

2Q and Half Year Results 2013

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2Q and Half Year Results 2013

Pascal Soriot, Chief Executive Officer



2Q highlights

- 2Q revenue down 4% CER: ~ \$500m decline from loss of exclusivity
- Good progression of our growth platforms: \$400m (double-digit growth @ CER)
- Growing late-stage pipeline:
 - *2 NDA submissions*
 - *1 Phase 3 start*
 - *3 late-stage projects added via business development*

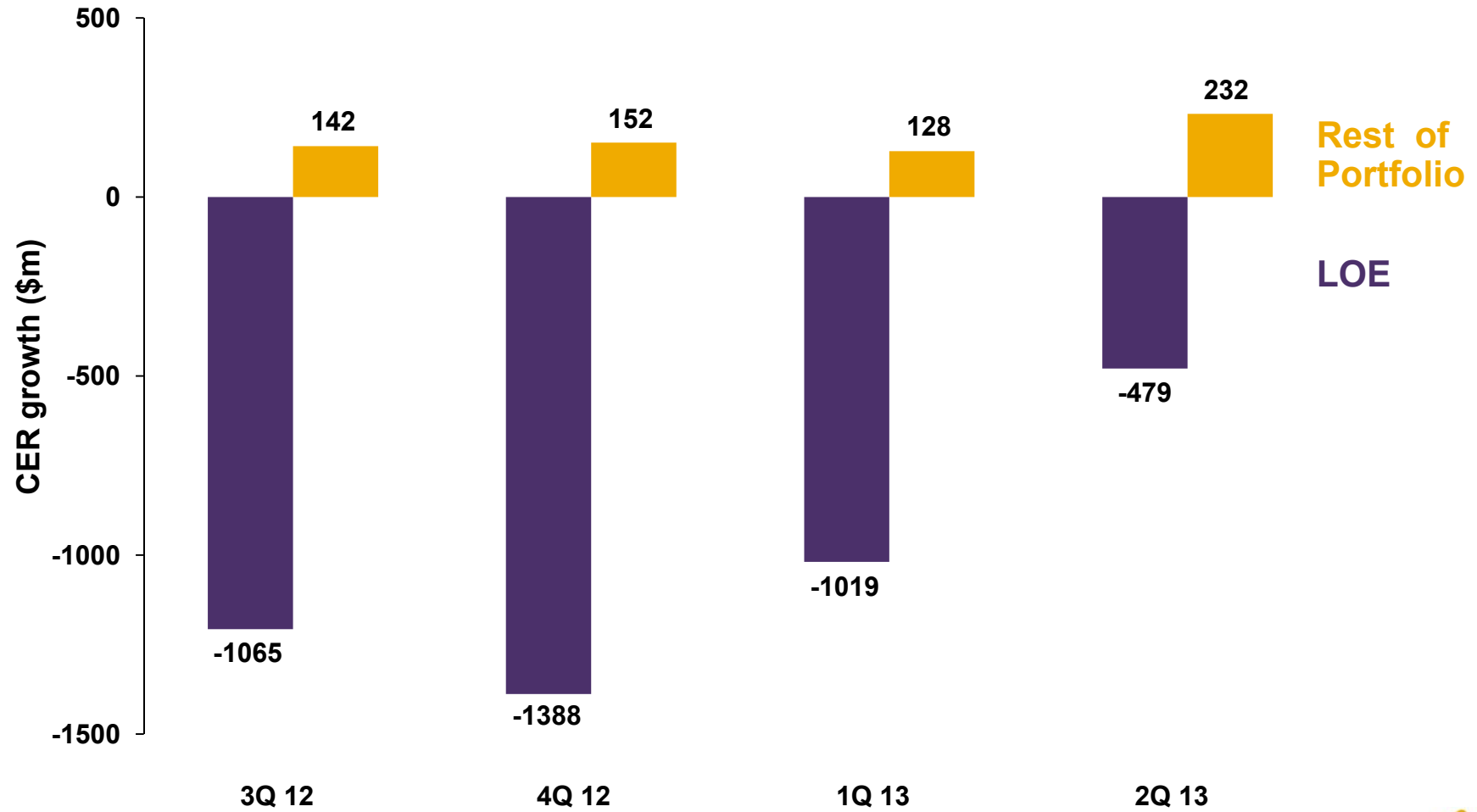


Headline results 2Q 2013

	2013 \$m	2012 \$m	Actual growth	CER growth
Revenue	6,232	6,660	-6%	-4%
Core Operating Profit	2,056	2,334	-12%	-10%
Core EPS	\$1.20	\$1.57	-23%	-21%
Restructuring	(\$0.18)	(\$0.12)		
Intangible amortisation	(\$0.27)	(\$0.13)		
Intangible impairments	(\$0.10)	(\$0.01)		
Legal provisions/other	\$0.01	(\$0.05)		
Reported EPS	\$0.66	\$1.26	-48%	-44%



