

# 2Q and Half Year Results 2012

# Cautionary Statement Regarding Forward-Looking Statements

In order, among other things, to utilise the 'safe harbour' provisions of the US Private Securities Litigation Reform Act 1995, we are providing the following cautionary statement: This presentation contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. Although we believe our expectations are based on reasonable assumptions, any forward-looking statements, by their very nature, involve risks and uncertainties and may be influenced by factors that could cause actual outcomes and results to be materially different from those predicted. The forward-looking statements reflect knowledge and information available at the date of preparation of this presentation and AstraZeneca undertakes no obligation to update these forward-looking statements. We identify the forward-looking statements by using the words 'anticipates', 'believes', 'expects', 'intends' and similar expressions in such statements. Important factors that could cause actual results to differ materially from those contained in forward-looking statements, certain of which are beyond our control, include, among other things: the loss or expiration of patents, marketing exclusivity or trade marks, or the risk of failure to obtain patent protection; the risk of substantial adverse litigation/government investigation claims and insufficient insurance coverage; exchange rate fluctuations; the risk that R&D will not yield new products that achieve commercial success; the risk that strategic alliances and acquisitions will be unsuccessful; 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 failure to manage a crisis; the risk of delay to new product launches; the difficulties of obtaining and maintaining regulatory approvals for products; the risk of failure to observe ongoing regulatory oversight; the risk that new products do not perform as we expect; the risk of environmental liabilities; the risks associated with conducting business in emerging markets; the risk of reputational damage; the risk of product counterfeiting; the risk of failure to successfully implement planned cost reduction measures through productivity initiatives and restructuring programmes; the risk that regulatory approval processes for biosimilars could have an adverse effect on future commercial prospects; and the impact of increasing implementation and enforcement of more stringent anti-bribery and anti-corruption legislation. Nothing in this presentation should be construed as a profit forecast.



# 2Q and Half Year Results 2012

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**Simon Lowth, Interim CEO**



# First Half 2012

## Revenue profile

- Loss of exclusivity on several brands (*Seroquel IR*)
- Government interventions
- Supply Chain
- Disposals of Astra Tech & Aptium
- Resilient performance for *Crestor*, growth for ONGLYZA™, *Iressa*, *Faslodex*, *Brilinta*.



# First Half 2012

Revenue profile

Delivery on restructuring and continued cost discipline



# First Half 2012

Revenue profile

Delivery on restructuring and continued cost discipline

Progress on the pipeline

- FORXIGA™ positive recommendation for approval by EU CHMP (April)
- *Zinforo* positive CHMP recommendation for EU approval (June)
- 22 project progressions (7 first human testing); 10 projects withdrawn



# First Half 2012

Revenue profile

Delivery on restructuring and continued cost discipline

Progress on the pipeline

Portfolio strengthened through successful business development initiatives:

- Amgen collaboration on 5 clinical stage projects in inflammation
- Acquisition of Ardea Biosciences Inc. adds lesinurad, a Phase III asset for treatment of gout
- Expanded diabetes alliance with Bristol-Myers Squibb (Amylin acquisition)





# First Half 2012

Revenue profile

Delivery on restructuring and continued cost discipline

Progress on the pipeline

Portfolio strengthened through successful business development initiatives

Cash returns to shareholders



# First Half 2012

Revenue profile

Delivery on restructuring and continued cost discipline

Progress on the pipeline

Portfolio strengthened through successful business development initiatives:

Cash returns to shareholders

Maintain financial targets for the full year: Core EPS \$5.85 to \$6.15



# Headline results Q2 2012

	2012 \$m	2011 \$m	Actual growth	CER growth
<b>Revenue</b>	<b>6,660</b>	<b>8,430</b>	<b>-21%</b>	<b>-18%</b>
Core Operating Profit	2,269	3,322	-32%	-27%
Core EPS	\$1.53	\$ 1.73	-12%	-6%
Restructuring	(\$0.12)	(\$0.08)		
Merck & MedImmune amortisation	(\$0.09)	(\$0.08)		
Intangible impairments	--	--		
Legal provisions	(\$0.05)	(\$0.04)		
Reported EPS	\$1.27	\$ 1.53	-17%	-11%



# Headline results 1H 2012

	1H 2012 \$m	1H 2011 \$m	Actual growth	CER growth
<b>Revenue</b>	<b>14,009</b>	<b>16,722</b>	<b>-16%</b>	<b>-15%</b>
Core Operating Profit	5,266	7,000	-25%	-23%
Core EPS	\$3.34	\$3.96	-16%	-13%
Restructuring	(\$0.56)	(\$0.15)		
MedImmune/Merck amortisation	(\$0.18)	(\$0.16)		
Legal	(\$0.05)	(\$0.04)		
Reported EPS	\$2.55	\$3.61	-29%	-27%
Dividend	\$0.90	\$0.85		
Net Share Repurchases	\$1,602	\$2,204		



# 2Q and Half Year Results 2012

**Tony Zook, Executive VP Global Commercial**



# First Half 2012: Global commercial performance

## Challenging market conditions

- Loss of exclusivity
- Government interventions
- Global economic downturn

## Drive portfolio that is responsive to commercial investment

- Brands that retain exclusivity
- Markets that offer attractive growth opportunity

## Reshape the commercial organisation while preserving commercial capabilities and capacity to drive performance

- Regional consolidation
- Reduce non-customer facing positions
- Adjust field force to evolving portfolio
- Expand use of new channels to enhance customer satisfaction



# Regional revenue performance Q2 2012

	2012 \$m	CER growth	CER \$m	
<b>Global Revenue</b>	<b>6,660</b>	<b>-18%</b>	<b>(1,553)</b>	LOE -15pts; Astra Tech/Aptium -2.4 pts Supply chain -2pts
US	2,339	-29%	(953)	<i>Seroquel IR</i> (\$763m)
Western Europe	1,626	-20%	(438)	<i>Seroquel IR, Nexium, Arimidex &amp; Merrem generics</i>



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Established ROW	1,284	-12%	(180)	
Japan	723	-2%	(18)	Biennial price cuts; Shipments to partners
Canada	286	-30%	(127)	<i>Crestor, Atacand &amp; Nexium</i> generics
Other Established ROW	275	-11%	(35)	





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Other Established ROW	275	-11%	(35)	
Emerging Markets	1,411	+1%	18	Supply chain issues; adj. growth +8%
Emerging Europe	283	+1%	2	Turkey (gov't interventions)
China	349	+12%	35	
Emerging Asia Pacific	229	-2%	(5)	
Other Emerging ROW	550	-2%	(14)	Brazil ( <i>Crestor/Seroquel IR generics</i> ) Mexico



# Brand revenue performance Q2 2012

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<b>Global Revenue</b>	<b>6,660</b>	<b>-18%</b>	<b>(1,553)</b>	
<i>Crestor</i>	1,587	-5%	(87)	Canada (86) Brazil (13)
<i>Symbicort</i>	795	+3%	27	
<i>Seroquel XR</i>	370	-1%	(3)	
<i>Iressa</i>	154	+13%	18	
<i>Faslodex</i>	161	+24%	32	
ONGLYZA™	79	+72%	33	
<i>Brilinta/Brilique</i>	18	n/m	18	



