

# 1Q Results 2013

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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 delay 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 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; the impact of failing to attract and retain key personnel and to successfully engage with our employees 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.



# 1Q Results 2013

**Simon Lowth, Chief Financial Officer**



# 3 clear priorities

1

**Achieve  
scientific  
leadership**

## **Business Development**

- Moderna Therapeutics
- Karolinska Institutet
- AlphaCore Pharma
- BIND Therapeutics

2

**Return  
to growth**

## **5 Growth platforms**

- *Brilinta*
- Diabetes franchise
- Emerging Markets
- Respiratory
- Japan

3

**Be a great  
place to work**

## **Simplify/Productivity/Culture**

- Fast start to Phase 4  
restructuring programme



# Headline results 1Q 2013

	2013 \$m	2012 \$m	Actual growth	CER growth
<b>Revenue</b>	<b>6,385</b>	<b>7,349</b>	<b>-13%</b>	<b>-12%</b>
Core Operating Profit	2,324	3,106	-25%	-21%
Core EPS	\$1.41	\$1.87	-25%	-21%
Restructuring	(\$0.34)	(\$0.44)		
Intangible amortisation	(\$0.26)	(\$0.13)		
Intangible impairments	-	(\$0.03)		
Legal provisions/other	-	-		
Reported EPS	\$0.81	\$1.27	-36%	-31%



# Regional revenue performance 1Q 2013

	2013 \$m	CER growth	CER \$m	
<b>Global Revenue</b>	<b>6,385</b>	<b>-12%</b>	<b>(891)</b>	
US	2,445	-16%	(475)	<i>Seroquel IR (535) Ex-Seroquel IR +3%</i>
Europe	1,660	-16%	(311)	<i>Seroquel IR, Seroquel XR, Atacand &amp; Nexium LOE</i>
Established ROW	950	-17%	(212)	
Japan	549	+5%	27	<i>Crestor , Nexium &amp; Symbicort</i>
Canada	170	-55%	(208)	<i>Crestor (161)</i>
Other Established ROW	231	-12%	(31)	<i>Crestor pricing and Seroquel IR</i>
Emerging Markets	1,330	+9%	107	
China	465	+21%	78	



