

## German roadshow - Frankfurt Vontobel- May 2008

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Committee and CFO*



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- 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, including without limitation negative results of clinical trials or research projects, unexpected side-effects of pipeline or marketed 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 and news coverage.

Any statements regarding earnings per share growth is not a profit forecast and should not be interpreted to mean that Roche's earnings or earnings per share for this year or any subsequent period will necessarily match or exceed the historical published earnings or earnings per share of Roche.

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## Performance up-date

### Our priorities

## Q1 2008: Outperforming in our markets

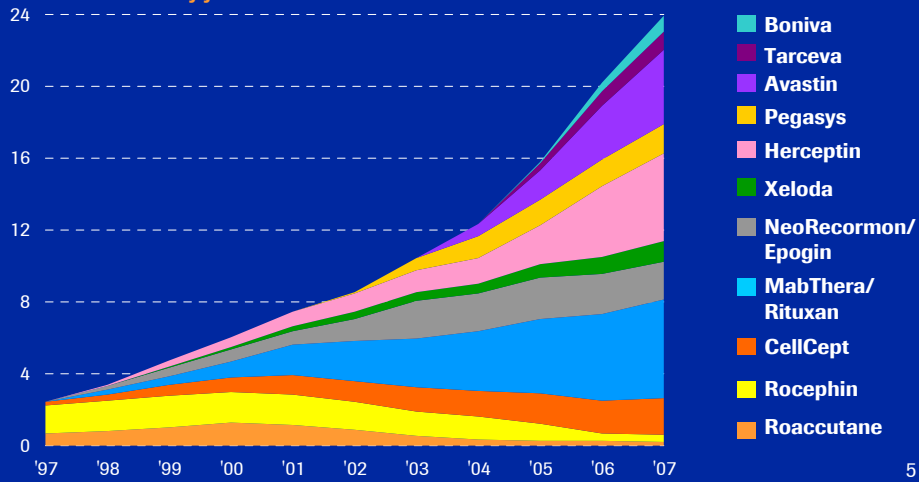
CHF bn	Q1'07	Q1'08	% change in		USD growth
			CHF	local	
Pharmaceuticals	9.1	8.6	-6	1	8
excl. Tamiflu pandemic	8.4	8.5	2	9	17
Diagnostics	2.2	2.3	3	9	19
<b>Roche Group</b>	<b>11.4</b>	<b>10.9</b>	<b>-4</b>	<b>2</b>	<b>10</b>
excl. Tamiflu pandemic	10.6	10.8	2	9	17

## Differentiated and rejuvenated product portfolio

From 1 to 9 products with sales at or above CHF 1 billion



Pharmaceuticals key products (CHF billion)  
By year of market introduction

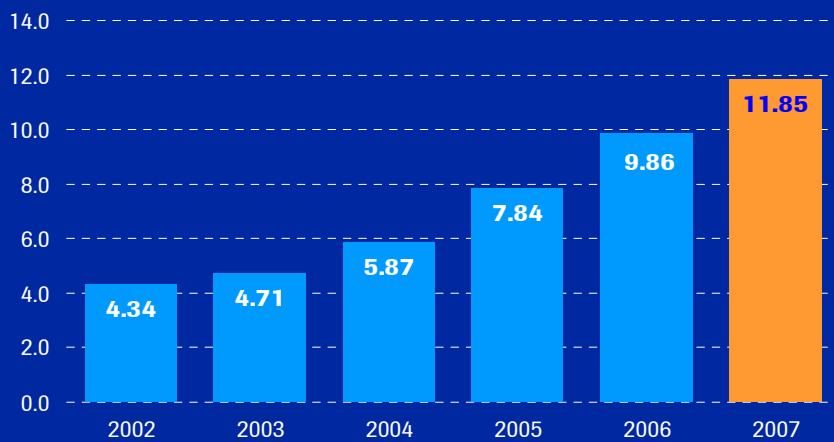


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## Core EPS continued to rise rapidly



CHF Core EPS CAGR<sup>1</sup> ('02 - '07): 22%

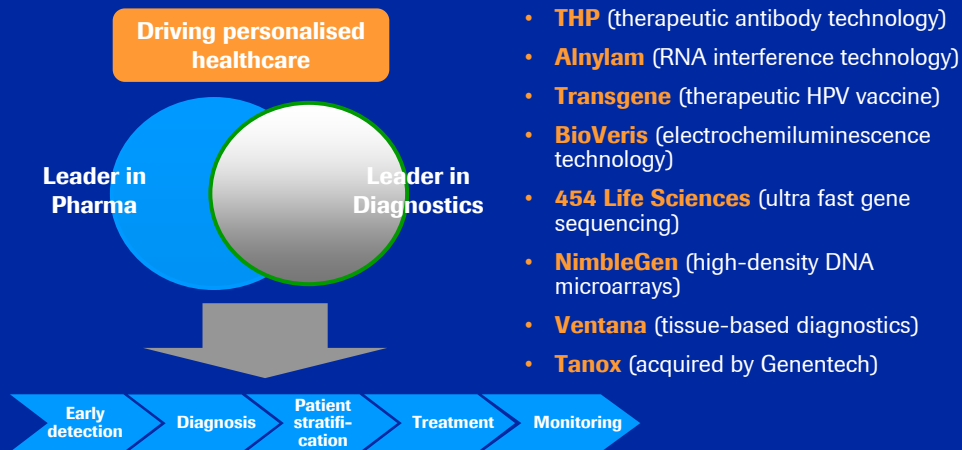


<sup>1</sup> Compound Annual Growth Rate

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## Strategic acquisitions and portfolio enhancements

*Committed to technology leadership*



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## 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

Barring unforeseen events

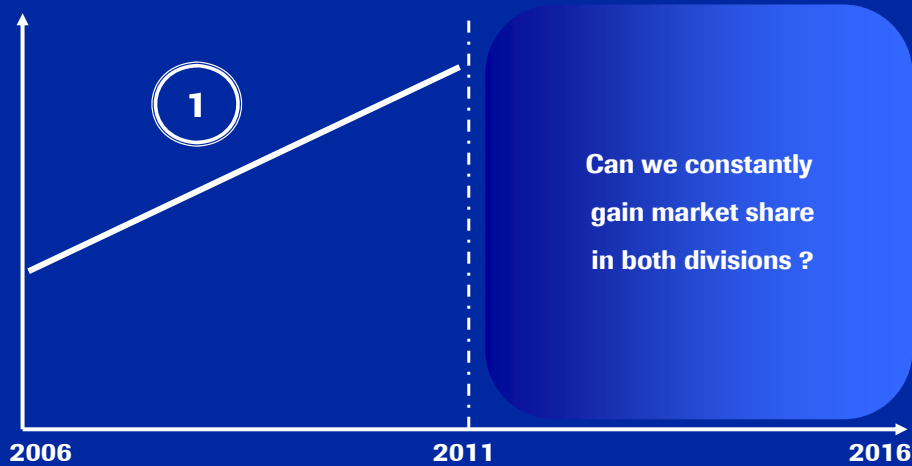
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## Performance up-date

## Our priorities

## Roche Challenge # 1

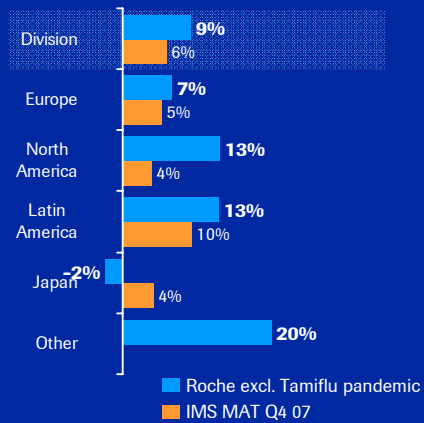
*Achieve above peer level sales growth for both divisions*



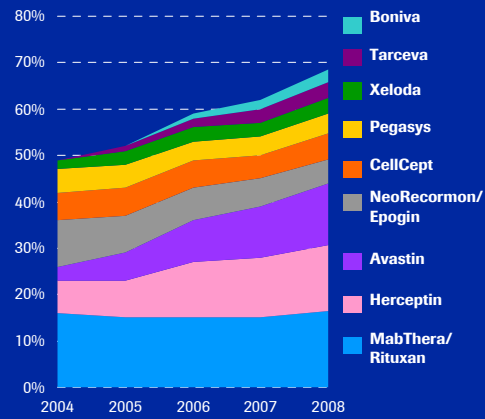
## Q1 2008: Continuing to outperform the market



### Local sales growth

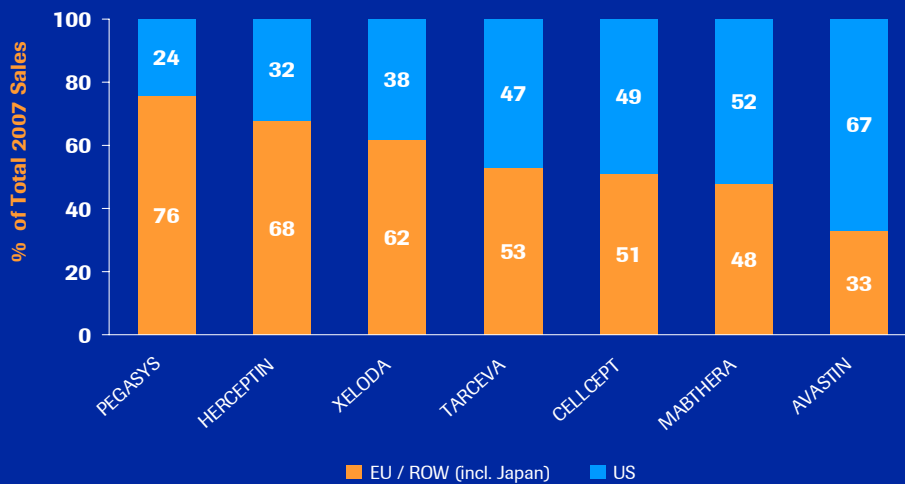


### % Key products of total pharmaceutical sales



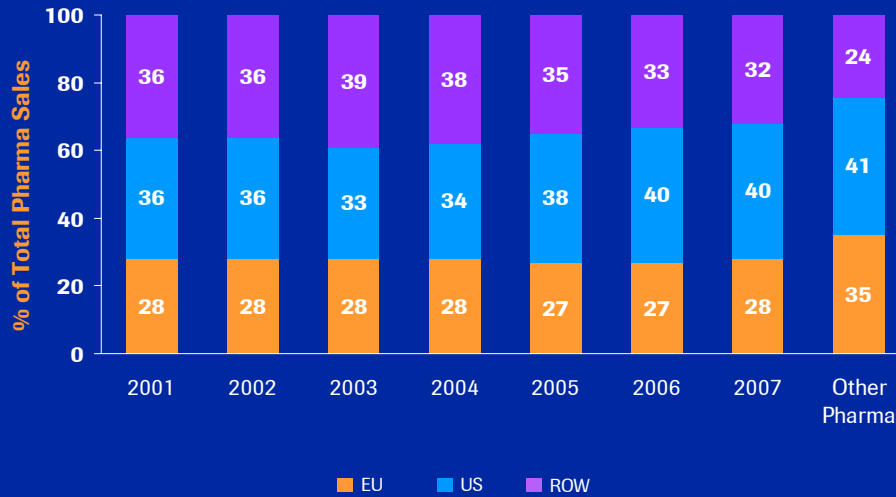
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## Major growth opportunities outside the US



