

# Full Year 2020 Results



2020 Sales			
<b>\$82.6B</b>	Worldwide Increased ▲	Excluding acquisitions/ divestitures on an operational basis	Worldwide Increased ▲
	<b>0.6%</b>		<b>1.5%*</b>
Diluted Earnings Per Share		Adjusted Diluted Earnings Per Share*	
<b>\$5.51</b>	Decreased ▼	<b>\$8.03</b>	Decreased ▼
	<b>(2.1)%</b>		<b>(7.5)%</b>



“Our notable full year performance reflects the continued confidence from patients, physicians, customers and consumers in our life-enhancing products and medicines, particularly throughout the COVID-19 pandemic. I’m incredibly proud of our Johnson & Johnson teams around the world for going above and beyond to meet stakeholder needs. These efforts, and our commitment to families around the world as the largest broad-based healthcare company, enabled us to lead in the fight against COVID-19. We continue to progress our COVID-19 vaccine candidate and look forward to sharing details from our Phase 3 study soon. Johnson & Johnson was built for times like these, and I am extremely confident in our ability to deliver lasting value and continued innovation in 2021 and for years to come.”

**Alex Gorsky**  
Chairman and  
Chief Executive Officer  
Johnson & Johnson

**\$14.1  
Billion**



## Worldwide Consumer Health Sales

Consumer Health worldwide reported sales increased 1.1% or 3.0% operationally<sup>1</sup>. Primary operational drivers:



**\$45.6  
Billion**



## Worldwide Pharmaceutical Sales

Pharmaceutical worldwide reported sales increased 8.0% or 8.2% operationally<sup>1</sup>. Primary operational drivers:



**\$23.0  
Billion**



## Worldwide Medical Devices Sales

Medical Devices worldwide reported sales decreased (11.6)% or (11.4)% operationally<sup>1</sup>. Offsets to decline:



Note: values may have been rounded

For full financial data and non-GAAP reconciliations, please refer to Johnson & Johnson’s earnings release issued on January 26, 2021, available at <http://www.investor.jnj.com/sales-earnings.cfm>.

\*Non-GAAP financial measure; non-GAAP financial measures should not be considered replacements for, and should be read together with, the most comparable GAAP financial measures.

<sup>1</sup>Non-GAAP measure; excludes the impact of translational currency.

Caution Concerning Forward-Looking Statements: This document contains “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995 regarding future operating and financial performance. You are cautioned not to rely on these forward-looking statements, which are based on current expectations of future events. For important information about the risks and uncertainties that could cause actual results to vary materially from the assumptions, expectations, and projections expressed in any forward-looking statements, review the “Note to Investors Concerning Forward-Looking Statements” included in the Johnson & Johnson earnings release issued on January 26, 2021, as well as the most recently filed Johnson & Johnson Reports on Forms 10-K and 10-Q. Johnson & Johnson does not undertake to update any forward-looking statement as a result of new information or future events or developments.

# 4<sup>th</sup> Quarter 2020 Earnings Call

January 26, 2021

*Johnson & Johnson*

# Cautionary Note on Forward-looking Statements

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# Cautionary Note on Non-GAAP Financial Measures

This presentation refers to certain non-GAAP financial measures. These non-GAAP financial measures should not be considered replacements for, and should be read together with, the most comparable GAAP financial measures.

A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in the accompanying financial schedules of the earnings release and the Investor Relations section of the Company’s website at [www.investor.jnj.com](http://www.investor.jnj.com).

# Strategic Partnerships, Collaborations & Licensing Arrangements

During the course of this morning's presentation, we will discuss a number of products and compounds developed in collaboration with strategic partners or licensed from other companies. The following is an acknowledgement of those relationships:

<b>Immunology</b>	REMICADE and SIMPONI/ SIMPONI ARIA marketing partners are Schering-Plough (Ireland) Company, a subsidiary of Merck & Co., Inc. and Mitsubishi Tanabe Pharma Corporation, and TREMFYA discovered using MorphoSys AG antibody technology
<b>Neuroscience</b>	INVEGA SUSTENNA/ XEPLION/ INVEGA TRINZA/ TREVICTA includes technology licensed from Alkermes Pharma Ireland Limited, RISPERDAL CONSTA developed in collaboration with Alkermes, Inc.
<b>Infectious Diseases</b>	PREZCOBIX/ REZOLSTA fixed-dose combination, SYMTUZA and ODEFSEY developed in collaboration with Gilead Sciences, Inc., and JULUCA and CABENUVA developed in collaboration with ViiV Healthcare UK
<b>Cardiovascular/ Metabolism/Other</b>	INVOKANA/ INVOKAMET/ VOKANAMET/ INVOKAMET XR fixed-dose combination licensed from Mitsubishi Tanabe Pharma Corporation, XARELTO co-developed with Bayer HealthCare AG, PROCIT/ EPREX licensed from Amgen Inc., and X-Linked Retinitis Pigmentosa: AAV-RPGR licensed from MeiraGTx
<b>Oncology</b>	IMBRUVICA developed in collaboration and co-marketed in the U.S. with Pharmacyclics, LLC, an AbbVie company, ZYTIGA licensed from BTG International Ltd., VELCADE developed in collaboration with Millennium: The Takeda Oncology Company, DARZALEX licensed from Genmab A/S, BALVERSA discovered in collaboration with Astex Pharmaceuticals, Inc., and cusatuzumab licensed and developing in collaboration argenx BVBA and argenx SE, ERLEADA is licensed from Regents of California and Memorial Sloan Kettering, BCMA CAR-T licensed and developed in collaboration with Legend Biotech USA Inc., Legend Biotech Ireland Limited ("Legend"), subsidiaries of GenScript Biotech Corporation, niraparib licensed from TESARO, Inc., an oncology-focused business within GSK, and DuoBody platform licensed from Genmab relates to several bispecific antibody programs; ENHANZE platform licensed from Halozyme Therapeutics, Inc.
<b>Pulmonary Hypertension</b>	UPTRAVI license and supply agreement with Nippon Shinyaku (co-promotion in Japan), and OPSUMIT co-promotion agreement with Nippon Shinyaku in Japan
<b>Global Public Health</b>	Janssen's Monovalent Ebola Vaccine is developed in collaboration with Bavarian Nordic A/S, and MVA-BN-Filo® is licensed-in from Bavarian Nordic A/S. The program has benefited from funding and preclinical services from the National Institute of Allergy and Infectious Diseases (NIAID), part of NIH, NIAID support included 2 product development contracts starting in 2008 and 8 pre-clinical services contracts. This program is also receiving funding from the IMI2 Joint Undertaking under EBOVAC1 (grant nr. 115854), EBOVAC2 (grant nr. 115861), EBOVAC3 (grant nr. 800176), EBOMAN (grant nr. 115850) and EBODAC (grant nr. 115847). The IMI2 Joint Undertaking receives support from the European Union's Horizon 2020 research and innovation program and the European Federation of Pharmaceutical Industries and Associations (EFPIA). Further funding for the Ebola vaccine regimen has been provided by the BARDA, within the U.S. Department of Health and Human Services' Office of the Assistant Secretary for Preparedness and Response, under Contract Numbers HHSO100201700013C and HHSO100201500008C.. The initial work on Ebola was conducted which was extended from 2002 until 2011. 2002 and 2007 via a Cooperative Research and Development Agreement (CRADA is AI-0114) between Janssen/Crucell and the Vaccine Research Center (VRC)/NIAID, part of the NIH. Janssen/Crucell have licenses to much of VRC's Ebola IP specific for human adenovirus under the Ad26/Ad35 Ebola vaccine CRADA invention. VAC69120 (Filovirus multivalent vaccine) developed in collaboration with Bavarian Nordic; funding: NIH Division of Microbiology and Infectious Diseases (DMID), under Contract Number HHSN272200800056C

# Agenda

- ① Enterprise Highlights
- ② Sales Performance and Earnings Review
- ③ Capital Allocation and Guidance
- ④ Q&A



**Alex Gorsky**

Chairman and  
Chief Executive Officer



**Joseph J. Wolk**

Executive Vice President,  
Chief Financial Officer



**Chris DeOrefice**

Vice President,  
Investor Relations

4TH QUARTER 2020  
EARNINGS

**Alex Gorsky**

Chairman and  
Chief Executive Officer





**Good health  
is pivotal to our  
safety, security  
and prosperity  
as a society.**





# Execution



# Innovation



# People



# 28 Platforms/Products with over \$1B in Annual Sales in 2020

## \$1B+ Platforms/Products (16)

Opsumit  
macitentan

PREZISTA  
(darunavir) tablets

Tremfya®  
(guselkumab)

Uptravi  
selexipag  
tablets, 200-1600mcg

Symtuza\*  
darunavir/cobicistat/emtricitabine/  
tenofovir alafenamide tablets  
800mg/150mg/200mg/10mg

Vision Surgical\*

Energy

Knees

Hips

Spine

Endocutters

Biosurgicals

Neutrogena®

LISTERINE®

Johnson's®  
baby

TYLENOL®

## \$2B+ Platforms/Products (12)

Remicade®  
INFLIXIMAB

imbruvica®  
(ibrutinib) 140mg capsules

Stelara®  
(ustekinumab)

Xarelto®  
rivaroxaban

Zytiga®  
abiraterone acetate

Simponi®  
golimumab

ONCE-MONTHLY  
INVEGA® SUSTENNA®  
paliperidone palmitate  
extended-release  
injectable suspension  
39mg, 78mg, 117mg, 156mg, 234mg

DARZALEX®  
(daratumumab)  
injection for intravenous infusion  
100 mg/5 mL, 400 mg/20 mL

Contact Lens

Trauma

Wound Closure

Electrophysiology

Innovation

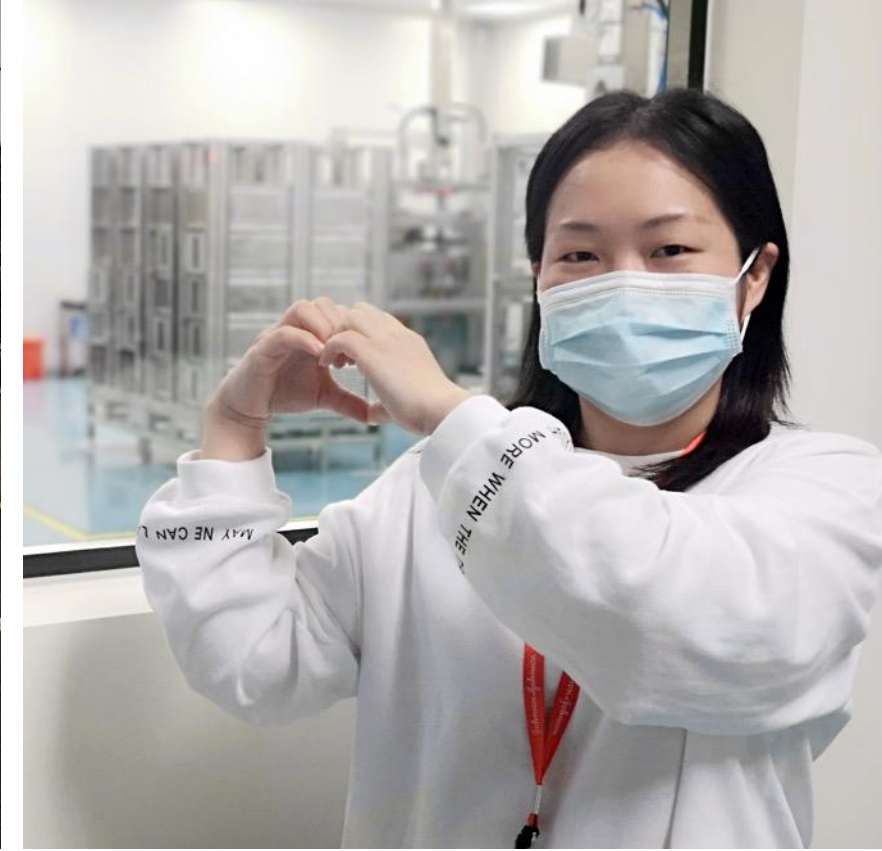
**Unparalleled  
scientific  
expertise allows  
us to create life  
enhancing  
innovation.**

*Johnson & Johnson*



## People

We are powered  
by our people,  
purpose and  
values system.



