AMGEN®

Investor Insights Newsletter

Corporate Profile:

- Amgen discovers, develops, manufactures, and delivers innovative human therapeutics. A biotechnology pioneer since 1980, Amgen was one of the first companies to realize the new science's promise by bringing safe, effective medicines from lab to manufacturing plant to patient. Amgen therapeutics have changed the practice of medicine, helping people around the world in the fight against serious illnesses. With a deep and broad pipeline of potential new medicines, Amgen remains committed to advancing science to dramatically improve people's lives.

Q3 2019 Financial Highlights:

- Total revenues decreased 3% to $5.7 billion in comparison to the third quarter of 2018, reflecting the impact of biosimilar and generic competition against key products.
- Non-GAAP EPS decreased 1% to $3.66 as a result of lower revenue, offset partially by lower weighted-average shares outstanding.
- The Company generated $3.2 billion of free cash flow.
- 2019 total revenues guidance revised to $23.1 - $23.3 billion and 2019 non-GAAP EPS guidance to $14.50 - $14.70*

$Millions, except EPS, dividend per share and percentages	Q3'19	Q3'18	YOY Δ
Total Revenues	$ 5,737	$ 5,904	(3%)
GAAP Operating Income	$ 2,476	$ 2,323	7%
GAAP Net Income	$ 1,968	$ 1,859	6%
GAAP EPS	$ 3.27	$ 2.86	14%
Non-GAAP Operating Income	$ 2,793	$ 2,971	(6%)
Non-GAAP Net Income	$ 2,201	$ 2,392	(8%)
Non-GAAP EPS	$ 3.66	$ 3.69	(1%)
Dividend Per Share	$ 1.45	$ 1.32	10%

References in this document to "non-GAAP" measures, measures presented "on a non-GAAP basis" and to "free cash flow" (computed by subtracting capital expenditures from operating cash flow) refer to non-GAAP financial measures. Adjustments to the most directly comparable GAAP financial measures and other items are presented on the attached reconciliations.
** Guidance as of November 21, 2019 Otezla acquisition press release, and is not being updated at this time.*

MESSAGE FROM BOB BRADWAY, CEO

Several years ago, we realized the need to transform certain aspects of our business to position Amgen for sustained long-term growth. Anticipating pressure on drug pricing, we emphasized the importance of innovative medicines, addressing major unmet medical needs, that can grow through volume and access increases. And that is what we saw again in the third quarter, with brands like Prolia, Repatha and Aimovig generating double-digit volume increases. In aggregate for our portfolio, this is the seventh quarter in a row that we've reported volume growth globally, boding well for our long-term outlook.

We made a strategic decision to build a branded biosimilars business, leveraging our world class biologics development and manufacturing capabilities. Our first three biosimilars are now annualizing at approximately $700 million. We expect our growing portfolio of reliable, high-quality biosimilars to be an important growth opportunity in the years ahead.

The demand for quality healthcare is growing globally and Amgen continues to steadily expand our geographic presence. We are excited to have recently launched Repatha in China, the world's second-largest pharmaceutical market. We also see Japan, the world's third largest pharmaceutical market, emerging as an important new opportunity as we assume full ownership in 2020 of our successful joint venture with Astellas.

With the close of our Otezla acquisition, we see a unique opportunity to further Amgen's mission of bringing innovative medicines to patients, while building on our long-standing expertise in inflammation. We look forward to working with the dedicated professionals joining us from Celgene to help realize the global potential of Otezla.

Our capital allocation priorities remain intact. We will continue to invest in the growth of our business internally and through business development, while also providing attractive returns to our shareholders through our growing dividend and continued share repurchases.

AMGEN MISSION

To serve patients

AMGEN QUICK FACTS

Headquarters

Thousand Oaks, California

Staff

Approximately 21,500 worldwide

Stock Listing

NASDAQ: AMGN

Chairman, CEO and President

Robert A. Bradway

2018 Financial Highlights

Total revenue: $23.7 billion

Product sales: $22.5 billion

Non-GAAP R&D expense: $3.7 billion

AMGEN PRODUCTS

Aimovig® (erenumab-aooe)

AMGEVITA™ (adalimumab-atto)

Aranesp® (darbepoetin alfa)

BLINCYTO® (blinatumomab)

Corlanor® (ivabradine)

Enbrel® (etanercept)

EPOGEN® (epoetin alfa)

