Q2 2021 Earnings Call

Company Participants

- Ashley McEvoy, Executive Vice President, Worldwide Chairman, Medical Devices
- Chris DelOrefice, Vice President, Investor Relations
- Jennifer Taubert, Executive Vice President, Worldwide Chairman, Pharmaceuticals
- Joe Wolk, Executive Vice President, Chief Financial Officer
- Thibaut Mongon, Executive Vice President, Worldwide Chairman, Consumer Health

Other Participants

- Bob Hopkins, Analyst
- Chris Schott, Analyst
- Jayson Bedford, Analyst
- Joanne Wuensch, Analyst
- Josh Jennings, Analyst
- Larry Biegelsen, Analyst
- Louise Chen, Analyst
- Matt Miksic, Analyst
- Terence Flynn, Analyst

Presentation

Operator

Good morning and welcome to Johnson & Johnson's Second Quarter 2021 Earnings Conference Call. All participants will be in listen-only mode until the question-and-answer session of the conference. This call is being recorded. If anyone has any objections, you may disconnect at this time. (Operator Instructions)

I would now like to turn the conference call over to Johnson & Johnson. You may begin.

Chris DelOrefice {BIO 20730104 <GO>}

Good morning. This is Chris DelOrefice, Vice President of Investor Relations for Johnson & Johnson. Welcome to our company's review of business results for the second quarter and our updated financial outlook for 2021. Joining me on today's call is Joe Wolk, Executive Vice President, Chief Financial Officer. Also joining Joe and myself during the Q&A portion of the call will be Jennifer Taubert, Executive Vice President and Worldwide Chair of Pharmaceuticals; Thibaut Mongon, Executive Vice President and Worldwide Chair, Consumer Health; and Ashley McEvoy, Executive Vice President and Worldwide Chair of Medical Devices.

A few logistics before we get into the details. This review is being made available via webcast, accessible through the Investor Relations section of the Johnson & Johnson website at investor.J&J.com, where you can also find additional materials, including today's presentation and associated schedules.

Please note that today's presentation includes forward-looking statements. We encourage you to review the cautionary statement included in today's presentation, which identifies certain risks and factors that may cause the company's actual results to differ materially from those projected. In particular, there is uncertainty about the duration and contemplated impact of the COVID-19 pandemic. This means the results could change at any time and the contemplated impact of COVID-19 on the company's business results and outlook is a best estimate based on the information available as of today's date. A further description of these risks, uncertainties and other factors can be found in our SEC filings, including our 2020 Form 10-K and subsequent Form 10-Qs, along with reconciliations of the non-GAAP financial measures utilized for today's discussion to the most comparable GAAP measures are also available at investor.J&J.com. Several of the products and compounds discussed today are being developed in collaboration with strategic partners or license from other companies. This slide acknowledges those relationships.

Moving to today's agenda. I will review the second quarter sales and P&L results for the corporation and the three business segments. Joe will provide insights about our cash position and capital allocation deployment that will outline our updated guidance, inclusive of the COVID-19 vaccine for 2021. Then we will begin the Q&A session with each of the segment leaders providing a brief update on their respective businesses. The remaining time will be available for your questions. We anticipate the webcast will last up to 75 minutes.

Now let's move to the second quarter results. Worldwide sales were $23.3 billion for the second quarter of 2021, an increase of 27.1% versus the second quarter of 2020. Operational sales growth, which excludes the effect of translational currency, increased 23%, as currency had a positive impact of 4.1 points. In the US, sales increased 24.9%. In regions outside the US, our reported growth was 29.5%. Operational sales growth outside the US was 20.9% with currency positively impacting our reported US results by 8.6 points. Excluding the net impact of acquisitions and divestitures, adjusted operational sales growth was 23.8% worldwide, 25.1% in the US and 22.4% outside the US.

Turning now to earnings. For the quarter, net earnings were $6.3 billion and diluted earnings per share was $2.35 versus diluted earnings per share of $1.36 a year ago. Excluding after-tax intangible asset amortization expense and special items for both periods adjusted net earnings for the quarter were $6.6 billion and adjusted diluted earnings per share was $2.48, representing increases of 49% and 48.5%, respectively, compared to the second quarter of 2020. On an operational basis, adjusted diluted earnings per share increased 44.9%.

I will now comment on business segment sales performance highlighting items that build upon the slides you have in front of you. Unless otherwise stated percentages quoted represent the operational sales change in comparison to the second quarter of 2020 and therefore excluding the impact of currency translation.

Beginning with Consumer Health, Worldwide Consumer Health sales totaled $3.7 billion and increased 9.2% with increases in the US of 12.4% and growth of 6.3% outside of the US. Excluding the impact of divestitures, worldwide growth was 10%. Year-to-date adjusted operational growth was 3.3% and is more reflective of performance given the quarterly fluctuations of COVID-19 impacts. Over-The-Counter medicines grew 8.9% globally, driven by strong growth in ZYRTEC due to both the timing of and increased incidents in the allergy season. Digestive Health grew double-digits, driven by US PEPCID, new SKUs stocking in the club channel coupled with share growth, and increased COVID-19-related healthcare professional recommendations for the hydration benefit offering ORSL in the Asia-Pacific region. The Skin Health, Beauty franchise grew 12.9% globally with the US increasing 23% and OUS increasing 1.4%. Skin Health, Beauty outside the US was negatively impacted by approximately 300 basis points due to divestitures. Worldwide growth was driven by market recovery in key markets increased US stocking for new products and comparisons to COVID-19-related destocking dynamics. NEUTROGENA and AVEENO delivered strong performance in the US, primarily due to market recovery, new product innovation and higher stocking due to the NEUTROGENA rapid firming product launch, partially offset by competitive pressures. OGX and growth was driven by share gains and market growth in hair care. Oral Care grew 2.5% globally due to strong OUS performance for LISTERINE, reflecting accelerated category and increased demand from continued successful promotional campaigns. Divestitures in the quarter negatively impacted results by 310 basis points. The Baby Care franchise grew by 5% as a result of market recovery and OUS strength in JOHNSON'S and AVEENO Baby in e-commerce. Wound Care delivered strong growth of 13.4%, driven by US market growth with increased consumer behaviors focused on preparedness and infection prevention and seasonal stocking versus prior year COVID-19 destocking dynamics.

Moving on to our Pharmaceutical segment. Worldwide Pharmaceutical sales of $12.6 billion grew 13.6% with strength in both the US increasing by 12.2% and OUS with sales increasing by 15.4%. Excluding the impact of divestitures, worldwide growth was 14.1%. Global sales in the quarter included $164 million of contribution from the COVID-19 vaccine. Additionally, as a reminder for comparison purposes, Q2 of 2020 was negatively impacted by access-related constraints due to COVID-19 resulting in a decrease of roughly 300 to 350 basis points in total across key brands.

Our strong portfolio of products and commercial capabilities continues to enable us to deliver strong adjusted operational growth at above market levels. Our immunology therapeutic area delivered global sales growth of 17%, driven by strong double-digit performance of STELARA and TREMFYA offset by declines in REMICADE due to biosimilar competition. STELARA continuing to show strength in all regions growing at 30.5%, driven by increased market growth and share gains with US share increasing roughly four points in Crohn's Disease, and nearly eight points in ulcerative colitis. TREMFYA was up 36.8% with strong double-digit growth worldwide due to share gains, continued global expansion into new markets and additional penetration into the psoriatic arthritis indication that was approved in 2020. US share increased over two points in psoriasis and nearly three points in psoriatic arthritis in the quarter.

