AbbVie Inc. (ABBV)

$88.00 (As of 01/17/20)

Price Target (6-12 Months): **$92.00**

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: A | Momentum: A	

Summary

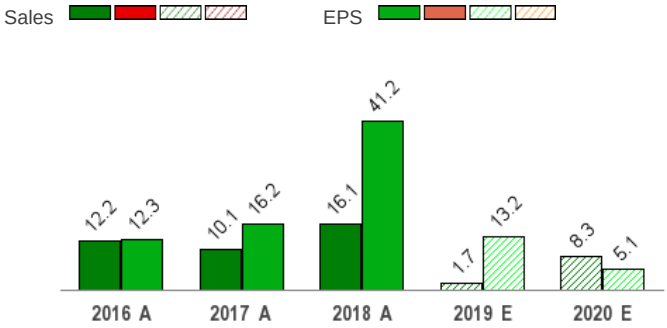
AbbVie's Humira is performing well driven by strong demand trends amid new competition. Imbruvica has multibillion dollar potential. AbbVie has been successful in expanding approvals for its cancer drugs, Imbruvica and Venclexta. It also has an impressive late-stage pipeline. It gained approvals for two new drugs with significant potential, Skyrizi and Rinvoq in 2019. The acquisition of Allergan, if successful, should diversify AbbVie's revenue base and accelerate its non-Humira business. However, AbbVie's shares have underperformed the industry in the past year. 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. Estimates have gone down slightly ahead of Q4 earnings. AbbVie has a mixed record of earnings surprise in recent quarters.

Price, Consensus & Surprise

Data Overview

52 Week High-Low	**$91.99 - $62.66**
20 Day Average Volume (sh)	**6,472,427**
Market Cap	**$130.1 B**
YTD Price Change	**-0.6%**
Beta	**0.97**
Dividend / Div Yld	**$4.72 / 5.4%**
Industry	**Large Cap Pharmaceuticals**
Zacks Industry Rank	**Top 21% (54 out of 254)**
Last EPS Surprise	**1.8%**
Last Sales Surprise	**0.8%**
EPS F1 Est- 4 week change	**0.0%**
Expected Report Date	**02/07/2020**
Earnings ESP	**2.8%**
P/E TTM	**10.2**
P/E F1	**9.4**
PEG F1	**1.7**
P/S TTM	**4.0**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2020					36,096 E
2019	7,828 A	8,255 A	8,479 A	8,760 E	33,322 E
2018	7,934 A	8,278 A	8,236 A	8,305 A	32,753 A

EPS Estimates

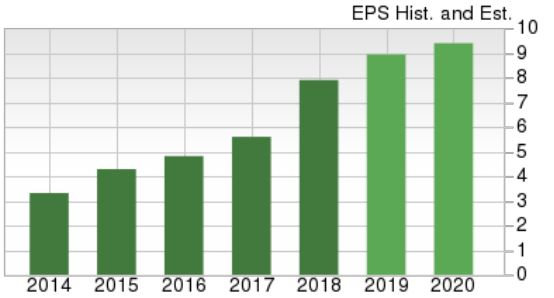
	Q1	Q2	Q3	Q4	Annual*
2020					$9.41 E
2019	$2.14 A	$2.26 A	$2.33 A	$2.27 E	$8.95 E
2018	$1.87 A	$2.00 A	$2.14 A	$1.90 A	$7.91 A

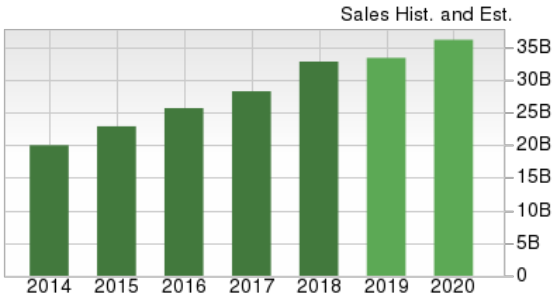
*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 01/17/2020. The reports text is as of 01/21/2020.

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, 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 61% and 11%, respectively, of AbbVie's total revenues in 2018.

