Amgen Inc. (AMGN)

$241.49 (As of 01/17/20)

Price Target (6-12 Months): **$265.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 10/11/19) Prior Recommendation: Outperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**2-Buy**
	Zacks Style Scores:	VGM:B
	Value: B | Growth: D | Momentum: A	

Summary

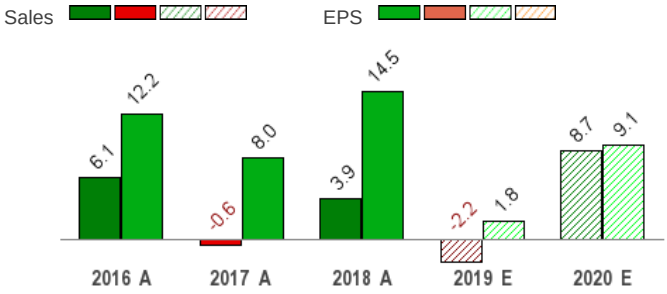
While Amgen's newer drugs — Prolia, Xgeva, Blincyto — are driving sales, biosimilar/brand competition for its legacy products are hurting the same. However, new products including Aimovig and Evenity, biosimilars and international expansion provide incremental growth opportunities. Amgen is also progressing with its pipeline while regularly pursuing external opportunities, such as the acquisition of Otezla from Celgene. Amgen boasts a strong biosimilars pipeline, which can drive long-term growth. Amgen's restructuring plan is making it leaner and more cost efficient. Amgen's shares have outperformed the industry in the past year. Estimates have gone up ahead of Q4 earnings release. Amgen has a positive record of earnings surprise in the recent quarters.

Price, Consensus & Surprise

Data Overview

52 Week High-Low	**$244.99 - $166.30**
20 Day Average Volume (sh)	**1,687,787**
Market Cap	**$143.5 B**
YTD Price Change	**0.2%**
Beta	**1.11**
Dividend / Div Yld	**$6.40 / 2.4%**
Industry	**Medical - Biomedical and Genetics**
Zacks Industry Rank	**Top 37% (94 out of 254)**
Last EPS Surprise	**4.3%**
Last Sales Surprise	**1.8%**
EPS F1 Est- 4 week change	**0.4%**
Expected Report Date	**01/30/2020**
Earnings ESP	**3.3%**
P/E TTM	**16.5**
P/E F1	**15.1**
PEG F1	**2.8**
P/S TTM	**6.1**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2020	5,976 E	6,303 E	6,218 E	6,421 E	25,243 E
2019	5,557 A	5,871 A	5,737 A	6,016 E	23,221 E
2018	5,554 A	6,059 A	5,904 A	6,230 A	23,747 A

EPS Estimates

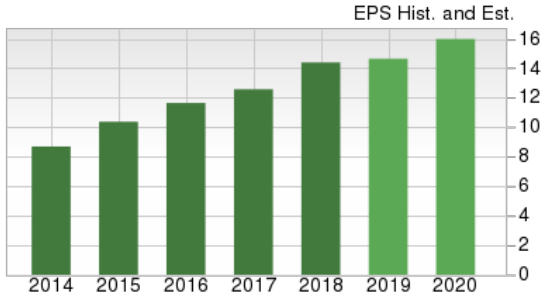
	Q1	Q2	Q3	Q4	Annual*
2020	$3.83 E	$4.08 E	$3.97 E	$3.99 E	$16.00 E
2019	$3.56 A	$3.97 A	$3.66 A	$3.49 E	$14.66 E
2018	$3.47 A	$3.83 A	$3.69 A	$3.42 A	$14.40 A

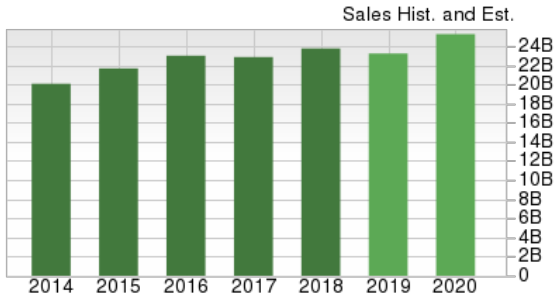
*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 01/17/2020. The reports text is as of 01/20/2020.

