

# AbbVie Inc. (ABBV)

Healthcare – Pharmaceutical

April 16, 2025

Stock Rating

BUY

Target Price

\$212-242

## Investment Thesis

We recommend a buy rating for AbbVie Inc. with a target price range of \$212-242, offering approximately 18-35% upside from the current price of \$179.84. AbbVie's robust portfolio across immunology, oncology, neuroscience, and aesthetics, combined with its strategic acquisitions and strong R&D pipeline, positions it as a leader in the biopharmaceutical industry. The successful transition to next-generation therapies like Skyrizi and Rinvoq mitigates the impact of Humira's patent expiration. Despite risks from biosimilar competition and regulatory pricing pressures, AbbVie's diversified revenue streams and alignment with the growing demand for specialty drugs give investors confidence in sustained long-term growth.

### Drivers of Thesis

- **Immunology Portfolio Strength:** Skyrizi and Rinvoq are rapidly gaining market share, with \$17.7B in 2024 sales, offsetting Humira's decline. Additionally, we estimate growth at a CAGR of ~2.7% through 2034 expecting patent exclusivity to expire in 2033.
- **Strategic Acquisitions:** Deals like Allergan and ImmunoGen expand exposure to high-growth areas like aesthetics and oncology, boosting long-term growth.
- **Robust R&D and Pipeline:** Our R&D estimation of 22.7% of sales reinforces a strong pipeline in key therapeutic areas, supporting innovation and revenue sustainability.

### Risks to Thesis

- **Patent/Exclusivity Risk:** Loss of exclusivity for Humira in 2023 and future risks for Skyrizi and Rinvoq could erode revenue without pipeline success.
- **Regulatory and Pricing Pressures:** U.S. pricing reforms, including Medicare negotiations, may compress margins on high-cost therapies.
- **Pipeline and Trial Risks:** Setbacks in trials or approvals could delay new revenue sources and increase reliance on existing drugs.

Henry Fund DCF	\$212
Henry Fund DDM	\$242
Relative Multiple	\$161

### Price Data

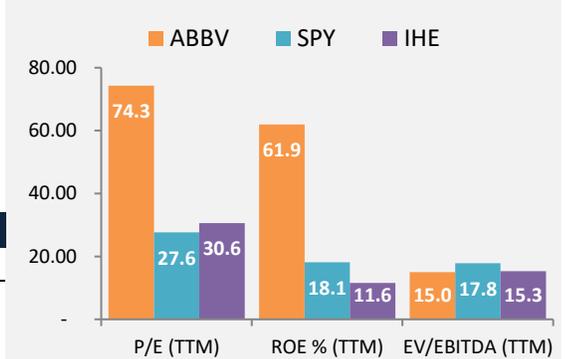
Current Price	\$179.84
52wk Range	\$153.58 – 218.66
Consensus 1yr Target	\$216.52

### Key Statistics

Market Cap (B)	\$310.72
Shares Outstanding (M)	1,765
Institutional Ownership	73.70%
Beta	0.43
Dividend Yield	3.52%
Est. 5yr Growth	8.60%
Price/Earnings (TTM)	74.34
Price/Earnings (FY1)	12.88
Price/Sales (TTM)	5.59
Price/Book (mrq)	94.34

### Profitability

Operating Margin	29.5%
Profit Margin	6.6%
Return on Assets (TTM)	3.1%
Return on Equity (TTM)	61.9%



## Earnings Estimates

Year	2022	2023	2024	2025E	2026E	2027E
EPS	\$6.63	\$2.72	\$2.39	\$6.42	\$10.40	\$10.85
HF est.	-	-	-	\$7.25	\$8.75	\$10.19
Growth	2.6%	-58.9%	-12.1%	202.2%	20.6%	16.5%

## 12 Month Performance



## Company Description

AbbVie Inc. (ABBV) is a global, research-driven biopharmaceutical company with a diversified portfolio of market-leading products in immunology, oncology, neuroscience, aesthetics, and eye care. AbbVie focuses on developing advanced therapies for complex and serious diseases through innovation and specialized expertise. AbbVie became an independent, publicly traded company in 2013 following its spin-off from Abbott Laboratories.

## COMPANY DESCRIPTION

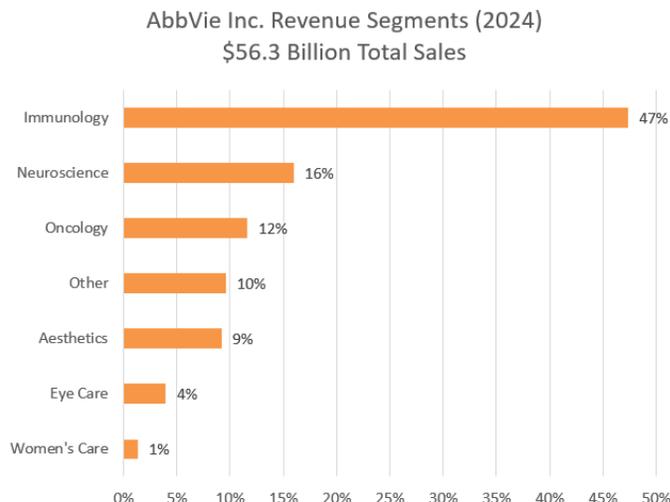
AbbVie Inc. (ABBV) is a global biopharmaceutical company focused on the development and delivery of innovative medicines across key therapeutic areas, including immunology, oncology, neuroscience, eye care, and aesthetics. Founded in 2013 as a spin-off from Abbott Laboratories, AbbVie is headquartered in North Chicago, Illinois, and operates in over 70 countries worldwide.<sup>1</sup> AbbVie’s research and development strategy emphasizes both internal innovation and strategic acquisitions to advance its pipeline and strengthen its market position. Notable acquisitions include Allergan, the maker of Botox and a leader in medical aesthetics<sup>2</sup>, which significantly expanded AbbVie’s revenue base and therapeutic portfolio, as well as ImmunoGen, a biotechnology company focused on antibody-drug conjugates in oncology.<sup>3</sup> AbbVie’s robust product lineup includes industry-leading treatments such as Humira, Skyrizi, Rinvoq, and Imbruvica, serving a diverse patient population and reinforcing its global presence. The company’s investment in biologics, targeted therapies, and next-generation treatment platforms emphasizes its commitment to scientific excellence and long-term growth. AbbVie’s ability to integrate acquisitions, manage patent expirations, and deliver strong cash flows positions it well for continued innovation and resilience in a competitive and evolving pharmaceutical landscape.

### Revenue Segments

AbbVie Inc. generates revenue through a diversified portfolio of products across several high-growth therapeutic areas, with its operations primarily segmented by product lines rather than geography. The company’s revenue is broadly categorized into three core therapeutic areas: Immunology, Oncology, and Neuroscience, with additional contributions from its Aesthetics and Eye Care businesses acquired through the Allergan transaction. AbbVie’s flagship product, Humira, has historically dominated revenue, though its contribution is declining due to biosimilar competition. In response, AbbVie has strategically shifted focus to its next-generation immunology drugs Skyrizi and Rinvoq, as well as its growing oncology and neuroscience pipelines. The company also reports an “Other Products” category, which includes legacy products and mature brands across therapeutic areas such as virology, endocrinology, and women’s health, many of which contribute modestly to

revenue but help support cash flow stability. This evolving mix reflects the company’s efforts to mitigate revenue concentration risk and sustain long-term growth across a balanced and innovative portfolio.

AbbVie’s revenue decomposition is shown below:



Source: ABBV 10-K

### Immunology

AbbVie’s Immunology segment represents the company’s largest and most strategically important revenue driver, anchored by a robust portfolio of therapies targeting chronic autoimmune and inflammatory diseases. The company has established a strong presence in rheumatology, dermatology, and gastroenterology, addressing critical unmet needs for patients worldwide.

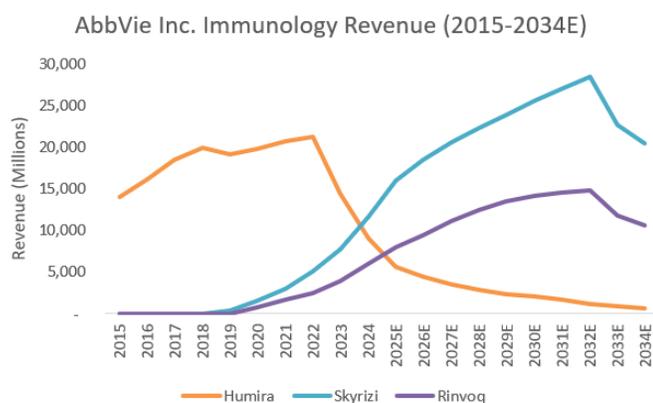
This segment is led by Humira (adalimumab), a biologic therapy administered via subcutaneous injection (administered under the skin), historically the world’s top-selling drug. Humira is approved across a broad range of autoimmune conditions (including rheumatoid arthritis, psoriatic arthritis, Crohn’s disease, ulcerative colitis, plaque psoriasis, and ankylosing spondylitis) in key markets such as North America, the European Union, and Japan. Although Humira’s dominance has been challenged by biosimilar competition, particularly in the U.S. post-2023 loss of exclusivity, it remains a contributor to AbbVie’s top line.

To sustain growth in the wake of Humira’s patent expiration, AbbVie has aggressively invested in next-generation immunology therapies: Skyrizi (risankizumab) and Rinvoq (upadacitinib). Skyrizi, an IL-23 inhibitor, is

approved globally for plaque psoriasis, psoriatic arthritis, Crohn’s disease, and ulcerative colitis, and has demonstrated strong uptake due to its quarterly dosing schedule and favorable efficacy profile. Rinvoq, a once-daily oral JAK inhibitor, is approved for a similarly wide range of conditions, including rheumatoid arthritis, psoriatic arthritis, atopic dermatitis, and various forms of spondyloarthritis, as well as Crohn’s disease and ulcerative colitis.

Together, Skyrizi and Rinvoq are positioned as AbbVie’s long-term immunology growth engines, with the potential to offset Humira’s decline and reinforce the company’s leadership in this competitive therapeutic area. The immunology segment continues to be a focal point of AbbVie’s R&D strategy and a core pillar of its long-term value proposition.<sup>1</sup>

Below is a visual representation of AbbVie’s immunology revenue from 2015-2034E:



Source: ABBV 10-K, Henry Fund Model

Overall, as illustrated in the figure above, the expiration of Humira’s patent in 2023 had a significant impact on its revenue, causing a sharp decline as the market was flooded with biosimilars. To mitigate the adverse effects on its largest revenue segment, AbbVie strategically introduced Rinvoq and Skyrizi, next-generation therapies that not only offer promising efficacy in immunology but are also positioned to capture market share and ease the financial pressure caused by Humira’s loss of exclusivity. These innovative treatments are central to AbbVie’s strategy for sustaining revenue growth in the immunology space despite the patent cliff.

From 2025 to 2034, AbbVie’s immunology segment is forecasted to experience robust initial growth driven by strong adoption of Rinvoq and Skyrizi, effectively

offsetting the revenue decline from Humira’s recent loss of patent exclusivity. However, growth is expected to gradually slow through 2032, reflecting the natural maturation of these products in the immunology market. Significant revenue declines in 2033 and 2034 are forecasted due to Rinvoq and Skyrizi reaching their respective patent expirations, consistent with industry dynamics. This forecast conservatively excludes potential revenue from future immunology therapies AbbVie may develop or acquire.

### Oncology

AbbVie’s Oncology segment focuses on developing therapies for some of the most complex and difficult-to-treat cancers, leveraging innovative biologics and targeted therapies to improve patient outcomes. The company’s oncology portfolio is anchored by several key products, including Imbruvica (ibrutinib), Venclexta (venetoclax), Elahere (mirvetuximab soravtansine-gynx), and Epkinly (epcoritamab), each targeting distinct forms of cancer, with a focus on blood cancers and solid tumors.

Imbruvica, an oral Bruton’s tyrosine kinase (BTK) inhibitor, was one of the first drugs to receive Breakthrough Therapy Designation from the U.S. Food and Drug Administration (FDA). Imbruvica is approved for a range of hematologic cancers, including chronic lymphocytic leukemia (CLL) and certain types of non-Hodgkin lymphoma, with additional indications for chronic graft-versus-host disease.

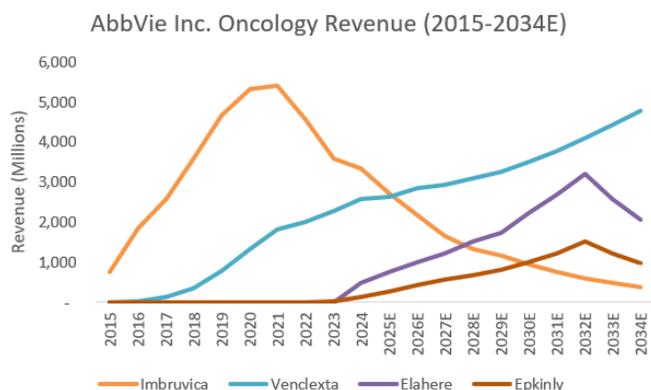
Venclexta, a B-cell lymphoma 2 (BCL-2) inhibitor, has shown significant promise in treating blood cancers such as CLL and small lymphocytic lymphoma. Additionally, it is approved in combination with other therapies for the treatment of acute myeloid leukemia (AML) in elderly patients or those with comorbid conditions.

Elahere, an antibody-drug conjugate (ADC), targets FR $\alpha$ -positive ovarian cancer, specifically in patients with platinum-resistant epithelial ovarian, fallopian tube, or primary peritoneal cancers who have undergone prior treatments. This innovative therapy provides targeted treatment for a challenging subset of ovarian cancer patients.

Lastly, Epkinly, a subcutaneous monoclonal antibody targeting diffuse large B-cell lymphoma (DLBCL) and follicular lymphoma, represents AbbVie’s efforts to address relapsed or refractory forms of lymphoma that do not respond to previous treatments.

Together, these products emphasize AbbVie’s commitment to advancing treatment options in oncology, addressing critical unmet needs in both hematologic and solid tumor cancers, with a pipeline that continues to expand and deliver promising results in challenging therapeutic areas.<sup>1</sup>

Below is a visual representation of AbbVie’s oncology revenue from 2015-2034E:



Source: ABBV 10-K, Henry Fund Model

Over this period, we can observe a steady increase in revenue, driven primarily by the launch and continued success of key therapies such as Imbruvica and Venclexta. Imbruvica, with its first-to-market position in Bruton’s tyrosine kinase inhibition, significantly contributed to the segment’s growth, especially in blood cancers like chronic lymphocytic leukemia (CLL) and non-Hodgkin lymphoma. As these treatments gained broader market acceptance, AbbVie was able to capitalize on their continued demand.

The introduction of Elahere and Epkinly further diversified the oncology portfolio, expanding AbbVie’s presence in solid tumors and lymphomas, respectively, which will help contribute to a continuing steady revenue stream. The overall growth trajectory of AbbVie’s oncology segment is a testament to the company’s ability to innovate and expand its footprint in complex cancer therapies.

However, the trajectory also reveals potential plateauing as certain therapies face increased competition and pricing pressure. Moving forward, AbbVie’s ability to maintain momentum in oncology will depend on the continued performance of these products and its pipeline, alongside ongoing efforts to differentiate its therapies in an increasingly competitive market.

We forecast AbbVie’s oncology segment to see modest fluctuations between 2025 and 2028 due to competitive pressures and incremental shifts within its existing oncology portfolio. Beginning in 2029, growth accelerates significantly, driven by increased market penetration and expanded indications for key oncology assets such as Venclexta and Epkinly, peaking between 2031 and 2032. However, revenue contraction in 2033 and 2034 reflects patent expirations and the subsequent entry of generic competition, consistent with industry patterns. The forecasts intentionally exclude potential new oncology therapies or acquisitions that AbbVie might pursue to mitigate future patent cliffs.

### Aesthetics

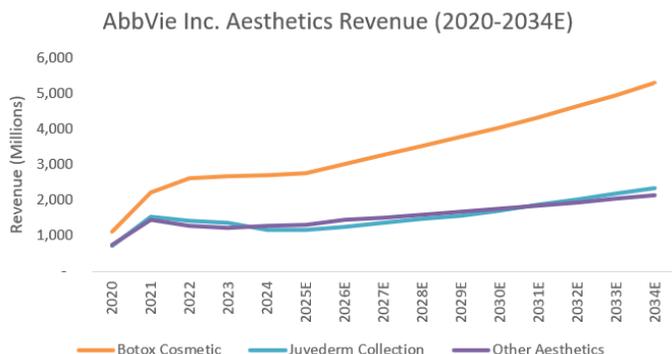
AbbVie’s Aesthetics segment represents a diversified portfolio of market-leading products spanning facial injectables, body contouring, regenerative medicine, plastic surgery, and skincare. The segment has delivered consistent revenue contributions, driven by strong consumer demand, brand loyalty, and global market penetration. At the core of this portfolio is Botox Cosmetic, a neuromodulator approved in major markets worldwide for aesthetic applications including glabellar lines, crow’s feet, forehead lines, and platysma bands. In China, it is also approved for the treatment of masseter muscle prominence, supporting geographic expansion and product versatility.

Complementing Botox is the Juvederm Collection of Fillers, a hyaluronic acid-based dermal filler line with indications for volume restoration and facial contouring in various areas such as the cheeks, lips, chin, and under-eye region. Juvederm remains one of the most recognized and trusted brands in the global filler market.

In addition to injectables, AbbVie’s aesthetics portfolio includes innovative technologies and product lines such as CoolSculpting for body contouring, Natrelle breast implants, Alloderm regenerative dermal tissue, and the SkinMedica skincare range. Together, these products enable AbbVie to address a broad range of aesthetic needs and maintain a leadership position in both physician-directed and consumer skincare channels.

