

ABBVIE INC. NYSE-ABBV

RECENT PRICE **56.44**

P/E RATIO **18.2** (Trailing: 17.8 Median: NMF)

RELATIVE P/E RATIO **0.96**

DIV'D YLD **3.0%**

VALUE LINE

TIMELINESS — E
SAFETY **2** New 7/12/13
TECHNICAL — E
BETA NMF (1.00 = Market)

LEGENDS
... Relative Price Strength
Options: Yes
Shaded area indicates recession

High: 54.8
Low: 33.3

56.9
45.5

Target Price Range
2017 2018 2019

2017-19 PROJECTIONS
Price Gain Ann'l Total
High 75 (+35%) 10%
Low 55 (-5%) 3%

Insider Decisions
A S O N D J F M A
to Buy 0 0 0 0 0 0 0 0 0
Options 3 1 0 1 2 0 3 0 0
to Sell 1 1 0 0 0 0 2 5 0

Institutional Decisions
3Q2013 4Q2013 1Q2014
to Buy 542 617 545
to Sell 608 642 718
Hlds(000) 107664110842901095304

Percent 21
shares 14
traded 7

% TOT. RETURN 6/14
THIS STOCK VL ARITH.
INDEX
1 yr. 40.1 25.1
3 yr. — 52.6
5 yr. — 168.7

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	© VALUE LINE PUB. LLC	17-19
--	--	--	--	--	--	--	--	--	--	--	--	--	--	11.66	11.84	12.20	13.20	Sales per sh	14.45
--	--	--	--	--	--	--	--	--	--	--	--	--	--	4.48	3.44	3.40	4.10	"Cash Flow" per sh	4.70
--	--	--	--	--	--	--	--	--	--	--	--	--	--	4.13	3.14	3.10	3.80	Earnings per sh ^A	4.40
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	1.60	1.66	1.76	Div'ds Decl'd per sh ^B	1.88
--	--	--	--	--	--	--	--	--	--	--	--	--	--	.21	.56	.50	.50	Cap'l Spending per sh	.50
--	--	--	--	--	--	--	--	--	--	--	--	--	--	2.13	2.83	3.75	5.85	Book Value per sh ^C	9.10
--	--	--	--	--	--	--	--	--	--	--	--	--	--	1577.0	1587.4	1590.00	1590.00	Common Shs Outst'g ^D	1590.00
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	13.9	<i>Bold figures are Value Line estimates</i>		Avg Ann'l P/E Ratio	15.0
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	.78			Relative P/E Ratio	.95
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	3.7%			Avg Ann'l Div'd Yield	2.8%

CAPITAL STRUCTURE as of 3/31/14
Total Debt \$14.4 bill. Due in 5 Yrs \$9.1 bill.
LT Debt \$14.4 bill. LT Interest \$300 mill.
(75% of Capital)

Pension Assets-12/13 \$3.7 bill. Oblig. \$4.5 bill.

Preferred Stock None

Common Stock 1,590,066,459 shares

MARKET CAP: \$89.7 billion (Large Cap)

CURRENT POSITION 2012 2013 3/31/14
(\$MILL.)

	2012	2013	3/31/14
Cash Assets	5901	9595	8140
Receivables	4298	3854	3650
Inventory (FIFO)	1091	1150	1104
Other	4064	3249	4435
Current Assets	15354	17848	17329
Accts Payable	5734	6448	6196
Debt Due	22	18	18
Other	1020	413	2
Current Liab.	6776	6879	6216

ANNUAL RATES Past Past Est'd '11-'13
of change (per sh) 10 Yrs. 5 Yrs. to '17-'19
Sales -- -- NMF
"Cash Flow" -- -- NMF
Earnings -- -- NMF
Dividends -- -- NMF
Book Value -- -- NMF

Cal-endar	QUARTERLY SALES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2011	--	--	--	--	--
2012	4174	4493	4508	5205	18380
2013	4329	4692	4658	5111	18790
2014	4563	4700	4750	5387	19400
2015	4900	5100	5300	5700	21000

