AbbVie Inc. (ABBV)

$90.61 (As of 03/05/20)

Price Target (6-12 Months): **$96.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 05/07/19) Prior Recommendation: Underperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**3-Hold**
	Zacks Style Scores:	VGM:A
	Value: B | Growth: B | Momentum: B	

Summary

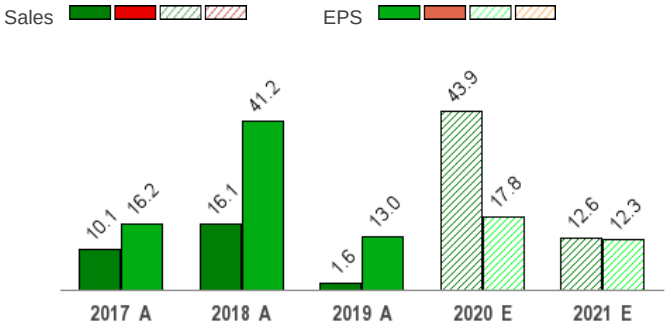
AbbVie's Humira is performing well driven by strong demand trends amid new competition. Imbruvica has multibillion dollar potential. AbbVie has been successful in expanding approvals for its cancer drugs, Imbruvica and Venclexta. It also has an impressive late-stage pipeline. It gained approvals for two new drugs with significant potential, Skyrizi and Rinvoq in 2019. Both are off to a strong start. The acquisition of Allergan, if successful, should diversify AbbVie's revenue base and accelerate its non-Humira business. AbbVie's shares have outperformed the industry in the past one year. However, sales erosion due to direct biosimilar competition to Humira in international markets is a big headwind. Also, the decline in HCV sales is a concern.

Price, Consensus & Surprise

Data Overview

52 Week High-Low	**$97.86 - $62.66**
20 Day Average Volume (sh)	**10,981,572**
Market Cap	**$134.0 B**
YTD Price Change	**2.3%**
Beta	**0.83**
Dividend / Div Yld	**$4.72 / 5.2%**
Industry	**Large Cap Pharmaceuticals**
Zacks Industry Rank	**Top 30% (76 out of 255)**
Last EPS Surprise	**0.5%**
Last Sales Surprise	**0.0%**
EPS F1 Est- 4 week change	**12.7%**
Expected Report Date	**04/23/2020**
Earnings ESP	**0.0%**
P/E TTM	**10.1**
P/E F1	**8.6**
PEG F1	**1.6**
P/S TTM	**4.0**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2021	12,955 E	13,314 E	13,591 E	14,066 E	53,927 E
2020	8,352 E	12,754 E	13,090 E	13,736 E	47,881 E
2019	7,828 A	8,255 A	8,479 A	8,704 A	33,266 A

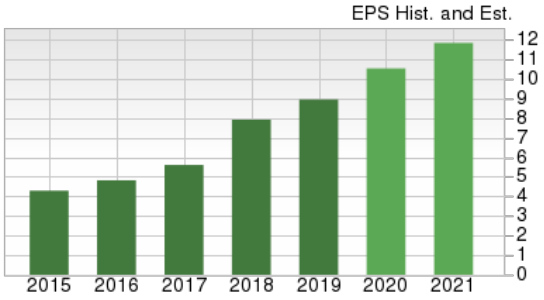
EPS Estimates

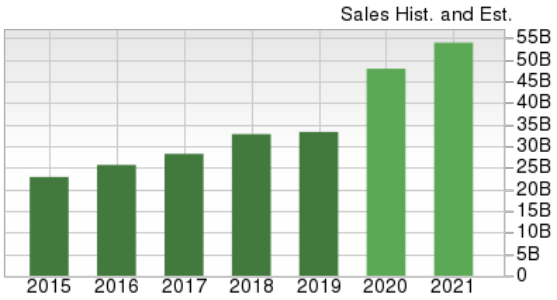
	Q1	Q2	Q3	Q4	Annual*
2021	$2.83 E	$2.94 E	$3.03 E	$3.16 E	$11.83 E
2020	$2.25 E	$2.50 E	$2.67 E	$2.88 E	$10.53 E
2019	$2.14 A	$2.26 A	$2.33 A	$2.21 A	$8.94 A

*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 03/05/2020. The reports text is as of 03/06/2020.

