

# The future challenges of Healthcare

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*CFO – F. Hoffmann La Roche Ltd.*

*London*  
*March 1, 2006*

*No change from the past:*  
**Health remains a basic need of mankind**

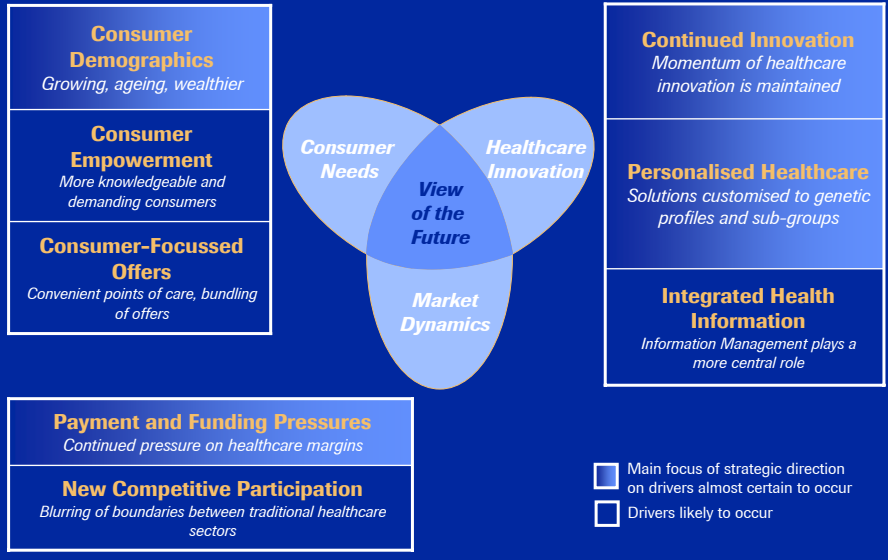


**"Healthcare events" dominate or at least influence the life of most people**

# Drivers of the Future



## Four key areas influencing our strategy

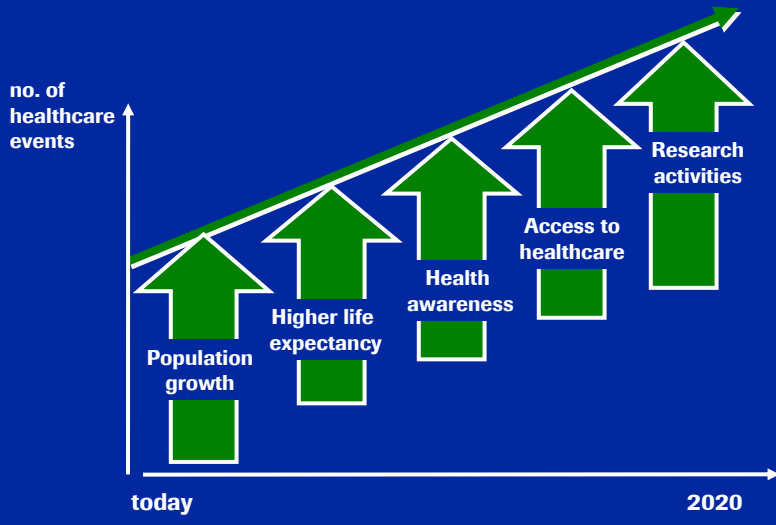


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# No change from the past:



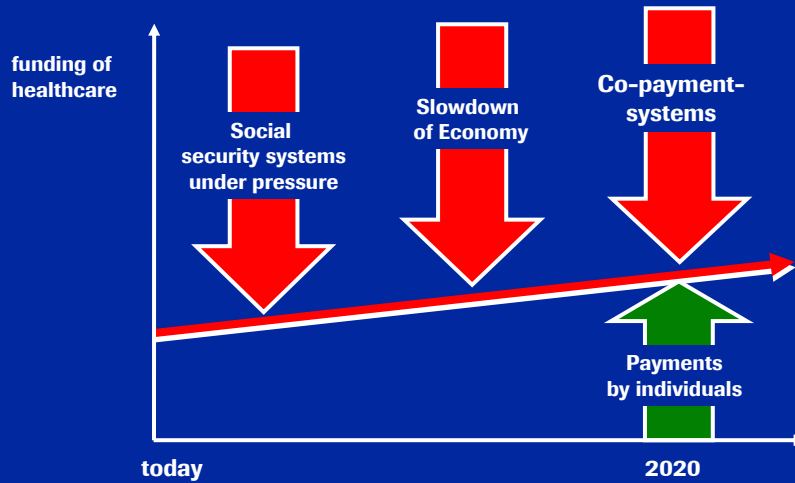
## There is an big increase in demand for healthcare



