



Abbott Laboratories (ABT)

Updated April 21st, 2025, by Nathan Parsh

Key Metrics

Current Price:	\$131	5 Year CAGR Estimate:	5.8%	Market Cap:	\$227 B
Fair Value Price:	\$113	5 Year Growth Estimate:	7.0%	Ex-Dividend Date:	05/15/25
% Fair Value:	116%	5 Year Valuation Multiple Estimate:	-2.9%	Dividend Payment Date:	05/15/25
Dividend Yield:	1.8%	5 Year Price Target	\$159	Years Of Dividend Growth:	53
Dividend Risk Score:	A	Sector:	Health Care	Rating:	Hold

Overview & Current Events

Abbott Laboratories, founded in 1888, is one of the largest medical appliances & equipment manufacturers in the world, comprised of four segments: Nutrition, Diagnostics, Established Pharmaceuticals and Medical Devices. Abbott Laboratories provides products in over 160 countries and employs 114,000 people. The company generated \$42 billion in sales in 2024.

On December 13th, 2024, Abbott Laboratories raised its quarterly dividend 7.3% to \$0.59, extending the company's dividend growth streak to 53 years.

On April 16th, 2025, Abbott Laboratories reported first quarter results for the period ending March 31st, 2025. For the quarter, the company produced \$10.4 billion in sales (60% outside of the U.S.), which represented growth of 4% compared to the first quarter of 2024, but this was \$60 million less than expected. Adjusted earnings-per-share of \$1.09 compared to \$0.98 in the prior year and was \$0.02 ahead of estimates.

U.S. sales grew 8.4% while international was higher by 1.2%. Currency exchange was a 2.8% headwind for the period. Companywide organic sales improved 6.9%. However, excluding Covid-19 testing products, organic growth was 8.3% for the period. Nutrition grew 6.8% organically during the quarter as the company continues to see a recovery in market share of its infant formula business following a stoppage of production in 2022. U.S. sales were higher by 8.8% as a result. Adult Nutrition continues to perform very well, with organic sales higher by 8.7%. Diagnostics decreased 4.9%, but this segment was actually higher by 0.5% when excluding Covid-19 tests. Established Pharmaceuticals grew 7.8% due to strength in Asia, Latin America, and the Middle East. Medical Devices continues to post excellent results, with sales higher by 12.6%, as the U.S. improved 15% and international markets grew 5.7%. This growth was driven by strong results in Diabetes Care, Structural Heart, Heart Failure, and Electrophysiology.

Abbott Laboratories reaffirmed its prior guidance for 2025 as well, with the company still expecting adjusted earnings-per-share in a range of \$5.05 to \$5.25 for the year. At the midpoint, this would represent growth of 10.3% from 2024.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$2.15	\$2.20	\$2.50	\$2.88	\$3.24	\$3.65	\$5.21	\$5.34	\$4.44	\$4.67	\$5.15	\$7.22
DPS	\$0.96	\$1.04	\$1.06	\$1.12	\$1.28	\$1.44	\$1.80	\$1.88	\$2.04	\$2.20	\$2.36	\$3.31
Shares¹	1,473	1,473	1,744	1,756	1,781	1,786	1,789	1,754	1,748	1,746	1,747	1,740

Abbott Laboratories spun off its biotech business (which is publicly-traded as AbbVie with the ticker ABBV) in 2013. AbbVie has been a very successful standalone company. When it was still owned by Abbott Laboratories it was a major growth driver. However, since the spin-off Abbott Laboratories' earnings-per-share growth rate has still been very solid. Results have also been very consistent. Earnings-per-share have a CAGR of 9.0% since 2015 and 7.1% since 2020. With its strong position in growth markets such as diagnostics, where Abbott Laboratories is the market leader in point-of-care diagnostics - and cardiovascular medical devices, Abbott Laboratories should be able to generate attractive long-

¹ In millions.

Disclosure: This analyst has a long position in the security discussed in this research report.



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term growth rates for both earnings-per-share and dividends. We forecast 7% growth coming off expected earnings-per-share of \$5.15 for 2025.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	21.5	18.4	19.4	22.3	24.9	26.3	22.6	20.6	24.5	24.2	25.4	22.0
Avg. Yld.	2.1%	2.1%	2.2%	1.7%	1.6%	1.5%	1.5%	1.7%	1.9%	1.9%	1.8%	2.1%

Shares of Abbott Laboratories have gained \$13, or 11%, since our January 22nd, 2025 report. The stock's price-to-earnings ratio expanded after the spin-off of AbbVie, which is not surprising, as AbbVie had been the somewhat riskier part of the business. In addition, shares were coming off recession lows. Abbott Laboratories as a med-tech pure play is a low-risk investment. We reaffirming our target price-to-earnings ratio of 22 from 20 as this better reflects the stock's average earnings multiple over the last decade. With shares trading at more than 25 times earnings estimates, this implies a 2.9% headwind to annual returns through 2030 from multiple compression.