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## A well balanced geographic split ROW of continued importance



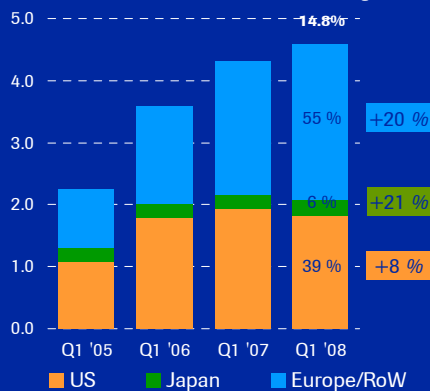
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## Oncology: Europe/RoW particularly strong

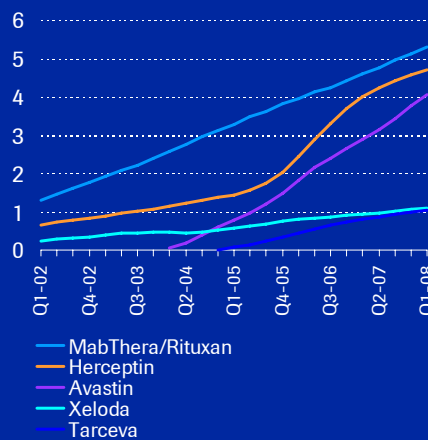


CHF bn

Q1 '08 vs. Q1 '07  
local growth



Sales, key oncology products  
(MAT, CHF bn at Q1-08 avg. exchange rates)



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# Our oncology strategy: Setting new standards of care

*New tumor types, new combinations, new lines of intervention*



Clinically differentiated product

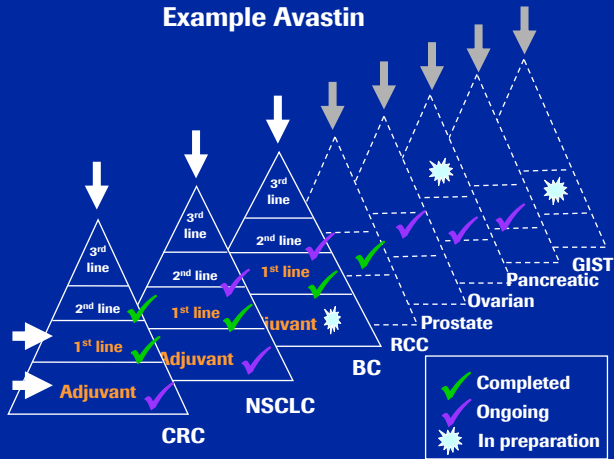
target all tumor types

target all possible combinations

target earlier (adjuvant) intervention

Superior outcome for patients

Example Avastin



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# Avastin still early in its journey

*Realising full potential across tumour types*



Tumour

Early/adjuvant  
(Potential for cure)

Advanced/metastatic  
(Extending life)

1<sup>st</sup>-line of treatment

2<sup>nd</sup>-line of treatment

Colon/rectal	Phase III (AVANT, NSABP C-08, E5202, E5204)	Launched [EU, US, JP; broad label in 1st and subsequent lines]	
Lung (NSCLC)	Phase III (E1505)	Launched [EU majority of chemos, US carboplatin/paclitaxel]	Phase III (BETA Lung w/Tarceva)
Breast (HER2-)	Phase III (BEATRICE, E5103)	Launched [EU paclitaxel] Phase III (AVADO, RIBBON-1)	Phase III (RIBBON-2, incl. w/Xeloda)
Breast (HER2+)	Phase III (BETH w/Herceptin)	Phase III (AVEREL w/Herceptin)	-
Kidney (RCC)	-	Launched [EU; with interferon]	

Avastin also trialed in gastric, ovarian, prostate, aNHL, and brain (GBM)

(Trial names) [Approval status]. More trials are ongoing than listed above.

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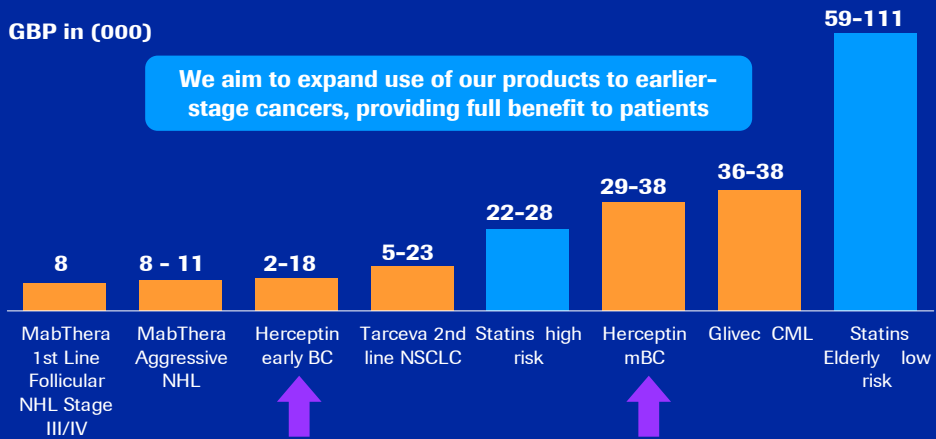
## Funding

Roche oncology products are cost-effective



Cost per QALY for selected drugs (UK data – NICE/SMC)

