



# Johnson & Johnson (JNJ)

Updated April 17<sup>th</sup>, 2026, by Nathan Parsh

## Key Metrics

<b>Current Price:</b>	\$234	<b>5 Year Annual Expected Total Return:</b>	4.7%	<b>Market Cap:</b>	\$564 B
<b>Fair Value Price:</b>	\$196	<b>5 Year Growth Estimate:</b>	6.0%	<b>Ex-Dividend Date:</b>	05/26/26
<b>% Fair Value:</b>	119%	<b>5 Year Valuation Multiple Estimate:</b>	-3.4%	<b>Dividend Payment Date:</b>	06/09/26
<b>Dividend Yield:</b>	2.3%	<b>5 Year Price Target</b>	\$263	<b>Years Of Dividend Growth:</b>	64
<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 expects to generate revenue of ~\$100 billion this year.

On April 14<sup>th</sup>, 2025, Johnson & Johnson announced that it was increasing its quarterly dividend 3.1% to \$1.34, extending the company's dividend growth streak to 64 consecutive years.

That same day, Johnson & Johnson reported first quarter results for the period ending March 31<sup>st</sup>, 2026. For the quarter, revenue grew 9.9% to \$24.1 billion, which was \$450 million better than expected. Adjusted earnings-per-share of \$2.70 compared unfavorably to \$2.77 in the prior year, but this was \$0.02 ahead of estimates.

Revenue for Innovative Medicines grew 11.2% on a reported basis and 7.4% on an operational basis. Oncology grew nearly 23% on a reported basis, largely due to increasing demand *Darzalex*, which treats multiple myeloma, and continued high demand in several other products. Immunology fell 8.8% as market share gains for *Tremfya*, which treats chronic inflammatory conditions such as plaque psoriasis and arthritis, were more than offset by weaker results for *Stelara*, which treats immune-mediated inflammatory diseases, and other products negatively impacted by biosimilar competition.

Revenue for MedTech improved 7.7% on a reported basis and 4.6% on an operational basis. Cardiovascular continues to produce strong results, as sales were up 13.0%, once again led by new products. Sales for Surgery grew 4.8% as gains in biosurgery and energy were offset by ongoing competitive pressures in endcutters. Orthopaedics continues its return to growth, with revenue higher by 6.3% due to new products in hips and better 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 provided updated guidance for 2026 as well with the company now expecting adjusted earnings-per-share in a range of \$11.45 to \$11.65 for the year, up from \$11.28 to \$11.48 previously. We have updated 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>\$11.55</b>	<b>\$15.46</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>\$5.36</b>	<b>\$7.17</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.

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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	20.3	17.0
Avg. Yld.	2.8%	2.6%	2.7%	2.6%	2.5%	2.5%	3.0%	3.1%	3.4%	2.5%	2.3%	2.7%

Shares of Johnson & Johnson have gained \$17, or 7.8%, since our January 21<sup>st</sup>, 2026 update. Using guidance for earnings-per-share for the year, Johnson & Johnson trades with a price-to-earnings ratio of 20.3, which is above our target price-to-earnings ratio of 17.0. Multiple compression could reduce annual returns by 3.4% through 2031.

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

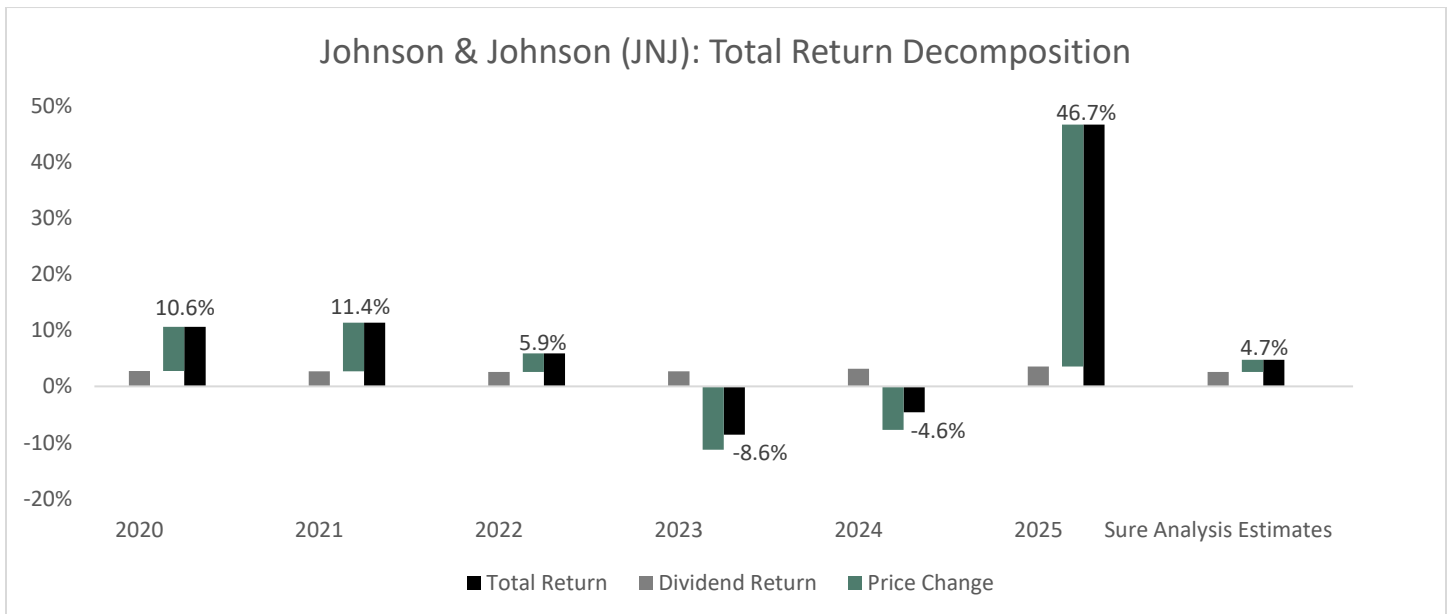
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	53%	46%	43%	44%	50%	43%	44%	47%	49%	48%	46%	46%

