Speaker 1
0s

Good morning, and welcome to Johnson and Johnson's First Quarter twenty twenty five Earnings Conference Call. All participants will be in a 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. If you experience technical difficulties during the conference, you may press 0 to reach the operator. I would now like to turn the conference call over to Johnson and Johnson. You may begin.

Speaker 2
27s

Hello, everyone. This is Jessica Moore, Vice President of Investor Relations for Johnson and Johnson. Welcome to our company's review of business results for the first quarter of twenty twenty five and our updated financial outlook. A few logistics before we get into the details. As a reminder, you can find additional materials, including today's presentation and associated schedules on the Investor Relations section of the Johnson and Johnson website at investor.jnj.com. Please note that this presentation contains forward looking statements regarding, among other things, the company's future operating and financial performance, market position and business strategy. You are cautioned not to rely on these forward looking statements, which are based on the current expectations of future events using the information available as of the date of this recording and are subject to certain risks and uncertainties that may cause the company's actual results to differ materially from those projected. A description of these risks, uncertainties and other factors can be found in our SEC filings, including our 2024 Form 10 ks, which is available at investor.jnj.com and on the SEC's website. Additionally, several of the products and compounds discussed today are being developed in collaboration with strategic partners or licensed from other companies.

Speaker 2
1m 56s

This slide acknowledges those relationships. Moving to today's agenda. Joaquin Duato, our Chairman and CEO, will open with a few comments on our performance and key catalysts for the company. John Reed, our Executive Vice President, Innovative Medicine R and D, will highlight recent data from select assets. I will then review the first quarter sales and P and L results. Joe Walk, our CFO, will then close by sharing an overview of our cash position, capital allocation priorities and guidance for 2025. Jennifer Taubert, Executive Vice President, Worldwide Chairman, Innovative Medicine and Tim Schmid, Executive Vice President, Worldwide Chairman, MedTech, will be joining us for Q and A. To ensure we provide enough time to address your questions, we anticipate the webcast will last slightly over sixty minutes. With that, I will now turn the call over to Joaquin.

Speaker 3
2m 55s

Thank you, Jess, and hello, everyone. In the first quarter, we delivered strong operational sales growth of 4.2% across our business. Our Q1 performance reinforces my confidence in our 2025 guidance and reflects the strength of Johnson and Johnson's uniquely diversified business with year over year sales increases in both our innovative medicine and med tech sectors. No other healthcare company has delivered growth through the first year of losing exclusivity for a multibillion dollar product. In our case, Stellara. And yet, that is exactly what we are doing. Our resiliency is a testament to what makes us unique. We are not just a pharmaceutical company or a med tech company. We are a healthcare company, innovating across the full spectrum of disease. Our consistent strong performance is a testament to our capabilities across commercial, R and D and supply chain. It is also a reflection of our strength in execution, which you can see in our quarterly results. We have described 2025 as a catalyst year. It is a year that will set us up for accelerated growth through the second half of the decade and beyond. In Q1, the power of our portfolio and pipeline was on full display.

Speaker 3
4m 33s

In Innovative Medicine, we delivered 4.2% operational sales growth despite an approximate eight ten basis points headwind from Stelara with 11 key brands growing double digits. With our third consecutive quarter of sales above $3,000,000,000 DARZALEX continues to set the standard in multiple myeloma with another quarter of over 20% growth. In fact, just last week, we expanded our DARZALEX indication in Europe with the approval of a DARZALEX based quadruplet regimen for patients with newly diagnosed maternal myeloma regardless of transplant eligibility. It is further proof of the impact of this medicine, which together with Carvicti, Talve, and TegVyle is changing the conversation from treating to progression to treating to cure. Other significant oncology portfolio advancements in Q1 included Phase III data presented at ELCC last month showing Ribrevant plus Lascludes extended overall survival by more than one year versus the current standard of care in first line EGFR mutated lung cancer. And last week, the European Commission approved sub cutaneous ribavant in combination with Las Cruze for the treatment of EGFR mutated non small cell lung cancer. This was an important milestone for patients as sub cutaneous ribavant reduces administration time from hours to minutes. Our aspiration is for Ribrovant plus Lascludes to become the new standard of care for these patients and you can see our progress in Q1.

Speaker 3
6m 30s

In immunology, we're seeing the impact of Tremfya's entry into inflammatory bowel disease with our launch in ulcerative colitis helping accelerate operational sales growth to 20. And with our recent FDA approval in Crohn's disease, I'm more confident than ever that this blockbuster drug will become the gold standard for IBD patients and a $10,000,000,000 plus product. Turning to MedTech, in Q1, we delivered 4.1% operational sales growth with strong performance in our recently acquired cardiovascular businesses, Abiomed and Shockwave as well as in Surgical Vision and wound closure. In addition to their contribution to MedTech growth, Abbiomed and Shockwave continued to meet deal model expectations and both announced important portfolio milestones this quarter. These included updates to the American College of Cardiology and American Heart Association guidelines for our Impella heart pump, which based on evidence from the DANGER shock trial was upgraded from Class 2B to Class 2A. And in Shockwave, the team launched the first of its kind Javelin peripheral IVL catheter for the treatment of difficult to cross lesions in peripheral artery disease. In electrophysiology, we resumed US body pulse cases and to date we have completed more than five thousand five hundred cases globally. Turning to surgery, we recently announced we have started OTAVA clinical trials with a procedure that supports submission for U. S. FDA de novo in general surgery with an indication for multiple upper abdomen procedures.

Speaker 3
8m 27s

This is an important milestone as we continue to strengthen our presence in robotic surgery. Beyond our existing portfolio and pipeline, we also fortified our leadership as an innovation powerhouse with two major announcements. In March, we announced our commitment to invest more than $55,000,000,000 in The U. S. Over the next four years in manufacturing, R and D and technology. This represents a 25% increase in investment compared to the previous four years. It builds upon the company's already elevated commitment to The U. S. Economy while expanding our capacity to manufacture next generation medicine and devices for patients in America and around the world. The investment includes four planned new manufacturing facilities, the first of which broke ground last month in North Carolina. And at the April, we announced the completion of our acquisition of Intra Cellular Therapies, which extends Johnson and Johnson's industry leading portfolio in central nervous system disorders. With the addition of CAPLYTA, we have expanded our lineup of therapies with at least $5,000,000,000 plus potential in peak year sales, further solidifying sales growth above analyst expectations now through the rest of the decade. Turning to the TALK bankruptcy ruling. As we shared a few weeks ago, we will return to the tort system where we expect continual success in litigating these meritless claims.

