

# 2Q and Half Year Results 2011

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# 2Q and Half Year Results 2011

David Brennan, CEO



# Key Developments 1H 2011

- Pipeline
  - US FDA approves *BRILINTA*
  - US FDA Advisory Committee reviews dapagliflozin
- Sale of Astra Tech
  - Approx \$1.8 billion
  - Net proceeds added to share repurchases, on completion
- Market Environment



# Headline results 1H 2011: Revenue

	1H 2011 \$m	CER %	CER \$m
<b>Total</b>	<b>16,722</b>	<b>-3</b>	<b>(489)</b>
<i>Crestor</i>	3,192	+13	+368
<i>Symbicort</i>	1,554	+10	+143
<i>Seroquel XR</i>	726	+28	+154
<i>Toprol-XL (US)</i>	192	-55	(230)
<i>Nexium (West Europe)</i>	454	-29	(185)
<i>Arimidex</i>	414	-58	(553)
<i>Merrem</i>	330	-26	(110)
<i>Casodex</i>	271	-14	(42)



# Regional revenue performance 1H 2011

	1H 2011 \$m	CER %	CER \$m
<b>Global Revenue</b>	<b>16,722</b>	<b>-3</b>	<b>(489)</b>
US	6,596	-7	(499)
Western Europe	4,429	-8	(379)
Established RoW	2,797	+4	+100
Emerging Markets	2,900	+11	+289



# Headline results 1H 2011

	1H 2011 \$m	1H 2010 \$m	Actual growth	CER growth
<b>Revenue</b>	<b>16,722</b>	<b>16,754</b>	<b>0%</b>	<b>-3%</b>
Core R&D	(2,191)	(1,939)	+13%	+7%
Core SG&A	(4,977)	(4,583)	+9%	+5%



# Headline results 1H 2011

	1H 2011 \$m	1H 2010 \$m	Actual growth	CER growth
<b>Revenue</b>	<b>16,722</b>	<b>16,754</b>	<b>0%</b>	<b>-3%</b>
Core Operating Profit	7,000	7,507	-7%	-7%
Core EPS	\$3.96	\$3.82	+4%	+3%
Restructuring	(\$0.15)	(\$0.30)		
MedImmune/Merck amortisation	(\$0.16)	(\$0.14)		
Legal	(\$0.04)	(\$0.01)		
Reported EPS	\$3.61	\$3.37	+7%	+7%
Dividend	\$0.85	\$0.70		
Net Share Repurchases	\$2,204	\$516		





# 2Q and Half Year Results 2011

**Simon Lowth, Chief Financial Officer**



# Headline results 2Q 2011

	2Q 2011 \$m	2Q 2010 \$m	Actual growth	CER growth
Revenue	8,430	8,178	3%	-2%



# Core margin: 2Q 2011

	\$m	CER growth	% sales	Delta vs PY CER
<b>Revenue</b>	<b>8,430</b>	<b>-2%</b>		
Core Gross Margin	6,968	-2%	82.7	+10bps
Distribution	(88)	-8%	1.0	+10bps
Core SG&A	(2,627)	+9%	31.2	-310bps
Core Other Income	188	-2%	2.2	-
<b>Core Pre-R&amp;D Profit</b>	<b>4,441</b>	<b>-7%</b>	<b>52.7</b>	<b>-290bps</b>
Core R&D	(1,119)	+8%	13.3	-110bps
<b>Core Operating Profit</b>	<b>3,322</b>	<b>-10%</b>	<b>39.4</b>	<b>-400 bps</b>



# Headline results 2Q 2011

	<b>2Q 2011</b> <b>\$m</b>	<b>2Q 2010</b> <b>\$m</b>	<b>Actual</b> <b>growth</b>	<b>CER</b> <b>growth</b>
<b>Revenue</b>	<b>8,430</b>	<b>8,178</b>	<b>3%</b>	<b>-2%</b>
Core Operating Profit	3,322	3,650	-9%	-10%
Core EPS	\$1.73	\$1.79	-3%	-5%



