

Johnson & Johnson Reports 2018 Third-Quarter Results:**2018 Third-Quarter Sales of \$20.3 Billion Increased 3.6% versus 2017****2018 Third-Quarter EPS was \$1.44****2018 Adjusted Third-Quarter EPS of \$2.05 increased 7.9%*****Strong Operational Sales and Adjusted EPS Growth*
Company Increased Sales and EPS Guidance**

NEW BRUNSWICK, N.J., Oct. 16, 2018 /PRNewswire/ -- Johnson & Johnson (NYSE: JNJ) today announced sales of \$20.3 billion for the third quarter of 2018, an increase of 3.6% as compared to the third quarter of 2017. Operational sales results increased 5.5%, partially offset by the negative impact of currency of 1.9%. Domestic sales increased 3.6%. International sales increased 3.5%, reflecting operational growth of 7.5% and a negative currency impact of 4.0%. Excluding the net impact of acquisitions and divestitures, on an operational basis, worldwide sales increased 6.1%, domestic sales increased 3.9% and international sales increased 8.5%. *

Net earnings and diluted earnings per share for the third quarter of 2018 were \$3.9 billion and \$1.44, respectively. Third-quarter 2018 net earnings included after-tax intangible amortization expense of approximately \$1.0 billion and a net charge for after-tax special items of approximately \$0.7 billion, primarily consisting of a non-cash charge attributed to a partial write-down of an in-process research and development asset associated with the acquisition of Alios BioPharma Inc. Third-quarter 2017 net earnings included after-tax intangible amortization expense of approximately \$0.9 billion and a charge for after-tax special items of approximately \$0.5 billion. Excluding after-tax intangible amortization expense and special items, adjusted net earnings for the current quarter were \$5.6 billion and adjusted diluted earnings per share were \$2.05, representing increases of 7.3% and 7.9%, respectively, as compared to the same period in 2017. * On an operational basis, adjusted diluted earnings per share also increased 9.5%. * A reconciliation of non-GAAP financial measures is included as an accompanying schedule.

"We are pleased with our strong third-quarter performance, which reflects continued above-market growth in our Pharmaceutical business, accelerating sales momentum in our Consumer business and consistent progress in our Medical Devices business," said Alex Gorsky, Chairman and Chief Executive Officer. "I'm confident that with our collaborative and inspired J&J colleagues around the world, unique broad-based business model and strategic investments in innovation, we are well positioned for success today and into the future."

The Company issued sales guidance for the full-year 2018 in a range of \$81.0 to \$81.4 billion. This reflects an increase in expected operational growth to a range of 5.5% to 6.0%, partially offset by the estimated lower favorable impact of currency. Additionally, the Company increased its adjusted earnings guidance for full-year 2018 to a range of \$8.13 to \$8.18 per share. This reflects an increase in expected operational EPS growth to a range of 9.3% to 10.0%.

Segment Sales Performance

Worldwide Consumer sales of \$3.4 billion for the third quarter 2018 represented an increase of 1.8% versus the prior year, consisting of an operational increase of 4.9% and a negative impact from currency of 3.1%. Domestic sales increased 6.6%, while international sales decreased 1.3%, which reflected an operational increase of 3.7% and a negative currency impact of 5.0%. Excluding the net impact of acquisitions and divestitures, on an operational basis, worldwide sales increased 6.1%, with domestic sales increasing 6.4% and international sales increasing 5.9%. *

Worldwide operational results, excluding the net impact of acquisitions and divestitures, were driven by over-the-counter products including MOTRIN and TYLENOL analgesics, ZYRTEC upper respiratory and IMODIUM digestive health products; beauty products including NEUTROGENA, OGX and DR. CI LABO; as well as domestic sales of JOHNSON's baby care products.

During the quarter, the acquisition of Zarbee's, Inc., a leader in naturally-based healthcare products, was completed.

