



Student Management Fund of UCONN

ABBOTT LABORATORIES (NASDAQ Ticker: ABT) October 19, 2020

Financial Strength: Strong

Target Price: \$171.43
Current Price: \$109.67
Stop loss: \$87.74
52-Week High/Low: \$114.20/61.61

Market Cap: \$178 billion
Dividend Yield: 1.31%
EPS: \$5.30
Enterprise Value: \$318,376.32 millions
Beta: 1.10

	ESG Score	Average
ABBOTT LAB		
Environment:	75	58.6
Social:	70.8	53.2
Governance:	70.2	62
Total:	30 (56th percentile)	

Company Overview

Abbott Laboratories engages in the discovery, development, manufacture, and sale of a broad and diversified line of health care products. It operates through the following segments: Established Pharmaceutical Products, Nutritional Products, Diagnostic Products, Cardiovascular and Neuromodulation Products, and Other.

Investment Thesis

Abbott Laboratories diversified healthcare businesses, highest market cap and consistently growing dividend makes it one of the potential stocks to be part of SMF's portfolio. ABT has strong positions in key health care product categories and has a robust product pipeline. The company recently paid down a significant amount of acquisition-related debt and also has a history of robust free cash flow generation. The company has recently launched 15-minute Covid 19 testing kit for which Trump Administration is already in the works to create a distribution plan. This will assist the Government's efforts to continue to safely reopen their states.

Catalysts

Abbott Laboratories has positioned itself as a Market leader for many of the product it sells. According to the 2019 annual report, the company generated 31.8 billion in sales, with 14.1% coming from established pharmaceuticals, 24.2% from diagnostics, 23.2% from nutrition, and 38.4% from medical devices. The diverse revenue growth of Abbott is due to the strategic acquisitions which the company made over the years. ABT's two major acquisitions in 2017 were: Alere, a leading firm in point-of-care diagnostics, on October 3, 2017, for \$4.5 billion in

cash; and St. Jude Medical (STJ), a leader in cardiac and neuromodulation devices, on January 4, 2017, for \$23.6 billion in total.

Investment Risks

One of the risks which Abbott is susceptible to is the potential appointment of conservative judge to fill the Supreme Court vacancy left by Ruth Bader Ginsburg could threaten the existence of the Affordable Care Act (ACA). Without ACA, there can be reduction of insurance coverage for surgical procedures and hence there can be a reduction in the volume of procedures and hence the sales of medical equipments.

Five-Year Price Trend



Capital Structure

Total Debt to Total Equity	61.44
Total Debt to Total Capital	38.06
Total Debt to Total Assets	28.13
Long-Term Debt to Equity	56.02
Long-Term Debt to Total Capital	34.70

Peer Comparison

Sub-Industry: Systems Software Peer Group*: Systems Software

Peer Group	Stock Symbol	Exchange	Currency	Recent Stock Price	Stk. Mkt. Cap. [M]	30-Day Price Chg. [%]	1-Year Price Chg. [%]	P/E Ratio	Fair Value Calc.	Yield [%]	Return on Equity [%]	LTD to Cap [%]
Microsoft Corporation	MSFT	NasdaqGS	USD	140.73	1,073,602	1.0	29.9	27	125.95	1.4	42.4	35.3
Check Point Software Technologies Ltd.	CHKP	NasdaqGS	USD	108.32	18,491	0.5	-0.8	21	132.54	Nil	22.3	NA
Fortinet, Inc.	FTNT	NasdaqGS	USD	80.48	13,761	1.5	-0.8	38	80.60	Nil	41.5	NA
Oracle Corporation	ORCL	NYSE	USD	54.17	177,814	0.6	12.9	18	48.10	1.8	32.0	65.9
Palo Alto Networks, Inc.	PANW	NYSE	USD	224.65	21,788	6.3	17.9	NM	NA	Nil	-6.0	47.4
Proofpoint, Inc.	PFPT	NasdaqGM	USD	113.80	6,396	-10.3	15.0	NM	NA	Nil	-25.6	NA
ServiceNow, Inc.	NOW	NYSE	USD	241.22	45,484	-7.0	39.7	NM	143.09	Nil	-2.8	37.3
SolarWinds Corporation	SWI	NYSE	USD	19.74	6,055	4.8	35.8	8	43.51	Nil	-10.8	41.9
Symantec Corporation	SYMC	NasdaqGS	USD	22.69	14,023	-4.7	19.5	NM	17.12	1.3	0.3	38.9
Trend Micro Incorporated	TMIC.Y	OTCPK	USD	50.75	7,047	5.1	-9.9	28	NA	2.9	15.5	NA
VMware, Inc.	VMW	NYSE	USD	159.19	65,050	6.8	12.4	11	308.84	Nil	52.8	88.5