The aesthetics segment provides AbbVie with a diversified revenue stream that is relatively insulated from traditional pharmaceutical patent cycles, helping the company balance risk and maintain financial resilience.<sup>1</sup>

Below is a visual representation of AbbVie’s aesthetic revenue from 2020-2034E:



Source: ABBV 10-K, Henry Fund Model

As previously mentioned, AbbVie acquired Allergan in 2020 to diversify its portfolio and gain exposure to the aesthetics market. As a result, revenue data for this segment is only available from 2020 onward. As shown in the figure above, AbbVie’s aesthetics business has provided a stable and consistent revenue stream, contributing to a more balanced overall portfolio and helping offset volatility from its biopharmaceutical segments.

We forecast AbbVie’s aesthetics segment to deliver steady and consistent growth from 2025 through 2034, driven by continued demand for flagship products such as Botox Cosmetic and the Juvederm Collection. After modest growth in 2025, we project an acceleration through 2030, supported by rising global adoption and increased consumer spending on aesthetic procedures. From 2031 onward, growth is expected to remain resilient, with slight moderation, as the segment benefits from a broad market presence and ongoing product innovation. As this business was acquired through AbbVie's purchase of Allergan, it represents a deliberate diversification strategy beyond traditional pharmaceuticals. We believe this segment will provide relative stability and act as a buffer against revenue disruptions caused by upcoming patent expirations in AbbVie’s core immunology and oncology portfolios.

**Neuroscience**

AbbVie’s neuroscience portfolio addresses a broad range of complex and difficult-to-treat neurological conditions, including chronic migraine, bipolar disorder, schizophrenia, and Parkinson’s disease. This segment has become an increasingly important contributor to AbbVie’s

diversified revenue stream, bolstered by both legacy and recently launched products.

A key component of the segment is Botox Therapeutic, which remains a market leader for multiple neuromuscular and urologic conditions. While its original patents have expired, Botox continues to generate strong revenue due to its brand strength, clinical efficacy, and manufacturing complexity that makes competition limited.

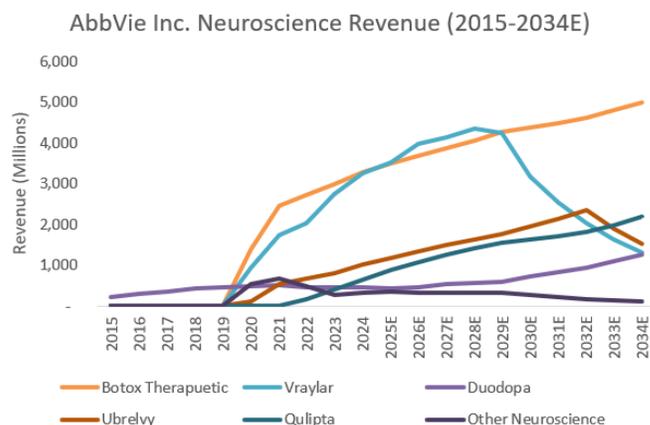
AbbVie’s neuroscience growth has been significantly supported by its psychiatric offerings, particularly Vraylar, which treats schizophrenia, bipolar disorder, and major depressive disorder. Vraylar’s broad label and expanding market share have made it one of the company’s top-performing neuroscience assets.

The company has also expanded its footprint in migraine treatment with Ubrovelvy, for acute migraine relief, and Qulipta, for migraine prevention. These two calcitonin gene-related peptide (CGRP) receptor antagonists complement each other and strengthen AbbVie’s position in a fast-growing treatment area.

In the Parkinson’s space, Duopa/Duodopa and the more recently approved Vyalev/Produodopa address the needs of patients with advanced disease progression, providing continuous levodopa-based therapy through innovative delivery methods.

Overall, AbbVie’s neuroscience segment reflects a balanced mix of mature products with sustained demand and newer, high-growth therapies that are helping to reshape the company’s long-term revenue trajectory.<sup>1</sup>

Below is a visual representation of AbbVie’s neuroscience revenue from 2015-2034E:



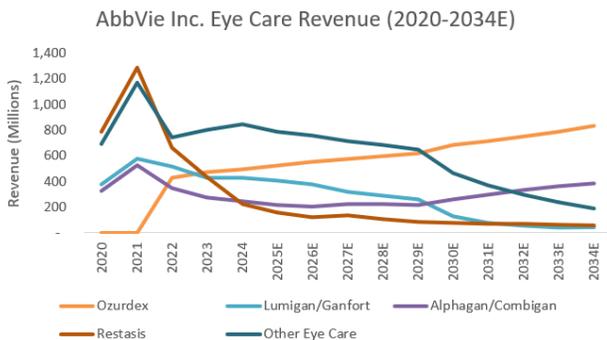
Source: ABBV 10-K, Henry Fund Model

AbbVie’s neuroscience revenue has grown significantly in recent years, driven by its acquisition of Allergan. This deal expanded AbbVie’s portfolio with key products including Botox Therapeutic, Vraylar, Ubrelvy, and Qulipta. Before the acquisition, AbbVie’s presence in the segment was mainly limited to Duopa and Duodopa. As shown in the figure above, this strategic move led to a sharp rise in revenue beginning in 2020, with steady growth continuing through 2024.

We forecast AbbVie’s neuroscience segment to experience strong growth in the early years of the forecast period, with high single-digit increases from 2025 through 2028 driven by expanding demand for products such as Vraylar, Ubrelvy, and Qulipta. Growth begins to decelerate from 2029 onward as the segment matures and faces increased competition. Beginning in 2030, we project a gradual decline in segment revenue, largely attributable to anticipated patent expirations and slowing uptake of key therapies. While neuroscience remains an important contributor to AbbVie’s diversified portfolio, our forecast does not account for potential new product launches or indications, which could help offset these headwinds.

**Eye Care**

AbbVie’s eye care segment, established through the acquisition of Allergan, has provided the company with a broad portfolio addressing a range of ophthalmic conditions. The product lineup includes Ozurdex for diabetic macular edema and retinal vein occlusion, Lumigan and Ganfort for glaucoma and ocular hypertension, Alphagan and Combigan for intraocular pressure reduction, and Restasis for dry eye disease. Additional offerings like the Refresh/Optive line and surgical solutions such as Xen and Durysta further strengthen AbbVie’s position in this space.<sup>1</sup> Below is a visual representation of AbbVie’s eye care revenue from 2020-2034E:



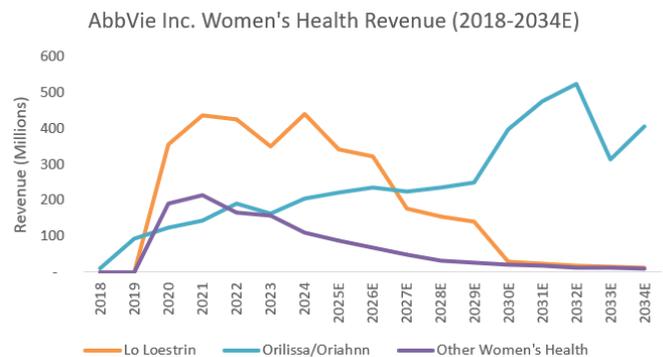
Source: ABBV 10-K, Henry Fund Model

The acquisition of Allergan significantly expanded AbbVie’s presence in the ophthalmology market, adding a robust portfolio of treatments targeting conditions such as glaucoma, dry eye disease, and retinal disorders. Since the acquisition, eye care revenue has remained steady, reflecting the consistent demand for established products like Restasis, Lumigan, and Ozurdex across global markets.

We forecast AbbVie’s eye care segment to face continued revenue declines throughout the 2025–2034 period, with negative growth each year driven by ongoing erosion of legacy products such as Lumigan, Alphagan, and Restasis. The segment faces significant pressure from generic competition and limited new product momentum, leading to sharper declines beginning in 2030. While the rate of contraction slows toward the end of the forecast horizon, we do not anticipate a return to growth without the introduction of new therapies or meaningful strategic investment. As such, the eye care segment is expected to be a diminishing contributor to AbbVie’s overall portfolio performance during this period.

**Womens’ Care**

AbbVie’s Women’s Health segment provides treatments for a range of hormonal and gynecological conditions. Key products include Orilissa, a GnRH antagonist for moderate to severe endometriosis pain; Oriahnn, a combination therapy for heavy menstrual bleeding due to uterine fibroids; and Lo Loestrin, a low-dose oral contraceptive that remains one of the most prescribed branded birth control pills in the United States. While AbbVie no longer reports Women’s Health as a separate revenue segment, these products continue to support the company’s overall performance and address important needs in women’s reproductive health.<sup>1</sup> Below is a visual representation of AbbVie’s women’s care revenue from 2018-2034E:



Source: ABBV 10-K, Henry Fund Model

The figure above illustrates AbbVie’s revenue from its Women’s Health segment between 2018 and 2024. This timeline begins in 2018, marking the launch of Orilissa (elagolix) following AbbVie’s partnership with Neurocrine Biosciences.<sup>4</sup> The collaboration was pivotal in establishing AbbVie’s presence in the Women’s Health market, particularly in addressing endometriosis-related pain. Revenue from this segment has since reflected the performance of Orilissa and related therapies, such as Lo Loestrin, contributing to AbbVie’s broader therapeutic portfolio.

We forecast AbbVie’s women’s health segment to experience considerable volatility from 2025 through 2034. The segment is expected to face steep declines in the early years of the forecast, particularly in 2027, reflecting patent expirations, declining prescription volume, and increased generic competition for products such as Lo Loestrin and Orilissa/Oriahnn. However, beginning in 2030, we project a temporary rebound in revenue driven by potential lifecycle management strategies, market stabilization, or increased uptake in specific therapeutic areas. This recovery is not sustained, as a significant revenue drop is expected again in 2033, followed by a sharp upswing in 2034. Given this variability, we view the women’s health segment as a relatively unstable revenue contributor and a potential area for AbbVie to either exit or reinvest strategically to improve consistency over the long term.

**Other Key Products**

AbbVie’s “Other Key Products” revenue segment includes a diverse range of therapies that address chronic conditions and rare diseases, as well as treatments in endocrinology and metabolic health. This segment covers products such as Mavyret (glecaprevir/pibrentasvir) and Viekira, both of which are used in the treatment of hepatitis C virus (HCV), with Mavyret being approved for a broad range of HCV genotypes. Creon (pancrelipase), marketed in the U.S., treats exocrine pancreatic insufficiency in patients with conditions like cystic fibrosis and chronic pancreatitis.

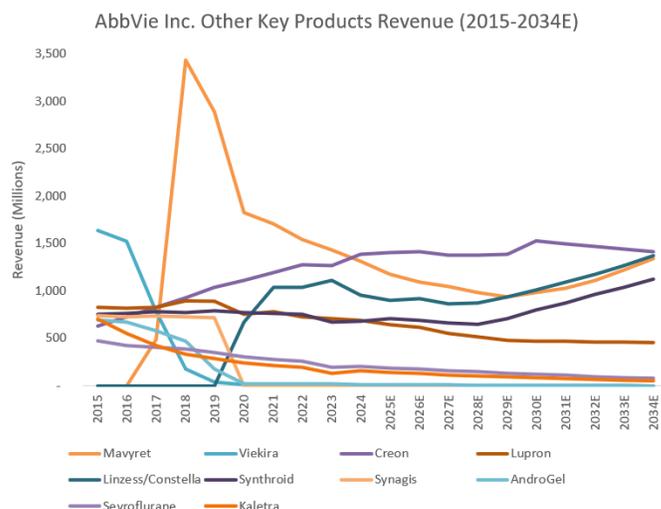
AbbVie’s Lupron (leuprolide acetate) is utilized in the management of conditions such as advanced prostate cancer and endometriosis, while Linzess (linaclotide) and Constella (the international brand name) are prescribed for patients with irritable bowel syndrome with constipation (IBS-C) and chronic idiopathic constipation.

Synthroid is one of the leading treatments for hypothyroidism, while AndroGel addresses testosterone deficiency in men.

AbbVie’s Synagis (palivizumab) is a critical product in preventing respiratory syncytial virus (RSV) infections in infants, particularly those at high risk. Sevoflurane, an inhalational anesthetic, is used during surgical procedures, and Kaletra (lopinavir/ritonavir) remains a key treatment for HIV, especially in combination therapies.

These products, while vital in their respective therapeutic areas, make up a smaller portion of AbbVie’s total revenue and are therefore grouped together in the “Other Key Products” segment.<sup>1</sup>

Below is a visual representation of AbbVie’s other key products revenue from 2015-2034E:



Source: ABBV 10-K, Henry Fund Model

The chart above illustrates the revenue trend for AbbVie’s “Other Key Products” segment from 2015 to 2024. This segment includes a range of therapies across multiple therapeutic areas, including treatments for hepatitis C, pancreatic insufficiency, endocrine disorders, and certain rare conditions. While these products represent a smaller portion of AbbVie’s overall revenue, the segment has remained relatively stable over the years, with some fluctuation due to market dynamics and patent expirations. Notable products in this segment include Mavyret, Linzess, Lupron, and Creon, among others. Despite the relatively modest contribution to total revenue, these products continue to provide essential treatment options in their respective therapeutic categories. The data shows consistent performance across

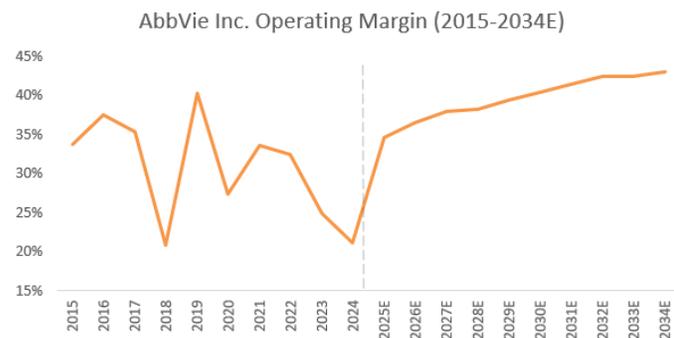
the years, with a slight increase in recent years due to sustained demand for certain therapies and the ongoing commercialization of products in AbbVie’s pipeline.

We forecast AbbVie’s other key products segment to remain relatively steady throughout the 2025–2034 forecast period. This segment includes products that fall outside of AbbVie’s core growth drivers and may shift over time as the company’s portfolio evolves. Given the stable nature of these offerings and their secondary strategic importance, we are comfortable applying a consistent growth rate with minimal deviation over the forecast horizon.

### Cost Structure Analysis

AbbVie has a strong cost structure, with its operating margin varying among an average of around 30% over the past 10 years. We forecast that this margin will remain consistent over the next 10 years within our model. This stable margin reflects AbbVie’s efficient operations, strong pricing power, and the profitability of its key products.

Looking forward, we expect AbbVie’s margin to stay strong, although it could face some pressure as patents for Humira begin to expire. However, AbbVie’s growing portfolio of drugs, including Imbruvica and those from its Allergan acquisition, should help maintain strong revenue and margins. We forecast that AbbVie will continue to maintain an operating margin average of around 30% for the next 10 years, driven by efficient cost management and revenue growth. Below is AbbVie’s operating margin from 2015 to the forecasted year of 2034E:



Source: ABBV 10-K, Henry Fund Model

One of the key factors to keep track of are AbbVie’s R&D costs, as R&D plays a critical role in the pharmaceutical industry. We expect R&D spending to remain a key cost, but it should not drastically reduce margins due to AbbVie’s ability to scale production efficiently. COGS is

expected to stay stable as AbbVie continues to leverage its manufacturing capabilities.

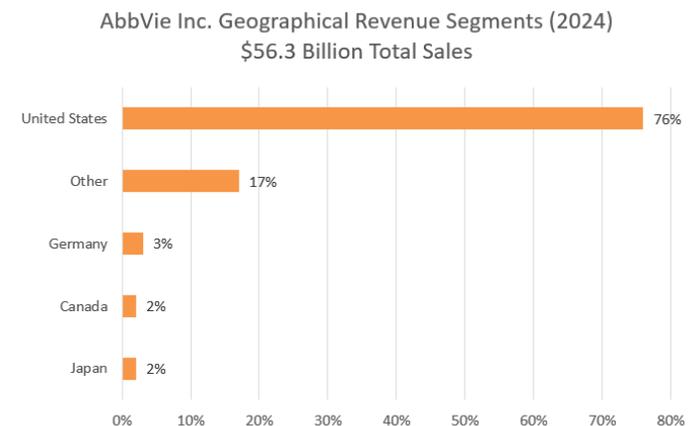
Overall, we believe AbbVie’s cost structure is strong, supported by its pricing power, efficient operations, and a diversified drug portfolio. While some margin compression may occur due to competition, AbbVie’s operational efficiency should help it maintain profitability.

### Additional Company Analysis

#### Target Market and Strategic Positioning

AbbVie targets the global biopharmaceutical market, focusing on therapeutic areas with high unmet medical needs such as immunology, oncology, neuroscience, and aesthetics. The company maintains a dominant presence in the United States, which accounts for 76% of total sales, supported by strong commercial execution and a broad product portfolio. International markets, including Japan and Canada (2% each), Germany (3%), and other global regions (17%), represent a smaller but stable portion of total revenue. AbbVie’s strategic positioning as a leader in immunology, along with its expanding oncology and neuroscience pipelines, is bolstered by a diversified portfolio and ongoing investment in innovation, allowing the company to compete effectively across both specialty and primary care markets worldwide.

AbbVie’s geographical revenue decomposition is shown below:



Source: ABBV 10-K

#### Differentiation and Comparative Advantages

AbbVie distinguishes itself from peers through its successful transition from reliance on Humira to a more balanced and forward-looking portfolio. Unlike companies

that remain highly concentrated in one therapeutic area, AbbVie operates across immunology, oncology, neuroscience, and aesthetics, which allows it to manage risk while pursuing multiple sources of growth. In immunology, AbbVie has maintained leadership through Skyrizi and Rinvoq, both of which have gained significant market share and are on track to replace a large portion of Humira's revenue. This reflects strong execution in product development and commercialization.

AbbVie's acquisition strategy has also broadened its capabilities. The Allergan acquisition added durable assets in aesthetics and neuroscience, while the more recent ImmunoGen acquisition enhances its oncology pipeline. Compared to peers such as Bristol Myers or Amgen, AbbVie has delivered more consistent performance in replacing expiring revenue and bringing new therapies to market. In areas like dermatology and gastroenterology, AbbVie continues to benefit from strong relationships with physicians, which helps support prescribing volumes even in highly competitive categories.

