AstraZeneca
What science can do

# Fixed-Income Investor Update

***21 February 2019***

# 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 document contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group, including, among other things, statements about expected revenues, margins, earnings per share or other financial or other measures. 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 document 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, or limitations to, patents, marketing exclusivity or trademarks, or the risk of failure to obtain and enforce patent protection; effects of patent litigation in respect of IP rights; the impact of any delays in the manufacturing, distribution and sale of any of our products; the impact of any failure by third parties to supply materials or services; the risk of failure of outsourcing; the risks associated with manufacturing biologics; the risk that R&D will not yield new products that achieve commercial success; the risk of delay to new product launches; the risk that new products do not perform as we expect; the risk that strategic alliances and acquisitions, including licensing and collaborations, will be unsuccessful; the risks from pressures resulting from generic competition; the impact of competition, price controls and price reductions; the risks associated with developing our business in emerging markets; the risk of illegal trade in our products; the difficulties of obtaining and maintaining regulatory approvals for products; the risk that regulatory approval processes for biosimilars could have an adverse effect on future commercial prospects; the risk of failure to successfully implement planned cost reduction measures through productivity initiatives and restructuring programmes; the risk of failure of critical processes affecting business continuity; economic, regulatory and political pressures to limit or reduce the cost of our products; failure to achieve strategic priorities or to meet targets or expectations; the risk of substantial adverse litigation/government investigation claims and insufficient insurance coverage; the risk of substantial product liability claims; the risk of failure to adhere to applicable laws, rules and regulations; the risk of failure to adhere to applicable laws, rules and regulations relating to anti-competitive behaviour; the impact of increasing implementation and enforcement of more stringent anti-bribery and anti-corruption legislation; taxation risks; exchange rate fluctuations; the risk of an adverse impact of a sustained economic downturn; political and socio-economic conditions; the risk of environmental liabilities; the risk of occupational health and safety liabilities; the risk associated with pensions liabilities; the impact of failing to attract and retain key personnel and to successfully engage with our employees; the risk of misuse of social medial platforms and new technology; and the risk of failure of information technology and cybercrime. Nothing in this presentation / webcast should be construed as a profit forecast.

## Disclaimer

This presentation is neither an offer to sell nor a solicitation of an offer to buy any securities and shall not constitute an offer, solicitation, or sale in any jurisdiction in which an offer, solicitation, or sale is unlawful.

## Non-GAAP Measures

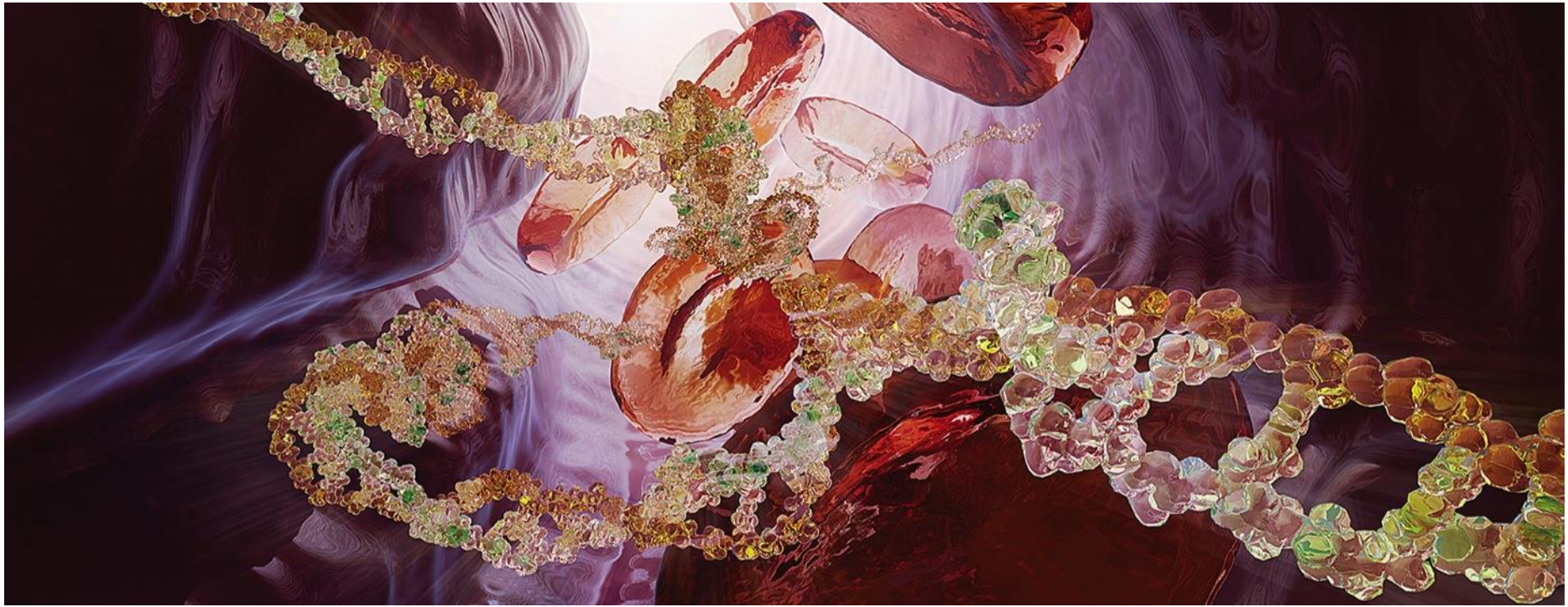
This presentation contains financial measures that are not calculated in accordance with generally accepted accounting principles (“GAAP”). These non-GAAP financial measures include net debt as well as our core financial measures and constant exchange rate (CER) growth rates. Non-GAAP measures included in this presentation should be considered in addition to, but not as substitutes for, the information we prepare in accordance with GAAP and as a result should be reviewed in conjunction with our financial statements. We provide reconciliations on slide 25 and on slides 41 and 42 in the Appendix to this presentation between our non-GAAP financial measures and the respective most directly comparable financial measure calculated and presented in accordance with GAAP. However, the Company presents Core EPS guidance only at CER. It is unable to provide guidance on a Reported/GAAP basis because the Company cannot reliably forecast material elements of the Reported/GAAP result, including the fair value adjustments arising on acquisition-related liabilities, intangible asset impairment charges and legal settlement provisions.

# Key messages

- Delivering on our promises – returned to sustainable growth
- Pipeline continues to deliver – underpinning sales growth
- Continued strong focus on cash generation and cost discipline
- Finance priorities – sales and profit growth, cash generation and deleveraging

AstraZeneca
What science can do

# Business Update



# What we set out to do….

## Strategic priorities from 2013

**1**

**Achieve scientific leadership**

**2**

**Return to growth**

**3**

**Be a great place to work**

# AstraZeneca returned to sustainable growth in sales

## Pipeline-driven transformation has delivered on the promises

**Business and financials**

**Product sales** increased by 8% in Q4 and by 4% in the year

- Strong performance of New Medicines[1] (+81%) and $2.8bn incremental sales vs. 2017
- Oncology (+49%), New CVRM[2] (+12%) and Respiratory (+3%)
- Emerging markets (+13%) and China (+25%)

**Total revenue** declined by 2% and **core operating costs** increased by 4%, in line with sales. **Core EPS** $3.46, in line with guidance

**Guidance** of high single-digit percentage product sales increase and core EPS of $3.50-3.70

**Pipeline** continues to progress well; recent **organisational refinements** will improve speed and efficiency; the business **sustainability** agenda progressed further; majority of **employee engagement** scores ahead of Pharma peers

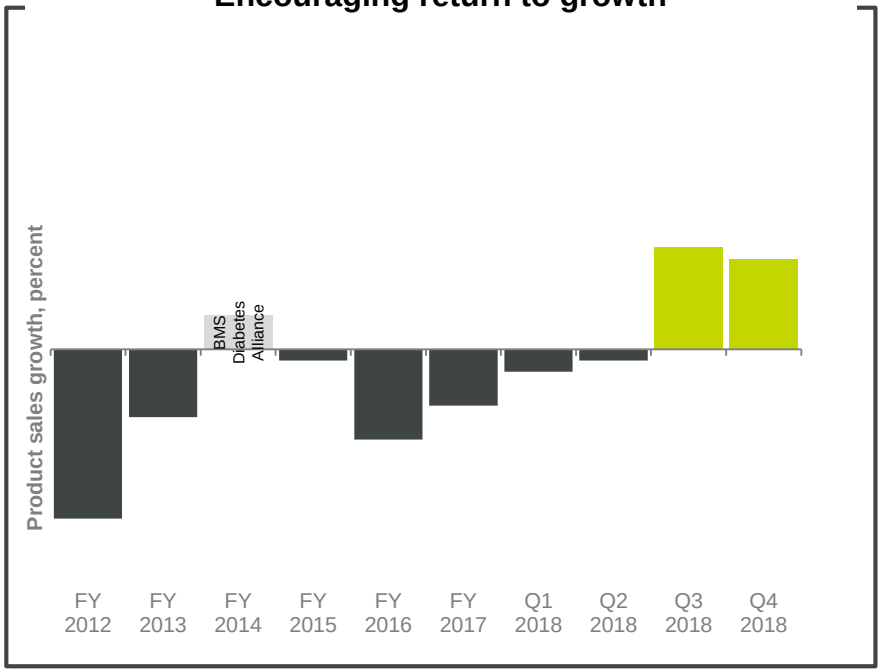
1. *Tagrisso*, *Imfinzi*, *Lynparza*, *Calquence*, *Lumoxiti*, *Farxiga*, *Brilinta*, *Lokelma*, *Fasenra and Bevespi.* Absolute growth at constant exchange rates (CER) and compared to FY 2017.
2. New Cardiovascular, Renal and Metabolism incorporating Diabetes, *Brilinta* and *Lokelma*.

