

J&J Q1 profit falls 10 pct despite higher sales

April 16 2013, by Linda A. Johnson



In this Monday, July 16, 2012, photo, Johnson & Johnson products are displayed in Orlando, Fla. Johnson & Johnson reports quarterly financial results before the market opens on Tuesday, April 16, 2013. (AP Photo/John Raoux, File)

Johnson & Johnson's first-quarter profit fell by just over 10 percent as increased sales were offset by higher costs for production, marketing and administration.

The maker of Tylenol, prescription drugs and medical devices said Tuesday that it earned \$3.5 billion, or \$1.22 per share, down 10.6 percent from \$3.9 billion, or \$1.41 per share, a year earlier.

Excluding litigation and acquisition-related charges totaling \$610 million, income would have been \$4.1 billion, or \$1.44 per share. That beat analysts' forecast by 4 cents per share.

Revenue totaled \$17.5 billion, up 8.5 percent from \$16.1 billion a year earlier. Analysts expected [sales](#) of \$17.46 billion.

U.S. sales were up 11.2 percent as the company, based in New Brunswick, New Jersey, returned more of its recalled nonprescription drugs to store shelves. International sales grew by 6.3 percent.

Sales climbed 10 percent to \$7.06 billion in the medical devices and diagnostics business, J&J's biggest unit. That was partly because of new products acquired last year with orthopedics device maker Synthes, J&J's biggest acquisition ever at \$19.1 billion.

Prescription drug revenue rose 10.4 percent to \$6.77 billion, led by Invega Sustenna for schizophrenia, three drugs for immune disorders and two new medicines likely to become blockbusters. Those are Xarelto for preventing blood clots and strokes, and prostate cancer pill Zytiga.

Sales of consumer health products edged up 2.2 percent to \$3.68 billion.

Production costs jumped 13 percent to \$5.55 billion, mainly for an inventory charge related to the Synthes acquisition in 2012's second quarter.

In addition, the company continues to make factory upgrades and undergoes increased regulatory inspections after issuing about three

dozen product recalls since 2009, mostly for nonprescription medicines. That's kept Tylenol, Motrin and many other J&J staples out of stores until recently. But CEO Alex Gorsky said in a statement that the company is returning a reliable supply of its over-the-counter medicines to stores.

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Citation: J&J Q1 profit falls 10 pct despite higher sales (2013, April 16) retrieved 27 April 2024 from <https://phys.org/news/2013-04-jj-q1-profit-falls-pct.html>

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