Our oncology portfolio delivered another strong quarter with growth of 21.5%. DARZALEX continued its exceptional performance trajectory growing 53.8%, driven by share gains and increased penetration of the subcutaneous formulation in the US and EU. DARZALEX continues to grow share across all lines of therapy with nearly four points of share growth in Line-1 in the US this quarter. ERLEADA also continued its global momentum with growth of 73.7% in the quarter, driven by market share, which increased by nearly two points across indications and penetration gains, especially in the metastatic indication. IMBRUVICA grew 12.5% globally due to volume gains driven by our market leading share which was partially offset by modest share losses in the US to novel oral competition and a market that remains slightly depressed due to temporary COVID-19 impacts on new patient starts.

In Neuroscience, our paliperidone long-acting portfolio had strong double-digit growth of 10.6%, driven by market and share growth due to increased new patient starts and strong persistency. Cardiovascular/Metabolism/Other declined 7.3% this quarter, driven by continued biosimilar competition for PROCRIT and competitive pressures in INVOKANA, which was partially offset by growth of 1.8% in XARELTO due to continued demand strength.

Lastly, our Pulmonary Hypertension portfolio achieved growth of 8.7% with OPSUMIT growth of 11.9% and UPTRAVI growth of 9.8%, both driven by market penetration and share gains.

I'll now turn your attention to the Medical Devices segment. Worldwide Medical Devices sales of $7 billion, grew 57.2% with the US increasing 77.2% and OUS increasing 41.9%, primarily due to the recovery of procedures from COVID-19 restrictions that occurred in the second quarter of 2020 coupled with the success of recently launched products and commercial activities across the business. Selling days had a minor positive impact on growth this quarter. We expect the full-year impact from selling days, excluding the impact of the 53rd week in 2020, to be minimal. Given the extent of the procedure disruption from COVID-19 in 2020, I thought it may be helpful to provide context for our current quarter performance versus the second quarter of 2019. Worldwide Medical Devices grew about 7% versus Q2 2019, with 8 of our $11 billion platforms showing growth versus 2019. The pace of market recovery in Knees, Spine and Vision Surgical has been slower than the other markets in which we compete as these procedures are perceived to be more deferrable by patients. Geographically, both the US and Asia-Pacific markets surpassed Q2, 2019, while EMEA and Latin American markets have been slower to recover and Q2 results remained at or below 2019 levels.

Looking at results for each of our platforms. Interventional solutions delivered another strong quarter with worldwide growth of 71.3% and strong double-digit growth versus the second quarter of 2019. Electrophysiology reinforced our global market share leadership position growing 74.4%, driven by recovery in the market coupled with our market expansion activities, the strength of our broad based portfolio and new products. Worldwide Orthopedics delivered 48.6% growth versus the prior year, driven primarily by market recovery and success of newer product launches. Worldwide Trauma delivered growth of 24.8% reflecting market recovery, strength of our comprehensive portfolio and success of newer product introductions. This quarter we expanded our market-leading portfolio of products with the launch of a next generation variable angle clavicle plate system designed to enhance plate to bone fit on a broad range of patients and simplify implant selection for the surgeon and we launched an Advanced Tibial Nailing System designed to provide a more stable implant solution and create efficiency within the healthcare system by streamlining instrumentation across our portfolio.

Worldwide Hips grew 68.1% this quarter, driven by market recovery, our continued leadership position and the anterior approach demand for the ACTIS stem aided by our other enabling technologies such as VELYS Hip Navigation and innovative commercial programs focused on expanding coverage and access for hip fracture patients in parts of Europe and Latin America. Knees returned to growth this quarter increasing 94.6% globally, primarily due to market recovery. Results reflect continued COVID-19 challenges and the related impacts on procedures in markets like India, Japan and Australia, and other dynamics including faster recovery trends in primary knee procedures compared to revisions. This quarter we began commercialization of our VELYS robotic assisted solution for total knee procedures in the US. We believe this launch along with our differentiated VELYS Digital solutions and ATTUNE Knee platform, including the second half of 2021 launch of ATTUNE Cementless Fixed Bearing with a fixing of 3D printed technology will enhance our portfolio and competitiveness as procedures continue to recover. Spine returned to worldwide growth this quarter, increasing 51.7%, reflecting market recovery and positive impact from recently launched products SYMPHONY, CONDUIT and FIBERGRAFT, as well as strategic partnerships, which further enhance our offerings such as the X-Pac Expandable Cage.

Advanced Surgery grew 44.3% versus prior year. In addition to the positive impact of procedure recovery, Biosurgery delivered sales growth of 48% and positive share momentum driven by new products and commercial strategies to expand market penetration and adoption. Endocutters and Energy both grew around 40% globally, primarily due to procedure recovery, new product introductions in China Tier 2 and 3 hospital market expansion activities, partially offset by competitive pressure in the US. We also achieved a significant milestone within the quarter with our MONARCH robotic platform surpassing 100 customers and 8,000 procedures. General Surgery grew 67.8% globally with wound closure growing 50.1% globally, driven by recovery in the markets, continued strength of our market leading suture portfolio, including our Plus Sutures and STRATAFIX barbed suture family and a change in channel inventory levels in the US, contributing about six points to global growth. Global General Surgery sales were positively impacted by 23 points due to a prior year unfavorable pricing adjustment in the US we communicated last year.

Worldwide Vision grew 66% this quarter, primarily driven by market recovery. US Contact Lenses growth of 73.6% reflects the strength of our market leading ACUVUE portfolio, commercial initiatives such as our Prioritize Your Eyes campaign launched to raise awareness around the importance of routine screenings, new products, including early success from Acuvue multifocal and an inventory build contributing about five points. Growth outside the US of 43.1% reflects market recovery and strength of Acuvue 1-Day and recent Asia Pacific Acuvue Define Fresh beauty launch. World Surgical Vision delivered growth of 115.8%, driven by market recovery and positive momentum related to new products like TECNIS Eyhance, TECNIS SYNERGY, which both launched this year in the US market, and VERITAS, our next generation phacoemulsification device.

Now, regarding our consolidated statement of earnings for the second quarter of 2021, please direct your attention to the boxed section of the schedule. You will see we have provided our earnings adjusted to exclude intangible amortization expense and special items. As reported this morning, our adjusted EPS of $2.48 reflects a reported increase of 48.5% and an operational increase of 44.9%.

I'd like to now highlight a few noteworthy items that have changed on the statement of earnings compared to the same quarter last year. Cost of products sold improved by 340 basis points, primarily driven by the recovery in Medical Devices from prior year COVID-19-related inventory impacts and fixed cost deleveraging. Selling, marketing and administrative margins improved to 110 basis points due to the recovery of Medical Devices sales from the prior year's negative COVID-19 impact. We continue to invest in research and development at competitive levels, investing 14.6% of sales this quarter. The $3.4 billion investment was a 25% increase versus the prior year due to portfolio progression.

The other income and expense line showed net income of $488 million in the second quarter of 2021 compared to net expense of $24 million in the second quarter of 2020, primarily due to reduced litigation-related items, partially offset by lower unrealized gains on securities. Regarding taxes in the quarter, on a GAAP basis, our effective tax rate declined from 8% in the second quarter of 2020 to 5.8% in the second quarter of 2021, primarily driven by a one-time tax benefit the company recognized in the second quarter 2021 resulting from an internal reorganization of certain international subsidiaries. In the second quarter of 2020, the company recorded additional tax benefits related to the transitional provisions of Swiss Tax Reform, which benefited the 2020 tax rate. Excluding special items, the effective tax rate was 14.8% versus 16.7% in the same period last year. I encourage you to review our 10-Q for additional details on specific tax matters.