# Headline results 2Q 2011

	2Q 2011 \$m	2Q 2010 \$m	Actual growth	CER growth
<b>Revenue</b>	<b>8,430</b>	<b>8,178</b>	<b>3%</b>	<b>-2%</b>
Core Operating Profit	3,322	3,650	-9%	-10%
Core EPS	\$1.73	\$1.79	-3%	-5%
Restructuring	(\$0.08)	(\$0.25)		
MedImmune/Merck amortisation	(\$0.08)	(\$0.07)		
Legal	(\$0.04)	(\$0.01)		
<b>Reported EPS</b>	<b>\$1.53</b>	<b>\$1.46</b>	<b>+5%</b>	<b>+3%</b>



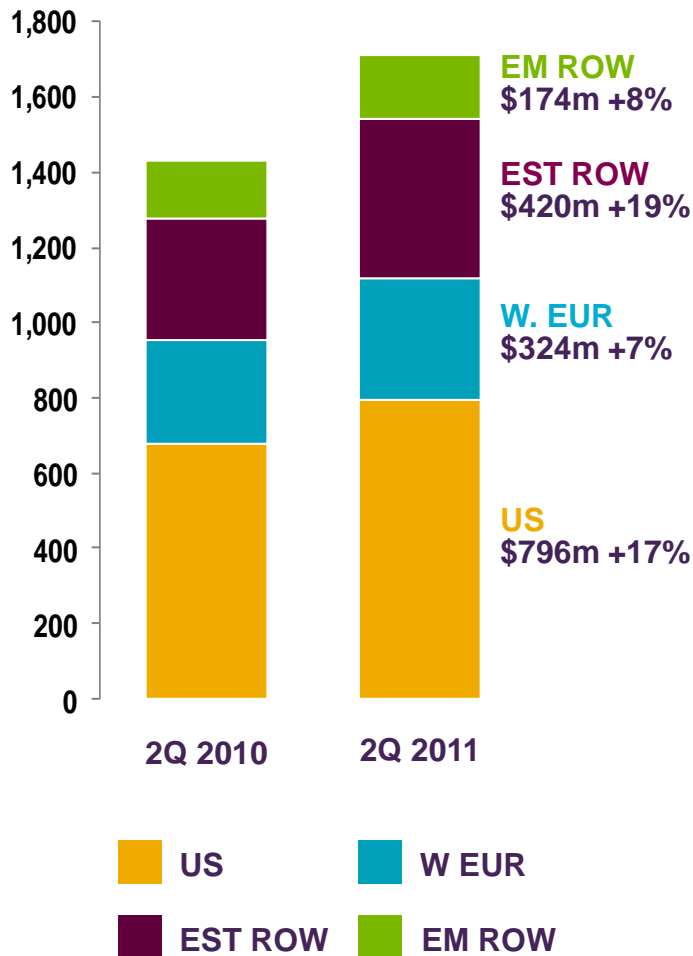
# Regional revenue performance 2Q 2011

	2Q 2011 \$m	CER %	CER \$m
<b>Global Revenue</b>	<b>8,430</b>	<b>-2%</b>	<b>(139)</b>
US	3,292	-3%	(106)
Western Europe	2,194	-9%	(208)
Established RoW	1,476	+4%	+48
Emerging Markets	1,468	+10%	+127



# Crestor

2Q 2011 Sales: \$1,714m +15%



## US

- US TRx +2.4%
  - Statin market +1%
- Dynamic share (new & switch)
  - Crestor share up ~3 pts since simvastatin safety advisory

