

Abbott Laboratories

S&P Capital IQ Recommendation



S&P Capital IQ Equity Analyst Jeffrey Loo, CFA

Price

\$47.15 (as of Apr 10, 2015 4:00 PM ET)

12-Mo. Target Price

\$44.00

Report Currency

USD

Investment Style

Large-Cap Growth

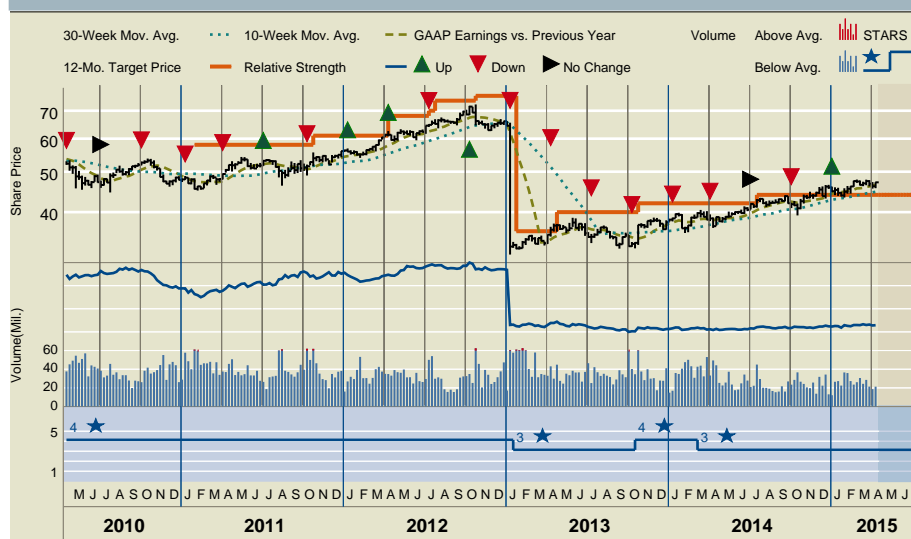
GICS Sector Health Care
Sub-Industry Health Care Equipment

Summary This diversified health care products company is now focused on nutritionals, diagnostics, generic drugs, and medical devices, following the spinoff of its R&D-based prescription pharmaceuticals business at the beginning of 2013.

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

| | | | | | | | |
|--------------------------|-----------------------|----------------------------|----------------|-----------------------------|-----------------|-----------------------------|-------------|
| 52-Wk Range | \$47.88– 37.11 | S&P Oper. EPS 2015E | 2.20 | Market Capitalization(B) | \$71.148 | Beta | 0.34 |
| Trailing 12-Month EPS | \$1.49 | S&P Oper. EPS 2016E | 2.44 | Yield (%) | 2.04 | S&P 3-Yr. Proj. EPS CAGR(%) | NA |
| Trailing 12-Month P/E | 31.6 | P/E on S&P Oper. EPS 2015E | 21.4 | Dividend Rate/Share | \$0.96 | S&P Quality Ranking | A- |
| \$10K Invested 5 Yrs Ago | NA | Common Shares Outstg. (M) | 1,509.0 | Institutional Ownership (%) | 69 | | |

Price Performance



Past performance is not an indication of future performance and should not be relied upon as such.

Analysis prepared by Equity Analyst **Jeffrey Loo, CFA** on Feb 02, 2015 10:10 PM, when the stock traded at **\$45.23**.

Highlights

- In July, ABT agreed to sell its developed markets generic drug business to Mylan Labs (MYL 51 ****) for \$5.3B. ABT will retain its emerging markets generic drug unit. The unit ABT agreed to sell has sales of \$2B with operations in Europe, Japan, Canada, Australia, and New Zealand. We view the deal positively as we believe the developed markets unit was growing slower than the emerging markets unit. ABT indicated it plans to divest its ownership interest in MYL when appropriate. In October, following new Treasury Department rules to discourage tax inversion deals, ABT and MYL re-affirmed their commitment to completing the deal, but revised the terms, and ABT will receive a 22% ownership in the combined company. We expect the deal to close in early 2015.
- We see 2015 sales, including recently acquired CFR Pharmaceuticals, growing 3.3%, to \$22.9 billion. We see sales driven by robust growth in emerging markets, about 40% of sales, tempered by modest growth in developed countries. We see operating margins growing 130 basis points to 19.9% on leverage.
- Our 2015 EPS estimate is \$2.20.

Investment Rationale/Risk

- We see ABT as well positioned within the global health care markets, particularly in emerging markets, which we think could account for more than 45% of sales by 2015, while U.S. sales decline to less than 30% of sales. We expect solid growth in the nutritional products (as ABT has recovered from the supplier issue in 2013) and diagnostics segments to offset softness in established pharmaceuticals and medical devices. We view its deal to sell its developed markets established pharmaceuticals unit positively as we see only flat growth in those markets. We believe medical devices aided by acquisitions will return to modest growth in 2015.
- Risks to our recommendation and target price include greater-than-expected pricing pressures, and greater-than-expected adverse foreign currency impact.
- Our 12-month target price of \$44 applies a slight premium-to-peers P/E-to-growth ratio of 1.8X, using our 2015 EPS estimate, warranted, in our view, by ABT's leadership position in several end-markets.

