's unique intravascular lithotripsy technology is helping treat more atherosclerotic cardiovascular patients than ever before. In fact, in the last quarter, Shockwave supported their 1 millionth patient, and with the recent European

approval of the Javelin Peripheral Intravascular Lithotripsy Catheter, we expect strong momentum moving forward. We anticipate Shockwave becoming our 13th billion dollar MedTech platform by year end.

In electrophysiology, we are industry leaders, and with the strength of our mapping technology that continues. In Q3, we again delivered close to 10% operational sales growth, and our position will be further strengthened with real-world data showing VARIPULSE achieved 99.7% acute effectiveness in nearly 800 patients, with strong safety and no incidence of stroke.

Our Abiomed business also continues to perform strongly, with more than 15% operational sales growth in the quarter.

Our success reflects the impact that our Impella CP heart pump is having on the lives of patients, which you could see in the long-term survival data that was published in the New England Journal of Medicine this quarter. In the 10-year DanGer Shock study, routine use of Impella CP in patients who have had a heart attack with cardiogenic shock reduced mortality by 16.3% compared to the standard of care, with patients gaining an average of 600 additional days alive. It is a perfect example of what we mean when we say Johnson & Johnson is delivering groundbreaking innovation.

In Surgery, we are making progress on multiple fronts. Our surgical technologies are used in most operating rooms globally, and in Q3, we delivered more than 9% growth in biosurgery and almost 7% in wound closure, driven by accelerating adoption of our latest innovations. We also continue to make positive progress with OTTAVA, as we anticipate FDA de novo submission in early 2026.

And now to Vision, where we grew more than 6% last quarter. Our Tecnis intraocular lenses are the fastest growing in the markets where we have launched, fueling our 13.8% operational sales growth in Surgical Vision. And after launching the world's first multifocal contact lens for people with astigmatism in the US last quarter, we brought this latest member of the ACUVUE OASYS Max 1-Day family to Europe and Korea in Q3, further strengthening our momentum.

And finally, to this morning's Orthopaedics news. As you know, the healthcare industry continues to evolve rapidly, and we are constantly evaluating our overall business and portfolio to ensure Johnson & Johnson remains best positioned to truly lead where healthcare is going. We continue to invest at industry-leading levels in our pipeline and portfolio while making disciplined decisions to exit businesses that we believe will be better able to thrive outside of Johnson & Johnson.

For our Orthopaedics business, the planned separation creates new opportunities. Operating as DePuy Synthes and led by Namal Nawana, it would be the largest, most comprehensive orthopaedics company, with leading market share positions across major categories and addressing a more than $50 billion and growing market opportunity.

We expect DePuy Synthes to benefit from a more focused business model, with greater flexibility to extend its market leadership, invest in its commercial capabilities, and capitalize on profitable growth opportunities.

Following the completion of the planned separation, Johnson & Johnson will retain a leadership position in our six core growth areas across Innovative Medicine and MedTech: Oncology, Immunology, Neuroscience, Cardiovascular, Surgery, and Vision. And be able to place even greater focus in our investment towards higher growth ideas where we can meaningfully extend and improve lives.

We are positioning each business to win and deliver for our stakeholders as we move forward in the separation process, we will provide additional information as appropriate, and Joe will share more details shortly.

As I said at the start of the call, we are in a new era of accelerated growth at Johnson & Johnson. This is more than just another strong quarter. It is proof that our momentum is building and that our impact is accelerating.

Thank you very much and I will now turn the call back over to Darren.

Darren Snellgrove - *Johnson & Johnson - Vice President of Investor Relations*

Thank you, Joaquin. Moving to our financial results, unless otherwise stated, the percentages quoted represent operational results and therefore exclude the impact of currency translation.

Starting with Q3 2025 sales results. Worldwide sales were $24 billion for the quarter. Sales increased 5.4%, despite an approximate 640 basis point headwind from STELARA. Growth in the US was 6.2% and 4.4% outside of the US.

Acquisitions and divestitures had a net positive impact on worldwide growth of 100 basis points, primarily driven by the Intra-Cellular acquisition.

Turning now to earnings, for the quarter, net earnings were $5.2 billion with diluted earnings per share of $2.12 versus diluted earnings per share of $1.11 a year ago. Adjusted net earnings for the quarter was $6.8 billion with adjusted diluted earnings per share of $2.80, both representing an increase of 15.7% compared to the third quarter of 2024.

As a reminder, results in the third quarter of 2024 were impacted by the acquired IPR&D expense of $1.25 billion associated with the NM26 bispecific antibody.

I will now comment on business sales performance in the quarter, focusing on the six key areas where meaningful innovation is driving our performance and fueling long-term growth. Beginning with Innovative Medicine, where our results demonstrate the depth of our expertise across Oncology, Immunology, and Neuroscience.

Worldwide sales of $15.6 billion increased 5.3%, despite an approximate 1,070 basis point headwind from STELARA. Illustrating the continued strength of our key brands and new launches.

Growth in the US was 6% and 4.3% outside of the US. Acquisitions and divestitures had a net positive impact of 160 basis points on worldwide growth due to the Intra-Cellular acquisition.

In Oncology, starting with multiple myeloma, DARZALEX growth was 19.9%, primarily driven by continued strong share gains of approximately 5.7 points across all lines of therapy, with nearly 9 points in the frontline setting, as well as market growth.

CARVYKTI achieved sales of $524 million with growth of 81.4%, driven by share gains and site expansion. This reflects continued strong sequential growth of 18.5% as our expansion outside the US progresses.

TECVAYLI and TALVEY growth was 29.9% and 59.1% respectively, bolstered by continued expansion into the community setting.

In prostate cancer, ERLEADA delivered strong growth of 15.3% due to market growth and continued share gains, partially offset by the impact of Part D redesign.

In lung cancer, RYBREVANT plus LAZCLUZE delivered sales of $198 million and growth over 100%, driven by continued strong launch uptake. We continue to see share gains in both first and second lines of therapy.

Within Immunology, TREMFYA delivered very strong growth of 40.1%. We continue to see share gains across all indications, with particularly robust momentum from our IBD launch.

