Amgen Inc. (AMGN)

$235.31 (As of 05/27/21)

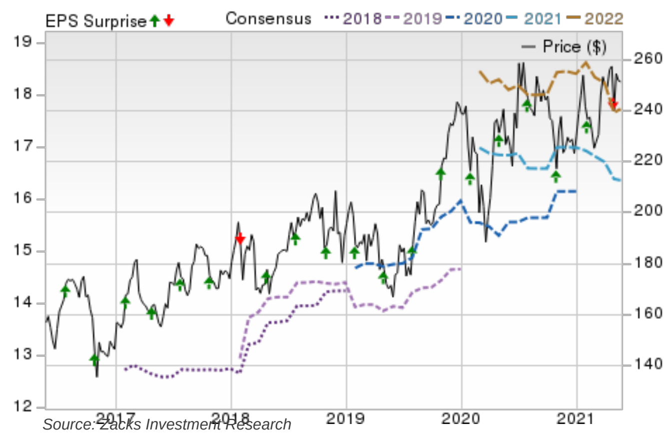
Price Target (6-12 Months): **$247.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 10/13/19) Prior Recommendation: Outperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5) Zacks Style Scores: Value: A | Growth: B	**4-Sell** VGM:A Momentum: A

Summary

While Amgen's key drugs like Prolia, Repatha, Otezla and biosimilars are driving sales, increasing competition for its legacy products is hurting the same. Amgen is rapidly advancing its innovative pipeline, most notably sotorasib and tezepelumab. It is regularly pursuing "external opportunities" such as the acquisition of Otezla and the stake in China's BeiGene. Amgen expects several important clinical data readouts in 2021, which could be catalysts for the stock. Amgen also boasts a strong biosimilars portfolio, which is an important long-term growth driver. However, pricing and competitive pressure are impacting many of Amgen's products and franchises. Several of Amgen's marketed drugs are facing increased pricing headwinds in 2021 and continued COVID-19 headwinds. Amgen's shares have outperformed industry.

Price, Consensus & Surprise

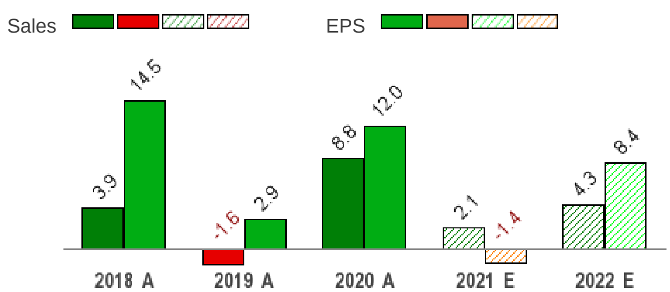


Source: Zacks Investment Research

Data Overview

52-Week High-Low	**$276.69 - $210.28**
20-Day Average Volume (Shares)	**2,850,066**
Market Cap	**$135.2 B**
Year-To-Date Price Change	**2.3%**
Beta	**0.72**
Dividend / Dividend Yield	**$7.04 / 2.8%**
Industry	**Medical - Biomedical and Genetics**
Zacks Industry Rank	**Bottom 17% (207 out of 250)**
Last EPS Surprise	**-7.5%**
Last Sales Surprise	**-5.3%**
EPS F1 Estimate 4-Week Change	**-2.3%**
Expected Report Date	**07/27/2021**
Earnings ESP	**-0.9%**
P/E TTM	**14.6**
P/E F1	**14.4**
PEG F1	**2.6**
P/S TTM	**5.4**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2022	6,372 E	6,713 E	6,841 E	7,048 E	27,074 E
2021	5,901 A	6,402 E	6,657 E	6,946 E	25,955 E
2020	6,161 A	6,206 A	6,423 A	6,634 A	25,424 A

