BUNNY WITH HER HUSBAND, JOE
LIVING WITH PNH

ALEXION®

# Second Quarter 2020

## Earnings Call

July 30, 2020

ALEXION

# FORWARD LOOKING STATEMENTS



This presentation contains forward-looking statements, including statements related to: guidance regarding anticipated financial results for 2020 (and all of the assumptions, judgments and estimates related to such guidance); Alexion's updated capital allocation strategy; ability of Portola acquisition to expend our presence in the hospital setting; conversion of aHUS patients from SOLIRIS to ULTOMIRIS; potential 10 launches by 2023 and ability of product launches to enable capital return; the Company's plans for future clinical trials and studies, the timing for the commencement and conclusion of future clinical trials and the expected timing of the receipt of results of certain clinical trials and studies; potential of ULTOMIRIS subcutaneous formulation to be first subcutaneous option for both PNH and aHUS; ambition to quadruple the number of neurology (NMOSD and gMG) patients in the US by 2025; ability to enhance ANDEXXA's launch; the impacts of COVID-19 on Alexion's business, including its revenue, expenses and commercial and clinical programs; potential launches of ULTOMIRIS for additional indications; estimated addressable patient populations for our current and pipeline products; Alexion's diverse and growing pipeline and ability to return capital shareholders; future plans to expand treated patient population; future expansion of treated patient populations with potential product launches; expected benefits of subcutaneous products, including potential flexibility for patients; potential indications that can be treated by product candidates; plans to make future regulatory filings for approval of certain products and product candidates, the expected timing of such filings as well as the expected timing of the receipt of certain regulatory approvals to market a product; clear potential benefits (and transformative impact) of current products and products under development and in clinical trials (including further extended dosing intervals). Forward-looking statements are subject to factors that may cause Alexion's results and plans to differ materially from those forward-looking statements, including for example: our dependence on sales from our C5 products (SOLIRIS and ULTOMIRIS); the impact of the COVID-19 pandemic on our business; our ability to facilitate the timely conversion of PNH and aHUS patients (and any future indications) from SOLIRIS to ULTOMIRIS; delays (expected or unexpected) in the time it takes regulatory agencies to review and make determinations on applications for the marketing approval of our products; Alexion's inability to timely submit (or failure to submit) future applications for regulatory approval for our products and product candidates; payer, physician and patient acceptance of ULTOMIRIS as an alternative to SOLIRIS; appropriate pricing for ULTOMIRIS; our success in integrating Portola; future competition from biosimilars and novel products; inability to timely initiate (or failure to initiate) and complete future clinical trials due to safety issues, IRB decisions, CMC-related issues, expense or unfavorable results from earlier trials (among other reasons); decisions of regulatory authorities regarding the adequacy of our research, marketing approval or material limitations on the marketing of our products; delays or failure of product candidates to obtain regulatory approval; delays or the inability to launch product candidates due to regulatory restrictions, anticipated expense or other matters; interruptions or failures in the manufacture and supply of our products and our product candidates; failure to satisfactorily address matters raised by the FDA and other regulatory agencies; results in early stage clinical trials may not be indicative of full results or results from later stage or larger clinical trials (or broader patient populations) and do not ensure regulatory approval; the possibility that results of clinical trials are not predictive of safety and efficacy and potency of our products (or we fail to adequately operate or manage our clinical trials) which could cause us to halt trials, delay or prevent us from making regulatory approval filings or result in denial of regulatory approval of our product candidates; unexpected delays in clinical trials; the Phase 4 study regarding ANDEXXA does not meet its designated endpoints and/or is not deemed safe and effective by the FDA or other regulatory agencies (and commercial sales are prohibited or limited); unexpected concerns that may arise from additional data or analysis obtained during clinical trials; future product improvements may not be realized due to expense or feasibility or other factors; uncertainty of long-term success in developing, licensing or acquiring other product candidates or additional indications for existing products; inability to complete planned acquisitions due to failure of regulatory approval or material changes in target or otherwise; inability to complete acquisitions and investments due to increased competition for technology; the possibility that current rates of adoption of our products are not sustained (or anticipated adoption rates are not realized); internal development efforts do not result in commercialization of additional products; the adequacy of our pharmacovigilance and drug safety reporting processes; failure to protect and enforce our data, intellectual property and proprietary rights and the risks and uncertainties relating to intellectual property claims, lawsuits and challenges against us (including intellectual property lawsuits relating to ULTOMIRIS brought by third parties against Alexion and inter partes review petitions submitted by third parties); the risk that third party payors (including governmental agencies) will not reimburse or continue to reimburse for the use of our products at acceptable rates or at all; failure to realize the benefits and potential of investments, collaborations, licenses and acquisitions; failure by regulatory authorities to approve transactions; the possibility that expected tax benefits will not be realized; assessment of impact of recent accounting pronouncements; potential declines in sovereign credit ratings or sovereign defaults in countries where we sell our products; delay of collection or reduction in reimbursement due to adverse economic conditions or changes in government and private insurer regulations and approaches to reimbursement; uncertainties surrounding legal proceedings, company investigations and government investigations; the risk that estimates regarding the number of patients with PNH, aHUS, gMG, NMOSD, HPP and LAL-D and other future indications we are pursuing are inaccurate; the risks of changing foreign exchange rates; risks relating to the potential effects of the Company's restructuring; risks related to the acquisition of companies and co-development and collaboration efforts; and a variety of other risks set forth from time to time in Alexion's filings with the SEC, including but not limited to the risks discussed in Alexion's Quarterly Report on Form 10-Q for the period ended March 30, 2020 and in our other filings with the SEC. Alexion disclaims any obligation to update any of these forward-looking statements to reflect events or circumstances after the date hereof, except when a duty arises under law.

In addition to financial information prepared in accordance with GAAP, this presentation also contains non-GAAP financial measures that Alexion believes, when considered together with the GAAP information, provide investors and management with supplemental information relating to performance, trends and prospects that promote a more complete understanding of our operating results and financial position during different periods. Alexion also uses these non-GAAP financial measures to establish budgets, set operational goals and to evaluate the performance of the business. The non-GAAP results, determined in accordance with our internal policies, exclude the impact of the following GAAP items (see reconciliation tables below for additional information): share-based compensation expense, fair value adjustment of inventory acquired, amortization of purchased intangible assets, changes in fair value of contingent consideration, restructuring and related expenses, upfront payments related to licenses and other strategic agreements, acquired in-process research and development, impairment of purchased intangible assets, gains and losses related to strategic equity investments, litigation charges, gain or loss on sale of a business or asset, gain or loss related to purchase options, contingent milestone payments associated with acquisitions of legal entities accounted for as asset acquisitions, acquisition-related costs and certain adjustments to income tax expense. These non-GAAP financial measures are not intended to be considered in isolation or as a substitute for, or superior to, the financial measures prepared and presented in accordance with GAAP, and should be reviewed in conjunction with the relevant GAAP financial measures. Please refer to the attached Reconciliations of GAAP to non-GAAP Financial Results and GAAP to non-GAAP 2020 Financial Guidance for explanations of the amounts adjusted to arrive at non-GAAP net income and non-GAAP earnings per share amounts for the three and six month periods ended June 30, 2020 and 2019 and projected twelve months ending December 31, 2020.

Amounts may not foot due to rounding.

# Q2 EARNINGS CALL AGENDA



| | |
|---|---|
| **INTRODUCTION** | Chris Stevo, Head of Investor Relations |
| **CEO OPENING REMARKS** | Ludwig Hantson, Ph.D., Chief Executive Officer |
| **FINANCIAL UPDATE & OUTLOOK** | Aradhana Sarin, M.D., Chief Financial Officer |
| **R&D HIGHLIGHTS** | John Orloff, M.D., Global Head of R&D |
| **COMMERCIAL INSIGHT** | Brian Goff, Chief Commercial & Global Operations Officer |
| **STRATEGIC OUTLOOK & CLOSING** | Ludwig Hantson, Ph.D., Chief Executive Officer |
| **Q&A** | All Participants |

# CEO Opening Remarks

## Ludwig Hantson, Ph.D.

### Chief Executive Officer

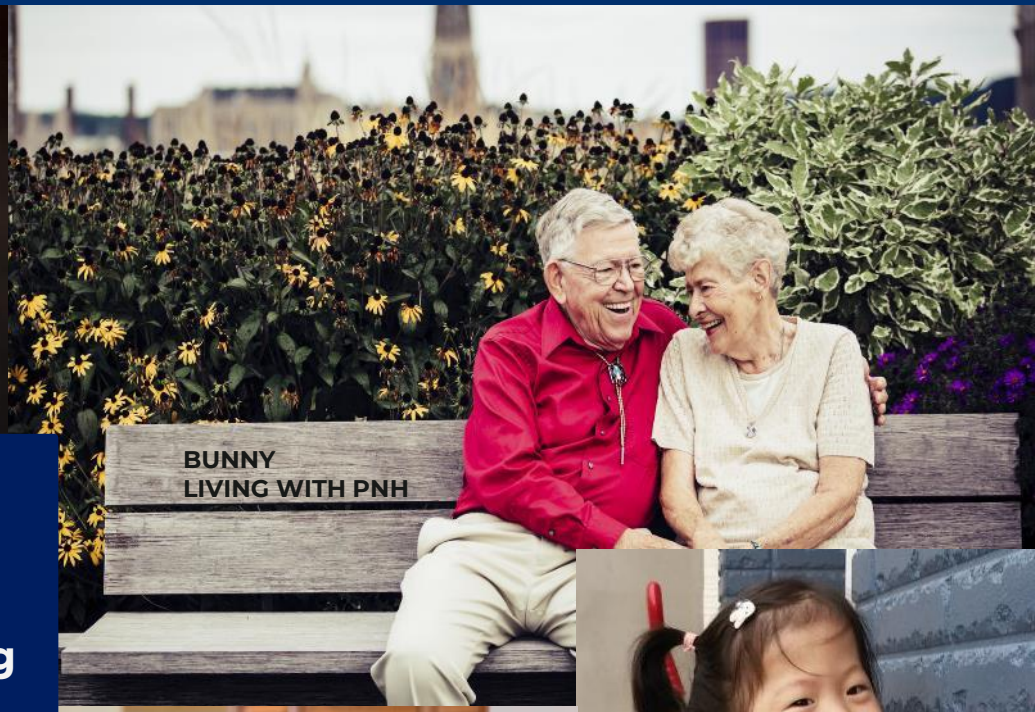
Tristan
Living with LAL-D

# COMMITTED TO OUR MISSION



ROBERTA LIVING WITH GMG

ALBIE
LIVING WITH LAL-D



BUNNY
LIVING WITH PNH

**Our Mission:** Transform the lives of people affected by rare diseases and devastating conditions by continuously innovating and creating meaningful value in all we do

SUMAIRA
LIVING WITH NMOSD

DONNAN
LIVING WITH aHUS

AIRA
LIVING WITH HPP

# OPERATIONAL EXCELLENCE ENABLING REPURCHASE COMMITMENT



**Strong financial execution, demonstrated commercial excellence and growing pipeline**

**Raising 2020 revenue guidance to $5,550 to $5,600M and non-GAAP[1] EPS to $10.65 to $10.95**

**GAAP[1] EPS of $0.96 to $1.30 negatively impacted by impairments**

**Achieved Best-in-class Conversion >70% for PNH ULTOMIRIS in 18 months**

**Key Pipeline Progress in 2Q20:**

- ULTOMIRIS aHUS EU approval
- Positive ULTOMIRIS Ph3 SC data
- Positive CAEL-101 Ph2 dose-ranging

**Closed Portola Acquisition with strong strategic and operational plan**

**Shifting ANDEXXA focus to a multi-faceted hospital system approach for success, amid a COVID era**

**Returning Capital to Shareholders**

**Minimum of $500 - $550M in share repurchases in 2020**
**Increasing to at least 1/3 of FCF[2] on average annually 2021 - 2023**

[1]A reconciliation of GAAP to non-GAAP financial results is provided in the appendix and is available at www.alexion.com.

