

# UConn Student Managed Fund Analyst Report

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AbbVie Inc. (NASDAQ:ABBV)		Recommendation: BUY
Target Price: \$177.43	Market Cap: \$264,299.4M	P/E Ratio: 13.16
Current Price: \$149.53	Dividend Yield: 3.74%	EV/EBITDA: 12.7
Stop Loss: \$130	Beta: 0.63	EBITDA Margin: 53.5%
52 Week High/Low: \$134.09 - \$175.91	ROE:75.4%	Gross Margin: 15.72%

## Company Background:

AbbVie is a global, diversified research-based biopharmaceutical company positioned for success with a comprehensive product portfolio that has leadership positions across immunology, hematologic oncology, neuroscience, aesthetics and eye care.

## Industry Outlook:

The biopharmaceutical market is growing at a rapid rate, and it accounts for around 20% of the global pharmaceutical industry. The increasing awareness about the effectiveness of biopharmaceuticals among the population is significantly boosting the demand for biopharmaceuticals across the globe.

The global biopharmaceutical market size is expected to hit US\$ 856.1 billion by 2030 and is expanding growth at a Compound annual growth rate of 12.5% from 2021 to 2030.

## Investment Thesis:

**Diversified portfolio:** AbbVie's portfolio includes a broad line of therapies, it has a robust pipeline of new products and actively pursuing partnerships and acquisitions.

**Strong financial performance:** Strong return stock performance reached 50%

**Solid dividend:** A dividend king with 51 consecutive years of dividend increases.

## Investment Risks:

- Humira faces biosimilar rivals as it loses patent protection in 2023
- R&D costs account for nearly a dozen percent of sales, it also has several compounds in clinical development
- Government regulation

## Financial Performance



AbbVie has had a strong return stock performance compared with its four competitors. It reached a 50% rate of return on April 8th.

## Valuation: Discounted Cash Flow Analysis

Sum of PV FCF =	95,996
Future Value TV	418,519
PV Terminal Value =	275,870
EV =	371,866
less NET Debt	58,118
Market Value of Equity =	313,748
Shares Outstanding =	1768.337696
Estimated Share Value	177.43
Current Price	149.53
Margin of Safety	15.72%     75.29%

### DCF ANALYSIS

Sources: S&P Advantage

#### Assumptions:

Rev Grwth =	3.00%	WACC =	7.19%
Op Inc % =	35.00%	Rf =	4.95%
Tax Rate =	1.30%	Rm - Rf =	4.89%
Depreciation % =	0.00%	Beta =	0.58
Capex % =	1.69%	Cost of Equity =	7.79%
Change WC =	3.52%	Cost of debt =	4.96%
TV Growth Assumption =	2.00%	MV	271776.30

## Relative Valuation

## Comparable Company Analysis

As of 2/13/2023

Company Name	Market Data			Financial Data				Valuation			P/E x
	Price (\$/share)	Market Cap (\$M)	EV (\$M)	Sales (\$M)	EBITDA (\$M)	EBIT (\$M)	Earnings (\$M)	EV/Sales x	EV/EBITDA x	EV/EBIT x	
AbbVie Inc.	153.73	271,869	329,629	58,054	25,978	18,117	24,490	5.7x	12.7x	18.2x	11.1x
Pfizer Inc.	43.99	246,930	247,735	100,331	38,376	34,948	37,024	2.5x	6.5x	7.1x	6.7x
Johnson & Johnson	162.75	425,507	423,455	94,943	30,304	23,703	26,742	4.5x	14.0x	17.9x	15.9x
Eli Lilly and Company	350.4	332,942	346,184	28,541	8,801	7,127	6,967	12.1x	39.3x	48.6x	47.8x
Merck & Co., Inc.	109.55	277,752.6	296,988.6	59,283	21,934	17,944	18,794	5.0x	13.5x	16.6x	14.8x
<b>Average</b>								<b>5.9x</b>	<b>17.2x</b>	<b>21.7x</b>	<b>19.2x</b>
<b>Median</b>								<b>5.0x</b>	<b>13.5x</b>	<b>17.9x</b>	<b>14.8x</b>

## ESG

**29.8** Medium Risk

