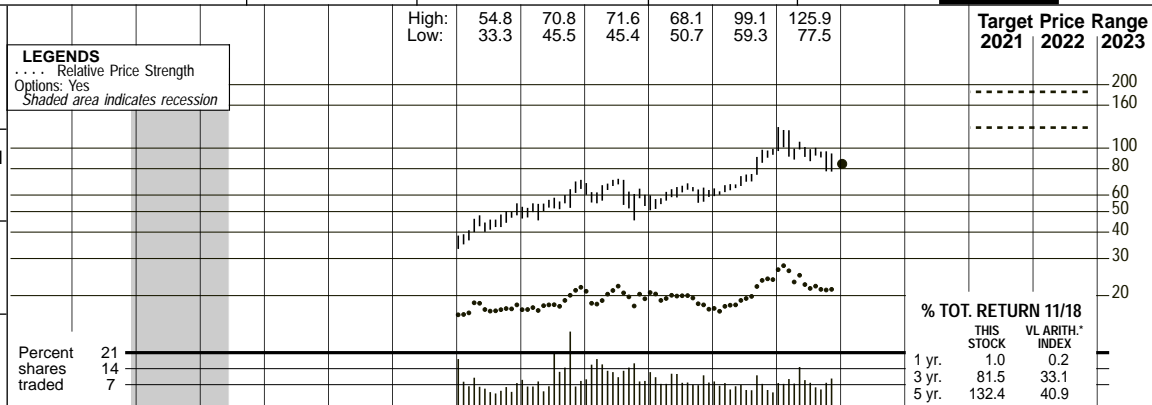


# ABBVIE INC. NYSE-ABBV

RECENT PRICE **84.16** P/E RATIO **10.1** 11.2 NMF RELATIVE P/E RATIO **0.71** DIV'D YLD **5.1%** VALUE LINE

**TIMELINESS 3** Lowered 11/9/18  
**SAFETY 3** Lowered 4/8/16  
**TECHNICAL 4** Raised 1/4/19  
 BETA 1.20 (1.00 = Market)



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	21.85	22.55	Sales per sh	26.65
--	--	--	--	--	--	--	--	--	--	--	3.44	3.62	4.64	5.23	5.93	8.25	9.00	"Cash Flow" per sh	11.35
--	--	--	--	--	--	--	--	--	--	--	3.14	3.32	4.29	4.82	5.60	7.95	8.70	Earnings per sh <sup>A</sup>	11.00
--	--	--	--	--	--	--	--	--	--	--	1.60	1.66	2.02	2.28	2.56	3.59	4.28	Div'ds Decl'd per sh <sup>B</sup>	4.88
--	--	--	--	--	--	--	--	--	--	--	.56	.78	.33	.30	.33	.45	.45	Cap'l Spending per sh	.50
--	--	--	--	--	--	--	--	--	--	--	2.83	1.09	2.45	2.91	3.20	4.65	7.35	Book Value per sh <sup>C</sup>	18.65
--	--	--	--	--	--	--	--	--	--	--	1587.4	1591.4	1609.9	1592.5	1592.1	1500.0	1500.0	Common Shs Outst'g <sup>D</sup>	1500.0
--	--	--	--	--	--	--	--	--	--	--	13.9	16.7	14.4	12.6	13.4	12.2		Avg Ann'l P/E Ratio	14.0
--	--	--	--	--	--	--	--	--	--	--	.78	.88	.73	.66	.67	.65		Relative P/E Ratio	.80
--	--	--	--	--	--	--	--	--	--	--	3.7%	3.0%	3.3%	3.8%	3.4%	3.7%		Avg Ann'l Div'd Yield	3.2%

**CAPITAL STRUCTURE as of 9/30/18**  
 Total Debt \$37.5 bill. Due in 5 Yrs \$17.8 bill.  
 LT Debt \$36.5 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** 1,504,216,327 shares as of 10/31/18

**MARKET CAP: \$127 billion (Large Cap)**

**CURRENT POSITION** 2016 2017 9/30/18 (\$MILL.)

Cash Assets	6423	9789	8785
Receivables	4758	5088	5780
Inventory (FIFO)	1444	1605	1786
Other	3562	4741	2114
Current Assets	16187	21223	18465
Accts Payable	9379	10226	11366
Debt Due	25	6015	1019
Other	377	400	3002
Current Liab.	9781	16641	15387

**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-

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, 12.0%; Vanguard, 7.5%; BlackRock, 6.3% (3/18 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.

**ANNUAL RATES** Past Past Est'd '15-'17 of change (per sh) 10 Yrs. 5 Yrs. to '21-'23

Sales	--	--	9.0%
"Cash Flow"	--	--	13.5%
Earnings	--	--	14.5%
Dividends	--	--	13.5%
Book Value	--	--	NMF

**AbbVie's stock has declined more than 10% in value since our October report.** During this timeframe, the drug-maker reported solid Q3 results, raised its full-year guidance, hiked the quarterly dividend by 12%, and announced some positive pipeline news for its blood cancer treatments. However, these positives appeared to be overshadowed by broader macroeconomic concerns tied to trade and tariffs and lingering industry uncertainty related to drug pricing and reimbursement. The Fed's stance on interest rates also seemed to create additional downward pressure on equities in recent months.

The world's best-selling drug and clear cornerstone of AbbVie's portfolio (62% of Q3 sales) has performed at a high level in 2018. Indeed, *Humira* sales were up 9% year over year in the third quarter (to \$5.1 billion) and 11% through the first nine months of the year (to \$15.0 billion). While international results are likely to take a hit in 2019 due to a patent loss in Europe, the drug is protected in the more lucrative U.S. market until 2023. Moreover, we are encouraged with AbbVie's recent diversification efforts, highlighted by the rapid development of oncology asset *Imbruvica* (Q3 sales +41%, to \$972 million) and strong gains in the Hep-C portfolio, led by *Mavyret*. We look for growth in these areas to help lighten the company's dependence on *Humira* in the coming years.

Cal-endar	QUARTERLY SALES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2015	5040	5475	5944	6400	22859
2016	5958	6452	6432	6796	25638
2017	6538	6944	6995	7739	28216
2018	7934	8278	8236	8352	32800
2019	8100	8500	8500	8700	33800

**Macro and political pressures are likely to linger in the near term.** On the macro front, there appears to be widespread uncertainty about how tariffs and trade wars will impact the U.S. economy. In our view, this lack of visibility has contributed to the recent equity selloff and appears likely to remain an overhang in early 2019. Meantime, the drug industry is facing additional uncertainty when it comes to its pricing practices, a highly scrutinized topic on Capitol Hill in 2018.

**The stock's Timeliness rank has been downgraded to 3 (Average).** Based on our system, shares of ABBV are now pegged to mirror the broader market in the year ahead. For investors able to implement a buy-and-hold strategy, our current projections suggest worthwhile returns over the next 3 to 5 years.

Cal-endar	EARNINGS PER SHARE <sup>A</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
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	2.14	1.94	7.95
2019	2.05	2.19	2.23	2.23	8.70

**Humira continues to run the show.**

*Michael Ratty* January 4, 2019

Cal-endar	QUARTERLY DIVIDENDS PAID <sup>B</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
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	
2019	1.07				

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Cal-endar	QUARTERLY DIVIDENDS PAID <sup>B</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
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	
2019	1.07				

(A) Diluted earnings (adjusted). Excludes non-recurring items: '13, (\$86); '14, (\$2.22); '15, (\$1.16); '16, (\$1.19); '17, (\$2.30). Next earnings report due late January.  
 (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