

AbbVie Inc

S&P Capital IQ Recommendation



S&P Capital IQ Equity Analyst Jeffrey Loo, CFA

Price

\$52.26 (as of May 09, 2014 4:00 PM ET)

12-Mo. Target Price

\$54.00

Report Currency

USD

Investment Style

Large-Cap Growth

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

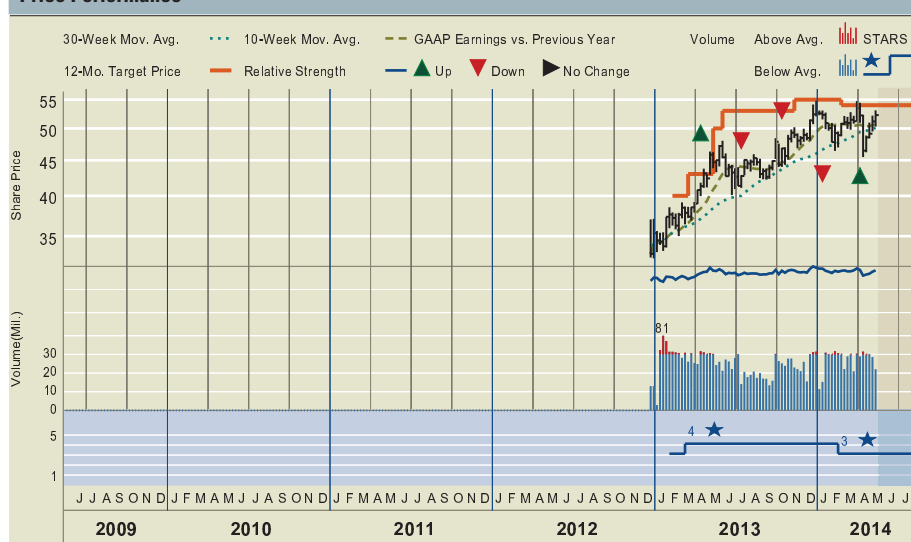
GICS Sector Health Care
Sub-Industry Pharmaceuticals

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

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

52-Wk Range	\$54.78–40.10	S&P Oper. EPS 2014E	3.10	Market Capitalization(B)	\$83.016	Beta	NA
Trailing 12-Month EPS	\$2.57	S&P Oper. EPS 2015E	3.65	Yield (%)	3.21	S&P 3-Yr. Proj. EPS CAGR(%)	9
Trailing 12-Month P/E	20.3	P/E on S&P Oper. EPS 2014E	16.9	Dividend Rate/Share	\$1.68	S&P Quality Ranking	NR
\$10K Invested 5 Yrs Ago	NA	Common Shares Outstg. (M)	1,588.5	Institutional Ownership (%)	69		

Price Performance



Analyst's Risk Assessment

LOW	MEDIUM	HIGH
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Our risk assessment reflects common challenges to branded drugs, including competition from generics, pricing restraints, and R&D related risks. ABBV is also heavily reliant on one drug -- Humira -- which currently accounts for about 55% of sales. Most of Abbvie's older cholesterol and HIV drugs are now off patent. On the plus side, we think ABBV's R&D pipeline, which includes new treatments for hepatitis C, cancer and other conditions, augurs well for the long term.

Revenue/Earnings Data

Revenue (Million \$)

	1Q	2Q	3Q	4Q	Year
2014	4,563	--	--	--	--
2013	4,329	4,692	4,658	5,111	18,790
2012	4,173	4,493	4,508	5,206	18,380
2011	--	--	--	--	17,639
2010	--	--	--	--	15,638
2009	--	--	--	--	14,214

Earnings Per Share (\$)

	1Q	2Q	3Q	4Q	Year
2014	0.61	E0.75	E0.77	E0.87	E3.10
2013	0.60	0.66	0.60	0.70	2.56
2012	0.56	0.80	1.01	0.98	3.35
2011	--	--	--	--	2.03
2010	--	--	--	--	--
2009	--	--	--	--	--

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

Dividend Data

Amount (\$)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
0.400	Jun 20	Jul 11	Jul 15	Aug 15 '13
0.400	Sep 19	Oct 10	Oct 15	Nov 15 '13
0.400	Dec 12	Jan 13	Jan 15	Feb 14 '14
0.420	Feb 20	Apr 11	Apr 15	May 15 '14

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.

