



NEWS RELEASE

Johnson & Johnson Reports 2016 Fourth-Quarter Results:

1/24/2017

NEW BRUNSWICK, N.J., Jan. 24, 2017 /PRNewswire/ -- Johnson & Johnson (NYSE: JNJ) today announced sales of \$18.1 billion for the fourth quarter of 2016, an increase of 1.7% as compared to the fourth quarter of 2015. Operational sales results increased 2.3% and the negative impact of currency was 0.6%. Domestic sales increased 2.6%. International sales increased 0.6%, reflecting operational growth of 1.9% and a negative currency impact of 1.3%. As a reminder, there were additional shipping days in the fourth quarter of 2015 that negatively impacted the current quarter by 480 basis points. Excluding the net impact of acquisitions, divestitures, hepatitis C, Venezuela, and the additional shipping days in 2015, on an operational basis, worldwide sales increased 7.6%, domestic sales increased 9.5% and international sales increased 5.6%.*

Worldwide sales for the full-year 2016 were \$71.9 billion, an increase of 2.6% versus 2015. Operational results increased 3.9% and the negative impact of currency was 1.3%. Domestic sales increased 6.0%. International sales decreased 0.9%, reflecting operational growth of 1.8% and a negative currency impact of 2.7%. The additional shipping days in 2015 negatively impacted the current year by 130 basis points. Excluding the net impact of acquisitions, divestitures, hepatitis C, Venezuela, and the additional shipping days in 2015, on an operational basis, worldwide sales increased 7.4%, domestic sales increased 8.9% and international sales increased 5.7%.*

Net earnings and diluted earnings per share for the fourth quarter of 2016 were \$3.8 billion and \$1.38, respectively. Fourth-quarter 2016 net earnings included after-tax intangible amortization expense of approximately \$0.3 billion and a net charge for after-tax special items of approximately \$0.3 billion. Fourth-quarter 2015 net earnings included after-tax intangible amortization expense of approximately \$0.2 billion and a net charge for after-tax special items of approximately \$0.6 billion. Excluding after-tax intangible amortization expense and special items, adjusted net earnings for the current quarter were \$4.4 billion and adjusted diluted earnings per share were \$1.58, representing increases of 7.9% and 9.7%, respectively, as compared to the same period in 2015.* On an operational basis, adjusted diluted earnings per share also increased 10.4%.* A reconciliation of non-GAAP financial measures is included as an accompanying schedule.

Net earnings and diluted earnings per share for the full-year 2016 were \$16.5 billion and \$5.93, respectively. Full-year net earnings included after-tax intangible amortization expense of approximately \$0.9 billion and a charge for after-tax special items of approximately \$1.3 billion. Full-year 2015 net earnings included after-tax intangible amortization expense of approximately \$1.1 billion and a charge for after-tax special items of approximately \$0.9 billion. Excluding after-tax intangible amortization expense and special items, adjusted net earnings for the full-year of 2016 were \$18.8 billion and adjusted diluted earnings per share were \$6.73, representing increases of 7.6% and 8.5%, respectively, as compared to the same period in 2015.* On an operational basis, adjusted diluted earnings per share also increased 9.4%.* A reconciliation of non-GAAP financial measures is included as an accompanying schedule.

"We are pleased to report that we accelerated our adjusted growth for 2016 over the prior year, and delivered a strong total shareholder return of greater than 15 percent. The strong adjusted sales and EPS growth was driven by the impressive performance of our Pharmaceutical business and continued momentum in our Medical Device

business and share gains while improving profitability in our Consumer business," said Alex Gorsky, Chairman and Chief Executive Officer. "Looking forward to 2017, we expect to continue driving sustainable, long-term growth through the new products, science and innovation that our talented colleagues and partners of Johnson & Johnson are advancing to positively impact human health."

The Company announced its 2017 full-year guidance for sales of \$74.1 billion to \$74.8 billion reflecting expected operational growth in the range of 4.0% to 5.0%. Excluding the impact of acquisitions and divestitures, operational sales growth is expected to be in the range of 3.0% to 3.5%.^{*} Additionally, the Company announced adjusted earnings guidance for full-year 2017 of \$6.93 to \$7.08 per share reflecting expected operational growth in the range of 4.8% to 7.0%.^{*} Adjusted earnings guidance excludes the impact of after-tax intangible amortization expense and special items.

Additionally, as part of the Company's ongoing portfolio management, the Company is announcing it is engaging in a process to evaluate potential strategic options for the Johnson & Johnson Diabetes Care Companies, specifically LifeScan, Inc., Animas Corporation, and Calibra Medical, Inc. Strategic options may include the formation of operating partnerships, joint ventures or strategic alliances, a sale of the businesses, or other alternatives either separately or together. All options will be evaluated to determine the best opportunity to drive future growth and maximize shareholder value. There can be no assurance that this process will result in any transaction or other strategic alternative of any kind.

Worldwide Consumer sales of \$13.3 billion for the full-year 2016 represented a decrease of 1.5% versus the prior year, consisting of an operational increase of 1.5% and a negative impact from currency of 3.0%. Domestic sales increased 3.8%; international sales decreased 4.8%, which reflected an operational increase of 0.1% and a negative currency impact of 4.9%. Excluding the net impact of acquisitions, divestitures, Venezuela, and the additional shipping days in 2015, on an operational basis, worldwide sales increased 4.3%, domestic sales increased 5.6% and international sales increased 3.4%.^{*}

Worldwide operational results, excluding the net impact of acquisitions and divestitures, were driven by over-the-counter products, including TYLENOL[®] analgesics, digestive health products and anti-smoking aids; NEUTROGENA[®] and AVEENO[®] beauty products and LISTERINE[®] oral care products.