Revenue impact from loss of exclusivity is moderating



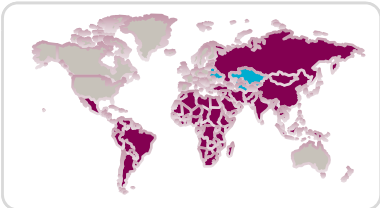
5 key growth platforms



1. *Brilinta*



2. Diabetes



3. Emerging Markets



4. Respiratory



5. Japan

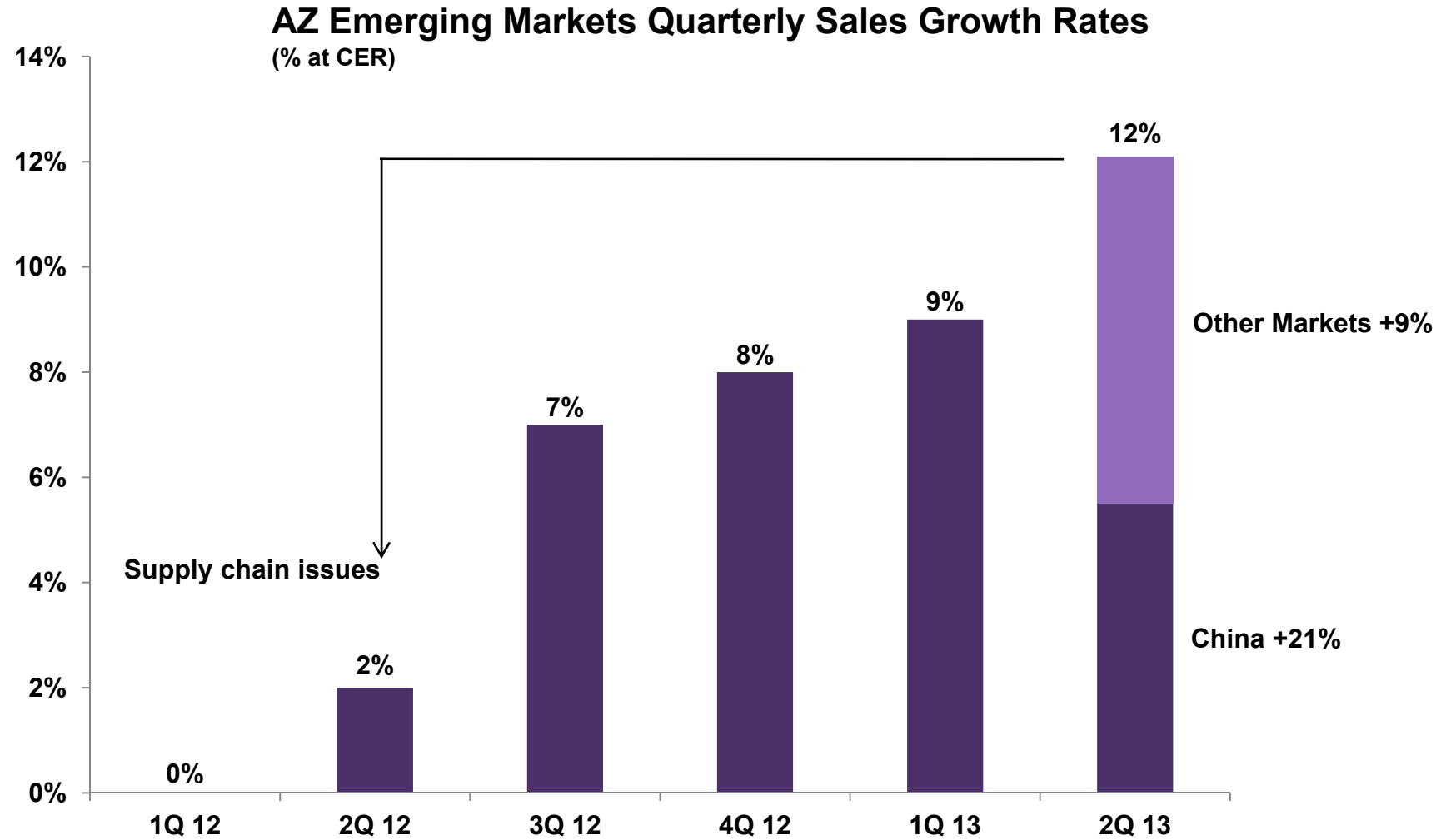


Regional revenue performance 2Q 2013

	2013 \$m	CER growth	CER \$m	
Global Revenue	6,232	-4%	(247)	
US	2,252	-4%	(87)	Ex-Seroquel IR & Toprol-XL: +4%
Europe	1,546	-13%	(231)	Seroquel IR, Seroquel XR, Atacand & Nexium LOE
Established ROW	1,059	-6%	(83)	
Japan	657	+10%	72	Nexium, Crestor , & Symbicort
Canada	162	-42%	(121)	Crestor (70)
Other Established ROW	240	-12%	(34)	Crestor pricing and Seroquel IR
Emerging Markets	1,375	+12%	154	<i>China (+21%); Other Markets (+9%)</i>
China	431	+21%	72	



Good performance in Emerging Markets

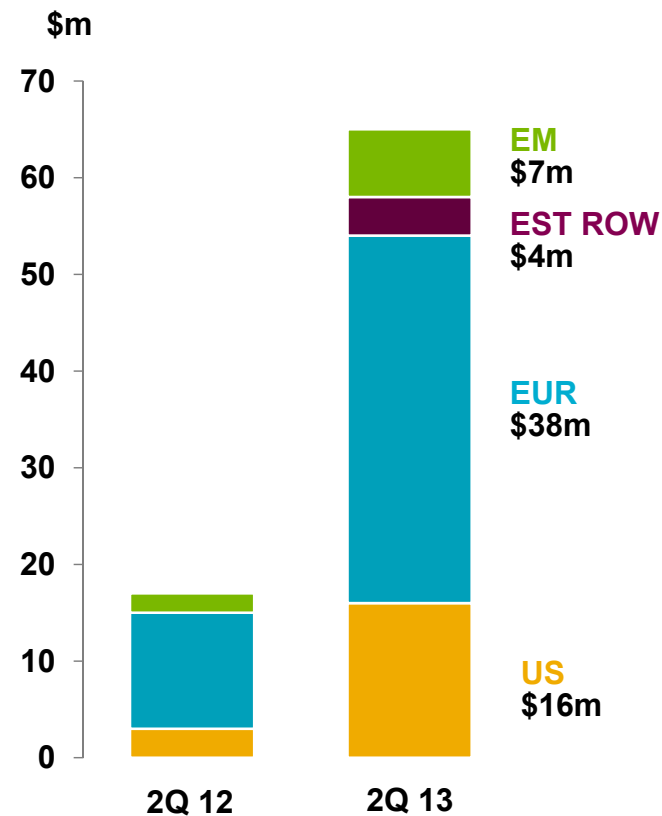


Source: AZ internal data



Brilinta/Brilique

2Q 2013 Sales: \$65m



US

- US – total TRx's increased 33% vs. prior quarter
 - Gained 9 points of preferred, unrestricted access in Medicare Part D plans, now >70%
 - Delivering acceleration plan, including 200 Transition of Care nurses in field 1st July
 - Increase in promotional and scientific investment in 2013 by greater than 50%