Absolute values at actual exchange rates; changes at CER and for FY 2018, unless otherwise stated. Guidance at CER.

# Sales: inflection point reached

## Strong sales growth set to continue

### Encouraging return to growth




### Key medicines driving growth in 2019

***Tagrisso***
ongoing launches in EGFRm NSCLC 1L

***Imfinzi***
ongoing launches in unresect., StageIII NSCLC

***Lynparza***
ongoing launches of tablet in ovarian, breast cancer

***Farxiga***
continued global growth and the DECLARE trial

***Brilinta***
continued strong global growth

***Fasenra***
ongoing launches in severe, eosinophilic asthma

Changes (product sales growth) at CER.

# Sales: New Medicines drove return to growth

## FY 2018: $2.8bn in incremental sales; growth of 81%

**Q4 2018:**

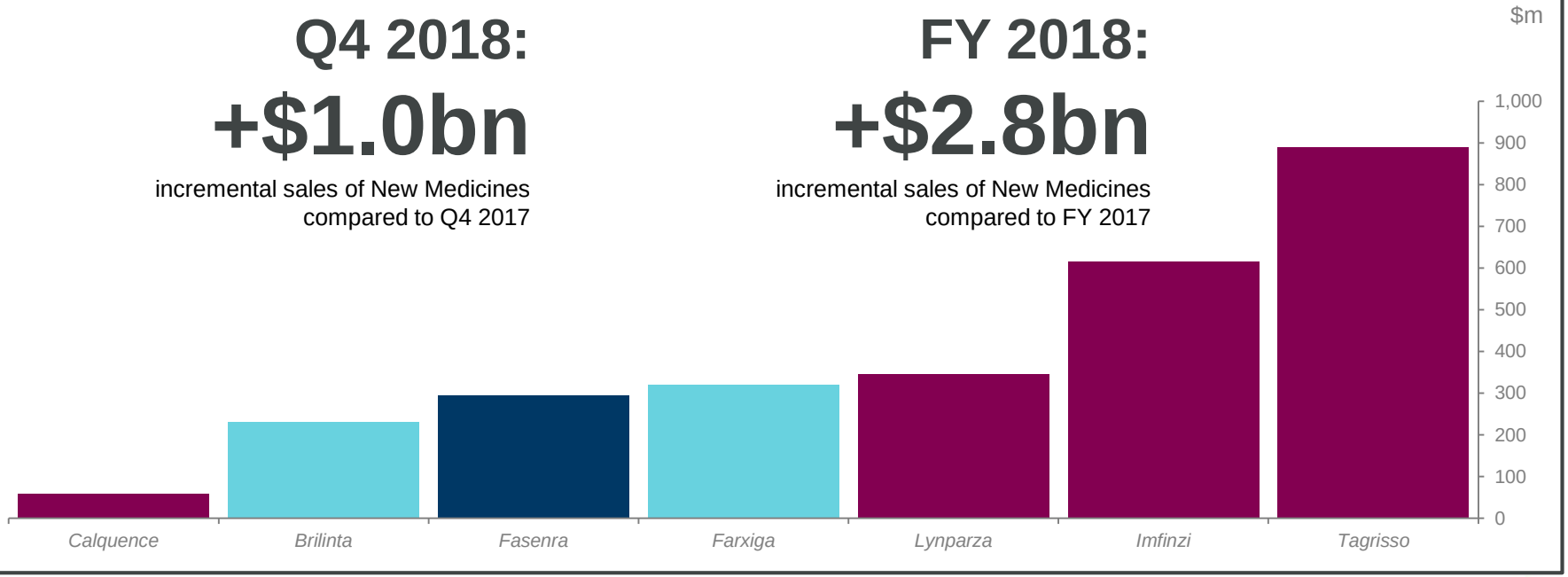
**+$1.0bn**

incremental sales of New Medicines compared to Q4 2017

**FY 2018:**

**+$2.8bn**

incremental sales of New Medicines compared to FY 2017




**Oncology** New CVRM **Respiratory**

Absolute values at CER.

# Sales: growth across all main therapy areas

## Oncology, New CVRM, China all performed strongly

| | Q4 2018 $m | % change | % product sales | FY 2018 $m | % change | % product sales |
|---|---|---|---|---|---|---|
| **Product sales** | **5,768** | **8** | **100** | **21,049** | **4** | **100** |
| **Oncology** | 1,767 | 61 | 31 | 6,028 | 49 | 29 |
| **New CVRM** | 1,103 | 11 | 19 | 4,004 | 12 | 19 |
| **Respiratory** | 1,362 | 5 | 24 | 4,911 | 3 | 23 |
| **Other** | 1,536 | (21) | 27 | 6,106 | (23) | 29 |
| **Emerging markets** | 1,766 | 16 | 31 | 6,891 | 13 | 33 |
| ***- China*** | *948* | *22* | *16* | *3,795* | *25* | *18* |

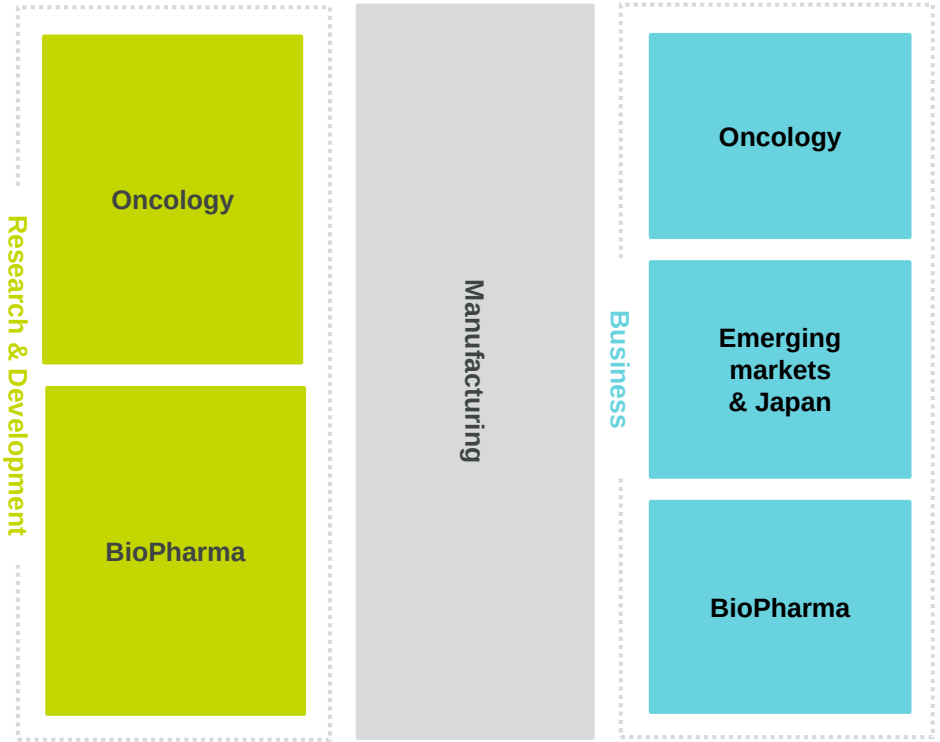
Product sales values at actual exchange rates; changes at CER.

# New, simplified organisation

Increase focus on main therapy areas

Agile decision-making and resource allocation

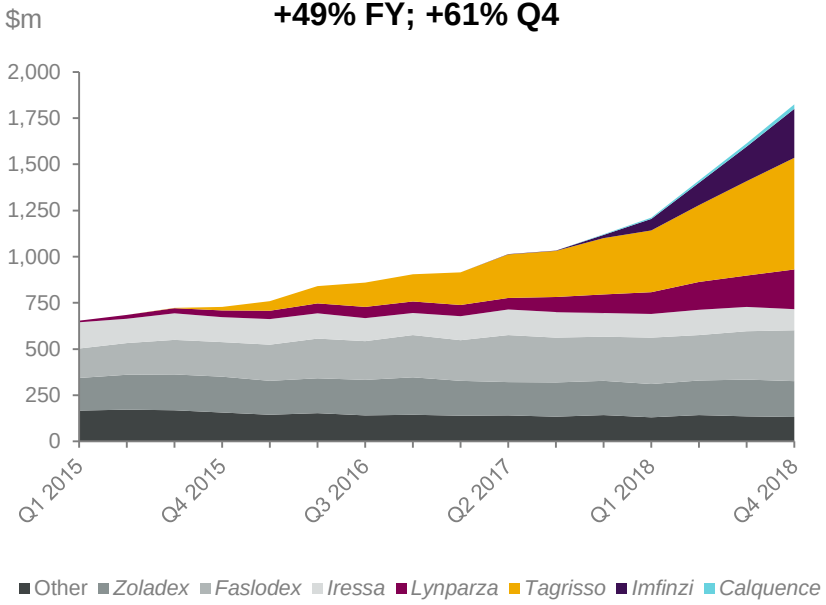
Collaboration between R&D and business



# Oncology

## Establishing new standards of care

**Total Oncology sales**
**+49% FY; +61% Q4**




**New medicines *Lynparza*, *Tagrisso*, *Imfinzi* and *Calquence* added $1.9bn**

- ***Tagrisso*** quickly moving ahead to become the no. 1 AstraZeneca medicine in 2019
- ***Imfinzi*** strong US uptake; ex-US opportunity underway
- ***Lynparza***, the leading PARP inhibitor in ovarian and breast cancers; ovarian 1st line combo, pancreatic and prostate data in 2019
- ***Calquence*** first ex-US approvals in MCL[1]; CLL[2] Phase III data in H2 2019. ***Faslodex*** became $1bn blockbuster

