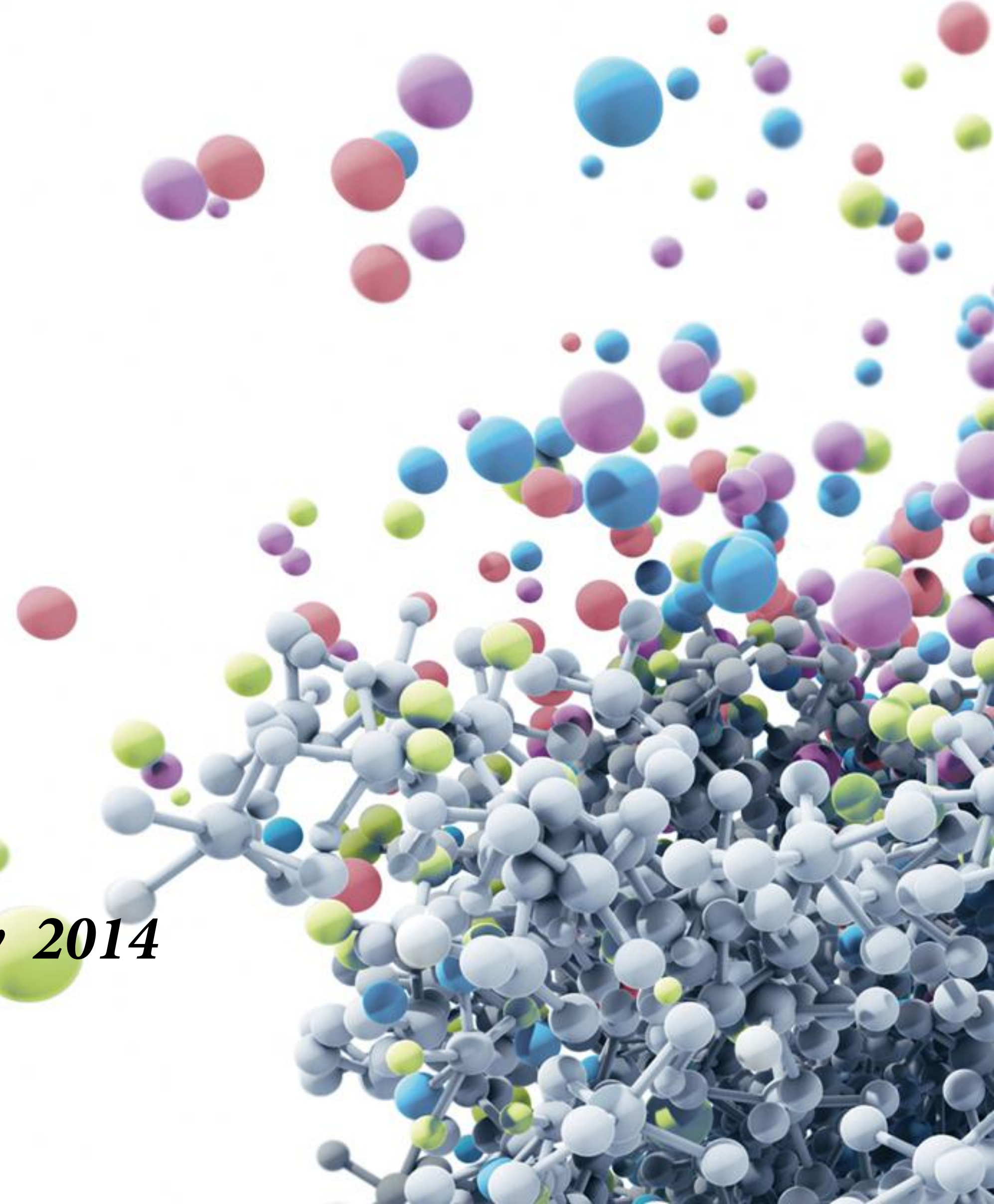
Innovation and growth



Alan Hippe, CFO
Roche Group

JP Morgan Conference, January 2014

Performance update

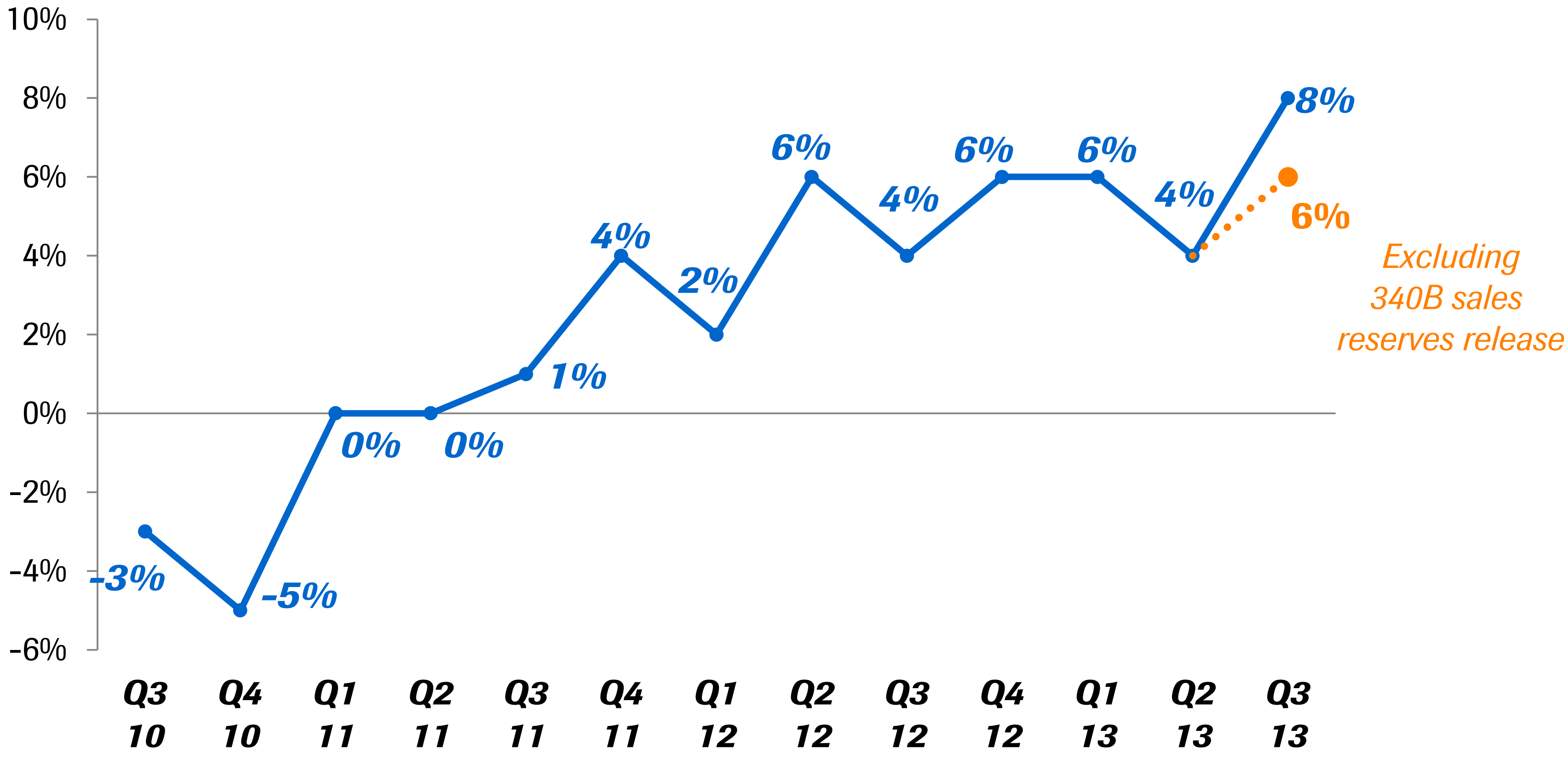
Industry in context

Building pillars of innovation

Building pillars of growth

