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Sep 01, 2020

Amgen Inc. (AMGN)

$253.32 (As of 08/31/20)

Price Target (6-12 Months): **$266.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 10/13/19) Prior Recommendation: Outperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**3-Hold**
	Zacks Style Scores:	VGM:B
	Value: B | Growth: B | Momentum: D	

Summary

While Amgen's drugs like Prolia, Evenity, Repatha, Aimovig, Otezla and biosimilars are driving sales, increasing competition for its legacy products is hurting the same. Meanwhile, sales of Amgen's in-office administration products are being hurt by COVID-19 related business disruption. Nonetheless, Amgen boasts a strong biosimilars portfolio, which can drive long-term growth. Amgen is also progressing with its pipeline while regularly pursuing "external opportunities" such as the acquisition of Otezla and the stake in China's BeiGene. Amgen also expects several important clinical data readouts from its innovative pipeline in the second half of 2020. However, pricing and competitive pressure are concerns. Amgen's shares have outperformed the industry this year so far.

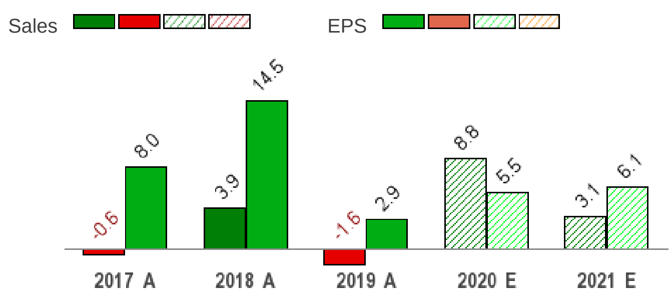
Price, Consensus & Surprise

Source: Zacks Investment Research

Data Overview

52-Week High-Low	**$264.97 - $177.05**
20-Day Average Volume (Shares)	**2,762,405**
Market Cap	**$148.4 B**
Year-To-Date Price Change	**5.1%**
Beta	**0.85**
Dividend / Dividend Yield	**$6.40 / 2.5%**
Industry	**Medical - Biomedical and Genetics**
Zacks Industry Rank	**Bottom 27% (183 out of 251)**
Last EPS Surprise	**11.6%**
Last Sales Surprise	**0.4%**
EPS F1 Estimate 4-Week Change	**0.0%**
Expected Report Date	**11/03/2020**
Earnings ESP	**0.0%**
P/E TTM	**16.1**
P/E F1	**16.2**
PEG F1	**3.0**
P/S TTM	**6.1**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2021	6,348 E	6,574 E	6,648 E	6,837 E	26,193 E
2020	6,161 A	6,206 A	6,400 E	6,644 E	25,413 E
2019	5,557 A	5,871 A	5,737 A	6,197 A	23,362 A

EPS Estimates

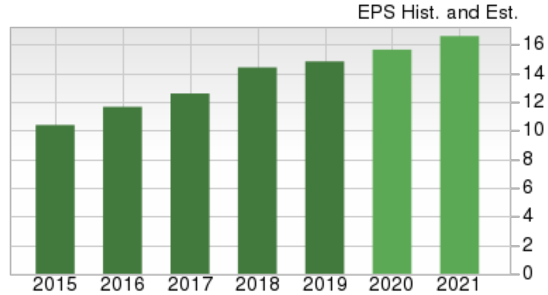
	Q1	Q2	Q3	Q4	Annual*
2021	$4.11 E	$4.35 E	$4.13 E	$3.81 E	$16.59 E
2020	$4.17 A	$4.25 A	$3.75 E	$3.51 E	$15.64 E
2019	$3.56 A	$3.97 A	$3.66 A	$3.64 A	$14.82 A

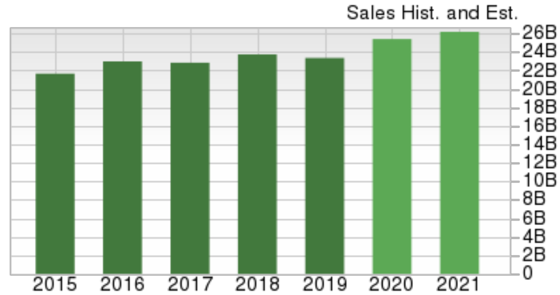
*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 08/31/2020. The reports text is as of 09/01/2020.

Overview

Thousand Oaks, CA-based Amgen is one of the biggest biotech companies in the world, with a strong presence in the oncology/hematology, cardiovascular disease, neuroscience, inflammation, bone health and nephrology markets. The company used advances in cellular and molecular biology to develop two of the biotech industry's earliest and most successful drugs, Epogen (anemia) and Neupogen (white blood cell stimulant). Amgen successfully launched two next-generation products, Aranesp and Neulasta. Meanwhile, the acquisition of Immunex Corporation gave Amgen access to the multi-blockbuster drug, Enbrel. However, all these older drugs are facing declining sales due to biosimilar or branded competition, which is being somewhat offset by its newer blockbuster drugs like Prolia/Xgeva.





Amgen also has a promising pipeline of cancer drugs. It has one of the strongest cash positions in the biotech sector, which could be used to acquire more pipeline assets that could fuel long-term growth. Biosimilar drugs are also a key part of Amgen's growth strategy.

Epogen/Aranesp, Neupogen/Neulasta and Enbrel account for more than half of Amgen's revenues. While the erythropoiesis-stimulating agents (ESA) franchise consisting of Epogen and Aranesp contributed 11.7% to 2019 product sales, the granulocyte colony-stimulating factor (G-CSF) franchise comprising Neupogen/Neulasta contributed 16.1% to product sales in 2019. Enbrel accounted for 23.5% of product sales.

Prolia/Xgeva sales in 2019 were $4.6 billion, accounting for almost 21% of product sales. Other relatively newer products are Repatha, Blincyto, Imlygic, Corlanor, Parsabiv, Evenity, Aimovig, Kanjinti, Mvasi and Amgevita biosimilars.

Amgen derives the bulk of its revenues from the domestic market (74.5% of total product sales in 2019). The company posted global sales of $23.4 billion in 2019, down 2% year over year.

Source: Zacks Investment Research

Reasons To Buy:

Amgen's drugs like Prolia, Evenity, Repatha, Aimovig, Otezla and biosimilars are driving sales.

