

# AbbVie Inc.

**Recommendation** **HOLD** ★ ★ ★ ★ ★

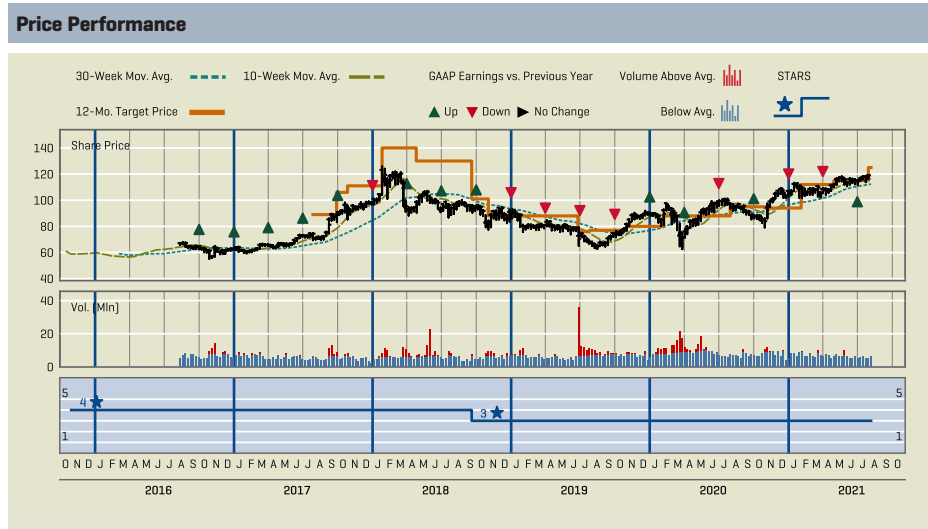
**Price** USD 114.45 (as of market close Aug 06, 2021) **12-Mo. Target Price** USD 125.00 **Report Currency** USD **Investment Style** Large-Cap Growth

**Equity Analyst Kevin Huang, CFA**

**GICS Sector** Health Care  
**Sub-Industry** Biotechnology

**Summary** AbbVie is a global research-based pharmaceuticals business. AbbVie's key drug is Humira, for rheumatoid arthritis and other indications.

Key Stock Statistics (Source: CFRA, S&P Global Market Intelligence (SPGMI), Company Reports)							
52-Wk Range	<b>USD 118.87 - 80.49</b>	Oper.EPS2021E	<b>USD 12.67</b>	Market Capitalization[B]	<b>USD 202.25</b>	Beta	<b>0.80</b>
Trailing 12-Month EPS	<b>USD 3.71</b>	Oper.EPS2022E	<b>USD 14.14</b>	Yield [%]	<b>4.54</b>	3-yr Proj. EPS CAGR[%]	<b>4</b>
Trailing 12-Month P/E	<b>30.87</b>	P/E on Oper.EPS2021E	<b>9.03</b>	Dividend Rate/Share	<b>USD 5.2</b>	SPGMI's Quality Ranking	<b>NR</b>
USD 10K Invested 5 Yrs Ago	<b>24,076.0</b>	Common Shares Outstg.[M]	<b>1,767.00</b>	Institutional Ownership [%]	<b>67.0</b>		



Source: CFRA, S&P Global Market Intelligence

Past performance is not an indication of future performance and should not be relied upon as such.

Analysis prepared by Kevin Huang, CFA on Aug 02, 2021 08:11 AM ET, when the stock traded at USD 116.30.

## Highlights

- In 2021, we look for sales growth of 23% to \$56.2 billion, which is partly driven by the May 2020 acquisition of Botox-manufacturer Allergan plc (AGN) for \$63.4 billion. Although the acquisition provides revenue diversification, robust long-term free cash flows, and organizational synergies, we don't think AGN's assets do much to help offset the upcoming loss of exclusivity for AbbVie's blockbuster drug, Humira.
- AbbVie's revenues have historically been largely tied to sales of its Humira (57.6% of pre-merger adjusted net revenues), which began to experience biosimilar competition outside of the U.S. (OUS) in October 2018. In 2020, U.S. Humira sales grew 8.4% Y/Y while OUS sales of Humira declined 13.6%. In 2021, we expect U.S. sales to grow 8% and OUS sales to decline 17%.
- In the U.S., AbbVie has made deals with several large potential competitors to delay sales of Humira biosimilars to 2023. A possible downside risk to AbbVie is an earlier-than-expected entry of biosimilars. After reaching a sales trough in 2023, AbbVie expects to return to growth in 2024 and achieve a high-single-digit growth rate in 2025. Those expectations seem optimistic to us.

## Investment Rationale/Risk

- We think that AbbVie shares are trading near fair value. Given the anticipated deluge of Humira competition in 2023, we are keenly focused on AbbVie's key clinical candidates (e.g., Navitoclax, AbbV-951) and high-growth drugs (e.g., Imbruvica, Rinvoq, Skyrizi, and Venclexta). AbbVie expects Rinvoq and Skyrizi to contribute over \$15 billion in risk-adjusted sales by 2025, which seems like an ambitious goal when considering how competitive the target markets for these drugs are and safety concerns around the entire JAK class of drugs. In 2021, we expect combined sales of Rinvoq and Skyrizi to nearly double in their second full year of sales to \$4.5 billion due to continued strong uptake in existing indications and expansion into three additional indications.
- Risks to our target price and recommendation include pipeline failures, litigation risk, AGN integration complications, worse-than-expected uptake of high-growth drugs, and weak Humira sales.
- Our 12-month target price of \$125 is based on a P/E multiple of 9.0x our 2022 EPS estimate of \$14.14. We expect AbbVie's sales to decline in the mid-single-digits in 2023.

