

AbbVie Inc. (ABBV)

\$94.75 (As of 02/10/20)

Price Target (6-12 Months): **\$104.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 05/07/19)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:A

Value: B

Growth: A

Momentum: A

Summary

AbbVie beat estimates for earnings and sales in the fourth quarter. AbbVie's key drug, Humira is performing well based on strong demand trends despite new competition. AbbVie has been successful in expanding approvals for its cancer drugs, Imbruvica and Venclexta. Moreover, it has an impressive late-stage pipeline. It gained approvals for two new drugs with significant potential, Skyrizi (risankizumab) 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 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.

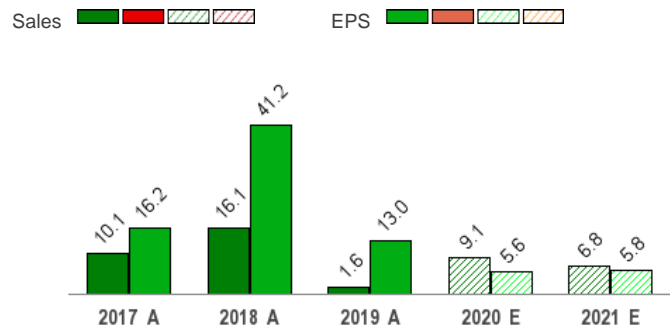
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$95.50 - \$62.66
20 Day Average Volume (sh)	10,109,726
Market Cap	\$140.1 B
YTD Price Change	7.0%
Beta	0.96
Dividend / Div Yld	\$4.72 / 5.0%
Industry	Large Cap Pharmaceuticals
Zacks Industry Rank	Top 29% (74 out of 255)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	0.5%
Last Sales Surprise	0.0%
EPS F1 Est- 4 week change	2.7%
Expected Report Date	04/23/2020
Earnings ESP	0.0%
P/E TTM	10.6
P/E F1	10.0
PEG F1	1.8
P/S TTM	4.2

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021					38,774 E
2020	8,290 E	8,803 E	9,224 E	9,331 E	35,648 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					\$9.99 E
2020	\$2.14 E	\$2.31 E	\$2.39 E	\$2.38 E	\$9.44 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 02/10/2020. The reports text is as of 02/11/2020.

Overview

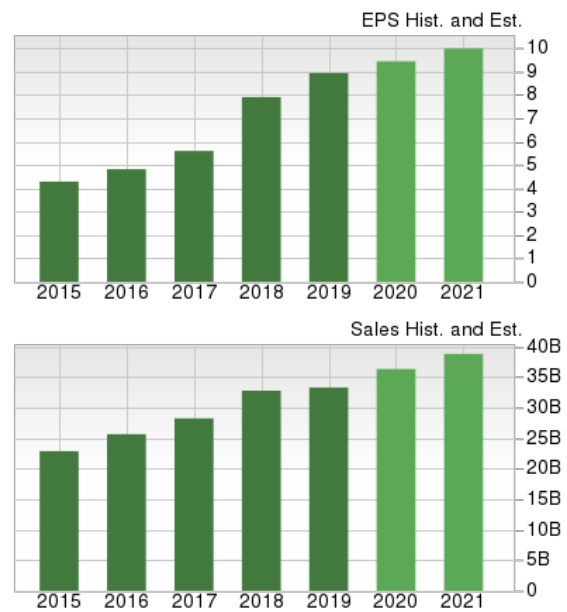
North Chicago, IL-based AbbVie came into existence on Jan 1, 2013, after Abbott Laboratories divested its pharmaceutical division. AbbVie, a biopharmaceutical company, focuses on the development and marketing of treatments for complex and serious ailments. The company has a presence in the rheumatoid arthritis, cancer, psoriasis, Crohn's disease, HIV, hepatitis C virus (HCV), thyroid disease, Parkinson's disease, ulcerative colitis, endometriosis and cystic fibrosis markets.

AbbVie's flagship product 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 10 indications in six 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, Bristol-Myers and J&J.

In June 2016, AbbVie acquired cancer drugmaker, Stemcentrx in a cash and stock deal worth \$5.8 billion. On Jun 24, 2019, AbbVie announced a definitive agreement to buy Botox maker Allergan in a cash and stock deal for \$63 billion. 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 quarter of 2020.

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



Reasons To Buy:

- ▲ **Shares Outperforming Industry:** AbbVie shares have risen 18.8% in the past one year, outperforming the industry's increase of 13.8%.
- ▲ **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 13 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.

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.

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), Bristol-Myers (Empliciti – multiple myeloma), 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 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, 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 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:

▼ **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.

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

▼ **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

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 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

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

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.

Skyrizi Superior to Novartis' Cosentyx in Psoriasis Study – Jan 14

AbbVie announced data from a phase III head-to-head study comparing its newly approved drug Skyrizi (risankizumab) to Novartis' Cosentyx to treat adults with moderate-to-severe plaque psoriasis. The data showed that Skyrizi was superior to Cosentyx across primary and all ranked secondary endpoints at 52 weeks. Treatment with Skyrizi led to significantly higher rates of skin clearance compared to Cosentyx, thereby meeting the primary endpoint of superiority. 87% of the patients treated with Skyrizi achieved the primary endpoint — at least a 90% improvement from baseline in the Psoriasis Area and Severity Index (PASI 90) — at week 52 compared to 57% of Cosentyx-treated patients.

