Changing the Practice of Cancer Treatment

2017 Fourth-Quarter and Year-End Financial and Corporate Update

February 15, 2018

Forward-looking Statements

Except for the historical information set forth herein, the matters set forth in this presentation contain predictions, estimates and other forward-looking statements, including without limitation statements regarding: Incyte's financial guidance for 2018, including expectations regarding pre-launch expenses, and its long-term revenue guidance for Jakafi (ruxolitinib); Incyte's expectations regarding future tax liabilities and the impact of the Tax Cuts and Jobs Act, Incyte's vision over the next several years (including whether any or all current late stage clinical candidates will be developed successfully, approved for use in humans or produce revenue, and whether current early stage clinical candidates will be developed successfully or progress into later-stage development); plans for continued development of Jakafi (ruxolitinib) in essential thrombocythemia and GVHD as well as additional indications and life cycle management plans for Jakafi (ruxolitinib) and myeloproliferative neoplasm research; whether the pivotal trials of epacadostat in combination with pembrolizumab and in combination with nivolumab will be successful, including the ECHO-301 study in advanced or metastatic melanoma, and the expected timing of developments relating to those studies, including the expected timing of progression-free survival data from the ECHO-301 study; plans for studying epacadostat in other potential combination therapies, including the planned timing and design of such studies; whether epacadostat combination therapies with pembrolizumab and with nivolumab will continue to demonstrate similar efficacy and safety in current or future pivotal trials in any or all of the selected tumor types as has been demonstrated in the Phase 2 studies presented herein and presented previously; whether and when epacadostat will be submitted for approval in any indication to the U.S. FDA or any other regulatory authority outside the U.S., whether any such approvals will be granted and whether Incyte will ever launch epacadostat as a commercial product in the U.S. or in any markets outside the U.S.; plans and expectations regarding our product pipeline and strategy - including timelines and strategies for advancing our drug candidates (including epacadostat, ruxolitinib, itacitinib, MGA012, INCB54828, and INCB50465) through clinical trials (including enrollment and commencement), whether certain trials will serve as the basis for registration, timelines for regulatory submissions and timelines for releasing trial data, and whether any specific program will be successful - and plans and expectations regarding development activities of our collaboration partners (including baricitinib by Lilly and capmatinib by Novartis); whether the FDA will take action on the resubmitted NDA for baricitinib in 2018 and what that action might be; whether Incyte will launch any new products over the next several years; and whether Incyte's plans will lead to transformational growth.

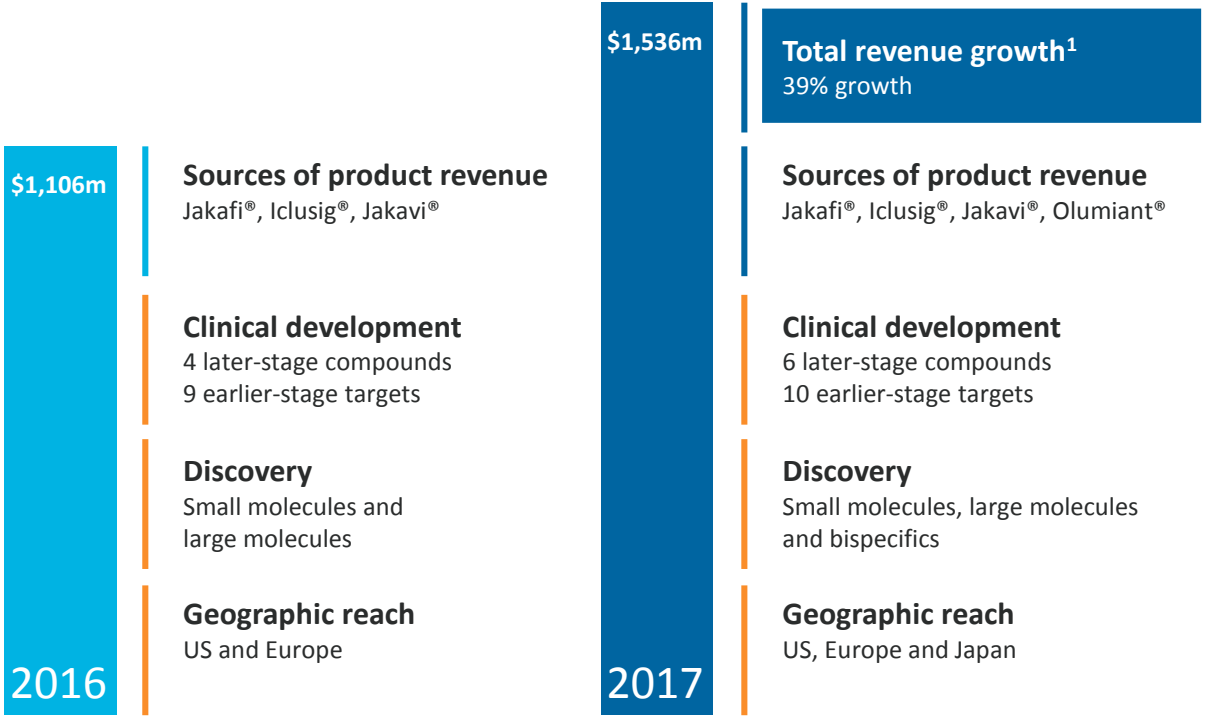
These forward-looking statements are based on our current expectations and are subject to risks and uncertainties that may cause actual results to differ materially, including unanticipated developments in and risks related to: the efficacy or safety of our products and the products of our collaboration partners; the acceptance of our products and the products of our collaboration partners in the marketplace; market competition; further research and development; sales, marketing and distribution requirements; our or our collaboration partners' clinical trials, including pivotal trials, possibly being unsuccessful or insufficient to meet applicable regulatory standards for clinical advancement or approval or warrant continued development; the ability to enroll sufficient numbers of subjects in any such clinical trials; other market, economic or strategic factors and technological advances; unanticipated delays; our ability to compete against parties with greater financial or other resources; our dependence on our relationships with our collaboration partners; greater than expected expenses; expenses relating to litigation or strategic activities; obtaining and maintaining effective patent coverage for our products and our product candidates; our ability to use our net operating loss carryforwards; finalization of our analysis regarding the impact of the Tax Cuts and Jobs Act; and other risks detailed from time to time in our reports filed with the Securities and Exchange Commission, including our Form 10-Q for the quarter ended September 30, 2017. We disclaim any intent or obligation to update these forward looking statements.

