

Company	Amgen Inc	Ticker	AMGN	Current Price	Industry:	Biotechnology	Sub-Industry	<sub-Industry Name>
Target Price	\$263.00	TTM P/E	14.80	\$251.94	Beta	0.56	Mkt Cap (Mn)	\$134,620.00
Stop Loss	\$201.55	Forward	14.59		Credit Rating	Baa1 (Moody's)	Avg Vol (12M)	3,530,638
52 wk High/Low	\$258.45-\$198.64	EPS	\$17.03	Rating Outlook	Stable	Div Yield	3.08%	

## Company Background

Amgen Inc. is an independent biotechnology medicines company that discovers, develops, manufactures, and markets medicines for grievous illnesses. The Company focuses on human therapeutics and concentrates on innovating novel medicines based on cellular and molecular biology. Amgen is among the biggest of the biotechnology company committed to unlocking the potential of biology for patients suffering from serious illnesses by discovering, developing, manufacturing and delivering innovative human therapeutics. Its principal products, which have the most significant annual commercial sales are ENBREL, Prolia, Neulasta, Otezla, XGEVA, Aranesp, KYPROLIS, and Repatha. Amgen focuses on six commercial areas: inflammation, oncology/hematology, bone health, CV disease, nephrology and neuroscience, and it conducts discovery research primarily in three therapeutic areas: inflammation, oncology/hematology and CV/metabolic diseases. Amgen's products are marketed worldwide with the US market accounting for over 65% of sales.

## Industry Outlook

We have a positive outlook on the biotechnology sub-industry (biotech), a historically defensive sub-industry, that has held up better on overall stock performance (year to date through September 30) than the broader market index. We expect to see solid drug sales growth driven by the continued adoption of many new and innovative therapies, a favorable M&A environment, and a low prevalence of patent expirations in 2022, although that rises in 2023. We also expect drugmakers to benefit from a return to normalcy since lower in-person physician visits during the pandemic had a negative impact on prescription growth. We believe that Covid-related activity will evolve to an endemic stage, versus a pandemic stage, which may lengthen the revenue stream, but likely at a more subdued level.

## Investment Thesis

AMGEN INC is a Corporation with total current equity assets of \$3B under management invested in 3 securities. By industry sector, its largest exposure is in the Health Care sector (100%). Its largest five-year increase is in the Health Care sector. By geographic region, its largest current exposures are in Asia Pacific (Emerging) (98.5%) and North America (1.5%). Its largest five-year increase is in Asia Pacific (Emerging). Its largest five-year decrease is in North America. By market cap, its largest current exposures are in Large Cap (98.5%) and Small Cap (1.4%) stocks.

Additionally, following attributes of Amgen are the strengths, we assess as differentiators in the industry

- Product Differentiation: Revenue is diversified across different drugs, primarily among 9 drugs which contribute to almost 80% of the revenue and has been stable over the years
- R&D Investment: Amgen has a very high pipeline of drugs in final stage (compared to last 5 years) of \$1.7bn and we are expecting a growth in the company as it will launch the new products by next year
- Recent Acquisitions by Amgen in 2021

## Investment Risks

- Lack of diversified channels (Medium)
- Unanticipated pipeline failures (low)
- Inability to obtain new drug approvals (Medium)
- Negative federal policy or regulatory developments (Low)

## 3-5 takeaways from the last quarterly earnings call

- Amgen has steady growth rate over the years and has highest market cap - 53% (\$132bn) in the relevant industry
- Amgen has high growth potential due to strong R&D pipeline of \$1.7bn in last stage trials with a total of \$4.8bn and highly reliable partnerships with 3 largest retail distributors at the delivery end.
- Amgen has a compliance risk for the new drug launch with federal regulations, however we are estimating it as a low risk as Amgen has a strong presence in the market for a long time and has strong relationships at all levels

## Financial Performance

	2017	2018	2019	2020	2021
Revenue	22,849	23,747	23,362	25,424	25,979
Operating Profit	2,057	9,025	8,302	8,163	6,718
Net Income	1,979	8,394	7,842	7,264	5,893
Revenue Growth	-1	4	-2	9	2
EBITDA%	52.2	51.41	51.58	50.85	43.25
Operating Profit %	—	—	—	—	—
Net Income Margin	36.58	36.26	33.93	29.04	27.02
D/E	140.02	271.43	314.60	355.46	507.15
EPS	2.71	12.70	12.96	12.40	10.34
PE Ratio	15.30	15.04	18.52	18.38	18.37
Current Ratio	5.49	2.79	1.44	1.81	1.59
RoE	7.18	44.48	70.73	76.13	73.16
RoA	2.51	11.47	12.44	11.84	9.50
Dividend per share	4.60	5.28	5.80	6.40	7.04
FCF	10,513.0	10,558.0	8,532.0	9,889.0	8,381.0

## Discounted Cash Flow

	2018-21	2022-31
Avg Revenue Growth	3.13	4.0%
Avg Gross Margin	77.43	76.0%
Avg EBITDA Margin	48.6%	41.3%
Avg NOPAT Margin	37.5%	35.47%
Avg FCF Margin	38.0%	31.7%
Tax Rate	—	21%
WACC	—	7%
Perpetuity growth rate	—	3%

