

ModernGraham Valuation

Company Name:

Johnson & Johnson

Company Ticker JNJ

Date of Analysis

4/8/2019



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	\$361,737,592,452	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.47	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	20.12%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	24.36	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	6.20	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	1.47	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.87	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	\$5.58
MG Growth Estimate	1.54%
MG Value	\$64.60
MG Value based on 3% Growth	\$80.85
MG Value based on 0% Growth	\$47.40
Market Implied Growth Rate	7.93%

MG Opinion

Current Price	\$135.83
% of Intrinsic Value	210.26%
Opinion	Overvalued
MG Grade	C

Stage 3: Information for Further Research

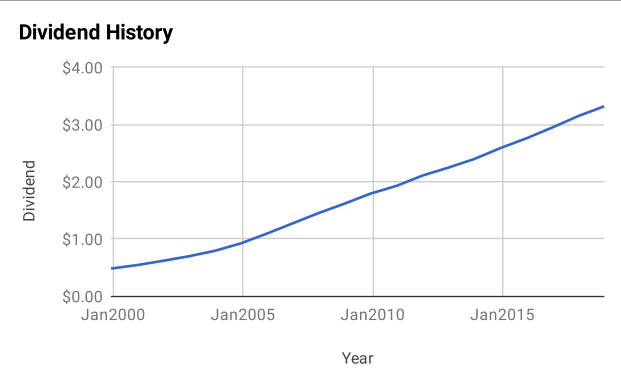
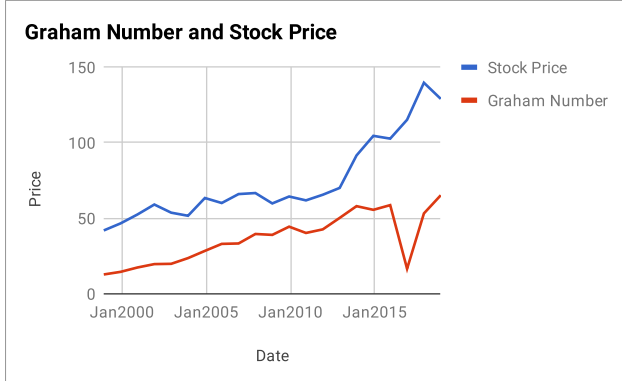
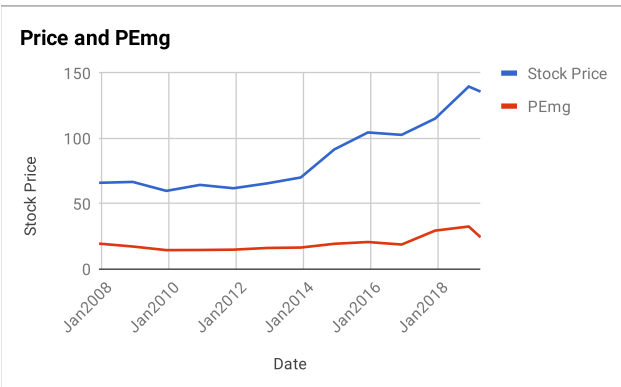
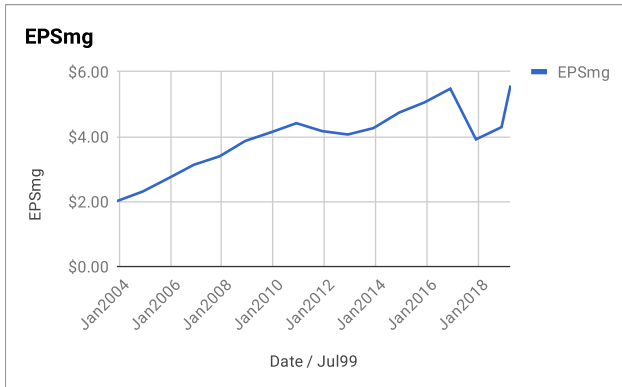
Net Current Asset Value (NCAV)	-\$17.30
Graham Number	\$65.24
PEmg	24.36
Current Ratio	1.47
PB Ratio	6.20
Current Dividend	\$3.54
Dividend Yield	2.61%
Number of Consecutive Years of Dividend Growth	20

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	\$8.49	Next Fiscal Year Estimate	\$5.58
Dec2018	\$5.61	Dec2018	\$4.29
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	Balance Sheet Information 12/1/2018	
Dec2001	\$1.84	Total Current Assets	\$46,033,000,000
Dec2000	\$1.61	Total Current Liabilities	\$31,230,000,000
Dec1999	\$1.39	Long-Term Debt	\$27,684,000,000
		Total Assets	\$152,954,000,000
		Intangible Assets	\$78,064,000,000
		Total Liabilities	\$93,202,000,000
		Shares Outstanding (Diluted Average)	2,726,000,000





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

- [Johnson & Johnson Valuation – November 2018 \\$JNJ](#)
- [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](#)

Other ModernGraham posts about related companies

- [Bristol-Myers Squibb Co Valuation – April 2019 #BMY](#)
- [Biogen Inc Valuation – March 2019 #BIIB](#)
- [Mylan NV Valuation – March 2019 #MYL](#)
- [Celgene Corp Valuation – March 2019 #CELG](#)
- [Amgen Inc Valuation – March 2019 #AMGN](#)
- [AbbVie Inc Valuation – March 2019 #ABBV](#)
- [Allergan PLC Valuation – February 2019 \\$AGN](#)
- [Incyte Corp Valuation – February 2019 \\$INCY](#)
- [Regeneron Pharmaceuticals Inc Valuation – February 2019 \\$REGN](#)
- [Alexion Pharmaceuticals Inc Valuation – February 2019 \\$ALXN](#)