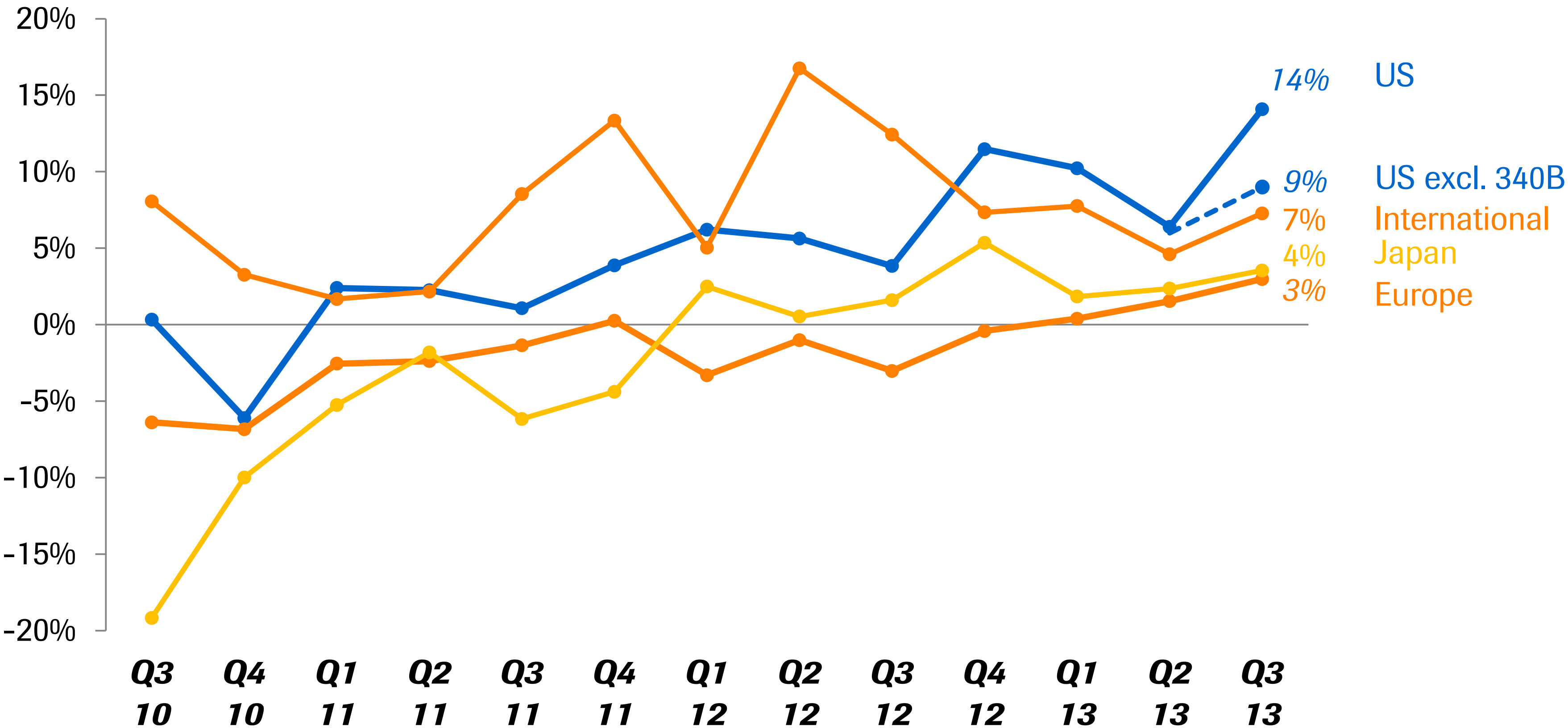
Summary

Group: Continued strong sales growth



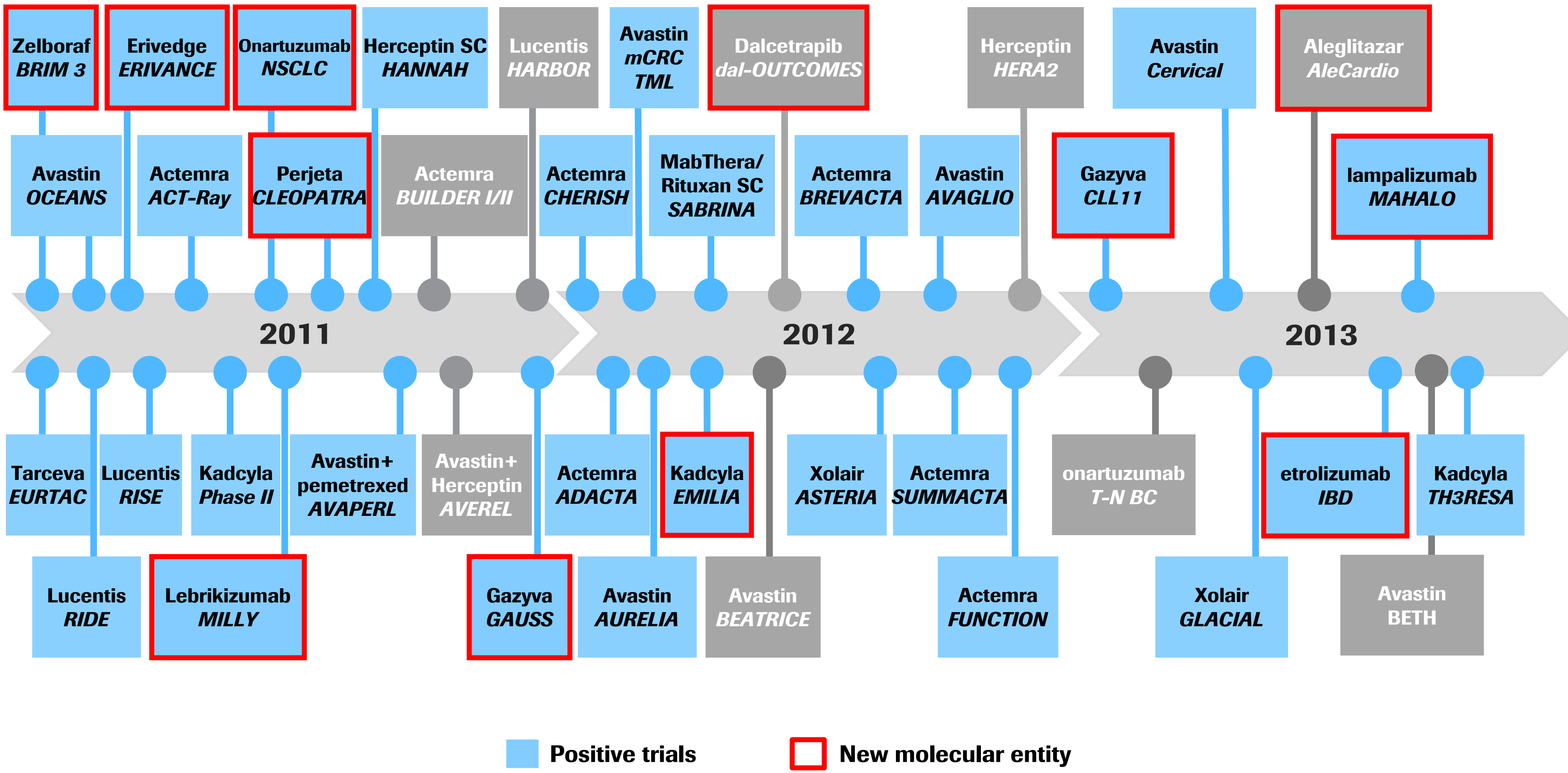
All values at constant exchange rates

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

Moved to phase III

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*

Immunology / Ophthalmology

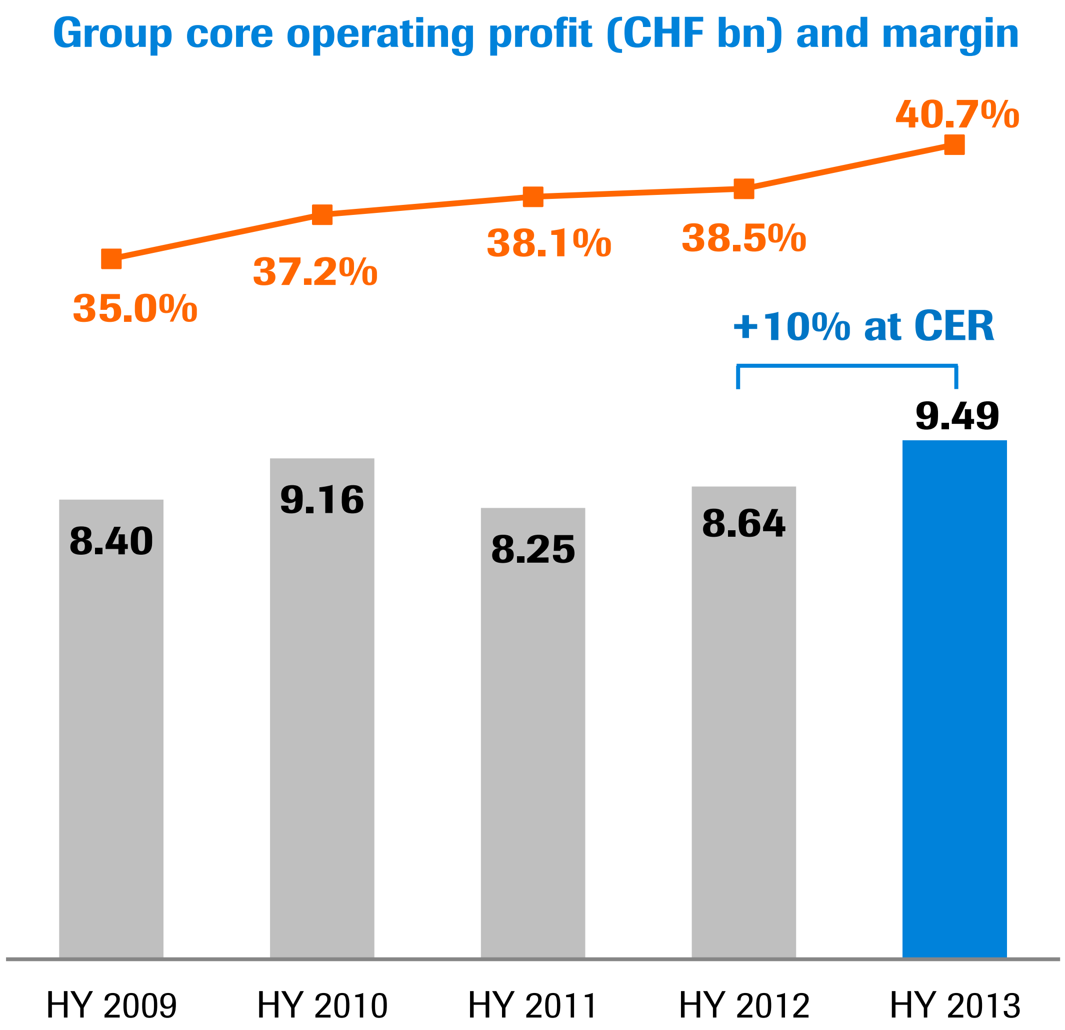
- **lampalizumab** *geographic atrophy*
- **etrolizumab** *UC and CD*
- **lebrikizumab** *asthma*

Neuroscience

- **gantenerumab**[2] *Alzheimer's*
- **ocrelizumab** *MS*
- **bitopertin** *schizophrenia*

