



**Roche**  
*Full Year 2003*

**Presentation to analysts**  
*Basle, London, New York*



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



**Group**

**Dr. Franz B. Humer**  
*Chief Executive Officer*

## Significant progress in 2003



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## 2003: Major steps in corporate governance and transparency



- New composition of the Board - non-executive members will hold the majority
- Independent Lead Director to be appointed
- Further improved transparency
  - individual remuneration (salaries, bonus, options) of CEC members
- Sustainability web-site and annual sustainability report launched
- New income statement format - improved comparability of current and future results

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## 2003: Sales growth above market ...in both divisions



	2002 CHF billion	2003 CHF billion	% change in CHF local	
<b>Pharmaceuticals</b> <sup>1</sup>	<b>18.9</b>	<b>21.6</b>	14	23
Prescription <sup>1</sup>	17.3	19.8	14	23
OTC <sup>2</sup>	1.6	1.8	12	17
<b>Diagnostics</b>	<b>7.2</b>	<b>7.4</b>	3	8
<b>Sales of core businesses</b> (continuing businesses) <sup>1</sup>	<b>26.1</b>	<b>29.0</b>	11	19
Vitamins & Fine Chemicals (discontinuing businesses) <sup>3</sup>	3.4	2.3	-33	-28
<b>Roche Group</b> <sup>1,3</sup>	<b>29.5</b>	<b>31.2</b>	6	13

<sup>1</sup> Chugai is consolidated since October 1<sup>st</sup> 2002

<sup>2</sup> consists of Roche OTC and Chugai OTC (since October 1<sup>st</sup> 2002)

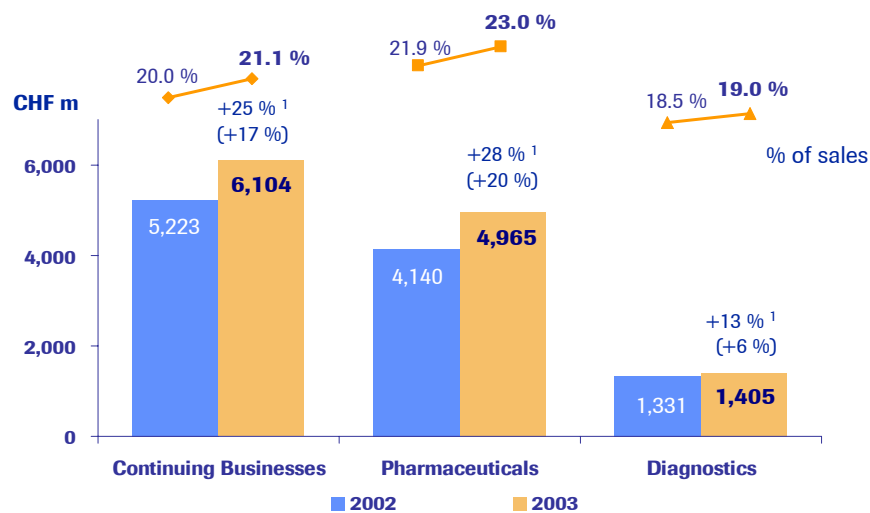
<sup>3</sup> until September 30<sup>th</sup> 2003

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## 2003: Operating profit of Pharma & Diagnostics



*Double digit growth - further improvement in margins*

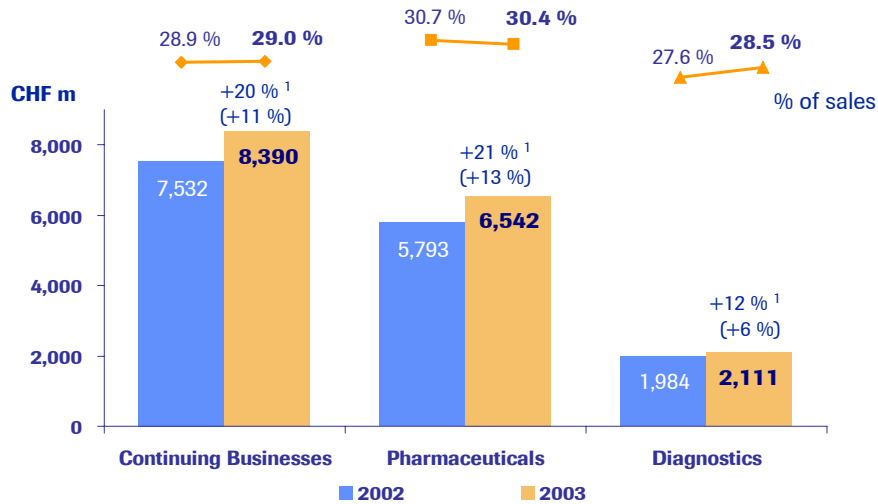


<sup>1</sup> local growth, (growth in CHF)

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## 2003: EBITDA of Pharma & Diagnostics

*Double digit growth - high gross cash generation*



<sup>1</sup> local growth, (growth in CHF)

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## 2003: Group financials

*Firmly advancing on margin targets*



	Pharma & Dia <sup>1</sup>			Group		
	CHF billion	% change CHF	% change local	CHF billion	% change CHF	% change local
<b>Sales</b>	28,960	+11	+19	31,220	+6	+13
<b>EBITDA<sup>2</sup></b>	8,390	+11	+20	8,609	+8	+16
<i>% of sales</i>	29.0	+0.1 p		27.6	+0.5 p	
<b>Operating profit before exceptional items<sup>2</sup></b>	6,104	+17	+25	6,268	+15	+24
<i>% of sales</i>	21.1	+1.1 p		20.1	+1.6 p	
<b>Operating profit</b>	5,823	+28	+37	5,592	+319	+350
<i>% of sales</i>	20.1	+2.7 p		17.9	+13.4 p	
<b>Net income</b>	3,292	-		3,069	-	
<i>% of sales</i>	11.4	+15.4p		9.8	+23.5p	
<b>EPS diluted (CHF)</b>	3.87	-		3.61	-	

<sup>1</sup> continuing businesses

<sup>2</sup> earnings before exceptional items and interest and other financial income, tax, depreciation and amortisation, including impairment

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## 2003: Significant progress in Finance and Treasury



- EBITDA of the core businesses increased from CHF 7.5 billion to CHF 8.4 billion
- Debt substantially reduced by CHF 7.1 billion
- Improved maturity profile of debt structure
- Increase in net liquidity from CHF 0.6 billion to CHF 5.9 billion
- Risk profile significantly reduced by lower exposure to equities - from CHF 3.7 billion to CHF 1.4 billion
- Equity ratio (including minority interests) up from 40 % to 49 %

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## 2003: Core businesses strengthened



- Vitamins divested as of Q3 '03
- Chugai integration finalized
- Good progress in integration of Disetronic
- Completion of Igen acquisition expected mid-February 2004
- More than 45 new agreements with biotech companies<sup>1</sup>

<sup>1</sup> Affymetrix, Nippon Shinyaku, ParAllele, BioScience, Maxygen, Aspreva, Cardion, Memory, etc.

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## 2003: A successful year for Roche R&D



*We received 4 of the 34 FDA approvals<sup>1</sup>*

### Pharma

- 10 NDA and line extension approvals obtained (14 including partners)
- 8 NDA and line extension submissions filed (11 including partners)
- 61 new molecular entities in the pipeline
- 3 products decided to move into phase III
  - CERA, MRA, MabThera in RA

### Diagnostics

- 61 FDA approvals
  - 34 new products, 27 updates
- 29 approvals in Japan
  - 16 new products, 13 updates
- 47 new approvals in EU
- Complete IVD portfolio (>1570 products) obtained CE mark\* prior to December deadline to meet change in EU regulations



**All expected approvals obtained,  
all submissions filed as planned**

<sup>1</sup> Boniva, Fuzeon, Raptiva, Xolair of total 21 approved NME's and 13 additional recombinant proteins / monoclonal antibodies; source FDA/ BIO

\* CE mark = European approval

## We confirm the guidance for the next years in the new format



### Old format

### New format

Improved operating profit margins: <sup>1</sup>

Improved operating profit margins: <sup>2</sup>

- Group > 20 % in medium term → > 22 % in medium term (=2005)
- Pharmaceuticals towards 25 % by end of 2004 → towards 26 % by end of 2004
- Diagnostics slightly better than 20 % by 2006 → around 23 % in 2006

<sup>1</sup> on an adjusted basis    <sup>2</sup> before exceptional items

## Outlook

### Guidance reiterated



#### 2004

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- Pharmaceuticals and Diagnostics division sales growth above market (in local currencies)
- Pharma operating profit margin<sup>1</sup> towards 26 % by end of 2004
- By the end of 2004 conditions in place for a balanced financial income
- Tax rate around 29 %

#### ... and after

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- Operating profit margin<sup>1</sup> of the Group above 22 % in 2005
- Diagnostics operating profit margin<sup>1</sup> around 23 % in 2006

barring unforeseen events <sup>1</sup> before exceptional items

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## Pharmaceuticals Division



**William M. Burns**  
*Head of Pharmaceuticals Division*

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## Strong Operating Performance

**Brands Driving Growth**

**Pipeline Well Positioned  
For Future Growth**

## 2003: A successful year

- Sales growth (+23 %<sup>1</sup>) above world market, in all business units and in major regions
  - ▶ 9 % - points contributed by Chugai acquisition
- Oncology franchise growing by 30 %<sup>1</sup>
- Improved profit margin, despite additional investment in R&D and generic onset for Accutane and Rocephin
- Good track record for R&D
- Chugai integration on track, with above market growth in Q4 '03, the first quarter on a comparable base

## Pharmaceuticals sales



	2003 CHF m	growth vs. 2002 in CHF	growth vs. 2002 in local currencies
Roche World Wide Prescription Group <sup>1</sup>	19,781	14 %	23 %
OTC <sup>1</sup>	1,770	12 %	17 %
<b>Pharmaceuticals <sup>1</sup></b>	<b>21,551</b>	<b>14 %</b>	<b>23 %</b>

<sup>1</sup> Roche, Genentech and Chugai, Chugai consolidated since 1 October 2002

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## Above market growth in US, Japan and EU



*...and in key franchises*

	% of prescr. sales	growth (local)	market growth (IMS)
North America	37 %	20 %	11 %
Japan	16 %	113 %	4 %
Western Europe	29 %	10 %	8 %
<b>Total</b>	<b>82 %</b>		
Oncology	31 %	30 %	14 % <sup>1</sup>
Transplantation	8 %	22 %	9 % <sup>2</sup>
Virology	10 %	140 %	24 % <sup>3</sup>
Anemia	9 %	88 % / 30 % <sup>4</sup>	16 % <sup>5</sup>
<b>Total</b>	<b>58 %</b>	<b>42 %</b>	

<sup>1</sup> ATC L1 & L2;

<sup>2</sup> Immunosuppressants & CMV;

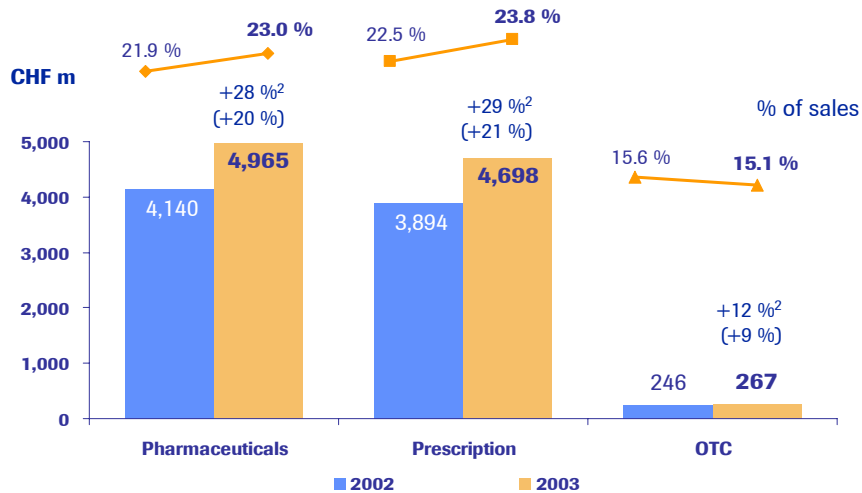
<sup>3</sup> HIV, HCV, Influenza;

<sup>4</sup> excl. Chugai;

<sup>5</sup> World wide anemia market

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## Strong double-digit growth in operating profit<sup>1</sup> Margin firmly advancing towards target



<sup>1</sup> before exceptional items  
<sup>2</sup> local growth, (growth in CHF)

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## Pharmaceuticals Score Card 2003



### stated objectives

- Sales growth <sup>1</sup>
- Operating profit margin <sup>2</sup>
- Product portfolio
- Pegasys combination
- MabThera in RA  
Phase III (TNF failures)  
Phase IIb <sup>4</sup>
- MRA
- CERA Phase IIb

### accomplished 2003

- Double digit **23 %**
- Slight increase **up 1.1 pp to 23.0 %**
- Strengthening **3 products to move into phase III**
- December market share **50 % in US <sup>3</sup>** ✓
- Start of recruitment H1 '03 ✓
- Start of study H1 '03 ✓
- In-licensed from Chugai ✓
- Presented at ASN ✓

<sup>1</sup> local growth      <sup>2</sup> before exceptional items  
<sup>4</sup> signs, symptoms, and structural damages

<sup>3</sup> source: IMS Dec 03

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## 2003: R&D Score Card



*All planned submissions filed*

Submissions	Regions
<b>Avastin</b> in metastatic colorectal cancer	EU, US
<b>Epogin</b> in anemia in premature babies; predeposit of autolog. blood transfus.	Japan
<b>Herceptin</b> in mBC 1 <sup>st</sup> line combo (Taxotere)	EU
<b>MRA</b> in Castleman's disease	Japan
<b>NeoRecormon</b> 30.000 IU pre-filled syringe in anemia	EU, CH
<b>Nutropin / Nutropin AQ</b> for idiopathic short stature (ISS)	US
<b>Pegasys</b> pre-filled syringe in HCV	US
<b>Tamiflu</b> in prophylaxis of influenza in adults	Japan
<b>Viracept</b> 625 mg formulation in HIV	EU, CH
<b>Xenical</b> in pediatric exclusivity	US
<b>Xenical</b> in prevention of type 2 diabetes (XENDOS study)	EU, US

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## 2003: R&D Score Card



*All expected approvals obtained*

Approvals	Regions
<b>Bondronat</b> prevention of skeletal events in BC (i.v. and oral)	EU
<b>Boniva/Boniva</b> treatment and prevention of post-meno. osteoporosis (oral daily)	US, EU (r)
<b>Fuzeon</b> in HIV	EU, US, CH
<b>Invirase/Fortovirase</b> in HIV (1000 / 100 boosted regimen)	US
<b>MabThera/Rituxan</b> in aNHL	Japan
<b>NeoRecormon</b> once every second week in renal anemia (30,000 iv pps)	EU
<b>Raptiva</b> in chronic moderate-to-severe plaque psoriasis	US *
<b>Renagel</b> in hyperphosphatemia	Japan *
<b>Valcyte</b> for prevention of cytomegalovirus disease in solid organ transplantation	EU
<b>Valcyte</b> for prevention of cytomegalovirus in kidney, heart and kidney/pancreas	US
<b>Xeloda</b> in BC (monotherapy)	Japan
<b>Xenical</b> in pediatric exclusivity	US
<b>Pegasys</b> in hepatitis C (monotherapy)	Japan
<b>Xolair</b> for moderate-to-severe persistent asthma adults and adolescents	US *

