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PRESENTATION

Operator

Ladies and gentlemen, at this time, we ask that you please turn all cell phones and electronic devices on silent. And please note that recordings, photography and screenshots of any kind are prohibited throughout the program. Thank you.

Welcome to the Johnson & Johnson 2023 Enterprise Business Review Meeting. Please note that today's presentation includes forward-looking statements and non-GAAP financial measures. We encourage you to review the cautionary statement included in today's presentation, which identifies certain factors that may cause the company's actual results to differ materially from those projected. These factors are described in our SEC filings, which are available at investor.jnj.com in addition to reconciliations of any non-GAAP financial measures used in today's presentation.

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

(presentation)

Operator

Ladies and gentlemen, please welcome Vice President, Investor Relations, Jessica Moore.

Jessica Moore ***Johnson & Johnson - Vice President, Investor Relations***

Hello. Welcome, everyone. Thank you for joining us today, both in person and virtually. On behalf of the entire leadership team, it is my pleasure to welcome you to Johnson & Johnson's first-ever Enterprise Business Review, highlighting both Innovative Medicine and MedTech. We have a great day ahead of us, and we are excited for our many incredible leaders to provide you with insights into our long-term strategy.

When preparing for today, we did benchmarks of industry standards. MedTech companies tend to provide an outlook that's 2 to 4 years out. While pharmaceutical companies tend to provide an outlook that is 5 or more years. Given this, we will be providing long-term views for our MedTech business through 2027 and for our Innovative Medicine and enterprise as a whole through 2030. While we'd be quoting several financial figures throughout today, unless otherwise stated, financial figures represent non-GAAP measures and exclude the impact of currency.

Now looking at today's agenda. Joaquin will kick us off with an enterprise overview. You will hear from our MedTech leaders, including the opportunity for Q&A. Next, we will have a 1-hour break where we welcome those of you attending in person to visit our leaders at the live exhibits.

Exhibits can be found in both Siebert Hall and Freedom Hall on the 6th and 7th floors, where you'll also be able to enjoy lunch. For those of you that are joining us online, we encourage you to take advantage of our summaries for each exhibit available at our Investor Relations website.

Following the break, you will hear from our Innovative Medicine leaders, including the opportunity for Q&A. Joe will then walk you through our long-term financial goals and capital allocation strategy. We will conclude with enterprise Q&A. Following the Q&A, the exhibits will open for one last time. For those of you attending virtually, questions can be submitted for any Q&A session through the Ask a Question feature on our webcast page.

For your convenience, all exhibit summaries, the presentation material or any other content from today's session can be found on our Investor Relations website. When we conclude, many of you will receive an e-mail asking to complete a short survey. Your feedback is important to us so we can continuously improve, so we appreciate if you could take your time. Thank you all again for joining us today and your continued interest in Johnson & Johnson.

It is now my distinct honor to hand it over to Joaquin Duato, Chairman and CEO of Johnson & Johnson.

Operator

Ladies and gentlemen, please welcome Chairman and Chief Executive Officer, Joaquin Duato.

Joaquin Duato ***Johnson & Johnson - Chairman and Chief Executive Officer***

Hello, everyone, and thank you very much for joining us today. It is an incredible moment for our company. This morning, we were proud to be able to ring the bell of the New York Stock Exchange, and I felt it as a symbolic moment for our company. In many ways, this was the starting bell for the new Johnson & Johnson.

We have entered a new era, one that is exclusively focused on medical technology and innovative pharmaceuticals. We remain the largest and most diversified health care products company in the world. We are an innovation powerhouse. And with the separation of our consumer business, we have a stronger growth and margin profile, and we are more focused and more agile.

You know, I have been at Johnson & Johnson for more than 30 years. And let me tell you, I have never been more excited about the future of our business. The breadth of our portfolio, the depth of our pipeline is unique in our industry. So what does that mean? It means that we can innovate across the entire patient pathways in ways no other company in the world can. It's our work in oncology, in vision, in robotics, in cardiovascular, areas where we are transforming care across both our Innovative Medicine and MedTech businesses.

This is also an incredible time for our industry. As you have heard me say before, I believe that science and technology will advance human health more in this decade than we have seen in the last century. We're going to see more effective and more personalized treatments, earlier intervention and smarter and less invasive health care. And I'm convinced that Johnson & Johnson, it's going to be the company leading in the next wave of innovation.

As we evolve as a company, our purpose and our credo remain the foundation. Our commitment to our credo is stronger than ever. That's why I was so proud to have all our credo stakeholders represented at the podium in this morning's bell ringing. We had our patients, doctors, nurses, employees and also some of you, our investors.

So today, alongside of many of our talented leaders, I'm excited to talk to you about our company's vision and our confidence in our future. We are going to cover the areas that you told us you wanted to hear about. What's our overarching strategy, vision and path forward as the new Johnson & Johnson, our capital allocation priorities and approach to M&A and how we will accelerate growth in the back half of the decade.

So let me start with some of the top headlines. For the first time today, we are announcing guidance for 2024 with anticipated full year operational sales growth of 5% to 6% and adjusted operational earnings per share growth of 7.3% at the midpoint. This pace of growth reflects the strength of our portfolio and the progression of our pipeline.

We also expect to grow operational sales by more than 3% in 2025, which is the first year of STELARA biosimilar entrants in the U.S. This is a claim that few other companies can make when a product of this size faces biosimilar competition. And looking further ahead, we are projecting an operational sales compound annual growth rate of 5% to 7% from 2025 to 2030.

And here's how we will achieve this remarkable growth. In MedTech, you know my ambition is to make our MedTech business our best-in-class performer, and we are doing just that. We will accelerate growth at the upper range of our MedTech markets through commercial execution, differentiated innovation and by moving into higher-growth markets like you saw last year with the acquisition of Abiomed. We are increasing MedTech R&D investment and have doubled the value of our pipeline since 2018. And with 1/3 of our MedTech revenue expected to be generated by new products by 2027, we have confidence in the trajectory of our MedTech business.

I know you are also interested in the exciting pipeline of our Innovative Medicine business and how it will translate to growth in the back half of the decade. So let me also give you some headlines about Innovative Medicine. By 2030, our industry-leading pipeline and portfolio is expected to deliver more than 10 assets that have the potential to generate over $5 billion in peak year sales and further, 15 assets that have the potential for $1 billion to $5 billion in peak year sales.

Let me now move to our pipeline. By 2030, we expect to deliver more than 20 novel medicines and more than 50 product expansion filings. Our portfolio reflects our rapid shift to areas of high innovation and high growth, which you're already seeing with our progress in cell therapy, multispecific antibodies, gene therapy and with our oral peptide.

Our confidence is built on a strong foundation, something that our investors have come to expect from Johnson & Johnson. We are deeply committed to maintaining a robust credit profile, strong cash flow generation and a healthy balance sheet. This enables us to execute our capital allocation priorities and invest strategically to unlock accelerated growth for our business over the long term. This also is what has enabled us to deliver 61 consecutive years of increased dividends. When coupled with share repurchases, in total, we have returned more than 60% of 5-year free cash flow to shareholders.

Globally, we are powered by an incredible team of 130,000 people. That includes more than 26,000 people working in R&D, innovation and engineering and approximately 6,000 people in data science and digital who are embedded across our business. It's their work

which is accelerating our innovation.

In the past 5 years, our business development teams have assessed thousands of opportunities to innovate, investing more than $30 billion in M&A and upwards of $2 billion in licensing deals. These investments and collaborations continue to strengthen our pipeline with new investigational assets like our targeted oral peptide, CD20 targeted CAR-Ts, and with breakthrough innovations that have already reached patients like MONARCH, VELYS or CARVYKTI.

And our organic investment is significant with over $60 billion invested in R&D over the last 5 years, making us one of the top R&D investors in all of life sciences. You will be hearing more about our capital allocation strategies and M&A strategy from Joe this afternoon. Fundamentally, our approach remains unchanged. Our business development and innovation investments are assessed through a scientific, strategic and financial lens.

Our financial strength allows us to execute deals of all sizes. And from day 1, we are focused on delivering on the promise of a transaction like we are doing today with Abiomed. Our innovation engine has delivered 18 new medicines in the last decade and nearly 100 new MedTech product introductions since 2018. It is an engine that makes us the only company that can simultaneously advance robotic solutions across endoluminal, orthopaedics and general surgery. It is an engine that has produced a broad and diverse portfolio with 26 products and platforms that each generate more than $1 billion in sales annually.

The plans that you will see today will enable us to deliver strong and competitive growth. It will help us accelerate value creation. They will lead us into the next wave of innovation and they will transform health care. As you can see, we are evolving. We are driven because we believe health is everything. Our teams are determined to make an impact, and we are fueled by breakthrough science and transformational technology. Thank you, again, for joining us today on a journey into the future of medicine.

(presentation)

Operator

Ladies and gentlemen, please welcome Executive Vice President, Worldwide Chairman, MedTech, Tim Schmid.

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

Hello, everyone. It is a pleasure to be with you at such an incredible moment in our industry. I've been with Johnson & Johnson in MedTech for 30 years, in fact, my entire career. And during this time, I've experienced firsthand how MedTech as an industry has grown, driven considerably by the work we do at Johnson & Johnson. Now I am truly passionate about people and about health care. My mother was a palliative care nurse who worked well into her 60s, working with patients during their most vulnerable moments. And it was through her that I found my own calling and developed an affinity for health care and the important purpose that we all share here at Johnson & Johnson.

I started working right on the front lines of MedTech as a clinical sales specialist in Canada. And that's where I first learned that our job in this industry is ultimately helping to make clinicians better at what they do, which is improving and saving lives. And it's with this spirit of partnership in mind that I've worked closely with clinicians throughout my career to help build multibillion-dollar MedTech businesses here in North America, in Europe, and most recently in Asia, where I was at the forefront of establishing Johnson & Johnson MedTech's #1 market leadership position in that region.

Now I am proud, along with the talented team you will meet today to have been part of Johnson & Johnson MedTech's growth story and that turnaround over the last 5 years. And I'm honored to be here to represent the work of our dedicated associates around the world. You've already heard Joaquin speak about building a best-in-class medtech company, and that is exactly what we are doing.

As I step into this new role, I'm committed to building even further on the progress we've already made. And while I recognize, like you, that we have more work to do, I'm focused on further advancing our impact and our competitiveness. Our goal is clear and it is to be #1 or #2 in every market that we compete.

So let's get on with it. Today, we will ground you in the robust opportunity we enjoy in MedTech. We will review our accelerated business performance, and we will also show you how we plan to deliver operational growth in the upper range of the markets in which we compete moving forward.

You know, more than ever before, the world is demanding greater medical intervention. COVID-19, as you all know, really put the importance of public health directly in the spotlight and made people more connected to their personal health and well-being.

We also know that a rapidly aging global population is driving a growing disease burden. And as a result, health care spending is at an all-time high. At the same time, the world is expecting more from medical intervention. People want medical technology to be smarter, less invasive and more personalized to them individually. With our trusted portfolio, our global reach and scale and our differentiated pipeline, Johnson & Johnson MedTech is uniquely positioned to meet this demand, which will grow our business while also bringing life-changing and life-saving technologies to patients all around the world.

As you know, today, we are the second largest medtech company globally. Our end markets are more than $100 billion, growing at a weighted average of 5% to 7%. And we expect our business to grow operationally in the upper range of the markets in which we play. Within this dynamic segment, we're focused on continuously increasing our exposure to higher-growth markets where we can tackle the most pervasive and complex health challenges, and in doing so, impact even more patients.

So as you know, we've been on a journey to accelerate our growth and enhance our competitiveness. Our highly diversified business consists of 12 $1 billion platforms. In fact, 4 of those platforms deliver more than $2 billion annually.

In addition, most are either 1 or 2 in the markets in which we compete, and over the past 5 years, a majority have either maintained or gained market share. And 5 of our priority platforms have double-digit market share leads over our nearest competitors.

Across Johnson & Johnson MedTech, we have accelerated our performance over the last several years to become more competitive, and we will continue to be absolutely relentless here. For the third straight year, we expect our organic sales growth to be at least in line with or ahead of our competitive composite, which as you all know, is a group of peer companies that we reference in our annual report.

And when you compare our third quarter 2023 year-to-date adjusted operational sales growth of 7.4% to full year 2017 when we grew 1.5%, you'll see that we delivered, on average, 1 point of incremental growth each and every year. Now let's face it, this is no small feat for the second largest medtech company globally, particularly when most of the companies in our competitive composite are half of our size. Also, while we have, like our peer set, seen a positive impact resulting from COVID-19 procedure recovery, it is important to note that this has not been the main driver of our performance. Instead, our performance is a result of our commitment to innovation and our continued focus on shifting our portfolio into higher-growth markets. This, along with robust commercial execution and our expansion into higher-growth geographies, especially in Asia.

Now let me dive a little deeper into the role organic innovation is playing in the evolution of our portfolio to higher-growth markets. Our world-class scientists and engineers are partnering with leading clinicians around the world to deliver greater impact for patients. And our goal is to continue investing heavily in research and development and to increase its productivity. In fact, last year, we invested $2.5 billion in R&D, one of the highest overall R&D spends among our competitive composite. And we've increased our investments as a percentage of sales from 6.5% in 2018 to 9.1% last year. This commitment to R&D has allowed us to launch, as you heard from Joaquin, nearly 100 new products since 2018.

We've also doubled the value of our pipeline. And as a result, we expect that 1/3 of our revenue in 2027 will be generated by new products. We've also, as you know, increasingly employed inorganic innovation to accelerate the shift of our portfolio into high-growth markets. In the last 5 years, we've invested $22 billion in M&A, and at the same time, exited lower-growth markets. With nearly 40 venture capital investments, we're working aggressively to identify new opportunities to address critical unmet needs. For example, as you know, cardiovascular is one of health care's highest unmet needs and one of the fastest-growing global markets in medtech. This is an area of focus for us within our Interventional Solutions portfolio, and we have now successfully integrated Abiomed, the world leader in heart recovery into our portfolio, and we are tracking ahead of our deal model.

Building on this commitment to cardiovascular, we also announced last week the acquisition of Laminar, a company focused on eliminating the left atrial appendage to prevent stroke in AFib patients. These 2 investments in truly differentiated innovation, coupled with our existing global market leadership position in electrophysiology further reinforces our commitment to growing Johnson & Johnson's position in cardiovascular.

So you may ask, what's been the net result of this commitment to both organic and inorganic innovation? Well, half of our portfolio is now projected to be in higher-growth markets this year. That's compared to roughly 20% in 2018, and you can rest assured we intend to build on this momentum. Okay. So I've talked now about where we've come from and what we've accomplished over the last several years. Let's now focus on what you can expect from us moving forward.

Our MedTech business aims to further improve our financial performance and ultimately create more value for Johnson & Johnson by enhancing our focus on 3 key value drivers: number one, advancing our differentiated pipeline and continuing to shift our portfolio into high-growth markets; two, expanding our reach and scale around the world; and three, building operational resilience across our portfolio. With this, we expect to grow operationally in the upper range of the markets in which we play.

Let's now take a deeper look at these 3 key value drivers. First, we know that incremental innovation alone is insufficient to achieve our goals. We have a balanced approach to innovation and that we're focused on differentiated product upgrades while also placing big bets on building a pipeline of truly differentiated innovation to address significant unmet needs. You'll hear shortly from Ahmet Tezel, our Head of R&D, but first, let me share some highlights.

Johnson & Johnson has been at the forefront of surgery from the very early days of our company founding, and we remain the global market leader in surgical technologies today. And we continue to innovate across open, laparoscopic and robotic surgery to ensure our continued leadership.

As recently announced, we plan to submit an Investigational Device Exemption to the FDA in the second half of 2024 for OTTAVA, our soft tissue robotics platform. In orthopedics, we keep nearly 7 million people moving each year. We continue to advance differentiated programs with the potential to change the current standards of care, including smart plating systems and the continued expansion of VELYS, our robotic-assisted solution.

And we are advancing our Interventional Solutions portfolio, especially, as I mentioned earlier, in cardiovascular. For example, we expect to maintain our position as the clear market leader in electrophysiology through updates to our carto system and our pipeline of solutions in pulsed-field ablation.

We're also very excited about our entrance into heart recovery with Abiomed. Cardiovascular disease is a leading cause of death worldwide, and all forms of the disease lead to heart failure. Abiomed has made heart recovery possible, and J&J is now the undisputed world leader in heart recovery.

Our product pipeline has 3 additional Impella heart pumps under development or in clinical trial as we work to make the Impella pumps smaller, smarter and even more connected.

And in our Vision business, we meet the eye health needs of 40 million patients around the world every year. Today, we are the global market leader in contact lenses with ACUVUE. We're also working to control myopia progression with our therapeutic contact lenses and to enhance vision quality for cataract patients through our TECNIS intraocular lenses.

So to summarize, our differentiated pipeline, combined with continued inorganic innovation will further shape our portfolio to maximize growth, create value and penetrate high-growth end-state markets.

Our next key growth driver, continued global expansion. Today, as you probably know, 50% of our revenue is driven outside of the U.S. And while the U.S. will remain an absolute priority for us, given that it is the largest medtech market, continued global expansion will

prepare our growth into the future. And to facilitate this growth, we will continue to disproportionately deploy resources into countries where we have the highest potential for growth.

And we know how to compete globally, and there is still tremendous opportunity. This is where the scale of Johnson & Johnson really matters. For example, in the Asia Pacific region, this has been -- we have significant unmet needs and a vast and growing health care sector. In fact, today, 60% of the world's population, and as a result, 60% of the world's patients call this region home. By 2050, 1 in 3 will be over the age of 65, and as a result, highly active consumers of health care. We are the #1 MedTech company in this region, which is home to the second and the third largest health care markets in the world, China and Japan.

So you may ask, well, what sets us apart as a global player? Well, we have several key differentiators. Firstly, a global network of trusted relationships with clinicians. We have highly trained clinical sales expertise across multiple segments. We have deep regulatory capabilities which are critical to market access.

And finally, world-class professional education, which is fundamental to technology adoption in MedTech. Together, these capabilities enable us to penetrate more markets around the world faster with our highly differentiated premium products. For example, we'll help recover more hearts globally by expanding Impella heart pumps. Today, 80% of our Abiomed sales come from the U.S. Now Johnson & Johnson's global infrastructure is opening doors for rapid expansion.

Likewise, in robotics -- in robotic surgery, last month, our MONARCH platform became the first minimally- invasive robotic-assisted technology approved for peripheral lung procedures in China. There are more than 2 million patients diagnosed with lung cancer each year around the world, and nearly 40% of these patients live in China. Also, in just 2 years since we began the commercialization in the U.S. of our VELYS robotic assisted solution, more than 35,000 procedures have been performed globally. It's already commercially available in 15 markets, including the U.S., Europe and Asia Pacific and will continue to expand in 2024 with the recent CE Mark approval.

Shifting now to our high-growth electrophysiology platform. Globally, less than 5% of patients who would benefit from cardiac ablation actually have access to it. We're working to further expand treatment pathways to ensure more patients get access to this life-changing intervention.

Now finally, let me touch on the theme of operational resilience, which I know is incredibly important to you. We are proud of the progress we have made accelerating growth. That said, we also understand that building further resilience in our operations will be key to navigating a dynamic macro environment while also advancing our competitiveness and improving our operating margins.

Firstly, we are big and complex, and we will work even harder to meaningfully simplify our ways of working, to accelerate our speed of decision-making, to reduce costs and remove operational barriers that may have the potential to slow our people down. Secondly, we are reimagining our operations and supply chain capabilities to support both the top line growth that we're expecting but also to improve margins and generate cash flow to fund our future.

We're also strengthening product reliability and customer loyalty by localizing manufacturing, sourcing and innovation where it makes sense. And finally, the continued digitalization of our business will underpin absolutely everything we do across the product life cycle and customer journey from the way we develop new innovations to the way we engage with customers and patients. For example, we're harmonizing our IT systems to reduce complexity and increase overall efficiency and productivity.

We are in an incredible moment in our industry because medical technology is fundamentally transforming health care. Johnson & Johnson MedTech is on a path to even stronger performance, which means better outcomes for all of our stakeholders, for patients, for clinicians, for our employees and, of course, for our shareholders. And many of our global leaders are here today to tell you how we expect to continue to grow operationally in the upper range of our markets.

We have a highly competitive team united by our purpose to improve and save lives. You know, throughout Johnson & Johnson's history, this purpose, along with the values embodied in our credo have guided us, and they will continue to drive us to tackle the most pervasive

and complex health challenges. Thank you.

Operator

Ladies and gentlemen, please welcome company Group Chairman, MedTech R&D, Ahmet Tezel.

Ahmet Tezel ***Johnson & Johnson - Company Group Chairman, MedTech R&D***

Good morning. Medtech is fundamental to a new era in health care, and Johnson & Johnson MedTech is fundamental to the industry where devices are smarter, less invasive and more personalized. A year ago, I took on the privilege of leading R&D at Johnson & Johnson MedTech, where teams have been progressing in health care for over a century through deep medical and engineering expertise. Working alongside physicians, surgeons, hospital systems and payers, we've gained strong understanding of providers' needs, their patients' needs and the global health ecosystem. And this expertise is more important than ever.

Globally, we know that health complications and diseases are only growing, putting enormous pressure on health systems and governments. And at the same time, patient expectations and rightfully so are becoming more demanding. As patients, we all want better access to care that allows us to get back to our daily lives faster and easier. And that's why we turn to medical technologies to help deliver on what the world needs from health care. Johnson & Johnson is uniquely positioned to deliver those technologies with a best-in-class MedTech segment.

Our R&D organization is driving market-leading innovation with clinical capabilities, regulatory know-how and technical depth that only Johnson & Johnson can deliver. It's the breadth of our portfolio, our global reach and the connection to health care professionals. It's also our scale. As the second largest medtech company, we invest $2.5 billion in annual R&D spend, and nearly 15% of this investment goes to preclinical and clinical evidence generation.

There are many qualities that set Johnson & Johnson MedTech apart, like our broad footprint around the world with more than 35 global innovation hotspots. Across Europe and Middle East, we have strong IP and expertise in 3D printing, biomaterials, sensors and software development.

In China, we are driving localized R&D with deep reach to physicians and patients through collaborations with key hospitals and advocacy groups. And across the U.S., we are developing the next generation of robotics and designing next-generation capital equipment.