## Analyst's Risk Assessment

LOW MEDIUM HIGH

AbbVie is heavily reliant on one drug, Humira, which accounted for 43% of 2020 adjusted sales. However, recently approved drugs and the May 2020 acquisition of Allergan will increasingly help diversify sales. In addition, we forecast that AbbVie's key drug franchises are durable for the next few years and are thus likely to support continued robust free cash flow.

## Revenue/Earnings Data

Revenue (Million USD)					
	1Q	2Q	3Q	4Q	Year
2022	E 13,776	E 14,777	E 15,424	E 16,252	E 60,229
2021	12,935	13,959	14,259	15,072	56,225
2020	8,619	10,425	12,902	13,858	45,804
2019	7,828	8,255	8,479	8,704	33,266
2018	7,934	8,278	8,236	8,305	32,753
2017	6,538	6,944	6,995	7,739	28,216

## Earnings Per Share (USD)

	1Q	2Q	3Q	4Q	Year
2022	E 3.21	E 3.50	E 3.68	E 3.75	E 14.14
2021	2.95	3.11	3.27	3.34	12.67
2020	2.42	2.34	2.83	2.92	10.56
2019	1.65	0.49	1.26	1.87	5.28
2018	1.74	1.26	1.81	-1.22	3.66
2017	1.06	1.19	1.01	0.03	3.30

Fiscal Year ended Dec 31. EPS Estimates based on CFRA's Operating Earnings; historical GAAP earnings are as reported in Company reports.

## Dividend Data

Amount (USD)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
1.3000	Jun 17	Jul 14	Jul 15	Aug 16 '21
1.3000	Feb 18	Apr 14	Apr 15	May 14 '21
1.3000	Oct 30	Jan 14	Jan 15	Feb 16 '21
1.1800	Sep 11	Oct 14	Oct 15	Nov 16 '20

Dividends have been paid since 2013. Source: Company reports  
**Past performance is not an indication of future performance and should not be relied upon as such.**  
Forecasts are not reliable indicator of future performance.

## AbbVie Inc.

## Business Summary Aug 02, 2021

**CORPORATE OVERVIEW.** AbbVie (ABBV) is a global, research-based biopharmaceutical company. ABBV develops and markets advanced therapies that address some of the world's most complex and serious diseases. ABBV's products fall into the following major categories: immunology, which includes rheumatology, gastroenterology, and dermatology; oncology, including blood cancers; neurological disorders, such as Parkinson's disease and migraine; eye care; women's health products; and other, which includes treatments for hepatitis C and metabolic diseases.

ABBV's largest and most successful drug is Humira, which is approved to treat 14 autoimmune diseases in the U.S., Canada, Mexico, and in the European Union. Humira is also sold in many other markets worldwide and the drug accounted for approximately 37% of ABBV's total net revenues in 2020 and 58% in 2019 (i.e., before Allergan acquisition). Humira began to experience biosimilar competition in countries outside the U.S. (OUS) in 2017, resulting in rapidly declining OUS sales. OUS sales accounted for approximately 19% of global Humira revenues in 2020, down from 33% in 2017. We expect ABBV to encounter U.S. biosimilar competition to Humira beginning 2023. The upcoming entrance of U.S. biosimilar competition will likely significantly erode ABBV's total sales.

With the acquisition of Allergan plc (AGN) in May 2020, ABBV added a large portfolio of branded pharmaceutical, device, biologic, surgical, and regenerative medicine products to its portfolio. AGN's products focused on four key therapeutic areas, including medical aesthetics, eye care, central nervous system, and gastroenterology. AGN was best known for selling Botox.

**CORPORATE STRATEGY.** In 2021, ABBV's key strategic objectives include: (i) maximizing the benefits of the AGN acquisition to create a more diversified revenue base with multiple long-term growth drivers; (ii) increasing revenues by leveraging ABBV's commercial strength and international infrastructure across AGN's therapeutic areas and ensuring strong commercial execution of new product launches; (iii) continuing to invest in and expand its pipeline in support of opportunities in immunology, oncology, aesthetics, neuroscience, eye care, and women's health as well as continued investment in key on-market products; (iv) expanding operating margins; and (v) returning cash to shareholders via a strong and growing dividend while also reducing debt. We expect ABBV to achieve these objectives through growing immunology and hematologic oncology sales, effective management of Humira international biosimilar erosion, integration synergies, and clinical pipeline development.

**PIPELINE.** According to ABBV's 2020 form 10-K, the company had more than 90 compounds or indications in clinical development, with a focus on immunology, oncology, aesthetics, eye care, neuroscience, and women's health, along with targeted investments in cystic fibrosis. Of ABBV's programs, approximately 50 are in mid- or late-stage development.