▲ **Shares Outperforming Industry:** Amgen's shares have risen 5.1% this year so far against increase of 1.2% for the industry.

▲ **Acquisitions and Deals Drive Growth:** We are pleased with Amgen's efforts to drive growth and boost its pipeline through deals and acquisitions. The Oct 2013 Onyx acquisition helped Amgen strengthen its presence in the oncology market. The acquisition added Kyprolis (multiple myeloma) to Amgen's portfolio. Kyprolis represents significant commercial potential. Sales are likely to be driven by launch in additional countries, expansion into additional indications and a longer duration of treatment.

Other interesting deals include the March 2012 acquisition of biotech company, Micromet, which expanded Amgen's oncology pipeline and gave access to Micromet's proprietary BiTE (Bispecific T cell Engager) antibody technology. Micromet's leukemia immunotherapy, Blincyto, a BiTE antibody has now become a key top-line driver at Amgen. Blincyto has the potential to be developed for other hematologic malignancies.

In November 2019, Amgen acquired global commercial rights to Celgene's (now part of Bristol-Myers) blockbuster psoriasis drug, Otezla. The acquisition significantly strengthened its inflammation portfolio which should boost long-term growth. Amgen expects to grow Otezla sales at a CAGR of low double-digit over the next five years.

▲ **Growth Products Performing Well:** While Amgen continues to manage the lifecycle of its more mature products, its growth products – Prolia, Xgeva, Vectibix, Nplate and Kyprolis and Blincyto – are performing well, gaining consistent approvals for label expansions.

Moreover, Amgen is evaluating the currently marketed products like Prolia/Xgeva, Vectibix, Enbrel, Aranesp, Kyprolis, Nplate and Blincyto for additional indications. In 2017/early 2018, Amgen gained regulatory approvals to include overall survival data from studies in the labels for Kyprolis and Blincyto, which is driving sales of these products. In 2018, Prolia and Xgeva were approved for new indications, glucocorticoid-induced osteoporosis and prevention of SRE in multiple myeloma patients, respectively, in both the United States and EU which are driving sales of these drugs higher. Otezla was approved for scalp psoriasis in April 2020 while being evaluated in phase III studies for the treatment of oral ulcers associated with Behcet's disease, severe genital psoriasis and mild-to-moderate plaque psoriasis.

Amgen's PCSK9 inhibitor, Repatha, gained approval to include the cardiovascular indication (based on FOURIER outcomes study) in its label in 2017. With the inclusion of the FOURIER data, patient access to Repatha is gradually improving and the product has shown increase in sales trajectory. In October 2018, Amgen slashed the U.S. list price of Repatha by 60%, which has improved affordability of Repatha.

Key recent FDA approvals were that of Evenity/romosozumab for osteoporosis in postmenopausal women at increased risk for fracture and calcitonin gene-related peptide (CGRP) antibody Aimovig/erenumab for prevention of migraine. Both the drugs are off to strong starts.

These new products and line extensions should bring in additional sales in the future quarters.

▲ **Deep Pipeline:** Amgen has several interesting candidates in its pipeline, which represent a significant commercial potential. The company is focusing on therapeutic areas like oncology/hematology, cardiovascular disease, inflammation and bone health. Important pipeline candidates include tezepelumab (severe asthma – phase III; COPD – phase II), omecamtiv mecarbil (chronic heart failure – phase III) and rozibafusp alfa/AMG 570 (systematic lupus erythematosus – phase II). Amgen also has an intriguing lineup of early and mid-stage oncology programs, which can contribute to growth in the long term. Early clinical data on a key candidate, sotorasib/AMG-510, Amgen's KRAS inhibitor for solid tumor, has shown encouraging anti-tumor activity in patients with locally-advanced or metastatic KRASG12C mutant solid tumors like non-small cell lung cancer (NSCLC), colorectal cancer (CRC) and appendiceal cancer. Amgen is conducting a phase II monotherapy study on AMG-510 in NSCLC (data expected in 2020) and in advanced colorectal cancer patients. It is also conducting phase Ib combination studies with PD-1, MEK and other targeted therapies.

Results from several pivotal programs are expected in the near term.

▲ **Exploring the World of Biosimilars:** Amgen boasts a strong biosimilars portfolio which could be an important long-term growth driver for the company. Amgen markets Kanjinti (a biosimilar of Roche's Herceptin) and Mvasi (biosimilar of Roche's Avastin) in the United States and Amgevita (biosimilar of AbbVie's Humira), Kanjinti and Mvasi outside the United States. Its biosimilars business is already annualizing at over $1 billion in sales.

In the United States, Amjevita is expected to be launched in 2023. Amgen expects more biosimilars to gain approval in 2020 and contribute to total revenues. Avsola (ABP 710), Amgen's biosimilar version of J&J/Merck's blockbuster immunology medicine, Remicade was launched in July 2020 after getting FDA approval in December 2019. Amgen also filed a biologics license application (BLA) to the FDA for ABP 798, a biosimilar candidate to Roche's Rituxan in December 2019 (PDUFA Date: Dec 19). A biosimilar of Alexion's Soliris (ABP 959) and Regeneron's Eylea is in late state development.

Amgen has collaborated with Allergan for the worldwide development and commercialization of Mvasi, Kanjinti and ABP 798.

▲ **Expansion into New and Emerging Markets:** We are pleased to see that Amgen is working on expanding its presence in international markets, which represent significant commercial potential. Amgen's outside U.S. sales accounts for around 26% of its product sales. Among the emerging markets, Amgen expects China to become a key market while Japan is an important new market where it expects to grow over time. In 2019, volumes of its drugs in Asia Pacific markets rose 62% year over year. Over the next decade, Amgen expects these markets to account for around 25% of its sales growth.

Amgen owns approximately 20.3% stake in China's leading pharma company BeiGene. Per its deal, BeiGene will commercialize Xgeva, Kyprolis, and Blincyto in China while also help advance 20 of Amgen's oncology pipeline candidates, including AMG 510, in China.

- **Cost Cutting Initiatives & Share Buybacks Drive the Bottom Line:** Amgen has undertaken initiatives like staff reduction, rationalization of manufacturing facilities and outsourcing of non-core business functions to help control costs. Amgen is also looking to reduce its R&D spend by entering into collaborations for its pipeline candidates. Amgen has partnerships with companies like UCB (Evenity) Pfizer (Enbrel), and Bayer (Nexavar). Such deals not only result in sharing of costs, they also help the company share the risk associated with pipeline development.

