



# The future challenges of Healthcare

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

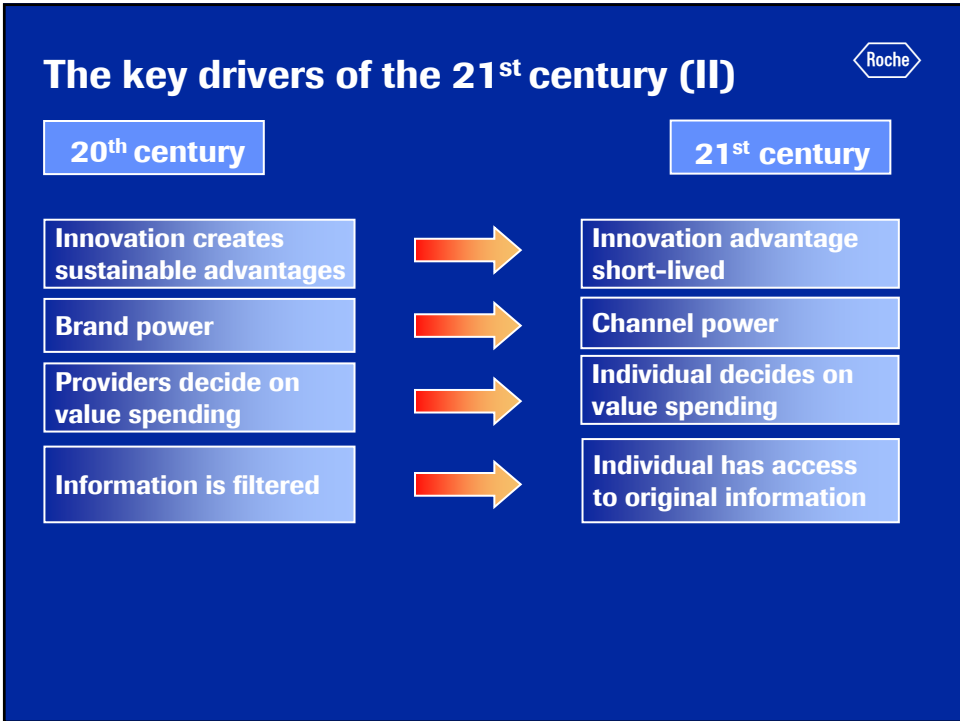
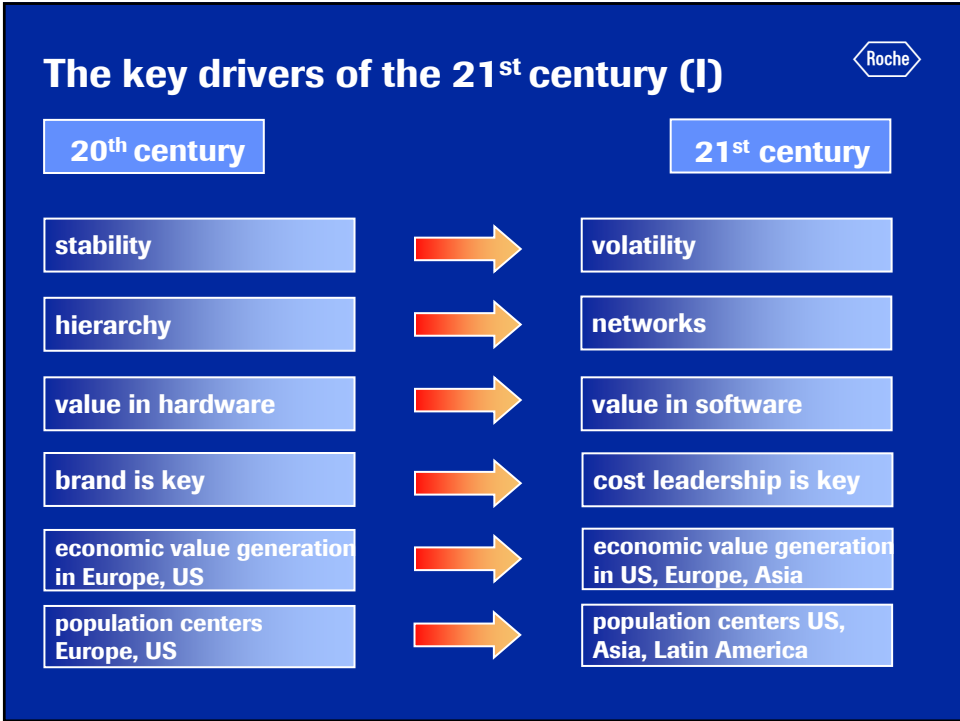
*UBS Global Pharmaceuticals Conference*  
*New York, May 24, 2005*



