

AstraZeneca PLC

Second Quarter and Half Year Results 2004

“Strong performance from growth products delivers 11 percent increase in sales for the second quarter. Dividend increased by 15 percent.”

Financial Highlights

<u>Group</u>	2 nd Quarter	2 nd Quarter	Actual	CER	Half Year	Half Year	Actual	CER
	2004	2003	%	%	2004	2003	%	%
	<u>\$m</u>	<u>\$m</u>			<u>\$m</u>	<u>\$m</u>		
Sales	5,288	4,436	+19	+11	10,362	9,171	+13	+5
Operating Profit	1,111	889	+25	+15	2,190	2,161	+1	-5
Profit before Tax	1,139	921	+24	+15	2,247	2,214	+1	-5
Earnings per Share	\$ 0.50	\$ 0.39	+28	+18	\$ 0.97	\$ 0.93	+4	-3

All narrative in this section refers to growth rates at constant exchange rates (CER)

- Second quarter sales were \$5,288 million, up 11 percent. Sales in the first half were \$10,362 million, up 5 percent.
- Second quarter sales in the US increased by 17 percent, resulting in 3 percent growth for the first half. In markets outside the US, first half sales growth was 7 percent.
- Adjusted for wholesaler stock movements, sales for key growth products in the first half increased by approximately 35 percent.
- Operating profit in the second quarter was up 15 percent. For the first half, operating profit was down 5 percent as a result of the phasing of investments in R&D and SG&A.
- Other income of \$129 million in the second quarter includes the gain on the sale of the Durascan generics business in Denmark.
- The Board has recommended a 15 percent increase in first interim dividend to \$0.295.
- Nexium™ sales in the first half increased by 20 percent to \$1,826 million.
- Sales for Crestor™ were \$336 million in the first half. In the week ending 9 July, Crestor™ share of new prescriptions in the US statin market was 6.8 percent.
- Seroquel™ sales were up 27 percent in the first half to \$936 million. New clinical data demonstrating efficacy in the treatment of bipolar depression was presented at the American Psychiatric Association congress on 6 May.
- First launch for Exanta™ occurred in Germany on 21 June, for the prevention of venous thromboembolism associated with hip and knee replacement surgery.
- Company continues to anticipate earnings per share in the range of \$2.00 to \$2.15.

Sir Tom McKillop, Chief Executive, said: “The 35 percent increase in sales of growth products, with strong performances from Arimidex™, Crestor™, Iressa™, Nexium™, Seroquel™ and Symbicort™ contributed to a good first half. Although the world pharmaceutical market is becoming increasingly challenging, AstraZeneca is well placed with its newer products to deliver good growth.”

London, 22 July 2004

Photos of Sir Tom McKillop, Chief Executive and Jonathan Symonds, Chief Financial Officer are available on www.newscast.co.uk. Broadcast footage of AstraZeneca products and activities is available on www.thenewsmarket.com/astrazeneca.

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Business Highlights *All narrative in this section refers to growth rates at constant exchange rates (CER) unless otherwise indicated*

Second Quarter

Sales in the second quarter were \$5,288 million, up 19 percent on a reported basis, including a positive exchange benefit of 8 percent. Sales outside the US were up 7 percent. In the US second quarter sales increased by 17 percent versus 2003. Excluding inventory movements, underlying growth in the US was estimated to be 11 percent. Further analysis of the stock movements in the current and prior periods is found on page 6 of this press release.

Expenditures in R&D and SG&A were \$3,042 million in the second quarter, broadly in line with the level of spending in the last several quarters, but up 14 percent in CER terms versus the second quarter 2003 (up 24 percent on a reported basis, including a 10 percent currency impact). Operating profit was up 15 percent at CER (up 25 percent as reported). Earnings per share in the second quarter was \$0.50 versus \$0.39 in 2003.

