



The future challenges of Healthcare

Dr. Erich Hunziker
CFO – F. Hoffmann La Roche Ltd.

Swiss Roadshow, Zurich

April 22, 2005



This presentation contains certain forward-looking statements.

These forward-looking statements may be identified by words such as “believes”, “expects”, “anticipates”, “projects”, “intends”, “should”, “seeks”, “estimates”, “future” or similar expressions or by discussion of strategy, goals, plans or intentions.

Various factors may cause actual results to differ materially in the future from those reflected in forward-looking statements contained in this presentation among others:

1. Pricing and product initiatives of competitors;
2. Legislative and regulatory developments and economic conditions;
3. Delay or inability in obtaining regulatory approvals or bringing products to market;
4. Fluctuations in currency exchange rates and general financial market conditions;
5. Uncertainties in the discovery, development or marketing of new products or new uses of existing products;
6. Increased government pricing pressures;
7. Interruptions in production;
8. Loss of or inability to obtain adequate protection for intellectual property rights;
9. Litigation;
10. Loss of key executives or other employees; and...
11. Adverse publicity or news coverage

For marketed products discussed in this presentation, please see full prescribing information on our website – www.roche.com

The key drivers of the 21st century (I)



20th century

21st century

stability



volatility

hierarchy



networks

value in hardware



value in software

brand is key



cost leadership is key

economic value generation
in Europe, US



economic value generation
in US, Europe, Asia

population centers
Europe, US



population centers US,
Asia, Latin America

The key drivers of the 21st century (II)



20th century

21st century

Innovation creates
sustainable advantages



Innovation advantage
short-lived

Brand power



Channel power

Providers decide on
value spending



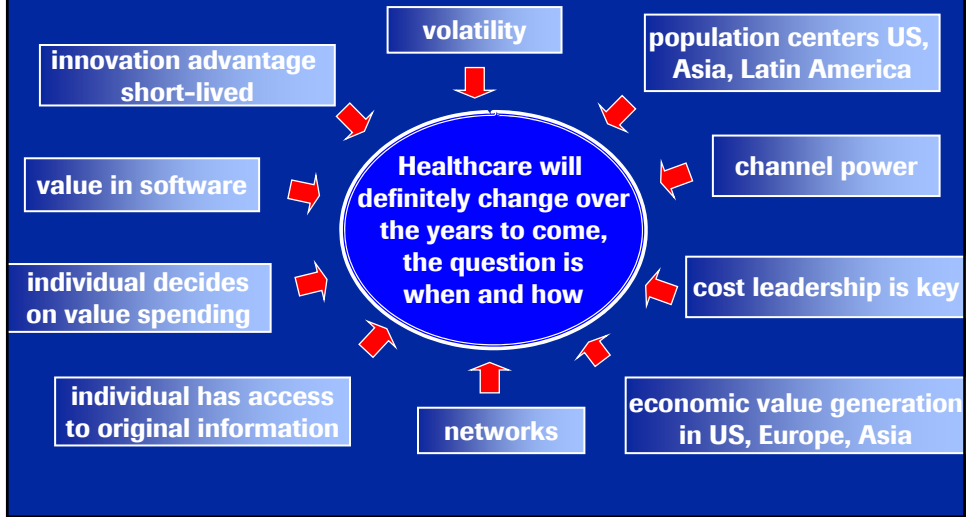
Individual decides on
value spending

Information is filtered



Individual has access
to original information

How relevant are these drivers for the healthcare industry?



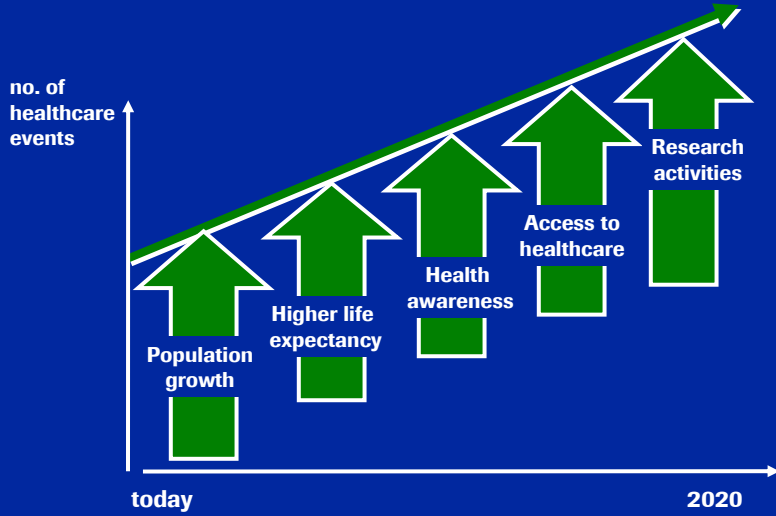
No change from the past: Health remains a basic need of mankind



