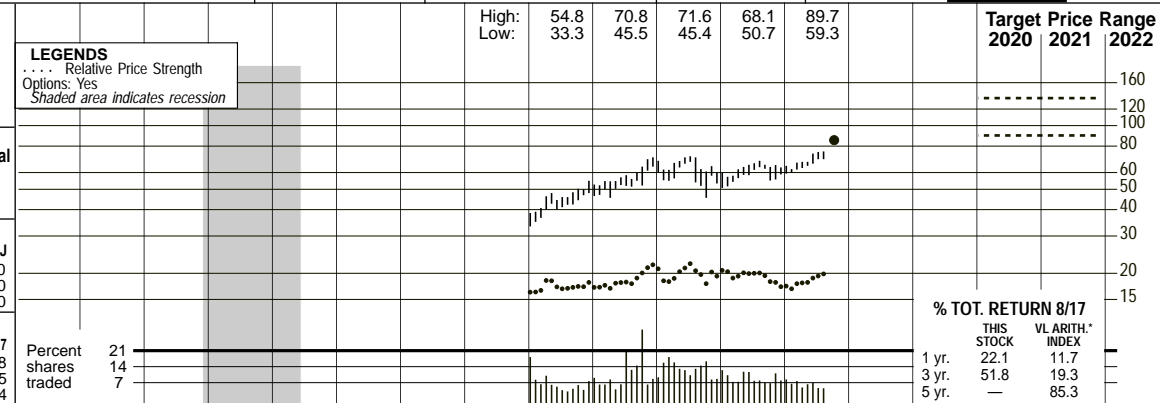


# ABBVIE INC. NYSE-ABBV

RECENT PRICE **85.35** P/E RATIO **14.9** (Trailing: 16.7, Median: NMF) RELATIVE P/E RATIO **0.76** DIV'D YLD **3.0%**

**VALUE LINE**

**TIMELINESS** 2 Lowered 9/22/17  
**SAFETY** 3 Lowered 4/8/16  
**TECHNICAL** 4 Lowered 9/15/17  
 BETA 1.10 (1.00 = Market)



**2020-22 PROJECTIONS**  
 Price High 135, Low 90  
 Gain (+60%), Return 15%  
**Insider Decisions**  
 to Buy 0, to Sell 1, Options 1, Hlds(000) 106920111756701182974  
**Institutional Decisions**  
 4Q2016, 1Q2017, 2Q2017  
 to Buy 762, to Sell 736, Hlds(000) 106920111756701182974  
 Percent shares traded: 21, 14, 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 <sup>A</sup>        | 8.00   |
| --   | --   | --   | --   | --   | --   | --   | --   | --   | --   | --   | --   | 1.60   | 1.66   | 2.02   | 2.28   | 2.56                                  | 2.80   | Div'ds Decl'd per sh <sup>B=C</sup> | 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 <sup>C</sup>      | 15.80  |
| --   | --   | --   | --   | --   | --   | --   | --   | --   | --   | --   | --   | 1587.4 | 1591.4 | 1609.9 | 1592.5 | 1580.0                                | 1580.0 | Common Shs Outst'g <sup>D</sup>     | 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 6/30/17**  
 Total Debt \$36.8 bill. Due in 5 Yrs \$13.1 bill.  
 LT Debt \$33.8 bill. LT Interest \$1.1 bill.  
 (85% of Capital)  
**Leases, Uncapitalized** Annual rentals \$131 mill.  
**Pension Assets-12/16** \$4.6 bill. Oblig. \$5.8 bill.  
**Common Stock** 1,594,094,698 shares as of 7/24/17  
**MARKET CAP: \$136 billion (Large Cap)**

| CURRENT POSITION (\$MILL.) | 2015  | 2016  | 6/30/17 |
|----------------------------|-------|-------|---------|
| Cash Assets                | 8399  | 6423  | 7205    |
| Receivables                | 4730  | 4758  | 4859    |
| Inventory (FIFO)           | 1719  | 1444  | 1582    |
| Other                      | 1466  | 3562  | 3316    |
| Current Assets             | 16314 | 16187 | 16962   |
| Accts Payable              | 8463  | 9379  | 8839    |
| Debt Due                   | 2025  | 25    | 3020    |
| Other                      | 406   | 377   | 400     |
| Current Liab.              | 10894 | 9781  | 12259   |

| 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                      |

| Cal-endar | QUARTERLY SALES (\$ mill.) |        |        |        | Full Year |
|-----------|----------------------------|--------|--------|--------|-----------|
|           | Mar.31                     | Jun.30 | Sep.30 | Dec.31 |           |
| 2014      | 4563                       | 4926   | 5019   | 5452   | 19960     |
| 2015      | 5040                       | 5475   | 5944   | 6400   | 22859     |
| 2016      | 5958                       | 6452   | 6432   | 6796   | 25638     |
| 2017      | 6538                       | 6944   | 7000   | 7518   | 28000     |
| 2018      | 7200                       | 7700   | 7900   | 8200   | 31000     |

| Cal-endar | EARNINGS PER SHARE <sup>A</sup> |        |        |        | Full Year |
|-----------|---------------------------------|--------|--------|--------|-----------|
|           | Mar.31                          | Jun.30 | Sep.30 | Dec.31 |           |
| 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                            | 1.42   | 1.38   | 1.42   | 5.50      |
| 2018      | 1.50                            | 1.61   | 1.64   | 1.65   | 6.40      |

| Cal-endar | QUARTERLY DIVIDENDS PAID <sup>B=C</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                                     | .64    | .64    | .64    | 2.56      |

**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 second-quarter earnings (\$1.42 adjusted) beat consensus expectations by a few pennies, while sales (\$6.94 billion) were relatively in line. Continued momentum in the Humira franchise (+13.7% year over year) was again a key highlight, with demand trends showing nice acceleration in U.S. markets (+18%). On the international side, Humira sales grew 9.1%, which excluded a 3.6% negative impact from foreign exchange rates. Following the release, management reaffirmed its full-year adjusted earnings guidance of \$5.44-\$5.54 a share. Our 2017 earnings estimate is unchanged at \$5.50 a share, representing annual growth of 14%.  
**Humira continues to roll, but the threat of biosimilars looms large.** Humira is currently the world's highest-grossing drug and the clear cornerstone of AbbVie's portfolio (68% of total sales in Q2). Management seems confident that the strength of its patents will be able to fend off generic competition over the next several years and hopes to maintain exclusivity until 2022. This could prove ac-

curate, but investors will likely need to see more product diversity in the coming years to bolster confidence in a post-Humira era. **Investor sentiment has heated up in recent months.** Shares of ABBV have surged nearly 20% in price since our July report. While second-quarter results were solid, they were met with somewhat of a muted response. In fact, the stock really didn't take off until early September, when the company announced positive results from a Phase II trial of its eczema treatment (upadacitinib). Reports that AbbVie won a court battle against Coherus Biosciences in a patent challenge of Humira further contributed to the rally. **The stock's Timeliness rank has been raised a notch to 2 (Above Average).** Based on our system, shares of ABBV are now pegged to outperform the broader market in the year ahead. While the equity's strong performance during Q3 has dampened some of the longer-term appeal, our projections still reflect decent returns over the next 3 to 5 years. The above-average dividend yield (3.0%) is a key draw for income investors.  
*Michael Ratty*  
 October 6, 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 October. (B) Dividends historically paid in February, May, August, and November. ■ Dividend reinvestment plan available. (C) Includes intangibles. In '16: \$44.31 billion, \$27.83 a share. (D) In millions