

ABBIE INC. NYSE-ABBV

RECENT PRICE **64.57**

P/E RATIO **12.9** (Trailing: 13.8 Median: NMF)

RELATIVE P/E RATIO **0.69**

DIV'D YLD **3.5%**

VALUE LINE

TIMELINESS 4 Lowered 9/16/16
SAFETY 3 Lowered 4/8/16
TECHNICAL 1 Raised 9/23/16
 BETA 1.10 (1.00 = Market)

LEGENDS
 Relative Price Strength
 Options: Yes
 Shaded area indicates recession

High: 54.8 70.8 71.6 68.1
 Low: 33.3 45.5 45.4 50.7

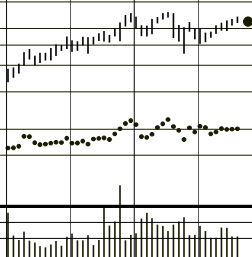
Target Price Range
 2019 2020 2021

2019-21 PROJECTIONS
 Ann'l Total
 Price Gain Return
 High 145 (+125%) 24%
 Low 95 (+45%) 13%

Insider Decisions
 N D J F M A M J J
 to Buy 0 0 0 0 0 0 0 0
 Options 0 1 0 0 0 0 9 2
 to Sell 0 0 0 0 4 0 4 2

Institutional Decisions
 4Q2015 1Q2016 2Q2016
 to Buy 728 816 699
 to Sell 761 678 777
 Hlds(000) 110981511408781125483

Percent 21
 shares 14
 traded 7



% TOT. RETURN 8/16
 THIS STOCK VS. ARITH. INDEX
 1 yr. 6.8 10.9
 3 yr. 66.8 29.8
 5 yr. — 84.5

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	© VALUE LINE PUB. LLC	19-21
--	--	--	--	--	--	--	--	--	--	--	--	--	11.84	12.54	14.20	16.10	17.40	Sales per sh	20.65
--	--	--	--	--	--	--	--	--	--	--	--	--	3.44	3.62	4.64	5.05	6.20	"Cash Flow" per sh	7.80
--	--	--	--	--	--	--	--	--	--	--	--	--	3.14	3.32	4.29	4.80	5.90	Earnings per sh ^A	7.50
--	--	--	--	--	--	--	--	--	--	--	--	--	1.60	1.66	2.02	2.28	2.48	Div'ds Decl'd per sh ^B	3.20
--	--	--	--	--	--	--	--	--	--	--	--	--	.56	.78	.33	.50	.50	Cap'l Spending per sh	.50
--	--	--	--	--	--	--	--	--	--	--	--	--	2.83	1.09	2.45	4.30	6.85	Book Value per sh ^C	15.65
--	--	--	--	--	--	--	--	--	--	--	--	--	1587.4	1591.4	1609.9	1620.0	1610.0	Common Shs Outst'g ^D	1600.0
--	--	--	--	--	--	--	--	--	--	--	--	--	13.9	16.7	14.4	<i>Bold figures are Value Line estimates</i>		Avg Ann'l P/E Ratio	16.0
--	--	--	--	--	--	--	--	--	--	--	--	--	.78	.88	.73			Relative P/E Ratio	1.00
--	--	--	--	--	--	--	--	--	--	--	--	--	3.7%	3.0%	3.3%			Avg Ann'l Div'd Yield	2.7%

CAPITAL STRUCTURE as of 6/30/16
 Total Debt \$37.3 bill. Due in 5 Yrs \$15.8 bill.
 LT Debt \$37.3 bill. LT Interest \$866 mill.
 (87% of Capital)

Leases, Uncapitalized Annual rentals \$119 mill.

Pension Assets-12/15 \$4.2 bill. **Oblig.** \$5.4 bill.

Common Stock 1,628,542,359 shares

MARKET CAP: \$105 billion (Large Cap)

CURRENT POSITION 2014 2015 6/30/16 (\$MILL.)