Worldwide Pharmaceutical sales of \$10.3 billion for the third quarter 2018 represented an increase of 6.7% versus the prior year with an operational increase of 8.2% and a negative impact from currency of 1.5%. Domestic sales increased 4.8%, international sales increased 9.5%, which reflected an operational increase of 13.2% and a negative currency impact of 3.7%. Acquisitions and divestitures had a negligible impact to sales growth in the quarter.

Worldwide operational results, excluding the net impact of acquisitions and divestitures, were driven by ZYTIGA (abiraterone acetate), an oral, once-daily medication for use in combination with prednisone for the treatment of metastatic, castration-resistant prostate cancer, IMBRUVICA (ibrutinib), an oral, once-daily therapy approved for use in treating certain B-cell malignancies, a type of blood or lymph node cancer, STELARA (ustekinumab), a biologic for the treatment of a number of immune-mediated inflammatory diseases, DARZALEX (daratumumab), for the treatment of multiple myeloma, TREMFYA (guselkumab), for the treatment of adults living with moderate to severe plaque psoriasis, INVEGA SUSTENNA/XEPLION/INVEGA TRINZA/TREVICTA (paliperidone palmitate), long-acting, injectable atypical antipsychotics for the treatment of schizophrenia in adults, SIMPONI/SIMPONI ARIA (golimumab), a biologic for the treatment of a number of immune-mediated inflammatory diseases, OPSUMIT (macitentan), an oral endothelin receptor antagonist indicated for the treatment of pulmonary arterial hypertension to delay disease progression, and UPTRAVI (selexipag), an oral prostacyclin receptor agonist used to treat pulmonary arterial hypertension and reduce hospitalization.

During the quarter, the U.S. Food and Drug Administration (FDA) approved an additional indication for IMBRUVICA (ibrutinib) in combination with rituximab as a non-chemotherapy combination regimen for patients with Waldenström's Macroglobulinemia, a rare blood cancer. The European Commission (EC) granted marketing authorization for DARZALEX (daratumumab) in combination with VELCADE (bortezomib), a proteasome inhibitor, melphalan, an alkylating agent, and prednisone for the treatment of newly diagnosed multiple myeloma patients who are ineligible for autologous stem cell transplant. In addition, the FDA approved and the EC granted marketing authorization for SYMTUZA (D/C/F/TAF), a complete darunavir-based single-tablet regimen for the treatment of HIV-1 infection.

A New Drug Application was submitted to the FDA for esketamine nasal spray, a rapidly acting antidepressant for treatment-resistant depression in adults and erdafitinib, a once-daily, oral pan-fibroblast growth factor receptor (FGFR) inhibitor for the treatment of locally advanced or metastatic urothelial cancer. A supplemental New Drug Application was submitted to the FDA seeking to broaden the use of IMBRUVICA (ibrutinib) in chronic lymphocytic leukemia or small lymphocytic lymphoma to include combination use with a non-chemotherapy agent, obinutuzumab, in the frontline setting. A Type II Variation was submitted to the European Medicines Agency (EMA) seeking to expand the indication of OPSUMIT (macitentan) to include the treatment of adults with inoperable chronic thromboembolic pulmonary hypertension (CTEPH), WHO Group 4, to improve exercise capacity and pulmonary vascular resistance. In addition, the Company also submitted a supplemental Biologics License Application to the FDA and a Type II Variation to the EMA seeking approval of a split dosing regimen for DARZALEX (daratumumab).

Subsequent to the quarter, the FDA approved an additional indication for XARELTO (rivaroxaban) to reduce the risk of major cardiovascular (CV) events, such as CV death, myocardial infarction and stroke, in people with chronic coronary or peripheral artery disease. Additionally, a Marketing Authorization Application was submitted to the EMA for esketamine nasal spray, a rapidly acting antidepressant for treatment-resistant depression in adults. The Company also entered into an exclusive worldwide license agreement with Arrowhead Pharmaceuticals, Inc. to develop and commercialize a new treatment

