



Johnson & Johnson Reports 2019 Third-Quarter Results

October 15, 2019

- Sales of \$20.7 billion reflecting growth of 1.9%, operational growth of 3.2%* and adjusted operational growth of 5.2%*
- EPS of \$1.81 increased 25.7%; adjusted EPS of \$2.12 increased 3.4%*
- Company increasing Full Year Sales and EPS guidance due to strong performance

NEW BRUNSWICK, N.J., Oct. 15, 2019 /PRNewswire/ -- Johnson & Johnson (NYSE: JNJ) today announced results for third-quarter 2019. "Our third-quarter results represent strong performance, driven by competitive underlying growth in Pharmaceuticals and Medical Devices, as well as continued optimization in our Consumer business," said Alex Gorsky, Chairman and Chief Executive Officer. "As we look ahead, we remain confident in the strength of our broad-based business model, which is fueled by our disciplined portfolio management, focus on transformational innovation and dedicated employees around the world who position us for success today and well into the future."

OVERALL FINANCIAL RESULTS:

(\$ in Millions, except EPS)	THIRD QUARTER		
	2019	2018	% Change
Reported Sales	\$ 20,729	\$ 20,348	1.9%
Net Earnings	4,833	3,934	22.9
EPS (diluted)	\$ 1.81	\$ 1.44	25.7

Non-GAAP* (\$ in Millions, except EPS)	THIRD QUARTER		
	2019	2018	% Change
Operational Sales ^{1,2}	n/a	n/a	3.2%
Adjusted Operational Sales ^{1,3}	n/a	n/a	5.2
Adjusted Net Earnings ^{1,4}	5,672	5,590	1.5
Adjusted EPS (diluted) ^{1,4}	\$ 2.12	\$ 2.05	3.4

¹ Non-GAAP financial measure; refer to reconciliations of non-GAAP financial measures included in accompanying schedules

² Excludes the impact of translational currency

³ Excludes the net impact of acquisitions and divestitures and translational currency

⁴ Excludes intangible amortization expense and special items

REGIONAL SALES RESULTS:

(\$ in Millions)	THIRD QUARTER		% Change			
	2019	2018	Reported	Operational ^{1,2}	Currency	Adjusted Operational ^{1,3}
U.S.	\$ 10,791	\$ 10,664	1.2%	1.2	-	3.4
International	9,938	9,684	2.6	5.4	(2.8)	7.3
Worldwide	\$ 20,729	\$ 20,348	1.9%	3.2	(1.3)	5.2

¹ Non-GAAP financial measure; refer to reconciliations of non-GAAP financial measures included in accompanying schedules

² Excludes the impact of translational currency

³ Excludes the net impact of acquisitions and divestitures and translational currency

Note: values may have been rounded

SEGMENT SALES RESULTS:

(\$ in Millions)	THIRD QUARTER		% Change			
	2019	2018	Reported	Operational ^{1,2}	Currency	Adjusted Operational ^{1,3}
Consumer	\$ 3,469	\$ 3,415	1.6%	3.3	(1.7)	1.3
Pharmaceuticals	10,877	10,346	5.1	6.4	(1.3)	6.4
Medical Devices	6,383	6,587	(3.1)	(2.0)	(1.1)	5.3
Worldwide	\$ 20,729	\$ 20,348	1.9%	3.2	(1.3)	5.2

¹ Non-GAAP financial measure; refer to reconciliations of non-GAAP financial measures included in accompanying schedules

² Excludes the impact of translational currency

³ Excludes the net impact of acquisitions and divestitures and translational currency

Note: values may have been rounded

SEGMENT COMMENTARY:

Consumer

Consumer worldwide operational sales, excluding the net impact of acquisitions and divestitures, grew 1.3%* driven by NEUTROGENA beauty products and over-the-counter products including TYLENOL analgesics, international upper respiratory products and digestive health products, partially offset by lower sales of baby care products due to prior year U.S. re-launch activities.

Pharmaceutical

Pharmaceutical worldwide operational sales, excluding the net impact of acquisitions and divestitures, grew 6.4%* driven by STELARA (ustekinumab), a biologic for the treatment of a number of immune-mediated inflammatory diseases, DARZALEX (daratumumab), for the treatment of multiple myeloma, IMBRUVICA (ibrutinib), an oral, once-daily therapy approved for use in treating certain B-cell malignancies, a type of blood or lymph node cancer, TREMFYA (guselkumab), a biologic for the treatment of adults living with moderate to severe plaque psoriasis, INVEGA SUSTENNA/XEPLION/INVEGA TRINZA/TREVICTA (paliperidone palmitate), long-acting, injectable atypical antipsychotics for the treatment of schizophrenia in adults, SIMPONI/SIMPONI ARIA (golimumab), biologics for the treatment of a number of immune-mediated inflammatory diseases, ERLEADA (apalutamide), a next-generation androgen receptor inhibitor for the treatment of patients with prostate cancer, UPTRAVI (selexipag), an oral prostacyclin receptor agonist used to treat pulmonary arterial hypertension and reduce hospitalization and OPSUMIT (macitentan), an oral endothelin receptor antagonist indicated for the treatment of pulmonary arterial hypertension to delay disease progression, partially offset by biosimilar and generic competition, primarily declines in REMICADE (infliximab), a biologic approved for the treatment of a number of immune-mediated inflammatory diseases, U.S. ZYTIGA (abiraterone acetate), an oral, once-daily medication for use in combination with prednisone for the treatment of metastatic, castration-resistant prostate cancer and international VELCADE (bortezomib), a proteasome inhibitor for the treatment of multiple myeloma.

