

# Q2 '20 EARNINGS CALL

JULY 28, 2020



# SAFE HARBOR STATEMENT

This presentation contains forward-looking statements that are based on management's current expectations and beliefs and are subject to a number of risks, uncertainties and assumptions that could cause actual results to differ materially from those described. 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 collaborations, or potential collaborations, with any other company, including Adaptive Biotechnologies (including statements regarding such collaboration's, or our own, ability to discover and develop fully-human neutralizing antibodies targeting SARS-CoV-2 to potentially prevent or treat COVID-19), BeiGene, Ltd., or the Otezla® (apremilast) acquisition, 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, effects of pandemics or other widespread health problems such as the ongoing COVID-19 pandemic on our business, outcomes progress, or effects relating to studies of Otezla as a potential treatment for COVID-19, 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 (SEC) reports filed by Amgen, including Amgen's most recent annual report on Form 10-K and any subsequent periodic reports on Form 10-Q and current reports on Form 8-K. Please refer to Amgen's most recent Forms 10-K, 10-Q and 8-K for additional information on the uncertainties and risk factors related to our business. Unless otherwise noted, Amgen is providing this information as of July 28, 2020 and expressly disclaims any duty to update information contained in this presentation.

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. An outbreak of disease or similar public health threat, such as COVID-19, and the public and governmental effort to mitigate against the spread of such disease, could have a significant adverse effect on the supply of materials for our manufacturing activities, the distribution of our products, the commercialization of our product candidates, and our clinical trial operations, and any such events may have a material adverse effect on our product development, product sales, business and results of operations. 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, products or technology, and to integrate the operations of companies or to support the products or technology 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.

The information relating to our Q2 results is expressly limited to information through June 30, 2020, and future results are subject to the effects of the ongoing COVID-19 pandemic on our business, including disruptions and effects on our product sales, and extrapolation on such results should include the timing and effects of the COVID-19 pandemic discussed in our oral presentation and our Form 10-Q for the period ended June 30, 2020.

This presentation includes GAAP and non-GAAP financial measures. In accordance with the requirements of SEC Regulation G, reconciliations between these two measures, if these slides are in hard copy, accompany the hard copy presentation or, if these slides are delivered electronically, are available on the Company's website at [www.amgen.com](http://www.amgen.com) within the Investors section.

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# AGENDA

<b>Introduction</b>	<b>Arvind Sood</b>
<b>Opening Remarks</b>	<b>Bob Bradway</b>
<b>Global Commercial Update</b>	<b>Murdo Gordon</b>
<b>R&amp;D Update</b>	<b>David Reese</b>
<b>Q2 '20 Business Results and Outlook</b>	<b>Peter Griffith</b>
<b>Q&amp;A</b>	<b>All</b>

# EXECUTING THROUGH A PANDEMIC WHILE INVESTING FOR LONG-TERM GROWTH

- **Strong execution in Q2**
- **Continuing to provide uninterrupted supply of medicines for patients around the world**
- **Key clinical studies expected in the second half of the year**
- **Strong balance sheet and cash flow generation; capital allocation priorities remain unchanged**
- **Biopharma is well positioned to be a part of the solution for the current pandemic**

# GLOBAL COMMERCIAL UPDATE

# Q2 '20 GLOBAL COMMERCIAL UPDATE

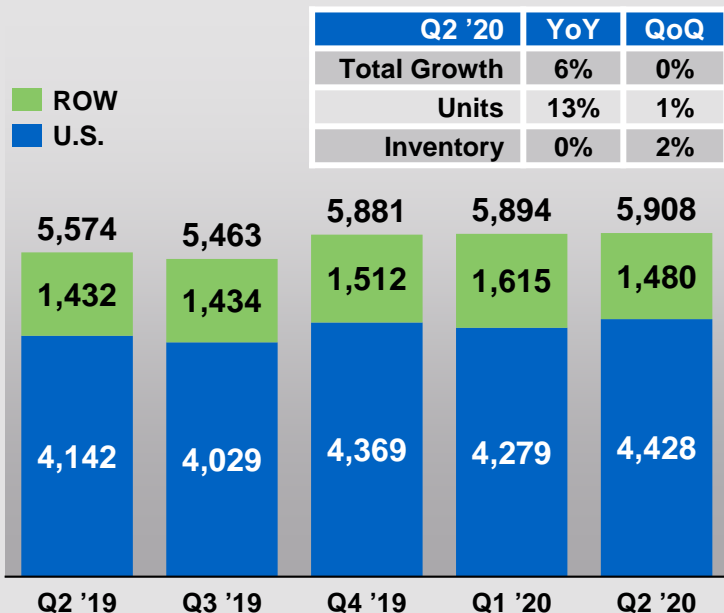
\$ Millions, Net Sales	Q2 '20			Q2 '19	YoY $\Delta$
	U.S.	ROW	Total	Total	Total
Prolia <sup>®</sup>	441	218	659	698	(6%)
EVENTITY <sup>®</sup>	40	61	101	28	NM
Repatha <sup>®</sup>	115	85	200	152	32%
Aimovig <sup>®</sup>	98	–	98	83	18%
Parsabiv <sup>®</sup>	160	26	186	168	11%
Otezla <sup>®</sup>	464	97	561	–	NM
Enbrel <sup>®</sup>	1,213	33	1,246	1,363	(9%)
AMGEVITA <sup>™</sup>	–	62	62	52	19%
KYPROLIS <sup>®</sup>	167	86	253	267	(5%)
XGEVA <sup>®</sup>	318	117	435	499	(13%)
Vectibix <sup>®</sup>	79	116	195	196	(1%)
Nplate <sup>®</sup>	107	86	193	201	(4%)
BLINCYTO <sup>®</sup>	56	37	93	78	19%
Neulasta <sup>®</sup>	520	73	593	824	(28%)
MVASI <sup>®</sup>	149	23	172	–	NM
KANJINTI <sup>®</sup>	101	22	123	30	NM
NEUPOGEN <sup>®</sup>	28	21	49	75	(35%)
EPOGEN <sup>®</sup>	161	–	161	223	(28%)
Aranesp <sup>®</sup>	156	231	387	436	(11%)
Sensipar <sup>®</sup> /Mimpara <sup>®</sup>	32	49	81	122	(34%)
Other*	23	37	60	79	(24%)
<b>Total Product Sales</b>	<b>\$4,428</b>	<b>\$1,480</b>	<b>\$5,908</b>	<b>\$5,574</b>	<b>6%</b>
<b>Total Revenue</b>			<b>\$6,206</b>	<b>\$5,871</b>	<b>6%</b>

NM = not meaningful

\*Other includes GENSENTA, IMLYGIC<sup>®</sup>, Corlanor<sup>®</sup> and Bergamo  
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# Q2 '20 PRODUCT SALES INCREASED 6%

## \$ Millions, Net Sales



## Q2 '20 Highlights

- COVID-19 interrupted many physician-patient interactions, delaying diagnosis and treatment
- Varying degrees of COVID-19 impact across our portfolio
- Greatest negative impact early in Q2 with sales beginning to recover thereafter
- Teams identifying innovative solutions to support delivery of patient care

