

## Cautionary Statement Regarding Forward-Looking Statements



In order to utilise the 'Safe Harbor' provisions of the United States Private Securities Litigation Reform Act of 1995, AstraZeneca is providing the following cautionary statement. This presentation contains forward-looking statements with respect to the financial condition, results of operations and businesses of AstraZeneca. By their nature, forward-looking statements and forecasts involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from that expressed or implied by these forward-looking statements. These factors include, among other things, the loss or expiration of patents, marketing exclusivity or trade marks; exchange rate fluctuations; the risk that R&D will not yield new products that achieve commercial success; the impact of competition, price controls and price reductions; taxation risks; the risk of substantial product liability claims; the impact of any failure by third parties to supply materials or services; the risk of delay to new product launches; the difficulties of obtaining and maintaining governmental approvals for products; the risk of failure to observe ongoing regulatory oversight; the risk that new products do not perform as we expect; and the risk of environmental liabilities.

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## Sustaining current performance levels

Jon Symonds

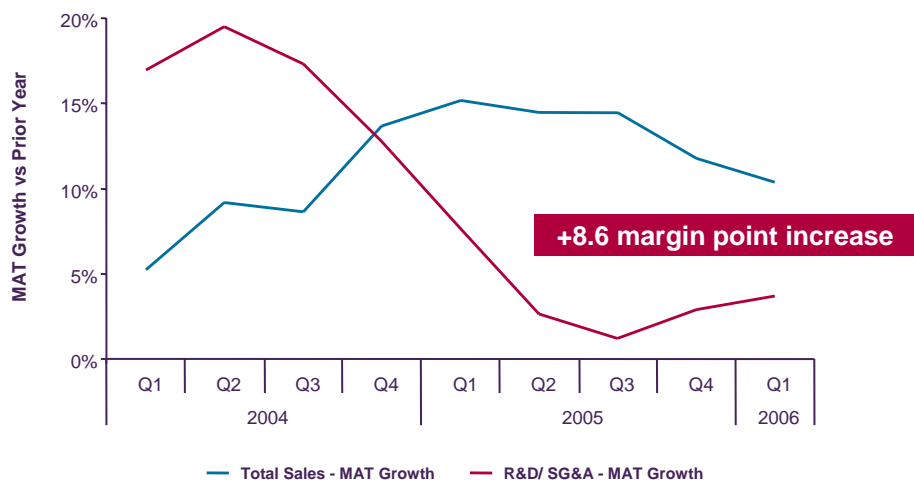
## Agenda



- Components of current performance
- Sustaining performance through optimising product, pipeline & productivity opportunities

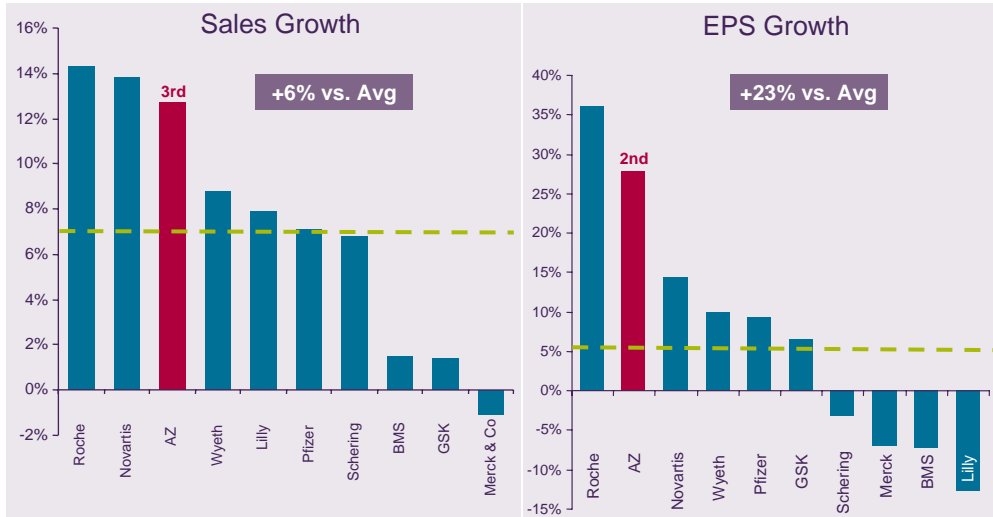
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## The story so far...