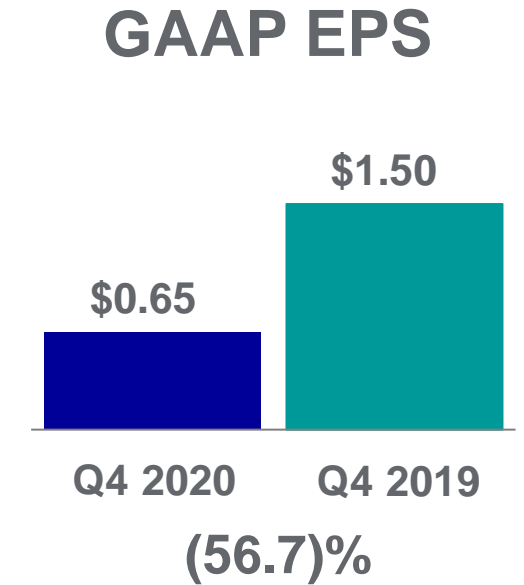
*Johnson & Johnson*

# 4<sup>th</sup> Quarter 2020 Sales

Dollars in Billions Regional Sales Results	Q4 2020	Q4 2019	% CHANGE	
			Reported	Operational <sup>1</sup>
<b>U.S.</b>	<b>\$11.8</b>	<b>\$10.8</b>	<b>9.6%</b>	<b>9.6%</b>
Europe	5.3	4.7	13.0	7.7
Western Hemisphere (ex U.S.)	1.4	1.5	(6.1)	2.9
Asia-Pacific, Africa	4.0	3.8	4.6	0.7
<b>International</b>	<b>10.7</b>	<b>10.0</b>	<b>7.0</b>	<b>4.3</b>
<b>Worldwide (WW)</b>	<b>\$22.5</b>	<b>\$20.7</b>	<b>8.3%</b>	<b>7.1%</b>

# 4<sup>th</sup> Quarter 2020 Financial Highlights

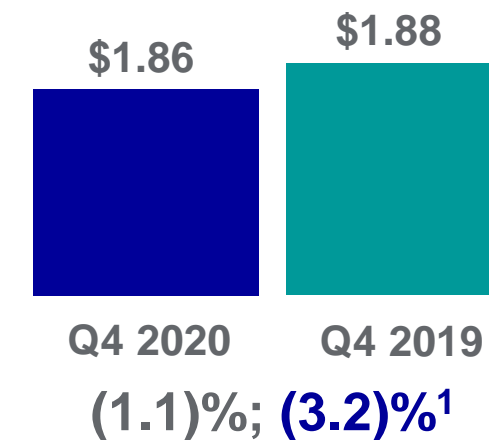
Dollars in Billions, except EPS  
Reported %; Operational %<sup>1</sup>



### Adjusted Earnings<sup>2</sup>



### Adjusted EPS<sup>2</sup>



<sup>1</sup> Non-GAAP measure; excludes the impact of translational currency; see reconciliation schedules in the Investors section of the [company's website](#)

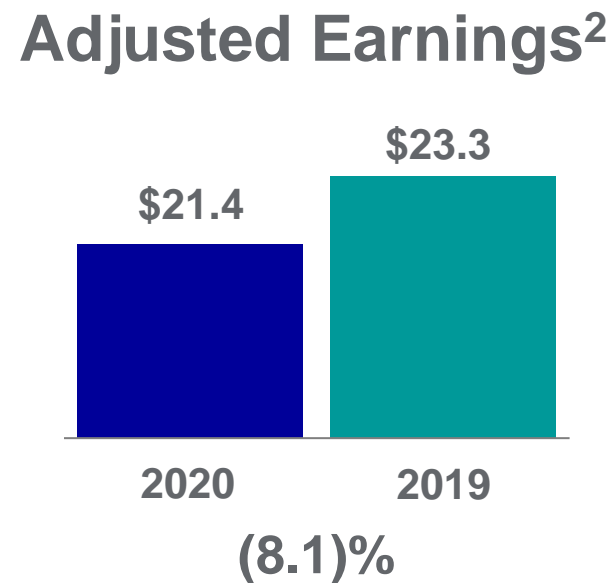
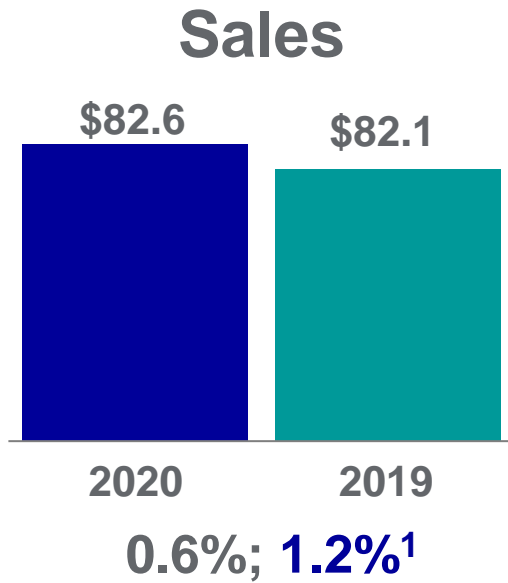
<sup>2</sup> Non-GAAP measure; excludes intangible amortization expense and special items; see reconciliation schedules in the Investors section of the [company's website](#)

# Full Year 2020 Sales

Dollars in Billions <b>Regional Sales Results</b>	<b>2020</b>	<b>2019</b>	<b>% CHANGE</b>	
			<b>Reported</b>	<b>Operational<sup>1</sup></b>
<b>U.S.</b>	<b>\$43.1</b>	<b>\$42.1</b>	<b>2.5%</b>	<b>2.5%</b>
Europe	19.0	18.5	2.8	2.0
Western Hemisphere (ex U.S.)	5.3	5.9	(10.2)	0.4
Asia-Pacific, Africa	15.1	15.6	(2.7)	(3.1)
<b>International</b>	<b>39.5</b>	<b>40.0</b>	<b>(1.3)</b>	<b>(0.2)</b>
<b>Worldwide (WW)</b>	<b>\$82.6</b>	<b>\$82.1</b>	<b>0.6%</b>	<b>1.2%</b>

# Full Year 2020 Financial Highlights

Dollars in Billions, except EPS  
Reported %; Operational %<sup>1</sup>



<sup>1</sup> Non-GAAP measure; excludes the impact of translational currency; see reconciliation schedules in the Investors section of the [company's website](#)

<sup>2</sup> Non-GAAP measure; excludes intangible amortization expense and special items; see reconciliation schedules in the Investors section of the [company's website](#)

# Consumer Health Highlights – 4<sup>th</sup> Quarter 2020

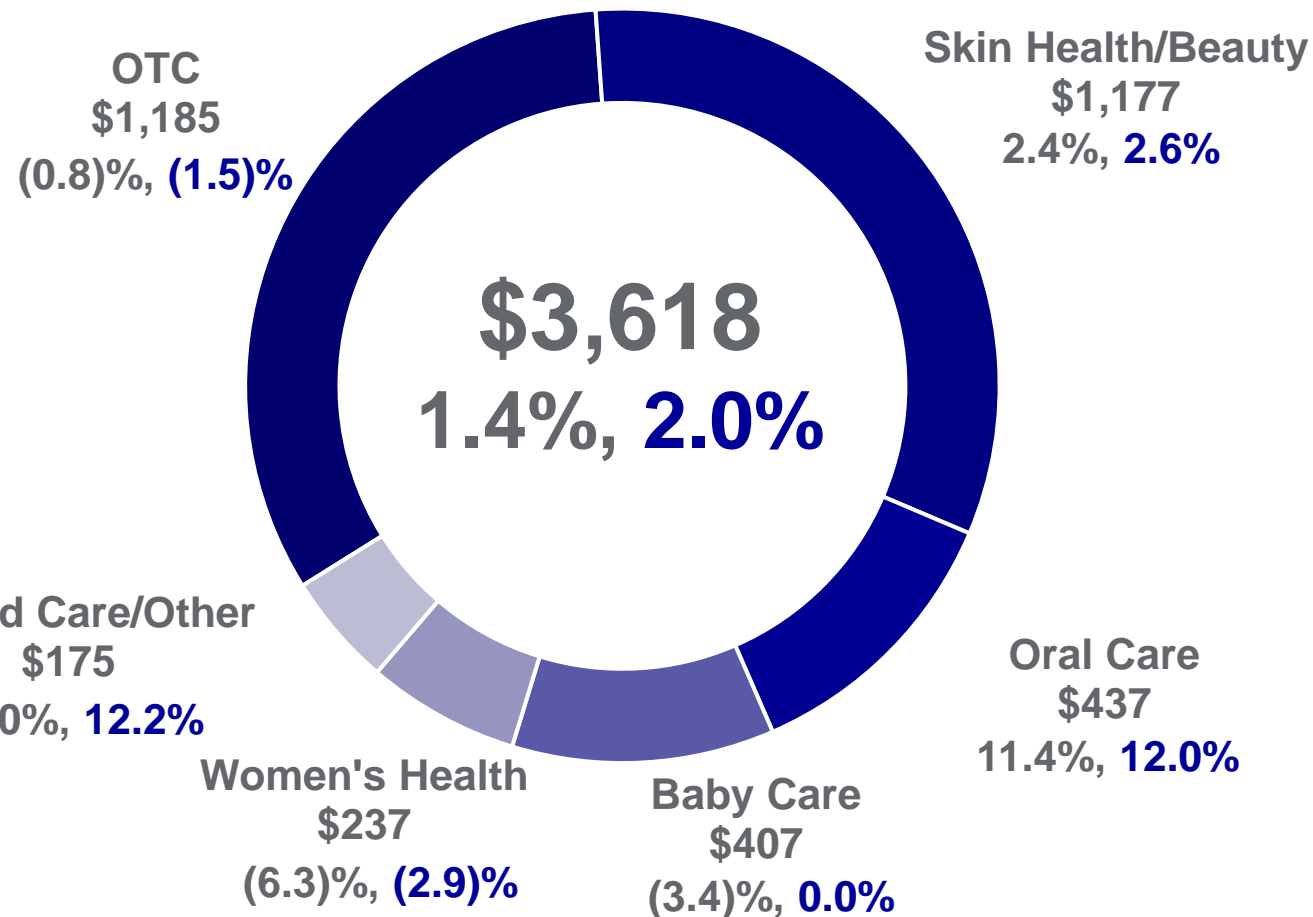
*Solid performance driven by Oral Care, Wound Care and recovery in Skin Health/Beauty*