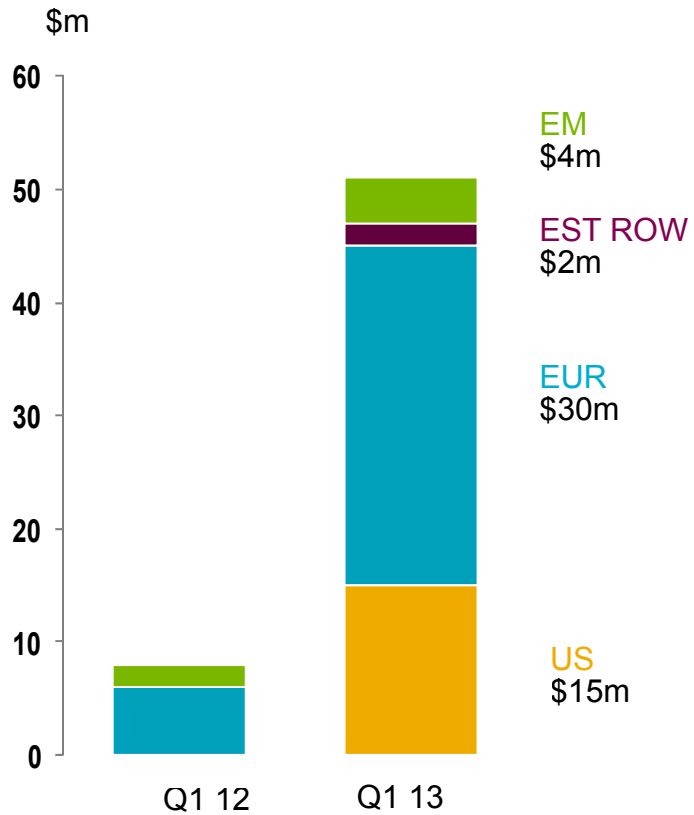
# Brand revenue performance 1Q 2013

	2013 \$m	CER growth	CER \$m	
<b>Global Revenue</b>	<b>6,385</b>	<b>-12%</b>	<b>(891)</b>	
<i>Crestor</i>	1,323	-11%	(162)	Canada (161); ex-Canada unchanged
<i>Symbicort</i>	826	+14%	104	
<i>Iressa</i>	168	+20%	29	
<i>Onglyza</i>	90	+27%	19	
<i>Byetta/Bydureon</i>	69	n/m	69	
<i>Brilinta/Brilique</i>	51	n/m	43	
<i>Seroquel IR</i>	127	-82%	(622)	
<i>Atacand</i>	168	-47%	(149)	
<i>Seroquel XR</i>	322	-16%	(61)	Generics in some EU mkts. (Germany)
<i>Merrem</i>	68	-31%	(31)	



# Brilinta/Brilique

## Q1 2013 Sales: \$51m



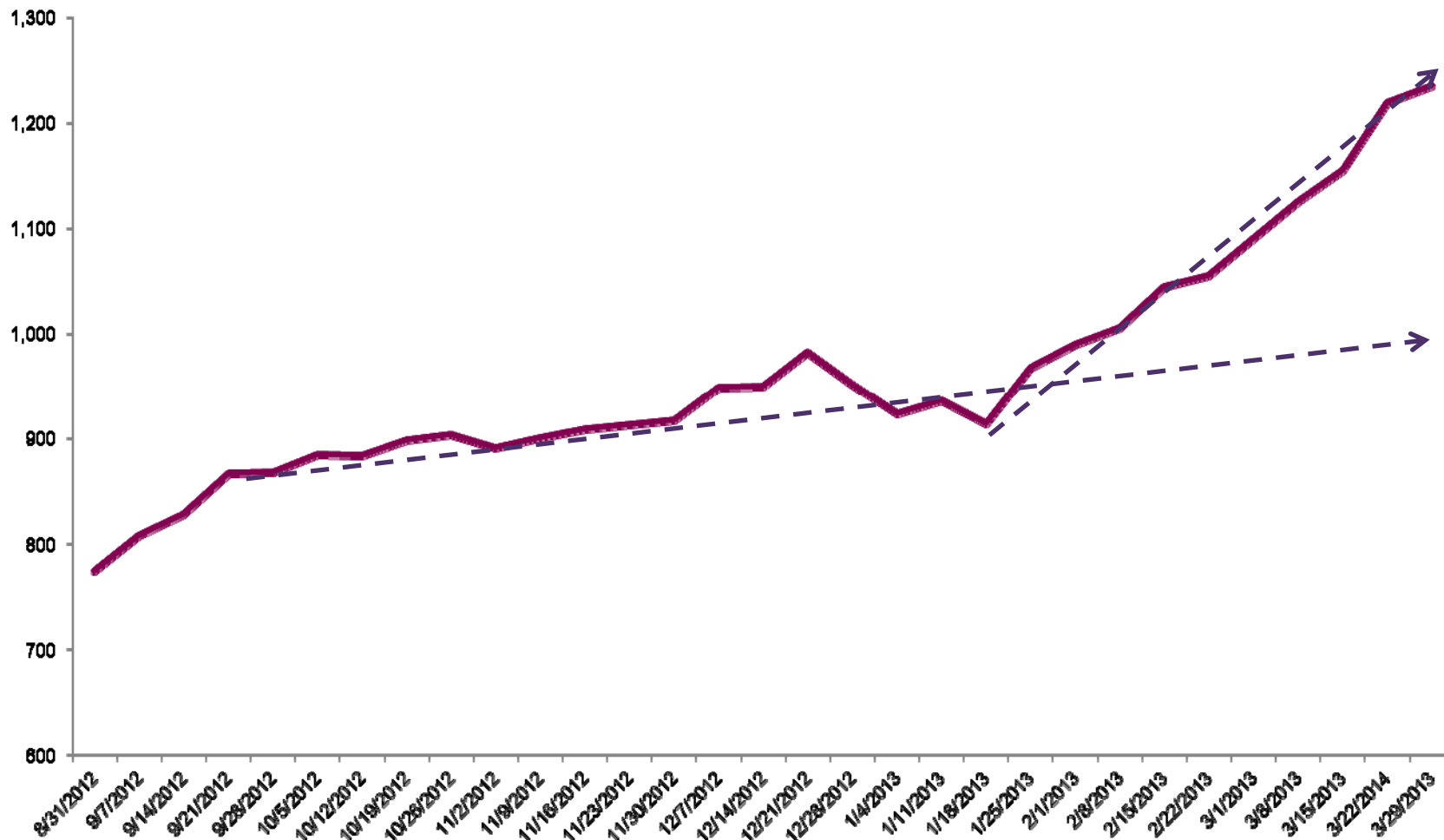
- *Brilinta* is now launched in 84 countries
- US
  - Performance improvement continues





