



Roche
First quarter 2004

Presentation to analysts
Basle, April 21, 2004



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

3



Group

Dr. Erich Hunziker
Chief Financial Officer

Q1 '04: Major progress on operational and strategic level



- Sales growth well above market in both divisions
- Calling of outstanding debt instruments, one time gain of CHF 613 million after taxes from LYONs IV
- AGM: further steps for improved corporate governance approved
 - lead - director appointed (Bruno Gehrig)
 - majority of the Board consists now of independent non-executive members
 - new group and statutory auditors (KPMG)
- Igen acquisition closed
- Decision on the future of the OTC business expected in H2 '04

5

Q1 '04: Sales growth above market *...in both divisions*



	Q1 '03 CHF billion	Q1 '04 CHF billion	% change in	
			CHF	local
Pharmaceuticals	4.9	5.6	16	17
Prescription	4.5	5.2	16	18
OTC	0.4	0.4	7	5
Diagnostics	1.7	1.9	11	10
Sales of core businesses (continuing businesses)	6.6	7.6	14	15
Vitamins & Fine Chemicals ¹ (discontinuing businesses)	0.7		-100	-100
Roche Group	7.4	7.6	3	3

¹ Until September 30th 2003

6

Q1 '04: Finance and Treasury



Towards the goal of a balanced financial income

- LYONs IV called
 - reduced group debt by CHF 1.36 billion
 - one-time gain after taxes of CHF 613 million
 - current shareholding in Genentech: 55.3 % (majority stake did not and will not change)
- LYONs III called
 - will reduce group debt by around CHF 2.2 billion
 - will reduce interest expenses with currently around 7 % effective interest rate

7

Outlook



Guidance reiterated

2004

- Pharmaceuticals and Diagnostics division sales growth above market (in local currencies)
- Pharma operating profit margin¹ towards 26 % by end of 2004
- By the end of 2004 conditions in place for a balanced financial income
- Tax rate around 29 %
- Exceptional income from bond conversion and redemption in 2004 and significant increase in net income

... and after

- Operating profit margin¹ of the Group above 22 % in 2005
- Diagnostics operating profit margin¹ around 23 % in 2006



Pharmaceuticals Division

William M. Burns
Head of Pharmaceuticals Division

Q1 '04: Highlights



- Prescription sales growth (+18 %¹) above world market
- Strong growth of the oncology franchise (+27 %¹) with MabThera and Herceptin as major contributors, also fuelled by US launch of Avastin
- Pegasys now world-wide market leader in the pegylated interferon market, franchise on the way to become Pharmaceutical's sixth billion CHF selling product
- Transplantation franchise continues to outperform market

Pharmaceuticals sales



	Q1 '04 CHF m	Growth vs. Q1 '03 in CHF	Growth vs. Q1 '03 in Local Currencies
Roche World Wide Prescription Group ¹	5,217	16 %	18 %
OTC ¹	429	7%	5%
Pharmaceuticals ¹	5,646	16%	17%

¹ Roche, Genentech and Chugai

11



Operational Performance

Key Products

12

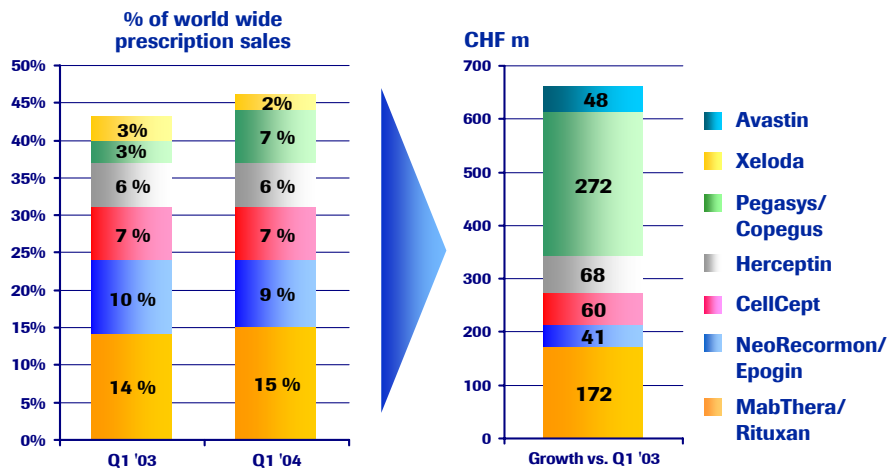
Strong growth in US, Japan and EU ...and in key franchises



	% of prescr. sales	growth (local)
North America	37 %	22 %
Japan	14 %	12 %
Western Europe	31 %	15 %
Total	82 %	
Oncology	32 %	27 %
Transplantation	9 %	24 %
Virology	12 %	85 %
Anemia	8 %	2 %
Total	61 %	31 %

13

Prescription - key brands driving growth ~CHF 0.65 billion additional sales¹



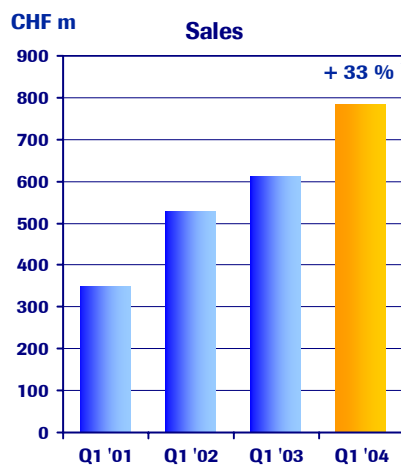
¹ at constant fx: 0.69 billion additional sales, Xeloda performance included

