



# **Annual General Meeting Roche Holding Ltd**

**16 March 2021**

**Video address by Christoph Franz**  
Chairman of the Board of Directors

**(Check against delivery.)**

Dear Shareholders, Ladies and Gentlemen

We are living in unusual times – and I am speaking to you from an unusual place: 14 metres below ground, behind thick walls. I have taken a ‘historical journey through time’ because Roche is celebrating its 125th anniversary this year – on 1 October, to be precise.

Here, in the Roche company archive, is where 100-year-old medicines, photos and documents from all over the world are kept. The financing agreement signed by Fritz Hoffmann in 1898, which put the company on a solid financial footing two years after it was founded, is also here.

When I hold historic medicines in my hand (in this case Digalen, a product dating from 1904 that was developed from an extract of foxglove to treat cardiac arrhythmias) and recall that Roche was one of the first ever companies to develop medicines ... – it’s an amazing feeling!

We are now in 2021. For the past year the coronavirus pandemic has been dominating world events like almost nothing else in our recent history – that’s also the reason why (like last year) we are unfortunately not able to meet in person today for our Annual General Meeting.

I think it is remarkable that an epidemic was one of the factors that led to the founding of Roche. Young Fritz Hoffmann had just taken up a new position as a merchant in Hamburg in the summer of 1892 when cholera broke out. The city was placed under quarantine. Nine thousand people died in Hamburg alone. For Fritz Hoffmann it was a difficult, formidable experience.

Fritz Hoffmann was lucky, and by the time the 24-year-old returned to Basel in good health, he had reached a decision: his plan was to set up an industrial healthcare company that could manufacture medicines of consistent quality outside of pharmacies and distribute them internationally. That was what had been missing in Hamburg. At the time, medicines were manufactured in pharmacies using their own recipes. He wanted to help relieve suffering of the kind he had experienced in Hamburg. It was a revolutionary idea in its time (1896).

You could say that innovation runs in our genes. The aspiration to promote health has remained the (unchanged) focus of our company to this day. All the efforts undertaken by Roche are and

will remain dedicated to the health of people all over the world. And not only with respect to serious, non-transmissible diseases such as cancer: in fact, Roche is also one of the few companies still engaged in research into infectious diseases.

Xofluza was very recently (in January) granted approval in Europe; it is the first new influenza medicine for patients in the EU in nearly 20 years. The most effective and most successful developments in the history of medicine certainly include Bactrim, an anti-infective launched by Roche in the late 1960s. It was a life-saving discovery that has helped more than a billion people with bacterial infections. Today this medicine still features on the World Health Organisation's List of Essential Medicines – one of 32 Roche medicines on the list.

Today I am especially proud of the dedication shown by our more than 100,000 employees worldwide who are in the front line of efforts to control the new virus. I would like to extend my sincere thanks to everyone – including the Corporate Executive Committee and the Board of Directors – for their exceptional performance. We were the first company to develop a commercial test for the presence of the coronavirus, thus enabling infected people to be identified rapidly and isolated.

Fortunately we are now in the next phase of the pandemic, in which a growing number of effective vaccines are starting to protect particularly vulnerable people. Another test from Roche, our antibody test, is now helping to find out how people respond to vaccination and how long protection against the virus lasts. We manufactured more than 300 million coronavirus tests last year. That's an enormous quantity if you consider that none of these products which are needed so urgently today even existed at the start of last year.

We created more than 1,000 new jobs to cope with this task. The success of our efforts is shown by the double-digit growth of Roche Diagnostics (+14% at constant exchange rates (CER)). Our tests will remain an important component in enabling society and the economy to get back to normal.

But we might never be able to get rid of the virus completely – just like influenza. In addition to tests and vaccines, we will also need medicines for people who fall ill. This is why Roche is

testing the potential of medicines from the existing portfolio and also researching new active substances.

Furthermore, we have entered into new partnerships: Last November our partner Regeneron was granted emergency authorisation by the US Food and Drug Administration (FDA) for its antibody therapy to treat recently diagnosed high-risk patients with mild to moderate COVID-19. Under the terms of this partnership we are granting access to our considerable biotechnological production capacities so that as many people as possible can receive treatment worldwide.

