Innovation and growth

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Performance update

Building pillars of innovation and growth

Summary
Roche strategy: Focused on medically differentiated therapies

Regulators: Optimised benefit / risk ratio

Payors: Optimised benefit / cost ratio
## 2013: Targets fully achieved

<table>
<thead>
<tr>
<th>Targets for 2013</th>
<th>FY 2013</th>
</tr>
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<tbody>
<tr>
<td>Group sales</td>
<td>+6%</td>
</tr>
<tr>
<td>In line with sales growth recorded in 2012&lt;sup&gt;1&lt;/sup&gt;</td>
<td></td>
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<tr>
<td>Core EPS</td>
<td>+10%</td>
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<tr>
<td>Ahead of sales growth&lt;sup&gt;1&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td>Dividend</td>
<td>CHF 7.80</td>
</tr>
<tr>
<td>Further increase dividend</td>
<td>+6%</td>
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</tbody>
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<sup>1</sup>At constant exchange rates
Excluding one-off Past Service Income impact of CHF 236m on core net income and excluding 340B reserve release impact of CHF 182m on sales and CHF 94m on core net income
2013 dividend as proposed by the Board of Directors
Group: Strong sales growth sustained

All values at constant exchange rates

2013: +6%
Group operating profit and margin

- CHFbn:
  - 2009: 16.3
  - 2010: 16.6
  - 2011: 15.1
  - 2012: 17.2
  - 2013: 17.9

- % of sales:
  - 2009: 33.2%
  - 2010: 34.9%
  - 2011: 35.6%
  - 2012: 37.7%
  - 2013: 38.3%

1 At constant exchange rates
Strong operating free cash flow

31.9% 30.0% 32.4% 35.5% 35.0%

% of sales

CHFbn

2009 2010 2011 2012 2013

15.7 14.2 13.8 16.1 16.4

At constant exchange rates

1 At constant exchange rates
2013: Dividend further increased

2013 payout ratio: 55%

Pay-out ratio calculated as dividend per share divided by core earnings per share (diluted); 2013 as proposed by the Board of Directors
Strong earnings capacity reflected in sustained net debt reduction
Performance update

Building pillars of innovation and growth

Summary
Roche: R&D well balanced from a risk & disease point of view

Source: Bernstein Equity Research, Tufts University and Roche analysis
A leading pipeline

15 NMEs in late-stage development

Number of NMEs

2008 2009 2010 2011 2012 2013

15

gantenerumab
ocrelizumab MS
bitopertin
o. octreotide
lebrikizumab
etrolizumab
lampalizumab

12
HCV
ocrelizumab MS
bitopertin
dalcetrapib
lebrikizumab

12
HCV
ocrelizumab MS
bitopertin
dalcetrapib
lebrikizumab

9
ocrelizumab MS
bitopertin
dalcetrapib
lebrikizumab

4
bitopertin
aleglitazar
taspoglutide
dalcetrapib
ocrelizumab
Perjeta

10
bitopertin
aleglitazar
taspoglutide
dalcetrapib
ocrelizumab
Perjeta

2011 2012 2013

1 Phase III decision pending

Oncology
Neuroscience
Ophthalmology
Immunology
CardioMetabolism
Roche: A leading portfolio

**Oncology**
- 10 drugs launched
  - 6 Phase III
- Launched
  - Avastin
  - MabThera
  - Herceptin
  - Xeloda
  - Tarceva
  - Zelboraf
  - Erivedge
  - Perjeta
  - Kadcyla
  - Gazyva
- Phase III
  - Pictilisib
  - Beta s. PI3K
  - MetMab (onartuzumab)
  - anti-PDL1
  - BCL2i
  - cobimetinib (MEKi)
- Phase II
  - 8 phase II

**Immunology/Inflammation**
- 4 drugs launched
  - 4 Phase III
- Launched
  - Mabthera RA
  - Actemra
  - Lucentis
  - Xolair
- Phase III
  - Oral octreotide
  - lebrikizumab
  - etrolizumab
  - lampalizumab
  - Bitopertin (subopt. contr.)
  - ocrelizumab
  - gantenerumab
- Phase II
  - 1 phase II
- Earlier stage
  - 4 phase II

1 FPI expected 1H 2014; 2 Phase III decision pending
Example: Anti-PDL1

**NSCLC & RCC**
- Ph II FIR: expect data 2014/15
- Ph II POPLAR: expect data 2015
- Ph II BIRCH: expect data 2015
- Ph III OAK: expect data 2016
- Ph II in 1L RCC (±Avastin vs. sunitinib)

**2014 outlook**
- 1H: data in new tumour type
- Additional combinations, including immune doublets, starting throughout 2014

**Ongoing combination studies**
- Anti-PDL1+Avastin (±chemo) (solid tumours)
- Anti-PDL1+Tarceva (NSCLC)
- Anti-PDL1+Zelboraf (melanoma)
- Anti-PDL1+cobimetinib (solid tumours)
Example: Entering new Therapeutic Areas
Lampalizumab in Geographic Atrophy (GA)

AMD (Drusen) → Extrafoveal GA → Advanced GA
Lampalizumab: Anti-factor D

High efficacy in subpopulation with exploratory biomarker

- GA progression rate decreased by 44% at 18 months.
- In the subset of patients with better vision (20/50 to 20/100), progression was reduced by 54%.
- All comers: 20.4% reduction rate at 18 months.

Safety

- No unexpected or unmanageable SAEs.
- Intraocular inflammation AE rates and intraocular pressure elevation AE rates were consistent with Lucentis rates in wAMD.
Performance update

Building pillars of innovation and growth

Summary
Summary: Focus on innovation and growth

1. Strategic focus on innovation and driving Personalised Healthcare

2. Strong growth in Emerging Markets facilitated by tailored access models

3. Leading product pipeline providing value for the future
Doing now what patients need next
2013: 15 new compounds in late stage development

**Oncology**
- anti-CD79b ADC
- pictilisib (PI3K)
- beta-sparing PI3K (mutant selective)
- alectinib (ALKi)
- Bcl-2i (GDC 0199)
- anti-PDL1
- cobimetinib (MEKi)
- onartuzumab (MetMAb)

**Immunology / Ophthalmology**
- lampalizumab (geographic atrophy)
- etrolizumab (UC and CD)
- oral octreotide (acromegaly)
- lebrikizumab (asthma)

**Neuroscience**
- gantenerumab (Alzheimer’s)
- ocrelizumab (MS)
- bitopertin (Subopt. c. schizophrenia)

1 Phase III decision pending