Medical Devices

Worldwide Medical Devices operational sales, excluding the net impact of acquisitions and divestitures grew 5.3%* driven by the growth of electrophysiology products in the Interventional Solutions business, ACUVUE contact lenses in the Vision business, international energy products in the Advanced Surgery business, wound closure products in the General Surgery business and trauma products in the Orthopaedics business.

NOTABLE NEW ANNOUNCEMENTS IN THE QUARTER:

The information contained in this section should be read in conjunction with Johnson & Johnson's other disclosures filed with the Securities and Exchange Commission, including its Current Reports on Form 8-K, Quarterly Reports on Form 10-Q and Annual Reports on Form 10-K. Copies of these filings are available online at www.sec.gov, www.jnj.com or on request from Johnson & Johnson. The reader is also encouraged to review all other news releases available online in the Investors section of the company's website at news.releases.

Pipeline Updates

Regulatory Approvals	XARELTO (rivaroxaban) - U.S. FDA Approves to Help Prevent Blood Clots in Acutely Ill Medical Patients (U.S.) ¹	(press release)
	INVOKANA (canagliflozin) - U.S. FDA Approves for Treatment of Diabetic Kidney Disease (U.S.) ¹	(press release)
	DARZALEX (daratumumab) - U.S. FDA Approves Combination Regimen for Newly Diagnosed, Transplant-eligible Patients with Multiple Myeloma (U.S.)	(press release)

	ERLEADA (apalutamide) - U.S. FDA Approves Supplemental New Drug Application for the Treatment of Metastatic Castration-Sensitive Prostate Cancer (U.S.)	(press release)
	STELARA (ustekinumab) - EU Commission Approves Extended Use for the Treatment of Moderately to Severely Active Ulcerative Colitis (EU)	(press release)
	IMBRUVICA (ibrutinib) - EU Commission Approves Expanded Use in Combination with Obinutuzumab in Adult Patients with Previously Untreated Chronic Lymphocytic Leukemia and in Combination with Rituximab in Waldenström's Macroglobulinemia (EU)	(press release)
Regulatory Submissions	SPRAVATO (esketamine) CIII Nasal Spray - Janssen Submits Supplemental New Drug Application to U.S. FDA for the Rapid Reduction of Depressive Symptoms in Adults with Major Depressive Disorder Who Have Active Suicidal Ideation with Intent (U.S.) ¹	(press release)
	STELARA (ustekinumab) - Janssen Submits Application to U.S. FDA for Treatment of Pediatric Patients with Moderate to Severe Plaque Psoriasis (U.S.) ¹	(press release)
	TREMFYA (guselkumab) - Janssen Submits Application to U.S. FDA for Treatment of Adults with Active Psoriatic Arthritis (U.S.)	(press release)
	Rilpivirine and Cabotegravir - Janssen Submits Application to EMA for Monthly, Injectable, Two Drug Regimen for Treatment of HIV (EU)	(press release)
	DARZALEX (daratumumab) - Janssen Submits Application to EMA for Novel Subcutaneous Formulation (EU)	(press release)
Other	Niraparib - Breakthrough Therapy Designation for the Treatment of Metastatic Castration-Resistant Prostate Cancer (U.S.) ¹	(press release)
	Launch of ECHELON CIRCULAR, the Industry's First Powered Circular Stapler	(press release)
	Launch of ATTUNE Cementless Knee in a Rotating Platform Option	(press release)
	Investigational Prophylactic Vaccine - Breakthrough Therapy Designation for Prevention of Respiratory Syncytial Virus in Older Adults (U.S.)	(press release)

¹ Subsequent to the quarter

FULL YEAR 2019 GUIDANCE:

Johnson & Johnson does not provide GAAP financial measures on a forward-looking basis because the company is unable to predict with reasonable certainty the ultimate outcome of legal proceedings, unusual gains and losses, acquisition-related expenses and purchase accounting fair value adjustments without unreasonable effort. These items are uncertain, depend on various factors, and could be material to Johnson & Johnson's results computed in accordance with GAAP.

(\$ in Billions, except EPS)	October 2019	July 2019
Adjusted Operational Sales ^{1,2}	4.5% - 5.0%	3.2% - 3.7%
Change vs. Prior Year		
Operational Sales ²	\$83.7 to \$84.2	\$82.4 to \$83.2
Change vs. Prior Year	2.5% - 3.0%	1.0% - 2.0%
Estimated Reported Sales ³	\$81.8 to \$82.3	\$80.8 to \$81.6
Change vs. Prior Year	0.2% - 0.7%	(1.0%) - 0.0%
Adjusted Operational EPS (Diluted) ^{2,4}	\$8.84 to \$8.89	\$8.73 to \$8.83
Change vs. Prior Year	8.1% - 8.7%	6.7% - 7.9%
Adjusted EPS (Diluted) ^{3,4}	\$8.62 to \$8.67	\$8.53 to \$8.63
Change vs. Prior Year	5.4% - 6.0%	4.3% - 5.5%

¹ Non-GAAP financial measure; excludes the net impact of acquisitions and divestitures

² Non-GAAP financial measure; excludes the impact of translational currency

³ Calculated using Euro Average Rate: October 2019 = \$1.12; Euro Average Rate: July 2019 = \$1.12 (Illustrative purposes only)

⁴ Non-GAAP financial measure; excludes intangible amortization expense and special items

Other modeling considerations will be provided on the [webcast](#).

