

AstraZeneca 2013 AGM

25 April 2013

Chief Executive's Remarks

Introduction

Thank you, Leif. Ladies and gentlemen, good afternoon. I would like to add my own welcome to you this afternoon and thank you for joining us today.

I was both excited and honoured to have been asked to lead AstraZeneca. I started my career many years ago as a sales representative in New Zealand and Australia. Throughout my career, I admired AstraZeneca as a great company and never expected to be privileged enough to one day lead it. As you can imagine, I am very excited to stand in front of you today.

Since joining last October, I have seen for myself the real passion and commitment that exists within our company to improve the lives of patients around the world.

Today, what I would like to do is give you my commitment that I will put all my energy and passion into making our company as successful as possible.

Our Vision

My challenge, and that of the executive team, is to build on our past successes but also to change sufficiently to address the challenges we are facing, so that we turn our aspirations into reality and make our business successful. This is what our strategy update was about over the last few months. The update was focused on how we could implement this change while building on our past successes. It entailed a lot of discussions with a great number of people, most importantly our Board.

Personally, I visited many parts of the organisation. I went to all our large sites and visited most of our commercial organisation around the world. I must have talked to about 10,000 people in town halls, in small and large meetings, and in one-on-one interviews with some of our leaders around the world; I talked to many of our shareholders; and I talked to physicians and to our customers. Everybody was candid with me, and it was a very useful contribution to the thought process that I went through over the last few months.



So, what does our strategy look like?

The first decision we made was to remain a pure-play pharmaceutical company. We want to be a global biopharmaceutical leader that focuses on distinctive science and developing innovative medicines that will change the lives of patients. We want to do this through outstanding development and commercial excellence.

We will have a business that is, essentially, led by science and focused on innovation, with a broad research and development (R&D) platform focused on three core therapy areas.

We will have a balanced portfolio of primary-care assets that represent our history but also specialty-care products that came to us through the MedImmune acquisition a few years ago.

Very importantly, we will rely on our global commercial presence. This is really one of the greatest strengths of AstraZeneca. We have a strong commercial network around the world, in particular the emerging markets.

A Bold Ambition with Three Key Priorities

We defined three core priorities:

- The first is to build our scientific leadership. We were one of the great R&D leaders in this industry. I see no reason why we cannot be one again. We have experienced an R&D productivity decline in the last few years but I believe that the underlying strengths of our research organisation are still there, and we can rebuild our scientific leadership.
- The second priority is to return to growth. As you all know, we are faced with substantial headwinds that are linked to the patent expiries of several of our major brands. We did a good job in the past of building great products, such as Nexium, Seroquel and Crestor, and those are now losing patent protection and, of course, driving a substantial sales decline. We have therefore identified ways to return to growth as quickly as possible.
- Our third priority is to be a great place to work. It is a very important aspect of a company if we want to attract and retain the best talent from around the world.

Achieve Scientific Leadership

In the case of R&D, we will focus on three core therapy areas. We also want to prioritise and accelerate our portfolio and to transform our innovation model and our culture.

Focus on Distinctive Science in Three Core Areas

What does this mean? Our R&D focus will be around:

- Oncology
- Cardiovascular and Metabolic Disease
- Respiratory and Inflammation.

We will maintain some efforts in neuroscience and anti-infectives, but these will be more opportunity-led. Importantly, we will leverage the capabilities that we have. I think this company has unique capabilities. We have historical strengths in small molecules – this is the AstraZeneca heritage; we have strengths in large molecules and biologics, which came to us through the MedImmune acquisition; we have strengths in immunotherapies; and we also have strengths in antibody-engineering capabilities that came to us through MedImmune but are the heritage of Cambridge Antibody Technology (CAT). What we want to do is leverage all these capabilities and put science at the heart of everything we do.

Prioritise Investment in Key Assets; Pull through Promising Phase II Pipeline

As far as the pipeline is concerned, we identified a number of very promising projects that we have in the mid-stage portfolio, and in Phase II in particular. Most of them are biologics for the treatment of lupus, asthma, chronic obstructive pulmonary disease (COPD) and cancer, and small molecules for the treatment of cancer – olaparib and selumetinib. We also decided to invest in some of our critical assets:

- Lesinurad for gout, which is in late-stage development.
- Brilinta, which we launched in the recent past for the treatment of acute coronary syndrome.
- Two of our most important anti-diabetic assets, Forxiga and Bydureon.

