



Equity Research Report

2024-2028

Prepared By :

Abhishek M



Company Overview

- Amgen was **founded on April 8, 1980**. It was by William K. Bowes Jr., a venture capitalist, and a group of scientists led by George B. Rathmann, who was the company's first CEO. Amgen's incorporation began what would become one of the world's leading biotechnology companies, focusing on **discovering, developing, manufacturing, and delivering** innovative medicines.
- Amgen is committed to unlocking the potential of biology for patients suffering from serious illnesses by discovering, developing, manufacturing, and delivering innovative human therapeutics. This approach begins by using tools like advanced human genetics to unravel the complexities of disease and understand the fundamentals of human biology.
- Amgen generates revenue primarily by selling its **biopharmaceutical products**, which include a range of innovative medicines designed to treat various medical conditions. These include **oncology, General medicine, hematology, cardiovascular diseases, bone health disorders, inflammatory diseases, and neuroscience**.
- Amgen's medicines typically address diseases for **which there are limited treatment alternatives**, or they are medicines that provide a viable option to what is otherwise available
- Amgen has a **strong global presence**, with operations spanning multiple regions worldwide. The company markets its products in approximately **100 countries** and has established a **robust distribution network** to reach patients and healthcare providers across diverse geographic markets.
- Amgen engages in various business relationships, including **joint ventures** and **collaborative arrangements**, to enhance our R&D capabilities, product pipeline, and market position. These partnerships involve nonrefundable upfront license fees, milestone payments, royalties, and profit sharing, but are inherently uncertain in terms of technological and commercial success.

AMGEN®

Ticker: AMGN

Exchange: NASDAQ

Sector: BIOTECH

CMP: 273

Market Cap: 143Bn

Target Price: 317

Upside: 16%

Recommendation: **BUY**

7-year Weekly Beta : .66

52 Week Range : 211.7 – 329.72

Institutional Ownership: 76.85%

Outstanding Shares: 538Mn

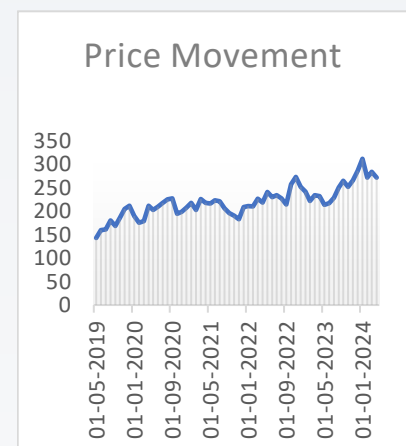
EV/EBITDA: 12.8

EV/EBIT: 16.3

GPM: 81%

OPM: 45%

NPM: 30%

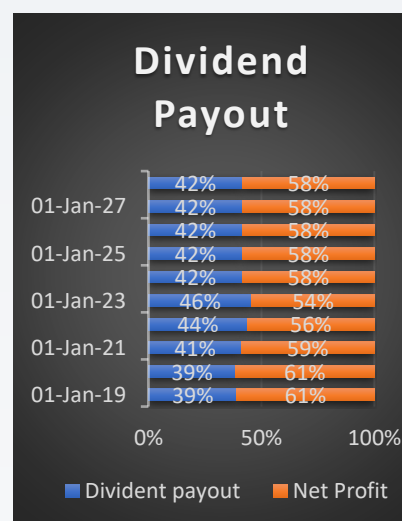
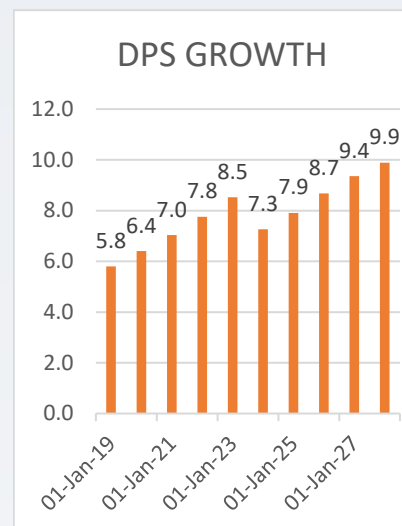
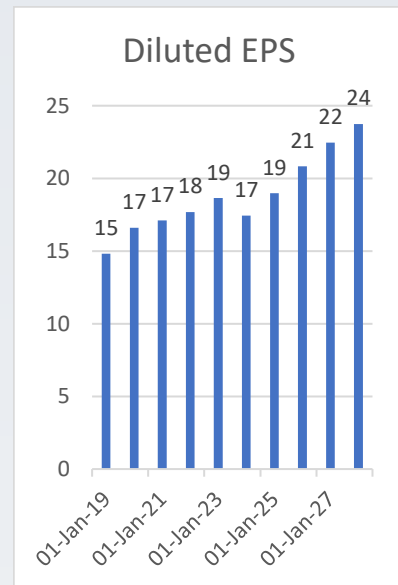


Analyst Rating and Suggestion

- Currently, with a terminal growth rate of 1.5%, Amgen's stock is priced at **\$273**. Analysis suggests that the projected intrinsic value of the stock falls within the **range of \$322 to \$313 per share**, indicating the potential for price appreciation. By averaging this range, the target price is estimated at **approximately \$317, reflecting a 16% upside potential**.
- In considering Amgen's stock, a **BUY** rating is recommended based on its promising Growth Prospects. Amgen is expanding its operations and supply chain globally, with strategic acquisitions of foreign stakes in innovative companies. These actions reflect Amgen's ambition to excel in the market, making it an attractive investment opportunity.
- Promising Entry into Large Weight Loss Market: Maritide, Amgen's injectable weight-loss drug, has the potential to disrupt the market with its:
 - Monthly dosing: More convenient compared to weekly competitors.
 - Potential for sustained weight loss: May offer long-term benefits even after discontinuation.
 - Projected affordability: Anticipated to be less expensive than existing options.

This positions Amgen to capture a significant share of the growing weight-loss drug market, estimated to reach 10-70 million patients in the US by 2028.

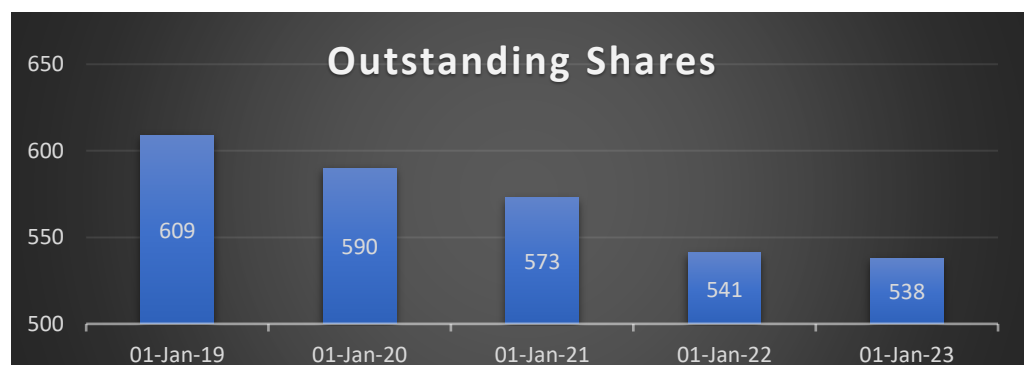
- Manufacturing Scale-Up for Potential Blockbuster: Amgen's active development of Maritide, including phase 3 studies and manufacturing scale-up, suggests confidence in its potential to become a major revenue driver. This proactive approach positions them to capitalize on the massive market opportunity.
- Enhanced Growth Potential: Amgen's acquisition of Horizon Therapeutics expands their pipeline into ultra-rare diseases, a new and potentially high-growth market segment. Additionally, their use of AI in drug development (like NVIDIA BioNemo) can lead to faster creation of new drugs, further boosting future revenue streams.



