AbbVie Inc.

Recommendation	Price	12-Mo. Target Price	Report Currency	Investment Style
BUY ★★★★★	$96.55 (as of Apr 30, 2018 4:00 PM ET)	$130.00	USD	Large-Cap Growth

Equity Analyst Jeffrey Loo, CFA

UPDATE: PLEASE SEE THE ANALYST'S LATEST RESEARCH NOTE IN THE RESEARCH NOTES SECTION

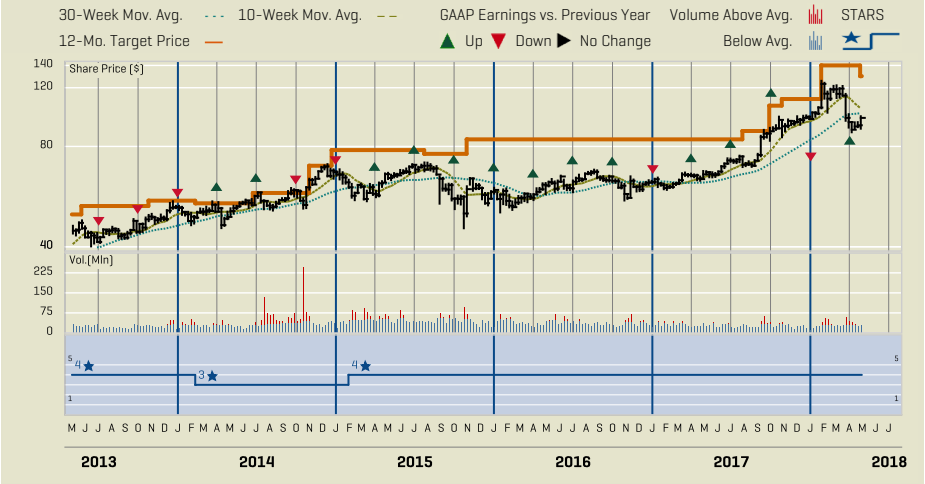
GICS Sector Health Care
Sub-Industry Biotechnology

Summary This company is a global research-based pharmaceuticals business. AbbVie's key drug is Humira, for rheumatoid arthritis and other indications.

Key Stock Statistics (Source: CFRA, S&P Global Market Intelligence (SPGMI), Company Reports)

52-Wk Range	$125.86 - 64.61	Oper. EPS 2018E	7.70	Market Capitalization(B)	$153.2	Beta	1.60
Trailing 12-Month EPS	3.98	Oper. EPS 2019E	8.75	Yield (%)	3.98	3-Yr Proj. EPS CAGR(%)	22
Trailing 12-Month P/E	24.83	P/E on Oper. EPS 2018E	12.82	Dividend Rate/Share	$3.84	SPGMI's Quality Ranking	NR
$10K Invested 5 Yrs Ago	$25,661	Common Shares Outstg.(M)	1,586.7	Institutional Ownership (%)	72		

Price Performance



Source: CFRA, S&P Global Market Intelligence
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 Apr 26, 2018 10:59 AM, when the stock traded at **$122.80.**

Highlights

- The 12-month target price has recently been changed to $130 from $140.The Highlights section of this Stock Report will be updated accordingly.
- The Investment Rationale/Risk section of this Stock Report will be updated shortly. For the latest News story on ABBV from MarketScope, see aside.

Investment Rationale/Risk

- 04/26/18 10:59 am ET ... CFRA KEEPS BUY OPINION ON SHARES OF ABBVIE INC. (ABBV 91.87****): We lower our 12-month target price by $10 to $130 on in line with peers 16.9X our 2018 EPS estimate of $7.70, up $0.32 as we balance ABBV's robust growth with our concern over its Rova-T compound, which had disappointing data in a Phase 2 trial for third line small cell lung cancer patients. The data raises concern over other Rova-T trials. ABBV has ongoing Rova-T Phase III trials in the first and second line settings for small cell lung cancer. Q1 EPS of $1.87 vs. $1.28 is $0.09 ahead of our estimate. We raise our 2019 EPS estimate $0.49 to $8.75. Sales, including a 3.8% FX benefit, rose 21.4%, with Humira sales up 14.4% and Imbruvica sales up 38.5%. In spite of the disappointing data on Rova-T, we view ABBV's pipeline positively. On April 25, ABBV filed a biologics license application (BLA) for risankizumab to treat plaque psoriasis and we expect data on several other compounds throughout the year. ABBV will begin a tender offer for $7.5B in shares as part of its $10B stock buyback../Jeffrey Loo, CFA

Analyst's Risk Assessment

LOW | MEDIUM | **HIGH**

ABBV is heavily reliant on one drug, Humira, which currently accounts for over 60% of sales. However, recently-approved drugs should help diversify sales.