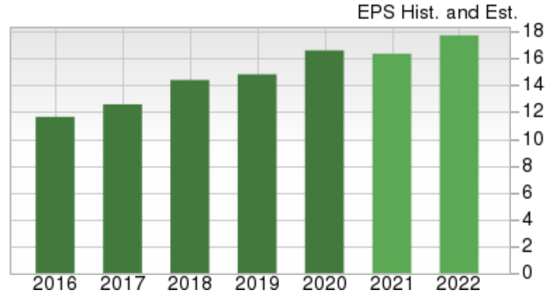
EPS Estimates

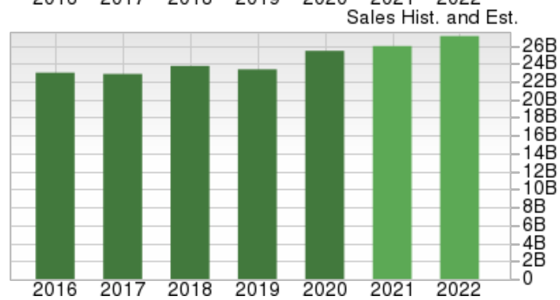
	Q1	Q2	Q3	Q4	Annual*
2022	$4.23 E	$4.45 E	$4.54 E	$4.03 E	$17.73 E
2021	$3.70 A	$4.12 E	$4.25 E	$4.09 E	$16.36 E
2020	$4.17 A	$4.25 A	$4.37 A	$3.81 A	$16.60 A

*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 05/27/2021. The report's text and the analyst-provided price target are as of 05/28/2021.

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 and neuroscience 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. Other relatively newer products are Repatha, Blincyto, Parsabiv, Evenity, Aimovig, Kanjinti, Mvasi and Amgevita biosimilars.

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 around half of Amgen's revenues. While the erythropoiesis-stimulating agents (ESA) franchise consisting of Epogen and Aranesp contributed 9% to 2020 product sales, the granulocyte colony-stimulating factor (G-CSF) franchise comprising Neupogen/Neulasta contributed 10.1% to product sales in 2020. Enbrel accounted for 21% of product sales. Prolia/Xgeva sales in 2020 were $4.7 billion, accounting for almost 19% of product sales.

Amgen derives the bulk of its revenues from the domestic market (74.2% of total product sales in 2020). The company posted global sales of $24.2 billion in 2020, up 9% year over year.

Source: Zacks Investment Research

Reasons To Buy:

Amgen is rapidly advancing its innovative pipeline, most notably sotorasib and tezepelumab. Important data readouts are expected in 2021, which could be important catalysts for the stock.

▲ **Shares Outperforming Industry:** Amgen's shares have risen 2.3% this year so far against a decrease of 4.9% 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.

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. In 2021, Amgen acquired Five Prime Therapeutics, which added late-stage cancer candidate, bemarituzumab to its pipeline.

▲ **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. Key recent new drug 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 decent starts.

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. Also, 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.

Moreover, Amgen is evaluating Prolia/Xgeva, Vectibix, Enbrel, Aranesp, Kyprolis, Nplate and Blincyto for additional indications. Kyprolis is being investigated for weekly dosing in combinations with lenalidomide and dexamethasone for relapsed multiple myeloma while Repatha is being investigated for atherosclerotic cardiovascular disease. Nplate is being studied in phase III for chemotherapy-induced thrombocytopenia. For Otezla, the regulatory application for mild-to-moderate plaque psoriasis is under review in the United States (PDUFA Date- Dec 19, 2021). Otezla is also being studied in phase III for hospitalized patients with COVID-19.

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 its R&D efforts mainly in inflammation, oncology/hematology and CV/metabolic diseases. Important pipeline candidates include tezepelumab (severe asthma – BLA filed in United States; chronic rhinosinusitis with nasal polyps – phase III; chronic obstructive pulmonary disease or COPD and chronic spontaneous urticaria – phase II), bemarituzumab (gastric and gastroesophageal junction cancer – phase III to begin soon) and rozibafusp alfa (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. A key candidate, sotorasib/Lumakras, 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. Regulatory applications seeking approval of sotorasib in advanced NSCLC are under review in the United States (PDUFA Date: Aug 16, 2021), Europe and some other countries. Amgen is conducting a phase II monotherapy study on sotorasib in second-line plus NSCLC and in advanced colorectal cancer patients While data from the NSCLC cohort showed that sotorasib drove rapid, deep, and durable responses, data from colorectal cancer cohort are expected in the second half of 2021. A phase II study in first-line NSCLC is expected to begin in the second quarter of 2021. Amgen is also conducting phase Ib combination studies with PD-1, MEK and other targeted therapies with some initial data expected in the second half of 2021.

