Amgen Inc. (AMGN)

$224.92 (As of 02/26/21)

Price Target (6-12 Months): **$247.00**

Long Term: 6-12 Months	**SEABRIDGE Recommendation:** (Since: 10/13/19) Prior Recommendation: Outperform	**Neutral**
Short Term: 1-3 Months	**SEABRIDGE Rank:** (1-5)	**3-Hold**
	SEABRIDGE Style Scores:	VGM: C
	Value: B | Growth: D	Momentum: F

Summary

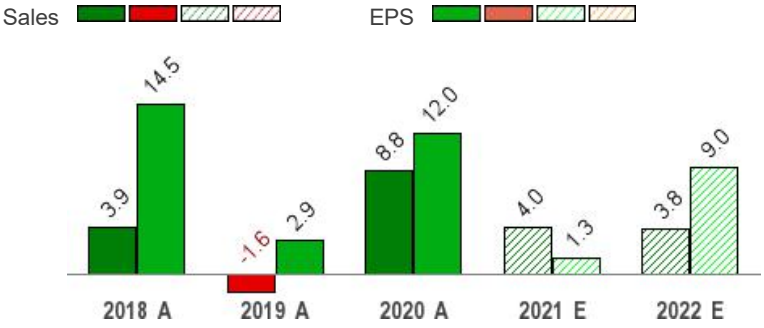
Amgen beat Q4 estimates for earnings and sales. While drugs like Prolia, Xgeva, Repatha, Otezla and biosimilars are driving sales, increasing competition for its legacy products is hurting the same. Amgen is rapidly advancing its innovative pipeline, most notably sotorasib and tezepelumab. It is regularly pursuing "external opportunities" such as the acquisition of Otezla and the stake in China's BeiGene. Amgen expects several important clinical data readouts in 2021, which could be catalysts for the stock. Amgen also boasts a strong biosimilars portfolio, which is an important source of revenues. However, pricing and competitive pressure are concerns. Several of Amgen's marketed drugs are facing increased pricing headwinds in 2021 and continued COVID-19 headwinds. Amgen's shares have underperformed the industry this year.

Price, Consensus & Surprise

Data Overview

52 Week High-Low	**$276.69 - $177.05**
20 Day Average Volume (sh)	**2,358,478**
Market Cap	**$129.9 B**
YTD Price Change	**-2.2%**
Beta	**0.74**
Dividend / Div Yld	**$7.04 / 3.1%**
Industry	**Medical - Biomedical and Genetics**
SEABRIDGE Industry Rank	**Bottom 23% (194 out of 253)**
Last EPS Surprise	**13.4%**
Last Sales Surprise	**0.9%**
EPS F1 Est- 4 week change	**-0.9%**
Expected Report Date	**04/29/2021**
Earnings ESP	**0.0%**
P/E TTM	**13.6**
P/E F1	**13.4**
PEG F1	**2.5**
P/S TTM	**5.1**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2022	6,610 E	6,776 E	6,913 E	7,090 E	27,437 E
2021	6,229 E	6,565 E	6,696 E	6,912 E	26,430 E
2020	6,161 A	6,206 A	6,423 A	6,634 A	25,424 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	$4.51 E	$4.75 E	$4.66 E	$3.92 E	$18.34 E
2021	$3.94 E	$4.36 E	$4.37 E	$4.03 E	$16.82 E
2020	$4.17 A	$4.25 A	$4.37 A	$3.81 A	$16.60 A

*Quarterly figures may not add up to annual.

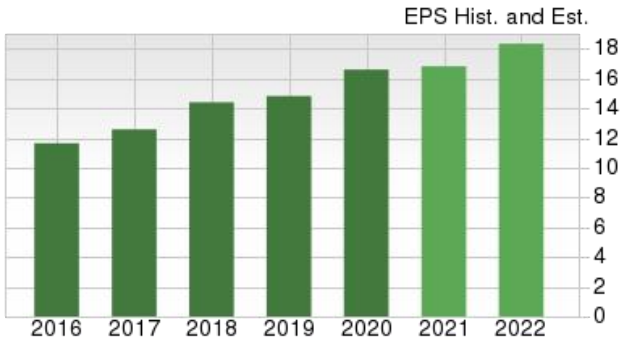
The data in the charts and tables, including the **SEABRIDGE FINTECH** Consensus EPS and sales estimates, is as of 02/26/2021. The report's text and the analyst-provided price target are as of 02/23/2021.

Past performance is no guarantee of future results. Please see important disclosures and definitions at the end of this report.