Overview





North Chicago, IL-based AbbVie is expected to become one of the top-most pharma companies after it closes its pending acquisition of Botox maker Allergan in a cash-and-stock deal for $63 billion this year. The deal is expected to transform AbbVie's portfolio and lower its dependence on Humira, its flagship product, which has already lost patent protection in Europe and is due to face biosimilar competition in the United States in 2023. AbbVie has one of the most popular cancer drugs in its portfolio, Imbruvica and its newest drugs Skyrizi (risankizumab) and Rinvoq (upadacitinib) position it well for long-term growth.

AbbVie came into existence on Jan 1, 2013, after Abbott Laboratories divested its pharmaceutical division. It announced the definitive agreement to buy Allergan on Jun 24, 2019. AbbVie will pay Allergan a price of $120.30 in cash and 0.8660 AbbVie shares per Allergan share. The deal, if it gets all necessary approvals, is expected to close in the first half of 2020.

AbbVie has a presence in the rheumatoid arthritis, cancer, psoriasis, Crohn's disease, HIV, hepatitis C virus (HCV), thyroid disease, Parkinson's disease, ulcerative colitis, endometriosis and cystic fibrosis markets.

Humira is approved for several autoimmune diseases like rheumatoid arthritis (RA), active psoriatic arthritis, active ankylosing spondylitis, Crohn's disease and others. Imbruvica (hematological cancers – approved for five different disease areas) became part of the company's portfolio following the Pharmacyclics acquisition. Humira and Imbruvica accounted for 58% and 14%, respectively, of AbbVie's total revenues in 2019.

Other drugs include Mavyret/Maviret (HCV), Venclexta (venetoclax) (oncology), AndroGel (low testosterone), Kaletra (HIV), Synthroid (hormone therapy for thyroid disease), Creon (pancreatic enzyme replacement therapy for conditions associated with cystic fibrosis and chronic pancreatitis), Duopa/Duodopa (advanced Parkinson's disease), Orilissa (endometriosis pain), Skyrizi (plaque psoriasis) and Rinvoq (RA). The company also has partnerships with companies like Roche and J&J.

In June 2016, AbbVie acquired cancer drugmaker, Stemcentrx in a cash and stock deal worth $5.8 billion.

AbbVie reported total sales of $33.3 billion in 2019, up 1.6%.

Reasons To Buy:

> AbbVie's key drug Humira has been performing well. Imbruvica has multi-billion dollar potential. AbbVie has been successful in expanding approvals for its cancer drugs, Imbruvica and Venclexta.

- **Shares Outperforming Industry:** AbbVie shares have risen 15.8% in the past one year, outperforming the industry's increase of 6.2%.

- **Humira U.S. Sales Going Strong:** AbbVie's flagship product, Humira, continues to drive revenues. Humira, an anti-inflammatory product, is the anti-tumor necrosis factor (TNF) drug of choice. Humira continues to witness strong demand trends despite new mechanisms of action and competition from indirect biosimilars. Currently approved for 12 indications, Humira sales have increased consistently backed by robust demand trends. The product continues to see strong growth in the dermatology and gastroenterology markets in the United States.

  Though biosimilar versions of Humira are already approved by the FDA, per settlements with several companies, biosimilar entry into the United States is scheduled for 2023, thus delaying direct biosimilar competition in the country.