## Analyst Opinion

Buy: 7	Sell: 0	Hold: 18
Rating	Target	
S&P NetAdvantage	Hold	\$263.00
Bloomberg	Hold	\$252.55
Yahoo Finance	Hold	\$253.98

## Financial Performance

Name (BI Peers)	Ticker	Mkt Cap (USD)	MC to BV	Tot Assets:Y	P/S:Y	P/E:Y	P/FCF:Y	P/S:Y	GM-Y	EBI/Net Sales:Y	ROE:Y	ROA:Y
Median		5,828	3.80	2,598	7.47	16.41	18.98	7.47	83.23%	12.89%	6.34%	1.43%
AMGEN INC	AMGN US	134,778	55.71	61,178	4.94	18.37	15.30	4.94	75.2%	29.40%	87.14%	11.31%
ALNIRAN PHARMACEUTICALS INC	ALNY US	23,078	135.60	3,648	23.79	—	—	23.79	85.38%	-83.93%	-113.25%	-25.77%
SEAGEN INC	SEAN US	23,760	8.10	3,728	17.88	—	—	17.88	80.21%	-43.32%	-203.88%	-17.47%
BIOMARIN PHARMACEUTICAL INC	BMRN US	16,698	3.71	6,008	8.75	—	—	77.31	8.75	74.52%	-4.46%	-1.12%
INCYTE CORP	INCY US	15,708	3.84	4,938	5.42	16.25	28.46	5.42	94.94%	19.62%	31.45%	12.73%
UNITED THERAPEUTICS CORP	UTHR US	9,988	2.31	5,178	5.76	16.41	20.32	5.76	92.73%	32.98%	16.88%	12.73%
SAKURA THERAPEUTICS INC	SRPT US	9,878	13.58	3,158	10.43	—	—	10.43	86.17%	-65.50%	-61.01%	-16.81%
IONIS PHARMACEUTICALS INC	IONS US	6,388	10.21	2,618	5.29	—	—	227.73	5.29	98.66%	-3.72%	-3.54%
HALOZYME THERAPEUTICS INC	HALO US	6,358	21.65	1,108	12.76	13.95	18.98	12.76	81.64%	62.24%	243.38%	50.28%
EXELIXIS INC	EXEL US	5,298	2.21	2,628	4.01	25.39	17.10	4.01	96.32%	19.98%	11.90%	9.72%
PTC THERAPEUTICS INC	PTCT US	3,348	-18.31	1,948	5.21	—	—	5.21	94.00%	-69.52%	-214.23%	-24.98%
BIOCRIST PHARMACEUTICALS INC	BCRX US	2,638	-12.33	588,158	15.78	—	—	15.78	95.38%	-113.08%	—	-49.45%
INSHED INC	INSH US	2,478	55.75	1,248	16.20	—	—	16.20	76.57%	-199.03%	-120.90%	-40.68%
NOVAVAX INC	NOVX US	1,518	-3.63	2,588	9.29	—	—	40.10	9.29	—	-147.15%	-83.85%
CELLEX THERAPEUTICS INC	CLDX US	1,498	4.07	444,658	356.16	—	—	356.16	—	-1531.78%	-22.78%	-21.05%
AGIOS PHARMACEUTICALS INC	AGIO US	1,488	1.32	1,448	—	—	—	—	—	—	-42.77%	-31.58%
LIGAND PHARMACEUTICALS	LIGD US	1,478	1.83	1,308	9.27	54.92	36.68	9.27	77.56%	28.47%	6.34%	3.65%
DYNAMAX TECHNOLOGIES CORP	DWAX US	1,398	3.29	1,048	3.72	23.64	5.02	3.72	60.50%	30.60%	53.71%	11.50%
IRUNOXIN INC	IRXN US	1,368	5.42	525,778	21.90	—	—	21.90	—	-179.04%	-67.11%	-31.63%
AVIO BIOSERVICES INC	CDMO US	967,338	5.40	429,848	6.92	53.27	—	6.92	30.64%	—	12.89%	—
ENANTA PHARMACEUTICALS INC	ENTA US	966,198	2.86	438,798	11.80	—	—	11.80	—	-112.88%	-18.48%	-17.08%
INNOVIVA INC	INVA US	941,038	2.42	926,408	3.61	8.19	3.89	3.61	—	95.72%	40.63%	20.14%

\* Industry Avg. includes companies listed

## Total Return

	Company	Industry Sect.	S&P 500
YTD	23.53%	6.16%	19.11%
2021	33.67%	0.69%	-15.16%
Last 3 years	26.16%	72.89%	100.28%
Last 5 years	77.63%	133.26%	124.71%

CSR Characteristics	ESG Risk Rating	Industry Rank
Sustainalytics	21.9 - Medium Risk	82 out of 964
MSCI	AA - Industry Leader	91st percentile

Prepared by Team Hartford (Oct 10, 2022) using Bloomberg, S&P Net Advantage, Morning Star, Yahoo Finance, MSCI