



# Johnson & Johnson (JNJ)

Updated January 21<sup>st</sup>, 2026 by Nathan Parsh

## Key Metrics

<b>Current Price:</b>	\$217	<b>5 Year Annual Expected Total Return:</b>	6.0%	<b>Market Cap:</b>	\$522 B
<b>Fair Value Price:</b>	\$193	<b>5 Year Growth Estimate:</b>	6.0%	<b>Ex-Dividend Date:</b>	02/24/26
<b>% Fair Value:</b>	112%	<b>5 Year Valuation Multiple Estimate:</b>	-2.3%	<b>Dividend Payment Date:</b>	03/10/26
<b>Dividend Yield:</b>	2.4%	<b>5 Year Price Target</b>	\$259	<b>Years Of Dividend Growth:</b>	63
<b>Dividend Risk Score:</b>	A	<b>Sector:</b>	Health Care	<b>Rating:</b>	Hold

## Overview & Current Events

Johnson & Johnson is a diversified health care company and a leader in the area of innovative medicines and medical devices Johnson & Johnson was founded in 1886 and employs nearly 138,000 people around the world. The company generates revenue of more than \$94 billion annually.

On April 15<sup>th</sup>, 2025, Johnson & Johnson announced that it was increasing its quarterly dividend 4.8% to \$1.30, extending the company's dividend growth streak to 63 consecutive years.

On January 21<sup>st</sup>, 2026, Johnson & Johnson released fourth quarter and full year results for the period ending December 31<sup>st</sup>, 2025. For the quarter, revenue increased 9.3% to \$24.6 billion, which was \$440 million more than expected. Adjusted earnings-per-share of \$2.46 compared favorably to \$2.04 and matched estimates. For the year, revenue grew 6% to \$94.2 billion while adjusted earnings-per-share of \$10.79 compared to \$9.98 in 2024.

Revenue for Innovative Medicines grew 10% on a reported basis and 7.9% on an operational basis. Infectious Disease decreased 0.4% as ongoing strength in *Edurant*, which is used to treat HIV, was more than offset by weakness in the rest of the portfolio. Oncology grew 21.9% due to increasing demand for *Darzalex*, which treats multiple myeloma, and continued high demand in several other products. Immunology was lower by 10.3%. Weakness for *Stelara*, which treats immune-mediated inflammatory diseases, was once again due to biosimilar competition. Offsetting this was ongoing market share gains for *Tremfya*, which treats chronic inflammatory conditions such as plaque psoriasis and arthritis. Revenue for MedTech grew 7.5% on a reported basis and 5.8% on an operational basis. Cardiovascular continues to produce excellent results, as sales were up 10.1% due to new products. Sales for Surgery improved 3.7% as gains in biosurgery offset by competitive pressures in endcutters. Orthopaedics continues its return to growth, with revenue growing 3.5% due to new products in hips and stronger demand in knees. The company announced previously that it plans to separate its orthopedics business into a standalone company called "DePuy Synthes" within the next 18 to 24 months.

Johnson & Johnson offered guidance for 2026 as well with the company expecting adjusted earnings-per-share in a range of \$11.28 to \$11.48 for the year. We have initiated our forecast accordingly.

## Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
<b>EPS</b>	\$5.93	\$7.30	\$8.18	\$8.68	\$8.03	\$9.80	\$10.15	\$9.92	\$9.98	\$10.79	<b>\$11.38</b>	<b>\$15.23</b>
<b>DPS</b>	\$3.15	\$3.32	\$3.54	\$3.80	\$4.04	\$4.19	\$4.45	\$4.70	\$4.91	\$5.14	<b>\$5.20</b>	<b>\$6.96</b>
<b>Shares<sup>1</sup></b>	2707	2683	2650	2684	2669	2670	2661	2431	2427	2439	<b>2439</b>	<b>2400</b>

Johnson & Johnson has grown earnings over the past 10 years at a rate of 6.9%. The company managed to grow earnings before, during and after the last recession, showing that the company's products are in demand regardless of market conditions. We expect earnings-per-share to grow at a rate of 6% per year through 2031 due to gains in revenue, acquisitions, and share repurchases. This is consistent with Johnson & Johnson's earnings growth composition in the

<sup>1</sup> In millions of shares.

Disclosure: This analyst has a long position in the security discussed in this research report.