STELARA declined by 42%, driven by the impact of biosimilar competition and Part D redesign, which is in line with our expectations.

In Neuroscience, SPRAVATO grew an impressive 60.8%, driven by continued strong demand from physicians and patients. CAPLYTA, which was acquired in Q2 as part of the Intra-Cellular acquisition, delivered sales of $240 million and reflects healthy sequential growth of 13.4%.

Now moving to MedTech, worldwide sales of $8.4 billion increased 5.6%, with growth of 6.6% in the US and 4.5% outside the US, driven by strong performance in our three focus areas: Cardiovascular, Surgery, and Vision. Acquisitions and divestitures had a net negative impact of 10 basis points on worldwide growth.

In Cardiovascular, electrophysiology delivered growth of 9.7% versus prior year, driven by procedure growth, commercial execution, VARIPULSE, and other new products, and strength in competitive mapping. Abiomed delivered growth of 15.6% with continued strong adoption of Impella technology, and Shockwave increased 20.9%, driven by double-digit growth globally in both coronary and peripheral.

Surgery grew 3.3%, despite divestitures negatively impacting results by approximately 50 basis points. Performance was primarily driven by technology penetration in wound closure, the strength of the portfolio, and commercial execution in biosurgery, as well as a one-time reserve adjustment in the quarter.

Growth was partially offset by competitive pressures in energy and the negative impact of China VBP across the portfolio.

In Vision, contact lenses and other products grew 3.5%, driven by market growth, strong performance in the ACUVUE OASYS 1-Day family of contact lenses. This includes the recent launches of OASYS MAX 1-Day Multifocal for astigmatism and Max 1-Day for astigmatism, as well as continued strategic price actions.

Surgical Vision had another strong quarter, with growth of 13.8%, driven by new product innovations such as TECNIS PureSee, Odyssey, and Eyhance, robust demand, and strong commercial execution. These results further solidify our leadership positions in Vision.

As Joaquin noted, we have today announced our intent to separate the Orthopaedic business. Orthopaedic growth this quarter is gaining momentum and increased to 2.4%. Importantly, hips and knees returned to growth this quarter, delivering 5.1% and 5.6% growth respectively.

Now turning to our consolidated statement of earnings for the third quarter of 2025. I'd like to highlight a few noteworthy items that have changed compared to the same quarter a year ago. Cost of products sold leveraged by 60 basis points, driven by a reduction in amortization expense and favorable currency in the Innovative Medicine business. As well as the non-recurring fair value inventory step-up related to Shockwave in 2024. This was partially offset by unfavorable product mix in Innovative Medicine along with MedTech macroeconomic factors.

Selling, marketing, and administrative expenses deleveraged by 40 basis points, driven by increased investment in the recent intracellular acquisition for CAPLYTA, and promotional spend across the innovative medicine business, partially offset by expense leveraging in MedTech.

Research and development expenses leveraged by 670 basis points, primarily driven by the expense of $1.25 billion to secure the global rights to the NM26 bispecific antibody recorded in 2024. We continued our strong investment in research and development with $3.7 billion, or approximately 15% of sales in Q3.

Interest income and expense was a net expense of $18 million, as compared to $99 million of income in the third quarter of 2024, primarily driven by a higher average debt balance and a lower average cash balance.

Other income and expense was net income of $0.5 billion, compared to an expense of $1.8 billion in the prior year, primarily driven by a talc litigation charge in 2024 and higher gains on the sales of securities in 2025, partially offset by the monetization of royalty rights recorded in 2024.

Regarding taxes in the quarter, our effective tax rate was 31.2%, compared to 19.3% in the same period last year. The increase is primarily driven by the one-time $1 billion remeasurement of deferred tax balances, which are required to reflect the changes in statutory tax rates associated with the enactment of the One Big Beautiful Bill Act in the third quarter. More information can be found in the company's Form 10-Q.

Lastly, I'll direct your attention to the box section of this slide, where we have also provided the company's income before tax, net earnings, and earnings per share adjusted to exclude the impact of intangible amortization expense and special items.

Now let's look at adjusted income before tax by segment for the quarter. Innovative medicine margin improved from 37.9% to 44.3%, primarily driven by the one-time expense of $1.25 billion to secure the global rights of the NM26 bispecific antibody recorded in 2024, partially offset by increased investment in commercial spend in 2025 and the nonrecurring monetization of royalty rights in 2024.

MedTech margin declined from 24.1% to 21%, driven by macroeconomic factors and cost of products sold, partially offset by expense leveraging in SM&A.

This concludes the sales and earnings portion of the call, and I will now turn the call over to Joe.

Joseph Wolk - *Johnson & Johnson - Chief Financial Officer, Executive Vice President*

Thanks, Darren. Hello, everyone, and thank you for joining us today. In the third quarter, we sustained momentum across our in-market portfolio, delivering upon the heightened financial expectations we guided to last quarter.

In Innovative Medicine, we continue to grow through the STELARA loss of exclusivity as we said we would. The progression of our pipeline, evidenced by significant regulatory milestones, adds further depth to our three focus areas of Oncology, Immunology and Neuroscience. We are well positioned for the balance of the decade.

In MedTech, we improved adjusted operational sales across key areas of the business. As Joaquin mentioned, we are sharpening our focus on high-growth, high-margin markets where we can improve patient outcomes as this morning's announcement regarding the DePuy Synthes business indicates. In a moment, I will build upon Joaquin's comments regarding that announcement.

The foundation we have set, combined with the progression of our pipeline, strongly position the company for accelerated growth. It also reinforces our conviction to deliver on the upper end of our long-term growth targets. Let me provide a brief update on the Daubert motions pending in the talc litigation.

As you are aware, this is the judicial process by which the court will reexamine the junk science that the mass tort plaintiffs bar concocts to fuel baseless claims against Johnson & Johnson as well as many American businesses. We look forward to and expect to secure favorable rulings on the Daubert motions, which should be rendered by the first quarter of 2026.