	10,346	9,695	6.7	8.2	(1.5)	30,544	26,575	14.9	13.4	1.5
Medical Devices										
U.S.	3,197	3,189	0.3	0.3	-	9,623	9,510	1.2	1.2	-
International	3,390	3,410	(0.6)	3.0	(3.6)	10,703	10,108	5.9	3.2	2.7
	6,587	6,599	(0.2)	1.7	(1.9)	20,326	19,618	3.6	2.2	1.4
U.S.	10,664	10,290	3.6	3.6	-	31,255	29,394	6.3	6.3	-
International	9,684	9,360	3.5	7.5	(4.0)	29,932	26,861	11.4	8.6	2.8
Worldwide	\$ 20,348	19,650	3.6 %	5.5	(1.9)	\$ 61,187	56,255	8.8 %	7.5	1.3

Johnson & Johnson and Subsidiaries

Supplementary Sales Data

(Unaudited; Dollars in Millions)	THIRD QUARTER					NINE MONTHS				
	2018	2017	Total	Percent Change		2018	2017	Total	Percent Change	
				Operations	Currency				Operations	Currency
Sales to customers by geographic area										
U.S.	\$ 10,664	10,290	3.6 %	3.6	-	\$ 31,255	29,394	6.3 %	6.3	-
Europe	4,416	4,308	2.5	5.1	(2.6)	14,023	12,398	13.1	7.1	6.0
Western Hemisphere excluding U.S.	1,550	1,569	(1.2)	11.2	(12.4)	4,657	4,522	3.0	8.4	(5.4)
Asia-Pacific, Africa	3,718	3,483	6.7	8.6	(1.9)	11,252	9,941	13.2	10.8	2.4
International	9,684	9,360	3.5	7.5	(4.0)	29,932	26,861	11.4	8.6	2.8
Worldwide	\$ 20,348	19,650	3.6 %	5.5	(1.9)	\$ 61,187	56,255	8.8 %	7.5	1.3

Johnson & Johnson and Subsidiaries

Condensed Consolidated Statement of Earnings

(Unaudited; in Millions Except Per Share Figures)	THIRD QUARTER					
	2018		2017*		Percent Increase (Decrease)	
	Amount	Percent to Sales	Amount	Percent to Sales		
Sales to customers	\$ 20,348	100.0	\$ 19,650	100.0	3.6	
Cost of products sold	6,589	32.4	6,925	35.2	(4.9)	
Gross Profit	13,759	67.6	12,725	64.8	8.1	
Selling, marketing and administrative expenses	5,543	27.3	5,423	27.6	2.2	
Research and development expense	2,508	12.3	2,585	13.2	(3.0)	
In-process research and development	1,126	5.6	-	-	-	
Interest (income) expense, net	68	0.3	155	0.8		
Other (income) expense, net	3	0.0	(297)	(1.5)		
Restructuring	88	0.4	69	0.3		
Earnings before provision for taxes on income	4,423	21.7	4,790	24.4	(7.7)	
Provision for taxes on income	489	2.4	1,026	5.2	(52.3)	
Net earnings	\$ 3,934	19.3	\$ 3,764	19.2	4.5	
Net earnings per share (Diluted)	\$ 1.44		\$ 1.37		5.1	
Average shares outstanding (Diluted)	2,727.6		2,737.7			
Effective tax rate	11.1 %		21.4 %			
Adjusted earnings before provision for taxes and net earnings ⁽¹⁾						
Earnings before provision for taxes on income	\$ 6,780	33.3	\$ 6,573	33.5	3.1	
Net earnings	\$ 5,590	27.5	\$ 5,208	26.5	7.3	
Net earnings per share (Diluted)	\$ 2.05		\$ 1.90		7.9	
Effective tax rate	17.6 %		20.8 %			

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

*2017 Statement of Earnings line items have been restated to reflect impact of ASU 2017-07

