Johnson and Johnson (JNJ)

$211.58 (Stock Price as of 12/12/2025)

Price Target (6-12 Months): **$210.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 11/17/23) Prior Recommendation: Underperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**3-Hold**
	Zacks Style Scores:	VGM: C
	Value: C | Growth: C | Momentum: F	

Summary

Despite Stelara LOE, J&J's Innovative Medicine unit is showing a growth trend, driven by key products like Darzalex, Tremfya and Erleada and continued uptake of new launches, like Spravato, Carvykti, and Tecvayli. The MedTech segment showed improved operational growth across several key businesses like Cardiovascular, and Surgery in the past two quarters. J&J expects sales growth in both segments to be higher in 2026. J&J has also rapidly advanced its pipeline this year that will help drive growth through the back half of the decade. However, the Stelara patent cliff, the impact of Part D redesign and MedTech China issues are significant headwinds in 2025. The uncertainty around the unresolved legal issues lingers. J&J's shares have outperformed the industry this year so far.

Price, Consensus & Surprise(1)

Data Overview

52 Week High-Low	**$212.27 - $140.68**
20 Day Average Volume (sh)	**9,327,877**
Market Cap	**$509.8 B**
YTD Price Change	**46.3%**
Beta	**0.36**
Dividend / Div Yld	**$5.20 / 2.5%**
Industry	**Large Cap Pharmaceuticals**
Zacks Industry Rank	**Bottom 24% (183 out of 243)**
Last EPS Surprise	**1.1%**
Last Sales Surprise	**1.0%**
EPS F1 Est- 4 week change	**0.0%**
Expected Report Date	**01/28/2026**
Earnings ESP	**0.0%**
P/E TTM	**20.4**
P/E F1	**19.5**
PEG F1	**2.7**
P/S TTM	**5.5**

Sales and EPS Growth Rates (Y/Y %)(2)

Sales Estimates (millions of $)(2)

	Q1	Q2	Q3	Q4	Annual*
2026	23,044 E	24,629 E	24,982 E	25,084 E	97,738 E
2025	21,893 A	23,743 A	23,993 A	24,065 E	93,694 E
2024	21,383 A	22,447 A	22,471 A	22,520 A	88,821 A

EPS Estimates(2)

	Q1	Q2	Q3	Q4	Annual*
2026	2.71 E	2.88 E	2.94 E	2.92 E	11.45 E
2025	2.77 A	2.77 A	2.80 A	2.52 E	10.86 E
2024	2.71 A	2.82 A	2.42 A	2.04 A	9.98 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, except the estimates, is as of 12/12/2025.
(2) The report's text, the analyst-provided estimates, and the price target are as of 12/10/2025.

Overview

Johnson & Johnson's biggest strength is its diversified business model. It operates through pharmaceuticals and medical devices divisions. It has more than 275 subsidiaries, which clearly means that the business is extremely well diversified. Its diversification helps it to withstand economic cycles more effectively. J&J has 26 platforms with more than $1 billion in annual sales. Meanwhile, J&J has one of the largest R&D budgets among pharma companies.

In August 2023, J&J separated its Consumer Health business into a newly listed company called Kenvue, which now operates as a separate and fully independent company. In mid-2024, J&J exited its remaining 9.5% stake (approximately 180 million shares) in Kenvue's common stock, bringing the separation to a close. With the complete separation of the Consumer Health segment, J&J has now become a two-sector company focused on the Pharmaceutical and MedTech fields.

New Brunswick, NJ-based J&J's worldwide business is divided into two segments: Innovative Medicine and MedTech. In 2024, these segments contributed 64.0% and 36.0%, respectively, to the company's total revenues of $88.8 billion (up 4.3%).

Innovative Medicine Segment (previously referred to as Pharmaceutical) – Johnson & Johnson has one of the most diverse revenue streams in the industry within the pharmaceutical division. The company has several multi-million-dollar drugs covering a broad range of areas such as neuroscience, cardiovascular and metabolism, immunology, oncology, pulmonary hypertension (PH) and infectious diseases. Innovative Medicine segment sales in 2024 totaled $57.0 billion, up 4%.

As of 12/10/2025

MedTech Segment – This segment offers products in the orthopedics, surgery, cardiovascular (previously interventional solutions) and vision markets. The segment posted sales of $31.9 billion in 2024, up 4.8%.

As of 12/12/2025

Reasons To Buy:

- **Growing Trend of Innovative Medicine Unit:** J&J's Innovative Medicines/Pharma segment is performing above market despite currency headwinds and the impact of biosimilar and generic competition on sales of some key drugs like Remicade and Zytiga. Innovative Medicines segment sales rose 6.8% in 2022, 9% in 2023 and 5.8% in 2024 on an organic basis. Growth is being driven by existing products like Darzalex, Tremfya, Erleada, and also continued uptake of new launches, including Spravato, Carvykti and Tecvayli.

  In 2025 so far, the Innovative Medicine segment sales rose 3.4% on an organic basis, despite the loss of exclusivity for its multi-billion-dollar product, Stelara, and the negative impact of the Part D redesign. The segment has recorded two consecutive quarters of sales of more than $15 billion, despite LOE of Stelara.

> Innovative Medicine unit is showing a growth trend, driven by existing products like Darzalex, Tremfya and Erleada and continued uptake of new launches, including Spravato, Carvykti and Tecvayli.

  In 2026, J&J expects accelerated growth in the Innovative Medicine segment to be driven by its key products, such as Darzalex, Tremfya, Spravato and Erleada as well as new drugs like Carvykti, Tecvayli and Talvey and recently launched products, including Tremfya in inflammatory bowel disease (IBD), Rybrevant plus Lazcluze in non-small cell lung cancer and newly approved drug, Inlexzo in bladder cancer.

  J&J expects to generate more than $57 billion in sales in the Innovative Medicines segment in 2025. It expects the Innovative Medicine business to grow 5% to 7% from 2025 to 2030.

  J&J expects its oncology sales to be more than $50 billion by 2030.

  Our estimates for the Innovative Medicines unit suggest a CAGR of around 5% over the next three years.

  J&J's shares have risen 38.3% this year so far, outperforming the 12.8% increase of the industry.

- **Deals to Boost Revenues:** Johnson & Johnson struck several deals, which should boost its top line. J&J spent $17 billion on M&A deals in 2022, $3 billion in 2023 and around $18 billion in 2024.

  In April 2025, J&J closed the acquisition of Intra-Cellular, which added antidepressant drug, Caplyta, to its neuroscience portfolio. Caplyta is already approved for the treatment of schizophrenia and is the only medicine approved for the treatment of depression in both bipolar 1 and 2. Caplyta was approved as an adjunctive treatment for major depressive disorder later in Nov 2025.

  In June 2017, J&J acquired Swiss biotech Actelion for $30 billion, which diversified its revenues in the pulmonary hypertension category. In February 2017, J&J acquired Abbott's vision care business, Abbott Medical Optics for $4.325 billion, which strengthened its Medical Device segment.