Now turning to cash and capital allocation. We generated $14 billion in free cash flow through the first nine months of the year. We ended the third quarter with approximately $19 billion in cash and marketable securities and $46 billion of debt for a net debt position of $27 billion versus the $32 billion of net debt reported in the second quarter. We continue to utilize our free cash flow generation and strong balance sheet to invest in innovation and return capital directly to shareholders.

We are often asked about our appetite for acquisitions to meet financial targets. I can be very clear on this. We rely on a thoughtful long-term approach to growing through any loss of exclusivity and won't carelessly deploy capital on speculative transactions out of desperation. Our current portfolio and pipeline have momentum and with the STELARA loss of exclusivity increasingly in the rearview mirror, we do not need to rely on large transactions to drive our growth. We intend to remain disciplined, opportunistically pursuing strategic high-value opportunities that utilize our expertise and capabilities that deliver an appropriate return for the risk that we bear on behalf of shareholders.

Regarding the planned separation of our Orthopaedics business, as Joaquin noted, the separation is expected to enhance the strategic and operational focus of each company and drive value for our shareholders and other stakeholders. Given that we are early in the process, there are limited details available, but we are committed to providing you with information on a timely basis. While we will, of course, communicate material developments, we don't expect to have anything newsworthy to convey until mid-next year.

But what can we say at this moment? First, the separation will further strengthen our overall MedTech business and increase Johnson & Johnson's top line growth and margins. To give that some directional context, if we just look at normalized year-to-date 2025 results, MedTech's top line revenue growth and operating margin would both improve by at least 75 basis points.

Next, we are targeting completion of the separation within 18 to 24 months, subject to the satisfaction of certain conditions. Given it is the most resource-intensive and likely longest duration, we are prioritizing and have begun the separation, assuming a spin-off with the intention for that to qualify as a tax-free separation for US federal income tax purposes. However, we will consider other avenues that optimize shareholder value. We do not expect any change to the Johnson & Johnson dividend and are mindful of any impact from stranded costs that are typically present in these types of transactions.

Finally, following the separation, we would expect DePuy Synthes to have a strong capital structure that would allow the Orthopaedics business to build on its long history of innovation and extend leadership positions through enhanced organic investment and strategic growth accretive M&A. As we pursue this separation, the Orthopaedics unit will operate in alignment with the business's current strategy, continuing to make investments in growth, margin improvement and innovation.

Turning now to full year guidance for 2025. We are increasing operational sales guidance for the full year by approximately $300 million, resulting in operational sales growth for the full year in the range of 4.8% to 5.3%, with a midpoint of $93.2 billion or 5.1%. Excluding the impact from acquisitions and divestitures, our adjusted operational sales growth is now expected to be in the range of 3.5% to 4.0% compared to 2024. As a reminder, we started the year guiding to a midpoint for 2.5% for adjusted operational sales.

As you know, we don't speculate on future currency movements. And last quarter, we utilized the euro spot rate relative to the US dollar of 1.17. The US dollar has stayed relatively flat to the euro spot rate.

And as a result, we now expect reported sales growth between 5.4% to 5.9% with a midpoint of $93.7 billion or 5.7%.

Turning to other notable items on the P&L. We are reiterating our operating margin guide of an approximate 300 basis point improvement for the full year, assuming what we know today as it relates to tariffs. For net interest expense, we are now projecting between $0 million and $50 million, an improvement from the previous guidance, primarily driven by higher cash balances. We are expecting a higher effective tax rate to be in the range of 17.5% to 18% for the full year, with the increase largely due to the recently enacted One Big Beautiful Bill Act.

We feel strongly that US tax policy has enabled Johnson & Johnson to increase our manufacturing footprint in the US. We have more manufacturing facilities in the United States than in any other country, and we remain committed to investing $55 billion in US-based innovation and manufacturing over the next 4 years.

In March, we broke ground at our Wilson, North Carolina facility. And in August, we announced a $2 billion commitment to further increase our presence in North Carolina with a more than 160,000 square foot dedicated manufacturing facility at FUJIFILM's new biopharmaceutical manufacturing site in Holly Springs. Our overall US investment plans also include three additional new advanced manufacturing facilities as well as the expansion of several existing sites.

Turning to earnings per share. You may recall, we started the year guiding to adjusted EPS of $10.60. Today, we stand much higher even after including dilution of $0.25 from the Intra-Cellular acquisition. Today, we are reaffirming our elevated July earnings per share outlook, which also absorbs a higher annual effective tax rate and fourth quarter investments that will further position the business for long-term success. As such, our expected adjusted earnings per share guidance remains $10.85 or 8.7% at the midpoint with a range of $10.80 to $10.90. Our adjusted operational earnings per share guidance is $10.68 or 7% at the midpoint.

Looking beyond our financial commitments for the year, we are on track to add to the already impressive number of milestones that we achieved across our pipeline in 2025. In Innovative Medicine, we anticipate U.S. FDA approval for subcutaneous RYBREVANT for non-small cell lung cancer as well as for CAPLYTA in adjunctive major depressive disorder. We recently filed for a label expansion on TREMFYA in psoriatic arthritis and plan to present data for RYBREVANT in head and neck cancer at ESMO in the coming week.

In MedTech, we continue to make progress with our clinical trial for our OTTAVA robotic surgical system. In our cardiovascular portfolio, we are planning regulatory submissions for the dual-energy THERMOCOOL SMARTTOUCH SF Catheter for cardiac arrhythmia in the US and in Vision, we will continue to roll out ACUVUE OASYS MAX for astigmatism.

As we are close to year-end and with a strong caveat that we are still finalizing plans for next year and macro factors can change quickly, let me provide some preliminary thoughts to inform your modeling for 2026.

For Innovative Medicine, we remain very confident in our ability to deliver accelerated growth despite STELARA loss of exclusivity. This will be driven by our in-market brands and continued progress from our recently launched products, including TREMFYA in inflammatory bowel disease, RYBREVANT plus LAZCLUZE in non-small cell lung cancer and INLEXZO in bladder cancer. We currently anticipate a 2026 approval for icotrokinra in psoriasis.