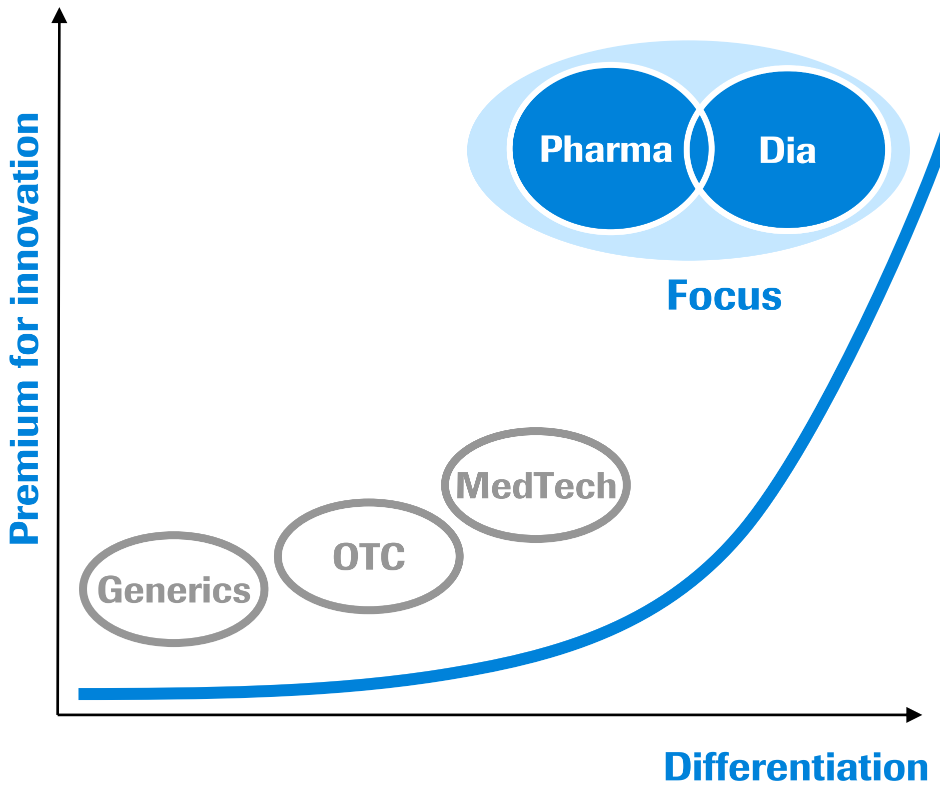
[1] Phase III decision pending; [2]Phase II/III label enabling

Roche: Increase in operating profit & margin



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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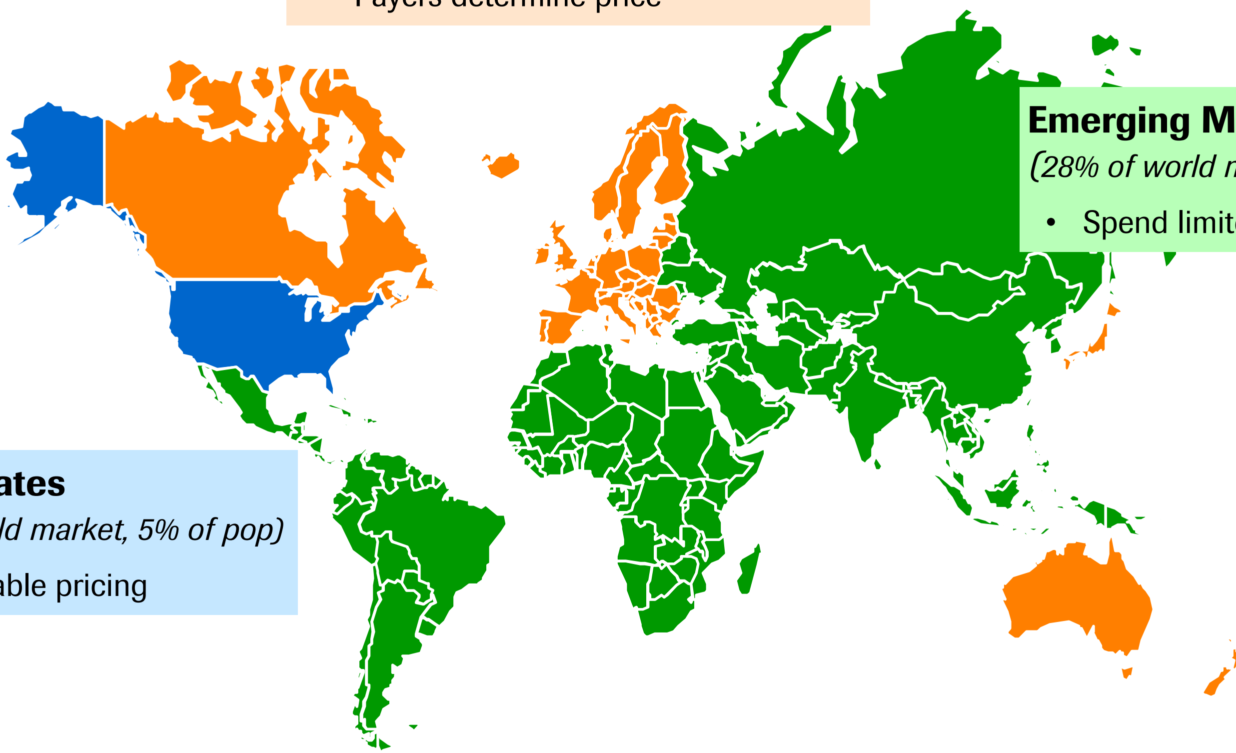
Access and pricing
Dynamics stratified into 3 geographic clusters

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 pop)
- Free, stable pricing