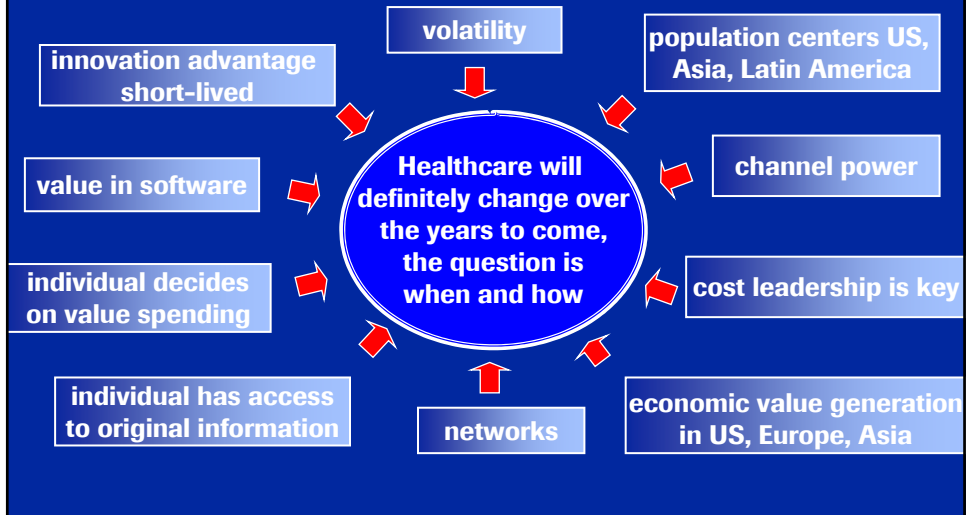
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3. Delay or inability in obtaining regulatory approvals or bringing products to market;
4. Fluctuations in currency exchange rates and general financial market conditions;
5. Uncertainties in the discovery, development or marketing of new products 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

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# How relevant are these drivers for the healthcare industry?



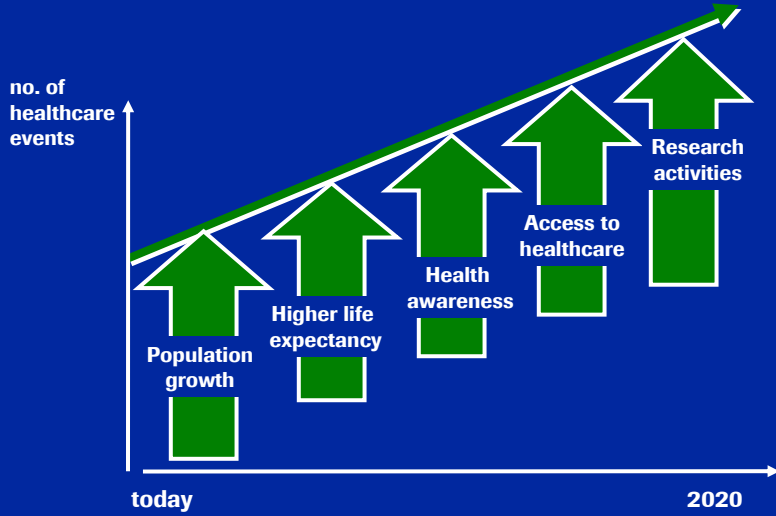
# No change from the past: Health remains a basic need of mankind