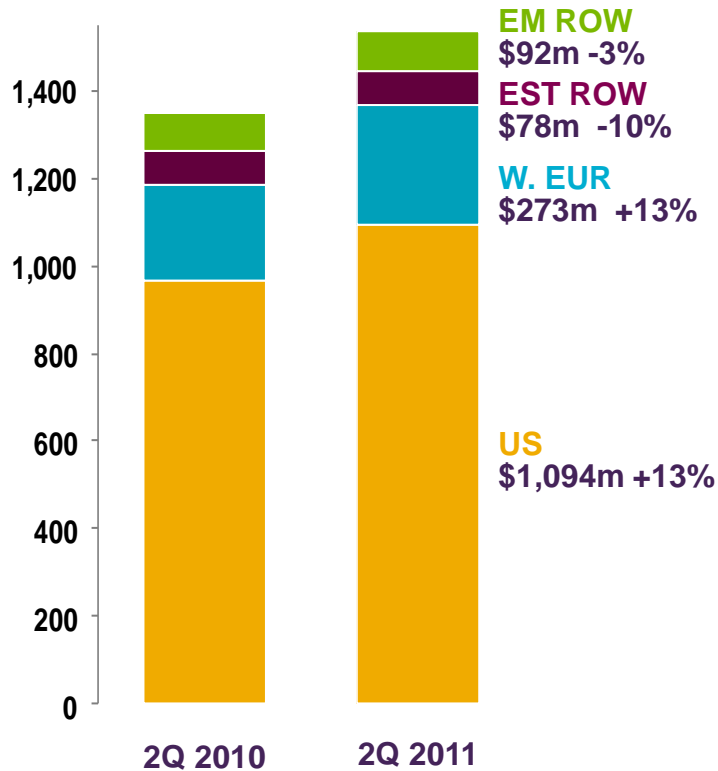
## RoW

- RoW sales \$918m +12%
- Western Europe +7%
  - Volume growth double-digit
- Double-digit growth in Japan/Canada/Australia
- Generic rosuvastatin impacts Eastern Europe



# Seroquel

2Q 2011 Sales: \$1,537m +11%



Seroquel IR: \$1,150m +7%

Seroquel XR: \$387m +23%

## US

- Seroquel XR TRx +19% vs market +4%
  - Seroquel XR now 16.9% of TRx & 18.7% of Revenue

## RoW

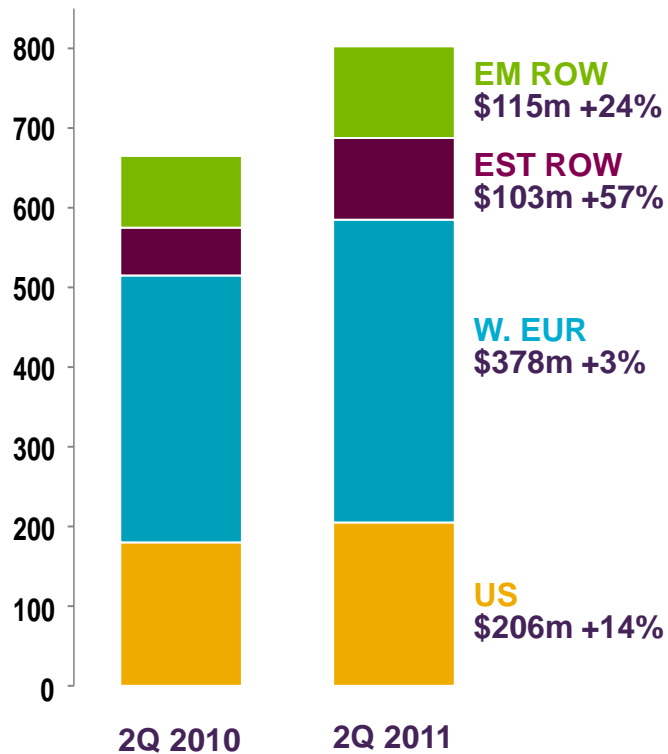
- Seroquel franchise sales \$443m +5%
- Seroquel XR sales +36%
  - Seroquel XR now 41% of franchise sales





# Symbicort

2Q 2011 Sales: \$802m +14%



## US

- TRx +10% vs market -3%
- TRx share 19.2%
  - Up 2 pts vs June 2010
- New patient share 26.1%