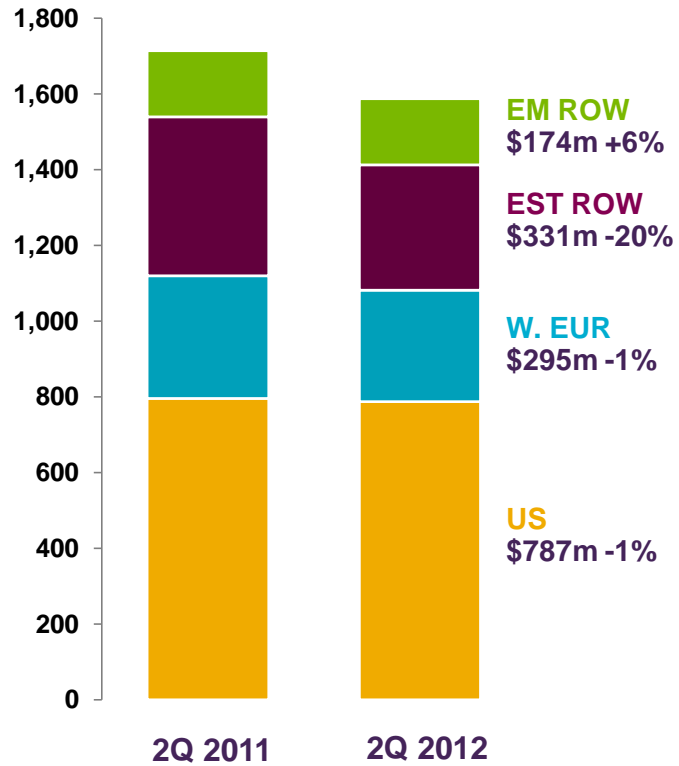
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<i>Nexium</i>	949	-13%	(140)	
<i>Seroquel IR</i>	277	-75%	(866)	
<i>Atacand</i>	269	-25%	(98)	
<i>Merrem</i>	100	-33%	(52)	



# Crestor

2Q 2012 Sales: \$1,587m -5%

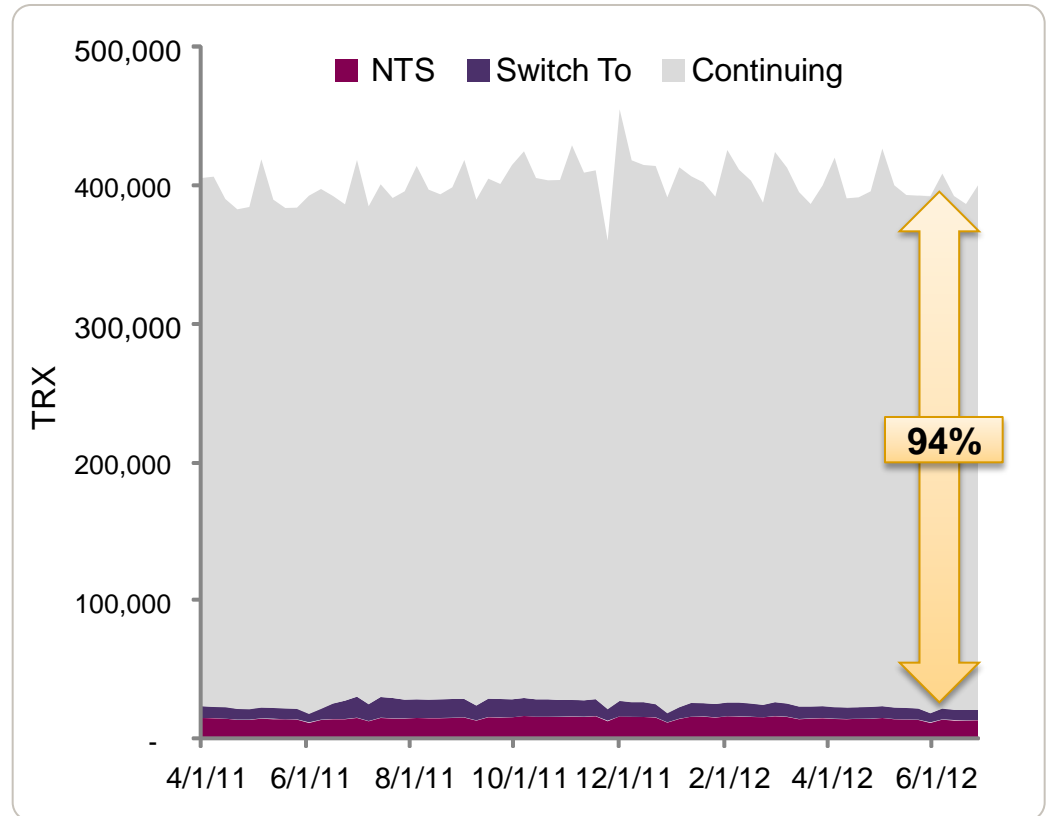


# Crestor: US performance

## Crestor Trx growth ahead of the statin market

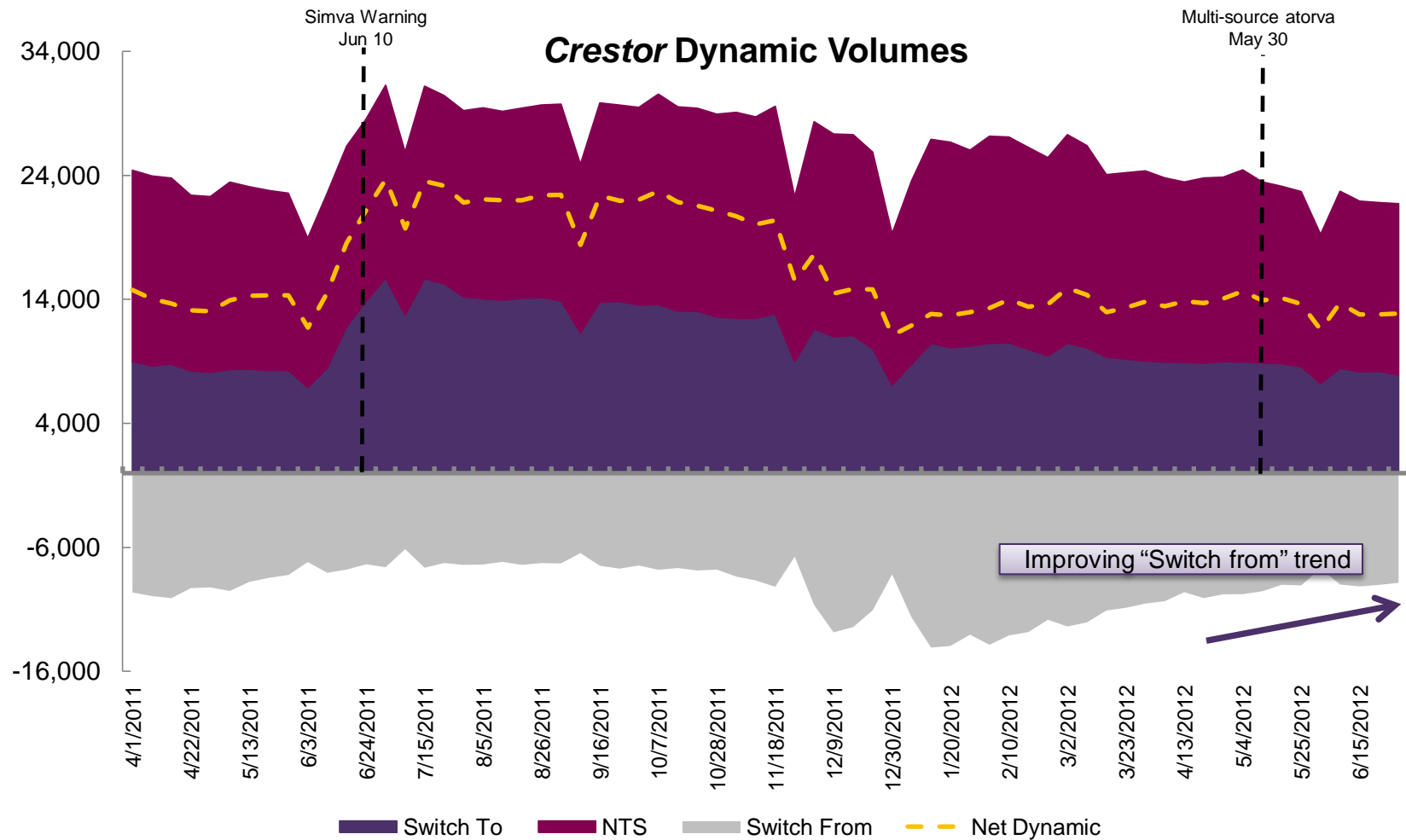
	Q2	1H
<b>Market</b>	<b>1.3%</b>	<b>1.5%</b>
<b>CRESTOR</b>	<b>1.5%</b>	<b>1.8%</b>