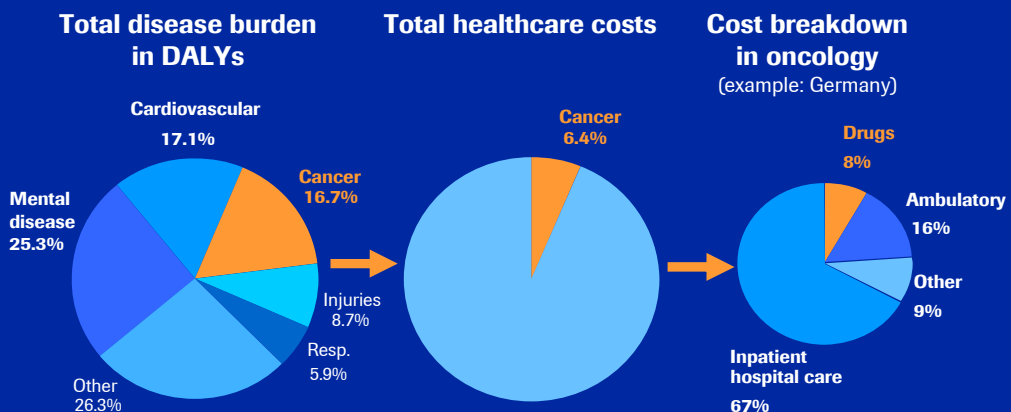
GBP in (000)



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## Oncology is still dramatically under funded

Compared to other disease areas

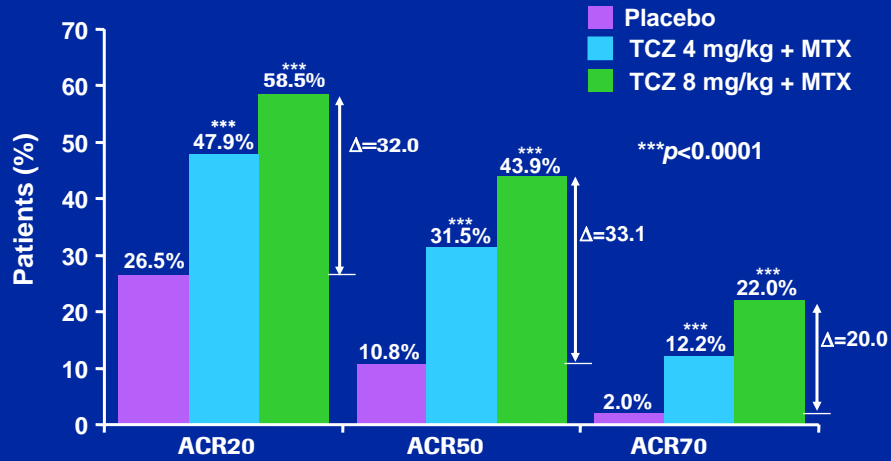


Source: A pan-European comparison regarding patient access to cancer drugs, Karolinska Institute  
DALY: Disability-Adjusted Life Years, figures from 2002/3; Commonly used measure of the burden of disease

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## Actemra: Significant clinical benefit

Strong improvement also at higher ACR scores



Source: Roche's OPTION trial. All comparisons are to placebo + MTX  
Cochran-Mantel-Haenszel analysis was used to calculate p-values

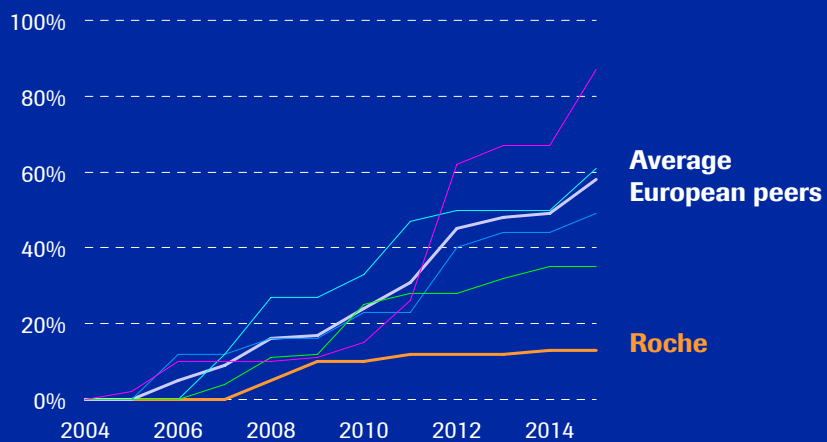
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## Roche has a low exposure to generics

Long-term sustainable business



### Sales erosion due to generisation (% of 2004 sales)



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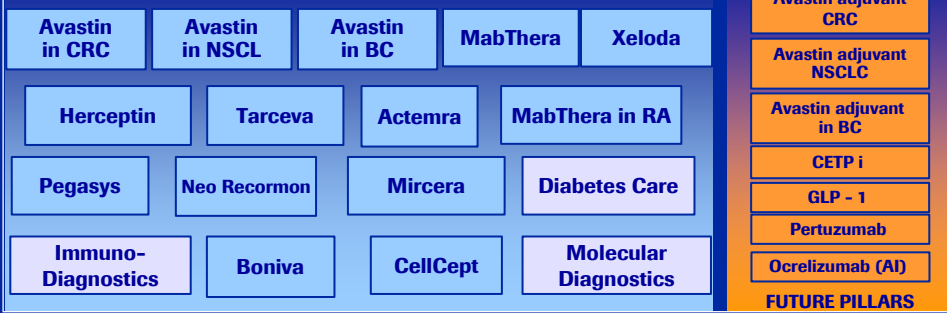
## Roche has a unique „investment case“



### Roche: Unique geographic risk diversification



### Roche: Unique “pillars of value” risk diversification



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## The short/medium term *sales* perspective