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Analysis prepared by Equity Analyst **Jeffrey Loo, CFA** on Apr 18, 2014 03:36 PM, when the stock traded at **\$48.55**.

Highlights

- ▶ We expect 2014 sales to grow 2% to \$19.16 billion largely reflecting robust sales of Humira for rheumatoid arthritis, helped by higher prices, greater penetration of emerging markets, and new indications. We expect Humira sales to increase 12% to \$11.9 billion. We also see higher sales for Synthroid thyroid treatment, Creon pancreatic enzyme and Synagis respiratory therapy, as well as contributions from new launches, including Duopa for Parkinson's disease. We think ABBV is on-track to file a NDA for its hepatitis-C (HCV) compound in the second-quarter 2014. The FDA has granted the compound with the breakthrough therapy designation. Phase III trial results are robust with cure rates over 90%. In April, ABBV initiated Phase III trials for its non-small lung cancer compound ABT-888.
- ▶ We look for gross margins to improve to 78.9% in 2014 up from 75.6%, on a better sales mix. However, we expect operating margins to decline to 34.7% from 36.4% due to much higher R&D and S,G&A expenses.
- ▶ We see 2014 EPS of \$3.10.

Investment Rationale/Risk

- ▶ We recently lowered our recommendation on the shares to hold, from buy. Although we are encouraged by the positive Phase III data for its HCV compound, we think Gilead Science's (GILD 70****) recently approved Sovaldi, will capture the majority of the market share. Also GILD has already filed a NDA for its fixed dose combination HCV compound in February, ahead of ABBV's expected filing in Q2 2014. ABBV is unique among its peers in that about 55% of its sales are derived from one product -- Humira, whose U.S. patent expires in late 2016. Still, we think the absence of a generic biologic approval process at the FDA contributes to a high entry barrier against generics. We see generics impacting many of ABBV's older drugs through 2015.
- ▶ Risks to our recommendation and target price include possible sooner-than-expected generic competition for ABBV drugs, and failure to successfully deliver on ABBV's R&D pipeline.
- ▶ Our 12-month target price of \$54 applies a premium-to-peers multiple of 17.4X to our 2014 EPS estimate, which we believe is warranted by its strong pipeline prospects.

Please read the Required Disclosures and Analyst Certification on the last page of this report.

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AbbVie Inc**Business Summary** April 18, 2014

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

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

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

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

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

PIPELINE. AbbVie has an R&D pipeline of some 20 compounds or indications in Phase II or Phase III development across a fairly wide spectrum, including immunology, renal care, hepatitis C, women's health, oncology, multiple sclerosis, and Parkinson's and Alzheimer's diseases. Key planned launches include an interferon-free regimen for the treatment of HCV; 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.

FINANCIAL TRENDS. As of December 31, 2013, ABBV had cash and investments of about \$9.9 billion, and long-term debt of \$14.3 billion. We expect ABBV to use its financial resources for disciplined and targeted licensing deals and acquisitions, as well as for share repurchases.

Corporate Information**Office**

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Telephone

847-932-7900.