Let's now look at adjusted income before tax by segment. In the second quarter of 2021, our adjusted income before tax for the enterprise as a percentage of sales increased from 29.1% to 33.4%. The following are the main drivers of change to the adjusted income before tax by segment. Medical Devices margin improved from 1.2% to 28.6%, driven primarily by overall expense leveraging resulting from the COVID-19-related sales recovery. Consumer Health margins improved by 380 basis points, primarily driven by supply chain efficiencies, including the benefit from our SKU rationalization program, partially offset by increased investments in brand marketing expenses. Pharmaceutical margins decreased by 450 basis points, primarily driven by increased research and development investment inclusive of the COVID-19 vaccine net costs and general portfolio progression.

Moving to important developments. Here is a slide summarizing notable developments occurring in the second quarter. I'll highlight a few starting with our Pharmaceutical business. We continue to make positive progress advancing our strong pipeline of innovative medicines and therapies. As we've shared previously, we are rigorous in focusing on differentiated transformational medical innovation. In the quarter, we announced our decision not to continue a collaboration and license agreement for Cusatuzumab, an investigational therapeutic antibody that target CD70. The decision is based upon Janssen's review of all available data and in consideration of the evolving standard of care for the treatment of AML. We received EU approval for PONVORY in relapsing multiple sclerosis and also US approval of RYBREVANT for the treatment of patients with locally advanced or metastatic non-small cell lung cancer with epithermal growth factor receptor Exon 20 insertion mutations. In addition, we completed our EU filing for cilta-cel, a BCMA CAR-T for the treatment of multiple myeloma. We anticipate US approval for our BCMA CAR-T later this year, which will represent a third NME approval this year.

Within our Medical Devices portfolio, we continue to make meaningful advancements in our innovation pipeline launching 17 major first country launches in the first half of 2021, including eight products this quarter. As noted earlier, we received FDA approval and launched TECNIS Synergy and TECNIS Synergy Toric II intraocular lenses in the US. These are next-generation presbyopia correcting lenses and deliver the widest range of continuous vision and the best near vision among leading PC IOLs.

Finally within the Surgery business, the ENSEAL X1 Curved Jaw Tissue Sealer launched in the US, expanding the Ethicon advanced bipolar energy portfolio.

That concludes the sales, P&L and pipeline highlights for Johnson & Johnson's second quarter. I'm now pleased to turn the call over to Joe Wolk.

Joe Wolk {BIO 19812977 <GO>}

Thank you, Chris. Good morning and thanks to all of you for joining us today to discuss our strong first half of 2021, specifically the high growth we experienced in the second quarter and our updated outlook for the balance of the year. I hope everyone is having a safe, healthy and enjoyable summer. As Chris referenced, Johnson & Johnson's businesses remain leaders or are better positioned within the markets in which they compete. While the pandemic makes it difficult to reliably gauge what results will be in any given quarter, you likely noticed that all three segments be your expectations.

We continue to be poised for further growth and value creation, not just in 2021, but more importantly for 2022 and beyond. Over the past 18 months, our people have been a driving force behind our success and guided by our credo they have demonstrated resilience and agility, while remaining committed to ensuring our lifesaving medicines and products, which patients and consumers around the world. Thanks to the efforts of our 136,000 colleagues across the world, Johnson & Johnson continues to make significant strides towards our mission of improving human health and well being of everyone, everywhere.

Foundational to any healthy business is a focus and commitment to broader stakeholder stewardship. We are proud to share the progress we are making in a transparent and accountable manner. A few weeks ago we held our Annual ESG Investor Update following the publication of our 2020 Health for Humanity Report and our 2025 goals. Through these goals, we aim to deliver even greater long-term value to our broad set of stakeholders. I hope you had the opportunity to view this webcast. If you have not, the replay is still available on the Johnson & Johnson website.

Let's get into the results with an update on our cash position. We continue to generate strong free cash flow with approximately $8 billion year-to-date. We ended the second quarter with approximately $25 billion of cash and marketable securities and approximately $33 billion of debt resulting in $8 billion of net debt. Our financial position and balance sheet remained strong. As we entered the back half of the year, we are well positioned to continue to deploy capital in a strategic value creating way that will benefit stakeholders over the long term. Our dividend remains a key priority. And during the quarter, we distributed $2.8 billion to shareholders. Regarding M&A, we continually evaluate strategic opportunities that have the potential to further enhance our business, while also driving better health outcomes for patients and consumers.

Since Chris covered highlights from our second quarter performance and our worldwide shares will provide sector specific commentary to open the Q&A session, I will now move directly to providing the update to our full-year 2021 guidance, which reflects our strong year-to-date performance.

For clarity, I will first comment on our core business revenue and then remark on our anticipated COVID-19 vaccine revenue, which is now included in our enterprise guidance. For full year 2021, we continue to expect our base business defined as excluding our COVID-19 vaccine to remain strong. Based on this confidence, we are increasing and tightening our adjusted operational sales range to 9.5% to 10.5%. This adjusted operational sales growth is on a constant currency basis consistent with how we manage our business performance. We are maintaining our estimate for the net impact of acquisitions and divestitures of approximately 50 basis points, which accounts for previously completed divestitures in Medical Devices, Consumer Health as well as within other Oncology and Pharmaceuticals resulting in an operational sales range of 9.0% to 10.0% or $90 billion to $90.8 billion for a midpoint of 9.5% or $90.4 billion.

While we don't predict currency movements, utilizing the euro spot rate relative to the US dollar, as of last week at 1.18, and in consideration of other currency movements, there is no change from our previous estimates, resulting in favorable currency impact of $1.3 billion or a year-over-year increase of 150 basis points. This results in estimated reported sales in the range of $91.3 billion to $92.1 billion, an increase of 10.5% to 11.5% or 11% at the midpoint versus 2020.

Now a few words on the expected contribution of our COVID-19 vaccine to our updated full-year 2021 guidance. Our goal has always been to bring forth our scientific capabilities and resources to develop a safe and efficacious vaccine that would complement other measures to end the global pandemic. We are proud to have been part of the unprecedented collaboration in the healthcare industry that has led to a number of authorized vaccines in the marketplace. Chris shared earlier that we recorded vaccine revenue in the quarter, specifically our COVID-19 vaccine contributed $164 million in revenue in the second quarter, bringing the year-to-date total to $264 million. At this point, revenue from the first half of the year was provisionally recorded at $5 per dose given that volumes during the pandemic period were uncertain. Currently, we expect the ultimate final not-for-profit price could be as much as $8 per dose. The final not-for-profit price will fluctuate until the end of the year when we know precisely all the variables that go into the calculation, namely the net cost incurred, as well as volumes produced during the pandemic period.

Given the firm contracts we have in place, pending advanced purchase agreements, we expect to recognize vaccine sales of approximately $2.5 billion in 2021 with more than half of that revenue likely to occur in the fourth quarter.

Regarding vaccine manufacturing, we continue to expand our global network to include 10 manufacturing sites for various stages of production. On July 2nd, the European Medicines Agency's Committee for Medicinal Products for Human Use approved an expansion of our facility in the Netherlands, increasing our capacity to produce active drug substance. The FDA also released five batches of drug substance manufactured at the Emergent BioSolutions Bayview facility under the Emergency Use Authorization. And we continue to work with health authorities on the approval of additional drug substance manufactured at Emergent.