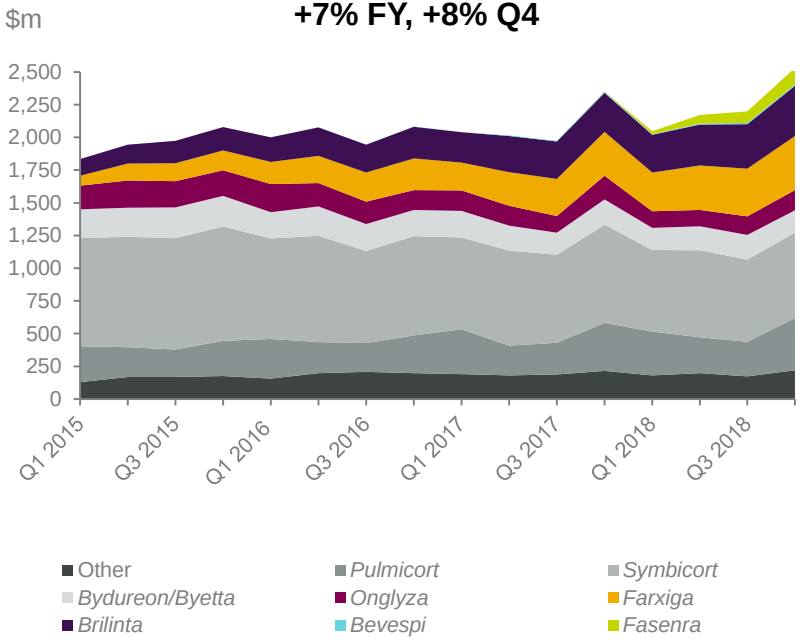
Absolute values and changes at CER and for FY 2018 and Q4 2018, unless otherwise stated.

1. Mantle cell lymphoma.
2. Chronic lymphocytic leukaemia.

# New CVRM and Respiratory

## Strong businesses with several blockbusters, now and in the future

**Combined sales:**
**+7% FY, +8% Q4**




**Strong franchises and encouraging launches**

- ***Farxiga***: leading SGLT2 inhibitor with differentiated CV[1] outcomes data, global growth and more data next year
- ***Brilinta***: strong clinical benefit across CV disease, with more data in 2019 and 2020
- ***Fasenra***: strong launch in US, Japan and Germany; global roll-out underway
- ***Symbicort*/*Pulmicort***: combined a robust, global inhaled respiratory business
- ***Lokelma***: launches now underway in Europe; US to follow mid-2019

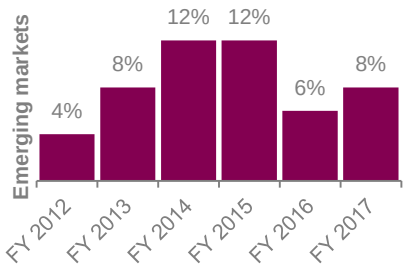
Absolute values and changes at CER and for FY 2018 and Q4 2018, unless otherwise stated.

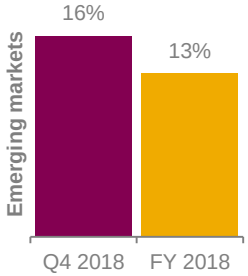
1. Cardiovascular.

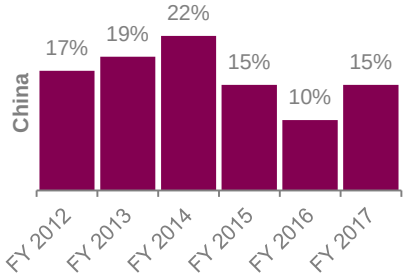
# Emerging markets

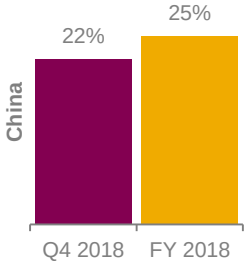
## China consistently outperforming

**China continued very strongly (+25%)**
**Ex-China growth (+1%) impacted by divestments**




**Sales continued to grow ahead of the long-term commitment of mid to high single-digit growth**

- **Ex-China growth +1%**
  Growth ex-China improved significantly in Q4 (+10%), but still reduced by a low single-digit percentage by divestments

**Focus on main therapy areas paying off**

- **Oncology +37%**: *Tagrisso* ($347m) now second-biggest Oncology medicine. *Zoladex*, *Faslodex*, *Lynparza* and *Iressa* providing most incremental sales
- **New CVRM +44%**: *Brilinta* (+48%); *Forxiga* (+52%)
- **Respiratory +18%**: *Pulmicort* (+17%, $995m); *Symbicort* (+14%, $495m)

Absolute values at actual exchange rates; changes at CER and for FY 2018 and Q4 2018, unless otherwise stated.

# 2019 guidance confirms the growth outlook

## Product sales

A high single-digit percentage increase

## Core EPS

$3.50 to $3.70

Guidance at CER.

# Late-stage pipeline events in the 2019, 2020 timeframe

## Busy news flow continues; underpinning consistent sales growth

| | H1 2019 | H2 2019 | 2020 |
|---|---|---|---|
| **Regulatory decision** | ***Tagrisso*** - EGFRm NSCLC 1L (CN)<br>***Lynparza*** - breast cancer (EU)<br><br>***Forxiga*** - type-1 diabetes (EU, JP)<br><br>***Duaklir*** - COPD (US) | ***Imfinzi*** - unresectable, Stage III NSCLC (CN)<br>***Lynparza*** - ovarian cancer 1L(SOLO-1)(EU, JP, CN)<br>***Farxiga*** - type-1 diabetes (US)<br>***Symbicort*** - mild asthma (EU)<br>***Bevespi*** - COPD (JP, CN)<br>***Fasenra*** - self administration (US, EU)<br>**PT010** - COPD (JP, CN) | - |
| **Regulatory submission and/or acceptance** | ***Imfinzi*** +/- **treme** - head & neck cancer 1L<br><br>***Farxiga*** - type-2 diabetes CVOT<br><br>**roxadustat** - anaemia (US) | ***Imfinzi*** + **treme** - NSCLC 1L (NEPTUNE)<br>***Imfinzi*** +/- **treme**<br>- NSCLC 1L (POSEIDON)<br>- small-cell lung cancer<br>- bladder cancer 1L<br>***Lynparza*** - pancreatic cancer<br>***Calquence*** – CLL[1]<br>**selumetinib** - NF1<br>***Brilinta*** - CAD[2]/type-2 diabetes CVOT<br>***Lokelma*** - hyperkalaemia (JP)<br>***Symbicort*** - mild asthma (CN)<br>**PT010** - COPD (US, EU) | ***Lynparza***<br>- ovarian cancer 1L (PAOLA-1)<br>- prostate cancer 2L, castration-resistant<br><br>***Brilinta*** - stroke<br>***Farxiga*** - heart failure CVOT<br>***Lokelma*** - hyperkalaemia (CN)<br><br>***Fasenra*** - nasal polyps |
| **Key Phase III data readouts** | ***Imfinzi*** +/- **treme** - head & neck cancer 1L<br><br>***Lynparza*** - pancreatic cancer<br><br>***Brilinta*** – CAD[2]/type-2 diabetes CVOT<br><br>**roxadustat** - anaemia of CKD; pooled safety | ***Tagrisso*** - EGFRm NSCLCL 1L (final OS)<br>***Imfinzi*** + **treme** - NSCLC 1L (NEPTUNE)<br>***Imfinzi*** +/- **treme**<br>- NSCLC 1L (POSEIDON)<br>- small-cell lung cancer<br>- bladder cancer 1L<br>***Lynparza***<br>- ovarian cancer 1L (PAOLA-1)<br>- prostate cancer 2L, castration-resistant<br>***Calquence*** - CLL<br>**PT010** - COPD (ETHOS) | ***Imfinzi*** - neo-adjuvant NSCLC<br><br>***Brilinta*** - stroke<br>***Farxiga***<br>- heart failure CVOT<br>- CKD<br>***Epanova*** - hypertriglyceridaemia CVOT<br>**roxadustat** - anaemia of MDS[3]<br><br>***Fasenra*** - nasal polyps<br>**tezepelumab** - severe asthma |

1. Chronic Lymphocytic Leukemia
2. Coronary artery disease.
3. Myelodysplastic syndrome.

Status as of 14 February 2019.