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 (risankizumab) for plaque psoriasis and Rinvoq (upadacitinib) for rheumatoid arthritis (RA).

The company also has several candidates in different stages of development across a wide range of therapeutic areas and 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 early 2020.

AbbVie reported total sales of $32.7 billion in 2018, up 16%.

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.

- **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 - 11.7% in 2015, 16.1% in 2016, 14.6% in 2017 and 8.2% in 2018 - backed by robust demand trends. The product continues to see strong growth in the dermatology and gastroenterology markets in the United States. Humira also has the potential to treat other diseases.

  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.

  AbbVie's recent strategic collaborations with small innovative biotechs include one with Teneobio to co-develop TNB-383B, a BCMA targeting immunotherapeutic for the potential treatment of multiple myeloma and with Voyager Therapeutics to develop treatments for severe neurological diseases.

- **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. 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. Regulatory applications seeking approval for Venclexta plus Rituxan for relapse/refractory CLL (based on MURANO study data) were approved in the United States in June and in the EU in October 2018. Also, in November 2018, AbbVie gained FDA approval for Venclexta in first-line AML. Meanwhile, Venclexta plus Roche's Gazyva was approved by the FDA in front-line CLL in May 2019. Label expansion for these indications has expanded the 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. AbbVie estimates that Orilissa and Skyrizi have multi-billion dollar sales potential. Meanwhile, Skyrizi and Rinvoq have demonstrated differentiated clinical profiles versus Humira and are expected to lower AbbVie's dependence on Humira

  Promising candidates include elagolix (NDA for uterine fibroids filed in August 2019), risankizumab (phase III for Crohn's disease and psoriatic arthritis, phase II for ulcerative colitis) upadacitinib (phase III for Crohn's disease, psoriatic arthritis, ulcerative colitis, atopic dermatitis and giant cell arteritis), ABBV-8E12 (phase II for early Alzheimer's disease), 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.

- **Returning Value to Shareholders:** AbbVie is working on returning value to shareholders in the form of share buybacks and dividends. AbbVie's share repurchase authorization was increased by $5 billion to $10 billion. AbbVie also hiked its quarterly dividend by 4% in 2015, 12% each in 2016 and 2017. For 2018, AbbVie hiked its dividend twice - by 11% in Oct 2017 and by 35% in Feb 2018. It raised its dividend by 11.5% for 2019 and 10.3% for 2020. Since inception, AbbVie's dividend has been increased by 195%. Shareholder returns are expected to go up as the company's cash position has improved following the recent U.S. tax reforms.

Reasons To Sell:

Sales erosion due to direct biosimilar competition to Humira in international markets is a big headwind in 2019.

- **Shares Underperforming Industry:** AbbVie shares have declined 0.8% in the past one year compared with increase of 15.1% for the industry.

- **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, which account for approximately 25% of total global Humira revenues. Humira biosimilars were launched in the EU in October 2018 and are rapidly eroding international sales from the branded drug. Humira international sales declined 28.5% in the first nine months of 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:** 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 2019 (12% in the first nine months of 2019) primarily driven by lower patient volumes in certain international markets and competitive dynamics in the U.S.

- **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 Q3 Earnings & Sales

Quarter Ending	09/2019
Report Date	**Nov 01, 2019**
Sales Surprise	**0.80%**
EPS Surprise	**1.75%**
Quarterly EPS	**2.33**
Annual EPS (TTM)	**8.63**

Third-quarter 2019 earnings of $2.33 per share beat the Zacks Consensus Estimate of $2.29 and came in higher than the company's guided range of $2.28-$2.30. Earnings rose 8.9% year over year.

The adjusted earnings excluded a net charge of 56 cents per share related to the impairment of intangible assets acquired as part of the Stemcentrx acquisition.

Revenues of $8.48 billion surpassed the Zacks Consensus Estimate of $8.41 billion. Sales rose 3% on a reported basis. Excluding currency headwinds, operational revenues increased 3.5%, backed by higher sales of several products, which offset the impact of international biosimilar competition for Humira. Revenues were also slightly ahead of the guidance of being approximately $8.4 billion

Quarter in Details

Humira sales declined 3.7% (3.2% on an operational basis) to $4.94 billion as higher U.S. sales were offset by decline in international markets.