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

Following first quarter earnings results, Johnson & Johnson is expected to offer a total annual return of 4.7% through 2031, down from our prior forecast of 6.0%. Our projected return stems from a 6% earnings growth rate and a starting yield of 2.3% that are partially offset by a low single-digit headwind from multiple contraction. Johnson & Johnson produced a solid Q1 and raised adjusted EPS guidance for the year. The company has an impressive dividend growth streak and receives a Dividend Risk Score of "A". We have raised our five-year price target \$4 to \$263 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenue</b>	71,937	76,481	81,534	82,113	82,572	93,758	80,062	85,152	88,819	94,178
<b>Gross Profit</b>	50,300	51,289	54,348	54,978	54,574	63,884	55,737	58,722	60,957	64,626
<b>Gross Margin</b>	69.9%	67.1%	66.7%	67.0%	66.1%	68.1%	69.6%	69.0%	68.6%	68.6%
<b>D&amp;A Exp.</b>	3,754	5,642	6,929	7,009	7,231	7,390	6,970	7,486	7,339	7,503
<b>Operating Profit</b>	21,350	19,340	21,253	21,550	20,468	24,481	21,207	22,162	20,823	26,124
<b>Operating Margin</b>	29.7%	25.3%	26.1%	26.2%	24.8%	26.1%	26.5%	26.0%	23.4%	27.7%
<b>Net Profit</b>	16,540	1,300	15,297	15,119	14,714	20,878	16,370	13,326	14,066	26,804
<b>Net Margin</b>	23.0%	1.7%	18.8%	18.4%	17.8%	22.3%	20.4%	15.6%	15.8%	28.5%
<b>Free Cash Flow</b>	15,541	17,777	18,531	19,918	20,189	19,758	17,185	18,248	19,842	19,698
<b>Income Tax</b>	3,263	16,373	2,702	2,209	1,783	1,898	2,989	1,736	2,621	5,777

## Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Total Assets (\$B)</b>	141.2	157.3	153.0	157.7	174.9	182.0	187.4	167.6	180.1	199.2
<b>Cash &amp; Equivalents</b>	18,972	17,824	18,107	17,305	13,985	14,487	14,127	21,859	24,105	20,102
<b>Acc. Receivable</b>	11,699	13,490	14,098	14,481	13,576	15,283	16,160	14,873	14,842	17,178
<b>Inventories</b>	8,144	8,765	8,599	9,020	9,344	10,387	12,483	11,181	12,444	14,191
<b>Goodwill &amp; Int.</b>	49,681	85,134	78,064	81,282	89,795	81,638	93,556	70,733	81,818	99,175
<b>Total Liabilities (\$B)</b>	70.79	97.14	93.20	98.26	111.62	107.99	110.57	98.78	108.6	117.7
<b>Accounts Payable</b>	6,918	7,310	7,537	8,544	9,505	11,055	11,703	9,632	10,311	11,991
<b>Long-Term Debt</b>	27,126	34,581	30,480	27,696	35,266	33,751	39,659	29,332	36,634	40,838
<b>Total Equity</b>	70,418	60,160	59,752	59,471	63,278	74,023	76,804	68,774	71,490	81,544
<b>LTD/E Ratio</b>	0.39	0.57	0.51	0.47	0.56	0.46	0.52	0.43	0.51	0.61

## Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Return on Assets</b>	12.0%	0.9%	9.9%	9.7%	8.8%	11.7%	9.7%	19.8%	8.1%	14.1%
<b>Return on Equity</b>	23.4%	2.0%	25.5%	25.4%	24.0%	30.4%	23.8%	48.3%	20.1%	35.0%
<b>ROIC</b>	17.5%	1.4%	16.5%	17.0%	15.8%	20.2%	16.0%	32.8%	13.6%	22.3%
<b>Shares Out.</b>	2,707	2,683	2,650	2,684	2,669	2,667	2,661	2,560	2,429	2,439
<b>Revenue/Share</b>	25.78	27.85	29.90	30.57	30.92	35.07	35.64	33.26	36.56	38.77
<b>FCF/Share</b>	5.57	6.48	6.79	7.42	7.56	7.39	6.45	6.94	7.43	8.11

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

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