

Chairman's Address to Shareholders

Ladies and Gentlemen,

I extend, on behalf of the Board of Directors, a warm welcome to all of you present here this afternoon at the **40th Annual General Meeting** of your Company.

The Directors' Report and the Audited Financial Statements for the financial year ended March 31, 2019 have been with you for some time now. I will, with your kind permission, take them as read.

I am delighted to welcome you as we celebrate the 40th anniversary of your Company. It is a great milestone for us and an opportunity to pause and look back and more importantly to also see what is in store in the future.

40 Years!

The story of AstraZeneca in India is in many respects the story of changing patient journey and, healthcare needs of our country. In these 40 years, we have grown from strength to strength, establishing a strong footprint with attendant investment commitments in the country. The visit of AstraZeneca's global chairman, Leif Johansson during the Company's 40th anniversary year further highlights the Company's long-term vision to strengthen innovation and partnership in India.

Today, we have more 1,400 employees across the country committed to bring the Company's life changing medicines to patients, an innovative and strong portfolio of first-in-class treatment solutions, a state-of-the art manufacturing facility catering to patients in India and social impact

programmes that have brought sustainable changes in the communities we operate in. By celebrating 40 years, we are celebrating the support and contribution of every stakeholder who has been part of this journey, including our employees and you, our valuable shareholders.

From the Company's historic strength in primary care, it now has a steady flow of specialty care treatment solutions that address unmet needs in the management of Non-Communicable Diseases (NCDs) such as heart diseases, asthma, diabetes and cancer.

NCDs

NCDs today account for more than 60% mortality in India. It continues to be, globally and in India, a growing public health burden. To improve patient outcomes your Company has established programs like Early Action in Diabetes, Healthy Lung and IDREAM and is collaborating with Central and State governments, Leading Medical Institutions, Key Opinion leaders, Industry experts and Healthcare Technology Start-up Eco system to co-develop model care centres. The Metabolic Centre of Excellence established in partnership with the state government of Kerala has shown encouraging results in terms of patient outcomes and has been recently nominated as a best practice in the management of NCDs at the national level.

Disruptions and Future

Our future will not only increase opportunities but is sure to throw up innumerable challenges. We will need to work on considerable prospective planning and not restrict ourselves to predicting the future. Mega changes include shifting economic centres, digitalisation, dramatically decreasing latency with advent of 5G, highly disruptive technologies, changing societal outlook, responses to chronic diseases, and numerous other forces. Consequently, we can expect a reshaping of the pharmaceutical ecosystem and transformative change.

The unprecedented disruption brought about by Digitalisation, Mobility, Cloud Computing, Big Data and other technologies are transforming a patient's treatment journey. With increasing scrutiny of Healthcare systems for better value against rising costs, demands for innovation is only multiplying. Your Company is at the forefront of leveraging digital and other technological advances to offer access solutions differentiating itself in an increasingly competitive market.

As we advance with science-led transformation, new developments have begun to emerge that will change the environment, industry in which we operate and the world we live in.

Fiscal year 2018-19

Your Company continued implementing its science-led innovation strategy embarked upon in 2013. During FY 2018-19, your Company made significant progress in delivering its strategic priorities and continued to align its portfolio to AstraZeneca's global therapeutic focus on three key areas – Cardiovascular, Renal and Metabolic Diseases, Respiratory and Oncology.

Your Company's achievements in FY 2018-19 were rooted in its commitment to AstraZeneca values of **following the science, putting patient first, playing to win, being entrepreneurial, and doing the right thing**. Your Company's business has been growing, driven by an innovative portfolio in therapy areas of high disease burden, rich global R&D pipeline, good governance and commercial excellence.

In terms of business performance in FY 2018-19 your Company registered revenues of Rs. 6,833 million growing 30%, with a Profit after Tax of Rs. 545 million. This growth was primarily from therapeutic areas of Cardio-Metabolism, Oncology and Respiratory. The Platform for growth

established by your Company continues to perform well with significant contributions from innovative molecules like Brilinta, Forxiga, Xigduo, Symbicort, Onglyza, Kombiglyze. Newer launches of innovative molecules like Tagrisso and Lynparza has helped the Company to make an impact on the lives of cancer patients and cater to the unmet need.

I warmly congratulate the entire senior leadership and the entire team for remaining focused and committed towards implementing your Company's growth strategy.

MACRO ECONOMIC OVERVIEW

The Indian economy has been growing well, there are quite a few short-term challenges caused by Geo political issues, trade wars, stress in banking, inadequate liquidity, subdued new investment, widening current account deficit, low levels of job creation, weak private consumption and other issues. The new government has set an ambitious target of growing the Indian economy to USD 5 trillion over the next few years. New and substantial investments will be required to enable this objective of growth and USD 5 trillion GDP.

The positive aspect is that due to trade wars many foreign companies are looking to set up manufacturing facilities in India to take advantage of "Make in India" policy of the Government. Also, the Government's Digital India initiative, which focuses on 3 core components: creation of digital infrastructure, digitally delivering services and increasing digital literacy, is expected to provide rich growth dividends. Further, the Government's focus is on Gaon, Garib and Kisan is expected to result in considerable investment and upliftment of poor and rural India leading to better living conditions and income growth.