Reported: WW 1.4%, U.S. 2.7%, Int'l 0.5%

Operational<sup>1</sup>: WW 2.0%, U.S. 2.7%, Int'l 1.5%

## WW Sales \$MM

■ Reported Growth ■ Operational Growth<sup>1</sup>



## Key Drivers of Operational Performance<sup>1</sup>

OTC	<ul style="list-style-type: none"> <li>U.S. flat due to share and e-commerce/club channel growth across multiple brands including TYLENOL in pain primarily driven by COVID-19 demand, PEPCID due to competitive withdrawal, and ZYRTEC due to competitive out-of-stock offset by category declines due to lower cough/cold/flu incidences attributed to COVID-19 restrictions and lapping prior year stocking</li> <li>OUS decline due to COVID-19 negative impacts driven by restrictions resulting in lower cough and flu incidences partially offset by increased consumption in anti-smoking aids in EMEA, Children's MOTRIN in China and Adult TYLENOL in Canada</li> </ul>
Skin Health/Beauty	<ul style="list-style-type: none"> <li>U.S. growth driven by e-commerce and club channel across several brands, OGx and MAUI MOISTURE share gains mostly offset by COVID-19 related market declines coupled with competitive pressures</li> <li>OUS growth driven by Dr. CI LABO, NEUTROGENA, OGx and AVEENO due to e-commerce and innovations. Results were partially offset by lower consumption, and COVID-19 impacts in JOHNSON's Adult in EMEA</li> </ul>
Oral Care	<ul style="list-style-type: none"> <li>Growth primarily due to LISTERINE mouthwash share gains driven by strong e-commerce and club channel performance, mouthwash category growth related to increased COVID-19 demand and new product offerings in APAC</li> </ul>
Baby Care	<ul style="list-style-type: none"> <li>U.S. growth due to JOHNSON's and AVEENO e-commerce growth driven by COVID-19 demand and increased retailer stocking</li> <li>OUS decline due to SKU rationalization and the negative impact of COVID-19 partially offset by growth in AVEENO baby</li> </ul>
Women's Health	<ul style="list-style-type: none"> <li>Declines driven by liners and internal sanitary protection driven by COVID-19 impacts across all regions partially offset by growth in napkins in APAC</li> </ul>
Wound Care/Other	<ul style="list-style-type: none"> <li>Share and market growth in e-commerce in NEOSPORIN and BAND-AID® Brand Adhesive bandages primarily attributed to elevated COVID-19 demand</li> </ul>

Adjusted Operational Sales<sup>2</sup>: WW 2.1%, U.S. 2.8%, Int'l 1.6%  
Additional shipping days contributed ~4% to WW growth



<sup>1</sup> Non-GAAP measure; excludes the impact of translational currency; see reconciliation schedules in the Investors section of the [company's website](#)  
<sup>2</sup> Non-GAAP measure; excludes acquisitions and divestitures and translational currency; see reconciliation schedules in the Investors section of the [company's website](#)  
Note: Values may not add due to rounding

# Pharmaceutical Highlights – 4<sup>th</sup> Quarter 2020

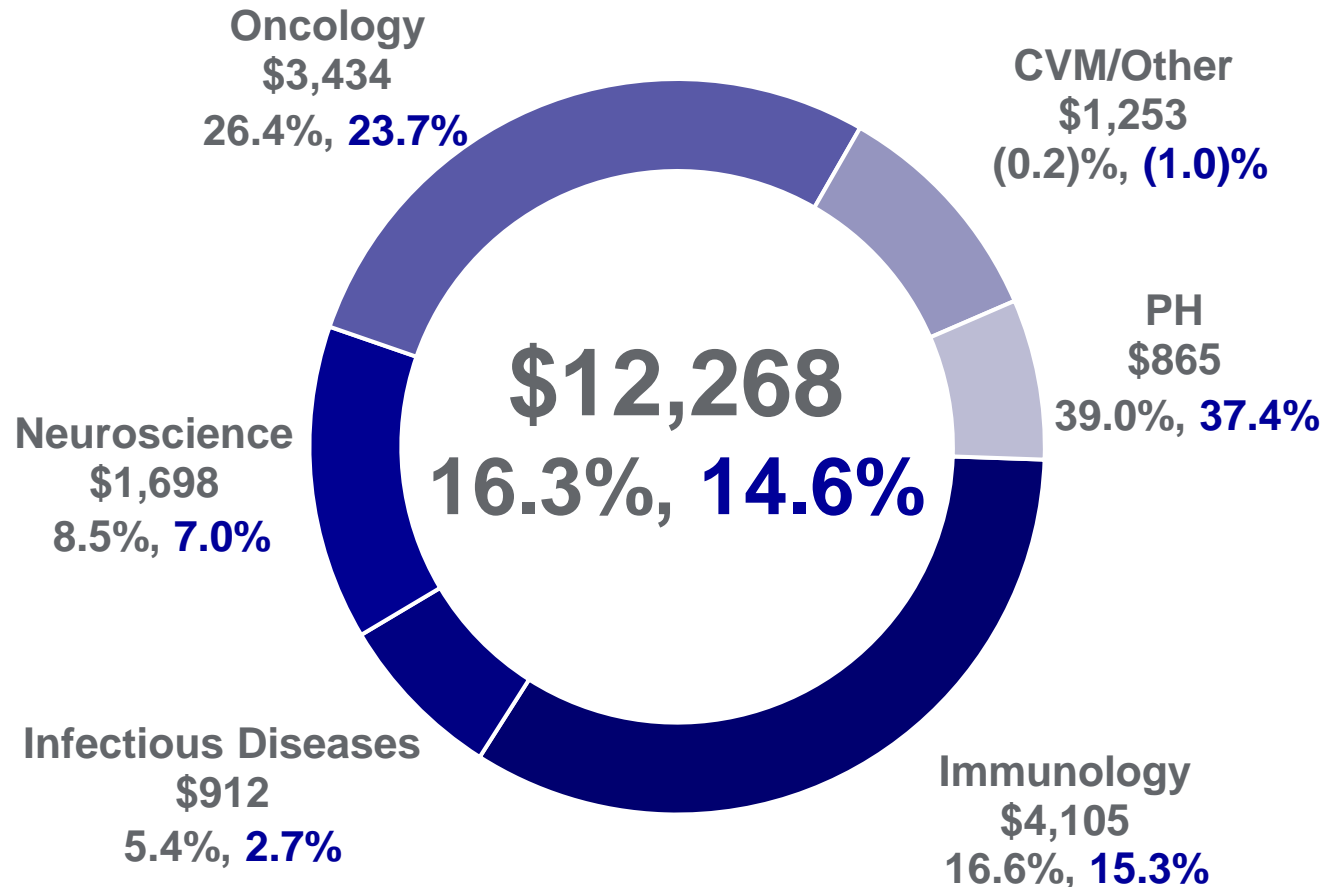
*Robust above-market performance driven by double-digit growth in 8 key products*

Reported: WW 16.3%, U.S. 15.3%, Int'l 17.7%

Operational<sup>1</sup>: WW 14.6%, U.S. 15.3%, Int'l 13.5%

## WW Sales \$MM

■ Reported Growth ■ Operational Growth<sup>1</sup>



## Key Drivers of Operational Performance<sup>1</sup>

<b>Immunology</b>	<ul style="list-style-type: none"> <li>Growth driven by strong uptake of STELARA in Crohn's Disease and Ulcerative Colitis, strength of TREMFYA in Psoriasis and uptake in Psoriatic Arthritis, and volume/share gains in SIMPONI ARIA</li> <li>REMICADE decline due to increased discounts/rebates and biosimilar competition</li> </ul>
<b>Infectious Diseases</b>	<ul style="list-style-type: none"> <li>Growth driven by strong sales of SYMTUZA in the U.S. and uptake of JULUCA in the EU, partially offset by increased competition for PREZISTA/PREZCOBIX/REZOLSTA and PREZISTA OUS LOE</li> </ul>
<b>Neuroscience</b>	<ul style="list-style-type: none"> <li>Paliperidone long-acting injectables growth due to strength of INVEGA SUSTENNA/XEPLION and INVEGA TRINZA/TREVICTA from new patient starts and persistency</li> </ul>
<b>Oncology</b>	<ul style="list-style-type: none"> <li>DARZALEX increase driven by continued strong market growth and share gains in all regions and solid uptake of the subcutaneous formulation that was approved in the U.S. and EU in Q2</li> <li>Strong sales of IMBRUVICA due to market growth/leadership position in the U.S. and increased patient uptake outside the U.S.</li> <li>Continued strong global launch uptake of ERLEADA</li> <li>Lower sales and share of VELCADE and U.S. ZYTIGA due to generic competition</li> </ul>
<b>Cardiovascular/ Metabolism/ Other (CVM/Other)</b>	<ul style="list-style-type: none"> <li>Decline driven by lower sales of PROCIT/EPREX due to biosimilar competition</li> <li>Modest growth in XARELTO due to demand growth, partially offset by increased rebates</li> <li>INVOKANA/INVOKAMET increase due to market growth and favorable channel mix in the U.S., as well as strength in the EU, partially offset by U.S. share declines due to competitive pressures</li> </ul>
<b>Pulmonary Hypertension (PH)</b>	<ul style="list-style-type: none"> <li>Growth driven by strong sales of OPSUMIT and UPTRAVI due to continued share gains, market growth, and the favorable impact of a distributor model change that took place in the U.S. in Q4 2019</li> </ul>

Adjusted Operational Sales<sup>2</sup>: WW 14.6%, U.S. 15.2%, Int'l 13.7%

Additional shipping days contributed ~4% to WW growth



<sup>1</sup> Non-GAAP measure; excludes the impact of translational currency; see reconciliation schedules in the Investors section of the [company's website](#)

<sup>2</sup> Non-GAAP measure; excludes acquisitions and divestitures and translational currency; see reconciliation schedules in the Investors section of the [company's website](#)

Note: Values may not add due to rounding



# Medical Devices Highlights – 4<sup>th</sup> Quarter 2020

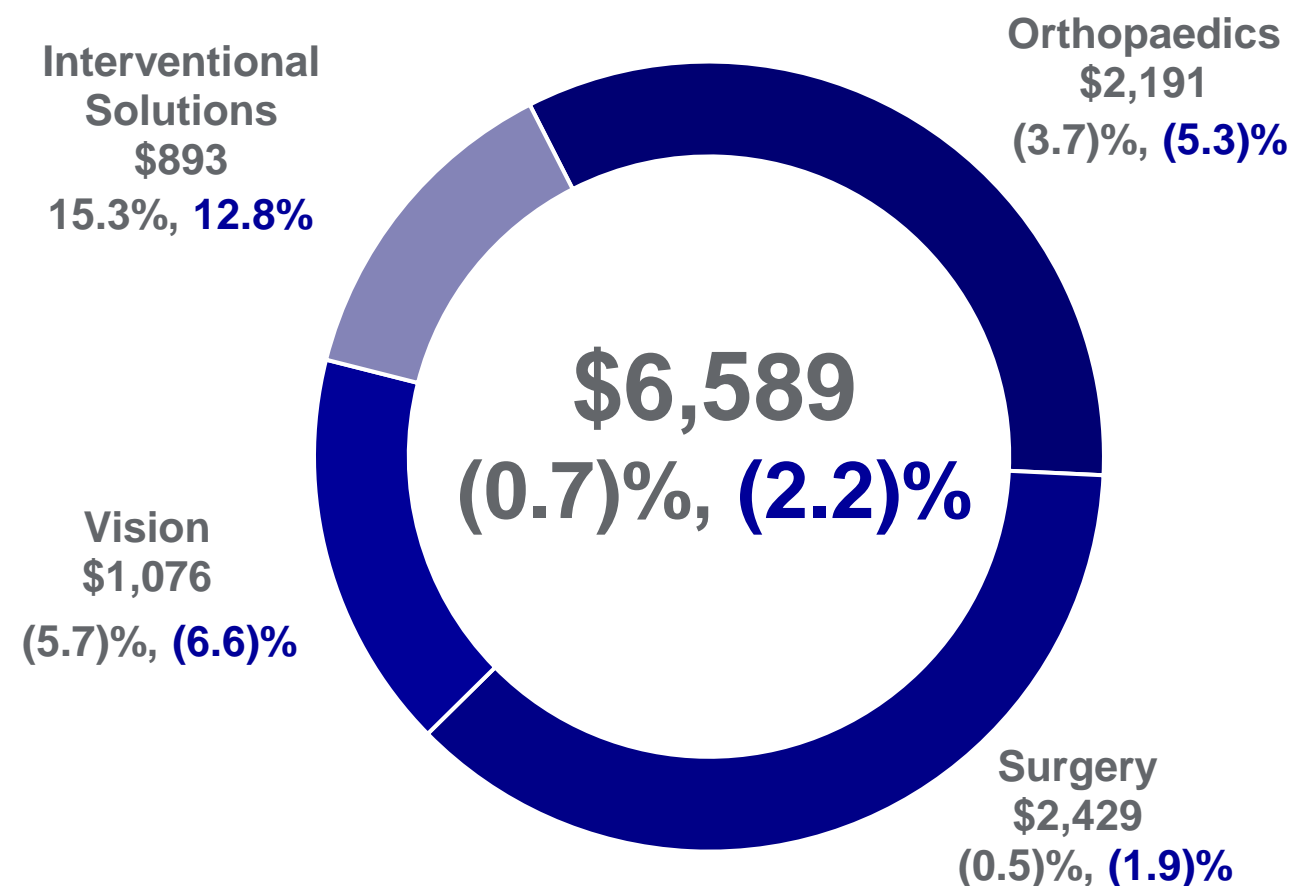
*Decline driven by negative impact of COVID-19, partially offset by double digit growth in Interventional Solutions*

