

To whom it may concern,

This letter sets forth public information previously provided by AstraZeneca and others which may prove helpful in estimating financial numbers for AstraZeneca post Q1 2019 financial results.

Sell-side analysts who wish to contribute to company-collected consensus estimates are requested to submit updated numbers by **Friday, 24 May 2019**. Details are provided in the appendix. As usual, those analysts who contribute will automatically receive the consensus data in return.

AstraZeneca would like to highlight the following significant prior disclosures (all guidance and indications are at constant exchange rates (CER)):

1. FY 2019 guidance

- Product sales are anticipated to increase by a high single-digit percentage (vs. FY 2018)
- Core EPS of \$3.50-\$3.70

2. FY 2019 indications and additional commentary

Outside of guidance, AstraZeneca also provided the following *indications* for FY 2019 at Q1 results:

– The Company anticipates strong and sustainable Product Sales growth to be accompanied by operating leverage, leading to an improvement in profitability. In FY 2019, the cash performance is expected to be adversely impacted by a number of one-off payments relating to prior business-development transactions; a significant proportion of these payments was made in Q1 2019

– As part of its long-term growth strategy, the Company remains committed to focusing on appropriate cash-generating and value-accretive collaboration and divestment transactions that reflect the ongoing productivity of the pipeline and the Company's increasing focus on its main therapy areas. The sum of Collaboration Revenue and Core Other Operating Income, however, is anticipated to decline vs. the prior year

– Core Operating Expenses are expected to increase by a low single-digit percentage. Specific support for medicine launches and AstraZeneca in China historically has delivered compelling results and elements of that support will continue. The Company will retain flexibility in its investment approach

– Core Operating Profit is anticipated to increase, ahead of Product Sales, by a mid-teens percentage vs. FY 2018

– Capital expenditure is expected to be broadly stable and restructuring expenses are targeted to reduce vs. the prior year

– A Core Tax Rate of 18-22% (FY 2018: 11%)

In addition to the above indications included in the Q1 results announcement, the Company indicated on its FY 2018 results presentation that it anticipates a Core gross margin between 79-80% in FY 2019.

¹ Core Operating Costs include R&D, SG&A and Distribution costs.

3. Product sales

Analysts are reminded that *Faslodex* faced an initial [loss of exclusivity](#) in the US by the end of Q1 2019. However, as stated in the Q1 2019 results announcement, a generic medicine did not launch immediately.

Sales of *Crestor* declined by 14% (9% at CER) with declining sales in both the EU and US as a result of ongoing impact of generic *Crestor* medicines. In addition, as previously highlighted, *Crestor* was unsuccessful in the recent '4+7' pilot tender scheme in China.

Lokelma was initially [launched](#) in the Nordic region in Q3 2018. Launches in major markets, including the US will take place in the second half of 2019.

As previously communicated, US regulatory submission for roxadustat is expected in the second half of this year. The medicine is currently approved in the dialysis setting in China (but is yet to be launched). Our partner Fibrogen, responsible for manufacturing, stated in its Q1 2019 results announcement that it is planning commercial launch of roxadustat in China in the third quarter of 2019.

4. Collaboration revenue and Other operating income

As noted above, AstraZeneca anticipates that the sum of Collaboration revenue and Core other operating income will decline in FY 2019 (vs. FY 2018). In the Q1 2019 results announcement it was announced that following the EU approval of *Lynparza* in *BRCA*-mutated breast cancer in April 2019, AstraZeneca has received a \$30m milestone from Merck & Co., Inc. which will be booked as Collaboration revenue in Q2 2019.

5. Net finance expense/Joint ventures and associates

Core net finance expenses in Q1 2019 were \$190m. In addition to borrowing costs, other expenses (e.g. pension interest, discount unwind etc.) are also recorded in this line. Costs relating to Joint ventures and associates amounted to \$27m in Q1 2019.

6. Outstanding number of shares

The new outstanding number of shares post the recent equity issue is 1,312m, effective from 2 April 2019.

7. Cash flow

On the Q1 2019 results conference call on 26 April 2019, the Company provided the information that if one is excluding the impact of the Daiichi-Sankyo transaction, the Company anticipates reaching dividend coverage in 2020.

8. Currency impact

AstraZeneca's foreign-exchange rate sensitivity analysis is contained within the Operating and financial review section of the [Q1 2019 results announcement](#) and, if foreign-exchange rates were to remain at the average of rates seen in the period January to March 2019, it was anticipated that there would be a low single-digit percentage adverse impact on Product Sales and Core EPS in FY2019.

If there are any questions, please feel free to contact us.

Sincere regards,

The AZN IR Team

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Appendix for contributing sell-side analysts (references are made to an Excel spreadsheet distributed separately)

Guidelines for completing the template

Overview Please enter your data into the orange shaded cells. All other cells will fill in automatically. Please do not alter the format of the template (for example by adding or deleting rows) and wherever possible please submit your information to us in this newly issued template rather than in an historic version.

Tab 1 (Income Statement - AZ Group) should be completed on an as reported basis. We continue to capture the expected currency effects on total revenue and earnings, and the currency assumption of major currencies against USD.

We are again seeking to supplement this with additional data (see details for schedules requested under tabs 2-5). **Tab 2** (Income Statement - Core) should be completed on a Core basis.

The costs associated with the AZ restructuring programme should be outlined separately on **Tab 3** (Restructuring). Detailed commentary is always welcome to provide clarity and to reduce the scope for misinterpretation.

Tab 4 (Summary Cash Flow & Balance Sheet) consists of an abbreviated Cash Flow Statement and Consolidated Statement of Financial Position.

Product sales data by both region and medicine should be entered into **Tab 5** (Group product sales). Total product sales is linked from the Income Statement tab in row 9 and is then broken down by region in the reconciliation in rows 11-29. If Rest of World product sales are not currently forecast to the level of detail in the template, please enter a total ROW forecast in row 17.

We continue to collect medicine forecasts by geographic region for a number of medicines. Please complete the rows shaded in orange where regional breakdown of forecasts is available (ROW is a sub-total of Europe, Est. ROW & Emerging Markets).

Please note we continue to request information on pipeline risk adjustments and we hope you share our view that this is a valuable addition to the collection: If you use a risk adjusted approach to forecasting pipeline product sales, please enter your product sales forecasts after risk adjustments, as before, but also provide the probability of success % where asked for in the template (i.e. if you include 75% of product sales in your Income Statement, the probability of success is 75%).

If you use a binary approach, please enter 100% next to the included medicines and 0% where you have actively decided to exclude product sales. Please leave blank where you have simply not considered a certain potential medicine (e.g. because of its stage of development).

Peak sales estimates are collected on **Tab 6** (Pipeline peak sales). Please provide the probability of success (POS) if using a risk adjusted approach – if not risk adjusted, please enter 100%.

Please return to christer.gruvris@astrazeneca.com by **Friday, 24 May 2019**.

Should you have any queries on how to complete this template, please do not hesitate to contact Christer Gruvris. In return, we will provide a consensus core and reported P&L for AstraZeneca Group, which will give you a good view on the range of market assumptions. We will also provide consensus detail for the Restructuring Programme cost, Summary Cash Flow & Statement of Financial Position, and product sales split by Region providing sufficient analysts complete these templates.