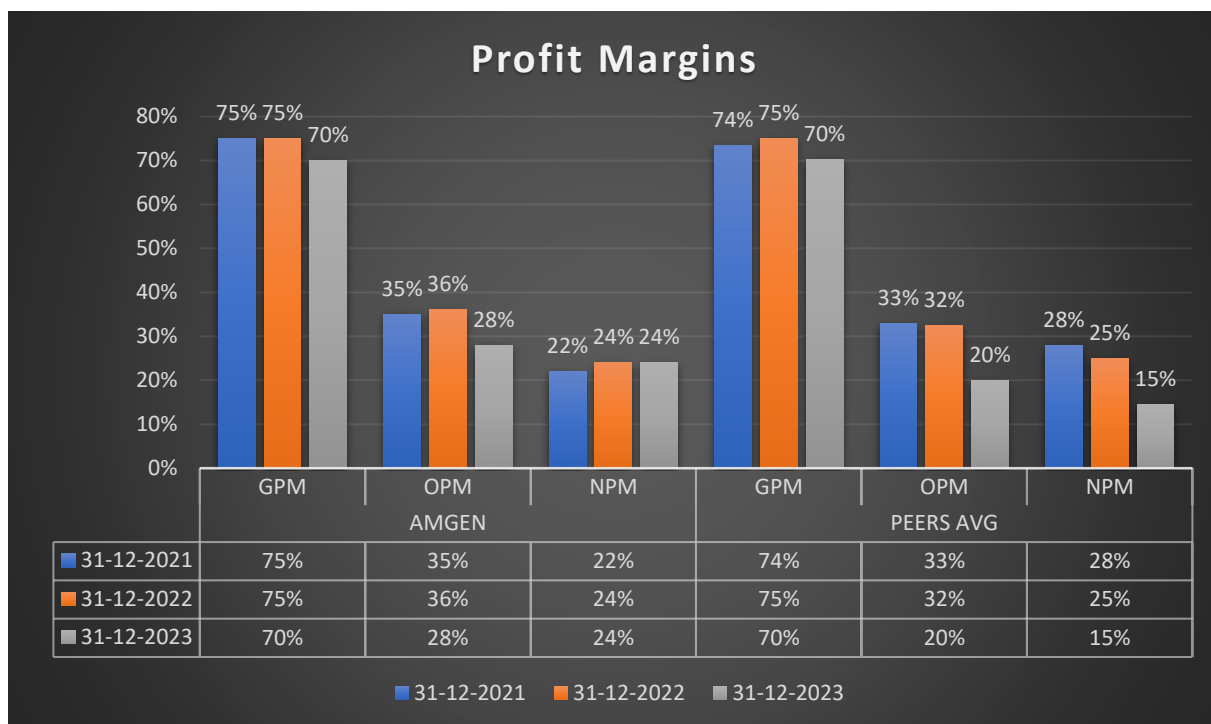
- **Promising Blockbuster Drugs:** Repatha has a large target market for Familial Hypercholesterolemia, with significant revenue potential based on its high cost and estimated patient adoption.
- **Market Leadership in Established Therapies:** Evenity's dominant market share in Japan for osteoporosis demonstrates Amgen's existing strength in established markets, providing a solid foundation for future growth.
- **Solid Growth Potential:** Amgen's revenue is projected to accelerate from 5% to 7% CAGR, outperforming the industry average of 5%. This indicates Amgen is capturing market share and has a strong product pipeline.
- **Undervalued Compared to Peers:** Amgen's RORC (Return on Research Capital) of 5.1x is higher than the industry average of 4.0x. This suggests Amgen is generating better returns on its invested capital compared to competitors.

I am assuming that the company will focus on loan repayment for now, and after the capital structure stabilises, they will continue with the share repurchase program.

- **Sustainable Dividend Payout and Potential Share Price Appreciation:** Amgen is a consistent dividend payer, distributing 42% of earnings with an earnings yield of 3%. Additionally, future share repurchases could lead to a higher stock price due to increased EPS and a potentially more attractive P/E ratio.



- Amgen's profit margins have demonstrated remarkable stability and growth throughout the years. The gross profit margin stands robustly at approximately **85%**, the operating profit margin hovers around **50%**, and the net profit margin maintains a commendable **35% (Non-GAAP basis)**. On a reported GAAP basis, the figures are slightly adjusted with the gross profit margin averaging between 70-75%, the operating profit margin ranging from **28-35%**, and the net profit margin settling between **24-22%**. These consistent and healthy margins underscore Amgen's financial resilience and efficiency, making it an appealing prospect for investors seeking stable returns.



Business Segments

- Amgen only works in one area: Human therapeutics. They concentrate on developing and selling treatments to help people get better.
- Amgen's operations span the United States and global markets, with a predominant share of sales originating from the US. However, the company is strategically expanding its presence internationally, aiming to solidify its position as a key player in diverse regions. Currently, Amgen boasts a presence in over 100 countries, showcasing its commitment to global growth and market penetration. This broadening geographical footprint underscores Amgen's ambition to capture opportunities beyond its domestic stronghold, presenting enticing prospects for investors seeking exposure to a globally resilient healthcare leader.

Competition and Risk Factors



- Amgen operates in a highly competitive environment, facing competition from other products targeting similar disease areas and genetic pathways. The company emphasizes

innovation to enhance the value of its medicines and maintain competitiveness. While facing increasing competition from biosimilars and generics, Amgen also markets its biosimilar products. Despite price competition, Amgen leverages its reputation, supply reliability, and product safety to differentiate itself in the market. The company plans to continue innovating and leveraging its global experience to stand out against competitors.

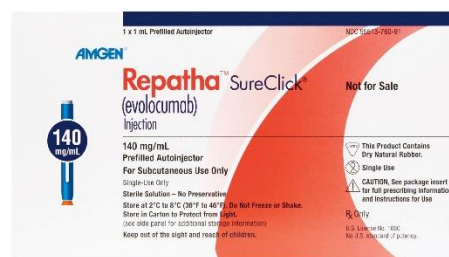
- Amgen's operations and performance are susceptible to global economic conditions, exacerbated by the COVID-19 pandemic and subsequent economic downturn. Factors such as inflation, interest rate hikes, and political divisions pose challenges, impacting government funding and third-party payer reimbursement. Economic hardships may hinder patients' ability to afford healthcare, potentially reducing demand for Amgen's products. Furthermore, inflationary pressures and market disruptions, including those stemming from the conflict in Ukraine, increase operating expenses and affect liquidity for distributors, customers, and suppliers. Amgen's investment portfolio faces volatility and potential impairments due to market fluctuations, interest rate changes, and geopolitical events. Additionally, the company's cash and cash equivalents held in financial institutions exceed insured limits, posing risks in the event of institutional failure.
- The concentration of sales among certain wholesaler distributors, coupled with the consolidation of private payers like insurers and pharmacy benefit managers (PBMs), has posed challenges to our business. This trend has already had a detrimental impact, and there is the potential for further negative effects in the future.
- Sales of Amgen's products hinge on coverage and reimbursement from third-party payers, including government programs and private insurance plans. These entities are increasingly implementing measures to manage drug utilization and curb costs, driven by economic downturn and inflation pressures. This has led to lower reimbursement rates and narrower patient populations eligible for coverage. Intense scrutiny on drug prices limits Amgen's ability to adjust pricing based on product value, particularly in the U.S. where legislative and regulatory proposals aim to lower drug prices. The impact of future policy changes on Amgen's business remains uncertain but could include reduced coverage, increased rebates, or limitations on product use, all potentially adversely affecting company operations.

Conference call Highlights

- For the fiscal year 2024, Amgen anticipates revenue in the range of **\$32.4 billion to \$33.8 billion, alongside non-GAAP earnings per share projected between \$18.90 and \$20.30.** These forecasts reflect the company's ongoing integration efforts following the Horizon transaction. As Amgen continues to integrate Horizon into its operations, these projections underscore its commitment to driving sustained growth and delivering value to shareholders.
- The acquisition of Horizon on October 6 marks a significant milestone for Amgen, introducing a **new rare disease business as the fourth pillar of growth** alongside its established general medicine, oncology, and inflammation businesses. Leveraging Amgen's renowned biologics manufacturing expertise, extensive experience in inflammation, and global presence, the acquired medicines, still in early life cycles, hold immense potential to reach a broader

patient base worldwide. Furthermore, Amgen's robust pipeline, comprising promising molecules across all stages of development within its four growth pillars, underscores the company's commitment to innovation and expansion in the pharmaceutical landscape.