Overview

Thousand Oaks, CA-based Amgen is one of the leading biotechnology companies in the world, with extensive manufacturing, distribution and sales facilities. Amgen has 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). Meanwhile, the acquisition of Immunex Corporation gave Amgen an access to the multi-blockbuster drug, Enbrel.





Amgen successfully launched two next-generation products - Aranesp and Neulasta. 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 13% to 2018 product sales, the granulocyte colony-stimulating factor (G-CSF) franchise comprising Neupogen/Neulasta contributed 20.4% to product sales in 2018. Enbrel accounted for almost 22% of product sales.

Another major product approval was Prolia/Xgeva (denosumab). Prolia/Xgeva sales in 2018 were $4.07 billion, accounting for 18% 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 (77% of total product sales in 2018). The company posted global sales of $23.75 billion in 2018, up 4% year over year.

Reasons To Buy:

> Amgen's new products – Prolia, Xgeva, Blincyto, Kyprolis - are all performing well. Its restructuring plan should make it leaner and more cost efficient. It is also progressing with its pipeline.

- **Shares Outperforming Industry:** Amgen's shares have risen 18.4% in the past year against decrease of 3.5% 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 products like 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 Mar 2012 acquisition of biotech company, Micromet, for approximately $1.16 billion. With this acquisition, Amgen expanded its oncology pipeline and gained 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, Amgen acquired global commercial rights to Celgene's blockbuster psoriasis drug, Otezla. The acquisition is expected to significantly strengthen its inflammation portfolio and boost long-term growth.

- **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.

  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. Other new products include Imlygic (regionally or distantly metastatic melanoma), Corlanor (heart failure) and Parsabiv (secondary hyperparathyroidism). 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.

  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.

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

- **Deep Pipeline:** Amgen is progressing with its pipeline. In the past five years, Amgen has launched nine products, including two in new therapeutic areas.

  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, atopic dermatitis – phase II), omecamtiv mecarbil (chronic heart failure – phase III) and AMG 570 (systematic lupus erythematosus – phase II). Amgen also has an intriguing lineup of early and mid-stage programs, which can contribute to growth in the long term. Early clinical data on a key candidate, 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 enrolling patients in a phase II monotherapy study on AMG-510 in NSCLC. It rapidly enrolled in a cohort of CRC patients in another phase III study. It is also conducting phase Ib combination studies including 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 pipeline, which could be an important long-term growth driver for the company. Amgen achieved several important milestones with its biosimilars portfolio in 2018/2019 including its first two launches in EU – Amjevita (biosimilar of AbbVie's Humira) and Kanjinti (biosimilar of Roche's Herceptin) as well as United States - Kanjinti and Mvasi (biosimilar of Roche's Avastin). Its biosimilars business is already annualizing at approximately $700 million in sales.

  In the United States, Amjevita is expected to be launched in 2023. A biosimilar version of Johnson and Johnson/Merck's Remicade (ABP 710) was approved by the FDA in December 2019 while it is under review in the EU while a biosimilar of Alexion's Soliris (ABP 959) is in late state development. Amgen expects to launch additional biosimilars in 2019/2020 across multiple geographies.

  Amgen has collaborated with Allergan for the worldwide development and commercialization of four oncology antibody biosimilar medicines including Mvasi (launched in the U.S. and approved in EU), Kanjinti (launched in both U.S. and EU), and biosimilar Rituxan (ABP 798 – under review in United States). Amgen has also tied up with Daiichi Sankyo for the commercialization of nine biosimilars in Japan.

- **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% for 2019, 15% each for 2018 and 2017 and by 27% for 2016. The company bought back shares worth $17.9 billion in 2018 and $3.1 billion in 2017.