## RoW

- Sales \$596m +13%



# Brand revenues 2Q 2011

## Onglyza™

- Global alliance revenue \$46m; US \$33m
- US franchise TRx share increased to 14.1% in June 2011
  - Up 4.1 pts since Dec 2010; Kombiglyze XR™ TRx at 2.7% share
- Franchise share of new DPP4 starts ~25%
  - Kombiglyze XR™ accounts for 36% of franchise starts

## **BRILINTA**

- Sales of \$2m
- Protocol adoption in ~15% of 1000 target hospitals in Germany
  - Good trial rates



# Cash generation: 1H 2011

	2011 \$m	2010 \$m
<b>Opening net cash/(debt)</b>	<b>3,653</b>	<b>535</b>
EBITDA	7,403	7,509
Movement in working capital	(1,053)	(977)
Tax & interest paid*	(1,902)	(1,235)
Other non-cash movements	(236)	32
	<b>4,212</b>	<b>5,329</b>
Tax settlements*	(1,383)	(562)
<b>Net cash from operating activities</b>	<b>2,829</b>	<b>4,767</b>

\* Adjusted for Tax settlements



# Cash application: 1H 2011

	2011 \$m
<b>Opening net cash/(debt)</b>	<b>3,653</b>
Net cash from operating activities	2,829
Capex/Other investments	(629)
Dividends/Net share buy-back	(4,850)
Other movements	29
<b>Closing net cash/(debt)</b>	<b>1,032</b>
Gross debt	(9,582)
Cash/Cash equivalents and STIs	10,614



# Shareholder returns

- Dividends
  - Progressive dividend
  - Balance between Interim and Final
  - First Interim \$0.85
  - Approx 33 percent of FY 2010 of \$2.55
- Share Repurchases
  - 2011 target: Net \$4 billion
  - Astra Tech net proceeds
  - New 2011 estimate: \$5 billion



# Guidance for 2011 (Core Basis)

- Revenue                      Flat to low single digit at CER
- Core EPS                      New range \$7.05 to \$7.35; up 10 cents



