

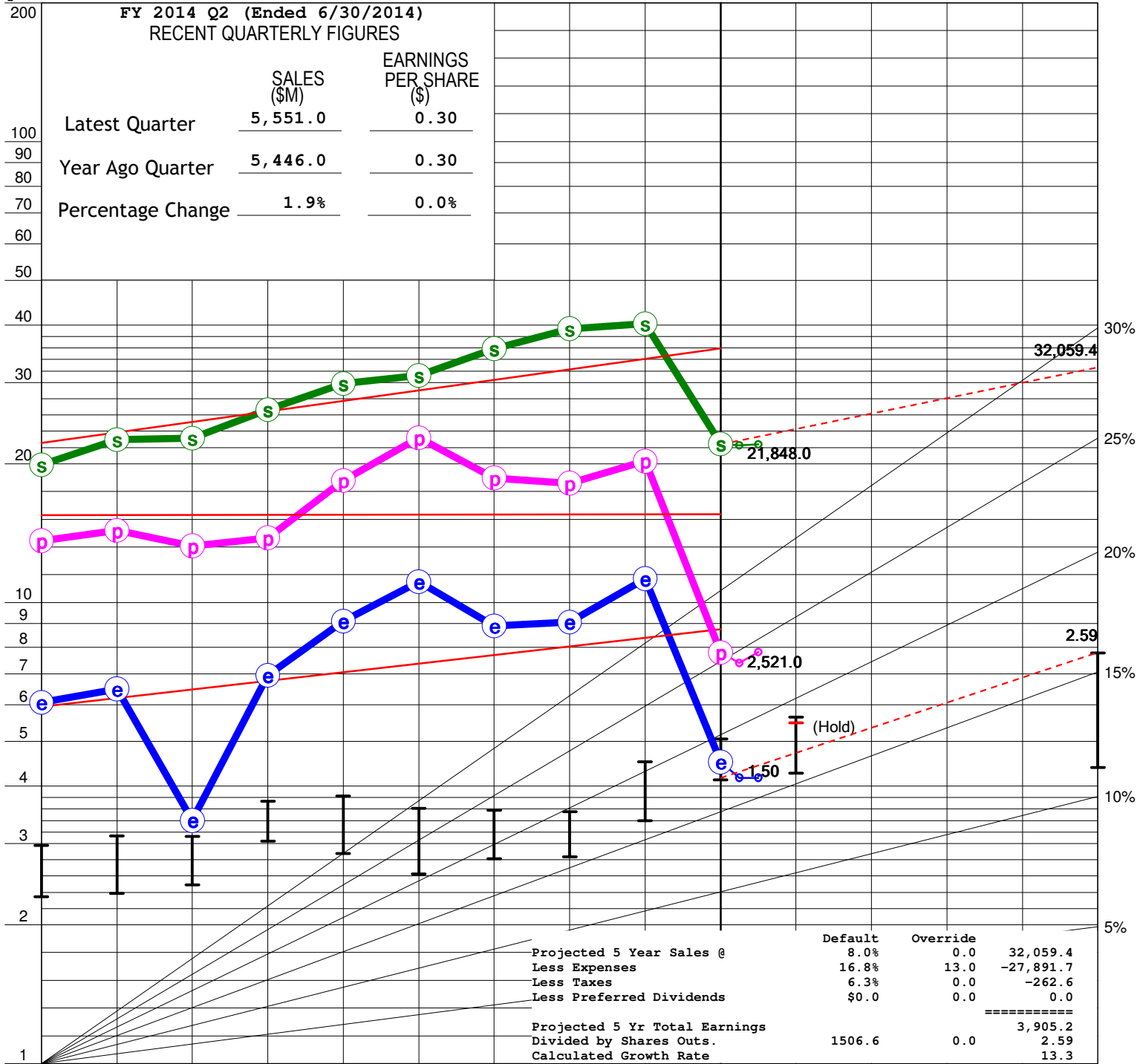


# Stock Selection Guide

Company	Abbott Labs RCB 1408	Price Date	08/20/14
Study by	RCB	Data Date	08/19/14
Sector	Healthcare	Last Judgment	08/20/14
Industry	Medical Devices	Data Source	StkCntrl
Preferred(\$M)	0.0	Reference	Morningsta
Common(M Shares)	1,506.6	% Insiders	0.2
Debt(\$M)	7,365.0	% Institutions	70.6
% Debt to Tot.Cap.	23.1	Quality	0.5 (Take Stock)

## 1 Growth Analysis

NYSE: **ABT**



- |                                   |       |  |        |               |
|-----------------------------------|-------|--|--------|---------------|
| (1) Historical Sales Growth       | 5.4 % | (3) Historical Earnings Per Share Growth       | 4.4 %  | www.iclub.com |
| (2) Estimated Future Sales Growth | 8.0 % | (4) Estimated Future Earnings Per Share Growth | 13.3 % |               |
| (5) Sales Growth R <sup>2</sup>   | 0.39  | (6) Earnings Per Share Growth R <sup>2</sup>   | 0.11   |               |