Sales in the United States increased 9.6% to $3.89 billion, higher than the guidance of approximately 8% growth, driven by strong demand trends. Humira sales in ex-U.S. markets were down 31.8% on an operational basis and 33.5% on a reported basis to $1.05 billion. However, international sales were slightly higher than the expectation of being approximately $1 billion.

International sales were severely impacted by the launch of several direct biosimilar drugs in Europe and other international markets. On the call, the company said that biosimilar trends and dynamics were in-line with management expectations.

AbbVie's oncology/hematology (including Imbruvica and Venclexta) sales surged 38.5% on an operational basis to $1.5 billion in the quarter, driven by strong growth of both Imbruvica and Venclexta.

Third-quarter net revenues from Imbruvica were $1.26 billion, up 29.3% year over year, slightly higher than the guidance of approximately $1.2 billion. U.S. sales of Imbruvica grossed $1.04 billion, up 28.3% from the year-ago figure, primarily driven by continued uptake in the front-line CLL segment. AbbVie logged $215 million of international profit sharing with J&J, up 34.5% year over year.

Venclexta brought in revenues of $221 million, up more than 100% year over year driven by continued uptake in the broad relapsed/refractory CLL setting and the recently approved indications for first-line CLL and AML.

HCV products, including Viekira and Mavyret, recorded sales of $698 million, down 19% (down 18.6% on an operational basis) year over year on lower sales of Mavyret as well as Viekira. In the United States, HCV revenues declined 17% to $368 million. International HCV revenues declined 20.4% on an operational basis to $330 million.

Mavyret sales totaled $695 million in the quarter, down 17.1% (down 16.7% 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 16.4% in the third quarter on an operational basis due to lower treated patient volumes in some markets. U.S sales were down 17% 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 14.4% on an operational basis to $117 million. Creon and Synthroid generate sales only from U.S. markets. Creon witnessed an increase of 11.2% in revenues to $265 million. Sales of Synthroid grew 2.3% to $197 million. Synagis and Lupron sales increased 35.4% to $132 million and 8.2% to $230 million, respectively, on an operational basis during the quarter.

Drugs that recorded sales decline include Androgel, Kaletra and Sevoflurane, which fell 61.1%, 13.9% and 0.9%, respectively on an operational basis during the quarter.

Newly launched drug Orilissa recorded sales of $27 million, entirely from the U.S. market versus $19 million in the previous quarter. The sales ramp up of the drug has been slower than expected.

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

On the call, the company said that Skyrizi is witnessing strong prescription volume. Through the first six months of launch, more than 9,000 patients were treated with the drug including both new patients, and switching patients. Following the solid launch progress, management raised its full-year expectations for the drug, for the second time this year. Management expects Skyrizi's full-year global sales of approximately $275 million, up from the prior expectation of approximately $250 million.

Regarding Rinvoq, on the call, the company said that the early uptake trends were encouraging and the medicine is currently covering approximately 6% of in-play RA patients.

Margins Rise

Adjusted gross margin rose 30 bps to 82% in the quarter. Adjusted gross margin included a 140 bps benefit due to low Humira royalties owed. Adjusted SG&A expenses were almost flat year over year at $1.6 billion. R&D expenses were $1.23 billion in the third quarter due to greater investments in the pipeline. Adjusted operating margin was 48.4% of sales in the reported quarter, up120 bps year over year.

Dividend Increase

The company announced a 10.3% increase in its quarterly cash dividend from $1.07 per share to $1.82 per share beginning February 2020.

2019 Guidance

AbbVie raised the lower end of its guidance for adjusted EPS to the range of $8.90-$8.92 from the previous guidance of $8.82-$8.92 for 2019. The earnings guidance indicates a year-over-year increase of 12.6% at the mid-point

Revenues are expected to grow approximately 2.5% on an operational basis in 2019 versus prior growth expectation of approximately 2%. Currency headwinds are expected to hurt 2019 revenues by approximately 1%, same as the previous expectation.

In 2019, U.S. Humira sales are expected to rise approximately 8.5% (previously 8%). International Humira sales are expected to be approximately $4.3 billion, down approximately 28%.