- **Allergan Deal, If Successful, Will Add Botox:** AbbVie's rationale behind the Allergan deal is to add a new blockbuster product to its portfolio, Allergan's Botox, ahead of generic competition for Humira. Humira generics are already denting revenues in Europe and are expected to be launched in the United States in 2023. AbbVie is heavily dependent on Humira and is looking to diversify its portfolio. Approved for therapeutic and aesthetic use, Botox is a key top-line driver for Allergan and looks fit to be the next revenue driver for AbbVie after Humira loses exclusivity. Overall, the Allergan acquisition should diversify AbbVie's revenue base to markets/categories outside AbbVie's present drug portfolio and accelerate its non-Humira business.

  Collaborations and Agreements to Strengthen Pipeline: We are positive on AbbVie's efforts to strengthen its pipeline. The company has been actively pursuing partnership deals and collaborations for candidates across several therapeutic areas including oncology, immunology, neuroscience, cystic fibrosis and women's health. Some partners include Roche (Venclexta – oncology), J&J (Imbruvica – cancer) and Boehringer Ingelheim (Skyrizi– psoriasis) among others. We believe the company will continue pursuing such deals to grow its pipeline.

- **Growing Oncology Portfolio:** AbbVie believes that oncology will be its major growth driver over the next 10 years. The acquisition of Pharmacyclics in May 2015 added Imbruvica to AbbVie's portfolio and diversified the company's revenue base. AbbVie has built a substantial oncology franchise with Imbruvica and Venclexta, which generated combined revenues of nearly $5.5 billion in 2019. Strong double-digit growth is expected in 2020.

  Imbruvica, currently approved for quite a few indications, has multi-billion dollar potential and AbbVie is exploring the potential to expand Imbruvica's label into solid tumors and autoimmune diseases. Several studies on Imbruvica are ongoing to evaluate the drug alone or in combination in different patient segments. AbbVie expects Imbruvica peak sales of more than $7 billion and revenues of about $5 billion in 2020. AbbVie is positioning Imbruvica as a "pipeline in a molecule" - the treatment is in several company-sponsored studies.

  AbbVie is also studying Venclyxto/Venclexta to expand the label to address the broader relapsed/refractory CLL patient population, expand into earlier lines of therapy, and broaden into other hematologic malignancies like multiple myeloma and AML. AbbVie expects to begin a phase III study on Venclexta in myelodysplastic syndrome or MDS in 2020. Label expansion approvals in the past couple of years have expanded the eligible patient population of Venclexta significantly, which is boosting sales from the drug.

- **Promising Pipeline:** AbbVie has a deep pipeline consisting of several interesting late-stage candidates. Key recent FDA approvals include that of Orilissa (elagolix) for management of pain associated with endometriosis, a common gynecologic disorder in July 2018, Skyrizi (risankizumab) for plaque psoriasis in April 2019 and Rinvoq (upadacitinib) for moderate-to-severe rheumatoid arthritis (RA) in August 2019. Skyrizi and Rinvoq have demonstrated differentiated clinical profiles versus Humira and are expected to lower AbbVie's dependence on Humira. Importantly, Skyrizi and Rinvoq are off to strong starts and AbbVie expects combined revenues of these two drugs to be approximately $1.7 billion in 2020.

  Promising candidates include elagolix (under review for heavy menstrual bleeding associated with uterine fibroids), risankizumab (phase III for Crohn's disease and psoriatic arthritis, phase II for ulcerative colitis) upadacitinib (phase III for Crohn's disease, ulcerative colitis, axial spondyloarthritis, atopic dermatitis and giant cell arteritis; psoriatic arthritis – NDA filing expected in second quarter of 2020), navitoclax (phase III for myelofibrosis to begin in first half of 2020) ABBV-8E12 (phase II for early Alzheimer's disease), veliparib (NDA for ovarian cancer and BRCA-mutated breast cancer to be filed in first half of 2020), ABBV-951 (phase III for Parkinson's disease) and ABBV-599/JAK inhibitor/BTK inhibitor combination (phase II for rheumatoid arthritis).