Worldwide Pharmaceutical sales of \$33.5 billion for the full-year 2016 represented an increase of 6.5% versus the prior year with an operational increase of 7.4% and a negative impact from currency of 0.9%. Domestic sales increased 9.8%; international sales increased 1.8%, which reflected an operational increase of 4.0% and a negative currency impact of 2.2%. Excluding the net impact of acquisitions, divestitures, hepatitis C, Venezuela, and the additional shipping days in 2015, on an operational basis, worldwide sales increased 11.5%, domestic sales increased 13.8% and international sales increased 8.3%.^{*}

Worldwide operational results, excluding the net impact of acquisitions, divestitures and hepatitis C sales, were driven by new products and the strength of core products. Strong growth in new products include IMBRUVICA[®] (ibrutinib), an oral, once-daily therapy approved for use in treating certain B-cell malignancies, a type of blood or lymph node cancer; DARZALEX[®] (daratumumab), for the treatment of patients with multiple myeloma; XARELTO[®] (rivaroxaban), an oral anticoagulant and INVOKANA[®]/INVOKAMET[®] (canagliflozin), for the treatment of adults with type 2 diabetes.

Additional contributors to operational sales growth included STELARA[®] (ustekinumab), REMICADE[®] (infliximab) and SIMPONI[®]/SIMPONI ARIA[®] (golimumab), biologics approved for the treatment of a number of immune-mediated inflammatory diseases; INVEGA[®] SUSTENNA[®]/XEPLION[®]/TRINZA[®] (paliperidone palmitate), long-acting, injectable atypical antipsychotics for the treatment of schizophrenia in adults and EDURANT[®] (rilpivirine) for the treatment of HIV.

Sales results were negatively impacted by generic entrants for ORTHO TRI-CYCLEN[®] LO (norgestimate/ethinyl estradiol) oral contraceptive and INVEGA[®] (paliperidone palmitate), long-acting, injectable atypical antipsychotics for the treatment of schizophrenia in adults.

During the quarter, the U.S. Food and Drug Administration (FDA) approved DARZALEX® (daratumumab) in combination with lenalidomide and dexamethasone, or bortezomib and dexamethasone, for the treatment of patients with multiple myeloma who have received at least one prior therapy. The European Commission approved STELARA® for the treatment of adults with moderately to severely active Crohn's disease. Subsequent to the quarter, in January, the FDA approved IMBRUVICA® (ibrutinib) for the treatment of patients with marginal zone lymphoma who require systemic therapy and have received at least one prior anti-CD20- based therapy.

Additionally, regulatory applications for approval were submitted to the FDA and European Medicines Agency (EMA) for guselkumab for the treatment of adults living with moderate to severe plaque psoriasis. Regulatory applications for approval were also submitted to the FDA for SIMPONI ARIA® (golimumab) for the treatment of adults living with active psoriatic arthritis and the treatment of adults living with active ankylosing spondylitis and for STELARA® (ustekinumab) for the treatment of adolescents (12 to 17 years of age) with moderate to severe plaque psoriasis.

Worldwide Medical Devices sales of \$25.1 billion for the full-year 2016 represented a decrease of 0.1% versus the prior year consisting of an operational increase of 0.9% and a negative currency impact of 1.0%. Domestic sales increased 1.1%; international sales decreased 1.2%, which reflected an operational increase of 0.7% and a negative currency impact of 1.9%. Excluding the net impact of acquisitions, divestitures, Venezuela and the additional shipping days in 2015, on an operational basis, worldwide sales increased 3.8%, domestic sales increased 2.9% and international sales increased 4.7%.*

Worldwide operational results, excluding the net impact of acquisitions and divestitures, were driven by electrophysiology products in the Cardiovascular business; endcutters, energy and biosurgicals in the Advanced Surgery business; ACUVUE® contact lenses in the Vision Care business; and joint reconstruction and trauma products in the Orthopaedics business.

During the quarter, the FDA approved OneTouch Vibe™ Plus Insulin Pump and Continuous Glucose Monitoring System for the treatment of patients age two and older living with diabetes.

Also during the quarter, the purchase of expandable cage technologies for spinal fusion was completed, and a development agreement was entered into, with Interventional Spine, Inc.

[About Johnson & Johnson](#)

Caring for the world, one person at a time, inspires and unites the people of Johnson & Johnson. We embrace research and science - bringing innovative ideas, products and services to advance the health and well-being of people. Our approximately 126,400 employees at more than 230 Johnson & Johnson operating companies work with partners in health care to touch the lives of over a billion people every day, throughout the world.

* Operational sales growth excluding the net impact of acquisitions, divestitures, hepatitis C, Venezuela and the additional shipping days in 2015, as well as adjusted net earnings, adjusted diluted earnings per share and operational adjusted 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 Investor Relations section of the company's website at www.investor.jnj.com. 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.

Johnson & Johnson will conduct a conference call with investors to discuss this news 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 at www.investor.jnj.com. A replay and podcast will be available

approximately two hours after the live webcast by visiting www.investor.jnj.com.

Copies of the financial schedules accompanying this press release are available at www.investor.jnj.com/historical-sales.cfm. 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 be found on the company's website at www.investor.jnj.com.