**IMPACT OF SIGNIFICANT DEVELOPMENTS.** On May 8, 2020, ABBV completed its \$63.4 billion acquisition of Botox-manufacturer Allergan plc (AGN), of which \$39.7 billion was paid for in cash. Management expects it can achieve annual pre-tax synergies and other cost reductions of more than \$2 billion by year 3; we view this goal as achievable.

**FINANCIAL TRENDS.** ABBV's revenues were \$45.8 billion in 2020, up 38% Y/Y because of the acquisition of AGN. Adjusted earnings per share (EPS) grew 18.1% year-over-year to \$10.56, representing a five-year CAGR of 19.7%. While ABBV's net debt to total capital seems very high at 78.5% as of December 31, 2020, the company's net leverage ratio (net debt to trailing-12-month EBITDA) was moderate at 3.5x. ABBV took on significant debt to finance its AGN acquisition, but the company is committed to reducing its net leverage ratio to below 2x by the end of 2022. In addition, ABBV has one of the best free cash flow yields among large-cap health care companies at 7.0%.

## Corporate information

## Investor contact

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## Office

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## Telephone

847 932 7900

## Fax

N/A

## Website

www.abbvie.com

## Officers

## Chairman &amp; CEO

R. A. Gonzalez

## Chairman &amp; CEO

R. A. Gonzalez

## Executive Vice President of Operations

A. Saleki-Gerhardt

## Vice Chairman of External Affairs, Chief Legal Officer &amp; Corporate Secretary

L. J. Schumacher

## Executive VP &amp; CFO

R. A. Michael

## Vice Chairman &amp; President

M. E. Severino

## Board Members

B. J. Hart

R. A. Gonzalez

E. J. Rapp

R. B. Roberts

E. M. Liddy

R. J. Alpern

F. H. Waddell

R. S. Austin

G. F. Tilton

T. C. Freyman

M. B. Meyer

W. L. Burnside

## Domicile

Delaware

## Auditor

Ernst &amp; Young LLP

## Founded

2012

## Employees

48,000

## Stockholders

47,754

# AbbVie Inc.

Quantitative Evaluations					
<b>Fair Value Rank</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
	LOWEST				HIGHEST
	Based on CFRA's proprietary quantitative model, stocks are ranked from most overvalued [1] to most undervalued [5].				
<b>Fair Value Calculation</b>	<b>USD 84.23</b>	Analysis of the stock's current worth, based on CFRA's proprietary quantitative model suggests that ABBV is overvalued by USD 30.22 or 26.40%			
<b>Volatility</b>	<b>LOW</b>	<b>AVERAGE</b>	<b>HIGH</b>		
<b>Technical Evaluation</b>	<b>BULLISH</b>	Since November, 2020, the technical indicators for ABBV have been BULLISH"			
<b>Insider Activity</b>	<b>UNFAVORABLE</b>	<b>NEUTRAL</b>	<b>FAVORABLE</b>		

Expanded Ratio Analysis				
	2020	2019	2018	2017
Price/Sales	3.91	3.95	4.35	5.49
Price/EBITDA	8.09	8.36	10.41	13.17
Price/Pretax Income	52.76	15.59	27.42	20.06
P/E Ratio	39.39	16.77	25.19	29.31
Avg. Diluted Shares Outstg. [M]	1673.00	1484.00	1546.00	1603.00

Figures based on fiscal year-end price

Key Growth Rates and Averages			
Past Growth Rate [%]	1 Year	3 Years	5 Years
Net Income	NM	NM	NM
Sales	37.69	17.53	14.91
Ratio Analysis [Annual Avg.]			
Net Margin [%]	10.08	17.04	18.63
% LT Debt to Capitalization	78.25	98.47	91.23
Return on Equity [%]	187.70	-82.26	0.21

## Company Financials Fiscal year ending Dec 31

Per Share Data [USD]	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Tangible Book Value	-58.31	-28.69	-30.66	-24.02	-24.91	-17.97	-3.54	-2.32	-3.23	1.85
Free Cash Flow	10.07	8.62	8.30	5.91	4.05	4.31	1.84	3.63	3.81	3.74
Earnings	2.72	5.28	3.66	3.30	3.63	3.13	1.10	2.56	3.34	2.18
Earnings [Normalized]	5.03	5.12	4.32	3.49	3.20	3.05	1.73	2.22	2.59	2.42
Dividends	4.84	4.39	3.95	2.63	2.35	2.10	1.75	1.60	N/A	N/A
Payout Ratio [%]	167.00	81.00	98.00	77.00	62.00	64.00	150.00	50.00	NM	NM
Prices: High	109.15	92.99	125.86	99.10	68.12	71.60	70.76	54.78	37.07	N/A
Prices: Low	62.55	62.66	77.50	59.27	50.71	45.45	45.50	33.33	32.51	N/A
P/E Ratio: High	40.10	17.60	34.40	30.00	18.80	22.90	64.30	21.40	11.10	NM
P/E Ratio: Low	23.00	11.90	21.20	18.00	14.00	14.50	41.40	13.00	9.70	NM

