

H1 2016 Results

28 July 2016



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; the risk of substantial adverse litigation/government investigation claims and insufficient insurance coverage; effects of patent litigation in respect of IP rights; exchange rate fluctuations; the risk that R&D will not yield new products that achieve commercial success; the risk that strategic alliances and acquisitions, including licensing and collaborations, 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 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 of delay to new product launches; the difficulties of obtaining and maintaining regulatory approvals for products; 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 risk that new products do not perform as we expect; failure to achieve strategic priorities or to meet targets or expectations; 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 risk of misuse of social medial platforms and new technology; the risks associated with developing our business in emerging markets; the risk of illegal trade in our products; the risks from pressures resulting from generic competition; the risk of failure to successfully implement planned cost reduction measures through productivity initiatives and restructuring programmes; economic, regulatory and political pressures to limit or reduce the cost of our products; the risk that regulatory approval processes for biosimilars could have an adverse effect on future commercial prospects; the impact of failing to attract and retain key personnel and to successfully engage with our employees; the impact of increasing implementation and enforcement of more stringent anti-bribery and anti-corruption legislation; and the risk of failure of information technology and cybercrime. Nothing in this presentation / webcast should be construed as a profit forecast.



Agenda

Overview

Pascal Soriot



Growth Platforms

Luke Miels



Finance

Marc Dunoyer



Pipeline

Sean Bohan



Closing

Pascal Soriot



Q2 highlights

On track for the year; Oncology progressing very rapidly

Financials: On track with full-year guidance

Total Revenue reflects patent expiries and phasing of Externalisation Revenue
R&D investment stabilising and SG&A declining in line with commitments
EPS impacted by *FluMist* inventory write-down

Pipeline: Continued progression

Oncology

- *Tagrisso*: Positive Phase III
- *Faslodex*: Positive Phase III
- IO: Very rapid IO-IO combination recruitment; Phase III MYSTIC and ARCTIC fully recruited
- *Lynparza*: Fast Track Designation (US)

Respiratory & Autoimmunity

- Benralizumab: Two positive Phase III
- Brodalumab: FDA Advisory Committee positive recommendation

Cardiovascular & Metabolic Diseases

- *Qtern* (saxa/dapa): Approval (EU); resubmission acceptance (US)
- ZS-9: Complete Response Letter (US)
- *Brilinta*: Phase III THEMIS fully recruited

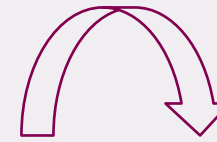


Building a pure-play innovator in three therapy areas

Focusing and slimming down portfolio to optimise resource allocation

**1. Accessing
Therapy Area (TA)
capability / upside**

- ✓ BACE inhibitor
- ✓ Brodalumab
- ✓ Tralokinumab (AD¹)
- ✓ Durvalumab (haematology)



Recurring
revenue

**2. Increasing
commercial reach**

- ✓ *Movantik/Moventig*
- ✓ *Plendil*
- ✓ Anaesthetics

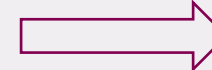


- **R&D investment
in main TAs**
- **Dividend
commitment**

**3. Streamlining
portfolio / divestment**

- ✓ *Myalept*
- ✓ *Imdur*

One-time
income

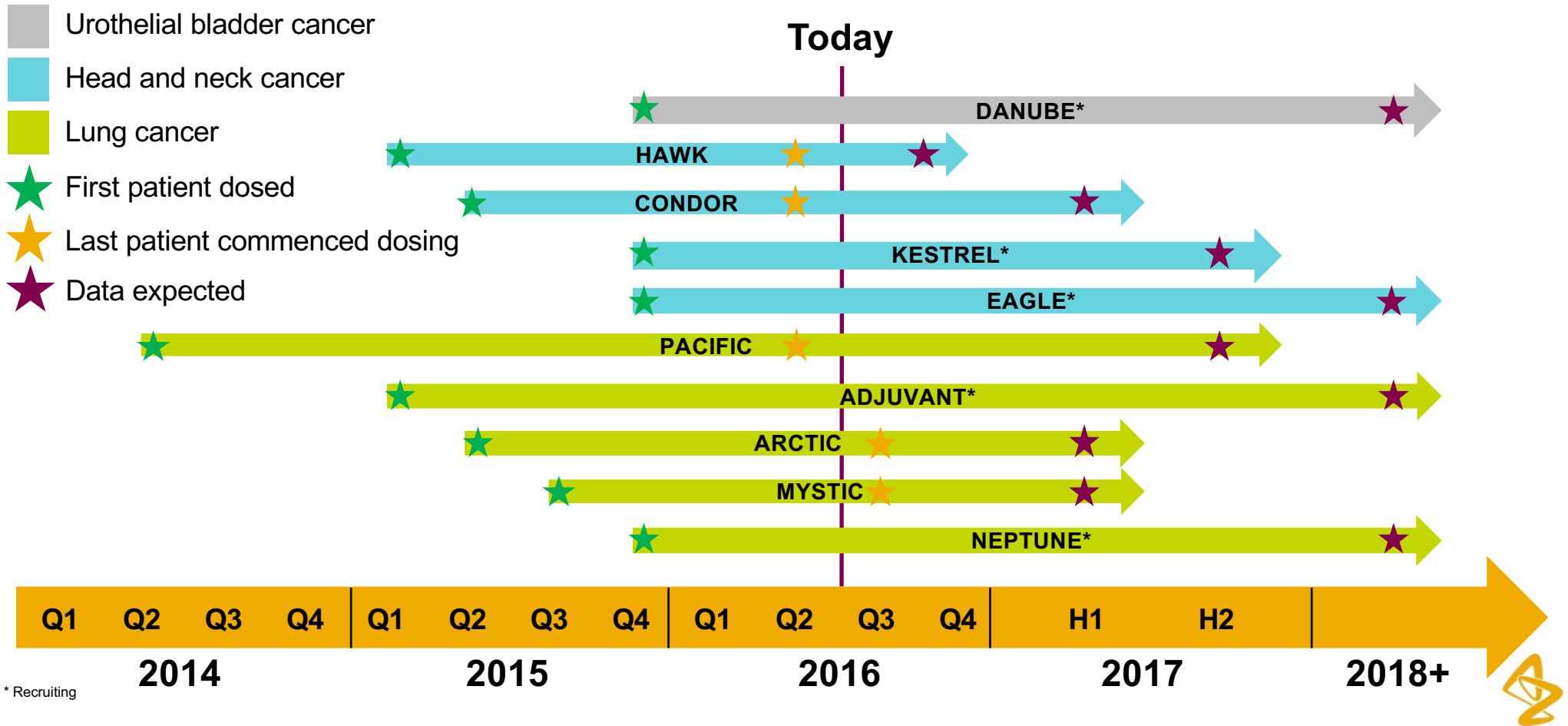


1. AD = Atopic Dermatitis



Strong momentum in Immuno-Oncology

Unprecedented recruitment into IO clinical trials



* Recruiting

Growth Platforms









Luke Miels

EVP, Global Product & Portfolio Strategy, Global Medical Affairs and Corporate Affairs



Growth Platforms: Continuing progress

Now account for more than 60% of Total Revenue







	Q2 2016 \$m	% change	% Total Revenue	H1 2016 \$m	% change	% Total Revenue
Growth Platforms	3,744	8	67	7,179	7	61
 Emerging Markets	1,448	9	-	2,913	7	-
 Respiratory	1,226	1	-	2,433	1	-
 Diabetes	645	13	-	1,223	18	-
 Japan	569	1	-	998	(3)	-
 Brilinta	214	51	-	395	48	-
 New Oncology	152	n/m	-	251	n/m	-

Absolute values at actual exchange rates. Growth rates at CER



Growth Platforms: Continuing progress

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Today's
focus

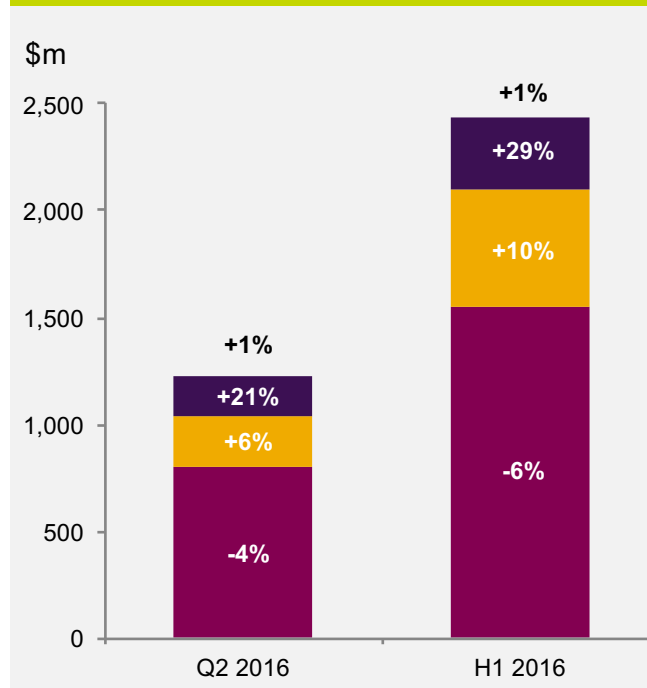
Absolute values at actual exchange rates. Growth rates at CER



Respiratory

Emerging Markets offsetting performance in established regions

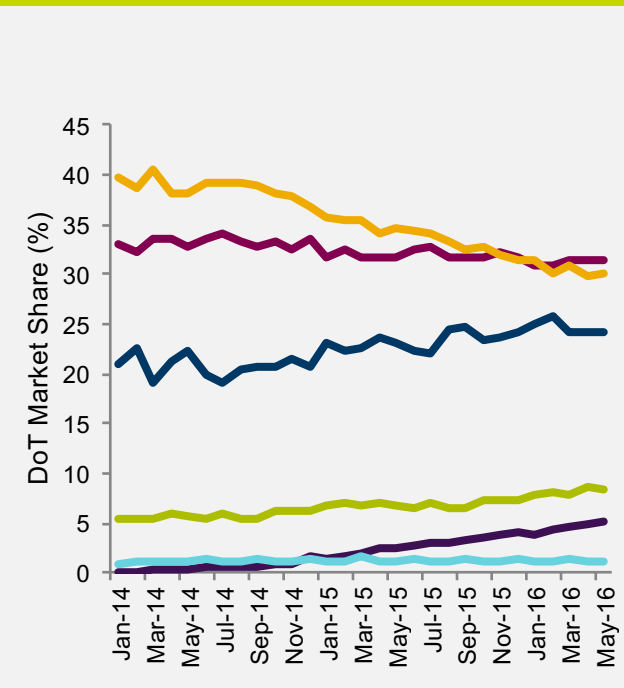
Growth supported by new medicines



■ Symbicort ■ Pulmicort ■ Others

Absolute values at actual exchange rates. Growth rates at CER and for H1 unless otherwise stated

Symbicort now the leading inhaled respiratory medicine globally



— Others — Symbicort
 — Competitor 1 — Competitor 2
 — Competitor 3 — Competitor 4

Source: IMS

US, Europe competitive Emerging Markets strength

US -2%

- Overall solid volume growth offset by managed-care implementation
- New medicine *Daliresp* doing well

Europe -11%

- Overall lower market growth; unchanged price pressure
- New bronchodilators *Duaklir*, *Eklira* grew nicely