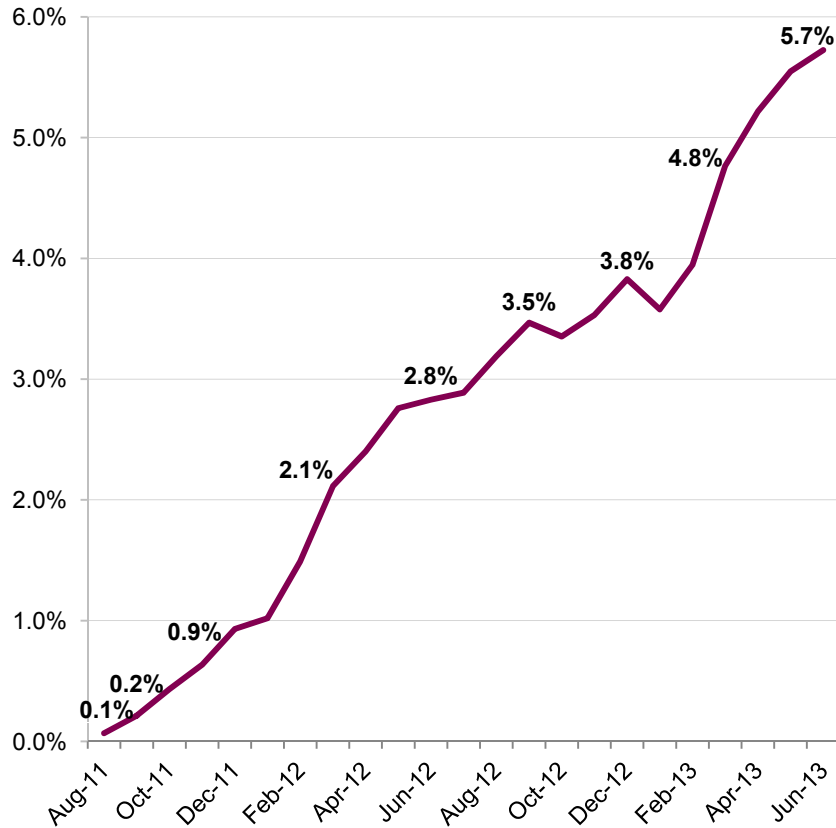
ROW sales \$49m

- At or closing in on Number 2 in volume share of the OAP market in the UK, Germany & Italy. Steady progress in France



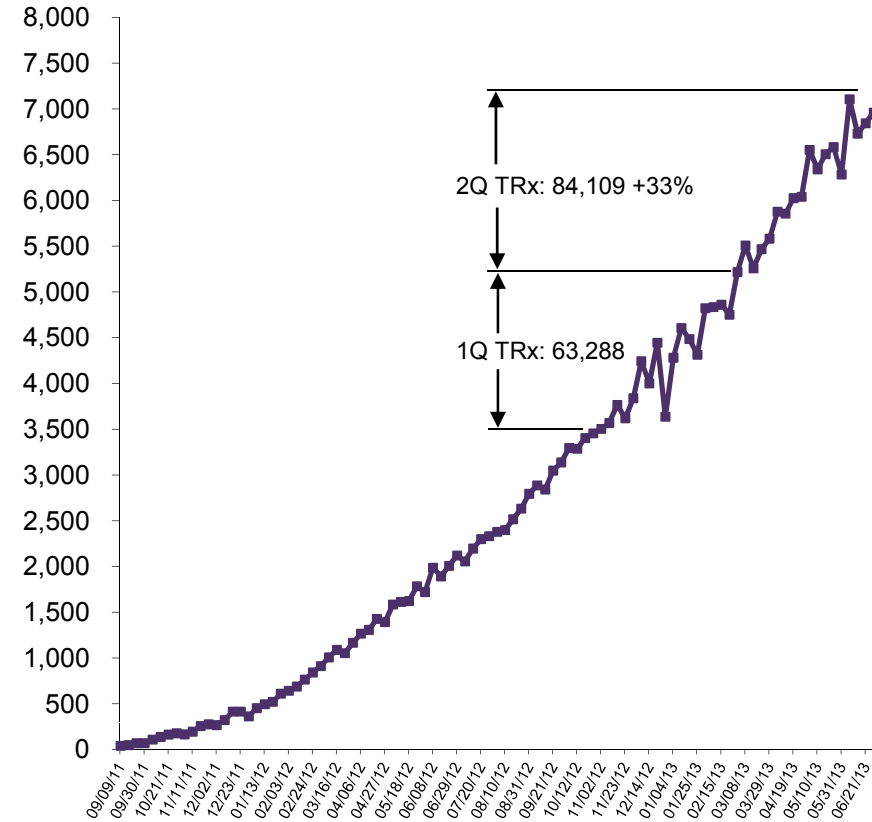
Brilinta US: Steady growth

Increasing New to Brand share in OAP market



TRx growth +33% 2Q vs 1Q 2013

TRx Actuals

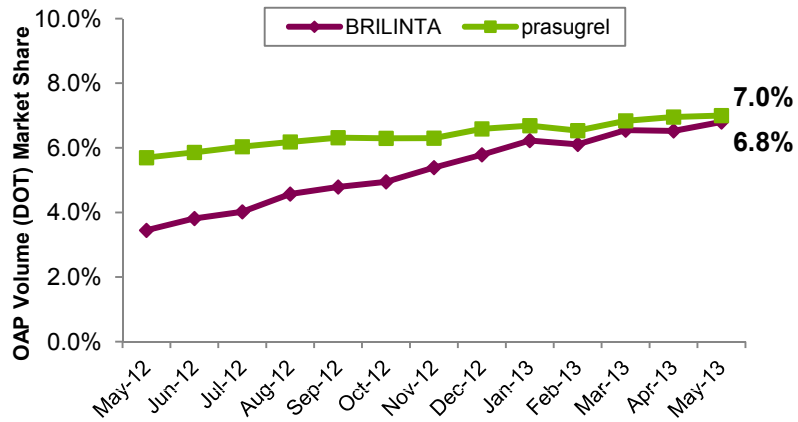


Source: IMS Health NPA Weekly
 Weekly data through June 28, 2013
 TRx estimate for June 2013 used to calculate growth rates

