

# ABBVIE INC. NYSE-ABBV

RECENT PRICE **62.50** P/E RATIO **12.2** (Trailing: 13.2 Median: NMF) RELATIVE P/E RATIO **0.62** DIV'D YLD **4.1%**

**VALUE LINE**

**TIMELINESS** 4 Raised 1/6/17  
**SAFETY** 3 Lowered 4/8/16  
**TECHNICAL** 3 Lowered 1/6/17  
**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

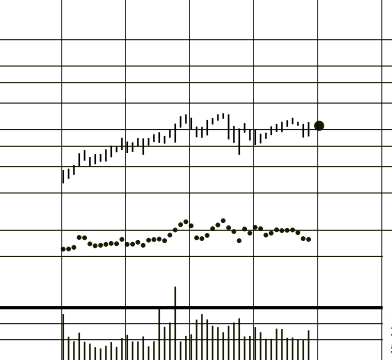
Target Price Range  
 2019 2020 2021

**2019-21 PROJECTIONS**  
 Price Gain Ann'l Total  
 High 135 (+115%) 24%  
 Low 90 (+45%) 13%

**Insider Decisions**  
 F M A M J J A S O  
 to Buy 0 0 0 0 0 0 0 0 0  
 Options 0 0 0 9 2 0 0 0 0  
 to Sell 0 4 0 4 2 0 0 1 0

**Institutional Decisions**  
 1Q2016 2Q2016 3Q2016  
 to Buy 816 699 721  
 to Sell 678 777 713  
 Hlds(000) 114087811254831092548

Percent 21  
 shares 14  
 traded 7



% TOT. RETURN 11/16  
 THIS STOCK VL ARITH. INDEX  
 1 yr. 8.7 13.7  
 3 yr. 39.2 20.4  
 5 yr. — 92.2

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	15.95	17.45	Sales per sh	20.65
--	--	--	--	--	--	--	--	--	--	--	--	--	3.44	3.62	4.64	5.10	5.80	"Cash Flow" per sh	7.80
--	--	--	--	--	--	--	--	--	--	--	--	--	3.14	3.32	4.29	4.82	5.50	Earnings per sh <sup>A</sup>	7.50
--	--	--	--	--	--	--	--	--	--	--	--	--	1.60	1.66	2.02	2.28	2.56	Div'ds Decl'd per sh <sup>B</sup>	3.40
--	--	--	--	--	--	--	--	--	--	--	--	--	.56	.78	.33	.35	.40	Cap'l Spending per sh	.50
--	--	--	--	--	--	--	--	--	--	--	--	--	2.83	1.09	2.45	4.30	6.80	Book Value per sh <sup>C</sup>	15.65
--	--	--	--	--	--	--	--	--	--	--	--	--	1587.4	1591.4	1609.9	1620.0	1615.0	Common Shs Outst'g <sup>D</sup>	1600.0
--	--	--	--	--	--	--	--	--	--	--	--	--	13.9	16.7	14.4	12.6		Avg Ann'l P/E Ratio	15.0
--	--	--	--	--	--	--	--	--	--	--	--	--	.78	.88	.73	.67		Relative P/E Ratio	.95
--	--	--	--	--	--	--	--	--	--	--	--	--	3.7%	3.0%	3.3%	3.8%		Avg Ann'l Div'd Yield	3.0%

**CAPITAL STRUCTURE as of 9/30/16**  
 Total Debt \$37.3 bill. Due in 5 Yrs \$15.8 bill.  
 LT Debt \$37.3 bill. LT Interest \$866 mill.  
 (85% of Capital)

**Leases, Uncapitalized** Annual rentals \$119 mill.

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

**Common Stock** 1,625,099,012 shares as of 10/24/16

**MARKET CAP: \$102 billion (Large Cap)**

CURRENT POSITION (\$MILL.)	2014	2015	9/30/16
Cash Assets	8348	8399	6218
Receivables	3735	4730	4999
Inventory (FIFO)	1124	1719	1630
Other	2881	1466	3443
Current Assets	16088	16314	16290
Accts Payable	6954	8463	9077
Debt Due	4021	2025	26
Other	425	406	--
Current Liab.	11400	10894	9103

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	--	--	11.5%
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	6432	6958	25800
2017	6500	7000	7100	7600	28200

Cal-endar	EARNINGS PER SHARE <sup>A</sup>				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	1.21	1.20	4.82
2017	1.30	1.40	1.40	1.40	5.50

Cal-endar	QUARTERLY DIVIDENDS PAID <sup>B</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
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	2.28
2017	.64				

**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

**We have slightly raised our 2016 share-net target for AbbVie.** The drug-maker reported third-quarter adjusted earnings of \$1.21 a share, ahead of our \$1.19 estimate and up from \$1.13 in the comparable year-ago period. While revenues came in a bit light (\$6.43 billion versus our \$6.61 billion estimate), due to softness in *Humira* and *Viekira*, the impact was largely offset by better-than-expected sales of oncology drug *Imbruvica* and tighter cost control. Following the release, management narrowed its 2016 adjusted earnings guidance range to \$4.80-\$4.82 a share (previously \$4.73-\$4.83). We have upped our estimate by \$0.02 a share, to \$4.82. AbbVie is scheduled to report full-year results later this month. **Humira slowed, but management is guiding for a strong finish.** The company's cornerstone drug (64% of revenue) saw its sales dip 2% sequentially in the third quarter, which included a 2% reduction in both domestic and international markets. Although investors did not react kindly to the news, management attributed the slowdown to seasonality and is eyeing an acceleration in the December

disease; metabolic diseases, including thyroid disease and complications associated with cystic fibrosis; as well as other serious conditions. Off/dirs. own less than 1% of common stock; BlackRock, 6.1%; Vanguard, 6.1% (3/16 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.

period. Despite the Q3 miss, *Humira* sales were still up 11% year over year, and have risen 15% through the first nine months. **Competitive pressures linger.** Biosimilar competition to *Humira* is knocking at the door, a threat that could significantly impact the drug's long-term sales trajectory. While AbbVie remains hopeful to maintain market exclusivity until at least 2022, the decision will inevitably come down to the courts. As a result, visibility is somewhat limited. **The Board recently authorized a dividend hike.** The company announced a 12% increase in its quarterly payout from \$0.57 a share to \$0.64. The dividend is payable February 15, 2017 to shareholders of record on January 13, 2017. **The stock is ranked 4 (Below Average) for Timeliness.** While comparisons should continue to trend higher in 2017, competitive pressures related to *Humira* and recent political uncertainty are notable near-term overhangs. For investors with a buy-and-hold mindset, our current projections suggest above-average returns to late decade. *Michael Ratty* January 6, 2017

(A) Diluted earnings (adjusted). Excludes non-recurring items: '13, (.58c); '14, (\$2.22) '15, (\$1.16). Next earnings report due late Jan. (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	65
Price Growth Persistence	NMF
Earnings Predictability	NMF