AbbVie Inc. (ABBV)

$96.83 (As of 07/10/20)

Price Target (6-12 Months): **$111.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 05/18/20) Prior Recommendation: Neutral	**Outperform**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**1-Strong Buy**
	Zacks Style Scores:	VGM:C
	Value: B | Growth: C | Momentum: F	

Summary

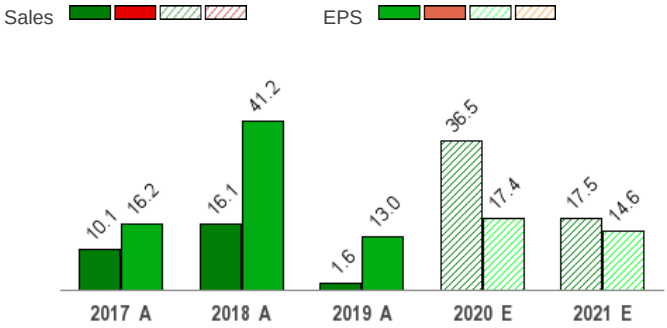
AbbVie's Humira continues to see strong demand trends in the United States. It has been successful in expanding labels of its cancer drugs, Imbruvica and Venclexta. It gained approvals for two new drugs with significant potential, Skyrizi (risankizumab) and Rinvoq in 2019. Both are off to a strong start. Allergan's acquisition should diversify AbbVie's revenue base and accelerate its non-Humira business. AbbVie's shares have outperformed the industry this year so far. However, sales erosion due to direct biosimilar competition to Humira in international markets is a big headwind. Meanwhile, AbbVie expects slower new patient starts of physician-administered drugs to hurt sales in the second quarter. Estimates have gone up ahead of Q2 earnings. AbbVie has a positive record of earnings surprise in the recent quarters.

Price, Consensus & Surprise

Data Overview

52 Week High-Low	**$100.69 - $62.55**
20 Day Average Volume (sh)	**7,002,375**
Market Cap	**$143.0 B**
YTD Price Change	**9.4%**
Beta	**0.86**
Dividend / Div Yld	**$4.72 / 4.9%**
Industry	**Large Cap Pharmaceuticals**
Zacks Industry Rank	**Top 9% (22 out of 252)**
Last EPS Surprise	**6.6%**
Last Sales Surprise	**2.2%**
EPS F1 Est- 4 week change	**-1.6%**
Expected Report Date	**07/31/2020**
Earnings ESP	**0.0%**
P/E TTM	**10.5**
P/E F1	**9.2**
PEG F1	**1.7**
P/S TTM	**4.2**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2021	12,981 E	13,341 E	13,633 E	14,110 E	53,361 E
2020	8,619 A	10,211 E	12,857 E	13,769 E	45,420 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	$2.93 E	$3.03 E	$3.16 E	$12.03 E
2020	$2.42 A	$2.28 E	$2.74 E	$2.96 E	$10.50 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 07/10/2020. The reports text is as of 07/13/2020.

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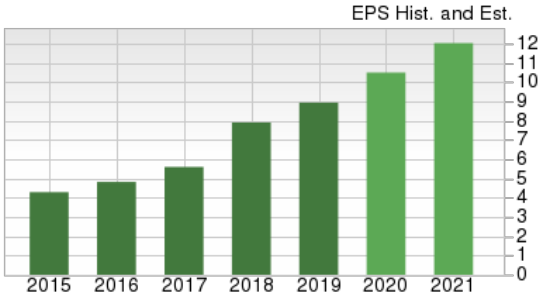
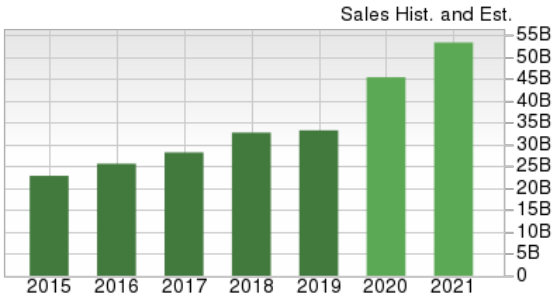
Overview





North Chicago, IL-based AbbVie has become one of the top-most pharma companies after it acquired Botox maker Allergan in a cash-and-stock deal for $63 billion in May 2020. 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 a definitive agreement to buy Allergan on Jun 24, 2019. AbbVie paid Allergan a price of $120.30 in cash and 0.8660 AbbVie shares per Allergan share. The deal closed in May 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 11 indications in six distinct 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 9.3% this year so far, outperforming the industry's decrease of 2.2%

- **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 Adds Botox:** AbbVie's rationale behind the Allergan deal was 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 11 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 $1.9 billion in 2020. In 2020, AbbVie gained FDA approval for Oriahnn/elagolix for reducing heavy menstrual bleeding (HMB) in premenopausal women with uterine fibroids.