\* participation through partner

(r) recommendation

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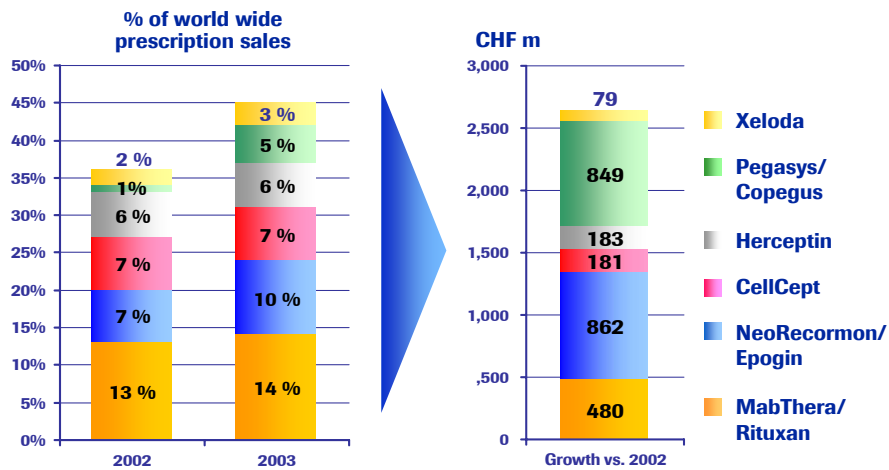
## Strong Operating Performance

**Brands Driving Growth**

**Pipeline Well Positioned  
For Future Growth**

## Prescription - key brands driving growth

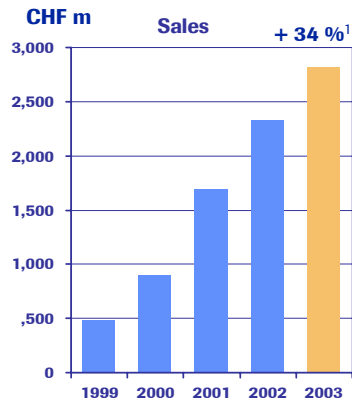
*~CHF 2.6 billion additional sales<sup>1</sup>*



<sup>1</sup> at constant fx: 3.3 billion additional sales

## MabThera / Rituxan

### Continuing growth path



- Sales of CHF 2.8 billion
- Important news flow in 2003
  - supporting long term growth
- EU marketing application for 1<sup>st</sup> line iNHL filed in Jan '04
- Ongoing clinical development
  - opportunity in RA - filing expected '05
  - CLL phase III started in H2 '03

Roche

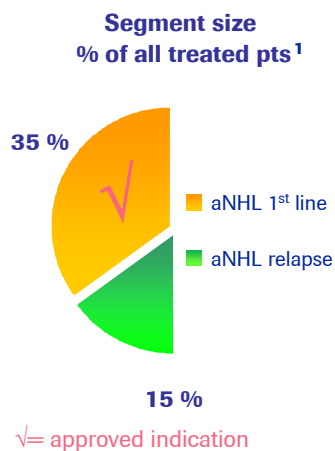


<sup>1</sup> Local growth

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## News-flow in 2003 supporting long-term growth

### Outstanding data in aggressive NHL



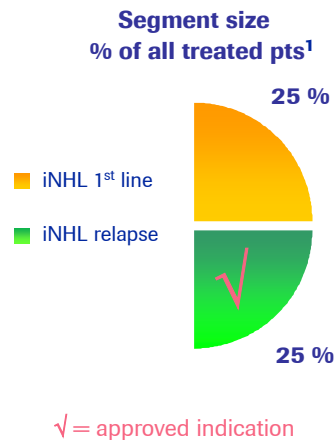
- Aggressive 1<sup>st</sup> line, > 60 years
  - GELA: survival benefit with 8 infusions confirmed with 3 years update (ASCO '03)
  - ECOG 4494: 4 - 5 infusions inferior to GELA (ASH '03)
- Aggressive 1<sup>st</sup> line, < 60 years
  - MInT trial stopped 2 years early due to significant efficacy benefits (ASCO '04)

<sup>1</sup> 5 key European countries

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## News-flow in 2003 supporting long-term growth

### Outstanding data in indolent NHL



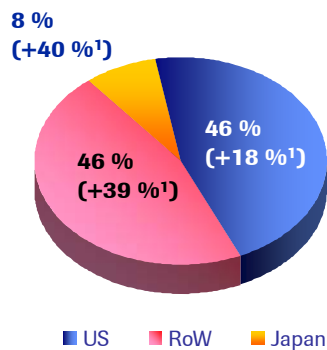
- Indolent 1<sup>st</sup> line
  - R-CVP data (ASH '03) - filing January 2004
  - R-CHOP data (ASH '03)
- Indolent maintenance
  - ECOG 1496: trial stopped early due to significant efficacy benefit (ASCO '04)
- Indolent relapse
  - survival benefit for R-FCM in relapsed indolent and mantle cell lymphoma (ASH '03)

<sup>1</sup> 5 key European countries

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## Herceptin

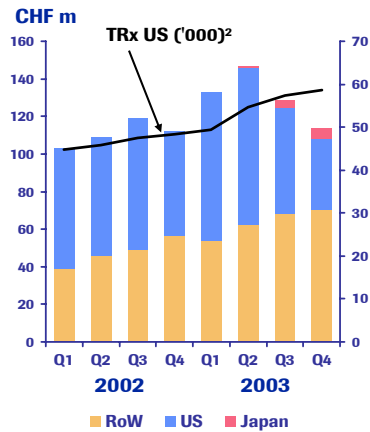
### Also growing strongly outside the US



- Sales of CHF 1.2 billion (+27 %<sup>1</sup>)
- Growth drivers
  - increased testing and duration of treatment
  - expansion in 1<sup>st</sup> line usage
- Important results in 2003
  - filed in combo with *Taxotere* 1<sup>st</sup> line in EU
- Ongoing clinical development
  - in combination with hormonal treatments, filing planned '06
  - in adjuvant setting, filing expected in '07

## Xeloda

### Building a competitive clinical program



- Sales of CHF 515 million (+29 %<sup>1</sup>)
- Important results in 2003
  - XELOX<sup>3</sup> phase II results at ASCO
  - X-ACT<sup>4</sup> safety profile at ASCO
- Xeloda launched in Japan
- US: strong underlying scrip growth (+18 %)<sup>2</sup>
- Ongoing clinical development
  - X-ACT<sup>4</sup> results 2004
  - XELOX vs. FOLFOX-4 mCRC trials started, 1<sup>st</sup> line with Avastin; filings planned for '07
  - adjuvant settings: combo CRC, filing planned in '08

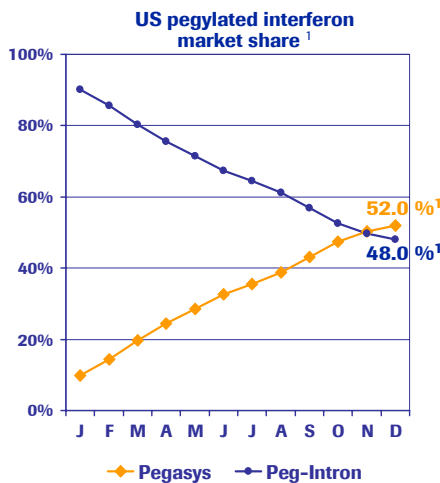


<sup>1</sup> local growth; <sup>2</sup> source: IMS; <sup>3</sup> Xeloda combined with oxaliplatin; <sup>4</sup> Xeloda vs. bolus IV 5-FU/LV in adjuvant CRC

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## Pegasys / Copegus

### Aiming for global market leadership



- Sales of CHF 942 million (+1010 %<sup>2</sup>)
- Important results in 2003
  - landmark study in Hep C/ normal ALT<sup>3</sup>
  - phase III in Hep B<sup>3</sup> (HBe-Ag neg.)
- Results expected in 2004
  - APRICOT trial in co-infected patients (HIV / HCV)
  - Hep B - HBeAg positive patients
- Ongoing clinical development
  - REPEAT trial (patients who failed to respond to Peg-Intron)

<sup>1</sup> IMS Dec 03

<sup>2</sup> Local currency growth

<sup>3</sup> presented at AASLD 2003

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## Fuzeon - initiatives taken to translate scientific into commercial success



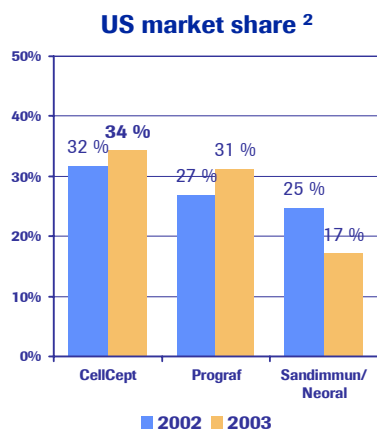
- Fuzeon sales of CHF 49 million in 2003
- Distribution network expansion and reduction in time to deliver
- Reimbursement achieved in key markets
  - Medicaid (100 %), ADAP (31 % cover), private pay (99 % of plans cover)
  - pending in B, G, I, P, E
- Professional and patient awareness campaigns
- New nursing support programs to encourage adherence
- 48 weeks data filed in US

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## CellCept



*Commercial leader in immunosuppressants in US*



- Global sales of CHF 1.3 million (+27 %<sup>1</sup>)
- US sales +26 %<sup>1</sup> (~50 % w/w market)
- New long term patient survival benefit data driving future CellCept sales
- Agreement between Roche and Aspreva to develop CellCept in autoimmune diseases

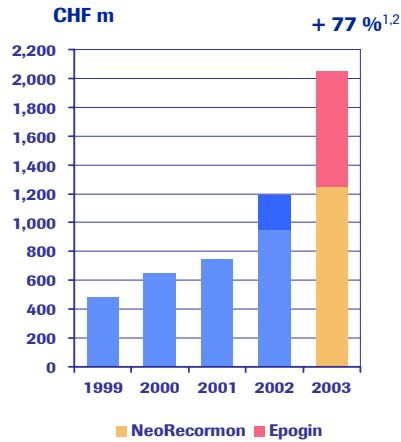
<sup>1</sup> local growth

<sup>2</sup> MAT September 2002 and MAT September 2003; source IMS

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# Anemia Management

## NeoRecormon/Epogin and CERA



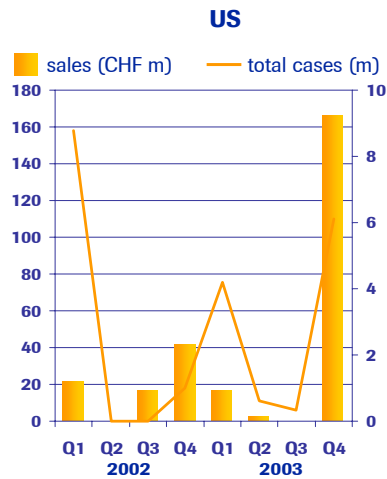
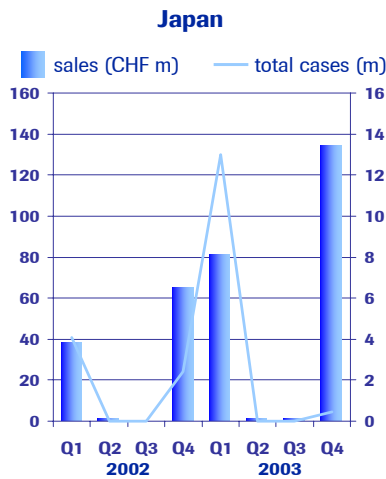
- Sales<sup>2</sup> of more than CHF 2 billion in 2003
- NeoRecormon (EU)
  - every second week in renal approved
  - 30.000 PFS once-weekly in oncology filed
- Growth drivers
  - unrestricted label in renal
  - pre-dialysis
- CERA
  - phase II (renal) presented at ASN
    - phase III to start beginning 2004
  - phase I/II (oncology) presented at ASH
    - phase III to start end 2004



<sup>1</sup> Local growth <sup>2</sup> Global (Roche & Chugai)

# 2003: A strong year for Tamiflu

## Sales dependent on flu seasonality

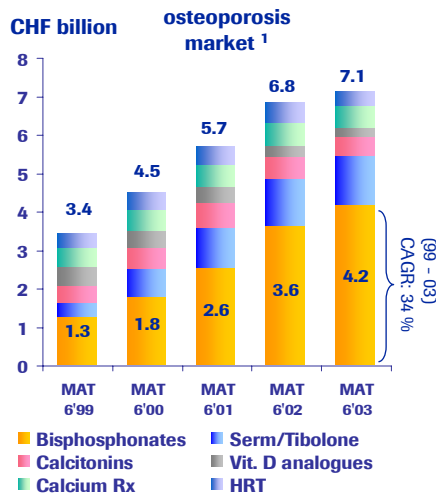


source: National Institute of Infectious Disease (Japan); FluDx, SDI (US)

# Boniva / Boniva



## Treatment / prevention of postmenopausal osteoporosis



- Daily 2.5 mg oral tablet
  - FDA approved (May '03)
  - positive opinion from CPMP (Oct '03)
- Recent 1-year data (MOBILE)
  - monthly oral dosing at least as effective as once daily 2.5 mg
  - filing expected in 2004
- Quarterly/bi-monthly i.v. regimen under further investigation (DIVA, phase III)
- Co-develop & co-promotion agreement with GSK (ex. Japan)

<sup>1</sup> includes 5 key European countries, US, Canada; source: IMS



## Strong Operating Performance

## Brands Driving Growth

**Pipeline Well Positioned For Future Growth**

# Roche R&D pipeline today



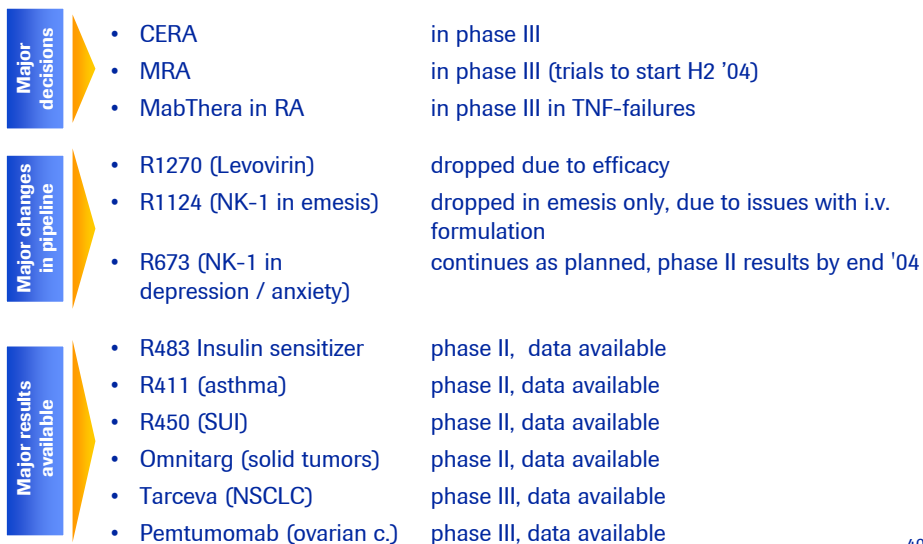
Total of 61 NME's including 5 opt-in opportunities



# Major decisions taken 2003, outlook H1 '04



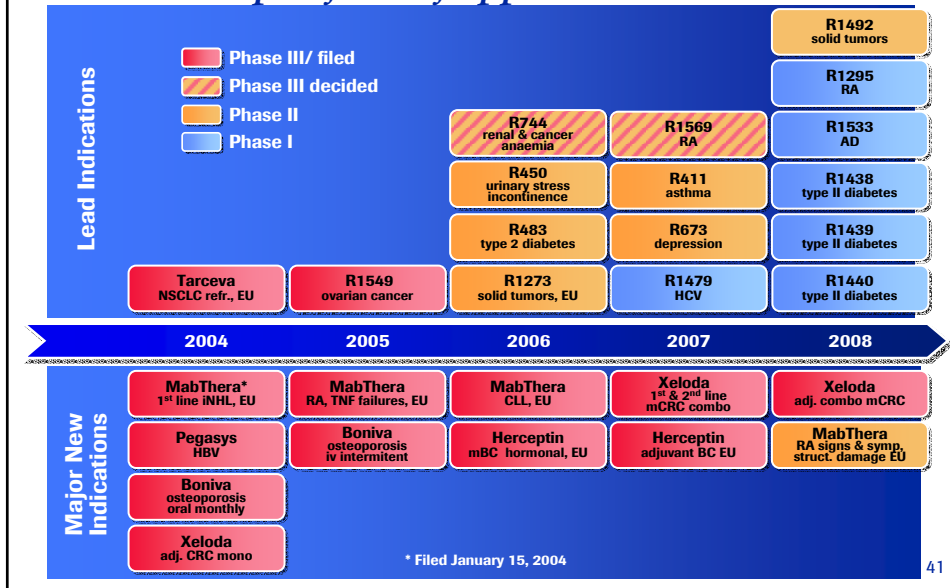
... NME's only



## Projected filings over the next 5 years



### *A balanced portfolio of opportunities*



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## Our growth objectives for 2004 and beyond