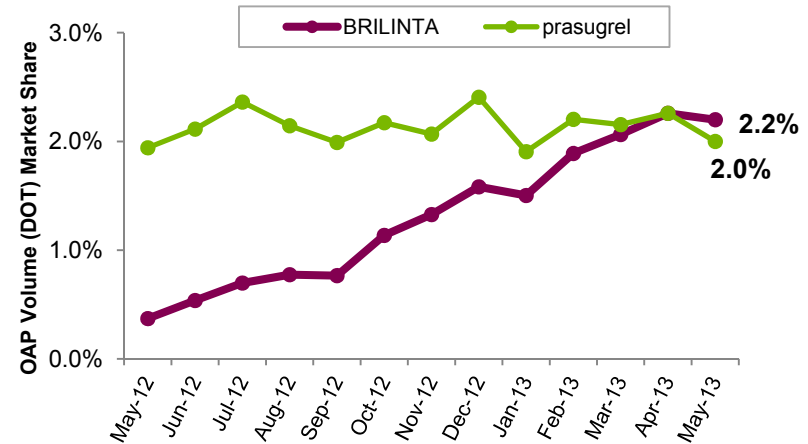


Brilinta: ROW Performance

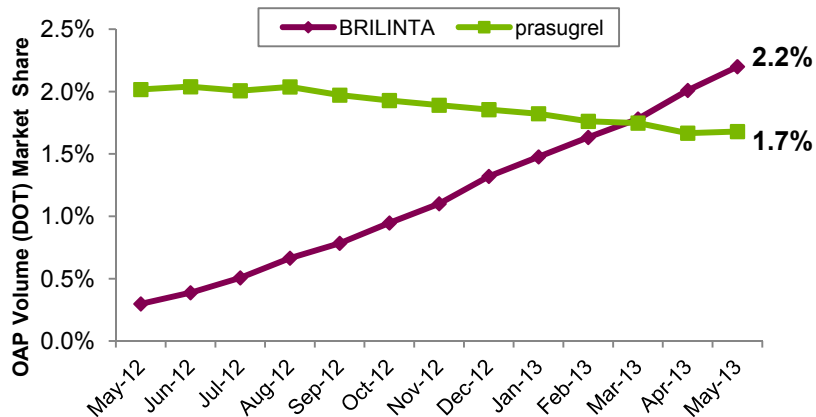
OAP Volume Market Share – All Channels Germany



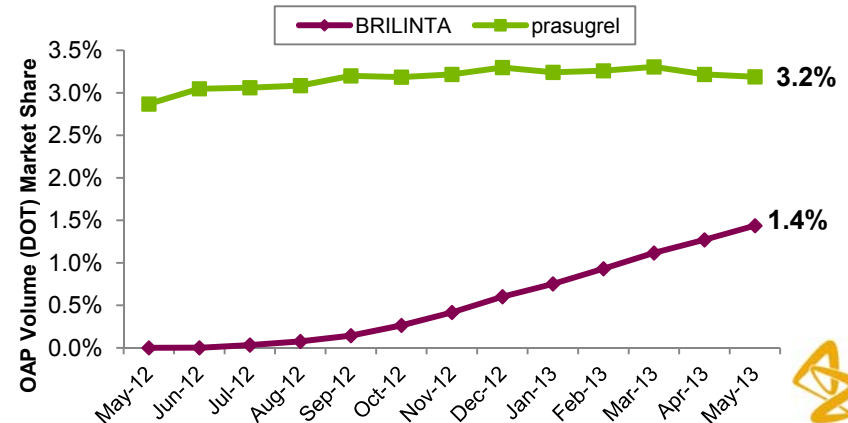
OAP Volume Market Share – All Channels Italy



OAP Volume Market Share – All Channels UK

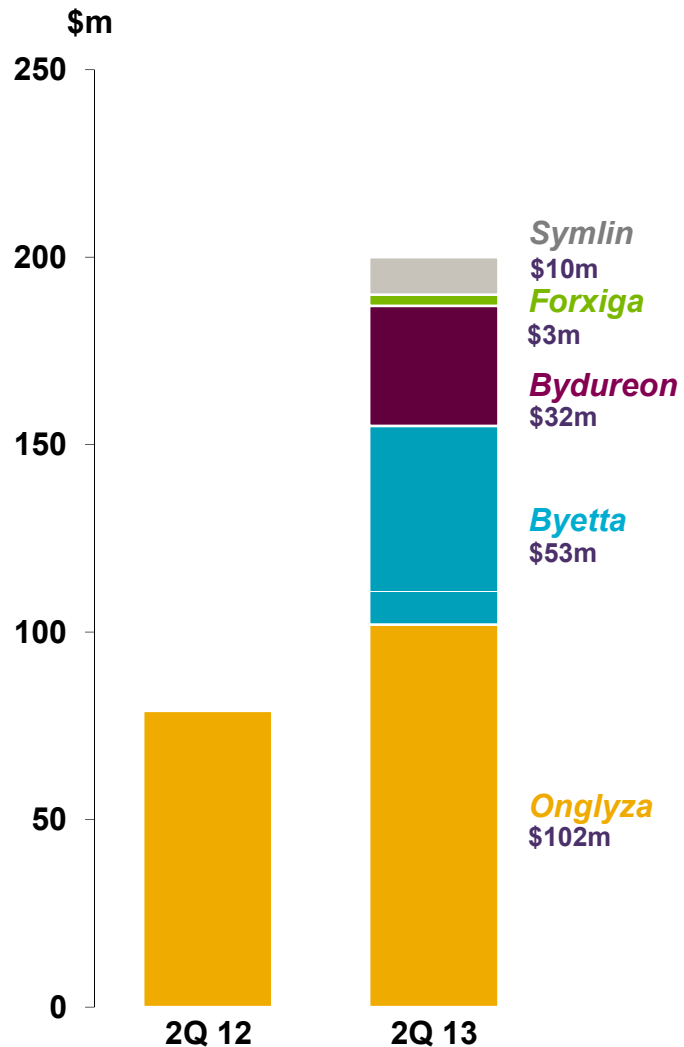


OAP Volume Market Share – All Channels France



Diabetes Franchise

2Q 2013 Revenue: \$200m



Source: IMS HEALTH MDART

Onglyza franchise

- US revenue: +29%
 - DPP4 Market growth: +6% TRx
 - Franchise TRx share 16.0% in June; stabilised
 - (-10bps from March) post formulary changes in 1Q
- ROW revenue +23%
- SAVOR top line results

Byetta/Bydureon

- US revenue: \$63 million
 - Steady growth for *Bydureon* TRx, but *Byetta* share decline continues
- ROW revenue: \$22 million

Forxiga

- Revenue \$4 million in 1H 13
- Good initial launch uptake in Germany, UK
- US NDA resubmitted; PDUFA date 11 January 2014



Onglyza: US franchise market share stabilised

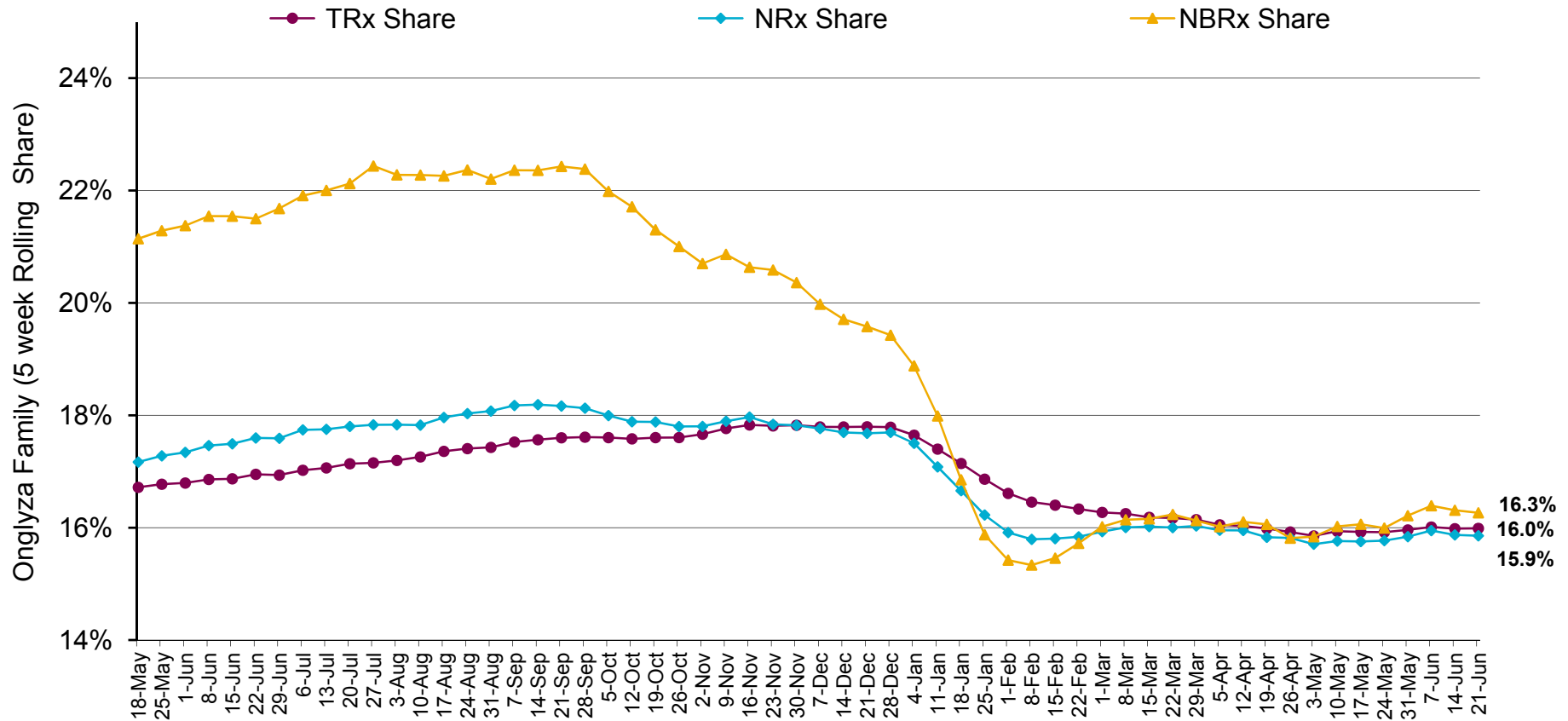
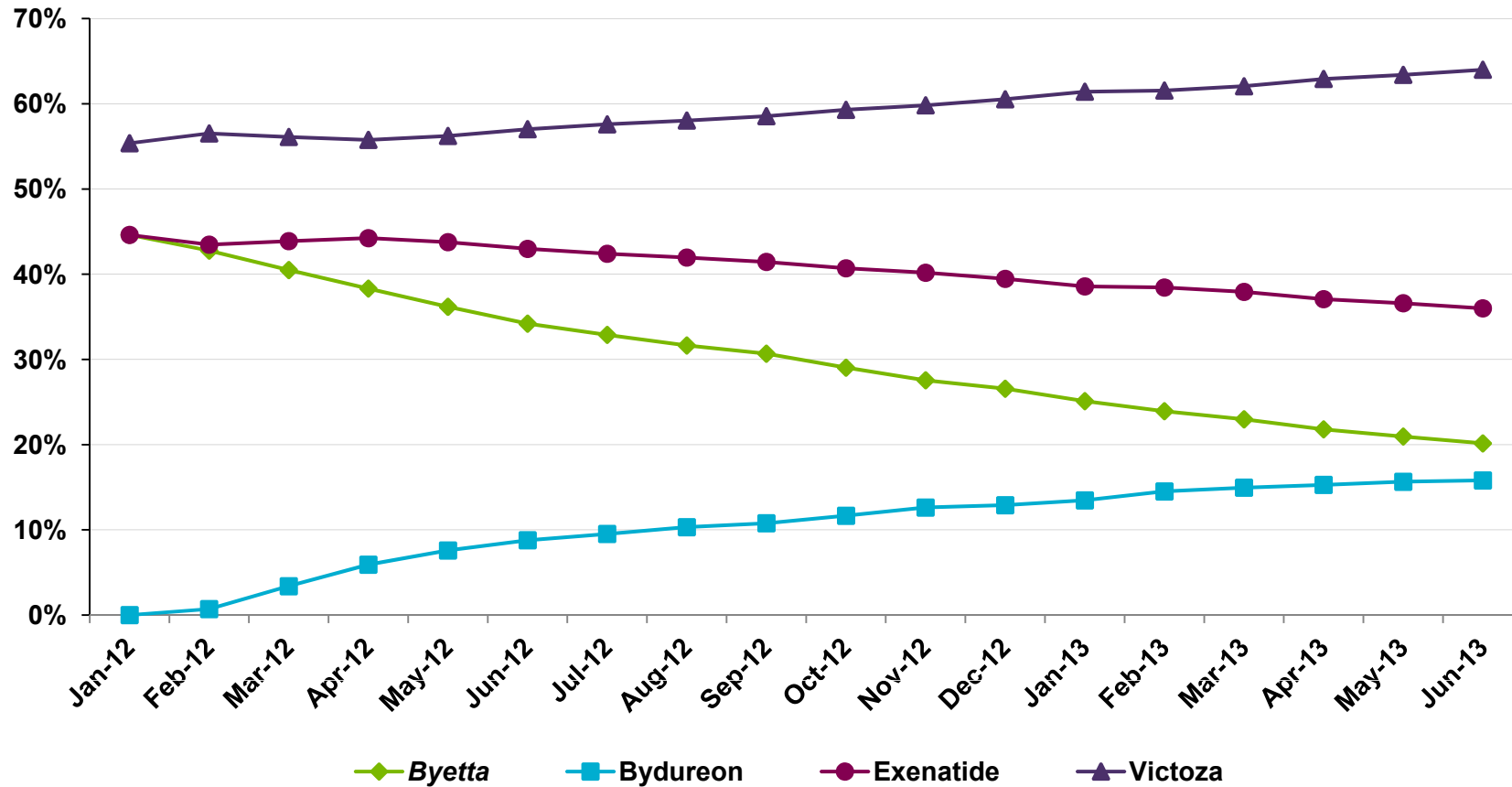