# ‘What’s next’?

## Rich mid-stage pipeline; selected new molecular entities underway

### Oncology

**capivasertib** (AKT[1] inhibitor)
breast, prostate cancers
Phase III start in H1 2019

**adavosertib** (WEE1[2] inhibitor)
solid tumours
Phase II start in H1 2019

**AZD6738** (ATR[3] inhibitor)
solid tumours
Phase II start in H1 2019

**AZD9833** (SERD[4], oral)
breast cancer
Phase I ongoing

**monalizumab**(NKG2a[5] mAb[6])
head & neck, colorectal
Phase II ongoing

**oleclumab** (CD73[7] mAb)
lung, pancreatic cancers
Phase I/II ongoing

**AZD4635** (A2AR[8] inhibitor)
solid tumours
Phase I ongoing

**danvatirsen**(STAT3[9] inhibitor)
bladder, head & neck, lung
Phase I/II ongoing

### New CVRM

**cotadutide**(GLP-1[10]/glucagon co-agonist) - NASH[11]
Phase IIb start in H2 2019

**AZD5718** (FLAP[12] inhibitor)
coronary artery disease
Phase IIa; IIb start in H2 2019

**AZD4831** (MPO[13] inhibitor)
heart failure (HFpEF[14])
Phase IIa ongoing

**AZD8601** (VEGF-A mRNA[15])
heart failure
Phase IIa ongoing

### Respiratory

**PT027** (SABA/ICS[16])
asthma
Phase III start in H1 2019

**AZD1402** (IL-4R[17] antagonist)
asthma
Phase I; II start in H2 2019

**MEDI3506** (IL-33[18] mAb)
COPD
Phase I ongoing

**AZD0449** (inhaled JAK[19] inhibitor) - asthma
Phase I ongoing

**AZD8154** (inhaled PI3Kgδ[20] inhibitor) - asthma
Phase I ongoing

1. Protein kinase B 2. Tyrosine kinase WEE1 3. Ataxia telangiectasia and rad3-related kinase 4. Selective estrogen receptor degrader 5. Inhibitory cell surface receptor covalently bound to CD94 6. Monoclonal antibody 7. 5'-nucleotidase 8. G protein-coupled receptor 9. Signal transducer and activator of transcription 3 10. Glucagon-like peptide-1 11. Nonalcoholic steatohepatitis 12. 5-Lipoxygenase-activating protein 13. Myeloperoxidase 14. Heart failure with preserved ejection fraction 15. Vascular endothelial growth factor A messenger RNA 16. Short-acting β-agonist/inhaled corticosteroid 17. Interleukin-4 receptor 18. Interleukin-33 19. Janus kinase 20. Phosphoinositide 3-kinase gamma/delta.

AstraZeneca
What science can do

# Financial update

# Reported profit and loss

| | FY 2018 $m | % change | % total revenue | Q4 2018 $m | % change | % total revenue |
|---|---|---|---|---|---|---|
| **Product sales** | **21,049** | **4** | **95** | **5,768** | **8** | **90** |
| Externalisation revenue | 1,041 | (55) | 5 | 649 | 126 | 10 |
| Total revenue | 22,090 | (2) | 100 | 6,417 | 14 | 100 |
| Gross margin | 76.6% | (3) pp[1] | - | 71.6% | (6) pp | - |
| Operating expenses[2] | 16,294 | (1) | 74 | 4,705 | 3 | 73 |
| - R&D expenses | 5,932 | 3 | 27 | 2,012 | 33 | 31 |
| - SG&A expenses | 10,031 | (3) | 45 | 2,600 | (12) | 41 |
| Other operating inc. & exp. | 2,527 | 38 | 11 | 1,002 | 19 | 16 |
| Operating profit | 3,387 | (7) | 15 | 1,077 | 54 | 17 |
| Tax rate | (3)% | - | - | (38)% | - | - |
| **EPS** | **$1.70** | **(29)** | | **$0.82** | **(22)** | |

1. Percentage points. 2. Includes distribution expenses.
Absolute values at actual exchange rates; changes at CER.
Gross margin reflects gross profit derived from product sales, divided by product sales.

# Core profit and loss

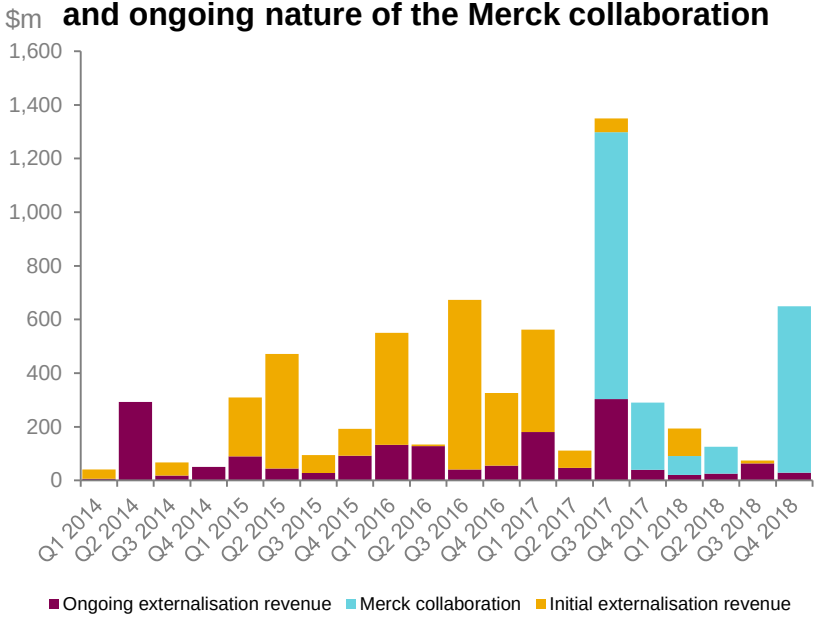
| | FY 2018 $m | % change | % total revenue | Q4 2018 $m | % change | % total revenue |
|---|---|---|---|---|---|---|
| **Product sales** | **21,049** | **4** | **95** | **5,768** | **8** | **90** |
| Externalisation revenue | 1,041 | (55) | 5 | 649 | 126 | 10 |
| Total revenue | 22,090 | (2) | 100 | 6,417 | 14 | 100 |
| Gross margin | 79.5% | (2) pp | - | 78.6% | (1) pp | - |
| Operating expenses[1] | 14,248 | 4 | 64 | 3,995 | 11 | 62 |
| - R&D expenses | 5,266 | (3) | 24 | 1,466 | 3 | 23 |
| - SG&A expenses | 8,651 | 9 | 39 | 2,436 | 15 | 38 |
| Other operating inc. & exp. | 2,147 | 10 | 10 | 1,004 | 18 | 16 |
| Operating profit | 5,672 | (17) | 26 | 2,192 | 23 | 34 |
| Tax rate | 11% | - | - | 0% | - | - |
| **EPS** | **$3.46** | **(19)** | | **$1.58** | **22** | |

1. Includes distribution expense.
Absolute values at actual exchange rates; changes at CER.
Gross margin reflects gross profit derived from product sales, divided by product sales.

# Externalisation revenue

## Q4 underpinned by Merck collaboration

**Significant Q4 revenue highlights the importance and ongoing nature of the Merck collaboration**




**Highlights from externalisation revenue**

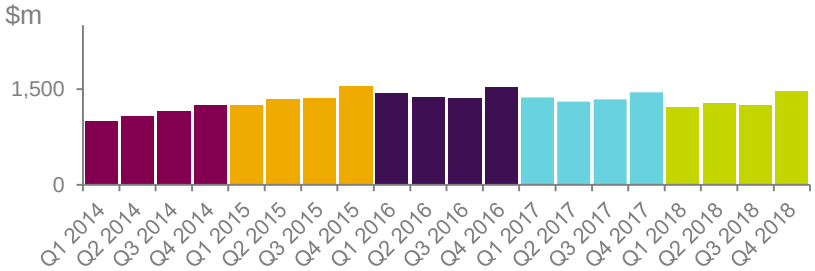
- Significant Q4 externalisation revenue from Merck collaboration
  - $400m option payment
  - $150m sales milestone
  - $70m approval milestone; received earlier than anticipated (Q4 2018 vs. H1 2019)
- Merck collaboration a steady, ongoing revenue source:
  - Regular milestones; approval (~1/3) and sales-related (~2/3); mono and combo therapy
  - Remaining $100m option payment possible in 2019

Absolute values at actual exchange rates.

