



Half-Year Media Conference

23 July 2003

Erich Hunziker
Chief Financial Officer

Major restructuring underway

Reducing interest expenses and risk profile

- Further restructuring of Group's debt
 - repayment of Bullet and LYON II
 - first issue of euro-denominated bond (EMTN programme)
 - refinancing of instruments covering convertible debt-obligations
- Reduction of equity securities
- Improved financial ratios and cash-flow



Operating performance (financial statements)

Influenced by special items

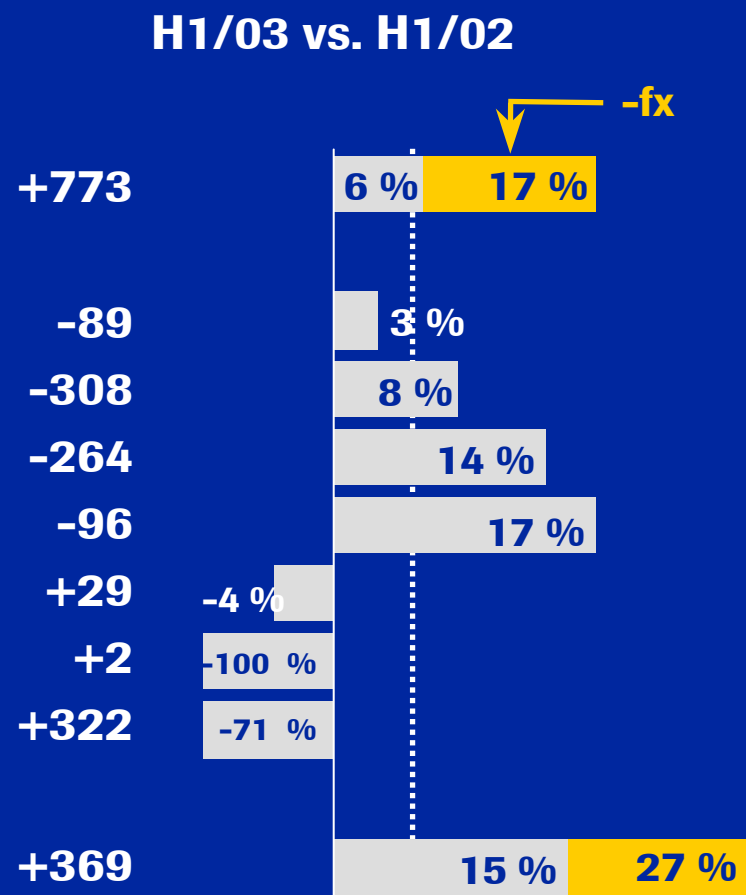
	H1	H1	Change CHF		% loc
	2003	2002	m	%	
Sales	15,327	14,737	+590	+4	+15
Cost of sales	-4,293	-4,236	-57	+1	
Gross profit	11,034	10,501	+533	+5	
M & D	-4,342	-4,058	-284	+7	
R & D	-2,260	-1,990	-270	+14	
Administration	-704	-615	-89	+14	
Amortisation Goodwill	-238	-257	+19	-7	
Amortisation Other IA	-497	-517	+20	-4	
Impairment	-	-2	+2	-100	
Pharma restructuring	-	-65	+65	-100	
Vitamins & F.C.					
impairment of net assets	-375	-	-375	-	
Major legal cases	-	-778	+778	-100	
Other op. expenses, net	-144	-502	+358	-71	
Operating profit	2,474	1,717	+757	+44	+72
<i>as % of sales</i>	<i>16.1</i>	<i>11.7</i>			



