

Sales disappoint, but tax gain lifts Amgen profit

April 23 2013, by Matthew Perrone



In this Tuesday, April 20, 2010, file photo, the exterior view of Amgen Inc. offices is shown in Fremont, Calif. Amgen Inc. reports quarterly earnings Tuesday, April 23, 2013, after the market close. (AP Photo/Paul Sakuma, File)

Tax credits helped biotech giant Amgen report first-quarter earnings that beat Wall Street's expectations, but sales growth disappointed investors.

Amgen Inc. benefited from an overall tax gain of \$13 million for the latest quarter, as it booked a federal research and development credit for

2012 and resolved an audit for fiscal 2007 to 2009, which cut its tax rate considerably. That compared with paying out over \$200 million in income taxes in the prior-year period.

Overall drug sales rose 6 percent, driven by growth of Enbrel for psoriasis and rheumatoid arthritis and Prolia for osteoporosis. But those gains were partially offset by the continued slide of anemia drugs Aranesp and Epogen, which have faced limits on dosing and insurance payments due to safety concerns. Aranesp sales fell 10 percent to \$168 million, while Epogen declined 2 percent to \$435 million.

Shares fell \$7.25, or 6.4 percent, to \$105.51 in after-hours trading.

The company said Tuesday that its net income rose 21 percent to \$1.43 billion, or \$1.88 per share, from \$1.18 billion, or \$1.48 per share, in the prior-year period. Adjusting for one-time expenses, the company would have earned \$1.96 per share, better than the \$1.84 average estimate of analysts polled by FactSet.

Revenue rose 5 percent to \$4.24 billion, missing analysts' average estimate of \$4.37 billion. Operating expenses rose 9 percent, to \$2.67 billion.

Despite continuing declines for anemia drugs, those products could get a boost in coming months after a major setback for a rival product. In late February, Affymax Inc. and Takeda Pharmaceutical Co. pulled their anemia drug Omontys off the market after several people taking it died and about 50 had severe allergic reactions.

Omontys, Aranesp and Epogen compete fiercely for patients who develop anemia while undergoing dialysis for chronic kidney disease. Those pricey drugs, injected once a week or once a month, boost the blood's production of hemoglobin, which carries oxygen throughout the

body. That reduces the need for blood transfusions.

Amgen has a promising pipeline of experimental drugs, but it will be a few years until they hit the market—if they are approved. The company said it will present preliminary results from a late-stage study of its experimental drug for the skin cancer melanoma at a meeting for cancer specialists in June.

Amgen expects profit to come in toward the upper half of its adjusted earnings guidance for the year, a range of \$7.05 and \$7.35 per share. It maintained a revenue outlook of \$17.8 billion to \$18.2 billion. Analysts expect earnings of \$7.21 per share on revenue of \$18.05 billion, on average.

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