Reported: WW (0.7)%, U.S. 1.5%, Int'l (2.6)%

Operational<sup>1</sup>: WW (2.2)%, U.S. 1.5%, Int'l (5.5)%

## WW Sales \$MM

■ Reported Growth ■ Operational Growth<sup>1</sup>



## Key Drivers of Operational Performance<sup>1</sup>

Interventional Solutions	<ul style="list-style-type: none"> <li>Double-digit growth driven by atrial fibrillation procedure growth coupled with strength from new products including CARTO and VIZIGO sheath</li> </ul>
Orthopaedics	<ul style="list-style-type: none"> <li><b>Hips:</b> Primarily driven by the negative impact of COVID-19 partially offset by leadership in the Anterior approach and strong market demand for the ACTIS stem and enabling technologies – KINCISE and VELYS Hip Navigation</li> <li><b>Trauma:</b> U.S. market recovery and global success from new products offsetting impact of COVID-19 on OUS markets and stocking reductions in China.</li> <li><b>Knees:</b> Decline driven by the negative impact of COVID-19</li> <li><b>Spine, Sports &amp; Other:</b> Negative impact from COVID-19 and stocking reductions in China partially offset by uptake of new products in Spine               <ul style="list-style-type: none"> <li><b>Spine:</b> WW: ~(7)%, U.S.: ~+2%, OUS: ~(20)%</li> </ul> </li> </ul>
Surgery	<ul style="list-style-type: none"> <li><b>Advanced:</b> <ul style="list-style-type: none"> <li><b>Endocutters:</b> ~+2% Driven by new products, primarily in EMEA and China</li> <li><b>Biosurgery:</b> ~+6% Led by share gains from SURGIFLO after prior year supply disruption in the U.S.</li> <li><b>Energy:</b> ~(3)% Primarily driven by the negative impact of COVID-19 and competitive pressures in the U.S. partially offset by new product growth in China</li> </ul> </li> <li><b>General:</b> Decline primarily due to negative impact of COVID-19, partially offset by global breast implant market recovery and increase in Wound Closure stock in the U.S.</li> </ul>
Vision	<ul style="list-style-type: none"> <li><b>Contact Lenses/Other:</b> Decline primarily driven by the negative impact COVID-19 and reduced stocking in the U.S.</li> <li><b>Surgical:</b> Decline primarily driven by the negative impact of COVID-19</li> </ul>

Adjusted Operational Sales<sup>2</sup>: WW (1.5)%, U.S. 1.7%, Int'l (4.4)%  
Additional shipping days contributed ~4% to WW growth



<sup>1</sup> Non-GAAP measure; excludes the impact of translational currency; see reconciliation schedules in the Investors section of the [company's website](#)

<sup>2</sup> Non-GAAP measure; excludes acquisitions and divestitures and translational currency; see reconciliation schedules in the Investors section of the [company's website](#)

Note: Values may not add due to rounding



# Condensed Consolidated Statement of Earnings

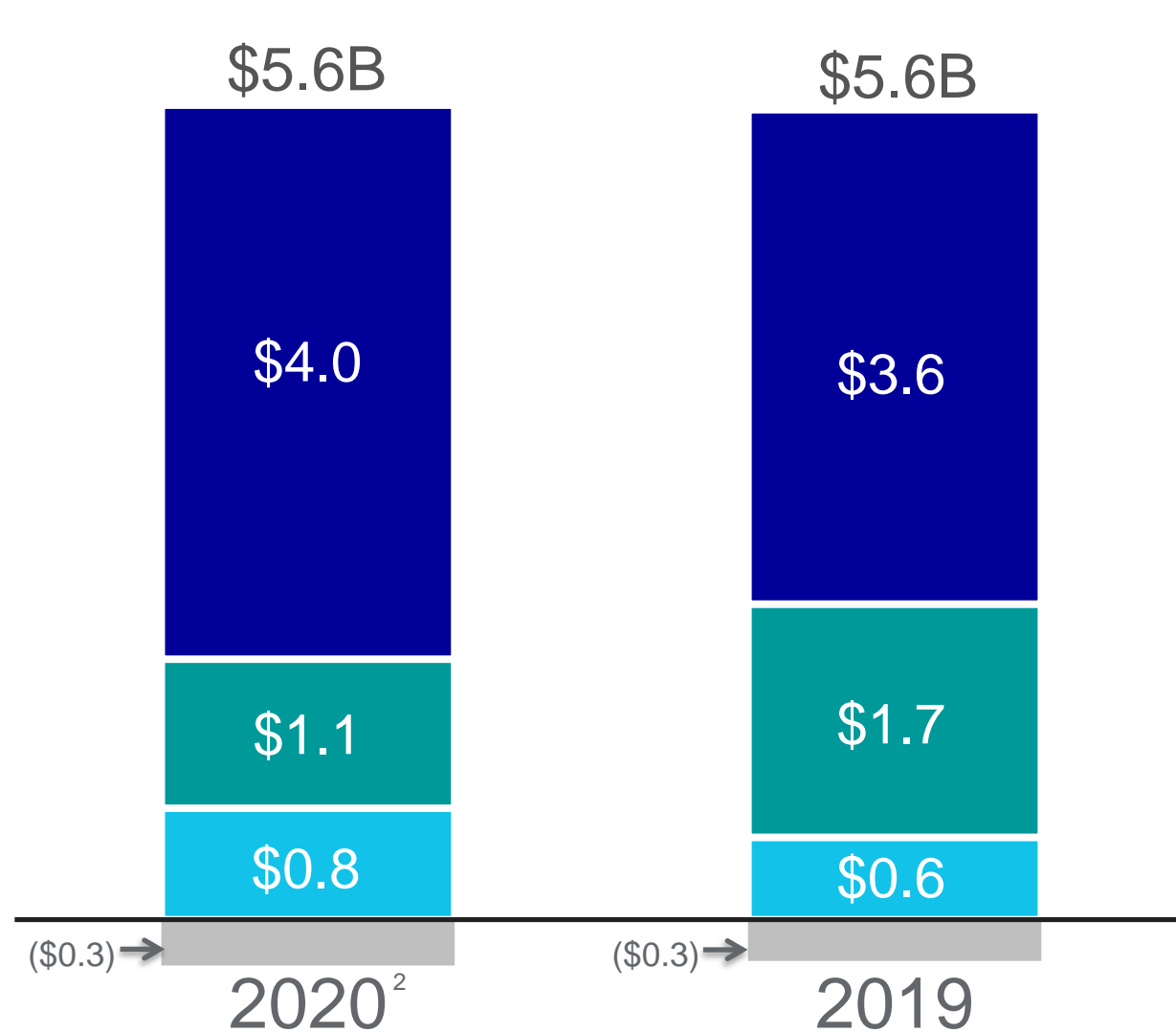
## 4<sup>th</sup> Quarter 2020

	2020		2019		% Increase (Decrease)
	Amount	% to Sales	Amount	% to Sales	
(Unaudited; Dollar and Shares in Millions Except Per Share Figures)					
Sales to customers	\$22,475	100.0	\$20,747	100.0	8.3
Cost of products sold	7,814	34.8	7,134	34.4	9.5
<b>Gross Profit</b>	<b>14,661</b>	<b>65.2</b>	<b>13,613</b>	<b>65.6</b>	<b>7.7</b>
Selling, marketing, and administrative expenses	6,457	28.7	6,039	29.1	6.9
Research and development expense	4,032	17.9	3,232	15.6	24.8
In-process research and development	37	0.2	-	-	
Interest (income) expense, net	74	0.3	4	0.0	
Other (income) expense, net	2,354	10.5	16	0.1	
Restructuring	60	0.3	104	0.5	
Earnings before provision for taxes on income	1,647	7.3	4,218	20.3	(61.0)
Provision for / (Benefit from) taxes on income	(91)	(0.4)	208	1.0	(143.8)
<b>Net Earnings</b>	<b>\$1,738</b>	<b>7.7</b>	<b>\$4,010</b>	<b>19.3</b>	<b>(56.7)</b>
Net earnings per share (Diluted)	\$0.65		\$1.50		(56.7)
Average shares outstanding (Diluted)	2,669.2		2,669.1		
Effective tax rate	(5.5)%		4.9%		
<b>Adjusted earnings before provision for taxes and net earnings<sup>1</sup></b>					
Earnings before provision for taxes on income	\$5,601	24.9	\$5,628	27.1	(0.5)
Net earnings	\$4,965	22.1	\$5,027	24.2	(1.2)
Net earnings per share (Diluted)	\$1.86		\$1.88		(1.1)
Effective tax rate	11.4%		10.7%		

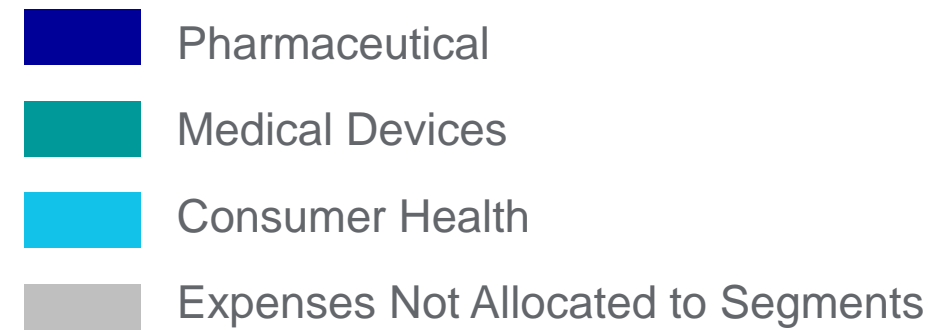
<sup>1</sup> Non-GAAP measure; excludes intangible amortization expense and special items; see reconciliation schedules in the Investors section of the [company's website](#)

# Adjusted Income Before Tax by Segment<sup>1</sup>

4<sup>th</sup> Quarter 2020



	% to Sales	
	4Q 2020	4Q 2019
Pharmaceutical	32.9%	33.8%
Medical Devices	16.5%	25.5%
Consumer Health	22.5%	18.2%
<b>Total</b>	<b>24.9%</b>	<b>27.1%</b>



<sup>1</sup> Non-GAAP measure; excludes amortization expense and special items; see reconciliation schedules in the Investors section of the [company's website](#)

