AbbVie Inc

S&P Capital IQ

Recommendation BUY ★★★★★

Price $60.65 (as of Feb 06, 2017 4:00 PM ET)

12-Mo. Target Price $84.00

Report Currency USD

Investment Style Large-Cap Growth

Equity Analyst Jeffrey Loo, CFA

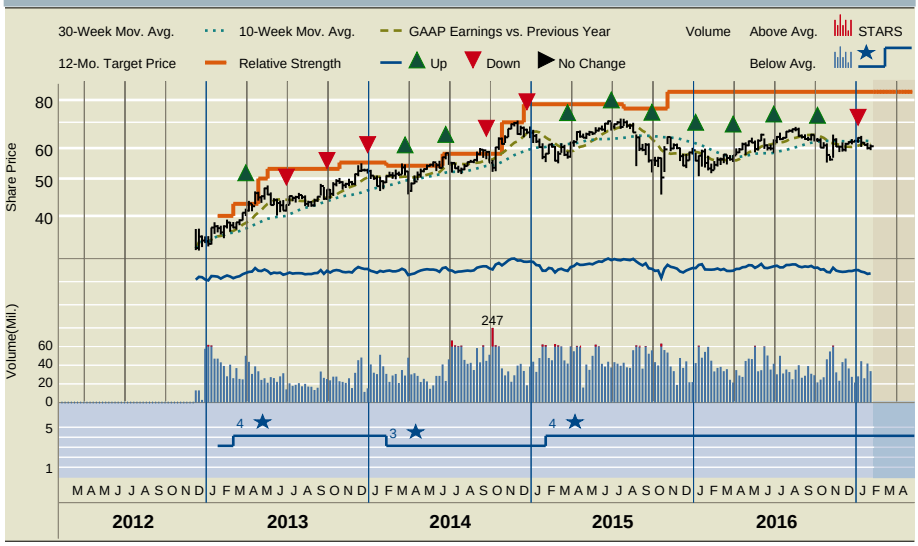
GICS Sector Health Care
Sub-Industry Biotechnology

Summary This company is a global research-based pharmaceuticals business that emerged as a separate entity following its spin-off from Abbott Laboratories at the start of 2013. AbbVie's key drug is Humira for rheumatoid arthritis.

Key Stock Statistics (Source S&P Capital IQ, Vickers, company reports)

52-Wk Range	$68.12– 51.60	S&P Oper. EPS 2017E	5.51	Market Capitalization(B)	$98.562	Beta	1.66
Trailing 12-Month EPS	$3.63	S&P Oper. EPS 2018E	6.36	Yield (%)	4.22	S&P 3-Yr. Proj. EPS CAGR(%)	14
Trailing 12-Month P/E	16.7	P/E on S&P Oper. EPS 2017E	11.0	Dividend Rate/Share	$2.56	S&P Quality Ranking	NR
$10K Invested 5 Yrs Ago	NA	Common Shares Outstg. (M)	1,625.1	Institutional Ownership (%)	67		

Price Performance



Past performance is not an indication of future performance and should not be relied upon as such.

Analysis prepared by Equity Analyst **Jeffrey Loo, CFA** on Feb 06, 2017 09:47 AM, when the stock traded at **$60.67**.

Highlights

- We see 2017 sales growing 8.4%, to $27.7 billion after rising 12.0% in 2016. We see Humira sales of $17.6 billion in 2017 up from $16.0 billion in 2016, aided by greater penetration of emerging markets. We see Imbruvica (co-promoted with Johnson & Johnson) sales of $3.3 billion, up from $2.2 billion in 2016 and see continued decline in Viekira Pak sales to $1.3 billion in 2017 from $1.5 billion in 2016 amid increased competition and pricing pressures. Merck's Zepatier, a once-daily single tablet, was approved in January 2016, and Gilead Sciences' Epclusa was approved in June 2016, and we see Viekira losing market share.
- In June 2016, ABBV acquired Stemcentrx, a development stage oncology firm, for $5.8 billion plus $4 billion in earnouts. Stemcentrx has five compounds in trials, with lead drug, Rova-T, in Phase II to treat small cell lung cancer. This follows the May 2015, $21 billion acquisition of Pharmacyclics, whose Imbruvica is approved to treat three types of blood cancers. ABBV's blood cancer drug, Venclexta received FDA approval in April 2016.
- We see 2017 EPS of $5.51.

Investment Rationale/Risk

- We think the shares are attractively valued trading at 11.0X our 2017 EPS estimate, well below peers. ABBV outlined its long-term objectives and sees sales rising to $37 billion in 2020, with double-digit EPS growth through 2020. ABBV plans to launch more than 20 new products or indications through 2020. ABBV thinks operating margin could reach over 50% in 2020. We think these goals are impressive, but aggressive, particularly its new product launches. Although Humira's patent expired in Dec. 2016, ABBV is confident that all of their other patents surrounding Humira (numbering up to 70 patents including formulation, manufacturing and method of treatment) will be able to protect it against biosimilar challenges at least through 2022. In September 2016, Amgen's Amjevita, a Humira biosimilar, received FDA approval, and we think current litigation will not be resolved by 2017.
- Risks to our recommendation and target price include pipeline failures or if ABBV loses patent litigation surrounding Humira.
- Our 12-month target is $84, based on in-line to peers 15.2X our 2017 EPS estimate.

Analyst's Risk Assessment

LOW | MEDIUM | **HIGH**

ABBV is heavily reliant on one drug -- Humira -- which currently accounts for about 55% of sales. The recently approved Hepatitis C drug, Viekira Pak, should help diversify sales.

Revenue/Earnings Data

Revenue (Million $)

	1Q	2Q	3Q	4Q	Year
2016	5,958	6,452	6,432	6,796	25,638
2015	5,040	5,475	5,944	6,400	22,859
2014	4,563	4,926	5,019	5,452	19,960
2013	4,329	4,692	4,658	5,111	18,790
2012	4,173	4,493	4,508	5,206	18,380
2011	--	--	--	--	17,639

Earnings Per Share ($)

2016	0.83	0.98	0.97	0.85	3.63
2015	0.63	0.83	0.74	0.92	3.13
2014	0.61	0.68	0.31	-0.51	1.10
2013	0.60	0.66	0.60	0.70	2.56
2012	0.56	0.80	1.01	0.98	3.35
2011	--	--	--	--	2.03

Fiscal year ended Dec. 31. Next earnings report expected: Late April. EPS Estimates based on S&P Capital IQ Operating Earnings; historical GAAP earnings are as reported in Company reports.

Dividend Data

Amount ($)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
0.570	Feb 18	Apr 13	Apr 15	May 16 '16
0.570	Jun 16	Jul 13	Jul 15	Aug 15 '16
0.570	Sep 9	Oct 12	Oct 14	Nov 15 '16
0.640	Oct 28	Jan 11	Jan 13	Feb 15 '17

Dividends have been paid since 2013. Source: Company reports.

Past performance is not an indication of future performance and should not be relied upon as such.

AbbVie Inc

S&P Capital IQ

Business Summary February 06, 2017

CORPORATE OVERVIEW. AbbVie Inc. is a global research-based drug business that emerged as a separate company following its spin-off from Abbott Laboratories to Abbott shareholders on a share-for-share basis on January 1, 2013.

AbbVie's key product is Humira, an injectable biologic TNF (tumor necrosis factor) blocker treatment for rheumatoid arthritis (RA) and similar conditions, with sales of $10.59 billion in 2013, up from $9.3 billion in 2012 and $7.9 billion in 2011. We estimate that Humira accounts for more than half of the global prescription drug market for rheumatoid arthritis. Besides moderate to severe RA in adults, Humira is also approved for many other uses, including juvenile idiopathic arthritis, psoriasis, ankylosing spondylitis, ulcerative colitis, Crohn's disease and axial spondyloarthritis.

Humira's U.S. composition of matter patent is expected to expire at the end of 2016, with its equivalent European Union patent set to expire in most EU countries in April 2018. Competitors in the rheumatoid arthritis market include Remicade (marketed by Johnson & Johnson), Simponi (Johnson & Johnson) and Enbrel (Pfizer).

Dyslipidemia products comprise treatments for high cholesterol and/or high triglycerides such as Tricor and Trilipix fibric acid derivatives fell 72.4% in 2013 to $303 million from $1.1 billion in 2012 as it went off-patent in late 2012, Niaspan extended release niacin fell 28.7% to $650 million in 2013 from $911 million. Metabolic/hormonal products include Synthroid treatment for hypothyroidism rose 12.9% to $622 million from $551 million, and AndroGel testosterone replacement fell 13.8% to $1.035 billion from $1.2 billion. Virology products comprise primarily Kaletra and Norvir HIV treatments fell 4.2% to $962 million while Lupron for prostate cancer was flat at $785 million. ABBV's key endocrinology drug. Synagis for respiratory syncytial virus is marketed outside of the U.S. was flat at $827 million.

CORPORATE STRATEGY. AbbVie's strategic objectives include expanding Humira's sales through greater penetration of emerging markets, increased emphasis on earlier diagnosis of autoimmune patients, and new indications. ABBV also plans to launch five significant new products over the 2013-2016 time frame.

PIPELINE. AbbVie has an R&D pipeline of some 20 compounds or indications in Phase II or Phase III development across a fairly wide spectrum, including immunology, renal care, hepatitis C, women's health, oncology, multiple sclerosis, and Parkinson's and Alzheimer's diseases. In December 2014, the FDA approved Viekira Pak, to treat hepatitic C. Key planned launches include a levodopa-carbidopa intestinal gel (LCIG) in the U.S. for advanced Parkinson's disease; elotuzumab, a humanized monoclonal antibody for the treatment of multiple myeloma; daclizumab, a monoclonal antibody for the treatment of multiple sclerosis; ABT-199, a next-generation bcl-2 inhibitor in development for chronic lymphocytic leukemia; and new indications for Humira.

Key Phase III clinical programs include atrasentan for diabetic kidney disease and ABT-199 in chronic lymphocytic leukemia (CLL). Other important programs are planned Phase IIB starts for: elagolix in uterine fibroids; work on a partnered JAK1 inhibitor for rheumatoid arthritis (RA); BT-061 for RA; and ABT-719 for acute kidney injury associated with major cardiac and other surgeries. ABBV also intends to present clinical data on key development programs, including its rapidly advancing HCV program, oncology, renal disease, immunology and Alzheimer's disease.

MARKET PROFILE. The dollar value of the global drug market is projected to grow at a CAGR (compound annual growth rate) of 3%-6% over the 2012-2016 period, according to forecasts made by IMS Health. The key driver should be emerging markets, whose aggregate sales (17 countries) should advance at a CAGR of 12%-15% over the same period. Growth in developing markets is being spurred by rising standards of living and growing government spending on health care. However, IMS forecasts declining trends in Europe, with combined drug spending for five major European markets projected to decline at a CAGR of 1%-2% over 2012-2016. On the other hand, spending in the U.S. was forecast to grow at a CAGR of 1%-4% over the same period.

Corporate Information

Investor Contact
E. Shea (847-935-2211)

Office
1 North Waukegan Road, North Chicago, IL 60064.

Telephone
847-932-7900.

Website
http://www.abbvie.com

Officers

Chrmn & CEO
R.A. Gonzalez

COO
A. Saleki-Gerhardt

EVP & CFO
W.J. Chase

EVP & CSO
M.E. Severino

EVP, Secy & General Counsel
L.J. Schumacher

Board Members
R. J. Alpern
W. H. Burnside
B. J. Hart
E. J. Rapp
F. H. Waddell
R. S. Austin
R. A. Gonzalez
E. M. Liddy
G. F. Tilton

Domicile
Delaware

Founded
2012

Employees
28,000

Stockholders
53,653

AbbVie Inc

S&P Capital IQ

Quantitative Evaluations

S&P Capital IQ Fair Value Rank 5

1 | 2 | 3 | 4 | **5**

LOWEST — HIGHEST

Based on S&P Capital IQ's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

Fair Value Calculation $81.20

Analysis of the stock's current worth, based on S&P Capital IQ's proprietary quantitative model suggests that ABBV is Undervalued by $20.55 or 33.9%.

Investability Quotient Percentile 69

LOWEST = 1 — HIGHEST = 100

ABBV scored higher than 69% of all companies for which an S&P Capital IQ Report is available.

Volatility LOW | AVERAGE | HIGH

Technical Evaluation BEARISH

Since January, 2017, the technical indicators for ABBV have been BEARISH.

Insider Activity UNFAVORABLE | NEUTRAL | FAVORABLE

Expanded Ratio Analysis

	2015	2014	2013	2012
Price/Sales	4.24	5.28	4.51	2.97
Price/EBITDA	10.24	15.71	11.80	7.05
Price/Pretax Income	14.59	44.47	15.89	9.55
P/E Ratio	18.85	59.39	20.52	10.36
Avg. Diluted Shares Outstg (M)	1,637.0	1,610.0	1,604.0	1,600.0

Figures based on calendar year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Sales	14.52	7.41	6.77	NA
Net Income	NM	-8.79	-2.86	NA
Ratio Analysis (Annual Avg.)				
Net Margin (%)	22.50	17.79	20.09	NA
% LT Debt to Capitalization	83.04	74.59	78.36	NA
Return on Equity (%)	179.99	113.68	102.19	NA

Company Financials Fiscal Year Ended Dec. 31

Per Share Data ($)	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Tangible Book Value	NA	NM	NM	NM	NM	NM	NA	NA	NA	NA
Cash Flow	NA	3.65	1.59	3.13	4.07	NA	NA	NA	NA	NA
Earnings	3.63	3.13	1.10	2.56	3.35	2.03	NA	NA	NA	NA
S&P Capital IQ Core Earnings	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Dividends	2.28	2.02	1.66	1.60	Nil	NA	NA	NA	NA	NA
Payout Ratio	NM	65%	151%	63%	Nil	NA	NA	NA	NA	NA
Prices:High	68.12	71.60	70.76	54.78	37.07	NA	NA	NA	NA	NA
Prices:Low	50.71	45.45	45.50	33.33	32.51	NA	NA	NA	NA	NA
P/E Ratio:High	NM	23	64	21	11	NA	NA	NA	NA	NA
P/E Ratio:Low	NM	15	41	13	10	NA	NA	NA	NA	NA
Income Statement Analysis (Million $)										
Revenue	NA	22,859	19,960	18,790	18,380	17,639	15,638	14,214	NA	NA
Operating Income	NA	9,466	6,708	7,181	7,758	NA	6,361	5,826	NA	NA
Depreciation	NA	836	786	897	1,150	NA	1,184	697	NA	NA
Interest Expense	NA	719	429	299	104	292	NA	NA	NA	NA
Pretax Income	NA	6,645	2,369	5,332	5,725	3,367	4,836	5,950	NA	NA
Effective Tax Rate	NA	22.6%	25.1%	22.6%	7.86%	3.70%	13.6%	22.1%	NA	NA
Net Income	NA	5,144	1,774	4,128	5,275	3,243	4,178	4,637	NA	NA
S&P Capital IQ Core Earnings	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Balance Sheet & Other Financial Data (Million $)										
Cash	NA	8,416	8,374	9,895	7,976	7,200	NA	NA	NA	NA
Current Assets	NA	16,314	16,088	17,848	15,354	13,546	NA	NA	NA	NA
Total Assets	NA	53,050	27,547	29,198	27,008	25,948	NA	NA	NA	NA
Current Liabilities	NA	10,894	11,400	6,879	6,776	6,368	NA	NA	NA	NA
Long Term Debt	NA	29,240	10,565	14,292	14,630	14,700	NA	NA	NA	NA
Common Equity	NA	3,945	1,742	4,492	3,363	2,230	NA	NA	NA	NA
Total Capital	NA	35,210	16,328	18,802	18,015	16,930	NA	NA	NA	NA
Capital Expenditures	NA	532	612	491	333	NA	NA	NA	NA	NA
Cash Flow	NA	5,980	2,560	5,025	6,425	NA	NA	NA	NA	NA
Current Ratio	NA	1.5	1.4	2.6	2.3	2.1	NA	NA	NA	NA
% Long Term Debt of Capitalization	NA	83.0	64.7	76.0	81.2	86.8	NA	NA	NA	NA
% Net Income of Revenue	NA	22.5	8.9	22.0	28.7	NA	NA	NA	NA	NA
% Return on Assets	NA	12.8	6.3	14.7	22.6	NA	NA	NA	NA	NA
% Return on Equity	NA	180.0	56.6	104.4	67.7	NA	NA	NA	NA	NA

Data as originally reported in Company reports.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

AbbVie Inc

S&P Capital IQ

Sub-Industry Outlook

Our positive fundamental outlook for the biotechnology sub-industry for the next 12 months reflects favorable prospects for new and novel therapies to reach commercialization. In 2017, we anticipate modest sales growth of about 7%-9%, following our estimate of 6.3% growth in 2016. This follows the robust growth period of 2012-2015 where the compound annual growth rate was 20.2%. We think sales growth has been somewhat limited by the heightened focus on high drug prices. We are encouraged by what we view as a strong period for the reporting of late-stage clinical results, and a more accommodating U.S. FDA for approvals. In 2015, the FDA approved 45 new drugs up from 41 in 2014 and 27 in 2013, the most since a record 53 were approved in 1996. We think many of these newly approved drugs have significant commercial prospects and represent major advances in therapeutic areas such as cystic fibrosis, hepatitis C, multiple sclerosis and cancer. We expect wider adoption of biomarker research and genetic-targeted clinical studies to help bolster long-term R&D pipeline productivity. In late 2012, the FDA introduced "breakthrough therapy" designations, intended to speed development of promising programs.

We expect a favorable mergers and acquisitions (M&A) climate, as large pharmaceutical firms move to offset lost revenues from expiring drug patents and large biotechs bolster their drug pipelines amid maturing products. We also see large cap biotechs generating cash flows supporting larger scale acquisitions of their own. In 2011, industry bellwether Amgen became the first biotech company to initiate a regular dividend. Gilead Sciences began dividend payments in 2015.

The 2010 health care reform law established the FDA's authorization to govern "biosimilar" drug approvals and set a 12-year exclusivity to branded drugmakers. We see biosimilars advancing at a modest rate over the next several years. In March 2015, the FDA approved Novartis' filgrastim biosimilar, of Amgen's Neupogen. Novartis' subsidiary, Sandoz, began selling the biosimilar under the name Zarxio in September 2015. In April 2016, the FDA approved Inflectra, manufacturered by Celltrion and co-marketed with Pfizer. Inflectra is a biosimilar of Johnson and Johnson's Remicade. Pfizer began shipping Inflectra "at risk" in November 2016, at a 15% discount. We expect biosimilars to sell at more modest price discounts than generics in the pharmaceutical industry due to higher clinical, manufacturing and marketing costs, and we expect branded drugs to retain significant market share due to a lack of interchangeability. We think biosimilars may appeal to new users, but we expect current users who are stable with their current treatment would likely continue with the reference drug. But we note prescription benefit managers (PBM) and health insurers are exerting more influence over drug prescriptions and pricing. In mid-2016, CVS indicated it will remove Neupogen from its formulary in 2017 and replace it with Zarxio.