  AbbVie expects to launch more than 20 new products or line extensions of marketed drugs before Humira biosimilar competition begins in the United States in 2023.

Reasons To Sell:

> Sales erosion due to direct biosimilar competition to Humira in international markets is a big headwind.

- **Humira Biosimilars Can Erode Sales:** Several companies have made biosimilar versions of Humira. With Humira accounting for around 60% of AbbVie's sales, the entry of biosimilars would have a huge impact on the company's financials. Per settlements with nine manufacturers, Humira biosimilars are expected to be launched in the United States in 2023. In the international markets, AbbVie is facing direct biosimilar competition in Europe and other countries. Humira biosimilars were launched in the EU in October 2018 and are rapidly eroding international sales from the branded drug. Humira international sales declined 31.1% in 2019 due to generic competition. Humira sales could also feel the impact of competition from biosimilar versions of other products like Remicade and Enbrel.

- **Declining HCV Sales:** AbbVie's global HCV sales declined almost 18% on an operational basis in 2019. The performance of Viekira, AbbVie's all-oral, interferon-free therapy with/without ribavirin (RBV), has been below market expectation since 2016 as it experienced market share loss and price erosion due to competitive dynamics within the HCV market.

  Sales of AbbVie's relatively newer HCV medicine, Mavyret declined in 2018 and 2019 primarily driven by lower patient volumes in certain international markets and competitive dynamics in the United States.

- **Intense Competition for Key Products:** While Humira U.S. sales continue to be impressive, we are concerned about intense competition in the market in the form of Johnson & Johnson's Simponi and UCB's Cimzia among others. Increasing competition from new classes of drugs could lead to a slowdown in Humira's market share gains. Meanwhile, Kaletra faces intense competition in the HIV market from players like Gilead, Bristol-Myers, and Johnson & Johnson.

- **Pipeline and Regulatory Setbacks:** While we believe that AbbVie has an impressive pipeline, we note that clinical development involves a high degree of risk. Gaining approval for pipeline candidates has become more difficult given the tough regulatory environment. Development and regulatory setbacks for late-stage pipeline candidates would be a major disappointment for the company.

  In April 2017, AbbVie announced that two phase III studies evaluating its PARP inhibitor, veliparib in combination with chemotherapy for squamous non-small cell lung cancer (NSCLC) and triple negative breast cancer (TNBC) failed to meet their primary endpoints. Based on the data, AbbVie discontinued development in these indications.

  In August 2019, AbbVie discontinued development of rovalpituzumab tesirine or Rova-T due to poor/no survival benefit observed for patients treated with Rova-T in three studies. Rova-T was added to AbbVie's portfolio, following the acquisition of Stemcentrx in June 2016. The failure of Rova-T has brought into question the viability of the Stemcentrx deal.

  In March 2019, the FDA placed a partial clinical hold on all studies evaluating Venclexta for the treatment of multiple myeloma. The decision was taken after, in the ongoing phase III BELLINI study, a higher proportion of deaths were observed in the Venclexta arm compared to the control arm of the study. In May 2019, a phase III study evaluating depatuxizumab mafodotin (Depatux-M) failed to show any survival benefit in patients with newly diagnosed glioblastoma, an aggressive form of brain cancer. As a result, AbbVie stopped enrollment in all ongoing Depatux-M studies.

Last Earnings Report

AbbVie Beats on Q4 Earnings & Sales

Quarter Ending	12/2019
Report Date	**Feb 07, 2020**
Sales Surprise	**0.03%**
EPS Surprise	**0.45%**
Quarterly EPS	**2.21**
Annual EPS (TTM)	**8.94**

Fourth-quarter 2019 earnings of $2.21 per share beat the Zacks Consensus Estimate of $2.20 and came in higher than the company's guided range of $2.17-$2.19. Earnings rose 16.3% year over year.