Analyst's Risk Assessment

| | | |
|------------|---------------|-------------|
| LOW | MEDIUM | HIGH |
|------------|---------------|-------------|

Our risk assessment reflects Abbott's operations in competitive markets and its exposure to rising pricing pressures in global markets. However, we believe the company has relatively strong positions in key health care product categories, with prospects brightened by ongoing launches of new medical products, and expansion in emerging markets. We also view the company as financially strong, with a sound balance sheet.

Revenue/Earnings Data

| Revenue (Million U.S. \$) | 1Q | 2Q | 3Q | 4Q | Year |
|---------------------------|-------|-------|-------|--------|--------|
| 2014 | 5,244 | 5,551 | 5,104 | 5,356 | 20,247 |
| 2013 | 5,378 | 5,446 | 5,369 | 5,655 | 21,848 |
| 2012 | 9,457 | 9,807 | 9,773 | 10,837 | 39,874 |
| 2011 | 9,041 | 9,616 | 9,817 | 10,377 | 38,851 |
| 2010 | 7,698 | 8,826 | 8,675 | 9,968 | 35,167 |
| 2009 | 6,718 | 7,495 | 7,761 | 8,790 | 30,765 |

Earnings Per Share (U.S. \$)

| | | | | | |
|------|------|------|------|------|------|
| 2014 | 0.22 | 0.30 | 0.29 | 0.41 | 1.12 |
| 2013 | 0.34 | 0.30 | 0.49 | 0.37 | 1.50 |
| 2012 | 0.78 | 1.08 | 1.21 | 0.66 | 3.72 |
| 2011 | 0.55 | 1.23 | 0.19 | 1.02 | 3.01 |
| 2010 | 0.64 | 0.83 | 0.57 | 0.92 | 2.96 |
| 2009 | 0.92 | 0.83 | 0.95 | 0.98 | 3.69 |

Fiscal year ended Dec. 31. Next earnings report expected: Mid April. 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 |
|-------------|------------|--------------|----------------|--------------|
| 0.220 | Jun 13 | Jul 11 | Jul 15 | Aug 15 '14 |
| 0.220 | Sep 11 | Oct 10 | Oct 15 | Nov 15 '14 |
| 0.240 | Dec 12 | Jan 13 | Jan 15 | Feb 13 '15 |
| 0.240 | Feb 20 | Apr 13 | Apr 15 | May 15 '15 |

Dividends have been paid since 1926. Source: Company reports.

Past performance is not an indication of future performance and should not be relied upon as such.

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

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Abbott Laboratories**Business Summary** February 02, 2015

CORPORATE OVERVIEW. Following the early January 2013 spinoff of its research-based pharmaceuticals operations in the form shares in a new company called AbbVie (ABBV), Abbott's businesses are now largely concentrated in nutritional products (30.8% of 2013 sales), diagnostics (20.8%), established pharmaceuticals (branded generics) (22.8%), and medical devices (13.8%), and other (11.8%). These diverse operations are largely a result of strategic acquisitions made over the years, as well as from internal R&D programs. Abbott commands leading market positions in immunoassay and blood screening products, coronary metallic drug-eluting stents, LASIK devices, and pediatric nutritionals (in the U.S.). The company is the worldwide leader in adult nutritionals.

The United States accounted for about 28.7% of company sales in 2013, developed markets outside of the U.S. for 31.3% of 2013 sales, and emerging markets for 40%. Abbott expects emerging markets to represent 45-50% of its total sales by 2015.

Nutritional Products fall under U.S.-based Ross Products and Abbott Nutrition International. Products include leading infant formulas sold under the Similac and Isomil names, as well as adult nutritionals, such as Ensure and ProSure for patients with special dietary needs, including cancer and diabetes patients. ABT also markets enteral feeding (tube feeding) items. Emerging markets account for close to 45% of the company's nutritional sales.

The company's continuing established pharmaceuticals business comprise branded generics which are sold in emerging markets (50% of this division's sales) and developed markets (50%). Branded generics typically command higher margins than conventional generics, especially in emerging markets, as their branded labels afford them a sense of quality and reliability over unbranded drugs. ABT's growth strategy for this business comprises efforts to increase the breadth of product offerings by launching new and improved formulations, and registering products across multiple geographic regions.

ABT offers a wide range of tests and diagnostic systems for blood banks, hospitals, and labs. Principal products include screening tests for hepatitis, HIV, and other infectious diseases, and for cancer; clinical chemistry systems; diagnostic instruments and chemical reagents; immunoassay test kits; hematology systems and reagents; and pregnancy tests.

Abbott Vascular markets coronary and carotid stents, catheters and guide wires, and products used for surgical closure. The principal product is the new Xience drug-eluting stent (DES), which is presently the leading product in the domestic DES market. During 2013, ABT expanded its launch of the new Xience Xpedition stent line in Japan, and increased global market penetration of newer products such as the Mitra-Clip mitral valve repair system and Absorb bioresorbable vascular scaffold.