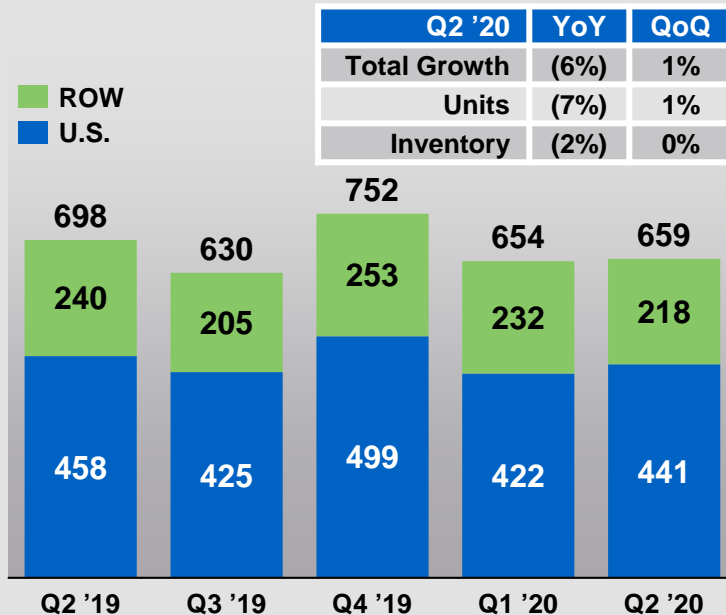
Note: Inventory represents wholesaler and, based on prescription data for Enbre®, end-user inventories

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# PROLIA® SALES WERE IMPACTED BY COVID-19

## \$ Millions, Net Sales



## Q2 '20 Highlights

- YoY decline driven by lower unit demand due to COVID-19
- Historical QoQ sales pattern was disrupted as osteoporosis patients, who are generally older and more vulnerable to COVID-19, made fewer office visits
- Identifying alternative sites for Prolia® administration
- Improved sales trends and new patient diagnoses later in Q2

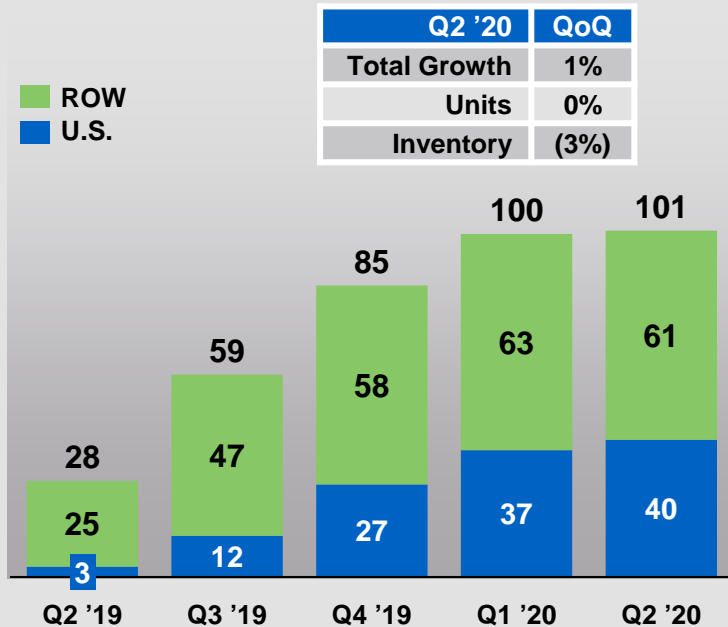
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# EVENTITY<sup>®</sup> GENERATED \$101M IN SALES IN Q2 '20

## \$ Millions, Net Sales



Q2 '20	QoQ
Total Growth	1%
Units	0%
Inventory	(3%)

## Q2 '20 Highlights

- Although new patient starts temporarily impacted by COVID-19, new prescribers continued to increase in the U.S.
- Remain focused on increasing number of patients and adherence to full 12 months of therapy
- Patient demand remains strong but slowdown anticipated in Q3 due to larger shipments to our partner, Astellas, in H1

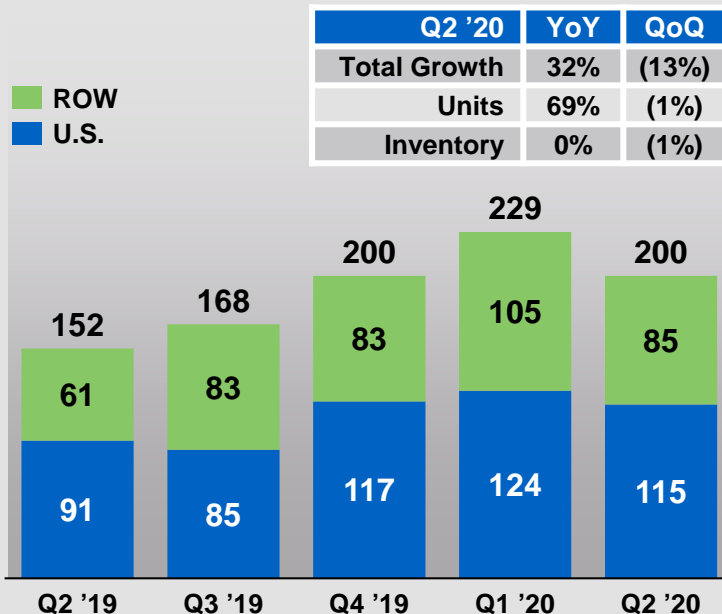
Note: Inventory represents wholesaler inventories

EVENTITY<sup>®</sup> is developed and commercialized in collaboration with UCB globally, as well as our collaboration partner Astellas in Japan

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# REPATHA<sup>®</sup> UNIT VOLUME INCREASED 69%

## \$ Millions, Net Sales



	Q2 '20	YoY	QoQ
Total Growth		32%	(13%)
Units		69%	(1%)
Inventory		0%	(1%)

## Q2 '20 Highlights

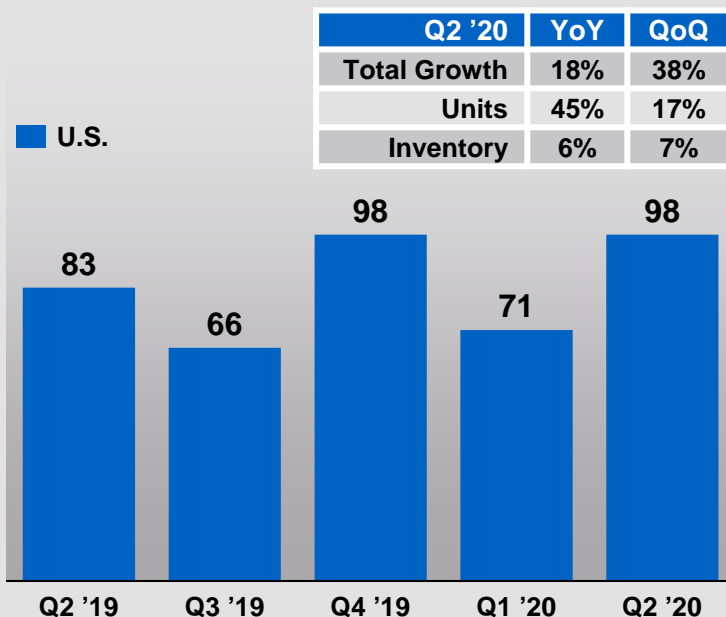
- 32% YoY sales increase driven by volume growth, offset partially by lower net selling price\*
- Maintained ~ 80% NBRx share of PCSK9 segment exiting Q2
- Expect net selling price\* to be stable for remainder of the year