Annual Review

Hervé Hoppenot

Chief Executive Officer

2017 was a Year of Excellent Progress across our Organization



1. Figures for 2016 and 2017 represent total revenues; total revenues includes both product-related revenues and milestone and contract revenues

Jakavi (ruxolitinib) licensed to Novartis ex-US, Olumiant (baricitinib) licensed to Lilly worldwide; these brands are trademarks of Novartis (Jakavi) and Lilly (Olumiant) and are not trademarks of Incyte

Four Sources of Revenue Generate Dynamic Top-Line Growth

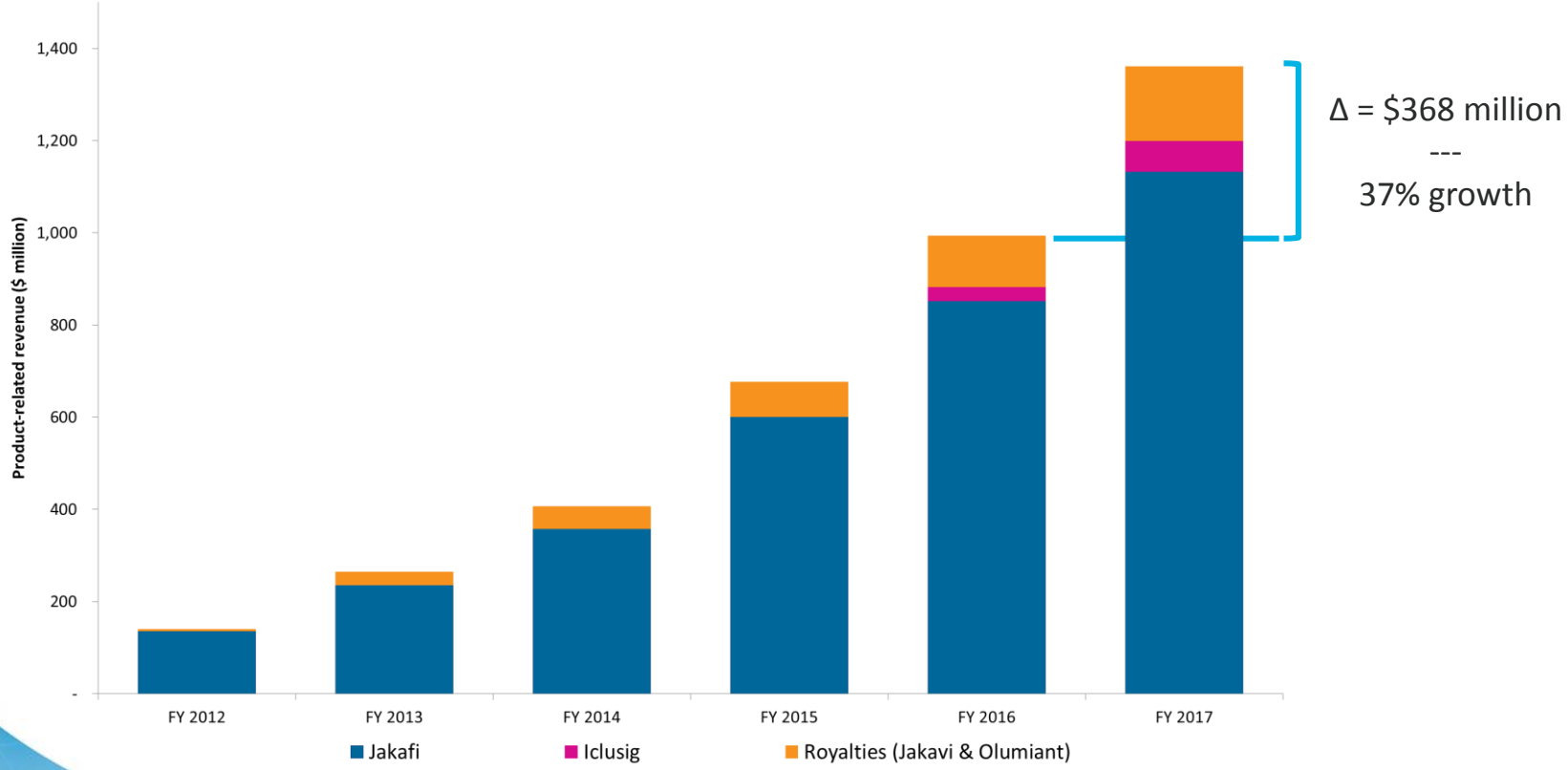


Figure represents product-related revenues; product-related revenues exclude milestone and contract revenues

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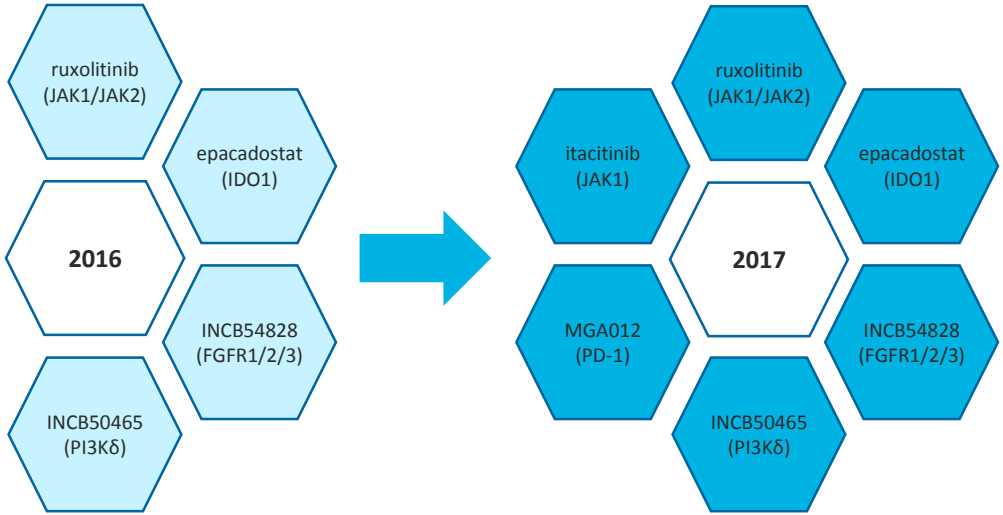
Multiple Opportunities across Six Later-stage Development Candidates

Ruxolitinib:
Steroid-refractory acute GVHD

Epacadostat:
Melanoma

INCB50465:
DLBCL

INCB54828:
Cholangiocarcinoma and bladder cancer



Ruxolitinib:
Steroid-refractory acute GVHD, steroid-refractory chronic GVHD and essential thrombocythemia

Epacadostat:
Melanoma, lung, bladder, kidney and head & neck cancers

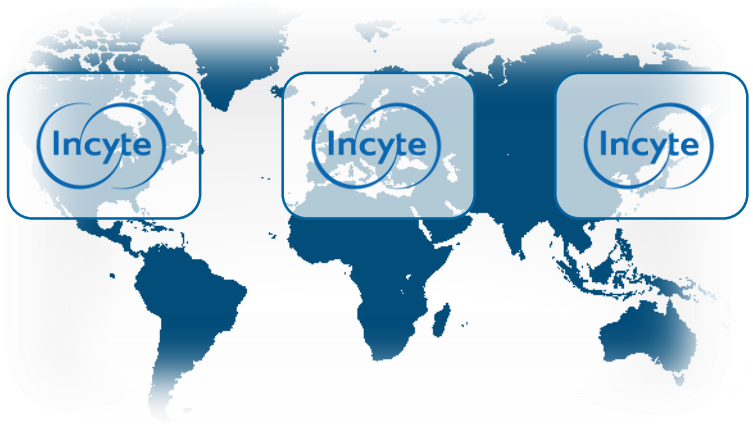
INCB50465:
DLBCL, follicular, marginal zone and mantle cell lymphomas

INCB54828:
Cholangiocarcinoma and bladder cancer

MGA012:
Solid tumors

Itacitinib:
Steroid-naïve acute GVHD

Building a Company with Transformational Growth Potential



- More than 1,200 employees in US, Europe and Japan
- $1.2 billion cash and equivalents; minimal debt

Incyte Vision for 2022

Jakafi® (JAK1/JAK2)
Iclusig® (BCR-ABL)

Jakavi® (JAK1/JAK2)
Olumiant® (JAK1/JAK2)

epacadostat (IDO1)
MGA012 (PD-1)
itacitinib (JAK1)
INCB54828 (FGFR1/2/3)
INCB50465 (PI3Kδ)
Topical ruxolitinib (JAK1/JAK2)
---
capmatinib (c-MET)

TIM-3 ARG PIM GITR
LAG-3 AXL/MER LSD1 OX40
FGFR4 BRD

Small molecules
Large molecules
Bispecifics

Small molecules, large molecules, bispecifics

Figure represents illustrative intent for the potential evolution of Incyte's development, regulatory and commercial activities from 2018 to 2022
Clinical development of candidates might not be successful, and regulatory approval of clinical candidates may never be achieved

Jakafi® Performance

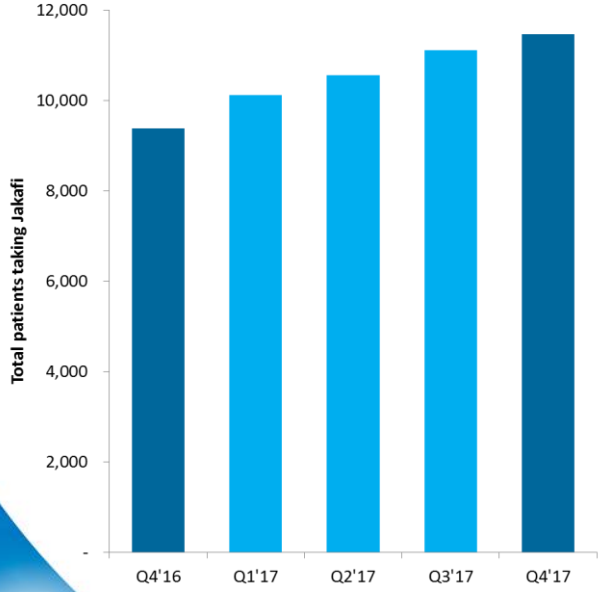
Barry Flannelly

General Manager, U.S.

