

---

**Group Financial Results 2007**  
**Annual Media Conference, 30 January**

*Erich Hunziker, Chief Financial Officer*



# 2007: Strong operating & financial performance

## Strong operating results

- Record operating profit of CHF 14.5 billion (+22 %<sup>1</sup>)

## Translating operational excellence into bottom line and financial condition

- Core EPS growth twice sales growth
- Financial assets remain conservatively invested
- Tax rate improved
- Increase in net cash and equity ratio

## Improved financial disclosure

- New presentation of operating results
- Continued proactive disclosure beyond financial reporting standards

<sup>1</sup> in local currencies

# Group results 2007

*Highest-ever increase in operating margin  
directly translated into net income*

CHF million	2006	2007	% change	
			CHF	local
<b>Sales</b>	42,041	<b>46,133</b>	<b>+10</b>	<b>+10</b>
<b>EBITDA</b>	14,436	<b>17,068</b>	<b>+18</b>	<b>+17</b>
<i>% of sales</i>	34.3	<b>37.0</b>	<b>+2.7 p</b>	
<b>Operating profit</b>	11,730	<b>14,468</b>	<b>+23</b>	<b>+22</b>
<i>% of sales</i>	27.9	<b>31.4</b>	<b>+3.5 p</b>	
<b>Net financial result</b>	855	<b>834</b>	<b>-2</b>	
<b>Taxes</b>	-3,436	<b>-3,867</b>	<b>+13</b>	
<i>Tax rate in %</i>	27.3	<b>25.3</b>	<b>-2.0 p</b>	
<b>Net income</b>	9,171	<b>11,437</b>	<b>+25</b>	
<i>% of sales</i>	21.8	<b>24.8</b>	<b>+3.0 p</b>	
<b>Core EPS (CHF)</b>	9.86	<b>11.85</b>	<b>+20</b>	
<b>EPS (CHF)</b>	9.05	<b>11.16</b>	<b>+23</b>	

# Group operating performance 2007

*Operating profit up 22% due to cost control measures*

**2007**  
**CHF million    % sales**

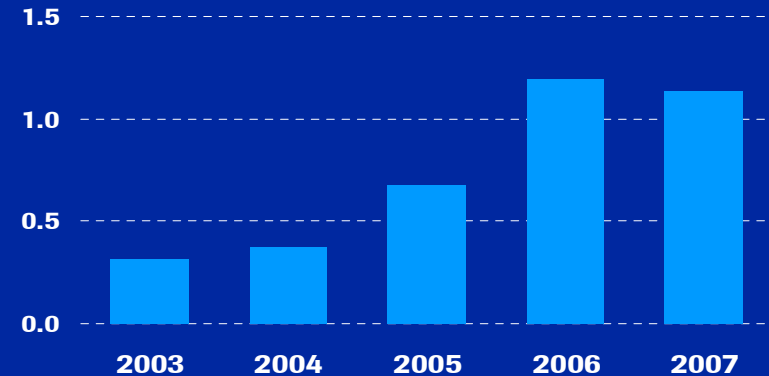
**2007 vs. 2006**  
**local growth**

	2007 CHF million	2007 % sales	2007 vs. 2006 local growth
<b>Sales</b>	<b>46,133</b>	<b>100.0</b>	<b>+4,092</b> (10%)
Royalties & other op inc	2,243	4.9	+852 (66%)
Cost of sales	-13,743	-29.8	-458 (5%)
M & D	-9,327	-20.2	-373 (5%)
R & D	-8,385	-18.2	-1,020 (16%)
G & A	-2,453	-5.3	-355 (19%)
			Administration: +7%
<b>Operating profit</b>	<b>14,468</b>	<b>31.4</b>	<b>+2,738</b> (22%)