# 2Q and Half Year Results 2011

**Simon Lowth, Chief Financial Officer**



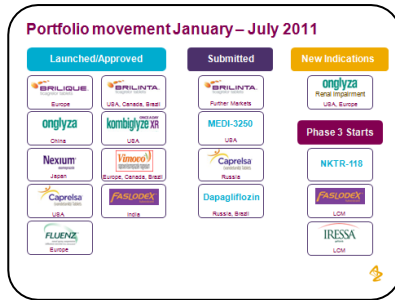
# 2Q and Half Year Results 2011

**Martin Mackay, R&D President**

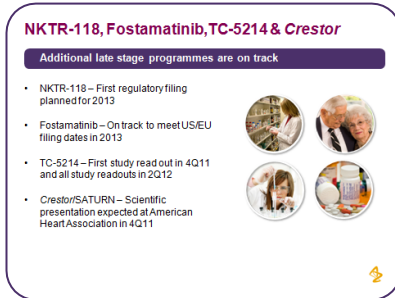




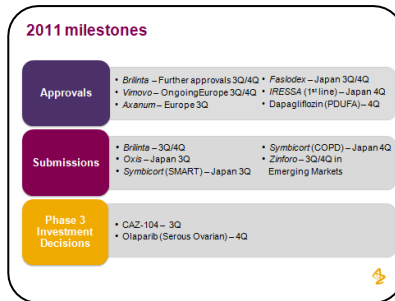
# Agenda



## Pipeline overview



## Late stage progress



## Upcoming milestones



# Portfolio movement January – July 2011

## Launched/Approved

**BRILIQUE.**  
ticagrelor tablets

Europe

**BRILINTA.**  
ticagrelor tablets

USA, Canada, Brazil

**onglyza**

China

**kombiglyze XR**  
ONCE A DAY

USA

**Nexium®**  
esomeprazole

Japan

**Vimovo**  
naproxen/esomeprazole magnesium

Europe, Canada, Brazil

**Caprelsa**  
(vandetanib) Tablets

USA

**FASLODEX**  
fulvestrant

India

**FLUENZ™**  
nasal spray, suspension  
influenza vaccine (live attenuated)

Europe

## Submitted

**BRILINTA.**  
ticagrelor tablets

Further Markets

**MEDI-3250**

USA

**Caprelsa**  
(vandetanib) Tablets

Russia

**Dapagliflozin**

Russia, Brazil

## New Indications

**onglyza**

Renal impairment

USA, Europe