- Full-year total revenues for 2023 amounted to \$28.2 billion, marking a significant 7% year-over-year growth. Product sales spearheaded this expansion, rising by 9% annually, propelled by a remarkable 15% increase in volume. However, other revenues experienced a 16% year-over-year decline, primarily attributed to reduced profits and cost-sharing stemming from the COVID-19 collaboration with Lilly in 2022. The disciplined expense management throughout the year culminated in an impressive 50% non-GAAP operating margin relative to product sales, showcasing the company's commitment to efficiency and profitability.
- **In 2023, the company generated \$7.4 billion in free cash flow, down from \$8.8 billion in 2022, primarily due to costs related to the Horizon transaction, higher tax payments, and increased capital expenditures.** However, they remain confident in their ability to maintain strong cash flows, particularly with the addition of Horizon, and are on track with their deleveraging plans to restore an efficient capital structure by the end of 2025.
- Amgen remains committed to long-term growth through strategic investments in its business, notably with the establishment of **state-of-the-art manufacturing facilities in Ohio and North Carolina. The newly licensed advanced assembly and final product packaging plant in Ohio**, operational in January after a 2-year construction period, marks a significant milestone in enhancing production capabilities. Additionally, the innovative drug substance plant under construction in North Carolina is projected to become operational by 2026, further bolstering Amgen's manufacturing capacity and positioning the company for sustained growth in the pharmaceutical industry.



R&D, Products, Marketing & Distribution

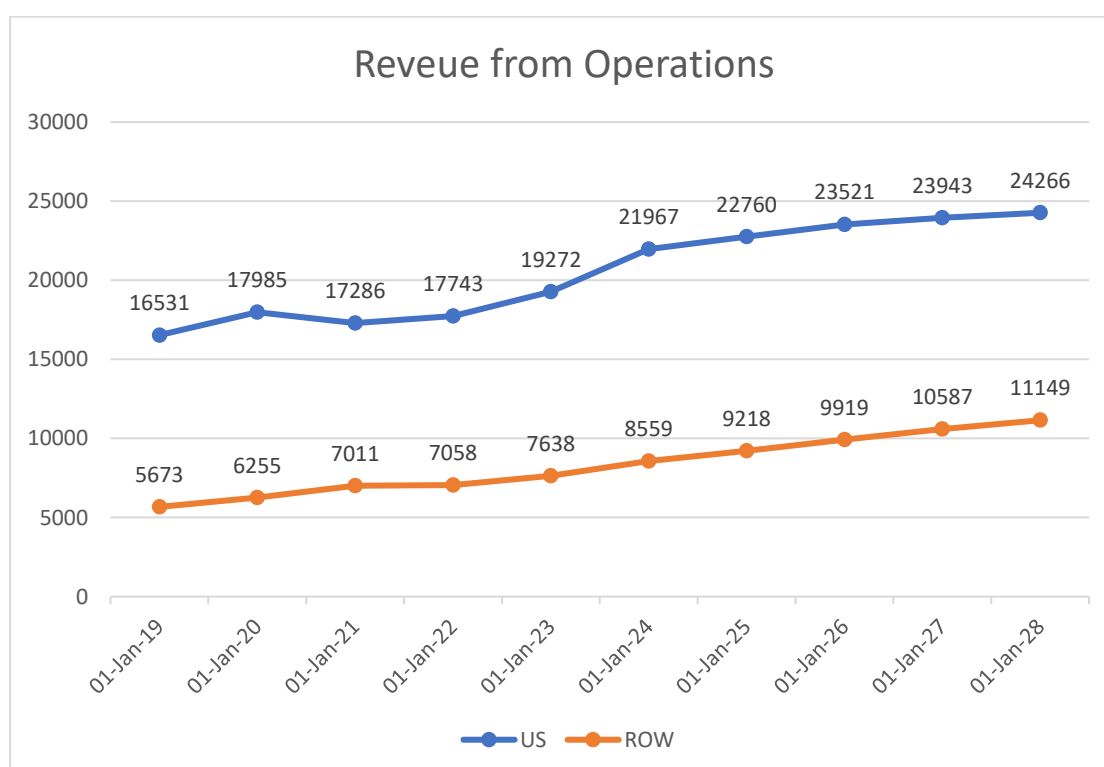
- Amgen addresses the global health challenge posed by non-communicable diseases like cancer, cardiovascular issues, osteoporosis, migraines, and kidney diseases, prevalent in low- and middle-income countries. They facilitate patient access to emerging therapies through programs offering investigational medicines during clinical trials and continued access post-trial. Moreover, Amgen leads in biosimilar development, aiming to provide more affordable treatment options globally, with three biosimilars already listed on the WHO Essential Medicines List. They also support the establishment of regulatory frameworks in middle-income countries to ensure the safe evaluation and use of biosimilars, collaborating with stakeholders in this endeavor. For more information on their initiatives, visit their website.
- Amgen acknowledges biosimilars' significance in providing affordable biologics. While established in regions like Europe and the US, regulatory frameworks for biosimilar evaluation are lacking in emerging economies. Amgen conducts workshops with global regulatory experts to assist governments in building regulatory capacity. Discussions cover pre- and post-approval processes and product quality. By aiding in establishing robust regulatory frameworks, Amgen aims to accelerate biosimilar therapy availability globally, potentially enhancing market opportunities and addressing unmet medical needs.
- A robust distribution network is vital for biologic medicines, which often require uninterrupted cold chains for safe administration. Distributing products poses challenges in low- and middle-income countries where Amgen lacks an established presence. To overcome this, Amgen utilizes co-marketing agreements and distributors. In countries with limited infrastructure, partnerships with organizations like Direct Relief facilitate product donations during critical needs. Amgen supports these partners in developing the necessary capabilities to maintain the quality of biological medicines during transport, handling, and administration, ensuring optimal patient treatment.