<sup>2</sup> Estimated as of 1/26/2021

# Condensed Consolidated Statement of Earnings

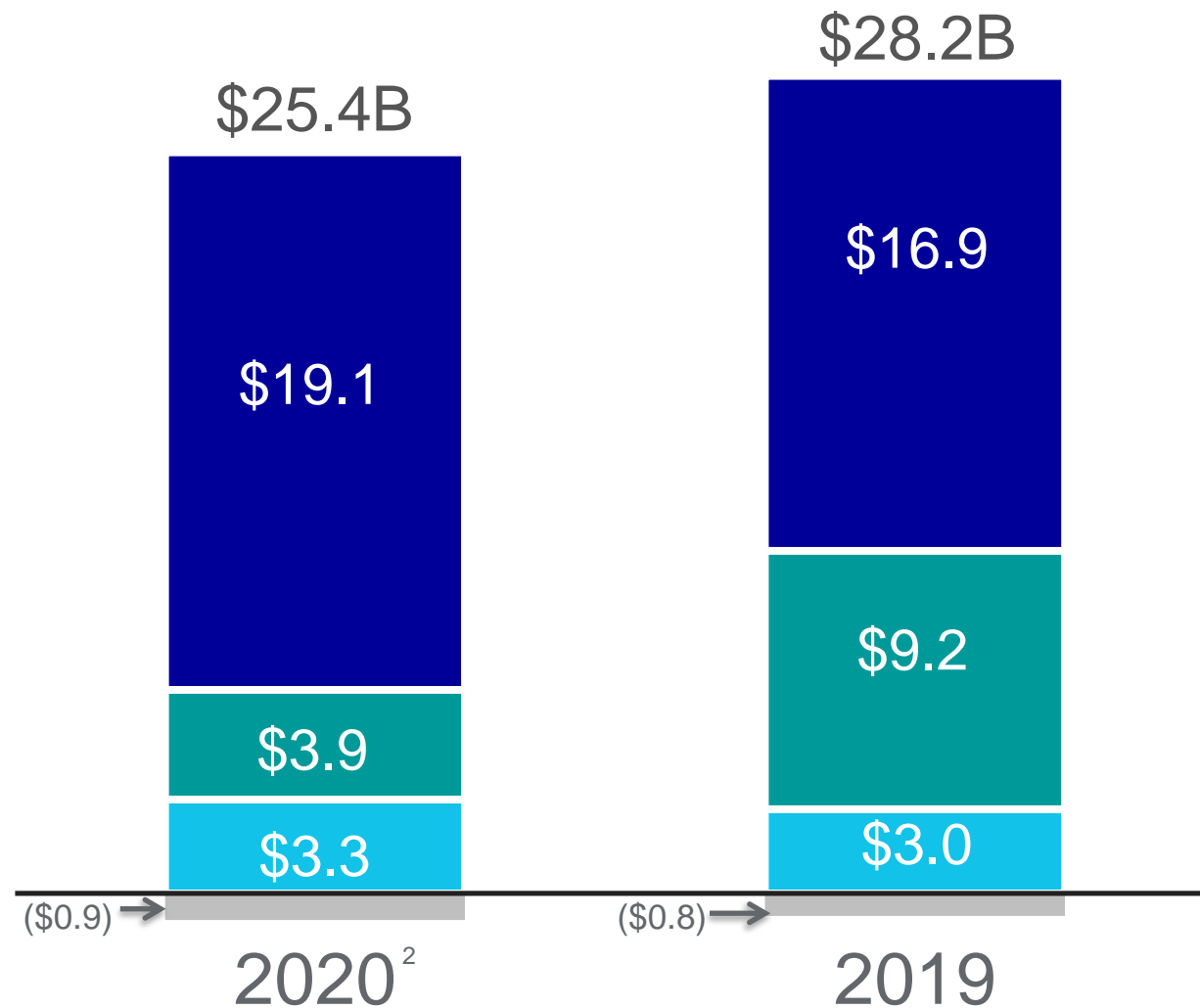
## Full Year 2020

	2020		2019		% Increase (Decrease)
	Amount	% to Sales	Amount	% to Sales	
(Unaudited; Dollar and Shares in Millions Except Per Share Figures)					
Sales to customers	\$82,584	100.0	\$82,059	100.0	0.6
Cost of products sold	28,427	34.4	27,556	33.6	3.2
<b>Gross Profit</b>	<b>54,157</b>	<b>65.6</b>	<b>54,503</b>	<b>66.4</b>	<b>(0.6)</b>
Selling, marketing, and administrative expenses	22,084	26.8	22,178	27.0	(0.4)
Research and development expense	12,159	14.7	11,355	13.8	7.1
In-process research and development	181	0.2	890	1.1	
Interest (income) expense, net	90	0.1	(39)	0.0	
Other (income) expense, net	2,899	3.5	2,525	3.1	
Restructuring	247	0.3	266	0.3	
Earnings before provision for taxes on income	16,497	20.0	17,328	21.1	(4.8)
Provision for taxes on income	1,783	2.2	2,209	2.7	(19.3)
<b>Net Earnings</b>	<b>\$14,714</b>	<b>17.8</b>	<b>\$15,119</b>	<b>18.4</b>	<b>(2.7)</b>
Net earnings per share (Diluted)	\$5.51		\$5.63		(2.1)
Average shares outstanding (Diluted)	2,670.7		2,684.3		
Effective tax rate	10.8%		12.7%		
<b>Adjusted earnings before provision for taxes and net earnings<sup>1</sup></b>					
Earnings before provision for taxes on income	\$25,428	30.8	\$28,225	34.4	(9.9)
Net earnings	\$21,433	26.0	\$23,310	28.4	(8.1)
Net earnings per share (Diluted)	\$8.03		\$8.68		(7.5)
Effective tax rate	15.7%		17.4%		

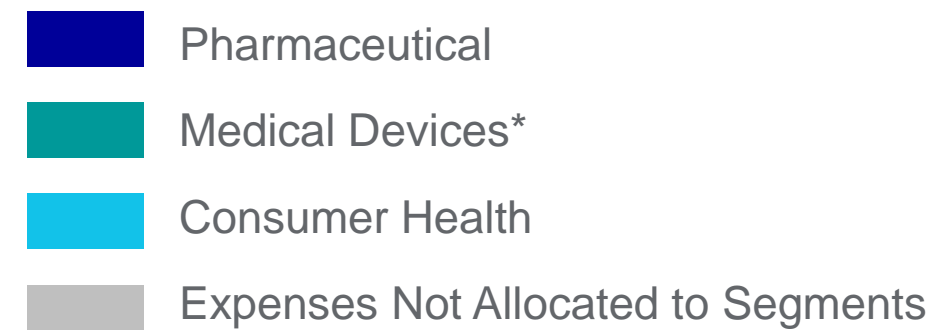
<sup>1</sup> Non-GAAP measure; excludes intangible amortization expense and special items; see reconciliation schedules in the Investors section of the [company's website](#)

# Adjusted Income Before Tax by Segment<sup>1</sup>

Full Year 2020



	% to Sales	
	YTD 2020	YTD 2019
Pharmaceutical	42.0%	40.0%
Medical Devices	17.0%	35.4%
Consumer Health	23.8%	21.4%
<b>Total</b>	<b>30.8%</b>	<b>34.4%</b>



<sup>1</sup> Non-GAAP measure; excludes amortization expense and special items; see reconciliation schedules in the Investors section of the [company's website](#)

<sup>2</sup> Estimated as of 1/26/2021

\* 2019 includes approximately \$2.0 billion related to the divestiture of the Advanced Sterilization Products (ASP) business.

# Notable New Announcements in 4<sup>th</sup> Quarter 2020<sup>1</sup>

## Pharmaceuticals

- Regulatory Approvals:
  - DARZALEX FASPRO (daratumumab and hyaluronidase-fihj) - Becomes the First FDA-Approved Treatment for Patients with Newly Diagnosed Light Chain (AL) Amyloidosis<sup>2</sup>
  - CABENUVA (rilpivirine/cabotegravir) - U.S. FDA Approval and European Commission Authorization of the first complete long acting injectable HIV treatment<sup>2</sup>
  - TREMFYA (guselkumab) - European Commission Approves First-in-Class treatment for Active Psoriatic Arthritis (PsA)
- Regulatory Submissions:
  - Amivantamab - Submission of U.S. FDA and European Marketing Authorization Application for Treatment of Patients with Metastatic Non-Small Cell Lung Cancer with EGFR Exon 20 Insertion Mutations
  - BCMA CAR-T Therapy (ciltacabtagene autoleucel) - Rolling Submission of a Biologics License Application to U.S. FDA for the Treatment of Relapsed and/or Refractory Multiple Myeloma
  - DARZALEX (daratumumab and hyaluronidase-fihj) - Janssen Submits Applications in U.S. and EU Seeking Approval of DARZALEX FASPRO (daratumumab and hyaluronidase-fihj)/DARZALEX (daratumumab) Subcutaneous (SC) Formulation in Combination With Pomalidomide and Dexamethasone for Patients With Relapsed or Refractory Multiple Myeloma
  - Paliperidone Palmitate 6-Month - Submission of Supplemental New Drug Application to U.S. FDA and European Marketing Authorization for Treatment of Schizophrenia in Adults
  - XARELTO (rivaroxaban) - Submission of Application to U.S. FDA for New Indication to Expand Use in Patients with Peripheral Artery Disease
- Other:
  - Janssen Receives Positive CHMP Opinion for SPRAVATO (esketamine Nasal Spray) for the Rapid Reduction of Depressive Symptoms in a Psychiatric Emergency for Patients with Major Depressive Disorder
  - Janssen Acquires Rights to Novel Gene Therapy, Pioneering Treatment Solutions for Late-Stage Age-Related Macular Degeneration
  - Johnson & Johnson Initiates Second Global Phase 3 Clinical Trial of its Janssen COVID-19 Vaccine Candidate

## Medical Devices

- Regulatory Approvals:
  - VELYS Robotic-Assisted Solution- Receives 510(k) FDA Clearance Designed for Use with the ATTUNE Total Knee System<sup>2</sup>



<sup>1</sup> These developments and all other news releases are available online in the Investors section of the company's website at [news releases](#)