Speaker 3
10m 14s

In terms of next steps, we will immediately pursue our motion spending in the multi district litigation to exclude plaintiffs' experts known as the Daubert Challenge. And finally, as announced this morning, we increased our dividend for the sixty third consecutive year, which we know is important to our shareholders. We had a strong start to 2025, and I'm looking forward to sharing many more successes throughout the year, recognizing that there have been many important milestones and data readouts in the quarter, I will now pass the call to John Reed for an innovative medicine R and D update.

Speaker 4
10m 56s

Thank you, Joaquin. I'm excited to share a few highlights from our industry leading innovative medicine pipeline that occurred throughout the quarter. With the successful acquisition of Intracellular, I want to focus on CAPLYTA, a remarkable medicine with balanced pharmacology that delivers robust efficacy combined with a favorable tolerability profile for neuropsychiatric disorders. CAPLYTA is already approved for the treatment of schizophrenia and is the only medicine approved for the treatment of depression in both bipolar one and two as either monotherapy or adjunctive therapy. On this slide, we're sharing data for major depressive disorder showing very impressive and consistent improvements in the standard depression scoring metric, MADRS, in both phase three studies that served as the basis for submission of the supplemental new drug application to the FDA. We anticipate approval of CAPLYTA later this year as an adjunctive treatment for major depressive disorder, representing the largest of the indications for novel antidepressant drugs today. Turning to oncology. We are so excited about our recent overall survival data for Ribrovant plus last clues in first line non small cell lung cancer harboring EGF receptor gene mutations. Non small cell lung cancer is the most prevalent type of lung cancer, making up about eighty five percent of lung cancer diagnoses.

Speaker 4
12m 38s

Sadly, less than twenty percent of people diagnosed with this form of the disease are alive after five years, and only a fraction live long enough to try a second treatment. That's why it is so important to use the best treatment first. In a head to head study against today's standard of care, our Riborvant plus Lascluse regimen improved overall survival by more than a year with the Kaplan Meier survival curves continuing to separate at thirty seven point eight months median follow-up. With Riborvant's triple mechanism of action, we're looking to reset the standard five year survival expectations in a never before seen way. In simplest terms, we're giving patients more hope that they may live to celebrate another birthday, anniversary, or other important family event. A truly practice changing achievement. Now moving on to immunology. I draw your attention to the recent FDA approval of Tremfya in Crohn's disease, our fourth indication for Tremfya. Tremfya is currently the only I l twenty three inhibitor with the flexibility of subcutaneous administration for both induction and maintenance dosing for the treatment of Crohn's disease, which means patients can start their treatment by self administering with results as rapid and robust as receiving the IV in a clinic or doctor's office.

Speaker 4
14m 17s

Additionally, in a recent head to head study in adult patients with moderately to severely active Crohn's disease, Tremfya demonstrated superiority versus Stelara in all pooled endoscopic endpoints. As the only dual acting IL-twenty three inhibitor, Tremfya neutralizes IL-twenty three while also binding to c d 64 in immune cells that produce I l 23, thus localizing TREMFYA right at the source of inflammation. Tremfya continues to offer an exceptional solution for patients struggling with inflammatory bowel disease. Lastly, highlighting some of our latest data for our investigational oral IL twenty three pathway inhibitor icotrokinra, we are aiming to redefine the standard of care for people living with plaque psoriasis. Icotrokinra is the first and only targeted oral peptide that selectively blocks the I l 23 receptor. In two placebo controlled phase three studies, icotrokinra demonstrated impressive complete skin clearance and a favorable safety profile in a once daily pill. Our phase three data demonstrated that nearly half of adult patients and three quarters of adolescents with moderate to severe plaque psoriasis treated with icotrokinra achieved completely clear skin by week twenty four. We also reported that icotrokinra achieved the prespecified endpoints in additional phase three psoriasis studies comparing our molecule head to head with the most commonly prescribed TYK2 inhibitor.

Speaker 4
16m 11s

Those data will be shared at an upcoming medical congress. Looking forward, we are initiating the first ever head to head study seeking to demonstrate the superiority of a pill, icotrokinra, compared to an injectable biologic, Stellara, in moderate to severe plaque psoriasis, representing an important step forward in psoriasis research. As a reminder, we intend to file icotrokinra for approval later this year. Finally, beyond psoriasis, we recently announced positive top line results from Anthem UC, our phase two b study of icotrokinra in adults with moderate to severe ulcerative colitis. That study showed that icotrokinra achieved impressive clinical remission rates combined with a favorable safety profile, again, dosed as a once daily pill. With all this progress, you can understand why we continue to be excited about the potential of icotrokinra to transform the treatment paradigm for patients battling with autoimmune diseases. Overall, across all our therapeutic areas, we are absolutely thrilled with the progress that our pipeline has made in the first quarter of this year, and we are eager to report on other significant milestones scheduled for the remainder of 2025. And now I will turn the call over to Jess.

Speaker 2
17m 44s

Thank you, John. Moving to our financial results. Unless otherwise stated, the percentages quoted represent operational results and therefore exclude the impact of currency translation. Starting with Q1 twenty twenty five sales results. Worldwide sales were $21,900,000,000 for the quarter. Sales increased 4.2% despite an approximate four seventy basis point headwind from Stellara. Growth in The U. S. Was five point nine percent and two point one percent outside of The U. S. Worldwide growth was positively impacted by 90 basis points due to acquisition and divestitures. Turning now to earnings. For the quarter, net earnings were $11,000,000,000 and diluted earnings per share was $4.54 versus diluted earnings per share of $1.34 a year ago, primarily driven by the reversal of $7,000,000,000 related to the talc settlement proposal. Excluding after tax intangible asset amortization expense and special items for both periods, adjusted net earnings for the quarter were $6,700,000,000 and adjusted diluted earnings per share was $2.77 representing increases of 1.92.2%, respectively, compared to the first quarter of twenty twenty four. We are proud to deliver bottom line growth despite the loss of exclusivity of Solara and the impact of Part D redesign. I will now comment on business sales performance in the quarter.