Website<http://www.abbvie.com>**Officers****Chrmn & CEO**

R.A. Gonzalez

SVP & CSO

J.M. Leonard

COO

A. Saleki-Gerhardt

Chief Acctg Officer & Cntrl

T.A. Hurwich

EVP & CFO

W.J. Chase

Board Members

R. J. Alpern

W. H. Burnside

E. M. Liddy

R. S. Roberts

F. H. Waddell

R. S. Austin

R. A. Gonzalez

E. J. Rapp

G. F. Tilton

Domicile

Delaware

Founded

2012

Employees

25,000

Stockholders

58,250

AbbVie Inc

Quantitative Evaluations

S&P Capital IQ Fair Value Rank	NR	1	2	3	4	5
		LOWEST				HIGHEST

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

Fair Value Calculation NA

Investability Quotient Percentile		97			
		LOWEST = 1			HIGHEST = 100

ABBV scored higher than 97% of all companies for which an S&P Capital IQ Report is available.

Volatility		LOW	AVERAGE	HIGH
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Technical Evaluation NA

Insider Activity	NA	UNFAVORABLE	NEUTRAL	FAVORABLE
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Expanded Ratio Analysis

	2013	2012	2011	2010
Price/Sales	4.51	2.97	Nil	Nil
Price/EBITDA	11.80	7.05	Nil	Nil
Price/Pretax Income	15.89	9.55	Nil	Nil
P/E Ratio	20.52	10.36	Nil	Nil
Avg. Diluted Shares Outstg (M)	1,604.0	1,600.0	1,585.0	1,585.0

Figures based on calendar year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Sales	2.23	6.10	NA	NA
Net Income	-21.74	4.61	NA	NA

Ratio Analysis (Annual Avg.)

Net Margin (%)	21.97	23.02	25.68	NA
% LT Debt to Capitalization	76.01	81.35	NA	NA
Return on Equity (%)	104.44	NA	NA	NA

For further clarification on the terms used in this report, please visit www.standardandpoors.com/stockreportguide

Company Financials Fiscal Year Ended Dec. 31

Per Share Data (\$)	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Tangible Book Value	NM	NM	NM	NA	NA	NA	NA	NA	NA	NA
Cash Flow	3.13	4.07	NA	NA	NA	NA	NA	NA	NA	NA
Earnings	2.56	3.35	2.03	NA	NA	NA	NA	NA	NA	NA
S&P Capital IQ Core Earnings	2.58	3.37	2.80	2.64	NA	NA	NA	NA	NA	NA
Dividends	1.60	Nil	NA	NA	NA	NA	NA	NA	NA	NA
Payout Ratio	63%	Nil	NA	NA	NA	NA	NA	NA	NA	NA
Prices:High	54.78	37.07	NA	NA	NA	NA	NA	NA	NA	NA
Prices:Low	33.33	32.51	NA	NA	NA	NA	NA	NA	NA	NA
P/E Ratio:High	21	11	NA	NA	NA	NA	NA	NA	NA	NA
P/E Ratio:Low	13	10	NA	NA	NA	NA	NA	NA	NA	NA

Income Statement Analysis (Million \$)

Revenue	18,790	18,380	17,639	15,638	14,214	NA	NA	NA	NA	NA
Operating Income	7,181	7,758	NA	6,361	5,826	NA	NA	NA	NA	NA
Depreciation	897	1,150	NA	1,184	697	NA	NA	NA	NA	NA
Interest Expense	299	104	292	NA	NA	NA	NA	NA	NA	NA
Pretax Income	5,332	5,725	3,367	4,836	5,950	NA	NA	NA	NA	NA
Effective Tax Rate	22.6%	7.86%	3.70%	13.6%	22.1%	NA	NA	NA	NA	NA
Net Income	4,128	5,275	3,243	4,178	4,637	NA	NA	NA	NA	NA
S&P Capital IQ Core Earnings	4,135	5,389	4,432	4,182	NA	NA	NA	NA	NA	NA

Balance Sheet & Other Financial Data (Million \$)