Other products include diabetes care items such as the Precision and FreeStyle lines of hand-held glucose monitors for diabetes patients, as well as data management and point-of-care systems, insulin pumps and syringes for diabetics. Glucerna shakes and nutrition bars tailored for diabetics are also offered.

In August 2013, ABT acquired OptiMedica, an ophthalmic device maker, for \$400 million, and IDEV Technologies, a medical device maker, for \$310 million. In February 2009, Abbott acquired Advanced Medical Optics (AMO) for \$2.8 billion. AMO is a leader in ophthalmic care with the No. 1 position in LASIK surgical devices, the No. 2 position in cataract surgical products, and the No. 3 slot in contact lens care products.

Abbott launched several new products and initiated new clinical trials during 2013. These include 19 new nutritional items; the Accelerator a600 next-generation automation solution for the core laboratory; several new diagnostic tests on the Architect platform; the launch of the Xience Xpedition drug-eluting stent in the U.S. and the launch of the Tecnis OptiBlue cataract intraocular lens in Japan.

FINANCIAL TRENDS. In early 2013 after the spin-off, Abbott noted that it had significant cash flow generation potential, upward of \$4 billion, which should enable the company with ample resources for investments in future growth and returns to shareholders. In October 2013, Abbott announced it is raising its quarterly dividend 57% to \$0.22 a share, from \$0.14, payable on February 15, 2014, to shareholders of record January 15, 2014. Pro forma 2012 sales were \$21.5 billion and adjusted operating EPS was \$1.74. In 2013, sales grew 1.6% to \$21.85 billion while adjusted EPS rose 15.5% to \$2.01. We forecast 2014 sales growth of 3.9%, to \$22.7 billion, and adjusted operating EPS growth of 12.4%, to \$2.26.

Corporate Information**Investor Contact**

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M.D. White

Treas

V. Yen

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EVP, Secy & General**Counsel**

H.L. Allen

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W. J. Farrell

N. McKinstry

W. A. Osborn

G. F. Tilton

Domicile

Illinois

Founded

1888

Employees

77,000

Stockholders

55,171

Abbott Laboratories

Quantitative Evaluations

| | | | | | | |
|-------------------------------------------|----|--------|---|---|---|---------|
| S&P Capital IQ Fair Value Rank | 3+ | 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 **\$49.20** Analysis of the stock's current worth, based on S&P Capital IQ's proprietary quantitative model suggests that ABT is slightly undervalued by \$2.05 or 4.3%.

| | |
|------------------------------------------|--------------------------|
| Investability Quotient Percentile | 99 |
| | LOWEST = 1 HIGHEST = 100 |

ABT scored higher than 99% of all companies for which an S&P Capital IQ Report is available.

| | | | |
|-------------------|------------|---------|------|
| Volatility | LOW | AVERAGE | HIGH |
|-------------------|------------|---------|------|

Technical Evaluation **NEUTRAL** Since April, 2015, the technical indicators for ABT have been NEUTRAL.

| | | | |
|-------------------------|--------------------|---------|-----------|
| Insider Activity | UNFAVORABLE | NEUTRAL | FAVORABLE |
|-------------------------|--------------------|---------|-----------|

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

Expanded Ratio Analysis

| | 2014 | 2013 | 2012 | 2011 |
|--------------------------------|---------|---------|---------|---------|
| Price/Sales | 3.40 | 2.76 | 2.61 | 2.27 |
| Price/EBITDA | 15.63 | 13.59 | 8.99 | 7.93 |
| Price/Pretax Income | 27.30 | 23.93 | 16.65 | 16.95 |
| P/E Ratio | 39.95 | 25.32 | 17.49 | 18.64 |
| Avg. Diluted Shares Outstg (M) | 1,527.0 | 1,574.0 | 1,591.8 | 1,567.4 |

Figures based on calendar year-end price

Key Growth Rates and Averages

| Past Growth Rate (%) | 1 Year | 3 Years | 5 Years | 9 Years |
|----------------------|--------|---------|---------|---------|
| Sales | -7.33 | -22.56 | -9.50 | 1.24 |
| Net Income | -27.78 | -32.63 | -19.95 | -0.88 |

Ratio Analysis (Annual Avg.)

| | 2014 | 2013 | 2012 | 2011 |
|-----------------------------|-------|-------|-------|-------|
| Net Margin (%) | 8.50 | 11.45 | 11.94 | 12.88 |
| % LT Debt to Capitalization | 13.58 | 21.80 | 26.24 | 29.53 |
| Return on Equity (%) | 7.32 | 13.19 | NA | NA |