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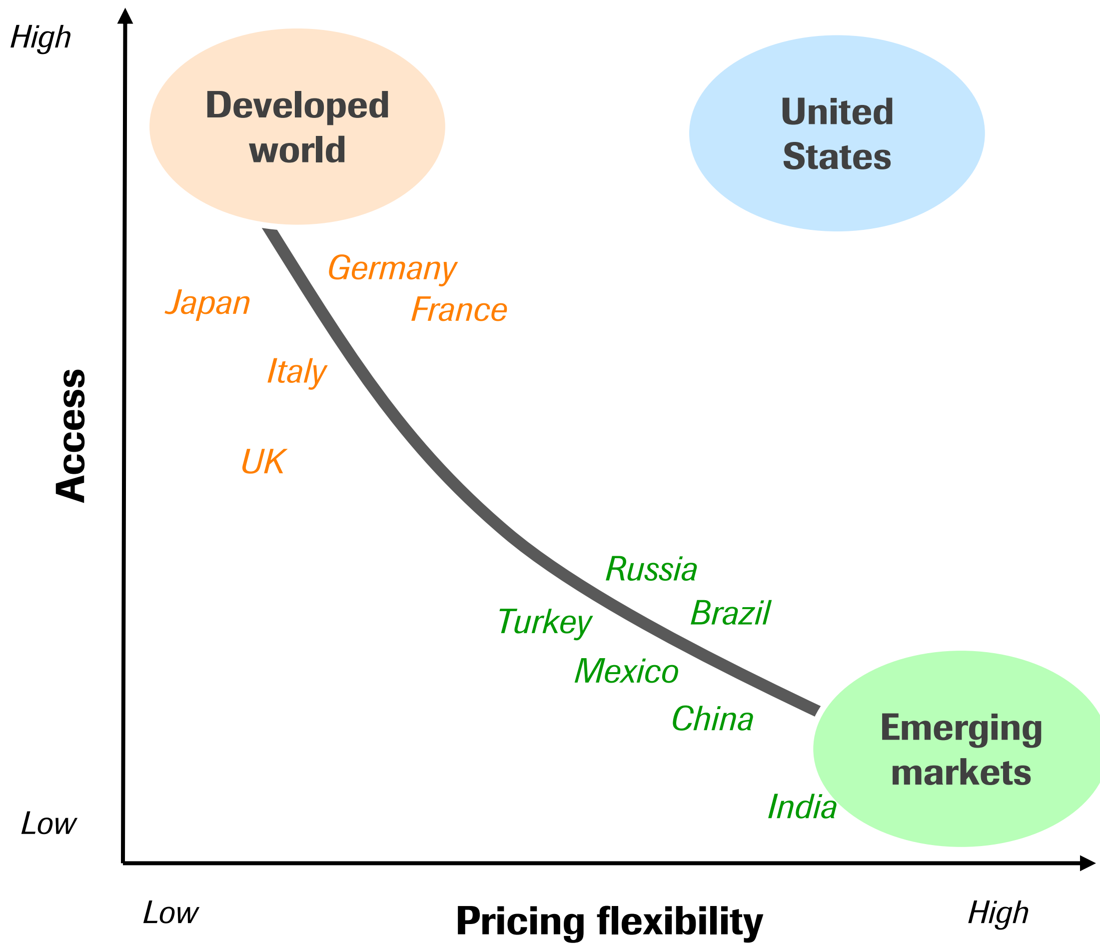
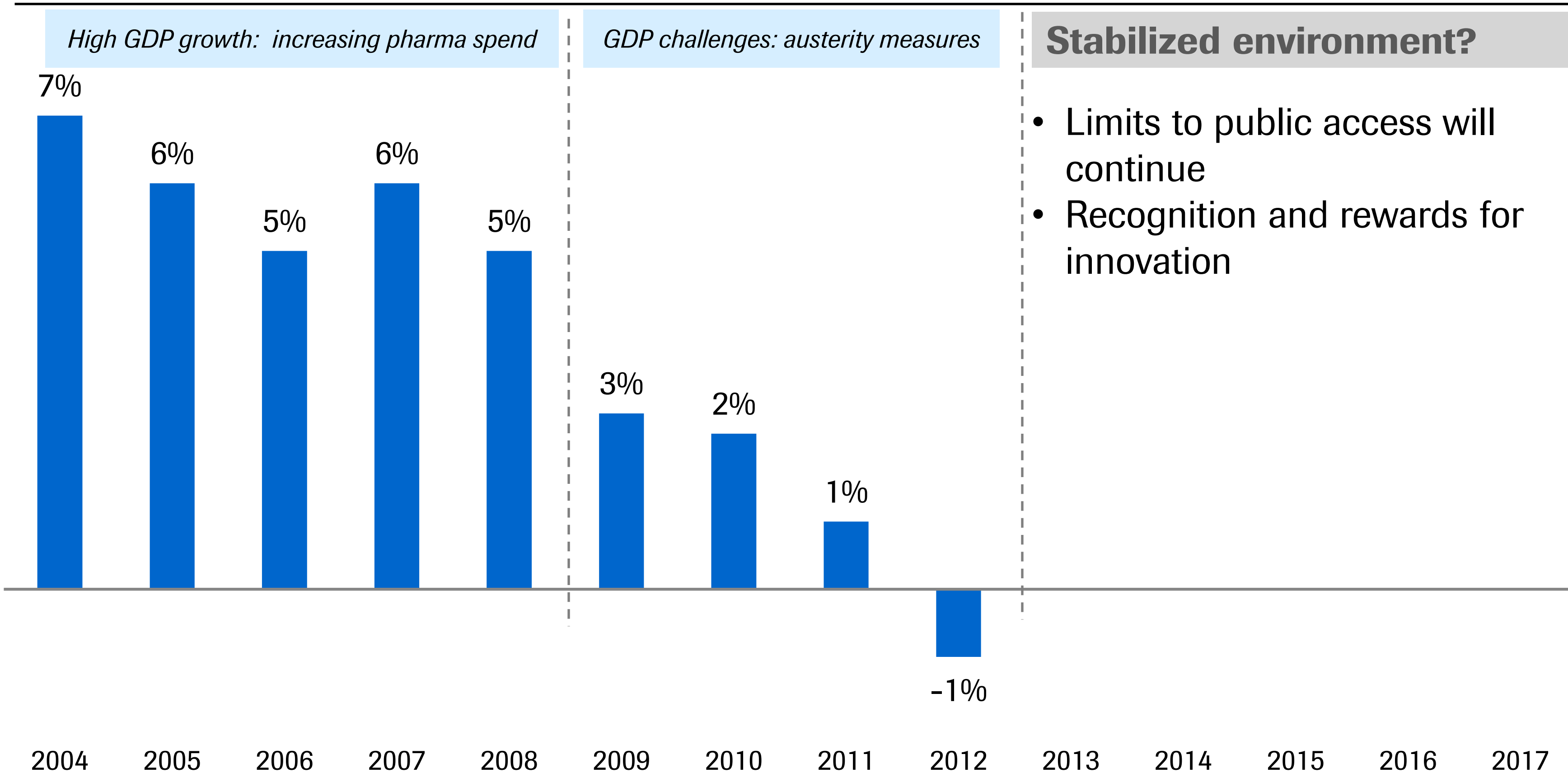