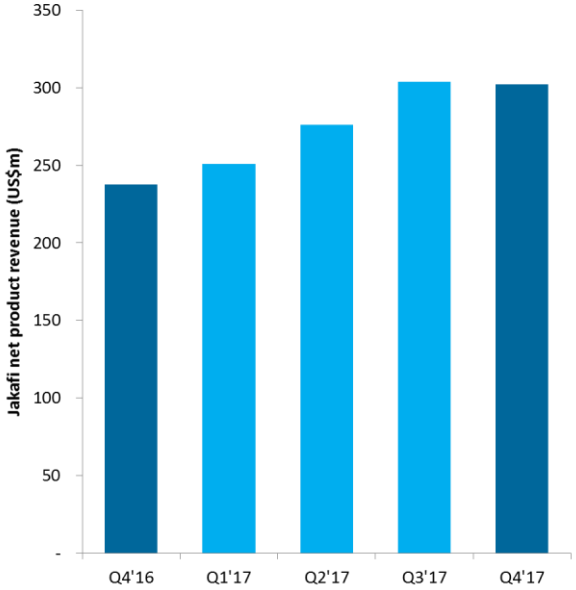
Patient Demand Drives Jakafi® Revenue Growth

Inventory normalization in Q4 over Q3

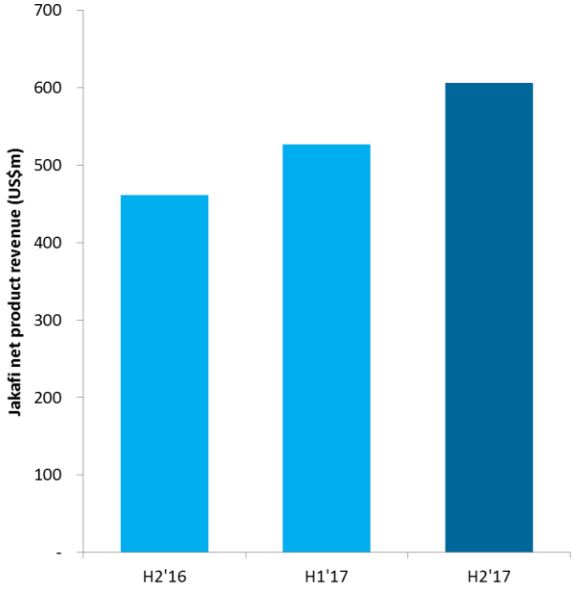
Total patients on Jakafi therapy



Quarterly revenue

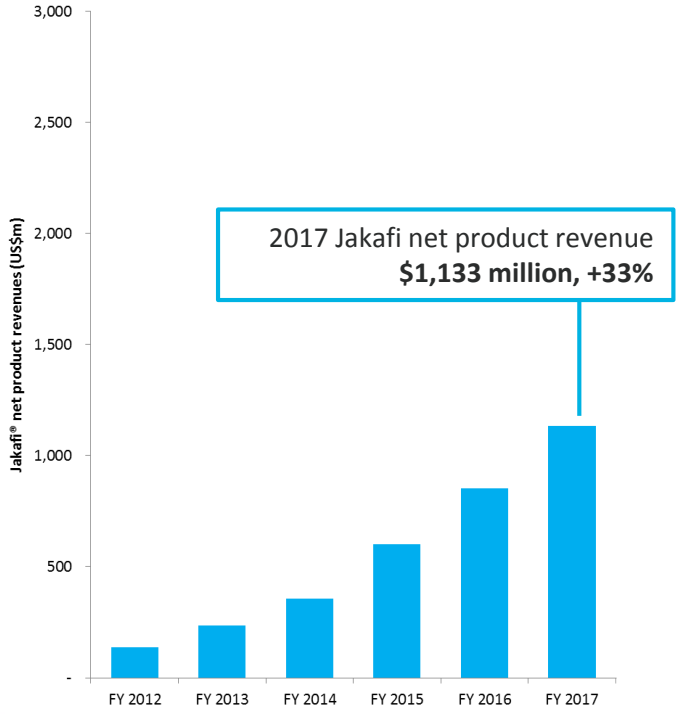


6-monthly revenue



Jakafi (ruxolitinib) is approved by the FDA for treatment of people with intermediate or high-risk myelofibrosis and for treatment of people with polycythemia vera who have had an inadequate response to or are intolerant of hydroxyurea.

In 2017, Jakafi® Revenue Increased 33% over 2016



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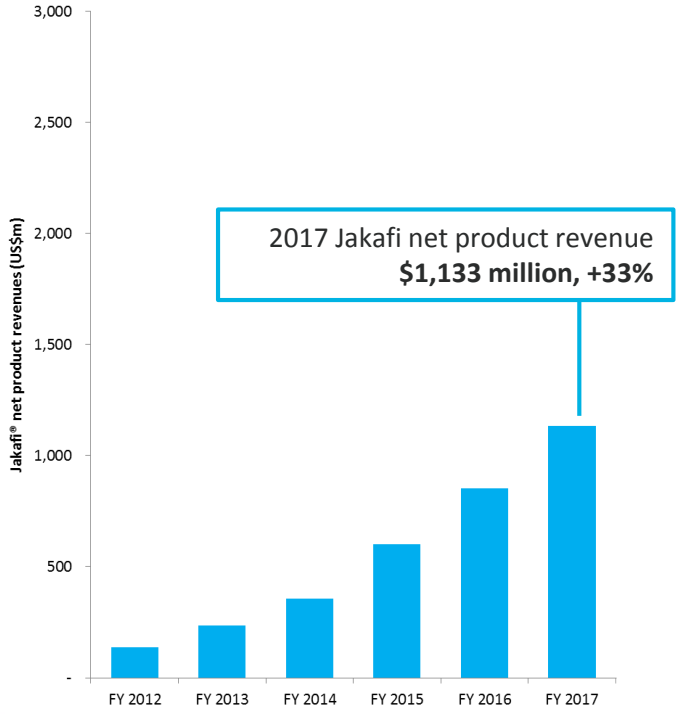