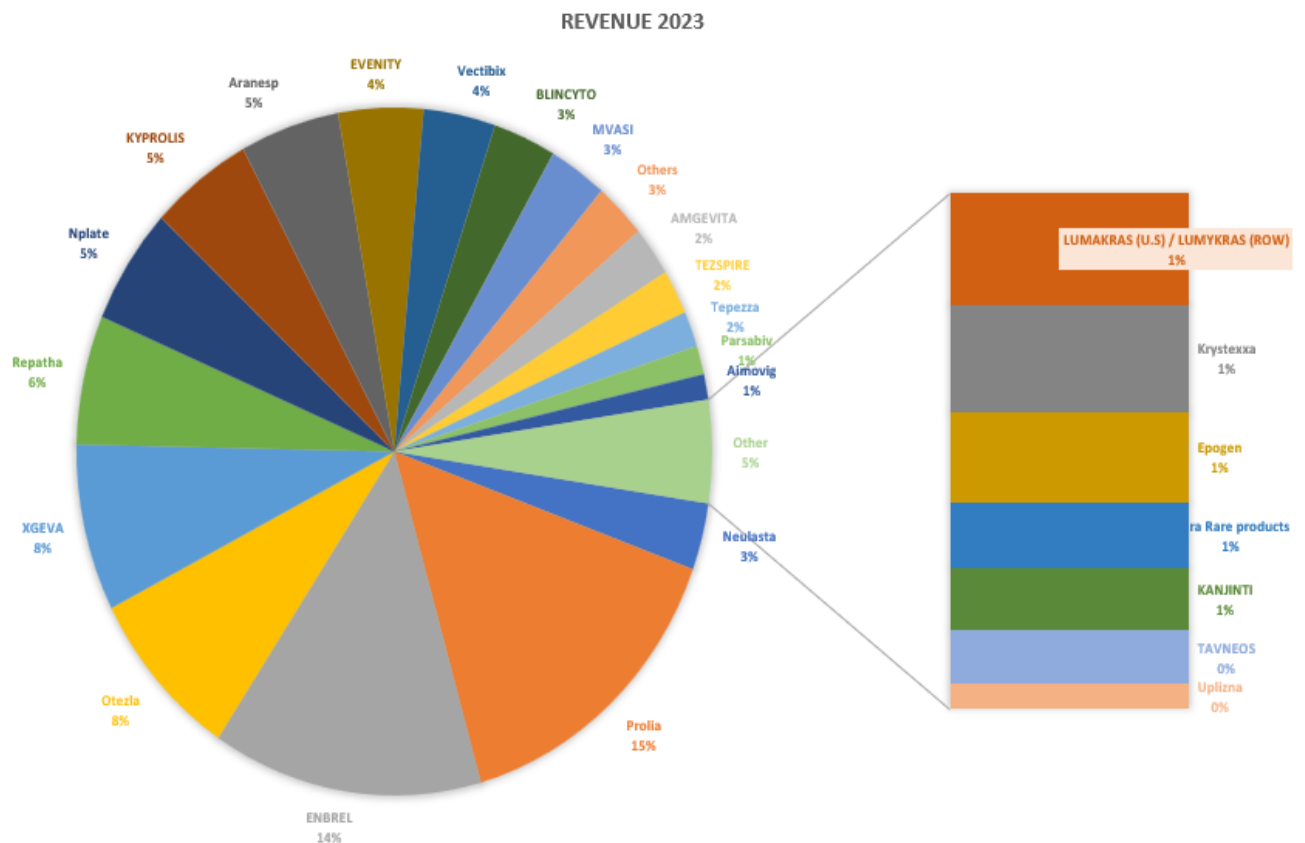
Product Line

1. Aimovig® (erenumab-aooe)
2. AMJEVITA™ (adalimumab-atto)
3. Aranesp® (darbepoetin alfa)
4. AVSOLA™ (infliximab-axxq)
5. BLINCYTO® (blinatumomab)
6. Corlanor® (ivabradine)
7. Enbrel® (etanercept)
8. EPOGEN® (epoetin alfa)
9. EVENITY® (romosozumab-aqqg)
10. IMLYGIC® (talimogene laherparepvec)
11. KANJINTI® (trastuzumab-anns)
12. KYPROLIS® (carfilzomib)
13. LUMAKRAS™ (sotorasib)
14. MVASI® (bevacizumab-awwb)
15. Neulasta® (pegfilgrastim)
16. NEUPOGEN® (filgrastim)
17. Nplate® (romiplostim)
18. Otezla® (apremilast)
19. Parsabiv® (etelcalcetide)
20. Prolia® (denosumab)
21. Repatha® (evolocumab)
22. RIABNI™ (rituximab-arrx)
23. Sensipar®/Mimpara® (cinacalcet)
24. TAVNEOS® (avacopan)
25. TEZSPIRE® (tezepelumab-ekko)
26. Vectibix® (panitumumab)
27. XGEVA® (denosumab)

Revenue

- Amgen's revenue breakdown is meticulously documented, outlining contributions from both product types and regions. Products are carefully classified, and revenue figures are specified for key regions, particularly the United States (US) and the Rest of the World (ROW). This thorough reporting approach offers investors valuable insights into the company's revenue sources, fostering a better grasp of its market positioning and geographic diversification tactics. Such openness boosts investor trust and aids in making well-informed decisions amidst the ever-changing landscape of equity investment.
- Amgen's revenue growth trajectory illustrates a consistent upward trend over the past years, with revenue increasing steadily from 2019 to 2023. This growth is particularly notable in the United States, where revenue surged from **\$16,531 million in 2019 to an anticipated \$19,272 million by the end of 2023**. Similarly, revenue from the rest of the world (ROW) also experienced robust growth during this period, **climbing from \$5,673 million to an estimated \$7,638 million**. Looking ahead, the forecast indicates continued revenue expansion for both regions, with projected figures demonstrating sustained growth momentum. This upward trajectory reflects Amgen's successful market penetration, product innovation, and strategic initiatives aimed at addressing global healthcare needs.





IMPORTANT PIPELINE MILESTONES ANTICIPATED IN 2024



GENERAL MEDICINE

- **MariTide** Phase 2 data readout late 2024
- **AMG 786** Phase 1 data readout H1 2024
- **Olpasiran** Phase 3 enrollment completion H1 2024



ONCOLOGY

- **Tarlatamab** PDUFA date 6/12/24
- **Tarlatamab** Phase 3 study in 1L ES-SCLC to be initiated H1 2024
- ✓ **Tarlatamab** Phase 3 study in LS-SCLC to be initiated H1 2024
- **BLINCYTO**® global regulatory submissions for Phase 3 early-stage B-ALL H1 2024; PDUFA date 6/21/24
- **BLINCYTO**® Phase 3 subcutaneous administration study in B-ALL initiation H2 2024
- **LUMAKRAS**® Phase 3 third-line CRC U.S. submission in H1 2024
- ✓ **LUMAKRAS**® Phase 3 study in first-line CRC initiation H1 2024
- **Nplate**® Phase 3 chemotherapy-induced thrombocytopenia in GI malignancies data readout H2 2024



INFLAMMATION

- **TEZSPIRE**® Phase 2 COPD data readout H1 2024
- **TEZSPIRE**® Phase 3 chronic rhinosinusitis with nasal polyps primary analysis H2 2024
- **Rocatinlimab** Phase 3 HORIZON study data readout H2 2024
- **Rocatinlimab** Phase 3 study in prurigo nodularis initiation in H2 2024



RARE DISEASE

- ✓ **TEPEZZA**® Japan submission H1 2024
- **TEPEZZA**® Phase 3 study in TED subcutaneous administration initiation H1 2024
- **UPLIZNA**® Phase 3 myasthenia gravis data readout H2 2024
- **UPLIZNA**® Phase 3 IgG4-related disease data readout H2 2024
- **Fipaxalparant**(formerly AMG 670 / HZN 825) Phase 2 IPF data readout H2 2024

Financials & Ratios

	31/12/19	31/12/20	31/12/21	31/12/22	31/12/23
Revenue :					
Products Sales	22,204	24,240	24,297	24,801	26,910
Other Income	1,158	1,184	1,682	1,522	1,280
Total Net Income - Reported	23,362	25,424	25,979	26,323	28,190
Impact of Special Items	0	0	0	0	0
Total Net Income - Normalised	23,362	25,424	25,979	26,323	28,190

- Cost of Sales

	31/12/19	31/12/20	31/12/21	31/12/22	31/12/23
Cost of Sales - Reported	4,356	6,159	6,454	6,406	8,451
Impact of Special Items	(1,291)	(2,797)	(2,460)	(2,455)	(3,878)
Cost of Sales (Less Amortization)	1,665	562	1,394	1,351	1,373
Amortization	1,400	2,800	2,600	2,600	3,200
Cost of Sales - Normalised	3,065	3,362	3,994	3,951	4,573

Cost of Sales as a Percentage of Revenue	13.8%	13.9%	16.4%	15.9%	17.0%
Cost of sales (less Amortization as a percentage of revenue)	7.5%	2.3%	5.7%	5.4%	5.1%

An upward trend in cost of sales is evident over recent years, primarily driven by increased amortization charges. However, upon excluding amortization, a reversal in this trend is observed, indicating effective expense optimization by the company. Amgen demonstrates its ability to streamline expenses and enhance operational efficiency over time.

- Research and Development Expenses

	31/12/19	31/12/20	31/12/21	31/12/22	31/12/23
Research and Development - Reported	4,116	4,207	4,819	4,434	4,784
Impact of Special Items	(89)	(122)	(523)	(93)	(84)
Research and Development - Normalised	4,027	4,085	4,296	4,341	4,700

R&D Expenses as a Percentage of Revenue	18.1%	16.9%	17.7%	17.5%	17.5%
---	-------	-------	-------	-------	-------

As a biotech company, Amgen focuses on spending heavily on research and development (R&D) to create better medicines, especially in areas lacking alternatives. Despite this, R&D costs remain steady each year compared to revenue, highlighting Amgen's commitment to innovation and addressing medical gaps.

One relevant metric to consider in the biotech sector is,

The Return on Research Capital (RORC) :

Return on Research Capital Ratio	5.0x	5.4x	5.1x	5.2x	5.0x
----------------------------------	------	------	------	------	------

Amgen's Return on Research Capital (RORC) averages 5 times, indicating that the company generates five times its expenditure on research and development (R&D). This strong RORC suggests robust efficiency and effectiveness in Amgen's R&D investments, reflecting positive progress in its endeavors.