  Promising candidates include 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 filed in the second quarter of 2020), navitoclax (phase III for myelofibrosis to begin in 2020) ABBV-8E12 (phase II for early Alzheimer's disease), veliparib (NDA for ovarian cancer and BRCA-mutated breast cancer to be filed in 2020), ABBV-951 (phase III for Parkinson's disease).

  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.

- **Favorable Debt Profile:** As of Mar 31, 2020, AbbVie's debt/capital ratio was 112.4, less than 114.0 as of Dec 31, 2019. A lower ratio indicates lower financial risk. Meanwhile, its times interest earned ratio stands at 6.6, same as at the end of December 2019. Also, as of Mar 31, 2020, AbbVie had $63.28 billion in long-term debt (plus finance lease obligations) and short-term debt/obligations of $3.76 billion on its balance sheet. Cash and cash equivalents totaled approximately $41.14 billion. Though the company is highly leveraged, its cash position is sufficient to pay its short- term debt in case of insolvency. Also, though AbbVie's debt level has increased significantly with the Allergan buyout, AbbVie is expected to reduce debt within a couple of years of closing. Meanwhile, Fitch has assigned BBB credit rating to AbbVie which indicates that the expectations of default risk are currently low.

Risks

- **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. The declining trend continues in 2020.

- **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 Q1 Earnings & Sales

Quarter Ending	03/2020
Report Date	**May 01, 2020**
Sales Surprise	**2.18%**
EPS Surprise	**6.61%**
Quarterly EPS	**2.42**
Annual EPS (TTM)	**9.22**

Earnings of $2.42 per share in the first quarter comfortably beat the Zacks Consensus Estimate of $2.27 and came ahead of the guided range of $2.28-$2.30. Earnings rose 13% year over year.

Revenues of $8.62 billion beat the Zacks Consensus Estimate of $8.44 billion. Sales rose 10.1% on a reported basis. Excluding currency headwinds of 0.6%, operational revenues increased 10.7%, driven by continued strong performance of AbbVie's immunology and hematology/oncology drugs despite the impact of international biosimilar competition for Humira. Operational revenue growth was much higher than the guidance of approximately 7%.

As a result of reduced physician and patient contacts due to COVID-19 related lockdowns, patients and pharmacies stocked up AbbVie's medicines, which benefited sales. First-quarter operational sales growth included 240-basis point stocking benefit related to the COVID-19 pandemic.

However, mainly from late March and April, AbbVie saw a negative impact on the number of new patient starts for drugs like Humira and Skyrizi as fewer patients visited doctors. Meanwhile, the company also saw lower new patient utilization of hospital-based treatments like Venclexta.

Quarter in Details

Humira sales were up 5.8% (up 6.4% on an operational basis) to $4.7 billion as higher U.S. sales were offset by decline in international markets.

Sales in the United States climbed 13.7% to $3.66 billion driven by market growth across all indications and COVID-19 related stocking benefit. However, Humira sales in the ex-U.S. markets were down 12.8% on an operational basis and 14.9% on a reported basis to $1.05 billion.

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 7% in the United States versus 9% expected previously. International Humira sales are expected to approach $3.4 billion in 2020.

New immunology drugs, Skyrizi and Rinvoq registered sales of $300 million and $86 million, respectively. In the previous quarter, Skyrizi and Rinvoq recorded sales of $216 million and $33 million, respectively. Strong sequential growth in sales of both drugs in the past couple of quarters demonstrates strong uptake.

AbbVie expects Skyrizi global revenues of approximately $1.4 billion, higher than $1.2 billion expected previously. Rinvoq global revenues are expected to be approximately $500 million.

AbbVie's oncology/hematology (including Imbruvica and Venclexta) sales surged 32.3% on an operational basis to $1.55 billion in the quarter, driven by strong growth of both Imbruvica and Venclexta.