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Will become even tougher:

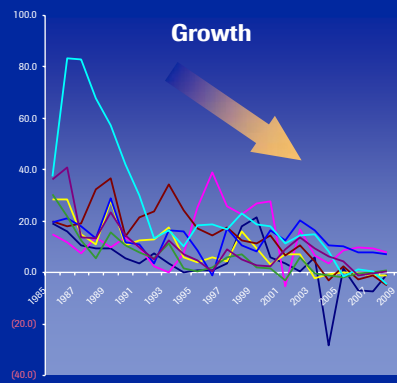
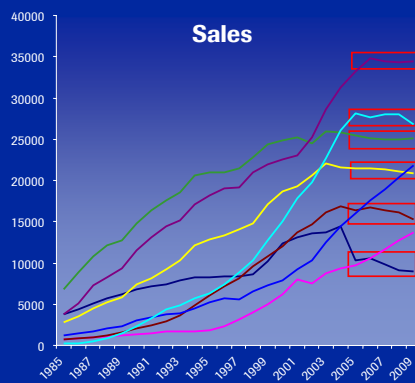
There are not enough funds to pay for all demands



Cost pressure a reality today and even tougher in the future

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Future funds available: The maturity of many primary care markets is becoming evident



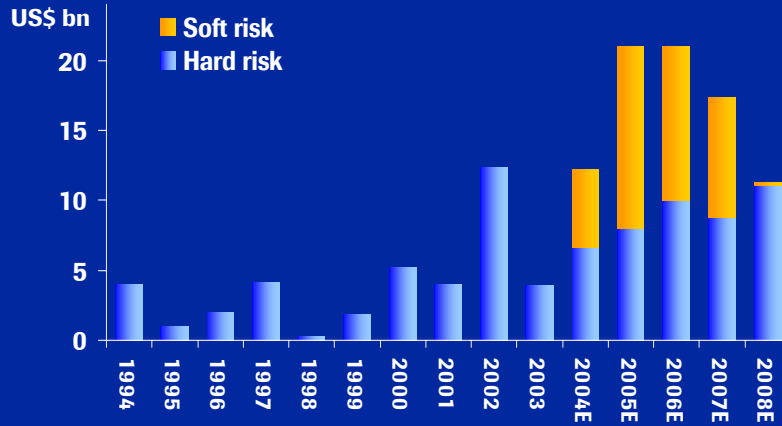
- Antibiotics
- Anti-ulcers
- Anti-depressants
- Oral anti-diabetics
- Hypertension / CHF
- Hypolipidaemics
- NSAIDs
- Asthma

Source: Wood Mackenzie

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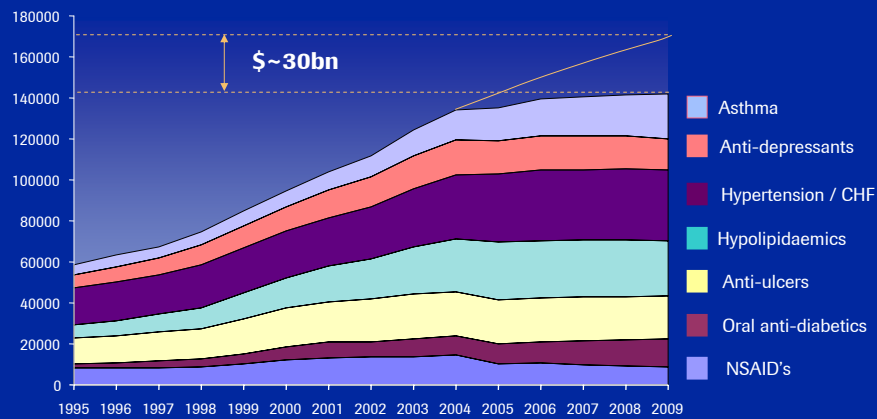
# Generisation

*Oxygen for innovation*



Source: DB, 2004

# Future funds available: Slowing projected growth of large primary care franchises takes pressure off healthcare budgets...