In MedTech, we continue to expect accelerated growth off this year's levels driven by focus on higher-growth markets as well as the continued adoption of newer products across all MedTech platforms. We also anticipate the launch of Shockwave C2 Aero Coronary IVL Catheter, the TECNIS PureSee intraocular lens in the U.S. as well as regulatory submission for the OTTAVA robotic surgical system.

Again, while early, I like the way 2026 is shaping up. In fact, based on my last look at your 2026 models, it appears the current revenue consensus of 4.6% growth in your models for 2026 is lower than we project, which we believe in total will exceed 5%. Similarly, with the expectation that adjusted earnings per share is commensurate with sales growth, there appears to be some upside to the current adjusted earnings per share consensus of $11.39, perhaps as much as $0.05. This commentary considers investments we will be making behind many of the new product launches I just highlighted, but you can also expect some margin improvement.

It also reflects our understanding of the present legislative landscape, tariffs, foreign exchange rates and procedural volumes. We look forward to sharing further details regarding our official guide for 2026 during our Q4 earnings call in January.

In summary, the strength of our business model with a focus on where we can have the greatest impact for patients will enable Johnson & Johnson to deliver against our strategic objectives and financial commitments. We are as confident as we have been in recent memory about the future.

I'd like to end my remarks by thanking our colleagues around the world for their continued hard work and steadfast dedication that serve our patients and who make these financial results possible and sustainable.

With that, we are happy to take your questions. Kevin, will you please open the call for Q&A?

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Alex Hammond, Wolfe Research.

Alexandria Hammond - *Wolfe Research LLC - Equity Analyst*

On the Orthopaedics spinout, I'd be interested to understand the why now? And also, could we expect similar separations for other divisions in the future? And as a quick follow-up, how should we think about the long-term guidance in light of the separation? Could we expect J&J to revisit these forecasts in the near term?

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

Thank you, Alex. And let me take the first question. Why now, why the Orthopaedic separation. It's been a hallmark of Johnson & Johnson to be a good steward of our capital and to make decisions in our portfolio to prioritize where we think breakthrough innovation can come through. And that's exactly what we are doing.

We're moving Johnson & Johnson into high-growth markets with significant unmet medical need. And at the same time, we have the foresight to recognize when a stand-alone company could be better and could be in a better position to drive growth innovation and better margins.

That's exactly what we are doing with our Orthopedics separation. We are fueling the innovation within Johnson & Johnson, focus on our 6 priority areas, continue to invest as we are doing in cardiovascular with the acquisitions of Abiomed, Shockwave and also in pharmaceuticals with the acquisition of Intra-Cellular and creating a stand-alone company that is going to be a champion within the context of the Orthopaedics sector.

Orthopaedics is a growing market. $50 billion market. It's fueled by the aging of the population, and we have commanding market shares in the most important segments of the Orthopaedics business. The company is going to be called DePuy Synthes. It's going to be led by Namal Nawana, who is an industry veteran.

And I have no doubt that they are going to be better positioned to succeed, to drive innovation, to drive growth and to become what they are, the largest Orthopaedics company in the world.

Overall, this is a clear move to be able to manage our portfolio, to position Johnson & Johnson to be able to deliver breakthrough innovation. And the results that you are seeing so far with a very, very strong quarter. I want to underline, this is not only a very strong quarter. It's also an indication, a signal that Johnson & Johnson is in an accelerated cycle of growth, which we expect is going to last the balance of the decade. So moving in the right direction.

I'm sure investors are going to be happy to see that Johnson & Johnson is an active portfolio manager.

Joseph Wolk - *Johnson & Johnson - Chief Financial Officer, Executive Vice President*

Yeah. Alex, maybe just to build on Joaquin's comments. Thanks for the question. So there was two other parts that I thought I heard from you. This is not a precursor to anything else.

We look at what we have now and the clarity of our portfolio, three strongholds in innovative medicine, serving unmet needs with transformational innovation that elevates the standard of care in Oncology, Neuroscience, and Immunology. And likewise, now in MedTech, where we have market-leading positions, cutting-edge technology that is improving care for patients in surgery, eye health and cardiovascular. So we're going to be real pleased with the portfolio, and we think Orthopedics is set up for success going forward based on their profile and their ability to compete against other singularly focused Orthopaedics companies.

With respect to guidance revisions, so as we mentioned in the scripted commentary, this will take 18 to 24 months. So anything we say about 2026 will likely include the Orthopaedics business in our outlooks. We would expect maybe some material developments in middle of next year, but we commit to keeping this audience particularly advised on a timely basis should anything material unfold.

Operator

Danielle Antalffy, UBS.

Danielle Antalffy - *UBS AG - Analyst*

Just a question on, Joe, your commentary around potential margins post the Ortho spin. 75 bps, I don't want to get too greedy, but that feels a little light to me. So just curious about why given the mix of the business, it's high-growth cardio, surgical, which I think should be relatively high margin and vision, feels like maybe it could be a little bit more than that. So I just want to make sure I understand the puts and takes to that 75 bps number, appreciating that's just a very early target.

Joseph Wolk - *Johnson & Johnson - Chief Financial Officer, Executive Vice President*

Yeah. Thanks, Danielle. That's an insightful question. And I think it really depends on the time period by which you're measuring. If we were just to take 2025, you're absolutely right.

It would be probably closer to 100 bps, both on top and bottom or margin improvement. What I would say is we looked out a couple of years, given this will take a couple of years to go through the process. And as Abiomed, Shockwave and the other businesses have higher growth profiles, margin improvements initiatives that are already underway under Tim's leadership, it will have a more muted impact as it goes forward.

So I think on today's math, you're probably closer to being right. It's okay. I don't consider it greedy. Tim might, but I don't. And -- but I think as you look out a little bit further with some of the stronger profile businesses from a financial perspective, it will have more of a muted impact.

Tim Schmid - *Johnson & Johnson - Executive Vice President, Worldwide Chairman of MedTech*

Yeah, and Danielle, maybe just building on Joe's comments as I'm sure there'll be a lot of questions on this topic, and we'd like to try and get them out of the way so we can focus on the broader business. But I wanted to highlight why this makes sense for Johnson & Johnson MedTech. And as you've heard from Joaquin and Joe, this is all about our commitment to continuous portfolio optimization and value creation.