"Healthcare events" dominate or at least influence the life of most people

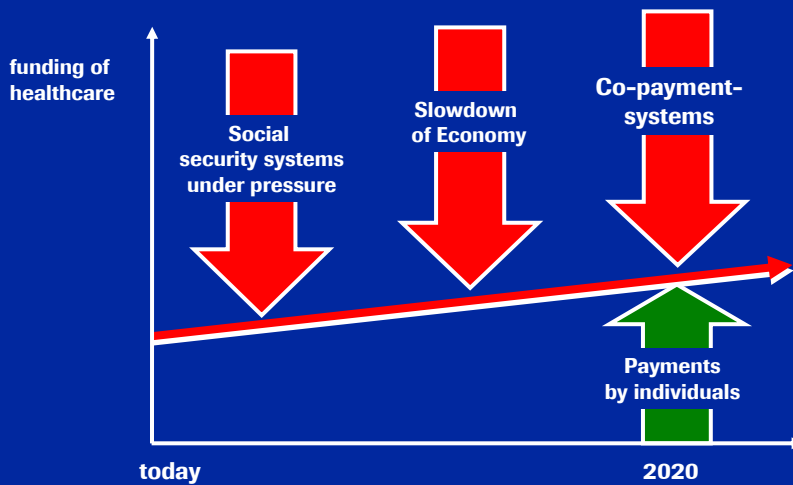
No change from the past:

There is an big increase in demand for healthcare



Will become even tougher:

There are not enough funds to pay for all demands

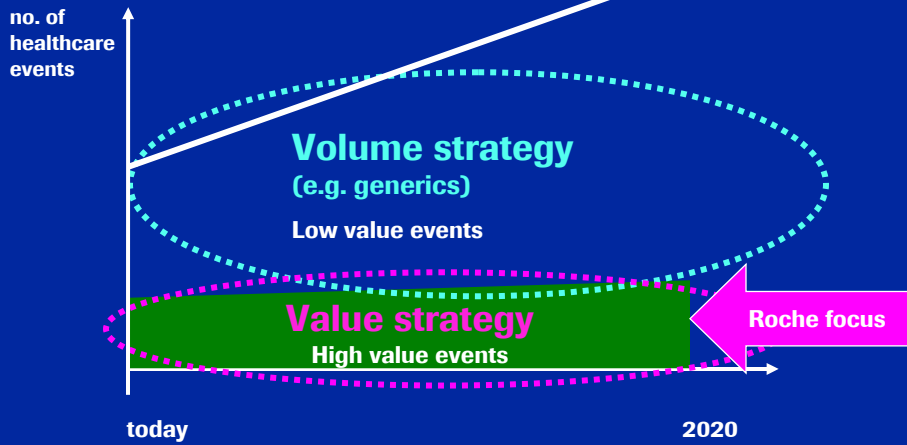


Cost pressure a reality today and even tougher in the future

The Roche assessment



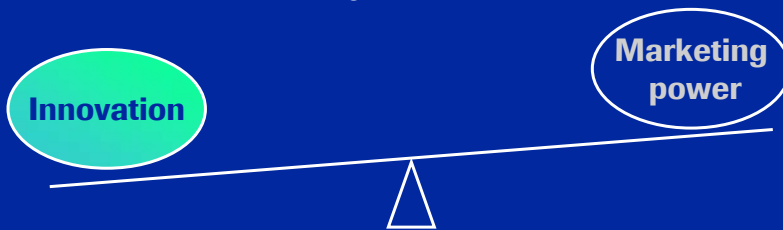
The healthcare market will split into a low value and a high value segment



