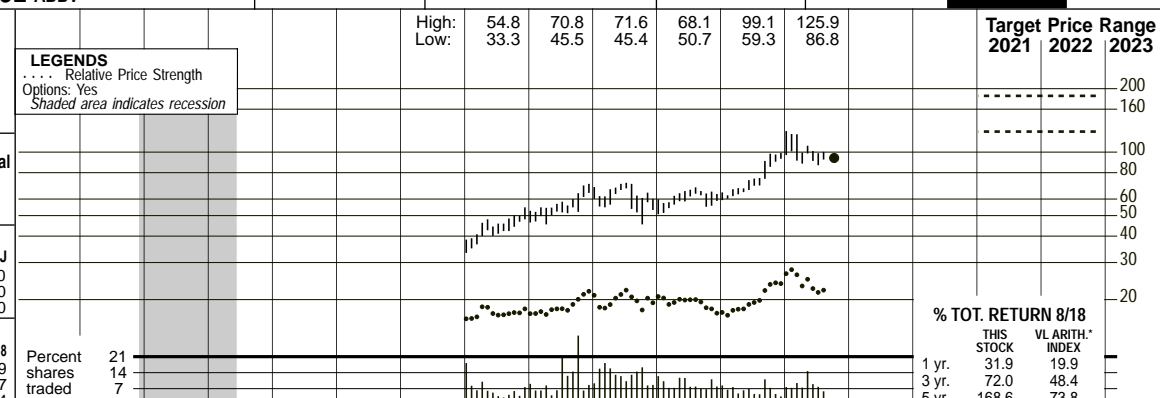


# ABBIE INC. NYSE-ABV

RECENT PRICE **93.78** P/E RATIO **11.6** 13.9 NMF RELATIVE P/E RATIO **0.64** DIV'D YLD **4.1%**

**VALUE LINE**

**TIMELINESS** 2 Lowered 10/5/18  
**SAFETY** 3 Lowered 4/8/16  
**TECHNICAL** 1 Raised 9/28/18  
 BETA 1.20 (1.00 = Market)



**2021-23 PROJECTIONS**

	Price	Gain	Ann'l Total Return
High	185	(+95%)	21%
Low	125	(+35%)	11%

**Insider Decisions**

	N	D	J	F	M	A	M	J	J
to Buy	0	0	0	0	0	0	0	2	0
Options	1	2	0	9	2	0	10	0	0
to Sell	2	2	0	0	8	0	0	0	0

**Institutional Decisions**

	4Q2017	1Q2018	2Q2018
to Buy	678	763	869
to Sell	867	1068	897
Hlds(000)	11266001	1085941	1055294

Percent shares traded: 21, 14, 7

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	© VALUE LINE PUB. LLC	21-23
--	--	--	--	--	--	--	--	--	--	--	11.84	12.54	14.20	16.10	17.72	<b>22.15</b>	<b>23.05</b>	Sales per sh	26.65
--	--	--	--	--	--	--	--	--	--	--	3.44	3.62	4.64	5.23	5.93	<b>8.20</b>	<b>9.00</b>	"Cash Flow" per sh	11.35
--	--	--	--	--	--	--	--	--	--	--	3.14	3.32	4.29	4.82	5.60	<b>7.90</b>	<b>8.70</b>	Earnings per sh <sup>A</sup>	11.00
--	--	--	--	--	--	--	--	--	--	--	1.60	1.66	2.02	2.28	2.56	<b>3.59</b>	<b>4.12</b>	Div'ds Decl'd per sh <sup>B</sup>	4.88
--	--	--	--	--	--	--	--	--	--	--	.56	.78	.33	.30	.33	<b>.40</b>	<b>.40</b>	Cap'l Spending per sh	.45
--	--	--	--	--	--	--	--	--	--	--	2.83	1.09	2.45	2.91	3.20	<b>4.65</b>	<b>7.35</b>	Book Value per sh <sup>C</sup>	18.65
--	--	--	--	--	--	--	--	--	--	--	1587.4	1591.4	1609.9	1592.5	1592.1	<b>1500.0</b>	<b>1500.0</b>	Common Shs Outst'g <sup>D</sup>	1500.0
--	--	--	--	--	--	--	--	--	--	--	13.9	16.7	14.4	12.6	13.4	<b>Bold figures are Value Line estimates</b>		Avg Ann'l P/E Ratio	14.0
--	--	--	--	--	--	--	--	--	--	--	.78	.88	.73	.66	.67			Relative P/E Ratio	.80
--	--	--	--	--	--	--	--	--	--	--	3.7%	3.0%	3.3%	3.8%	3.4%			Avg Ann'l Div'd Yield	3.2%