### Challenge # 1:

Achieve above industry-standard sales growth

### Conclusion # 1:

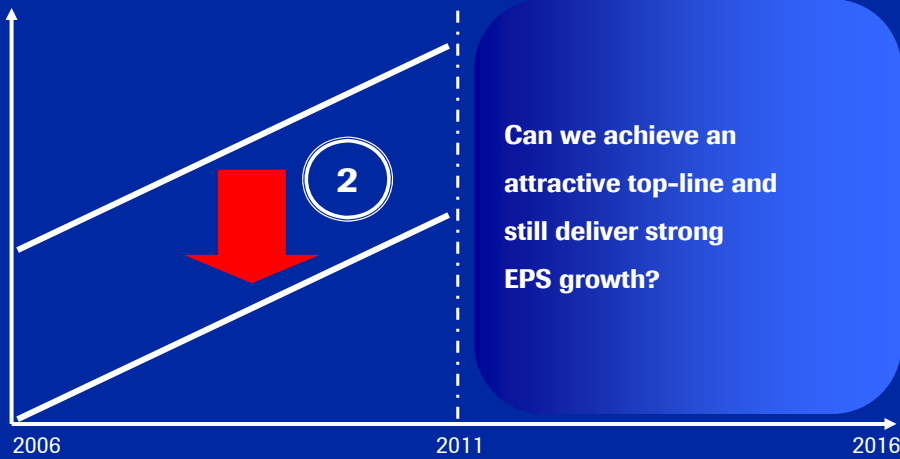
Roche wants to maximize assets on hand –  
and to translate value opportunities into reality



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## Challenge # 2

*Turn attractive top line into attractive bottom line*



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## Doing the right things *right*

*Three focus areas*



- **People are key!**

Activate potential and constantly educate: to learn faster than our competitors is the only sustainable factor of success!

- **The right “quantum” size for Roche ?**

Fixed cost versus variable cost

- **Operational productivity**

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## Activate our employees' potential

*Constant education to overcome fear of change*

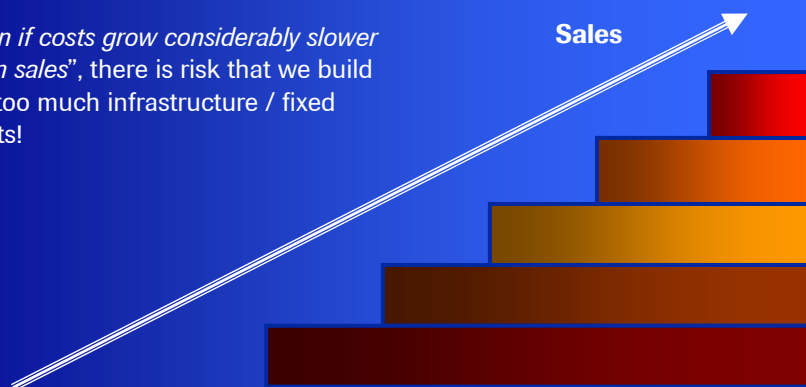


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## What is the right quantum size for a “sustainable” Roche?



*Even if costs grow considerably slower than sales”, there is risk that we build up too much infrastructure / fixed costs!*

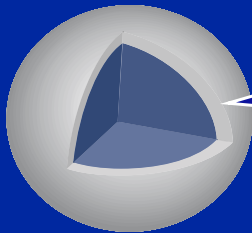


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## Constantly improving operational productivity



Operational productivity is an important key enabler for the Roche Group



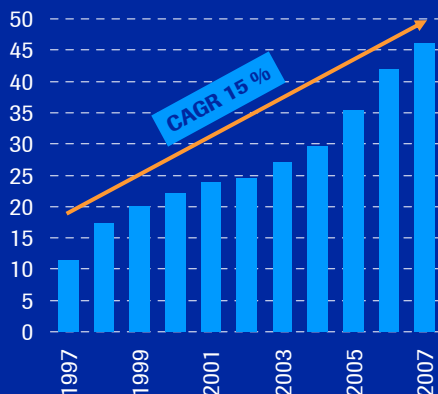
We must become better and cheaper in whatever we do!

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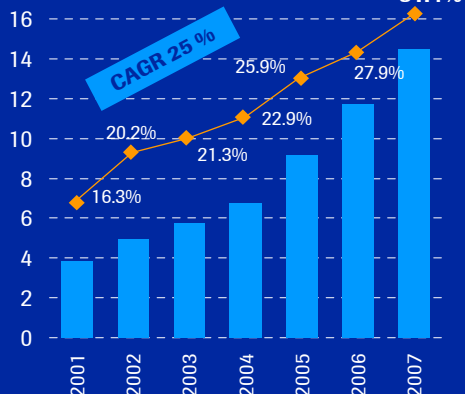
## Focus on differentiated products paying off *Outstanding long-term value creation*



Group sales<sup>1</sup> (CHF billion)



Group operating profit<sup>2</sup> (CHF billion)

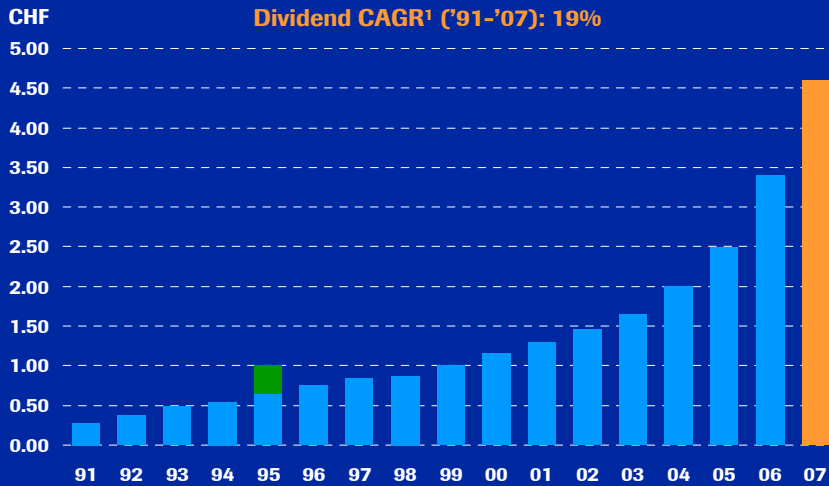


Continuing to focus on our core assets

<sup>1</sup> Prescription and Diagnostics  
<sup>2</sup> Continuing businesses, before exceptional items

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



<sup>1</sup> Compound Annual Growth Rate.  
1995 includes centenary bonus. 2007 Dividend: Proposed by the Board of Directors.

