Strategic Transaction with Almirall in Respiratory Disease

Accelerating AstraZeneca Respiratory Leadership

July 30, 2014
Long-term value generation and strong strategic fit

1 Stronger inhaled portfolio in asthma and COPD
   - Greater device choice for patients (DPI and pMDI)\(^1\)
   - Short-term: adds DPI twice daily LAMA & LABA/LAMA options to Symbicort/ Pearl
   - Medium-term: offers once daily treatment options with novel MABA and LABA bronchodilators, and triple therapy alternatives for severe patients
   - Long-term: access to novel mechanisms in respiratory

2 Highly regarded Almirall team strengthens AstraZeneca

3 Compelling financial structure and impact
   - Contingent deal structure de-risks business combination and enhances returns
   - Adds revenue immediately, core earnings neutral in 2015 and accretive from 2016
   - Accelerates and strengthens our return to growth and long-term revenue targets

\(^1\) Dry Powder Inhaler and pressurized Metered-Dose Inhaler
Summary Transaction Overview

Aclidinium franchise: Eklira® (LAMA) and LAS40464 (LAMA/LABA)
- Development and commercial rights in un-partnered territories
- Assume Almirall rights in partnered territories

Clinical assets and discovery collaboration
- Global development and commercial rights on MABA platform (LAS190792 (PhI), LAS191351 (PC), LAS194871 (PC)) and abediterol (LABA, PhII)
- Option to in-license pre-clinical assets
- “Pooling of assets” approach

Almirall Sofotec and Genuair®
- Company acquisition. Full rights to all assets and technologies

Employees
- Transfer of significant number of employees, including Almirall Sofotec employees (subject to local consultation and legislation)

Financial terms
- Initial consideration: $875m upon transaction completion
- Contingent consideration: $1.22bn in development, launch and sales-related milestones; also includes sales-related payments
- Accounting treatment: business combination
Progressing AstraZeneca leadership in Respiratory

**Revenue and access to in-market portfolio**

- **Eklira® Genuair®**
  - Growing, marketed product (€107m/$147m LTM sales)
  - BiD LAMA in preferred DPI
  - Complements Symbicort as “open triple” therapy
  - Strong partner royalties (Bretaris®, Tudorza™)
  - Sales & marketing FTEs

- Anticipate 2015 launch of dual bronchodilators
  - CHMP opinion late Q3 2014
  - Competitive time to market
  - First BiD to market, in preferred DPI

**Strengthen AstraZeneca pipeline**

- **QD MABA**
  - New class of bronchodilators
  - Potential for triple efficacy with just 2 molecules (MABA + AI)
  - Platform for higher order combinations

- **Abediterol (LABA)**
  - QD LABA with competitive profile
  - Alternative for future QD combinations

- **Pre-clinical assets and R&D resources**
  - Option to in-license pre-clinical assets
  - Late stage R&D FTEs

**Strengthen AstraZeneca device offering and know-how**

- **Device**
  - Current and future DPI platform additive to AstraZeneca RCI¹ platform
  - Next generation of alternative devices

- **People & Capabilities**
  - Sofotec employees to be transferred to AstraZeneca
  - Highly regarded team with a track-record of technical and regulatory expertise
  - Formulation & Intelligent device capability

¹ Radial Channel Inhaler
Significant long-term commercial potential
$2bn+ peak sales potential (non-risk adjusted)

COPD Bronchodilators\(^1\)

- Peak sales: >$1Bn

Triple therapy\(^2\)

- Peak sales: >$1Bn

\(^1\) Includes forecast global sales from partners on Aclidinium monotherapy, combination LABA/LAMA therapy and MABA monotherapy in COPD

\(^2\) Includes forecast global sales from Aclidinium MABA/novel AI triple therapy in COPD and asthma
Accelerating our Respiratory Leadership
Better positioned to capture the triple therapy opportunity

**Almirall MABA programme: profile and rationale**

- Series of **3 MABA assets**
- Lead asset currently in P1
- Potential for **QD/BD dosing**
- Potential for **triple therapy efficacy with just 2 molecules** (MABA + AI)
- Options as mono & combination QD/BD treatments

**Triple Therapy: commercial potential**

- Increasingly regarded as the “holy grail” of COPD therapy
- Potential for **c.30%** of COPD patients within 5 years of market availability\(^1\)
- **$7bn+** class revenue potential by 2025\(^2\)

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\(^1\) Source: Jefferies research, September 2013  \(^2\) Source: AstraZeneca and equity research estimates
Improved DPI device offering and capabilities

Competitive positioning: device choice and effective use are key

- > 57% of physicians believe device is important
- DPI’s dominate the maintenance market
- Technological edge in DPI a key competitive success factor

Strong device strategy fit

- **Improves choice** for patient & physician of dry powder and active / pressurized metered dose inhalers

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<thead>
<tr>
<th>Device technology</th>
<th>AstraZeneca</th>
<th>Almirall</th>
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</thead>
<tbody>
<tr>
<td>Active (pMDI)</td>
<td>Current</td>
<td>Pearl pMDI ✓</td>
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<tr>
<td>Next gen.</td>
<td>BAI³ (in devpt) ✓</td>
<td></td>
</tr>
<tr>
<td>Passive (DPI)</td>
<td>Current</td>
<td>Turbuhaler ✓ Genuair® ✓</td>
</tr>
<tr>
<td>Next gen.</td>
<td>RCI⁴ (in devpt) ✓</td>
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- **Access to leading DPI platform:**
  - Genuair® ranked #1 DPI device on market²
  - Extend future development options

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1. Source: Global IMS Sales Database MAT May 2014;  
2. AstraZeneca device strategy survey;  
3. Breath Activated Inhaler;  
4. Radial Channel Inhaler
Strong performance from launch in Europe
5.2% LAMA market share

Source: IMS (combined)
* Tiotropium, Glycopyrronium, Aclidinium