Revenues of $8.70 billion came in line with the Zacks Consensus Estimate. Sales rose 4.8% on a reported basis. Excluding currency headwinds of 0.5%, operational revenues increased 5.3%, driven by continued strong performance of AbbVie's immunology and hematological oncology despite the impact of international biosimilar competition for Humira. Operational revenue growth was slightly ahead of the guidance of approximately 5%.

Quarter in Details

Humira sales were flat (up 0.5% on an operational basis) at $4.92 billion as higher U.S. sales were offset by decline in international markets.

Sales in the United States climbed 9.8% to $3.97 billion. However, Humira sales in the ex-U.S. markets were down 25.4% on an operational basis and 27.3% on a reported basis to $948 million.

International sales were severely impacted by the launch of several direct biosimilar drugs in Europe and other international markets.

In 2020, Humira is expected to record revenue growth of approximately 9% in United States. International Humira sales are expected to approach $3.4 billion in 2020.

New immunology drugs Skyrizi and Rinvoq registered sales of $216 million and $33 million, respectively. In the previous quarter, Skyrizi and Rinvoq recorded sales of $91 million and $14 million, respectively. Per the company, both Skyrizi and Rinvoq are off to an impressive start.

Regarding Rinvoq, on the call, the company said that the early uptake trends were robust and the medicine currently covers approximately 9% of in-play RA patients.

AbbVie expects Skyrizi and Rinvoq combined revenues of approximately $1.7 billion in 2020, higher than $1 billion expected previously. This includes Skyrizi global revenues of approximately $1.2 billion and Rinvoq global revenues of approximately $500 million.

AbbVie's oncology/hematology (including Imbruvica and Venclexta) sales surged 37.2% on an operational basis to $1.55 billion in the quarter, driven by strong growth of both Imbruvica and Venclexta.

Fourth-quarter net revenues from Imbruvica were $1.3 billion, up 28.9% year over year. U.S. sales of Imbruvica grossed $1.07 billion, up 28% from the year-ago figure, driven by strong share in all lines of therapy in CLL. AbbVie logged $223 million of international profit sharing with J&J, up 33.8% year over year.

Venclexta brought in revenues of $251 million, up more than 100% year over year driven by continued share gains across all approved indications.

In 2020, Imbruvica global revenues are expected to be approximately $5.5 billion while Venclexta global sales are expected to be approximately $1.3 billion

HCV products, including Viekira and Mavyret, recorded sales of $632 million, down 26.7% (down 26.4% on an operational basis) year over year on lower sales of Mavyret as well as Viekira. In the United States, HCV revenues declined 25.1% to $306 million. International HCV revenues declined 27.6% on an operational basis to $326 million.

Mavyret sales totaled $628 million in the quarter, down 23.4% (down 23.1% on an operational basis) year over year due to a decline in the United States as well as international markets. International sales of Mavyret declined 20.8% in the third quarter on an operational basis due to lower treated patient volumes in some markets. U.S sales were down 5.4% year over year due to increased competition in management Medicaid segment.

Other products that delivered an encouraging performance include Duodopa. It recorded revenue growth of 7.1% on an operational basis to $118 million. Creon witnessed an increase of 11.5% in revenues to $292 million. Drugs that recorded sales decline include Synthroid, Lupron, Synagis, Androgel, Kaletra and Sevoflurane. Creon and Synthroid generate sales only from U.S. markets.

Newly launched drug Orilissa recorded sales of $34 million, entirely from the U.S. market versus $27 million in the previous quarter. The sales ramp up of the drug has been slower than expected.

Margins Rise

Adjusted gross margin rose 180 bps to 81.6% in the quarter. Adjusted gross margin included benefit due to low Humira royalties owed. Adjusted SG&A expenses increased 4.8% to $1.9 billion. R&D expenses were $1.33 billion in the fourth quarter, sliding 2.8% year over year due to greater investments in the pipeline. Adjusted operating margin represented 44.6% of sales in the reported quarter, up 290 bps year over year.