The broad footprint across the R&D organization allows us to deliver differentiated innovation, and this is how we do it. We drive complex product development. The number of U.S. Class III development programs in our pipeline is now more than 15. Class III products require the most rigorous FDA evaluations, critical to developing innovative solutions for patients with also higher barriers to entry for other competitors.

We unlock the potential of data science. With the use of AI and computational modeling, we have been able to analyze large data sets. We then take those insights to refine our innovations for better performance and for better patient outcomes.

And we collaborate with the world for the world. We are agnostic about the source of innovation in our portfolio, constantly scanning the market for the next groundbreaking medical pathway. Since 2020, we have initiated 21 JJDC investments and closed 18 early-stage collaborations through J&J innovation, ensuring a strong network of external partners and giving us access to a new frontier of innovation.

Across the industry, we know that R&D organizations are feeling more pressure to deliver innovations in a complex regulatory, clinical and supply chain landscape. You know, it reflects our strength that through these pressures, we have nearly doubled the R&D productivity since 2018 against an increasing pipeline value.

We have launched nearly 100 major products since 2018. And in 2022, we had more than 80,000 patents across our platforms, the most IP in the medtech industry.

We are growing R&D investments faster than our sales and have doubled the value of our pipeline since 2018. And as we look to the future, we believe the momentum will continue. Nearly 1/3 of our 2027 revenue expected to be generated by new products. And we will drive stronger integration and collaboration across our engineering, regulatory, clinical and supply chain teams to accelerate our robust pipeline of market-shaping innovation.

In each of our core areas, we are seeing exciting innovations that are delivering smarter, less invasive and more personalized solutions. We believe these innovations will sustain our top-tier growth over the next horizon.

Let me start by talking about our CARTO 3D mapping system, the command center for electrophysiology procedure navigation. It uses 4 million lines of code to guide our advanced catheters to help identify ablation targets and pinpoint treatment for heart arrhythmias like AFib and tachycardias, which affect more than 38 million people worldwide. Version 8 of this system is the first version supporting machine learning algorithms to automatically map the anatomy. It also provides hospitals with post-case analytics and clinical insights.

Besides CARTO, we have also developed CARTONET, a cloud-based application which has gathered more than 75,000 cases to date, including details about the ablation location, the force, the stability and duration. The more data we collect, the better the outcomes we can help support. This is the promise of a connected medtech. The investigational pulsed-field ablation portfolio you saw in the previous pipeline will also integrate with CARTO 3D mapping system, elevating our leadership in electrophysiology to new heights.

In orthopedics, we have a comprehensive biomaterials portfolio with solutions like FIBERGRAFT, the first bone graft substitute using boron-based bioactive glass to enhance cell proliferation for bone growth and bone health. This is really important for patients to heal properly after surgery.

We're also excited about the potential to bring new robotic offerings in the spine and partial knee space. And as we look to the future of orthopedics, we're building embedded sensors, smart end effectors and AI-based planning to deliver that personalized enabled tech.

In our Surgery business, we're expanding the indication of MONARCH, the first and only flexible robotic platform cleared for the use of bronchoscopy and urology procedures. MONARCH's recent approval in China for lung procedures is a first for the country. China has one of the highest incidents of lung cancer with over 40% of the world's cases. This is a huge opportunity for us to address a critical unmet need.

As Tim mentioned, we shared more information about the time line and design features for OTTAVA last month. This system will have the exclusive access for our Ethicon Instrumentation, where we have been the market leader for more than 100 years. You will hear more about these innovations from my colleagues and be able to see some of them firsthand at our booths.

We're also advancing underlying capabilities that will support a number of our innovations. For example, advanced visualization will be critical for the future of surgery. Our advanced visualization capabilities will enable things like anatomical measurements or critical structure identification, which effectively lights up structures like veins and can even identify tumors.

In our Orthopedics business, our TELIGEN system that you see here allows surgeons to see into the implant cavity in minimally invasive spine procedures. This means surgeons will see a never-before-achieved level of visibility of a patient's specific anatomy, enhancing their intraoperative decision-making.

Let me close by underlining the significant opportunity Johnson & Johnson MedTech has to lead the way in delivering smarter, less invasive and more personalized solutions for today and in the future. Johnson & Johnson MedTech can bring together a mix of clinical capabilities, regulatory know-how and the technical expertise at scale.

Our differentiated portfolio of market-shaping technologies is going after the biggest unmet needs and high-growth areas like cardiovascular, vision correction and robotics. And we are well positioned for top-tier revenue growth with game-changing innovations, including OTTAVA, MONARCH, VELYS, PFA, Impella ECP and ACUVUE Abiliti, that will raise the standard of care for patients and drive

the future of health care for the next decade and beyond. Thank you.

Operator

Ladies and gentlemen, now joining us via video, please welcome company Group Chairman, Cardiovascular and Specialty Solutions, Celine Martin.

Celine Martin ***Johnson & Johnson - Company Group Chairman, Cardiovascular & Specialty Solutions***

I'm sorry to not be with you in person today, but I'm pleased to have the opportunity to share my excitement for our electrophysiology business. Cardiovascular disease is the #1 cause of death globally. And as Tim mentioned, we're keen to expand our portfolio in high-growth cardiovascular markets. Last year, we completed the acquisition of Abiomed, the world leader in heart recovery. And just last week, we are pleased to announce the acquisition of Laminar, a company focused on eliminating the left atrial appendage to prevent stroke in AFib patients. And when it comes to AFib, our mission is clear, to cure atrial fibrillation.

We're proud to be #1 in the electrophysiology space. This is a $7 billion market that is expected to grow 11% to 13% over the next 5 years. And this is a market we've shaped with over a decade of double-digit growth, winning share and delivering innovation for patients around the world. AFib is a growing epidemic. It is a condition that affects nearly 38 million people worldwide today. And by 2050, 5 million new patients will be added to the pool each and every year. So why does it matter?

Well, it means that 1 person out of 4 over the age of 40 would experience AFib in their lifetime, and AFib patients are 5x more likely to experience a stroke and their mortality risk that's increased twofold. Fortunately, there is a cure for AFib. It is called cardiac ablation. Yet less than 5% of AFib patients receive an ablation today. As a market leader, we have a responsibility to reach more patients and elevate standards of care. And that's exactly what we've been doing.

Over the last 10 years, through an impressive cadence of innovation, we've been able to increase success from 66% to now 86%, and 86% is considered best-in-class clinical success. This was only made possible with our latest RF ablation catheter, QDOT MICRO, which is known for its very high-power short duration ablation.

We've also made remarkable progress reducing procedure time going from what used to be 3.5 hours in the past to less than 1 hour today. And we are eliminating exposure to radiation with the only FDA-approved zero fluoro workflow. You can only get that when you use the CARTO navigation system. This is best for patients but also best for clinicians who no longer have to wear heavy protective gear when they work in the lab every day.

Another way to help patients is faster access to therapy. Why? AFib begets AFib. The longer patients wait, the worse the outcome will be. With our ER to EP program, we'll be partnering with health care systems to optimize referral pathways for patients presented to the emergency room with AFib. And on average, we're seeing a 70% decrease in time to ablation where such programs are in place. This is a win-win for health care systems and for patients.

We're also proud of the momentum we have with programs like Get Smart About AFib. We've created the world's largest online AFib patient community where we share vital information on the signs and symptoms of AFib, and we educate on the benefits of cardiac ablation.

You know I'm often asked, what is the secret sauce that has made J&J MedTech so successful in the field of electrophysiology? And at the end of the day, it comes down to our products, our people, and our close partnership with the AFib community.

So how do we do it? First, we take a very focused approach to innovation. We're solving for unmet needs, locate where to ablate, deliver better lesions, simplify the procedure and eliminate fluoroscopy. And we work with EPs every step of the way in our development process. Then we use our unmatched scale to deliver innovation to the marketplace. We have the biggest reach on access of any company in the EP space. We have the world's largest installed base of mapping systems. We have the largest network of mappers, twice the size of our nearest competitor.

Our CARTO mappers are highly trained professionals known to be trusted partners to EPs. They share best practices and they enable consistency in workflows and outcomes. And finally, underpinning all of this, we have the most comprehensive professional education in the medtech industry. We expect pulsed-field ablation or PFA to be the next chapter in elevating standards of care.

So let me explain how we plan to tackle it. First, we are delivering a PFA ecosystem, one that is, from the get-go, fully integrated with our CARTO 3 mapping system. 3D mapping has been the cornerstone of any cardiac ablation procedure over the years. Why? Because when you're operating inside the heart, you need to know where you are and where you're going. CARTO is the only system that integrates parameters such as tissue proximity indicators, contact force measurement and ablation index. These tools provide Eps with real-time feedback that have proven to be critical for lesion durability and long-term outcomes in RF today and we expect it will be the same for PFA.

Next, looking at our catheters. We're advancing a full portfolio of options, multi-electrode, focal, large focal and single shot, all designed to tailor therapy to patient anatomies and physician preferences. And here again, we're learning from our experience, it drives clinical success.

So let's zoom in on each catheter. First to market will be the VARIPULSE multi-electrode catheter. We shared interim 12-month data from our inspIRE study in Europe, showing 79% clinical success and our full results look even better. We'll share more about it next month.

Next up, and where we expect to see the most rapid uptake in our PFA portfolio is our Dual Energy THERMOCOOL SMARTTOUCH SF Focal-tip Catheter. We completed enrollment in our EU study in June, and we are now in the 12-month follow-up period. We are particularly excited about this technology. It has the same look and feel as the RF-only version, which is currently #1 in the category.

And it is important because ablation involves a lot of muscle memory, and this is a technology EPs already know and trust.

We're also progressing OMNYPULSE, our large tip focal technology, which is currently enrolling in our European study. And last but not least, we're making strides in the development of our next-generation single-shot PFA technology. We're making tremendous progress towards our commercial launch readiness. And I'm pleased to share that the TRUPULSE system has just received CE Mark, truly paving the way for PFA solution to enter the market in Europe.

Here is the big takeaway. We're very bullish about the AFib market for 3 key reasons: number one, this is a growing underpenetrated markets while we have real opportunities to deliver life-changing ablation solutions for AFib patients; number two, we are the undisputed market leader today. Through a focused approach, we are developing groundbreaking innovation that delivers best clinical outcomes, short procedure times and zero fluoro workflows.

Finally, we're ready to win in PFA. We're delivering a differentiated PFA ecosystem that is integrated with CARTO from the get-go, coupled with our unmatched network of CARTO mappers to support electrophysiologists, we are well positioned to win. Millions of patients with cardiac arrythmias are waiting and counting on us to make a difference in their lives. Together, we'll help patients with AFib live the lives they want.

Operator

Ladies and gentlemen, please welcome Global Head, Heart Recovery Michael Bodner.

Michael Bodner ***Johnson & Johnson - Global Head, Heart Recovery***

Abiomed is more than the leader in heart recovery. Abiomed created the field of heart recovery, and our innovation has a demonstrated record of double-digit growth. Together, alongside the industry-leading work you just heard about in electrophysiology, J&J MedTech is poised to lead in the high-growth cardiovascular space. Coronary artery disease and heart failure are global epidemics, so here's the opportunity we have today within our 5 core geographies.

We are currently treating less than 3% of the total addressable market of 2 million patients, and heart failure remains one of the highest

unmet need categories. It's also one of the most expensive to treat. Abiomed's Impella heart pumps offer safer and less invasive treatments for this growing patient population. Heart failure, is pump failure, and it's the end stage for all cardiovascular disease.

So our goal is to drive therapy adoption and expand beyond our core geographic markets. And Abiomed is proud to pursue this goal as a part of Johnson & Johnson where we are already performing ahead of our deal model expectations. Our portfolio today addresses a large patient population of high-risk PCI and cardiogenic shock.

Next, we'll move into other manifestations of heart disease like acute decompensated heart failure and chronic heart failure. So now let me share more about Impella. When we injure a muscle in our body, we take the time to rest so we can heal. The same is true of our heart, except it's our most important muscle. It also needs to rest and recover, especially after a trauma like heart failure. And Impella makes this possible by providing temporary circulatory support. It's inserted percutaneously in the cath lab or surgically with a small incision in the operating room. It's placed in the left or right ventricle of the heart. It's turned on and it takes over the heart's pumping function until it's turned off and removed. It sounds simple but blood is very fragile. It's extremely challenging to safely pump blood with enough force to circulate it around your body. That's the magic of Impella. It moves blood safely.

Currently, we have 3 Impella heart pumps on the market. Impella CP and Impella 5.5, they support the left side of the heart. Impella RP supports the right side of the heart. For more than 20 years, we've continually improved Impella heart pumps, building on the strong foundation laid by our founding scientists who are still driving our innovation today. We have no direct competitors, and the IP behind these pumps is protected by nearly 5,000 patents.

Let me give you 2 examples of the types of patients Abiomed supports. Grant Queen is a husband, Marine and former school teacher from North Carolina. Last year, Grant's heart was so weak, he couldn't even walk through his house without having to stop and rest. But Grant was turned down for heart surgery because his comorbidities made him too high risk. Instead, Dr. Samuel Turner inserted Impella CP to protect the pumping function of Grant's heart while he placed stents and open Grant's arteries. One day later, Grant returned home and is back to his regular routine. This type of high-risk procedure makes up nearly half of Impella cases.

We also treat patients who have experienced a severe type of heart attack known as cardiogenic shock. When you go into cardiogenic shock, your heart can't pump enough blood to your brain and kidneys, and they start to die. That's what happened to Hillary Stefan, a wife and mother from Oregon. She was only 34 years old when she contracted COVID-19 and then developed myocarditis. Hillary slipped into cardiogenic shock and physicians implanted the Impella 5.5. She was so sick that her medical team began discussions with their family about a heart transplant, but after only 12 days supported by Impella, Hillary's heart had rested and recovered. Impella was removed and Hillary returned home to her family with her native heart.

Here is the unfortunate data. 50% of cardiogenic shock patients die. But with best practice, including early use of Impella, cardiogenic shock patients can have a survival rate greater than 80%. Our priority is to make Impella life-saving technology available to more patients around the world. And here are our 4 key growth drivers: one, indication expansion; two, geographic expansions; three, physician training; and four, new product introductions.

First, indication expansions. We are investing significantly in randomized controlled trials to drive adoption and make Impella the standard of care. STEMI DTU is studying if Impella can reduce heart muscle damage after a serious heart attack. The study is estimated to complete enrollment in late 2024 or early '25. If successful, this will lead to a new treatment option for nearly 200,000 patients in the U.S. alone. PROTECT 4 and RECOVER 4 are on-label studies powered for Class I indications to make Impella the standard of care for high-risk PCI and cardiogenic shock.

We also estimate the PROTECT 4 will complete enrollment in late 2024 or early '25. And RECOVER 4 enrolled its first patient just this quarter. Class I indications will significantly increase the number of patients receiving Impella as a therapy for these disease states.

Second, with the scale of J&J, we're expanding to new geographies globally. Currently, 80% of procedures take place in the U.S. Our goal is to make Impella available to more patients around the world. Third, we have a large and expanding clinical team that is training and educating health providers on the benefits and optimal use of Impella pumps daily. And finally, we are developing new products that are

lower profile, easier to use, smarter and more connected to increase adoption.

I'd like to highlight 4 of these new products in our pipeline. Impella ECP is the world's smallest heart pump. It's 35% smaller than Impella CP and is designed for improved safety and ease of use. It just completed its pivotal study with FDA submission anticipated next year.

Impella RP Flex is the newest version of our right-sided pump. It's designed to be easier to insert and we plan for a full commercial launch in the U.S. next year, and right heart failure affects about 50,000 patients per year in the U.S.

Impella BTR is in development as a bridge to recovery pump. The vision for Impella BTR is to create a minimally invasive, long-duration pump that allows a patient to go home on support with the potential to disrupt the $1 billion-plus LVAD market. We are currently conducting an early feasibility study, and we anticipate these products will help to unlock expanded adoption. We also have another product in development that's not a heart pump.

preCardia is a new therapy for the 300,000 persistently congested acute decompensated heart failure patients who don't respond well to pharmaceuticals. Our goal is to reduce the length of stay and rehospitalization rates of these patients to improve their quality of life. In 2021, preCardia received FDA Breakthrough Device status and is currently in an early feasibility study.

So as you can see, we continue to define and redefine the field of heart recovery. Abiomed continues to innovate for the field of heart recovery with a robust pipeline of products and clinical studies to address the large global unmet need in the cardiovascular space. And as we tap into the vast resources of Johnson & Johnson, we'll continue to expand in the U.S. and internationally, raising the standard of care in heart recovery for patients all around the world. Thank you.

Operator

Ladies and gentlemen, please welcome company group Chairman, Vision, Peter Menziuso.

Peter Menziuso ***Johnson & Johnson - Company Group Chairman, Vision***

Sight is our most dominant sense. 80% of what we perceive in the world around us comes through sight. This is why our mission is to help every person see their world clearly. Johnson & Johnson is a significant force in eye health. Every year, we improve and preserve sight for more than 40 million people around the world, and we see the opportunity to reach even more.

Let me tell you where we're headed because we're just scratching the surface. There are more than 2 billion people around the world that need a vision correction, and this number continues to rise every year due to an aging population and digital lifestyle trends. As a result, the vision market is growing at 5% to 7% annually with an estimated value of $20 billion by 2027. We are growing faster than the market today, and we expect to continue to do so with our differentiated innovation.

Our portfolio is broad, and it addresses eye health needs across a patient's lifetime from childhood myopia and the pediatric eye to investigational gene therapies to treat geographic atrophy and age-related macular degeneration.

Today, I'm going to focus on 2 of our core growth platforms, contact lenses and intraocular lenses, also known as IOLs. First, the contact lens market is valued at $10 billion today and is projected to grow 5% to 7% annually through 2027. We are the #1 leader in this space, the global market leader in contact lenses with our ACUVUE family.

So consider this, even with 120 million people that are wearing soft contact lenses today, the market is only reaching 10% of prospective wearers. Why? Well, there's 3 reasons. First is discomfort. New wearers often find lenses uncomfortable, and anyone who's ever transitioned from spectacles to lenses like myself, you understand what I'm talking about. Second, there's a lack of solutions for people that are living with astigmatism. Astigmatism is where the eye is shaped like a football versus round like a basketball. And we know that 40% of patients who need vision correction having astigmatism in at least one eye. This is a big opportunity. And third, patients drop out of lenses if they develop presbyopia. This is a condition where middle-aged and older adults have trouble seeing things up close, especially in low-light situations. But most people who have this experience, they don't know that multifocal contact lenses, like I'm wearing today, are an option.

We address these challenges with our latest innovation, ACUVUE OASYS Max 1-Day. It provides proven max comfort and max clarity versus our competitor. Now Max actually works with your eyes natural tear film, locking in moisture to maintain that superior comfort. Max also proves to have the highest level of blue violet light filtering, which is helping to design in today's world that digitally intense requirements that are in front of us.

Since launching across the U.S. and EMEA, we have seen rapid uptake, yielding unprecedented growth in our multifocal segment that's addressing presbyopia. This gives us confidence to launch in even more markets.

We also aim to launch MAX for people living with astigmatism in the coming years to meet that huge unmet need for so many patients. We do anticipate above-market growth and we've worked hard to ensure that we've made the right supply chain improvements across our entire fleet to meet all of our patient needs. So that's how we're driving innovation in contact lenses.

Now what I'd like to talk to you about is how we're driving innovation to treat cataracts. Cataracts are the leading cause of treatable blindness in the world. For most of us, developing a cataract is not an if, it's a when. Cataract is when your natural lens gets too dense and light can't easily get through. Today, a surgeon can remove a cataract and replace it with an IOL, with patients typically experiencing improved sight that same day. Cataract surgery is the #1 surgery performed around the world, 28 million procedures, but only 10% to 15% of people are getting advanced optical IOLs, specifically designed for astigmatism and presbyopia.

Given the global population that is aging, the patient need in this category is high and continues to grow. And the IOL market is valued at $3 billion today and is projected to grow 5% to 7% annually. We are proud to say that through TECNIS, our family of IOLs, we hold the #2 position in the surgical vision segment, and we have grown market share for the third consecutive year in a row. We anticipate growing the size of the market and closing the gap to #1. And here's how we're going to do it.

Today, when choosing an IOL, surgeons and patients must make trade-off decisions. For example, you can have a lens that is going to offer clear sight at all distances without spectacles but at the possible cost of glares and halos. Our technology combats these issues and improves the overall outcomes for both patients as well as surgeons. Our TECNIS family of IOLs offers a broad range of products tailored to a patient's lifestyle and individual needs. TECNIS Eyhance, our monofocal lens has become the new standard of care for patients who are looking for clear distance vision with improved intermediate vision as versus other monofocal lenses.

We've also recently launched advanced innovations with TECNIS Synergy and TECNIS Symfony OptiBlue, providing best-in-category low-light performance with increased range of sight for patients wishing to be spectacle-free. We are really pleased with the impact of these launches OUS, and we see significant opportunity to grow the global IOL market.

In the next 2 years, we expect to see full market launches of our next-generation lenses, TECNIS PureSee and TECNIS Odyssey. TECNIS Odyssey is suited for patients who want outstanding visual clarity near and far and who want to live without spectacles. It has great visual clarity at multiple distances, with low and manageable incidences of visual side effects like halos and glares.

For patients who are sensitive to visual side effects and are bothered by halos and glares, we've developed TECNIS PureSee, which minimizes those visual side effects while still providing outstanding middle and far distance vision. The combination of the clarity of vision, reduced visual side effects, ease of use, sets TECNIS Odyssey and TECNIS PureSee apart from currently available products.

So look, here's the bottom line. Our portfolio spans the lifetime of sight. We are winning in the contact lens and IOL markets today and have differentiated innovation for myopia management. We also have gene therapies that are in late development to treat geographic atrophy and age-related macular degeneration. Our expertise in optics, material science, innovative medicines and technology, all backed by the power of Johnson & Johnson positions us to lead the growing category of eye health into the future.

Innovation is who we are. We are creating whole new categories of eye health, including the first disposable contact lens and for presbyopia, the first contact lens and the first IOL. This strong legacy of first-to-market innovation gives us unprecedented brand trust among eye care professionals and patients. And we have deep equity with our preferred customer partners and are using data-enabled

experiences to better serve patients and improve outcomes.

So you can see we are well positioned to be the world's leader in eye health. And for Johnson & Johnson, success is where high science and high unmet need intersect, delivering the best for our patients now and into the future. This is what it looks like to make vision possible. Thank you.

