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Hendershot Investments

DIVIDENDS, DIVIDENDS, DIVIDENDS!

A key task of management is to carefully allocate a company's capital between investments in the growth of the business and distributions to shareholders. With strong cash flows and sturdy balance sheets, our ***HI***-quality companies have the financial flexibility to simultaneously reinvest for growth while also returning value to shareholders. Although we do not require a dividend before making an investment, most of our companies have the financial strength to pay a dividend. A good example is **Apple**, which did not pay a dividend when we initially purchased the stock. Today, Apple is the world's biggest dividend payer having paid nearly $78 billion in dividends since fiscal 2012 along with spending $247 billion on share repurchases.

The 20 ***HI***-quality companies in the accompanying table demonstrate desirable dividend traits in terms of current yield, inflation-beating growth and consistent annual increases. In fact, several of the companies, such as **Genuine Parts**, **Hormel**, **Johnson & Johnson** and **3M,** have increased their dividends each year for more than half a century. Thanks to record earnings and cash flows, **Hormel** announced a meaty 12% increase in its annual dividend, marking the 53rd consecutive year of dividend increases. This is the 10th consecutive year of double-digit dividend increases and the 90th year Hormel has paid a dividend. Paying a dividend every year since 1948, **Genuine Parts** increased its dividend 6%, representing the 63rd straight year of dividend increases.

3M recently boosted its dividend 6%, marking 61 consecutive years of dividend hikes. 3M has paid dividends without interruption for more than 100 years. **UPS** recently increased its dividend by 6% resulting in a current yield of 3.5%. Since 2000, UPS's dividend has more than quadrupled. **The TJX Companies** increased its 2018 dividend a dressy 25%, marking 22 consecutive years of dividend increases with the dividend impressively compounding at a 23% annual rate for more than two decades. Further rewarding shareholders, several of the companies also periodically pay special dividends like **Brown-Forman, Fastenal, Microsoft**, **T. Rowe Price** and **United Technologies**. Companies which boost their dividends on a regular basis signal management's confidence in the future of the firm. With durable competitive advantages, all these firms have shared their profits with investors no matter what the economic climate, whether it be inflation, deflation, recession and/or popped asset bubbles. Steadily growing dividends provide powerful returns to long-term investors while mitigating volatile market conditions—a divine dividend combination!

Firm	Dividend Yield	Recent Dividend Increase	Div. 4-year CAGR	Years Dividend Raised
ABBV	5.3%	11.5%	21.7%	6
AAPL	1.7%	16%	10.6%	6
ADP	2.1%	25%	12.8%	44
BFB	1.4%	5%	7.7%	35
CSCO	2.8%	6%	13.3%	9
FAST	2.8%	7.5%	11.4%	21
GPC	2.8%	6%	5.8%	63
HRL	1.9%	12%	17.0%	53
JNJ	2.7%	7.1%	6.9%	56
MMM	2.8%	6%	12.3%	61
MA	.6%	32%	19.5%	6
MSFT	1.7%	9.5%	10.7%	7
NKE	1.0%	10%	13.5%	15
PEP	3.2%	3%	9.1%	47
SYK	1.1%	11%	11.3%	9
TJX	1.6%	25%	22.2%	22
TROW	3.1%	9%	12.3%	33
UPS	3.5%	5.5%	8.0%	10
UTX	2.3%	5%	4.4%	23
DIS	1.6%	5%	18.2%	9

This issue:

STOCK PERFORMANCE

Stock-Symbol	Business	Purchase Date(a)	Purchase Price(b)	Price 2-22-19	Total (c) Return	Advice*	Comment
AbbVie-ABBV	Pharmaceuticals	03-09-10 12-03-10	28.57 24.59	80.02	**241%**	**BUY**	New $5 billion share buyback program
Accenture-ACN	Consulting	03-06-12	59.95	161.50	**194%**	**HOLD**	Expects $5.1 to $5.5 billion in free cash flow in fiscal 2019
Alphabet, Cl A-GOOGL **Alphabet, Cl A-GOOGL** **Alphabet, Cl C-GOOG**	Technology	06-10-11 06-08-15 06-10-11	256.38 546.47 254.89	1,116.56 1,110.37	**148%** **336%**	**BUY**	Ended 2018 with $109 billion in cash and investments; announced a new $12.5 billion share buyback program
Apple-AAPL	Computers, iPhones	09-07-10	36.97	172.97	**407%**	**HOLD**	In 1Q paid $3.6 billion in dividends and repurchased $8.8 billion of stock
Automatic Data Processing-ADP	Human capital mgmt.	03-09-16	85.62	153.18	**91%**	**HOLD**	In first half of fiscal 2019, ADP paid $605 million in dividends
Bank of Hawaii-BOH	Financial services	12-3-18	79.30	82.89	**5%**	**BUY**	Dividend yields 3.1%; expanded share buyback by $130 million
Berkshire Hathaway-BRKB	Insurance/diversified	12-28-94! 03-10-00 03-17-00	21.56 27.45 34.13	201.91	**658%**	**BUY**	Holds $173 billion in equities as of 12-31-18, including $40 billion in **Apple**
Biogen-BIIB	Biotechnology	09-09-15	286.19	325.33	**14%**	**BUY**	ROE in 2018 was a healthy 34%
Booking Holdings-BKNG	Online travel bookings	12-12-12 12-10-14	629.62 1,119.68	1,910.52	**118%**	**BUY**	OpenTable dining points can be redeemed at 400,000 hotels on KAYAK
Brown-Forman-BFB	Liquor	03-10-00	4.25	48.84	**1,276%**	**HOLD**	Expects 11%-18% EPS growth in fiscal 2019
Canadian National Railway-CNI	Railroad	06-28-15	58.05	85.75	**55%**	**HOLD**	Generated 25% ROE in 2018
Cisco Systems-CSCO	Internetworking	03-12-97	5.78	50.11	**874%**	**HOLD**	Increased dividend 6%; new $15 billion share buyback program
Cognizant Tech.-CTSH	IT consulting	09-07-12	33.43	72.38	**120%**	**BUY**	In 2018, sales up 9%, EPS +42%
F5 Networks-FFIV	Network technology	09-09-15	121.84	172.08	**41%**	**HOLD**	Strong balance sheet with $1.6 billion in cash and no long-term debt in 1Q
Facebook-FB	Social Media	06-04-18	193.35	161.89	**-16%**	**BUY**	New $9 billion share buyback program
FactSet Research-FDS	Financial information	03-14-14	104.42	231.54	**131%**	**HOLD**	Expect double-digit EPS growth in fiscal 2019
Fastenal-FAST	Industrial supplies	03-10-00 06-10-14 09-07-17	4.89 50.50 41.71	62.66	**63%**	**HOLD**	Increased dividend 7.5%; dividend yields 2.8%
Gentex-GNTX	Auto mirrors	12-08-15	16.29	20.11	**31%**	**HOLD**	Produced a 24% ROE in 2018
Genuine Parts-GPC	Diversified distributor	03-10-00 09-09-15	20.81 84.10	110.81	**77%**	**HOLD**	Increased dividend 6%, marking 63rd consecutive year of dividend increases
Hormel Foods-HRL	Food	06-14-01	6.01	42.91	**724%**	**HOLD**	Selling Cytosports to **PepsiCo** for $465 million in cash
Johnson & Johnson-JNJ	Healthcare products	03-10-00 09-10-18	35.48 137.52	136.60	**46%**	**HOLD**	New $5 billion share buyback program; buying Auris Health for $3.4 billion
3M-MMM	Diversified	03-07-07 09-10-18	73.70 213.63	209.35	**28%**	**HOLD**	Increased dividend 6%, marking 61st consecutive year of dividend hikes

