

# ModernGraham Valuation

Company Name:

Amgen, Inc.

Company Ticker AMGN

Date of Analysis

3/18/2017



## 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	\$122,480,021,905	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	4.11	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	137.95%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	17.18	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.26	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	4.11	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 Score		Pass

### Suitability

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

## Stage 2: Determination of Intrinsic Value

EPSmg	\$9.81
MG Growth Estimate	12.09%
<b>MG Value</b>	<b>\$320.69</b>
MG Value based on 3% Growth	\$142.27
MG Value based on 0% Growth	\$83.40
Market Implied Growth Rate	4.34%

### MG Opinion

Current Price	\$168.61
% of Intrinsic Value	52.58%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>B</b>

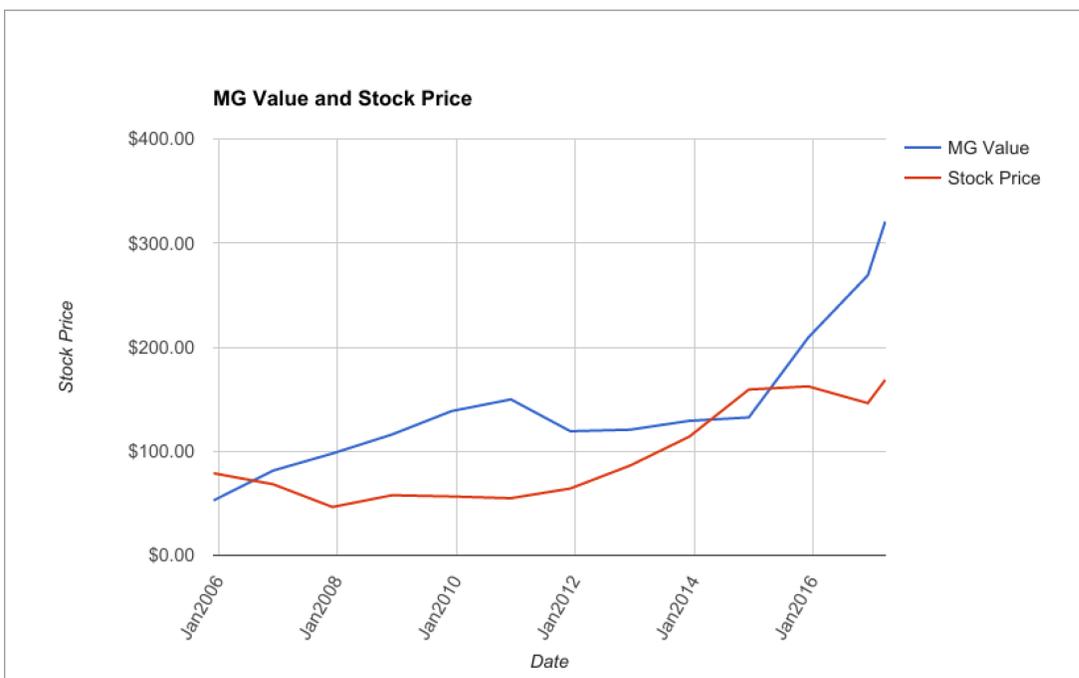
## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$2.31
Graham Number	\$103.67
PEmg	17.18
Current Ratio	4.11
PB Ratio	4.26
Current Dividend	\$4.00
Dividend Yield	2.37%
Number of Consecutive Years of Dividend Growth	7

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$11.80	Next Fiscal Year Estimate	\$9.81
Dec2016	\$10.24	Dec2016	\$8.42
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	<b>Balance Sheet Information 12/1/2016</b>	
Dec1999	\$1.02	Total Current Assets	\$46,010,000,000
Dec1998	\$0.82	Total Current Liabilities	\$11,204,000,000
Dec1997	\$0.59	Long-Term Debt	\$30,193,000,000
		Total Assets	\$77,626,000,000
		Intangible Assets	\$25,030,000,000
		Total Liabilities	\$47,751,000,000
		Shares Outstanding (Diluted Average)	754,000,000





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**

- [Amgen Inc Valuation – February 2016 \\$AMGN](#)
- [5 Undervalued Companies with a Low Beta – October 2015](#)
- [10 Best Stocks For Value Investors This Week – 9/26/15](#)
- [Amgen Inc. Analysis – September 2015 Update \\$AMGN](#)
- [The Best Companies of the Pharmaceuticals Industry – August 2015](#)

**Other ModernGraham posts about related companies**

- [Ligand Pharmaceuticals Inc Valuation – Initial Coverage \\$LGND](#)
- [Pfizer Inc Valuation – March 2017 \\$PFE](#)
- [Supernus Pharmaceuticals Inc Valuation – Initial Coverage \\$SUPN](#)
- [Lannett Company Inc Valuation – Initial Coverage \\$LCI](#)
- [Spectrum Pharmaceuticals Inc Valuation – Initial Coverage \\$SPPI](#)
- [Abbott Laboratories Valuation – January 2017 \\$ABT](#)
- [Johnson & Johnson Valuation – January 2017 \\$JNJ](#)
- [Allergan plc Valuation – January 2017 \\$AGN](#)
- [Impax Laboratories Inc – Initial Coverage \\$IPXL](#)
- [Alexion Pharmaceuticals Inc Valuation – December 2016 \\$ALXN](#)