2nd Quarter 2020 Results

Worldwide 2nd Quarter Sales
$18.3B (10.8)%

Worldwide Consumer Health Sales
$3.3 Billion
Consumer Health worldwide reported sales decreased (7.0)% or (3.6)% operationally¹. Primary offsets to decline:

- Tylenol
- Listeren
- Neosporin
- Aveeno

Worldwide Pharmaceutical Sales
$10.8 Billion
Pharmaceutical worldwide reported sales increased 2.1% or 3.9% operationally¹. Primary operational drivers:

- Stelara
- Darzalex
- Imbruvica
- Trelby
- Erleada

Worldwide Medical Devices Sales
$4.3 Billion
Medical Devices worldwide reported sales decreased (33.9)% or (32.7)% operationally¹. Primary operational drivers:

- Surgical Vision
- Knees
- Hips
- Spine
- Contact Lens
- Wound Closure
- Endoscissors
- Electrophysiology

"Our second quarter results reflect the impact of COVID-19 and the enduring strength of our Pharmaceutical business, where we saw continued growth even in this environment. Thanks to the tireless work of our colleagues around the world and our broad range of capabilities, we continue to successfully navigate the external landscape, and we remain focused on advancing the development of a vaccine to help address this pandemic and save lives. We are bringing together our best minds, our global footprint and our sophisticated supply chain technology to deliver on our commitment to provide the vaccine on a not-for-profit basis for emergency pandemic use, globally. We know the need is urgent, and every day we commit to doing our part to find a solution for the global good."

Alex Gorsky
Chairman and
Chief Executive Officer
Johnson & Johnson


¹ Non-GAAP financial measure; non-GAAP financial measures should not be considered replacements for, and should be read together with, the most comparable GAAP financial measures.

Caution Concerning Forward-Looking Statements: This document contains “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995 regarding future operating and financial performance. You are cautioned not to rely on these forward-looking statements, which are based on current expectations of future events. For important information about the risks and uncertainties that could cause actual results to vary materially from the assumptions, expectations, and projections expressed in any forward-looking statements, review the “Note to Investors Concerning Forward-Looking Statements” included in the Johnson & Johnson earnings release issued on July 16, 2020, as well as the most recently filed Johnson & Johnson Reports on Forms 10-K and 10-Q. Johnson & Johnson does not undertake to update any forward-looking statement as a result of new information or future events or developments.
2nd Quarter 2020
Earnings Call

July 16, 2020

Johnson & Johnson
Cautionary Note on Forward-looking Statements

This presentation contains "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995 regarding, among other things: future operating and financial performance, product development, market position and business strategy. The reader is cautioned not to rely on these forward-looking statements. These statements are based on current expectations of future events. If underlying assumptions prove inaccurate or known or unknown risks or uncertainties materialize, actual results could vary materially from the expectations and projections of Johnson & Johnson. Risks and uncertainties include, but are not limited to: risks related to the impact of the COVID-19 global pandemic, such as the scope and duration of the outbreak, government actions and restrictive measures implemented in response, material delays and cancellations of medical procedures, supply chain disruptions and other impacts to our business, or on our ability to execute business continuity plans, as a result of the COVID-19 pandemic; economic factors, such as interest rate and currency exchange rate fluctuations; competition, including technological advances, new products and patents attained by competitors; challenges inherent in new product research and development, including uncertainty of clinical success and obtaining regulatory approvals; uncertainty of commercial success for new and existing products; challenges to patents; the impact of patent expirations; the ability of the company to successfully execute strategic plans; the impact of business combinations and divestitures; manufacturing difficulties or delays, internally or within the supply chain; product efficacy or safety concerns resulting in product recalls or regulatory action; significant adverse litigation or government action, including related to product liability claims; changes to applicable laws and regulations, including tax laws and global health care reforms; trends toward health care cost containment; changes in behavior and spending patterns of purchasers of health care products and services; financial instability of international economies and legal systems and sovereign risk; increased scrutiny of the health care industry by government agencies. A further list and descriptions of these risks, uncertainties and other factors can be found in Johnson & Johnson's Annual Report on Form 10-K for the fiscal year ended December 29, 2019, including in the sections captioned "Cautionary Note Regarding Forward-Looking Statements" and "Item 1A. Risk Factors," in the company's most recently filed Quarterly Report on Form 10-Q and the company's subsequent filings with the Securities and Exchange Commission. Copies of these filings are available online at www.sec.gov, www.jnj.com or on request from Johnson & Johnson. Any forward-looking statement made in this presentation speaks only as of the date of this presentation. Johnson & Johnson does not undertake to update any forward-looking statement as a result of new information or future events or developments.