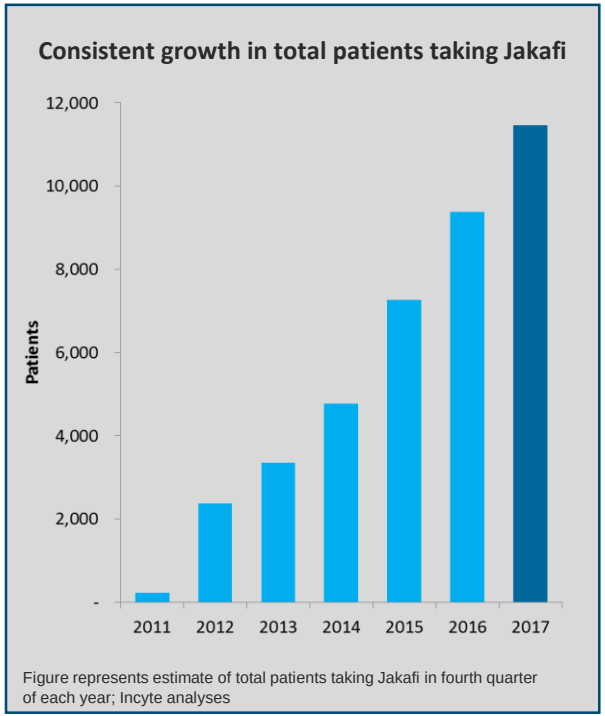
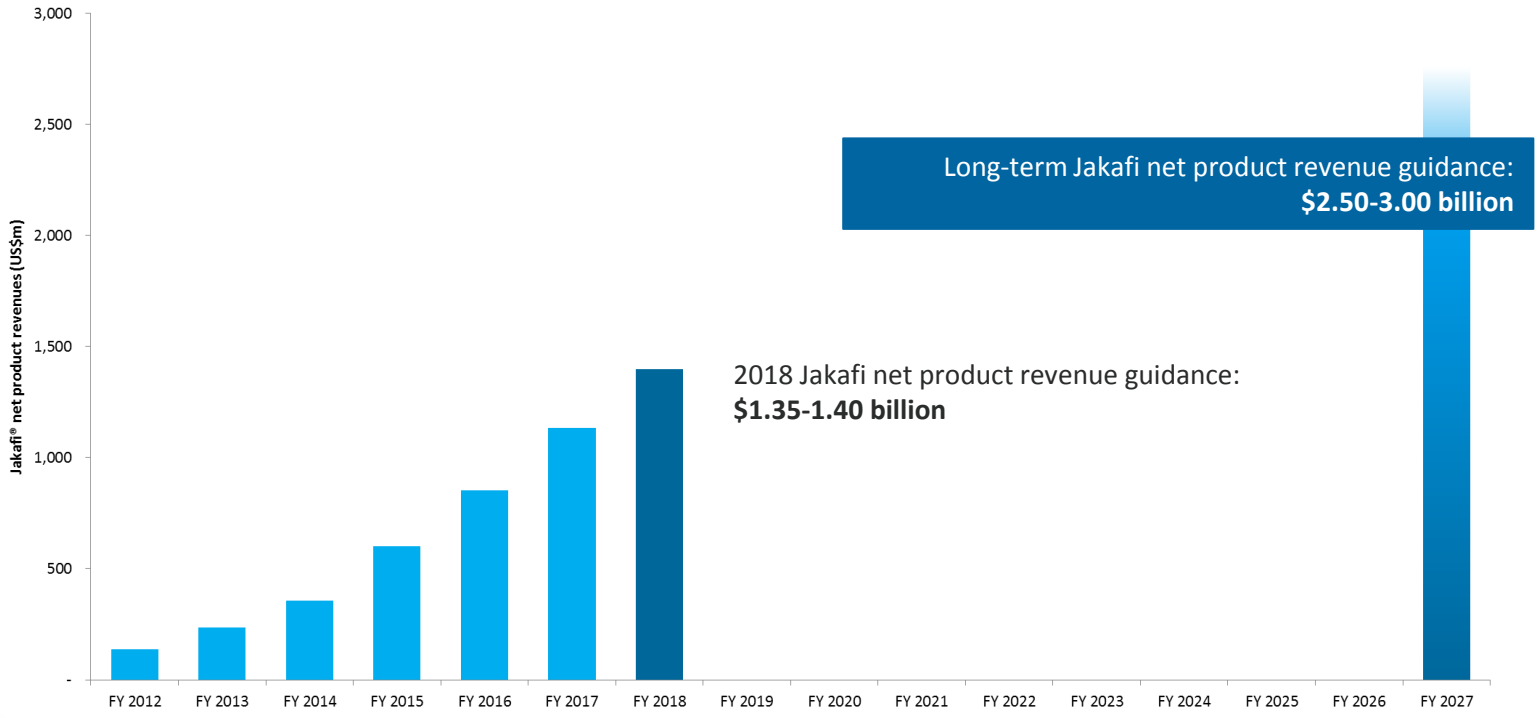