Operator

Ladies and gentlemen, please welcome Company Group Chairman, Robotics and Digital, Hani Abouhalka.

Hani Abouhalka ***Johnson & Johnson - Company Group Chairman, Robotics and Digital***

At Johnson & Johnson, our robotics and digital ecosystem will support more personalized, more intelligent and less invasive health care. Today, I'll build on the information we shared in November around OTTAVA, including our time line and the system's unique characteristics. I'll also share more about the MONARCH platform and our vision for a connected digital ecosystem.

I want to start by saying that we are not new to digital innovation. We are building on work that has been ongoing across MedTech. For instance, our teams are showcasing our in-market robotic solutions, the MONARCH platform and VELYS robotic-assisted solution. Our teams are also showing a number of digitally enabled solutions in our portfolio like CARTO that are harnessing the power of data for more connected care. We are building on this innovation and leveraging our strength in science and technology to deliver what's next.

Robotics brings key capabilities to improve surgery, things like visualization, dexterity, ergonomics and stability. But after 20 years, there are still challenges with robotic surgery. At J&J, we understand the importance of listening to surgeons, and we've heard 3 key themes. First, surgeons are asking for increased availability and flexibility in robotic surgery. We need to address these challenges with scheduling, procedure throughput and workflows.

Second, surgeons and surgical teams need help to lighten the physical and mental load. And then lastly, digital is critical for what's next in surgery. Disease is connected, data should be, too. We believe that if we address these challenges, we can deliver an experience that is more human, more adaptive and more connected for the benefit of patients. OTTAVA, our soft tissue robotic platform, is our answer to these challenges. In November, we shared our plans to submit an IDE to the FDA in the second half of 2024. We remain firm and confident in this time line.

Our team is conducting periodic meetings with FDA to continue alignment and inform our plans. We are well underway to be ready for the clinical study. So you might ask, what makes OTTAVA different? As we said in November, due to intellectual property, we're not yet sharing every detail of the Ottava system. But what we are sharing is incredibly exciting. First, Ottava is the only robotic system with unified architecture. This means the 4 robotic arms are incorporated in the surgical bed. When the arms aren't in use, they stow invisibly. This allows surgeons to use the OR for any procedure and deploy any number of arms before or during a procedure.

Our unified architecture means there's no need for large booms or carts as with other systems. The robot is part of the surgical bed. This design creates space in crowded ORs and reduces the friction between surgical teams and the robot. The unified architecture also allows for clinically relevant features.

With OTTAVA, the robotic arms move naturally when the table is moved, and surgeons don't need to stop operating while this movement is happening. We call this feature, twin motion. This addresses a critical need and adds some of the flexibility and freedom missing in robotic surgery today.

We are bringing also the best of Ethicon to OTTAVA. Many surgeons around the world know the performance and trusted experience of our Ethicon instruments. More surgeons use Ethicon staplers than any other stapler on the market. Placing our trusted advanced Ethicon Instrumentation only on OTTAVA delivers consistency of experience across all surgery.

Robotics is an early market still taking shape. Fewer than 5% of all surgeries globally are completed using a robotic system. Current estimates suggest 20 million procedures are robotically relevant. But based on our research and our leadership in laparoscopic surgery,

we believe this number for OTTAVA is closer to 40 million. Procedural penetration in the U.S. is deepest and broadest, which is why we're starting here first.

We are also working a parallel path to approvals in key markets outside the U.S. like Japan and Europe to quickly scale globally. This market is ready for competition and choice. Based on our time line and our confidence to deliver, we expect OTTAVA to contribute meaningful revenue towards the end of the decade.

Flexible robotics is a strategic market, is less than 1% penetrated. MONARCH is the first and only multispecialty flexible robotics platform cleared for use in bronchoscopy and urology. The MONARCH platform for bronchoscopy addresses an unmet need in the diagnosis of lung cancer.

As you heard, lung cancer is the leading cause of cancer-related death worldwide, and earlier diagnosis increases the long-term survival rate for patients. I am excited about the adoption of this technology in the U.S. And as Ahmet mentioned earlier, in November, we announced regulatory approval for China.

The MONARCH platform for urology supports the treatment of kidney stones and received FDA approval in 2022. Kidney stones is a pervasive and painful condition that sadly also requires retreatment. Minimally invasive robotics has the potential to address that condition. Across lung biopsy and kidney stones removal, MONARCH has the potential to address nearly 7 million procedures globally. Our strength as J&J also means that MONARCH is a platform for future innovation. We are bringing together MedTech and Innovative Medicine to develop transformative interventional oncology solutions by delivering pharmaceuticals directly into tumors.

J&J MedTech will continue to innovate with robotic for what's next in surgery. We deliver on this promise with differentiated products and solutions and by connecting it all with POLYPHONIC, our digital ecosystem for surgery. Through this ecosystem, we are supporting the acceleration of robotics. We're also addressing unmet needs surgeons experience in areas like surgical video, education and collaboration. This is a strategic journey and a vision for what's next in surgical software as we continue our leadership in surgery. Thank you.

Operator

Ladies and gentlemen, please welcome Tim Schmid, Ahmet Tezel, Hani Abouhalka, Michael Bodner, Aldo Denti, Jass Brooks, Peter Menziuso and Sarah Wood.

Sarah Wood ***Johnson & Johnson - Sr. Director, Investor Relations***

Thank you. So before we get started, just a few logistics on how to participate in the Q&A. For those who are here with us live, you'll see in front of you at the tables, you have push-to-talk microphones. Once you're selected to ask your question, please push the button. You'll know it's on when you see a red light come on. Feel free to ask your question. Once you ask your question, please push the button again so that we don't hear anything else you say.

For those who are joining us virtually, we appreciate and want to hear your voice as well. Within the virtual platform, please type your question into the checkbox. We ask that you limit to just 1 question. We have limited time. We want to get through as many questions as possible.

One last item. On the virtually recorded video, what you heard today, unfortunately, Celine Martin is not able to be here with us live. She's not feeling well. But we do have Jass Brooks, the President of Electrophysiology, with us today and ready to address your questions. So with that, we will open it up.

QUESTIONS AND ANSWERS

Sarah Wood ***Johnson & Johnson - Sr. Director, Investor Relations***

Yes, Rick. Please state your name and your firm. Sorry, I forgot to mention that.

Frederick Allen Wise ***Stifel, Nicolaus & Company, Incorporated, Research Division - MD & Senior Equity Research Analyst***

Rick Wise, Stifel. Just to start off, Hani, on the field of robotics. Maybe just help us think through at a high level how you're going to create a platform in Ottava that can be rapidly adopted. You're late to the game, I say respectfully. That's an opportunity as well to bring new technology. But talk us through more the diseases you're going to target, your priorities and maybe how you're going to leverage all of the company's strengths with actually what was a very impressive, incredible system that I was lucky enough to see on California.

Hani Abouhalka ***Johnson & Johnson - Company Group Chairman, Robotics and Digital***

Well, first, thank you for coming to California. We are very, very excited and confident about our Ottava program. We believe, first and foremost, it's early innings in the robotic market. As you know, globally, it's around 5%. What we heard from surgeons that they need someone to come in and play in this market and take robotic surgery forward, I think our team is very excited in creating what's next in surgery.

And if you think about it, it's going to be around a connected, more adaptive and human experience. Why are we going to win? First, we are leaders in surgery today. We have incredible teams working on things like wound closure and by surgery and the rest of surgery. But when it comes to Ottava specifically, a few things excite us the most. First, it is one-of-a-kind unique architecture. This unified architecture that I mentioned allows us to really remove friction in OR, give space back to surgeons to allow them to really work better for workflows. That unified architecture incorporates the arms into the table, also allows us to give something that surgeons talk to us about, which is the ability to really have the table move natively without any software or integration or stopping workflows or actually removing the carts or the booms. That's what we call twin motion, is going to be really differentiated for us.

The last 2 things I'll say, I think on instruments only on Ottava is a big deal. This brings standard experience across laparoscopy and robotics. I know surgeons would tell me today that while doing robotic surgery, they do manual firing using Ethicon trusted instruments. We are the leaders in stapling.

And the last, and Tim alluded to it, our presence globally not only gives me confidence that we'll be able to be by the side of surgeons to train and advance but also we have great commercial teams in the U.S. and globally. We're excited. I hope you saw it with us in California, and we'll be able to share more as we go into next year and beyond. And thank you.

Sarah Wood ***Johnson & Johnson - Sr. Director, Investor Relations***

Shagun?

Shagun Singh ***RBC Capital Markets, Research Division - Research Analyst***

Shagun Singh from RBC Capital. I know someone has to ask this question so I thought I'll ask just on GLP-1s. Tim, what is your view on the impact of GLP-1s just across your businesses? We've heard about it from cardiovascular to orthopedics across the board, pediatrics. How do you handicap that risk in the near, medium, longer term? Perhaps talk about the TAM.

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

Sure, Shagun. And let me maybe start at the highest level and then we'll get into the areas that I think have been brought up as potential areas of concern. Now firstly, let me say that we are thrilled by the continued innovation in the space and the opportunity that it provides to patients around the world. And the fact that this is shining an even brighter light on obesity as a major world challenge is a good thing for patients.

We are a broad business covering many different specialties, and we think we have a good read on the trends that are hitting our industry. I can categorically say that we do not anticipate any material impact to our business over the mid or long term as a result of GLPs.

And I think the 2 areas that have been brought up as the major areas of potential concern are surgery, specifically bariatrics, and then orthopedics. And so one, we dive a little deeper into those with our leaders of those business, maybe starting with surgery, Hani, and then we'll go to ortho.

Hani Abouhalka ***Johnson & Johnson - Company Group Chairman, Robotics and Digital***

I mean, I'll start by where Tim started. We're patient-first. Anytime there's advancements in treating obesity as a disease, this is something that we're excited about. It gives surgeons another tool in the toolbox. The second thing I'll say, if you look at it, obesity globally, it has some sort of a stigma. Having this be an option to allow surgeons to have dialogue with their patients, that's also very, very positive.

I don't see this having a long-term impact on bariatric surgery for the following reasons. First, around 30% of patients are not responding to GLP-1s. GLP-1s are not for all patients. The second thing is I started my career in actually bariatric surgery, 20 years ago when I saw first time the impact surgery has on patients and on surgical teams. And what I can tell you since then the data has shown is the long-term durability of bariatric surgery.

So at the end, what I think will happen is, this will be another tool for surgeons to discuss with patients. I think this will be incredibly positive for patients, great for our business, especially where some patients are, right now, maybe a bit certain obesity were not safe to do surgery. This might also help them and be more suitable for surgery. But I know, Aldo, this is something on your mind for orthopedics.

Aldo M. Denti ***Johnson & Johnson - Company Group Chairman, Orthopaedics***

Absolutely. So first and foremost, I think in orthopedics, you have to consider a few things. If you have a BMI over 40 and you speak to orthopedic surgeons, your complication rates in total hip arthroplasty and total knee arthroplasty go up. So if you're speaking to surgeons, the first thing they're going to tell you is weight loss is a good thing for orthopedics. So actually, as I see it, it actually opens up the funnel for more orthopedic care. So that's a good thing.

Second, if you've had and suffered from osteoarthritis, GLPs are not going to solve that problem. If you're in the funnel of orthopedics already, you're going to need surgery at some point. And the last point I'd make is if you look at osteoarthritis rates in the different countries across the globe, they're not very different. Countries like Japan, the United States don't show significant rates of differences in osteoarthritis. So as I said, for us in orthopedics, we believe it's actually going to increase the funnel in the short term. And then we'll have to see in the long term, how this plays out in terms of the other applications.

Sarah Wood ***Johnson & Johnson - Sr. Director, Investor Relations***

Great. Josh?

Joshua Thomas Jennings ***TD Cowen, Research Division - MD & Senior Research Analyst***

Josh Jennings from TD Cowen. A question for Tim. Just the 5% to 7% revenue growth CAGR. Getting to the top end of that, that's enticing. And just thinking about the margin expansion potential for the business with getting that volume benefit, maybe you could help us think through some of the headwinds and tailwinds. And just from a high level, whether the MedTech unit should be delivering expansion in gross and operating margins.

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

Sure. Yes. Thank you. So firstly, we feel very confident that we will be able to deliver sales in the 5% to 7% range. We're not going to be specific there, given many variabilities in our sector, but we feel very confident about that. At the same time, as I mentioned in the strategies that I highlighted earlier, while top line growth is something that we're very proud of, we're not alone. In fact, our entire industry has been hit by some fairly significant headwinds on the back of COVID inflation, which has put pressure on margins.

And so we are being very clear and carefully balancing sales growth with margin improvement. And how we're doing that, I mentioned this is really primarily around how we look to build more resilience in our operations. And it's going to take some tough choices, to be honest, but we are going to be looking to continue to further simplify our organization, to accelerate speed of decision-making, to simplify our portfolio, which also creates complexity and cost.

We are also reimagining our supply chain while supporting our top line growth, really looking at operating margins and how we can free up more cash. And then finally, digital is a wonderful enabler of more efficiency across our business. And so we will continue to deploy that in every way possible.

We do expect continued improvement as it relates to actual margins. When Joe speaks a little later, we'll actually be telling you about what that means at the enterprise level. We don't typically report operating margins at the segment level but we'll certainly touch on that a little later in the enterprise dialogue.

Sarah Wood ***Johnson & Johnson - Sr. Director, Investor Relations***

Great. And Aldo, I know we recently talked about some opportunities within orthopedic space to look at our portfolio. Do you want to talk a little bit about the activities that will help with markets there too?

Aldo M. Denti ***Johnson & Johnson - Company Group Chairman, Orthopaedics***

Yes, sure. I want to kind of rewind back to 2019. I've told most of you that we're in a multi-part journey in orthopedics. We've always said that step one was to bring clinically specific sales forces across the globe. We have done that. Number two, we said we will reignite our innovation engine. We have done that. We've launched 55 products since 2019, most of those in high-growth segments and closed gaps in pretty much everything we had that we needed to close. The third step that I said was that we would focus on the places where we have the right to win.

Orthopaedics, as you saw from Tim, is a $50 billion market. $40 billion of that is controlled in 12 countries. So our focus is to go there and to scale where we can. The second step is to get out of our legacy products and focus on the innovation we brought to market. That's part of the restructuring plan as well. And lastly, like Tim said, we are no different than any other business. We've looked at, obviously, the margin compression we've had as a result of the headwinds. And what we're doing now is using a network strategy to address some of that. So that's the 3 parts of our restructure. And as you know, we've announced that recently, we're implementing those as we speak.

Sarah Wood ***Johnson & Johnson - Sr. Director, Investor Relations***

Okay. And Larry?

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

Larry Biegelsen, Wells Fargo. Tim, it's the first time I think we're hearing from you. Welcome to your new role. So my question for you is how do you see the strategy evolving under your leadership? How are you going to put your stamp on the business? And how are you thinking about inorganic opportunities? The Laminar deal was more dilutive than people expected. Does that mean going forward, you're going to focus more on revenue generating profitable M&A?

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

Thank you, Larry. After 30 days in the role, I'd like to be a little measured. And what I'm doing, Larry, is frankly spending a lot of my time not in New Brunswick, but frankly, out in the markets with our customers and with our people. And so I'll be a little measured in declaring exactly what we're going to change.

But I can tell you that this team you see on stage and our leadership team, we've all been a part of the resurgence of Johnson & Johnson MedTech. We're super proud of the accelerated growth that we've shown you today. And to think that back to 2017, we were growing 1.5%. If you look at our results through the third quarter, 7.4%, in fact, 8% on a pro forma basis. And so we've all been a part of that.

We've also been a part of actually continuing to shift the portfolio into higher-growth markets from 20% in 2018 to 50% today. And so let me tell you what's going to continue is firstly, that strategy around shifting the portfolio into higher-growth segments is an absolute priority. And how we do that is through 2 things: continuing to drive more productivity out of our organic engine, and then it's also looking at inorganic opportunities. And thanks to the support of Joaquin and our Executive Committee, we're committed to winning in MedTech. And I think the acquisition of Abiomed is a good example of that.

Laminar is a good example of really probably more in line with the typical types of deals that we do.

If we look at the last 20 years of Johnson & Johnson, we've typically focused on more tuck-in deals. About 90% of our transactions have been below $1 billion and that's where we will focus. At the same time, for truly accretive opportunities that allow us to get into adjacent opportunities, we are more than open to looking at those as well.

Sarah Wood ***Johnson & Johnson - Sr. Director, Investor Relations***

And Jass, given that Larry's question included Laminar and some who are online or in the room may not have seen our release on that, do you want to talk just a little bit about what Laminar brings us and why we're excited about it?

Jasmina Brooks ***Johnson & Johnson - President, Electrophysiology***

Yes, certainly. So I think most of you may know that patients with atrial fibrillation are more likely to have -- 5x more likely to have stroke. With Biosense Webster and J&J Electrophysiology, our strategic focus is really to help those patients with atrial fibrillation deliver better innovations as well as elevate the standard of care. And Laminar's technology is differentiated as it is in this LAA space would perfectly fit with our Electrophysiology and intracardiac echo portfolio that we have today. And it's becoming really a cornerstone of electrophysiology because what we're seeing now that there are quite a few procedures that are happening where atrial fibrillation is followed by the left atrial appendage occlusion.

With Laminar specifically, what excites us about it is that's very different than the intra-catheter opportunities or the products that are available there commercially today. So instead of just taking the plug to occlude the LAA, what this technology does is actually uses the rotational motion to eliminate left atrial appendage.

So in general, we're excited about technology. We do have the FDA approval to start the IDE early next year, and we think it's going to fit really nicely with the rest of the portfolio in electrophysiology going forward.

Sarah Wood ***Johnson & Johnson - Sr. Director, Investor Relations***

Great. Thank you. Danielle?

Danielle Joy Antalffy ***UBS Investment Bank, Research Division - Analyst***

Danielle Antalffy with UBS. Jass, just a question for you on the atrial fibrillation business. Obviously, you guys touched on PFA entering the market. I'm just curious about what's driving the 11% to -- I think you said 11% to 13% market growth. And why not faster? I mean, one of the things that PFA brings is higher throughput at the EP lab, a safer procedure that could drive higher referrals. So just curious about why just 11% to 13% and not potentially faster for the market?

Jasmina Brooks ***Johnson & Johnson - President, Electrophysiology***

I think if you look at atrial fibrillation in general, we know that 1 out of 4 people over the age of 40 is going to experience atrial fibrillation in their lifetime. So there's certainly a huge incidence of patients. And I think by 2050, we'll be adding about 5 million patients with atrial fibrillation to this pool. I think another thing that helps that is smart watches, right? So everybody is now diagnosing themselves with atrial fibrillation as well, so people are a lot more aware.

What we have seen, and Celine mentioned that in her video, that in the last 10 years, we have seen significant improvement in the efficiencies as well as the efficacy of this procedure. So we have gone from 3.5 hours procedure down to less than 60 minutes at our QDOT MICRO technology. We have seen the efficacy improve from 66% to 86%, again, with our QDOT MICRO technology. So what we're seeing is that patients and these procedures are becoming more efficient. They're becoming more effective. So we're hoping that we'll see more patients come through that pool and receive the atrial fibrillation ablation, cardiac ablation.

As Celine mentioned, and I think Tim alluded to it, only 5% of all of the patients that could be treated received the procedure. But what we're trying to make sure that these procedures are safer, which PFA has a promise to make them a lot safer. Not that the complication rate with RF is significantly higher, but there is the promise of improved safety with PFA.

We're also seeing the procedures are faster so maybe physicians can do more cases per day. And in the end, it's really going to be down to a number of electrophysiology labs and electrophysiologists that can perform these cases.

Sarah Wood ***Johnson & Johnson - Sr. Director, Investor Relations***

Great. And Alec, why don't we take a quick pause and see if we have any questions coming through on the virtual platform?

Alec Mast ***Johnson & Johnson - Investor Relations***

Yes. So there's a common theme of questions coming through currently in the platform around Abiomed. So the question around Abiomed is it looks like the integration has been a great success. Can you tell us a little bit more about your confidence in the ability to expand that business geographically?

Sarah Wood ***Johnson & Johnson - Sr. Director, Investor Relations***

Michael?

Michael Bodner ***Johnson & Johnson - Global Head, Heart Recovery***

Thank you for the questions. 80% of the business today is in the United States, 20% is OUS, and that's predominantly in Germany and Japan. And if you look at the scale of Johnson & Johnson, we're deeply in more than 100 countries around the world. We've done this before. If you look at our Biosense business, Biosense scaled rapidly and became a very significant player in the electrophysiology space being able to tap into that infrastructure.

So we're confident on our ability to scale. It does take time to open up new markets, but we have the expertise, the capability not just commercially but also with deep resources for health economics, government affairs as well as training and educating physicians, which is most important in these nascent markets.

Sarah Wood ***Johnson & Johnson - Sr. Director, Investor Relations***

Thank you. Joanne?

Joanne Karen Wuensch ***Citigroup Inc., Research Division - MD***

Joanne Wuensch from Citibank. It struck me that Vision Care is the only of the 4 big sections that isn't holding a #1 spot, particularly in the surgical area. And I'm curious how you plan on moving it up towards #1 either through internal or external investment?

Peter Menziuso ***Johnson & Johnson - Company Group Chairman, Vision***

So we're sitting in a #1 position in our contact lens platform and #1 in our monofocal platform as well. On the specialty side of the market, as I talked about, 10% to 15% of the market is being penetrated with specialty lenses. As we continue to advance our TECNIS family of intraocular lenses, working on: one, visual acuity but also visual disturbances, we do see ourselves very positioned to move that segment of our portion more closer to our #1 spot.

We're really confident on the 40 million people that we're serving today, and we know that we're -- there is significant under penetration of the market that we want to serve as a leader in eye health.

Sarah Wood ***Johnson & Johnson - Sr. Director, Investor Relations***

Great. Matt?

Matthew Stephan Miksic ***Barclays Bank PLC, Research Division - Research Analyst***

Matt Miksic from Barclays. I had a couple of follow-ups for Aldo and Jass. So I mean, you talked about the drivers of improving MedTech growth. Obviously, enabling technology has been a big part of that and has always been a part of Biosense and is now a bigger part of ortho. So Aldo, if you could maybe talk just about when we're going to see that hit Spine and start turning that business more towards market growth? And for Jass, just if I could ask them both at the same time. I think Celine was talking about we're the market leader, and that's an advantage.

