# Allergan plc Ordinary Shares – Ticker: AGN - Exchange: NYSE

Opinion: Positive

Allergan is a multinational healthcare company headquartered in Dublin, Ireland. The company was formed in its current state after Actavis plc acquired Allergan Inc, and the Allergan name was chosen to be used going forwards (although the Actavis name still forms the American Generics division of the company). The structure of the company can be seen below;
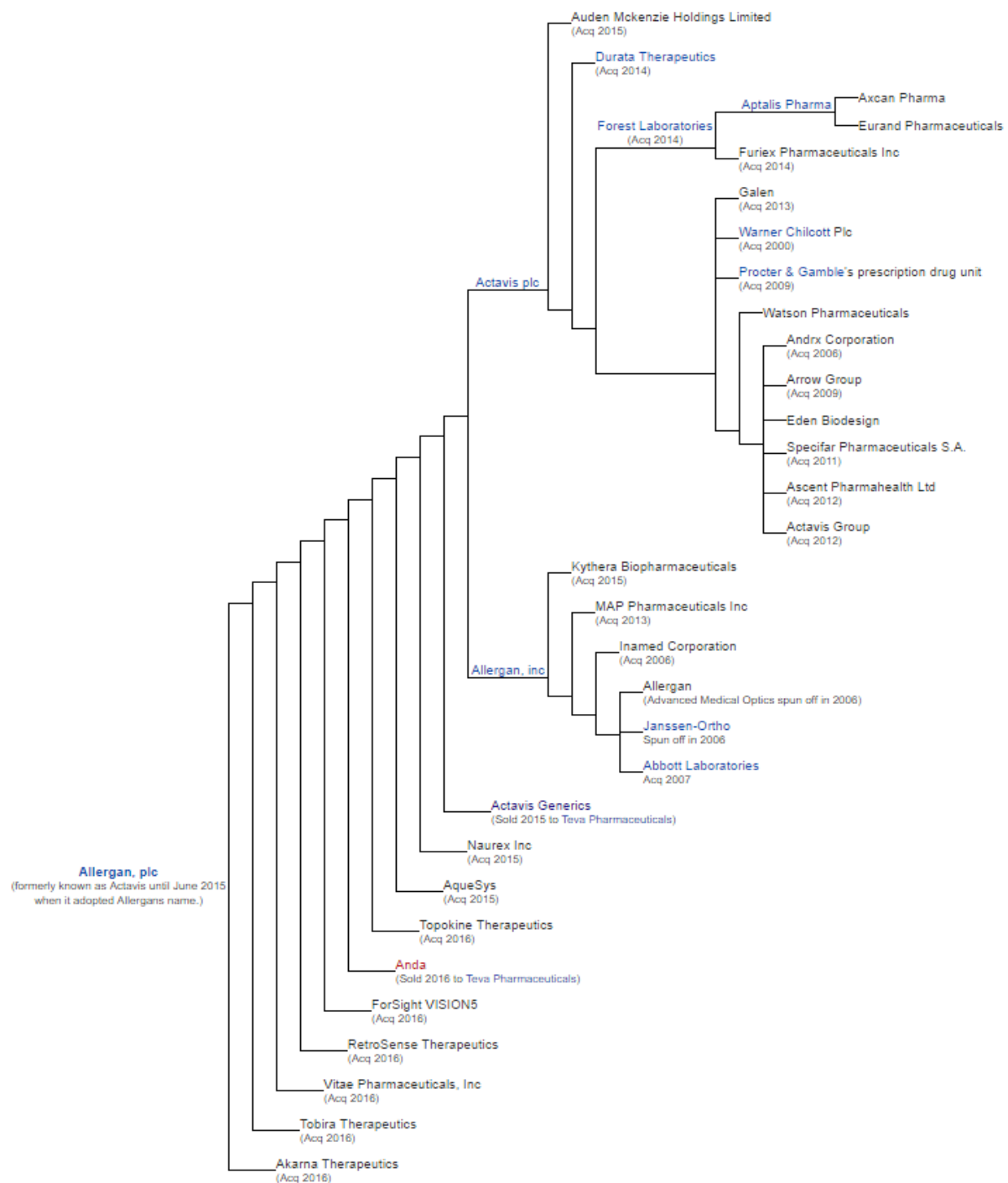
Revenue

Revenue is important as generating capital is essential for growth. Here I would look for steady revenue numbers, or numbers that are increasing.