Figure represents estimate of total patients taking Jakafi in fourth quarter of each year; Incyte analyses

Jakafi (ruxolitinib) is approved by the FDA for treatment of people with intermediate or high-risk myelofibrosis and for treatment of people with polycythemia vera who have had an inadequate response to or are intolerant of hydroxyurea

Strong Demand and Increasing Persistency Drive Jakafi® Guidance

Growth from existing MF and PV indications, plus potential launches in GVHD and ET



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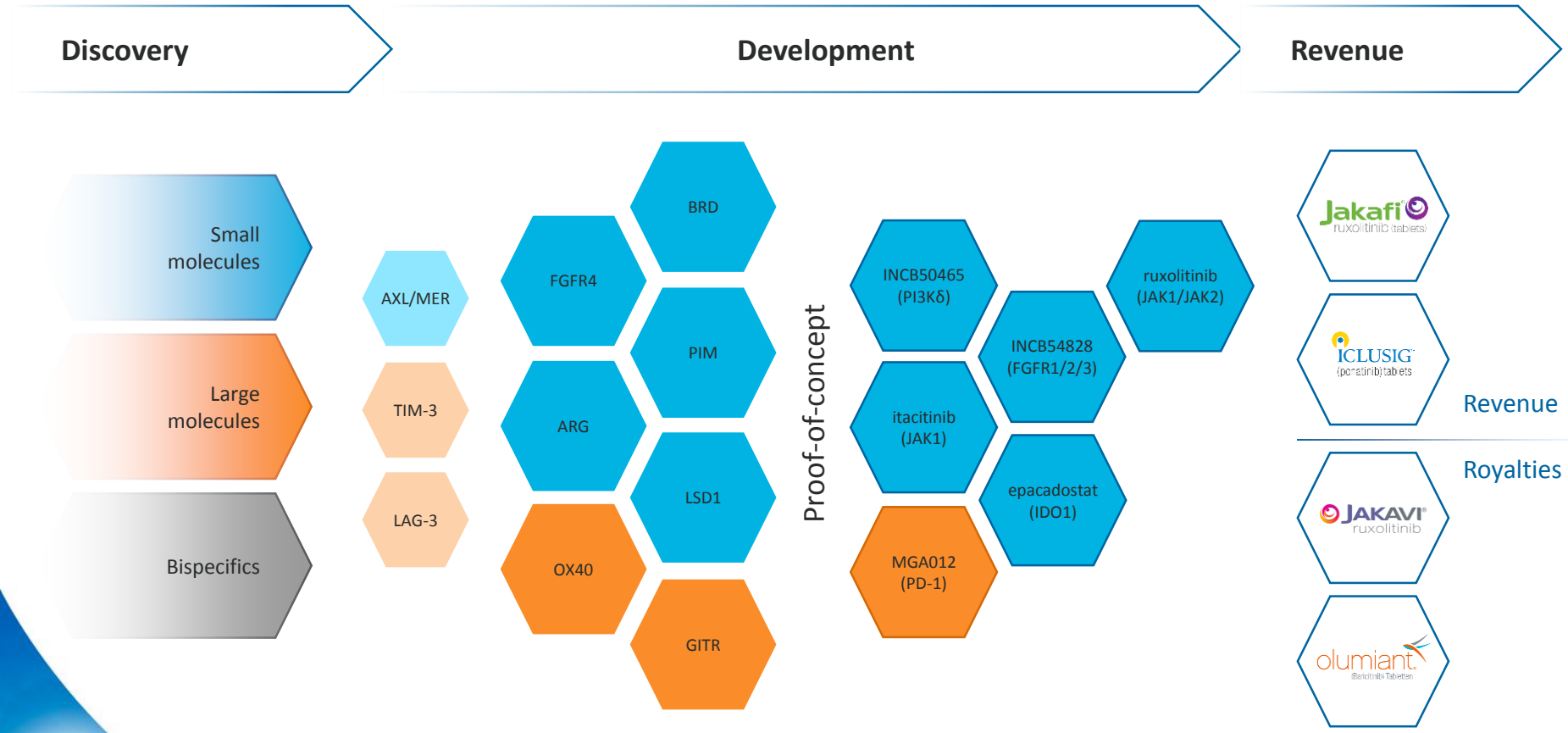
Clinical Development

Steven Stein
Chief Medical Officer



Jakavi (ruxolitinib) licensed to Novartis ex-US, Olumiant (baricitinib) licensed to Lilly worldwide

Results of Pivotal Trial of Jakafi® in SR-aGVHD Expected in H1 2018

REACH1

Grades II to IV steroid-refractory acute GVHD (N = 71) → Ruxolitinib bid + corticosteroids

- **Primary endpoint**:
  Overall response rate at day 28
- **Key secondary end point**:
  6-month duration of response
  (time from first response until GVHD progression or death)
- **Other secondary endpoints**:
  Efficacy (incl. 3-month duration of response, non-relapse mortality)
  Safety (incidence and severity of AEs)

GVHD incidence is growing, driven by allogeneic transplants and persistent GVHD rates (~50%)

