



ABT

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EQUITY RESEARCH REPORT

September 15, 2026

Metric	Value	Metric	Value
Current Price	\$102.70	Fair Value (Base)	\$125.00
Margin of Safety	17.8%	WP Score	88 / 100
Dividend Yield	2.45%	Div Growth (5Y CAGR)	7.0%
Fwd P/E (Adj)	18.1x	ROIC vs WACC	12.0% vs 8.0%
Bear Case CAGR	+5.5%	Base Case CAGR	+11.8%
Prob. >50% Loss	<3%	Recession Profile	RESILIENT

ABT stock analysis points to a rare buying opportunity in a Dividend King trading near its 52-week low. Abbott Laboratories generates \$44.3 billion in annual revenue across four healthcare segments, carries 0.27x debt-to-equity, and has raised its dividend for 54 consecutive years. At 18.1x forward adjusted earnings, the stock offers a probability-weighted 11.4% total return CAGR with capital preservation in every scenario. The primary risk: integration execution on the pending \$16.1 billion Exact Sciences acquisition.

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This is a summary of our institutional research. The proprietary 15-page PDF contains the full DCF model, price sensitivity tables, and specific entry/exit zones. [Subscribe to Download the Full PDF →](#)

Investment Thesis

Abbott Laboratories operates across Medical Devices (44% of FY2025 revenue), Diagnostics (24%), Nutrition (19%), and Established Pharmaceuticals (13%). No single segment exceeds 40% of sales. Demand for glucose monitors, infant formula, diagnostic tests, and structural heart devices persists through recessions. Abbott grew adjusted EPS during the 2008-2009 financial crisis and raised its dividend every year since 1972. The company's product portfolio spans FreeStyle Libre CGM systems, structural heart devices (MitraClip, TriClip), infant formula

brands (Similac, Ensure), rapid diagnostics (BinaxNOW), and a broad generics portfolio sold in over 160 countries.

At \$102.70, Abbott trades at 18.1x the midpoint of 2026 adjusted EPS guidance (\$5.68), well below its five-year average adjusted P/E of 22-25x. The stock sits near its 52-week low of \$100.88 after a 26% decline from its March 2025 high of \$137.64. A Q4 2025 revenue miss in Diagnostics and broader market rotation drove the selloff. Management expects 6.5-7.5% organic sales growth and approximately 10% adjusted EPS growth in 2026.

Three pillars protect capital on the downside. First, the balance sheet carries 0.27x debt-to-equity with 18x interest coverage. Second, the dividend consumes 49% of adjusted earnings after 54 consecutive years of increases. Third, the business model has covered its dividend through every recession in the past half-century. The pending Exact Sciences acquisition (expected Q2 2026 close) adds cancer screening to Abbott's portfolio, expanding its addressable market with another recurring-revenue business.

Against a 4% high-yield savings alternative, Abbott's base case delivers 11.8% total return CAGR with a bear case that preserves capital at +5.5% CAGR.

ABT Stock Analysis: Competitive Moat Assessment

Moat Type	Evidence	Durability	Preservation Value
Regulated Market Access	FDA/CE clearances, years of clinical trial data required	9-11	Excellent
Brand Power	Similac, Ensure, FreeStyle Libre 8/10 household recognition	8-10	Excellent
Switching Costs	CGM ecosystems, hospital device contracts, lab install base	8-10	Excellent
Scale/Distribution	115,000 employees across 160+ countries	7-10	Good

Abbott's primary moat is regulatory. Medical device and diagnostic product approvals require years of clinical data and FDA/CE Mark clearances. Competitors cannot replicate this overnight. FreeStyle Libre, the world's leading continuous glucose monitor by installed base, benefits from physician workflow lock-in and insurance reimbursement stickiness. Patients and doctors build routines around specific CGM systems, and switching carries both clinical and administrative friction.

The Nutrition segment (Similac, Ensure) commands brand loyalty in categories where parents and caregivers resist change. After the 2022 infant formula shortage, Abbott recaptured its number-one U.S. market share position on a volume basis by 2023.

Moat Erosion Risk: LOW. Dexcom competes in CGM and Edwards Lifesciences challenges in structural heart, but Abbott's installed base of 6 million-plus Libre users and its pipeline (Lingo, Libre 3) provide durable positioning.

Balance Sheet Fortress

Metric	Value	Threshold	Assessment
Debt / Equity	0.27x	<1.0x	FORTRESS
Interest Coverage	18.1x	>5.0x	FORTRESS

Metric	Value	Threshold	Assessment
Current Ratio	1.58x	>1.5x	PASS
Cash / Total Debt	63.2%	>20%	FORTRESS
Net Debt	\$5.2B	N/A	Manageable
Altman Z-Score	5.76	>3.0	Safe Zone

Abbott carries \$14.1 billion in total debt against \$8.9 billion in cash, producing net debt of \$5.2 billion. The company generates \$7.4 billion in annual free cash flow and could retire its entire net debt position in under nine months. Debt/EBITDA stands at 1.14x.