***All recommendations made in this newsletter may not be suitable for every account, depending on an individual's investment objective, risk-tolerance and financial situation. It should not be assumed that recommendations will be profitable or will equal the performance of securities listed here or recommended in the past. Clients should contact Hendershot Investments, Inc. if there are any changes in your financial situation or investment objectives, or if you wish to impose, add or modify any reasonable restrictions to the management of your account.** (a) Date purchased for Hendershot IRA. See personal trading restrictions footnote on page 3. ! Received BRKB shares following acquisition of FlightSafety Int'l in Dec '96 and Int'l Dairy Queen in Jan '98 (b) Price includes commissions paid. (c) Total return includes dividends. NI-Net Income, Q-quarter, H-half, YTD-year-to-date, ROE-return on equity

(continued)

Stock-Symbol	Business	Purchase Date(a)	Purchase Price(b)	Price 2-22-19	Total (c) Return	Advice*	Comment
Mastercard-MA	Global payments	09-05-14	76.45	223.32	**200%**	**HOLD**	Increased dividend 32%, new $6.5 billion share buyback program
Maximus-MMS	Business services	06-02-16	57.54	72.30	**27%**	**HOLD**	Cash flow +57% in 1Q
Microsoft-MSFT	Software	06-07-07 12-03-10	30.16 26.94	110.97	**336%**	**HOLD**	In 2Q paid $3.5 billion in dividends and repurchased $6.4 billion of stock
MSC Industrial-MSM	Industrial distributor	03-07-18	90.58	85.29	**-3%**	**BUY**	1Q revenue +8%, EPS +27%
Nike-NKE	Shoes and apparel	03-07-17	56.55	84.76	**52%**	**HOLD**	2Q revenue +10%, EPS +13%
Oracle-ORCL	Software	09-05-13	32.32	52.48	**73%**	**HOLD**	New $12 billion share buyback program
Paychex-PAYX	Payroll processing	12-03-10 08-31-11	29.49 27.28	75.89	**217%**	**HOLD**	Acquiring Oasis Outsourcing for $1.2 billion
PepsiCo-PEP	Food and beverages	03-14-14 03-07-18	81.89 109.42	116.76	**23%**	**BUY**	Increased dividend 3%, which marks 47th consecutive year of dividend increases
Polaris-PII	Vehicles/snowmobiles/ motorcycles	09-09-15 12-08-15	129.09 98.76	87.14	**-23%**	**SELL**	**Selling position** (see p. 4)
Ross Stores-ROST	Off-price retailer	06-08-17	61.70	94.37	**55%**	**BUY**	Free cash flow +29% YTD
Starbucks-SBUX	Coffee retailer	06-10-14 12-11-17	37.26 58.61	71.30	**39%**	**HOLD**	Expects 5%-7% sales growth in fiscal 2019; completed $5 billion share buyback
Stryker-SYK	Medical technology	03-11-09	32.09	188.67	**524%**	**HOLD**	Increased dividend 11%
T. Rowe Price-TROW	Investment mgmt.	08-31-11 09-05-14	53.98 80.59	98.05	**124%**	**BUY**	Increased dividend 9%, marking the 33rd consecutive year of dividend hikes
Thor Industries-THO	Recreational Vehicles	06-04-18	95.06	69.90	**-25%**	**HOLD**	Completed largest acquisition in company history
The TJX Companies-TJX	Off-price retailer	06-12-00 09-09-15	2.54 36.17	50.35	**109%**	**BUY**	Expects $2.5 billion buyback in fiscal 2019
Tractor Supply-TSCO	Rural retailer	12-11-17	67.51	96.04	**44%**	**HOLD**	**Trimming position** (see p. 4)
Ulta Beauty-ULTA	Beauty Retailer	09-10-18	285.84	310.72	**9%**	**HOLD**	3Q sales +16%, EPS +28%
United Parcel Service-UPS	Package delivery	05-27-05 06-09-06 08-31-11	74.92 79.57 67.90	110.36	**88%**	**BUY**	In 2018, paid $3.2 billion in dividends and increased the dividend 6% for 2019. Since 2000, dividend has more than quadrupled.
United Technologies-UTX	Diversified-building systems/aerospace	09-10-01	33.44	127.77	**368%**	**BUY**	Free cash flow +22% in 2018 to $4.4 billion; paid $2.2 billion in dividends
Walgreens Boots Alliance-WBA	Drugstores	09-12-08 06-08-17	36.38 81.83	70.43	**7%**	**BUY**	Expects to repurchase $3 billion of its common stock in fiscal 2019
Walt Disney-DIS	Media/Entertainment	09-02-16	94.43	115.25	**26%**	**HOLD**	Increased dividend 5%
Westwood Holdings-WHG	Investment mgmt.	12-08-11 08-10-15	35.88 59.72	39.06	**5%**	**BUY**	Dividend yields 7.5%

PERSONAL TRADING RESTRICTIONS FOR PRINCIPALS AND EMPLOYEES

I take a long-term position in each stock recommended in this newsletter. Having earned the Chartered Financial Analyst (CFA) designation, I fully subscribe to the Code of Ethics and Standards of Professional Conduct of the CFA Institute. Accordingly, transactions for client accounts have priority over personal and employee transactions. To avoid any conflict of interest and to be fair to both my individual clients and subscribers, personal and employee trading is restricted to just four weeks a year. Personal and employee trading will occur only during the week following distribution of the newsletter to subscribers unless otherwise approved by the Chief Compliance Officer. The week following distribution of the newsletter will be measured as five business days after the mailing date of the newsletter. Positions may be purchased or sold for individually managed client accounts at any time and without regard to recommendations made in this newsletter.