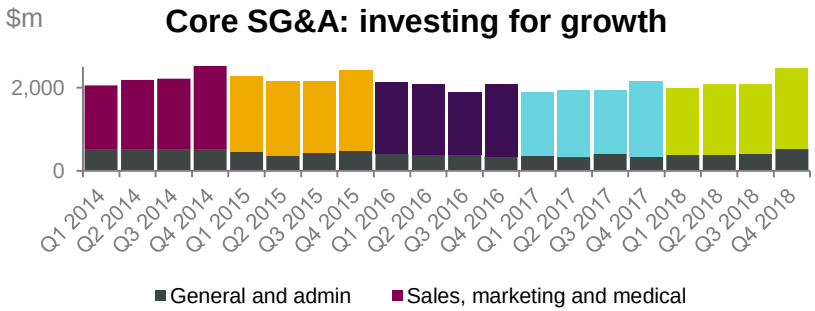
# Total core operating expenses increased by 4%

## Growth in line with sales; operating leverage from 2019

### Core R&D: benefitting from productivity initiatives




### Core SG&A: investing for growth




### Operating expenses remain in focus, with leverage from 2019

- **Core R&D expenses**
  - FY 2018: declined by 3%. Continued high activity level and new trials offset by productivity improvements, improved resource utilisation and simplification
- **Core SG&A expenses**
  - FY 2018: increased by 9%. Investment in launches and growth, including in China and Emerging markets

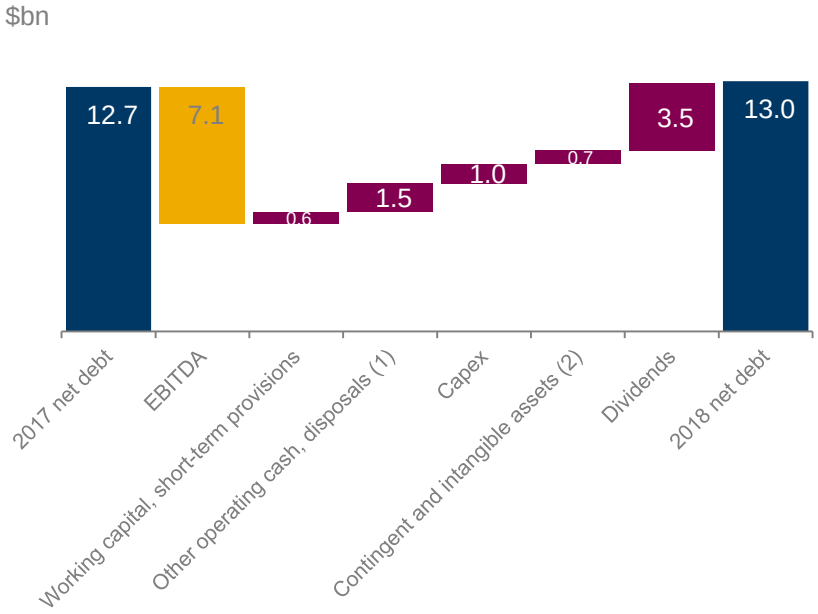
Absolute values and changes at CER.

# Financial priorities

# Cash flow

## Net debt stable in the year

### Development in net debt position




### Other key cash flow observations

- **Net cash flow from operations reduced**
  - Provisions related to legal settlements
  - Launch support for new medicines
- **Net cash inflow before financing activities increased**
  - $2.3bn improvement vs. FY 2017, reflecting:
    - Additional disposals of intangible assets
    - $1.5bn payment re Acerta Pharma in FY 2017

**Net debt: $13.0bn**
**Reported EBITDA: $7.1bn**

1. Comprises cash flow from operating activities excluding EBITDA and movement in working capital, plus disposal of intangible assets.
2. Comprises payment of contingent consideration from business combinations and purchase of intangible assets.

# Net debt position

| | 31-Dec-18<br>$m | 31-Dec-17<br>$m |
|---|---|---|
| **Gross debt** | (19,113) | (17,807) |
| **Cash & cash equivalents** | 4,831 | 3,324 |
| **Other investments** | 895 | 1,300 |
| **Net derivative financial instruments** | 384 | 504 |
| **Closing net debt[1]** | **(13,003)** | **(12,679)** |

1. Net debt is a non-GAAP measure. The equivalent GAAP measure to net debt is 'liabilities arising from financing activities' which excludes the amounts for cash and overdrafts, other investments and net derivative financial instruments shown above and includes the Acerta put option liability of $1.8bn shown in non-current other payables.

# Liquidity, debt and rating summary

- Strong liquidity at 31 December 2018
  - Group cash and investments of $5.7bn
  - Undrawn $4.1bn committed bank facilities ($3.4bn of which mature in 2022)

- Access to diverse sources of funding through US and European debt programme, USCP programme

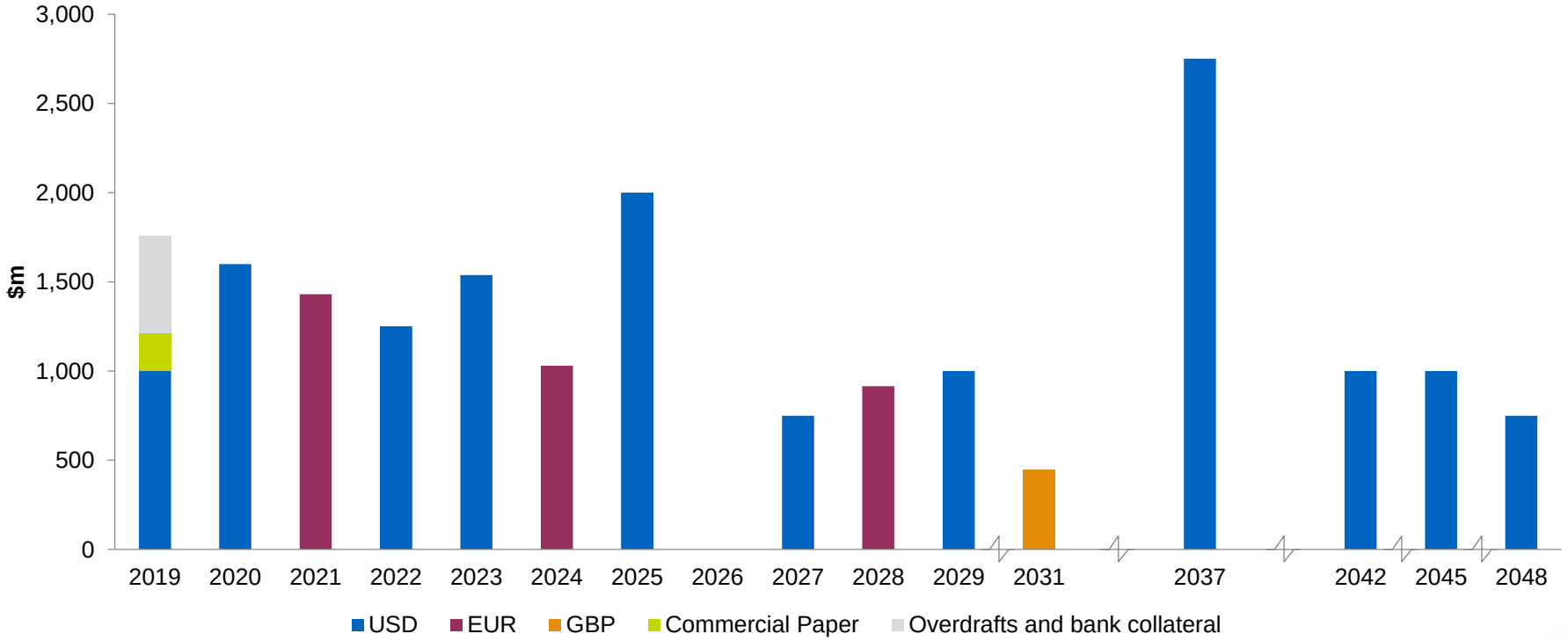
| Programme | Last Updated | Valid to | Limit | Rating (Moody's / S&P) | Utilisation as at 31/12/2018* |
|---|---|---|---|---|---|
| SEC Shelf Registration Statement | Nov-16 | Nov-19 | Unlimited | A3 / BBB+ | USD 14.4bn |
| Euro Medium Term Note Programme | Jun-18 | Jun-19 | USD 10bn | A3 / BBB+ | USD 3.8bn |
| US Commercial Paper | N/A | N/A | USD 15bn | A-2 / P-2 | USD 0.2bn |

* Notional bond values. FX converted at 31 December 2018 spot rates (USD/EUR 0.8740; USD/GBP 0.7847)

- The Board continues to target a strong, investment-grade credit rating.
- The Company is currently rated as:
  - Moody's: A3 Negative outlook / P2
  - Standard & Poor's: BBB+ Stable outlook / A2