Chart shows Rolling 5 weeks share of DPP4 Market
 Source: IMS APLD (Retail+Mail Order), IMS NPA(Un-equalized)



Bydureon/Byetta: US TRx trends

GLP-1 Market TRx

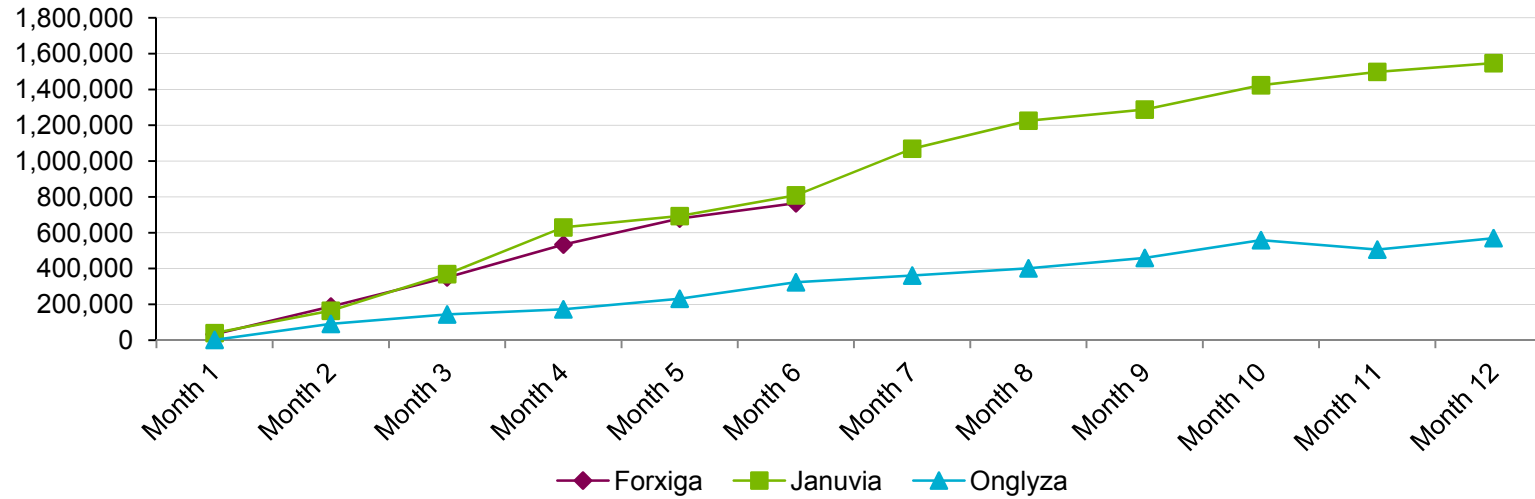


Source: IMS APLD Monthly Data May'13. June TRx estimate based on weeklies in June.
 Please note the Exenatide NBRx share is Exenatide Family NBRx share and eliminates switches between the Exenatide brands

