

Amgen, based in Thousand Oaks, California, is a leading global biotech company. Its key products include Prolia, Enbrel, Otezla, Repatha, Xgeva, Tepezza, Evenity, Blincyto, Kyprolis, Krystexxa, and Nplate. The shares are a component of the S&P 500.

Analyst's Notes

Analysis by Jasper Hellweg, May 21, 2025

ARGUS RATING: BUY

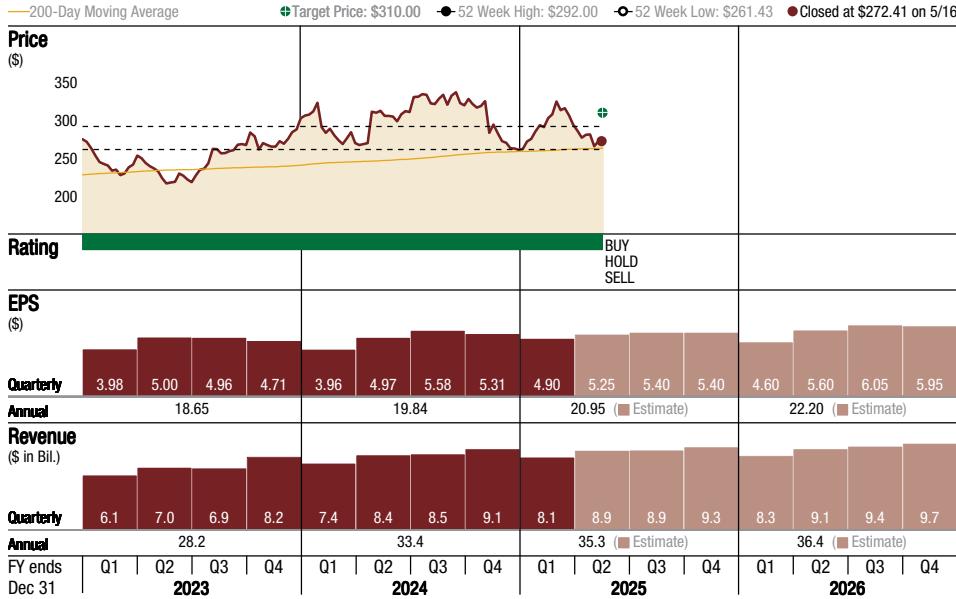
- Discounted price offers buying opportunity
- Amgen has a strong pipeline of potential new products, as well as a rapidly growing portfolio of existing products that saw volume growth of 14% during the first quarter.
- On this front, Amgen has announced a number of positive developments in recent months, including the FDA approval of Uplizna as the first and only treatment for adults living with Immunoglobulin G4-related disease (IgG4-RD), a chronic and debilitating immune-mediated inflammatory condition that can affect multiple organs and lead to fibrosis and permanent organ damage.
- Meanwhile, the company has announced new clinical data showcasing the significant clinical benefit of Imdeltra for patients with small cell lung cancer, Uplizna for generalized myasthenia gravis (gMG) symptoms in acetylcholine receptor autoantibody-positive (AChR+) patients, and Tezspire for patients with chronic rhinosinusitis with nasal polyps (CRSwNP).
- Our revised price target of \$310 implies a total return, including the dividend, of roughly 16%.

INVESTMENT THESIS

Our rating on Amgen Inc. (NGS: AMGN) is BUY. The company has a strong pipeline of potential new products, as well as a rapidly growing portfolio of existing products that saw volume growth of 14% during the first quarter. On this front, Amgen has announced a number of positive developments in recent months, including the FDA approval of Uplizna as the first and only treatment for adults living with Immunoglobulin G4-related disease (IgG4-RD), a chronic and debilitating immune-mediated inflammatory condition that can affect multiple organs and lead to fibrosis and permanent organ damage. Meanwhile, the company has announced new clinical data showcasing the significant clinical benefit of Imdeltra for patients with small cell lung cancer, Uplizna for generalized myasthenia gravis (gMG) symptoms in acetylcholine receptor autoantibody-positive (AChR+) patients, and Tezspire for patients with chronic rhinosinusitis with nasal polyps (CRSwNP). We expect future revenue to benefit from newly launched drugs, biosimilars, and products acquired from M&A and in-licensing. The company has invested its strong cash flow in R&D and acquisitions. Our revised price target of \$310 implies a total return, including the dividend, of roughly 16%.

