



# AbbVie (ABBV)

Updated April 26<sup>th</sup>, 2025 by Jonathan Weber

## Key Metrics

<b>Current Price:</b>	\$186	<b>5 Year CAGR Estimate:</b>	5.2%	<b>Market Cap:</b>	\$328 B
<b>Fair Value Price:</b>	\$158	<b>5 Year Growth Estimate:</b>	5.0%	<b>Ex-Dividend Date:</b>	04/15/25
<b>% Fair Value:</b>	117%	<b>5 Year Valuation Multiple Estimate:</b>	-3.2%	<b>Dividend Payment Date:</b>	05/15/25
<b>Dividend Yield:</b>	3.5%	<b>5 Year Price Target</b>	\$202	<b>Years Of Dividend Growth:</b>	53
<b>Dividend Risk Score:</b>	A	<b>Sector:</b>	Health Care	<b>Rating:</b>	Hold

## Overview & Current Events

AbbVie is a biotechnology company focused on developing and commercializing drugs for immunology, oncology and virology. AbbVie was spun off by Abbott Laboratories in 2013. The company has a rather short stand-alone history. Nevertheless, AbbVie has become one of the largest players in the biotechnology industry, especially following the closing of its acquisition of formerly independent pharma company Allergan.

AbbVie reported its first quarter earnings results on April 25. The company was able to generate revenues of \$13.3 billion during the quarter, which was 8% more than AbbVie's revenues during the previous year's quarter. AbbVie generated revenues that were ahead of what the analyst community had forecasted. AbbVie's revenues were positively impacted by compelling growth from some of its major drugs, including Skyrizi and Rinvoq, while Humira sales declined by 51% due to growing competition from biosimilars and market share losses.

AbbVie earned \$2.46 per share during the first quarter, which was 7% more than the company's earnings-per-share during the previous year's quarter. AbbVie's earnings-per-share beat the consensus analyst estimate by \$0.06. AbbVie's guidance for 2025's adjusted earnings-per-share was raised during the earnings call; the company expects to earn \$12.09 - \$12.29 on a per-share basis this year. This means that earnings per share will be up substantially compared to 2024, reversing the recent down trend. The company's earnings-per-share guidance accounts for the expected sales decline of Humira this year, but also for the growth that is expected for many of AbbVie's other drugs that management believes will more than balance out the Humira decline.

## Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
<b>EPS</b>	\$4.29	\$4.82	\$5.60	\$7.91	\$8.94	\$10.56	\$12.70	\$13.77	\$11.11	\$10.12	<b>\$12.19</b>	<b>\$15.56</b>
<b>DPS</b>	\$2.02	\$2.28	\$2.56	\$3.59	\$4.28	\$4.72	\$5.20	\$5.64	\$5.92	\$6.20	<b>\$6.56</b>	<b>\$7.98</b>
<b>Shares<sup>1</sup></b>	1610	1590	1590	1550	1490	1780	1780	1780	1770	1770	<b>1765</b>	<b>1750</b>

AbbVie's explosive earnings-per-share growth started shortly after the company was spun off from Abbott Laboratories in 2013. In the following years, up until 2022, earnings rose rapidly on the back of AbbVie's success with Humira, Imbruvica, and other blockbuster drugs.

But in 2023, Humira has gone off patent in the US, which is why profits started to decline in that year. AbbVie's next-generation drugs that mostly target the same indications (ulcerative colitis, rheumatoid arthritis, and so on) as Humira, Skyrizi and Rinvoq, have shown strong revenue growth over the last couple of years, however. While the growth from these newer drugs was not enough to offset the Humira headwinds in 2023 and 2024, it is expected that AbbVie will be able to reverse course in 2025, with management forecasting both a positive revenue growth rate and a positive earnings-per-share growth rate. For now, it looks like AbbVie has passed the Humira patent nadir. We believe that earnings will improve again in the coming years, although earnings-per-share growth will be a lot lower compared to 2013-2022, which is why we forecast a mid-single-digit earnings-per-share growth rate from here.