WEBCAST INFORMATION:

Johnson & Johnson will conduct a conference call with investors to discuss this earnings release today at 8:30 a.m., Eastern Time. A simultaneous webcast of the call for investors and other interested parties may be accessed by visiting the [Johnson & Johnson website](#). A replay and podcast will be available approximately two hours after the live webcast in the Investors section of the company's website at [events-and-presentations](#).

ABOUT JOHNSON & JOHNSON:

At Johnson & Johnson, we believe good health is the foundation of vibrant lives, thriving communities and forward progress. That's why for more than 130 years, we have aimed to keep people well at every age and every stage of life. Today, as the world's largest and most broadly-based health care company, we are committed to using our reach and size for good. We strive to improve access and affordability, create healthier communities, and put a healthy mind, body and environment within reach of everyone, everywhere. We are blending our heart, science and ingenuity to profoundly change the trajectory of health for humanity.

NON-GAAP FINANCIAL MEASURES:

*Operational sales growth excluding the impact of translational currency, adjusted operational sales growth excluding the net impact of acquisitions and divestitures and translational currency, as well as adjusted net earnings, adjusted diluted earnings per share and adjusted operational diluted earnings per share excluding after-tax intangible amortization expense and special items, are non-GAAP financial measures and should not be considered replacements for, and should be read together with, the most comparable GAAP financial measures. Except for guidance measures, reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in the accompanying financial schedules of the earnings release and the Investors section of the company's website at [quarterly-results](#).

Copies of the financial schedules accompanying this earnings release are available on the company's website at [quarterly-results](#). These schedules include supplementary sales data, a condensed consolidated statement of earnings, reconciliations of non-GAAP financial measures, and sales of key products/franchises. Additional information on Johnson & Johnson, including adjusted income before tax by segment, a [pharmaceutical pipeline](#) of selected compounds in late stage development and a copy of today's earnings call presentation can also be found in the Investors section of the company's website at [quarterly-results](#).

NOTE TO INVESTORS CONCERNING FORWARD-LOOKING STATEMENTS:

This press release contains "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995 regarding, among other things: future operating and financial performance, product development, market position and business strategy. The reader is cautioned not to rely on these forward-looking statements. These statements are based on current expectations of future events. If underlying assumptions prove inaccurate or known or unknown risks or uncertainties materialize, actual results could vary materially from the expectations and projections of Johnson & Johnson. Risks and uncertainties include, but are not limited to: economic factors, such as interest rate and currency exchange rate fluctuations; competition, including technological advances, new products and patents attained by competitors; challenges inherent in new product research and development, including uncertainty of clinical success and obtaining regulatory approvals; uncertainty of commercial success for new and existing products; challenges to patents; the impact of patent expirations; the ability of the company to successfully execute strategic plans; the impact of business combinations and divestitures; manufacturing difficulties or delays, internally or within the supply chain; product efficacy or safety concerns resulting in product recalls or regulatory action; significant adverse litigation or government action, including related to product liability claims; changes to applicable laws and regulations, including tax laws and global health care reforms; trends toward health care cost containment; changes in behavior and spending patterns of purchasers of health care products and services; financial instability of international economies and legal systems and sovereign risk; increased scrutiny of the health care industry by government agencies. A further list and descriptions of these risks, uncertainties and other factors can be found in Johnson & Johnson's Annual Report on Form 10-K for the fiscal year ended December 30, 2018, including in the sections captioned "Cautionary Note Regarding Forward-Looking Statements" and "Item 1A. Risk Factors," in the company's most recently filed Quarterly Report on Form 10-Q and the company's subsequent filings with the Securities and Exchange Commission. Copies of these filings are available online at [www.sec.gov](#), [www.jnj.com](#) or on request from Johnson & Johnson. Any forward-looking statement made in this release speaks only as of the date of this release. Johnson & Johnson does not undertake to update any forward-looking statement as a result of new information or future events or developments.

Johnson & Johnson and Subsidiaries

Supplementary Sales Data

(Unaudited; Dollars in Millions)	THIRD QUARTER					NINE MONTHS				
	2019	2018	Total	Percent Change Operations	Currency	2019	2018	Total	Percent Change Operations	Currency
Sales to customers by segment of business										
Consumer										
U.S.	\$ 1,394	1,370	1.7	%	1.7	\$ 4,369	4,282	2.0	%	2.0
International	2,075	2,045	1.4		4.3	5,962	6,035	(1.2)		4.3
	3,469	3,415	1.6		3.3	10,331	10,317	0.1		3.4
Pharmaceutical										
U.S.	6,340	6,097	4.0		4.0	17,705	17,350	2.0		2.0

International	4,537	4,249	6.8	10.0	(3.2)	13,945	13,194	5.7	11.7	(6.0)
	10,877	10,346	5.1	6.4	(1.3)	31,650	30,544	3.6	6.2	(2.6)
Medical Devices										
U.S.	3,057	3,197	(4.4)	(4.4)	-	9,249	9,623	(3.9)	(3.9)	-
International	3,326	3,390	(1.9)	0.3	(2.2)	10,082	10,703	(5.8)	(1.0)	(4.8)
	6,383	6,587	(3.1)	(2.0)	(1.1)	19,331	20,326	(4.9)	(2.4)	(2.5)
U.S.	10,791	10,664	1.2	1.2	-	31,323	31,255	0.2	0.2	-
International	9,938	9,684	2.6	5.4	(2.8)	29,989	29,932	0.2	5.7	(5.5)
Worldwide	\$ 20,729	20,348	1.9 %	3.2	(1.3)	\$ 61,312	61,187	0.2 %	2.9	(2.7)

Note: Percentages have been calculated using actual, non-rounded figures and, therefore, may not recalculate precisely.

