

ModernGraham Valuation

Company Name:

Amgen, Inc.

Company Ticker AMGN

Date of Analysis

9/23/2015



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$110,651,580,970	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	5.48	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	140.33%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	20.72	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.08	Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	5.48	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.00	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$7.04
MG Growth Estimate	9.95%
MG Value	\$200.07
MG Value based on 3% Growth	\$102.13
MG Value based on 0% Growth	\$59.87
Market Implied Growth Rate	6.11%

MG Opinion

Current Price	\$145.93
% of Intrinsic Value	72.94%
Opinion	Undervalued

Stage 3: Information for Further Research

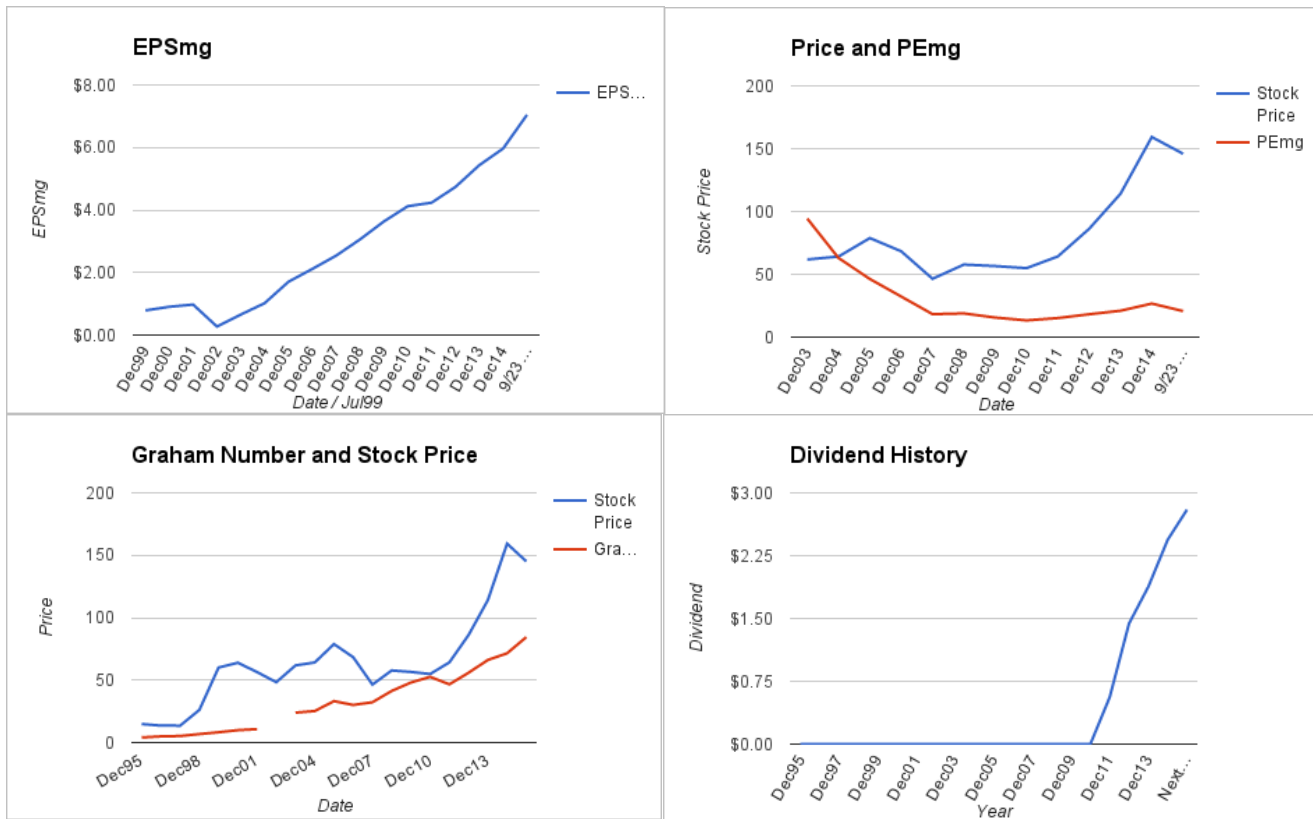
Net Current Asset Value (NCAV)	-\$7.80
Graham Number	\$84.46
PEmg	20.72
Current Ratio	5.48
PB Ratio	4.08
Dividend Yield	1.92%
Number of Consecutive Years of Dividend Growth	5

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$8.77	Next Fiscal Year Estimate	\$7.04
Dec14	\$6.70	Dec14	\$5.97
Dec13	\$6.64	Dec13	\$5.43
Dec12	\$5.52	Dec12	\$4.74
Dec11	\$4.04	Dec11	\$4.23
Dec10	\$4.79	Dec10	\$4.12
Dec09	\$4.51	Dec09	\$3.63
Dec08	\$3.90	Dec08	\$3.06
Dec07	\$2.82	Dec07	\$2.54
Dec06	\$2.48	Dec06	\$2.11
Dec05	\$2.93	Dec05	\$1.70
Dec04	\$1.81	Dec04	\$1.02
Dec03	\$1.69	Dec03	\$0.65
Dec02	-\$1.21	Dec02	\$0.27
Dec01	\$1.03	Dec01	\$0.98
Dec00	\$1.05	Dec00	\$0.90
Dec99	\$1.02	Dec99	\$0.79
Dec98	\$0.82	Balance Sheet Information Jun15	
Dec97	\$0.59	Total Current Assets	\$37,736,000,000
Dec96	\$0.61	Total Current Liabilities	\$6,891,000,000
Dec95	\$0.47	Long-Term Debt	\$30,702,000,000
		Total Assets	\$71,209,000,000
		Intangible Assets	\$26,711,000,000
		Total Liabilities	\$43,725,000,000
		Shares Outstanding (Diluted Average)	768,000,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other ModernGraham posts about the company

- [The Best Companies of the Pharmaceuticals Industry – August 2015](#)
- [The 10 Best Stocks For Value Investors This Week – 6/20/15](#)
- [Amgen Inc. Analysis – June 2015 Update \\$AMGN](#)
- [18 Companies in the Spotlight This Week – 3/21/15](#)
- [Amgen Inc. Quarterly Valuation – March 2015 \\$AMGN](#)

Other ModernGraham posts about related companies

- [Pfizer Inc Analysis – September 2015 Update \\$PFE](#)
- [Johnson & Johnson Analysis – September 2015 Update \\$JNJ](#)
- [Celgene Corporation Analysis – September 2015 Update \\$CELG](#)
- [Allergan PLC Analysis – August 2015 Update \\$AGN](#)
- [The Best Companies of the Pharmaceuticals Industry – August 2015](#)
- [Alexion Pharmaceuticals Inc. Analysis – August 2015 Update \\$ALXN](#)
- [Akorn Inc. Analysis – Initial Coverage \\$AKRX](#)
- [Zoetis Inc. Analysis – July 2015 Update \\$ZTS](#)
- [Mallinckrodt PLC Analysis – Initial Coverage \\$MNK](#)
- [Biogen IDEC Inc. Analysis – July 2015 Update \\$BIIB](#)