### *Pharmaceuticals*

#### 2004

- Local sales growth above the market
- Operating profit margin (before exceptional items) towards 26 % by end of 2004



## **Diagnostics Division**

**Heino von Prondzynski**  
*Head of Diagnostics Division*

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**Strong Operational Performance**

**Focus On Key Areas**

**Future Outlook**

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## 2003: A successful and eventful year for Diagnostics



- Sales growth more than double the market five years in a row
- Improved profitability by growing the most profitable business areas
- Strengthened strategic position and portfolio through alliances and acquisitions: Disetronic, Igen and license agreement with Affymetrix
- Major launches and filings of >20 innovative tests and platforms
- 61 FDA approvals and 47 CE marks

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## Roche Diagnostics *Delivering on promises*



### Sales

- Twice IVD industry growth ✓
- Double-digit local growth 8 %

### Profit margins

- Operating profit <sup>1</sup> ✓ (19 %, up 0.5 pp)
- EBITDA ✓ (28.5 %, up 0.9 pp)

### Product launches

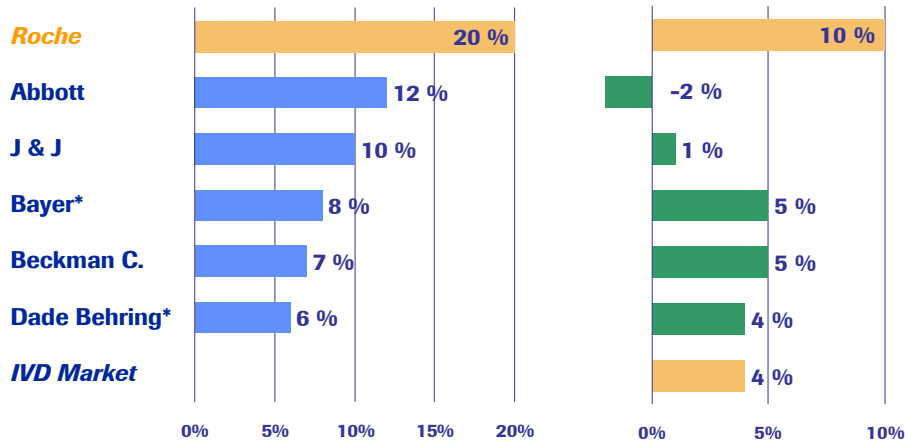
- > 20 product launches ✓

<sup>1</sup> before exceptional items

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## Roche growing faster than competitors

*More than double the diagnostics market*



<sup>1</sup> source: company reports, Boston Biomedical Consultants, Roche analysis  
<sup>2</sup> in local currencies, excludes Life Science research market

\* based on YTD Q3 results 47

## Solid growth in core diagnostics business

*Diagnostics sales by business area*

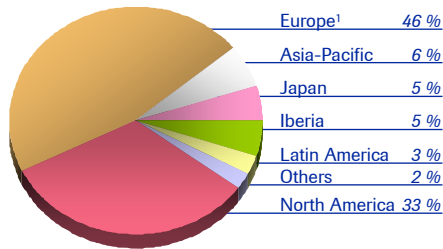


	2002 CHF m	2003 CHF m	growth local	CHF
Diabetes Care	2,478	2,695	15 %	9 %
Molecular Diagnostics (ex. ind. bus)	792	897	21 %	13 %
Centralized Diagnostics	2,580	2,634	6 %	2 %
Near Patient Testing	587	548	-2 %	-7 %
<b>Roche <i>in vitro</i> Diagnostics</b>	<b>6,437</b>	<b>6,774</b>	<b>10 %</b>	<b>5 %</b>
Applied Science	573	508	-6 %	-11 %
Molecular Diag - industrial business	184	127	-23 %	-31 %
<b>Life Science business</b>	<b>757</b>	<b>635</b>	<b>-10 %</b>	<b>-16 %</b>
<b>Roche Diagnostics</b>	<b>7,194</b>	<b>7,409</b>	<b>8 %</b>	<b>3 %</b>

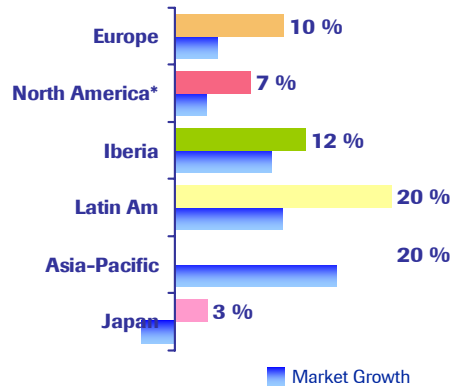
## Above local market growth in all regions



CHF 7,409 million



local sales growth vs. market



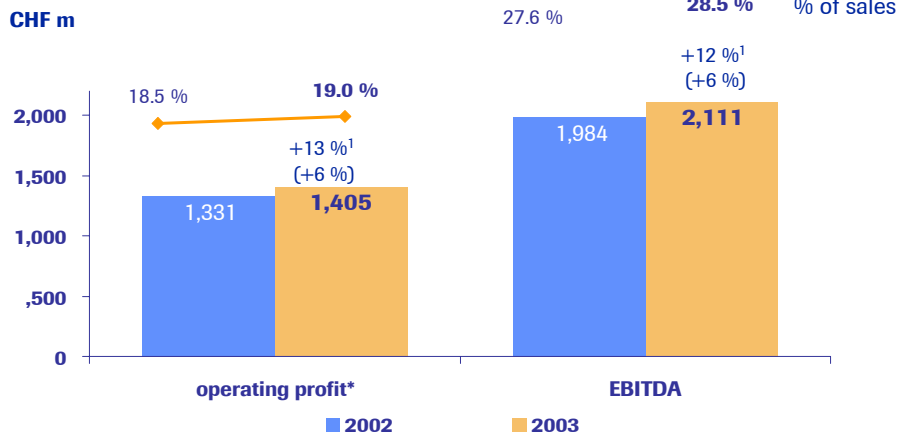
<sup>1</sup> Europe, Middle East and Africa (excl. Iberia)

\*US impacted by OPTI, DAT and Hematology divestiture (underlying growth + 9 %)

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## Operating profit

*Firmly advancing towards goal of around 23 % in 2006*

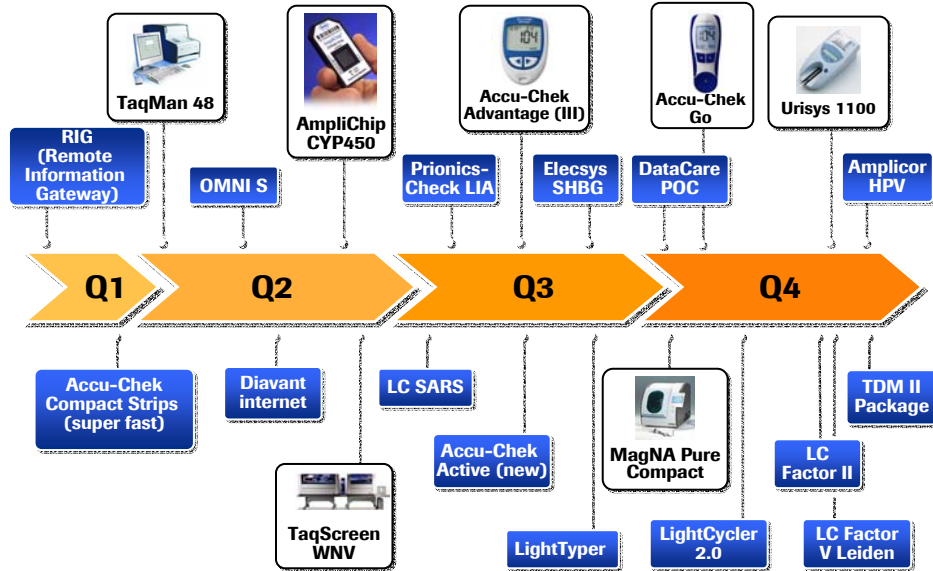


<sup>1</sup> local growth, (growth in CHF)

\* before exceptional items

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## More than 20 products launched in 2003



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## Strong Operational Performance



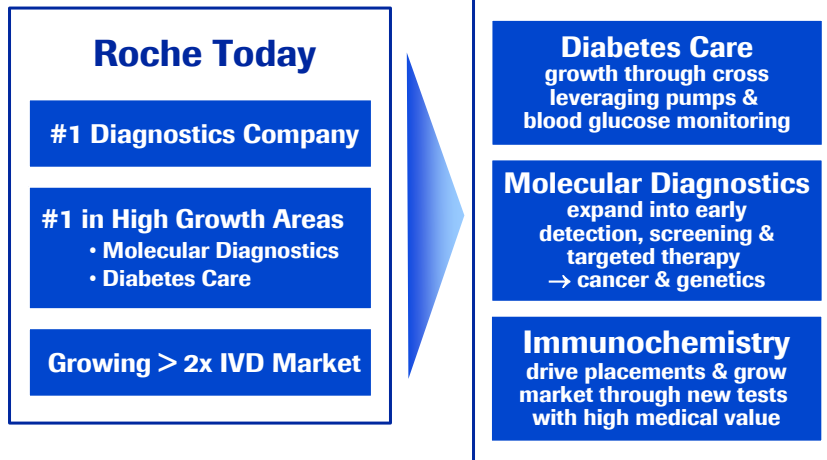
**Focus On Key Areas**

**Future Outlook**

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## Roche Diagnostics

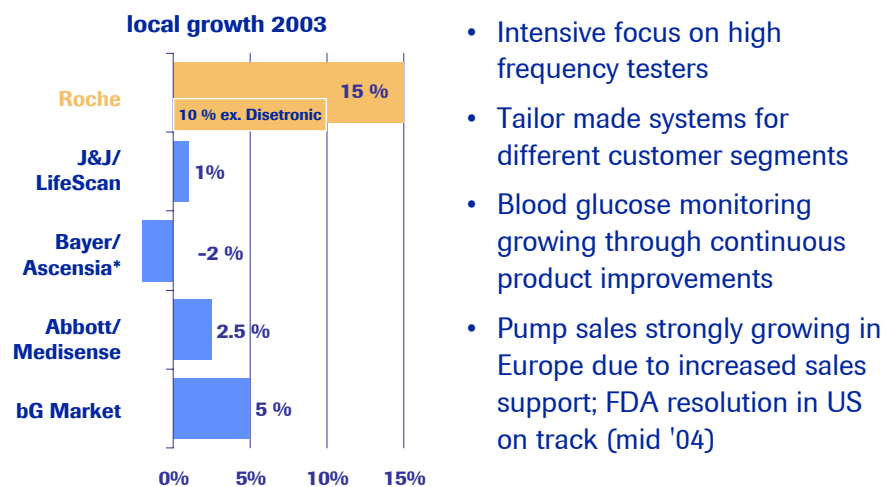
*Growth driven by three key areas*



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## Blood glucose monitoring market

*Roche outperforming competitors*



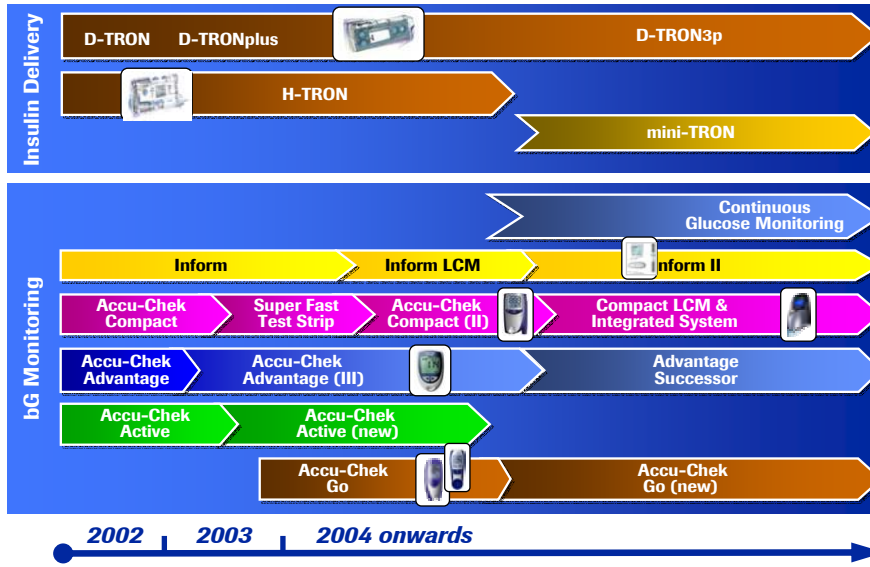
- Intensive focus on high frequency testers
- Tailor made systems for different customer segments
- Blood glucose monitoring growing through continuous product improvements
- Pump sales strongly growing in Europe due to increased sales support; FDA resolution in US on track (mid '04)

source: Boston Biomedical Consultants, Company reports, Roche estimates  
\* based on YTD Q3 '03

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## Substantial portfolio in Diabetes Care

*Keeping ahead of the market*

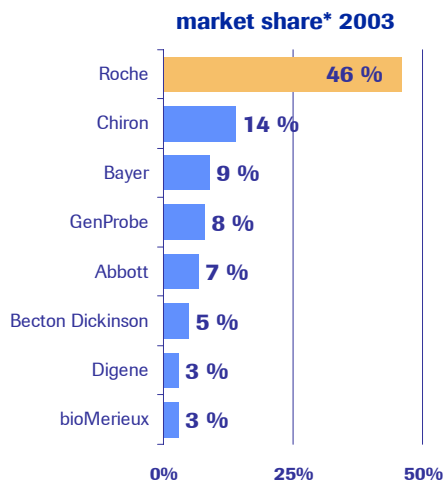


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## Molecular Diagnostics



*Roche the undisputed market leader*



- Broadest molecular menu in clinical diagnostics and blood screening
- State-of-the-art automation (TaqMan) driving virology sales
- Gaining share in women's health (CT/NG, HPV, HSV 1/2)
- Developing new markets in pharmacogenetics and molecular oncology

source: Company Reports, Boston Biomedical Consultants, Roche analysis

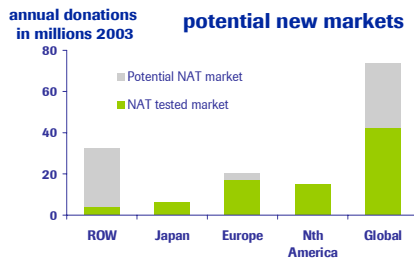
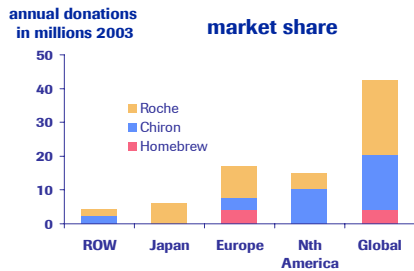
\* including genetic testing

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## Market leader in NAT blood testing



### Growth from developed & developing markets



- Fastest growing diagnostics segment
- Current sales mainly from HIV & HCV
- Growth potential from:
  - new analytes (WNV, HBV, HAV, Parvo B19)
  - new markets (Russia, China, Brazil, Sth Korea)
- Fully automated single-unit system planned '06

NAT = nucleic acid testing

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## HPV testing

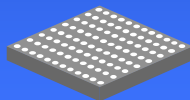


### A substantial market opportunity

Dec 03

#### AMPLICOR HPV (MWP)

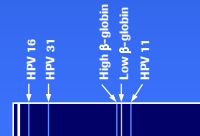
- Detects all 13 high-risk HPV genotypes
- Triage and screening