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

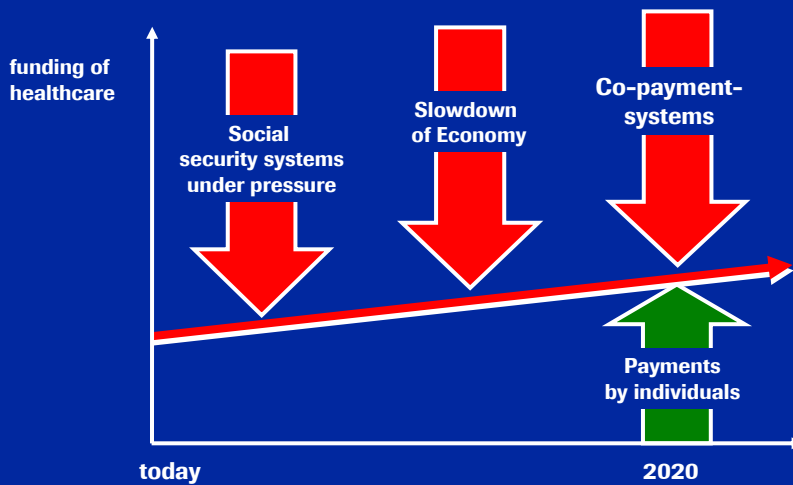
*No change from the past:*

**There is an big increase in demand for healthcare**



*Will become even tougher:*

**There are not enough funds to pay for all demands**

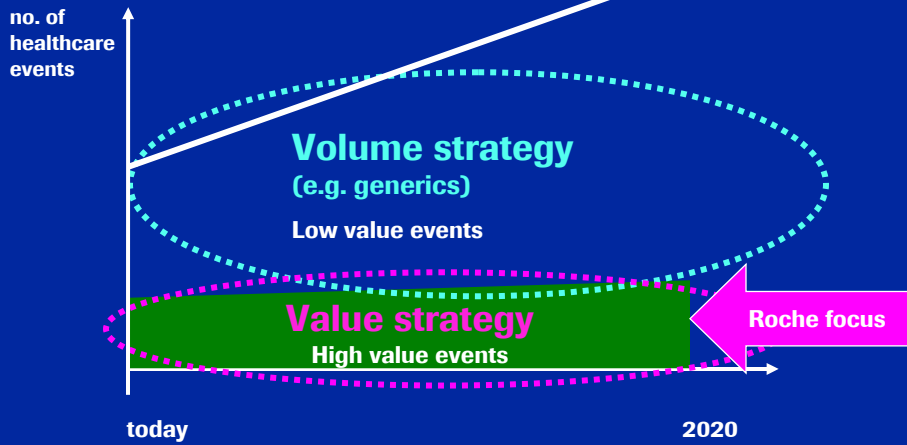


**Cost pressure a reality today and even tougher in the future**

*The Roche assessment*



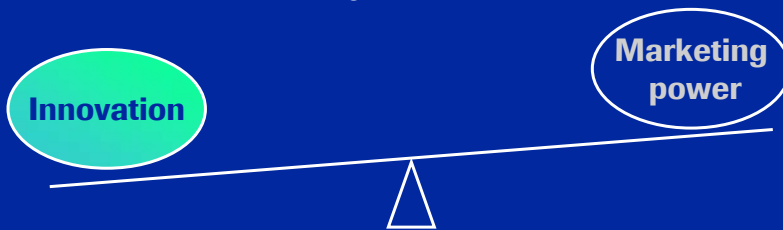
**The healthcare market will split into a low value and a high value segment**



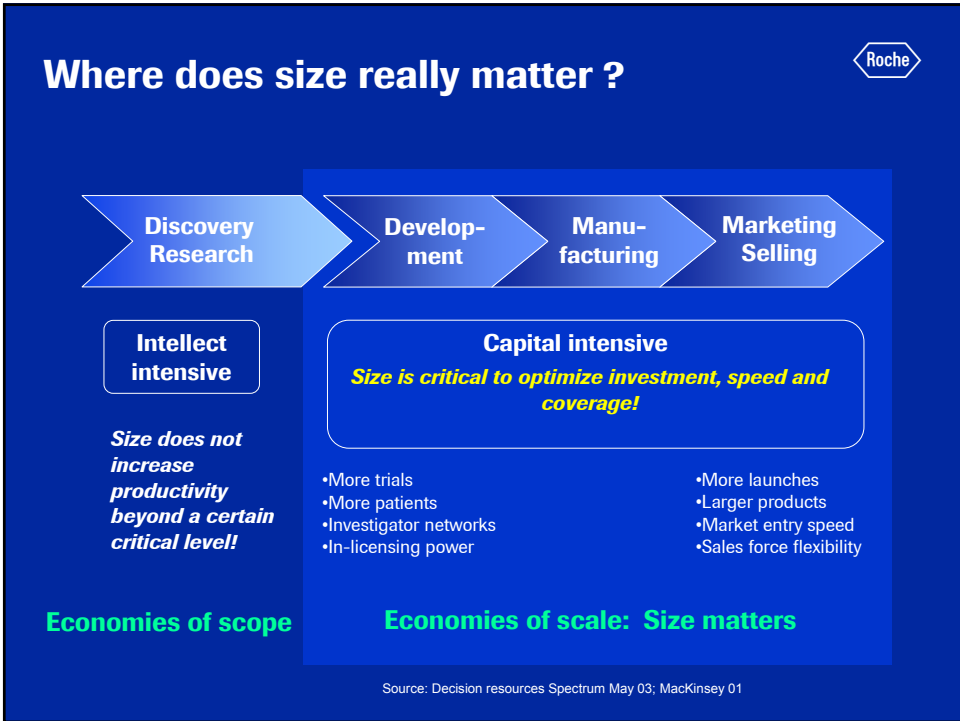
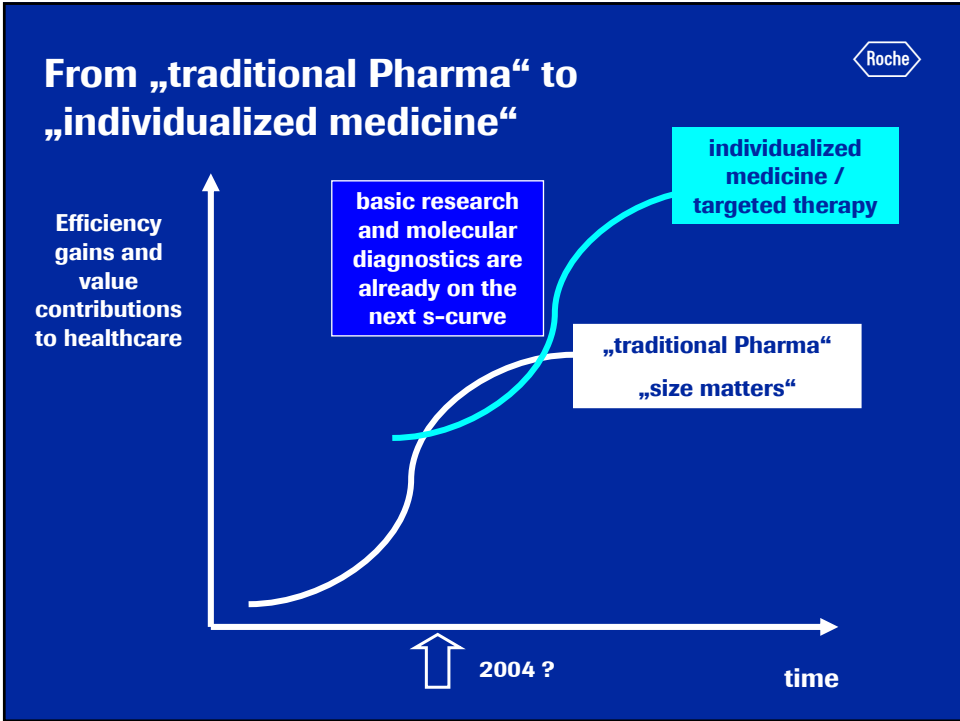
**Roche strategic choice: Innovation is key !**



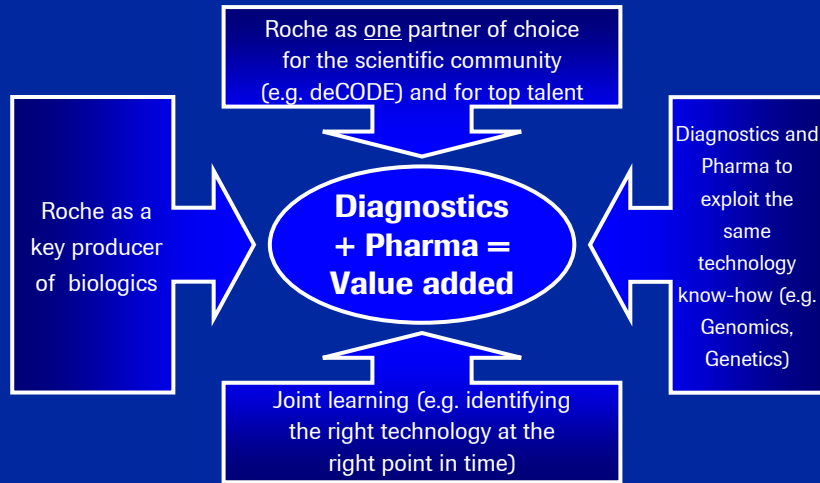
Only if we create relevant proven benefit for the customer  
= medically differentiated products  
we will be able to create high value returns