First-quarter net revenues from Imbruvica were $1.23 billion, up 20.6% year over year operationally driven by continued penetration for patients with CLL as well as COVID-19 related stocking benefit. U.S. sales of Imbruvica grossed $966 million, up 16.6% from the year-ago figure, driven by strong share in all lines of therapy in CLL. AbbVie logged $266 million of international profit sharing with J&J, up 37.9% year over year.

Venclexta brought in revenues of $317 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 $564 million, down 30.8% (down 30.2% on an operational basis) year over year. Mavyret sales totaled $559 million in the quarter, down 29.2% (down 28.6% 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 14.7% in the quarter on an operational basis due to lower treated patient volumes in some markets. U.S sales were down 42% year over year due to increased competition in management Medicaid segment.

Other products that delivered an encouraging performance include Duodopa, Lupron and Kaletra, which recorded revenue growth of 14%, 2.1% and 11.4%, respectively on an operational basis. Creon and Synthroid, generating sales only from U.S. markets, witnessed a revenue increase of 21.9% and 12.3%, respectively.

Newly launched drug Orilissa recorded sales of $31 million versus $34 million in the previous quarter. U.S. sales were $30 million while international sales were $1.0 million. The sales ramp up of the drug has been slower than expected.

Other drugs that recorded sales decline include Synagis, AndroGel and Sevoflurane, down 4.1%, 89.1% and 12.2%, respectively, on an operational basis during the quarter.

Costs Rise

Adjusted gross margin declined 70 bps to 82.7% in the quarter due to collaboration profit sharing arrangements for Imbruvica and Venclexta. Adjusted SG&A expenses increased 2.3% to $1.6 billion. R&D expenses were $1.2 billion in the first quarter, rising 2.9% year over year due to greater investments in the pipeline. Adjusted operating margin represented 49.8% of sales, up 170 bps year over year.

2020 Outlook

AbbVie maintained its earnings guidance but slightly lowered its operational sales growth guidance for the year.

AbbVie maintained its previous outlook for 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.

AbbVie's guidance assumes that the lockdowns will be lifted in May across Europe and the United States. Two months after stay-at-home orders are lifted, AbbVie expects physician offices and hospitals to return to normal operations. Meanwhile, the guidance also incorporates the impact of increased utilization of patient affordability programs and changes in segment mix due to increased unemployment.

The company now expects standalone revenue growth to be approximately 7% on an operational basis versus 8% expected previously. Currency headwinds are expected to have a 70-basis point unfavorable impact on reported sales growth in 2020.

Adjusted gross margin is expected to be approximately 82% of sales compared with 81.5% expected previously. Operating margin is expected to be approximately 49% of sales versus 48% expected previously. While R&D is expected to be slightly above 14% of sales (maintained), SG&A is expected to be approximately 19% of sales (prior expectation was above 19%).

Second-Quarter 2020 Outlook

AbbVie expects the COVID-19 crisis to significantly impact its business in the second quarter.

Second-quarter earnings are expected between $2.10 and $2.16 per share. AbbVie expects adjusted revenues of approximately $8.1 billion for standalone AbbVie.

It expects the first-quarter benefits of inventory stocking to reverse in the second quarter. This coupled with slower new patient starts of physician-administered drugs due to COVID-19 is expected to hurt sales in the second quarter. Also, sales of Allergan's aesthetics products (including Box therapeutics) could be under pressure in the near term as spending on those products is deferred during the economic downturn.

Adjusted operating margin is expected to be approximately 47.5% of sales

COVID-19 Related Research Efforts

AbbVie has initiated a phase II study - iNSPIRE - to evaluate the potential of Imbruvica to treat patients with moderate to severe COVID-19. The study will evaluate if Imbruvica can prevent pro-inflammatory cytokines and reduce the risk of pulmonary failure, the most common reasons for COVID-19 related deaths.

AbbVie is coordinating with European health authorities, FDA, Centers for Disease Control and Prevention and other U.S. health agencies to support clinical studies on Kaletra/Aluvia for COVID-19 treatment.

Recent News

FDA Approves Expanded Label of Botox for Pediatric Spasticity – Jul 9

AbbVie announced that the FDA has granted approval to Botox to treat spasticity in pediatric patients (2 years of age and older) including those with lower limb spasticity caused by cerebral palsy. Last year, Botox was approved by the FDA for both lower and upper limb spasticity in pediatric patients, excluding lower limb spasticity caused by cerebral palsy. Meanwhile, Botox is already approved for both lower and upper limb spasticity in adults.