Johnson & Johnson and Subsidiaries

Supplementary Sales Data

(Unaudited; Dollars in Millions)	THIRD QUARTER					NINE MONTHS				
	2019	2018	Percent Change			2019	2018	Percent Change		
			Total	Operations	Currency			Total	Operations	Currency
Sales to customers by geographic area										
U.S.	\$ 10,791	10,664	1.2 %	1.2	-	\$ 31,323	31,255	0.2 %	0.2	-
Europe	4,461	4,416	1.0	5.2	(4.2)	13,803	14,023	(1.6)	4.8	(6.4)
Western Hemisphere excluding U.S.	1,488	1,550	(4.0)	1.0	(5.0)	4,446	4,657	(4.5)	4.6	(9.1)
Asia-Pacific, Africa	3,989	3,718	7.3	7.5	(0.2)	11,740	11,252	4.3	7.2	(2.9)
International	9,938	9,684	2.6	5.4	(2.8)	29,989	29,932	0.2	5.7	(5.5)
Worldwide	\$ 20,729	20,348	1.9 %	3.2	(1.3)	\$ 61,312	61,187	0.2 %	2.9	(2.7)

Note: Percentages have been calculated using actual, non-rounded figures and, therefore, may not recalculate precisely.

Johnson & Johnson and Subsidiaries

Condensed Consolidated Statement of Earnings

(Unaudited; in Millions Except Per Share Figures)	THIRD QUARTER				
	2019		2018		Percent Increase (Decrease)
	Amount	Percent to Sales	Amount	Percent to Sales	
Sales to customers	\$ 20,729	100.0	\$ 20,348	100.0	1.9
Cost of products sold	6,867	33.1	6,589	32.4	4.2
Gross Profit	13,862	66.9	13,759	67.6	0.7
Selling, marketing and administrative expenses	5,374	26.0	5,543	27.3	(3.0)
Research and development expense	2,599	12.5	2,508	12.3	3.6
In-process research and development	-	-	1,126	5.6	
Interest (income) expense, net	(41)	(0.2)	68	0.3	
Other (income) expense, net	214	1.0	3	0.0	
Restructuring	69	0.4	88	0.4	
Earnings before provision for taxes on income	5,647	27.2	4,423	21.7	27.7
Provision for taxes on income	814	3.9	489	2.4	66.5
Net earnings	\$ 4,833	23.3	\$ 3,934	19.3	22.9
Net earnings per share (Diluted)	\$ 1.81		\$ 1.44		25.7
Average shares outstanding (Diluted)	2,669.9		2,727.6		
Effective tax rate	14.4 %		11.1 %		
Adjusted earnings before provision for taxes and net earnings (1)					
Earnings before provision for taxes on income	\$ 7,116	34.3	\$ 6,780	33.3	5.0
Net earnings	\$ 5,672	27.4	\$ 5,590	27.5	1.5
Net earnings per share (Diluted)	\$ 2.12		\$ 2.05		3.4
Effective tax rate	20.3 %		17.6 %		

(1) See Reconciliation of Non-GAAP Financial Measures.

Johnson & Johnson and Subsidiaries

Condensed Consolidated Statement of Earnings

(Unaudited; in Millions Except Per Share Figures)	NINE MONTHS				
	2019		2018		Percent Increase (Decrease)
	Amount	Percent to Sales	Amount	Percent to Sales	
Sales to customers	\$ 61,312	100.0	\$ 61,187	100.0	0.2
Cost of products sold	20,422	33.3	20,130	32.9	1.5
Gross Profit	40,890	66.7	41,057	67.1	(0.4)
Selling, marketing and administrative expenses	16,139	26.3	16,549	27.1	(2.5)
Research and development expense	8,123	13.3	7,551	12.3	7.6
In-process research and development	890	1.4	1,126	1.8	
Interest (income) expense, net	(43)	(0.1)	340	0.6	
Other (income) expense, net	(1,491)	(2.4)	427	0.7	
Restructuring	162	0.3	187	0.3	
Earnings before provision for taxes on income	17,110	27.9	14,877	24.3	15.0
Provision for taxes on income	2,921	4.8	2,622	4.3	11.4
Net earnings	\$ 14,189	23.1	\$ 12,255	20.0	15.8

Net earnings per share (Diluted)	\$ 5.28	\$ 4.49	17.6
Average shares outstanding (Diluted)	2,688.1	2,729.6	
Effective tax rate	17.1 %	17.6 %	

Adjusted earnings before provision for taxes and net earnings (1)				
Earnings before provision for taxes on income	\$ 22,597	36.9	\$ 20,652	33.8
Net earnings	\$ 18,283	29.8	\$ 16,943	27.7
Net earnings per share (Diluted)	\$ 6.80		\$ 6.21	9.5
Effective tax rate	19.1 %		18.0 %	

(1) See Reconciliation of Non-GAAP Financial Measures.