Europe: Economies and pricing important value drivers for Pharma

Example: Pharma market growth in Europe

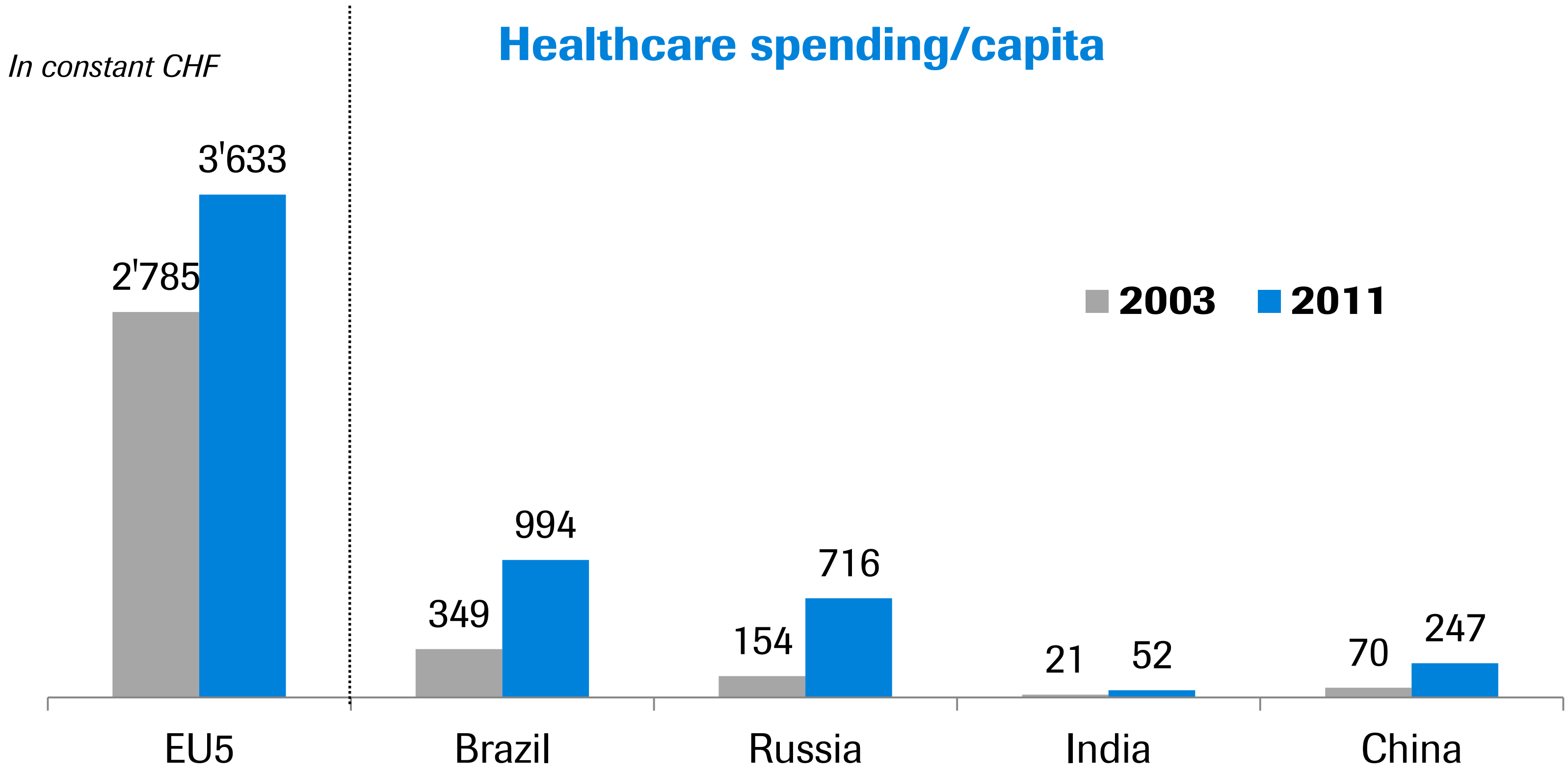


Stabilized environment?