## Continuing therapy (94% of volume) stable



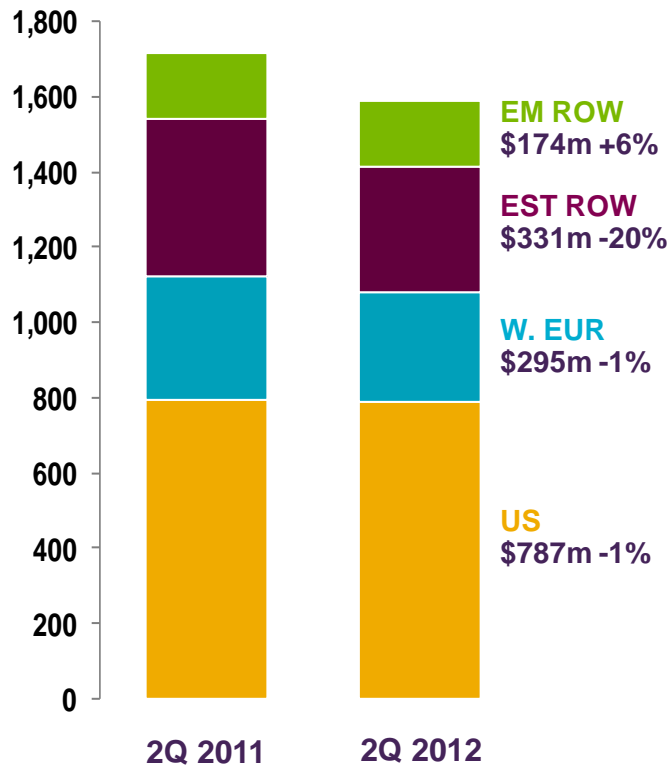
# Crestor: US

Net dynamic volume stable; steady improvement in "Switch from" trend



# Crestor

2Q 2012 Sales: \$1,587m -5%



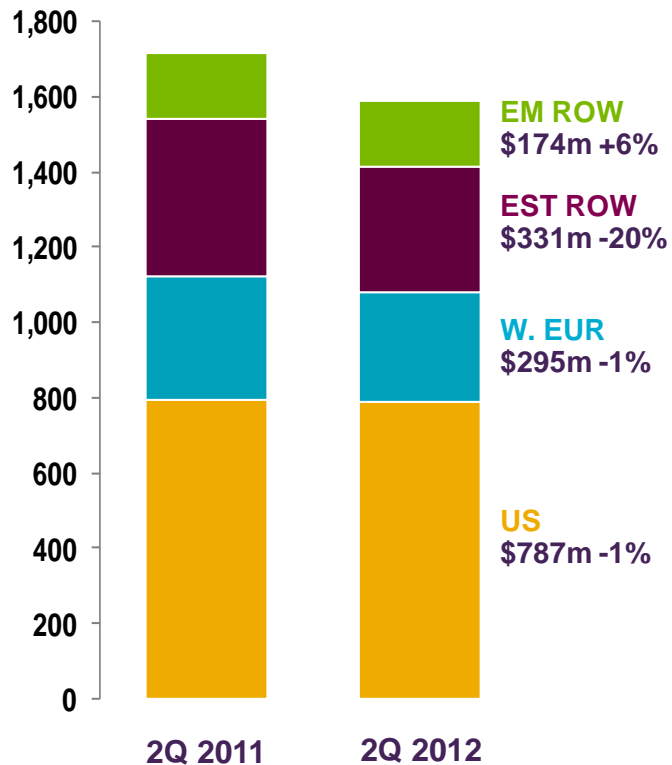
## US

- US TRx +1.5%
  - Statin market +1.3%
- *Crestor* volumes stable post generic atorvastatin



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## RoW

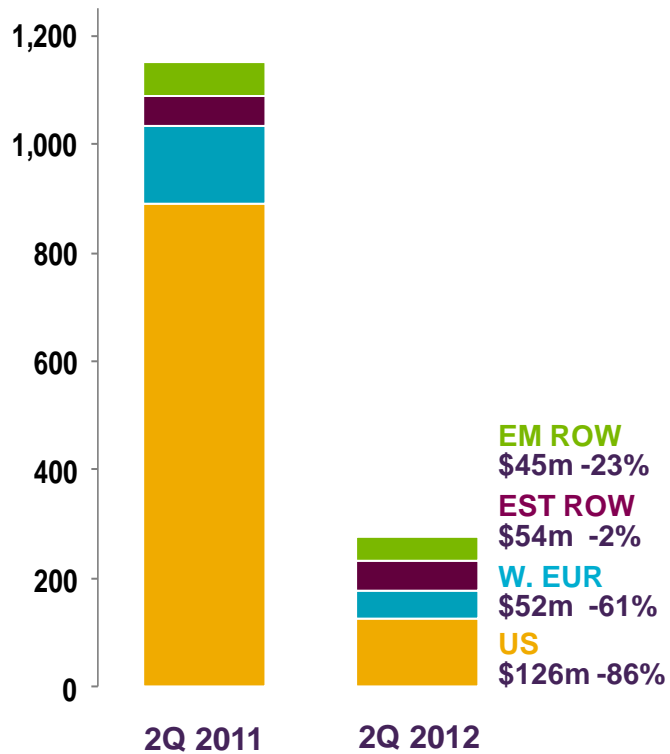
- RoW sales \$800m; -8%
  - Adj. for LOE in Canada; +1%
- Japan volume growth +16% vs market +2%
  - Ex-factory shipments to partner +4%