# Brilinta US: Performance improvement continues

New to Brand Rx's (4 week rolling average)

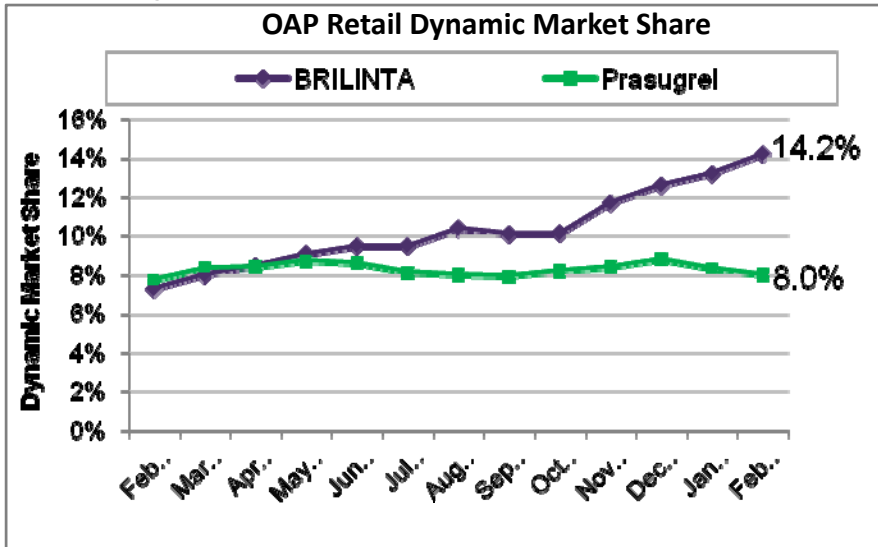


Source: IMS Health NPA weekly: IMS Health NPA Market Dynamics (Retail only)