Cautionary Note on Non-GAAP Financial Measures

This presentation refers to certain non-GAAP financial measures. These non-GAAP financial measures should not be considered replacements for, and should be read together with, the most comparable GAAP financial measures.

A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in the accompanying financial schedules of the earnings release and the Investor Relations section of the Company’s website at www.investor.jnj.com.
Strategic Partnerships, Collaborations & Licensing Arrangements

During the course of this morning’s presentation, we will discuss a number of products and compounds developed in collaboration with strategic partners or licensed from other companies. The following is an acknowledgement of those relationships:

**Immunology**
- REMICADE and SIMPONI/ SIMPONI ARIA marketing partners are Schering-Plough (Ireland) Company, a subsidiary of Merck & Co., Inc. and Mitsubishi Tanabe Pharma Corporation, and TREMFYA discovered using MorphoSys AG antibody technology

**Neuroscience**
- INVEGA SUSTENNA/ XEPLION/ INVEGA TRINZA/ TREVICTA includes technology licensed from Alkermes Pharma Ireland Limited, RISPERDAL CONSTA developed in collaboration with Alkermes, Inc

**Infectious Diseases**
- PREZCOBIX/ REZOLSTA fixed-dose combination, SYMTUZA and ODEFSEY developed in collaboration with Gilead Sciences, Inc., and JUVAL developed in collaboration with ViiV Healthcare UK

**Cardiovascular/ Metabolism/Other**
- INVOKANA/ INVOKAMET/ VOKANAMET/ INVOKAMET XR fixed-dose combination licensed from Mitsubishi Tanabe Pharma Corporation, XARELTO co-developed with Bayer HealthCare AG, PROCRIT/ EPREX licensed from Amgen Inc., and X-Linked Retinitis Pigmentosa: AAV-RPGR licensed from MeiraGTx

**Oncology**
- IMBRUVICA developed in collaboration and co-marketed in the U.S. with Pharmacyclics, LLC, an AbbVie company, ZYTIGA licensed from BTG International Ltd., VELEDA developed in collaboration with Millennium: The Takeda Oncology Company, DARZALEX licensed from Genmab A/S, BALVERSA discovered in collaboration with Astex Pharmaceuticals, Inc., and cusatuzumab licensed and developing in collaboration argenx

**Pulmonary Hypertension**
- UPTRAVI license and supply agreement with Nippon Shinyaku (co-promotion in Japan), and OPSUMIT co-promotion agreement with Nippon Shinyaku in Japan

**Global Public Health**
- Janssen’s Monovalent Ebola Vaccine is developed in collaboration with Bavarian Nordic A/S, and MVA-BN-Filo is licensed-in from Bavarian Nordic A/S. The program has benefited from funding and preclinical services from the National Institute of Allergy and Infectious Diseases (NIAID), part of NIH, NIAID support included 2 product development contracts starting in 2008 and 8 pre-clinical services contracts. This program is also receiving funding from the IMI2 Joint Undertaking under EBOVAC1 (grant nr. 115854), EBOVAC2 (grant nr. 115861), EBOVAC3 (grant nr. 800176), EBOVAC (grant nr. 115850) and EBODAC (grant nr. 115847). The IMI2 Joint Undertaking receives support from the European Union’s Horizon 2020 research and innovation program and the European Federation of Pharmaceutical Industries and Associations (EFPIA). Further funding for the Ebola vaccine regimen has been provided by the BARDA, within the U.S. Department of Health and Human Services’ Office of the Assistant Secretary for Preparedness and Response, under Contract Numbers HHSN2722001700013C and HHSN20021500008C. The initial work on Ebola was conducted which was extended from 2002 until 2011, 2002 and 2007 via a Cooperative Research and Development Agreement (CRADA is AI-0114) between Janssen/Crucell and the Vaccine Research Center (VRC)/NIAID, part of the NIH. Janssen/Crucell have licenses to much of VRC’s Ebola IP specific for human adenovirus under the Ad26/Ad35 Ebola vaccine CRADA invention. VAC69120 (Filovirus multivalent vaccine) developed in collaboration with Bavarian Nordic; funding: NIH Division of Microbiology and Infectious Diseases (DMID), under Contract Number HHSN272200800056C
Agenda

1. Sales Performance and Earnings Review
2. COVID-19 Vaccine Update
3. Capital Allocation and Guidance
4. Q&A

Alex Gorsky
Chairman and Chief Executive Officer

Paul Stoffels, M.D.
Vice Chairman of the Executive Committee & Chief Scientific Officer

