



# Half-Year Media Conference

**23 July 2003**

*Franz B. Humer*  
*Chairman and CEO*



# Group results for the first half of 2003

*A very good operating performance*

|                        | As reported |                 |    | On an adjusted basis |                 |    |
|------------------------|-------------|-----------------|----|----------------------|-----------------|----|
|                        | CHF m       | % Change in CHF | LC | CHF m                | % Change in CHF | LC |
| Sales                  | 15,327      | 4               | 15 | 13,880               | 6               | 17 |
| EBITDA                 | 4,236       | 32              | 53 | 4,128                | 9               | 21 |
| Operating profit       | 2,474       | 44              | 72 | 2,789                | 15              | 27 |
| Financial expense, net | -367        | -               |    | -349                 | -               |    |
| Net income             | 1,289       | -28             |    | 1,585                | -24             |    |
| <i>As % of sales</i>   | <i>8.4</i>  |                 |    | <i>11.4</i>          |                 |    |

LC = Local currencies

EBITDA = Earnings before interest and other financial income, tax, depreciation and amortisation, including impairment



# Sale of Vitamins and Fine Chemicals

*Closing expected this year*

Feb 2003

- Purchase agreement signed with DSM
- Regulatory review process begins

July 2003

- Price reduced by EUR 200 million because of market situation

Q3/03

- Closing



# Strong sales growth

*Both divisions outperform global market*

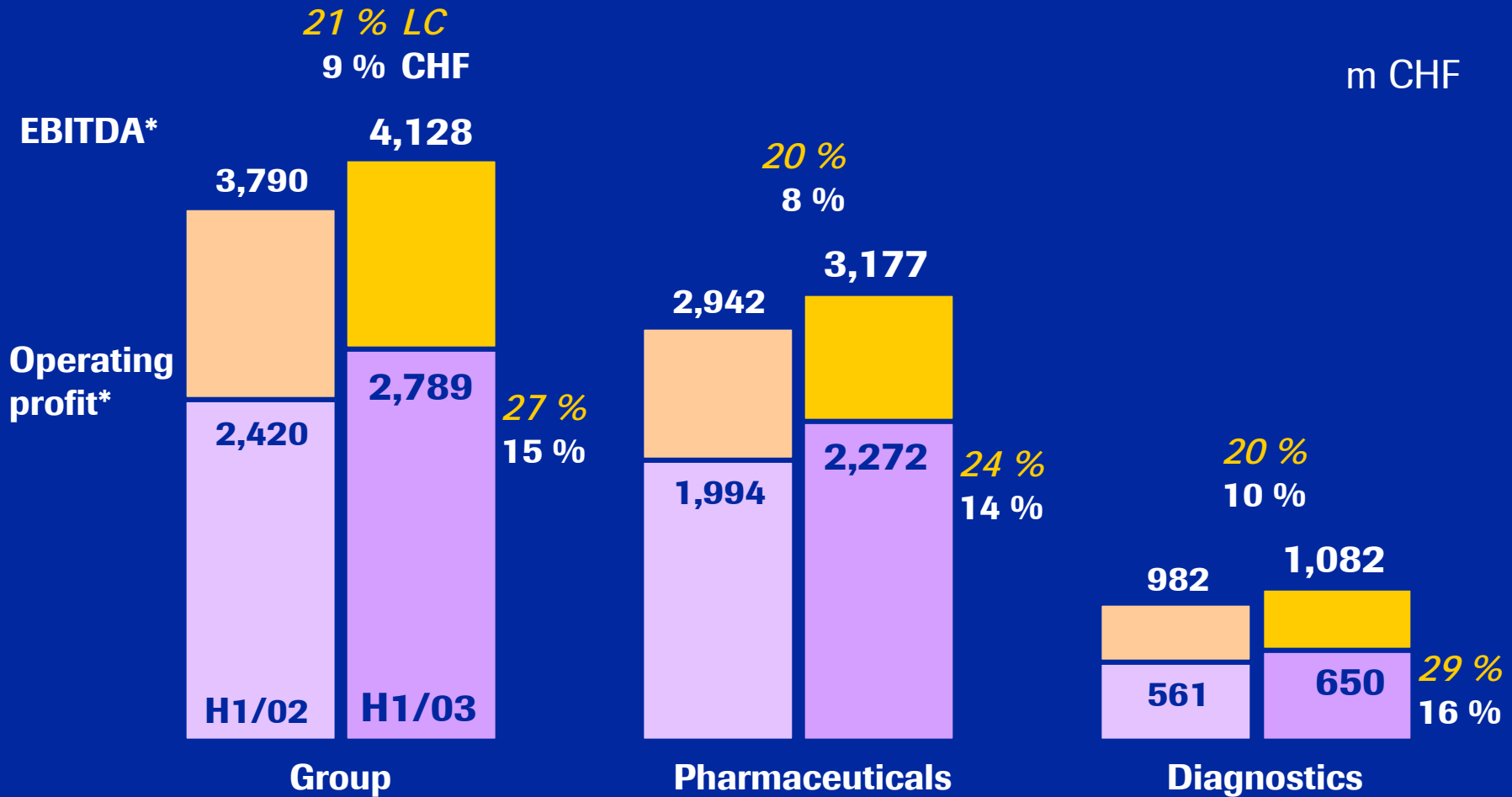
| Sales from January to June             | 2003<br>CHF m | 2002<br>CHF m | % Change |           |
|--|---------------|---------------|----------|-----------|
|  |               |               | in CHF   | in LC     |
| Pharmaceuticals <sup>1</sup>           | 10,311        | 9,486         | 9        | 21        |
| Diagnostics                            | 3,569         | 3,621         | -1       | 7         |
| <b>Sales in core businesses (adj.)</b> | <b>13,880</b> | <b>13,107</b> | <b>6</b> | <b>17</b> |
| Vitamins and Fine Chemicals            | 1,520         | 1,747         | -13      | -3        |
| Reclassification <sup>1</sup>          | -73           | -117          | -        | -         |
| <b>Sales (as reported)</b>             | <b>15,327</b> | <b>14,737</b> | <b>4</b> | <b>15</b> |