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

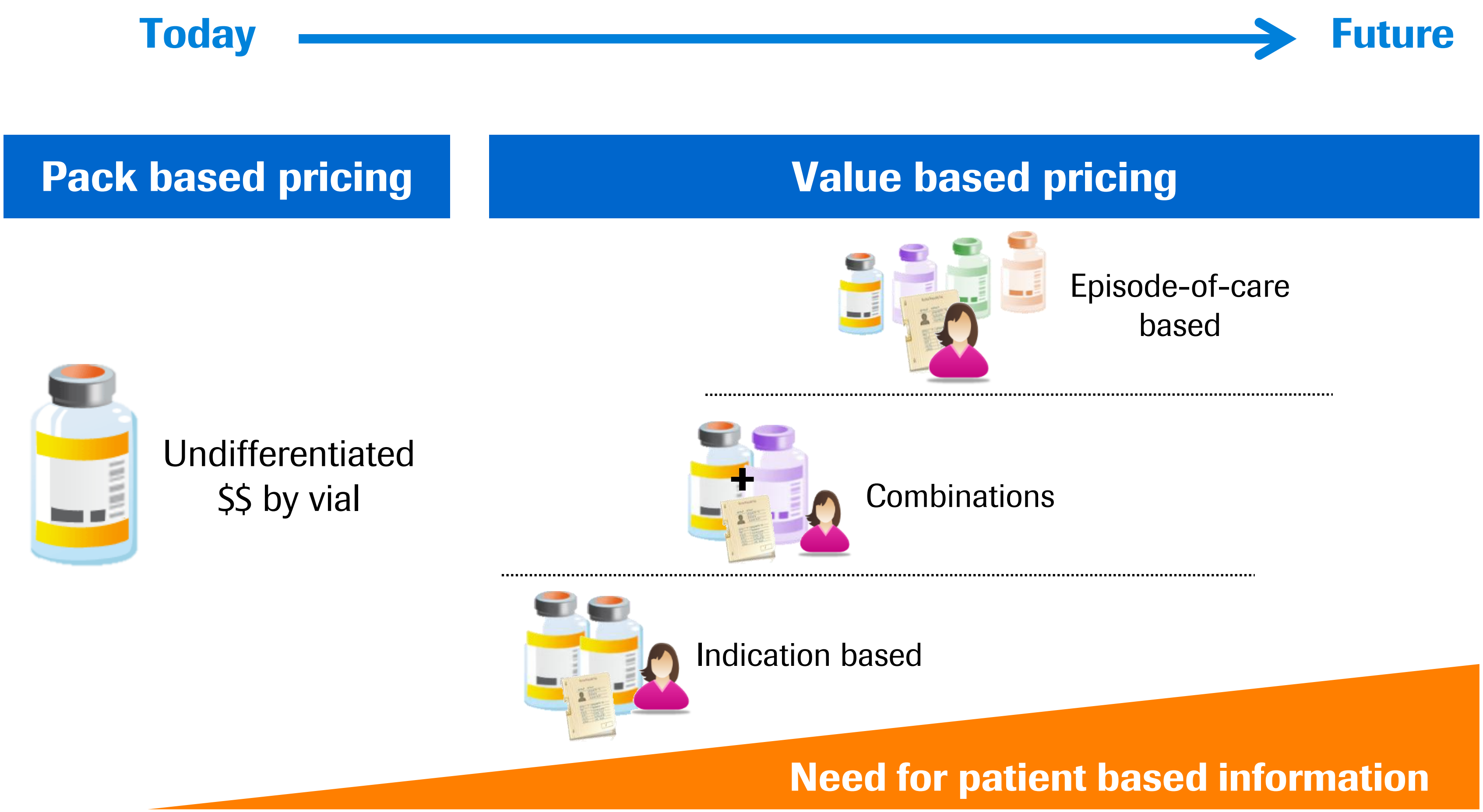
Source: IMS

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



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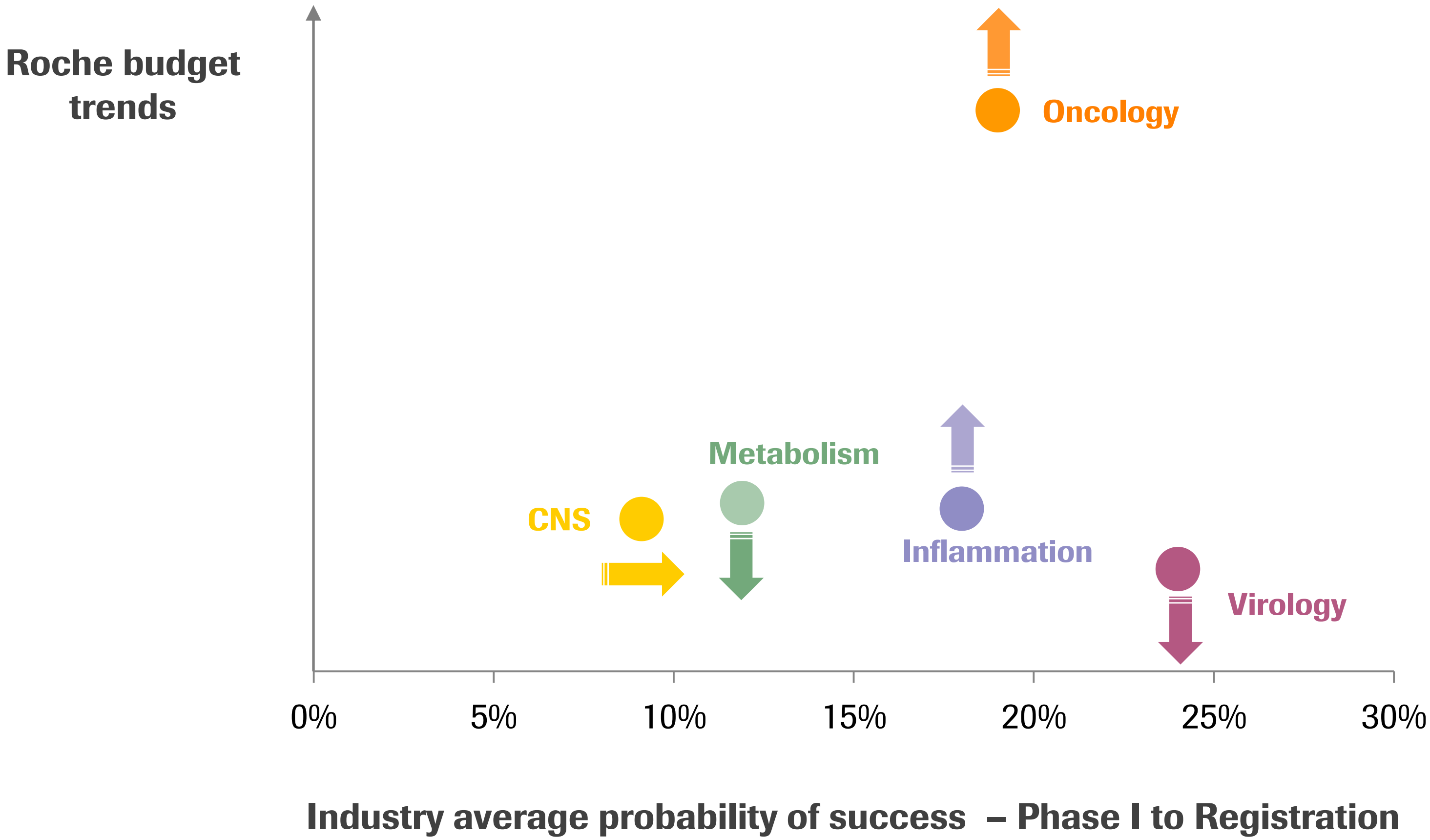
Roche: R&D well balanced from a risk & disease point of view



Source: Bernstein Equity Research, Tufts University and Roche analysis

Roche: A leading portfolio

	Oncology	***Immunology/ Inflammation***	***Neuroscience***
	10 drugs launched *4 Phase III*	*4 drugs launched* *3 Phase III*	*3 Phase III*
Launched	**Avastin**		
	MabThera		
	Herceptin		
	Xeloda		
	Tarceva		
	Zelboraf		
	Erivedge	**Mabthera RA**	
	Perjeta	**Actemra**	
	Kadcyla	**Lucentis**	
	Gazyva	**Xolair**	
Phase III	**MetMab (onartuzumab)**		
	anti-PDL1	**lebrikizumab**	**bitopertin**
	BCL2i	**etrolizumab[1]**	**ocrelizumab**
	cobimetinib (MEKi)	**lampalizumab[2]**	**gantenerumab**
Phase II	**10 phase II**	**2 phase II**	**4 phase II**
	Strong and growing	**Strongly emerging**	**Earlier stage**