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

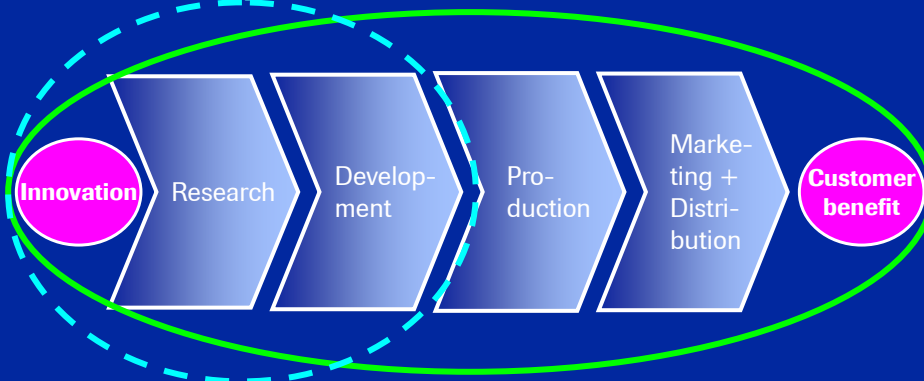


## We are open to innovation generated by third parties

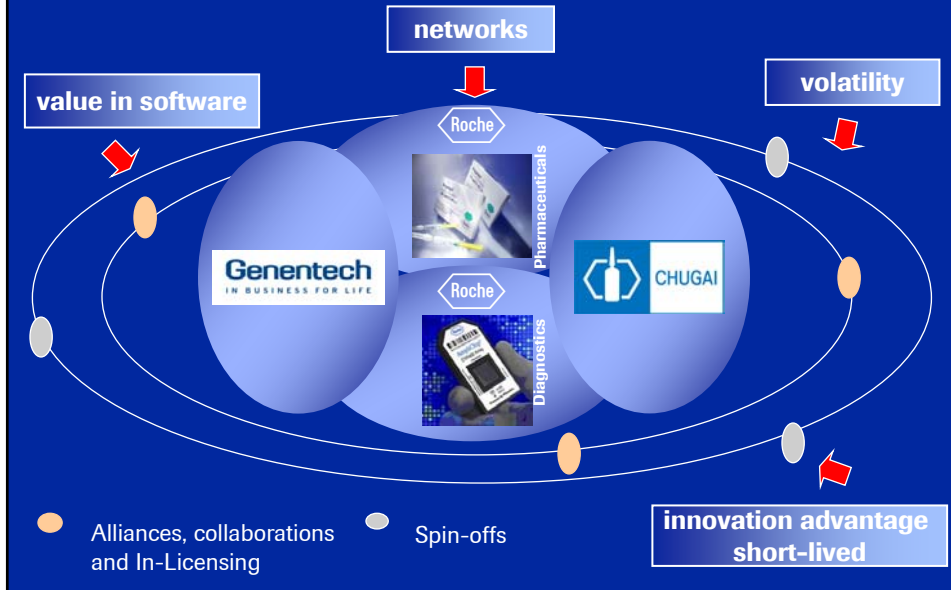


"Biotech" companies

"Pharmaceutical" companies



# The unique Roche innovation cosmos

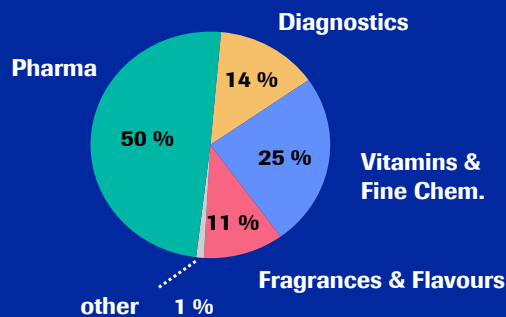


# Roche is actively shaping its future



... 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
- Novuspharma
- Fragrances & Flavours;**
- Givaudan (2000)**
- Basilea
- BioXell
- Vitamins & Fine**
- Chemicals (2003)**
- RCH (2004)**

