Q2 2011 ANALYST PRESENTATION
David brennan

Good afternoon, ladies and gentlemen.

Welcome to this webcast and conference call for astrazeneca's second quarter and half year results for 2011.
I am going to start with a review of the key events since the full year results;
Then look at the headline numbers for the first half.
Simon lowth will then take you through the second quarter,
Focusing on revenue by region and key brand, then he'll walk through the p&l and the factors leading to the 10 cent increase to core eps guidance for the full year.
Martin mackay will finish with a brief update on pipeline developments since his comprehensive update back in january.

And,
We will leave plenty of time for your questions.
so let me begin with an overview some of the key developments in the past several months.

Since we are a company committed to an innovation driven global biopharmaceutical strategy,
I'll start with the important news on the pipeline.

Last week,
The us fda granted approval for brilinta in the us.
This is great news for astrazeneca.
But it is also great news for patients.
More than 1 million people are affected by acute coronary syndrome in the us each year. And with brilinta we now can offer physicians a new and more effective treatment option than clopidogrel to help reduce the rate of heart attack and cardiovascular death in these patients.

I want to thank the many people at astrazeneca who worked extremely hard to achieve this important milestone.
We now begin the process of working with hospital formularies,
Protocol committees,
Government,
And managed care reimbursement bodies to bring this medicine to patients.
Navigating these steps,
Which are necessary before brilinta will be available to a substantial number of the approximately 100 thousand patients per month in the us that suffer an acs event,
Will be a key focus for the next 12 months.

With the us approval,
Brilinta is now approved in 41 countries,
But,
Of course,
Approval is just the first step.
So far,
We have reimbursement in 7 markets,
Which means that we currently have access to a small fraction of the incident acs market at this stage of the launch rollout.

The other significant pipeline event was the us fda advisory committee review of dapagliflozin, the new diabetes medicine we are developing in collaboration with bristol-myers squibb.
The short story is that the vote on the question of whether the efficacy and safety data provide substantial evidence to support approval of dapagliflozin was 6 yes and 9 no. Needless to say,
We have a lot of discussions with fda ahead of us to determine the way forward.
I know martin will share of few of his thoughts on dapagliflozin and brilinta in his presentation.

Our strategic focus on a prescription-based biopharmaceutical business model gives rise to the second important event in the first half, our pending sale of the astra tech business to dentsply international for approximately $1.8 billion cash,
Which we announced last month.

Astra tech is a leader in dental and in urology and surgery products,
Services and support,
And it is a good business.
But it is not core to our biopharma strategy.

The high degree of interest and the competitive nature of the review process is evidence of the value that the employees of astra tech have built in the marketplace.

we believe this transaction represents an excellent outcome for astrazeneca shareholders.

As we announced today,
The net proceeds from the pending sale,
When completed,
Will be used to step up our share repurchase programme.
Depending on the timing,
This could increase the 2011 programme to a net $5 billion level.
Simon will cover the details a bit later.

My last comment,
Before i move on to the first half results,
Is on developments in the market environment and the impact that continued government interventions in the marketplace are having on our company and the industry as a whole.

When you consider the impact on the revenue and the cost lines,
We estimate the impact on astrazeneca of these interventions at around $600 million globally in the first half of 2011.
Extrapolate this across the industry,
And you are talking billions of dollars per year.

Now we all understand that these are demanding economic times for governments and the private sector.
We also understand the need to control the rate of growth in healthcare expenditures, driven by the upward pressures from aging populations and chronic diseases in the developed world,
And the demands for greater access to care in the developing economies.

We have been taking significant actions to be responsive to these pressures.
We have undertaken significant restructuring of our cost base.
We are in the midst of a significant change programme in r&d,
To make every dollar of r&d expenditure as efficient and as productive as possible, focussing on medicines that can truly make a difference.
We are engaging payers early in the development process.

The medicines that we discover and develop are part of the **solution** to lowering total system costs,
Not the problem.
But too often the short term focus is simple price cutting,
Not on lowering the total costs of care.
We need to stay engaged at this higher level. Together with policy makers,
We must find a middle ground that is responsive to pressures on the public purse while preserving the necessary incentives for the investment needed to deliver the next wave of breakthrough medicines to patients across the globe.

Now,
On to our business performance for the first half,
And the headline numbers.

First, revenue.

Total revenue was down 3 percent in constant currency terms.
But there is quite a dynamic picture below that headline number.

On the one hand,
For key brands that retain market exclusivity, we continue to win in the marketplace.

We achieved good double-digit growth for crestor,
Seroquel-xr and symbicort.

On the other hand,
We lost considerable revenue to generic competition—for toprol xl in the us,
And for nexium in western europe.
Globally in the case of in the case of arimidex, merrem, and casodex.

It is a similar picture if you look at the regions.

Sales declined in us and western europe,
Where we bear the brunt of the generic penetration and the government price interventions,
In contrast to sales growth in the established rest of world and in emerging markets.

Moving down the p&l...

We continue to drive for efficiencies and productivity across the entire cost base.

But we also continue to invest...in r&d,
In support of some important late stage clinical programmes that began to ramp up in the second half of last year and in early 2011... And to continue to grow our biologics capability.

We are also making appropriate investments in sales and marketing,
To fuel our growth in emerging markets and to support product launches.
We also pick up the excise tax component of us healthcare reform on the sg&a line.

Simon will pick up this theme when he runs through the second quarter figures.

Core operating profit was down 7 percent in the first half,
To $7 billion.

Core earnings per share in the first half were $3.96.
That is a 3 percent increase.
The uplift from the core operating performance is the result of the tax settlements between the uk and us tax authorities that we announced in the first quarter,
As well as the effect of the share repurchases.

In bridging from core eps to reported, total adjusting items were higher in the first half of 2010,
Chiefly on the restructuring side.
Therefore,
The growth in reported eps,
Up 7 percent,
Was higher than it was for core eps.

The board has declared a first interim dividend of 85 cents per share,
And simon will put that in the context of the progressive dividend policy –
And the balance we are trying to strike between the interim and the final dividend on an annual basis.

Net share repurchases totalled $2.2 billion in the first half,
Just over half of the $4 billion target for the full year.
As i mentioned earlier,
That could increase to around $5 billion subject to the completion of the astra tech sale.

I will now turn things over to simon lowth,
Who will cover the second quarter and other financial matters,
Including guidance.

Simon...