© 2021 SEABRIDGE Investment Research, All Rights Reserved

Overview

Thousand Oaks, CA-based Amgen is one of the biggest biotech companies in the world, with a strong presence in the oncology/hematology, cardiovascular disease, neuroscience, inflammation, bone health and nephrology and neuroscience markets. The company used advances in cellular and molecular biology to develop two of the biotech industry's earliest and most successful drugs, Epogen (anemia) and Neupogen (white blood cell stimulant). Amgen successfully launched two next-generation products, Aranesp and Neulasta. Meanwhile, the acquisition of Immunex Corporation gave Amgen access to the multi-blockbuster drug, Enbrel. However, all these older drugs are facing declining sales due to biosimilar or branded competition, which is being somewhat offset by its newer blockbuster drugs like Prolia/Xgeva. Other relatively newer products are Repatha, Blincyto, Parsabiv, Evenity, Aimovig, Kanjinti, Mvasi and Amgevita biosimilars.



Amgen also has a promising pipeline of cancer drugs. It has one of the strongest cash positions in the biotech sector, which could be used to acquire more pipeline assets that could fuel long-term growth. Biosimilar drugs are also a key part of Amgen's growth strategy.

Epogen/Aranesp, Neupogen/Neulasta and Enbrel account for around half of Amgen's revenues. While the erythropoiesis-stimulating agents (ESA) franchise consisting of Epogen and Aranesp contributed 9% to 2020 product sales, the granulocyte colony-stimulating factor (G-CSF) franchise comprising Neupogen/Neulasta contributed 10.1% to product sales in 2020. Enbrel accounted for 21% of product sales. Prolia/Xgeva sales in 2020 were $4.7 billion, accounting for almost 19% of product sales.

Amgen derives the bulk of its revenues from the domestic market (74.2% of total product sales in 2020). The company posted global sales of $24.2 billion in 2020, up 9% year over year.

Reasons To Buy:

Acquisitions and Deals Drive Growth: We are pleased with Amgen's efforts to drive growth and boost its pipeline through deals and acquisitions. The Oct 2013 Onyx acquisition helped Amgen strengthen its presence in the oncology market. The acquisition added Kyprolis (multiple myeloma) to Amgen's portfolio. Kyprolis represents significant commercial potential.

Other interesting deals include the March 2012 acquisition of biotech company, Micromet, which expanded Amgen's oncology pipeline and gave access to Micromet's proprietary BiTE (Bispecific T cell Engager) antibody technology. Micromet's leukemia immunotherapy, Blincyto, a BiTE antibody has now become a key top-line driver at Amgen. Blincyto has the potential to be developed for other hematologic malignancies.

Amgen is rapidly advancing its innovative pipeline, most notably sotorasib and tezepelumab. Important data readouts are expected in 2021, which could be important catalysts for the stock.

In November 2019, Amgen acquired global commercial rights to Celgene's (now part of Bristol-Myers) blockbuster psoriasis drug, Otezla. The acquisition significantly strengthened its inflammation portfolio which should boost long-term growth. Amgen expects to grow Otezla sales at a CAGR of low double-digit over the next five years.

Growth Products Performing Well: While Amgen continues to manage the lifecycle of its more mature products, its growth products – Prolia, Xgeva, Vectibix, Nplate and Kyprolis and Blincyto – are performing well, gaining consistent approvals for label expansions. Key recent new drug approvals were that of Evenity/romosozumab for osteoporosis in postmenopausal women at increased risk for fracture and calcitonin gene-related peptide (CGRP) antibody Aimovig/erenumab for prevention of migraine. Both the drugs are off to strong starts.

In 2017/early 2018, Amgen gained regulatory approvals to include overall survival data from studies in the labels for Kyprolis and Blincyto, which is driving sales of these products. Also, Repatha, gained approval to include the cardiovascular indication (based on FOURIER outcomes study) in its label in 2017. With the inclusion of the FOURIER data, patient access to Repatha is gradually improving and the product has shown increase in sales trajectory. In October 2018, Amgen slashed the U.S. list price of Repatha by 60%, which has improved affordability of Repatha.

Moreover, Amgen is evaluating Prolia/Xgeva, Vectibix, Enbrel, Aranesp, Kyprolis, Nplate and Blincyto for additional indications. Kyprolis is being investigated for weekly dosing in combinations with lenalidomide and dexamethasone for relapsed multiple myeloma while Repatha is being investigated for atherosclerotic cardiovascular disease. Nplate is being studied in phase III for chemotherapy-induced thrombocytopenia. For Otezla, the regulatory application for mild-to-moderate plaque psoriasis is expected to be filed in 2021. Otezla is also being studied in phase III for hospitalized patients with COVID-19.

These new products and line extensions should bring in additional sales in the future quarters.