[2]Free Cash Flow (FCF) defined as cash flow from operations less purchases of property, plant and equipment

# CONTINUED PROGRESS AGAINST OUR STRATEGY



## *LEAD* AND *EXPAND* OUR COMPLEMENT BASE BUSINESS

### LEAD

- **Set a New Standard for Best in Class Conversion**
  70% PNH ambition met in U.S.
- **aHUS Conversion on Track**
  aHUS ULTOMIRIS EMA approval
- **Innovating for Patients**
  Positive topline Ph3 data for ULTOMIRIS SC program
- **Paving Way for Future ULTOMIRIS Conversion**
  IPR settlement provides clarity on potential biosimilar entry

### EXPAND

- **Committed to Neurology and Growing the Addressable Population we Serve**
  189 net U.S. patient adds in 2Q amidst COVID-19 pandemic

  Enrollment on track for gMG and NMOSD ULTOMIRIS Ph3 trials

  ALS Ph3 trial enrolling
- **Increasing ULTOMIRIS Addressable Population**
  HSCT-TMA Ph3 trial on track to initiate in 2H 2020

## *DIVERSIFY* INTO NEW GROWTH AREAS

### DIVERSIFY

- **Diversifying our Commercial Portfolio**
  Portola acquisition expands our presence in the hospital setting
- **Diversifying our R&D Pipeline**
  ALXN1830 Ph1 SC dosing signal

  Positive Ph2 dose-ranging for CAEL-101

  ALXN2040 Ph2 C3G data supports proof of mechanism


# Financial Update

## Aradhana Sarin, M.D.

## Chief Financial Officer

# SECOND QUARTER 2020 KEY PERFORMANCE METRICS

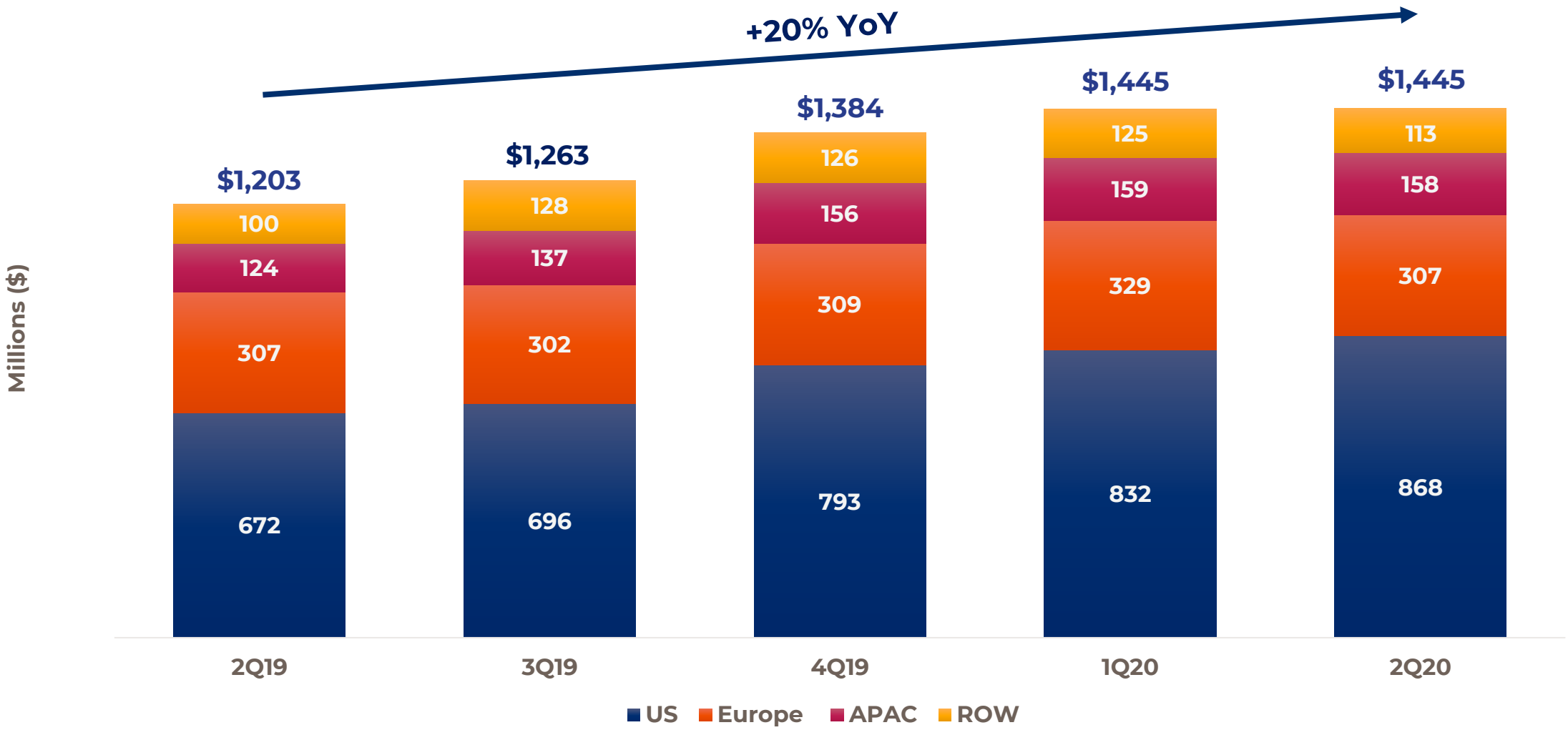


| | | | | | |
|---|---|---|---|---|---|
| **Total Revenues** | **$1.445B** | ↑ | **+20%** | **vs 2Q19** | ▪ C5 (SOLIRIS + ULTOMIRIS) sales grew 19% YoY driven by growth in neurology & continued strength in the base PNH and atypical HUS business<br>▪ Metabolic sales grew 30% YoY driven by increase in volume |
| **GAAP[1] Operating Margin** | **(95%)** | ↓ | **NM*** | **vs 2Q19** | ▪ GAAP operating margin impacted by 2Q20 impairment of intangible assets |
| **Non-GAAP[1] Operating Margin** | **58%** | ↑ | **+4 bps** | **vs 2Q19** | ▪ Non-GAAP operating margin strength continued in 2Q20 |
| **GAAP[1] EPS** | **($4.84)** | ↓ | **-337%** | **vs 2Q19** | ▪ GAAP EPS impacted by 2Q20 impairment of intangible assets, partially offset by a net increase in gains recorded on our strategic equity investments |
| **Non-GAAP[1] EPS** | **$3.11** | ↑ | **+18%** | **vs 2Q19** | ▪ Non-GAAP EPS primarily driven by topline strength YoY |

[1]A reconciliation of GAAP to non-GAAP financial results is provided in the appendix and is available at www.alexion.com.
Provided July 30, 2020, as part of an oral presentation and is qualified by such, contains forward-looking statements, actual results may vary materially; Alexion disclaims any duty to update.
*Percentage not meaningful

# NET PRODUCT SALES BY GEOGRAPHY

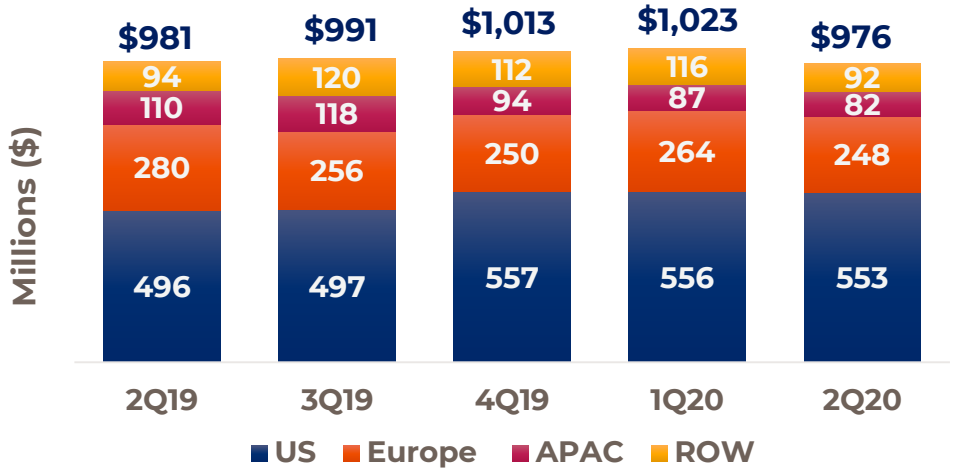




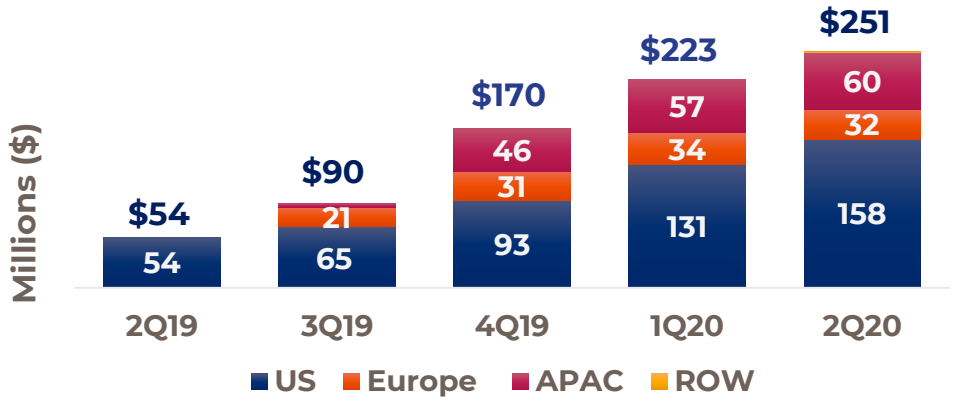
# SOLIRIS® AND ULTOMIRIS® NET PRODUCT SALES



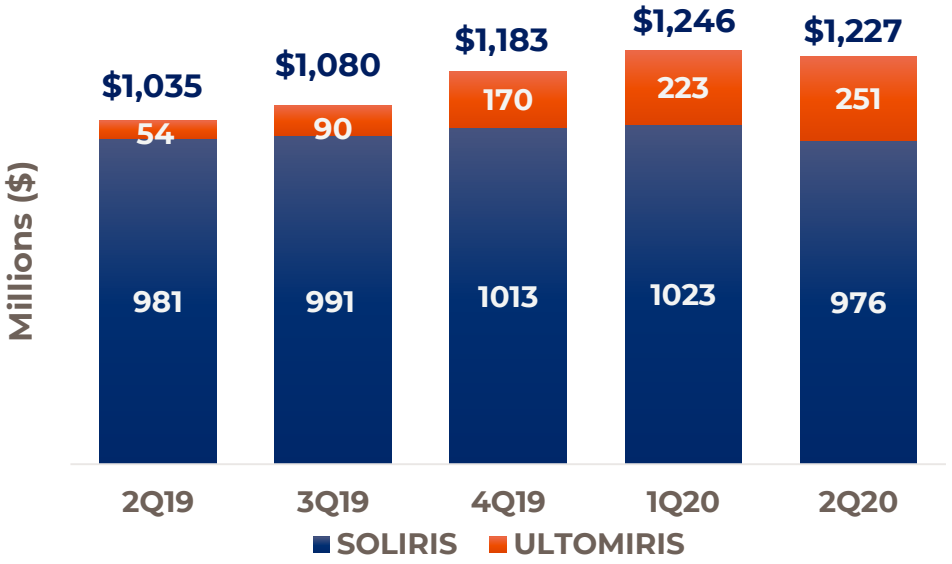
## SOLIRIS Net Product Sales




## ULTOMIRIS Net Product Sales




## Total C5 Franchise Net Product Sales



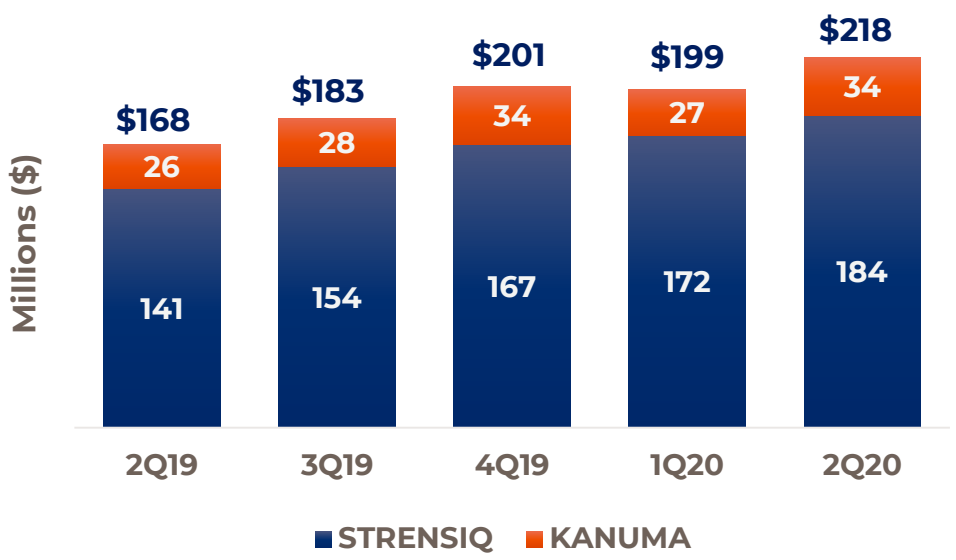

**SOLIRIS:** YoY revenue flat as strong growth in Neurology is offset by ULTOMIRIS conversion in PNH and atypical HUS; QoQ revenue impacted by timing of tender market orders in ROW