Q4 '04

#### Linear Array HPV

- Detects and identifies 37 types HPV genotypes
- Epidemiology, vaccine trials, test of cure



2006

#### COBAS TaqMan 96/48

- Quantitates viral levels
- Fully automated real time PCR



HPV = human papilloma virus

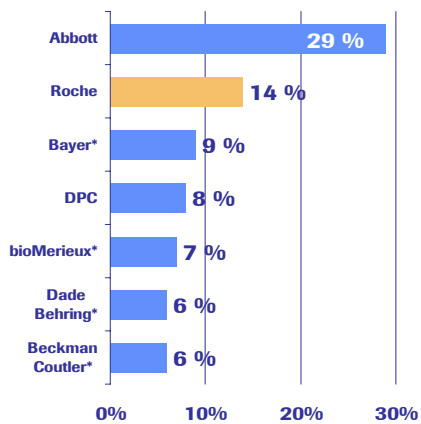
58

## Gaining market share in immunochemistry

### *Roche growing nearly 3 times market*



**2003 Heterogeneous-immunochemistry market share<sup>1</sup>**



- Strengthened no. 2 position
- Roche at forefront of consolidation of workstations
- Approx. 10,000 Elecsys / E170 placed
- Major contracts signed in US & Germany upon Igen acquisition
- Expand menu on Elecsys / E170 platforms in 2004
  - P1NP, S100, HIV combi

source: Boston Biomedical Consultants report, Company reports Roche estimates <sup>1</sup> w/o Blood Bank Testing  
 \* estimated based on Q3 '03

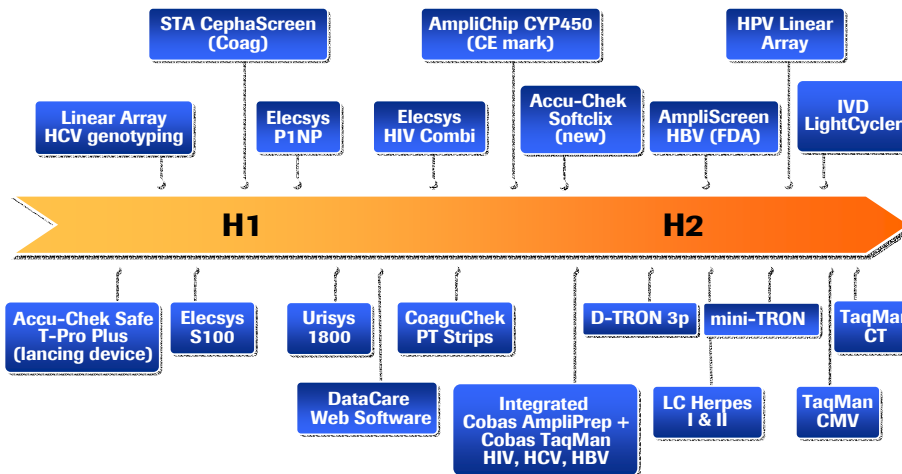


## Strong Operational Performance

### Focus On Key Areas

#### Future Outlook

## Diagnostic innovations for 2004



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## Our growth objectives for 2004 and beyond



### *Diagnostics*

#### 2004 and beyond

- 2004: sales growth significantly above the market in local currency
- More than 20 product launches in 2004
- Further improvement in operating profit (before exceptional items), around 23 % in 2006

barring unforeseen events

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## Group financial results

**Dr. Erich Hunziker**  
*Chief Financial Officer*

### **2003: Progress at operating and financial level**

#### *Important steps towards a balanced financial income*

- Continuous strengthening of the core businesses Pharma and Diagnostics
  - improved operating margins in both divisions
  - improved cash generation
- Important steps towards achieving our goal to have conditions in place for a balanced financial income by the end of 2004
  - significant debt reduction (by CHF 7.1 billion) and improvement of debt structure
  - strong increase in net liquidity by over CHF 5 billion
  - equity ratio improved from 40 % to 49 %
  - risk exposure of financial instruments and foreign exchange transactions reduced

## Operating performance (Roche Group incl. VFC)

*Influenced by special items*



CHF m	2002	2003	Change		loc %
			CHF m	%	
<b>Sales</b>	<b>29,453</b>	<b>31,220</b>	<b>+1,767</b>	<b>+6</b>	<b>+13</b>
<b>Gross profit</b>	<b>21,021</b>	<b>22,905</b>	<b>+1,884</b>	<b>+9</b>	
M & D	-8,266	-8,847	-581	+7	
R & D	-4,257	-4,766	-509	+12	
Administration	-1,295	-1,450	-155	+12	
Amortisation intangible assets	-1,019	-1,013	+6	-1	
Other operating income	1,381	1,335	-46	-3	
Other operating expenses	-2,117	-1,896	+221	-10	
<b>Operating profit before exceptional items</b>	<b>5,448</b>	<b>6,268</b>	<b>+820</b>	<b>+15</b>	<b>+24</b>
<i>as % of sales</i>	<i>18.5</i>	<i>20.1</i>			
Amortisation of goodwill	-501	-497	+4	-1	
Major legal cases	-2,548	216	+2,764	-	
Changes in Group organisation	-1,064	-395	+669	-63	
<b>Operating profit</b>	<b>1,335</b>	<b>5,592</b>	<b>+4,257</b>	<b>+319</b>	<b>+350</b>
<i>as % of sales</i>	<i>4.5</i>	<i>17.9</i>			

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## Pharma and Diagnostics operating performance

*2002 and 2003*

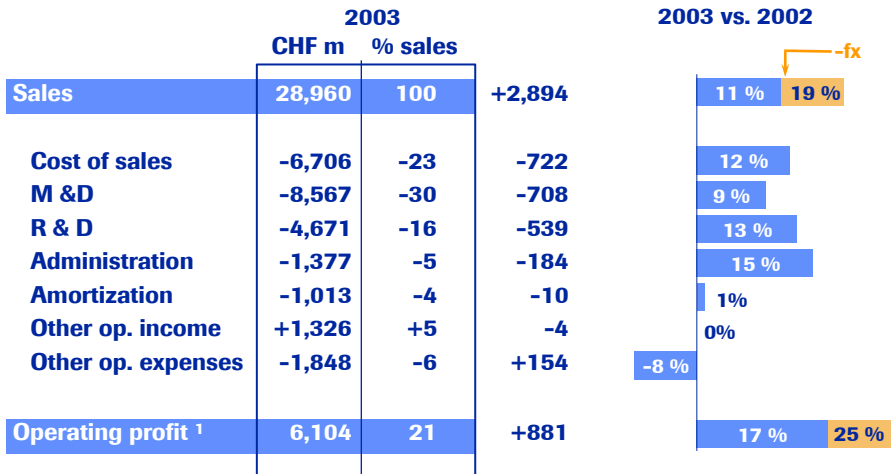


CHF m	2002	2003	Change		loc %
			CHF m	%	
<b>Sales</b>	<b>26,066</b>	<b>28,960</b>	<b>+2,894</b>	<b>+11</b>	<b>+19</b>
<b>Gross profit</b>	<b>20,082</b>	<b>22,254</b>	<b>+2,172</b>	<b>+11</b>	
M & D	-7,859	-8,567	-708	+9	
R & D	-4,132	-4,671	-539	+13	
Administration	-1,193	-1,377	-184	+15	
Amortisation intangible assets	-1,003	-1,013	-10	+1	
Other operating income	1,330	1,326	-4	0	
Other operating expenses	-2,002	-1,848	+154	-8	
<b>Operating profit before exceptional items</b>	<b>5,223</b>	<b>6,104</b>	<b>+881</b>	<b>+17</b>	<b>+25</b>
<i>as % of sales</i>	<i>20.0</i>	<i>21.1</i>			
Amortisation of goodwill	-499	-497	+2	0	
Major legal cases	-778	216	+994	-	
Changes in Group organisation	586	-	-586	-100	
<b>Operating profit</b>	<b>4,532</b>	<b>5,823</b>	<b>+1,291</b>	<b>+28</b>	<b>+37</b>
<i>as % of sales</i>	<i>17.4</i>	<i>20.1</i>			

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## Pharma and Diagnostics operating performance

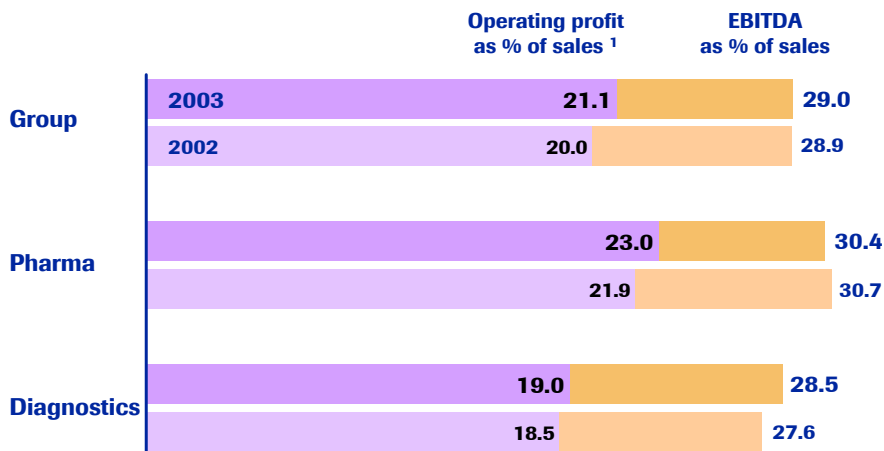
### Significant operating profit growth



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## 2003: Profitability core businesses

### Further margin improvement



<sup>1</sup> before exceptional items

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## Debt re-payment / restructuring

### *Considerably improved situation*



CHF billion	31.12.2002	31.12.2003	change
<b>Total debt</b>	<b>22.4</b>	<b>15.3</b>	<b>- 7.1</b>
- average maturity <sup>1</sup>	2.1 years	2.9 years	
- average int. rate <sup>2</sup>	5.5 %	4.6 %	
- interest expense	1.4	1.0	
<b>Capital market debt</b>	<b>11.6</b>	<b>10.6</b>	<b>- 1.1</b>
<b>Bank debt</b>	<b>7.2</b>	<b>3.7</b>	<b>- 3.5</b>
<b>Debt in context with own equity instruments</b>	<b>2.4</b>	<b>0.0</b>	<b>- 2.4</b>

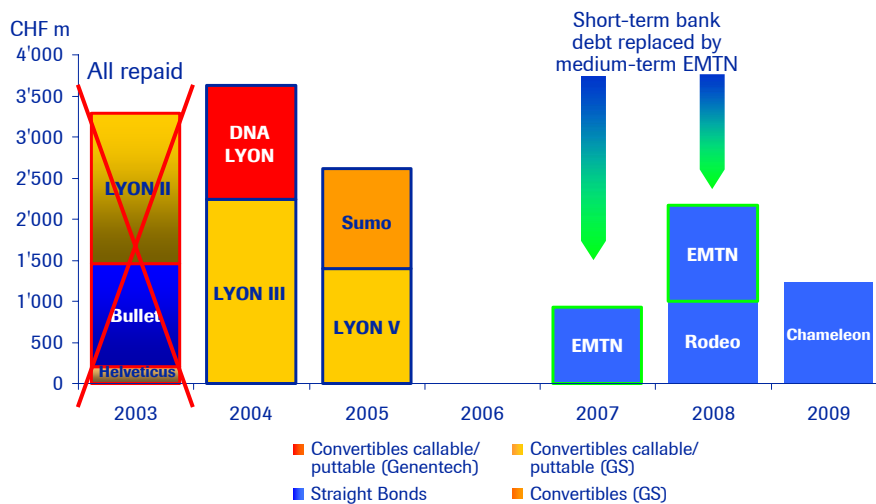
<sup>1</sup> of long- & short-term debt

<sup>2</sup> excl. GS liability and time cost of provisions

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## Capital market instruments

### *Maturity profile<sup>1</sup> considerably improved*



<sup>1</sup> amounts due at maturity/ put/ call date

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## We have eliminated the negative impact of our convertible debt / own equity instruments

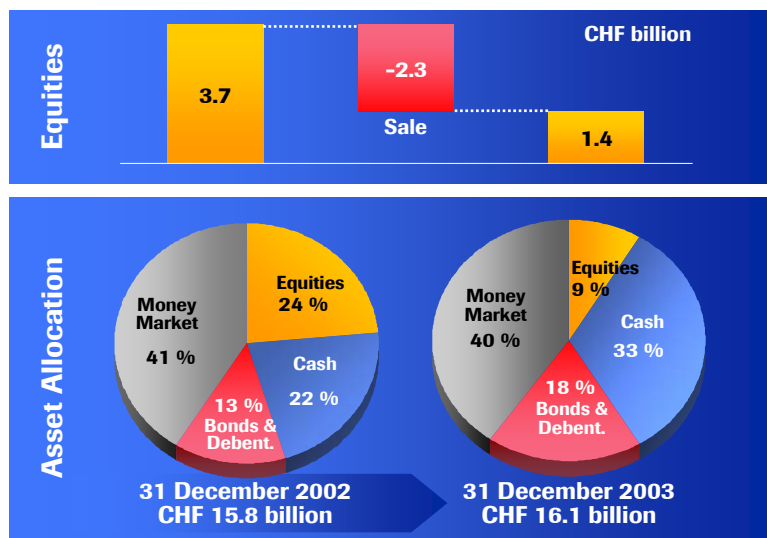


	31 Dec '02	what has changed?	31 Dec '03
<b>Convertible debt</b>	LYONs II LYONs III-V Sumo Helveticus	<b>1. Paid back without converting</b>	- LYONs III-V Sumo
<b>Own equity instruments (GS)</b>	GS 23 m Forwards 17 m & Derivatives	<b>2. "Freed-up" GS used for Disetronic and sold into the market</b>	GS 6 m Derivatives 3 m LEPOs 17 m <b>Total 26 m</b>
	<b>Total 40 m</b>	<b>3. Proceeds used to dissolve all of the forwards</b>	
		<b>4. LEPOs bought to ensure hedge of convertibles and to keep GS underlying the forwards from market</b>	
<b>Balance sheet (CHF)</b>	Equity -5.9 bn Debt 2.4 bn Collateral 673 m	<b>Balance sheet &amp; P/L impact considerably improved</b>	Equity -4.6 bn Debt - Collateral -
<b>Income stmt (CHF)</b>	145 m Annual Interest Charge		None from 2004 onwards

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## Cash and marketable securities

... have a significantly reduced risk profile

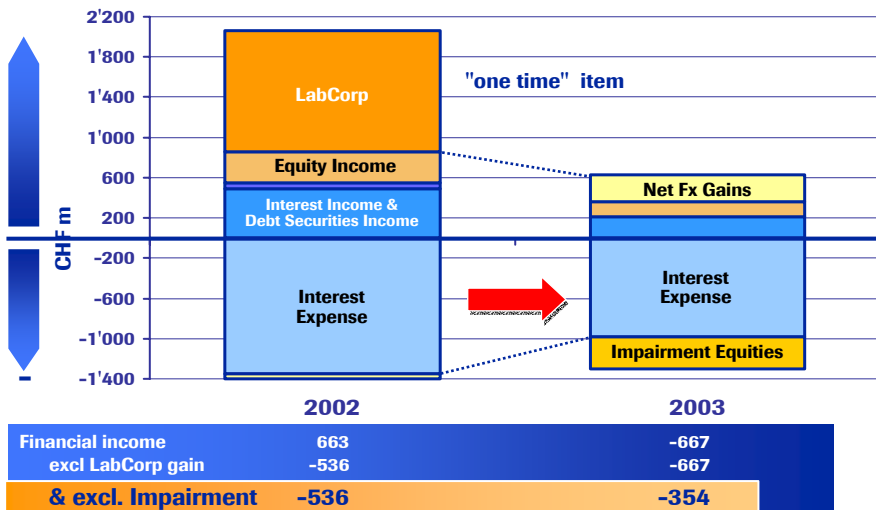


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## Financial income



*Underlying situation improving*



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## Financial income



*Decline mainly explained by LabCorp gains in 2002*

CHF m	2002	2003	CHF m	%
<b>Income from financial assets</b>	<b>2,000</b>	<b>47</b>	<b>-1,953</b>	<b>-98</b>
gains on LabCorp transactions	1,199	-	-1,199	-100
other equity security income	314	145	-169	-54
interest & debt security income	487	215	-272	-56
<b>write-downs and impairments</b>	<b>-</b>	<b>-313</b>	<b>-313</b>	<b>-</b>
<b>Interest expense</b>	<b>-1,355</b>	<b>-980</b>	<b>+375</b>	<b>-28</b>
<b>Net foreign fx gains (losses)</b>	<b>-43</b>	<b>270</b>	<b>+313</b>	<b>-</b>
other	61	-4	-65	-
<b>Financial income</b>	<b>663<sup>1</sup></b>	<b>-667</b>	<b>-1,330</b>	<b>-</b>