Deep Pipeline: Amgen has several interesting candidates in its pipeline, which represent a significant commercial potential. The company is focusing its R&D efforts mainly in inflammation, oncology/hematology and CV/metabolic diseases. Important pipeline candidates include tezepelumab (severe asthma – regulatory submissions expected in first half of 2021; chronic obstructive pulmonary disease or COPD – phase II), and rozibafusp alfa (systematic lupus erythematosus – phase II).

Amgen also has an intriguing lineup of early and mid-stage oncology programs, which can contribute to growth in the long term. A key candidate, sotorasib/AMG-510, Amgen's KRAS inhibitor for solid tumor, has shown encouraging anti-tumor activity in patients with locally-advanced or metastatic KRASG12C mutant solid tumors like non-small cell lung cancer (NSCLC), colorectal cancer (CRC) and appendiceal cancer. Amgen is conducting a phase II monotherapy study on sotorasib in second-line plus NSCLC and in advanced colorectal cancer patients While data from the NSCLC cohort showed that sotorasib drove rapid, deep, and durable responses, data from colorectal cancer cohort are expected in 2021. A phase II study in first-line NSCLC is expected to begin in the second quarter of 2021. Amgen is also conducting phase Ib combination studies with PD-1, MEK and other targeted therapies with some initial data expected in 2021. Regulatory applications seeking approval of sotorasib in advanced NSCLC were filed in United States and Europe in late 2020. Amgen also has some interesting BiTE candidates in its early-stage pipeline including AMG 701 (multiple myeloma) and AMG 757 (small-cell lung cancers).

Results from several pivotal programs are expected in the near term, which could act as catalysts for the stock.

Biosimilars – Am Important Source of Revenues: Amgen boasts a strong biosimilars portfolio which could be an important long-term growth driver for the company. Amgen markets Kanjinti (a biosimilar of Roche's Herceptin) and Mvasi (biosimilar of Roche's Avastin) in the United States and Amgevita (biosimilar of AbbVie's Humira), Kanjinti and Mvasi outside the United States. In 2020, Amgen launched Avsola, a biosimilar to J&J/Merck's blockbuster immunology medicine Remicade and in January 2021, the company launched Riabni, a biosimilar for Roche's Rituxan. Its biosimilars business is already annualizing at over $1 billion in sales. In the United States, Amjevita is expected to be launched in 2023.

A biosimilar of J&J's Stelara (ABP 654), Alexion's Soliris (ABP 959) and Regeneron's Eylea (ABP 938) is in late state development. Amgen

has collaborated with Allergan for the worldwide development and commercialization of Mvasi, Kanjinti and ABP 798.

Expansion into New and Emerging Markets: We are pleased to see that Amgen is working on expanding its presence in international markets, which represent significant commercial potential. Amgen's outside U.S. sales accounts for around 26% of its product sales. Among the emerging markets, Amgen expects China to become a key market while Japan is an important new market where it expects to grow over

time. In 2020, revenues of drugs in the Asia Pacific markets exceeded $1 billion for the first time. Over the next decade, Amgen expects these markets to account for around 25% of its sales growth.

Amgen owns approximately 20.4% stake in China's leading pharma company BeiGene. Per its deal, BeiGene has begun commercializing Xgeva and will commercialize Kyprolis and Blincyto in China while also helping advance some of Amgen's oncology pipeline candidates, including sotorasib, in China.

- **Cost Cutting Initiatives & Share Buybacks Drive the Bottom Line:** Amgen has undertaken initiatives like staff reduction, rationalization of manufacturing facilities and outsourcing of non-core business functions to help control costs. Amgen is also looking to reduce its R&D spend by entering into collaborations for its pipeline candidates. Amgen has partnerships with companies like UCB (Evenity) Novartis (Aimovig) and Pfizer (Enbrel). Such deals not only result in sharing of costs, they also help the company share the risk associated with pipeline development.

  Amgen is also returning cash to shareholders through dividends. Amgen raised its dividend by 10% each for 2020 and 2019 and 15% each for 2018 and 2017. The company bought back shares worth $3.5 billion in 2020, $7.6 billion in 2019, $17.9 billion in 2018 and $3.1 billion in 2017. In 2021, it expects to buy back shares within a range of $3 billion to $4 billion.

- **Favorable Debt Profile:** As of Dec 31, 2020, the company's debt-to-total capital ratio was 77.8%, compared with 75.8% as of Sep 30, 2020. As of Dec 31, 2020, Amgen had approximately $33.0 billion in long-term debt on its balance sheet, lower than $34.2 billion as of Sep 30, 2020. Though the company is highly leveraged, its short-term debt was quite negligible. The cash on the company's balance sheet is sufficient to cover the short-term debt. Amgen's cash, cash equivalents, and marketable securities totaled approximately $10.65 billion as of Dec 31, 2020. Its times interest earned ratio has been more than 7.0% for the past many quarters, which clearly indicates that Amgen is capable of meeting its interest obligations from operating earnings.