In the US market, good underlying growth was seen for Nexium™ (up 14 percent), Toprol-XL™ (up 27 percent), Seroquel™ (up 30 percent) and Arimidex™ (up 46 percent). New products also contributed to the strong quarter. Iressa™ sales were \$49 million, with prescriptions up 17 percent versus the first quarter 2004. Crestor™ sales were \$113 million. In a highly competitive statin market, Crestor™ share of new prescriptions in the week ending 9 July was 6.8 percent. The unfounded challenges to Crestor™ safety have impacted somewhat upon the excellent progress being made in the market. The Company reaffirms its confidence in Crestor™, with its outstanding efficacy at a comparable risk to the currently marketed statins.

Sales outside the US reflected strong growth for Seroquel™ (up 36 percent), Nexium™ (up 27 percent), Symbicort™ (up 42 percent) and Arimidex™ (up 45 percent). The most recently launched products also performed well. Crestor™ sales outside the US were \$94 million; Iressa™ sales were \$54 million, up 65 percent.

The successful completion of the European Union Mutual Recognition Procedure for the first indication for Exanta™—prevention of venous thromboembolic events in elective hip and knee replacement surgery—was announced on 5 May. Germany was the first country to launch, on 21 June. Regulatory submissions for the first chronic indications, including the prevention of stroke in patients with atrial fibrillation, remain under review in the EU and the US.

First Half

First half sales were \$10,362 million, up 13 percent on a reported basis, including a positive exchange benefit of 8 percent. Sales outside the US increased by 7 percent. In the US, the second quarter sales performance lifted the reported growth rate in the first half to 3 percent over last year. This remains below the estimated underlying growth of 11 percent as a result of a net destocking versus the first half of last year, together with a recalibration of excess inventory as further experience has been gained in the implementation of inventory management agreements.

Operating profit in the first half was up 1 percent on a reported basis, but was down 5 percent in CER terms. Earnings per share was \$0.97 for the first half versus \$0.93 in 2003. The Board has recommended a 15 percent increase in first interim dividend to \$0.295 (16.0 pence; SEK 2.20) to be paid on 20 September 2004.

Future Prospects

The Company continues to anticipate full year earnings per share in the range of \$2.00 to \$2.15. As previously indicated, strong earnings growth is expected in the second half, fuelled by continuing strong performance from the key growth products and a slowing in the rate of cost growth. Factors which may mitigate include overall US prescription volumes, net realised prices and the reversal of some of the year to date currency benefits.

Disclosure Notice: The preceding forward looking statements relating to expectations for earnings and business prospects for AstraZeneca PLC are subject to risks and uncertainties, which may cause results to differ materially from those set forth in the forward looking statements. These include, but are not limited to: the rate of growth in sales of generic omeprazole in the US, continued growth in currently marketed products (in particular Crestor™, Nexium™, Seroquel™, Symbicort™, Arimidex™, and Iressa™), the successful registration and launch of Exanta™, the growth in costs and expenses, interest rate movements, exchange rate fluctuations, and the tax rate. For further details on these and other risks and uncertainties, see AstraZeneca PLC's Securities and Exchange Commission filings, including the Annual Report and Form 20-F Information 2003.

Sales

All narrative in this section refers to growth rates at constant exchange rates (CER) unless otherwise indicated

Gastrointestinal

	Second Quarter		CER %	Half Year		CER %
	2004	2003		2004	2003	
Losec™/Prilosec™	531	714	-33	1,071	1,406	-32
Nexium™	891	631	+36	1,826	1,466	+20
Total	1,439	1,362	-	2,935	2,907	-6

- Second quarter sales for Nexium™ in the US were up 39 percent. Though trade inventories were reduced during the quarter, the destocking was less than the second quarter last year. Total prescriptions in the US for Nexium™ were up 10.6 percent in the second quarter versus last year, with total tablets dispensed up 18 percent. New prescription volume in the US PPI market has softened as a result of competition from Prilosec™ OTC, however, Nexium™ new prescription market share in June is up 0.4 points from March.
- Nexium™ sales in the US for the first half increased by 16 percent, which remains somewhat below estimated underlying growth of 22 percent.
- Nexium™ sales outside the US were up 27 percent in the second quarter and up 32 percent in the first half, with good growth in France (up 38 percent) and Germany (up 26 percent).
- Prilosec™ sales in the US were down 60 percent in the second quarter and 64 percent in the first half, in line with a 69 percent decline in prescriptions through June year to date.
- Outside the US, sales of Losec™ were down 13 percent in the quarter and 10 percent year to date, although sales in Japan were up 23 percent in the first half.