# Seroquel IR

2Q 2011 Sales: \$277m -75%

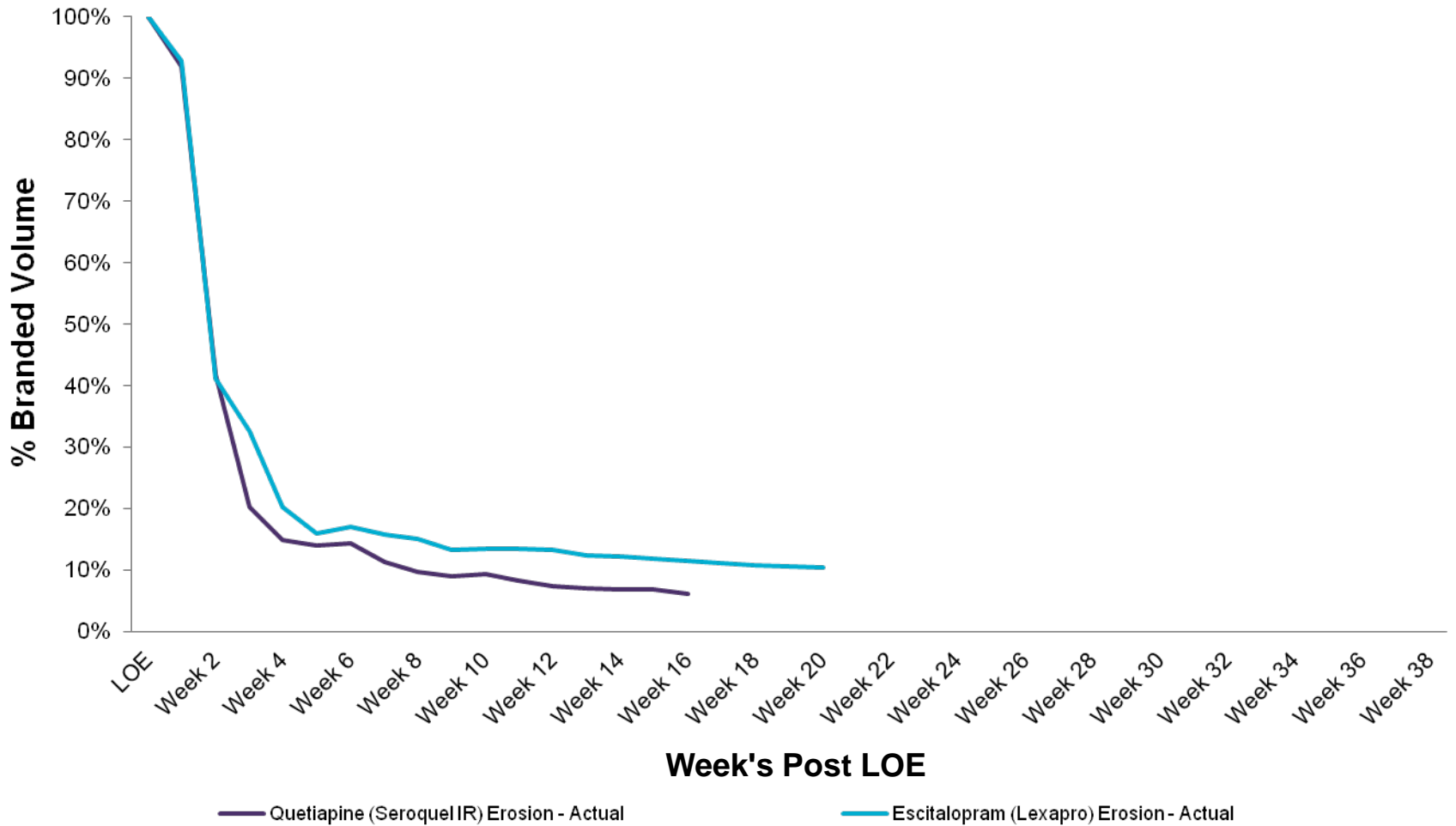


## US

- Sales -86%; rapid erosion of brand following loss of exclusivity at end March 2012

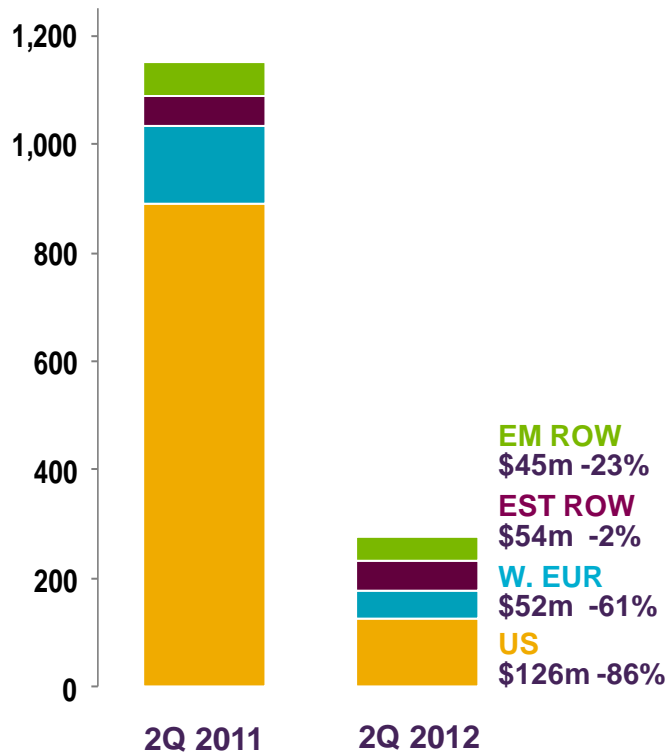


# Seroquel IR: Rapid erosion of branded product post LOE



# Seroquel IR

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## US

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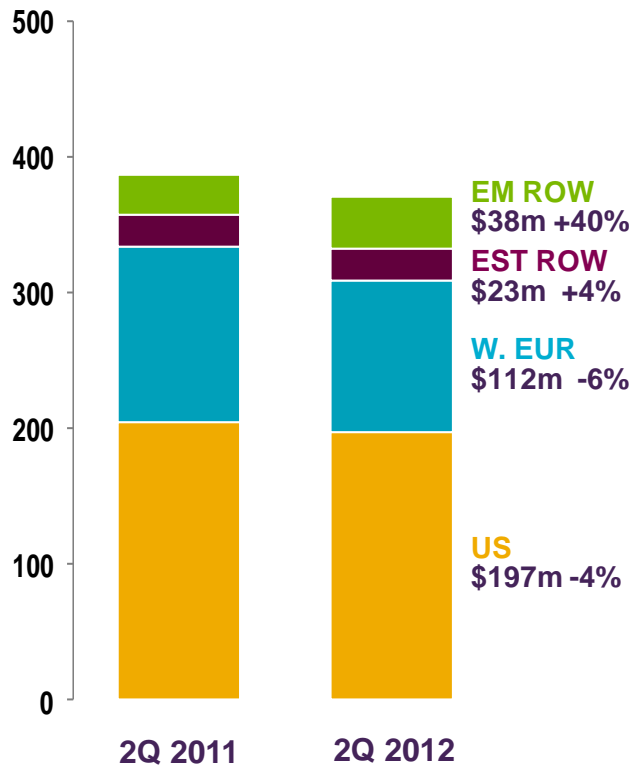
## RoW

- RoW sales \$151m; -39%



# Seroquel XR

2Q 2011 Sales: \$370m -1%



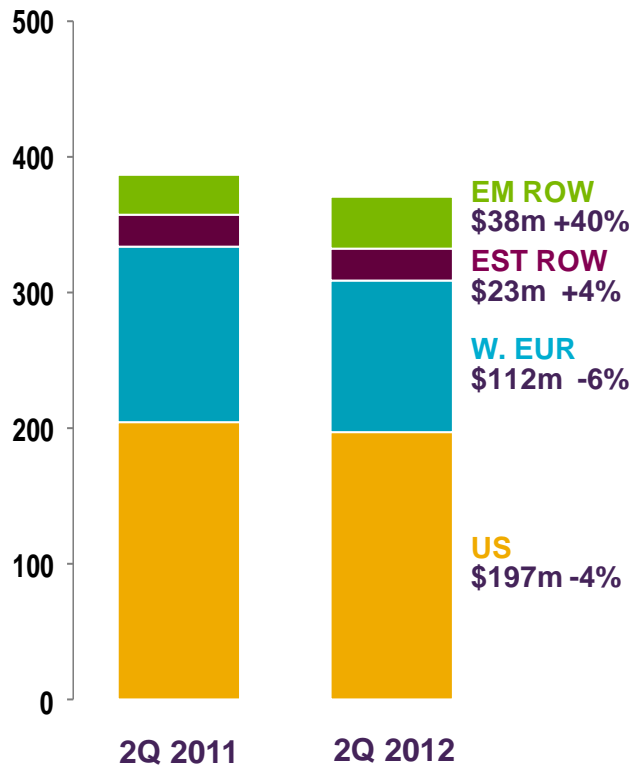
## US

- *Seroquel XR* TRx -3% vs market -1%
  - TRx share 4.95%
    - Down 17 basis pts in April (from pre Seroquel IR LOE)
    - Share stabilising