EVENITY® (romosozumab-aqqg)

IMLYGIC® (talimogene laherparepvec)

KANJINTI™ (trastuzumab-anns)

KYPROLIS® (carfilzomib)

MVASI™ (bevacizumab-awwb)

Neulasta® (pegfilgrastim)

Otezla® (apremilast)

NEUPOGEN® (filgrastim)

Nplate® (romiplostim)

Parsabiv® (etelcalcetide)

Prolia® (denosumab)

Repatha® (evolocumab)

Sensipar® (cinacalcet)

Vectibix® (panitumumab)

XGEVA® (denosumab)

For product information, including important safety information, visit www.amgen.com.

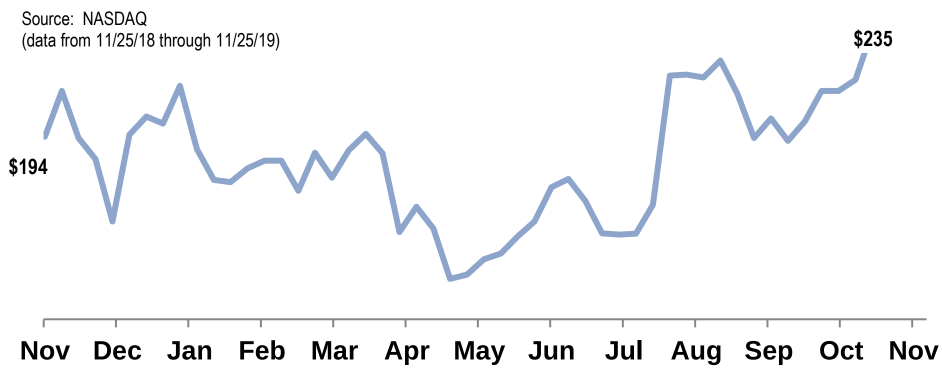
QUESTIONS?

CONTACT US

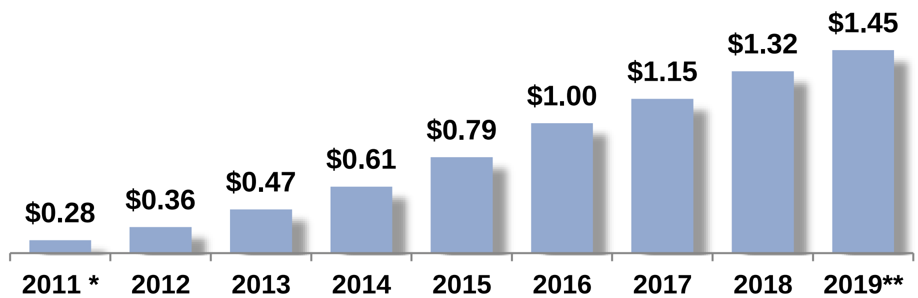
Amgen
Investor Relations
Mailstop 28-3-D
Phone: 805-447-1060
E-mail: investor.relations@amgen.com
investors.amgen.com

Transfer Agent
American Stock Transfer and Trust Co.
59 Maiden Lane
New York, NY 10038
Phone: (212) 936-5100 or
800-937-5449

Stock Price Performance (Last 12 Months)



Quarterly Per Share Dividend History



* Dividend initiated in September 2011

** Represents Q1, Q2 and Q3 dividends paid

Key News:

Acquisition of Otezla® Adds a High-Growth, Blockbuster Product in a Core Therapeutic Area

- **Strong strategic fit given long-standing expertise in psoriasis and inflammation**
- **Accelerates near- and long-term top-line growth**
- **Enhances global presence and further strengthens our international portfolio**
- **Positive financial impact, including immediate accretion to non-GAAP EPS**
- **Supports increased R&D investment to advance our innovative pipeline of first-in-class molecules**

Non-GAAP Financial Measures

In this news release, management has presented its operating results for the third quarters of 2019 and 2018, in accordance with U.S. Generally Accepted Accounting Principles (GAAP) and on a non-GAAP basis. In addition, management has presented its full year 2019 EPS and tax rate guidance in accordance with GAAP and on a non-GAAP basis. These non-GAAP financial measures are computed by excluding certain items related to acquisitions, restructuring and certain other items from the related GAAP financial measures. Reconciliations for these non-GAAP financial measures to the most directly comparable GAAP financial measures are included in the news release. Management has also presented Free Cash Flow (FCF), which is a non-GAAP financial measure, for the third quarters of 2019 and 2018. FCF is computed by subtracting capital expenditures from operating cash flow, each as determined in accordance with GAAP.

