

JOHNSON & JOHNSON
Form 10-Q
August 01, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the quarterly period ended June 29, 2014
or

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the transition period from _____ to _____

Commission file number 1-3215

(Exact name of registrant as specified in its charter)

NEW JERSEY

22-1024240

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

One Johnson & Johnson Plaza
New Brunswick, New Jersey 08933
(Address of principal executive offices)

Registrant's telephone number, including area code (732) 524-0400

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

On July 25, 2014, 2,820,287,326 shares of Common Stock, \$1.00 par value, were outstanding.

JOHNSON & JOHNSON AND SUBSIDIARIES
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Part I — FINANCIAL INFORMATION

Item 1 — FINANCIAL STATEMENTS

JOHNSON & JOHNSON AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Unaudited; Dollars in Millions Except Share and Per Share Data)

	June 29, 2014	December 29, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$14,236	20,927
Marketable securities	17,388	8,279
Accounts receivable, trade, less allowances for doubtful accounts \$295 (2013, \$333)	12,257	11,713
Inventories (Note 2)	8,155	7,878
Deferred taxes on income	4,101	3,607
Prepaid expenses and other	3,982	4,003
Total current assets	60,119	56,407
Property, plant and equipment at cost	36,947	37,133
Less: accumulated depreciation	(20,792)	(20,423)
Property, plant and equipment, net	16,155	16,710
Intangible assets, net (Note 3)	27,122	27,947
Goodwill (Note 3)	21,989	22,798
Deferred taxes on income	3,380	3,872
Other assets	6,435	4,949
Total assets	\$135,200	132,683
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Loans and notes payable	\$3,819	4,852
Accounts payable	6,193	6,266
Accrued liabilities	7,178	7,685
Accrued rebates, returns and promotions	3,972	3,308
Accrued compensation and employee related obligations	2,142	2,794
Accrued taxes on income	1,055	770
Total current liabilities	24,359	25,675
Long-term debt (Note 4)	13,303	13,328
Deferred taxes on income	4,491	3,989
Employee related obligations	7,626	7,784
Other liabilities	7,373	7,854
Total liabilities	57,152	58,630
Shareholders' equity:		
Common stock — par value \$1.00 per share (authorized 4,320,000,000 shares; issued 3,119,843,000 shares)	\$3,120	3,120
Accumulated other comprehensive income (loss) (Note 7)	(3,007)	(2,860)
Retained earnings	93,745	89,493
Less: common stock held in treasury, at cost (297,264,000 and 299,215,000 shares)	15,810	15,700

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Total shareholders' equity	78,048	74,053
Total liabilities and shareholders' equity	\$ 135,200	132,683
See Notes to Consolidated Financial Statements		

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CONSOLIDATED STATEMENTS OF EARNINGS

(Unaudited; Dollars & Shares in Millions Except Per Share Amounts)

	Fiscal Second Quarters Ended				
	June 29, 2014	Percent to Sales	June 30, 2013	Percent to Sales	
Sales to customers (Note 9)	\$19,495	100.0	% \$17,877	100.0	%
Cost of products sold	6,039	31.0	5,489	30.7	
Gross profit	13,456	69.0	12,388	69.3	
Selling, marketing and administrative expenses	5,481	28.1	5,376	30.1	
Research and development expense	2,005	10.3	1,946	10.9	
In-process research and development	4	0.0	—	—	
Interest income	(14) (0.1) (17) (0.1)
Interest expense, net of portion capitalized	128	0.7	118	0.7	
Other (income) expense, net	226	1.1	172	0.9	
Earnings before provision for taxes on income	5,626	28.9	4,793	26.8	
Provision for taxes on income (Note 5)					