



Custom Stock Research Report

Stock Name: Amgen (AMGN)

www.teambiddles.com

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Profile: Amgen Inc. is a biotechnology company. The Company discovers, develops, manufactures and delivers various human therapeutics. It operates in human therapeutics segment. Its marketed products portfolio includes Neulasta (pegfilgrastim); erythropoiesis-stimulating agents (ESAs), such as Aranesp (darbepoetin alfa) and EPOGEN (epoetin alfa); Sensipar/Mimpara (cinacalcet); XGEVA (denosumab); Prolia (denosumab); NEUPOGEN (filgrastim), and other marketed products, such as KYPROLIS (carfilzomib), Vectibix (panitumumab), Nplate (romiplostim), Repatha (evolocumab), BLINCYTO (blinatumomab), IMLYGIC (talimogene laherparepvec) and Corlanor (ivabradine). It focuses on human therapeutics for the treatment of serious illness in the areas of oncology/hematology, cardiovascular disease and neuroscience. Its product candidates in Phase III include Erenumab for episodic migraine, Aranesp for myelodysplastic syndromes, BLINCYTO for acute lymphoblastic leukemia and IMLYGIC for metastatic melanoma.

3 Month Brief: As of 1/15/20, the price of Amgen was \$241.70, its worse day was 3/23/20 where the price touched \$185.93. The price has since risen and held up nicely. It is hovering around \$220.00 this week.

Fundamental: For the fiscal year ended 31 December 2019, Amgen, Inc. revenues decreased 2% to \$23.36B. Net income decreased 7% to \$7.84B. Revenues reflect US segment decrease of 5% to \$16.53B, Other segment decrease of 5% to \$1.16B. Net income also reflects Research and development increase of 10% to \$4.12B (expense), Interest income decrease of 20% to \$643M (income). Dividend per share increased from \$5.28 to \$5.80.

Prior Recessions Notes

Recession	Dates	Notes
Dot Com Bubble	March 2001 – November 2001	<p>During this time period Amgen held up against the market with a stock price of \$60 when the recession began and ended at \$66 when it ended demonstrating that investors and institutions are confident in the stock</p> <p>Revenue Even through the tech recession Amgen increased revenue from \$901m – \$1.124m</p> <p>Gross Profit increased from \$812m - \$971m</p> <p>Net Income: A Large Other Income/Expense charge led to Net Income being reduced by the 4th quarter. Started at \$304m and ending at \$163m</p>
Financial Crisis	December 2007 – June 2009	<p>In December 2007 Amgen had a stock price of \$46.44 at the end of the recession in June 2009 the stock price of Amgen ended at \$52.94 demonstrating that investors and institutions are confident in the stock</p> <p>Revenue During the financial crisis revenue held steady early in 2007 at \$14.7b and ended in 2009 at \$14.6b</p> <p>Gross Profit In 2007 gross profit was \$12.2b held steady ending at \$12.5b</p> <p>Net Income rose during this period as Amgen paid no interest expense, in 2007 Net Income was \$3.166b and ended in 2009 at \$4.605b</p>

Current Pandemic Evaluation	March 23 - TBD	<p><u>Income:</u></p> <p>Year over Year since 2016 Amgen has performed at a steady rate</p> <p><u>Balance Sheet</u></p> <p>Assets have declined since 2016, with liabilities increasing</p> <p><u>Cash Flow:</u></p> <p>Cash Flow has increased from 2016 -2018 but took a dip in 2019, in 2018 there was significant investment and financing. Financing decreased in 2019 indicating that operating cash was used to pay off debt. This is the reason why operating income took a dip in 2019.</p> <p><u>Outlook:</u></p> <p>Amgen has held steady during recessions and is holding steady now with investors still behind the stock by keeping it near January high.</p> <p>Healthcare stocks some in the pharmaceutical industry have a history of holding up well during a recession. If there is operating cash and access to financing to weather the storm this company should continue to perform well.</p> <p>AMGN's innovation outlook is trending down based on a current score of 69 out of 99, outperforming sector average. Jobs growth over the past year has increased and insider's sentiment is negative. AMGN is a medium in terms of sustainability. It is most exposed to Dassault Systemes SE as its supplier. Over the past 4 quarters AMGN beat earnings estimates 4 times and it pays dividend higher than its peers.</p>
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Term	Performance Outlook
Short Term (2weeks – 6weeks)	Bullish
Mid Term (6weeks – 9 months):	Neutral
Long Term (9 months +):	Bullish

Innovation

Amgen is an innovative company with the following: The company's innovative score would be 6.9 of 10

Patents:

- 44% Medical Science
- 38% Organic Chemistry
- 15% Others

Trademarks:

- 35% Pharmaceuticals
- 30% Others
- 13% Advertising
- 13% Medical Services
- 10% Technology

Dividends

Amgen stock pays a dividend higher at 2.8% than the sector median of 1.9%, but lower than the market median at 4.3%

Environmental, Social, Governance

Amgen has not put in place any popular measures to support the new ESG movement which could turn millennial investors off from the stock.