Cash	9,895	7,976	7,200	NA	NA	NA	NA	NA	NA	NA
Current Assets	17,848	15,354	13,546	NA	NA	NA	NA	NA	NA	NA
Total Assets	29,198	27,008	25,948	NA	NA	NA	NA	NA	NA	NA
Current Liabilities	6,879	6,776	6,368	NA	NA	NA	NA	NA	NA	NA
Long Term Debt	14,292	14,630	14,700	NA	NA	NA	NA	NA	NA	NA
Common Equity	4,492	3,363	2,230	NA	NA	NA	NA	NA	NA	NA
Total Capital	18,802	18,015	16,930	NA	NA	NA	NA	NA	NA	NA
Capital Expenditures	491	333	NA	NA	NA	NA	NA	NA	NA	NA
Cash Flow	5,025	6,425	NA	NA	NA	NA	NA	NA	NA	NA
Current Ratio	2.6	2.3	2.1	NA	NA	NA	NA	NA	NA	NA
% Long Term Debt of Capitalization	76.0	81.2	86.8	NA	NA	NA	NA	NA	NA	NA
% Net Income of Revenue	22.0	28.7	NA	NA	NA	NA	NA	NA	NA	NA
% Return on Assets	14.7	22.6	NA	NA	NA	NA	NA	NA	NA	NA
% Return on Equity	104.4	67.7	NA	NA	NA	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 fundamental outlook for the pharmaceuticals sub-industry for the next 12 months is neutral. Although the sector continues to face top-line pressure from patent expirations on many top-selling drugs, as well as from foreign exchange fluctuations, we believe overall industry profits should hold up relatively well, helped by expanding sales of new innovative drug therapies and margin improvements accruing from cost restructurings and merger synergies. EPS comparisons should also benefit from common share repurchases.

While we see recently implemented health care reform legislation continuing to negatively affect industry profitability, we see benefits accruing from significant expansion of the market stemming from new coverage provided to about 27 million currently uninsured Americans starting in 2014. We favor the shares of firms with well defined growth prospects and generous dividend yields, as we believe they should perform relatively well over the coming quarters.

Despite near-term effects from patent expirations and regulatory pressures on drug pricing, we still think long-term prospects for the industry remain favorable. Pharmaceuticals remains one of the widest-margin U.S. industries, with prospects enhanced by demographic growth in the elderly (which account for about 33% of industry sales) and new drugs stemming from discoveries in genomics and biotechnology. Although FDA approvals of new molecular entities so far in 2013 have been below comparable year-earlier levels, we see a pickup in new approvals in 2014.

Year to date through January 24, the S&P Pharmaceuticals Index was only off 0.5%, versus a 3.0% decline in the S&P 1500 Composite Index. We expect prospects for the generic/specialty drug

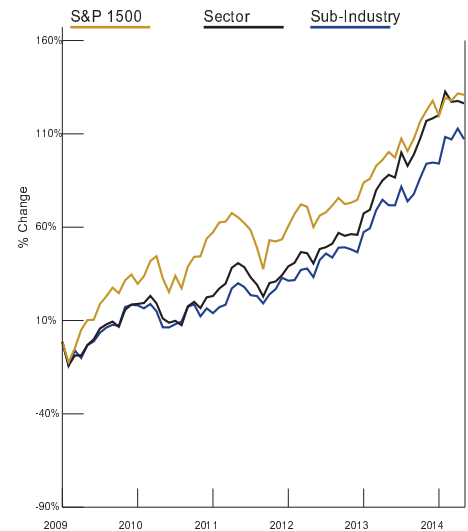
group to remain favorable. We see a large number of major drugs losing patent protection over the next few years, providing significant opportunities for this group. We favor companies with rich generic pipelines, especially those with first-to-file generics with the potential for 180 days of marketing exclusivity, and competence in litigating complex patent issues.

