Stock Report | **July 30, 2018** | NYSE Symbol: **ABBV** | **ABBV** is in the S&P 500

AbbVie Inc.

Recommendation	Price	12-Mo. Target Price	Report Currency	Investment Style
BUY ★★★★★	$91.45 (as of Jul 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

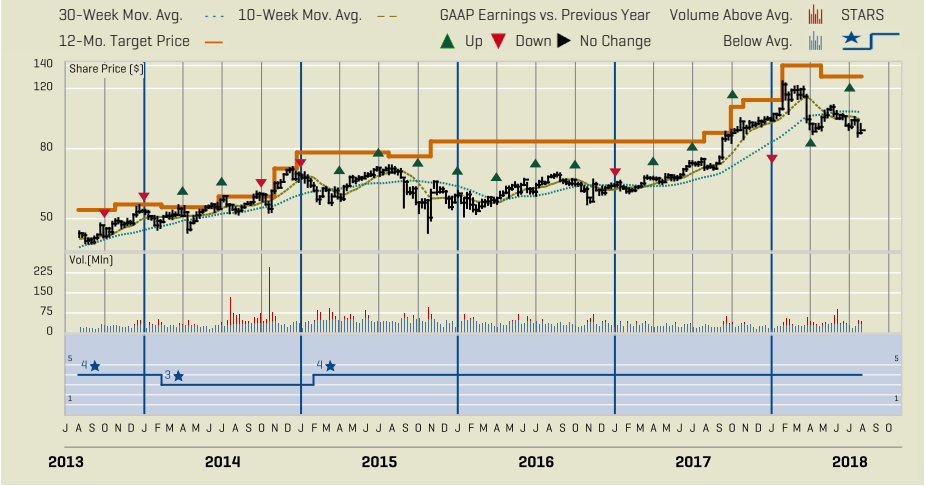
GICS Sector Health Care
Sub-Industry Biotechnology

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 - 69.38	Oper. EPS 2018E	7.80	Market Capitalization(B)	$138.5	Beta	1.61
Trailing 12-Month EPS	4.03	Oper. EPS 2019E	8.95	Yield (%)	4.20	3-Yr Proj. EPS CAGR(%)	22
Trailing 12-Month P/E	22.48	P/E on Oper. EPS 2018E	11.61	Dividend Rate/Share	$3.84	SPGMI's Quality Ranking	NR
$10K Invested 5 Yrs Ago	$23,871	Common Shares Outstg.(M)	1,514.1	Institutional Ownership (%)	74		

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** on May 07, 2018 06:08 PM, when the stock traded at **$100.17.**

Highlights

- We see 2018 sales growing 16.2%, to $32.8B. We see Humira sales of $20.9B, up from $18.4B in 2017, aided by greater penetration of emerging markets. We see Imbruvica (co-promoted with Johnson & Johnson) sales of $3.4B, up from $2.6B in 2017. We see hepatitis C sales, primarily from Mavyret, of $3.4B. In August 2017, the FDA approved Mavyret to treat all six genotypes of Hepatitis C in just eight weeks. ABBV priced Mavyret at $26,400 per treatment, below competing therapies. We believe Mavyret now has a 45% market share, up from 35% as at year-end 2017. In September 2017, ABBV filed an NDA for Elagolix to treat endometriosis and has a Q3 2018 FDA action date. Elagolix is also in Phase III testing for uterine fibroids.
- In September 2017, ABBV entered into a non-exclusive licensing deal with Amgen regarding Humira. The license period will begin on January 31, 2023, in the U.S. and October 16, 2018, in the EU. All Humira litigation between the companies will be dismissed. AMGN will pay ABBV royalties. In June 2016, ABBV acquired Stemcentrx for $5.8B plus $4B in earnouts.
- We see 2018 EPS of $7.70, aided by a lower effective tax rate of 9%, down from 19% in 2017, and a $10B stock buyback program.