Joaquin Duato
Vice Chairman of the Executive Committee

Joseph J. Wolk
Executive Vice President, Chief Financial Officer

Chris DelOrefice
Vice President, Investor Relations
## 2nd Quarter 2020 Sales

<table>
<thead>
<tr>
<th>Regional Sales Results</th>
<th>Q2 2020</th>
<th>Q2 2019</th>
<th>% CHANGE Reported</th>
<th>% CHANGE Operational&lt;sup&gt;1&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>$9.5</td>
<td>$10.4</td>
<td>(8.3)%</td>
<td>(8.3)%</td>
</tr>
<tr>
<td>Europe</td>
<td>4.1</td>
<td>4.7</td>
<td>(14.2)</td>
<td>(11.5)</td>
</tr>
<tr>
<td>Western Hemisphere (ex U.S.)</td>
<td>1.1</td>
<td>1.5</td>
<td>(22.1)</td>
<td>(8.9)</td>
</tr>
<tr>
<td>Asia-Pacific, Africa</td>
<td>3.6</td>
<td>4.0</td>
<td>(9.3)</td>
<td>(7.7)</td>
</tr>
<tr>
<td>International</td>
<td>8.8</td>
<td>10.2</td>
<td>(13.4)</td>
<td>(9.6)</td>
</tr>
<tr>
<td>Worldwide (WW)</td>
<td>$18.3</td>
<td>$20.6</td>
<td>(10.8)%</td>
<td>(9.0)%</td>
</tr>
</tbody>
</table>

<sup>1</sup> Non-GAAP measure; excludes the impact of translational currency; see reconciliation schedules in the Investors section of the company's website.

Note: Values may not add due to rounding.
2nd Quarter 2020 Financial Highlights

Dollars in Billions, except EPS
Reported %; Operational %

### Sales

<table>
<thead>
<tr>
<th></th>
<th>Q2 2020</th>
<th>Q2 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$18.3</td>
<td>$20.6</td>
</tr>
<tr>
<td>%</td>
<td>(10.8)%</td>
<td>(9.0)%</td>
</tr>
</tbody>
</table>

### GAAP Earnings

<table>
<thead>
<tr>
<th></th>
<th>Q2 2020</th>
<th>Q2 2019</th>
</tr>
</thead>
</table>
| Earnings | $3.6    | $5.6
| %      | (35.3)% | |

### GAAP EPS

<table>
<thead>
<tr>
<th></th>
<th>Q2 2020</th>
<th>Q2 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS</td>
<td>$1.36</td>
<td>$2.08</td>
</tr>
<tr>
<td>%</td>
<td>(34.6)%</td>
<td></td>
</tr>
</tbody>
</table>

### Adjusted Earnings

<table>
<thead>
<tr>
<th></th>
<th>Q2 2020</th>
<th>Q2 2019</th>
</tr>
</thead>
</table>
| Earnings | $4.4    | $7.0
| %      | (36.0)% | |

### Adjusted EPS

<table>
<thead>
<tr>
<th></th>
<th>Q2 2020</th>
<th>Q2 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS</td>
<td>$1.67</td>
<td>$2.58</td>
</tr>
<tr>
<td>%</td>
<td>(35.3)%; (34.5)%</td>
<td></td>
</tr>
</tbody>
</table>

1 Non-GAAP measure; excludes the impact of translational currency; see reconciliation schedules in the Investors section of the company's website.
2 Non-GAAP measure; excludes intangible amortization expense and special items; see reconciliation schedules in the Investors section of the company's website.
Consumer Health Highlights – 2nd Quarter 2020

OTC and Oral Care strength offset by COVID-19 impact

<table>
<thead>
<tr>
<th>Category</th>
<th>Reported Growth</th>
<th>Operational Growth¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>OTC</td>
<td>WW (7.0)%, U.S. 1.3%, Int’l (13.4)%</td>
<td>WW (3.6)%, U.S. 1.3%, Int’l (7.4)%</td>
</tr>
<tr>
<td>Skin Health/Beauty</td>
<td>$1,007 (16.2)%, (14.3)%</td>
<td></td>
</tr>
<tr>
<td>Oral Care</td>
<td>$397 (2.2)%, 6.3%</td>
<td></td>
</tr>
<tr>
<td>Baby Care</td>
<td>$356 (19.7)%, (13.6)%</td>
<td></td>
</tr>
<tr>
<td>Wound Care/Other</td>
<td>$185 (4.0)%, (2.1)%</td>
<td></td>
</tr>
<tr>
<td>Women’s Health</td>
<td>$282 (20.1)%, (11.8)%</td>
<td></td>
</tr>
</tbody>
</table>

Key Drivers of Operational Performance¹

- **OTC**: Increase primarily due to market and share growth driven by COVID-19 demand primarily in Pain. PEPCID growth due to competitive withdrawal as well as ZARBEE’s NATURAL’s strength in the U.S. partially offset by COVID-19 consumption declines in China in Pain and Cough & Cold.

