
Roche: adapting to the changing environment

*Severin Schwan, CEO Roche Group
London, 15 September 2010*



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, among other things, 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, including without limitation negative results of clinical trials or research projects, unexpected side-effects of pipeline or marketed products;
- 6 increased government pricing pressures;
- 7 interruptions in production;
- 8 loss of or inability to obtain adequate protection for intellectual property rights;
- 9 litigation;
- 10 loss of key executives or other employees; and
- 11 adverse publicity and news coverage.

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

For marketed products discussed in this presentation, please see full prescribing information on our website – www.roche.com

All mentioned trademarks are legally protected

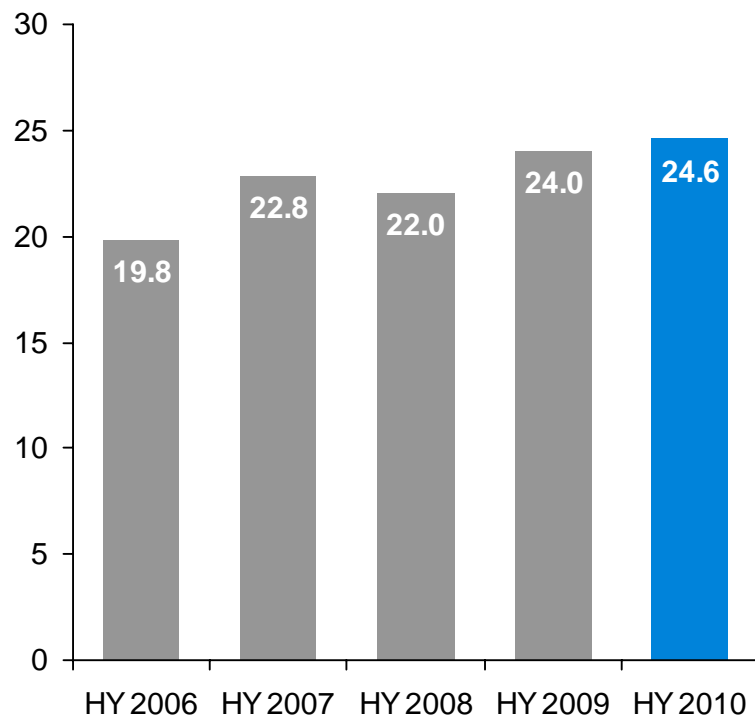
A position of strength

Operational Excellence – adapting to a changing environment

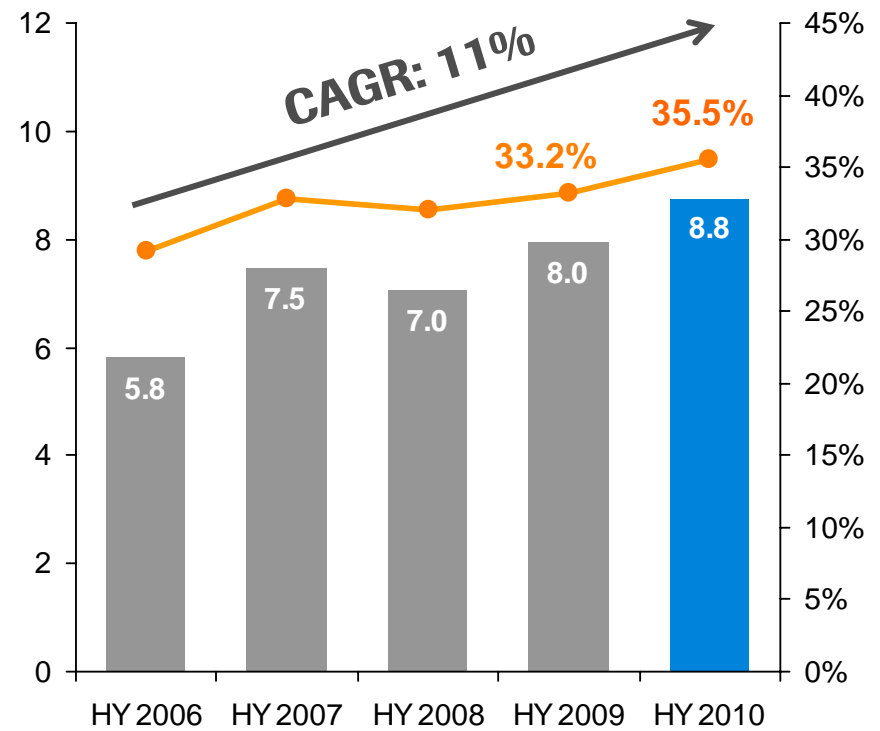
Continued focus on innovation

Continuous growth in sales and margin

Group sales (CHF bn)