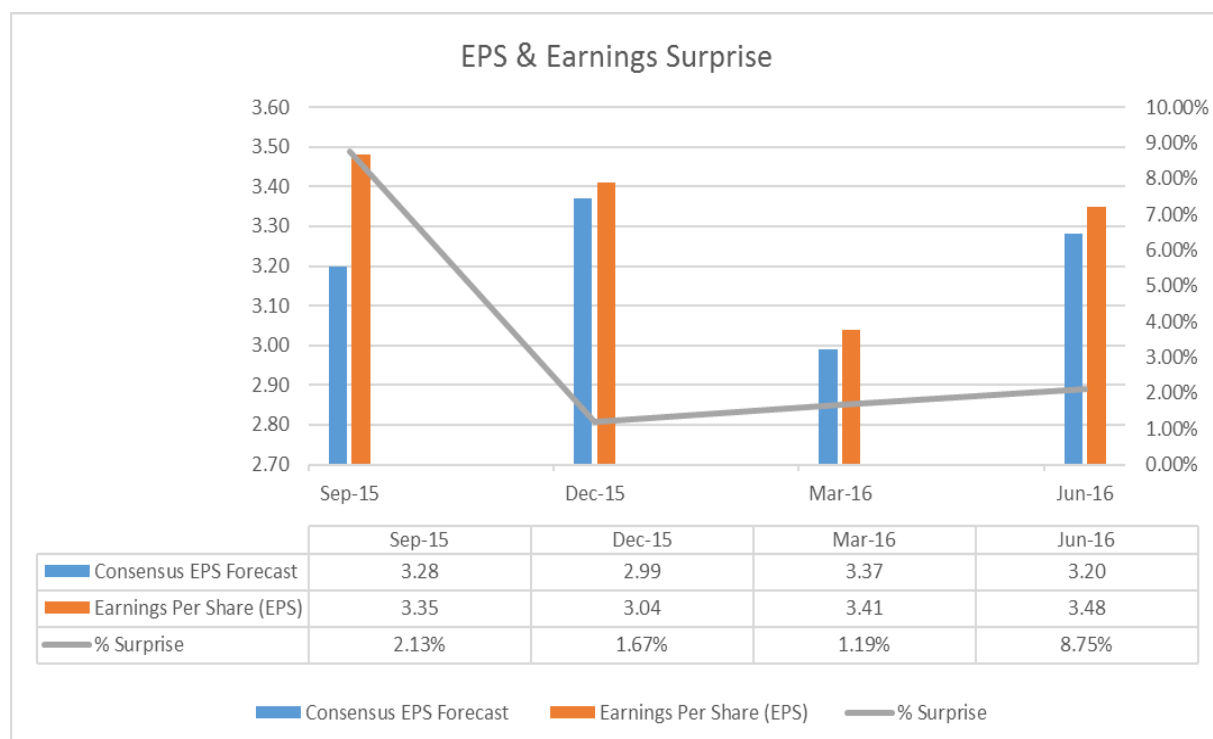| Fiscal Quarter	2016 (Fiscal Year)	2015 (Fiscal Year)
March	$3,795(m)	$2,562(m)
June	$3,288(m)	$3,049(m)
September		$5,261(m)
December (FYE)		$4,197(m)
Totals	$7,084(m)	$15,071(m)

FYE = Fiscal Year End

Looking at the revenue we can see that there have been improvements in Q1 and Q2 when you compare 2015 to 2016. This is a positive sign and shows that there is growth within the company.

EPS & Earnings Surprise

Earnings Per Share (EPS) tells us how much money is flowing down to stock holders, telling you how much profit is made per outstanding share of stock.

Before companies announce their earnings each quarter, analysts will make predictions as to what they think the EPS will be. These predictions are often used as a benchmark, and if the actual EPS comes in higher it is generally a good sign for the stock price. A company that has positive surprises would be seen to be beating its expectations.

The dates on the chart below show Fiscal Quarter Ends.