And as you know, we've been on a journey over the last couple of several years to really aggressively move our portfolio into higher-growth markets and adding attractive assets such as Abiomed and Shockwave in high-growth markets like cardiovascular are good examples of the bold moves we already made.

This decision to separate Ortho is the next major step in that direction. Ortho is a great business, but frankly, one that participates, as you know, in lower growth markets. This is all about shrinking to grow faster for MedTech. And last time I looked, you're not rewarding size, but really rather best-in-class performance, and that's the path that we're on. As you already have heard, we expect the separation would increase our top line growth and margins following the completion.

And this allows us in MedTech to really to focus on the businesses that will remain, which is our priorities of Cardiovascular, Surgery, and Vision.

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

Thank you. And I -- look, I want to reiterate, as I told you day 1 when I became CEO, that I am fully focused, determined to make our MedTech sector the best-in-class MedTech group in the industry. That's a total priority for me. It's a priority for Johnson & Johnson, and we are fully committed to deliver on that, and we are on track to become the best Med Tech sector in the industry.

Operator

Chris Schott, JPMorgan.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Maybe just a question for Joaquin. There seems like there might be a framework for MFN agreements with the administration that's emerging across the space focused on new launches in Medicaid. Can you just talk about how you're thinking about MFN, tariffs, et cetera, and J&J's approach to some of these kind of policy dynamics that are floating around out there?

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

Thank you for the question. We've been talking with this administration with an open dialogue since day 1, even before day 1. And we are always looking as we have done at Johnson & Johnson for common ground to build on the administration priorities that are similar to ours. Priorities like making sure that American patients have access to innovation in an affordable and timely way, priorities like making sure that foreign entities do not free ride on American innovation, making sure that we are able to maintain the overall leadership that this country has in life sciences. And finally, making sure that we continue to invest in manufacturing in this country to build good middle-class jobs.

So we are delivering on that. We announced our plan to invest $55 billion in the US in the next four years, which essentially is going to make it so that all our advanced medicines that are used in the US are going to be manufactured in the US. As far as the discussions, those are ongoing.

I don't have anything to share today, but I am optimistic that we are going to land in a place which is going to create common ground between the administration and ourselves.

Operator

Larry Biegelsen, Wells Fargo.

Larry Biegelsen - *Wells Fargo Securities LLC - Analyst*

Joe, you talked about the accelerating sales growth in both Innovative Medicine and MedTech next year. Is the 5% plus, I heard you say earlier on a reported or adjusted operational basis? I think FX is a tailwind. How are you thinking about the extra week next year? I guess I'm trying to understand if growth will accelerate next year on an adjusted operational basis, excluding the extra week? And the same for EPS, is that on a reported or operational basis?

Joseph Wolk - *Johnson & Johnson - Chief Financial Officer, Executive Vice President*

Yeah, Larry, very simply, since consensus is based on reported for both top line as well as EPS, that was the comparator I used. So there is a slight tailwind, as you mentioned, for FX, but I assume -- and I know, Larry, you and your team are very astute at capturing the FX impact. I would assume that's already baked into the 4.6% top line growth that I saw consensus have for 2026, similarly with the earnings. So it is a lift, I would say, across the board, but on a basis by which the analysts yourself included, look at it.

Operator

Asad Haider, Goldman Sachs.

Asad Haider - *Goldman Sachs Group Inc - Analyst*

Just a big picture question. You'll be exiting this year in a clear position of strength where a number of headwinds from the STELARA LOE are fading into the background. The base business is strong and you've got new product cycle momentum accelerating through the Innovative Medicines portfolio. And you're also seeing a second half improvement in MedTech.

So in that context, and with the announcement of this morning to spin off DePuy, can you just maybe double-click a little bit more on how you're going to be balancing capital allocation priorities to sustain acceleration in Innovative Meds and push MedTech sustainably towards the 5% to 7% EBR targets? And then related, in the Innovative Medicines business, the sales growth acceleration in 2026, like you said, Joe, that's not getting modeled by consensus. So what are the biggest disconnects there that you're able to highlight today specifically for next year?

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

So first, look, we are in a favorable position as far as capital allocation means. We have a number of important opportunities to invest within our pipeline and portfolio. So that is our number one priority now as far as capital allocation. We're in the middle of the launch, and Tim and Jennifer will discuss about that of major, major blockbuster products.

On the Innovative Medicine side, we are launching TREMFYA in inflammatory bowel disease, RYBREVANT plus LAZCLUZE in lung cancer, INLEXZO in localized bladder cancer. We continue with the growth of CARVYKTI and SPRAVATO. And we just filed for icotrokinra in plaque psoriasis. So we have a wealth of opportunities to drive significant growth in our pharmaceutical business that Jennifer will describe.

Just to give you an idea of the strength of our Pharmaceutical business. Excluding STELARA, our Pharmaceutical business in the third quarter grew a whopping 16%. So that's a very big business, more than $50 billion business growing at 16%. So we have multiple opportunities to drive capital allocation in the Pharmaceutical business as well as in our pipeline there. I mean, we're working on bispecific for prostate cancer, trispecific for multiple myeloma, a wealth of opportunities to drive capital allocation.

On the MedTech side, I mean, we're in the middle of major things in the MedTech side. On one hand, we are committed to remain leaders in the electrophysiology segment with the launch of VARIPULSE, our dual energy catheter. We continue to work in improvements in our CARTO System, and we are determined to invest there to remain the leaders as we have been.

We are working to expand our heart pumps. You guys all know about the New England Journal of Medicine published publication showing the DanGer Shock study in patients with acute myocardinal infarction that had cardiogenic shock that show a 600 days improvement over a 10-year period, impressive breakthrough innovation there.

We have a lot of opportunities in Shockwave with the Javelin Peripheral Catheter and the Aero system in coronary that we are launching.

