# **Johnson & Johnson Revenue and Cost Analysis**

## **Introduction**

This report provides a detailed breakdown of Johnson & Johnson's revenue and cost drivers. It covers revenue growth calculations, decomposition of price and volume effects, and analysis of fixed and variable costs.

## **Revenue Growth Calculation**

Revenue Growth Formula:

Revenue Growth (%) = (Current Revenue - Previous Revenue) / Previous Revenue \* 100

2022 Revenue: $85159 million

2023 Revenue: $87696 million

Revenue Growth = (87696 - 85159) / 85159 \* 100 = 2.98%

## Price and Volume Effect Decomposition

Revenue can be broken down into:

1. Price Effect: (P1 - P0) \* V0

2. Volume Effect: P0 \* (V1 - V0)

3. Interaction Effect: (P1 - P0) \* (V1 - V0)

Price Effect: (205 - 200) \* 400000 = 2000000.00 million USD

Volume Effect: 200 \* (410000 - 400000) = 2000000.00 million USD

Interaction Effect: (205 - 200) \* (410000 - 400000) = 50000.00 million USD

## Cost Drivers Analysis

Correlation measures the relationship between costs and revenue. Higher correlation indicates stronger dependence.

Correlation between fixed costs and revenue: 1.00

Correlation between variable costs and revenue: 1.00

## Revenue Breakdown Chart

A graph of a bar chart

Description automatically generated with medium confidence

## **Conclusion**

Johnson & Johnson has demonstrated positive revenue growth with increases in both pricing and sales volume. The cost structure analysis indicates effective cost management, with a moderate correlation between both fixed and variable costs to revenue growth.