<sup>1</sup> In Millions

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## Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	14.4	12.6	13.4	11.6	10.0	9.9	10.7	11.8	14.4	17.7	15.3	13.0
Avg. Yld.	3.3%	3.8%	3.4%	4.8%	4.8%	4.5%	3.8%	3.7%	3.7%	3.5%	3.5%	3.9%

AbbVie's share price has not moved much since our last update, standing in the mid-\$180s. AbbVie will not grow at the same rate it grew at a decade ago going forward, which is why the current valuation of around 15x earnings seems a little elevated. AbbVie trades ahead of our fair value estimate right now. AbbVie's shares offer a yield of 3.5% today, which is solid but below the average seen over the last decade.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	47%	47%	46%	45%	48%	45%	41%	41%	53%	61%	54%	51%

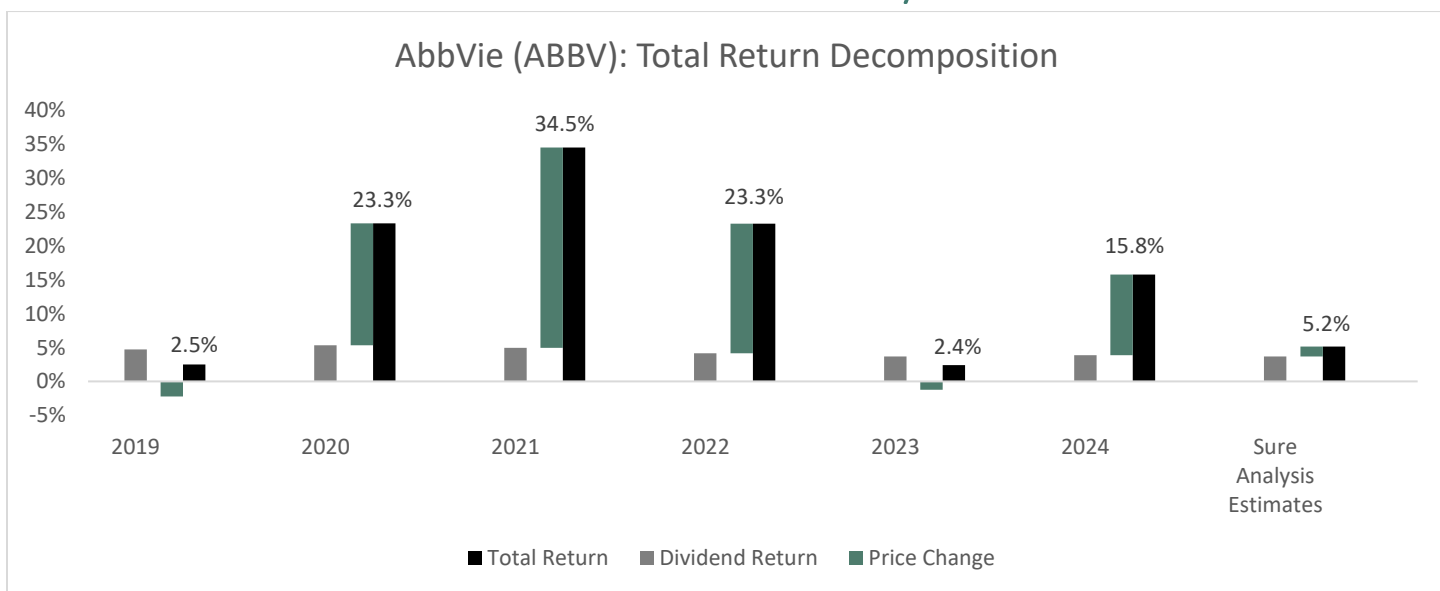
AbbVie started to pay dividends in 2013. Since then, the payout has risen quickly. This was possible due to a combination of strong earnings-per-share growth and an increase in AbbVie's dividend payout ratio. AbbVie does not have a very long dividend growth track record on its own, but we believe that its dividend looks relatively safe.