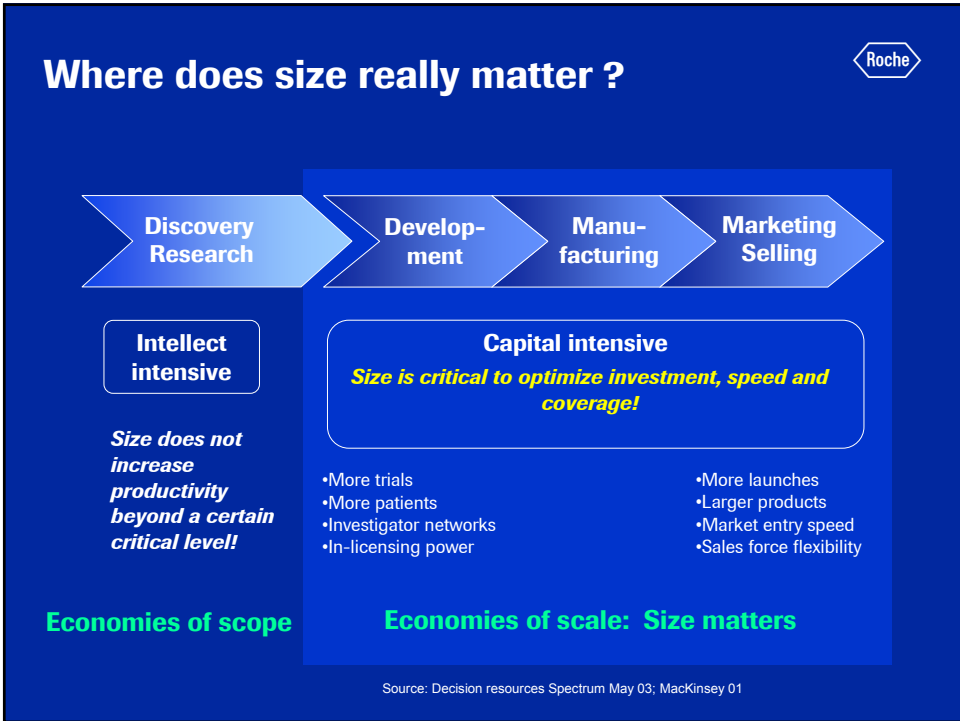
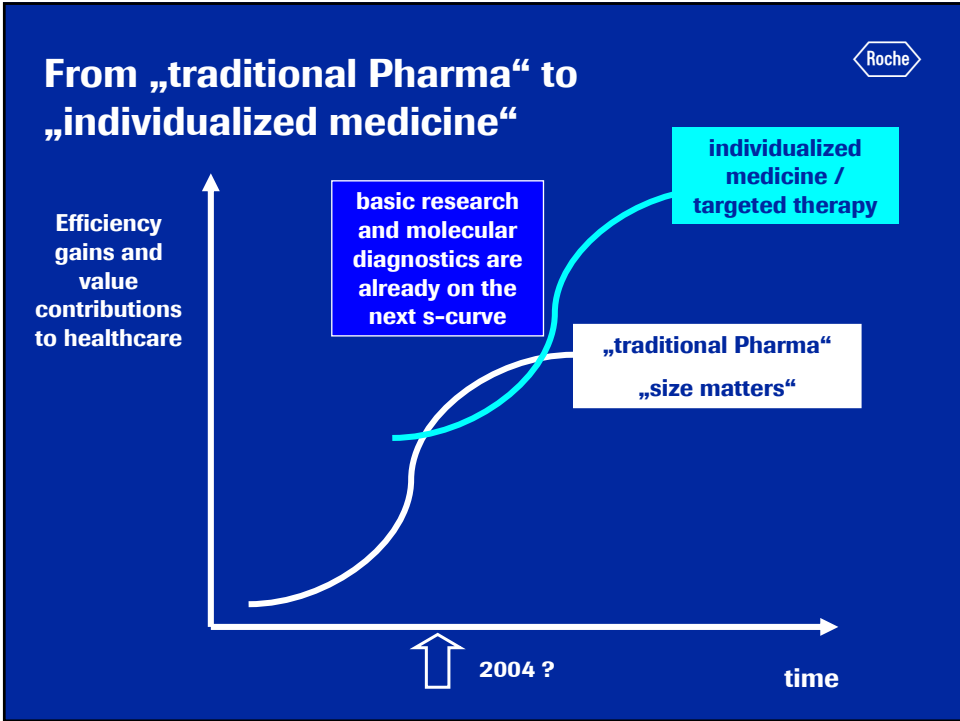
Roche strategic choice: Innovation is key !



