



<http://www.latimes.com/business/la-fi-amgen24oct24,1,6043025.story>

Amgen profit up 14% on sales gain

A double-digit rise in anemia drug revenue boosts results, which beat expectations. The firm raises its forecast.
From Reuters

October 24, 2006

Amgen Inc., the world's largest biotechnology company, said Monday that third-quarter profit rose 14%, fueled by a double-digit increase in anemia drug sales.

The results topped Wall Street expectations, and Amgen raised its adjusted full-year earnings forecast, sending its shares nearly 2% higher in extended trading.

Citing sales momentum and a lower cost of sales, Amgen now expects 2006 earnings of \$3.85 to \$3.95 a share, excluding items, up from its prior forecast of \$3.75 to \$3.85 a share.

"This is a solid quarter," said Geoffrey Porges, an analyst with Sanford Bernstein. "There's nothing spectacular in the numbers. They did raise their guidance by 2% or 3% for the year, giving people some confidence for the fourth-quarter outlook."

The company, which last month won U.S. approval for its highly anticipated new colon cancer drug, Vectibix, posted a profit of \$1.1 billion, or 94 cents a share, compared with \$967 million, or 77 cents a share, a year earlier.

Excluding stock option expenses and other items, Thousand Oaks-based Amgen posted adjusted earnings of \$1.04 a share; analysts on average had expected 98 cents a share, according to Reuters Estimates.

Worldwide sales of Aranesp, which treats anemia in cancer and kidney dialysis patients, surged 27% to \$1.07 billion. Wall Street was looking for about \$1.04 billion in Aranesp sales.

Sales of Epogen, an earlier version of Aranesp, rose 6% to \$633 million after falling 5% in the second quarter of this year.

Amgen has been working through various legal avenues to block a rival to its Aranesp/Epogen franchise made by Roche Holding from being sold in the United States, arguing that the Roche drug, Cera, infringes Amgen patents.

Chief Executive Kevin Sharer said in an interview that Amgen planned to do "every single thing that we aggressively and legally can do" to defend its anemia drug patents.

Porges said fending off Cera was key to Amgen's fortunes. "The major issue hanging over this company is the threat of competition," he said.

Amgen said third-quarter revenue rose 15% to \$3.61 billion.

"Amgen beat the bottom-line number on lower expenses," he added. Cost of sales for the quarter fell to \$489 million from \$552 million a year earlier.

Neupogen and Neulasta, used to boost white blood cells in chemotherapy patients, saw combined worldwide sales rise 13% to \$998 million.

North American sales of Enbrel, for rheumatoid arthritis and psoriasis, rose a modest 6% to \$705 million.

"There was some weakness from Enbrel, but I think that will be outweighed by the fact that Aranesp and Epogen beat consensus," said Christopher Raymond, an analyst at Robert Baird & Co.

Amgen shares rose to \$74.60 in after-hours electronic trading from their close at \$73.37, down 58 cents.

Copyright 2006 Los Angeles Times | Privacy Policy | Terms of Service
Home Delivery | Advertise | Archives | Contact | Site Map | Help

PARTNERS:

