

# AbbVie Inc

## Recommendation



## Price

\$70.99 (as of Aug 04, 2017 4:00 PM ET)

## 12-Mo. Target Price

\$89.00

## Report Currency

USD

## Investment Style

Large-Cap Growth

Equity Analyst **Jeffrey Loo**

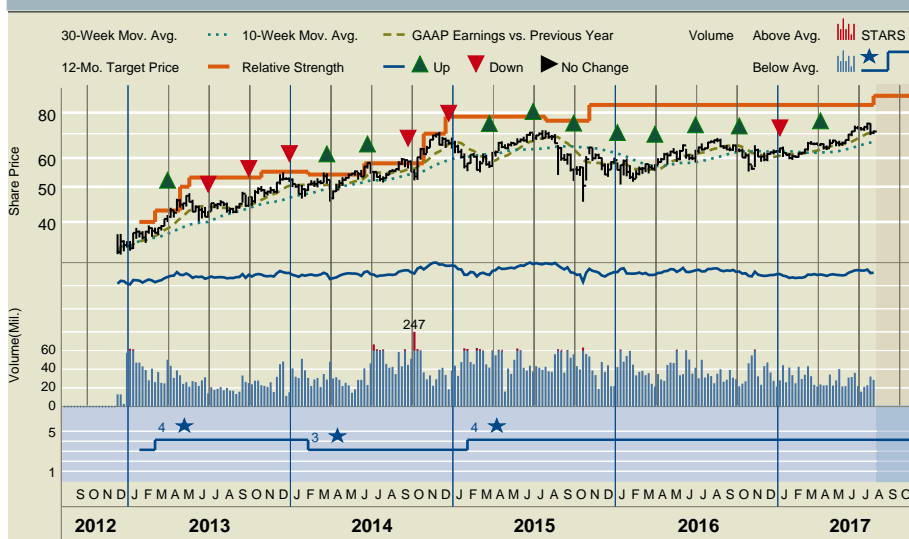
**GICS Sector** Health Care  
**Sub-Industry** Biotechnology

**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 CFRA, S&P Global Market Intelligence, Vickers, company reports)

52-Wk Range	<b>\$75.04– 55.06</b>	Oper. EPS 2017E	<b>5.51</b>	Market Capitalization(B)	<b>\$112.984</b>	Beta	<b>1.66</b>
Trailing 12-Month EPS	<b>\$4.07</b>	Oper. EPS 2018E	<b>6.49</b>	Yield (%)	<b>3.61</b>	3-Yr. Proj. EPS CAGR(%)	<b>14</b>
Trailing 12-Month P/E	<b>17.4</b>	P/E on Oper. EPS 2017E	<b>12.9</b>	Dividend Rate/Share	<b>\$2.56</b>	S&P Quality Ranking	<b>NR</b>
\$10K Invested 5 Yrs Ago	<b>NA</b>	Common Shares Outstg. (M)	<b>1,591.5</b>	Institutional Ownership (%)	<b>69</b>		

### 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** on May 15, 2017 02:40 PM, when the stock traded at **\$66.60**.

### Highlights

- The 12-month target price for ABBV has recently been changed to \$89.00 from \$84.00. The Highlights section of this Stock Report will be updated accordingly.

### Investment Rationale/Risk

- The Investment Rationale/Risk section of this Stock Report will be updated shortly. For the latest News story on ABBV from MarketScope, see below.
- 07/28/17 02:15 pm ET ... CFRA KEEPS BUY OPINION ON SHARES OF ABBVIE INC. (ABBV 70.21\*\*\*\*): We raise our 12-month target \$5 to \$89 on slightly below peers 15X our forward 12-months EPS of \$5.94. Q2 EPS of \$1.42 vs. \$1.26 is \$0.04 ahead of our estimate. We keep our '17 EPS estimate at \$5.51 but raise '18's by \$0.13 to \$6.49. Sales rose 7.6% with global Humira sales up 13.7%, and up 18.0% in the U.S., while Imbruvica sales rose 42.6%. We view ABBV's pipeline positively and await Phase III data for risankizumab in psoriasis and upadacitinib for rheumatoid arthritis. We see potential NDA filings in 2018 for both compounds. We expect data from several other trials in H2 17 / Jeffrey Loo, CFA