Operating performance core businesses¹

Significant operating profit growth

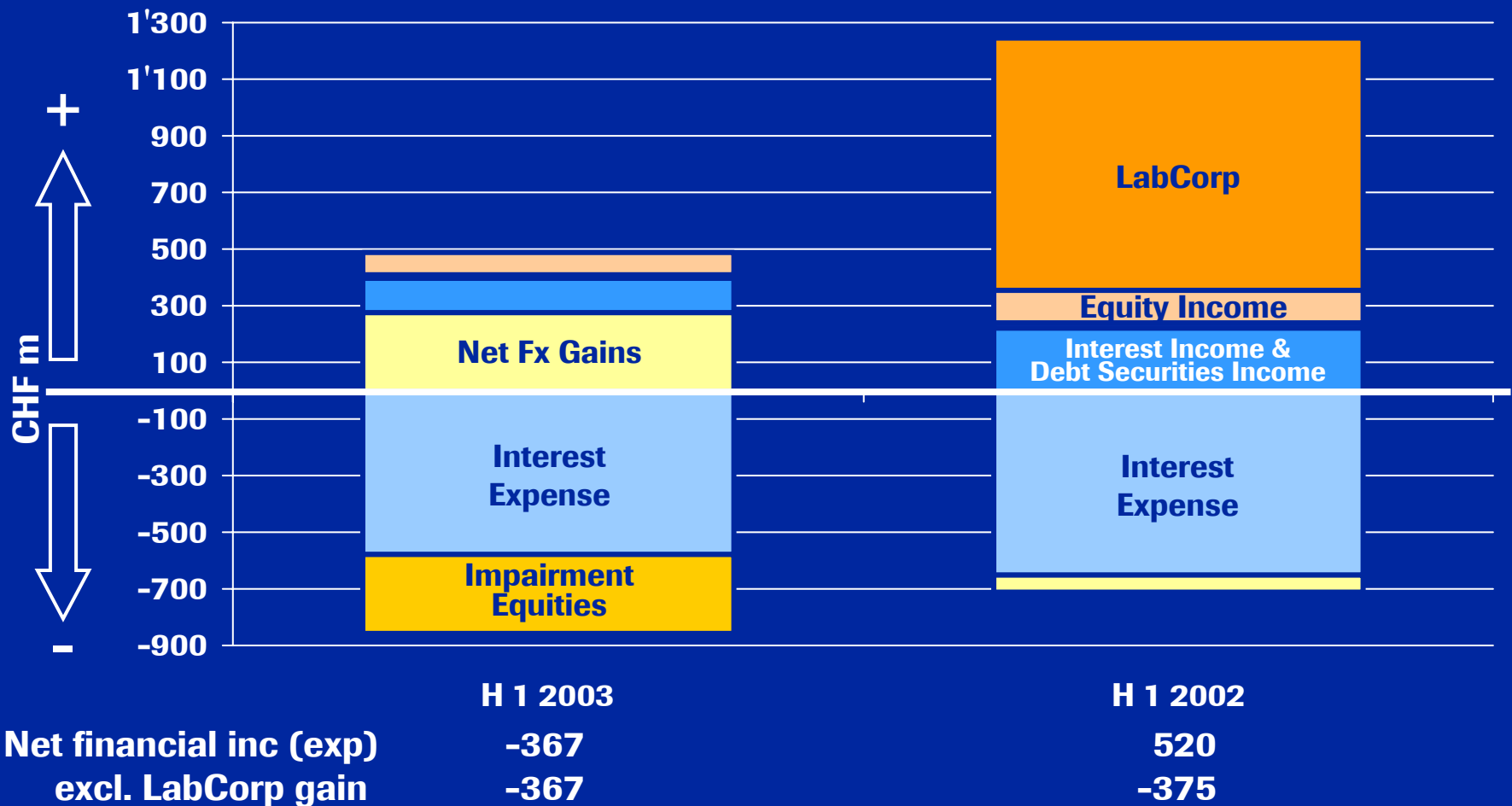
	H1/03	
	CHF m	% sales
Sales	13,880	100
Cost of sales	-3,214	-23
M & D	-4,155	-30
R & D	-2,195	-16
Administration	-659	-5
Amortisation	-735	-5
Impairment	-	0
Other op. exp., net	-133	-1
Operating profit	2,789	20



¹ adjusted
fx = foreign exchange

Net financial income (expense)