- **Skin Health/Beauty**: Decline primarily driven by COVID-19 impacts in the U.S. and APAC. NEUTROGENA market and consumption declines primarily across Sun Care, Facial Care, and Makeup in the U.S.

- **Oral Care**: Increase primarily due to market and share growth for LISTERINE mouthwash due to increased demand related to COVID-19 primarily in the U.S.; promotional activity and new product launched in APAC.

- **Baby Care**: Decline due to Baby Center divestiture, SKU rationalization and COVID-19 related impacts in APAC along with prior year relaunch activities in EMEA partially offset by strength in AVEENO baby.

- **Women’s Health**: Decline due to COVID-19 impacts driven by lockdowns and destocking.

- **Wound Care/Other**: Decline due to COVID-19 impacts in adhesive bandages in Japan and reduced market demand in tapes and wraps in the U.S.

Adjusted Operational Sales²: WW (3.4)%, U.S. 2.0%, Int’l (7.5)%

¹ Non-GAAP measure; excludes the impact of translational currency; see reconciliation schedules in the Investors section of the company’s website.
² Non-GAAP measure; excludes acquisitions and divestitures and translational currency; see reconciliation schedules in the Investors section of the company’s website.

Note: Values may not add due to rounding.
Pharmaceutical Highlights – 2nd Quarter 2020

Growth across most therapeutic areas despite COVID-19 impacts

Key Drivers of Operational Performance¹

<table>
<thead>
<tr>
<th>Therapeutic Area</th>
<th>Key Drivers</th>
</tr>
</thead>
</table>
| Immunology                     | • Growth driven by strong uptake of STELARA in Crohn’s Disease and Ulcerative Colitis, strength in TREMFYA in Psoriasis, and U.S. market growth, partially offset by COVID-19  
• REMICADE decline due to increased discounts/rebates and biosimilar competition |
| Infectious Diseases            | • Driven by strong sales of SYMTUZA in the U.S. and launch uptake of JULUCA in the EU, partially offset by increased competition for PREZISTA/PREZCOBIX/REZOLSTA and PREZISTA OUS LOE |
| Neuroscience                   | • Paliperidone long-acting injectables growth due to strength of INVEGA SUSTENNA/XEPLION and INVEGA TRINZA/TREVICTA from new patient starts and persistency, partially offset by cannibalization of RISPERDAL CONSTA, and the negative impact of COVID-19 |
| Oncology                       | • DARZALEX continued strong market growth and share gains in the U.S., partially offset by the negative impact of COVID-19 and a one-time pricing adjustment in the EU in 2019  
• Strong sales of IMBRUVICA due to increased patient uptake globally, higher market share primarily in CLL L1, partially offset by COVID-19  
• Continued strong global launch uptake of ERLEADA and share gains in non-metastatic CRPC as well as recently approved mCSPC indication  
• Lower sales and share of VELCADE and ZYTIGA due to generic competition |
| Cardiovascular/ Metabolism/ Other (CVM/Other) | • Decline driven by lower sales of PROCRIT/EPREX due to biosimilar competition  
• Modest growth in XARELTO due to Trx growth and a one-time prior period pricing adjustment, partially offset by increased rebates  
• INVOKANA/INVOKAMET growth due to EU and LATAM growth and a one-time prior period pricing adjustment in the U.S., partially offset by U.S. share declines due to competitive pressures and higher rebates |
| Pulmonary Hypertension (PH)    | • Growth in OPSUMIT and UPTRAVI due to continued share gains, market growth, and improved payer mix  
• Lower sales of TRACLEER due to generic competition and cannibalization from OPSUMIT |

Adjusted Operational Sales²: WW 3.9%, U.S. 5.8%, Int’l 1.5%

¹Non-GAAP measure; excludes the impact of translational currency; see reconciliation schedules in the Investors section of the company’s website.  
²Non-GAAP measure; excludes acquisitions and divestitures and translational currency; see reconciliation schedules in the Investors section of the company’s website.  
Note: Values may not add due to rounding.
# Medical Devices Highlights – 2nd Quarter 2020