Amgen also has some interesting BiTE candidates in its early-stage pipeline including AMG 701 (multiple myeloma) and AMG 757 (small-cell lung cancers).

Results from several pivotal programs are expected in the near term, which could act as catalysts for the stock.

▲ **Biosimilars – Am Important Source of Revenues:** 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. In 2020, Amgen launched Avsola, a biosimilar to J&J/Merck's blockbuster immunology medicine Remicade and in January 2021, the company launched Riabni, a biosimilar for Roche's Rituxan. Its biosimilars business is annualizing at over $2 billion in sales. In the United States, Amjevita is expected to be launched in 2023.

Biosimilars of J&J's Stelara (ABP 654), Alexion's Soliris (ABP 959) and Regeneron's Eylea (ABP 938) are in late state development.

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

▲ **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 2020, revenues of drugs in the Asia Pacific markets exceeded $1 billion for the first time. Over the next decade, Amgen expects these markets to account for around 25% of its sales growth.

Amgen owns approximately 20.4% stake in China's leading pharma company BeiGene. Per its deal, BeiGene has begun commercializing Xgeva and will commercialize Kyprolis and Blincyto in China while also helping advance some of Amgen's oncology pipeline candidates, including sotorasib, 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) Novartis (Aimovig) and Pfizer (Enbrel). 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 $3.5 billion in 2020, $7.6 billion in 2019, $17.9 billion in 2018 and $3.1 billion in 2017. In 2021, it expects to buy back shares within a range of $3 billion to $5 billion.

▲ **Favorable Debt Profile:** As of Mar 31, 2021, the company's debt-to-total capital ratio was 77.8%, same as at the end of 2020. As of Mar 31, 2021, Amgen had approximately $31.1 billion in long-term debt on its balance sheet, lower than $32.9 billion as of Dec 30, 2020. Though the company is highly leveraged, its short-term debt was quite low at $1.6 billion. 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 $10.6 billion as of Mar 31, 2021. Its times interest earned ratio has been more than 7.0% for the past many quarters, which clearly indicates that Amgen is capable of meeting its interest obligations from operating earnings.

Reasons To Sell:

Several of Amgen’s marketed drugs are facing increased pricing headwinds in 2021 and continued COVID-19 headwinds.

- **Biosimilar/Generic Competition 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, four biosimilar versions of Neulasta have also been launched in the United States and more biosimilars may also receive approval in 2021 and thereafter, 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. Amgen has ongoing litigations with two other generic makers for Enbrel. Two companies are also seeking approval to market generic versions of Kyprolis.

  Sales of almost all mature products declined in the last four years due to biosimilar/generic competition with the trend expected to continue in 2021.

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

- **Softness in Enbrel Sales:** 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. In 2020, this decline was compounded by a reduction in the growth rate of the rheumatology market due to the pandemic. Enbrel sales declined 4% in 2020. The declining trends in Enbrel volumes continue in 2021.

- **Uncertainty Surrounding the Pandemic:** The pandemic has hurt demand trends of physician-administered drugs of most companies. Though trends are recovering somewhat, the recovery has been at a slower pace than originally expected due to rising cases of infections due in the second wave of the pandemic. The pandemic is expected to continue to hurt drugmakers’ sales in the second quarter with some stability expected in the second half of the year.

- **Pricing Headwinds:** 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-mated 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 5% globally in 2019 and 6% in 2020 and is expected to decline in 2021 at a mid-single-digit rate.

- **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.

