Innovation and growth

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Performance update

Industry in context

Building pillars of innovation

Building pillars of growth

Summary
Group: Continued strong sales growth

All values at constant exchange rates

Excluding 340B sales reserves release
Group growth supported by all regions

All values at constant exchange rates
2011 to present: Strong pipeline progression
31 successful late-stage trials
2013: A strong year - 8 ready to move into late stage

Oncology

- Anti-CD79b or 22 ADC\(^1\)
- PI3K (2)\(^1\)
- PI3K (1)\(^1\)
- alectinib (ALKi)
  - NSCLC
- Bcl-2i (GDC 0199)
  - hem. cancers
- anti-PDL1
  - solid tumours
- cobimetinib (MEKi)
  - melanoma
- onartuzumab (MetMAb)
  - NSCLC
- Gazyva (GA101) EU
  - CLL

Moved to phase III

Immunology / Ophthalmology

- lampalizumab
  - geographic atrophy
- etrolizumab
  - UC and CD
- lebrikizumab
  - asthma

Neuroscience

- gantenerumab\(^2\)
  - Alzheimer’s
- ocrelizumab
  - MS
- bitopertin
  - schizophrenia

\(^1\) Phase III decision pending; \(^2\)Phase II/III label enabling
Roche: Increase in operating profit & margin

Group core operating profit (CHF bn) and margin

- **HY 2009**: 8.40
- **HY 2010**: 9.16
- **HY 2011**: 8.25
- **HY 2012**: 8.64
- **HY 2013**: 9.49

CER=Constant Exchange Rates
Roche strategy: Focused on medically differentiated therapies

Regulators:
Optimised benefit / risk ratio

Payors:
Optimised benefit / cost ratio
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Summary
Access and pricing

*Dynamics stratified into 3 geographic clusters*

**Developed world ex-US**
(37% of world market, 10% of population)
- Payers determine price

**Emerging Markets**
(28% of world market, 85% of population)
- Spend limited by GDP per capita

**United States**
(35% of world market, 5% of population)
- Free, stable pricing
Access and pricing

Dynamics stratified into 3 geographic clusters

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Europe: Economies and pricing important value drivers for Pharma

Example: Pharma market growth in Europe

- **High GDP growth: increasing pharma spend**
  - 2004: 7%
  - 2005: 6%
  - 2006: 5%
  - 2007: 6%
  - 2008: 5%

- **GDP challenges: austerity measures**
  - 2009: 3%
  - 2010: 2%
  - 2011: 1%
  - 2012: -1%

**Stabilized environment?**

- Limits to public access will continue
- Recognition and rewards for innovation

Source: IMS
Access is the first challenge in Emerging Markets

Despite considerable progress made

Source: WHO National Health Accounts; IMS Market Prognosis
Developed World ex-US

*Need for tailored systems*

**Today**

- **Pack based pricing**
  - Undifferentiated
  - **$$ by vial**

**Future**

- **Value based pricing**
  - Episode-of-care based
  - Combinations
  - Indication based

**Need for patient based information**
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Summary
Roche: R&D well balanced from a risk & disease point of view

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

**Oncology**

- **Launched**
  - Avastin
  - MabThera
  - Herceptin
  - Xeloda
  - Tarceva
  - Zelboraf
  - Erivedge
  - Perjeta
  - Kadcyla
  - Gazyva
  - MetMab (onartuzumab)

- **Phase III**
  - anti-PDL1
  - BCL2i
  - cobimetinib (MEKi)

- **Phase II**
  - 10 phase II

- **Strong and growing**

**Immunology/Inflammation**

- **4 drugs launched**
  - Mabthera RA
  - Actemra
  - Lucentis
  - Xolair

- **2 phase II**
  - lebrikizumab
  - etrolizumab
  - lamalizumab

- **2 phase II**

- **Strongly emerging**

**Neuroscience**

- **3 Phase III**
  - bitopertin
  - ocrelizumab
  - gantenerumab

- **4 phase II**

- **Earlier stage**

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1 FPI expected 1H 2014; 2 Phase III decision pending
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Summary
Example: Her2 franchise

- **Herceptin**
  - + chemo

- **Lapatinib**
  - + chemo

- **Kadcyla**
  - Herceptin + chemo
  - Lapatinib + chemo

- **Perjeta**
  - Replace
  - Extend

- **Kadcyla**
  - EMILIA / MARIANNE study

- **Perjeta**
  - CLEOPATRA study

- **Kadcyla**
  - MARIANNE study

- **Replace & Extend**

Illustrative
Example: Hematology franchise

Replace & Extend

Replace

MEDICAL VALUE

MabThera/ Rituxan combos

Gazyva combo(s)

Chemo

MabThera/ Rituxan

BCL2

ADC CD22
ADC CD79b

Other molecules

Gazyva

Other molecules

Our vision

CLL11 study, etc.

E.g. ROMULUS study

Illustrative
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.

MAHALO study, presented at ASRS 2013, SAE= Serious Adverse Events
Performance up-date

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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