Company Financials Fiscal Year Ended Dec. 31

| Per Share Data (U.S. \$) | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Tangible Book Value | 3.49 | 6.24 | 1.50 | NM | NM | 2.17 | 1.51 | 1.24 | NM | 2.89 |
| Cash Flow | 2.12 | 2.61 | 5.49 | 4.96 | 4.66 | 5.04 | 4.21 | 3.50 | 2.13 | 3.02 |
| Earnings | 1.12 | 1.50 | 3.72 | 3.01 | 2.96 | 3.69 | 3.03 | 2.31 | 1.12 | 2.16 |
| S&P Capital IQ Core Earnings | NA | 1.53 | 3.85 | 3.82 | 3.05 | 3.60 | 2.86 | 2.31 | 1.16 | 2.01 |
| Dividends | 0.88 | 0.70 | 2.01 | 1.88 | 1.72 | 1.56 | 1.41 | 1.27 | 1.16 | 1.09 |
| Payout Ratio | 79% | 47% | 54% | 63% | 58% | 42% | 46% | 55% | 104% | 50% |
| Prices:High | 46.50 | 38.81 | 72.47 | 56.44 | 56.79 | 57.39 | 61.09 | 59.50 | 49.87 | 50.00 |
| Prices:Low | 35.65 | 31.64 | 53.96 | 45.07 | 44.59 | 41.27 | 45.75 | 48.75 | 39.18 | 37.50 |
| P/E Ratio:High | 42 | 26 | 19 | 19 | 19 | 16 | 20 | 26 | 45 | 23 |
| P/E Ratio:Low | 32 | 21 | 15 | 15 | 15 | 11 | 15 | 21 | 35 | 17 |

Income Statement Analysis (Million U.S. \$)

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Revenue | 20,247 | 21,848 | 39,874 | 38,851 | 35,167 | 30,765 | 29,528 | 25,914 | 22,476 | 22,338 |
| Operating Income | 4,397 | 4,441 | 11,595 | 11,119 | 8,954 | 8,698 | 8,316 | 7,378 | 6,419 | 5,738 |
| Depreciation | 1,509 | 1,719 | 2,783 | 3,044 | 2,624 | 2,090 | 1,839 | 1,855 | 1,559 | 1,359 |
| Interest Expense | 150 | 157 | 592 | 445 | 448 | 520 | 528 | 593 | 416 | 241 |
| Pretax Income | 2,518 | 2,521 | 6,263 | 5,199 | 5,713 | 7,194 | 5,856 | 4,479 | 2,276 | 4,620 |
| Effective Tax Rate | 31.7% | 5.47% | 4.79% | 9.04% | 19.0% | 20.1% | 19.2% | 19.3% | 24.6% | 27.0% |
| Net Income | 1,721 | 2,383 | 5,963 | 4,729 | 4,626 | 5,746 | 4,734 | 3,606 | 1,717 | 3,372 |
| S&P Capital IQ Core Earnings | NA | 2,413 | 6,122 | 5,985 | 4,739 | 5,595 | 4,473 | 3,609 | 1,787 | 3,158 |

Balance Sheet & Other Financial Data (Million U.S. \$)

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Cash | 4,460 | 8,098 | 15,174 | 8,097 | 5,451 | 9,932 | 5,080 | 2,821 | 521 | 2,894 |
| Current Assets | 15,261 | 19,247 | 31,323 | 23,769 | 22,318 | 23,314 | 17,043 | 14,043 | 11,282 | 11,386 |
| Total Assets | 41,275 | 42,953 | 67,235 | 60,277 | 59,462 | 52,417 | 42,419 | 39,714 | 36,178 | 29,141 |
| Current Liabilities | 10,532 | 9,507 | 13,280 | 15,480 | 17,262 | 13,049 | 11,592 | 9,103 | 11,951 | 7,416 |
| Long Term Debt | 3,408 | 3,388 | 18,085 | 12,040 | 12,560 | 11,484 | 8,713 | 9,488 | 7,010 | 4,572 |
| Common Equity | 21,526 | 25,171 | 26,721 | 24,440 | 22,388 | 22,856 | 17,480 | 17,779 | 14,054 | 14,415 |
| Total Capital | 25,102 | 28,664 | 45,207 | 37,593 | 37,169 | 34,594 | 26,193 | 27,266 | 21,064 | 19,570 |
| Capital Expenditures | 1,077 | 1,145 | 1,795 | 1,492 | 1,015 | 1,089 | 1,288 | 1,656 | 1,338 | 1,207 |
| Cash Flow | 3,230 | 4,102 | 8,746 | 7,772 | 7,250 | 7,835 | 6,573 | 5,461 | 3,276 | 4,731 |
| Current Ratio | 1.5 | 2.0 | 2.4 | 1.5 | 1.3 | 1.8 | 1.5 | 1.5 | 0.9 | 1.5 |
| % Long Term Debt of Capitalization | 13.6 | 11.8 | 40.0 | Nil | 33.8 | Nil | 33.3 | 34.8 | 33.3 | 23.4 |
| % Net Income of Revenue | 8.5 | 10.9 | 15.0 | 12.2 | 13.2 | 18.7 | 16.0 | 13.9 | 7.6 | 15.1 |
| % Return on Assets | 4.1 | 4.3 | 9.4 | NA | NA | NA | 11.5 | 9.5 | 5.3 | 11.6 |
| % Return on Equity | 7.3 | 9.1 | 23.1 | NA | NA | NA | 26.9 | 22.7 | 12.1 | 23.5 |

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.