Johnson & Johnson and Subsidiaries
Reconciliation of Non-GAAP Financial Measures

<i>(Dollars in Millions Except Per Share Data)</i>	Third Quarter		% Incr. / (Decr.)	Nine Months YTD		% Incr. / (Decr.)
	2019	2018		2019	2018	
Earnings before provision for taxes on income - as reported	\$ 5,647	4,423	27.7 %	\$ 17,110	14,877	15.0 %
Intangible asset amortization expense	1,138	1,085		3,386	3,284	
In-process research and development	-	1,126		890	1,126	
Litigation expense, net	-	-		832	703	
Restructuring/Other ⁽¹⁾	128	190		360	473	
Actelion acquisition related cost	33	40		123	200	
Auris Health acquisition related cost	65	-		56	-	
AMO acquisition related cost	9	36		50	82	
Unrealized loss/(gain) on securities	89	9		(217)	(3)	
Contingent liability reversal	-	(184)		-	(184)	
Diabetes asset impairment	-	-		-	4	
Other	7	55		7	90	
Earnings before provision for taxes on income - as adjusted	\$ 7,116	6,780	5.0 %	\$ 22,597	20,652	9.4 %
Net Earnings - as reported	\$ 4,833	3,934	22.9 %	\$ 14,189	12,255	15.8 %
Intangible asset amortization expense	1,011	968		2,836	2,931	
In-process research and development	-	859		703	859	
Litigation expense, net	-	-		684	609	
Restructuring/Other	106	162		297	395	
Actelion acquisition related cost	30	37		114	193	
Auris Health acquisition related cost	51	-		44	-	
AMO acquisition related cost	7	29		40	68	
Unrealized loss/(gain) on securities	71	8		(171)	(2)	
Contingent liability reversal	-	(184)		-	(184)	
Diabetes asset impairment	-	-		-	3	
Impact of tax legislation ⁽²⁾	(391)	(265)		(391)	(253)	
Other	(46)	42		(62)	69	
Net Earnings - as adjusted	\$ 5,672	5,590	1.5 %	\$ 18,283	16,943	7.9 %
Diluted Net Earnings per share - as reported	\$ 1.81	1.44	25.7 %	\$ 5.28	4.49	17.6 %
Intangible asset amortization expense	0.38	0.35		1.06	1.07	
In-process research and development	-	0.32		0.26	0.32	
Litigation expense, net	-	-		0.25	0.22	
Restructuring/Other	0.04	0.06		0.11	0.15	
Actelion acquisition related cost	0.01	0.02		0.04	0.07	
Auris Health acquisition related cost	0.02	-		0.02	-	
AMO acquisition related cost	-	0.01		0.01	0.02	
Unrealized loss/(gain) on securities	0.03	-		(0.06)	-	
Contingent liability reversal	-	(0.07)		-	(0.07)	
Diabetes asset impairment	-	-		-	-	
Impact of tax legislation	(0.15)	(0.10)		(0.15)	(0.09)	
Other	(0.02)	0.02		(0.02)	0.03	
Diluted Net Earnings per share - as adjusted	\$ 2.12	2.05	3.4 %	\$ 6.80	6.21	9.5 %
Operational Diluted Net Earnings per share - as adjusted at 2017 foreign currency exchange rates		2.08			6.04	
Impact of currency at 2018 foreign currency exchange rates	0.05	(0.03)		0.18	0.17	
Operational Diluted Net Earnings per share - as adjusted at 2018 foreign currency exchange rates	\$ 2.17	2.05	5.9 %	\$ 6.98	6.21	12.4 %

⁽¹⁾Includes \$20M recorded in cost of products sold and \$39M recorded in other (income) expense for the third quarter 2019. Includes \$81M recorded in cost of products sold and \$117M recorded in other (income) expense for nine months 2019 YTD. Includes \$23M recorded in cost of products sold and \$79M recorded in other (income) expense for the third quarter 2018. Includes \$73M recorded in cost of products sold and \$213M recorded in other (income) expense for nine months 2018 YTD.

⁽²⁾Includes foreign currency translation

Johnson & Johnson and Subsidiaries
Reconciliation of Non-GAAP Financial Measure

Adjusted Operational Sales Growth
THIRD QUARTER 2019 ACTUAL vs. 2018 ACTUAL

	Segments			
	Consumer	Pharmaceutical	Medical Devices	Total
WW As Reported	1.6%	5.1%	(3.1)%	1.9%
U.S.	1.7%	4.0%	(4.4)%	1.2%
International	1.4%	6.8%	(1.9)%	2.6%
WW Currency	(1.7)	(1.3)	(1.1)	(1.3)

U.S.	-	-	-	-
International	(2.9)	(3.2)	(2.2)	(2.8)
WW Operational	3.3%	6.4%	(2.0)%	3.2%
U.S.	1.7%	4.0%	(4.4)%	1.2%
International	4.3%	10.0%	0.3%	5.4%
OTC				
Zarbees	(0.4)			(0.1)
U.S.	(1.0)			(0.1)
International	0.0			0.0
Diabetes Care				
LifeScan			5.1	1.6
U.S.			4.0	1.2
International			6.1	2.1
Beauty				
RoC	0.5			0.1
U.S.	1.1			0.1
International	0.1			0.0
Beauty				
Dr. Ci Labo - Japan	(2.3)			(0.4)
U.S.	0.0			0.0
International	(3.9)			(0.8)
Specialty Surgery				
Advanced Sterilization Products			2.1	0.7
U.S.			2.9	0.9
International			1.4	0.5
Baby Care				
BabyCenter	0.2			0.0
U.S.	0.5			0.1
International	0.0			0.0
All Other Acquisitions and Divestitures	0.0	0.0	0.0	0.0
U.S.	0.0	0.0	(0.1)	0.0
International	0.1	0.0	0.1	0.1
WW Adjusted Operational	1.3%	6.4%	5.3%	5.2%
U.S.	2.4%	4.0%	2.5%	3.4%
International	0.6%	10.0%	8.0%	7.3%