Market Data

Pricing reflects previous trading week's closing price.



Argus Recommendations

Twelve Month Rating	SELL	HOLD	BUY
Five Year Rating	SELL	HOLD	BUY
Sector Rating	Under Weight	Market Weight	Over Weight

Argus assigns a 12-month BUY, HOLD, or SELL rating to each stock under coverage.

- BUY-rated stocks are expected to outperform the market (the benchmark S&P 500 Index) on a risk-adjusted basis over the next year.
- HOLD-rated stocks are expected to perform in line with the market.
- SELL-rated stocks are expected to underperform the market on a risk-adjusted basis.

The distribution of ratings across Argus' entire company universe is: 73% Buy, 27% Hold, 0% Sell.

Key Statistics

Key Statistics pricing data reflects previous trading day's closing price. Other applicable data are trailing 12-months unless otherwise specified

Market Overview

Price	\$275.01
Target Price	\$310.00
52 Week Price Range	\$253.30 to \$346.85
Shares Outstanding	537.71 Million
Dividend	\$9.52

Sector Overview

Sector	Healthcare
Sector Rating	OVER WEIGHT
Total % of S&P 500 Market Cap.	10.80%

Financial Strength

Financial Strength Rating	MEDIUM
Debt/Capital Ratio	91.2%
Return on Equity	181.5%
Net Margin	17.4%
Payout Ratio	0.45
Current Ratio	1.26
Revenue	\$34.13 Billion
After-Tax Income	\$5.93 Billion

Valuation

Current FY P/E	13.13
Prior FY P/E	13.86
Price/Sales	4.33
Price/Book	23.83
Book Value/Share	\$11.54
Market Capitalization	\$147.87 Billion

Forecasted Growth

1 Year EPS Growth Forecast	5.59%
5 Year EPS Growth Forecast	10.00%
1 Year Dividend Growth Forecast	5.78%

Risk

Beta	0.58
Institutional Ownership	79.49%

Analyst's Notes ...Continued

RECENT DEVELOPMENTS

AMGN shares have underperformed over the past three months, declining 7% compared to a 3% decline for the S&P 500. The stock has also underperformed the market over the past year, falling 13% compared to a 12% gain for the S&P 500. Over the past five years, the stock has gained 13% compared to a 101% advance for the market.

Amgen delivered 1Q25 results on May 1 that beat the consensus for both earnings and revenue. Adjusted EPS rose 24% to \$4.90 from \$3.96 in 1Q24, beating the consensus estimate by \$0.64. GAAP net income was \$1.73 billion or \$3.20 per diluted share, up from a net loss of \$113 million or \$0.21 per share a year earlier. Total revenue rose 9% to \$8.15 billion, beating the consensus by \$114 million. Product sales rose 11%, primarily driven by 14% volume growth. 'Other revenue,' which includes collaboration revenue related to COVID antibody manufacturing, declined 16% to \$276 million.

Amgen's 1Q growth drivers included Repatha, Blinacyto, Tezspire, Evenity, Tavneos, and Uplizna - all of which posted double-digit sales growth.

The performance of Amgen's stock is often driven in part by pipeline developments. On April 11, Amgen announced that its global Phase 3 clinical trial evaluating Imdelltra as a treatment for patients with small cell lung cancer (SCLC) who progressed on or after a single line of platinum-based chemotherapy met its primary endpoint at a planned interim analysis. Imdelltra demonstrated

statistically significant and clinically meaningful improvement in overall survival (OS) compared to local standard-of-care (SOC) chemotherapy. Imdelltra is currently indicated for the treatment of adult patients with extensive-stage small cell lung cancer (ES-SCLC) with disease progression on or after platinum-based chemotherapy. This indication is approved under accelerated approval based on overall response rate and duration of response.