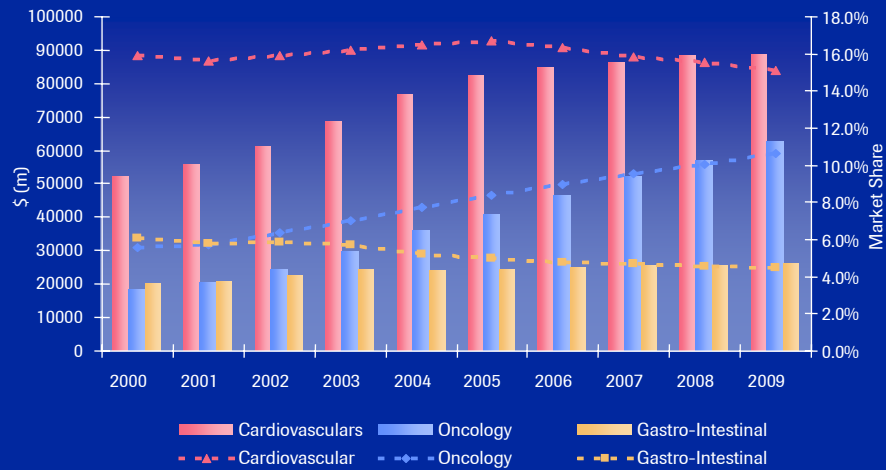


Source: Wood Mackenzie

## How about oncology in this context?



The oncology therapy area is forecast to increase its share of the global market from 5% in 2000 to 10.5% by 2009



Source:Wood Mackenzie

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## Fit to win- acting in 'good' times rather than re-acting in bad ones- some examples



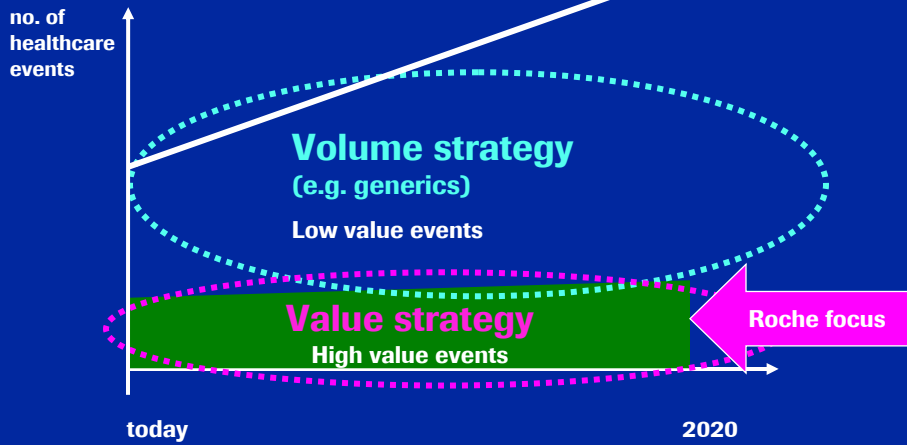
- *Project Forward*- Value adding properties through process improvements, cost reduction and avoidance, and improved productivity
- Continuous productivity/yield improvement initiatives in biological production
- New '*Chemical Manufacturing Strategy*'