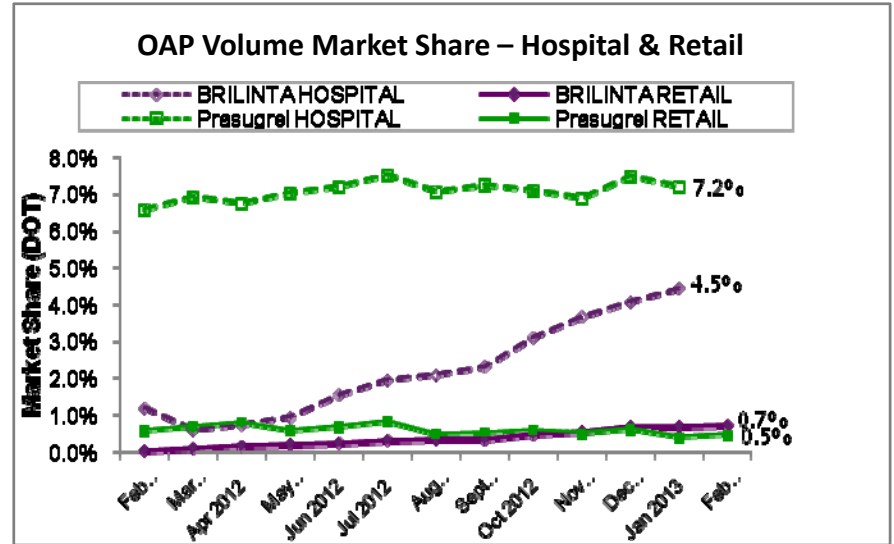


# Brilique: ROW performance

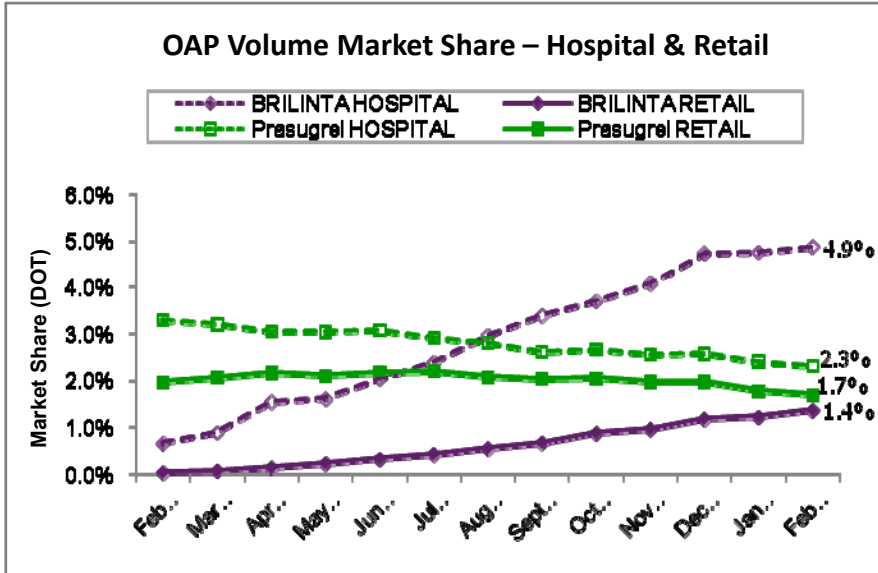
## Germany



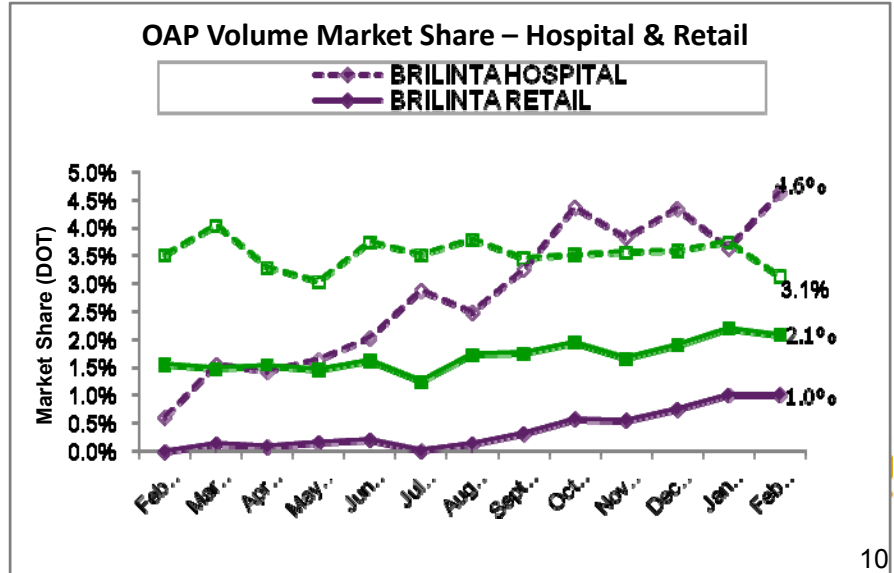
## Italy



## UK

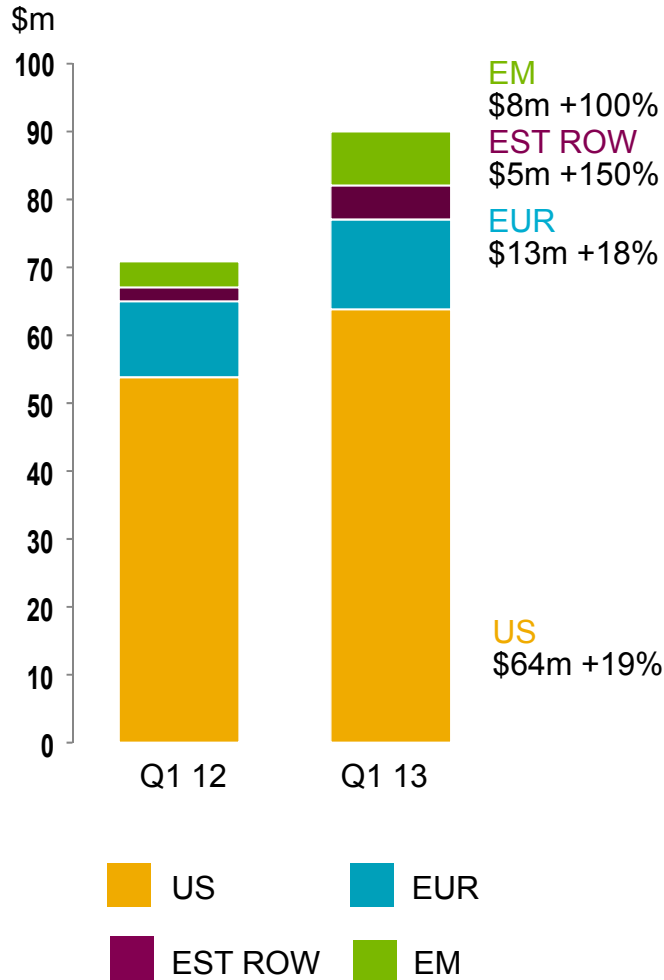


## Australia



# Onglyza Franchise

Q1 2013 Global Alliance Revenue:  
\$90m +27% CER



## US

- DPP4 market TRx's +10% vs Q1 2012; *Onglyza* franchise +9%
- *Onglyza* franchise share of TRx's was 16.1% in March, down 170 basis points vs December 2012
- Decline in preferred reimbursement positions on some managed care formularies

## ROW

- Q1 revenue was \$26 million, up 53%
- European launches for *Komboglyze* now include Spain, Germany, France, UK, Belgium, Czech Republic, Hungary, Netherlands and Nordic countries