Investment Rationale/Risk

- ABBV shares have been volatile following disappointing Phase II data for Rova-T for third line treatment of small cell lung cancer. Based on partial data on 74% of patients in the trial that had DLL3 expression, the objective response rate was only 16%, well below the anticipated response rate of 35%-40%, with a median overall survival of 5.6 months. ABBV also has ongoing Phase 3 Rova-T trials in the first and second line settings for small cell lung cancer; however, we believe expectations have been significantly lowered. Following the sizeable decline in share price, the shares are trading at 12.8X our 2018 EPS estimate, below peers, and are attractively valued, in our view. We still view ABBV's pipeline as attractive. Although Humira's patent expired in December 2016, ABBV is confident that all of its 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.
- Risks include pipeline failures or if ABBV faces additional patent litigation surrounding Humira.
- Our 12-month target of $130 is based on in line with peers 16.9X our 2018 EPS estimate.

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	8,278	--	--	--
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 2.12	E 2.22	E 2.32	E 2.29	E 8.95
2018	1.74	1.26	E 1.97	E 1.96	E 7.80
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. Next earnings report expected: Late Oct. 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	Jun 14	Jul 12	Jul 13	Aug 15 '18
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

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

Investor Contact

Office
1 North Waukegan Road, North Chicago, Illinois 60064

Telephone
847-932-7900

Website
www.abbvie.com

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. B. Roberts
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 **2**

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 **$86.68** Analysis of the stock's current worth, based on CFRA's proprietary quantitative model suggests that ABBV is slightly overvalued by $4.77 or 5.2%.

Volatility LOW | AVERAGE | HIGH

Technical Evaluation **NEUTRAL** Since July, 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. Yet, 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, but see improvement as more biosimilars are approved and introduced. In March 2015, the FDA approved Novartis' filgrastim biosimilar, a version of Amgen's Neupogen. Novartis 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 & Johnson's [JNJ] Remicade. In January 2018, a U.S. appeals court ruled JNJ's Remicade patent invalid. 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 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.

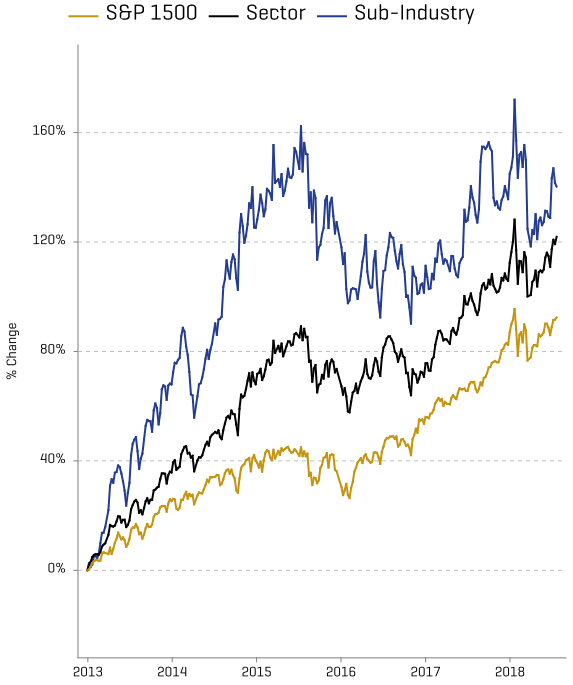
In 2017, the S&P biotech index rose 17.0 vs. an 18.8% rise for the S&P 1500. Year to date through July 6, 2018, the S&P biotech index rose 3.3% vs. a 3.6% rise for the S&P 1500 Index.