  Amgen's 2014-2018 restructuring plan made the company leaner and more cost-efficient. Most of the savings were reinvested in the company's efforts to launch new products. Amgen's restructuring initiatives helped it to generate 1.9 billion of annual savings in the 2014-

2018 period. Its overall net operating expenses increased less than 1% on a five-year (2014-2018) CAGR basis. Amgen also achieved its goal of operating margin of 52–54% in 2016, two years ahead of its commitment to achieve it by 2018.

▲ **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 account for around 26% of its product sales. The company expects outside U.S. sales to account for an increasing percentage of its total product revenues over time. 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 January 2020, it bought a 20.5% stake in China's leading pharma company BeiGene. Per the 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.

Reasons To Sell:

> Bioosimilar and brand competition for its legacy products is hurting sales. Uptake of key drug, Repatha has been slow due to payer restrictions.

- **Biosimilars Hurting Sales:** Biosimilars are already having a negative impact on key products like Neupogen and Neulasta in the EU. While Neupogen lost patent protection in the U.S. in Dec 2013, Neulasta lost protection in Oct 2015. Several generic versions of Neupogen have been launched, which have significantly pulled down sales. Biosimilar versions of Neulasta have also been approved and launched 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.

- **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. Enbrel sales declined 9% in 2017 and 8% in 2018. The declining trends in Enbrel demand and selling price are expected to continue.

  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 all mature products declined in 2017 and 2018.

  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:** Even though Amgen was the first to file for approval of its PCSK9 inhibitor Repatha in the United States, Regeneron and Sanofi entered the market first with their Praluent gaining FDA approval in Jul 2015. 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 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 is expected to decline in 2019 as well.

Last Earnings Report

Amgen Beats on Q3 Earnings & Sales

Quarter Ending	09/2019
Report Date	**Oct 29, 2019**
Sales Surprise	**1.82%**
EPS Surprise	**4.27%**
Quarterly EPS	**3.66**
Annual EPS (TTM)	**14.61**

Amgen reported third-quarter 2019 earnings of $3.66 per share, which beat the Zacks Consensus Estimate of $3.51. Earnings declined 1% year over year due to lower revenues and operating profits.

Total revenues of $5.74 billion in the quarter beat the Zacks Consensus Estimate of $5.63 billion. However, total revenues declined 3% year over year.

Quarter in Detail

Total product revenues decreased 1% from the year-ago quarter to $5.46 billion (U.S.: $4.03 billion; ex-U.S.: $1.43 billion) as increasing demand for newer products like Prolia and strong performance of the newly launched biosimilar products — Kanjinti and Mvasi in the United States — was offset by the erosion of mature brands from biosimilar competition. Product sales growth was mostly driven by higher volumes (up 3%) as prices were lower for several drugs. Net selling prices declined 4% year over year in the quarter, which resulted in a decline in total revenues.

Other revenues of $274 million declined 30.5% in the quarter due to a milestone payment received in the prior-year quarter.

Prolia revenues came in at $630 million, up 18% from the year-ago quarter, driven by volume increases resulting from new patient growth as well as strong repeat rates.

Xgeva delivered revenues of $476 million, up 10% from the year-ago quarter mainly due to higher demand, which drove volumes.

Kyprolis recorded sales of $266 million, up 15% year over year driven primarily by 12% volume growth in the United States.

Blincyto sales increased 47% from the year-ago period to $85 million, reflecting rise in demand.

Repatha generated revenues of $168 million, up 40% year over year, as higher volume was offset by lower prices.

Vectibix revenues came in at $196 million, up 8% year over year. Nplate sales rose 10% to $195 million.

Parsabiv, launched in several markets including the United States in 2018, recorded sales of $157 million, which was lower than $168 million in the previous quarter. While Parsabiv sales gained from higher demand, sales declined sequentially as trends were impacted by purchasing patterns, which included a larger purchase in the second quarter.

New migraine drug, Aimovig recorded sales of $66 million in the quarter, lower than $83 million in the previous quarter due to unfavorable changes in accounting estimates for sales discounts in prior periods. However, Aimovig volumes rose 12% on a sequential basis.