<sup>1</sup> before exceptional impairment

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## Net income 2003 (Roche Group incl. VFC)

*Influenced by special items*



CHF m	2002	2003	Change		% LC
			CHF m	%	
<b>Sales</b>	29,453	31,220	+1,767	+6	+13
<b>Operating profit before exceptional items</b>	5,448	6,268	+820	+15	+24
<i>as % of sales</i>	18.5	20.1			
<b>Operating profit</b>	1,335	5,592	+4,257	+319	+350
<i>as % of sales</i>	4.5	17.9			
Associated companies	-34	-44	-10	+29	
Financial income	663	-667	-1,330	-	
Exceptional impairment fin. assets	-5,192	-	+5,192	-100	
<b>Profit before taxes</b>	-3,228	4,881	+8,109	-	
<b>Income taxes</b>	-839	-1,445	-606	+72	
<i>Tax rate in %</i>	-	29.6			
Minority interests	41	-367	-408	-	
<b>Net income</b>	-4,026	3,069	+7,095	-	
<i>% of sales</i>	-13.7	9.8			

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## Net income Pharma and Diagnostics

*Influenced by special items*

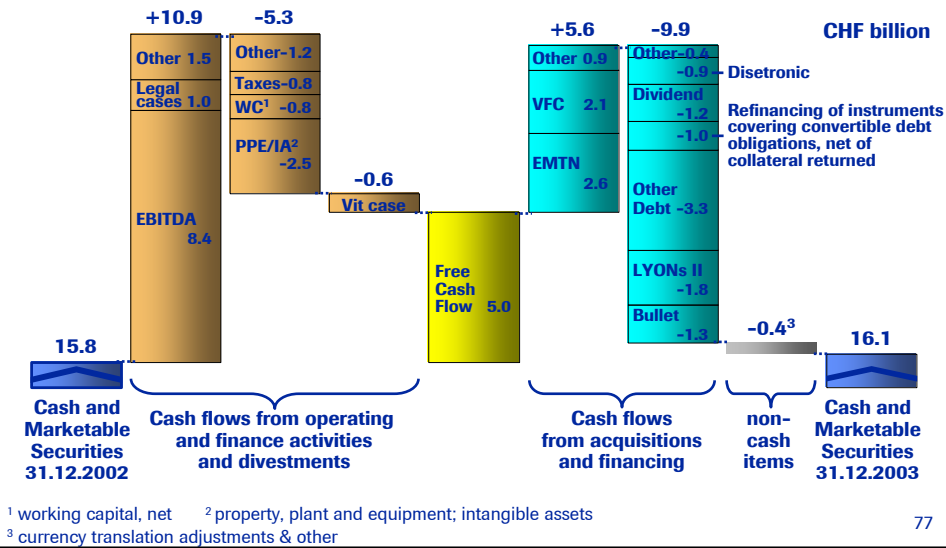


CHF m	2002	2003	Change		% LC
			CHF m	%	
<b>Sales</b>	26,066	28,960	+2,894	+11	+19
<b>Operating profit before exceptional items</b>	5,223	6,104	+881	+17	+25
<i>as % of sales</i>	20.0	21.1			
<b>Operating profit</b>	4,532	5,823	+1,291	+28	+37
<i>as % of sales</i>	17.4	20.1			
Associated companies	-37	-44	-7	+19	
Financial income	835	-630	-1,465	-	
Exceptional impairment fin. assets	-5,192	-	+5,192	-100	
<b>Profit before taxes</b>	138	5,149	+5,011	-	
<b>Income taxes</b>	-1,224	-1,489	-265	+22	
<i>Tax rate in %</i>	887.0	28.9			
Minority interests	34	-368	-402	-	
<b>Net income</b>	-1,052	3,292	+4,344	-	
<i>% of sales</i>	-4.0	11.4			

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## Free cash flow of CHF 5 billion in 2003

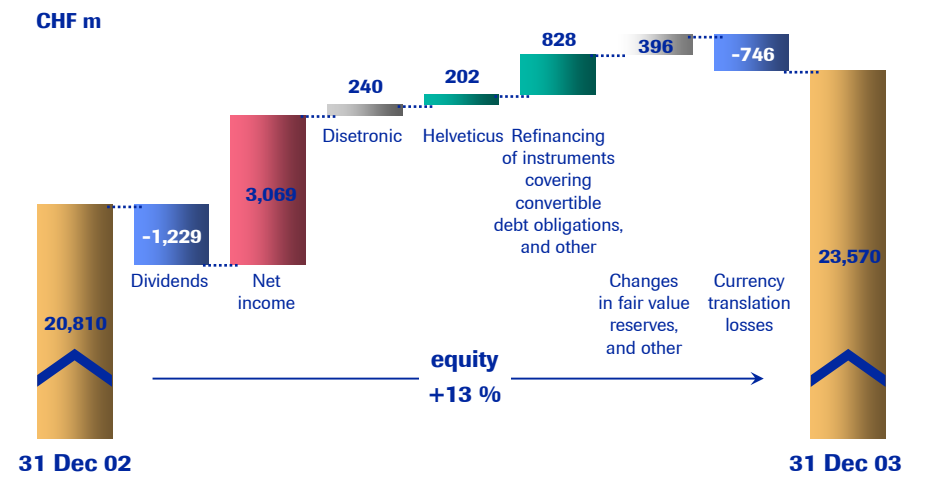
### Substantial repayment of debt



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## Equity increased

### Driven by net income & own equity instruments



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## Net liquidity



*Increase by CHF 5.3 billion*

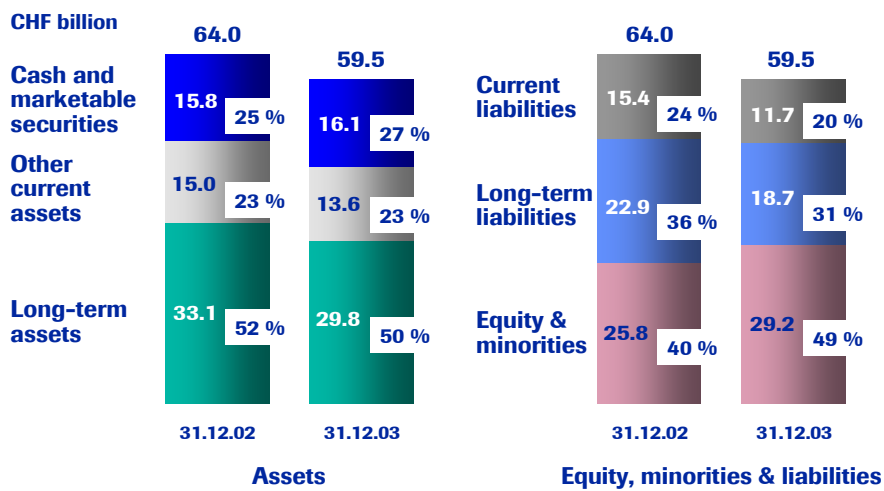
CHF m	31 December 2002	31 December 2003
cash	3,430	5,276
marketable securities	12,395	10,819
financial long-term assets	3,672	2,093
derivative financial instruments, net	223	209
own equity instruments	3,230	2,798
<b>Financial assets</b>	<b>22,950</b>	<b>21,195</b>
long-term debt	-14,167	-10,246
short-term debt	-8,183	-5,041
<b>Total debt</b>	<b>-22,350</b>	<b>-15,287</b>
<b>Net liquidity</b>	<b>600</b>	<b>5,908</b>

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## Balance sheet



*Solid financing, higher equity ratio*



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## Value-at-risk (VaR)



### *A yardstick for the risk exposure*

CHF m	31 Dec '02	31 Dec '03	change
<b>Market risk of financial assets</b>			
VaR of cash & marketable securities	320	117	-63 %
<b>Foreign exchange risks</b>			
VaR of monetary positions	190	41	-78 %
<b>Interest rate risks</b>			
VaR of instruments sensitive to interest rates	158	110	-30 %
EaR of instruments sensitive to interest rates	16	6	-61 %

The VaR calculations above are based on a confidence level of 95% and a holding period of 30 days. VaR (Value-at-Risk) calculations are used to indicate within what ranges the value of the respective assets or liabilities may fluctuate within a certain probability over a certain time period (holding period). EaR (Earnings-at-Risk) is equivalent to the VaR methodology, but rather than potential value changes, it indicates the potential changes to profits (losses) with a certain probability and over a certain time period. For more details, see Annual Report 2003, Financial Review.

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## Currency sensitivities (continuing business)



### *Effects on sales and operating profit<sup>1</sup>*

CHF 0.01 change against USD / EURO / ¥EN  
effect on

sales	Currency	Operating profit
CHF 75 million	USD	CHF 15 million
CHF 55 million	EUR	CHF 20 million
CHF 30 million	¥EN	CHF 10 million

- Base 2003:
- USD 1 = CHF 1.35 ± CHF 0.01
  - EURO 1 = CHF 1.52 ± CHF 0.01
  - ¥EN 100 = CHF 1.16 ± CHF 0.01

<sup>1</sup> before exceptional items

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## Outlook



### *Guidance reiterated*

#### 2004

---

- Pharmaceuticals and Diagnostics division sales growth above market (in local currencies)
- Pharma operating profit margin<sup>1</sup> towards 26 % by end of 2004
- By the end of 2004 conditions in place for a balanced financial income
- Tax rate around 29 %

#### ... and after

---

- Operating profit margin<sup>1</sup> of the Group above 22 % in 2005
- Diagnostics operating profit margin<sup>1</sup> around 23 % in 2006

barring unforeseen events

<sup>1</sup> before exceptional items 83



## Appendix



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## Pharmaceuticals sales

*Sales outperform world market*



	2003 CHF m	Growth vs. 2002 in CHF	Growth vs. 2002 in Local Currencies
<b>Roche Prescription</b>	13,243	6	12
<b>Genentech Prescription</b>	3,382	6	23
<b>Chugai Prescription</b>	3,156	99	113
<b>Roche world wide Prescription group</b>	<b>19,781</b>	<b>14</b>	<b>23</b>
<b>OTC</b>	1,770	12	17
<b>Pharmaceuticals</b>	<b>21,551</b>	<b>14</b>	<b>23</b>

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## Roche Prescription sales

*Supported by all businesses*



	Q1 '03		Q2 '03		Q3 '03		Q4 '03	
	CHF m	%*	CHF m	%*	CHF m	%*	CHF m	%*
<b>Roche Prescription</b>	3,053	3 %	3,210	9 %	3,321	13 %	3,659	24 %
<b>Genentech Prescription</b>	777	25 %	814	24 %	875	22 %	916	21 %
<b>Chugai Prescription</b>	656	236 %	755	242 %	731	274 %	1,014	13 %
<b>Roche world wide Prescription group</b>	<b>4,486</b>	<b>19 %</b>	<b>4,779</b>	<b>25 %</b>	<b>4,927</b>	<b>28 %</b>	<b>5,589</b>	<b>21 %</b>

\*growth in local currencies from the same period in 2002

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## Pharmaceutical sales

*Growing strongly across the year*



	Q1	Q2	H1	Q3	Q4	Year
<b>Pharma <sup>1</sup></b>	<b>18</b>	<b>25</b>	<b>22</b>	<b>28</b>	<b>20</b>	<b>23</b>
<b>Prescription <sup>1</sup></b>	<b>19</b>	<b>25</b>	<b>22</b>	<b>28</b>	<b>21</b>	<b>23</b>
Roche Rx <sup>1,2</sup>	3	9	6	13	24	12
Genentech Rx	25	24	24	22	21	23
Chugai Rx <sup>3</sup>	236	242	239	274	13	113
<b>OTC <sup>1</sup></b>	<b>13</b>	<b>23</b>	<b>18</b>	<b>28</b>	<b>6</b>	<b>17</b>

<sup>1</sup> Chugai consolidated since 1 October 2002

<sup>2</sup> Excludes Nippon Roche Rx

<sup>3</sup> Consists of Nippon Roche Rx (Jan 1<sup>st</sup> 2001 to Sep 30<sup>th</sup> 2002) and Chugai Rx (from Oct 1<sup>st</sup> 2002)

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## Top 20 Prescription products

*Sales 2003 (vs. 2002)*



	Total		US		J		ROW	
	CHF m	% local	CHF m	% local	CHF m	% local	CHF m	% local
MabThera/Rituxan	2,775	34	1,923	29	109	69	743	49
NeoRecorm/Epogin	2,051	77	-	-	804	263	1,247	30
Rocephin	1,375	0	798	7	54	14	523	-11
Cellcept	1,335	27	685	26	20	20	630	27
Herceptin	1,177	27	546	18	95	40	536	39
Pegasys/Copegus	942	1010	565	4964	2	-	375	372
Xenical	618	-13	146	-13	-	-	472	-12
Roaccutane	515	-37	272	-45	-	-	243	-22
Xeloda	515	29	251	18	11	-	253	37
Nutropin/Protropin	442	8	430	8	-	-	12	7
Kytril	437	7	182	3	132	10	123	10
Tamiflu	431	184	183	176	217	176	31	364
Dilatrend	392	19	-	-	-	-	392	19
Pulmozyme	328	14	193	17	-	-	135	10
Neutrogen	318	265	-	-	318	265	-	-
Cymevene/Valcyte	281	6	165	1	-	-	116	14
Activase/TNKase	278	1	245	4	-	-	33	-18
Viracept	276	-12	-	-	2	-4	274	-12
Madopar	241	4	-	-	19	0	222	4
Lexotan	214	-9	-	-	13	-3	201	-9

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## Top 20 Prescription products

*Quarterly sales 2003 (vs. 2002)*



	Q1		Q2		Q3		Q4	
	CHF m	% local	CHF m	% local	CHF m	% local	CHF m	% local
MabThera/Rituxan	611	39	670	37	713	32	781	30
NeoRecorm/Epogin	449	120	520	139	537	124	545	7
Rocephin	370	-18	328	-4	309	2	368	22
Cellcept	309	37	313	17	356	26	357	20
Herceptin	265	36	286	32	311	26	315	19
Pegasys/Copegus	119	2190	210	1450	279	1260	334	610
Xenical	144	-19	170	-11	153	-11	151	-11
Roaccutane	178	-35	115	-49	109	-40	113	-25
Xeloda	131	48	145	50	128	10	111	3
Nutropin/Protropin	107	13	110	8	113	4	112	9
Kytril	86	-8	112	16	120	11	119	3
Tamiflu	107	97	7	-	0	-	317	207
Dilatrend	87	16	100	22	99	18	106	17
Pulmozyme	76	10	81	15	83	6	88	26
Neutrogen	70	-	81	-	83	-	84	-6
Cymevene/Valcyte	69	-10	68	1	75	37	69	5
Activase/TNKase	68	11	70	10	72	2	68	-15
Viracept	65	-18	76	10	70	-27	65	-7
Madopar	57	6	60	1	61	6	63	4
Lexotan	52	-11	53	-11	54	-3	55	-11

