Names in the News: GDDY & AMGN

GoDaddy Inc. (GDDY) & Amgen Inc. (AMGN)

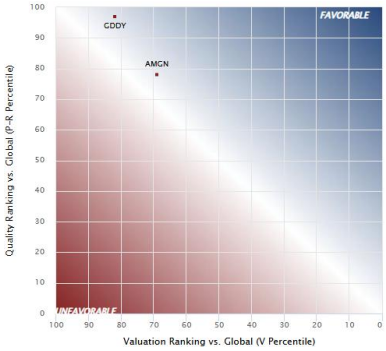
This week, we cover two 'Expensive but Worth It' U.S. Large Cap names, **GoDaddy Inc.** (**GDDY**, rated '**Overweight**') and **Amgen Inc.** (**AMGN**, rated '**Overweight**'). **GDDY**'s stock jumped 5% after the company released Q3 numbers last Thursday. EVA Momentum (growth) for the company has seen nine sequential quarters of acceleration, as of the quarter ending September. Expectations saw a big correction, with the stock down 30% YTD amidst concerns over AI impacting the business. **AMGN** saw its share price surge 7% yesterday, after the firm raised full-year guidance. Strong top-line growth offset expenses related to weight-loss drug MariTide and a higher tax rate. EVA Momentum as of September has trended to record highs. **GDDY**'s EVA Momentum (growth) has continued to trend higher since turning positive in Q4 2023, currently 3.8%, supported by accelerating top-line growth, improving asset efficiency, and EBITDAR Margin near record highs. EVA Margin has expanded to new record highs for six sequential quarters including the quarter ending September and is currently at 11%. Future Growth Reliance (FGR), our P/E equivalent, is currently at 50%, down from the 6-year highs of 70% seen in December 2024. Valuations for **GDDY** have improved this year but around half of the current market value remains dependent on future EVA growth. The firm has delivered strong EVA growth over the last couple of years, contributing to very strong Quality levels. The correction in expectations leaves the stock looking more attractive and reflects lower EVA Momentum going forward.

We also look at **AMGN**. EVA Momentum (growth) has accelerated to new all-time highs through the last three quarters and was trending at 15.9% as of September. This was driven by favorable top-line growth, expanding EBITDAR Margin, and improving asset efficiency. FGR is currently at the lower end of the 5-year range, at 28%. The Valuation score for **AMGN** has improved over the past year but investors remain bullish on the outlook. The firm has demonstrated very strong Risk-Adjusted Profitability (Quality), but we note that EVA Momentum (growth) may be approaching closer to a peak at this stage. We maintain a positive stance on the firm given the pullback in Valuations and strong levels of economic Profitability.

Figure 1: EVA Summary

Name	Ticker	Country	Mkt Cap ($mm)	EVA Margin (%)	EVA Momentum (%)	PRVit Score	Quality (P-R)	Valuation Score (V)	Return YTD (%)	ESG Perf Score
GODADDY INC	GDDY	U.S.	18,359	11.0%	3.8%	79	97	82	-31.5%	53.20
AMGEN INC	AMGN	U.S.	159,984	18.5%	15.9%	73	78	69	16.6%	61.19

Figure 2: HEAT Map



PRVit and Sub-Factors

PRVit compares a company's operational Quality, based on EVA metrics, to the company's market-based Valuation. When Quality exceeds Valuation, the overall PRVit ranking will be higher.

Scoring
All factors scored from 0 to 100.
PRVit: 100 is most favorable.
Quality (P-R): 100 is highest Quality.
Profitability (P): 100 is most Profitable.
Risk (R): 0 is lowest Risk.
Valuation: 0 is cheapest.

Heat Map: The Heat Map shows the visual trade-off between Quality and Valuation: Companies in the favorable (blue) area offer higher quality and/or cheaper valuation than those in the unfavorable (red) area.

ISS ESG Performance: Page 4 includes the ISS ESG Performance ratings of both firms, coupled with their industry-specific rankings.

Gavin Thomson
Global Director of Fundamental Research

Daksh Vashist, CFA
Associate

ISS EVA Equity Research Team
evaanalytics@iss-stoxx.com

About ISS EVA

We are an independent equity research provider offering investing insights through the use of our proprietary Economic Value Added (EVA) framework. Our experienced team of global analysts offers both fundamental and quantitative company analysis on our +29,000 stock universe.