Reasons To Sell:

> Several of Amgen's marketed drugs are facing increased pricing headwinds in 2021 and continued COVID-19 headwinds.

- **Shares Underperforming Industry:** Though Amgen's shares have risen 2.9% this year so far, it has underperformed an increase of 11.9% for the industry.

- **Biosimilar/Generic Competition Hurting Sales:** Biosimilars are having a negative impact on key products like Neupogen and Neulasta in both the United States and EU. While Neupogen lost patent protection in the United States in December 2013, Neulasta lost protection in October 2015. Several generic versions of Neupogen have been launched, which have significantly pulled down sales. Meanwhile, four biosimilar versions of Neulasta have also been launched in the United States and more biosimilars may also receive approval in 2021 and thereafter, which will put further pressure on Neulasta sales. Pfizer's Retacrit, the first biosimilar version of Epogen, was launched in November 2018 and other biosimilar versions of Epogen may also receive approval in the future. Sensipar also lost patent exclusivity in March 2018 and generics have been launched (at-risk).

  In August 2016, Sandoz received FDA approval for its biosimilar version of Enbrel, Erelzi. Notably, Erelzi is yet to be launched in the United States due to ongoing litigation. In April 2019, the FDA approved a second biosimilar version of Enbrel. Amgen has ongoing litigations with two other generic makers for Enbrel. Two companies are also seeking approval to market generic versions of Kyprolis.

  Sales of almost all mature products declined in the last four years due to biosimilar/generic competition with the trend expected to continue in 2021.

  Importantly, Aimovig faces intense competition from Teva and Lilly's CGRPs, Ajovy and Emgality, respectively. Both were approved by the FDA in 2018.

- **Softness in Enbrel Sales:** The softness in sales of Enbrel, Amgen's largest product, is also key cause for concern. Pricing pressure and stiff competition are hurting sales of Enbrel, one of the main drivers of Amgen's revenues. In 2020, this decline was compounded by a reduction in the growth rate of the rheumatology market due to the pandemic. Enbrel sales declined 4% in 2020. The declining trends in Enbrel volumes are expected to continue in 2021.

- **Negative Updates on the Pipeline Front:** The company has had its share of pipeline setbacks including the disappointing top-line late-stage data on trebananib for recurrent ovarian cancer.

  In July 2019, Amgen discontinued two pivotal phase II/III studies evaluating CNP520 to prevent or delay the symptoms of Alzheimer's disease (AD) in a high-risk population. A review of clinical data from the study showed that some patients in the studies experienced worsening of cognitive function. This led the sponsors of the Generation Program to conclude that the potential benefit for participants in the studies failed to outweigh the risks.

- **Repatha Issues:** Sales of Repatha have suffered since launch due to payer restrictions. Despite Amgen's efforts to improve access to Repatha, patients face significant hurdles due to high co-pay expenses. Though volumes have improved, following the 60% cut in the U.S. list price of Repatha to improve access and affordability of Repatha, the lower prices are affecting the profits from the drug.

- **Global Pricing Pressure:** Global efforts toward health care cost containment are creating pricing pressure on drugs and market access. While many of the company's drugs face pricing pressures in the United States, in many markets outside the U.S., government-mated pricing actions have led to lowering of generic and patented drug prices. All these factors are creating pressure on sales and profits of pharma companies. Also changes in the U.S. healthcare system as part of the health care reforms could further create further pricing pressure.

  These pricing pressures are expected to continue and hurt the top line in future quarters. In fact, Amgen's net selling price declined 5% globally in 2019 and 6% in 2020 and is expected to decline in 2021 at a mid-single-digit rate.

Last Earnings Report

Amgen Beats on Q4 Earnings & Sales

Quarter Ending	12/2020
Report Date	Feb 02, 2021
Sales Surprise	0.86%
EPS Surprise	13.39%
Quarterly EPS	3.81
Annual EPS (TTM)	16.60

Amgen reported fourth-quarter 2020 earnings of $3.81 per share, which beat the SEABRIDGE Consensus Estimate of $3.36. Earnings rose 5% year over year driven by higher revenues, which offset the impact of higher operating expenses.

Total revenues of $6.63 billion beat the SEABRIDGE Consensus Estimate of $6.57 billion. Total revenues rose 7% year over year.

Quarter in Detail

Total product revenues rose 8% from the year-ago quarter to $6.3 billion (U.S.: $4.66 billion; ex-U.S.: $1.67 billion). Higher sales of Repatha, Otezla and biosimilar products were offset by the erosion of mature brands from biosimilar/new competition and COVID-19 related impact on some drugs. The company said that though it experienced continued recovery from the peak impact of the COVID-19 pandemic as physician interaction and prescription trends improved, it was still below pre-COVID-19 levels.