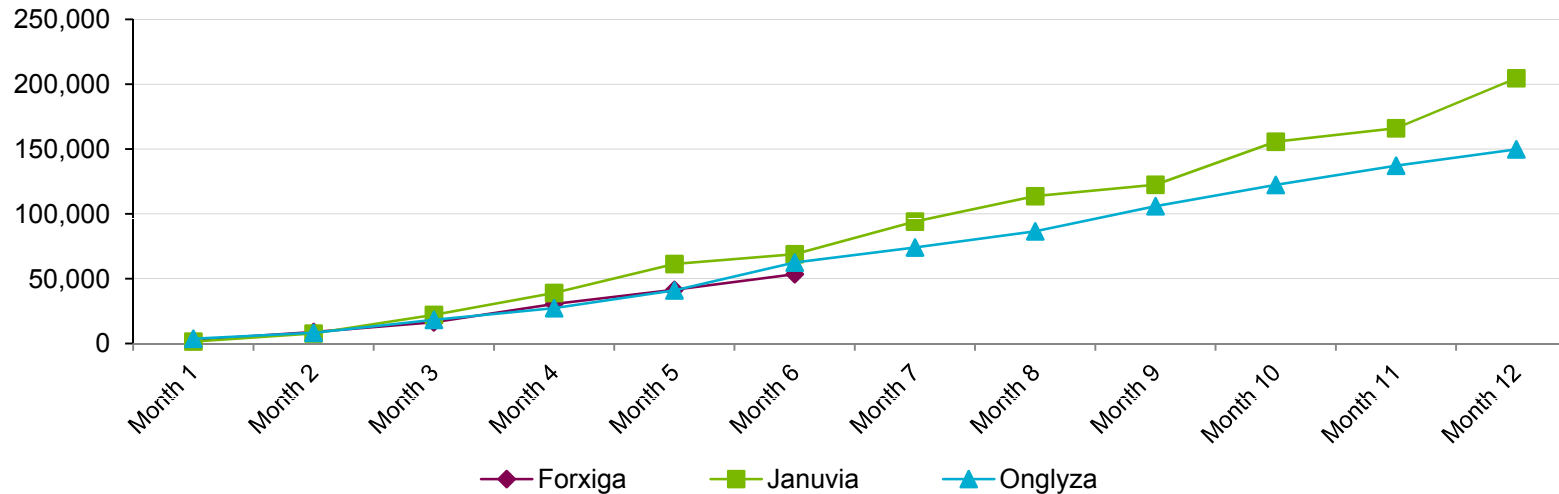


Forxiga launch uptake – Germany and UK

Brand PDOTs - Launch Uptake, Germany



Brand PDOTs - Launch Uptake, UK

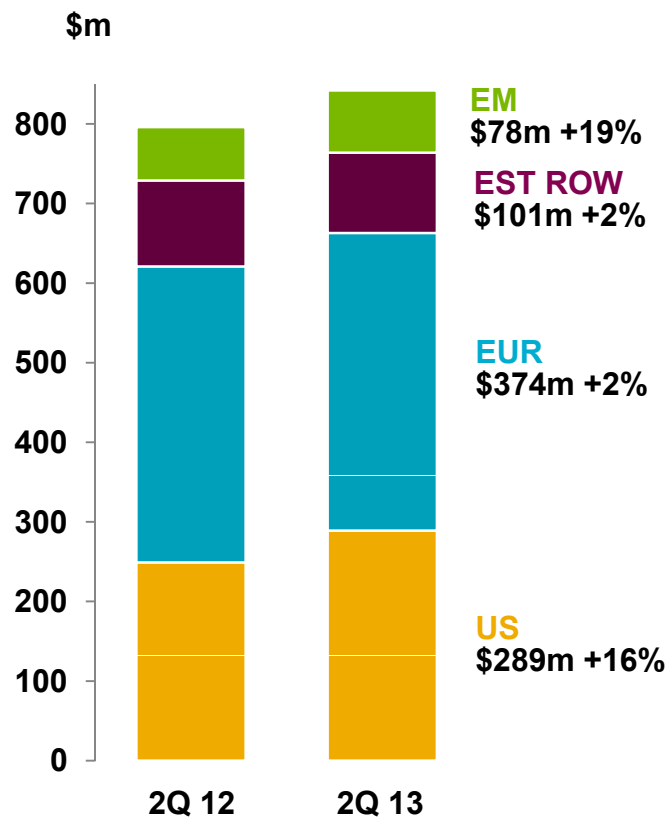


Source: IMS MIDAS May 2013, Retail + Hospital



Symbicort

2Q 2013 Sales: \$842m +8% CER



US

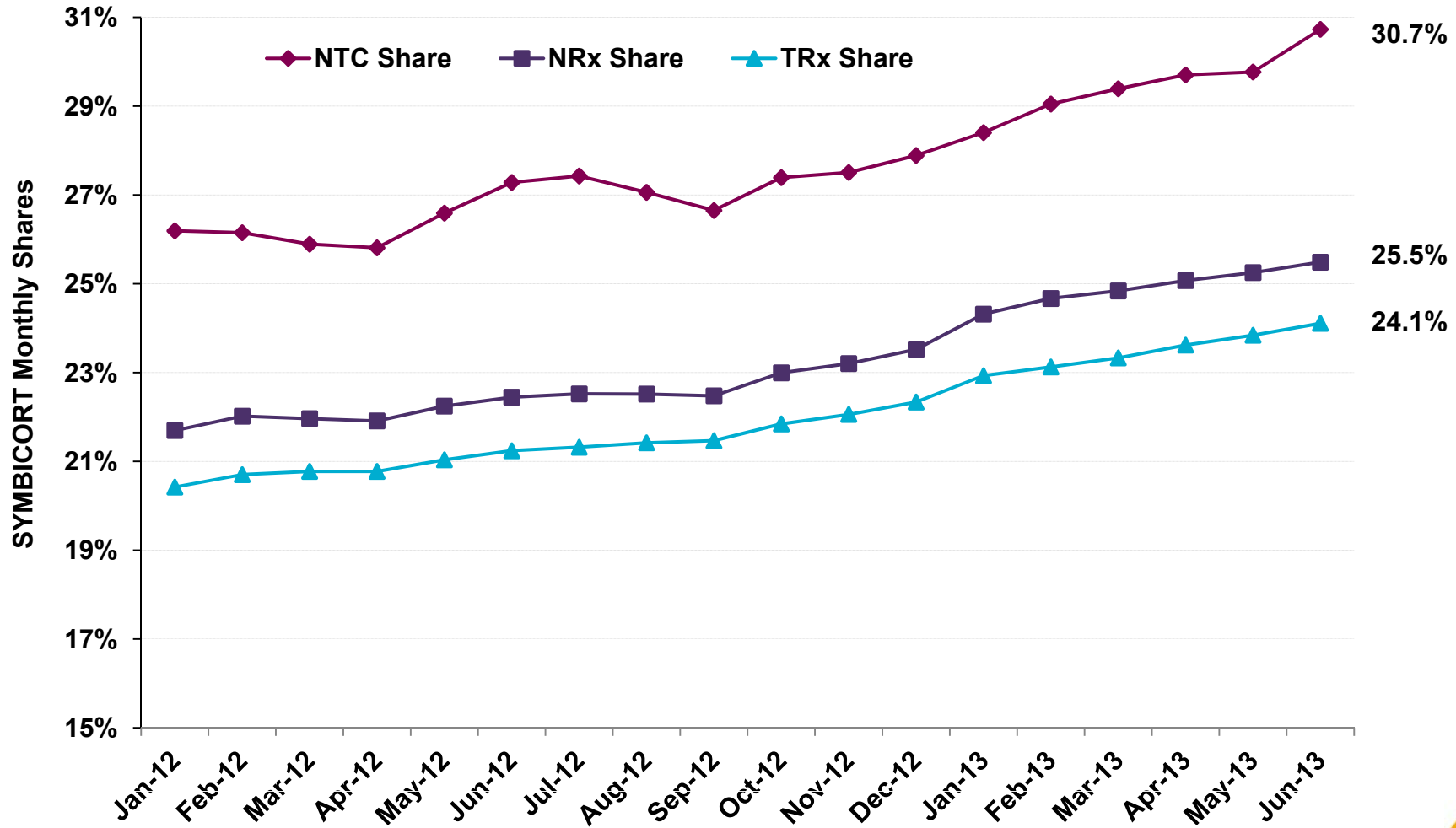
- *Symbicort* TRx's +16% vs market +2%
- TRx share at 24.1% in June 2013, +1.8 pts since December 2012
- New patient share 30.7% in June; new high

ROW

- *Symbicort* sales in ROW were \$553m, +4%
- Japan still gaining share on Adair, reaching 42.3% (May)
 - SMART and COPD approvals



Symbicort: US market share trend



Source: TRx and NRx from IMS Monthly NPA Data
 NTC from IMS Monthly NPA APLD Data