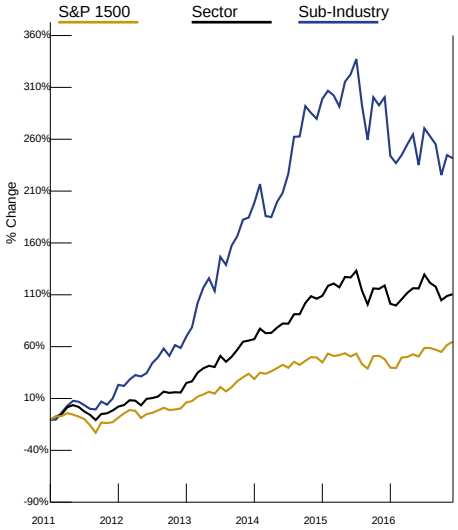
In 2015, the S&P Biotech Index rose 5.3% vs. a 1.0% decline for the S&P 1500. In 2014, the S&P biotech index rose 32.3%, vs. a 10.9% gain for the S&P 1500 Index. Year-to-date through December 16, 2016, the S&P Biotech Index declined 13.1%, vs. an 11.5% rise for the S&P 1500 Index.

--Jeffrey Loo, CFA

Industry Performance

GICS Sector: Health Care
Sub-Industry: Biotechnology

Based on S&P 1500 Indexes
Five-Year market price performance through
Feb 6, 2017



NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Past performance is not an indication of future performance and should not be relied upon as such.

Sub-Industry : Biotechnology Peer Group*: Based on market capitalizations within GICS Sub-Industry

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. $)	Recent Stock Price($)	52 Week High/Low($)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.($)	Quality Ranking	S&P IQ %ile	Return on Revenue (%)	LTD to Cap (%)
AbbVie Inc	**ABBV**	**98,562**	**60.65**	**68.12/51.60**	**1.66**	**4.2**	**17**	**81.20**	**NR**	**69**	**22.5**	**83.0**
ACADIA Pharmaceuticals	ACAD	4,447	37.85	42.49/16.64	NM	Nil	NM	NA	C	72	NM	NA
ARIAD Pharmaceuticals	ARIA	4,622	23.80	23.85/4.37	1.37	Nil	NM	NA	C	8	NM	126.3
Alnylam Pharmaceuticals	ALNY	3,691	43.01	80.11/31.38	NA	Nil	NM	NA	C	70	NM	NA
China Biologic Products	CBPO	3,096	114.07	137.39/100.53	1.56	Nil	31	NA	NR	77	30.0	NA
Exelixis Inc	EXEL	5,738	20.03	20.75/3.55	2.68	Nil	NM	NA	C	8	NM	137.6
Galapagos NV ADS	GLPG	3,080	66.70	73.37/37.03	NA	Nil	NM	NA	NR	68	NA	NA
Grifols SA ADR	GRFS	11,861	17.37	17.43/14.27	0.93	1.6	20	NA	NR	15	13.5	58.2
Opko Health	OPK	4,610	8.27	12.15/7.64	1.03	Nil	NM	NA	C	35	NM	5.9
PharmaCyte Biotech	PMCB	9,994	11.76	7.25/0.02	1.41	Nil	NM	NA	C	8	NA	NA
Seattle Genetics	SGEN	8,711	61.54	75.36/26.02	1.38	Nil	NM	NA	C	72	NM	NA
Shire Plc ADS	SHPG	50,057	166.82	209.22/147.60	0.69	0.5	NM	276.40	NR	59	20.8	0.7
TESARO Inc	TSRO	8,354	161.71	164.99/29.51	0.94	Nil	NM	NA	NR	12	NM	58.3
Ultragenyx Pharmaceutical	RARE	3,023	73.99	86.77/46.52	NA	Nil	NM	NA	NR	72	NA	NA
bluebird bio	BLUE	2,906	77.90	79.70/35.37	NA	Nil	NM	NA	NR	37	NM	NA

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

AbbVie Inc

S&P Capital IQ

Analyst Research Notes and other Company News

January 29, 2017
11:53 am ET ... S&P CAPITAL IQ KEEP BUY OPINION ON SHARES OF ABBVIE INC. (ABBV 59.61****): We keep our 12-month target at $84 on in-line to peers 15.2X our 2017 EPS estimate. We set 2018 EPS at $6.36. Q4 EPS of $1.20 vs. $1.13 is $0.01 ahead of our estimate, but sales growth of 6.9% was below our forecast partly on lower Viekira sales. However, Humira sales rose a robust 15.5%. In spite of the sales shortfall, we believe ABBV has a robust pipeline to drive future growth. We also see continued robust Humira sales as we think it will be several years before Amgen's biosimilar Amjevita reaches the market amid their patent lawsuit. ABBV guides 2017 EPS of $5.44-$5.54. /Jeffrey Loo, CFA

October 28, 2016
01:58 pm ET ... S&P CAPITAL IQ KEEPS BUY OPINION ON SHARES OF ABBVIE INC. (ABBV 57.58****): We keep our 12-month target at $84 on in-line with peers 16X our forward 12-months EPS estimate of $5.25. Q3 EPS of $1.21 vs. $1.13 is $0.02 ahead of our estimate, but we lower our 2016 and 2017 EPS estimates $0.02 and $0.42 to $4.81 and $5.51. ABBV provides preliminary 2017 guidance of low double digit sales growth and EPS growth of 13%-15%. Sales rose 8% with Humira up 11%. Humira sales were slightly below our forecast on softer overseas sales, but ABBV indicated it does not believe indirect competition from Inflectra, the biosimilar for Remicade, has had an impact on sales. /Jeffrey Loo, CFA

October 17, 2016
After a 33-year career, Thomas A. Hurwich has informed AbbVie Inc. that he will resign as AbbVie's Vice President, Controller, effective February 28, 2017. He intends to retire from the company later in 2017. Robert A. Michael has been appointed Vice President, Controller, effective March 1, 2017. He became an AbbVie officer in 2015 and has served as AbbVie's Vice President, Treasurer since 2015, as Vice President, Controller, Commercial Operations from 2013 to 2015 and Vice President, Financial Planning and Analysis from 2012 to 2013.

