**Johnson & Johson**

**Revenue Drivers**

**Total Revenue**

* Johnson & Johnson has seen a revenue growth of 15% from around $83b in FY2020 to around $94b in FY2022.
* Each of the segments’ revenue had increased each year except consumer health segment which declined in FY2022.
* Pharmaceutical segment contributed the most to total revenue each year (average of 55%), while Consumer Health segment contributed the least (average of 16.4%)

**CONSUMER HEALTHCARE SEGMENT**

* Consumer Healthcare segment increased in revenue from $14.5b in 2021 to $15b in 2021 and then decreased slightly in 2022 to $14.9b
* The OTC and Skin Health/Beauty areas of Consumer Healthcare segment contributed mostly to the segment’s revenue each year with average contribution in of 37.9% and 30% respectively.

**PHARMACEUTICAL SEGMENT**

* The pharmaceutical segment’s revenue has increased each year, from $45b in FY2020 to $53b in FY2022.
* Both Immunology and Oncology areas drove the revenue of this segment (total 60%) with Immunology contributing an average of 32.6% and Oncology 28.7%.

**MEDTECH SEGMENT**

* MedTech revenue of this segment also rose from $23b in FY2020 to $27.4b in 2022.
* The surgery area of this segment drove the segment’s revenue with an average contribution of 35.5% to the segment revenue from FY2020 to FY2023.
* The orthopedics area also contributed an average of 32.3% to the segment revenue over the three financial years.

**Cost Drivers**

**Operating Expenses**

* Operating Expenses have increased from $65b in 2020 to $73b in 2022 driven by a $2.66b increase in Cost of Goods sold, $2.68b increase in SG&A, $3.16b increase in R&D and $1.03b reduction in other operating expenses.
* Operating Expenses rose by 4.7b from 2020 to 2021 and $2.5b from 2021 to 2022.

**Cost of Goods Sold, SG%A, R&D and Other Operating Expenses**

* Cost of Goods sold grew from $28.4b in 2020 to $31.1b in 2022. It is the highest contributor to the operating cost with an average of 42.7%. As a percentage of revenue, COGS has declined from 34.4% to 32.7% in the last three years.
* SG&A is the second highest contributor to the operating cost with an average contribution of 34.1%. Its expenses rose from $22b in 2020 to $24b in 2022 and form a steady rate of 26% of revenue from 2020 to 2022.
* R&D has increased from $12b in 2020 to $15.3b in 2022, although it declined slightly by $128m from 2021 to 2022. It contributed an average of 20.5% to operating cost and, as a percentage of revenue, increased from 14.8% to 16.5% from 2020 to 2021 and then declined slightly to 16.2% in 2022.
* Other operating expenses made the lowest contribution to cost with an average contribution of 2.6% and the cost declined by $1.03b from 2020 to 2022. As a percentage of revenue, It has reduced from 3.5% to 2.0% over the last three years.

**PEER COMPARISON**

**Revenue**

**Cost of Goods Sold (COGS)**

**Selling, Marketing and Administrative (SM&A)**

**Research & Development (R&D)**