### Analyst's Risk Assessment

<b>LOW</b>	<b>MEDIUM</b>	<b>HIGH</b>
------------	---------------	-------------

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
2017	6,538	6,944	--	--	--
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

### Earnings Per Share (\$)

	2017	2016	2015	2014	2013	2012
1.06	E1.38	E1.40	E1.44	E5.51	0.83	0.98
0.83	0.98	0.97	0.85	3.63	0.63	0.83
0.63	0.83	0.74	0.92	3.13	0.61	0.68
0.61	0.68	0.31	-0.51	1.10	0.60	0.66
0.60	0.66	0.60	0.70	2.56	0.56	0.80
0.56	0.80	1.01	0.98	3.35		

Fiscal year ended Dec. 31. Next earnings report expected: Late October. EPS Estimates based on CFRA 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	Sep 9	Oct 12	Oct 14	Nov 15 '16
0.640	Oct 28	Jan 11	Jan 13	Feb 15 '17
0.640	Feb 16	Apr 11	Apr 13	May 15 '17
0.640	Jun 22	Jul 12	Jul 14	Aug 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



## Business Summary May 15, 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).

**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 hepatitis 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

**EVP & CSO**  
M.E. Severino

**COO**  
A. Saleki-Gerhardt

**EVP, Secy & General Counsel**  
L.J. Schumacher

**EVP & CFO**  
W.J. Chase

### Board Members

R. J. Alpern  
W. H. Burnside  
B. J. Hart  
M. B. Meyer  
G. F. Tilton

R. S. Austin  
R. A. Gonzalez  
E. M. Liddy  
E. J. Rapp  
F. H. Waddell

**Domicile**  
Delaware

**Founded**  
2012

**Employees**  
30,000

**Stockholders**  
53,653

# AbbVie Inc

## Quantitative Evaluations

<b>Fair Value Rank</b>	5+	1	2	3	4	5
		LOWEST				HIGHEST

Based on CFRA's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

<b>Fair Value Calculation</b>	<b>\$106.90</b>	Analysis of the stock's current worth, based on CFRA's proprietary quantitative model suggests that ABBV is Undervalued by \$35.91 or 50.6%.
-------------------------------	-----------------	--

<b>Investability Quotient Percentile</b>	68	LOWEST = 1 HIGHEST = 100
		ABBV scored higher than 68% of all companies for which a Report is available.

<b>Volatility</b>	LOW	AVERAGE	HIGH
-------------------	-----	---------	------

<b>Technical Evaluation</b>	<b>NEUTRAL</b>	Since July, 2017, the technical indicators for ABBV have been NEUTRAL.
-----------------------------	----------------	--

<b>Insider Activity</b>	UNFAVORABLE	NEUTRAL	FAVORABLE
-------------------------	-------------	---------	-----------

## Expanded Ratio Analysis

	2016	2015	2014	2013
Price/Sales	3.98	4.24	5.28	4.51
Price/EBITDA	9.33	10.24	15.71	11.80
Price/Pretax Income	12.95	14.59	44.47	15.89
P/E Ratio	17.16	18.85	59.39	20.52
Avg. Diluted Shares Outstg (M)	1,631.0	1,637.0	1,610.0	1,604.0

Figures based on calendar year-end price

## Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Sales	12.16	11.27	7.66	NA
Net Income	15.73	24.15	6.24	NA

## Ratio Analysis (Annual Avg.)

Net Margin (%)	23.22	18.20	21.06	22.88
% LT Debt to Capitalization	88.66	78.80	78.73	NA
Return on Equity (%)	138.05	124.89	109.36	NA