Income Statement Analysis [Million USD]										
Revenue	45,804	33,266	32,753	28,216	25,638	22,859	19,960	18,790	18,380	17,444
Operating Income	15,699	13,697	11,923	10,273	9,623	8,856	5,500	6,017	6,622	6,002
Depreciation + Amortization	6,471	2,017	1,765	1,501	1,189	836.00	786.00	897.00	1,150	1,272
Interest Expense	2,454	1,784	1,348	1,150	1,047	719.00	429.00	299.00	104.00	N/A
Pretax Income	3,398	8,426	5,197	7,727	7,884	6,645	2,369	5,332	5,725	3,668
Effective Tax Rate	-36.00	6.50	-9.40	31.30	24.50	22.60	25.10	22.60	7.90	6.40
Net Income	4,616	7,882	5,687	5,309	5,953	5,144	1,774	4,128	5,275	3,433
Net Income [Normalized]	8,407	7,597	6,682	5,590	5,219	5,000	2,786	3,553	4,081	3,816

Balance Sheet and Other Financial Data [Million USD]										
Cash	8,486	39,924	8,061	9,789	6,423	8,407	8,374	9,895	7,976	653.00
Current Assets	24,173	49,519	16,945	21,223	16,187	16,314	16,081	17,848	15,354	7,354
Total Assets	150,565	89,115	59,352	70,786	66,099	53,050	27,513	29,198	27,008	19,521
Current Liabilities	28,661	15,585	17,239	16,641	9,781	10,894	11,393	6,879	6,776	5,897
Long Term Debt	77,553	63,029	35,002	30,953	36,440	29,321	10,538	14,292	14,630	32.00
Total Capital	100,194	58,992	31,864	42,465	41,478	35,697	16,719	19,215	19,035	11,980
Capital Expenditures	798.00	552.00	638.00	529.00	479.00	532.00	612.00	491.00	333.00	356.00
Cash from Operations	17,588	13,324	13,427	9,960	7,041	7,535	3,549	6,267	6,345	6,247
Current Ratio	0.84	3.18	0.98	1.28	1.65	1.50	1.41	2.59	2.27	1.25
% Long Term Debt of Capitalization	78.30	107.30	109.80	72.90	87.90	82.10	63.00	74.40	76.90	0.30
% Net Income of Revenue	10.10	23.70	17.40	18.80	23.20	22.50	8.90	22.00	28.70	19.70
% Return on Assets	8.19	11.53	11.45	9.38	10.10	13.74	12.12	13.38	17.79	18.45
% Return on Equity	187.70	-94.90	NM	109.10	138.70	180.90	56.90	105.10	69.00	24.80

Source: S&P Global Market Intelligence. Data may be preliminary or restated; before results of discontinued operations/special items. Per share data adjusted for stock dividends; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

# AbbVie Inc.

## Sub-Industry Outlook

We have a positive outlook on the biotechnology sub-industry ("biotech"), an historically defensive sub-industry, because we expect to see strong drug sales growth driven by Covid-19 therapeutics, the continued adoption of many new and innovative therapies, a favorable M&A environment, and a low prevalence of patent expirations in 2021. We also expect drugmakers to benefit from a return to normalcy since lower in-person physician visits during the pandemic had a mildly negative impact on prescription growth.

In January 2021, the U.S. experienced a blue wave, meaning that Democrats took control of the House, Senate, and the Presidency, forming a unified government. However, Democrats only had a slim majority in the House and the slimmest majority possible in the Senate. In other words, it will be nearly impossible to pass any sweeping legislation without bipartisan support because of the potential for filibuster. Reducing drug costs has been a topic of bipartisan interest in the past few years, but the Democrats and the Republicans have diverging views on how to approach the issue. Given the blue wave, we think that the Biden administration may focus its efforts, once the pandemic is addressed, on crafting modest drug price legislation that is palatable enough to be passed.

The Covid-19 pandemic created new commercial opportunities for the many biopharmaceutical firms. According to the Milken Institute, there were 331 treatments and 260 vaccines in development for Covid-19 as of June 29, 2021. Many companies will be unsuccessful or too slow in developing therapies, leading to sunk costs. However, some companies are already prospering enormously, notably vaccine developers such as Moderna and Pfizer / BioNTech. Because repeat vaccinations will likely be necessary and mutations could render currently authorized vaccines ineffective, we believe that Covid-19 vaccines will be a long-lasting and significant source of revenue for lead vaccine developers.

In the long run, the growth of the biotech industry is dependent on the volume of new therapy

approvals. Despite pandemic disruptions, FDA approvals of novel drug agents in 2020 increased by 8 to 57, slightly below the record 61 approvals achieved in 2018. However, delays in clinical trials could have an adverse impact on the level of novel drug approvals in 2021 and beyond. In 2021, we think that it's likely that the approval of non-Covid-19 therapies will take longer than usual because of a shift in FDA resources to focus on Covid-19 therapies. Since new drugs typically take at least 5 years to reach peak sales levels, we think that the biotech industry is likely to see promising sales growth over the next few years because of strong approval activity in recent years. In addition, we think that many of the drugs that are newly approved or in late-stage clinical trials represent major advances in treatment and technology.

Biopharma M&A activity in 2020 appears to have been lower than in 2019 and 2018 perhaps because of pandemic disruptions or high asset prices. Going forward, we think that the M&A environment appears favorable because there are plenty of motivated buyers flush with cash who are seeking to acquire assets with high growth potential.

