



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.

Q2 2019 Financial Highlights:

- Total revenues decreased 3% to \$5.9 billion in comparison to the second quarter of 2018 reflecting increasing competition due to patent expirations.
 - Product sales declined 2% globally. Prolia® (denosumab), Repatha® (evolocumab), Parsabiv® (etelcalcitide) and Aimovig® (erenumab-aooe) units grew double-digits or better.
- Non-GAAP EPS increased 4% to \$3.97 benefitted from lower weighted-average shares outstanding.
- The Company generated \$1.3 billion of free cash flow.
- 2019 total revenues guidance revised to \$22.4 - \$22.9 billion and 2019 non-GAAP EPS guidance to \$13.75 - \$14.30*



MESSAGE FROM BOB BRADWAY, CEO

Halfway through the year, we are making clear progress on our strategy for long-term growth, and at the core of this strategy are innovative first-in-class medicines that address serious diseases globally. While our strategy embraces medicines like BLINCTYO, which is our bispecific T-cell engager, with its large effect size in a specialty market, our strategy also explicitly addresses diseases where the unmet need is measured in millions of patients. Over time, we think this balance is going to be essential and expect that increasing global price pressures will highlight the importance of products that can deliver sustained growth through volume gains rather than annual price increases.

Prolia is a great example of this. Now more than 10 years after launch, it once again posted double-digit volume growth this quarter and its long-term prospects remain bright. Prolia points the way for other products in our portfolio like Repatha, Aimovig and potentially tezepelumab.

Our long-term opportunities include many novel first-in-class therapies across all phases of our pipeline. One of these is AMG 510, our KRAS G12C inhibitor, which has generated significant interest and continues to move very rapidly through the clinic (see "Key News" section for more information). We anticipate many important data readouts across the portfolio over the next 12 months as we advance therapies against cancer, cardiovascular disease, respiratory disease and other inflammatory disorders.

We continue to generate strong cash flows, continue to invest in R&D aggressively and to prudently return excess capital to shareholders. We are in a strong position to grow our business organically and externally, but we will remain disciplined in business development opportunities. Our recent acquisition of Otezla provides a good example of our disciplined approach.

In summary, Amgen is executing well and we remain excited about our long-term outlook.

\$Millions, except EPS and percentages	Q2'19	Q2'18	YOY Δ
Total Revenues	5,871	6,059	(3%)
GAAP Operating Income	2,678	2,832	(5%)
GAAP Net Income	2,179	2,296	(5%)
GAAP EPS	3.57	3.48	3%
Non-GAAP Operating Income	2,973	3,131	(5%)
Non-GAAP Net Income	2,423	2,529	(4%)
Non-GAAP EPS	3.97	3.83	4%

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 July 30, 2019, and is not being updated at this time.

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™ (biosimilar adalimumab)

Aranesp® (darbepoetin alfa)

BLINCYTO® (blinatumomab)

Corlanor® (ivabradine)

Enbrel® (etanercept)

EPOGEN® (epoetin alfa)

EVENTY® (romosozumab-aqqg)

IMLYGIC® (talimogene laherparepvec)

KANJINTI™ (trastuzumab-anns)

KYPROLIS® (carfilzomib)

MVASI™ (bevacizumab-awwb)

Neulasta® (pegfilgrastim)

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?

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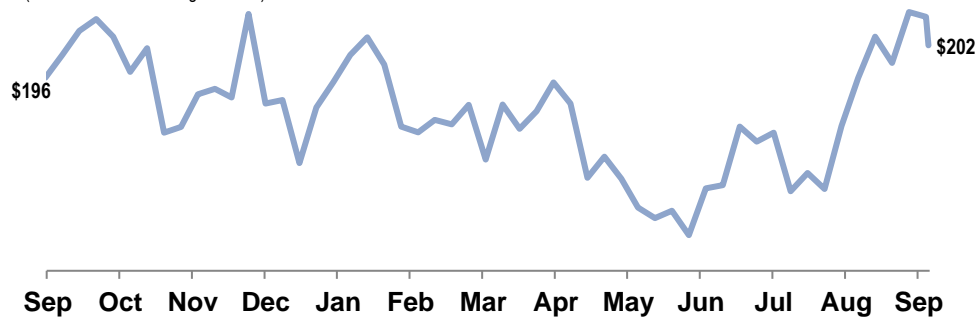
New York, NY 10038

