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FY 12 Analyst Script – 31 January 2013

Slide 2: Safe Harbour

Slide 4:

Thank you James, and good afternoon everyone. Welcome to our FY 2012 results presentation.

First let me set the stage for today's agenda.

First, I will make some opening remarks, summarising the key events for 2012, the headline numbers for the full year. I will also review our commercial performance, looking at revenue trends in our key regions and for our key brands.

Then, Briggs Morrison, our Executive Vice-President for Global Medicines development, will review our pipeline progress in 2012.

Simon Lowth, our CFO, will present our 2012 financial performance and also provide you with our thinking on guidance for 2013.

And then I will conclude with some observations from my first 90 days at AstraZeneca, ahead of our Capital Markets Day that we planning for March.

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Our performance in 2012 reflects a period of significant patent expirations and overall challenging market conditions throughout the world.

Our revenue was down 15 percent in constant currency terms, and reflects the loss of approximately \$4.5 billion in revenue from the loss of exclusivity on several products, with Seroquel IR the biggest driver.

Core EPS was down 9 percent for the year to \$6.41. That is above the latest guidance we provided. Core EPS benefited from the favourable impact of two tax-related matters and the sale of Nexium OTC rights.

Reported EPS was \$4.99, down 29 percent compared with last year, which included a large gain from the sale of Astra Tech.

The full year dividend was maintained at \$2.80 per share.

We successfully drove the performance of many of our brands that retain market exclusivity. These 6 brands together accounted for \$600 million in incremental revenue growth on a constant currency basis.

We made real progress on the pipeline this year. We achieved 3 important regulatory approvals for new medicines in Europe:

--Forxiga: a new first-in-class treatment for diabetes

--Zinforo, a new cephalosporin antibiotic and...

--Caprelsa, a new orphan treatment for advanced medullary cancer of the thyroid

In the US, FluMist Quadrivalent was the first four-strain influenza vaccine to be approved by the FDA.

Our portfolio in Japan was strengthened by 3 approvals: for Symbicort, the SMART dosing regimen and the approval of the COPD indication, and approval for Nexium for use with low-dose aspirin.

You will hear all the details on the pipeline from Briggs in a few minutes.

Finally, among the many transactions and alliances we forged in 2012, the "big three", so to speak, were:

--The collaboration with Amgen on 5 clinical projects in the field of inflammation

--The acquisition of Ardea Biosciences, which brought a Phase III molecule for the treatment of gout, and...
--Our diabetes alliance was expanded with Bristol-Myers Squibb's acquisition of Amylin and our subsequent buy-in of our share of that exciting portfolio.

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Turning the full year revenue performance, when I refer to growth rates, they will be on a constant currency basis.

Revenue in the US was down 21 percent, driven by loss of exclusivity for Seroquel IR.

Revenue in Western Europe was down 19 percent. Loss of exclusivity on four products—Seroquel IR, Atacand, Nexium and Merrem—accounted for more than 60 percent of the revenue decline, in addition to continued headwinds from government interventions.

Revenue in Established Rest of World was down 14 percent, largely due to a 31 percent decline in Canada as a result of generic competition for Crestor and Atacand. Revenue in Japan was down 5 percent. The biennial price reductions are a key factor. The underlying strength of our in-market performance for Nexium, Symbicort and Seroquel IR was not reflected in our reported sales, due to ordering patterns from marketing partners. Revenue in Other Established was negatively impacted by the loss of exclusivity for Seroquel IR and Merrem, as well as a challenging pricing environment for Crestor in Australia. Crestor sales were down 8 percent in Australia to around \$350 million.

Revenue in Emerging Markets was up 6 percent in the fourth quarter, bringing the full year growth to 4 percent. As you will recall, the first half of the year was impacted by the supply chain issues.

We had good growth in China, where revenue was up 17 percent for the year. Among our other larger markets, we had good performances in Russia, Romania and Saudi Arabia. Our overall growth rate was really affected by weak performances in 4 markets: Turkey, which was heavily impacted by government pricing interventions. Mexico, where we have had generic competition and a tough market environment. Brazil, with loss of exclusivity for Crestor and Seroquel IR. And India, where revenue has been impacted by local supply issues. Together, these four markets accounted for more than \$160 million in constant currency revenue decline for the full year.

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This slide provides a snapshot of revenue for key brands. And there are some real bright spots among those products in our portfolio that are not impacted by loss of exclusivity.

Crestor, of course, experienced loss of exclusivity in Canada. Excluding Canada, sales were up 2 percent for the year.

Symbicort had a good year, with sales reaching over \$1 billion in the US for the first time.

Despite the loss of exclusivity for Seroquel IR, we achieved 4 percent growth for Seroquel XR.

We had another strong year for our oncology products, Iressa and Faslodex.

And a good performance for the Onglyza family.

The inclusion of Byetta and Bydureon from Amylin added \$111 million in revenue since their inclusion from the third quarter.

And we achieved slow, but steady, progress on Brilinta.

But, as you can see on the bottom of the slide, loss of exclusivity took a large toll. On Seroquel IR globally, and regional losses on Nexium, Atacand and Merrem.

Detailed commentaries on brand performances are in the press release. I want to provide some additional colour on 5 products in the portfolio...Crestor, an update on the Brilinta launch, the performance of the Onglyza franchise, Symbicort and finally, a brief look at Nexium and its performance in Japan.

