



# Q3 '19 EARNINGS CALL

OCTOBER 29, 2019

**AMGEN**<sup>®</sup>

# 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 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 (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 October 29, 2019 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. 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.

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.

# AGENDA

<b>Introduction</b>	<b>Arvind Sood</b>
<b>Opening Remarks</b>	<b>Bob Bradway</b>
<b>Q3 '19 Business Results</b>	<b>David Meline</b>
<b>Global Commercial Review</b>	<b>Murdo Gordon</b>
<b>R&amp;D Review</b>	<b>David Reese</b>
<b>Q&amp;A</b>	<b>All</b>

# INVESTING FOR LONG-TERM GROWTH

- **We continue to compete effectively against new competition in an evolving healthcare environment**
- **Many of our innovative medicines are delivering double-digit, volume-driven growth, complemented by our newly launched biosimilar products**
- **Our new launches are addressing significant unmet need and are expected to drive long-term volume growth**
- **We continue to make significant investments in Research and Development to advance a pipeline of differentiated, first-in-class programs**
- **We are focused on delivering long-term growth for our shareholders**



# Q3 '19 BUSINESS RESULTS

**DAVID MELINE**

EXECUTIVE VICE PRESIDENT  
AND CHIEF FINANCIAL OFFICER

**AMGEN**<sup>®</sup>

# NON-GAAP EPS IS DOWN 1% IN Q3 2019

\$ Millions, Except Non-GAAP EPS

Item	Q3 '19	Q3 '18	B/(W) %
<b>Revenue</b>	<b>\$5,737</b>	<b>\$5,904</b>	<b>(3)%</b>
Product Sales	5,463	5,510	(1)%
Other Revenues	274	394	
<b>Non-GAAP Operating Expenses</b>	<b>2,944</b>	<b>2,933</b>	<b>0%</b>
<b>Cost of Sales</b> <i>% of product sales</i>	<b>760</b> <i>13.9%</i>	<b>759</b> <i>13.8%</i>	
<b>R&amp;D</b> <i>% of product sales</i>	<b>977</b> <i>17.9%</i>	<b>906</b> <i>16.4%</i>	
<b>SG&amp;A</b> <i>% of product sales</i>	<b>1,207</b> <i>22.1%</i>	<b>1,268</b> <i>23.0%</i>	
<b>Non-GAAP Operating Income</b> <i>% of product sales</i>	<b>2,793</b> <i>51.1%</i>	<b>2,971</b> <i>53.9%</i>	<b>(6)%</b>
<b>Other Income/(Expense)</b>	<b>(199)</b>	<b>(222)</b>	
<b>Non-GAAP Net Income</b>	<b>\$2,201</b>	<b>\$2,392</b>	<b>(8)%</b>
<b>Non-GAAP EPS</b>	<b>\$3.66</b>	<b>\$3.69</b>	<b>(1)%</b>
<b>Average Shares (millions)</b>	<b>602</b>	<b>649</b>	<b>7%</b>
<b>Non-GAAP Tax Rate</b>	<b>15.2%</b>	<b>13.0%</b>	<b>(2.2) pts</b>

All income statement items for Q3 '19 and/or Q3 '18, except revenue, other income/(expense) 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 \$3.2B IN Q3 2019

\$ Billions, except dividend per share

Cash Flow Data	Q3 '19	Q3 '18
Capital Expenditures	\$0.2	\$0.2
Free Cash Flow*	3.2	3.1
Share Repurchase	1.2	1.7
Dividends Paid	0.9	0.9
Dividend Per Share	\$1.45	\$1.32
Balance Sheet Data	Q3 '19	Q3 '18
Cash and Investments	20.9	29.9
Debt Outstanding	29.8	34.4

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# 2019 GUIDANCE

	Updated Guidance	Previous Guidance
Revenue	\$22.8B–\$23.0B	\$22.4B–\$22.9B
Non-GAAP EPS*	\$14.20–\$14.45	\$13.75–\$14.30
Non-GAAP Tax Rate*	14.0%–15.0%	14.0%–15.0%
Capital Expenditures	~ \$650M	~ \$700M

\*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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# GLOBAL COMMERCIAL REVIEW

**MURDO GORDON**

EXECUTIVE VICE PRESIDENT,  
GLOBAL COMMERCIAL OPERATIONS

**AMGEN**<sup>®</sup>

# Q3 '19 GLOBAL COMMERCIAL REVIEW

\$ Millions, Net Sales

	Q3 '19			Q3 '18	YoY $\Delta$
	U.S.	ROW	Total	Total	Total
Prolia <sup>®</sup>	\$425	\$205	\$630	\$532	18%
EVENITY <sup>®</sup>	12	47	59	–	NM
Repatha <sup>®</sup>	85	83	168	120	40%
Aimovig <sup>®</sup>	66	–	66	22	NM
Parsabiv <sup>®</sup>	137	20	157	102	54%
KYPROLIS <sup>®</sup>	163	103	266	232	15%
XGEVA <sup>®</sup>	356	120	476	433	10%
Vectibix <sup>®</sup>	79	117	196	181	8%
Nplate <sup>®</sup>	119	76	195	177	10%
BLINCYTO <sup>®</sup>	47	38	85	58	47%
Enbrel <sup>®</sup>	1,323	43	1,366	1,292	6%
Neulasta <sup>®</sup>	619	92	711	1,051	(32%)
NEUPOGEN <sup>®</sup>	32	22	54	85	(36%)
EPOGEN <sup>®</sup>	215	–	215	252	(15%)
Aranesp <sup>®</sup>	204	248	452	477	(5%)
Sensipar <sup>®</sup> /Mimpara <sup>®</sup>	38	71	109	409	(73%)
Biosimilars*	81	92	173	19	NM
Other**	28	57	85	68	25%
<b>Total Product Sales</b>	<b>\$4,029</b>	<b>\$1,434</b>	<b>\$5,463</b>	<b>\$5,510</b>	<b>(1%)</b>
<b>Total Revenues</b>			<b>\$5,737</b>	<b>\$5,904</b>	<b>(3%)</b>