Abicipar Pegol Gets Complete Response Letter – Jun 26

AbbVie and its partner Molecular Partners announced that the FDA has issued a complete response letter ("CRL") to the biologics license application ("BLA") seeking approval for abicipar pegol. The companies evaluated abicipar pegol, a new class of custom-built protein therapeutics — DARPin, as a potential treatment for neovascular (wet) age-related macular degeneration (nAMD).

The CRL stated that the rate of intraocular inflammation observed following administration of the candidate showed an unfavorable benefit-risk ratio in nAMD patients. AbbVie is planning to discuss the CRL with the FDA to determine the appropriate next steps for abicipar pegol. A regulatory application seeking approval for abicipar pegol similar indication is also under review in Europe. A decision is expected in the second half of 2020.

Seeks Label Expansion of Imbruvica in WM Indication – Jun 23

AbbVie announced that the FDA will review its sNDa which seeks to expand the label of Imbruvica to include five years of follow-up data from a phase III iNNOVATE study in the Waldenström's Macroglobulinemia indication. The study evaluated Imbruvica plus Rituxan for the treatment of Waldenström's macroglobulinemia (WM), a rare and incurable type of non-Hodgkin's lymphoma (NHL).

FDA Accepts sBLA for Botox – Jun 22

AbbVie announced that the FDA has accepted its supplemental biologics license application (sBLA) seeking approval of Botox for a new indication. The company is looking to get Botox approved for treating signs and symptoms of detrusor (bladder muscle) overactivity in pediatric patients aged from five years to 17 years who have inadequate response to or are intolerant of or for any reason unwilling to continue with anticholinergic medication. The regulatory body has set an action date in the first quarter of 2021. If approved, Botox will be the first neurotoxin treatment to address the given patient population.

Rinvoq Meets Goals in Atopic Dermatitis Study – Jun 18

AbbVie announced that Rinvoq (upadacitinib) showed significant improvement in skin clearance and itch in a phase III study evaluating it for moderate to severe atopic dermatitis in adults and adolescents. The top-line data showed that both doses of upadacitinib (15 mg and 30 mg) monotherapy met all primary and secondary endpoints versus placebo. The two primary endpoints were at least a 75 percent improvement in the Eczema Area Severity Index (EASI 75) and a validated Investigator's Global Assessment for Atopic Dermatitis (vIGA-AD) of clear or almost clear (0/1) skin at week 16. 70% of the patients given the 15 mg dose and 80% of those administered the 30 mg dose achieved EASI 75 at week 16 versus 16% in the placebo group. Meanwhile 48% and 60% of patients given the 15 mg and 30 mg doses, respectively, achieved vIGA-AD 0/1 versus 8% for placebo. For both doses, patients experienced an early reduction in itch, which was maintained through week 16.

Valuation

AbbVie's shares have risen 9.3% in the year-to-date period and 37.8% over the trailing 12-month period. Stocks in the Zacks sub-industry and sector are down 2.2% and 0.4%, respectively, in the year-to-date period. Over the past year, stocks in the sub-industry and sector are up 8.6% and 3.9%, respectively.

The S&P 500 Index is down 0.8% in the year-to-date period but up 6.3% in the past year.

The stock is currently trading at 8.56X forward 12-month earnings per share, which compares with 15.0X for the Zacks sub-industry, 22.66X for the Zacks sector and 22.7X for the S&P 500 index.

Over the past five years, the stock has traded as high as 17.99X and as low as 5.96X, with a 5-year median of 11.2X. Our Outperform recommendation indicates that the stock will perform better than the market. Our $111 price target reflects 9.8X 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	8.56	15	22.66	22.71
	5-Year High	17.99	17.58	23.2	22.71
	5-Year Low	5.96	13.61	15.99	15.27
	5-Year Median	11.2	15.32	19.15	17.59
P/S F12M	Current	2.88	4.66	2.76	3.55
	5-Year High	6.22	4.85	3.73	3.55
	5-Year Low	1.94	3.88	2.22	2.52
	5-Year Median	3.68	4.4	2.89	3.04
P/FCF	Current	10.6	20.41	16.58	22.9
	5-Year High	28.85	24.08	21.33	36.1
	5-Year Low	7.32	16.21	12.42	16.07
	5-Year Median	13.71	19.77	17.14	23.03