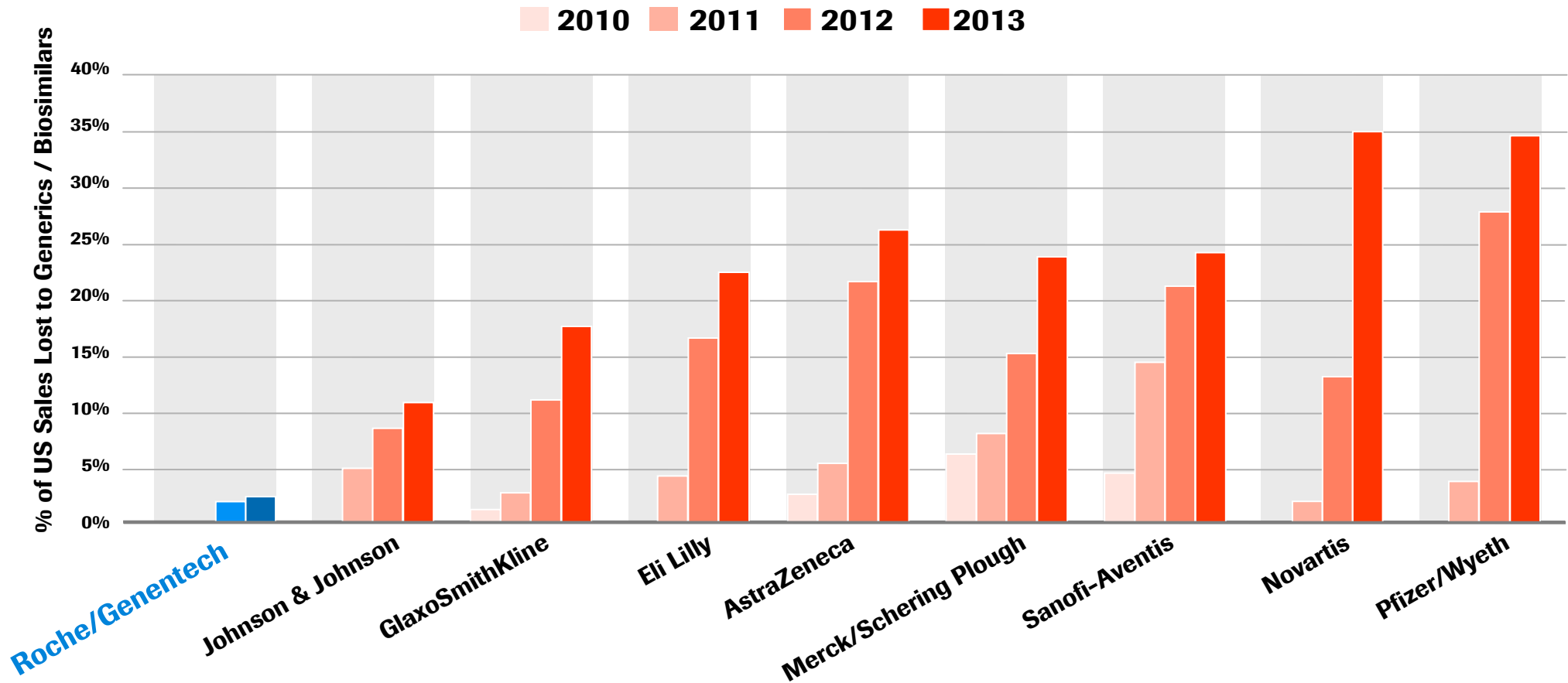


Operating profit¹ (CHF bn) and margin



¹ before exceptional items

Limited exposure to patent expiries



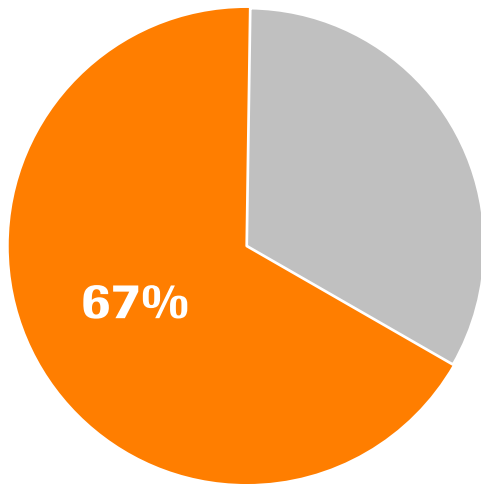
% Sales Lost calculated by subtracting given year sales ('10, '11, '12, '13) from full year sales from year prior to LOE.

Data excludes sales lost impact of products with LOE prior to 2010.

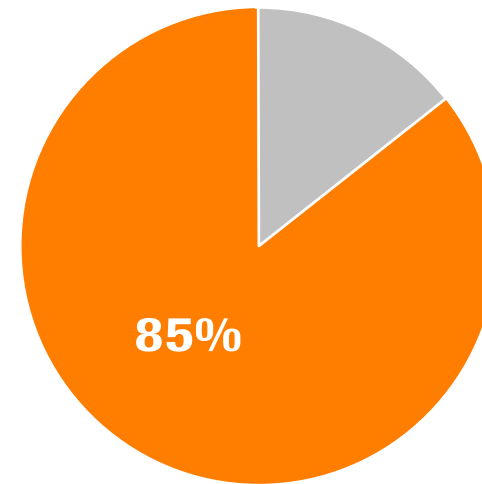
Source: Evaluate Pharma

Biotech products drive growth in both divisions

Pharma Division



Diagnostics Division



Biotech products as % of sales

Long patent protection

Biosimilars facing high hurdles

Long primary patent protection of our key biologics

Patents	US	EU ROW/EM
Avastin	2019	similar
Lucentis	2019	marketed by Novartis
Rituxan/ MabThera	2018	earlier
Herceptin	2019	earlier
Pegasys	2018	similar