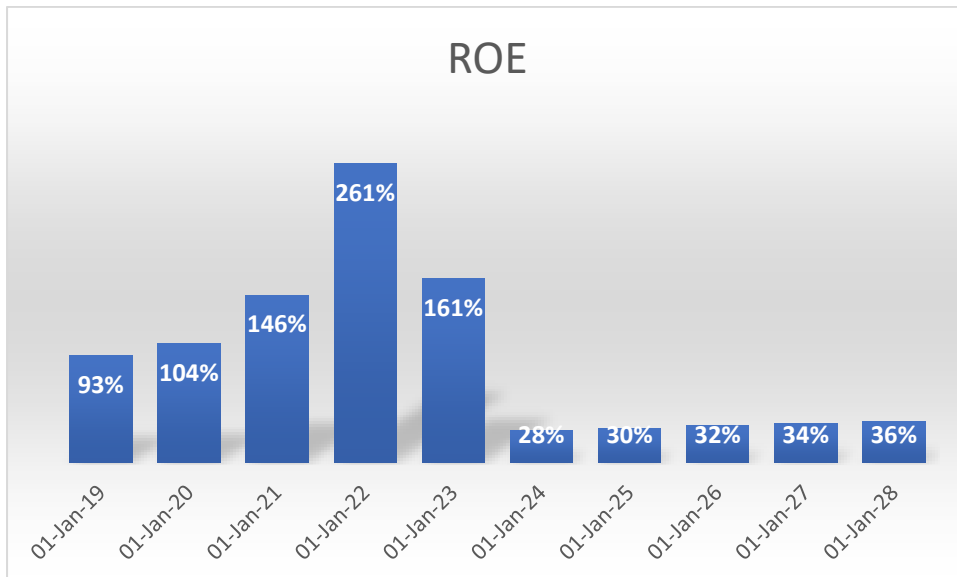
- Selling, General & Administrative Expenses

	31/12/19	31/12/20	31/12/21	31/12/22	31/12/23
<i>Selling, General and Administrative Expenses - Reported</i>	5,150	5,730	5,368	5,414	6,179
<i>Impact of Special Items</i>	(37)	(87)	(103)	(144)	(661)
Selling, General and Administrative Expenses (Less Depreciation and Other)	4,307	4,842	4,467	4,453	4,647
<i>Depreciation</i>	635	640	644	661	685
<i>Other</i>	171	161	154	156	186
Selling, General and Administrative Expenses - Normalised	5,113	5,643	5,265	5,270	5,518

<i>SG&A Expenses as a Percentage of Revenue</i>	23.0%	23.3%	21.7%	21.2%	20.5%
<i>SG&A Expenses (less Depreciation and other as a Percentage of Revenue)</i>	19.4%	20.0%	18.4%	18.0%	17.3%

Amgen has managed to keep its SG&A expenses stable over the years, indicating efficient cost control. The inclusion of depreciation costs within SG&A remains minimal and consistent. This reflects Amgen's adeptness at managing operational expenses effectively and maintaining financial stability.

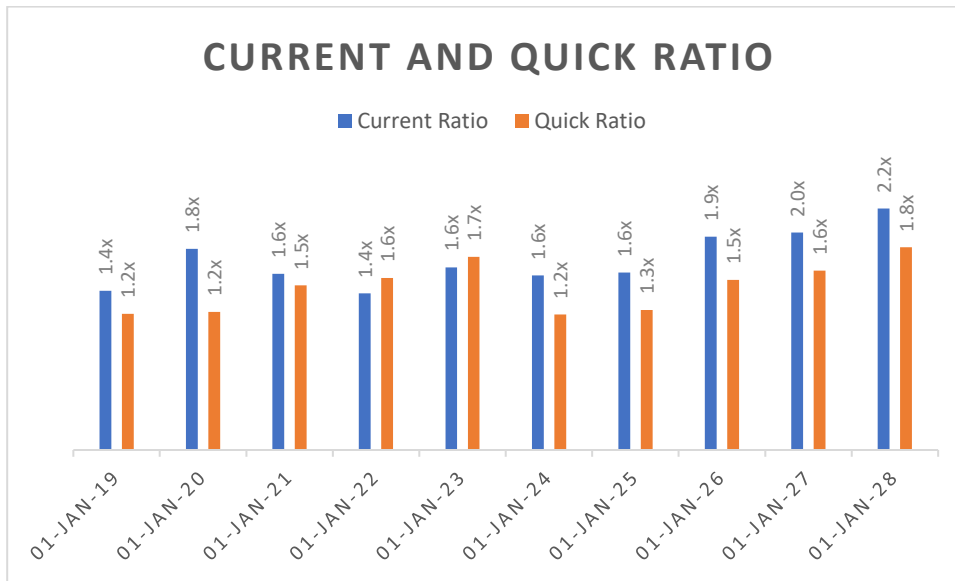
- Return on Equity (ROE)



Amgen achieved a remarkably high return on equity (ROE), largely attributed to its consistent dividend payouts and share repurchase program. However, this high ROE was partly influenced by the accumulated deficit resulting from these activities, which lowered the overall equity value. Although the company reported increasing profits, leading to a surge in value, the projected ROE is expected to decline. But this is not a concern as the company is expected to make good profits. This decline is due to the assumption that Amgen will halt share repurchases in the coming years and instead focus on paying off substantial debt with its excess earnings until achieving a balanced capital structure. The Return on Equity (ROE) for the projected years demonstrates consistent and stable growth.

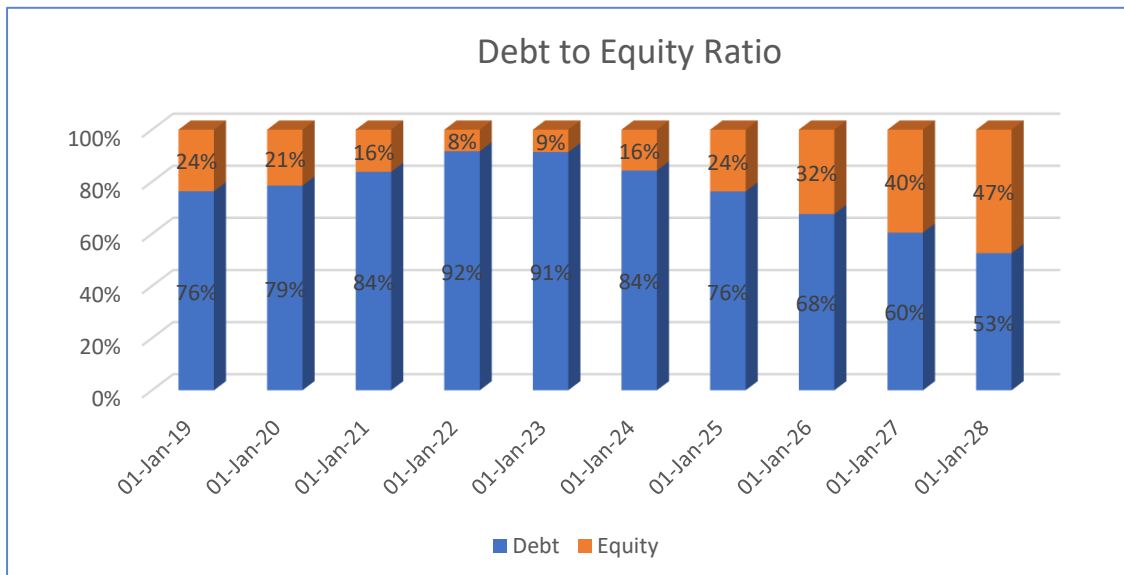


- Current and Quick Ratio



The company maintains robust current and quick ratios, indicating strong liquidity positions. Notably, inventory levels have minimal impact on these ratios, attributable to substantial cash and cash equivalents balance, and receivables balances. This underscores the company's efficient management of working capital and ability to meet short-term obligations promptly, bolstering overall financial health.

- Debt to Equity Ratio



Over the past five years, the company's Debt to Equity Ratio has notably increased, reaching as high as 91% in 2023. This rise can be primarily attributed to the significant debt incurred for the acquisition of Horizon Therapeutics. However, for the projections, it is assumed that the company will prioritize debt repayment, evidenced by the cessation of share buybacks in 2023. This strategic shift indicates a commitment to stabilizing the company's capital structure in the ensuing years. By

focusing on reducing debt levels, the company aims to enhance financial stability and improve its ability to weather economic uncertainties. This proactive approach aligns with the company's long-term financial health objectives and underscores its prudent financial management practices.

Trading Comparables

Company Comparables, often referred to as "comps," are a fundamental tool used in equity research to assess the relative valuation of a target company within its industry. This analysis involves identifying and analyzing companies that are similar to the target company in terms of business model, industry, size, and market dynamics.