  In 2020, J&J acquired Momenta Pharmaceuticals, which added nipocalimab to its pipeline. Nipocalimab is in mid-and late-stage development for rare autoantibody-driven rare diseases and has the potential to create a pipeline in a product. In May 2024, J&J acquired Shockwave Medical, which strengthened its position in the highest-growth, innovation-oriented segments of cardiovascular intervention.

  The company has sufficient funds to pursue additional bolt-on acquisitions and deals to boost its portfolio. In the last 18 months, J&J executed around 60 small and big M&A deals.

  The company is also returning value to shareholders through share buybacks and dividend payments, which have been hiked for 63 consecutive years.

- **New Drug Approval & A Deep Pipeline:** The company's key areas of focus include immunology, infectious diseases & vaccines, neuroscience, cardiovascular & metabolism, oncology and PH.

  Key candidates in the company's pipeline are nipocalimab (warm autoimmune hemolytic anemia, hemolytic disease of the fetus and newborn and Sjogren's disease – phase III, idiopathic inflammatory myopathy, and systemic lupus erythematosus – phase II), milvexian (factor XI oral anticoagulant for secondary stroke prevention, acute coronary syndrome and atrial fibrillation – phase III), icotrokinra (oral pill for moderate-to-severe plaque psoriasis - under review in United States and EU; ulcerative colitis – phase II) and JNJ-4804 (co-antibody therapeutics for Crohn's disease, ulcerative colitis and psoriatic arthritis – phase II).

  J&J has rapidly advanced its pipeline this year, attaining significant clinical and regulatory milestones that will help drive growth through the back half of the decade. In September 2025, the FDA approved Inlexzoh/TAR-200, for treating high-risk non-muscle invasive bladder cancer. It is the first-of-its-kind drug-releasing system to provide sustained local delivery of a cancer treatment directly into the bladder.

  In April 2025, the FDA approved Imaavy (nipocalimab) for treating generalized myasthenia gravis while it was approved in the EU in December 2025. J&J believes that nipocalimab has a pipeline-in-a-product potential. It also believes that icotrokinra has the potential to revolutionize the treatment of plaque psoriasis with a once-a-day pill.

  Three of J&J's new cancer drugs are Carvykti, a BCMA CAR-T therapy for relapsed or refractory multiple myeloma, Tecvayli, for relapsed or refractory multiple myeloma, and Talvey, a novel bispecific therapy for heavily pretreated multiple myeloma. These drugs have also begun to contribute to top-line growth. Combined, they generated $2.14 billion in sales in the first nine months of 2025.

J&J believes 10 of its new products/pipeline candidates in the Innovative Medicine segment have the potential to deliver peak sales of $5 billion, including Talvey, Tecvayli, Imaavy, Caplyta, Inlexzo, Rybrevant plus Lazcluze and icotrokinra.

- **Expanding Labels of Marketed Products:** The company is also working on expanding the label of currently marketed products.

Darzalex is being evaluated in a comprehensive clinical development program across a range of treatment settings in multiple myeloma, such as frontline setting.

Stelara is under review in the United States for pediatric ulcerative colitis, pediatric Crohn's Disease and pediatric juvenile psoriatic arthritis. Tremfya was approved in the United States for its first inflammatory bowel disease (IBD) condition, moderately to severely active ulcerative colitis in September 2024 and for the second IBD condition, Crohn's disease in March 2025. Tremfya is under review in the EU for both UC and CD indications. A subcutaneous formulation of Tremfya was approved for both UC and CD indications in 2025. J&J expects Tremfya to be a $10 billion product with approvals in IBD conditions. Our estimates for Tremfya suggest a CAGR of 29.8% over the next three years.

Carvykti was approved for earlier lines of treatment — for relapsed/refractory multiple myeloma patients who have received at least one prior therapy — in the United States and EU in April 2024. Erleada is in phase III studies for localized and high-risk prostate cancer.

These drugs drove J&J's sales in the past few years driven by consistent uptake and new indications added to their approved labels, with the positive trend expected to continue in the future quarters.

- **Successfully Shifting MedTech Portfolio to Cardiovascular:** In the MedTech segment, J&J is successfully shifting its portfolio to high innovation, high growth markets, particularly in Cardiovascular. With the acquisitions of Shockwave in 2024 and Abiomed in 2022, J&J has become a category leader in four of the largest and highest-growth cardiovascular intervention MedTech markets. Sales in its Cardiovascular segment rose 17.4% in the first nine months of 2025.

J&J's MedTech business has improved in the past two quarters, driven by the acquired cardiovascular businesses, Abiomed and Shockwave, as well as Surgical Vision and wound closure in Surgery. Improvements in J&J's electrophysiology business also drove the growth.

In 2026, J&J expects better growth in the MedTech business than 2025 levels, driven by increased adoption of newly launched products across all MedTech platforms and increased focus on higher-growth markets. J&J expects to launch new products like Shockwave C2 Aero catheter and Tecnis intraocular lens in the United States, as well as regulatory submission for the OTTAVA robotic surgical system in 2026. These new products may also contribute to growth in 2026.

J&J expects the overall MedTech market to grow in the range of 5-7% between 2022 and 2027.

Our estimates for the MedTech unit suggest a CAGR of around 45.4% over the next three years.

- **Emerging Markets Have Solid Potential:** Johnson & Johnson is looking to increase its presence in emerging markets, which hold immense potential. Given the huge potential, the company has set up manufacturing and R&D centers in Brazil, China and India, and has almost doubled its footprint in emerging markets in the last five years. These countries are trying to make healthcare accessible to more people primarily by improving insurance coverage. Johnson & Johnson intends to continue working on strengthening its pipeline in Japan as well as China.

- **Favorable Debt Profile:** As of Sep 30, 2025, the company had $45.8 billion in total debt (long-term debt + current debt) and $18.56 billion in cash plus short-term investments. The cash is sufficient to pay the short-term debt of $6.4 billion. J&J's debt/capital ratio of 33.2% at the end of Sep 2025 was slightly lower than 33.3% at the end of Jun 2025. The ratio has consistently declined over the past few quarters. A lower ratio indicates lower financial risk.

Meanwhile, its times interest earned ratio was 36.2% at the end of Sep 2025 which is higher than 36.5% at the end of Jun 2025. A higher ratio indicates that the company is capable of meeting its interest obligations from operating earnings.

Reasons To Sell:

> The Stelara patent cliff, the impact of Part D redesign and MedTech China issues are some headwinds in 2025.

- **MedTech China Issues:** Sales in J&J's MedTech business are facing continued headwinds in Asia Pacific, specifically in China. Sales in China are being hurt by the impact of the volume-based procurement (VBP) program. VBP is a government-driven cost containment effort in China. J&J does not expect any improvement in its business in the Asia Pacific region, specifically in China, in 2025. It expects continued impacts from VBP issues in China in 2025 as the program continues to expand across provinces and products. Competitive pressure is also hurting sales growth in some MedTech businesses.