**ULTOMIRIS:** Continued strength driven by conversion from SOLIRIS in PNH and atypical HUS; 70% PNH conversion ambition in U.S. achieved

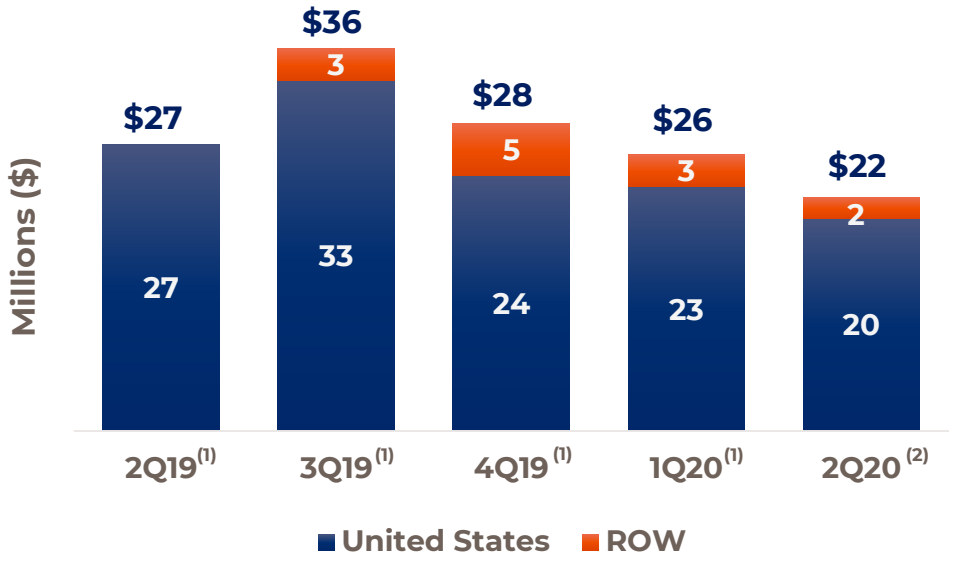
# METABOLIC & ANDEXXA NET PRODUCT SALES



## Metabolic Net Product Sales




## Legacy Portola: ANDEXXA/ONDEXXYA Net Product Sales




**Metabolics:**

- +30% YoY revenue growth; driven by volume

**ANDEXXA / ONDEXXYA:**

- YoY & QoQ revenue decline driven primarily by COVID-19 related demand reductions

(1) Net product revenues as previously reported by Portola

(2) Net product revenues recognized by Portola in 2Q20 have not been adjusted for consistency with Alexion accounting policies and are not included in Alexion's 2Q 2020 quarterly results. Alexion has not audited these net product revenues and has relied upon the amounts as publicly reported by Portola for all periods prior to the acquisition and, with respect to the second quarter of 2020 upon information that was made available to Alexion in the accounting records of Portola.

# 2Q 2020 FINANCIAL PERFORMANCE – YoY COMPARISON



| $ Millions, Except EPS | 2Q '20 GAAP [1] | 2Q '20 Non-GAAP [1] | 2Q '19 GAAP [1] | 2Q '19 Non-GAAP [1] | Δ Non-GAAP [1] |
|---|---|---|---|---|---|
| **Total Revenue** | $1,445 | $1,445 | $1,203 | $1,203 | +20% |
| **SOLIRIS® Revenue** | $976 | $976 | $981 | $981 | <-1% |
| **ULTOMIRIS® Revenue** | $251 | $251 | $54 | $54 | +363% |
| **STRENSIQ® Revenue** | $184 | $184 | $141 | $141 | +30% |
| **KANUMA® Revenue** | $34 | $34 | $26 | $26 | +28% |
| **COGS**<br>*% of Total Revenue* | $145<br>10% | $142<br>10% | $99<br>8% | $96<br>8% | +186 bps |
| **R&D**<br>*% of Total Revenue* | $221<br>15% | $205<br>14% | $188<br>16% | $149<br>12% | +181 bps |
| **SG&A**<br>*% of Total Revenue* | $301<br>21% | $254<br>18% | $299<br>25% | $256<br>21% | -370 bps |
| **Impairment of Intangible Assets** | $2,053 | - | - | - | - |
| **Operating (Loss) Income** | ($1,370) | $845 | $533 | $703 | +20% |
| **Operating Margin** | (95%) | 58% | 44% | 58% | +4 bps |
| **Effective Tax Rate** | 21% | 15% | 8% | 13% | +219 bps |
| **Earnings (Loss) Per Share** | ($4.84) | $3.11 | $2.04 | $2.64 | +18% |

[1]A reconciliation of GAAP to non-GAAP financial results is provided in the appendix and is available at www.alexion.com.
Provided July 30, 2020, as part of an oral presentation and is qualified by such, contains forward-looking statements, actual results may vary materially; Alexion disclaims any duty to update.

# UPDATING FY20 OUTLOOK TO REFLECT THE STRENGTH OF THE BUSINESS DESPITE CURRENT ENVIRONMENT



| $ Millions, Except EPS | Previous Guidance | Updated Guidance[1][2] | YoY Growth |
|---|---|---|---|
| **Total Revenue** | $5,230 to $5,330 | $5,550 to $5,600 | 12% |
| **SOLIRIS®/ULTOMIRIS®** | $4,495 to $4,570 | $4,725 to $4,755 | 11% |
| **Metabolic** | $735 to $760 | $785 to $800 | 13% |
| **ANDEXXA/ONDEXXYA** | — | $40 to $45 | N/A |
| **R&D** *(% of Total Revenue)*[3] | | | |
| *GAAP* | 17.5% to 18.6% | 18.1% to 19.2% | +90 bps |
| *Non-GAAP* | 16.0% to 17.0% | 16.5% to 17.5% | +256 bps |
| **SG&A** *(% of Total Revenue)*[3] | | | |
| *GAAP* | 22.2% to 23.5% | 24.5% to 25.7% | -17 bps |
| *Non-GAAP* | 18.5% to 19.5% | 21.0% to 22.0% | -54 bps |
| **Operating Margin**[3] | | | |
| *GAAP* | 42.4% to 43.8% | 3.8% to 5.4% | NM* |
| *Non-GAAP* | 55.0% to 56.0% | 53.0% to 54.0% | -240bps |
| **Earnings Per Share**[3] | | | |
| *GAAP* | $8.14 to $8.47 | $0.96 to $1.30 | -89% |
| *Non-GAAP* | $10.45 to $10.75 | $10.65 to $10.95 | 3% |

## Adjusted 2020 Guidance – Key Assumptions

### Increased Revenue Guidance Reflects Business Strength & Durability

- Strong compliance rates sustained across indications in 1H; potential risk for reduced compliance in 2H
- Lesser impact to new patient starts vs anticipated in 1H; however new patient initiation queue build is slowing
- Strong ULTOMIRIS conversion continues (particularly atypical HUS)
- Payer mix & institutional budget impact not yet seen; monitoring for 2H impact

### Focus on Portola Integration and Cost Management in COVID-19 Environment

- R&D delays from COVID less than anticipated, resulting in increased spend
- Includes Portola Opex of ~$125M for 2H20[2]
- Portola ~$0.32 dilutive to non-GAAP EPS FY20[2]
- Strong, best-in-class margins maintained despite COVID & Portola integration

(1) Alexion's financial guidance is based on current foreign exchange rates net of hedging activities and does not include the effect of acquisitions, license and other strategic agreements, intangible asset impairments, litigation charges, changes in fair value of contingent consideration, gains or losses related to strategic equity investments or restructuring and related activity outside the previously announced activities that may occur after the issuance of this presentation.

(2) Updated 2020 financial guidance includes the impact of the recent July 2, 2020 acquisition of Portola but excludes the impact of certain GAAP-only purchase accounting items related to the Portola acquisition, including amortization of purchased intangible assets, fair value adjustment of inventory acquired and the related tax effects.

(3) A reconciliation of GAAP to non-GAAP financial guidance is provided in the appendix and is available at www.alexion.com.

*Percentage not meaningful

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# GROWING AND ADVANCING OUR INNOVATIVE PIPELINE



## 2017

**$736M** Non-GAAP[1]
**$878M** GAAP[1]

R&D Expense

**2 Assets**[2]

*2 Internal*

**4 Clinical Programs**

## 2018[3]

**$646M** Non-GAAP[1]
**$730M** GAAP[1]

R&D Expense

**3 Assets**

*1 Internal*

*2 Through BD*

**8 Clinical Programs**

## 2019

**$721M** Non-GAAP[1]
**$886M** GAAP[1]

R&D Expense

**8 Assets**

*2 Internal*

*6 Through BD*

**14 Clinical Programs**

## 2020

**$948M** Non-GAAP[1]
**$1,040M** GAAP[1]

R&D Expense[4]

**11 Assets**

*3 Internal*

*8 Through BD*

**20+ Clinical Programs**

***Significant Progress Made Developing A Robust, Value-Creating Pipeline***

[1]A reconciliation of GAAP to non-GAAP financial results is provided in the appendix and is available at www.alexion.com.
[2]Asset defined as a singular molecular entity; [3]2018 decrease in R&D spend related to pipeline strategy refocus; [4]Mid point of 2020 guidance issued 7/30/20

## Significant Progress Since 2017 Allows an Updated and More Flexible Approach

- Alexion constantly evaluates our capital allocation approach
- R&D portfolio has grown substantially since 2017
  - 20 total programs
  - confidence in potential of 10 launches by 2023 enabling capital return
- Free cash flow generation has improved over the last three years, with high FCF conversion[1]
- Allows Alexion to be more flexible on capital allocation strategy

**Funding Expanding R&D Portfolio**

↓

**Capital Allocation Priorities**

↓

**Share Repurchase** ⟷ **Balance Sheet (Reduce Net Debt)** ⟷ **Disciplined BD**

Committing to **$500 – $550M of repurchases** in 2020; increasing to **at least 1/3 of FCF** on average annually from 2021 - 2023

No near-term plan to pay a dividend given life-cycle

Near-term focus on successful Portola integration

Remain **open to future BD** that meet criteria for value creation and strategic fit

[1]Free Cash Flow (FCF) defined as cash flow from operations less purchases of property, plant and equipment; FCF conversion defined as FCF divided by net income

# R&D Highlights

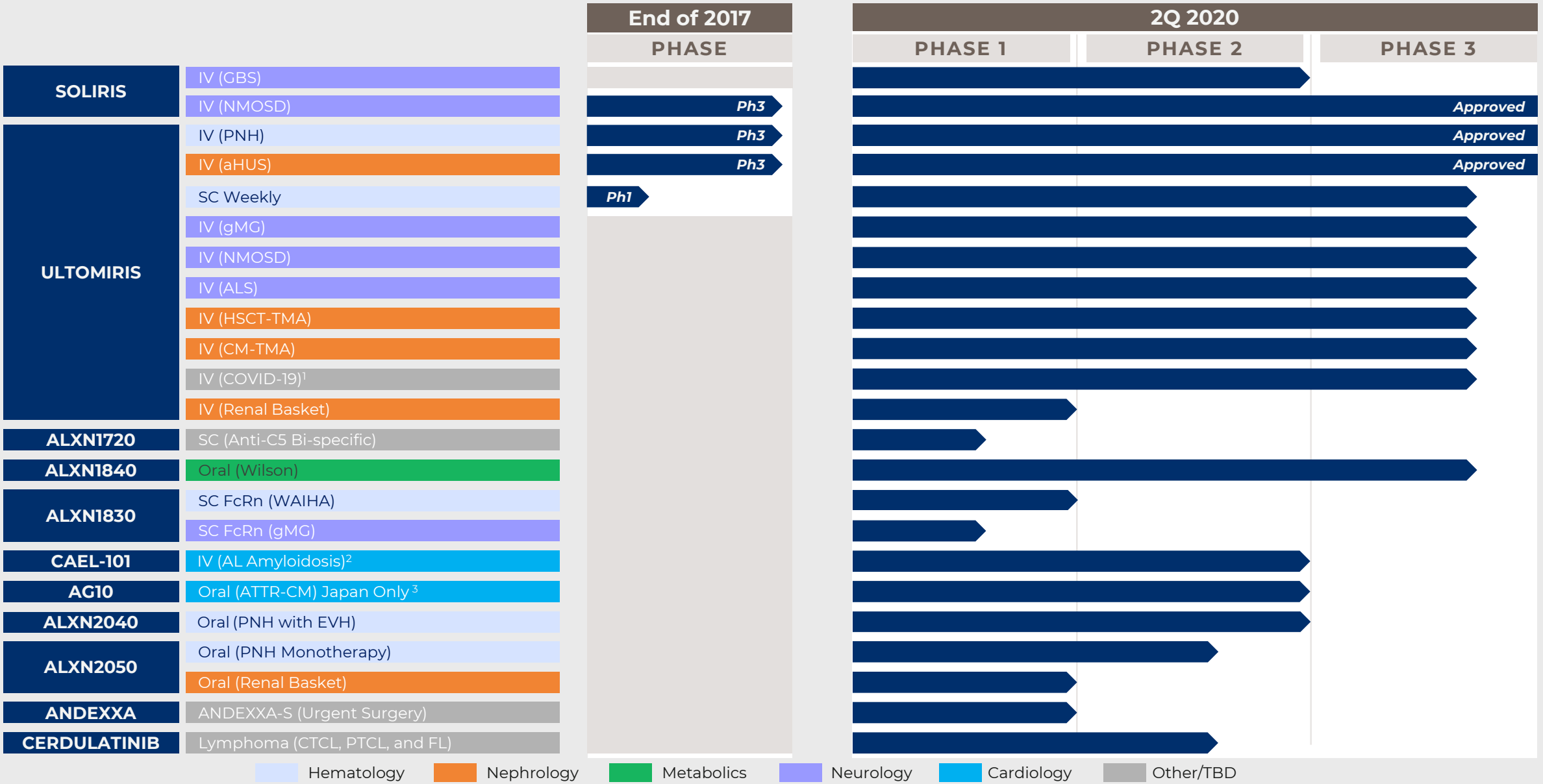
## John Orloff, M.D.