On the call, the company said that approximately 260,000 new patients in the United States have been prescribed Aimovig since launch. Meanwhile, more than 30,000 physicians have prescribed Aimovig since launch. It commanded a 50% market share among CGRP antibodies at the end of the third quarter.

Evenity recorded sales of $59 million in the quarter compared with $28 million in the previous quarter. In the United States, where Evenity was launched in April this year, sales were $12 million while international sales were $47 million with the majority coming from Japan.

Amgen recorded biosimilar revenues of $173 million in the quarter, much higher than $82 million in the previous quarter driven by the launches of Kanjinti and Mvasi in the United States. Total sales comprised sales of $81 million in the United States and $92 million in international markets.

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

Aranesp revenues declined 5% from the prior-year quarter to $452 million on lower volume due to increased competitive pressure. Amgen expects Aranesp sales to decline at a faster rate with both long-acting and short-acting competition in the United States.

Revenues of the other ESA, Epogen declined 15% to $215 million due to lower selling prices as the category has become extremely competitive.

Neulasta revenues declined 32% from the year-ago period to $711 million due to lower selling prices and biosimilar competition.

Neupogen recorded 36% decline in sales to $54 million in the quarter due to unfavorable changes in accounting estimates and biosimilar competition in the United States, which hurt demand and prices.

Enbrel delivered revenues of $1.37 billion, up 6% from the year-ago quarter, driven primarily by favorable changes in inventory along with a slight price increase, which offset the 2% decline in volumes due to continued competition.

Sensipar/Mimpara revenues declined 73% to $109 million due to at-risk small-molecule generic launches.

Other product sales rose 25% to $85 million.

Operating Margins Decrease

Adjusted operating margin declined 280 basis points (bps) to 51.1%. Adjusted operating expenses were flat year over year in the third quarter.

SG&A spend decreased 5% to $1.21 billion on cost control. R&D expenses rose 8% year over year to $977 million due to higher spending on

Amgen's early- and late-stage oncology pipeline.

Adjusted tax rate was 15.2% for the quarter, a 2.2 points increase from the year-ago quarter.

Amgen repurchased 6.2 million shares worth $1.2 billion in the third quarter and has $3.6 billion remaining under its stock repurchase authorization. In the fourth quarter, it plans to buy an additional $1 billion to $1.5 billion of shares.

2019 Guidance

Amgen slightly raised its previously issued sales guidance while increasing the earnings range significantly. The company expects revenues in the range of $22.8-$23 billion versus $22.4-$22.9 billion expected previously. Adjusted earnings per share are anticipated in the range of $14.20-$14.45 versus $13.75-$14.30 expected previously. The guidance excludes the impact of the Otezla acquisition, which is expected to close by the end of 2019.

Operating costs in 2019 are expected to be up slightly from 2018 level on an absolute basis versus prior expectation of remaining flat. Research and development costs are expected to rise in high single-digit percentage terms in 2019. However, SG&A expenses are expected to decline as launch expenses normalize. Adjusted tax rate is expected in the range of 14% to 15% (maintained). Amgen expects operating costs to increase 15% in the fourth quarter versus the third.

Amgen plans to invest approximately $650 million in capital expenditures in 2019 versus prior expectation of $700 million.

Initial 2020 Outlook

In 2020, Amgen's base business is expected to be stable. However, it expects to grow with the anticipated addition of Otezla.

Ends Neuroscience Research Efforts

On the call, the company announced that it is discontinuing its early neuroscience research efforts with the exception of programs centered on neuro inflammation. Amgen chief executive officer, Bob Bradway, said that the company wants to focus its research efforts in therapeutic areas like cardiovascular disease, inflammatory disease and oncology, where it thinks it can be successful.

Recent News

Diagnostic Collaborations With Guardant Health and QIAGEN – Jan 13

Amgen announced global collaborations with Guardant Health and QIAGEN to develop blood- and tissue-based companion diagnostics for AMG 510. The partners will initially focus on CDx tests to identify patients with NSCLC who may benefit from AMG 510. However, the deal allows for further development of the diagnostic tests for Amgen's other oncology clinical development programs.