Revenue/Earnings Data

Revenue (Million U.S. $)

	1Q	2Q	3Q	4Q	Year
2018	7,934	--	--	--	--
2017	6,538	6,944	6,995	7,739	28,216
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

Earnings Per Share (U.S. $)

	1Q	2Q	3Q	4Q	Year
2019	E 2.10	E 2.19	E 2.23	E 2.23	E 8.75
2018	1.74	E 1.91	E 1.96	E 1.96	E 7.70
2017	1.06	1.19	1.01	0.03	3.30
2016	0.83	0.98	0.97	0.85	3.63
2015	0.64	0.83	0.74	0.92	3.13
2014	0.61	0.68	0.31	-0.51	1.10

Fiscal year ended Dec 31. EPS Estimates based on CFRA's Operating Earnings; historical GAAP earnings are as reported in Company reports.

Dividend Data

Amount ($)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
0.96	Feb 15	Apr 12	Apr 13	May 15 '18
0.71	Oct 27	Jan 11	Jan 12	Feb 15 '18
0.64	Sep 08	Oct 12	Oct 13	Nov 15 '17
0.64	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.
Forecasts are not reliable indicator of future performance.

AbbVie Inc.

Business Summary November 08, 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. 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 expired 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, as well as 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.

Corporate Information

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Officers

Executive VP of External Affairs, General Counsel & Corporate Secretary
L. J. Schumacher

Executive VP & CFO
W. J. Chase

Senior Vice President of Operations
A. Saleki-Gerhardt

Chairman & CEO
R. A. Gonzalez

Board Members

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

Domicile
Delaware

Auditor
Ernst & Young LLP

Founded
2012

Employees
29,000

Stockholders
50,095

AbbVie Inc.

Quantitative Evaluations

Fair Value Rank **4**

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).

Fair Value Calculation **$102.74** Analysis of the stock's current worth, based on CFRA's proprietary quantitative model suggests that ABBV is slightly undervalued by $6.19 or 6.4%.

Volatility LOW | AVERAGE | HIGH

Technical Evaluation **NEUTRAL** Since April, 2018, the technical indicators for ABBV have been NEUTRAL.

Insider Activity UNFAVORABLE | NEUTRAL | FAVORABLE

Expanded Ratio Analysis

	2017	2016	2015	2014
Price/Sales	5.49	3.98	4.24	5.28
Price/EBITDA	12.77	9.45	10.01	16.76
Price/Pretax Income	20.06	12.95	14.59	44.47
P/E Ratio	29.31	17.25	18.93	59.49
Avg. Diluted Shares Outsg.(M)	1603	1631	1637	1610

Figures based on fiscal year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years
Sales	10.06	12.23	8.95
Net Income	-10.82	44.11	0.13

Ratio Analysis (Annual Avg.)			
Net Margin (%)	NM	NM	NM
% LT Debt to Capitalization	72.89	NA	NA
Return on Equity (%)	NM	NA	NA

Company Financials Fiscal year ending Dec. 31

Per Share Data (U.S. $)	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Tangible Book Value	-24.02	-24.91	-17.97	-3.54	-2.32	-3.23	1.85	NA	NA	NA
Free Cash Flow	5.91	4.05	4.31	1.84	3.63	3.81	3.74	2.87	NA	NA
Earnings	3.30	3.63	3.13	1.10	2.56	3.34	2.18	2.65	NA	NA
Earnings (Normalized)	3.63	3.20	3.05	1.73	2.22	2.59	2.42	2.12	NA	NA
Dividends	2.63	2.35	2.10	1.75	1.60	NA	NA	NA	NA	NA
Payout Ratio (%)	77	62	64	150	50	NA	NA	NA	NA	NA
Prices: High	99.10	68.12	71.60	70.76	54.78	37.07	NA	NA	NA	NA
Prices: Low	59.27	50.71	45.45	45.50	33.33	32.51	NA	NA	NA	NA
P/E Ratio: High	23.7	37.2	63.2	23.7	15.1	NM	NM	NM	NA	NA
P/E Ratio: Low	15.1	16.7	26.7	16.5	11.4	NM	NM	NM	NA	NA

