

Johnson & Johnson (J&J) is an American multinational corporation founded in 1886 that develops medical devices, pharmaceuticals, and consumer packaged goods. Its common stock is a component of the Dow Jones Industrial Average and the company is ranked No. 36 on the 2021 Fortune 500 list of the largest United States corporations by total revenue. Johnson & Johnson is one of the world's most valuable companies, and is one of only two U.S.-based companies that has a prime credit rating of AAA, higher than that of the United States government.

Address: ONE JOHNSON & JOHNSON PLZ, NEW BRUNSWICK, NJ, US

Financials Date: Jun 30, 2023

Industry: PHARMACEUTICAL PREPARATIONS

Sector:

LIFE SCIENCES

Exchange:

NYSE

Executive Valuation Summary



Previous Close

166.25

Distance to Price Target

-1.95%

Price Target

163

Valuation Measures

Model Assumptions

Market Cap	2.29T	Valuation Date	
Trailing P/E Ratio	23.60	WACC	8.05%
Forward P/E Ratio	24.10	EBITDA Multiple	14
PEG Ratio	2.87	Assumed Tax Rate	21.00%
Enterprise Value / EBITDA	18.24	Implied EV / EBITDA	13.91
Enterprise Value / Sales	6.16	Implied EV / FWD Sales	4.34
Price / Sales Ratio	5.82	Implied Price / FWD Sales	4.25

Price Target

Peer Comparison Summary

	Name	EVToEBITDA	EVToRevenue
163	Johnson & Joh...	15.47	4.76
	Zoetis Inc	23.10	9.37
EPS Growth Rate	Perrigo Compa...	22.85	1.79
2.5	Vertex Pharmac...	16.84	8.18
	Average	-5.66	4.38K

Fiscal Year	2020	2021	2022	2023	2024	2025	2026	2027
Fiscal Period	FY	FY	FY	FY	FY	FY	FY	FY
Revenue	82.6B	93.8B	94.9B	99.7B	102.7B	104.7B	106.8B	109.0B
Revenue Growth using Manual percentage input	NaN	13.55%	1.25%	5.00%	3.00%	2.00%	2.00%	2.00%
Cost of Goods Sold (COGs)	28.4B	29.9B	31.1B	33.6B	35.3B	36.0B	36.7B	37.5B
% of Sales	34.42%	31.84%	32.74%	33.74%	34.38%	34.38%	34.38%	34.38%
Gross Profit	54.2B	63.9B	63.9B	66.1B	67.4B	68.7B	70.1B	71.5B
% of Sales - Derived from Quarterly Model	65.58%	68.16%	67.26%	66.26%	65.62%	65.62%	65.62%	65.62%
Operating Expenses (SG&A)	-34.2B	-39.4B	-39.4B	-41.6B	-42.8B	-43.7B	-44.6B	-45.5B
% of Sales - Modeled flat using average % of last 2 years	-41.46%	-41.99%	-41.46%	-41.73%	-41.73%	-41.73%	-41.73%	-41.73%
Operating Income (EBIT)	19.9B	24.5B	24.5B	24.5B	24.5B	25.0B	25.5B	26.0B
Interest Expense	-90000K	-130000K	214M	214M	214M	214M	214M	214M
Other Income	-3327000K	-1641000K	-2975000K	0	0	0	0	0
Total Other Income	-3417000K	-1771000K	-2761000K	-2649667K	-2649667K	-2649667K	-2649667K	-2649667K
Pretax Income (EBT)	16.5B	22.8B	21.7B	21.8B	21.9B	22.4B	22.9B	23.4B
Income Tax Expense	2B	2B	4B	4.6B	4.6B	4.7B	4.8B	4.9B
Tax Rate	NaN	NaN	NaN	21.00%	21.00%	21.00%	21.00%	21.00%
Net Income	14.7B	20.9B	17.9B	17.2B	17.3B	17.7B	18.1B	18.5B
Operating Income (EBIT)	19.9B	24.5B	24.5B	24.5B	24.5B	25.0B	25.5B	26.0B
Depreciation & Amortization (D&A)	7.2B	7.4B	7.0B	7.6B	7.8B	8.0B	8.1B	8.3B
% of Sales	8.76%	7.88%	7.34%	7.61%	7.61%	7.61%	7.61%	7.61%
EBITDA	27.1B	31.9B	31.5B	32.0B	32.4B	33.0B	33.7B	34.3B
Diluted EPS	5.51	7.95	6.72	6.45	6.47	6.62	6.77	6.92
Diluted EPS Growth		44.30%	-15.52%	-3.96%	0.35%	2.24%	2.24%	2.23%