Cash Assets	8348	8399	6327
Receivables	3735	4730	5048
Inventory (FIFO)	1124	1719	1756
Other	2881	1466	3660
Current Assets	16088	16314	16791
Accts Payable	6954	8463	8755
Debt Due	4021	2025	23
Other	425	406	494
Current Liab.	11400	10894	9272

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '13-'15 to '19-'21
Sales	--	--	8.0%
"Cash Flow"	--	--	12.0%
Earnings	--	--	13.0%
Dividends	--	--	10.5%
Book Value	--	--	NMF

Cal-endar	QUARTERLY SALES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2013	4329	4692	4658	5111	18790
2014	4563	4926	5019	5452	19960
2015	5040	5475	5944	6400	22859
2016	5958	6452	6610	7080	26100
2017	6600	6900	7000	7500	28000

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2013	.68	.82	.82	.82	3.14
2014	.71	.82	.89	.89	3.32
2015	.94	1.08	1.13	1.13	4.29
2016	1.15	1.26	1.19	1.20	4.80
2017	1.35	1.45	1.55	1.55	5.90

Cal-endar	QUARTERLY DIVIDENDS PAID ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2012	--	--	--	--	--
2013	.40	.40	.40	.40	1.60
2014	.40	.42	.42	.42	1.66
2015	.49	.51	.51	.51	2.02
2016	.57	.57	.57	.57	

BUSINESS: AbbVie Inc. engages in the discovery, development, manufacture, and sale of a broad line 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

AbbVie remains well positioned for double-digit adjusted earnings growth in 2016. Through the first half of the year, adjusted earnings are up 19% versus the comparable period of 2015, driven by an 18% increase on the top line. As has been the case in the company's relatively short history (spun off from Abbott 1/13), much of the growth stemmed from continued strong uptake for its blockbuster anti-inflammatory drug *Humira* (sales +16%). Following a solid second-quarter showing, management upped its 2016 adjusted earnings guidance range to \$4.73-\$4.83 a share (previously \$4.62-\$4.82), representing year-over-year growth of 10%-13%.

Recent gains in complementary franchises have been encouraging, but AbbVie remains heavily reliant on Humira. *Imbruvica* (chronic lymphocytic leukemia) and *Viekira* (Hep-C) are the company's top-selling drugs behind *Humira*, but combined they still only account for about 13% of total revenues, compared to *Humira's* 64%. While the cornerstone franchise continues to roll (sales +17% in Q2), the recent emergence of biosimilar competition has raised con-

cerns of the drug's longer-term viability. In late September, the FDA approved Amgen's generic version (*Amjevita*), potentially striking a blow to *Humira's* dominance. However, management indicated that it is challenging the validity of some of these patents, and remains hopeful to maintain market exclusivity until at least 2022. *Humira* is currently the top-selling drug in the world with more than \$14 billion in worldwide sales last year.

The equity offers an above-average dividend yield. Shares of ABBV are currently yielding 3.5%, well ahead of *Value Line's* 2.3% median. Expectations for near-term share repurchases should also help to bolster shareholder value.

The stock's Timeliness rank has been downgraded to 4 (Below Average). As a result, shares of ABBV are now pegged to underperform the broader market over the next six to 12 months. While momentum investors will likely find more attractive options elsewhere, we continue to view the long-term story favorably. Based on our current model, total-return potential to 2019-2021 is above average.

Michael Ratty October 7, 2016

(A) Diluted earnings (adjusted). Excludes non-recurring items: '13, (.58c); '14, (\$2.22) '15, (\$1.16). Next earnings report due late Oct.
 (B) Dividends historically paid in February.

May, August, and November. ■ Dividend reinvestment plan available.
 (C) Includes intangibles. In '15: \$32.88 billion, \$20.42 a share.

(D) In millions

Company's Financial Strength	A
Stock's Price Stability	70
Price Growth Persistence	NMF
Earnings Predictability	NMF