Abbott Laboratories

Sub-Industry Outlook

Our fundamental outlook for the health care equipment sub-industry for the next 12 months is neutral. We continue to view many product categories as historically recession-resistant, and we expect they will continue to grow, albeit more slowly and more irregularly than they did prior to the recent recession. We remain concerned about continued weak demand for elective medical procedures. In addition, growth in procedure rates has slowed in areas we normally view as non-elective, such as cardiac rhythm management, interventional cardiology and orthopedics. Recently, however, some equipment makers believe certain procedure rates may have stabilized or started to recover.

We believe the new medical device tax required by the health care reform law that went into effect on January 1, 2013 has prompted the sub-industry to align its cost structure to partially offset the impact of the tax. However, since the levy is income tax deductible, its after-tax effect will be lower, and we therefore view its impact as manageable. Many equipment makers have implemented cost reduction initiatives to help offset the levy.

We expect 2015 revenues to rise in constant currency at a mid- to upper single digit pace, aided by new products, expansion into emerging markets, and, in some cases, acquisitions. Still, we expect extended replacement cycles at U.S. hospitals in some areas, pricing pressures, European austerity measures, lower demand in certain product categories and unfavorable foreign exchange to continue to affect reported growth. We also think U.S. hospitals have become more cautious regarding their capital budgets amid the shift in some procedures from inpatient to outpatient settings and the health care reform law.

We see positive longer-term fundamentals, including increasing global demand for quality health care, aging populations and rising R&D outlays, leading to a steady flow of new diagnostic and therapeutic products.

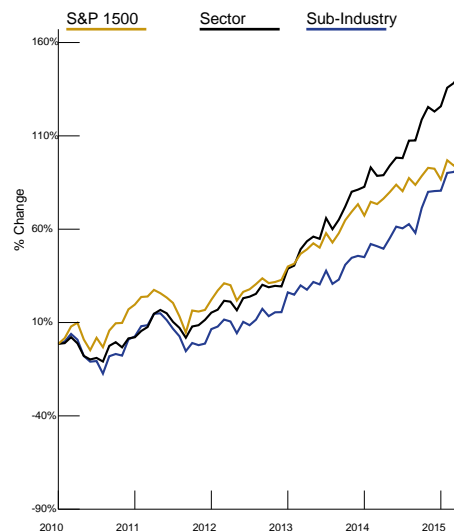
In 2014, the S&P Health Care Equipment sub-index, partially aided by acquisitions, increased 23.6%, following a 25.8% rise in 2013. The S&P 1500 Composite Index rose 10.9% in 2014, following its 30.1% rise in 2013.

--Jeffrey Loo, CFA

Industry Performance

GICS Sector: Health Care
Sub-Industry: Health Care Equipment

Based on S&P 1500 Indexes
Five-Year market price performance through
Apr 11, 2015



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 : Health Care Equipment 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 (%) |
|----------------------------|--------------|-------------------------|------------------------|----------------------|-------------|------------|-----------|----------------------|-----------------|-------------|-----------------------|----------------|
| Abbott Laboratories | ABT | 71,148 | 47.15 | 47.88/37.11 | 0.34 | 2.0 | 32 | 49.20 | A- | 99 | 8.5 | 13.6 |
| DexCom Inc | DXCM | 5,124 | 67.89 | 68.49/28.09 | 0.44 | Nil | NM | 42.20 | C | 78 | NM | 1.6 |
| Edwards Lifesciences | EW | 15,279 | 141.68 | 150.41/77.16 | 0.64 | Nil | 19 | 122.90 | B+ | 97 | 34.9 | 21.4 |
| Globus Medical | GMED | 2,322 | 25.28 | 26.00/17.45 | 0.03 | Nil | 26 | NA | NR | 72 | 19.8 | NA |
| HeartWare International | HTWR | 1,549 | 94.47 | 97.60/69.05 | -0.07 | Nil | NM | NA | NR | 62 | NM | 59.5 |
| Innocoll AG ADS | INNLL | 2,167 | 7.30 | 9.51/4.45 | NA | Nil | NM | NA | NR | 20 | NM | NA |
| Insulet Corp | PODD | 1,717 | 30.49 | 47.97/27.02 | 0.95 | Nil | NM | 15.20 | NR | 45 | NM | 66.8 |
| Masimo Corp | MASI | 2,037 | 34.97 | 35.09/19.30 | 0.74 | Nil | 27 | 48.10 | NR | 73 | 12.5 | 28.9 |
| Nevro Corp | NVRO | 1,336 | 53.70 | 53.97/23.13 | NA | Nil | NM | NA | NR | 86 | NM | 10.2 |
| NxStage Medical | NXTM | 1,151 | 18.61 | 19.19/10.69 | 0.55 | Nil | NM | NA | C | 40 | NM | 0.4 |
| Sirona Dental Sys | SIRO | 5,306 | 92.05 | 93.51/73.05 | 1.21 | Nil | 29 | 94.10 | NR | 80 | 15.0 | 5.6 |
| Sunshine Heart | SSH | 8,787 | 4.62 | 6.90/3.49 | 0.06 | Nil | NM | NA | NR | 27 | NM | NA |
| Teleflex Inc | TFX | 5,021 | 121.15 | 123.09/99.56 | 1.11 | 1.1 | 30 | 108.00 | B+ | 97 | 10.4 | 23.5 |
| Tornier NV | TRNX | 1,285 | 26.23 | 28.53/16.68 | 1.37 | Nil | NM | NA | NR | 38 | NA | 12.5 |
| ZELTIQ Aesthetics | ZLTQ | 1,070 | 31.45 | 35.90/13.30 | -0.06 | Nil | NM | 24.40 | NR | 73 | 0.9 | NA |

