

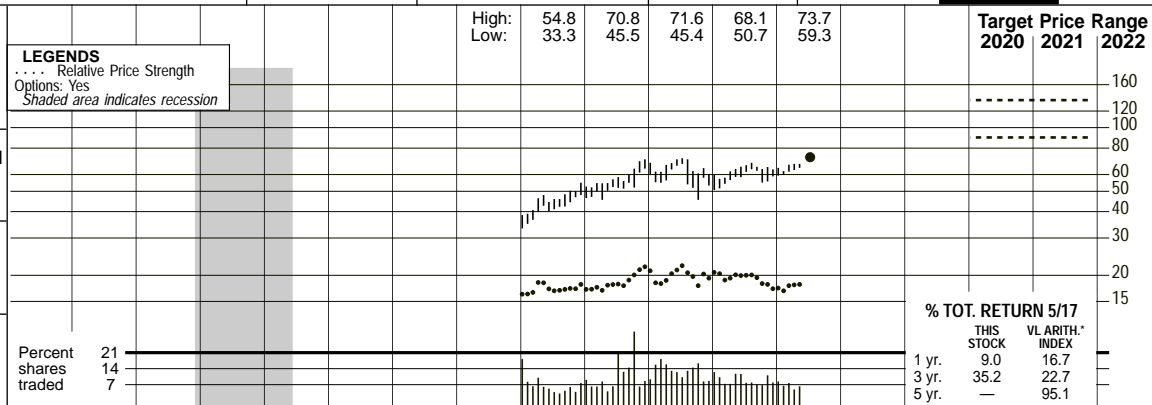
ABBIE INC. NYSE-ABBV

RECENT PRICE **72.39** P/E RATIO **13.2** (Trailing: 14.6; Median: NMF) RELATIVE P/E RATIO **0.67** DIV'D YLD **3.5%**

VALUE LINE

TIMELINESS 3 Raised 2/3/17
SAFETY 3 Lowered 4/8/16
TECHNICAL 5 Lowered 7/7/17
 BETA 1.10 (1.00 = Market)

LEGENDS
 Relative Price Strength
 Options: Yes
 Shaded area indicates recession



2020-22 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	135	(+85%)	20%
Low	90	(+25%)	9%

Insider Decisions

	A	S	O	N	D	J	F	M	A
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	1	1	0	9	1	0
to Sell	0	1	0	1	1	0	0	5	0

Institutional Decisions

	3Q2016	4Q2016	1Q2017	Percent shares traded
to Buy	721	762	756	21
to Sell	713	736	800	14
Hlds(000)	1092548	1069201	11175670	7

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	© VALUE LINE PUB. LLC	20-22
--	--	--	--	--	--	--	--	--	--	--	--	11.84	12.54	14.20	16.10	17.70	19.60	Sales per sh	24.05
--	--	--	--	--	--	--	--	--	--	--	--	3.44	3.62	4.64	5.23	5.80	6.70	"Cash Flow" per sh	8.30
--	--	--	--	--	--	--	--	--	--	--	--	3.14	3.32	4.29	4.82	5.50	6.40	Earnings per sh ^A	8.00
--	--	--	--	--	--	--	--	--	--	--	--	1.60	1.66	2.02	2.28	2.56	2.80	Div'ds Decl'd per sh ^{B=C}	3.48
--	--	--	--	--	--	--	--	--	--	--	--	.56	.78	.33	.30	.35	.40	Cap'l Spending per sh	.50
--	--	--	--	--	--	--	--	--	--	--	--	2.83	1.09	2.45	2.91	3.80	6.35	Book Value per sh ^C	15.80
--	--	--	--	--	--	--	--	--	--	--	--	1587.4	1591.4	1609.9	1592.5	1580.0	1580.0	Common Shs Outst'g ^D	1580.0
--	--	--	--	--	--	--	--	--	--	--	--	13.9	16.7	14.4	12.6	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	14.0
--	--	--	--	--	--	--	--	--	--	--	--	.78	.88	.73	.66			Relative P/E Ratio	.90
--	--	--	--	--	--	--	--	--	--	--	--	3.7%	3.0%	3.3%	3.8%			Avg Ann'l Div'd Yield	3.1%

CAPITAL STRUCTURE as of 3/31/17
 Total Debt \$36.5 bill. Due in 5 Yrs \$13.1 bill.
 LT Debt \$36.5 bill. LT Interest \$1.1 bill.
 (88% of Capital)

Leases, Uncapitalized Annual rentals \$131 mill.