14

Operational Performance

Key Products

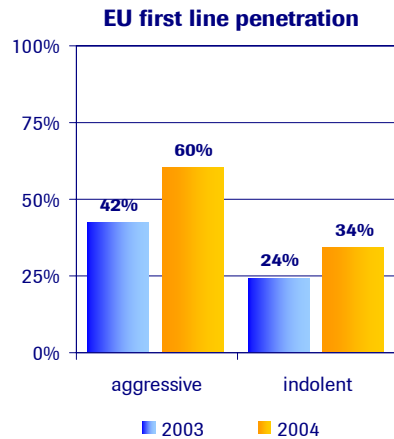
MabThera / Rituxan *Continuing growth path*



- Sales of CHF 782 million
- EU marketing application for 1st line iNHL filed in Jan '04
- EORTC 20981 in relapsed iNHL patients met primary endpoints two years earlier than expected
 - third study in iNHL to confirm benefits of MabThera maintenance
- Data to be presented at ASCO
 - MInT data (aNHL 1st line, <60 yrs)
 - ECOG 1496 (iNHL maintenance)

MabThera / Rituxan

Increased penetration in Europe



- Sales in Europe and RoW increased by 56 %¹ in Q1
- Drivers for aNHL 1st line
 - EU approval based on GELA data (Mar '02)
 - MInT trial result (full data expected at ASCO '04)
 - NICE approval obtained in UK (Sep '03)
- Drivers for iHNL 1st line
 - R-CVP data (ASH '03); filed for EU 1st line approval
 - R-CHOP (EORTC 20981)

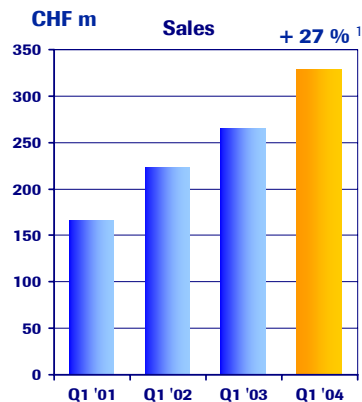


¹ local growth

17

Herceptin

Sales and trials firmly progressing



- Sales of CHF 328 million
- 12-month update of *Taxotere* +/- Herceptin combination study
 - improved life expectancy by more than one-third²
 - presented at EBCC (Mar '04)
 - EU marketing application filed (Sep '03)
- Ongoing clinical development
 - Recruitment for Herceptin +/- *Arimidex* (hormonal combination) almost complete
 - filing now anticipated for 2005
 - HERA recruitment going well
 - filing still anticipated for 2007

¹ local growth

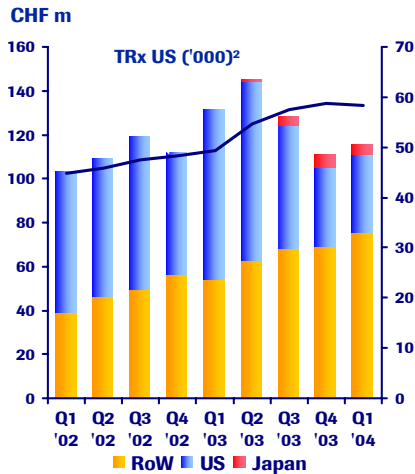
² About half the patients treated with the combination therapy survived, on average, at least 31 months compared to 22 months for patients treated with Taxotere alone



18

Xeloda

Strong growth in Europe



- Sales of CHF 115 million (-11 %¹)
- Strong growth of 34 % in Europe, Latin America and Asia
- US sales (-49 %) y-o-y, same sales level as Q4 '03, mainly due to changes in wholesalers buying pattern
 - US prescription up 19 %²
 - correction anticipated by year-end
- Next data expected
 - X-ACT³ results mid '04



¹ local growth; ² Source: IMS ³ Xeloda vs. bolus IV 5-FU/LV in adjuvant CRC

19

Avastin

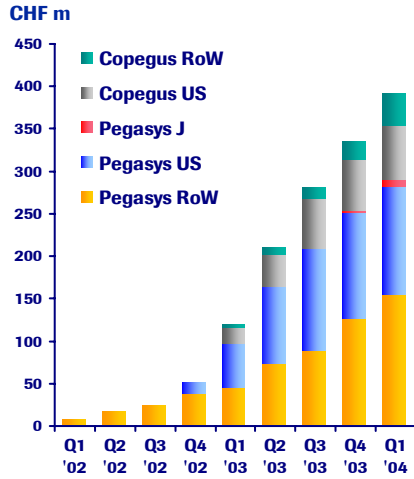
First anti-angiogenesis treatment approved for treating cancer



- Approved in the US end Feb '04 in first-line mCRC, initial sales of CHF 48 million
- Filed in Europe in Dec '03
- Priority review in Switzerland, Canada and Australia
- Ongoing clinical development in various cancers
 - renal cell cancer
 - NSCLC
 - adjuvant colon cancer
 - metastatic breast cancer
 - pancreatic cancer
 - other solid tumors

20

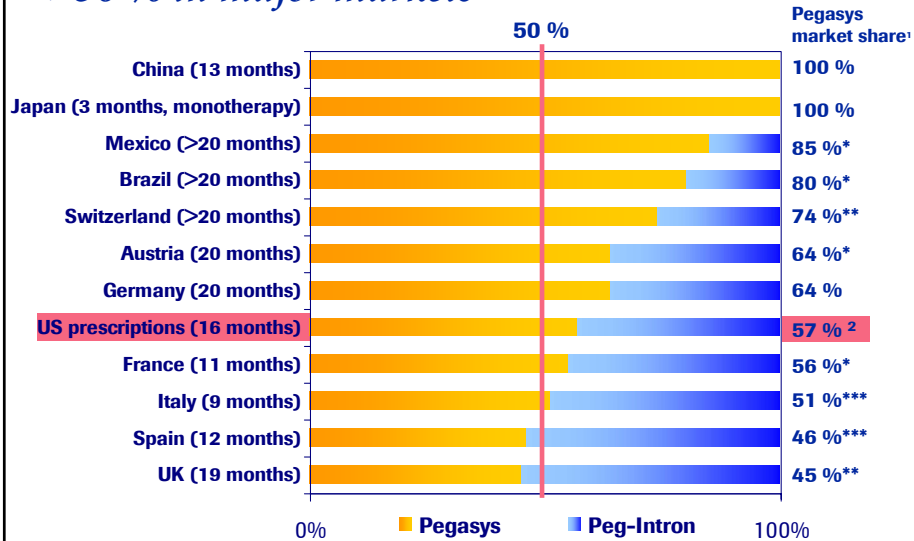
Pegasys / Copegus Global market leadership achieved



