



**Diabetes Close Up
January 21, 2003**

Observations on JNJ 4Q03 Results

- I. Introduction:** As I follow the diabetes industry so closely, I began to write up and send out occasional observations last year. The first set of observations for 2003 covered the ADA 50th Annual Postgraduate Sessions in New York City¹.
- II. J&J/LifeScan - Results for 4Q02 and 2002:** J&J announced its quarterly results today and its LifeScan franchise continues on a roll. Notable results:
- **LifeScan 4Q02 worldwide sales of \$347 million increased 22%.**
 - U.S. sales of \$213 million rose 16%, while international sales of \$134 million rose 33%.
 - **2002 worldwide sales reached \$1.342, up 23%** That we are headed toward a \$5.0 billion blood glucose monitoring market in the next several years seems a virtual certainty based on the pace of LifeScan's business alone.
 - For the year, U.S. sales rose 19%, while International sales increased 29%. Although the international sales are from a smaller base, clearly some of the company's international initiatives seem to be taking hold. In the U.S., nearly 20% growth on a billion-dollar-plus base is impressive indeed.
 - **The Inverness Medical acquisition added two points of growth to the quarterly results;** management noted that this acquisition has been fully integrated.
 - **Sales annualizing at \$1.4 billion** – most impressive.
- III. J&J/LifeScan – Final Observation:** Toward the end of the call, Bill Weldon mentioned diabetes as an area of high focus at J&J. More acquisitions to come? Stay tuned.

Note: Kelly L. Close is a specialized consultant to the medical technology/pharmaceutical industries. All observations expressed are Kelly's opinions alone and should not be viewed as recommendations to investors on any companies in the industry. If you prefer not to be included on Diabetes Close Up mailings, or if you know others who would like to be on the mailing list for future occasional observations, please send a message to info@closeconcerns.com.

¹ This smaller diabetes meeting occurs annually in January and tends to attract a terrific range of academics, endocrinologists, internists, GPs, nurses/diabetes educators, pharmacists, and dieticians, as well as industry participants spanning the pharmaceutical, biotech, and medical device (blood glucose monitor, insulin pump, insulin pen) worlds.