<sup>2</sup> Subsequent to the quarter

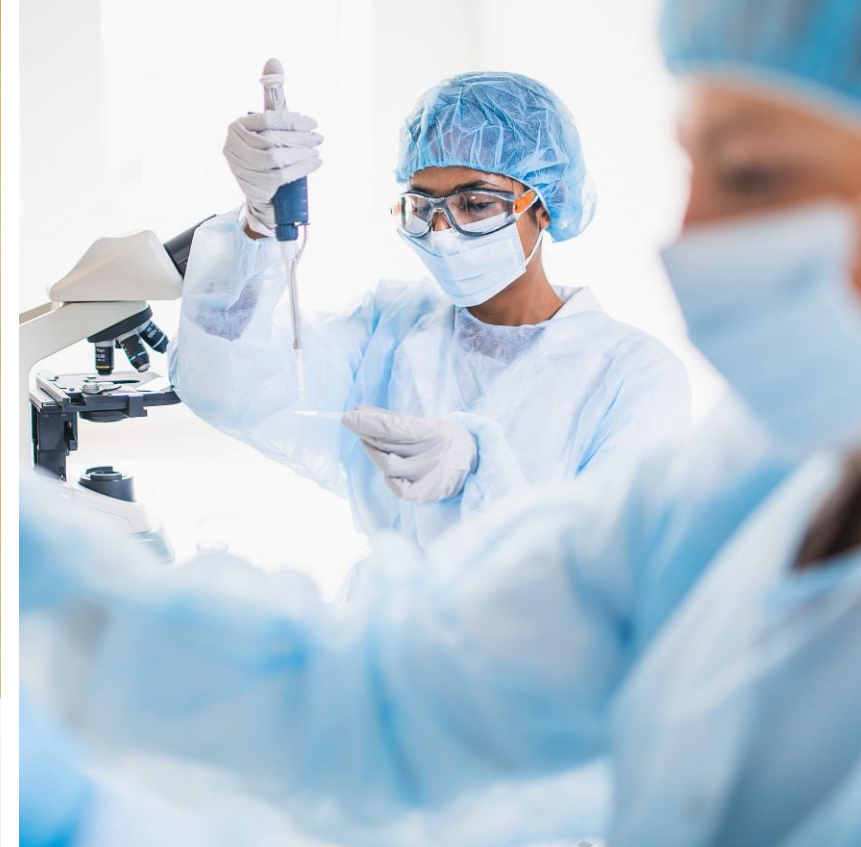
Save the Date

# Business Review

*...Highlighting Pharmaceutical Pipeline and Capabilities*

Thursday, November 18, 2021

Johnson & Johnson



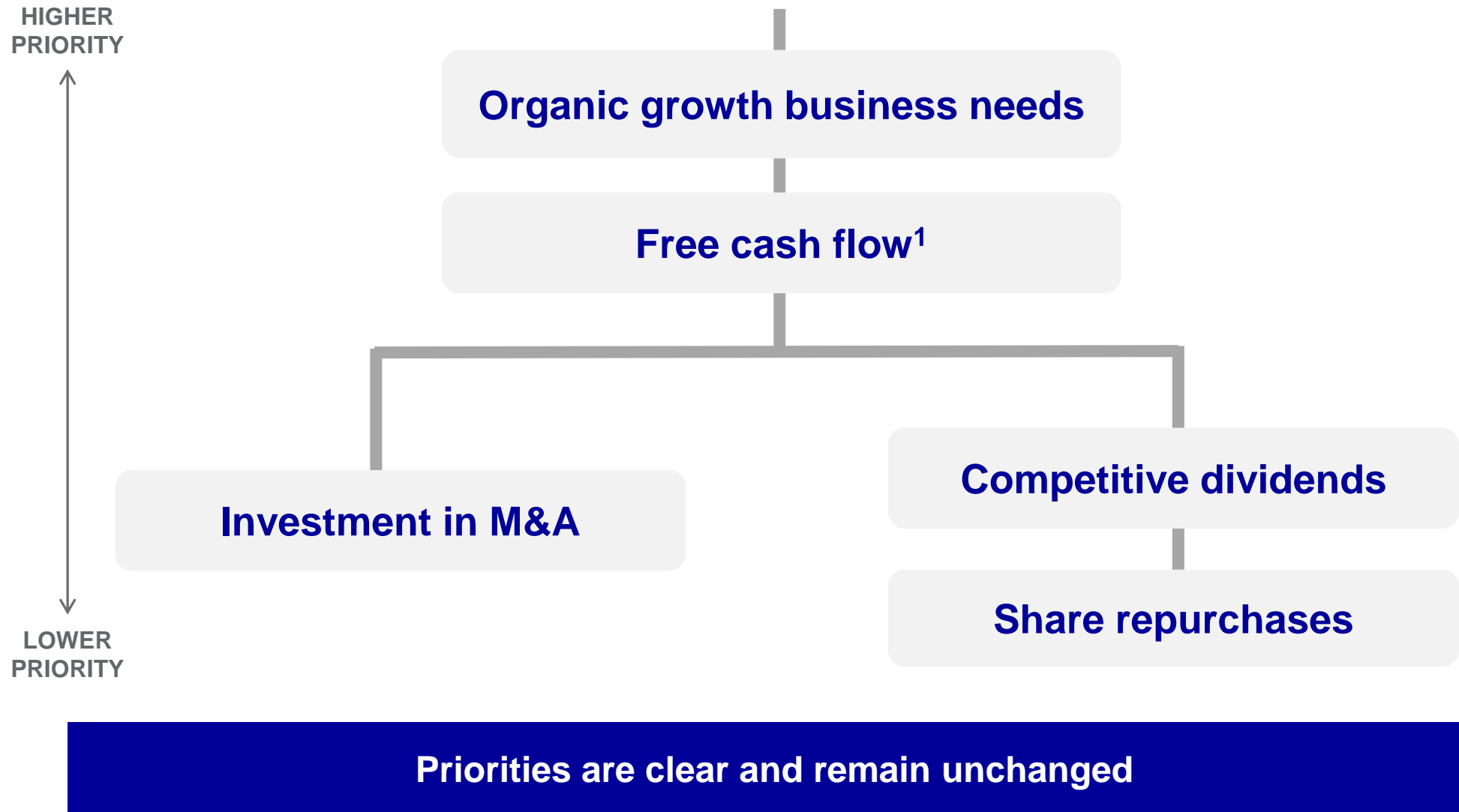
# Joseph J. Wolk

Executive Vice President,  
Chief Financial Officer



# Capital Allocation Strategy

## **Capital Allocation**



Dollars in Billions	Q4 2020
Cash and Marketable Securities	\$25.0
Debt	(\$35.0)
Net Debt	(\$10.0)
Free Cash Flow <sup>2</sup>	~\$20.0

Note: values may have been rounded


**2020:**

**\$12.2B** invested in R&D

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**\$10.5B** in dividends paid to shareholders

<sup>1</sup> Non-GAAP measure; cash flow from operations less CAPEX

<sup>2</sup> Estimated as of January 26, 2021

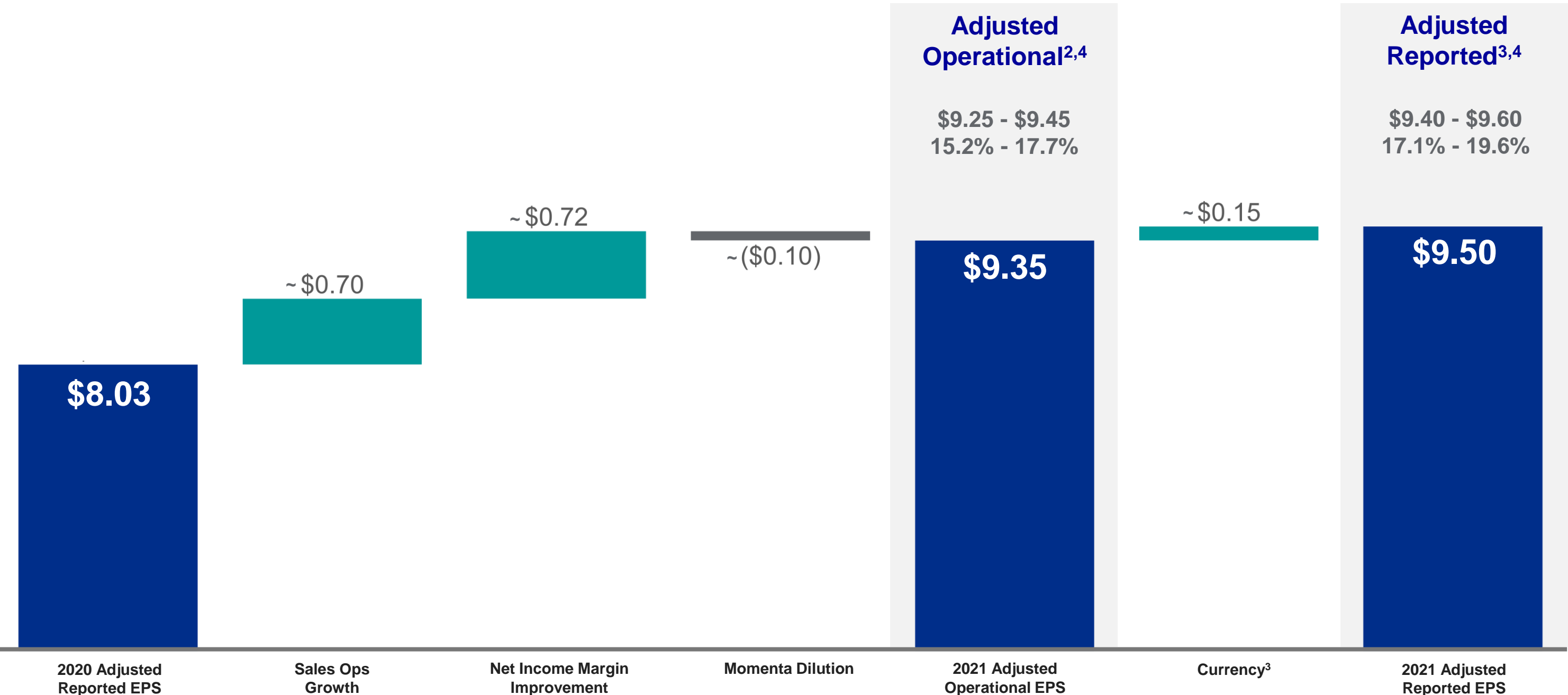
# 2021 Sales Guidance

## Assumptions and Outlook

- Stabilization of unemployment levels
- Reduced levels of COVID-19 restrictions; procedures largely permissible throughout year
- Tax based on current regulations
- Pharm net price decreases similar to recent trends

	January	Comments
Adjusted Operational Sales <sup>1,2</sup>	8.0% - 9.5%	Midpoint of 8.8%
Operational Sales <sup>2</sup>	\$88.8B - \$90.0B 7.5% - 9.0%	Net Impact Acq./Div: ~-0.5%
Estimated Reported Sales <sup>3</sup>	\$90.5B - \$91.7B 9.5% - 11.0%	FX \$1.7B or +2.0% impact

# 2021 EPS Guidance<sup>1</sup>



<sup>1</sup> Represents the midpoint of guidance  
<sup>2</sup> Excludes the impact of translational currency

<sup>3</sup> Euro Average Rate: January 2021 = \$1.21  
<sup>4</sup> Non-GAAP measure; excludes intangible amortization expense and special items

# 2021 Guidance

	January	Comments
Adjusted Operational Sales <sup>1,2</sup>	8.0% - 9.5%	Midpoint of 8.8%
Operational Sales <sup>2</sup>	\$88.8B - \$90.0B 7.5% - 9.0%	Net Impact Acq./Div: ~-0.5%
Estimated Reported Sales <sup>3</sup>	\$90.5B - \$91.7B 9.5% - 11.0%	FX \$1.7B or +2.0% impact
Adjusted Pre-Tax Operating Margin <sup>4,5</sup>	>200 bps improvement	Sales leverage including MD procedure recovery and cost improvement initiatives
Net Other Income <sup>4</sup>	\$0.6 - \$0.7 billion	Normalized levels
Net Interest Expense / (Income)	\$150 - \$250 million	Assumes no major acquisitions or other major uses of cash
Effective Tax Rate <sup>4</sup>	16.5% - 17.5%	One-time benefit items in 2020 related to the close out of audits
Adjusted EPS (Operational) <sup>2,4</sup>	\$9.25 - \$9.45 15.2% - 17.7%	Midpoint of \$9.35 or 16.4%
Adjusted EPS (Reported) <sup>3,4</sup>	\$9.40 - \$9.60 17.1% - 19.6%	Midpoint of \$9.50 or 18.3% FX \$0.15 or +1.9% impact



