Evaluate Vantage

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J&J insists that the worst is over

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All in all, Johnson & Johnson’s management was remarkably bullish on the company’s future considering second-quarter revenues were down 11% year-on-year. But the results were largely as expected and contained no nasty surprises; as the first pharma major to report, this will be comforting to investors. The group's biggest division, pharmaceuticals, managed to grow despite some Covid-19 impact and patent expiries. It was a different story in its medtech division, however, which was badly hit as elective procedures were deferred. Interventional, surgery and orthopaedic divisions were down 22%, 34%, and 35% respectively. J&J now expects a 2020 sales impact of between $3.8bn and $5.3bn in devices business, but said the recovery had happened faster than anticipated. Management described the second quarter as “strong relative to expectations”, and edged higher its full-year guidance, which had been cut in April. This is contingent, however, on no severe second wave occurring worldwide, and US employment, since this is related to health insurance, remaining steady. The worst-case scenario that many companies laid out in the first quarter has not come to pass – but economies are not out of the woods yet.

First out the gate: J&J reveals pandemic impact

Division	Q2 sales ($bn)	Q-on-Q change
Consumer health	3.3	-7%
Pharmaceutical	10.8	2%
Medical devices	4.3	-34%
Total	18.3	-11%