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2011	--	--	--	--	--
2012	.86	1.01	1.16	1.10	4.13
2013	.68	.82	.82	.82	3.14
2014	.71	.75	.80	.84	3.10
2015	.90	.90	.95	1.05	3.80

Cal-endar	QUARTERLY DIVIDENDS PAID ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2010	--	--	--	--	--
2011	--	--	--	--	--
2012	--	--	--	--	--
2013	.40	.40	.40	.40	1.60
2014	.40	.42	.42		

BUSINESS: AbbVie Inc. is a global, research-based biopharmaceutical company that engages in the development and marketing of advanced therapies for some of the world's most complex diseases. Its products are used to treat rheumatoid arthritis, psoriasis, Crohn's disease, HIV, cystic fibrosis, low testosterone, thyroid disease, Parkinson's disease, ulcerative colitis, and chronic

Our 2014 outlook for AbbVie remains largely unchanged since our April report. The company posted first-quarter earnings of \$0.71 a share, ahead of our \$0.65 target and up from \$0.68 in the comparable year-ago period. The beat to our estimate was driven by better-than-expected growth on the top line (+5% year over year), particularly in AbbVie's cornerstone *HUMIRA* franchise where sales rose 18%. The popular rheumatoid arthritis treatment continues to deliver in a big way and currently accounts for 58% of total revenue. Despite the strong start, management reaffirmed its full-year earnings guidance of \$3.00-\$3.10 a share. While we feel this range is a bit on the conservative side, we are maintaining our 2014 earnings estimate at \$3.10 for the time being. **The company has its sights set on Shire.** Management recently confirmed that it has made three unsuccessful merger proposals to Shire, the latest coming on May 30th in a deal valued at roughly \$47 billion. Shire, a biopharmaceutical company headquartered in Ireland, does not appear to be budgeting at this time, but AbbVie has continued to urge talks and

kidney disease, among other indications. Was formed 11/13 through a spinoff by Abbott Laboratories. Off/dirs. own less than 1% of common stock; BlackRock, 6.6%; Capital Research Global, 6.3%; Vanguard, 5.2% (3/14 proxy). Chrmn/CEO: Richard A. Gonzalez. Inc. DE. Addr.: 1 North Waukegan Rd, North Chicago, IL 60064. Tel.: 847-932-7900. Internet: www.abbvie.com.

hasn't ruled out a hostile takeover should Shire continue to spurn its advances. **From a tax standpoint, the move would be highly beneficial.** In our view, the primary motive in AbbVie's pursuit appears to be tax savings (AbbVie's 2013 tax rate was 22% compared to Shire's 19%), as their respective product lineup/pipelines do not appear to be an obvious fit. If an agreement can be reached, AbbVie's tax rate could potentially lower to 13% by 2016. Indeed, this has been a popular trend within the pharmaceutical industry in recent years, where an American company buys an overseas company for tax advantage purposes. The most noteworthy of late being Pfizer's failed proposal to merge with AstraZeneca. **Due to its short trading history, this stock is unranked for Timeliness.** With the equity recently jetting to an all-time high, upside potential has been discounted somewhat since our last review. That said AbbVie maintains solid marks for Safety (2) and Financial Strength (A). Its 3.0% dividend yield ranks favorably to *Value Line's* 2.0% median. *Michael Ratty*

July 11, 2014

(A) Diluted earnings. Next earnings report due late July.
(B) Dividends historically paid in January, April, July, and October. ■ Dividend reinvestment

plan available.
(C) Includes intangibles. In '13: \$8.17 billion, \$5.14 a share.
(D) In millions

(E) Unranked due to short trading history.

Company's Financial Strength	A
Stock's Price Stability	NMF
Price Growth Persistence	NMF
Earnings Predictability	NMF

To subscribe call 1-800-833-0046.