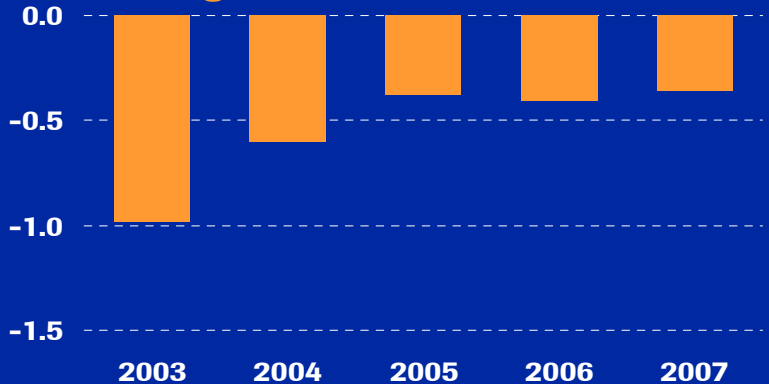
# Net financial income 2007

## *Stable contribution at very low risk*

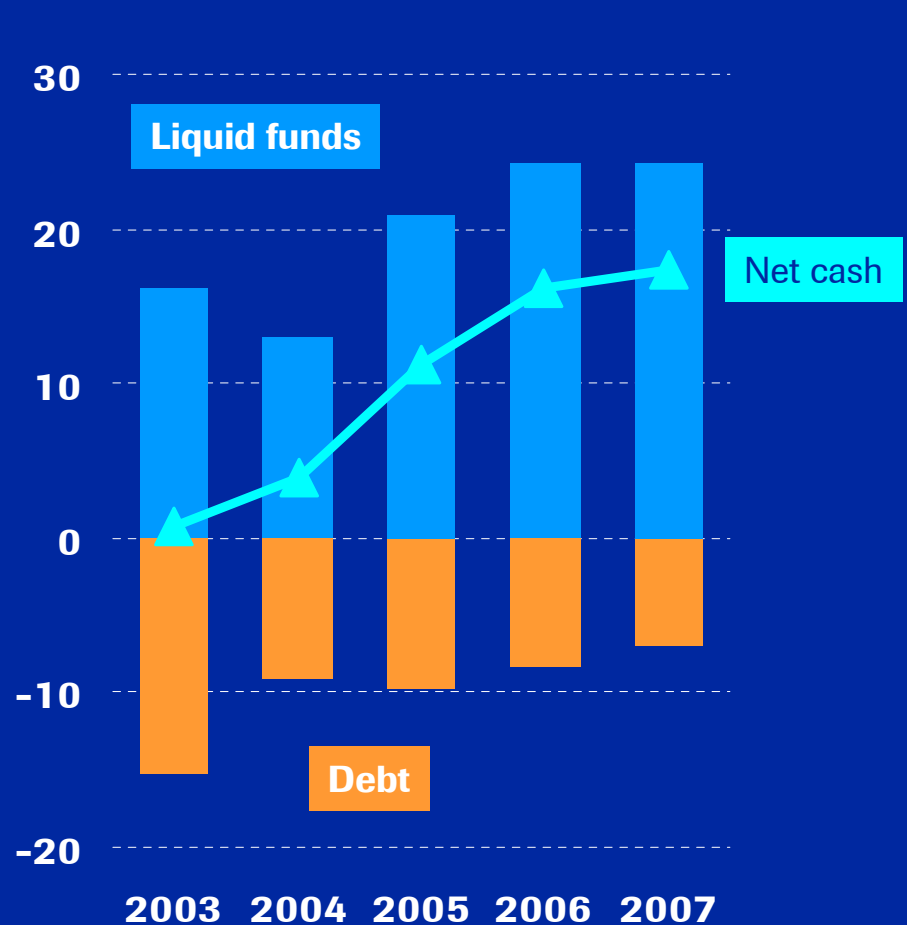
### Financial income (CHF billion)