/Jeffrey Loo, CFA

Industry Performance

GICS Sector: Health Care
Sub-Industry: Biotechnology

Based on S&P 1500 Indexes
Five-Year market price performance through Jul 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**	**91.45**	**138,461**	**-1.3**	**29.8**	**23**	**86.68**	**4.2**	**NM**	**72.9**
Alexion Pharmaceuticals, Inc.	ALXN	NasdaqGS	USD	131.51	29,308	5.9	-4.7	NM	NA	Nil	5.0	22.4
Amgen Inc.	AMGN	NasdaqGS	USD	190.63	123,719	3.3	9.2	57	133.26	2.8	7.2	56.4
Biogen Inc.	BIIB	NasdaqGS	USD	331.46	66,770	14.2	15.3	24	393.75	Nil	21.6	32.0
CSL Limited	CSLL.Y	OTCPK	USD	73.18	66,234	2.8	45.2	41	NA	1.0	46.7	53.7
Celgene Corporation	CELG	NasdaqGS	USD	88.91	62,536	11.9	-33.7	25	111.73	Nil	43.5	69.6
Gilead Sciences, Inc.	GILD	NasdaqGS	USD	76.32	98,911	7.7	0.5	46	39.08	3.0	23.3	57.0
Grifols, S.A.	GIKL.Y	OTCPK	USD	15.07	18,444	0.1	10.2	25	NA	1.5	18.0	60.9
Regeneron Pharmaceuticals, Inc.	REGN	NasdaqGS	USD	371.51	40,032	7.7	-27.0	30	417.87	Nil	22.6	NA
Shire plc	SHPG	NasdaqGS	USD	169.74	51,431	0.6	0.9	12	NA	0.6	13.1	29.5
Vertex Pharmaceuticals Incorporated	VRTX	NasdaqGS	USD	174.42	44,575	2.6	13.1	NM	138.69	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

July 27, 2018
11:43 am ET... CFRA KEEPS BUY OPINION ON SHARES OF ABBVIE INC. (ABBV 93.94****): We keep our 12-month target at $130 on in-line with peers 15.7X our forward 12-months EPS estimate of $8.27. Q2 EPS of $2.00 vs. $1.42 is $0.09 ahead of our view. We raise our '18 EPS estimate $0.10 to $7.80 and our '19 EPS estimate $0.20 to $8.95. Sales rose 18.9% with Humira sales up 10% and Imbruvica up 35.6%. Sales of hepatitis C drug Mavyret was a robust $932M as we see it gaining market share. We are also encouraged by ABBV's pipeline progress, including the FDA approval for Orilissa (elagolix) for endometriosis and the April NDA submission for risankizumab to treat psoriasis. We also believe ABBV's recent deal with Mylan regarding Humira removes some of the overhang regarding biosimilar competition. ABBV will grant Mylan a non-exclusive license for Humira, which will begin on July 31, 2023. Mylan will pay ABBV royalties once its product is launched. In Sept. 2017, ABBV entered into a similar deal with Amgen, where Amgen could begin producing a biosimilar on January 31, 2023. /Jeffrey Loo, CFA

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

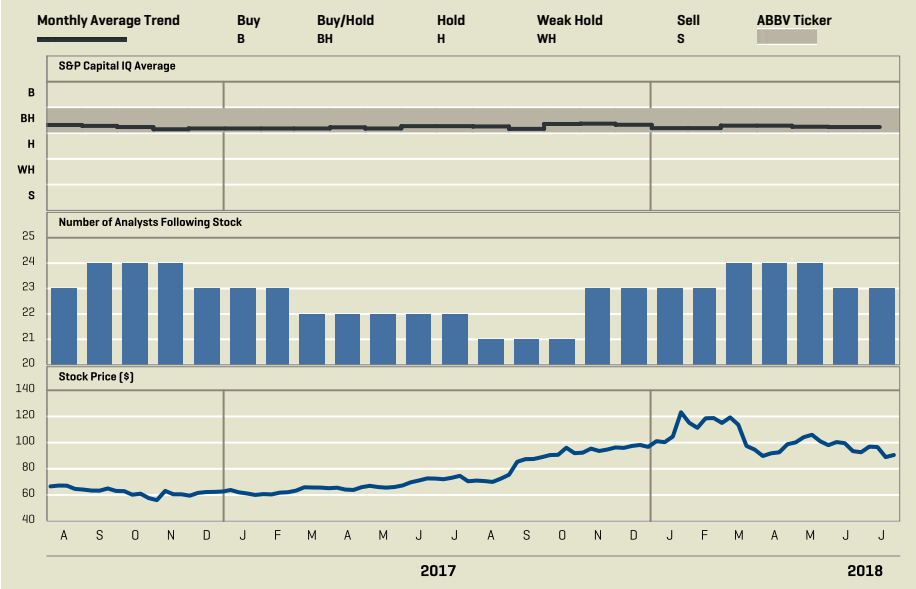
April 27, 2017
04:25 pm ET... CFRA KEEPS BUY OPINION ON SHARES OF ABBVIE INC. (ABBV 66.13****): We keep our 12-month target at $84 on slightly below peers 15.2X our 2017 EPS estimate of $5.51. Q1 EPS of $1.28 vs. $1.15 is in-line with our estimate. Sales rose 9.7% on 15.1% rise in Humira sales with U.S. 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