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

S&P Capital IQ Analyst Research Notes and other Company News**January 29, 2015**

12:34 pm ET ... S&P CAPITAL IQ MAINTAINS HOLD OPINION ON SHARES OF ABBOTT LABS (ABT 44.63***): We keep our 12-month target price at \$44, based on an in-line to peers 20X our 2015 EPS estimate of \$2.20, down from \$2.45, to account for pending divestiture of its developed markets generic business to Mylan that we see closing shortly. Q4 adjusted EPS of \$0.62 vs. \$0.48 is \$0.06 below our estimate. Sales, including 4.6% adverse forex impact, grew 5.6% with solid broad based sales including 27% growth in emerging markets generics unit. We think the Mylan deal will provide ABT significant financial flexibility and we see ABT pursuing acquisitions to supplement organic growth. /Jeffrey Loo, CFA

October 22, 2014

12:11 pm ET ... S&P CAPITAL IQ MAINTAINS HOLD OPINION ON SHARES OF ABBOTT LABORATORIES (ABT 42.10***): We keep our 2014 EPS estimate at \$2.26 and our 12-mo. target price at \$44 based on a 1.65X PEG ratio, slightly above peers. Q3 adj. EPS of \$0.62 vs. \$0.55 is \$0.02 ahead of our estimate. Sales grew 5.8% on solid growth of 9.3% in Nutrition and 11.5% in Established Pharmaceuticals, partially offset by 4.9% growth in Diagnostics. We anticipate accelerating growth in pharmaceuticals following the Sept. acquisition of Latin American company, CFR Pharmaceuticals. ABT expects the sale of its developed markets branded generics drug unit to Mylan (MYL 51 ****) to be completed in Q1 15. /Jeffrey Loo, CFA

September 23, 2014

10:06 am ET ... S&P CAPITAL IQ MAINTAINS HOLD OPINION ON SHARES OF ABBVIE INC. (ABBV 57.24***): The Treasury Dept. announced new rules in an effort to curb tax-inversion deals. These rules would make a tax inversion deal less economically attractive and increase the uncertainty of several pending transactions including AbbVie's (ABBV 57 ***) \$54B deal to buy Shire (SHPG NR), Medtronic's (MDT 64 ****) \$43B deal to buy Covidien (COV 88 ***), and Mylan's (MYL 46 ****) \$5B deal to buy Abbott Labs (ABT 43 ****) generic unit outside of the U.S. The new rules apply to deals not completed by Sept. 22 and limit the use of overseas cash and overseas profits without paying US taxes. /Jeffrey Loo, CFA

September 23, 2014

10:06 am ET ... S&P CAPITAL IQ MAINTAINS HOLD OPINION ON SHARES OF ABBVIE INC. (ABBV 57.24***): The Treasury Dept. announced new rules in an effort to curb tax-inversion deals. These rules would make a tax inversion deal less economically attractive and increase the uncertainty of several pending transactions including AbbVie's (ABBV 57 ***) \$54B deal to buy Shire (SHPG NR), Medtronic's (MDT 64 ****) \$43B deal to buy Covidien (COV 88 ***), and Mylan's (MYL 46 ****) \$5B deal to buy Abbott Labs (ABT 43 ****) generic unit outside of the U.S. The new rules apply to deals not completed by Sept. 22 and limit the use of overseas cash and overseas profits without paying US taxes. /Jeffrey Loo, CFA

July 16, 2014

11:46 am ET ... S&P CAPITAL IQ MAINTAINS HOLD OPINION ON SHARES OF ABBOTT LABORATORIES (ABT 41.04***): We raise our target price \$2 to \$44 on a 1.7X PE-to-growth ratio, slightly above peers, using our forward 12 mos. EPS estimate of \$2.37, warranted in our view by ABT's leadership position in several end-markets. Q2 adj. EPS of \$0.54 vs. \$0.46 is \$0.03 ahead of our est. Sales grew 1.9% aided by strong diagnostic and vision care sales and a recovery in India for established pharmaceuticals. We also expect continued steady improvement in Nutritional in H2 as ABT recaptures market share and the launch of new products along with the anniversary of its supplier disruption in China. /Jeffrey Loo, CFA

