

ModernGraham Valuation

Company Name:

Johnson & Johnson

Company Ticker JNJ

Date of Analysis

11/17/2018



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	\$391,541,961,784	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.72	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	6.55%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	30.49	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	6.16	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	1.72	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.49	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	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.79
MG Growth Estimate	0.16%
MG Value	\$42.22
MG Value based on 3% Growth	\$69.44
MG Value based on 0% Growth	\$40.70
Market Implied Growth Rate	10.99%

MG Opinion

Current Price	\$145.99
% of Intrinsic Value	345.79%
Opinion	Overvalued
MG Grade	B

Stage 3: Information for Further Research

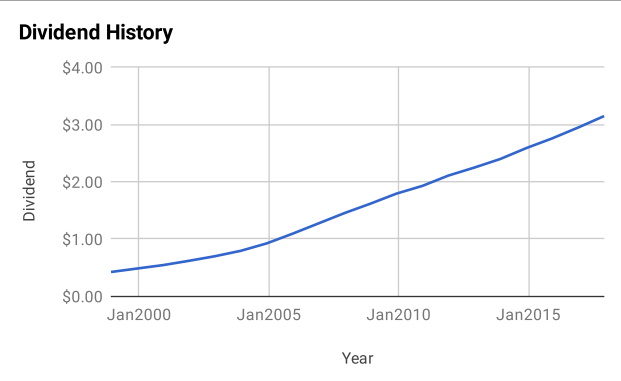
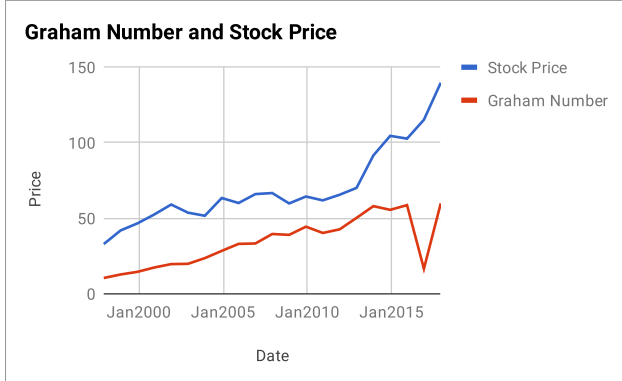
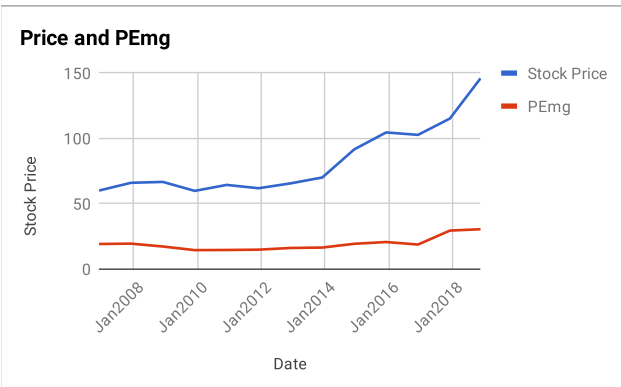
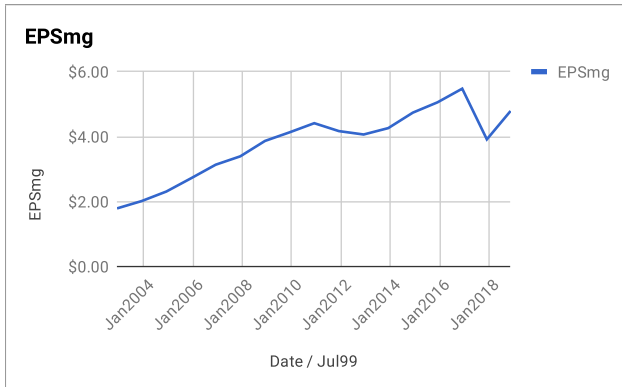
Net Current Asset Value (NCAV)	-\$16.09
Graham Number	\$59.86
PEmg	30.49
Current Ratio	1.72
PB Ratio	6.16
Current Dividend	\$3.32
Dividend Yield	2.27%
Number of Consecutive Years of Dividend Growth	20

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	\$7.10	Next Fiscal Year Estimate	\$4.79
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 9/1/2018	
Dec2000	\$1.61	Total Current Assets	\$47,194,000,000
Dec1999	\$1.39	Total Current Liabilities	\$27,437,000,000
Dec1998	\$1.06	Long-Term Debt	\$29,480,000,000
		Total Assets	\$155,703,000,000
		Intangible Assets	\$79,339,000,000
		Total Liabilities	\$91,077,000,000
		Shares Outstanding (Diluted Average)	2,727,600,000





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 – February 2018 \\$JNJ](#)
- [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](#)

Other ModernGraham posts about related companies

- [Inter Parfums Inc Valuation – July 2018 \\$IPAR](#)
- [Service Corp International Valuation – July 2018 \\$SCI](#)
- [Avon Products Inc Valuation – June 2018 \\$AVP](#)
- [Colgate-Palmolive Co Valuation – June 2018 \\$CL](#)
- [Coty Inc Valuation – May 2018 \\$COTY](#)
- [Church & Dwight Co Inc Valuation – April 2018 \\$CHD](#)
- [Kimberly-Clark Corp Valuation – March 2018 \\$KMB](#)
- [International Flavors & Fragrances Inc Valuation – March 2018 \\$IFF](#)
- [Signet Jewelers Ltd Valuation – March 2018 \\$SIG](#)
- [Estee Lauder Companies Inc Valuation – February 2018 \\$EL](#)