

What science can do

AstraZeneca Annual Report and Form 20-F Information 2020



Despite the significant impact from the COVID-19 pandemic, we delivered double-digit revenue growth in 2020 to leverage improved profitability and cash generation.

“Our patient-centric strategy, focus on innovation and capital-allocation priorities remain unchanged.”



\$2.80

Full-year dividend of \$2.80 per share (2019: \$2.80)

2020 was a year quite unlike any other. It was also a remarkable year for AstraZeneca as we pursue our growth through innovation strategy. Under the excellent leadership of our CEO, Pascal Soriot, our focus on execution delivered significant advances, while we also build the capabilities to progress in a rapidly changing world and respond to the pandemic.

A year of pandemic

The pandemic has impacted the lives of us all. Many employees at AstraZeneca have been working from home but others have continued to work in our laboratories and factories, ensuring the continued supply of our medicines to patients. I am grateful to them, and all those who worked so hard to ensure the safety of our places of work and the wellbeing of employees.

Your Board took the decision early in the pandemic to conclude our agreement with the University of Oxford to develop, manufacture and supply their potential vaccine to prevent COVID-19. It was a decision that was aligned to our Purpose and a practical way in which we were able to help in a time of health crisis.

Operating sustainably

Our decision to develop and supply the vaccine at no profit during the pandemic was not taken lightly and brings scrutiny to what we do and how we do it. However, how we do things is as important as what we do, including operating in a sustainable way. Our commitment to sustainability includes our Ambition Zero Carbon target which is our contribution to help tackle the climate crisis. I am also pleased that this Annual Report contains our first statement on the progress we are making against the requirements of the Taskforce on Climate-related Financial Disclosures.

Financial sustainability

Of course, if we are to continue to deliver our pipeline of innovative medicines to patients around the world, we need to be financially sustainable. In this regard, our results in 2020 were in line with guidance. We also improved profitability, while the strategy of sustainable growth through innovation brought numerous further benefits for patients. This performance enabled the Board to reaffirm its commitment to our progressive dividend policy by keeping the full-year dividend per share at \$2.80.

Our patient-centric strategy, focus on innovation and capital-allocation priorities remain unchanged, with sustainable growth in revenue, profit and cash generation set to continue. Consequently Total Revenue is expected to increase by a low-teens percentage in 2021, accompanied by faster growth in Core EPS to \$4.75 to \$5.00.

Our guidance does not include any revenue or profit impact from sales of *COVID-19 Vaccine AstraZeneca*, or any impact from the proposed acquisition of Alexion which we believe could accelerate the combined company's strategic ambitions and will improve profitability and strengthen cash flow. I will write to you later in the year with more information about this proposed transaction, ahead of the shareholders' general meeting at which your approval to go ahead with it will be sought.

Succession planning

At the AGM this April, Geneviève Berger and Graham Chipchase intend to retire from the Board. By then, each will have served as a Non-Executive Director for nine years. On behalf of the Board, I would like to thank them for their service to AstraZeneca and valuable contributions to the Board's work. We will

miss their input and collegiality, although they each have very able successors for two of their key roles. Nazneen Rahman has taken over responsibility from Geneviève for overseeing sustainability matters on behalf of the Board and Philip Broadley will succeed Graham as the senior independent Non-Executive Director.

I will also have served as a Director for nine years by April 2021. Typically, non-executive directors would step down after that period in line with UK corporate governance best practice. However, your Board believes it would be in the best interests of shareholders for me to continue to serve as Chairman, to lead the Board's oversight of completion of the proposed acquisition of Alexion, and has asked me to seek re-election at the AGM. I am honoured and happy to accept the Board's request.

During 2020, the Nomination and Governance Committee and the Board continued to consider carefully plans for succession to the senior Board roles of Chairman, CEO and CFO. We have a clear understanding of the way in which we intend to sequence succession over a sensible period of time. In the meantime, I could not be prouder of leading AstraZeneca at such an important time in its history.

A handwritten signature in black ink, appearing to read 'Leif Johansson'. The signature is written in a cursive style.

Leif Johansson
Chairman