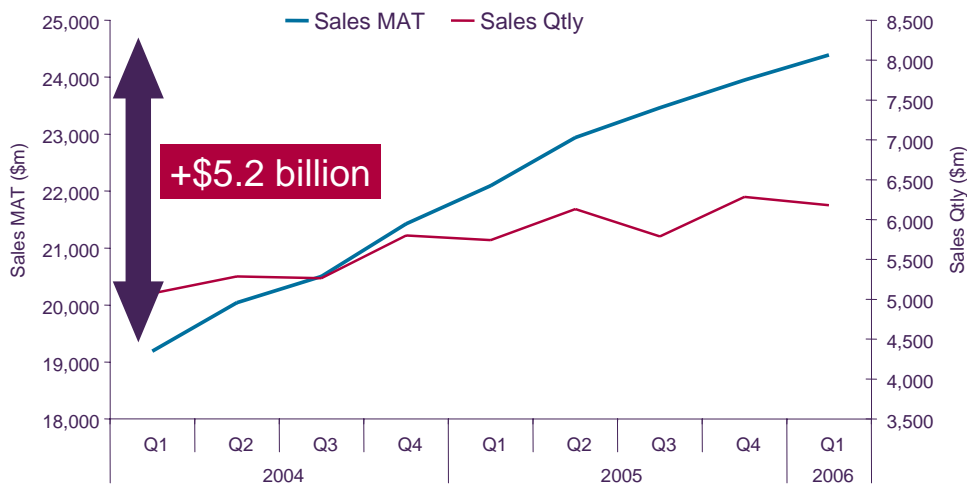
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## Top tier financial performance over past two years



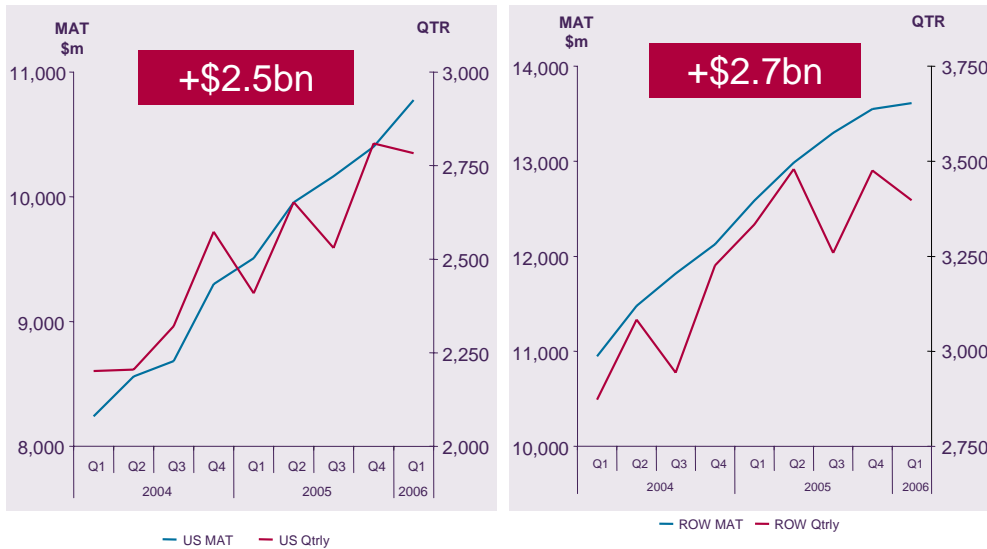
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## Products & execution are beating the competition