NBRx = new-to-brand prescriptions; PCSK9 = proprotein convertase subtilisin/kexin type 9  
 \*Net selling price represents the impact of list price changes as well as contracting and access changes  
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# AIMOVIG® IS THE SEGMENT LEADER WITH 48% SHARE OF TOTAL PRESCRIPTIONS IN Q2



## \$ Millions, Net Sales



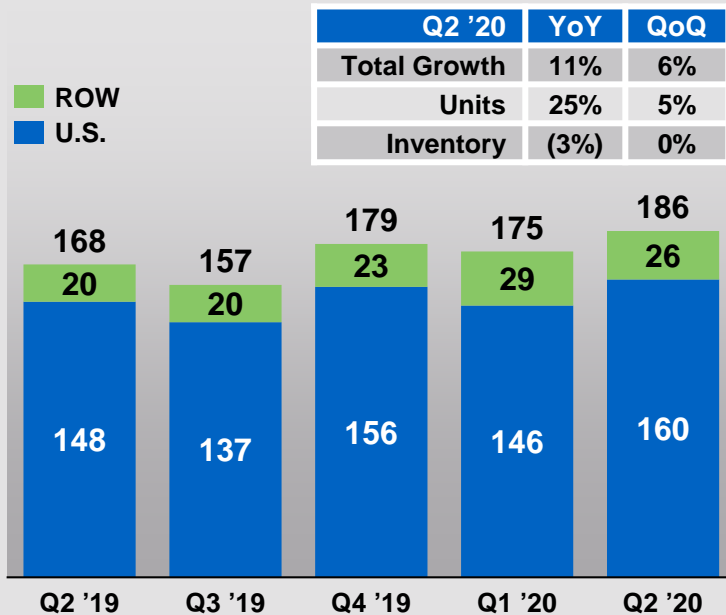
## Q2 '20 Highlights

- YoY increase driven by 45% volume growth, offset partially by lower net selling price\*
- Expect net selling price\* to be relatively stable for remainder of the year

\*Net selling price represents the impact of list price changes as well as contracting and access changes  
 Note: Inventory represents wholesaler inventories; Aimovig® is commercialized in collaboration with Novartis  
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# Q2 '20 PARSABIV® SALES GREW 11% YOY

## \$ Millions, Net Sales



## Q2 '20 Highlights

- YoY growth driven by higher unit demand, offset partially by lower net selling price\*
- CMS-proposed methodology for inclusion of calcimimetics in bundled payment in 2021; final rule expected in November 2020

CMS = Centers for Medicare and Medicaid Services

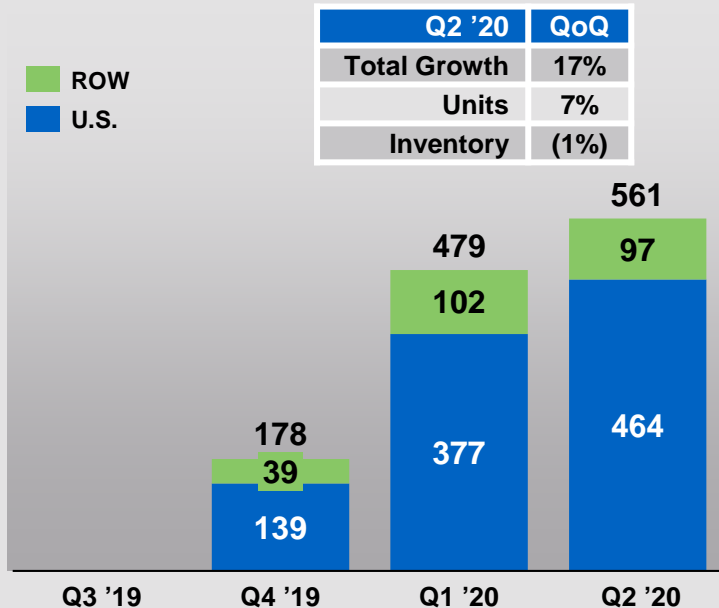
\*Net selling price represents the impact of list price changes as well as contracting and access changes

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# OTEZLA<sup>®</sup> CONTINUES TO GROW

## \$ Millions, Net Sales



## Q2 '20 Highlights

- 14% YoY growth driven by volume
- Total prescription growth remains strong and NBRx share grew in the quarter
- NBRx volumes impacted by COVID-19, but trends improved later in Q2
- Otezla<sup>®</sup> provides a convenient oral option with an established safety profile and no lab monitoring

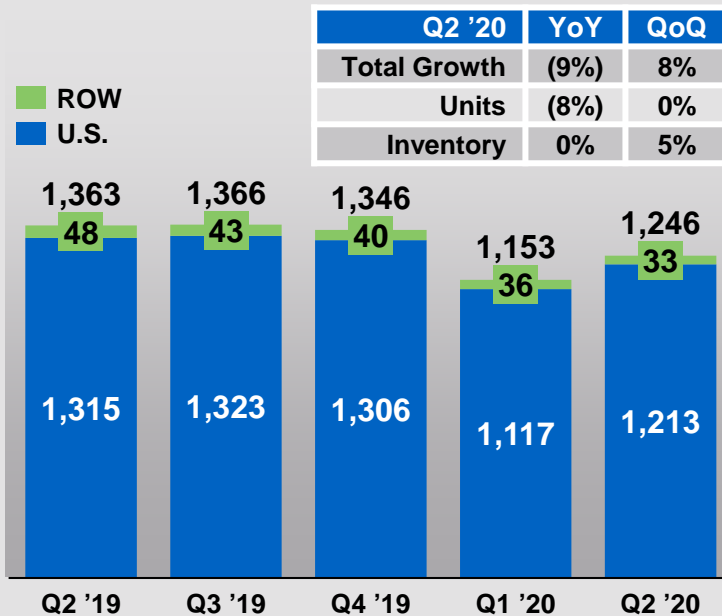
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# ENBREL® IS THE CORNERSTONE OF OUR INFLAMMATION FRANCHISE



## \$ Millions, Net Sales



## Q2 '20 Highlights

- YoY decline driven by lower unit demand
  - ENBREL lost share, compounded by lower growth of the rheumatology segment due to COVID-19
- ENBREL has a large base of continuing patients
- U.S. Court of Appeals for the Federal Circuit upheld validity of patents earlier this month

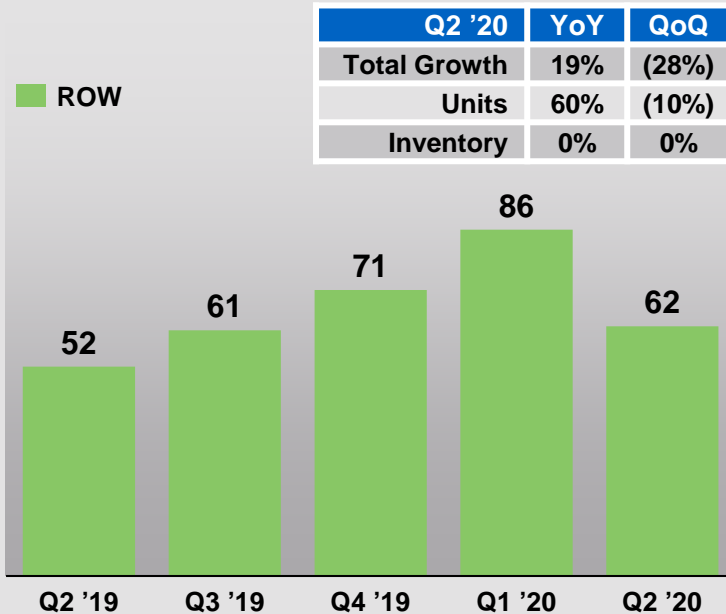
**Note: Inventory represents wholesaler and, based on prescription data, end-user inventories**