	Sep-15	Dec-15	Mar-16	Jun-16
Consensus EPS Forecast	3.28	2.99	3.37	3.20
Earnings Per Share (EPS)	3.35	3.04	3.41	3.48
% Surprise	2.13%	1.67%	1.19%	8.75%

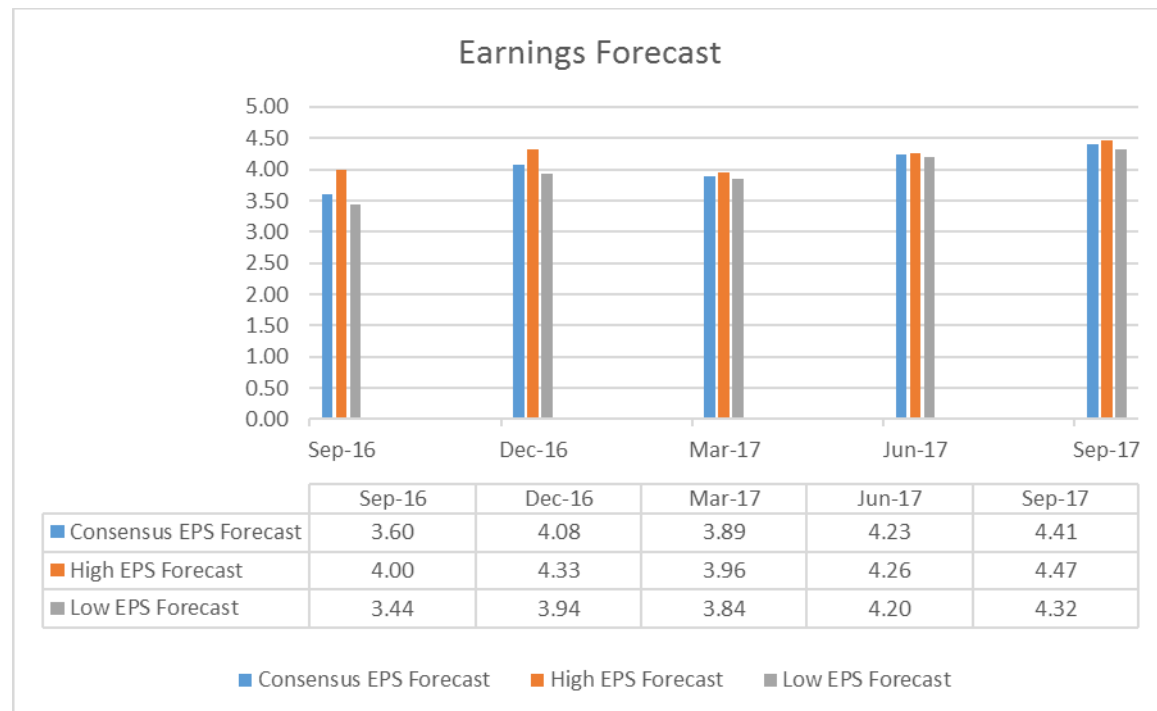Consensus EPS Forecast   Earnings Per Share (EPS)   % Surprise

This data shows us that the EPS was consistent, growing from the start of 2015 up to the results announced in June. This is a positive indication for the stock.

We can also see from the data that there has always been a positive earnings surprise going back to Q3 2015. This is a positive sign for the stock and indicates that the company is beating the expectations of the market.

Earnings Forecast

As mentioned previously, each quarter analysts will forecast what EPS will be. I would look for these numbers to stay constant or increase to show that expectation future profitability is strong.

The dates on the chart below show Fiscal Quarter Ends.

Earnings Forecast

	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17
■ Consensus EPS Forecast	3.60	4.08	3.89	4.23	4.41
■ High EPS Forecast	4.00	4.33	3.96	4.26	4.47
■ Low EPS Forecast	3.44	3.94	3.84	4.20	4.32

■ Consensus EPS Forecast   ■ High EPS Forecast   ■ Low EPS Forecast

This data shows that overall, the EPS forecast for Allergan is positive. Although there is a predicted drop in Mar-17 the overall trend shows a forecast for increased EPS.