# Smooth bond maturity profile with ten-year average life

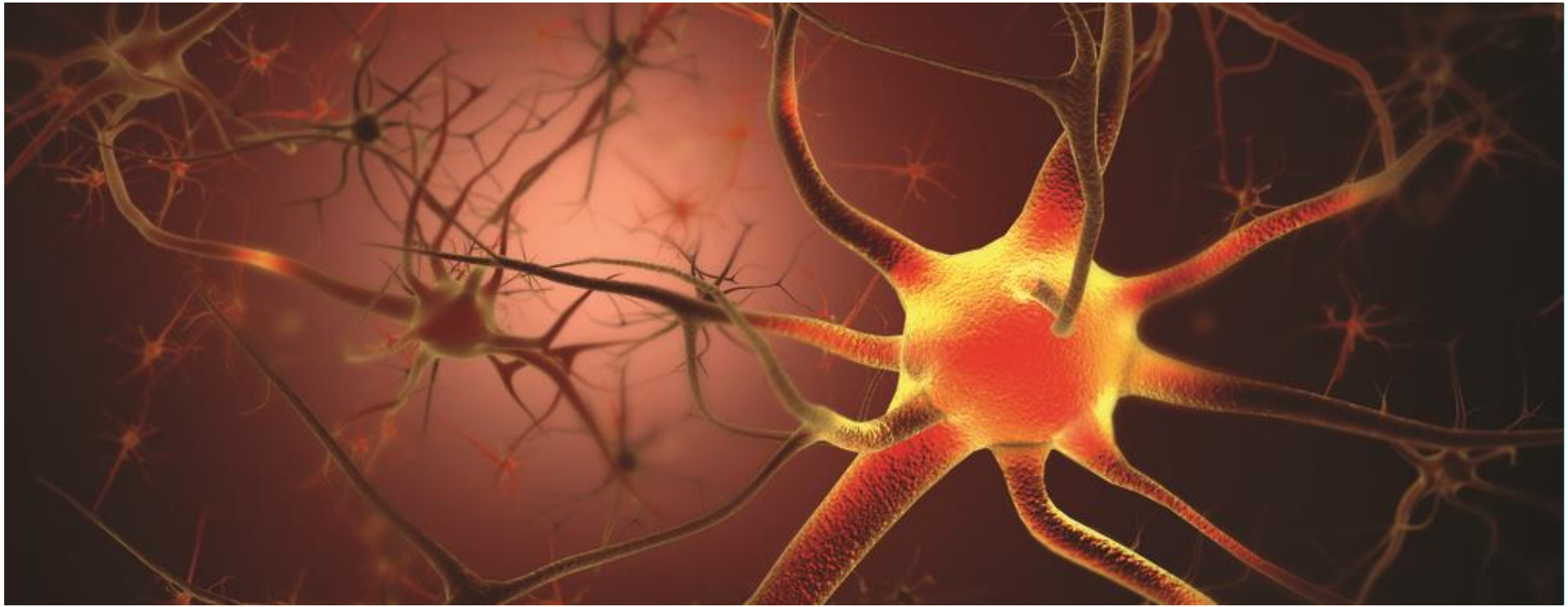
## Debt Maturity Profile at 31 December 2018[1]




[1] Notional bond values. FX converted at 31 December 2018 spot rates (USD/EUR 0.8740; USD/GBP 0.7847)

AstraZeneca
What science can do

# Summary



# Key messages

- Delivering on our promises – returned to sustainable growth
- Pipeline continues to deliver – underpinning sales growth
- Continued strong focus on cash generation and cost discipline
- Finance priorities – sales and profit growth, cash generation and deleveraging

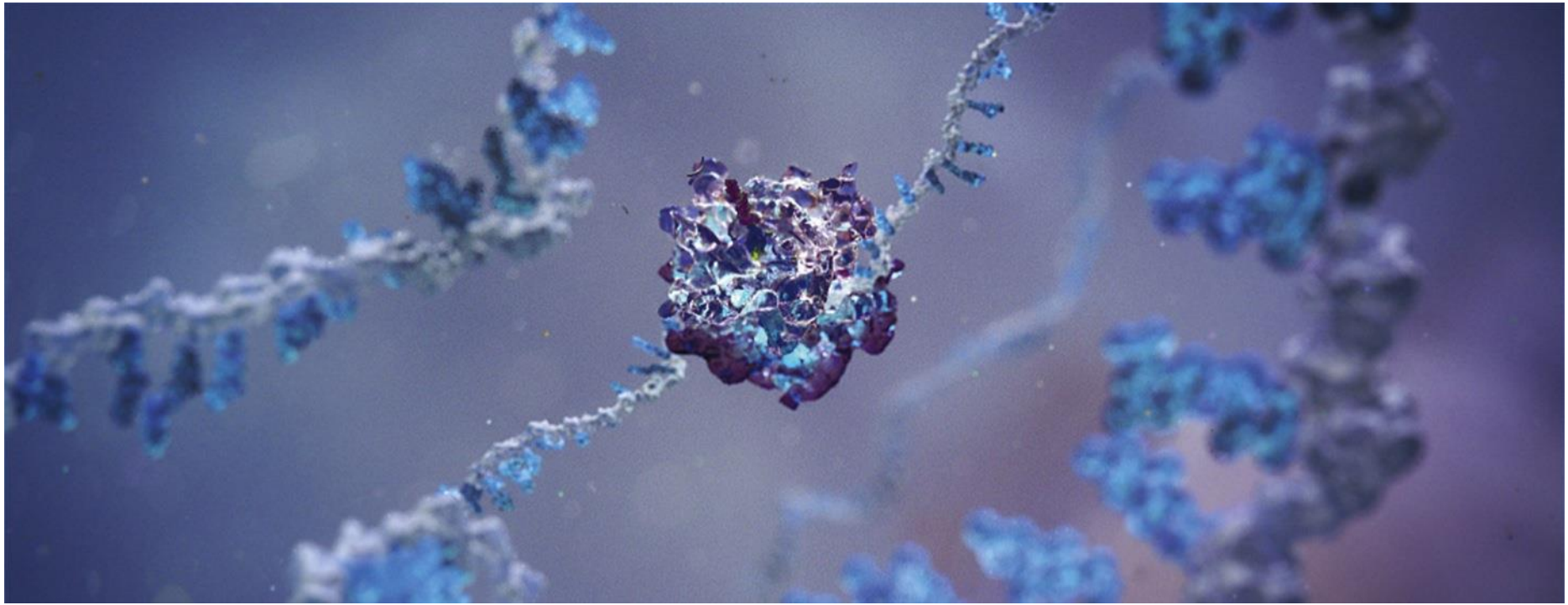
AstraZeneca
What science can do

# Fixed-Income Investor Update

***21 February 2019***

AstraZeneca
What science can do

# Appendix



# Geographic growth

## Emerging markets continued their strong performance

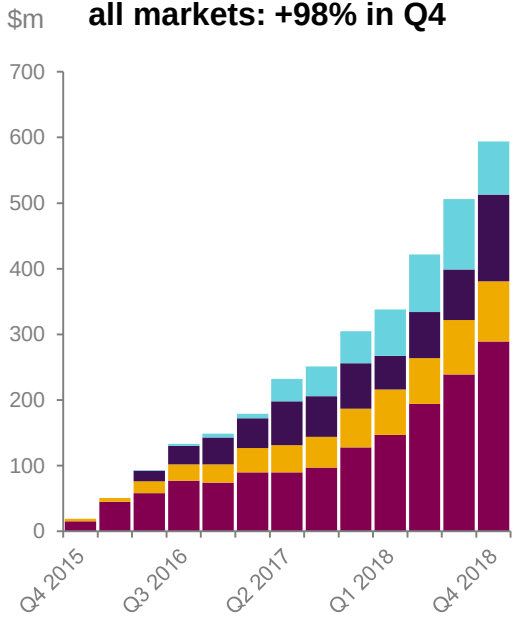

FY 2018 Regional Product Sales as reported

Growth rates for FY 2018 vs FY 2017 at constant rates of exchange (CER)

# Lung cancer: *Tagrisso*

## 1st-line standard of care in US, JP; EU + RoW launches underway

**Strong performance in all markets: +98% in Q4**




US Europe Established RoW Emerging markets

Absolute values at actual exchange rates; changes at CER and for FY 2018 and Q4 2018, unless otherwise stated.

**Worldwide approvals: >80 countries (2nd-line use) and ~60 countries (1st-line use)**

- **US +115%**
  Most-prescribed medicine in 1st-line setting; new standard of care

  Encouraging 60%+ of new-patient starts
- **Europe +61%**
  Majority of sales in 2nd line

  1st-line launches in several countries; more to come in 2019, 2020
- **Established RoW +43%**
  Japan (+43%); strong 1st-line uptake and already standard of care with 50%+ of new patients
- **Emerging markets $347m**
  Strong 2nd-line momentum offset by inventory-price adjustment before China NRDL[1] listing

  China 1st-line regulatory decision now expected in H1 2019

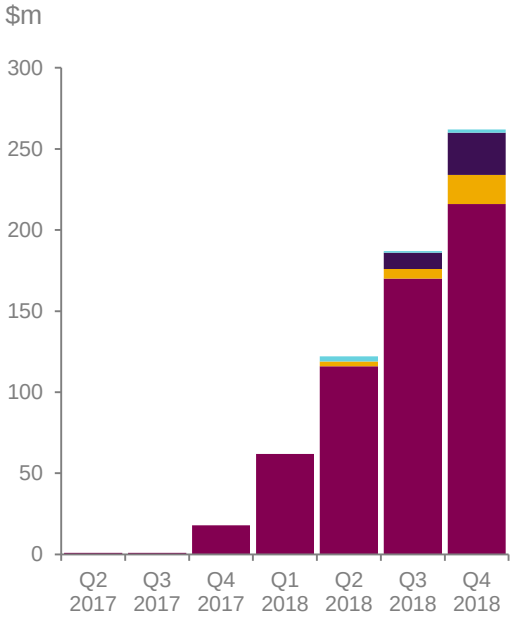
1. National Reimbursement Drug List.