Speaker 2
19m 26s

Beginning with Innovative Medicine. Worldwide sales of $13,900,000,000 increased 4.2% despite approximate eight ten basis point headwind from Stellara. Growth in The U. S. Was six point three percent and one point five percent outside of The U. S. Starting with Oncology. DARZALEX growth was 22.5%, primarily driven by continued share gains of approximately three points across all lines of therapy and approximately five points in the frontline setting as well as market growth. PERVICTI achieved sales of $369,000,000 and growth of over 100%, driven by share gains and capacity expansion. This reflects sequential growth of 10.5% as we continue to expand outside of The U. S. Tekveli and Talve growth was 1550.2%, respectively, reflecting strong launches in the relapsedrefractory setting. Patient demand remained strong despite continued adoption of longer dosing intervals. ERLEADA continued to deliver strong growth of 14.6% despite the impact of Part D redesign, primarily driven by share gains and market growth. Ribrovant plus Lascluse continued its strong launch trajectory with sales of $141,000,000 and growth over 100%. Within immunology, Tremfya delivered growth of 20.1% despite the impact of Part D redesign, driven by share gains and market growth across all indications, including our newly launched indication in ulcerative colitis.

Speaker 2
21m 12s

ZOLARA declined 32.3%, driven by the impact of of biosimilar competition and Part D redesign. As a reminder, REMICADE and SYMPHONY distribution rights in Europe were returned in Q4. This positively impacted results in the quarter and is anticipated to continue for the remainder of the year. Remicade sales also include a onetime patient mix benefit in The U. S. In neuroscience, growth of 42.9% was driven by increased physician and patient demand. Finally, other assets that were impacted by Part D redesign include Envigo long acting injectables, which declined thirteen point five percent pulmonary hypertension, which declined one point two percent and was partially offset by market growth and share gains and Xarelto, which increased by 33% and also included a onetime patient mix benefit. I'll now turn your attention to medtech. Worldwide sales of $8,000,000,000 increased 4.1% with growth of 5.1% in The U. S. And 3% outside of The U. S. Acquisitions and divestitures had a net positive impact of two eighty basis points on worldwide growth, four twenty basis points in The U. S. And 120 basis points outside of The U. S. MedTech performance was driven by commercial execution and strength of new products, partially offset by several onetime events disproportionately impacting orthopedics, in addition to continued competitive PFA pressures in electrophysiology and headwinds in China.

Speaker 2
22m 56s

Results were negatively impacted by approximately two ten basis points worldwide, two forty in The U. S. And 180 outside of The U. S. Due to these onetime events. In cardiovascular, electrophysiology growth was roughly flat versus prior year driven by lapping of prior year inventory dynamics in Asia, impacting worldwide results by roughly three ten basis points and competitive PFA ablation catheter pressure. This was mostly offset by global procedure growth, new product uptake and commercial execution. Abiomed delivered growth of 14% driven by strong growth in all regions and continued adoption of Impella five point five and Impella CP technology. Cardiovascular results also included $258,000,000 associated with the acquisition of Shockwave. As a reminder, we will lap the acquisition benefit at the May. Envision, contact lenses and other grew 2.7% driven by continued strategic price actions and strong performance in the AccuView Oasis one day family of products. Surgical vision growth of 6.2% was driven by our recent innovations, Technis Odyssey, Pure C, and iHands, as well as commercial execution, partially offset by competitive pressures in The U. S. Surgery grew 1.1% with divestitures negatively impacting results by approximately 180 basis points. Performance was driven primarily by commercial execution and the continued strength and adoption of new products across wound closure and biosurgery.

Speaker 2
24m 43s

Growth was partially offset by competitive pressures in energy and endocutters as well as the negative impact of China VBP. Given the disproportionate impact of the onetime events to orthopedics, I'd like to draw your attention to this additional slide. Orthopedics declined 3.1%, primarily driven by the lapping of a one time revenue recognition timing change related to certain products across all platforms in The US. Fewer selling days and revenue disruption from the previously announced orthopedics transformation. These onetime events negatively impacted worldwide orthopedics growth by approximately four eighty basis points, six fifty basis points in The U. S. And two ten basis points outside of The U. S. This was partially offset by success of new product launches and commercial execution. Now turning to our consolidated statement of earnings for the first quarter of twenty twenty five. I'd like to highlight a few noteworthy items that have changed compared to the same quarter of last year. Cost of products sold deleveraged by three twenty basis points, driven by unfavorable transactional currency and product mix, primarily due to the decline of Stellara in Innovative Medicine as well as the fair value step up in amortization associated with the Shockwave acquisition in MedTech.

Speaker 2
26m 10s

Selling, marketing and administrative expenses improved 130 basis points driven by operating spend management and phasing of investments, primarily in innovative medicine. Research and development expenses leveraged by 190 basis points, primarily driven by portfolio progression towards commercialization and phasing of investments in Innovative Medicine, partially offset by investments associated with the recent acquisitions of Shockwave and VWave in medtech. Interest income and expense was a net income of $128,000,000 as compared to $2.00 $9,000,000 in the first quarter of twenty twenty four, primarily driven by higher interest rates paid on higher average debt balances. Other income and expense was a net income of $7,300,000,000 compared to an expense of $2,400,000,000 in the prior year, driven by the $7,000,000,000 talc reserve reversal in the first quarter of twenty twenty five and the $2,700,000,000 talc settlement proposal recorded during the first quarter of twenty twenty four. Regarding taxes in the quarter, our effective tax rate was 19.3% versus 12.4% in the same period last year, primarily driven by the tax effect of the reversal of the talc settlement accrual. Excluding special items, the effective tax rate was 16.3% versus 16.5% in the same period last year. I encourage you to review our upcoming first quarter ten Q filing for additional details on specific tax related matters.

Speaker 2
27m 50s

Lastly, I'll direct your attention to the box section of the slide where we have also provided the company's income before tax, net earnings and earnings per share adjusted to exclude the impact of intangible amortization expense and special items. Now let's look at adjusted income before tax by segment for the quarter. New this quarter and to continue our efforts of increased financial transparency, you will find GAAP to non GAAP reconciliations by segment in the supplemental schedules of our press release. Innovative medicine margin declined from 42.9% to 42.5%, primarily driven by unfavorable transactional currency and product mix and cost of products sold and Part D redesign, partially offset by operating leverage. MedTech margin declined from 26.4% to 25.9%, primarily driven by R and D and selling, marketing and administrative investments associated with the recent acquisition of Shockwave and VWave. As a result, adjusted income before tax for the enterprise as a percentage of sales decreased from 36.8% to 36.6%. This concludes the sales and earnings portion of the call, and I will now turn the call over to Joe. Hello, everyone, and thank you for joining us today. Thanks, Jessica, not just for the transition now, but also for how well you have led the Investor Relations function in the past few years.