Biosimilars outlook

US: recent healthcare legislation opens pathway for biosimilars

FDA in the process of developing guidelines

Data exclusivity for biologics 12 years

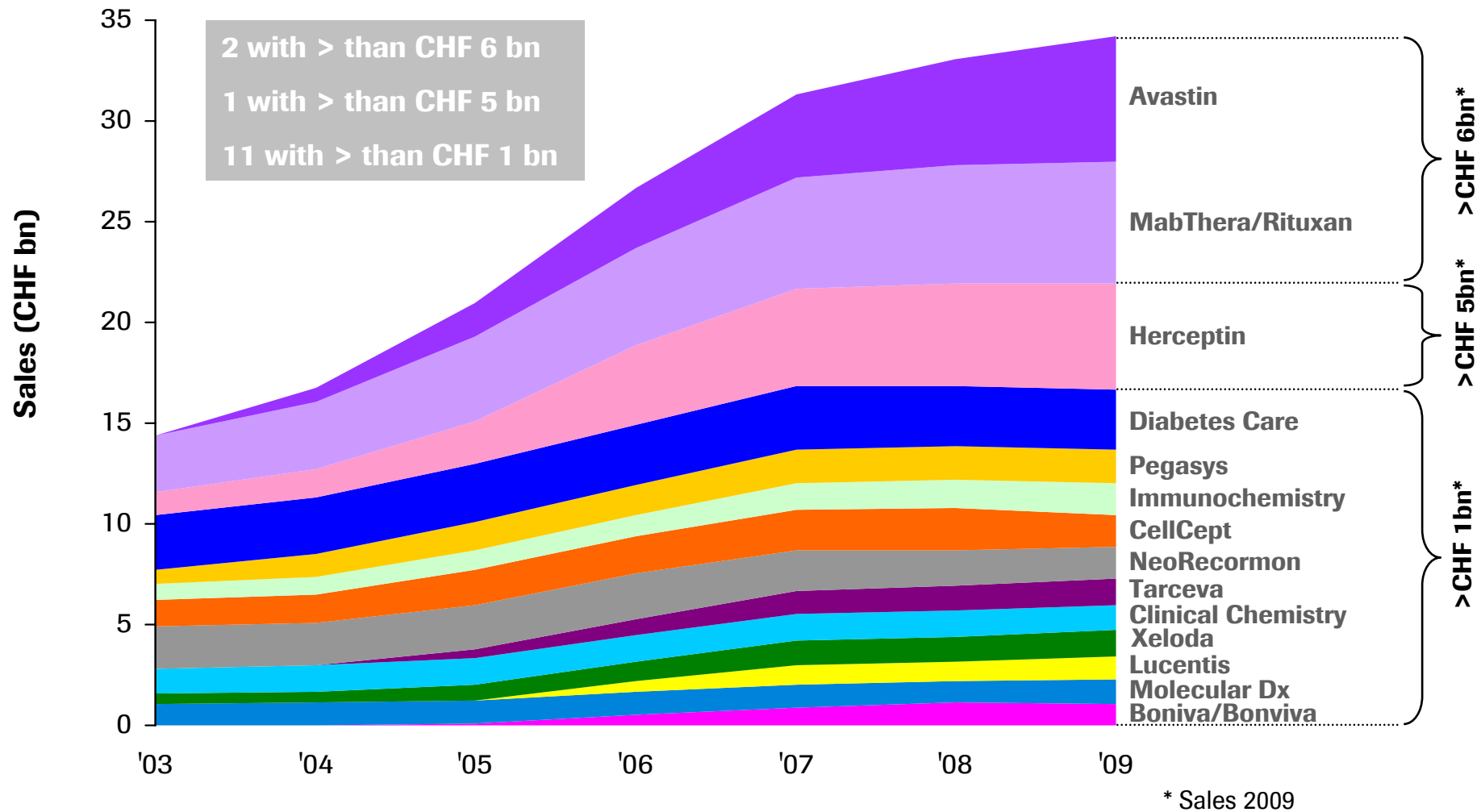
EU: legal and regulatory hurdles likely to remain high for biosimilars

ROW/EM: investment in countries with strong IP regulations (China)