**Viability and Sustainability of AbbVie's Business Model**

AbbVie's business model is well positioned for long term sustainability due to its diversified product base, proven R&D execution, and strong presence in high growth therapeutic areas. The expiration of Humira's exclusivity was a major challenge, but AbbVie has managed the transition effectively. Skyrizi and Rinvoq generated over seventeen billion dollars in combined sales in 2024, providing clear evidence that AbbVie is successfully mitigating the impact of Humira's decline.

Beyond immunology, AbbVie generates meaningful revenue from other segments including aesthetics and neuroscience. These areas offer high margins and steady demand, supporting both profitability and reinvestment in innovation. AbbVie also continues to align with broader industry trends such as the shift toward specialty care and biologics. While risks related to pricing pressure and regulatory change remain, AbbVie's ability to scale new launches, deliver on pipeline potential, and generate consistent cash flows places it in a stronger position than many large pharmaceutical peers.

**Debt Maturity Analysis**

AbbVie has a substantial long-term debt load, with approximately \$67.1 billion in total long-term obligations

as of year-end 2024. The company faces notable near-term maturities, including \$6.8 billion in 2025, \$6.0 billion in 2026, and another \$5.0 billion in 2027. The largest single-year maturity falls in 2029 at \$8.6 billion, with an additional \$37.4 billion due beyond that year.

Given AbbVie's strong and consistent operating cash flows—with over \$23 billion in operating cash flow in 2024 alone—the company appears well-positioned to manage its upcoming maturities without liquidity strain. While some refinancing activity is likely, especially to optimize interest expenses or extend maturities, AbbVie's current free cash flow generation provides ample flexibility to repay upcoming debt obligations.

The company recently demonstrated proactive balance sheet management by issuing \$15.0 billion in unsecured senior notes in early 2024, which were used to repay term loans, commercial paper, and finance its acquisitions of ImmunoGen and Cerevel Therapeutics. Additionally, the company has repaid several term loans and senior notes ahead of or at maturity, and currently maintains access to a total of \$8.0 billion in revolving credit facilities, none of which were drawn at year-end 2024.<sup>1</sup>

**Five-Year Debt Maturity Schedule**

Fiscal Year	Payment (\$mil)
2025	\$6,771
2026	6,000
2027	5,028
2028	3,047
2029	8,570
Thereafter	37,425
<b>Total</b>	<b>\$66,841</b>

Source: ABBV 10-K

AbbVie has not publicly disclosed a specific target capital structure, but management appears committed to maintaining investment-grade credit metrics and a balanced approach between shareholder returns, strategic investments, and debt service. Overall, we believe the company's maturity profile is manageable, and its cash-generating ability provides confidence in its capacity to meet future obligations, even as it continues to invest in growth and innovation.

## ESG Analysis

### Environmental

AbbVie has made significant strides in reducing its environmental impact. In 2023, the company achieved a 26.4% reduction in absolute Scope 1 and 2 greenhouse gas emissions compared to its 2018 baseline. Additionally, AbbVie has implemented initiatives to enhance energy efficiency and reduce water usage across its operations.<sup>5</sup>

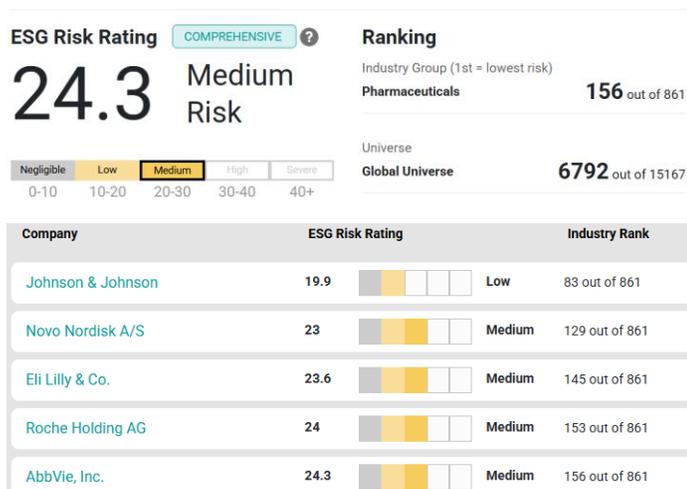
### Social

AbbVie prioritizes patient health and community engagement. The company has invested in programs to improve access to healthcare and support underserved communities. In 2023, AbbVie reported over 218,000 volunteer hours contributed by employees and significant charitable donations to various health and education initiatives.<sup>6</sup>

### Governance

AbbVie has a strong governance structure focused on accountability and sustainability oversight. The Board receives annual updates on climate-related risks, while an internal ESG Council, comprised of senior leaders and chaired by the SVP of Corporate Responsibility, guides the company's ESG strategy. AbbVie aligns its disclosures with SASB and TCFD frameworks to ensure transparency and effective risk management.<sup>7</sup>

Below is the Morningstar Sustainalytics ESG risk rating for AbbVie:



Source: Morningstar Sustainalytics

As shown above, AbbVie comes in at last place when compared to peers within the industry. While the difference in risk rating between the competitors isn't monumental, this serves as an opportunity for AbbVie to reassess and/or revamp ESG initiatives to stand out.

## RECENT DEVELOPMENTS

### Recent Earnings Announcement

AbbVie's Q4 2024 earnings call reinforced confidence in the company's strategic direction and growth trajectory. Management reported full-year adjusted earnings per share of 10.12 dollars, exceeding initial guidance by 49 cents, and total net revenue of 56.3 billion dollars, which beat expectations by more than 2 billion. Despite a 5 billion dollar decline from U.S. Humira sales due to biosimilar erosion, AbbVie achieved 4.6 percent operational revenue growth, underscoring the resilience of its broader portfolio. Revenue from the ex-Humira platform rose 18 percent for the full year and accelerated to 22 percent in the fourth quarter, driven by strong demand across immunology, neuroscience, and oncology.

Skyrizi and Rinvoq remain the central drivers of near-term growth. Management projects close to 24 billion dollars in combined revenue for 2025 and over 31 billion by 2027, supported by expanded indications and solid market share gains. AbbVie also highlighted momentum in its pipeline, with recent product approvals and further regulatory submissions expected in 2025, including for Rinvoq (immunology) and Teliso-V (oncology).

While the aesthetics business has faced near-term pressure, management remains optimistic, projecting high single-digit compound annual growth through 2029. Analyst concerns around this segment were addressed by pointing to low market penetration for facial injectables as a sign of long-term opportunity.

Strategic acquisitions and partnerships also played a prominent role in the discussion. Management emphasized the value these transactions have added in terms of pipeline depth and R&D capabilities. In response to analyst questions about navigating Humira's biosimilar impact, leadership pointed to the strength of the ex-Humira portfolio and the company's capacity to scale newer assets. When asked about growth beyond 2025, management expressed confidence in achieving mid-

single-digit revenue growth and eventually surpassing prior revenue peaks.

Overall, the call illustrated AbbVie's ability to adapt to changing market dynamics while positioning itself for sustained growth through innovation, portfolio diversification, and strategic execution.

## INDUSTRY TRENDS

### Patents & Exclusivity Protection

Intellectual property rights, particularly patents and regulatory exclusivities, are fundamental to the pharmaceutical industry's business model.<sup>8</sup> They provide a period of market exclusivity, allowing companies to recoup the substantial investments required for drug development. Typically, patents last 20 years from the filing date; however, due to the time consumed by clinical trials and regulatory approvals, the effective market exclusivity is often reduced to 7–12 years.<sup>9</sup>

Regulatory exclusivities, granted upon FDA approval, can further protect a drug from generic competition. For instance, New Chemical Entity (NCE) exclusivity provides five years of protection, while orphan drug designation offers seven years.<sup>10</sup>

The expiration of these protections leads to the "patent cliff," where generic and biosimilar entries can significantly erode revenues. Between now and 2030, over \$200 billion in annual revenue is at risk due to patent expirations, particularly affecting biologics.<sup>11</sup>

To mitigate these challenges, companies like AbbVie employ strategies such as developing next-generation therapies, pursuing mergers and acquisitions, and expanding into new markets. These approaches aim to sustain revenue streams and support ongoing research and development efforts.

### Drug Pricing & U.S. Regulatory Pressure

The U.S. pharmaceutical industry is experiencing intensified regulatory scrutiny aimed at curbing high drug prices. The Inflation Reduction Act (IRA) of 2022 marked a significant shift by granting Medicare the authority to negotiate prices for select high-cost drugs, a move projected to reduce federal spending by \$237 billion over a decade.<sup>12</sup>

In 2025, the Trump administration signed an executive order further influencing drug pricing dynamics. This order proposed delaying Medicare price negotiations for small-molecule drugs from nine to thirteen years post-approval, aligning them with biologics, to encourage continued pharmaceutical innovation.<sup>13</sup>

For AbbVie, the regulatory environment presents both challenges and strategic considerations. The company's top-selling drug Humira was one of the most expensive and high-profile branded therapies in the U.S. before biosimilar competition emerged in 2023. Although the IRA's negotiation provisions don't apply retroactively, future flagship therapies like Skyrizi and Rinvoq could eventually face pricing pressure under the new rules, especially if they become dominant in the Medicare market.

However, AbbVie is relatively well-positioned due to its diversified portfolio and strategic lifecycle management. The company has been proactive in shifting revenue away from Humira, investing in immunology, neuroscience, and aesthetics to reduce dependence on any single product. Its pricing strategies for newer drugs have also been more restrained compared to Humira's historical trajectory, potentially making them less exposed to aggressive pricing reforms.

Overall, while AbbVie will need to navigate heightened regulatory scrutiny, its strong pipeline, operational scale, and therapeutic diversification provide resilience in a shifting policy landscape.

### Consumer Shift to Specialty Drugs

The pharmaceutical landscape is witnessing a significant shift toward specialty drugs (complex, high-cost medications often used to treat chronic, rare, or hard-to-manage conditions). In 2023, specialty drugs accounted for over 80% of the 55 novel drugs approved by the FDA, highlighting their growing prominence in therapeutic advancements.<sup>14</sup>

The specialty pharmaceuticals market grew from \$92.5 billion in 2023 to \$129.23 billion in 2024, and it is expected to continue expanding at a compound annual growth rate (CAGR) of 39.80%, reaching \$965.54 billion by 2030.<sup>15</sup>

AbbVie is strategically positioned to capitalize on this shift through its robust portfolio of specialty drugs. The company's immunology therapies, Skyrizi and Rinvoq,

have demonstrated strong market performance, with combined sales reaching \$17.7 billion in 2024. By focusing on specialty medications, AbbVie not only addresses unmet medical needs but also mitigates the impact of patent expirations on legacy products like Humira. This strategic emphasis ensures sustained revenue growth and reinforces AbbVie's position as a leader in the evolving pharmaceutical market.

## MARKETS AND COMPETITION

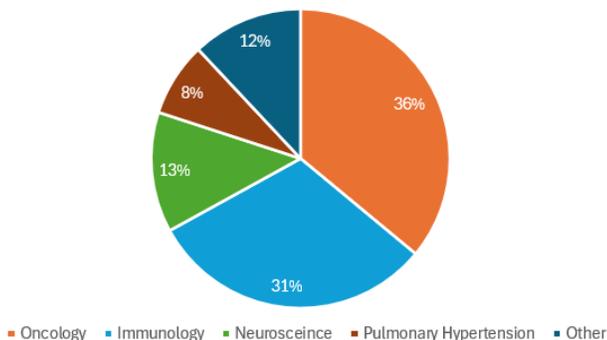
AbbVie operates in a competitive global pharmaceutical market, focusing on key therapeutic areas like immunology, oncology, and neuroscience. The market is influenced by factors such as patent expirations, pricing pressures, and regulatory changes. Understanding these dynamics is crucial for evaluating AbbVie's strategic positioning and growth prospects.

### Peer Comparisons

#### Johnson & Johnson (JNJ)

Johnson & Johnson is a global healthcare leader with approximately 138,100 employees worldwide. Founded in 1887, the company operates through subsidiaries focused on human health and well-being. JNJ's diverse portfolio spans pharmaceuticals, medical devices, and consumer health products, with operations in virtually all countries.<sup>16</sup>

J&J Innovative Medicine Sales (2024)



Source: JNJ 10-K

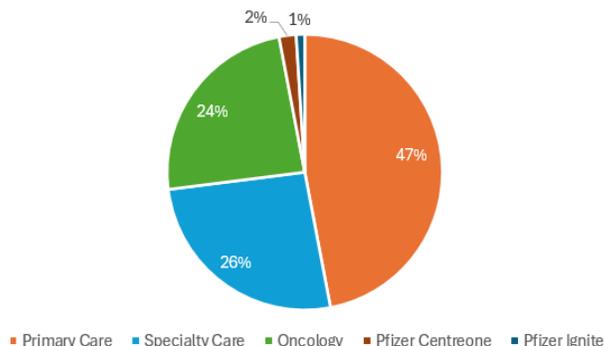
AbbVie and Johnson & Johnson both compete in immunology and oncology, with overlapping drugs like Humira vs. Stelara. J&J holds an advantage through its diversified business model, including medtech and consumer health, which insulates it from pharma-specific risks. AbbVie is more concentrated in pharmaceuticals but has responded well to Humira's loss of exclusivity with

strong growth from Skyrizi and Rinvoq. While J&J's scale and diversification provide a long-term edge, AbbVie remains highly competitive through focused execution and a strong pipeline.

#### Pfizer (PFE)

Pfizer is a global biopharmaceutical company focused on the discovery, development, and distribution of medicines and vaccines. With a commitment to improving health and wellness, Pfizer works across both developed and emerging markets to address major health challenges. The company collaborates with healthcare providers, governments, and communities to expand access to affordable healthcare. Most of its revenue comes from biopharmaceutical products, with a focus on enhancing treatment outcomes, reducing healthcare costs, and improving patient access through strategic pricing and contracting.<sup>17</sup>

Pfizer Revenue by Business Area (2024)



Source: PFE 10-K

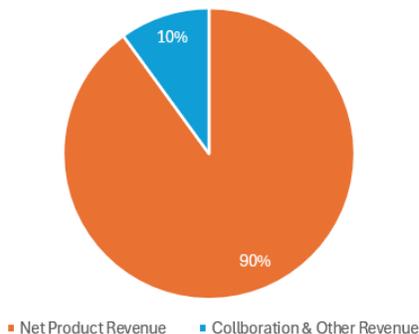
AbbVie and Pfizer both operate as pure-play biopharmaceutical companies, but Pfizer has broader global scale and a larger portfolio across vaccines, oncology, and internal medicine. Pfizer gained attention during the pandemic with its COVID-19 vaccine but is now navigating a steep post-COVID revenue decline. AbbVie, meanwhile, is managing the Humira patent cliff with promising uptake of its next-gen immunology drugs. While Pfizer has greater size and diversification within pharma, AbbVie currently shows stronger execution and momentum in core therapeutic areas like immunology and neuroscience.

#### Eli Lilly (LLY)

Eli Lilly is a global pharmaceutical company founded in 1876 and incorporated in 1901. The company focuses on discovering, developing, and marketing human

pharmaceutical products. Its mission is to combine caring with scientific discovery to create medicines that improve lives worldwide. With manufacturing and distribution operations across the U.S., Europe, and Asia, Eli Lilly sells its products in about 95 countries. The company's long-term success is driven by its ability to continually innovate and commercialize new medicines.<sup>18</sup>

Eli Lilly Revenue by Source (2024)



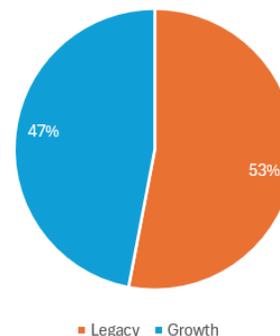
Source: LLY 10-K

AbbVie and Eli Lilly both focus on innovative human pharmaceuticals, but Eli Lilly has pulled ahead in recent years with strong momentum in diabetes, obesity, and Alzheimer’s treatments. While AbbVie is navigating the Humira loss of exclusivity and ramping up its replacements, Lilly’s pipeline has delivered major wins like Mounjaro and Donanemab. Eli Lilly currently holds a competitive advantage due to its breakthrough therapies and investor confidence in its long-term growth outlook.

**Bristol-Myers Squibb (BMY)**

Bristol-Myers Squibb (BMY), incorporated in 1933, is a global biopharmaceutical company focused on discovering, developing, and delivering transformative medicines for serious diseases. The company operates in one segment, with a strategic focus on oncology, hematology, immunology, cardiovascular, and neuroscience. BMS combines the scale of a pharmaceutical company with the agility of a biotech firm, aiming to create meaningful advancements in patient care. Their strategy emphasizes operational excellence, innovation, and acquisitions, such as those of Karuna, RayzeBio, and Mirati, to expand in key therapeutic areas. BMS competes with other global and research-based biopharmaceutical companies, with products sold worldwide.<sup>19</sup>

Bristol-Myers Squibb Revenue by Product (2024)



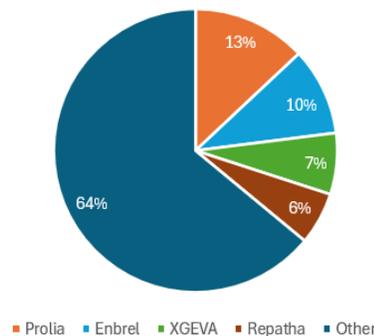
Source: BMY 10-K

AbbVie and Bristol-Myers Squibb (BMY) both focus on immunology and oncology, but AbbVie maintains stronger performance in immunology with its portfolio including Humira, Skyrizi, and Rinvoq. BMY has a broader oncology presence, particularly in hematology, but has faced challenges replacing revenue from key products nearing loss of exclusivity. While both firms are diversifying through acquisitions and pipeline development, AbbVie currently holds a slight edge due to its robust immunology growth and smoother transition beyond its flagship drug.

