

# ModernGraham Valuation

Company Name:

Amgen, Inc.

Company Ticker AMGN

Date of Analysis

8/25/2016



## 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	\$125,357,511,402	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.97	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	133.78%	Pass
5. Earnings Growth	PEmg < 20	20.34	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	4.29	Fail
7. Moderate Price to Assets			

*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	3.97	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.87	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

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$8.41
MG Growth Estimate	11.67%
<b>MG Value</b>	<b>\$267.63</b>
MG Value based on 3% Growth	\$121.89
MG Value based on 0% Growth	\$71.45
Market Implied Growth Rate	5.92%

### MG Opinion

Current Price	\$171.00
% of Intrinsic Value	63.90%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>B</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$3.16
Graham Number	\$96.05
PEmg	20.34
Current Ratio	3.97
PB Ratio	4.29
Current Dividend	\$3.58
Dividend Yield	2.09%
Number of Consecutive Years of Dividend Growth	6

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$10.19	Next Fiscal Year Estimate	\$8.41
Dec2015	\$9.06	Dec2015	\$7.14
Dec2014	\$6.70	Dec2014	\$5.97
Dec2013	\$6.64	Dec2013	\$5.43
Dec2012	\$5.52	Dec2012	\$4.73
Dec2011	\$4.04	Dec2011	\$4.22
Dec2010	\$4.79	Dec2010	\$4.09
Dec2009	\$4.51	Dec2009	\$3.60
Dec2008	\$3.77	Dec2008	\$3.02
Dec2007	\$2.82	Dec2007	\$2.54
Dec2006	\$2.48	Dec2006	\$2.11
Dec2005	\$2.93	Dec2005	\$1.70
Dec2004	\$1.81	Dec2004	\$1.02
Dec2003	\$1.69	Dec2003	\$0.65
Dec2002	-\$1.21	Dec2002	\$0.27
Dec2001	\$1.03	Dec2001	\$0.98
Dec2000	\$1.05	Dec2000	\$0.90
Dec1999	\$1.02	<b>Balance Sheet Information 6/1/2016</b>	
Dec1998	\$0.82	Total Current Assets	\$42,947,000,000
Dec1997	\$0.59	Total Current Liabilities	\$10,830,000,000
Dec1996	\$0.61	Long-Term Debt	\$27,928,000,000
		Total Assets	\$75,471,000,000
		Intangible Assets	\$25,867,000,000
		Total Liabilities	\$45,338,000,000
		Shares Outstanding (Diluted Average)	756,000,000





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.

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