Achieve scientific leadership

1

**Achieve
scientific
leadership**

FOCUS on distinctive science in 3 core TAs

PRIORITISE & ACCELERATE our pipeline

TRANSFORM our innovation culture & model



Recent pipeline news

- *Forxiga* (dapagliflozin) NDA resubmitted in US; 11 January 2014 PDUFA
- Moxetumomab Phase III start
- Headline results for SAVOR study
 - *Onglyza* met its primary safety objective of non-inferiority and did not meet the primary efficacy objective of superiority for a composite endpoint (CV death, non-fatal MI, non-fatal ischaemic stroke)
 - Presentation at ESC in September
- Metreleptin US NDA accepted; designated for priority review (PDUFA 27 Feb 2014)
- Fostamatinib will not progress to regulatory filings
- Growing portfolio of late stage assets; Omthera and Pearl acquisitions, FibroGen collaboration



Growing late-stage pipeline

Phase 1 - 25 NMEs

Small molecule	Large molecule
AZD5363 AKT solid tumours	MEDI0639 DLL-4 solid tumours
AZD2014 TORK solid tumours	MEDI-565 CEA BiTE GI tumours
volitinib MET solid tumours	MEDI6469 mOx40 solid tumours
AZD1208 PIM haems	MEDI4736 PD-L1 solid tumours
AZD8186 PI3 solid tumours	MEDI3617 ANG-2 solid tumours
AZD9150 STAT3 haems	MEDI9929 TSLP asthma
AZD9291 EGFRm+ solid tumours	MEDI5872 B7RP1 SLE
AZD8848 TLR7 asthma	MEDI-551 CD19 MS
AZD7594 SGRM COPD	MEDI6012 LCAT, ACS
AZD7624 ip38i COPD	MEDI4893 staph alpha toxin SSI
RDEA3170 URAT1 gout	MEDI-559 PRVV
AZD3293 BSECDR Alzheimer's	MEDI-550 Panflu library
ATM AVI BL/BLI SBI	

Phase 2 - 23 NMEs

Small molecule	Large molecule
selumetinib MEK solid tumours	MEDI-551 CD19 CLL, DLBCL
AZD4547 FGFR solid tumours	tremelimumab CTLA-4 solid tumours
olaparib PARP-BRCA solid tumours	MEDI-573 IGF MBC
AZD5423 iSGRM COPD	benralizumab IL-5R asthma / COPD
AZD5069 CXCR2 asthma	mavrilimumab GM-CSFR RA
AZD2115 MABA COPD	MEDI8968 IL-1R COPD, HS
AZD1722 NHE3 ESRD/CKD	sifalimumab IFNa SLE
AZD6765 NMDA MDD	MEDI-546 IFNaR SLE
AZD5213 H3R neuropathic pain	tralokinumab IL-13 asthma, IPF, UC
AZD3241 MPO Parkinson's Disease	MEDI7183 α4β7 UC, Crohn's
AZD5847 oxazolidinone TB	MEDI2070 IL-23 Crohn's
CXL BLI/cephalosporin MRSA	

Phase 3 / Reg - 8 NMEs

Small molecule	Large molecule
Lesinurad URAT1 gout	moxetumomab CD22, HCL
PT003 LABA/LAMA COPD	brodalumab IL-17R psoriasis
Epanova hypertriglyceridaemia	metreleptin lipodystrophy
naloxegol opioid induced constipation	
CAZ AVI BLI/cephalosporin SBI	

Major Mkt Reg - 5 NMEs

Small molecule	Large molecule
Caprelsa EGFR inhibitor MTC	Q-LAIV Flu Intranasal influenza virus
Brilinta ADP receptor antagonist	
Forxiga SGLT2 inhibitor	
Zinforo skin infections	

- Oncology
- RIA
- CVMD
- Neuroscience
- Infection
- Progressed
- New BD

Terminated: MEDI-557, AZD1446, AZD3480, MEDI5117, AZD8330, fostamatinib, MEDI-575, MEDI7814, and MEDI4212


Pipeline table as of 30th June 2013




Business development aligned with priority TAs


Early Stage

CV/Metabolism







enteroendocrine cells
Diabetes/Obesity




mRNA







RDX5791
End stage renal disease
& chronic kidney disease



ACP-501
Reverse cholesterol
transport



FG-4592
End stage renal disease
& chronic kidney disease



Epanova
Hypertriglyceridemia

Oncology



mRNA




Accurin™
nanomedicine




3 preclinical projects

Respiratory/Inflammation/ Autoimmune



Triple combination
LABA/LAMA/ICS



LABA/LAMA
COPD

Late Stage



Cambridge Biomedical Campus: A vibrant innovation hub



2Q and Half Year Results 2013

Simon Lowth, Chief Financial Officer



Core margin: 2Q 2013

	\$m	CER %	% sales	Delta vs PY CER
Revenue	6,232	-4%	-	
Core Gross Margin	5,127	-2%	82.3	+110 bps
Distribution	(76)	+2%	1.2	-10 bps
Core SG&A	(2,173)	+6%	34.9	-320 bps
Core Other Income	218	+19%	3.5	+60 bps
Core Pre-R&D Profit	3,096	-6%	49.7	-160 bps
Core R&D	(1,040)	+1%	16.7	-70 bps
Core Operating Profit	2,056	-10%	33.0	-230 bps



Phase 4 restructuring programme

	Total cost \$m	1Q 13 \$m	2Q 13 \$m
R&D	1,380	291	62
SG&A	790	240	160
COGS	130	12	86
Total	2,300*	543	308

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



1H 2013: Cash flow/distributions

Cash generated from operating activities \$3.8 billion (1H 2012 \$2.8 billion)

- Lower tax and interest payments partially offset the lower operating profit in 2013 (which included higher non-cash costs)
- A lump sum pension contribution drove higher outflows in the prior year

Dividends

- First interim dividend: \$0.90
 - Consistent with Board's aim to set first interim dividend at approximately 1/3 of prior full year dividend (FY 2012: \$2.80)
- Committed to progressive dividend policy
 - Board intends to maintain or grow the dividend each year
 - Cover target is 2x Core earnings over the investment cycle
 - Board recognises cover in any year is likely to vary from the 2x cover target through the investment cycle



Guidance (Core basis)

Revenue (CER)	Mid to High-single digit decline
Core Operating Costs (CER) (R&D + SG&A)	Revised: Now a low to mid single digit increase vs 2012
Core other income	< \$600 million <i>(Pending resolution of Pulmicort Respules appeal)</i>
Reported tax rate	Around 23 percent
Core EPS (CER)	Decline significantly > than revenue decline



2Q and Half Year Results 2013