2019 Results

Full-year 2019 sales rose 1.6% to $33.27 billion. Sales were up 2.7% on an operational basis, slightly above the guidance range of approximately 2.5% growth.

Adjusted earnings for 2019 of $8.94 per share were above the guided range of $8.90-$8.92. Earnings rose 13% year over year.

2020 Outlook

AbbVie expects adjusted EPS to be in the range of $9.61-$9.71 for 2020 for the standalone company, which means excluding Allergan. The earnings guidance indicates a year-over-year increase of 8.1% at the mid-point.

The company also expects standalone revenue growth to approach 8% on an operational basis. Currency headwinds are expected to have a minimal impact on reported sales growth in 2020.

Adjusted gross margin is expected to be approximately 81.5% of sales in 2020. Operating margin is expected to be approximately 48% of sales. While R&D is expected to be slightly above 14% of sales, SG&A is expected to be above 19% of sales

First-Quarter 2020 Outlook

First-quarter earnings are expected between $2.28 and $2.30 per share. Operational sales growth is expected to be approximately 7%.

U.S. Humira sales are expected to be approximately $3.5 billion while international Humira sales are expected to be approximately $900 million. Imbruvica sales are expected to approach $1.2 billion. For Skyrizi, global sales are expected to be approximately $250 million.

Recent News

EC Approves Brazikumab Divestiture – Mar 3

AbbVie and Allergan announced that the European Commission (EC) has approved the divestiture of brazikumab, Allergan's mid-stage candidate for autoimmune disease, to AstraZeneca. AbbVie is due to buy Allergan in a cash-and-stock deal for $63 billion. Allergan announced a definitive agreement to divest brazikumab and marketed medicine, Zenpep to AstraZeneca and Nestle, respectively in January in connection with the pending merger.

The EC had approved the merger in January, conditional on the divesture of brazikumab. The ECs final approval clears the path in Europe for the pending merger to get through. However, the transaction remains subject to some other customary closing conditions including Federal Trade Commission (FTC) decision which is expected early in the second quarter of 2020.

Venclexta Study in AML Fails to Meet Primary Endpoint – Feb 28

AbbVie announced that a late-stage combination study evaluating Venclexta in patients with acute myeloid leukemia (AML) — one of the most aggressive blood cancers — failed to meet its primary endpoint of statistically significant improvement of overall survival (OS). The study compared Venclexta with low-dose cytarabine (LDAC) to LDAC plus placebo in previously untreated AML patients who are ineligible for intensive chemotherapy. The data showed that the Venclexta combination led to a 25% reduction in the risk of death compared to LDAC with placebo. At the time of the primary analysis median OS was 7.2 months in the Venclexta arm and 4.1 months in the comparator arm. Venclexta is presently approved in combination with azacitidine, or decitabine, or LDAC to treat newly-diagnosed AML patients who are ineligible for intensive chemotherapy.

Declares Quarterly Dividend – Feb 20

The board of directors of AbbVie declared a quarterly cash dividend of $1.18 per share, to be paid out on May 15 to shareholders of record at the close of business on Apr 15.

Rinvoq Meets Goal in 2nd Psoriatic Arthritis Study – Feb 5

AbbVie's second phase III study evaluating Rinvoq (upadacitinib) for active psoriatic arthritis met the primary as well as key secondary endpoints. The study (SELECT-PsA 1) evaluated Rinvoq in active psoriatic arthritis adult patients who had an inadequate response to other bDMARDs. Top-line data from the study showed that both doses of Rinvoq (15 mg and 30 mg, once daily) met the primary endpoint of ACR20 response or at least a 20% reduction in the number of both tender and swollen joint counts, at week 12 versus placebo. After 12 weeks of treatment, ACR20 response was achieved in 71% of the patients receiving the 15 mg oral once-daily dose of Rinvoq and 79% of the patients taking the 30 mg dose versus 36% for patients in the placebo group. Also, the 30 mg dose of Rinvoq achieved superiority to Humira in terms of ACR20 response at week 12, whereas both doses achieved non-inferiority to Humira. Rinvoq was approved for the treatment of moderate-to-severe rheumatoid arthritis in the United States in August and in Europe in December last year.