Income Statement Analysis (Million U.S. $)										
Revenue	28,216	25,638	22,859	19,960	18,790	18,380	17,444	15,638	14,214	NA
Operating Income	10,643	9,623	8,856	5,500	6,017	6,622	6,002	5,218	4,924	NA
Depreciation + Amortization	1,501	1,189	836	786	897	1,150	1,272	1,184	697	NA
Interest Expense	1,150	1,047	719	429	299	104	NA	NA	NA	NA
Pretax Income	7,727	7,884	6,645	2,369	5,332	5,725	3,668	4,836	5,950	NA
Effective Tax Rate	31.3	24.5	22.6	25.1	22.6	7.9	6.4	13.6	22.1	NA
Net Income	5,309	5,953	5,144	1,774	4,128	5,275	3,433	4,178	4,637	NA
Net Income (Normalized)	5,821	5,219	5,000	2,786	3,553	4,081	3,816	3,336	3,344	NA

Balance Sheet and Other Financial Data (Million U.S. $)										
Cash	9,789	6,423	8,407	8,374	9,895	7,976	653	11	NA	NA
Current Assets	21,223	16,187	16,314	16,081	17,848	15,354	7,354	8,218	NA	NA
Total Assets	70,786	66,099	53,050	27,513	29,198	27,008	19,521	21,135	NA	NA
Current Liabilities	16,641	9,781	10,894	11,393	6,879	6,776	5,897	3,761	NA	NA
Long Term Debt	30,953	36,440	29,321	10,538	14,292	14,630	32	NA	NA	NA
Total Capital	42,465	41,478	35,697	16,719	19,215	19,035	11,980	15,703	NA	NA
Capital Expenditures	529	479	532	612	491	333	356	448	313	NA
Cash from Operations	9,960	7,041	7,535	3,549	6,267	6,345	6,247	4,976	5,367	NA
Current Ratio	1.28	1.65	1.50	1.41	2.59	2.27	1.25	2.19	NA	NA
% Long Term Debt of Capitalization	72.9	87.9	82.1	63.0	74.4	76.9	0.3	NA	NA	NA
% Net Income of Revenue	18.8	23.2	22.5	8.9	22.0	28.7	19.7	26.7	32.6	NA
% Return on Assets	9.7	10.1	13.7	12.1	13.4	17.8	18.5	0.2	NA	NA
% Return on Equity	NM	NM	NM	56.9	NM	69.0	24.8	NA	NA	NA

Source: S&P Global Market Intelligence. Data may be preliminary or restated; before results of discontinued operations/special items. Per share data adjusted for stock dividends; 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. However, in 2018, we anticipate only modest overall sales growth mainly due to our forecast of a mid-teens sales decline for Gilead Sciences. In 2017, biotech sales rose in the low single digits. This follows the the 7.1% growth in 2016, following 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. In 2017, the FDA approved 46 new drugs -- the most since a record 53 were approved in 1996. However, in 2016, the FDA approved only 22 new drugs, down significantly from the robust 45 new drugs approved in 2015. We think many of these newly-approved drugs have significant commercial prospects and represent major advances in therapies for diseases such as cystic fibrosis, hepatitis C, multiple sclerosis and cancer. In 2017, the FDA approved for the first time, gene-therapy drugs that involve removing a patient's immune cells, then genetically altering them. These altered cells are then re-introduced into the patient to help fight 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 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.

The 2010 health care reform law established the FDA's authorization to govern "biosimilar" drug approvals and set a 12-year exclusivity to branded drug makers. 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. However, we note prescription benefit managers 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.