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# AMGEVITA™ IS THE MOST PRESCRIBED ADALIMUMAB BIOSIMILAR IN EUROPE



## \$ Millions, Net Sales



Q2 '20	YoY	QoQ
Total Growth	19%	(28%)
Units	60%	(10%)
Inventory	0%	0%

## Q2 '20 Highlights

- QoQ decrease driven by lower net selling prices\* and reductions in customer inventories following COVID-19 stocking in Q1

\*Net selling price represents the impact of list price changes as well as contracting and access changes

Note: Inventory represents wholesaler inventories

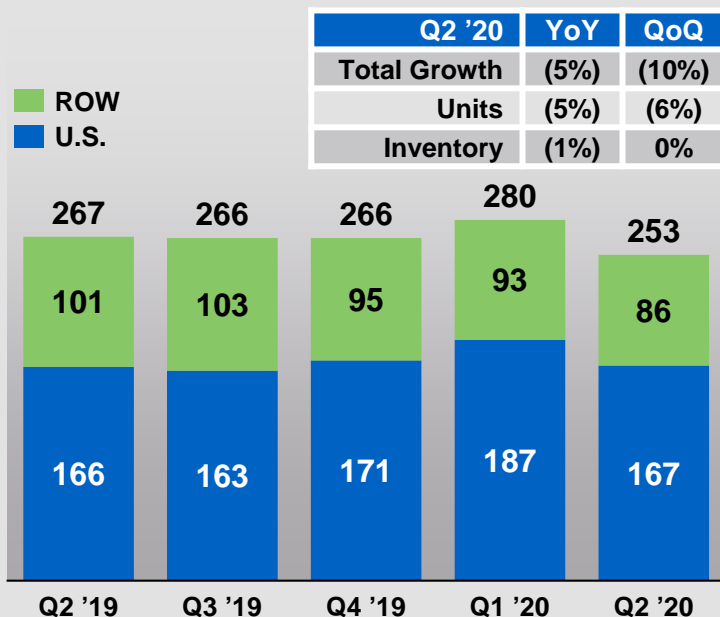
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# KYPROLIS® SALES WERE IMPACTED BY COVID-19



## \$ Millions, Net Sales



## Q2 '20 Highlights

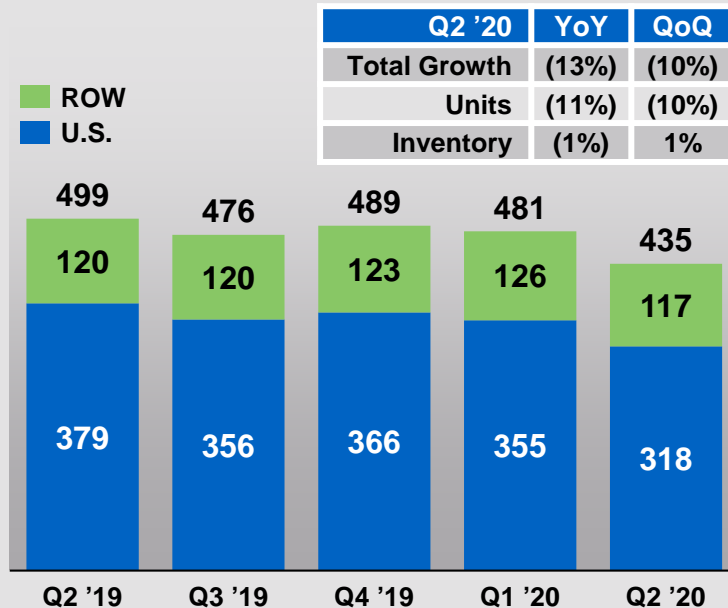
- Visits by multiple myeloma patients to providers were lower due to COVID-19
- YoY decline driven by lower unit demand

**Note: Inventory represents wholesaler inventories**

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# XGEVA® SALES WERE IMPACTED BY COVID-19

## \$ Millions, Net Sales



## Q2 '20 Highlights

- YoY decline driven by lower unit demand due to COVID-19
- Revised NCCN guidelines in response to COVID-19 recommend the prioritization of primary cancer treatments over bone-targeting agents

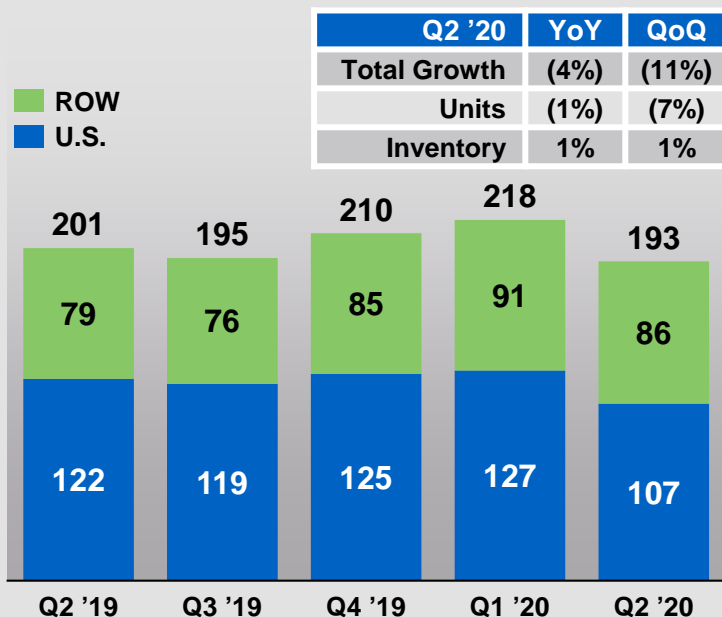
NCCN = National Comprehensive Cancer Network

Note: Inventory represents wholesaler and, based on prescription data, end-user inventories

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# NPLATE® SALES WERE IMPACTED BY COVID-19

## \$ Millions, Net Sales



## Q2 '20 Highlights

- YoY decline driven by unfavorable changes to estimated sales deductions
- Volume growth slowed driven by fewer physician visits due to COVID-19 and a loss of new patient starts to oral alternatives