### Financing costs (CHF billion)

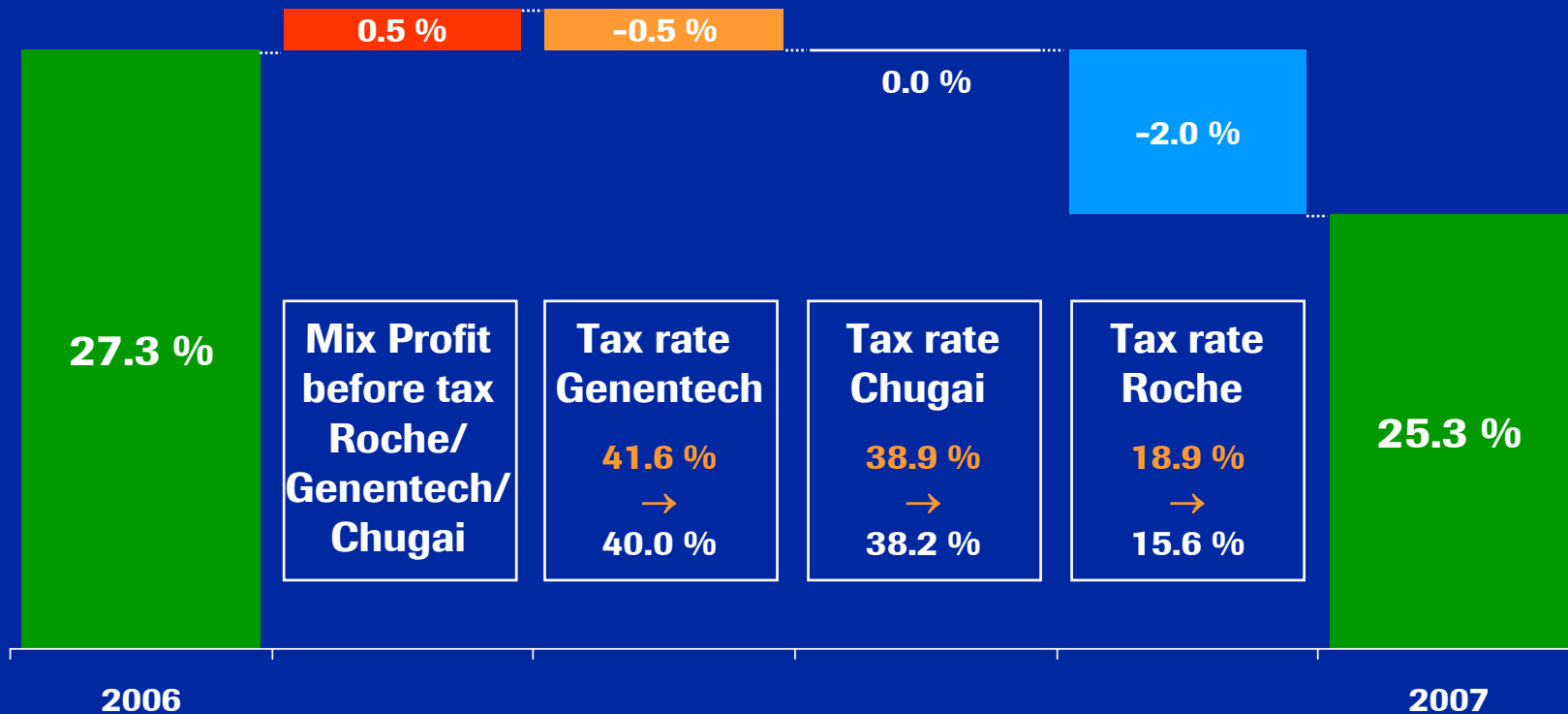


### Net cash (CHF billion)

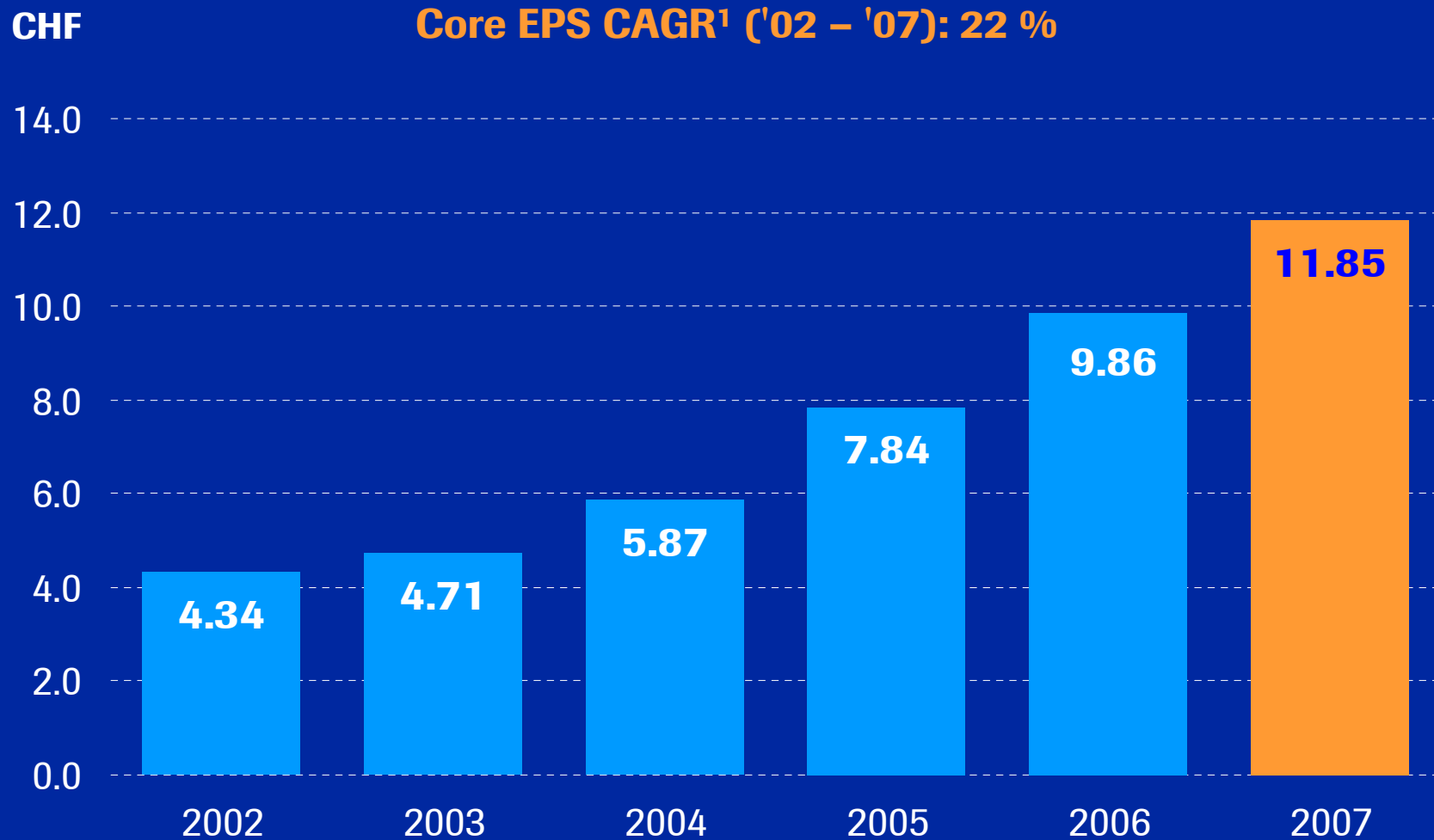


# Group tax rate 2007

## Main drivers for lower Group tax rate



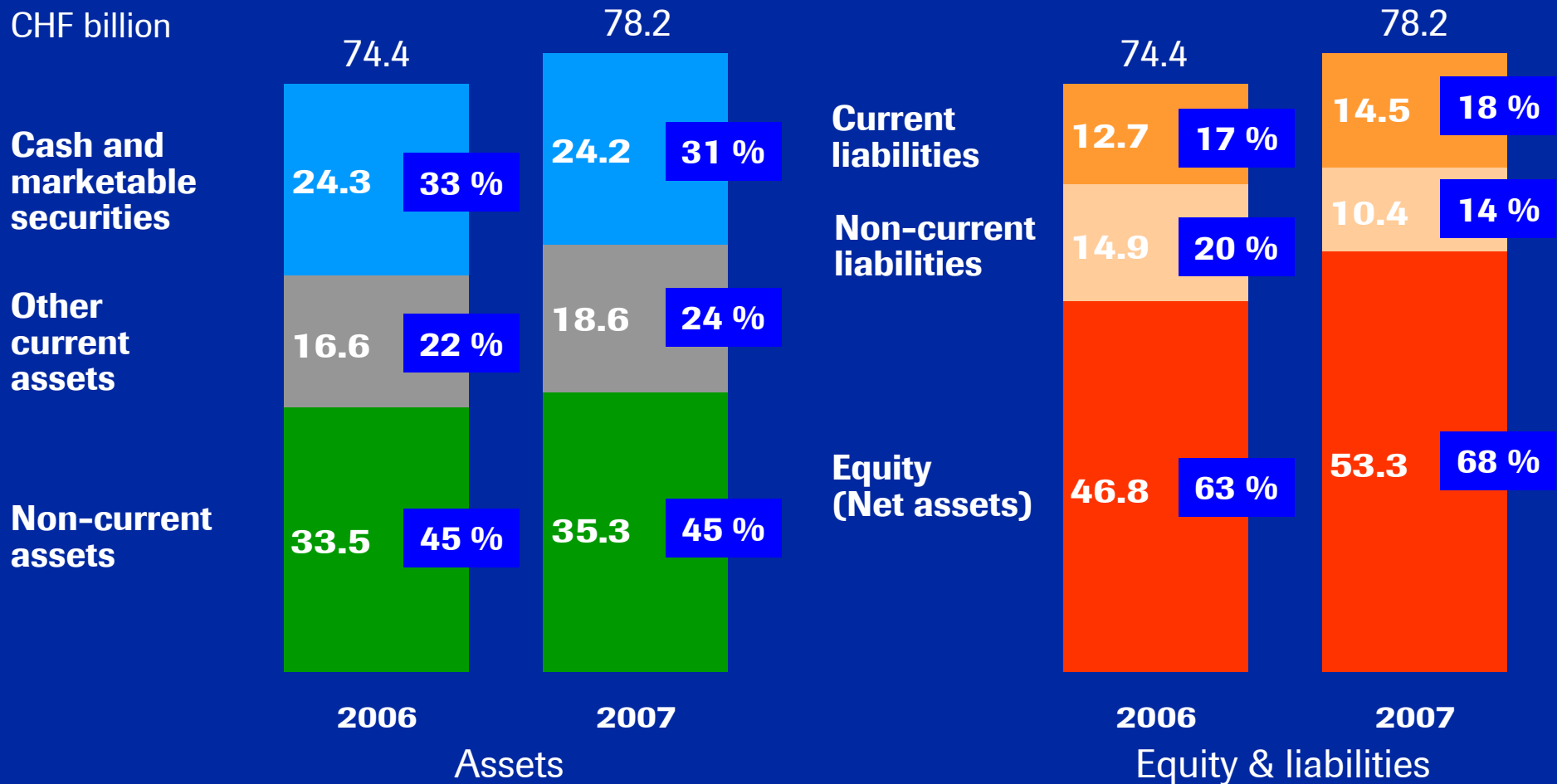
# Core EPS continued to rise rapidly



<sup>1</sup> Compound Annual Growth Rate

# Balance sheet 2007: Very solid with 68% equity ratio and 82% long-term financing

CHF billion