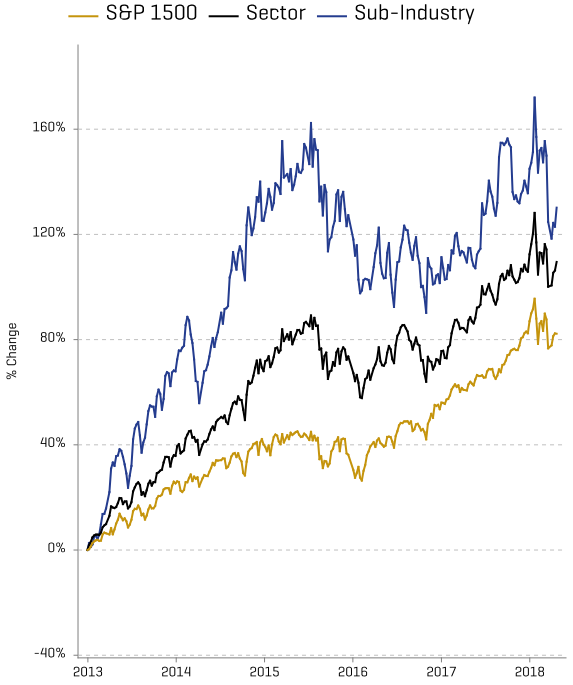
In 2017, the S&P biotech index rose 17.0 vs. an 18.8% rise for the S&P 1500. Year to date through April 13, 2018, the S&P biotech index fell 4.8% vs. a 0.6% decline for the S&P 1500 Index.

/Jeffrey Loo, CFA

Industry Performance

GICS Sector: Health Care
Sub-Industry: Biotechnology

Based on S&P 1500 Indexes
Five-Year market price performance through Apr 30, 2018



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.
Source: S&P Global Market Intelligence

Sub-Industry: Biotechnology Peer Group*: Biotechnology

Peer Group	Stock Symbol	Exchange	Currency	Recent Stock Price ($)	Stk. Mkt. Cap. (M $)	30-Day Price Chg. (%)	1-Year Price Chg. (%)	P/E Ratio	Fair Value Calc. ($)	Yield (%)	Return on Equity (%)	LTD to Cap (%)
AbbVie Inc.	**ABBV**	**NYSE**	**USD**	**96.55**	**153,195**	**2.0**	**46.4**	**24**	**102.74**	**4.0**	**NM**	**72.9**
Alexion Pharmaceuticals, Inc.	ALXN	NasdaqGS	USD	117.63	26,173	5.5	-7.9	51	109.10	Nil	5.0	22.4
Amgen Inc.	AMGN	NasdaqGS	USD	174.48	116,204	2.3	6.8	57	116.53	3.0	7.2	56.4
Biogen Inc.	BIIB	NasdaqGS	USD	273.60	57,732	-0.1	0.9	20	356.00	Nil	21.6	32.0
CSL Limited	CSLL.Y	OTCPK	USD	64.30	58,171	7.8	29.7	36	NA	1.2	46.7	53.7
Celgene Corporation	CELG	NasdaqGS	USD	87.10	65,514	-2.4	-29.8	24	110.06	Nil	43.5	69.6
Gilead Sciences, Inc.	GILD	NasdaqGS	USD	72.23	94,177	-4.2	5.4	21	36.95	3.2	23.3	57.0
Grifols, S.A.	GIKL.Y	OTCPK	USD	14.11	17,358	-0.3	5.1	32	NA	1.3	15.5	54.1
Regeneron Pharmaceuticals, Inc.	REGN	NasdaqGS	USD	303.68	32,723	-11.8	-21.8	29	353.87	Nil	22.6	NA
Shire plc	SHPG	NasdaqGS	USD	159.43	48,266	6.7	-9.9	71	NA	0.7	3.1	37.7
Vertex Pharmaceuticals Incorporated	VRTX	NasdaqGS	USD	153.16	39,030	-6.0	29.5	NM	110.49	Nil	5.4	NA

*For Peer Groups with more than 10 companies or stocks, selection of issues is based on market capitalization.
NA-Not Available NM-Not Meaningful.
Note: Peers are selected based on Global Industry Classification Standards and market capitalization. The peer group list includes companies with similar characteristics, but may not include all the companies within the same industry and/or that engage in the same line of business.