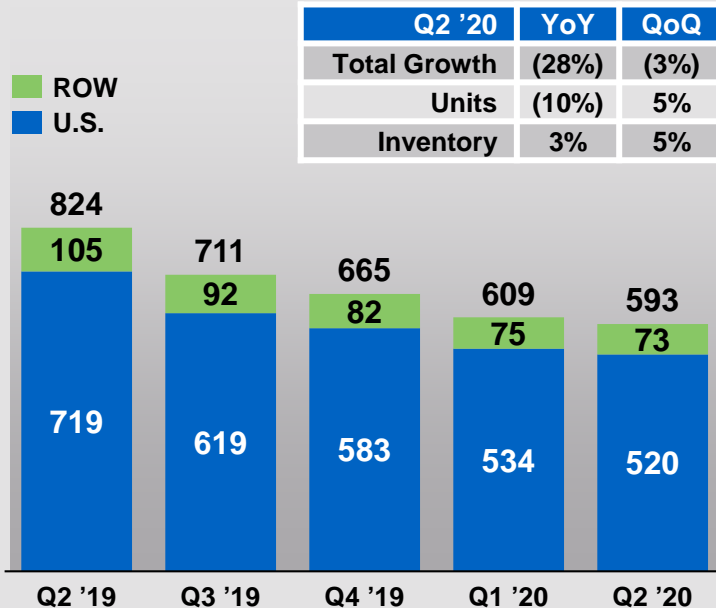
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# NEULASTA® BENEFITS REAFFIRMED FOR PATIENTS IN COVID-19 ENVIRONMENT



## \$ Millions, Net Sales



## Q2 '20 Highlights

- YoY sales decline driven by impact of biosimilar competition on net selling price\* and unit demand
- Long-acting G-CSF segment volumes grew, supported by revised NCCN guidelines
- Onpro® continues to be preferred by physicians/patients, with share growing to 58% of the long-acting segment in Q2

G-CSF = granulocyte colony-stimulating factor

\*Net selling price represents the impact of list price changes as well as contracting and access changes

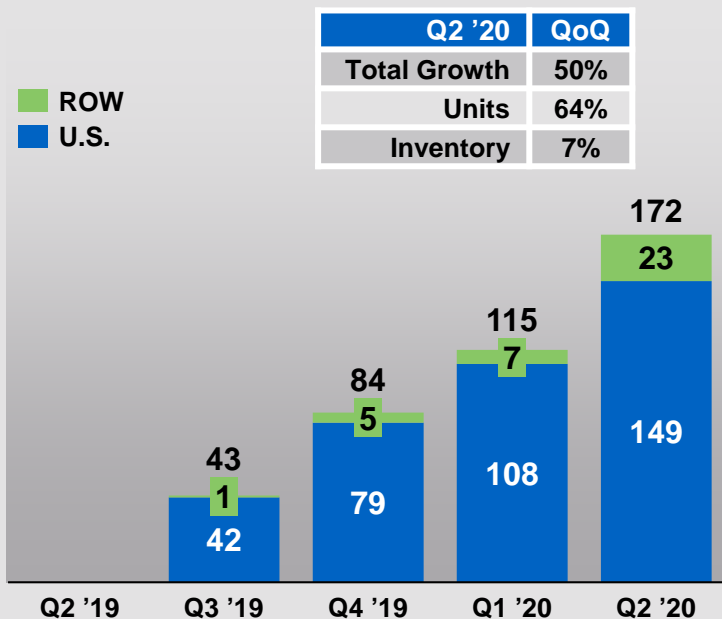
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# MVASI® HAD STRONG UPTAKE IN U.S. WITH 39% EXIT SHARE OF BEVACIZUMAB SEGMENT



## \$ Millions, Net Sales



## Q2 '20 Highlights

- Competing biosimilar launched in the U.S. earlier this year

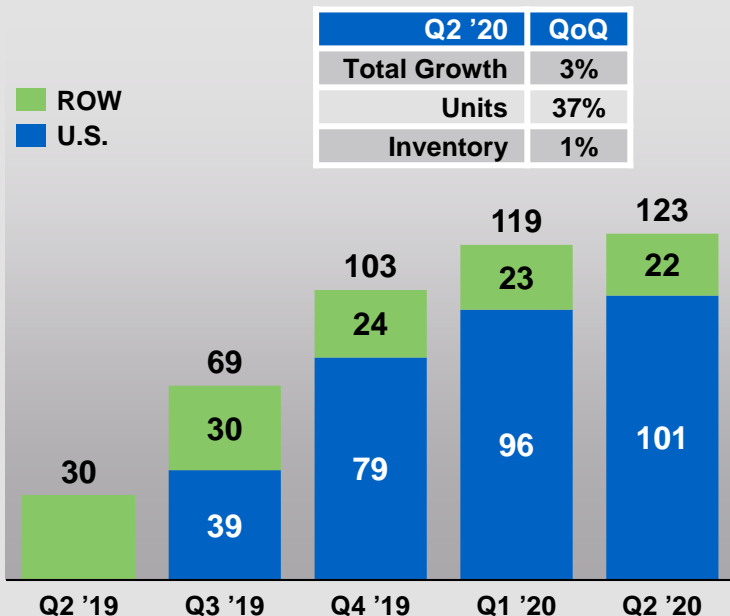
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# KANJINTI® HAD STRONG UPTAKE IN U.S. WITH 32% EXIT SHARE OF TRASTUZUMAB SEGMENT



## \$ Millions, Net Sales



Q2 '20	QoQ
Total Growth	3%
Units	37%
Inventory	1%

## Q2 '20 Highlights

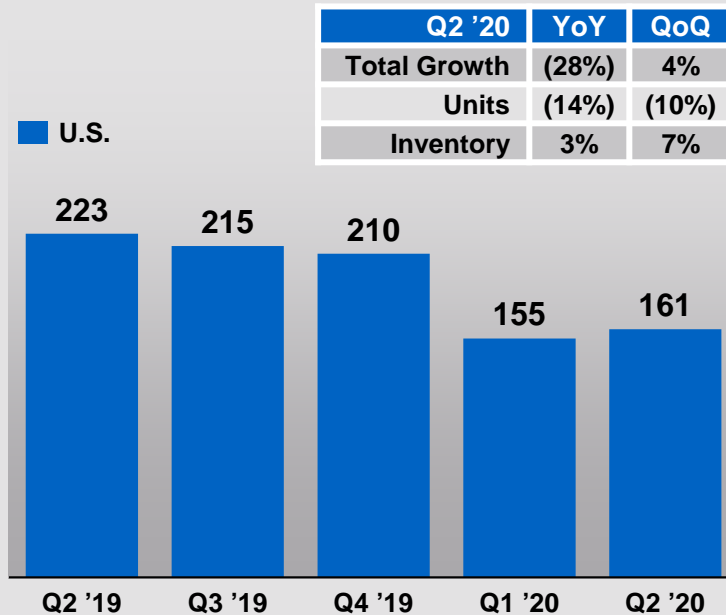
- Four additional biosimilar competitors have launched in the U.S. this year

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# Q2 '20 EPOGEN® SALES DECREASED 28% YOY

## \$ Millions, Net Sales



## Q2 '20 Highlights

- YoY sales decline driven by lower unit demand and lower net selling price\* from our existing contractual commitment with DaVita

\*Net selling price represents the impact of list price changes as well as contracting and access changes