## Company Financials Fiscal Year Ended Dec. 31

Per Share Data (\$)	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Tangible Book Value	NM	NM	NM	NM	NM	NM	NA	NA	NA	NA
Cash Flow	4.38	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
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	63%	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	19	23	64	21	11	NA	NA	NA	NA	NA
P/E Ratio:Low	14	15	41	13	10	NA	NA	NA	NA	NA

## Income Statement Analysis (Million \$)

Revenue	25,638	22,859	19,960	18,790	18,380	17,639	15,638	14,214	NA	NA
Operating Income	10,952	9,466	6,708	7,181	7,758	NA	6,361	5,826	NA	NA
Depreciation	1,189	836	786	897	1,150	NA	1,184	697	NA	NA
Interest Expense	1,047	719	429	299	104	292	NA	NA	NA	NA
Pretax Income	7,884	6,645	2,369	5,332	5,725	3,367	4,836	5,950	NA	NA
Effective Tax Rate	24.5%	22.6%	25.1%	22.6%	7.86%	3.70%	13.6%	22.1%	NA	NA
Net Income	5,953	5,144	1,774	4,128	5,275	3,243	4,178	4,637	NA	NA
Core Earnings	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

## Balance Sheet & Other Financial Data (Million \$)

Cash	6,423	8,416	8,374	9,895	7,976	7,200	NA	NA	NA	NA
Current Assets	16,187	16,314	16,088	17,848	15,354	13,546	NA	NA	NA	NA
Total Assets	66,099	53,050	27,547	29,198	27,008	25,948	NA	NA	NA	NA
Current Liabilities	9,781	10,894	11,400	6,879	6,776	6,368	NA	NA	NA	NA
Long Term Debt	36,440	29,240	10,565	14,292	14,630	14,700	NA	NA	NA	NA
Common Equity	4,636	3,945	1,742	4,492	3,363	2,230	NA	NA	NA	NA
Total Capital	41,101	35,210	16,328	18,802	18,015	16,930	NA	NA	NA	NA
Capital Expenditures	479	532	612	491	333	NA	NA	NA	NA	NA
Cash Flow	7,142	5,980	2,560	5,025	6,425	NA	NA	NA	NA	NA
Current Ratio	1.7	1.5	1.4	2.6	2.3	2.1	NA	NA	NA	NA
% Long Term Debt of Capitalization	88.7	83.0	64.7	76.0	81.2	86.8	NA	NA	NA	NA
% Net Income of Revenue	23.2	22.5	8.9	22.0	28.7	NA	NA	NA	NA	NA
% Return on Assets	10.0	12.8	6.3	14.7	22.6	NA	NA	NA	NA	NA
% Return on Equity	138.1	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

## 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 limited sales growth of about only 0.1%, mainly due to our forecast of a 19.3% sales decline for Gilead Sciences. In 2016, biotech sales rose 7.1%. This follows the robust growth period of 2012-2015 when 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. However, in 2016, the FDA approved only 22 new drugs, down significantly from the robust 45 new drugs approved in 2015, 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, manufactured 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 2017, CVS removed Neupogen from its formulary and replaced it with Zarxio.

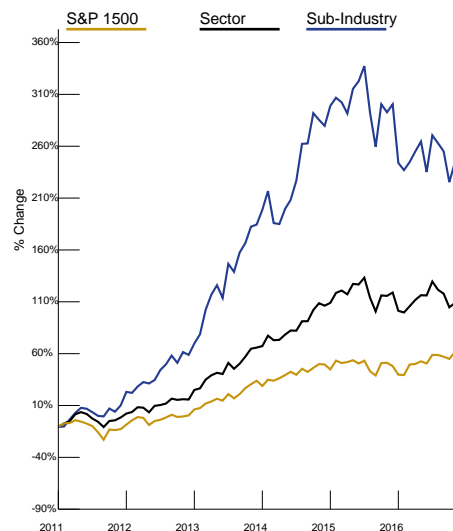
In 2016, the S&P Biotech Index declined 14.3% vs. a 10.6% rise for the S&P 1500. Year to date through July 14, 2017, the S&P Biotech Index rose 15.4%, vs. a 9.4% rise for the S&P 1500 Index.

