Johnson & Johnson (JNJ)

Updated July 16th, 2026, by Nathan Parsh

Key Metrics

Current Price:	$252	**5 Year Annual Expected Total Return:**	3.4%	**Market Cap:**	$606 B
Fair Value Price:	$199	**5 Year Growth Estimate:**	6.0%	**Ex-Dividend Date:**	08/25/26
% Fair Value:	127%	**5 Year Valuation Multiple Estimate:**	-4.7%	**Dividend Payment Date:**	09/08/26
Dividend Yield:	2.1%	**5 Year Price Target**	$266	**Years Of Dividend Growth:**	64
Dividend Risk Score:	A	**Sector:**	Health Care	**Rating:**	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 expect to generate revenue of ~$101 billion this year.

On April 14th, 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.

On July 15th, 2026, Johnson & Johnson announced second quarter results for the period ending June 30th, 2026. For the quarter, revenue grew 6.8% to $25.3 billion, which was $250 million above estimates. Adjusted earnings-per-share of $2.90 compared favorably to $2.77 in the prior year and was $0.05 better than expected.

Revenue for Innovative Medicines grew 7.8% on a reported basis and 6.8% on an operational basis. Sales for Oncology were up 17.3% on a reported basis, largely due to *Darzalex*, which treats multiple myeloma and continues to increase its market share. Immunology fell 3.7% as gains for *Tremfya*, which treats chronic inflammatory conditions such as plaque psoriasis and arthritis, were more than offset by ongoing weaker results for *Stelara,* which treats immune-mediated inflammatory diseases, and other products negatively impacted by biosimilar competition.

Revenue for MedTech grew 4.5% on a reported basis and 3.6% on an operational basis. Cardiovascular continues to perform well, as sales were up 4.0% due to strength in Electrophysiology and Shockwave. Sales for Surgery grew 3.9% as gains in biosurgery were partially offset by declines in Endocutters and Energy. Orthopaedics continues its return to growth, with revenue increasing 4.9% due to gains in all areas. 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 a revenue midpoint of $101.7 billion compared to $100.8 billion previously. Adjusted earnings-per-share are now expected to be in a range of $11.60 to $11.75 for the year, up from $11.45 to $11.65 and $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
EPS	$5.93	$7.30	$8.18	$8.68	$8.03	$9.80	$10.15	$9.92	$9.98	$10.79	***$11.68***	***$15.63***
DPS	$3.15	$3.32	$3.54	$3.80	$4.04	$4.19	$4.45	$4.70	$4.91	$5.14	***$5.36***	***$7.17***
Shares[1]	2707	2683	2650	2684	2669	2670	2661	2431	2427	2439	***2440***	***2420***

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

[1] In millions of shares.

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

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	***21.6***	***17.0***
Avg. Yld.	2.8%	2.6%	2.7%	2.6%	2.5%	2.5%	3.0%	3.1%	3.4%	2.5%	***2.1%***	***2.7%***

Shares of Johnson & Johnson have increased $18, or 7.7%, since our April 17th, 2026 update. Using guidance for earnings-per-share for the year, Johnson & Johnson trades with a price-to-earnings ratio of 21.6, which is above our target price-to-earnings ratio of 17.0. Multiple compression could reduce annual returns by 4.7% through 2031.

Safety, Quality, Competitive Advantage, & Recession Resiliency

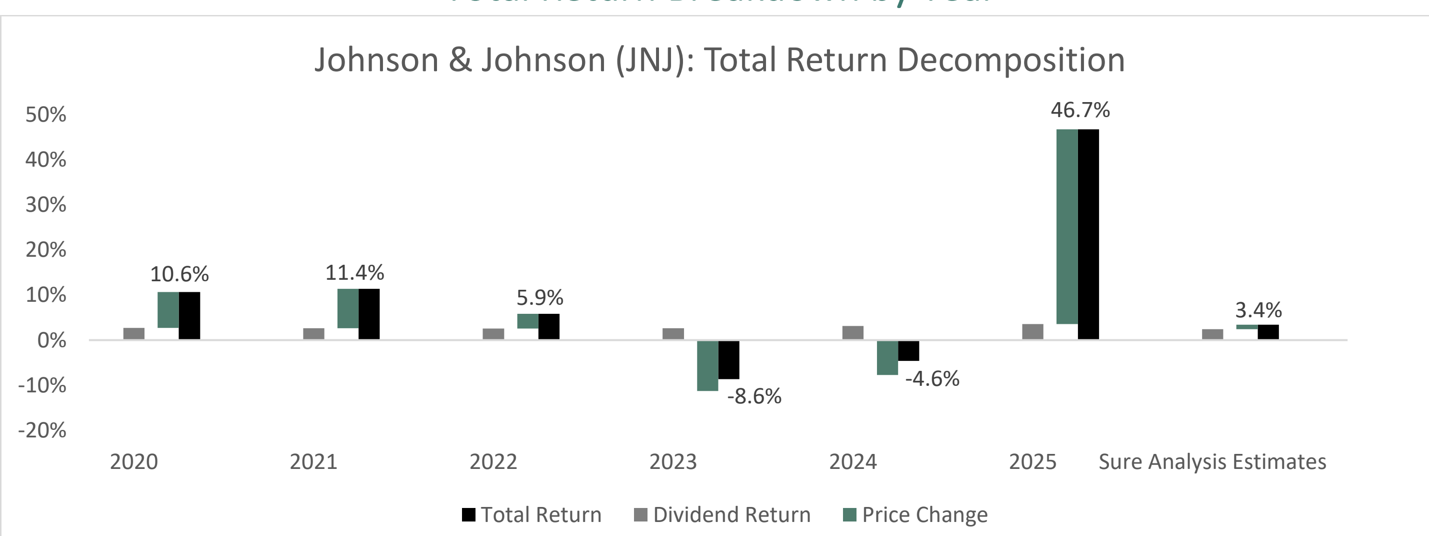
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	53%	46%	43%	44%	50%	43%	44%	47%	49%	48%	***46%***	***46%***