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## Short/medium term *bottom-line* perspective



### Challenge # 2:

Achieve above industry-standard value creation

### Conclusion # 2:

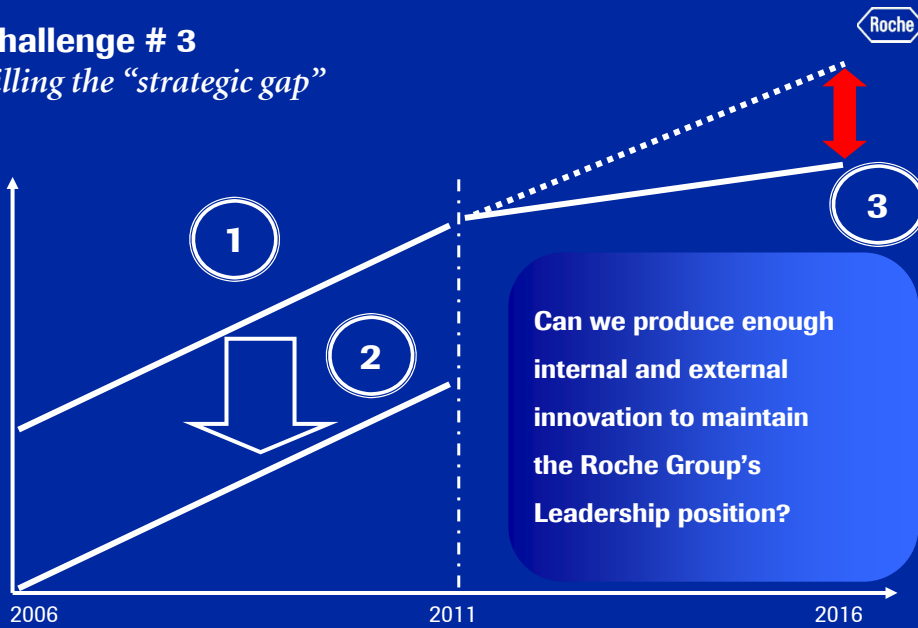
Roche has many programs running to ensure above industry standard EPS-growth



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### Challenge # 3

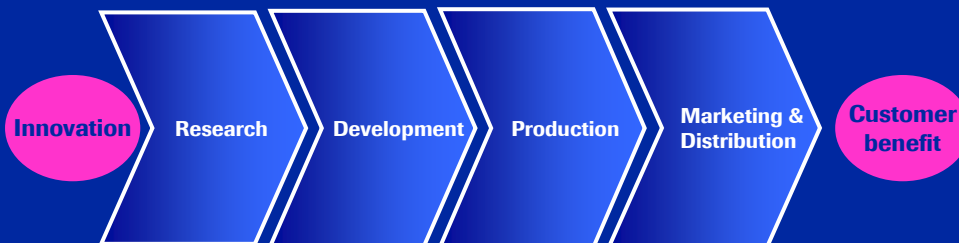
*Filling the “strategic gap”*



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### Sustainable leadership

*How can we constantly provide benefit to customers?*

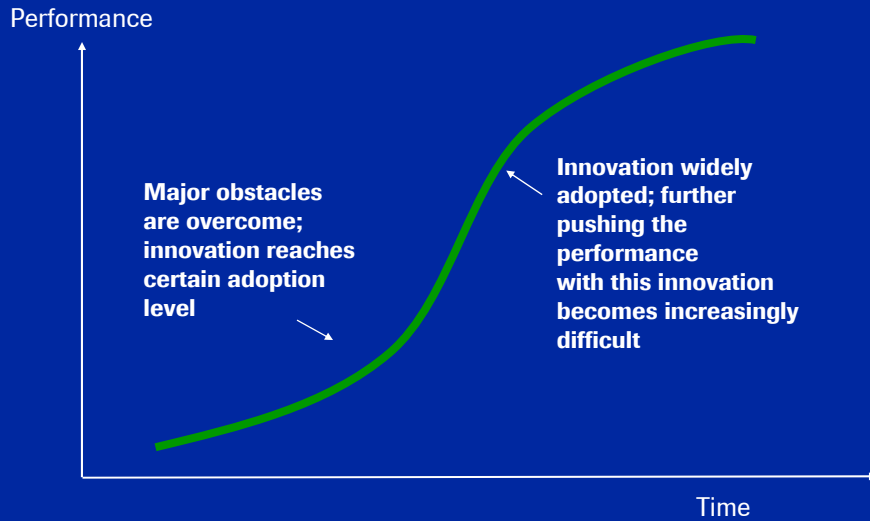


Which degree of innovation (= medical differentiation) is necessary to jump regulatory and reimbursement hurdles?