- **Generics Hit Sales:** Quite a few products in the company's portfolio are facing generic competition. In the past 2-3 years, biosimilar competition for Remicade and Procrit and generic competition related to Velcade, Tracleer and Zytiga in the United States hurt revenues significantly. A biosimilar version of J&J's multi-billion-dollar product, Stelara, was launched in certain European markets for some indications in July 2024. Several biosimilar versions of Stelara have been launched in the United States in 2025 as the drug lost patent exclusivity. According to patent settlements and license agreements, Amgen, Teva, Samsung Bioepis/Sandoz and some other companies have already launched Stelara biosimilars this year. Stelara biosimilar competition is expected to accelerate throughout 2025 as the number of biosimilar entrants increases. In the first nine months of 2025, the negative impact of the Stelara sales decline, due to biosimilar competition, was approximately 10.1% on Innovative Medicine segment operational sales.

  Stelara sales are expected to come down from almost $11 billion in 2023 to around $3.0 billion in 2027, per our estimates.

  Xarelto, Spravato, Erleada, Invega Sustenna are all facing patent challenges in the United States.

- **Numerous Litigations – An Overhang:** J&J faces a slew of lawsuits, which allege personal injuries to patients caused by the use of its medicines, mainly its talc and opioid products. These lawsuits have resulted in uncertainty.

  J&J faces more than 73,000 lawsuits for its talc-based products, primarily its baby powders. The lawsuits allege that its talc products contain asbestos, which caused many women to develop ovarian cancer. In 2018, J&J was ordered by a Missouri court to pay $4.7 billion in damages to 22 women who made such allegations, affirming a St. Louis court jury's verdict given earlier. J&J insists that talc-based products are safe and do not cause cancer. Though the verdict was reduced to $2.1 billion by an appeals court in June 2020, it still rejected J&J's appeal to overturn the 2018 jury verdict. J&J paid the award, which, including interest, totaled approximately $2.5 billion. In April 2023, J&J offered to pay $8.9 billion over a period of 25 years to completely resolve its cosmetic talc litigation. J&J's subsidiary, LTL Management, which was established to manage claims in the cosmetic talc litigation, filed for voluntary bankruptcy twice to equitably resolve all present and future talc-related claims. However, both the bankruptcy filings were rejected by courts stating that J&J was not in enough financial stress to qualify for bankruptcy. In May 2024, LTL Management proposed a new plan committing to pay claimants approximately $6.5 billion nominally over 25 years, which could resolve 99.75% of all pending talc lawsuits against the company. In September, J&J, via a subsidiary called Red River Talc, filed for voluntary bankruptcy (in Texas) for the third time after it received support of around 83% of current claimants for the proposed bankruptcy plan. Red River also increased its settlement commitment by $1.75 billion to approximately $8 billion. However, in April 2025, a bankruptcy court in Texas rejected the proposed bankruptcy plan to settle claims after a two-week trial in Houston. The court said that the vote of claimants on the proposal was flawed. J&J will go back to the traditional tort system to fight the lawsuits individually with its bankruptcy strategy to settle the lawsuits failing for the third time.

  J&J faces around 3,500 lawsuits related to the abuse of its opioid-based drugs including Duragesic, Nucynta and Nucynta ER. These lawsuits claim that J&J is one of the several companies whose opioid-based drugs were responsible for fueling the state's opioid epidemic. J&J has agreed to pay about $5 billion over nine years to settle all opioid lawsuits in both federal and state courts in the United States.

- **Pipeline Setbacks:** Johnson & Johnson has suffered its share of pipeline setbacks. In 2020, J&J discontinued the phase III study of Stelara in systemic lupus erythematosus (SLE) due to lack of efficacy in the disease. In 2017, J&J had said that it will not file regulatory applications for sirukumab in rheumatoid arthritis due to increased competitive pressure in the RA market and discontinued the development of talacotuzumab, which was being developed for acute myeloid leukemia, as the phase III results did not demonstrate a positive benefit risk ratio.

- **Macroeconomic Headwinds:** Uncertain macroeconomic conditions, including the risk of inflation, a slowing labor market and instability in the financial system, along with escalating geopolitical tensions in various parts of the world, have increased broader economic woes.

  Uncertainty around tariffs and trade protection measures in the United States remains. President Trump has threatened to impose a 100% tariff on pharmaceutical imports unless a company builds pharmaceutical plants in the United States. Trump's repeated threats to impose tariffs on pharmaceutical imports are aimed at pushing American pharma companies to shift pharmaceutical production back to the United States, primarily from European and Asian countries.

- **Global Pricing Pressure:** Global efforts toward healthcare cost containment are creating pricing pressure on drugs and market access. Changes to the U.S. health care system as part of health care reform and increased purchasing power of Medicare, Medicaid, and private sector beneficiaries have contributed to pricing pressure. While many of the company's drugs face pricing pressure in the United States, in many markets outside the United States, government-mandated pricing actions have led to lowering of generic and patented drug prices.

  In 2022, in the United States, Congress passed the Inflation Reduction Act, which made significant changes to how drugs are covered and paid for under Medicare, including penalties for significant increases in the prices of drugs. Among other measures, the IRA requires the U.S. Department of Health and Human Services (HHS) to effectively set prices for certain single-source drugs and biologics reimbursed under

Medicare Part B and Part D. In August 2023, the HHS selected Xarelto, Stelara and Imbruvica as one of the first 10 medicines subject to government-set prices. J&J expects a negative impact of approximately $2 billion in sales due to Medicare Part D redesign in 2025. The Part D redesign is mainly hurting sales of drugs like Stelara, Tremfya, Erleada and PH drugs. All these factors are creating pressure on sales and profits of pharma companies. These pricing pressures are expected to continue and hurt the top line in the future quarters.

Last Earnings Report

Q3 Earnings & Sales Beat Estimates

FY Quarter Ending	12/31/2024
Earnings Reporting Date	**Oct 14, 2025**
Sales Surprise	**1.03%**
EPS Surprise	**1.08%**
Quarterly EPS	**2.80**
Annual EPS (TTM)	**10.38**

J&J's third-quarter 2025 earnings came in at $2.80 per share, which beat the Zacks Consensus Estimate of $2.77. Earnings rose 15.7% from the year-ago period.

Adjusted earnings exclude intangible amortization expense and special items. Including these items, reported earnings were $2.12 per share, up 91% year over year.

Sales were $24.0 billion, which also beat the Zacks Consensus Estimate of $23.74 billion.

Sales rose 6.8% from the year-ago quarter, reflecting an operational increase of 5.4% and a positive currency impact of 1.4%. Organically, excluding the impact of acquisitions/divestitures and currency, sales rose 4.4% on an operational basis.