<sup>1</sup> Non-GAAP measure; excludes acquisitions and divestitures

<sup>2</sup> Non-GAAP measure; excludes the impact of translational currency

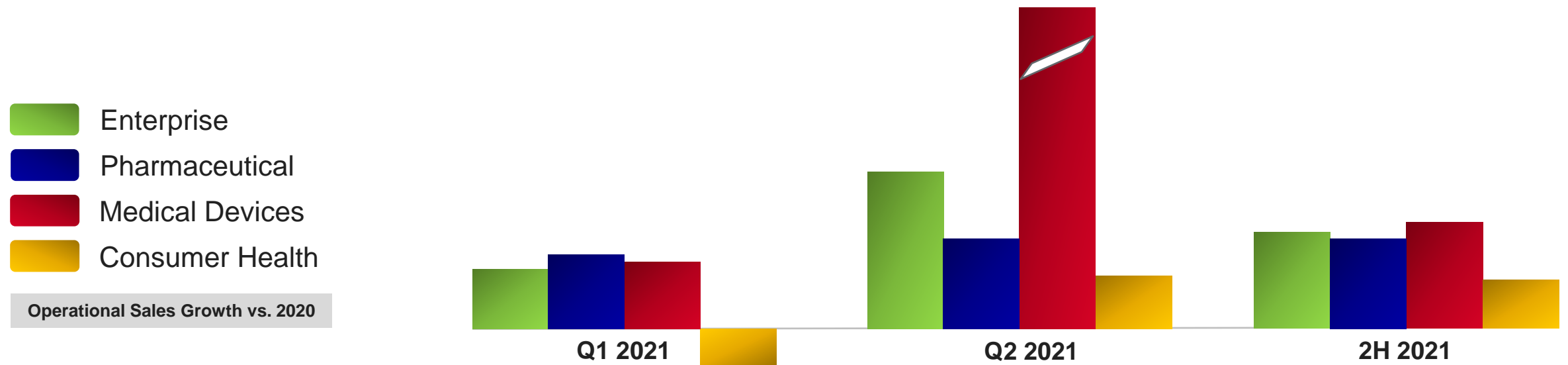
<sup>3</sup> Euro Average Rate: January 2021 = \$1.21

<sup>4</sup> Non-GAAP measure; excludes intangible amortization expense and special items

<sup>5</sup> Sales less: COGS, SM&A and R&D expenses

# 2021 Segment Outlook & Quarterly Sales Phasing\*

*Illustration intended to visualize quarterly phasing; Chart not to scale*



Segment	Full Year Considerations	Quarterly Sales Phasing and Considerations
<b>Pharmaceutical</b>	Continued strong, above market performance	<ul style="list-style-type: none"> <li>Anticipate more balanced quarter to quarter growth throughout 2021</li> <li>First quarter prior year comp. included ~200 BPS favorable impact of longer terms script durations and upside due to one-time favorable prior period adjustments</li> <li>Prior year included some negative impacts from reduced office visits and access to physician administered drugs due to COVID-19 restrictions most prominent in Q2 and reduced through the remaining quarters of 2020</li> </ul>
<b>Medical Devices</b>	Double digit growth driven by procedure recovery and continued momentum from new product introductions	<ul style="list-style-type: none"> <li>Tempered growth in first quarter with anticipation of continued, moderate procedural disruption</li> <li>Expect highest growth rate in second quarter given prior year market disruption and 2021 recovery</li> <li>Expect continued market recovery and strengthened core platforms to drive revenue growth through 2021</li> </ul>
<b>Consumer Health</b>	Continue to drive competitive market growth	<ul style="list-style-type: none"> <li>Negative impact to first quarter sales driven by enhanced COVID-19 demand comparisons primarily in OTC products</li> <li>Continued SKU rationalization program negative impact to first half growth</li> <li>Anticipate normalized growth in the second half as consumers return to typical usage patterns in areas like Skin Health / Beauty</li> </ul>

**Note:** Fourth Quarter growth will be negatively impacted by additional 2020 selling days that will not be repeated in 2021 (Q4 2020: ~4pts of growth related to additional selling days)



\*Chart is not to scale; Illustration intended to visualize quarterly phasing impact of operational sales growth rates throughout 2021

# Q&A



**Alex Gorsky**

Chairman and  
Chief Executive Officer



**Joseph J. Wolk**

Executive Vice President,  
Chief Financial Officer



**Chris DeOrefice**

Vice President,  
Investor Relations

*Johnson & Johnson*

# Consumer Health Highlights – Full Year 2020

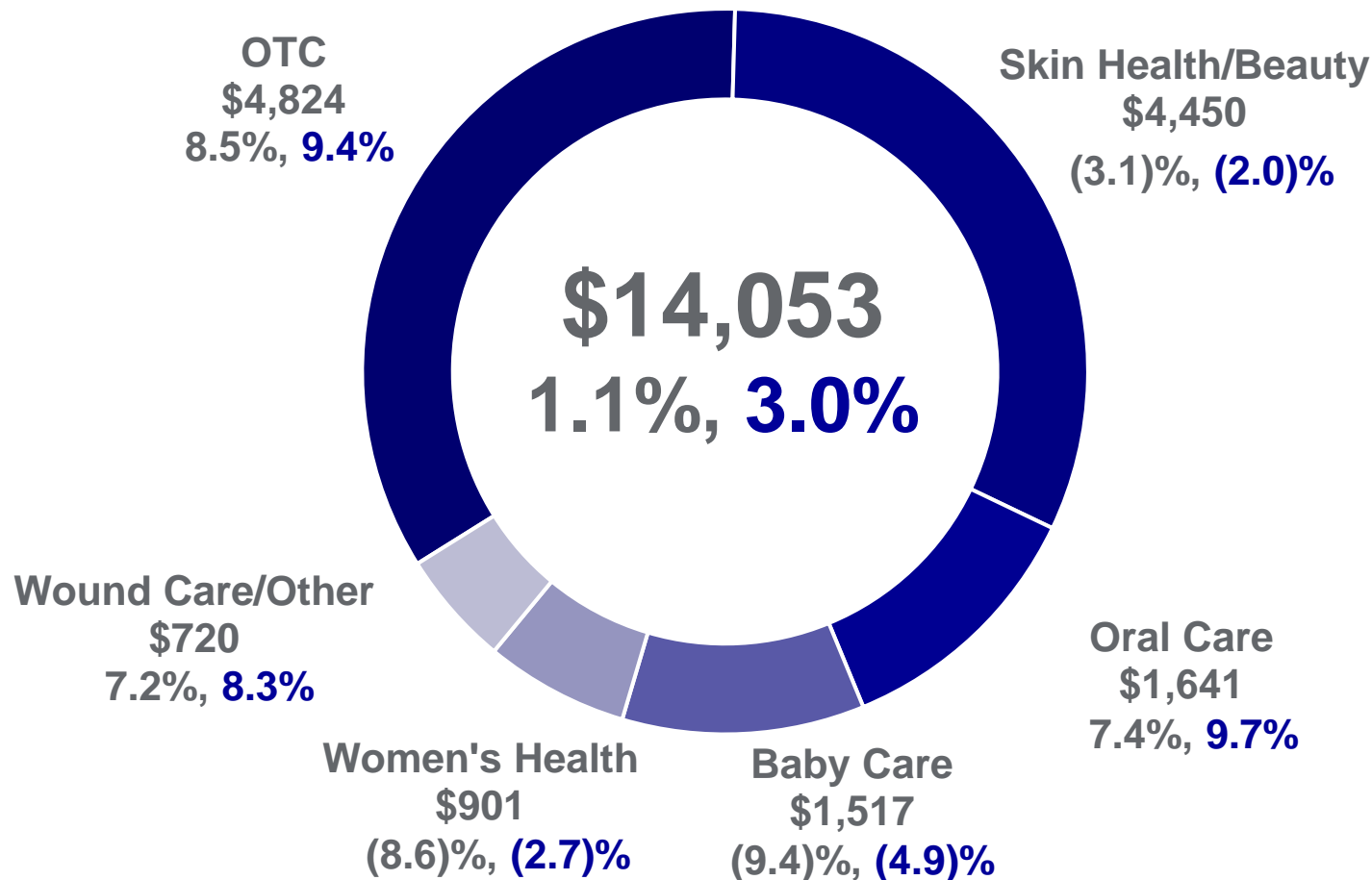
*Strong growth in OTC, Oral Care and Wound Care*

Reported: WW 1.1%, U.S. 9.0%, Int'l (4.6)%

Operational<sup>1</sup>: WW 3.0%, U.S. 9.0%, Int'l (1.3)%

## WW Sales \$MM

■ Reported Growth ■ Operational Growth<sup>1</sup>



## Key Drivers of Operational Performance<sup>1</sup>

OTC	<ul style="list-style-type: none"> <li>Growth driven by U.S. COVID-19 enhanced demand for TYLENOL in the pain category, U.S. ZYRTEC, U.S. PEPCID due to competitive withdrawal, and NICORETTE, partially offset by OUS declines due to COVID-19 and low incidence of cough and flu</li> </ul>
Skin Health/Beauty	<ul style="list-style-type: none"> <li>Decline driven by COVID-19 impacts and SKU rationalization; partially offset by growth in eCommerce and innovation across brands</li> </ul>
Oral Care	<ul style="list-style-type: none"> <li>Growth due to strong performance in LISTERINE® Adult Mouthwash due to U.S. eCommerce and club channel growth, global accelerating category and increased demand attributed to COVID-19, coupled with APAC innovation</li> </ul>
Baby Care	<ul style="list-style-type: none"> <li>Decline driven by SKU rationalization, negative COVID-19 impacts OUS, and the divestiture of Baby Center partially offset by AVEENO baby strength</li> </ul>
Women's Health	<ul style="list-style-type: none"> <li>Decline driven by COVID-19 and SKU Rationalization across all regions; partially offset by growth in STAYFREE in APAC</li> </ul>
Wound Care/Other	<ul style="list-style-type: none"> <li>Growth driven by strong performance of BAND-AID® Brand Adhesive Bandages, NEOSPORIN and Isopropyl Alcohol in APAC due to COVID-19</li> </ul>

Adjusted Operational Sales<sup>2</sup>: WW 3.1%, U.S. 9.5%, Int'l (1.5)%  
 Additional shipping days contributed ~1% to WW growth



<sup>1</sup> Non-GAAP measure; excludes the impact of translational currency; see reconciliation schedules in the Investors section of the [company's website](#)  
<sup>2</sup> Non-GAAP measure; excludes acquisitions and divestitures and translational currency; see reconciliation schedules in the Investors section of the [company's website](#)  
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# Pharmaceutical Highlights – Full Year 2020

