ModernGraham Valuation

Company Name: Abbott Laboratories

Company Ticker ABT
Date of Analysis 1/25/2017

Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > $2Bil	$69,531,384,871	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.56	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-40.35%	Fail
6. Moderate PEmg Ratio	PEmg < 20	21.40	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.86	Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	1.56	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.28	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Fail
	Score		

Suitability

Defensive	**No**
Enterprising	**No**

Stage 2: Determination of Intrinsic Value

EPSmg		$1.88
MG Growth Estimate		-4.25%
MG Value		**$0.00**
MG Value based on 3% Growth		$27.32
MG Value based on 0% Growth		$16.01
Market Implied Growth Rate		6.45%

MG Opinion

Current Price		$40.31
% of Intrinsic Value	N/A	
Opinion	**Overvalued**	
MG Grade	**D+**	

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-$3.89
Graham Number	$18.08
PEmg	21.40
Current Ratio	1.56
PB Ratio	2.86
Current Dividend	$1.02
Dividend Yield	2.53%
Number of Consecutive Years of Dividend Growth	3

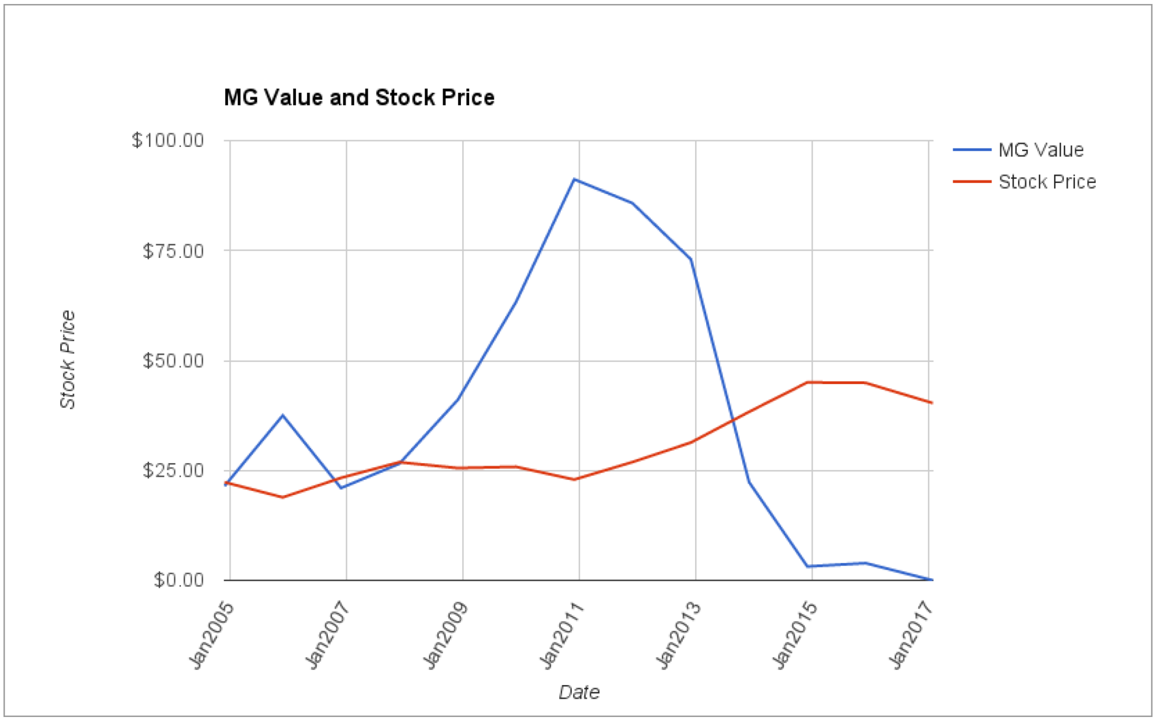
Useful Links:

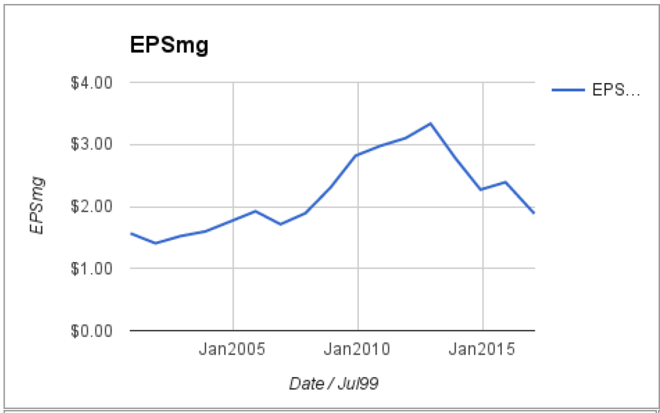
ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