Cardiovascular

	Second Quarter		CER %	Half Year		CER %
	2004	2003		2004	2003	
Seloken™ /Toprol-XL™	320	380	-19	653	748	-16
Atacand™	216	152	+30	425	358	+8
Plendil™	148	129	+10	259	239	+2
Zestril™	117	118	-10	222	226	-13
Crestor™	207	9	n/m	336	12	n/m
Total	1,193	967	+15	2,248	1,936	+8

- Toprol-XL™ trade inventories in the US continued to unwind during the second quarter. As a result, reported sales in the US were down 26 percent versus last year. For the first half, sales growth in the US (down 21 percent) remains significantly below the 19 percent increase in total prescriptions through June. Seloken™ sales outside the US were up 6 percent in the quarter and 4 percent in the first half.
- Atacand™ prescriptions in the US were slightly lower in the first half (down 2 percent). Reported sales growth in the first half (down 9 percent) represents partial recovery from the 33 percent decline in the first quarter due to inventory movements. Atacand™ sales outside the US were up 18 percent in the first half.
- Regulatory applications have been submitted in the EU and the US seeking approval for a new indication for Atacand™, for the treatment of chronic heart failure.

- Second quarter sales for Crestor™ were \$113 million in the US and \$94 million in other markets.
- Launch rollouts continue, as Crestor™ has now been approved in 61 markets and launched in 48.
- Uptake has been excellent during the recent launches in France and Italy. Crestor™ value share of the statin market in France after just 17 weeks is 2.8 percent, and in Italy Crestor™ has 6.1 percent share in its thirteenth week on the market. Further progress has been made in the earlier launch markets. Crestor™ market share of the total statin prescriptions in the Netherlands is 9.3 percent, 10.9 percent in Canada, and 3.7 percent in the UK in the latest months.
- In the US, a 16.3 percent share of the dynamic market segment (new and switch patients) has been achieved. Crestor™ market share of new statin prescriptions in the week ending 9 July was 6.8 percent, affected by the July 4 holiday as well as recent unfounded challenges to the safety profile of Crestor™. With an extensive clinical trials database and more than 6 million prescriptions dispensed, Crestor™ has a safety profile comparable to other marketed statins.

Respiratory

	Second Quarter		CER %	Half Year		CER %
	2004	2003		2004	2003	
Symbicort™	205	127	+42	393	249	+37
Pulmicort™	244	239	-3	526	490	+1
Rhinocort™	100	96	+1	181	186	-6
Accolate™	23	25	-12	53	56	-9
Oxis™	26	29	-20	51	60	-27
Total	639	552	+7	1,287	1,115	+5

- Share gains in an expanding market for fixed combination products resulted in continued strong growth for Symbicort™ sales in the quarter (up 42 percent) and the first half (up 37 percent). Sales in the last four consecutive quarters were \$693 million. A regulatory application seeking approval for a pressurised Metered Dose Inhaler was submitted in Europe on 9 July.
- Sales of Pulmicort™ in the first half broadly followed recent trends, as the sales decline in markets outside the US (down 6 percent) was more than offset by growth of Pulmicort™ Respules™ in the US (up 20 percent). The rate of growth for Pulmicort™ Respules™ in the US was dampened by an earlier peak in the incidence of colds, flu and respiratory illness this season compared with last year, exacerbated by net destocking of inventories compared with the first half 2003.
- Sales for Rhinocort™ Aqua in the US were down 8 percent in the first half on inventory movements. Total prescriptions were up 1 percent.