Johnson & Johnson and Subsidiaries

Condensed Consolidated Statement of Earnings

(Unaudited; in Millions Except Per Share Figures)	NINE MONTHS					
	2018		2017*		Percent Increase (Decrease)	
	Amount	Percent to Sales	Amount	Percent to Sales		
Sales to customers	\$ 61,187	100.0	\$ 56,255	100.0	8.8	
Cost of products sold	20,130	32.9	18,180	32.3	10.7	
Gross Profit	41,057	67.1	38,075	67.7	7.8	
Selling, marketing and administrative expenses	16,549	27.1	15,475	27.5	6.9	
Research and development expense	7,551	12.3	6,951	12.4	8.6	
In-process research and development	1,126	1.8	-	-	-	
Interest (income) expense, net	340	0.6	360	0.6		
Other (income) expense, net	427	0.7	11	0.0		
Restructuring	187	0.3	165	0.3		
Earnings before provision for taxes on income	14,877	24.3	15,113	26.9	(1.6)	
Provision for taxes on income	2,622	4.3	3,100	5.5	(15.4)	
Net earnings	\$ 12,255	20.0	\$ 12,013	21.4	2.0	
Net earnings per share (Diluted)	\$ 4.49		\$ 4.37		2.7	

Average shares outstanding (Diluted)	2,729.6	2,746.4
Effective tax rate	17.6 %	20.5 %

Adjusted earnings before provision for taxes and net earnings ⁽¹⁾					
Earnings before provision for taxes on income	\$ 20,652	33.8	\$ 18,961	33.7	8.9
Net earnings	\$ 16,943	27.7	\$ 15,263	27.1	11.0
Net earnings per share (Diluted)	\$ 6.21		\$ 5.56		11.7
Effective tax rate	18.0 %		19.5 %		

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

*2017 Statement of Earnings line items have been restated to reflect impact of ASU 2017-07

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

(Dollars in Millions Except Per Share Data)	Third Quarter		% Incr. / (Decr.)	Nine Months YTD		% Incr. / (Decr.)
	2018	2017		2018	2017	
Earnings before provision for taxes on income - as reported	\$ 4,423	4,790	(7.7) %	\$ 14,877	15,113	(1.6) %
Intangible asset amortization expense	1,085	1,077		3,284	1,886	
In-process research and development	1,126	-		1,126	-	
Litigation expense, net	-	118		703	611	
Restructuring/Other ⁽¹⁾	190	187		473	476	
Actelion acquisition related cost	40	367		200	580	
Contingent liability reversal	(184)	-		(184)	-	
AMO acquisition related cost	36	36		82	115	
Diabetes asset impairment	-	(2)		4	180	
Unrealized loss/(gain) on securities	9	-		(3)	-	
Other	55	-		90	-	
Earnings before provision for taxes on income - as adjusted	\$ 6,780	6,573	3.1 %	\$ 20,652	18,961	8.9 %
Net Earnings - as reported	\$ 3,934	3,764	4.5 %	\$ 12,255	12,013	2.0 %
Intangible asset amortization expense	968	933		2,931	1,555	
In-process research and development	859	-		859	-	
Litigation expense, net	-	97		609	449	
Restructuring/Other	162	136		395	358	
Actelion acquisition related cost	37	255		193	454	
Contingent liability reversal	(184)	-		(184)	-	
AMO acquisition related cost	29	28		68	314	
Diabetes asset impairment	-	(5)		3	120	
Unrealized loss/(gain) on securities	8	-		(2)	-	
Impact of tax legislation ⁽²⁾	(265)	-		(253)	-	
Other	42	-		69	-	
Net Earnings - as adjusted	\$ 5,590	5,208	7.3 %	\$ 16,943	15,263	11.0 %
Diluted Net Earnings per share - as reported	\$ 1.44	1.37	5.1 %	\$ 4.49	4.37	2.7 %
Intangible asset amortization expense	0.35	0.34		1.07	0.57	
In-process research and development	0.32	-		0.32	-	
Litigation expense, net	-	0.04		0.22	0.16	
Restructuring/Other	0.06	0.05		0.15	0.14	
Actelion acquisition related cost	0.02	0.09		0.07	0.16	
Contingent liability reversal	(0.07)	-		(0.07)	-	
AMO acquisition related cost	0.01	0.01		0.02	0.11	
Diabetes asset impairment	-	-		-	0.05	
Unrealized loss/(gain) on securities	-	-		-	-	
Impact of tax legislation	(0.10)	-		(0.09)	-	
Other	0.02	-		0.03	-	
Diluted Net Earnings per share - as adjusted	\$ 2.05	1.90	7.9 %	\$ 6.21	5.56	11.7 %
Operational Diluted Net Earnings per share - as adjusted at 2016 foreign currency exchange rates		1.85			5.57	
Impact of currency at 2017 foreign currency exchange rates	0.03	0.05		(0.17)	(0.01)	
Operational Diluted Net Earnings per share - as adjusted at 2017 foreign currency exchange rates	\$ 2.08	1.90	9.5 %	\$ 6.04	5.56	8.6 %