--Jeffrey Loo, CFA

## Industry Performance

**GICS Sector: Health Care**  
**Sub-Industry: Biotechnology**

Based on S&P 1500 Indexes  
Five-Year market price performance through Aug 5, 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.(\$)	S&P Quality Ranking	IQ %ile	Return on Revenue (%)	LTD to Cap (%)
<b>AbbVie Inc</b>	<b>ABBV</b>	<b>112,983</b>	<b>70.99</b>	<b>75.04/55.06</b>	<b>1.66</b>	<b>3.6</b>	<b>17</b>	<b>106.90</b>	<b>NR</b>	<b>68</b>	<b>23.2</b>	<b>88.7</b>
ACADIA Pharmaceuticals	ACAD	3,606	30.69	40.83/20.68	NM	Nil	NM	NA	C	70	NM	NA
Alnylam Pharmaceuticals	ALNY	7,075	82.44	86.92/31.38	NA	Nil	NM	NA	C	38	NM	14.0
Bioerativ Inc	BIVV	6,344	58.75	64.41/40.00	NA	Nil	14	NA	NR	30	49.5	NA
EXACT Sciences	EXAS	4,608	38.69	42.18/13.05	1.22	Nil	NM	NA	C	69	NM	1.9
Exelixis Inc	EXEL	7,836	26.66	28.45/10.04	2.68	Nil	NM	20.30	C	10	NM	NA
Galapagos NV ADS	GLPG	3,859	75.86	94.88/52.50	NA	Nil	NM	NA	NR	42	35.6	NA
Grifols SA ADR	GRFS	14,294	20.92	22.83/14.27	0.93	Nil	24	NA	NR	15	13.5	54.3
Kite Pharma	KITE	5,615	112.58	114.69/39.82	NA	Nil	NM	NA	NR	72	NM	NA
Portage Biotech	PTGEF	11,195	34.31	34.98/0.10	0.70	Nil	NM	NA	NR	NA	NM	NA
Seattle Genetics	SGEN	6,959	49.16	75.36/42.58	1.38	Nil	NM	NA	C	72	NM	NA
Shire Plc ADS	SHPG	46,986	155.91	209.22/155.06	0.69	0.6	NM	284.20	NR	17	5.3	40.3
TESARO Inc	TSRO	6,903	128.59	192.94/83.26	0.94	Nil	NM	NA	NR	73	NM	17.7
TiGenix ADS	TIG	5,521	21.24	22.56/10.77	NA	Nil	NM	NA	NR	20	14.2	25.5
bluebird bio	BLUE	4,328	95.05	123.75/37.05	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****Analyst Research Notes and other Company News****July 28, 2017**

02:15 pm ET ... CFRA KEEPS BUY OPINION ON SHARES OF ABBVIE INC. (ABBV 70.21\*\*\*\*): We raise our 12-month target \$5 to \$89 on slightly below peers 15X our forward 12-months EPS of \$5.94. Q2 EPS of \$1.42 vs. \$1.26 is \$0.04 ahead of our estimate. We keep our '17 EPS estimate at \$5.51 but raise '18's by \$0.13 to \$6.49. Sales rose 7.6% with global Humira sales up 13.7%, and up 18.0% in the U.S., while Imbruvica sales rose 42.6%. We view ABBV's pipeline positively and await Phase III data for risankizumab in psoriasis and upadacitinib for rheumatoid arthritis. We see potential NDA filings in 2018 for both compounds. We expect data from several other trials in H2 '17 /Jeffrey Loo, CFA

**April 27, 2017**

04:25 pm ET ... CFRA KEEPS BUY OPINION ON SHARES OF ABBVIE INC. (ABBV 66.13\*\*\*\*): We keep our 12-month target at \$84 on slightly below peers 15.2X our 2017 EPS estimate of \$5.51. Q1 EPS of \$1.28 vs. \$1.15 is in-line with our estimate. Sales rose 9.7% on 15.1% rise in Humira sales with U.S. sales up 22.8% and international sales up 2.9%. Imbruvica sales rose 44.7% on strong uptake in first line chronic lymphocytic leukemia where we think Imbruvica is gaining market share. We look for continued robust sales of Imbruvica as we see more approvals for additional indications. ABBV also plans to submit a NDA for Elagolix to treat endometriosis later this year. /Jeffrey Loo, CFA