Product sales growth was mostly driven by higher volumes (up 13%) as prices were lower for several drugs. Other revenues of $300 million

declined 5% year over year.

Performance of Key Drugs

Prolia revenues came in at $749 million, flat from the year-ago quarter. COVID-19 has caused a change in historical quarterly trends for Prolia. The drug witnesses higher revenues in the second and the fourth quarters of a year due to its six-month dosing regimen. Given the negative impact of the pandemic in the second quarter and the six-month dosing regimen of Prolia, the number of repeat patients in the fourth quarter were lower than pre-COVID growth trends. However, the company did witness a positive trend in new patient starts.

Xgeva delivered revenues of $502 million, up 3% from the year-ago quarter driven by volume growth as sales of the drug continued to recover from the COVID-19 impact.

Kyprolis recorded sales of $272 million, up 2% year over year driven by new patient share helped by encouraging uptake for combination use of Kyprolis plus Darzalex and dexamethasone (based on CADOR study data).

Repatha generated revenues of $253 million, up 27% year over year, as higher volume was partially offset by lower prices due to Amgen's efforts to improve access and affordability for the product.

Vectibix revenues came in at $221 million, up 21% year over year. Nplate sales rose 8% to $227 million. Blincyto sales increased 29% from the year-ago period to $103 million.

Parsabiv recorded sales of $172 million, down 4% due to changes in reimbursement rules for the drug. In 2021, Parsabiv sales are expected to decline approximately 40% to 50%. Parsabiv sales in the first quarter are expected to be the lowest of the year as customers deplete inventory build in the second half of 2020.

Aimovig recorded sales of $104 million in the quarter, up only 6% year over year as volume growth was partially offset by lower net selling price. COVID-19 hurt new patient starts of the drug, which led to flat sequential numbers. Aimovig commands 46% share of total prescription of the CGRP class of medicines and 38% of new prescriptions.

New osteoporosis drug, Evenity recorded sales of $90 million in the quarter compared with $59 million in the previous quarter driven by volume growth. Strong volume growth is expected to continue in 2021.

Sales of Otezla were $617 million in the quarter driven by U.S. prescription volume growth.

Biosimilar generated revenues of $541 million in the quarter driven by volume growth, which offset the impact of declines in net selling price. Sales of Kanjinti and Mvasi were $158 million and $280 million in the quarter, compared with $167 million and $231 million, respectively, in the previous quarter. Sales of Kanjinti declined sequentially as volume gains were offset by price declines and unfavorable changes to estimated sales deductions. Sales of Amgevita rose 45% to $103 million.

In 2021, market expansion and volume growth are expected to benefit Mvasi's sales while lower prices due to increased competition may hurt sales. Kanjinti sequential sales trends in 2021 are expected to be similar to the fourth quarter. Overall, for biosimilars, volume growth is expected to be partially offset by lower prices due to increased competition in 2021.

However, all the mature drugs like Enbrel, Aranesp, Epogen, Neupogen and Neulasta declined due to an array of branded and generic competitors. Enbrel revenues of $1.27 billion declined 5% year over year due to lower demand and market share as well as slower growth pace in the rheumatoid arthritis market related to COVID-19.

Aranesp revenues declined 12% from the prior-year quarter to $375 million. Revenues of the other ESA, Epogen, declined 37% to $133 million. Neulasta revenues declined 19% from the year-ago period to $536 million. Neupogen recorded 26% increase in sales to $46 million in the

quarter. Sensipar/Mimpara revenues declined 58% to $45 million.

Other product sales declined 13% to $76 million.

Operating Margins Decline

Adjusted operating margin declined 150 basis points (bps) to 43.1%. Adjusted operating expenses rose 9% year over year in the quarter to $3.91 billion.

SG&A spend rose 17% to $1.76 billion due to Otezla and new products related commercial expenses. R&D expenses declined 8% year over year to $1.18 billion driven by lower spend on early-stage pipeline and cost recoveries from BeiGene collaboration.

Adjusted tax rate was 15.4% for the quarter, a 0.5 point increase from the year-ago quarter.

Amgen repurchased 5.3 million shares worth $1.2 billion in the quarter and has $3.0 billion remaining under its stock repurchase authorization.

2020 Results

Full-year 2020 sales rose 9% to $25.4 billion, in line with the SEABRIDGE Consensus Estimate and within the guided range of to $25.1 billion-$25.5 billion.

Adjusted earnings for 2020 were $16.60 per share, which beat the SEABRIDGE Consensus Estimate of $16.13 and came ahead of the guided range of
$15.80 to $16.15. Earnings rose 12% year over year.

2021 Guidance

Amgen guided revenues in the range of $25.8 billion-$26.6 billion. Adjusted earnings per share are expected in the range of $16.00 to $17.00 per share.