The company expects Imbruvica sales of approximately $4.7 billion, up from prior expectations of $4.6 billion. U.S. sales of Imbruvica are expected to rise approximately 28% (previously 27%). Venclexta sales are expected to be approximately $775 million. Global HCV sales are expected to approach $3.0 billion, versus prior expectation of $3.1 billion.

Adjusted gross margin is expected to approach 82.5% of sales in 2019, slightly lower than the prior expectation of 83%. Operating margin is expected to be just above 47%, an increase of roughly 250 basis points year over year. While R&D is expected to be approximately 15.5% of sales, SG&A is expected to be approximately 20.5% of sales

Fourth-Quarter 2019 Outlook

Fourth-quarter earnings are expected between $2.17 and $2.19 per share. Operational sales growth is expected to be approximately 5%.

Recent News

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.

EU Approval for Rinvoq – Dec 18

AbbVie announced that the European Commission has granted approval to Rinvoq (upadacitinib). In EU, Rinvoq has been granted approval as monotherapy or in combination with methotrexate for the treatment of adults with moderate-to-severe rheumatoid arthritis (RA) in patients who experienced inadequate response or intolerance to one or more disease-modifying anti-rheumatic drugs (DMARDs).

Alliance with Scripps Research – Dec 9

AbbVie expanded its existing deal with Scripps Research, a nonprofit drug discovery company, to develop new therapies for a range of diseases, including in the therapeutic areas of oncology, immunology, neurology and fibrosis. Per the deal, Scripps Research will conduct pre-clinical R&D activities and, in some cases, phase I studies. AbbVie will have an exclusive option to further develop and commercialize these candidates. The companies entered into a CAR-T alliance in 2018.

Update from ASH – Dec 8

AbbVie made several data presentations at the annual meeting of American Society of Hematology (ASH). This included new four-year data from the MURANO study, which supported benefit with fixed duration Venclexta/Venclyxto plus Rituxan in patients with relapsed/refractory (R/R) CLL. The data showed 81% reduction in the risk of disease progression or death in patients treated with the Venclexta/Venclyxto plus Rituxan combination and higher rates of minimal residual disease (MRD)-negativity compared to Bendeka plus Rituxan. The risk of death was decreased by 59% in the 130 patients who completed the Venclexta/Venclyxto plus Rituxan treatment course compared to Bendeka plus Rituxan. As many as 68% of the 130 patients who completed the Venclexta/Venclyxto plus Rituxan treatment course were free of disease progression and maintained OS benefit 24-months after being off therapy[

At ASH, AbbVie also presented new minimal residual disease (MRD) data from CAPTIVATE study evaluating Imbruvica plus Venclexta/Venclyxto in first-line treatment chronic lymphocytic leukemia (CLL). The data showed that the combination treatment led to high rates of disease clearance in such patients.

New data from the ECOG-ACRIN Cancer Research Group-led phase III E1912 study of Imbruvica plus Rituxan was also presented at ASH. This data served as the basis of a recent FDA sNDA submission.

Valuation

AbbVie's shares are down 0.8% in the trailing 12-month period. Stocks in the Zacks sub-industry and sector are up 15.1% and 5.5%, respectively, over the past year. The S&P 500 Index is up 25.6% in the past year.

The stock is currently trading at 9.32X forward 12-month earnings per share, which compares to 15.71X for the Zacks sub-industry, 21.78X for the Zacks sector and 19.19X 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 11.46X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $92 price target reflects 9.7X 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	9.32	15.71	21.78	19.19
	5-Year High	17.99	18.1	21.78	19.34
	5-Year Low	6.77	13.94	15.85	15.17
	5-Year Median	11.46	15.56	18.91	17.44
P/S F12M	Current	3.59	4.82	2.88	3.57
	5-Year High	6.22	4.84	3.82	3.57
	5-Year Low	2.73	3.93	2.43	2.54
	5-Year Median	3.79	4.43	2.94	3
P/FCF	Current	10.09	21.58	17.88	37.22
	5-Year High	34.32	25.48	21.62	37.22
	5-Year Low	7.32	17.24	14.54	16.22
	5-Year Median	14.67	19.74	17.53	22.78