**Amgen (AMGN)**

Amgen Inc., founded in 1980, is a leading independent biotechnology company focused on discovering, developing, and delivering innovative medicines for high unmet medical needs. With a robust pipeline and expertise in human therapeutics, Amgen aims to improve lives while reducing the social and economic burden of disease. The company operates in approximately 100 countries and has been at the forefront of biotechnology for over 40 years. Amgen’s dedication to groundbreaking therapies is reflected in its pursuit of first-in-class treatments across various stages of development.<sup>20</sup>

Amgen Revenue by Product (2024)



Source: BMY 10-K

Amgen is a leader in biologics and has been successful in developing biosimilars, a space where it competes with AbbVie. While Amgen has strength in oncology and nephrology, AbbVie is better positioned overall due to its market leadership in immunology, consistent commercial execution, and a strong pipeline that supports long-term growth beyond Humira.

## Financial Metrics

The following table highlights key operating metrics, including R&D investment and inventory turnover, providing a comparative view of AbbVie and its peers' operational performance:

Company	Mkt Cap (B)	R&D (M)	Sales (M)	R&D % Sales	Inv. Turnover
ABBV	316	12,791	56,334	22.7%	2.98
JNJ	371	17,265	88,819	19.4%	2.36
PFE	125	10,738	63,627	16.9%	2.07
LLY	715	10,991	45,043	24.4%	1.26
BMJ	104	9,782	48,300	20.3%	8.00
AMGN	158	5,676	33,232	17.1%	1.44

Source: FactSet

Further, the table below presents geographical comparisons between AbbVie and the peer group:

Company	% International Sales	% Domestic (U.S.) Sales
ABBV	24%	76%
JNJ	43%	57%
PFE	39%	61%
LLY	33%	67%
BMJ	27%	71%
AMGN	26%	70%

Source: Company 10-Ks

AbbVie demonstrates strong scale and R&D commitment among its peers, with a market capitalization of \$316 billion and R&D spending of \$12.8 billion, representing 22.7% of its sales, the second highest R&D intensity in the group. Its inventory turnover of 2.98 is in line with industry norms, suggesting efficient inventory management relative to its peers. Geographically, AbbVie remains more U.S.-centric, with 76% of its revenue coming from the domestic market—higher than all listed peers. While this increases exposure to U.S. pricing and regulatory pressure, it also indicates room for international expansion to drive future growth.

## ECONOMIC OUTLOOK

### Regulatory Environment

The regulatory environment remains a key driver for AbbVie's performance, particularly with evolving drug pricing and approval processes. Historically, regulatory scrutiny has increased, especially in the U.S. with initiatives like the Inflation Reduction Act aiming to curb pharmaceutical costs. Looking forward, pricing pressures are expected to intensify, particularly for high-cost drugs like Humira, as biosimilars become more prevalent. AbbVie's portfolio transition to newer drugs like Rinvoq and Skyrizi may help mitigate this, but ongoing regulatory reforms will likely keep pricing at the forefront of market concerns. AbbVie's ability to adapt to these changes and maintain reimbursement negotiations will be critical in protecting its margins.

### Global Conditions & Tariffs

Global economic conditions and tariffs significantly impact AbbVie's supply chain and revenue streams. Historically, fluctuations in global trade policies, such as tariffs between the U.S. and China, have led to higher input costs for pharmaceutical companies. Given AbbVie's reliance on global markets for both manufacturing and sales, trade tensions or tariff increases could raise production costs and impact pricing strategies. Ongoing geopolitical risks could introduce volatility. AbbVie's diversified global presence and strategic partnerships provide a buffer against such risks, but the company must remain agile to manage potential cost pressures.

### Access to Healthcare

We believe access to healthcare remains a critical factor shaping the outlook for the US pharmaceutical industry. Broad economic indicators such as unemployment and the uninsured rate directly influence patients' ability to obtain prescription medications. While unemployment remains relatively stable, any meaningful increase, whether due to economic slowdown or structural shifts, could lead to a rise in the uninsured population and, in turn, reduced demand for certain therapies.

Looking ahead, potential changes to healthcare policy under a second Trump administration could alter the landscape further. Rolling back key provisions of the Affordable Care Act would likely result in reduced

coverage for millions of Americans, particularly those in lower-income brackets or with pre-existing conditions. For the pharmaceutical industry, this raises concern around affordability and access to branded therapies.

We see this posing a particular risk to AbbVie given its exposure to high-cost specialty drugs in immunology, neuroscience, and oncology. Any erosion in insurance coverage could lead to increased pricing pressure or lower patient volumes. However, AbbVie's strong commercial infrastructure and international diversification may help soften the impact. As policy uncertainty continues, we believe monitoring healthcare access trends will be essential to understanding future revenue risk and opportunity.

## Consumer Pharmaceutical Spending

Consumer spending on pharmaceuticals is a major driver of AbbVie's revenue, particularly with its portfolio of high-cost specialty drugs. Historically, pharmaceutical spending has risen in line with overall healthcare expenditure, fueled by an aging population and the increasing prevalence of chronic conditions. Going forward, spending is expected to grow, particularly in markets with expanding access to healthcare. However, economic downturns or shifts in consumer behavior, such as increased reliance on generics or biosimilars, could dampen growth. AbbVie is well-positioned to benefit from this trend, particularly with its innovative treatments that address high-demand therapeutic areas, though it will need to navigate potential pricing and reimbursement pressures to sustain growth.

## VALUATION

### Revenue Assumptions

In forecasting AbbVie's revenue, we utilized a segment-level approach with a particular emphasis on the timing of patent expirations for key products. Loss of patent exclusivity often marks a significant inflection point in pharmaceutical sales, typically resulting in a sharp decline due to generic competition. As such, we assumed an immediate and material drop in revenue for each product upon reaching its patent cliff.

This methodology led to a revenue trajectory characterized by near-term growth, driven by strong sales from currently marketed products, followed by a notable

decline in later years as multiple products will lose exclusivity over the 10-year forecast horizon. One limitation of this approach is that it does not incorporate the potential revenue contributions from future product launches or strategic acquisitions, which are core components of AbbVie's long-term growth strategy.

While the timing and financial impact of new drug approvals or M&A activity are difficult to predict with precision, they are critical for AbbVie to sustain growth and offset losses from maturing products. As such, the base-case forecast may be conservative, particularly in the later years, and reflects a "status quo" scenario that assumes no major pipeline replenishment. This analysis highlights the importance of continuous R&D investment and business development for AbbVie to maintain its competitive position in the pharmaceutical industry.

In our revenue model for AbbVie, we forecast strong near-term growth in the immunology segment, driven by Rinvoq and Skyrizi, followed by a sharp decline in the final years as both drugs lose exclusivity. Oncology revenue is expected to remain relatively flat in the near term before accelerating mid-period due to increased uptake of key therapies, then declining with future patent expirations. The aesthetics segment, acquired through Allergan, is forecasted to grow steadily throughout, providing diversification and stability. Neuroscience sees front-loaded growth driven by Vraylar and Ubrovelvy, followed by a gradual decline post-2029. Eye care and women's health segments show more volatility and overall decline, reflecting competitive pressures and patent losses, while the other key products segment is modeled with consistent, minimal growth given its secondary importance and evolving composition.

### Capital Expenditure Assumptions

To forecast AbbVie's future capital expenditures, we analyzed the company's historical CapEx over the past ten years using data from its consolidated statements of cash flows. By identifying long-term averages and trends, we assume that AbbVie will continue to invest in its operations at levels consistent with historical norms. To help scale the historical values to better reflect expected future spending, we applied a 10-year average inflation rate of 2.3% to the forecast.<sup>21</sup> This adjustment allows us to more accurately capture the real-dollar impact of AbbVie's capital investments over time. This approach implies that AbbVie will maintain a steady reinvestment strategy to

support its manufacturing capabilities, research infrastructure, and overall operational needs. For this assumption to hold, AbbVie would need to sustain its current business model and avoid major shifts in capital intensity. Given the company's consistent investment behavior over the past decade and its ongoing focus on innovation and pipeline development, we believe this is a reasonable assumption and expect AbbVie to continue its historical CapEx trajectory over the forecast period.

## Capital Structure & Debt

AbbVie maintains a flexible and strategically managed capital structure, with access to both short- and long-term financing. In connection with its acquisitions of ImmunoGen and Cerevel Therapeutics, the company entered into a \$9.0 billion 364-day bridge credit agreement and a \$5.0 billion 364-day term loan in December 2023. These short-term facilities were fully utilized and repaid by February 2024, following the issuance of \$15.0 billion in unsecured senior notes. Subsequently, both credit agreements were terminated. As of year-end 2024, AbbVie had no outstanding borrowings under its revolving credit facilities, which include a \$5.0 billion facility maturing in 2028 and a newly added \$3.0 billion facility maturing in 2030. These facilities provide unsecured borrowing capacity at variable interest rates and contain minimal fees and standard covenants, with which the company remains in compliance. AbbVie also maintains strong credit quality, with Moody's affirming its A3 senior unsecured rating in August 2024 and revising its outlook to positive. The company indicates it has ample financial flexibility to meet upcoming obligations through a combination of operating cash flows, cash on hand, and future debt issuance. Overall, we believe AbbVie's current capital structure provides sufficient liquidity and strategic optionality to support ongoing operations and its long-term growth objectives, even amid a dynamic interest rate and acquisition environment.<sup>1</sup>

## Payout Policy

AbbVie has demonstrated a commitment to returning capital to shareholders through a consistent and growing dividend. On October 30, 2024, the company's board of directors approved an increase in the quarterly dividend from \$1.55 to \$1.64 per share, reflecting AbbVie's strong cash flow generation and confidence in its financial position. This increase continues the company's track

record of dividend growth since its spin-off from Abbott Laboratories. While the timing, declaration, and amount of future dividends remain at the discretion of the board, AbbVie's policy reflects a shareholder-friendly capital allocation strategy. The board evaluates a range of factors when determining dividend payouts, including the company's financial condition, earnings, operating capital needs, debt covenants, and broader market conditions. While there is no guarantee that dividends will continue at current levels, we believe AbbVie's consistent dividend history and robust free cash flow profile suggest a strong likelihood that the company will maintain or gradually increase its dividend over the forecast period, barring any significant changes in financial or regulatory conditions.<sup>1</sup>

## WACC

The calculated weighted average cost of capital (WACC) estimate for AbbVie Inc. (ABBV) is 5.95%. The cost of equity was derived using a risk-free rate of 4.15% (the 10-year U.S. Treasury yield to maturity), a beta of 0.43 (5-year weekly raw beta from Bloomberg), and an equity risk premium of 5.00% (Henry Fund estimation). These assumptions resulted in a cost of equity of 6.30%.

The after-tax cost of debt was calculated using a pre-tax cost of debt of 5.33% (based on the YTM of ABBV's outstanding debt) and a marginal tax rate of 19% (implied from ABBV's FY24 filings). These assumptions led to an after-tax cost of debt of 4.31%. The market value weights used in the WACC calculation were 82.31% for equity and 17.69% for debt.

## DCF & EP

Our enterprise discounted cash flow (DCF) and economic profit (EP) models suggest an implied price of \$212.46 per share. The key inputs used in the models included a 2.00% CV growth in NOPLAT, a CV year ROIC of 37.01%, a WACC of 5.95%, and a cost of equity of 6.30%. We discounted free cash flow and economic profit using the WACC, resulting in a total value of operating assets of \$440,306 million. After making adjustments for non-operating assets (such as excess cash, investments, debt, the present value of operating leases, non-controlling interests, and employee stock options) the value of equity was calculated to be \$372,267 million. This was divided by shares outstanding (1,765 million), giving us an intrinsic value of \$210.89 per share at 2024 FYE. Finally, after accounting for

the time elapsed since the last fiscal year-end, the implied price as of today is \$212.46 per share.

Given AbbVie’s long-term cash flow visibility, strong operating margins, and consistent return on invested capital, the DCF and EP models offer the most realistic and reliable approach to valuing the company. These models capture the core drivers of AbbVie’s value creation and reflect the impact of patent cliffs, new product launches, and long-term margin stability. As such, the implied price of \$212.46 per share will serve as the primary input for our valuation, with the most weight placed on this method when establishing our target price.

## DDM

Our dividend discount model (DDM) results in an implied price per share of \$242.81. The key assumptions for this model include a 2.00% CV growth in EPS, a CV year ROE of 91.40%, and a cost of equity of 6.30%. To project future dividends, we applied a calculated payout ratio of 151.8%. Forecasted dividends were discounted using the cost of equity to determine their present value. For the CV, we utilized a P/E multiple applied to the final EPS estimate, which was also discounted by the cost of equity. These discounted cash flows resulted in an intrinsic value of \$241.01 per share at 2024 FYE. After adjusting for the time elapsed since the last fiscal year-end, the implied price as of today is \$242.81.

While the dividend discount model provides a useful perspective on AbbVie’s valuation, it is less central to our overall approach. The implied price of \$242.81 per share reflects AbbVie’s strong dividend history and high return on equity, but the model is more sensitive to payout assumptions and less reflective of the company’s broader value drivers such as product pipeline and reinvestment strategy. Therefore, although the DDM supports the investment case, it will carry less weight relative to the DCF and EP models when determining our final price target.

## Relative Valuation

The relative valuation model utilized P/E 2025 and 2026 multiples at 18.08x and 15.92x respectively, paired with EV/EBITDA for 2025 and 2026 multiples at 13.18x and 12.22x respectively. The relative valuation model provided the following valuations:

### Implied Relative Value:

P/E (EPS25)	\$	131.15
P/E (EPS26)	\$	139.34
EV/EBITDA 2025E	\$	184.31
EV/EBITDA 2026E	\$	190.05

Source: ABBV 10-K

This suggests AbbVie is trading at a premium to peers, likely reflecting investor confidence in its future pipeline, R&D, and acquisition strategy. It also indicates that much of the long-term growth potential may already be priced into the stock.

The relative valuation model is the least viable method for determining a price target in this case, as it relies on the assumption that peer companies are correctly valued by the market. While it provides helpful context, it does not account for AbbVie’s unique product mix, patent exposures, or pipeline dynamics. The fact that AbbVie is trading at a premium to peers likely reflects investor confidence in its long-term strategy, including R&D execution and acquisitions. However, this results in a much lower implied valuation, reinforcing that this method will carry little to no weight in our final valuation. Instead, it serves primarily as a tool to understand how AbbVie is currently perceived relative to its peer group.

## EPS

A key part of the modeling process involves comparing projected earnings per share (EPS) to consensus estimates, as significant deviations can impact investor perception and market response. Typically, forecasting below consensus would raise concern when paired with a buy rating, as the market tends to penalize companies that underdeliver on expectations. However, in the case of AbbVie, the volatility in consensus EPS forecasts presents a challenge for reliable year-over-year modeling.

For example, reported EPS in 2024 was 2.39 dollars, with consensus estimates jumping to 6.42 dollars in 2025 and then surging again to 10.40 dollars in 2026. While part of this rebound can be attributed to the normalization of earnings following acquisition-related expenses, the magnitude and timing of these forecasted increases are difficult to reconcile without visibility into the underlying analyst models.

Our model produces a buy rating despite projecting EPS below consensus in certain years. This should not be

interpreted as a sign that AbbVie will underperform or that our rating lacks conviction. Instead, it reflects the complexity of modeling during a period of transition and limited access to detailed sell-side assumptions. We remain confident in AbbVie's long-term value and view the company as well positioned to generate strong shareholder returns, even if short-term earnings forecasts differ from consensus expectations.

## Summary

To determine AbbVie's intrinsic value, we utilized a blend of valuation methodologies, as shown previously. Each model offers different insights, but their reliability varies based on AbbVie's business profile and current outlook.

We place the greatest weight on our DCF and EP model, which produced an implied share price of \$222.10. These models best reflect AbbVie's long-term cash flow generation and capital efficiency while also capturing key dynamics such as near-term revenue growth and future revenue declines due to patent expirations. Although the models are conservative, as they exclude potential new products or acquisitions, they provide a stable, fundamentals-driven view of the business and are the most appropriate tools for valuing a company with AbbVie's maturity and level of capital.

The DDM model, which yielded a higher valuation of \$261.30, receives moderate weight. It captures AbbVie's strong dividend policy and shareholder return profile, but is highly sensitive to payout ratio assumptions, which may be temporarily inflated due to earnings pressure from any upcoming patent cliffs. While informative, the DDM may not be a reliable primary valuation tool in this case.

Lastly, we assign minimal weight to the relative valuation results, which produced implied share prices significantly below AbbVie's current trading level (ranging from \$68.32 to \$141.94). These results likely understate AbbVie's value by failing to reflect the company's future R&D pipeline and strategic optionality. As AbbVie undergoes a product transition period, peer-based multiples may not accurately capture its unique risk and growth profile.

In setting our price target and rating for the stock, we rely primarily on the DCF and EP models, supported by the DDM, and place little to no weight on the relative valuation.

## KEYS TO MONITOR

### Execution of Strategic Acquisitions

M&A is a critical growth lever in the pharmaceutical industry, especially as patent cliffs approach and revenue from legacy drugs declines. For AbbVie, strategic acquisitions such as the 2020 Allergan deal have played a key role in diversifying its portfolio and supporting top-line growth. As key products like Humira continue to lose exclusivity, the company must replenish its pipeline through either internal R&D or external partnerships and acquisitions.

If AbbVie fails to remain aggressive and selective in pursuing relevant acquisitions—particularly in high-growth areas like oncology or neuroscience—it risks falling behind peers who are expanding their pipelines through dealmaking. A lack of M&A activity could lead to long-term revenue erosion and compress valuation multiples, especially if pipeline performance falters. Should AbbVie fall short in this area, it would likely lead to a downward revision of my rating, reflecting a weaker long-term growth trajectory and higher strategic risk.

### Clinical Trials

A key driver of AbbVie's long-term growth and valuation is the success of its clinical trials, particularly in immunology, oncology, and neuroscience. These trials are essential not only for expanding indications of existing therapies like Rinvoq and Skyrizi, but also for advancing its pipeline of next-generation treatments. AbbVie is currently investing heavily in late-stage trials across multiple therapeutic areas, many of which are expected to yield results over the next 12–24 months.

