

ModernGraham Valuation

Company Name:

Johnson & Johnson

Company Ticker JNJ

Date of Analysis

1/16/2017



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	\$311,718,494,701	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.73	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	36.67%	Pass
6. Moderate PEmg Ratio	PEmg < 20	20.79	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.39	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	2.73	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.59	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
	Score		

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$5.51
MG Growth Estimate	5.35%
MG Value	\$105.81
MG Value based on 3% Growth	\$79.94
MG Value based on 0% Growth	\$46.86
Market Implied Growth Rate	6.14%

MG Opinion

Current Price	\$114.60
% of Intrinsic Value	108.30%
Opinion	Fairly Valued
MG Grade	B+

Stage 3: Information for Further Research

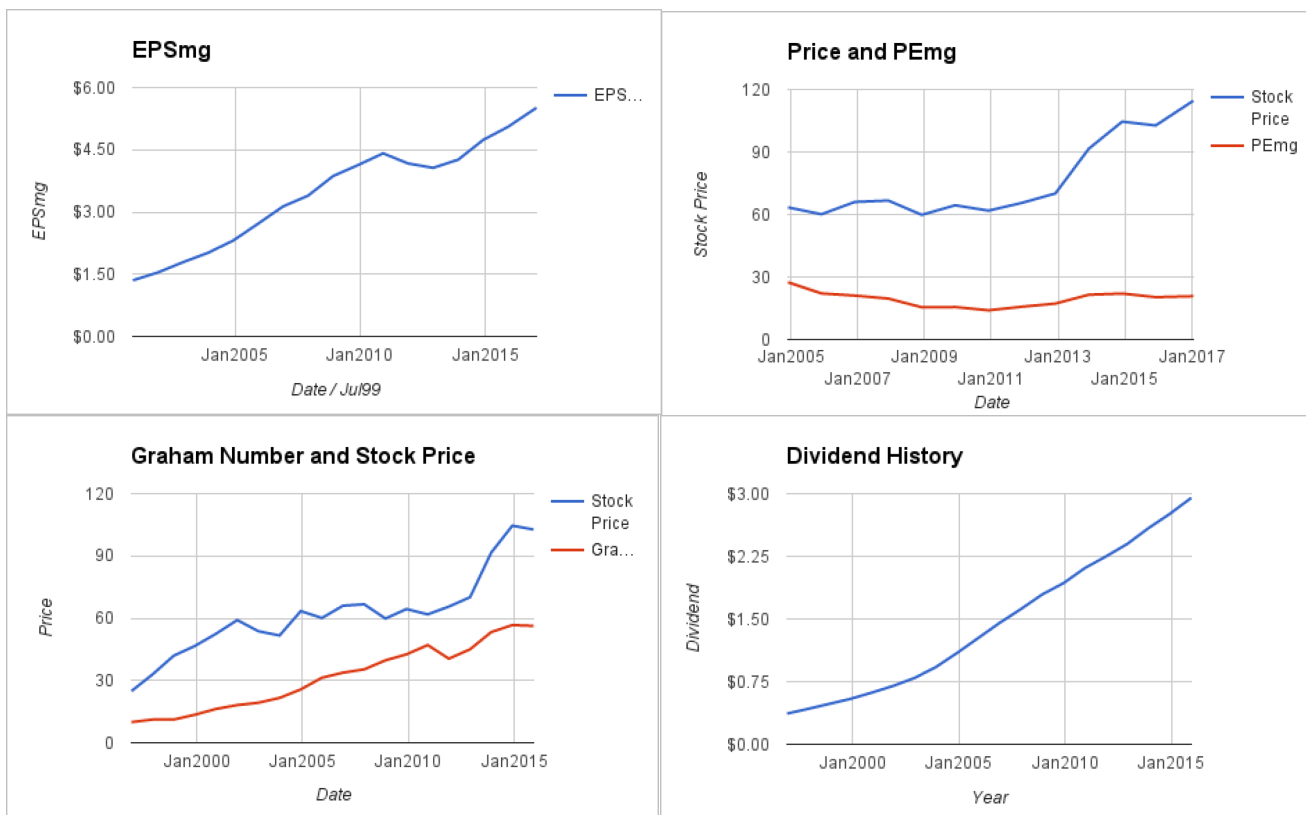
Net Current Asset Value (NCAV)	-\$1.54
Graham Number	\$60.27
PEmg	20.79
Current Ratio	2.73
PB Ratio	4.39
Current Dividend	\$3.10
Dividend Yield	2.71%
Number of Consecutive Years of Dividend Growth	20

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	\$6.04	Next Fiscal Year Estimate	\$5.51
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 9/1/2016	
Dec1998	\$1.06	Total Current Assets	\$63,319,000,000
Dec1997	\$1.21	Total Current Liabilities	\$23,230,000,000
Dec1996	\$1.09	Long-Term Debt	\$23,546,000,000
		Total Assets	\$140,369,000,000
		Intangible Assets	\$50,813,000,000
		Total Liabilities	\$67,600,000,000
		Shares Outstanding (Diluted Average)	2,785,400,000





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

- [Impax Laboratories Inc – Initial Coverage \\$IPXL](#)
- [Alexion Pharmaceuticals Inc Valuation – December 2016 \\$ALXN](#)
- [Akorn Inc Valuation – December 2016 \\$AKRX](#)
- [SciClone Pharmaceuticals Inc Valuation – Initial Coverage \\$SCLN](#)
- [Regeneron Pharmaceuticals Inc Valuation – November 2016 \\$REGN](#)
- [Merck & Co Inc Valuation – August 2016 \\$MRK](#)
- [Mallinckrodt PLC Valuation – August 2016 \\$MNK](#)
- [Vertex Pharmaceuticals Inc Valuation – August 2016 \\$VRTX](#)
- [Amgen Inc Valuation – August 2016 \\$AMGN](#)
- [Pfizer Inc Valuation – August 2016 \\$PFE](#)