  Amgen is also returning cash to shareholders through dividends. Amgen raised its dividend by 10% each for 2020 and 2019 and 15% each for 2018 and 2017. The company bought back shares worth $7.6 billion in 2019, $17.9 billion in 2018 and $3.1 billion in 2017. In 2020, it expects to buy back shares within a range of $3 billion to $5 billion.

- **Favorable Debt Profile:** As of Jun 30, 2020, the company's debt-to-total capital ratio was 76.3, which decreased from 77.1 as of Mar 31, 2021. A lower ratio indicates lesser financial risk. As of Jun 30, 2020, Amgen had approximately $34.2 billion in long-term debt on its balance sheet, higher than $30.0 billion as of Mar 31, 2020. Though the company is highly leveraged, its short-term debt was quite negligible. The cash on the company's balance sheet is sufficient to cover the short-term debt. Amgen's cash, cash equivalents, and marketable securities totaled approximately $11.4 billion as of Jun 30, 2020. Though its times interest earned ratio of 7.6% as of Jun 30 was down from 7.8% as of Mar 31, it has been above 7.5% for the past many quarters, which clearly indicates that Amgen is capable of meeting its interest obligations from operating earnings.

Reasons To Sell:

Increasing competition for its legacy products are hurting their sales.

- **Biosimilars Hurting Sales:** Biosimilars are having a negative impact on key products like Neupogen and Neulasta in both the United States and EU. While Neupogen lost patent protection in the United States in December 2013, Neulasta lost protection in October 2015. Several generic versions of Neupogen have been launched, which have significantly pulled down sales. Meanwhile, three biosimilar versions of Neulasta have also been launched in the United States and more biosimilars may also receive approval in the near future, which will put further pressure on Neulasta sales. Pfizer's Retacrit, the first biosimilar version of Epogen, was launched in November 2018 and other biosimilar versions of Epogen may also receive approval in the future. Sensipar also lost patent exclusivity in March 2018 and generics have been launched (at-risk).

  In August 2016, Sandoz received FDA approval for its biosimilar version of Enbrel, Erelzi. Notably, Erelzi is yet to be launched in the United States due to ongoing litigation. In April 2019, the FDA approved a second biosimilar version of Enbrel. Two companies are also seeking approval to market generic versions of Kyprolis.

- **Competitive Pressures on Key Products:** The softness in sales of Enbrel, Amgen's largest product, is also key cause for concern. Pricing pressure and stiff competition are hurting sales of Enbrel, one of the main drivers of Amgen's revenues. The declining trends in Enbrel volumes are continuing in 2020.

  Additionally, increased competition from PD-1s and other new cancer therapies are hurting demand for Neulasta. Epogen and Aranesp are also facing increasing competition from branded products like Roche's Mircera. Aranesp is facing competition from long-acting products and could also lose share to Epogen biosimilars. Sales of almost all mature products declined in 2017, 2018 and 2019.

  Importantly, Aimovig faces intense competition from Teva and Lilly's CGRPs, Ajovy and Emgality, respectively. Both were approved by the FDA in 2018.

- **Negative Updates on the Pipeline Front:** The company has had its share of pipeline setbacks including the disappointing top-line late-stage data on trebananib for recurrent ovarian cancer.

  In July 2019, Amgen discontinued two pivotal phase II/III studies evaluating CNP520 to prevent or delay the symptoms of Alzheimer's disease (AD) in a high-risk population. A review of clinical data from the study showed that some patients in the studies experienced worsening of cognitive function. This led the sponsors of the Generation Program to conclude that the potential benefit for participants in the studies failed to outweigh the risks.

- **Repatha Issues:** Sales of Repatha have suffered since launch due to payer restrictions. Despite Amgen's efforts to improve access to Repatha, patients face significant hurdles due to high co-pay expenses. Though volumes have improved, following the 60% cut in the U.S. list price of Repatha to improve access and affordability of Repatha, the lower prices are affecting the profits from the drug.

- **Global Pricing Pressure:** Global efforts toward health care cost containment are creating pricing pressure on drugs and market access. While many of the company's drugs face pricing pressures in the United States, in many markets outside the U.S., government-mandated pricing actions have led to lowering of generic and patented drug prices. All these factors are creating pressure on sales and profits of pharma companies. Also changes in the U.S. healthcare system as part of the health care reforms could further create further pricing pressure.

  These pricing pressures are expected to continue and hurt the top line in future quarters. In fact, Amgen's net selling price declined 1% in 2018 and 5% globally in 2019 and is expected to decline in 2020 at a low to mid-single digit rate.

Last Earnings Report

Amgen Beats on Q2 Earnings & Sales

Quarter Ending	06/2020
Report Date	Jul 28, 2020
Sales Surprise	0.39%
EPS Surprise	11.55%
Quarterly EPS	4.25
Annual EPS (TTM)	15.72

Amgen reported second-quarter 2020 earnings of $4.25 per share, which beat the Zacks Consensus Estimate of $3.81. Earnings rose 7% year over year driven by higher revenues and lower share count.

Total revenues of $6.21 billion beat the Zacks Consensus Estimate of $6.18 billion. Total revenues rose 6% year over year.

Due to COVID-19 pandemic, interruptions to physician-patient interactions led to delays in diagnosis and treatment of several of Amgen's drugs. However, management said that the negative impact from COVID-19 was more pronounced early in the second quarter and improved in the second half of the quarter.

Quarter in Detail

Total product revenues rose 6% from the year-ago quarter to $5.91 billion (U.S.: $4.43 billion; ex-U.S.: $1.48 billion). Higher sales of Otezla, Repatha and biosimilar products were offset by lower sales of several other drugs like Prolia, Xgeva, Kyprolis and others due to COVID-19 and the erosion of mature brands from biosimilar/new competition. Business disruption due to decline in visits of patients to doctors' clinics amid the coronavirus pandemic hurt sales of some of its products.

Product sales growth was mostly driven by higher volumes (up 13%) as prices were lower for several drugs.

Other revenues of $298 million were almost flat year over year.