Year to date through June 25, the S&P 500 Biotechnology Index was up 8.1% vs. 14.5% for the S&P 500 Composite Index. In 2020, the Biotechnology Index advanced 7.3% vs. 15.8% for the Composite Index.

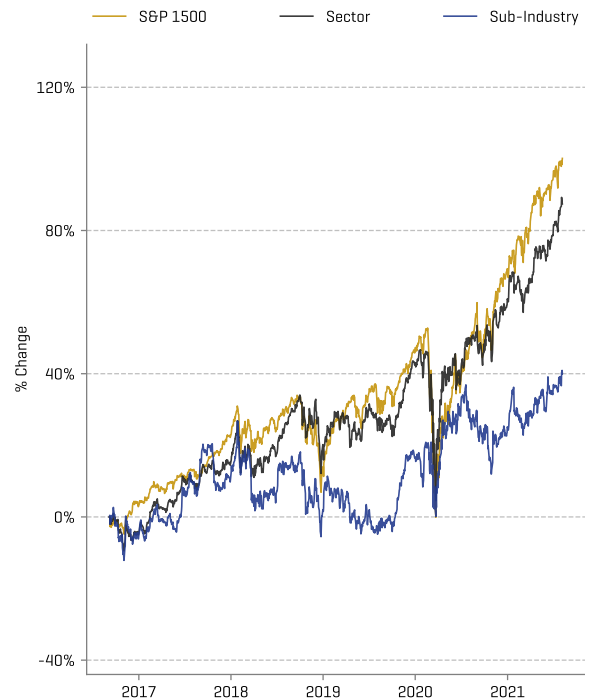
/ Kevin Huang, CFA

## Industry Performance

### GICS Sector: Health Care Sub-Industry: Biotechnology

Based on S&P 1500 Indexes

Five-Year market price performance through Aug 07, 2021



NOTE: A sector chart appears when the sub-industry does not have sufficient historical index data.

All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS).

Past performance is not an indication of future performance and should not be relied upon as such.

Source: CFRA, S&P Global Market Intelligence

## Sub-Industry: Biotechnology Peer Group\*: Biotechnology

Peer Group	Stock Symbol	Exchange	Currency	Recent Stock Price	Stk. Mkt. Cap. [M]	30-Day Price Chg. [%]	1-Year Price Chg. [%]	P/E Ratio	Fair Value Calc.	Yield [%]	Return on Equity [%]	LTD to Cap [%]
<b>AbbVie Inc.</b>	<b>ABBV</b>	<b>NYSE</b>	<b>USD</b>	<b>114.45</b>	<b>202,253.0</b>	<b>-2.0</b>	<b>23.6</b>	<b>42.0</b>	<b>84.23</b>	<b>4.5</b>	<b>187.7</b>	<b>78.3</b>
Alexion Pharmaceuticals, Inc.	ALXN	NasdaqGS	USD	182.50	40,336.0	-1.0	75.6	67.0	N/A	N/A	5.3	18.6
Amgen Inc.	AMGN	NasdaqGS	USD	230.15	130,691.0	-5.4	-4.7	19.0	N/A	3.1	76.1	77.5
BeiGene, Ltd.	BGEN	NasdaqGS	USD	321.45	29,946.0	2.0	43.5	NM	N/A	N/A	-66.0	4.8
BioNTech SE	BNTX	NasdaqGS	USD	389.01	110,495.0	88.9	404.7	5513.0	N/A	N/A	1.6	14.3
Biogen Inc.	BIIB	NasdaqGS	USD	340.00	50,671.0	-4.3	22.4	14.0	405.92	N/A	33.8	42.1
Gilead Sciences, Inc.	GILD	NasdaqGS	USD	68.78	86,262.0	0.6	-0.0	703.0	66.63	4.1	0.4	58.1
Moderna, Inc.	MRNA	NasdaqGS	USD	413.72	166,997.0	86.4	460.9	NM	293.16	N/A	-40.0	7.4
Regeneron Pharmaceuticals, Inc.	REGN	NasdaqGS	USD	610.86	63,510.0	4.3	-1.7	20.0	N/A	N/A	31.8	19.6
Seagen Inc.	SGEN	NasdaqGS	USD	160.99	29,290.0	7.5	-0.5	48.0	N/A	N/A	22.9	1.7
Vertex Pharmaceuticals Incorporated	VRTX	NasdaqGS	USD	200.67	52,059.0	0.8	-26.6	20.0	292.47	N/A	36.7	9.2

\*For Peer Groups with more than 10 companies or stocks, selection of issues is based on market capitalization.

NA-Not Available; NM-Not Meaningful.

Note: Peers are selected based on Global Industry Classification Standards and market capitalization. The peer group list includes companies with similar characteristics, but may not include all the companies within the same industry and/or that engage in the same line of business.