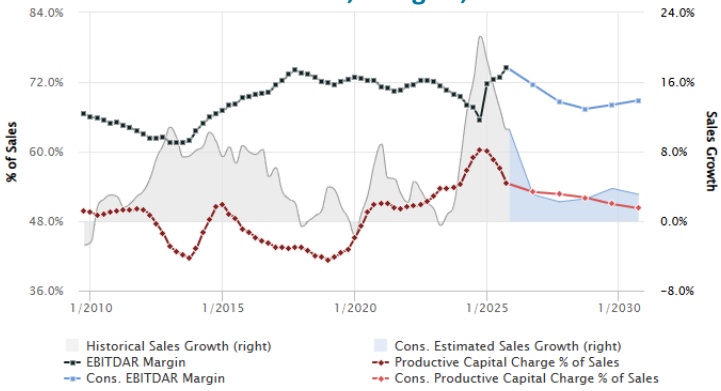
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GoDaddy Inc. (GDDY)

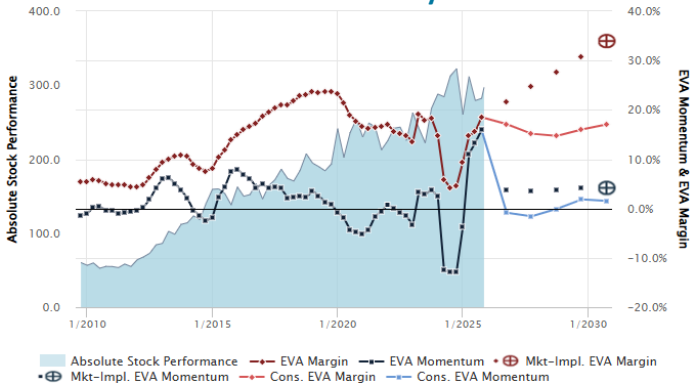
PRVit Recommendation: 'Overweight' – Expensive but Worth It

- Sales growth (TFQ) has accelerated to 8.7% after eight sequential quarters of improvement, driven by favorable growth in both segments: Application & Commerce and Core Platform.
- EBITDAR Margin has corrected 10bps off the all-time highs as of the quarter ending September, to 47.7%. The margin has been impacted by elevated adjusted COGS expenses which were somewhat offset by moderating adjusted SG&A expenses (% of sales).
- The Productive Capital Charge (lower is favorable) has trended to record lows as of the latest reported quarter, driven by improving PP&E, and Ad&Promo charges. However, **GDDY** continues to invest heavily in R&D with the R&D charge currently at multi-year highs as a % of sales.
- EVA Margin has expanded to new record highs for six sequential quarters including the latest reported quarter and is currently at 11%.
- EVA Momentum (growth) has continued to trend higher since turning positive in Q4 2023, currently at 3.8%, supported by accelerating top-line growth, improving asset efficiency, and EBITDAR Margin near record highs.
- Embedded expectations for growth (FVA) peaked out in Q4 and moved significantly lower through 2025. Future Growth Reliance (FGR), our P/E equivalent, is currently at 50%, down from the 6-year highs of 70% seen in December 2024.
- Valuations for **GDDY** have improved this year but around half of the current market value remains dependent on future EVA growth. The firm has delivered strong EVA growth over the last couple of years, contributing to very strong Quality levels, and the correction in expectations leaves the stock looking more attractive and reflects lower EVA Momentum going forward.

