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More 'Visibility' For Investors Into Standalone J&J Consumer Business Needed For Growth – CEO

by [Malcolm Spicer](#)

"There's been not enough investors' visibility to our consumer health business," recently promoted CEO Duato says at JP Morgan conference, "With separate business, investors are going to see the strength of our consumer health business, the number of iconic brands, the global scale and our penetration, the unique relationship that consumer have with our brands."

Marketing some of the world's best known OTC drug brands isn't sufficient visibility for [Johnson & Johnson](#)'s consumer health business, says CEO Joaquin Duato.

Investors, Duato explained in a presentation during the J.P. Morgan Healthcare Conference, haven't had access to enough information about the consumer business operated as part of the largest health care company.

"There's been not enough investors' visibility to our consumer health business. Now by creating the separate consumer health business, our investors are going to see the strength of our consumer health business, the number of iconic brands, the global scale and our penetration, the unique relationship that consumer have with our brands," he said on 10 January.

Duato, who succeeded Alex Gorsky at the helm this month, repeated a description of J&J's strategy he and other executives stated when the firm announced the planned separation of the business as a standalone, publicly traded company in November. (Also see "[J&J Without Consumer Health? Tylenol, Band-Aid Marketer Plans To Divest Business In Two Years](#)" - HBW Insight, 12 Nov, 2021.) "We are doing this from a position of strength," he said.



J&J CEO JOAQUIN DUATO: "BY CREATING THE SEPARATE CONSUMER HEALTH BUSINESS, OUR INVESTORS ARE GOING TO SEE THE STRENGTH OF OUR CONSUMER HEALTH BUSINESS." *Source: Source: Alamy*

That strength is seen in competitive growth through the 2021 third quarter and 5.7% adjusted growth during the quarter and a margin profile in the top quartile among consumer health manufacturers, he added.

"We have the conviction that this \$15 billion consumer health company, it's going to be a global leader able to compete in the consumer health industry."

The New Brunswick, NJ-based firm manufacturing and marketing consumer health brands including Motrin and Tylenol OTC oral analgesics, Band-Aid wound care products, the Listerine oral care line and Neosporin antibiotic ointment has scheduled publishing its 2021 fourth-quarter and full-year results for 25 January.

Businesses 'Fit-For-Purpose'

Duato also pointed out separating the consumer health business is one of his three priorities as he takes the J&J helm.

"Number one, obviously, I want to make sure that we successfully separate and create our new consumer health company and we build a thriving, a standalone leader that has the possibility to both improve performance, accelerate growth and also unlock value for shareholders," he said.

Based on the firm's studies, J&J executives and board members "are very, very well-persuaded" the planned separation will "accelerate performance in the consumer area through a fit-for-purpose model and also dedicated capital allocation strategies," Duato said.

The same fit-for-purpose change will happen for the remaining pharma and medical device business that will continue under the J&J name,

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By [Malcolm Spicer](#)

12 Nov 2021

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“The next two priorities are going to be related with the new Johnson & Johnson. ... it's going to remain the largest and more diversified healthcare company with \$80 billion of sales,” Duato said.

“I see this only as a catalyst and acceleration of our strategic priorities in medtech and pharmaceuticals because of the streamlined and additional focus, but also eventually an opportunity for our consumer health company to fly solo and to be able to reach the potential that it has,” he added.

Separating the consumer health business is planned for 18 months to two years – “toward late 2023,” the CEO said.

The planned organizational design for the consumer health company is expected to be completed by the end of 2022; its board and executive leadership will be announced during the planned separation process, which the company estimates will create costs of \$500m to \$1bn.

Share Prices Respond

J&J’s announcement of its reorganization plans sent its share price down 5% to \$165.01 on the same day and down another 5.9% to \$163.52 on the next business day before dropping as low as \$155.93 at the end of November.

The stock has recovered nearly steadily since then, reaching \$173.95 on 7 January. Duato’s JP Morgan presentation might not have reassured investors, though. The share price closed up 1% to \$172.80 that day but were down 1.05% to \$171.09 on 11 January.