Now I do appreciate that many of you are understandably looking beyond 2021 to 2022. It is simply too early to provide specific information on 2022 outlook for our COVID-19 vaccine given the uncertainty on the need for boosters and new variants. But as recent published clinical data indicates our vaccine appears to have durability for at least eight months and is effective against the recent Delta Variant and other highly prevalent viral variance.

At this time, I caution you to wait to include future year vaccine projections and new models for our business. The COVID-19 vaccine market will continue to evolve. And we look forward to sharing additional details as more data become available, including the role our vaccine will play for you to forecast future years. Given this and what I already provided on our base business, our new updated guidance expectations are reflected on this slide, reflecting an enterprise total revenue of $94.2 billion at the midpoint.

Moving to other items of the P&L. We are now expecting our operating margins to be nearly a 200-basis-point improvement over last year, slightly less than our prior guidance as we continue to invest for the long term. We are increasing our other income estimate to a range of $800 million to $900 million. This increase is primarily attributable to increased investment returns related to our employee benefit programs. As a reminder, pension service costs are recorded in operating expenses, while any investment performance related to our employee benefit programs are recorded in other income and expense.

Moving to interest expense, based on our year-to-date experience, we are lowering our estimate to a range of $100 million to $200 million. Finally, we are lowering our effective tax rate estimate to a range of 16.0% to 17.0%, based on certain one-time benefits realized in the first half of the year. The result of these updates translate to increasing our earnings guidance, we are also tightening the guidance range. The new adjusted operational per share guidance range is 18.4% to 19.6% or $9.50 to $9.60 with a midpoint of 19% or $9.55 per share. While not predicting currency movements, but to provide some direction on the impact of currency fluctuations on our reported adjusted EPS, we expect a slight change from what we communicated on the Q1 earnings call. Currency will now impact

EPS by 1.2% or $0.10 per share. Accounting for that, we would be comfortable with your models reflecting reported adjusted EPS ranging from $9.60 to $9.70 or a midpoint of $9.65, increasing 20.2%.

Consistent with what we shared before, given the not-for-profit nature of the vaccine, there is no significant EPS contribution in 2021 and therefore the EPS guidance I provided is inclusive of the vaccine revenue.

I am now pleased I want to thank our Worldwide Chairs, Jennifer Calvert, Thibaut Mongon and Ashley McEvoy for their participation in the Q&A portion of our call today. I know this audience of values having these leaders on earnings calls from time to time. So before we jump into the Q&A portion of the call, I'd like to ask Jennifer, Thibaut and Ashley each to provide a brief business segment update and qualitative outlook for the remainder of 2021. Jennifer, let's start with the Pharmaceutical segment.

Jennifer Taubert {BIO 20108880 <GO>}

Well, thank you, Joe, and hello, everyone. It's a pleasure to be here with you today. I'd like to start by thanking my Johnson colleagues around the world for their relentless focus on delivering for patients. As a result, I'm proud to share that our pharmaceutical sector had another strong quarter of above market growth. As you heard from Chris, our Pharmaceuticals business delivered $12.6 billion in worldwide sales in the second quarter with adjusted operational growth of approximately 14%. Our base business, excluding the COVID-19 vaccine, demonstrated robust growth at 12.6%. This is our third consecutive quarter with sales exceeding $12 billion and our growth was broadly based across geographic regions, and our therapeutic areas. We continue to maximize the value of our industry-leading portfolio, delivering double-digit growth for nine key brands, including our oncology medicines DARZALEX, IMBRUVICA and ERLEADA, our immunology medicines TREMFYA and STELARA, our pulmonary hypertension medicines OPSUMIT and UPTRAVI and INVEGA SUSTENNA and TRINZA in our neuroscience portfolio. Our leading commercial and market access capabilities enabled increased market penetration and share gains across our key promoted brands. And as we shared in our Transparency Report this year, our growth continues to come from volume gains and not price. This is a strong indication that our life changing medicines are reaching more patients each day worldwide. It's important to note, we continue to be a trough investor in research and development. This investment fuels our pipeline and builds the foundation for our long-term growth.

During the second quarter, we continue to deliver on our pipeline of transformational medicines. I'll highlight just a few of the key milestones and achievements. First, in May, the FDA approved amivantamab now known as RYBREVANT. This is the first bi-specific antibody approved for the treatment of non-small cell lung cancer characterized by EGFR Exon 20 insertion mutations. This is our first approved treatment for lung cancer, which we hope will be an important area for us going forward. This is our second NME approval of this year. PONVORY or ponesimod was our first 2021 NME approval. And this was by the FDA in March, for the treatment of adults with relapsing forms of multiple sclerosis. In the second quarter, it was also approved by the European Commission and Health Canada.

We also advanced our BCMA CAR-T cell therapy program, cilta-cel, for patients with multiple myeloma. In the second quarter, the US FDA granted our BCMA CAR-T priority review. A marketing authorization was filed with the European Medicines Agency and submission was made to the Brazilian Health Regulatory Agency. We anticipate FDA approval of cilta-cel is our third NME approval later this year.

In addition, our subcutaneous form of DARZALEX continues to benefit an increasing number of patients. In the second quarter, the European Commission approved DARZALEX for two additional patient populations as combination therapy for the treatment of adults with newly diagnosed Systemic Light Chain Amyloidosis, which is the first and only approved therapy for this rare and life-threatening blood disorder and as combination therapy for adults with pre-treated multiple myeloma. Additionally, subsequent to the quarter, the FDA approved DARZALEX FASPRO in combination with Pomalidomide and Dexamethasone for the treatment of patients with Multiple Myeloma after first or subsequent relapse, our sixth indication specific to our subcutaneous form of DARZALEX.

I'm proud of our Pharmaceutical results in the second quarter and feel confident in our ability to make 2021, our 10th consecutive year of above market growth. Our outlook for the rest of the year remains strong.

Before I close, I'd like to invite you to join us for our Pharmaceuticals Business Review on November 18. We look forward to sharing a comprehensive overview of our business, our robust pipeline and our long-term growth outlook. We'll cover our key therapeutic areas, including oncology and immunology, which are always areas of high interest and we'll dig deeper into some of our newer areas, including our retina and gene therapy pipeline and the details behind the breadth of our auto antibody program that came through our acquisition of Momenta last year. I hope you will be able to join us. So again, it's a pleasure to have this opportunity to connect with you today. Thibaut, I'll now turn it over to you.

Thibaut Mongon {BIO 20973347 <GO>}

All right. Thank you, Jennifer, and good morning to all of you on the call. I would like to start by congratulating my Consumer Health colleagues for their continued focus on flawlessly executing against our strategy. Last year this focus on execution across our broad based portfolio delivered solid results, around 3% operationally. And this year, we continue to demonstrate a strong level of performance.

The strategy we said a couple of years ago for the Consumer Health segment to be focused on personal health with science based professionally endorsed brands and advancing our digital capabilities continues to strengthen our ability to meet the needs of our consumers and customers worldwide, resulting in strong quarterly results and solid year-to-date performance. Our Consumer Health sector grew 9.2% operationally in the quarter and 2.7% on a year-to-date basis. Our adjusted operational growth for acquisitions and divestitures was 10% in the quarter, and 3.3% on a year-to-date basis.

And as Chris stated in his remarks, these year-to-date results are a better representation of our performance given the fluctuations we see in the market due to COVID-19 dynamics and seasonality overall.