NM = not meaningful

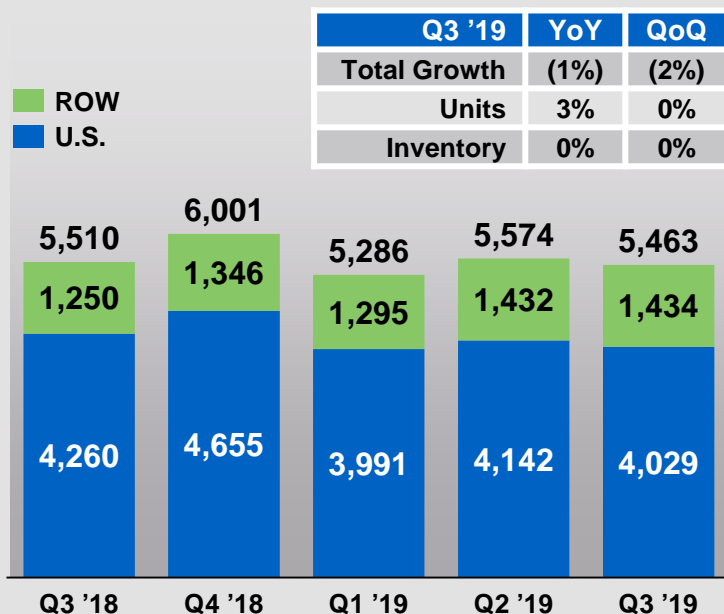
\*Biosimilars includes KANJINTI™, AMGEVITA™ and MVASI™

\*\*Other includes Bergamo, MN Pharma, IMLYGIC® and Corlanor®

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# Q3 '19 PRODUCT SALES

## \$ Millions, Net Sales



	Q3 '19	YoY	QoQ
Total Growth		(1%)	(2%)
Units		3%	0%
Inventory		0%	0%

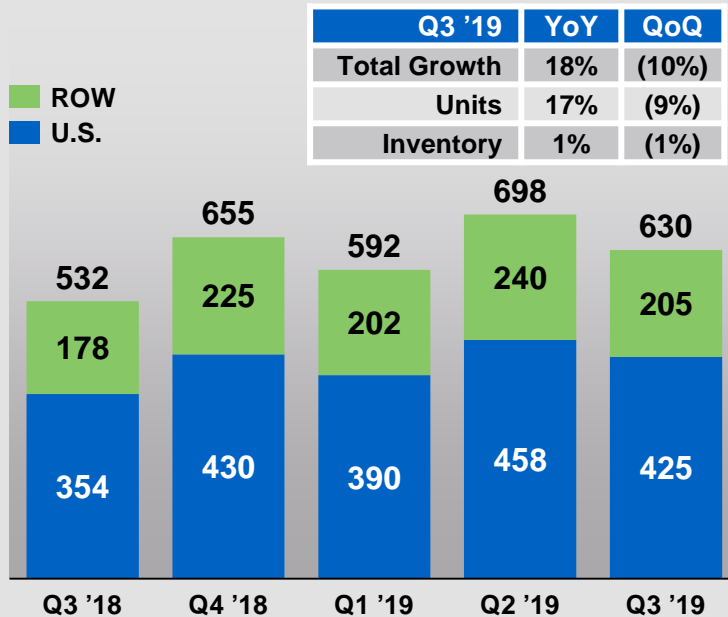
## Q3 Highlights

- Seventh consecutive quarter of volume growth YoY
- International sales grew 16% YoY, excluding the impact of foreign exchange,\* driven by 23% volume growth
- Biosimilars more than doubled QoQ, driven by solid launches of KANJINTI™ and MVASI™ in the U.S.

\*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  
 Note: Inventory represents wholesaler and, based on prescription data for ENBREL, end-user inventories  
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# Q3 '19 PROLIA® SALES GREW 18% YOY

## \$ Millions, Net Sales



	Q3 '19	YoY	QoQ
Total Growth		18%	(10%)
Units		17%	(9%)
Inventory		1%	(1%)

## Highlights

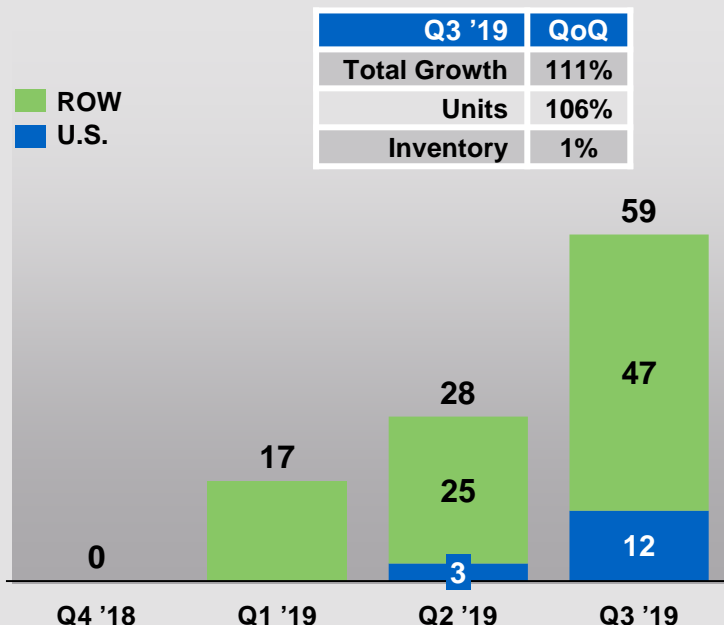
- Strong YoY performance with new patient growth
- Repeat injection rates remain strong
- QoQ decline follows typical Prolia® seasonality