July 14, 2014

09:31 am ET ... S&P CAPITAL IQ RETAINS HOLD OPINION ON SHARES OF ABBOTT LABORATORIES (ABT 41.30***): ABT agrees to sell its developed markets generic drug unit to Mylan (MYL 50 ****) for \$5.3B where ABT will receive 21% equity ownership in a new public company. ABT will retain its emerging markets generic drug unit. The unit ABT agreed to sell has sales of \$2B with operations in Europe, Japan, Canada, Australia, and New Zealand. We view the deal positively as we believe the developed markets unit was growing slower than the emerging markets unit. ABT also indicated it does not intend to hold on to the ownership interest in MYL for long and plans to divest when appropriate. /Jeffrey Loo, CFA

July 14, 2014

09:30 am ET ... S&P CAPITAL IQ RETAINS BUY OPINION ON SHARES OF MYLAN

(MYL 50.2****): MYL agrees to acquire Abbott Lab's (ABT 41 ***) developed markets generic drug business in deal valued at \$5.3B. The ABT unit has operations in developed markets such as Europe, Japan, Canada, Australia, and New Zealand with sales of \$2B. We view the deal positively as it continues MYL's growth through acquisitions strategy and allows it to lower its tax rate through a tax inversion. MYL will reincorporate in the Netherlands and sees its tax rate declining to 20-21% in the first year and high teens afterwards. We raise our target price \$3 to \$62 on 18X PE, slightly above peers. /Jeffrey Loo, CFA

July 8, 2014

Elena Kartasheva, who previously headed the Russian division of Meda Pharmaceuticals, has been named the new head of the Russian branch of Abbott Laboratories effective July 1, 2014. Leonid Parshenkov, the former head of Abbott in Russia, has become the regional director for African countries at one of Abbott's units. In the new position, Kartasheva will focus on further developing the company's activities in Russia and increasing the pharmaceutical product portfolio. Kartasheva has held management positions at Sanofi, Novartis and Pliva (Teva). She was the head of Meda Pharmaceuticals in Russia for the last three years.

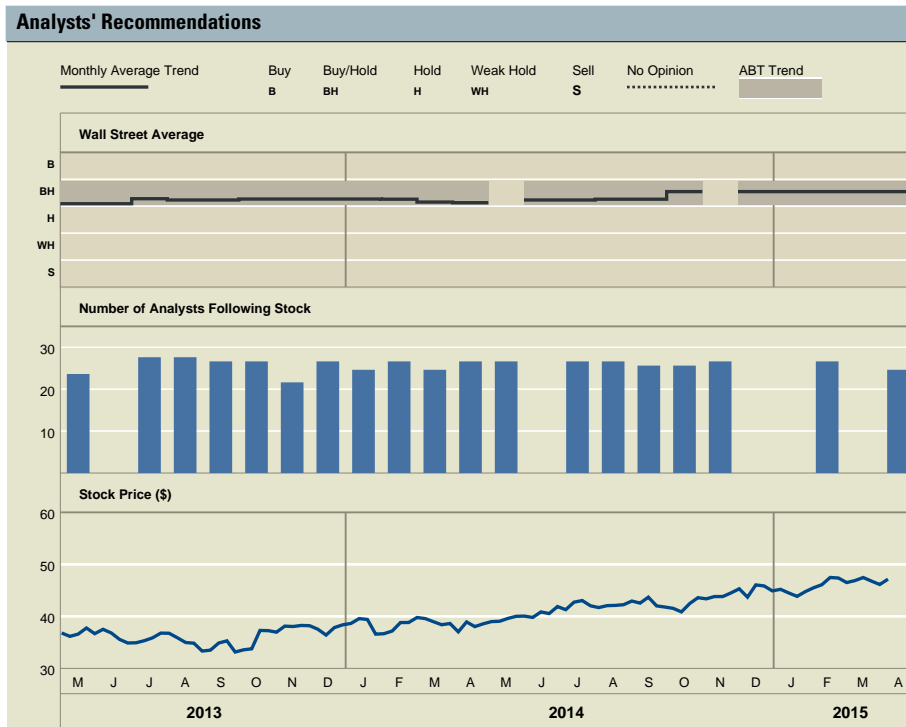
May 19, 2014

06:27 am ET ... ABBOTT LABORATORIES (ABT 39.06) UNCHANGED, CREDIT SUISSE UPGRADES ABBOTT LABORATORIES TO OUTPERFORM... Credit Suisse upgrades Abbott Laboratories (NYSE: ABT) from Neutral to Outperform. 2014 Benzanga.com. Benzanga does not provide investment advice. All rights reserved. Acquire Media