Total other revenue in 2021 is expected to be in the range of $1.4 billion - $1.5 billion, to be boosted by revenues under a collaboration with Eli Lilly for the manufacture of COVID-19 antibodies, which would begin to be recorded from the second quarter.

Adjusted operating costs are expected to grow at a rate similar of 7% recorded in 2020 as the company invests in innovation, launches of new products and digitization efforts. Operating margin is expected to be roughly 50% in 2021. Adjusted tax rate is expected in the range of 13% to 14%. Amgen expects net selling prices for its drugs to decline in the mid-single digit range in 2021.

Amgen plans to spend approximately $900 million for capital expenditures in 2021. The company expects to buy back shares in the range of $3 billion to $4 billion through the year.

In 2021, Amgen expects volume growth from Prolia, Otezla Repatha, Evenity, Aimovig, and its biosimilars portfolio to be partially offset by biosimilar/generic competition for mature drugs and accelerating erosion in U.S. Parsabiv sales. In 2021, Amgen also expects increasing competition for its biosimilar drugs. Additionally, the company expects continued impact from COVID-19 with quarter-to-quarter variability in earnings and revenues. A recovery is expected in the latter part of the year depending on how the vaccine rollouts work out.

Q1 Outlook

Historically, the first quarter of 2021 represents the lowest product sales quarter of the year as U.S. patients work through deductibles, especially for products, including Enbrel, Otezla and Aimovig.

The first quarter of 2020 had benefited from roughly $100 million in inventory build due to COVID-19, which will not be repeated in the first quarter of 2021. Similarly, in the first quarter of 2020, Enbrel benefited from approximately $115 of favorable changes to estimated sales deductions, which will not reflect in the results of the first quarter of 2021.

Recent News

Phase II Data on Sotorasib – Jan 28

Amgen presented data from the phase II cohort of the CodeBreaK 100 study on sotorasib evaluated previously treated patients with KRAS G12C-mutated advanced NSCLC at International Association for the Study of Lung Cancer (IASLC) and World Conference on Lung Cancer (WCLC). The phase II data was consistent with the phase I data. In the study, sotorasib showed 37.1% overall response rate (ORR), median duration of response (DoR) 10 months and median progression-free survival of 6.8 months.

Breakthrough Tag to Sotorasib in China – Jan 29

Amgen announced that the Center for Drug Evaluation (CDE) of the National Medical Products Administration (NMPA) in China has granted Breakthrough Therapy Designation (BTD) to sotorasib for the treatment of KRAS G12C-mutated locally advanced or metastatic NSCLC.

Licenses AMG 634 to MDGH – Dec 22

Amgen announced that it is out-licensing its pipeline candidate AMG 634, being developed for tuberculosis and erythema nodosum leprosum to Medicines Development for Global Health (MDGH), a non-profit biopharmaceutical company. The candidate is in phase II development with studies led by the Aurum Institute NPC (TB study) and The Leprosy Mission Nepal (ENL study).

Tezepelumab Misses Phase III Study Goal – Dec 22

Amgen and AstraZeneca announced that a phase III study (SOURCE) on tezepelumab in patients with severe, oral corticosteroid-dependent asthma did not meet the primary endpoint.

The primary endpoint of the study was to show a statistically significant reduction in the daily oral corticosteroid (OCS) dose without loss of asthma control on treatment with tezepelumab, an anti-thymic stromal lymphopoietin monoclonal antibody. The 48-week study, which compared tezepelumab to placebo, evaluated 150 severe asthma patients who required maintenance use of OCS on top of standard of care (SoC). The company said that other efficacy parameters and safety profile of tezepelumab in the SOURCE study were similar to previous studies including the phase III NAVIGATOR study, for which data was announced last month. Additional analysis of the data from the SOURCE study is ongoing and further data will be presented at a future medical conference.

The NAVIGATOR study on tezepelumab met the primary endpoint of a statistically significant and clinically meaningful reduction in annual asthma exacerbation rate ("AAER"), a measure of deterioration of asthma in a broad population of severe, uncontrolled asthma patients, including those with low levels of eosinophils.

NAVIGATOR and SOURCE studies are part of phase III PATHFINDER clinical program on tezepelumab. Amgen and AstraZeneca plan to file regulatory applications for tezepelumab next year.

Files MAA for Sotorasib – Dec 22

Amgen announced the submission of a Marketing Authorization Application (MAA) to the European Medicines Agency (EMA) for pipeline candidate, sotorasib, an investigational KRASG12C inhibitor. The company is seeking approval of the candidate for the treatment of adult patients with previously treated KRAS G12C-mutated locally advanced or metastatic non-small cell lung cancer (NSCLC).