- Sales of CHF 391 million (+236 %¹)
- US market share increased to 57 %²
- Important results in 2004
 - APRICOT trial in co-infected patients (HIV / HCV)³
 - Hep B - HBeAg positive patients data to be presented in H2 '04

¹ Local growth ² US pegylated interferon market share; Source: IMS March 03 ³ presented at CROI 2004 21

Pegasys >50 % in major markets



Sources: IMS or local affiliate market research, March 2004 (*Feb 04,** Jan 04,*** Dec 03). ¹ Pegylated Interferon market, ² Interferon market share (includes Conventional Interferons).

Fuzeon



Corrective measures taken

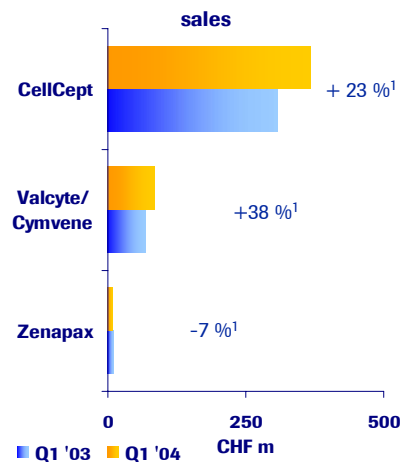
- Sales of CHF 31 million
- Switch from single distributor to traditional multi-channel distribution in USA
- Launches in Spain and Italy started
- Reimbursement negotiations ongoing in several EU countries
- Programs to improve acceptance of injection regime put in place

23

Transplantation franchise



Growing above market



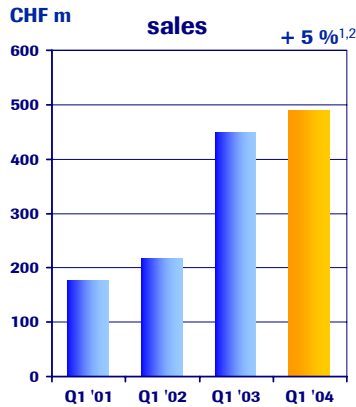
- Global sales of CellCept CHF 369 million (+23 %¹)
 - growing steadily in all regions
 - US: +18 %¹ (~50 % w/w market)
 - RoW: +29 %¹ (~40 % w/w market)
- Valcyte / Cymvene up 38 %¹ due to new indication in prevention of CMV in high-risk kidney, kidney-pancreas and heart transplant patients².
 - Some pipeline filling following new approved indication
- Isotechnika agreement restructured

¹ local growth

² European approval in May '03, FDA approval in Sep '03

24

Anemia Management NeoRecormon/Epogin and CERA



- Sales² of CHF 489 million (+5 %^{1,2})
- Moderate growth due to high base in Q1 '03, price competition and slower growth of oncology segment
- NeoRecormon 30.000 PFS once-weekly in oncology may further fuel growth (CPMP approval Feb '04)
- CERA
 - phase III in renal started in Q1 '04
 - phase III in oncology to start end 2004



¹ local growth ² Global (Roche & Chugai)

Roche R&D pipeline today Total of 63 NME's including 6 opt-in opportunities



Major development in Q1 '04, outlook Q2 '04



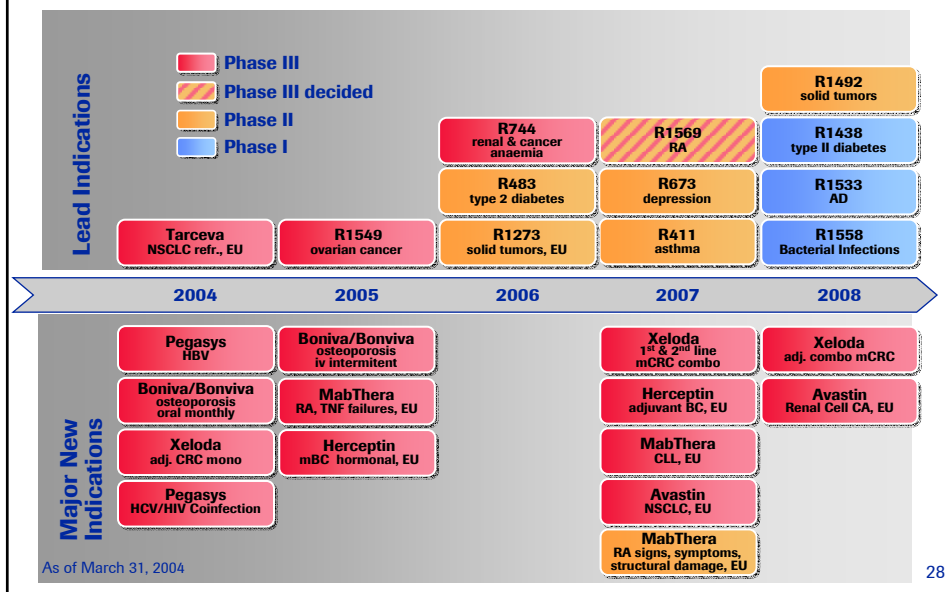
Major news		
	• R483 Insulin sensitizer	phase IIb completed
	• R744 (CERA)	phase III in renal started
	• MabThera (RA, 1 st line)	phase IIb last patient recruited
Major changes in pipeline		
	• R450 (SUI)	dropped
	• R1524 (ISA)	agreement restructured
Major results available		
	• R411 (asthma)	phase II, data available
	• Omnitarg (solid tumors)	phase II, data available
	• Tarceva (NSCLC)	phase III, data available
	• Pemtumomab (ovarian c.)	phase III, data available
	• X-Act (Xeloda adj.)	phase III, data available

