ModernGraham Valuation

Company Name: Amgen, Inc.

Company Ticker AMGN

Date of Analysis 6/23/2018

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	$122,514,875,748	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.88	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	90.93%	Pass
6. Moderate PEmg Ratio	PEmg < 20	21.53	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	8.43	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	3.88	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.10	Fail
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
	Score		

Suitability

Defensive	**No**
Enterprising	**Yes**

Stage 2: Determination of Intrinsic Value

EPSmg	$8.60
MG Growth Estimate	6.62%
MG Value	**$187.01**
MG Value based on 3% Growth	$124.70
MG Value based on 0% Growth	$73.10
Market Implied Growth Rate	6.51%

MG Opinion

Current Price	$185.15
% of Intrinsic Value	99.01%
Opinion	**Fairly Valued**
MG Grade	**B-**

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-$20.89
Graham Number	$99.30
PEmg	21.53
Current Ratio	3.88
PB Ratio	8.43
Current Dividend	$4.60
Dividend Yield	2.48%
Number of Consecutive Years of Dividend Growth	7

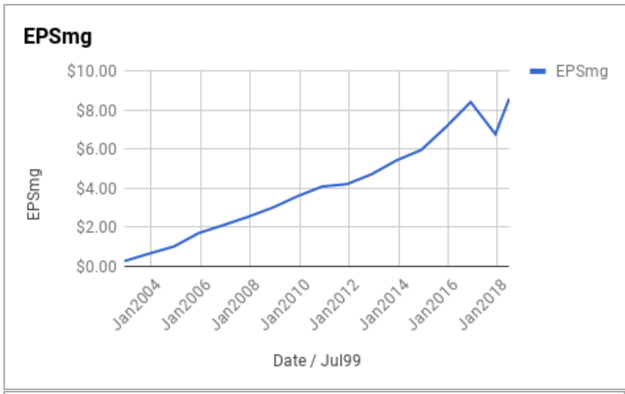
Useful Links:

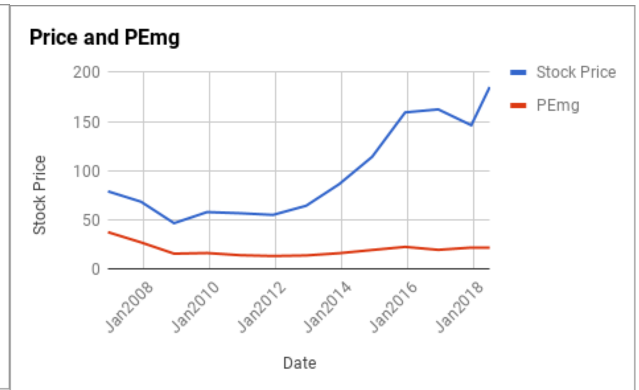
- ModernGraham tagged articles
- Google Finance
- Yahoo Finance
- GuruFocus
- Morningstar
- MSN Money
- Seeking Alpha
- SEC Filings

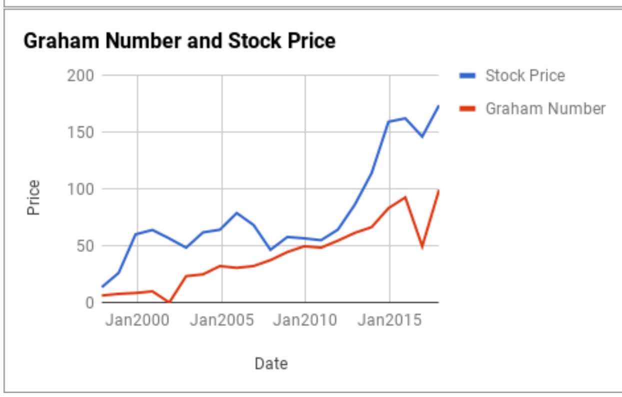
EPS History	
Next Fiscal Year Estimate	$12.54
Dec2017	$2.69
Dec2016	$10.24
Dec2015	$9.06
Dec2014	$6.70
Dec2013	$6.64
Dec2012	$5.52
Dec2011	$4.04
Dec2010	$4.79
Dec2009	$4.51
Dec2008	$3.77
Dec2007	$2.82
Dec2006	$2.48
Dec2005	$2.93
Dec2004	$1.81
Dec2003	$1.69
Dec2002	-$1.21
Dec2001	$1.03
Dec2000	$1.05
Dec1999	$1.02
Dec1998	$0.82

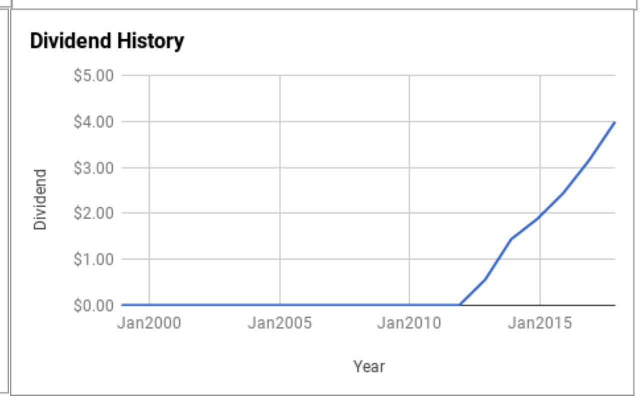
EPSmg History	
Next Fiscal Year Estimate	$8.60
Dec2017	$6.78
Dec2016	$8.42
Dec2015	$7.14
Dec2014	$5.97
Dec2013	$5.43
Dec2012	$4.73
Dec2011	$4.22
Dec2010	$4.09
Dec2009	$3.60
Dec2008	$3.02
Dec2007	$2.54
Dec2006	$2.11
Dec2005	$1.70
Dec2004	$1.02
Dec2003	$0.65
Dec2002	$0.27

Balance Sheet Information	**3/1/2018**
Total Current Assets	$40,689,000,000
Total Current Liabilities	$10,479,000,000
Long-Term Debt	$33,358,000,000
Total Assets	$71,164,000,000
Intangible Assets	$23,550,000,000
Total Liabilities	$55,544,000,000
Shares Outstanding (Diluted Average)	711,000,000









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

- 6 Best Stocks for Value Investors This Week – 3/26/17
- Amgen Inc Valuation – March 2017 $AMGN
- 21 Best Undervalued Stocks of the Week – 8/27/16
- Amgen Inc Valuation – August 2016 $AMGN
- Amgen Inc Valuation – February 2016 $AMGN

Other ModernGraham posts about related companies

- Allergan PLC Valuation – May 2018 $AGN
- Incyte Corp Valuation – April 2018 $INCY
- Regeneron Pharmaceuticals Inc Valuation – April 2018 $REGN
- Alexion Pharmaceuticals Inc Valuation – April 2018 $ALXN
- Vertex Pharmaceuticals Inc Valuation – April 2018 $VRTX
- AmerisourceBergen Corp Valuation – April 2018 $ABC
- Perrigo Company PLC Valuation – April 2018 $PRGO
- AbbVie Inc Valuation – April 2018 $ABBV
- Eli Lilly and Co. Valuation – March 2018 $LLY
- Zoetis Inc Valuation – March 2018 $ZTS