**Note: Inventory represents wholesaler inventories**

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# EVENITY® SALES MORE THAN DOUBLED SEQUENTIALLY

## \$ Millions, Net Sales



## Highlights

- Launch is progressing well with ~ 45,000 patients already treated worldwide
- Majority of Q3 sales in Japan
- Permanent U.S. reimbursement code should facilitate uptake
- In Europe, the CHMP adopted a positive opinion recommending marketing authorization

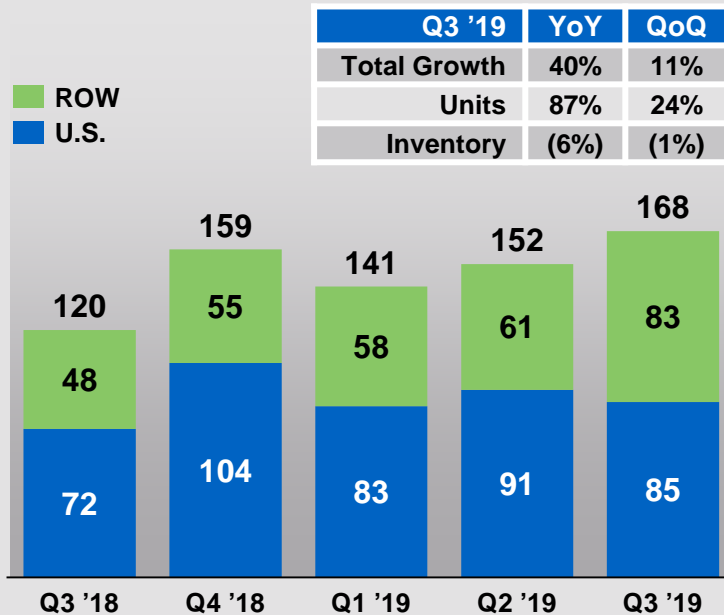
Note: Inventory represents wholesaler inventories

CHMP = Committee for Medicinal Products for Human Use

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# Q3 '19 REPATHA® SALES GREW 40% YOY

## \$ Millions, Net Sales



	Q3 '19	YoY	QoQ
Total Growth		40%	11%
Units		87%	24%
Inventory		(6%)	(1%)

## Highlights

- YoY growth driven primarily by unit volume
- Low list price Repatha® currently represents the majority of total prescriptions
- Original list price SKU will be discontinued December 31, 2019
- Blended U.S. net selling price\* declined YoY, relatively stable QoQ

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

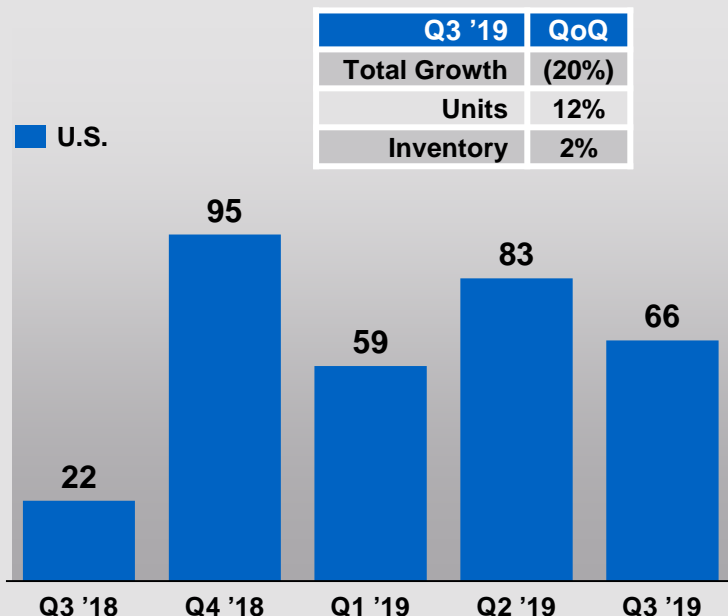
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# AIMOVIG® CONTINUES TO TRANSFORM THE TREATMENT OF MIGRAINE



## \$ Millions, Net Sales



## Highlights

- 4 million migraine patients eligible for anti-CGRP treatment
- ~ 7,000 patients start anti-CGRP therapy each week
- Aimovig® is the market leader with 50% of total prescriptions:
  - ~ 260,000 patients prescribed
  - ~ 30,000 prescribers
- Paid demand increased to ~ 81% in Q3 vs. ~ 74% in Q2
- QoQ decline driven by ~ \$20M of unfavorable changes in accounting estimates

Note: Inventory represents wholesaler inventories

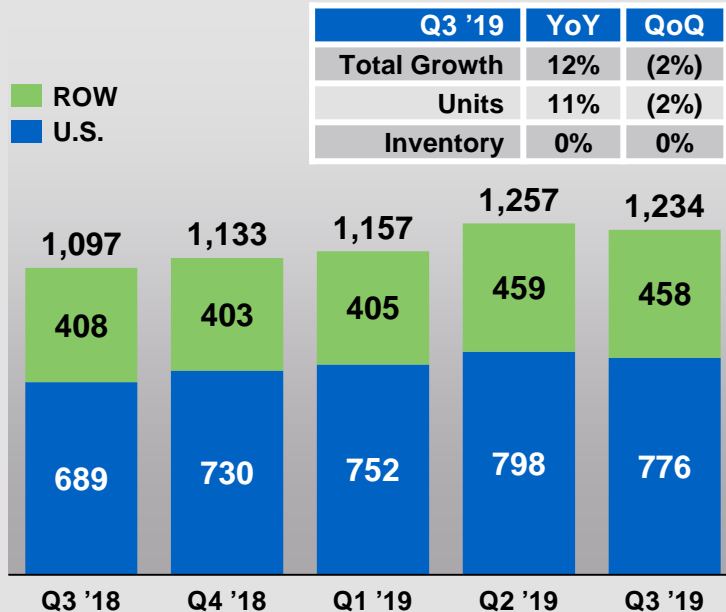
CGRP = calcitonin gene-related peptide; Aimovig® is developed in collaboration with Novartis

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# Q3 '19 HEMATOLOGY/ONCOLOGY\* SALES GREW 12% YOY