The Stelara loss of exclusivity ("LOE") hurt revenue growth by 640 basis points in the quarter.

Third-quarter sales in the domestic market rose 6.2% to $13.7 billion. Excluding the impact of all acquisitions and divestitures on an adjusted operational basis, domestic sales rose 4.4% in the quarter.

International sales rose 7.6% on a reported basis to $10.3 billion, reflecting an operational increase of 4.4% and a positive currency impact of 3.2%. Excluding the impact of all acquisitions and divestitures on an adjusted operational basis, international sales rose 4.4% in the quarter.

Segment Details

Innovative Medicines Segment

J&J's Innovative Medicines segment sales rose 6.8% year over year to $15.56 billion, reflecting a 5.3% operational increase and a positive currency impact of 1.5%. Excluding the impact of all acquisitions and divestitures and currency on an adjusted operational basis, worldwide sales rose 3.7%. Innovative Medicines sales beat the Zacks Consensus Estimate of $15.26 billion as well as our model estimate of $15.28 billion.

Higher sales of key products such as Darzalex, Tremfya and Erleada due to strong market growth and share gains drove the segment's growth. Xarelto and Simponi/Simponi Aria sales also rose in the quarter. New drugs like Carvykti, Tecvayli, Talvey, Rybrevant and Spravato contributed significantly to growth. The sales growth was partially dampened by lower sales of Imbruvica and generic/biosimilar competition to drugs like Stelara and Zytiga.

Stelara LOE negatively impacted Innovative Medicines segment growth by 1070 basis points. Excluding Stelara, J&J's Innovative Medicines segment sales rose around 16%.

In the Innovative Medicines segment, sales in the United States rose 6.0%, while outside U.S. sales declined 4.3% on an operational basis.

Oncology

Darzalex sales rose 21.7% year over year to $3.67 billion in the quarter, driven by continued share gains across all lines of therapy, particularly the front-line setting, as well as market growth. Sales came marginally ahead of the Zacks Consensus Estimate of $3.66 billion and were in line with our model estimate.

Imbruvica sales declined 7.8% to $695.0 million due to rising competitive pressure in the United States (due to new oral competition) and the impact of Medicare Part D redesign. Imbruvica sales were, however, better than the Zacks Consensus Estimate of $683 million and our estimate of $674.6 million.

Erleada generated sales of $936.0 million in the quarter, up 18.4% year over year, driven by share gains and market growth, partially offset by the impact of Part D redesign. Erleada sales missed the Zacks Consensus Estimate of $960.0 million as well as our model estimate of $952.0 million.

New drug Carvykti recorded sales of $524.0 million, up 83.5% year over year, driven by share gains and continued capacity expansion. Another new drug, Tecvayli, recorded sales of $177.0 million in the quarter, up 31.3% year over year.

Sales of Talvey were $122 million, up 60.8% year over year. Tecvayli and Talvey's growth was driven by continued expansion into the community setting.

Rybrevant/Lazcluze sales were $198 million compared with $89 million in the year-ago quarter, driven by a strong launch trajectory.

Zytiga sales declined 25.1% to $113.0 million in the quarter due to generic competition.

Immunology

Stelara sales declined 41.3% to $1.57 billion in the quarter due to the impact of biosimilar competition and Part D redesign. While U.S. sales of Stelara declined 42.3%, international sales declined 39.4% in the quarter. Stelara sales slightly outperformed the Zacks Consensus Estimate of $1.52 billion as well as our model estimate of $1.56 billion.

Several biosimilar versions of Stelara have been launched in the United States in 2025. According to patent settlements and license agreements, Amgen, Teva, Samsung Bioepis/Sandoz and some other companies have already launched Stelara biosimilars this year.

Tremfya recorded sales of $1.42 billion in the quarter, up 41.3% year over year, driven by strong market growth across all indications, particularly the IBD indications. Tremfya sales beat the Zacks Consensus Estimate of $1.29 billion as well as our model estimate of $1.28 billion.

Simponi/Simponi Aria sales rose 32.9% to $687.0 million. Sales of Remicade rose 13.6% in the quarter to $476.0 million.

Neuroscience, PH and Other Drugs

In neuroscience, Spravato recorded sales of $459.0 million, up 61.5% year over year driven by strong demand trends. Caplyta, added from the April acquisition of Intra-Cellular Therapies, recorded sales of $240 million, up 13.4% on a sequential basis. Invega Sustenna/Xeplion/Invega Trinza/Trevicta sales declined 11.3% to $929.0 million in the quarter due to the impact of Medicare Part D redesign.

Pulmonary hypertension (PH) drug Uptravi recorded sales of $484.0 million, up 5.6% year over year driven by market growth and inventory dynamics partially offset by the impact of Medicare Part D redesign. Another PAH drug, Opsumit, recorded sales of $578.0 million, down 0.8% year over year.

Xarelto sales rose 7.4% in the quarter to $635.0 million. Prezista sales declined 11.6% to $397.0 million.

MedTech Segment

MedTech segment sales came in at $8.43 billion, up 6.8% from the year-ago period, including an operational increase of 5.6% and a positive currency impact of 1.2%. MedTech segment sales beat the Zacks Consensus Estimate of $8.35 billion as well as our model estimate of $8.41 billion.

Excluding the impact of all acquisitions and divestitures, and currency, on an adjusted operational basis, worldwide sales rose 5.7%, driven by strong performance in Cardiovascular, Surgery and Vision.

In the MedTech segment, sales rose 6.6% in the United States and 4.5% outside of the United States on an operational basis.

The MedTech business has improved in the past two quarters, driven by the acquired cardiovascular businesses, Abiomed and Shockwave, as well as in Surgical Vision and wound closure in Surgery. Improvements in J&J's electrophysiology business also drove the growth

However, the company continues to face headwinds in China. Sales in China are being hurt by the impact of the VBP program.

Cardiovascular (previously Interventional Solutions) sales grew 12.6% to $2.2 billion, driven by strong growth in electrophysiology and higher sales of Abiomed and Shockwave. The electrophysiology business has improved significantly, driven by increased Varipulse ablation catheter adoption and utilization.

Worldwide Surgery rose 4.4% to $2.5 billion as growth in wound closure and biosurgery offset the impact of competitive pressure in energy and endocutters and VBP issues in China. Worldwide orthopedics rose 3.8% to $2.27 billion as hip and knee returned to growth in the quarter. Worldwide Vision rose 7.7% to $1.4 billion, driven primarily by contact lenses as well as double-digit growth in Surgical Vision.

JNJ Ups 2025 Sales Guidance

The company raised its sales expectations for 2025 to reflect a strong operational performance so far this year.

The sales guidance was raised from a range of $93.2 billion-$93.6 billion to $93.5 billion-$93.9 billion.