Discounted Cash Flow Analysis	2023	2024	2025	2026	2027	Normalized
EBITDA	32.0B	32.4B	33.0B	33.7B	34.3B	34.3B
Less: D&A	-7587323.6K	-7814943.3K	-7971242.2K	-8130667.0K	-8293280.4K	-3759377.4K
EBIT	24.5B	24.5B	25.0B	25.5B	26.0B	30.6B
Less: Taxes	-5136581.7K	-5152625.4K	-5255677.9K	-5360791.4K	-5468007.3K	-6420126.9K
NOPAT	19.3B	19.4B	19.8B	20.2B	20.6B	24.2B
Plus: D&A	7.6B	7.8B	8.0B	8.1B	8.3B	3.8B
Less: CapEx	-3439364.4K	-3542545.3K	-3613396.2K	-3685664.1K	-3759377.4K	-3759377.4K
Less: (Increase) / Decrease in NWC	6.9B	-1342533.7K	440.3M	449.1M	458.1M	
Unlevered Free Cash Flow	30.4B	22.3B	24.6B	25.1B	25.6B	24.2B
Discount Period	0.5	1.5	2.5	3.5	4.5	4.5
Discount Factor	0.962	0.890	0.824	0.763	0.706	0.706
PV of Unlevered Free Cash Flow	29.2B	19.9B	20.2B	19.1B	18.0B	

Fiscal Year	2023	2023	2023	2024	2024	2024	2024	2025
Fiscal Period	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Revenue	23.7B	23.8B	23.9B	24.0B	24.1B	24.2B	24.3B	24.4B
Revenue Growth	-1.15%	0.18%	0.93%	-2.95%	1.53%	1.52%	1.52%	1.51%
Cost of Goods Sold (COGs)	7.9B	8.0B	8.1B	8.2B	8.3B	8.3B	8.4B	8.5B
% of Sales	33.48%	33.68%	33.88%	34.08%	34.28%	34.48%	34.68%	34.88%
Gross Profit	15.8B	15.8B	15.8B	15.8B	15.8B	15.9B	15.9B	15.9B
% of Sales	66.52%	66.32%	66.12%	65.92%	65.72%	65.52%	65.32%	65.12%
Operating Expenses (SG&A)	-9990.2M	-9992.6M	-9995.1M	-9997.6M	-10000.1M	-10002.6M	-10005.0M	-10007.5M
% of Sales	-42.07%	-41.92%	-41.78%	-41.63%	-41.48%	-41.34%	-41.19%	-41.05%
Operating Income (EBIT)	5.8B	5.8B	5.8B	5.8B	5.8B	5.9B	5.9B	5.9B
Interest Expense	55.5M	55.5M	55.5M	55.5M	55.5M	55.5M	55.5M	55.5M
Other Income	-2451000.0K	-2451000.0K	-2451000.0K	-2451000.0K	-2451000.0K	-2451000.0K	-2451000.0K	-2451000.0K
Total Other Income	-2395500.0K	-2395500.0K	-2395500.0K	-2395500.0K	-2395500.0K	-2395500.0K	-2395500.0K	-2395500.0K
Pretax Income (EBT)	3.4B	3.4B	3.4B	3.4B	3.4B	3.5B	3.5B	3.5B
Income Tax Expense	716.1M	718.2M	720.2M	722.2M	724.0M	725.8M	727.6M	729.2M
Tax Rate	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%
Net Income	2.7B	2.7B	2.7B	2.7B	2.7B	2.7B	2.7B	2.7B
Operating Income (EBIT)	5.8B	5.8B	5.8B	5.8B	5.8B	5.9B	5.9B	5.9B
Depreciation & Amortization (D&A)	1.8B	1.8B	1.8B	1.8B	1.8B	1.8B	1.8B	1.8B
% of Sales	7.51%	7.51%	7.51%	7.51%	7.51%	7.51%	7.51%	7.51%
EBITDA	7.6B	7.6B	7.6B	7.6B	7.7B	7.7B	7.7B	7.7B
Diluted EPS	1.01	1.01	1.02	1.02	1.02	1.03	1.03	1.03
EPS Growth	-44.00%	-39.34%	-22.93%	-4101.36%	1.23%	1.18%	1.14%	1.09%