# Lung cancer: *Imfinzi*

## Strong uptake; US sales increased

IMFINZI™ durvalumab Injection for Intravenous Use 50 mg/mL

### US sales increased




US Europe Established RoW Emerging markets

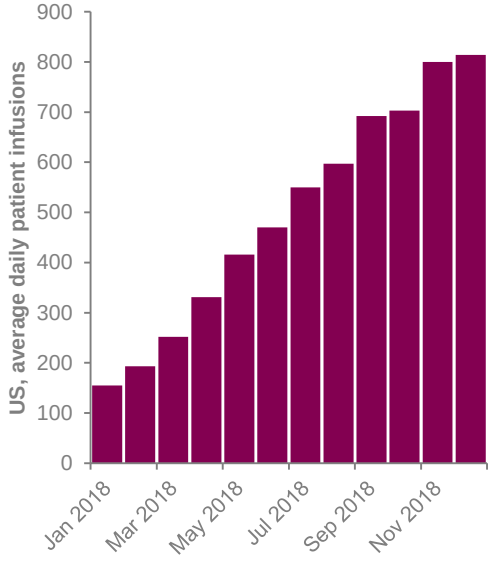
Absolute values at actual exchange rates.

### PACIFIC (unresectable, Stage III NSCLC) becoming new SoC[1]

- **~40 global approvals obtained**
- **Sales $633m; $262m in Q4**
  Lung cancer >95% of sales
- **US $564m; $216m in Q4**
  More patients being treated post CRT[2], and increasingly with IO
- **Non-US $69m; $46m in Q4**
  Europe launch in Germany, France, UK (private)
  Rapid uptake in Japan ($35m; $26m in Q4

1. Standard of care.
2. Chemoradiotherapy; a combination of chemotherapy and radiotherapy.

### US patient infusions continue to increase

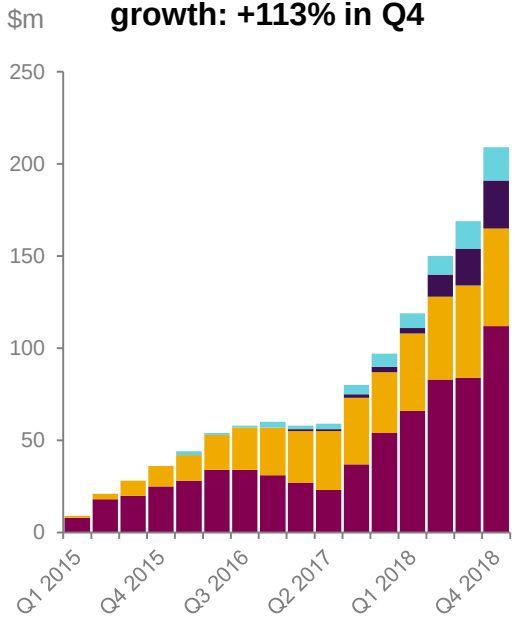



Source: proprietary market research.

# *Lynparza*

## Leading PARP inhibitor treating more patients

**Six quarters of strong growth: +113% in Q4**




**US** **Europe** **Established RoW** **Emerging markets**

Absolute values at actual exchange rates; changes at CER and for FY 2018 and Q4 2018, unless otherwise stated.

**Leading PARP inhibitor approved in >60 countries across indications in ovarian and breast cancer**

- **US +145%**
  Broad label in 2nd-line ovarian cancer maintenance, launch in breast and approval in 1st-line *BRCA*m[1] ovarian cancer maintenance
- **Europe +41%**
  Broad label in 2nd-line ovarian cancer maintenance, where reimbursed; high testing rates and *BRCA*m label adoption elsewhere

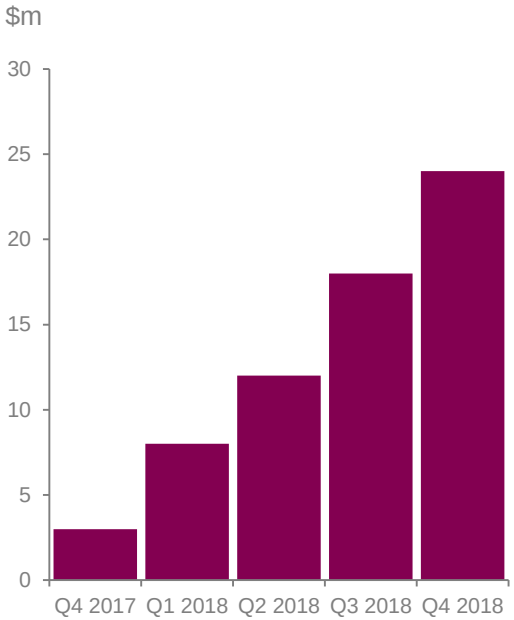
  Breast cancer regulatory decision H1 2019
- **Established RoW $61m**
  Successful ovarian and breast cancer launches in Japan ($48m; $23m in Q4)
- **Emerging markets $51m**
  Early, encouraging ovarian cancer launch in China

1. Breast cancer susceptibility genes 1/2 mutation.

# Haematology: *Calquence* and *Lumoxiti*

## Building momentum in US; global MCL expansion underway

### *Calquence* highlights




CALQUENCE (acalabrutinib) 100 mg capsules

- **Sales $62m, US only**
- **Continued good uptake**
  ~40% BTK[1] inhibitor new-patient share in approved indication
  ~3/4 of use in BTK-naïve patients
- **Expanding patient benefit**
  First ex-US approvals: UAE[2],Brazil
- **Lifecycle plans underway in larger indications**
  CLL Phase III data in H2 2019; new venetoclax combo Phase III

### *Lumoxiti*

LUMOXITI moxetumomab pasudotox-tdfk for injection

- First sales recorded in Q4 2018
- 3rd-line hairy cell leukaemia (HCL); small indication with ~1,000 new US patients per year and ~500 patients in labelled indication
- Collaboration and out-licensing to Innate Pharma

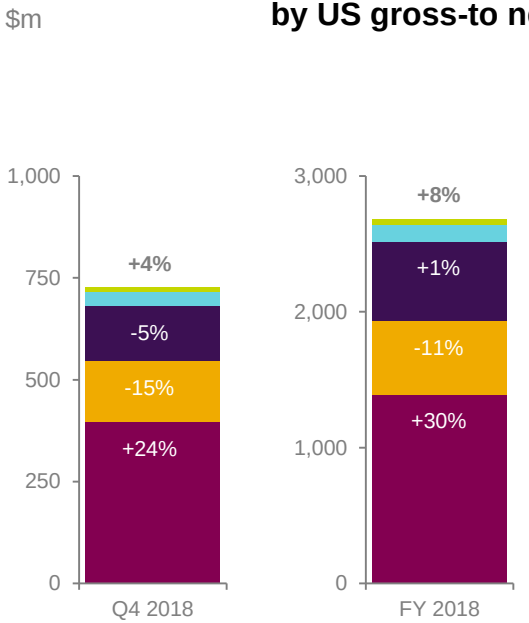
Absolute values at actual exchange rates.

1. Bruton's tyrosine kinase.
2. United Arab Emirates.

# New CVRM

## Blockbusters *Farxiga* and *Brilinta* sustained strong performances

### Good Diabetes growth, with Q4 reduced by US gross-to net adjustments in 2017




***Farxiga* +30%**

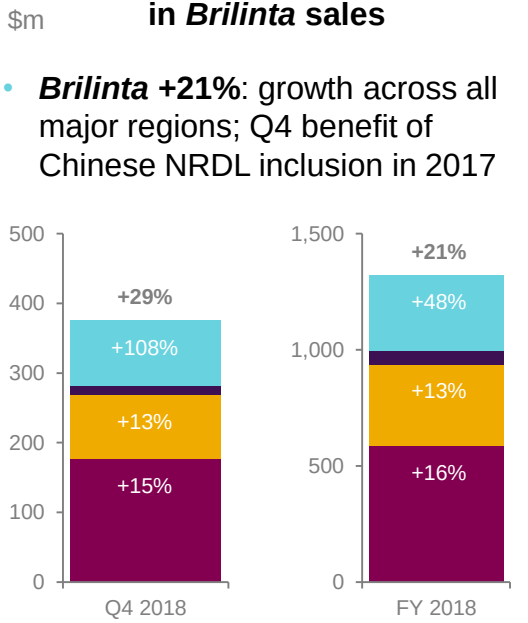
- US (+21%); market and SGLT2 class growth compounded by some market share gain
- Ex-US (58% of total) SGLT2 class and overall volume growth continued, e.g. Europe (+24%), Emerging markets(+52%)

***Bydureon* +1%, but -5% in Q4**

- Year-end production constraints of new *BCise* device

*Farxiga* *Onglyza* *Bydureon* *Byetta* Other

### Continued growth in *Brilinta* sales




- ***Brilinta* +21%**: growth across all major regions; Q4 benefit of Chinese NRDL inclusion in 2017

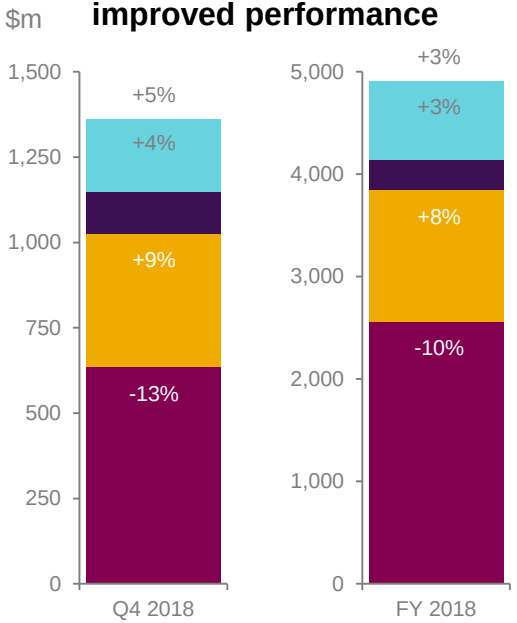
US Europe Established RoW Emerging markets

Absolute values at actual exchange rates; changes at CER and for FY 2018 and Q4 2018, unless otherwise stated.

