J&J 4Q Profit Jumps On Higher Sales, Lower Charges

The Associated Press

NEW BRUNSWICK, New Jersey (AP) — Higher sales helped Johnson & Johnson post a much bigger fourth-quarter profit than a year ago, when several charges depressed results.

However, the U.S.-based maker of prescription drugs, consumer health products and medical devices said its 2013 profit forecast, for $5.35 to $5.45 per share, came up short of the average analyst estimate of $5.49.

The company said Tuesday that net income was $2.57 billion, or 91 cents per share, up from $218 million, or 8 cents per share, in 2011's fourth quarter.

Excluding about $800 million in one-time acquisition and litigation charges, earnings in the latest quarter would have been $3.38 billion, or $1.19 per share. That beat the expectation of analysts by 2 cents per share.

The company says revenue totaled $17.56 billion, just shy of analysts' average estimate of $17.69 billion.

"Our results included strong growth of key products, successful new product launches and the addition of Synthes," CEO ALex Gorski said in a prepared statement. "We continued to make important investments building strategic partnerships and in advancing our pipeline."

But J&J's long-running manufacturing quality problems continued to hurt sales of consumer health products, which were down 3.6 percent in the U.S. and 0.4 percent worldwide at a total of $3.65 billion. The company has issued about 30 recalls of Tylenol, Motrin and other products since September 2009. Upgrading its factories and getting all the products back in stores has dragged on far longer than the company predicted.

Sales of medical devices and diagnostics, J&J's largest business, helped compensate for that with a 13.7 percent increase, to a total of $7.38 billion. Prescription medicine sales rose 7.1 percent, to $6.53 billion.

The one-time charges included more reserves and other costs for recalls of the company's DePuy hip implants, costs related to the June acquisition of surgical trauma equipment and orthopedic implants maker Synthes Inc. and some research and development costs.

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