# Seroquel XR

2Q 2011 Sales: \$370m -1%



## US

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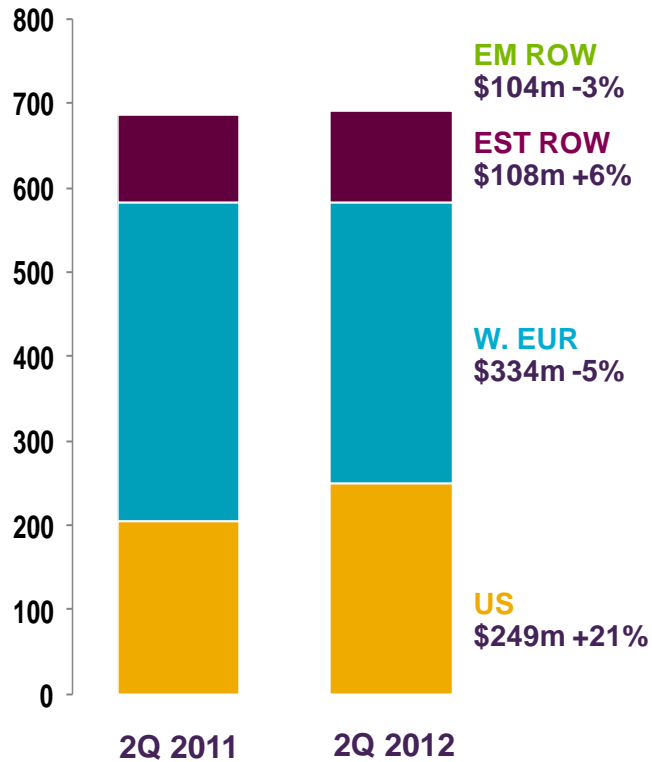
## RoW

- RoW sales \$173m +3%
- Western Europe sales -6%
  - Generic launches UK and “at risk” in Germany
  - Launch in France



# Symbicort

2Q 2012 Sales: \$795m +3%



## US

- TRx +12% vs market +1%
- NRx share 22.5%
  - Up 1 pt vs December 2011
- New patient share 27.2%

## RoW

- Sales \$546m -3%



# ***Brilinta/Brilique***

## Europe

- Successfully secured pricing approvals in Germany & France
- Continued strong performance in Germany
- Good progress in Nordic region
- Successful launch in Italy



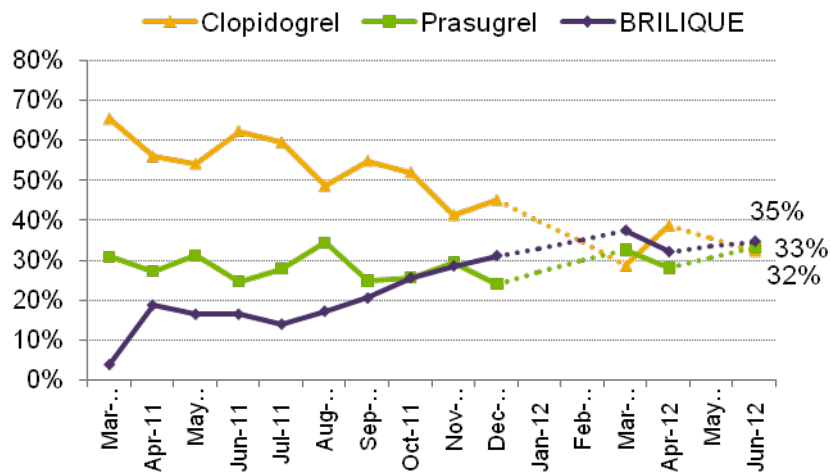
# Brilique: Strong performance in Germany

Brilique reported to be on protocol in 85% of target hospitals through June

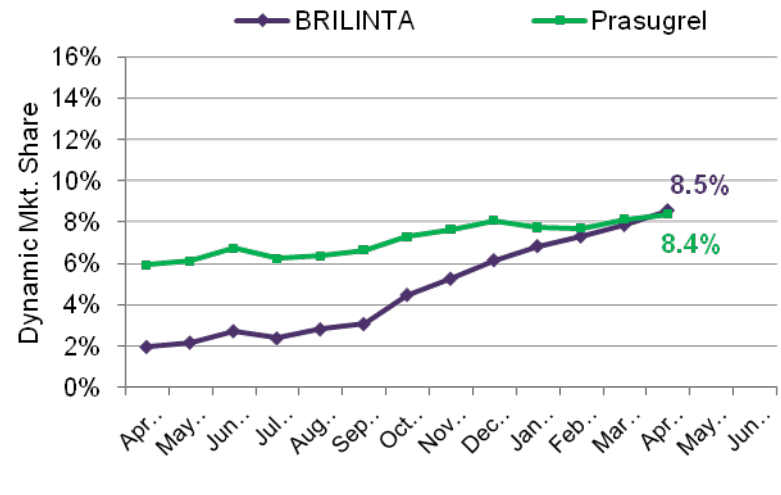
Where on protocol, *Brilique* #1 product in share of ACS patients