The sales projection indicates growth in the range of 5.4%-5.9% versus the prior expectation of 5.1%-5.6%. Operational sales growth is expected in the range of 4.8%-5.3% (previously 4.5%-5.0%).

Adjusted operational sales (excluding currency impact, acquisitions/divestitures) growth is expected in the range of 3.5%-4.0% (previously 3.2%-3.7%).

The revenue figures exclude revenues from COVID-19 vaccine sales.

The adjusted earnings per share guidance was maintained in the range of $10.80-$10.90. J&J did not raise the earnings range as a better operational outlook is expected to be offset by a higher annual effective tax rate and fourth quarter manufacturing investments. On an operational, constant-currency basis, adjusted earnings per share are expected to increase in the range of 8.2%-9.2%

Adjusted pretax operating margin is still expected to improve by approximately 300 basis points, driven by cost savings and reduced acquired IPR&D costs.

The company now projects net interest expense to be between $0 million and $50 million versus prior expectation of between $0 million and $100 million. Adjusted tax rate is expected to be approximately 17.5% to 18% (previously 17% to 17.5%).

Preliminary Outlook for 2026

Along with the earnings release J&J said that the consensus estimates for 2026, for both top-and bottom line, are too low.

In 2026, J&J expects top-line growth of more than 5% while the consensus estimate is around 4.6%. EPS growth is expected to be similar to revenue growth. Adjusted earnings per share are expected to be around 5 cents more than the consensus of $11.39 per share.

J&J expects growth in both the Innovative Medicine and MedTech segments to accelerate in 2026.

In 2026, J&J expects accelerated growth in the Innovative Medicine segment despite the loss of exclusivity of Stelara. The growth is expected to be driven by its key products, such as Darzalex, Tremfya, Spravato and Erleada as well as new drugs like Carvykti, Tecvayli and Talvey and recently launched products, including Tremfya in IBD, Rybrevant plus Lazcluze in non-small cell lung cancer and Inlexzo in bladder cancer.

In the MedTech segment, J&J expects better growth than 2025 levels, driven by increased adoption of newly launched products across all MedTech platforms and increased focus on higher-growth markets. J&J expects to launch new products like Shockwave C2 Aero catheter and Tecnis intraocular lens in the United States as well as regulatory submission for the OTTAVA robotic surgical system in 2026. These new products may also contribute to growth in 2026.

Recent News

EU Approval for Imaavy in Generalized Myasthenia Gravis – Dec 2

J&J announced that the European Commission has approved Imaavy (nipocalimab) as an add-on therapy for the treatment of generalized myasthenia gravis (gMG) in adults and adolescents.

The targeted population for this approval includes patients aged 12 years and above who are anti-acetylcholine receptor or anti-muscle-specific kinase antibody-positive.

Following the latest nod, Imaavy became the first FcRn blocker available for both adult and adolescent patients with gMG in the EU.

Imaavy, a fully human FcRn blocker, was approved in the United States in April for treating gMG, a chronic, incurable autoimmune condition marked by debilitating symptoms such as muscle weakness and difficulty with chewing, swallowing and speaking.

Ends Au?onomy Alzheimer's Study After Missed Endpoint – Nov 21

J&J has discontinued its Au?onomy proof-of-concept study after the investigational drug posdinemab failed to meet the primary goal of slowing clinical decline in early Alzheimer's disease. The company said full data will be shared later and reaffirmed its long-term commitment to advancing Alzheimer's research.

To Buy Halda Therapeutics – Nov 17

J&J announced a definitive agreement to acquire Halda Therapeutics, a clinical-stage biotech developing targeted oral cancer medicines, for $3.05 billion in cash.

The acquisition will bring Halda's proprietary RIPTAC platform, a technology being used to develop oral, targeted therapies for multiple types of solid tumors. Halda Therapeutics' lead pipeline candidate is HLD-0915, a once-daily oral therapy, being developed in a phase I/II study to treat metastatic castration-resistant prostate cancer (mCRPC). Data from this ongoing study, presented recently, showed encouraging signs of anti-tumor activity. HLD-0915 has been designed to induce selective tumor cell death and overcome common mechanisms of treatment resistance in prostate cancer. Halda is also developing additional RIPTAC programs for breast, lung and other solid tumors.

The deal will strengthen J&J's broader oncology pipeline, mainly in prostate cancer, where it already has a strong presence with drugs like Zytiga, Erleada and Akeega. The acquisition is expected to close in the coming months, pending antitrust review and customary conditions. J&J anticipates approximately 15 cents in dilution to adjusted EPS in 2026.

FDA Approves Caplyta for Major Depressive Disorder – Nov 6

J&J announced that the FDA has granted approval to Caplyta (lumateperone) as an add-on therapy to antidepressants for adults with major depressive disorder (MDD).

The approval was backed by data from two phase III placebo-controlled pivotal studies showing Caplyta significantly improved depression symptoms when added to standard antidepressants, with early benefits observed as soon as one to two weeks. Importantly, the medicine demonstrated a favorable tolerability profile—minimal impact on weight, metabolism, and sexual function—issues that commonly drive patients to stop treatment.

Caplyta, added to the J&J's product portfolio with the April 2025 acquisition of Intra-Cellular Therapies for the treatment of bipolar I and II depression and schizophrenia. The drug is also being studied in additional psychiatric and neurological disorders.

FDA Approves New Indication for Darzalex SC – Nov 6

J&J announced that the FDA has granted approval to Darzalex Faspro, its subcutaneous CD38-directed antibody, as the first-ever treatment for adults with high-risk smouldering multiple myeloma (SMM), a pre-cancerous condition with a high likelihood of progressing to active multiple myeloma. The approval is based on data from the phase III AQUILA study. Darzalex Faspro was approved for similar use in the EU in July.

Darzalex Faspro is approved for ten indications in multiple myeloma since it was first approved in May 2020.

Seeks FDA Approval to Expand Stelara Use for Pediatric Ulcerative Colitis – Oct 31

J&J submitted a supplemental biologics license application to the FDA seeking to expand the approval of Stelara (ustekinumab) to children as young as two years old with moderately to severely active ulcerative colitis. The expanded indication is supported by positive Week 52 data from the Phase 3 UNIFI Jr study, which evaluated safety, efficacy, and pharmacokinetics of the treatment in pediatric patients.

Tecvayli Plus Darzalex Faspro Combo Meets Goals In Phase Iii Myeloma Study – Oct 16

J&J announced that its phase III MajesTEC-3 study evaluating Tecvayli Plus Darzalex Faspro in patients with relapsed or refractory multiple myeloma (RRMM) met both its primary and key secondary endpoints, showing statistically significant improvements in progression-free survival (PFS) and overall survival (OS) versus standard-of-care regimens.

The Independent Data Monitoring Committee recommended unblinding the trial early due to the strength of the results. The combination demonstrated superior outcomes compared with Darzalex Faspro-based regimens using pomalidomide or bortezomib. The safety profile was

consistent with known data for both therapies.