Increase Proximity to Bioscience Clusters and Co-locate around Three Strategic Sites

We will also modify the innovation footprint in our organisational model. We believe we need to make important decisions that will shape the future of this company and will reshape our R&D organisational model to create two biotechnology units that are in

charge of discovering and developing products all the way to proof of concept, and transferring those products to our late-stage organisation.

We also decided to modify our research footprint around the world and to focus on three strategic centres: Cambridge, UK; Gaithersburg, near Washington, on the east coast of the US; and Mölndal, Sweden. The goal here is to come close to bioscience clusters, to co-locate our teams as far as possible and to simplify our footprint on a global basis.

I am excited to think that we will be moving to Cambridge. As you probably know, we already have a presence there with our MedImmune organisation. We will be moving our R&D organisation in the UK from Alderley Park to Cambridge, where we will build a state-of-the-art facility – an investment of about £330 million – very close to several academic institutions. This is certainly a major development for us and will improve our ability in the future to come up with innovative medicines.

Return to Growth

There are five growth platforms that we identified:

- Brilinta. We are in the process of launching in various countries around the world. Some countries, particularly in Europe, are doing well, and others had a more difficult start, but there have been encouraging signs in recent weeks.
- Diabetes. Building on our alliance with our colleagues at Bristol-Myers Squibb.
- Emerging markets, which are a strong heritage of AstraZeneca. We were one of the first few companies to identify the potential of those countries. Today, we are number two in China, with a \$1.5 billion business there and 4,500 people working for AstraZeneca.
- Our respiratory franchise, built on Symbicort.
- Japan, where we have a large range of products that are still in launch phase and can drive our growth over the next few years.

In addition, we will accelerate the rebuilding of our portfolio through business-development and partnership activities, just as we did with BMS.

Be a Great Place to Work

Our third priority is to be a great place to work. This is really a critical priority, because, if we want to be successful, we need to be able to attract and retain the best talent in the

world. We also need to make sure that our people can work effectively and efficiently. We have started a process of simplifying the organisation, removing complexity, co-locating our staff in some of the strategic centres that I mentioned earlier to facilitate cross-functional work and leverage the great collaborative spirit that exists in our company, and increasing autonomy. This involves decentralising, empowering people and creating a greater entrepreneurial spirit to speed up decision-making.

Focused on Returning to Growth

Finally, I just wanted to leave you with one thought: that we are on a journey. We are a business that has a great, established and stable portfolio. We have identified growth platforms, which I described to you earlier. However, we are still going to be suffering from sales declines due to the patent expiries that we are experiencing currently and will keep experiencing until 2016. These create headwinds and we have to accept that we will be in decline for a period of time. We are working very hard to return to growth as quickly as we can and to rebuild our portfolio through our own internal efforts, as well as through business development.

We have established priorities for three periods of time:

- The short term, where we are going to accelerate the growth of our key growth drivers, as well as the development of some of the projects in our portfolio, and to start modifying the way we go about doing R&D.
- We have mid-term goals for 2015-16. By 2016, our goal is to increase Phase III pipeline with the potential to double it
- Finally, our long-term aspiration is to once again be an industry leader from a science viewpoint, and, of course, to deliver substantial returns to you, our shareholders.

1Q 2013

Headline Results

Let me now talk to you about our first-quarter results. As expected, we experienced the substantial negative impact of the patent expiry of Seroquel. If you remember, we lost patent protection for Seroquel IR in the US at the end of March last year and, for the first quarter, this had a substantial impact on our sales. We also had a negative impact from Crestor in Canada and Australia. Finally, we were negatively impacted by loss of

exclusivity for Atacand. In line with our expectations, our sales declined by about 12% and our earnings per share (EPS) declined by 21%.

Regional Revenue Performance

On a regional basis, the positive news is that Emerging Markets are returning to growth. We had a difficult year last year in many emerging countries, and the first quarter showed us growing by 9%, which is encouraging.

We were negatively impacted in the US by the patent expiries that I referred to earlier and, in particular, Seroquel. Excluding these patent expiries, our business in the US grew by 3%, driven by Brilinta, diabetes and the other growth platforms.

In Europe, we also declined by 16%, for the similar reasons, and particularly Seroquel, but also Atacand and Nexium.