PORTFOLIO REVIEW

HOPPING OFF POLARIS

For the full 2018 year, Polaris Industries revenues rose 12% to $6.1 billion with adjusted EPS up 29% for the year to $6.56 thanks in part to tax reform and the financial results from the acquisition of Boat Holdings.

During the year, Polaris Industries acquired Boat Holdings, a leading pontoon boat manufacturer, which increased the company's debt load significantly. Return on shareholders' equity in 2018 was 39%, reflecting a boost from higher leverage. Free cash flow declined 37% during the year to $252 million due to a big jump in inventories and higher capital expenditures. Polaris expects capital expenditures to rise further in 2019.

During the year, the company paid $149 million in dividends and repurchased $349 million of its common stock. Polaris Industries recently approved a 2% increase in the dividend, marking the 24th consecutive year of dividend hikes. During 2019, management expects to give debt repayment a priority over share repurchases.

The company announced its adjusted sales and earnings guidance for the full year 2019 with adjusted sales expected to increase in the range of 11% to 13% and adjusted net income expected to decline 5% to 9% to the range of $6.00 to $6.25 per share due to the impacts of tariffs, adverse foreign exchange and higher interest rates.

With free cash flow declining, debt increasing significantly and earnings in fiscal 2019 expected to be down once again, Polaris Industries' business fundamentals have deteriorated.

We have decided to hop off Polaris Industries by selling the stock with a 23% loss after a disappointing three year ride.

TRACTOR SUPPLY HARVESTING PROFITS

Tractor Supply reported fourth quarter sales increased 9% to $2.1 billion with net income up 25% to $136.9 million and EPS up 28% to $1.11. Earnings from the prior year include a charge of $4.9 million, or $.04 per share, related to U.S. tax reform. Sales growth was driven by a solid 5.7% increase in comparable store sales growth consisting of a 3% increase in the average ticket and a 2.6% increase in customer transactions. All geographic regions and all major product categories had positive comparable store sales growth. The company opened 17 new Tractor Supply stores and four new Petsense stores in the quarter and closed 10 underperforming Petsense stores.

For the full year, sales increased 9% to $7.9 billion with net income up 26% to $532 million and EPS up 31% to $4.31. Return on shareholders' equity for the year was a strapping 34%. Free cash flow increased 9% to $416 million during the year. The company paid $147 million in dividends and repurchased $350 million of its common stock at an average price of $70.14 during the year. Since inception of the repurchase program, the company has repurchased $2.5 billion of its stock with $520 million remaining authorized for future share repurchases.

For 2019, management expects revenues of $8.31 to $8.46 billion with EPS in the range of $4.60 to $4.75 reflecting earnings growth of 8.5% at the midpoint. Comparable stores sales growth is expected to be in the range of 2% to 4% with 80 new Tractor Supply and 10 to 15 new Petsense store openings.

We planted seeds with Tractor Supply **15 months ago, and our total return has grown 44%** over that period. **With the stock now appearing fully valued, we plan to harvest some profits by pruning back our position.**

JOHNSON & JOHNSON $3.4 BILLION ACQUISITION

Focused on creating the next frontier of surgery, Johnson & Johnson entered into an agreement to acquire Auris Health, Inc. for approximately $3.4 billion in cash. Additional contingent payments of up to $2.35 billion, in the aggregate, may be payable upon reaching certain predetermined milestones. Auris Health is a privately held developer of robotic technologies, initially focused in lung cancer, with an FDA-cleared platform currently used in bronchoscopic diagnostic and therapeutic procedures. This acquisition will accelerate Johnson & Johnson's entry into robotics with potential for growth and expansion into other interventional applications. Johnson & Johnson continues to make meaningful investments to transform the surgical experience, connecting digital solutions to enhance surgical performance. The transaction is expected to close by the end of the second quarter of 2019. **Hold.**

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With the proceeds from **Polaris** and the profits from **Tractor Supply**, we plan to **buy Raytheon** (see p. 10). Personal and employee purchases will be made during the week following distribution of this newsletter. (See Personal Trading restrictions in the box on p. 3.)

DIVIDENDS

Since the last issue, the following dividends per share were received: **AbbVie** ($1.07), **Apple** ($.73), **ADP** ($.79), **Brown-Forman** ($.17), **Canadian National** ($33.), **Cisco** ($.33), **Cognizant** ($.20), **FactSet Research** ($.64), **Fastenal** ($.40), **Gentex** ($.11), **Genuine Parts** ($.72), **Hormel Foods** ($.21), **Johnson & Johnson** ($.90), **Mastercard** ($.33), **Maximus** ($.25), **Microsoft** ($.46), **3M** ($1.36), **MSC Industrial** ($.63), **Nike** ($.22), **Oracle** ($.19), **Paychex** ($.56), **Pepsi** ($.93), **Polaris** ($.60), **Ross Stores** ($.23), **Starbucks** ($.36), **Stryker** ($.52), **T. Rowe Price** ($.70), **Thor Industries** ($.39), **TJX** ($.20), **Tractor Supply** ($.31), **United Parcel Services** ($.91), **United Technologies** ($.74), **Walgreen** ($.44), **Walt Disney** ($.88) and **Westwood Holdings** ($.72).