Emerging Markets +23%

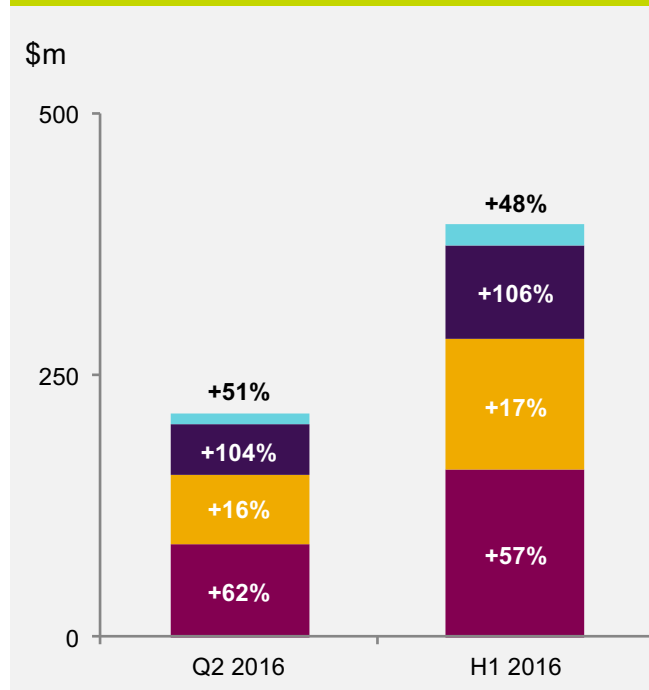
- Increase in penetration continued
 - *Pulmicort* +23%
 - *Symbicort* +25%



Brilinta

Ongoing strong growth

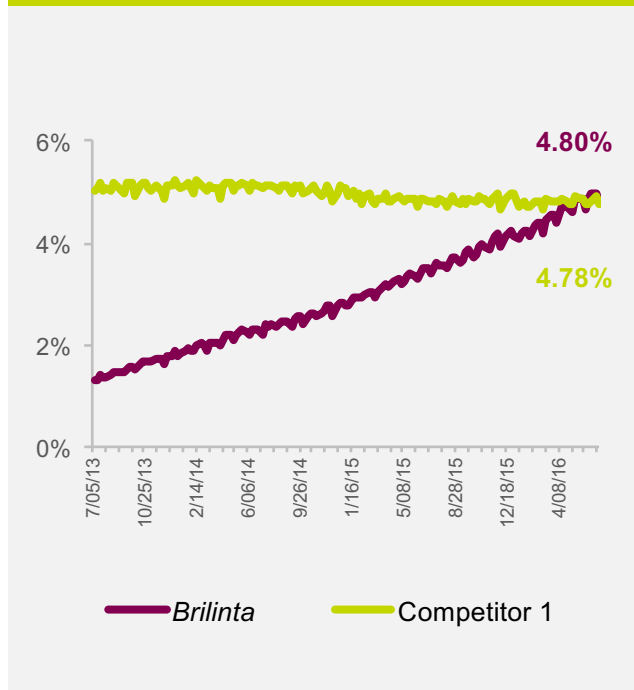
Consistent growth across all markets



■ US ■ Europe ■ EM ■ Est. ROW

Absolute values at actual exchange rates. Growth rates at CER

Brilinta now #1 US oral anti platelet (total prescriptions)



Source: IMS Health NPA, weekly data through w/e 1 July 2016

Global execution of lifecycle management

US

- New ACC/AHA guidelines (preferred over clopidogrel in ACS) supported stronger growth

Europe

- Encouraging performance supported by indication leadership across markets and the post-MI approval

Emerging Markets

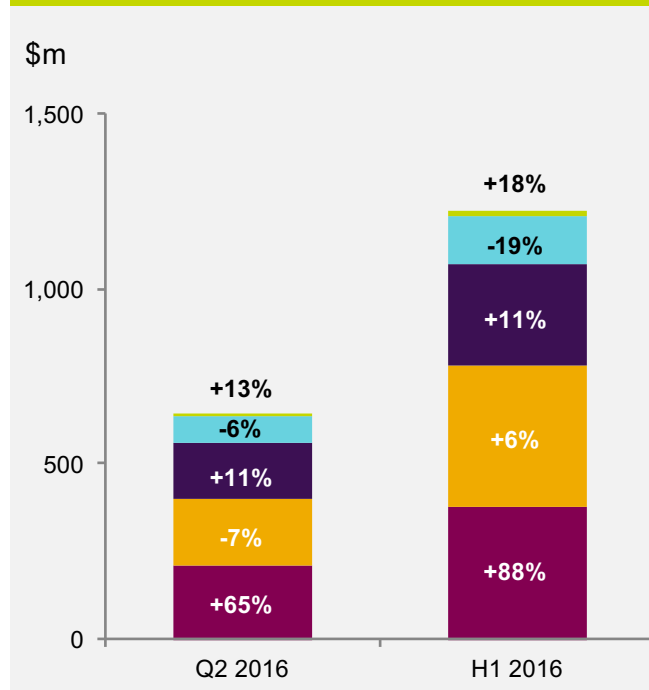
- China largest market and strongest growth (+181%) driven by improved and innovative market access



Diabetes

Global franchise growth

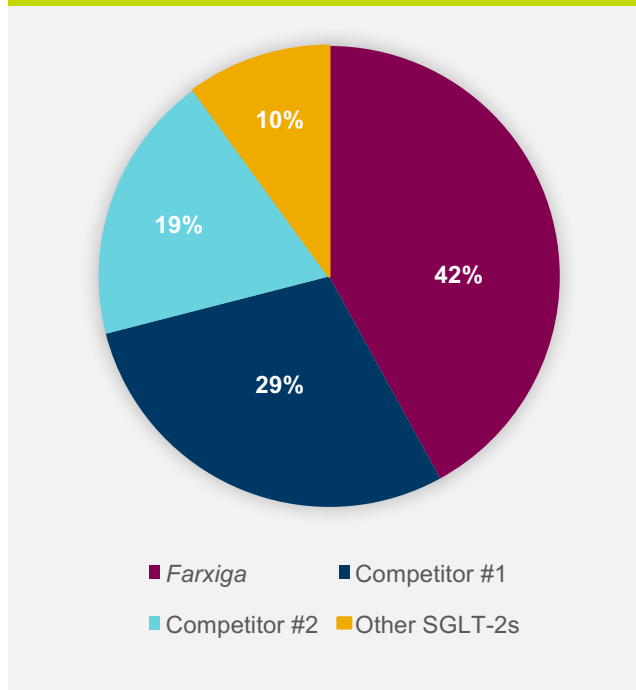
Farxiga now largest AstraZeneca Diabetes medicine



■ Farxiga ■ Onglyza ■ Bydureon ■ Byetta ■ Others

Absolute values at actual exchange rates. Growth rates at CER and for H1 unless otherwise stated