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past, however, most growth will come from revenue expansion as the buyback is good for a low-single-digit share reduction annually.

## Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	19.1	23.9	23.7	15.6	18.2	17.5	17.4	15.8	14.5	19.2	19.1	17.0
Avg. Yld.	2.8%	2.6%	2.7%	2.6%	2.5%	2.5%	3.0%	3.1%	3.4%	2.5%	2.4%	2.7%

Shares of Johnson & Johnson have gained \$25, or 13.0%, since our July 15<sup>th</sup>, 2025 update. Using guidance for earnings-per-share for the year, Johnson & Johnson trades with a price-to-earnings ratio of 19.1, which is above our target price-to-earnings ratio of 17.0. Multiple compression could reduce annual returns by 2.3% through 2031.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

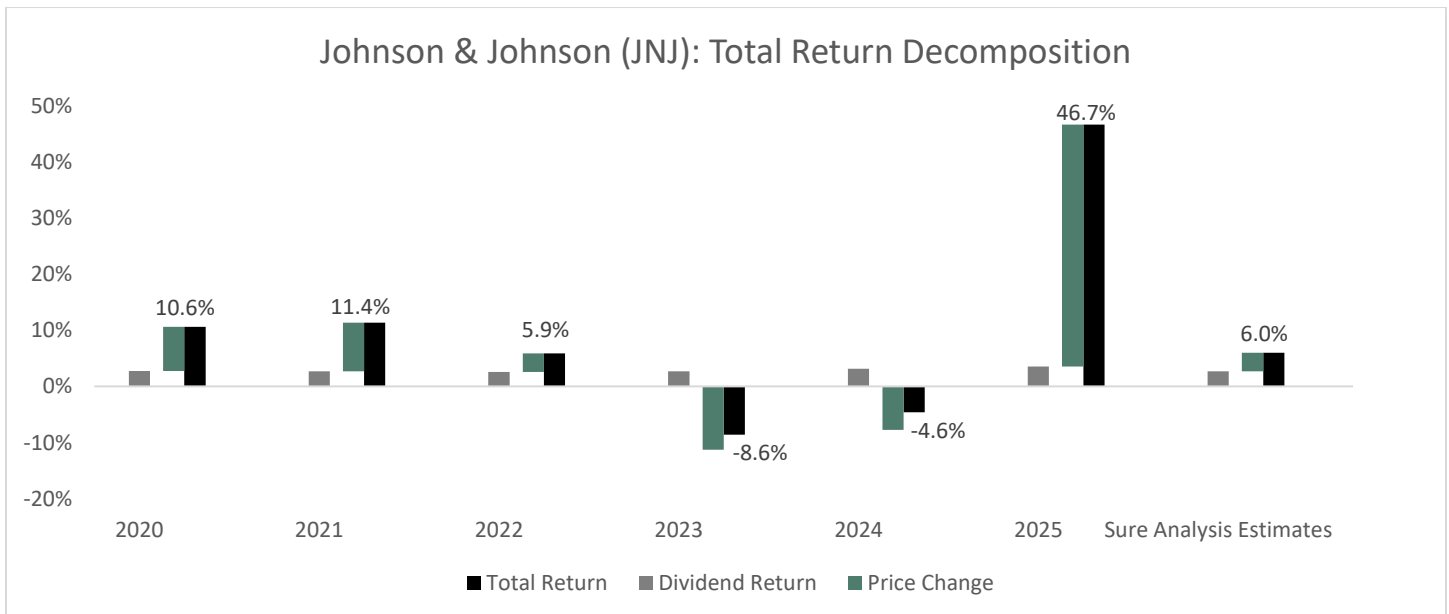
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	53%	46%	43%	44%	50%	43%	44%	47%	49%	48%	46%	46%

Even after 60+ years of dividend growth, Johnson & Johnson has a reasonably low dividend payout ratio. This gives the company ample room to raise its dividend, even in a prolonged recession. One of Johnson & Johnson's key competitive advantages is the size and scale of its business. The company is a worldwide leader in a number of healthcare categories. Johnson & Johnson's diversification allows it to continue to grow even if one of the segments is underperforming. The recent separation of the consumer businesses should allow the company to unlock value for shareholders as the faster growing segments, Innovative Medicines and MedTech, could receive a higher multiple from the market.

