

Amgen Inc.

Initial Thoughts on 4Q23 Earnings

Maintain Rating: NEUTRAL | PO: 315.00 USD | Price: 321.97 USD

4Q beat; 2024 rev guidance above

Amgen reported solid 4Q results on top and bottom lines (+\$77M and +\$0.11 vs. cons). Higher revenues were driven by Neulasta (+\$108M) and Prolia / Xgeva (+47M) while Enbrel (-\$38M), Repatha (-\$17M), and Tezspire (-\$13M) performed below expectations. Further, management issued higher-than-expected rev guidance midpoint of \$33.1B (17% y/y) while non-GAAP EPS guidance midpoint of \$19.60 (5% y/y) came in slightly below consensus. That said, the focus has been on obesity portfolio (AMG 786) update this quarter, which remains ongoing (1H24). We expect investors to focus on obesity portfolio updates and expectations on the call. Maintain Neutral, \$315 PO.

Top Questions for the Call

1) Obesity portfolio update and data expectations (AMG 786/ 133), 2) newer launches sales ramp (e.g., Tezspire, Evenity), 3) Tepezza's sales outlook and feedback, and 4) Uplinza myasthenia gravis and rocatinlimab atopic dermatitis expectations and competitive dynamics. Call at 4:30 PM ET. Dial-in: (888) 330-3637; Conf ID: 3058216

Exhibit 1: Amgen Variance Table

4Q23 results for Amgen's key products

		4Q23		4Q23 Growth		4Q23 Variance	
\$ in millions	4Q23	BofA	Cons	Q/Q	Y/Y	BofA	Cons
Aranesp & Epogen	374 IN-LINE	395	373	0%	-19%	(21)	1
Neulasta	239 BEAT	123	131	93%	8%	116	108
Otezla	629 BEAT	605	601	11%	2%	24	28
Enbrel	1,015 MISS	1,025	1,053	-2%	-8%	(10)	(38)
Prolia & Xgeva	1,634 BEAT	1,599	1,587	9%	11%	35	47
Evenity	318 IN-LINE	331	324	4%	41%	(13)	(6)
Repatha	417 MISS	437	434	3%	25%	(20)	(17)
Blinicyto	241 IN-LINE	235	234	10%	47%	6	7
Biosimilars	390 MISS	398	411	1%	1%	(8)	(21)
Lumakras	77 IN-LINE	80	77	48%	8%	(3)	(0)
Tezspire	177 MISS	195	190	10%	124%	(18)	(13)
Total Revenue	8,196 BEAT	8,098	8,119	19%	20%	98	77
		4Q23		4Q23 Growth		4Q23 Variance	
\$ in millions	4Q23	BofA	Cons	Q/Q	Y/Y	BofA	Cons
Revenue	8,196	8,098	8,119	19%	20%	98	77
COGS	1,278	1,161	1,250	12%	19%	117	28
SG&A	1,764	1,499	1,629	36%	20%	265	135
R&D	1,494	1,598	1,565	40%	16%	(104)	(71)
Net Income	2,543	2,564	2,494	-5%	15%	(21)	49
Non-GAAP EPS	4.71 BEAT	4.75	4.60	-5%	15%	(0.04)	0.11
Guidance		2024 Guidance		2024E		Midpoint Variance	
		Low	High	BofA	Cons	BofA	Cons
Revenue (\$M)	32,400	33,800	Above	32,271	32,512	829	588
Non-GAAP EPS	18.90	20.30	Below	19.75	19.83	(0.15)	(0.23)

Source: BofA Global Research; VisibleAlpha, Bloomberg

BofA GLOBAL RESEARCH

06 February 2024

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Stock Data

Price	321.97 USD
Price Objective	315.00 USD
Date Established	8-Jan-2024
Investment Opinion	B-2-7
52-Week Range	211.71 USD - 329.72 USD
Mrkt Val (mn) / Shares Out (mn)	172,311 USD / 535.2
Free Float	99.8%
Average Daily Value (mn)	764.90 USD
BofA Ticker / Exchange	AMGN / NAS
Bloomberg / Reuters	AMGN US / AMGN.OQ
ROE (2023E)	192.6%
Net Dbt to Eqty (Dec-2022A)	NA
ESGMeter™	High

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Timestamp: 06 February 2024 04:45PM EST

Price objective basis & risk

Amgen Inc. (AMGN)

Our PO for AMGN is \$315 per share. We value AMGN using a sum of the parts NPV analysis of key marketed drugs (\$240/sh) and pipeline and others (\$156/sh), which assumes a range of weighted average cost of capital (WACC) from 5% and terminal growth rate ranging from -5% to -30% depending on the product lifecycle. Our PO also reflects -\$81/sh in net debt.

Upside risks to our price objective are 1) less than-expected base business erosion2) stronger-than-expected sales of Lumakras, Tezspire, Tepezza, and 3) competitor clinical trial failures

Downside risks to our price objective are 1) faster-than-expected revenue erosion from legacy brands, 2) slower-than-expected growth of new drug launches, and 3) clinical trial failures.

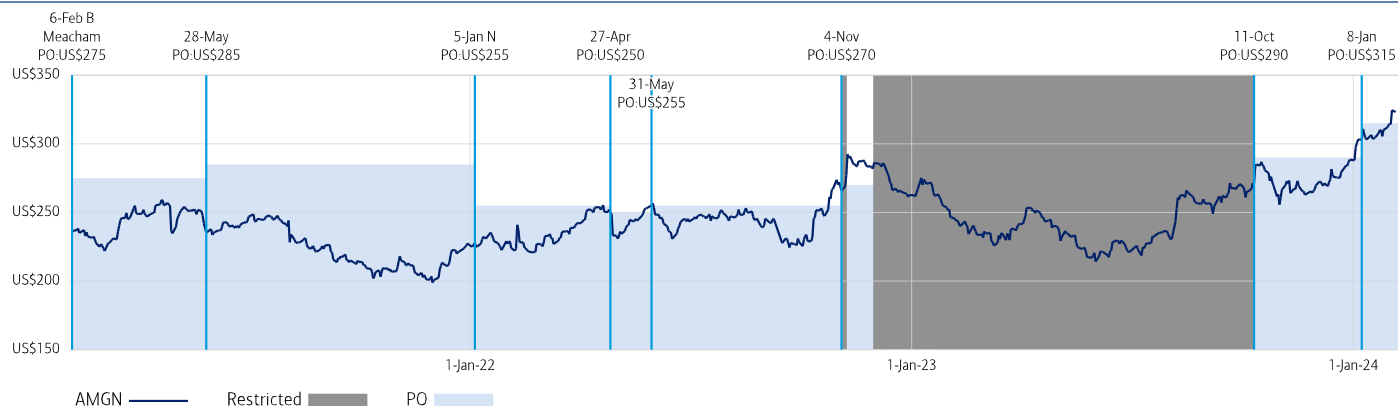
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Amgen Inc. (AMGN) Price Chart



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Equity Investment Rating Distribution: Health Care Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	234	60.94%	Buy	115	49.15%
Hold	80	20.83%	Hold	36	45.00%
Sell	70	18.23%	Sell	29	41.43%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

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Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

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