Farxiga global leader in SGLT2 class by volume



■ Farxiga ■ Competitor #1
■ Competitor #2 ■ Other SGLT-2s

Volume PDOT (Patient Days On Therapy)
Source: IMS Health MIDAS, May 2016

Encouraging growth in all regions

US +9%

- Growing market with competition for market share
- Farxiga +82% from improved access

Europe +27%

- Growth across all classes; benefit from increased market presence
- Forxiga leading the SGLT2 class

Emerging Markets +44%

- Strong growth in oral medicines; Forxiga +135%, Onglyza +16%

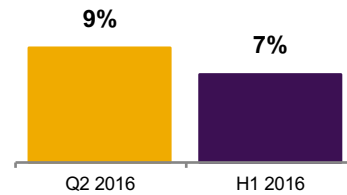
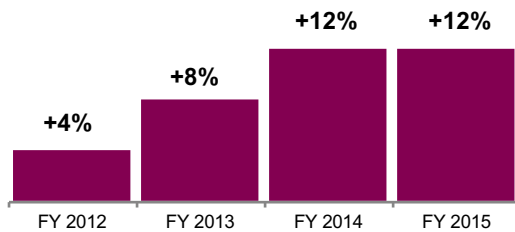


Emerging Markets

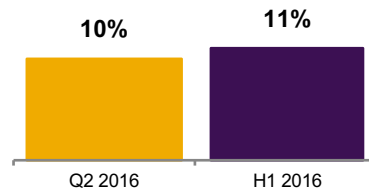
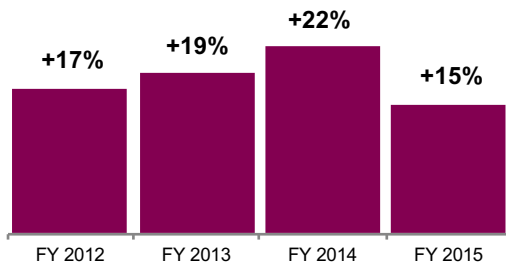
Growth on track

Meeting the long-term target

Emerging Markets



China



Growth rates at CER

Broad-based performance

- Established portfolio benefiting from better diagnosis, access and patient demographics/trends
- Balanced presence: Less than half of Product Sales in China. Brazil +13%, Russia +12%
- Challenging conditions in some Latin-American and Middle-Eastern markets
- New medicines and pipeline well-positioned for emerging patient needs
 - *Tagrisso* China regulatory submission H2 2016

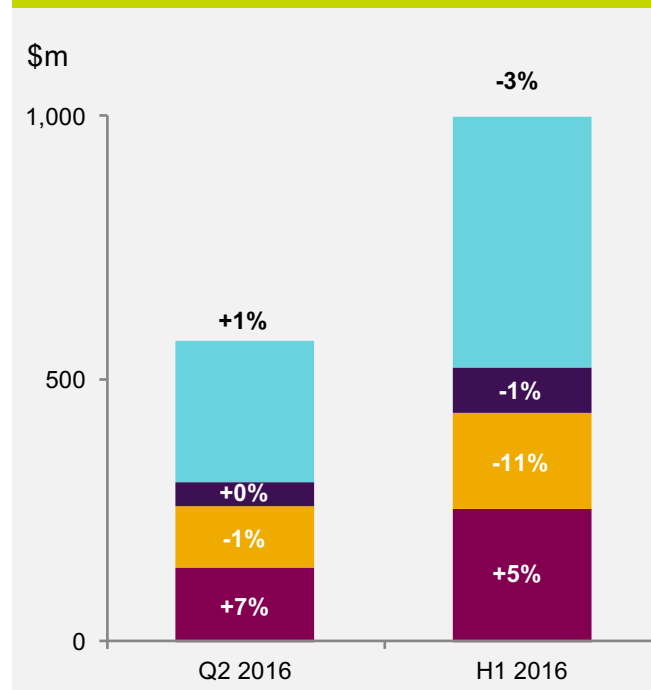
Long-term target: Mid-to-high single-digit growth



Japan

Performance recovering from April price cuts

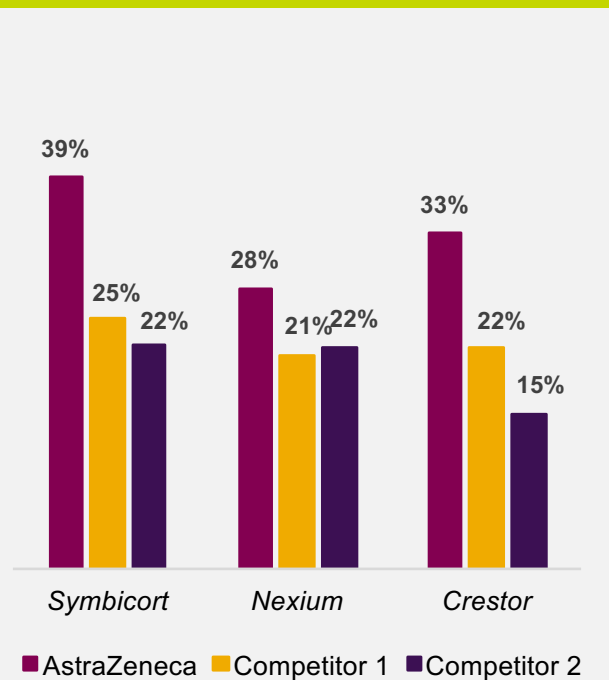
Returned to growth in Q2 despite biennial price cuts from April 2016