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*The Roche assessment*



**The healthcare market will split into a low value and a high value segment**

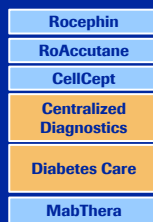


**Focus on differentiated medicines pays off**



*A young and growing portfolio ...*

- CHF 1 billion or more
- CHF 2 billion or more
- CHF 4 billion or more



2001

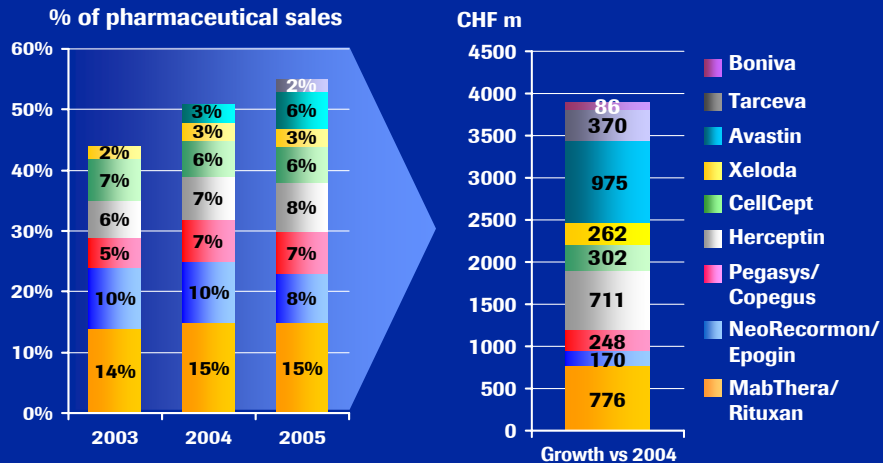


2005

Value drivers	6	10
Sales (CHF bn)	10	22

## Nine key brands providing strong organic growth

Representing 55 % of portfolio



~ CHF 3.9 bn additional sales  
(~ CHF 5.1 bn including Tamiflu)

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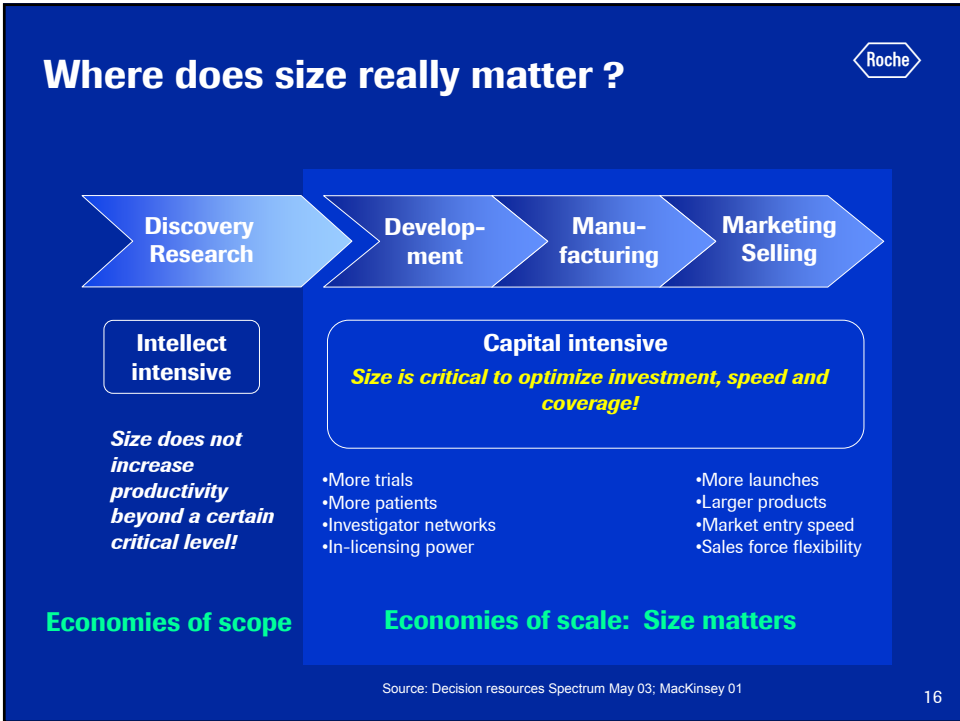
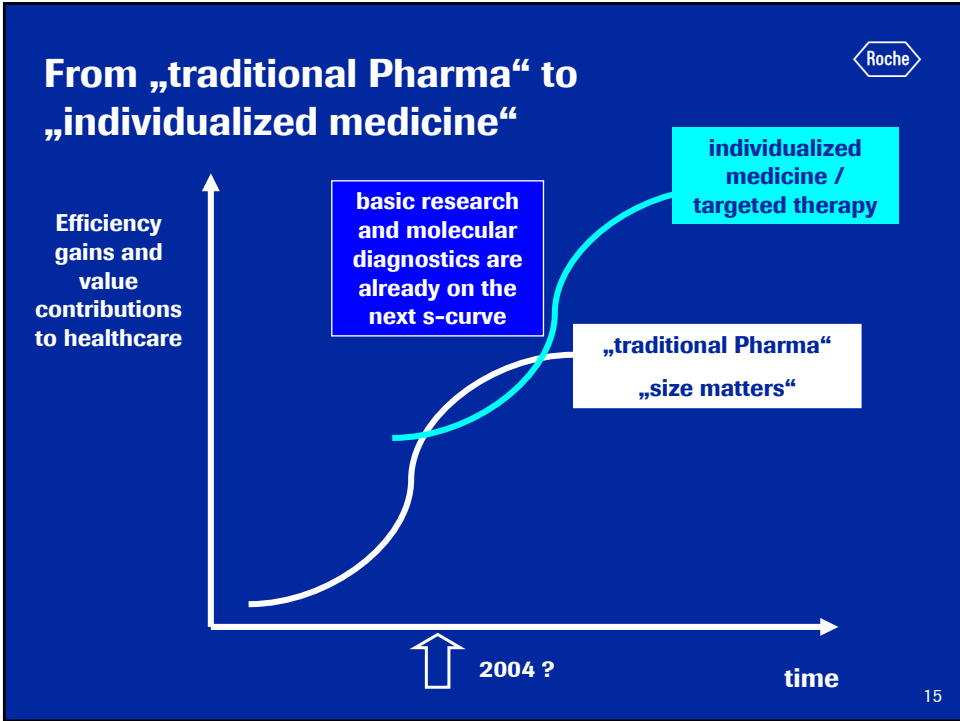
## Roche strategic choice: Innovation is key !