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, including business plans, transactions and restructuring plans; market conditions and the possibility that the on-going share repurchase program may be delayed, suspended or discontinued; the impact of business combinations and divestitures; 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 or financial distress of purchasers of health care products and services; financial instability of international economies and legal systems and sovereign risk; manufacturing difficulties or delays, internally or within the supply chain; product efficacy or safety concerns resulting in product recalls or regulatory action; increased scrutiny of the health care industry by government agencies; and the potential failure to meet obligations in compliance agreements with government bodies. A further list and description 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 January 3, 2016, including in Exhibit 99 thereto, and the company's subsequent filings with the Securities and Exchange Commission. Copies of these filings are available online at www.sec.gov, www.investor.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)	FOURTH QUARTER						TWELVE MONTHS					
			Percent Change						Percent Change			
	2016	2015	Total	Operations	Currency		2016	2015	Total	Operations	Currency	
Sales to customers by segment of business												
Consumer												
U.S.	\$ 1,387	1,231	12.7 %	12.7	-	\$ 5,420	5,222	3.8 %	3.8	-		
International	2,045	2,089	(2.1)	0.2	(2.3)	7,887	8,285	(4.8)	0.1	(4.9)		
	3,432	3,320	3.4	4.9	(1.5)	13,307	13,507	(1.5)	1.5	(3.0)		
Pharmaceutical												
U.S.	5,002	4,910	1.9	1.9	-	20,125	18,333	9.8	9.8	-		
International	3,230	3,154	2.4	3.7	(1.3)	13,339	13,097	1.8	4.0	(2.2)		
	8,232	8,064	2.1	2.6	(0.5)	33,464	31,430	6.5	7.4	(0.9)		
Medical Devices												
U.S.	3,148	3,152	(0.1)	(0.1)	-	12,266	12,132	1.1	1.1	-		

International	3,294	3,275	0.6	1.3	(0.7)	12,853	13,005	(1.2)	0.7	(1.9)
	6,442	6,427	0.2	0.6	(0.4)	25,119	25,137	(0.1)	0.9	(1.0)
U.S.	9,537	9,293	2.6	2.6	-	37,811	35,687	6.0	6.0	-
International	8,569	8,518	0.6	1.9	(1.3)	34,079	34,387	(0.9)	1.8	(2.7)
Worldwide	\$ 18,106	17,811	1.7 %	2.3	(0.6)	\$ 71,890	70,074	2.6 %	3.9	(1.3)

Johnson & Johnson and Subsidiaries
Supplementary Sales Data

Sales to customers by geographic area	FOURTH QUARTER					TWELVE MONTHS				
	2016	2015	Percent Change			2016	2015	Percent Change		
			Total	Operations	Currency			Total	Operations	Currency
U.S.	\$ 9,537	9,293	2.6 %	2.6	-	\$ 37,811	35,687	6.0 %	6.0	-
Europe	4,001	4,002	0.0	3.9	(3.9)	15,770	15,995	(1.4)	1.4	(2.8)
Western Hemisphere excluding U.S.	1,465	1,442	1.6	2.4	(0.8)	5,734	6,045	(5.1)	4.0	(9.1)
Asia-Pacific, Africa	3,103	3,074	0.9	(0.9)	1.8	12,575	12,347	1.8	1.4	0.4
International	8,569	8,518	0.6	1.9	(1.3)	34,079	34,387	(0.9)	1.8	(2.7)
Worldwide	\$ 18,106	17,811	1.7 %	2.3	(0.6)	\$ 71,890	70,074	2.6 %	3.9	(1.3)

Johnson & Johnson and Subsidiaries
Condensed Consolidated Statement of Earnings

	FOURTH QUARTER				
	2016		2015		Percent Increase (Decrease)
	Amount	Percent to Sales	Amount	Percent to Sales	
Sales to customers	\$ 18,106	100.0	\$ 17,811	100.0	1.7
Cost of products sold	5,534	30.5	5,673	31.8	(2.5)
Selling, marketing and administrative expenses	5,309	29.3	5,891	33.1	(9.9)
Research and development expense	2,640	14.6	2,864	16.1	(7.8)
In-process research and development	-	-	214	1.2	-
Interest (income) expense, net	84	0.5	107	0.6	-
Other (income) expense, net	20	0.1	(1,205)	(6.8)	-
Restructuring	195	1.1	509	2.9	-
Earnings before provision for taxes on income	4,324	23.9	3,758	21.1	15.1
Provision for taxes on income	510	2.8	543	3.0	(6.1)
Net earnings	\$ 3,814	21.1	\$ 3,215	18.1	18.6
Net earnings per share (Diluted)	\$ 1.38		\$ 1.15		20.0
Average shares outstanding (Diluted)	2,764.5		2,803.3		
Effective tax rate	11.8 %		14.4 %		
Adjusted earnings before provision for taxes and net earnings ⁽¹⁾					
Earnings before provision for taxes on income	\$ 5,103	28.2	\$ 4,913	27.6	3.9
Net earnings	\$ 4,361	24.1	\$ 4,043	22.7	7.9
Net earnings per share (Diluted)	\$ 1.58		\$ 1.44		9.7
Effective tax rate	14.5 %		17.7 %		

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

Johnson & Johnson and Subsidiaries
Condensed Consolidated Statement of Earnings
(Unaudited; in Millions Except Per Share Figures)

	TWELVE MONTHS				
	2016		2015		Percent Increase (Decrease)
	Amount	Percent to Sales	Amount	Percent to Sales	
Sales to customers	\$ 71,890	100.0	\$ 70,074	100.0	2.6
Cost of products sold	21,685	30.2	21,536	30.7	0.7
Selling, marketing and administrative expenses	19,945	27.7	21,203	30.3	(5.9)
Research and development expense	9,095	12.7	9,046	12.9	0.5
In-process research and development	29	0.0	224	0.3	
Interest (income) expense, net	358	0.5	424	0.6	
Other (income) expense, net	484	0.7	(2,064)	(2.9)	
Restructuring	491	0.7	509	0.7	
Earnings before provision for taxes on income	19,803	27.5	19,196	27.4	3.2
Provision for taxes on income	3,263	4.5	3,787	5.4	(13.8)
Net earnings	\$ 16,540	23.0	\$ 15,409	22.0	7.3
Net earnings per share (Diluted)	\$ 5.93		\$ 5.48		8.2
Average shares outstanding (Diluted)	2,788.9		2,812.9		
Effective tax rate	16.5 %		19.7 %		
Adjusted earnings before provision for taxes and net earnings ⁽¹⁾					
Earnings before provision for taxes on income	\$ 22,759	31.7	\$ 22,003	31.4	3.4
Net earnings	\$ 18,764	26.1	\$ 17,445	24.9	7.6
Net earnings per share (Diluted)	\$ 6.73		\$ 6.20		8.5
Effective tax rate	17.6 %		20.7 %		