On April 3, the FDA approved Uplizna as the first and only treatment for adults living with Immunoglobulin G4-related disease (IgG4-RD). IgG4-RD is a chronic and debilitating immune-mediated inflammatory condition that can affect multiple organs and lead to fibrosis and permanent organ damage. The FDA granted Breakthrough Therapy Designation to Uplizna for the treatment of IgG4-RD, recognizing the high unmet medical need in this serious condition and the medicine's potential to benefit patients. The approval was based in part on clinical data that showed that Uplizna delivered an 87% reduction in the risk of flares versus placebo. On a related note, on March 13, the company announced new Phase 3 data showing that Uplizna significantly improves generalized myasthenia gravis (gMG) symptoms in acetylcholine receptor autoantibody-positive (AChR+) patients over 52 weeks. The FDA has granted Uplizna Orphan Drug Designation for the treatment of gMG. Regulatory filing activities are underway with submission anticipated to be complete in the first half of 2025.

On March 1, Amgen and its partner AstraZeneca announced

Growth & Valuation Analysis
GROWTH ANALYSIS

(\$ in Millions, except per share data)	2020	2021	2022	2023	2024
Revenue	25,424	25,979	26,323	28,190	33,424
COGS	6,159	6,454	6,406	8,451	12,858
Gross Profit	19,265	19,525	19,917	19,739	20,566
SG&A	5,730	5,368	5,414	6,179	7,096
R&D	4,207	4,819	4,434	4,784	5,964
Operating Income	9,139	9,144	9,566	7,897	7,258
Interest Expense	1,262	1,197	1,406	2,875	3,155
Pretax Income	8,133	6,701	7,346	7,855	4,609
Income Taxes	869	808	794	1,138	519
Tax Rate (%)	11	12	11	14	11
Net Income	7,264	5,893	6,552	6,717	4,090
Diluted Shares Outstanding	590	573	541	538	541
EPS	12.31	10.28	12.11	12.49	7.56
Dividend	6.40	7.04	7.76	8.52	9.00
GROWTH RATES (%)					
Revenue	9.2	0.2	2.1	8.5	19.0
Operating Income	-5.5	0.1	4.6	-17.4	-8.1
Net Income	-7.4	-18.9	11.2	2.5	-39.1
EPS	-4.4	-16.5	17.8	3.1	-39.5
Dividend	10.3	10.0	10.2	9.8	5.6
Sustainable Growth Rate	33.4	17.0	45.1	54.5	-7.5
VALUATION ANALYSIS					
Price: High	\$264.97	\$276.69	\$296.67	\$289.04	\$346.85
Price: Low	\$177.05	\$198.64	\$214.39	\$211.71	\$253.30
Price/Sales: High-Low	6.1 - 4.1	6.1 - 4.4	6.1 - 4.4	5.5 - 4.0	5.6 - 4.1
P/E: High-Low	21.5 - 14.4	26.9 - 19.3	24.5 - 17.7	23.1 - 17.0	45.9 - 33.5
Price/Cash Flow: High-Low	14.5 - 9.7	18.6 - 13.3	16.4 - 11.9	14.7 - 10.8	25.8 - 18.9

Financial & Risk Analysis

FINANCIAL STRENGTH	2022	2023	2024
Cash (\$ in Millions)	7,629	10,944	11,973
Working Capital (\$ in Millions)	6,499	11,940	5,931
Current Ratio	1.41	1.65	1.26
LT Debt/Equity Ratio (%)	1,020.3	1,013.6	962.2
Total Debt/Equity Ratio (%)	1,063.8	1,036.8	1,022.6
RATIOS (%)			
Gross Profit Margin	75.7	70.0	61.5
Operating Margin	36.3	28.0	21.7
Net Margin	24.9	23.8	12.2
Return On Assets	10.4	8.3	4.3
Return On Equity	126.5	135.8	67.6
RISK ANALYSIS			
Cash Cycle (days)	245.7	326.8	261.5
Cash Flow/Cap Ex	10.4	7.6	10.5
Oper. Income/Int. Exp. (ratio)	6.2	3.7	2.5
Payout Ratio	70.9	60.8	59.3

Analyst's Notes ...Continued

full results from a Phase 3, registrational trial demonstrating that Tezspire significantly reduced nasal polyp severity, the need for surgery and systemic corticosteroid use in patients with chronic rhinosinusitis with nasal polyps (CRSwNP) compared to placebo. Regulatory filings for Tezspire in CRSwNP are currently under review by regulatory authorities in multiple regions. The drug is currently approved for the treatment of severe asthma in the U.S., Europe, Japan, and more than 50 countries across the globe.