Only if we create relevant proven benefit for the customer  
= medically differentiated products  
we will be able to create high value returns



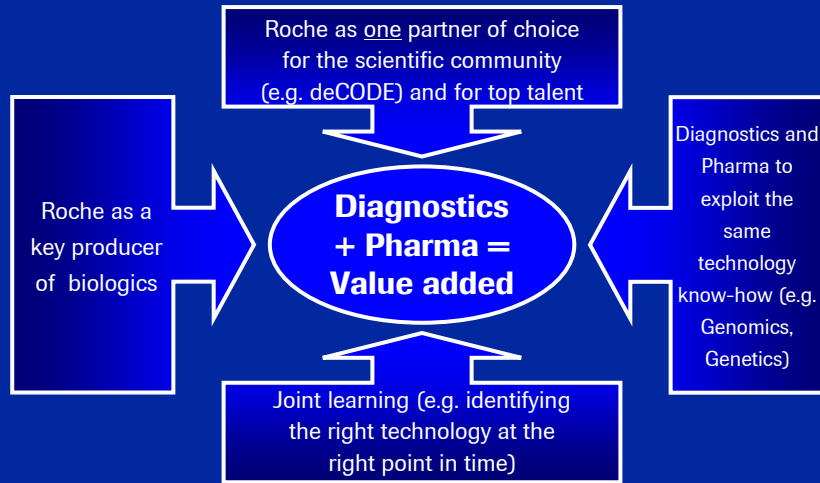
1. Innovative products continue to command high prices and reimbursement,
2. Selling "average /me-too" products by sheer marketing power becomes more and more difficult

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## A unique Roche advantage: two high tech businesses joining forces where it adds value



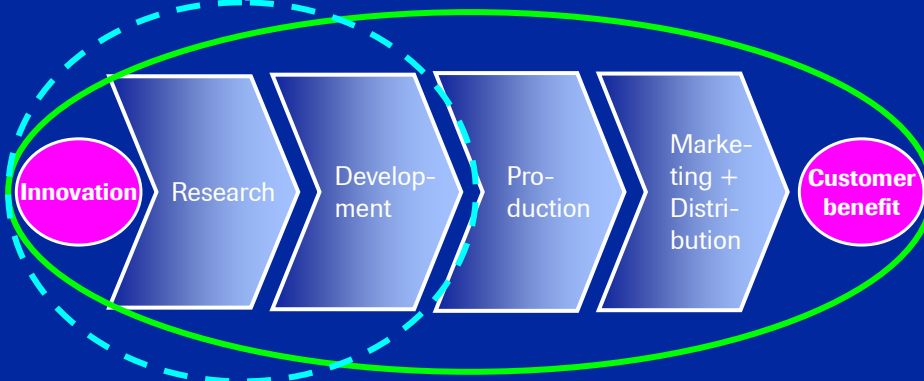
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## We are open to innovation generated by third parties