## Global Head of R&D

Joe
Living with PNH

# ROBUST CLINICAL STAGE PIPELINE PROGRESS
# 20 DEVELOPMENT PROGRAMS






[1]Adults with COVID-19 who are hospitalized with severe pneumonia or acute respiratory distress syndrome (ARDS); [2]Structured as an option to acquire Caelum; [3]Exclusive license to develop and commercialize in Japan; See appendix for further description of each program

# ENHANCING CAPABILITIES TO SUPPORT GROWING PIPELINE



## Building on Existing Capabilities to Accelerate Towards Launches

**Accelerate PoC and Pivotal Trials**

- Focus on innovative study designs with real-world data-driven startup and enrollment plans
- Generalize home treatment, telemedicine, and real-world data collection
- Build capabilities and empowerment at country level

**Bring the Trial to the Patient**

**Enable Digital Clinical Trials**

- Enhance real-time and predictive risk identification via central monitoring
- Establish artificial intelligence- and machine learning-driven decision support
- Balancing of internal & external resources based on trial risk and productivity

**Increase Capacity**

***Transforming our clinical trial programs through digital and enhanced organizational capacity***

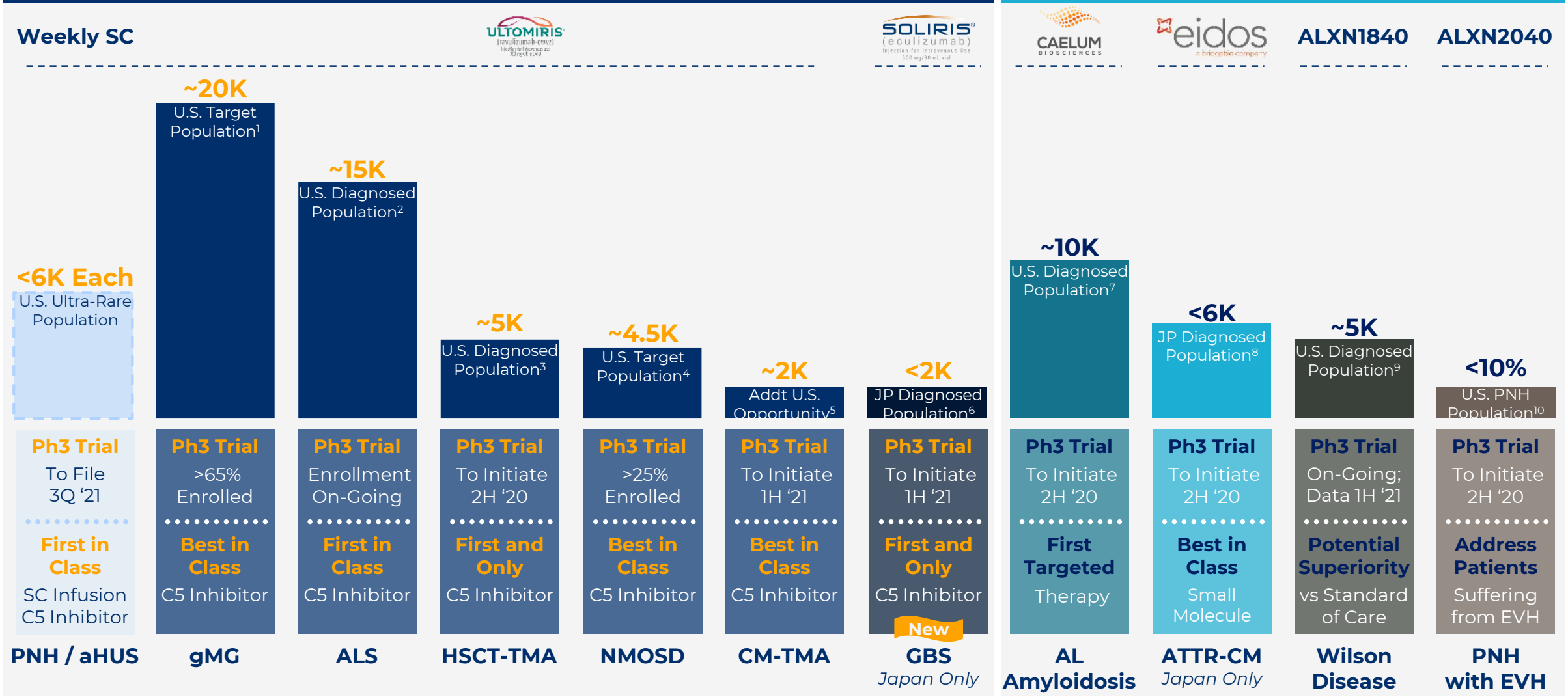
PoC = Proof of Concept

# MULTIPLE SHOTS ON GOAL FOR 10 LAUNCHES BY 2023



## *LEAD* and *EXPAND* our complement base business

## *DIVERSIFY* into new growth areas




1. Commercial estimate 2. Prevalence of ALS-United States, 2015 MMWR Morb Mortal Wkly Rep. 2018 Nov 23; 67(46): 1285-1289 3. Jodele S, Davies SM, Lane A, et al. Diagnostic and risk criteria for HSCT-associated thrombotic microangiopathy: a study in children and young adults. Blood. 2014;124(4):645–653. 4. Aligned with our Phase 3 PREVENT criteria 5.Alexion estimated market opportunity incremental to existing aHUS market 6. Saito T, Arimura K, No M. Result report of the National Epidemiology Survey secondary questionnaire survey on Guillain-Barré syndrome, Ministry of Health, Labour and Welfare specific disease, Immunologic neurological disease investigation sub-group Year 2000 Research Report, 2000;83-84. 7. Quock, T. P., et al. Epidemiology of AL amyloidosis: a real-world study using US claims data. *Blood Adv.* 2018; 2(10):1046-1053 8. Eidos Therapeutics 9. Poujois, A., et al. Characteristics and prevalence of Wilson's disease: A 2013 observational population-based study in France. Clin Res Hepatol Gastroenterol. 2018 Feb;42(1):57-6 10. Risitano AM, et al. *Blood.*2009;113(17):4094-4100

# DEVELOPMENT PORTFOLIO UPDATES



## ALXN2040 C3G

**PK/PD results support proof of mechanism**

- Reductions in proteinuria observed in subset of patients
- ALXN2040 PK and AP inhibition insufficient for robust disease control

*Exploring next steps for C3G, including ALXN2050 which has improved PK/PD and inhibition of the AP*

## ALXN1830 gMG & WAIHA

**SC single doses suggest meaningful IgG-lowering potential prior to study pause due to COVID-19**

- Preliminary PK/PD modeling suggests weekly SC infusions of 1500mg may have the potential to provide >70% IgG lowering
- Dosing would be compatible with convenient SC delivery via on-body device

*Intend to re-start program 1H21; Continue gMG SC development and shift WAIHA to SC formulation*

## ALXN1210 & ALXN2050

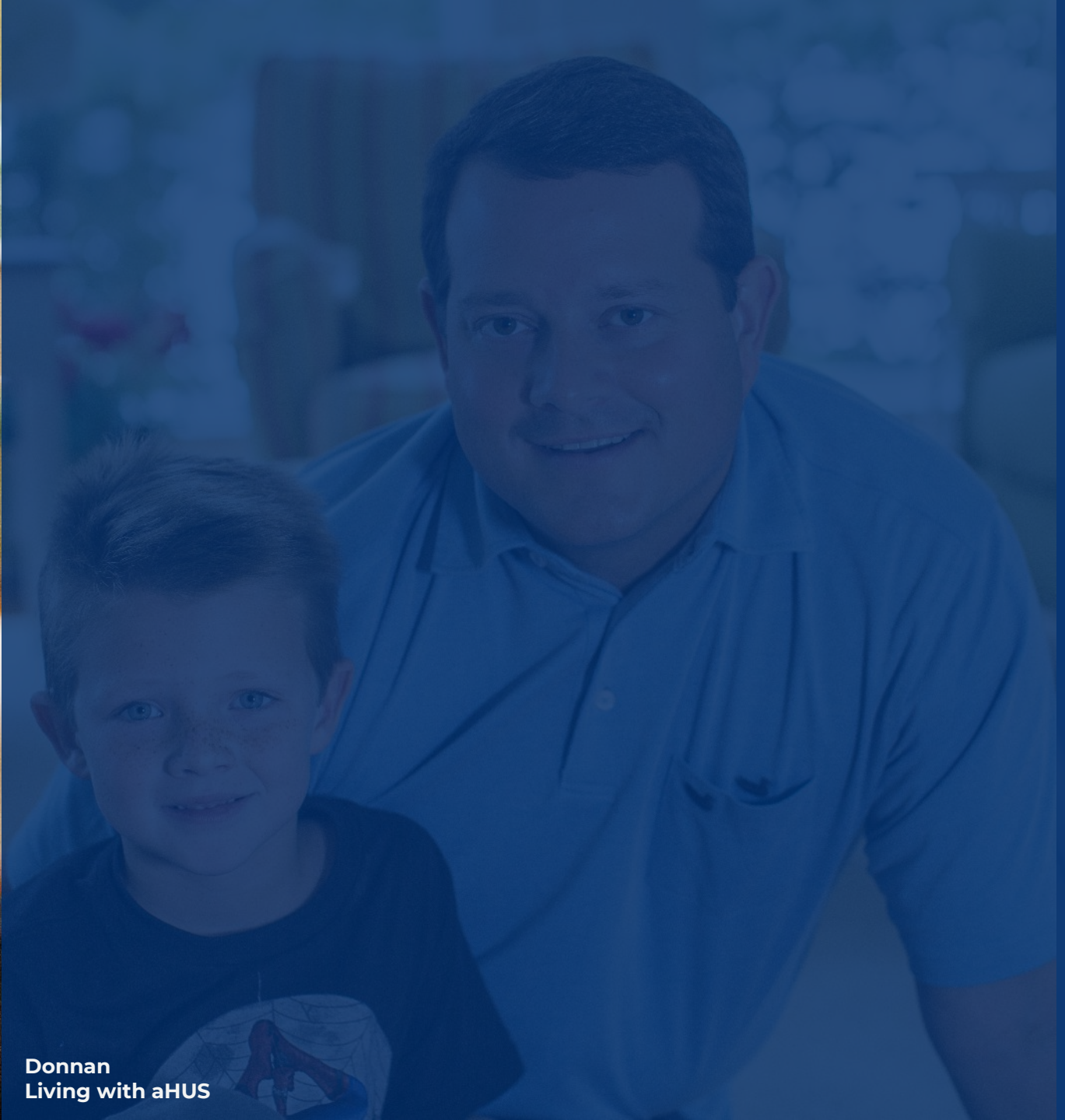
**Pursuing a Proof of Concept/Portfolio Strategy in Renal**