**February 21, 2017**

09:23 am ET ... S&P CAPITAL IQ ADDS ABBVIE TO ITS TOTAL RETURN PORTFOLIO (ABBV 61.77\*\*\*\*): We see ABBV as among the fastest growing biotech companies. Although Humira's composition of matter patent expired in Dec. 2016, ABBV believes numerous other patents will be able to protect it from biosimilar competition until 2022. Trading at 11.2X our '17 EPS estimate, we think the shares are undervalued. Our 12-month target is \$84 and our EPS estimates are \$5.51 in '17 and \$6.36 in '18. ABBV pays an annual dividend of \$2.56, which has increased every year since '13. The shares yield 4.1%. ABBV replaces Gilead Sciences (GILD 70 \*\*\*\*) in our Total Return Model Portfolio. /C. Muir

**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**

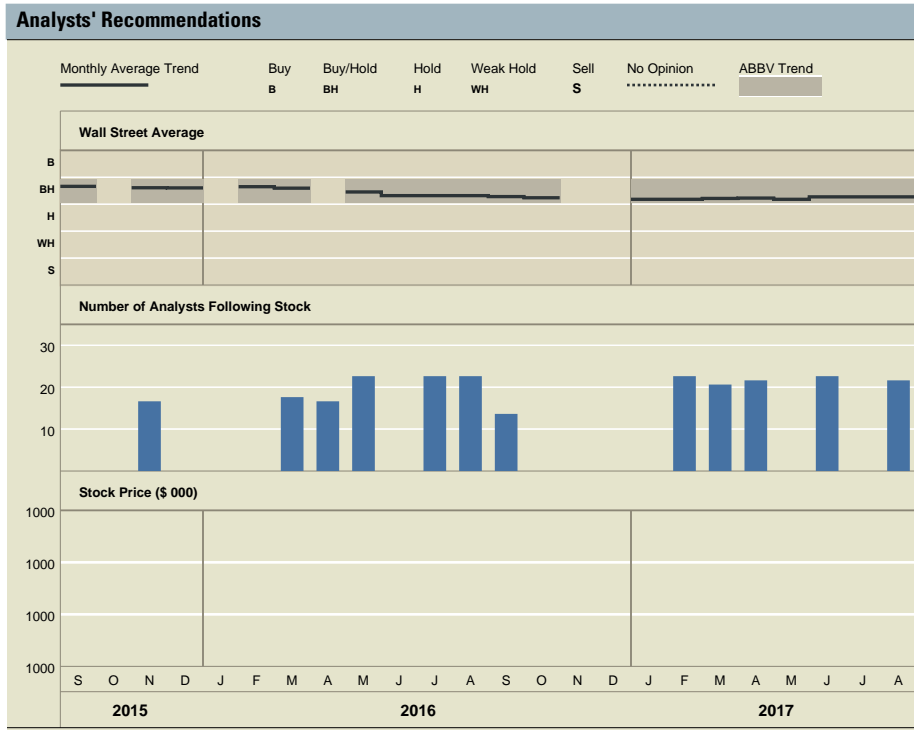
10:27 am ET ... S&P GLOBAL ADDS GILEAD SCIENCES TO ITS TOTAL RETURN PORTFOLIO (GILD 80.56\*\*\*\*): We see robust cash flow generation, positive capital deployment, M&A flexibility, continued market leadership, and a solid development pipeline. We also see opportunities in Japan for Harvoni and in China 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