(continued)

REALIZED GAINS AND LOSSES OVER THE LAST 12 MONTHS

COMPANY	DATE PURCHASED	DATE SOLD	GAIN/ LOSS	COMMENT*
APPLE	09/07/10	09/10/18	+487%	Fully valued, trimmed position
BAXTER INTERNATIONAL	09/09/09	03/07/18	+117%	Fully valued, sold position
BIOVERATIV	02/02/17 (spinoff date from Biogen)	03/08/18	+118%	Acquired by Sanofi for $105 per share in cash
CANADIAN NATIONAL RAILWAY	06/08/15	06/04/18	+43%	Fairly valued, trimmed position
CHEESECAKE FACTORY	09/02/16	06/04/18	+2%	Sold position due to lack of earnings growth amid challenging environment
EXPRESS SCRIPTS	12/13/96 03/09/11	09/10/18 09/10/18	+7,527% +67%	Acquired by Cigna
MASTERCARD	09/05/14	03/07/18	+132%	Fully valued, trimmed position
NIKE	03/07/17	06/04/18	+30%	Fully valued, trimmed position
STARBUCKS	06/10/14	12/3/18	+81%	Fully valued, trimmed position
T. ROWE PRICE	09/05/14	03/07/18	+40%	Fully valued, trimmed position
WABTEC	12/08/15	03/07/18	+12%	Sold position as debt load significantly increased due to an acquisition and cash flow declined

***A stock meets our price target by reaching its near-term full value based on its expected price range over the next 12-18 months (see pages 6 and 7). When a stock reaches our price target, we generally sell half the position and reinvest the proceeds into other promising opportunities. The remaining shares are held for further potential long-term gains as intrinsic value grows over time. Stocks are also sold if business fundamentals deteriorate or better investment opportunities are available.**

Hendershot Investments, Inc. Investment Advisory Services

Founded in 1994, Hendershot Investments' personalized portfolio management service exists to help you improve your long-term financial success and to conserve and grow your wealth. To that end, we invest in high-quality, well-managed companies at reasonable valuations and hold them for the long term. We extend a big "thank you" for the many client and subscriber referrals, as a referral is the biggest compliment you can pay us!

Our Investment Discipline

We *find* great businesses at reasonable prices through extensive research.

As long-time students of the stock market, we have developed valuation models to assess the relative merits of ***HI***-quality companies. We scour annual reports, SEC filings and news to independently determine company valuations, thereby avoiding the pitfalls of herd-mentality investing. Quarterly earnings conference calls with management keep us abreast of corporate developments and give us insight into the heartbeat of corporate leadership.

We *adhere* steadfastly to rigorous buy and sell disciplines.

Our number one rule on the buy side is "Don't overpay for a stock." We want to buy with a margin of safety. We would rather pay a "fair price for a great business than a great price for a fair business."

As Philip Fisher stated, "If the job has been done correctly when a stock is purchased, the time to sell is almost never."

We *believe* in patient investing for the long term.

Quintessential investor, Ben Graham, described the stock market in the short term as an imperfect voting machine where stock prices are based partly on emotion and partly on reason. In the long term, the stock market is a weighing machine where prices are driven by fundamentals.

For this reason, we are willing to wait patiently until Mr. Market recognizes the value of our ***HI***-quality firms.

PORTFOLIO FUNDAMENTALS

COMPANY SYMBOL	EXP. ** PRICE RANGE	PRICE 2-22-19	This year Actual EPS	Next year Est. EPS	Current P/E	PRICE/ BOOK VALUE	PRICE/ SALES	DIV. YIELD	SALES 4-YR CAGR*	EPS 4-YR CAGR*	Return on Equity	Cash/ Equity	Debt/ Equity	Current Ratio	SALES (000)
AAPL	132-199	172.97	$11.91	$11.40	14.2	6.9	3.1	1.7%	10%	17%	56%	208%	79%	1.3x	$265,595,000
ABBV	90-132	80.02	3.66	7.43	21.9	n/a	3.7	5.3	13%	35%	n/a	n/a	n/a	1.2	32,753,000
ACN	130-169	161.50	6.34	7.23	24.8	8.1	2.6	1.8	7%	9%	38%	36	0	1.3	39,573,450
ADP	127-168	153.18	3.66	5.18	42.1	14.0	5.0	2.1	7%	9%	47%	59	42	1.4	13,325,800
BF.B	45-58	48.84	1.48	1.69	31.5	15.7	7.2	1.4	-5%	5%	55%	13	153	3.1	3,248,000
BIIB	311-477	325.33	21.58	27.32	15.1	5.0	4.9	-	9%	15%	34%	38	46	2.3	13,452,900
BKNG	1862-2665	1,910.52	46.86	87.90	32.9	8.9	7.0	-	15%	18%	21%	163	88	2.4	12,681,082
BOH	73-98	82.89	5.23	5.61	15.8	2.7	5.2	3.1	3%	9%	18%	n/a	n/a	n/a	655,275
BRK.B !	182-232	201.91	13,236	15,600	22.7	1.4	2.0	-	7%	7%	1%	n/a	n/a	n/a	247,837,000
CNI	72-98	85.75	5.87	6.18	14.6	3.5	4.4	2.0	29%	11%	25%	2	65	0.8	14,321,000
CSCO	35-45	50.11	.02	2.57	18.5	5.5	4.6	2.8	1%	-66%	0%	99	39	1.8	49,330,000
CTSH	70-100	72.38	3.60	4.44	20.1	3.7	2.6	1.1	12%	11%	18%	40	6	3.1	16,125,000
DIS	89-117	115.25	8.36	7.06	15.8	6.6	5.6	1.6	5%	18%	26%	15	34	1.0	59,434,000
FAST	52-70	62.66	2.62	2.84	23.9	7.8	3.6	2.8	7%	12%	33%	7	22	5.3	4,965,100
FB	145-243	161.89	7.57	7.56	21.4	4.6	7.1	-	45%	62%	26%	49	0	7.2	55,013,000
FDS	182-251	231.54	6.78	8.80	32.2	16.3	6.5	1.2	10%	8%	51%	37	106	2.5	1,350,145
FFIV	137-204	172.08	7.32	8.26	21.3	7.3	4.8	-	6%	16%	35%	80	0	1.5	2,161,407
GNTX	19-27	20.11	1.62	1.62	12.4	2.8	2.9	2.2	7%	13%	24%	28	0	5.0	1,834,064
GOOGL!!	1104-1469	1,116.56	43.70	46.97	19.3	4.4	5.7	-	20%	22%	17%	69	2	3.9	136,819,000
GPC	95-125	110.81	5.50	5.95	20.1	4.7	0.9	2.8	5%	5%	23%	10	70	1.3	18,735,073
HRL	35-48	42.91	1.86	1.83	23.1	3.9	2.4	1.9	1%	14%	17%	5	19	1.8	9,545,700
JNJ	112-144	136.60	5.61	6.04	12.9	5.7	4.5	2.7	2%	0%	2%	30	46	1.7	81,370,000
MA	172-237	223.32	5.60	7.55	41.4	42.2	15.2	.6	12%	16%	100%	155	108	1.4	14,950,000

** Exp. price range—the expected price range for the stock in the next 12-18 months based on our valuation models and the historical trading range of the stock over the last five years. If the current price is below the low end of the expected range, the stock appears undervalued. If the current stock price is above the high end of the expected range, the stock appears overvalued. The expected price range will change based upon company developments. Highlighted stocks appear undervalued or are new additions. !Berkshire price is for the class B shares, the class A shares approximate 1500 times the B shares. !!GOOGL (the original class A share price is used for the table. GOOGL will typically trade slightly higher than the Class C non-voting shares (GOOG).