The Company believes that its presentation of non-GAAP financial measures provides useful supplementary information to and facilitates additional analysis by investors. The Company uses certain non-GAAP financial measures to enhance an investor's overall understanding of the financial performance and prospects for the future of the Company's ongoing business activities by facilitating comparisons of results of ongoing business operations among current, past and future periods. The Company believes that FCF provides a further measure of the Company's liquidity.

The Company uses the non-GAAP financial measures set forth in the news release in connection with its own budgeting and financial planning internally to evaluate the performance of the business, including to allocate resources and to evaluate results relative to incentive compensation targets. The non-GAAP financial measures are in addition to, not a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP.

Forward-Looking Statements

This news release contains forward-looking statements that are based on the current expectations and beliefs of Amgen. All statements, other than statements of historical fact, are statements that could be deemed forward-looking statements, including any statements on the outcome, benefits and synergies of collaboration with any other company, including BeiGene, Ltd., or the acquisition of Otezla® (apremilast), including anticipated Otezla sales growth and the timing of non-GAAP EPS accretion, as well as estimates of revenues, operating margins, capital expenditures, cash, other financial metrics, expected legal, arbitration, political, regulatory or clinical results or practices, customer and prescriber patterns or practices, reimbursement activities and outcomes and other such estimates and results. Forward-looking statements involve significant risks and uncertainties, including those discussed below and more fully described in the Securities and Exchange Commission reports filed by Amgen, including our most recent annual report on Form 10-K and any subsequent periodic reports on Form 10-Q and current reports on Form 8-K. Unless otherwise noted, Amgen is providing this information as of the date of this news release and does not undertake any obligation to update any forward-looking statements contained in this document as a result of new information, future events or otherwise.

No forward-looking statement can be guaranteed and actual results may differ materially from those we project. Our results may be affected by our ability to successfully market both new and existing products domestically and internationally, clinical and regulatory developments involving current and future products, sales growth of recently launched products, competition from other products including biosimilars, difficulties or delays in manufacturing our products and global economic conditions. In addition, sales of our products are affected by pricing pressure, political and public scrutiny and reimbursement policies imposed by third-party payers, including governments, private insurance plans and managed care providers and may be affected by regulatory, clinical and guideline developments and domestic and international trends toward managed care and healthcare cost containment. Furthermore, our research, testing, pricing, marketing and other operations are subject to extensive regulation by domestic and foreign government regulatory authorities. We or others could identify safety, side effects or manufacturing problems with our products, including our devices, after they are on the market. Our business may be impacted by government investigations, litigation and product liability claims. In addition, our business may be impacted by the adoption of new tax legislation or exposure to additional tax liabilities. If we fail to meet the compliance obligations in the corporate integrity agreement between us and the U.S. government, we could become subject to significant sanctions. Further, while we routinely obtain patents for our products and technology, the protection offered by our patents and patent applications may be challenged, invalidated or circumvented by our competitors, or we may fail to prevail in present and future intellectual property litigation. We perform a substantial amount of our commercial manufacturing activities at a few key facilities, including in Puerto Rico, and also depend on third parties for a portion of our manufacturing activities, and limits on supply may constrain sales of certain of our current products and product candidate development. We rely on collaborations with third parties for the development of some of our product candidates and for the commercialization and sales of some of our commercial products. In addition, we compete with other companies with respect to many of our marketed products as well as for the discovery and development of new products. Discovery or identification of new product candidates or development of new indications for existing products cannot be guaranteed and movement from concept to product is uncertain; consequently, there can be no guarantee that any particular product candidate or development of a new indication for an existing product will be successful and become a commercial product. Further, some raw materials, medical devices and component parts for our products are supplied by sole third-party suppliers. Certain of our distributors, customers and payers have substantial purchasing leverage in their dealings with us. The discovery of significant problems with a product similar to one of our products that implicate an entire class of products could have a material adverse effect on sales of the affected products and on our business and results of operations. Our efforts to collaborate with or acquire other companies or products, and to integrate the operations of companies or in support of products we have acquired, may not be successful. A breakdown, cyberattack or information security breach could compromise the confidentiality, integrity and availability of our systems and our data. Our stock price is volatile and may be affected by a number of events. Our business performance could affect or limit the ability of our Board of Directors to declare a dividend or our ability to pay a dividend or repurchase our common stock. We may not be able to access the capital and credit markets on terms that are favorable to us, or at all.