## 2 QUALITY ANALYSIS

Company **Abbott Labs RCB 1408**

(ABT)

08/20/14

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	5 YEAR AVG.	TREND UP / DOWN
<b>A</b> % Pre-tax Profit on Sales	22.4	20.8	19.1	17.2	20.2	23.9	17.1	15.1	16.4	11.5	16.8	DOWN
<b>B</b> % ROE (Beginning Yr)	<del>22.4</del>	23.5	12.1	25.2	26.3	32.8	20.1	20.6	24.1	8.9	21.3	DOWN
<b>C</b> % Debt to Equity	33.1	31.5	49.8	52.9	49.6	49.4	54.9	49.4	67.0	13.2	46.8	DOWN

## 3 PRICE, PRICE/EARNINGS RATIO and DIVIDEND ANALYSIS

CURRENT PRICE (P/E) **42.13 (30.3)** 52-WEEK HIGH (P/E) **43.27 (31.1)** 52-WEEK LOW (P/E) **32.70 (23.5)**

Fiscal Year	High Price	Low Price	EPS	High P/E	Low P/E	Dividend	% Payout	% High Yield	
1 2009	27.5	19.8	3.69	7.5	5.4	1.560	42.3	7.9	
2 2010	27.2	21.3	2.96	9.2	7.2	1.720	58.1	8.1	
3 2011	27.0	21.6	3.02	8.9	7.2	1.880	62.3	8.7	
4 2012	34.7	25.8	3.75	9.3	6.9	2.010	53.7	7.8	
5 2013	38.8	31.6	1.50	25.9	21.1	0.560	37.3	1.8	
6 AVERAGE		24.0		12.2	9.6		50.7		
AVERAGE P/E RATIO	10.9		PROJECTED P/E RATIO	26.7		TTM EPS	1.39		
CURRENT P/E RATIO	30.4		PEG RATIO	2.0		FTM EPS	1.58		
RELATIVE VALUE	278.9		PROJ. RELATIVE VALUE	245.3		AVG TTM + FTM EPS	1.48		

## 4 EVALUATING REWARD and RISK over the next 5 years

### A FUTURE HIGH PRICE ANALYSIS -- NEXT 5 YEARS

Selected High P/E ~~12.2~~ **23.0** X Estimated High Earnings/Share **2.59** = Forecast High Price \$ **59.6**

### B FUTURE LOW PRICE ANALYSIS -- NEXT 5 YEARS

(a) Sel. Low P/E ~~9.6~~ **12.2** (as adj.) X Estimated Low Earnings/Share ~~1.50~~ **1.39** = \$ **16.9**

(b) Average 5-Year Low Price = **24.0**

(c) Recent Severe Low Price = **25.8**

(d) Price Dividend Will Support = Present Divd. + High Yield = **0.880** + **0.087** = **10.1**

Selected Estimated Low Price = \$ **33.7**

### C PRICE RANGES

Forecast High Price **59.6** - Estimated Low Price **33.7** = Range **25.9** 25% of Range = **6.5**

BUY (Lower 25% of Range) = **33.7** to **40.2**

MAYBE (Middle 50% of Range) = **40.2** to **53.1**

SELL (Upper 25% of Range) = **53.1** to **59.6**

Current Price **42.130** is in the **Hold** Range

### D UPSIDE/DOWNSIDE ANALYSIS (Potential Gain vs. Risk of Loss)

(Forecast High Price **59.6** - Current Price **42.130**) + (Current Price **42.130** - Estimated Low Price **33.7**) = **2.1** To 1

## 5 TOTAL RETURN ANALYSIS

### A CURRENT YIELD

Present Full Year's Dividend \$ **0.880** ÷ Current Price of Stock \$ **42.130** = **2.1** % Present Yield or % Returned on Purchase Price

### B AVERAGE YIELD - USING FORECAST HIGH P/E

Avg. % Payout **50.7** ÷ Forecast High P/E **23.0** = Avg. Yield **2.2**

### AVERAGE YIELD - USING FORECAST AVERAGE P/E

Avg. % Payout **50.7** ÷ Forecast Avg P/E **17.6** = Avg. Yield **2.9**

### C % COMPOUND ANNUAL TOTAL RETURN - USING FORECAST HIGH P/E

Average Yield **2.2** % + Annual Appreciation **7.2** % = Compound Annual Total Return **9.4** %

### D % PROJECTED AVERAGE RETURN - USING FORECAST AVERAGE P/E

Average Yield **2.9** % + Annual Appreciation **1.6** % = Projected Average Total Return **4.5** %