Speaker 5
29m 23s

The investment community will miss you, but we look forward to seeing you in the lead finance role for Innovative Medicine. Our first quarter results demonstrate the strength and reliability of Johnson and Johnson's diversified business model. Innovative Medicine achieved robust growth in the face of Stellara biosimilar entrants, and we advanced our pipeline, attaining significant clinical and regulatory milestones. In medtech, as indicated in January, we anticipated pockets of challenge early on and are planning for higher second half growth in those areas of our business. The team is focused on commercial execution and accelerating the recently launched products to deliver medtech's commitments that are included in the company's full year guidance. The recent acquisitions of Abiomed and Shockwave continue to expand our presence in higher growth markets. In addition, we continue to take steps to improve MedTech's future margin profile, implementing a restructuring program designed to simplify and focus the operations of our surgery business, similar to what we launched in orthopedics in 2023. Focusing on portfolio renewal, we plan to exit certain non strategic product lines globally and optimize select sites across the network. We anticipate some modest short term revenue disruption in surgery of approximately $250,000,000 in total over the next two years, but these actions will improve our ability to accelerate growth and enhance profitability.

Speaker 5
30m 47s

The program is expected to be completed in 2027 with cost estimated at approximately $900,000,000. Let's now turn to cash and capital allocation. We are pleased with free cash flow generation in the quarter of approximately $3,400,000,000. We ended the first quarter with $38,800,000,000 of cash and marketable securities and $52,300,000,000 of debt for a net debt position of $13,500,000,000 It is important to note that cash and net debt were favorably impacted by approximately $14,000,000,000 of cash held in anticipation of the Intercellular acquisition, which closed on April 2. Taking this into consideration, net debt would have been approximately $27,500,000,000. Investment and innovation remains the highest priority in our capital deployment. And during the first quarter, we invested more than $3,000,000,000 in research and development, approximately 15% of sales. We also remain committed to returning capital directly to shareholders. We recognize the value investors place on our dividend, and we were pleased to announce today that our board of directors authorized a 4.8% increase, marking our sixty third consecutive year of dividend increases. The Intercellular Therapies acquisition bolsters our neuroscience portfolio, and we maintain a disciplined approach to inorganic growth, focusing on acquisitions and partnerships that align strategically and offer value creation.

Speaker 5
32m 18s

As noted in our talc investor call and following up on some of Joaquin's earlier comments, we reversed $7,000,000,000 of the reserve previously held for the bankruptcy plan. This litigation has not and we foresee will not impact our ability to execute upon our capital allocation priorities to appropriately manage our business. Let's now discuss our full year guidance for 2025. We are increasing our operational sales guidance for the full year by $700,000,000 to reflect the addition of CAPLYTA following the completion of the Intercellular acquisition. Therefore, we now expect operational sales growth for the full year to be in the range of 3.3% to 4.3% with a midpoint of $92,000,000,000 or 3.8%. Excluding the impact from acquisitions and divestitures, we are maintaining our adjusted operational sales growth to the range of 2% to 3% compared to 2024. As you know, we don't speculate on future currency movements. And last quarter, we utilized the euro spot rate relative to the US dollar of 1.04. Last week, the euro spot rate relative to the US dollar was 1.11. We estimate an incremental positive foreign currency impact of $1,100,000,000 versus previous guidance, resulting in a full year headwind of $600,000,000 As such, we now expect reported sales growth between 2.6% to 3.6% with a midpoint of $91,400,000,000 or 3.1%.

Speaker 5
33m 56s

Turning to other notable items on the P and L. We are maintaining our guide of operating margin improvement by 300 basis points versus twenty twenty four. This improvement takes into consideration the dilution from the intracellular transaction as well as what we know today about the impact of tariffs on our business. We now project net interest expense between $100,000,000 and $200,000,000 primarily driven by financing costs associated with the Intercellular acquisition. Other income is anticipated to be in the range of $1,000,000,000 to $1,200,000,000 a slight increase versus previous guidance. Despite $0.25 dilution from the Intercellular acquisition and including the impact of tariffs based on what is in place today, we are pleased to be able to maintain our adjusted reported earnings per share guidance of 6.2% at the midpoint for a range of $10.50 to $10.70, partially aided by the reduced FX impact. I'll now provide some qualitative considerations on phasing for your models. We continue to expect both Innovative Medicine and MedTech operational sales growth to be higher in the second half of the year versus the first half. Regarding innovative medicine, we maintain the assumption that the impact of Stellara biosimilar competition will accelerate throughout the year, similar to Humira's erosion curve, which is still our proxy with the additive impact of Part d redesign.

Speaker 5
35m 25s

The impact of Part d redesign on affected products as a percent of sales will be consistently applied throughout the year, aligned with how we traditionally account for similar discount and rebate programs. Naturally, we expect a greater benefit from our newly launched products as the year progresses. Regarding med tech, we expect normalized procedure volume and seasonality. And of course, we anniversary the Shockwave acquisition at the May. We anticipate our newly launched products to build throughout the year with the relaunch of Varipulse in The US, the introductions of dual energy STSF in The EU, Velis UniKey, Velis Spine, and Technis Odyssey. Lastly, this slide highlights the onetime prior year p and l items that should be taken into quarterly consideration for your models. Beyond our financial commitments and what Joaquin and John mentioned, we are excited for the pipeline progress plan for the remainder of 2025. In innovative medicine, this includes expected approvals in nipocalimab for generalized myasthenia gravis, subcutaneous Ribrovant for non small cell lung cancer in The US, Tremfya Subcutaneous Induction for ulcerative colitis, and CAPLYTA for adjunctive major depressive disorder. We continue our rolling submission of TAR 200 in non muscle invasive bladder cancer and anticipate filing icotrokinje in psoriasis.