September 26, 2016
10:27 am ET ... S&P GLOBAL ADDS GILEAD SCIENCES TO ITS TOTAL RETURN PORTFOLIO (GILD 80.56*****): We see robust cash flow generation, positive capital deployment, M&A flexibility, continued market leadership, and a solid development pipeline. We also see opportunities in Japan for Harvoni and in China where we see 10 million-15 million hepatitis C (HCV) patients by '18. We estimate operating EPS of $12.00 in '16 and $12.35 in '17. GILD currently pays a $1.88 annual dividend, well-supported by cash flows in our view, after raising it from $1.72 in April '16. The shares yield 2.3%. Gilead Sciences replaces AbbVie (ABBV 65 ****) in our Total Return Model Portfolio. /C. Muir

July 29, 2016
11:50 am ET ... S&P GLOBAL KEEPS BUY OPINION ON SHARES OF ABBVIE (ABBV 66.05****): We keep our 12-month target at $84 on in-line to peers 16.6X our forward 12-months EPS estimate of $5.07. Q2 EPS of $1.26, vs. $1.08, is $0.07 ahead of our estimate. We raise our 2016 EPS estimate $0.07 to $4.83. Sales rose 18% on robust growth of Humira, up 17%, and Imbruvica, driven by the approval for first line usage in chronic lymphocytic leukemia. We expect continued market share gain over the next several quarters. But Viekira sales in the U.S. is losing market share on entrance of competitor Zepatier and we see softness in EU toward year-end as Zepatier is rolled out. /Jeffrey Loo, CFA

April 28, 2016
02:08 pm ET ... S&P CAPITAL IQ KEEPS BUY OPINION ON SHARES OF ABBVIE (ABBV 61.38****): We keep our 12-month target at $84 on in-line to peers 17x our forward 12-months EPS estimate of $4.98. Q1 EPS of $1.15 vs. $0.94 was $0.01 above our estimate. Sales grew 18.2% with a 14.9% rise in Humira sales. ABBV agrees to acquire Stemcentrx a development stage oncology firm for $5.8B upfront and $4B in earnouts. Stemcentrx has 5 compounds in trials, with lead drug, Rova-T, in Phase II to treat small cell lung cancer. ABBV revises its 2016 EPS guidance to $4.62-$4.82 to account for Stemcentrx deal, expected to be $0.20 dilutive. We lower our 2016 EPS estimate $0.27 to $4.76. /Jeffrey Loo, CFA

January 29, 2016
10:17 am ET ... S&P CAPITAL IQ KEEPS BUY OPINION ON SHARES OF ABBVIE INC. (ABBV 54.61****): We keep our 12-month target at $84 on in-line to peers 16.7X PE on revised '16 EPS estimate of $5.03, up from $4.98, but below peers 0.9X PEG. Q4 EPS of $1.13 vs. $0.89 is $0.01 ahead of our estimate. We set '17 EPS at $5.93. Sales rose 18.4% on strong Humira, Imbruvica and Viekara sales. Imbruvica sales were $343M and we see ABBV's share of Imbruvica sales reaching $1.3B in 2016. Viekara sales were $554M, but Merck (MRK 51 ***) received approval for its hepatitis C drug, Zepatier, and priced it at $54,600, much lower than Viekara, which we believe may pressure sales in 2016. /Jeffrey Loo, CFA