27

Projected filings over the next 5 years



New molecular entities and significant line extensions



28

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

barring unforeseen events

29



Diagnostics Division

Heino von Prondzynski
Head of Diagnostics Division

Roche Diagnostics

Key achievements



Sales

- More than double IVD industry growth ✓

Product launches

- 7 product launches ✓
*Elecsys PINP, Elecsys S100, HCV linear array,
Accu-Chek Go, STA CephaScreen, HPV (CE mark),
BSE approved (US)*

Deals

- Igen transaction closed ✓
- Disetronic integration completed ✓
- Two license deals performed (NT-proBNP, hsCRP) ✓

31

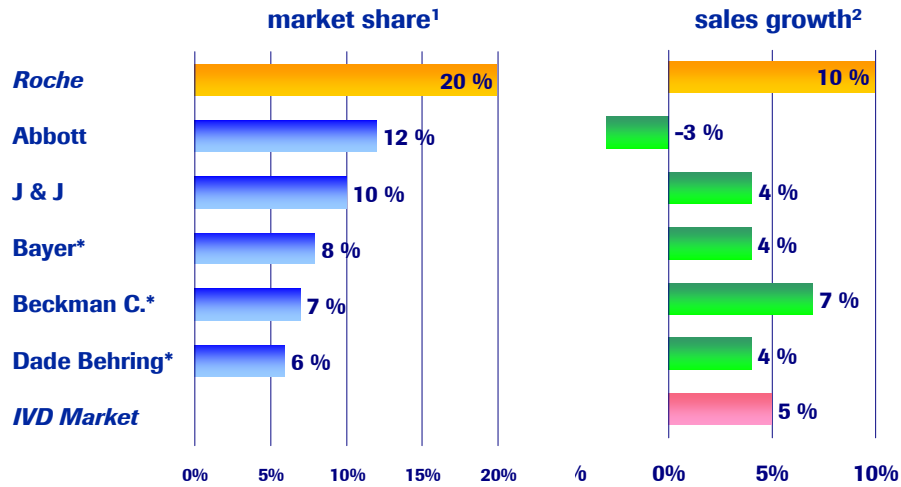


Operational Performance

Key Areas

32

Roche continues to grow faster than competitors

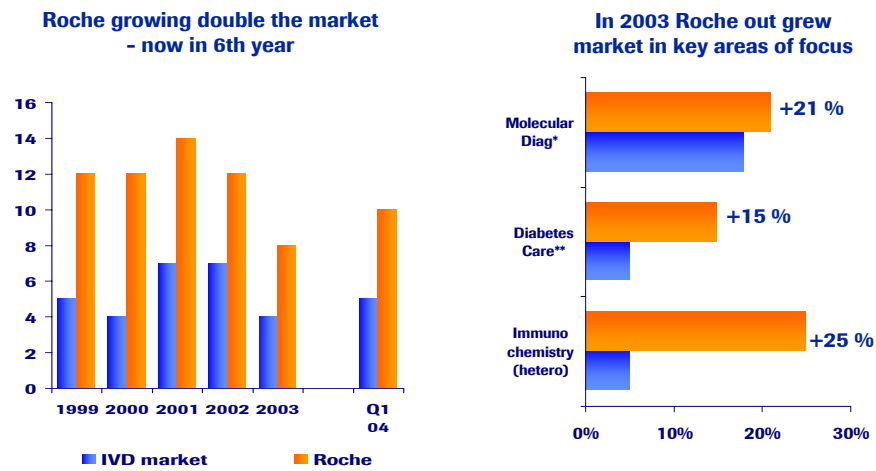


¹ source: company reports, Boston Biomedical Consultants, Roche analysis
² in local currencies, excludes Life Science research market

* based on 2003 results

33

Roche growing faster than IVD market Overall and in high growth segments



source: Roche analysis, Boston Biomedical Consultants, company reports

* excludes Industrial Business; including +13 %
 ** including Disetronic; excluding +10 %

34



2004: Off to a great start

Above market growth in core IVD business

	2003 CHF m	2004 CHF m	growth local	CHF
Diabetes Care	617	710	15 %	15 %
Molecular Diagnostics (ex. ind. bus)	203	231	14 %	14 %
Centralized Diagnostics	622	671	5 %	8 %
Near Patient Testing	137	137	-1 %	0 %
Roche <i>in vitro</i> Diagnostics	1,579	1,749	10 %	11 %
Applied Science	127	139	10 %	9 %
Molecular Diag - industrial business	19	20	14 %	5 %
Life Science business	146	159	10 %	9 %
Roche Diagnostics	1,725	1,908	10 %	11 %