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. The company is just one of two names to receive a "AAA" credit rating from major rating agencies, illustrating the strength of its balance sheet.

Final Thoughts & Recommendation

After second quarter earnings results, Johnson & Johnson is expected to offer a total annual return of 3.4% through 2031, down from our prior forecast of 4.7%. Our projected return stems from a 6% earnings growth rate and a starting yield of 2.1% that are partially offset by a mid-single-digit headwind from multiple contraction. Johnson & Johnson produced another solid quarter, with management again raising 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 $3 to $266 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



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

Johnson & Johnson (JNJ)

Updated July 16th, 2026, by Nathan Parsh

Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	71,937	76,481	81,534	82,113	82,572	93,758	80,062	85,152	88,819	94,178
Gross Profit	50,300	51,289	54,348	54,978	54,574	63,884	55,737	58,722	60,957	64,626
Gross Margin	69.9%	67.1%	66.7%	67.0%	66.1%	68.1%	69.6%	69.0%	68.6%	68.6%
D&A Exp.	3,754	5,642	6,929	7,009	7,231	7,390	6,970	7,486	7,339	7,503
Operating Profit	21,350	19,340	21,253	21,550	20,468	24,481	21,207	22,162	20,823	26,124
Operating Margin	29.7%	25.3%	26.1%	26.2%	24.8%	26.1%	26.5%	26.0%	23.4%	27.7%
Net Profit	16,540	1,300	15,297	15,119	14,714	20,878	16,370	13,326	14,066	26,804
Net Margin	23.0%	1.7%	18.8%	18.4%	17.8%	22.3%	20.4%	15.6%	15.8%	28.5%
Free Cash Flow	15,541	17,777	18,531	19,918	20,189	19,758	17,185	18,248	19,842	19,698
Income Tax	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
Total Assets ($B)	141.2	157.3	153.0	157.7	174.9	182.0	187.4	167.6	180.1	199.2
Cash & Equivalents	18,972	17,824	18,107	17,305	13,985	14,487	14,127	21,859	24,105	20,102
Acc. Receivable	11,699	13,490	14,098	14,481	13,576	15,283	16,160	14,873	14,842	17,178
Inventories	8,144	8,765	8,599	9,020	9,344	10,387	12,483	11,181	12,444	14,191
Goodwill & Int.	49,681	85,134	78,064	81,282	89,795	81,638	93,556	70,733	81,818	99,175
Total Liabilities ($B)	70.79	97.14	93.20	98.26	111.62	107.99	110.57	98.78	108.6	117.7
Accounts Payable	6,918	7,310	7,537	8,544	9,505	11,055	11,703	9,632	10,311	11,991
Long-Term Debt	27,126	34,581	30,480	27,696	35,266	33,751	39,659	29,332	36,634	40,838
Total Equity	70,418	60,160	59,752	59,471	63,278	74,023	76,804	68,774	71,490	81,544
LTD/E Ratio	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
Return on Assets	12.0%	0.9%	9.9%	9.7%	8.8%	11.7%	9.7%	19.8%	8.1%	14.1%
Return on Equity	23.4%	2.0%	25.5%	25.4%	24.0%	30.4%	23.8%	48.3%	20.1%	35.0%
ROIC	17.5%	1.4%	16.5%	17.0%	15.8%	20.2%	16.0%	32.8%	13.6%	22.3%
Shares Out.	2,707	2,683	2,650	2,684	2,669	2,667	2,661	2,560	2,429	2439
Revenue/Share	25.78	27.85	29.90	30.57	30.92	35.07	35.64	33.26	36.56	38.77
FCF/Share	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.