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

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

(Dollars in Millions Except Per Share Data)	Fourth Quarter		% Incr. / (Decr.)	Twelve Months		% Incr. / (Decr.)
	2016	2015		2016	2015	
Earnings before provision for taxes on income - as reported	\$ 4,324	3,758	15.1 %	\$ 19,803	19,196	3.2 %
Intangible asset amortization expense	344	301		1,271	1,570	
Restructuring/Other ⁽¹⁾	298	590		685	590	
Litigation expense, net	96	-		817	141	
DePuy ASR™ Hip program	9	-		9	148	
In-process research and development	-	214		29	224	
Other	32	50		145	134	
Earnings before provision for taxes on income - as adjusted	\$ 5,103	4,913	3.9 %	\$ 22,759	22,003	3.4 %
Net Earnings - as reported	\$ 3,814	3,215	18.6 %	\$ 16,540	15,409	7.3 %
Intangible asset amortization expense	252	220		931	1,113	
Restructuring/Other	251	415		544	415	
Litigation expense, net	80	-		675	118	
DePuy ASR™ Hip program	7	-		7	130	
In-process research and development	-	156		23	162	
Other	(43)	37		44	98	
Net Earnings - as adjusted	\$ 4,361	4,043	7.9 %	\$ 18,764	17,445	7.6 %
Diluted Net Earnings per share - as reported	\$ 1.38	1.15	20.0 %	\$ 5.93	5.48	8.2 %
Intangible asset amortization expense	0.09	0.07		0.33	0.39	
Restructuring/Other	0.09	0.15		0.20	0.15	
Litigation expense, net	0.03	-		0.24	0.04	

DePuy ASR™ Hip program	-	-	-	0.05		
In-process research and development	-	0.06	0.01	0.06		
Other	(0.01)	0.01	0.02	0.03		
Diluted Net Earnings per share - as adjusted	<u>\$ 1.58</u>	<u>1.44</u>	<u>9.7 %</u>	<u>\$ 6.73</u>	<u>6.20</u>	<u>8.5 %</u>
Operational Diluted Net Earnings per share - as adjusted at 2014 foreign currency exchange rates		1.54			6.76	
Impact of currency at 2015 foreign currency exchange rates	0.01	(0.10)		0.05	(0.56)	
Operational Diluted Net Earnings per share - as adjusted at 2015 foreign currency exchange rates	<u>\$ 1.59</u>	<u>1.44</u>	<u>10.4 %</u>	<u>\$ 6.78</u>	<u>6.20</u>	<u>9.4 %</u>

(1) Includes \$18M recorded in cost of products sold and \$85M recorded in other (income) expense for the fourth quarter 2016, and \$81M recorded in cost of products sold for the fourth quarter 2015.
Includes \$45M recorded in cost of products sold and \$149M recorded in other (income) expense for twelve months YTD 2016, and \$81M recorded in cost of products sold for twelve months YTD 2015.

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

Operational Sales Growth Excluding Acquisitions, Divestitures, Hepatitis C Sales⁽¹⁾, Venezuela and Additional 2015 Shipping Days
FOURTH QUARTER 2016 ACTUAL vs. 2015 ACTUAL

	Segments			
	Consumer	Pharmaceutical	Medical Devices	Total
<u>WW As Reported:</u>	4.9%	2.6%	0.6%	2.3%
U.S.	12.7%	1.9%	(0.1)%	2.6%
International	0.2%	3.7%	1.3%	1.9%
Wound Care/Other				
SPLENDA®	0.5			0.1
U.S.	0.0			0.0
International	0.8			0.2
Cardiovascular				
Cordis			0.0	0.0
U.S.			0.1	0.0
International			(0.1)	0.0
Beauty				
Vogue	(2.7)			(0.5)
U.S.	(5.7)			(0.8)
International	(1.0)			(0.3)
Other Neuroscience				
Controlled Substance Raw Material and API Business		1.2		0.5
U.S.		1.4		0.8
International		0.8		0.3
All Other Acquisitions and Divestitures	(0.1)	0.0	0.3	0.1
U.S.	(0.3)	(0.1)	(0.4)	(0.2)
International	0.1	0.0	1.0	0.4
<u>WW Ops excluding Acquisitions and Divestitures</u>	<u>2.6%</u>	<u>3.8%</u>	<u>0.9%</u>	<u>2.5%</u>
U.S.	6.7%	3.2%	(0.4)%	2.4%
International	0.1%	4.5%	2.2%	2.5%
Hepatitis C		0.4		0.2
U.S.		(0.1)		0.0
International		1.2		0.5
Venezuela	0.4	0.0	0.1	0.1
U.S.	0.0	0.0	0.0	0.0
International	0.7	0.2	0.2	0.3
Additional 2015 Shipping Days	4.6	5.7	3.7	4.8
U.S.	7.0	8.7	4.9	7.1
International	3.3	1.2	2.6	2.3
<u>WW Ops excluding Acquisitions, Divestitures, Hepatitis C, Venezuela & Shipping Days</u>	<u>7.6%</u>	<u>9.9%</u>	<u>4.7%</u>	<u>7.6%</u>
U.S.	13.7%	11.8%	4.5%	9.5%
International	4.1%	7.1%	5.0%	5.6%