J&J said the results support the potential of the Tecvayli Plus Darzalex Faspro combination to become a new standard of care in earlier lines of myeloma treatment. Detailed findings will be presented at an upcoming medical conference and shared with regulators.

FDA Grants Priority Review to Akeega for BRCA-Mutated Prostate Cancer – Oct 16

J&J announced that the FDA has granted priority review to its supplemental new drug application (sNDA) seeking approval for Akeega (niraparib and abiraterone acetate dual-action tablet) plus prednisone for the treatment of patients with BRCA-mutated metastatic castration-sensitive prostate cancer (mCSPC). The application is backed by data from the phase III AMPLITUDE study. If approved, the therapy would become the first PARP-based precision medicine combination for this patient group, addressing a major unmet need in BRCA-mutated prostate cancer.

To Spin-Off its Orthopaedics Business – Oct 14

J&J announced its intention to separate its Orthopaedics franchise within the MedTech segment. J&J plans to spin off the Orthopaedics franchise as a standalone orthopaedics-focused company. The company is going to be called DePuy Synthes and will be led by Namal Nawana, who is an industry veteran. J&J believes that DePuy Synthes has the potential to become the largest orthopaedics company with leading market share positions across major categories and addressing a more than $50 billion market opportunity.

J&J believes the spin-out will put DePuy Synthes in a better position to drive growth innovation and generate better margins through increased focus as a separate company. The form of the separation is yet to be revealed, though J&J's initial goal is a tax-free spin-off. The transaction is expected to close in 18-24 months.

The decision aligns with J&J's efforts to shift its MedTech portfolio to high-innovation, high-growth markets like cardiovascular and robotic surgery. The separation will allow J&J to focus on its six priority areas of Oncology, Immunology, Neuroscience in Innovative Medicine segment and Cardiovascular, Surgery and Vision in the MedTech unit. Moreover, the separation will stregthen its MedTech unit and improve margins as the Orthopaedics franchise has been a slow growth business for J&J. The Orthopaedics franchise generated sales of $6.82 billion in the first nine months of 2025, down 0.3% year over year. With its separation, J&J believes its MedTech top line revenue growth and operating margin would both improve by at least 75 basis points.

Valuation

J&J's shares are up 38.3% in the year-to-date period and 28.8% over the trailing 6-month period. Stocks in the Zacks sub-industry are up 12.8% while those in the sector are up 5.0% in the year-to-date period. Over the past six months, the Zacks sub-industry is up 11.1% while the sector is up 7.6%.

The S&P 500 Index has risen 18.7% in the year-to-date period and 16.3% in the past six months.

The stock is currently trading at 17.47X forward 12-month earnings per share which compares to 16.48X for the Zacks sub-industry, 20.63X for the Zacks sector and 23.46X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 19.05X and as low as 13.42X, with a 5-year median of 15.65X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $210.00 price target reflects 18.3X forward 12-month earnings per share.

The table below shows summary valuation data for JNJ

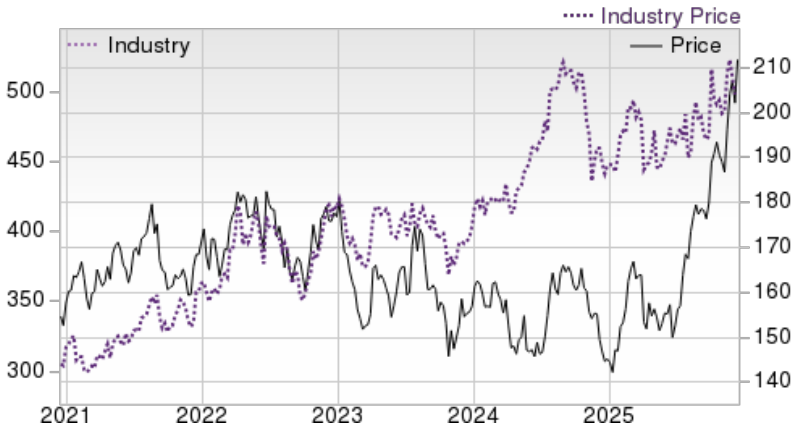
Valuation Multiples - JNJ

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	17.47	16.48	20.63	23.46
	5-Year High	19.05	20.8	23.62	23.78
	5-Year Low	13.42	13.09	17.88	15.73
	5-Year Median	15.65	16.07	20.63	21.21
P/S F12M	Current	4.91	6.99	2.15	5.3
	5-Year High	5.11	8.1	3.41	5.5
	5-Year Low	3.74	4.64	2.01	3.83
	5-Year Median	4.4	6.14	2.64	5.05
P/B TTM	Current	6.08	7.68	3.91	8.51
	5-Year High	7.09	10.98	6.08	9.16
	5-Year Low	4.51	5.56	3.57	6.6
	5-Year Median	5.7	7.39	4.53	8.05

As of 12/10/2025 *Source: Zacks Investment Research*

Industry Analysis(1)

Zacks Industry Rank: Bottom 24% (183 out of 243)



Top Peers (1)

Company (Ticker)	Rec	Rank
AbbVie Inc. **(ABBV)**	Neutral	3
AstraZeneca PLC **(AZN)**	Neutral	3
Bayer Aktiengesellsc...**(BAYRY)**	Neutral	3
Merck & Co., Inc. **(MRK)**	Neutral	3
Novartis AG **(NVS)**	Neutral	3
Pfizer Inc. **(PFE)**	Neutral	3
Sanofi **(SNY)**	Neutral	3
Roche Holding AG **(RHHBY)**	Underperform	4

Industry Comparison(1)