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First, **Crestor**.

Crestor sales in the US were up 3 percent.

Total prescriptions were down just 1.4 percent for the year, a very resilient performance in the face of multiple atorvastatin generics from May 30th onward.

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Here is the picture for dynamic volume trends. The red area maps the number of patients who are newly starting their statin therapy with Crestor. The blue is patients who have switched to Crestor from another statin. The gray line below the axis is the number of patients who are switching from Crestor to another statin. The yellow line is the net result of all those additions and losses.

On the left side of the chart, you can see the increase in net dynamic volume that occurred in the last 6 months of 2011. This was following the label changes for simvastatin and the removal of the 80mg dose from the market.

Crestor's dynamic volume was already on a downward trend from this spike around the time of the limited launch of generic atorvastatin in November 2011.

And we did lose a bit more ground following that launch. But overall, I think that the data on the right side of the graph demonstrate that Crestor dynamic volumes have held up very well, even with the influx of multiple atorvastatins in May.

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Here is the trend for total prescriptions over the last 8 quarters.

You can see the same simvastatin-related inflection in the back end of 2011 that we saw in the dynamic chart.

Total prescriptions in the fourth quarter 2012 are 6 percent lower than last year, some of which is a function of that prior period ramp up. We have also had a small decline in the second half of 2012 related to volume losses in the low margin Medicaid business.

But overall, a very resilient performance in total prescriptions

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Crestor sales in Rest of World markets were down 9 percent, but were unchanged save for Canada.

We continue to do well in Japan, where Crestor is the number one statin by volume share of the market.

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And as you can see here, we continued to grow our share of new patients in Japan even after the launch of generic atorvastatin.

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Crestor sales in Emerging Markets were up 4 percent, up 14 percent adjusted for the loss of exclusivity in Brazil and Mexico.

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Turning to Brilinta, we have now launched in 82 countries.

Sales are still modest, at \$89 million for the year.

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In the US, we see steady progress in the growth in total prescriptions, with Rx's in the fourth quarter 46 percent higher than Q3.

As we start the new year, we have seen a real boost to our managed market access. We now have unrestricted preferred access to more than 50 percent of covered lives in Commercial and Medicare Part D plans. That is up more than 20 percentage points in Commercial and 30 points in Part D compared to the third quarter. We know that physician's concerns about plan reimbursement and affordability for patients has hindered product trial. This improved access should really help moving forward into this year.

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Outside the US, our good performance in Germany continues. Based on data from our survey panel, we have leveraged our strong protocol adoption to maintain our number 1 share of ACS initiations in the hospital.

This is now becoming evident in the IMS audit data, where our share of all total oral antiplatelet volume in all hospitals, has grown to nearly 13 percent...a lower number than our ACS panel, as it includes non-ACS usage of other oral antiplatelet products. And our retail volume market share, again, all usage, is also rising quickly.

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France is the largest OAP market in Europe, and the latest market for which we have some early launch tracking to report.

It is still very early days, but we've had a faster protocol uptake and share of ACS initiations than when we launched in Germany.

And even on just 6 months of data, our penetration of the hospital and retail volume for all OAP usage is on par with the prasugrel launch uptake in its first six months, despite our being third to market.

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A final word on Brilinta. We received approval in China in the fourth quarter, but of course, we now must achieve listings on the RDL's before we can really drive revenue there.

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Let us now look at the Onglyza franchise

Our share of alliance revenue for the Onglyza franchise was \$323 million for the year, up 53 percent.

Much of this is still in the US, where alliance revenue was \$237 million.

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Total prescriptions for the Onglyza franchise in the US were up 45 percent for the year, well ahead of the DPP4 market growth of nearly 22 percent.

Total franchise share was up 1.3 percentage points during the year, with the growth coming from Kombiglyze XR on the background of a stable Onglyza market share.

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Onglyza sales in the Rest of World were up 56 percent to \$86 million. We've now launched Kombiglyze XR in Brazil and Mexico.

First European launches of Komboglyze occurred in the fourth quarter 2012, which should really help performance in Europe, where the combination products feature prominently.

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Symbicort had another good year.

Sales in the US reached the \$1 billion milestone for the first time

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We've achieved steady growth in total prescriptions, with market share up 2 percentage points over the year, reaching 22.3 percent.

And with a share of new patient starts approaching 28 percent, there is still headroom to grow total prescription share even further.

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Sales in the Rest of World for Symbicort were unchanged for the year, at nearly \$2.2 billion.

We continue to perform strongly in Japan, helped by the approvals for Symbicort SMART and the COPD indication.

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The last product I want to touch on is Nexium

We have achieved a steady financial performance in the US in a highly generic PPI market. Our slowly declining volume trend is partially offset by higher realised selling prices...a mix effect due to the loss of low margin business in Medicaid.

The real reason for mentioning Nexium is Japan.

As you recall, Nexium sales in Japan were treading water for most of the year, held back by the provisions under Ryotanki that limit prescriptions for new products in their first year on the market to just a two week supply. Well, the two week limit was lifted in October, and the performance has really accelerated.

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Nexium has now become the most successful launch ever in Japan. A great performance by our commercial team in Japan.

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I am going to stop here, and turn the presentation over to Briggs, who will review our 2012 pipeline progress.