*Sales decline driven by the negative impact of COVID-19*

## Reported:
- WW: (33.9)%
- U.S.: (39.6)%
- Int'l: (28.8)%

## Operational¹:
- WW: (32.7)%
- U.S.: (39.6)%
- Int'l: (26.4)%

### WW Sales $MM

- **Interventional Solutions**
  - $1,451
  - (34.7)%, (33.9)%
- **Orthopaedics**
  - $590
  - (21.5)%, (20.5)%
- **Vision**
  - $695
  - (40.1)%, (39.3)%
- **Surgery**
  - $1,551
  - (34.1)%, (32.2)%

### Adjusted Operational Sales²:
- WW: (32.5)%
- U.S.: (39.5)%
- Int'l: (26.1)%

## Key Drivers of Operational Performance¹

| Interventional Solutions | • Driven by the negative impact of COVID-19 partially offset by double-digit growth in China
| Orthopaedics | • Hips: Driven by the negative impact of COVID-19; continued leadership position in the anterior approach
| | • Knees: Driven by the negative impact of COVID-19
| | • Trauma: Driven by reductions in general activity, travel and recreation due to COVID-19
| | • Spine, Sports & Other: Driven by the negative impact of COVID-19 partially offset by strong uptake of SYMPHONY in Spine
| | • Spine: WW: ~(-36%), U.S.: ~(-43%), OUS: ~(-27%)
| Surgery | • Advanced:
| | • Endocutters: ~(-27%) Primarily driven by the negative impact of COVID-19 coupled with competitive pressures in the U.S.
| | • Biosurgery: ~(-13%) Driven by the negative impact of COVID-19 partially offset by growth of SURGIFLO after prior year supply disruption
| | • Energy: ~(-27%) Primarily driven by the negative impact of COVID-19 coupled with competitive pressures in the U.S.
| | • General: Driven by the negative impact of COVID-19 and an unfavorable prior period pricing adjustment in the U.S.
| Vision | • Contact Lenses/Other: Negatively impacted by COVID-19 resulting in less new wearers entering the category and lower consumption of existing wearers
| | • Surgical: Primarily driven by the negative impact of COVID-19 coupled with competitive pressures in the U.S.

¹ Non-GAAP measure; excludes the impact of translational currency; see reconciliation schedules in the Investors section of the company's website

² Non-GAAP measure; excludes acquisitions and divestitures and translational currency; see reconciliation schedules in the Investors section of the company's website

Note: Values may not add due to rounding
# Condensed Consolidated Statement of Earnings

**2nd Quarter 2020**

(UNAUDITED; DOLLAR AND SHARES IN MILLIONS EXCEPT PER SHARE FIGURES)

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
<th>% to Sales</th>
<th>Amount</th>
<th>% to Sales</th>
<th>Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales to customers</td>
<td>$18,336</td>
<td>100.0</td>
<td>$20,562</td>
<td>100.0</td>
<td>(10.8)</td>
</tr>
<tr>
<td>Cost of products sold</td>
<td>6,579</td>
<td>35.9</td>
<td>6,940</td>
<td>33.8</td>
<td>(5.2)</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>11,757</td>
<td>64.1</td>
<td>13,622</td>
<td>66.2</td>
<td>(13.7)</td>
</tr>
<tr>
<td>Selling, marketing, and administrative expenses</td>
<td>4,993</td>
<td>27.2</td>
<td>5,546</td>
<td>27.0</td>
<td>(10.0)</td>
</tr>
<tr>
<td>Research and development expense</td>
<td>2,707</td>
<td>14.8</td>
<td>2,666</td>
<td>13.0</td>
<td>1.5</td>
</tr>
<tr>
<td>In-process research and development</td>
<td>6</td>
<td>0.0</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Interest (income) expense, net</td>
<td>26</td>
<td>0.2</td>
<td>(5)</td>
<td>0.0</td>
<td></td>
</tr>
<tr>
<td>Other (income) expense, net</td>
<td>24</td>
<td>0.1</td>
<td>(1,683)</td>
<td>(8.2)</td>
<td></td>
</tr>
<tr>
<td>Restructuring</td>
<td>61</td>
<td>0.3</td>
<td>57</td>
<td>0.2</td>
<td></td>
</tr>
<tr>
<td>Earnings before provision for taxes on income</td>
<td>3,940</td>
<td>21.5</td>
<td>7,041</td>
<td>34.2</td>
<td>(44.0)</td>
</tr>
<tr>
<td>Provision for taxes on income</td>
<td>314</td>
<td>1.7</td>
<td>1,434</td>
<td>6.9</td>
<td>(78.1)</td>
</tr>
<tr>
<td>Net Earnings</td>
<td>$3,626</td>
<td>19.8</td>
<td>$5,607</td>
<td>27.3</td>
<td>(35.3)</td>
</tr>
<tr>
<td>Net earnings per share (Diluted)</td>
<td>$1.36</td>
<td></td>
<td>$2.08</td>
<td></td>
<td>(34.6)</td>
</tr>
<tr>
<td>Average shares outstanding (Diluted)</td>
<td>2,665.5</td>
<td></td>
<td>2,691.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective tax rate</td>
<td>8.0%</td>
<td></td>
<td>20.4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted earnings before provision for taxes and net earnings(^1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings before provision for taxes on income</td>
<td>$5,337</td>
<td>29.1</td>
<td>$8,614</td>
<td>41.9</td>
<td>(38.0)</td>
</tr>
<tr>
<td>Net earnings</td>
<td>$4,446</td>
<td>24.2</td>
<td>$6,950</td>
<td>33.8</td>
<td>(36.0)</td>
</tr>
<tr>
<td>Net earnings per share (Diluted)</td>
<td>$1.67</td>
<td></td>
<td>$2.58</td>
<td></td>
<td>(35.3)</td>
</tr>
<tr>
<td>Effective tax rate</td>
<td>16.7%</td>
<td></td>
<td>19.3%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) Non-GAAP measure; excludes intangible amortization expense and special items; see reconciliation schedules in the Investors section of the company’s website
Adjusted Income Before Tax by Segment