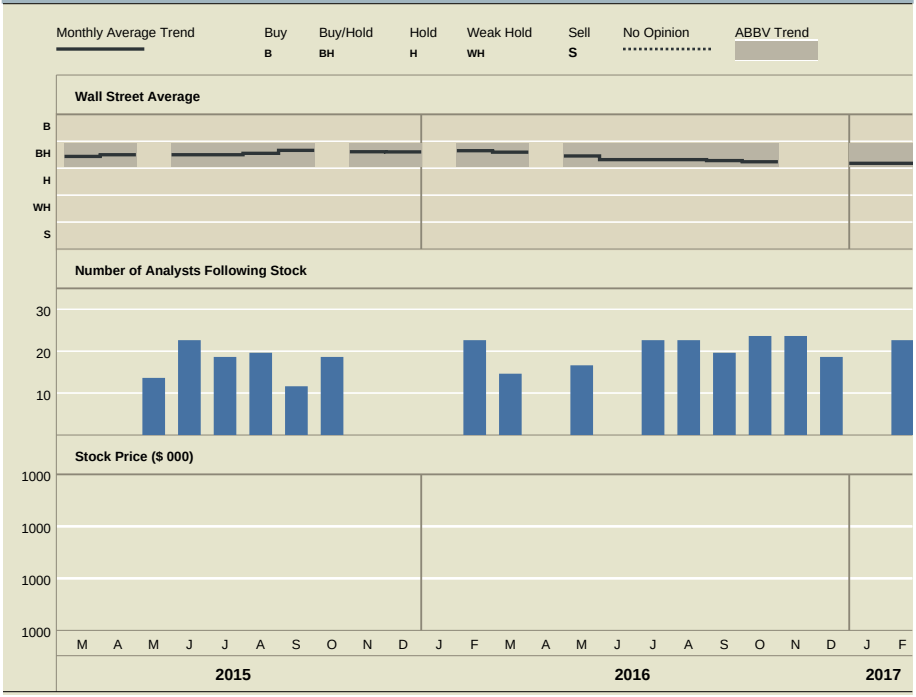
January 29, 2016
09:30 am ET ... S&P CAPITAL IQ KEEP HOLD OPINION ON SHARES OF MERCK (MRK 49.20***): MRK received FDA approval for its combination (grazoprevir and elbasvir) hepatitis C drug, Zepatier, a once-daily tablet. MRK priced Zepatier at $54,600 for a 12-week regimen, well below Gilead Sciences' (GILD 88 *****) Harvoni, priced at $94,500 and AbbVie's (ABBV 56 ****) priced at $83,000. We believe Zepatier's price may improve patient access to treatment, particularly in the public segment. Zepatier has a cure rate of 94%, but we see GILD maintaining a dominant market share as Zepatier's label requires liver monitoring and recommends screening for mutations in the virus. /Jeffrey Loo, CFA

October 30, 2015
10:29 am ET ... S&P CAPITAL IQ KEEPS BUY OPINION ON SHARES OF ABBVIE (ABBV 59.70****): We raise our 12-month target $6 to $84 on in-line to peers 18X our forward 12-months EPS estimate of $4.70. Q3 EPS of $1.13 vs. $0.89 is $0.05 ahead of our estimate. We raise our 2015 EPS estimate $0.07 to $4.27. Sales grew 18% with strong humira and imbruvica sales, but viekira sales were below our forecast. We see modest sales of viekira due to recent FDA warning and more competition in 2016. ABBV provided long term objectives with sales reaching $37B by 2020, with humira and imbruvica sales of $18B and $5B. It plans to launch 20 new products or indications by 2020. /Jeffrey Loo, CFA

AbbVie Inc

S&P Capital IQ

Analysts' Recommendations



Of the total 23 companies following ABBV, 23 analysts currently publish recommendations.

	No. of Recommendations	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	6	26	6	0
Buy/Hold	4	17	4	0
Hold	11	48	11	0
Weak Hold	1	4	1	0
Sell	0	0	0	0
No Opinion	1	4	1	0
Total	**23**	**100**	**23**	**0**

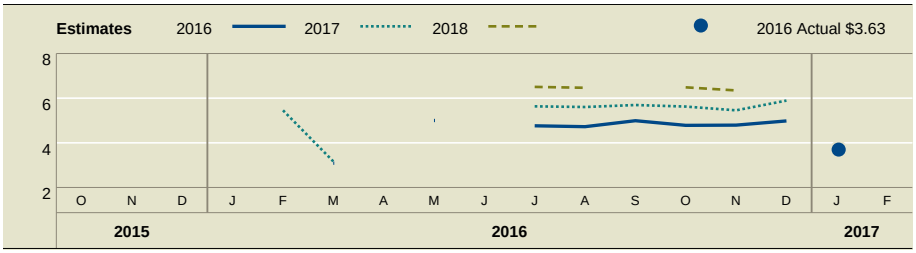
Wall Street Consensus Opinion

BUY/HOLD

Companies Offering Coverage

Argus Research Company
Atlantic Equities LLP
BMO Capital Markets Equity Research
Barclays
Citigroup Inc
Cowen and Company
Credit Suisse
Deutsche Bank
Evercore ISI
Goldman Sachs
Guggenheim Securities, LLC
JMP Securities
JP Morgan
Jefferies LLC
Leerink Partners LLC
Morgan Stanley
Morningstar Inc.
Piper Jaffray Companies
Raymond James & Associates
Societe Generale Cross Asset Research
SunTrust Robinson Humphrey, Inc.
UBS Investment Bank
William Blair & Company L.L.C.

Wall Street Consensus Estimates



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2018	6.39	7.06	5.70	20	9.5
2017	5.49	5.54	5.44	19	11.0
2018 vs. 2017	▲ 16%	▲ 27%	▲ 5%	▲ 5%	▼ -14%
Q1'18	1.48	1.53	1.43	3	41.0
Q1'17	1.26	1.32	1.23	14	48.1
Q1'18 vs. Q1'17	▲ 17%	▲ 16%	▲ 16%	▼ -79%	▼ -15%

A company's earnings outlook plays a major part in any investment decision. S&P Capital IQ organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years, as well as how those earnings estimates have changed over time. Note that the information provided in relation to consensus estimates is not intended to predict actual results and should not be taken as a reliable indicator of future performance.