⁽¹⁾Hepatitis C products include OLYSIO®/SOVRIAD® and INCIVO®
⁽²⁾Operational growth excludes the effect of translational currency

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

Operational Sales Growth Excluding Acquisitions, Divestitures, Hepatitis C Sales⁽¹⁾, Venezuela and Additional 2015 Shipping Days
TWELVE MONTHS 2016 ACTUAL vs. 2015 ACTUAL

	Segments			
	Consumer	Pharmaceutical	Medical Devices	Total
<u>WW As Reported:</u>	1.5%	7.4%	0.9%	3.9%
U.S.	3.8%	9.8%	1.1%	6.0%
International	0.1%	4.0%	0.7%	1.8%
Wound Care/Other				
SPLENDA®	1.8			0.3
U.S.	3.4			0.5
International	0.8			0.2
Cardiovascular				
Cordis			1.7	0.7
U.S.			0.8	0.3
International			2.6	1.0
Beauty	(1.2)			
Vogue	(2.8)			(0.2)
U.S.	(0.3)			(0.4)
International				0.0
Other Neuroscience				
Controlled Substance Raw Material and API Business		0.5		0.2
U.S.		0.7		0.3
International		0.2		0.1
All Other Acquisitions and Divestitures	(0.1)	0.1	0.1	0.1
U.S.	(0.3)	0.2	(0.2)	0.0
International	0.1	0.1	0.3	0.1
<u>WW Ops excluding Acquisitions and Divestitures</u>	2.0%	8.0%	2.7%	5.0%
U.S.	4.1%	10.7%	1.7%	6.7%
International	0.7%	4.3%	3.6%	3.2%
Hepatitis C		1.9		0.8
U.S.		0.7		0.4
International		3.4		1.2
Venezuela	1.2	0.1	0.2	0.3
U.S.	0.0	0.0	0.0	0.0
International	1.9	0.3	0.4	0.7
Additional 2015 Shipping Days	1.1	1.5	0.9	1.3
U.S.	1.5	2.4	1.2	1.8
International	0.8	0.3	0.7	0.6
<u>WW Ops excluding Acquisitions, Divestitures, Hepatitis C, Venezuela & Shipping Days</u>	4.3%	11.5%	3.8%	7.4%
U.S.	5.6%	13.8%	2.9%	8.9%
International	3.4%	8.3%	4.7%	5.7%

⁽¹⁾Hepatitis C products include OLYSIO®/SOVRIAD® and INCIVO®
⁽²⁾Operational growth excludes the effect of translational currency

REPORTED SALES vs. PRIOR PERIOD (\$MM)

CONSUMER SEGMENT ⁽²⁾⁽³⁾	FOURTH QUARTER					TWELVE MONTHS				
	2016	2015	Reported	% Change Operational ⁽¹⁾	Currency	2016	2015	Reported	% Change Operational ⁽¹⁾	Currency
<u>BABY CARE</u>										
US	\$ 123	126	-2.4%	-2.4%	-	\$ 488	514	-5.1%	-5.1%	-
Intl	370	387	-4.4%	-2.2%	-2.2%	1,513	1,643	-7.9%	-2.0%	-5.9%
WW	493	513	-3.9%	-2.3%	-1.6%	2,001	2,157	-7.2%	-2.7%	-4.5%
<u>BEAUTY</u>										
US	580	442	31.2%	31.2%	-	2,135	1,861	14.7%	14.7%	-
Intl	483	461	4.8%	6.7%	-1.9%	1,762	1,772	-0.6%	3.7%	-4.3%
WW	1,063	903	17.7%	18.7%	-1.0%	3,897	3,633	7.3%	9.4%	-2.1%
<u>ORAL CARE</u>										
US	163	170	-4.1%	-4.1%	-	648	629	3.0%	3.0%	-
Intl	234	238	-1.7%	0.2%	-1.9%	920	951	-3.3%	1.4%	-4.7%
WW	397	408	-2.7%	-1.6%	-1.1%	1,568	1,580	-0.8%	2.0%	-2.8%

OTC										
US	418	386	8.3%	8.3%	-	1,675	1,565	7.0%	7.0%	-
Intl	621	632	-1.7%	1.5%	-3.2%	2,302	2,330	-1.2%	3.4%	-4.6%
WW	1,039	1,018	2.1%	4.1%	-2.0%	3,977	3,895	2.1%	4.8%	-2.7%
WOMEN'S HEALTH										
US	3	7	-57.1%	-57.1%	-	19	26	-26.9%	-26.9%	-
Intl	261	276	-5.4%	-3.1%	-2.3%	1,048	1,174	-10.7%	-4.6%	-6.1%
WW	264	283	-6.7%	-4.4%	-2.3%	1,067	1,200	-11.1%	-5.1%	-6.0%
WOUND CARE / OTHER										
US	100	100	0.0%	0.0%	-	455	627	-27.4%	-27.4%	-
Intl	76	95	-20.0%	-19.6%	-0.4%	342	415	-17.6%	-14.7%	-2.9%
WW	176	195	-9.7%	-9.5%	-0.2%	797	1,042	-23.5%	-22.3%	-1.2%
TOTAL CONSUMER										
US	1,387	1,231	12.7%	12.7%	-	5,420	5,222	3.8%	3.8%	-
Intl	2,045	2,089	-2.1%	0.2%	-2.3%	7,887	8,285	-4.8%	0.1%	-4.9%
WW	\$ 3,432	\$ 3,320	3.4%	4.9%	-1.5%	\$ 13,307	\$ 13,507	-1.5%	1.5%	-3.0%