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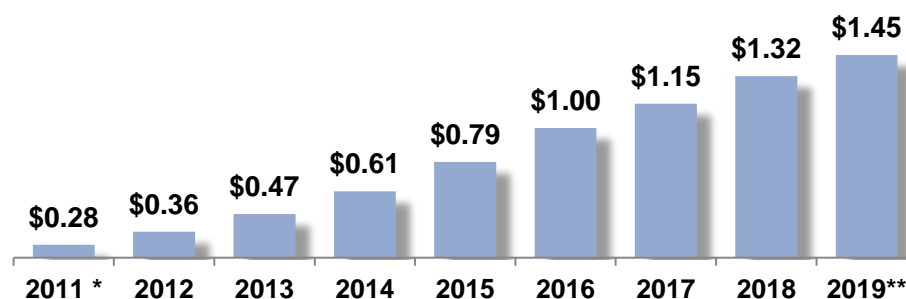
800-937-5449

Stock Price Performance (Last 12 Months)

Source: NASDAQ
(data from 9/09/18 through 9/09/19)



Quarterly Per Share Dividend History



* Dividend initiated in September 2011

** Represents Q1, Q2 and Q3 dividends paid

Key News:

AMG 510, Our KRAS^{G12C} Inhibitor, Has Generated Significant Interest And Is Rapidly Advancing Through The Clinic

- KRAS^{G12C} mutation has been identified as an oncogenic driver of tumorigenesis
- There is no currently approved therapy targeting this mutation
- AMG 510 is a novel, first-in-class, small molecule that specifically and irreversibly inhibits KRAS^{G12C} by locking it in an inactive GDP-bound state
 - We presented first-in-human lung cancer data at the World Lung meeting in September
 - Enrollment completed in monotherapy arm of dose expansion study
 - Enrolling patients in PD-1 combination arm of dose expansion study
 - Initiating potential registration enabling monotherapy study in 2019

KRAS = Kirsten rat sarcoma viral oncogene homolog
KRAS^{G12C} = KRAS protein with a G12C mutation at the protein level.
GDP = guanosine diphosphate

Non-GAAP Financial Measures

In this news release, management has presented its operating results for the second 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 second 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 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 acquire other companies or products and to integrate the operations of companies 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 June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Revenues:				
Product sales	\$ 5,574	\$ 5,679	\$ 10,860	\$ 11,022
Other revenues	297	380	568	591
Total revenues	5,871	6,059	11,428	11,613
Operating expenses:				
Cost of sales	1,012	1,024	2,067	1,968
Research and development	924	869	1,803	1,629
Selling, general and administrative	1,260	1,353	2,414	2,480
Other	(3)	(19)	(6)	(22)
Total operating expenses	3,193	3,227	6,278	6,055
Operating income	2,678	2,832	5,150	5,558
Interest expense, net	332	347	675	685
Interest and other income, net	218	162	403	393
Income before income taxes	2,564	2,647	4,878	5,266
Provision for income taxes	385	351	707	659
Net income	\$ 2,179	\$ 2,296	\$ 4,171	\$ 4,607
Earnings per share:				
Basic	\$ 3.59	\$ 3.50	\$ 6.78	\$ 6.76
Diluted	\$ 3.57	\$ 3.48	\$ 6.75	\$ 6.73
Weighted-average shares used in calculation of earnings per share:				
Basic	607	656	615	682
Diluted	610	660	618	685

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

	June 30,	December 31,
	2019	2018
	(Unaudited)	
Assets		
Current assets:		
Cash, cash equivalents and marketable securities	\$ 21,758	\$ 29,304
Trade receivables, net	3,801	3,580
Inventories	3,176	2,940
Other current assets	2,011	1,794
Total current assets	30,746	37,618
Property, plant and equipment, net	4,882	4,958
Intangible assets, net	6,813	7,443
Goodwill	14,689	14,699
Other assets	2,243	1,698
Total assets	\$ 59,373	\$ 66,416
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 7,806	\$ 9,069
Current portion of long-term debt	2,816	4,419
Total current liabilities	10,622	13,488
Long-term debt	27,798	29,510
Long-term deferred tax liabilities	763	864
Long-term tax liabilities	7,861	8,770
Other noncurrent liabilities	1,535	1,284
Total stockholders' equity	10,794	12,500
Total liabilities and stockholders' equity	\$ 59,373	\$ 66,416
Shares outstanding	602	630