- Planning PoC studies across several renal indications
- Strategically assessing routes of administration and unmet patient needs
- Initiation of ALXN1210 Study 2H2020
- Initiation of ALXN2050 Study 1H 2021

| Potential Indications | | Assets | |
|---|---|---|---|
| Lupus Nephritis | IgAN | ALXN1210 | Q8W IV; Q1W SC Dosing (in development) |
| Primary MN | C3G | ALXN2050 | BID Oral Dosing |
| & Others | | | |

*After PoC trials, proceed with the most promising asset/indication combinations for further development in Phase 3 trials*

AP = Alternative Pathway; WAIHA = Warm Autoimmune Hemolytic Anemia; PoC = Proof of Concept



Donnan
Living with aHUS

# Commercial Insight

## Brian Goff

Chief Commercial
& Operations Officer

ALEXION

# ULTOMIRIS IN PNH IS THE NEW STANDARD FOR BEST-IN-CLASS CONVERSION



***Continuing to enhance ULTOMIRIS value proposition by shortening infusion time (100mg/mL) and offering infusion independence (subcutaneous formulation)***

ULTOMIRIS® (ravulizumab-cwvz) injection for intravenous use 300 mg/30 mL vial

**Jul 2020**

**PNH ULTOMIRIS 70% Conversion In US Achieved**

**aHUS ULTOMIRIS Conversion On Track T0 70% Ambition***

**Dec 2018**
U.S. PNH ULTOMIRIS Approval

**Jun 2019**
JP PNH ULTOMIRIS Approval

**Jul 2019**
EU PNH ULTOMIRIS Approval

**Oct 2019**
U.S. aHUS ULTOMIRIS Approval

**Jun 2020**
Positive Topline Ph3 ULTOMIRIS SC Data

EU aHUS ULTOMIRIS Approval

**2H 2020**
100mg/mL ULTOMIRIS Formulation Launch

JP aHUS ULTOMIRIS Approval

**3Q 2021**
SC ULTOMIRIS Formulation Filing

## ULTOMIRIS 100mg/mL High Concentration

- Reduces infusion time by >50% to ~45 minutes

## ULTOMIRIS SC Formulation

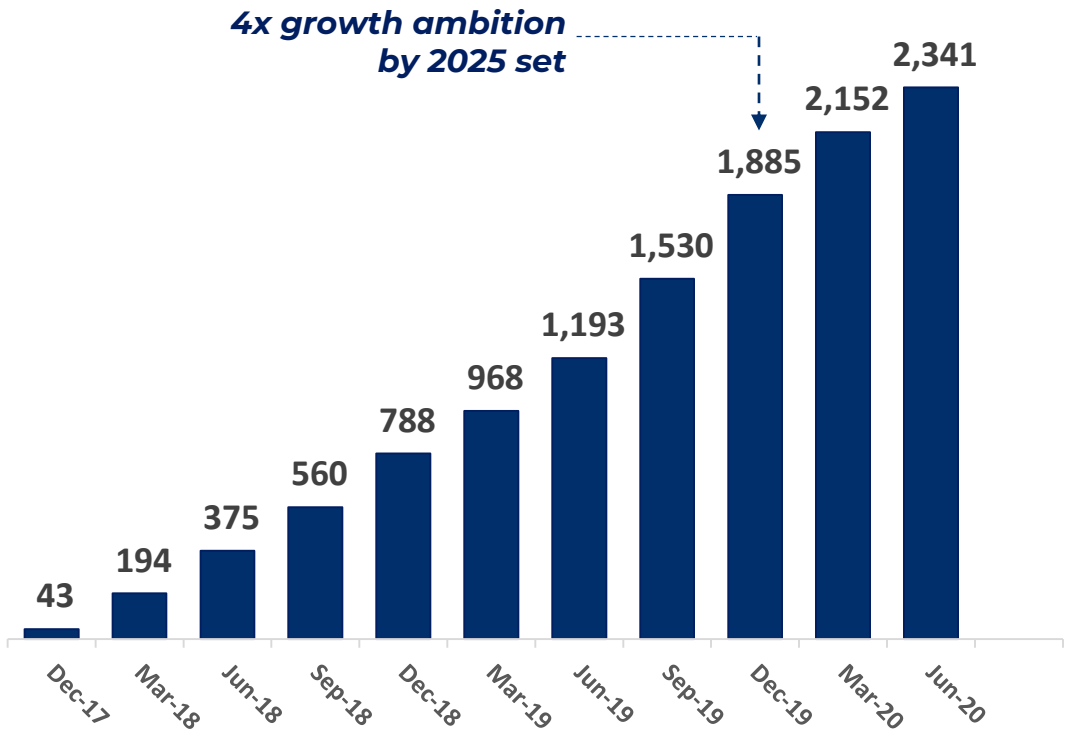
- Weekly SC infusion with rapid, patient-friendly device
- Potential to be first SC option for both PNH & aHUS

*aHUS ambition of 70% of total patients on ULTOMIRIS within 2 years of launch

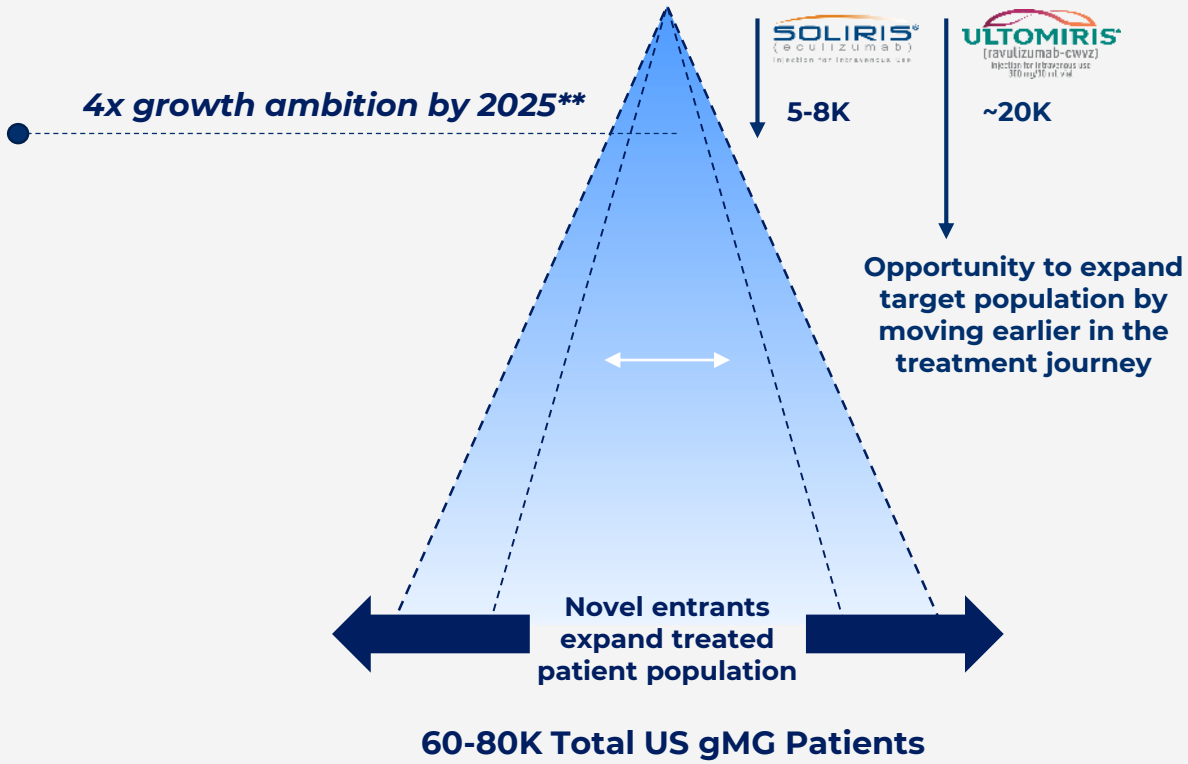
# EXPANDING LEADERSHIP WITH CONTINUOUS NEUROLOGY GROWTH



## US Neurology Patients: gMG and NMOSD




## gMG: Significant Opportunity for Growth In Target Market




***On Track to Achieve Ambition of 4x Expansion of US Neurology Treated Patients****

*Ambition Baseline - 12/31/19 1,885 patients; **4X growth ambition for both gMG and NMOSD, graphic above only reflects gMG population

# ANDEXXA FIRST APPROVED THERAPY FOR FACTOR XA INHIBITOR MAJOR BLEED REVERSAL



**Patients With Life- Threatening or Severe Bleeds While On Factor Xa Inhibitors Face Potentially Devastating Consequences**

**>40%**
Intracranial Hemorrhage (ICH)
30-day mortality rate

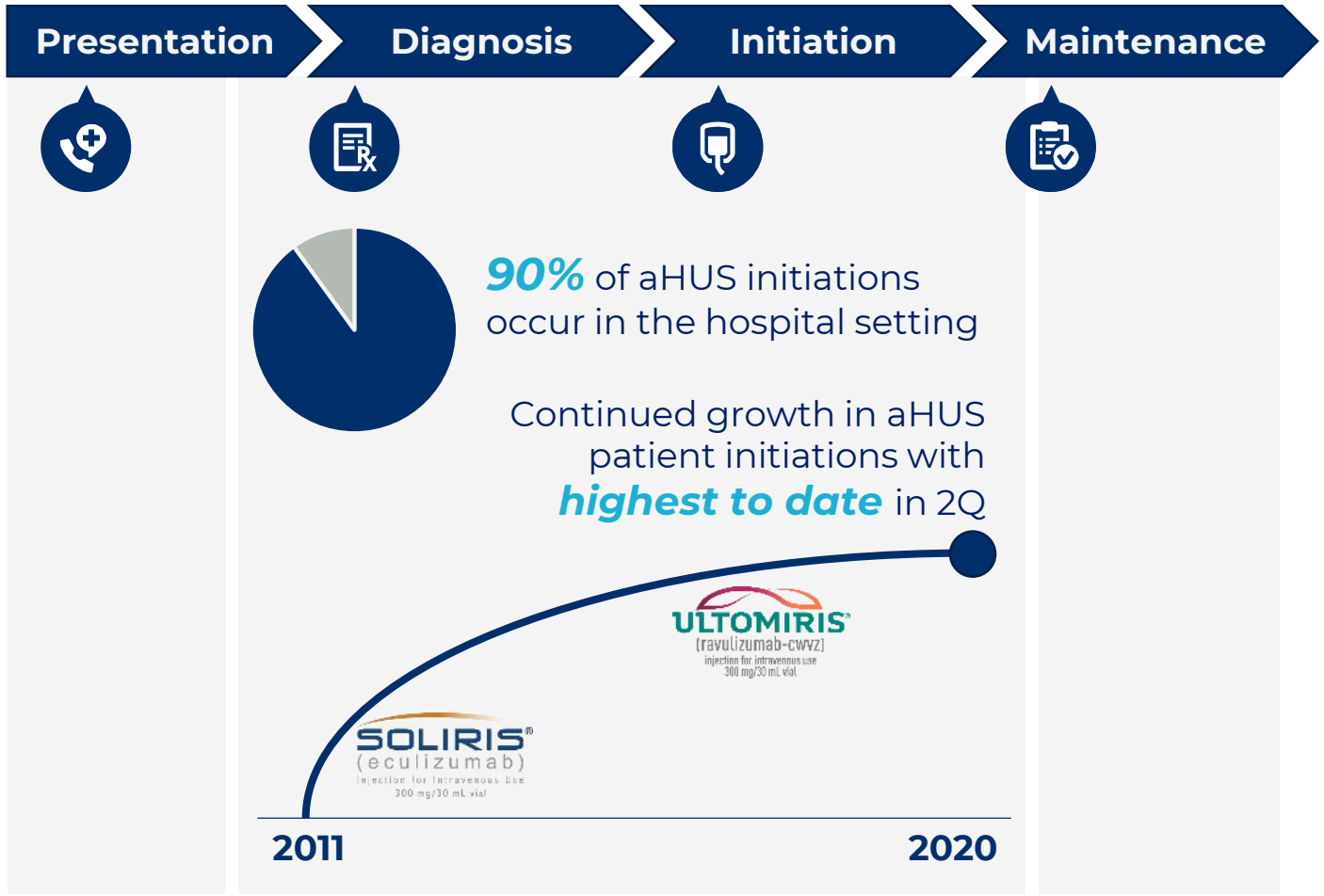
**~3-12%**
Gastrointestinal (GI) bleeding
30-day mortality rate

## Andexxa Ondexxya andexanet alfa *Value Proposition Is Strong*

- Targeted and rapid reversal of anti-FXa activity
- Proven efficacy in clinical trials
- Demonstrated safety profile
- Expanding body of real-world evidence, including compelling HEOR data
- Use built into 19 guidelines of medical societies in North America and Europe

