AbbVie Inc. - germandividendinvestor.com

Date 24-Mar-15

General information

Ticker	NYSE:ABBV
Company	AbbVie Inc.
Industry	Healthcare
Primary	Pharmaceuticals

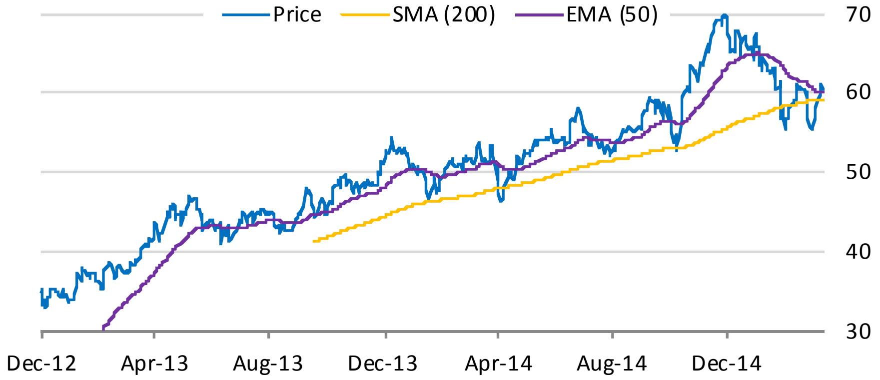
Fulfillment of investment criteria

1. Dividends streak	FAIL		5. Growth	PASS
2. Price / Yield	PASS		6. Valuation	PASS
3. Chowder Score	PASS		7. RSI	PASS
4. Payout ratio	FAIL			

Price chart

Actual price:	60.5	Avg. price 3Y:	50.2
52-week low:	46.5	Avg. price 5Y:	50.2
52-week high:	69.7	Avg. price 10Y:	50.2

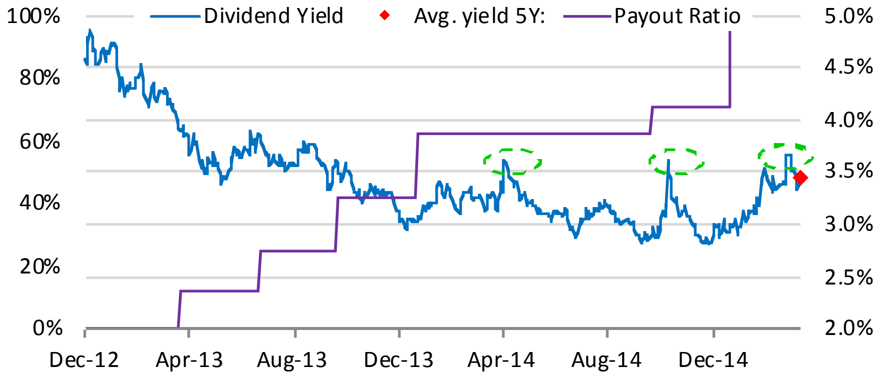
AbbVie recently consolidated c. -20% from its 52-week high at 69.7 USD to approx. USD 56 which is slightly below its 200 day MA. AbbVie underperformed the S&P 500 by 12.6% in the last 3 month, albeit performing in line with S&P 500 in the last 12 month. RSI indicates oversold territory at the current price of USD 56 passing my investment criteria 7.



Dividend Yield & Payout Ratio

Actual yield:	3.4%	Avg. yield 5Y:	3.4%
Target yield:	3.5%	Div. CAGR 5Y:	0.0%
Payout ratio:	150%	Chowder Rule:	3.4%

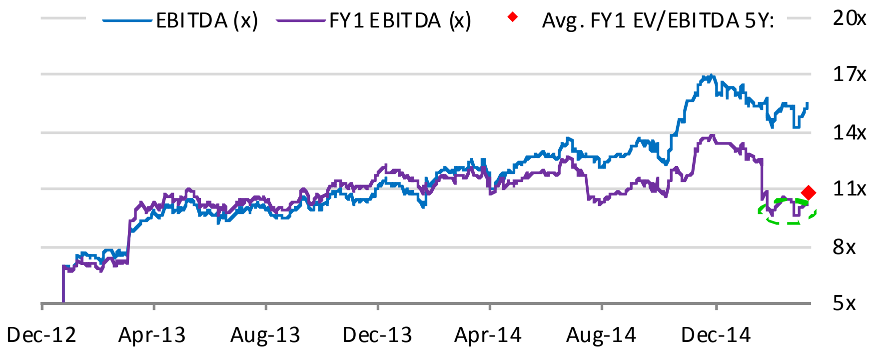
At 56.50 USD price (11.03.2015) attractive dividend yield of 3.6%, above target yield of 3.5%. 2yrs of dividend streak after spin-off compares to 42 years when ABBV belonged to Abbott Labs. Dividend growth commitment and USD 5bn share buyback program. FY14 payout ratio at 158% however, for FY15 a payout of 48% is expeted. Chowder score is 16.5%, with 2yr Div CAGR of 12.9% + 3.6% yield . All growth metrics PASSed.



Valuation (FY1 EV/EBITDA)

Actual FY1 EV/EBITDA:	10.3x
Avg. FY1 EV/EBITDA 5Y:	10.8x
Avg. FY1 EV/EBITDA 10Y:	10.8x

FY1 EBITDA valuation is volatile recently potentially resulting from changes in analyst estimates (FY1). I consider a FY1 EBITDA of 5.0x as fair value, which XOM did not pass, however, was pretty close. XOM's current EV/EBITDA however, has coming down in line with the drop in stock price to 5.2x, which is c. in line with ist 5-year valuation average. Given that, I can justify a buy.



Valuation (FY1 P/E)

Actual FY1 P/E:	14.0x
Avg. FY1 P/E 5Y:	15.0x
Avg. FY1 P/E 10Y:	15.0x

Due to the trailing nature of P/E ratio calculation P/E diverges from FY1 P/E – as above – as FY14 results became immanent. Based on Mgmt guidance of 4.05-4.25 USD EPS in 2015, FY1 P/E declined with the declining stock price. The result was a FY1 P/E at c. 13.0x (11.03.2015), 2.0x below its average valuation level of 15.0x, signaling a PASS for my valuation criteria.