

ModernGraham Valuation

Company Name:

Johnson & Johnson

Company Ticker JNJ

Date of Analysis

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 be 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 | B |

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 |

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[Google Finance](#) [MSN Money](#)
[Yahoo Finance](#) [Seeking Alpha](#)
[GuruFocus](#) [SEC Filings](#)

| EPS History | | EPSmg History | |
|---------------------------|--------|---|-------------------|
| Next Fiscal Year Estimate | \$6.01 | Next Fiscal Year Estimate | \$5.50 |
| Dec2015 | \$5.48 | Dec2015 | \$5.06 |
| Dec2014 | \$5.70 | Dec2014 | \$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 |





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 posts about related companies

- [Regeneron Pharmaceuticals Inc Valuation – August 2016 \\$REGN](#)
- [AmerisourceBergen Corp Valuation – July 2016 \\$ABC](#)
- [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](#)