Hospital presence is now driving increased retail utilisation

Share of OAP for ACS patients:  
*Brilique* "On Protocol" Hospitals



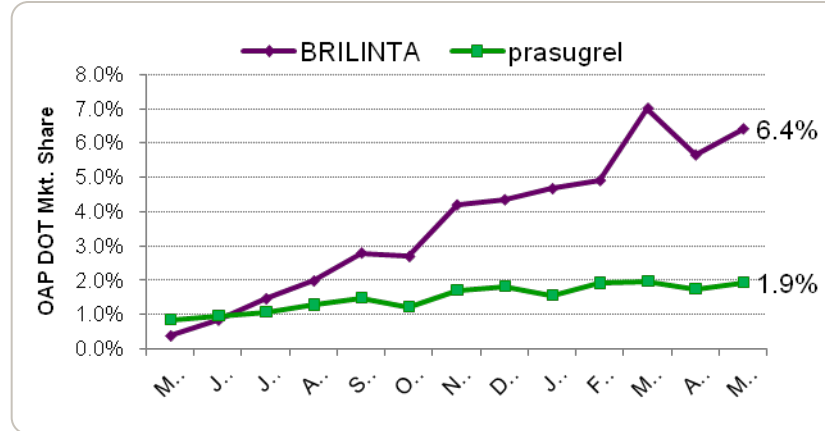
OAP Retail Dynamic Share



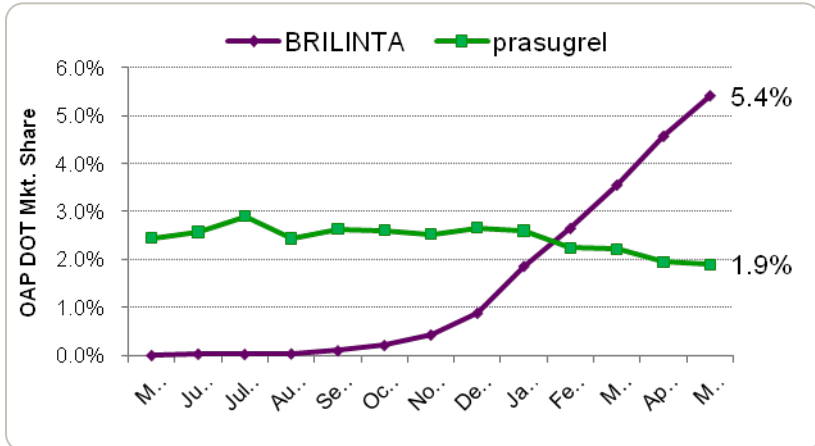


# Brilique: Performance in Nordic region

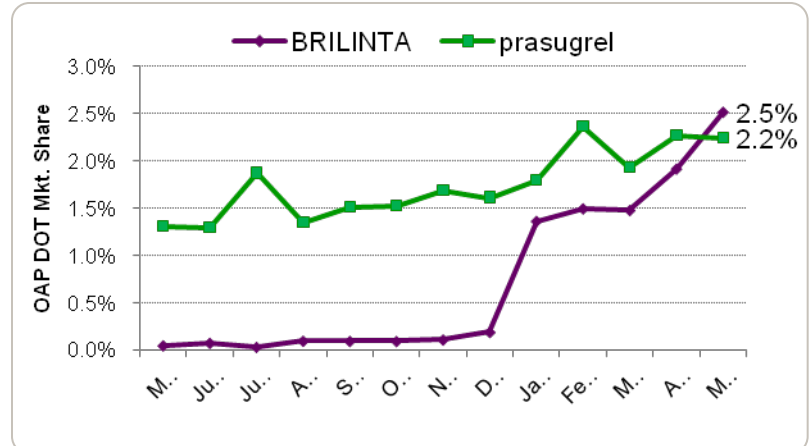
## DENMARK: OAP Volume Market Share



## SWEDEN: OAP Volume Market Share

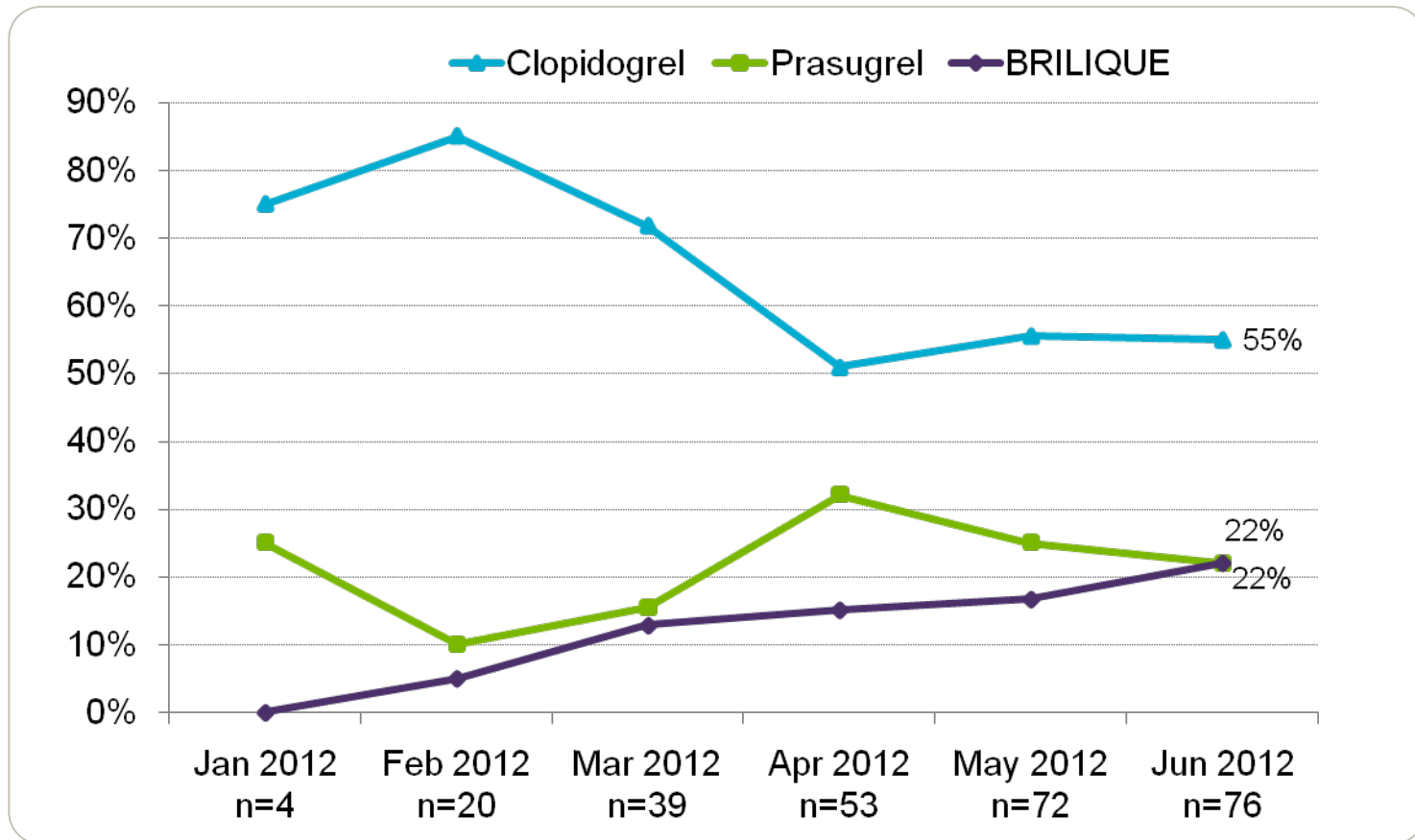


## NORWAY: OAP Volume Market Share



# Brilique: Launch in Italy

## Share of OAP in ACS patients: BRILINTA “On Formulary“ Target Hospitals

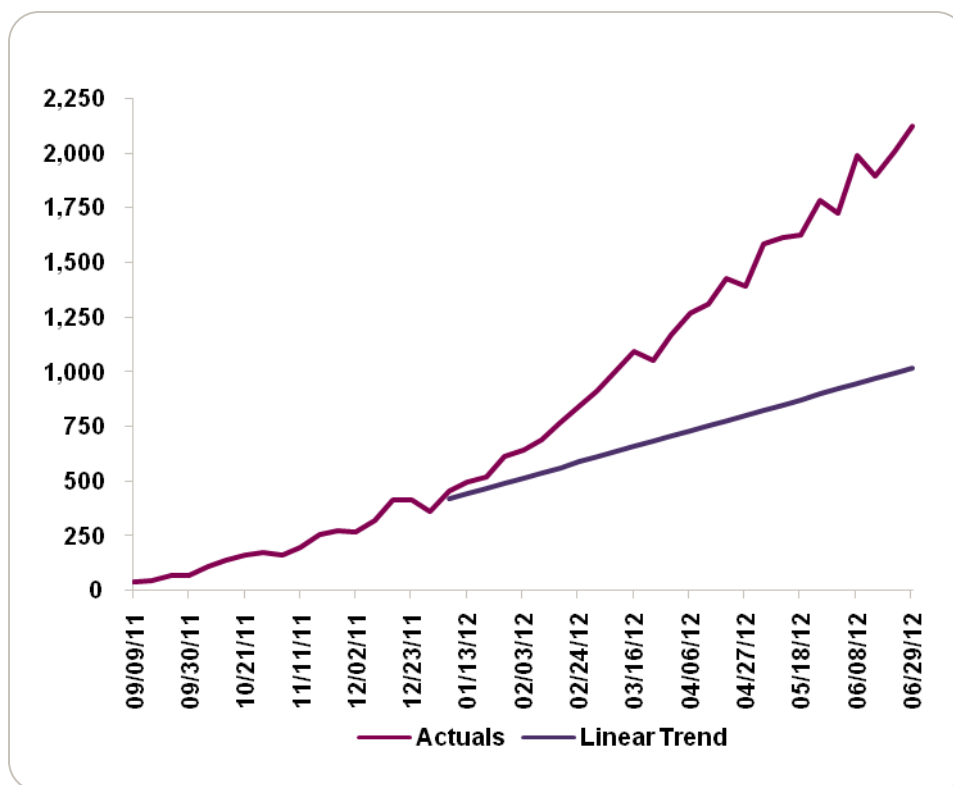


# Brilinta: US launch progress

## Steady increase in key indicators

	Q4 '11	Q1 '12	Q2 '12