(continued)

COMPANY SYMBOL	EXP. ** PRICE RANGE	PRICE 2-22-19	This Year Actual EPS	Next Year Est. EPS	Current P/E	PRICE/ BOOK VALUE	PRICE/ SALES	DIV. YIELD	SALES 4-YR CAGR*	EPS 4-YR CAGR*	Return on Equity	Cash/ Equity	Debt/ Equity	Current Ratio	SALES (000)
MMM	176-241	209.35	$8.89	$9.55	23.5	12.3	3.7	2.8%	1%	4%	54%	33%	136%	1.9x	$32,765,000
MMS	61-80	72.30	3.35	3.66	21.8	4.1	1.9	1.4	16%	12%	20%	5	11	2.3	2,392,236
MSFT	85-113	110.97	2.13	4.43	25.7	9.3	7.7	1.7	6%	-5%	20%	139	76	3.1	110,360,000
MSM	75-111	85.29	5.80	5.80	14.0	3.5	1.5	3.0	4%	11%	24%	1	23	2.4	3,203,878
NKE	68-92	84.76	1.17	2.66	63.7	3.5	3.7	1.0	7%	-6%	20%	46	40	2.1	36,397,000
ORCL	46-57	52.48	.90	2.74	49.5	6.4	5.0	1.5	1%	-22%	8%	159	166	2.8	39,831,000
PAYX	64-81	75.89	2.58	2.85	27.3	11.2	8.1	3.0	8%	11%	46%	32	0	2.7	3,380,900
PEP	111-139	116.76	5.66	5.68	20.6	11.3	2.5	3.2	-1%	7%	86%	62	195	1.0	64,661,000
ROST	79-111	94.37	3.55	4.19	22.2	11.1	2.5	1.0	8%	16%	45%	42	10	1.6	14,134,732
RTN	180-241	186.61	10.15	11.60	18.4	4.6	2.0	1.9	4%	10%	25%	31	41	1.5	27,058,000
SBUX	45-59	71.30	3.24	2.34	31.3	30.7	3.6	2.0	11%	24%	100%	n/a	n/a	1.4	24,719,508
SYK	129-167	188.67	9.34	7.12	20.2	6.0	5.2	1.1	9%	62%	30%	32	72	2.0	13,601,000
THO	79-120	69.90	8.14	6.82	11.7	1.9	0.4	2.3	24%	25%	22%	12	0	1.7	8,328,909
TJX	48-62	50.35	2.02	2.45	20.6	12.0	1.8	1.6	7%	8%	51%	52	43	1.5	35,864,664
TROW	89-122	98.05	7.27	6.39	13.5	3.8	4.3	3.1	8%	12%	29%	63	0	n/a	5,372,600
TSCO	66-113	96.04	4.31	4.70	22.3	7.5	1.5	1.3	8%	13%	34%	6	24	1.9	7,911,046
ULTA	234-394	310.72	8.96	10.89	29.0	10.2	3.2	-	22%	30%	31%	16	0	2.1	5,884,506
UPS	108-144	110.36	5.51	5.82	20.0	31.4	1.3	3.5	5%	14%	100%	100+	100+	1.1	71,861,000
UTX	117-157	127.77	6.50	7.90	19.7	2.7	1.7	2.3	1%	-1%	13%	15	101	1.1	66,501,000
WBA	65-88	70.43	5.05	5.52	17.0	2.5	0.5	2.4	15%	26%	19%	4	44	0.8	131,537,000
WHG	38-67	39.06	3.13	2.53	12.5	2.2	2.8	7.5	2%	-2%	17%	77	0	5.4	122,300

* CAGR-Compound Annual Growth Rate. n/a-not applicable due to financial stock or equity less than zero. Estimated EPS reflects consensus earnings estimate for current fiscal year. The valuation measures (P/E, price-to-book value, price-to-sales and dividend yield) are calculated using the closing price on the date listed in column 3. Balance sheet ratios (cash/equity, debt/equity and current ratio) reflect the latest quarterly financial statements. Return on equity and sales figures are as of the company's most recent fiscal year end.

PORTFOLIO HI-LITES

QUARTERLY MOVERS AND SHAKERS

During the past three months, the S&P 500 Index rose 3.8% as concerns over slowing growth and rising rates abated. The following ***HI***-quality stocks all generated double-digit gains during the same period.

FACEBOOK NEW $9 BILLION BUYBACK

Facebook reported 2018 revenue increased 37% to $55.8 billion with net income up 39% to $22.1 billion and EPS up 40% to $7.57. Return on shareholders' equity for the year was a likeable 26%. During the year, Facebook posted $15.4 billion in free cash flow, down 12%, as the company invested $13.9 billion in capital expenditures to build out its data centers, servers, network infrastructure and office facilities. The company repurchased $12.9 billion of its shares during the year, and the Board approved an additional $9 billion repurchase program. **In the past three months, Facebook's stock rebounded a friendly 23%** as investors realized that users and advertisers had not abandoned the company due to security and privacy issues which management is addressing. **Buy.**

NIKE DOUBLE-DIGIT GROWTH

Nike reported strong second quarter results with sales and earnings each jumping 10% to $9.4 billion and $847 million, respectively. Sales grew in nearly every key category led by Sportswear with double-digit growth across footwear and apparel globally. During the second quarter, Nike repurchased 16.1 million shares for about $1.3 billion at an average price of $80.74 per share. Nike raised their financial outlook with sales in fiscal 2019 expected to increase at a high single-digit rate to low double-digit rate on a constant-currency basis. **In the past two years, Nike has raced higher, providing a 52% total return. Hold.**

MASTERCARD INCREASED DIVIDEND 32%

In 2018, Mastercard reported revenues increased 20% to $15 billion. Excluding the impact of U.S. tax reform and other one-time items, adjusted net earnings charged 38% higher to $6.8 billion. During 2018, the company generated $5.9 billion in free cash flow, up 10% from last year, and returned nearly $6 billion to shareholders through dividends of $1 billion and share repurchases of $4.9 billion at an average cost per share of $187.02. Mastercard recently increased the dividend 32% and approved a new $6.5 billion share repurchase program. For 2019, management expects revenue growth in the low-teens with operating expenses in the high-single digits and an effective tax rate of 19% to 20%.**Over the past five years, Mastercard has delivered a masterful 200% total return. Hold.**