--Herman B. Saftlas

Industry Performance

GICS Sector: Health Care
Sub-Industry: Pharmaceuticals

Based on S&P 1500 Indexes
Five-Year market price performance through May 10, 2014



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

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. \$)	Recent Stock Price(\$)	52 Week High/Low(\$)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.(\$)	Quality Ranking	S&P IQ %ile	Return on Revenue (%)	LTD to Cap (%)
AbbVie Inc	ABBV	83,016	52.26	54.78/40.10	NA	3.2	20	NA	NR	97	22.0	76.0
Auxilium Pharmaceuticals	AUXL	1,044	20.78	32.89/14.74	0.45	Nil	NM	11.30	C	15	NM	66.9
Bayer AG ADR	BAYRY	114,441	138.39	142.75/101.94	1.17	1.5	25	135.60	NR	72	7.9	16.9
GW Pharmaceuticals ADS	GWPH	1,017	68.62	86.45/8.46	NA	Nil	NM	NA	NR	65	NA	NA
Hospira Inc	HSP	7,939	47.50	47.87/34.00	0.72	Nil	59	44.80	B-	86	NM	37.1
Impax Laboratories	IPXL	1,720	26.52	29.46/17.35	0.71	Nil	NM	29.70	C	75	19.8	NA
Jazz Pharmaceuticals Plc	JAZZ	7,517	129.45	176.60/57.39	1.67	Nil	37	148.30	NR	87	24.8	29.5
Mallinckrodt plc	MNK	4,252	73.10	77.91/41.00	NA	Nil	50	NA	NR	34	2.7	NA
Mylan Inc	MYL	17,160	46.14	57.52/27.77	0.52	Nil	29	59.10	A-	67	9.0	71.9
Nektar Therapeutics	NKTR	1,259	10.93	15.34/8.72	1.38	Nil	NM	NA	C	8	NM	356.2
Pacira Pharmaceuticals	PCRX	2,465	73.50	83.41/26.72	1.50	Nil	NM	NA	NR	55	NM	0.5
Phibro Animal Health	PAHC	1,224	17.76	18.50/15.10	NA	Nil	66	NA	NR	NA	3.8	123.2
Prestige Brands Hldgs	PBHS	1,688	32.99	36.69/24.94	1.71	Nil	23	28.30	NR	19	10.5	67.0
Redhill Biopharma ADS	RDHL	1,247	14.27	16.25/8.20	NA	Nil	NM	NA	NR	91	NA	NA
Zoetis Inc 'A'	ZTS	15,292	30.54	34.28/28.14	NA	0.9	29	NA	NR	96	11.1	79.1

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.

S&P Capital IQ Analyst Research Notes and other Company News**May 8, 2014**

08:08 am ET ... ABBVIE INC. (ABBV 52.79) UNCHANGED, BANK OF AMERICA MAINTAINS BUY ON ABBVIE, LOWERS PO TO \$55.00... Bank of America maintains AbbVie (NYSE: ABBV) with a Buy and lowers the price target from \$58.00 to \$55.00. 2014 Benzinga.com. Benzinga does not provide investment advice. All rights reserved.Acquire Media

May 8, 2014

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April 25, 2014

10:52 am ET ... S&P CAPITAL IQ MAINTAINS HOLD OPINION ON SHARES OF ABBVIE (ABBV 50.47***): We keep our target price at \$54 and '14 EPS estimate at \$3.10. Adj. Q1 EPS of \$0.71 vs. \$0.68 is \$0.03 ahead of our estimate. Sales grew 5.4% on robust growth of Humira, up 24.7% in the U.S. and 17.5% overall. ABBV filed an NDA for its hepatitis C drug this week and plans May European filing. We see U.S. approval in late '14 and in Europe in early 2015. But we continue to see Gilead Science's (GILD 74*****) Sovaldi maintaining its dominant market share. ABBV indicated it may focus marketing of its hepatitis C compound on the sickest patients and will not try to compete on price. /Jeffrey Loo, CFA

April 25, 2014

08:03 am ET ... SNAPSHOT - CORPORATE EARNINGS - ABBVIE (ABBV 49.32***): ABBV reports Q1 EPS of \$0.71 vs. \$0.68 a year ago. The last S&P Capital IQ consensus estimate was \$0.68. Revenues rose 5.4% to \$4.56 billion on strong demand for Humira, which treats psoriasis. The company's sales and EPS exceeded its own expectations. "As we head to the remainder of 2014, we continue to expect a significant amount of progress from our pipeline," ABBV said. It is looking for approval of its interferon-free HCV combination for the treatment of hepatitis C in 2014. /Global Markets Intelligence