90

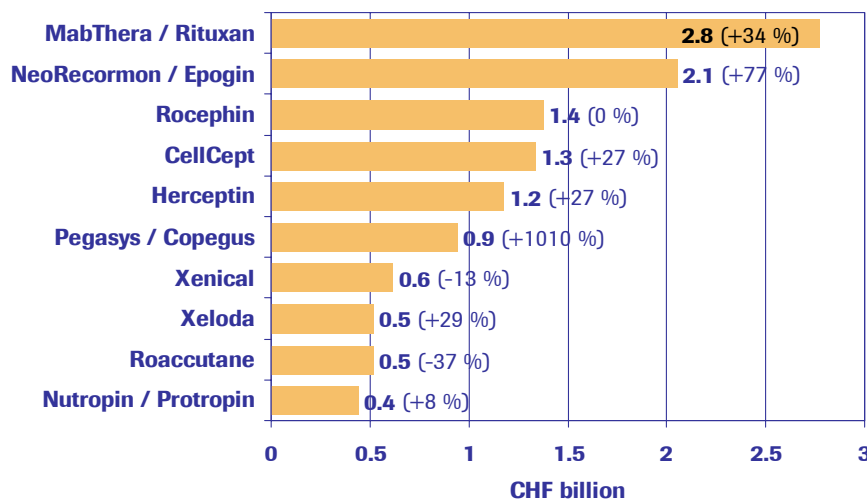
## Top 20 Prescription products 2002



	Total		US		J		ROW	
	CHF m	% local	CHF m	% local	CHF m	% local	CHF m	% local
Mabthera/Rituxan	2,295	46	1,725	37	70	177	500	72
NeoRecorm/Epogin	1,189	67	-	-	237	-	952	31
Rocephin	1,519	-4	865	-2	51	0	603	-8
Cellcept	1,154	17	628	15	18	31	508	18
Herceptin	994	32	537	7	73	318	384	64
Pegasys/Copegus	93	861	13	-	-	-	80	723
Xenical	755	-17	195	-21	-	-	560	-16
Roaccutane	894	-18	577	-21	-	-	317	-11
Xeloda	436	79	246	73	-	-	190	88
Nutropin/Protoprin	471	17	459	17	-	-	12	19
Kytril	445	10	204	5	128	10	113	21
Tamiflu	168	91	77	2637	84	8	7	14
Dilatrend	331	18	-	-	-	-	331	18
Pulmozyme	315	5	192	9	-	-	123	-1
Neutrogin	93	-	-	-	93	-	-	-
Cymevene/Valcyte	291	6	188	2	-	-	103	17
Activase/TNKase	315	-8	274	-10	-	-	41	15
Viracept	320	-26	-	-	3	4	317	-27
Madopar	238	1	-	-	20	3	218	1
Lexotan	243	-7	-	-	14	4	229	-7

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## 2003: Big brands driving growth

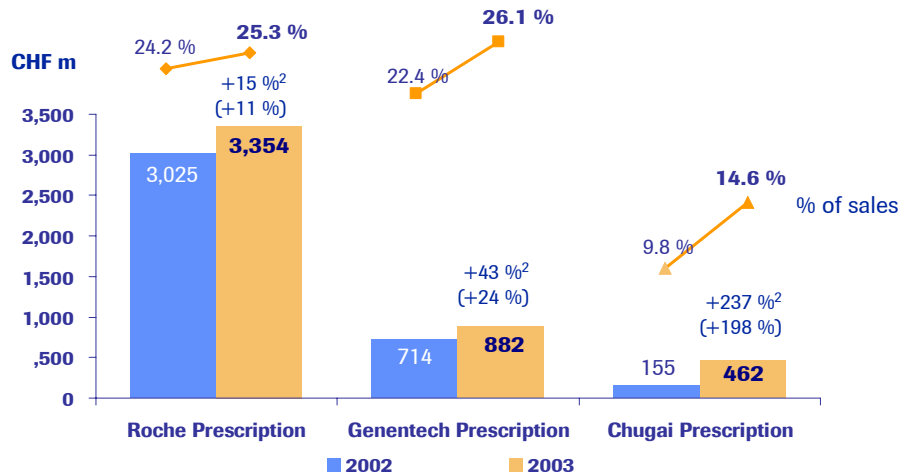


all at local growth rates

92

## 2003: Operating profit<sup>1</sup> - double digit growth

*Further improvement in margins*

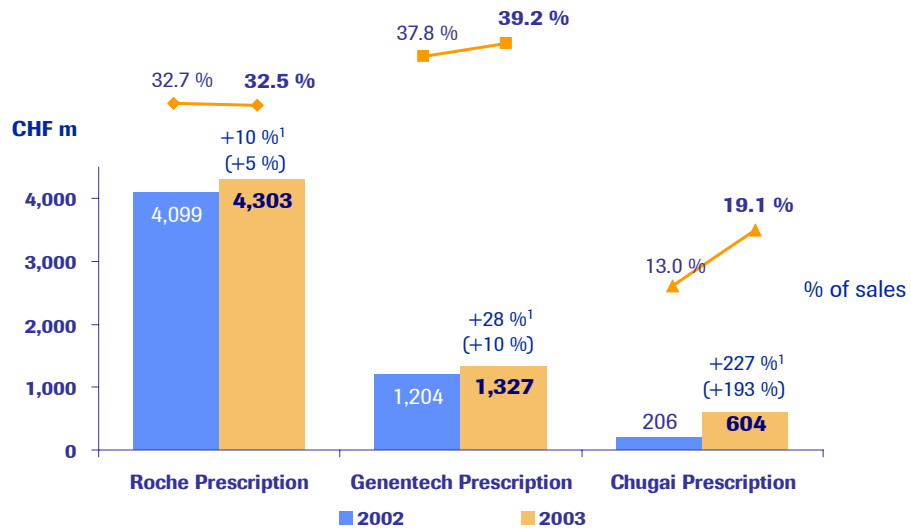


<sup>1</sup> before exceptional items

<sup>2</sup> local growth, (growth in CHF)

93

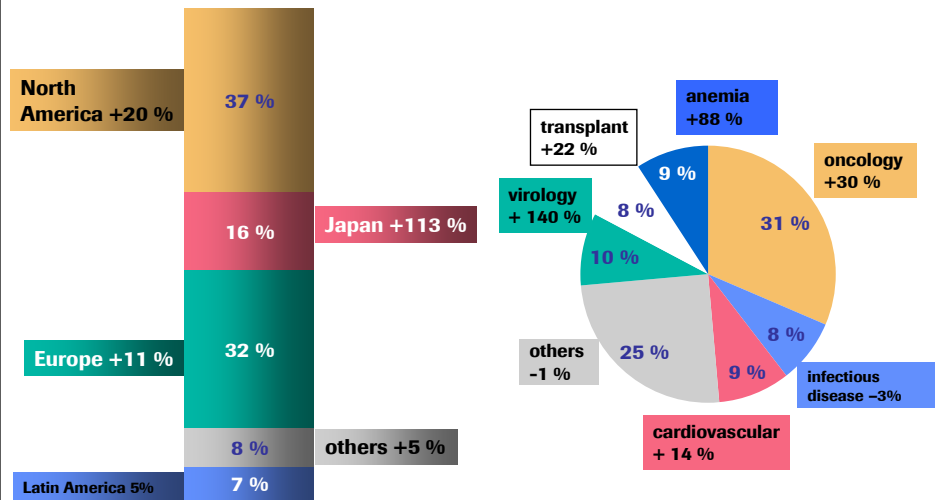
## 2003: EBITDA - high gross cash generation



<sup>1</sup> local growth, (growth in CHF)

94

## Growth in main regions and therapeutic areas

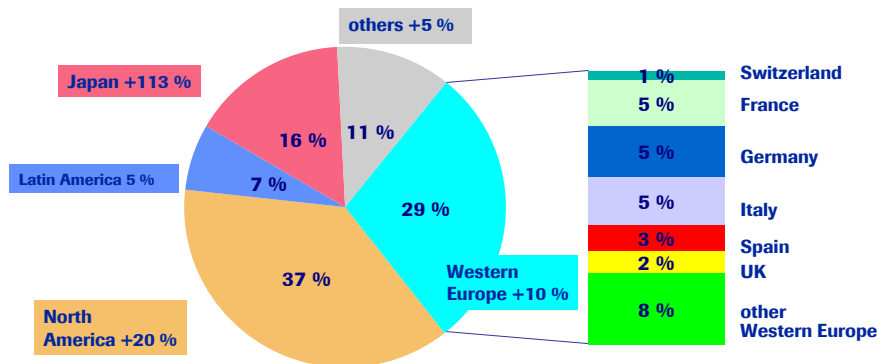


all growth figures are in local currencies

\* including Eastern Europe

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## 2003: Western Europe growing above market



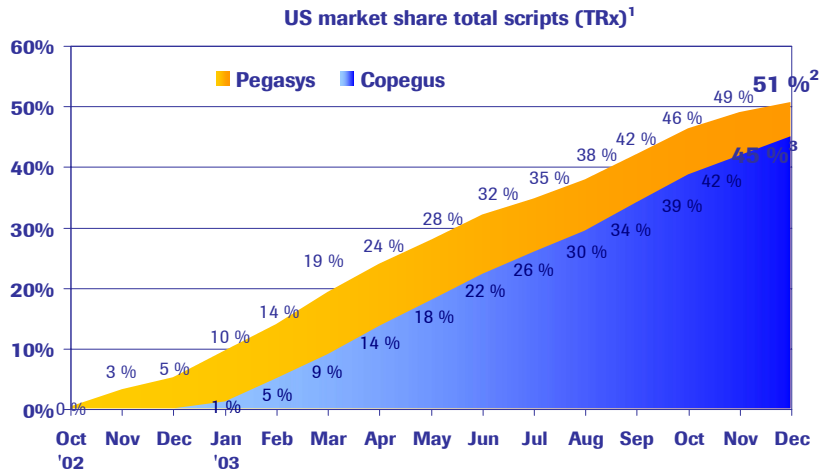
all growth figures are in local currencies

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# Pegasys / Copegus



*Performance has exceeded expectations*

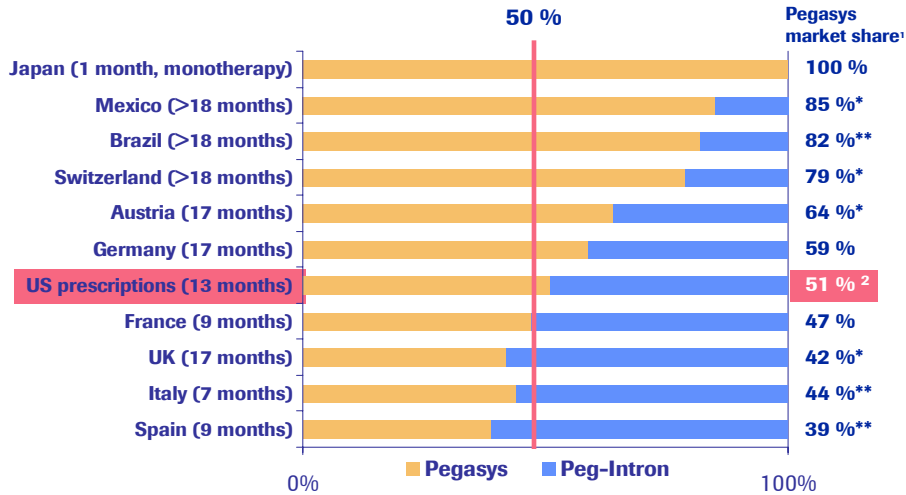


sources: <sup>1</sup> IMS Dec 03, <sup>2</sup> Interferon market share (includes conventional interferons). <sup>3</sup> Ribavirin market share

# Pegasys



*>50 % share in the US*

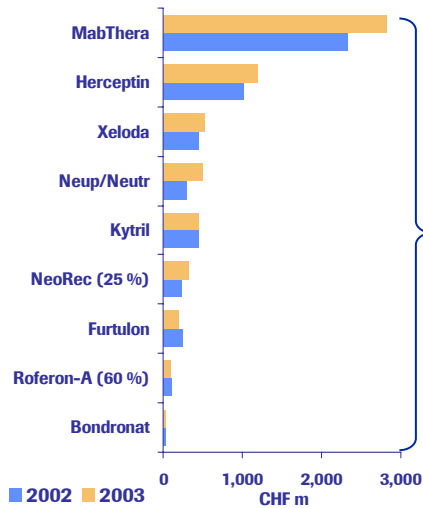


sources: IMS or local affiliate market research, December 2003 (\* Nov. 03, \*\* Oct. 03), <sup>1</sup> Pegylated Interferon market, <sup>2</sup> Interferon market share (includes Conventional Interferons).

## Oncology - Roche the no. 1 company



*Expected to further increase to CHF 7-10 billion*



- Avastin
  - BLA filed in September '03
  - EU filing in December '03
  - Ongoing clinical development
    - 2<sup>nd</sup> line mCRC
    - 1<sup>st</sup> line mBC
    - 1<sup>st</sup> line NSCLC
    - RCC
- Pentumomab results expected Q1 '04
- Tarceva (BR21) results expected Q2 '04
- Omnitarg ovarian cancer results expected H1 '04



<sup>1</sup> Local growth

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## News-flow in 2003 supporting long-term growth



*In current and new indications*

### Aggressive NHL

	US appr.	EU appr.	Current segment size (% of pts) <sup>1</sup>	MabThera penetration <sup>1</sup>	Recent trials
<b>1<sup>st</sup> line</b>		✓	35 %	42 %	GELA (>60 yrs., ASCO '03) ECOG 4494 (>60 yrs., ASH '03); MInT <sup>2</sup> (<60 yrs.)
<b>Relapse</b>			15 %	48 %	
<b>Maintenance</b>					ECOG 4494: ASH '03

### Indolent NHL

	US appr.	EU appr.	Current segment size (% of pts) <sup>1</sup>	MabThera penetration <sup>1</sup>	Recent trials
<b>1<sup>st</sup> line</b>		Filed	25 %	24 %	R-CVP data (ASH '03) R-CHOP data (ASH '03)
<b>Relapse</b>	✓	✓	25 %	41 %	R-FCM in relapsed indolent and mantle cell lymphoma (ASH '03)
<b>Maintenance</b>					ECOG 1496 <sup>2</sup>

<sup>1</sup> 5 key European countries

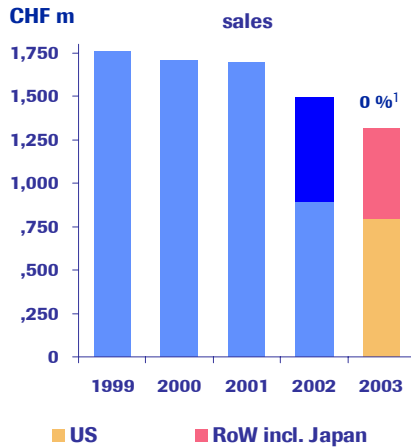
<sup>2</sup> trial halted early as primary efficacy endpoints were already reached at interim analysis

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## Rocephin



### *Demand still strong in the US*

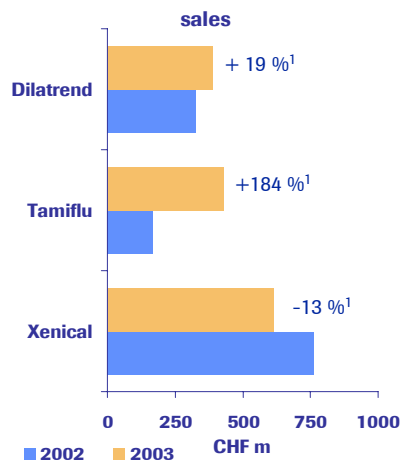


- Sales stable<sup>1</sup> at CHF 1.4 billion
  - strong demand in Italy and the US
  - generic competition impacting especially in France and Germany
- US
  - sales increase in Q4 '03 in connection with winter flu season
  - patent protected until July 2005
- EU sales expected to further decline due to patents expiry in Italy

<sup>1</sup> local growth

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## Our main primary care products