Performance of Key Drugs

Prolia revenues came in at $659 million, down 6% from the year-ago quarter. Volumes of the drug declined due to fewer office visits by osteoporosis patients who are generally older and more vulnerable to COVID-19 and require in-office administration. Management is working to implement alternative sites of care and mobile nurse administration to address some of the issues with patient access.

Xgeva delivered revenues of $435 million, down 13% from the year-ago quarter due to disruptions in physician-patient interactions amid COVID-19 pandemic. Moreover, in response to the pandemic, the National Comprehensive Cancer Network (NCCN) revised its treatment guidelines to prioritize primary cancer treatments over bone targeting agents like Xgeva. This also hurt sales of Xgeva in the second quarter.

Kyprolis recorded sales of $253 million, down 5% year over year, hurt by lower volumes due to reduced multiple myeloma patient visits to doctors.

Repatha generated revenues of $200 million, up 32% year over year, as higher volume was partially offset by lower prices due to Amgen's efforts to improve access and affordability for the product. However, Repatha's new prescription growth in the United States were negatively impacted by COVID-19 in April but improved later in the quarter. However, CVS removed Repatha from its national formulary at the start of July, which may hurt Repatha's prescription growth in the third quarter. Net selling prices are expected to remain stable

Vectibix revenues came in at $195 million, down 1% year over year. Nplate sales declined 4% to $193 million due to slower volume growth as fewer patients visited doctors and loss of new patient starts to oral alternatives.

Blincyto sales increased 19% from the year-ago period to $93 million driven by higher demand.

Parsabiv recorded sales of $186 million, up 11% driven by higher demand, which offset the impact of lower selling prices.

Aimovig recorded sales of $98 million in the quarter, higher than $71 million in the previous quarter as higher volumes offset the impact of lower price as Amgen expanded patient access.

Aimovig volumes rose 45% in the quarter. It commanded a 41% market share among CGRP antibodies at the end of the second quarter. New-to-brand prescription trends for the CGRP market were hurt by COVID-19 in the second quarter. Net selling prices are expected to remain stable through the rest of the year.

Evenity recorded sales of $101 million in the quarter compared with $100 million in the previous quarter. In the United States, sales were $40 million while international sales were $61 million. Sales were hurt by slower new patient starts in the United States. Amgen expects a slowdown in reported sales in the third quarter as the first half of 2020 benefited from larger shipments to its Japan-based partner, Astellas.

Sales of Otezla were $561 million in the quarter, up 14% year over year driven by volume growth.

Biosimilar generated revenues of $357 million in the quarter. Among biosimilars, Amjevita sales were $62 million in the quarter, down 28% sequentially due to lower selling prices and reversal of stockpiling benefits of the first quarter. Sales of Kanjinti and Mvasi were $123 million and $172 million in the quarter, compared with $119 million and $115 million, respectively, in the previous quarter. The company expects increasing competitive pressure on Kanjinti and Mvasi in the future quarters because of the launch of competing biosimilar products.

However, Amgen's mature drugs like Enbrel, Aranesp, Epogen, Neupogen and Neulasta have been facing an array of branded and generic competitors.

Aranesp revenues declined 11% from the prior-year quarter to $387 million due to lower net selling price and demand trends due to increased competitive pressure.

Revenues of the other ESA, Epogen, declined 28% to $161 million due to lower demand and selling prices.

Neulasta revenues declined 28% from the year-ago period to $593 million due to the impact of biosimilar competition on demand and price. However, share of Neulasta OnPro in the long-acting G-CSF segment increased to 58% in the quarter as it provided a convenient solution to help patients avoid additional visits.

Neupogen recorded 35% decline in sales to $49 million in the quarter. Enbrel delivered revenues of $1.25 billion, down 9% year over year due to lower demand and market share as well as slower growth pace in the rheumatoid arthritis market.

Sensipar/Mimpara revenues declined 34% to $81 million due to generic competition.

Other product sales declined 24% to $60 million.

Operating Margins Rise

Adjusted operating margin rose 170 basis points (bps) to 55.0%. Adjusted operating expenses rose 2% year over year in the quarter to $2.96 billion

SG&A spend rose 1% to $1.27 billion as Otezla-related commercial expenses offset other lower expenses due to COVID-19. R&D expenses rose 3% year over year to $936 million as higher spending on Amgen's oncology pipeline and costs related to Otezla were partially offset by cost recoveries from BeiGene.

Adjusted tax rate was 13.7% for the quarter, a 1.6 points decrease from the year-ago quarter.

Amgen repurchased 2.6 million shares worth $591 million in the quarter and has $4.9 billion remaining under its stock repurchase authorization.

2020 Outlook

Amgen re-affirmed its previously issued sales guidance for 2020 while raising its earnings range. Amgen expects fluctuations in quarterly revenues and earnings as long as the pandemic continues due to uncertainty around the timing of the recovery.

Amgen continues to expect revenues in the range of $25.0 billion-$25.6 billion.

Adjusted earnings per share guidance was raised from a range of $14.85-$15.60 to $15.10 to $15.75 per share.

Adjusted operating costs are expected to grow in a high single-digit percentage range year over year in 2020. In fact, operating expenses are expected to meaningfully increase in the second half of the year due to investments in pipeline as clinical trial and lab activity accelerate and for launch preparation of its late-stage pipeline products. Adjusted tax rate is expected in the range of 13.5% to 14.5%.

Amgen plans to spend approximately $600 million for capital expenditures in 2020. The company guided that it will buy back shares at the lower end of the previous guidance of $3 billion to $5 billion through the year.

Recent News

Repatha Data at ESC – Aug 29

Amgen announced data from a phase IIIb study evaluating Repatha plus lipid lowering therapy in pediatric patients with heterozygous familial hypercholesterolemia at the European Society of Cardiology Congress 2020. The data showed that the Repatha plus lipid-lowering therapies significantly reduced low-density lipoprotein cholesterol (LDL-C) compared to placebo. The data from the 24-week study showed that monthly treatment with Repatha reduced LDL-C by mean 38.3% from baseline compared to placebo. Meanwhile, patients given Repatha experienced improved secondary lipid parameters compared to placebo.