I think some folks would say you're the market leader and maybe that makes you more vulnerable to grow at or below market share, with these folks nipping into your heel. So maybe talk a little bit about how this new PFA rollout and other competitors coming is something that you're going to be able to turn and power through.

Aldo M. Denti ***Johnson & Johnson - Company Group Chairman, Orthopaedics***

Yes. So I'll answer the question for Orthopaedics first. So our goal in Spine has always been to drive adoption in MIS, to be leader in MIS and also to be the leader in complex spine. In order to do that, we really need the foundation of any spine company as a historical lumbar system. You saw on the slide from both Ahmet and from Tim, we are in the process of launching TriALTIS. We have received 510(k) approval. TriALTIS is a modern thoracolumbar system that is specifically designed for robotics.

So step one, get our foundation right with our thoracolumbar system. We're in the process of doing that. Step 2, now that we have a thoracolumbar system that is designed for robotics, is launch a spine robot. In Q1 of next year, I have plans to share an update on where our spine robot is. And the combination of those 2 allows us not only to penetrate the MIS market or the degenerative market and, more importantly, also the complex mark with a foundation of the thoracolumbar system.

In MIS, you saw Ahmet speak about TELIGEN, which is the only system of its kind which allows for minimally invasive access to the spine in combination with a TLIF procedure. So we plan to lean on that as well. We've initially launched TELIGEN. The feedback is superb, and we're very, very pleased with that. So that foundation allows us now to accelerate our growth in spine.

Sarah Wood ***Johnson & Johnson - Sr. Director, Investor Relations***

Jass, if you want to talk about how we're going to maintain our leadership in electrophysiology.

Jasmina Brooks ***Johnson & Johnson - President, Electrophysiology***

Certainly. So we know that this market has been growing double digits, mostly because of the prevalence of atrial fibrillation disease globally. Biosense Webster and J&J electrophysiology have been the market leader over the last 2 decades, and we have been able to maintain the market share and grow that market share over the last couple of years. When it comes to PFA and where we are with that technology, we're extremely excited about the PFA ecosystem that we are working on. So we're not only focusing on the catheter technology specifically, which I'll talk about a little bit, but also how it integrates with the CARTO system.

Celine mentioned in her presentation, we have over 5,000 CARTO system installed globally. And we know from everything that we have learned in radiofrequency ablation over the last couple of decades, it's very much applicable to PFA as well.

So we know that 3D mapping is going to remain the cornerstone of this ablation. We know that it goes beyond just the catheter technology, but it's also linked to the algorithms like ablation index, like contact force, like proximity indications of the catheter, allowing physicians to actually know where to go during these procedures.

We also know that PFA is very different where the signals disappear as soon as you deliver energy so this makes these types of algorithms and the 3D mapping even more important.

In addition, all of our technology, all of the catheters are connected to CARTO. But we're also looking at the different, I guess, broad range of catheters to address different anatomies of patients and really tailor the approach. While atrial fibrillation is out there in 38 million patients, not every patient is created equal.

So we're starting out with our VARIPULSE catheter platform, which is the multi-electrode platform. Celine mentioned we already have the CE Mark in Europe for the TRUPULSE generator, which is a must-have once he wants to launch the technology. And then the VARIPULSE catheter we're looking forward to receiving that CE Mark and launching it in early in 2024.

In addition, STSF dual energy catheter that Celine also spoke about is extremely important part of our portfolio. It's the #1 selling ablation catheter today. So we're simply adding PFA to something that they're already used to using in focal side of things.

We also do have OMNYPULSE, which is large focal, that gives you the ability to create maybe larger lesions, not so many point-by-point lesions, and we're working on a single-shot technology.

So the way that we're looking at it in PFA, while we're not first to market, we're going to be best to market, right? It's the entire ecosystem

of catheter of CARTO as well as our sales force and clinical application specialists that are there to train help support these cases and share the best practices as we launch it across the regions.

Sarah Wood ***Johnson & Johnson - Sr. Director, Investor Relations***

Great. And I want to thank you for the wonderful questions. Unfortunately, we are out of time. I'd like to ask if Tim has any closing comments that he would like to share.

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

Well, thank you, everyone. On behalf of the entire MedTech team, we really appreciate your time and your thoughtful questions today. Like I said, we are at an incredible moment in our industry. And I hope you can see how passionate and committed we all are to meeting this moment.

Here's what I'd like to leave you with. Firstly, we have a robust market opportunity that we're positioned to capitalize on, thanks to the momentum over the last several years. For the third straight year, we expect our organic sales growth to be at least in line or ahead of our competitive composite.

Moving forward, we expect to deliver operational growth in the upper range of the markets with a focus on 3 key drivers: advancing our differentiated pipeline and continuing to shift our portfolio into high-growth markets, expanding our global reach and building operational resilience. We are confident in the promise of our portfolio. Our MedTech team is bringing life-changing and life-saving technologies focused on tackling the world's most pressing health challenges.

I hope that those of you who are here with us at the New York Stock Exchange will continue visiting our MedTech exhibits to learn more about the growth-driving innovations from Johnson & Johnson. Thank you.

Operator

Ladies and gentlemen, at this time, our exhibits are open in Freedom Hall and Siebert Hall. For those in the room, we invite you to enjoy lunch and our exhibit booths. Our program will resume at 12:50 p.m. Eastern Time. Thank you.

(Break)

PRESENTATION

Jennifer L. Taubert ***Johnson & Johnson - Executive Vice President, Worldwide Chairman, Innovative Medicine***

Hello, everybody. Welcome back. Good afternoon. Hope you enjoyed the lunch and that you had the opportunity to explore some of the exhibits and hear from some of our incredible leaders about the breakthrough science and significant opportunities that are behind some of our most promising assets. The video you just saw highlights how our relentless focus on transformational medical innovation is enabling us to shape the future of health care. Simply put, we're leading where medicine is going.

So this afternoon, our talented team is going to give you a deeper understanding of where we're focusing and what will drive our growth, both in the near term and in the second half of the decade. So let's start with what we'd like you to take away from the discussion today. So first, we are confident that our in-market portfolio, including our recent launches, will enable us to achieve our 2025 target of $57 billion. Between 2025 and 2030, we expect to deliver above-market growth with a compound annual growth rate of 5% to 7% and growth in every year. By 2030, our industry-leading portfolio and pipeline will include more than 10 assets with $5 billion in peak sales potential and an additional 15 assets that have $1 billion to $5 billion in peak sales potential. And we expect to deliver more than 70 novel therapy and meaningful product expansion filings and launches.

We disproportionately invest in R&D. In 2022, we invested $11.6 billion in the discovery and development of new treatments and new cures. Based on the strength of our pipeline and the greatest opportunities that we see ahead, we're prioritizing our resources in oncology, immunology, neuroscience and select disease areas where there's high unmet need, actionable science and where we have deep scientific and commercial expertise.

Oncology will become our #1 therapeutic area, and it's going to reach #1 in the industry as we strive to make cancer a curable disease. And we'll achieve this through the strength of our multiple myeloma and prostate cancer portfolios, combined with our upcoming launches in lung and bladder cancers. Immunology will be driven by growth in psoriasis and inflammatory bowel diseases as well as launches in autoantibody-driven diseases. We'll also lead in neuroscience with a focus on depression, schizophrenia, myasthenia gravis and Alzheimer's disease. And we're excited about our opportunities to redefine treatment in thrombosis, retinal diseases and pulmonary hypertension.

We've got a great track record of delivering growth that surpasses the competition. This year, in fact, we'll deliver our 12th consecutive year of above-market growth. But it's not only what we do that makes us successful, it's also how we do it. For 10 consecutive years, we've been ranked #1 in the pharmaceuticals category on Fortune's World Most Admired Companies list. And we've ranked in the top 3 on the Access to Medicines Index for the past decade based on our efforts to make our medicines accessible in low and middle-income countries globally. Today, we're the #2 pharmaceutical company, and we're on track to becoming #1.

So how will we do this? Well, we've got a clear differentiated strategy to win. We're going to drive our marketed portfolio through market share gains and expanding into new patient populations. We're going to deliver an accelerated pipeline of transformational first-in-class and best-in-class medicines. And we'll develop our next wave of innovation, collaborating throughout the innovation ecosystem as a partner of choice. We're going to accomplish this through our relentless focus on transformational medical innovation, deep expertise in our disease areas of focus, our world-class capabilities. And finally, we're going to compete to win on behalf of patients and on behalf of our business.

So we're boldly investing in the areas that we think are going to advance our leadership. These include supply chain capabilities to support our specialty medicines and modalities, data science and enabling technologies to help us deliver innovative medicines with precision and speed, value and access to support broad reimbursement, and our people who are going to propel our evolving portfolio. Our path to $57 billion is clear with our strategic focus in oncology, immunology and neuroscience. We're going to maximize the value of our key marketed medicines, including our recent launches to deliver growth that exceeds the anticipated impact of the STELARA biosimilar entrants.

We're going to deliver significant additional growth for our key brands through market share gains and increased penetration as well as expansion into new indications, additional lines of therapy and combination regimens that advance the standard of care. In addition, our recent launches will contribute meaningfully based on their profiles and their competitiveness.

We're ending 2023 in a strong position. And when you combine that with the potential of our key brands and the timing for STELARA biosimilars, we're confident we will deliver our 2025 target. We anticipate strong above-market growth to continue throughout the second half of this decade. And the Inflation Reduction Act has been factored into our outlook. Our current portfolio of marketed medicines will continue to deliver growth. And since these products are approved and on the market today, we know their profiles, making our ability to drive strong growth significantly de-risked. We're also confident in today's promising pipeline assets, and we're confident they're going to contribute to future growth, and 70% of our expected pipeline revenue is coming from programs that are already in Phase III.

Put another way, we expect the growth of our key brands, our recent launches and our pipeline assets to outpace the market during the second half of the decade, even when you factor in the impact from STELARA and other potential routine end-of-life LOEs. This exciting growth is going to come from assets that have been recently launched like TECVAYLI, TALVEY, CARVYKTI, SPRAVATO as well as launches in lung cancer, bladder cancer, autoantibody-driven diseases and targeted oral treatments in immunology, all of which you're going to hear about this afternoon.

At our last business review in 2021, we talked about 5 pipeline assets that had $5 billion in peak sales potential. Well, through 2030, we now expect our portfolio and our pipeline to include more than 10 assets that have $5 billion in peak sales potential and more than 15 additional assets that have $1 billion to $5 billion in peak sales potential. We have never been more confident about the power of our portfolio and our pipeline to fuel our future growth.

So I'd like to finish where I started, with what we're planning to deliver through the rest of the decade. So first, we will achieve the $57 billion revenue target in 2025. Between 2025 and 2030, we expect to deliver 5% to 7% compound annual growth with growth in every year. By 2030, we expect to have more than 10 assets with $5 billion in peak sales potential and more than 15 additional assets with $1 billion to $5 billion in potential. So with our portfolio of marketed medicines, our pipeline of transformational therapies together, we're going to redefine care for some of the world's most serious illnesses. So at Johnson & Johnson, we are leading where medicine is going. Thank you.

Operator

Ladies and gentlemen, please welcome Executive Vice President, Innovative Medicine R&D, John Reed.

John C. Reed ***Johnson & Johnson - Executive Vice President, Innovative Medicine R&D***

Well, good afternoon. It is truly an honor to be here today, representing our incredible research and development organization at Johnson & Johnson Innovative Medicine. I've been with Johnson & Johnson a little more than 8 months now. And in that time, I have become deeply impressed with the quality of the pipeline and the people who make it possible. I'll share briefly about our strategy for building and delivering a high-impact pipeline of transformational medicines and what makes our R&D organization different.

Well, first, I want to start by emphasizing that we are building incredible pipeline momentum operating from a position of strength. Since 2021, Johnson & Johnson has over-delivered on what we promised you, delivering 5 novel medicines, an industry-leading average of more than 2 per year, plus multiple line extensions. The quality of the pipeline has also improved when we consider the number of molecules with so-called mega blockbuster potential and the different projects that have been awarded breakthrough or fast track designations.

Importantly, we've maintained an impressive degree of innovation where roughly 2/3 of our development-stage molecules have first-in-class potential. And our R&D engine is also operating with industry-leading efficiency, boasting one of the highest productivity indices in the industry. In fact, as Jennifer said, we see potential to deliver more than 20 novel therapies and numerous line extensions through 2030, placing J&J's pipeline among today's industry leaders.

Now J&J's strategy for delivering a high-impact pipeline is comprised of 6 pillars that operate interdependently and that we believe will accelerate us into the future. And I'll share insights today into a few of these strategic pillars in the next few slides, but you can find the details in your online materials.

First, our R&D strategy renews our commitment to first-in-class and significantly differentiated medicines, and our pipeline is replete with examples. RYBREVANT, for instance, is now emerging as the new standard of care in EGF receptor-mutant non-small cell lung cancer. Milvexian, an investigational oral Factor XI inhibitor, has potential to set new standards for thrombosis treatment. Nipocalimab, it's showing promise not only in rare autoantibody-driven diseases but also in common complex chronic inflammatory conditions such as rheumatoid arthritis. And then aticaprant shows promise in depression with broad potential for several neuropsychiatric conditions where anhedonia symptoms are prevalent.

As Jennifer explained, we believe several of these molecules have mega blockbuster potential with peak sales north of $5 billion. And that's because of their potential to be truly transformational in patients. Now one way we're able to deliver these innovations is with an agnostic view on where innovation is sourced. While our internal research productivity at J&J is industry competitive and even industry leading by some metrics, business development or M&A is fundamental to our pipeline strategy. And we have a very strong track record of spotting and acquiring many high-quality assets over the years. When it comes to partnering, we live by our credo, seeking mutually value-generating win-win agreements with external innovators, which makes J&J a preferred partner.

A key to our consistent pipeline success that I really want to emphasize is our deep and durable commitment to our so-called disease area stronghold or DAS structure. This is unique among large pharmaceutical companies, endowing J&J with exceptionally deep expertise and serving as a magnet for attracting and retaining the world's top experts. The DAS concept has really paid off, for example, in multiple myeloma, where we've delivered 5 industry-leading medicines, most of them first-in-class therapies. Our myeloma portfolio

addresses every line of therapy transforming the treatment of this malignant disease and accounting, in large part, for why J&J will soon rank #1 in hematological oncology.

A similar case can be made for our GI DAS, where we rank #1 in IBD therapies. J&J introduced the first biologics in immunology targeting TNF and then IL-23. And today, we are once again changing the practice of medicine, pioneering fixed-dose combinations of biologics and blazing new trails with our targeted oral peptide that blocks the IL-23 receptor. For the first time, we're going to be able to offer patients an oral option with both high efficacy but also potential for best-in-class safety. And in neuroscience, wherein J&J ranks #1 in psychiatry, my colleagues will share how SPRAVATO and our pipeline of novel antidepressants are building on this legacy of leadership.

Now while deeply committed to the DAS concept, some diseases carry such urgent need that we take calculated risks to explore new frontiers adjacent to our established areas, and you'll hear more about these today. And when you do, I'm confident that you will be impressed by advances in bladder and lung cancer and by our universal solution for autoantibody-driven diseases that affect millions of patients around the world.

Moving on to one of the other pillars of our strategy. When it comes to combating tough diseases, many times, unlocking complex disease biology requires access to diverse modalities. And on that score, J&J has made great progress in recent years. We can now point to several examples of industry-leading excellence. And today, we will showcase our leadership in bi- and tri-specific antibodies, for oncology in CAR-T cell therapy, and in oral lymphokine inhibitors for immunology.

Let me spend just a minute on data science and digital health, very popular subject these days. These technologies accelerate our R&D engine across the entire value chain from target discovery and patient segmentation to drug design and CMC process optimization to all facets of clinical development. With our data science experts fully integrated into our therapeutic areas, data science now accelerates nearly all our pipeline programs.

So in closing, at J&J Innovative Medicine, we never forget the words of Dr. Paul Janssen, who famously said, "Patients are waiting." With the momentum of our robust pipeline, I am confident that J&J's R&D engine will continue to drive us in the future with industry-leading science coming from our world-class talents, who are deeply dedicated to transforming the practice of medicine for the patients we serve. Thank you.

Operator

Ladies and gentlemen, please welcome Worldwide Vice President, Oncology, Biljana Naumovic; and Global Therapeutic Area Head, Oncology, Peter Lebowitz.

Peter F. Lebowitz ***Johnson & Johnson - Global Therapeutic Area Head, Oncology***

All right. So it is an absolute pleasure today to discuss the tremendous progress of the Johnson & Johnson Oncology portfolio. So over the past decade, by any measure, we have had extraordinary success. Our progress has been driven by our mission, which is to eliminate this disease. And while many talk about cures, we actually have plans in place to actually drive to cures in our disease area strongholds. So our approach is we focus on deep disease understanding. We embrace open innovation. We strive to bring together curative and potential synergistic treatment regimens.

Our progress has allowed us to build an industry-leading pipeline now with nearly 2 million patients treated with a Johnson & Johnson oncology medicine. And our approach will continue to deliver. So I think it's important to take a moment to look at what we've accomplished as a team in the past decade. This has truly been a pioneering, innovative R&D group that has continued to deliver year after year. This includes 14 new medicines delivered since 2011. Many of these first and/or best-in-class. Many of them have changed the treatment paradigm and started us down the path to cures. So some examples, TALVEY, the first GPRC5D bispecific; TECVAYLI, the first BCMA bispecific; RYBREVANT, the first bispecific in lung cancer; DARZALEX, the first antibody ever in multiple myeloma; and CARVYKTI, a potential best-in-class BCMA CAR-T. Just a tremendous record of bringing forward one innovative medicine after another.

So on top of this amazing track record, 37 New England Journal of Medicine publications, 13 breakthrough therapies, one just came yesterday, and a number of drugs advancing that we think can further transform the trajectory of disease. These innovative medicines

have been transformational for many patients. And as a result, we've seen tremendous growth. In 2011, we were ranked #12 as an oncology company with about $2 billion in sales. This year, we expect to deliver more than $17 billion, ranked #3. And this has been done with excellence, both in internal capabilities as well as our open innovation approach. The proof point is first-in-class medicines that were discovered and developed internally. But then at the same time, we have incredibly successful collaborations that have delivered transformational therapies.

Biljana Naumovic ***Johnson & Johnson - Worldwide Vice President, Oncology***

We have made an incredible progress, like Peter said. And yet, there still remains a global health care crisis as we approach 2030. And we don't say this lightly. Within a decade, the cancer diagnosis is expected to increase by almost 70% worldwide. That's a mind-blowing statistic, which means that millions, millions more patients will continue to need our support. And because of that, we continue to develop breakthrough therapies in hematological and solid tumor malignancies. Every year, more than 5 million new cancer patients are diagnosed in the cancer types we work on. And some of them don't survive more than 5 years. So these mortality rates, coupled with the rise in incidents, tell us there will be a lot of more patients who need us.

So we think that our science portfolio and pipeline will provide us with the ability to make an impact in patients' lives. And only through that, establish our leadership and strengthen our leadership in hematological malignancies in prostate cancer, but we also see tremendous opportunities for growth in lung cancer and localized bladder cancer.

Now I have to say, overall breadth of our portfolio is tremendous. So Peter and I, some of you know as well, can stay here and talk to you a whole day. But we need to focus, so we'll focus on 3 things. We'll talk to you about multiple myeloma, we'll talk about lung cancer, and we'll talk about bladder cancer. But let's address the projections of the oncology market first. Market growth of nearly $90 billion with a CAGR of 8% between now and 2030 reflect truly the unmet need that oncology has and will still continue to have. So we have the opportunity to revolutionize the treatments by intervening earlier, combining and sequencing regimens, all in order to achieve deeper remissions and longer progression and overall survival. So as Peter says, as we strive to eliminate cancer, we want to give patients more time.

Peter F. Lebowitz ***Johnson & Johnson - Global Therapeutic Area Head, Oncology***

So I want to talk a little bit about what we told you in 2021 and where we are now. So in 2021, we stood on a similar stage, said that we were going to deliver 6 innovative therapies between 2021 and 2023. 6 new drugs, right? So just let that sink in for a second. Even for a large company with a top oncology R&D engine, that is a lofty goal. But this remarkable oncology R&D team delivered with 6 drugs. Some are truly first and/or best-in-class with CARVYKTI, TECVAYLI, TALVEY, RYBREVANT, lazertinib, AKEEGA, following close behind our novel targeted releasing system in bladder cancer. And on that topic, as I mentioned, we're thrilled to have received FDA Breakthrough Therapy designation yesterday for TAR-200. This is a big step for the program.

It's been a remarkable run of successful drug development that has had a huge impact for patients. So today, while we can't cover all the work, as Biljana said, we will cover some of the highlights and show our approach that has led to this remarkable success. We have dramatically expanded the depth and breadth of the oncology portfolio, and we continue to see tremendous opportunity looking forward. We expect to continue on our path of 2 novel therapies approved or submitted per year going forward. And we continue with our strategy of building regimens with the best science. This strategy has delivered across both the early and late-stage portfolio.

Biljana Naumovic ***Johnson & Johnson - Worldwide Vice President, Oncology***

So let's start with multiple myeloma, where we see a distinct opportunity to move from treatment to progression to treat to cure. Over the last 2 decades, we have seen incredible advances in the treatment of multiple myeloma with 11 new therapies being approved, nearly half of which come from Johnson & Johnson. But as these treatments have been approved, rather than displacing their predecessors, we have seen a complete evolution in the treatment of multiple myeloma by novel modes of action being combined in doublet, triplet and now quad regimens, improving outcomes for patients through their synergistic benefits, which means they extended patient lives, almost doubling the number of patients who are now living longer and able to receive additional lines of therapy.

Amongst other things, this has led to a $20 billion growth in the market since 2004. And even more, the market projections, even with REVLIMID coming off patent, where you know REVLIMID represents 30% of the market value today, will continue to grow significant

going forward. But simply put, the market will continue to grow because there is ample opportunity to do better for 70,000 patients that live today with multiple myeloma because 1/3 of them will not survive more than 5 years. The portfolio we have created has the potential to transform multiple myeloma into a curable disease with our complementary modes of action and our approach to combination in sequencing.