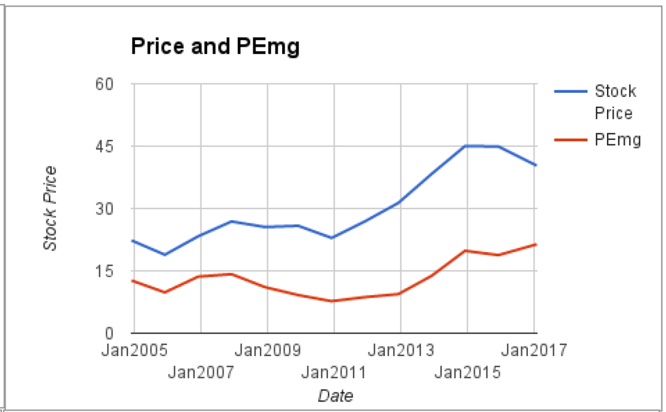
EPS History	
Next Fiscal Year Estimate	$1.03
Dec2015	$2.92
Dec2014	$1.49
Dec2013	$1.62
Dec2012	$3.72
Dec2011	$3.01
Dec2010	$2.96
Dec2009	$3.69
Dec2008	$3.12
Dec2007	$2.31
Dec2006	$1.12
Dec2005	$2.16
Dec2004	$2.06
Dec2003	$1.75
Dec2002	$1.78
Dec2001	$0.99
Dec2000	$1.78
Dec1999	$1.57
Dec1998	$1.50
Dec1997	$1.32
Dec1996	$1.19

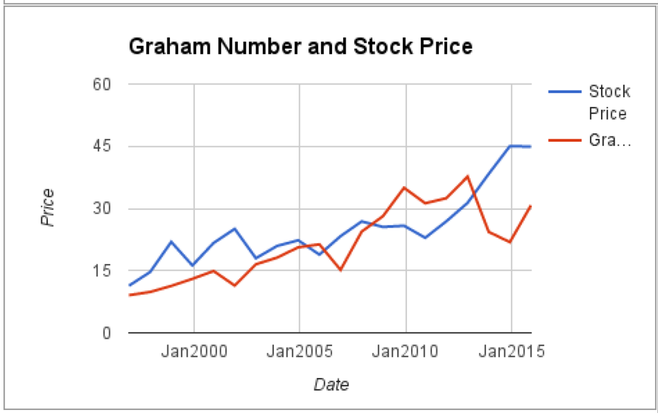
EPSmg History	
Next Fiscal Year Estimate	$1.88
Dec2015	$2.39
Dec2014	$2.27
Dec2013	$2.77
Dec2012	$3.33
Dec2011	$3.10
Dec2010	$2.98
Dec2009	$2.82
Dec2008	$2.31
Dec2007	$1.89
Dec2006	$1.71
Dec2005	$1.92
Dec2004	$1.76
Dec2003	$1.60
Dec2002	$1.52
Dec2001	$1.41
Dec2000	$1.57

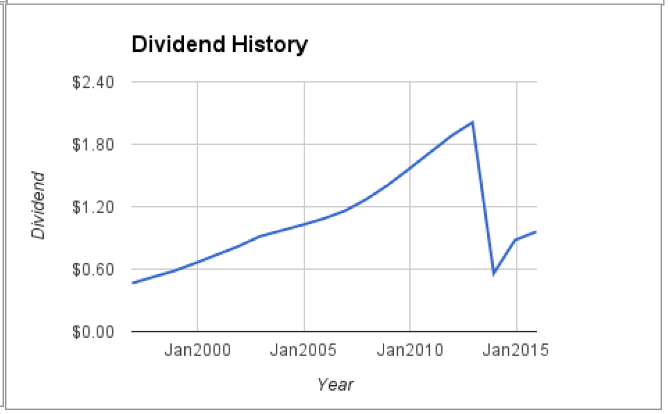
Balance Sheet Information	9/1/2016
Total Current Assets	$12,978,000,000
Total Current Liabilities	$8,321,000,000
Long-Term Debt	$5,975,000,000
Total Assets	$39,497,000,000
Intangible Assets	$12,486,000,000
Total Liabilities	$18,721,000,000
Shares Outstanding (Diluted Average)	1,476,366,000











Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other ModernGraham posts about the company	5 Speculative and Overvalued Companies to Avoid – March 2015 18 Companies in the Spotlight This Week – 3/21/15 Abbott Laboratories Annual Valuation – 2015 $ABT 26 Companies in the Spotlight This Week – 12/13/14 Abbott Labs Quarterly Valuation – December 2014 $ABT
Other ModernGraham posts about related companies	Johnson & Johnson Valuation – January 2017 $JNJ Allergan plc Valuation – January 2017 $AGN Impax Laboratories Inc – Initial Coverage $IPXL Alexion Pharmaceuticals Inc Valuation – December 2016 $ALXN Akorn Inc Valuation – December 2016 $AKRX SciClone Pharmaceuticals Inc Valuation – Initial Coverage $SCLN Regeneron Pharmaceuticals Inc Valuation – November 2016 $REGN Merck & Co Inc Valuation – August 2016 $MRK Mallinckrodt PLC Valuation – August 2016 $MNK Vertex Pharmaceuticals Inc Valuation – August 2016 $VRTX