New Kyprolis Combo Gets FDA Nod for Multiple Myeloma – Aug 20

Amgen announced that the FDA has granted approval to a sBLA seeking approval of Kyprolis in combination with J&J's Darzalex, and dexamethasone (DKd) as second to fourth-line treatment option for patients with relapsed/refractory (r/r) MM. The combo therapy will be available in two dosing regimens — once weekly and twice weekly. The recent approval was based on encouraging data from the phase III CANDOR study.

Announces Dividend – Jul 23

The board of directors of Amgen declared a dividend of $1.60 per share for third-quarter 2020. The dividend is will be paid out on Sep 8, 2020 to shareholders of record at the close of business on Aug 17, 2020.

New Board Member – Jul 23

Amgen announced the appointment of Amy E. Miles to its board of directors, effective Jul 23, 2020. The board now comprises 12 directors, 11 of whom are independent.

Valuation

Amgen's shares have risen 5.1% in the year-to-date period and 21.4% over the trailing 12-month period. Stocks in the Zacks sub-industry and sector are up 1.2% and 0.7%, respectively in the year-to-date period. Over the past year, the Zacks sub-industry and sector are up 14.6% and 8.9%, respectively

The S&P 500 Index is up 9.0% in the year-to-date period and 20.2% in the past year.

The stock is currently trading at 6.17X trailing 12-month sales per share, which compares to 3.07X for the Zacks sub-industry, 3.13X for the Zacks sector and 3.88X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 6.36X and as low as 4.39X, with a 5-year median of 5.45X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $266 price target reflects 6.5X trailing 12-month sales per share.

The table below shows summary valuation data for AMGN

Valuation Multiples - AMGN

		Stock	Sub-Industry	Sector	S&P 500
P/S TTM	Current	6.17	3.07	3.13	3.88
	5-Year High	6.36	4.87	3.81	3.88
	5-Year Low	4.39	2.24	2.29	2.43
	5-Year Median	5.45	3.2	3.18	3.21
P/E F12M	Current	15.57	51.3	22.18	23.47
	5-Year High	16.53	67.14	23.2	23.47
	5-Year Low	11.09	21.11	15.89	15.25
	5-Year Median	13.74	38.23	18.99	17.6
P/B TTM	Current	13.92	3.05	3.88	4.76
	5-Year High	15.05	5.87	5.07	4.76
	5-Year Low	3.27	2.06	2.94	2.83
	5-Year Median	5.38	3.86	4.29	3.76

As of 8/31/2020

Industry Analysis **Zacks Industry Rank:** Bottom 27% (183 out of 251)

Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
AbbVie Inc. **(ABBV)**	Neutral	3
Bristol Myers Squibb Company **(BMY)**	Neutral	3
JohnsonJohnson **(JNJ)**	Neutral	3
Eli Lilly and Company **(LLY)**	Neutral	3
Pfizer Inc. **(PFE)**	Neutral	3
Roche Holding AG **(RHHBY)**	Neutral	3
Sanofi **(SNY)**	Neutral	2
Teva Pharmaceutical Industries Ltd. **(TEVA)**	Neutral	3

The positions listed should not be deemed a recommendation to buy, hold or sell.

Industry Comparison Industry: Medical - Biomedical And Genetics

	AMGN	X Industry	S&P 500	ABBV	BMY	JNJ
				Industry Peers		
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	B	-	-	B	A	C
Market Cap	148.37 B	292.66 M	23.72 B	169.02 B	140.74 B	403.90 B
# of Analysts	12	3	14	6	7	9
Dividend Yield	2.53%	0.00%	1.65%	4.93%	2.89%	2.63%
Value Score	B	-	-	B	B	B
Cash/Price	0.08	0.24	0.07	0.04	0.15	0.05
EV/EBITDA	13.54	-3.77	13.28	20.50	23.94	16.62
PEG F1	2.98	1.76	3.03	1.54	1.16	3.40
P/B	13.92	4.21	3.17	11.47	2.86	6.41
P/CF	13.40	16.90	12.87	9.27	14.17	13.32
P/E F1	16.20	24.58	21.63	9.16	9.97	19.54
P/S TTM	6.11	15.48	2.53	4.67	4.04	5.02
Earnings Yield	6.17%	-12.46%	4.39%	10.92%	10.03%	5.12%
Debt/Equity	3.20	0.02	0.70	5.57	0.85	0.40
Cash Flow ($/share)	18.91	-1.08	6.93	10.33	4.39	11.52
Growth Score	B	-	-	C	A	C
Historical EPS Growth (3-5 Years)	9.69%	19.03%	10.41%	21.34%	23.36%	8.66%
Projected EPS Growth (F1/F0)	5.55%	15.96%	-4.75%	16.98%	32.99%	-9.55%
Current Cash Flow Growth	-2.47%	13.92%	5.22%	8.78%	36.74%	3.68%
Historical Cash Flow Growth (3-5 Years)	5.06%	7.73%	8.49%	19.92%	22.46%	7.62%
Current Ratio	2.18	6.03	1.35	0.86	1.47	1.25
Debt/Capital	76.20%	3.39%	42.92%	84.78%	45.99%	28.47%
Net Margin	30.04%	-205.02%	10.25%	19.20%	-1.61%	22.69%
Return on Equity	91.98%	-59.35%	14.66%	-628.57%	28.47%	35.21%
Sales/Assets	0.40	0.19	0.50	0.37	0.31	0.51
Projected Sales Growth (F1/F0)	8.78%	1.24%	-1.40%	36.62%	60.20%	-1.46%
Momentum Score	D	-	-	B	B	C
Daily Price Change	0.08%	0.58%	-0.82%	1.70%	-0.27%	-0.15%
1-Week Price Change	6.51%	-1.86%	2.59%	-0.73%	0.29%	0.58%
4-Week Price Change	2.41%	-0.60%	3.55%	-0.18%	5.25%	4.11%
12-Week Price Change	12.21%	-1.52%	-0.44%	1.25%	1.25%	4.52%
52-Week Price Change	21.43%	8.58%	2.80%	45.68%	29.40%	19.51%
20-Day Average Volume (Shares)	2,762,405	290,530	1,839,384	6,475,466	8,972,086	5,295,041
EPS F1 Estimate 1-Week Change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
EPS F1 Estimate 4-Week Change	0.00%	0.00%	0.20%	0.27%	0.85%	0.00%
EPS F1 Estimate 12-Week Change	0.53%	1.39%	3.87%	-0.96%	1.42%	2.29%
EPS Q1 Estimate Monthly Change	0.00%	0.00%	0.00%	-0.36%	-3.25%	0.00%

Source: Zacks Investment Research

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	B
Growth Score	B
Momentum Score	D
VGM Score	B

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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Investing involves risk; principal loss is possible. There is no guarantee that companies that can issue dividends will declare, continue to pay or increase dividends.

