

ModernGraham Valuation

Company Name:

Amgen, Inc.

Company Ticker AMGN

Date of Analysis

3/24/2019



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	\$116,179,300,700	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.79	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	99.02%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	18.15	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	9.57	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	2.79	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.22	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	\$10.29
MG Growth Estimate	6.62%
MG Value	\$223.61
MG Value based on 3% Growth	\$149.20
MG Value based on 0% Growth	\$87.46
Market Implied Growth Rate	4.82%

MG Opinion

Current Price	\$186.70
% of Intrinsic Value	83.49%
Opinion	Fairly Valued
MG Grade	B-

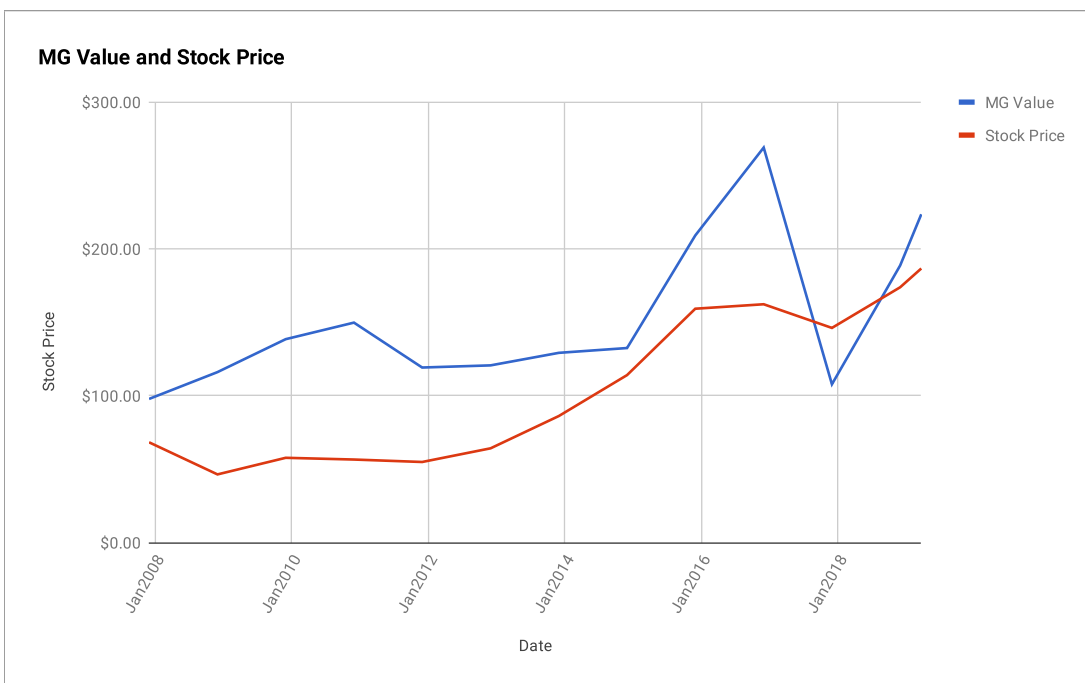
Stage 3: Information for Further Research