## \$ Millions, Net Sales



	Q3 '19	YoY	QoQ
Total Growth		12%	(2%)
Units		11%	(2%)
Inventory		0%	0%

## Highlights

- Double-digit YoY growth driven by unit volume growth
- Sales totaled \$1.2 billion

\*Includes KYPROLIS®, XGEVA®, Vectibix®, Nplate®, BLINCYTO® and IMLYGIC®

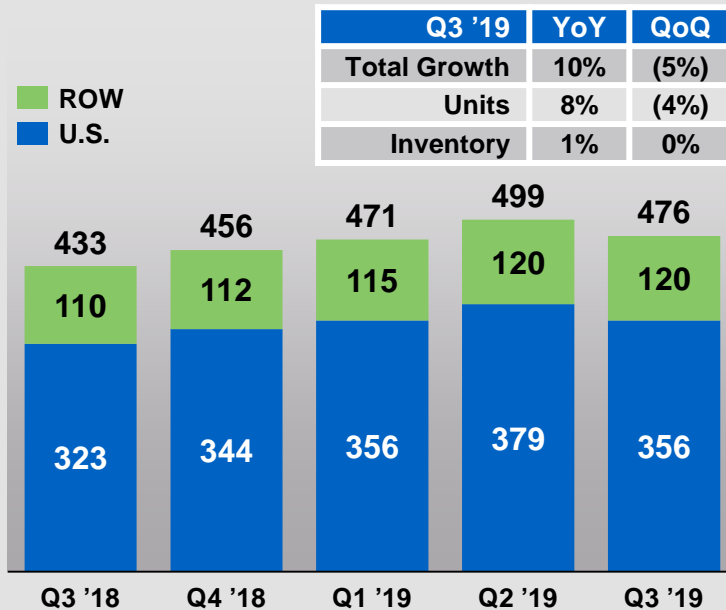
Note: Inventory represents wholesaler inventories

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# Q3 '19 XGEVA<sup>®</sup> SALES GREW 10% YOY

## \$ Millions, Net Sales



## Highlights

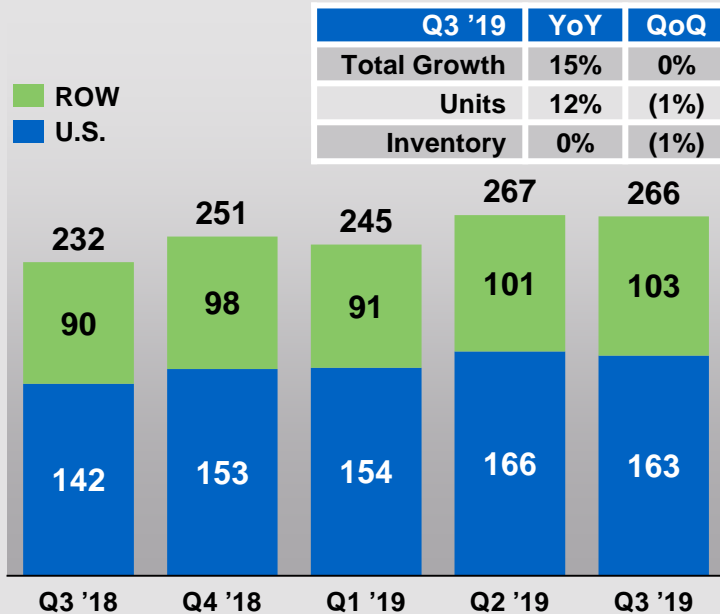
- YoY growth driven by unit volume growth

**Note: Inventory represents wholesaler inventories**

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# Q3 '19 KYPROLIS® SALES GREW 15% YOY

## \$ Millions, Net Sales



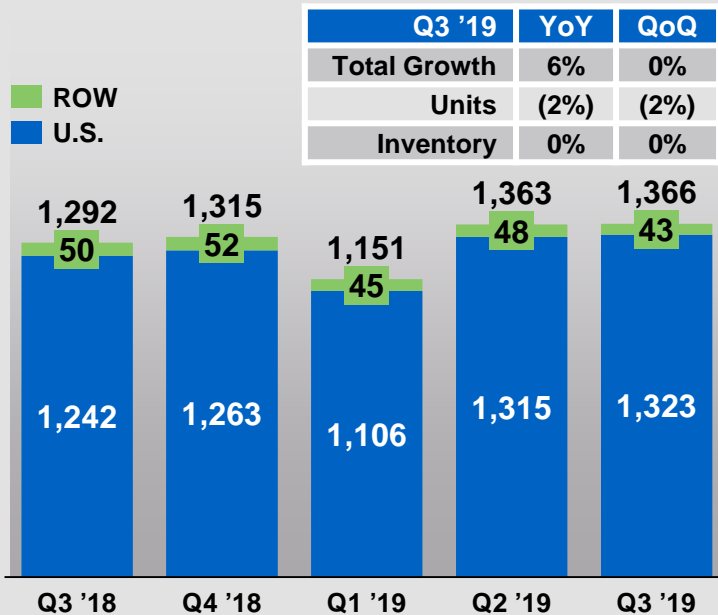
## Highlights

- Double-digit YoY unit volume growth in key markets
  - 11% unit growth within the U.S.
- Recent CANDOR results demonstrate promise of combination therapy in patients with relapsed or refractory multiple myeloma

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# Q3 '19 ENBREL® SALES GREW 6% YOY

## \$ Millions, Net Sales



## Highlights

- Third consecutive quarter of YoY net sales growth
- Higher net selling price\* and favorable changes in accounting estimates, offset partially by lower unit demand
- Q3 '19 sales benefited from \$60M in changes in accounting estimates