Amgen Inc.
Consolidated Statements of Income - GAAP
(In millions, except per-share data)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Revenues:				
Product sales	$ 5,463	$ 5,510	$ 16,323	$ 16,532
Other revenues	274	394	842	985
Total revenues	5,737	5,904	17,165	17,517
Operating expenses:				
Cost of sales	1,036	1,037	3,103	3,005
Research and development	1,001	926	2,804	2,555
Selling, general and administrative	1,223	1,293	3,637	3,773
Other	1	325	(5)	303
Total operating expenses	3,261	3,581	9,539	9,636
Operating income	2,476	2,323	7,626	7,881
Interest expense, net	313	355	988	1,040
Interest and other income, net	114	126	517	519
Income before income taxes	2,277	2,094	7,155	7,360
Provision for income taxes	309	235	1,016	894
Net income	$ 1,968	$ 1,859	$ 6,139	$ 6,466
Earnings per share:				
Basic	$ 3.29	$ 2.88	$ 10.08	$ 9.67
Diluted	$ 3.27	$ 2.86	$ 10.01	$ 9.61
Weighted-average shares used in calculation of earnings per share:				
Basic	599	645	609	669
Diluted	602	649	613	673

Amgen Inc.
Consolidated Balance Sheets - GAAP
(In millions)

	September 30, 2019 (Unaudited)	December 31, 2018
Assets		
Current assets:		
Cash, cash equivalents and marketable securities	$ 20,853	$ 29,304
Trade receivables, net	3,606	3,580
Inventories	3,243	2,940
Other current assets	3,349	1,794
Total current assets	31,051	37,618
Property, plant and equipment, net	4,901	4,958
Intangible assets, net	6,702	7,443
Goodwill	14,705	14,699
Other assets	2,176	1,698
Total assets	$ 59,535	$ 66,416
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 8,688	$ 9,069
Current portion of long-term debt	2,049	4,419
Total current liabilities	10,737	13,488
Long-term debt	27,742	29,510
Long-term deferred tax liabilities	665	864
Long-term tax liabilities	7,921	8,770
Other noncurrent liabilities	1,543	1,284
Stockholders' equity	10,927	12,500
Total liabilities and stockholders' equity	$ 59,535	$ 66,416
Shares outstanding	596	630