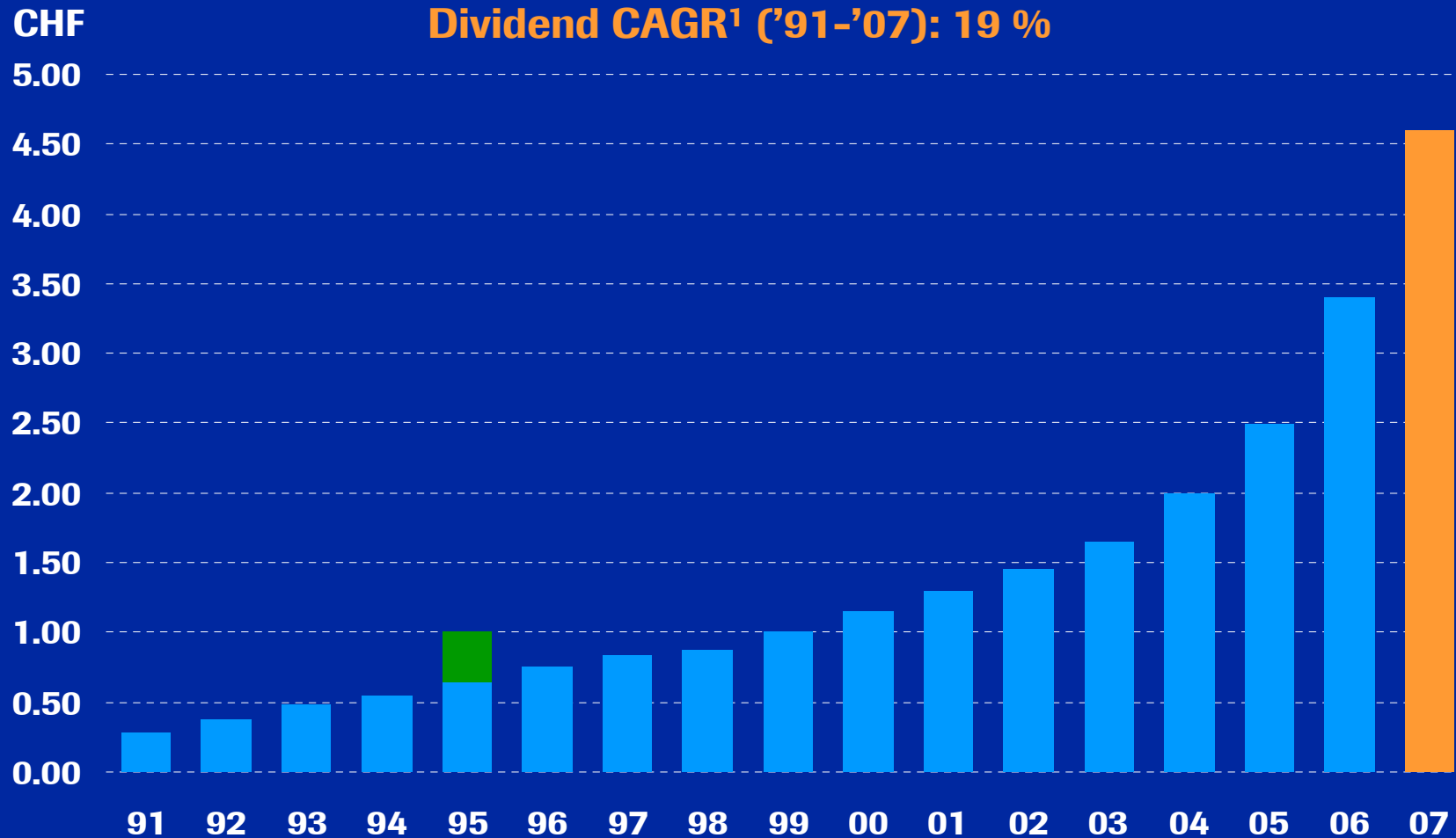


# Net cash 2007

*Increase by CHF 1.2 billion*

CHF million	31 December 2006	31 December 2007
Cash	3,210	3,755
Marketable securities	21,121	20,447
<b>Liquid funds</b>	<b>24,331</b>	<b>24,202</b>
Long-term debt	-6,199	-3,834
Short-term debt	-2,044	-3,032
<b>Interest-bearing liabilities</b>	<b>-8,243</b>	<b>-6,866</b>
<b>Net Cash</b>	<b>16,088</b>	<b>17,336</b>

# Committed to continuously increase pay-out ratio over the next 3 years



<sup>1</sup> Compound Annual Growth Rate

1995 including centenary bonus

2007 Dividend: Proposed by the Board of Directors

# Our objectives for 2008

## Sales

---

- High single digit local currency sales increase for Roche Group (excl. Tamiflu pandemic<sup>1</sup>)
- Above-market sales growth<sup>1</sup> in both divisions

## Core EPS

---

- Core earnings per share target<sup>2</sup> at least at record 2007 level despite significant increase in R&D investment and considerably lower Tamiflu pandemic sales

## Shareholder return

---

- Continuous increase in dividend pay-out ratio over the next 3 years

<sup>1</sup> Excluding government and corporate stockpiling orders of Tamiflu for pandemic use

<sup>2</sup> At constant exchange rates



*We Innovate Healthcare*