If revenue dropped 30% for two consecutive years (a severe recession scenario), Abbott would still generate enough operating cash flow to service debt and maintain the dividend. No cliff maturities threaten liquidity.

Profitability snapshot: Gross margin sits at 56.7% (vs. five-year average of 55%), adjusted operating margin at 25.8% (vs. 23%), and ROIC at 12.0% against an 8.0% WACC. That +4.1% spread confirms the business creates shareholder value with every dollar of capital deployed.

Dividend Sustainability: 54 Years and Counting

Metric	Value	Assessment
Annual Dividend	\$2.52 / share	
Dividend Yield	2.45%	Within 1.5-5% sweet spot
Payout Ratio (Adj EPS)	48.9%	Well covered
FCF Payout	59.2%	Sustainable
Div Growth (5Y CAGR)	~7.0%	Above inflation
Consecutive Increases	54 years	Dividend King
FCF Coverage	1.69x	Strong cushion

Stress test: If adjusted earnings dropped 40% (from \$5.15 to \$3.09), the \$2.52 dividend would still represent an 82% payout ratio. That scenario is tight but serviceable given \$8.9 billion in cash reserves and \$7.4 billion in normalized free cash flow.

In the 2008-2009 recession, Abbott grew adjusted EPS and increased its dividend by 11%. In 2020, COVID testing sales provided an earnings windfall that more than offset procedure volume declines. This dividend has survived every economic shock of the past 54 years. For income-focused investors, Abbott offers one of the strongest dividend profiles in healthcare.

ABT Stock Analysis: Valuation

Metric	Current	5Y Avg	Percentile vs. History
P/E (Fwd Adj)	18.1x	22-25x	~15th: Attractive

Metric	Current	5Y Avg	Percentile vs. History
EV/EBITDA	16.3x	~19x	~25th: Below Avg
P/FCF	13.9x	~22x	~20th: Attractive
Dividend Yield	2.45%	~1.7%	~85th: High (Good)

Using 2026E adjusted EPS midpoint of \$5.68 and a fair multiple of 22x (conservative vs. five-year average of 23-25x, reflecting integration risk from the Exact Sciences acquisition):

Fair Value = \$5.68 x 22 = \$125.00

Current price: \$102.70. Margin of Safety: 17.8%.

Every valuation metric sits in the bottom quartile of Abbott's own five-year history. The forward adjusted P/E of 18.1x sits at approximately the 15th percentile. The dividend yield of 2.45% exceeds its five-year average of 1.7%, placing it at the 85th percentile. Buyers at today's price get paid more income while paying less for each dollar of earnings than at almost any point in recent history.

10-Year Scenario Modeling

Scenario	Bear Case	Base Case	Bull Case
Weight	25%	50%	25%
Adj EPS CAGR	4.0%	8.0%	12.0%
Revenue CAGR	2.0%	6.0%	9.0%
Terminal P/E (Adj)	16x	22x	26x
10Y Price Target	\$134.50	\$269.70	\$458.60
Total Return CAGR	5.5%	11.8%	18.5%
\$100 Becomes	\$171	\$305	\$545

Probability-Weighted Expected Total Return: 11.4% CAGR

The bear case assumes 4% adjusted EPS growth, 2% revenue CAGR, and multiple compression to 16x. Even under those conditions, the stock still appreciates 31% from today's price over ten years, and cumulative dividends push total return to +5.5% CAGR. Capital is preserved in every scenario.

Compared to a 4% high-yield savings account, \$100 grows to approximately \$295 versus \$148 over ten years, a \$147 gap plus \$35 in cumulative dividend income.

ABT Stock Analysis: Risk Matrix

Risk Category	Score (1-10)	Key Concern	Mitigation
Balance Sheet	2	Exact Sciences acquisition adds \$8.0B cash, strong FCF covers financing	
Earnings Volatility	3	Diagnostics revenue lumpy post-COVID	Core business growing 7%+ ex-COVID

Risk Category	Score (1-10)	Key Concern	Mitigation
Competitive Threat	4	Dexcom in CGM, Edwards in structural heart	Robust installed base, pipeline depth
Regulatory Risk	3	FDA recalls (Libre sensor recall 2026)	Diversified portfolio limits single-product risk
Integration Risk	4	Exact Sciences deal complexity	Abbott has M&A integration history
Valuation Risk	2	Multiple expansion needed for buyback	Already below 5Y avg; downside limited

Aggregate Risk Score: 2.9 / 10 (LOW)

Recession stress test: Abbott grew revenue through the 2008-2009 recession and posted 24.5% revenue growth in 2020 (driven by COVID testing). The stock's maximum historical drawdown was 31% peak-to-trough in 2008, versus 57% for the S&P 500. Recovery took approximately 36 months in 2008 and three months after the 2020 COVID crash.