REPORTED SALES vs. PRIOR PERIOD (\$MM)

PHARMACEUTICAL SEGMENT (2)(3)

IMMUNOLOGY

	FOURTH QUARTER					TWELVE MONTHS				
	2016	2015	Reported	% Change Operational ⁽¹⁾	Currency	2016	2015	Reported	% Change Operational ⁽¹⁾	Currency
US	\$ 2,157	2,101	2.7%	2.7%	-	\$ 8,846	7,642	15.8%	15.8%	-
Intl	779	670	16.3%	16.9%	-0.6%	3,122	2,760	13.1%	15.9%	-2.8%
WW	2,936	2,771	6.0%	6.1%	-0.1%	11,968	10,402	15.1%	15.9%	-0.8%
REMICADE										
US	1,173	1,193	-1.7%	-1.7%	-	4,842	4,453	8.7%	8.7%	-
US Exports ⁽⁴⁾	109	180	-39.4%	-39.4%	-	782	782	0.0%	0.0%	-
Intl	342	307	11.4%	11.9%	-0.5%	1,342	1,326	1.2%	5.4%	-4.2%
WW	1,624	1,680	-3.3%	-3.2%	-0.1%	6,966	6,561	6.2%	7.0%	-0.8%
SIMPONI / SIMPONI ARIA										
US	243	204	19.1%	19.1%	-	959	730	31.4%	31.4%	-
Intl	183	136	34.6%	32.7%	1.9%	786	598	31.4%	31.6%	-0.2%
WW	426	340	25.3%	24.5%	0.8%	1,745	1,328	31.4%	31.5%	-0.1%
STELARA										
US	632	524	20.6%	20.6%	-	2,263	1,677	34.9%	34.9%	-
Intl	247	218	13.3%	15.6%	-2.3%	969	797	21.6%	24.0%	-2.4%
WW	879	742	18.5%	19.2%	-0.7%	3,232	2,474	30.6%	31.4%	-0.8%
OTHER IMMUNOLOGY										
US	-	-	-	-	-	-	-	-	-	-
Intl	7	9	-22.2%	-20.6%	-1.6%	25	39	-35.9%	-30.1%	-5.8%
WW	7	9	-22.2%	-20.6%	-1.6%	25	39	-35.9%	-30.1%	-5.8%
INFECTIOUS DISEASES										
US	354	363	-2.5%	-2.5%	-	1,461	1,535	-4.8%	-4.8%	-
Intl	407	438	-7.1%	-5.0%	-2.1%	1,747	2,121	-17.6%	-15.7%	-1.9%
WW	761	801	-5.0%	-3.9%	-1.1%	3,208	3,656	-12.3%	-11.2%	-1.1%
EDURANT										
US	14	12	16.7%	16.7%	-	52	41	26.8%	26.8%	-
Intl	151	95	58.9%	60.7%	-1.8%	521	369	41.2%	41.9%	-0.7%
WW	165	107	54.2%	55.8%	-1.6%	573	410	39.8%	40.4%	-0.6%
OLYSIO / SOVRIAD										
US	5	(1)	**	**	-	55	173	-68.2%	-68.2%	-
Intl	5	45	-88.9%	-88.1%	-0.8%	51	448	-88.6%	-88.1%	-0.5%
WW	10	44	-77.3%	-76.5%	-0.8%	106	621	-82.9%	-82.6%	-0.3%
PREZISTA / PREZCOBIX / REZOLSTA										
US	283	287	-1.4%	-1.4%	-	1,143	1,064	7.4%	7.4%	-
Intl	164	180	-8.9%	-6.0%	-2.9%	708	746	-5.1%	-2.3%	-2.8%
WW	447	467	-4.3%	-3.2%	-1.1%	1,851	1,810	2.3%	3.5%	-1.2%
OTHER INFECTIOUS DISEASES										
US	52	65	-20.0%	-20.0%	-	211	257	-17.9%	-17.9%	-
Intl	87	118	-26.3%	-24.9%	-1.4%	467	558	-16.3%	-13.6%	-2.7%
WW	139	183	-24.0%	-23.1%	-0.9%	678	815	-16.8%	-15.0%	-1.8%

See footnotes at end of schedule

REPORTED SALES vs. PRIOR PERIOD (\$MM)

NEUROSCIENCE

	FOURTH QUARTER					TWELVE MONTHS				
	2016	2015	Reported	% Change Operational ⁽¹⁾	Currency	2016	2015	Reported	% Change Operational ⁽¹⁾	Currency
US	631	752	-16.1%	-16.1%	-	2,628	2,850	-7.8%	-7.8%	-
Intl	839	849	-1.2%	-1.2%	0.0%	3,457	3,409	1.4%	2.3%	-0.9%
WW	1,470	1,601	-8.2%	-8.2%	0.0%	6,085	6,259	-2.8%	-2.3%	-0.5%
CONCERTA / METHYLPHENIDATE										
US	103	117	-12.0%	-12.0%	-	468	434	7.8%	7.8%	-
Intl	101	96	5.2%	5.8%	-0.6%	395	387	2.1%	4.8%	-2.7%
WW	204	213	-4.2%	-3.9%	-0.3%	863	821	5.1%	6.4%	-1.3%
INVEGA / PALIPERIDONE										
US	-	58	**	**	-	70	339	-79.4%	-79.4%	-
Intl	56	55	1.8%	0.2%	1.6%	241	234	3.0%	2.1%	0.9%
WW	56	113	-50.4%	-51.1%	0.7%	311	573	-45.7%	-46.1%	0.4%
INVEGA SUSTENNA / XEPLION / TRINZA										
US	360	327	10.1%	10.1%	-	1,343	1,085	23.8%	23.8%	-
Intl	225	197	14.2%	15.8%	-1.6%	871	745	16.9%	18.7%	-1.8%
WW	585	524	11.6%	12.2%	-0.6%	2,214	1,830	21.0%	21.7%	-0.7%
RISPERDAL CONSTA										
US	92	103	-10.7%	-10.7%	-	381	409	-6.8%	-6.8%	-
Intl	118	131	-9.9%	-8.6%	-1.3%	512	561	-8.7%	-7.4%	-1.3%
WW	210	234	-10.3%	-9.5%	-0.8%	893	970	-7.9%	-7.1%	-0.8%
OTHER NEUROSCIENCE										
US	76	147	-48.3%	-48.3%	-	366	583	-37.2%	-37.2%	-
Intl	339	370	-8.4%	-9.8%	1.4%	1,438	1,482	-3.0%	-2.9%	-0.1%
WW	415	517	-19.7%	-20.7%	1.0%	1,804	2,065	-12.5%	-12.5%	-0.1%
ONCOLOGY										
US	595	457	30.2%	30.2%	-	2,335	1,547	50.9%	50.9%	-
Intl	867	816	6.3%	8.1%	-1.8%	3,472	3,148	10.3%	12.6%	-2.3%
WW	1,462	1,273	14.8%	15.9%	-1.1%	5,807	4,695	23.7%	25.2%	-1.5%