**AbbVie Inc.****Analyst Research Notes and other Company News****July 30, 2021**

10:51 AM ET... CFRA Keeps Hold Opinion on Shares of Abbvie Inc. [ABBV 116.54\*\*\*]: We raise our target price by \$10 to \$125 based on a forward P/E multiple of 9.0x our 2022 EPS. Q2 EPS of \$3.11 vs. \$2.34 was \$0.04 ahead of our estimate. We lift our 2021 EPS estimate to \$12.67 from \$12.63 and our 2022 EPS to \$14.14 from \$13.86. Q2 revenue grew 33.9% Y/Y to \$14.0 billion, almost \$400 million ahead of our estimate due to strong Botox sales. U.S. Humira sales grew 7.1% Y/Y to \$4.3 billion while combined Skyrizi and Rinvoq sales grew 20.0% sequentially to \$1.05 billion, in-line with expectations. Last month, the FDA informed ABBV that it would not meet the action dates for supplemental drug applications for Rinvoq in three indications due to an ongoing review of Pfizer's post-marketing study for tofacitinib for rheumatoid arthritis. We expect the FDA to decide on these applications in the next few months. Meanwhile, ABBV remains on track to submit applications for Rinvoq in ulcerative colitis and Skyrizi in Crohn's disease in the coming months. / Kevin Huang, CFA

**April 30, 2021**

02:12 PM ET... CFRA Maintains Hold Opinion on Shares of Abbvie Inc. [ABBV 111.45\*\*\*]: We raise our target price by \$3 to \$115 based on a forward P/E multiple of 9.0x our next-12-month EPS estimate of \$12.77. Q1 EPS of \$2.95 vs. \$2.42 exceeded our \$2.78 estimate. We lift our 2021 EPS estimate to \$12.63 from \$12.49 and our 2022 EPS to \$13.86 from \$13.74. Q1 adjusted revenue grew 5.2% Y/Y on a comparable operational basis to \$12.9 billion, ahead of our \$12.8 billion expectation. Humira and the aesthetics portfolio were the standout performers in the quarter. U.S. Humira sales grew 6.9% to \$3.9 billion while the aesthetics portfolio grew 34.9% on a comparable operational basis to \$1.1 billion. The strength in ABBV's aesthetic portfolio was driven by higher marketing spend, which has lifted market growth in the U.S. and in China. Meanwhile, key assets Skyrizi and Rinvoq performed in line with expectations. Unlike most of its peers, ABBV raised its EPS guidance, which makes sense given the company's strong Q1 results. / Kevin Huang, CFA

**February 03, 2021**

03:49 PM ET... CFRA Keeps Hold Opinion on Shares of Abbvie Inc. [ABBV 107.10\*\*\*]: We raise our target price to \$112 from \$94 based on a P/E multiple of 9.0x our 2021 EPS estimate. Q4 EPS of \$2.92 vs. \$2.21 was roughly in line with our estimate. We lift our 2021 EPS estimate to \$12.49 from \$12.12 and initiate our 2022 EPS at \$13.74. Q4 revenue of \$13.9 billion was slightly ahead of expectations due to outperformance by ABBV's immunology portfolio and resilience in the aesthetics portfolio, where sales only decreased 0.7% Y/Y on a comparable operational basis despite the pandemic. Meanwhile, the hematologic oncology portfolio fell slightly short of expectations. We believe that shares of ABBV traded strongly today on the company's 2021 outlook for adjusted EPS of \$12.32 to \$12.52, well above our previous estimate of \$12.12. In 2021, we expect combined sales of ABBV's key growth drivers, Rinvoq and Skyrizi, to double in their second full year of sales to \$4.6 billion due to continued strong uptake in existing indications and expansion into three additional indications. / Kevin Huang, CFA

**October 30, 2020**

02:52 PM ET... CFRA Maintains Hold Opinion on Shares of AbbVie Inc. [ABBV 80.67\*\*\*]: We lower our target price by \$1 to \$94 based on a P/E multiple of 9.0x our 2020 EPS estimate. Q3 EPS of \$2.83 vs. \$2.33 was \$0.06 ahead of our estimate. We lower our 2020 EPS estimate to \$10.49 from \$10.56 and our 2021 EPS to \$12.12 from \$12.18. Q3 sales of \$12.9 billion came in slightly above consensus as Humira sales outperformed expectations with 7.7% growth in the U.S. to \$4.19 billion and a decrease of 9.3% internationally to \$951 million. Sales of ABBV's other immunology assets, Skyrizi and Rinvoq, also exceeded expectations, suggesting that these two crucial growth assets could provide a major offset to expected future declines in sales of Humira. In 2021, we anticipate the approval of Rinvoq in atopic dermatitis, a large and growing market that could boost Rinvoq peak sales by a couple billion dollars, especially if it compares favorably to the current market leader Dupixent. We think ABBV had a solid quarter overall in terms of both commercial and clinical execution. / Kevin Huang, CFA

**July 31, 2020**

02:48 PM ET... CFRA Keeps Hold Opinion on Shares of AbbVie Inc. [ABBV 96.04\*\*\*]: We raise our target price by \$7 to \$95, which is based on a P/E multiple of 9.0x our

2020 EPS estimate of \$10.56. Q2 EPS of \$2.34 vs. \$2.26 fell \$0.10 short of our estimate. We lower our 2020 EPS estimate to \$10.56 from \$10.94 and we lift our 2021 EPS to \$12.18 from \$11.98. This quarter is difficult to get a good grasp of because of the pandemic's impact and because its ABBV's first quarter since the Allergan acquisition. Q2 sales declined 5.3% YoY on an organic basis to \$10.43 billion, above expectations, as most of ABBV's legacy products outperformed expectations. The aesthetics portfolio was, to no surprise, substantially impacted by the pandemic as global sales declined 47.9% YoY to \$481 million. Encouragingly, management noted that its adversely impacted businesses have broadly seen a rapid recovery and are now performing near pre-Covid levels. Overall, management estimates that Covid-19 had an unfavorable impact of over \$900 million on Q2 sales. / Kevin Huang, CFA