Brand awareness important

Key Pharmaceuticals & Diagnostics products

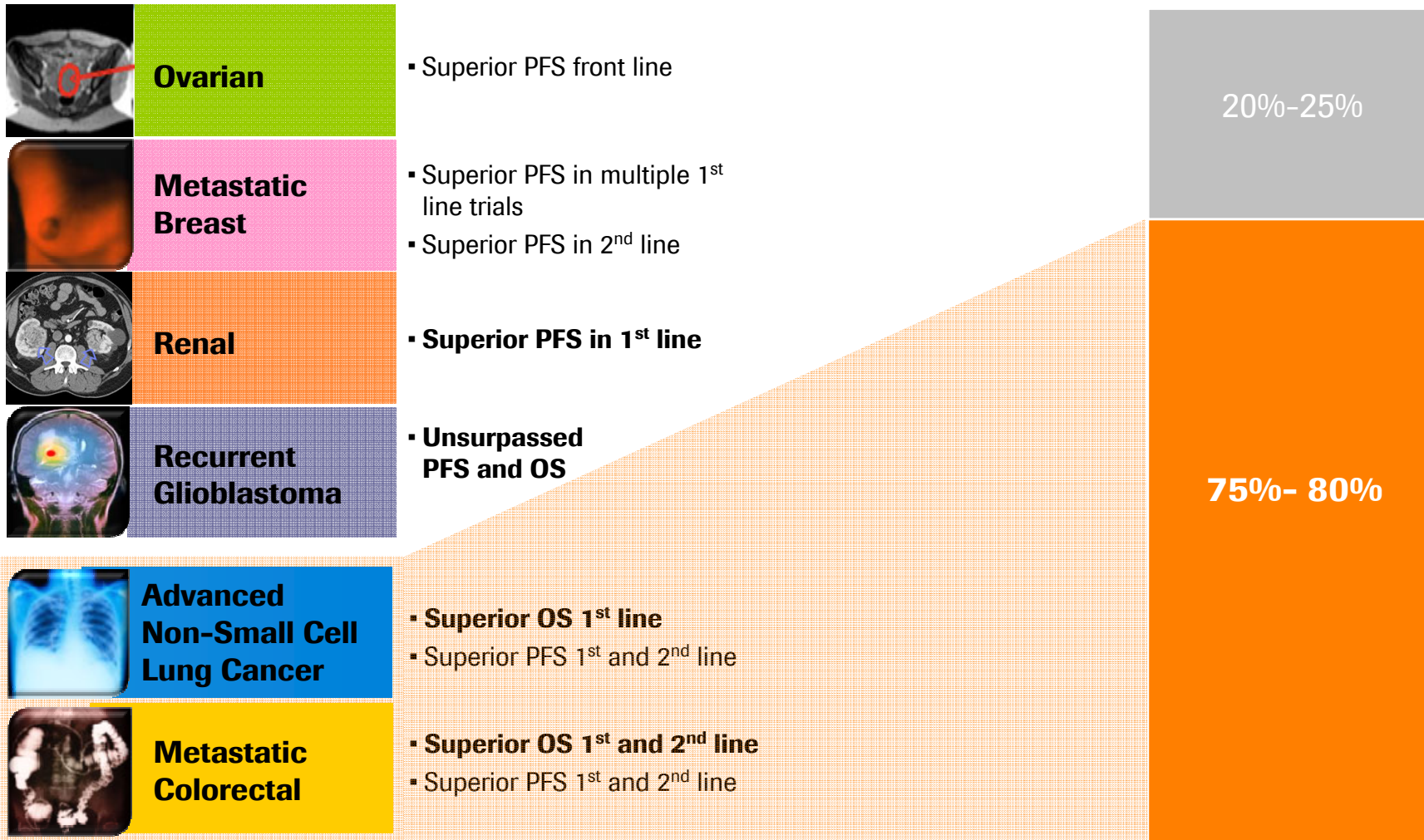
A risk-diversified portfolio of drugs and BUs



Avastin: Portfolio within a portfolio

Key treatment option in multiple tumor types

2009 Sales



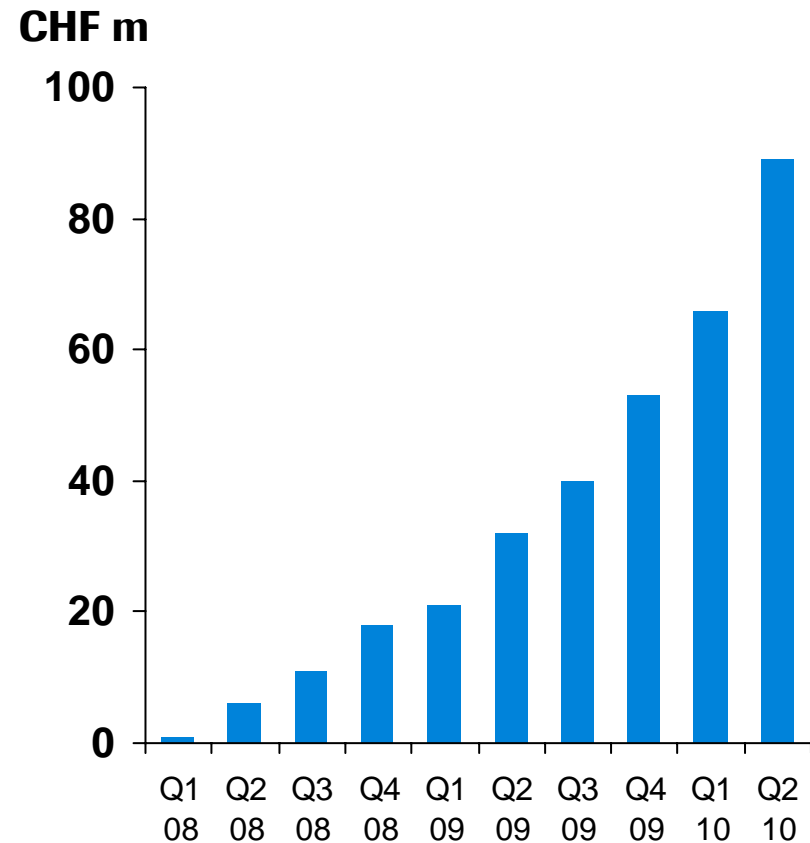
Actemra/RoActemra

Building new pillar

- Launched in ~50 countries so far
- Uptake in Japan remains strong
- In US after only 5 months, Actemra already prescribed by more than 50% of rheumatologists
- US patient share constantly increasing (currently 3-6% following anti-TNFs)