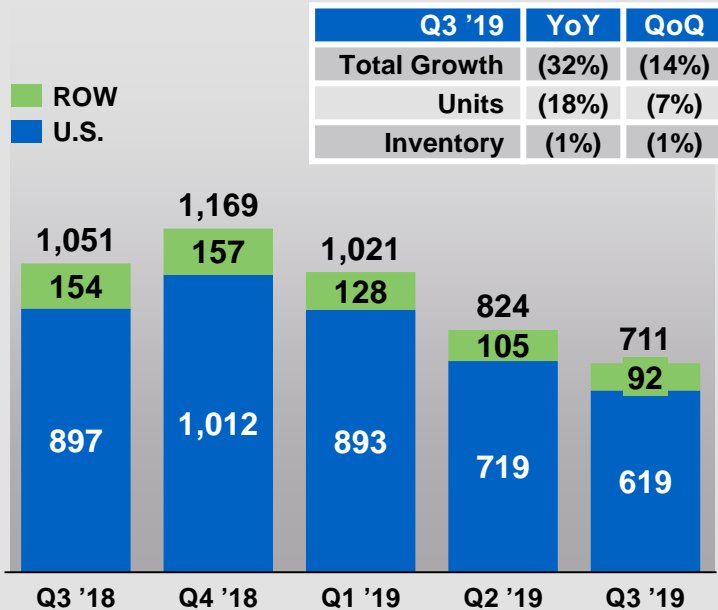
Note: Inventory represents wholesaler and, based on prescription data, end-user inventories

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

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# Q3 '19 NEULASTA® SALES DECREASED 32% YOY

## \$ Millions, Net Sales



	Q3 '19	YoY	QoQ
Total Growth		(32%)	(14%)
Units		(18%)	(7%)
Inventory		(1%)	(1%)

## Highlights

- YoY sales decrease driven by impact of biosimilar competition on unit demand and net selling price\*
- Slight sequential Onpro® unit decline
- Neulasta® exited Q3 with just under 80% share of the long-acting segment

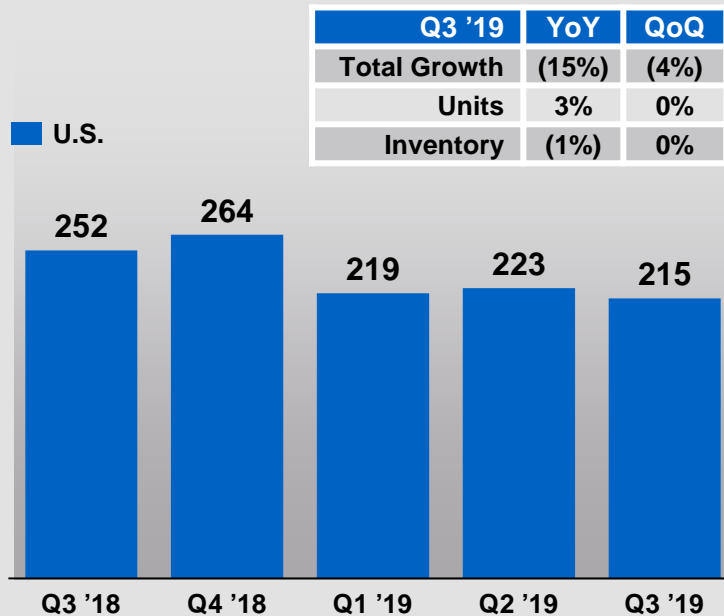
\*Net selling price represents the impact of list price changes as well as contracting and access changes

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# Q3 '19 EPOGEN® SALES DECLINED 15% YOY

## \$ Millions, Net Sales



## Highlights

- YoY sales decline primarily due to lower net selling price\*
- Net selling price\* trends will continue due to extended contract with DaVita

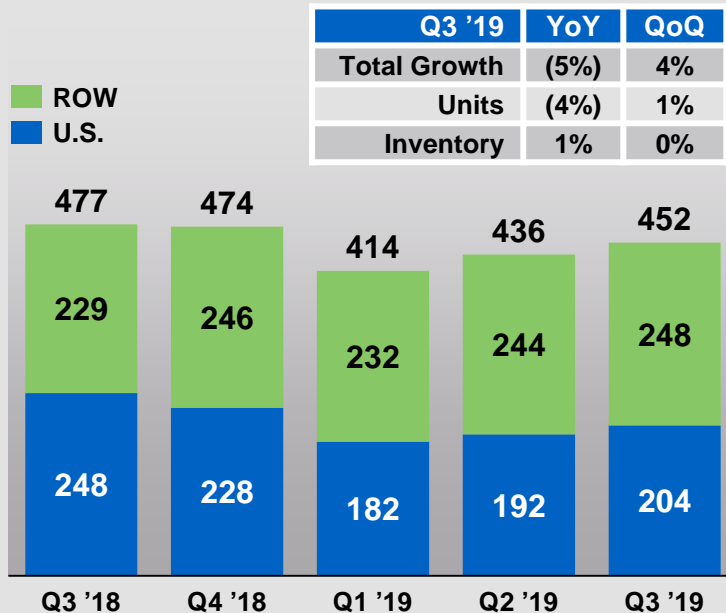
\*Net selling price represents the impact of list price changes as well as contracting and access changes

Note: Inventory represents wholesaler inventories

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# Q3 '19 ARANESP<sup>®</sup> SALES DECLINED 5% YOY

## \$ Millions, Net Sales



## Highlights

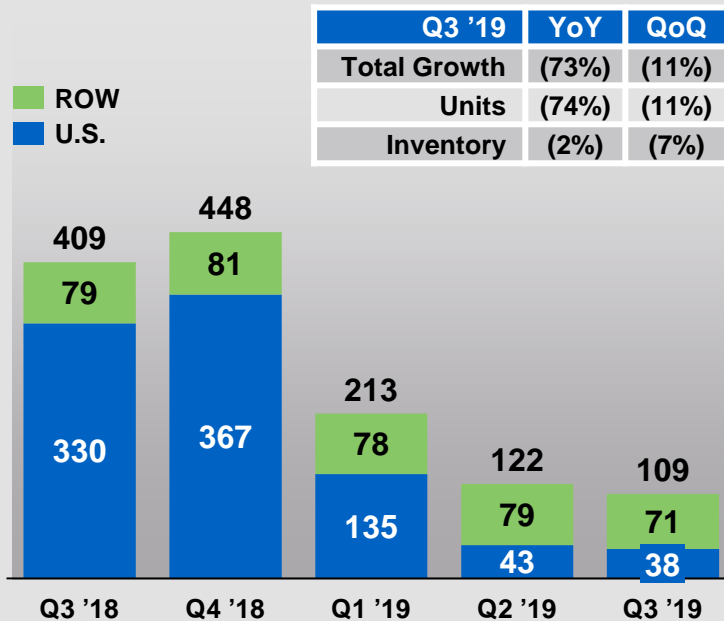
- YoY decline driven by the impact of competition on unit demand
- Expect sales to decline at a faster rate due to competition