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## Innovation and Change Management

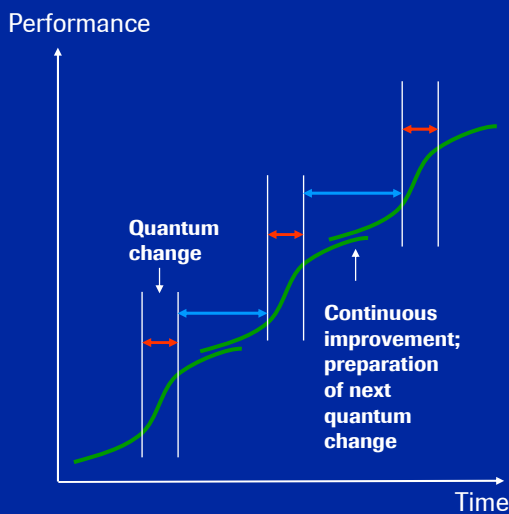
*Performance improvements are not linear*



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## Large-Scale Transformation

*Requires multiple S-Curves building on each other*

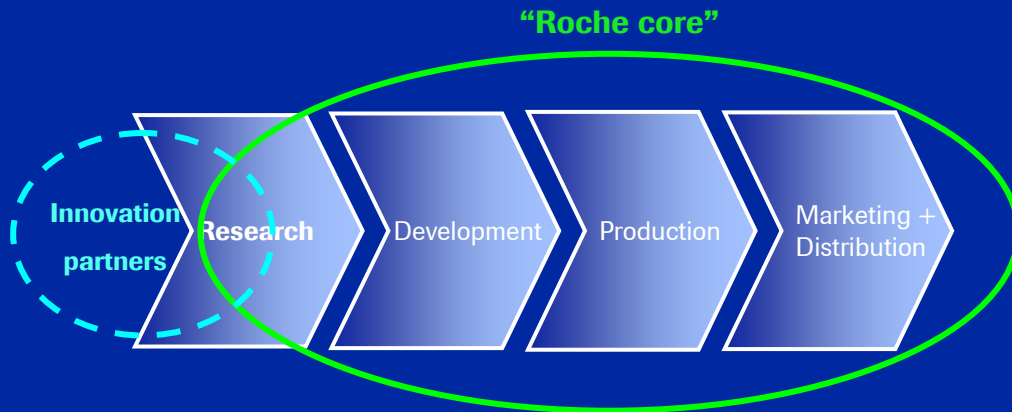


- Critical for large scale transformation is that major innovations build on each other
- Combination of quantum-leap progress and continuous improvement
  - Organisation needs a major step change every few years followed by a period of stability to digest, optimize and continuous improvements

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## The Roche “hub & spoke”-model:

Roche controls the global value chain, but is open for Research partnerships



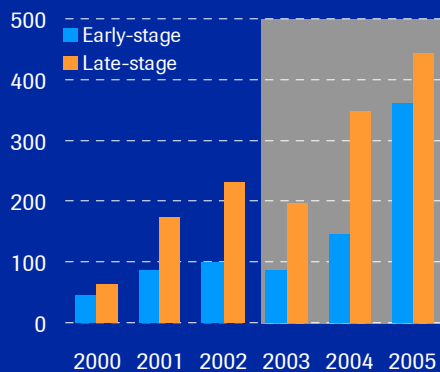
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## Access to Innovation is key - competition growing

Costs of third party innovation is raising steeply!



Average cost of in-licensing (Rx), \$m



- Average cost of in-licensing deals rose 40% (CAGR) since 2000
- By 2010, 40% of Pharma peers' revenues expected to come from external sources of innovation

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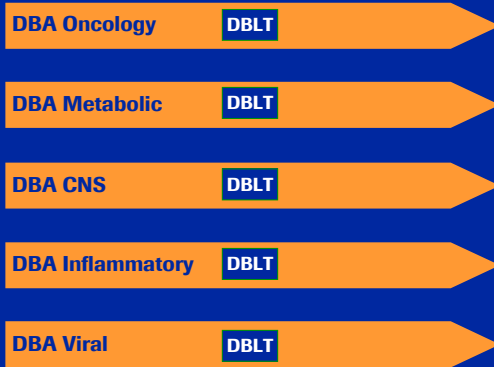
# Roche 2015: Disease Biology Areas (DBAs)



*Alignment and focus*

## Disease Biology Areas

Idea ←————→ Market



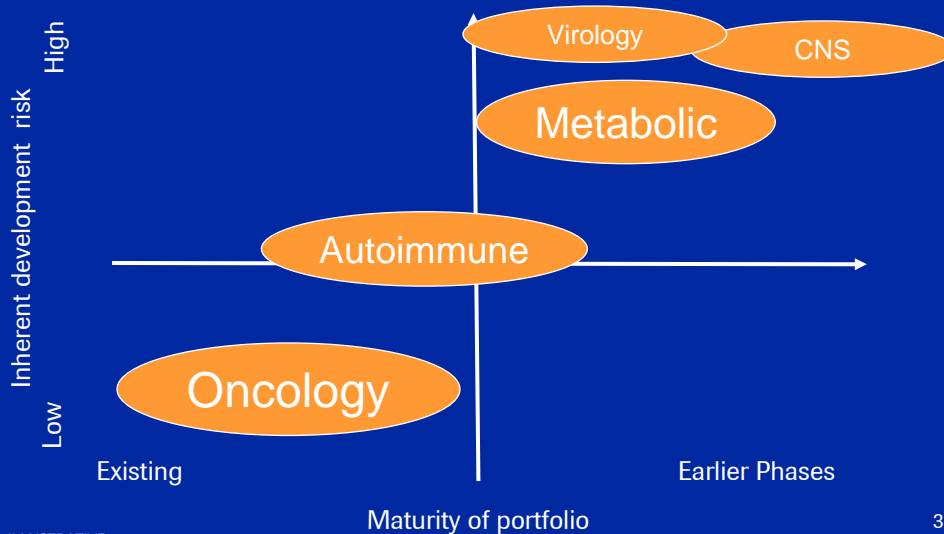
- Focus on five DBAs
- Decisions made by Disease Biology Leadership Teams (DBLTs) against measurable metrics
- **Up to Proof of Concept:** DBLTs manage compound progression within respective DBA
- **After Proof of Concept:** DBLTs responsible for conducting scientific/ medical reviews and providing options to Pharma Leadership Team

- Clear focus
- More independent and flexible disease areas
- Faster and simpler decision processes