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

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
GAAP cost of sales	\$ 1,012	\$ 1,024	\$ 2,067	\$ 1,968
Adjustments to cost of sales:				
Acquisition-related expenses (a)	(276)	(279)	(552)	(545)
Total adjustments to cost of sales	(276)	(279)	(552)	(545)
Non-GAAP cost of sales	\$ 736	\$ 745	\$ 1,515	\$ 1,423
GAAP cost of sales as a percentage of product sales	18.2%	18.0%	19.0%	17.9%
Acquisition-related expenses (a)	-5.0	-4.9	-5.0	-5.0
Non-GAAP cost of sales as a percentage of product sales	13.2%	13.1%	14.0%	12.9%
GAAP research and development expenses	\$ 924	\$ 869	\$ 1,803	\$ 1,629
Adjustments to research and development expenses:				
Acquisition-related expenses (a)	(18)	(19)	(38)	(40)
Total adjustments to research and development expenses	(18)	(19)	(38)	(40)
Non-GAAP research and development expenses	\$ 906	\$ 850	\$ 1,765	\$ 1,589
GAAP research and development expenses as a percentage of product sales	16.6%	15.3%	16.6%	14.8%
Acquisition-related expenses (a)	-0.3	-0.3	-0.3	-0.4
Non-GAAP research and development expenses as a percentage of product sales	16.3%	15.0%	16.3%	14.4%
GAAP selling, general and administrative expenses	\$ 1,260	\$ 1,353	\$ 2,414	\$ 2,480
Adjustments to selling, general and administrative expenses:				
Acquisition-related expenses (a)	(5)	(20)	(9)	(45)
Certain net charges pursuant to our restructuring initiative	1	—	—	(3)
Total adjustments to selling, general and administrative expenses	(4)	(20)	(9)	(48)
Non-GAAP selling, general and administrative expenses	\$ 1,256	\$ 1,333	\$ 2,405	\$ 2,432
GAAP selling, general and administrative expenses as a percentage of product sales	22.6%	23.8%	22.2%	22.5%
Acquisition-related expenses (a)	-0.1	-0.3	-0.1	-0.4
Certain net charges pursuant to our restructuring initiative	0.0	0.0	0.0	0.0
Non-GAAP selling, general and administrative expenses as a percentage of product sales	22.5%	23.5%	22.1%	22.1%
GAAP operating expenses	\$ 3,193	\$ 3,227	\$ 6,278	\$ 6,055
Adjustments to operating expenses:				
Adjustments to cost of sales	(276)	(279)	(552)	(545)
Adjustments to research and development expenses	(18)	(19)	(38)	(40)
Adjustments to selling, general and administrative expenses	(4)	(20)	(9)	(48)
Certain net charges pursuant to our restructuring initiative	1	7	2	6
Certain other expenses	—	(25)	—	(25)
Acquisition-related adjustments	2	37	4	41
Total adjustments to operating expenses	(295)	(299)	(593)	(611)
Non-GAAP operating expenses	\$ 2,898	\$ 2,928	\$ 5,685	\$ 5,444
GAAP operating income	\$ 2,678	\$ 2,632	\$ 5,150	\$ 5,558
Adjustments to operating expenses	295	299	593	611
Non-GAAP operating income	\$ 2,973	\$ 3,131	\$ 5,743	\$ 6,169
GAAP operating income as a percentage of product sales	48.0%	49.9%	47.4%	50.4%
Adjustments to cost of sales	5.0	4.9	5.0	5.0
Adjustments to research and development expenses	0.3	0.3	0.3	0.4
Adjustments to selling, general and administrative expenses	0.1	0.3	0.1	0.4
Certain net charges pursuant to our restructuring initiative	0.0	0.0	0.0	0.0
Certain other expenses	0.0	0.4	0.0	0.2
Acquisition-related adjustments	-0.1	-0.7	0.1	-0.4
Non-GAAP operating income as a percentage of product sales	53.3%	55.1%	52.9%	56.0%