Top 400 % on Formulary	46%	68%	75%
Top 400% on Protocol	14%	20%	32%
IC Trial Overall	6%	15%	25%
IC Trial when on Protocol	8%	20%	29%
MM Overall Unrestricted Access	60%	61%	66%
MM Part D Unrestricted Access	19%	27%	34%

## Growth in TRx's



# *Brilinta/Brilique*

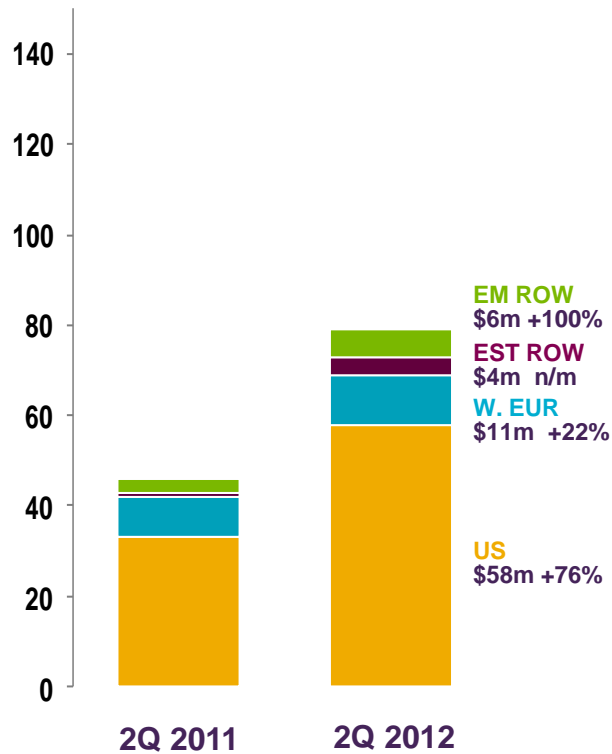
## US

- Progress on formulary/protocol/trial process
- Positive Rx trend continues
- Added as a Class I recommendation to ACCF/AHA guidelines for the management of UA and NSTEMI patients in July (invasive & non-invasive)



# ONGLYZA™

2Q 2012 Revenue: \$79m +72%

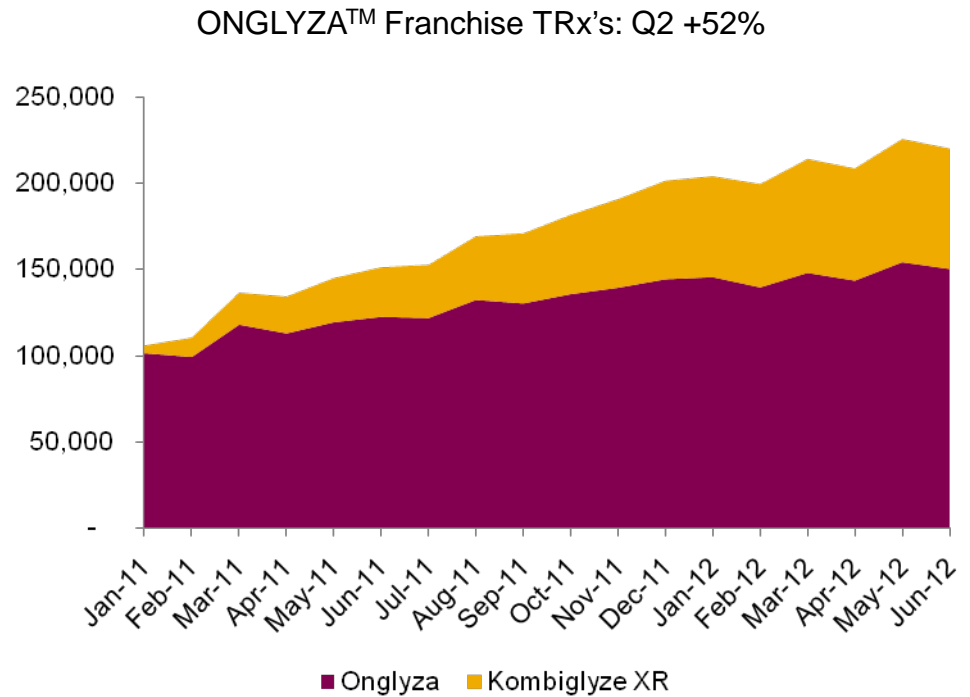
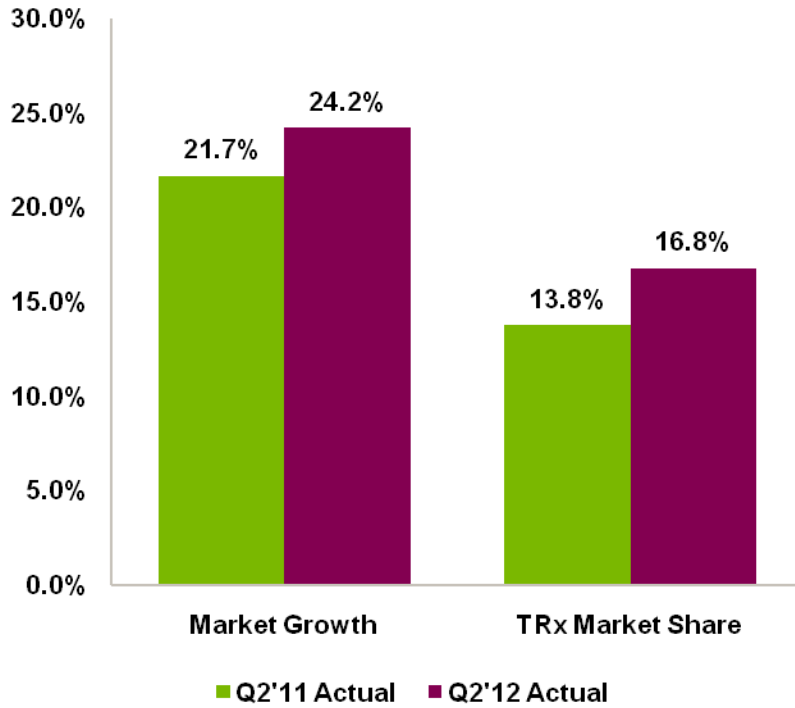