## Final Thoughts & Recommendation

After fourth quarter earnings results, Johnson & Johnson is expected to offer a total annual return of 6.0% through 2031, down from our prior forecast of 7.7%. Our projected return stems from a 6% earnings growth rate and a starting yield of 2.4% that are partially offset by a low single-digit headwind from multiple contraction. Johnson & Johnson produced a strong 2025 with most businesses performing well. The company has an impressive dividend growth streak and receives a Dividend Risk Score of "A". We have raised our five-year price target \$12 to \$259 due to guidance for 2026, but we continue to rate shares of Johnson & Johnson as a hold due to projected returns.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Revenue</b>	70,074	71,890	76,450	81,581	82,059	82,584	93,775	94,943	85,159	88,821
<b>Gross Profit</b>	48,538	50,101	51,011	54,490	54,503	54,157	63,920	63,854	58,606	61,350
<b>Gross Margin</b>	69.3%	69.7%	66.7%	66.8%	66.4%	65.6%	68.2%	67.3%	68.8%	69.1%
<b>D&amp;A Exp.</b>	3,746	3,754	5,642	6,929	7,009	7,231	7,390	6,970	7,486	7,339
<b>Operating Profit</b>	18,289	20,891	18,897	21,175	20,970	19,733	23,647	23,703	22,009	22,149
<b>Operating Margin</b>	26.1%	29.1%	24.7%	26.0%	25.6%	23.9%	25.2%	25.0%	25.8%	24.9%
<b>Net Profit</b>	15,409	16,540	1,300	15,297	15,119	14,714	20,878	17,941	35,153	14,066
<b>Net Margin</b>	22.0%	23.0%	1.7%	18.8%	18.4%	17.8%	22.3%	18.9%	41.3%	15.8%
<b>Free Cash Flow</b>	16,106	15,541	17,777	18,531	19,918	20,189	19,758	17,185	17,778	18,059
<b>Income Tax</b>	3,787	3,263	16,373	2,702	2,209	1,783	1,898	3,784	1,736	2,621

## Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total Assets (\$B)</b>	133.4	141.2	157.3	153.0	157.7	174.9	182.0	187.4	167.6	180.1
<b>Cash &amp; Equivalents</b>	13,732	18,972	17,824	18,107	17,305	13,985	14,487	14,127	21,859	24,105
<b>Acc. Receivable</b>	10,734	11,699	13,490	14,098	14,481	13,576	15,283	16,160	14,873	14,842
<b>Inventories</b>	8,053	8,144	8,765	8,599	9,020	9,344	10,387	12,483	11,181	12,444
<b>Goodwill &amp; Int.</b>	47,393	49,681	85,134	78,064	81,282	89,795	81,638	93,556	70,733	81,818
<b>Total Liabilities (\$B)</b>	62.26	70.79	97.14	93.20	98.26	111.62	107.99	110.57	98.78	108.6
<b>Accounts Payable</b>	6,668	6,918	7,310	7,537	8,544	9,505	11,055	11,703	9,632	10,311
<b>Long-Term Debt</b>	19,861	27,126	34,581	30,480	27,696	35,266	33,751	39,659	29,332	36,634
<b>Total Equity</b>	71,150	70,418	60,160	59,752	59,471	63,278	74,023	76,804	68,774	71,490
<b>LTD/E Ratio</b>	0.28	0.39	0.57	0.51	0.47	0.56	0.46	0.52	0.43	0.51

## Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Return on Assets</b>	11.7%	12.0%	0.9%	9.9%	9.7%	8.8%	11.7%	9.7%	19.8%	8.1%
<b>Return on Equity</b>	21.9%	23.4%	2.0%	25.5%	25.4%	24.0%	30.4%	23.8%	48.3%	20.1%
<b>ROIC</b>	17.2%	17.5%	1.4%	16.5%	17.0%	15.8%	20.2%	16.0%	32.8%	13.6%
<b>Shares Out.</b>	2,755	2,707	2,683	2,650	2,684	2,669	2,667	2,661	2,560	2,429
<b>Revenue/Share</b>	24.91	25.78	27.85	29.90	30.57	30.92	35.07	35.64	33.26	36.56
<b>FCF/Share</b>	5.73	5.57	6.48	6.79	7.42	7.56	7.39	6.45	6.94	7.43

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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