**CAPITAL STRUCTURE as of 6/30/18**

	2016	2017	6/30/18
Total Debt \$33.6 bill. Due in 5 Yrs \$17.8 bill.			
LT Debt \$30.6 bill. LT Interest \$1.0 bill. (100% of Capital)			
Leases, Uncapitalized Annual rentals \$143 mill.			
Pension Assets-12/17 \$5.4 bill. Oblig. \$7.0 bill.			
Common Stock 1,514,272,698 shares as of 7/31/18			
MARKET CAP: \$142 billion (Large Cap)			

**CURRENT POSITION**

	2016	2017	6/30/18
Cash Assets	6423	9789	3743
Receivables	4758	5088	5793
Inventory (FIFO)	1444	1605	1580
Other	3562	4741	2729
Current Assets	16187	21223	13845
Accts Payable	9379	10226	10694
Debt Due	25	6015	3019
Other	377	400	3511
Current Liab.	9781	16641	17224

**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-

**AbbVie continues to perform well in 2018.** Through the first six months, adjusted earnings surged 43% year over year on sales growth of 20%. Moreover, the drugmaker has exceeded consensus expectations on both lines in each of the past two quarters. While strong momentum in the blockbuster *Humira* franchise has been the primary catalyst, *Imbruvica* and the Hep-C division have also developed into more meaningful contributors in 2018. **Management is targeting full-year adjusted earnings of \$7.76-\$7.86 a share.** The forecast implies year-over-year growth of 40% at the midpoint, which in our view may prove conservative. AbbVie has increased earnings guidance twice this year and based on recent trends it wouldn't be much of a surprise to see them outperform again. All told, we have upped our 2018 earnings call by a dime, to \$7.90 a share. Our 2019 estimate has been raised by \$0.20 a share, to \$8.70. **Humira is likely to face increased competitive pressures.** The world's best-selling drug and clear cornerstone of AbbVie's portfolio (63% of Q2 sales) continues to perform at a high level. While

**ANNUAL RATES**

	Past 10 Yrs.	Past 5 Yrs.	Est'd '15-'17 to '21-'23
change (per sh)			
Sales	--	--	9.0%
"Cash Flow"	--	--	13.5%
Earnings	--	--	14.5%
Dividends	--	--	13.5%
Book Value	--	--	NMF

**QUARTERLY SALES (\$ mill.)**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2015	5040	5475	5944	6400	22859
2016	5958	6452	6432	6796	25638
2017	6538	6944	6995	7739	28216
2018	7934	8278	8300	8688	33200
2019	8200	8600	8700	9100	34600

**EARNINGS PER SHARE <sup>A</sup>**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
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	1.41	1.48	5.60
2018	1.87	2.00	2.01	2.02	7.90
2019	2.06	2.20	2.21	2.23	8.70

**QUARTERLY DIVIDENDS PAID <sup>B</sup>**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
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
2018	.71	.96	.96	.96	

(A) Diluted earnings (adjusted). Excludes non-recurring items: '13, (\$58); '14, (\$2.22); '15, (\$1.16); '16, (\$1.19); '17, (\$2.30). Next earnings report due late October. (B) Dividends historically paid in February, May, August, and November. ■ Dividend reinvestment plan available. (C) Includes intangibles. In '17: \$43.34 billion, \$27.22 a share. (D) In millions

*Humira* is protected in U.S. markets until 2023, international results could experience some pressure as early as the fourth quarter due to a patent loss in Europe. This is likely to result in sales deceleration over the next few years, but the impact should be manageable. Our projections still call for *Humira's* annual sales to exceed \$20 billion through 2022. **Diversification efforts are gaining traction.** For years, the biggest knock on AbbVie has been a lack of product diversity. However, with the rapid rise of *Imbruvica* and the Hep-C franchise (including recently launched *Mavyret*), *Humira* should receive improved complementary support in the coming years. *Imbruvica* and the Hep-C portfolio currently combine for roughly 22% of AbbVie's top line. **The stock maintains a rank of 2 (Above Average) for Timeliness.** Based on our system, ABBV continues to be one of the more attractive year-ahead growth plays in the large pharma space. For longer-term investors, our current projections suggest above-average returns over the next 3 to 5 years. *Michael Ratty* October 5, 2018

**Company's Financial Strength** A  
**Stock's Price Stability** 55  
**Price Growth Persistence** 100  
**Earnings Predictability** 75