Our GDP is expected to grow at 7.0 per cent (Economic Survey Report) in 2019-20. Some of these initiatives shall have a positive impact and which will create opportunities for your Company.

INDIAN PHARMACEUTICAL MARKET – OVERVIEW

The USD 18.98 billion (INR 134,780 Cr) Indian Pharmaceutical industry experienced a value growth of 10.5 % in FY 2018-19 over FY 2017-18. This is an increase over FY 2017-2018 growth rate of 6.3%.

Domestic Indian companies account for 80% share of IPM and had a value growth of 10.8% in FY 2018-2019, while the MNCs grew at 9.4%; This represents a significant increase in growth rate from 4.3% in FY 2017-18. While the Indian companies registered a volume growth of 3.4 % in FY 18-19 against 3.7% in FY 2017-18, the MNCs experienced a 3.1% decline in volumes.

All therapeutic segments, comprising Anti-diabetic, Inhaled Respiratory, Cardiovascular, and Oncology, in which AstraZeneca is actively present have recorded growth higher than market growth of 10.5 % for FY 2018-19.

Following trends will be the growth and demand drivers for the industry:

1. Increasing incidence and diagnosis of NCDs: With the increased burden of NCDs, government and pharmaceutical companies have been implementing well thought measures to improve the diagnosis rate. The NHP 2017, targets a 25% decrease in premature mortality from cardiovascular diseases, cancer, diabetes and chronic respiratory diseases by 2025 ⁽⁵⁾.

2. Initiatives to improve access to healthcare and medicines: Several initiatives have been implemented by the Government to help realize the NHP 2017 goals of increasing healthcare coverage and reducing the burden of healthcare costs on the patient. Ayushman Bharath, the Government's flagship healthcare initiative from last year, continued to gain traction. There's been a 167% increase in the budget allocation toward the scheme in the fiscal year ending March 2020, over last year's budget.
3. A positive outlook of the regulatory environment and associated new drug launches ⁽⁶⁾: Following a period of slump in new product approvals between 2012 to 2014, the regulatory environment seems to have picked pace. Since 2015, several drugs have been granted waivers, and accelerated approvals for products addressing unmet medical needs, and/or where Indian patients were included in the global clinical trials.
4. Expansion of healthcare infrastructure ⁽⁶⁾: Several key private chains have plans of expansion. They are also increasing the reach into smaller cities, and towns by setting up clinic chains comprising of a mix of both completely owned and franchise models. There is also growing foreign investment in the sector.
5. Increased proliferation of e-pharmacies ⁽⁶⁾: While the sector remains largely unorganised, the organised chains have been growing rapidly over past couple of years. E-pharmacies estimate that they currently account for 1% of the retail pharmaceutical market but have the potential to capture 5-15% of total sales, by some estimates.
6. Increasing health insurance coverage: The biggest impetus is expected to come from the launch of PMJAY's health insurance scheme (Ayushman Bharath Scheme). In parallel, the private health insurance sector will also continue to grow, helped by economic expansion,

tax breaks on private health insurance premiums, and an increase in the range and sophistication of plans offered in the private health insurance market ⁽⁶⁾.

OPERATIONS

Brilinta (ticagrelor) prescribed for treatment in Acute Coronary Syndrome (ACS) disease, continued to register rapid growth. The existing partnership with Sun Pharma has helped boost reach of the drug to more patients. This franchise has become the market leader by value share in Oral Anti Platelets as per IQVIA Health. Ticagrelor franchise enjoyed 34% value market share (MAT March 2018) while the Oral Anti-Platelets (OAP) value market grew by 11%, proving the success of the drug.

Forxiga & Xigduo in the dapagliflozin franchise for diabetes, as part of the SGLT2 class of drug (Sodium Glucose Cotransporter inhibitors), also experienced robust growth. The partnerships with Sun Pharma Laboratories Limited and Abbott Healthcare Private Limited has helped boosting the sales of this franchise, the efficacy and wide acceptance among physicians and benefiting numerous diabetic patients. The landmark Declare clinical trial data readout - establishing relevance of Dapagliflozin in achieving beneficial cardiovascular related outcomes should further bolster the franchise and help drive positive treatment outcomes for the diabetic patients.

The Company's respiratory business has presence in two key indications: asthma and COPD. The current respiratory portfolio comprises of inhalers which is growing at upwards of 18%

(FY 2018-19). The high current burden of illness coupled with worsening air quality in some of our major cities will only contribute to the increase in prevalence of chronic respiratory diseases. Symbicort- an ICS/LABA combination with an innovative delivery mechanism, has been one of the fastest growing ICS/LABA brands of significant size- with a growth of 33.5% (FY 2018-19), nearly double the growth rate of the category. A strong product pipeline in respiratory is expected to drive significant growth in the coming years, subject to successful clinical trials, regulatory approvals and reasonable commercial viability.

