

Basel, 15 April 1999

Sustained dynamic growth

The Roche Group posted consolidated sales of 6.4 billion Swiss francs for the first three months of 1999, an increase over the year-earlier figure of 4 percent in Swiss francs and 6 percent in local currencies. Roche thus sustained its dynamic growth through the first quarter of the year. The pharmaceuticals division posted double-digit growth. While the vitamins and fine chemicals division continued to be subject to strong price pressure, sales by Roche Diagnostics again outpaced market growth.

Breakdown of sales by division

January - March	1999	1998	Percentage change	
	mCHF	mCHF	in CHF	In local currencies
Pharmaceuticals	3,864	3,579	8	10
Diagnostics	1,184	1,129	5	6
Vitamins and fine chemicals	853	940	-9	-7
Fragrances and flavours	507	530	-4	-2
Sales	6,408	6,178	4	6

Pharmaceuticals: Ahead of the global market, with a substantial boost from new products

Compared with the year-earlier figures the pharmaceuticals division increased sales by 8 percent in Swiss francs and 10 percent in local currencies. The division's growth is thus substantially ahead of the world market. This performance compares all the more favourably with that of the first quarter of 1998 when the basis effect due to the phased reversion, from the second quarter of 1998, of Neupogen sales to Amgen and the divestment in October 1998 of products generating sales of around 100 million Swiss francs is taken into account.

Driven by successful launches of numerous new products, sales of prescription drugs outpaced the market, with the division's top-selling products, Rocephin, Dormicum/Versed and Roaccutane/Accutane, all showing strong growth. Of our five most important markets, the United States, France and Japan posted double-digit growth in local currencies.

Just months after being launched on the market, Xenical, Roche's novel medicine for the management of obesity and obesity-related health risks, is already making a substantial contribution to sales growth. Sales of the product, which is currently available in 18 countries, have markedly exceeded expectations in Europe, Latin America and New Zealand. Roche expects Xenical's US launch to provide an even stronger impetus to growth. Roche is confident of receiving FDA approval for the product in the United States in the current quarter.

Sales of the anti-HIV product Viracept, which is now available in over 30 countries, again showed significant growth. Fortovase, a new, more potent formulation of Invirase, has now received regulatory approval in the United States, the European Union, Australia, Canada, Switzerland and a number of other countries, and market reception has been very good. Roche also successfully launched two new oncology products, Mabthera, for the treatment of non-Hodgkin's lymphoma, and Xeloda, a novel treatment for breast cancer. Sales of CellCept and Zenapax, two drugs for prevention of acute kidney transplant rejection, maintained their healthy growth. CellCept, which is available on the hospital market in over 40 countries, continued to post high double-digit sales growth. Zenapax received marketing approval from the European Commission at the beginning of March. Zenapax has been available in the United States since December 1997 and in Germany since March 1999.

In a generally stagnant global market, sales by our OTC subdivision, Roche Consumer Health, were down slightly on the previous year. The fall is largely due to the currency devaluation in Brazil, an important market. While sales downturns had to be absorbed in certain European markets, there were signs of recovery in South-East Asia. Sales of the analgesic Aleve developed well following its launch in the Netherlands and Argentina.

Roche Diagnostics: Outpacing market growth

Compared with its strong performance in the first quarter of 1998, Roche Diagnostics posted sales growth of 5 percent in Swiss francs and 6 percent in local currencies. Against a background of pricing pressures and virtual stagnation, sales in all key countries outpaced the market. The division was able to further enhance its leadership thanks to a balanced portfolio and innovative products.

Sales by Roche Laboratory Systems, a leader in developing new technologies and integrated processes for the clinical laboratory, rose 3 percent in local currency terms in a saturated market. The immunodiagnostics segment made a substantial contribution to growth.

Roche Patient Care, the business unit that manufactures leading product lines for diabetes monitoring and innovative tests for use in the doctor's office or patient's home, posted sales gains of 7 percent in local currencies. With the launch of the Comfort Strip test strip Roche Patient Care will further expand its leadership in the diabetes market.

Sales of Roche Molecular Systems' PCR-based products were up 21 percent in local currencies. Continued rising demand for tests for infectious diseases, particularly Amplicor HCV and Cobas Amplicor HIV Monitor, contributed to this performance.

Roche Molecular Biochemicals, which manufactures reagents and systems for research-based industrial customers, increased its sales by 9 percent in local currency terms. The research segment, which accounts for 75 percent of sales, posted double-digit growth.

Vitamins and fine chemicals: Intensified price pressure

Sales by the vitamins and fine chemicals division were down 9 percent in Swiss francs — 7 percent in local currencies — on the year-earlier figures. The continuing intensification of competition has increased price pressure, particularly for the fat-soluble vitamins A and E, but also for water soluble vitamins. Although sales in the United States and Europe fell substantially as a result of a decline in both volumes and prices, there were signs of recovery in the Asia-Pacific region. Sales of citric acid and Parsol MCX, a sunscreen agent used in cosmetics, showed a positive trend.

Fragrances and flavours: Sales down slightly

Sales by the fragrances and flavours division were down slightly on the strong performance posted in the first quarter of 1998, falling 4 percent in Swiss francs and 2 percent in local currencies. This reflects market saturation and a cautious approach by customers to new product launches in an uncertain economic climate. Although the fragrances business was hurt by the economic downturn, flavour sales surpassed last year's good performance.