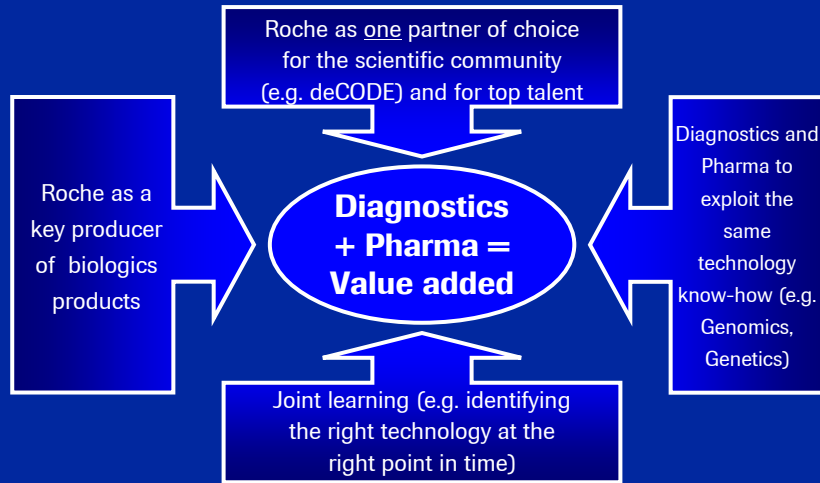
Only if we create relevant proven benefit for the customer
= medically differentiated products
we will be able to create high value returns



1. Innovative products continue to command high prices and reimbursement,
2. Selling "average /me-too" products by sheer marketing power becomes more and more difficult



A unique Roche advantage: two high tech businesses joining forces where it adds value

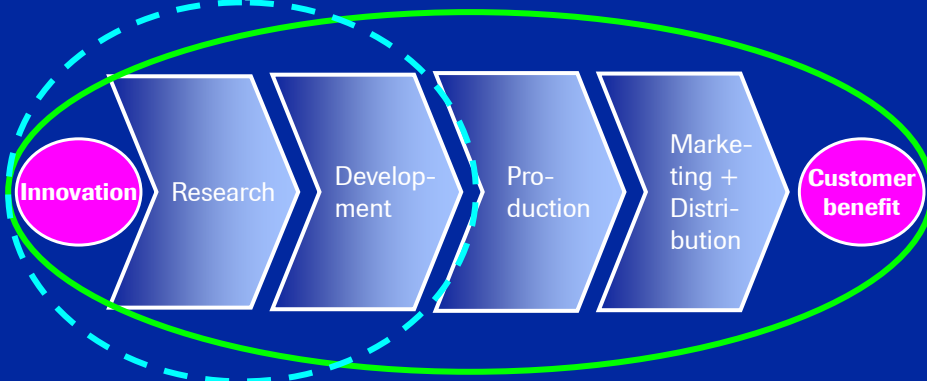


We are open to innovation generated by third parties



"Biotech" companies

"Pharmaceutical" companies

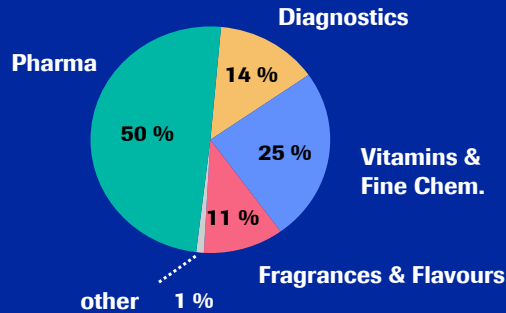


Roche is actively shaping its future



... by building new futures for non-core businesses

Starting point 1990 ...
CHF 9.7 billion



Sales and spin-off's

Kontron
Medi-Physics
Feeds
Gynecological products
RBL
ABX
Medi-Lab
Rolic
DePuy (1998)
MFA
Actelion
Novuspharma
**Fragrances & Flavours;
Givaudan (2000)**
Basilea
BioXell
**Vitamins & Fine
Chemicals (2003)**
RCH (2004)

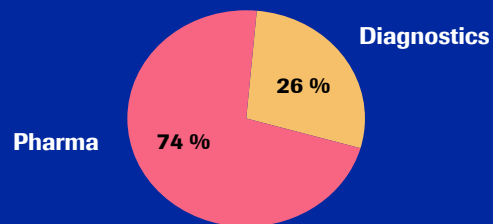
Roche is now the most focused global healthcare Group