2nd Quarter 2020

<table>
<thead>
<tr>
<th>Segment</th>
<th>2Q 2020 % to Sales</th>
<th>2Q 2019 % to Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmaceutical</td>
<td>44.1%</td>
<td>41.6%</td>
</tr>
<tr>
<td>Medical Devices</td>
<td>1.2%</td>
<td>57.5%</td>
</tr>
<tr>
<td>Consumer Health</td>
<td>24.0%</td>
<td>20.9%</td>
</tr>
<tr>
<td>Total</td>
<td>29.1%</td>
<td>41.9%</td>
</tr>
</tbody>
</table>

1 Non-GAAP measure; excludes amortization expense and special items; see reconciliation schedules in the Investors section of the company’s website.
2 Estimated as of 7/16/2020
3 2019 includes approximately $2.0 billion related to the divestiture of the Advanced Sterilization Products (ASP) business.
Note: Values may not add due to rounding
COVID-19 Vaccine R&D and Manufacturing Update
Capital Allocation Strategy

$ Capital Allocation

Organic growth business needs

Free cash flow\(^1\)

Investment in M&A

Competitive dividends

Share repurchases

Priorities are clear and remain unchanged

<table>
<thead>
<tr>
<th>Dollars in Billions</th>
<th>Q2 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Marketable Securities</td>
<td>$19.1</td>
</tr>
<tr>
<td>Debt</td>
<td>$(30.4)</td>
</tr>
<tr>
<td>Net Debt</td>
<td>$(11.3)</td>
</tr>
<tr>
<td>Free Cash Flow(^2)</td>
<td>~$5.5</td>
</tr>
</tbody>
</table>

Note: values may have been rounded

\(^1\) Non-GAAP measure; cash flow from operations less CAPEX
\(^2\) Estimated as of July 16, 2020

Q2 2020:

$2.7B invested in R&D

$2.7B in dividends paid to shareholders
### Macroeconomic Perspective

The impact of the pandemic is very fluid and likely to continue evolving

<table>
<thead>
<tr>
<th>Industry</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare</td>
<td>Encouraging trends for many procedures approaching pre-COVID-19 levels</td>
</tr>
<tr>
<td>Office Visits</td>
<td>Improving office visits compared to earlier stages of the pandemic</td>
</tr>
<tr>
<td>Patients</td>
<td>Public educational materials and resources to increase patient confidence and inspire people to prioritize their health</td>
</tr>
<tr>
<td>Consumers</td>
<td>U.S. category growth trends improved from height of lockdowns</td>
</tr>
</tbody>
</table>
# 2020 Guidance

## Informed Assumptions

- Utilized external expert assessments related to the macroeconomic impact of COVID-19
- Discussions with hospital systems, administrators, and surgeons on preparedness and treatment paradigm
- Extensive analytics on weekly hospital trends by account

## Pharmaceutical

- Expectations remain unchanged
- Recent improvement in number of patient interactions with Health Care Providers
- Continued above market growth

## Consumer Health

- Expectations remain unchanged
- Impact to certain categories as a result of reduced store traffic, government lockdowns, and social distancing behaviors
- SKU rationalization program proceeding as planned
- Above market growth in the U.S.
## Medical Devices: Q2 Monthly Trends