US	151	20	*	*	-	471	20	*	*	-
Intl	49	-	*	*	0.0%	101	-	*	*	0.0%
WW	200	20	*	*	0.0%	572	20	*	*	0.0%
<u>IMBRUVICA</u>										
US	158	122	29.5%	29.5%	-	613	375	63.5%	63.5%	-
Intl	188	113	66.4%	72.2%	-5.8%	638	314	*	*	-6.3%
WW	346	235	47.2%	50.0%	-2.8%	1,251	689	81.6%	84.5%	-2.9%
<u>VELCADE</u>										
US	-	-	-	-	-	-	-	-	-	-
Intl	274	321	-14.6%	-12.6%	-2.0%	1,224	1,333	-8.2%	-5.9%	-2.3%
WW	274	321	-14.6%	-12.6%	-2.0%	1,224	1,333	-8.2%	-5.9%	-2.3%
<u>ZYTIGA</u>										
US	249	286	-12.9%	-12.9%	-	1,089	1,070	1.8%	1.8%	-
Intl	270	295	-8.5%	-9.0%	0.5%	1,171	1,161	0.9%	1.8%	-0.9%
WW	519	581	-10.7%	-11.0%	0.3%	2,260	2,231	1.3%	1.8%	-0.5%
<u>OTHER ONCOLOGY</u>										
US	37	29	27.6%	27.6%	-	162	82	97.6%	97.6%	-
Intl	86	87	-1.1%	1.3%	-2.4%	338	340	-0.6%	2.1%	-2.7%
WW	123	116	6.0%	7.8%	-1.8%	500	422	18.5%	20.6%	-2.1%
<u>CARDIOVASCULAR / METABOLISM / OTHER</u>										
US	1,265	1,237	2.3%	2.3%	-	4,855	4,759	2.0%	2.0%	-
Intl	338	381	-11.3%	-7.8%	-3.5%	1,541	1,659	-7.1%	-2.9%	-4.2%
WW	1,603	1,618	-0.9%	-0.1%	-0.8%	6,396	6,418	-0.3%	0.8%	-1.1%
<u>XARELTO</u>										
US	598	494	21.1%	21.1%	-	2,288	1,868	22.5%	22.5%	-
Intl	-	-	-	-	-	-	-	-	-	-
WW	598	494	21.1%	21.1%	-	2,288	1,868	22.5%	22.5%	-
<u>INVOKANA / INVOKAMET</u>										
US	334	348	-4.0%	-4.0%	-	1,273	1,238	2.8%	2.8%	-
Intl	37	24	54.2%	60.3%	-6.1%	134	70	91.4%	*	-9.7%
WW	371	372	-0.3%	0.1%	-0.4%	1,407	1,308	7.6%	8.1%	-0.5%
<u>PROCIT / EPREX</u>										
US	186	173	7.5%	7.5%	-	767	692	10.8%	10.8%	-
Intl	73	87	-16.1%	-14.5%	-1.6%	338	376	-10.1%	-7.6%	-2.5%
WW	259	260	-0.4%	0.1%	-0.5%	1,105	1,068	3.5%	4.4%	-0.9%
<u>OTHER</u>										
US	147	222	-33.8%	-33.8%	-	527	961	-45.2%	-45.2%	-
Intl	228	270	-15.6%	-11.7%	-3.9%	1,069	1,213	-11.9%	-7.5%	-4.4%
WW	375	492	-23.8%	-21.6%	-2.2%	1,596	2,174	-26.6%	-24.1%	-2.5%
<u>TOTAL PHARMACEUTICAL</u>										
US	5,002	4,910	1.9%	1.9%	-	20,125	18,333	9.8%	9.8%	-
Intl	3,230	3,154	2.4%	3.7%	-1.3%	13,339	13,097	1.8%	4.0%	-2.2%
WW	\$ 8,232	\$ 8,064	2.1%	2.6%	-0.5%	\$ 33,464	\$ 31,430	6.5%	7.4%	-0.9%

See footnotes at end of schedule

REPORTED SALES vs. PRIOR PERIOD (\$MM)