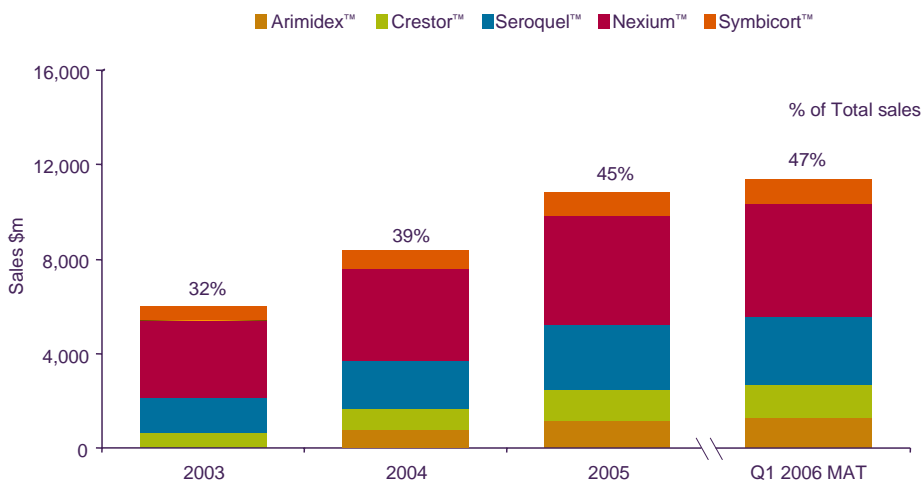
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## The US is adding value...and RoW even more



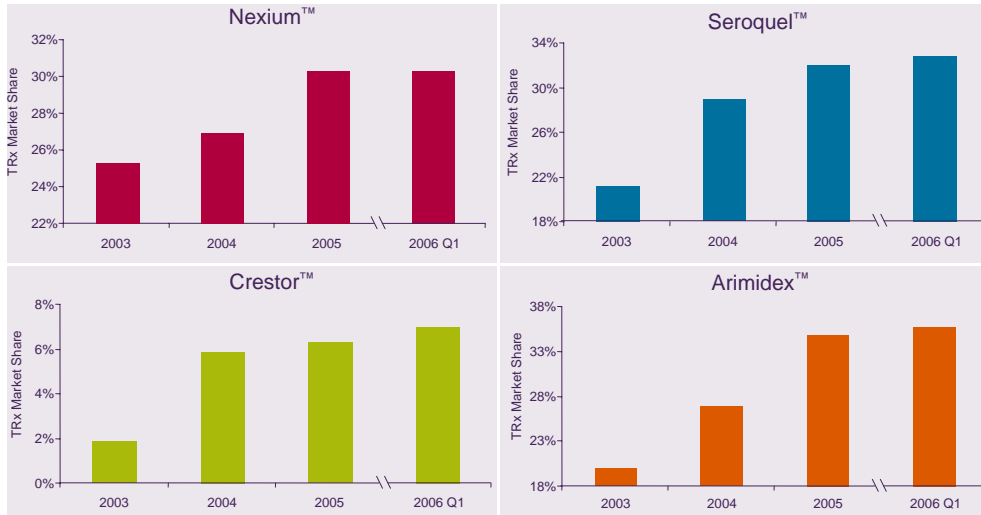
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## Our five growth products are at the heart of the performance



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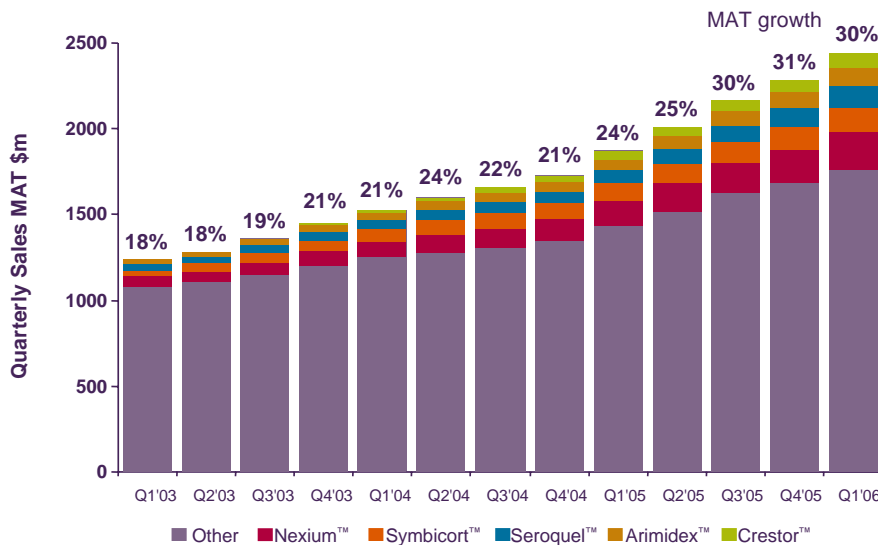
## We're beating the competition in the US



NOTE: TRx Market Share information represents full year/quarterly exit rate

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## Emerging markets are building momentum



NOTE: Emerging Markets = China, South East Asia, Central/Eastern Europe, Latin America, Middle East & Africa

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## So what lies behind our performance in the markets?