■ Crestor ■ Nexium ■ Symbicort ■ Others

Absolute values at actual exchange rates. Growth rates at CER

Leading dynamic patient share



■ AstraZeneca ■ Competitor 1 ■ Competitor 2

Source: IMS, May 2016

Established medicines being supported by New Oncology

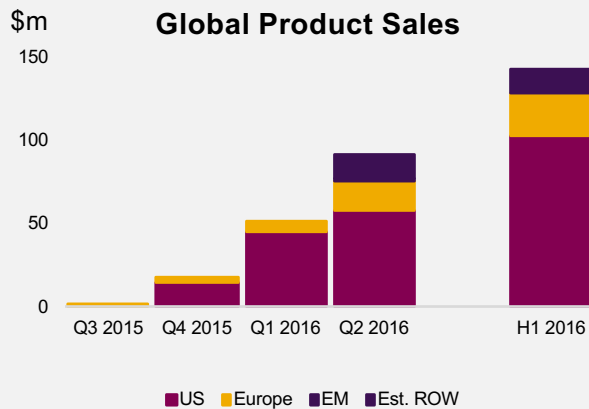
- Improving market rank despite competitive challenges; now #6 company, up from #8 in 2015
- *Tagrisso* launched 25 May; initial uptake encouraging (Q2 Product Sales \$15m)

Long-term target:
Low single-digit growth



New Oncology Launches progressing well

Tagrisso (lung cancer)



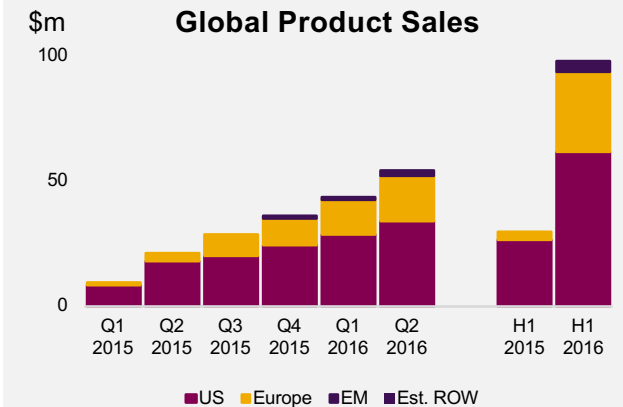
- Global Product Sales \$143m, including Japan since 25 May
- FDA approval of ctDNA test now expected H2 2016



Tagrisso patient numbers



Lynparza (ovarian cancer)



- Global Product Sales \$98m
- Launched in 29 countries; regulatory reviews ongoing in 9



Absolute values at actual exchange rates. Growth rates at CER and for H1 unless otherwise stated



Finance



Marc Dunoyer
Chief Financial Officer



Reported Profit & Loss

	H1 2016 \$m	% change	% Total Revenue	Q2 2016 \$m	% change	% Total Revenue
Total Revenue	11,718	(3)		5,603	(10)	
<i>Product Sales</i>	11,034	(2)	94	5,469	(5)	98
<i>Externalisation Revenue</i>	684	(12)	6	134	(72)	2
Cost Of Sales	(2,066)	(11)	18	(1,062)	(2)	19
Gross Profit	9,652	(1)	82	4,541	(12)	81
R&D Expense	(2,945)	6	25	(1,465)	1	26
SG&A Expense	(5,624)	-	48	(3,052)	5	54
Tax Rate	14%			(3)%		
Reported EPS	\$0.51	(45)		\$0.00	(99)	

Absolute values at actual exchange rates. Growth rates at CER



Core Profit & Loss

Phasing of Externalisation Revenue; cost discipline progressing

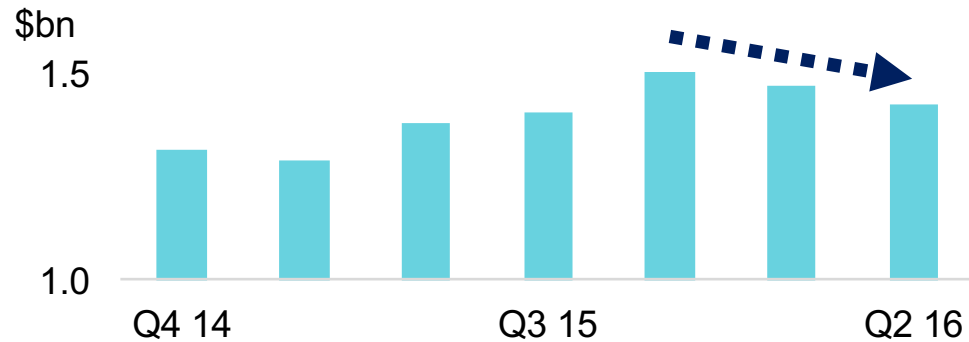
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<i>Externalisation Revenue</i>	684	(12)	6	134	(72)	2
Cost Of Sales	(1,980)	5	17	(1,014)	3	18
Gross Profit	9,738	(4)	82	4,589	(13)	82
R&D Expense	(2,813)	9	24	(1,384)	3	25
SG&A Expense	(4,227)	(5)	36	(2,100)	(3)	37
Tax Rate	17%			17%		
Core EPS	\$1.78	(20)		\$0.83	(31)	