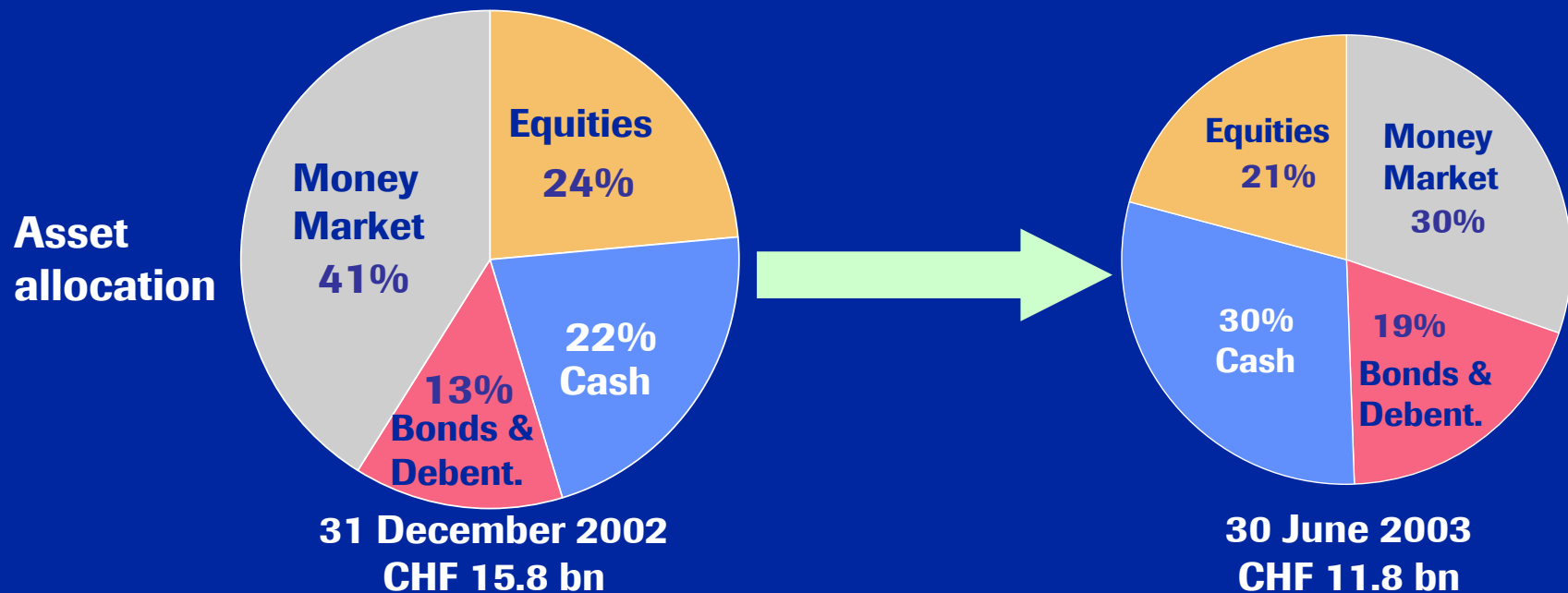
LabCorp 2002, fx gains equal impairment 2003



fx = foreign exchange

Cash and marketable securities

Further reducing investment in equity securities





Net financial income (expense)

Decline equals LabCorp gain in 2002

CHF m

	H1 2003	H1 2002	Change	
			CHF m	%
Income from financial assets	-75	1,219	-1,294	-
<i>Gains on LabCorp transactions</i>	<i>-</i>	<i>895</i>	<i>-895</i>	<i>-100</i>
<i>Other equity security income, net</i>	<i>80</i>	<i>115</i>	<i>-35</i>	<i>-30</i>
<i>Interest & debt security income, net</i>	<i>122</i>	<i>224</i>	<i>-102</i>	<i>-46</i>
<i>Write-downs and impairments</i>	<i>-277</i>	<i>-15</i>	<i>-262</i>	<i>-</i>
Interest expense	-578	-651	+73	-11
Net foreign fx gains (losses)	277	-62	+339	-
Other	9	14	-5	-36
Net financial income (expense)	-367	520	-887	-



