

## Analysts lowers rating on J & J to 'Hold' from 'Buy'

The Associated Press

Shares of Johnson & Johnson are now fairly valued after climbing since the conglomerate closed its purchase of orthopedic product maker Synthes in June, according to a Jefferies analyst who lowered his rating on the stock.

**THE OPINION:** Analyst Jeffrey Holford downgraded shares of J&J to "Hold" from "Buy." He said in a Monday research note he had upgraded the stock to "Buy" in June after J&J changed the financing of the Synthes deal, "which was highly accretive in our view."

J&J, based in New Brunswick, N.J., said June 12 it planned to finance the \$19.7 billion purchase — the company's largest deal ever — with an accelerated share repurchase agreement with Irish subsidiary Janssen Pharmaceutical. Synthes makes surgical trauma equipment and orthopedic implants.

Holford said in Monday's note that there still is potential for J&J stock to outperform the market "through more aggressive capital allocation," but he sees little evidence to model that. He noted that a review of the company's medical device and diagnostic business has been postponed, and that "could have provided a platform to raise expectations either around capital allocation or balance sheet leverage."

"We will have to wait for now and we prefer to do this from the sidelines as our current valuation provides limited upside against a worsening environment for reimbursement in both the U.S. and Europe," he wrote. Holford reduced his price target on the stock to \$75 from \$78.

**THE STOCK:** Down 20 cents to \$69.67 in Monday morning trading, while the Dow Jones Industrial Average was nearly flat. J&J shares have climbed about 12 percent since the middle of June.

**Source URL (retrieved on 2013-06-20 01:06):**

<http://www.biosciencetechnology.com/news/2012/11/analysts-lowers-rating-j-j-hold-buy>