Industry: Large Cap Pharmaceuticals | Industry Peers

	JNJ	X Industry	S&P 500	MRK	PFE	RHHBY
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Underperform
Zacks Rank (Short Term)	3	-	-	3	3	4
VGM Score	C	-	-	A	B	B
Market Cap	509.76 B	248.95 B	39.38 B	248.95 B	146.98 B	318.41 B
# of Analysts	8	4.5	22	8	7	5
Dividend Yield	2.46%	1.96%	1.41%	3.23%	6.65%	1.74%
Value Score	C	-	-	A	A	C
Cash/Price	0.04	0.05	0.04	0.07	0.10	NA
EV/EBITDA	21.41	12.53	14.60	11.08	12.60	NA
PEG Ratio	2.74	1.60	2.23	0.92	NA	3.24
Price/Book (P/B)	6.43	5.55	3.35	4.83	1.58	7.75
Price/Cash Flow (P/CF)	16.13	12.39	15.20	10.60	5.92	15.15
P/E (F1)	19.48	14.06	19.78	11.18	8.23	17.02
Price/Sales (P/S)	5.53	4.39	3.06	3.88	2.34	NA
Earnings Yield	5.13%	7.11%	4.99%	8.94%	12.15%	5.88%
Debt/Equity	0.50	0.51	0.57	0.77	0.62	NA
Cash Flow ($/share)	13.12	5.33	8.99	9.47	4.36	3.30
Growth Score	C	-	-	B	C	A
Hist. EPS Growth (3-5 yrs)	3.60%	1.54%	8.16%	-0.52%	-9.52%	NA
Proj. EPS Growth (F1/F0)	8.82%	14.08%	8.57%	17.25%	0.96%	10.11%
Curr. Cash Flow Growth	-3.96%	-3.04%	6.75%	210.59%	47.15%	2.66%
Hist. Cash Flow Growth (3-5 yrs)	0.83%	4.00%	7.43%	7.48%	1.92%	-0.80%
Current Ratio	1.07	1.10	1.19	1.66	1.28	NA
Debt/Capital	33.20%	36.28%	38.01%	43.50%	38.14%	NA
Net Margin	27.26%	26.88%	12.78%	29.63%	15.65%	NA
Return on Equity	32.73%	36.97%	17.00%	44.54%	20.17%	NA
Sales/Assets	0.49	0.46	0.53	0.54	0.30	NA
Proj. Sales Growth (F1/F0)	5.50%	7.43%	5.77%	1.00%	-1.20%	10.90%
Momentum Score	F	-	-	F	C	F
Daily Price Chg	0.75%	0.16%	-1.07%	1.30%	0.19%	0.04%
1 Week Price Chg	4.78%	0.58%	-0.63%	0.58%	-0.69%	3.13%
4 Week Price Chg	7.99%	3.15%	1.39%	7.94%	3.15%	11.32%
12 Week Price Chg	20.09%	7.84%	2.45%	23.05%	7.57%	19.74%
52 Week Price Chg	44.31%	28.81%	12.83%	-1.67%	1.06%	41.40%
20 Day Average Volume	9,327,877	3,359,976	2,728,366	15,040,122	47,772,676	2,684,340
(F1) EPS Est 1 week change	-0.02%	0.00%	0.00%	-0.02%	0.19%	-0.54%
(F1) EPS Est 4 week change	0.00%	0.00%	0.00%	-0.08%	0.70%	-4.85%
(F1) EPS Est 12 week change	0.06%	0.06%	0.69%	0.56%	1.96%	-5.04%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.00%	-1.25%	-4.55%	NA

Analyst Earnings Model[2]

Johnson & Johnson (JNJ)