February 10, 2014

02:33 pm ET ... S&P CAPITAL IQ LOWERS OPINION ON SHARES OF ABBVIE TO HOLD FROM BUY (ABBV 49.42***): We lower our 12-month target price by \$1 to \$54, on an above peers 17.5X PE, keep our 2014 EPS estimate at \$3.10 but lower our 2015 EPS estimate by \$0.06 to \$3.49. Although we are encouraged by the positive Phase III data for its Hepatitis C compound with cure rates of 92% after 12 weeks and 96% after 24 weeks, we note strong competition from Gilead Science's (GILD 80*****) December approval of Sovaldi which we think will capture significant market share. We think ABBV could file a NDA for its Hepatitis C compound in the second quarter with potential approval by late 2014. /Jeffrey Loo, CFA

January 31, 2014

12:22 pm ET ... S&P CAPITAL IQ REITERATES BUY OPINION ON SHARES OF ABBVIE (ABBV 49.38****): We lower our 2014 adj. EPS estimate \$0.20 to \$3.10, aligned with the upper end of ABBV's new 2014 guidance for sales of \$19B and EPS of \$3.00-\$3.10. We keep our \$55 target price. Q4 adj. EPS was \$0.82, \$0.01 above our forecast. We believe ABBV's forecasts are conservative and do not include its new breakthrough hepatitis C (HCV) therapy. ABBV released today new Phase 3 HCV studies showing sustained virologic response rates (cure rates) of 92% after 12 weeks, and 96% after 24 weeks, in patients with cirrhosis. We think ABBV's HCV therapy may reach the market by the end of 2014. /H. Saftlas

November 29, 2013

UP 0.00 to 48.25... ABBV says Health Canada has approved Humira (adalimumab) for the treatment of adult patients with moderately to severely active ulcerative colitis (UC) who have had an inadequate response to conventional therapy including corticosteroids, azathioprine and/or 6-mercaptopurine (6-MP) or who are intolerant to such therapies. Notes the efficacy of Humira in patients who have lost response to or were intolerant to TNF blockers has not been established.

November 18, 2013

11:56 am ET ... S&P CAPITAL IQ REITERATES BUY OPINION ON SHARES OF

ABBVIE (ABBV 49.71****): We are encouraged by recent positive clinicals from the first Phase of a 6-Phase III trial studying ABBV's new 3-drug combination therapy for hepatitis C. Results showed a sustained virologic response rate (essentially a cure rate) of 96% after 12-weeks. Following anticipated positive results from the other phases of this study, we think ABBV will be able to file FDA submissions on this therapy by mid-2014. We think ABBV and Gilead Sciences (GILD 70, Strong Buy) are leaders in this wave of hepatitis C drugs, which have multi-billion potential. We keep our \$55 target price. /H. Saftlas

October 25, 2013

11:24 am ET ... S&P CAPITAL IQ REITERATES BUY OPINION ON SHARES OF ABBVIE (ABBV 49.28****): We raise our 2013 EPS estimate \$0.01 to \$3.13, aligned with the upper end of ABBV's \$3.11-\$3.13 guidance range. We also increase our target price by \$2 to \$55, based on our upward assessment of the R&D pipeline. Q3 adjusted EPS of ABBV, which became a new company in Jan 2013, was \$0.82, \$0.03 above our forecast. Key positives to the Abbvie story, in our opinion, are ongoing strength in Humira (sales up 19% in Q3), and ABBV's developing R&D pipeline. The latter includes new treatments for hepatitis C, cancer, multiple sclerosis and other conditions. The dividend yields 3.3%. /H. Saftlas