Oncology

	Second Quarter		CER %	Half Year		CER %
	2004	2003		2004	2003	
Casodex™	249	228	-1	478	417	+4
Zoladex™	226	213	-4	439	406	-3
Arimidex™	191	143	+24	357	236	+39
Iressa™	103	47	+106	196	66	+182
Faslodex™	23	15	+46	49	37	+29
Nolvadex™	38	39	-13	69	100	-39
Total	834	690	+11	1,596	1,271	+15

- Casodex™ sales outside the US in the first half increased by 14 percent on growth in Japan (up 30 percent) and in Europe (up 9 percent). Underlying growth in the US was estimated at 5 percent; reported first half sales were down 19 percent compared with first half 2003 which included wholesaler stocking, particularly in the second quarter (reported sales down 29 percent versus last year).

- Arimidex™ sales outside the US increased by 47 percent in the first half, as usage increases in the treatment of early breast cancer. Sales in Europe were up 53 percent and Japan posted a 37 percent increase. Total prescriptions for Arimidex™ in the US are up 44 percent through June on further gains in market share. Sales growth rates in the quarter (unchanged) and in the first half (up 29 percent) are chiefly a function of wholesaler stocking in the first half of last year.
- Iressa™ sales in the US were \$49 million in the second quarter, bringing the total for the first half to \$100 million. Retail prescriptions in the US were up 17 percent versus the first quarter 2004, to nearly 26,000. Sales in Japan were \$63 million in the first half, up 40 percent. To date more than 160,000 patients have been treated with Iressa™ in either a commercial, expanded access or clinical trial setting.
- Sales of Faslodex™ in the first half include \$4 million from the early launch markets in Europe, following marketing approval in March of this year.

Neuroscience

	Second Quarter		CER %	Half Year		CER %
	2004	2003		2004	2003	
Seroquel™	488	270	+75	936	714	+27
Zomig™	91	54	+56	186	162	+6
Total	866	563	+46	1,678	1,370	+16

- Total prescriptions for Seroquel™ in the US continue to grow strongly, up 33 percent through June. Seroquel™ share of new prescriptions in the US in June was 25.3 percent, up 2.4 points since December, further solidifying its number two ranking in the market. Second quarter sales in the US were up 93 percent against the destocking that occurred in the second quarter last year. This brings the first half growth rate (up 27 percent) back closer in line with underlying growth.
- Seroquel™ experienced good growth outside the US as well, with sales up 36 percent in the second quarter and 25 percent year to date. Sales in Europe were up 38 percent in the first half, where market share gains have accelerated since the launch of the bipolar mania indication.
- Zomig™ sales outside the US grew by 4 percent in the second quarter and 6 percent for the first half. The large increase in US sales in the second quarter 2004 reflect sales to Medpointe, our US distributor, compared to the second quarter 2003 when sales were made by AstraZeneca to the market, which experienced significant destocking in the quarter.

Geographic Sales

	Second Quarter		CER %	Half Year		CER %
	2004	2003		2004	2003	
USA	2,288	1,962	+17	4,567	4,432	+3
Europe	1,928	1,646	+3	3,803	3,201	+3
Japan	376	293	+13	666	536	+10
RoW	696	535	+18	1,326	1,002	+19

- US sales trends have been affected by inventory movements in the current and prior year periods. Estimated underlying growth was 11 percent in the quarter and for the first half.
- Sales for the key growth products were up 32 percent in Europe in the first half, including strong growth for Nexium™ (up 25 percent), Symbicort™ (up 35 percent), Arimidex™ (up 53 percent) as well as the sales from the launch of Crestor™.
- Strong growth in oncology products (up 24 percent) and Losec™ (up 23 percent) drove the first half performance in Japan.

Operating Review

All narrative in this section refers to growth rates at constant exchange rates (CER) unless otherwise indicated

Second Quarter

Reported sales increased by 19 percent and operating profit by 25 percent. At constant exchange rates sales increased by 11 percent and operating profit by 15 percent.

The Company has entered into inventory management agreements with some US customers, including the three largest wholesalers. Transition to the new arrangements began in the second quarter, and at the end of June, inventory levels at wholesalers are estimated to be around \$75 million higher than target levels. Our analysis suggests this represents a reduction of \$175 million from the end of the first quarter.