FDA Approves Rituxan Biosimilar – Dec 17

Amgen announced that the FDA has approved Riabni, a biosimilar to Roche's Rituxan (rituximab), for the treatment of adult patients with Non-Hodgkin's Lymphoma (NHL), Chronic Lymphocytic Leukemia (CLL), Granulomatosis with Polyangiitis (GPA) (Wegener's Granulomatosis), and Microscopic Polyangiitis (MPA).

Valuation

Amgen's shares have risen 2.9% in the year-to-date period and 8.4% over the trailing 12-month period. Stocks in the SEABRIDGE sub-industry and sector are up 11.9% and 6.8%, respectively in the year-to-date period. Over the past year, the SEABRIDGE sub-industry and sector are up 16.5% and 9.4%, respectively

The S&P 500 Index is up 4.7% in the year-to-date period and 20.0% in the past year.

The stock is currently trading at 5.41X trailing 12-month sales per share, which compares to 3.4X for the SEABRIDGE sub-industry, 3.43X for the SEABRIDGE sector and 5.64X for the S&P 500 Index

Over the past five years, the stock has traded as high as 6.36X and as low as 4.39X, with a 5-year median of 5.45X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $247 price target reflects 5.7X trailing 12-month sales per share.

The table below shows summary valuation data for AMGN

Valuation Multiples - AMGN					
		Stock	Sub-Industry	Sector	S&P 500
P/S TTM	Current	5.41	3.4	3.43	5.64
	5-Year High	6.36	3.82	3.67	5.65
	5-Year Low	4.39	2.34	2.35	2.8
	5-Year Median	5.45	3.25	3.21	3.86
P/E F12M	Current	13.82	49.92	23.11	22.85
	5-Year High	16.53	59.55	23.11	23.8
	5-Year Low	11.09	20.92	15.9	15.3
	5-Year Median	13.68	41.06	19.14	18.85
P/B TTM	Current	14.54	3.03	4.62	6.69
	5-Year High	16	5.08	5.11	6.7
	5-Year Low	3.27	2	3.02	3.8
	5-Year Median	8.43	3.76	4.37	4.96

As of 02/11/2021 *Source: SEABRIDGE INVESTMENT RESEARCH*

Industry Analysis SEABRIDGE Industry Rank: Bottom 23% (194 out of 253) Top Peers

Company (Ticker)	Rec	Rank
AbbVie Inc. **(ABBV)**	Neutral	3
Bristol Myers Squibb…**(BMY)**	Neutral	3
Johnson & Johnson **(JNJ)**	Neutral	2
Eli Lilly and Compan…**(LLY)**	Neutral	3
Pfizer Inc. **(PFE)**	Neutral	3
Sanofi **(SNY)**	Neutral	3
Teva Pharmaceutical …**(TEVA)**	Neutral	3
Roche Holding AG **(RHHBY)**	Underperform	5

Industry Comparison

Industry: Medical - Biomedical And Genetics | Industry Peers

	AMGN	X Industry	S&P 500	ABBV	BMY	JNJ
SEABRIDGE Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
SEABRIDGE Rank (Short Term)	3	-	-	3	3	2
VGM Score	C	-	-	B	B	D
Market Cap	129.91 B	398.87 M	27.20 B	190.26 B	137.41 B	416.54 B
# of Analysts	14	3	13	7	8	9
Dividend Yield	3.13%	0.00%	1.48%	4.83%	3.20%	2.55%
Value Score	B	-	-	B	B	B
Cash/Price	0.08	0.17	0.06	0.04	0.12	0.07
EV/EBITDA	11.71	-5.99	14.95	21.74	48.42	16.97
PEG Ratio	2.46	1.31	2.32	1.81	1.37	2.17
Price/Book (P/B)	13.81	4.71	3.80	14.53	3.63	6.58
Price/Cash Flow (P/CF)	9.77	17.25	15.39	7.84	5.52	14.55
P/E (F1)	13.37	28.48	20.41	8.68	8.26	16.71
Price/Sales (P/S)	5.11	21.26	3.10	4.15	3.23	5.04
Earnings Yield	7.48%	-9.36%	4.82%	11.52%	12.11%	5.98%
Debt/Equity	3.50	0.00	0.68	5.92	1.28	0.52
Cash Flow ($/share)	23.01	-1.14	6.62	13.74	11.12	10.89
Growth Score	D	-	-	C	B	C
Hist. EPS Growth (3-5 yrs)	9.27%	18.91%	9.34%	21.40%	24.65%	6.92%
Proj. EPS Growth (F1/F0)	1.35%	7.44%	14.09%	17.48%	15.35%	18.07%
Curr. Cash Flow Growth	19.25%	12.13%	0.52%	58.71%	157.14%	-5.46%
Hist. Cash Flow Growth (3-5 yrs)	5.89%	6.91%	7.62%	19.92%	46.29%	7.62%
Current Ratio	1.81	6.21	1.39	0.84	1.58	1.21
Debt/Capital	77.76%	0.00%	41.42%	85.55%	56.06%	34.03%
Net Margin	28.57%	-181.91%	10.59%	10.08%	-21.20%	17.82%
Return on Equity	96.71%	-59.26%	14.65%	199.21%	31.55%	34.02%
Sales/Assets	0.40	0.19	0.51	0.34	0.34	0.50
Proj. Sales Growth (F1/F0)	3.96%	21.20%	6.75%	21.88%	8.13%	10.56%
Momentum Score	F	-	-	C	F	F
Daily Price Chg	-1.14%	-0.80%	-0.84%	0.38%	-1.24%	-2.64%
1 Week Price Chg	-2.33%	-1.83%	-0.16%	0.55%	1.02%	-2.16%
4 Week Price Chg	-9.21%	0.87%	2.75%	3.39%	-1.54%	-6.33%
12 Week Price Chg	-0.88%	15.31%	5.58%	2.86%	-0.73%	6.35%
52 Week Price Chg	10.53%	35.98%	20.43%	26.13%	2.94%	13.90%
20 Day Average Volume	2,358,478	431,635	2,018,241	7,132,731	13,352,974	7,788,813
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	-0.86%	0.00%	0.45%	2.42%	1.18%	-0.20%
(F1) EPS Est 12 week change	-1.02%	0.00%	1.88%	2.98%	1.72%	5.32%
(Q1) EPS Est Mthly Chg	-7.63%	0.00%	0.21%	-4.57%	1.81%	-0.07%