Last Earnings Report

Amgen Q1 Earnings, Sales Miss on Low Prices

Quarter Ending	03/2021
Report Date	Apr 27, 2021
Sales Surprise	-5.28%
EPS Surprise	-7.50%
Quarterly EPS	3.70
Annual EPS (TTM)	16.13

Amgen reported first-quarter 2021 earnings of $3.70 per share, which missed the Zacks Consensus Estimate of $4.00. Earnings declined 12% year over year due to lower revenues and share of partner BeiGene's net loss.

Total revenues of $5.90 billion missed the Zacks Consensus Estimate of $6.23 billion. Total revenues declined 4% year over year as lower net selling prices hurt sales of several drugs. Meanwhile, the COVID-19 pandemic continued to hurt patient visits and new patient starts, mainly in the months of January and February as infection rates surged in the United States and Europe.

However, the company did see improved demand trends in March, which continued in April. Meanwhile, the year-over-year comparison was negatively affected by 2% as the first quarter of 2020 had benefited from roughly $150 of favorable changes to estimated sales deductions, which did not get reflected in the results of the first quarter of 2021.

Historically, the first quarter represents the lowest product sales quarter of the year as U.S. patients work through deductibles, especially for products, including Enbrel, Otezla and Aimovig .

Total product revenues decreased 5% from the year-ago quarter to $5.89 billion (U.S.: $3.90 billion; ex-U.S.: $1.7 billion). Volumes rose 4% while net selling prices declined 7% due to increased discounting and rebates to maintain formulary access in increasingly competitive categories.

Other revenues of $309 million declined 15.7% year over year.

Performance of Key Drugs

Prolia revenues came in at $758 million, up 16% from the year-ago quarter driven by volume growth as new and repeat patient volumes continued to recover from the impact of the pandemic.

With most osteoporosis patients already receiving vaccinations and with diagnosis rates reaching almost 90% of pre-COVID-19 levels, Prolia sales are expected to continue to improve throughout 2021.

Xgeva delivered revenues of $468 million, down 3% from the year-ago quarter hurt by COVID-19 related lower demand in United States and lower pricing in Asia.

Kyprolis recorded sales of $251 million, down 10% year over year due to slower growth in the multiple myeloma segment as fewer patients initiated treatment amid the pandemic

Future growth of Kyprolis is expected to be supported by encouraging uptake for combination use of Kyprolis plus Darzalex and dexamethasone (based on CADOR study data).

Repatha generated revenues of $286 million, up 25% year over year, as higher volume was partially offset by unfavorable changes to estimated sales deductions and lower prices due to Amgen's efforts to improve access and affordability for the product. Amgen expects further reduction in global net price of Repatha on a sequential basis.

Vectibix revenues came in at $191 million, down 5% year over year. Nplate sales rose 4% to $227 million. Blincyto sales increased 14% from the year-ago period to $107 million.

Parsabiv recorded sales of $79 million, down 55% due to volume declines following changes in reimbursement rules for the drug.

Aimovig recorded sales of $66 million in the quarter, down 7% year over year as volume growth was offset by lower net selling price, which was due to increased rebates to maintain patient access. Unfavorable changes to estimated sales deductions also hurt sales.

New osteoporosis drug, Evenity recorded sales of $107 million in the quarter compared with $90 million in the previous quarter driven by volume growth.

Sales of Otezla were $476 million in the quarter, down 1% as volume growth was offset by lower pricing and pandemic-related inventory stocking in the year-ago quarter. New-to-brand prescription volume remained flat as the pandemic is suppressing the diagnosis and treatment of psoriasis patients.

Biosimilar generated revenues of $570 million in the quarter driven by volume growth, which offset the impact of declines in net selling price. Sales of Kanjinti and Mvasi were $161 million and $294 million in the quarter, compared with $158 million and $280 million, respectively, in the previous quarter. Sales of Kanjinti improved sequentially as favorable changes to estimated sales deductions were offset by price declines due to increased competition. Amjevita sales were $106 million in the quarter, up 23% year over year as higher volumes were partially offset by lower net selling price.

Overall, for biosimilars, volume growth is expected to be partially offset by lower prices due to increased competition in 2021.