In the Established Rest of the World, mainly Canada and Australia, we declined due to the impact of Crestor's patent expiry in Canada, and pricing pressure in Australia.

AZ Growth Platforms

Encouragingly, all our growth platforms are showing some healthy developments:

- In particular, Brilinta delivered \$50 million of sales in the first quarter, and we have seen an improved trend in the US. These are very early days, of course, but I am quite encouraged by what we have seen in recent weeks. We have now launched in China.
- Diabetes grew, essentially driven by Onglyza, which experienced growth of about 27%. We also launched Forxiga in Europe. So far, this product has been received very well by our customers.
- Emerging markets grew by 9% and, importantly, China by 21%. We are now growing more quickly than the market.
- Symbicort grew by 32% in the US, and 7% outside the US. Overall, it delivered a very good growth rate of 14% in the first quarter.
- Finally, Japan, fuelled by Nexium, Crestor, Symbicort and other products, grew by 5% in the first quarter.

These are very encouraging results across those critical priorities.

Key Scientific Milestones

On the scientific side, we achieved a number of key milestones:

First of all, we signed an agreement with Moderna Therapeutics, a Boston-based biotechnology company, through which we accessed a new and exciting technology called messenger RNA, which will enable patients to potentially produce their own therapeutic proteins. This technology will help us discover new medicines for new diseases.

We also entered into collaboration with the prestigious Karolinska Institutet in Sweden, focusing on cardiovascular and metabolic diseases. We have a lot of hope for this collaboration that is focused on translational medicine in pre-clinical and early clinical studies.

We acquired AlphaCore Pharma, which is developing an enzyme that removes cholesterol and could be a great addition to our cardiovascular portfolio.

We decided to accelerate the development of olaparib for the treatment of ovarian cancer in BRCA-mutation patients, and to accelerate development of this product. We will also be filing in Europe that we will be presenting at the American Society of Clinical Oncology (ASCO).

Finally, we presented the Phase III results from fostamatinib and naloxegol.

Why AstraZeneca?

Why, then, should you be a shareholder of AstraZeneca? Our proposition to investors is based on a pure innovation strategy. We are not going to diversify, and we are going to focus on innovation. While innovation is exciting and rewarding, it is also very challenging. We believe we need to be absolutely focused on it if we are to be successful. To do this, we will focus on three core therapy areas. We will also take steps to build our pipeline and to transform our R&D innovation model. Finally, we will focus our efforts, talents and resources on our key priorities. We have a plan and, over the next few months, my focus and that of the executive team will be to implement it as best as we can. Our success will be defined by how good we are at executing our plan.

Conclusion

In closing, I wanted to thank everyone at AstraZeneca for their support and for the very warm welcome that they offered me when I joined the company six months ago. I have to say the first six months of my stay at AstraZeneca have certainly confirmed the nature and scale of the challenges we are facing, but we also have a real opportunity. This is truly a great company. We have great strengths and I am absolutely convinced that, if we are true to our mission of discovering innovative medicines that help patients, and if we are committed to writing new pages in the medical textbooks with the new medicines that we bring to the marketplace, we will be successful and deliver great returns to you, our shareholders. Thank you very much.



AstraZeneca PLC

2013 Annual General Meeting

Pascal Soriot
Chief Executive Officer



Our Vision

To be a **global biopharmaceutical business** delivering great medicines to patients through **innovative science** and **excellence** in development and commercialisation

- A science-led, innovation strategy
- Broad R&D platform focused on three core therapy areas
- Balanced portfolio of specialty and primary care products
- Global commercial presence, with strength in emerging markets



