



# Abbott Laboratories (ABT)

Updated January 22<sup>nd</sup>, 2026, by Nathan Parsh

## Key Metrics

<b>Current Price:</b>	\$111	<b>5 Year Annual Expected Total Return:</b>	11.4%	<b>Market Cap:</b>	\$194 B
<b>Fair Value Price:</b>	\$125	<b>5 Year Growth Estimate:</b>	7.0%	<b>Ex-Dividend Date:</b>	01/15/26
<b>% Fair Value:</b>	89%	<b>5 Year Valuation Multiple Estimate:</b>	2.4%	<b>Dividend Payment Date:</b>	02/13/26
<b>Dividend Yield:</b>	2.3%	<b>5 Year Price Target</b>	\$175	<b>Years Of Dividend Growth:</b>	54
<b>Dividend Risk Score:</b>	A	<b>Sector:</b>	Health Care	<b>Rating:</b>	Buy

## 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 \$44 billion in sales in 2025.

On December 12<sup>th</sup>, 2025, Abbott Laboratories raised its quarterly dividend 6.8% to \$0.63, extending the company's dividend growth streak to 54 years.

On January 22<sup>nd</sup>, 2026, Abbott Laboratories released fourth quarter and full year results for the period ending December 31<sup>st</sup>, 2025. For the quarter, revenue grew 4.5% to \$11.46 billion, but this missed estimates by \$340 million. Adjusted earnings-per-share of \$1.50 compared to \$1.34 in the prior year and was \$0.01 better than expected. For the year, revenue grew 5.7% to \$44.3 billion while adjusted earnings-per-share of \$5.15 compared to \$4.67 in 2024.

For Q4, U.S. sales grew 0.9% while international was higher by 6.7%. Currency exchange was a 1.4% headwind for the period. Companywide organic sales growth was 6.7% for the year. Excluding Covid-19 testing related sales, organic growth totaled 3.8% for the fourth quarter. Nutrition decreased 8.9% as demand weakened following an increase in pricing. Diagnostics was lower by 2.5%, but down just 0.2% when excluding Covid-19 testing-related sales. Established Pharmaceuticals grew 9% due to ongoing strength in India, Latin America, and the Middle East. Medical Devices remains the top performer as sales grew 12.3% for the quarter. The U.S. grew 10.7% and international markets were up 13.7%. Growth was driven by high demand for products in Diabetes Care, , Rhythm Management, Heart Failure, and Electrophysiology.

Abbott Laboratories provided guidance for 2026 as well, with the company expecting adjusted earnings-per-share in a range of \$5.55 to \$5.80 for the year. At the midpoint, this would represent growth of 10.3% from 2025.

## Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
<b>EPS</b>	\$2.20	\$2.50	\$2.88	\$3.24	\$3.65	\$5.21	\$5.34	\$4.44	\$4.67	\$5.15	<b>\$5.68</b>	<b>\$7.97</b>
<b>DPS</b>	\$1.04	\$1.06	\$1.12	\$1.28	\$1.44	\$1.80	\$1.88	\$2.04	\$2.20	\$2.36	<b>\$2.52</b>	<b>\$3.53</b>
<b>Shares<sup>1</sup></b>	1,473	1,744	1,756	1,781	1,786	1,789	1,754	1,748	1,746	1,749	<b>1,749</b>	<b>1,740</b>

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 9.9% since 2016, but the growth rate slows to 1.7% when looking at the last five years. 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-term growth rates for both earnings-per-share and dividends. We forecast 7% growth coming off expected earnings-per-share of \$5.68 for 2026.

<sup>1</sup> In millions.

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



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## Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
<b>Avg. P/E</b>	18.4	19.4	22.3	24.9	26.3	22.6	20.6	24.5	24.2	24.3	<b>19.5</b>	<b>22.0</b>
<b>Avg. Yld.</b>	2.1%	2.2%	1.7%	1.6%	1.5%	1.5%	1.7%	1.9%	1.9%	1.9%	<b>2.3%</b>	<b>2.0%</b>

Shares of Abbott Laboratories have declined \$17, or 13.3%, since our October 15<sup>th</sup>, 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 more 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 19.5 times earnings estimates, this implies a 2.4% tailwind to annual returns from multiple expansion through 2031.

Abbott Laboratories has declared 408 consecutive dividends and increased its payout for 54 consecutive years.