	FOURTH QUARTER					TWELVE MONTHS				
	2016	2015	Reported	% Change Operational ⁽¹⁾	Currency	2016	2015	Reported	% Change Operational ⁽¹⁾	Currency
<u>MEDICAL DEVICES SEGMENT (2)</u>										
<u>CARDIOVASCULAR</u>										
US	\$ 247	229	7.9%	7.9%	-	\$ 948	931	1.8%	1.8%	-
Intl	238	210	13.3%	12.4%	0.9%	901	1,105	-18.5%	-18.4%	-0.1%
WW	485	439	10.5%	10.1%	0.4%	1,849	2,036	-9.2%	-9.2%	0.0%
<u>DIABETES CARE</u>										
US	191	202	-5.4%	-5.4%	-	739	833	-11.3%	-11.3%	-
Intl	271	278	-2.5%	-1.1%	-1.4%	1,050	1,095	-4.1%	-1.9%	-2.2%
WW	462	480	-3.8%	-3.0%	-0.8%	1,789	1,928	-7.2%	-5.9%	-1.3%
<u>DIAGNOSTICS</u>										
US	-	-	-	-	-	-	-	-	-	-
Intl	-	24	**	**	**	66	86	-23.3%	-13.9%	-9.4%
WW	-	24	**	**	**	66	86	-23.3%	-13.9%	-9.4%
<u>ORTHOPAEDICS</u>										
US	1,422	1,438	-1.1%	-1.1%	-	5,521	5,380	2.6%	2.6%	-
Intl	965	985	-2.0%	-0.6%	-1.4%	3,813	3,882	-1.8%	0.5%	-2.3%
WW	2,387	2,423	-1.5%	-0.9%	-0.6%	9,334	9,262	0.8%	1.8%	-1.0%
<u>HIPS</u>										
US	208	213	-2.3%	-2.3%	-	798	781	2.2%	2.2%	-
Intl	142	141	0.7%	3.2%	-2.5%	563	551	2.2%	5.7%	-3.5%
WW	350	354	-1.1%	-0.1%	-1.0%	1,361	1,332	2.2%	3.6%	-1.4%
<u>KNEES</u>										
US	247	254	-2.8%	-2.8%	-	943	916	2.9%	2.9%	-
Intl	148	151	-2.0%	0.9%	-2.9%	581	580	0.2%	3.5%	-3.3%
WW	395	405	-2.5%	-1.4%	-1.1%	1,524	1,496	1.9%	3.2%	-1.3%
<u>TRAUMA</u>										
US	394	379	4.0%	4.0%	-	1,545	1,462	5.7%	5.7%	-
Intl	260	265	-1.9%	-1.2%	-0.7%	1,024	1,066	-3.9%	-1.9%	-2.0%
WW	654	644	1.6%	1.9%	-0.3%	2,569	2,528	1.6%	2.5%	-0.9%
<u>SPINE & OTHER</u>										
US	573	592	-3.2%	-3.2%	-	2,235	2,221	0.6%	0.6%	-
Intl	415	428	-3.0%	-2.1%	-0.9%	1,645	1,685	-2.4%	-0.6%	-1.8%
WW	988	1,020	-3.1%	-2.7%	-0.4%	3,880	3,906	-0.7%	0.1%	-0.8%
<u>SURGERY</u>										
US	1,023	1,044	-2.0%	-2.0%	-	4,026	3,991	0.9%	0.9%	-
Intl	1,364	1,369	-0.4%	0.8%	-1.2%	5,270	5,226	0.8%	3.3%	-2.5%
WW	2,387	2,413	-1.1%	-0.4%	-0.7%	9,296	9,217	0.9%	2.3%	-1.4%
<u>ADVANCED</u>										
US	393	384	2.3%	2.3%	-	1,524	1,430	6.6%	6.6%	-
Intl	515	486	6.0%	7.4%	-1.4%	1,993	1,845	8.0%	10.7%	-2.7%
WW	908	870	4.4%	5.2%	-0.8%	3,517	3,275	7.4%	8.9%	-1.5%
<u>GENERAL</u>										
US	415	430	-3.5%	-3.5%	-	1,669	1,702	-1.9%	-1.9%	-
Intl	687	717	-4.2%	-2.9%	-1.3%	2,693	2,780	-3.1%	-0.7%	-2.4%
WW	1,102	1,147	-3.9%	-3.1%	-0.8%	4,362	4,482	-2.7%	-1.2%	-1.5%
<u>SPECIALTY</u>										
US	215	230	-6.5%	-6.5%	-	833	859	-3.0%	-3.0%	-
Intl	162	166	-2.4%	-2.5%	0.1%	584	601	-2.8%	-0.4%	-2.4%

WW	377	396	-4.8%	-4.8%	0.0%	1,417	1,460	-2.9%	-1.9%	-1.0%
<u>VISION CARE</u>										
US	265	239	10.9%	10.9%	-	1,032	997	3.5%	3.5%	-
Intl	456	409	11.5%	9.9%	1.6%	1,753	1,611	8.8%	8.2%	0.6%
WW	<u>721</u>	<u>648</u>	11.3%	10.3%	1.0%	<u>2,785</u>	<u>2,608</u>	6.8%	6.4%	0.4%
<u>TOTAL MEDICAL DEVICES</u>										
US	3,148	3,152	-0.1%	-0.1%	-	12,266	12,132	1.1%	1.1%	-
Intl	3,294	3,275	0.6%	1.3%	-0.7%	12,853	13,005	-1.2%	0.7%	-1.9%
WW	<u>\$ 6,442</u>	<u>6,427</u>	0.2%	0.6%	-0.4%	<u>\$ 25,119</u>	<u>25,137</u>	-0.1%	0.9%	-1.0%

* Percentage greater than 100%

** Not meaningful

(1) Operational growth excludes the effect of translational currency

(2) Unaudited

(3) Prior year amounts have been reclassified to conform to current year product disclosure
(see supplemental sales information for further detail)

(4) Reported as U.S. sales

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