REGENERON
science to medicine®

Johnson & Johnson

Comparable Company Analysis																	
In USD Millions																	
Industry Geography Currency	Biotech US & ROW USD																
	E10	F33	F18	F32	K59	K65	K63	K74	L59	L65	L63	L74	M59	M65	M63	M74	
	Reported	Exchange				LTM Multiples				FY1 Multiples				FY2 Multiples			
	Rate	CMP	Market Cap	EV	EV/Sales	EV/EBITDA	EV/EBIT	P/E	EV/Sales	EV/EBITDA	EV/EBIT	P/E	EV/Sales	EV/EBITDA	EV/EBIT	P/E	
	Peer Group Companies																
AbbVie	USD	1	168	2,97,362	3,44,064	6.3x	13.5x	13.9x	47.1x	6.3x	13.2x	13.6x	32.7x	6.0x	12.1x	12.5x	268.1x
BMV	USD	1	49	99,674	1,26,935	2.8x	7.2x	7.5x	6.6x	2.8x	30.2x	31.8x	-25.2x	2.7x	7.0x	7.4x	9.7x
Pfizer	USD	1	26	1,49,026	2,10,855	3.6x	13.5x	22.7x	43.9x	3.5x	10.6x	12.9x	21.7x	3.4x	9.3x	11.1x	15.9x
Regeneron	USD	1	907	1,06,877	1,09,508	8.3x	23.5x	25.8x	21.2x	7.9x	19.9x	21.0x	24.9x	7.4x	18.2x	19.7x	23.6x
J&J	USD	1	149	3,64,563	3,60,068	4.2x	12.2x	16.3x	7.9x	4.1x	11.2x	12.4x	16.1x	4.0x	10.9x	12.0x	15.7x
					Mean	5.1x	14.0x	17.2x	25.3x	4.9x	17.0x	18.4x	14.0x	4.7x	11.5x	12.6x	66.6x
					Median	4.2x	12.8x	16.3x	21.2x	4.1x	13.2x	13.6x	21.7x	4.0x	10.9x	12.0x	15.9x
					25th Percentile	3.6x	12.2x	13.9x	7.9x	3.5x	11.2x	12.9x	16.1x	3.4x	9.3x	11.1x	15.7x
					75th Percentile	6.3x	13.5x	22.7x	43.9x	6.3x	19.9x	21.0x	24.9x	6.0x	12.1x	12.5x	23.6x

Appendix

Income Statement

AMGEN Inc (In USD Millions, Except Per-Share Data)	12 MONTHS 31-Dec-19 FY-19 A	12 MONTHS 31-Dec-20 FY-20 A	12 MONTHS 31-Dec-21 FY-21 A	12 MONTHS 31-Dec-22 FY-22 A	12 MONTHS 31-Dec-23 FY-23 A	Historical Average For Forecast	12 MONTHS 31-12-2024 FY-24 E	12 MONTHS 31-12-2025 FY-25 E	12 MONTHS 31-12-2026 FY-26 E	12 MONTHS 31-12-2027 FY-27 E	12 MONTHS 31-12-2028 FY-28 E
Revenue :											
Products Sales	22,204	24,240	24,297	24,801	26,910		30,527	31,978	33,440	34,530	35,416
Other Income	1,158	1,184	1,682	1,522	1,280		1,612	1,689	1,766	1,824	1,871
Total Net Income - Reported	23,362	25,424	25,979	26,323	28,190	5%	32,139	33,667	35,207	36,354	37,286
Impact of Special Items	0	0	0	0	0						
Total Net Income - Normalised	23,362	25,424	25,979	26,323	28,190		32,139	33,667	35,207	36,354	37,286
Operating Expenses:											
Cost of Sales - Reported	4,356	6,159	6,454	6,406	8,451						
Impact of Special Items	(1,291)	(2,797)	(2,460)	(2,455)	(3,878)						
Cost of Sales (Less Amortization)	1,665	562	1,994	1,951	1,573	3%	1,306	1,560	2,085	1,917	2,699
Amortization	1,400	2,800	2,600	2,600	3,200	10%	4,800	4,500	3,900	3,900	2,900
Cost of Sales - Normalised	3,065	3,362	3,994	3,951	4,573	17%	6,106	6,060	5,985	5,817	5,593
Gross Profit	20,297	22,062	21,985	22,372	23,617		26,033	27,607	29,222	30,538	31,693
Gross profit margin (GPM)	87%	87%	85%	85%	84%		81%	82%	83%	84%	85%
Research and Development - Reported	4,116	4,207	4,819	4,434	4,784						
Impact of Special Items	(89)	(122)	(523)	(93)	(84)						
Research and Development - Normalised	4,027	4,085	4,296	4,341	4,700	18%	5,351	5,605	5,861	6,052	6,208
Acquired In-Process Research and Development - Reported	0	0	1,505	0	0						
Impact of Special Items	0	0	(1,505)	0	0						
Acquired In-Process Research and Development - Normalised	0	0	0	0	0						
Selling, General and Administrative Expenses - Reported	5,150	5,790	5,368	5,414	6,179						
Impact of Special Items	(37)	(87)	(103)	(144)	(661)						
Selling, General and Administrative Expenses (Less Depreciation and Other)	4,307	4,842	4,467	4,453	4,647	19%	5,677	5,947	6,219	6,421	6,586
Depreciation	635	640	644	661	685	2.67%	511	563	621	684	754
Other	171	161	154	156	186						
Selling, General and Administrative Expenses - Normalised	5,113	5,643	5,265	5,270	5,518	22%	6,187	6,510	6,839	7,106	7,340
Other Expenses - Reported	66	189	194	503	879						
Impact of Special Items	(66)	(189)	(194)	(503)	(879)						
Other Expenses - Normalised	0	0	0	0	0		0	0	0	0	0
Total Operating Expenses - Reported	13,689	16,285	18,340	16,757	20,283						
Total Impact of Special Items	(1,483)	(3,195)	(4,785)	(3,195)	(5,502)						
Total Operating Expenses - Normalised	12,205	13,090	13,555	13,562	14,791		17,644	18,175	18,686	18,975	19,141
Operating Income - Reported	9,674	9,139	7,639	9,566	7,897						
Impact of Special Items	1,483	3,195	4,785	3,195	5,502						
Operating income - Normalise (EBIT)	11,157	12,334	12,424	12,761	13,399		14,495	15,493	16,521	17,380	18,145
Operating Profit Margin (OPM)	48%	49%	48%	48%	48%		45%	46%	47%	48%	49%
EBITDA	13,363	15,935	15,822	16,178	17,470		19,805	20,555	21,042	21,964	21,800
EBITDA Margin	57%	63%	61%	61%	62%		62%	61%	60%	60%	58%
Interest Expense	(1,289)	(1,262)	(1,197)	(1,406)	(2,875)						
Impact of Special Items	0	0	0	5	807						
Interest Expense - Normalised	(1,289)	(1,262)	(1,197)	(1,401)	(2,068)		(2,621)	(2,564)	(2,341)	(2,090)	(1,980)
Interest and Other Income - Reported	753	256	259	(814)	2,833						
Impact of Special Items	0	0	(248)	554	(2,147)						
Interest and Other Income - Normalised	753	256	11	(260)	686						
Income before Tax - Reported	9,138	8,133	6,701	7,346	7,655						
Impact of Special Items	1,483	3,232	4,537	3,754	4,162						
Income before Tax - Normalised	10,621	11,365	11,238	11,100	12,017		11,874	12,928	14,180	15,290	16,166
Provision for Income Tax - Reported	1,236	869	808	794	1,138						
Adjustments	297	701	633	736	845						
Provision for Income Tax - Normalised	1,533	1,570	1,441	1,530	1,983	21%	2,493	2,715	2,978	3,211	3,395
Net Income - Reported	7,842	7,284	5,883	6,552	6,717						
Impact of Special Items	1,186	2,531	3,904	3,018	3,317						
Net Income - Normalised	9,028	9,795	9,797	9,570	10,034		9,380	10,214	11,202	12,079	12,771
Net profit Margin	39%	39%	38%	36%	36%		31%	32%	33%	35%	36%
Earnings Per Share :											
Basic	14.92	16.72	17.19	17.79	18.76		17.53	19.09	20.94	22.58	23.87
Non GAAP - Diluted	14.82	16.60	17.10	17.69	18.65		17.44	18.98	20.82	22.45	23.74
Weighted Average Number of Shares :											
Basic	605	586	570	538	535		535	535	535	535	535
Non GAAP - Diluted	609	590	573	541	538		538	538	538	538	538
Dividend Paid per share	5.8	6.4	7.04	7.76	8.52	42%	7.27	7.91	8.68	9.36	9.89
Dividend Payout Ratio	39%	39%	41%	44%	46%		42%	42%	42%	42%	42%
P/E Ratio					14.6						
Interest Cover Ratio	8.66	9.77	10.38	9.11	6.48		5.53	6.04	7.06	8.31	9.17
Return on Equity	93%	104%	146%	261%	161%		28%	30%	32%	34%	36%
Profitability ratios											
Sales growth (%) - Normalised		9%	2%	1%	7%		-7%	9%	10%	8%	6%
Gross profit margin (%) - Normalised	87%	87%	85%	85%	84%		81%	82%	83%	84%	85%
EBITDA margins (%) - Normalised	57%	63%	61%	61%	62%		62%	61%	60%	60%	58%
EBIT margins (%) - Normalised	48%	49%	48%	48%	48%		45%	46%	47%	48%	49%
Net Income margins (%) - Normalised	39%	39%	38%	36%	36%		31%	32%	33%	35%	36%
Return on Research Capital Ratio	5.0x	5.4x	5.1x	5.2x	5.0x		4.9x	4.9x	5.0x	5.0x	5.1x
Return on Equity	93%	104%	146%	261%	161%		77%	55%	44%	36%	31%
Return on assets	15%	16%	16%	15%	10%		9%	10%	11%	11%	11%