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

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
<b>Payout</b>	47%	42%	39%	40%	39%	35%	35%	46%	47%	46%	<b>44%</b>	<b>44%</b>

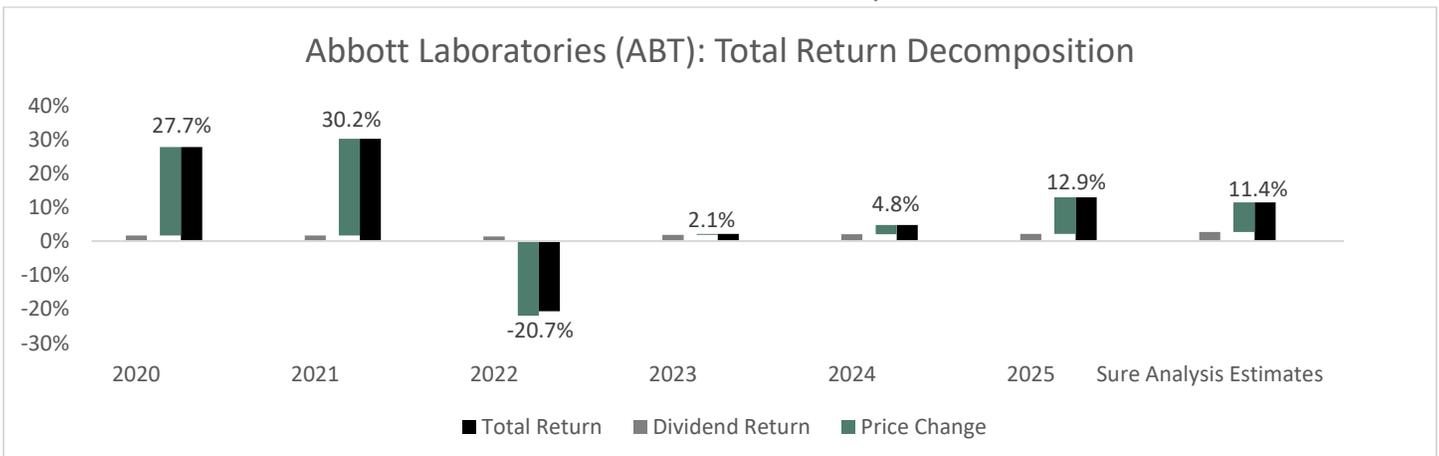
Abbott Laboratories' dividend payout ratio has never been above 50% throughout the last decade. Coupled with the fact that the company's earnings-per-share did not decline during the last financial crisis – it actually continued to grow – Abbott Laboratories' dividend looks very safe.

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

After fourth quarter results, Abbott Laboratories is projected to produce a total annual return of 11.4% through 2031, up from 6.3% previously. This estimate stems from 7% earnings growth, a starting dividend yield of 2.3%, and a low single-digit contribution from multiple expansion. Abbott Laboratories had growth in most of its businesses once again, with Medical Devices continuing to be the best performing business. We have raised our five-year price target \$16 to \$175 and now rate the stock as a buy due to projected returns and a strong dividend risk score.

## Total Return Breakdown by Year



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## Income Statement Metrics

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

## Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total Assets</b>	41247	52666	76250	67173	67887	72548	75196	74438	73214	81414
<b>Cash &amp; Equivalents</b>	5001	18620	9407	3844	3860	6838	9799	9882	6896	7616
<b>Acc. Receivable</b>	3418	3248	5249	5182	5425	6414	6487	6218	6565	6925
<b>Inventories</b>	2599	2434	3601	3796	4316	5012	5157	6173	6570	6194
<b>Goodwill &amp; Int.</b>	15200	12222	45493	42196	40220	38528	35970	33253	32494	29755
<b>Total Liabilities</b>	19921	31949	45152	36451	36586	39545	39172	37533	34387	33513
<b>Accounts Payable</b>	1081	1178	2402	2975	3252	3946	4408	4607	4295	4195
<b>Long-Term Debt</b>	9001	22006	27924	19566	18139	18747	18050	16773	14679	14125
<b>Total Equity</b>	21211	20538	30897	30524	31088	32784	35802	36686	38603	47664
<b>LTD/E Ratio</b>	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
<b>Return on Assets</b>	10.7%	3.0%	0.7%	3.3%	5.5%	6.4%	9.6%	9.3%	7.8%	17.3%
<b>Return on Equity</b>	20.6%	6.7%	1.8%	7.7%	11.9%	14.0%	20.5%	19.0%	15.1%	30.9%
<b>ROIC</b>	14.8%	3.8%	0.9%	4.3%	7.4%	8.9%	13.4%	12.9%	10.7%	23.2%
<b>Shares Out.</b>	1,473	1,473	1,744	1,756	1,781	1,786	1,789	1,754	1,748	1,746
<b>Revenue/Share</b>	13.55	14.06	15.66	17.28	17.91	19.38	24.08	24.75	22.93	24.00
<b>FCF/Share</b>	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.

### Disclaimer

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