Net income (financial statements)

Decline due to absence of 2002 LabCorp gain

CHF m	H1	H1	Change	
	2003	2002	CHF m	%
Sales	15,327	14,737	+590	+4
Operating profit	2,474	1,717	+757	+44
<i>Op. profit margin in %</i>	<i>16.1</i>	<i>11.7</i>		
Financial income, net	-367	520	-887	-
Profit before taxes	2,107	2,237	-130	-6
Income taxes	-675	-573	-102	+18
<i>Tax rate in %</i>	<i>32.0</i>	<i>25.6</i>		
Minority interests	-125	148	-273	-
Associated companies	-18	-11	-7	+64
Net income	1,289	1,801	-512	-28
<i>% of sales</i>	<i>8.4</i>	<i>12.2</i>		

Net income core businesses¹

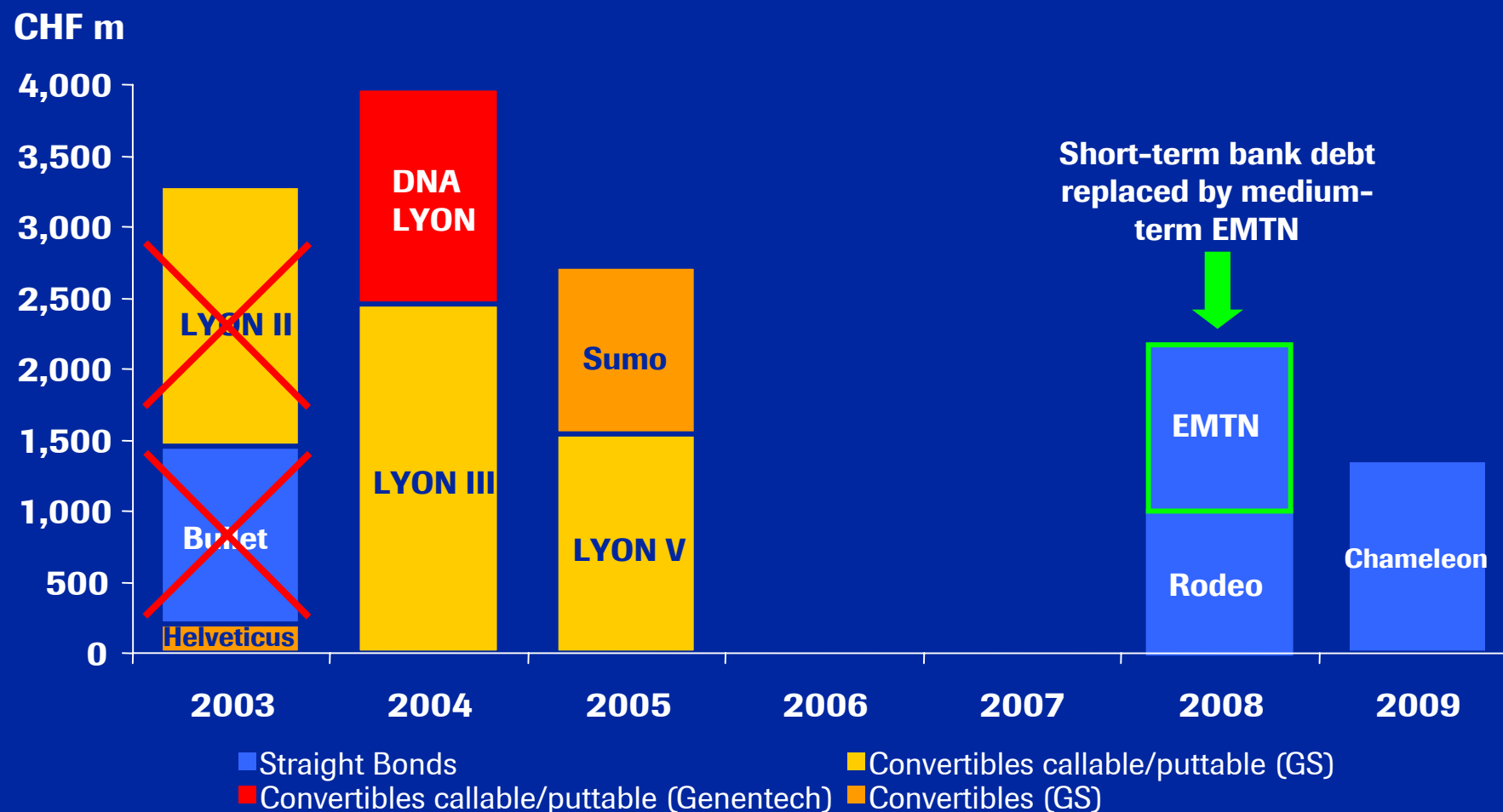
Decline due to absence of 2002 LabCorp gain