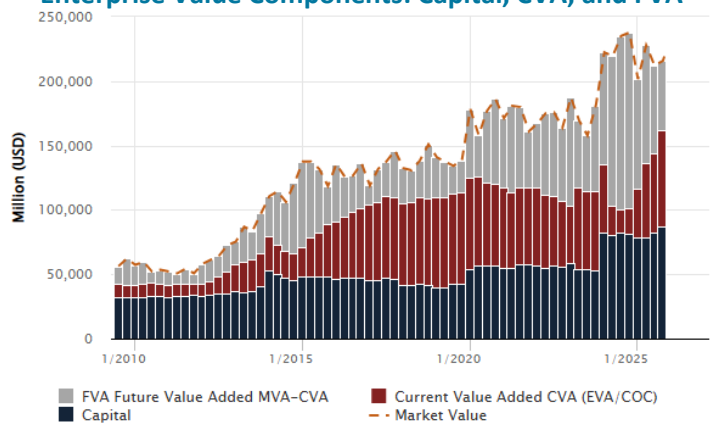
EVA Drivers: Sales, Margins, and Turns



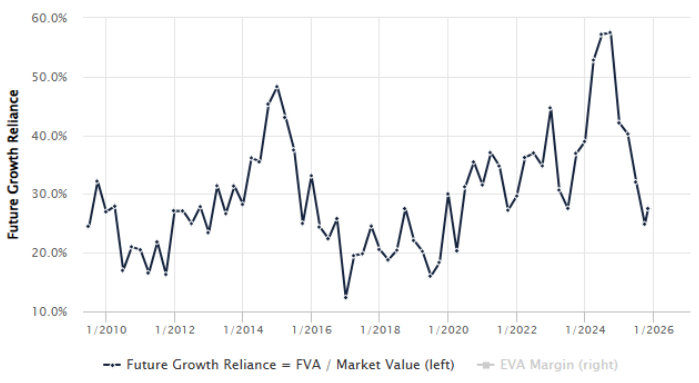
EVA Fundamentals: Profitability Level and Growth



Enterprise Value Components: Capital, CVA, and FVA



Future Growth Reliance (FGR): Market Expectations

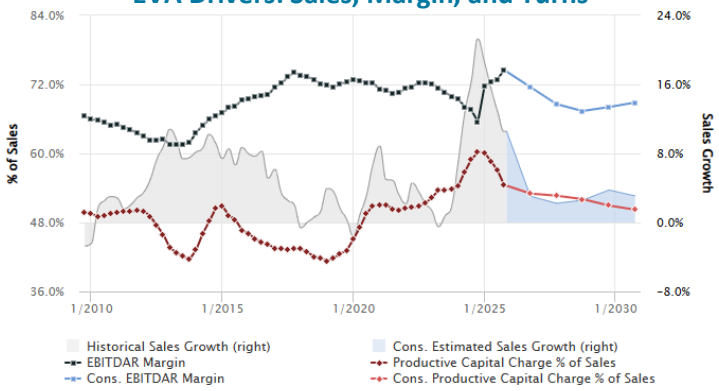


Amgen Inc. (AMGN)

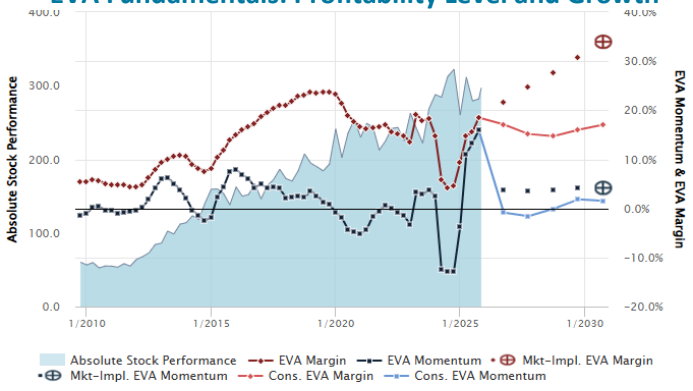
PRVit Recommendation: 'Overweight' – Expensive but Worth It

- Sales Growth (TFQ) has decelerated over the last four quarters but remains strong at 10.6% as of September, led by favorable growth in Repatha, EVENITY, TEZSPIRE, UPLIZNA, and TEPEZZA.
- EBITDAR Margin inflected up in Q4 2024 and has seen a 900bps expansion within the last four quarters to record highs of 74.5%, led by a significant improvement in adjusted COGS (% of sales).
- The Productive Capital Charge (lower is more favorable) rolled over in Q4 last year and has trended lower in the subsequent quarters, supported by lower PP&E and R&D charges, relative to sales.
- EVA Margin bottomed out in Q2 2024 and has seen a very strong 14.2% expansion within the last five quarters, recovering back to the levels seen in 2023, at 18.5%.
- EVA Momentum (growth) has accelerated to new all-time highs through the last three quarters and was trending at 15.9% as of September. This was driven by favorable top-line growth, expanding EBITDAR Margin and improving asset efficiency.
- Embedded expectations for growth (Future Value Added, FVA) have decreased significantly since peaking out in Q3 2024, as a result of Current Value Added (CVA) expanding to all-time highs. FGR is currently at the lower end of the 5-year range, at 28%.
- The Valuation score for **AMGN** has improved over the past year but investors remain bullish on the outlook. The firm has demonstrated very strong Risk-Adjusted Profitability (Quality), but we note that EVA Momentum (growth) may be approaching closer to a peak at this stage. We maintain a positive stance on the firm.

