

ModernGraham Valuation

Company Name:

Johnson & Johnson

Company Ticker JNJ

Date of Analysis

2/24/2018



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	\$354,674,411,451	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.41	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	13.81%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	25.91	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	6.02	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	1.41	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.44	Fail
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 Score		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$5.10
MG Growth Estimate	1.13%
MG Value	\$54.82
MG Value based on 3% Growth	\$73.88
MG Value based on 0% Growth	\$43.31
Market Implied Growth Rate	8.70%

MG Opinion

Current Price	\$132.02
% of Intrinsic Value	240.84%
Opinion	Overvalued
MG Grade	C

Stage 3: Information for Further Research

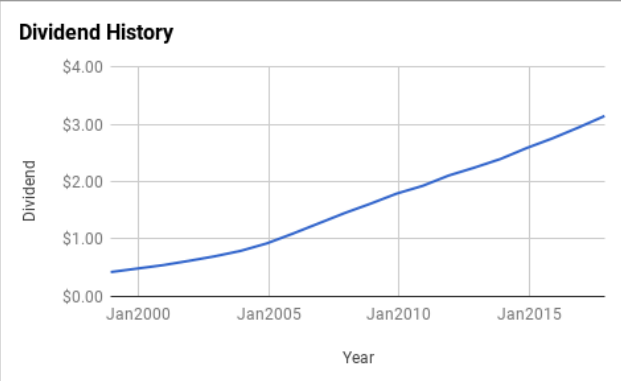
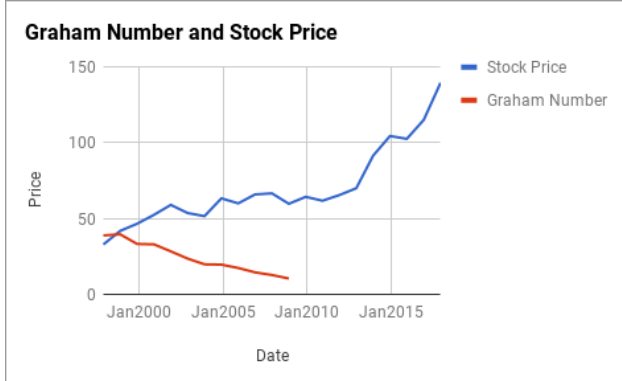
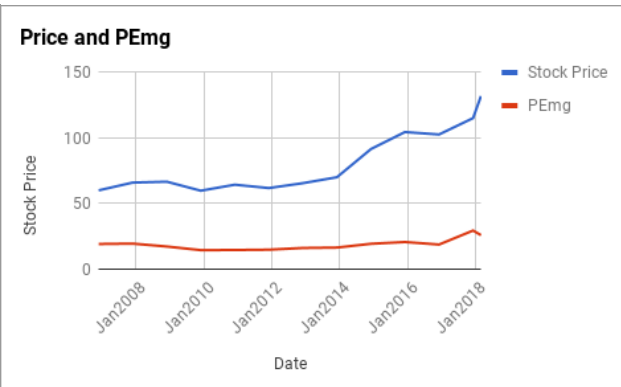
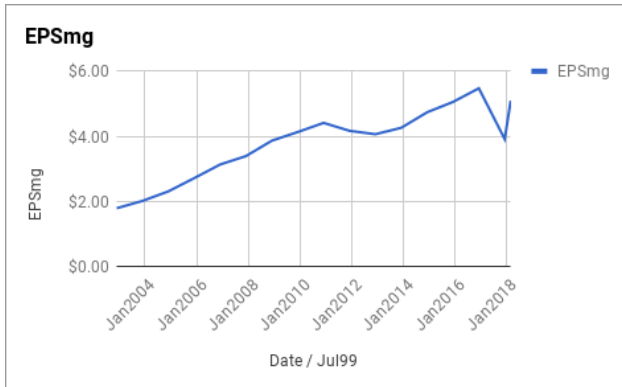
Net Current Asset Value (NCAV)	-\$19.71
Graham Number	\$63.59
PEmg	25.91
Current Ratio	1.41
PB Ratio	6.02
Current Dividend	\$3.32
Dividend Yield	2.51%
Number of Consecutive Years of Dividend Growth	20

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	\$8.02	Next Fiscal Year Estimate	\$5.10
Dec2017	\$0.47	Dec2017	\$3.91
Dec2016	\$5.93	Dec2016	\$5.48
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	Balance Sheet Information 12/1/2017	
Dec2000	\$1.61	Total Current Assets	\$43,088,000,000
Dec1999	\$1.39	Total Current Liabilities	\$30,537,000,000
Dec1998	\$1.06	Long-Term Debt	\$30,675,000,000
		Total Assets	\$157,303,000,000
		Intangible Assets	\$85,134,000,000
		Total Liabilities	\$97,143,000,000
		Shares Outstanding (Diluted Average)	2,742,000,000





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**
- [4 Best Stocks for Value Investors This Week – 1/28/17](#)
 - [Best Dividend Paying Stocks for Dividend Growth Investors – January 2017](#)
 - [Johnson & Johnson Valuation – January 2017 \\$JNJ](#)
 - [Best Dividend Paying Stocks for Dividend Growth Investors – December 2016](#)
 - [Johnson & Johnson Valuation – August 2016 \\$JNJ](#)

- Other ModernGraham posts about related companies**
- [Bristol-Myers Squibb Co Valuation – September 2017 \\$BMY](#)
 - [Momenta Pharmaceuticals Inc Valuation – Initial Coverage \\$MNTA](#)
 - [Depomed Inc Valuation – Initial Coverage \\$DEPO](#)
 - [Endo International PLC Valuation – July 2017 \\$ENDP](#)
 - [Biogen Inc Valuation – July 2017 \\$BIIB](#)
 - [Mylan NV Valuation – March 2017 \\$MYL](#)
 - [Amgen Inc Valuation – March 2017 \\$AMGN](#)
 - [Celgene Corporation Valuation – March 2017 \\$CELG](#)
 - [Ligand Pharmaceuticals Inc Valuation – Initial Coverage \\$LGND](#)
 - [Pfizer Inc Valuation – March 2017 \\$PFE](#)