CHF m	H1 2003	H1 2002	Change		%LC
			CHF m	%	
Sales	13,880	13,107	+773	+6	+17
Operating profit	2,789	2,420	+369	+15	+27
<i>Op. profit margin in %</i>	<i>20.1</i>	<i>18.5</i>			
Financial income, net	-349	612	-961	-	
Profit before taxes	2,440	3,032	-592	-20	
Income taxes	-711	-890	+179	-20	
<i>Tax rate in %</i>	<i>29.1</i>	<i>29.4</i>			
Minority interests	-126	-47	-79	+168	
Associated companies	-18	-11	-7	+64	
Net income	1,585	2,084	-499	-24	
<i>% of sales</i>	<i>11.4</i>	<i>15.9</i>			

¹ adjusted

Capital market instruments

Maturity profile¹ considerably improved

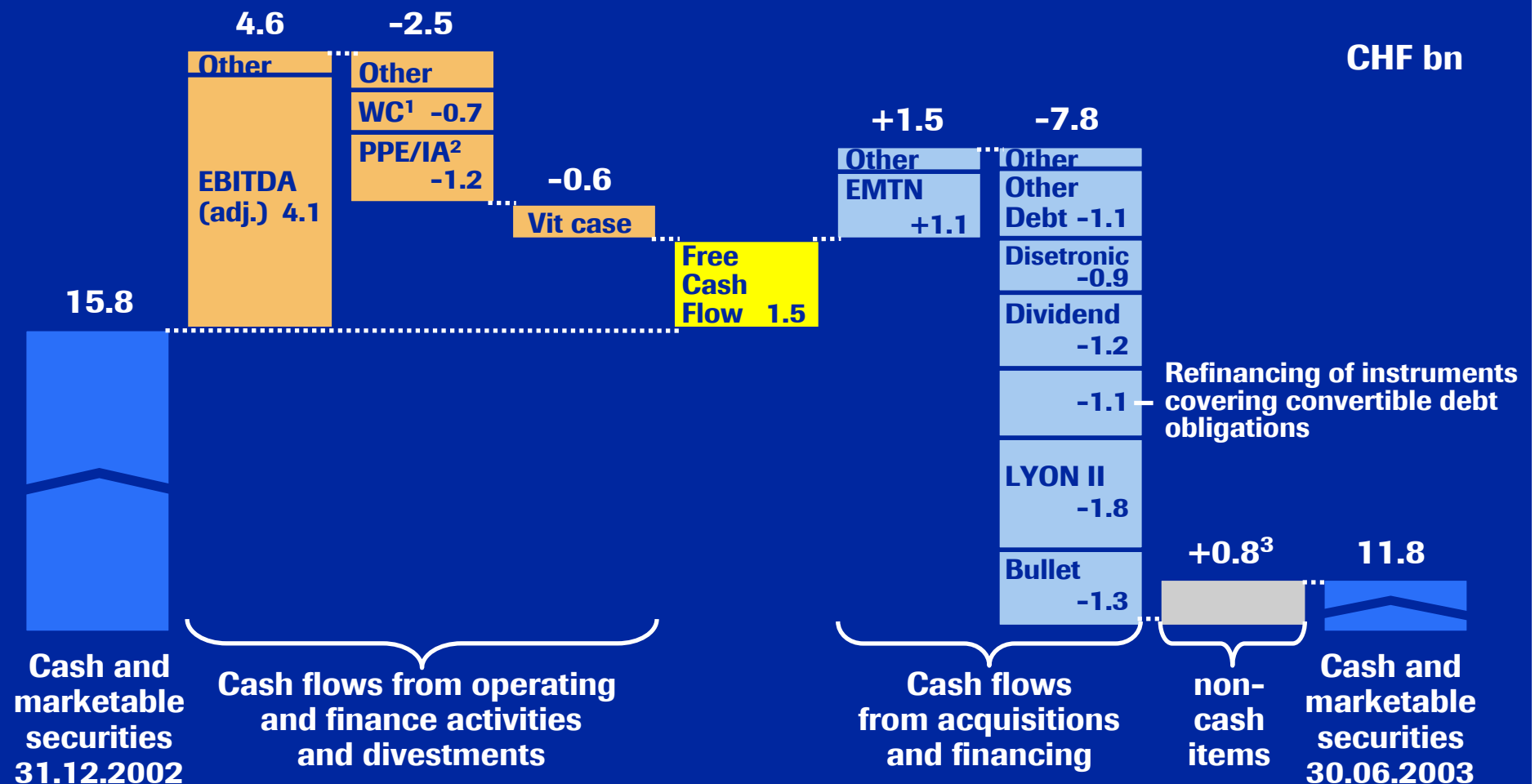


¹ principal amounts at maturity



Free cash flow of CHF 1.5 bn in H1/03

Substantial repayment of debt



¹ working capital

² property, plant and equipment; intangible assets

³ currency translation adjustments & other



Convertible debt / own equity instruments

New rules already implemented in 2002

	30 June 02	What has changed?	31 Dec 02
Convertible debt	LYONs II - V Sumo Helveticus		LYONs II - V Sumo Helveticus
Own equity Instruments (GS)	GS 24 m Forwards 17 m	→	GS 23 m Forwards 17 m
Balance sheet (CHF)	Equity -3.4 bn	Clarifications in IFRS: Forward purchases of own equity instruments shown as debt	Equity -5.9 bn Debt 2.4 bn Collateral 673 m
Income stmt (CHF)	-		145 m annual interest charge

GS = Genussschein (non-voting equity security)