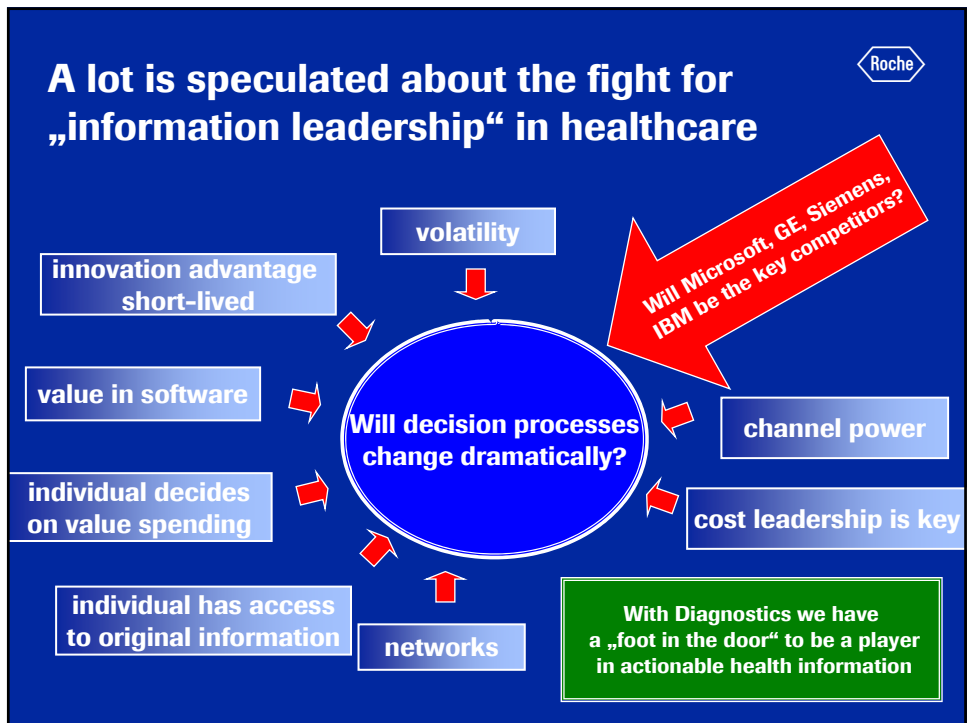
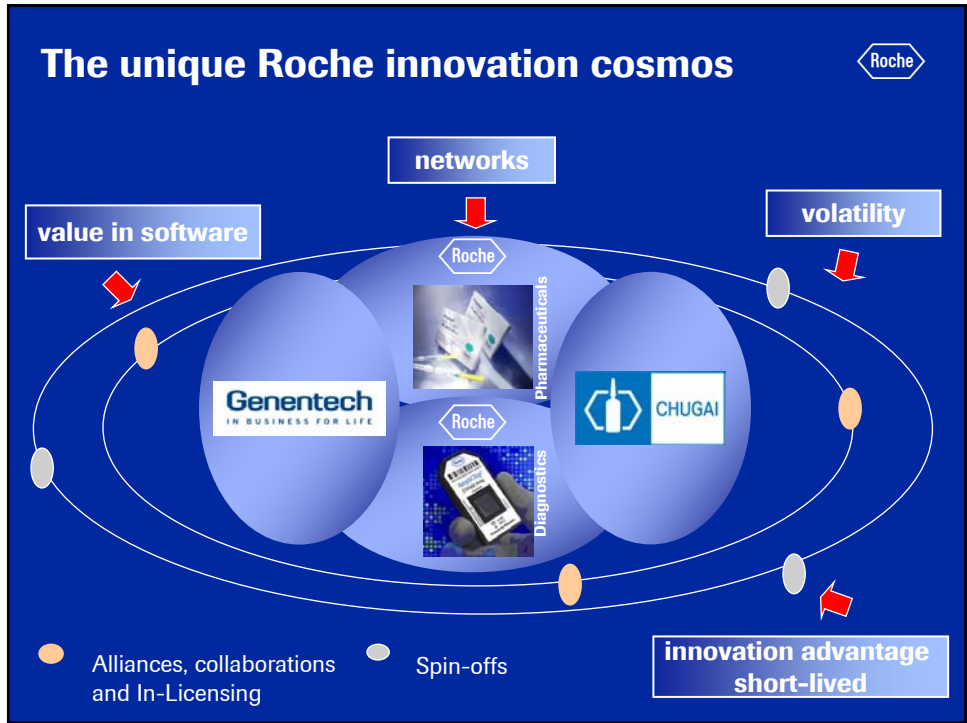