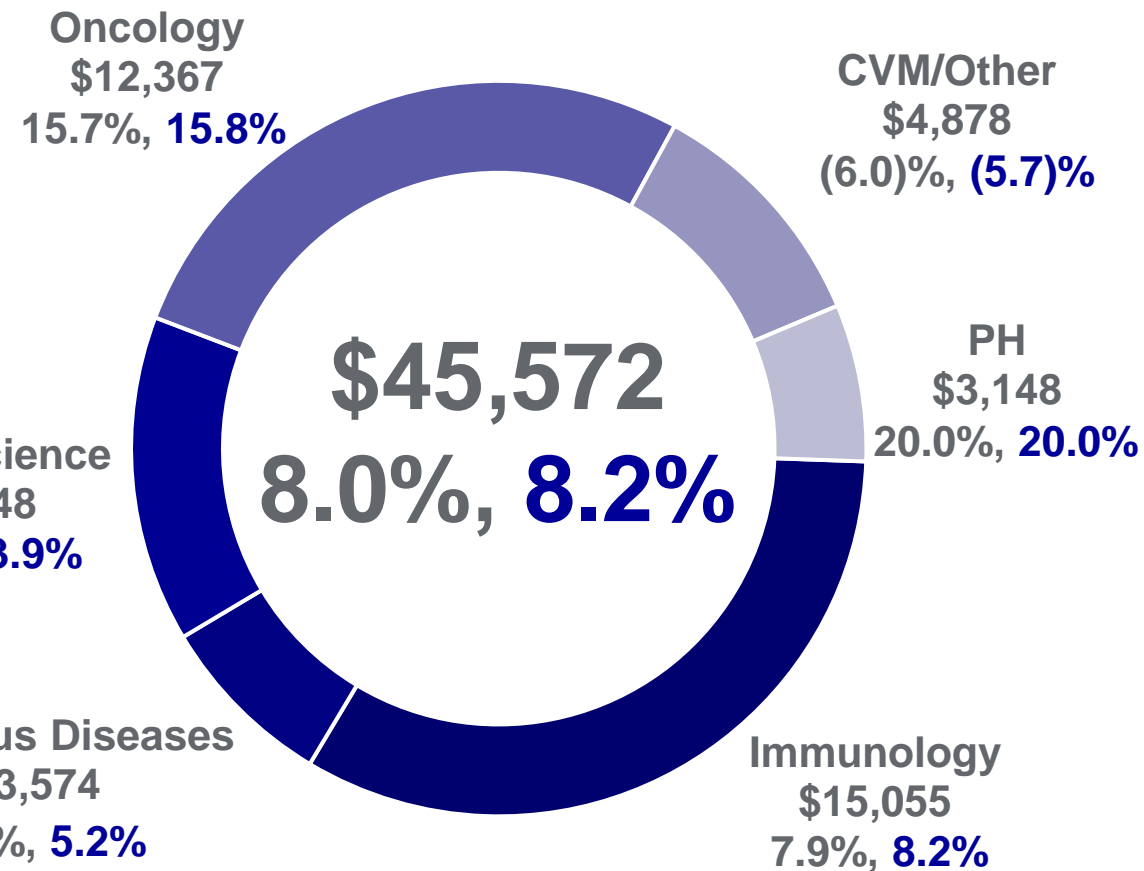
Market leading performance despite the impacts of COVID-19

Reported: WW 8.0%, U.S. 7.8%, Int'l 8.3%

Operational<sup>1</sup>: WW 8.2%, U.S. 7.8%, Int'l 8.8%

## WW Sales \$MM

■ Reported Growth ■ Operational Growth<sup>1</sup>



## Key Drivers of Operational Performance<sup>1</sup>

<b>Immunology</b>	<ul style="list-style-type: none"> <li>Growth driven by strong uptake of STELARA in Crohn's Disease and TREMFYA in Psoriasis, share growth of SIMPONI ARIA, and U.S. immunology market growth</li> <li>REMICADE decline due to increased discounts/rebates and biosimilar competition</li> </ul>
<b>Infectious Diseases</b>	<ul style="list-style-type: none"> <li>Share and volume growth of SYMTUZA and JULUCA, partially offset by increased competition for PREZISTA/PREZCOBIX/REZOLSTA and PREZISTA OUS LOE</li> </ul>
<b>Neuroscience</b>	<ul style="list-style-type: none"> <li>Paliperidone long-acting injectables growth due to strength of INVEGA SUSTENNA/XEPLION and INVEGA TRINZA/TREVICTA from new patient starts and persistency, partially offset by cannibalization of RISPERDAL CONSTA and declines in CONCERTA due to generic entrants</li> </ul>
<b>Oncology</b>	<ul style="list-style-type: none"> <li>DARZALEX continued strong market growth and share gains globally, driven by patient uptake in all lines of therapy and the launch of a subcutaneous formulation in the U.S. and EU</li> <li>Strong sales of IMBRUVICA due to market growth globally and maintaining a strong share leadership position in all key indications</li> <li>Growth in ERLEADA driven by launch uptake and share gains</li> <li>Lower sales of ZYTIGA due to generic competition in the U.S., partially offset by continued strength in the EU</li> <li>Lower sales of VELCADE due to generic competition</li> </ul>
<b>Cardiovascular/ Metabolism/ Other (CVM/Other)</b>	<ul style="list-style-type: none"> <li>Lower sales of PROCIT/EPREX due to biosimilar competition</li> <li>Growth in XARELTO due to demand strength, partially offset by higher rebates</li> <li>INVOKANA/INVOKAMET growth driven by market growth and favorable channel mix in the U.S. as well as gains in the EU, partially offset by U.S. share declines due to competitive pressures</li> </ul>
<b>Pulmonary Hypertension (PH)</b>	<ul style="list-style-type: none"> <li>Growth driven by strong sales of OPSUMIT and UPTRAVI due to continued share gains and market growth</li> </ul>

Adjusted Operational Sales<sup>2</sup>: WW 8.4%, U.S. 7.8%, Int'l 9.1%  
Additional shipping days contributed ~1% to WW growth



<sup>1</sup> Non-GAAP measure; excludes the impact of translational currency; see reconciliation schedules in the Investors section of the [company's website](#)  
<sup>2</sup> Non-GAAP measure; excludes acquisitions and divestitures and translational currency; see reconciliation schedules in the Investors section of the [company's website](#)  
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# Medical Devices Highlights – Full Year 2020

*Decline driven by negative impacts of COVID-19 on Global Medical Device Markets*

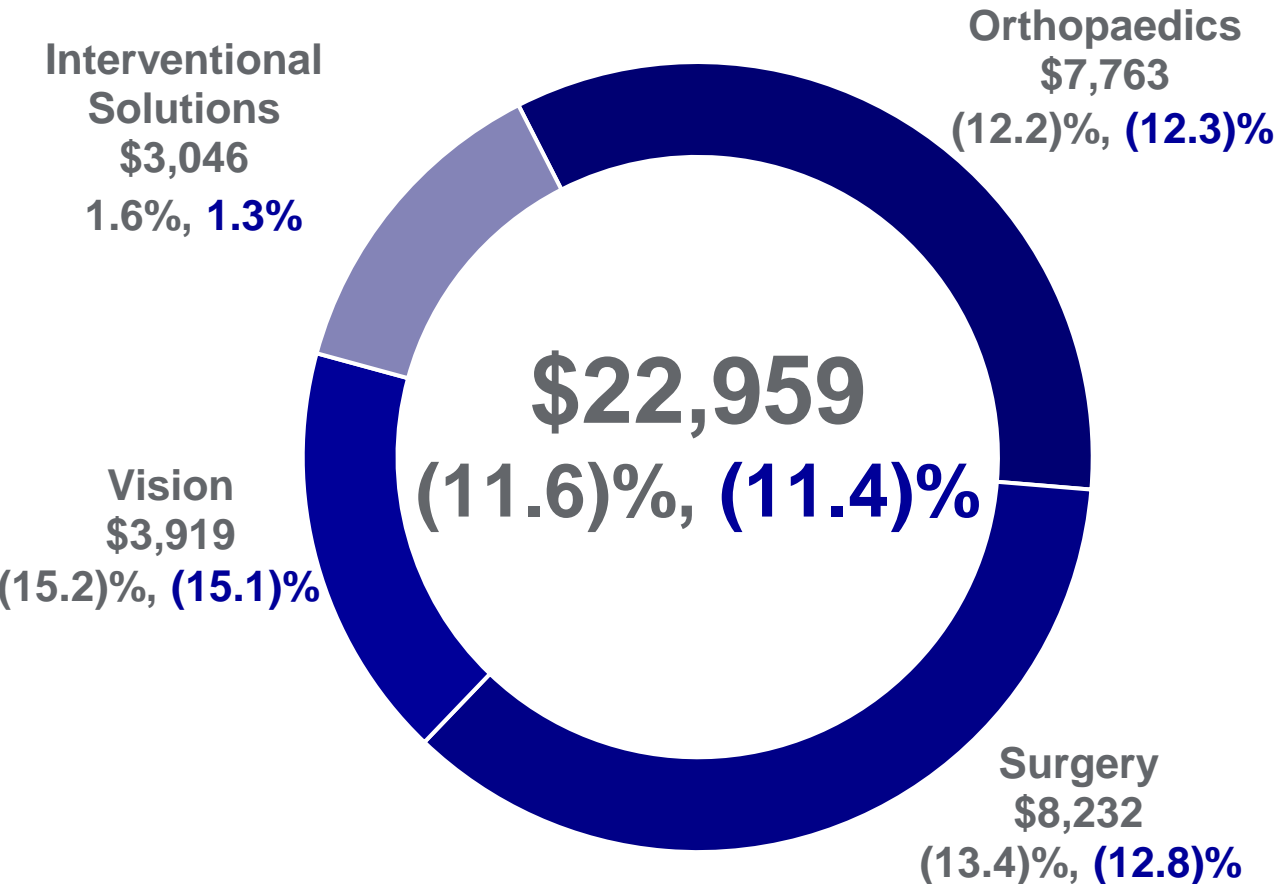
**Reported:** WW (11.6)%, U.S. (10.9)%, Int'l (12.2)%

**Operational<sup>1</sup>:** WW (11.4)%, U.S. (10.9)%, Int'l (11.8)%

## Key Drivers of Operational Performance<sup>1</sup>

### WW Sales \$MM

■ Reported Growth ■ Operational Growth<sup>1</sup>



<b>Interventional Solutions</b>	<ul style="list-style-type: none"> <li>Electrophysiology growth driven by Atrial Fibrillation share gains and market recovery coupled with strong THERMOCOOL SMARTTOUCH SF Contact Force Sensing Catheter and diagnostic catheter sales offsetting negative impacts from COVID-19</li> </ul>
<b>Orthopaedics</b>	<ul style="list-style-type: none"> <li><b>Hips:</b> Decline due to the negative impacts of COVID-19 partially offset by leadership position in the anterior approach and related strong market demand for the ACTIS stem and the KINCISE surgical automated system</li> <li><b>Knees:</b> Due to negative impact of COVID-19</li> <li><b>Trauma:</b> Market impacted by COVID-19 partially offset by uptake of new products</li> <li><b>Spine &amp; Other:</b> Market impacted by COVID-19, partially offset by new products                             <ul style="list-style-type: none"> <li><b>Spine:</b> WW: ~(14)%, U.S. ~(12)%, OUS: ~(16)%</li> </ul> </li> </ul>
<b>Surgery</b>	<ul style="list-style-type: none"> <li><b>Advanced:</b> <ul style="list-style-type: none"> <li><b>Endocutters:</b> ~(9)% primarily due to negative impacts of COVID-19, partially offset by continued success of new products primarily in APAC.</li> <li><b>Biosurgery:</b> ~FLAT; Share gains &amp; market growth due to new products and a recovery from a prior year supply disruption in the U.S. offsetting negative impacts from COVID-19</li> <li><b>Energy:</b> ~(9)% primarily due to negative impacts of COVID-19 and competitive pressure in the U.S., partially offset by success of new products primarily in APAC</li> </ul> </li> <li><b>General:</b> Decline primarily due to negative impacts of COVID-19 coupled with the ASP divestiture and an unfavorable prior period pricing adjustment in the U.S.</li> </ul>
<b>Vision</b>	<ul style="list-style-type: none"> <li><b>Contact Lenses/Other:</b> Impact of COVID-19 and decreases in US and APAC stocking partially offset by continued success of lenses in the ACUVUE OASYS family</li> <li><b>Surgical:</b> Driven by negative impacts of COVID-19.</li> </ul>

**Adjusted Operational Sales<sup>2</sup>:** WW (10.5)%, U.S. (10.2)%, Int'l (10.9)%  
 Additional shipping days contributed ~1% to WW growth



<sup>1</sup> Non-GAAP measure; excludes the impact of translational currency; see reconciliation schedules in the Investors section of the [company's website](#)

<sup>2</sup> Non-GAAP measure; excludes acquisitions and divestitures and translational currency; see reconciliation schedules in the Investors section of the [company's website](#)

Note: Values may not add due to rounding