To Create New Unit on Allergan Merger Completion – Jan 8

AbbVie announced that it will create a new global business, Allergan Aesthetics, upon completion of its acquisition of Allergan. It also announced the proposed leadership team for the combined company. These changes will be effective upon the close of the Allergan acquisition, expected in the first quarter of 2020. The Allergan Aesthetics unit will be led by Carrie Strom, currently senior vice president, U.S. Medical Aesthetics, Allergan. The unit will include Allergan's popular aesthetic products like Botox Cosmetic, Juvederm collection of dermal fillers and Coolsculpting body contouring, among others. Allergan's other businesses, Botox Therapeutics, CNS, Women's Health and Gastrointestinal Diseases will be merged with AbbVie's existing units.

Valuation

AbbVie's shares are up 7.0% in the year-to-date period and 18.8% over the trailing 12-month period. Stocks in the Zacks sub-industry and sector are up 1.4% and 1.2% in the year-to-date period. Over the past year, stocks in the sub-industry and sector are up 13.8% and 4.3%, respectively.

The S&P 500 Index is up 3.2% in the year-to-date period and 21.9% in the past year.

The stock is currently trading at 9.97X forward 12-month earnings per share, which compares to 15.35X for the Zacks sub-industry, 21.37X for the Zacks sector and 19.12X 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 11.44X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$104 price target reflects 10.9X 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	9.97	15.35	21.37	19.12
	5-Year High	17.99	18.1	21.37	19.34
	5-Year Low	6.77	13.94	15.83	15.18
	5-Year Median	11.44	15.5	18.9	17.47
P/S F 12M	Current	3.89	4.75	2.85	3.53
	5-Year High	6.22	4.84	3.83	3.53
	5-Year Low	2.73	3.93	2.45	2.54
	5-Year Median	3.79	4.43	2.96	3
P/FCF	Current	10.88	21.45	17.82	42.13
	5-Year High	33.33	25.48	21.7	42.34
	5-Year Low	7.32	17.67	14.59	16.22
	5-Year Median	14.52	19.78	17.61	22.91

As of 2/10/2020

Industry Analysis Zacks Industry Rank: Top 29% (74 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	C	A
Market Cap	140.12 B	139.91 B	24.00 B	135.13 B	399.68 B	218.09 B
# of Analysts	2	2.5	13	13	9	7
Dividend Yield	4.98%	2.54%	1.78%	2.55%	2.50%	2.85%
Value Score	B	-	-	B	B	B
Cash/Price	0.08	0.05	0.04	0.07	0.04	0.04
EV/EBITDA	20.06	15.14	14.07	11.89	15.76	17.61
PEG Ratio	1.81	2.20	2.04	2.00	2.53	2.20
Price/Book (P/B)	NA	6.14	3.28	13.97	6.87	8.15
Price/Cash Flow (P/CF)	10.15	12.24	13.58	14.77	13.93	13.80
P/E (F1)	10.04	15.74	18.86	14.62	16.81	15.11
Price/Sales (P/S)	4.21	4.21	2.65	5.78	4.87	4.66
Earnings Yield	9.96%	6.36%	5.30%	6.84%	5.95%	6.62%
Debt/Equity	-4.03	0.51	0.71	2.79	0.46	0.84
Cash Flow (\$/share)	9.34	4.47	6.89	15.40	10.90	6.21
Growth Score	A	-	-	D	C	B
Hist. EPS Growth (3-5 yrs)	21.82%	8.34%	10.80%	10.57%	9.27%	8.10%
Proj. EPS Growth (F1/F0)	5.59%	8.10%	7.23%	4.99%	4.07%	9.25%
Curr. Cash Flow Growth	33.63%	12.32%	9.51%	-20.57%	13.87%	3.40%
Hist. Cash Flow Growth (3-5 yrs)	18.69%	6.91%	8.55%	0.83%	7.92%	-1.53%
Current Ratio	1.15	1.22	1.20	1.44	1.26	1.26
Debt/Capital	NA%	35.53%	42.90%	73.59%	31.62%	45.72%
Net Margin	23.69%	21.01%	11.76%	33.57%	22.18%	21.01%
Return on Equity	-162.37%	38.63%	16.98%	85.52%	39.30%	48.76%
Sales/Assets	0.58	0.53	0.54	0.39	0.53	0.56
Proj. Sales Growth (F1/F0)	9.11%	6.88%	4.15%	9.49%	4.68%	6.36%
Momentum Score	A	-	-	F	F	A
Daily Price Chg	2.67%	0.49%	-0.64%	-0.83%	-0.02%	0.68%
1 Week Price Chg	13.91%	2.91%	-2.60%	6.15%	2.03%	-0.42%
4 Week Price Chg	7.04%	2.55%	0.72%	-4.01%	4.23%	-4.30%
12 Week Price Chg	6.78%	9.35%	4.69%	3.06%	12.63%	1.82%
52 Week Price Chg	18.78%	16.91%	16.01%	22.41%	15.05%	11.67%
20 Day Average Volume	10,109,726	3,007,148	1,961,054	2,598,777	6,824,568	10,654,965
(F1) EPS Est 1 week change	3.43%	0.00%	0.00%	-0.12%	-0.05%	3.56%
(F1) EPS Est 4 week change	2.71%	0.09%	-0.00%	-2.55%	-0.55%	4.35%
(F1) EPS Est 12 week change	2.71%	1.07%	-0.16%	-1.09%	-0.97%	4.51%
(Q1) EPS Est Mthly Chg	NA%	-0.22%	0.00%	-2.69%	-5.52%	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	A
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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