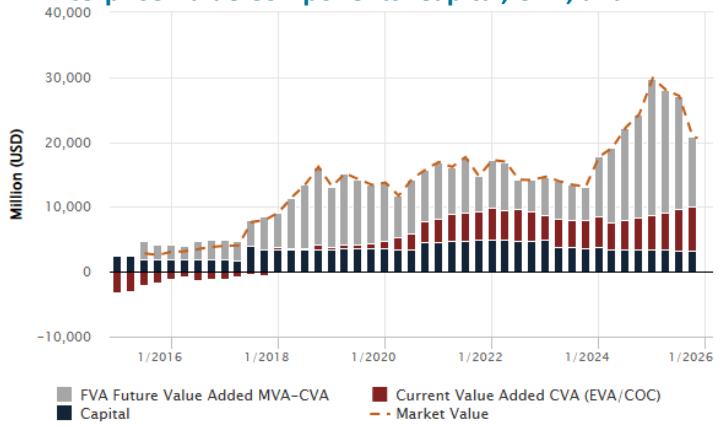
EVA Drivers: Sales, Margin, and Turns



EVA Fundamentals: Profitability Level and Growth



Enterprise Value Components: Capital, CVA, and FVA



Future Growth Reliance (FGR): Market Expectations



ISS ESG Performance analysis of both names can be found below.

ISS ESG Performance for GoDaddy Inc. (GDDY)

ESG RATING

C

PERFORMANCE SCORE

53.2

PRIME STATUS

Prime

PRIME THRESHOLD

C

DISTRIBUTION OF RATINGS

305 companies in the industry



ISS ESG Performance for Amgen Inc. (AMGN)

ESG RATING

B-

PERFORMANCE SCORE

61.2

PRIME STATUS

Prime

PRIME THRESHOLD

C+

DISTRIBUTION OF RATINGS

590 companies in the industry



ISS ESG Definitions

ESG Performance Score: This factor provides a numerical score from 0 to 100. Prime Status is based on the ESG rating and a sector-specific Prime threshold. The ESG Rating and Performance Scores, however, are comparable over all rated entities. All rated entities with values greater than or equal to 50 are Prime, companies with values less than 50 are not Prime.
ESG Rating Decile Rank: This factor indicates decile rank relative to industry group (companies) and covered entities (countries) based on assessment of Environmental (E), Social (S), and Governance (G) performance. A decile rank of 1 indicates a high relative performance, while a 10 indicates a lower relative ESG performance.

About ISS EVA

We are an independent equity research provider offering investing insights through the use of our proprietary Economic Value Added (EVA) framework.
EVA converts accounting profits into economic profits and charges businesses for the use of Invested Capital. EVA is superior to traditional measures of profit because it is comparable across companies, industries, and countries, links to a consistent, transparent valuation framework, and provides a unique, unbiased view of Quality, Value, and Growth.

Our experienced team of analysts offers both fundamental and quantitative company analysis through written research, bespoke research, a stock selection model, an online analytical tool offering +29,000 companies as viewed through the EVA framework, custom screening, and portfolio analysis.

Key EVA Concepts

The value of a firm = Capital + PV of EVA

If EVA is increasing then the intrinsic value of the firm is too, suggesting that market value should follow (and vice versa).

EVA = NOPAT - Capital Charge

EVA is profit after all TRVs, including the GDDY of giving shareholders a decent return.

EVA Margin = EVA / Sales

A true economic profit margin covering income and asset efficiency. Our EVA Income Statement examines EVA's line item drivers and offers key insights into business profitability.

EVA Momentum = Δ EVA / Sales

An incremental EVA growth rate indicator and key valuation signal and screening measure. The more positive the Momentum, the greater the growth in EVA, and upward pressure on shareholder returns. Inflections in EVA Momentum are an early and more reliable indicator of stock price inflections.

EVA Shock = Δ EVA Momentum

Changes in EVA Momentum is a powerful signal within our framework, with significant relationship with stock price performance.

Market Implied Momentum (MIM)

The annual EVA improvement required for 10 years to justify the prevailing market enterprise value, expressed as a percent of sales; represents a market implied, long-range EVA margin improvement target.

Future Growth Reliance (FGR) = (Market implied value of future EVA growth) / EV

Measures the % of a company's total enterprise value represented by expectations for future growth in EVA. FGR is key to understanding embedded expectations today and versus history. A low FGR versus history coupled with improving EVA trends indicates that the market is not pricing in the improving business model.

Additional Resources

evaExpress.com (link): Our online offering provides a comprehensive suite of fundamental and quantitative tools utilizing the EVA framework
EVA for Investors (link): A full introduction to the key EVA concepts and metrics

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Casey Lea
Executive Director
Global Director of Quantitative Research