#### Bull Case:

Positive trial outcomes could unlock new revenue streams and reinforce AbbVie's competitive positioning. For example, successful results in oncology trials could significantly expand its market share in that high-growth segment. Additionally, approval of new indications for existing drugs would support continued top-line growth even as Humira revenue declines due to biosimilar competition. Strong data could also strengthen AbbVie's pricing power and support upward revisions to revenue and margin forecasts.

## Bear Case:

Conversely, failure to meet key clinical endpoints or delays in trial timelines could materially affect AbbVie's growth outlook. The company's heavy reliance on a few key drugs heightens the impact of any clinical setbacks. Regulatory pushback or safety concerns could further delay product launches or limit market adoption, weakening AbbVie's pipeline-driven growth narrative. Negative surprises in the clinic would likely lead to reduced investor confidence and multiple compression.

As AbbVie transitions away from Humira's dominance, its valuation will increasingly hinge on pipeline execution. Monitoring clinical trial updates will therefore be essential to assessing whether the company can deliver on its long-term growth strategy.

## Conclusion

AbbVie Inc. (ABBV) stands as a powerhouse in the global biopharmaceutical industry. Its diversified portfolio across immunology, oncology, neuroscience, and aesthetics, fortified by strategic acquisitions like Allergan and ImmunoGen, positions AbbVie to adeptly navigate the Humira patent cliff. Next-generation therapies like Skyrizi and Rinvoq are fueling robust growth in immunology, while a strong R&D pipeline and consistent investment ensure sustained innovation. Operating in over 70 countries with stable operating margins and strong cash flows, AbbVie is well-equipped to manage its debt load and deliver shareholder value through a growing dividend. The company is poised to capitalize on the rising demand for specialty drugs, aligning with industry trends and reinforcing its leadership in high-growth therapeutic areas.

However, challenges such as biosimilar competition, regulatory pricing pressures, and the need for successful clinical trial outcomes warrant close monitoring. While AbbVie's operational efficiency and diversified revenue streams provide resilience, external factors like trade policies or pricing reforms could impact profitability. Our valuation suggests upside potential from the current price driven by AbbVie's strong fundamentals and strategic execution. We see AbbVie as a strong investment opportunity, with the potential for steady growth and outperformance, provided it continues to execute on its pipeline and acquisition strategy.

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AbbVie Inc.  
Revenue Decomposition

Fiscal Years Ending Dec. 31	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
<b>Immunology</b>													
Humira (2023)	21,237	14,404	8,993	5,597	4,383	3,495	2,825	2,317	2,039	1,631	1,223	917	688
Skyrizi (2034)	5,165	7,763	11,718	15,956	18,438	20,518	22,326	23,844	25,513	27,044	28,396	22,717	20,445
Rinvoq (2033)	2,522	3,969	5,971	7,927	9,474	11,159	12,430	13,549	14,091	14,513	14,804	11,843	10,659
<b>Total Immunology</b>	<b>28,924</b>	<b>26,136</b>	<b>26,682</b>	<b>29,480</b>	<b>32,295</b>	<b>35,172</b>	<b>37,581</b>	<b>39,709</b>	<b>41,642</b>	<b>43,188</b>	<b>44,423</b>	<b>35,477</b>	<b>31,792</b>
				10.5%	9.5%	8.9%	6.8%	5.7%	4.9%	3.7%	2.9%	-20.1%	-10.4%
<b>Oncology</b>													
Imbruvica (2032)	4,568	3,596	3,347	2,713	2,165	1,651	1,340	1,179	943	755	604	483	386
Venclexta (2033)	2,009	2,288	2,583	2,642	2,856	2,919	3,085	3,245	3,505	3,785	4,088	4,415	4,769
Elahere (2029)	-	-	479	754	1,012	1,225	1,514	1,744	2,232	2,679	3,215	2,572	2,057
Epkinly (2031)	-	31	146	271	426	560	688	812	1,015	1,218	1,522	1,218	974
<b>Total Oncology</b>	<b>6,577</b>	<b>5,915</b>	<b>6,555</b>	<b>6,380</b>	<b>6,459</b>	<b>6,355</b>	<b>6,627</b>	<b>6,981</b>	<b>7,696</b>	<b>8,437</b>	<b>9,429</b>	<b>8,688</b>	<b>8,187</b>
				-2.7%	1.2%	-1.6%	4.3%	5.3%	10.2%	9.6%	11.8%	-7.9%	-5.8%
<b>Aesthetics</b>													
Botox Cosmetic (2039)	2,615	2,682	2,720	2,781	3,030	3,270	3,526	3,790	4,056	4,340	4,643	4,969	5,316
Juvederm Collection (2033)	1,428	1,378	1,177	1,168	1,258	1,366	1,484	1,558	1,714	1,885	2,036	2,199	2,353
Other Aesthetics	1,290	1,234	1,279	1,315	1,449	1,525	1,604	1,684	1,768	1,857	1,950	2,047	2,150
<b>Total Aesthetics</b>	<b>5,333</b>	<b>5,294</b>	<b>5,176</b>	<b>5,264</b>	<b>5,737</b>	<b>6,161</b>	<b>6,614</b>	<b>7,033</b>	<b>7,538</b>	<b>8,082</b>	<b>8,629</b>	<b>9,215</b>	<b>9,819</b>
				1.7%	9.0%	7.4%	7.4%	6.3%	7.2%	7.2%	6.8%	6.8%	6.6%
<b>Neuroscience</b>													
Botox Therapeutic (2039)	2,719	2,991	3,283	3,498	3,690	3,876	4,068	4,271	4,378	4,488	4,622	4,807	4,999
Vraylar (2030)	2,038	2,759	3,267	3,514	3,977	4,141	4,355	4,246	3,185	2,548	2,038	1,631	1,304
Duodopa (2021)	458	468	447	428	447	530	566	600	720	828	952	1,095	1,259
Ubrovelvy (2033)	680	815	1,006	1,179	1,330	1,492	1,644	1,776	1,953	2,148	2,363	1,891	1,512
Qulipta (2033)	158	408	658	899	1,061	1,265	1,420	1,562	1,640	1,722	1,808	1,989	2,188
Other Neuroscience	475	276	338	360	314	320	328	338	270	216	173	138	111
<b>Total Neuroscience</b>	<b>6,528</b>	<b>7,717</b>	<b>8,999</b>	<b>9,878</b>	<b>10,819</b>	<b>11,624</b>	<b>12,381</b>	<b>12,793</b>	<b>12,146</b>	<b>11,950</b>	<b>11,957</b>	<b>11,551</b>	<b>11,374</b>
				9.8%	9.5%	7.4%	6.5%	3.3%	-5.1%	-1.6%	0.1%	-3.4%	-1.5%
<b>Eye Care</b>													
Ozurdex (2023)	428	472	494	526	551	575	598	622	684	718	754	792	832
Lumigan/Ganfort (2027)	514	432	429	406	377	322	287	258	129	77	54	43	39
Alphagan/Combigan (2024)	346	272	248	216	205	224	220	218	261	301	331	364	382
Restasis (2024)	666	436	224	159	124	132	109	87	78	72	66	61	56
Other Eye Care	747	803	847	791	757	717	683	649	467	374	299	239	191
<b>Total Eye Care</b>	<b>2,701</b>	<b>2,415</b>	<b>2,242</b>	<b>2,098</b>	<b>2,014</b>	<b>1,970</b>	<b>1,897</b>	<b>1,834</b>	<b>1,620</b>	<b>1,542</b>	<b>1,505</b>	<b>1,499</b>	<b>1,500</b>
				-6.4%	-4.0%	-2.2%	-3.7%	-3.3%	-11.7%	-4.8%	-2.5%	-0.3%	0.0%
<b>Women's Health</b>													
Lo Loestrin (2029)	427	350	440	343	323	178	155	140	28	22	18	14	11
Orilissa/Oriahnn (2029)	192	162	206	223	237	224	237	249	398	478	526	315	407
Other Women's Health	167	157	110	89	67	49	33	26	21	17	14	11	9
<b>Total Women's Health</b>	<b>786</b>	<b>669</b>	<b>756</b>	<b>655</b>	<b>627</b>	<b>451</b>	<b>425</b>	<b>415</b>	<b>447</b>	<b>517</b>	<b>557</b>	<b>340</b>	<b>427</b>
				-13.4%	-4.3%	-28.1%	-5.8%	-2.4%	7.8%	15.6%	7.7%	-38.9%	25.4%
<b>Other Key Products</b>													
Mavyret (2030)	1,541	1,430	1,311	1,180	1,089	1,050	982	933	980	1,029	1,111	1,222	1,344
Viekira (2035)	8	6	5	4	3	2	1	1	0	0	0	0	0
Creon (2025)	1,278	1,268	1,383	1,404	1,416	1,376	1,376	1,390	1,529	1,498	1,468	1,439	1,410
Lupron (2028)	730	710	692	647	621	553	519	477	473	468	463	459	454
Linzees/Constella (2026)	1,035	1,108	954	903	916	864	873	934	1,009	1,090	1,177	1,271	1,373
Synthroid (2024)	752	673	685	710	688	662	647	712	797	877	964	1,042	1,125
Synagis (2015)	-	-	-	-	-	-	-	-	-	-	-	-	-
AndroGel (2026)	18	23	14	12	10	8	6	5	3	3	2	1	1
Sevoflurane (2002)	262	198	207	190	175	161	148	133	120	108	97	87	79
Kaletra (2024)	199	128	159	143	129	116	104	94	84	76	68	61	55
<b>Total Other Key Products</b>	<b>5,822</b>	<b>5,544</b>	<b>5,410</b>	<b>5,193</b>	<b>5,047</b>	<b>4,792</b>	<b>4,656</b>	<b>4,678</b>	<b>4,995</b>	<b>5,147</b>	<b>5,351</b>	<b>5,582</b>	<b>5,841</b>
<b>All Other</b>	<b>4,137</b>	<b>3,035</b>	<b>3,032</b>	<b>3,002</b>	<b>2,972</b>	<b>2,942</b>	<b>2,913</b>	<b>2,883</b>	<b>2,855</b>	<b>2,826</b>	<b>2,798</b>	<b>2,770</b>	<b>2,742</b>
<b>All Other, Net</b>	<b>1,383</b>	<b>628</b>	<b>514</b>	<b>641</b>	<b>719</b>	<b>989</b>	<b>1,063</b>	<b>1,048</b>	<b>930</b>	<b>778</b>	<b>646</b>	<b>779</b>	<b>601</b>
<b>Total Net Revenues</b>	<b>58,054</b>	<b>54,318</b>	<b>56,334</b>	<b>59,589</b>	<b>63,717</b>	<b>67,514</b>	<b>71,244</b>	<b>74,490</b>	<b>77,014</b>	<b>79,642</b>	<b>82,496</b>	<b>73,131</b>	<b>69,540</b>
				3.7%	5.8%	6.9%	6.0%	5.5%	4.6%	3.4%	3.4%	3.6%	-11.4%

**AbbVie Inc.**  
Income Statement

<b>Fiscal Years Ending Dec. 31</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>	<b>2030E</b>	<b>2031E</b>	<b>2032E</b>	<b>2033E</b>	<b>2034E</b>
<b>Revenues</b>													
Immunology	28,924	26,136	26,682	29,480	32,295	35,172	37,581	39,709	41,642	43,188	44,423	35,477	31,792
Oncology	6,577	5,915	6,555	6,380	6,459	6,355	6,627	6,981	7,696	8,437	9,429	8,688	8,187
Aesthetics	5,333	5,294	5,176	5,264	5,737	6,161	6,614	7,033	7,538	8,082	8,629	9,215	9,819
Neuroscience	6,528	7,717	8,999	9,878	10,819	11,624	12,381	12,793	12,146	11,950	11,957	11,551	11,374
Eye Care	2,701	2,415	2,242	2,098	2,014	1,970	1,897	1,834	1,620	1,542	1,505	1,499	1,500
Women's Health	786	669	756	655	627	451	425	415	447	517	557	340	427
Other Key Products	5,822	5,544	5,410	5,193	5,047	4,792	4,656	4,678	4,995	5,147	5,351	5,582	5,841
All Other	1,383	628	514	641	719	989	1,063	1,048	930	778	646	779	601
<b>Net Revenue</b>	<b>58,054</b>	<b>54,318</b>	<b>56,334</b>	<b>59,589</b>	<b>63,717</b>	<b>67,514</b>	<b>71,244</b>	<b>74,490</b>	<b>77,014</b>	<b>79,642</b>	<b>82,496</b>	<b>73,131</b>	<b>69,540</b>
<b>Operating Costs</b>													
Costs of Products Sold	8,947	11,717	8,518	9,219	9,858	10,445	11,022	11,524	11,915	12,322	12,763	11,314	10,759
Depreciation	778	752	764	790	818	846	872	899	924	950	976	1,001	1,027
Amortization of Intangibles	7,689	7,946	7,622	7,300	6,700	6,100	6,300	5,700	5,100	4,500	3,900	3,300	2,700
Selling, General and Administrative	15,260	12,872	14,752	13,865	14,825	15,709	16,576	17,332	17,919	18,530	19,195	17,016	16,180
Research and Development	6,510	7,675	12,791	7,786	8,325	8,821	9,309	9,733	10,063	10,406	10,779	9,555	9,086
Acquired IPR&D and Milestones	697	778	2,757	-	-	-	-	-	-	-	-	-	-
Other Operating Expense (Income), Net	56	(179)	(7)	-	-	-	-	-	-	-	-	-	-
<b>Total Operation Costs and Expenses</b>	<b>39,937</b>	<b>41,561</b>	<b>47,197</b>	<b>38,960</b>	<b>40,526</b>	<b>41,921</b>	<b>44,080</b>	<b>45,188</b>	<b>45,921</b>	<b>46,708</b>	<b>47,613</b>	<b>42,187</b>	<b>39,752</b>
<b>Operating Earnings</b>	<b>18,117</b>	<b>12,757</b>	<b>9,137</b>	<b>20,629</b>	<b>23,190</b>	<b>25,593</b>	<b>27,164</b>	<b>29,302</b>	<b>31,093</b>	<b>32,934</b>	<b>34,884</b>	<b>30,945</b>	<b>29,788</b>
<b>Operating Profit</b>													
Interest Expense, Net	2,044	1,684	2,160	2,150	2,098	1,990	1,926	1,507	2,021	1,512	1,630	1,593	1,311
Net Foreign Exchange Loss	148	146	21	-	-	-	-	-	-	-	-	-	-
Other Expense, Net	2,448	4,677	3,240	2,709	2,264	1,893	1,582	1,323	1,106	924	773	646	540
Earnings Before Income Tax Expense	13,477	6,250	3,716	15,770	18,828	21,711	23,655	26,472	27,966	30,497	32,481	28,705	27,938
Income Tax Expense (Benefit)	1,632	1,377	(570)	3,017	3,602	4,153	4,525	5,064	5,350	5,834	6,214	5,491	5,344
Net Earnings	11,845	4,873	4,286	12,753	15,226	17,557	19,130	21,408	22,616	24,663	26,267	23,214	22,593
Net Earnings Attributable to Noncontrolling Interest	(9)	(10)	(8)	(17)	(20)	(23)	(25)	(28)	(30)	(32)	(35)	(31)	(30)
<b>Net Income Attributable to AbbVie, Inc.</b>	<b>11,836</b>	<b>4,863</b>	<b>4,278</b>	<b>12,737</b>	<b>15,206</b>	<b>17,534</b>	<b>19,105</b>	<b>21,380</b>	<b>22,586</b>	<b>24,630</b>	<b>26,233</b>	<b>23,183</b>	<b>22,563</b>
<b>Share Information (Basic)</b>													
Earnings Per Share (EPS)	6.65	2.73	2.40	7.25	8.75	10.19	11.22	12.68	13.53	14.90	16.02	14.30	14.05
Year End Shares Outstanding	1,769	1,766	1,765	1,747	1,729	1,711	1,695	1,678	1,662	1,645	1,629	1,614	1,598
Weighted Average Shares Outstanding	1,771	1,768	1,769	1,756	1,738	1,720	1,703	1,686	1,670	1,653	1,637	1,621	1,606
Annual Dividends per Share	5.71	5.99	6.29	6.76	7.22	7.69	8.15	8.62	9.08	9.55	10.01	10.48	10.95