- Balance sheet

AMGEN Inc (In USD Millions, Except Per-Share Data)	12 MONTHS	12 MONTHS	12 MONTHS	12 MONTHS	Historical Average For Forecast	12 MONTHS	12 MONTHS	12 MONTHS	12 MONTHS	12 MONTHS
	31-12-2020	31-12-2021	31-12-2022	31-12-2023		31-12-2024	31-12-2025	31-12-2026	31-12-2027	31-12-2028
	FY-20 A	FY-21 A	FY-22 A	FY-23 A		FY-24 E	FY-25 E	FY-26 E	FY-27 E	FY-28 E
Balance Sheet as of :										
Assets										
<i>Current Assets:</i>										
Cash, Cash Equivalents and Marketable Securities	6266	7989	7629	10944		17,402	18,614	19,238	24,094	26,257
Marketable Securities	4,381	48	1,676	0		0	0	0	0	0
Trade Receivables, Net	4,525	4,895	5,563	7,268	99 Days	8,245	8,637	9,032	9,326	9,565
Inventories	3,893	4,086	4,930	9,518	488 Days	8,157	8,096	7,995	7,770	7,472
Other Current Assets	2,079	2,367	2,388	2,602	9%	2,816	2,950	3,085	3,185	3,267
Total Current Assets	21,144	19,385	22,186	30,332		36,620	38,296	39,350	44,376	46,561
<i>Non-Current Assets:</i>										
Property, Plant and Equipment, Net	4,889	5,184	5,427	5,941		6,550	7,222	7,963	8,779	9,680
Intangible Assets, Net	16,587	15,182	16,080	32,641		31,105	29,716	28,787	27,766	27,642
Goodwill	14,689	14,890	15,529	18,629		18,629	18,629	18,629	18,629	18,629
Other Non Current Assets	5,639	6,524	5,899	9,611		9,611	9,611	9,611	9,611	9,611
Total Non-Current Assets	41,804	41,780	42,935	66,822		65,895	65,178	64,990	64,785	65,562
Total Assets	62,948	61,165	65,121	97,154		1,02,516	1,03,473	1,04,340	1,09,161	1,12,123

AMGEN Inc (In USD Millions, Except Per-Share Data)	12 MONTHS	12 MONTHS	12 MONTHS	12 MONTHS	Historical Average For Forecast	12 MONTHS	12 MONTHS	12 MONTHS	12 MONTHS	12 MONTHS
	31-12-2020	31-12-2021	31-12-2022	31-12-2023		31-12-2024	31-12-2025	31-12-2026	31-12-2027	31-12-2028
	FY-20 A	FY-21 A	FY-22 A	FY-23 A		FY-24 E	FY-25 E	FY-26 E	FY-27 E	FY-28 E
Balance Sheet as of :										
Liabilities and Stockholder's Equity										
<i>Current Liabilities:</i>										
Account payable	1,421	1,366	1,572	1,590	143 Days	2,391	2,373	2,343	2,277	2,190
Accrued Liabilities	10,141	10,731	12,524	15,359		15,359	15,359	15,359	15,359	15,359
Current portion of long-term Debt	91	87	1,591	1,443		5,500	6,183	2,724	4,984	3,825
Total Current Liabilities	11,653	12,184	15,687	18,392		23,250	23,915	20,426	22,620	21,373
<i>Non-Current Liabilities:</i>										
Long-Term Debt	32,895	33,222	37,354	63,170		57,710	51,527	48,803	43,819	39,994
Long Term Deferred Tax Liability	0	0	0	2,354		2,354	2,354	2,354	2,354	2,354
Long-Term tax liabilities	6,968	6,594	5,757	4,680		4,680	4,680	4,680	4,680	4,680
Other non-current Liabilities	2,023	2,465	2,662	2,326		2,326	2,326	2,326	2,326	2,326
Total Non-Current Liabilities	41,886	42,281	45,773	72,530		67,070	60,887	58,163	53,179	49,354
Total Liabilities	53,539	54,465	61,460	90,922		90,320	84,802	78,589	75,799	70,728
<i>Stockholder's Equity:</i>										
Common Stock and additional paid-in-capital; \$0.0001 par value per share; 2,750.0 shares authorized	31,802	32,096	32,514	33,070		33,564	34,083	34,628	35,195	35,780
Accumulated deficit	(21,408)	(24,600)	(28,622)	(26,549)		(21,078)	(15,122)	(8,589)	(1,545)	5,903
Accumulated other comprehensive loss	(985)	(796)	(231)	(289)		(289)	(289)	(289)	(289)	(289)
Total Stockholder's Equity	9,409	6,700	3,661	6,232		12,196	18,672	25,750	33,361	41,395
Total Liabilities and Stockholder's Equity	62,948	61,165	65,121	97,154		1,02,516	1,03,473	1,04,340	1,09,161	1,12,123

Ratios										
Current Ratio	1.8x	1.6x	1.4x	1.6x		1.6x	1.6x	1.9x	2.0x	2.2x
Quick Ratio	1.5x	1.3x	1.1x	1.1x		1.2x	1.3x	1.5x	1.6x	1.8x
Working Capital	9,491	7,201	6,499	11,940		13,371	14,381	18,924	21,755	25,187
Change in Working Capital	3,886	(2,290)	(702)	5,441		1,431	1,010	4,542	2,832	3,432
Change in Working Capital (%)	69%	-24%	-10%	84%		12%	8%	32%	15%	16%
Debt to Capital Ratio	79%	84%	92%	91%		84%	76%	68%	60%	53%
Debt-Equity Ratio	3.66	5.18	11.07	10.62		5.38	3.22	2.09	1.53	1.11

Working Capital										
Operating Current Assets										
Trade accounts receivable	4,525	4,895	5,563	7,268						
Receivable Days	68 Days	74 Days	82 Days	99 Days	99 Days					
Inventories	3,893	4,086	4,930	9,518						
Inventory Days	423 Days	373 Days	455 Days	760 Days	488 Days					
Prepaid expenses and other current assets	2,079	2,367	2,388	2,602						
%age of Sales	8.6%	9.7%	9.6%	9.7%	9.2%					
Operating Current Liabilities										
Accounts payable and Accrued Expense	1,421	1,366	1,572	1,590						
Payable Turnover Ratio	154 Days	125 Days	145 Days	127 Days	143 Days					
Cash Conversion Cycle	337 Days	322 Days	392 Days	731 Days						