PEG Ratio

Whilst reviewing Price to Earnings numbers is useful, the numbers do not consider growth. Although a low P/E may present a stock as attractive, if it is not growing the stock's value is unlikely to rise. The PEG Ratio is calculated by dividing the stocks P/E by its expected 12-month growth rate. A score of above 1 is considered positive.
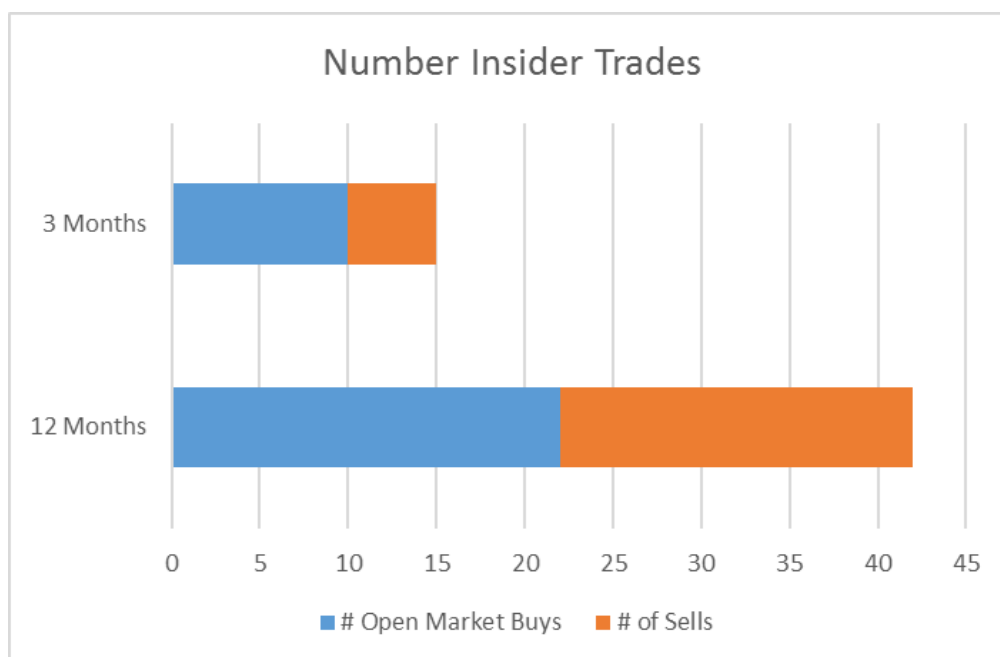

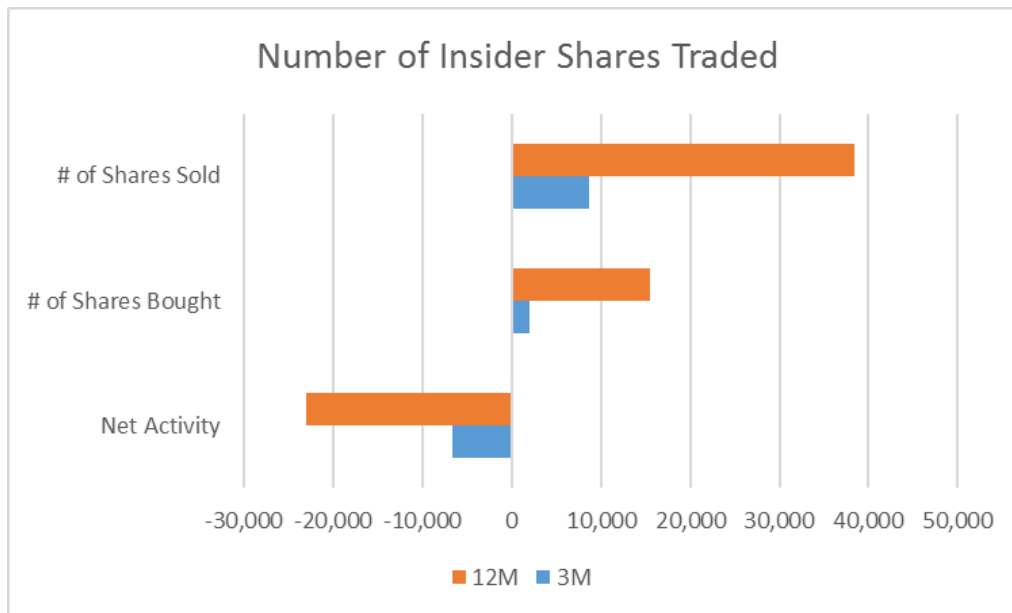### PEG Ratio
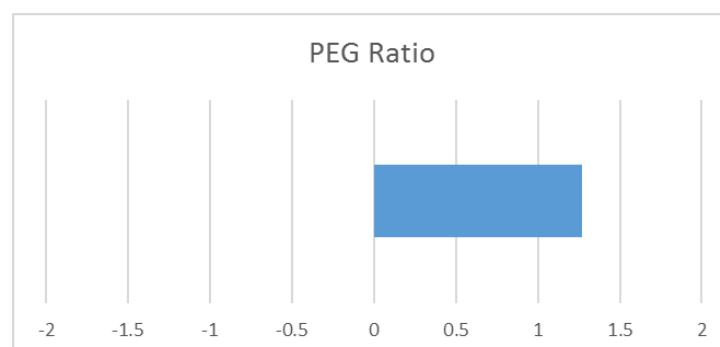
Industry Earnings

