Stock Recommendation Form

<table>
<tr><td>Analyst</td><td></td></tr>
<tr><td>Ticker</td><td>Amgen Inc. (AMGN)</td></tr>
<tr><td>Current Stock Price and Date</td><td>$240.53 as of 2/17/2023</td></tr>
<tr><td>Relative Valuation</td><td>
<table>
<tr><th>Values as of 2/17/2023</th><th>2023 EPS</th><th>2024 EPS</th><th>2023 P/E</th><th>2024 P/E</th></tr>
<tr><td>AMGN</td><td>17.97</td><td>19.12</td><td>13.39</td><td>12.58</td></tr>
<tr><td>GSK (35.88)</td><td>3.66</td><td>3.96</td><td>9.80</td><td>9.06</td></tr>
<tr><td>BIIB (278.38)</td><td>15.54</td><td>16.29</td><td>17.91</td><td>17.09</td></tr>
<tr><td>SYK (263.16)</td><td>10.03</td><td>11.12</td><td>26.24</td><td>23.67</td></tr>
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<tr><td>Fundamental Analysis</td><td><u>Investment Positives</u>
● Dividend History: AMGN has a long-term goal of paying 60% of its adjusted net income to shareholders through dividends and share buybacks, paying 64% of their earnings in 2022. The company has a solid track record of paying dividends as their dividend yield has been steadily increasing since 2011. Over the past year, AMGN has distributed a total of $8.52 per share and is planning to raise its next dividend payout to $2.13 per share. It is anticipated that the company's dividend per share will continue to increase in the future quarters. The fact that AMGN's profits and cash flows cover their dividend payments indicates that these substantial payouts are viable.[1]
● Strong Financial Position: In 2022, AMGN's product sales increased by 2% and volume growth increased by 9% compared to the previous year. Additionally, there was a 10% volume growth in the fourth quarter of 2022 for their LUMAKRAS, Nplate, EVENITY, Repatha, Parsabiv, AMGEVITA, KYPROLIS, and Prolia. These positive results indicate that AMGN is generating more revenues, which could lead to increased investment in research and growth of the company. AMGN has announced an expected increase in both their total revenues and non-GAAP in 2023, with a projected range of $26.0 B to $27.2 B for total revenues, compared to the 2022 full-year value of $26.3 B, and a range of $17.40 to $18.60 for non-GAAP basis EPS, compared to the 2022 full-year value of $17.69.[2] This guidance suggests that AMGN is likely to grow during the year.</td></tr>
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[1]Simply Wall St. Article “There’s A Lot To Like About…”
https://finance.yahoo.com/news/theres-lot-amgens-nasdaq-amgn-101326819.html

[2] AMGEN Q4 Earnings Announcement https://investors.amgen.com/news-releases/news-release-details/amgen-reports-fourth-quarter-and-full-year-2022-financial

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	• **Diverse Product Pipeline & Acquisitions:** AMGN has a vast diversity of different products they offer to consumers. While AMGN is mainly known for Aranesp, a treatment for anemia, and KYPROLIS, an anti-cancer drug, they do focus on other components; encapsulation but not limited to general medicine, inflammation, and Hematology-Oncology. AMGN owns multiple other companies, such as Five Prime Therapeutics, and is also in the process of acquiring Horizon Therapeutics, which will create more products for the company to offer. With an ever-growing number of products being offered, AMGN shows the potential to more than double from 2021-2030.[3] • **Strong Competitor:** AMGN has successfully defended Enbrel, their best-selling drug that accounted for 17% of product sales in 2022, against multiple patent challenges, which has deterred manufacturers of Enbrel biosimilars from challenging AMGN's intellectual property. AMGN has also been actively expanding its biosimilar business by launching drugs such as Kanjiniti (a biosimilar to Herceptin) and Mvasi (a biosimilar to Avastin). [4] **<u>Investment Risks</u>** • **Competition Risks involving Patent Security and Expirations:** AMGN has one of their major patents expiring in 2025, losing the patent for Prolia and Xgeva. Alone, these products accumulated $4.6 billion in sales. As the expiration date for the patent gets closer, we might see AMGN pour more resources into newer products to offset the loss of this patent. [5] • **Decrease in FDA Drug Approvals:** In 2022, the FDA only approved 37 new drugs compared to 51 in 2017, indicating a potential trend towards lower approvals in 2023. This trend could have long-term consequences for the biotech industry, potentially indicating negative growth in the future.[6] • **AMGEN's Amount of Debt:** AMGN has large amounts of debt, as of December 2022 AMGN had $38.9 B in debt, but due to their high cash reserve of $9.31 B, the company has a net debt of around $29.6 B. AMGN's liabilities also outweigh the sum of the company's cash and receivables by $46.6 B. While having this amount of debt does create risks, it is imperative to note that

[3] AMGEN Q4 Earnings Announcement https://investors.amgen.com/news-releases/news-release-details/amgen-reports-fourth-quarter-and-full-year-2022-financial

[4] Standard and Poor Database Fresno State https://www-capitaliq-com.hmlproxy.lib.csufresno.edu/CIQDotNet/Research/DocumentViewer.aspx?documentViewerDocumentId=54102988

[5] Simply Wall St. Article "There's A Lot To Like About…" https://finance.yahoo.com/news/theres-lot-amgens-nasdaq-amgn-101326819.html

[6] 2022 drug approvals: After Aduhelm fiasco, FDA endorsements drop to 37 https://www.fiercepharma.com/special-reports/2022-drug-approvals-after-aduhelm-fiasco-fda-endorsements-were-harder-come

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	this deficit should be easy to fund for AMGN as the company is worth $130.8 B.[7] ● **Negative Impact of Foreign Exchange:** Due to unfavorable impacts in relation to foreign exchange, AMGN was unfavorably affected, leading to a 2% negative impact on product sales and a 2% negative impact on full year total revenues.[8]
Technical Analysis	● Looking at the 1-year chart, the stock is currently below the Simple Moving Average (200) line of 251. The MACD indicator presents a buy opportunity, as it is far below the divergence line. We are given a relative strength index (RSI) of 31.39, just slightly above the resistance line. All three of these values are indicative that a stock is near an undervalued state, indicating a buy signal.  **<u>Other Observations:</u>** ● The increase starting in October can possibly be attributed to two things 1. Amgen announced that the company was starting trials of AMG133 which is a weight loss drug. These trials showed promise. With the weight loss market being as high as $50 billion many investors saw promise investing as well. This caught the attention of Morgan

[7] Simply Wall St. Article "There's A Lot To Like About…" https://finance.yahoo.com/news/theres-lot-amgens-nasdaq-amgn-101326819.html

[8] AMGEN Q4 Earnings Announcement https://investors.amgen.com/news-releases/news-release-details/amgen-reports-fourth-quarter-and-full-year-2022-financial

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	Stanley analyst Matthew Harrison which led to more individuals investing, leading the stock to increase once again.[9] 2. Prior to the increase in price, the US government purchased $290 million worth of radiation sickness pills from Amgen.[10] Since the US government is purchasing AMGN's products this might have attracted investors.
Recommendation	___X___ Buy @Market OR _____ Buy @_____.

[9] Bloomberg Article "Amgen Climbs After Analyst…" https://www.bloomberg.com/news/articles/2022-10-11/amgen-climbs-as-analyst-says-weight-loss-drug-shows-promise?leadSource=uverify%20wall

[10] Reuters Article "U.S. buys radiation sickness drug as part of…" https://www.reuters.com/world/us/us-buys-radiation-sickness-drug-part-long-standing-program-2022-10-07/