

AbbVie Inc.
Form 10-Q
May 06, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2016

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File No. 001-35565

AbbVie Inc.

A Delaware Corporation

I.R.S. Employer Identification No.
32-0375147

1 North Waukegan Road

North Chicago, Illinois 60064

Telephone: **(847) 932-7900**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☒

Accelerated Filer ☐

Non-Accelerated Filer ☐

Smaller reporting company ☐

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of March 31, 2016, AbbVie Inc. had 1,617,358,607 shares of common stock at \$0.01 par value outstanding.

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AbbVie Inc. and Subsidiaries

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(in millions, except per share data)	Three months ended March 31,	
	2016	2015
Net revenues	\$5,958	\$5,040
Cost of products sold	1,369	942
Selling, general and administrative	1,355	1,473
Research and development	946	811
Acquired in-process research and development	10	127
Total operating costs and expenses	3,680	3,353
Operating earnings	2,278	1,687
Interest expense, net	200	126
Net foreign exchange loss	302	164
Other expense, net		1
Earnings before income tax expense	1,776	1,396
Income tax expense	422	374
Net earnings	\$1,354	\$1,022
Per share data		
Basic earnings per share	\$ 0.83	\$ 0.64
Diluted earnings per share	\$ 0.83	\$ 0.63
Cash dividends declared per common share	\$ 0.57	\$ 0.51
Weighted-average basic shares outstanding	1,616	1,595
Weighted-average diluted shares outstanding	1,625	1,608

The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents**AbbVie Inc. and Subsidiaries****Condensed Consolidated Statements of Comprehensive Income (unaudited)**

(in millions)	Three months ended	
	March 31,	
	2016	2015
Net earnings	\$1,354	\$1,022
Foreign currency translation adjustments, net of tax expense (benefit) of \$41 and (\$129) for the three months ended March 31, 2016 and 2015, respectively	188	(549)
Pension and post-employment benefits, net of tax expense of \$8 and \$10 for the three months ended March 31, 2016 and 2015, respectively	15	55
Unrealized (losses) gains on marketable equity securities, net of tax (benefit) expense of (\$7) and \$ for the three months ended March 31, 2016 and 2015, respectively	(25)	1
Hedging activities, net of tax (benefit) expense of (\$7) and \$2 for the three months ended March 31, 2016 and 2015, respectively	(40)	57
Other comprehensive income (loss)	138	(436)
Comprehensive income	\$1,492	\$ 586

The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents**AbbVie Inc. and Subsidiaries**
Condensed Consolidated Balance Sheets

	March 31, 2016 (unaudited)	December 31, 2015
(in millions, except share data)		
Assets		
Current assets		
Cash and equivalents	\$ 7,556	\$ 8,399
Short-term investments	1,044	8
Accounts receivable, net	4,753	4,730
Inventories, net	1,789	1,719
Prepaid expenses and other	1,480	1,458
Total current assets	16,622	16,314
Investments	387	145
Property and equipment, net	2,597	2,565
Intangible assets, net of accumulated amortization	19,512	19,709
Goodwill	13,274	13,168
Other assets	1,328	1,149
Total assets	\$53,720	\$53,050
Liabilities and Equity		
Current liabilities		
Short-term borrowings	\$ 400	\$ 406
Current portion of long-term debt and lease obligations	2,023	2,025
Accounts payable and accrued liabilities	8,239	8,463
Total current liabilities	10,662	10,894
Long-term debt and lease obligations	29,490	29,240
Deferred income taxes	5,412	5,276
Other long-term liabilities	3,513	3,695
Commitments and contingencies		
Stockholders' equity		
Common stock, \$0.01 par value, authorized 4,000,000,000 shares, issued 1,758,009,210 and 1,749,027,140 shares as of March 31, 2016 and December 31, 2015, respectively	18	17
Common stock held in treasury, at cost, 140,650,603 and 139,134,205 shares as of March 31, 2016 and December 31, 2015, respectively	(8,918)	(8,839)
Additional paid-in capital	13,293	13,080
Retained earnings	2,673	2,248
Accumulated other comprehensive loss	(2,423)	(2,561)
Total stockholders' equity	4,643	3,945