# AbbVie Inc



### Wall Street Consensus Opinion

**BUY/HOLD**

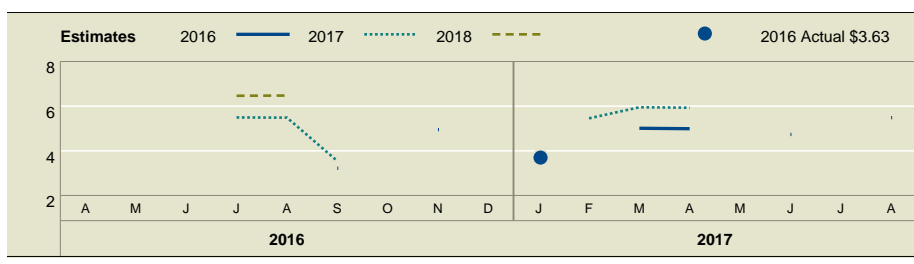
### Companies Offering Coverage

- Argus Research Company
- Atlantic Equities LLP
- BMO Capital Markets Equity Research
- Barclays
- Citigroup Inc
- Credit Suisse
- Deutsche Bank
- Evercore ISI
- Goldman Sachs
- Guggenheim Securities, LLC
- 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.

Of the total 21 companies following ABBV, 21 analysts currently publish recommendations.

	No. of Recommendations	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	7	33	7	0
Buy/Hold	3	14	3	0
Hold	11	52	12	0
Weak Hold	0	0	0	0
Sell	0	0	0	0
No Opinion	0	0	0	0
<b>Total</b>	<b>21</b>	<b>100</b>	<b>22</b>	<b>0</b>

### Wall Street Consensus Estimates



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2017	6.55	7.31	6.30	21	10.8
2016	5.53	5.64	5.44	21	12.8
<b>2017 vs. 2016</b>	<b>▲ 18%</b>	<b>▲ 30%</b>	<b>▲ 16%</b>	<b>0%</b>	<b>▼ -16%</b>
Q3'17	1.67	1.70	1.58	4	42.5
Q3'16	1.38	1.40	1.36	16	51.4
<b>Q3'17 vs. Q3'16</b>	<b>▲ 21%</b>	<b>▲ 21%</b>	<b>▲ 16%</b>	<b>▼ -75%</b>	<b>▼ -17%</b>

### Wall Street Consensus vs. Performance

For fiscal year 2016, analysts estimate that ABBV will earn US\$ 5.53. For the 2nd quarter of fiscal year 2016, ABBV announced earnings per share of US\$ 1.38, representing 25% of the total annual estimate. For fiscal year 2017, analysts estimate that ABBV's earnings per share will grow by 18% to US\$ 6.55.

A company's earnings outlook plays a major part in any investment decision. S&P Global Market Intelligence 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.



## Glossary

### STARS

Since January 1, 1987, CFRA Equity and Fund Research Services, and its predecessor 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, we have 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 encapsulate 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	

### EPS Estimates

CFRA's 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, EPS estimates reflect either forecasts of equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by S&P Global Market Intelligence, a data provider to CFRA. 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.

### Core Earnings

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.

### 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 Fair Value.

### CFRA Equity Research

CFRA Equity Research is produced and distributed by Accounting Research & Analytics, LLC d/b/a CFRA ("CFRA US"). Certain research is distributed by CFRA UK Limited (together with CFRA US, "CFRA"). Certain research is produced by Standard & Poor's Malaysia Sdn. Bhd ("S&P Malaysia") under contract to CFRA US.

### Abbreviations Used in 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 Depositary Receipts (ADRs) and American Depositary Shares (ADSs) are net of taxes (paid in the country of origin).

### 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 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.

## Disclosures

S&P GLOBAL™ is used under license. The owner of this trademark is S&P Global Inc. or its affiliate, which are not affiliated with CFRA or the author of this content. Stocks are ranked in accordance with the following ranking methodologies:

### 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.

### STARS Stock Reports and Quantitative Stock Reports:

The methodologies used in STARS Stock Reports and Quantitative Stock Reports (collectively, the "Research Reports") reflect different criteria, assumptions and analytical methods and may have differing recommendations. The methodologies and data used to generate the different types of Research Reports are believed by the author and distributor reasonable and appropriate. Generally, CFRA does not generate reports with different ranking methodologies for the same issuer. However, in the event that different methodologies or data are used on the analysis of an issuer, the methodologies may lead to different views or recommendations on the issuer, which may at times result in contradicting assessments of an issuer. CFRA reserves the right to alter, replace or vary models, methodologies or assumptions from time to time and without notice to clients.