The healthcare industry, and especially the drug industry, is not very cyclical. AbbVie was not a standalone company during the last financial crisis, so there is no Great Recession data, but since sick people require treatment whether the economy is strong or not, it is highly likely that AbbVie will continue to perform well during recessions. During the COVID pandemic, AbbVie saw its earnings-per-share grow in both 2020 and 2021, underlining the defensive business model even during times of significant macro headwinds.

## Final Thoughts & Recommendation

AbbVie is a major biotech and pharma company that has grown both its profits as well as its dividend at an attractive pace over the last decade. We believe that the growth outlook is positive in the long run, thanks to a deep pipeline and strong growth from newer drugs such as Skyrizi and Rinvoq, but future earnings and dividend growth will be lower than in the past. Shares trade ahead of our fair value estimate today. The total return outlook is solid, which is why we rate AbbVie a hold at current prices.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	22859	25638	28216	32753	33266	45804	56197	58054	54318	56334
Gross Profit	18359	19806	21174	25035	25827	30417	38751	40640	33903	39430
Gross Margin	80.3%	77.3%	75.0%	76.4%	77.6%	66.4%	69.0%	70.0%	62.4%	70.0%
SG&A Exp.	6387	5881	6295	7399	6942	11299	12349	15260	12872	14752
D&A Exp.	836	1189	1501	1765	2017	6471	8521	8467	8698	8386
Operating Profit	7537	9340	9545	6383	12983	11363	17924	18814	13535	11894
Op. Margin	33.0%	36.4%	33.8%	19.5%	39.0%	24.8%	31.9%	32.4%	24.9%	21.1%
Net Profit	5144	5953	5309	5687	7882	4616	11542	11836	4863	4278
Net Margin	22.5%	23.2%	18.8%	17.4%	23.7%	10.1%	20.5%	20.4%	9.0%	7.6%
Free Cash Flow	7003	6562	9431	12789	12772	16790	21990	24248	22062	17832
Income Tax	1501	1931	2418	(490)	544	(1224)	1440	1632	1377	(570)

## Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	53050	66099	70786	59352	89115	150565	146529	138805	134711	135161
Cash & Equivalents	8399	5100	9303	7289	39924	8449	9746	9201	12814	5524
Acc. Receivable	4730	4758	5088	5384	5428	8822	9977	11254	11155	10919
Inventories	1719	1444	1605	1605	1813	3310	3128	3579	4099	4181
Goodwill & Int.	32877	44313	43344	36896	34253	116000	108330	99595	87903	95024
Total Liabilities	49105	61463	65689	67798	97287	137468	131093	121518	124314	131797
Accounts Payable	1597	1407	1474	1546	1452	2276	2882	2934	3688	2945
Long-Term Debt	31671	36842	37368	40310	66728	86056	76684	63271	59385	67144
Total Equity	3945	4636	5097	(8446)	(8172)	13076	15408	17254	10360	3325
LTD/E Ratio	8.03	7.95	7.33	(4.77)	(8.17)	6.58	4.98	3.67	5.73	20.19

## Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	12.8%	10.0%	7.8%	8.7%	10.6%	3.9%	7.8%	8.3%	3.6%	3.2%
Return on Equity	180.9%	138.7%	109.1%			187.5%	80.9%	72.3%	35.1%	62.2%
ROIC	19.7%	15.4%	12.6%	15.3%	17.4%	5.9%	12.1%	13.7%	6.5%	6.1%
Shares Out.	1610	1590	1590	1550	1490	1780	1780	1780	1770	1770
Revenue/Share	13.96	15.72	17.60	21.19	22.42	27.38	31.62	32.65	30.64	31.77
FCF/Share	4.28	4.02	5.88	8.27	8.61	10.04	12.37	13.64	12.44	10.06

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

### Disclaimer

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