May 19, 2014

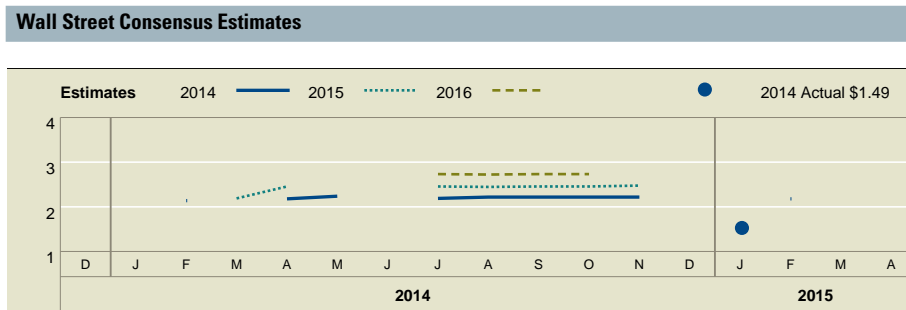
02:03 pm ET ... ABBOTT LABORATORIES (ABT 39.42) UP 0.36, UPDATE: CREDIT SUISSE UPGRADES ABBOTT LABORATORIES FOLLOWING CFR ACQUISITION ANN... Credit Suisse on Monday upgraded Abbott Laboratories (NYSE: ABT) to Outperform from Neutral following the company's announcement to acquire CFR Pharmaceuticals SA and raised the price target to \$46 from \$44. Credit Suisse analyst Bruce Nudell says the acquisition, which has an estimated value of \$3.3 billion, is expected to close in 2014 and add \$900 million, or \$0.07/share to 2015 sales/eps with no material 2014 impact. Nudell raised 2014 EPS estimates to \$2.23 from \$2.22. Nudell stated the increased price target derives from raised estimates and a higher as... Acquire Media

Abbott Laboratories



Of the total 24 companies following ABT, 24 analysts currently publish recommendations.

| | No. of Recommendations | % of Total | 1 Mo. Prior | 3 Mos. Prior |
|--------------|------------------------|------------|-------------|--------------|
| Buy | 9 | 37 | 0 | 0 |
| Buy/Hold | 8 | 33 | 0 | 0 |
| Hold | 7 | 29 | 0 | 0 |
| Weak Hold | 0 | 0 | 0 | 0 |
| Sell | 0 | 0 | 0 | 0 |
| No Opinion | 0 | 0 | 0 | 0 |
| Total | 24 | 100 | 0 | 0 |



| Fiscal Years | Avg Est. | High Est. | Low Est. | # of Est. | Est. P/E |
|--------------------------|--------------|--------------|--------------|---------------|---------------|
| 2016 | 2.39 | 2.47 | 2.14 | 19 | 19.7 |
| 2015 | 2.16 | 2.28 | 2.11 | 21 | 21.8 |
| 2016 vs. 2015 | ▲ 11% | ▲ 8% | ▲ 1% | ▼ -10% | ▼ -10% |
| Q1 '16 | 0.47 | 0.51 | 0.44 | 6 | NM |
| Q1 '15 | 0.42 | 0.43 | 0.40 | 13 | NM |
| Q1 '16 vs. Q1 '15 | ▲ 12% | ▲ 19% | ▲ 10% | ▼ -54% | NA |

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.

Wall Street Consensus Opinion

BUY/HOLD

Companies Offering Coverage

- Argus Research Company
- Axia Financial Research
- BMO Capital Markets Equity Research
- Barclays
- BofA Merrill Lynch
- Cowen and Company, LLC
- Credit Suisse
- Deutsche Bank
- Erste Group Bank AG
- First Global Stockbroking (P) Ltd.
- Gabelli & Company, Inc.
- Goldman Sachs
- Hilliard Lyons
- JP Morgan
- Jefferies LLC
- Leerink Swann LLC
- Morgan Stanley
- Morningstar Inc.
- RBC Capital Markets
- Raymond James & Associates
- Sanford C. Bernstein & Co., Inc.
- Stifel
- Wells Fargo Securities, LLC
- William Blair & Company L.L.C.

Wall Street Consensus vs. Performance

For fiscal year 2015, analysts estimate that ABT will earn US\$ 2.16. For fiscal year 2016, analysts estimate that ABT's earnings per share will grow by 11% to US\$ 2.39.

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

S&P Capital IQ Equity Research U.S. includes Standard & Poor's Investment Advisory Services LLC; Standard & Poor's Equity Research Services Europe includes McGraw-Hill Financial Research Europe Limited trading as S&P Capital IQ; Standard & Poor's Equity Research Services Asia includes: McGraw-Hill Financial Singapore Pte. Limited, Standard & Poor's Investment Advisory Services (HK) Limited, Standard & Poor's Malaysia Sdn Bhd, and Standard & Poor's Information Services (Australia) Pty Ltd.

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 December 31, 2014

| Ranking | North America | Europe | Asia | Global |
|---------|---------------|--------|-------|--------|
| Buy | 37.7% | 25.4% | 33.8% | 35.2% |
| Hold | 51.6% | 48.4% | 45.0% | 50.4% |
| Sell | 10.7% | 26.2% | 21.2% | 14.4% |
| Total | 100% | 100% | 100% | 100% |

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