### STARS Stock Reports:

#### Global STARS Distribution as of June 30, 2017

Ranking	North America	Europe	Asia	Global
Buy	37.4%	25.9%	36.6%	35.4%
Hold	55.1%	56.1%	39.4%	53.5%
Sell	7.5%	18.0%	24.0%	11.1%
Total	100%	100%	100%	100%

### Analyst Certification

STARS Stock Reports are prepared by the equity research analysts of CFRA and S&P Malaysia, under contract to CFRA. All of the views expressed in STARS Stock Reports accurately reflect the research analyst's personal views regarding any and all of the subject securities or issuers. Analysts generally update stock reports at least four times each year. No part of analyst, CFRA, or S&P Malaysia compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in a STARS Stock Report.

### About CFRA Equity Research's Distributors:

This Research Report is published and originally distributed by Accounting Research & Analytics, LLC d/b/a CFRA ("CFRA US"), with the following exceptions: In the UK/EU/EEA, it is published and originally distributed by CFRA UK Limited, an Appointed Representative of Hutchinson Lilley Investments LLP, which is regulated by the Financial Conduct Authority (No. 582181), and in Malaysia by S&P Malaysia, which is regulated by Securities Commission Malaysia, (No. CMSL/A0181/2007) under license from CFRA US. These parties and their subsidiaries do not distribute reports to individual (retail) investors and maintain no responsibility for reports redistributed by third parties such as brokers or financial advisors.

### General Disclosure

#### Notice to all jurisdictions:

Where Research Reports are made available in a language other than English and in the case of inconsistencies between the English and translated versions of a Research Report, the English version will control and supersede any ambiguities associated with any part or section of a Research Report that has been issued in a foreign language. Neither CFRA nor its affiliates guarantee the accuracy of the translation.

The content of this report and the opinions expressed herein are those of CFRA based upon publicly-available information that CFRA believes to be reliable and the opinions are subject to change without notice. This analysis has not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body. While CFRA exercised due care in compiling this analysis, CFRA AND ALL RELATED ENTITIES SPECIFICALLY DISCLAIM ALL WARRANTIES, EXPRESS OR IMPLIED, to the full extent permitted by law, regarding the accuracy, completeness, or usefulness of this information and assumes no liability with respect to the consequences of relying on this information for investment or other purposes. No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of CFRA. The Content shall not be used for any unlawful or unauthorized purposes. CFRA and any third-party providers, as well as their directors, officers, shareholders, employees or agents do not guarantee the accuracy, completeness, timeliness or availability of the Content.

#### Past performance is not necessarily indicative of future results.

This document may contain forward-looking statements or forecasts; such forecasts are not a reliable indicator of future performance.

This report is not intended to, and does not, constitute an offer or solicitation to buy and sell securities or engage in any investment activity. This report is for informational purposes only. Recommendations in this report are not made with respect to any particular investor or type of investor. Securities, financial instruments or strategies mentioned herein may not be suitable for all investors and this material is not intended for any specific investor and does not take into account an investor's particular investment objectives, financial situations or needs. Before acting on any recommendation in this material, you should consider whether it is suitable for your particular circumstances and, if necessary, seek professional advice.

Additional information on a subject company may be available upon request.

CFRA's financial data provider is S&P Global Market Intelligence. THIS DOCUMENT CONTAINS COPYRIGHTED AND TRADE SECRET MATERIAL DISTRIBUTED UNDER LICENSE FROM S&P GLOBAL MARKET INTELLIGENCE. FOR RECIPIENT'S INTERNAL USE ONLY.