Whilst it is useful to see data on the company, it is also important to have an idea of how it is performing relative to its peers. Numbers higher than peers would indicate outperformance of the market; however, it is important to note that sectors can be broad which leads to vastly different data.

Price/Earnings (2016) Estimates

Category	Value
AGN	16.20
Industry	21.90
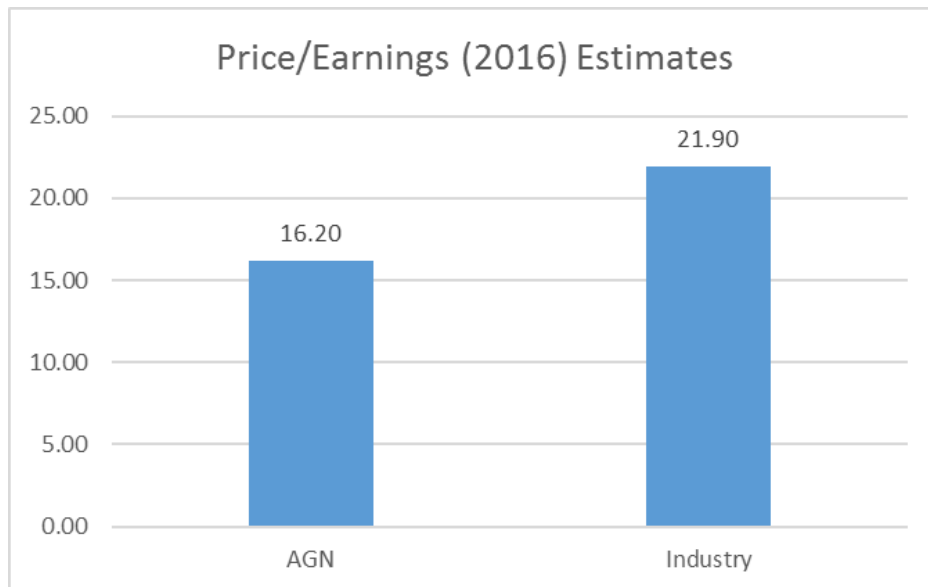
Insider Trades

Insider trading provides a glimpse of how confident the managers of the company are for its prospects. If the management are buying stock it could indicate the smooth running of the company and this would be considered a positive sign. It is important to note that management could sell shares for reasons other than internal struggles within the company e.g. to meet personal liabilities. This data is according to the SEC Form 4.

Number Insider Trades

Period	# Open Market Buys	# of Sells
3 Months	10	5
12 Months	22	20

Number of Insider Shares Traded

The data is showing that there have been more Buys than Sells, however when we look at volumes the net activity shows more shares being sold than bought.

Technical Analysis

Allergan stock has been volatile since the merger with Pfizer 0.37% was abandoned due to Tax Inversion laws back in April 2016. After a April-August Pattern was successful in predicting a downtrend, there has been an emergence of a bullish pattern. Looking purely at technicals I see the stock hitting the 0.236 fib retracement before the earnings call scheduled for 2nd November. I

would then look for a rebound up towards the trend line to the 0.382 fib retracement; and if that is broken then I would look for it to test the July highs at fib 0.618. When you take into account the fundamentals, and the companies trend of positive earnings surprises I believe this stock shows potential.

https://uk.tradingview.com/chart/AGN/64gjnACP/

Data Source: TradingView