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Amgen to Acquire Otezla For $13.4 Billion

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Acquisition Expected to Accelerate Growth and Enhance Value for Amgen Shareholders



Amgen has entered into an agreement with Celgene Corporation in connection with its previously announced merger with Bristol-Myers Squibb Company to acquire worldwide rights to Otezla® (apremilast), the only oral, non-biologic treatment for psoriasis and psoriatic arthritis, and certain related assets and liabilities, for $13.4 billionin cash, or approximately $11.2 billion, net of the present value of $2.2 billion in anticipated future cash tax benefits.

Amgen believes that the acquisition of Otezla offers many benefits including:

- **A strong strategic fit with Amgen's long-standing expertise in psoriasis and inflammation**
- **A differentiated, oral therapy complementary to Amgen's existing inflammation franchise of innovative biologics and biosimilar products**
- **At least low double-digit Otezla sales growth, on average, over the next five years**
- **Acceleration of Amgen's near- and long-term revenue growth**
- **Immediate non-GAAP EPS accretion**
- **Intellectual Property exclusivity through at least 2028 in the U.S.**
- **Worldwide rights which fit well with Amgen's international presence and global expansion objectives**
- **Support of increased R&D investment in 2020 to advance Amgen's innovative pipeline of first-in-class molecules**
- **No interruption in deployment of Amgen's capital allocation priorities**

"The acquisition of Otezla offers a unique opportunity for Amgen to provide patients an innovative oral therapy for psoriasis and psoriatic arthritis that fits squarely within our portfolio and complements our Enbrel® and AMGEVITA®brands," said Robert A. Bradway, chairman and chief executive officer at Amgen. "We will take advantage of our 20 years of experience in inflammatory disease to realize the full global potential of Otezla as an affordable option for patients with these serious, chronic inflammatory conditions."

Otezla is the leading treatment in the post-topical, pre-biologic segment in its approved indications. Otezla is currently approved for three indications in the U.S.—the treatment of patients with moderate-to-severe plaque psoriasis who are candidates for phototherapy or systemic therapy; adult patients with active psoriatic arthritis; and adult patients with oral ulcers associated with Behçet's Disease. Otezla is approved in more than 50 markets outside the U.S., including the European Union and Japan, and has patent exclusivity through at least 2028 in the U.S.

Sales of Otezla in 2018 were $1.6 billion driven by strong volume growth. Amgen has stated previously that it will focus on medicines that can deliver sustained, long-term volume driven growth and the Company believes there is a significant opportunity to grow Otezla through global expansion and new indications, with expectations for Otezla to realize at least low double-digit sales growth, on average, over the next five years.

Strategic Benefits of the Transaction
This transaction will advance Amgen's strategy in several ways:

- **Bringing Innovative Medicines to Patients --** The number of patients suffering from chronic inflammatory diseases is growing worldwide. Amgen is already a leader in this very large therapeutic category with Enbrel® (etanercept), a biologic medicine marketed by Amgen in the U.S. and Canada to treat several chronic inflammatory diseases, including moderate-to-severe rheumatoid arthritis, moderate-to-severe plaque psoriasis, and psoriatic arthritis (PsA). ENBREL and Otezla are complementary. ENBREL is most frequently prescribed to treat moderate-to-severe rheumatoid arthritis, while Otezla is positioned as a therapy of first-choice in patients with moderate-to-severe psoriasis who are not satisfied with topical therapies given its differentiated mechanism of action and established efficacy and safety profile. In PsA, Otezla is positioned for use in patients early in their disease and/or with moderate joint involvement. Additionally, studies are currently underway exploring potential new indications for Otezla, including mild-to-moderate psoriasis.
- **Expanding Geographic Reach** -- Otezla is approved in 54 countries, including major markets such as France, Germany and Japan. Amgen is well positioned to continue driving Otezla international sales growth.
- **Investing for Long-Term Growth with Uninterrupted Capital Allocation Plans** -- The transaction is expected to contribute to Amgen's near- and long-term revenue growth rate and will be immediately accretive from close to non-GAAP earnings per share growth, with acceleration thereafter. Amgen will finance the transaction with current balance sheet cash and expects to retain its investment grade credit rating. Additionally, Amgen's capital allocation priorities will remain unchanged as we invest to grow our business through internal investment and business development, maintain an optimal capital structure to minimize our Weighted Average Cost of Capital and continue to provide capital returns to shareholders through a growing dividend and continued share repurchases.

The closing of the acquisition is contingent on Bristol-Myers Squibb entering into a consent decree with the Federal Trade Commission in connection with the pending Celgene merger, the closing of the pending merger with Celgene and the satisfaction of other customary closing conditions. The transaction is expected to close by the end of 2019.

"Otezla represents an exciting opportunity to strengthen Amgen's presence in inflammation and continue Amgen'sgeographic expansion," said Bradway. "We are excited about the opportunity that Otezla represents for Amgen, for our shareholders, and for patients worldwide, and we look forward to welcoming those staff members who support Otezla to the Amgen family."