SEABRIDGE Stock Rating System

We offer two rating systems that take into account investors' holding horizons: SEABRIDGE Rank and SEABRIDGE Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

SEABRIDGE Recommendation

The SEABRIDGE Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined SEABRIDGE Recommendation is trends in the company's estimate revisions and earnings outlook. The SEABRIDGE Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the SEABRIDGE quantitative rating system. But we have given our analysts the ability to override the SEABRIDGE Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

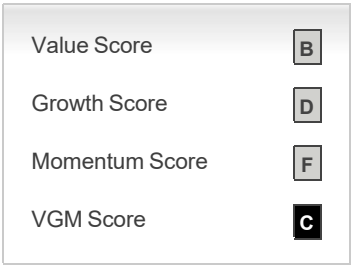
SEABRIDGE Rank

The SEABRIDGE Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined SEABRIDGE Rank is the same as the SEABRIDGE Recommendation, and reflects trends in earnings estimate revisions.

SEABRIDGE Style Scores

The SEABRIDGE Style Score is as a complementary indicator to the SEABRIDGE rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The SEABRIDGE Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.



As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a SEABRIDGE Recommendation of Outperform, which also has a Style Score of an A or a B.

Disclosures

This report contains independent commentary to be used for informational purposes only. The analysts contributing to this report do not hold any shares of this stock. The analysts contributing to this report do not serve on the board of the company that issued this stock. The EPS and revenue forecasts are the SEABRIDGE Consensus estimates, unless indicated otherwise on the report's first page. Additionally, the analysts contributing to this report certify that the views expressed herein accurately reflect the analysts' personal views as to the subject securities and issuers. ZIR certifies that no part of the analysts' compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst in the report.

Additional information on the securities mentioned in this report is available upon request. This report is based on data obtained from sources we believe to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. Any opinions expressed herein are subject to change.

ZIR is not an investment advisor and the report should not be construed as advice designed to meet the particular investment needs of any investor. Prior to making any investment decision, you are advised to consult with your broker, investment advisor, or other appropriate tax or financial professional to determine the suitability of any investment. This report and others like it are published regularly and not in response to episodic market activity or events affecting the securities industry.

This report is not to be construed as an offer or the solicitation of an offer to buy or sell the securities herein mentioned. ZIR or its officers, employees or customers may have a position long or short in the securities mentioned and buy or sell the securities from time to time. ZIR is not a broker-dealer. ZIR may enter into arms-length agreements with broker-dealers to provide this research to their clients. SEABRIDGE and its staff are not involved in investment banking activities for the stock issuer covered in this report.

ZIR uses the following rating system for the securities it covers. **Outperform-** ZIR expects that the subject company will outperform the broader U.S. equities markets over the next six to twelve months. **Neutral-** ZIR expects that the company will perform in line with the broader U.S. equities markets over the next six to twelve months. **Underperform-** ZIR expects the company will underperform the broader U.S. equities markets over the next six to twelve months.

No part of this report can be reprinted, republished or transmitted electronically without the prior written authorization of ZIR.