

ModernGraham Valuation

Company Name:

Johnson & Johnson

Company Ticker JNJ

Date of Analysis

9/3/2015



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	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	Pass
3. Earnings Stability	Positive EPS for 10 years prior	Pass
4. Dividend Record	Dividend Payments for 10 years prior Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	Pass
5. Earnings Growth		Pass
6. Moderate PEmg Ratio	PEmg < 20	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	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	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	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	\$5.18
MG Growth Estimate	3.65%
MG Value	\$81.84
MG Value based on 3% Growth	\$75.15
MG Value based on 0% Growth	\$44.05
Market Implied Growth Rate	4.72%

MG Opinion

Current Price	\$93.02
% of Intrinsic Value	113.66%
Opinion	Overvalued

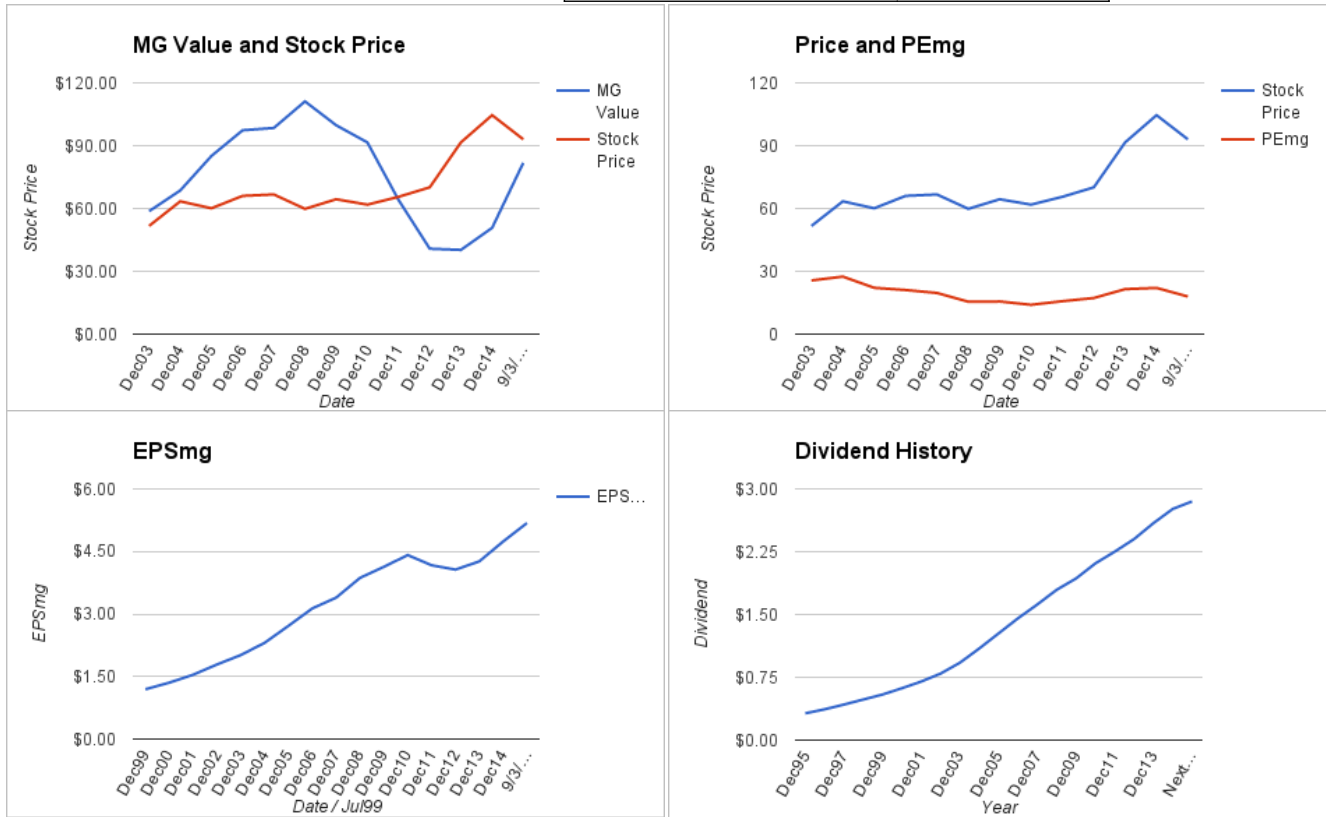
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$0.03
Graham Number	\$57.75
PEmg	17.95
Current Ratio	2.49
PB Ratio	3.68
Dividend Yield	3.06%
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	\$5.86	Next Fiscal Year Estimate	\$5.18
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	\$1.19
Dec98	\$1.06	Balance Sheet Information Jun15	
Dec97	\$1.21	Total Current Assets	\$61,001,000,000
Dec96	\$1.09	Total Current Liabilities	\$24,512,000,000
Dec95	\$0.93	Long-Term Debt	\$14,085,000,000
		Total Assets	\$132,036,000,000
		Intangible Assets	\$48,510,000,000
		Total Liabilities	\$60,905,000,000
		Shares Outstanding (Diluted Average)	2,812,000,000



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 – 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](#)
[Johnson & Johnson Quarterly Valuation – November 2014 \\$JNJ](#)

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companies**

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[Allergan PLC Analysis – August 2015 Update \\$AGN](#)
[The Best Companies of the Pharmaceuticals Industry – August 2015](#)
[Alexion Pharmaceuticals Inc. Analysis – August 2015 Update \\$ALXN](#)
[Akorn Inc. Analysis – Initial Coverage \\$AKRX](#)
[Zoetis Inc. Analysis – July 2015 Update \\$ZTS](#)
[Mallinckrodt PLC Analysis – Initial Coverage \\$MNK](#)
[Biogen IDEC Inc. Analysis – July 2015 Update \\$BIIB](#)
[Vertex Pharmaceuticals Analysis – July 2015 Update \\$VRTX](#)
[Perrigo Company Analysis – July 2015 Update \\$PRGO](#)