

## Abbott Labs Stock Pitch

# Firm Summary

## Key figures

Market cap: \$183.8B

Revenue 2023 : \$40.1B

Dividend : 1.6% (5Y average)

Employees: 114,000

## Global Presence

Abbott serve people in more than 160 countries

70% of revenue outside the United States

Strategic focus on faster-growing regions, over 50% of revenue comes from these regions

## Products and Services

Abbott produce goods in therapeutic areas such as diabetes, cardiovascular, nutrition and pharmaceuticals.

Their services include clinical trials and laboratory testing

## Purpose and Sustainability

Working towards their 2030 sustainability goals.

Main goal being to improve the lives of 3 billion people a year by decade's end.

Abbott achieved 5% reduction in Scope 1 and 2 emissions in 2022 (vs. 2018 baseline).

## Abbott Laboratories Story

In 1888, Dr Abbott was tired of unreliable medications which sparked the beginning of a pharmacy that ensured precise doses for customers. Since then, Abbott grew into a global pharmaceutical company that has now transformed to a comprehensive healthcare provider.

Abbott now focuses on areas such as, medical devices, nutritional products and medicines. They are also a major player in specific nutritional dietary needs for adults and infants.

In 2013, Abbott's research-based pharmaceuticals arm became Abbvie to bring more focus on the core services mentioned above. Abbott has used multiple acquisitions to their advantage to make them a more prominent force in delivering healthcare solutions.

‘Abbott's heart valve repair device gains US FDA approval’



The device aims to treat tricuspid regurgitation, which is when a valve in the heart does not close properly. The device repairs the valve by attaching to it. The device is expected to drive sales growth over the next few years.

‘Abbott Targets Ozempic Users With New Low-Calorie Protein Shake’



Abbott are looking to take advantage of the GLP-1 surge. Giving Ozempic users nutritional choices can help Abbott boost revenue.

The drink is used to assist individuals that may suffer from muscle atrophy due to not getting enough exercise/ protein.

### Business direction

Using AI and machine learning to build and analyse massive data sets, Abbott can help physicians quickly identify and implement the optimal approach to care, streamlining treatment and improving outcomes.

Envisioning a future in which smaller, smarter devices will generate data that can be used to identify patterns, helping to predict and reduce serious health issues through earlier interventions.

The integration of multiple data streams — to both patients and providers — will give them the opportunity to benefit from the data they produce from their devices and will help Abbott understand how that information can be used to improve care.

Abbott commits to reduce scope 1 and 2 GHG emissions 30% by 2030 from a 2018 base year.






ESG – 23.3 rating (Top 38% of its peers)

Environmental	- Emissions Reduction	- Initiative Engagement
Social	- Ensuring ethical sourcing	- a healthier society
Governance	- Global Sustainability Team ensuring robust strategy implementation .	- Aligning with global standards

SWOT analysis	
Strengths	<ul style="list-style-type: none"> <li>▪ Innovation and Product Diversity</li> <li>▪ Global Presence</li> </ul>
Weaknesses	<ul style="list-style-type: none"> <li>▪ Regulatory Dependencies</li> <li>▪ Competition</li> </ul>
Opportunities	<ul style="list-style-type: none"> <li>▪ Emerging Markets</li> <li>▪ Digital Health Advancements</li> </ul>
Threats	<ul style="list-style-type: none"> <li>▪ Regulatory Changes</li> <li>▪ Economic Volatility</li> </ul>

Financials



			
P/E	22.78	13.97	17.86
EPS	3.21	6.73	3.23
P/B	4.74	5.11	6.26
Market Cap	183.8B	365.89B	190.12B
Debt to equity	37.66%	48.03%	92.51%
Quarterly Revenue Growth	2.20%	2.30%	16.50%