MAXIMUS CASH FLOW UP 57%

Maximus reported first quarter revenues rose 7% to $664.6 million with net income down 5% to $55.9 million. During the quarter, operating cash flow increased 57% to $59.3 million. Maximus was not significantly impacted by the government shutdown as work for the Federal government was either in areas with approved funding or were considered essential operations. Maximus started the year off strongly with nearly $1 billion in new contract awards in the first quarter. Management reaffirmed guidance for 2019 with revenue of $2.925 to $3.0 billion expected. Earnings per share are projected in the range of $3.55 to $3.75 for the fiscal 2019 year. **Maximus constructed a 13% gain over the last three months. Hold.**

STRYKER INCREASED DIVIDEND 11%

In 2018, Stryker reported a healthy 9% increase in sales to $13.6 billion. Excluding the impact of U.S. tax reform and other items, net earnings rose nearly 13% to $2.8 billion. During 2018, Stryker generated $2.0 billion in free cash flow and returned more than $1 billion to shareholders through dividends of $703 million and share repurchases of $300 million. Stryker increased its dividend 11% for 2019. **Over the past decade, Stryker has provided a striking 524% total return. Hold.**

CISCO SYSTEMS INCREASED DIVIDEND 6%

Cisco Systems reported second quarter revenues rose 5% to $12.4 billion with adjusted EPS up 16%. As part of its commitment to return cash to shareholders, Cisco Systems announced a 6% increase in its dividend and the authorization of an additional $15 billion for share repurchases, bringing the total authorization to $24 billion. Management's outlook for the third quarter is for 4%-6% revenue growth and EPS in the range of $.63 to $.68. **Over the last 22 years, Cisco has routed up an impressive 874% total return. Hold.**

PAYCHEX $1.2 BILLION ACQUISITION

Paychex is acquiring Oasis Outsourcing, an industry leader in providing human resources (HR) outsourcing services. Paychex will now serve more than 1.4 million worksite employees through its HR outsourcing services. Oasis serves more than 8,400 clients across all 50 states. The total cash purchase price is $1.2 billion which will be financed with cash on hand and new debt. **Paychex has provided a nice paycheck over the last eight years with a 217% total return. Hold.**

(continued)

QUARTERLY RATING CHANGE FROM HOLD TO BUY

BERKSHIRE HATHAWAY $173 BILLION IN EQUITIES

Berkshire Hathaway reported its book value has compounded at an impressive 18.7% annual rate since 1965 compared to the 9.7% annual rate from the S&P 500 index with dividends reinvested over the same time period. During 2018, Berkshire purchased $43 billion of marketable securities while selling only $19 billion and ended the year with nearly $173 billion invested in equity securities. These purchases included a significant stake in **Apple** which was valued at $40.3 billion at year end and represented Berkshire's largest equity investment. **Buy.**

PEPSICO INCREASED DIVIDEND 3%

In 2018, PepsiCo's revenues rose 1.8% with core constant currency EPS growth of 9% to $5.66. During the year, PepsiCo paid $4.9 billion in dividends and repurchased $2 billion of its common stock. PepsiCo announced a 3% increase in its 2019 dividend to $3.82 per share, marking the 47th consecutive annual dividend increase. For fiscal 2019, PepsiCo expects to pay dividends of $5 billion and repurchase $3 billion of its common stock. **Buy.**

WALGREENS $3 BILLION BUYBACK

Walgreens Boots Alliance's fiscal first quarter sales rang up a 10% gain to $33.8 billion with net income increasing 37% to $1.1 billion. Walgreens returned $1.3 billion to shareholders during the quarter through share repurchases of $912 million and dividends of $422 million. Management confirmed expected fiscal 2019 adjusted EPS constant currency growth of 7% to 12%. The company expects store and labor investments of about $150 million and share repurchases of $3 billion during fiscal 2019. **Buy.**

QUARTERLY RATING CHANGE FROM BUY TO HOLD

3M INCREASED DIVIDEND 6%

The 3M Board of Directors declared a dividend on the company's common stock of $1.44 per share for the first quarter of 2019, a 6% increase over the quarterly dividend paid in 2018. "The strength of our business model enables 3M to consistently generate premium margins and strong cash flow, and to build on the company's long history of returning cash to our shareholders," said Mike Roman, 3M chief executive officer. 3M has increased its dividend for 61 consecutive years and paid dividends to its shareholders without interruption for more than 100 years. **Hold.**

GENUINE PARTS INCREASED DIVIDEND 6%

Genuine Parts sales increased 15% to $18.7 billion with net income up 31% to $810 million. During 2018, the company generated a solid 23.3% return on shareholders' equity. Genuine Parts announced a 6% dividend increase for 2019. The company has paid a cash dividend every year since going public in 1948 and 2019 marks the 63rd consecutive year of increased dividends paid to Genuine Parts' shareholders. In 2019, management expects sales to increase 3% to 4% with EPS of $5.75 to $5.90. **Hold.**

ORACLE $12 BILLION BUYBACK

Oracle paid $1.5 billion in dividends and repurchased $19.9 billion of its common stock during the first half of fiscal 2019, including 203 million shares repurchased in the second quarter at an average price of $49.26 per share. During the last 12 months, Oracle has reduced its shares outstanding by 12%. Oracle announced a new $12 billion share repurchase program. **Hold.**

FASTENAL INCREASED DIVIDEND 7.5%

Fastenal reported 2018 revenues rose 13% to $5 billion with net income up 30% to $751.9 million. Return on shareholders' equity improved to a strong 32.7% for the year. Fastenal also announced a 7.5% increase in its first quarter 2019 dividend to $.43 per share with the dividend yielding a solid 2.8%. Over the past decade, Fastenal has paid out $2.9 billion in dividends and repurchased 14 million of its shares for $600 million at an average price of $42.86 per share. **Hold.**

GENTEX 24% RETURN ON EQUITY

In 2018, Gentex reported sales increased 2% to $1.8 billion with EPS up 15% to $1.62. During 2018, Gentex recorded an impressive 24% return on shareholders' equity and generated $466.4 million in free cash flow, up 18% from 2017. Gentex repurchased 26.4 million shares during 2018 at an average price of $22.37 per share. **Hold.**