However, all the mature drugs like Enbrel, Aranesp, Epogen, Neupogen and Neulasta declined due to an array of branded and generic competitors. Enbrel revenues of $924 million declined 20% year over year due to favorable changes to estimated sales deductions in the prior year, lower volumes and price. The negative volume and net price trends are expected to continue in the future quarters.

Aranesp revenues declined 16% from the prior-year quarter to $355 million. Revenues of the other ESA, Epogen, declined 19% to $125 million. Neulasta revenues declined 21% from the year-ago period to $482 million. Neupogen recorded 48% decrease in sales to $34 million in the quarter. Sensipar/Mimpara revenues declined 81% to $23 million.

Operating Margins Decrease

Adjusted operating margin declined 270 basis points (bps) to 51.2%. Adjusted operating expenses rose 2% year over year in the quarter to $3.04 billion. SG&A spend decreased 5% to $1.23. R&D expenses rose 2% year over year to $944 million driven by higher spend on early-stage pipeline partially offset by lower spending on late-stage development program.

Adjusted tax rate was 13.6% for the quarter, a 0.6-point increase from the year-ago quarter.

Amgen repurchased 3.7 million shares worth $865 million in the quarter and has $5.5 billion remaining under its stock repurchase authorization.

2021 Guidance

Amgen maintained its revenue guidance for 2021 in the range of $25.8 billion-$26.6 billion and adjusted earnings per share guidance in the range of $16.00 to $17.00 per share.

Adjusted operating costs are expected to grow at a rate similar to 7% recorded in 2020 as the company invests in innovation, launch of new products and digitization efforts. While R&D costs are expected to increase, SG&A expenses are expected to decline. Operating margin is expected to be roughly 50% in 2021. Adjusted tax rate is expected in the range of 13.5% to 14.5% compared with the previous expectation of 13%-14%. Amgen expects net selling prices for its drugs to decline in the mid-single digit range in 2021.

Amgen plans to spend approximately $900 million for capital expenditures in 2021. The company expects to buy back shares in the range of $3 billion to $5 billion through the year (previously $3-$4 billion).

Q2 Outlook

In the second quarter, Amgen expects revenues to grow between 7% and 10% sequentially from the first quarter. Second-quarter revenues will be aided by higher other revenues due to recognition of revenues from the collaboration with Eli Lilly for the manufacture of COVID-19 antibodies.

Cost of sales is expected to increase as a percent of product sales reflecting the impact of the Lilly deal. Operating expenses are expected to increase in the mid-teens percentage range reflecting the impact of the Lilly deal.

The company expects continued business disruption from COVID-19 in the second quarter with a steady recovery in the second half supported by global vaccination.

Recent News

BLA Filed for Tezepelumab – May 10

Amgen and partner AstraZeneca submitted a biologics license application (BLA) to the FDA seeking approval of tezepelumab in severe asthma. The sBLA was supported by positive data from the PATHFINDER clinical program including the pivotal NAVIGATOR phase III study.

FDA Accepts Otezla sNDA for Plaque Psoriasis – May 5

Amgen announced that the FDA has accepted for review the supplemental New Drug Application (sNDA) for Otezla (apremilast) for the treatment of adults with mild-to-moderate plaque psoriasis who are candidates for phototherapy or systemic therapy.

The sNDA was submitted in February 2021. It was based on positive data from the phase III ADVANCE study, a multicenter, randomized, placebo-controlled, double-blind study to assess the efficacy of Otezla in adults with mild-to-moderate plaque psoriasis. The agency has set a Prescription Drug User Fee Act (PDUFA) action date of Dec 19, 2021.

To Conduct Dose Comparison Study on Lumakras – Apr 28

Amgen announced that it agreed with the FDA's proposed post-marketing requirement to conduct a multi-center randomized study to compare the safety and efficacy of Lumakras at 960 mg once daily versus a lower daily dose of the drug. Amgen intends to proceed with the previously disclosed study comparing 960 mg once daily to a 240 mg once daily dose. Results from the study are expected in late 2022.