***In line with Alexion's mission, ANDEXXA is a transformative medicine for Factor Xa patients in need***

## Journey of a Patient with aHUS




## Keys to Success

- ✓ Strong value proposition of Soliris/ULTOMIRIS in treating aHUS
- ✓ 10+ years of experienced account managers focused on system-wide approach
- ✓ Dedicated access and field reimbursement support who work with financial decisionmakers in the hospital setting
- ✓ Existing trusted relationships with large hospital systems across the country

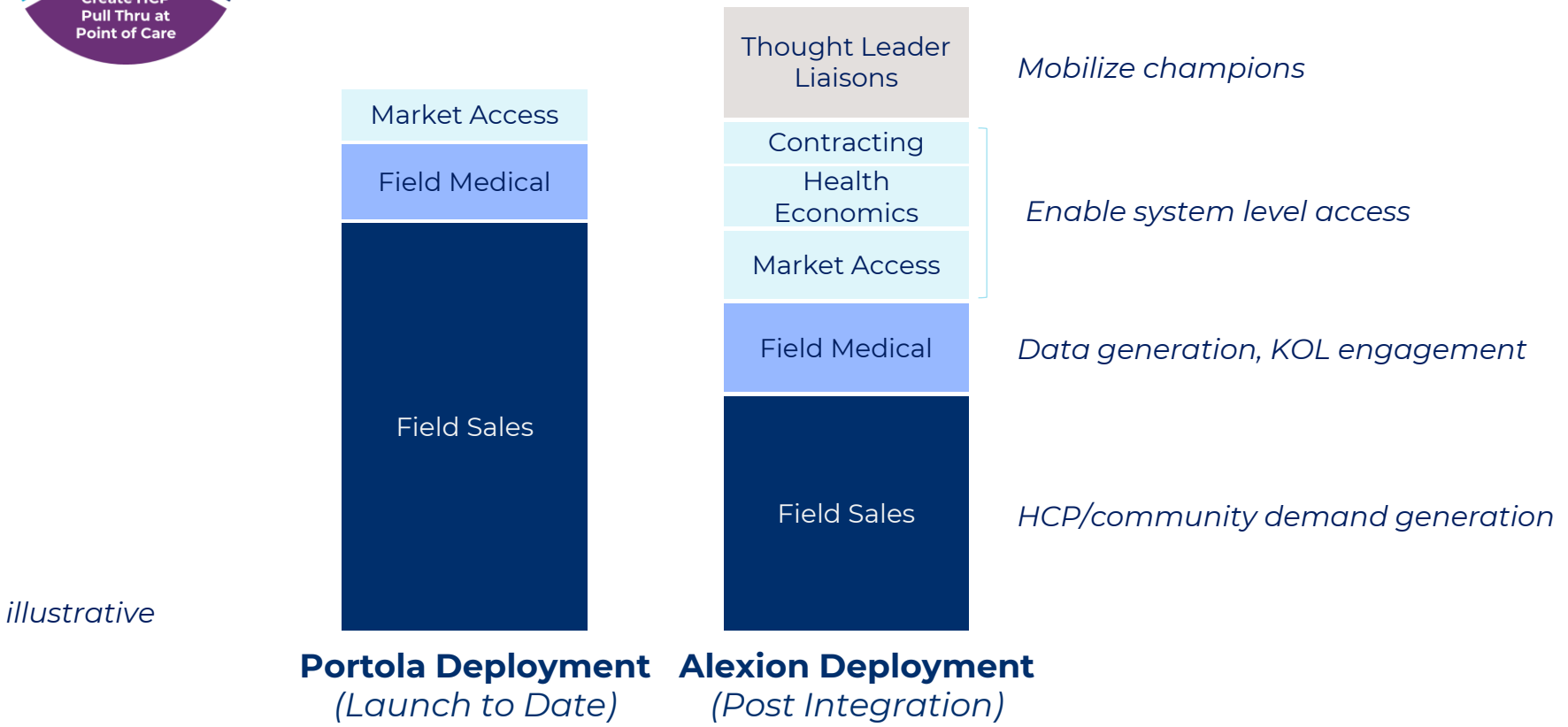
# LEVERAGING ALEXION'S COMMERCIAL CORE COMPETENCIES TO ENHANCE ANDEXXA'S LAUNCH



## Continued Progress Over Past 90 Days

- ✓ NTAP renewal proposed through ANDEXXA DRG inclusion in Oct 2021
- ✓ J-Code went live for "drip and ship" or out-patient use in July 2020
- ✓ ACC consensus guidelines published in July 2020


## Ramping Up ANDEXXA Through More Comprehensive Account Support




***Focus will shift from HCP pull through to a multi-faceted approach across the hospital system***

# CEO Closing Remarks

## Ludwig Hantson, Ph.D.

### Chief Executive Officer

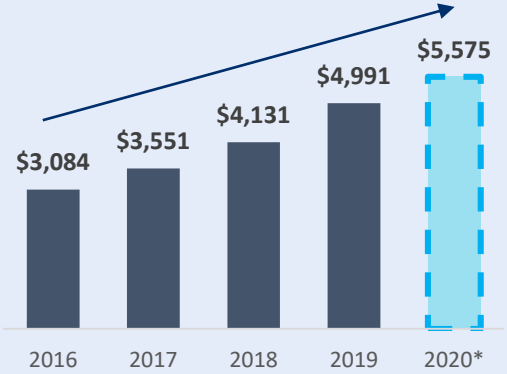
Tristan
Living with LAL-D

# DRIVING SHAREHOLDER VALUE THROUGH ALL AVENUES

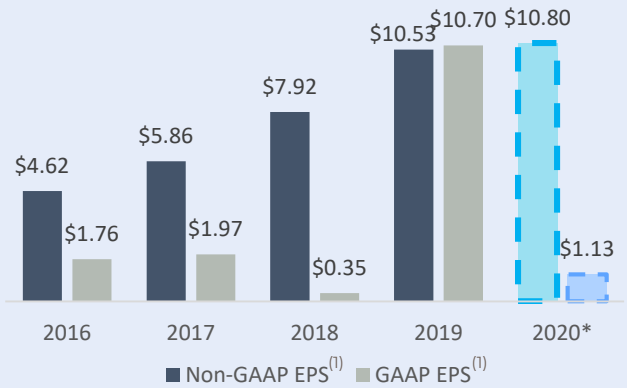


## Strong Financial Execution

**+16% Revenue CAGR (2016-2020*)**




**+24% Non-GAAP (-17% GAAP)[1] EPS CAGR (2016-2020*)[1]**




## Commercial Launch Excellence & Diverse, Growing Pipeline

- Set new standard for best-in-class conversion with ULTOMIRIS PNH
  - >70% US conversion in ~18 months
- aHUS remains on track for 70% conversion ambition in 2 years
- US neurology patient volume expansion in 2 years post-launch
- Expanding hospital presence post-Portola acquisition with ANDEXXA
  - Multi-faceted system approach
- 20 pipeline programs spanning Rare Hematology, Nephrology, Neurology, Cardiology, Metabolics

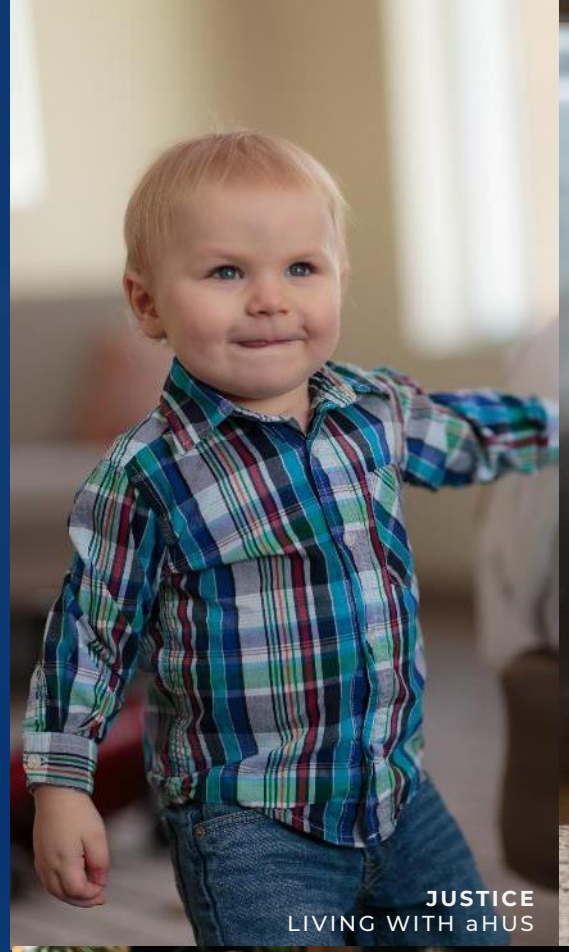
## Returning Capital to Shareholders

- Updating capital allocation strategy given continued strength in our FCF conversion and robust progress on our pipeline
- Commitment to share buybacks
  - Minimum of $500 – $550M of repurchases in 2020
  - Increasing to at least 1/3 of FCF on average annually from 2021 - 2023
- Retain financial flexibility for disciplined business development

[1]A reconciliation of GAAP to non-GAAP financial results is provided in the appendix and is available at www.alexion.com.

*Represents mid-point of 2020 guidance ($5,550 to $5,600M revenue; $10.65 to $10.95 non-GAAP EPS; $0.96 to $1.30 GAAP EPS)

# Q&A


JUSTICE
LIVING WITH aHUS


CHELSEY
LIVING WITH NMOSD


MONIKA
WITH HER HUSBAND
LIVING WITH gMG

ALEXION

# APPENDIX

# ALEXION CURRENT INDICATIONS



| | Indication | Description | Links |
|---|---|---|---|
| **PNH** | Paroxysmal Nocturnal Hemoglobinuria | Chronic, debilitating, and potentially life-threatening ultra-rare blood disorder, with an average age of onset in the early 30s | more info |
| **aHUS** | atypical Hemolytic Uremic Syndrome | Ultra-rare, genetic, chronic, potentially life-threatening disease. Chronic uncontrolled complement activation results in thrombotic microangiopathy (TMA) | more info |
| **gMG** | Generalized Myasthenia Gravis | Debilitating, chronic, and progressive autoimmune neuromuscular disease. | more info |
| **NMOSD** | Neuromyelitis Optica Spectrum Disorder | Rare, devastating, complement-mediated disorder of the central nervous system characterized by relapses where each individual attack results in cumulative disability including blindness and paralysis, and sometimes premature death (primarily affects women) | more info |
| **HPP** | Hypophosphatemia | Inherited, progressive, ultra-rare metabolic disease in which patients experience devastating effects on multiple systems of the body, and face debilitating or life-threatening complications | more info |
| **LAL-D** | Liposomal Acid Lipase Deficiency | Genetic, chronic, and progressive ultra-rare metabolic disease in which infants, children, and adults experience continuous, uncontrolled accumulation of cholesteryl esters (CEs) and triglycerides (TGs) that may lead to multi-organ damage and premature death | more info |
| **ANDEXXA** | Coagulation factor Xa reversal (recombinant) | Reversal agent for life-threatening bleeds induced by factor Xa inhibitors | more info |