Convertible debt / Own equity instruments

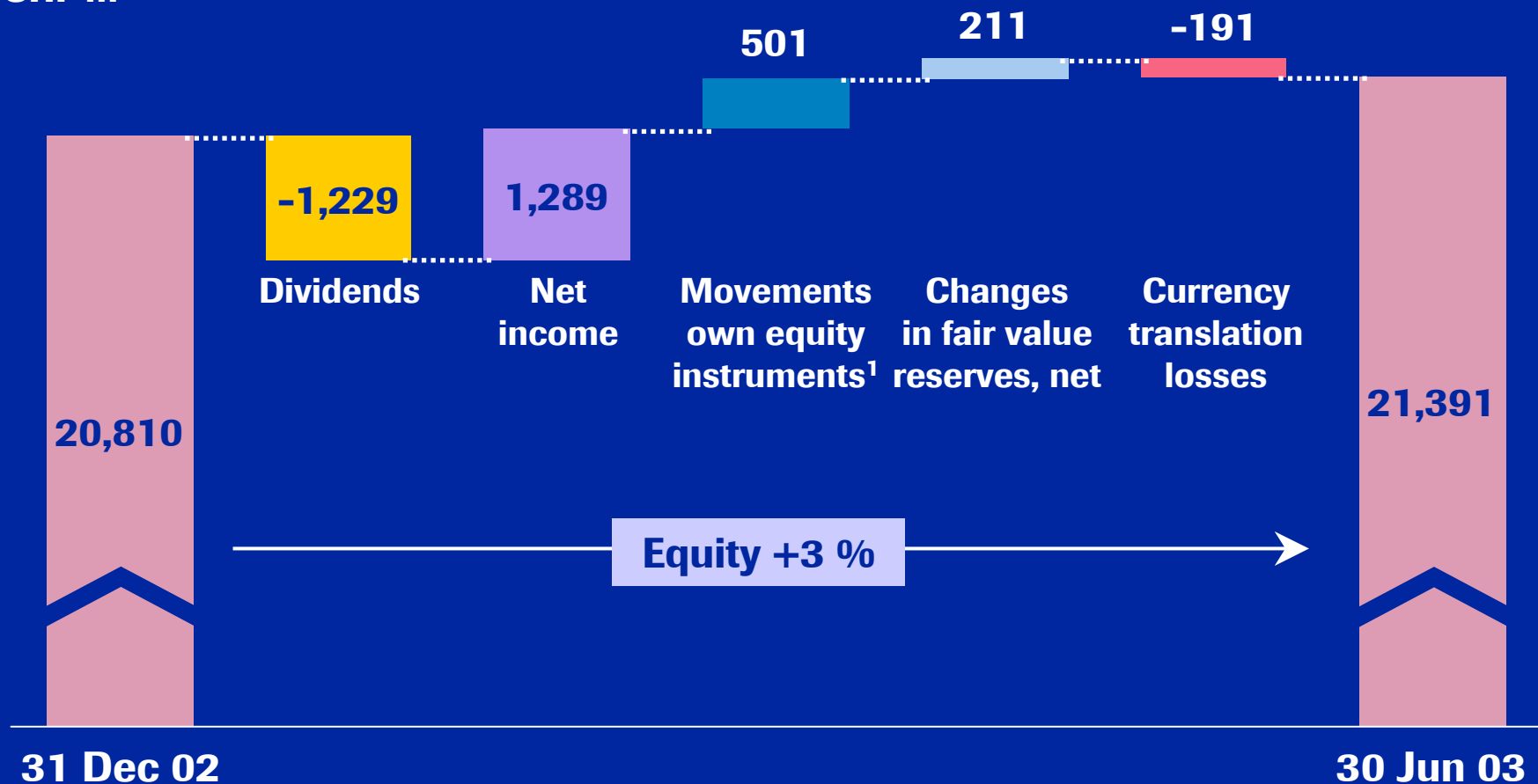
Developments H1 2003

	31 Dec 02	What has changed?	30 Jun 03
Convertible debt	LYON II LYONs III-V Sumo Helveticus	1. Paid back without converting 2. "freed-up" GS used for Disetronic and sold into the market 3. Proceeds used to dissolve some forwards 4. LEPOs bought to ensure hedge of convertibles and to keep GS underlying the forwards from market	- LYONs III-V Sumo Helveticus
Own equity Instruments (GS)	GS 23 m Forwards 17 m Total 40 m		GS 14 m Forwards 5 m LEPOs 11 m Total 30 m
Balance sheet (CHF)	Equity -5.9 bn Debt 2.4 bn Collateral 673 m	Balance sheet & P/L impact considerably improved	Equity -5.4 bn Debt 1.1 bn Collateral 157 m
Income stmt (CHF)	145 m annual interest charge		62 m annualised interest charge