**Note: Inventory represents wholesaler inventories**

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# Q3 '19 SENSIPAR<sup>®</sup> SALES DECREASED 73% YOY

## \$ Millions, Net Sales



## Highlights

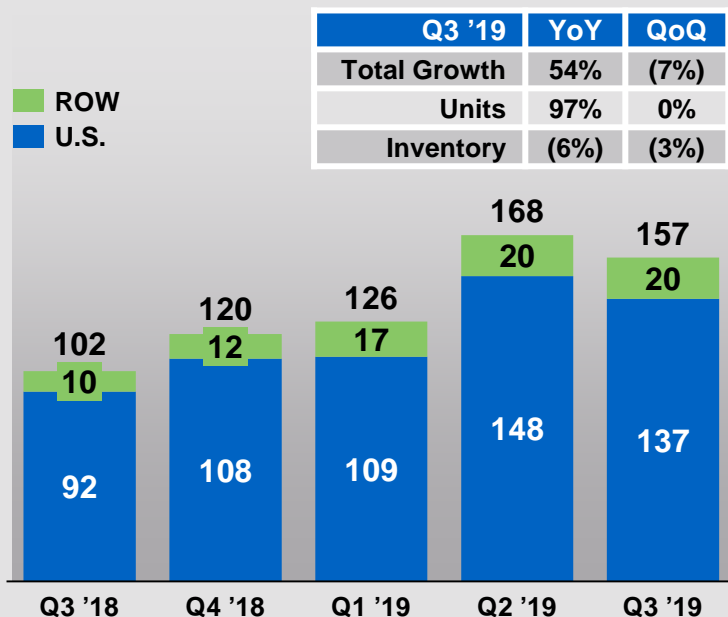
- YoY decrease driven by the impact of at-risk generic launches
- Outlook remains uncertain given ongoing litigation

**Note: Inventory represents wholesaler inventories**

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# Q3 '19 PARSABIV® SALES GREW 54% YOY

## \$ Millions, Net Sales



	Q3 '19	YoY	QoQ
Total Growth		54%	(7%)
Units		97%	0%
Inventory		(6%)	(3%)

## Highlights

- Strong utilization at independent and midsize dialysis providers
- Large dialysis organizations slowly increasing adoption
- QoQ decline driven by a large purchase in Q2

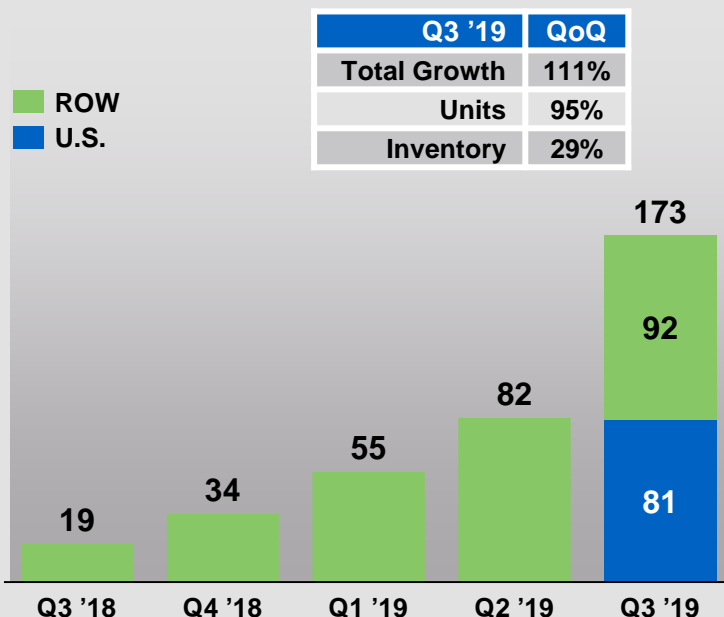
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# BIOSIMILARS ANNUALIZING AT ~ \$700M

## \$ Millions, Net Sales



Q3 '19	QoQ
Total Growth	111%
Units	95%
Inventory	29%

## Highlights

- Amgen Biosimilars represent a meaningful growth opportunity
- First-in-class launches of KANJINTI™ and MVASI™ in U.S. off to a solid start
- Received reimbursement codes in U.S.

**Note: Inventory represents wholesaler inventories**

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# R&D REVIEW

**DAVID REESE, M.D.**  
EXECUTIVE VICE PRESIDENT,  
RESEARCH AND DEVELOPMENT

**AMGEN**<sup>®</sup>

# Q3 '19 R&D UPDATE

## Human Genetics

- **Joined consortium to perform whole genome sequencing of ~ 500,000 participants in the UK Biobank**
  - **deCODE Genetics, a wholly owned subsidiary, will provide sequencing, along with the Wellcome Sanger Institute**

# Q3 '19 R&D UPDATE

## Inflammation

- **Tezepelumab—TSLP monoclonal Ab**
  - Enrollment completed in Phase 3 study of adults and adolescents with severe uncontrolled asthma—data expected late 2020
  - Enrolling Phase 2 study of adults with moderate to very severe chronic obstructive pulmonary disease
- **AMG 570—ICOSL-BAFF bispecific antibody-peptide conjugate**
  - Enrolling Phase 2 study in Systemic Lupus Erythematosus
- **AMG 592—IL-2 mutein**
  - Expect proof of concept data in inflammatory diseases beginning in 2020