Wall Street Consensus vs. Performance

For fiscal year 2017, analysts estimate that ABBV will earn US$ 5.49. For fiscal year 2018, analysts estimate that ABBV's earnings per share will grow by 16% to US$ 6.39.

Glossary

S&P Capital IQ STARS

Since January 1, 1987, S&P Capital IQ Equity Research has ranked a universe of U.S. common stocks, ADRs (American Depositary Receipts), and ADSs (American Depositary Shares) based on a given equity's potential for future performance. Similarly, S&P Capital IQ Equity Research has ranked Asian and European equities since June 30, 2002. Under proprietary STARS (STock Appreciation Ranking System), equity analysts rank equities according to their individual forecast of an equity's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350® Index or S&P 500® Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P Capital IQ Quality Ranking

(also known as **S&P Capital IQ Earnings & Dividend Rankings**) - Growth and stability of earnings and dividends are deemed key elements in establishing S&P Capital IQ's earnings and dividend rankings for common stocks, which are designed to capsulize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Below Average
A	High	B-	Lower
A-	Above Average	C	Lowest
B+	Average	D	In Reorganization
NR	Not Ranked		

S&P Capital IQ EPS Estimates

S&P Capital IQ earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, S&P Capital IQ EPS estimates reflect either forecasts of equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by Capital IQ, a data provider to S&P Capital IQ Equity Research. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

S&P Capital IQ Core Earnings

S&P Capital IQ Core Earnings is a uniform methodology for adjusting operating earnings by focusing on a company's after-tax earnings generated from its principal businesses. Included in the definition are employee stock option grant expenses, pension costs, restructuring charges from ongoing operations, write-downs of depreciable or amortizable operating assets, purchased research and development, M&A related expenses and unrealized gains/losses from hedging activities. Excluded from the definition are pension gains, impairment of goodwill charges, gains or losses from asset sales, reversal of prior-year charges and provision from litigation or insurance settlements.

S&P Capital IQ 12-Month Target Price

The equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including S&P Capital IQ Fair Value.

S&P Capital IQ Equity Research

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Abbreviations Used in S&P Capital IQ Equity Research Reports

CAGR - Compound Annual Growth Rate
CAPEX - Capital Expenditures
CY - Calendar Year
DCF - Discounted Cash Flow
DDM - Dividend Discount Model
EBIT - Earnings Before Interest and Taxes
EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortization
EPS - Earnings Per Share
EV - Enterprise Value
FCF - Free Cash Flow
FFO - Funds From Operations
FY - Fiscal Year
P/E - Price/Earnings
P/NAV - Price to Net Asset Value
PEG Ratio - P/E-to-Growth Ratio
PV - Present Value
R&D - Research & Development
ROCE - Return on Capital Employed
ROE - Return on Equity
ROI - Return on Investment
ROIC - Return on Invested Capital
ROA - Return on Assets
SG&A - Selling, General & Administrative Expenses
SOTP - Sum-of-The-Parts
WACC - Weighted Average Cost of Capital

Dividends on American Depository Receipts (ADRs) and American Depository Shares (ADSs) are net of taxes (paid in the country of origin).

S&P Capital IQ Qualitative Risk Assessment

Reflects an equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment is a relative ranking to the S&P U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices. For an ETF this reflects on a capitalization-weighted basis, the average qualitative risk assessment assigned to holdings of the fund.

STARS Ranking system and definition:

★★★★★ **5-STARS (Strong Buy):**
Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★☆ **4-STARS (Buy):**
Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

★★★☆☆ **3-STARS (Hold):**
Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

★★☆☆☆ **2-STARS (Sell):**
Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.

★☆☆☆☆ **1-STAR (Strong Sell):**
Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks:

In North America, the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are the S&P Europe 350 Index and the S&P Asia 50 Index, respectively.

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STARS Stock Reports:

Qualitative STARS recommendations are determined and assigned by equity analysts. For reports containing STARS recommendations refer to the Glossary section of the report for detailed methodology and the definition of STARS rankings.

Quantitative Stock Reports:

Quantitative recommendations are determined by ranking a universe of common stocks based on 5 measures or model categories: Valuation, Quality, Growth, Street Sentiment, and Price Momentum. In the U.S., a sixth sub-category for Financial Health will also be displayed. Percentile scores are used to compare each company to all other companies in the same universe for each model category. The five (six) model category scores are then weighted and rolled up into a single percentile ranking for that company. For reports containing quantitative recommendations refer to the Glossary section of the report for detailed methodology and the definition of Quantitative rankings.

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STARS Stock Reports:

Global STARS Distribution as of September 30, 2016

Ranking	North America	Europe	Asia	Global
Buy	25.0%	29.3%	16.1%	24.6%
Hold	50.6%	53.7%	77.4%	54.7%
Sell	24.4%	17.0%	6.5%	20.7%
Total	100%	100%	100%	100%

Analyst Certification

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