Peter F. Lebowitz ***Johnson & Johnson - Global Therapeutic Area Head, Oncology***

So this is what moving towards cures looks like in this slide. On the left, over the past 70 years, there's been dramatic improvement in the survival for patients diagnosed with this disease with the introduction of novel therapies, many of which were J&J therapies. J&J has been at the forefront of this. The figure on the right gives you an idea of how this all comes together, and we are attacking multiple myeloma cells in orthogonal ways. So instead of treating and then waiting for resistance to emerge and then treating with something else, we're coming in with an approach to the disease where tumor cells cannot escape. And this is how we begin to drive to cures, and this is what we aim to do.

So now I'd like to go through some of the data. CARVYKTI, we believe, is a potential best-in-class cell therapy, probably the most active therapy that we've ever seen in multiple myeloma. With nearly 100% overall response rate, a stringent complete response rate of 83%, this is the best complete response rate we've ever seen in a multicenter study in this setting.

In addition, we have 2 novel CD3 redirector molecules. And one might ask, why do we need all these therapies in this disease? And again, if you're going to get to cures, physicians need multiple weapons in their arsenal. So one of those weapons is TECVAYLI, the first-ever approved BCMA CD3 with activity that is remarkable, a response rate of 63%. Most of these responses are very deep with VGPR, very good partial response, or complete response. We also introduced TALVEY, a completely novel CD3 drug with a new target that has shown a 72% response rate. Again, most of these are deep responses.

So let me just be clear with these. Each one of these drugs alone has the potential to transform the treatment paradigm of the disease. But having these together with the expertise and the development capabilities to build regimens will truly revolutionize approaches to this disease and we believe can potentially lead us to curative treatments.

So we've already made a lot of progress in starting to build these regimens. I'm showing some examples here, and there will be more combinations and sequence in future studies. So on the left in this slide, you see DARZALEX plus either TECVAYLI or TALVEY. Both of these regimens now have combination response rates that look superior to the single agent numbers. These combinations are now both in Phase III studies. On the right side, you see an even more innovative approach, combining 2 different CD3 redirectors with TECVAYLI and TALVEY that target different molecules on the multiple myeloma cell. So it's important to point out here that a loss of target can be a mechanism of resistance to these therapies. So by hitting both targets at the same time, it is a way to prevent this resistance.

So here are some results. We treated the highest-risk multiple myeloma patients, those who have extramedullary disease, meaning they have a solid plasmacytoma. And these patients don't respond well to standard therapies. So in these patients, TECVAYLI and TALVEY as single agents are active compared to conventional agents with about a 30% to 40% response rate. But when we combine these 2 drugs together in this high-risk population, we now once again get a 70-plus percent response rate, a really dramatic improvement. So this regimen is now also planned for Phase III studies, not just in extramedullary disease but in other populations as well. So these examples that we've shown here give you an idea of what we mean when we talk about building regimens. With 4 major first or potential best-in-class therapeutics, we can redefine the future of how we treat this disease.

Biljana Naumovic ***Johnson & Johnson - Worldwide Vice President, Oncology***

So how are we advancing the multiple myeloma paradigm? Our focus is on advancing therapies into earlier settings with future cures in mind through our deep disease area expertise and portfolio strengths across all lines of therapy. In the near term, we have transformative therapies in every line that will drive our exponential growth. DARZALEX will become even more a frontline treatment with the approval of PERSEUS. CARVYKTI will be available as a second-line option upon the launch of CARTITUDE-4. And we will maximize the adoption of our bispecifics, TECVAYLI and TALVEY, across all patient subtypes in the later settings.

In the midterm, we're moving the combinations to the second-line setting and CARVYKTI to the frontline setting. First, to

transplant-ineligible patient population starting with CARTITUDE-5. And soon after, to patient-eligible patient population with CARTITUDE-6. You know we are the first bold company to aim to replace transplantation in multiple myeloma. So within this decade, as our studies read out, we will have a regimen in every line of therapy in sequence, and we will be the only pharmaceutical company with a full spectrum of offerings for multiple myeloma.

We already have an industry-leading portfolio that will deliver more than $20 billion in peak sales. And we expect that with it, more than 50% of patients in multiple myeloma will be treated by a Johnson & Johnson medicine. And by the end of next year, we also expect to be #1 pharmaceutical company in hematology. With our industry-leading portfolio, we aim to transform the treatment and cure more than 50% of patients with multiple myeloma within this decade.

So let me now transition to lung cancer. We are working to create a future where we deliver the same level of transformation for lung cancer that we just described in myeloma. It has been a sadly uneventful 7 years in EGFR-mutated lung cancer space. And our aim is to disrupt that by delivering novel multi-targeted therapies, as evidenced by our pivotal head-to-head data recently presented at the European Society of Medical Oncology. We believe we can shaken the ground. But this is why it matters. Lung cancer is the leading cause of cancer mortality worldwide, killing almost 2 million people each year, and the incidence is rising. Because of that, within the decade, the market for lung cancer is expected to grow the most compared to any other oncology market, rising to a whopping $60 billion in value.

More than 70% of patients initially diagnosed with lung cancer do not survive more than 5 years. Even with innovations in immunological and targeted therapies, we have only seen a dent in mortalities. So quite frankly, because of that, we have to use overall survival as the critical measure of success moving forward. And for this reason, we have designed most rigorous studies to advance the science. With 3 impressive Phase III studies we have delivered simultaneously, you have all seen the first impact that we already made. We have committed to bring forward transformative therapies. And with RYBREVANT and lazertinib, we're doing exactly that. These are dual targeted therapies with a novel bispecific antibody that works through immune path, combined with a third-generation efficacious and very well-combined TKI. And we're also progressing fast with subcutaneous formulation as well as protocols for best patient treatment in our COCOON trials.

Peter F. Lebowitz ***Johnson & Johnson - Global Therapeutic Area Head, Oncology***

So there is a massive opportunity to better treat this disease with RYBREVANT and lazertinib, and we feel we can make a significant impact. RYBREVANT is the first-ever fully human bispecific antibody to be approved in lung cancer and has a unique mechanism of action, targeting 2 major oncogenic driver pathways and bringing in an immune response through an activated Fc domain.

The clinical development plan for RYBREVANT plus lazertinib is extensive. So I'll first give you an overview, and then we'll look at some of the data. MARIPOSA is the Phase III study with RYBREVANT plus lazertinib in frontline common EGFR mutation, which read out in September. We presented results at ESMO, and we since have initiated a rolling submission to the FDA. Importantly, this is the first targeted combination study in this population. Also, the first regimen ever to show a survival trend head-to-head versus osimertinib. MARIPOSA-2 is a second-line Phase III study of RYBREVANT plus chemo in common EGFR mutation again in patients who have received osi upfront and have progressed. The Phase III PAPILLON study, for which we recently received FDA priority review, is RYBREVANT frontline in exon 20 insertion and combined with chemotherapy. And finally, PALOMA is a study where we're putting in place subcutaneous formulation and optimizing the regimen to improve convenience for patients.

So let's now take a look at some of the results of these 3 major Phase III studies, and I'll start with MARIPOSA. So on the left is a Kaplan-Meier curve for the progression-free survival. And as you see, highly positive, clinically and statistically significant difference in progression-free survival. But perhaps even more important is a notable overall survival trend. So this is critical in lung cancer. We want patients to be free of progression for sure, but it's even more important that they live longer as we begin to introduce combination regimens.

Importantly, MARIPOSA was not the only RYBREVANT study to show a survival trend. All 3 Phase III studies showed this trend. MARIPOSA-2, which had progression-free survival hazard ratio of 0.48 (corrected by company after the call), also had OS trend. PAPILLON has a ratio of 0.39 for progression-free survival, also had an overall survival trend. So very important results in all 3 studies,

positive trials with secondary endpoints all going in the right direction. And we have high confidence that with continued follow-up, these overall survival trends will become statistically significant as well.

So with these remarkable results, we believe we are in a place to have best-in-class EGFR portfolio across all lines of therapy. As you see in this graph, we started in a small population, moved into larger population. We also moved to frontline to change the treatment paradigm. It's also important to point out that over the next year, we believe the MARIPOSA regimen and data will continue to look better. The overall survival results, we believe, will end up getting to statistical significance. Our mitigation approaches for side effects will improve the patient experience, and we will introduce the subcutaneous formulation.

Finally, we're also exploring RYBREVANT in other areas where EGFR and cMET oncogenic pathways are important drivers. This includes an ongoing study in colorectal cancer.

Biljana Naumovic ***Johnson & Johnson - Worldwide Vice President, Oncology***

So why are we doing all this? The standard of care today in this space is far from good. 18-month progression-free survival and under 3 years overall survival for young, mostly working women with families. There's just no way that's good enough.

So there are a few different opinions and options of the path moving forward. Recently, we have seen an attempt to bring back chemotherapy in the frontline setting. On the surface, there have been positive results of the study that showed improvements in progression-free survival. But that's actually the problem. Combining both lines of therapy in the frontline setting provides detrimental to overall survival, as shown in the World Conference on Lung Cancer.

So the question becomes, is bringing back chemotherapy in the frontline setting the right thing to do for patients? Well, we have asked the patients, and the answer is no. Now here's what we have with RYBREVANT and lazertinib. A powerful, durable chemo-free regimen that brings not only much awaited and clinically meaningful progression-free survival but shows a trend for statistically significant overall survival. And on top of that, using RYBREVANT and lazertinib in the frontline, patients still have a standard line of therapy after progression.

So with its immune-driven effect shown in PAPILLON and the CNS protection shown in the MARIPOSA, RYBREVANT is set to become the standard of care in the frontline therapy and the backbone for the future. And we intend to bring it to as many patients as possible. As of now, we have treated 5,500 patients in 33 countries in almost 700 centers. And so with that, we think and looking forward to bringing these therapies to above its $5 billion peak year potential.

But our final topic is bladder cancer. It's a critical area of research. Any health care system finds bladder cancer to be the most expensive cancer type. In 2021 in the United States, only to treat bladder cancer patients newly diagnosed and those with disease recurrence, the costs were exceeding $6.5 billion. Well, this is because the treatment of bladder cancer is particularly intensive. But even more than that, it is a daunting, dreaded diagnosis.

Imagine this as a standard of care. Excruciatingly painful installations of BCG, described by patients as a tiger clawing from the inside. As a patient needs to turn their body from left to right to get the BCG fluid touching every wall of the bladder. And after that, eventually, the bladder is removed because BCG simply doesn't work in the long run. BCG has been an ingrained standard of care past 40 years, but every response is very short-lived.

Disease recurrence and BCG failures are common, and up to 80% of patients with non-muscle invasive bladder cancer progress within a year and require retreatment. It should not be a surprise that a refusal of BCG treatment is common. But despite of that, doctors still use it because there is no other option.

Today also, the majority of the pipeline agents being discovered are being investigated in bladder cancer with a combination with BCG, but they don't aim to replace it. That's not a future to look forward to if you're a patient. So with TARIS, our targeted releasing system, we think we will transform the standard of care for this large and currently underserved patient population.

Peter F. Lebowitz ***Johnson & Johnson - Global Therapeutic Area Head, Oncology***

Yes. So after the past few years, every time I talk about our portfolio with you guys, I've told you that the TARIS is coming. And now the data has arrived.

So TARIS, as Biljana said, is a unique platform of drug and device that will transform the treatment of localized bladder cancer. The drug device system is inserted in the bladder in order to provide a sustained and controlled release of drug locally over months at a time. This means patients get highly active drug in the bladder, sustained exposure without systemic toxicity. The procedure of inserting and extracting is a straightforward urologic office procedure without a need for surgery or hospitalization. So this technology was really designed to deliver potential cures for localized bladder cancer.

With TAR-200 and TAR-210, we presented some truly transformational data, and our registration program is well underway. TAR-200 is a device that releases gemcitabine in the bladder, and the results in BCG-exposed patients are truly remarkable, 77% complete response rate. We have 3 major Phase III studies that we believe can replace the standard of care in high-risk non-muscle invasive bladder cancer and in muscle invasive bladder cancer.

TAR-210 takes the platform to the next stage with an innovative targeted therapy. This drug-device combination releases erdafitinib, our first-in-class FGFR inhibitor, to treat FGFR-mutated localized bladder cancer. Results in the intermediate risk non-small cell lung cancer, bladder cancer population, which is about 70% FGFR mutated, are astounding, approaching a 90% complete response rate. So we're now rapidly moving TAR-210 to Phase III studies as well. These 2 therapies cover different patient populations of unmet need, allow us to cover the full localized bladder cancer population.

Biljana Naumovic ***Johnson & Johnson - Worldwide Vice President, Oncology***

With these incredible study results, we are confident that we will truly transform the treatment for bladder cancer and displace BCG and chemo-radiotherapy as standards of care. We are dedicated to bladder-sparing regimens and bringing to patients and clinicians the first targeted therapy that we believe will redefine localized disease and improve the quality of life of nearly 400,000 patients living with bladder cancer today, and ultimately, bringing this therapy to above $5 billion peak year potential.

Peter F. Lebowitz ***Johnson & Johnson - Global Therapeutic Area Head, Oncology***

So as we mentioned before, it's impossible to fully cover all the programs in our pipeline. But I did want to highlight a few things that you should be aware of in the near term for our early pipeline.

As I mentioned, we plan to continue to deliver about 2 novel therapies per year over the next few years. Over the past few years, we've shown the strength of our internal discovery capabilities. It's important to note that our 3 approved bispecific antibodies were all discovered and developed internally. Our pipeline remains really strong. The external in-licensing environment is highly favorable. We expect our internal and external approach to continue to deliver at the same level of productivity.

So I just want to cover a few of the highlights of innovation from this early pipeline. We have next-generation trispecific antibodies already in the clinic showing some interesting data. We're going after cell therapy with novel approaches to CAR-T. We completed a couple of deals around ADCs with next-generation platforms as well as targets. We also have a menin program that we are really excited about as potential best in class that we're presenting our clinical data at ASH. We have a number of programs in the clinic that are novel approaches to prostate cancer with targeted biologics. And last, we have an oncolytic virus that we believe is best in class, and we have a clinical approach and indication that gives us high probability of success.

So we will finish where we started. Our success has been driven by a mission, strategy, execution and culture that has withstood the test of time. We're fierce in pursuing cures, but we are also humble. Innovation, we know, requires an open mind. So what comes next? We continue on the mission of cure, and we continue to deliver rapid progress.

Biljana Naumovic ***Johnson & Johnson - Worldwide Vice President, Oncology***

And we never rest in our determination to bring transformational medicine to patients. That is our inspiration, to boldly pioneer the field, and with it, establish Johnson & Johnson as #1 oncology company as we strive to get in front of and ultimately eliminate cancer. Thank you.

Operator

Thank you ladies and gentlemen, please welcome Worldwide Vice President, Immunology, Candice Long; and Global Therapeutic Head, Immunology, David Lee.

David M. Lee ***Johnson & Johnson - Global Therapeutic Area Head, Immunology***

We are redefining the treatment of immune-mediated disease with transformational therapies. Since 2018, we have been on a journey to expand the reach and impact of our immunology portfolio with a focus on patient need, science and value. Today, Candice and I will walk through how we are delivering against our growth strategy with multiple first and best-in-class programs that are leveraging our deep expertise and proven track record. What you'll see here today is an industry-leading portfolio that is fueling the growth outlook for Johnson & Johnson.

Our vision has us focused each day on restoring health for the millions of patients living with immune disease. And our mission acknowledges that the vast majority of patients are still waiting. That gap defines our relentless dissatisfaction with the status quo. Today, we'll review the impact of our systematic and evidence-driven approach and our exclusive focus on achieving durable symptom-free remission.

Now why does this make us unique? While others are focusing on treatment response, we are raising the bar and focusing on durable symptom-free remission across our portfolio, a portfolio that has broad impact for patients at every stage of life. Ultimately, we are enabling patients to move from a hope for some day to an expectation that they can reclaim their lives every day. With this approach, we are ushering in the next wave of immunology innovation, building upon an already profound legacy.

With the introduction of REMICADE 25 years ago, we pioneered a revolution that defined a new standard of care. And since then, we have distinguished ourselves by consistently redefining that standard of care with medicines like STELARA and TREMFYA. Here, you see our growth trajectory of 9% CAGR over the last 11 years, representing 5 internally developed assets, 32 approvals and millions of patients whose lives have been transformed.

Finally, while our discovery engine continues to fire, we remain committed to the best possible science regardless of where it comes from. Through strategic collaborations, we further access the best in innovation.

Candice Long ***Johnson & Johnson - Worldwide Vice President, Immunology***

And truly understanding patient need lies at the heart of our strategy. There are 30 million people living with immune-mediated diseases in our areas of focus across the G8 countries. Only about 10% of these individuals are experiencing remission. A staggering statistic when you think about the scientific breakthroughs that have happened over the last few decades.

So for us to expand our reach and impact within our portfolio, we need to appropriately contextualize the patient need. About 25 million individuals are eligible for therapy. 75% seen here in the red portion of the pie, they are not receiving advanced therapies for a variety of reasons. That leaves about 3 million people, the blue segment, who have been diagnosed for diseases where there are no or extremely limited advanced therapies, and about 3 million people who have failed or lost response to the current advanced therapies seen here in the purple.

Our pathway approach takes each of these patient groups into account. For that 10% of patients that you see here in gray who have achieved durable remission, we are proud that our treatments have contributed to their positive outcomes. And it's important to point out that this segment is not a strategic focus area for our next-generation treatments. What's more, this 10% population is, in fact, the focus of companies making biosimilars. So as an innovation-based company, we are competing in completely different arenas. Where we

operate, the market growth is expected to be $50 billion through 2030.

Now to your left, you see the foundation on which we've built our legacy, all of which continue to fuel the growth of Johnson & Johnson. On the immediate horizon, we have our much anticipated programs, TREMFYA, JNJ-2113, nipocalimab and JNJ-4804, all of which are in Phase II or Phase III across multiple indications. What comes next? New mechanisms, new modalities, all of which are building from our experience and our expertise.

David M. Lee ***Johnson & Johnson - Global Therapeutic Area Head, Immunology***

So this brings us to our pathway strategy. We invest deeply with a long-term view in our carefully selected pathways. This yields the differentiating depth of clinical and scientific insights we're talking about today. A key example is our work in the IL-23 pathway. We established the foundation for our IL-23 expertise with STELARA, the first anti-IL-12/23, which today is indicated for psoriatic and inflammatory bowel diseases. Leveraging our learnings and experience, we then deliver the next generation of innovation with TREMFYA, the first p19 directive selective IL-23 inhibitor with current indications in psoriatic disease and with inflammatory bowel diseases up next.

These treatments are both well known for their impressive efficacy, durability and clean safety profile. Now we continue to expand our leadership in IL-23 with JNJ-2113, our first and best-in-class targeted oral peptide; and with JNJ-4804, our first-in-class biologic combination. We're also expanding to other targets in this pathway, including JNJ-1459, a potentially best-in-class investigational targeted small molecule IL-17 inhibitor.

Candice Long ***Johnson & Johnson - Worldwide Vice President, Immunology***

So let's take a closer look at TREMFYA and how we believe that in addition to our clinical data, the design and the attributes of this molecule make an important difference for patients while also distinguishing us in the market. From a patient need perspective, TREMFYA checks multiple boxes with its biggest impact for patients with undertreated disease. TREMFYA has proven that the IL-23 pathway is strongly implicated in psoriatic disease and is currently helping more than 300,000 patients. It's demonstrated unmatched durability in psoriasis, sustained response for up to 5 years, superiority versus 3 other mechanisms of action.

And in psoriatic arthritis, TREMFYA is the only IL-23 inhibitor in the class that showed inhibition of structural joint damage in a Phase III trial. And we are very excited about our Phase III data for our TREMFYA IBD studies, which will be available in the first half of 2024. Our research has already demonstrated the differentiating benefits of TREMFYA in this space. And we know that not all IL-23 inhibitors are the same.

TREMFYA is indeed unique. TREMFYA is the only IL-23 inhibitor with high potency for blocking IL-23 signaling and for binding to both the IL-23 and the CD64, allowing it to localize the source of inflammation where the IL-23 is produced. In our Phase II study, TREMFYA achieved a 65% response rate, the best 1-year clinical remission rate to date in a Crohn's disease registrational program with the durability of response through 3 years.

What's more? TREMFYA is the only IL-23 inhibitor with the potential for the convenience of subcutaneous induction across both of our IBD indications. This will be a huge benefit for patients. Overall, we are anticipating TREMFYA peak year sales across psoriatic and inflammatory diseases to reach over $5 billion.

So let's pivot to the approximately 5 million patients living with moderate to severe psoriatic and inflammatory bowel diseases who are eligible but not receiving advanced therapies. Why? First, the current oral market is vastly underserved. Treatments are less effective than currently available advanced treatments. They come with significant safety trade-offs.

And in addition, despite the safe and effective injectable biologics, the most common reason cited for not using existing advanced therapies are, one, the method of administration and the overall perceived risk of intravenous and subcutaneous treatments. This tells us that if there was a once-daily pill option that delivered a durable symptom-free remission along with a demonstrated strong safety profile, you would redefine the standard of care for patients with immune-mediated diseases.

What's more? 75% of patients using injectables report that they would switch to a once-daily pill that offered high efficacy and proven safety. Finally, there is significant worldwide market growth for orals expected by the end of this decade. And this sets the stage for our new investigational targeted oral therapies.

We have potentially 2 transformational treatments in this space that are expected to launch by 2030. First, we will change the treatment paradigm with JNJ-2113, our potential first and best-in-class targeted oral peptide. Second, we have JNJ-1459, our investigational targeted small molecule IL-17 inhibitor, which has the potential to also be best in class.

IL-23 and IL-17 well-established mechanisms in psoriatic disease with substantial and growing market shares. Each of these assets will have a distinct role in our portfolio. What this means is that in addition to psoriatic disease, we anticipate that JNJ-2113 will also be extremely efficacious in IBD and that JNJ-1459 will be effective in other immuno-dermatologic as well as rheumatic diseases.

David M. Lee ***Johnson & Johnson - Global Therapeutic Area Head, Immunology***

The results from our Phase IIb study in adults with psoriasis show that JNJ-2113 delivers an unprecedented profile. The treatment demonstrates complete skin clearance at levels comparable with current advanced injectable biologics, levels not seen in currently approved oral psoriasis treatments. JNJ-2113 also demonstrates an encouraging safety profile versus those currently approved orals.