+ Acquisitions

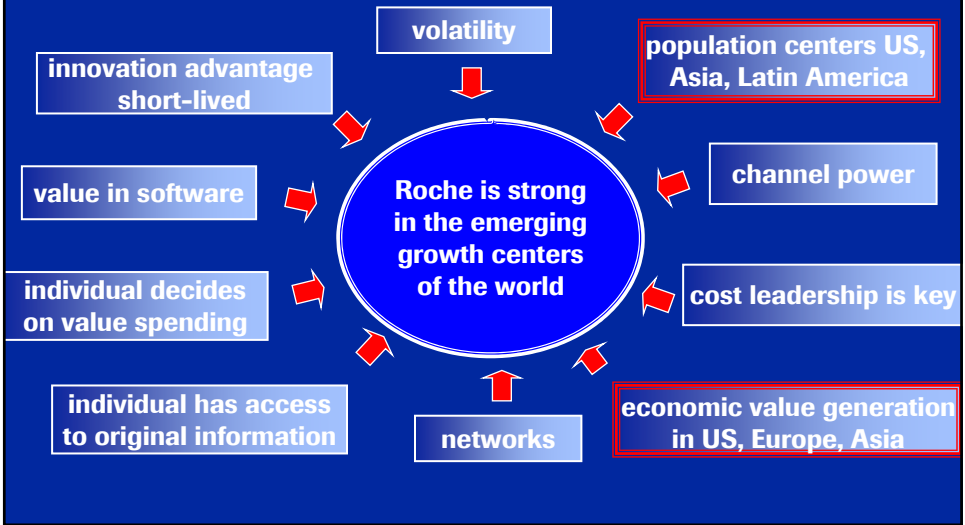
Genentech (1990)
Nicholas
FDO
PCR (1991)
CompuChem
Fisons
Syntex (1994)
MFA
OTC F//RP
Tastemaker
**Boehringer
Mannheim (1997)**
AVL
Chugai (2002)
Disetronic (2003)
IGEN (2004)

Result 2003
CHF 29.0 billion

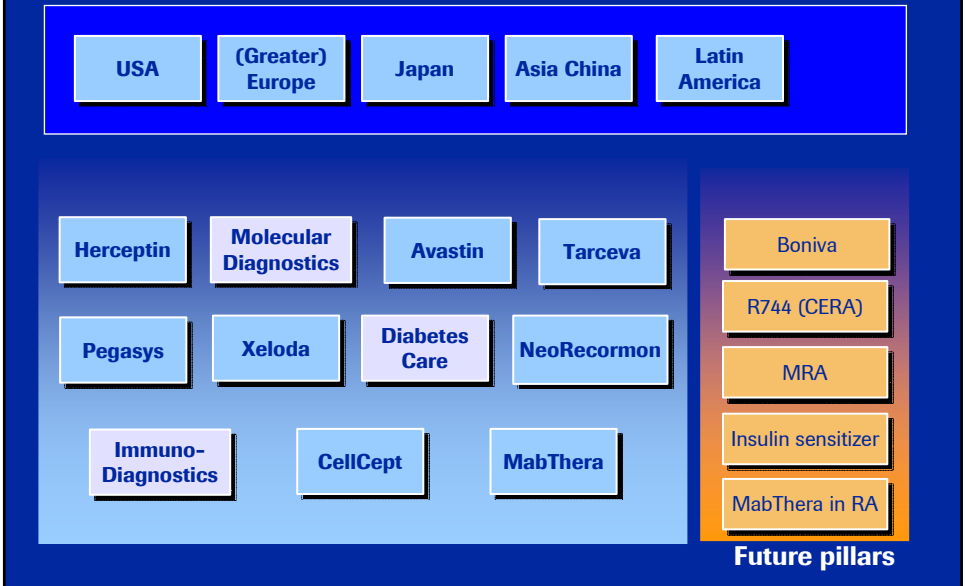




Will Roche be marginalised geographically because we focus on high value business?



Global + many pillars of value creation =



Roche ambition: to be a unique investment opportunity in the healthcare industry