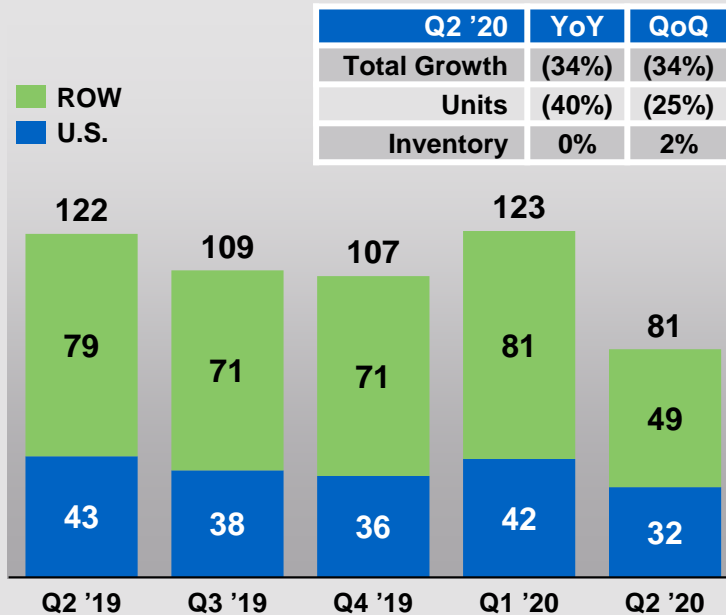
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# Q2 '20 SENSIPAR<sup>®</sup> SALES DECREASED 34% YOY

## \$ Millions, Net Sales



	Q2 '20	YoY	QoQ
Total Growth		(34%)	(34%)
Units		(40%)	(25%)
Inventory		0%	2%

## Q2 '20 Highlights

- YoY decrease driven by the impact of generic competition on unit demand
- Supplemental patent protection certificates expired in major European markets, and generic launches have begun

**Note: Inventory represents wholesaler inventories**

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# R&D UPDATE

# Q2 '20 EARNINGS CALL—R&D UPDATE

## Oncology

- **Sotorasib (AMG 510)—KRAS G12C inhibitor**
  - Potentially pivotal Phase 2 advanced NSCLC study expected in H2 '20
  - Phase 3 CodeBreak 200 study vs. docetaxel in patients with advanced NSCLC is enrolling
  - Six Phase 1 combination cohorts are enrolling
- **Bispecific Programs**
  - Presentation of initial dose escalation data expected in H2 '20 for HLE-BiTE<sup>®</sup> constructs AMG 160 (PSMA), AMG 701 (BCMA) and AMG 757 (DLL3)
  - Phase 1 development of AMG 424 (CD38-CD3 XmAb<sup>®</sup> antibody) stopped, rights revert to Xencor

KRAS G12C = Kirsten rat sarcoma viral oncogene homolog with G12C mutation; NSCLC = non-small cell lung cancer; HLE = half-life extended; BiTE<sup>®</sup> = bispecific T-cell engager; PSMA = prostate specific membrane antigen; BCMA = B-cell maturation antigen; DLL3 = delta-like ligand 3  
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# Q2 '20 EARNINGS CALL—R&D UPDATE

## Inflammation

- **Otezla®**
  - Investigating as a potential immunomodulatory treatment in patients hospitalized with SARS-CoV-2 infections in multiple COVID-19 platform trials
  - Phase 3 ADVANCE study in patients with mild-to-moderate psoriasis met primary and all secondary endpoints at week 16
- **Tezepelumab—TSLP monoclonal antibody**
  - Phase 3 data from NAVIGATOR study in severe uncontrolled asthma expected in late '20
  - Phase 2 atopic dermatitis study stopped based on efficacy data. No new safety issues or impact to ongoing asthma and COPD programs
- **AMG 592 – IL-2 Mutein**
  - Phase 1b/2 studies in systemic lupus erythematosus and chronic graft-versus-host disease are enrolling
  - Phase 1b study in rheumatoid arthritis stopped due to insufficient benefit-risk

TSLP = thymic stromal lymphopoietin; COPD = chronic obstructive pulmonary disease; IL-2 = Interleukin-2

Tezepelumab is being developed in collaboration with AstraZeneca

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# Q2 '20 EARNINGS CALL—R&D UPDATE

## Cardiovascular

- **Omecamtiv mecarbil—cardiac myosin activator**
  - Phase 3 data from GALACTIC-HF study expected in Q4 '20
  - Fast Track designation granted by FDA for treatment of chronic heart failure with reduced ejection fraction
- **AMG 890—Lipoprotein(a) siRNA**
  - Commenced Phase 2 development

## COVID-19

- **Prioritizing development of therapeutic antibodies against targets other than the receptor-binding domain of the SARS-CoV-2 spike protein**
- **Option to review and potentially pursue antibody candidates identified by Adaptive Biotechnologies**

siRNA = short interfering ribonucleic acid

Omecamtiv mecarbil is being developed under a collaboration between Amgen and Cytokinetics, with funding and strategic support from Servier

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# Q2 '20 BUSINESS RESULTS AND OUTLOOK



# NON-GAAP EPS UP 7% IN Q2 2020

\$ Millions, Except Non-GAAP EPS

Item	Q2 '20		Q2 '19		B/(W) %
<b>Revenue</b>	<b>\$6,206</b>		<b>\$5,871</b>		<b>6%</b>
Product Sales	5,908		5,574		6%
Other Revenues	298		297		0%
<b>Non-GAAP Operating Expenses</b>	<b>2,959</b>		<b>2,898</b>		<b>(2%)</b>
<b>Cost of Sales</b> <i>% of product sales</i>	758	12.8%	736	13.2%	(3%)
<b>R&amp;D</b> <i>% of product sales</i>	936	15.8%	906	16.3%	(3%)
<b>SG&amp;A</b> <i>% of product sales</i>	1,265	21.4%	1,256	22.5%	(1%)
<b>Non-GAAP Operating Income</b> <i>% of product sales</i>	<b>3,247</b>	<b>55.0%</b>	<b>2,973</b>	<b>53.3%</b>	<b>9%</b>
<b>Other Income/(Expense)</b>	<b>(329)</b>		<b>(114)</b>		<b>(189%)</b>
<b>Non-GAAP Net Income</b>	<b>\$2,518</b>		<b>\$2,423</b>		<b>4%</b>
<b>Non-GAAP EPS</b>	<b>\$4.25</b>		<b>\$3.97</b>		<b>7%</b>
<b>Average Shares (millions)</b>	<b>592</b>		<b>610</b>		<b>3%</b>
<b>Non-GAAP Tax Rate</b>	<b>13.7%</b>		<b>15.3%</b>		<b>1.6 pts</b>

All income statement items for Q2 '20 and/or Q2 '19, except revenue and average shares, are non-GAAP financial measures—if this slide is in hard copy, see reconciliations accompanying the presentation, or if this slide is delivered electronically, see reconciliations available at: [www.amgen.com](http://www.amgen.com) within the Investors section

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# STRONG BALANCE SHEET WITH FREE CASH FLOW OF \$2.7B IN Q2 2020

\$ Billions, Except Dividends Paid Per Share

Cash Flow Data	Q2 '20	Q2 '19
Capital Expenditures	\$0.2	\$0.1
Free Cash Flow*	2.7	1.3
Share Repurchases	0.6	2.3
Dividends Paid	0.9	0.9
Dividends Paid Per Share	\$1.60	\$1.45
Balance Sheet Data	Q2 '20	Q2 '19
Cash and Investments	11.4	21.8
Debt Outstanding	34.2	30.6

\*Non-GAAP financial measure—if this slide is in hard copy, see reconciliations accompanying the presentation, or if this slide is delivered electronically, see reconciliations available at: [www.amgen.com](http://www.amgen.com) within the Investors section

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# 2020 GUIDANCE UPDATE

	Current Guidance	Previous Guidance
Revenue	\$25.0B–\$25.6B	\$25.0B–\$25.6B
Non-GAAP EPS*	\$15.10–\$15.75	\$14.85–\$15.60
Non-GAAP Tax Rate*	13.5%–14.5%	13.5%–14.5%
Capital Expenditures	~ \$600M	~ \$600M

