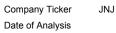
ModernGraham Valuation

Company Name:

Johnson & Johnson



8/15/2016



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	\$333,138,162,455 Pass
	2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.08 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	36.43% Pass
	6. Moderate PEmg Ratio	PEmg < 20	22.22 Fail
	7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.72 Fail
Enterprising Investor;	must pass 4 out of the following 5 tests, or b	e suitable for the Defensive Investor.	
	1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	3.08 Pass

2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.55 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	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

	EPSmg		\$5.50
	MG Growth Estimate		5.31%
	MG Value		\$105.21
	MG Value based on 3% Growth		\$79.80
	MG Value based on 0% Growth		\$46.78
	Market Implied Growth Rate		6.86%
MG Opinion			
	Current Price		\$122.31
	% of Intrinsic Value		116.25%
	Opinion	Overvalued	
	MG Grade	В	

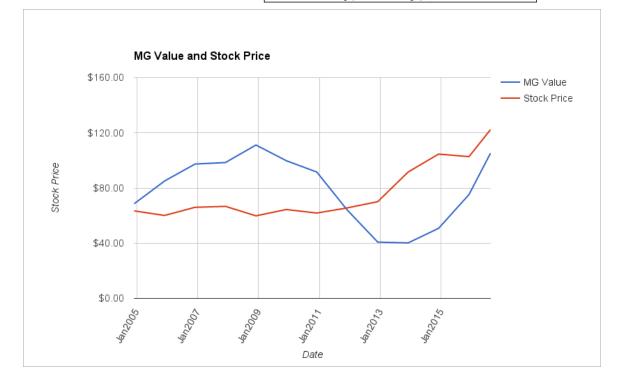
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$0.38
Graham Number	\$59.83
PEmg	22.22
Current Ratio	3.08
PB Ratio	4.72
Current Dividend	\$3.05
Dividend Yield	2.49%
Number of Consecutive Years of Dividend Growth	20

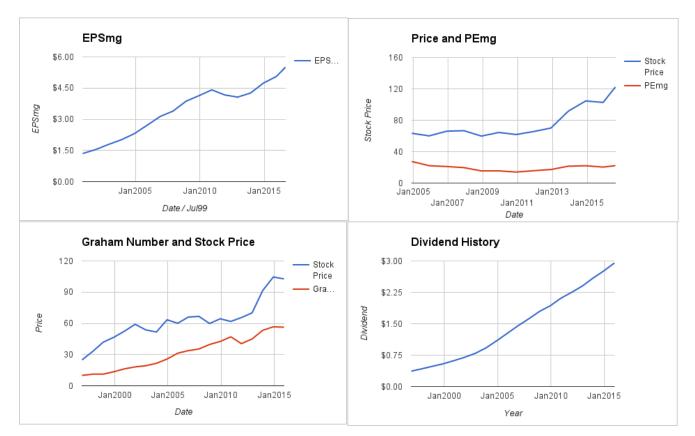
Useful Links:

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

EPS History		EPSmg History	
Next Fiscal Year Estimate	* C 04	Next Fiscal Year Estimate	¢5 50
			\$5.50
Dec2015	\$5.48		\$5.06
Dec2014	\$5.70		\$4.74
Dec2013	\$4.81	Dec2013	\$4.26
Dec2012	\$3.86	Dec2012	\$4.06
Dec2011	\$3.49	Dec2011	\$4.17
Dec2010	\$4.78	Dec2010	\$4.41
Dec2009	\$4.40	Dec2009	\$4.13
Dec2008	\$4.57	Dec2008	\$3.87
Dec2007	\$3.63	Dec2007	\$3.39
Dec2006	\$3.73	Dec2006	\$3.13
Dec2005	\$3.35	Dec2005	\$2.72
Dec2004	\$2.74	Dec2004	\$2.31
Dec2003	\$2.29	Dec2003	\$2.01
Dec2002	\$2.16	Dec2002	\$1.79
Dec2001	\$1.84	Dec2001	\$1.54
Dec2000	\$1.61	Dec2000	\$1.35
Dec1999	\$1.39	Balance Sheet Information	6/1/2016
Dec1998	\$1.06	Total Current Assets	\$66,291,000,000
Dec1997	\$1.21	Total Current Liabilities	\$21,536,000,000
Dec1996	\$1.09	Long-Term Debt	\$24,535,000,000
		Total Assets	\$139,814,000,000
		Intangible Assets	\$47,798,000,000
		Total Liabilities	\$67,341,000,000
		Shares Outstanding (Diluted Average)	2,794,200,000



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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 Valuation – January 2016 Update \$JNJ
	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
Other ModernGraham	Regeneron Pharmaceuticals Inc Valuation – August 2016 \$REGN
posts about related	AmerisourceBergen Corp Valuation – July 2016 \$ABC
companies	Perrigo Co PLC Valuation – July 2016 \$PRGO
	AbbVie Inc Valuation – July 2016 \$ABBV
	Gilead Sciences Inc Valuation – July 2016 \$GILD
	Eli Lilly and Company Valuation – July 2016 \$LLY
	Zoetis Inc Valuation – June 2016 \$ZTS
	Merck & Co Inc Valuation – March 2016 \$MRK
	Bristol-Myers Squibb Company Valuation – February 2016 \$BMY
	Amgen Inc Valuation – February 2016 \$AMGN