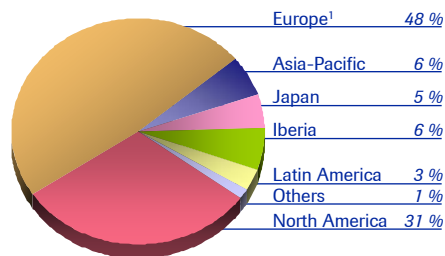
35



Above local market growth in all regions

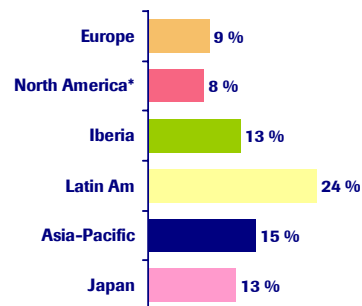
January to March 2004

CHF 1,908 million



¹ Europe, Middle East and Africa (excl. Iberia)

local sales growth
Jan to Mar 2004 vs. 2003



*US: underlying growth + 13.1%

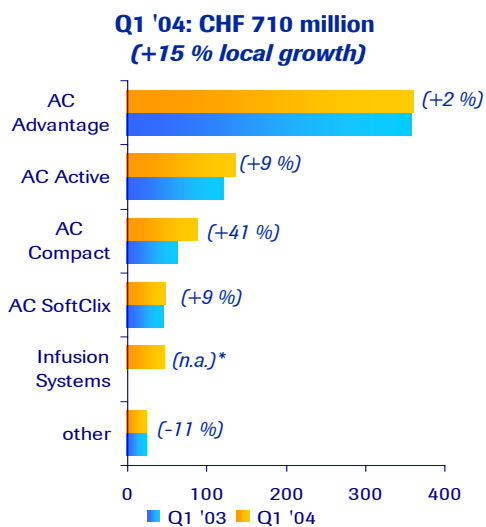
36

Operational Performance

Key Areas

Diabetes Care

Accu-Chek: head to head in the US



- Accu-Chek Compact success-story continues in US and Europe
- Launch of Accu-Chek Advantage III strengthening leading position of Advantage product line
- Global roll out Accu-Chek Go progressing as planned

* local growth Infusion Systems vs former Disetronic: -12 % (YTD Q1 '04)

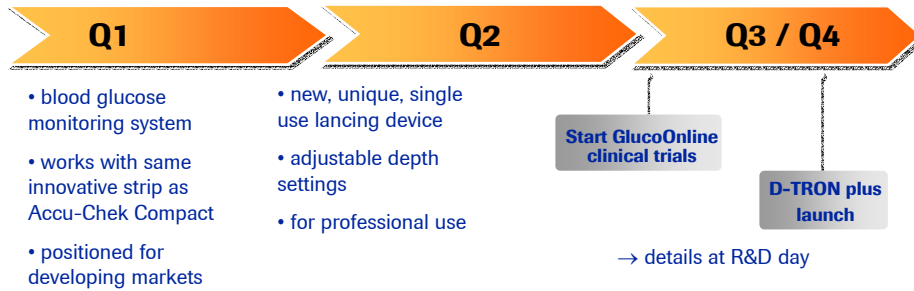
Diabetes Care highlights Q1 '04

New systems designed for individual needs



Disetronic
Quality Action Program

• on track for FDA re-inspection



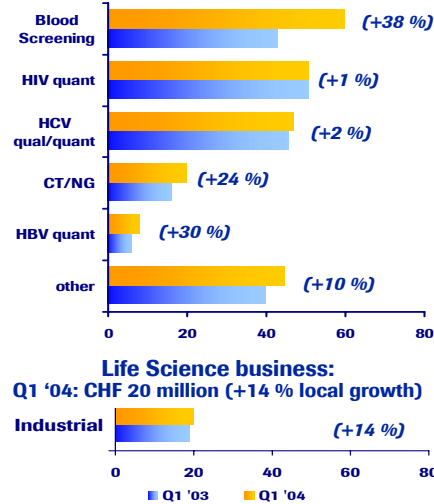
39

Molecular Diagnostics

Blood screening continues strong growth



IVD Market:
Q1 '04: CHF 231 million (+14 % local growth)



Molecular Diagnostics:
Q1 '04: CHF 251 million
(+14 % local growth, +13 % CHF)

- Growth driven by blood screening and women's health
- AmpliChip CYP450 on track for CE mark Q3 '04
- Linear Array HCV genotyping test
 - launched Q1 as RUO in US
 - CE mark planned for Q3 '04
- Clinical genomics program well underway (details R&D day)

40

Molecular Diagnostics highlights Q1 '04

Expanding into new markets



Women's Health

HPV

- microwell plate product (MWP)
 - in clinical studies in Nth America
 - CE mark achieved
- Linear array test
 - on track for CE mark Q4 '04

CT/ NG

- market share grew by approximately 4 %

Blood Screening

• Expanded indication

- 1st FDA approval for in-house NAT source plasma screening using COBAS AmpliScreen HIV-1 Test

• Expanded market

- Korean Red Cross deal (70 % of NAT screening) expands Roche market share in Asia Pacific/ Japan to 77 %

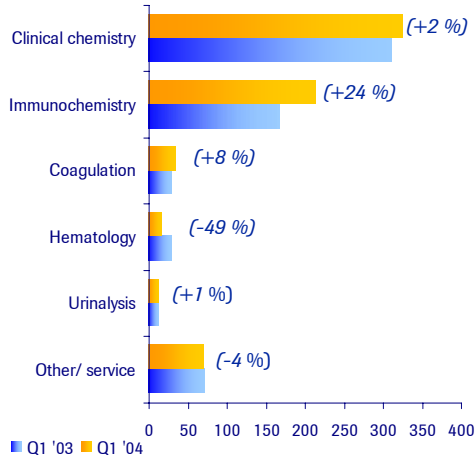
41

Centralized Diagnostics

New markers growing Elecsys menu



Q1 '04: CHF 671 million
(+5 % local growth)