As of 1/20/2020

Industry Analysis **Zacks Industry Rank:** Top 21% (54 out of 254)

Top Peers

Eli Lilly and Company **(LLY)**	Outperform
Pfizer Inc. **(PFE)**	Outperform
Amgen Inc. **(AMGN)**	Neutral
AstraZeneca PLC **(AZN)**	Neutral
Johnson & Johnson **(JNJ)**	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	-	-	B	B	A
Market Cap	130.14 B	134.35 B	24.65 B	143.49 B	392.60 B	231.61 B
# of Analysts	3	3	13	10	8	6
Dividend Yield	5.36%	2.58%	1.73%	2.40%	2.55%	2.68%
Value Score	B	-	-	B	B	B
Cash/Price	0.08	0.04	0.04	0.15	0.05	0.04
EV/EBITDA	18.83	15.22	14.11	11.67	15.48	18.63
PEG Ratio	1.68	1.98	2.08	2.09	2.40	1.82
Price/Book (P/B)	NA	5.74	3.39	13.13	6.74	8.65
Price/Cash Flow (P/CF)	9.42	12.73	13.81	13.36	13.68	14.66
P/E (F1)	9.36	16.22	19.19	15.10	16.42	16.44
Price/Sales (P/S)	3.96	4.50	2.69	6.13	4.80	5.04
Earnings Yield	10.68%	6.17%	5.21%	6.62%	6.09%	6.08%
Debt/Equity	-4.03	0.68	0.72	2.54	0.46	0.84
Cash Flow ($/share)	9.34	4.30	6.94	18.08	10.90	6.21
Growth Score	A	-	-	D	C	A
Hist. EPS Growth (3-5 yrs)	21.99%	8.42%	10.56%	11.35%	9.06%	7.23%
Proj. EPS Growth (F1/F0)	5.12%	6.62%	7.57%	9.14%	4.83%	7.30%
Curr. Cash Flow Growth	33.63%	10.96%	14.73%	2.84%	13.87%	3.40%
Hist. Cash Flow Growth (3-5 yrs)	18.69%	4.99%	9.00%	10.23%	7.92%	-1.53%
Current Ratio	1.15	1.17	1.24	2.89	1.26	1.26
Debt/Capital	NA%	40.27%	42.99%	71.74%	31.62%	45.72%
Net Margin	9.90%	20.26%	11.14%	34.48%	21.09%	20.26%
Return on Equity	-155.96%	38.63%	17.16%	80.26%	39.81%	48.16%
Sales/Assets	0.56	0.53	0.55	0.38	0.53	0.55
Proj. Sales Growth (F1/F0)	8.32%	5.12%	4.16%	9.09%	4.28%	5.95%
Momentum Score	A	-	-	A	B	A
Daily Price Chg	-1.41%	0.05%	0.27%	0.41%	0.65%	-0.23%
1 Week Price Chg	0.41%	1.19%	0.39%	-0.09%	0.54%	-1.88%
4 Week Price Chg	-0.87%	3.34%	2.95%	-0.14%	2.63%	1.09%
12 Week Price Chg	14.58%	12.59%	7.76%	18.93%	17.00%	10.16%
52 Week Price Chg	0.92%	18.73%	22.29%	19.60%	15.56%	20.33%
20 Day Average Volume	6,472,427	1,878,471	1,536,375	1,687,787	5,324,063	6,822,257
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.65%
(F1) EPS Est 4 week change	0.00%	0.00%	0.00%	0.37%	0.05%	0.78%
(F1) EPS Est 12 week change	0.48%	0.63%	-0.40%	3.28%	-0.43%	3.34%
(Q1) EPS Est Mthly Chg	NA%	0.00%	0.00%	-0.21%	0.00%	NA

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.

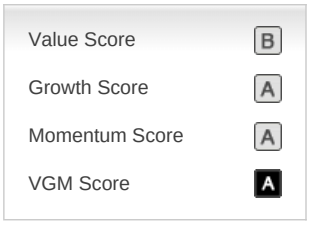
Zacks Rank

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.

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.



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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