Speaker 5
36m 57s

Plan data readouts for Ribrovant in head and neck cancer and icotrokinje in ulcerative colitis, as well as head to head data versus CTIC two in psoriasis. In med tech, we continue to make progress with clinical trials for our Ottava robotic surgical system and across our cardiovascular portfolio, including heart recovery with Impella ECP submission and circulatory restoration with Javelin and Shockwave E8 launches. This progress will bode well for financial performance for the balance of this decade. In fact, building on John's earlier discussion on our innovative medicine pipeline and what I just outlined, I'd like to revisit and update a slide that we shared at our enterprise business review in late twenty twenty three. In that slide, you may recall we highlighted key assets in our portfolio that we expected to drive long term growth and projected higher revenue than street estimates. We've been pleased to see some estimates have been raised since the 2023 enterprise business review, and now I'd like to walk you through some of our current thinking on our pipeline potential to show where we see even more upside. Based on current 2027 Street estimates, our projections are at least two times higher for Ribrovant plus Last Clues and at least 50% higher for SPRAVATO.

Speaker 5
38m 17s

One asset that we didn't highlight in this look back in 2023 was Tremfya. However, given recent regulatory approvals for inflammatory bowel disease, we now see sales for Trimfya at least 25% higher than current street estimates. When looking ahead to 2028, we anticipate sales for our intravascular drug releasing system, previously referred to as TARUS, to be at least three times higher than current street estimates, and new to the chart, icotrokinje, our targeted oral peptide, to be at least two times higher. To be balanced, analyst estimates are still a bit more optimistic than our own estimates on nipocalimab in 2027. However, we do anticipate closing that gap after launch. We have even stronger conviction today in our growth opportunities than at the enterprise business review as we've reached new milestones with each of these medicines. And importantly, we expect all these assets to achieve peak year sales beyond 2028 with further potential upside to street estimates in the outer years. Even after considering risk adjustments for unapproved products that you may apply, hopefully, you'll also conclude there is additional value to your outlooks. In summary, it was a solid start to the year. Johnson and Johnson's diversified business model uniquely positions us to tackle the headwinds in 2025, deliver on our financial commitments, and advance our pipeline to create long term sustainable value for shareholders.

Speaker 5
39m 47s

Thank you. And with that, we are happy to take your questions. Kevin, will you please provide instructions for those seeking to participate in the q and a?

Speaker 1
39m 55s

Certainly. We'll now be conducting a question and answer session. Ladies and gentlemen, if you'd like to ask a question at this time, please press star then one on your telephone keypad. If you'd like to withdraw your question, press then 2. Our first question today is coming from Larry Biegelsen from Wells Fargo. Your line is now live.

Speaker 6
40m 18s

Good morning. Thanks for taking the question and congrats on a nice quarter. Joe, you talked about $400,000,000 in tariffs in the 2025 guidance or about $0.14 by our math. What is that on an annualized basis? And how are you thinking about being able to mitigate that over time? Can you pass it along to customers, or or can you offset it by moving, production? Thanks for taking the question.

Speaker 5
40m 43s

Yeah. Thanks, Larry. Good to hear from you. So what's included in the $400,000,000? And, that is primarily med tech tariffs at this point. It's based on the programs that have been announced and the timing that correlates with those programs. So that would be inclusive of Mexico and Canadian import tariffs that are not excluded out of USMCA. It'll include to a very small degree some of the steel and aluminum tariffs that impact some of our products. It includes the China tariffs, as well as the China retaliatory tariff. And that is probably the most substantial out of all the tariffs in terms of that $400,000,000. And and so just to to maybe clarify for everybody, that that is products of US origin being shipped into China, and that's probably the most penalizing factor. That $400,000,000, I don't wanna be cavalier about that. It's obviously the the program has been phased in as a partial year. And then you have mostly this being captured as cost of goods, it's gonna sit on the balance sheet in inventory and be, relieved to the p and l in future periods. So that's how that's how we're thinking of it. In terms of mitigation strategies, I think you know across our entire business, we're very limited in terms of price leverage, whether it be on the med tech side.

Speaker 5
42m 6s

There's, contractual agreements already in place and certainly very much precluded on the pharmaceutical side, on current products that exist in terms of taking price increase. And I know Joaquin has a few thoughts regarding tariffs and maybe other mitigation factors and the supply nature of, health care.

Speaker 3
42m 26s

Thank you, Joe, and thank you, Larry, for the question. Thinking about tariffs and thinking specifically about pharmaceutical tariffs, there's a reason, Larry, why pharmaceutical tariffs are zero. It's because tariffs can create disruptions in the supply chain leading to shortages. If what you want is to build manufacturing capacity in The U. S. Both in medtech and in pharmaceuticals, the most effective answer is not tariffs, but tax policy. As a matter of fact, since President Trump's twenty seventeen tax reform, the investment in manufacturing both in medtech and in pharmaceuticals has significantly increased. And when you think about our recent announcement of investing $55,000,000,000 over the next four years at the completion of this investment plan. Essentially, all our advanced medicines that are used in The U. S. Will be manufactured in The U. S. So tax policy is a very effective tool to be able to build manufacturing capacity here in The US both for med tech and pharmaceuticals.

Speaker 5
43m 43s

Hey, Larry. I just wanna follow-up too. You did ask about a full year impact. And I I will say I purposely ignored question only because it would be way too speculative at this point. As we know, these tariffs are very fluid, and the responsible action for us now is to quantify what we see the impact in 2026 and then see what happens with respect to, does it, lend itself to negotiations with other countries and what's actually in place as we get into the the later part of 2025.

Speaker 1
44m 13s

Thank you. Next question today is coming from Chris Schott from JPMorgan Chase and Company. Your line is now live.

Speaker 7
44m 19s

Great. Thanks so much. Just had a question on gross margins in the quarter. It seems like these came in well below recent trends. I'm just trying get a better understanding of the drivers there and just the outlook going forward as we consider mix, tariffs, etcetera, on the gross margin line? Thank you.

Speaker 5
44m 36s

Hey, Chris. This is Joe. Thanks for the question. So I'll say it's, there's a two part answer to this one. So specifically, in the quarter, when looking at first quarter of twenty twenty four, we obviously had the impact of, Stellara, which was a much higher gross margin product than our average, product in our portfolio. You had Part d, which is exclusively price, which is eroding margin. And then you had some, I would say, transactional currency headwinds, one, a favorable impact last year or in 2023 funneling into 2024, and then some unfavorability from last year's, currency action. I would expect moving forward, based on some of the plans that we have, you could expect that that 300 basis points to probably improve by a third to 50%, and that would be inclusive of the tariffs that I just mentioned in Larry's question. Question. The other thing I would say is, I know you you guys do a great job, but I think analysts were maybe a little bit optimistic with respect to their outlook for gross profit, given that we had Stellara and Part D certainly communicated in the past. I believe the consensus was taking gross margins up year over year, and that one was probably a little bit of a miss.

