

ABBVIE INC. NYSE-ABBV

RECENT PRICE **92.01** P/E RATIO **13.0**

16.5 NMF

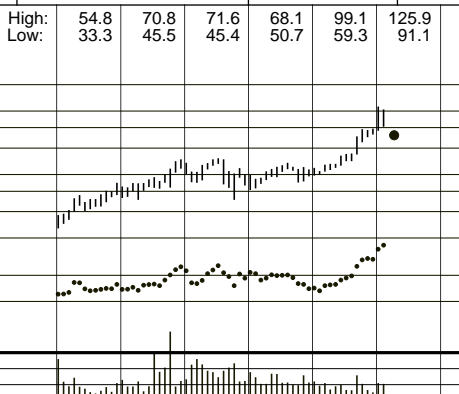
RELATIVE P/E RATIO **0.71**

DIV'D YLD **4.2%**

VALUE LINE

TIMELINESS **2** Lowered 3/23/18
 SAFETY **3** Lowered 4/8/16
 TECHNICAL **2** Raised 4/6/18
 BETA 1.10 (1.00 = Market)

LEGENDS
 Relative Price Strength
 Options: Yes
 Shaded area indicates recession



| Target Price Range | 2021 | 2022 | 2023 |
|--------------------|-------|-------|-------|
| ----- | ----- | ----- | ----- |
| ----- | ----- | ----- | ----- |
| ----- | ----- | ----- | ----- |
| ----- | ----- | ----- | ----- |

% TOT. RETURN 2/18
 THIS STOCK VS. ARITH. INDEX
 1 yr. 93.6 10.1
 3 yr. 113.1 24.2
 5 yr. 270.0 76.2

2021-23 PROJECTIONS

| | Price | Gain | Ann'l Total Return |
|------|-------|---------|--------------------|
| High | 185 | (+100%) | 22% |
| Low | 125 | (+35%) | 12% |

Insider Decisions

| | M | J | J | A | S | O | N | D | J |
|---------|----|---|---|---|---|---|---|---|---|
| to Buy | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| Options | 10 | 2 | 0 | 1 | 1 | 0 | 1 | 2 | 0 |
| to Sell | 3 | 2 | 0 | 2 | 2 | 1 | 2 | 2 | 0 |

Institutional Decisions

| | 2Q2017 | 3Q2017 | 4Q2017 | Percent shares traded |
|------------|---------|---------|---------|-----------------------|
| to Buy | 758 | 698 | 678 | 21 |
| to Sell | 785 | 881 | 867 | 14 |
| Hld's(000) | 1182974 | 1200834 | 1126600 | 7 |

| 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | © VALUE LINE PUB. LLC | 21-23 | |
|---|------|------|------|-------|-------|----------|------|------|------|------|--------|--------|--------|--------|--------|---------------------------------------|---------------|-------------------------------------|--------|--|
| -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 11.84 | 12.54 | 14.20 | 16.10 | 17.72 | 20.55 | 21.95 | Sales per sh | 25.95 | |
| -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 3.44 | 3.62 | 4.64 | 5.23 | 5.93 | 7.95 | 8.80 | "Cash Flow" per sh | 11.30 | |
| -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 3.14 | 3.32 | 4.29 | 4.82 | 5.60 | 7.65 | 8.50 | Earnings per sh ^A | 11.00 | |
| -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 1.60 | 1.66 | 2.02 | 2.28 | 2.56 | 3.59 | 4.12 | Div'ds Decl'd per sh ^{B=C} | 4.88 | |
| -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | .56 | .78 | .33 | .30 | .33 | .50 | .60 | Cap'l Spending per sh | .90 | |
| -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 2.83 | 1.09 | 2.45 | 2.91 | 3.20 | 5.70 | 8.30 | Book Value per sh ^C | 18.20 | |
| -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 1587.4 | 1591.4 | 1609.9 | 1592.5 | 1592.1 | 1580.0 | 1570.0 | Common Shs Outst'g ^D | 1540.0 | |
| -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 13.9 | 16.7 | 14.4 | 12.6 | 13.4 | Bold figures are Value Line estimates | | Avg Ann'l P/E Ratio | 14.0 | |
| -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | .78 | .88 | .73 | .66 | .65 | | | Relative P/E Ratio | .80 | |
| -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 3.7% | 3.0% | 3.3% | 3.8% | 3.4% | | | Avg Ann'l Div'd Yield | 3.2% | |
| CAPITAL STRUCTURE as of 12/31/17 | | | | -- | | | | | | | | | | | | | | | | |
| Total Debt \$37.0 bill. Due in 5 Yrs \$17.8 bill. | | | | -- | | | | | | | | | | | | | | | | |
| LT Debt \$31.0 bill. LT Interest \$1.0 bill. (86% of Capital) | | | | -- | | | | | | | | | | | | | | | | |
| Leases, Uncapitalized Annual rentals \$143 mill. | | | | -- | | | | | | | | | | | | | | | | |
| Pension Assets-12/17 \$5.4 bill. Oblig. \$7.0 bill. | | | | -- | | | | | | | | | | | | | | | | |
| Common Stock 1,587,972,655 shares as of 2/2/18 | | | | -- | | | | | | | | | | | | | | | | |
| MARKET CAP: \$146 billion (Large Cap) | | | | -- | | | | | | | | | | | | | | | | |
| CURRENT POSITION | | | | 2015 | 2016 | 12/31/17 | -- | | | | | | | | | | | | | |
| (SMILL.) | | | | -- | | | -- | | | | | | | | | | | | | |
| Cash Assets | | | | 8399 | 6423 | 9789 | -- | | | | | | | | | | | | | |
| Receivables | | | | 4730 | 4758 | 5088 | -- | | | | | | | | | | | | | |
| Inventory (FIFO) | | | | 1719 | 1444 | 1605 | -- | | | | | | | | | | | | | |
| Other | | | | 1466 | 3562 | 4741 | -- | | | | | | | | | | | | | |
| Current Assets | | | | 16314 | 16187 | 21223 | -- | | | | | | | | | | | | | |
| Accts Payable | | | | 8463 | 9379 | 10226 | -- | | | | | | | | | | | | | |
| Debt Due | | | | 2025 | 25 | 6015 | -- | | | | | | | | | | | | | |
| Other | | | | 406 | 377 | 400 | -- | | | | | | | | | | | | | |
| Current Liab. | | | | 10894 | 9781 | 16641 | -- | | | | | | | | | | | | | |