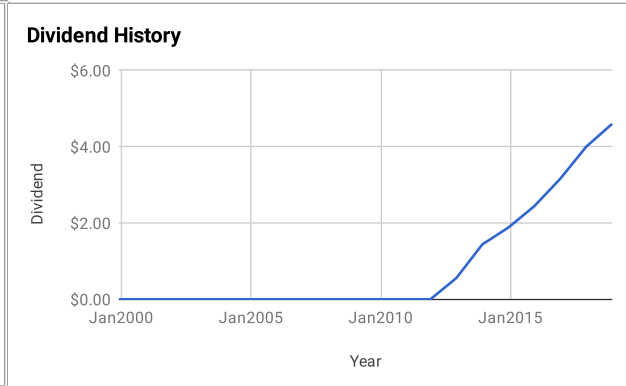
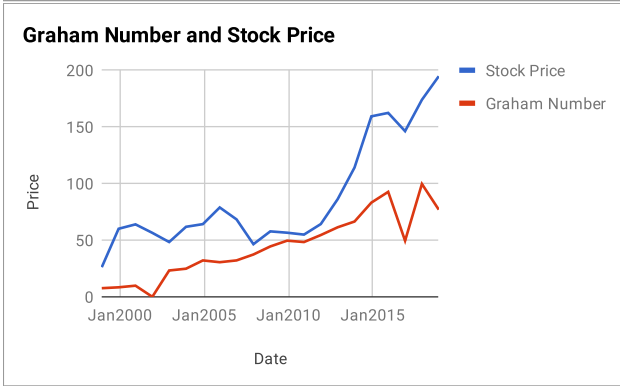
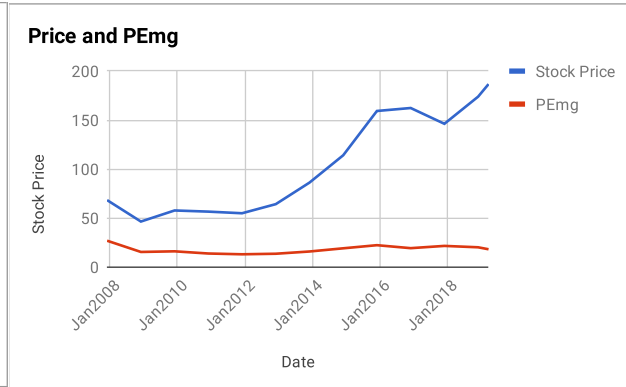
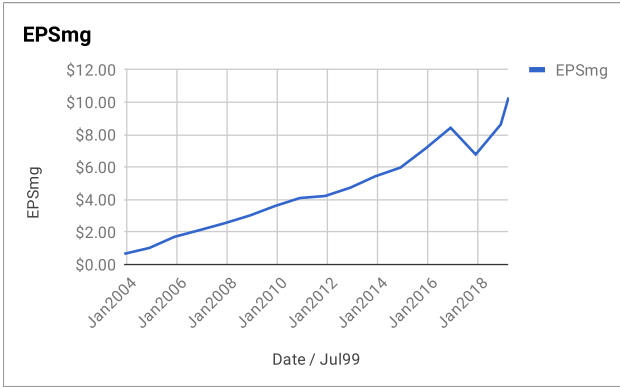
Net Current Asset Value (NCAV)	-\$25.43
Graham Number	\$76.93
PEmg	18.15
Current Ratio	2.79
PB Ratio	9.57
Current Dividend	\$5.28
Dividend Yield	2.83%
Number of Consecutive Years of Dividend Growth	8

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	\$13.25	Next Fiscal Year Estimate	\$10.29
Dec2018	\$12.62	Dec2018	\$8.63
Dec2017	\$2.69	Dec2017	\$6.78
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	Balance Sheet Information 12/1/2018	
Dec2001	\$1.03	Total Current Assets	\$37,618,000,000
Dec2000	\$1.05	Total Current Liabilities	\$13,488,000,000
Dec1999	\$1.02	Long-Term Debt	\$29,510,000,000
		Total Assets	\$66,416,000,000
		Intangible Assets	\$22,142,000,000
		Total Liabilities	\$53,916,000,000
		Shares Outstanding (Diluted Average)	641,000,000





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 – June 2018 \\$AMGN](#)
 - [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](#)

- Other ModernGraham posts about related companies**
- [AbbVie Inc Valuation – March 2019 #ABBY](#)
 - [Allergan PLC Valuation – February 2019 \\$AGN](#)
 - [Incyte Corp Valuation – February 2019 \\$INCY](#)
 - [Regeneron Pharmaceuticals Inc Valuation – February 2019 \\$REGN](#)
 - [Alexion Pharmaceuticals Inc Valuation – February 2019 \\$ALXN](#)
 - [Vertex Pharmaceuticals Inc Valuation – February 2019 \\$VRTX](#)
 - [Perrigo Company Valuation – February 2019 \\$PRGO](#)
 - [Eli Lilly and Co Valuation – January 2019 \\$LLY](#)
 - [Zoetis Inc Valuation – January 2019 \\$ZTS](#)
 - [Gilead Sciences Inc Valuation – January 2019 \\$GILD](#)