## Phase 3 Starts

**NKTR-118**

**FASLODEX**  
fulvestrant

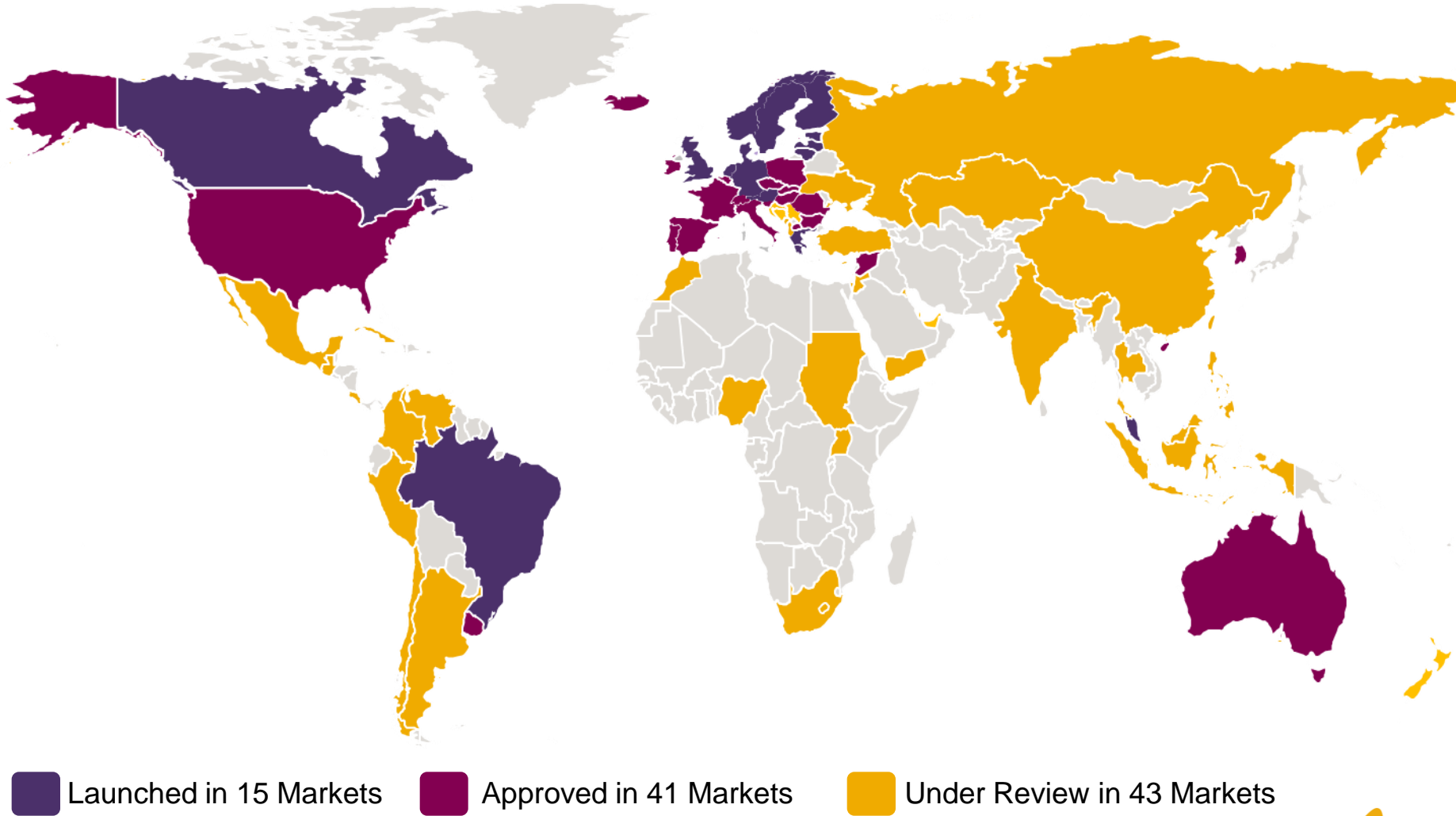
LCM

**IRESSA**  
gefitinib

LCM

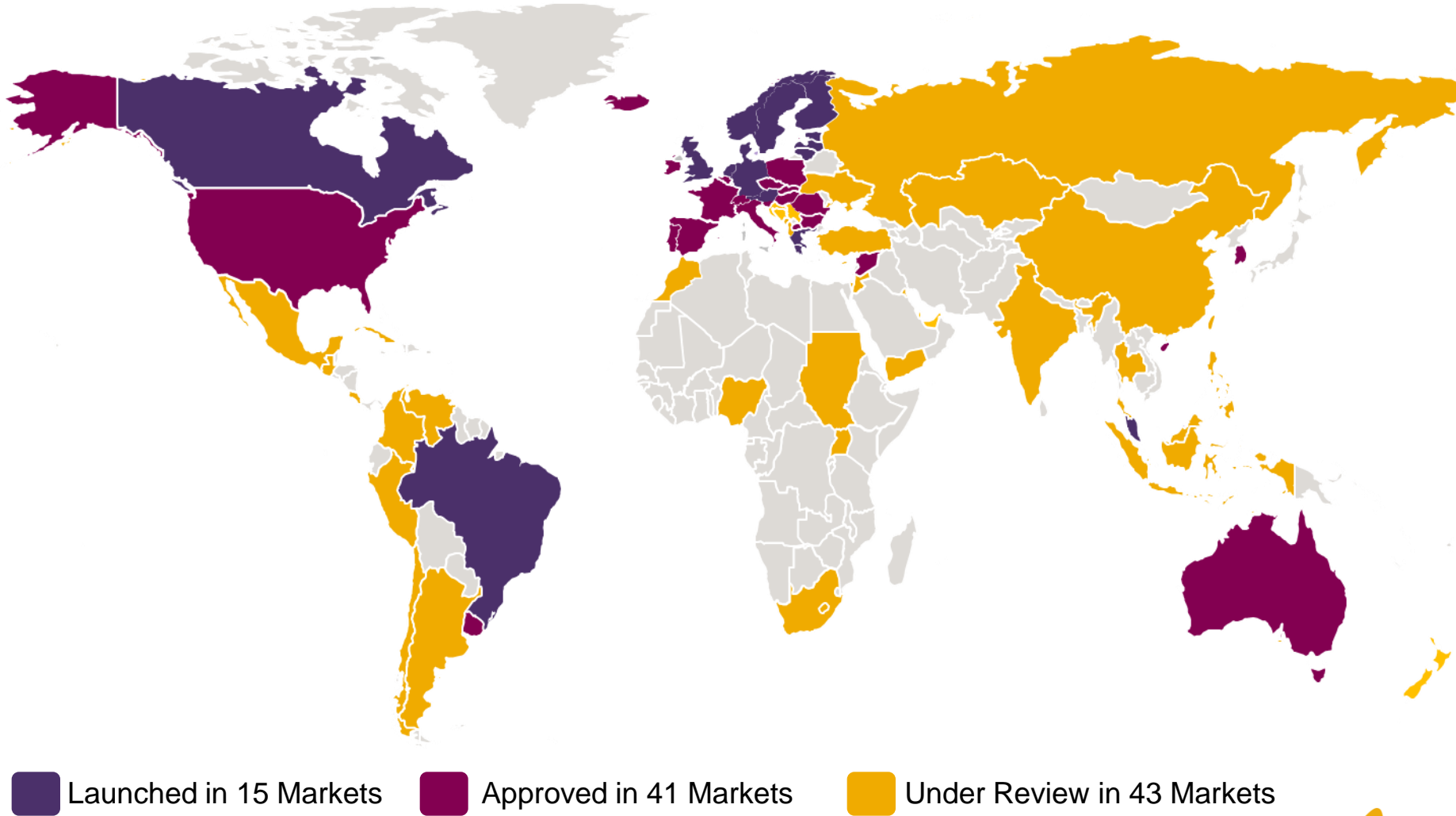


# *BRILINTA* regulatory status





# *BRILINTA* regulatory status



# BRILINTA label

## Strong differentiating label

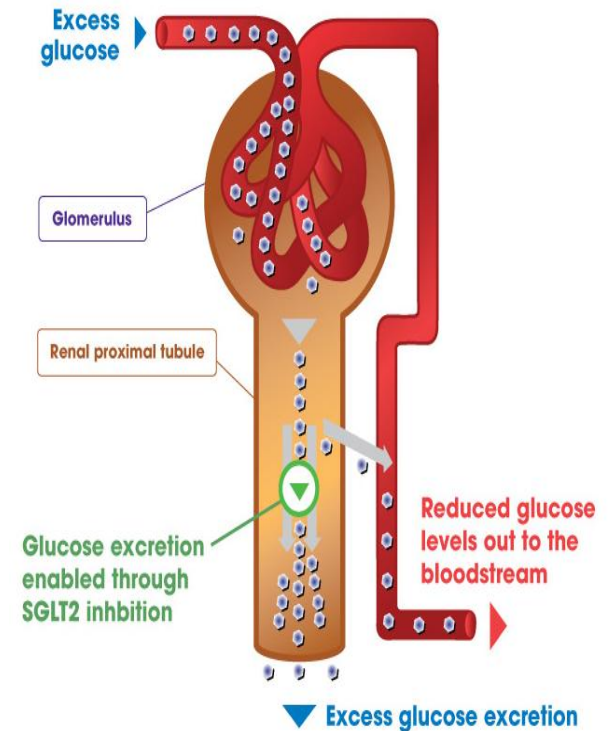
- Approved across the full continuum of ACS patients studied in PLATO
- Includes overall results of the PLATO study
  - *BRILINTA* compared to clopidogrel in combined endpoint of CV death, MI or stroke. The overall results favoured *BRILINTA* when used with low maintenance doses of aspirin
  - *BRILINTA* is the only oral antiplatelet to demonstrate a reduction in CV death in patients with ACS compared to clopidogrel
- Kaplan-Meier survival curve and clinical study section that describes the efficacy of *BRILINTA* versus clopidogrel over the 12-month treatment period
- Boxed warning for bleeding risks and the impact of aspirin dose on *BRILINTA* effectiveness



# Dapagliflozin

## New approach to diabetes

- Committed to the broad clinical development programme