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
GAAP interest and other income, net	\$ 218	\$ 162	\$ 403	\$ 393
Adjustments to other income (b)	—	—	—	(75)
Non-GAAP interest and other income, net	\$ 218	\$ 162	\$ 403	\$ 318
GAAP income before income taxes	\$ 2,564	\$ 2,647	\$ 4,878	\$ 5,286
Adjustments to operating expenses	295	299	593	611
Adjustments to other income (b)	—	—	—	(75)
Non-GAAP income before income taxes	\$ 2,859	\$ 2,946	\$ 5,471	\$ 5,802
GAAP provision for income taxes	\$ 385	\$ 351	\$ 707	\$ 659
Adjustments to provision for income taxes:				
Income tax effect of the above adjustments (c)	70	74	136	138
Other income tax adjustments (d)	(19)	(8)	(27)	10
Total adjustments to provision for income taxes	51	66	111	148
Non-GAAP provision for income taxes	\$ 436	\$ 417	\$ 818	\$ 807
GAAP tax as a percentage of income before taxes	15.0%	13.3%	14.5%	12.5%
Adjustments to provision for income taxes:				
Income tax effect of the above adjustments (c)	0.9	1.2	1.0	1.2
Other income tax adjustments (d)	-0.6	-0.3	-0.5	0.2
Total adjustments to provision for income taxes	0.3	0.9	0.5	1.4
Non-GAAP tax as a percentage of income before taxes	15.3%	14.2%	15.0%	13.9%
GAAP net income	\$ 2,179	\$ 2,296	\$ 4,171	\$ 4,607
Adjustments to net income:				
Adjustments to income before income taxes, net of the income tax effect	225	225	455	398
Other income tax adjustments (d)	19	8	27	(10)
Total adjustments to net income	244	233	482	388
Non-GAAP net income	\$ 2,423	\$ 2,529	\$ 4,653	\$ 4,995

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 June 30, 2019		Three months ended June 30, 2018	
	GAAP	Non-GAAP	GAAP	Non-GAAP
Net income	\$ 2,179	\$ 2,423	\$ 2,296	\$ 2,529
Weighted-average shares for diluted EPS	610	610	660	660
Diluted EPS	<u>\$ 3.57</u>	<u>\$ 3.97</u>	<u>\$ 3.48</u>	<u>\$ 3.83</u>
	Six months ended June 30, 2019		Six months ended June 30, 2018	
	GAAP	Non-GAAP	GAAP	Non-GAAP
Net income	\$ 4,171	\$ 4,653	\$ 4,607	\$ 4,995
Weighted-average shares for diluted EPS	618	618	685	685
Diluted EPS	<u>\$ 6.75</u>	<u>\$ 7.53</u>	<u>\$ 6.73</u>	<u>\$ 7.29</u>

- (a) The adjustments related primarily to noncash amortization of intangible assets acquired in business combinations.
- (b) For the six months ended June 30, 2018, the adjustment related to the net gain associated with the Kirin-Amgen share acquisition.
- (c) 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 six months ended June 30, 2019, were 23.7% and 23.3%, compared with 24.7% and 25.7% for the corresponding periods of the prior year.
- (d) The adjustments related primarily to certain acquisition items and prior-period items excluded from GAAP earnings.

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

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Net cash provided by operating activities	\$ 1,414	\$ 2,102	\$ 3,259	\$ 4,829
Net cash provided by investing activities	2,745	2,938	6,300	17,844
Net cash used in financing activities	(5,992)	(4,650)	(10,979)	(16,342)
(Decrease) increase in cash and cash equivalents	(1,833)	390	(1,420)	6,331
Cash and cash equivalents at beginning of period	7,358	9,741	6,945	3,800
Cash and cash equivalents at end of period	<u>\$ 5,525</u>	<u>\$ 10,131</u>	<u>\$ 5,525</u>	<u>\$ 10,131</u>
	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Net cash provided by operating activities	\$ 1,414	\$ 2,102	\$ 3,259	\$ 4,829
Capital expenditures	(144)	(187)	(260)	(342)
Free cash flow	<u>\$ 1,270</u>	<u>\$ 1,915</u>	<u>\$ 2,999</u>	<u>\$ 4,487</u>

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

GAAP diluted EPS guidance	\$12.10	—	\$12.71
Known adjustment to arrive at non-GAAP*:			
Acquisition-related expenses (a)	1.55	—	1.61
Tax adjustments		0.04	
Non-GAAP diluted EPS guidance	<u>\$13.75</u>	<u>—</u>	<u>\$14.30</u>

* The known adjustments are presented net of their related tax impact, which amount to approximately \$0.38 per share.

(a) The adjustments relate primarily to non-cash 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 this press release such as acquisitions, asset impairments, litigation and changes in the fair value or our contingent consideration.

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

GAAP tax rate guidance	13%	—	14%
Tax rate of known adjustments discussed above		1%	
Non-GAAP diluted EPS guidance	<u>14%</u>	<u>—</u>	<u>15%</u>