As of 7/10/2020

Industry Analysis **Zacks Industry Rank:** Top 9% (22 out of 252)

Top Peers

Company (Ticker)	Rec	Rank
Eli Lilly and Company **(LLY)**	Outperform	2
Amgen Inc. **(AMGN)**	Neutral	3
AstraZeneca PLC **(AZN)**	Neutral	2
JohnsonJohnson **(JNJ)**	Neutral	3
MerckCo., Inc. **(MRK)**	Neutral	3
Novartis AG **(NVS)**	Neutral	3
Pfizer Inc. **(PFE)**	Neutral	3
Roche Holding AG **(RHHBY)**	Neutral	2

Industry Comparison Industry: Large Cap Pharmaceuticals

Industry Peers

	ABBV	X Industry	S&P 500	AMGN	JNJ	MRK
Zacks Recommendation (Long Term)	Outperform	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	1	-	-	3	3	3
VGM Score	C	-	-	B	B	D
Market Cap	142.99 B	148.55 B	21.61 B	146.50 B	375.09 B	193.67 B
# of Analysts	4	3	14	13	9	7
Dividend Yield	4.87%	2.59%	1.92%	2.57%	2.84%	3.18%
Value Score	B	-	-	B	B	B
Cash/Price	0.28	0.04	0.07	0.05	0.05	0.04
EV/EBITDA	13.82	13.80	12.75	13.34	15.51	13.75
PEG Ratio	1.66	2.12	2.87	2.13	3.10	2.15
Price/Book (P/B)	NA	3.91	3.01	15.45	6.12	7.40
Price/Cash Flow (P/CF)	9.37	11.24	11.53	13.17	12.36	11.47
P/E (F1)	9.22	15.30	21.07	16.00	18.50	14.47
Price/Sales (P/S)	4.20	4.10	2.23	6.11	4.53	4.03
Earnings Yield	10.84%	6.53%	4.48%	6.25%	5.41%	6.91%
Debt/Equity	-8.53	0.56	0.76	3.16	0.41	0.82
Cash Flow ($/share)	10.33	4.22	6.94	18.91	11.52	6.69
Growth Score	C	-	-	C	C	D
Hist. EPS Growth (3-5 yrs)	21.62%	8.07%	10.90%	10.16%	9.40%	9.00%
Proj. EPS Growth (F1/F0)	17.47%	2.11%	-9.99%	4.99%	-11.32%	2.15%
Curr. Cash Flow Growth	8.78%	2.90%	5.51%	-2.47%	3.68%	5.54%
Hist. Cash Flow Growth (3-5 yrs)	19.92%	7.37%	8.55%	5.06%	7.62%	0.15%
Current Ratio	3.14	1.11	1.30	1.59	1.31	1.11
Debt/Capital	NA%	35.70%	44.46%	75.98%	29.29%	45.14%
Net Margin	24.77%	23.97%	10.62%	32.03%	24.47%	21.10%
Return on Equity	-169.80%	33.97%	15.75%	90.75%	39.71%	52.46%
Sales/Assets	0.46	0.46	0.55	0.40	0.53	0.57
Proj. Sales Growth (F1/F0)	36.54%	3.94%	-2.52%	8.32%	-2.59%	2.67%
Momentum Score	F	-	-	B	B	F
Daily Price Chg	-1.13%	-0.38%	1.51%	-1.04%	-0.08%	0.05%
1 Week Price Chg	2.86%	1.38%	3.66%	10.91%	2.29%	4.77%
4 Week Price Chg	4.95%	1.59%	1.85%	13.77%	1.06%	-0.80%
12 Week Price Chg	18.29%	5.98%	12.57%	7.86%	-4.88%	-7.55%
52 Week Price Chg	35.92%	4.38%	-7.10%	39.91%	1.61%	-5.27%
20 Day Average Volume	7,002,375	2,061,448	2,339,510	2,709,862	6,742,506	9,903,065
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.29%	-0.03%
(F1) EPS Est 4 week change	-1.57%	0.05%	0.00%	0.00%	0.29%	-0.19%
(F1) EPS Est 12 week change	0.11%	-0.47%	-7.77%	0.60%	-8.35%	-6.90%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.00%	0.00%	0.00%	-0.49%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

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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	C
Momentum Score	F
VGM Score	C

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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