WALT DISNEY INCREASED DIVIDEND 5%

Walt Disney increased its semi-annual dividend 5% to $.88. "Given our record financial performance in fiscal 2018, we are pleased to increase our dividend to shareholders, while continuing to invest for future growth with our pending acquisition of 21st Century Fox and the ongoing development of our direct-to-consumer business," said Robert A. Iger, Chairman and Chief Executive Officer. Disney reported flat first quarter 2019 sales at $15.3 billion with net income declining 37% to $2.8 billion and EPS dropping 36% to $1.86. These results were impacted by a net tax benefit in the prior year period. On an adjusted basis, EPS declined 3% during the quarter. **Hold.**

NEW STOCK

RAYTHEON COMPANY (RTN $186.61)
870 Winter Street, Waltham, MA 02451-1449 www.raytheon.com

Raytheon Company is a technology and innovation leader specializing in defense, civil government and cybersecurity solutions throughout the world. Raytheon provides state-of-the-art missile defense, command and control, electronic warfare, sensor and imaging and precision weapons systems. The company develops integrated training, mission support and cybersecurity services for customers in more than 80 countries.

Fiscal Year Dec.	4-YR CAGR	2018	2017	2016	2015	2014
Revenues (000,000)	4.3%	$27,058	$25,348	$24,124	$23,321	$22,826
Net Income (000,000)	7.1%	$2,883	$1,999	$2,212	$2,094	$2,193
EPS	9.9%	$10.15	$6.94	$7.55	$6.87	$6.97
Dividends	9.4%	$3.47	$3.19	$2.93	$2.68	$2.42
Profit Margin		10.7%	7.9%	9.2%	9.0%	9.6%

GLOBAL MARKET LEADER

Vannevar Bush, who would become dean of MIT's School of Engineering, Laurence Marshall, an engineer, and Charles G. Smith, a scientist who had done work on the electrical properties of gases, founded the American Appliance Company in 1922. Three years later, the company changed its name to Raytheon Manufacturing Company.

Their revolutionary innovation was the S gas rectifier tube, a device that eliminated one of the cumbersome expensive batteries that previously powered home radios. The tube transformed the radio into an affordable appliance that could be plugged into a wall socket.

During World War II, Raytheon supplied 80% of the magnetron tubes used in U.S. and British radars and developed parts for the crucial proximity fuse in antiaircraft shells. By the end of the war, every U.S. patrol torpedo boat was equipped with the Raytheon radar, allowing them to see at night and to search and destroy U-boats.

After the war, Raytheon began offering civilian products. The most famous was the microwave, originally called the "Radarange". Raytheon engineer, Percy Spencer, discovered microwave cooking when he stood in front of an active magnetron, and a candy bar in his pocket began to melt. Intrigued, he placed kernels of popcorn in front of the tube, and they popped.

Over the following decades, Raytheon introduced the first missile capable of intercepting inflight objects; helped guide the Apollo 11 and transmit the TV signals back to Earth; and developed the Patriot missile defense system. Nearly a century after its founding, Raytheon stands as a global technology leader with 64,000 employees specializing in defense and homeland security.

SOLID GROWTH AND PROFITS

During the past five years, Raytheon has grown revenues at a steady 4.3% annual rate. During the same period, net income and EPS have compounded at striking 7.1% and 9.9% annual rates, respectively. Raytheon's profit margin averaged more than 9% during the previous five years, including an impressive 10.7% during 2018. Return on equity has averaged more than 20% for the last ten years, demonstrating the company's strong competitive advantages. In 2018, return on shareholders' equity rocketed to 25.4%.

GROWING DIVIDENDS

Raytheon has increased their dividend for 14 consecutive years with the dividend compounding at a 9.4% annual rate during the past five years. The firm's capital allocation strategy is focused on creating value for investors through a sustainable and competitive dividend and a strategic share repurchase program. During 2018, Raytheon generated $2.7 billion in free cash flow and returned $2.3 billion to shareholders through dividends of $975 million and the repurchase of 6.7 million shares for $1.3 billion at an average cost of about $197.76 per share. Since 2007, Raytheon has repurchased shares each year reducing their share count by 35%.

2019 OUTLOOK

Raytheon generated full-year 2018 bookings of $32.2 billion, resulting in a book-to-bill ratio of 1.19. The company ended 2018 with a record backlog of $42.4 billion. The company's strong position in missiles and radars coupled with increased defense spending under the current administration provide a solid foundation for 2019. Management expects 2019 revenue to be in the range of $28.6 billion to $29.1 billion reflecting growth of 6.5% at the mid-point. Earnings per share are expected to grow 12% to 14% to the range of $11.40 to $11.60 on lower shares outstanding as the company anticipates repurchasing six to eight million shares during 2019.

The company ended the year with $3.6 billion of cash and $4.8 billion of long-term debt on its stalwart balance sheet. With 2019 cash flow from operations expected to be $4.0 billion, Raytheon has sufficient dry powder to execute its capital allocation strategy of targeted acquisitions, internal investments, dividend growth, share repurchases and pension contributions.

Long-term investors should place Raytheon on their radar, a ***HI***-quality global market leader with growing dividends, solid growth, durable competitive advantages and profitable operations. **Buy.**

UNDER THE SPOTLIGHT

COGNIZANT TECHNOLOGY SOLUTIONS (CTSH-$72.38)
Glenpointe Center West, 500 Frank W. Burr Blvd, Teaneck, NJ 07666 www.cognizant.com

Cognizant Technology Solutions is one of the world's leading professional services companies, transforming clients' business, operating and technology models for the digital era. Core competencies include: business, process, operations and technology consulting, application development and systems integration, enterprise information management, application testing, application maintenance, information technology, or IT, infrastructure services and business process services. Their unique industry-based, consultative approach helps clients envision, build and run more innovative and efficient businesses.

Fiscal Year Dec.	4-YR CAGR	2018	2017	2016	2015	2014
Sales (000,000)	12.0%	$16,125	$14,810	$13,487	$12,416	$10,263
Net Income (000,000)	9.9%	$2,101	$1,504	$1,553	$1,624	$1,439
EPS	11.3%	$3.60	$2.53	$2.55	$2.65	$2.35
Dividends	-	$.80	$.45	-	-	-
Profit Margin		13.0%	10.2%	11.5%	13.1%	14.0%

INDUSTRY LEADER

Cognizant Technology Solutions began operations in 1994 as an in-house technology development center for U.S-based Dun & Bradstreet with operations in India. Over its first 25 years, Cognizant has successfully guided its clients around the world as they have moved from the mainframe-era to building end-to-end digital businesses. Sensing and responding to market needs enabled the company to grow from a 200-person information technology firm focused on software development and maintenance in 1994 to a Fortune 200 company and a digital leader employing more than 270,000 worldwide today.

