

What science can do

AstraZeneca Annual Report and Form 20-F Information 2017



Chairman's Statement

Your Board of Directors is focused on ensuring that AstraZeneca returns to growth.



“I share Pascal’s excitement about AstraZeneca’s prospects as a science-led innovator...”

One of the Board’s basic responsibilities is to set our strategy and monitor progress towards meeting our objectives, so that we bring our science to patients, create value for society, and reward you, our shareholders.

Executing our strategy

In 2017, we made encouraging progress across all our therapy areas, as well as in commercial execution and cost discipline. After a number of years of falling revenue, I am pleased we were able to report a growth in Product Sales in the final quarter of 2017. We are now positioned for Product Sales growth from 2018.

I firmly believe that the significant progress we have made against each of our three strategic pillars vindicates the strategy we set in 2013. As a Board, we have reviewed and confirmed that strategy each year. We also regularly review the supporting business performance reports, including pipeline updates and the results of key clinical trials.

Continued global uncertainty

The progress made by AstraZeneca in executing its strategy is all the more impressive given the continued challenges we face. These include strong competition from both branded and generic medicines around the world. Pricing and reimbursement also remains challenging in many markets – including the US and Europe.

In Europe, there is the added uncertainty of Brexit, the UK’s announcement under Article 50 of its intention to leave the EU, which has potential implications for both the UK and the remaining EU27. We are engaging with stakeholders and taking actions to mitigate potential risks arising from all possible outcomes.

Medicines for the long term

The long-term prospects for the pharmaceutical sector, however, remain encouraging. AstraZeneca too is focused on the long term and we are committed to operating in a way that recognises the interconnection between business growth, the needs of society and the limitations of the planet. Our listing, for another year, in the Dow Jones Sustainability World and European Indices bears testament to our continued achievements in this regard. We are also one of only 25 companies to be recognised by investor benchmarking organisation, CDP, for both our climate change and water stewardship programmes.

Returns to shareholders and outlook

In 2017, and against this background, Reported earnings per share (EPS) of \$2.37 represented a decline of 14% (15% at CER). The performance was driven by a decline in Total Revenue and increased SG&A costs, partly offset by a net tax benefit, continued progress on R&D cost control and an increase in Other Operating Income and Expense. Core EPS declined by 1% (2% at CER) to \$4.28. Given this performance, the Board has declared a second interim dividend of \$1.90 per share (133.6 pence, 14.97 SEK) bringing the dividend per share for the full year to \$2.80 (202.5 pence, 22.37 SEK). At the same time, the Board reaffirmed its continued commitment to our progressive dividend policy.

I share Pascal’s excitement about AstraZeneca’s prospects as a science-led innovator and its ability to deliver value for patients and shareholders.

A handwritten signature in black ink, which appears to read 'Leif Johansson'. The signature is fluid and cursive.

Leif Johansson
Chairman

CVMD:
Stem cell differentiating
into heart muscle
(cardiac regeneration)