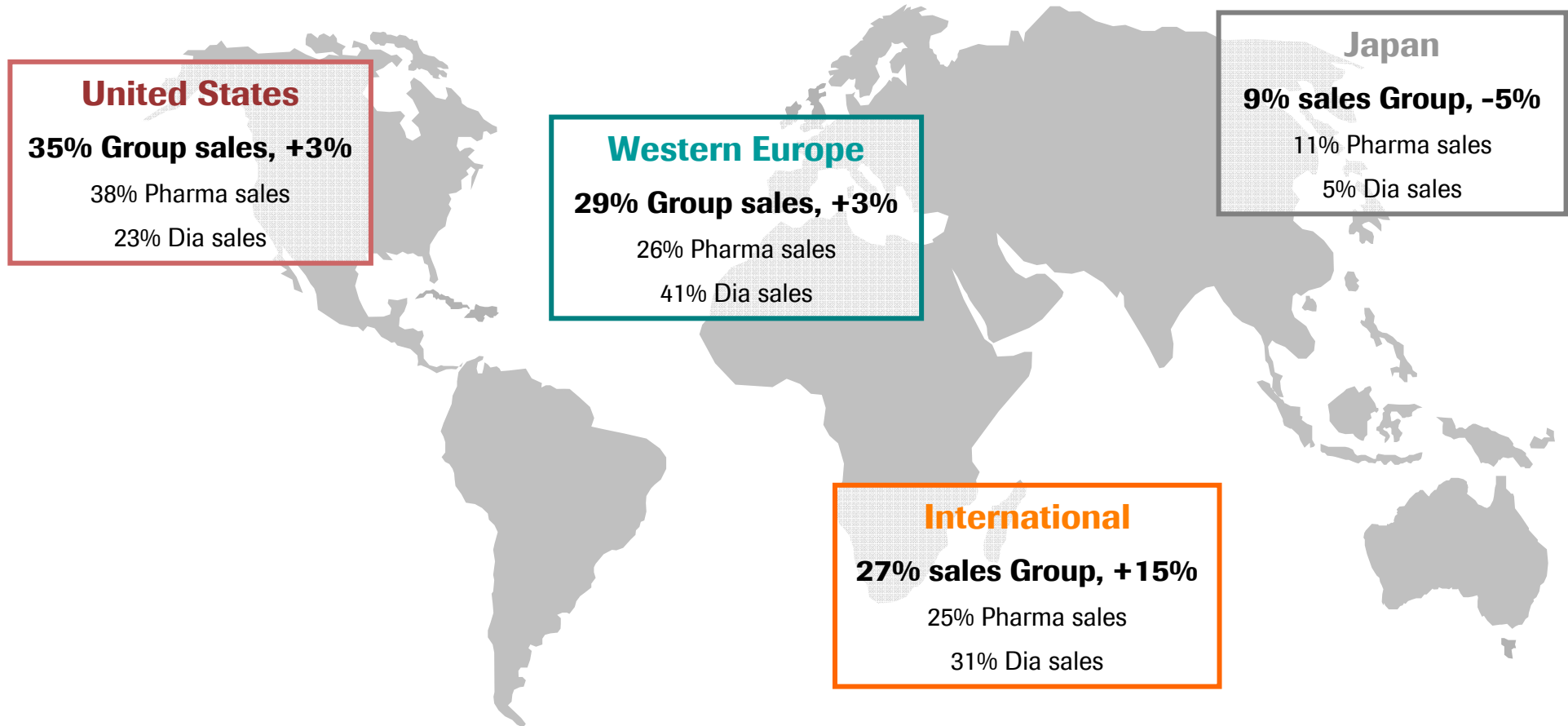
Actemra vs Humira H2H trial
Enrolling patients

Actemra/RoActemra quarterly sales



Roche in Emerging Markets

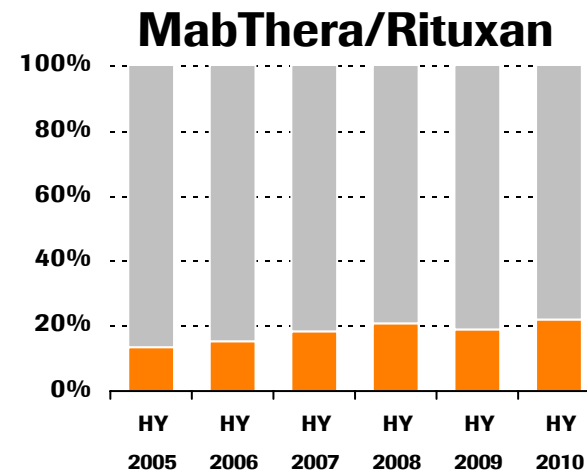
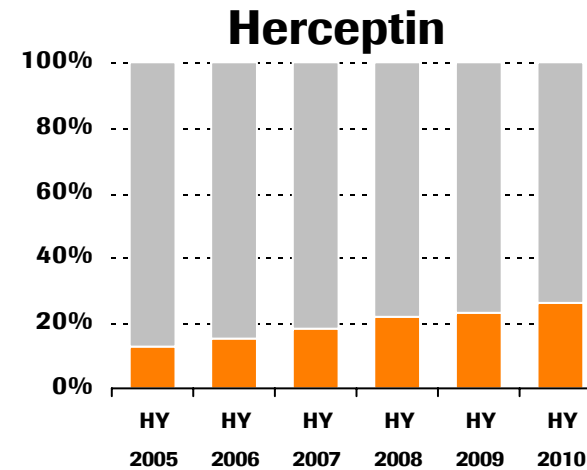
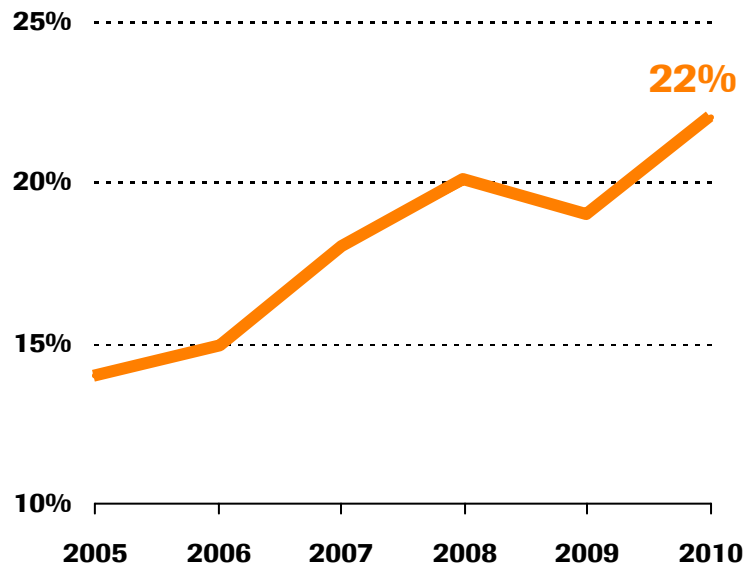
Gaining in significance