Outside of the company's portfolio and pipeline, Amgen has also invested in expanding its manufacturing footprint. On April 25, the company announced a \$900 million expansion of its Ohio manufacturing facility, bringing the total number of jobs created to 750 and the total investment in Central Ohio to over \$1.4 billion. The Ohio expansion enhances the company's global biomanufacturing network, leveraging decades of operational expertise and technological advancements and follows the company's recent announcement that it would invest \$1 billion to build a second manufacturing plant in Holly Springs, NC.

EARNINGS & GROWTH ANALYSIS

Along with its 1Q25 results, Amgen provided guidance for 2025. The company reiterated its expectation for 2025 revenue of \$34.3-\$35.7 billion, representing growth of 3%-7% from 2024. It also continues to expect adjusted EPS of \$20.00-\$21.20, representing growth of 1%-7% from the prior year, capital expenditures of approximately \$2.3 billion, and share repurchases

of up to \$500 million. Meanwhile, the company now looks for a non-GAAP tax rate of 14.5%-16.0%, raised from its earlier guidance of 14%-15%.

Reflecting the company's first-quarter results and management's guidance for 2025, we are reiterating our 2025 adjusted EPS estimate of \$20.95, implying 6% growth from the company's 2024 results. We expect growth to continue in 2026 based on the launch of new products, and look for an adjusted EPS of \$22.20, implying growth of 6% from our 2025 estimate.

FINANCIAL STRENGTH & DIVIDEND

Our financial strength rating on Amgen is Medium, the midpoint on our five-point scale. As of March 31, 2025, cash and cash equivalents were \$8.8 billion, down from \$12.0 billion at the end of 2024. Total debt was \$57.4 billion, down from \$60.1 billion at the end of 2024. During the first quarter, cash flow from operations rose 102% to \$1.4 billion from \$689 million in 1Q24, while free cash flow rose 114% to \$980 million from \$459 million.

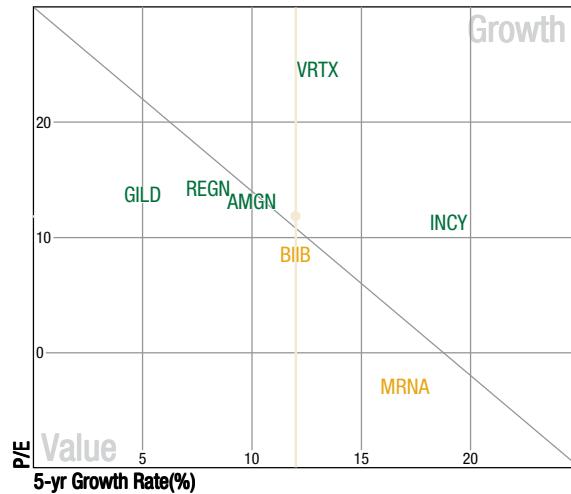
The company plans to return approximately 60% of non-GAAP net income to shareholders through 2030 by way of dividends and share repurchases. Still, during the first quarter of 2025, the company did not repurchase any shares of its common stock.

Amgen pays a dividend. In December 2024, the company announced a roughly 6% increase in its quarterly dividend to \$2.38 per share, or \$9.52 annually, from its previous payout of \$2.25 per share, or \$9.00 annually. The dividend holds a yield of

Peer & Industry Analysis

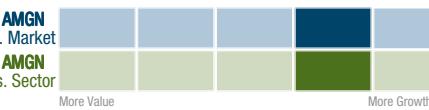
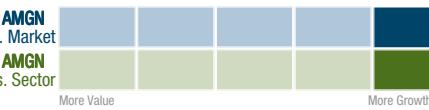
The graphics in this section are designed to allow investors to compare AMGN versus its industry peers, the broader sector, and the market as a whole, as defined by the Argus Universe of Coverage.

- The scatterplot shows how AMGN stacks up versus its peers on two key characteristics: long-term growth and value. In general, companies in the lower left-hand corner are more value-oriented, while those in the upper right-hand corner are more growth-oriented.
- The table builds on the scatterplot by displaying more financial information.
- The bar charts on the right take the analysis two steps further, by broadening the comparison groups into the sector level and the market as a whole. This tool is designed to help investors understand how AMGN might fit into or modify a diversified portfolio.