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.

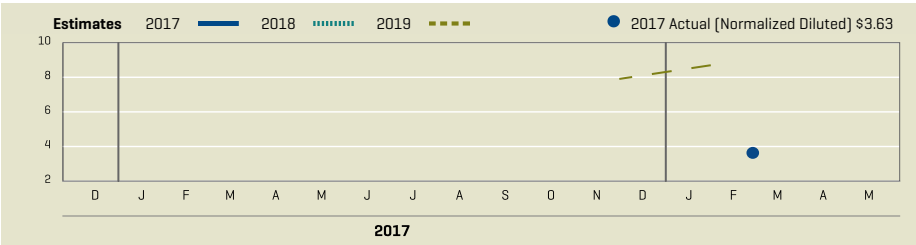
AbbVie Inc.

Analysts' Recommendations



	No. of Recommendations	% of Total	1 Mo.Prior	3 Mos.Prior
Buy	9	39	9	9
Buy/Hold	1	4	1	2
Hold	11	48	11	12
Weak Hold	2	9	2	1
Sell	0	0	0	0
No Opinion	0	0	0	0
Total	**23**	**100**	**23**	**24**

Wall Street Consensus Estimates



Fiscal Years	Avg Est.	High Est	Low Est.	# of Est.	Est. P/E
2019	8.93	9.42	8.27	22	10.2
2018	7.86	7.99	7.80	17	11.6
2019 vs. 2018	**▲14%**	**▲18%**	**▲6%**	**▲ 29%**	**▼-12%**
Q3'19	2.18	2.25	2.07	4	42.0
Q3'18	2.00	2.03	1.94	15	45.7
Q3'19 vs. Q3'18	**▲9%**	**▲11%**	**▲7%**	**▼ -73%**	**▼-8%**

Wall Street Consensus Opinion

BUY/HOLD

Wall Street Consensus vs. Performance

For fiscal year 2018, analysts estimate that ABBV will earn USD $7.86. For the 2nd quarter of fiscal year 2018, ABBV announced earnings per share of USD $1.26, representing 16% of the total revenue estimate. For fiscal year 2019, analysts estimate that ABBV's earnings per share will grow by 14% to USD $8.93.

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.

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.

CFRA Equity Research
CFRA Equity Research is produced and distributed by Accounting Research & Analytics, LLC d/b/a CFRA ("CFRA US"; together with its affiliates and subsidiaries, "CFRA"). Certain research is produced and distributed by Standard & Poor's Malaysia Sdn. Bhd ("CFRA Malaysia"). Certain research is distributed by CFRA UK Limited ("CFRA UK"). CFRA UK and CFRA Malaysia are wholly-owned subsidiaries of 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 & 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.