Speaker 5
45m 54s

So we probably could've done a better job explaining it.

Speaker 1
46m 0s

Thank you. Next question is coming from Assad Hayder from Goldman Sachs. Your line is now live.

Speaker 8
46m 5s

Thanks for taking the question. Just going back to the Stellara biosimilar version and the acceleration of the trajectory that we're gonna see over the course of the year, Are you able to provide any quantitative framing on your views as it relates to the extent to which you think this, erosion gets smoothed out by the transition to other brands like Trampfire and other products? Thank you.

Speaker 9
46m 26s

Well, good morning. Thanks so much for the question. It it's Jennifer. What we saw with Stellara in the first quarter was definitely in line with our expectations for the product for the year, and we continue to guide to the HUMIRA two year erosion curve once there were multiple biosimilars as really the best model there and make sure that we're also including the additional impact of Part D redesign. If I could one additional point around, Stellara, if we take a look at the business overall, it was highlighted that we had 4.2% growth across Innovative Medicine. That included a negative eight ten basis point impact from Stellara. If you exclude that from our business, the remaining business, the bulk 90% of our business was actually growing at over 12%, really demonstrating the strength of our overall business and with 11 key brands that we're growing double digits. So yes, we've got, the Stellara LOE, but, the strength of the business is is really coming through across all of our growth drivers.

Speaker 3
47m 33s

Yes. And I would add to that, it is remarkable than in a year in which we are facing the headwind of the Stellara Biosimilars, partly redesign, we are able to grow even in the first quarter. And that we are able to do it like any other company to my knowledge in the healthcare industry has done it It's a testament to the strength of our business, to the diversification of our growth platforms. And it gives me a strong belief that we are going to continue to deliver throughout the year.

Speaker 4
48m 12s

Joaquin and Jeffrey, just building on the focus on STELARA. Of course, as STELARA begins to sunset, Tremfya continues to rise. You've seen the recent approvals in inflammatory bowel disease where Tremfya now is available as the only IL 23 class medicine for sub q delivery in both induction and maintenance. We have generated additional strong data going head to head against ELARA in a rigorous double blind study and showing the superiority across all mucosal endpoints. So that's really disease modifying, healing. And then finally, would say you'll see later this year data in psoriatic arthritis where we've done a, rigorous study looking at preservation of joint, avoiding the joint erosion that leads to long term disability. And what you'll see in those data when they're presented is a best in disease profile for Tremfya in psoriatic arthritis. So, really excited about the progress with, Tremfya, the world's first selective IL twenty three inhibitor.

Speaker 1
49m 20s

Thank you. Next question today is coming from Danielle Antalffy from UBS. Your line is now live.

Speaker 10
49m 25s

Hey. Good morning, everyone. Thanks so much for taking the question. Thanks so much too for all the the color on tariffs and the ortho impacts. That was super helpful. And, Jess, we're we're really gonna miss you. But congrats, and good luck in your in your next role. Just a a quick question on you know? And maybe this isn't really a question. I don't know. But I I think it's still on the table, and that's do we or don't we go into a recession? And I'd I'd love some color, if as much as you can provide, on on how you guys think about your business and how recession proof it is or isn't and what areas might be most at risk of underperforming relative to where we are today in a in a recession. Thanks so much.

Speaker 5
50m 11s

Hey, Danielle. Good to hear from you. Yeah. It's a good question. I think when, you know, we think about our business, the one thing we look to is certainly jobs reports in The US. And as of the most recent reports, it seemed to be pretty healthy. Well, the reason we look at that is because it's a pre precursor as to who may have benefits and coverage for prescription medications as well as procedures, inclusive of elective procedures. We have seen in times past when there's been a little bit of recession that some of those elective procedures maybe get delayed, but they they don't get abandoned. And I'm thinking primarily within orthopedics. You know, health care overall has proven to be while nothing is immune to a recession, it's been a little bit more recession proof than most other industries. And so we'll continue to monitor that, but right now, we feel good about the the standards of care that we're elevating on both the innovative medicine and med tech side of the house.

Speaker 3
51m 8s

Overall, health care demand remains solid, we feel good about the rest of the year regarding procedures and use of pharmaceuticals. I don't know. Any comments on that, team?

Speaker 11
51m 21s

Sure. Further to Joe's point, Daniel, a category such as advanced IOLs is a good precursor to really assessing the health of the economy. And so far, we haven't seen any impact on the performance of our IOL portfolio. In fact, we've seen the opposite. When you look at the performance of our IOL business on the back of the launch of both Technis Odyssey here in The U. S. And PureC globally, we're seeing benchmark performances and frankly, a turnaround of outperformance here in The U. S. With truly differentiated innovation. And so, so far, no major headwinds.

Speaker 1
52m 1s

Thank you. Our next question today is coming from Terence Flynn from Morgan Stanley. Your line is now live.

Speaker 7
52m 7s

Hi, good morning. Congrats on the quarter, and thanks for taking the question. Joe, we heard your comments this morning on the Section two thirty two potential pharma tariffs being focused more towards generics API versus the complex branded biologics. So just wondering if that's based on your impression of the most likely outcome here or that's more just your speculation or hope for the outcome? Thank you.

Speaker 3
52m 32s

Let me take that question, Terence, myself. So we are analyzing the Section two thirty two. It was already announced previously, so it's something that we consider normal that is going to happen. And overall, adding to my comments on tariffs before, I think it's also important that companies in health care partner with the administration to look to mitigate some of the vulnerabilities that exist today in our healthcare supply chain so as to avoid any continuity of supply effect. So it's important for us to partner with the administration and with the government and we plan to do it in this process to make sure that we have enough manufacturing capacity here in The US to be able to address multiple scenarios.

Speaker 5
53m 22s

And, Terrence, just to be clear that we wanna be deferential to the administration and their process, that is speculative. Just looking at the the pharmaceutical landscape and where, you know, national security interest may reside and what products there, that those, are delivered from. So that that was really kind of our take on it, but we are working and engaging with the administration and being deferential to their process.

Speaker 1
53m 50s

Thank you. Next question today is coming from Joanne Wuensch from Citibank. Your line is now live.