And if I move into the second priority, which is our robotic surgery expansion, we are about to file with the FDA in the first half of the year our OTTAVA soft robotic -- soft tissue robotic system. We are also determined to be a major player in robotics I'm always telling you we are determined to be a major player in robotics. So we continue to have opportunities for capital allocation in both businesses. And our priority now is to be able to fuel the growth in our portfolio and our pipeline.

We -- as Joe mentioned before, we are in a position, just to be clear, that we do not need large M&A to deliver in the high end of our growth targets. Let me repeat that. We do not need large M&A to deliver in the high end of our growth targets. We are going to be looking at opportunities as we always do, but we are in a position in which our number one capital priority, it's going to be fuel our pipeline and our portfolio.

Joseph Wolk - *Johnson & Johnson - Chief Financial Officer, Executive Vice President*

Yeah. I think, Asad, the only thing I would add to that is just the number of smaller deals we do that don't make headlines on the day of the transaction. I think more than 60 over the last 2 years. And those lead to products like INLEXZO, which we acquired in 2019 for a couple of hundred million dollars and through really passion for their craft as well as passion for meeting patients' unmet needs. Dr.

Chris Cutie, Dr. Charles Drake were able to find -- and their teams were able to find a bladder cancer treatment that is revolutionary. Nothing has been new in the last few decades with respect to not only ease for the patient, but also ease for the administrating physician. It's deals like that.

We look at next year's product for icotrokinra, where we're expecting, again, a couple of hundred million dollar investment will turn out to be a $1 billion platform for us because that's where our competitive advantage lies is the scientific expertise that we're able to recognize early on, bringing forth a label that is most expansive, most complete and in record time.

Jennifer Taubert - *Johnson & Johnson - Executive Vice President, Worldwide Chairman, Pharmaceuticals*

Thanks, and good morning, everybody. So I'd love to double down on the fact that it really was a great quarter in 3Q and those numbers that for 90% of our business, we actually grew 16%. And that's really driven by 11 key brands that grew double digits, brands like DARZALEX, ERLEADA, SPRAVATO, CARVYKTI and so on as well as the strength that we're seeing in our new launches. And most notable there is TREMFYA in Crohn's disease and ulcerative colitis with 40% growth, that is 4-0. And so we've got a lot of strength in the business right now.

Those growth drivers that are growing double digits are not only now and just this year, these really are our growth drivers throughout the rest of the decade as well as the pipeline assets that are coming in and the great growth that we're seeing and most notably TREMFYA.

If we take a look versus your models in the areas where we have even -- where we're even more bullish, a few areas to note. So first is TREMFYA. And we think that there's a lot of strength with TREMFYA already. We're seeing in ulcerative colitis about 50% share of the IL-23s, and this was actually before we got the subcutaneous induction dose, which we just got approval for. We're seeing really, really strong uptake there. And I think things bode real well for TREMFYA.

As a reminder, for STELARA, about 75% of STELARA sales were in Crohn's and ulcerative colitis, so in IBD. We think that, that's entirely likely or may even be stronger for TREMFYA. So we think that there's a lot of growth opportunity there. We believe SPRAVATO there is a bit of a disconnect. We are more bullish there as well as we continue to expand into new treatment centers as we continue to expand globally, that product is offering so much value for patients with treatment-resistant depression.

I'll throw in RYBREVANT LAZCLUZE for non-small cell lung cancer. We're anxiously anticipating our launch of the subcutaneous dosage form. We think that there is a lot of runway there as a $5 billion-plus asset. We're also anticipating new data coming out in head and neck cancer and also colorectal cancer. So great growth.

Joaquin and Joe mentioned INLEXZO, formerly known as TARIS. And we just got approval and are in the process of launching for bladder cancer. This is one of our next $5 billion-plus assets. And last but not least, icotrokinra, which we have filed and are also in the midst of showing new data, both in psoriasis as well as in ulcerative colitis. And so when we take a look at the business, both now as well as these future growth drivers, we've got a lot of bullishness there. And so those are really the major areas for disconnection.

Tim Schmid - *Johnson & Johnson - Executive Vice President, Worldwide Chairman of MedTech*

Asad, maybe just building on Jennifer and Joaquin's comments for MedTech, a couple of things that I'd really highlight. Joaquin mentioned our continued confidence and commitment to winning over the long term in electrophysiology. We had a standout quarter and what really marked it was our continued improvement, especially here in the US, which will continue to be the largest and most attractive market. We saw a doubling of our growth rate in this quarter, and we continue to build momentum.

Vision, which we haven't touched on also, which had a standout quarter, 6.1% growth, 14% growth in the IOL category with significant share gains against our major competitors there. And then surgery, our largest business, around 3.3% growth, but really bolstered by strong performance in wound closure at 7% and biosurgery. And once again, that submission of OTTAVA next year is going to really bolster our performance there.

And then I think also what made us more proud and excited about this quarter versus last is that we had performance across the board. Ortho, back to growth with significant improvements in spine, knees, trauma and broader.

Darren Snellgrove - *Johnson & Johnson - Vice President of Investor Relations*

Thanks, Tim. And just before we take the next question, we will actually run a little bit longer than the 60 minutes we planned, just given the announcement that we had leading to longer script remarks.

Operator

Shagun Singh, RBC.

Shagun Singh - *RBC Capital Markets Inc - Analyst*

Joaquin and Joe, congratulations on all the operational progress at J&J. I think a key message that I'm hearing is the acceleration in sales growth. And in your prepared comments, you did indicate the higher end of the 5% to 7%. I guess my question is -- and a lot of your businesses are growing very impressively in the double digits. So what gets you to exceed those levels?

And as we think about 2026, why is 5% a good number given that you have easy comps? Could you do better? And what would drive that?

Joseph Wolk - *Johnson & Johnson - Chief Financial Officer, Executive Vice President*

Yeah. Shagun, thanks for the recognition. It's a great job by the entire Johnson & Johnson team across the globe. I think towards the 5% to 7%, obviously, we made that commitment back in 2023. We've seen significant progress with our portfolio. We've added some acquisitions that fortify that number.