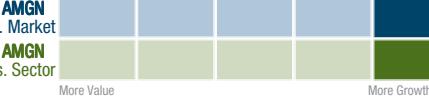


Ticker	Company	Market Cap (\$ in Millions)	5-yr Growth Rate (%)	Current FY P/E	Net Margin (%)	1-yr EPS Growth (%)	Argus Rating
AMGN	AMGEN Inc.	147,875	10.0	13.1	17.4	6.0	BUY
GILD	Gilead Sciences, Inc.	135,725	5.0	13.7	20.8	6.9	BUY
VRTX	Vertex Pharmaceuticals, Inc.	114,835	13.0	24.6	-8.9	10.4	BUY
REGN	Regeneron Phars, Inc	65,259	8.0	14.3	31.9	14.7	BUY
BIIB	Biogen Inc	19,129	12.0	8.6	15.1	5.6	HOLD
INCY	Incyte Corp.	12,640	19.0	11.4	.5	14.8	BUY
MRNA	Moderna Inc	10,825	17.0	-2.9	-105.7	38.5	HOLD
Peer Average		72,327	12.0	11.8	-4.1	13.8	

P/E

Price/Sales

Price/Book

PEG

5 Year Growth

Debt/Capital


Analyst's Notes ...Continued

about 3.5%. Our dividend estimates are \$9.52 for 2025 and \$10.08 for 2026.

MANAGEMENT & RISKS

Robert A. Bradway is Amgen's chairman and CEO. He has held these roles since January 2013 and May 2012, respectively. Prior to joining the company in 2006 as VP, Operations Strategy, he was a managing director at Morgan Stanley. Peter Griffith has served as EVP and CFO since January 2020.

Risks for Amgen include the high cost and long time horizon for the development of new biologic products. Development cycles for these products can extend for more than 10 years. Amgen also faces increased competition and pricing pressures for many products.

Amgen faces the risk that insurers and other payers may restrict reimbursement coverage for its drugs. In Europe and other overseas markets, national agencies typically make coverage decisions, with drug manufacturers negotiating for wider access and higher volume in return for lower pricing.

COMPANY DESCRIPTION

Amgen, based in Thousand Oaks, California, is a leading global biotech company. Its key products include Prolia, Enbrel, Otezla, Repatha, Xgeva, Tepezza, Evenity, Blinacyto, Kyprolis, Krystexxa, and Nplate. The shares are a component of the S&P 500.

VALUATION

AMGN shares trade at 13-times our adjusted EPS estimate for 2025, below the peer average for our coverage universe of biotech/pharma stocks. We think this is an attractive valuation. From a technical basis, while often volatile, the stock remains in a long-term trading pattern of higher highs and higher lows, a bullish trend for investors. Our revised price target of \$310 implies a total return, including the dividend, of roughly 16%.

On May 21 at midday, BUY-rated AMGN traded at \$273.32, down \$1.69.

About Argus

Argus Research, founded by Economist Harold Dorsey in 1934, has built a top-down, fundamental system that is used by Argus analysts. This six-point system includes Industry Analysis, Growth Analysis, Financial Strength Analysis, Management Assessment, Risk Analysis and Valuation Analysis.

Utilizing forecasts from Argus' Economist, the Industry Analysis identifies industries expected to perform well over the next one-to-two years.

The Growth Analysis generates proprietary estimates for companies under coverage.

In the Financial Strength Analysis, analysts study ratios to understand profitability, liquidity and capital structure.

During the Management Assessment, analysts meet with and familiarize themselves with the processes of corporate management teams.

Quantitative trends and qualitative threats are assessed under the Risk Analysis.

And finally, Argus' Valuation Analysis model integrates a historical ratio matrix, discounted cash flow modeling, and peer comparison.

THE ARGUS RESEARCH RATING SYSTEM

Argus uses three ratings for stocks: BUY, HOLD, and SELL. Stocks are rated relative to a benchmark, the S&P 500.

- A BUY-rated stock is expected to outperform the S&P 500 on a risk-adjusted basis over a 12-month period. To make this determination, Argus Analysts set target prices, use beta as the measure of risk, and compare expected risk-adjusted stock returns to the S&P 500 forecasts set by the Argus Market Strategist.
- A HOLD-rated stock is expected to perform in line with the S&P 500.
- A SELL-rated stock is expected to underperform the S&P 500.

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