# Diabetes franchise

## Byetta/Bydureon

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- Q1 includes \$69m share of alliance revenue
- New to brand volumes for *Bydureon* up 15% since Alliance re-launch in October 2012; +1.5 points in NBRx share
- Alliance assumes responsibility for exenatide ROW from April 2013

## Forxiga

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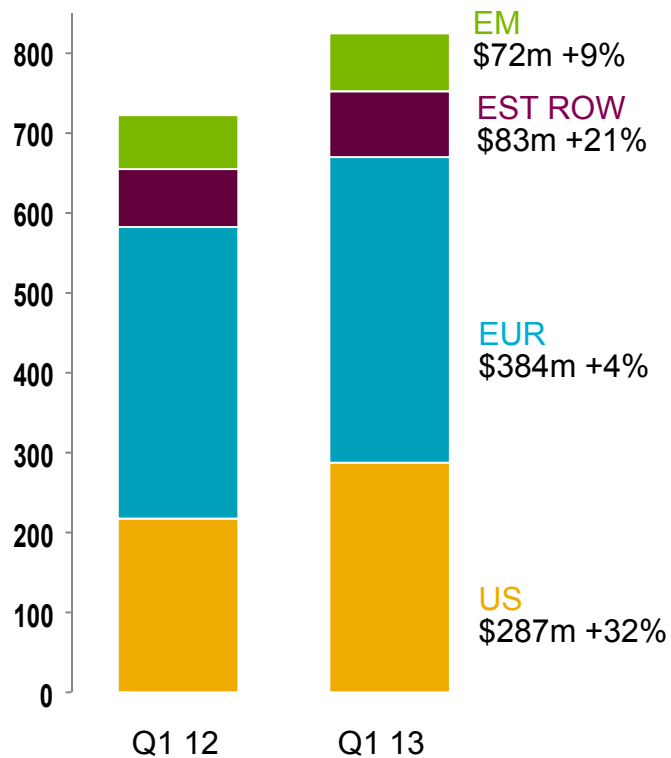
- Q1 revenue of \$1m reflects early stages of launch rollout following regulatory approval in Europe in November 2012



# Symbicort

## Q1 2013 Sales: \$826m +14% CER

\$m



## US

- Total prescriptions for *Symbicort* were +15% compared to +3% in the market for fixed combination products
- TRx share reached 23.3% in March 2013, +1 percentage point since Dec 2012
- New patient share 29.1% in March, +1.4 pts