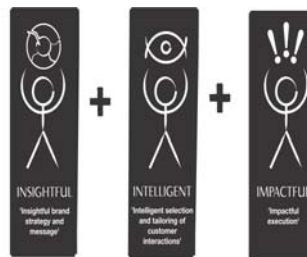


- Products bring value to patients
- Leveraging best practice across the world

### Sales Force Effectiveness

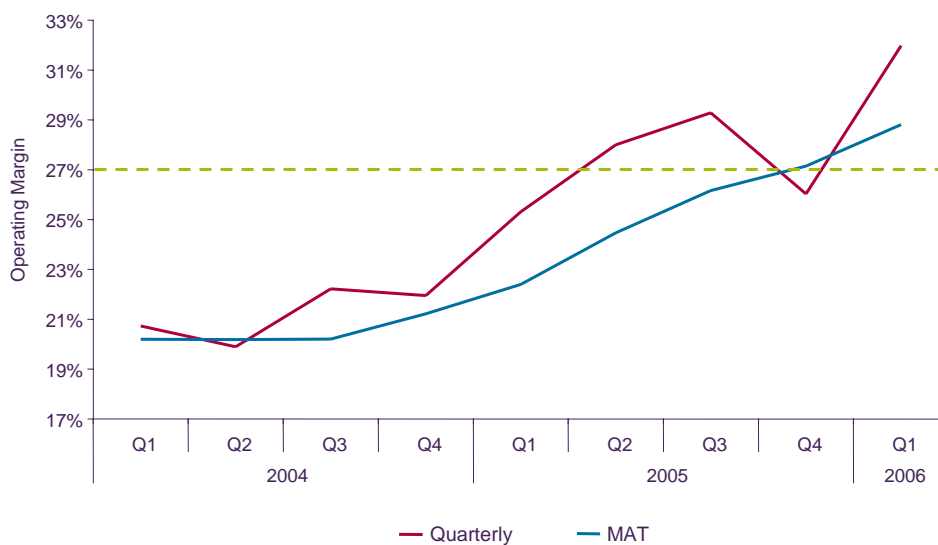
**SFE**

### Marketing Excellence



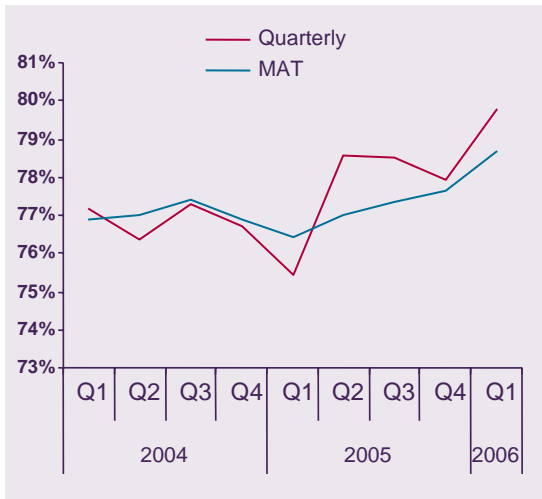
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## Sales + productivity = margin expansion



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## Gross margin trends



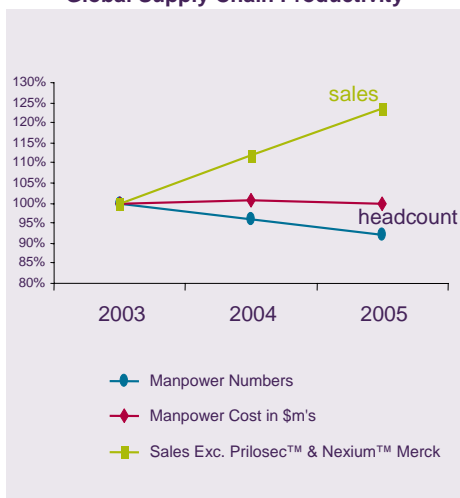
- 3 percentage point improvement
- 2 percentage point due to supply chain efficiencies:
  - Lean manufacturing
  - Demand driven supply
  - Lead time reduction
  - Asset rationalisation
- Supply Chain headcount reduced