Closes Oncology Deal with BeiGene in China – Jan 2

Amgen announced the closing of the previously announced strategic alliance with China's leading pharma company BeiGene to expand its oncology footprint in the country. Per the deal, Amgen bought a 20.5% stake in BeiGene for $2.8 billion in cash.

Filed BLA for Rituxan Biosimilar – Dec 19

Amgen and partner Allergan announced the submission of a biologics license application (BLA) to the FDA for ABP 798, their biosimilar candidate to Rituxan.

Increases Dividend – Dec 11

The board of directors of Amgen declared a dividend of $1.60 cents per share for first-quarter of 2020. The quarterly dividend amounts to an annual dividend of $6.40 per share, which represents an increase of 10.3% from the previous annual dividend of $5.80 per share (quarterly dividend of $1.44 per share). The dividend is payable on Mar 6, 2020 to shareholders of record at the close of business on Feb 14, 2020.

Evenity Gets Approval in Europe — Dec 11

Amgen and partner UCB announced that the European Commission (EC) has granted marketing authorization to Evenity (romosozumab) for the treatment of severe osteoporosis in postmenopausal women at high risk of fracture.

The approval was supported by the positive opinion given by the Committee for Medicinal Products for Human Use (CHMP) in October 2019. The drug is expected to be launched in Europe in the first half of 2020. Evenity was approved in April by the FDA.

Kyprolis Data at ASH – Dec 10

Amgen presented additional data a phase III study – CANDOR – which evaluated Kyprolis + dexamethasone and Darzalex in patients with relapsed or refractory multiple myeloma at the annual meeting of the American Society of Hematology (ASH).

Gets FDA Approval for Remicade Biosimilar — Dec 6

Amgen announced that the FDA has granted approval to its biosimilar version of J&J/Merck's blockbuster immunology medicine, Remicade (infliximab). The biosimilar will be marketed by the trade name of Avsola (ABP 710) for all approved indications of Remicade, which includes a range of autoimmune disorders. ABP 710 is an anti-TNF monoclonal antibody. However, Amgen did not mention when it plans to launch Avsola.

The approval was based, in part, on data from a late-stage study, which evaluated ABP 710 versus branded Remicade, for the treatment of moderate-to-severe rheumatoid arthritis (RA). Data from the phase III study showed that ABP 710 was non-inferior compared to Remicade based on its primary endpoint, which was assessment of 20% improvement in American College of Rheumatology core set measurements (ACR20) at week 22.

Valuation

Amgen's shares are up 18.4% in the trailing 12-month period. While stocks in the Zacks sub-industry are down 3.5%, those in the sector are up 4.8% over the past year. The S&P 500 Index is up 23.8% in the past year.

The stock is currently trading at 6.21X trailing 12-month sales per share which compares to 2.86X for the Zacks sub-industry, 3.18X for the Zacks sector and 3.6X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 6.55X and as low as 4.39X, with a 5-year median of 5.49X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $265 price target reflects 6.8X forward 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	6.21	2.86	3.18	3.6
	5-Year High	6.55	4.96	4.14	3.65
	5-Year Low	4.39	2.1	2.69	2.51
	5-Year Median	5.49	2.64	3.26	3.15
P/E F12M	Current	15.04	N/A	21.79	19.2
	5-Year High	17.7	N/A	21.79	19.34
	5-Year Low	11.09	20.54	15.88	15.17
	5-Year Median	13.8	38.25	18.95	17.44
P/B TTM	Current	13.13	3.92	4.61	4.55
	5-Year High	13.23	5.71	5.02	4.55
	5-Year Low	3.27	2.41	3.42	2.85
	5-Year Median	4.51	3.24	4.28	3.61

As of 1/17/2020

Industry Analysis **Zacks Industry Rank:** Top 37% (94 out of 254)