Roche in Emerging Markets

Oncology leading the trend

International region as
% of Oncology sales



Rest
International

Roche

Acting from a position of strength

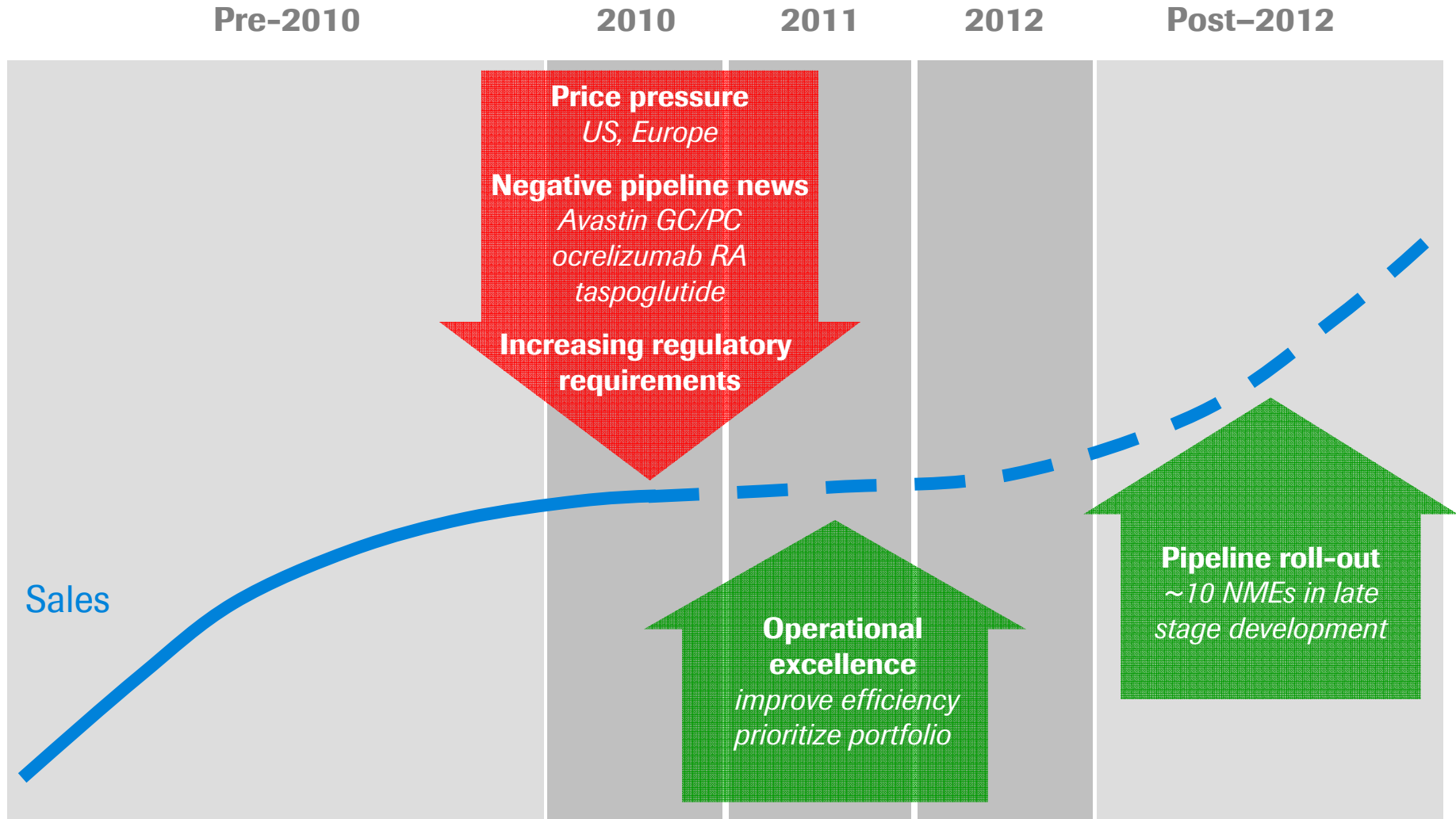
- Protection of current portfolio:
 - long patent protection
 - hurdles for biosimilars
- Diversified portfolio; 14 franchises with >CHF 1 bn sales
- Significant opportunities for Avastin based on approved indications
- Growth in emerging markets

A position of strength

Operational Excellence – adapting to a changing environment

Continued focus on innovation

Roche's response to new environment



Roche's response to new environment

Operational excellence initiative

Objectives

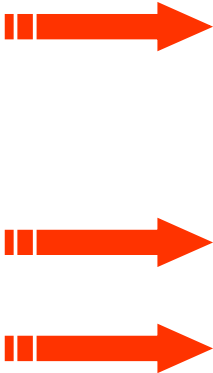
- protect our profitability and safeguard financial flexibility
- adapt cost structure while sustaining innovation leadership
- focus our resources towards investments that will drive innovation