Otezla Data at AAN Meeting – Apr 23

Amgen presented data from the phase III ADVANCE study evaluating Otezla in adults with mild-to-moderate plaque psoriasis at the virtual meeting of the American Academy of Dermatology. The data showed that Otezla improved measures of disease severity in adults with mild-to-moderate plaque psoriasis regardless of their Body Surface Area (BSA) affected by the disease. A supplemental new drug application for Otezla to treat adults with mild-to-moderate plaque psoriasis is currently under review with the FDA.

Valuation

Amgen's shares have risen 2.3% in the year-to-date period and 2.4% over the trailing 12-month period. Stocks in both Zacks sub-industry and sector are down 4.9% and 0.8% in the year-to-date period. Over the past year, the Zacks sub-industry is down 9.0% while the sector is up 0.7%, respectively

The S&P 500 Index is up 12.4% in the year-to-date period and 40.0% in the past year.

The stock is currently trading at 5.43X trailing 12-month sales per share, which compares to 2.7X for the Zacks sub-industry, 3.1X for the Zacks sector and 5.18X 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 5.49X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $247 price target reflects 5.7X trailing 12-month sales per share.

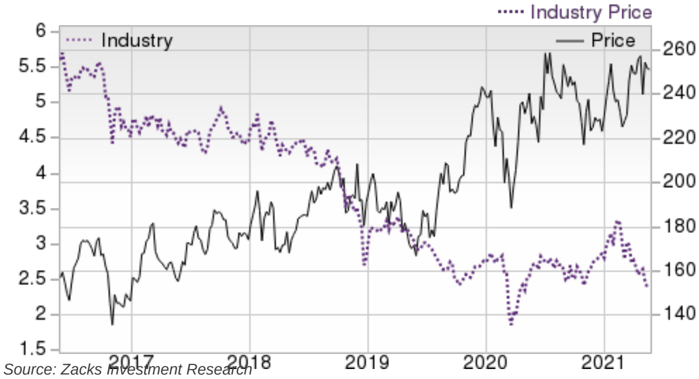
The table below shows summary valuation data for AMGN

Valuation Multiples - AMGN

		Stock	Sub-Industry	Sector	S&P 500
P/S TTM	Current	5.43	2.7	3.1	5.18
	5-Year High	6.36	3.79	3.67	5.22
	5-Year Low	4.39	2.35	2.35	2.82
	5-Year Median	5.49	3.19	3.19	3.92
P/E F12M	Current	13.91	45.13	22.82	21.86
	5-Year High	16.53	58.48	22.82	23.83
	5-Year Low	11.09	21.09	15.82	15.3
	5-Year Median	13.74	42.14	19.33	18.02
P/B TTM	Current	14.48	3.13	4.33	6.97
	5-Year High	16	5.02	5.07	7.02
	5-Year Low	3.27	2	3.03	3.83
	5-Year Median	8.87	3.72	4.35	5.01

As of 5/27/2021 *Source: Zacks Investment Research*

Industry Analysis **Zacks Industry Rank:** Bottom 17% (207 out of 250)



Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
AbbVie Inc. **(ABBV)**	Neutral	3
Bristol Myers Squibb Company **(BMY)**	Neutral	3
Johnson & Johnson **(JNJ)**	Neutral	3
Pfizer Inc. **(PFE)**	Neutral	3
Roche Holding AG **(RHHBY)**	Neutral	3
Sanofi **(SNY)**	Neutral	3
Teva Pharmaceutical Industries Ltd. **(TEVA)**	Neutral	3
Eli Lilly and Company **(LLY)**	Underperform	4

