

AbbVie

Initial Thoughts on 4Q23 Results

Maintain Rating: NEUTRAL | PO: 165.00 USD | Price: 167.59 USD

4Q results solid, beats across portfolio except US Humira

Overall, 4Q results were solid with total revenue of \$14.3B (vs. \$14.0B cons) and EPS of \$2.79 (vs. \$2.76 cons) beating, due to higher revenues across most key products. We expect ABBV shares to trade up modestly on 2024 EPS outlook and bullish long-term guidance. AbbVie's I&I portfolio overall was solid, though with a slight miss on US Humira at \$2.7B (vs. \$2.8B cons, -\$30M) offset by Skyrizi sales of \$2.4B (+\$32M cons) and Rinvoq sales of \$1.3B (+\$85M cons). In heme/onc, Imbruvica sales continue to decline (-19% y/y), though 4Q results of \$903M (vs. \$843M cons) beat as well as Venclexta sales of \$589M (vs. \$570M cons). Aesthetics slightly beat at \$1.4B (+\$18M). Lastly, both Vraylar revenue of \$789M (vs. \$782M cons) and Ubrelvy sales of \$234M (vs. \$233M cons) were slightly better, though mostly in-line. Maintain Neutral and \$165 PO.

2024 EPS floor raised, though consensus expects higher

AbbVie also raised 2024 EPS guidance to \$11.05-\$11.25 (midpoint \$11.15), bringing the floor EPS to \$11.05 (from \$11.00). That said, consensus expectations for EPS have risen to \$11.25 from \$11.09 in the last couple of weeks (BofA: \$11.00). We expect questions on the call will be focused on: outlook for US Humira sales in 2024 and read-through from contracting negotiations to Skyrizi / Rinvoq, thoughts on strategic integration and investments following deal closures mid-2024 (Cerevel and ImmunoGen), and puts/takes on long-term guidance for key products. See the company's investor relations page for webcast registration details.

Exhibit 1: AbbVie Variance

4Q23 Results for AbbVie's Key Products

	4Q23 Performance				4Q23 Growth		4Q23 Variance	
\$ in millions	4Q23		BofA	Cons	Q/Q	Y/Y	BofA	Cons
Humira US	2,740	MISS	2,775	2,770	(9%)	(45%)	(35)	(30)
Humira OUS	564	BEAT	493	467	7%	(2%)	71	97
Skyrizi	2,394	BEAT	2,279	2,362	13%	52%	115	32
Rinvoq	1,255	BEAT	1,184	1,170	13%	63%	71	85
Imbruvica	903	BEAT	764	843	(1%)	(19%)	139	60
Venclexta	589	BEAT	575	570	(0%)	14%	14	19
Aesthetics	1,371	BEAT	1,424	1,353	11%	7%	(53)	18
Vraylar	789	IN-LINE	805	782	5%	40%	(16)	7
Ubrelvy	234	IN-LINE	228	233	0%	19%	6	1
Total Revenue	14,301	BEAT	13,959	13,992	3%	(5%)	342	309
COGS	2,297		2,287	2,328	(0%)	9%	10	(31)
SG&A	3,540		3,179	3,275	6%	12%	361	265
R&D	1,922		1,802	1,819	12%	10%	120	103
Net Income	4,959		4,859	5,007	(6%)	(23%)	100	(48)
Non-GAAP EPS	\$2.79	BEAT	2.73	2.76	(5%)	(22%)	0.06	0.03
	Guidance		2024E			Growth	Midpoint variance	
	Low	High	BofA	Cons	Y/Y	BofA	Cons	
Adjusted Diluted EPS	11.05	11.25	IN-LINE	11.00	11.25	1%	(0.15)	0.10

Source: BofA Global Research, First Order Analytics (FOA), Bloomberg
BofA GLOBAL RESEARCH

02 February 2024

Equity

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Stock Data

Price	167.59 USD
Price Objective	165.00 USD
Date Established	26-Jan-2024
Investment Opinion	B-2-7
52-Week Range	130.96 USD - 167.95 USD
Mrkt Val (mn) / Shares Out	295,886 USD / 1,765.5 (mn)
Free Float	99.9%
Average Daily Value (mn)	822.95 USD
BofA Ticker / Exchange	ABBV / NYS
Bloomberg / Reuters	ABBV US / ABBV.N
ROE (2023E)	89.9%
Net Dbt to Eqty (Dec-2022A)	313.4%
ESGMeter™	High

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Abbreviations:

I&I: inflammation and immunology
Heme/onc: hematology-oncology

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Timestamp: 02 February 2024 08:38AM EST

Price objective basis & risk

AbbVie (ABBV)

Our \$165 price objective (PO) is based on a 50/50 blended valuation of our DCF and 2025 non-GAAP EPS estimate P/E multiple of 12x (giving a value of \$145). Our 12x P/E multiple lags peers (18.0x) due to concentration risk of the company's assets and LOE concerns to limit significant growth in the future. We assume a 7% WACC and a -1% terminal growth in our estimates to arrive at our \$185 DCF valuation.

Downside risks are underachievement of key growth drivers, clinical pipeline failure(s), and reduced cash flow generation to pay down debt or dividend.

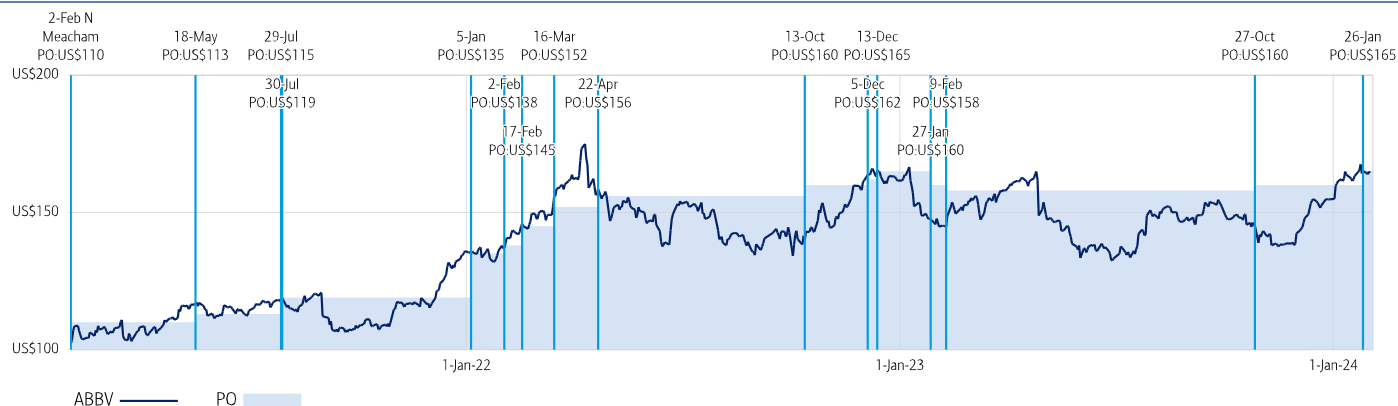
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AbbVie (ABBV) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	234	60.94%	Buy	115	49.15%
Hold	80	20.83%	Hold	36	45.00%
Sell	70	18.23%	Sell	29	41.43%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
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