- Cash flow Statement

AMGEN Inc (In USD Millions, Except Per-Share Data)	12 MONTHS	12 MONTHS	12 MONTHS	12 MONTHS	12 MONTHS
	31-12-2024	31-12-2025	31-12-2026	31-12-2027	31-12-2028
	FY-24 E	FY-25 E	FY-26 E	FY-27 E	FY-28 E
Cash From Operating Activities					
Net Income	9,380	10,214	11,202	12,079	12,771
Depreciation and amortization	5,311	5,063	4,521	4,584	3,654
Stock- Based Compensations	494	519	546	567	585
Change in assets and liabilities:					
Trade accounts receivable	(977)	(392)	(395)	(294)	(239)
Inventories	1,361	62	100	225	299
Prepaid expenses and other current assets	(214)	(134)	(135)	(101)	(82)
Accounts payable and accrued expenses	801	(18)	(29)	(66)	(88)
Net Cash Provided by Operating Activities	16,155	15,313	15,809	16,994	16,901
Cash From Investing Activities					
Capital Expenditure	(4,384)	(4,345)	(4,333)	(4,380)	(4,431)
Net Cash Used for Investing Activities	(4,384)	(4,345)	(4,333)	(4,380)	(4,431)
Cash From Financing Activities					
Cash dividends paid	(3,910)	(4,257)	(4,669)	(5,034)	(5,323)
Cash before Raising (Repayment) of Debt	7,861	6,711	6,808	7,580	7,147
Debt Raised	0	0	0	0	0
Debt Repaid	1,403	5,500	6,183	2,724	4,984
Net Cash Provided by(Used for) Financing Activities	(5,313)	(9,757)	(10,852)	(7,758)	(10,307)
Net Increase(Decrease) in Cash and Cash Equivalent	6,458	1,211	625	4,856	2,163
Cash and Cash Equivalents, Beginning of Year	10,944	17,402	18,614	19,238	24,094
Cash and Cash Equivalents, End of Period	17,402	18,614	19,238	24,094	26,257
Operating Cashflow Ratio	2.05	1.79	3.12	2.34	2.81

- WACC

AMGEN Inc

(In USD Millions, Except Per-Share)

WACC Calculation

1

Bottoms Up Beta

Cost of equity

Particulars

Notes

Value

Risk-free rate (%)

10-year treasury rate

4.61%

Beta

Bottoms Up

0.68

Equity market risk premium (%)

Damodaram

5.2%

Cost of equity capital (%)

8.2%

Cost of debt

Particulars

Notes

Value

Debt borrowing rate (%)

Ratings

6.4%

Expected income tax rate (%)

Based

21.0%

After-tax cost of debt (%)

5.0%

Weighted average cost of capital

Particulars

Weight

Particulars

Cost

Value

Debt (%)

29.4%

Cost of debt (%)

5.0%

1.5%

Equity (%)

70.6%

Cost of equity (%)

8.2%

5.8%

WACC

7.24%

Calculation of beta

Particulars

Levered Beta

D/(D+E)
(last three years)

E/(D+E)
(last three years)

Tax rate (%)

Unlevered Beta

Relevered Beta

Bottom-up

AbbVie Inc.

0.76

20.8%

79.2%

21.0%

0.63

0.74

BMY

0.59

24.7%

75.3%

21.0%

0.47

0.55

Pfizer Inc.

0.64

18.43%

81.5%

21.0%

0.62

0.73

Pfizer Inc.

0.64

2.9%

97.1%

21.0%

0.63

0.74

J&J

0.59

6.4%

93.6%

21.0%

0.56

0.66

18.5%

81.5%

Industry Average

Beta Calculation for Target Co

1 Bottoms Up Beta

0.68

2 Regression Beta

0.66

29.4%

70.6%

21.0%

0.50

0.66

- WACC Sensitivity

		WACC								
LTGR	322	7.05%	7.10%	7.15%	7.20%	7.25%	7.30%	7.35%	7.40%	7.45%
	1.10%	312.8	309.5	306.1	302.9	299.7	296.5	293.4	290.4	287.3
	1.20%	318.4	314.9	311.5	308.2	304.9	301.6	298.4	295.3	292.2
	1.30%	324.2	320.6	317.1	313.6	310.2	306.9	303.6	300.3	297.2
	1.40%	330.2	326.5	322.8	319.3	315.8	312.3	308.9	305.6	302.3
	1.50%	336.4	332.6	328.8	325.1	321.5	317.9	314.5	311.0	307.6
	1.60%	342.8	338.9	335.0	331.2	327.4	323.8	320.2	316.6	313.1
	1.70%	349.5	345.4	341.4	337.5	333.6	329.8	326.1	322.4	318.8
	1.80%	356.4	352.2	348.0	344.0	340.0	336.1	332.2	328.4	324.7
	1.90%	363.6	359.2	354.9	350.7	346.6	342.6	338.6	334.7	330.9

		WACC								
Exit Multiple	313	7.05%	7.10%	7.15%	7.20%	7.25%	7.30%	7.35%	7.40%	7.45%
	11.6x	286.5	285.8	285.0	284.3	283.6	282.8	282.1	281.3	280.6
	11.9x	293.8	293.1	292.3	291.5	290.8	290.0	289.3	288.5	287.8
	12.2x	301.1	300.3	299.5	298.8	298.0	297.2	296.5	295.7	294.9
	12.5x	308.4	307.6	306.8	306.0	305.2	304.4	303.6	302.9	302.1
	12.8x	315.7	314.9	314.1	313.2	312.4	311.6	310.8	310.0	309.2
	13.1x	323.0	322.1	321.3	320.5	319.7	318.8	318.0	317.2	316.4
	13.4x	330.3	329.4	328.6	327.7	326.9	326.0	325.2	324.4	323.6
	13.7x	337.5	336.7	335.8	335.0	334.1	333.3	332.4	331.6	330.7
	14.0x	344.8	343.9	343.1	342.2	341.3	340.5	339.6	338.7	337.9

- Discounted Cash flow

AMGEN Inc		DCF VALUATION				
(In USD Millions, Except Per-Share Data)						
Valuation Date		24-Apr-24				
Latest Filing		31-Dec-23				
Choose Discounting		Year End Discounting 2				
		12 MONTHS	12 MONTHS	12 MONTHS	12 MONTHS	12 MONTHS
		31-12-2024	31-12-2025	31-12-2026	31-12-2027	31-12-2028
		FY-24 E	FY-25 E	FY-26 E	FY-27 E	FY-28 E
EBIT		14,495	15,493	16,521	17,380	18,145
TAX RATE		21%	21%	21%	21%	21%
NOPAT		11,451	12,239	13,052	13,730	14,335
Add: Depreciation & Amortization		5,311	5,063	4,521	4,584	3,654
Less: Capex		(4,384)	(4,345)	(4,333)	(4,380)	(4,431)
Add/Less WC		971	(482)	(459)	(236)	(109)
FCFF		13,348	12,475	12,780	13,699	13,449
7.24%	Discount rate (%)					
	Full Period or Partial Period	0.75	1.00	1.00	1.00	1.00
	Discounting Period - Year End	0.75	1.75	2.75	3.75	4.75
	Discounting Period - Mid Year	0.38	1.25	2.25	3.25	4.25
	Present Value Factor - Year End Discounting	0.95	0.88	0.83	0.77	0.72
	Present Value Factor - Mid Year Discounting	0.97	0.92	0.85	0.80	0.74
Present Value Debt Free Cash Flow		9,500	11,038	10,545	10,540	9,649

Present Value for Explicit Period	51,272
-----------------------------------	--------

Terminal Value	Gordon's Growth
Long Term Growth Rate	1.50%
Terminal Value	2,37,792
Present Value of TV	1,70,606
DCF Value of Firm / Operating Business Enterprise Value	2,21,878
Add: Other Investments	4,460
Total Value of Firm	2,26,338
Less: Gross Debt & Debt Equivalents	64,613
Add: Cash	10,944
Less: Non Controlling Interest	-
DCF Value of Common Equity	1,72,669
No. of Shares O/S - Diluted	536
DCF Value per Share	322

Terminal Value	Exit Multiple
LTM EV/EBITDA	12.82x
Terminal Year EBITDA	17,989
Terminal Value	2,30,663
Present Value of TV	1,65,491
DCF Value of Firm / Operating Business Enterprise Value	2,16,763
Add: Other Investments	4,460
Total Value of Firm	2,21,223
Less: Gross Debt & Debt Equivalents	64,613
Add: Cash	10,944
Less: Non-Controlling Interest	-
DCF Value of Common Equity	1,67,554
No. of Shares O/S - Diluted	536
DCF Value per Share	313