Significant mortality, up to 75% within 12 months

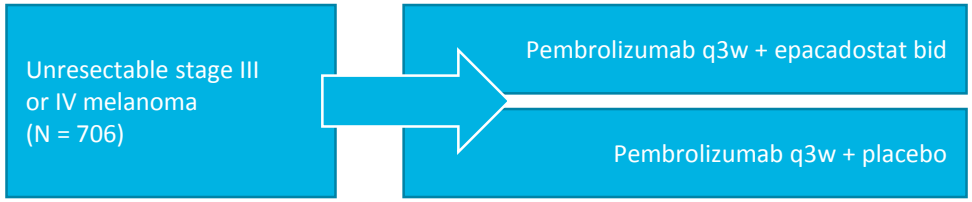
US incidence[1] of steroid-refractory acute GVHD is >3,500

Acute Grade	Survival at Year 1
Grade II	75%
Grade III	51%
Grade IV	24%

1. Steroid-refractory acute graft versus host disease; Kantar, Incyte analyses

Epacadostat plus Pembrolizumab in Advanced Melanoma
PFS result expected in H1 2018

ECHO 301
Epacadostat Clinical Development in Hematology and Oncology



- **Co-primary endpoints**:
  Progression-free survival
  Overall survival
- **Secondary endpoints**:
  Objective response rate
  Safety and tolerability

Incidence data[1]:
>20,000 in US, EU and Japan

Standard of care in 1st line metastatic melanoma:

- PD-1 monotherapy
- ~60% patient share in US

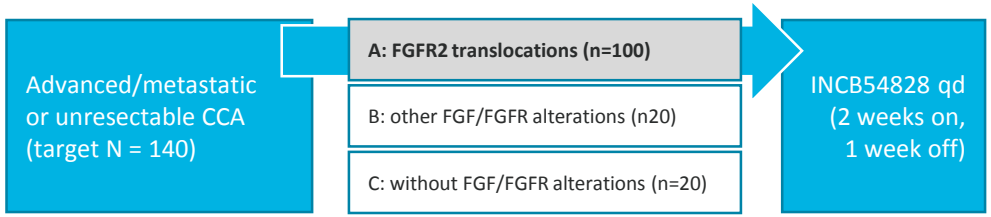
Estimated current I-O market for melanoma[2]:
>$ 2 billion globally

Potential for epacadostat NDA submission:
H2 2018

1. Diagnosed incidence plus newly-recurrent metastatic/unresectable disease in US, EU5 and Japan; Decision Resources, Incyte analyses
2. Estimated combined revenue from Keytruda, Opdivo and Yervoy in metastatic melanoma for 2016 globally; Evaluate Pharma, Incyte analyses; I-O = immuno-oncology

Cholangiocarcinoma Represents Global, First-to-Market Opportunity

FIGHT-202
Fibroblast Growth Factor Receptor Inhibitor in Oncology and Hematology Trials



- **Primary endpoint**:
  Objective response rate in subjects with FGFR2 translocations
- **Secondary endpoints**:
  Objective response rate in subjects with other FGF/FGFR alterations
  Progression-free survival
  Safety and tolerability

Cholangiocarcinoma[1]:

3-4 new cases per 100,000 population; 5-15% of which have FGFR2 translocations

Chemotherapy is standard of care in 1st line

- 2nd line ORR ≤ 10%; 2nd line PFS = 2 months

Surgical resection is potentially curative therapy, but only if diagnosed early

Most patients diagnosed in stage III and IV

75% of patients die within 1 year of diagnosis

The average 5-year overall survival is ~5%

1. Cancer (2011) May 15;117(10):2170-7l; Nat Rev Gastroenterol Hepatol (2011) Aug 2; 8(9): 512–522; data on file, Incyte

Baricitinib NDA Resubmitted to FDA; Action Date Expected Mid 2018

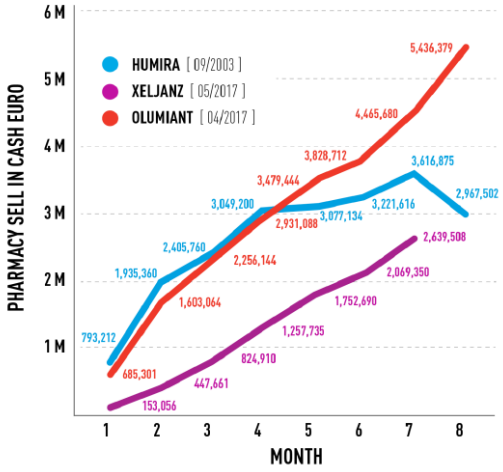
Rheumatoid arthritis

Approved in multiple geographies, including

- Europe
- Japan
- Switzerland

NDA resubmission December 2017

- Accepted as Class II resubmission
- 6-month review
- Action date expected mid 2018
- Advisory committee expected



Other indications

Atopic dermatitis

- Phase 3 program underway

Psoriatic arthritis

- Phase 3 expected to start in H2 2018

Systemic lupus erythematosus

- Phase 2 data expected to be presented in 2018

Chart represents IMS DPM sales data in Germany (ex-wholesaler); competitor data across all indications; Olumiant (baricitinib) licensed to Lilly worldwide