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 Research 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, 2018

Ranking	North America	Europe	Asia	Global
Buy	39.1%	31.9%	37.3%	36.1%
Hold	54.6%	53.6%	50.6%	52.9%
Sell	6.3%	14.5%	12.1%	11.0%
Total	100.0%	100.0%	100.0%	100.0%

Analyst Certification:

STARS Stock Reports are prepared by the equity research analysts of CFRA and its affiliates and subsidiaries. Quantitative Stock Reports are prepared by 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; all of the views expressed in the Quantitative Stock Reports accurately reflect the output of CFRA's algorithms and programs. Analysts generally update STARS Stock Reports at least four times each year. Quantitative Stock Reports are generally updated weekly. No part of analyst, CFRA, CFRA affiliate, or CFRA subsidiary compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in any 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 ("CFRA UK"), which is regulated by the Financial Conduct Authority (No. 775151), and in Malaysia by Standard & Poor's Malaysia Sdn. Bhd ("CFRA Malaysia"), which is regulated by Securities Commission Malaysia, (No. CMSL/A0181/2007) under license from CFRA US. These parties and their subsidiaries 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.

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.
CFRA may license certain intellectual property or provide services to, or otherwise have a business relationship with, certain issuers of securities that are the subject of CFRA research reports, including exchange-traded investments whose investment objective is to substantially replicate the returns of a proprietary index of CFRA. In cases where CFRA is paid fees that are tied to the amount of assets invested in a fund or the volume of trading activity in a fund, investment in the fund may result in CFRA receiving compensation in addition to the subscription fees or other compensation for services rendered by CFRA, however, no part of CFRA's compensation for services is tied to any recommendation or rating. 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 S&P Global Market Intelligence. GICS is a service mark of MSCI and S&P Global Market Intelligence 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 Global"). Such information is subject to the following disclaimers and notices: "Copyright © 2018, 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 Global 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 Global's information and third party content in any form is prohibited except with the prior written permission of S&P Global or the related third party, as applicable. Neither S&P Global 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 GLOBAL 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 GLOBAL 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. SE is a registered investment adviser with the United States Securities and Exchange Commission (SEC). SE's advisory services include evaluated pricing and model valuation of fixed income securities, derivative valuations and Odd-Lot Pricing that consists of bid- and ask-side evaluated prices for U.S. Municipal and U.S. Corporate Securities (together called valuation services). Such information is subject to the following disclaimers and notices: "No content (including 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 SE. The Content shall not be used for any unlawful or unauthorized purposes. SE and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively SE Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. SE Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. SE PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION.

In no event shall SE Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages. Credit-related and other analyses and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions. SE assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. SE's opinions and analyses do not address the suitability of any security. SE does not act as a fiduciary or an investment advisor. While SE has obtained information from sources it believes to be reliable, SE does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Valuations services are opinions and not statements of fact or recommendations to purchase, hold or sell any security or instrument, or to make any investment decisions. The information provided as part of valuations services should not be intended as an offer, promotion or solicitation for the purchase or sale of any security or other financial instrument nor should it be considered investment advice. Valuations services do not address the suitability of any security or instrument, and securities, financial instruments or strategies mentioned by SE may not be suitable for all investors. SE does not provide legal, accounting or tax advice, and clients and potential clients of valuation services should consult with an attorney and/or a tax or accounting professional regarding any specific legal, tax or accounting provision(s) applicable to their particular situations and in the countries and jurisdictions where they do business. SE has redistribution relationships that reflect evaluated pricing, derivative valuation and/or equity pricing services of other unaffiliated firms with which SE has contracted to distribute to its client base. Pricing and data provided by these third-party firms are the responsibilities of those firms, and not SE, and are produced under those firms' methodologies, policies and procedures. Valuations services provided by SE and products containing valuations services may not be available in all countries or jurisdictions. Copyright © 2018 by Intercontinental Exchange Inc. All rights reserved."
Any portions of the fund information contained in this report supplied by Lipper, A Thomson Reuters Company, are subject to the following: "Copyright © 2018 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 1PO Box 698, Titchfield House, 69-85 Tabernacle Street, London, EC2A 4RR, United Kingdom). CFRA UK Limited is regulated by the UK Financial Conduct Authority (No. 775151).

For residents of Malaysia:
Research reports are originally produced and distributed by Standard & Poor's Malaysia Sdn. Bhd ("CFRA Malaysia"), a wholly-owned subsidiary of CFRA US. CFRA 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.