So we kicked off our pivotal Phase III development program this quarter with 2 studies in adults with moderate to severe psoriasis. And in addition, 2 head-to-head studies will commence in the first half of 2024. For all of these studies, we will use a 200-milligram once daily dose. And we include a higher primary efficacy endpoint than the industry standard, again, raising the bar on remission. We also have initiated a JNJ-2113 Phase IIb study for adults with ulcerative colitis.

Now pivoting to JNJ-1459, our investigational targeted small molecule IL-17 inhibitor. We completed Phase I study -- our Phase I study and are launching a Phase II dose-ranging study in psoriasis and are evaluating other systemic inflammatory diseases next.

In short, we plan to lead the orals market. In fact, we see an estimated revenue potential of more than $5 billion in peak year sales across indications for JNJ-2113 alone. This is an increase from our $1 billion plus categorization we shared at our 2021 Pharmaceutical Business Review, which is the result of our phenomenal data.

Okay. Now let's talk about refractory patients, those individuals who have experienced inadequate efficacy or loss of efficacy from advanced therapies. This is a significant and growing population. And this brings us to JNJ-4804, our novel combination biologic that targets IL-23 and TNF to well-defined drivers of immune-mediated diseases. Our proof-of-concept study in ulcerative colitis showed compelling efficacy of 83.1% with a safety profile consistent with monotherapy.

We anticipate JNJ-4804 breaking through the monotherapy efficacy ceiling that exists and being able to do it across multiple diseases, including ulcerative colitis and Crohn's disease, which represent more than 500,000 people in the G8. JNJ-4804 also holds a promise for even higher efficacy in longer-term maintenance dosing.

And we plan to explore this asset in disease modification as well. Our deep expertise and broad portfolio of assets uniquely positions us to identify effective combinations. In fact, JNJ-4804 is our first of 3 combination therapies. With 4804, we are first in class, and no one is in our rearview mirror, meaning JNJ-4804 has the potential to become the leading treatment for these refractory patients. Now to put the value of this in context, in IBD alone, we expect peak year sales to be in the $1 billion to $5 billion range.

Candice Long ***Johnson & Johnson - Worldwide Vice President, Immunology***

Auto- and alloantibody diseases represent an area of immense need, affecting 240 million people worldwide who live with more than 80 different diseases, most of which have few or no safe, effective, approved or targeted treatments. These diseases are caused by pathogenic IgG antibodies made by one's own body that detect critical organs and tissues. In pregnancy, alloantibodies from a pregnant person can attack their developing fetus.

Nipocalimab is a differentiated anti-FcRn that we believe will define the standard of care of auto and alloantibody diseases. Nipocalimab

is the only anti-FcRn with proof of mechanism across 3 key segments: rare autoantibody, maternal-fetal and prevalent rheumatic diseases. The addressable population for nipocalimab in our initial 10 indications is just over 2 million people. And the total estimated revenue potential is more than $5 billion based on peak year sales.

David M. Lee ***Johnson & Johnson - Global Therapeutic Area Head, Immunology***

So let's dig a little deeper into why the unique molecular structure of nipocalimab may hold the key to differentiated efficacy and safety among anti-FcRns. First, nipocalimab binds to FcRn with one of the highest affinities of any anti-FcRn. And this translates into nipocalimab's potential best-in-class IgG profile lowering.

Second, our proprietary crystal structures demonstrate nipocalimab's binding is highly specific to the IgG binding site without overlap on the albumin binding site. This is potentially why nipocalimab has been found to have no clinically significant impact on albumin and lipid levels at the current doses being evaluated for chronic disease. Of note, due to its pH independent binding to FcRn, nipocalimab blocks placental IgG transfer without entering the fetal circulation. Thus, it's the only anti-FcRn being studied in pregnant populations.

In addition to the unique molecular structure of nipocalimab, there are other key factors contributing to its potential best-in-class designation such as efficacy, optimized safety profile, convenient dosing and device paradigm and its unparalleled position in the maternal-fetal space.

So let's turn to these results. In our rare autoantibody segment, we have transformative Phase II data in moderate to severe generalized myasthenia gravis. Existing advanced therapies for this disease are either suboptimal in terms of safety and tolerability or do not offer patients with this chronic disease a regular dosing schedule that keeps their symptoms under control.

At the dose we're studying in our Phase III program, we anticipate IgG reduction of up to 77%. And we expect our Phase III top line results to be ready to communicate in early '24. Now since myasthenia is a chronic disease, we are planning to ultimately meet patient needs with a convenient treatment administration delivered at home twice monthly with regular stable dosing in a differentiated subcutaneous device. Myasthenia gravis will be our first indication in rare autoantibody with warm autoimmune hemolytic anemia up next, where we will be first in class.

Candice Long ***Johnson & Johnson - Worldwide Vice President, Immunology***

In maternal-fetal immunology, nipocalimab is also the only anti-FcRn, meeting the needs of patients living with devastating illnesses where there are no approved medical therapies. We delivered groundbreaking clinical data earlier this year in hemolytic disease of the fetus and newborn, or HDFN, a rare disease where alloantibodies from the pregnant person crossed the placenta, attacking fetal red blood cells, which can result in the death of the fetus.

Pregnancies affected by this disease may require repeated intrauterine transfusions, which are invasive and risky. Our Phase II study demonstrated 54% of live births without the need for an intrauterine transfusion. This compares to less than 10% historically. We look forward to delivering the first transformative medical treatment in 50 years for this 2-person disease with very high patient need. Critically, having this unique data in maternal-fetal immunology differentiates nipocalimab from other agents since approximately 80% of rheumatology patients are female and up to half are of child-bearing potential.

David M. Lee ***Johnson & Johnson - Global Therapeutic Area Head, Immunology***

Finally, we are excited by our first-in-class, first-in-disease data from our rheumatoid arthritis proof-of-concept study, which confirmed our intent to pursue a combination therapy. Here, we're looking at patients who have inadequate response to biologics. In rheumatoid arthritis, that's about 20% to 30% of patients. Our clinical study is the first time that selective reduction of IgG autoantibodies has ever shown efficacy.

Our analysis also confirmed that combining our anti-FcRn with an anti-TNF, again, hitting 2 complementary pathways that we know impact disease activity offers the potential to deliver a truly transformative therapy. And efficacy nearly doubled in a prespecified

autoantibody high subpopulation, which shows the potential for a true precision medicine approach. Our Phase II combination proof-of-concept study has launched, and we are excited to continue this program where we have a strong legacy of transforming patient lives.

Candice Long ***Johnson & Johnson - Worldwide Vice President, Immunology***

I'd like to leave you with a few parting thoughts. As Johnson & Johnson, our immunology legacy has set the foundation, and our pathway strategy is paving our way for the future. You heard the phrases best in class and first in class many times in this presentation. This is why we are so confident in saying that we will redefine the standard of care.

And finally, there's so much more to come. As we expand the reach and the impact of our portfolio, we will transform the lives of millions of patients, create unprecedented value for the organization and emerge the leader in immunology by the end of this decade. Thank you.

Operator

Ladies and gentlemen, please welcome Worldwide Vice President, Neuroscience, Peter Fang; and Global Therapeutic Area Head, Neuroscience, Bill Martin.

Bill Martin ***Johnson & Johnson - Global Therapeutic Area Head, Neuroscience***

Today, we are here to provide an update on our leadership in the precision neuroscience revolution to reduce the burden and disability caused by serious nervous system disorders. Our goal is to deliver breakthrough solutions for people with neuropsychiatric, neurodegenerative and neurological autoantibody-driven diseases. Our strategy harnesses scientific advances in 4 areas: human genetics, data science, biomarkers and clinical trials -- and digital health, sorry. We leverage these advances to enable precision approaches for target and patient identification, target modulation and therapeutic focus.

Peter Fang ***Johnson & Johnson - Worldwide Vice President, Neuroscience***

For nearly 7 decades, we have pioneered innovative medicines that have significantly advanced treatment for nervous system disorders. And our journey began with Haldol for the treatment of schizophrenia, which was invented by Dr. Paul Janssen in 1958. And since then, we have introduced over 20 industry-leading innovations. We've delivered over $6.8 billion in sales in 2022 and established ourselves as the #1 psychiatry company in the world. And most recently, we launched INVEGA HAFYERA, the first and only twice yearly treatment for adults with schizophrenia. And we also introduced SPRAVATO, marking the first new mechanism of action in more than 3 decades to treat 2 challenging types of depression.

However, the number of people affected by diseases of the brain continues to rise, driven by both the mental health crisis and the aging population. And despite progress in understanding and treating these conditions, significant unmet needs persist, impacting the lives of over 1 billion people. Half of all schizophrenia patients experienced partial improvement or unacceptable side effects, resulting in a significant economic impact.

In major depressive disorders, most patients experience residual symptoms even with standard of care and are expected to cost the global economy by up to $6 trillion by 2030. And in Alzheimer's disease, the economic burden is a staggering 12x that of cancer. And so given the high unmet need, we expect the neuroscience market to double and grow by almost 12% by 2030. And on the foundation of our expertise in schizophrenia and depression and by adding our precision neuroscience approach, we aim to become the #1 neuroscience company in the world.

Bill Martin ***Johnson & Johnson - Global Therapeutic Area Head, Neuroscience***

However, the heterogeneity of the 1 billion people impacted by these diseases demands a precision approach to neuroscience research. Today, most conventional therapies have a one-size-fits-all approach, leading to mixed outcomes. That is why our scientists at J&J are dedicated to relentless innovation in biomarkers, data science and clinical trials.

Our goal is to identify disease subtypes in patients, tie targets of interest to disease and predict which individuals will best respond to a particular medication. We aim to treat the right patient with the right treatment at the right time. We're working to bring greater precision to the development of an expanded differentiated portfolio of novel products.

Our robust pipeline is guided by our deepened understanding of mechanisms of key neurological disorders and our ability to identify distinct subtypes within these diseases. Each treatment is designed to target a subpopulation of patients by focusing on the underlying biology and symptoms of each patient. And it's exciting to share that we have 6 planned submissions by 2030 with 5 of them being first-in-class therapies. And now we will provide you with an in-depth view of our portfolio and pipeline.

Peter Fang ***Johnson & Johnson - Worldwide Vice President, Neuroscience***

As mentioned earlier, our legacy in psychiatry is unparalleled. Today, our leading INVEGA portfolio provides adults with schizophrenia the longest-term symptom control in a single dose. In fact, in a recent study, over 96% of patients who continued on INVEGA HAYFERA were relapse free in the open-label extension. And nearly 9 out of 10 patients completed 2 years of treatment. Our INVEGA portfolio has impacted nearly 6 million patient life years, delivered over $4 billion in sales in 2022 and has become the leading long acting injectables portfolio in schizophrenia.

In depression, SPRAVATO continues to gain momentum both in the U.S. and globally with approvals in over 70 countries and having treated more than 70,000 patients. Sales have experienced an increase of more than 80% when compared to the previous year. And a recent head-to-head study published by The New England Journal of Medicine showcased the efficacy of SPRAVATO compared to a commonly used adjunctive therapy.

Patients on SPRAVATO were 70% more likely to achieve and sustain remission. And these data validates SPRAVATO's first-in-class breakthrough innovation for people with challenging forms of depression. We believe with its sustained momentum, we anticipate SPRAVATO reaching peak sales from $1 billion to $5 billion.

Bill Martin ***Johnson & Johnson - Global Therapeutic Area Head, Neuroscience***

But what about our future portfolio? As Jennifer highlighted, we are leading where medicine is going. We know that major depressive disorder is a heterogeneous disease characterized by mechanistically distinct features such as anxiety, anhedonia and insomnia. Under current standard of care, 7 out of 10 patients experience residual symptoms. We are committed to developing therapies that specifically target the underlying mechanisms of disease and address these inadequately treated symptoms.

Our near-term portfolio includes aticaprant and seltorexant, both anticipated to enter the market in rapid succession within the next 2 years. A key future growth driver for us is aticaprant, which acts as an antagonist to the kappa receptors that control the processing of reward and when activated, contribute to anhedonia and depression.

Anhedonia, which is characterized by a loss of interest and enjoyment in activities, is present in approximately 60% of individuals with depression. It's the third most common residual symptom after first-line treatment. In a Phase II clinical trial in patients with MDD and inadequate response to standard of care, aticaprant as an adjunctive treatment showed greater reduction in overall depression symptoms compared to patients under standard of care alone.

The magnitude of the overall antidepressant efficacy was greater in those with elevated anhedonia with a more favorable safety and tolerability profile relative to other adjunctive treatments. Phase III trials are underway, and we anticipate aticaprant to achieve peak sales exceeding $1 billion.

Now like aticaprant, seltorexant targets a specific subgroup of patients with MDD. It antagonizes the orexin-2 receptor to reduce the wakefulness and hyperarousal associated with depression. Half of the people with depression experience sleep disturbances that are not fully addressed by current antidepressant treatments. Phase II studies show that patients who receive seltorexant as an adjunctive therapy improve their depression symptoms as well as sleep onset and maintenance. The Phase III program has yielded promising results, which we look forward to sharing in 2024. We expect peak sales for seltorexant to exceed $1 billion.

In Alzheimer's disease, we are applying precision approaches to improve care of targeted patient subpopulations at all stages of the disease. AD begins with the accumulation of 2 proteins, amyloid and tau. Our robust programs on tau aim to deliver potential best-in-class disease-modifying treatments. In the early stages with memory symptoms, we seek to intercept disease progression with a

monoclonal antibody directed against the pathological form of the tau protein in contrast to previous therapies directed against the end terminal portion of the protein.

Additionally, recognizing that 315 million people globally show signs of AD before symptoms, we aim to identify and treat them early, reducing irreversible brain damage and slowing or stopping the disease. Our collaboration with AC Immune on tau active immunotherapy targets a relevant epitope adjacent to the aggregation domain. And we have already demonstrated a maturation of the immune response towards antibodies with preferential binding to pathological phospho-tau aggregates.

If successful, this would mark a significant milestone as the first active immunotherapy targeting tau. For AD patients with neuropsychiatric symptoms, we're studying seltorexant to treat mild, moderate AD with agitation based on hypothesized dysregulation of the orexin system.

Posdinemab could potentially be available as early as 2028 with anticipated peak sales exceeding $5 billion. Our comprehensive approach to Alzheimer's disease is a concrete example of how we are leading where medicine is going.

Peter Fang ***Johnson & Johnson - Worldwide Vice President, Neuroscience***

We are at a pivotal moment for J&J innovative medicine for neuroscience. On our nearly 7-decade legacy in psychiatry and our precision neuroscience strategy, we are incredibly well positioned to make an impact to the over 1 billion people affected by diseases of the brain and double our sales by 2030. We have an exciting portfolio of innovative first-in-class therapies. And in the near term, we expect multiple late-stage data readouts, submissions and launches. And we will also continue to strengthen our pipeline with external innovation. And ultimately, we aim to deliver up to 4 blockbusters and 2 mega blockbuster brands across neuroscience in the foreseeable future.

In closing, our precision neuroscience strategy has set us on a trajectory to double our growth and become the #1 neuroscience company by 2030. And we are incredibly excited to bring these innovations to patients worldwide. Thank you.

QUESTIONS AND ANSWERS

Operator

Ladies and gentlemen, please welcome Jennifer Taubert, John Reed, Tom Cavanaugh, Peter Lebowitz, David Lee, Bill Martin, Biljana Naumovic and Raychel Kruper.

Raychel Kruper ***Johnson & Johnson - Sr. Director, Investor Relations***

Great. Thank you, everyone. So as a reminder, for those in the room, please use your push to speak microphones in front of you once I have called on you. For those online, please use the chat box to ask your questions. So with that, we are happy to take your questions. And I see Chris Schott.

Christopher Thomas Schott ***JPMorgan Chase & Co, Research Division - Senior Analyst***

Great. I guess my question was on CARVYKTI and maybe the broader multiple myeloma kind of outlook. Obviously, very impressive data for that asset. I'm just interested maybe in your views of what percent of the market you think could be ideal candidates for CAR-T, your latest views of when you'll have capacity to pursue those patients and maybe just any color you can provide of the $25 billion target. How much of that is CAR-T versus the other agents that you have?

Biljana Naumovic ***Johnson & Johnson - Worldwide Vice President, Oncology***

Thank you, Chris. That's a great question. Let me start by saying that we don't provide that split of the brands in that $25 billion. And I can start first by saying that we're doing absolutely everything possible to increase the capacity. We have talked about that past full year, and you have seen the increases in capacity we have made. We have addressed it in a very systemic approach, going from the lentivirus, moving in in-house, addressing the capacity within increasing the number of slots and decreasing the number of out of spec. So we're doing everything that we can to increase the capacity. We do not comment on what the capacity can be because that definitely changes as we open and work on expansion.

As for the number of patients who could be eligible for CARVYKTI in the frontline setting, when you look from the perspective of the results that we expect to see from CARTITUDE-5 and CARTITUDE-6, if they mimic what we've seen in CARTITUDE-4, the question would be who is not a CARVYKTI patient in the frontline setting. But we will aim to get it to as many patients as possible in that setting.

Raychel Kruper ***Johnson & Johnson - Sr. Director, Investor Relations***

And Jennifer, I don't know if you want to comment to the $5 billion assets that are in multiple myeloma as well. So we have CARVYKTI, TECVAYLI, TALVEY and DARZALEX.

Jennifer L. Taubert ***Johnson & Johnson - Executive Vice President, Worldwide Chairman, Innovative Medicine***

I think you just answered that question.

Raychel Kruper ***Johnson & Johnson - Sr. Director, Investor Relations***

Apologies.

Jennifer L. Taubert ***Johnson & Johnson - Executive Vice President, Worldwide Chairman, Innovative Medicine***

No, no, no. We really do have a leading multiple myeloma portfolio, and we're so excited about what we do have. And I think on CARVYKTI real quick, we've actually doubled capacity this year. We've set up a manufacturing site that's in the process of qualification in Europe. We brought on 2 external manufacturers as well, and as Biljana noted, brought lenti in-house. So based on the data that keeps coming out of the R&D team, we are more and more and more bullish on that. So excited.

And then when you take a look at not only DARZALEX and what we're doing in increasing penetration in the frontline setting, CARVYKTI, that will have a role to play as we continue to expand capacity there. And then with TECVAYLI and the TALVEY launches in the latter lines of therapy, we really do have a product for literally every patient at every stage of the disease.

Raychel Kruper ***Johnson & Johnson - Sr. Director, Investor Relations***

Great. Geoff?

Geoffrey Christopher Meacham ***BofA Securities, Research Division - MD***

Great. One question on lung and then one on myeloma. On lung for the PALOMA study, talk a little bit about whether you think that's needed to really drive an inflection in market share. I wasn't sure what the messaging is pre and post that data set. And then for CARVYKTI moving to first-line myeloma maybe for Peter, if you think about MRD negativity is previously not being an approvable endpoint, do you think that's needed in the first-line setting? And I'm assuming you'll be comparing yourself against REVLIMID or maybe VELCADE regimens. Talk about kind of the hurdle that you'll have to hit with respect to kind of blunting the cost-benefit conversation as those are obviously [beginning].

Biljana Naumovic ***Johnson & Johnson - Worldwide Vice President, Oncology***

I could start with lung cancer. So look, in lung cancer space, especially in metastatic lung cancer space, you want to use your most efficacious therapy first. So in that setting, if we are bringing the broadest set of data and overall survival very soon, I think that will be the major driver of the prescription habits for any physicians because mainly the patients are going to be thinking with their legs.

When you look at the data from PAPILLON and MARIPOSA-2, we're already having to add RYBREVANT on the established chemotherapy to begin with. So intravenous therapy and having intravenous therapy in the setting where you already have chemotherapy will be a normal thing, and we think that based on the results that we have, the penetration is going to be extensive and very fast.

When we talk about the first-line setting, we really understand the need to be very patient-centric in that setting. And even though we understand that even coming with intravenous formulation is going to make a difference in patients' lives, coming with subcutaneous as soon as possible and having that convenience to the patients in the frontline setting will make all the difference as well. So that's how we see the play out between the IV and the subcutaneous.

Peter F. Lebowitz ***Johnson & Johnson - Global Therapeutic Area Head, Oncology***

So regarding CARVYKTI, look, we believe CARVYKTI is a frontline drug, right? Remember, frontline multiple myeloma is transplant. So replacing transplant is what we always aim to do, and we believe that that's going to be -- CARTITUDE-6 is going to be a positive study. We've already gotten that started. So we don't see it as a major hurdle to get that into frontline. It's the most active therapy that we've ever had. That's where it should sit.

Raychel Kruper ***Johnson & Johnson - Sr. Director, Investor Relations***

Terence?

Terence C. Flynn ***Morgan Stanley, Research Division - Equity Analyst***

Terence Flynn, Morgan Stanley. Maybe a 2-part question for me. I was just wondering, as we think about the oral immunology market and IL-23, how should we think about sequencing here with TREMFYA and oral IL-23? And then the second question relates to milvexian. You expressed confidence in this asset. A competitor recently had somewhat of a setback. So maybe just remind us why you're still confident here in differentiation relative to the buyer asset.

Raychel Kruper ***Johnson & Johnson - Sr. Director, Investor Relations***

Great. So maybe we start with Tom. If you want to begin?

Tom Cavanaugh ***Johnson & Johnson - Company Group Chairman, North America Innovative Medicine***

Yes, with the immunology. Sure. So first and foremost, I think as you heard from Candice, we believe both can play in this marketplace for the 5 million patients that are currently not receiving treatment or advanced therapies is a prime spot for the orals, both the 2113 and our oral IL-17. So I would say both have a play in the marketplace. There's a significant unmet medical need there and a need for what we would say high efficacy. So complete skinning clearance, a safe profile and an oral delivery.

Raychel Kruper ***Johnson & Johnson - Sr. Director, Investor Relations***

Great. And then John?

John C. Reed ***Johnson & Johnson - Executive Vice President, Innovative Medicine R&D***

Yes. I'll take the milvexian question. No, we remain entirely confident, and I'll tell you why. We knew from the Phase II studies we had done and through modeling of dose response relationships that for the atrial fibrillation indication, which is more like a venous side, low-volume situation where there's slower flow that we would need to hit the target harder. So you'll notice in our studies for AFib, if you compare it with the secondary stroke prevention and the ACS, which are more arterial side, high pressure systems, you'll notice that for AFib, we have 4x the dose. So that was done very specifically because of our modeling and our data taught us that that's what you'd have to do for AFib.