Cognizant has grown to become a leading provider of information technology, consulting and business process outsourcing services dedicated to helping the world's leading companies build stronger businesses.

Cognizant's expertise lies in technology areas, such as artificial intelligence, augmented reality, automation, autonomous products, cybersecurity, cloud, cognitive computing, IoT, robotics, sensors and instrumentation and virtual reality. Cognizant continues to deepen their expertise in 20 different industries, including banking and financial services, healthcare, manufacturing and retail.

2018 FINANCIAL RESULTS

Cognizant reported fourth quarter revenues increased 7.9% to $4.13 billion with net income of $648 million and EPS of $1.12 compared to a loss of $18 million, or $.03 per share, in the prior year period. The loss included a one-time $617 million expense related to U.S. tax reform. Excluding one-time items such as the impact of tax reform, EPS increased 2% from last year.

Consulting & Technology Services represented 58% of total revenue and grew 9.5% while Outsourcing represented 42% of revenues and grew 6%. Revenue growth was solid across all business segments, led by 18.4% growth in Communications, Media and Technology followed by 14% growth in Products and Resources.

For the full 2018 year, sales increased 8.9% to $16.1 billion with net income up 40% to $2.1 billion and EPS up 42% to $3.60. Return on shareholders' equity for the year was 18%.

Free cash flow increased 4% to $2.2 billion during the year with the company paying $468 million in dividends and repurchasing $1.26 billion of its common stock. Over the past five years, the company has repurchased a substantial $4.4 billion of its common stock. Cognizant ended the year with $4.5 billion in cash and investments and $736 million in debt on its strong balance sheet.

2019 OUTLOOK

In 2019, management expects revenue growth of 7% to 9% in constant currency with adjusted operating margin of 19% resulting in adjusted EPS of $4.40.

Cognizant's capital deployment plan is to utilize about 50% of global free cash flow annually for dividends and share repurchases. The company plans to maintain a dividend payout ratio of about 20%, while reducing their outstanding share count by about 1% annually. In addition, approximately 25% of their annual global free cash flow is to be used for acquisitions that enhance their longer term strategy of enriching their digital capabilities, expanding their geographic footprint and enhancing their vertical expertise. The company's planned capital return program will be funded by current U.S. cash balances, future cash flows from U.S. operations and incremental debt financing if necessary.

Long-term investors should be cognizant of Cognizant Technology Solutions, a ***HI***-quality industry leader with a solid capital deployment plan which includes steadily growing dividends and substantial share repurchases. **Buy.**

UNDER THE SPOTLIGHT

ABBVIE (ABBV-$80.02)
1 North Waukegan Road, North Chicago, IL 60064 www.abbvie.com

AbbVie is a global, research-driven biopharmaceutical company committed to developing innovative advanced therapies for some of the world's most complex and critical conditions. The company's mission is to use its expertise and innovation to improve treatments across four primary therapeutic areas: immunology, oncology, virology and neuroscience. In more than 75 countries, AbbVie employees are working every day to advance health solutions.

Fiscal Year Dec.	4-YR CAGR	2018	2017	2016	2015	2014
Sales (000,000)	13.2%	$32,753	$28,216	$25,638	$22,859	$19,960
Net Income (000,000)	33.8%	$5,687	$5,309	$5,953	$5,144	$1,774
EPS	35.1%	$3.66	$3.30	$3.63	$3.13	$1.10
Dividend	21.7%	$3.84	$2.63	$2.35	$2.10	$1.75
Profit Margin		17.4%	18.8%	23.2%	22.5%	8.9%

LEADING BIOTECH

AbbVie is a leading biotechnology company that was formed in 2013 following its separation from Abbott Laboratories. AbbVie's products are focused on treating conditions such as chronic autoimmune diseases in gastroenterology, rheumatology and dermatology; oncology, including blood cancers; virology, including hepatitis C (HCV) and human immunodeficiency virus (HIV); neurological disorders, such as Parkinson's disease and multiple sclerosis; metabolic diseases, including thyroid disease and complications associated with cystic fibrosis; as well as other serious health conditions.

HUMIRA is the company's leading biologic therapy approved to treat a variety of autoimmune diseases. HUMIRA accounted for 61% of the company's revenues in 2018. In addition to dedicating research and development resources to further expand indications for HUMIRA, AbbVie has invested in acquisitions and strategic partnerships, including with **Johnson & Johnson**, to accelerate the research and development of new and innovative products.

As a result, AbbVie has a promising pipeline of new medicines, including more than 50 investigational programs in clinical development across such important medical specialties as immunology, virology, oncology and neurology, with additional targeted investment in cystic fibrosis and women's health. AbbVie is on track to launch more than 20 new products through 2020 with non-HUMIRA sales expected to grow to more than $35 billion by 2025.

HEALTHY DIVIDEND

Thanks to substantial cash flows, management is committed to returning cash to shareholders through a strong and growing dividend. AbbVie has increased the dividend 168% since inception. The company announced an 11.5% increase in the dividend for fiscal 2019 to $4.28 per share on an annualized basis with the dividend currently yielding a healthy 5.3%. In addition, the company announced a new $5 billion share repurchase program.

2018 FINANCIAL RESULTS

For the full 2018 year, AbbVie's revenues increased 16% to $32.8 billion with net income up 7% to $5.7 billion and EPS up 11% to $3.66. On an adjusted basis, EPS grew 41% to $7.91 driven by an 8% increase in full year global HUMIRA sales to $19.9 billion.

2019 FINANCIAL OUTLOOK

The loss of patent protection for HUMIRA in international markets is expected to result in a 30%-35% drop in international HUMIRA sales in fiscal 2019 due to aggressive discounting by biosimilar competitors. HUMIRA does not lose patent protection in the U.S. until 2023 and is expected to remain the market leader treating more than one million patients in 15 indications until then.

Despite absorbing approximately $2.4 billion in erosion of sales due to competition, AbbVie expects sales in 2019 to increase 1% on a constant currency basis with the company generating double-digit EPS growth in the range of $7.39 to $7.49 even as the firm funds five major new product launches during the year, each with multi-billion dollar sales potential. Long-term investors may want to inject AbbVie into their portfolio, a ***HI***-quality biotech firm with market-leading products, a growing new product pipeline, strong cash flows, substantial share repurchases and a healthy dividend. **Buy.**

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