In $MM, except per share data

FY Ends December 31st	2022A FY Dec-22	2023A FY Dec-23	2024A FY Dec-24	2025E 1QA 31-Mar-25	2025E 2QA 30-Jun-25	2025E 3QA 30-Sep-25	2025E 4QE 31-Dec-25	2025E FY Dec-25	2026E 1QE 31-Mar-26	2026E 2QE 30-Jun-26	2026E 3QE 30-Sep-26	2026E 4QE 31-Dec-26	2026E FY Dec-26	2027E FY Dec-27
Income Statement														
Total Revenues	**$79,990.0**	**$85,158.8**	**$88,820.5**	**$21,892.6**	**$23,743.1**	**$23,993.2**	**$24,064.8**	**$93,693.8**	**$23,043.5**	**$24,628.7**	**$24,981.9**	**$25,084.2**	**$97,738.2**	**$103,244.7**
Constant Currency Growth Rate	6.2%	7.4%	5.9%	4.2%	4.6%	5.4%	5.0%	5.0%	5.5%	5.5%	5.5%	5.5%	5.0%	6.5%
Cost of Goods Sold, Non-GAAP	$20,025.0	$21,411.0	$22,468.0	$6,177.0	$6,334.0	$6,231.0	$6,528.0	$25,270.0	$6,221.1	$6,574.1	$6,544.4	$6,710.8	$26,050.4	$27,615.8
Cost of Goods Sold, GAAP	$24,596.0	$26,553.0	$27,471.0	$7,357.0	$7,628.0	$7,303.0	$7,208.8	$29,496.8	$7,035.5	$7,330.2	$7,287.7	$7,238.2	$28,891.6	$28,805.1
Gross Profit, Non-GAAP	**$59,965.0**	**$63,747.8**	**$66,352.5**	**$15,715.6**	**$17,409.1**	**$17,762.2**	**$17,536.8**	**$68,423.8**	**$16,822.4**	**$18,054.6**	**$18,437.5**	**$18,373.4**	**$71,687.9**	**$75,628.9**
Gross Profit, GAAP	**$55,394.0**	**$58,606.0**	**$61,350.0**	**$14,536.0**	**$16,115.0**	**$16,690.0**	**$16,856.1**	**$64,197.1**	**$16,008.0**	**$17,298.4**	**$17,694.2**	**$17,846.0**	**$68,846.7**	**$74,439.7**
Selling, Marketing & Administrative Expenses, Non-GAAP	$20,218.0	$21,483.0	$22,853.0	$5,112.0	$5,889.0	$5,922.0	$6,345.4	$23,268.4	$5,715.0	$6,123.5	$6,215.1	$6,227.9	$24,281.5	$25,354.4
Selling, Marketing & Administrative Expenses, GAAP	$20,246.0	$21,512.0	$22,869.0	$5,112.0	$5,889.0	$5,922.0	$6,346.5	$23,269.5	$5,715.2	$6,123.9	$6,215.6	$6,253.5	$24,308.2	$25,393.6
Research & Development Expense, Non-GAAP	$13,672.0	$14,805.0	$17,034.0	$3,219.0	$3,559.0	$3,672.0	$3,993.9	$14,443.9	$3,502.3	$3,773.7	$3,898.5	$3,883.2	$15,057.7	$15,651.3
Research & Development Expense, GAAP	$14,135.0	$15,085.0	$17,232.0	$3,225.0	$3,516.0	$3,672.0	$3,993.0	$14,406.0	$3,539.3	$3,821.4	$3,920.4	$3,960.8	$15,241.9	$16,008.7
In-Process Research & Development	$783.0	$313.0	$211.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Total Operating Expenses, Non-GAAP	**$33,890.0**	**$36,288.0**	**$39,887.0**	**$8,331.0**	**$9,448.0**	**$9,594.0**	**$10,339.4**	**$37,712.4**	**$9,217.2**	**$9,897.2**	**$10,113.7**	**$10,111.1**	**$39,339.2**	**$41,005.7**
Total Operating Expenses, GAAP	**$35,164.0**	**$36,910.0**	**$40,312.0**	**$8,337.0**	**$9,405.0**	**$9,594.0**	**$10,339.5**	**$37,675.5**	**$9,254.5**	**$9,945.3**	**$10,136.0**	**$10,214.3**	**$39,550.1**	**$41,402.4**
EBITDA	**$27,200.0**	**$29,182.0**	**$28,377.0**	**$7,971.0**	**$8,653.0**	**$8,873.0**	**$8,448.0**	**$33,945.0**	**$8,580.2**	**$9,295.3**	**$9,509.6**	**$9,616.5**	**$37,001.6**	**$41,171.1**
Depreciation & Amortization	$6,970.0	$7,486.0	$7,339.0	$1,772.0	$1,943.0	$1,777.0	$1,931.4	$7,423.4	$1,826.7	$1,942.1	$1,951.4	$1,984.8	$7,705.1	$8,133.8
Operating Income (Loss), Non-GAAP	**$26,075.0**	**$27,459.8**	**$26,465.5**	**$7,384.6**	**$7,961.1**	**$8,168.2**	**$7,197.5**	**$30,711.5**	**$7,605.2**	**$8,157.4**	**$8,323.8**	**$8,262.3**	**$32,348.7**	**$34,623.2**
Operating Income (Loss), GAAP	**$20,230.0**	**$21,696.0**	**$21,038.0**	**$6,199.0**	**$6,710.0**	**$7,096.0**	**$6,516.6**	**$26,521.6**	**$6,753.5**	**$7,353.1**	**$7,558.2**	**$7,631.7**	**$29,296.5**	**$33,037.3**
Interest (Income)/ Expense, Net, Non-GAAP	($214.0)	($489.0)	($577.0)	($128.0)	$48.0	$18.0	$75.4	$13.4	$0.3	$36.4	$33.6	$37.4	$107.8	$131.0
Interest (Income)/ Expense, Net, GAAP	($214.0)	($489.0)	($577.0)	($128.0)	$48.0	$18.0	$75.4	$13.4	$0.3	$36.4	$33.6	$37.4	$107.8	$131.0
Other (Income) Expense, Net, Non-GAAP	($1,684.0)	($1,862.0)	($1,936.0)	($498.0)	($275.0)	($286.0)	($248.2)	($1,307.2)	($330.5)	($296.5)	($303.6)	($306.3)	($1,237.0)	($1,291.4)
Other (Income) Expense, Net, GAAP	$810.0	$6,634.0	$4,694.0	($7,321.0)	$107.0	($478.0)	($210.4)	($7,902.4)	($2,111.7)	($762.3)	($994.6)	($1,123.4)	($4,992.0)	($4,737.7)
Restructuring	$275.0	$489.0	$234.0	$17.0	$64.0	$63.0	$47.9	$191.9	$46.6	$57.5	$56.0	$53.9	$214.0	$227.3
Pre-Tax Income, Non-GAAP	**$27,973.0**	**$29,811.0**	**$28,979.0**	**$8,011.0**	**$8,188.0**	**$8,436.0**	**$7,370.3**	**$32,005.3**	**$7,935.3**	**$8,417.5**	**$8,593.9**	**$8,531.2**	**$33,477.9**	**$35,783.6**
Pre-Tax Income, GAAP	**$19,359.0**	**$15,062.0**	**$16,687.0**	**$13,631.0**	**$6,491.0**	**$7,493.0**	**$6,603.7**	**$34,218.7**	**$8,818.3**	**$8,021.5**	**$8,463.2**	**$8,663.9**	**$33,966.8**	**$37,416.7**
Income Tax, Non-GAAP	$4,177.0	$4,402.0	$4,737.0	$1,305.0	$1,489.0	$1,635.0	$1,282.4	$5,711.4	$1,380.7	$1,464.6	$1,495.3	$1,484.4	$5,825.1	$6,226.4
Income Tax, GAAP	$2,989.0	$1,736.0	$2,621.0	$2,632.0	$954.0	$2,341.0	$2,060.3	$7,987.3	$2,751.3	$2,502.7	$2,640.5	$2,703.1	$10,597.6	$11,674.0
Tax Rate, Non-GAAP	14.9%	14.8%	16.3%	16.3%	18.2%	19.4%	17.4%	17.8%	17.4%	17.4%	17.4%	17.4%	17.4%	17.4%
Tax Rate, GAAP	15.4%	11.5%	15.7%	19.3%	14.7%	31.2%	31.2%	23.3%	31.2%	31.2%	31.2%	31.2%	31.2%	31.2%
Net Income from Continuing Operations, Non-GAAP	**$23,796.0**	**$25,409.0**	**$24,242.0**	**$6,706.0**	**$6,699.0**	**$6,801.0**	**$6,087.9**	**$26,293.9**	**$6,554.6**	**$6,952.8**	**$7,098.5**	**$7,046.8**	**$27,652.7**	**$29,557.3**
Net Income from Continuing Operations, GAAP	**$16,370.0**	**$13,326.0**	**$14,066.0**	**$10,999.0**	**$5,537.0**	**$5,152.0**	**$4,543.3**	**$26,231.3**	**$6,067.0**	**$5,518.8**	**$5,822.7**	**$5,960.7**	**$23,369.2**	**$25,742.7**
Net Income (Loss) from Discontinued Operations	$1,571.0	$21,827.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Net Income	**$17,941.0**	**$35,153.0**	**$14,066.0**	**$10,999.0**	**$5,537.0**	**$5,152.0**	**$4,543.3**	**$26,231.3**	**$6,067.0**	**$5,518.8**	**$5,822.7**	**$5,960.7**	**$23,369.2**	**$25,742.7**
Diluted Shares Outstanding	2,663.9	2,560.4	2,429.4	2,423.8	2,419.1	2,428.6	2,418.6	2,422.5	2,416.6	2,414.6	2,413.6	2,412.6	2,414.4	2,412.6
Diluted EPS from Continuing Operations, Non-GAAP	**$8.93**	**$9.92**	**$9.98**	**$2.77**	**$2.77**	**$2.80**	**$2.52**	**$10.86**	**$2.71**	**$2.88**	**$2.94**	**$2.92**	**$11.45**	**$12.25**
Diluted EPS from Continuing Operations, GAAP	**$6.14**	**$5.20**	**$5.79**	**$4.54**	**$2.29**	**$2.12**	**$1.88**	**$10.83**	**$2.51**	**$2.29**	**$2.41**	**$2.47**	**$9.68**	**$10.67**
Diluted EPS	**$6.73**	**$13.72**	**$5.79**	**$4.54**	**$2.29**	**$2.12**	**$1.88**	**$10.83**	**$2.51**	**$2.29**	**$2.41**	**$2.47**	**$9.68**	**$10.67**
Dividend Per Share	$4.45	$4.70	$4.91	$1.24	$1.30	$1.30	$1.30	$5.14	$1.30	$1.36	$1.36	$1.37	$5.40	$5.65

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

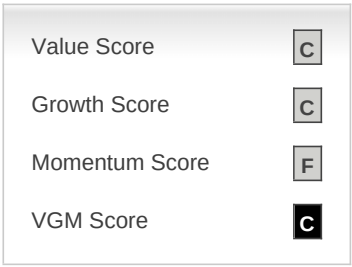
Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.



As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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