Glossary of Terms and Definitions

52-Week High-Low: The range of the highest and lowest prices at which a stock has traded during the past year. This range is determined based on the stock's daily closing price which may differ from the intra-day high or low. Many investors use it as a technical indicator to determine a stock's current value and future price movement. The idea here is that if price breaks out from the 52-week range, in either direction, the momentum may continue in the same direction.

20-Day Average Volume (Shares): The average number of shares of a company traded in a day over the last 20 days. It is a direct indication of a security's overall liquidity. The higher the average daily trading volume, the easier it is to enter or exit the stock at a desired price with more buyers and sellers being available.

Daily Price Change: This is the percentage difference between a trading day's closing price and the prior trading day's closing price. This item is updated at 9 p.m. EST each day.

1-Week Price Change: This is the percentage change in a stock's closing price over the last 5 trading days. This change reflects the collective buying and selling sentiment over the 1-week period.

A strong weekly price increase for the stock, especially when accompanied by increased volume, is an indication of it gaining momentum.

4-Week Price Change: This is the percentage change in a stock's closing price over the last 20 trading days or past 4 weeks. This is a mediumterm price change metric and an indication of the stock gaining momentum.

12-Week Price Change: This is the percentage change of a stock's closing price over the last 60 trading days or past 12 weeks. Similar to 4-week price change, this is a medium-term price change metric. It shows whether a stock has been enjoying strong investor demand, or if it has been in consolidation, or distress over this period.

52-Week Price Change: This is the percentage change in a stock's closing price over the last 260 trading days or past 52 weeks. This long-term price change metric is a good reference point for investors. Some investors seek stocks with the best percentage price change over the last 52 weeks, expecting the momentum to continue.

Market Cap: The number of outstanding common shares of a company times its latest price per share. This figure represents a company's size, which indicates various characteristics, including price stability and risk, in which investors could be interested.

Year-To-Date Price Change: Change in a stock's daily closing price in the period of time beginning the first day of the current calendar year through to the previous trading day.

# of Analysts: Number of EPS estimates used in calculating the current-quarter consensus. These estimates come from the brokerage analysts tracking this stock. However, the number of such analysts tracking this stock may not match the number of estimates, as all brokerage analysts may not come up with an estimate or provide it to us.

Beta: A measure of risk commonly used to compare the volatility of a stock to the overall market. The S&P 500 Index is the base for calculating beta and carries a value of 1. A stock with beta below 1 is less risky than the market as a whole. And a stock with beta above 1 is riskier.

Dividend: The portion of earnings a company is expected to distribute to its common shareholders in the next 12 months for each share they own. Dividends are usually paid quarterly. Dividend payments reflect positively on a company and help maintain investors' trust. Investors typically find dividend-paying stocks appealing because the dividend adds to any market price appreciation to result in higher return on investment (ROI). Moreover, a steady or increasing dividend payment provides investors a cushion in a down market.

Dividend Yield: The ratio of a company's annual dividend to its share price. The annual dividend used in the ratio is calculated based on the mostrecent dividend paid by the company. Dividend yield is an estimate of the dividend-only return from a stock in the next 12 months. Since dividend itself doesn't change frequently, dividend yield usually changes with a stock's price movement. As a result, often an unusually high dividend yield is a result of weak stock price.

S&P 500 Index: The Standard & Poor's 500 (S&P 500) Index is an unmanaged group of securities considered to be representative of the stock market in general. It is a market-capitalization-weighted index of stocks of the 500 largest U.S. companies. Each stock's weight in the index is proportionate to its market value.

Industry: One of the 250+ groups that Zacks classifies all stocks into based on the nature of business. These groups are termed as expanded (aka "X") industries and map to their respective (economic) sectors; Zacks has 16 sectors.

Zacks Industry Rank: The Zacks Industry Rank is determined by calculating the average Zacks Rank for all stocks in the industry and then assigning an ordinal rank to it. For example, an industry with an average Zacks Rank of 1.6 is better than an industry with an average Zacks Rank of 2.3. So, the industry with the better average Zacks Rank would get a better Zacks Industry Rank. If an industry has the best average Zacks Rank, it would be considered the top industry (1 out of 250+), which would place it at the top 1% of Zacks-ranked industries. Studies have shown that roughly half of a stock's price movement can be attributed to the industry group it belongs to. In fact, the top 50% of Zacks-ranked industries outperforms the bottom 50% by a factor of more than 2 to 1.

Last EPS Surprise: The percentage deviation of a company's last reported earnings per share from the Zacks Consensus Estimate. Companies with a positive earnings surprise are more likely to surprise again in the future (or miss again if they recently missed).

Last Sales Surprise: The percentage deviation of a company's last reported sales from the Zacks Consensus Estimate.

Expected Report Date: This is an estimated date of a company's next earnings release. The information originated or gathered by Zacks Investment Research from its information providers or publicly available sources is the basis of this estimate.

Earnings ESP: The Zacks Earnings ESP compares the Most Accurate Estimate to the Zacks Consensus Estimate for the yet-to-be reported quarter. The Most Accurate Estimate is the most recent version of the Zacks Consensus EPS Estimate. The idea here is that analysts revising their estimates closer to an earnings release have the latest information, which could potentially be more accurate than what they and others contributing to the consensus had predicted earlier. Thus, a positive or negative Earnings ESP reading theoretically indicates the likely deviation of the actual earnings from the consensus estimate. However, the model's predictive power is significant for positive ESP readings only. A positive Earnings ESP is a strong predictor of an earnings beat, particularly when combined with a Zacks Rank #1 (Strong Buy), #2 (Buy) or #3 (Hold). Our research shows that stocks with this combination produce a positive surprise nearly 70% of the time.

Periods:

TTM: Trailing 12 months. Using TTM figures is an effective way of analyzing the most-recent financial data in an annualized format that helps neutralize the effects of seasonality and other quarter-to-quarter variation.