Absolute values at actual exchange rates. Growth rates at CER

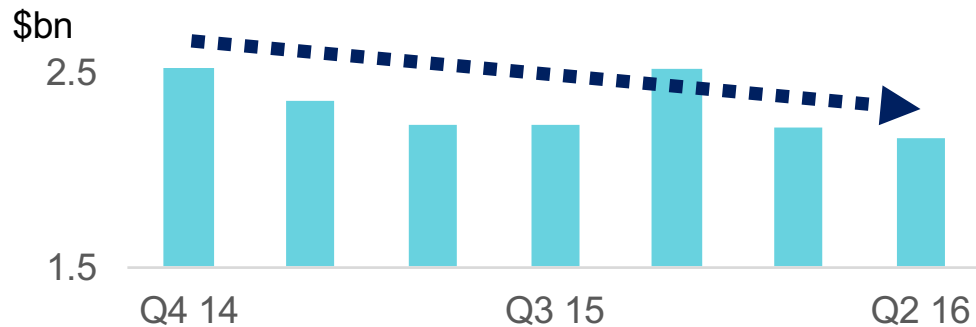


Continued progress and focus on cost discipline

Decline in Core R&D costs from Q4 2015 as committed



Core SG&A cost reduction being steadily delivered



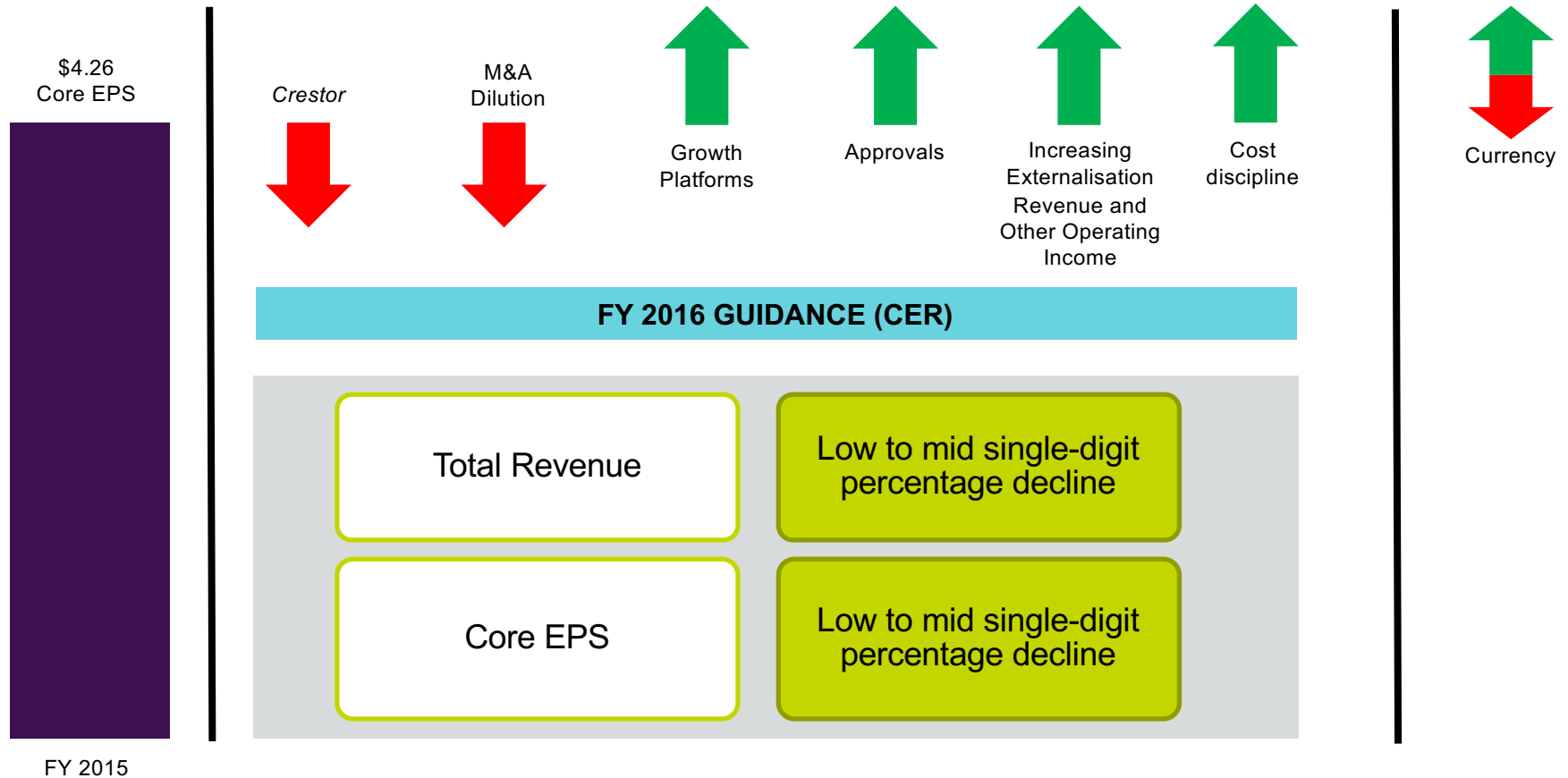
- Consistent sequential declines in Core R&D costs
- Investment reflected the number of potential medicines in pivotal trials

- Efficiency savings in sales and marketing operations
- Further reductions in IT costs

Absolute values at CER (2016)