AbbVie Inc.  
Balance Sheet

Fiscal Years Ending Dec. 31	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
<b>Assets</b>													
<b>Current Assets</b>													
Cash and Equivalents	9,201	12,814	5,524	21,746	29,361	38,646	48,549	67,899	74,188	92,545	108,747	121,862	138,162
Short-Term Investments	28	2	31	32	34	35	37	38	40	41	43	45	47
Accounts Receivables, Net	11,254	11,155	10,919	11,105	11,874	12,582	13,277	13,882	14,352	14,842	15,374	13,628	12,959
Inventories	3,579	4,099	4,181	3,761	4,022	4,261	4,497	4,702	4,861	5,027	5,207	4,616	4,389
Prepaid Expenses & Other Current Assets	4,401	4,932	4,927	5,482	5,862	6,212	6,555	6,853	7,086	7,327	7,590	6,728	6,398
<b>Total Current Assets</b>	<b>28,463</b>	<b>33,002</b>	<b>25,582</b>	<b>42,127</b>	<b>51,152</b>	<b>61,736</b>	<b>72,913</b>	<b>93,374</b>	<b>100,526</b>	<b>119,782</b>	<b>136,961</b>	<b>146,879</b>	<b>161,955</b>
Investments	241	304	279	291	303	315	328	342	356	371	386	402	419
Property & Equipment, Gross	10,986	11,635	12,267	13,241	14,237	15,256	16,299	17,365	18,456	19,572	20,714	21,882	23,077
Accumulated Depreciation	6,051	6,646	7,133	7,923	8,741	9,587	10,459	11,358	12,282	13,232	14,208	15,209	16,236
Property & Equipment, Net	4,935	4,989	5,134	5,318	5,496	5,669	5,839	6,008	6,174	6,340	6,507	6,674	6,842
Intangible Assets, Net of Amortization	67,439	55,610	60,068	52,768	46,068	39,968	33,668	27,968	22,868	18,368	14,468	11,168	8,468
Goodwill	32,156	32,293	34,956	34,956	34,956	34,956	34,956	34,956	34,956	34,956	34,956	34,956	34,956
Other Assets	5,571	8,513	9,142	5,113	5,467	5,793	6,113	6,391	6,608	6,833	7,078	6,275	5,966
<b>Total Assets</b>	<b>138,805</b>	<b>134,711</b>	<b>135,161</b>	<b>140,572</b>	<b>143,441</b>	<b>148,437</b>	<b>153,818</b>	<b>169,038</b>	<b>171,488</b>	<b>186,650</b>	<b>200,355</b>	<b>206,354</b>	<b>218,606</b>
<b>Liabilities and Equity</b>													
<b>Current Liabilities</b>													
Short-Term Borrowings	1	-	-	-	-	-	-	-	-	-	-	-	-
Current Portion of Long-Term Debt & Finance Lease Obligations	4,135	7,191	6,804	6,771	6,000	5,028	3,047	8,570	-	2,000	-	-	3,000
Sales Rebates	10,717	13,627	14,304	9,371	10,020	10,618	11,204	11,715	12,112	12,525	12,974	11,501	10,936
Dividends Payable	2,680	2,783	2,936	2,966	3,137	3,306	3,471	3,633	3,792	3,947	4,099	4,248	4,394
Accounts Payable	2,934	3,688	2,945	3,215	3,438	3,643	3,844	4,019	4,155	4,297	4,451	3,946	3,752
Current Portion of Contingent Consideration Liabilities	1,469	1,952	2,589	3,306	4,156	5,142	6,258	7,492	8,818	10,203	11,602	12,961	14,219
Salaries, Wages & Commissions	1,371	1,802	1,986	1,722	1,842	1,951	2,059	2,153	2,226	2,302	2,384	2,114	2,010
Royalty & License Arrangements	412	360	527	700	749	794	837	875	905	936	970	860	817
Other	5,819	6,438	6,658	6,639	7,099	7,490	7,871	8,200	8,638	8,746	9,184	8,223	7,776
<b>Total Current Liabilities</b>	<b>29,538</b>	<b>37,841</b>	<b>38,749</b>	<b>34,691</b>	<b>36,442</b>	<b>37,971</b>	<b>38,591</b>	<b>46,656</b>	<b>40,646</b>	<b>44,956</b>	<b>45,664</b>	<b>43,851</b>	<b>46,905</b>
<b>Long-Term Liabilities</b>													
Total Long-Term Debt	59,135	52,194	60,340	70,476	68,838	67,468	66,003	64,772	63,719	63,031	62,736	60,044	58,988
Deferred Income Taxes	2,190	1,952	2,579	2,789	3,016	3,262	3,528	3,815	4,126	4,462	4,826	5,219	5,644
Contingent Consideration Liabilities	14,915	17,938	19,077	21,365	23,928	26,797	30,011	33,611	37,642	42,157	47,213	52,876	59,217
Liabilities for Unrecognized Tax Benefits	6,502	6,681	5,049	5,721	6,481	7,343	8,320	9,427	10,680	12,101	13,710	15,534	17,600
Income Taxes Payable	2,985	2,182	1,261	-	-	-	-	-	-	-	-	-	-
Pension and Other Post-Employment Benefits	1,638	1,538	1,234	1,111	987	864	740	617	494	370	247	123	-
Other	4,615	3,988	3,508	3,581	3,656	3,732	3,810	3,889	3,970	4,053	4,137	4,223	4,311
<b>Total Long-Term Liabilities</b>	<b>91,980</b>	<b>86,473</b>	<b>93,048</b>	<b>105,042</b>	<b>106,906</b>	<b>109,466</b>	<b>112,413</b>	<b>116,130</b>	<b>120,632</b>	<b>126,174</b>	<b>132,869</b>	<b>138,019</b>	<b>145,761</b>
<b>Stockholders' Equity</b>													
Common Stock & Additional Paid-In Capital	19,263	20,198	21,351	21,469	21,587	21,704	21,822	21,940	22,010	22,010	22,010	22,010	22,010
Common Stock Held in Treasury	(4,594)	(6,533)	(8,201)	(11,701)	(15,201)	(18,701)	(22,201)	(25,701)	(29,201)	(32,701)	(36,201)	(39,701)	(43,201)
Retained Earnings	4,784	(1,000)	(7,900)	(7,026)	(4,369)	(57)	5,164	12,012	19,430	28,272	38,109	44,301	49,287
Accumulated Other Comprehensive Income (Loss)	(2,199)	(2,305)	(1,925)	(1,925)	(1,925)	(1,925)	(1,925)	(1,925)	(1,925)	(1,925)	(1,925)	(1,925)	(1,925)
<b>Total Stockholders' Equity</b>	<b>17,254</b>	<b>10,360</b>	<b>3,325</b>	<b>816</b>	<b>91</b>	<b>1,021</b>	<b>2,860</b>	<b>6,326</b>	<b>10,315</b>	<b>15,656</b>	<b>21,994</b>	<b>24,685</b>	<b>26,171</b>
Noncontrolling Interest	33	37	39	22	2	(21)	(46)	(74)	(104)	(137)	(171)	(202)	(231)
<b>Total Equity</b>	<b>17,287</b>	<b>10,397</b>	<b>3,364</b>	<b>839</b>	<b>93</b>	<b>1,000</b>	<b>2,814</b>	<b>6,252</b>	<b>10,211</b>	<b>15,520</b>	<b>21,822</b>	<b>24,484</b>	<b>25,940</b>
<b>Total Liabilities and Equity</b>	<b>138,805</b>	<b>134,711</b>	<b>135,161</b>	<b>140,572</b>	<b>143,441</b>	<b>148,437</b>	<b>153,818</b>	<b>169,038</b>	<b>171,488</b>	<b>186,650</b>	<b>200,355</b>	<b>206,354</b>	<b>218,606</b>

AbbVie Inc.

Historical Cash Flow Statement

<b>Fiscal Years Ending Dec. 31</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Operating Activities</b>										
Net Earnings	5,144	5,953	5,309	5,687	7,882	4,622	11,549	11,845	4,873	4,286
Adjustments:										
Depreciation	417	425	425	471	464	666	803	778	752	764
Amortization of intangible assets	419	764	1,076	1,294	1,553	5,805	7,718	7,689	7,946	7,622
Deferred income taxes	-	-	-	-	-	(2,325)	(898)	(1,931)	(2,889)	(1,449)
Change in fair value of contingent consideration liabilities	-	228	626	49	3,091	5,753	2,679	2,761	5,128	3,771
Payments of Contingent Consideration Liabilities	-	-	-	-	-	-	(91)	(164)	(870)	(1,995)
Stock-based compensation	282	353	365	421	430	753	692	671	747	911
Acquired IPR&D and milestones	-	-	-	-	-	1,376	1,124	697	778	2,757
Gain on divestitures	-	-	-	-	(330)	-	(68)	(172)	-	-
Non-cash litigation reserve adjustments, net of cash payments	-	-	-	-	-	(31)	163	2,243	(443)	508
Intangible asset impairment	-	39	354	5,070	1,030	-	50	770	4,229	4,476
Other, net excluding intangible asset impairment	489	390	84	76	43	863	(213)	(150)	(225)	(63)
Changes in Operating Assets & Liabilities, Net of Acquisitions:										
Accounts receivable	(1,076)	(71)	(391)	(591)	(74)	(929)	(1,321)	(1,455)	66	207
Inventories	(434)	(38)	93	(226)	(231)	(40)	(142)	(686)	(417)	(319)
Prepaid expenses and other assets	511	(393)	(118)	(200)	(225)	134	(197)	(264)	(188)	361
Accounts Payable	1,503	(1,187)	425	734	-	-	1,719	1,769	3,840	177
Income tax assets and liabilities, net	-	-	-	674	(1,018)	(573)	(1,290)	542	(488)	(3,208)
<b>Cash Flow from Operating Activities</b>	<b>7,255</b>	<b>6,463</b>	<b>8,248</b>	<b>13,459</b>	<b>12,615</b>	<b>16,074</b>	<b>22,277</b>	<b>24,943</b>	<b>22,839</b>	<b>18,806</b>
<b>Investing Activities</b>										
Acquisition of Businesses, net of cash acquired	(11,488)	(2,495)	-	-	-	(38,260)	(525)	(255)	-	(17,493)
Other Acquisitions and investments	(964)	(262)	(308)	(736)	(1,135)	(1,350)	(1,377)	(539)	(1,223)	(3,024)
Acquisitions of property and equipment	(532)	(479)	(529)	(638)	(552)	(798)	(787)	(695)	(777)	(974)
Purchases of investment securities	(851)	(5,315)	(2,230)	(1,792)	(583)	(61)	(119)	(1,438)	(77)	(73)
Sales and maturities of investment securities	899	2,359	2,793	2,160	2,699	1,525	98	1,530	55	555
Other	-	118	-	-	167	1,387	366	774	13	189
<b>Cash Flow from Investing Activities</b>	<b>(12,936)</b>	<b>(6,074)</b>	<b>(274)</b>	<b>(1,006)</b>	<b>596</b>	<b>(37,557)</b>	<b>(2,344)</b>	<b>(623)</b>	<b>(2,009)</b>	<b>(20,820)</b>
<b>Financing Activities</b>										
Proceeds from short-term debt	-	-	-	-	-	-	-	-	-	5,008
Repayments of other short-term borrowings	-	-	-	-	(3,000)	-	-	-	-	(5,008)
Proceeds from issuance of long-term debt	20,660	11,627	-	5,963	31,482	3,000	1,000	2,000	-	16,963
Repayments of long-term debt and lease obligations	(4,018)	(6,010)	(25)	(6,035)	(1,536)	(5,683)	(9,414)	(14,433)	(4,149)	(9,613)
Debt issuance cost	(182)	(69)	-	(40)	(424)	(20)	-	-	(38)	(99)
Dividends paid	(3,294)	(3,717)	(4,107)	(5,580)	(6,366)	(7,716)	(9,261)	(10,043)	(10,539)	(11,025)
Purchases of treasury stock	(7,586)	(6,033)	(1,410)	(12,014)	(629)	(978)	(934)	(1,487)	(1,972)	(1,708)
Proceeds from the exercise of stock options	155	268	254	73	8	209	244	262	180	214
Payments of contingent consideration liabilities	-	-	(268)	(78)	(163)	(321)	(698)	(1,132)	(752)	-
Other, net	36	29	21	14	35	8	24	30	48	57
<b>Cash Flows from Financing Activities</b>	<b>5,771</b>	<b>(3,905)</b>	<b>(5,535)</b>	<b>(17,697)</b>	<b>19,407</b>	<b>(11,501)</b>	<b>(19,039)</b>	<b>(24,803)</b>	<b>(17,222)</b>	<b>(5,211)</b>
Effect of exchange rate changes on cash and equivalents	(300)	(338)	29	(39)	7	(5)	(97)	(62)	5	(65)
Net increase / decrease in cash and equivalents	51	(3,299)	4,203	(2,014)	32,635	(31,475)	1,297	(545)	3,613	(7,290)
Cash and equivalents, beginning of period	8,348	8,399	5,100	9,303	7,289	39,924	8,449	9,746	9,201	12,814
<b>Cash and equivalents, end of period</b>	<b>8,399</b>	<b>5,100</b>	<b>9,303</b>	<b>7,289</b>	<b>39,924</b>	<b>8,449</b>	<b>9,746</b>	<b>9,201</b>	<b>12,814</b>	<b>5,524</b>

**AbbVie Inc.**

*Forecasted Cash Flow Statement*

<b>Fiscal Years Ending Dec. 31</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>	<b>2030E</b>	<b>2031E</b>	<b>2032E</b>	<b>2033E</b>	<b>2034E</b>
<b>Operating Cash Flow</b>										
Net Income	12,737	15,206	17,534	19,105	21,380	22,586	24,630	26,233	23,183	22,563
(+) Depreciation	790	818	846	872	899	924	950	976	1,001	1,027
(+) Amortization	7,300	6,700	6,100	6,300	5,700	5,100	4,500	3,900	3,300	2,700
Change in Accounts Receivables	(186)	(769)	(708)	(695)	(605)	(470)	(490)	(532)	1,745	669
Change in Inventory	420	(261)	(240)	(235)	(205)	(159)	(166)	(180)	591	227
Change in Prepaid Expenses & Other Current Assets	(555)	(380)	(349)	(343)	(299)	(232)	(242)	(263)	862	330
Change in Accounts Payable	270	223	205	201	175	136	142	154	(505)	(194)
Change in Salaries, Wages, and Commissions	(264)	119	110	108	94	73	76	83	(271)	(104)
Change in Income Taxes Payable	(1,261)	-	-	-	-	-	-	-	-	-
Change in Other Assets	4,029	(354)	(326)	(320)	(279)	(217)	(225)	(245)	804	308
Change in Sales Rebates	(4,933)	649	597	587	511	397	413	449	(1,473)	(565)
Change in Current Portion of Contingent Consideration	717	850	985	1,116	1,233	1,327	1,385	1,399	1,358	1,258
Change in Royalty & License Arrangements	173	49	45	44	38	30	31	34	(110)	(42)
Change in Other Current Liabilities	(19)	461	391	380	329	438	108	438	(961)	(446)
Change in Deferred Income Taxes	210	227	246	266	287	311	336	364	393	425
Change in Contingent Consideration Liabilities	2,288	2,562	2,870	3,214	3,600	4,031	4,515	5,056	5,663	6,342
Change in Unrecognized Tax Benefits	672	761	862	977	1,107	1,254	1,421	1,609	1,824	2,066
Change in Other LT Liabilities	73	75	76	78	79	81	83	84	86	88
<b>Net Cash Flow from Operating Activities:</b>	<b>22,462</b>	<b>26,936</b>	<b>29,244</b>	<b>31,654</b>	<b>34,045</b>	<b>35,609</b>	<b>37,467</b>	<b>39,558</b>	<b>37,490</b>	<b>36,653</b>
<b>Investing Cash Flow</b>										
Change in Short-Term Investments	(1)	(1)	(1)	(1)	(2)	(2)	(2)	(2)	(2)	(2)
Change in Total PPE	(974)	(996)	(1,019)	(1,043)	(1,067)	(1,091)	(1,116)	(1,142)	(1,168)	(1,195)
Change in Noncontrolling Interests	(17)	(20)	(23)	(25)	(28)	(30)	(32)	(35)	(31)	(30)
Change in Pension & Other Post-Employment	(123)	(123)	(123)	(123)	(123)	(123)	(123)	(123)	(123)	(123)
<b>Net Cash Flows from Investing Activities:</b>	<b>(1,115)</b>	<b>(1,141)</b>	<b>(1,167)</b>	<b>(1,193)</b>	<b>(1,220)</b>	<b>(1,246)</b>	<b>(1,274)</b>	<b>(1,302)</b>	<b>(1,324)</b>	<b>(1,350)</b>
<b>Financing Cash Flow</b>										
Change in Dividends Payable	30	172	168	165	162	159	155	152	149	147
Change in Current Portion of Long-Term Debt	(33)	(771)	(972)	(1,981)	5,523	(8,570)	2,000	(2,000)	-	3,000
Change in Long-Term Debt	10,136	(1,638)	(1,371)	(1,464)	(1,232)	(1,052)	(688)	(295)	(2,692)	(1,056)
Change in Common Stock & APIC	118	118	118	118	118	71	-	-	-	-
Change in Treasury Stock	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)
Change in Dividends Paid	(11,863)	(12,549)	(13,222)	(13,883)	(14,532)	(15,168)	(15,789)	(16,395)	(16,992)	(17,578)
Change in Investments	(12)	(12)	(13)	(13)	(14)	(14)	(15)	(15)	(16)	(17)
<b>Net Cash Flows from Financing Activities:</b>	<b>(5,124)</b>	<b>(18,180)</b>	<b>(18,791)</b>	<b>(20,559)</b>	<b>(13,474)</b>	<b>(28,075)</b>	<b>(17,836)</b>	<b>(22,054)</b>	<b>(23,051)</b>	<b>(19,004)</b>
Net Increase in Cash & Cash Equivalents	16,222	7,615	9,285	9,903	19,351	6,288	18,357	16,202	13,115	16,300
Cash & Cash Equivalents at the Beginning of the Period	5,524	21,746	29,361	38,646	48,549	67,899	74,188	92,545	108,747	121,862
<b>Cash &amp; Cash Equivalents at the End of the Period</b>	<b>21,746</b>	<b>29,361</b>	<b>38,646</b>	<b>48,549</b>	<b>67,899</b>	<b>74,188</b>	<b>92,545</b>	<b>108,747</b>	<b>121,862</b>	<b>138,162</b>

AbbVie Inc.