Scope and timeline

- Group-wide
- measures decided before end of the year
- implementation in 2011 and 2012

Roche's response to new environment

Adapting to evolving regulatory environment (T-DM1 trial)

Patient Population	Second-line Treatment HER2-positive Metastatic Breast Cancer		Second-line Treatment HER2-positive Metastatic Breast Cancer
Phase/Study	Phase III EMILIA (TDM4370g)		Phase III EMILIA (TDM4370g)*
# of Patients	N=580		N=~980
Design	<ul style="list-style-type: none"> ▪ ARM A: T-DM1 ▪ ARM B: Xeloda plus lapatinib 		<ul style="list-style-type: none"> ▪ ARM A: T-DM1 ▪ ARM B: Xeloda plus lapatinib
Primary Endpoint	<ul style="list-style-type: none"> ▪ Progression-free survival 		<ul style="list-style-type: none"> ▪ Progression-free survival ▪ Overall survival
Status	<ul style="list-style-type: none"> ▪ FPI Q1 2009 ▪ Expect data early 2012 		<ul style="list-style-type: none"> ▪ FPI Q1 2009 ▪ Expect PFS data 2012

Trial recruiting well.
Filing for accelerated approval expected in mid-2012, with mature PFS data.
OS data to be provided within 3 years thereafter.