<sup>1</sup> Sales figures for 2003 and 2002 are adjusted to include the reclassification of sales to the Vitamins and Fine Chemicals Division.

LC = Local currencies



# Operating profit and EBITDA up by double digits in local currencies



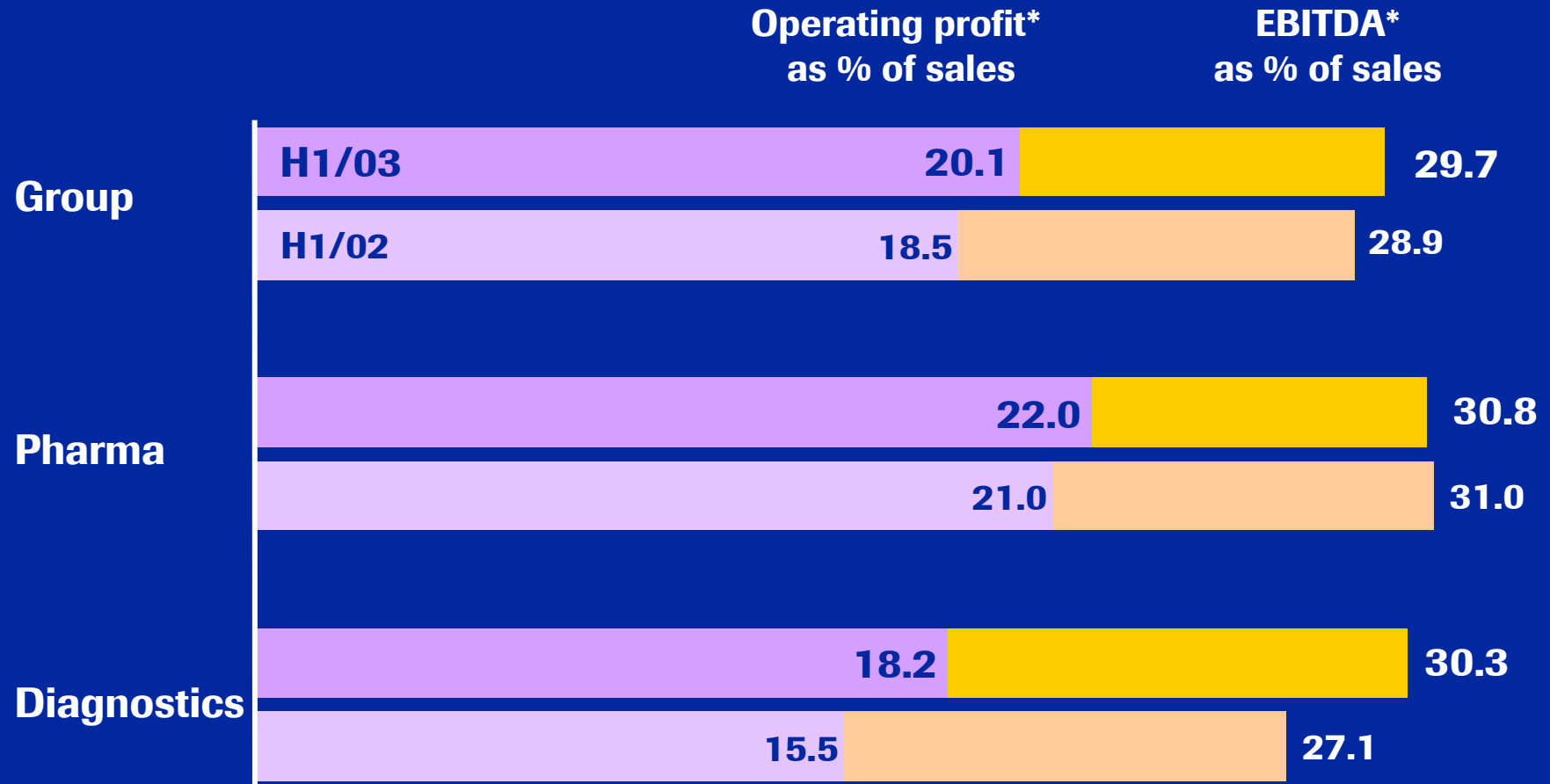
\* Adjusted

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# Profitability in the first half of 2003

*Margin gains despite higher costs*



\*Adjusted

# Improving the Group's financial structure

## *Further progress*

- Improved balance sheet
- Future interest expenses reduced by restructuring Group debt
- Proportion of financial assets held in equities reduced, resulting in a lower risk profile

# Milestones in the first half of 2003

*Pursuing medical advances that benefit patients*

## Pharmaceuticals

- **Fuzeon** launched in US and Europe
- **Pegasys + Copegus** already posting strong market share gains
- Number 1 position in **oncology** expanded
- Positive clinical data on products in development, including **Avastin**, the first angiogenesis inhibitor
- First joint development project with Chugai: **MRA** for rheumatoid arthritis
- Projects in **pipeline** progressing on track



# Milestones in the first half of 2003

*Pursuing medical advances that benefit patients*

## Diagnostics

- Lead in diabetes management strengthened by acquisition of **Disetronic**
- Division launches **AmpliChip CYP450**, the first pharmacogenomic microarray
- GeneChip technologies licensed from **Affymetrix**



# Activities in developing countries

## *Major strides in first half-year*

- Pricing policy for protease inhibitors in developing countries up-dated
- Roche donates rights to anti-Chagas drug to the Brazilian government
- Roche hands over development of new malaria drug to Indian company



# Forecasts being met

## *Guidance for full-year 2003 reaffirmed*

### Full-year guidance issued at the start of 2003:

### Status H1/03:

- **Sales growth**

- Group: double-digit growth in local currencies (LC)
- Pharma: above-market, double-digit growth in LC
- Diagnostics: above-market, double-digit growth in LC

✓  
✓  
(✓)

- **Operating profit margin**

- Stable Group operating profit margin

✓ ✓

- **Pharmaceuticals**

- Stronger organic growth as a result of Pegasys and Fuzeon
- Oncology, transplantation and anti-anemia as growth drivers

✓  
✓

# Outlook

## *Guidance for full-year 2003 reaffirmed*

### **2003**

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- 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**

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- 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



*We Innovate Healthcare*