Pension Assets-12/16 \$4.6 bill. Oblig. \$5.8 bill.

Common Stock 1,591,540,513 shares as of 4/24/17

MARKET CAP: \$115 billion (Large Cap)

CURRENT POSITION

	2015	2016	3/31/17
Cash Assets	8399	6423	6248
Receivables	4730	4758	4677
Inventory (FIFO)	1719	1444	1427
Other	1466	3562	3195
Current Assets	16314	16187	15547
Accts Payable	8463	9379	8419
Debt Due	2025	25	25
Other	406	377	400
Current Liab.	10894	9781	8844

ANNUAL RATES

of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '14-'16 to '20-'22
Sales	--	--	9.0%
"Cash Flow"	--	--	11.0%
Earnings	--	--	11.5%
Dividends	--	--	10.0%
Book Value	--	--	NMF

QUARTERLY SALES (\$ mill.)

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2014	4563	4926	5019	5452	19960
2015	5040	5475	5944	6400	22859
2016	5958	6452	6432	6796	25638
2017	6538	7000	7050	7412	28000
2018	7200	7700	7900	8200	31000

EARNINGS PER SHARE ^A

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
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	1.28	1.39	1.41	1.42	5.50
2018	1.50	1.61	1.64	1.65	6.40

QUARTERLY DIVIDENDS PAID ^{B=C}

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
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	.64			

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 are maintaining our 2017 estimates for AbbVie. The drugmaker's first-quarter earnings were in line with expectations (\$1.28 a share), while sales posted a modest beat (\$6.54 billion). The top-line upside was driven primarily by better-than-expected demand in the cornerstone *Humira* franchise, where sales increased +15% year over year, to \$4.12 billion. AbbVie's second highest grossing drug *Imbruvica* also performed strongly (+45%), partially offset by continued erosion in #3-seller *Viekira* (-36%). All in all, there were relatively few surprises during the quarter and our full-year earnings and sales estimates are unchanged at \$5.50 a share and \$28.0 billion, respectively.

Management reaffirmed its 2017 guidance. The company expects full-year adjusted earnings of \$5.44-\$5.54 a share, representing annual growth of 14% at the midpoint. The outlook excludes \$0.89 a share of intangible asset amortization expense and other specified items. On a GAAP basis, earnings are expected to come in at \$4.55-\$4.65 a share.

The growth story is still heavily reliant on Humira. *Humira* is currently

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, 10.7%; Vanguard, 6.7%; BlackRock, 5.7% (3/17 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.

the highest-grossing drug in the world (\$16.1 billion in '16 sales) and the clear cornerstone of AbbVie's portfolio (63% of total sales in Q1). However, given the significant lack of product diversity, the company's growth trajectory is heavily dependent on the strength of *Humira*'s many patents, several of which are currently being challenged by generic manufacturers, including a high-profile case with Amgen. At this juncture, management remains confident that its experience with the drug will make it difficult for competition to enter the market and is hopeful to hang on to exclusivity until 2022.

A healthy pipeline could provide some complements down the road. AbbVie has multiple blockbuster potential read outs expected in the second half (including *Rova-T*) that could better position the company to deal with *Humira* pressures.

The stock holds an Average (3) rank for Timeliness. Based on our system, shares of ABBV do not stand out over the next six to 12 months. Long-term, our current projections suggest above-average returns to 2020-2022.

Michael Ratty
 July 7, 2017

(A) Diluted earnings (adjusted). Excludes non-recurring items: '13, (.58¢); '14, (\$2.22); '15, (\$1.16); '16, (\$1.19). Next earnings report due late July. (B) Dividends historically paid in February, May, August, and November. (C) Dividend reinvestment plan available. (D) Includes intangibles. In '16: \$44.31 billion, \$27.83 a share. (E) In millions

Company's Financial Strength	A
Stock's Price Stability	65
Price Growth Persistence	NMF
Earnings Predictability	75