⁽¹⁾Includes \$23M recorded in cost of products sold and \$79M recorded in other (income) expense for the third quarter 2018. Includes \$73M recorded in cost of products sold and \$213M recorded in other (income) expense for nine months 2018 YTD. Includes \$29M recorded in cost of products sold and \$89M recorded in other (income) expense for the third quarter 2017. Includes \$46M recorded in cost of products sold and \$265M recorded in other (income) expense for nine months 2017 YTD.

⁽²⁾Includes foreign currency translation

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

Operational Sales Growth Excluding Acquisitions and Divestitures
THIRD QUARTER 2018 ACTUAL vs. 2017 ACTUAL

	Segments			
	Consumer	Pharmaceutical	Medical Devices	Total
	Operational % ⁽¹⁾			
WW As Reported:	4.9%	8.2%	1.7%	5.5%
U.S.	6.6%	4.8%	0.3%	3.6%
International	3.7%	13.2%	3.0%	7.5%

Spine & Other				
Codman Neuroscience			1.0	0.4
U.S.			0.6	0.2
International			1.4	0.5
Wound Care / Other				
Compeed	0.8			0.1
U.S.	0.0			0.0
International	1.3			0.3
Beauty				
Nizoral	0.5			0.1
U.S.	0.3			0.0
International	0.7			0.1
All Other Acquisitions and Divestitures	(0.1)	0.0	0.2	0.0
U.S.	(0.5)	0.0	0.3	0.1
International	0.2	0.0	0.0	0.1
WW Ops excluding Acquisitions and Divestitures	6.1%	8.2%	2.9%	6.1%
U.S.	6.4%	4.8%	1.2%	3.9%
International	5.9%	13.2%	4.4%	8.5%

(1)Operational growth excludes the effect of translational currency

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

Operational Sales Growth Excluding Acquisitions and Divestitures
NINE MONTHS 2018 ACTUAL vs. 2017 ACTUAL

	Segments			
	Consumer	Pharmaceutical	Medical Devices	Total
	Operational % (1)			
WW As Reported:	1.9%	13.4%	2.2%	7.5%
U.S.	2.3%	10.5%	1.2%	6.3%
International	1.6%	17.5%	3.2%	8.6%
Pulmonary Hypertension				
Actelion		(4.3)		(2.0)
U.S.		(4.7)		(2.5)
International		(3.8)		(1.6)
Cardiovascular / Metabolism / Other				
Actelion		(0.2)		(0.1)
U.S.		(0.1)		(0.1)
International		(0.3)		(0.1)
Spine & Other				
Codman Neuroscience			1.0	0.4
U.S.			0.6	0.3
International			1.4	0.6
Wound Care / Other				
Compeed	0.9			0.2
U.S.	0.0			0.0
International	1.5			0.3
Vision				
Vision Surgical & Eye Health Business			(1.0)	(0.4)
U.S.			(0.9)	(0.3)
International			(1.1)	(0.4)
Beauty				
Nizoral	0.2			0.0
U.S.	0.1			0.0
International	0.3			0.1
All Other Acquisitions and Divestitures	0.0	0.0	0.1	0.0
U.S.	(0.1)	0.0	0.0	0.0
International	0.2	0.0	0.2	0.1
WW Ops excluding Acquisitions and Divestitures	3.0%	8.9%	2.3%	5.6%
U.S.	2.3%	5.7%	0.9%	3.7%
International	3.6%	13.4%	3.7%	7.6%