Equity increased

Driven by net income

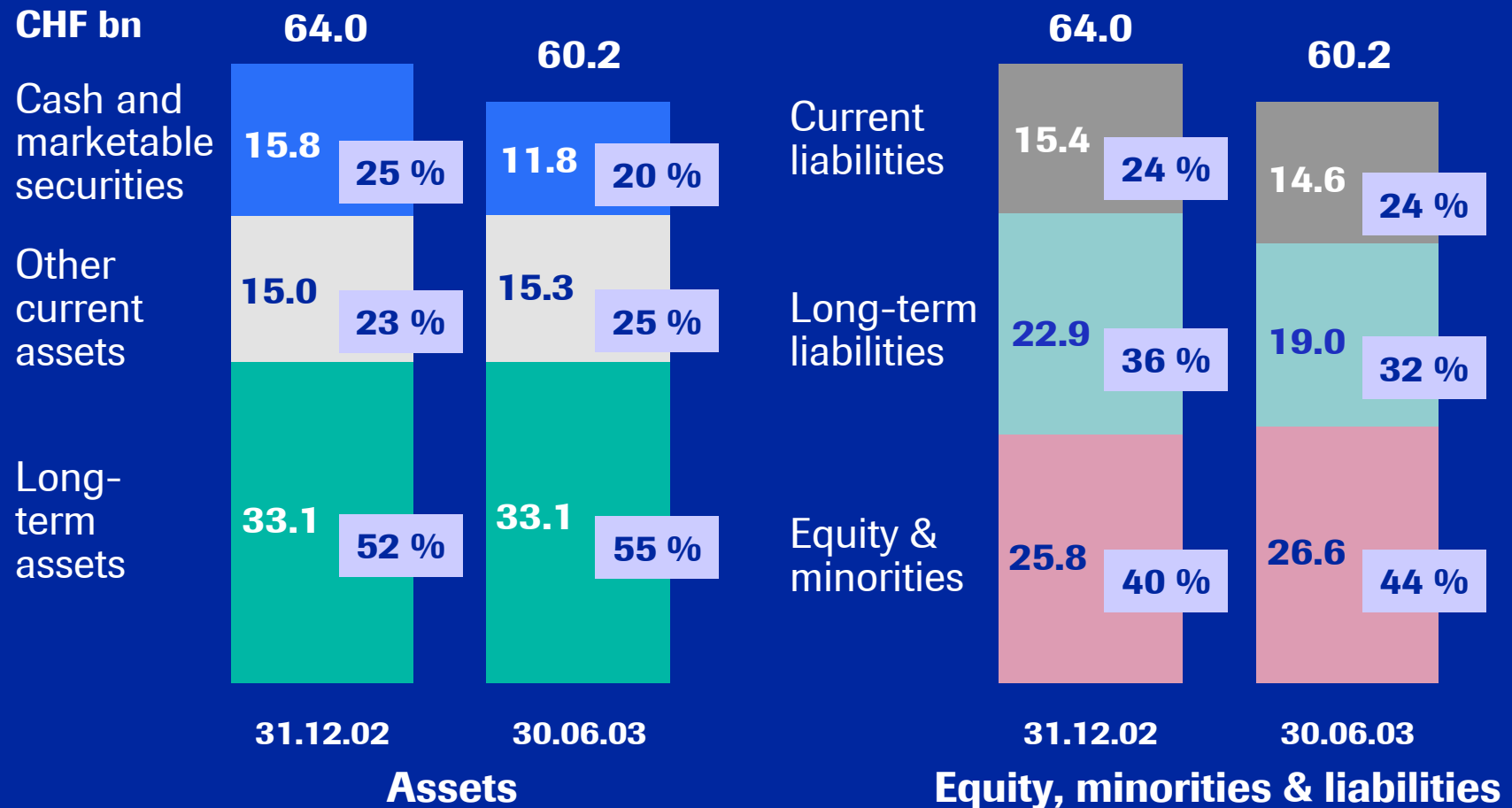
CHF m



¹ including CHF 240 m for Disetronic and CHF 273 m refinancing of instruments covering convertible debt oblig.

Balance sheets

Solid financing, higher equity ratio



Outlook

Guidance for full-year 2003 reaffirmed

2003

- Double-digit growth in sales and operating profit (in local currencies) both for the Group and for the Pharmaceuticals and Diagnostics Divisions (including Disetronic)
- At least stable Group operating profit margin compared with 2002

2004 and beyond

- Improved operating profit margins:
 - Group: > 20% in the medium term
 - Pharma: approaching 25% by end of 2004
 - Diagnostics: slightly over 20% by 2006
- Conditions in place for balanced financial performance by 2004

Barring unforeseen events

The Roche logo consists of a white, horizontally-oriented hexagonal shape with a pointed left side and a pointed right side, resembling a stylized arrow or a shield. The word "Roche" is written in a bold, white, sans-serif font across the center of this shape. The entire logo is set against a solid blue background.

Roche