Currency differences have continued to benefit our results. Compared with quarter two last year the euro was 6 percent stronger than the US dollar, benefiting sales, although the Swedish krona and sterling were also stronger, increasing costs. Overall, currency benefited EPS by around 3 cents in comparison with quarter two last year, as a result of the beneficial exchange rate profile together with hedging gains in the current quarter compared to losses in the prior year.

Gross margin improved by 1.7 percentage points to 76.9 percent of sales for the quarter. Approximately half of this was due to proportionately lower Merck payments (reduced to 5.2 percent of sales in the quarter) as the sales mix continues to improve. The remainder is due to underlying productivity and currency, including the exchange gains noted above.

In aggregate, R&D and SG&A expenses were \$3,042 million, an increase of 14 percent in CER terms (24 percent on a reported basis) versus second quarter last year. R&D expenditure was at broadly the same level as quarter one, while SG&A increased as a result of product launches in the quarter and the start up of new consumer campaigns.

Operating margin for the quarter was 21.0 percent, an increase of 1.0 point over the same period last year. Higher other income benefited margin by 1.3 points, explained principally by the gain on the disposal of the Durascan business, and this was offset by 1.0 point from the increase in SG&A and R&D. Currency benefited margin by around 0.5 points.

First Half

Reported sales increased by 13 percent and operating profit by 1 percent. At constant exchange rates sales increased by 5 percent and operating profit fell by 5 percent. Cumulatively, exchange benefited EPS by around 6 cents. Based on current exchange rates we expect to see minimal benefits going forward. Around half of the year to date benefit to EPS is likely to be reversed as a result of hedging benefits seen in the second half of last year not being repeated.

Gross margin increased by 1.6 points to 77.2 percent. The reduction in Merck payments (to 5.4 percent of sales) contributed about 1 point of this, with the rest coming from operating improvements and currency.

Cumulatively, R&D and SG&A grew by 13 percent (24 percent actual growth) over the same period last year although the expenditure was broadly in line with the levels seen since the second half of last year. Operating margin for the half year was 21.1 percent, 2.5 points below the same point last year. This is a result of the relative growth of R&D and SG&A compared to sales growth in the period.

Interest and Dividend Income

Net interest and dividend income for the first half was \$57 million (2003 \$53 million), \$28 million in the second quarter (2003 \$32 million). Included in net interest is a gain arising from the close out of an interest rate swap which has offset a decline in the core net interest income as US dollar yields have been lower than last year whilst interest payments have increased.

Taxation

The effective tax rate for the half year was 27.0 percent compared with 27.5 percent for the comparative period in 2003. The effective tax rate for the second quarter 2004 was 26.4 percent.

Cash Flow

Cash generated from operating activities before exceptional items in the first half of the year fell slightly to \$2,392 million from \$2,473 million in 2003. Cash expenditure on exceptional items was \$7 million compared with \$381million in the first half of 2003, which included the settlement of the US Department of Justice investigation into Zoladex™.

Tax paid and capital expenditures were both slightly lower than last year, as were the cash proceeds from divestments. Despite the higher dividend payment, the net cash inflow before financing was \$262 million higher than in the first half of 2003. During quarter two a \$750 million bond was issued.

Dividends

The Board has recommended a 15 percent increase in the first interim dividend to \$0.295 (16.0 pence, SEK 2.20) to be paid on 20 September 2004 to all shareholders on the register on 13 August 2004.

Share Repurchase Programme

During the second quarter 7.7 million shares were repurchased for cancellation at a total cost of \$360 million, bringing the total repurchases for the first half of the year to 20.2 million shares at a total cost of \$968 million.

The total number of shares that remain in issue at 30 June 2004 is 1,675 million.

Updated R&D Pipeline Table

An updated R&D pipeline table is available on the Company's website, www.astrazeneca.com, under information for investors.

Upcoming Milestones and Key Events

6 October 2004	Annual Business Review meeting
21 October 2004	Announcement of third quarter results
October/November 2004	Communication of 2003 IFRS restatements

Sir Tom McKillop
Chief Executive