We are striving for something better than that. Don't misconstrue our ambitions here. What I would say for next year, specifically, we are still going to face significant erosion with respect to STELARA. There will be additional discounting in the Innovative Medicine portfolio. And we will still have the Orthopaedics business, and we will continue to make progress with electrophysiology going back to market leadership with the PFA platform.

So there's things that we will obviously look to improve upon those numbers. But when I glimpsed at your models for '26, I did see a clear disconnect, and I'll provide more details when it comes to January. But we feel very confident in not just how we're going to conclude 2025, not just the backdrop for 2026, but really the balance of the decade, as Joaquin has said, both on media interviews as well on today's call, this is a new era of growth, accelerated growth for Johnson & Johnson. And we feel very good about not just our in-market portfolio, but all the new products within our pipeline that will come to launch over the next one to two years.

Operator

Terence Flynn, Morgan Stanley.

Terence Flynn - *Morgan Stanley & Co Ltd - Analyst*

Great. Congrats on all the progress. This one is for John. I know at our health care conference, you talked about some upcoming data you're going to have for your anti-tau antibody, which is in Phase II. Just I was wondering if you could help frame that data for us, what you're hoping to see there?

And could that trial actually be used to support an accelerated approval? Or will you need a Phase III?

John Reed - *Johnson & Johnson - Executive Vice President - Pharmaceuticals, R&D*

Thanks, Terence. We expect to have the data on the Phase II study in-house within this year and would then be in a position to share those at a medical congress sometime first half of next year. The endpoints in that study include, first and foremost, cognitive endpoints that are traditionally used for regulatory approvals for medicines in terms of looking for effects and efficacy in Alzheimer's. But in addition, we'll also have important neuroimaging data looking at tau spread using PET imaging. So that will be an important piece of the data as well.

And based on the quality of those data, that will be a decision-making point for us in terms of go/no-go. We have designed our antibody to attack a specific epitope in tau that's differentiated from what some others have exploited and feel confident in the ability to prevent the spread of tau based on the preclinical data. But of course, the data will be the data as we say, when we get the clinical results. So we'll be eagerly awaiting those results and look forward to communicating in the fullness of time.

Operator

Jayson Bedford, Raymond James.

Jayson Bedford - *Raymond James - Analyst*

Congrats on the progress. Maybe just a quick one for Joe or Tim. Just trying to gauge the underlying growth in MedTech. It looks like there was a reserve adjustment that helped MedTech growth, perhaps offset by this go-to-market change in energy. Is there a way to quantify the net impact of these adjustments as it relates to the, what, 5.7% adjusted operational growth in MedTech?

Tim Schmid - *Johnson & Johnson - Executive Vice President, Worldwide Chairman of MedTech*

Yeah. I'm happy to take one. We do not believe that the one you're referring to has any significant materiality and shouldn't impact, we would say, modest, certainly not material from an overall performance perspective.

Operator

Vamil Divan, Guggenheim Securities.

Vamil Divan - *Guggenheim Securities LLC - Equity Analyst*

If I could on INLEXZO, really a two-part question. So one is sort of the near-term uptake. Just curious if you can comment on sort of what initial feedback is from doctors and it is this buy-and-bill model. Just curious if you're seeing doctors already sort of step in and purchase the product or are they waiting for the permanent J-code?

And then second is more of a longer-term question on this is just what should we expect in terms of updates, both clinical data-wise or regulatory-wise in the next, say, 12 to 18 months to just expand the addressable population here to other patients with bladder cancer and also outside the US. I think we were getting excited about the outlook for this product. But just I know before you mentioned that there's a big disconnect between your internal expectations and where consensus is. And I think that suggests you guys think this will be a sort of $2 billion-plus product by 2028. So just trying to get a sense of how you expect to build from the initial launch to that level.

Jennifer Taubert - *Johnson & Johnson - Executive Vice President, Worldwide Chairman, Pharmaceuticals*

Sure. Thanks so much for the question. So yes, we did just get approval for INLEXZO, and the teams are out in full launch mode. And we have a lot of confidence that this is one of our $5 billion-plus assets for Johnson & Johnson. The receptivity has been very strong.

We like to say that this product was really designed by urologists for urologists and really is addressing a high unmet need. There hasn't been much advances in the way of bladder cancer for a very, very long time.

And so in the initial launch, it's in BCG unresponsive, high-risk non-muscle invasive bladder cancer, and we've been able to demonstrate the highest complete response rates without a need for reinduction. And over half of responders are still cancer-free at one year. And so really, really

transformational results. The product was designed to seamlessly fit into urology practice and be relatively speaking, easy on the patient compared to other therapies and like I said, seamlessly work into practice.

And so, so far, the response from clinicians has been very positive for our executive committee. We actually had one of our top investigators come and spend time with us last week and show us on models, their demonstration and talk about why he's so excited about it, both as a clinician as well as for his patients. So we've already had a number of insertions based on the high level of unmet need. But as you note, we're also anticipating the J-code for reimbursement come April of next year. So we think that, that will be an important catalyst for uptake as is normal and common in routine buy-and-bill type products.

So we're excited about that. John, maybe you want to talk a little bit particularly about SunRISe-3 and what's coming as well as TAR-210.

John Reed - *Johnson & Johnson - Executive Vice President - Pharmaceuticals, R&D*

Yeah. Thank you so much for the question. We have a broad development program underway with several Phase III studies to address the non-muscle invasive bladder cancer population, high risk. That's about half of all the non-muscle invasive bladder cancer patients. And our studies include both the patients who are BCG experienced in the first approval that was for BCG nonresponsive.

We also have studies in BCG relapsed. And then we also have head-to-head frontline studies against BCG. So really covering a broad landscape there.

And just to remember that there are about 600,000 patients every year who are newly diagnosed with bladder cancer. 75% of those have the non-muscle invasive localized and then another 20% have localized, but it is muscle invasive. There, too, we're also doing studies. And in fact, at the ESMO conference in a couple of days, we'll present data where in the neoadjuvant context, we've used INLEXZO in combination with our PD-1 antibody, cetrelimab, and we'll report the data there showing that we're able to render a much higher percentage of patients completely free of any evidence of disease that you can find histologically or by other methods, what's called pathological complete response and therefore, boding for better outcomes for these patients who already have muscle-invasive disease and are having surgery to remove their bladder as a result of that risk.