Amgen Inc.
GAAP to Non-GAAP Reconciliations
(Dollars in millions)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
GAAP cost of sales	$ 1,036	$ 1,037	$ 3,103	$ 3,005
Adjustments to cost of sales:				
Acquisition-related expenses **(a)**	(276)	$ (278)	(828)	$ (823)
Total adjustments to cost of sales	(276)	(278)	(828)	(823)
Non-GAAP cost of sales	$ 760	$ 759	$ 2,275	$ 2,182
GAAP cost of sales as a percentage of product sales	19.0%	18.8%	19.0%	18.2%
Acquisition-related expenses **(a)**	-5.1	-5.0	-5.1	-5.0
Non-GAAP cost of sales as a percentage of product sales	13.9%	13.8%	13.9%	13.2%
GAAP research and development expenses	$ 1,001	$ 926	$ 2,804	$ 2,555
Adjustments to research and development expenses:				
Acquisition-related expenses **(a)**	(24)	(19)	(62)	(59)
Certain net charges pursuant to our restructuring initiative	-	(1)	-	(1)
Total adjustments to research and development expenses	(24)	(20)	(62)	(60)
Non-GAAP research and development expenses	$ 977	$ 906	$ 2,742	$ 2,495
GAAP research and development expenses as a percentage of product sales	18.3%	16.8%	17.2%	15.5%
Acquisition-related expenses **(a)**	-0.4	-0.4	-0.4	-0.4
Certain net charges pursuant to our restructuring initiative	0.0	0.0	0.0	0.0
Non-GAAP research and development expenses as a percentage of product sales	17.9%	16.4%	16.8%	15.1%
GAAP selling, general and administrative expenses	$ 1,223	$ 1,293	$ 3,637	$ 3,773
Adjustments to selling, general and administrative expenses:				
Acquisition-related expenses **(a)**	(17)	(20)	(26)	(65)
Certain net charges pursuant to our restructuring initiative	1	(5)	1	(8)
Total adjustments to selling, general and administrative expenses	(16)	(25)	(25)	(73)
Non-GAAP selling, general and administrative expenses	$ 1,207	$ 1,268	$ 3,612	$ 3,700
GAAP selling, general and administrative expenses as a percentage of product sales	22.4%	23.5%	22.3%	22.8%
Acquisition-related expenses **(a)**	-0.3	-0.4	-0.2	-0.4
Certain net charges pursuant to our restructuring initiative	0.0	-0.1	0.0	0.0
Non-GAAP selling, general and administrative expenses as a percentage of product sales	22.1%	23.0%	22.1%	22.4%
GAAP operating expenses	$ 3,261	$ 3,581	$ 9,539	$ 9,636
Adjustments to operating expenses:				
Adjustments to cost of sales	(276)	(278)	(828)	(823)
Adjustments to research and development expenses	(24)	(20)	(62)	(60)
Adjustments to selling, general and administrative expenses	(16)	(25)	(25)	(73)
Certain net charges pursuant to our restructuring initiative	-	2	2	8
Certain other expenses	-	-	-	(25)
Acquisition-related adjustments **(b)**	(1)	(327)	3	(286)
Total adjustments to operating expenses	(317)	(648)	(910)	(1,259)
Non-GAAP operating expenses	$ 2,944	$ 2,933	$ 8,629	$ 8,377
GAAP operating income	$ 2,476	$ 2,323	$ 7,626	$ 7,881
Adjustments to operating expenses	317	648	910	1,259
Non-GAAP operating income	$ 2,793	$ 2,971	$ 8,536	$ 9,140
GAAP operating income as a percentage of product sales	45.3%	42.2%	46.7%	47.7%
Adjustments to cost of sales	5.1	5.0	5.1	5.0
Adjustments to research and development expenses	0.4	0.4	0.4	0.4
Adjustments to selling, general and administrative expenses	0.3	0.5	0.2	0.4
Certain net charges pursuant to our restructuring initiative	0.0	-0.1	0.0	0.0
Certain other expenses	0.0	0.0	0.0	0.1
Acquisition-related adjustments **(b)**	0.0	5.9	-0.1	1.7
Non-GAAP operating income as a percentage of product sales	51.1%	53.9%	52.3%	55.3%
GAAP interest and other income, net	$ 114	$ 126	$ 517	$ 519
Adjustments to other income **(c)**	-	7	-	(68)
Non-GAAP interest and other income, net	$ 114	$ 133	$ 517	$ 451
GAAP income before income taxes	$ 2,277	$ 2,094	$ 7,155	$ 7,360
Adjustments to operating expenses	317	648	910	1,259
Adjustments to other income **(c)**	-	7	-	(68)
Non-GAAP income before income taxes	$ 2,594	$ 2,749	$ 8,065	$ 8,551
GAAP provision for income taxes	$ 309	$ 235	$ 1,016	$ 894
Adjustments to provision for income taxes:				
Income tax effect of the above adjustments **(d)**	92	147	230	285
Other income tax adjustments **(e)**	(8)	(25)	(35)	(15)
Total adjustments to provision for income taxes	84	122	195	270
Non-GAAP provision for income taxes	$ 393	$ 357	$ 1,211	$ 1,164
GAAP tax as a percentage of income before taxes	13.6%	11.2%	14.2%	12.1%
Adjustments to provision for income taxes:				
Income tax effect of the above adjustments **(d)**	1.9	2.7	1.2	1.7
Other income tax adjustments **(e)**	-0.3	-0.9	-0.4	-0.2
Total adjustments to provision for income taxes	1.6	1.8	0.8	1.5
Non-GAAP tax as a percentage of income before taxes	15.2%	13.0%	15.0%	13.6%
GAAP net income	$ 1,968	$ 1,859	$ 6,139	$ 6,466
Adjustments to net income:				
Adjustments to income before income taxes, net of the income tax effect	225	508	680	906
Other income tax adjustments **(e)**	8	25	35	15
Total adjustments to net income	233	533	715	921
Non-GAAP net income	$ 2,201	$ 2,392	$ 6,854	$ 7,387

Amgen Inc.
GAAP to Non-GAAP Reconciliations
(In millions, except per-share data)
(Unaudited)

The following table presents the computations for GAAP and non-GAAP diluted earnings per share.