We saw strong year-to-date performance for brands in our two strongholds such as ZYRTEC, PEPCID and Nicorette in OTC, or AVEENO, NEUTROGENA and OGX in Skin Health. In our specialty areas brands like LISTERINE, AVEENO Baby and Band-Aid also contributing nicely to our year-to-date results. And from a geographic perspective, we are encouraged to see that we grew across all regions in the quarter.

Now if we look into the future, even if we will continue to see variability in categories depending on seasonality and local market conditions, we are confident that our strategy is working. We have the right portfolio to continue to deliver solid results, well balanced both in terms of categories we compete in and in terms of geographic presence.

And lastly, we have been able to achieve our solid sales results, while simultaneously improving our margin profile. Our efforts on end-to-end profitability improvement, including portfolio optimization and network improvements, have delivered to plan. Our year-to-date adjusted IBT is approximately 27%, while another 250-basis-point improvement over last year. We have made great strides in increasing our profitability to become a leader within our peer set and we will continue to look for opportunities to improve our margin profile, while at the same time investing to grow the top line launching new products, increased referenced some of them in these remarks and managing through anticipated higher commodity and distribution costs in the back half of 2021.

So in a nutshell, Consumer Health delivered a strong quarter and a solid first half, our strategy is working and we are confident in our ability to continue to deliver profitable growth in line with the categories and markets in which we compete.

And now let me hand over to Ashley McEvoy. Ashley?

Ashley McEvoy {BIO 20108895 <GO>}

Thank you. Thank you, Thibaut, and good morning. Thanks for joining. Let me just begin with across J&J how privileged we feel to work in healthcare, because we recognized that what we do matters, especially now. We're united by our purpose to profoundly change the trajectory of health for humanity, and we are propelled by our MedTech aspiration to re-imagine the future of health today in three ways; one is innovating across the continuum of patient care, two is prioritizing and modernizing health, and three is promoting health equity and wellness. We continue to see strong evidence that our focus and actions to impact human health and improve our competitiveness is working. This quarter MedTech delivered sales of $7 billion representing adjusted operational growth of 59% versus 2020 and, as Chris mentioned, up 7% versus 2019, bringing our first half of 2021 revenue performance to just over 5% compared to 2019. Our sales reflect market recovery and our positive competitive momentum, eight of our $11 billion med tech platforms grew versus the second quarter 2019 and quarter one '21 share trends show that we have maintained or gained share in 10 of these platforms.

We have an exciting pipeline and we've achieved some truly amazing results in the first half of this year, which positioned us well to continue our growth momentum. We've launched 17 major products in the first half of 2021. This is the highest number of first half of the year launches in five years for our business. These include products which will strengthen our core like TECNIS Synergy, our most advanced premier intraocular lens in Surgical Vision and the ENSEAL X1 Curved Tissue Sealer in next generation advanced energy solution and our surgery franchise.

We continue to focus on significant global health concerns, including myopia management, where we plan to have a portfolio of solutions for patients. And we are progressing all things digital with solutions covering the entire paradigm of care, including open and laparoscopic procedures, orthopedics and aluminum interventional envision. Our MONARCH platform achieved a significant milestone, reaching over 100 customers and enabling over 8,000 bronchoscopes, which is life-changing and potentially lifesaving in the detection and treatment of lung cancer.

VELYS, our robotic assisted solution for total knee procedures launched in the United States and received regulatory approval in Australia this month. We are extremely pleased with the early customer engagement and feedback confirming the differentiation of this next generation solution. And Ottava, our soft tissue digital surgery offering, continues to progress its key development milestones. We also recognized that the digitization of healthcare is happening in rapidly accelerating technology like this, making it possible to deliver new ways of care. An example of this is from our innovative team in China, who developed a virtual solution powered by artificial intelligence and machine learning to more effectively train and expand the number of highly skilled electrophysiologists and provide broader access to high quality care. Learning curves went from novice to experts from a year to four months. In the first four months of launch 150 newly trained physicians delivered care to 7,500 patients. It's no surprise, our electrophysiology business in China is so strong.

And we continue to leverage science to influence industry trends and positively impact patient outcomes and human health. Just this month, the UK modified their NICE guidelines to recommend the use of plus sutures as a standard of care, given the evidence supporting their role in reducing surgical site infections and our necessary costs to the healthcare system.

Okay. Regarding the pandemic, we are seeing light at the end of the COVID-19 tunnel, but this remains as we all know a very fluid situation. The pace of continued recovery will depend on multiple factors, including the speed at which global populations are vaccinated, healthcare capacity and the ability to manage through surges as well as the rate at which patients seek treatment.

In closing, I'd like to emphasize that our strong quarter two results and continuing momentum can be attributed to our purpose-driven globally diverse team, which embody a winning spirit every day. The resilience agility and creativity have taken us to the next level in our business, those stronger relationships with our customers and patients and defined a clear vision of our future.

Thank you. And I look forward to your questions.

Chris DelOrefice {BIO 20730104 <GO>}

Great. Thank you, Jennifer, thanks Thibaut, and thanks Ashley. Let's now move to the Q&A portion of the webcast. Rob, can you please provide instructions for those on the line wishing to ask a question.

Questions And Answers

Operator

Yeah. Thank you. (Operator Instructions) Your first question comes from Louise Chen with Cantor Fitzgerald.

Q - Louise Chen {BIO 6990156 <GO>}

Hi, congratulations on the strong quarter and thanks for taking my question. My question is about the global surge in COVID. There has been a surge despite high rates of vaccinations in many places in the world. So just curious how you think this could impact your business in the second half '21, if it continues to get worse? Thank you.

A - Chris DelOrefice {BIO 20730104 <GO>}

Yeah. Thanks for the question, Louise. I think it's probably best maybe that you hear from both Ashley and Jennifer on this specific perspective. So Ashley?

A - Ashley McEvoy {BIO 20108895 <GO>}

Yeah, Louise, I would say -- listen, we're encouraged by quite frankly several things out, the ability that hospitals can manage through capacity and surges and labor as well as obviously the vaccination efforts around the world. And just a patient, there is a significant backlog of care. If I look at the UK, my goodness, there's like five million patients waiting for medical interventions, 400,000 of those folks waiting for surgery for the past 12 months. But as we know, it's not going to be linear. We do know hospital systems in the United States are starting to delay care right now. So I think quarter-to-quarter, it will improve, but it will never be a linear line.

A - Jennifer Taubert {BIO 20108880 <GO>}

Yeah. I can add in. On the pharma side, most of our core categories are pretty much back to the pre-COVID level, exception on that, actually being CLL. But we're really seeing strength coming back, for example, in the United States and in Europe, and we do anticipate some modest ups and downs. But I think our team really did an extraordinary job last year of partnering with healthcare systems and physicians and patients to make sure that they could get on and stay on the therapies that they need. So our outlook for the rest of the year really remains strong for our sector regardless of what happens with emerging variance in any continued blips, as it relates to COVID.

A - Joe Wolk {BIO 19812977 <GO>}

Yeah. I'd also add Louise that I think we've got to really tip our cap to the healthcare administrators, health professionals across the globe. We're in a much better position to handle a pandemic than we were of March of last year. And so certainly that would have, I would say a favorable impact on whatever unfavorable events may occur. So we really need to recognize just the great resiliency and agility that those individuals have shown as well.

A - Chris DelOrefice {BIO 20730104 <GO>}

Thibaut, do you want to share a little bit about consumer and the momentum you see there and maybe a couple of the category dynamics.