So really see a broad opportunity for INLEXZO, particularly in the non-muscle invasive across all lines of therapy. In that high-risk non-muscle invasive, which is about half of all of those patients as well as in sub populations of patients with the muscle invasive as well.

And then I would just give a shout out that, that's not going to be a one-trick pony for us. We have TAR-210 coming rapidly on the heels. This is a next-generation device that releases instead of a chemotherapy, a targeted therapy or erdafitinib drug that inhibits a receptor tyrosine kinase that is commonly mutated in bladder cancers. It's actually the most common genetic mutation that occurs in bladder cancers. And there, we've seen response rates, complete response rates north of 90%.

And our next-generation device for that releases the medicine at a steady rate, not just for three weeks like INLEXZO, but for three months.

So more to come. Really excited about this platform for addressing the great unmet need of bladder cancer.

Operator

Matt Miksic, Barclays.

Matthew Miksic - *Barclays Services Corp - Analyst*

So just a couple of follow-ups. One on just the sequential strength in the quarter, a little bit unusual for a summer quarter. So how much of that do you feel like is the -- I'm speaking of MedTech mostly here, even though pharma was pretty strong also. But just the sequential improvements from

-- do you think the market feels stronger? Or was this predominantly you sort of leaning back into competition in some of your core med tech markets?

And then just a follow-up on all the discussion about the spin, just if we should think of holding on to MedTech, concentrating on the key businesses that you mentioned, also open the door to sort of, I guess, loosen up the capital structure and balance sheet in such a way to start adding to some of those areas as you get closer to or through the spin?

Tim Schmid - *Johnson & Johnson - Executive Vice President, Worldwide Chairman of MedTech*

Matt, thank you for the question. Let me take the first one. What was really attractive about this quarter and built on the tremendous performance in the second quarter was the solid performances across all businesses. And so where you saw that sequential improvement, if you'll recall, our ortho business struggled in the first and second quarter. We saw a nice improvement in Q2.

Q3, we returned that business to growth with tremendous performances in categories like hips with 5.1%, knees 5.6%, strong performance in trauma and actually returning to growth in spine.

And so Ortho was a major competitor or a major contributor to that performance. And then, of course, we had continued tremendous performances in our fastest-growing category in cardiovascular, solid performances in surgery and acceleration within vision, as I mentioned earlier, driven by our performance primarily in the intraocular space.

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

Thank you. And overall, as we discussed at the beginning of this call, our focus and priority within MedTech is around our three areas, which are Vision, Cardiovascular, in which we already have acquired a number of companies and also robotic surgery, where we are focusing on being able to submit our OTTAVA soft tissue robotic system to the FDA in the first half of 2026. We'll continue to look for opportunities there in order to enhance our portfolio and be able to make our MedTech group the best MedTech group in the industry, which is a clear goal for me and for Johnson & Johnson.

Darren Snellgrove - *Johnson & Johnson - Vice President of Investor Relations*

We have time for one last question.

Operator

David Risinger, Leerink.

David Risinger - *Leerink Partners LLC - Analyst*

Congrats on the performance. So my question is on icotrokinra. I'm curious about how you plan to position it relative to TREMFYA given the similar indications for the two therapies.

Jennifer Taubert - *Johnson & Johnson - Executive Vice President, Worldwide Chairman, Pharmaceuticals*

Great. Thanks. And we are really excited about the opportunity for icotrokinra and see this as one of our next big $5 billion-plus brands. And so why are we excited about it? So we believe it's really going to set the new standard of care in the treatment of plaque psoriasis, and that will be the first indication, unprecedented combination of complete skin clearance and a favorable safety profile with the simplicity of an oral pill.

We're really, really confident in what we've seen. And so not only are we studying it versus other orals, we're actually studying it head-to-head versus STELARA. And no oral agents have been able to really compete with that combination of both biologic-like efficacy and that known safety profile. And so we're really bullish.

If you take a look at the market, despite today's treatments, there's still less than 30% of eligible patients who have moderate to severe psoriasis who are receiving advanced treatments. And so we think there is a significant market expansion opportunity to be able to bring patients into advanced therapies into that frontline setting.

So we think there's a big opportunity there. We think as we move closer to the launches with the way the profiles are differentiating, there will be a unique and distinct position for icotrokinra and also a distinct and unique position for TREMFYA that will allow us to have both really continued significant growth on both assets, particularly given the high level of unmet need in the market.

So more to come on that. I'm not going to give away everything on the positioning, but we think that there are really distinct places that they're going to play. Ico is going to be a really significant asset for us, and you can see how well TREMFYA is doing with the 40% growth that we achieved this quarter.

John Reed - *Johnson & Johnson - Executive Vice President - Pharmaceuticals, R&D*

David, keep your eyes open. We have more publications coming out on our icotrokinra data, two back-to-back papers in press at the New England Journal of Medicine, describing the placebo-controlled studies and then a paper in press at the Lancet showing our head-to-head against the leading TYK2 inhibitor in psoriasis. So exciting times for that really novel targeted oral peptide for the autoimmune diseases where the IL-23 class plays.

Darren Snellgrove - *Johnson & Johnson - Vice President of Investor Relations*

Thanks, David, and thanks to everyone for your questions and interest in J&J. Please reach out to the Investor Relations team with any remaining questions you have. I will now turn the call over to Joaquin for some brief closing remarks.

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

Thank you all of you for joining the call today. As you heard, we have had a very strong third quarter. We have sharpened focus around our six priority areas of Oncology, Immunology, Neuroscience, Cardiovascular, Surgery, and Vision, and we are in a period of accelerated growth with innovation and pioneering treatments that are going to transform lives.

Thank you for your interest in Johnson & Johnson, and enjoy the rest of your day.

Operator

Thank you. This concludes today's Johnson & Johnson's Third Quarter 2025 Earnings Conference Call. You may now disconnect.