**May 14, 2020**

02:25 PM ET... CFRA Maintains Hold Opinion on Shares of AbbVie, Inc. [ABBV 88.87\*\*\*]: We update our EPS estimates to reflect the acquisition of Allergan, which was completed on May 8. Our 2020 combined company EPS estimate is unchanged from before at \$10.94. We initiate our 2021 combined company EPS estimate at \$11.98. / Kevin Huang, CFA

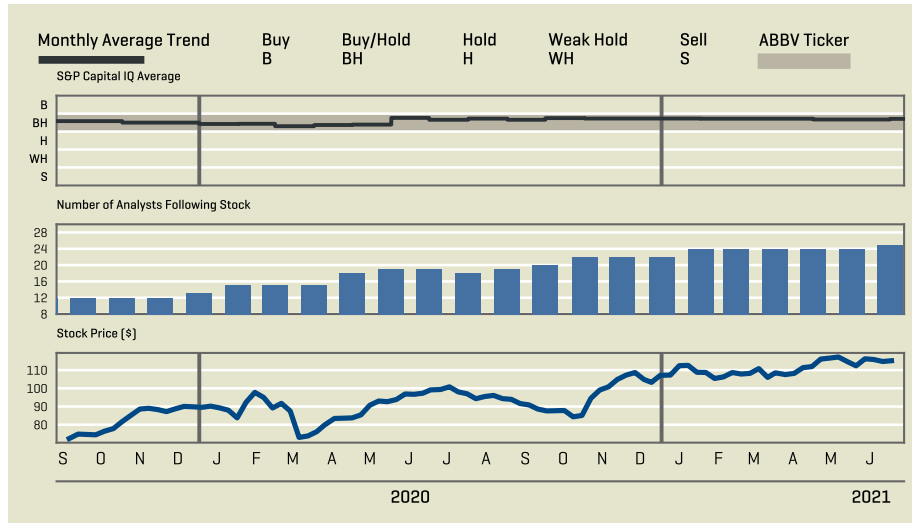
**May 01, 2020**

02:56 PM ET... CFRA Keeps Hold Opinion on Shares of AbbVie Inc. [ABBV 82.20\*\*\*]: We keep our target price of \$88, which is based on a P/E multiple of 8.1x our 2020 combined company [Allergan (AGN) and ABBV] EPS estimate of \$10.89. Q1 EPS of \$2.42 vs. \$2.14 beat the consensus expectation by \$0.17. We lower our 2020 standalone ABBV EPS to \$9.70 from \$9.73. Q1 revenues increased 10.1% YoY [10.7% organic] to \$8.62 billion as U.S. Humira sales increased 13.7% to \$3.66 billion while international Humira net revenues decreased 14.9% [12.8% organic] to \$1.05 billion. Q1 sales growth included a 2.4% stocking benefit related to the Covid-19 pandemic, which we expect to reverse in later quarters. Absent the stocking benefit, ABBV's sales still exceeded our expectations with a particularly strong performance from Skyrizi. In Q2, we expect Covid-19 to negatively impact new patient starts and utilization of ABBV's hospital-based treatments. As a reminder, in March, ABBV changed its estimated closing date for the Allergan acquisition to May from an original estimate of Q1 2020. / Kevin Huang, CFA

Note: Research notes reflect CFRA's published opinions and analysis on the stock at the time the note was published. The note reflects the views of the equity analyst as of the date and time indicated in the note, and may not reflect CFRA's current view on the company.

# AbbVie Inc.

## Analysts Recommendations



## Wall Street Consensus Opinion

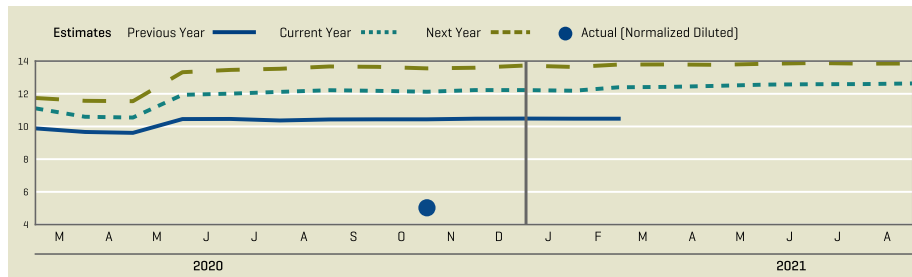
**Buy/Hold**

### Wall Street Consensus vs. Performance

For fiscal year 2021, analysts estimate that ABBV will earn USD 12.63. For fiscal year 2022, analysts estimate that ABBV's earnings per share will grow by 9.64% to USD 13.85.