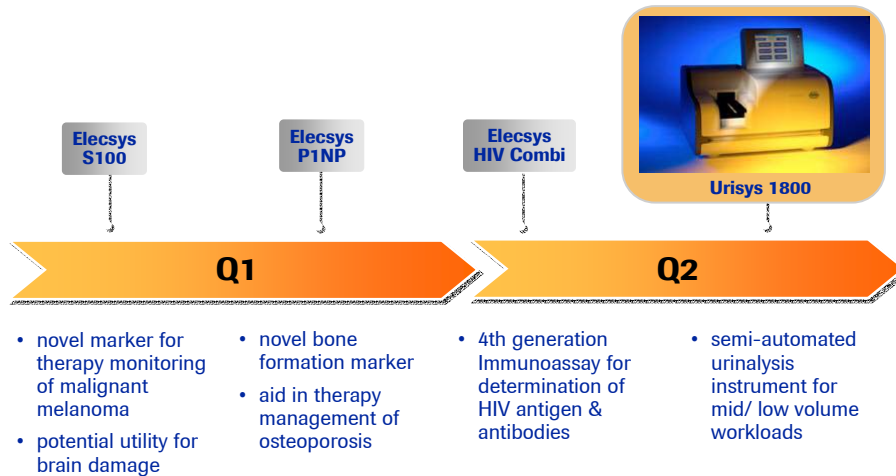


- Igen acquisition secures access to ECL technology and entry into physician office labs
- Increased Elecsys penetration in the US
- Granted license agreement to Diagnostic Products Corporation (DPC) for non-exclusive rights to NT-proBNP
- Acquired non-exclusive sublicense from Dade Behring for high sensitive C-Reactive Protein (assay for cardiovascular risk assessment)

42

Centralized Diagnostics highlights Q1 '04

Two novel markers launched on Elecsys



43

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 % by 2006

barring unforeseen events

44



Appendix

Pharmaceuticals sales

Sales outperform world market



	Q1 '04 CHF m	growth vs. Q1 '03 in CHF	growth vs. Q1 '03 in local currencies
Roche Prescription	3,546	16	16
Genentech Prescription	923	19	29
Chugai Prescription	748	14	12
Roche world wide Prescription group	5,217	16	18
OTC	429	7	5
Pharmaceuticals	5,646	16	17

47

Pharmaceuticals sales

Quarterly local sales growth in %



	2003 vs. 2002			2004 vs. 03 Q1
	Q2	Q3	Q4	Q1
Pharma	25	28	20	17
Prescription	25	28	21	18
Roche Rx	9	13	24	16
Genentech Rx	24	22	21	29
Chugai Rx	242	274	13	12
OTC	23	28	6	5

48

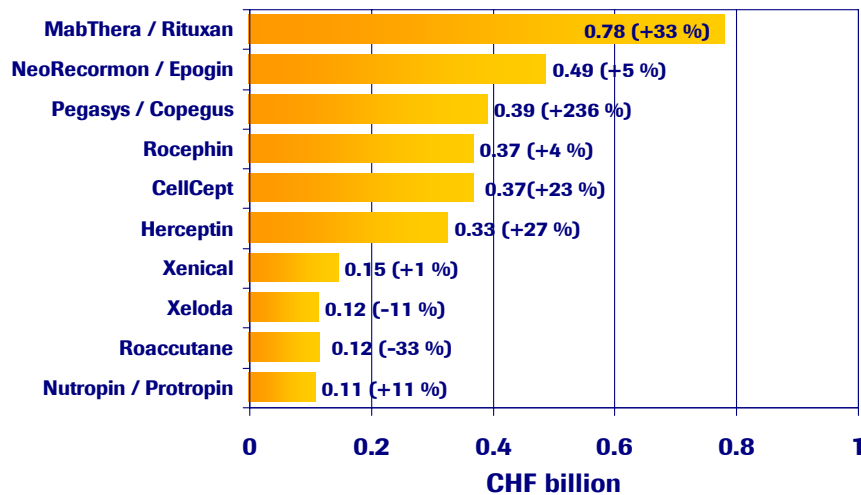
Top 20 Prescription products Sales Q1 '04 (vs. Q1 '03)



	Total		US		J		ROW	
	CHF m	% Local	CHF m	% Local	CHF m	% Local	CHF m	% Local
Mabthera/Rituxan	782	33	484	21	39	177	259	56
NeoRecorm/Epogin	489	5	-	-	171	7	318	4
Pegasys/Copegus	391	236	191	194	8	-	192	281
Cellcept	369	23	176	18	5	34	188	29
Rocephin	369	4	219	13	11	3	139	-8
Herceptin	328	27	136	16	22	28	170	39
Xenical	146	1	27	-14	-	-	119	6
Roaccutane	116	-33	53	-46	-	-	63	-13
Xeloda	115	-11	36	-49	4	-	75	34
Nutropin/Protropin	109	11	106	11	-	-	3	-7
Kytril	109	28	46	43	26	4	37	31
Tamiflu	108	-1	-8	-	87	6	29	191
Dilatrend	104	14	-	-	-	-	104	14
Cymevene/Valcyte	86	38	51	41	-	-	35	32
Pulmozyme	84	15	48	16	-	-	36	13
Neutrogin	76	6	-	-	76	6	-	-
Activase/TNKase	63	-1	56	-4	-	-	7	39
Madopar	61	6	-	-	4	4	57	6
Inhibace/Inhibace +	57	13	-	-	3	10	54	13
Lexotan	52	-1	-	-	4	30	48	-2