A - Thibaut Mongon {BIO 20973347 <GO>}

No. We see strong momentum across our broad based portfolio, as I told you earlier this morning. All categories will continue to be impacted by market level conditions seasonality. Having said that, we have proven over the past 18 months that our broad based portfolio in terms of both categories and geographies allows us to wherever, whatever external conditions happen and we expect continued momentum in the back half of the year.

A - Chris DelOrefice {BIO 20730104 <GO>}

Great. Terrific. Thanks Louise. Appreciate the question. Rob, next question please.

Operator

The next question comes from the line of Larry Biegelsen with Wells Fargo. Please proceed with your question.

Q - Larry Biegelsen {BIO 7539249 <GO>}

Good morning. Thanks for taking my question. Just -- Ashley, just a finer point on the quarter-over-quarter improvement in devices you mentioned. Do you expect continued acceleration relative to 2019 in Q3 and Q4? And Joe, could you just help us think about the operational ex-COVID vaccine sales and EPS cadence in the second half given the easier comp in Q3 and any extra week in Q4 2020? Thanks for taking the questions.

A - Ashley McEvoy {BIO 20108895 <GO>}

Sure. Thanks for the question, Larry. I think what you heard is in quarter two, we were up about 7% relative to 2019, and that was pretty broad based. When I say all three out of four of our franchises posted growth versus 2018, orthopedics was down about a point. We were up in the United States about a point, down about three points in orthopedics in OUS in quarter two, really due to some of the slower moving countries like Japan and India and of kind of opening up in COVID. When I think about quarter three and quarter four, I do expect continued momentum. You'll recall, last year we were down about 3% in quarter three versus 2019 and we were down about 1.5% in quarter four 2020 versus '19. So I do expect continued progress. I expect orthopedics to go positive. I expect Vision to accelerate given a lot of the new product launches. As we've discussed, we think the category is going to be high-double digit. And we expect to be more in the high single-digit at the end of this year versus 2019.

A - Joe Wolk {BIO 19812977 <GO>}

Yeah, Larry. With respect to your question on guidance overall, I think I almost have to mirror a little bit what actually had said. The comparables were going to be most pronounced for the second quarter. There'll be a little bit of benefit as we look into the third and fourth quarter. As you know, we don't provide guidance by quarter. But I really looking at the underlying strength of each of our businesses improved share in the markets in which we lead and for those that which we don't leave. In addition to the what you heard from all three of our segment leaders just and improved cadence of innovation, new approvals, new offerings that offer better health care solutions. So that's how we're thinking about it. From an EPS perspective, we are challenging our teams to continue to invest. We think when we have 10% top line growth and EPS growth that will approach 20%. We think that's a very healthy to take it up today on top of what we delivered in January, which surprised to the upside as well. We want to make sure that we don't only deliver strong results in the current quarter, the next two quarters, but really in the middle and back half of this decade as well. We think we're very well positioned to do that.

A - Chris DelOrefice {BIO 20730104 <GO>}

Great. Thanks, Larry. Appreciate the question. Rob, next question, please.

Operator

Your next question comes from the line of Chris Schott with JPMorgan. Please proceed with your question.

Q - Chris Schott {BIO 6299911 <GO>}

Great. Thanks so much for the questions. I guess my question is just on the core revenue growth guidance. I think you've raised it twice this year. I'm just looking for a little bit more color of what's driving the upside versus your expectations. So is this more device versus pharma or consumer? Is it share gain versus overall market growth? Other geographies are standing out. I'm just trying to get sense of like really is -- what would have been the real upside versus your initial expectations? I think just with the second quick one and I think you mentioned the pharma margins were impacted by increased investments in 2Q. I guess, should we be thinking about that as a one-time event with the COVID vaccine expenses et cetera? Or are we entering kind of a sustained period of R&D ramp here where we could see some of those margins under pressure? Thank you.

A - Joe Wolk {BIO 19812977 <GO>}

Yes. So, Chris let me take a stab at that and maybe Jennifer you can chime in with anything that I might have missed. But with respect to the revenue guidance, Chris, I would say coming into the year, just like every other company and probably every other industry, we remained a little bit cautious with respect to how the recovery would unfold, would there be new variants. And so we took what I thought was a very responsible and prudent approach to our expectations at the beginning of the year. That being said, I don't want to undermine just the operational performance that each of the teams are executing upon as we go throughout this year. What we did learn and it really is a credit to the leaders that you heard from today and their teams just how important it is reaching out the customers during the last 18 months, not only to find out what the status of COVID-19 was and how was impacting their businesses, but also how Johnson & Johnson could help them in the recovery. And I think that is having some -- I'll call it a goodwill factor with respect to how we're approaching our business today.

With respect to operating margins in R&D, I would say that the COVID investment for the vaccine, specifically is a small part of it. What we're seeing and really what we all take great pride in is there is not one big outlying expense item or investment item in the quarter or even year-to-date with respect to milestones. It's really just the maturity of the portfolio, again across all three segments that really position us well. So last year, you might recall, we increased our R&D investment by $800 million above 2019 levels, even with all the questions and uncertainty and even though maybe competitors pulled back a little bit, we know the only right answer was to invest for the long term. We're actually at a pace this year through six months about $1.3 billion above last year's level on a six-month comparator. So we feel very well positioned. And again, with how I answered Larry earlier on the EPS accretion, we kind of think we're hitting the mark across all aspects. I don't know Jennifer is there anything else do you want to add?

A - Jennifer Taubert {BIO 20108880 <GO>}

So what I did in -- we really focus on being a transformational medical innovator and we know that we do disproportionately invest in R&D versus the other areas of our business. If you take a look at the strength of our pipeline as well as the continued progression, we are seeing more assets transitioning into those later stages of development that require additional costs. And as Joe had indicated earlier, the beauty right now of the strength that we have for the business is it's allowing us to invest for those future waves of innovation. So we feel real good about the level of investment for R&D and the farm group.

A - Joe Wolk {BIO 19812977 <GO>}

Yes. And just whenever it has a takeaway, we're only investing in Pharmaceuticals. We're investing in digital surgery capabilities that Ashley mentioned. We're investing in the consumer space, connecting with the consumer more digital enabled ways. So it's really across the board.

A - Chris DelOrefice {BIO 20730104 <GO>}

Yes, Chris. I would just add, I guess on the Medical Devices side actually alluded to the amount of innovation we've seen in the quarter. So I think some of the strengths you're seeing on the topline is clearly the result of the focus on bringing strong innovation to market. We're well poised over 2-year period to deliver nearly 40, what we would call major new product launches, which is significant increase from where we've been. I think you're seeing that coupled with the recovery in the MD results and then clearly in farm double-digit growth year-to-date, strong above market performance. So I think those investments are paying off and focus on innovation will be a core focus of ours.

Thanks for the question Chris. Rob, next question, please.

Operator

Your next question comes from the line of Bob Hopkins with Bank of America. Please proceed with your question.

Q - Bob Hopkins {BIO 2150525 <GO>}

Okay. Thank you very much. Just a quick one from me. For MedTech, thank you for giving that 7% number versus 2019. I was just curious is that a reported number or is that a number that adjust for currency? And then one of the things I'd love a quick comment on is -- on the COVID type question, just curious, especially on the device side, Ashley, is there -- you're kind of a major geography right now, where increasing levels of hospitalization that you particularly concerned or are we not quite at that stage yet?

A - Chris DelOrefice {BIO 20730104 <GO>}

I guess first real quick, Bob. The 7% is an adjusted OPS growth number, just for consistency, easy to understand underlying organic.