Common Size Income Statement

Fiscal Years Ending Dec. 31	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
<b>Revenues</b>													
Immunology	49.8%	48.1%	47.4%	49.5%	50.7%	52.1%	52.8%	53.3%	54.1%	54.2%	53.8%	48.5%	45.7%
Oncology	11.3%	10.9%	11.6%	10.7%	10.1%	9.4%	9.3%	9.4%	10.0%	10.6%	11.4%	11.9%	11.8%
Aesthetics	9.2%	9.7%	9.2%	8.8%	9.0%	9.1%	9.3%	9.4%	9.8%	10.1%	10.5%	12.6%	14.1%
Neuroscience	11.2%	14.2%	16.0%	16.6%	17.0%	17.2%	17.4%	17.2%	15.8%	15.0%	14.5%	15.8%	16.4%
Eye Care	4.7%	4.4%	4.0%	3.5%	3.2%	2.9%	2.7%	2.5%	2.1%	1.9%	1.8%	2.1%	2.2%
Women's Health	1.4%	1.2%	1.3%	1.1%	1.0%	0.7%	0.6%	0.6%	0.6%	0.6%	0.7%	0.5%	0.6%
Other Key Products	10.0%	10.2%	9.6%	8.7%	7.9%	7.1%	6.5%	6.3%	6.5%	6.5%	6.5%	7.6%	8.4%
All Other	2.4%	1.2%	0.9%	1.1%	1.1%	1.5%	1.5%	1.4%	1.2%	1.0%	0.8%	1.1%	0.9%
<b>Net Revenue</b>	<b>100.0%</b>												
<b>Operating Costs</b>													
Costs of Products Sold	15.4%	21.6%	15.1%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%
Depreciation	1.3%	1.4%	1.4%	1.3%	1.3%	1.3%	1.2%	1.2%	1.2%	1.2%	1.2%	1.4%	1.5%
Amortization of Intangibles	13.2%	14.6%	13.5%	12.3%	10.5%	9.0%	8.8%	7.7%	6.6%	5.7%	4.7%	4.5%	3.9%
Selling, General and Administrative	26.3%	23.7%	26.2%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%
Research and Development	11.2%	14.1%	22.7%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%
Acquired IPR&D and Milestones	1.2%	1.4%	4.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Operating Expense (Income), Net	0.1%	-0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total Operation Costs and Expenses</b>	<b>68.8%</b>	<b>76.5%</b>	<b>83.8%</b>	<b>65.4%</b>	<b>63.6%</b>	<b>62.1%</b>	<b>61.9%</b>	<b>60.7%</b>	<b>59.6%</b>	<b>58.6%</b>	<b>57.7%</b>	<b>57.7%</b>	<b>57.2%</b>
<b>Operating Earnings</b>	<b>31.2%</b>	<b>23.5%</b>	<b>16.2%</b>	<b>34.6%</b>	<b>36.4%</b>	<b>37.9%</b>	<b>38.1%</b>	<b>39.3%</b>	<b>40.4%</b>	<b>41.4%</b>	<b>42.3%</b>	<b>42.3%</b>	<b>42.8%</b>
<b>Operating Profit</b>													
Interest Expense, Net	3.5%	3.1%	3.8%	3.6%	3.3%	2.9%	2.7%	2.0%	2.6%	1.9%	2.0%	2.2%	1.9%
Net Foreign Exchange Loss	0.3%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Expense, Net	4.2%	8.6%	5.8%	4.5%	3.6%	2.8%	2.2%	1.8%	1.4%	1.2%	0.9%	0.9%	0.8%
<b>Earnings Before Income Tax Expense</b>	<b>23.2%</b>	<b>11.5%</b>	<b>6.6%</b>	<b>26.5%</b>	<b>29.5%</b>	<b>32.2%</b>	<b>33.2%</b>	<b>35.5%</b>	<b>36.3%</b>	<b>38.3%</b>	<b>39.4%</b>	<b>39.3%</b>	<b>40.2%</b>
Income Tax Expense (Benefit)	2.8%	2.5%	-1.0%	5.1%	5.7%	6.2%	6.4%	6.8%	6.9%	7.3%	7.5%	7.5%	7.7%
<b>Net Earnings</b>	<b>20.4%</b>	<b>9.0%</b>	<b>7.6%</b>	<b>21.4%</b>	<b>23.9%</b>	<b>26.0%</b>	<b>26.9%</b>	<b>28.7%</b>	<b>29.4%</b>	<b>31.0%</b>	<b>31.8%</b>	<b>31.7%</b>	<b>32.5%</b>
Net Earnings Attributable to Noncontrolling Interest	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Net Earnings Attributable to AbbVie, Inc.</b>	<b>20.4%</b>	<b>9.0%</b>	<b>7.6%</b>	<b>21.4%</b>	<b>23.9%</b>	<b>26.0%</b>	<b>26.8%</b>	<b>28.7%</b>	<b>29.3%</b>	<b>30.9%</b>	<b>31.8%</b>	<b>31.7%</b>	<b>32.4%</b>

AbbVie Inc.  
Common Size Balance Sheet

<i>Fiscal Years Ending Dec. 31</i>	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
<b>Assets</b>													
<b>Current Assets</b>													
Cash and Equivalents	15.8%	23.6%	9.8%	36.5%	46.1%	57.2%	68.1%	91.2%	96.3%	116.2%	131.8%	166.6%	198.7%
Short-Term Investments	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Accounts Receivables, Net	19.4%	20.5%	19.4%	18.6%	18.6%	18.6%	18.6%	18.6%	18.6%	18.6%	18.6%	18.6%	18.6%
Inventories	6.2%	7.5%	7.4%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%
Prepaid Expenses & Other Current Assets	7.6%	9.1%	8.7%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%
<b>Total Current Assets</b>	49.0%	60.8%	45.4%	70.7%	80.3%	91.4%	102.3%	125.4%	130.5%	150.4%	166.0%	200.8%	232.9%
Investments	0.4%	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.6%	0.6%
Property & Equipment, Gross	18.9%	21.4%	21.8%	22.2%	22.3%	22.6%	22.9%	23.3%	24.0%	24.6%	25.1%	29.9%	33.2%
Accumulated Depreciation	10.4%	12.2%	12.7%	13.3%	13.7%	14.2%	14.7%	15.2%	15.9%	16.6%	17.2%	20.8%	23.3%
Property & Equipment, Net	8.5%	9.2%	9.1%	8.9%	8.6%	8.4%	8.2%	8.1%	8.0%	8.0%	7.9%	9.1%	9.8%
Intangible Assets, Net of Amortization	116.2%	102.4%	106.6%	88.6%	72.3%	59.2%	47.3%	37.5%	29.7%	23.1%	17.5%	15.3%	12.2%
Goodwill	55.4%	59.5%	62.1%	58.7%	54.9%	51.8%	49.1%	46.9%	45.4%	43.9%	42.4%	47.8%	50.3%
Other Assets	9.6%	15.7%	16.2%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%
<b>Total Assets</b>	239.1%	248.0%	239.9%	235.9%	225.1%	219.9%	215.9%	226.9%	222.7%	234.4%	242.9%	282.2%	314.4%
<b>Liabilities and Equity</b>													
<b>Current Liabilities</b>													
Short-Term Borrowings	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Current Portion of Long-Term Debt & Finance Lease Obligations	7.1%	13.2%	12.1%	11.4%	9.4%	7.4%	4.3%	11.5%	0.0%	2.5%	0.0%	0.0%	4.3%
Sales Rebates	18.5%	25.1%	25.4%	15.7%	15.7%	15.7%	15.7%	15.7%	15.7%	15.7%	15.7%	15.7%	15.7%
Dividends payable	4.6%	5.1%	5.2%	5.0%	4.9%	4.9%	4.9%	4.9%	4.9%	5.0%	5.0%	5.8%	6.3%
Accounts Payable	5.1%	6.8%	5.2%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
Current Portion of Contingent Consideration Liabilities	2.5%	3.6%	4.6%	5.5%	6.5%	7.6%	8.8%	10.1%	11.5%	12.8%	14.1%	17.7%	20.4%
Salaries, Wages & Commissions	2.4%	3.3%	3.5%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%
Royalty & License Arrangements	0.7%	0.7%	0.9%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%
Other	10.0%	11.9%	11.8%	11.1%	11.1%	11.1%	11.0%	11.0%	11.2%	11.0%	11.1%	11.2%	11.2%
<b>Total Current Liabilities</b>	50.9%	69.7%	68.8%	58.2%	57.2%	56.2%	54.2%	62.6%	52.8%	56.4%	55.4%	60.0%	67.5%
<b>Total Noncurrent Portion</b>	101.9%	96.1%	107.1%	118.3%	108.0%	99.9%	92.6%	87.0%	82.7%	79.1%	76.0%	82.1%	84.8%
Deferred Income Taxes	3.8%	3.6%	4.6%	4.7%	4.7%	4.8%	5.0%	5.1%	5.4%	5.6%	5.8%	7.1%	8.1%
Contingent Consideration Liabilities	25.7%	33.0%	33.9%	35.9%	37.6%	39.7%	42.1%	45.1%	48.9%	52.9%	57.2%	72.3%	85.2%
Liabilities for Unrecognized Tax Benefits	11.2%	12.3%	9.0%	9.6%	10.2%	10.9%	11.7%	12.7%	13.9%	15.2%	16.6%	21.2%	25.3%
Income Taxes Payable	5.1%	4.0%	2.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Pension and Other Post-Employment Benefits	2.8%	2.8%	2.2%	1.9%	1.5%	1.3%	1.0%	0.8%	0.6%	0.5%	0.3%	0.2%	0.0%
Other	7.9%	7.3%	6.2%	6.0%	5.7%	5.5%	5.3%	5.2%	5.2%	5.1%	5.0%	5.8%	6.2%
<b>Total Other Long-Term Liabilities</b>	158.4%	159.2%	165.2%	176.3%	167.8%	162.1%	157.8%	155.9%	156.6%	158.4%	161.1%	188.7%	209.6%
<b>Stockholders' Equity</b>													
Common Stock	33.2%	37.2%	37.9%	36.0%	33.9%	32.1%	30.6%	29.5%	28.6%	27.6%	26.7%	30.1%	31.7%
Common Stock Held in Treasury	-7.9%	-12.0%	-14.6%	-19.6%	-23.9%	-27.7%	-31.2%	-34.5%	-37.9%	-41.1%	-43.9%	-54.3%	-62.1%
Additional Paid-In Capital	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accumulated Deficit/Retained Earnings	8.2%	-1.8%	-14.0%	-11.8%	-6.9%	-0.1%	7.2%	16.1%	25.2%	35.5%	46.2%	60.6%	70.9%
Accumulated Other Comprehensive Income (Loss)	-3.8%	-4.2%	-3.4%	-3.2%	-3.0%	-2.9%	-2.7%	-2.6%	-2.5%	-2.4%	-2.3%	-2.6%	-2.8%
<b>Total Stockholders' Equity</b>	29.7%	19.1%	5.9%	1.4%	0.1%	1.5%	4.0%	8.5%	13.4%	19.7%	26.7%	33.8%	37.6%
Noncontrolling Interest	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	-0.1%	-0.1%	-0.1%	-0.2%	-0.2%	-0.3%	-0.3%
<b>Total Equity</b>	29.8%	19.1%	6.0%	1.4%	0.1%	1.5%	4.0%	8.4%	13.3%	19.5%	26.5%	33.5%	37.3%

AbbVie Inc.  
Value Driver Estimation

Fiscal Years Ending Dec. 31	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
<b>NOPLAT:</b>													
Revenue	58,054	54,318	56,334	59,589	63,717	67,514	71,244	74,490	77,014	79,642	82,496	73,131	69,540
Less: Cost of Products Sold	8,947	11,717	8,518	9,219	9,858	10,445	11,022	11,524	11,915	12,322	12,763	11,314	10,759
Less: Depreciation	778	752	764	790	818	846	872	899	924	950	976	1,001	1,027
Less: Amortization	7,689	7,946	7,622	7,300	6,700	6,100	6,300	5,700	5,100	4,500	3,900	3,300	2,700
Less: Research & Development	6,510	7,675	12,791	7,786	8,325	8,821	9,309	9,733	10,063	10,406	10,779	9,555	9,086
Less: Selling, General, & Administrative	15,260	12,872	14,752	13,865	14,825	15,709	16,576	17,332	17,919	18,530	19,195	17,016	16,180
Less: Acquired IPR&D and Milestones	697	778	2,757	-	-	-	-	-	-	-	-	-	-
Less: Other Operating Expense	56	(179)	(7)	-	-	-	-	-	-	-	-	-	-
Plus: Implied Interest on Operating Leases	42	44	44	48	53	58	64	70	77	85	93	102	113
<b>EBIT:</b>	<b>18,856</b>	<b>13,579</b>	<b>11,938</b>	<b>20,677</b>	<b>23,243</b>	<b>25,651</b>	<b>27,227</b>	<b>29,372</b>	<b>31,170</b>	<b>33,018</b>	<b>34,977</b>	<b>31,047</b>	<b>29,901</b>
<b>Income Tax Provision:</b>	1,632	1,377	(570)	3,017	3,602	4,153	4,525	5,064	5,350	5,834	6,214	5,491	5,344
Plus: Tax Shield on Interest Expense	339	488	618	411	401	381	368	288	387	289	312	305	251
Plus: Tax Shield on Net FX Loss	25	42	6	-	-	-	-	-	-	-	-	-	-
Plus: Tax Shield on Other Expense	406	1,356	927	518	433	362	303	253	212	177	148	124	103
Plus: Tax Shield on Operating Leases	138	240	233	9	10	11	12	13	15	16	18	20	22
<b>Adjusted Tax:</b>	<b>2,540</b>	<b>3,504</b>	<b>1,213</b>	<b>3,955</b>	<b>4,446</b>	<b>4,907</b>	<b>5,209</b>	<b>5,619</b>	<b>5,963</b>	<b>6,316</b>	<b>6,691</b>	<b>5,939</b>	<b>5,720</b>
Deferred Tax Assets	5,532	6,458	6,036	6,039	6,043	6,047	6,052	6,057	6,063	6,069	6,075	6,081	6,086
Deferred Tax Liabilities	4,702	2,655	2,989	1,221	(889)	(3,323)	(5,975)	(8,942)	(12,077)	(15,495)	(19,136)	(22,354)	(25,486)
<b>Changes in Deferred Taxes:</b>	<b>(1,565)</b>	<b>(2,973)</b>	<b>756</b>	<b>(1,771)</b>	<b>(2,114)</b>	<b>(2,438)</b>	<b>(2,656)</b>	<b>(2,973)</b>	<b>(3,140)</b>	<b>(3,425)</b>	<b>(3,647)</b>	<b>(3,223)</b>	<b>(3,137)</b>
<b>NOPLAT:</b>	<b>14,751</b>	<b>7,102</b>	<b>11,481</b>	<b>14,950</b>	<b>16,682</b>	<b>18,306</b>	<b>19,362</b>	<b>20,780</b>	<b>22,067</b>	<b>23,277</b>	<b>24,638</b>	<b>21,884</b>	<b>21,044</b>
<b>Invested Capital (IC):</b>													
<b>Operating Current Assets:</b>													
Normal Cash	5,693	5,326	5,524	5,843	6,248	6,620	6,986	7,304	7,552	7,809	8,089	7,171	6,819
Accounts Receivable	11,254	11,155	10,919	11,105	11,874	12,582	13,277	13,882	14,352	14,842	15,374	13,628	12,959
Inventories	3,579	4,099	4,181	3,761	4,022	4,261	4,497	4,702	4,861	5,027	5,207	4,616	4,389
Prepaid Expenses & Other Current Assets	4,401	4,932	4,927	5,482	5,862	6,212	6,555	6,853	7,086	7,327	7,590	6,728	6,398
<b>Total Operating Current Assets</b>	<b>24,927</b>	<b>25,512</b>	<b>25,551</b>	<b>26,191</b>	<b>28,006</b>	<b>29,675</b>	<b>31,314</b>	<b>32,741</b>	<b>33,851</b>	<b>35,005</b>	<b>36,260</b>	<b>32,144</b>	<b>30,565</b>
<b>Operating Current Liabilities:</b>													
Sales Rebates	10,717	13,627	14,304	9,371	10,020	10,618	11,204	11,715	12,112	12,525	12,974	11,501	10,936
Dividends Payable	2,680	2,783	2,936	2,966	3,137	3,306	3,471	3,633	3,792	3,947	4,099	4,248	4,394
Accounts Payable	2,934	3,688	2,945	3,215	3,438	3,643	3,844	4,019	4,155	4,297	4,451	3,946	3,752
Current Portion of Contingent Consideration Liabilities	1,469	1,952	2,589	3,306	4,156	5,142	6,258	7,492	8,818	10,203	11,602	12,961	14,219
Salaries, Wages, & Commissions	1,371	1,802	1,986	1,722	1,842	1,951	2,059	2,153	2,226	2,302	2,384	2,114	2,010
Royalty & License Arrangements	412	360	527	700	749	794	837	875	905	936	970	860	817
<b>Total Operating Current Liabilities:</b>	<b>19,583</b>	<b>24,212</b>	<b>25,287</b>	<b>21,281</b>	<b>23,342</b>	<b>25,452</b>	<b>27,673</b>	<b>29,887</b>	<b>32,008</b>	<b>34,210</b>	<b>36,480</b>	<b>35,628</b>	<b>36,129</b>
<b>Net Operating Working Capital:</b>	<b>5,344</b>	<b>1,300</b>	<b>264</b>	<b>4,910</b>	<b>4,663</b>	<b>4,222</b>	<b>3,641</b>	<b>2,854</b>	<b>1,842</b>	<b>795</b>	<b>(220)</b>	<b>(3,485)</b>	<b>(5,563)</b>
<b>Property &amp; Equipment, Net:</b>	<b>4,935</b>	<b>4,989</b>	<b>5,134</b>	<b>5,318</b>	<b>5,496</b>	<b>5,669</b>	<b>5,839</b>	<b>6,008</b>	<b>6,174</b>	<b>6,340</b>	<b>6,507</b>	<b>6,674</b>	<b>6,842</b>
<b>Other Operating Assets:</b>													
Intangible Assets, Net	67,439	55,610	60,068	52,768	46,068	39,968	33,668	27,968	22,868	18,368	14,468	11,168	8,468
PV of Operating Leases	830	828	815	896	986	1,084	1,192	1,311	1,442	1,586	1,745	1,919	2,111
<b>Net Other Operating Assets:</b>	<b>68,269</b>	<b>56,438</b>	<b>60,883</b>	<b>53,664</b>									
<b>Other Operating Liabilities:</b>													
LT Income Taxes Payable	2,985	2,182	1,261	-	-	-	-	-	-	-	-	-	-
<b>Invested Capital (IC):</b>	<b>75,563</b>	<b>60,546</b>	<b>65,020</b>	<b>63,892</b>	<b>63,823</b>	<b>63,556</b>	<b>63,144</b>	<b>62,526</b>	<b>61,681</b>	<b>60,800</b>	<b>59,951</b>	<b>56,853</b>	<b>54,942</b>
<b>Free Cash Flow (FCF):</b>													
NOPLAT	14,751	7,102	11,481	14,950	16,682	18,306	19,362	20,780	22,067	23,277	24,638	21,884	21,044
Change in IC	(9,088)	(15,017)	4,474	(1,127)	(69)	(268)	(411)	(618)	(845)	(881)	(848)	(3,098)	(1,911)
<b>FCF</b>	<b>23,840</b>	<b>22,119</b>	<b>7,006</b>	<b>16,078</b>	<b>16,751</b>	<b>18,573</b>	<b>19,774</b>	<b>21,399</b>	<b>22,912</b>	<b>24,158</b>	<b>25,487</b>	<b>24,982</b>	<b>22,954</b>
<b>Return on Invested Capital (ROIC):</b>													
NOPLAT	14,751	7,102	11,481	14,950	16,682	18,306	19,362	20,780	22,067	23,277	24,638	21,884	21,044
Beginning IC	84,651	75,563	60,546	65,020	63,892	63,823	63,556	63,144	62,526	61,681	60,800	59,951	56,853
<b>ROIC</b>	<b>17.43%</b>	<b>9.40%</b>	<b>18.96%</b>	<b>22.99%</b>	<b>26.11%</b>	<b>28.68%</b>	<b>30.47%</b>	<b>32.91%</b>	<b>35.29%</b>	<b>37.74%</b>	<b>40.52%</b>	<b>36.50%</b>	<b>37.01%</b>
<b>Economic Profit (EP):</b>													
Beginning IC	84,651	75,563	60,546	65,020	63,892	63,823	63,556	63,144	62,526	61,681	60,800	59,951	56,853
x (ROIC - WACC)	11.48%	3.45%	13.01%	17.04%	20.16%	22.73%	24.52%	26.96%	29.34%	31.79%	34.57%	30.55%	31.06%
<b>EP</b>	<b>9,715</b>	<b>2,607</b>	<b>7,879</b>	<b>11,082</b>	<b>12,881</b>	<b>14,509</b>	<b>15,581</b>	<b>17,024</b>	<b>18,347</b>	<b>19,608</b>	<b>21,021</b>	<b>18,318</b>	<b>17,661</b>