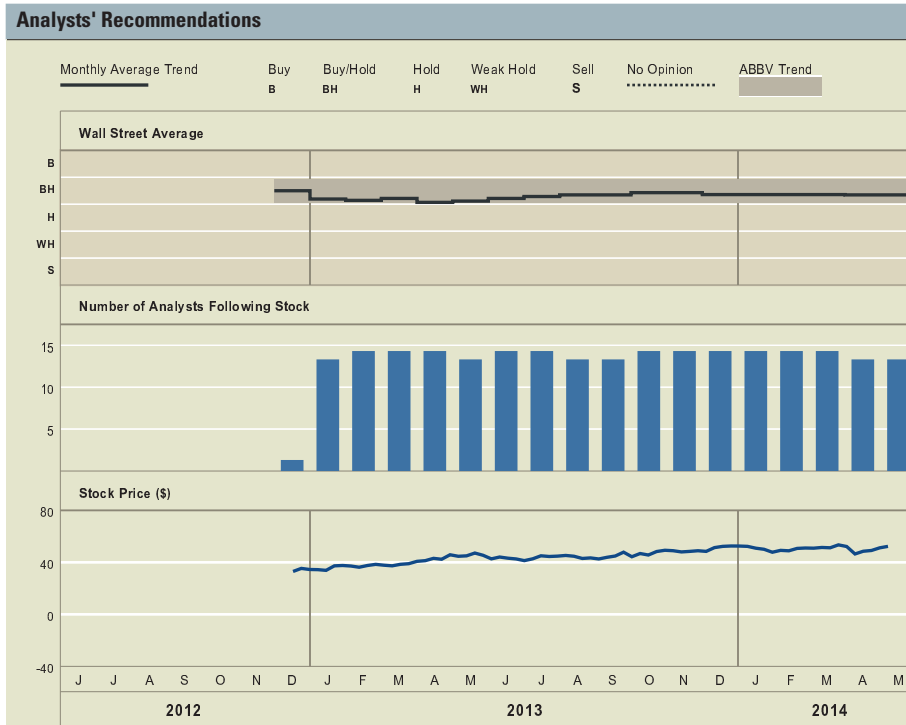
July 26, 2013

11:40 am ET ... S&P REITERATES BUY OPINION ON SHARES OF ABBVIE (ABBV 44.56****): We keep our 2013 \$3.12 EPS estimate, and our \$53 target price. This factors in a modest premium-to-peers P/E of 16X our \$3.30 forecast for 2014, which we think is warranted by strong pipeline prospects. We are also encouraged by Q2 adj. EPS of \$0.82, \$0.04 above our estimate, and by its 2013 EPS guidance of \$3.07-\$3.13, up from \$3.03-\$3.13. Key positives to the Abbvie story, in our opinion, include ongoing robust growth for Humira, with new indications expected to add \$1.5B in peak sales, and an advancing pipeline, especially in new hepatitis C drugs. The dividend yields 3.6%. /H. Saftlas

May 23, 2013

12:11 pm ET ... S&P REITERATES BUY OPINION ON SHARES OF ABBVIE (ABBV 46.63****): We raise our target price by \$3 to \$53, based on our enhanced valuation of ABBV's key Humira rheumatoid arthritis drug, and its advancing pipeline. We lift our '14 EPS estimate \$0.10 to \$3.30. Boosted by several new approvals last year, plus additional planned indications and greater penetration of foreign markets, we expect Humira sales to expand to over \$14B by '16, from \$9.3B in '12. On the R&D front, we still see ABBV leading the pack with its new class of breakthrough hepatitis C drugs, while continuing to advance other pipeline drugs. The \$1.60 dividend yields 3.4%. /H. Saftlas