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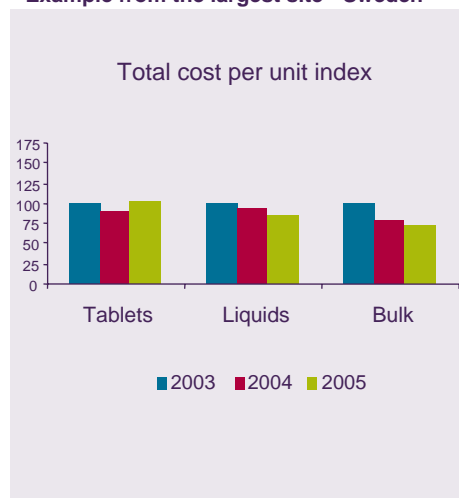
## Delivering real performance improvement



### Global Supply Chain Productivity

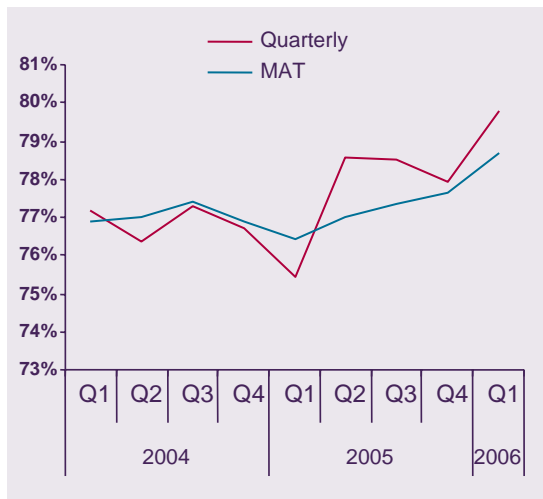


### Example from the largest site - Sweden



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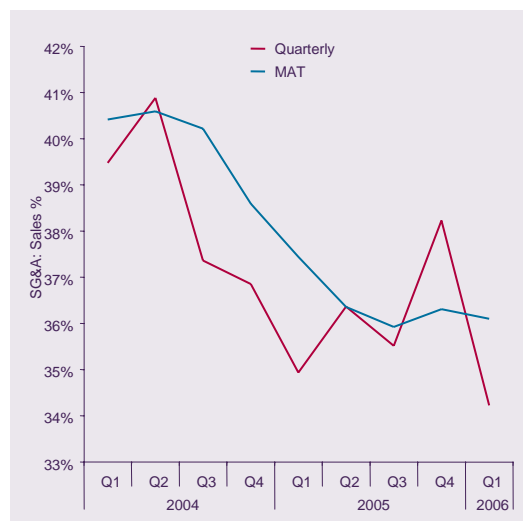
## Gross margin trends



- 80% gross margin – at top end of industry
- Further productivity improvements offset by mix and royalties
- Merck conclusions consistent with seminar
- Investment may be necessary to improve further

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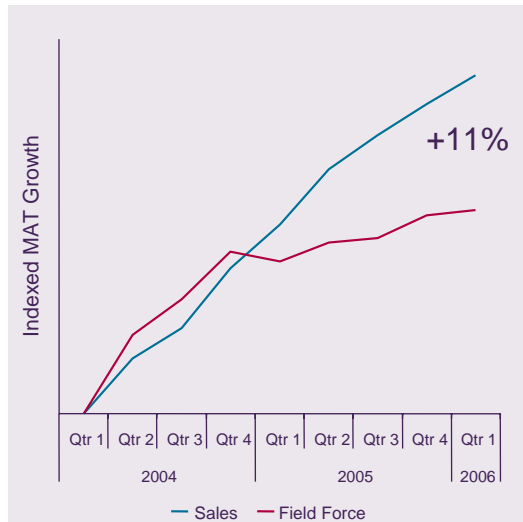
## SG&A trends



- Leveraging prior investments
- Allocating resources to capitalise on opportunities
- Sales Force Effectiveness & Marketing Excellence