Note: Percentages are based on actual, non-rounded figures and may not sum

Johnson & Johnson and Subsidiaries
Reconciliation of Non-GAAP Financial Measure

Adjusted Operational Sales Growth
NINE MONTHS 2019 ACTUAL vs. 2018 ACTUAL

	Segments			
	Consumer	Pharmaceutical	Medical Devices	Total
WW As Reported	0.1%	3.6%	(4.9)%	0.2%
U.S.	2.0%	2.0%	(3.9)%	0.2%
International	(1.2)%	5.7%	(5.8)%	0.2%
WW Currency	(3.3)	(2.6)	(2.5)	(2.7)
U.S.	-	-	-	-
International	(5.5)	(6.0)	(4.8)	(5.5)
WW Operational	3.4%	6.2%	(2.4)%	2.9%
U.S.	2.0%	2.0%	(3.9)%	0.2%
International	4.3%	11.7%	(1.0)%	5.7%
Beauty				
Nizoral	0.3			0.1
U.S.	0.2			0.0
International	0.4			0.1
OTC				
Zarbees	(0.6)			(0.1)
U.S.	(1.5)			(0.2)
International	0.0			0.0
Diabetes Care				
LifeScan			5.1	1.7
U.S.			4.0	1.2
International			6.1	2.2
Beauty				
RoC	0.7			0.1
U.S.	1.3			0.2
International	0.2			0.0
Beauty				
Dr. Ci Labo - Japan	(2.5)			(0.4)
U.S.	0.0			0.0

International	(4.2)			(0.9)
Specialty Surgery				
Advanced Sterilization Products			1.4	0.5
U.S.			1.9	0.6
International			0.8	0.3
Baby Care				
BabyCenter	0.1			0.0
U.S.	0.2			0.0
International	0.0			0.0
All Other Acquisitions and Divestitures	0.1	0.0	0.1	0.1
U.S.	0.0	0.0	0.1	0.0
International	0.2	0.0	0.1	0.1

WW Adjusted Operational	1.4%	6.2%	4.3%	4.8%
U.S.	2.2%	2.0%	2.2%	2.1%
International	0.8%	11.7%	6.1%	7.6%

Note: Percentages are based on actual, non-rounded figures and may not sum

REPORTED SALES vs. PRIOR PERIOD (\$MM)

	THIRD QUARTER					NINE MONTHS				
	2019	2018	% Change			2019	2018	% Change		
			Reported	Operational ⁽¹⁾	Currency			Reported	Operational ⁽¹⁾	Currency
CONSUMER SEGMENT (2)										
BABY CARE										
US	\$ 91	120	-24.1%	-24.1%	-	\$ 277	306	-9.5%	-9.5%	-
Intl	326	352	-7.3%	-4.9%	-2.4%	977	1,079	-9.5%	-3.7%	-5.8%
WW	417	472	-11.6%	-9.8%	-1.8%	1,254	1,385	-9.5%	-5.0%	-4.5%
BEAUTY										
US	559	543	2.9%	2.9%	-	1,810	1,791	1.1%	1.1%	-
Intl	592	535	10.8%	13.5%	-2.7%	1,633	1,480	10.4%	15.3%	-4.9%
WW	1,151	1,078	6.8%	8.1%	-1.3%	3,443	3,271	5.3%	7.5%	-2.2%
ORAL CARE										
US	156	158	-1.1%	-1.1%	-	462	472	-2.1%	-2.1%	-
Intl	223	226	-1.6%	1.1%	-2.7%	673	684	-1.7%	3.7%	-5.4%
WW	379	384	-1.4%	0.2%	-1.6%	1,135	1,156	-1.8%	1.3%	-3.1%
OTC										
US	477	440	8.4%	8.4%	-	1,468	1,359	8.0%	8.0%	-
Intl	621	608	2.2%	5.2%	-3.0%	1,781	1,827	-2.5%	2.7%	-5.2%
WW	1,098	1,048	4.8%	6.5%	-1.7%	3,249	3,186	2.0%	5.0%	-3.0%
WOMEN'S HEALTH										
US	3	3	-4.0%	-4.0%	-	9	10	-3.8%	-3.8%	-
Intl	252	266	-5.4%	-1.3%	-4.1%	724	782	-7.5%	0.4%	-7.9%
WW	255	269	-5.3%	-1.3%	-4.0%	733	792	-7.4%	0.4%	-7.8%
WOUND CARE / OTHER										
US	109	106	1.9%	1.9%	-	343	344	-0.4%	-0.4%	-
Intl	59	58	3.3%	4.9%	-1.6%	173	183	-5.0%	-1.1%	-3.9%
WW	168	164	2.4%	3.0%	-0.6%	516	527	-2.0%	-0.7%	-1.3%
TOTAL CONSUMER										
US	1,394	1,370	1.7%	1.7%	-	4,369	4,282	2.0%	2.0%	-
Intl	2,075	2,045	1.4%	4.3%	-2.9%	5,962	6,035	-1.2%	4.3%	-5.5%
WW	\$ 3,469	\$ 3,415	1.6%	3.3%	-1.7%	\$ 10,331	\$ 10,317	0.1%	3.4%	-3.3%

See footnotes at end of schedule

REPORTED SALES vs. PRIOR PERIOD (\$MM)

