

J&J 2Q profit jumps on higher sales, lower charges

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In this Monday, July 15, 2013 photo, Johnson & Johnson baby products are shown for sale at a pharmacy in Miami. Johnson & Johnson reports quarterly earnings on Tuesday, July 16, 2013. (AP Photo/Lynne Sladky)

Health care giant Johnson & Johnson's second-quarter profit more than doubled, thanks to higher sales of medicines and medical devices as it recovers from recalls and manufacturing problems that cut into sales.

The comparison was made easier by last year's quarter being hurt by

\$2.2 billion in charges for an acquisition, litigation and asset writedowns.

The maker of baby shampoo, prescription drugs and medical devices handily beat Wall Street expectations and raised its [profit](#) forecast by a couple of cents.

New Brunswick, New Jersey-based J&J said net income was \$3.83 billion, or \$1.33 per share, up from \$1.41 billion, or 50 cents per share, a year earlier.

Excluding one-time items, net income was \$4.29 billion, or \$1.48 per share.

Revenue was \$17.88 billion, up 8.5 percent from \$16.48 billion a year earlier.

Analysts polled by FactSet, on average, were expecting earnings per share of \$1.39 and sales of \$17.72 billion.

CEO Alex Gorsky said the results showed progress in "restoring a reliable supply of over-the-counter products to consumers, continuing the successful integration of Synthes and building on the momentum of our pharmaceutical business."

The company is still trying to resolve manufacturing problems that have led to about four dozen recalls since 2009, mostly of consumer health products such as Tylenol and Motrin.

Reduced sales of the recalled products, plus the factory upgrades and increased regulatory inspections, have cost J&J well over \$1 billion and kept many products out of stores. The company has repeatedly pushed back its forecast for when all the recalled nonprescription medicines will be back on store shelves, now aiming to have about 75 percent of those

products back in stores by year's end.

Meanwhile, the company's revenue has been boosted by its \$19.7 billion acquisition of surgical trauma equipment and orthopedic implants maker Synthes Inc. last June.

Sales of medical devices and diagnostics, J&J's largest segment, climbed 9.6 percent to \$7.19 billion in the quarter.

Prescription drug sales jumped nearly 12 percent to \$7.03 billion, led by strong sales of immune disorder drug Remicade and prostate cancer drug Zytiga.

Sales of consumer health products edged up just 1.1 percent, to \$3.66 billion.

The company raised its profit forecast to \$5.40 to \$5.47 per share, excluding one-time items. In January, J&J said it expected earnings of \$5.35 to \$5.45 per share.

The company noted that unfavorable currency exchange rates reduced revenue by 1.5 percent.

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