**AbbVie Inc.***Weighted Average Cost of Capital (WACC) Estimation***Cost of Equity:**

Risk-Free Rate	4.15%
Beta	0.43
Equity Risk Premium	5.00%
<b>Cost of Equity</b>	<b>6.30%</b>

**ASSUMPTIONS:**

<i>10y Treasury YTM</i>	U.S. Treasury
<i>5yr Raw Beta (Weekly)</i>	Bloomberg
<i>Henry Fund Estimate</i>	

**Cost of Debt:**

Risk-Free Rate	4.15%
Implied Default Premium	1.18%
Pre-Tax Cost of Debt	5.33%
Marginal Tax Rate	19%
<b>After-Tax Cost of Debt</b>	<b>4.31%</b>

<i>10y Treasury YTM</i>	U.S. Treasury
<i>Avg YTM on ABBV 10-20 year corporate bond</i>	Bloomberg

**Market Value of Common Equity:**

Total Shares Outstanding	1,765
Current Stock Price	\$179.84
<b>MV of Equity</b>	<b>317,464</b>

**MV Weights**

82.37%

**Market Value of Debt:**

Short-Term Debt	-
Current Portion of LTD	6,804
Long-Term Debt	60,340
PV of Operating Leases	815
<b>MV of Total Debt</b>	<b>67,958.77</b>

17.63%

**Market Value of the Firm**

385,423

100.00%

Estimated WACC

5.95%

**AbbVie Inc.***Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models*

## Key Inputs:

CV Growth of NOPLAT	2.00%
CV Year ROIC	37.01%
WACC	5.95%
Cost of Equity	6.30%

<b>Fiscal Years Ending Dec. 31</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>	<b>2030E</b>	<b>2031E</b>	<b>2032E</b>	<b>2033E</b>	<b>2034E</b>
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**DCF Model:**

Free Cash Flow (FCF)	16,078	16,751	18,573	19,774	21,399	22,912	24,158	25,487	24,982	22,954
Continuing Value (CV)										504,068
PV of FCF	15,175	14,923	15,617	15,693	16,029	16,199	16,121	16,052	14,851	299,648

Value of Operating Assets:	440,306
Non-Operating Adjustments	
Plus: Excess Cash	-
Plus: Short-Term Investments	31
Plus: Long-Term Investments	279
Less: Debt Obligations	(67,144)
Less: PV of Op. Lease Liabilities	(815)
Less: Noncontrolling Interest	(39)
Less: ESOP	(352)
Value of Equity	372,267
Shares Outstanding	1,765
Intrinsic Value of Last FYE	\$ 210.89
<b>Implied Price as of Today</b>	<b>\$ 212.46</b>

**EP Model:**

Economic Profit (EP)	11,082	12,881	14,509	15,581	17,024	18,347	19,608	21,021	18,318	17,661
Continuing Value (CV)										447,215
PV of EP	10,460	11,475	12,199	12,366	12,752	12,971	13,084	13,240	10,889	265,851

Total PV of EP	375,287
Invested Capital (last FYE)	65,020
Value of Operating Assets:	440,306
Non-Operating Adjustments	
Plus: Excess Cash	-
Plus: Short-Term Investments	31
Plus: Long-Term Investments	279
Less: Debt Obligations	(67,144)
Less: PV of Op. Lease Liabilities	(815)
Less: Noncontrolling Interest	(39)
Less: ESOP	(352)
Value of Equity	372,267
Shares Outstanding	1,765
Intrinsic Value of Last FYE	\$ 210.89
<b>Implied Price as of Today</b>	<b>\$ 212.46</b>

**AbbVie Inc.***Dividend Discount Model (DDM) or Fundamental P/E Valuation Model*

<b>Fiscal Years Ending</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>	<b>2030E</b>	<b>2031E</b>	<b>2032E</b>	<b>2033E</b>	<b>2034E</b>
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EPS	\$ 7.25	\$ 8.75	\$ 10.19	\$ 11.22	\$ 12.68	\$ 13.53	\$ 14.90	\$ 16.02	\$ 14.30	\$ 14.05
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**Key Assumptions**

CV growth of EPS	2.00%
CV Year ROE	91.40%
Cost of Equity	6.30%

**Future Cash Flows**

P/E Multiple (CV Year)										22.75
EPS (CV Year)										\$ 14.05
Future Stock Price										\$ 319.60
Dividends Per Share	6.76	7.22	7.69	8.15	8.62	9.08	9.55	10.01	10.48	
Discounted Cash Flows	6.36	6.39	6.40	6.38	6.35	6.30	6.23	6.14	6.05	184.42

Intrinsic Value as of Last FYE	\$ 241.01
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<b>Implied Price as of Today</b>	<b>\$ 242.81</b>
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**AbbVie Inc.***Relative Valuation Models*

Ticker	Company	Price	EPS		P/E		EV			EV/EBITDA			
			2025E	2026E	25	26	2025E	2025E	2025E	2026E	2026E	2026E	
JNJ	Johnson & Johnson	\$150.62	\$9.31	\$9.96	16.18	15.12	\$393,172	\$33,687	11.67	\$393,209	\$34,708	11.33	
PFE	Pfizer	\$22.63	\$2.10	\$2.40	10.78	9.43	\$187,656	\$24,164	7.77	\$187,628	\$24,906	7.53	
LLY	Eli Lilly	\$723.73	\$23.20	\$29.05	31.20	24.91	\$767,443	\$27,359	28.05	\$767,443	\$34,099	22.51	
NVS	Novartis	\$102.87	\$8.36	\$8.71	12.31	11.81	\$244,793	\$21,414	11.43	\$244,793	\$21,843	11.21	
BMY	Bristol-Myers Squibb	\$55.19	\$5.57	\$5.15	9.91	10.72	\$161,172	\$18,990	8.49	\$161,193	\$16,961	9.50	
AMGN	Amgen	\$289.69	\$11.47	\$13.07	25.26	22.16	\$216,184	\$17,961	12.04	\$216,184	\$18,110	11.94	
AZN	AstraZeneca	\$65.79	\$3.14	\$3.80	20.95	17.31	\$254,321	\$19,837	12.82	\$254,321	\$22,132	11.49	
Average					<b>18.08</b>	<b>15.92</b>	Average			<b>13.18</b>	Average		<b>12.22</b>
ABBV	AbbVie Inc.	\$179.84	7.25	8.75	24.8	20.6	\$369,612	\$28,767	12.8	\$356,363	\$30,761	11.6	

**Implied Relative Value:**

P/E (EPS25)	\$	<b>131.15</b>
P/E (EPS26)	\$	<b>139.34</b>
EV/EBITDA 2025E	\$	<b>184.31</b>
EV/EBITDA 2026E	\$	<b>190.05</b>

AbbVie Inc.  
Key Management Ratios

Fiscal Years Ending Dec. 31	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
<b>Liquidity Ratios:</b>																				
Current Ratio (Current Assets/Current Liabilities)	1.50	1.65	1.28	0.98	3.18	0.84	0.79	0.96	0.87	0.66	1.21	1.40	1.63	1.89	2.00	2.47	2.66	3.00	3.35	3.45
Quick Ratio ((Cash + Marketable Securities + Receivables)/Current Liabilities)	1.21	1.14	0.89	0.78	2.91	0.60	0.56	0.69	0.63	0.43	0.95	1.13	1.35	1.60	1.75	2.18	2.39	2.72	3.09	3.22
Cash Ratio ((Cash + Marketable Securities)/Current Liabilities)	0.77	0.66	0.59	0.47	2.56	0.30	0.28	0.31	0.34	0.14	0.63	0.81	1.02	1.26	1.46	1.83	2.06	2.38	2.78	2.95
<b>Asset-Management Ratios:</b>																				
Inventory Turnover Ratio (COGS/Inventory)	2.13	3.22	3.45	3.71	2.99	2.69	2.85	2.50	2.86	2.04	2.45	2.45	2.45	2.45	2.45	2.45	2.45	2.45	2.45	2.45
Receivables Turnover (Revenue/Receivables)	4.83	5.39	5.55	6.08	6.13	5.19	5.63	5.16	4.87	5.16	5.37	5.37	5.37	5.37	5.37	5.37	5.37	5.37	5.37	5.37
Payables Turnover (COGS/Accounts Payable)	2.29	3.30	3.76	3.85	3.73	3.92	3.10	3.05	3.18	2.89	2.87	2.87	2.87	2.87	2.87	2.87	2.87	2.87	2.87	2.87
Total Asset Turnover (Revenue/Total Assets)	0.43	0.39	0.40	0.55	0.37	0.30	0.38	0.42	0.40	0.42	0.42	0.44	0.45	0.46	0.44	0.45	0.43	0.41	0.35	0.32
<b>Financial Leverage Ratios:</b>																				
Debt-To-Capital Ratio (Total Liabilities/(Total Liabilities + Total Shareholders' Equity))	0.93	0.93	0.93	1.14	1.09	0.91	0.89	0.88	0.92	0.98	0.99	1.00	0.99	0.98	0.96	0.94	0.92	0.89	0.88	0.88
Debt-To-Equity Ratio (Total Liabilities/Total Shareholders' Equity)	12.45	13.26	12.89	(8.03)	(11.90)	10.50	8.49	7.03	11.96	39.18	166.61	1,537.04	147.46	53.66	26.04	15.80	11.03	8.18	7.43	7.43
Financial Leverage Ratio (Total Assets/Total Shareholders' Equity)	13.45	14.26	13.89	(7.03)	(10.90)	11.50	9.49	8.03	12.96	40.18	167.61	1,538.04	148.46	54.66	27.04	16.80	12.03	9.18	8.43	8.43
<b>Profitability Ratios:</b>																				
Return on Equity (Net Income/Beginning Total Shareholders' Equity)		150.90%	114.52%	111.58%	-93.32%	-56.49%	88.27%	76.82%	28.18%	41.29%	383.06%	1862.43%	19247.45%	1871.55%	747.47%	357.04%	238.79%	167.55%	105.41%	91.40%
Return on Assets (Net Income/Total Assets)	9.70%	9.01%	7.50%	9.58%	8.84%	3.07%	7.88%	8.53%	3.61%	3.17%	9.06%	10.60%	11.81%	12.42%	12.65%	13.17%	13.20%	13.09%	11.23%	10.32%
Gross Profit Margin (Gross Profit/Revenue)	32.97%	36.60%	33.99%	19.49%	39.03%	24.81%	31.89%	31.21%	23.49%	16.22%	34.62%	36.40%	37.91%	38.13%	39.34%	40.37%	41.35%	42.29%	42.31%	42.84%
Net Profit Margin (Net Income/Revenue)	22.50%	23.22%	18.82%	17.36%	23.69%	10.08%	20.54%	20.39%	8.95%	7.59%	21.37%	23.86%	25.97%	26.82%	28.70%	29.33%	30.93%	31.80%	31.70%	32.45%
<b>Payout Policy Ratios:</b>																				
Dividend Payout Ratio (Dividend/EPS)	66.67%	64.38%	79.46%	107.63%	82.83%	177.29%	81.94%	85.86%	219.41%	262.08%	93.14%	82.53%	75.41%	72.67%	67.97%	67.16%	64.10%	62.50%	73.29%	77.90%
Total Payout Ratio ((Dividends + Repurchases)/Net Income)											120.13%	105.12%	94.99%	90.63%	84.01%	82.32%	77.99%	75.54%	88.04%	93.05%

**AbbVie Inc.***Valuation of Options Granted under ESOP*

Current Stock Price	\$179.84
Risk Free Rate	4.15%
Current Dividend Yield	3.52%
Annualized St. Dev. of Stock Returns	24.61% <a href="#">Source</a>

Range of Outstanding Options	Number of Shares	Average Exercise Price	Average Remaining Life (yrs)	B-S Option Price	Value of Options Granted
Range 1	6	117.48	5.60	\$ 62.67	\$ 352
<b>Total</b>	<b>6</b>	<b>\$ 117.48</b>	<b>5.60</b>	<b>\$ 90.36</b>	<b>\$ 352</b>

**AbbVie Inc.**

Sensitivity Tables

DCF		Equity Risk Premium						
212.46		4.70%	4.80%	4.90%	5.00%	5.10%	5.20%	5.30%
Beta	0.13	325.81	324.41	323.02	321.64	320.28	318.92	317.57
	0.23	281.35	279.45	277.58	275.74	273.91	272.11	270.33
	0.33	246.77	244.63	242.53	240.45	238.41	236.39	234.41
	0.43	219.11	216.86	214.64	212.46	210.32	208.22	206.15
	0.53	196.46	194.17	191.91	189.70	187.54	185.41	183.33
	0.63	177.57	175.27	173.03	170.83	168.67	166.56	164.50
	0.73	161.56	159.29	157.07	154.91	152.79	150.72	148.69

DCF		Other Revenue Growth (2025-2034)						
212.46		-5.5%	-4.0%	-2.5%	-1.0%	0.5%	2.0%	3.5%
A/R % of Sales (2025-2034)	15.64%	210.38	211.42	212.60	213.94	215.46	217.18	219.13
	16.64%	209.89	210.93	212.11	213.45	214.96	216.68	218.63
	17.64%	209.41	210.44	211.62	212.95	214.47	216.18	218.13
	18.64%	208.92	209.95	211.13	212.46	213.97	215.69	217.62
	19.64%	208.43	209.46	210.63	211.97	213.48	215.19	217.12
	20.64%	207.94	208.97	210.14	211.47	212.98	214.69	216.62
	21.64%	207.45	208.48	209.65	210.98	212.49	214.19	216.12

DCF		Risk-Free Rate						
212.46		3.85%	3.95%	4.05%	4.15%	4.25%	4.35%	4.45%
Marginal Tax Rate	17.63%	236.55	230.82	225.32	220.06	215.00	210.14	205.48
	18.13%	233.88	228.20	222.75	217.53	212.52	207.71	203.08
	18.63%	231.20	225.57	220.17	215.00	210.03	205.26	200.68
	19.13%	228.52	222.93	217.59	212.46	207.54	202.81	198.27
	19.63%	225.82	220.29	214.99	209.91	205.04	200.36	195.86
	20.13%	223.12	217.64	212.39	207.36	202.53	197.89	193.44
	20.63%	220.41	214.98	209.78	204.80	200.01	195.42	191.01

DCF		A/P % Sales (2025-2034)						
212.46		2.40%	3.40%	4.40%	5.40%	6.40%	7.40%	8.40%
SGA % Sales (2025-2034)	22.97%	212.74	213.26	213.77	214.29	214.80	215.32	215.83
	23.07%	212.13	212.65	213.16	213.68	214.19	214.71	215.22
	23.17%	211.52	212.04	212.55	213.07	213.58	214.10	214.61
	23.27%	210.91	211.43	211.94	212.46	212.97	213.49	214.01
	23.37%	210.30	210.82	211.34	211.85	212.37	212.88	213.40
	23.47%	209.70	210.21	210.73	211.24	211.76	212.27	212.79
	23.57%	209.09	209.60	210.12	210.63	211.15	211.66	212.18

DCF		CV Growth of NOPLAT						
212.46		1.25%	1.50%	1.75%	2.00%	2.25%	2.50%	2.75%
WACC	5.65%	203.46	211.96	221.55	232.46	244.97	259.46	276.45
	5.75%	198.17	206.19	215.21	225.44	237.13	250.62	266.35
	5.85%	193.10	200.68	209.18	218.78	229.72	242.30	256.90
	5.95%	188.24	195.41	203.43	212.46	222.71	234.45	248.03
	6.05%	183.59	190.37	197.94	206.45	216.07	227.05	239.69
	6.15%	179.12	185.55	192.70	200.72	209.77	220.05	231.85
	6.25%	174.84	180.93	187.70	195.26	203.77	213.42	224.44

DDM		Cost of Equity						
242.81		6.00%	6.10%	6.20%	6.30%	6.40%	6.50%	6.60%
CV EPS Growth	1.25%	231.82	226.51	221.42	216.54	211.86	207.35	203.03
	1.50%	240.98	235.20	229.68	224.39	219.32	214.46	209.79
	1.75%	251.21	244.89	238.86	233.09	227.58	222.31	217.26
	2.00%	262.73	255.76	249.13	242.81	236.79	231.03	225.54
	2.25%	275.78	268.04	260.70	253.73	247.10	240.78	234.76
	2.50%	290.70	282.03	273.84	266.08	258.73	251.75	245.12
	2.75%	307.91	298.10	288.88	280.18	271.96	264.18	256.82