A year of challenges and opportunities



Capital-allocation priorities

Investment in
the business

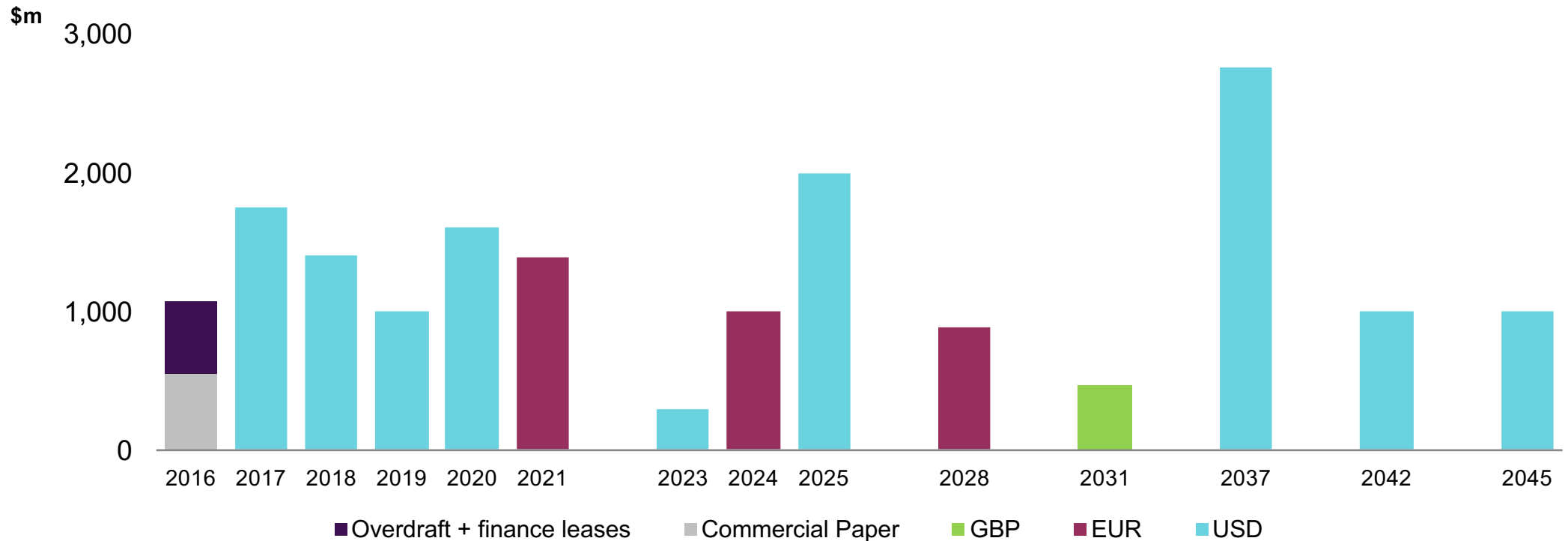
Progressive
dividend policy

Strong,
investment-
grade credit
rating

Earnings-
accretive
opportunities



Debt profile and credit ratings



– **Moody's:** A3 Stable outlook

– **Standard & Poor's:** A- Stable outlook

Foreign currency converted at June 2016 spot rates



Pipeline



Sean Bohan

EVP, Global Medicines Development & Chief Medical Officer



Q2 late-stage pipeline headlines

Main therapy areas

Respiratory & Autoimmunity

- **benralizumab** - severe asthma: Two positive Phase III trials
- **brodalumab** - psoriasis: FDA Advisory Committee unanimously recommends approval



Cardiovascular & Metabolic Diseases

- **Brilinta** - CV disease: Phase III THEMIS trial fully recruited
- **Qtern & saxa/dapa** - type-2 diabetes: Approval (EU); resubmission acceptance (US)
- **ZS-9** - hyperkalaemia: Complete Response Letter (US)



Oncology

- **Faslodex** - breast cancer: Positive Phase III trial (1st-line mBC HR+)
- **Lynparza**
 - gastric cancer: Phase III endpoints not met
 - 2nd-line ovarian cancer: Fast Track Designation (US)
- **Tagrisso** - lung cancer: Positive Phase III trial (2nd-line confirmatory trial)
- **selumetinib** - differentiated thyroid cancer: Orphan Drug Designation (US)
- **durva + treme** - lung cancer: Phase III MYSTIC, ARCTIC trials fully recruited

Status since the prior results announcement on 28 April 2016

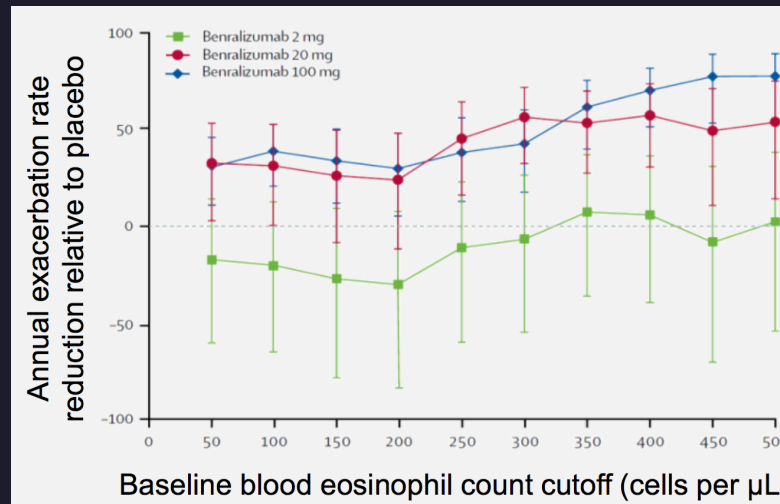


Benralizumab

Potential best-in-disease eosinophil-depleting antibody for severe asthma

- Reduction in eosinophils and asthma exacerbation
- Improvement in overall lung function
- Simple, convenient dosing and administration

Exacerbation rate reduction Phase IIb trial



Phase III trial results expected at the European Respiratory Society meeting

~10%
of asthma cases
are severe

~40%
of these cases
are uncontrolled

8x
increased risk of mortality
in severe, uncontrolled asthma

ASCO 2016 take-away messages

Well-positioned with deep and broad pipeline

1

Immuno-Oncology

Durvalumab: Strong data in 2nd line; PDL1-positive bladder cancer
Durva + treme: IO-IO combo supported by competitor data; key newsflow from H1 2017



2

Lynparza and DNA Damage Response (DDR)

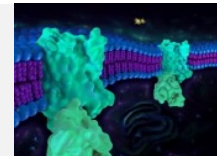
Lynparza: Study 19 with compelling early survival data in ovarian cancer; lifecycle on track
AZD1775 (Wee1) and subsequent DDR medicines advancing fast in the clinic



3

Tagrisso (lung cancer)

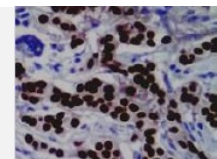
BLOOM trial showed efficacy in CNS disease, a key differentiator
Early 1st-line data encouraging; lifecycle development with 1st-line data in 2017



4

Haematology

Acalabrutinib: Impressive efficacy in front-line CLL with a differentiated safety profile
Celgene collaboration on track and first clinical trials have initiated












1. TKI = Tyrosine Kinase Inhibitor



Immuno-Oncology: AstraZeneca's path to market

Key Phase III data coming soon; H1 2017 key to success

-  = durvalumab
-  = durva + treme
-  = fully recruited

Bladder cancer				DANUBE 1st-line bladder
Lung cancer		MYSTIC 1st line (PFS) 		MYSTIC 1st line (OS) 
		ARCTIC 3rd line PD-L1 neg. 	PACIFIC Stage III unresectable 	NEPTUNE 1st line (OS)
Head & Neck cancer	HAWK (Phase II) ¹ 2nd line PD-L1 pos. 	CONDOR (Phase II) ¹ 2nd line PD-L1 neg. 	KESTREL 1st line	EAGLE 2nd line
	H2 2016	H1 2017	H2 2017	2018