Analyst Research Notes and other Company News

April 26, 2018
10:59 am ET... CFRA KEEPS BUY OPINION ON SHARES OF ABBVIE INC. (ABBV 91.87****): We lower our 12-month target price by $10 to $130 on in line with peers 16.9X our 2018 EPS estimate of $7.70, up $0.32 as we balance ABBV's robust growth with our concern over its Rova-T compound, which had disappointing data in a Phase 2 trial for third line small cell lung cancer patients. The data raises concern over other Rova-T trials. ABBV has ongoing Rova-T Phase III trials in the first and second line settings for small cell lung cancer. Q1 EPS of $1.87 vs. $1.28 is $0.09 ahead of our estimate. We raise our 2019 EPS estimate $0.49 to $8.75. Sales, including a 3.8% FX benefit, rose 21.4%, with Humira sales up 14.4% and Imbruvica sales up 38.5%. In spite of the disappointing data on Rova-T, we view ABBV's pipeline positively. On April 25, ABBV filed a biologics license application (BLA) for risankizumab to treat plaque psoriasis and we expect data on several other compounds throughout the year. ABBV will begin a tender offer for $7.5B in shares as part of its $10B stock buyback. /Jeffrey Loo, CFA

January 26, 2018
11:54 am ET... CFRA REITERATES BUY OPINION ON SHARES OF ABBVIE INC. (ABBV 118.095****): We raise our 12-month target $29 to $140 on above peers 19X our '18 EPS estimate of $7.38, up $0.89, on faster growth. We set '19's EPS at $8.26. Q4 EPS of $1.48 vs. $1.20 is $0.02 ahead of our view. Sales rose 13.9% with Humira sales up 14%, while Imbruvica rose 38.7%, consisting of $585M in U.S. sales and $123M in profit sharing. We are encouraged by these results and our view of ABBV's strong pipeline. ABBV guides '18 sales of $32B, up 13% and EPS of $7.33-$7.43, up 32% at the midpoint, partly aided by tax reform as we see a '18 effective tax rate of 9%, down from 19% in '17. /Jeffrey Loo, CFA

October 27, 2017
02:12 pm ET... CFRA KEEPS BUY OPINION ON SHARES OF ABBVIE INC. (ABBV 93.05****): We raise our 12-month target $5 to $111 on in-line with peers 18X our forward 12-months EPS estimate of $6.17. Q3 EPS of $1.41 vs. $1.21 is $0.01 ahead of our view. We raise our '17 EPS estimate $0.03 to $5.54. ABBV provides '18 EPS guidance of $6.37-$6.57, in line with our $6.49 view. Sales grew 9% with Humira sales up 15.8% and Imbruvica up 37.3%. It now expects Humira sales to approach $21B in 2020, which we believe is achievable following a patent settlement with Amgen. We are also encouraged by its pipeline development with recent NDA filings for Elagolix for endometriosis. /Jeffrey Loo, CFA

September 28, 2017
12:04 pm ET... CFRA REITERATES BUY OPINION ON SHARES OF ABBVIE (ABBV 89.705****): We raise our 12-month target $17 to $106 on an in-line to peers 18X our forward 12-months EPS estimate of $5.94. ABBV announces a deal with Amgen (AMGN 187 ****) regarding Humira litigation. Under terms of the agreement, ABBV will grant AMGN a non-exclusive license to Humira's intellectual property. The license period will begin on Jan. 31, 2023, in the U.S. and Oct. 16, 2018, in the EU. All Humira litigation between the companies will be dismissed. AMGN will pay ABBV royalties. We view the deal positively for ABBV as it removes an overhang over the world's best selling drug. /Jeffrey Loo, CFA