<table>
<thead>
<tr>
<th>Franchise</th>
<th>June</th>
<th>Q2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contact Lenses</td>
<td>(30%)</td>
<td>(40%)</td>
</tr>
<tr>
<td>Surgical Vision</td>
<td>(45%)</td>
<td>(55%)</td>
</tr>
<tr>
<td>Biosurgery / Endocutters / Energy</td>
<td>(20%)</td>
<td>(30%)</td>
</tr>
<tr>
<td>Wound Closure</td>
<td>(20%)</td>
<td>(30%)</td>
</tr>
<tr>
<td>Hips</td>
<td>(10%)</td>
<td>(40%)</td>
</tr>
<tr>
<td>Knees</td>
<td>(25%)</td>
<td>(55%)</td>
</tr>
<tr>
<td>Spine</td>
<td>(15%)</td>
<td>(35%)</td>
</tr>
<tr>
<td>Trauma</td>
<td>(10%)</td>
<td>(20%)</td>
</tr>
<tr>
<td>Electrophysiology</td>
<td>(10%)</td>
<td>(30%)</td>
</tr>
<tr>
<td><strong>Total Medical Devices</strong></td>
<td><strong>(25%)</strong></td>
<td><strong>(35%)</strong></td>
</tr>
</tbody>
</table>

### Note: Values are rounded
## Medical Devices: COVID-19 Framework

**Full Year 2020 Operational Sales Impact inclusive of Q2 YTD Actuals:** ($3.75B) to ($5.25B)

### Countries Impacted:
- **China, Japan, Korea**
  - Represented more than 40% of total MD impact in Q1
  - Japan and Korea represented less than 5% of total MD impact in Q1

### Major Markets:
- **US, Italy, France, Germany, UK, Russia, Spain**
  - U.S. represented ~30% of total MD impact in Q1
  - Remaining major markets represented less than 20% of total MD impact in Q1

### Rest of World
- **ROW**
  - Represented more than 5% of total MD impact in Q1

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### Initial Impact
- **Q1**
  - China represented more than 40% of total MD impact in Q1
  - Japan and Korea represented less than 5% of total MD impact in Q1

- **Q2**
  - China declined (5%) vs. original expectations in January, but grew +11%\(^1\) vs. 2019
  - Japan and Korea declined (25%) vs. original expectations in January

- **Q3**
  - Remainder of Markets declined (45%) vs. original expectations

- **Q4**
  - Remainder of Markets declined (45%) vs. original expectations

### Current estimate:
- **Decline of (10%) to (25%)**

### April assumptions:
- **Decline of (15%) to (35%)**

### Recent estimate:
- **Impact of (15%) to 0%**

### April assumptions:
- **Impact of 0% to +10%**

---

1 Non-GAAP measure; excludes acquisitions and divestitures and translational currency; see reconciliation schedules in the Investors section of the company’s website.

Note: Values are rounded

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**Overall economy, unemployment, insurance coverage and procedure capacity are key variables that could impact rate of recovery**
Medical Devices: Procedural Guidance Update

Full Year 2020 Operational Sales Impact inclusive of Q2 YTD Actuals: ($3.75B) to ($5.25B)

- Original Expectations
- Actuals
- April Guidance
- July Guidance

% 2020 Original Expectations Attainment

<table>
<thead>
<tr>
<th></th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>August</th>
<th>September</th>
<th>October</th>
<th>November</th>
<th>December</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Expectations</td>
<td>100</td>
<td>80</td>
<td>60</td>
<td>40</td>
<td>20</td>
<td>10</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Actuals</td>
<td>100</td>
<td>80</td>
<td>60</td>
<td>40</td>
<td>20</td>
<td>10</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>April Guidance</td>
<td>100</td>
<td>80</td>
<td>60</td>
<td>40</td>
<td>20</td>
<td>10</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>July Guidance</td>
<td>100</td>
<td>80</td>
<td>60</td>
<td>40</td>
<td>20</td>
<td>10</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
## 2020 Guidance