The other study you mentioned, they didn't do that. There are speculations as to why. I won't get into that. But that leaves us still very confident that AFib is a great indication for us. On top of that, I would say through a biologic to Factor XI that's been tested in the market and gone head-to-head against oral Factor X with a specific question of superior safety, not efficacy but safety, that experiment has been done. And that further substantiated the hypothesis that Factor XI could be a safer target than Factor X. So between those 2 things, we are as bullish as ever about our program.

Jennifer L. Taubert ***Johnson & Johnson - Executive Vice President, Worldwide Chairman, Innovative Medicine***

Yes. And I would add in. So AFib is the largest of the 3 indications. So if you take a look, there's ACS, secondary stroke prevention and AFib. AFib is the biggest. And so now we're in a case where we're going to be first and maybe only. And so that also gives us an additional advantage in the marketplace. So we feel good about the program going forward.

Raychel Kruper ***Johnson & Johnson - Sr. Director, Investor Relations***

Okay. Louise?

Louise Alesandra Chen ***Cantor Fitzgerald & Co., Research Division - MD & Senior Research Analyst***

Louise Chen from Cantor. So I wanted to ask you about your path to become a #1 neuroscience company in 2030. How much of that is buy versus build? And do you have any interest in rare but high unmet need in neuro disorders?

Raychel Kruper ***Johnson & Johnson - Sr. Director, Investor Relations***

Great. Bill?

Bill Martin ***Johnson & Johnson - Global Therapeutic Area Head, Neuroscience***

Yes. So thanks for that question. So I think that what you see in laying out today for the first time is we have multiple post-proof-of-concept assets in Phase III that we have high confidence in delivering within this time frame. We have other assets internally that are in the Phase IIb setting, which we believe have mega blockbuster potential by 2030.

Now as we've highlighted, as John captioned nicely, we remain agnostic to source of innovation. So while we have a tremendous internal pipeline, we've maintained our commitment to the external space, have done several smaller licensing deals over the last couple of years, and we'll always continue with humility to look for where there's breakthrough innovations that we can source to supplement the growth of the internal pipeline.

Trung Huynh ***UBS - Analyst***

Trung Huynh from UBS. Just another on multiple myeloma. We're looking forward to the PERSEUS data being presented at ASH later. Could you just tell us currently what the penetration is in that eligible transplant population? And where do you think it could go to post this data? And then I'm curious on your thoughts on the eventual goal to replace stem cell transplants with CAR-T. How is that going to affect DARZALEX?

Raychel Kruper ***Johnson & Johnson - Sr. Director, Investor Relations***

Sure. Biljana?

Biljana Naumovic ***Johnson & Johnson - Worldwide Vice President, Oncology***

Yes. Thank you for the question. So look, we have seen the GRIFFIN data last year as well, and the excitement for the quad regimen is very high. Ultimately, what we get with PERSEUS data is confirmation of the efficaciousness of the regimen combined with the fact that there is maintenance therapy that brings tremendous benefit for the patients. So once we discuss the data on ASH, we think that we will expand into the frontline setting.

Mind you, we have not penetrated 50% of the frontline setting where we could be. So ultimately, there is ample opportunity, especially when we think of the maintenance therapy with DARZALEX going forward.

Peter F. Lebowitz ***Johnson & Johnson - Global Therapeutic Area Head, Oncology***

So just to mention how replacing transplant works with CAR-T, remember, in CARTITUDE-6, it's a DARZALEX regimen. So the idea here is, as we've sort of gone through, is in order to cure this disease, we need all these pieces in place. And again, our goal is to create these regimens to actually treat to cure. So DARZALEX will be included in that regimen.

Raychel Kruper ***Johnson & Johnson - Sr. Director, Investor Relations***

Alec, any questions from online?

Alec Mast ***Johnson & Johnson - Investor Relations***

Yes. So one question coming from online was around nipocalimab. Can you share a bit more insight into why you're so confident in this asset's future success, particularly its ability to compete in the myasthenia gravis space as well as the opportunity you have in RA?

Raychel Kruper ***Johnson & Johnson - Sr. Director, Investor Relations***

Okay. David?

David M. Lee ***Johnson & Johnson - Global Therapeutic Area Head, Immunology***

Maybe I'll start. Tom, you can amplify. So we have a high degree of confidence in nipocalimab based on the data that we've demonstrated so far, its molecular profile. It's got among the highest affinity bindings to the FcRn, therefore, lowering the pathogenic disease-causing autoantibodies. We know its binding site is exquisitely specific for IgG. Therefore, at the doses we're using, we're not hitting some of the safety profiles with albumin and lipids that others are seeing, and then as we go forward and we demonstrate the ability to dose chronic diseases with continuous reliable therapies that are convenient and safe. Those are all great reasons why we're going to be, again, leading in that space.

And by the way, I would mention we're just getting started in those rare autoantibody. We also have proof of concept in maternal-fetal and prevalent rheumatology now. So again, expanding the aperture for where this drug is going to be transformative even more broadly than has been shown by others so far.

Tom Cavanaugh ***Johnson & Johnson - Company Group Chairman, North America Innovative Medicine***

Yes. I'll just -- I'll piggyback on that a little bit, and you heard it earlier, underscore the population by which we're targeting. Many of these diseases are chronic in nature. So not only efficacy is important but also safety and convenience. And from a safety factor, many of them, unfortunately, are women and women of child-bearing potential. So that unique characteristic of nipocalimab versus the other FcRns is critically important, and we're going to stress that as well as the delivery. You heard from David the ability to administer through subcutaneous formulation.

Raychel Kruper ***Johnson & Johnson - Sr. Director, Investor Relations***

Okay. Guggenheim?

Arseniy Shabashvili ***Guggenheim Securities, LLC, Research Division - Associate***

Arseniy Shabashvili on for Vamil Divan from Guggenheim Securities. A question on the Inflation Reduction Act. How's the new legislation affecting your internal R&D priorities and the external opportunities you're looking at?

Raychel Kruper ***Johnson & Johnson - Sr. Director, Investor Relations***

So Tom, do you want to start? And then to you, John?

Tom Cavanaugh ***Johnson & Johnson - Company Group Chairman, North America Innovative Medicine***

yes, I can start. I think first and foremost, we continue to believe that the IRA's drug price provisions are damaging to the innovation ecosystem, and they will inhibit patient access as well as choice and quality of care. With that said, it's early in the process, both from an industry perspective and working along with CMS. We have built all of that into our models with the statutory requirements, and the products that are currently under review right now are not major catalysts or growth drivers in the second half of the decade. So we are very confident in our ability to deliver the $57 billion in 2025 as well as the 5% to 7% compound annual growth rate through 2030. So we've taken that into our models that we know today.

Raychel Kruper ***Johnson & Johnson - Sr. Director, Investor Relations***

John, anything on the R&D side?

John C. Reed ***Johnson & Johnson - Executive Vice President, Innovative Medicine R&D***

No, I think it's clear. But I think some of the frustrations we have with the IRA are if you just look at -- take oncology as an example, where one tends to start late lines of therapy where patients had little to -- where we have little to offer and you gradually work your way into earlier lines with that first approval in late line, that's when the clock starts ticking. And many times, it's not even a full approval. It's an accelerated approval, and you still have to wait for overall survival data to get full approval.

But all the while, the clock is ticking, and then the incentive for investment is getting lower and lower as your time is running out. So I think it's going to be particularly frustrating for diseases like oncology. I mean if you think about the adjuvant space where you're trying to prevent tumors in the early localized, I mean those are long studies that cost -- they require large investment in those. The business case for those is going to be tough now with this IRA principle.

Jennifer L. Taubert ***Johnson & Johnson - Executive Vice President, Worldwide Chairman, Innovative Medicine***

So if you think about if IRA goes into effect as it's currently designed, what do you need? You need companies to go big early to develop that full indication set and to get to market quickly and have fast time to peak. That's exactly where we play and how we win. And so our R&D team does do that, builds out that broad indication set from the get-go. We run lots of trials all at the same time. We try to get in a launch, and we actually lead the industry as well in terms of speed to time to access as well as driving to peak.

And so I think that under these circumstances, as Johnson & Johnson, we're poised to win in there. And so we're continuing to adapt and position ourselves to make sure that we're going to be winning for the future as well.

Raychel Kruper ***Johnson & Johnson - Sr. Director, Investor Relations***

Maybe another from the webcast?

Alec Mast ***Johnson & Johnson - Investor Relations***

Yes, sure. So exciting to see the strong early results from TAR-200 and TAR-210, and the TAR-200 was just granted U.S. FDA Breakthrough Therapy Designation. How quickly do you think you'll be able to get these on the market? And how do you think about the competition in this setting?

Peter F. Lebowitz ***Johnson & Johnson - Global Therapeutic Area Head, Oncology***

Yes. So with TAR-200, there is -- and SunRISe-1, there is a clear validated FDA path to an accelerated approval. And so that trial is underway. We're enrolling patients, and it's all a matter of how that trial -- number of patients we need on discussions with the FDA. So a clear path there.

With TAR-210, it's possible also to get to an accelerated path, and that's something we're exploring now. But the results with that are so spectacular that the team has already gotten going with the late-stage development. But there -- we believe there might be a path there as well.

Biljana Naumovic ***Johnson & Johnson - Worldwide Vice President, Oncology***

And look, from the opportunities that we see with TARIS that we just see a huge blue ocean, the asset that works so magnificently in a localized setting, where you just give it in a simple procedure, 2 minutes in, 1 minute out, and you have a durable responses that even increase over time. Nobody has seen this in bladder cancer before.

Tom Cavanaugh ***Johnson & Johnson - Company Group Chairman, North America Innovative Medicine***

And I would just add. Where it is attractive is in the urology setting, and we know this market very well. We have a well-established products and leadership position with prostate cancer. So we'll be able to deliver TARIS. No problem.

Raychel Kruper ***Johnson & Johnson - Sr. Director, Investor Relations***

So we have time for one last question. Matt?

Matthew Stephan Miksic ***Barclays Bank PLC, Research Division - Research Analyst***

Matt Miksic from Barclays. Just maybe a follow-up to Jen, your comment on like ramping quickly. It was upstairs at the AI and digital science booth. And talk a little bit about the progress you've made since the last meeting. And if anyone on the stage here can talk about how that's been leveraged effectively to kind of get through trials faster and maybe identify molecules earlier, that would be super interesting to hear about.

Jennifer L. Taubert ***Johnson & Johnson - Executive Vice President, Worldwide Chairman, Innovative Medicine***

Yes, absolutely. And we're investing a lot. I think you saw at the beginning Joaquin. He was talking about the 6,000 people we have across Johnson & Johnson that are working to really, what I'll call, empower our business across all aspects, really starting with R&D, working through supply chain, all through commercial. And John, maybe if you want to start in really how we're using data sciences.

John C. Reed ***Johnson & Johnson - Executive Vice President, Innovative Medicine R&D***

Yes, we could spend a lot of time on it, but just you mentioned about how we can get through clinical trials faster. I mean one of the things we've been using -- developing machine learning algorithms to predict which of the clinical sites would be the best recruiters of patients as well as meeting our clinical trial diversity goals as well for patient diversity. So that has really helped us a lot now to pick sites that really deliver as opposed to those that you activate the site. You spend all the money, and then they enroll 1 or -- 0 or 1 patients.

So we've been having great success with that. And actually, we just ran a trial, a test of it with our milvexian study. And the sites that were predicted to be higher enrolling indeed had about 3x more patients than the ones that were predicted to be lower enrolling. So we're kind of using the data as they go to refine the algorithm. So that's just one example of the kind of things we can do.

And then in drug discovery, we use machine learning practically in every project these days at some level, various dimensions of that, whether it's structure based or not, to hopefully accelerate the progress, maybe get to the lead compound with fewer trials. So -- but we're kind of all in when it comes to these digital technologies, from finding targets to precision medicine, to drug design, to the clinical trial development and even -- and also novel endpoints like, Bill, you're trying new cognition endpoints with sort of smartphone gamification. Even that will really surpass the dodgy old not terribly quantitative measures we use like now for like the ADAS-Cog-12 in Alzheimer's.

Jennifer L. Taubert ***Johnson & Johnson - Executive Vice President, Worldwide Chairman, Innovative Medicine***

I mentioned in my talk that we disproportionately invest in R&D. And what that means is on the commercial side, we've got to be really efficient so that we can put all the money in John's shop. And so we're using it really throughout the commercial space and globally to figure out how do we get to the right customer at the right time with the right message and the right means that are going to be most impactful to them.

And so we're taking all kinds of data sets and putting them together to take our precious commercial resources and make sure that we're getting to the customer in that way and then also that we're able to pair up with that right patient at the right time to really help accompany them through their journey with that right information and exactly what they need to help them both get on and stay on therapy.

So significant advances. And we always take a look, and we're always trying to do better and better, but we're also quantifying. And we've seen noticeable lifts in our sales based on the efforts that we've done. So definitely more to come, but we really have it really throughout all aspects of our business. You can ask Jim more about that when he's on the panel later, Jim Swanson, our Head of IT.

Raychel Kruper ***Johnson & Johnson - Sr. Director, Investor Relations***

Great. So thank you so much for all of your questions. With that, I will turn it over to Jennifer to close this out.

Jennifer L. Taubert ***Johnson & Johnson - Executive Vice President, Worldwide Chairman, Innovative Medicine***

Okay. Well, great. Thank you, everyone. It has been an incredible session today, and thank you to all of my colleagues for really the great job. I hope that you've got a deeper understanding of our strategy and how we plan to continue to lead in the industry.

So our currently marketed medicines are going to drive really meaningful growth through market share gains and expansion into new patient populations. And when you combine that with our promising pipeline assets, we anticipate our portfolio is going to deliver between 5% to 7% compound annual growth rate from 2025 to 2030, with growth in every year.

And by 2030, okay, our portfolio is going to have 10 or more assets that each have $5 billion in peak sales potential. And you can add on top of that another 15 assets that have -- will have between $1 billion and $5 billion peak sales potential. So we really think our portfolio, our pipeline, breakthrough science and our truly talented team give us enormous confidence for our future. So after this afternoon session, I hope that you share in our excitement as well. So thank you very much.

PRESENTATION

Operator

Ladies and gentlemen, please welcome Executive Vice President and Chief Financial Officer, Joe Wolk.

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

Hello, everyone. I hope you share our excitement today, which represents the energy and optimism of the 130,000 colleagues worldwide across Johnson & Johnson. Today, you've heard from Joaquin as well as our MedTech and Innovative Medicine leaders about how we will succeed, innovate and execute to bring transformational new treatments to patients. These plans give us confidence in our ability to achieve sustained competitive revenue growth and profit commensurate with that growth.

So let me walk you through what you've heard thus far today and how that translates to Johnson & Johnson's future financial performance. This slide provides an overview of what we believe we can achieve at the enterprise level in the near term. To make my comparisons easy, consistent with how we guide, my comments on past results as well as any forward projections will exclude revenue related to the COVID-19 vaccine as well as any future not yet acquired in-process research and development charges. In addition, we do not speculate on future currency movements. Therefore, any references to reported financials reflect a euro spot rate as of last week at 1.09.

Let's start with our outlook for 2023. We continue to expect adjusted operational sales growth in the range of 7.2% to 7.7%. The transaction with Laminar is one that is clearly aligned with our strategy of moving our MedTech portfolio into higher-growth areas. The accounting for an acquisition of this type, consistent across our industry, requires an in-process research and development charge and cannot be considered special item non-GAAP treatment.

As a result of the acquisition, we anticipate operating margin to be flat versus 2022 as there is an impact of approximately $0.17 on an adjusted operational earnings basis, which is now expected on an earnings per share basis to be in the range of $9.85 to $9.91 or growth of 10.6% at the midpoint. It's important to call out that since January, we've been able to increase our guidance throughout the year for a cumulative increase of $3 billion on operational sales and approximately $0.10 on adjusted operational earnings per share basis, even after absorbing $0.27 for our licensing deal with Cellular Biomedicine Group as well as the acquisition of Laminar.

Turning to 2024. We expect operational sales growth for the full year to be in the range of 5% to 6% with minimal impact from currency on reported sales. We anticipate adjusted operational earnings per share to grow at 7.3% at the midpoint for a range of $10.55 to $10.75. Our 2024 EPS guidance range encompasses dilution of approximately $0.15 associated with the Laminar transaction as well as anticipated impact from OECD Pillar Two on our tax rate, as mentioned during our Q3 earnings call. We will provide more information on other elements of our 2024 financial guidance during our Q4 earnings call in January.

But let me briefly touch upon the topic of operating margin for 2024 at this time. We are certainly proud of our historical operating margin performance. Excluding the 2023 Laminar IP R&D charge I just referenced, operational improvement this year has been achieved despite inflationary pressures as well as the dyssynergies related to the Consumer Health separation. For 2024, we believe the appropriate call at this time is flat, maintaining the 2023 levels, which locks in those efficiencies that we've been able to achieve in the last 2 years.

Now that does not mean we won't continue to strive for improvement. Specifically, as you heard from Tim, we continue moving to higher growth markets and optimizing our supply chain in MedTech. We will also continue to digitize our business, leveraging technology and AI to accelerate a more streamlined operating model. But there are some obvious headwinds that counter those improvements.

As seen annually in our U.S. transparency report, our Innovative Medicine business grows through innovation, not through price, and that will not change. Second, STELARA, being a mature product in addition to our largest product, enjoys one of the best margin profiles within our portfolio. So as such, there is a disproportionate margin effect on sales lost, which we now anticipate to begin outside the U.S. in mid-2024.

And finally, we manage for the long term. You have heard numerous examples today of exciting assets that address critical unmet health care needs. We will invest to ensure that these assets are fully funded for both clinical as well as commercial success. But you can count

on us to continue to look for and act upon efficiencies to improve margin when warranted over the long term.

Now let's take a look at each of our business segments, starting with MedTech. With our differentiated pipeline, continued global expansion and move to higher growth spaces, we expect revenue growth in the upper range of our markets, which are projected to grow 5% to 7% through 2027. This projected performance is premised on catalysts highlighted throughout today, such as maintaining our leadership in electrophysiology with the introduction of QDOT as well as our suite of pulse-field ablation products.

We continue to build on our position as the leader in heart recovery with 3 additional Abiomed heart pumps under development for heart failure and high-risk PCI. In Vision, we will attain above-market sales growth by delivering next-generation contact lens and cataract solutions that enhance vision for patients. And we will advance our robotics platforms, including OTTAVA, MONARCH and VELYS, into higher growth segments of the MedTech market.

Turning to Innovative Medicine. We are confident in our ability to meet the 2025 Innovative Medicine operational revenue target of $57 billion. Few companies, if any, would target growth in a year in which a biosimilar entrant is competing against the largest product. But that's exactly what Johnson & Johnson is planning to do.

In relation to 2025, one question we often get is what the step down of STELARA sales will be due to the biosimilar entry in Europe of 2024 as well as the U.S. at the beginning of 2025. When modeling the impact, we see the Humira erosion curve as a relatively good proxy, with the assumption that STELARA's erosion could be slightly less steep in that first year post biosimilar launch. I will caveat, strongly caveat that there are many dynamics at play, which could result in a slightly different curve.

Longer term, I'll simply double down on what you heard from Joaquin and Jennifer. We expect compound annual operational sales growth from 2025 to 2030 in the range of 5% to 7%. And yes, this operational sales CAGR does account for the impact from the STELARA biosimilar entry as well as other composition of matter patent expiries associated with XARELTO, IMBRUVICA, OPSUMIT, UPTRAVI and SIMPONI. It also, as you heard earlier, considers the impact from the Inflation Reduction Act, as you heard earlier today.

The highlights from the Innovative Medicine presentation are clear: an industry-leading portfolio of more than 10 assets with the potential for more than $5 billion in peak-year sales; an additional 15 assets having the potential to generate between $1 billion and $5 billion in peak-year sales; and a pipeline expected to deliver more than 20 novel therapies and more than 50 product expansion filings by 2030.

Now another question Joaquin and I are often asked, what value is the Street missing relative to our pipeline and our portfolio? One admittedly simple way we thought to address that question was to identify disconnects between Street estimates and what we believe some of our newer assets will deliver in revenue. We recognize the Street estimates are risk-adjusted, science is unpredictable, but this slide attempts to illustrate some notable differences from the estimates we have seen in those models, specifically for the year 2027.

As you've heard from our oncology leaders, the introduction of CARVYKTI, TECVAYLI and TALVEY have completely revolutionized treatment for multiple myeloma patients, with each asset having the potential to deliver over $5 billion in peak-year sales. Based on current adoption, anticipated approval in earlier lines of therapy and combination regimens, our estimates for CARVYKTI and TECVAYLI are at least 25% higher and TALVEY, at least double.

We also heard about significant opportunities to become the standard of care in lung cancer with RYBREVANT and lazertinib, which also has the potential to be a $5 billion-plus asset. Our forecasts are at least double that of the estimates we have seen in market models. With TARIS for bladder cancer, we see another opportunity for revenue over $5 billion. And based on TAR-200 and TAR-210 studies, coupled with the high unmet need, our forecasts are at least 50% higher.

In depression, SPRAVATO has the potential to reach peak sales between $1 billion to $5 billion. Our forecast is at least 50% higher than the estimates we have seen in the market models. Now to be balanced, market estimates are a bit more optimistic on nipocalimab in 2027 as we expect to need a bit more time to address delays we incurred during the pandemic. However, we do anticipate closing that gap shortly after launch.

All this translates to Johnson & Johnson enterprise operational sales growth of at least 3% operational sales growth in 2025, the first year the STELARA biosimilar entry occurs in the U.S.; and 5% to 7% operational sales CAGR from 2025 to 2030, despite the impact of STELARA biosimilar entrants, which we estimate is approximately 200 basis points.

Turning to free cash flow, which is clearly a critical element to any business and really the foundation of Johnson & Johnson's capital allocation strategy. Now we're incredibly proud of the track record of generating free cash flow in a robust way. It supports our business needs. And as a percent of sales, over the last decade, we averaged about 22%.

Due to a series of tax disbursements related to the benefits of 2017 U.S. tax reform, unprecedented inflation, litigation payments, that number in the last 2 years has dipped. But even with that dip, our strong free cash flow has enabled us to act upon all 4 of our allocation -- capital allocation priorities in each of those years.

Looking ahead, while some of those dynamics causing the dip will persist, by 2026, we are targeting free cash flow returning to at least our historical average and meet, in absolute terms, levels we had attained even when the Consumer Health business was part of our portfolio. We expect this improvement in free cash flow to be driven by an increased focus on inventory management within MedTech, driven by supply chain optimization efforts that you heard earlier from Tim as well as comments we made on our Q3 earnings call. We will see a sunsetting by 2026 of payments related to TCJA as well as opioid settlements. And we are proactively acting across all parts of our organization to improve working capital.