## Bone

- **EVENITY®**
  - CHMP Positive Opinion in the EU for the treatment of severe osteoporosis in postmenopausal women at high risk of fracture, with a contraindication for patients with a history of myocardial infarction or stroke

Tezepelumab is being developed in collaboration with AstraZeneca plc; TSLP = thymic stromal lymphopoietin; ICOSL = Inducible T cell costimulator ligand; BAFF = B cell activating factor; IL-2 = interleukin 2; EVENITY® is developed in collaboration with UCB globally, as well as our joint venture partner Astellas in Japan

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# Q3 '19 R&D UPDATE

## Oncology

- **AMG 510**
  - Phase 2 non-small cell lung cancer monotherapy study continues to enroll patients
  - Initial cohort of colorectal cancer patients has been enrolled at the target dose in a Phase 2 monotherapy study. As data mature, the development path for colorectal cancer will be determined
  - Next clinical update expected in 2020

# Q3 '19 R&D UPDATE

## Oncology (continued)

- **BLINCYTO®**
  - Phase 3 pediatric study in high-risk, B-cell ALL at first relapse met its primary endpoint of event-free survival at a prespecified interim analysis
  - Phase 3 pediatric study\* in B-cell ALL at first relapse closed to accrual for the high-risk and intermediate-risk arms based on strong trends towards improved disease-free survival and improved overall survival and markedly lower toxicity for BLINCYTO® compared to chemotherapy
- **BiTE® Molecules**
  - Data from AMG 596 (EGFRviii BiTE® molecule) and AMG 673 (CD33 HLE-BiTE® molecule) expected in Q4
  - Data from AMG 701 (BCMA HLE-BiTE® molecule) expected in 2020

\*Conducted by the Children's Oncology Group; ALL = acute lymphoblastic leukemia; EGFR viii = epithelial growth factor receptor variant iii; HLE = half-life extended; BCMA = B-cell maturation antigen  
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# Q3 '19 R&D UPDATE

## Oncology (continued)

- **KYPROLIS®**
  - Phase 3 CANDOR study in relapsed or refractory multiple myeloma met progression-free survival (PFS) primary endpoint
    - KYPROLIS® + dexamethasone + DARZALEX® (KdD) reduced the risk of disease progression or death by 37% compared to KYPROLIS® + dexamethasone (Kd)
    - Median PFS for patients treated with Kd was 15.8 months; median PFS for patients treated with KdD had not been reached
- **Nplate®**
  - Supplemental Biologics License Application approved by FDA for earlier treatment of adults with immune thrombocytopenia
  - Enrolling Phase 3 study for the treatment of chemotherapy induced thrombocytopenia in non-small cell lung cancer, ovarian cancer or breast cancer

# Q3 '19 R&D UPDATE

## Biosimilars

- **ABP 798 (biosimilar rituximab)**
  - Phase 3 study in non-Hodgkin's lymphoma met primary endpoint
  - U.S. Biologics License Application submission expected Q1 '20





# Q3 '19 EARNINGS CALL

OCTOBER 29, 2019

**AMGEN**<sup>®</sup>



# RECONCILIATIONS

**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	<u>5,737</u>	<u>5,904</u>	<u>17,165</u>	<u>17,517</u>
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	<u>3,261</u>	<u>3,581</u>	<u>9,539</u>	<u>9,636</u>
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	<u>\$ 1,968</u>	<u>\$ 1,859</u>	<u>\$ 6,139</u>	<u>\$ 6,466</u>
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

Provided October 29, 2019, as part of an oral presentation and is qualified by such, contains forward-looking statements, actual results may vary materially; Amgen disclaims any duty to update.

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

	September 30, 2019 (Unaudited)	December 31, 2018
<b>Assets</b>		
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	<u>31,051</u>	<u>37,618</u>
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	<u>\$ 59,535</u>	<u>\$ 66,416</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 8,688	\$ 9,069
Current portion of long-term debt	2,049	4,419
Total current liabilities	<u>10,737</u>	<u>13,488</u>
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
Total stockholders' equity	<u>10,927</u>	<u>12,500</u>
Total liabilities and stockholders' equity	<u>\$ 59,535</u>	<u>\$ 66,416</u>
Shares outstanding	596	630

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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
<b>GAAP cost of sales</b>	\$ 1,036	\$ 1,037	\$ 3,103	\$ 3,005
<b>Adjustments to cost of sales:</b>				
Acquisition-related expenses (a)	(276)	(278)	(828)	(823)
<b>Total adjustments to cost of sales</b>	(276)	(278)	(828)	(823)
<b>Non-GAAP cost of sales</b>	\$ 760	\$ 759	\$ 2,275	\$ 2,182
<b>GAAP cost of sales as a percentage of product sales</b>	19.0%	18.8%	19.0%	18.2%
Acquisition-related expenses (a)	-5.1	-5.0	-5.1	-5.0
<b>Non-GAAP cost of sales as a percentage of product sales</b>	13.9%	13.8%	13.9%	13.2%
<b>GAAP research and development expenses</b>	\$ 1,001	\$ 926	\$ 2,804	\$ 2,556
<b>Adjustments to research and development expenses:</b>				
Acquisition-related expenses (a)	(24)	(19)	(62)	(59)
Certain net charges pursuant to our restructuring initiative	—	(1)	—	(1)
<b>Total adjustments to research and development expenses</b>	(24)	(20)	(62)	(60)
<b>Non-GAAP research and development expenses</b>	\$ 977	\$ 906	\$ 2,742	\$ 2,496
<b>GAAP research and development expenses as a percentage of product sales</b>	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
<b>Non-GAAP research and development expenses as a percentage of product sales</b>	17.9%	16.4%	16.8%	15.1%
<b>GAAP selling, general and administrative expenses</b>	\$ 1,223	\$ 1,293	\$ 3,637	\$ 3,773
<b>Adjustments to selling, general and administrative expenses:</b>				
Acquisition-related expenses (a)	(17)	(20)	(26)	(65)
Certain net charges pursuant to our restructuring initiative	1	(5)	1	(8)
<b>Total adjustments to selling, general and administrative expenses</b>	(16)	(25)	(25)	(73)
<b>Non-GAAP selling, general and administrative expenses</b>	\$ 1,207	\$ 1,268	\$ 3,612	\$ 3,700
<b>GAAP selling, general and administrative expenses as a percentage of product sales</b>	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
<b>Non-GAAP selling, general and administrative expenses as a percentage of product sales</b>	22.1%	23.0%	22.1%	22.4%
<b>GAAP operating expenses</b>	\$ 3,261	\$ 3,581	\$ 9,539	\$ 9,636
<b>Adjustments to operating expenses:</b>				
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)
<b>Total adjustments to operating expenses</b>	(317)	(648)	(910)	(1,259)
<b>Non-GAAP operating expenses</b>	\$ 2,944	\$ 2,933	\$ 8,629	\$ 8,377
<b>GAAP operating income</b>	\$ 2,476	\$ 2,323	\$ 7,626	\$ 7,881
Adjustments to operating expenses	317	648	910	1,259
<b>Non-GAAP operating income</b>	\$ 2,793	\$ 2,971	\$ 8,536	\$ 9,140