# Respiratory

## *Fasenra* and *Pulmicort* sales offsetting the *Symbicort* performance

### Respiratory delivered improved performance




***Symbicort*, leading ICS+LABA medicine globally by volume**

**US -6%**
- *Symbicort* (-22%); volume,market-share gain offset by price; now the leading ICS/LABA[2] in the US

**Europe -4%**
- Competitive *Symbicort* market

**Established RoW +4%**
- Japan (+17%) from *Fasenra*

**Emerging markets +18%**
- China (+24%); 2nd-largest national respiratory market

***Fasenra* sales now annualising at $0.5bn**

**US $218m, with $89m in Q4**
- Leading novel biologic medicine in new prescriptions[2]

**Europe $32m, with $15m in Q4**
- Germany majority of sales
- Early launch in rest of Europe

**Japan $45m, with $19m in Q4**
- Market leadership by value


***Symbicort*** ***Pulmicort*** ***Fasenra*** Other

Absolute values at actual exchange rates; changes at CER and for FY 2018 and Q4 2018, unless otherwise stated.

1. Inhaled corticosteroid/long-acting β adrenoceptor agonists.

2. IQVIA.

# 2018 year-end pipeline update

## Significant news flow supports sustainable growth

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| ***Lynparza*** breast cancer approval (US) | ***Fasenra*** severe asthma approval (EU) | ***Lynparza*** ovarian cancer 2L approval (EU) | ***Imfinzi*** unr. SIII NSCLC approval (US) | ***Lynparza*** breast cancer approval (JP) | ***Imfinzi*** unr. SIII NSCLC approval (JP) | ***Lynparza*** ovarian cancer 2L approval (CN) | ***Tagrisso*** EGFRm NSCLC approval (JP) | ***Lumoxiti*** HCL 3L approval (US) | ***Lynparza*** ovarian cancer 1L approval (US) |
| ***Lynparza*** ovarian cancer 2L approval (JP) | ***Fasenra*** severe asthma approval (JP) | ***Tagrisso*** EGFRm NSCLC approval (US) | ***Lokelma*** hyperkalaemia approval (EU) | ***Tagrisso*** EGFRm NSCLC approval (EU) | ***Lokelma*** hyperkalaemia approval (US) | ***Bevespi*** COPD pos. opinion (EU) | ***Imfinzi*** unr. SIII NSCLC approval (EU) | ***Bydureon BCise*** type-2 diabetes approval (EU) | ***Bevespi*** COPD approval (EU) | **roxadustat** anaemia-dialysis approval (CN) |

**Approvals**

**2018: year of significant news flow to sustain return to growth**

**Data, designations, regulatory submissions and/or acceptances**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **PT010** COPD Phase III pos. | ***Forxiga*** type-1 diabetes regulatory submission (JP) | ***Forxiga*** type-1 diabetes regulatory submission (EU) | **selumetinib** NF1 orphan designation (EU) | ***Symbicort*** mild asthma regulatory submission (EU) | ***Duaklir*** COPD regulatory submission (US) | ***Lynparza*** ovarian cancer 1L reg. submission (EU, JP, CN) | ***Fasenra*** EGPA[2] orphan designation (US) | ***Farxiga*** type-1 diabetes reg. submission (US) | ***Imfinzi*** unr. SIII NSCLC regulatory submission (CN) |
| ***Imfinzi* + treme** NSCLC 3L Phase III neg. | **lanabecestat** Alzheimer's disease Phase III neg. | ***Fasenra*** COPD Phase III neg. | ***Lynparza*** ovarian cancer 1L Phase III pos. | **selumetinib** thyroid cancer Phase III neg. | ***Farxiga*** CVOT[1] Phase III pos. | **anifrolumab** lupus Phase III neg. | ***Imfinzi* +/- treme** NSCLCL 1L Phase III neg. | ***Lynparza*** ovarian cancer 3L Phase III pos. | **roxadustat** anaemia of CKD Phase III pos. |
| **selumetinib** NF1 orphan designation (US) | ***Imfinzi*** unr. SIII NSCLC (OS) Phase III pos. | ***Lynparza*** breast cancer regulatory submission (EU) | ***Lynparza*** pancreatic cancer orphan designation (US) | **tezepelumab** severe asthma breakthrough designation (US) | ***Tagrisso*** EGFRm NSCLC regulatory submission (CN) | ***Bevespi*** COPD reg. submission (JP, CN) | **PT010** COPD reg. submission (JP, CN) | ***Imfinzi* +/- treme** head & neck cancer 2L Phase III neg. | |

Favourable news Unfavourable news

1. Cardiovascular outcomes trial.
2. Eosinophilic granulomatosis with polyangiitis.

# Readiness for the UK leaving the EU (Brexit)

## Significant preparations to handle different scenarios

**Safeguarding access to medicines for patients**

- EU medicines testing standards accepted in the UK if no deal/no transition period
- Completing variations to licences and packaging-material changes
- Duplicating critical testing processes, both in the UK and the EU
- Outreach to EU and member-state governments, calling on EU to accept UK testing standards

**Securing product supply chain**

- Additional stock moved to EU distribution centres
- Additional finished-pack stock build - six weeks in the UK, four weeks in the EU
- Working to ensure suppliers are prepared
- Use of alternative transport routes

# FY 2018 Reconciliation of Reported to Core Financial Measures

| | Reported<br>$m | Restructuring<br>$m | Intangible Asset Amortisation & Impairments<br>$m | Diabetes Alliance<br>$m | Other[1]<br>$m | Core[2]<br>$m |
|---|---|---|---|---|---|---|
| Gross Profit | 17,154 | 432 | 187 | - | - | 17,773 |
| Distribution Expense | (331) | - | - | - | - | (331) |
| R&D Expense | (5,932) | 94 | 572 | - | - | (5,266) |
| SG&A Expense | (10,031) | 181 | 1,582 | (60) | (323) | (8,651) |
| Other Operating Income | 2,527 | (10) | 4 | - | (374) | 2,147 |
| Operating Profit | 3,387 | 697 | 2,345 | (60) | (697) | 5,672 |
| Net Finance Expense | (1,281) | - | - | 337 | 208 | (736) |
| Taxation | 57 | (146) | (487) | (73) | 109 | (540) |
| Earnings Per Share ($) | $1.70 | $0.43 | $1.47 | $0.16 | $(0.30) | $3.46 |

*[1] Other adjustments include fair-vale adjustments relating to contingent consideration on business combinations, discount unwind on acquisition-related liabilities and provision movements related to certain legal matters.*

*[2] Each of the measures in the Core column in the above table are non-GAAP financial measures.*

# Q4 2018 Reconciliation of Reported to Core Financial Measures

| | Reported<br>$m | Restructuring<br>$m | Intangible Asset Amortisation & Impairments<br>$m | Diabetes Alliance<br>$m | Other[1]<br>$m | Core[2]<br>$m |
|---|---|---|---|---|---|---|
| Gross Profit | 4,780 | 355 | 48 | - | - | 5,183 |
| Distribution Expense | (93) | - | - | - | - | (93) |
| R&D Expense | (2,012) | (1) | 547 | - | - | (1,466) |
| SG&A Expense | (2,600) | 71 | 515 | (380) | (42) | (2,436) |
| Other Operating Income | 1,002 | 1 | 1 | - | - | 1,004 |
| Operating Profit | 1,077 | 426 | 1,111 | (380) | (42) | 2,192 |
| Net Finance Expense | (311) | - | - | 84 | 52 | (175) |
| Taxation | 279 | (89) | (238) | 47 | 5 | 4 |
| Earnings Per Share ($) | $0.82 | $0.26 | $0.69 | $(0.20) | $0.01 | $1.58 |

*[1] Other adjustments include fair-vale adjustments relating to contingent consideration on business combinations, discount unwind on acquisition-related liabilities and provision movements related to certain legal matters.*

*[2] Each of the measures in the Core column in the above table are non-GAAP financial measures.*

# Prudent treasury risk-management policies

The Company operates with a centralised Treasury structure so that key Treasury risks are managed at a Group level.

**Investment policy**
- Security and liquidity
- Financial counterparty limits

**Foreign Exchange Policy**
- Foreign Exchange exposures managed centrally
- Transactional currency exposures substantially hedged

**Interest Rate Policy**
- Level of floating rate debt matched to cash
- Significant portion of financial liabilities at fixed interest rates

**Credit Risk**
- Cash managed centrally
- Derivatives positions fully collateralised

**Liquidity Policy**
- Substantial level of available cash and unutilised credit facilities
- Group funding centrally managed

## Use of AstraZenca presentation slides