49

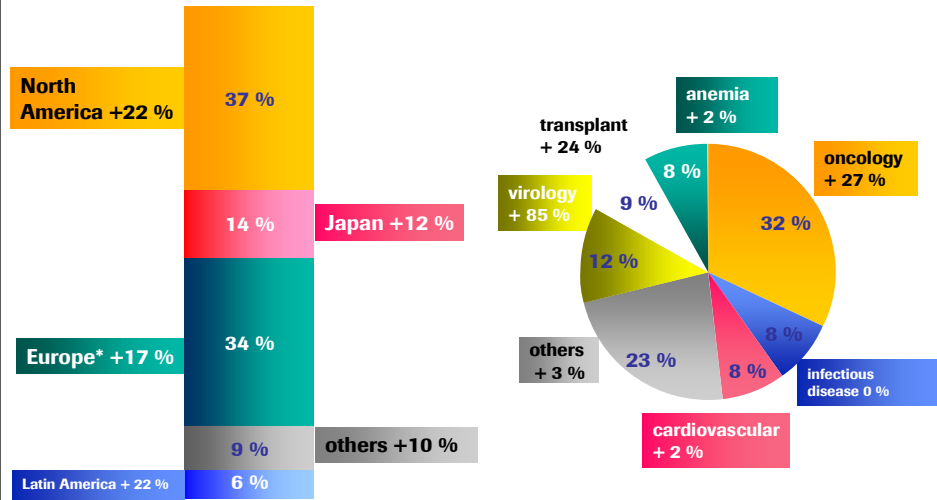
Big brands driving growth



all at local growth rates

50

Growth in main regions and therapeutic areas

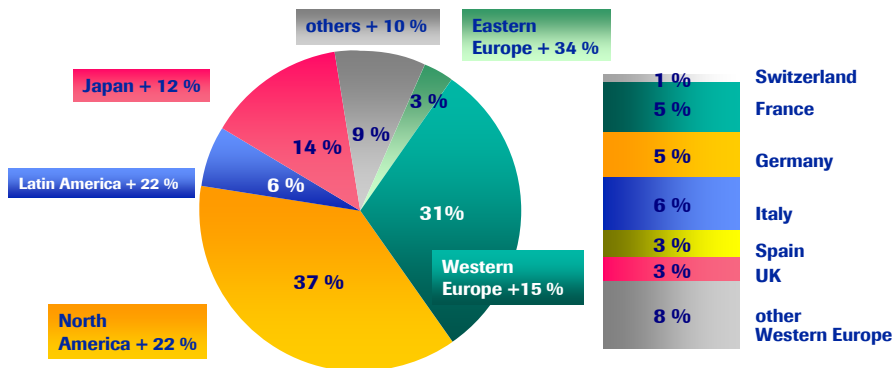


all growth figures are in local currencies

* including Eastern Europe

51

Q1 2004: Western Europe growing above market

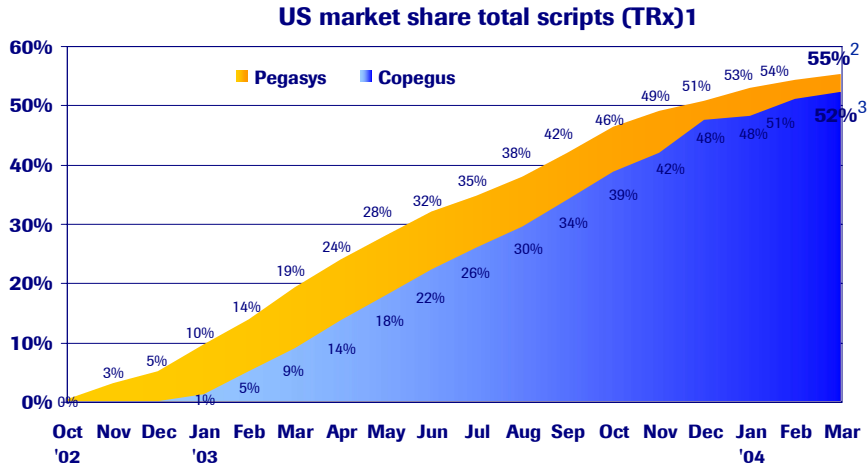


all growth figures are in local currencies

52

Pegasys / Copegus

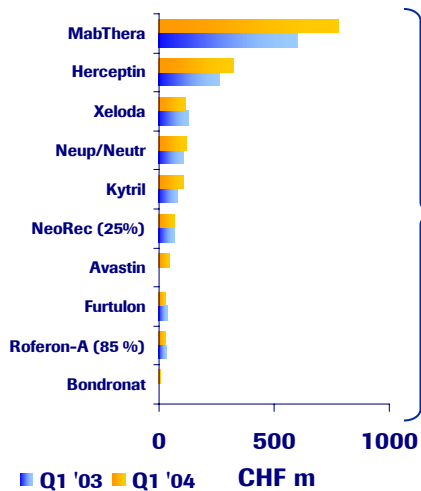
Performance has exceeded expectations



Sources: ¹ IMS Dec 03, ² Interferon market share (includes conventional interferons), ³ Ribavirin market share

Oncology - Roche the no. 1 company

Expected to further increase to CHF7-10 billion

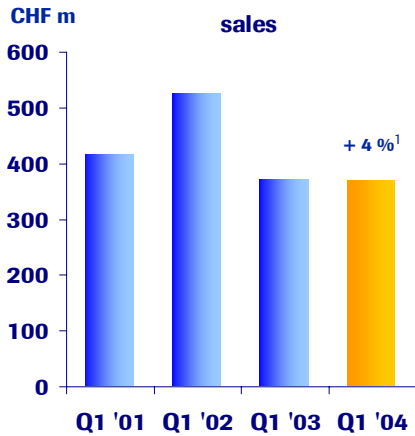


Sales Growth
+27 %¹

- Roche, market leader in oncology
- Four products with survival benefit
- Strong up-coming news-flow

Rocephin

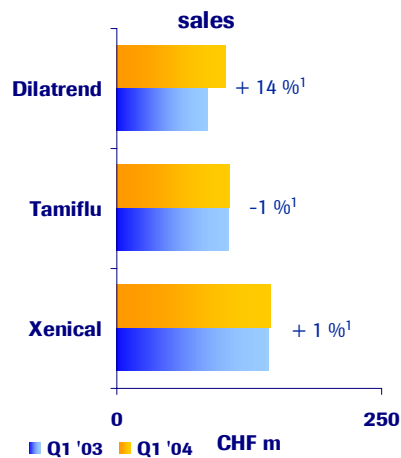
Demand still strong in the US



- Sales of CHF 369 million
 - strong demand in Italy and the US
 - generic competition impacting especially in France and Germany
- US
 - sales increase in Q1 '04 in connection with winter flu season
 - patent protected until July 2005
- EU sales expected to further decline due to patents expiry in Italy