A bold ambition with three key priorities

1

**Achieve
scientific
leadership**

2

**Return
to growth**

3

**Be a great
place to work**



**Achieve
scientific
leadership**

1

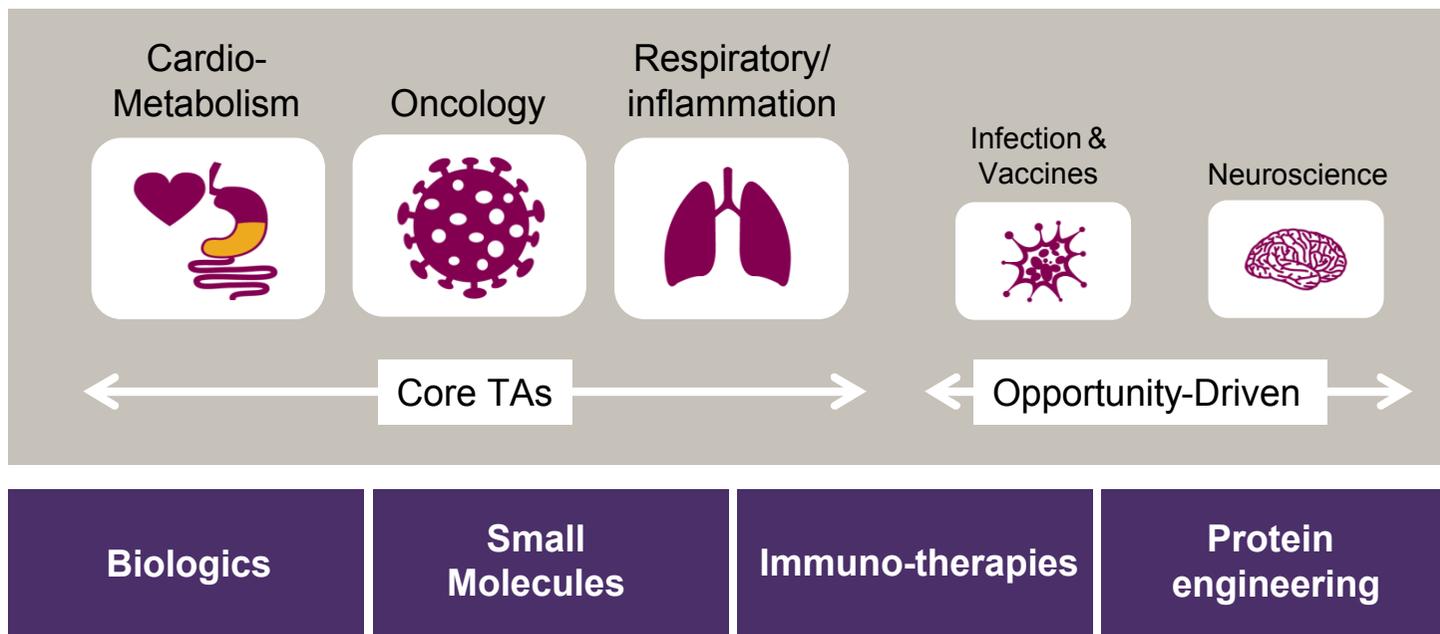
FOCUS on distinctive science in 3 core TAs

PRIORITISE & ACCELERATE our pipeline

TRANSFORM our innovation culture & model



We will focus on distinctive science in three core therapy areas



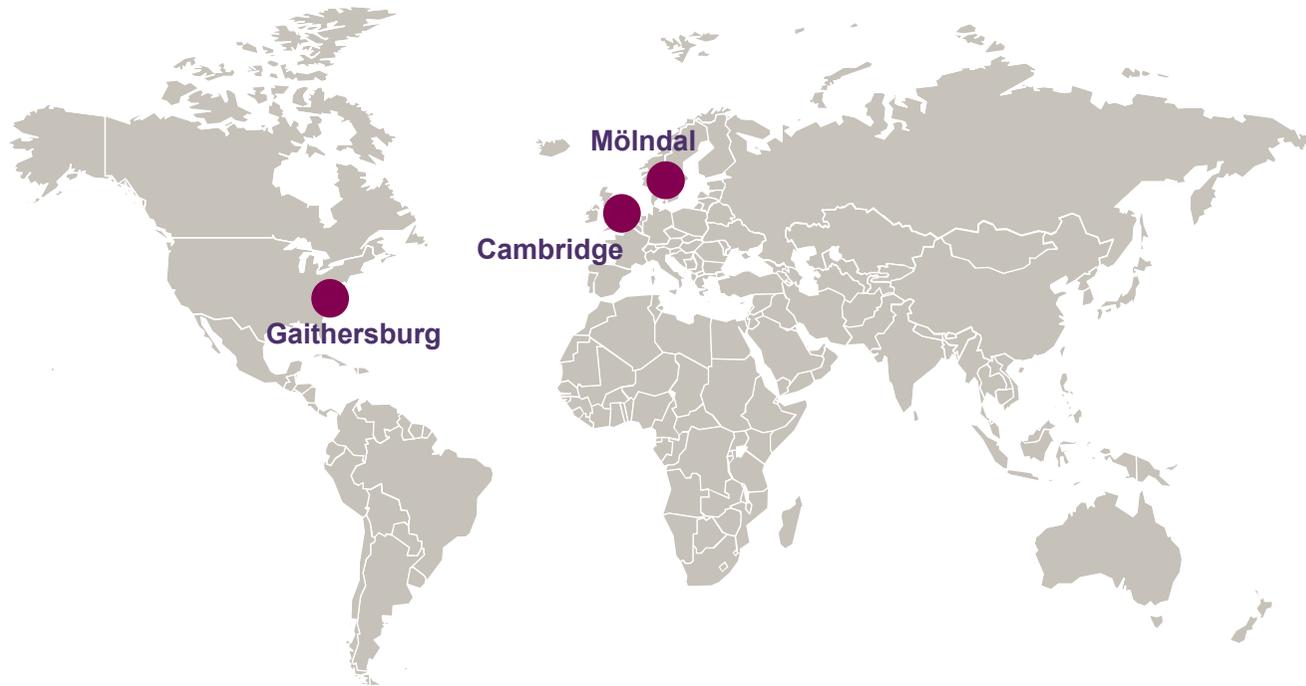
We will prioritise investment in key assets and pull through promising phase II pipeline