\*Non-GAAP financial measure—if this slide is in hard copy, see reconciliations accompanying the presentation, or if this slide is delivered electronically, or amounts pertain to previously issued financial guidance, see reconciliations available at: [www.amgen.com](http://www.amgen.com) within the Investors section

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# Q2 '20 EARNINGS CALL

JULY 28, 2020



# RECONCILIATIONS

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

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Revenues:				
Product sales	\$ 5,908	\$ 5,574	\$ 11,802	\$ 10,860
Other revenues	298	297	565	568
Total revenues	<u>6,206</u>	<u>5,871</u>	<u>12,367</u>	<u>11,428</u>
Operating expenses:				
Cost of sales	1,488	1,012	3,001	2,067
Research and development	964	924	1,916	1,803
Selling, general and administrative	1,295	1,260	2,611	2,414
Other	136	(3)	161	(6)
Total operating expenses	<u>3,883</u>	<u>3,193</u>	<u>7,689</u>	<u>6,278</u>
Operating income	2,323	2,678	4,678	5,150
Interest expense, net	296	332	642	675
Interest and other income, net	3	218	14	403
Income before income taxes	2,030	2,564	4,050	4,878
Provision for income taxes	227	385	422	707
Net income	<u>\$ 1,803</u>	<u>\$ 2,179</u>	<u>\$ 3,628</u>	<u>\$ 4,171</u>
Earnings per share:				
Basic	\$ 3.07	\$ 3.59	\$ 6.16	\$ 6.78
Diluted	\$ 3.05	\$ 3.57	\$ 6.12	\$ 6.75
Weighted-average shares used in calculation of earnings per share:				
Basic	588	607	589	615
Diluted	592	610	593	618

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

	June 30, 2020 (Unaudited)	December 31, 2019
<b>Assets</b>		
Current assets:		
Cash, cash equivalents and marketable securities	\$ 11,421	\$ 8,911
Trade receivables, net	5,366	4,057
Inventories	3,840	3,584
Other current assets	2,268	1,888
Total current assets	22,895	18,440
Property, plant and equipment, net	4,843	4,928
Intangible assets, net	17,948	19,413
Goodwill	14,678	14,703
Other assets	4,647	2,223
Total assets	\$ 65,011	\$ 59,707
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 10,432	\$ 9,882
Current portion of long-term debt	91	2,953
Total current liabilities	10,523	12,835
Long-term debt	34,133	26,950
Long-term deferred tax liabilities	259	606
Long-term tax liabilities	7,556	8,037
Other noncurrent liabilities	1,881	1,606
Total stockholders' equity	10,659	9,673
Total liabilities and stockholders' equity	\$ 65,011	\$ 59,707
Shares outstanding	586	591

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

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
<b>GAAP cost of sales</b>	\$ 1,488	\$ 1,012	\$ 3,001	\$ 2,067
Adjustments to cost of sales:				
Acquisition-related expenses (a)	(730)	(276)	(1,472)	(552)
<b>Total adjustments to cost of sales</b>	<b>(730)</b>	<b>(276)</b>	<b>(1,472)</b>	<b>(552)</b>
<b>Non-GAAP cost of sales</b>	<b>\$ 758</b>	<b>\$ 736</b>	<b>\$ 1,529</b>	<b>\$ 1,515</b>
<b>GAAP cost of sales as a percentage of product sales</b>	<b>26.2 %</b>	<b>18.2 %</b>	<b>25.4 %</b>	<b>19.0 %</b>
Acquisition-related expenses (a)	-12.4	-5.0	-12.4	-5.0
<b>Non-GAAP cost of sales as a percentage of product sales</b>	<b>12.8 %</b>	<b>13.2 %</b>	<b>13.0 %</b>	<b>14.0 %</b>
<b>GAAP research and development expenses</b>	<b>\$ 964</b>	<b>\$ 924</b>	<b>\$ 1,916</b>	<b>\$ 1,803</b>
Adjustments to research and development expenses:				
Acquisition-related expenses (a)	(28)	(18)	(53)	(35)
<b>Total adjustments to research and development expenses</b>	<b>(28)</b>	<b>(18)</b>	<b>(53)</b>	<b>(35)</b>
<b>Non-GAAP research and development expenses</b>	<b>\$ 936</b>	<b>\$ 906</b>	<b>\$ 1,863</b>	<b>\$ 1,768</b>
<b>GAAP research and development expenses as a percentage of product sales</b>	<b>16.3 %</b>	<b>16.6 %</b>	<b>16.2 %</b>	<b>16.6 %</b>
Acquisition-related expenses (a)	-0.5	-0.3	-0.4	-0.3
<b>Non-GAAP research and development expenses as a percentage of product sales</b>	<b>15.8 %</b>	<b>16.3 %</b>	<b>15.8 %</b>	<b>16.3 %</b>
<b>GAAP selling, general and administrative expenses</b>	<b>\$ 1,295</b>	<b>\$ 1,260</b>	<b>\$ 2,611</b>	<b>\$ 2,414</b>
Adjustments to selling, general and administrative expenses:				
Acquisition-related expenses (a)	(30)	(5)	(50)	(9)
Certain net charges pursuant to our restructuring initiatives	—	1	—	—
<b>Total adjustments to selling, general and administrative expenses</b>	<b>(30)</b>	<b>(4)</b>	<b>(50)</b>	<b>(9)</b>
<b>Non-GAAP selling, general and administrative expenses</b>	<b>\$ 1,265</b>	<b>\$ 1,256</b>	<b>\$ 2,562</b>	<b>\$ 2,405</b>
<b>GAAP selling, general and administrative expenses as a percentage of product sales</b>	<b>21.9 %</b>	<b>22.6 %</b>	<b>22.1 %</b>	<b>22.2 %</b>
Acquisition-related expenses (a)	-0.5	-0.1	-0.5	-0.1
Certain net charges pursuant to our restructuring initiatives	0.0	0.0	0.0	0.0
<b>Non-GAAP selling, general and administrative expenses as a percentage of product</b>	<b>21.4 %</b>	<b>22.5 %</b>	<b>21.6 %</b>	<b>22.1 %</b>
<b>GAAP operating expenses</b>	<b>\$ 3,883</b>	<b>\$ 3,193</b>	<b>\$ 7,689</b>	<b>\$ 6,278</b>
Adjustments to operating expenses:				
Adjustments to cost of sales	(730)	(276)	(1,472)	(552)
Adjustments to research and development expenses	(28)	(18)	(53)	(38)
Adjustments to selling, general and administrative expenses	(30)	(4)	(50)	(9)
Certain net charges pursuant to our restructuring initiatives	2	1	4	2
Certain other expenses (b)	(138)	2	(165)	4
<b>Total adjustments to operating expenses</b>	<b>(924)</b>	<b>(295)</b>	<b>(1,745)</b>	<b>(593)</b>
<b>Non-GAAP operating expenses</b>	<b>\$ 2,959</b>	<b>\$ 2,898</b>	<b>\$ 5,944</b>	<b>\$ 5,685</b>
<b>GAAP operating income</b>	<b>\$ 2,323</b>	<b>\$ 2,678</b>	<b>\$ 4,678</b>	<b>\$ 5,150</b>
Adjustments to operating expenses	924	295	1,745	593
<b>Non-GAAP operating income</b>	<b>\$ 3,247</b>	<b>\$ 2,973</b>	<b>\$ 6,423</b>	<b>\$ 5,743</b>