## Roche is now the most focused global healthcare Group

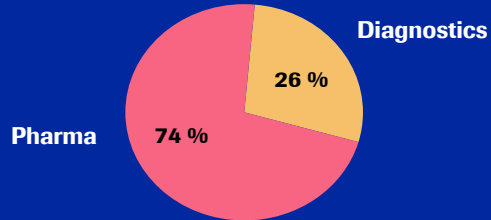


### + Acquisitions

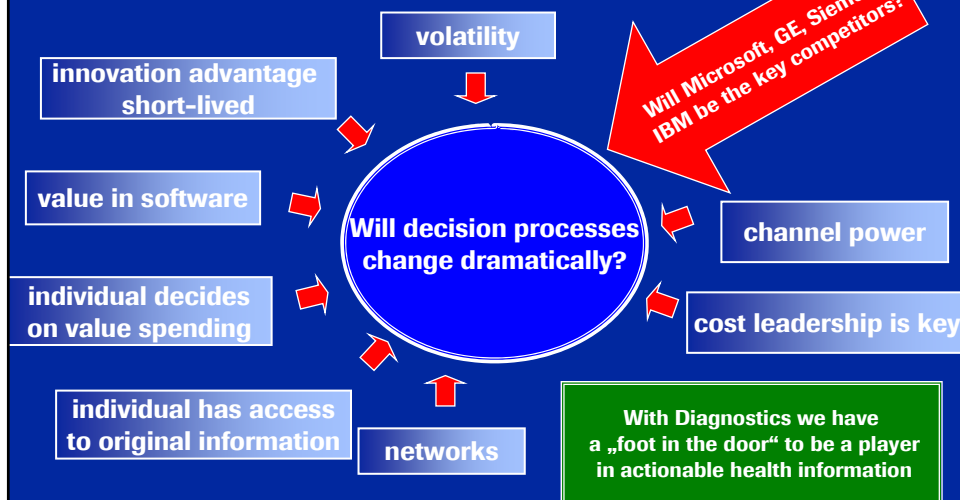
**Genentech (1990)**  
 Nicholas  
 FDO  
**PCR (1991)**  
 CompuChem  
 Fisons  
**Syntex (1994)**  
 MFA  
 OTC F//RP  
 Tastemaker  
**Boehringer Mannheim (1997)**  
 AVL  
**Chugai (2002)**  
**Disetronic (2003)**  
**IGEN (2004)**

### Result 2003

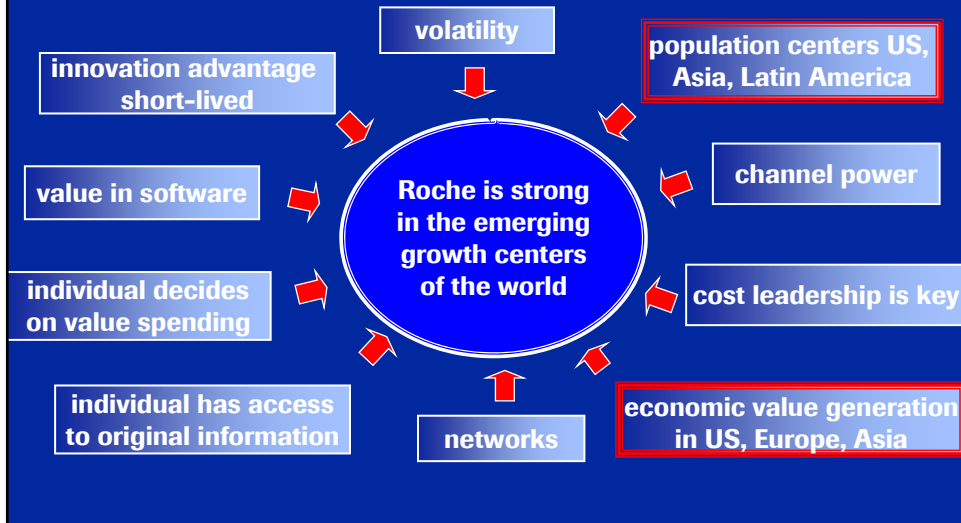
CHF 29.0 billion



## A lot is speculated about the fight for „information leadership“ in healthcare



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



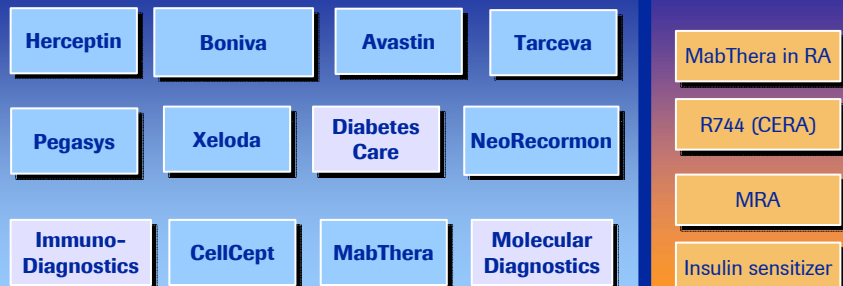
## Roche has a unique profile for investors



### Roche: unique geographic risk diversification



### Roche: unique "pillars of value" risk diversification



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