- ✓ Immediately accelerate/invest into key NMEs and LCMs
- ✓ Pull through promising Phase II pipeline with over 20 NMEs
- ✓ Moving forward: Focus resources behind our most promising assets

Invest	Accelerate
Lesinurad	Sifalimumab / MEDI-546
	Benralizumab
	Tralokinumab
	Olaparib
	Moxetumomab
	Selumetinib



Increase proximity to bioscience clusters and co-locate around three strategic sites



Increase proximity to bioscience clusters and co-locate around three strategic sites

Gaithersburg

Co-locate around biologics/specialty care



Proximity to National Institutes of Health, Johns Hopkins

Cambridge

Co-locate R&D in world-class science cluster



New site in Cambridge with close proximity to University of Cambridge and world class UK bioscience community

Mölnadal

Leverage historical strength Respiratory and CV/Met



Connections to Karolinska Institute & Medicon Valley



**Return
to growth**

2

FOCUS on key growth platforms

ACCELERATE through business development

TRANSFORM through specialty care / biologics



We will focus on AZ growth platforms



1. Cardiovascular / Brilinta



2. Diabetes



3. Emerging Markets



4. Respiratory



5. Japan



3

**Be a great
place to work**

FOCUS on simplification of our business

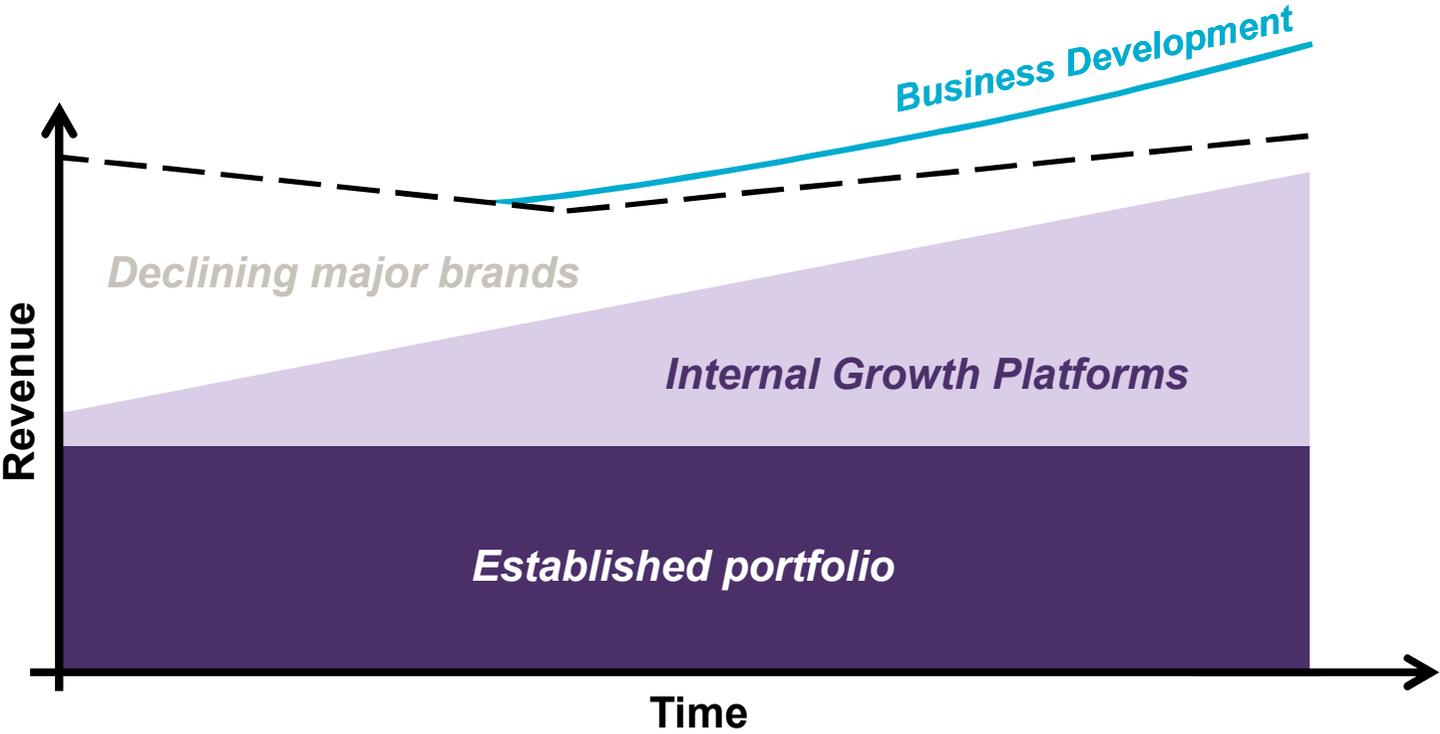
DRIVE continued productivity improvements

EVOLVE our culture



We are focused on returning to growth

Illustrative



Headline results: 1Q 2013

	2013 \$m	2012 \$m	Actual growth	CER growth
Revenue	6,385	7,349	-13%	-12%
Core Operating Profit	2,324	3,106	-25%	-21%
Core EPS	\$1.41	\$1.87	-25%	-21%

Note: Core results for 2012 have been restated according to the Group's updated definition of Core financial measures.



Regional revenue performance: 1Q 2013

	2013 \$m	2012 \$m	CER growth