# PIPELINE COMPOUNDS



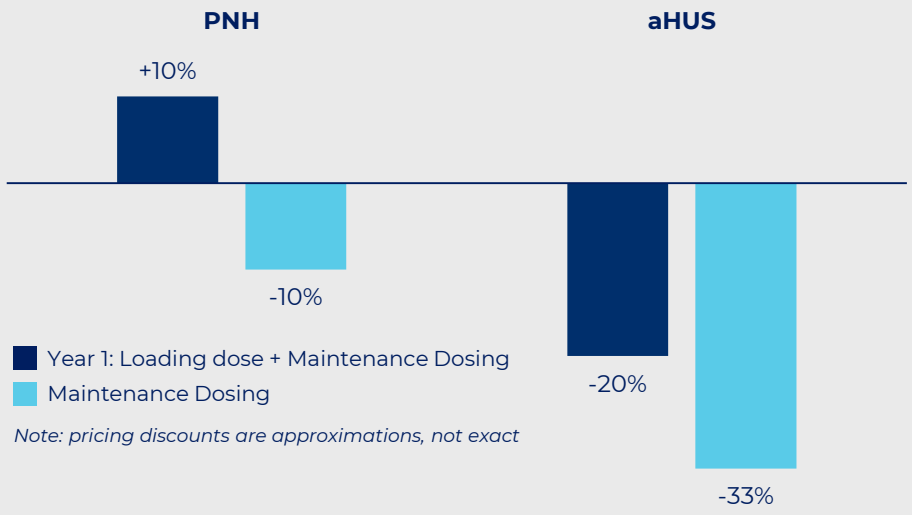
| Identifier | Name (INN) | MOA | ROA | Other Names | Indications (*commercialized* & in development) | Disclosed Launch Timing |
|---|---|---|---|---|---|---|
| **ALXN1210** | ULTOMIRIS (ravulizumab) | C5 inhibitor antibody with extended half-life | IV | N/A | • ***Paroxysmal Nocturnal Hemoglobinuria (PNH)***<br>• ***Atypical Hemolytic Uremic Syndrome (aHUS)***<br>• Generalized Myasthenia Gravis (gMG)<br>• Neuromyelitis Optica Spectrum Disorder (NMOSD)<br>• Amyotrophic Lateral Sclerosis (ALS)<br>• Hematopoetic Stem Cell Transplant Thrombotic Microangiopathy (HSCT-TMA)<br>• Complement Mediated Thrombotic Microangiopathy (CM-TMA)<br>• Adults with COVID-19 who are hospitalized with severe pneumonia or acute respiratory distress syndrome (ARDS)<br>• Renal Basket Study | • ***Launched (US, EU, JP)***<br>• ***Launched (US, EU)***<br>• Launch exp late '22 / early '23<br>• Launch exp late '22 / early '23<br>• Not disclosed<br>• Not disclosed<br>• Not disclosed<br>• Not disclosed<br>• Not disclosed |
| **ALXN1720** | N/A | Bispecific C5 Albumin minibody | SC | N/A | • Undisclosed complement-mediated indications | • Not disclosed |
| **ALXN1840** | N/A | Copper chelator | Oral | WTX-101 | • Wilson's Disease | • Not disclosed |
| **ALXN1830** | N/A | Anti-FcRn antibody | IV & SC | SYNT001 | • Warm Autoimmune Hemolytic Anemia (WAIHA)<br>• Generalized Myasthenia Gravis (gMG) | • Not disclosed<br>• Not disclosed |
| **CAEL-101** | N/A | ALκ/ALλ fibril reactive antibody | IV | N/A | • Amyloid Light-Chain (AL) Amyloidosis | • Not disclosed |
| **AG10** | N/A | TTR tetramers stabilizer (small molecule) | Oral | N/A | • Transthyretin Amyloid Cardiomyopathy (ATTR-CM) | • Not disclosed |
| **ALXN2040** | (danicopan) | Factor D inhibitor (small molecule) | Oral | ACH-4471 | • PNH with Extravascular Hemolysis (PNH w/ EVH) | • Not disclosed |
| **ALXN2050** | N/A | Factor D inhibitor (small molecule) | Oral | ACH-5228 | • Paroxsymal Nocturnal Hemoglobinuria (PNH)<br>• Renal Basket Study | • Not disclosed<br>• Not disclosed |
| **ANNEXA-S** | ANDEXXA | Factor Xa Reversal | IV | N/A | • Major bleed patients on rivaroxaban/ apixaban<br>• Urgent Surgery | • ***Launched (US, EU)***<br>• Not disclosed |
| **CERDULATINIB** | N/A | SYK/JAK kinase inhibitor | Oral | N/A | • Lymphoma (CTCL, PTCL, FL) | • Not disclosed |

# ULTOMIRIS CONVERSION DYNAMIC: TWO KEY CONSIDERATIONS



## Conversion Loading Dose Dynamic

### ULTOMIRIS vs. SOLIRIS U.S. Annual Cost Per Patient

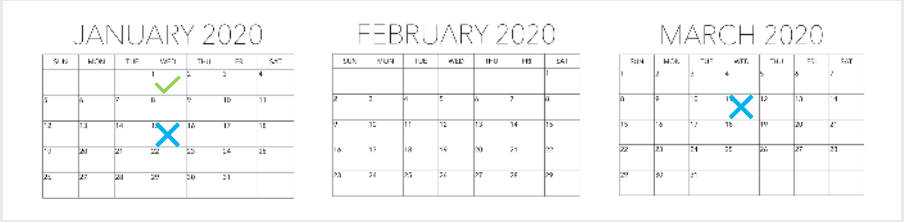



- SOLIRIS indication-specific dosing: aHUS, gMG, NMOSD labeled dose higher than PNH
  - *Drives indication-specific pricing differences when comparing SOLIRIS vs. ULTOMIRIS pricing*
- ULTOMIRIS weight-based dosing

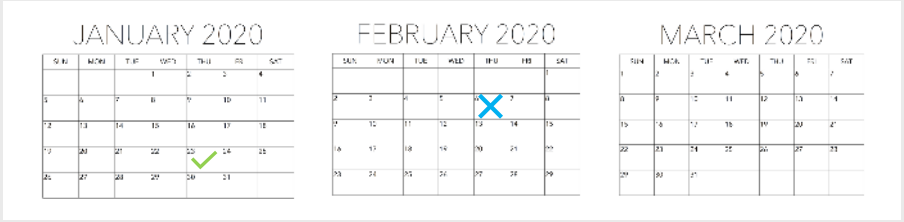
## Quarter-on-quarter (QoQ) Variability

### Infusion Timing Drives QoQ Variability

**Patient Sample 1**: Loading dose + 2 Maintenance Infusions




**Patient Sample 2**: Loading dose + 1 Maintenance Infusion




- ULTOMIRIS every 8 week infusion schedule drives variability in quarterly patient treatment costs
- Expect quarterly variability to be negligible on year-over-year (YoY) revenue comparisons

**ALEXION PHARMACEUTICALS, INC.**
**TABLE 1: CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**
(in millions, except per share amounts)
(unaudited)

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| Net product sales | $ 1,444.5 | $ 1,202.5 | $ 2,889.1 | $ 2,342.7 |
| Other revenue | 0.1 | 0.8 | 0.3 | 1.0 |
| Total revenues | 1,444.6 | 1,203.3 | 2,889.4 | 2,343.7 |
| Costs and expenses: | | | | |
| Cost of sales (exclusive of amortization of purchased intangible assets) | 144.9 | 99.2 | 256.6 | 185.0 |
| Research and development | 221.1 | 187.6 | 422.0 | 383.5 |
| Selling, general and administrative | 301.4 | 299.3 | 621.3 | 580.8 |
| Acquired in-process research and development | — | (4.1) | — | (4.1) |
| Amortization of purchased intangible assets | 73.7 | 80.1 | 147.4 | 160.1 |
| Change in fair value of contingent consideration | 15.8 | 6.1 | 21.6 | (22.6) |
| Acquisition-related costs | 4.6 | — | 42.7 | — |
| Restructuring expenses | — | 2.5 | (0.8) | 11.6 |
| Impairment of intangible assets | 2,053.3 | — | 2,053.3 | — |
| Total costs and expenses | 2,814.8 | 670.7 | 3,564.1 | 1,294.3 |
| Operating (loss) income | (1,370.2) | 532.6 | (674.7) | 1,049.4 |
| Other income and expense: | | | | |
| Investment income (expense) | 41.5 | (14.9) | 36.3 | 27.6 |
| Interest expense | (23.6) | (18.3) | (49.4) | (38.2) |
| Other income and (expense) | 0.2 | 0.1 | (0.7) | 2.5 |
| (Loss) income before income taxes | (1,352.1) | 499.5 | (688.5) | 1,041.3 |
| Income tax (benefit) expense | (284.0) | 39.7 | (178.0) | (6.4) |
| Net (loss) income | $(1,068.1) | $ 459.8 | $ (510.5) | $ 1,047.7 |
| Earnings (loss) per common share | | | | |
| Basic | $ (4.84) | $ 2.05 | $ (2.31) | $ 4.68 |
| Diluted | $ (4.84) | $ 2.04 | $ (2.31) | $ 4.64 |
| Shares used in computing earnings (loss) per common share | | | | |
| Basic | 220.6 | 224.2 | 221.1 | 224.0 |
| Diluted | 220.6 | 225.6 | 221.1 | 225.7 |

**ALEXION PHARMACEUTICALS, INC.**
**TABLE 2: RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL RESULTS**
(in millions, except per share amounts)
(unaudited)

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| GAAP net (loss) income | $(1,068.1) | $ 459.8 | $ (510.5) | $ 1,047.7 |
| Before tax adjustments: | | | | |
| Cost of sales: | | | | |
| Share-based compensation | 3.1 | 3.5 | 6.2 | 7.3 |
| Research and development expense: | | | | |
| Share-based compensation | 16.5 | 13.9 | 31.7 | 29.2 |
| Upfront payments related to licenses and other strategic agreements [1] | — | 25.0 | — | 46.2 |
| Selling, general and administrative expense: | | | | |
| Share-based compensation | 47.8 | 43.5 | 87.1 | 81.2 |
| Litigation charges [2] | — | — | 21.5 | 0.1 |
| Acquired in-process research and development | — | (4.1) | — | (4.1) |
| Amortization of purchased intangible assets | 73.7 | 80.1 | 147.4 | 160.1 |
| Change in fair value of contingent consideration [3] | 15.8 | 6.1 | 21.6 | (22.6) |
| Acquisition-related costs [4] | 4.6 | — | 42.7 | — |
| Restructuring expenses | — | 2.5 | (0.8) | 11.6 |
| Impairment of intangible assets[5] | 2,053.3 | — | 2,053.3 | — |
| Investment income (expense): | | | | |
| (Gains) and losses related to strategic equity investments | (35.0) | 25.2 | (25.8) | (8.6) |
| Other income and (expense): | | | | |
| Adjustments to income tax expense [6] | (409.5) | (50.5) | (444.7) | (197.5) |
| Non-GAAP net income | $ 702.2 | $ 605.0 | $ 1,429.7 | $ 1,150.6 |
| | | | | |
| GAAP earnings (loss) per common share - diluted | $ (4.84) | $ 2.04 | $ (2.31) | $ 4.64 |
| Non-GAAP earnings per common share - diluted | $ 3.11 | $ 2.64 | $ 6.33 | $ 5.04 |
| | | | | |
| Shares used in computing diluted earnings (loss) per common share (GAAP) | 220.6 | 225.6 | 221.1 | 225.7 |
| Shares used in computing diluted earnings per common share (non-GAAP) | 225.7 | 228.9 | 225.9 | 228.5 |

(1) During the three months ended June 30, 2019, we recorded expense of $25.0 million in connection with an upfront payment on a strategic agreement that we entered into with Affibody AB (Affibody). During the six months ended June 30, 2019, we recorded expense of $46.2 million in connection with upfront payments on strategic agreements that we entered into with Affibody and Zealand Pharma A/S.

(2) During the six months ended June 30, 2020, we recorded $21.5 million in litigation charges in connection with legal proceedings.

(3) Changes in the fair value of contingent consideration expense for the three and six months ended June 30, 2020 as well as the six months ended June 30, 2019 include the impact of changes in the expected timing of achieving contingent milestones, in addition to the interest component related to the passage of time. For the three months ended June 30, 2019, changes in fair value of contingent consideration expense reflected only the interest component of contingent consideration related to the passage of time.

(4) For the three and six months ended June 30, 2020, we recorded $4.6 million and $42.7 million, respectively, of acquisition-related costs in connection with the Achillion Pharmaceuticals, Inc. and Portola Pharmaceuticals, Inc. acquisitions. Acquisition-related costs primarily consist of Achillion and Portola transaction costs, costs associated with the accelerated vesting of stock options previously granted to Achillion employees and Achillion restructuring-related costs.

(5) In the second quarter 2020, we recognized impairment charges of $2,053.3 million, primarily related to our KANUMA intangible asset.

(6) Alexion's non-GAAP income tax expense for the three and six months ended June 30, 2020 and 2019 excludes the tax effect of pre-tax adjustments to GAAP profit. Non-GAAP income tax expense for the six months ended June 30, 2019 also excludes certain one-time tax benefits of $95.7 million and $30.3 million associated with a tax election made with respect to intellectual property of Wilson and a release of an existing valuation allowance, respectively.