## US

- TRx for DPP4's up 24% in Q2
- AZ franchise share: 16.9% (June 2012)
  - ONGLYZA™ share: 11.5%
  - KOMBIGLYZE XR™ share: 5.4%

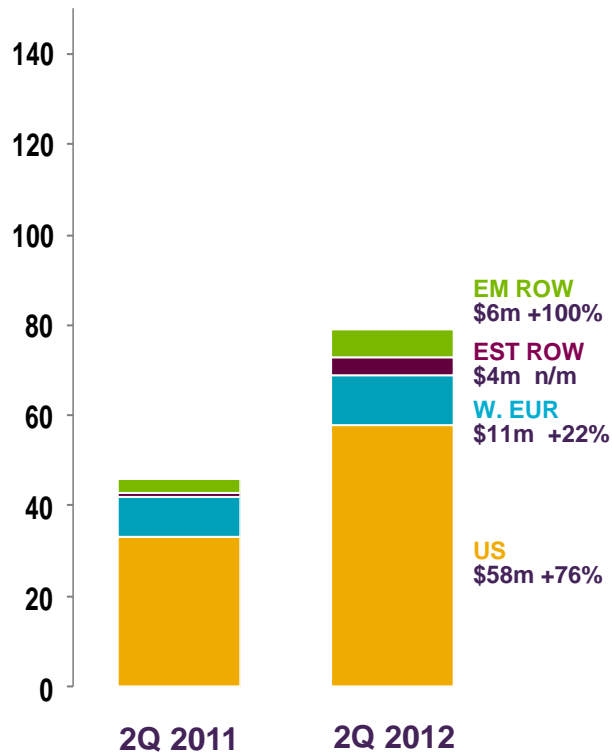


# ONGLYZA™ Franchise: US performance



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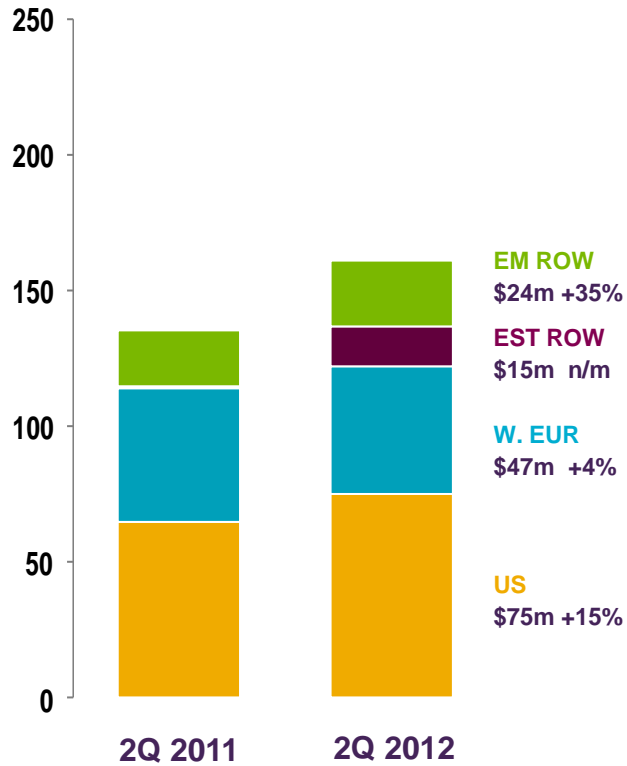
## RoW

- RoW revenue \$21 million, +62%



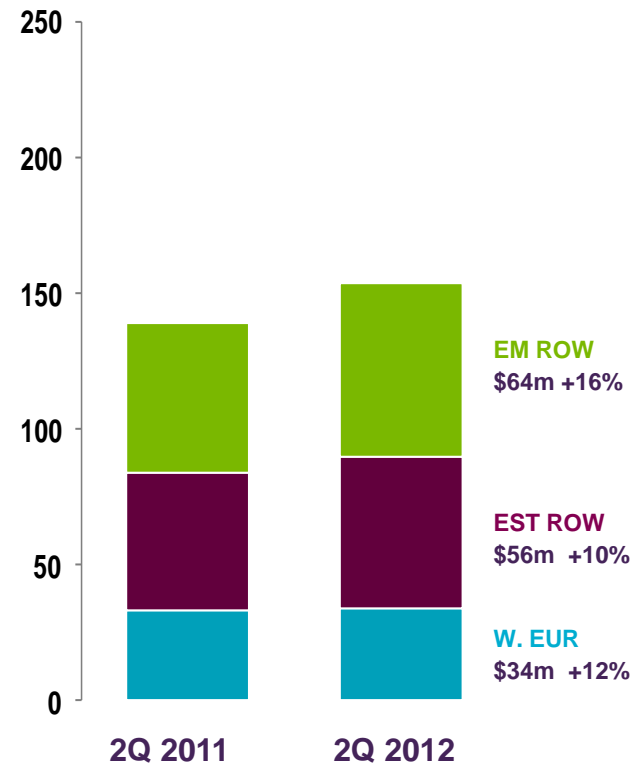
# Faslodex

2Q 2012 Sales: \$161m +24%



# Iressa

2Q 2012 Sales: \$154m +13%





# 2Q and Half Year Results 2012

**Julie Brown, Interim Chief Financial Officer**



# Core margin: Q2 2012

	\$m	CER %	% sales	Delta vs PY CER
<b>Revenue</b>	<b>6,660</b>	<b>-18%</b>	<b>-</b>	
Core Gross Margin	5,320	-20%	79.9	-190 bps
Distribution	(75)	-10%	1.1	-10 bps



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Core Other Income	182	-	2.7	+50 bps



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Core R&D	(1,053)	-4%	15.8	-240 bps



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<b>Core Operating Profit</b>	<b>2,269</b>	<b>-27%</b>	<b>34.1</b>	<b>-430 bps</b>



# Restructuring Programme: Phase 3 2012-14

Total programme cost estimated at \$2.1 billion; most to be taken in 2012

	Q1	Q2	1H
<b>Total</b>	<b>702</b>	<b>205</b>	<b>907</b>
COGS	55	6	61
R&D	445	136	581
SG&A	202	63	265

Estimated annual benefits of \$1.6 billion by end 2014





# 1H 2012: Cash flow/distributions

Cash generated from operating activities \$2.8 billion (1H 2011 \$2.8 billion)

- Working capital management and lower tax more than offset lower operating profit and pension fund contribution



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## Shareholder distributions

- Progressive dividend; first interim \$0.90 (~ 1/3 of prior FY 2011 of \$2.80)
- Net share repurchases
  - Subject to market conditions & business needs: FY 2012 target \$4.5 billion
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- Amylin payments
- First interim dividend



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Merck 2<sup>nd</sup> option amendment: Exercise in 2014

- Exercise price: ~\$407 million
- Accounting treatment of intangibles (Note 5 in Q2 2012 interim financial statements)



# Guidance for 2012 (Core basis)

<b>Revenue</b>	Low to mid-teens decline at CER
<b>Gross Margin</b>	Below 2011, but above 80%
<b>Core Pre-R&amp;D Margin</b>	Below 2011, but upper half of mid-term planning range
<b>Net Finance Expense</b>	In line with 2011
<b>Other Operating Income</b>	Low double-digit decline vs 2011
<b>Tax Rate</b>	Effective reported tax rate around 20%
<b>Core EPS</b>	Range \$5.85 to \$6.15



# 2Q and Half Year Results 2012

**Julie Brown, Interim Chief Financial Officer**



# 2Q and Half Year Results 2012