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)	4	-	-	3	3	3
VGM Score	A	-	-	A	A	A
Market Cap	135.20 B	370.65 M	30.19 B	198.38 B	146.72 B	444.54 B
# of Analysts	14	3	12	8	8	9
Dividend Yield	2.99%	0.00%	1.3%	4.63%	2.98%	2.51%
Value Score	A	-	-	A	A	B
Cash/Price	0.07	0.27	0.06	0.05	0.09	0.05
EV/EBITDA	12.68	-5.90	17.47	22.18	51.66	19.05
PEG F1	2.64	1.27	2.18	1.69	1.27	2.71
P/B	14.48	3.65	4.19	14.45	3.89	6.75
P/CF	10.91	22.85	17.45	8.45	6.03	15.70
P/E F1	14.38	19.82	21.77	8.91	8.82	17.74
P/S TTM	5.37	20.91	3.48	3.95	3.43	5.28
Earnings Yield	6.95%	-12.52%	4.52%	11.22%	11.34%	5.64%
Debt/Equity	3.34	0.00	0.66	5.40	1.18	0.46
Cash Flow ($/share)	23.01	-0.94	6.82	13.74	11.12	10.89
Growth Score	B	-	-	A	A	B
Historical EPS Growth (3-5 Years)	8.87%	20.82%	9.39%	21.63%	24.14%	6.24%
Projected EPS Growth (F1/F0)	-1.44%	6.94%	20.29%	19.32%	15.63%	18.53%
Current Cash Flow Growth	19.25%	16.16%	0.74%	58.71%	157.14%	-5.46%
Historical Cash Flow Growth (3-5 Years)	5.89%	6.53%	7.37%	25.16%	46.29%	6.23%
Current Ratio	1.66	7.39	1.39	0.83	1.56	1.28
Debt/Capital	76.93%	0.00%	41.55%	84.38%	54.16%	31.49%
Net Margin	28.16%	-205.15%	11.79%	10.28%	-14.53%	17.95%
Return on Equity	93.84%	-52.27%	16.10%	136.75%	33.76%	34.62%
Sales/Assets	0.39	0.16	0.51	0.33	0.35	0.50
Projected Sales Growth (F1/F0)	2.09%	9.30%	9.23%	22.12%	8.18%	10.70%
Momentum Score	A	-	-	A	D	C
Daily Price Change	-0.37%	0.00%	0.09%	-0.85%	0.07%	-0.06%
1-Week Price Change	-0.15%	2.81%	-0.49%	-0.27%	3.34%	0.43%
4-Week Price Change	-2.34%	-3.58%	0.85%	4.26%	1.58%	3.29%
12-Week Price Change	11.60%	-16.38%	12.34%	7.78%	9.33%	7.89%
52-Week Price Change	10.85%	10.68%	46.29%	26.08%	10.30%	18.42%
20-Day Average Volume (Shares)	2,850,066	282,635	1,936,476	7,663,525	9,931,897	6,696,147
EPS F1 Estimate 1-Week Change	0.00%	0.00%	0.00%	0.10%	0.00%	0.00%
EPS F1 Estimate 4-Week Change	-2.32%	0.00%	1.65%	0.75%	0.05%	0.00%
EPS F1 Estimate 12-Week Change	-2.75%	-1.63%	2.64%	0.81%	0.02%	0.39%
EPS Q1 Estimate Monthly Change	-4.91%	0.00%	0.83%	-5.72%	1.58%	0.00%

Source: Zacks Investment Research

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 maintain a 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

Value Score	A
Growth Score	B
Momentum Score	A
VGM Score	A

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.

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.

Disclosures

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ZIR uses the following rating system for the securities it covers. **Outperform-** ZIR expects that the subject company will outperform the broader U.S. equities markets over the next six to twelve months. **Neutral-** ZIR expects that the company will perform in line with the broader U.S. equities markets over the next six to twelve months. **Underperform-** ZIR expects the company will underperform the broader U.S. equities markets over the next six to twelve months.

Additional Disclosure

This material represents an assessment of the market and economic environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. Forward-looking statements are subject to certain risks and uncertainties. Any statements that refer to expectations, projections or characterizations of future events or circumstances, including any underlying assumptions, are forwardlooking statements. Actual results, performance, or achievements may differ materially from those expressed or implied.

Returns quoted represent past performance which is no guarantee of future results. Investment returns and principal value will fluctuate so that when shares are redeemed, they may be worth more or less than their original cost. Current performance may be higher or lower than the performance shown.

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.