A - Ashley McEvoy {BIO 20108895 <GO>}

Yes, Bob, just, again, thanks for the question. Again, we've had the benefit to learn from like how this virus manifest around the world starting with China. And Asia is a region that is above 2019 in terms of procedure volume and clearly, really driven by China. We've seen that Japan was in lockdown, we know that Australia went back to lockdowns recently, we know India is digging out. So some of those other countries are going to be slower to recover. EMEA, we've been, which has been at a slower pace than the United States. We actually see a lot of acceleration happening right now in EMEA with the vast distribution and uptake of vaccinations. And quite frankly the backlog of patients that really need to be careful. As I mentioned, I share a little bit of the waiting list data in the UK. And the US in quarter two has had significant recovery versus the first quarter. I look at data like in January, we were down medical procedures were down about 6% in January versus 2019. And in May, that went positive to up about 3%. But as I mentioned, it's going to be not a vertical line given the recent surges that are happening in hospital systems in the US, like Florida, like Michigan and the Midwest. So again, I think our systems are unbelievably equipped to manage through this have huge respect and admiration for a lot of our customers, who are managing COVID as well as non-COVID patients.

A - Chris DelOrefice {BIO 20730104 <GO>}

Thanks Bob. Appreciate the question. Rob, next question, please.

Operator

The next question is from the line of Josh Jennings with Cowen. Please proceed with your question.

Q - Josh Jennings {BIO 16451037 <GO>}

Hi, good morning. Thanks for taking the questions. Joe, I was hoping that just as we're thinking about 2022, and you encouraging the Street to exclude COVID vaccine revenues from our forecast. I was hoping just to better understand the COVID-19 vaccine margin impact in 2021. It seems to be margin dilutive of how we should be thinking about the core business' margin and in that -- for a baseline for 2022 forecast?

A - Joe Wolk {BIO 19812977 <GO>}

Yes, Josh, I would say at this point, it's really a minimal in terms of both the segment as well as certainly Johnson & Johnson's margin profile. Thus far through six months, it's been dilutive again to a minimal amount. We expect that dilution to kind of reverse itself in the second half of this year, but again, being a not-for-profit, there is no material impact on EPS, despite the $2.5 billion revenue estimate that we've provided earlier today.

A - Chris DelOrefice {BIO 20730104 <GO>}

Thanks Josh. Appreciate the question. Rob, next question, please.

Operator

Next question is from the line of Terence Flynn with Goldman Sachs. Please proceed with your question.

Q - Terence Flynn {BIO 15030404 <GO>}

Great. Thanks so much for taking the questions. I guess the first one is just on the duration of protection with the vaccines. I mean, Joe, you touched on this a little bit, but maybe just what's your perspective on how often a booster might be required here? And then, can you remind us of timing of your two-dose Phase 3 trial? And then Jennifer would love any more details you can provide on the DARZALEX subcu conversion and the IMBRUVICA competitors dynamics that you mentioned? Thank you.

A - Joe Wolk {BIO 19812977 <GO>}

Yeah. So Terence, thanks for the questions. I would say, in terms of the booster, whether it's needed or not, I think we should really differ to health officials around the world as to what that call will be. We do like the durability of at least eight months for our vaccine. We think that's better than some of the other vaccines that are out there, not to disparage them in any manner whatsoever. But health officials still have not made any type of decisions on when or if a booster will be needed, so we'll just defer to them when more data is collected.

A - Jennifer Taubert {BIO 20108880 <GO>}

Perfect. So then, as it relates to DARZALEX, starting off with DARZALEX, you saw the very strong results that we had in the quarter, also the significance of the additional indications that continue to come through and our sixth indication, specifically for the DARZALEX FASPRO application. As we take a look so far across the business already 60% of our DARZALEX business is in the subcutaneous form. And that's whether we look at the United States or whether we look outside the US. And so very, very rapid adoption, as well as expanded into additional patient populations for DARZALEX. So we're very very confident in the uptake and this is really providing significant benefits from patients going from multiple hour infusions down to a three to five minute injection. So a lot of good things to come on DARZALEX. As it relates to IMBRUVICA, we're seeing very strong growth for IMBRUVICA outside the United States. Right now, 20% growth in the quarter. As we take a look at IMBRUVICA overall, we had double-digit growth, but obviously it's less than that in the US. In the US, we're still a bit impacted. The patient volumes and new patient starts are still down a little bit in CLL due to COVID. For these patient populations, there can be more of a watchful waiting period or sometimes treatment with older therapies. And so, we did see a slower growth rate, particularly in the US, in the quarter, but we do anticipate that to rebound as we move forward and more people get vaccinated.

As it relates to the competitive dynamics, IMBRUVICA remains a number one prescribed treatment in CLL and relapsed/refractory MCL and also (inaudible). So it's the number one BG's KI wherever they're prescribed, is also the only agent that Scott demonstrated overall survival in first-line CLL and safety profile that supported by over five years of follow-up and clinical experience. So we believe we've got a great profile that stands up competitively with IMBRUVICA and will continue to be able to deliver great growth for us going forward.

A - Joe Wolk {BIO 19812977 <GO>}

And Terence with respect to your question on the two dose study for the vaccine, we would expect that data to be either late Q3, early Q4, at this point.

A - Chris DelOrefice {BIO 20730104 <GO>}

Thanks Terence. Appreciate the question. Rob, next question, please.

Operator

Next question is from the line of Matt Miksic with Credit Suisse. Please proceed with your question.

Q - Matt Miksic {BIO 6990080 <GO>}

Hey, thanks so much for taking my question. Just -- one just quick follow-up. I know that there were some questions really on sort of the tone of the market in COVID and trends for the back half of the year. But just to clarify, specifically for Ashley, the third-quarter -- for those businesses that are in the past med device businesses that have been sort of seasonally off, down slightly, flattish from Q2 to Q3. Is that the pattern -- when you talk about improving momentum, I mean is that the pattern we should see sort of a normal seasonal pattern? Or is the momentum you're describing something that would actually take this -- some of those businesses up sequentially? And I have one follow-up, if I could.

A - Ashley McEvoy {BIO 20108895 <GO>}

Yeah, Matt, I think -- thank you for the question. And I would tell you that what we've experienced is maybe some book and like our electrical physiology business, or Afib treating cardiac ablation has kind of recovered very expeditiously, and that team right now is just really working on refilling the patient funnel. At the other book, I would say we would be cataract surgeries, which are procedure volumes are still below 2019. So we would expect that one to significantly accelerate on a balance to go. So it really depends by procedure. They really are meeting the bell curve, if you will. And again, as I kind of come back to what's going to affect the pace, it's really the -- pace of vaccinations, pace of hospitals being able to match the capacity and keep a highly engaged healthy workforce and manage through some of the surgeons that we're seeing right now in the US and other pockets of the world. And then just really patient sentiment, there's been a lot of investment that J&J has been doing to reassure patients to go seek medical care. And I think we've seen a lot of the facts and data and publications on the impact on non-COVID patients who haven't seek care. So we expect that to continue. We don't expect, again, a perfect linear. I keep saying that because we learn every week. We take four steps forward and maybe a step back. Thank you.

Q - Matt Miksic {BIO 6990080 <GO>}

And then just one on Vision, if I could. You mentioned the approval of synergy in the US. I know it's been out. This is the Presbyopia correcting IOL, has been out for a while in Europe. Just wondering if you can tell us with that has done for the European business with the response has been and how you're thinking about that mapping over to the US? Thanks.