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
<b>GAAP operating income as a percentage of product sales</b>	<b>39.3 %</b>	<b>48.0 %</b>	<b>39.6 %</b>	<b>47.4 %</b>
Adjustments to cost of sales	12.4	5.0	12.5	5.0
Adjustments to research and development expenses	0.5	0.3	0.4	0.3
Adjustments to selling, general and administrative expenses	0.5	0.1	0.5	0.1
Certain net charges pursuant to our restructuring initiatives	0.0	0.0	0.0	0.0
Certain other expenses (b)	2.3	-0.1	1.4	0.1
<b>Non-GAAP operating income as a percentage of product sales</b>	<b>55.0 %</b>	<b>53.3 %</b>	<b>54.4 %</b>	<b>52.9 %</b>
<b>GAAP interest and other income, net</b>	<b>\$ 3</b>	<b>\$ 218</b>	<b>\$ 14</b>	<b>\$ 403</b>
Adjustments to interest and other income, net (c)	(36)	—	(36)	—
<b>Non-GAAP interest and other income, net</b>	<b>\$ (33)</b>	<b>\$ 218</b>	<b>\$ (22)</b>	<b>\$ 403</b>
<b>GAAP income before income taxes</b>	<b>\$ 2,030</b>	<b>\$ 2,564</b>	<b>\$ 4,050</b>	<b>\$ 4,878</b>
Adjustments to operating expenses	924	295	1,745	593
Adjustments to other income	(36)	—	(36)	—
<b>Non-GAAP income before income taxes</b>	<b>\$ 2,918</b>	<b>\$ 2,859</b>	<b>\$ 5,759</b>	<b>\$ 5,471</b>
<b>GAAP provision for income taxes</b>	<b>\$ 227</b>	<b>\$ 385</b>	<b>\$ 422</b>	<b>\$ 707</b>
Adjustments to provision for income taxes:				
Income tax effect of the above adjustments (d)	164	70	335	138
Other income tax adjustments (e)	9	(19)	8	(27)
<b>Total adjustments to provision for income taxes</b>	<b>173</b>	<b>51</b>	<b>343</b>	<b>111</b>
<b>Non-GAAP provision for income taxes</b>	<b>\$ 400</b>	<b>\$ 436</b>	<b>\$ 795</b>	<b>\$ 818</b>
<b>GAAP tax as a percentage of income before taxes</b>	<b>11.2 %</b>	<b>15.0 %</b>	<b>10.4 %</b>	<b>14.5 %</b>
Adjustments to provision for income taxes:				
Income tax effect of the above adjustments (d)	2.2	0.9	2.7	1.0
Other income tax adjustments (e)	0.3	-0.6	0.2	-0.5
<b>Total adjustments to provision for income taxes</b>	<b>2.5</b>	<b>0.3</b>	<b>2.9</b>	<b>0.5</b>
<b>Non-GAAP tax as a percentage of income before taxes</b>	<b>13.7 %</b>	<b>15.3 %</b>	<b>13.3 %</b>	<b>15.0 %</b>
<b>GAAP net income</b>	<b>\$ 1,803</b>	<b>\$ 2,179</b>	<b>\$ 3,828</b>	<b>\$ 4,171</b>
Adjustments to net income:				
Adjustments to income before income taxes, net of the income tax effect	724	225	1,374	455
Other income tax adjustments (e)	(9)	19	(8)	27
<b>Total adjustments to net income</b>	<b>715</b>	<b>244</b>	<b>1,366</b>	<b>482</b>
<b>Non-GAAP net income</b>	<b>\$ 2,518</b>	<b>\$ 2,423</b>	<b>\$ 4,994</b>	<b>\$ 4,653</b>

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**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, 2020		Three months ended June 30, 2019	
	GAAP	Non-GAAP	GAAP	Non-GAAP
Net income	\$ 1,803	\$ 2,518	\$ 2,179	\$ 2,423
Weighted-average shares for diluted EPS	592	592	610	610
Diluted EPS	\$ 3.05	\$ 4.25	\$ 3.57	\$ 3.97
	Six months ended June 30, 2020		Six months ended June 30, 2019	
	GAAP	Non-GAAP	GAAP	Non-GAAP
Net income	\$ 3,628	\$ 4,994	\$ 4,171	\$ 4,653
Weighted-average shares for diluted EPS	593	593	618	618
Diluted EPS	\$ 6.12	\$ 8.42	\$ 6.75	\$ 7.53

- (a) The adjustments related primarily to noncash amortization of intangible assets from business acquisitions.
- (b) For the three months ended June 30, 2020 the adjustment related primarily to legal settlement expenses. For the six months ended June 30, 2020 the adjustment related primarily to legal settlement expenses and an impairment charge associated with an in-process research and development asset.
- (c) For the six months ended June 30, 2020 the adjustment related primarily to a gain from legal judgment proceeds offset partially by amortization of the basis difference from our BeiGene equity method investment.
- (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 initiatives, 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, 2020, were 18.5% and 19.6%, compared with 23.7% and 23.3% for the corresponding periods of the prior year.
- (e) The adjustments related 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,	
	2020	2019	2020	2019
Net cash provided by operating activities	\$ 2,842	\$ 1,414	\$ 4,976	\$ 3,259
Net cash (used in) provided by investing activities	(2,159)	2,745	(2,389)	6,300
Net cash provided by (used in) financing activities	775	(5,992)	521	(10,979)
Increase (decrease) in cash and cash equivalents	1,458	(1,833)	3,108	(1,420)
Cash and cash equivalents at beginning of period	7,687	7,358	6,037	6,945
Cash and cash equivalents at end of period	\$ 9,145	\$ 5,525	\$ 9,145	\$ 5,525

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Net cash provided by operating activities	\$ 2,842	\$ 1,414	\$ 4,976	\$ 3,259
Capital expenditures	(158)	(144)	(300)	(260)
Free cash flow	\$ 2,684	\$ 1,270	\$ 4,676	\$ 2,999

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**Amgen Inc.**  
**Reconciliation of GAAP EPS Guidance to Non-GAAP**  
**EPS Guidance for the Year Ending December 31, 2020**  
**(Unaudited)**

<b>GAAP diluted EPS guidance</b> .....	\$ 10.73	—	\$ 11.43
<b>Known adjustments to arrive at non-GAAP*:</b>			
Acquisition-related expenses (a).....	4.24	—	4.29
Net legal proceedings.....		0.08	
<b>Non-GAAP diluted EPS guidance</b> .....	<u>\$ 15.10</u>	<u>—</u>	<u>\$ 15.75</u>

\* The known adjustments are presented net of their related tax impact, which amount to approximately \$1.07 - \$1.08 per share.

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

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, 2020**  
**(Unaudited)**

GAAP tax rate guidance.....	10.5 %	—	11.5 %
Tax rate of known adjustments discussed above.....		3.0%	
<b>Non-GAAP diluted EPS guidance</b> .....	<u>13.5 %</u>	<u>—</u>	<u>14.5 %</u>

# Q2 '20 EARNINGS CALL

JULY 28, 2020