Top Peers

Eli Lilly and Company **(LLY)**	Outperform
Pfizer Inc. **(PFE)**	Outperform
AbbVie Inc. **(ABBV)**	Neutral
Bristol-Myers Squibb Company **(BMY)**	Neutral
Johnson & Johnson **(JNJ)**	Neutral
Roche Holding AG **(RHHBY)**	Neutral
Sanofi **(SNY)**	Neutral
Teva Pharmaceutical Industries Ltd. **(TEVA)**	Neutral

Industry Comparison Industry: Medical - Biomedical And Genetics

Industry Peers

	AMGN Neutral	X Industry	S&P 500	ABBV Neutral	BMY Neutral	JNJ Neutral
VGM Score	B	-	-	A	A	B
Market Cap	143.49 B	189.35 M	24.65 B	130.14 B	108.71 B	392.60 B
# of Analysts	10	3	13	3	3	8
Dividend Yield	2.40%	0.00%	1.73%	5.36%	2.70%	2.55%
Value Score	B	-	-	B	A	B
Cash/Price	0.15	0.23	0.04	0.08	0.31	0.05
EV/EBITDA	11.67	-3.78	14.11	18.83	15.22	15.48
PEG Ratio	2.78	1.62	2.08	2.08	0.82	2.40
Price/Book (P/B)	13.13	4.04	3.39	NA	6.12	6.74
Price/Cash Flow (P/CF)	13.36	13.21	13.81	9.42	15.23	13.68
P/E (F1)	15.10	28.31	19.19	9.36	10.91	16.42
Price/Sales (P/S)	6.13	13.62	2.69	3.96	4.50	4.80
Earnings Yield	6.62%	-15.48%	5.21%	10.68%	9.17%	6.09%
Debt/Equity	2.54	0.02	0.72	-4.03	1.37	0.46
Cash Flow ($/share)	18.08	-1.07	6.94	9.34	4.38	10.90
Growth Score	D	-	-	A	B	C
Hist. EPS Growth (3-5 yrs)	11.35%	16.50%	10.56%	21.99%	20.32%	9.06%
Proj. EPS Growth (F1/F0)	9.14%	7.26%	7.57%	5.12%	40.85%	4.83%
Curr. Cash Flow Growth	2.84%	20.28%	14.73%	33.63%	24.21%	13.87%
Hist. Cash Flow Growth (3-5 yrs)	10.23%	8.03%	9.00%	18.69%	13.59%	7.92%
Current Ratio	2.89	5.12	1.24	1.15	3.83	1.26
Debt/Capital	71.74%	3.91%	42.99%	NA	57.87%	31.62%
Net Margin	34.48%	-197.98%	11.14%	9.90%	23.53%	21.09%
Return on Equity	80.26%	-64.11%	17.16%	-155.96%	45.49%	39.81%
Sales/Assets	0.38	0.20	0.55	0.56	0.53	0.53
Proj. Sales Growth (F1/F0)	9.09%	17.19%	4.16%	8.32%	67.04%	4.28%
Momentum Score	A	-	-	A	A	B
Daily Price Chg	0.41%	-0.15%	0.27%	-1.41%	-0.09%	0.65%
1 Week Price Chg	-0.09%	1.78%	0.39%	0.41%	3.90%	0.54%
4 Week Price Chg	-0.14%	6.15%	2.95%	-0.87%	6.16%	2.63%
12 Week Price Chg	18.93%	18.24%	7.76%	14.58%	22.71%	17.00%
52 Week Price Chg	19.60%	-4.89%	22.29%	0.92%	34.52%	15.56%
20 Day Average Volume	1,687,787	229,656	1,536,375	6,472,427	12,046,275	5,324,063
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.37%	0.00%	0.00%	0.00%	0.07%	0.05%
(F1) EPS Est 12 week change	3.28%	0.34%	-0.40%	0.48%	14.81%	-0.43%
(Q1) EPS Est Mthly Chg	-0.21%	0.00%	0.00%	NA	0.00%	0.00%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

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	D
Momentum Score	A
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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