A - Ashley McEvoy {BIO 20108895 <GO>}

Yeah. Sure. We've seen really strong performance of the TECNIS Synergy in EMEA. We are growing market share in EMEA and Vision Surgery. And that market had a lot of available premium intraocular lenses. We're pleased to bring that technology to the United States. We just launched in quarter two. There has been very good pick up. It's also complemented, as Chris was mentioning with kind of our first innovation in the phacoemulsifier to Veritas. So the combination of those two with really our first advancement in monofocals in the TECNIS Eyhance, which was launched earlier in quarter one. The combination of those three innovations, I expect should improve our current run rate of revenue performance in the US surgical vision. And as you heard in quarter two, we did grow revenue versus 2019 and OUS. And so what I expect that that should have the US start to pick up more in the back half of the year.

A - Chris DelOrefice {BIO 20730104 <GO>}

Thanks, Ashley. Appreciate it. Matt, thanks for the question. Rob, next question, please.

Operator

The next question comes from the line of Joanne Wuensch with Citi. Please proceed with your question.

Q - Joanne Wuensch {BIO 2379289 <GO>}

Good morning and thank you for taking the question. Two of them. One, could you just sort of give us a little bit of update and color on the Orthotaxy adoption? You did provide some statistics on Monarch. But anything else that you can sort of add in that bucket? And then, my second question is, I might be reading the tea leaves a little bit here, but you sounded maybe just a little bit stronger on the idea or concept of M&A. Am I interpreting that correctly?

A - Jennifer Taubert {BIO 20108880 <GO>}

Yeah. Thanks, Joanne. I'll start and then I'll turn to to my colleagues to talk a bit about M&A and some of the other businesses as well. I would say we're very encouraging that we've had about 750 on hand demonstrations with our VELYS Knee Digital Surgery offering. We've done about 100 cases to date. What we keep hearing from customers who have been giving us really positive feedback on a couple of things, the value of the system's smaller footprint, the images intraoperative capabilities and really the ease of integration for surgeons and OR teams, the workflows, reducing the heavy physical and financial burdens of the currently available marketplace offerings. So, it's new, we just got approval also in Australia. So we're going to start to do cases in Australia. And I would say very, very encouraging. We have several different commercial models that we're assessing and we're seeing hospitals take really multiple archetypes. So stay tune on that. And then I think you had a second question, Joanne, on M&A. And I would just say, for MedTech point of view, you've seen -- we've invested over $10 billion of capital in M&A, really behind getting into eye health, getting more significant into digital surgery. And then really starting to invest in, I'll call it, standard of care changing technologies like NeuWave and ablation. For liver ablation was the first indication right now, we are under clinical trial to partner that technology with our endoluminal Monarch technology for lung cancer, the treatment of tumors or bleeding tumor cells. We're also first in human in oncolytic viruses and drug delivery using Monarch as well as starting to get a stronger foothold in the fast-growing area of stroke. Our stroke business was up over 30% in quarter two relative to 2019. So again, a procedure that was less affected in the COVID environment that we continue to build down too. But I'll turn to my colleagues to talk a little bit about M&A.

A - Ashley McEvoy {BIO 20108895 <GO>}

Yeah. One of the things that help us to be really successful here is that we are truly agnostic to the source of innovation. So the win is having something that's really transformational and being able to get it to patients. It's not where it originated from. And so as a result, about 50% of our products come internally, 50% externally. So for example, late last year, we brought in Bermekimab, we made the acquisition of Momenta, we brought in Taris as a drug delivery device for bladder gene therapy for geographic atrophy in age-related macular degeneration from Humira. And so, we really do work very, very assertively to find the best technologies in our key areas of focus and many times that's coming from our internal labs, many times it's also coming externally. So our strategy and interest there remains the same and making sure that we've got the best innovation for patients going forward. I feel like we're doing a really good job on that front.

A - Thibaut Mongon {BIO 20973347 <GO>}

And in Consumer Health, I would say that we have a very strong portfolio of iconic brands and that we continue to develop very quickly. Obviously, we continuously scan the market for opportunities to find either new go-to-market models or close gaps in our portfolio. But if you look at the acquisitions we have made over the past couple of years, we are really pleased with our performance. All of them, whether it's in healthcare or skin health, are performing well. And that's very encouraging for the future.

A - Joe Wolk {BIO 19812977 <GO>}

And Joanne, I'll just say you're going to force me to review the transcripts in, maybe more detail than I usually do. I didn't think our language changed much. We always remain pretty aggressive when it comes to rigorous portfolio management, making sure that we're making the most of the scientific expertise, the commercial capabilities that we have and we just got to find deals that really fit the financial construct in a disciplined way. So whether it's in MedTech pharmaceuticals or consumer, we look across the Board really monthly, if not more often, at opportunities that may fit nicely within the Johnson & Johnson business.

A - Chris DelOrefice {BIO 20730104 <GO>}

Thanks Joanne. Appreciate the question. Operator, last question, please.

Operator

That question will be coming from the line of Jayson Bedford with Raymond James. Please proceed with your question.

Q - Jayson Bedford {BIO 5141602 <GO>}

Good morning and thanks for squeezing me in. Two unrelated questions that require, I think, quick answers. I'll ask both upfront. I guess first, on the potential knock-on impact of the vaccine, I appreciate the not-for-profit nature of the product. But do you expect to see a halo effect meaning you think the vaccine will help pull-through or benefit other areas of the portfolio? And then my second question maybe for Thibaut. At 28%, how much further can consumer margins go? And then any further commentary on the inflationary pressures that you alluded to in the commentary? Thanks.

A - Jennifer Taubert {BIO 20108880 <GO>}

So I'll jump in on the vaccine question first. So really -- we're really proud of what we've been able to do in bringing forward COVID vaccine. And we see this as really the start of what will become a vibrant vaccine business for Johnson & Johnson. So you were talking about the halo effect or a knock-on effect. We believe the good that we're doing in the world and that we will continue to be doing on the COVID vaccine is a great start. And in our pipeline right now, we've got a number of vaccines in development that we hope to have positive results coming from, including an RSV vaccine, an HIV vaccine, one for prevention of sepsis and others that we're looking at. So we hope this to be start of what will become a very vibrant vaccine business for us over time.

A - Thibaut Mongon {BIO 20973347 <GO>}

Yeah. And to your question on consumer, as I said, we have seen in the first half and we continue to expect into back half of the year, pressure in parts of our portfolio, in terms of commodity inflation and then distribution costs. We are prepared to absorb those. And in terms of margin improvement, we are committed to continuously improve our margin profile, but as I said, is going to be a mix of continued search for efficiencies, but also investment in our business whether it's brand-building activities or new innovation program.

A - Chris DelOrefice {BIO 20730104 <GO>}

Great. Thanks Jayson. Appreciate the question. And thanks to everyone for your questions and your continued interest. Apologies to those we couldn't get to because of time, but don't hesitate to reach out to the investor relations team as needed.

I'll now turn the call back to Joe for some brief closing remarks.

A - Joe Wolk {BIO 19812977 <GO>}

Great. Thank you, Chris. And thank you really everyone for joining today's call to discuss our second quarter results and updated outlook. We are incredibly proud of the relentless focus each of our J&J colleagues apply to really meet patient and consumer needs around the globe resulting in a strong financial performance this quarter across the enterprise, while simultaneously investing for a very strong future. I'm very confident in our outlook for the rest of 2021. Our business is performing even beyond the mathematical year-on-year comps. And hopefully that's your takeaway today. So thank you for your time and bye for now.

Operator

Thank you. This concludes today's Johnson & Johnson second quarter 2021 earnings conference call. You may now disconnect.