Amgen History

History



The word **AMGen** is a [portmanteau](#) of the company's original name, Applied **M**olecular **G**enetics, which became the official name of the company in 1983 (three years after incorporation and coincident with its [initial public offering](#)). The company's first [chief executive officer](#), from 1980, was co-founder [George B. Rathmann](#), followed by [Gordon M. Binder](#) in 1988,^[13] followed by [Kevin W. Sharer](#) in 2000.^[14] Robert A. Bradway became Amgen's president and chief executive officer in May 2012 following Sharer's retirement.^[15]

The company has made at least five major [corporate acquisitions](#).

Timeline[\[edit\]](#)

- 1980. William Bowes from Cetus Corporation recruits Winston Salser from UCLA to start Amgen with a scientific advisory board consisting of [Norman Davidson](#), [Leroy Hood](#), [Arnold Berk](#), [John Carbon](#), [Robert Schimke](#), [Arno Motulsky](#), [Marvin H. Caruthers](#), and Dave Gibson.^[16]
- 1989. Amgen received approval for the first recombinant human erythropoietin product, Epogen, for the treatment of anemia associated with chronic kidney failure. Epogen (also marketed by Johnson and Johnson under the tradename Procrit) would later be approved for anemia due to cancer chemotherapy, anemia due to treatment with certain [HIV drugs](#), and for the reduction of the need for transfusions associated with surgery.^[17]
- 1991. In February 1991, Amgen received FDA approval for Neupogen for the prevention of infections in patients whose immune systems are suppressed due to cancer chemotherapy.^[18] A 2002 meta-analysis found that Neupogen treatment reduced the risk of febrile neutropenia by 38%, reduced the risk of documented infection by 49%, and reduced the risk of infection-related mortality by 40%.^[19]
- 1998. In November 1998, Immunex, a future acquisition of Amgen, received approval for Enbrel (etanercept), the first rheumatoid arthritis drug targeting tumor necrosis factor alpha (TNF-alpha).^[17] A 2006 assessment by the National Institute of Clinical Excellence of the United Kingdom concluded that etanercept and related rheumatoid arthritis drugs later introduced by competitors "are effective treatments compared with placebo for RA patients who are not well controlled by conventional DMARDs, improving control of symptoms, improving physical function, and slowing radiographic changes in joints."^[20] A more recent study demonstrated that compared to traditional disease-modifying anti-rheumatic drugs, treatment with etanercept improved survival, reduced cardiovascular events and reduced the incidence of hematological cancers.^[21]
- 2010. On June 6, 2010 Amgen received [FDA](#) approval for Prolia, a protein drug for the treatment of post-menopausal osteoporosis.^[22] In clinical trials, Prolia reduced the rate of vertebral fractures by 61% and the risk of hip fractures by 40%.^[23]
- 2010 In November 2010 the [FDA](#) approved Xgeva for the prevention of complications of bone metastases in patients with solid tumors.^[24] The clinical trials primarily enrolled patients with breast or prostate cancer.

- 2012. Illegal marketing practices. The [Los Angeles Times](#) reported on December 18, 2012 that Amgen pleaded guilty and agreed to pay \$150 million in criminal penalty and \$612 million to resolve 11 related [whistleblower](#) complaints. Federal prosecutors accused the company of pursuing profits while putting patients at risk.^[25] Larry Husten, a contributor at Forbes.com elaborates on AMGEN's illegal marketing practices in this case, namely that the "government accused Amgen of marketing Aranesp for indications not approved by the FDA and other illegal marketing practices".^[26] One of the drugs mentioned in the lawsuit had sales of \$492 million in the third quarter of 2012, down 17% from the same quarter the previous year due to "reimbursement problems and label changes".^[27]
- 2013. Lawmakers inserted text into the fiscal cliff bill that will allow the drugmaker to sell a class of drugs that includes Sensipar without government controls for an additional two years. The New York Times estimated that the paragraph in the fiscal cliff bill will cost taxpayers an estimated \$500 million^[28] but other assessments concluded that the change would protect seniors in rural areas and reduce overall Medicare spending.^{[29][30]}
- 2015. In September the company announced it would acquire Dezima Pharma for more than \$1.55 billion.^[31] The same day the company announced a collaboration with Xencor on 6 early stage immuno-oncology and inflammation programmes. As part of the deal Amgen will pay \$45 million upfront, with the deal being worth up to another \$1.7 billion.^{[32][33]}
- 2016. In September, the company announced it would purchase the rights to [Boehringer Ingelheims](#) Phase I bispecific T-cell engager compound (BI 836909, now AMG 420) for use in the treatment of [multiple myeloma](#).^[34]
- 2017. Cash returned to shareholders totalled a record \$6.5 billion through dividends and share repurchases.^[35]
- 2018. Amgen was ranked 123 on the Fortune 500 list of the largest United States corporations by revenue. ^[36]
- 2019. Amgen announced it would acquire Nuevolution AB for 1.61 billion Swedish crowns (\$166.8 million) to enhance its drug discovery capabilities.^[37] In August the company announced it would acquire the [Otezla](#) drug programme from [Celgene](#) for \$13.4 billion, as part of Celgene and [Bristol-Myers Squibbs](#) merger deal.^{[38][39]} In October, Amgen announced it would be acquiring a 20.5% stake in the [Beijing](#)-based BeiGene for \$2.7 billion