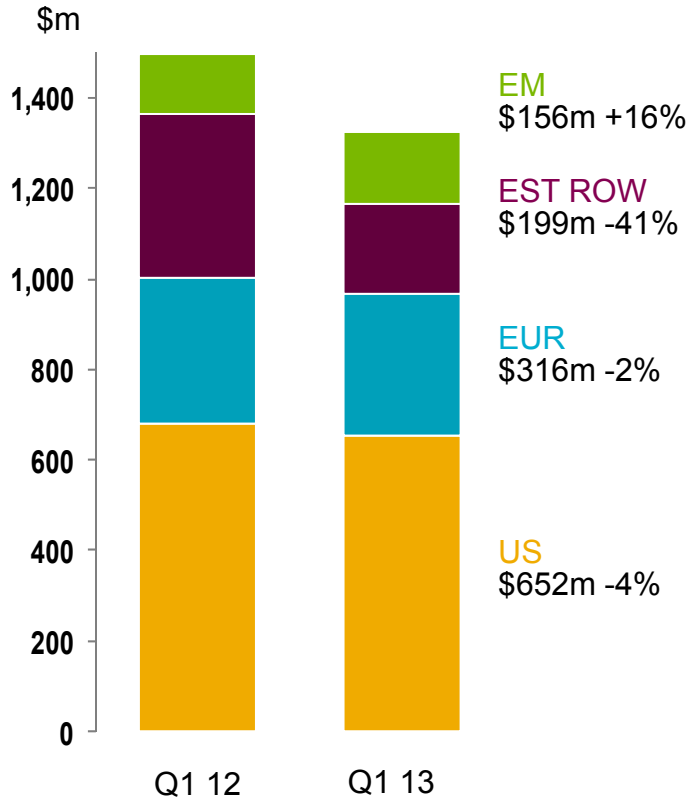
## ROW

- *Symbicort* sales in ROW were \$539m, +7%
- Japan still gaining share on Adair, +6.2 pts vs. PY, reaching 41.8%
  - SMART and COPD approvals



# Crestor

## Q1 2013 Sales: \$1,323m -11% CER



### US

- TRx's -7%
- Excluding prior year Medicare coverage gap adjustments, realised prices slightly lower

### ROW

- ROW sales \$671m; -16%
  - Adj. for LOE in Canada: Q1 +5%
  - No. 1 statin in Japan – Market leader in volume (MAT Feb 2013)
  - Federal Court of Australia found 3 patents protecting *Crestor* to be invalid in March 2013



# Core margin: 1Q 2013

	\$m	CER %	% sales	Delta vs PY CER
<b>Revenue</b>	<b>6,385</b>	<b>-12%</b>	<b>-</b>	
Core Gross Margin	5,249	-11%	82.2	+90 bps
Distribution	(77)	+1%	1.2	-20 bps
Core SG&A	(2,055)	-2%	32.2	-320 bps
Core Other Income	170	-36%	2.7	-100 bps
<b>Core Pre-R&amp;D Profit</b>	<b>3,287</b>	<b>-18%</b>	<b>51.5</b>	<b>-350 bps</b>
Core R&D	(963)	-7%	15.1	-90 bps
<b>Core Operating Profit</b>	<b>2,324</b>	<b>-21%</b>	<b>36.4</b>	<b>-440 bps</b>



# Phase 4 restructuring programme

	Total cost \$m	Q1 13 \$m
R&D	1,380	291
SG&A	790	240
COGS	130	12
Total	2,300*	543

## Phasing

**Costs:** ~\$1,300m in 2013; balance split broadly evenly between 2014/15; small residual in 2016

**Benefits:** ~\$800m by end 2016, around ½ by end 2014

\* Of which cash costs are ~\$1,700m





# 1Q 2013: Cash performance

Cash generated from operating activities \$2.2 billion (1Q 2012 \$1.5 billion)

- Lower tax and interest payments partially offset lower operating profit
- Pension contribution drove higher outflows in 1Q 2012

Shareholder distributions

- Payment of second interim dividend from 2012: \$2.3 billion



# Guidance (Core basis)

Revenue (CER)	Mid to High-single digit decline
Core Operating Costs (CER) (R&D + SG&A)	Hold to a slight increase vs 2012
Core other income	< \$600 million
Reported tax rate	Around 23 percent
Core EPS (CER)	Decline significantly > than revenue decline



# 1Q Results 2013