**GAAP operating income as a percentage of product sales**

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**

**GAAP interest and other income, net**

Adjustments to other income (c)	—	7	—	(68)
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**Non-GAAP interest and other income, net**

**GAAP income before income taxes**

Adjustments to operating expenses	317	648	910	1,259
Adjustments to other income (c)	—	7	—	(68)

**Non-GAAP income before income taxes**

**GAAP provision for income taxes**

**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**

**Non-GAAP provision for income taxes**

**GAAP tax as a percentage of income before taxes**

**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**

**Non-GAAP tax as a percentage of income before taxes**

**GAAP net income**

**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**

**Non-GAAP net income**

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
<b>GAAP operating income as a percentage of product sales</b>	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
<b>Non-GAAP operating income as a percentage of product sales</b>	51.1%	53.9%	52.3%	55.3%
<b>GAAP interest and other income, net</b>	\$ 114	\$ 126	\$ 517	\$ 519
Adjustments to other income (c)	—	7	—	(68)
<b>Non-GAAP interest and other income, net</b>	\$ 114	\$ 133	\$ 517	\$ 451
<b>GAAP income before income taxes</b>	\$ 2,277	\$ 2,094	\$ 7,155	\$ 7,360
Adjustments to operating expenses	317	648	910	1,259
Adjustments to other income (c)	—	7	—	(68)
<b>Non-GAAP income before income taxes</b>	\$ 2,594	\$ 2,749	\$ 8,065	\$ 8,551
<b>GAAP provision for income taxes</b>	\$ 309	\$ 235	\$ 1,016	\$ 894
<b>Adjustments to provision for income taxes:</b>				
Income tax effect of the above adjustments (d)	92	147	230	285
Other income tax adjustments (e)	(8)	(25)	(35)	(15)
<b>Total adjustments to provision for income taxes</b>	84	122	195	270
<b>Non-GAAP provision for income taxes</b>	\$ 393	\$ 357	\$ 1,211	\$ 1,164
<b>GAAP tax as a percentage of income before taxes</b>	13.6%	11.2%	14.2%	12.1%
<b>Adjustments to provision for income taxes:</b>				
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
<b>Total adjustments to provision for income taxes</b>	1.6	1.8	0.8	1.5
<b>Non-GAAP tax as a percentage of income before taxes</b>	15.2%	13.0%	15.0%	13.6%
<b>GAAP net income</b>	\$ 1,968	\$ 1,859	\$ 6,139	\$ 6,466
<b>Adjustments to net income:</b>				
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
<b>Total adjustments to net income</b>	233	533	715	921
<b>Non-GAAP net income</b>	\$ 2,201	\$ 2,392	\$ 6,854	\$ 7,387

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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 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 EPS	<u>\$ 3.27</u>	<u>\$ 3.66</u>	<u>\$ 2.86</u>	<u>\$ 3.69</u>
	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 EPS	<u>\$ 10.01</u>	<u>\$ 11.18</u>	<u>\$ 9.61</u>	<u>\$ 10.98</u>

- (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.**  
**Reconciliations of Cash Flows**  
(In millions)  
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	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	<u>\$ 11,415</u>	<u>\$ 11,956</u>	<u>\$ 11,415</u>	<u>\$ 11,956</u>

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

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

<b>GAAP diluted EPS guidance</b>	\$12.50	—	\$12.80
<b>Known adjustment to arrive at non-GAAP*:</b>			
Acquisition-related expenses (a) (b)	1.59	—	1.64
Tax adjustments		0.06	
<b>Non-GAAP diluted EPS guidance</b>	<u>\$14.20</u>	<u>—</u>	<u>\$14.45</u>

\* The known adjustments are presented net of their related tax impact, which amount to approximately \$0.39 to \$0.40 per share.

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

(b) The adjustments exclude transactions that have not yet closed.

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>



## **Amgen Inc.**

### **International Sales Performance Adjusted for Foreign Exchange**

Amgen has presented international sales performance excluding the impact of foreign exchange. This measure adjusts for the translation effect of changes in average foreign exchange rates between the current period and the corresponding period in the prior year. Amgen's calculation to adjust for the impact of foreign exchange results in prior period weighted-average, foreign exchange rates being applied to current period product sales. Amgen believes that excluding the impact of foreign exchange enhances an investor's overall understanding of the financial performance and prospects for the future of Amgen's core business activities by facilitating comparisons of results of core business operations among current, past and future periods.



# Q3 '19 EARNINGS CALL

OCTOBER 29, 2019

**AMGEN**<sup>®</sup>