- Efforts are focused on working with FDA between now and October 28<sup>th</sup> PDUFA date to address outstanding questions



# NKTR-118, Fostamatinib, TC-5214 & Crestor

## Additional late stage programmes are on track

- NKTR-118 – First regulatory filing planned for 2013
- Fostamatinib – On track to meet US/EU filing dates in 2013
- TC-5214 – First study read out in 4Q11 and all study readouts in 2Q12
- *Crestor*/SATURN – Scientific presentation expected at American Heart Association in 4Q11





# 2011 milestones

## Approvals

- *Brilinta* – Further approvals 3Q/4Q
- *Vimovo* – Ongoing Europe 3Q/4Q
- *Axanum* – Europe 3Q
- *Faslodex* – Japan 3Q/4Q
- *IRESSA* (1<sup>st</sup> line) – Japan 4Q
- Dapagliflozin (PDUFA) – 4Q

## Submissions

- *Brilinta* – 3Q/4Q
- *Oxis* – Japan 3Q
- *Symbicort* (SMART) – Japan 3Q
- *Symbicort* (COPD) – Japan 4Q
- *Zinforo* – 3Q/4Q in Emerging Markets

## Phase 3 Investment Decisions

- CAZ-104 – 3Q
- Olaparib (Serous Ovarian) – 4Q



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