We are also working with Atea Pharmaceuticals on an antiviral active substance to treat COVID-19 patients. In future, it will hopefully be possible to use it not only in hospitals but also in the community. We are talking about a tablet here rather than an infusion. If it is successful, the medicine could be manufactured in large quantities and therefore be provided to a very large number of patients. We expect the first results of clinical trials to become available in the next few months.

The pandemic will hopefully be over soon as a result of innovations and the incredible effort that has been made worldwide. But there will still be many other serious diseases, and Roche is continuously working to defeat them.

What really worries me here is that many people have postponed or cancelled urgently needed medical examinations because of the pandemic. This means that cancer, for example, will not be diagnosed in these patients, or the diagnosis will come too late.

This COVID-related hesitancy to undergo examinations and treatment also had an impact on sales at Roche Pharmaceuticals (-2% at CER), even though demand for our newer, innovative medicines to treat cancer, multiple sclerosis, haemophilia and spinal muscular atrophy remained high. These medicines are already accounting for more than 40% of total pharmaceutical sales.

The progress made in our medicines pipeline is especially gratifying. In spite of the difficult conditions for clinical trials due to the pandemic, 19 new molecular entities are in late-stage

development – a new record. In addition, we launched four new medicines in 2020. These are impressive achievements as part of our efforts to rejuvenate and expand our portfolio.

In view of this very sound result – considering the exceptional circumstances – and the positive business outlook, you will once more be receiving a slightly increased dividend of CHF 9.10 a share. This is the 34<sup>th</sup> dividend increase in succession. And we expect to be able to raise the dividend for the current year too – making it the 35<sup>th</sup> time.

We will continue to increase our investment in research and development in the future, even though we spent CHF 12.2 billion on research and development last year (+8% at CER), more than any other healthcare company in the world. This is because the fate of Roche is inseparable from our innovative strength.

Here, in the historic archive, it is very clear that innovation always means heading in new directions, taking risks. In the past Roche has repeatedly demonstrated the entrepreneurial courage needed to reinvent itself. When we succeeded in manufacturing vitamins synthetically we became the second largest producer of vitamins in the world – after Nature.

We moved into biotechnology at a very early stage – when nobody yet believed in it. We used the discovery of monoclonal antibodies to revolutionise cancer therapy. We also did pioneering work in molecular diagnostics, paving the way to completely new forms of precision diagnosis. We have all seen the benefit of PCR tests in the current pandemic. And now the ‘digitalisation of healthcare’ is set to be the next step in the evolution of our company.

Digitalisation has substantially increased the pace of the company’s transformation since I became Chairman of the Board of Directors at Roche. And now the coronavirus pandemic has made the value of digitalisation abundantly clear to us all. I’m not just thinking of telemedicine here. Imagine that the treatments used since the start of the pandemic and the data obtained had been systematically recorded in electronic form and we were able to continuously evaluate and analyse this immense data resource – in anonymised form, of course. Then we would gain a much better view of how patients respond to the various treatments in a much shorter time, and

the research and development of medicines for COVID-19 would be at a substantially more advanced stage.

I regard this 'real-world data' – patient data from clinical practice, in other words – as the next big topic to confront medicine. Such data would be hugely valuable not only for COVID-19, but also for a large number of other diseases. I am convinced that we could make a major contribution to healthcare with this data. We can take personalised healthcare to a completely new level.

The interplay between pharmaceuticals, diagnostics and health data will enable Roche to practically reinvent itself – fully in keeping with the pioneering spirit which has characterised our company since it was established 125 years ago and which the founding families have insisted on repeatedly to the present day. I would like to take this opportunity to thank all the members of the founding families for their support and loyalty.

It is one of the things that make Roche a very special company. And, dear shareholders, I would like to thank you most sincerely for your confidence and your faithfulness.

This speech/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](http://www.roche.com)

All mentioned trademarks are legally protected.