Financial Results

David Gryska
Chief Financial Officer

Q4 and Year-End 2017 Financial Performance

(unaudited, in thousands, except per share amounts)	Three Months Ended		Twelve Months Ended	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Revenues:				
Product revenues, net	$ 321,809	$ 250,398	$ 1,200,312	$ 882,404
Product royalty revenues	52,314	33,225	160,791	110,711
Milestone and contract revenues	70,000	42,869	175,000	112,512
Other revenues	33	6	113	92
Total revenues	**444,156**	**326,498**	**1,536,216**	**1,105,719**
Costs and expenses:				
Cost of product revenues (including definite-lived intangible amortization)	22,359	19,610	79,479	58,187
Research and development – ongoing	296,938	161,585	955,252	581,861
Research and development – upfront consideration and milestone expenses	150,000	-	359,109	-
Research and development – in-process research and development asset impairment	-	-	12,000	-
Selling, general and administrative	97,829	96,085	366,406	303,251
Change in fair value of acquisition-related contingent consideration	9,618	7,139	7,704	17,422
Total costs and expenses	**576,744**	**284,419**	**1,779,950**	**960,721**
Income (loss) from operations	**(132,588)**	**42,079**	**(243,734)**	**144,998**
Interest and other income, net	6,616	594	17,500	4,412
Interest expense	(373)	(9,470)	(6,900)	(38,745)
Unrealized loss on long term investments	(21,932)	(23,758)	(24,275)	(3,261)
Expense related to senior note conversions	-	-	(54,881)	-
Income (loss) before provision for income taxes	(148,277)	9,445	(312,290)	107,404
Provision for income taxes	1,352	572	852	3,182
Net income (loss)	**$ (149,629)**	**$ 8,873**	**$ (313,142)**	**$ 104,222**
Net income (loss) per share:				
Basic	$ (0.71)	$ 0.05	$ (1.53)	$ 0.55
Diluted	$ (0.71)	$ 0.05	$ (1.53)	$ 0.54

Non-GAAP Adjustments

The financial measures other than Non-GAAP net income presented in this presentation for the three and twelve months ended December 31, 2017 have been prepared by the Company in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”).

Management has chosen to present Non-GAAP net income for the three and twelve months ended December 31, 2017 and to release both GAAP and Non-GAAP financial guidance for the year ending December 31, 2018 in belief that this Non-GAAP information is useful for investors, when considered in conjunction with Incyte’s GAAP financial guidance.

Management uses such information internally and externally for establishing budgets, operating goals and financial planning purposes. These metrics are also used to manage the Company’s business and monitor performance. The Company adjusts, where appropriate, for both revenues and expenses in order to reflect the Company’s core operations.

The Company believes these adjustments are useful to investors by providing an enhanced understanding of the financial performance of the Company’s core operations. The metrics have been adopted to align the Company with disclosures provided by industry peers.

Non-GAAP Adjustments

Incyte's Non-GAAP financial measures will exclude:

Collaboration agreements (in-license & out-license)	• Milestone revenues from new or existing partners • Milestone expenses related to new or existing partners • Upfront consideration expenses related to new or existing partners • Changes in fair value of equity investments
Stock compensation	• Non-cash stock compensation from equity awards
Purchase accounting	• Amortization of acquired product rights • Changes in fair value of contingent consideration
Other	• Non-cash interest expenses related to convertible notes • Non-routine items (i.e. asset impairments and note conversion expenses) • Tax effect of Non-GAAP adjustments

Non-GAAP information is not prepared under a comprehensive set of accounting rules and should only be used in conjunction with and to supplement Incyte's operating results as reported under GAAP. Non-GAAP measures may be defined and calculated differently by other companies in our industry.

FY 2017 Non-GAAP Reconciliation ($ millions)

	Three Months Ended December 31, 2017	Twelve Months Ended December 31, 2017
GAAP Net Loss	**$(150)**	**$(313)**
Adjustments:		
Milestone revenues from new or existing partners	(70)	(175)
Upfront consideration and milestone expenses related to new or existing partners	150	359
Non-cash stock compensation from equity awards	34	133
Asset impairment (in-process research and development)	-	12
Change in fair value of contingent consideration	10	8
Amortization of acquired product rights	5	21
Changes in fair value of equity investments	22	24
Non-cash interest expenses related to convertible notes	-	6
Expense related to senior note conversions	-	55
Tax effect of Non-GAAP adjustments	3	1
Non-GAAP Net Income	**$4**	**$131**

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FY 2018 Guidance

Revenue	**GAAP and Non-GAAP Jakafi net product revenues**	**$1,350 - $1,400 million**
	GAAP and Non-GAAP Iclusig net product revenues	**$80 - $85 million**
Cost of Product Revenues	**GAAP Cost of product revenues**	**$85 - $95 million**
	Non-GAAP Adjustment: Amortization of acquired product rights for Iclusig	$21 million
	Non-GAAP Cost of product revenues	**$64 - $74 million**
Research & Development Expenses	**GAAP Research and development expenses**	**$1,200 - $1,300 million**
	Non-GAAP Adjustment: Stock-based compensation	$110 - $115 million
	Non-GAAP Adjustment: Upfront consideration related to Syros collaboration	$13 million
	Non-GAAP Research and development expenses	**$1,077 - $1,172 million**

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FY 2018 Guidance

Selling, General & Administrative Expenses [(1)]	**GAAP Selling, general and administrative expenses**	**$515 - $535 million**
	Non-GAAP Adjustment: Stock-based compensation	$50 - $55 million
	Non-GAAP Selling, general and administrative expenses	**$465 - $480 million**

(1) Includes expenses related to global pre-launch activities for epacadostat of $125 million

Contingent Consideration	**GAAP Change in fair value of acquisition-related contingent consideration**	**$30 million**
	Non-GAAP Adjustment: Change in fair value of estimated future royalties relating to sales of Iclusig in licensed territory	$30 million
	Non-GAAP Change in fair value of acquisition-related contingent consideration	**$0 million**

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Q&A