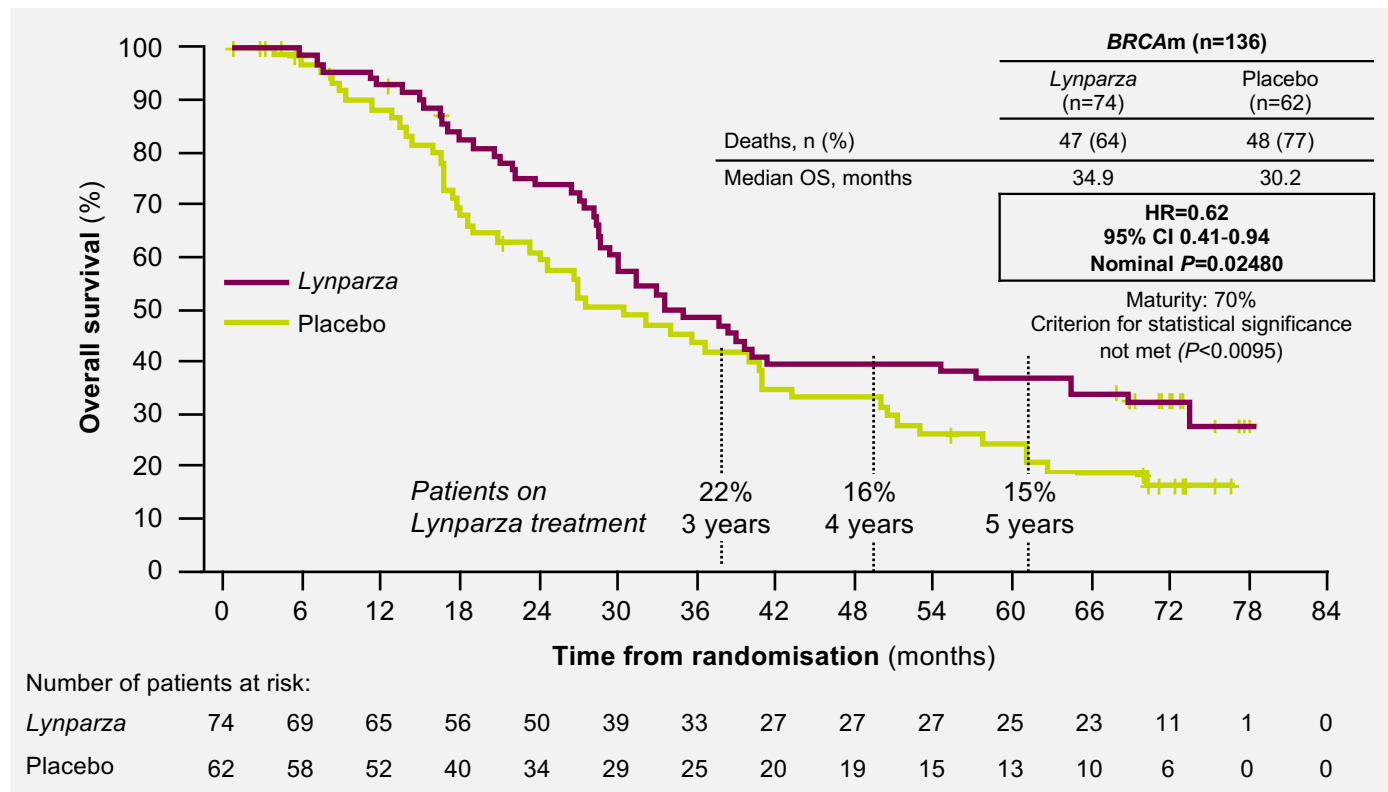
Potential leadership in IO-IO combinations across multiple cancer types

1. Potential fast-to-market opportunity ahead of randomised, controlled trials



Lynparza: Ovarian cancer

Early long-term survival in BRCA-mutated patients



- First PARP inhibitor to show **long-term overall survival data**
- Long-term responders indicate Immuno-Oncology-like benefit with **15% of patients on treatment for five years**
- sBRCA-mutated patients show similar benefit to gBRCA
- Future patient selection to be based on HRRm test, including BRCAwt/HRRm patients (~8% of all ovarian cancer patients)

Source: ASCO 2016, abstract 5501



DDR: Beyond *Lynparza*

Advancing chemotherapy-free options, extending survival



Pipeline newsflow in 2016 & 2017

Realising potential of new medicines

	H2 2016	H1 2017	H2 2017
Regulatory decisions	cediranib - ovarian cancer (EU) brodalumab - psoriasis (US)	brodalumab - psoriasis (EU) saxa/dapa - type-2 diabetes (US) ZS-9 - hyperkalaemia (EU)	-
Regulatory submissions	benralizumab - severe asthma (US, EU) ZS-9 - hyperkalaemia (US) roxadustat - anaemia (CN) Tagrisso - lung cancer (CN) acalabrutinib - blood cancer (US) ¹	Brilinta - PAD ² Lynparza - breast, ovarian (2nd line) cancers selumetinib - lung cancer durvalumab - head & neck cancer (HAWK) ¹ (US) durva + treme - head&neck cancer(CONDOR) ¹ (US)	Lynparza - ovarian cancer (1st line) durvalumab - lung cancer (PACIFIC) (US) durva + treme - lung cancer (MYSTIC, ARCTIC)
Key Phase III/II* data readouts	Brilinta - PAD ² Lynparza - breast, ovarian (2nd line) cancers selumetinib - lung cancer durvalumab - H&N cancer(HAWK) ^{*1} acalabrutinib - blood cancer ^{*1}	durva + treme - head & neck cancer (CONDOR) ^{*1} - lung cancer (MYSTIC, ARCTIC)	tralokinumab - severe asthma roxadustat - anaemia ³ Lynparza - ovarian cancer (1st line) Tagrisso - lung cancer (1st line) durvalumab - lung cancer(PACIFIC) durva + treme - head & neck cancer (KESTREL) moxetumumab - leukaemia

1. Potential fast-to-market opportunity ahead of randomised, controlled trials
 2. PAD = Cardiovascular outcomes in Peripheral Arterial Disease
 3. AstraZeneca-sponsored trial



Closing

Pascal Soriot
Chief Executive Officer



Pipeline-driven transformation on track

- Financials on track - reconfirming guidance for the year
- 14 new potential medicines in Phase III/under registration
- Oncology pipeline progressing very rapidly, in particular IO-IO combination programmes
- Strong newsflow over next 18 months



H1 2016 Results

28 July 2016