Now some of you may be wondering about potential future talc litigation and payments associated with that. Erik Haas is part of our final Q&A panel to share how those recent settlements you may have read about fit into the 4-pronged approach that he outlined on our last earnings call. But it is important to note here that we don't foresee any of those settlements or others that may emerge materially impacting our ability to execute upon our capital allocation priorities.

Speaking of capital allocation, our framework remains intact. We will continue investing in internal R&D, growing our dividend, executing strategic, financially sound business development and opportunistically initiating share repurchase programs. But let me provide you with a bit more insight into how we are thinking about each of those priorities.

We are committed to maintaining an industry-leading level of investment in R&D. It's critical to our future success. Regarding our dividend, in the last 5 years, we have returned $53 billion to shareholders. And we were pleased to maintain our dividend per share amount despite the Kenvue split-off, which we know is very important to our investors. We plan to continue to increase our dividend on an annual basis, as we have for 61 consecutive years.

So how will we leverage our strong financial position to deploy capital and accelerate long-term value creation through strategic, financially sound partnerships and acquisitions? When we look at business development opportunities, we assess them through a scientific, strategic and financial lens irrespective of size, irrespective of segment.

In our Innovative Medicine business, we have been particularly successful with partnerships on early-stage assets. In fact, several of our largest products today have come through creatively structured partnerships. One notable example clearly is CARVYKTI with Legend. That does not mean we are averse to a later-stage opportunity if strategic and financial criteria are met.

MedTech can be a bit different. Generally, we tend to focus on acquisitions that have commercialized assets, accompanied by a robust innovation platform, much like we did with the acquisition of Abiomed. However, here, too, we are agnostic. If a great opportunity presents itself for an earlier-stage asset, we will act as demonstrated with the Laminar transaction. Whatever the strategic approach, we know that we are accountable to earning a rate of return that compensates our shareholders for the risk that we are bearing on their behalf.

And lastly, our capital allocation framework includes executing share repurchase programs from time to time. In early 2023, we completed a $5 billion program that we announced late in 2022. And just months ago, through the Kenvue separation, we reduced

Johnson & Johnson's outstanding share count by 191 million shares, approximately 7% without the use of cash and in a tax-free manner.

So yes, we are confident in the future performance of Johnson & Johnson and our ability to deliver profitable growth. We plan to achieve this through continued acceleration of our in-market portfolio in key disease areas such as oncology, immunology, neuroscience, interventional solutions, vision and robotics. We will deliver our robust Innovative Medicine pipeline with several first and best-in-class therapies, of which 70% of the assets incorporated into our 2025 to 2030 CAGR have already advanced to Phase III.

Third, our broad and differentiated MedTech pipeline with upcoming launches in high-growth spaces and continued geographic expansion with several market-leading platforms. And finally, robust free cash flow generation that solidifies our already strong financial foundation.

Taken all together, we are confident in our ability to achieve near- and long-term financial targets, delivering sustainable long-term value creation for shareholders. Thank you.

It is now my pleasure to invite other members of Johnson & Johnson's leadership for a final Q&A panel focused on the enterprise.

QUESTIONS AND ANSWERS

Operator

Ladies and gentlemen, please welcome Joaquin Duato, Bill Hait, Jim Swanson, Joe Wolk, Erik Haas and Jessica Moore.

Jessica Moore ***Johnson & Johnson - Vice President, Investor Relations***

All right, enterprise Q&A. Similar to the other Q&A sessions that we've had throughout the day, please utilize your microphone, you have the chat feature for those of you who are online, please remember to say your name, your firm. And as a reminder, one question please so that we can get through as many of the analysts as possible. Joanne?

Joanne Karen Wuensch ***Citigroup Inc., Research Division - MD***

Joanne Wuensch from Citibank. Congratulations on the spin-out of Kenvue, but I frequently get the question if that's just Phase I, and Phase II would be to spin out of the MedTech and Innovative Medicine piece of it. And if you do choose to keep it together, what are you getting out of having the 2 parts in 1 house?

Joaquin Duato ***Johnson & Johnson - Chairman and Chief Executive Officer***

Thank you, Joanne. Great question. Thank you for starting with that one. So we all firmly believe that MedTech and pharma belong together. They have the same diseases, cardiovascular, oncology, trauma that you have seen today. It's the same physician. It's the same patient. It's the same hospitals. It's the same payer. It's the same regulatory agency. So we believe that by having capabilities both in MedTech and in pharma, we can be in a better position to serve the entire patient journey than any other company. Sometimes we use the example of lung cancer.

We can diagnose lung cancer with our bronchoscopy-assisted robotic system. We can perform surgery and remove the mass with our smart instruments. And we can treat it with our multi-specific antibodies. No other company in the world can do that. So we firmly believe that in order to be able to have a real impact in those diseases, having that breadth of capabilities puts us in a better position moving forward.

I hope when you visited today our exhibits and you saw the breadth of what Johnson & Johnson can offer, you've got a better idea showing, not telling me, of what type of things a company can do. So we truly believe that MedTech and pharma belong together. And we think this is going to be a better position for us to be able to have a real impact and to deliver the growth targets that you have seen today and to create the value long term for shareholders that we always say.

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

I just want to add from the standpoint of maybe a financial type of answer. There's a lot more synergies that are had because of the nature of MedTech and Innovative Medicine in terms of the regulatory environment, the clinical development pathways, the data generation. It's very different than what we experienced in the consumer separation.

Again, the strategic rationale was that the businesses had diverged, and the success criteria became very, very different. That would not necessarily be the case with a MedTech and Innovative Medicine separation. There's a lot of harmonization, as Joaquin just referenced, around disease states and patient journeys that allow for a lot of financial efficiency to be built into our model.

Joaquin Duato ***Johnson & Johnson - Chairman and Chief Executive Officer***

And with that, now to be more financial too. In order to be able to earn the right of having this company like the one we have today, then we have to be individually top-tier performer in Innovative Medicine pharma and in MedTech. So we earn the right of being this company that we are today by being top performer on both sides. So that's a clear goal for us. We have to be a top performer, both in MedTech and in Innovative Medicines.

Jessica Moore ***Johnson & Johnson - Vice President, Investor Relations***

Jayson.

Jayson Tyler Bedford ***Raymond James & Associates, Inc., Research Division - MD & Senior Medical Supplies and Devices Analyst***

Jayson Bedford from Raymond James. Just maybe for Joe, on EPS growth, you're seeing some leverage in '24, but I think the slide indicated that EPS would be commensurate with revenue growth. So I'm just wondering why you wouldn't see a little bit of leverage and then just, did that same comment apply for '25 as well?

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

Yes. So I think in EPS growth, Jayson, we're seeing 7.3% next year with a sales growth of about 5% to 6% range. So there is a little bit of bottom line outperforming top line, which has really been a principle of ours over a number of years.

I would say as we get into 2025, I wouldn't handicap the team in that regard. I'd like to see the next year play out. We are looking for great efficiencies. And the commensurate is to make sure that folks understood despite the margin pressures that I outlined in my prepared remarks, that people should not have fears about us going backwards. I think that was some of the prevailing thought that we had.

So we'll always look to improve a little bit faster than our sales cadence, but we don't want to pigeonhole ourselves in any one particular year. I do feel maybe to show a little bit into the back half of the decade, feel pretty good about some of the opportunities we have for further margin enhancement.

Today, we don't talk about it a lot, but we're investing heavily in our technology environment, right? Maybe I'll even turn it over to Jim to talk about some of the efficiencies that -- when I say technology environment, that's kind of the, I'll say, the cost of doing business: our reporting, our financial systems, our human resources systems, our ERPs.

We're making significant investments, as you heard throughout the day, in capabilities for the future that should also add efficiencies. But Jim, maybe you want to talk a little bit about kind of our technology landscape?

James Swanson ***Johnson & Johnson - Executive Vice President, Chief Information Officer***

Yes. So we are a company that has been around for 135 years. As you can imagine, through all these acquisitions, we have a labyrinth of systems and capabilities. We have the opportunity, which we're taking full advantage of that, to standardize that backbone, the financial backbone and transactions across the whole enterprise, how we deliver products, how we commercialize those products. It's a lot of opportunity to create a foundational layer, and data becomes a really key part of that, which we think can innovate on top.

So with those foundational systems, it accelerates our innovation, it accelerates our ability to access data, it accelerates our ability to use

AI and ML across our enterprise, which we have infused in all aspects of our business. So those investments are really key to the future growth that we've been highlighting.

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

And right now, Jayson, we anticipate those investments would kind of be less in '27, '28 than they are today.

Jessica Moore ***Johnson & Johnson - Vice President, Investor Relations***

David.

David Reed Risinger ***Leerink Partners LLC, Research Division - Senior MD***

Yes. Dave Risinger from Leerink Partners. So regarding your 2025 through 2030 Innovative Medicine sales growth target of 5% to 7%. Using the midpoint of 6%, that yields $76 billion. So I was really struck by the comment that you're targeting Oncology segment revenue of over $50 billion in 2030.

That would imply, obviously, potentially 2/3 or more of the sales from Oncology. And obviously, that target for 2030 is also actually -- that over $50 billion is close to the $57 billion total Innovative Medicine segment target for '25. So that was quite striking. So I'm hoping that you could just provide some more context for that. And then in addition, if I might add on, how do you see M&A factoring into your long-term forecast?

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

Yes. So I think we need to get a little clarity on the numbers. I'm not sure exactly we said $50 billion Oncology. Biljana, Jennifer, you can correct me if I'm wrong here.

Biljana Naumovic ***Johnson & Johnson - Worldwide Vice President, Oncology***

I can comment. So if you were doing calculations based on peak-year sales, peak-year sales are not all 2030. We discussed peak-year sales on the assets and not everything will be peaking in 2030.

Jessica Moore ***Johnson & Johnson - Vice President, Investor Relations***

So for the assets that we highlighted, it means that they would either be launched as of 2023 or filed with by 2030. So it doesn't mean that the peak-year sales happen in this range. The peak-year sales could happen any time after 2025 period. So it could be in 2030, 2032, 2033, but the asset would have been filed before 2030, with the potential to be peaked.

David Reed Risinger ***Leerink Partners LLC, Research Division - Senior MD***

And is that risk adjusted or unadjusted?

Jessica Moore ***Johnson & Johnson - Vice President, Investor Relations***

That is non risk-adjusted number, and it includes any partner revenue as well.

David Reed Risinger ***Leerink Partners LLC, Research Division - Senior MD***

Got it.

Jessica Moore ***Johnson & Johnson - Vice President, Investor Relations***

We have nice footnotes in the deck as well just to make sure there's no misunderstanding.

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

And just your second part of your question there, does it include acquisitions? That would be all organic growth as we projected today.

Jessica Moore ***Johnson & Johnson - Vice President, Investor Relations***

Danielle?

Danielle Joy Antalffy ***UBS Investment Bank, Research Division - Analyst***

Okay. Got it right this time. Danielle Antalffy with UBS. Just a question, Joe, on capital allocation. It felt like you were maybe hinting or maybe this is me being a MedTech analyst that from a business development perspective, a little bit more focused now on the MedTech side of things versus the Innovative Medicine side of things.

Just curious, number one, if that's a fair characterization. Number two, where you see the biggest areas within MedTech that look interesting, where J&J currently isn't involved and whether it becomes more about buying scale versus buying individual technologies or into individual markets.

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

Yes. So Danielle, I'm going to turn the question over to Joaquin because I think it's more appropriate for him to answer. But from my comments, you shouldn't refer that there is really a bias either way. We're looking for that next great opportunity.

One of the great things of being part of Johnson & Johnson is have an array, a plethora of really good decisions we can make. It's how do we choose the ones that are transformationally great that will really determine our success. But Joaquin, I don't know if you want to hand out our list.

Joaquin Duato ***Johnson & Johnson - Chairman and Chief Executive Officer***

Thank you. Thank you. When we look at an opportunity, we look at it with 3 lenses. One is strategic. To what extent we think it fits, whether it's in Innovative Medicines or in MedTech, it fits areas where we have internal capabilities and we will have knowledge. We have seen that there is a very good correlation with our success in licensing or in an acquisition when we have internal knowledge and capabilities in terms of how we create value downstream.

The second one is scientific. So we look at to what extent we believe this is going to be a significant improvement in the standard of care. We try to go to opportunities that are going to make a difference, that are first in class, that are going to make a significant change.

And the third one is financial, frankly. So we are very disciplined in our financials, and we want opportunities that are going to create appropriate return on the capital invested and that they start to do in day 1 as we are doing with Abiomed. We want to make sure that they start to deliver day 1.

Now historically, in the Innovative Medicine business, we have been very successful doing licensings and partnerships. As you have seen now, for example, we quoted today Legend that we did several years ago or this year, we did several biomedicines for CAR-T 19 -- CD19 and CD20.

In MedTech, oftentimes, the maturation of these opportunities take longer. So we want to shift into higher overall market, sometimes we have to do acquisitions like we did with Abiomed or sometimes we go earlier than we have done in Laminar. So there is flexibility in the approach we take depending on the situation. But we are agnostic, and we see M&A as an important tool in delivering growth moving forward.

Now I always remind everybody that our organic investment is the most important piece of our capital allocation. In the last 5 years, we have invested in internal R&D $60 billion. As I said earlier this morning, we are the largest investor in R&D in Life Sciences, and that's where the majority of the growth is going to come from because we are a company that sells at midpoint this year, $85 billion. 1% is $850 million of growth.

It's very difficult to have an opportunity which is going to create other than the step-up of the first year 1 point of growth for Johnson & Johnson. So by default, that takes us to the opportunities that are going to be earlier on, on the value creation cycle. And that's where we can put our capabilities in manufacturing, in clinical development, in commercialization to make it happen. I hope it addresses your question.

Jessica Moore ***Johnson & Johnson - Vice President, Investor Relations***

Maybe we can take one from the web, Alec?

Alec Mast ***Johnson & Johnson - Investor Relations***

Sure. Yes. So a couple of questions on talc coming in. So with regards to the company's ongoing litigation, the 4-pronged strategy that you had highlighted during Q3 earnings, can you give us just an idea of what initiatives the company is taking currently, give us progress and kind of what next steps we should be looking for?

Erik Haas ***Johnson & Johnson - Worldwide Vice President, Litigation***

Yes. Let me start by saying we understand, we appreciate it. We've heard from the investors their interest in resolving talc and putting talc behind us so the company can get on with what it does, which is developing life-saving therapies.

And in that end, you might have seen on the news last night or early this morning that we have made recent progress over the last few weeks in resolving a number and a series of large mesothelioma portfolios with the goal to facilitate our pursuit of a consensual prepackaged bankruptcy resolution, which we announced on the last earnings call. So that plan is moving forward. And that's, first and foremost, the agenda item, and it's on track. It's on the exact same timing that we previously announced moving into 2024.

Now to the extent that there are individual law firms that do not want to resolve the cases, we are comfortable litigating with those entities because remember, we have won the overwhelming vast majority of the claims we tried because these claims are based on junk science. So you hear a lot in the press when there might be a trial in a particular jurisdiction in a state court. But at the appellate court, we tend to win in the end. And the overwhelming vast majority of those cases, we won. So we will litigate those. And right now, those settlements have resolved all but one of the cases that we're on schedule for 2023 and significantly curtailed those for 2024.

And with respect to the 4 prongs, the last issue is the bankruptcy appeal. The Third Circuit agreed to hear that appeal on an expedited basis at our request, knowing that it's an important issue and knowing that an issue likely will need to go to the Supreme Court for resolution. So in short, we're on track. We're moving forward, and we feel very positive on where we are.

Jessica Moore ***Johnson & Johnson - Vice President, Investor Relations***

Louise.

Louise Alesandra Chen ***Cantor Fitzgerald & Co., Research Division - MD & Senior Research Analyst***

Louise Chen from Cantor. Just wanted to ask you a quick question. Do you have any interest in entering the obesity market?

Joaquin Duato ***Johnson & Johnson - Chairman and Chief Executive Officer***

Thank you. So there's how many companies now having GLP-1s in the market? Like more than 10. So I think there's enough companies working in obesity right now for now to be there. If in the future, there are alternative mechanisms or approaches that makes sense, we may look into that.

But certainly, we are not planning to get into the GLP-1. And there's enough companies already to my count, and this is not a joke. There's about a dozen companies that are working there that have assets that are in the clinic already. So it's too crowded for us.

We have opportunities in the Innovative Medicine area, as you have seen in these 3 areas: neuroscience, which I think it's a real frontier for pharmaceutical development. I think the needy mental health is significant, and society doesn't pay the same attention to mental health than it should, and then in oncology and in immunology as we have described.

So I think that we have enough for now. But if there were opportunities for something that were truly differentiated, complementary to what we have now, we may consider that. Thank you, Louise.

Jessica Moore ***Johnson & Johnson - Vice President, Investor Relations***

All right. So I think we have time for one last question. So maybe Chris?

Christopher Thomas Schott ***JPMorgan Chase & Co, Research Division - Senior Analyst***

A lot of pressure. Sorry. I just want to follow up on talc a little bit more. I think we hear from a lot of investors this dynamic of it's an overhang on the stock. And I'm just trying to get a sense, maybe for Joaquin, your sense of urgency in that you're laying out what seems like a very robust growth outlook for the company, both the Innovative Medicine and MedTech segment. And I think it gets kind of lost a little bit with the talc dynamics over here.

So how do you balance, I guess, minimizing the capital outlays associated whatever needs to be done on talc versus creating a story that might be cleaner for a broader group of investors when you think about kind of going through that? So just hoping a little bit more color on how you think about that dynamic.

Joaquin Duato ***Johnson & Johnson - Chairman and Chief Executive Officer***

So let me start, and I will let Erik and Joe comment. Look, our intention with talc unequivocally is to be able to bring resolution to these cases and leave this situation behind so we can spend these days talking about what we do better, which is delivering innovation. And I think it would be better for everyone. I can assure you that 99.9% of the people at Johnson & Johnson is not thinking about talc. They're thinking about how we advance medicines and medical technologies for patients.

Now Joe said that before, when it comes to our capital allocation and the opportunity to be able to hit in all the pillars of our capital allocation, talc does not impact that ability under any circumstance that we are thinking about the resolution of these cases.

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

So just to clarify, it's not a barrier. And if you just go back to the original bankruptcy structure, that was a series of payments over a number of years. That's why we're confident in making those statements. And that's fundamental to the settlements that Erik would be working on.

Erik Haas ***Johnson & Johnson - Worldwide Vice President, Litigation***

And just to supplement that, so the settlements that were contemplated are consistent with what we contemplated doing through the bankruptcy. So they're supplemental, they're collaborative, and they corroborate that.

The other thing to keep in mind in terms of what we've done to date, the amount that's been expended in the course of the bankruptcy is actually less than we probably would have otherwise spent had we not been in the bankruptcy proceeding. So we had a 2-year hiatus of claims where there were no litigations.

And now that we're back in the tort system hopefully temporarily, while we now come up with the next bankruptcy, we are incurring actually less on a go-run basis than we were before. So really, ultimately, the question is whether, overall, this strategy makes economic sense. And as Joe and Joaquin said, it has. And the contemplated resolution will not as of yet require any additional charges.

Jessica Moore ***Johnson & Johnson - Vice President, Investor Relations***

So we're going to ask a bonus question because we can't end the day on talc. So Alec, maybe you can send us one from the web.

Alec Mast ***Johnson & Johnson - Investor Relations***

Yes. So Joaquin, you had talked about the interventional oncology space earlier, and we've heard a little bit about it today and some of the booths exhibits that we've seen throughout. Bill, might be a question more from your side of things. Can you provide us an update on where some of those initiatives stand today and where you see this space going over time for J&J?

William N. Hait ***Executive Vice President - Chief External Innovation and Medical Officer***

Sure. Fantastic question. It actually goes back to where Joaquin had begun and talking about the 2 sectors. When we first looked at an opportunity for a robotic bronchoscope, it was like robotic bronchoscope, okay. But when we put 2 teams together from the 2 different sectors, we said, this is actually not a robotic bronchoscope. This is a pulmonoscope. You can do for the lung what the colonoscope does to your colon.

And then we realized by getting anywhere in the lung, even to the tiniest nodules, we can diagnose cancers earlier with the Monarch scope using the diagnostic tool. But we could also, through that same instrument, treat the tumor directly with energy, like our NeuWave energy products, with our oncolytic virus that you heard John and Peter and the team mentioned, and with pharmaceuticals.

So suddenly, a relatively small opportunity robotic bronchoscope became a whole new area that we're investing in now across our company. So it was just an exciting initiative that Joaquin helped us tee up. And I think it's going to be transformational for patient care.

Jessica Moore ***Johnson & Johnson - Vice President, Investor Relations***

All right. Wonderful. So now to close the day, Joaquin will say some final remarks.

Joaquin Duato ***Johnson & Johnson - Chairman and Chief Executive Officer***

Thank you, and thank you for joining us. We truly appreciate all of you taking time and spending a day with us. So it's been fantastic. I think you've seen today how we have entered into a new era.

I hope you see today the benefits of being exclusively dedicating an innovation through medical technology and innovative pharmaceuticals. We remain the most diversified health care company in the world.

We have 26 platforms that each of them sells more than $1 billion per year. And we have high confidence on the power of science and technology to bring transformative solutions for patients in the future. And we believe that Johnson & Johnson is uniquely positioned to be able to lead in that next wave to lead where medicine is taking us.

So in closing, thank you for your interest in Johnson & Johnson. I hope we addressed all the areas that you wanted to cover. You told us you wanted to know about our vision and strategy for Johnson & Johnson. You told us you wanted to know about our capital allocation and M&A. And you told us you wanted us to give you visibility about the growth drivers of MedTech and innovative pharmaceuticals in the second half of the decade, and we tried to do that today.

I'm so very proud of the team that you met today. In total, you have 45 presenters from Johnson & Johnson on the stage and on the exhibits that shows you the talent depth that this company has. And I can tell you that today, I'm more confident than ever on the future of Johnson & Johnson. Thank you very much.

Operator

Ladies and gentlemen, that concludes our enterprise business review. Thank you for your attention. For those in the room, we invite you to continue to explore our exhibits. Thank you.