Abbott Laboratories has declared 405 consecutive dividends and increased its payout for 53 consecutive years.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	45%	47%	42%	39%	40%	39%	35%	35%	46%	47%	46%	46%

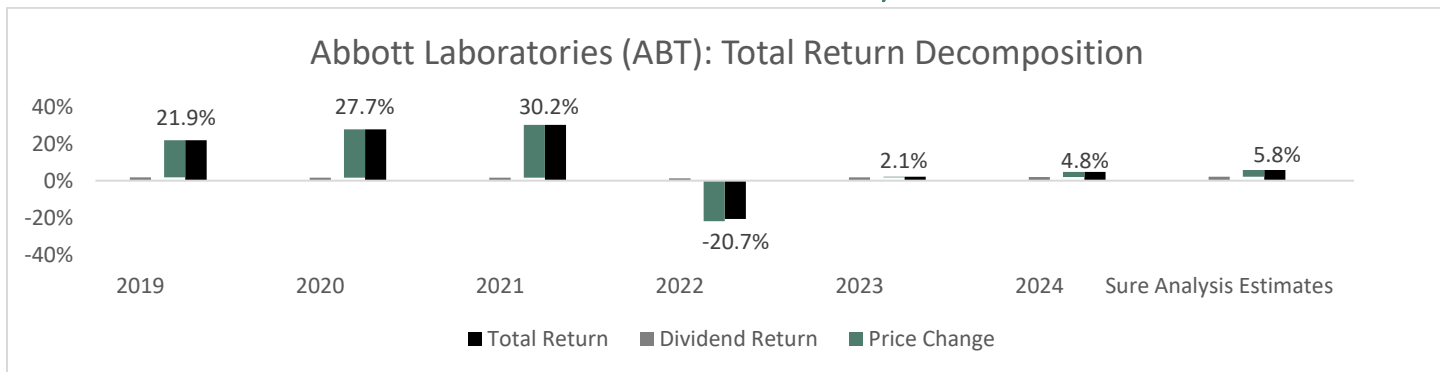
Abbott Laboratories' dividend payout ratio has never been above 50% throughout the last decade. Coupled with the fact that the company's earnings-per-share did not decline during the last financial crisis – it actually continued to grow – Abbott Laboratories' dividend looks very safe.

After the spin-off of AbbVie, Abbott Laboratories has proven to be a very stable performer with a solid outlook. The markets that Abbott Laboratories addresses are not cyclical as medical devices and diagnostics are needed whether the economy is doing well or not. This explains why Abbott Laboratories performed so well during the last financial crisis. Moreover, for future recessions, we believe Abbott Laboratories will most likely not be vulnerable. The company is a leader in the markets it addresses, such as in point-of-care diagnostics, which provides competitive advantages due to Abbott Laboratories' scale and global reach. This was especially true during the worst of the Covid-19 pandemic.

Final Thoughts & Recommendation

Following first quarter results, Abbott Laboratories is projected to produce a total annual return of 5.8% through 2030, down from 8.0% previously. This estimate stems from 7% earnings growth and a starting dividend yield of 1.8% that are offset by a low single-digit headwind from multiple contraction. Abbott Laboratories had growth in most of its businesses in Q1, led again by Medical Devices. We reaffirm our five-year price target of \$159 due to EPS estimates for this year as well as maintain our holding rating on the name due to projected returns.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	20405	20853	27390	30578	31904	34608	43075	43653	40109	41950
Gross Profit	11658	11759	14981	17872	18673	19605	24538	24511	22134	23244
Gross Margin	57.1%	56.4%	54.7%	58.4%	58.5%	56.6%	57.0%	56.1%	55.2%	55.4%
SG&A Exp.	6785	6736	9182	9744	9765	9696	11324	11248	10949	11697
D&A Exp.	1472	1353	3021	3278	3014	3327	3538	3267	3243	3218
Operating Profit	2867	3026	1564	3650	4532	5357	8425	8362	6478	6825
Op. Margin	14.1%	14.5%	5.7%	11.9%	14.2%	15.5%	19.6%	19.2%	16.2%	16.3%
Net Profit	4423	1400	477	2368	3687	4495	7071	6933	5723	13402
Net Margin	21.7%	6.7%	1.7%	7.7%	11.6%	13.0%	16.4%	15.9%	14.3%	31.9%
Free Cash Flow	1856	2082	4435	4906	4498	5724	8648	7804	5059	6351
Income Tax	577	350	1878	539	390	497	1140	1373	941	(6389)

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	41247	52666	76250	67173	67887	72548	75196	74438	73214	81414
Cash & Equivalents	5001	18620	9407	3844	3860	6838	9799	9882	6896	7616
Acc. Receivable	3418	3248	5249	5182	5425	6414	6487	6218	6565	6925
Inventories	2599	2434	3601	3796	4316	5012	5157	6173	6570	6194
Goodwill & Int.	15200	12222	45493	42196	40220	38528	35970	33253	32494	29755
Total Liabilities	19921	31949	45152	36451	36586	39545	39172	37533	34387	33513
Accounts Payable	1081	1178	2402	2975	3252	3946	4408	4607	4295	4195
Long-Term Debt	9001	22006	27924	19566	18139	18747	18050	16773	14679	14125
Total Equity	21211	20538	30897	30524	31088	32784	35802	36686	38603	47664
LTD/E Ratio	0.42	1.07	0.90	0.64	0.58	0.57	0.50	0.46	0.38	0.30

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	10.7%	3.0%	0.7%	3.3%	5.5%	6.4%	9.6%	9.3%	7.8%	17.3%
Return on Equity	20.6%	6.7%	1.8%	7.7%	11.9%	14.0%	20.5%	19.0%	15.1%	30.9%
ROIC	14.8%	3.8%	0.9%	4.3%	7.4%	8.9%	13.4%	12.9%	10.7%	23.2%
Shares Out.	1,473	1,473	1,744	1,756	1,781	1,786	1,789	1,754	1,748	1,746
Revenue/Share	13.55	14.06	15.66	17.28	17.91	19.38	24.08	24.75	22.93	24.00
FCF/Share	1.23	1.40	2.54	2.77	2.53	3.20	4.83	4.42	2.89	3.63

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

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