	THIRD QUARTER					NINE MONTHS				
	2019	2018	% Change			2019	2018	% Change		
			Reported	Operational ⁽¹⁾	Currency			Reported	Operational ⁽¹⁾	Currency
PHARMACEUTICAL SEGMENT (2)(4)										
IMMUNOLOGY										
US	\$ 2,582	2,400	7.6%	7.6%	-	\$ 7,124	6,717	6.1%	6.1%	-
Intl	1,129	998	13.2%	16.8%	-3.6%	3,304	3,061	8.0%	13.9%	-5.9%
WW	3,711	3,398	9.3%	10.3%	-1.0%	10,428	9,778	6.7%	8.5%	-1.8%
REMICADE										
US	749	987	-24.1%	-24.1%	-	2,324	2,821	-17.6%	-17.6%	-
US Exports ⁽³⁾	88	100	-12.0%	-12.0%	-	226	346	-34.7%	-34.7%	-
Intl	299	292	2.5%	6.1%	-3.6%	795	921	-13.7%	-8.6%	-5.1%
WW	1,136	1,379	-17.6%	-16.9%	-0.7%	3,345	4,088	-18.2%	-17.0%	-1.2%
SIMPONI / SIMPONI ARIA										
US	313	281	11.6%	11.6%	-	857	779	10.0%	10.0%	-
Intl	273	255	7.3%	9.9%	-2.6%	816	823	-0.8%	4.6%	-5.4%
WW	586	536	9.6%	10.8%	-1.2%	1,673	1,602	4.5%	7.2%	-2.7%
STELARA										
US	1,212	889	36.3%	36.3%	-	3,152	2,460	28.1%	28.1%	-
Intl	487	421	15.7%	19.5%	-3.8%	1,509	1,252	20.5%	27.1%	-6.6%
WW	1,698	1,310	29.6%	30.9%	-1.3%	4,661	3,712	25.6%	27.8%	-2.2%
TREMEYA										
US	221	143	54.3%	54.3%	-	565	311	81.7%	81.7%	-
Intl	69	28	*	*	*	177	58	*	*	*
WW	290	171	69.0%	70.3%	-1.3%	742	369	*	*	*

US	17	20	-10.1%	-10.1%	-	58	63	-8.9%	-8.9%	-
Intl	15	16	-15.4%	-11.6%	-3.8%	46	47	-3.0%	5.4%	-8.4%
WW	31	36	-12.6%	-10.8%	-1.8%	103	110	-6.4%	-2.9%	-3.5%
CARDIOVASCULAR / METABOLISM / OTHER										
US	955	1,026	-6.9%	-6.9%	-	2,804	3,230	-13.2%	-13.2%	-
Intl	360	365	-1.3%	1.1%	-2.4%	1,131	1,196	-5.4%	-0.7%	-4.7%
WW	1,316	1,391	-5.4%	-4.8%	-0.6%	3,936	4,426	-11.1%	-9.8%	-1.3%
XARELTO										
US	613	612	0.1%	0.1%	-	1,704	1,869	-8.9%	-8.9%	-
Intl	-	-	-	-	-	-	-	-	-	-
WW	613	612	0.1%	0.1%	-	1,704	1,869	-8.9%	-8.9%	-
INVOKANA / INVOKAMET										
US	125	150	-16.6%	-16.6%	-	411	523	-21.3%	-21.3%	-
Intl	55	40	33.9%	37.8%	-3.9%	147	130	12.3%	17.9%	-5.6%
WW	179	190	-5.8%	-5.0%	-0.8%	558	653	-14.6%	-13.4%	-1.2%
PROCRIT / EPREX										
US	126	178	-29.6%	-29.6%	-	387	523	-26.1%	-26.1%	-
Intl	72	77	-5.7%	-4.4%	-1.3%	220	244	-9.8%	-6.4%	-3.4%
WW	198	255	-22.4%	-22.0%	-0.4%	607	767	-20.9%	-19.8%	-1.1%
OTHER										
US	91	86	8.1%	8.1%	-	302	315	-3.8%	-3.8%	-
Intl	234	248	-5.7%	-3.2%	-2.5%	765	822	-6.9%	-2.0%	-4.9%
WW	325	334	-2.2%	-0.3%	-1.9%	1,067	1,137	-6.1%	-2.5%	-3.6%
TOTAL PHARMACEUTICAL										
US	6,340	6,097	4.0%	4.0%	-	17,705	17,350	2.0%	2.0%	-
Intl	4,537	4,249	6.8%	10.0%	-3.2%	13,945	13,194	5.7%	11.7%	-6.0%
WW	\$ 10,877	10,346	5.1%	6.4%	-1.3%	\$ 31,650	30,544	3.6%	6.2%	-2.6%