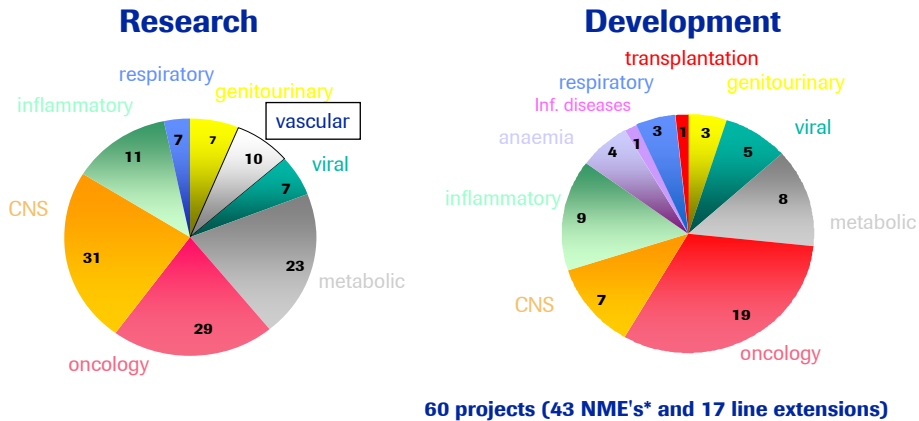
- Dilatrend
  - growth driven also by COMET
  - off patent in major European markets during 2004
- Tamiflu
  - impressive sales of CHF 431 million
  - Japan: strong sales during Q1 and Q4
  - US: strong demand during Q4
  - future sales dependent on flu season
- Xenical
  - declining in line with market trends
  - FDA approved labeling for adolescents
  - XENDOS study showed improvement of type 2 diabetes symptoms

<sup>1</sup> local growth

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# Roche managed R&D pipeline - overview<sup>1</sup>

*By therapy area*



\*New Molecular Entities prior to regulatory approval  
<sup>1</sup> as of December 31, 2003

# Roche Rx portfolio - projects in 2004

*Rich, balanced and innovative on its own*

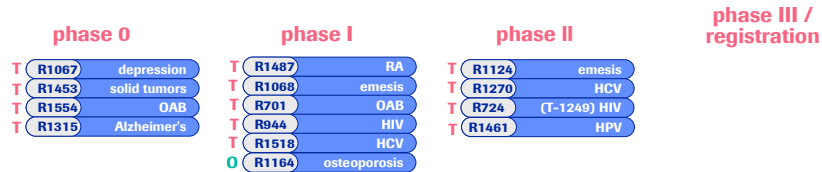


Phase I	Phase II	Phase III	Registration
Enzyme inhibitor, COPD	Integrin antagonist, asthma	TARCEVA, NSCLC, relapsed	AVASTIN, mCRC
GPCR modulator, depression/anxiety	Alpha-1 antagonist, SUI	Pemtumomab, ovarian cancer	HERCEPTIN, Taxotere combo, EU
Integrin antagonist, RA	Nuclear receptor agonist, emphysema	MabThera, CLL	MabThera 1 <sup>st</sup> line iNHL, EU
Enzyme modulator, type II diabetes	NK-1, depression/anxiety	Bonviva/Boniva, osteopor., oral monthly, i.v. intermittent	NeoRecormon, 30,000 PFS, once-weekly, cancer, EU
Enzyme inhibitor, type II diabetes	Insulin sensitizer, type II diabetes	MabThera, RA (TNF-failures)	VIRACEPT 625mg formulation, HIV, EU
Nuclear receptor modulator, type II diabetes	CERA, renal and cancer associated anemia	XELODA, combo/adj. mCRC	Xenical (Xendos) in type II diabetes (EU, US)
Enzyme inhibitor, HCV	OMNITARG, solid tumors	PEGASYS, HBV	
GPCR modulator, stress urinary incontinence	Epothilone D, solid tumors	HERCEPTIN, hormonal, mBC	
Enzyme inhibitor, Alzheimer's	Calcineurin inhibitor, renal transplant	HERCEPTIN, adj. BC	
Kinase inhibitor, RA	Diflomotecan, solid tumors	XELODA, in combo 1st line and 2nd line CRC	
Enzyme inhibitor, Alzheimer's	MRA (IL-6), RA	XELODA, in adjuvant mono CRC	
Anemia treatment	MabThera, RA (signs/sympt. of struct. damages)	XELODA, in adjuvant combo mBC	
GPCR modulator, Alzheimer's	Avastin, adjuvant CRC		
Monoclonal antibody, breast cancer			
Parenteral carbapenem, severe infections			

■ NME  
■ line extension

# Roche managed R&D pipeline

## Projects terminated in the past 12 months



14 projects terminated or planned for outlicense in past 12 months

Roche pipeline status on December 31, 2003

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# Roche R&D managed pipeline (NME's)

## Changes over 12 months (December 2002 - 2003)



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## Projected news flow for world wide prescription



Pending approvals	Region
Avastin 1 <sup>st</sup> line mCRC	US
Bonviva / Boniva 2.5 mg oral daily tablet	EU
Herceptin, Taxotere combo	EU
NeoRecormon 30,000 PFS, once-weekly, cancer	EU
Nutropin / Nutropin AQ for idiopathic short stature	US
Viracept 625 mg formulation HIV disease	EU
Xenical in treatment and prevention of type II diabetes	EU
<b>Projected filings H1 2004</b>	
Bonviva / Boniva once-monthly oral	US / EU
MabThera / Rituxan 1 <sup>st</sup> line iNHL	US

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## Projected news flow for world wide prescription



### *First half 2004*

Key phase III data
Avastin, FOLFOX +/- Avastin (ECOG 3200, mid '04)
Bonviva / Boniva, once-monthly oral
Pegasys HIV co-infected patients
Pegasys HBV treatment of HBeAg positive patients
Pemtumomab ovarian cancer
Tarceva BR21, monotherapy NSCLC, relapsed
Key phase II data
CERA (renal / oncology)
R450 (stress urinary incontinence)
R483 (Insulin sensitizer)
Omnitarg (solid tumors)
R411 (asthma)

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## Growth double the IVD market

### Diagnostics sales by business area



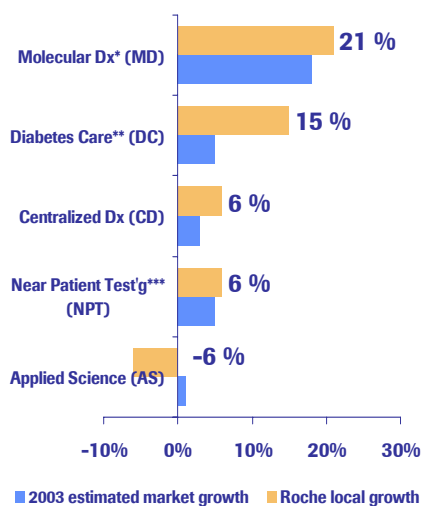
	Q1 '03 CHF m	Q2 '03 CHF m	Q3 '03 CHF m	Q4 '03 CHF m
Diabetes Care	617	644	665	769
Molecular Diagnostics (ex. ind. bus.)	203	220	232	243
Centralized Diagnostics	622	661	648	702
Near Patient Testing	137	132	133	145
<b>Roche <i>in vitro</i> Diagnostics</b>	<b>1,579</b>	<b>1,657</b>	<b>1,678</b>	<b>1,859</b>
Applied Science	127	124	126	132
Molecular Diag - industrial business	19	39	33	36
<b>Life Science</b>	<b>146</b>	<b>163</b>	<b>159</b>	<b>168</b>
<b>Roche Diagnostics</b>	<b>1,725</b>	<b>1,820</b>	<b>1,837</b>	<b>2,027</b>

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## High margin areas outperform the market



### local sales growth vs. market<sup>1</sup>



- MD: five major launches in '03 - blood screening driving growth
- DC: gained market leadership in US and growing share in all major markets
- CD: reagent growth through increased placements of immunochemistry platforms
- NPT: impacted by divestitures - coagulation monitoring and cardiac markers continued strong growth
- AS: affected by Life Science downturn - refocused on genomics & proteomics

<sup>1</sup> Roche estimates, company reports

\* excludes Industrial Business; including +13 %

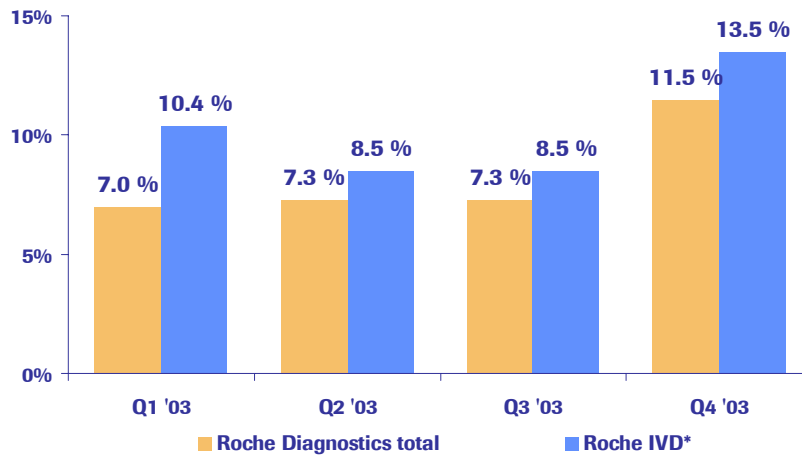
\*\* excluding Disetronic +10 %

\*\*\* excludes divestitures; including -2 %

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## Diagnosics sales growth 2003

### Quarterly development



\* IVD - excluding Applied Science and Molecular Diagnostics Industrial Business

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## Key product lines driving growth

### Represents 72 % of sales

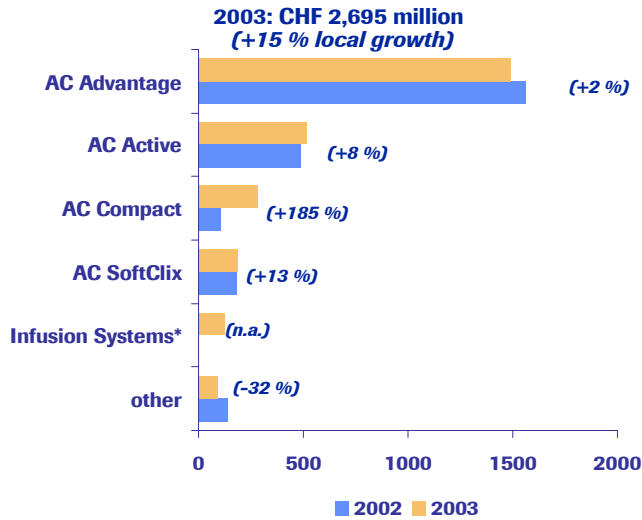


product family	market segment	market position	CHF m 2003	growth (local) 2003 vs. 2002
Accu-Chek*	Diabetes glucose monitoring	1	2,480	13 %
Hitachi** / Integra**	Clinical chemistry	1	1,069	2 %
Elecsys	Immunochemistry	2	734	25 %
Amplicor	Molec. diag IVD	1	658	10 %
Ampli/ TaqScreen	Molec. diag blood screening	2	214	47 %
CoaguChek	Coagulation (NPT)	1	142	20 %
			<b>72 %</b>	

source: Roche analysis \* includes Glucotrend meters \*\* excluding homogeneous immunoassays

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## Diabetes Care

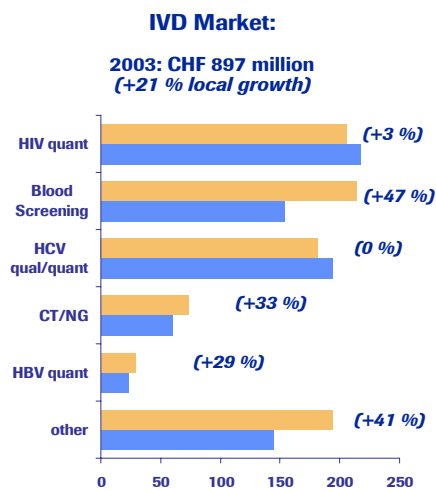


\* local growth Infusion Systems vs former Disetronic: + 1.4 % (YTD 2003)  
Disetronic sales consolidated from May 2003

AC = Accu-Chek

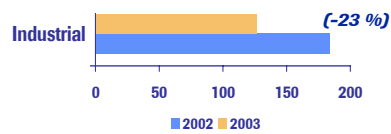
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## Molecular Diagnostics



**Life Science business:**

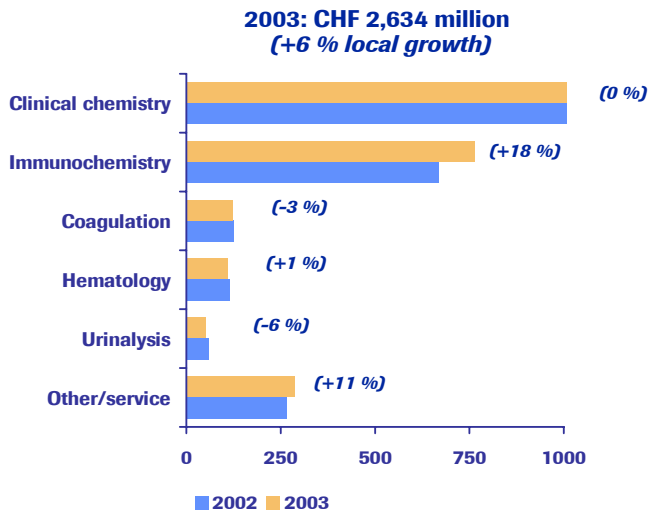
**2003: CHF 127 million**  
**(-23 % local growth)**



**Molecular Diagnostics:**  
2003: CHF 1,024 million  
(+13 % local growth, 5 % CHF)

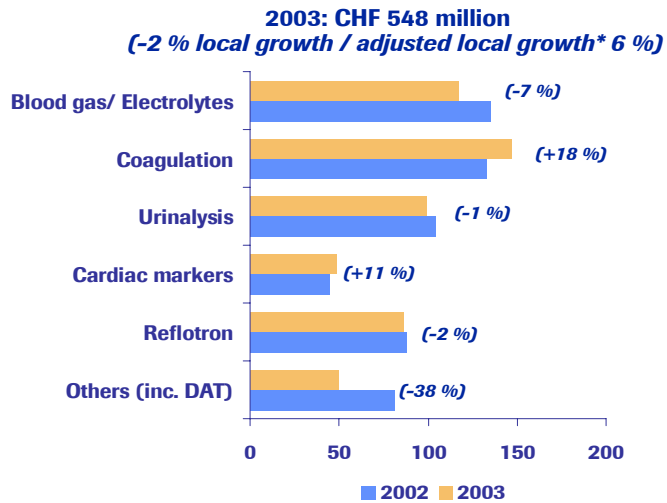
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## Centralized Diagnostics



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## Near Patient Testing



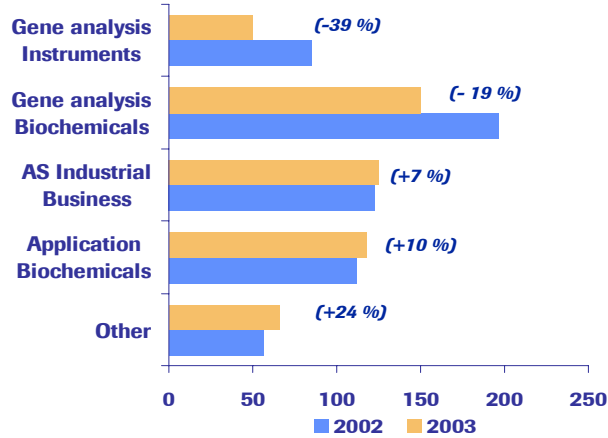
\* impacted by OPTI & DAT divestiture (underlying growth + 6 %)

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## Applied Science



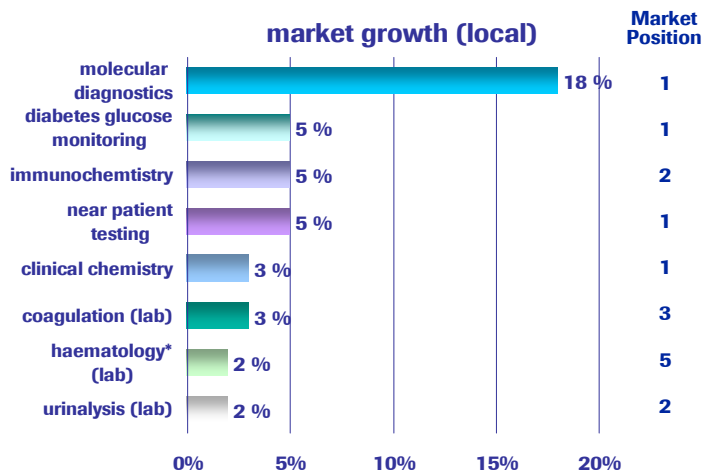
2003: CHF 508 million  
(-6 % local growth)