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '15-'17 to '21-'23

| of change (per sh) | 10 Yrs. | 5 Yrs. | Est'd '15-'17 to '21-'23 |
|--------------------|---------|--------|--------------------------|
| Sales | -- | -- | 8.5% |
| "Cash Flow" | -- | -- | 13.5% |
| Earnings | -- | -- | 14.5% |
| Dividends | -- | -- | 13.5% |
| Book Value | -- | -- | NMF |

Business: AbbVie Inc. engages in the discovery, development, manufacture, and sale of pharmaceutical products worldwide. Its products are focused on treating conditions such as chronic autoimmune diseases in rheumatology, gastroenterology and dermatology; oncology, including blood cancers; virology, including HCV and HIV; neurological disorders, such as Parkinson's disease; metabo-

We have raised our 2018 estimates for AbbVie. The drugmaker's fourth-quarter earnings (\$1.48 adjusted) and sales (\$7.74 billion) came in ahead of consensus expectations. Highlights included continued momentum in the cornerstone *Humira* franchise (+14% year over year) and #2-seller *Imbruvica* (+39%), along with a stronger-than-anticipated launch of Hep-C drug *Mavyret*. All in all, AbbVie entered 2018 on a high note and recent changes in tax legislation should provide another tailwind to profitability over the next several quarters. We have increased our full-year adjusted earnings call to \$7.65 a share (previously \$6.50) and sales estimate to \$32.5 billion (previously \$31.0 billion).

Biosimilar concerns tied to Humira have subsided. AbbVie reached an agreement with Amgen last year that would delay its generic launch of the drug until 2023. This was big news for AbbVie as it should allow *Humira* to continue on an upward trajectory over the next several years. *Humira*, which is approved to treat multiple indications including rheumatoid arthritis and plaque psoriasis, remains the highest-grossing drug in the world with

lic diseases, including thyroid disease and complications associated with cystic fibrosis; and other serious conditions. Off/dirs. own less than 1% of common stock; Cap. Research Global Investors, 12.0%; Vanguard, 7.5%; BlackRock, 6.3% (3/18 proxy). Chrmn./CEO: Richard A. Gonzalez. Inc. DE. Addr.: 1 North Waukegan Rd, North Chicago, IL. 60064. Tel.: 847-932-7900. Internet: www.abbvie.com.

\$18.4 billion in sales last year. Recent product development has provided optimism. With roughly 65% of AbbVie's sales coming from *Humira*, diversity concerns have been an issue for the company in recent years, especially when generic threats against its cornerstone product were gaining traction. Encouragingly, this inspired management to up its R&D efforts and we believe it has made meaningful strides in preparing for the post-*Humira* era. *Imbruvica* and the Hep-C franchise have emerged as strong contributors and should provide nice long-term complements. The company also has a well-stocked pipeline with several high-profile launches slated for 2018 and 2019.

The stock maintains a rank of 2 (Above Average) for Timeliness. ABBV shares surged roughly 60% in price last year and exhibited solid upward momentum in early 2018. A significant guidance raise and news of increased dividends and share buybacks were key catalysts. A disappointing *Rova-T* trial in late March resulted in some fallout, which we believe has created a more favorable entry point.

Michael Ratty
 April 6, 2018

(A) Diluted earnings (adjusted). Excludes non-recurring items: '13, (\$58); '14, (\$2.22); '15, (\$1.16); '16, (\$1.19); '17, (\$2.30). Next earnings report due late April.

(B) Dividends historically paid in February, May, August, and November. ■ Dividend reinvestment plan available.
 (C) Includes intangibles. In '17: \$43.34 billion.

\$27.22 a share.
 (D) In millions

| Company's Financial Strength | A |
|------------------------------|-----|
| Stock's Price Stability | 65 |
| Price Growth Persistence | 100 |
| Earnings Predictability | 75 |