CHMP Recommends Shorter Duration Mavyret – Jan 31

AbbVie announced that the European Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) has given a positive opinion recommending a change to the marketing label of Mavyret. The recommendation is to shorten the once-daily treatment duration of Mavyret from 12 to 8 weeks for treatment-naïve HCV patients with compensated cirrhosis with genotype (GT) 3 infection. MAVIRET is currently approved as an 8-week, pan-genotypic (GT1-6), once-daily regimen for treatment-naïve HCV patients without cirrhosis, and as an 8-week, once-daily regimen for treatment-naïve GT 1, 2, 4, 5 and 6 HCV patients with compensated cirrhosis If approved by the European Commission (EC), Maviret will be the only pan-genotypic (GT1-6) 8-week treatment option for HCV patients, without cirrhosis or with compensated cirrhosis, regardless of genotype. The label expansion was supported by data from the phase EXPEDITION-8 study.

CHMP Nod to Venclexta+Gazyva in First-Line CLL – Jan 31

AbbVie announced that the CHMP has given a positive opinion recommending approval of a combination of Venclexta and Roche's Gazyva as a fixed duration treatment for first-line chronic lymphocytic leukemia (CLL). The approval was based on data from the phase III CLL14 study. The European Commission is expected to give its decision in the first half of 2020.

Allergan to Divest Product to Close Merger – Jan 27

Allergan and AbbVie announced a definitive agreement to divest AbbVie's mid-stage candidate brazikumab and marketed medicine Zenpep to AstraZeneca and Nestle, respectively, in connection with the pending merger.

Valuation

AbbVie's shares are up 2.4% in the year-to-date period and 15.8% over the trailing 12-month period. Stocks in the Zacks sub-industry and sector are down 2.3% and 1.2% in the year-to-date period. Over the past year, stocks in the sub-industry and sector are up 6.2% and 0.6%, respectively.

The S&P 500 Index is down 3% in the year-to-date period but up 12.6% in the past year.

The stock is currently trading at 8.42X forward 12-month earnings per share, which compares to 14.36X for the Zacks sub-industry, 20.43X for the Zacks sector and 17.89X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 17.99X and as low as 6.77X, with a 5-year median of 11.41X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $96 price target reflects 8.9X forward 12-month earnings per share.

The table below shows summary valuation data for ABBV

Valuation Multiples - ABBV

		Stock	Sub-Industry	Sector	S&P 500
P/E F 12M	Current	8.42	14.36	20.43	17.89
	5-Year High	17.99	18.1	21.09	19.34
	5-Year Low	6.77	13.94	15.82	15.18
	5-Year Median	11.41	15.49	18.87	17.46
P/S F12M	Current	2.74	4.53	2.76	3.3
	5-Year High	6.22	4.84	3.84	3.43
	5-Year Low	2.59	3.93	2.45	2.54
	5-Year Median	3.77	4.43	2.97	3.01
P/FCF	Current	10.54	21.44	17.36	28.68
	5-Year High	33.27	25.48	21.72	35.28
	5-Year Low	7.32	17.67	14.62	21.3
	5-Year Median	14.35	19.81	17.63	28.4

As of 2/10/2020

Industry Analysis **Zacks Industry Rank:** Top 30% (76 out of 255)

Top Peers

Pfizer Inc. **(PFE)**	Outperform
Amgen Inc. **(AMGN)**	Neutral
AstraZeneca PLC **(AZN)**	Neutral
Johnson & Johnson **(JNJ)**	Neutral
Eli Lilly and Company **(LLY)**	Neutral
Merck & Co., Inc. **(MRK)**	Neutral
Novartis AG **(NVS)**	Neutral
Roche Holding AG **(RHHBY)**	Neutral