Total Revenue	6,385	7,349	-12%
US	2,445	2,920	-16%
Europe ¹	1,660	1,954	-16%
Established Rest of World ²	950	1,238	-17%
Emerging Markets	1,330	1,237	+9%

Notes:

1. Europe comprises Western Europe and many markets that were formerly reported in Emerging Rest of World.
2. Established ROW comprises Canada, Japan, Australia and New Zealand.



AZ growth platforms: 1Q 2013



1. Cardiovascular / Brilinta

Sales of Brilinta/Brilique: \$51m (2012: \$9m)



2. Diabetes

Alliance revenue from Onglyza up 27% (\$90m; 2012:



3. Emerging Markets

Revenue increased by 9% in the quarter at CER



4. Respiratory

Sales of Symbicort up 14% to \$826m (2012: \$723m)



5. Japan

Sales up 5%, at constant currency, to \$549m (2012: \$598m)



Key scientific milestones: 1Q 2013

- ✓ Development agreement with Moderna Therapeutics
- ✓ Collaboration with Karolinska Institutet
- ✓ Acquisition of AlphaCore Pharma
- ✓ Accelerating olaparib and intending to file in 2013
- ✓ Phase III results for fostamatinib and naloxegol



Why AstraZeneca?

✓ Differentiated strategy

Pure play innovation/science strategy combined with global commercial scale

✓ Re-focused for delivery

Re-focused efforts on 3 core TAs, resources and BD/M&A efforts prioritised for growth and innovation

✓ Growth levers

Internal growth platforms can return the company to growth with focused BD/M&A acting as an accelerator

✓ Building for sustainability

Bold steps being taken to transform R&D innovation model, culture and operating model

✓ Pipeline potential

Promising Phase II pipeline that will advance to a strong late stage portfolio by 2016

✓ Committed to shareholder returns

Productivity improvement & commitment to dividend policy



AstraZeneca PLC

2013 Annual General Meeting