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## Sales Force Effectiveness: Efficiency without compromising effectiveness



- Improvement in key sales force metrics
  - Calls per Rep FTE
  - Target call frequency
  - FLSM coaching time
- Leading to
  - Increase in market share
  - More calls, higher productivity
  - Better reach of target physicians
  - Better call quality

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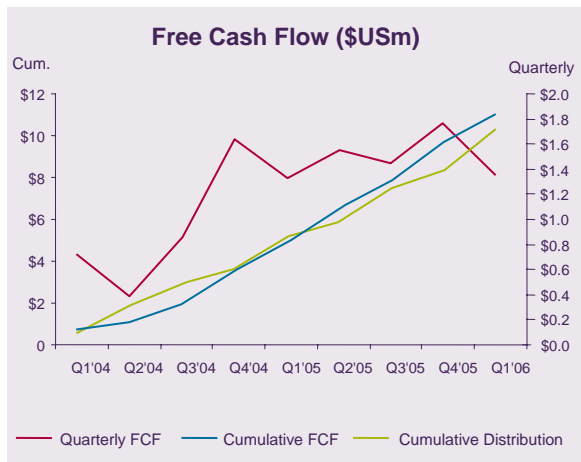
## R&D trends



- R&D investment cycle at low point given relative immaturity of pipeline
- In-licensing & biological strategies will contribute to higher R&D investment

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## Cash flow generation



- Strong earnings performance reflected in free cash flow of \$11bn
- Maximum distribution through dividends and share repurchases
  - \$4.5bn dividends
  - \$5.8bn share repurchases

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## The story so far...is clear



**It's simple... so what's next?**

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**NXY-059** **AZD2171**

**Abraxane®**

  
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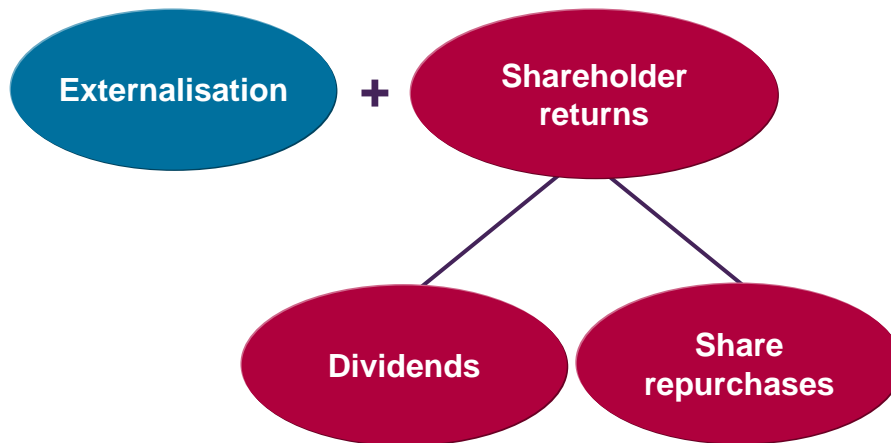
Once Daily  
**Seroquel® SR**  
quetiapine fumarate sustained release tablets  
50 mg, 200 mg, 300 mg & 400 mg

**AGI-1067**



- Top line** : Within range of projected pharmaceutical market growth
- EPS** : Operational gearing to generate profit growth in excess of sales growth
- Cash flow** : Substantial cash generation for investment & shareholder returns

## Use of free cash-flow



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## Externalisation...what's our thinking



|                    | US | Biologicals | Early Portfolio | Balance Sheet |
|--------------------|----|-------------|-----------------|---------------|
| AtheroGenics       | ✓  |             |                 | \$50m         |
| KuDOS              |    |             | ✓               | \$210m        |
| Protherics         |    | ✓           |                 | \$41m         |
| Targacept          |    |             | ✓               | \$10m         |
| Abraxis Bioscience | ✓  |             |                 | \$200m        |
| CAT                |    | ✓           |                 | \$1,200m      |
| Theravance         |    |             | ✓               | \$1m          |

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## Priorities



- Fully exploit product potential
- Maintain focus on productivity and continue to build margin
- Drive cash flow for shareholder return and investment

### **While...**

- Strengthening the pipeline & accessing external science

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