The Global Industry Classification Standard (GICS®) was developed by and/or is the exclusive property of MSCI, Inc. and Capital IQ, Inc. ("Capital IQ"). GICS is a service mark of MSCI and Capital IQ and has been licensed for use by CFRA.

### Other Disclaimers and Notices

Certain information in this report is provided by S&P Global, Inc. and/or its affiliates and subsidiaries (collectively "S&P"). Such information is subject to the following disclaimers and notices: "Copyright 2017, S&P Global Market Intelligence (and its affiliates as applicable). All rights reserved. Nothing contained herein is investment advice and a reference to a particular investment or security, a credit rating or any observation concerning a security or investment provided by S&P is not a recommendation to buy, sell or hold such investment or security or make any other investment decisions. This may contain information obtained from third parties, including ratings from credit ratings agencies. Reproduction and distribution of S&P's information and third party content in any form is prohibited except with the prior written permission of S&P or the related third party, as applicable. Neither S&P nor its third party providers guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such information or content.

S&P AND ITS THIRD PARTY CONTENT PROVIDERS GIVE NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE AND ALL S&P INFORMATION IS PROVIDED ON AN AS-IS BASIS. S&P AND ITS THIRD PARTY CONTENT PROVIDERS SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, EXEMPLARY, COMPENSATORY, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES, COSTS, EXPENSES, LEGAL FEES, OR LOSSES (INCLUDING LOST INCOME OR PROFITS AND OPPORTUNITY COSTS OR LOSSES CAUSED BY NEGLIGENCE) IN CONNECTION WITH ANY USE OF THEIR INFORMATION OR CONTENT, INCLUDING RATINGS. Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the suitability of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice."

Certain information in this report may be provided by Securities Evaluations, Inc. ("SE") a wholly owned subsidiary of Intercontinental Exchange. Such information is subject to the following disclaimers and notices: "Copyright 2017, Securities Evaluations, Inc. (and its affiliates, as applicable). Reproduction of BondMark and BondScreen in any form is prohibited except with the prior written permission of SE.



# AbbVie Inc



Odd-lot prices and odd-lot ranges represent an opinion, and not a statement of fact, or a recommendation to make an investment decision, and readers of this information have the right to accept or reject such opinion, at their discretion. Odd-lot prices and odd-lot ranges do not represent a determination of the fair market value of any security or the 'best execution' price in the market for a security, and that readers of this information will be responsible for complying with any applicable best execution requirements, as defined in FINRA Rule 5310, and for complying with any disclosure requirements as may be required under any applicable laws or regulations. None of SE, its affiliates or their suppliers guarantees the accuracy, adequacy, completeness or availability of any information and is not responsible for any errors or omissions, regardless of the cause or for the results obtained from the use of such information. In no event shall SE, BondDesk Group, LLC, their affiliates or any of their third-party information providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with the use of SE content. (2017). BondMark and BondScreen may include data provided by BondDesk Group, LLC."

Any portions of the fund information contained in this report supplied by Lipper, A Thomson Reuters Company, are subject to the following: "Copyright 2017 Thomson Reuters. All rights reserved. Lipper shall not be liable for any errors or delays in the content, or for any actions taken in reliance thereon."

**For residents of the European Union/European Economic Area:**

Research reports are originally distributed by CFRA UK Limited (company number 08456139 registered in England & Wales with its registered office address at 131 Edgware Road, London, W2 2AP, United Kingdom). CFRA UK Limited is an Appointed Representative of Hutchinson Lilley Investments LLP, which is regulated by the UK Financial Conduct Authority (No. 582181).

**For residents of Malaysia:**

Research reports are originally produced and distributed by S&P Malaysia, under license from CFRA US. S&P Malaysia is regulated by Securities Commission Malaysia (License No. CMSL/A0181/2007).

**For residents of all other countries:**

Research reports are originally distributed Accounting Research & Analytics, LLC d/b/a CFRA.

Copyright © 2017 CFRA. All rights reserved. CFRA and STARS are registered trademarks of CFRA.