*subject to agreement with FDA

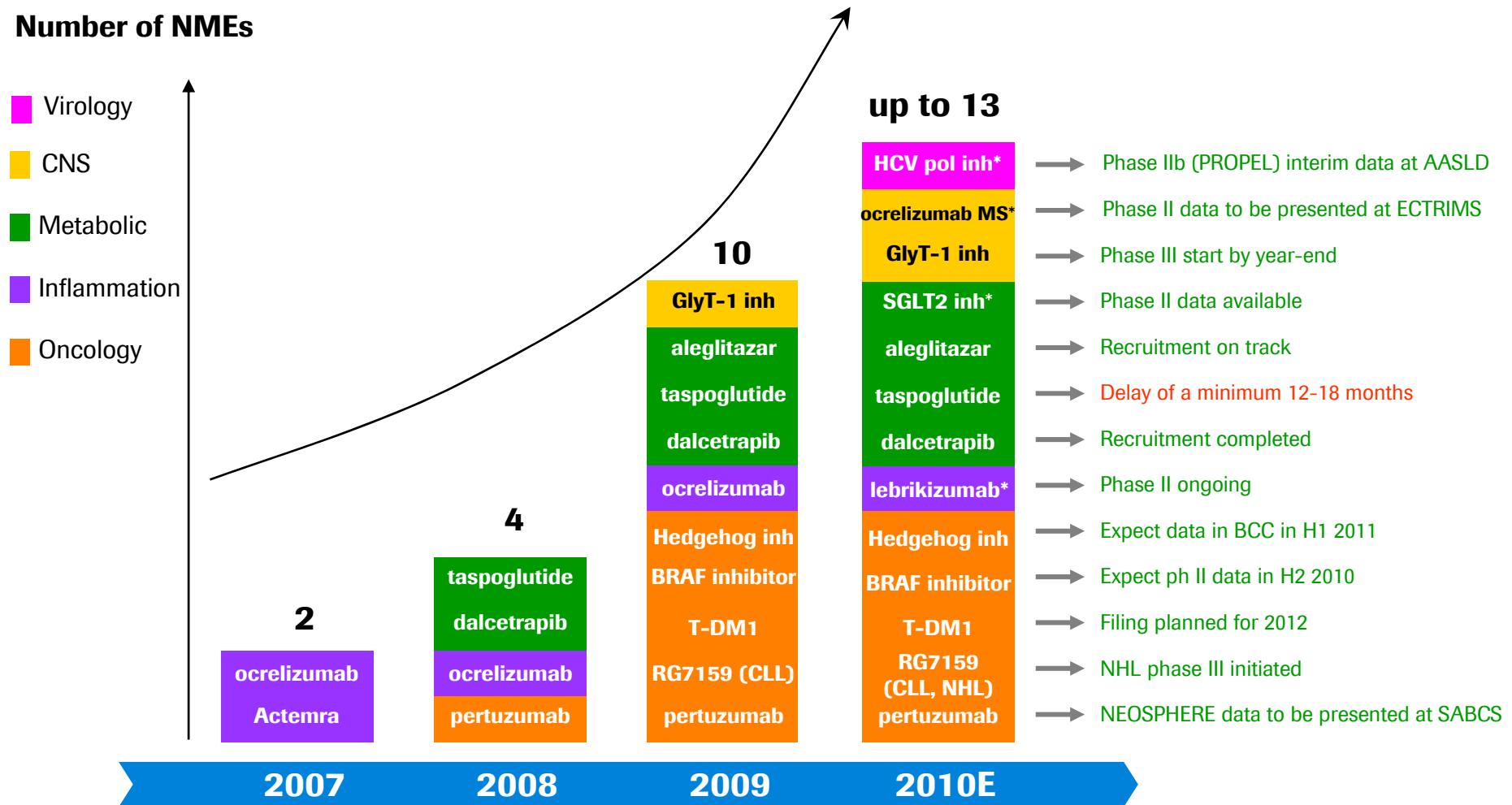
A position of strength

Operational Excellence – adapting to a changing environment

Continued focus on innovation

Late-stage pipeline continues to build up

Expanding into new therapeutic areas

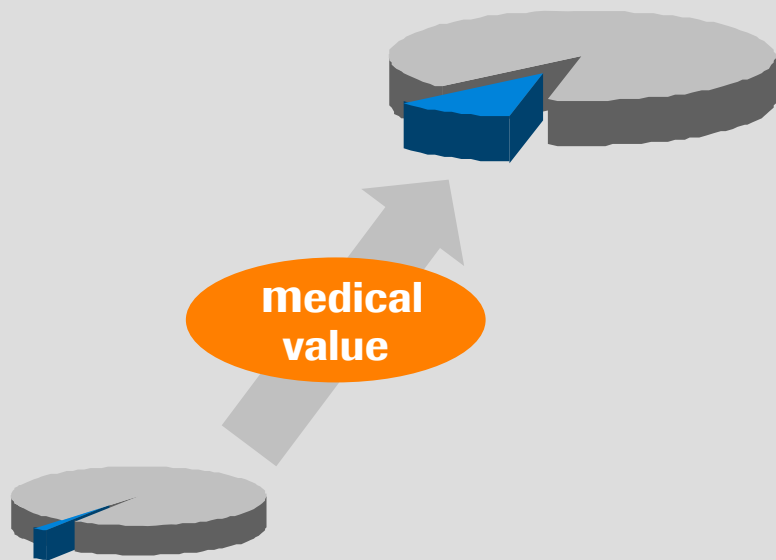


* LIP or phase III decision pending

Diagnostics

Continued high growth driven by need for medical value

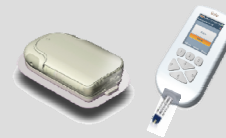
Potential to improve healthcare efficiency



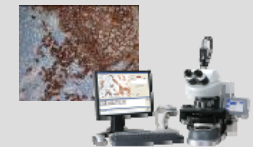
IVD <2 % total worldwide healthcare spend
Influences >60 % of critical decision making

Innovative tests in areas of medical need

Testing efficiency



Patch pump
diabetes care



Digital Pathology
tissue analysis

Diagnosis



MRSA
screening



HPV
early diagnosis

Companion Diagnostics



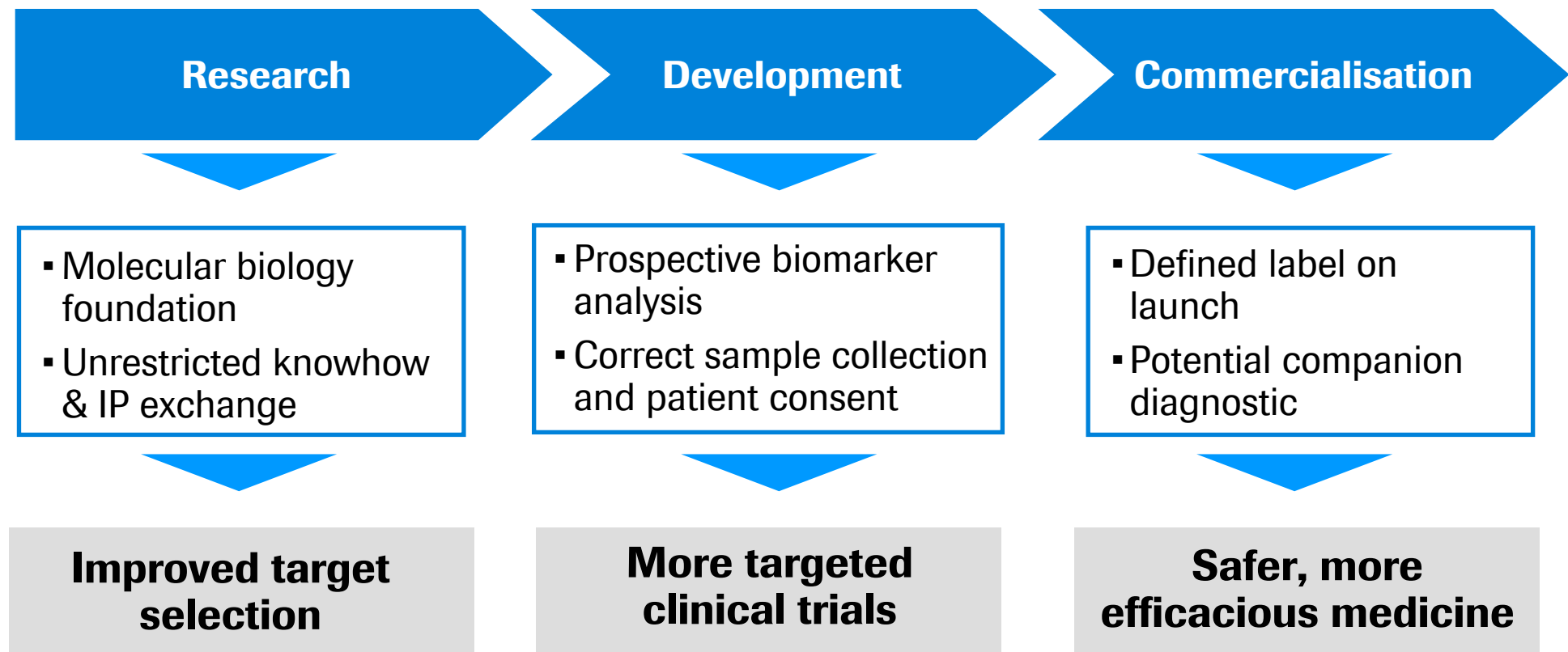
dual HER2
protein & gene



BRAF test
patient selection

Personalised Healthcare to deliver medical value

Leveraging Pharma & Diagnostics from discovery to commercialisation





We Innovate Healthcare