	Three months ended September 30, 2019		Three months ended September 30, 2018	
	GAAP	Non-GAAP	GAAP	Non-GAAP
Net income	$ 1,968	$ 2,201	$ 1,859	$ 2,392
Weighted-average shares for diluted EPS	602	602	649	649
Diluted earnings per share	$ 3.27	$ 3.66	$ 2.86	$ 3.69

	Nine months ended September 30, 2019		Nine months ended September 30, 2018	
	GAAP	Non-GAAP	GAAP	Non-GAAP
Net income	$ 6,139	$ 6,854	$ 6,466	$ 7,387
Weighted-average shares for diluted EPS	613	613	673	673
Diluted earnings per share	$ 10.01	$ 11.18	$ 9.61	$ 10.98

(a) The adjustments related primarily to noncash amortization of intangible assets acquired in business combinations.

(b) For the three and nine months ended September 30, 2018, the adjustments related primarily to an impairment charge associated with a nonkey in-process research and development asset.

(c) For the nine months ended September 30, 2018, the adjustment related to the net gain associated with the Kirin-Amgen, Inc., share acquisition.

(d) The tax effect of the adjustments between our GAAP and non-GAAP results takes into account the tax treatment and related tax rate(s) that apply to each adjustment in the applicable tax jurisdiction(s). Generally, this results in a tax impact at the U.S. marginal tax rate for certain adjustments, including the majority of amortization of intangible assets, whereas the tax impact of other adjustments, including restructuring expense, depends on whether the amounts are deductible in the respective tax jurisdictions and the applicable tax rate(s) in those jurisdictions. Due to these factors, the effective tax rates for the adjustments to our GAAP income before income taxes, for the three and nine months ended September 30, 2019, were 29.0% and 25.3%, compared with 22.4% and 23.9% for the corresponding periods of the prior year.

(e) The adjustments related primarily to certain acquisition items and prior-period items excluded from GAAP earnings.

Amgen Inc.
GAAP to Non-GAAP Reconciliations
(Dollars in millions)
(Unaudited)

	Year Ended December 31, 2018
GAAP research and development expenses	$ 3,737
Adjustments to research and development expenses:	
Acquisition-related expenses **(a)**	(78)
Certain net charges pursuant to our restructuring initiative	(2)
Total adjustments to research and development expenses	(80)
Non-GAAP research and development expenses	$ 3,657

(a) The adjustment related primarily to noncash amortization of intangible assets acquired in business combinations.

Amgen Inc.
Reconciliations of Cash Flows
(In millions)
(Unaudited)

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Net cash provided by operating activities	$ 3,377	$ 3,273	$ 6,636	$ 8,102
Net cash provided by investing activities	5,372	1,132	11,672	18,976
Net cash used in financing activities	(2,859)	(2,580)	(13,838)	(18,922)
Increase in cash and cash equivalents	5,890	1,825	4,470	8,156
Cash and cash equivalents at beginning of period	5,525	10,131	6,945	3,800
Cash and cash equivalents at end of period	$ 11,415	$ 11,956	$ 11,415	$ 11,956

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Net cash provided by operating activities	$ 3,377	$ 3,273	$ 6,636	$ 8,102
Capital expenditures	(170)	(171)	(430)	(513)
Free cash flow	$ 3,207	$ 3,102	$ 6,206	$ 7,589

Reconciliation of GAAP EPS Guidance to Non-GAAP
EPS Guidance for the Year Ending December 31, 2019
(Unaudited)

GAAP diluted EPS guidance	$ 12.50	-	$ 12.75
Known adjustments to arrive at non-GAAP*:			
Acquisition-related expenses (a)	1.84	-	1.89
Cost savings initiatives		0.05	
Tax adjustments		0.06	
Non-GAAP diluted EPS guidance	$ 14.50	-	$ 14.70

* The known adjustments are presented net of their related tax impact, which amount to approximately $0.41 per share.

(a) The adjustments relate primarily to noncash amortization of intangible assets acquired in business combinations.

Our GAAP diluted EPS guidance does not include the effect of GAAP adjustments triggered by events that may occur subsequent to November 21, 2019, such as acquisitions, collaborations, asset impairments, litigation and changes in the fair value of our contingent consideration.