[1] FPI expected 1H 2014; [2] Phase III decision pending

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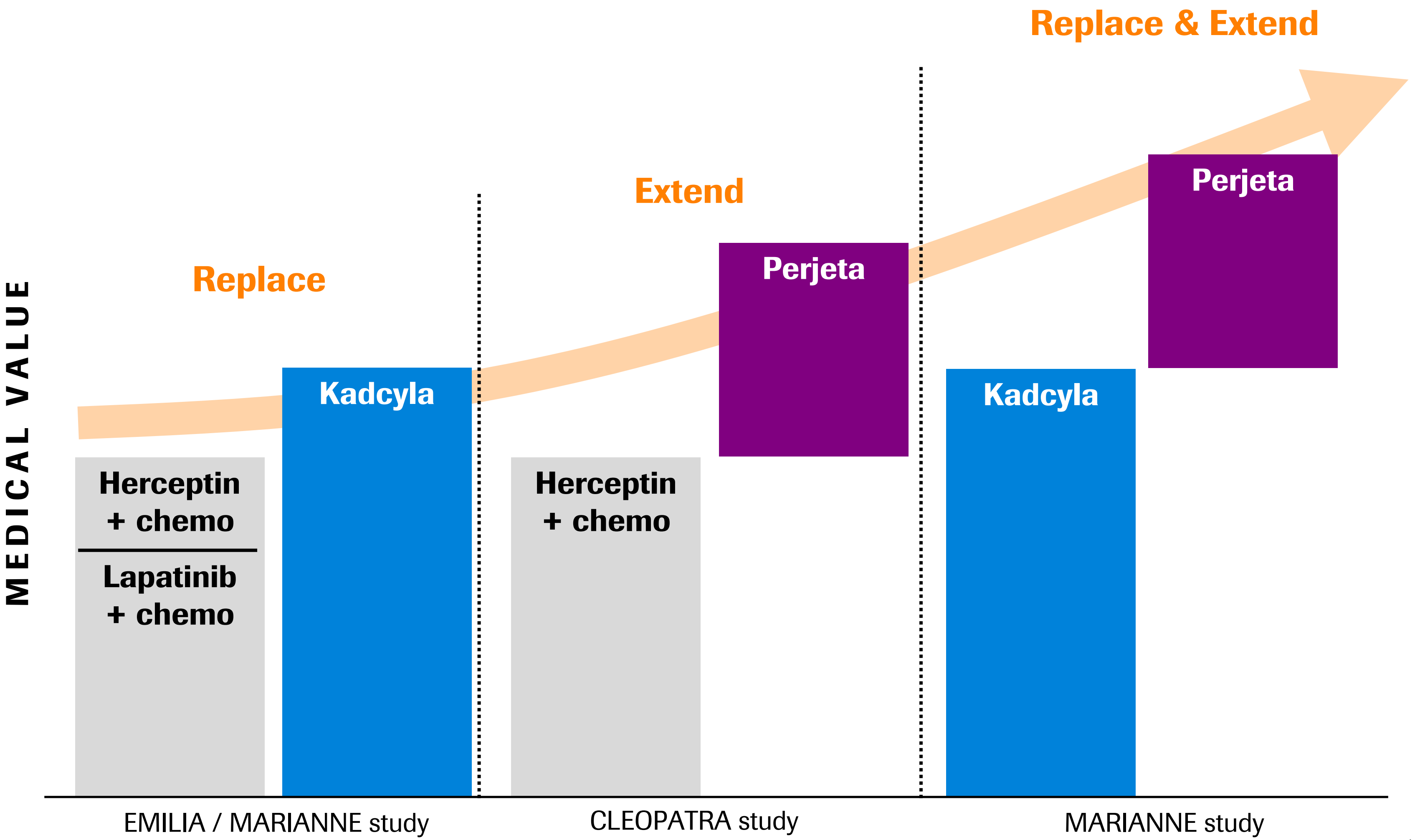
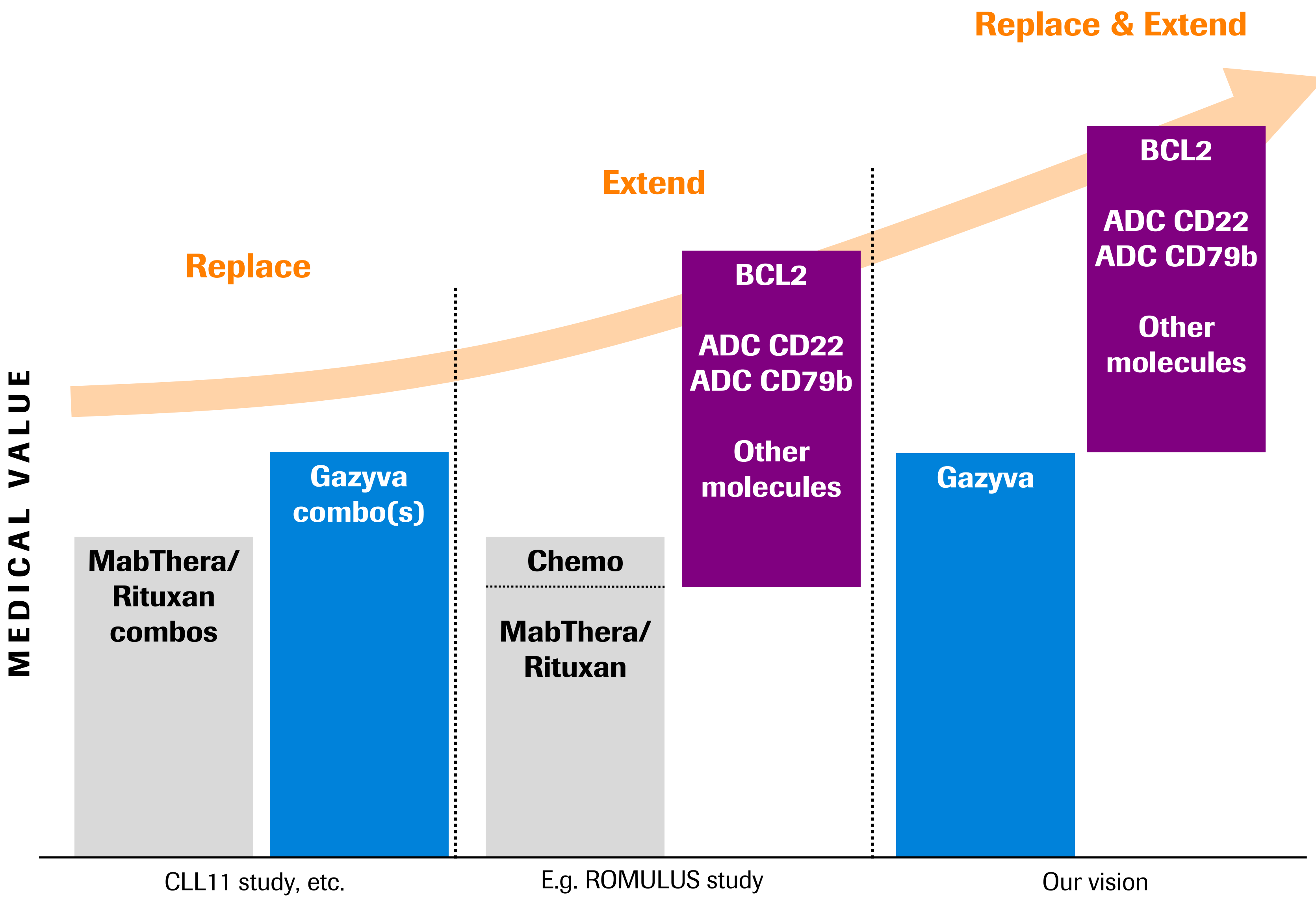
Example: Her2 franchise



Illustrative

Example: Hematology franchise



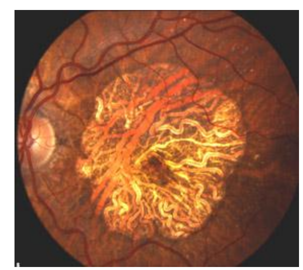
Illustrative

Roche

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: 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