Industry Comparison Industry: Large Cap Pharmaceuticals

Industry Peers

	ABBV Neutral	X Industry	S&P 500	AMGN Neutral	JNJ Neutral	MRK Neutral
VGM Score	A	-	-	D	B	A
Market Cap	134.03 B	135.31 B	22.29 B	125.11 B	374.39 B	206.91 B
# of Analysts	2	3	13	12	9	7
Dividend Yield	5.21%	2.97%	1.97%	3.02%	2.68%	2.99%
Value Score	B	-	-	B	C	B
Cash/Price	0.31	0.06	0.05	0.08	0.05	0.05
EV/EBITDA	13.14	13.37	13.20	11.33	15.48	14.50
PEG Ratio	1.55	1.98	1.94	1.61	2.37	2.08
Price/Book (P/B)	NA	4.53	3.05	13.03	6.28	7.99
Price/Cash Flow (P/CF)	8.77	11.94	12.16	11.22	12.33	12.19
P/E (F1)	8.61	14.66	17.58	13.66	15.73	14.26
Price/Sales (P/S)	4.03	4.14	2.45	5.36	4.56	4.42
Earnings Yield	11.61%	6.83%	5.69%	7.32%	6.36%	7.01%
Debt/Equity	-7.71	0.51	0.70	2.79	0.45	0.87
Cash Flow ($/share)	10.33	4.33	7.01	18.91	11.52	6.69
Growth Score	B	-	-	D	B	B
Hist. EPS Growth (3-5 yrs)	21.82%	8.34%	10.85%	10.57%	9.27%	8.10%
Proj. EPS Growth (F1/F0)	17.73%	9.68%	6.26%	4.81%	4.03%	10.24%
Curr. Cash Flow Growth	8.78%	4.90%	6.03%	-2.47%	3.68%	5.54%
Hist. Cash Flow Growth (3-5 yrs)	19.92%	7.37%	8.52%	5.06%	7.62%	0.15%
Current Ratio	3.18	1.25	1.23	1.44	1.26	1.24
Debt/Capital	NA%	36.17%	42.57%	73.59%	30.82%	46.65%
Net Margin	23.69%	21.01%	11.69%	33.57%	22.18%	21.01%
Return on Equity	-162.54%	31.85%	16.66%	85.52%	39.27%	49.41%
Sales/Assets	0.51	0.51	0.54	0.39	0.53	0.56
Proj. Sales Growth (F1/F0)	43.93%	6.88%	3.94%	9.49%	4.68%	6.36%
Momentum Score	B	-	-	D	B	A
Daily Price Chg	-1.24%	-1.63%	3.75%	-1.39%	-1.02%	-1.68%
1 Week Price Chg	-9.74%	-9.88%	-12.06%	-10.35%	-10.30%	-7.02%
4 Week Price Chg	3.93%	-4.82%	-7.42%	-8.35%	-7.50%	-4.79%
12 Week Price Chg	2.12%	-1.82%	-4.61%	-10.12%	0.47%	-8.92%
52 Week Price Chg	15.81%	8.54%	7.38%	16.90%	2.73%	1.40%
20 Day Average Volume	10,981,572	3,949,946	2,456,671	2,716,605	8,493,698	13,232,048
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	-0.08%	0.00%	0.00%
(F1) EPS Est 4 week change	12.69%	-0.04%	-0.06%	-0.17%	-0.08%	3.30%
(F1) EPS Est 12 week change	11.91%	0.93%	-0.41%	-1.98%	-0.44%	4.22%
(Q1) EPS Est Mthly Chg	4.98%	0.00%	-0.27%	-0.11%	-1.06%	NA

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	B
Growth Score	B
Momentum Score	A
VGM Score	A

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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