## IVD world market 2003E



Roche leading in largest & fastest growing segments

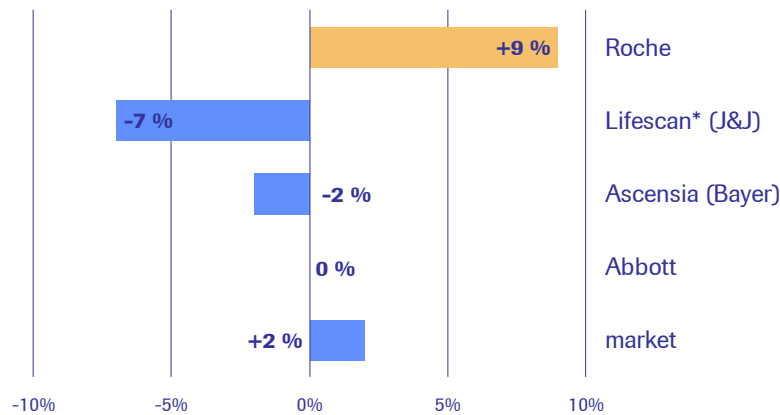


## US Diabetes Care market

### Roche outperforming competitors



local growth 2003 vs. 2002



\* adjusted for divestitures

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## 2003: Roche Group key figures

### Improved sales growth and profitability



CHF m	Continuing businesses		Discontinuing businesses		Roche Group	
<b>Sales</b>	<b>28,960</b>	<b>+11 %</b>	<b>2,260</b>	<b>-33 %</b>	<b>31,220</b>	<b>+6 %</b>
<b>EBITDA</b>	<b>8,390</b>	<b>+11 %</b>	<b>219</b>	<b>-52 %</b>	<b>8,609</b>	<b>+8 %</b>
<i>% of sales</i>	<i>29.0</i>	<i>+0.1 p</i>	<i>9.7</i>	<i>-3.9 p</i>	<i>27.6</i>	<i>+0.5 p</i>
<b>Operating profit before exceptional items</b>	<b>6,104</b>	<b>+17 %</b>	<b>164</b>	<b>-27 %</b>	<b>6,268</b>	<b>+15 %</b>
<i>% of sales</i>	<i>21.1</i>	<i>+1.1 p</i>	<i>7.3</i>	<i>+0.7 p</i>	<i>20.1</i>	<i>+1.6 p</i>
<b>Operating profit</b>	<b>5,823</b>	<b>+28 %</b>	<b>-231</b>	<b>-93 %</b>	<b>5,592</b>	<b>+319 %</b>
<i>% of sales</i>	<i>20.1</i>	<i>+2.7 p</i>	<i>-10.2</i>	<i>+84.2 p</i>	<i>17.9</i>	<i>+13.4 p</i>
<b>Financial income</b>	<b>-630</b>	<b>-</b>	<b>-37</b>	<b>-78 %</b>	<b>-667</b>	<b>-</b>
<b>Net income</b>	<b>3,292</b>	<b>-</b>	<b>-223</b>	<b>-93 %</b>	<b>3,069</b>	<b>-</b>
<i>% of sales</i>	<i>11.4</i>	<i>+15.4 p</i>	<i>-9.9</i>	<i>+77.9 p</i>	<i>9.8</i>	<i>+23.5 p</i>
<b>EPS diluted (CHF)</b>	<b>3.87</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3.61</b>	<b>-</b>

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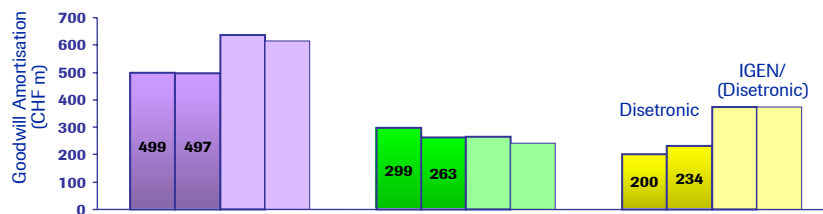
## Impact of Goodwill Amortisation and Cash Discounts



%-influence for 2002 and 2003 fix; for the following years dependent on sales and acquisitions

- Goodwill amortisation as % of sales

	'02	'03	'04	'05		'02	'03	'04	'05		'02	'03	'04	'05
Group	1.9	1.7	↗	↘										
Pharma						1.6	1.2	↘	↘					
Dia											2.8	3.2	↗	↘



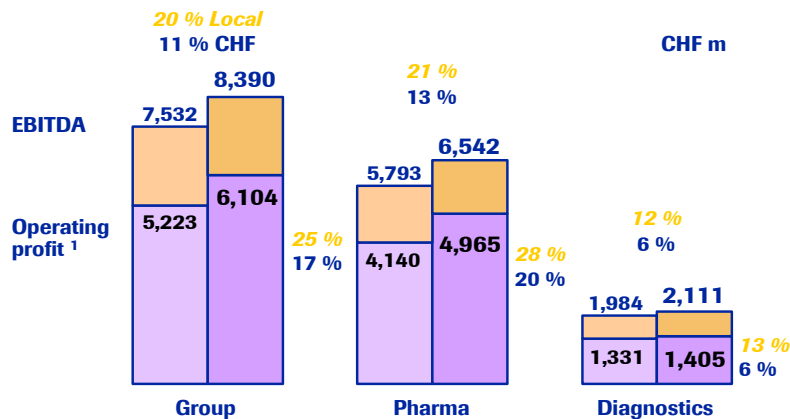
- Cash discounts have a minimal %-impact (around 0.2 % on Group level), since they are a reclassification from M & D to sales

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## Pharma and Diagnostics operating performance



Double digit growth in all businesses



<sup>1</sup> before exceptional items

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## Figures on the adjusted (old) basis

## Sales (adjusted basis)

### January to December 2003 and 2002

Sales	2003 CHF m	2002 CHF m	% CHF	% loc
<b>Pharmaceuticals</b> <sup>1</sup>	<b>21,896</b>	<b>19,306</b>	<b>13</b>	<b>22</b>
<b>Prescription</b> <sup>1</sup>	<b>20,110</b>	<b>17,713</b>	<b>14</b>	<b>22</b>
Roche Rx <sup>1,2</sup>	13,505	12,877	5	11
Genentech Rx	3,449	3,251	6	23
Chugai Rx <sup>3</sup>	3,156	1,585	99	113
<b>OTC</b> <sup>4</sup>	<b>1,786</b>	<b>1,593</b>	<b>12</b>	<b>17</b>
<b>Diagnostics</b>	<b>7,458</b>	<b>7,239</b>	<b>3</b>	<b>8</b>
<b>Sales core businesses</b> <sup>1</sup>	<b>29,354</b>	<b>26,545</b>	<b>11</b>	<b>18</b>
Vitamins and fine chemicals <sup>5</sup>	2,263	3,391	-34	-28
Reclassification <sup>1</sup>	-96	-211		
Sales (financial statements)	31,521	29,725	6	13

<sup>1</sup> Sales in 2003 and 2002 are adjusted to include the reclassification of CHF 96 m and CHF 211 m of sales to the Vitamins and Fine Chemicals Division as divisional sales to third parties

<sup>2</sup> excludes Nippon Roche Rx

<sup>3</sup> consists of Nippon Roche Rx (1 January to 30 September 2002) and Chugai Rx (since 1 October 2002)

<sup>4</sup> consists of Roche OTC and Chugai OTC (since 1 October 2002)

<sup>5</sup> consolidated until 30 September 2003

## Pharmaceutical sales (gross sales)

*Growing strongly across the year*



	Q1	Q2	H1	Q3	Q4	year
Pharma <sup>1</sup>	18	24	21	28	19	22
Prescription <sup>1</sup>	18	24	21	28	20	22
Roche Rx <sup>1,2</sup>	3	8	5	13	21	11
Genentech Rx	25	24	24	22	21	23
Chugai Rx <sup>3</sup>	236	242	239	274	13	113
OTC	13	23	18	27	6	17

<sup>1</sup> Sales in 2003 and 2002 are adjusted to include the reclassification of sales to the Vitamins & Fine Chemicals Division as divisional sales to third parties

<sup>2</sup> Excludes Nippon Roche Rx

<sup>3</sup> Consists of Nippon Roche Rx (Jan 1<sup>st</sup> 2001 to Sep 30<sup>th</sup> 2002) and Chugai Rx (from Oct 1<sup>st</sup> 2002)

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## Top 20 Prescription Products (gross sales)

*Sales 2003 (vs. 2002)*



	Total		US		J		ROW	
	CHF m	% Local	CHF m	% Local	CHF m	% Local	CHF m	% Local
MabThera/Rituxan	2,817	34	1,962	29	109	69	746	49
NeoRecorm/Epogin	2,056	76	-	-	804	263	1,252	30
Rocephin	1,402	0	820	7	54	14	528	-11
Cellcept	1,356	27	704	26	20	20	632	28
Herceptin	1,192	27	558	18	95	40	539	39
Pegasys/Copegus	963	1026	581	4954	2	-	380	377
Xenical	626	-12	150	-13	-	-	476	-12
Roaccutane	524	-37	279	-45	-	-	245	-22
Xeloda	523	29	258	18	11	-	254	37
Nutropin/Protropin	448	8	436	9	-	-	12	7
Kytril	442	7	187	3	132	10	123	10
Tamiflu	437	184	188	176	217	176	32	363
Dilatrend	392	19	-	-	-	-	392	19
Pulmozyme	333	14	198	17	-	-	135	11
Neutrogen	318	265	-	-	318	265	-	-
Cymevene/Valcyte	286	6	170	1	-	-	116	14
Activase/TNKase	284	1	251	4	-	-	33	-18
Viracept	277	-12	-	-	2	-4	275	-12
Madopar	242	4	-	-	19	0	223	5
Lexotan	216	-9	-	-	13	-3	203	-9

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## Overview divisional results (adjusted basis) 2003 and 2002



	Divisional sales to third parties	EBITDA	EBITDA as % of sales	Operating profit	Operating profit as % of sales
<b>2003</b>					
Pharmaceuticals	21,896	6,591	30.1	4,751	21.7
<i>of which</i>					
Total prescription	20,110	6,283	31.2	4,492	22.3
- Roche prescription	13,505	4,303	31.9	3,396	25.1
- Genentech prescription	3,449	1,327	38.5	595	17.3
- Chugai prescription	3,156	653	20.7	501	15.9
OTC	1,786	308	17.2	259	14.5
Diagnostics	7,458	2,111	28.3	1,171	15.7
Other	-	-263	-	-266	-
<b>Group total</b>	<b>29,354</b>	<b>8,439</b>	<b>28.7</b>	<b>5,656</b>	<b>19.3</b>
<b>2002</b>					
Pharmaceuticals	19,306	5,982	31.0	4,082	21.1
<i>of which</i>					
Total prescription	17,713	5,698	32.2	3,843	21.7
- Roche prescription	12,877	4,201	32.6	3,222	25.0
- Genentech prescription	3,251	1,204	37.0	382	11.8
- Chugai prescription	1,585	293	18.5	239	15.1
OTC	1,593	284	17.8	239	15.0
Diagnostics	7,239	1,984	27.4	1,131	15.6
Other	-	-245	-	-248	-
<b>Group total</b>	<b>26,545</b>	<b>7,721</b>	<b>29.1</b>	<b>4,965</b>	<b>18.7</b>

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## Overview divisional results (adjusted basis) Percentage growth 2003 vs. 2002



	Divisional sales		EBITDA		Operating profit	
	CHF %	Local %	CHF %	Local %	CHF %	Local %
Pharmaceuticals	13 %	22 %	10 %	18 %	16 %	24 %
<i>of which</i>						
Total prescription	14 %	22 %	10 %	19 %	17 %	25 %
- Roche prescription	5 %	11 %	2 %	7 %	5 %	10 %
- Genentech prescription	6 %	23 %		28 %	56 %	81 %
- Chugai prescription	99 %	113 %	123 %	148 %	110 %	135 %
OTC	12 %	17 %	8 %	13 %	8 %	13 %
Diagnostics	3 %	8 %	6 %	12 %	4 %	12 %
Other	-	-	7 %	7 %	7 %	7 %
<b>Group total</b>	<b>11 %</b>	<b>18 %</b>	<b>9 %</b>	<b>17 %</b>	<b>14 %</b>	<b>22 %</b>

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## Net income 2003 (adjusted basis)



### Core businesses

CHF m	2003	2002	Change		%LC
			CHF m	%	
<b>Sales</b>	<b>29,354</b>	<b>26,545</b>	<b>+2,809</b>	<b>+11</b>	<b>+18</b>
<b>Operating profit</b>	<b>5,656</b>	<b>4,965</b>	<b>+691</b>	<b>+14</b>	<b>+22</b>
<i>as % of sales</i>	<i>19.3</i>	<i>18.7</i>			
Financial income, net	-630	736	-1,366	-	
<b>Profit before taxes</b>	<b>5,026</b>	<b>5,701</b>	<b>-675</b>		
Income taxes	-1,402	-1,674	+272	-16	
<i>Tax rate in %</i>	<i>27.9</i>	<i>29.4</i>			
Minority interests	-313	-182	-131	+72	
Associated companies	-44	-37	-7	+19	
<b>Net income</b>	<b>3,267</b>	<b>3,808</b>	<b>-541</b>		
<i>% of sales</i>	<i>11.1</i>	<i>14.3</i>			

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## Operating performance 2003 (financial statements)



	2003	2002	change	
			CHF m	%
<b>Sales</b>	<b>31,521</b>	<b>29,725</b>	<b>+1,796</b>	<b>+6</b>
Cost of sales	-8,315	-8,432	+117	-1
<b>Gross profit</b>	<b>23,206</b>	<b>21,293</b>	<b>+1,913</b>	<b>+9</b>
& D	-9,148	-8,538	-610	+7
R & D	-4,766	-4,257	-509	+12
Administration	-1,450	-1,295	-155	+12
Amortization	-1,510	-1,520	+10	-1
Impairment	-25	-13	-12	+92
Pharma restructuring	-	-154	+154	-100
Chugai transaction	-	586	-586	-100
Vitamins & F.C.				
imp/loss/vitamin case	-395	-3,420	+3,025	-88
Major legal cases	216	-778	+994	-
Other op. expenses, net	-536	-569	+33	-6
<b>Operating profit</b>	<b>5,592</b>	<b>1,335</b>	<b>+4,257</b>	<b>+319</b>
<i>as % of sales</i>	<i>17.7</i>	<i>4.5</i>		

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## Net income 2003 (financial statements)



CHF m	2003	2002	change	
			CHF m	%
<b>Sales</b>	<b>31,521</b>	<b>29,725</b>	<b>+1,796</b>	<b>+6</b>
<b>Operating profit</b>	<b>5,592</b>	<b>1,335</b>	<b>+4,257</b>	<b>+319</b>
<i>as % of sales</i>	<i>17.7</i>	<i>4.5</i>		
Financial income, net	-667	663	-1,330	-
Impairment financial assets	-	-5,192	<b>+5,192</b>	-
<b>Profit before taxes</b>	<b>4,925</b>	<b>-3,194</b>	<b>+8,119</b>	<b>-</b>
Income taxes	-1,445	-839	<b>-606</b>	<b>+72</b>
<i>Tax rate in %</i>	<i>29.3</i>	<i>-26.3</i>		
Minority interests	-367	41	-408	-
Associated companies	-44	-34	<b>-10</b>	<b>+29</b>
<b>Net income</b>	<b>3,069</b>	<b>-4,026</b>	<b>+7,095</b>	<b>-</b>
<i>% of sales</i>	<i>9.7</i>	<i>-13.5</i>		