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

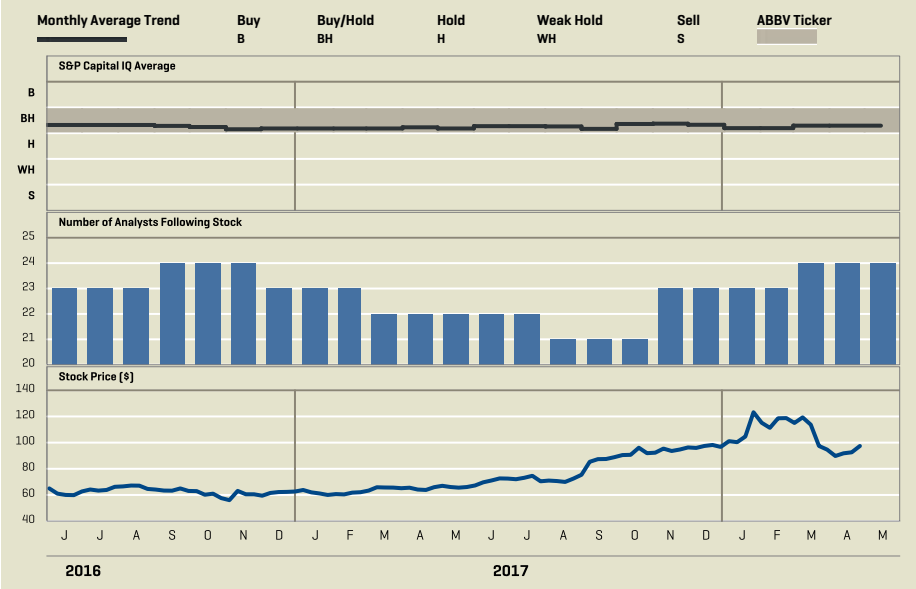
February 21, 2017
09:23 am ET... S&P CAPITAL IQ ADDS ABBVIE TO ITS TOTAL RETURN PORTFOLIO (ABBV 61.77****): We see ABBV as among the fastest growing biotech companies. Although Humira's composition of matter patent expired in Dec. 2016, ABBV believes numerous other patents will be able to protect it 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 27, 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

Note: Research notes reflect CFRA's published opinions and analysis on the stock at the time the note was published. The note reflects the views of the equity analyst as of the date and time indicated in the note, and may not reflect CFRA's current view on the company.

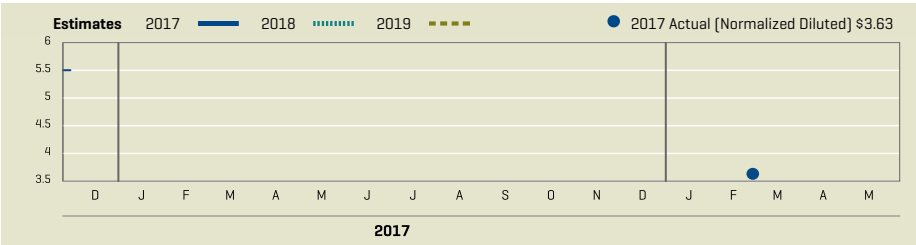
AbbVie Inc.

Analysts' Recommendations



	No. of Recommendations	% of Total	1 Mo.Prior	3 Mos.Prior
Buy	9	38	9	8
Buy/Hold	2	8	2	2
Hold	12	50	12	11
Weak Hold	1	4	1	2
Sell	0	0	0	0
No Opinion	0	0	0	0
Total	**24**	**100**	**24**	**23**

Wall Street Consensus Estimates



Fiscal Years	Avg Est.	High Est	Low Est.	# of Est.	Est. P/E
2019	8.91	9.60	8.31	22	10.8
2018	7.78	8.24	7.68	20	12.4
2019 vs. 2018	**▲15%**	**▲16%**	**▲8%**	**▲10%**	**▼-13%**
Q2'19	2.21	2.32	2.08	4	43.7
Q2'18	1.97	2.03	1.91	16	49.1
Q2'19 vs. Q2'18	**▲12%**	**▲14%**	**▲9%**	**▼-75%**	**▼-11%**

Forecasts are not reliable indicator of future performance.
Note: 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.

Note: For all tables, graphs and charts in this report that do not cite any reference or source, the source is S&P Global Market Intelligence.

Wall Street Consensus Opinion

BUY/HOLD

Wall Street Consensus vs. Performance

For fiscal year 2018, analysts estimate that ABBV will earn USD $7.78. For the 1st quarter of fiscal year 2018, ABBV announced earnings per share of USD $1.74, representing 22.4% of the total revenue estimate. For fiscal year 2019, analysts estimate that ABBV's earnings per share will grow by 15% to USD $8.91.

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 Global Market Intelligence's 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 Global Market Intelligence'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		

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.

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.

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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 & 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).

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 notable 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 is 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 notable 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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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 March 31, 2018

Ranking	North America	Europe	Asia	Global
Buy	38.2%	31.0%	36.8%	36.9%
Hold	56.4%	55.2%	43.7%	54.8%
Sell	5.3%	13.7%	19.5%	8.4%
Total	100.0%	100.0%	100.0%	100.0%

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