

ModernGraham Valuation

Company Name:

Johnson & Johnson

Company Ticker JNJ

Date of Analysis

1/8/2016



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$272,426,512,515	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.51	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	36.13%	Pass
6. Moderate PEmg Ratio	PEmg < 20	19.10	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.85	Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	2.51	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.37	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

Suitability

Defensive	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$5.14
MG Growth Estimate	3.49%
MG Value	\$79.55
MG Value based on 3% Growth	\$74.52
MG Value based on 0% Growth	\$43.68
Market Implied Growth Rate	5.30%

MG Opinion

Current Price	\$98.14
% of Intrinsic Value	123.36%
Opinion	Overvalued

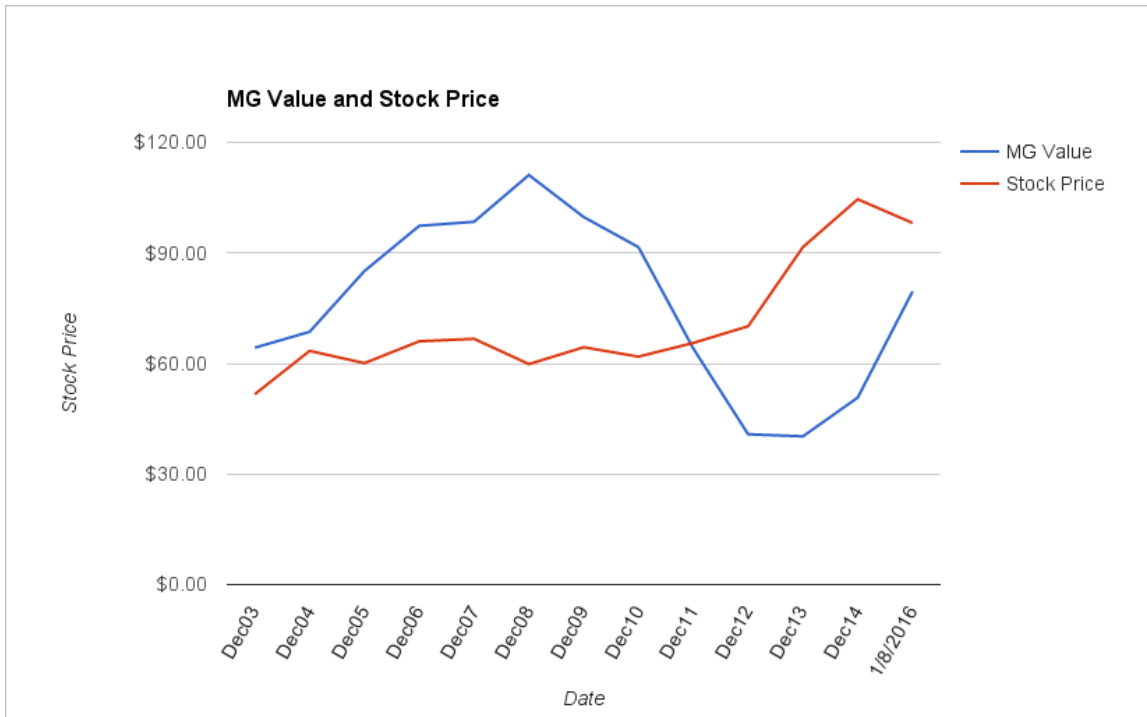
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$0.63
Graham Number	\$57.74
PEmg	19.10
Current Ratio	2.51
PB Ratio	3.85
Dividend Yield	2.95%
Number of Consecutive Years of Dividend Growth	20

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$5.73	Next Fiscal Year Estimate	\$5.14
Dec14	\$5.70	Dec14	\$4.74
Dec13	\$4.81	Dec13	\$4.26
Dec12	\$3.86	Dec12	\$4.06
Dec11	\$3.49	Dec11	\$4.17
Dec10	\$4.78	Dec10	\$4.41
Dec09	\$4.40	Dec09	\$4.13
Dec08	\$4.57	Dec08	\$3.87
Dec07	\$3.63	Dec07	\$3.39
Dec06	\$3.73	Dec06	\$3.13
Dec05	\$3.35	Dec05	\$2.72
Dec04	\$2.74	Dec04	\$2.31
Dec03	\$2.29	Dec03	\$2.01
Dec02	\$2.16	Dec02	\$1.79
Dec01	\$1.84	Dec01	\$1.54
Dec00	\$1.61	Dec00	\$1.35
Dec99	\$1.39	Dec99	\$1.13
Dec98	\$1.06	Balance Sheet Information Sep15	
Dec97	\$1.21	Total Current Assets	\$63,494,000,000
Dec96	\$1.09	Total Current Liabilities	\$25,260,000,000
Dec95	\$0.00	Long-Term Debt	\$14,073,000,000
		Total Assets	\$133,266,000,000
		Intangible Assets	\$47,267,000,000
		Total Liabilities	\$61,712,000,000
		Shares Outstanding (Diluted Average)	2,807,200,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other ModernGraham posts about the company

- [Johnson & Johnson Analysis – September 2015 Update \\$JNJ](#)
- [Johnson & Johnson Analysis – June 2015 Quarterly Update \\$JNJ](#)
- [28 Companies in the Spotlight This Week – 2/28/15](#)
- [Johnson and Johnson Company Quarterly Valuation – February 2015 \\$JNJ](#)
- [22 Companies in the Spotlight This Week – 11/29/14](#)

Other ModernGraham posts about related companies

- [Mylan NV Valuation – January 2016 Update \\$MYL](#)
- [Celgene Corp Valuation – December 2015 Update \\$CELG](#)
- [Merck & Co Valuation – November 2015 Update \\$MRK](#)
- [Zoetis Inc. Valuation – October 2015 Update \\$ZTS](#)
- [Biogen Inc. Valuation – October 2015 Update \\$BIIB](#)
- [Perrigo Company PLC Analysis – October 2015 Update \\$PRGO](#)
- [Amgen Inc. Analysis – September 2015 Update \\$AMGN](#)
- [Pfizer Inc Analysis – September 2015 Update \\$PFE](#)
- [Johnson & Johnson Analysis – September 2015 Update \\$JNJ](#)
- [Celgene Corporation Analysis – September 2015 Update \\$CELG](#)