(1)Operational growth excludes the effect of translational currency

REPORTED SALES vs. PRIOR PERIOD (\$MM)

CONSUMER SEGMENT (2)

BABY CARE

	THIRD QUARTER					NINE MONTHS				
	2018	2017	Reported	% Change Operational (1)	Currency	2018	2017	Reported	% Change Operational (1)	Currency
US	\$ 120	\$ 100		20.0%	-	\$ 306	\$ 326		-6.1%	-
Intl	352	377		-6.6%	-6.7%	1,079	1,100		-1.9%	-1.4%
WW	472	477		-1.0%	-5.3%	1,385	1,426		-2.9%	-1.1%
BEAUTY										
US	543	523		3.8%	-	1,791	1,739		3.0%	-
Intl	535	510		4.9%	-4.3%	1,480	1,351		9.5%	1.8%
WW	1,078	1,033		4.4%	-2.1%	3,271	3,090		5.9%	0.8%
ORAL CARE										
US	158	154		2.6%	-	472	460		2.6%	-

US	423	430	-1.6%	-1.6%	-	1,282	1,276	0.5%	0.5%	-
Intl	657	675	-2.7%	1.6%	-4.3%	2,094	2,017	3.8%	1.5%	2.3%
WW	1,080	1,105	-2.3%	0.3%	-2.6%	3,376	3,293	2.5%	1.1%	1.4%
SPECIALTY										
US	172	174	-1.1%	-1.1%	-	533	543	-1.8%	-1.8%	-
Intl	148	144	2.8%	7.9%	-5.1%	458	432	6.0%	4.9%	1.1%
WW	320	318	0.6%	2.9%	-2.3%	991	975	1.6%	1.1%	0.5%
VISION										
US	452	432	4.6%	4.6%	-	1,351	1,142	18.3%	18.3%	-
Intl	680	659	3.2%	6.2%	-3.0%	2,069	1,802	14.8%	12.6%	2.2%
WW	1,132	1,091	3.8%	5.6%	-1.8%	3,420	2,944	16.2%	14.9%	1.3%
CONTACT LENSES / OTHER										
US	319	302	5.6%	5.6%	-	948	832	13.9%	13.9%	-
Intl	516	498	3.6%	6.4%	-2.8%	1,538	1,404	9.5%	7.4%	2.1%
WW	835	800	4.4%	6.2%	-1.8%	2,486	2,236	11.2%	9.9%	1.3%
SURGICAL										
US	133	130	2.3%	2.3%	-	403	310	30.0%	30.0%	-
Intl	164	161	1.9%	5.5%	-3.6%	531	398	33.4%	31.0%	2.4%
WW	297	291	2.1%	4.1%	-2.0%	934	708	31.9%	30.5%	1.4%
TOTAL MEDICAL DEVICES										
US	3,197	3,189	0.3%	0.3%	-	9,623	9,510	1.2%	1.2%	-
Intl	3,390	3,410	-0.6%	3.0%	-3.6%	10,703	10,108	5.9%	3.2%	2.7%
WW	\$ 6,587	\$ 6,599	-0.2%	1.7%	-1.9%	\$ 20,326	\$ 19,618	3.6%	2.2%	1.4%

* Percentage greater than 100% or not meaningful

(1) Operational growth excludes the effect of translational currency

(2) Unaudited

(3) Reported as U.S. sales

(4) Products acquired from Actelion acquisition on June 16, 2017

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



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