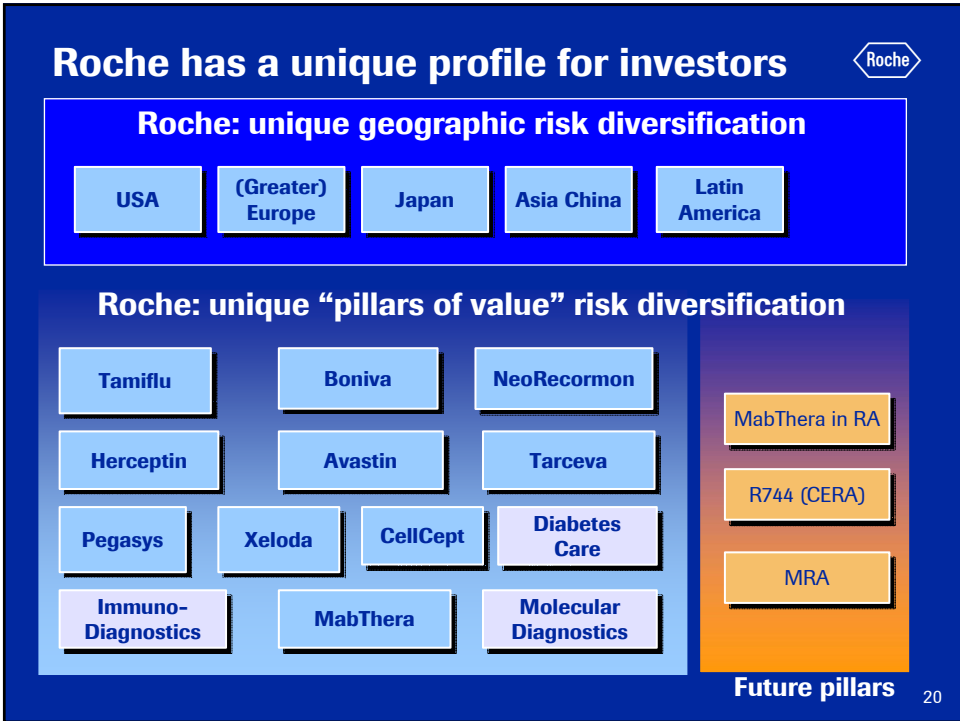
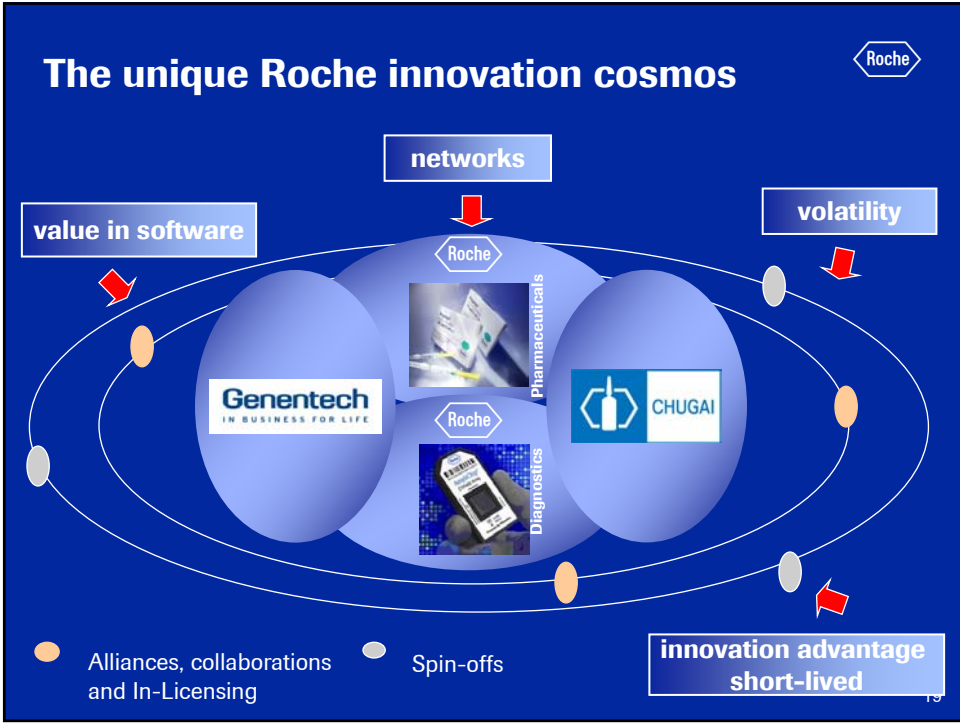


"Biotech" companies

"Pharmaceutical" companies



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# Roche ambition: to be a unique investment opportunity in the healthcare industry