See footnotes at end of schedule

	REPORTED SALES vs. PRIOR PERIOD (\$MM)									
	THIRD QUARTER					NINE MONTHS				
	2019	2018	% Change			2019	2018	% Change		
		Reported	Operational ⁽¹⁾	Currency			Reported	Operational ⁽¹⁾	Currency	
MEDICAL DEVICES SEGMENT (2)(5)										
DIABETES CARE⁽⁵⁾										
US	\$ -	125	*	*	-	\$ -	371	*	*	-
Intl	-	190	*	*	*	-	638	*	*	*
WW	-	315	*	*	*	-	1,009	*	*	*
INTERVENTIONAL SOLUTIONS										
US	357	320	11.5%	11.5%	-	1,066	947	12.6%	12.6%	-
Intl	382	333	15.3%	17.0%	-1.7%	1,156	1,013	14.2%	19.0%	-4.8%
WW	741	653	13.4%	14.3%	-0.9%	2,223	1,960	13.4%	15.9%	-2.5%
ORTHOPAEDICS										
US	1,301	1,284	1.2%	1.2%	-	3,950	3,923	0.7%	0.7%	-
Intl	837	827	1.2%	4.1%	-2.9%	2,616	2,700	-3.1%	2.0%	-5.1%
WW	2,138	2,111	1.2%	2.3%	-1.1%	6,566	6,623	-0.9%	1.2%	-2.1%
HIPS										
US	204	201	1.1%	1.1%	-	633	621	1.8%	1.8%	-
Intl	133	129	2.7%	5.7%	-3.0%	428	432	-0.8%	4.7%	-5.5%
WW	336	330	1.7%	2.9%	-1.2%	1,061	1,053	0.7%	3.0%	-2.3%
KNEES										
US	209	215	-2.7%	-2.7%	-	650	672	-3.3%	-3.3%	-
Intl	136	126	7.9%	10.8%	-2.9%	435	438	-0.6%	4.4%	-5.0%
WW	344	341	1.2%	2.3%	-1.1%	1,085	1,110	-2.2%	-0.2%	-2.0%
TRAUMA										
US	415	395	5.1%	5.1%	-	1,239	1,196	3.6%	3.6%	-
Intl	262	259	1.0%	4.2%	-3.2%	795	829	-4.1%	1.0%	-5.1%
WW	677	654	3.5%	4.7%	-1.2%	2,034	2,025	0.4%	2.5%	-2.1%
SPINE & OTHER										
US	472	473	-0.2%	-0.2%	-	1,427	1,434	-0.5%	-0.5%	-
Intl	306	313	-2.0%	0.6%	-2.6%	957	1,001	-4.4%	0.6%	-5.0%
WW	778	786	-0.9%	0.1%	-1.0%	2,384	2,435	-2.1%	0.0%	-2.1%
SURGERY										
US	940	1,016	-7.4%	-7.4%	-	2,867	3,031	-5.4%	-5.4%	-
Intl	1,371	1,360	0.8%	3.5%	-2.7%	4,192	4,283	-2.1%	3.2%	-5.3%
WW	2,311	2,376	-2.7%	-1.2%	-1.5%	7,059	7,314	-3.5%	-0.4%	-3.1%
ADVANCED										
US	409	421	-2.8%	-2.8%	-	1,209	1,216	-0.6%	-0.6%	-
Intl	602	555	8.3%	11.2%	-2.9%	1,811	1,731	4.6%	10.1%	-5.5%
WW	1,010	976	3.6%	5.2%	-1.6%	3,019	2,947	2.4%	5.7%	-3.3%
GENERAL										
US	443	423	4.7%	4.7%	-	1,311	1,282	2.3%	2.3%	-
Intl	659	657	0.2%	2.9%	-2.7%	1,998	2,094	-4.6%	0.6%	-5.2%
WW	1,101	1,080	1.9%	3.6%	-1.7%	3,309	3,376	-2.0%	1.2%	-3.2%
SPECIALTY										
US	88	172	-48.0%	-48.0%	-	347	533	-34.9%	-34.9%	-
Intl	110	148	-25.0%	-23.1%	-1.9%	383	458	-16.2%	-11.1%	-5.1%
WW	200	320	-37.4%	-36.5%	-0.9%	731	991	-26.2%	-23.9%	-2.3%
VISION										
US	459	452	1.4%	1.4%	-	1,366	1,351	1.1%	1.1%	-
Intl	734	680	8.0%	9.1%	-1.1%	2,117	2,069	2.3%	6.1%	-3.8%
WW	1,193	1,132	5.4%	6.1%	-0.7%	3,483	3,420	1.8%	4.1%	-2.3%
CONTACT LENSES / OTHER										
US	339	319	6.2%	6.2%	-	993	948	4.7%	4.7%	-
Intl	555	516	7.4%	8.4%	-1.0%	1,566	1,538	1.8%	5.7%	-3.9%
WW	893	835	7.0%	7.6%	-0.6%	2,559	2,486	2.9%	5.4%	-2.5%
SURGICAL										
US	120	133	-10.0%	-10.0%	-	373	403	-7.4%	-7.4%	-

Intl	<u>180</u>	<u>164</u>	9.9%	11.3%	-1.4%	<u>551</u>	<u>531</u>	3.7%	7.3%	-3.6%
WW	<u>299</u>	<u>297</u>	0.9%	1.7%	-0.8%	<u>923</u>	<u>934</u>	-1.1%	0.9%	-2.0%
TOTAL MEDICAL DEVICES										
US	<u>3,057</u>	<u>3,197</u>	-4.4%	-4.4%	-	<u>9,249</u>	<u>9,623</u>	-3.9%	-3.9%	-
Intl	<u>3,326</u>	<u>3,390</u>	-1.9%	0.3%	-2.2%	<u>10,082</u>	<u>10,703</u>	-5.8%	-1.0%	-4.8%
WW	<u>\$ 6,383</u>	<u>\$ 6,587</u>	-3.1%	-2.0%	-1.1%	<u>\$ 19,331</u>	<u>\$ 20,326</u>	-4.9%	-2.4%	-2.5%

Note: Columns and rows within tables may not add due to rounding. Percentages have been calculated using actual, non-rounded figures, and therefore, may not recalculate precisely.

* Percentage greater than 100% or not meaningful

(1) Operational growth excludes the effect of translational currency

(2) Unaudited

(3) Reported as U.S. sales

(4) Prior year amounts have been reclassified to conform to current year product disclosure

(5) Reflects LifeScan divestiture October 2, 2018



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