**ALEXION PHARMACEUTICALS, INC.**
**TABLE 3: RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL GUIDANCE**
(in millions, except per share amounts and percentages)
(unaudited)

| | Twelve months ending December 31, 2020 | |
|---|---|---|
| | Low | High |
| GAAP net income | $ 214 | $ 290 |
| Before tax adjustments: | | |
| Share-based compensation | 295 | 282 |
| Impairment of intangible assets | 2,053 | 2,053 |
| Amortization of purchased intangible assets | 202 | 202 |
| Acquisition-related costs | 131 | 131 |
| Change in fair value of contingent consideration | 31 | 31 |
| Restructuring expenses | (1) | (1) |
| (Gains) and losses related to strategic equity investments | (26) | (26) |
| Litigation charges | 22 | 22 |
| Adjustments to income tax expense | (519) | (515) |
| Non-GAAP net income | $ 2,402 | $ 2,469 |
| Diluted GAAP earnings per common share | $ 0.96 | $ 1.30 |
| Diluted non-GAAP earnings per common share | $ 10.65 | $ 10.95 |
| Costs and expenses and margin (% total revenues) | | |
| GAAP research and development expense | 19.2 % | 18.1 % |
| Share-based compensation | 1.7 % | 1.6 % |
| Restructuring related expenses | 0.0 % | 0.0 % |
| Non-GAAP research and development expense | 17.5 % | 16.5 % |
| GAAP selling, general and administrative expense | 25.7 % | 24.5 % |
| Share-based compensation | 3.3 % | 3.1 % |
| Restructuring related expenses | 0.0 % | 0.0 % |
| Litigation charges | 0.4 % | 0.4 % |
| Non-GAAP selling, general and administrative expense | 22.0 % | 21.0 % |
| GAAP operating margin | 3.8 % | 5.4 % |
| Share-based compensation | 5.3 % | 5.0 % |
| Litigation charges | 0.4 % | 0.4 % |
| Impairment of intangible assets | 37.0 % | 36.7 % |
| Amortization of purchased intangible assets | 3.6 % | 3.6 % |
| Acquisition-related costs | 2.4 % | 2.3 % |
| Change in fair value of contingent consideration | 0.6 % | 0.6 % |
| Restructuring expenses | 0.0 % | 0.0 % |
| Non-GAAP operating margin | 53.0 % | 54.0 % |
| Income tax expense (% of income before income taxes) | | |
| GAAP income tax expense (benefit) | (26.0)% | (27.0)% |
| Tax effect of pre-tax adjustments to GAAP net income | 42.5 % | 42.5 % |
| Non-GAAP income tax expense | 16.5 % | 15.5 % |

Amounts may not foot due to rounding.

**ALEXION PHARMACEUTICALS, INC.**
**TABLE 4: NET PRODUCT SALES BY GEOGRAPHY**
(in millions)
(unaudited)

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| **SOLIRIS** | | | | |
| United States | $ 553.3 | $ 496.3 | $ 1,109.5 | $ 960.0 |
| Europe | 247.9 | 280.2 | 511.4 | 544.7 |
| Asia Pacific | 82.4 | 110.3 | 169.5 | 211.2 |
| Rest of World | 91.9 | 94.0 | 208.0 | 226.9 |
| Total SOLIRIS | $ 975.5 | $ 980.8 | $ 1,998.4 | $ 1,942.8 |
| **ULTOMIRIS** | | | | |
| United States | $ 158.1 | $ 54.2 | $ 289.6 | $ 78.8 |
| Europe | 32.0 | — | 65.8 | — |
| Asia Pacific | 59.6 | — | 116.7 | — |
| Rest of World | 1.4 | — | 1.8 | — |
| Total ULTOMIRIS | $ 251.1 | $ 54.2 | $ 473.9 | $ 78.8 |
| **STRENSIQ** | | | | |
| United States | $ 140.7 | $ 106.2 | $ 268.8 | $ 205.7 |
| Europe | 18.3 | 19.5 | 42.3 | 37.0 |
| Asia Pacific | 15.0 | 12.1 | 28.6 | 22.0 |
| Rest of World | 10.3 | 3.5 | 16.8 | 6.7 |
| Total STRENSIQ | $ 184.3 | $ 141.3 | $ 356.5 | $ 271.4 |
| **KANUMA** | | | | |
| United States | $ 15.4 | $ 15.3 | $ 31.8 | $ 29.1 |
| Europe | 8.4 | 6.8 | 15.9 | 13.1 |
| Asia Pacific | 0.9 | 1.3 | 1.8 | 2.1 |
| Rest of World | 8.9 | 2.8 | 10.8 | 5.4 |
| Total KANUMA | $ 33.6 | $ 26.2 | $ 60.3 | $ 49.7 |
| **Net Product Sales** | | | | |
| United States | $ 867.5 | $ 672.0 | $ 1,699.7 | $ 1,273.6 |
| Europe | 306.6 | 306.5 | 635.4 | 594.8 |
| Asia Pacific | 157.9 | 123.7 | 316.6 | 235.3 |
| Rest of World | 112.5 | 100.3 | 237.4 | 239.0 |
| Total Net Product Sales | $ 1,444.5 | $ 1,202.5 | $ 2,889.1 | $ 2,342.7 |

**ALEXION PHARMACEUTICALS, INC.**
**TABLE 5: CONDENSED CONSOLIDATED BALANCE SHEETS**
(in millions)
(unaudited)

| | June 30, 2020 | December 31, 2019 |
|---|---|---|
| Cash and cash equivalents | $ 2,825.0 | $ 2,685.5 |
| Marketable securities | 26.8 | 64.0 |
| Trade accounts receivable, net | 1,372.2 | 1,243.2 |
| Inventories | 577.7 | 627.6 |
| Prepaid expenses and other current assets | 566.2 | 456.1 |
| Property, plant and equipment, net | 1,196.4 | 1,163.3 |
| Intangible assets, net | 2,059.7 | 3,344.3 |
| Goodwill | 5,075.2 | 5,037.4 |
| Right of use operating assets | 209.9 | 204.0 |
| Deferred tax assets | 2,332.4 | 2,290.2 |
| Other assets | 461.7 | 429.0 |
| Total assets | $ 16,703.2 | $ 17,544.6 |
| | | |
| Accounts payable and accrued expenses | $ 861.6 | $ 966.7 |
| Current portion of long-term debt | 126.8 | 126.7 |
| Other current liabilities | 131.7 | 100.9 |
| Long-term debt, less current portion | 2,311.6 | 2,375.0 |
| Contingent consideration | 374.7 | 192.4 |
| Deferred tax liabilities | 1,946.8 | 2,081.4 |
| Noncurrent operating lease liabilities | 169.4 | 164.1 |
| Other liabilities | 289.8 | 265.6 |
| Total liabilities | 6,212.4 | 6,272.8 |
| Total stockholders' equity | 10,490.8 | 11,271.8 |
| Total liabilities and stockholders' equity | $ 16,703.2 | $ 17,544.6 |

**ALEXION PHARMACEUTICALS, INC.**
**TABLE 6: CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**
(in millions)(unaudited)

| | Six months ended June 30, | |
|---|---|---|
| | 2020 | 2019 |
| Cash flows from operating activities: | | |
| Net (loss) income | $ (510.5) | $ 1,047.7 |
| Adjustments to reconcile net (loss) income to net cash flows from operating activities: | | |
| Depreciation and amortization | 179.1 | 193.7 |
| Change in fair value of contingent consideration | 21.6 | (22.6) |
| Share-based compensation expense | 125.0 | 117.6 |
| Deferred taxes (benefit) | (226.6) | (40.8) |
| Unrealized foreign currency loss (gain) | 3.3 | (4.1) |
| Unrealized (gain) loss on forward contracts | (11.5) | 11.3 |
| Unrealized gain on strategic equity investments | (25.8) | (8.6) |
| Inventory obsolescence charge | 17.2 | — |
| Impairment of intangible assets | 2,053.3 | — |
| Other | 10.5 | (2.3) |
| Changes in operating assets and liabilities, excluding the effect of acquisitions: | | |
| Accounts receivable | (137.6) | (196.4) |
| Inventories | (15.1) | (24.0) |
| Prepaid expenses, right of use operating assets and other assets | (54.8) | (126.8) |
| Accounts payable, accrued expenses, lease liabilities and other liabilities | (88.5) | 23.6 |
| Net cash provided by operating activities | 1,339.6 | 968.3 |
| Cash flows from investing activities: | | |
| Purchases of available-for-sale debt securities | (19.4) | (41.1) |
| Proceeds from maturity or sale of available-for-sale debt securities | 166.3 | 139.3 |
| Purchases of mutual funds related to nonqualified deferred compensation plan | (9.5) | (10.9) |
| Proceeds from sale of mutual funds related to nonqualified deferred compensation plan | 5.3 | 9.0 |
| Purchases of property, plant and equipment | (18.4) | (82.8) |
| Payment for acquisition of business, net of cash acquired | (837.7) | — |
| Purchases of strategic equity investments and options | (38.1) | (43.8) |
| Purchase of intangible assets | — | (8.0) |
| Other | — | 0.2 |
| Net cash used in investing activities | (751.5) | (38.1) |
| Cash flows from financing activities: | | |
| Payments on term loan | (65.3) | (32.7) |
| Payments on revolving credit facility | — | (250.0) |
| Repurchases of common stock | (360.8) | (48.9) |
| Net proceeds from issuance of common stock under share-based compensation arrangements | 12.9 | 20.5 |
| Other | (17.5) | (2.4) |
| Net cash used in financing activities | (430.7) | (313.5) |
| Effect of exchange rate changes on cash and cash equivalents and restricted cash | (8.1) | 0.7 |
| Net change in cash and cash equivalents and restricted cash | 149.3 | 617.4 |
| Cash and cash equivalents and restricted cash at beginning of period | 2,723.6 | 1,367.3 |
| Cash and cash equivalents and restricted cash at end of period | $ 2,872.9 | $ 1,984.7 |

## Reconciliation of GAAP to non-GAAP R&D Expense

| | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|
| **GAAP R&D Expense** | $ 736 | $ 646 | $ 721 | $ 948 |
| Share-based compensation | 76 | 57 | 62 | 92 |
| Upfront and milestone payments related to licenses and collaborations | 49 | 27 | 103 | - |
| Restructuring related expenses | 16 | 0 | - | - |
| **Non-GAAP R&D Expense** | $ 878 | $ 730 | $ 886 | $ 1,040 |

## Reconciliation of GAAP to non-GAAP EPS

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| **GAAP net income** | $ 399.4 | $ 443.3 | $ 77.6 | $ 2,404.3 | $ 252.0 |
| Before tax adjustments: | | | | | |
| Cost of sales: | | | | | |
| Share-based compensation | 11.1 | 11.1 | 16.0 | 14.2 | 16.0 |
| Fair value adjustment in inventory acquired | 10.8 | 5.2 | - | - | - |
| Restructruing related expenses | - | 152.1 | 5.8 | - | - |
| Research and development expense: | | | | | |
| Share-based compensation | 57.6 | 76.4 | 57.4 | 61.7 | 92.5 |
| Upfront and milestone payments related to licenses and other strategic agreements | 9.6 | 49.4 | 26.7 | 103.4 | - |
| Restructruing related expenses | - | 16.3 | 0.1 | - | - |
| Selling, general and administrative expense: | | | | | |
| Share-based compensation | 123.7 | 155.7 | 129.6 | 161.1 | 180.0 |
| Restructruing related expenses | - | 10.9 | 19.4 | - | - |
| Litigation charges | - | - | 13.0 | 0.1 | 22.0 |
| Gain on sale of asset | - | - | (3.5) | - | - |
| Acquired in-process research and development | - | - | 1,183.0 | (4.1) | - |
| Amortization of purchased intangible assets | 322.2 | 320.1 | 320.1 | 309.6 | 202.0 |
| Change in fair value of contingent consideration | 35.7 | 41.0 | 116.5 | 11.6 | 31.0 |
| Acquisition-related costs | 2.3 | - | - | - | 131.0 |
| Restructuring expenses | 3.0 | 104.6 | 25.5 | 12.0 | (1.0) |
| Impairment of intangible assets | 85.0 | 31.0 | - | - | 2,053.0 |
| Investment income and (expense): | | | | | |
| (Gains) and losses related to strategic equity investments | - | - | (43.1) | (59.7) | (26.0) |
| Other income and (expense): | | | | | |
| Gain related to purchase option | - | - | - | (32.0) | - |
| Restructuring related expenses | - | 2.6 | (0.1) | - | - |
| Adjustments to income tax expense | (6.0) | (82.2) | (145.4) | (584.9) | (517.0) |
| **Non-GAAP net income** | $ 1,054.4 | $ 1,337.5 | $ 1,798.6 | $ 2,397.3 | $ 2,435.5 |
| | | | | | |
| **GAAP earnings per common share - diluted** | $ 1.76 | $ 1.97 | $ 0.35 | $ 10.70 | $ 1.13 |
| **Non-GAAP earnings per common share - diluted** | $ 4.62 | $ 5.86 | $ 7.92 | $ 10.53 | $ 10.80 |
| | | | | | |
| **Shares used in computing diluted earnings per common share (GAAP)** | 226.3 | 225.4 | 224.5 | 224.8 | 222.5 |
| **Shares used in computing diluted earnings per common share (non-GAAP)** | 228.3 | 228.1 | 227.1 | 227.6 | 225.5 |


ALEXION®