F1: Current fiscal year. This period is used to analyze the estimates for the ongoing full fiscal year.

F2: Next fiscal year. This period is used to analyze the estimates for the next full fiscal year.

F12M: Forward 12 months. Using F12M figures is an effective way of analyzing the near-term (the following four unreported quarters) estimates in an annualized manner. Instead of typically representing estimates for the full fiscal year, which may not represent the nitty-gritty of each quarter, F12M figures suggest an all-inclusive annualized estimate for the following four quarters. The annualization helps neutralize the potential effects of seasonality and other quarter-to-quarter variations.

P/E Ratio: The price-to-earnings ratio measures a company's current market price per share relative to its earnings per share (EPS). Usually, the trailing-12-month (TTM) EPS, current-fiscal-year (F1) EPS estimate, or forward-12-month (F12M) EPS estimate is used as the denominator. In essence, this ratio shows what the market is willing to pay today for each dollar of EPS. In other words, this ratio gives a sense of what the relative value of the company is at the already reported level of earnings or at a future level of earnings.

It is one of the most widely-used multiples for determining the value of a company and helps comparing its valuation with that of a competitor, the industry group or a benchmark.

PEG Ratio: The price/earnings to growth ratio is a stock's P/E ratio using current fiscal year (F1) EPS estimate divided by its expected EPS growth rate over the coming 3 to 5 years. This ratio essentially determines a stock's value by factoring in the company's expected earnings growth and is thus believed to provide a more complete picture than just the P/E ratio, particularly for faster-growing companies.

P/S Ratio: The price-to-sales ratio is calculated as a company's current price per share divided by trailing 12 months (TTM) sales or revenues per share. This ratio shows what the market is willing to pay today for each dollar of TTM sales per share. The P/S ratio is at times the only valuation metric when the company has yet to become profitable.

Cash/Price Ratio: The cash-to-price ratio or Cash Yield is calculated as cash and marketable securities per share divided by the company's current share price. Like the earnings yield, which shows the anticipated yield (or return) on a stock from earnings for each dollar invested, the cash yield does the same, with cash being the source of return instead of earnings. For example, a cash/price ratio of 0.08 suggests a return of 8% or 8 cents for every $1 investment.

EV/EBITDA Ratio: The EV/EBITDA ratio, also known as Enterprise Multiple, is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by EBITDA (earnings before interest, taxes, depreciation and amortization). Usually, trailing-12-month (TTM) or forward-12-month (F12M) EBITDA is used as the denominator.

EV/Sales Ratio: The enterprise value-to-sales ratio is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by annual sales. It is an expansion of the P/S valuation, which uses market value instead of enterprise value. The EV/Sales ratio is perceived as more accurate than P/S, in part, because the market capitalization does not take a company's debt into account when valuing it.

EV/CF Ratio: The enterprise value-to-cash flow ratio is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by the trailing-12-month (TTM) operating cash flow. It's a measure of how long it would take to buy the entire business if you were able to use all the company's operating cash flow.

The EV/CF ratio is perceived as more accurate than the P/CF ratio, in part, because the market price does not take a company's debt into account when valuing it.

EV/FCF Ratio: The enterprise value-to-free cash flow metric compares a company's enterprise value to its trailing-12-month (TTM) free cash flow (FCF). This metric is very similar to the EV/CF ratio, but is considered a more exact measure owing to the fact that it uses free cash flow, which subtracts capital expenditures (CAPEX) from a company's total operating cash flow, thereby reflecting the actual cash flow available for funding growth activities and payments to shareholders.

P/EBITDA Ratio: The P/EBITDA ratio is calculated as a company's per share market value divided by EBITDA (earnings before interest, taxes, depreciation, and amortization). This metric is very similar to the EV/EBITDA ratio, but is considered a little less exact measure as it uses market price, which does not take a company's debt into account. However, since EBITDA is often considered a proxy for cash income, the metric is used as a measure of what the market is willing to pay today for each dollar of the company's cash profitability in the trailing 12 months (TTM) or forward 12 months (F12M).

P/B Ratio: The price-to-book ratio is calculated as a company's current price per share divided by its book value (total assets – liabilities – preferred stocks) per share. In short, the book value is how much a company is worth. In other words, it reflects the total value of a company's assets that its common shareholders would receive if it were to be liquidated. So, the P/B ratio indicates whether you're paying higher or lower than what would remain if the company went bankrupt immediately. Investors typically use this metric to determine how a company's stock price stacks up to its intrinsic value.

P/TB Ratio: The price-to-tangible-book value ratio is calculated as a the per share market value of a company divided by the value of its tangible assets (total assets – liabilities – preferred stocks – intangible assets) per share. Tangible book value is the same thing as book value except it excludes the value of intangible assets to get a step closer to the baseline value of the company.

P/CF Ratio: The price-to-cash flow ratio measures a company's per share market price relative to its trailing-12-month (TTM) operating cash flow per share. This metric is used to determine whether a company is undervalued or overvalued relative to another stock, industry or sector. And like the P/E ratio, a lower number is typically considered better from the value perspective.

One of the reasons why P/CF ratio is often preferred over P/E ratio is the fact that operating cash flow adds back non-cash expenses such as depreciation and amortization to net income. This feature helps valuing stocks that have positive cash flow but are not profitable because of large noncash charges.

P/FCF Ratio: The price-to-free cash flow ratio is an extension of P/CF ratio, which uses trailing-12-month (TTM) free cash flow per share instead of operating cash flow per share. This metric is considered a more exact measure than P/CF ratio, as free cash flow subtracts capital expenditures (CAPEX) from a company's total operating cash flow, thereby reflecting the actual cash flow available for funding activities that generate additional revenues.

Earnings Yield: The earnings yield is calculated as current fiscal year (F1) EPS estimate divided by the company's current share price. The ratio, which is the inverse of the P/E ratio, measures the anticipated yield (or return) from earnings for each dollar invested in a stock today.

For example, earnings yield for a stock, which is trading at $35 and expected to earn $3 per share in the current fiscal year (F1), would be 0.0857 (3/35 = 0.0857) or 8.57%. In other words, for $1 invested in the stock today, the yield from earnings is anticipated to be 8.57 cents.