¹ local growth

Our main primary care products

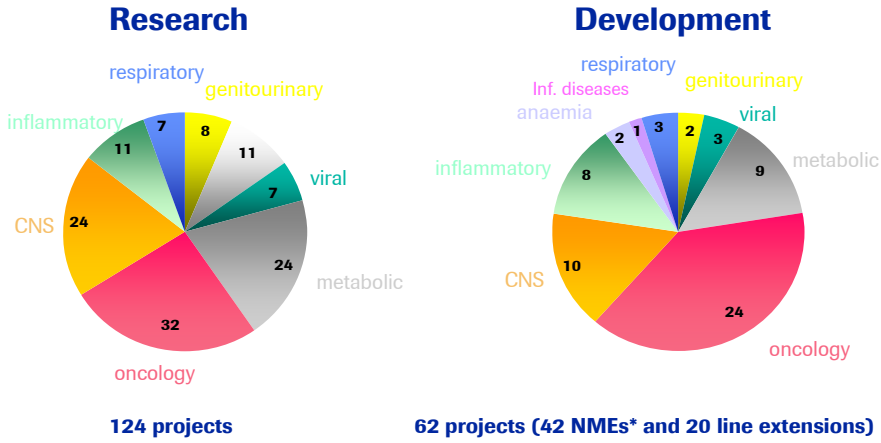


- Dilatrend
 - growth driven also by COMET
 - off patent in major European markets during 2004
- Tamiflu
 - strong sales in Japan (+6%) and RoW (+191%¹)
 - future sales dependent on flu season
- Xenical
 - sales stabilized at CHF 146 million
 - CPMP approved label extension and inclusion of XENDOS study

¹ local growth

Roche managed R&D pipeline -overview

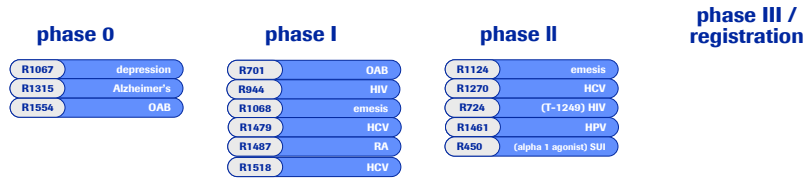
By therapy area



New Molecular Entities prior to regulatory approval
As of March 31, 2004

Roche managed R&D pipeline

Development discontinued in the past 12 months



Roche pipeline status on March 31, 2004

Roche R&D managed pipeline (NME's) Changes over 12 months (March 2003 - 2004)



Projected news flow for world wide prescription First half 2004



Pending approvals

	Region
Avastin 1 st 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 ✓

Projected filings

Bonviva / Boniva once-monthly oral	US / EU
MabThera / Rituxan 1 st line iNHL	US ✓

Projected news flow for world wide prescription First half 2004



Key phase III data

Boniva / Bonviva, once-monthly oral
 Pegasys HIV co-infected patients ✓
 Pegasys HBV treatment of HBeAg positive patients
 Pentumomab ovarian cancer
 Tarceva BR21, monotherapy NSCLC, relapsed

Key phase II data

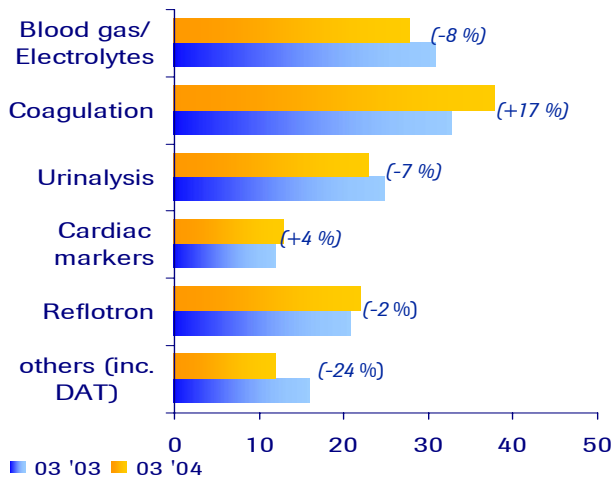
CERA (renal / oncology)
 R450 (stress urinary incontinence)
 R483 (Insulin sensitizer)
 Omnitarg (solid tumors)
 R411 (asthma)

61

Near Patient Testing



Q1 '04: CHF 137 million
 (-1 % local growth/ adjusted local growth* +3 %)



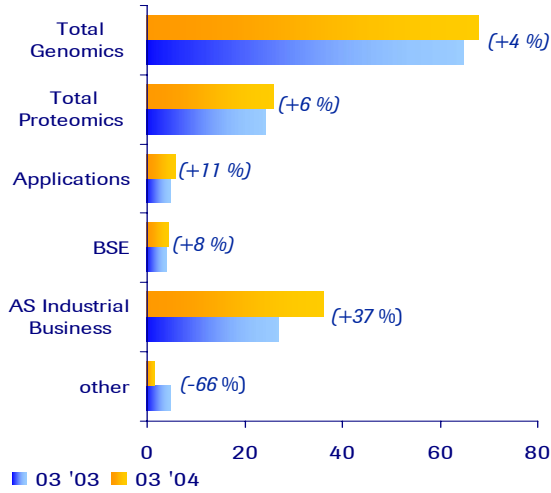
* impacted by OPTI & DAT divestiture (underlying growth +3 %)

62

Applied Science



**Q1 '04: CHF 139 million
(+10 % local growth)**



Diagnostic innovations for 2004