Peer Comparison: ABT vs MDT vs DHR

Metric	ABT	MDT	DHR	Best for WP
Debt / Equity	0.27x	0.57x	0.35x	ABT
Interest Coverage	18.1x	~10x	17x	ABT
Dividend Yield	2.45%	3.25%	0.63%	MDT (yield)
ROIC	12.0%	8.0%	6.8%	ABT
Fwd P/E	18.1x	16.2x	~27x	MDT (cheapest)
Div Growth (5Y)	~7%	~3%	~15%	DHR (growth)
Recession Track	Grew EPS	EPS declined	EPS declined	ABT

Abbott leads peers on the metrics that matter most for wealth preservation: lowest leverage, highest ROIC, strongest recession track record, and a dividend yield that exceeds its own five-year average. Medtronic trades at a lower forward P/E but carries more debt, lower ROIC, and weaker earnings growth. Danaher offers superior dividend growth, but its 0.63% yield provides negligible income cushion, and its ROIC now sits below WACC.

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Management and Capital Allocation

CEO: Robert B. Ford (since March 2020). Ford joined Abbott in 1996 and served as President/COO before taking the top role. He navigated the company through the COVID pandemic, the infant formula crisis, and has overseen FreeStyle Libre's growth from approximately \$2 billion to \$6 billion-plus in annual sales.

Category	Assessment	Detail
Dividend Growth	Consistent	7% CAGR; 54 consecutive annual increases

Category	Assessment	Detail
Buybacks	Disciplined	\$7B new authorization Oct 2024; shares flat YoY
Acquisitions	Strategic	Exact Sciences (\$16.1B) expands cancer diagnostic
R&D Investment	Productive	~7% of revenue; steady pipeline of FDA clearances
Debt Management	Prudent	D/E 0.27x; investment-grade rated (A+/A1)

Ford's capital allocation record demonstrates discipline. The \$7 billion buyback authorization in October 2024 signals confidence without overpaying. The Exact Sciences acquisition targets cancer screening, a category with structural demand tailwinds and recurring-revenue characteristics. R&D spending at 7% of revenue has produced a steady cadence of FDA clearances across all four segments.

Wealth Preservation Score Breakdown

Downside Protection (Weight: 45%): 100 / 100

Bear case total return positive (+5.5% CAGR), D/E below 0.5x (0.27x), dividend maintained through both 2008 and 2020, maximum historical drawdown below 40% (31%), and current yield above 2% (2.45%).

Return Adequacy (Weight: 30%): 85 / 100

Base case total return CAGR of 11.8% places Abbott in the 10-12% bracket.

Quality Score (Weight: 25%): 89 / 100

Balance Sheet Fortress: 40/40. Income Reliability: 27/30. Capital Efficiency: 10/15. Valuation: 12/15.

Composite WP Score: 92.8, adjusted to 88 after a 5-point discount for Exact Sciences integration execution risk.

WP Score: 88 / 100(Threshold: 75+ = High-Conviction BUY, Full Position)

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Conclusion

This ABT stock analysis identifies Abbott Laboratories as a high-conviction BUY at \$102.70. A fortress balance sheet (0.27x D/E, 18x interest coverage, \$8.9 billion cash), a Dividend King streak spanning 54 years, and a diversified healthcare business trading at a 17.8% discount to fair value create an asymmetric risk-reward profile. The bear case preserves capital at +5.5% CAGR. The base case compounds wealth at 11.8% CAGR. The pending Exact Sciences acquisition introduces integration risk, which the five-point WP Score discount reflects, but Abbott's M&A track record and financial resources reduce execution uncertainty.

Abbott earned its place in a wealth preservation portfolio alongside positions like our recent SPGI research note and the KKR institutional thesis. Each targets a different sector while sharing the same framework: fortress balance sheets, proven dividend histories, and margin-of-safety valuations.

For investors building a diversified equity allocation, Abbott pairs well with exposure to technology leaders and consumer staples where similar downside protection characteristics apply. Abbott's healthcare positioning adds defensive sector exposure that performs through recessions when growth-oriented holdings face pressure.

For capital allocators seeking recession-tested income generation with equity upside, ABT stock analysis confirms this is among the strongest risk-adjusted opportunities in healthcare today.

Execution Infrastructure

For the execution of positions discussed in our research, we use the following institutional-grade platforms due to their regulatory compliance, liquidity, and reliability.

Platform	Purpose	Link
eToro (New Account)	Equity execution for new accounts	Open Account
Interactive Brokers	Institutional-grade brokerage	Access IBKR
Revolut	Multi-currency banking and FX	Open Revolut
Vantage	MT4/MT5 execution	Access Vantage
Binance	Digital asset infrastructure	Open Binance
Hostinger	Web infrastructure	Access Hostinger

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