Investors most commonly compare the earnings yield of a stock to that of a broad market index (such as the S&P 500) and prevailing interest rates, such as the current 10-year Treasury yield. Since bonds and stocks compete for investors' dollars, stock investors typically demand a higher yield for the extra risk they assume compared to investors of U.S. Treasury-backed securities that offer virtually risk-free returns. This additional return is referred to as the risk premium.

Debt/Equity Ratio: The debt-to-equity ratio is calculated as a company's total liabilities divided by its shareholder equity. This metric is used to gauge a company's financial leverage. In other words, it is a measure of the degree to which a company is financing its operations through debt versus its own funds. The higher the ratio, the higher the risk for shareholders.

However, this ratio is difficult to compare across industry groups where ideal amounts of debt vary. Some businesses are more capital intensive than others and typically require higher debt to finance their operations. So, a company's debt-to-equity ratio should be compared with other companies in the same industry.

Cash Flow ($/share): Cash flow per share is calculated as operating cash flow (after-tax earnings + depreciation + other non-cash charges) divided by common shares outstanding. It is used by many investors as a measure of a company's financial strength. Since cash flow per share takes into consideration a company's ability to generate cash by adding back non-cash expenses, it is regarded by some as a more accurate measure of a company's financial situation than earnings per share, which could be artificially deflated.

Current Ratio: The current ratio or liquidity ratio is a company's current assets divided by its current liabilities. It measures a company's ability to pay short-term obligations. A current ratio that is in line with the industry average or slightly higher is generally considered acceptable. A current ratio that is lower than the industry average would indicate a higher risk of distress or default. A higher number is usually better. However, a very high current ratio compared to the industry average could be an indication of inefficient use of assets by management.

Debt/Capital Ratio: Debt-to-capital ratio is a company's total debt (interest-bearing debt + both short- and long-term liabilities) divided its total capital (interest-bearing debt + shareholders' equity). It is a measure of a company's financial leverage. All else being equal, the higher the debt-to-capital ratio, the riskier the stock.

However, this ratio can vary widely from industry to industry, the ideal amount of required debt being different. Some businesses are more capital intensive than others and typically require higher debt to finance their operations. So, a company's debt-to-capital ratio should be compared with the same for its industry.

Net Margin: Net margin is calculated as net income divided by sales. It shows how much of each dollar in sales generated by a company translates into profit. For example, if a company's net margin is 15%, its net income is 15 cents for every $1 of sales it makes.

A change in margin can reflect either a change in business conditions, or a company's cost controls, or both. If a company's expenses are growing faster than sales, its net margin will decline. However, different net margin rates are considered good for different industries, so it's better to compare net margin rates of companies in the same industry group.

Return on Equity: Return on equity (ROE) is calculated as trailing-12-month net income divided by trailing-12-month average shareholder equity (including reinvested earnings). This metric is considered a measure of how effectively management is using a company's assets to generate profits. For example, if a company's ROE is 10%, it creates 10 cents profits for every $1 shareholder equity, which is basically the company's assets minus debt. A company's ROE deemed good or bad depends on what's normal for its peers or industry group.

Sales/Assets Ratio: The sales-to-assets ratio or asset utilization ratio or asset turnover ratio is calculated as a company's annual sales divided by average assets (average of assets at the beginning of the year and at the year's end). This metric helps investors understand how effectively a company is using its assets to generate sales. For example, a sales-to-assets ratio of 2.5 indicates that the company generated $2.50 in sales for every $1 of assets on its books.

The higher the sales-to-assets ratio, the better the company is performing. However, similar to many other ratios, the asset turnover ratio tends to be higher for companies in certain industries/sectors than in others. So, a company's sales-to-assets ratio should be compared with the same for its industry/sector.

Historical EPS Growth (3-5 Years): This is the average annual (trailing-12-month) EPS growth rate over the last 3-5 years. This metric helps investors see how a company's EPS has grown from a long-term perspective.

Note: There are many factors that can influence short-term numbers — a recession will reduce this number, while a recovery will inflate it. The longterm perspective helps smooth out short-term events.

Projected EPS Growth (F1/F0): This is the estimated EPS growth rate for the current financial year. It is calculated as the consensus estimate for the current fiscal year (F1) divided by the reported EPS for the last completed fiscal year (F0).

Current Cash Flow Growth: It measures the latest year-over-year change in operating cash flow. Cash flow growth tells an investor how quickly a company is generating inflows of cash from operations. A positive change in the cash flow is desired and shows that more 'cash' is coming in than going out.

Historical Cash Flow Growth (3-5 Years): This is the annualized change in cash flow over the last 3-5 years. The change in a longer period helps put the current reading into proper perspective. By looking at the rate, rather than the actual dollar value, the comparison across the industry and peers becomes easier.

Projected Sales Growth (F1/F0): This metric looks at the estimated sales growth for the current year. It is calculated as sales estimate for the current fiscal year (F1) divided by the reported sales for the last completed fiscal year (F0).

Like EPS growth, a higher rate is better for sales growth. A look at a company's projected sales growth instantly tells you what the outlook is for their products and services. However, different sales growth rates are considered good for different industries, so it's better to compare sales growth rates of companies in the same industry group.

EPS F1 Estimate 1-Week Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past week. The change in a company's consensus EPS estimate (or earnings estimate revision) has proven to be strongly correlated with the near-term price movement of its shares. It is an integral part of the Zacks Rank.

If a stock's consensus EPS estimate is $1.10 now versus $1.00 a week ago, that will be reflected as a 10% upward revision. If, on the other hand, it went from $1.00 to 90 cents, that would be a 10% downward revision.

EPS F1 Estimate 4-Week Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past four weeks.

A stock's earnings estimate revision in a 1-week period is important. But it's more meaningful to look at the longer-term revision. And, of course, the 4-week change helps put the 1-week change into proper perspective.

EPS F1 Estimate 12-Week Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past 12 weeks.

This metric essentially shows how the consensus EPS estimate has changed over a period longer than 1 week or 4 weeks.

EPS Q1 Estimate Monthly Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal quarter over the past four weeks.

While the revision in consensus EPS estimate for the current fiscal year is strongly correlated with the near-term price movement of its shares, the estimate revision for the current fiscal quarter is an important metric as well, especially over the short term, and particularly as a stock approaches its earnings date. If a stock's Q1 EPS estimate decreases ahead of its earnings release, it's usually a negative sign, whereas an increase is a positive sign.