	No. of Recommendations	% of Total	1 Mo.Prior	3 Mos.Prior
Buy	11	44	11	11
Buy/Hold	7	28	7	6
Hold	6	24	6	5
Weak hold	0	0	0	1
Sell	0	0	0	0
No Opinion	1	4	1	1
Total	25	100	25	24

## Wall Street Consensus Estimates



Fiscal Year	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2022	13.85	14.80	11.85	23	8.26
2021	12.63	12.87	12.52	20	9.06
<b>2022 vs. 2021</b>	<b>▲ 10%</b>	<b>▲ 15%</b>	<b>▼ -5%</b>	<b>▲ 15%</b>	<b>▼ -9%</b>
Q3'22	3.67	3.73	3.61	2	31.19
Q3'21	3.17	3.32	2.25	17	36.07
<b>Q3'22 vs. Q3'21</b>	<b>▲ 16%</b>	<b>▲ 12%</b>	<b>▲ 60%</b>	<b>▼ -88%</b>	<b>▼ -14%</b>

Forecasts are not reliable indicator of future performance.

Note: A company's earnings outlook plays a major part in any investment decision. S&P Global Market Intelligence organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years, as well as how those earnings estimates have changed over time. Note that the information provided in relation to consensus estimates is not intended to predict actual results and should not be taken as a reliable indicator of future performance.

**Note: For all tables, graphs and charts in this report that do not cite any reference or source, the source is S&P Global Market Intelligence.**



**AbbVie Inc.****Glossary****STARS**

Since January 1, 1987, CFRA Equity and Fund Research Services, and its predecessor S&P Capital IQ Equity Research has ranked a universe of U.S. common stocks, ADRs [American Depositary Receipts], and ADSs [American Depositary Shares] based on a given equity's potential for future performance. Similarly, we have ranked Asian and European equities since June 30, 2002. Under proprietary STARS (Stock Appreciation Ranking System), equity analysts rank equities according to their individual forecast of an equity's future total return potential versus the expected total return of a relevant benchmark [e.g., a regional index [MSCI AC Asia Pacific Index, MSCI AC Europe Index or S&P 500® Index]], based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

**S&P Global Market Intelligence's Quality Ranking**

[also known as **S&P Capital IQ Earnings & Dividend Rankings**] - Growth and S&P Capital IQ Earnings & Dividend Rankings stability of earnings and dividends are deemed key elements in establishing S&P Global Market Intelligence's earnings and dividend rankings for common stocks, which are designed to capsize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Below Average
A	High	B-	Lower
A	Above	C	Lowest
B+	Average	D	In Reorganization
NC	Not Ranked		

**EPS Estimates**

CFRA's earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, EPS estimates reflect either forecasts of equity analysts; or, the consensus [average] EPS estimate, which are independently compiled by S&P Global Market Intelligence, a data provider to CFRA. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

**12-Month Target Price**

The equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including Fair Value.

**CFRA Equity Research**

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**Abbreviations Used in Equity Research Reports**

CAGR	- Compound Annual Growth Rate
CAPEX	- Capital Expenditures
CY	- Calendar Year
DCF	- Discounted Cash Flow
DDM	- Dividend Discount Model
EBIT	- Earnings Before Interest and Taxes
EBITDA	- Earnings Before Interest, Taxes, Depreciation & Amortization
EPS	- Earnings Per Share
EV	- Enterprise Value
FCF	- Free Cash Flow
FFO	- Funds From Operations
FY	- Fiscal Year
P/E	- Price/Earnings
P/NAV	- Price to Net Asset Value
PEG Ratio	- P/E-to-Growth Ratio
PV	- Present Value
R&D	- Research & Development
ROCE	- Return on Capital Employed
ROE	- Return on Equity
ROI	- Return on Investment
ROIC	- Return on Invested Capital
ROA	- Return on Assets
SG&A	- Selling, General & Administrative Expenses
SOTP	- Sum-of-The-Parts
WACC	- Weighted Average Cost of Capital

**Dividends on American Depositary Receipts (ADRs) and American Depositary Shares (ADSs) are net of taxes (paid in the country of origin).**

**Qualitative Risk Assessment**

Reflects an equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment is a relative ranking to the U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices. For an ETF this reflects on a capitalization-weighted basis, the average qualitative risk assessment assigned to holdings of the fund.

**STARS Ranking system and definition:****★★★★★ 5-STARS (Strong Buy):**

Total return is expected to outperform the total return of a relevant benchmark, by a notable margin over the coming 12 months, with shares rising in price on an absolute basis.

**★★★★★ 4-STARS (Buy):**

Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months.

**★★★★★ 3-STARS (Hold):**

Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months.

**★★★★★ 2-STARS (Sell):**

Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months.

**★★★★★ 1-STAR (Strong Sell):**

Total return is expected to underperform the total return of a relevant benchmark by a notable margin over the coming 12 months, with shares falling in price on an absolute basis.

**Relevant benchmarks:**

In North America, the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are the MSCI AC Europe Index and the MSCI AC Asia Pacific Index, respectively.

# AbbVie Inc.

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### STARS Stock Reports:

Global STARS Distribution as of March 05, 2021

Ranking	North America	Europe	Asia	Global
Buy	40.3%	32.5%	40.0%	38.7%
Hold	49.6%	57.1%	53.1%	51.7%
Sell	10.1%	10.3%	6.9%	9.6%
Total	100.0%	100.0%	100.0%	100.0%

### Analyst Certification:

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