# Key drivers for long term development in place



*Develop the short term drivers while shaping the others*



ILLUSTRATIVE

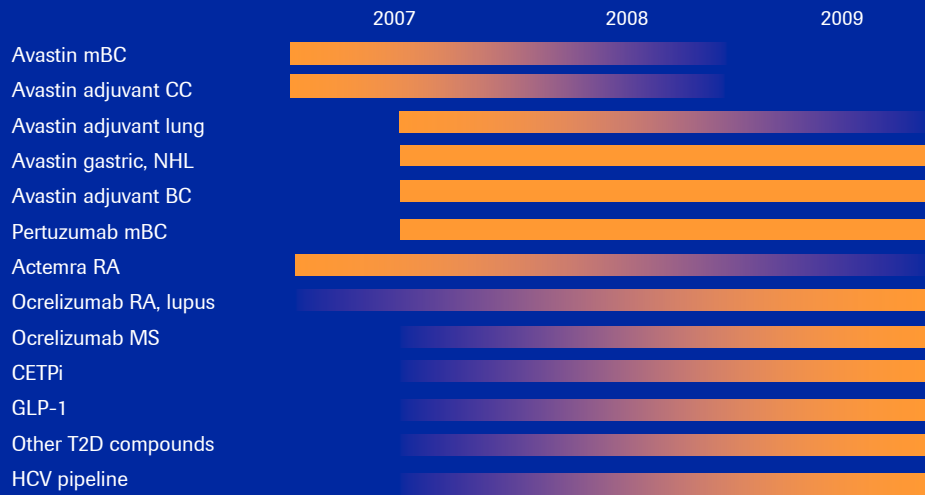
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## Major phase III commitments – large investments



*Additional large phase III trials started or starting soon*

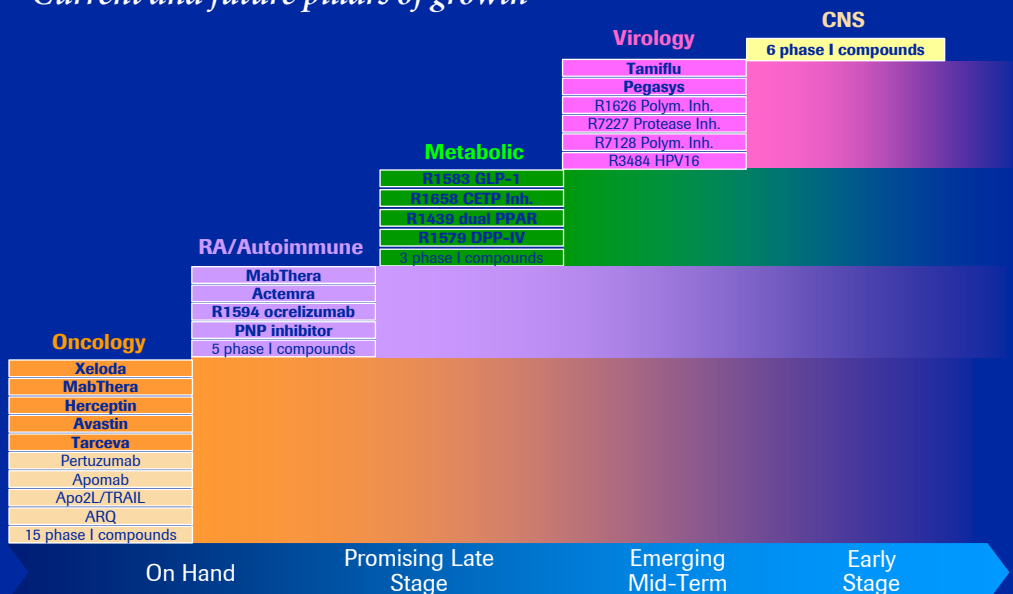


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## Roche key therapeutic areas



*Current and future pillars of growth*



**Long-term perspective**  
*Roche 2015 is a crucial platform*



**Challenge # 3:**  
**Filling the value gap**



**Conclusion 3:**  
With Roche 2015 we have the right platform in place  
to identify the right priorities

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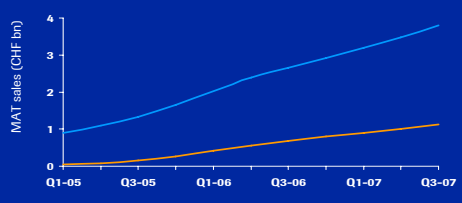
*We Innovate Healthcare*



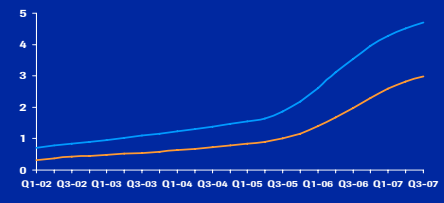
# Key products on growth path

*New indications provide fresh growth opportunities*

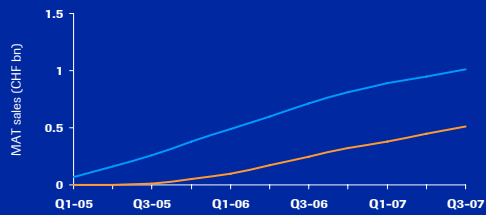
## Avastin



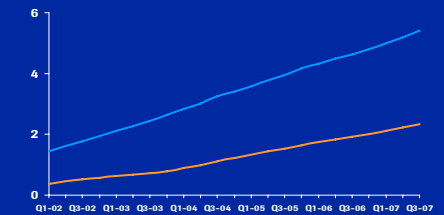
## Herceptin



## Tarceva



## MabThera



■ Pharma Division sales  
■ Roche Pharma sales

MAT = Rolling 4 quarter sales at avg. YTD Sept. '07 exchange rates