<table>
<thead>
<tr>
<th></th>
<th>July</th>
<th>April</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Adjusted Operational Sales</strong></td>
<td>(0.8%) - 1.0%</td>
<td>(3.0%) - 0.5%</td>
<td>Improved Medical Devices outlook</td>
</tr>
<tr>
<td><strong>Operational Sales</strong></td>
<td>$81.0 - $82.5B (1.3%) - 0.5%</td>
<td>$79.2 - $82.2B (3.5%) - 0.0%</td>
<td>Net Impact Acq./Div: ~0.5%</td>
</tr>
<tr>
<td><strong>Estimated Reported Sales</strong></td>
<td>$79.9B - $81.4B (2.6%) - (0.8%)</td>
<td>$77.5B - $80.5B (5.5%) - (2.0%)</td>
<td>FX ($1.1B) or (1.3%) impact</td>
</tr>
<tr>
<td><strong>Adjusted Pre-Tax Operating Margin</strong></td>
<td>~100 bps decline</td>
<td>~100 bps decline</td>
<td></td>
</tr>
<tr>
<td><strong>Net Interest Expense / (Income)</strong></td>
<td>$50 - $150 million</td>
<td>$50 - $150 million</td>
<td></td>
</tr>
<tr>
<td><strong>Net Other Income</strong></td>
<td>$0.8 - $1.0 billion</td>
<td>$0.8 - $1.0 billion</td>
<td></td>
</tr>
<tr>
<td><strong>Effective Tax Rate</strong></td>
<td>16.5% - 17.5%</td>
<td>16.5% - 18.0%</td>
<td>Tightening of range</td>
</tr>
<tr>
<td><strong>Adjusted EPS (Operational)</strong></td>
<td>$7.85 - $8.05 (9.6%) - (7.3%)</td>
<td>$7.65 - $8.05 (11.9%) - (7.3%)</td>
<td>Midpoint of $7.95 or (8.4%)</td>
</tr>
<tr>
<td><strong>Adjusted EPS (Reported)</strong></td>
<td>$7.75 - $7.95 (10.7%) - (8.4%)</td>
<td>$7.50 - $7.90 (13.6%) - (9.0%)</td>
<td>Midpoint of $7.85 or (9.6%) FX ($0.10) or (1.2%) impact</td>
</tr>
</tbody>
</table>

1 Non-GAAP measure; excludes acquisitions and divestitures
2 Non-GAAP measure; excludes the impact of translational currency
3 Euro Average Rate: July 2020 = $1.12
4 Non-GAAP measure; excludes intangible amortization expense and special items
5 Sales less: COGS, SM&A and R&D expenses

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2021 Considerations

**Enterprise**
- Expect strong EPS growth on an operational basis
- OI&E projected to be consistent with 2020
- 2020 additional 2 to 3 shipping days (53rd week)

**Consumer Health**
- Focus on delivering solid growth in stronghold categories
- Projecting expansion of e-Commerce channel
- Full year SKU rationalization program profitability benefit expected

**Pharmaceuticals**
- Plan to continue above market growth
- No anticipation of new biosimilar or generic competitors

**Medical Devices**
- Assume procedures to be largely permissible throughout the year leading to double-digit operational sales growth
Notable New Announcements in 2nd Quarter 2020

Medical Devices
• Other:
  – Biosense Webster unveils late-breaking results from PRECEPT study in patients with persistent atrial fibrillation

Pharmaceuticals
• Regulatory Approvals:
  – IMBRUVICA (ibrutinib) – U.S. Food and Drug Administration (FDA) approval for the combination with rituximab for the treatment of patients with chronic lymphocytic leukemia or small lymphocytic lymphoma who are new to therapy
  – DARZALEX FASPRO (daratumumab and hyaluronidase-fihj) – FDA approval of a new subcutaneous formulation of daratumumab for the treatment of patients with multiple myeloma
  – SIRTURO (bedaquiline) – FDA approval of a new pediatric formulation as part of combination therapy to treat children with pulmonary multidrug-resistant tuberculosis
  – DARZALEX (daratumumab) – European Commission (EC) granted marketing authorization for subcutaneous formulation for all currently approved intravenous formulation indications
  – ZABDENO (Ad26.ZEBOV) and MYABEA (MVA-BN-Filo) – EC granted marketing authorization for the Janssen Ebola vaccine regimen for the prevention of Ebola Virus Disease
  – TREMFYA (guselkumab) – FDA approval for the treatment of adult patients with active psoriatic arthritis
• Regulatory Submissions:
  – SIMPONI ARIA (golimumab) – Submission of two supplemental Biologics License Applications to the FDA for the treatment of polyarticular juvenile idiopathic arthritis and juvenile psoriatic arthritis, in patients two years of age and older in combination with methotrexate
• Other:
  – STELARA (ustekinumab) – Announced discontinuation of Phase 3 LOTUS study in Systemic Lupus Erythematosus
  – The Company announced acceleration of its COVID-19 vaccine candidate; Phase 1/2a clinical trial to begin in second half of July

1 These developments and all other news releases are available online in the Investors section of the company’s website at news releases.
Q&A

Alex Gorsky
Chairman and Chief Executive Officer

Joaquin Duato
Vice Chairman of the Executive Committee

Paul Stoffels, M.D.
Vice Chairman of the Executive Committee & Chief Scientific Officer

Joseph J. Wolk
Executive Vice President, Chief Financial Officer
Johnson & Johnson