AbbVie Inc



Wall Street Consensus Opinion

BUY/HOLD

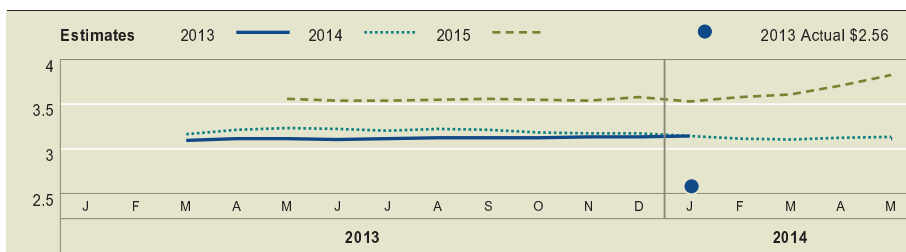
Companies Offering Coverage

- Argus Research Company
- BMO Capital Markets, U.S. Equity Research
- BMO Capital Markets, Canadian Equity Research
- BofA Merrill Lynch
- Cowen and Company, LLC
- Credit Suisse
- Goldman Sachs
- Hilliard Lyons
- Jefferies LLC
- Morgan Stanley
- Morningstar Inc.
- S&P Capital IQ Equity Research
- Wells Fargo Securities, LLC

Of the total 13 companies following ABBV, 13 analysts currently publish recommendations.

	No. of Recommendations	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	4	31	4	5
Buy/Hold	4	31	3	2
Hold	5	38	6	7
Weak Hold	0	0	0	0
Sell	0	0	0	0
No Opinion	0	0	0	0
Total	13	100	13	14

Wall Street Consensus Estimates



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2015	3.84	4.82	3.40	11	13.6
2014	3.14	3.23	3.10	13	16.6
2015 vs. 2014	▲22%	▲49%	▲10%	▼-15%	▼-18%
Q2'15	0.90	0.94	0.87	9	58.1
Q2'14	0.76	0.80	0.75	9	68.8
Q2'15 vs. Q2'14	▲18%	▲17%	▲16%	0%	▼-16%

Wall Street Consensus vs. Performance

For fiscal year 2014, analysts estimate that ABBV will earn US\$ 3.14. For the 1st quarter of fiscal year 2014, ABBV announced earnings per share of US\$ 0.61, representing 19% of the total annual estimate. For fiscal year 2015, analysts estimate that ABBV's earnings per share will grow by 22% to US\$ 3.84.

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

Glossary

S&P Capital IQ STARS

Since January 1, 1987, S&P Capital IQ Equity Research has ranked a universe of U.S. common stocks, ADRs (American Depositary Receipts), and ADSs (American Depositary Shares) based on a given equity's potential for future performance. Similarly, S&P Capital IQ Equity Research has ranked Asian and European equities since June 30, 2002. Under proprietary STARS (STock Appreciation Ranking System), S&P Capital IQ 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	

S&P Capital IQ EPS Estimates

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

S&P Capital IQ Core Earnings

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

S&P Capital IQ 12-Month Target Price

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

S&P Capital IQ Equity Research

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Abbreviations Used in S&P Capital IQ Equity Research Reports

CAGR - Compound Annual Growth Rate
CAPEX - Capital Expenditures
CY - Calendar Year
DCF - Discounted Cash Flow
DDM - Dividend Discount Model

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

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

S&P Capital IQ Qualitative Risk Assessment

Reflects an S&P Capital IQ 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 S&P Capital IQ Qualitative Risk Assessment is a relative ranking to the S&P U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices. For an ETF this reflects on a capitalization-weighted basis, the average qualitative risk assessment assigned to holdings of the fund.

STARS Ranking system and definition:

★★★★★ 5-STARS (Strong Buy):

Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★☆ 4-STARS (Buy):

Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

★★★☆☆ 3-STARS (Hold):

Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

★★★☆☆ 2-STARS (Sell):

Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.

★★★☆☆ 1-STAR (Strong Sell):

Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks:

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

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STARS Stock Reports:

S&P Capital IQ Global STARS Distribution as of March 31, 2014

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Hold	52.3%	43.3%	54.3%	51.0%
Sell	12.3%	20.9%	3.8%	12.8%
Total	100%	100%	100%	100%

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