Speaker 2
53m 56s

Good morning, and, thank you for taking the question and providing all of this information. Very helpful. I do wanna sort of just pause for a second on the orthopedic sales, and try to unpack how much of that is which variable is there a way to quantify it and how do we think about the recovery in the back half of the year and then into next year? Thank you.

Speaker 11
54m 17s

Johann, thank you for the question. And as we mentioned, we've tried to provide as much transparency as possible to the significant impact of one timers in the quarter, which, to your point, have disproportionately impacted the Ortho business to the tune of roughly four eighty basis points. There are three key drivers to that: number one, the lapping of prior year change in walking implants revenue recognition, fewer selling days and finally, revenue disruption from the recent ortho transformation, which we announced in 2023. So when you actually look at our operational growth when accounting for those, it would be closer to 2%. Now at the same time, I will say, Joanne, we're not satisfied. Our underlying performance was impacted by competitive pressures primarily in Spine and Sports, which is partially offset by strong NPIs and commercial execution in categories like Trauma, Shoulder and Foot and Ankle. What gives us confidence in continued acceleration to the back half of the year is the incredible impact of truly differentiated innovation across our ortho portfolio. In fact, in 2024, we had eighteen five ten approvals here in The U. S. And 45 outside of The U. S. Across our portfolio. And what gives us confidence is this combination of having best in class implants with truly differentiated enabled technology such as Vellus.

Speaker 11
55m 37s

In our hips portfolio, we believe we're going to see continued performance on the back of our focus on anterior approach, both with Actis, Vellis and KINCISE two point zero. In knees, we have seen a slowdown in revisions, where I think you know we are historically number one, but feel very confident about continued momentum in primary with the combination of Attune and Vellis, which is now available in 30 markets. We have 110,000 procedures. And as you probably know, we're now launching the VELUS U Knee Knee in the coming quarters. In Trauma, this was a standout quarter for us, close to 7.3% operational growth when you account for the one timers. And this was driven by tremendous uptake of our Volt plating system. And the feedback we've got from surgeons, especially for our small frag, our mini frag and our distal radius has been exceptional. I think you also know that spine has been a bit of a laggard for us in the ortho portfolio. We are now effectively launching the TriAlta Spine system, which is a thoracolumbar system, coupled with Velispine, also launching in the couple in the coming quarters. And so not the best start, but strong confidence in improved performance through the remainder of the year in ortho.

Speaker 1
56m 47s

Thank you. Next question today is coming from Vamil Divan from Guggenheim Partners. Your line is now live.

Speaker 12
56m 53s

Great. Thanks for taking the questions and for all the information. So I just wanted to maybe focus on that Slide 29, Joe, that you talked about. Don't if this for you, Joe, or for for Jennifer. Appreciate you sharing your perspectives on those products and how they differ, your expectations differ from consensus. There's three products that are not on there anymore that were there at the end of twenty twenty three, and that's Carvicti, Talve, and TekVeili. And I don't think the consensus expectations have changed for those very much since then. So maybe you can just talk about, you know, what has changed there, why those aren't listed. Has there anything changed from your internal perspectives or, again, externally that just had those come off of that list? Thank you.

Speaker 2
57m 33s

Hi, Vamil. This is Jess. Yes, you're absolutely correct. The multiple myeloma portfolio was on the slide during the EBR in 2023 and they are not on the slide today. Not saying that there's not still a disconnect, but it's just not to the extent of the other products on the list. At that time, we had estimated if you did the math on the slide, it would have been about $4,000,000,000 that would have been added to 2027. Around 2,000,000,000 was added, so those estimates did go up at that time. Again, not that there's not still a disconnect. It's just not to the extent of the others on the slide because those estimates were increased.

Speaker 5
58m 15s

Yeah. So just to be super clear on that one, Vamil, we are still extremely bullish based on the clinical progression, r and d, as well as the performance that we're seeing in the marketplace. I mean, look at CarVicti, I think, doubled sales year on year. So it's just a matter that you guys took your numbers up, and so, we agree. I guess it's maybe the best way to say that.

Speaker 9
58m 39s

And maybe just to add in a little bit more on CarVicti. So, yeah, over a % operational growth in the four in the first quarter, and we continue to make very strong share gains in that second line plus indication. We continue to add sites. We continue to add countries and capacity expansion globally. And so we have very firm conviction in Carvictee as a $5,000,000,000 plus asset and really are rolling that out globally very effectively at this point in time. So we don't see capacity as a constraint going forward based on the strength of the efforts that have taken place. And so, you know, we're full speed ahead for CarVicti going forward.

Speaker 4
59m 21s

And with TechIntel, John here, you know, we're really just getting started. You've probably seen some of the recent data where we've even combined those two molecules to achieve really unprecedented levels of complete responses. At the hematology meetings last year, we also showed combining either Tekratau with Darzalex and demonstrating really impressive % minimal residual disease negativity in earlier lines of therapy and the opportunity, therefore, to really start bringing these first in class bispecific T cell redirecting molecules into earlier lines, even frontline, in combination with our DARZALEX. So really, enormous opportunity lies ahead of us with Tech and Tau.

Speaker 9
1h 0m

And and a couple other things on Tech and Tau. So, we continue to expand. We've got very good penetration in the academic settings right now, and we continue to expand out into the community. We've got very strong new patient starts. I know that the products have been plagued a little bit, because the product is so effective with some less frequent dosing. As we move forward, we should be lapping that soon. And really, you'll see the strength of those new patient starts and the continued expansion into the community starting to show through. Combined then with what John talked about in terms of additional combinations and such, we've got very strong convictions and we remain convinced on the opportunities for Tech and Tel.

Speaker 1
1h 0m

Thank you. Next question is coming from Matt Miksic from Barclays. Your line is now live.

Speaker 13
1h 0m

Great. Thanks so much for taking the questions, and I appreciate all the color. I had I had a clarification and a question, if I could. So the question first, you know, would be great if you could maybe flesh out the way that, you know, the opportunities in TREMFYA, you know, which is now kind of leaning into IBD, and the emerging opportunities for a cotrokinra in oral kind of, you know, how you see them coming together, you know, this year, next year, year after as as kind of a portfolio in in immuno. And then the clarification, if I could, just for Tim, it sounded like when you were describing the the ortho impacts, the the two something like 2%. But if you look at the hyponymic math, if if I'm right, it looks like about 2% in The US. I just wanna make sure I understand. It sounded like your your view was that's that's share. That's on us, you know, and and we're gonna remedy that with with innovations and new products this year. Maybe, you know, just put two spine of a point on it, but, like, that's not market growth, like, 2%. Like, you would say, we're we're below market, and we should be doing better.