Finally, cancer is becoming a major cause of mortality in India. Every year, nearly 1 million new patients are diagnosed with cancer. The Company's current oncology portfolio is active in the areas of women's cancer, prostate, and lung cancer. The recent launch of Lynparza- the first, and only therapy of its kind for treatment of ovarian and breast cancer will further strengthen the Company's Oncology portfolio. Tagrisso, launched last in FY 2017-18, continues to set new benchmarks in the standard of care for a certain type of lung cancer patients. The Company hopes to tap into the robust global oncology pipeline and expand its offerings in the country subject to successful clinical trials, regulatory approvals and reasonable commercial viability.

Your Company's manufacturing operations is continuing its focus on continuous improvements. Lean manufacturing continues to gather pace with progress being made across key manufacturing processes enabling us to improve efficiency and eliminating waste.

We are supporting the markets with technology transfers, for have successfully launched Xigduo IR, Oxramet IR and Gledapa for the India market. We will continue to explore more technology transfer opportunities for local packing.

Our excellent safety performance continues, we received a 3-star certificate of excellence from the Confederation of Indian Industries for our Safety Health and Environment performance.

Our manufacturing facility remained focused on sustainability, we are currently sourcing 70% of our energy through solar power which enables us to be more cost effective and significantly reduce our carbon footprint.

We continue with our excellent Quality performance, resulting in no critical observations in both internal and external audits.

People capability uplift is one of our priority which the factory management team is striving across the enterprise to enhance the skill of the people as we adopt newer technology and automation.

Safety, Health and Environment is an integral part of management's focus and is continuously emphasized through many initiatives.

OUTLOOK

In the current fiscal year, your Company continues to prioritize investment in its three core therapy areas; Cardiovascular and Metabolic Diseases, Respiratory and Oncology. In FY 2019-20, AstraZeneca will continue to prioritize investments in its focus areas in-line with its global growth platforms. Accelerating introduction of new products remains a key priority and the Company is

committed to maintaining timelines of key regulatory milestones to align with the global pipeline, subject to conduct of clinical trials, regulatory approvals and reasonable commercial viability.

The emphasis on maintaining high standards of sales and marketing practices with a focus on patient safety and needs is enshrined in the way your Company conducts business. Further, your Company will continue to work in a constructive and compliant manner to pursue opportunities and meet any challenges arising from ongoing changes in government policies.

CORPORATE SOCIAL RESPONSIBILITY

Your Company is committed to make a positive difference to society and contribute to its betterment. Accordingly, it has formulated a CSR policy which accords with the Company's philosophy of being a good Corporate Citizen laying down the guidelines and mechanisms for undertaking socially relevant and useful programs.

I am pleased to share that, during the year your Company launched the 'Early cancer awareness and screening programme for Women' on World Cancer Day in partnership with Indian Cancer Society and Charities Aid Foundation. Under this programme, specialized check-up camps for screenable cancers such as oral, cervical and breast cancer for women in defined population is being organized. In the first phase of the programme, the company has reached over 3000 direct women beneficiaries from underprivileged sections of the society in identified districts across states of Karnataka, Tamil Nadu, Kerala and Maharashtra.

During the year, your Company also marked its 40th business anniversary by launching an employee-led social impact programme. In partnership with Plan India, over 700 employees contributed their time and skills to sensitive 3000 school children on non-communicable diseases related risk behaviors such as tobacco use, alcohol abuse, lack of physical exercise and unhealthy eating. Owing to the success of the programme, the company as part of its CSR policy has decided to continue with employee led social impact programmes each year.

Your Company also continues to make a difference through its signature global community investment initiative, the Young Health Programme (YHP) launched in India in 2010 and funded by AstraZeneca global. The programme aims to improve the health outcomes of vulnerable youth, aged 10 – 24 by focusing on NCDs related health awareness activities. These activities are delivered through Peer Educators at Health Information Centres established by the programme and through community outreach activities. The programme has reached over 350,000 youth with health information, 3,500 Peer Educators have been trained and 25 Health Information Centres have been opened in the communities.

RETURNS TO SHAREHOLDERS

Though the Company made significant progress during the year in terms of its business performance, considering its overall financial position, the Directors have not recommended any dividend for the year 2018-19.

VOLUNTARY DELISTING OFFER

Regarding the appeal that had been filed in relation to the delisting proposal of AstraZeneca Pharmaceuticals AB, Sweden by two members of your Company before the Securities Appellate Tribunal, against part of the Order of Securities and Exchange Board of India dated June 24, 2014, , there has been no reportable developments.

ACKNOWLEDGEMENTS

Finally, I take this opportunity to express my sincere appreciation for the support of all our stakeholders including shareholders, employees, business associates, bankers, Government departments, State Government of Karnataka, the health care community and last but not the least, patients, for their confidence reposed in AstraZeneca. I place on record the Board's deep appreciation of the active assistance given by the AstraZeneca Group in addressing and responding to many complex issues and challenges encountered by the Company during the year.

Finally, I thank my colleagues on the Board for their contribution and commitment to the growth of the Company and for their wise counsel and support.

August 7, 2019

Bengaluru

Narayan K Seshadri

Chairman

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