# Technical analysis and price forecast



ABT

# DCF Comparison

## WACC

Market Cap - \$183.3B

% of equity – 91.99%

Cost of Equity – 7.89%

RFR – 4.49%

Beta 5Y Monthly – 0.74

Market Risk Premium – 4.6%

Debt – \$14.68B

%of Debt – 8.01%

Cost of Debt 3.74%

Tax Rate – 15%

Total – \$197.98B

WACC – 7.51%

## Terminal Value - \$274.6B

Present Value of TV - \$200.7B

Enterprise Value - \$256.3B

Cash - \$7.28B

Debt - \$14.7B

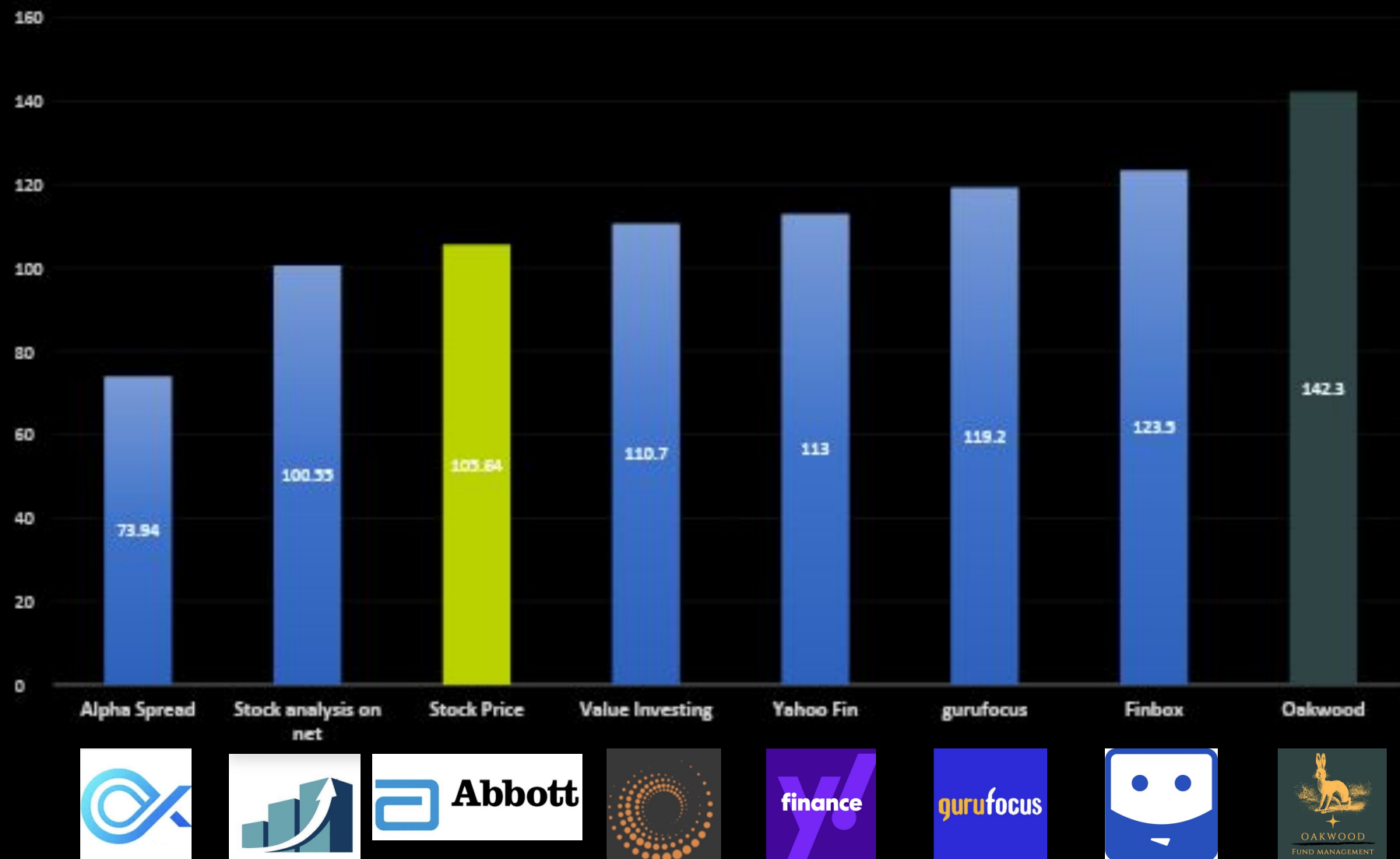
Equity Value – \$249B

Diluted Shares – 1.75M

**Implied price per share – \$142.3**



## DCF Comparison





Potential risk factors and mitigants

Revenue and Profitability

Risks

- 61% of Abbott's net sales in 2023 came from outside the US
- The international nature of Abbott’s business subjects it to additional risks that may have adverse effects on their revenue and profitability

Mitigants

- The consensus forecast among analysts for annual revenue is US \$41.7B for 2023
- A 3.4% increase compared to the last 12 months

Debt Level

Risks

- Abbott has significant debt (\$14.68B)
- Could have adverse effects on the business such as decreasing business flexibility

Mitigants

- Abbott's debt is well covered by operating cash flow (48.6%)
- interest payments on the debt are well covered by the company's EBIT (27.3x coverage)

Exchange Rate Fluctuation

Risks

- Fluctuation in foreign currency exchange rates may continue to adversely affect Abbott’s financial statements
- This could hamper projected sales and earnings.

Mitigants

- Abbott has entered into hedging arrangements to mitigate some of its foreign currency exposure

Conclusion and recommendation

**Conclusion- Direction**

Direct focus on AI and how they can benefit

01

**Conclusion- ESG (Social)**

Good social responsibility protocols

02

**Conclusion- Technical Analysis**

Price may come down to support, good opportunity to buy at cheaper levels with strong upside probability

03

**Conclusion- International risk**

Operations in more volatile economies can pose risks

04

Recommendation

Buy- £1,500 Investment (DCA)

Target price - \$110

Timeframe – 6 months-1 year

Potential earnings – 5%-35%

# “Thank you”