Speaker 13
1h 2m

Or do or do you think that, you know, that's kinda where the market's at is in that, like, low single digit range for US citizen needs. Thanks so much. I I apology, for the long long clarification, but it'd be super helpful. Thanks.

Speaker 11
1h 2m

Matt, let me start with, your question on on on ortho. And to be perfectly frank, while we have seen an improvement in our performance both in hips and knees through 2024, Q1 clearly wasn't our strongest quarter. And so we have seen competitive pressures. As you know, these are highly attractive categories within ortho. It's where the primarily fight is. And frankly, we need to do better. And so we believe that our performance so far in the quarter was slightly below market. These are attractive markets. We've seen strong robust procedures across ortho, and we expect that to continue.

Speaker 11
1h 3m

As I mentioned, with the addition of our portfolio of both implants as well as enabling technologies across hips and knees, we're confident that we will see an improvement through the remaining quarters. Thank you.

Speaker 2
1h 3m

Great. So let's switch over to TREMFYA and immunology. And TREMFYA really had a great quarter in the first quarter with sales nearly $1,000,000,000 and over 20% operational growth. And this was really driven by market share gains in psoriasis and psoriatic arthritis as well as what we're seeing as it relates to the launch in ulcerative colitis and also in Crohn's disease. So we are really encouraged by the launch in both of these IBD indications. TREMFYA is now, if we start with ulcerative colitis and how we're doing and then I'll go to Crohn's disease, so in ulcerative colitis, TREMFYA is the fastest growing product in the ulcerative colitis market. IL-23s are the fastest growing class and Tremfya has already achieved nearly a 50% share of the IL-twenty three new patient starts in UC. So this is really based on the strength of the profile of the product and the strong differentiation that we have as a dual acting IL-twenty three, both impacting both IL-twenty three as well as CD64. The robust data that we have as it relates to efficacy and remission. And then as we get into Crohn's disease and then later in ulcerative colitis as well, what we see is unrivaled simplicity with the opportunity for subcu induction as well as maintenance dosing.

Speaker 9
1h 4m

When we take a look at market research data and intent to prescribe, the data comes through really strong that gastroenterologists really prefer TREMFYA over the IL-twenty three competitors based on those aspects that I just discussed. So efficacy, sustained remission and mucosal healing right now for UC. On Crohn's, there is very significant enthusiasm around our launch there and it's really quickly getting traction. In the first few weeks since approval in Crohn's disease, patient initiation volumes are outpacing the other IL-twenty three launches in the market. And the polling data, our recent market research, eighty two percent of gastroenterologists consider Tremfya's induction dosing and flexibility to be a very positive differentiation in their treatment decisions. And they're seeing the efficacy profile to be quite compelling compared to the other therapies that are in the market. So we believe that in IBD, both in ulcerative colitis and Crohn's, we're off to a strong start. And as a reminder, tracking back to STELARA, STELARA seventy five percent of sales were in IBD indications. We see no reason why Tremfya wouldn't be the same or even better based on what we're seeing with the strength and competitiveness of the profile.

Speaker 4
1h 6m

And maybe just a comment on icotrokinra since you, asked about that. The most proximal opportunity there is our psoriasis campaign where we will have altogether five phase three studies, data for that this year, we expect to submit this year for psoriasis. We're so excited to be able to offer patients more choice, you know, with even a a market like psoriasis, which, you know, is should be well penetrated by now because, it is a place where some of the biologics first, got their start, more than half of patients are who were eligible for advanced therapy are still not on advanced therapy. And for many of these patients, it's really, an aversion to the injections and going the biologics route. So to be able to offer patients the choice of a once a day pill to provide a solution for their disease which has efficacy in the same ballpark as the biologics and with that well proven safety profile of the IL-twenty three class is really exciting for us.

Speaker 9
1h 7m

Yeah. We really believe that icotrokinra is a big market expansion opportunity to get in those earlier lines of therapy and to bring patients into therapies that have that strong biologic like efficacy. We think that there is a lot of room for both icotrokinra and TREMFYA in the market based on different patient needs, different physician needs as well. And so we think both of these are very important growth drivers for us going forward.

Speaker 2
1h 7m

Thank you, Matt. Kevin, we have time for one last question.

Speaker 1
1h 7m

Thank you. Our final question today is coming from Tim Anderson from Bank of America. Your line is now live.

Speaker 7
1h 7m

Thank you so much. Going back to tariffs, a big concern by investors is how that might ultimately wrap in transfer pricing structures, and, every company I know is usually hesitant to talk about that. I'm wondering what J and J can offer up on that front that could include things like major products where you have transfer price structures in place as well as which geographies you have those in place, as well.

Speaker 5
1h 8m

Yeah. I appreciate the question, Tim. It's just not something that, for competitive reasons, we're going to comment on.

Speaker 3
1h 8m

Yeah. I would reiterate what I what I said before. With our $55,000,000,000 investment plan at the completion of that plan, which we spoke about, four years, all our advanced medicines that are used in The U. S. Will be manufactured here in The U. S. So that's our plan and that's why we believe it's important to provide discontinuity. As I said before, after 02/2017, president Trump's, tax reform, the level of investments in The US have increased and we plan to continue to increase it, given the current tax regime or improvements that may come into the future.

Speaker 2
1h 9m

Thank you, Tim, and thanks to everyone for your questions and your continued interest in our company. We apologize to those that we couldn't get to because of time, but don't hesitate to reach out to the investor relations team with any remaining questions that you may have. As many of you have seen, Darren Snellgrove will be transitioning into the Investor Relations role starting May 1 as I transition into the Innovative Medicines CFO role. The last three point five years have been an absolute pleasure getting to engage with you all. I will now turn the call over to Joaquin for some brief closing remarks.

Speaker 3
1h 9m

Thank you, Jess, and thank you everyone for joining the call today. As you heard, twenty twenty five, it's going to be a catalyst year for Johnson and Johnson. And with our Q1 results, we are off to a great start. This start reflects the power of Johnson and Johnson's uniquely diversified business model and further strengthens our confidence in our 2025 guidance and beyond. Thank you very much.

Speaker 1
1h 10m

Thank you. This concludes today Johnson and Johnson's first quarter twenty twenty five earnings conference call. You may now disconnect.